

Do employability skills really matter in the UK graduate labour market? The case of business and management graduates

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Abstract

Two dominant rationales are put forward by UK policymakers for the continued expansion of higher education (HE): to service the high-skill labour requirements of a 'knowledge' economy and to increase educational and, subsequently, labour market opportunities for under-represented/disadvantaged groups (Moreau & Leathwood 2006). The discourse of employability, pervasive in UK HE policy, connects these two rationales in a simplistic manner. Individual employability is described as both the means by which to obtain and maintain high quality, well-rewarded employment in an increasingly unpredictable labour market and also the means to eradicate the social reproduction of inequality (Brown and Hesketh 2004). However, evidence drawn from a large-scale quantitative survey of almost 10,000 1999 graduates from 38 UK higher education institutions and a programme of qualitative follow-up interviews suggests that for a cohort of recent business and management graduates, the relationship between employability and employment is far from straightforward. Despite this group having been shown to possess the key skills promoted in UK government policy and that directly respond to employees concerns about the work-readiness of graduates (for example, Mason 2002), this paper suggests that traditional disadvantages such as social class and gender are still apparent, regardless of this reported employability.

Introduction

In the last three decades, UK higher education (HE) has undergone a major transformation in moving from elite to mass provision and, subsequently, the graduate labour market has been significantly altered both in the composition of the graduate labour supply (in respect of their demographic characteristics, the institutions attended and the subjects studied) and in the diversity of jobs that graduates subsequently do. In particular, the supply of business and management (B&M) graduates to the labour market has expanded significantly over the last thirty years¹. In order to promote and justify the rapid and continued

¹ In 1960 there was little evidence of undergraduate provision of business or management studies in UK universities (Danieli and Thomas 1999), but figures from the Higher Education Statistics Agency (HESA 2006) indicate that in the year 2005-06 business and administrative studies students accounted for approximately 11 per cent of all undergraduates in HE (200,650 students). Keep and Westwood (2003) suggest that each year, undergraduate

expansion of higher education, two interconnected rationales have been espoused by policymakers: first, to service the high-skill labour requirements of a 'knowledge' economy; and second, to increase opportunities in both education and, subsequently, employment for under-represented groups.

The first of these rationales is exemplified in the promotion of HE participation by the current UK government (e.g. Department for Education and Employment 2000) reflecting the view *'that investment in human capital and lifelong learning is the foundation for success in a global economy'* (Thompson 2004: 2). This logic has played a critical role in the formation of state policy over the last two decades and has inevitably impacted on UK HE institutions whereby the state has taken *'a proactive role to encourage universities to provide relevant, economically desirable research and an appropriately trained workforce'* (Edwards and Miller, 1998: 42). This perspective reflects a policy focus firmly on the supply-side of the labour market; an orientation that, at least partly, assumes that where supply leads, demand will follow. The shift from an elite to a mass higher education system is seen by policymakers as the principle mechanism by which to create a supply of potential knowledge workers to fill the expanding number of 'high-skill' jobs in the economy, subsequently stimulating demand for better jobs from employers, improving the quality of work itself and driving economic prosperity (Keep and Mayhew 1999). As such, the rapid expansion of undergraduate B&M education clearly represents one facet of the broad ideological shift in policy away from a cultural rationale for higher education (Salter and Tapper 1994) towards one which advances its economic function in the development of graduate 'employability'. In relation to the second rationale, political discourse has persistently supported access to higher education as an effective instrument in the equalisation of life and social chances for individuals (Deer 2004) and the rhetoric of the knowledge economy has reinforced this message (Brown and Hesketh 2004). Subsequently, UK higher education is drawing students from a wider pool than ever before in terms of age, social class background, gender and qualification level, encouraged by the policy message that the individual attainment of marketable skills, knowledge, attributes and qualifications is the means by which to overcome traditional forms of social disadvantage.

These two rationales – and their intersection in the increased emphasis on the message that individuals need to take greater personal responsibility for their own employability - have proved to be highly influential in policy formation over recent years. However, their logic rest on a number of strongly contested assumptions. The first is the logic of the 'knowledge economy' itself. For policymakers, occupational change projections (for example, Wilson 2001) and data on shifting demand skills (for example, Felstead *et al.* 2007) have offered irrefutable evidence of a shift towards such a post-industrial society (Bell 1973) requiring an

higher education in the UK produces around 45,000 business and management graduates (having risen from 4,500 in 1984/85).

ever-increasing supply of highly-skilled graduate labour. Others, however, contest this positive rhetoric and the extent to which the rapid growth in the supply of graduate-level labour is matched by a corresponding demand for their skills and knowledge. In particular there is considerable debate over the extent to which new job creation lies extensively in the knowledge-intensive sectors (such as ICT, advanced manufacturing and research and development) and requires an ever-expanding supply of generic graduate competencies and knowledge (e.g. Brown and Hesketh 2004; Deer 2004; Keep and Mayhew 2004; Wolf 2002; Thompson (2004: 12) suggests that much of the optimistic, populist management rhetoric advocating a new era dominated by high-skill employment is '*...pretty thin stuff... look for any sophisticated definitions or criteria underneath labels... and they just can't be found*'. To some commentators, therefore, government policy to promote ever-increasing entry to higher education would appear to represent a significant gamble with the prospects of recent and future graduates.

Furthermore, there are deep concerns that widening participation in HE alone fails to remedy social disadvantage (Brown and Hesketh 2004). Previous research (for example, Elias and Purcell 2004; Purcell *et al.* 2005; CIPD 2006; Chevalier 2004; Smith, McKnight and Naylor 2000; Purcell *et al.* 2006) shows that certain sections of the graduate labour market find it more difficult to access appropriate and well-rewarded employment and that the graduate labour supply is divided on the basis of, amongst other characteristics, gender, social class background and ethnicity. However, far from eradicating traditional disadvantage, the employability discourse has compounded problems of social reproduction by placing the blame for relatively low labour market achievement in the hands of the individual and effectively removing structural and political reasons from the debate over inequality (Moreau & Leathwood 2006).

The logic of the employability message is, therefore, strongly contested on the basis that it ignores the duality of employability; that it has both an *absolute* (the skills, knowledge, credentials and experiences possessed by the individual) and a *relative* (the individual's standing compared to others in the labour market) dimension (Brown & Hesketh 2004). As such, it is possible to be both employable and unemployed or underemployed. By simply widening access and placing greater emphasis on individual employability it is argued that the government has actually divested itself of much of its responsibility for creating good quality jobs and ensuring social equality by disregarding the relative dimension of positional competition (i.e. its political, economic and cultural context). Under this analysis, the current policy discourse on employability treats the relationship between skills acquisition and labour market attainment as linear and straightforward where skills acquisition trumps all forms of social disadvantage (in other words, the 'knowledge economy' is seen to be a meritocracy [Drucker 1992; Leadbetter 1999]) and that there is a ready supply of high skilled jobs.

This paper explores whether, for a cohort of UK B&M graduates, labour market success was associated with the attainment of business and management employability skills and commercial awareness or more greatly predicated on long-established biases towards particular 'types' of graduates (on the basis of, for example, social class, gender or HEI attended). Previous analysis (e.g. CEML 2002a; Wilton 2007) has shown that B&M students are more likely to be drawn from sections of society targeted by the widening participation agenda, including those from lower socio-economic backgrounds and those who, under an elite system of higher education, would have been unlikely to attend university (i.e. those who attend 'new' higher education institutions, entered HE via non-standard routes or have relatively low pre-entry qualifications). Undergraduate B&M education is also studied by relatively equal proportions of men and women. For these reasons they tend to reflect a substantial part of the 'new' graduate labour supply that has been created by the expansion of the sector. As such, their experiences and employment outcomes can be seen as an indication of the extent to which demand has kept pace with supply for graduate labour. B&M graduates would appear well placed to exploit the opportunities described by policymakers and advocates of HE expansion, possessing the mix of employability skills and business knowledge desired by employers (Wilton 2008).

This paper seeks to explore the extent to which levels of reported 'employability' appear to influence employment outcomes for the 1999 cohort of B&M graduates and assist in overcoming traditional social disadvantage. It compares the development of employability skills and labour market outcomes among the cohort, specifically focusing on gender and institution of study (which is partly an indicator of socio-economic background in that those from lower social classes are significantly less likely to attend 'old' universities). It addresses, therefore, a number of fundamental questions contiguous to the rationales used to increase HE participation, principally: does the experience of recent B&M graduates give credence to the policy emphasis on employability or is labour market success more greatly predicated on long-established biases towards particular 'types' of graduates?

The study

The data presented in this paper is drawn from two main sources. Quantitative data is taken from *The Class of '99* questionnaire survey which surveyed graduates in all subject disciplines who completed their undergraduate education in 1999 at 38 UK higher education institutions (HEIs) four years after graduation in 2003². The research was undertaken by an interdisciplinary research team from the University of the West of England and the University of Warwick in 2003-04 and sought to explore differences in the employment outcomes, experiences and career trajectories among a cohort of UK graduates. The survey provided complete employment histories and profiles of each respondent, including their personal

backgrounds, details about their current employment and their attitudes towards their jobs and careers. This paper focuses on those respondents who completed business and management degrees in 1999. In total, 9800 useable responses to the *Class of '99* survey were received of which 1060 were from business and management graduates. The B&M graduate sample make up just over 12 per cent of the total *Class of '99* sample, representing approximately 1 in 8 of all respondents (a reflection of the population in HE at the time of the survey). To reflect the heterogeneity of the business and management field the sample has been broken into three distinct groups and distinguishes between graduates categorised as being business generalists ('business and management studies'), specialists ('other business/management specialisms', such as hotel and catering management or marketing) and those who combined a business education with another discipline, whether vocational (e.g. engineering and management) or academic (including courses that were balanced between the subjects or where business education was the minor or major element). These three groupings will be used throughout this paper. The paper also draws on 35 follow-up interviews with B&M graduates who completed the *Class of '99* survey.

Gender and employment outcomes

Citing analysis from successive studies of early graduate careers, Purcell and Elias (2005) report that there is significant gender inequality of employment outcomes among UK graduates, including a substantial gender pay gap (also, Dickerson and Jones 2007). It was felt, however, that in isolation the B&M graduate sample would display lower levels of inequality than have been found in the wider graduate population in previous studies (given that differential human capital is often a key part of the explanation for inequality) because of the non-gendered nature of the broad subject area. To assess this assumption, the following section examines the labour market integration and outcomes of the *Class of '99* B&M graduates, comparing males and females. The aim is to provide an assessment of the extent to which any variation in employment outcomes, especially at the outset of their careers, can be accounted for on the basis of differential human capital, specifically the extent to which their undergraduate degrees have provided them with the skills desired by employers and promoted through the employability agenda.

Table 1 shows the proportion of B&M graduates who reported having developed 'a lot'³ on their undergraduates degree programme a range of skills. The table clearly shows in the majority of cases women reported greater or relatively equal skills development compared to

² For further details of the methodology and findings from the *Class of '99* study (funded by the DfES), see (Purcell *et al.* 2005).

³ Respondents to the survey were asked to indicate the extent to which they developed these skills on their undergraduate degrees and were using them in employment at the time of the survey: 'not at all', 'some' or 'a lot'. One would also expect that all graduates would have developed many of these skills to some extent and to make use of these skills in their (graduate-appropriate) employment. Therefore, in order to differentiate between subject areas, it is of most interest to examine the significant development and use of these skills by comparing the proportion of

men. Most notably, women reported greater development of written and spoken communication, basic computer literacy and teamworking (all of which have been highlighted as key employability skills in government policy e.g. Dearing 1997). Importantly female B&M graduates were more likely to report the significant development of both management and leadership skills.

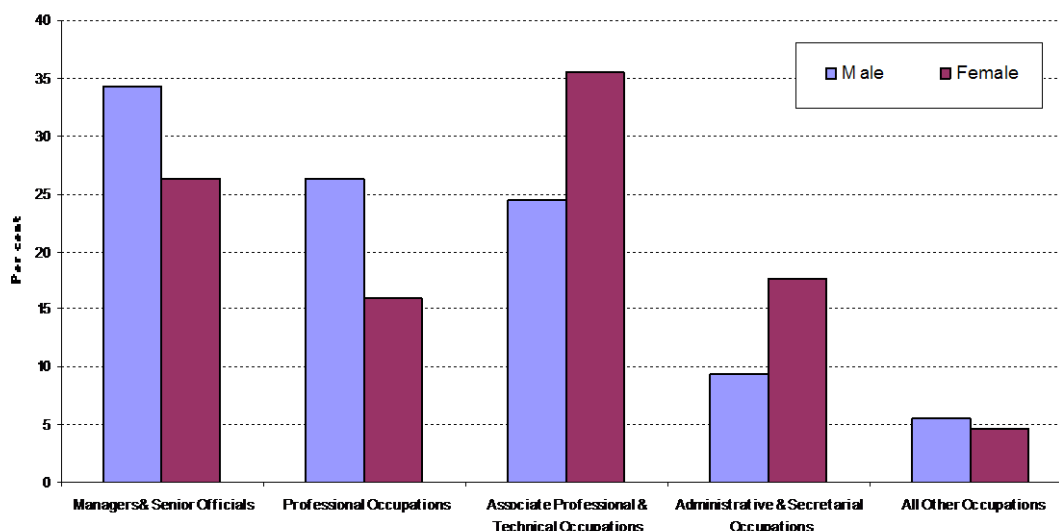
Table 1 **Proportion of respondents who reported having developed employability skills ‘a lot’ on UG degree, by gender (employed B&M graduates only)**

	Male	Female
Problem-solving skills	27.3	32.2
Written communication	56.4	70.1
Spoken communication	37.3	48.5
Foreign language skills	7.0	14.2
Numeracy skills	28.5	26.8
Basic computer literacy	39.3	49.1
Advanced IT or software skills	15.7	15.8
Research skills	49.3	57.8
Creativity	18.4	17.1
Entrepreneurial skills	13.7	13.6
Ability to work in teams	52.8	58.6
Management skills	30.4	32.7
Leadership skills	19.8	26.2
N (weighted) = 9312; N (unweighted) = 1016		

At odds with their greater reported employability of female B&M graduates, however, analysis of the 1999 B&M cohort suggests notable variation in employment outcomes by gender. Comparative analysis of the earnings of B&M graduates showed that, on average, women earned over £3600 less than males after four years in the labour market representing a gender pay gap of 14 per cent. Analysis also shows significant vertical and horizontal segregation of employment. Figure 1 shows marked differences in the occupational distribution for male and female B&M graduates four years after graduation. For example, over one-third of men were employed in managerial occupations compared to approximately one in four women. Women were less likely to be employed in professional occupations than men and were twice as likely as men to be in administrative work.

respondents who indicated ‘a lot’ for each skill set (as opposed to ‘not at all’ or ‘some’). It is in the comparison of considerable skills development and use that we are likely to find the greatest difference between disciplinary areas.

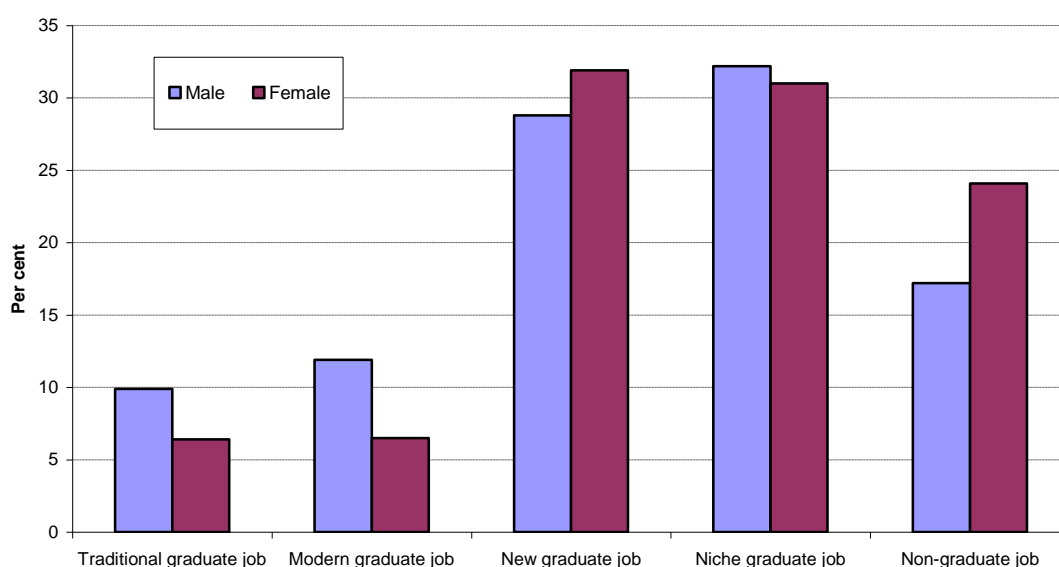
Figure 1 Occupational distribution (SOC2000) by gender, business and management graduates in employment only



N (weighted) = 9312; N (unweighted) = 1016

Analysis by SOC(HE)⁴ shown in Figure 2, indicates that this occupational distribution results in women being notably more likely than men to be in non-graduate job and less likely to be in traditional or modern graduate jobs.

Figure 2 Occupational distribution (SOC[HE]), by gender, business and management graduates in employment only



N (weighted) = 9312; N (unweighted) = 1016

This has implications both for average earnings and the distribution of earnings across the sample. Earnings in more recently-colonised graduate jobs are more variable when

⁴ The SOC(HE) is a five-fold occupational classification developed to analyse change in the graduate labour market which distinguishes between traditional, modern, new, niche and non-graduate jobs.

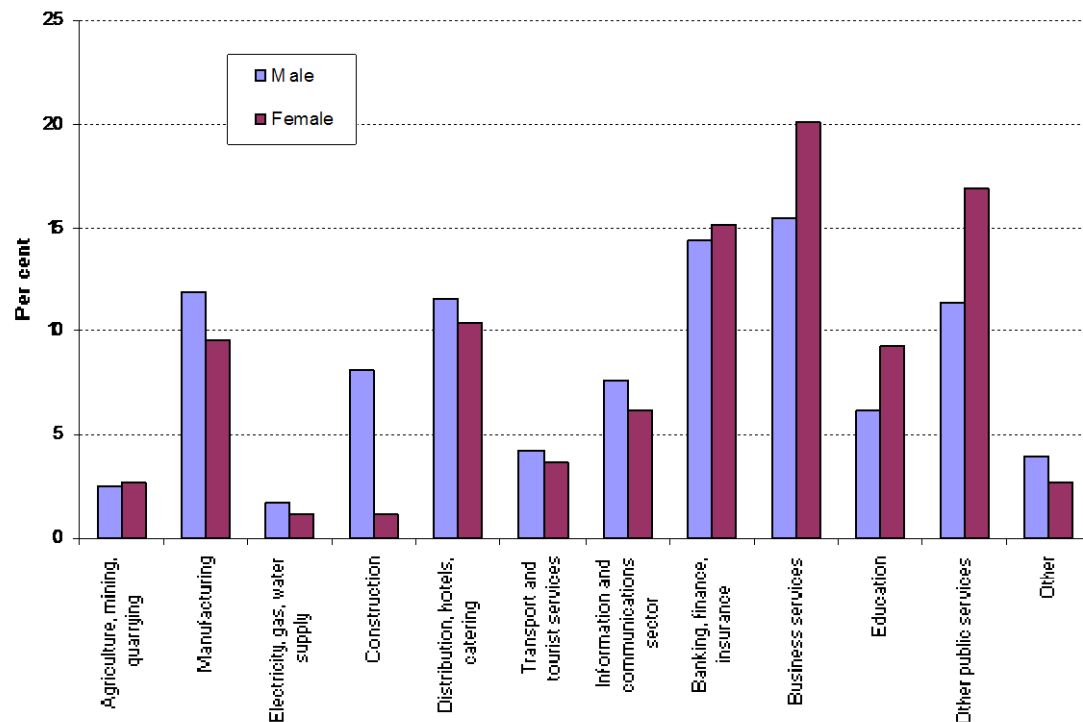
compared to the consistent salaries associated with established graduate occupations (although the highest earnings are available in some of these newer jobs) and provide different patterns of career development (Purcell *et al.* 2005). For example, new graduate jobs are also more greatly associated with (inter- and intra-) organisational and entrepreneurial careers compared to traditional graduate jobs which are associated with occupational careers (Kanter 1989).

Analysis of career trajectories shows that women were more likely to enter non-graduate jobs immediately after graduation than men but move out of these jobs more rapidly over the first 18 months in the labour market. After approximately 3 years, however, whilst men continue to move out of these jobs the female trajectory levels off, suggesting a substantial minority of graduates have difficulty leaving, choosing not to leave or re-enter such employment and which accounts for part of the gender differences in 'final' outcomes. This pattern might reflect the different priorities of some female graduates, for example, choosing employment to fit with their partner's careers or other family commitments. Alternatively, it might reflect a conscious lifestyle choice (Hakim 2000), perhaps associated with work-life balance considerations. However, given that the vast majority of those surveyed were in their mid-20s (and were consequently unlikely to have started families) this is likely to only reflect a minority of respondents, especially considering that B&M female graduates were the most likely amongst women to indicate the importance of high financial reward and career development.

Analysis of career trajectories by SOC2000 also suggests that female propensity towards particular types of occupations after four years in the labour market is at least in part related to their greater (administrative occupations) or lesser (managerial work) likelihood to enter such occupations immediately after graduation, women's movement out of or into different occupational groups being broadly equivalent to men's (as was the movement into jobs which required a degree or which required use of degree skills and knowledge). These findings are, therefore, consistent with the survey finding that men were more likely than women to report that a degree had been required for their job and to be using their degree-acquired skills and knowledge. Similarly, male B&M graduates recorded a higher average job appropriateness score. This would appear to be a product of higher reported skills development and 'inferior' labour market achievement amongst women.

The gender pay gap may also be related to the sectoral distribution of the sample, in particular, the extent to which men and women were employed in the public and private sectors. Figure 3 provides a detailed breakdown of the sector of employment of male and female B&M graduates at the time of the survey.

Figure 3 Sectoral distribution of employment at time of survey by gender, business and management graduates in employment only



N (weighted) = 9312; N (unweighted) = 1016

The figure shows that women were more likely to be working in the public sector (education and other public services) than men. There are also some differences in the extent to which men and women were working in parts of the private sector, most notably the greater proportion of men in the construction industry and higher proportion of women in business services. Other than these extreme cases, however, these differences are not as marked as might have been expected given that analysis by individual subject areas indicates that subject choice within the field of B&M is gendered (for example, within specialist B&M degrees, programmes in PR and hospitality management are dominated by female students). What this suggests, therefore, is that not only do women earn less than men on average because of a higher propensity to work in the (generally lower paid) public sector but also that even in sectors which are non-gendered, women were more likely to be found in lower-level and subsequently lower-paid jobs.

A further element in seeking to explain gendered educational and employment choices and outcomes is differences in values and attitudes. However the data collected in both the survey and the interviews provided little support for the contention that female B&M graduates choose to prioritise earnings to a notably lesser extent than men and place greater value on other aspects of work (such as job security) which might contribute to lower levels of economic 'achievement'. The data showed similarity in the priorities and values of male and female B&M graduates that was not evident for graduates in other disciplines (for example, female business graduates were more likely than other female graduates to value high

financial reward) and which, subsequently, does not support the assertion that the gender pay gap can be substantially explained by individual choices. In essence, female B&M graduates, like their male peers, report attitudes more reflective of their concentration in the private sector (e.g. importance of high earnings) as opposed to those associated with public sector employment (e.g. doing socially useful work and the importance of job security). Alternatively, one area of variation in responses given by male and female respondents which might be used to explain differences in average earnings was working hours. Male B&M graduates in full-time employment reported working longer hours on average than their female peers (for example, 28 per cent of male business graduates reported working over 45 hours a week compared to 16 per cent of females). It is difficult, however, to discern the direction of causality in the relationship between working hours and earnings as, on the one hand, higher earnings might be the result of this greater work 'effort' or, on the other, they might simply be a reflection of men's greater attainment of (more demanding) managerial employment compared to women's.

This section suggests that the greater possession of employability skills among female B&M graduates does not translate into equal or enhanced employment outcomes and that, contrary to the policy rhetoric, the attainment of these skills in higher education are not (necessarily) a key determinant of labour market attainment and means by which traditional gender inequality can be resolved. The one possible explanation for gendered outcomes that is not picked up in the survey data is the attitudes and practices of employers. The qualitative data provided little evidence of female respondents experiencing explicit obstacles in the labour market, although previous studies have shown clearly that direct and indirect discrimination continue to prove barriers to access to opportunities for women, especially in particular sectors (such as the legal profession, ICT and manufacturing). For example, Purcell *et al.* (2006) found, in extensive qualitative research among female graduates ten years after graduation, that a key explanation for obstacles to the achievement of equal opportunities for women and men lay in the micro-politics of the workplace and informal and cultural constraints and pressures. Given the patterns of employment outcomes presented, the notable differences in the early labour market experiences of male and female B&M graduates and the lack of explanations based on differences in values, attitudes and choices, this data would seem to imply that these obstacles, explicit or implicit, are in place even in very early career and are not easily overcome simply by addressing the supply-side characteristics of the labour market equation. Interestingly, despite these differences in career outcomes between male and female B&M graduates, there was no evidence that men and women subjectively assessed their jobs differently. Men and women reported identical levels of job satisfaction and job quality and also showed similar levels of career satisfaction.

Given recent policy efforts to widen participation in higher education among those from lower socio-economic backgrounds, an important characteristic of graduates to consider when comparing differential employment outcomes is social class. The impact of socio-economic background on labour market attainment is, for many graduates, mediated by the type of HE institution they attend. Therefore, in order to assess the impact of social class we consider in this section the impact of type of institution attended differentiating between 'old' and 'new' universities⁵. Previous studies have shown that the institution attended by students for their undergraduate studies are strongly related to labour market opportunities and outcomes after graduation (for example, Chevalier and Conlon 2003; Purcell *et al.* 2005). Traditionally, the field of business and management has been dominated by newer HE institutions which have focused more greatly on newer vocational areas of study than the older universities. This has changed substantially in the last decade (CEML 2002b) and so it is important to understand whether the type of institution attended by a student appears to impact on outcomes after graduation. However, among the sample, those from lower socio-economic groups were more likely to have attended a new university (using the five class version of NSSEC⁶, 81 per cent of B&M graduates from old universities came from the top three groups compared to 73 per cent of those from new universities) and, subsequently, the data raises questions about the extent to which certain graduates were disadvantaged, on the basis of social origins, in pursuit of specific labour market outcomes.

Of course, attendance at a particular HEI reflects pre-HE credentials and experience and it could be argued that patterns of differential labour market attainment simply reflects a meritocratic process by which the higher rewards go to those with the greater ability and/or intellect. Therefore, employers would argue that they recruit simply on the basis of this higher ability and achievement. Is it the case, however, that employers are justified in recruiting old university graduates over new university graduates on the basis of greater development of employability skills? Table 6 suggests that for the majority of the employability skills enquired about in the survey, new university graduates reported their considerable development to a greater extent, particular the ability to work in teams, spoken communication and basic IT literacy (although, in three areas, old university graduates reported greater skills development including numeracy and problem-solving skills).

⁵ Those UK higher education institutions defined as 'old' are those that were universities prior to the incorporation of polytechnics into the university sector in 1992. Old universities therefore includes those institutions belong to the Russell Group' and those variously referred to as 'ancient'; 'redbrick'; etc... 'New' universities are post-1992 universities which predominantly were previously polytechnics.

⁶ The National Standard Socio-Economic Classification NSSEC (five class version) discerns between managerial and professional occupations; intermediate occupations; Small employers and own account workers; Lower supervisory and technical occupations; and semi-routine and routine occupations.

Table 2 Skills development ‘a lot’ on UG degree, business and management graduates by type of institution

	Old University	New University
Problem-solving skills	32.0	29.3
Written communication	63.5	62.8
Spoken communication	37.6	44.2
Numeracy skills	31.9	26.7
Basic computer literacy	35.8	46.4
Advanced IT or software skills	14.7	16.0
Research skills	47.5	55.1
Creativity	13.8	18.7
Entrepreneurial skills	11.2	14.5
Ability to work in teams	47.9	58.0
Management skills	30.7	32.0
Leadership skills	19.7	23.9

N (weighted) = 9312; N (unweighted) = 1016

The evidence indicates, however, that regardless of the distribution of ‘employability’ skills development, even for a relatively ‘young’ subject field at undergraduate level type of institution attended appears to be one of the most influential factors in determining relative success in the labour market for B&M graduates. Table 5 shows that both immediately after graduation and at the time of the survey, for men and women, graduates from old universities earned markedly higher salaries on average than their new university peers.

Table 3 Mean earnings in first main job after graduation and in job held at time of survey by type of HE institution attended, young and young mature business and management graduates in full-time employment only

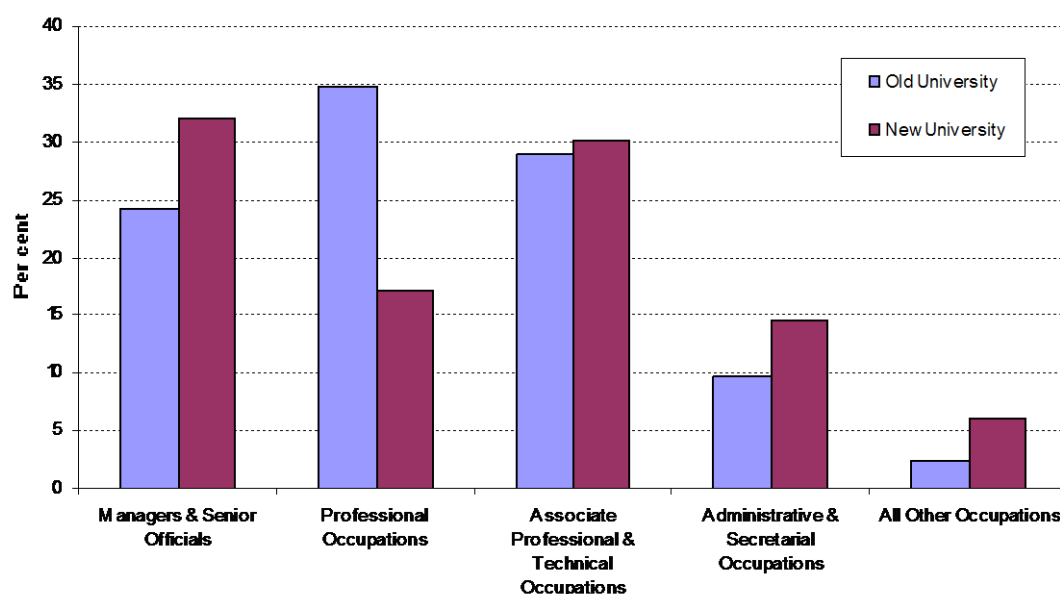
		First main job after graduation		Job held at the time of the survey	
		Mean (£s)	Std. Deviation (£s)	Mean (£s)	Std. Deviation (£)
Male	Old University	17342	6125	29247	10705
	New University	14664	5240	25431	9988
Female	Old University	15277	6069	25297	9565
	New University	13840	4333	22118	8099

N (weighted) =8404; N (unweighted) = 902

Analysis of the distribution of earnings for B&M graduates according to the type of institution attended shows that the disparity in earnings is most evident among male graduates. 44 per cent of male graduates from old universities were earning £30,000 or over four years after graduation compared to 27 per cent of those from new universities/HE colleges. In contrast 39 per cent of male new university/HE college graduates were earning less than £21,000 compared to 21 per cent of old university graduates. For female graduates, 24 per cent of old university graduates were earning over £30000 compared to 15 per cent of their new university peers. 36 per cent of old university graduates were earning less than £21,000 compared to one in two of new university graduates.

Figure 4 shows a markedly different occupational distribution for the sample according to whether graduates had attended an old or new university/HE college.

Figure 4 Occupational distribution (SOC2000) by type of HE institution attended, business and management graduates in employment only

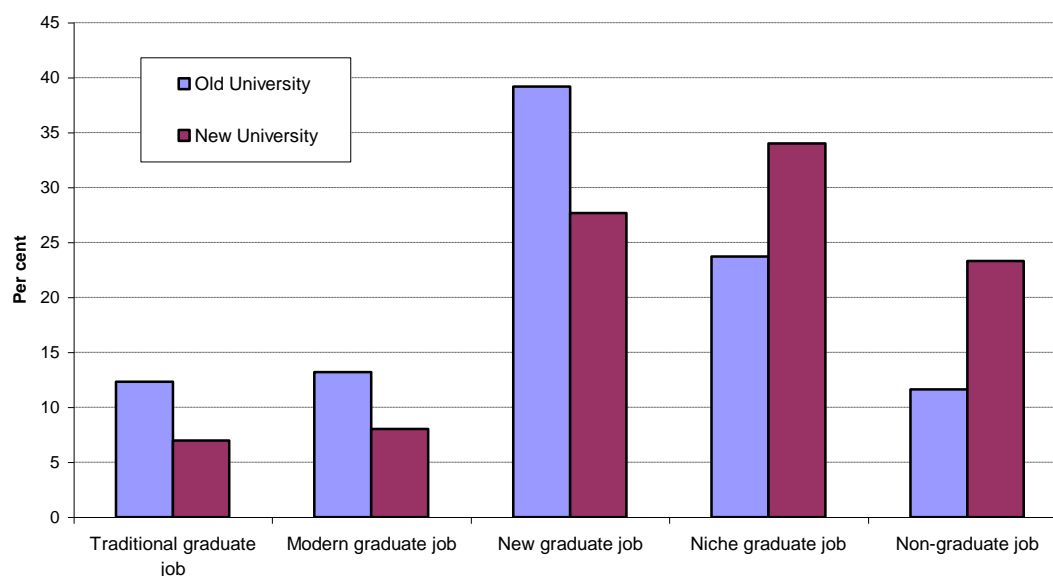


N (weighted) = 9312; N (unweighted) = 1016

Most notably, graduates of old universities were approximately twice as likely to be in professional occupations compared to their new university peers. Analysis by job title shows that old university graduates were disproportionately working as working as ICT professionals (such as analysts, programmers software developers/engineers), chartered/management accountants and auditors and business analysts and consultants. They were subsequently less likely to be in managerial, administrative or 'other' occupations. This, of course, might reflect the specific subject mix of graduates attending different institutions. For example, graduates in combined studies with business/management were more likely to have attended an old university and included subjects such as ICT and business and accountancy and management which are likely lead to professional employment to a greater extent than strictly business and management degrees.

The picture is similarly mixed if we disaggregate the sample by SOC(HE). Figure 5 shows that old university graduates demonstrate a notably lower propensity to be in *niche* and non-graduate jobs four years after graduation. They were subsequently more likely to be in more established graduate occupations and new graduate jobs.

Figure 5 Occupational distribution (SOC[HE]) by type of HE institution attended, business and management graduates in employment only



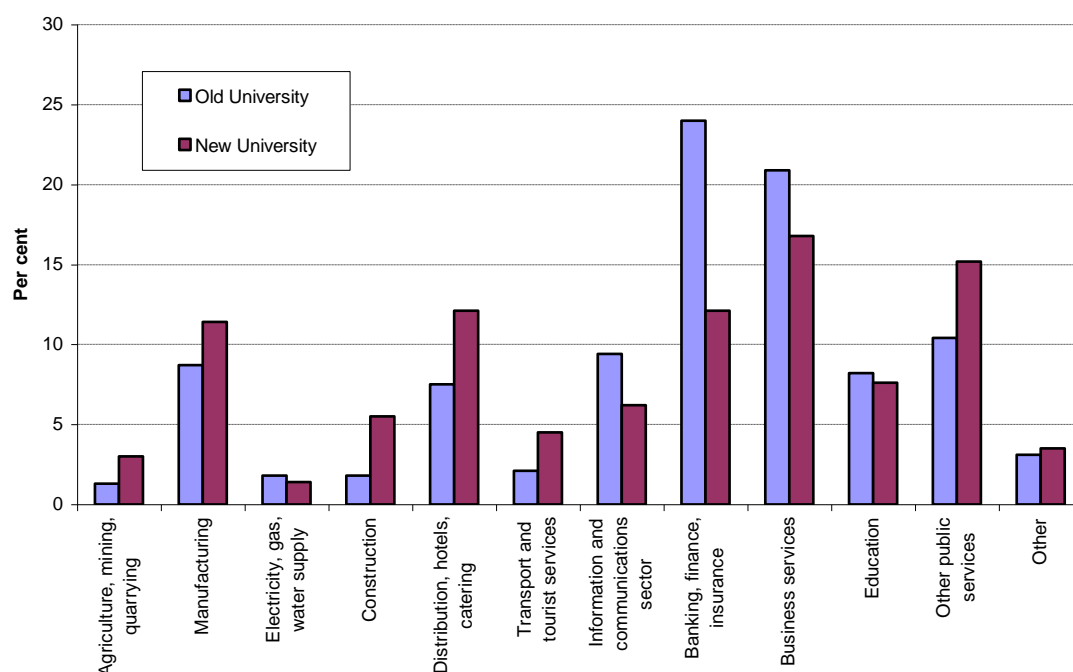
N (weighted) = 9312; N (unweighted) = 1016

The extent of the differences between the sub-groups in the propensity to be in apparently graduate-appropriate employment would seem to indicate that graduates from newer institutions may experience greater difficulty in moving out of non-graduate work. The work history data show again that this 'disadvantage' is evident immediately after graduation, old university graduates being approximately 9 percentage points less likely to go into such employment after completing their studies. Moreover, the rate of movement out of these jobs is slower for new university/HE college graduates. Whilst movement out of non-graduate jobs appears to level off for old university graduates after approximately 36 months, the data suggests that new university graduates were still moving out of such jobs beyond four years after graduation.

The above would suggest that B&M graduates from new HEIs were less likely to be making use of their qualifications, skills and subject knowledge in the course of their work. However, whilst new university graduates were slightly less likely to report having required a degree to get their current job they were more likely to report using their degree-acquired subject knowledge and equally likely to be using the skills. The work history data shows similar patterns of movement into appropriate employment by these measures. Old university graduates, unsurprisingly, recorded higher job appropriateness scores and also job quality scores. There was no difference, however, in levels of job satisfaction (which might actually reflect lower expectations of graduates from newer HEIs). In terms of a subjective assessment of their career to date graduates from new universities/HE colleges were more likely to report being not very satisfied or dissatisfied (one in five compared to 14 per cent of old university graduates).

As seen previously, one of the key determinants of earnings is sector of employment. Figure 6 shows that the B&M sub-sample were differently distributed across sectors of employment. Twice the proportion of old university graduates were working in the banking and finance sector and were more likely to be working in ICT and business services. This reflects the occupational distribution discussed previously where old university graduates were more likely to be working in professional finance positions, such as accountants, auditors and actuaries, ICT roles and as management consultants. New university graduates show a greater propensity to be working in public services (for example, as clerical, payroll, HR and commercial officers), hospitality and transport and tourism; all sectors which are typically associated with lower levels of pay compared to ICT, finance or business services. Again, this distribution partially reflects the programmes offered at different types of institutions (for example, tourism and hospitality management at new universities).

Figure 7 Sectoral distribution of employment at time of survey by type of HE institution attended, business and management graduates in employment only



N (weighted) = 9312; N (unweighted) = 1016

Brown and Scase (1994) reported that British employers have typically recruited future senior managers from graduates of a select group of elite universities but also recruit junior and middle managers from other HEIs. They suggest that whilst newer universities are at the forefront of institutions introducing personal and social skills training into undergraduate study to respond to the knowledge economy rhetoric, graduate recruiters were using the same rhetoric to attract 'elite university' graduates into managerial careers. The findings presented here would appear to support the notion that whilst new universities strive to offer what

employers claim to want, many employers tend to recruit in their own likeness showing a preference for graduates from selected institutions. The scenario presented by Brown and Scase refers to the recruitment practices of long-established graduate recruiters where many of the most lucrative opportunities are to be found (via graduate training programmes). It may well be the case that in specific parts of the economy, particularly the SME sector, the greater employability skills training evident in a new university education is seen as more important than other criteria for selection and as these sectors grow so will relative employability as a criterion for selection (Stewart and Knowles 1999; Brennan 2005).

Therefore, even in a disciplinary field that is relatively new to the HE academic curriculum and that is still a stronghold of newer HE institutions, graduates in B&M from old universities significantly outperform their new university peers in the labour market. Graduates of new universities/HE colleges show a lower propensity to be in professional occupations, were more likely to be in *niche* or non-graduate jobs and less likely to be in employment for which a degree was required. Even though new university graduates were more likely to be using their degree-acquired skills and knowledge in their jobs they reported lower job quality, job appropriateness and markedly lower salaries on average, particularly among males.

8.4 Conclusion

Overall, the data presented here shows that the value of a B&M degree is highly variable, both according to personal characteristics such as gender, institution of study or specific subject discipline and in the extent to which it allows access to specific sectors, occupations and rewards. It shows that even in an educational and employment context within which employability is widely espoused as being the means by which to achieve individual success, the apparently high level of employability possessed by B&M graduates is by no means universally translated into desired labour market attainment⁷. This data appears to shed light on the reality behind the employability rhetoric by connecting respondents' own assessment of skills development on their degree programme and their subsequent employment outcomes. The evidence suggests that the entrenched proclivity for particular types of graduates among employers, for example those from old institutions, still provides considerable obstacles for the 'new' graduate labour supply even among a group of graduates apparently possessing the key skills demanded by employers.

Disaggregating the sample on the basis of gender and type of institution attended (as only two potentially influential variables) identifies some important variation in the extent to which different groups within the sample are accessing appropriate and well-rewarded work. The data shows that these variables have a notable impact on labour market outcomes four years

⁷ Although the inclusion of explicit employability skills training on undergraduate degrees is likely to increase in the future as a result of greater employer involvement in HE curriculum development (as advocated in the Leitch report; HM Treasury 2006) and the increased promotion of the economic role of HE in wider economic policy.

after graduation. Even using a composite variable made up of both subjective and objective measures of labour market attainment⁸ to identify 'successful' and 'less successful' graduates, the data shows notable differences according to these same variables. Both gender and institution attended were both found to affect the propensity to belong to either of these groups. Gender inequality is a recurrent theme in analysis of differential graduate labour market experiences and outcomes at all stages in careers and the data collected for this study reinforces the picture that women fare less well than their male counterparts in relation to earnings and the achievement of appropriate employment, despite reporting greater development of key employability skills. Similarly, graduates from old universities report better labour market outcomes than graduates from new institutions regardless of the fact that B&M is a relatively young subject field that is more typically established in these institutions and where employability is generally given greater focus.

Mason *et al.* (2003) found that employers often bemoan the lack of specific business knowledge among graduate recruits. On this basis, specialist B&M graduates would seem to be the most attractive B&M graduates, possessing both transferable employment skills and specialist commercial knowledge (as well as being the most likely to have prior work experience). This appears not to be the case. Among B&M graduates, broadly speaking, graduates in combined studies with business were the most successful of B&M graduates and those who completed degrees in business specialisms, the least. Along this continuum from specialist through generalist to combined, employers would appear to value most greatly those graduates with both B&M and other academic/technical skills and knowledge. Again, these findings appear to contradict employers' calls for greater work-related training in higher education. Hirsh *et al.* (2002) reported that employers rarely specifically look to recruit graduates with degrees in business and management but rather look for graduates with good cognitive and social skills which they then train themselves. This again indicates a continued conservatism among employers who place greater faith in traditional academic subjects alongside a lesser acceptance of those disciplines which are specifically targeted at providing what they often demand from higher education. Mabey and Thompson (2000) suggest that there are clear parallels between the generic employability skills sought by employers and those they look for in managers, for example, teamworking or self-reliance. It would seem that some employers fail to recognise that B&M graduates are those most likely to have obtained these skills. This evidence suggests, therefore, that the challenge for business schools is to make the relevance of the skills and knowledge taught on B&M programmes more transparent to potential recruiters. Burgoyne *et al.* (2004) suggest that it is difficult to

⁸ The interviews conducted with a cross-section of B&M graduates indicate that different respondents prioritized different aspects of 'reward' (in its broadest sense), balancing, for example, aspects of job quality (e.g. interesting and challenging work) with personal fulfilment whilst acknowledging the importance of a reasonable salary. For this reason, composite, multi-dimensional measures were created to discern between those respondents who had been 'successful' and those who were 'less' successful'. From this analysis, it is possible to pinpoint an 'elite' amongst the sample who appear to have achieved employment success alongside the attainment of relative personal satisfaction, based on the achievement of a broad number of labour market 'desirables': job quality, job satisfaction, earnings and appropriateness of employment.

establish the contribution to performance enhancement of management and leadership development which takes place in further and higher education given that it often takes place early in careers. The finding that a substantial minority of B&M graduates had been unable to secure graduate-appropriate employment after four years in the labour market suggests confusion about the qualities possessed by B&M graduates, especially when compared to graduates with more established vocational degrees such as law or engineering. As graduates of essentially 'semi-vocational' degree programmes, for some employers, general and specific B&M graduates appear to fall between two stools and, for many, it would seem that a specific vocational education, or at least combining B&M with vocational or traditional academic discipline, is a safer bet for labour market success.

On the one hand, therefore, the data suggest that the preparation of B&M graduates for managerial careers in respect of skills development falls short of employers' requirements. On the other, however, differences in employment outcomes across the sample question the efficacy of increasing management skills development at the expense of traditional academic skills. There is an apparent tension between what is provided on B&M degrees, what employers claim to want and the recruitment activity of employers. This tension requires resolution to ensure that B&M degrees best serve the economy, employers and graduates and it would seem necessary to improve the dialogue between employers, management education providers and graduates themselves to ensure that B&M students develop the skills and acquire the knowledge that is required by the 'new' economy, demanded by employers and which provides access to satisfying, well-rewarded jobs. These patterns might be reflective of employers' reluctance to 'put their money where their mouth is' and make more effective use of B&M graduates. The policy emphasis on the supply-side of the labour market to stimulate rapid movement towards a knowledge economy (as part of a neo-liberal approach to skill formation; Brown *et al.* 2001) is called into question if employers, at least in part, demonstrate suspicion of those courses intended to address their stated concerns about the work-readiness of the graduate labour supply or ignore the apparent virtues of the graduates who complete these courses.

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