

## Setting an appropriate graduate salary

Graduate starting salaries have steadily risen over the last 10 years and there are several reports covering the salaries offered to new graduates by the top employers and big graduate schemes, but what does this mean for smaller organisations?

According to the High Fliers report 'The Graduate Market in 2018', graduate starting salaries at the UK's leading graduate employers are expected to remain unchanged for the fourth year running, at a median starting salary of £30,000. With figures like this, it isn't surprising that smaller businesses are unsure of what they should pay a graduate, or the salary expectations a recent grad might have. It is also possible that this sort of figure could leave SMEs feeling that recruiting a graduate is out of their reach.

However, to put this data into perspective, High Fliers survey only the top 100 graduate employers the majority of which are in higher paid industries, for example, finance, law, banking and consulting. These 100 employers recruit only a small percentage of the hundreds of thousands of work ready graduates that enter the market every year, the reality being, most grads will begin their career in a start-up or SME and on a lower salary.

If you widen your search, you can find statistics that range from £23- 28k as an average starting salary for graduates. However this is heavily dependent on the industry sector, the location of the job and the graduate level ie you might also expect to pay more to a Masters or PhD student.

### What do graduates expect?

Students are now paying tuition fees ranging from £6,750 to £12,444 per year and at the University of Sheffield, those on 4 year courses will graduate with in excess of £36,000 worth of debt from tuition fees alone, before factoring in maintenance loans.

What this cohort of graduates are looking for, alongside a good salary, is a stable income and a permanent contract wherever possible. There is little point offering a stunning starting salary to attract your graduate talent and being unable to sustain it, leaving your employee out of work and leaving your organisation with a skills gap.

### So, what should you pay?

You should pay what you can afford as long as this above minimum wage, but as a rough guide, a good graduate starting salary would be circa £20k or upwards. If you require a Computer Science or specific degree in a skills shortage area, such as Engineering, it is more likely that a salary of £25k plus would enable you to attract and retain a good graduate. However, don't worry if you are unable to offer £20k, many graduates are realistic about their salary expectations and for less specialised roles, a salary could be anywhere between £16k-£18k.

If you are a small to medium-sized organisation, bear in mind that many graduates are interested in the other major benefits of working for a smaller organisation, such as responsibility, progression and flexibility. You can read more about retaining your graduate [here](#).

If you require any further advice or guidance regarding your recruitment, please do not hesitate to get in touch with us.