

The Impact of Scale-ups on the Graduate Job Market



In November 2014, LSE Entrepreneurship hosted the launch of Sherry Coutu's **Scale-Up Report**, which made recommendations for how government can support rapidly growing companies. Ibrahim Maiga, LSE alumnus and Director of the Birkbeck Enterprise Hub, found out more about how scale-ups affect the graduate job market

"There are 990,000 open jobs right now in the UK so it's not that hard to find them. You find a scale up, they'll be hiring... So you just need to make sure you're looking in the right place." Sherry Coutu, lead author of *The Scale-Up Report*.

Employment demographics are changing, structurally. Long-term labour market trends are increasingly pitting young people against older workers and the young are losing.

Understanding where jobs come from is an increasingly important policy directive in this environment. Sherry Coutu, author of the Scale-Up report and founder of Silicon Valley Comes to the UK (SVC2UK) believes she knows: scale ups – fast growing companies – as opposed to start ups.

"People use the term startup very, very loosely. I'm trying to make people a little more mindful about linking startups or entrepreneurship to economic growth," says Coutu.

"People use ['start ups'] in a loose way to describe even Google! Some people still describe LinkedIn as a startup. So it's kind of a difficult phrase that describes many things entrepreneurial all at once and in so doing does the sector a disservice in my view."

The graduate job market

The Institute for Public Policy Research (IPPR) thinks **"even a full-blown economic recovery is unlikely to solve the problem of youth unemployment in the UK."**

In ***Making It Work: Tackling Worklessness Through Innovation***, NESTA identifies other long-term trends in employment. Many contribute to the declining fortunes of young jobseekers, including graduates: the hollowing out of the middle of the labour market, slow rise in demand for skilled occupations and excess supply of intermediate skills.

Although employment rates are much higher among graduates than those with fewer qualifications, it is a mistake to think graduates are protected as the quality of jobs available is also on a downward trend.

Ranked average annual pay and employment rate by subject

| Subject | Annual Pay (£) | Subject | Employment rate |
|----------------------------------|----------------|----------------------------------|-----------------|
| Medicine | 45,604 | Medicine | 95 |
| Engineering | 42,016 | Media and Information Studies | 93 |
| Physical/Environmental Subjects | 35,984 | Medical related subjects | 93 |
| Architecture | 34,996 | Technology | 92 |
| Maths or Computer Science | 34,008 | Agricultural Sciences | 91 |
| Languages | 30,420 | Architecture | 90 |
| Social Sciences and Law | 30,004 | Linguistics English and Classics | 90 |
| Education | 30,004 | Business and Finance | 90 |
| Business and Finance | 30,004 | Physical/Environmental Subjects | 89 |
| Agricultural Sciences | 28,600 | Maths or Computer Science | 89 |
| Humanities | 27,976 | Biological Sciences | 89 |
| Biological Sciences | 27,976 | Engineering | 89 |
| Technology | 27,508 | Social Sciences and Law | 89 |
| Medical related subjects | 27,508 | Education | 88 |
| Linguistics English and Classics | 26,416 | Languages | 87 |
| Arts | 21,944 | Arts | 85 |

Source: [Graduates in the UK Labour Market 2013](#), Office for National Statistics

Too many graduates or not enough graduate roles?

The Office of National Statistics' (ONS) [data](#) shows “the percentage of graduates in the population has risen from 17% in 1992 to 38% in 2013. However the percentage of graduates working in non-graduate roles has risen, particularly since the 2008/09 recession. “This suggests the increasing supply of graduates and the possible decrease in demand for them has had an effect on the type of job they are doing,” it concludes.

While this trend began before the financial crisis, that tumultuous period had a strong aggravating effect.

Increase in number of workers in non-graduate roles

| | Increase 2001 -13 | 2001 - 2008 | 2008 - 2013 |
|-------------------|-------------------|-------------|-------------|
| Graduates | 5% | 1% | 2% |
| Recent graduates* | 10% | 4% | 8% |

*(within five years of leaving full-time education)

Source: [Graduates in the UK Labour Market 2013](#), Office for National Statistics

“It pains me to think of how many students are unemployed because they are unsure about how to differentiate between what *really is a good job* and what might just be a job or even how to look for them,” says Coutu.

The first few years after university are important for one’s career path and establishing the narrative of one’s work life and adult identity. For this reason real fears of a “lost generation” of young people have increasingly been expressed by researchers over the last few years.

As such, it is in “how to look for” jobs that the Scale-Up Report may provide the most value to students and recent graduates.

Where are the jobs?

Coutu believes that identifying scale-ups can help students find jobs more efficiently. The website www.scaleupbritain.com allows you to do just that and to search for scale-ups across Britain by ward.

Crucially, scale-ups offer better quality jobs where new recruits can learn and grow.

“The number of students that go into absolutely poisonous positions in big companies is absolutely *huge* but they’ve already committed and they’ve turned down other opportunities... it’s a pretty awful place to have your first job in,” says Coutu. “There’s a huge amount of evidence to show scale-ups are the best and most interesting place to be for a bright ambitious person.”

Scale-ups: not the solution for youth unemployment but maybe a solution for you

Searching for jobs through scale-ups holds promise in increasing job matching efficiency between what major job creators are looking for and people to fill them. At the same time it highlights the skills gap scale-ups face when hiring. The jobs are there, the right skills are not and the fast growing companies don’t have the time to train.

While policy makers debate the macro solutions to this, students and grads don’t have the luxury of time. However a little guidance and personal initiative may go a long way in helping land a good job after graduation and avoiding costly mistakes.

Coutu’s Tips for Finding Work Through Scale-ups

- Use www.scaleupbritain.com to find scale-ups. Because of their rate of growth, they are usually hiring.

- *Research prospective companies well. Interrogate them directly about whether they are growing or not. Are they hiring because they can't fill customer orders or because it's such a bad environment they are losing employees? If they are growing they will be proud to tell you.*
- *Once you know the company is growing, find out about the division or department you will be placed in. Is it also growing?*
- *Most scale-ups don't have time to train you. Most of them need technical skills (science, technology, engineering, mathematics) to fulfill customer orders. Make sure you are acquiring these skills as you study and you will be a valuable asset.*
- *Languages are also important. Only 10% of scale-ups in the UK are able to export as they lack the language skills to open up new markets.*
- *Use LinkedIn Education to see the career progression of people in your target companies in order to plan what you will do.*
- *Go to [Silicon Milkroundabout](#) (9 – 10 May 2015), the jobs fair where tech scale-ups go to recruit.*
- *Recommended reading: 'Start Up of You' and 'The Alliance', both by Reid Hoffman, founder of LinkedIn.*

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