



# Survey of Employers of Economics Graduates

## 2019 results report

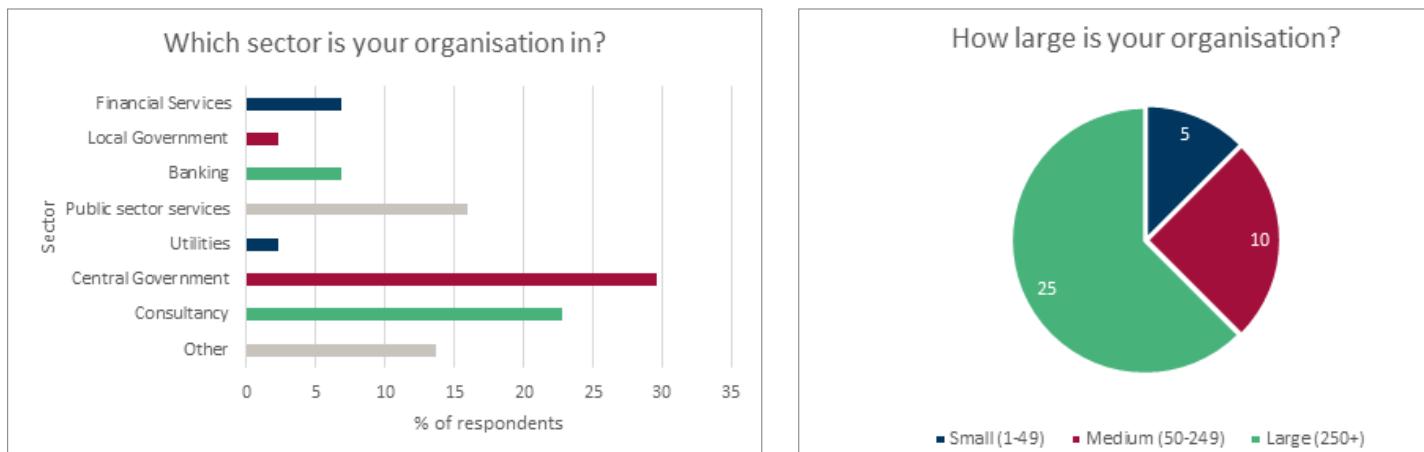
This is the Economics Network's fifth survey of employers of economics graduates. The aims of the survey are to:

- improve understanding of the skills economics graduates need in the workplace;
- establish whether employers think current economics graduates generally possess the required skills and knowledge;
- reveal any clear shortfalls in order to inform the UK economics academic community.

To find out more about the Economics Network's research visit: [www.economicsnetwork.ac.uk/research](http://www.economicsnetwork.ac.uk/research)

## Overview of respondents

A total of 40 employers participated in The Economics Network's 2019 Employers Survey, with the main employers being involved in the central government, consultancy and public sector services. Due to the high representation of central government and public sector services employers, the majority of employers in the survey are large, with 250+ employees. Small and medium firms are more strongly represented in this survey than before, accounting for 39.5% of companies, compared to 16.4% in 2014-15 and 18.0% in 2012. Representation is much better spread across sectors in this survey than previous surveys. In 2012, organisations within the central government account for 81.3% of respondents, 62.9% in 2014-15 and 29.5% in 2019. Companies in the 'Other' category include a variety of sectors such as think tanks/research, charity, the media and regulation.

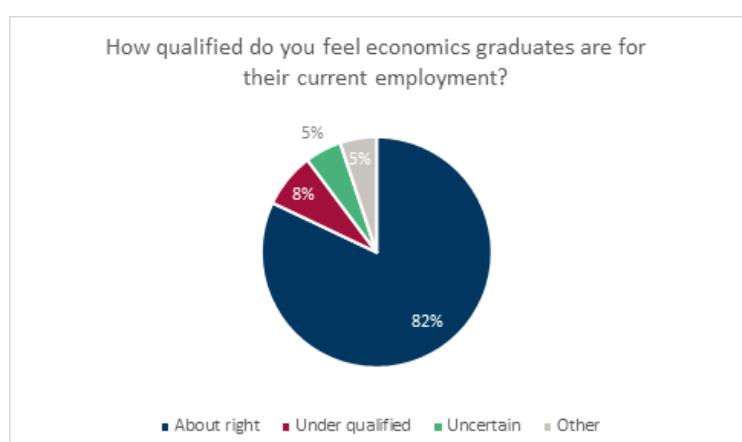
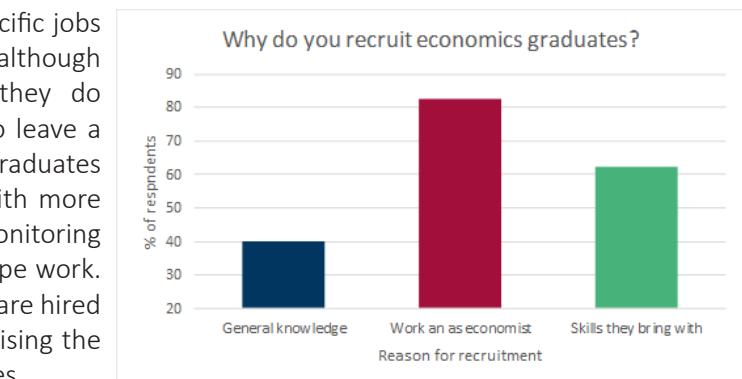


Of those surveyed, only two say they do not have specific jobs for economics graduates. Another employer says that although there are currently no economics-specific roles, they do sometimes have such vacancies open. Of the 36 who leave a comment, the vast majority of companies' state that graduates are hired to work explicitly as economists (74.3%) with more giving answers such as "appraising policy proposals, monitoring market developments", which also imply economist-type work. A few respondents mention that economics graduates are hired to work either as econometricians or analysts, recognising the high levels of proficiency typical of economics graduates.

**81.6%**  
hire graduates to  
work as economists

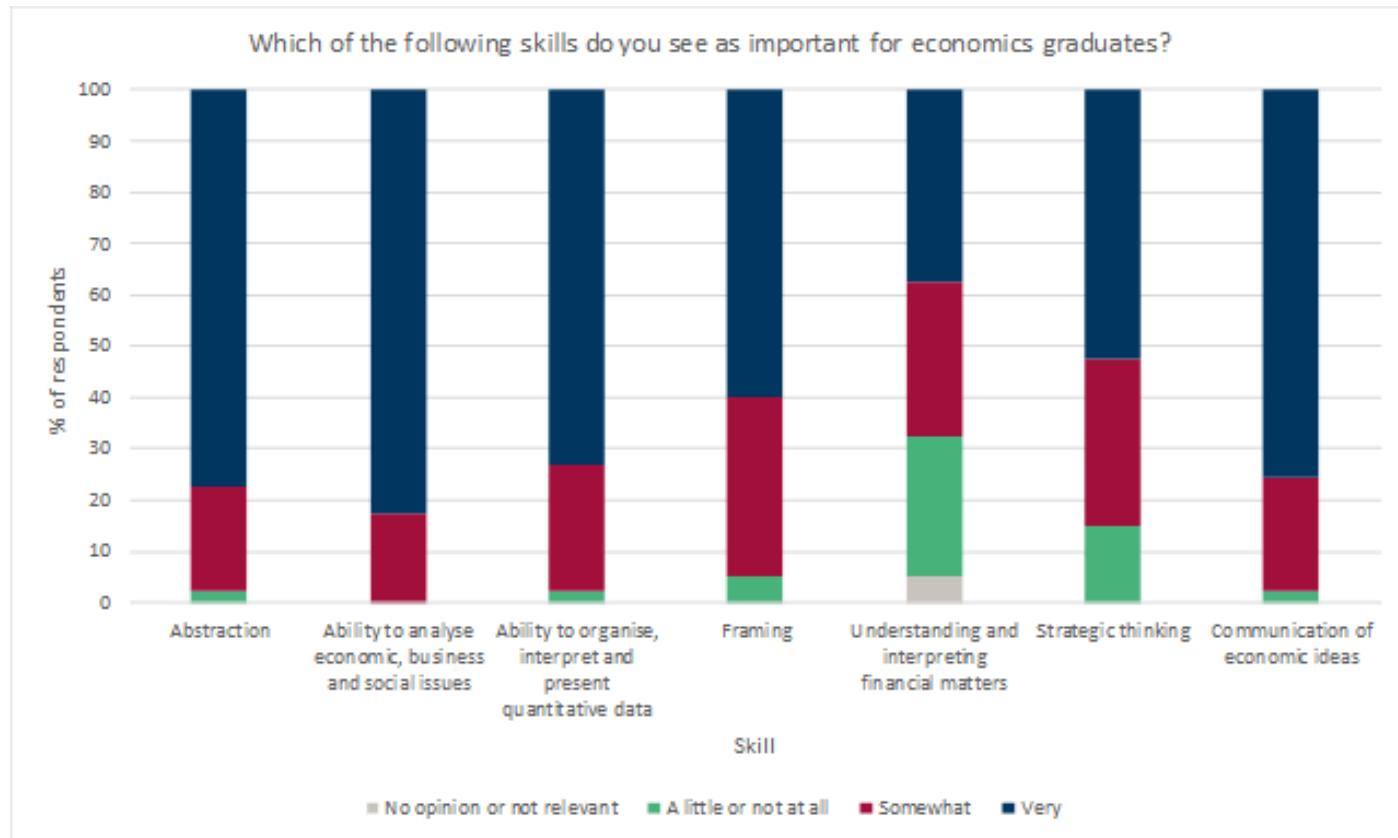
When asked why they hire economics graduates, the most common answer given is 'they will work as an economist' (81.6%), followed by 'skills they bring with them' (60.5%) and 'general knowledge and understanding of economics is useful' (36.8%) (please note that respondents can give more than one reason). These results are broadly similar to previous years, with working as an economist being the primary motivator for recruitment in the 2014-15 survey (85.1%) and a key reason in the 2012 survey (82.0%), with 'general knowledge and understanding of economics is useful' scoring 86.0%.

The vast majority of employers feel economics graduates are 'about right' qualified for their current employment. 7.7% of employers believe economics graduates are 'under-qualified', and 'uncertain' and 'other' are both chosen by 5.1% of respondents. When asked to comment on the response of 'other', one states "all courses different so hard to generalise", whilst the second states "the economics toolkit is only one of the requirements to be a good economist... but not a lot are able to use economics and analytics together post-graduation". No employer in the 2019 survey states that graduates are 'over-qualified'. Between the last three surveys, only one employer explicitly answers 'over-qualified', in 2014-15. In the 2014-15, a few



comments indicate economics graduates are over-qualified with respect to technical skills such as mathematical skills, constructing proofs etc. but are under-qualified in more relevant skills such as applying their knowledge and explaining analysis to an audience of non-economists. These comments are similar to the 2019 survey.

## Which of the following skills do you see as important in economics graduate appointees to your organisation?



The two most common skills to be rated as 'very' important are 'abstraction' (defined here as the ability to simplify complexity while still retaining relevance) and an 'ability to analyse economic, business and social issues' (77.5% and 82.5% respectively). 'Ability to organise, interpret and present quantitative data' and 'communication of economic ideas' also seem to be considered important by employers, with 73.2% and 75.6% answering 'very'. These results are similar to the 2014-15 Employer Survey run by the Economics Network, where the same four skills receive the highest proportion of 'very important' responses.

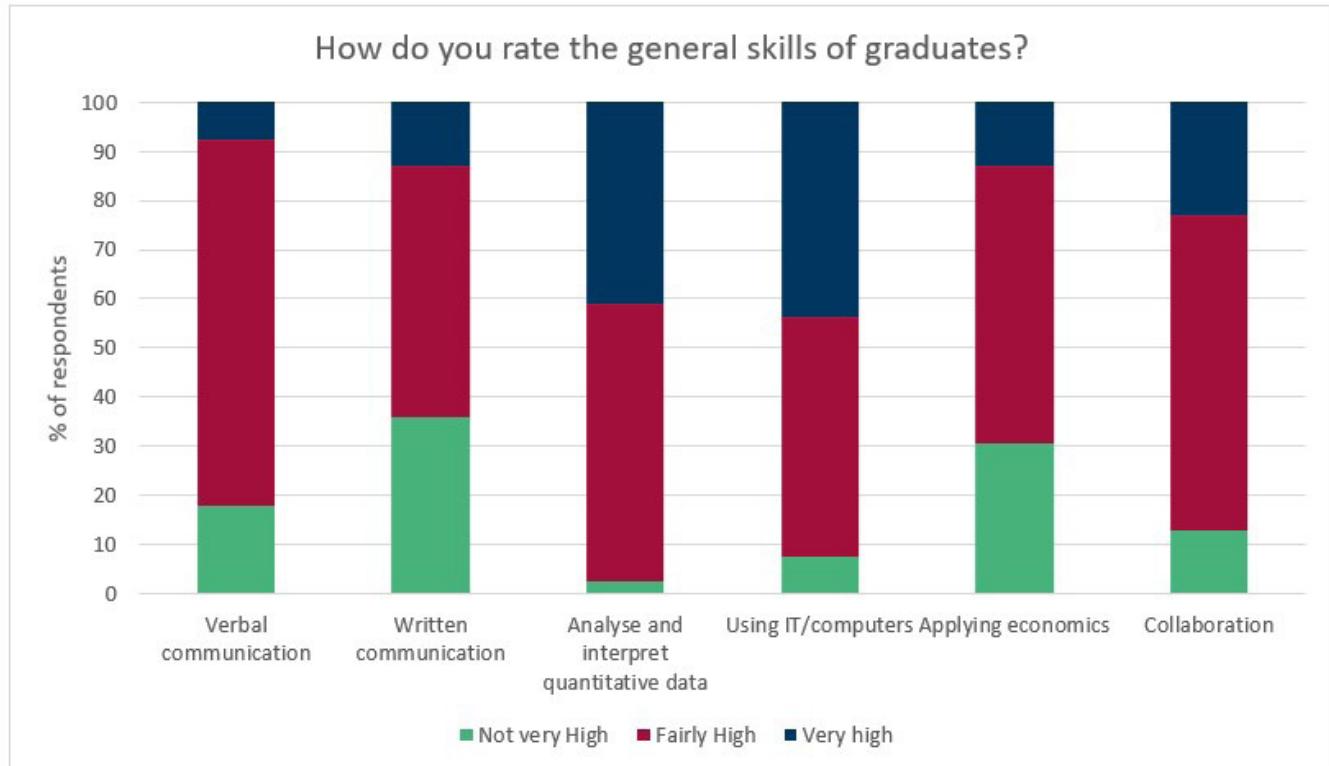
As in the 2012 and 2014-15 surveys, 'understanding and interpreting financial matters' is the least likely skill to be considered 'very' important by employers (37.5%). This score has however improved significantly over time; in 2012, just 10.2% rated the skill as very important and 27.3% did in 2014-15. Two-thirds of the employers rating the skill as 'very' important operate in the private sector in jobs such as economics journalism, banking and consultancy. It is also the most likely skill to be rated either 'a little or not at all' important or 'no opinion or not relevant' with 32.5% giving one of the two responses. No other skill receives a single response of 'no opinion or not relevant'. All other skills in the 2019 survey are rated as 'very' important by more than half the respondents. 'strategic thinking' and 'framing' (the ability to formulate economic problems, to determine the important parameters and to construct constrained solutions) are rated 'very' important by 52.5% and 60.0% of employers respectively.

Two skills in particular are more widely regarded as 'very' important for large organisations with 250+ employees; these are 'strategic thinking' and 'communication of economic ideas'. 64.0% and 88.0% of large companies believe the respective skills to be 'very' important, compared to 33.3% and 56.3% for small/medium companies.

Abstraction & ability to analyse economic, business and social issues

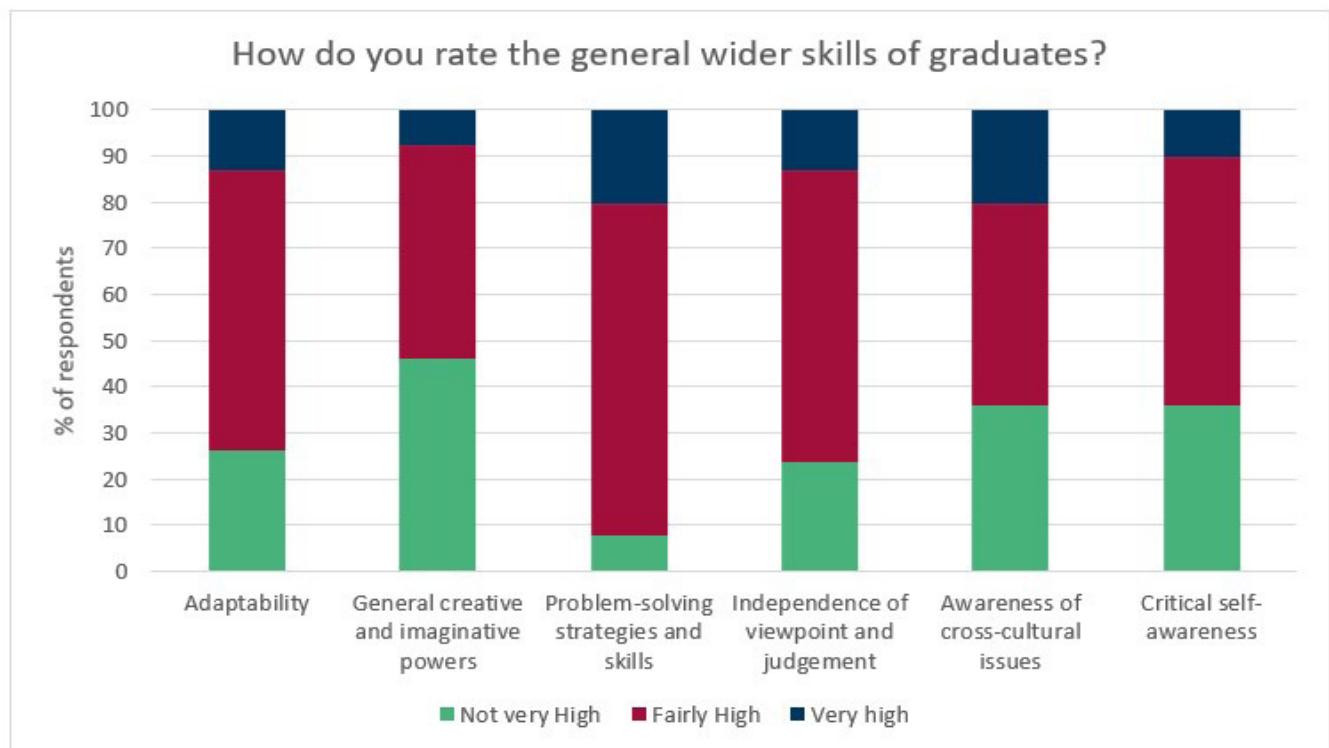
are considered most important skills for economics graduates

How do you rate the general skills of economics graduate appointees in each of the following?



Economics graduates are most likely to be considered to have ‘very high’ levels of proficiency for ‘the ability to analyse and interpret quantitative data’ (41.0%) and ‘a fluency in using IT/computers’ (43.6%). Immediately this should be concerning for economics departments; these two skills have significantly higher responses for ‘very high’ compared to the other skills in the survey, yet still achieve a top-tier response from less than half the employers. Only three other skills get a ‘very high’ rating from more than 20% of employers: ‘awareness of cross-cultural issues’ and ‘problem-solving strategies and skills’ (both with 20.5%) and ‘ability to work effectively with others’ (23.1%). Clearly, there is a gap between the skills that students are developing in their degrees and the skills that employers are expecting of economics graduates on entry to the workforce. There is however some improvement since the 2014-15 survey.

**97%**  
have high or very  
high ability to  
analyse & interpret  
quantitative data



## Ability to communicate clearly in writing & wider application of knowledge

are considered weaknesses among economics graduates

There are numerous skills for which over one third of respondents believe economics graduates' skills are 'not very high': 'general creative and imaginative powers' is the most common at 46.2%, and 'the ability to communicate clearly in writing', 'awareness of cross-cultural issues' and 'critical self-awareness' are all rated 'not very high' by 35.9% of employers. The 'ability to apply to what has been learned in a wider context' also scores poorly, with 30.8% responding 'not very high' and just 12.8% replying 'very high'. This is alarming given that application of knowledge is consistently rated as one of the most important skills for economics graduates to have by both employers (evidence from this survey, previous surveys by the Economics Network, Rethinking Economics (2018)). Further, academics also rate the skill as a top priority according to the Economics Network collaborative project on employability in economics degrees. The focus groups, survey and case studies conducted in the project all suggest application is a top priority, and yet clearly employers are not happy with the current levels of proficiency graduates have for knowledge application.

### Knowledge and understanding of which of the following areas do you see as important in economics graduate appointees to your organisation?

77.5% of employers say it is "very" important for graduates to understand "incentives and their effects", far ahead of the next highest rated concept of "social costs and benefits" (65.0%). The public sector is more likely to consider these concepts "very" important than the private sector; 85.7% vs. 68.4% for "incentives and their effects" and 85.7% against just 42.1% for "social costs and benefits". Typical tasks for economists employed within the public sector include policy appraisal and cost-benefit analysis, so these differences in required concepts are expected. Other concepts rated "very" important by more than half the respondents include "opportunity cost" (57.5%), "inter-connections with non-economic phenomena" (55.0%) and "microeconomics of decision-making and constrained choice" (57.5%).

**77.5%**  
think understanding of incentives is very important

The least important concept is "knowledge derived from reading financial/economic press", with only 16.7% rating the concept as "very important". Of the five employers responding "very", four are private companies in sectors such as banking and consultancy, with the other public sector company describing duties within the role as including "analysis of public finance issues". Clearly, the employers rating "knowledge derived from reading financial/economic press" as "very" important are specialised in finance, rather than considering the concept overall very important for the general economist. In contrast, over one third of respondents (36.7%) rate the concept as "a little or not at all important" and a further 6.7% say "no opinion or not relevant". More than a quarter of employers also rated the following skills as "a little or not at all" important: "stability and instability of the economy and markets" (30.0%), "the impact of expectations and surprises" (27.5%) and "understanding the impact of economic changes on distribution and inequality" (27.5%).

Employer tastes across time remain broadly unchanged, with the proportion of respondents replying "very" to each concept similar to previous years. The percentage of employers rating "stability and instability of the economy and markets" as "very" important drops from 43.1% in 2014-15 to 25.0% in 2019 (up from 18.4% in 2012) and "macroeconomic variables and relationships and the impact of macroeconomic changes at a micro level on companies and markets" rises from 22.0% in 2012 to 39.4% in 2014-15 before falling back to 27.5% in 2019.

[The graph related to this section is on the following page].

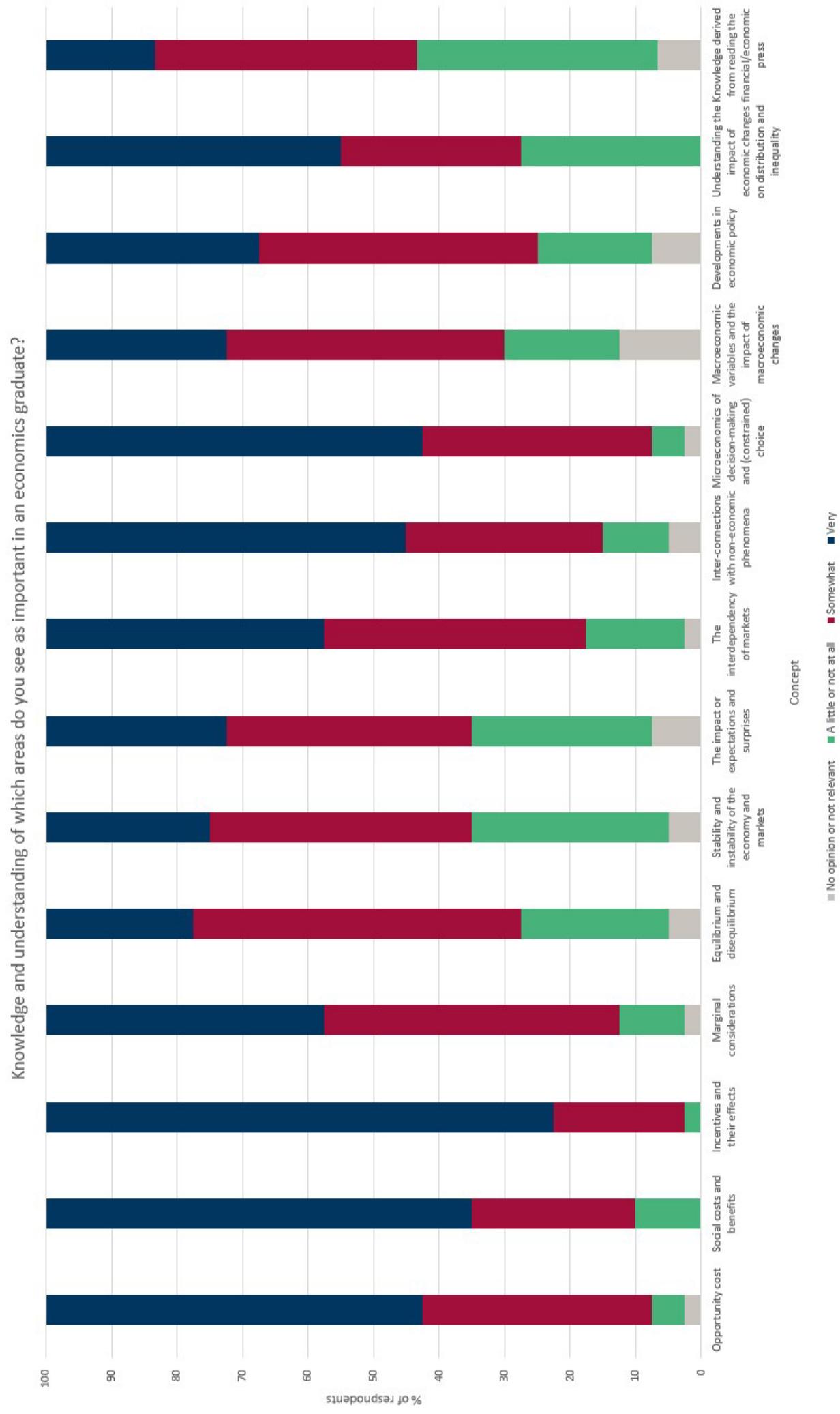
**The knowledge required by employers has changed very little over time**

with the same concepts rated as very important this year as in our previous surveys

# Economics Network Research

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Knowledge and understanding of which of the following areas do you see as important in economics graduate appointees to your organisation?



Which skills (general and specific) and knowledge do you believe most need to be developed further in economics degree courses?



Eleven organisations list applying economics to the real world as an area where economics graduates need the most development, with typical comments being “ability to use economics to tackle a problem by starting simple and then adding complexity/detail” or “the practical application of economic theory to solving public policy questions”. Communication is mentioned by 17 respondents, for the most part written and to an audience of non-experts. The roles being hired for by respondents seeking greater communication skills include policy economists, journalists and consultants, where such skills are clearly valuable. Typical comments include “communicating to non-economists; clarity of writing”; “ability to communicate (often complex) economic ideas to non-economists” and “better written communication skills (i.e. writing in a non-academic style- by the way, academics should also take note of this)”.

Thirteen respondents give comments relating to data analysis, almost always in a technical/econometric capacity. A number of these explicitly reference programming and data science, as well as R, Stata and Python. Only two comments reference Excel skills, another references large data sets and another data sources. This contrasts the feedback gathered at the focus groups conducted for the Economics Network’s “Employability skills in UK undergraduate economics degrees” project. Employers hiring graduates for roles such as research economists, econometricians and analysts are the main employers listing data analysis as an area for improvement (all respondents referencing data analysis skills list “they will work as an economist” as a reason for hiring economics graduates). Some respondents say that economics graduates should have greater awareness of related disciplines as well as the history of economic thought and varying schools of thought. No respondents say collaboration is a skill most in need of improving. Four respondents indicated they wanted greater knowledge specific to their organisations, i.e. microeconomics and competition economics.

## Conclusion

The results summarised in this report are similar to those found in previous surveys by the Economics Network and elsewhere in the literature. Employers prioritise the ability to apply knowledge to the real world, communication and data analysis. Our results suggest that graduates' skills do not meet the expectations of employers. However, there is growing recognition of the need to improve skill development within economics degrees, as evidenced by the Economics Network's recent collaborative project "Employability skills in UK undergraduate economics degrees". This report provides perspective on the desires and requirements employers and should serve as a useful starting point for a conversation between employers and economics departments to ensure degrees can provide the skill development needed for graduates to succeed in their future careers.