



Economics Graduates' Skills and Employability

Final study report

(Based on an employers' survey and interviews)

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Executive Summary

Acknowledgements

The Economics Network would like to thank all the employers who contributed to this survey, for their time and valuable comments. In addition, thanks go to the Higher Education Academy for their support and contribution to funding for this project. We are especially grateful to the Government Economic Service (GES), and Andy Ross and Jonathan Webb in particular for encouraging GES Chief Economists and GES assessors to respond to the survey and to answer additional questions. We hope that this report and its findings will help support economics departments to develop rounded graduates who will become effective and innovative employees.

Background

In February 2012 the Government Economic Service (GES) and the Bank of England hosted an event which explored economics teaching and learning in UK universities in the wake of the financial crisis. In particular, the discussion focused on the challenges faced by higher education institutions and the changes they need to implement in order to produce economics graduates who are fit for purpose.

As a follow up to this event the Economics Network agreed to survey and interview employers, with the aim of exploring graduate skills. The survey was partially funded by the HEA and is part of an ongoing research project into the effectiveness of learning and teaching in Economics HE. The results of all the surveys that make up this project are available on the Economics Network website at: www.economicsnetwork.ac.uk/projects/surveys.htm.

Methodology

The main focus of the survey was on employers currently employing economics graduates, both as economists and in related roles.

A two stage approach was adopted, which included a survey of the employers and interviews with some of the respondents. Due to the short timescale of the project, it was agreed to start with the employers' survey, followed by the interviews – the reverse of the usual pattern. Including a question in the survey, asking the respondent if he/she agree to be contacted for further research, allowed us to contact the respondent for the interview at a later date.

The report includes an analysis of the individual responses received, plus a summary of the GES Chief Economists' response and responses to supplementary questions from GES assessors of economics graduate applicants. Employers were from central government, consultancy, charity, research and finance advisory sectors. The survey included 13 questions (Appendix 1) about the respondent's company and the skills and knowledge of the economics graduates that the company has employed. Appendix 2 describes full procedure that economics graduate applicants go through at Economic Assessment Centre (EAC) while applying for GES jobs.

Follow up interviews were conducted with some of these employers (5). The interviews consisted of 7 questions, exploring the recruitment process and any skill/knowledge/understanding deficit among economics graduates.

The main aim of the project was to:

- Inform the economics academic community in the UK about employers' requirements of economics graduates.
- Assess employers' experience of economics graduates: do they possess the required skills and knowledge? If not, what are the shortfalls?
- Be capable of driving curricula changes and be robust in terms of academic audit.
- Distinguish between types of economics graduates but also include a generic skills category.

To note:

- It should be stressed that all the employers that took part in the survey and interviews were able to select the best graduates in this very competitive job market and their replies relate exclusively to those graduates who have passed a very rigorous screening process.

Conclusions and recommendations

We received 54 individual responses to the survey, a summary response from the GES Chief Economists and 17 responses from GES assessors of economics graduate applicants to supplementary questions. Follow up interviews were conducted with some of these employers (5). The interviews consisted of 7 questions, exploring the recruitment process and any skill/knowledge/understanding deficit among economics graduates.

In the report for illustrative purposes we've included "word clouds" images.

It is interesting to compare the results of 2007 employers' study with the current one. Unfortunately, due to the big differences in the employers' organisation distribution between 2007 and 2012 surveys, with the respondents from Central Government making up 19.0% in 2007 and 75.0% in 2012, we believe that full comparison is inappropriate. At the same time we notice that the results on knowledge, understanding and skills requirements of graduate appointees from both studies have many similarities. In 2007, the need to develop "communication" and "application" skills by economics graduates was often mentioned by the employers, as well as graduates preparation for the interviews. The same skills were rated as very important by four out of five employers in 2012.

It should be stressed that all employers that took part in the survey and interviews were able to select the best graduates in this very competitive job market and their replies relate exclusively to those graduates who have passed a very rigorous screening process. Questions about assessment procedures were discussed in the interviews.

The study found that employers clearly value economics graduates and the specific skills and knowledge they bring to the workplace. Indeed, the results show that respondents employ economics graduates, above all for their "knowledge and understanding of economics", as well as for "the work they are required to do" and the "skills they bring with them".

However, a significant number of employers of economics graduates feel there is a skill/knowledge gap that needs to be addressed: when asked about the qualification level of graduates 66.7% believe them to be "about right", while the rest believe they were "under qualified".

Important Skills and Knowledge for Economics Graduates

Two skills, “analysis of economic, business and social issues” and “communication of economic ideas” are perceived as “very important” by 80.0% of respondents, while the “ability to organise, interpret and present quantitative data” and “abstraction (the ability to simplify complexity while still retaining relevance)” are seen as “very important” by three quarters of respondents. These findings mirror the discussion at the GES-Bank of England conference, where skills such as interpreting and explaining complex economic ideas were highlighted as being integral to the development of graduates who are prepared for the workplace.

With regards to knowledge, vast majority of respondents identify an understanding of “opportunity cost”, “social costs and benefits”, “incentives and their effects” and “microeconomics of decision-making and (constrained) choice” as “very important”. At the same time more than a quarter believe that “stability and instability of the economy and markets” and “equilibrium and disequilibrium” to be of “little or no importance”.

Skills and Knowledge to be developed

Respondents identified a number of skills that they feel economics graduates need to develop, these included: written and oral communication skills, independence and creative thinking, the ability to apply what has been learnt and adaptability. Both the survey and the interviews with employers highlighted the importance of these skills for economics graduates – they stressed that graduates are very good at economic theory and analysis but not so good at applying theory to real world situations.

Both the participants at the GES-Bank of England conference and the employers that contributed to this study emphasised that they would like universities to improve the quality of economics graduates by helping them to further develop the skills mentioned above. Furthermore, respondents felt that students themselves could improve their employability by working on the communication skills and raising their awareness of what is happening outside economics and improving their understanding of the limitations and assumptions of economic theory.

Recommendations

1. Raise awareness of the economics graduates’ skills deficit among economics lecturers and departments. Disseminations of the results through workshops and websites including <http://whystudyeconomics.ac.uk/> and <http://www.studyingeconomics.ac.uk/>.
2. Provide support (fora and resources) to departments to help them develop the curriculum and improve the general skills of economic graduates.
3. Engage with an appropriate forum to take forward the main issues mentioned in the report.