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Rapid Growth in Job Opportunities for College Graduates in 2014-15

Hiring for bachelor's degrees will increase by 16 percent this year.

(East Lansing, Mich., October 14, 2014) A new study from Michigan State University's College Employment Research Institute finds employers are recruiting new college graduates at levels not seen since the dot-com frenzy of 1999-2000. Is this sudden surge another one-year growth spurt before the college labor market settles down to steady growth of five to seven percent? Or will double-digit increases become the norm? This year's projections indicate more chaotic, fast-paced recruiting and post-hire churn.

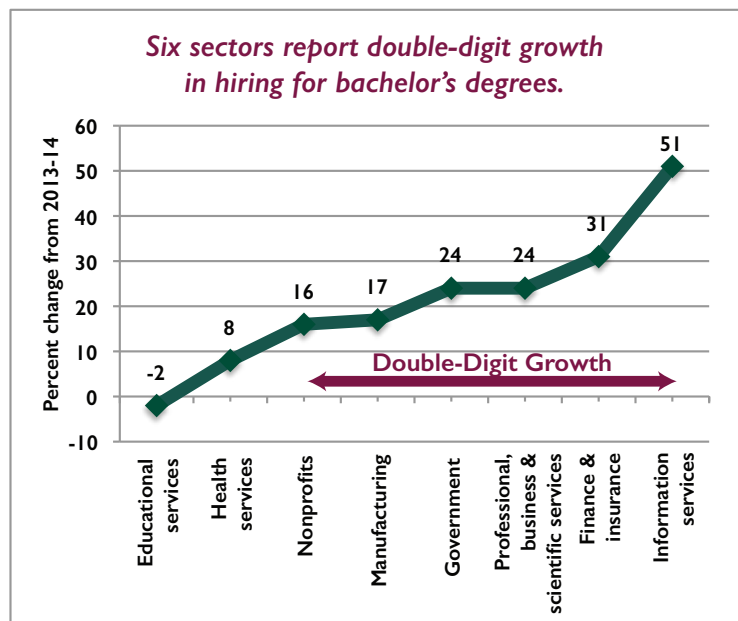
Nearly 5,700 employers responded to our survey:

- More than fifty percent (3,130) were outside recruiters and company HR managers looking for full-time employees.
- Nineteen percent were recruiters seeking experienced talent
- Sixteen percent were internship and co-op managers seeking short-term placements in exchange for academic credit or hourly wages.
- Nine percent were recruiters hiring for short-term assignments of less than six months.
- The employers represented here will hire nearly 120,000 new graduates this year; of these, 78 percent will have bachelor's degrees.

The survey examines the college labor market from several perspectives: region, sector, company size, employer outlook, academic degree, recruiting, wages, labor market drivers, and respondent concerns.

REGION. Every state, several territories, and a few neighboring countries responded to the survey. Colorado, Florida, Illinois, Michigan, Ohio, Utah, and Wisconsin led the states with the most responses. Arizona, Georgia, Massachusetts, Missouri, New Jersey, and Virginia submitted almost as many responses as the first group, further demonstrating the wide geographic distribution of survey respondents.

SECTOR. Almost all sectors will hire graduates with bachelor's degrees. Six sectors are reporting double-digit growth for these graduates, ranging from 16 to 51 percent. These sectors typically return the most responses and constitute the hiring base for new college graduates. The



two sectors reporting declines are Educational Services and Utilities. The slight decline in Educational Services (-2 percent) indicates that hiring in this sector never gels until late spring. Utilities is still retrenching: the reported decline of 17 percent tallies with jobs data from other sources. The 31-percent growth in Financial Services shows regional banks, insurance companies, small investment firms, and personal financial service firms are making up for last year's reductions.

COMPANY SIZE. The majority of companies employ fewer than 100 people (41 percent). Another 35 percent employ between 500 and 1,500 people; 14 percent, between 1,500 and 10,000; and 11 percent, more than 10,000 employees. Companies will increase hiring for all degrees with two exceptions.

- Companies with 101-1,500 employees will hire fewer graduates with master's degrees.
- Companies with 1,501-10,000 employees will hire fewer graduates with professional degrees.
- Neither group, however, will dampen overall growth.

<i>Job opportunities for Associate's and MBAs degrees will grow by double-digits this year.</i>				
Degree	Percent change from 2013-14			
	< 100 employees	101-1,500 employees	1,501-10,000 employees	> 10,001 employees
Associate's	96	18	12	11
Bachelor's	12	17	11	20
MBA	28	11	12	82
Master's	14	-5	0	1
PhD	39	5	12	26
Professional	33	10	17	19

EMPLOYER OUTLOOK. The vast majority of employers were fairly confident about the strength of the college labor market this year:

- Eighty-four percent hired at least one new college graduate during 2013-14. This year, 97 percent will do so.
- Of the 18 percent that did not hire last year, only one-fifth will not be hiring anyone this year.
- Seventy-four percent rated the overall new college labor market good to excellent. The average rating of 3.2 (on a scale of 1 to 5) was considerably higher than last year (2.8), compared closely to 1999 levels, but fell just short of the high set in 2007.
- Eighty-two percent rated the new college labor market for their sector very good to excellent. The average rating of 3.6 was higher than last year (3.3) and comparable to the ratings in 1999 and 2007.
- Employers seeking graduates with associate's and bachelor's degrees will increase hiring.
- Slightly more than 40 percent of employers recruiting graduates with MBAs, master's degrees, PhDs, and professional degrees will also increase hiring, an improvement for each degree level.

ACADEMIC DEGREE. Almost all graduates will find more job opportunities this year.

<i>Hiring for MBAs shows the largest gain since 2007.</i>			
Degree	Employers (no.)	Number of new hires per organization (avg.)	Change from 2013-14 (%)
Associate's	698	12.3	19
Bachelor's	2,116	43.8	16
MBAs	638	5.9	38
Master's (MA, MS)	705	12.5	0
PhD	254	7.3	20
Professional (e.g., law, pharmacy)	161	4.2	8
Total hires	2,191	54.3	16

RECRUITING TRENDS. Nearly 2,200 recruiters and hiring managers returned complete data for this section:

- Only 25 percent of respondents had definite hiring plans at the beginning of the academic year.
- Consistent with the past three years, 33 percent had preliminary hiring plans.
- Except for 2011-12, when definite hiring plans soared to 50 percent, fewer and fewer organizations entered the recruiting season with definite hiring plans.

During the next 12 to 18 months, these conditions will drive the recruiting season:

- The season will lengthen commensurately with competition in the college labor market.
- Companies will recruit through spring and summer, necessitating more trips to campus.
- Companies may need to broaden their talent pool to find qualified candidates.

The pace of recruiting will be rapid despite the longer recruiting season. Its effects will be felt both on and off campus.

- Many students will be unable to adjust their schedules and accommodate interview requests on short notice. Nor will they like accepting or declining offers in a hurry.
- The normal downtime built into college academic calendars will not provide respite for career center staff responding to increased employer activities.
- Recruiters already burned out by this fall's career-fair fatigue will be stretched thin. They will need to absorb the pressure of expanding campus visits and processing more applicants.

LABOR MARKET DRIVERS. These drivers are influencing the college labor market:

- Sixty-six percent of employers indicated growth was very important for their hiring. Growth as an engine of change in both companies and the labor market has reached its highest level since 2008.
- Three years ago employers rarely talked about turnover; workers wanted to keep the jobs they had. This year 45 percent of employers reported turnover is an important consideration in the number of new graduates that they will seek.
- Twenty percent of employers indicated retirement influenced their hiring decisions. The percentage may seem small but represents employers that cannot tap easily into global labor markets (e.g., educational services, government, retail, transportation, and utilities.)

RESPONDENT CONCERNS. Every year recruiters and employers weigh in with their concerns about the new college labor market (1,800 sent comments). Everyone presumes they will achieve their hiring targets; however, six common obstacles are emerging early this year.

1. Competition for qualified candidates is escalating to a degree rarely seen in the past ten years. Large companies targeted an average of 70 candidates in 2012–13. This year they will target more than double that number (160).
2. Recruiting staff are stretched to the limit. After cutting recruiting positions and budgets during the recession, organizations are now rehiring as quickly as their budgets allow. Still, they come to campus events understaffed and have trouble maintaining their branding on core campuses. Adding stress to an already challenging environment, some companies suspect their industry may lack certain cool factors — unglamorous locations or salaries lagging behind industry leaders — that prevent qualified candidates from giving them more than a passing glance.
3. Employers want to identify talent, recruit qualified candidates quickly, and bring new hires on-board smoothly. Increasing red tape on campus is barring their way. Employers intuit the reason for red tape: everyone wants money. Especially troubling are the academic departments suggesting financial support will increase an employer's access to students and faculty. Employers complain about the resulting communication breakdowns: unanswered phone calls, delays in posting positions, email spam, and growing arrogance among career center staff. The climate on campus influences how aggressively organizations will pursue students. The education institution's reputation may rise or fall depending on how many of its graduates obtain jobs, even in a growing labor market.
4. After recruiters jump through the requisite hoops and gain access to students, they find themselves underwhelmed by the pool of qualified candidates. They perennially and rightfully complain about new graduates who lack the experience, skills, and competency to work for their company. For example, some candidates in the sciences lack the laboratory experience necessary for basic bench jobs. Some candidates cannot pass the organization's background checks. Although the college labor market tilts in the student's favor this year, employers are not lowering their expectations for new hires or supporting a workplace in which any warm body will do.
5. Recruiters and employers observe students entering the recruiting season with lackluster résumés and slipshod cover letters. The students who receive interviews appear unfocused and unmotivated. The ones who receive job offers display unrealistic expectations about starting salaries and ignorance about labor market conditions. Such candidates may be diamonds in the rough, but employers want to see at least a modicum of polish.
6. Reneging is the bane of the recruiting season. If parents and employers themselves encourage young adults to take the best deal, anytime, anyplace, why should reneging be a problem? In fact, nobody likes it, and everybody tends to blame the student. While a graduate's indecision can be irksome and seem irresponsible, so are parents who exert pressure on their child to renege on one offer and take another with a company the parents deem acceptable. So, too, are employers who, having lost the battle to attract their chosen candidate, fail to respect the candidate's decision or try to poach graduates who already have jobs.

These key findings from Michigan State University's Recruiting Trends 2014-15 precede the full-report, which will be released at the end of November.

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