

The Business Case for Employer Investment in Young People

This briefing note gives details of a CIPD report on the Business Case for employing young people. The evidence comes from the Learning of Work survey of 780 HR professionals, 11 employer interviews and an employer roundtable.

Benefits for businesses

- Young people bring skills such as greater flexibility and willingness to learn; innovation and energy; optimism.
- Workforce development and growth such as enhanced loyalty, reduced turnover, shared organisational culture, attracting talent and preparing for the future.
- Workforce diversity including insights, ideas and connections to the market and customer base.
- Cost-effectiveness due to lower recruitment and lower wages.

Reasons businesses recruit young people

- Growing talent and workforce planning.
'[Employers of young people] do so because they know how growing their workforce helps to secure future growth and give them a competitive advantage.'
- Young people's unique skills, attitudes and motivation.
'So many young people submitted project ideas with great potential... This is why we decided to make an investment in young people. We can't put a number on [it] yet but we know it's an investment that will pay off.'
- Workforce diversity.
'Young people think outside the box, and ask managers "Why do you always do it that way?" They teach managers not to take what they say as a challenge but a learning opportunity'
- Employer brand.
'A strongly employer brand also has a positive impact on competitiveness, as it can differentiate organisations from their competitors.'
- Cost effectiveness.
'The younger age at which an employer begins investing in the training and development of an employee, the more they can benefit from this investment.'
- Low wages and government incentives were not a main reason for employing younger people. They were viewed as an unsustainable false economy by companies.

The national picture

- In Maidstone 4.9% of young people aged 18-24 are unemployed (585 people).
- Nationally it is 6.2% (357,630 people).
- 74% of HR professionals believe there is a business case for employing young people.
- Only 1 in 10 companies will recruit 16-18 year olds directly from education.

- Less than 1/4 employers recruit anyone under 24 directly from education.
- Young people seen as a risk:
 - Almost half of employers were fairly or very nervous that a school leaver with A Levels would have the skills for their business.
- Only half of employers planned to recruit a young person in the next year.
- Only 41% provide any access routes, such as apprenticeships for young people.
- Less than a third of organisations visit schools or highlight local career opportunities to young people.
- Managers see themselves as customers rather than actors within the education system. They expect education to produce job-ready workers.
- Short term interests dominate. Only 6% of companies look five years or more ahead when planning their workforce.
- Concern about the aging workforce with potential staff losses as high as 25 to 30% over the next 10 to 15 years.

Problems recruiting young people

- HR professionals don't know how to talk to young people – for example asking those who have never worked about their work history.
- Managers have 'lost the skill to manage young people' and worry about the level of care they need to provide.
- Employers ask for graduates, even if the job doesn't require graduate level qualifications.
- Employers prefer to employ people who can hit the ground running.

Experience of employing young people

When asked why they recruited young people HR professionals' top answers were 'to grow the workforce' and to 'build the talent pipeline' (40% & 38% respectively.)

Employers who recruited young people were overwhelming satisfied (91%) with their recruits.

Nonetheless, 53% of employers think the young people they recruited did not get adequate careers guidance and 63% think that the young people they recruited lacked insight into the working world.

Top benefits of employing young people were:

- Willingness to learn (47%).
- Fresh ideas and new approaches (43%).
- Motivation, energy and enthusiasm (42%).

Remaining challenges

Main issues that employers had with government assistance:

- The lack of a 'joined up' skills and employment system of support for young people.
- The lack of direct support for employing young people.
- The need for better careers advice for young people, including alternatives to university like apprenticeships.

61% of employers believe that government support to recruit young people is too fragmented. Only 17% believed it joined up.

Recommendations

- Provide informal opportunities for managers and young people to come together to discuss opportunities, to avoid awkward conversations about work history – business breakfast networking events; work experience events.
- Provide work experience opportunities so that young people are able to show commitment and experience of the workplace.
- Use business case studies of success stories, to assuage employers' fears of recruiting young people – Locate in Maidstone, MBC website.
- Educate young people in what employers expect from recruits, through employer engagement in schools and Jobcentre Plus preparing people for interviews – Inspiring the Future, National Careers Service, Jobcentre Plus.
- Promote Apprenticeships and other alternatives to university – using Inspiring the Future and the National Careers Service.