

The youth employment challenge

July 2012

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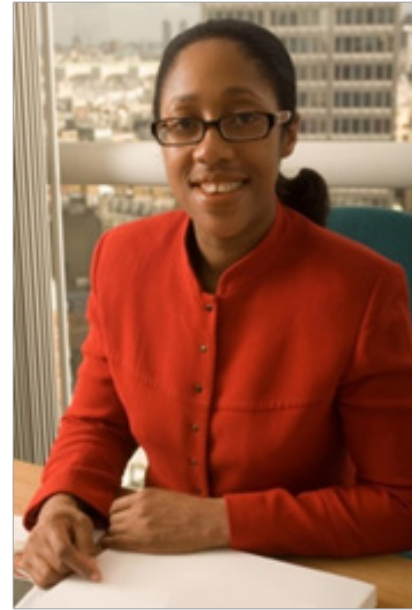
Foreword from Commissioner Valerie Todd

Last year the UK Commission published the Youth Inquiry. One year on youth unemployment continues to rise, but the truth is that youth unemployment has been high and rising since well before this recession. So other factors are clearly at play.

Most UK employers, particularly smaller ones, value experience above all other criteria when it comes to recruiting. And yet declining numbers of young people are getting experience of work while still at school, college or university. Lack of experience combined with a lack of social contacts in a labour market which still relies heavily on informal methods of recruitment makes it increasingly difficult for young people to get a foot on the ladder.

This all paints quite a bleak picture. But there are sound business as well as social reasons why employers should open up more opportunities for young people. And those employers who do are overwhelmingly satisfied with them. The trouble is that not enough of us are offering young people opportunities – through jobs, apprenticeships or work experience.

Things have changed for our young people – they have been changing for a while, although some businesses have responded to this, it is not enough. That's why we are calling for every UK business to adopt a youth policy: the most successful businesses recognise the value of growing their own talent. And most companies can do at least one thing for young people in their community – from offering apprenticeships, hosting some form of work experience, visiting schools to give talks, offering teachers or college lecturers a workplace visit or mentoring a young person. Commissioners are committed to encouraging and incentivising UK employers to embed a culture of developing and recruiting young people into routine business practice. It is in all our interests to rise to this challenge.



A handwritten signature in blue ink that reads "V. Todd." The signature is stylized with a large, sweeping initial "V".

Valerie Todd
Commissioner, UK Commission for
Employment and Skills
Talent & Resources Director,
Crossrail

Executive Summary

Youth Unemployment is a major economic and social issue. Young people have suffered disproportionately in the current labour market downturn (as they always tend to do). The large number of young people unemployed and not in education, employment or training (NEET) is predominantly down to the recession, however youth unemployment was high and began rising in 2005, well before the recession. This suggests that there are structural causes that go beyond the current shortfall in demand for workers. We made this point in the Youth Inquiry¹ published last year and it has been made by numerous others since.

This report updates the Youth Inquiry and presents the latest evidence from the UK Commission's comprehensive survey of UK employers. We look in depth at the structural issues, in particular transitions from education into work and how they are changing for young people.

The way in which recruitment works in the UK is a significant part of the story for young people. Finding work through informal methods, such as recommendations from contacts, is still a major way for people to find work. These informal connections tend to be built up over time and through experience of work, so young people are far less likely to have them.

Recruiters place significant emphasis on experience when recruiting, with 29% citing it as 'critical'. But despite the importance of experience of work young people are leaving education increasingly less experienced. The share of learners who combine work with their studies has been declining for around 15 years or so. The emphasis on experience results in the 'Catch-22' situation for young people: they can't get work because they haven't got experience and they can't gain experience because they can't get work.

Young people's work readiness is a persistent theme when discussing youth employment but there is a risk that it is overstated. The UK Commission's comprehensive evidence shows that only a minority of employers have recruited from education in the last two to three years. Overall this minority tend to find their young recruits well or very well prepared and where they do not they put this down to lack of experience.

Added to this the labour market for young people is changing in several important respects. The first is what's happening to the types of jobs that young people do. Young people tend to be employed in two particular occupations: sales and elementary occupations. These occupations

have been in decline over the last ten years or so and hit hard by the recession. Furthermore, there is forecast to be little or no growth in these occupations up to 2020. By contrast the growth occupations are managers, professionals and associate professionals. These are the most highly skilled and highly paid occupations and are less likely to be filled by young people. Where they are, this is overwhelmingly by graduates.

The second trend is the rise of small business. Over 1998 to 2010 the share of private sector employment in the largest businesses (250+employees) fell from 50% to 40%. For the smallest (1 to 4 employees) it increased from 11% to 22%. Small companies are more likely to emphasise the importance of experience when recruiting as well as use informal recruitment methods.

The conclusion from all of the above is that the labour market has changed for young people and it will continue to do so for the foreseeable future. This matters, because if youth unemployment continues at current rates, by 2022, costs to the exchequer and lost output to the economy are estimated at £28 billion on top of the human and social costs². Transitions into work for young people, particularly non-graduates, need to be reinvented. Work experience in its broadest sense is one of the key elements in successful transitions. It has a significant impact on young people's employment chances. But we need to move beyond thinking of work experience as a one or two-week spell at age 14-16 to a broad and varied series of engagements. These can include workplace visits, mentoring, mock interviews, competitions, project activity and careers advice.

Some employers have responded to the changing youth labour market and are reflecting this in recruitment practices and job design but this is not widespread. To achieve a step change will require nothing less than every UK employer to adopt a 'youth policy' - embedding the development of young talent into our business culture.

There is a clear economic and social case for businesses to take responsibility for creating more entry points and progression routes for young people. For employers, this means changing recruitment practices to be more inclusive of non-graduates and relying less on informal or word of mouth recruitment. It also means building in to business planning some form of commitment to support young people into work - from offering apprenticeships to providing quality work experience or some other form of engagement activity, no matter how small.

¹ UKCES - "Youth Inquiry: Employers perspectives on tackling youth unemployment" <http://www.ukces.org.uk/ourwork/youth-inquiry>

² ACEVO - Youth Unemployment: the crisis we cannot afford

The Labour Market For Young People

Youth unemployment has rightly attracted a lot of attention with a large amount of research published in recent years. This includes the Commission's Youth Inquiry report which was published one year ago³. The majority of the published research on youth employment has tended to focus on education or characteristics of young unemployed people as explanatory factors. These are important perspectives but the employer view, or a broader view from the demand side of the labour market, tends to be neglected. The UK Commission is uniquely placed to provide this perspective. We are led by a social partnership of high profile business people from large and small companies with senior representatives from trade unions, the third sector and education. We are also responsible for producing some of the largest and most comprehensive employer surveys in the world.

The principle cause of the current situation is the level of demand in the economy. The current level of job vacancies⁴ is well below pre-recession levels and until this changes young people are likely to remain at significant disadvantage in the labour market. However, this alone will not be sufficient. We noted in the Youth Inquiry that youth unemployment has been on the rise since 2005, suggesting that there is a long-term structural cause that goes beyond the current economic situation. The labour market for young people has changed and this change is set to continue. This report details several of these changes: the shift in the type of occupations available in the economy; declining job quality for young people and the rise of small business. But the way that recruitment tends to work in this country also impacts upon young people.

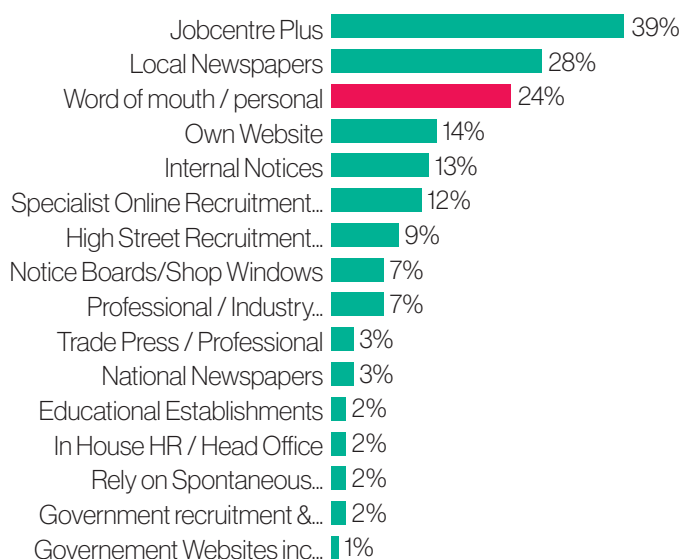
Recruitment

Employers use a range of methods when seeking to bring in staff. The relevant distinction for young people is between formal and informal. Formal methods include advertising (online, newspapers etc), use of employment agencies and use of Jobcentre Plus. Informal methods include such things as word of mouth recommendations from existing staff. The UK Commission's Employer Perspectives Survey (EPS) asks employers about the channels they use to recruit.

³ UKCES – "Youth Inquiry: Employers perspectives on tackling youth unemployment" <http://www.ukces.org.uk/ourwork/youth-inquiry>

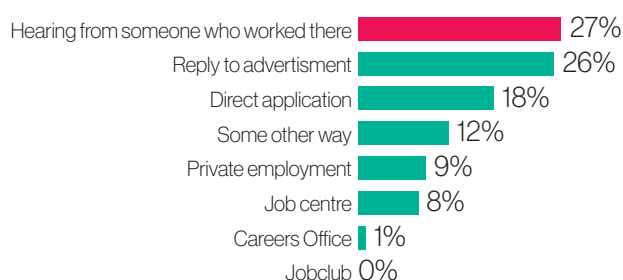
⁴ The pre-recession peak in vacancies was 694,000 and this fell to 430,000 (a fall of 38%) and has since risen to 465,000 (Source: ONS vacancies and unemployment table VACS01)

Proportion of employers with vacancies using different channels (Source: UKCES EPS)



The chart above shows that the most popular method for recruiting is Jobcentre Plus while word of mouth methods are the third most popular. However, this doesn't show the extent of their use. For example, while many employers use Jobcentre Plus for recruiting they may only use it to fill a small number of posts and use other methods for the majority of their needs. The chart below shows how the current job of recent recruits was obtained.

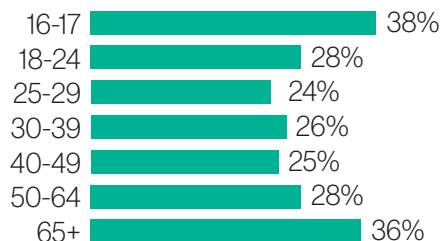
Proportion of recent recruits by how current job was obtained (if within the last 3 months) (Source: LFS 4 quarters, 2010)



This shows that informal methods are the most likely method, followed closely by replying to an advert. Furthermore the first chart overleaf shows that young people are much more likely to have found work using informal methods when compared to older age groups. The use of informal recruitment methods has important implications for young people.

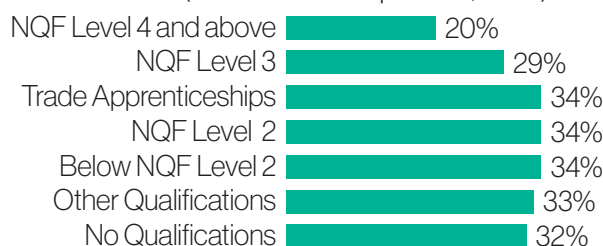
The Labour Market For Young People

Share of recent recruits who found work by "hearing from someone who worked there" (Source: LFS 4 quarters, 2010)



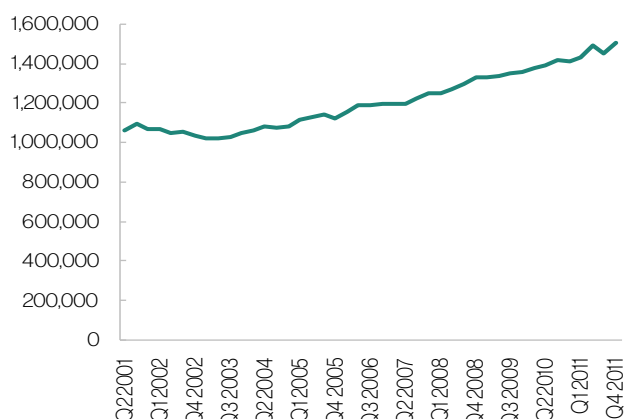
If we break this down further, by just looking at 18-24 year olds by level of qualification we can see that it is non-graduates who are more likely to have found work through informal contacts.

18-24 by qualification who found work through "hearing from someone who worked there" (Source: LFS 4 quarters, 2010)



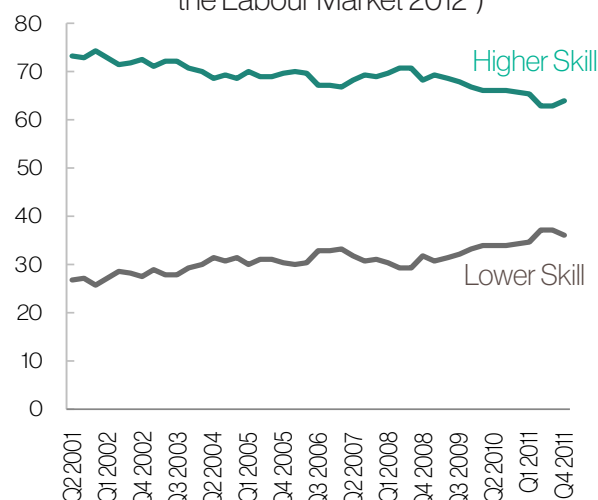
This suggests that young non-graduates are much more dependent on informal relationships, direct or indirect, with employers in order to secure employment. The necessary contacts and social capital are usually gained incrementally over many years of working, moving jobs and meeting suppliers and customers. Young people, therefore, are less likely to have them and those who don't are at a particular disadvantage.

Recent graduate population (ONS: Graduates in the Labour Market 2012)



The rise in the number of graduates is another factor that has significantly changed the way that all young people are recruited. The number of recent graduates⁵ has increased from around 1m in 2002 to 1.5m in 2011. This has enabled "credentialism" whereby employers seek graduates to fill jobs that don't require that level of skill⁶. The Youth Inquiry noted the trend for under-employment whereby graduates and those with intermediate skills are taking lower skill jobs. The share of graduates in lower skill jobs has steadily increased over the last decade. This means that graduates are increasingly competing with non-graduates for these lower skill jobs. Furthermore as the chart below shows this is not just a recessionary feature, it is a long-term trend.

Share (%) of recent graduates in high and low skill occupations (ONS: "Graduates in the Labour Market 2012")



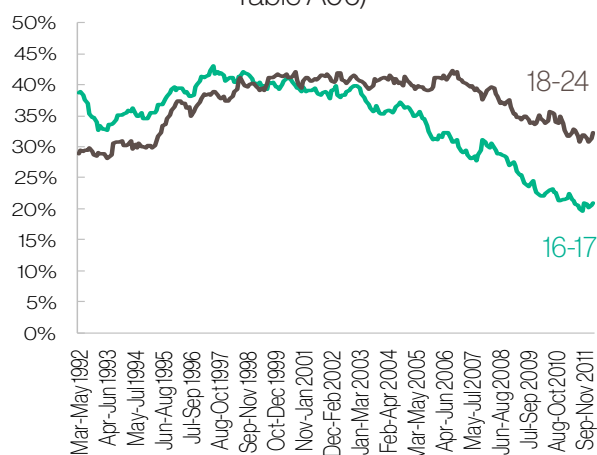
One final dimension to recruitment which affects young people is the degree to which employers emphasise previous experience when recruiting. Evidence from the UK Commission's EPS survey shows that experience is very important for employers when recruiting. 29% of recruiting employers say experience is "critical" and a further "45%" say it is "significant"⁷. This clearly impacts upon young people as they have had less time to gain experience in the labour market.

⁵ Defined as those who have graduated in the last 6 years
⁶ DfE – Review of Vocational Education – The Wolf Report
⁷ UKCES – Employer Perspectives Survey 2010

The Labour Market For Young People

Recent trends in young people's working patterns suggest that the lack of experience amongst young people may be worsening. The share of full-time learners who combine work and learning has been declining for some time, especially for 16 and 17 year olds. The share of full-time learners at 16-17 who combine work with their studies has fallen

Share of full-time learners in employment by age (ONS: Labour Market Statistics, Table A06)



from 40% in the late 90s to around 20% now. The decline for 18-24 year olds is less dramatic, falling from 40 per cent in 2006 to around 35 per cent currently. There is also a gender dimension to this trend with young female learners much more likely to combine work and learning across both age groups⁸. This trend suggests that when young people enter the labour market full-time, increasingly they do so with less experience.

Structural Change

At the beginning of this chapter we noted that there were some structural changes afoot in the labour market that particularly impact upon young people. These are a shift to a greater share of jobs in smaller businesses in the private sector, and a change in the type of occupations that employers are looking to fill.

Recent research⁹ by the Department for Business, Innovation and Skills (BIS) showed that over 1998 to 2010 the share of private sector employment in the largest businesses (250+ employees) fell from 50% to 40%. For the smallest (1 to 4 employees) it increased from 11% to 22%. Furthermore it goes on to say "the majority of jobs each year in the

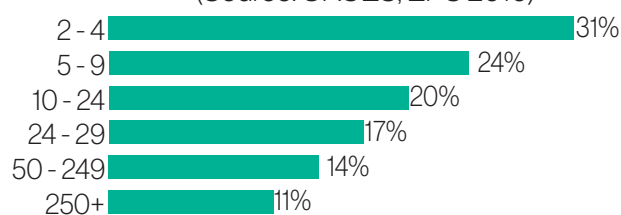
UK are created by small firms. Their rate of job creation and destruction, particularly within micro enterprises, is much greater than larger firms. Out of a total of 2.61 million jobs created on average each year between 1998 and 2010 existing small firms (i.e., less than 50 employees) contributed 33 per cent (i.e., 0.87 million jobs) while start ups contributed a further third (34%) – approximately another 0.87 million jobs."

Clearly small businesses have a very important role in job creation as the economy moves into sustained recovery. They are therefore very important for young people. This shift towards small business is important in itself but it may also exacerbate the recruitment problems highlighted previously, as we know that smaller businesses are more likely to use informal recruitment methods and rely on experience in their selection practices.

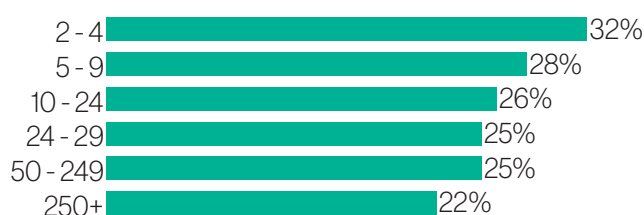
This is not a criticism of small business recruitment methods. Small businesses must and do act in a way that works best for them. There are clear reasons for using informal methods: they are cheap or free in most cases and businesses are generally more satisfied with the recruits they find in this way¹⁰. However, these methods put young people at a disadvantage.

The charts below show the variation of informal recruitment in use and the focus on experience by size of employer.

Share of recruiting employers using informal methods by size of organisation (Source: UKCES, EPS 2010)



Share of employers rating "previous experience in a similar job as 'critical'" by size (Source: UKCES, EPS 2010)



8 18% and 30% of male 16-17 and 18-24 year old learners work, compared to 24% and 36% for females

9 BIS: Job Creation and Destruction in the UK 1998 to 2010

10 UKCES – Employer Perspectives Survey 2010, table 4.5

The Labour Market For Young People



The type of job available in the economy has a clear bearing on youth employment chances. As the charts above show, young people are overwhelmingly represented in sales (such as retail assistants) and elementary occupations (such as waiters and bar staff). These account for 45% of young people in employment compared to just 16% for those aged 25 and over. Therefore what happens to these occupations will have major consequences for young people. These jobs have not only been hit by the recession they have also been in long-term stagnation and decline.

Over the period leading up to the recession (2001 and 2007) employment in these occupations shrank by 0.3% (around 20,000 jobs) while employment across the economy as a whole rose by 5 per cent. By contrast the growth occupations were managers, professionals and associate professionals, three occupations that are less likely to be filled by young people. Where they are this is overwhelmingly by graduates. Over the same pre-recession period (2001 to 2007) employment in these occupations grew by 1.5m or 12 per cent. Employment in these occupations continued to grow during the recession (2007 to 2010) by over 400,000 while employment in elementary and sales occupations shrank by over 210,000.

Furthermore, the UK Commission's forecasts suggest that these occupations are set to continue to diverge up to 2020. The sales and elementary occupations are set to see employment grow by around 140,000, and this is almost entirely the elementary occupations. Managers, professionals and associate professionals will see employment grow by more than thirteen times this amount with

net growth of 1.9m. While replacement demand¹¹ will provide many opportunities for all occupations these vacancies predominantly arise from retirement, and young people and retirees are poor substitutes in the labour market.

In addition the mid-skill occupations, which can provide the link between low level occupations and higher level occupations, are set to decline, lessening chances of upward occupational mobility (progression).

All this suggests that unless recruitment patterns change, young people will see their chances of finding a job continue to diminish.

Job Quality

The combinations of these structural changes suggest that young people are struggling to enter work and will continue to do so. However, the problems don't go away once someone has entered work. The Youth Inquiry found that job quality for young people has declined in a number of important respects. This section shows that this trend is continuing.

Firstly, there is a widening gap in earnings between different age groups. In 2011 16-17 year olds were the lowest paid age group with median hourly earnings of £4.10, or just under a third of the overall median (£12.6). 18-21 year olds are paid slightly more at £7.0 per hour which is just over half the median¹². The fact that younger age groups are paid less is nothing new and is to be expected given the strong returns to experience

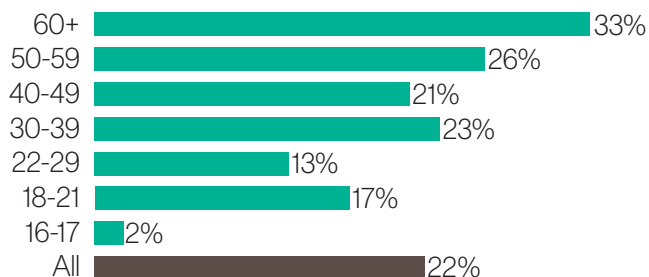
¹¹ Replacement Demand: Vacancies created by workers leaving the labour market through retirement or other reasons

¹² Source: ASHE, ONS - "Pattern of Pay 1997 to 2011"

The Labour Market For Young People

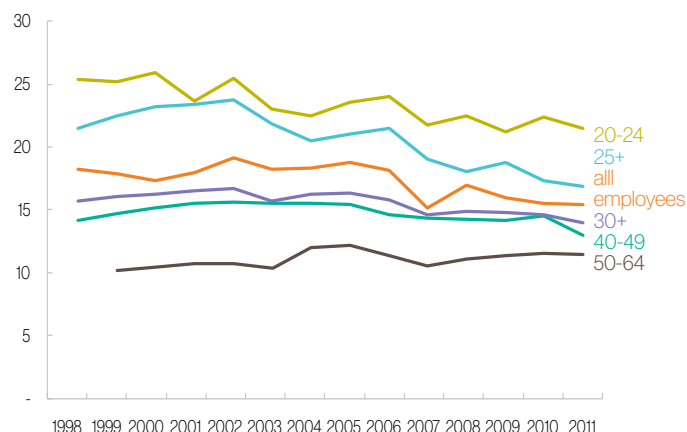
in the UK labour market. However, the gap between the younger age groups and the others is widening, particularly over the last two years. Over 2010 and 2011 16-17 year olds saw an actual decline in hourly earnings (from £4.70 to £4.10) while 18-21 year olds and 22-29 year olds have seen their earnings plateau.

Percentage change in Hourly Earnings from 2004 to 2011 by age (Source: ONS, ASHE)



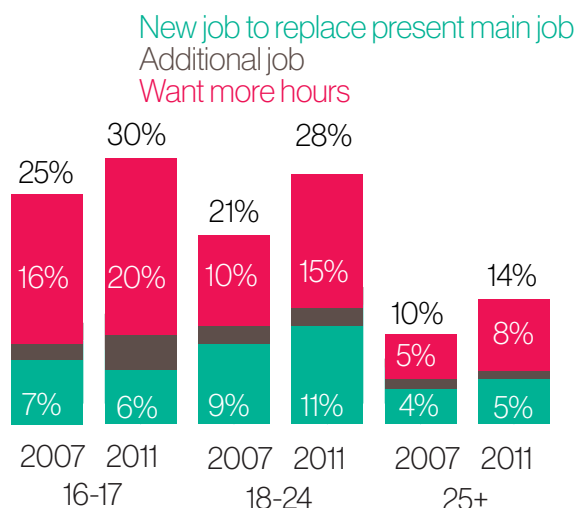
By contrast the older age groups have seen their earnings continue to grow, albeit at a slower pace than previously. This means that there have been very different long-term growth rates for different age groups. Between 2004 and 2011 median hourly earnings across all workers grew by 22%, but for 16-17 year olds the increase was just 2%. The 18-21 and 22-29 year olds saw larger increases (17% and 13% respectively) but again these were smaller than for those in their 30s (23%), 40s (21%), 50s (26%) and 60s and above (33%). The second factor in declining job quality is a fall in the share of young people receiving training in the workplace. The youngest age groups are still the most likely to receive training. This is the case for 17% of those in their early 20s and 22% of 16-17 year olds compared to 12% overall. However, in 2002 the figures were much higher with 24% of those in their early 20s and 26% of teenagers receiving training.

Share (%) of employees receiving training by age (Source: DfE - Education and Training Statistics for the UK)



Finally, the Youth Inquiry found evidence of under-employment both in terms of hours worked and utilisation of skills. The chart below shows the share of those in work who want more hours in their current job, want an additional job or want to move to another job. Over the course of the recession and recovery this has worsened for all age groups but particularly for the young. Almost a third of 16-17 year olds and over a quarter of 18-24 year olds in work want more hours, another job or an additional job.

Share of those in work who want to move jobs, an additional job or more hours by age (Source: LFS 2011 and 2007)



Summary

The labour market has changed significantly and this change is set to continue. The jobs that young people do are in decline and the type of employer offering work is changing. These combine to make the transitions into work particularly difficult for young people. However, problems for young people do not end once they reach the workplace. They face declining earnings and training and are much more likely to be seeking additional hours or looking for another job. This decline in job quality is a major concern for the aspirations and motivation of young people. If young people do not believe that there is a reasonable chance for them in the labour market this may lead them to question the point of staying on in learning. As we noted in the Youth Inquiry, young people's preparedness for work, or its lack thereof, is a hotly debated topic and a consistent theme in the discussions around youth unemployment. There is a need to dispel myths about work readiness and aspirations to work among young people.

Employers' views of young people

The UK Commission's biennial Employer Skills Survey (ESS) asks the views of just under 90,000 workplaces across the UK. As such, the UK Commission has the best evidence available on what employers think of their young recruits. In many areas the findings do not conform to the conventional wisdom.

The Youth Inquiry used the data from the 2009 survey, which was England only, and the 2010 Scottish Skills Survey. This chapter uses the latest information from the 2011 survey, which for the first time is UK wide¹³.

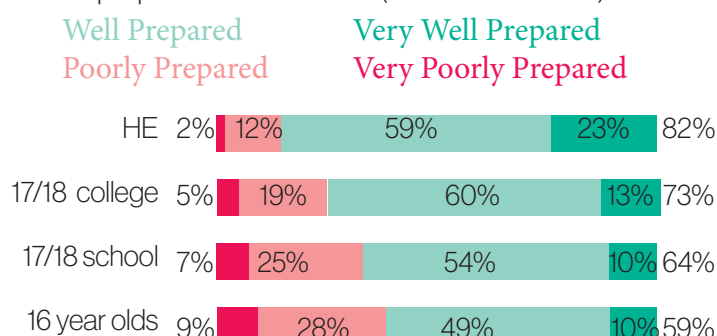
Only a minority (24 per cent) of employers in the UK have actually recruited a young person directly from education in the last two to three years. Within this 24 per cent there is variation when we look at different age and education cohorts. Just 7 per cent have taken a 16 year old directly from school whereas 10 per cent have taken on a graduate.

Share of employers recruiting people on leaving education in the last 2/3 years (Source: ESS 2011)



While only a minority of employers actually recruit young people, the majority of them find them well or very well prepared for work. Of those employers taking on graduates 82% find them well or very well prepared for work. This falls to 59 per cent of those employers taking on 16 year old school leavers. The rise in employer satisfaction with age and time spent in education may be because graduates are not only educated to a higher level but have also had more time to gain experience. However, we also find clear differences between young people of the same age (17-18) depending on whether they have been recruited from school or college. 73% of employers find 17-18 year old college leavers well or very well prepared for work compared to 64% of 17-18 school leavers. There may be a number of reasons for this including: different pedagogical approaches used in colleges; the fact that college

Employer views on their young recruits' preparedness for work (Source: ESS 2011)



students may be more likely to combine work and learning, or are more likely to be studying vocational qualifications which better prepare them for work. This finding is of note given the fact that school students of this age group tend to study at higher levels. In England 93% of 16-18 year old pupils in maintained schools are studying to level 3 (A-levels or equivalent); in college it is just 55%¹⁴.

While the majority of employers are satisfied with their young recruits, a not insignificant minority are not. The ESS sheds light on why this is. The chart on the next page shows what proportion of employers (who have recruited a young person) have found their young recruits to be poorly prepared for a variety of reasons. The overwhelming factors are experience and attitude or motivation. Of all the employers who have taken on a 16 year old school leaver 23 per cent found them to lack experience and 18 per cent cited attitude.

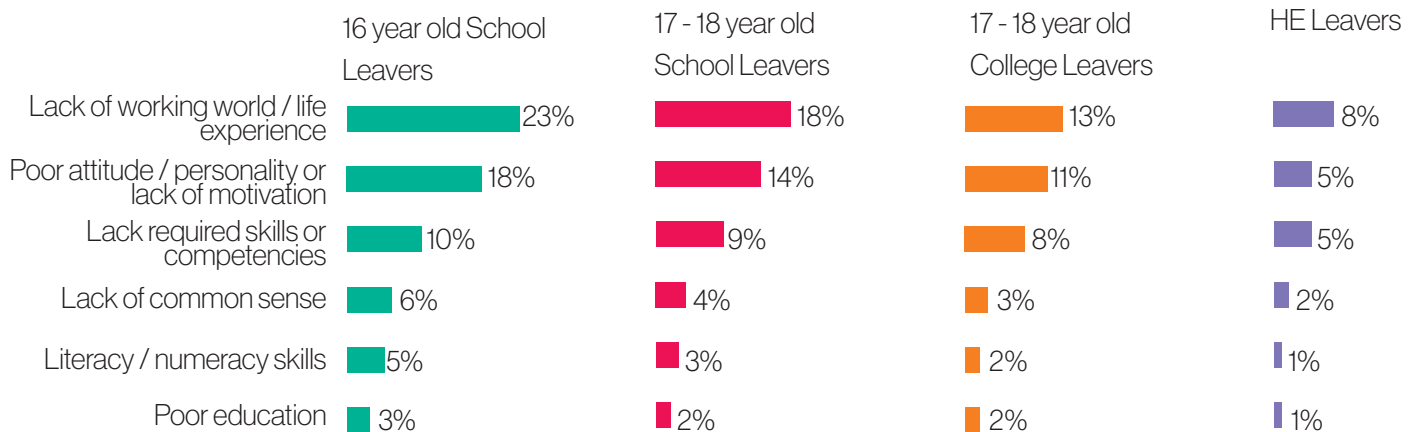
Experience and attitude are the dominant factors for all of the cohorts, although this declines with age/education. By contrast concerns around literacy and numeracy or a poor education more generally, are cited by a very small minority of employers. Just 5% of employers find their 16 year old recruits to lack literacy or numeracy skills.

¹³ The questions asked of employers in Scotland were slightly different to those in the other nations, as such all data presented here refers to England, Wales and Northern Ireland. Despite this difference the story is very similar in Scotland. See "UK Commission's Employer Skills Survey 2011: UK Results" for more details

¹⁴ DfE – Participation in Education, Training and Employment by 16-18 Year Olds in England

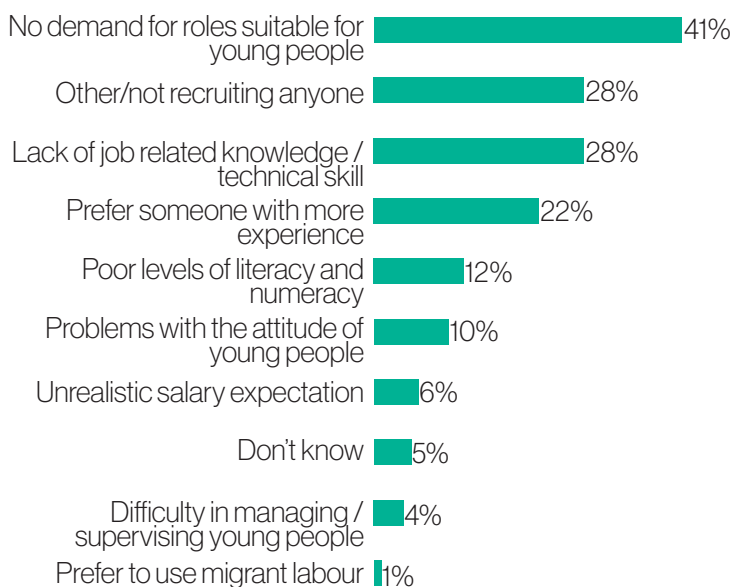
Employers' views of young people

Proportion (%) of recruiters of young people who find them poorly or very poorly prepared by reason (base: all employers who have recruited a young person in each respective age cohort) (Source: ESS 2011)



The strength of the ESS survey is that it distinguishes between those employers who have recruited a young person and those who have not. This means that we can be more certain that employers' views reflect their own direct experience of recruiting young people as opposed to views based on negative media coverage for example. These findings do however raise the question that, if so few employers recruit young people, might the reason be that some candidates simply aren't good enough? This question will be explored through the UK Commission's 2012

Share of employers who have not recruited a young person in the last 12 months by reason (Source: CIPD Employment Outlook Winter 2011/12)



Employer Perspectives Survey. Meanwhile recent evidence from the Chartered Institute of Personnel and Development (CIPD) provides some answers.

In their quarterly survey of members the CIPD asked those who had not recently recruited a young person why this was. The results are displayed opposite. Again, concerns around literacy and numeracy are cited only by small minorities of employers (12 per cent). Instead there seems to be a demand problem, with 41 per cent noting that there is insufficient demand for roles suitable for young people. This may reflect the changing structure of the labour market that we described in Chapter 1. A further 28 per cent cited 'other' reasons with the majority of these noting that they weren't recruiting anyone. Again this reflects the overall level of demand in the economy. Experience is a key factor with just under a quarter of employers noting that they prefer to recruit candidates with more experience.

This ESS and CIPD evidence combined suggests that while there are some issues around the employability skills of young people this is not the major factor holding young people back. And where employability is a factor, it is experience that seems to be the key issue. Clearly there is a need for young people to gain more experience but many are in a 'Catch-22' situation whereby they cannot gain experience without work and cannot get work without experience.

Employers' views of young people

The problem is essentially one of demand: too few employers recruit young people directly from education. This is very different to other countries like Germany where there is a culture of businesses recruiting and developing young people through well established apprenticeship routes. In a recent blog post Klaus Zimmerman, Director of the Institute for the Study of Labour, in Germany, noted that:

“The apprenticeship system is really one gigantic microeconomic management exercise that involves all the relevant stakeholders in society. It spans from young people and their teachers to the local companies and small businesses, chambers of commerce, industry associations, commercial banks, to trade schools, technical universities and multinational companies. Indeed, the core lesson from Germany is that this is not a top-down approach, but really a bottom up one”¹⁵

It takes time to effect a culture change, but that must be an aspiration for the UK economy. In the meantime we can make a clear business case for recruiting young people. A companion document has been published alongside this aimed at employers. It spells out the business benefits of developing young talent and shows where support can be found¹⁶ to do this. Young people bring attitudes and behaviours that can support business growth. Employers who recruit younger people often do so because they are very willing to learn new skills, work differently and bring fresh perspectives and ideas to the workplace.

However, there is much that employers can do to support young people into work even if they are unable to offer an actual job. In light of the evidence presented here, work experience during education is of paramount importance. This is the subject of the next section.

¹⁵ www.jobsknowledge.org “More Higher Education may not be the right approach to the youth unemployment problem”

¹⁶ UKCES – “Grow your own: How young people can work for you”

The importance of work experience

The previous chapter demonstrated the importance to young people of experience of work. Employers cite it as the major factor if young people are not found to be well prepared for work. Yet the practice of combining work and learning is declining. This throws into sharp relief the importance of work experience undertaken while at school, college or university.

Recent research by the Education and Employers Taskforce (EET) demonstrates how and why work experience has a direct impact on employment chances¹⁷. It improves “employability” skills¹⁸, provides insight into careers that are otherwise unavailable through part-time work and can also provide the necessary contacts to find full-time work once the placement has finished. The research looked at a broad range of employer engagements with young people including work experience, mentoring, enterprise competitions, careers advice, CV or interview practice. The research found that those who had undertaken four or more of these activities were five times less likely to be NEET (Not in Education, Employment or Training).

For this reason it is vitally important to think of work experience in its broadest sense. We should no longer think of it as a two week placement undertaken between 14 and 16 and instead as a series of varied interactions that includes full-time placements alongside workplace visits, careers advice from employers and mock interviews¹⁹. We should also consider the range of benefits that work experience brings young people. The research by EET shows that work experience develops employability skills, provides insight into and aspirations for careers, provides contacts and is also increasingly important for applications to higher education.

However, there are a number of problems with the way that young people gain access to work experience. These concern the way that young people find work experience, the volume of work experience and the kind of industries that young people ‘experience’.

¹⁷ Education and Employers Taskforce (EET) - Work experience: Impact and delivery - Insights from the evidence (April 2012)

¹⁸ The UKCES definition of employability skills and attributes includes self-management, problem solving, working/communicating in a team, understanding the business environment, use of numbers, use of language, use of IT and a positive approach to work.

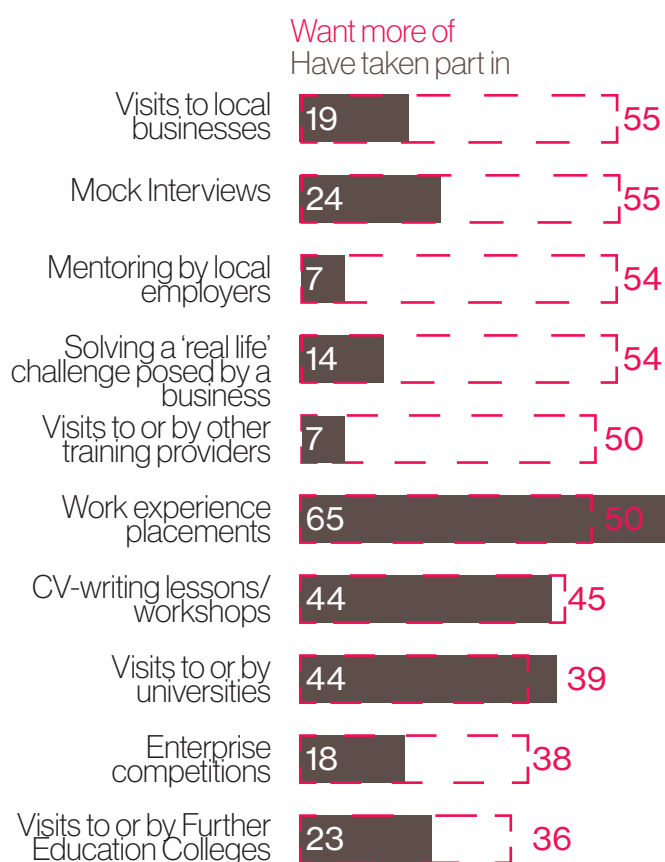
¹⁹ For the remainder of this paper when we use the term “work experience” we are referring to this broader series of engagements.

Issues with work experience opportunities

1. Supply of work experience opportunities

Employers currently engage significantly with education. For example the number of full-time two week work experience placements is estimated at over 500,000 places each year in England alone. However, the evidence we’ve presented so far shows that there is a need for much more. Both teachers and young people themselves recognise this need. Recent research with young people shows that half of those aged 14 and above would like more opportunities²⁰. In addition there is considerable demand for the much broader range of activities outlined above. The chart below shows the share of young people who have undertaken various activities and the share who would want more of these.

Employer engagement activities that young people have undertaken and want more of (% of young people, Source: Yougov)



²⁰ Edge Foundation –YouGov Benchmarking Surveys: Attitudes to Learning

The importance of work experience

Large numbers have taken part in the traditional full-time one or two week work experience placements and CV writing workshops, and many (more than half) would like more of these activities. However, there is greater demand for visits to local businesses (55 per cent of young people), mock interviews (55 per cent) and mentoring (54 per cent) and these are three activities that only small proportions of young people have experienced. For example just 7 per cent have received mentoring from local employers and just 19 per cent have visited a local business.

This evidence is reinforced by the fact that half of all teachers believe that their students have insufficient opportunities to experience the workplace²¹. In addition to demand from learners and teachers, recent and forthcoming policy changes may add further demand for work experience. These include the raising of the participation age and the development of vocational learning programmes for 16-18s in England, the development of a Youth Employment strategy in Scotland and the DWP target of an extra 250,000 work experience places for young unemployed people.

2. Equality of access to high quality work experience

In addition to the need for more work experience opportunities there are issues with the way that young people find them. For example full-time work experience placements succumb to the same issues as actual job vacancies, namely that they are dependent on informal contacts. The EET research shows that around half of work experience placements are sourced by pupils themselves or their families, which means that the type of placement undertaken strongly follows social class. This reiterates the need for employers to operate more open processes for filling work experience places and for recruitment more generally.

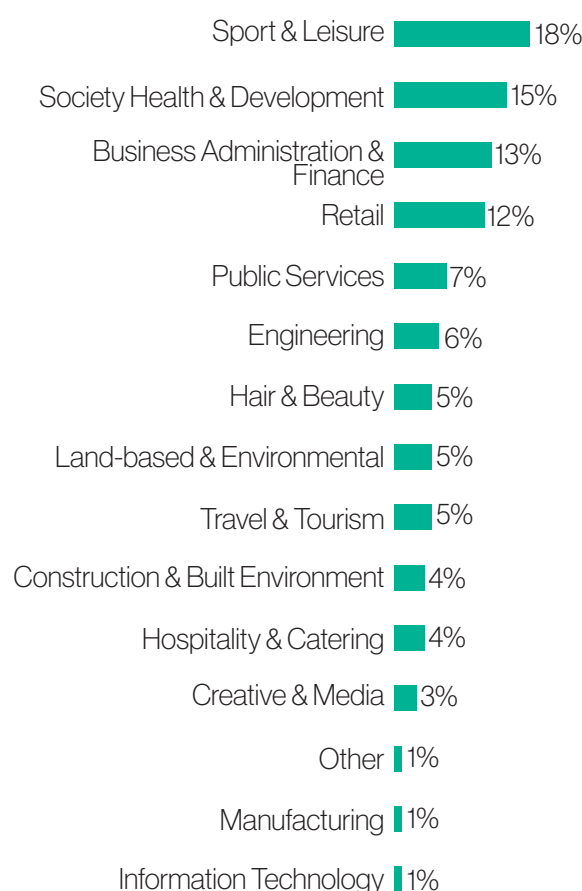
3. The sectoral balance of work experience

The make-up of work experience places does not match the shape of the labour market. The EET²² research showed that almost 1 in 5 places are

in sports and leisure and just 1% are in IT. While there may be significant value in work experience in the sports and leisure sector the balance of placements does not reflect the shape of the current labour market or growth sectors of the future. This means that along with overall growth in the number of work experience opportunities, a rebalancing towards growth sectors should be considered so that aspirations are raised in sectors that offer genuine career opportunities.

In summary this evidence shows that there is a need to significantly improve work experience. There is a need for a greater number of opportunities, a greater variety of experiences, places need to be filled in a more open way and the balance of experiences across different sectors of the economy ought to be considered.

Share of work experience placements in England in each sector (Source: EET¹⁹)



²¹ ibid

²² Education and Employers Taskforce (EET) - Work experience: Impact and delivery - Insights from the evidence (April 2012), Annex 4

Reinventing routes into work

The labour market has changed for young people and is set to continue to do so. The type of jobs available is changing as is the nature of the employer offering these jobs. Employers continue to recognise experience and yet young people find it more and more difficult to combine work with their studies. All of this suggests that the routes by which young people move from education into the world of work need to change fundamentally. What's needed is nothing less than a sea change in employer involvement in education and a shift to a youth-friendly business culture.

Part of the solution lies in employers taking more responsibility. There is a need to create more entry points and progression routes for young people and for this to be a natural part of business practice.

In short what's needed is for every employer in the UK to adopt a "youth policy" - to take conscious decision to do at least one thing to support young people in their community. There are a wide range of activities that employers can undertake, some are resource intensive and require significant commitment while others do not. This means that all employers can do something. The range of activities can be broadly categorised into changes to recruitment practices and engagement with education.

Recruitment

- 1. Less reliance on informal recruitment practices** – While there are good reasons for employers to use these methods they clearly disadvantage young people. However, there are ways of opening up recruitment that are not resource intensive. One example is use of Jobcentre Plus which provides a free vacancy matching service. Another example is the use of social media²³.
- 2. Open up recruitment to non-graduates** – Some employers have already started to respond to this need. The recent update to the Fair Access to the Professions report notes that in 2009 just 4 of the Times top 100 employers offered non-graduate recruitment but this has risen to around 50 per cent today²⁴. The range of examples of employers expanding their recruitment

of non-graduates includes school leaver programmes, foundation courses and apprenticeships. Recent evaluation evidence from England shows that employers are overwhelmingly satisfied with apprentices and the training they receive. This demonstrates that employers can get the talent they need without solely relying on graduates. The issue is that not enough of them do.

Of key importance will be changing the practices of those employers who are set to create the managerial, professional and associate professional jobs over the next 10 years

- 3. Providing feedback to unsuccessful candidates** – There are numerous accounts of young people applying for many jobs and not receiving any feedback. Receiving constructive feedback is a vital part of the learning process for finding work.

Engagement with education

Changing recruitment practices would make a considerable difference to young people. But a significant change in the relationship between education and industry is required if we want to truly transform the transitions from education into work.

While large numbers of employers are engaged in education in some way (around two thirds of employers), some are not. Larger and public sector organisations are much more likely to be engaged. By contrast smaller organisations are less so. This reinforces the points made earlier about the importance of small business and engaging with this sector.

We have already noted the importance of work experience but there is a wider range of activities that employers can get involved in:

- 4. Proactively engage with education** – We've noted that informal connections are a major source of work experience placements. Instead work experience should be driven by pro-active employers providing it in an open way that is not dependent on informal (family/friends) connections.

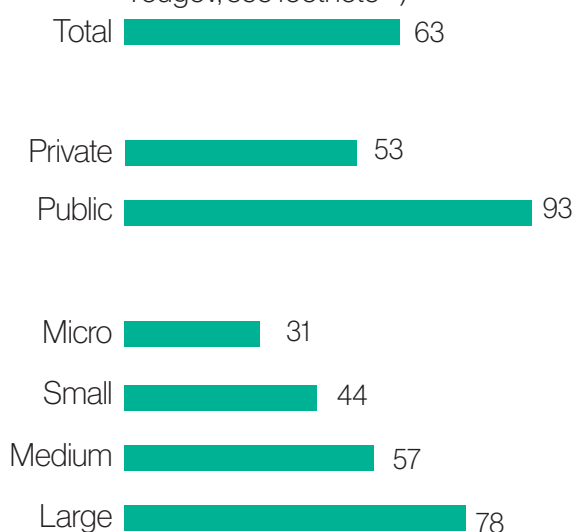
²³ Cabinet Office – "Fair Access to Professional Careers: a Progress Report"

²⁴ *ibid*

Reinventing routes into work

- 5. Provide greater volume of work experience –** there is a clear need for more work experience opportunities. This is particularly the case for SMEs and those sectors that we have shown to engage less in work experience such as IT and the creative industries.

Share (%) of employers who engage with the education sector in any way (Source: Yougov, see footnote ¹⁷)



- 6. Provide a greater variety of work experience opportunities –** As part of the UK Commission's "Building the World of Work Together" report a number of case studies were developed which describe some of these activities. There is a need for more:

- **Mock interviews –** These are particularly sought after by young people but only a minority actually take part. The UK Commission's case studies with Tata Steel, Dow Corning and Wylfa Power Station show how mock interviews can be integrated into a broader work experience²⁵.
- **Employer site visits –** Those employers who do not have the time and/or resource to provide longer placements can provide visits to their workplaces.
- **Careers advice from employers –** Again this is particularly valued by young people but previous research has shown that careers

advice in schools and work experience are not well integrated. Employers are in a good position to provide information on the opportunities in their industries and dispel myths. The UK Commission case studies of Lovell Partnerships Ltd and Seddon Construction illustrate the integration of careers advice with work experience more generally.

- **Challenges, competition and project work –** A number of the case studies involve young people working on a "live" business project. For example students at Yale College in Wales worked on a project with local business Signature Leathers on how it could enter the Japanese market. Likewise Lovell Partnerships Ltd involved young people in a project to design a local housing estate.
- **Mentoring –** This is the activity that young people are least likely to have taken part in. Our case studies of Wates Construction and Dow Corning are examples of employers who provide mentoring. In the case of Dow Corning this is focussed on mathematics support.
- 7. CPD and industrial placements for teaching staff –** it is not only students who need direct contact with employers. Teaching staff too need to regularly update their knowledge through direct contact with employers.
- 8. Talks in Schools –** There are several high profile campaigns to encourage this sort of activity. The 'Speakers for Schools' campaign has secured many high profile speakers and 'Inspiring the Future' is a free service which allows people from all sectors and professions to work with state schools and colleges to help young people achieve their potential²⁶.

How the UK Commission is taking this forward

This report sets the context for the UK Commission's work on young people this year. We will be undertaking a variety of activities to improve career opportunities for young people.

²⁵ UKCES – Business and Schools Building the World of Work Together <http://www.ukces.org.uk/publications/business-and-schools-building-the-world-of-work-together>

²⁶ See <http://www.speakers4schools.org/> and <http://www.inspiringthefuture.org/>

Investment Funds

Investment funds are a key resource to help tackle the youth employment challenge as we know that time and resource are key barriers to employers doing more. In addition, the state of the economy means that many businesses are still struggling, particularly smaller businesses. There is a need, therefore, to improve capacity amongst some employers, particularly smaller employers. Recent investments have already initiated a wide variety of projects across a wide range of sectors that will help young people. These include schemes to boost apprenticeship numbers, develop employer-backed sandwich courses, create links between industry and career practitioners and provide pre-employment support for unemployed people.

The UK Commission manages the Employer Investment Fund (EIF) which is open to Sector Skills Councils to drive employer led action on skills across the UK. The third bidding round will encourage proposals designed to support youth employment including but not limited to work experience placements.

The UK Commission also manages²⁷ the “Growth and Innovation Fund” (GIF). This is open to employer representative organisations to develop skills solutions which have the potential to transform growth in their sector, region or supply chain. This fund is for the infrastructure, networks and support necessary for skill development as opposed to the delivery itself.

The UK Commission has recently broadened the criteria of the GIF so that it can further support young people through the development of high quality work experience. For example GIF could be used to help a group of employers coordinate work experience activities through networks such as local Chambers of Commerce.

The current round of GIF closed in May 2012 and it is hoped that there will be many successful proposals focussed on young people. Later in the year the UK Commission will announce the successful proposals and further rounds of funding. For more details see www.ukces.org.uk/GIF

Employer Ownership of Skills

The UK Commission, BIS and the SFA have recently closed the first round of bidding on the Employer Ownership pilots. The pilots offer all employers in England direct access to up to £250 million of public investment over the next two years to design and deliver their own training solutions. This will have a clear impact on young people as it is hoped that successful proposals will create new apprenticeship places alongside other broader activity such as work experience. By autumn 2012 the successful bids will have been announced along with details of the second bidding round.

Investors in People (IiP) and Communications Activity

GIF funding and Employer Ownership are just two examples of the public support available to business. A wide variety of measures are in place, including recruitment subsidies for young unemployed people and apprentices, free recruitment and vacancy matching provided by Jobcentre Plus and training available from local colleges and other training providers. However, evidence from the Youth Inquiry shows that employers’ awareness of this support is too low. A companion document to this report sets out the breadth of support available to employers²⁸.

The GIF investments and Employer Ownership pilot projects will provide opportunities for a series of communications activity to promote the key messages about young people to employers and raise awareness of the support available to them. We also hope that the 20,000 strong community of IiP employers will carry the messages. As the organisation responsible for the IiP standard, we are developing materials that IiP specialists can use to advise employers who are interested in recruiting more young people.

²⁷ The UK Commission works jointly with the Skills Funding Agency and the Department for Business, Innovation and Skills

²⁸ UKCES – “Grow your own: how young people can work for you”

UK Commission Research

The UK Commission will continue to provide expert analysis and research on this topic. Our employer surveys are a unique and vital part of the evidence base. Over the summer the 2012 Employer Perspectives Survey goes into the field and this will provide further evidence on structural barriers to young people entering the labour market and the relationship between work experience and securing paid work.

The UK Commission's Youth Policy

This report calls for all employers to adopt their own youth policy so it is right that we practise what we preach. In 2008 the UK Commission made a conscious decision to start offering entry-level roles as part of a drive to grow our own talent. Since then we have offered work experience placements, internships and apprenticeships.

We see these opportunities as a long-term commitment and we encourage our young recruits to develop and progress. We also seek feedback from them on what has gone well and what could be done better. Many have gone on to be offered permanent or temporary posts (7 out of 10 graduates are still with us as of May 2012).

Our young people work in every area of the business, from policy and research to Investors in People, to communications and business services. They have brought initiative, enthusiasm and new ideas to the UK Commission, and have undoubtedly contributed towards our productivity and efficiency.

GET INVOLVED

The Growth and Innovation Fund helps employers develop their own innovative skills and recruitment solutions which have the potential to transform growth in their sector, region or supply chain. Find out more on how your business can get involved by visiting the UK Commission's website:
www.ukces.org.uk/gif

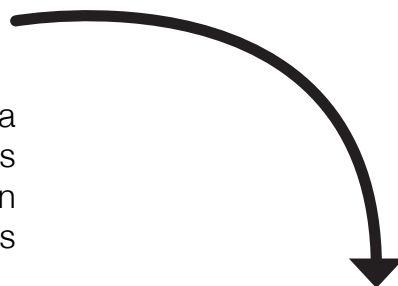
The Employer Ownership Pilot offers all employers in England direct access to up to £250 million of public investment over the next two years to design and deliver their own training solutions. Visit our website to find out more:
www.ukces.org.uk/employerownership

LEARN MORE

The UK Commission has published a number of reports that provide employer perspectives on youth employment and the changing nature of work for young people. For more information, please visit:
www.ukces.org.uk/ourwork/youthemployment

What is this?

This is a QR Code. Using a QR reader on a smartphone device will give you direct access to the UK Commission's website where you can find out more on this project and access the links provided throughout this brochure.



ABOUT THE UK COMMISSION FOR EMPLOYMENT AND SKILLS

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and economic growth.





The UK Commission for Employment and Skills is a non-departmental public body providing strategic leadership on skills and employment issues in the four nations of the UK.

Together, our Commissioners comprise a social partnership that includes CEOs of large and small employers across a wide range of sectors; trade unions and representatives from the Devolved Administrations.

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