

SMEs and the Youth Labour Market

Youth Futures Foundation
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In partnership with



2 Current engagement with the youth labour market

Employers who actively look to recruit young people target their recruitment accordingly, liaising with schools and colleges for apprenticeships and universities to advertise their graduate schemes.

“We go to universities and form relationships with the university careers departments, or the computer science or mathematical departments, and we try and engage directly with the students there through careers fairs and mailshots, etc.”

50-249 employees, Professional DQG Financial Services, London, Engaged

A few employers highlighted that traditional recruitment channels such as newspapers and job boards no longer gain a large number of candidates, and that most of the applicants tend to be older. These employers reported that when recruiting young people they instead use social media such as Facebook, Instagram and Twitter, and have found this to be more successful with one employer stating the recently received 20 applicants for a recent position posted on social media.

“[During a recent recruitment drive] I'd say the applications we got from the paper were probably older, 40 and over ... from Facebook, they were mainly 17 and up.”

50-249 employees, Construction, Midlands, Engaged

Similarly, most employers reported that they do not actively recruit young people who are disadvantaged in the job market. A few employers noted that their organisation is located in a deprived area, so recruiting young people from local schools and colleges is how they provide opportunities for young people from disadvantaged groups. One employer reported targeting their apprenticeship recruitment at those disadvantaged in the job market.

“We target disadvantaged areas through disadvantaged schools”

50-249 employees, Creative Industries, London, Engaged

A few employers reported that they are interested in finding out more information about the support available for recruiting young people disadvantaged in the job market, including government initiatives such as Kickstart.

“It would be appealing to us, to try to recruit people who are potentially disadvantaged, less experienced, less skilled, from less well-off backgrounds etc”

10-49 employees, Creative Industries, North, Not engaged

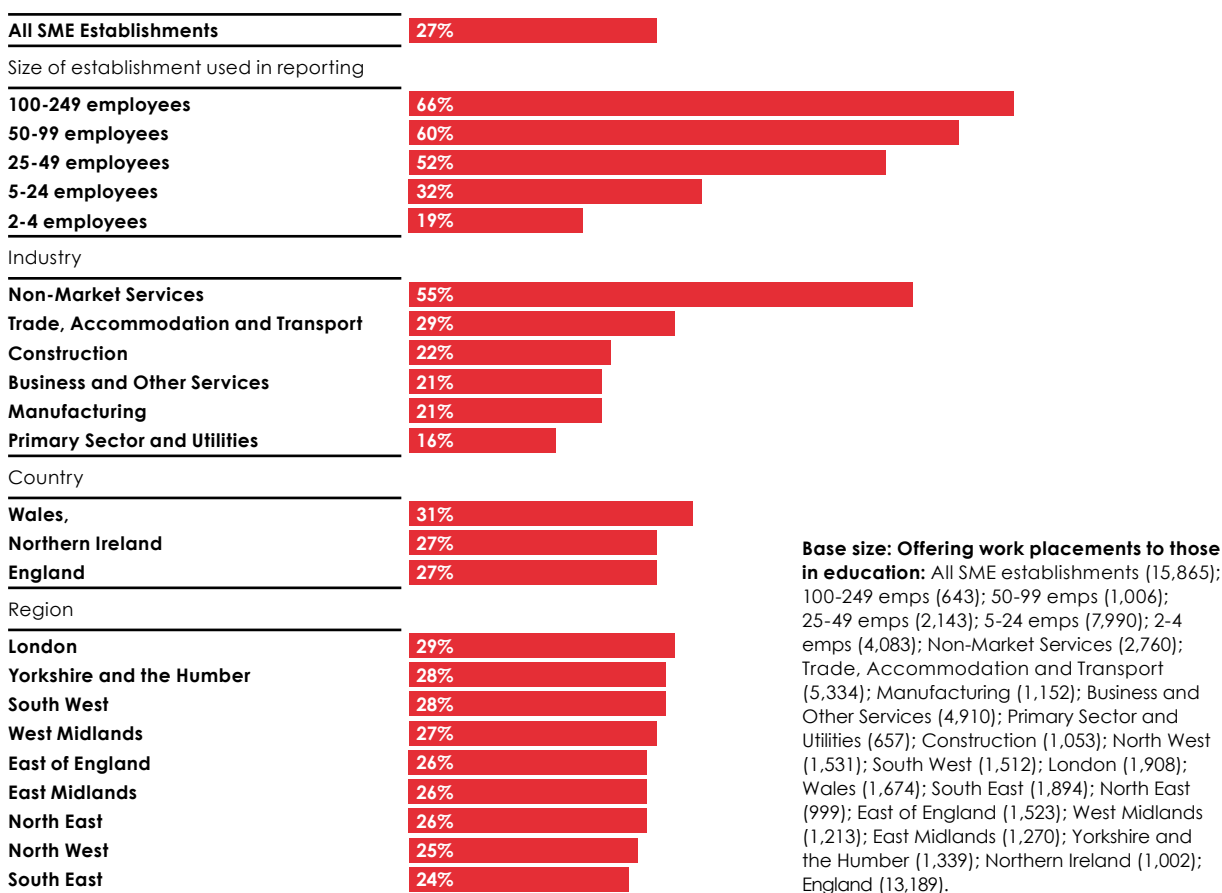
Offering work placements

ESS 2019 data shows that overall, 27% of SME establishments had offered work placements to someone in education i.e. from school, college or university in the 12 months preceding the survey. As with other types of engagement, establishment size was a key factor in propensity to engage. Figure 2.2 below shows that just 19% of those with 2-4 employees had engaged in work placements, rising to 66% amongst those with 100-249 employees.

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In terms of sector, establishments in the Non-market Services sector were by far the most likely to engage in work placements for those in education (55%), while Construction employers were the least likely (16%). There was less variation by region/country: 31% of employers in Northern Ireland and 29% in London engaged with these types of placements, while only 24% in the North East of England did so.

Figure 2.2 Proportion of SME establishments offering placements to people in education, by size and by sector

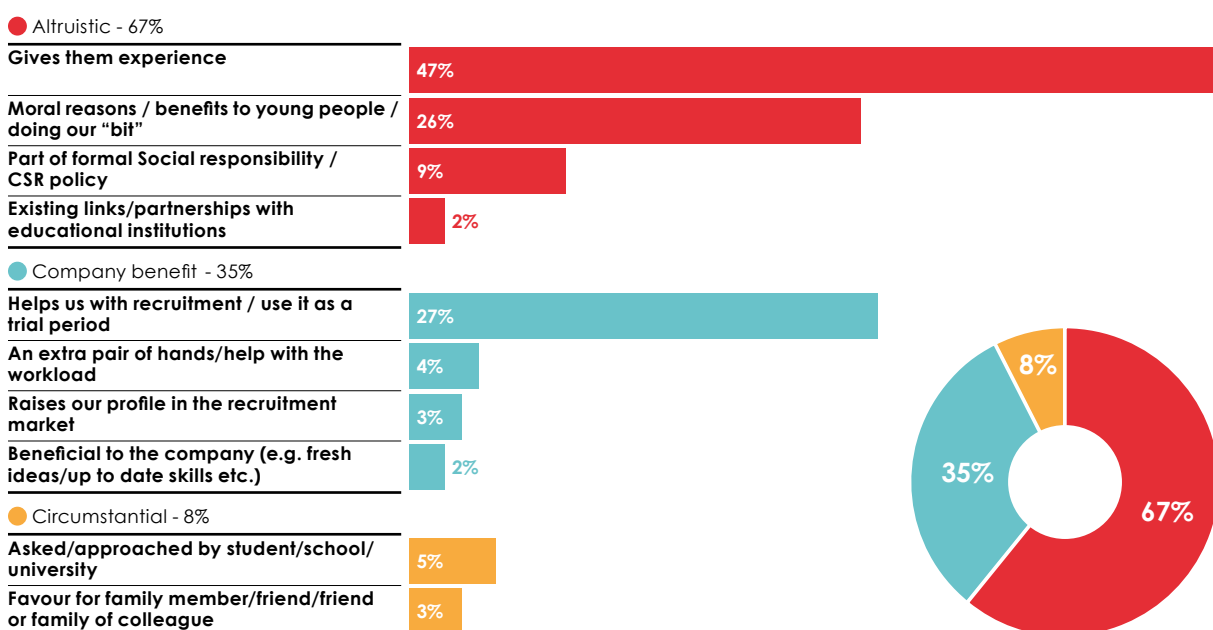


ESS asked employers that had offered work experience placements and/or work inspiration activities the reasons why they did so. Figure 2.3 shows that two-thirds of employers (67%) said they offered work placements for altruistic reasons, primarily to give young people experience (47%), or to 'do their bit' and uphold relations with the local community (26%). Just over a third (35%) mention a benefit to their own business, most commonly that offering placements would help with recruitment or act as a trial period (27%). Only a small proportion (8%) stated that they had offered placements due to circumstantial reasons, such as having been approached by a student or educational institution (5%) or by doing a favour for a family member or friend (3%).

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The smallest establishments, with fewer than five employees, were more likely to have offered placements for circumstantial reasons (11%, compared with 7% of those with five or more employees), and less likely to mention any company benefit (31%, compared with 37% of those with five or more employees). While there was no clear pattern by size for mentioning altruistic reasons in general, establishments with 100 or more employees were more likely to mention moral reasons specifically (31%, compared with 26% overall), and the very largest, with 250 or more employees, were more likely to mention social responsibility (17%, compared with 9% overall).

Figure 2.3 Reasons for SME establishments offering work placements or internships



Base: All SME establishments who have offered placements in the last 12 months (Module C) (7,165)

In the qualitative interviews, most of the engaged group of SMEs said that they offer short-term work experience - usually of a few days up to two weeks - to secondary school or college students under 18. These are offered on an ad-hoc basis and are typically arranged through personal contacts such as a child of an employee. While ad-hoc and informal, some employers offer them on a consistent basis e.g. twice a year. A few employers engage in work experience via liaison with local schools and colleges within the area, either through being directly approached by the schools and students, or by the organisation approaching schools to offer these opportunities. Employers who often take students on for work experience tend to have a formal structure in place.

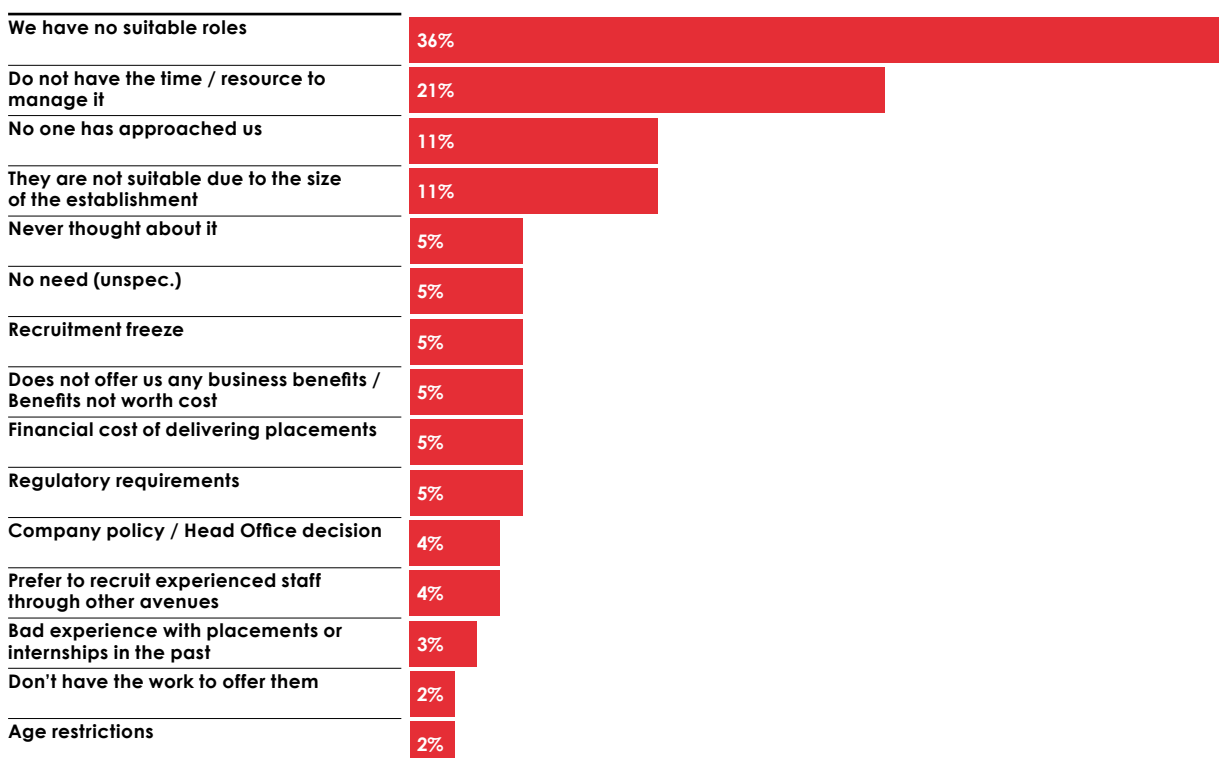
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Longer-term placements i.e. two weeks or more, are mainly offered to those aged 16+ at sixth form or at college. These placements often take place during the summer holiday period and are related to their course of study. During these placements the student will have a mentor or supervisor to help them engage with the business and to provide support when required. Some employers offer longer placements targeted at university students. These are either year-long industrial placements or summer internships, these placements have a formal structure and are related to the course of study.

Most employers did not specifically target work placements at disadvantaged young people. Employers that pursued engagement via work placements specifically for disadvantaged groups often used charities to reach potential candidates.

Figure 2.4 shows the main reasons for not offering work experience, work placements or internships to those in education. In many cases, a lack of engagement was attributed to the nature of the business. Over a third (36%) of employers that had not offered work placements or work inspiration activities said that there were no suitable roles in their business, while one in nine (11%) said that work experience opportunities were not suitable due to the size of the business. The time needed to facilitate such opportunities was also a concern, with a fifth (21%) of employers saying that they did not have the time or resource to manage it. Some businesses also demonstrated a passive approach to offering experience opportunities, with one in nine (11%) stating they had not done so as they had not been approached by anyone, and 5% saying they had never considered it.

Figure 2.4 Reasons for SME establishments not offering work experience, work placements or internships



2 Current engagement with the youth labour market

Employers that were not engaged in offering work experience or placements provided a variety of reasons in qualitative research. Some found the timings didn't work with their organisation. For example, one employer reported that schools were looking for placements around April and May, which is financial year end – often their busiest time. A handful of employers in the Construction and Manufacturing sector are unable to offer work experience due to health and safety regulations. Another employer reported they no longer engage with the youth labour market because in the past they had mixed degrees of success with students.

“Sometimes, in these scenarios, you are kissing a lot of frogs.”

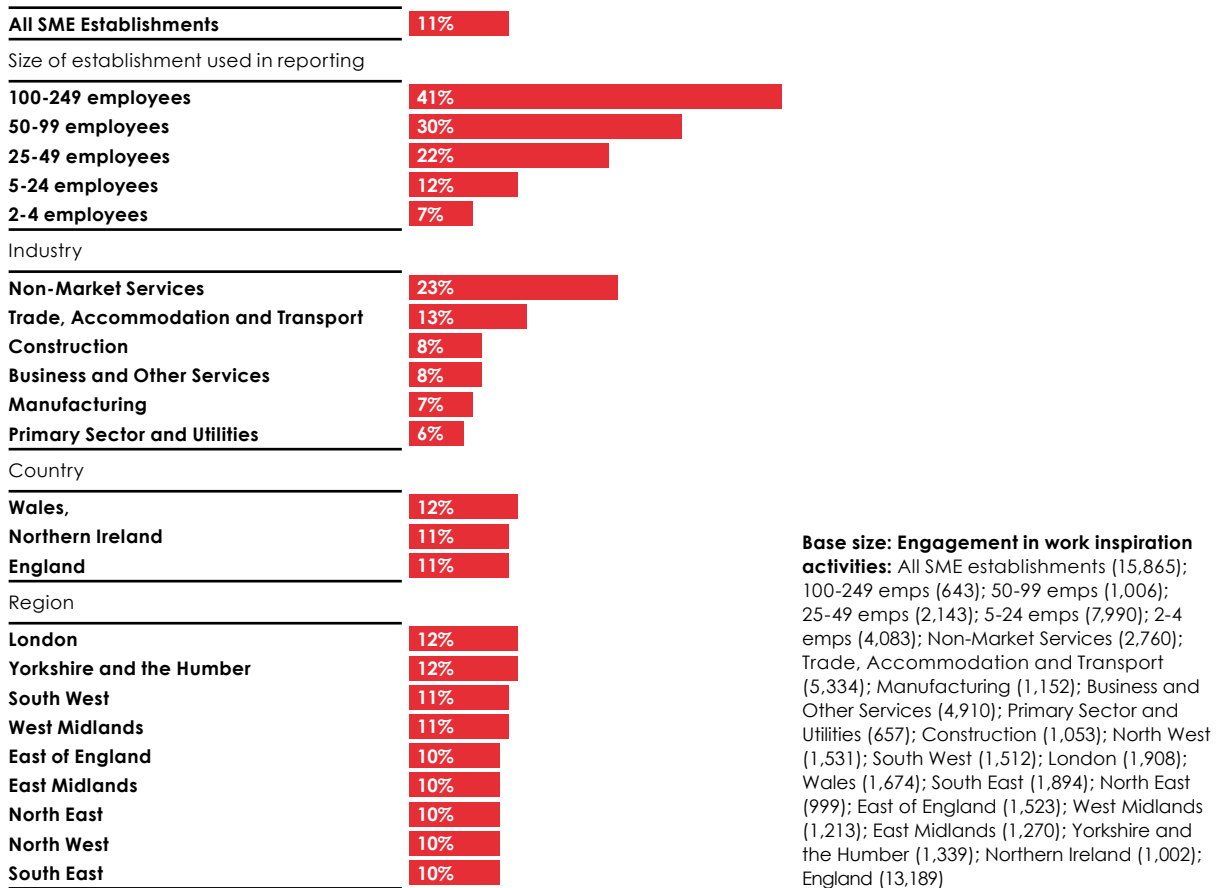
10-49 employees, Health and Social Work, South, Engaged

Work inspiration activities

ESS data shows that in 2019, one in ten (11%) of SME establishments had provided work inspiration activities of some form in the previous 12 months. Work inspiration is defined as engaging with schools colleges or universities through “hosting site visits for students, talking to students about careers, or conducting activities such as mock interviews to improve their employability”.

The profile of employers providing work inspiration is very similar to those offering placements (see Figure 2.4). The likelihood of doing so increased with size, with only 7% of employers with 2-4 employees engaging in work inspiration, compared to 41% of those with 100-249 employees. By sector, Non-Market Services (23%) were over twice as likely to provide work inspiration than average, with only a small proportion of those in Manufacturing (8%), Primary Sector and Utilities (8%), Trade, Accommodation and Transport (7%) and Construction (6%) doing so. There was little variation in terms of region/country.

Figure 2.5 Engagement in work inspiration activities by size and sector



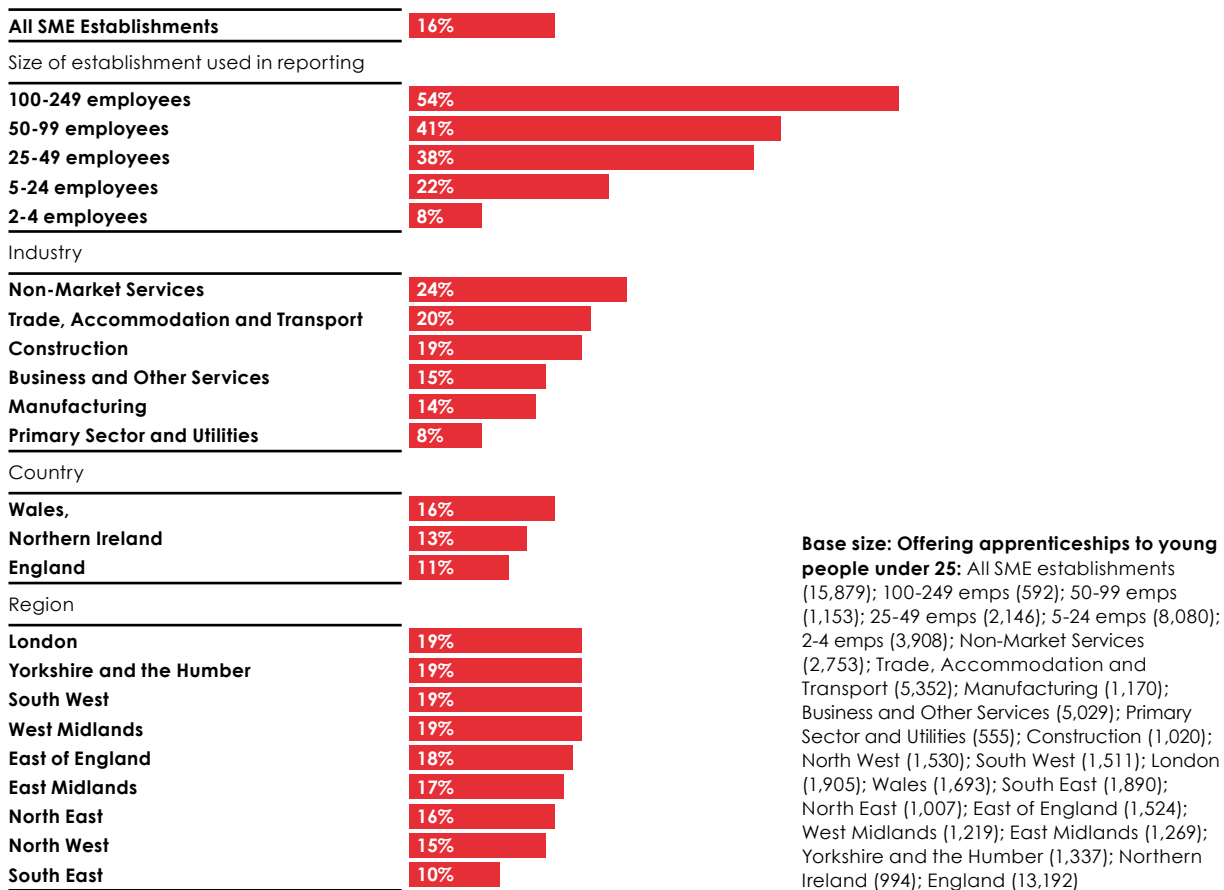
Employers participating in the qualitative research had limited engagement with work inspiration activities for young people. Where employers have engaged with work inspiration activities, this is most commonly through visiting schools, colleges or universities and giving talks and presentations, or hosting open days at their organisation. One employer highlighted their strong engagement with work inspiration activities with their local schools including attending careers fairs, conducting mock interviews with sixth form students and teaching CV writing techniques.

Engaging with government initiatives

Analysis of the 2019 dataset shows that 16% of SME employers were offering apprenticeships to people under the age of 25. As with other forms of engagement, larger SME establishments were more likely to offer apprenticeships to young people: 8% of employers with 2-4 employees; 22% with 5-24; 38% with 25-49; 41% with 50-99, and; 54% with 100-249 employees. Consistent with other forms of engagement, the Non-Market Services sector was most likely to offer apprenticeships (24% did so), while the Primary Sector and Utilities was the least likely, by some way (only 8% offered apprenticeships). Establishments in England were more likely to offer these apprenticeships (16% did) than in Wales (13%) and Northern Ireland (11%). Regions across the Midlands and North of England were most likely to offer apprenticeships (19% of establishments did in the West Midlands, East Midlands, North East and North West), while only 10% in London did so.

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Figure 2.6 Proportion of SME establishments offering apprenticeships to young people under the age of 25, by size, sector and region.



Where SMEs interviewed in the qualitative research had engaged in government initiatives, this was primarily through apprenticeships. Of those using apprenticeships, reasons for doing so included: filling a vacancy, bringing new talent through the organisation, and the chance to mould new recruits to fit the company ethos. Employers also feel that apprenticeships give young people the chance to get a feel for their industry, in a way that is simply not possible from a work placement. A few employers also cite their desire to help young people get a start in their careers through the use of apprenticeships.

“I just think it’s the right thing to do”

10-49 employees, Construction, Midlands, Engaged

Only a handful of the SMEs interviewed were engaged with the Kickstart scheme, with most reporting they did so to help young people get onto the career ladder. Some employers had never heard of Kickstart, but a few organisations are currently looking into the scheme.

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“I’ll be honest with you, it was the wage [that initially appealed to them] and the amount of money that is supplied to you from the DWP. But also, we do want to bring people into the industry. They’re here for six months under that scheme, but it doesn’t mean we’re going to let them go! If they do well they’ll be staying, there’ll be jobs for them. We’re doing our bit [for society] as well.”

10-49 employees, Construction, Midlands, Engaged

Employers who are not engaged in government initiatives reported various reasons for this. Some organisations have had bad experiences previously - when doing so with apprentices not really engaging with the working environment. Other organisations found that the initiatives did not fit well with their business model, and they were not able to provide the necessary supervisory resource.

“To date they haven’t been massively of interest to us, simply because it costs too much in time and there’s too long a return on investment for training the very youngest in our industry.”

10-49 employees, Professional and Financial Services, Scotland, Not engaged

Small (10-49, Construction, Midlands, Engaged)

This construction company specialises in installation and removal of flooring, and also hires out and sells machinery. They have recently taken on two young people through the Kickstart scheme (an admin assistant and a store assistant) and are looking to take on an apprentice in the near future to work in the office. They were partly motivated to engage in the scheme by the government support to help cover some of the training costs and wages of young people.

“It seemed sensible to get some young people into the company. We haven’t got a lot of cash, so things like Kickstart and apprenticeships are the ‘go to’ for us at the moment.”

The company got involved in the Kickstart programme after receiving an email from Hire Association Europe (the industry body for the plant and hire sector, of which they’re a member). They speak positively about the programme and appreciate the fact that both Kickstarters have a dedicated mentor to support them in their transition to working life.

The employer speaks highly of the support they have had from intermediaries. Hire Association Europe recommended the KickStart scheme to the business and introduced them to a gateway organisation, that sourced the two Kickstarters, assisted with the paperwork and helped with some of their training. Being able to offer suitable training and qualifications to KickStarters is their main worry, and they would appreciate a central resource they could access for that kind of information, e.g. via emails and webinars.

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The business has a training hub on-site. Before the pandemic, pupils from the local secondary school used to come in for an afternoon and get taught how to use the machines. Managers used to visit schools to give presentations. They have also held open days in the past (once every three months) and invited schools from a wider area to come for a tour/visit the Training Hub.

A key enabler for this engagement is the buy-in from the senior management, who are very keen to offer opportunities to help get more people into the sector, and to provide them with the necessary training e.g. to use specialist machinery.

“It’s something my boss really believes in. She even wrote the apprenticeship for this particular flooring job that we do. It seems to be part of the culture of the company, that we deal with young people in this way... We’ve got the first young person in the country doing the flooring apprenticeship in the country, and she’s just passed her apprenticeship.”

Impact of COVID-19

In qualitative research, employers were asked about the impact of Covid-19 on their engagement with the youth labour market, including the potential impact of the Coronavirus Job Retention Scheme (CJRS) coming to an end.

Most SMEs interviewed have been largely negatively impacted by the Covid-19 pandemic. For many employers, recruitment has slowed, or halted entirely, with one organisation reporting they are not reopening recruitment until January 2022. However, recruitment activities amongst medium-sized businesses have been less affected, with most running their recruitment processes in a similar way to before but with interviews taking place online rather than face to face. These employers tended to be in the Retail and Hospitality and Construction sectors, where there is expected to be renewed demand for their work.

A handful of employers in the Retail and Hospitality sector are actively recruiting but having real difficulty filling roles. One thought this was the result of Brexit and due to foreign nationals returning to their home countries during the pandemic. Another suggested that the sector is at high risk of shutting down again with any further lockdowns, so is not an attractive proposition.

“We’re really stuck in our industry, we’re in real bad trouble”

10-49 employees, Retail and Hospitality, London, Not engaged

Most employers interviewed were unable to offer work experience and work placements to young people as a result of the pandemic. Lockdowns, business closures, furloughed staff, school and college closures and social distancing measures are some of the reasons given for pausing these opportunities. Engagement with disadvantaged young people has been impacted in the same way as other young people. One employer noted that the pandemic has magnified the difficulties young people from disadvantaged backgrounds are facing.

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Employers have done little to replace the face-to-face engagement they have with young people pre-pandemic by engaging virtually. One small employer created a video about their organisation which was sent around schools, which was intended to replace the work inspiration activities they previously took part in; giving talks in schools, but little else has been done. One micro employer is considering moving to virtual training to future proof themselves against further lockdowns but has not yet done anything in practice.

One small employer (10-49 employees) reported that financial impacts of Covid-19 pandemic led to the organisation making a number of staff redundant at the beginning of the pandemic. Since restrictions have eased and demand for business has increased, they have needed to recruit more staff while being mindful of wages costs, which has led them to engaging young people through government initiatives.

“It seemed sensible to get some young people into the company... we haven't got a lot of cash, so things like Kickstart and apprenticeships are the go to for us at the moment”

10-49 employees, Construction, Midlands, Engaged

Several employers interviewed mentioned making use of the CJRS, with a handful still having staff on flexible furlough. Most employers who made use of the CJRS did not expect the winding-down of the scheme to impact on how they engage with the youth labour market. However, a few employers noted that they were worried about the impact of the winding-down of the scheme in general, as they had relied on it to keep the business afloat during the pandemic.

“It helped us tremendously because we had to close such a large area of our business.”

50-249 employees, Retail and Hospitality, Scotland, Engaged

“We've just lost one staff member because she needs more hours, we can't afford to give her more hours ... [When the furlough scheme winds down] we're going to have to rely on reduced hours and hope our staff can cope with that.”

2-9 employees, Retail & Hospitality, Scotland, Not engaged

3 Motivations, benefits and enablers to engagement

This chapter highlights the benefits employers experience by engaging in youth employment, and what structures and context enables them to engage to the extent they do. It also includes information about how organisations seek to maximise the value of engaging with the youth labour market both for the benefit of young people and for their business. It draws on data from the qualitative interviews with SME employers.

Motivations

SME motivations to provide young people with employment opportunities broadly fall into two key themes:

- **Business need**, filling current vacancies, succession planning, the lower cost of wages and subsidised training.
- **Altruism and 'doing the right thing'**, including helping young people get onto the career ladder, to benefit individuals and society.

The biggest motivators for SME employers in this research relate to business need and company benefits. While altruism and a social conscience is a motivation for many, it is often secondary to a motivation that directly benefits the business, so this is not a primary motivator for the SMEs interviewed.

Business need

It is important to say upfront that for many SMEs interviewed, 'engagement with the youth labour market' was not a specific motivator or conscious decision. Rather the business has roles that need to be filled, and these might be entry level, meaning they are generally more accessible to young people. Additionally, because these kinds of roles often have high turnover, there are opportunities for young people on a consistent basis. This is often the case for SMEs in the Retail & Hospitality sector and also mentioned by Construction and Manufacturing employers. These employers sometimes talk about how their engagement is reactive and they are only responding to business needs when employing young people.

"It's a common sense approach. Who we need, at what time, what the role is, and go from there."

Small (10-49), Retail & Hospitality, South, Engaged

"We don't do it proactively, it's more reactively."

Medium (50-249), Professional & Financial Services, London, Engaged

However, when talking about engagement happening naturally, employers are most commonly talking about longer-term types of engagement – permanent employment and apprenticeships – rather than work experience and work placements for school pupils and college students, which do require employers to actively engage with young people.

3 Motivations, benefits and enablers to engagement

For roles requiring a higher level of skill and/or experience SME employers often do not focus on young people specifically when recruiting. Where employers do focus on young people for these roles, this is typically part of a longer-term strategy, as there is an acknowledgement that the young person will not be productive for the employer immediately. Apprentices are often hired on this basis so they can fill skills shortages in the medium-term. Similarly, employers may take university students on industrial placements in the hope that they return to work at the employer once they have graduated.

Unsurprisingly, where employers do not do anything proactive to engage with the youth labour market, they do not do anything specific to engage disadvantaged groups and those furthest from the labour market. However, one employer working in Construction commented that the sector is a natural pathway to employment for those who have no or few qualifications and come from disadvantaged backgrounds.

Altruism and 'doing the right thing'

SME employers interviewed talked about having a 'social conscience', which means a desire to give something back to their communities and society in general. For medium-sized employers, this is often formalised in Corporate Social Responsibility (CSR) strategies. Small and micro businesses are less likely to have formal measures to reinforce this social responsibility. For employers of all sizes, this motivator can sometimes be rooted in the passion of a single individual, such as the owner or a director. In some cases is because they have benefitted from opportunities given to them early in their careers.

"At the end of the day young people are our future, so you have got to help young people and develop them."

Medium (50-249), Construction, North, Engaged

"We both remember the value in us having undertaken them [industrial placements]; how important they were to our future careers."

Micro (2-9), Retail & Hospitality, South, Not Engaged

While a sizeable minority of SME employers interviewed cite the idea of social responsibility as a motivator, this is not the sole motivator for these organisations. All the SME employers interviewed who cite this mention it in addition to a motivation about either re-enforcing the workforce and pipeline or bringing fresh perspectives, skills and energy into the business.

Benefits

SMEs report a wide range of benefits as a result of engaging with young people. These benefits impact individuals (both young people and their colleagues), organisations and wider society. Understanding what these benefits are, and which matter most to employers, will help understand what might influence engaging levels in the future and help promote higher levels of youth engagement.

3 Motivations, benefits and enablers to engagement

It is worth noting that benefits outlined in this section are identified by both employers that are currently engaged with providing opportunities for young people, and those that are not. Therefore even those that are not engaging can see potential benefits. This is perhaps related to that fact that, whilst employers are anecdotally aware of these benefits, most typically do not have quantifiable metrics to measure them.

A few employers try to compare the cost of having a young person at the organisation (e.g. wage costs, cost in hours until they become proficient) to the savings (e.g. subsidised training, lower wages compared to older employees). However, for the vast majority, decisions about keeping young people in the business where there is a potential opportunity (for example at the end of a placement or an apprenticeship) are made on judgements about their performance and/or ability based on anecdotal evidence.

The benefits identified by SME employers largely fall into four themes:

- **Reinforcing the workforce and employment pipeline:** ensuring that the organisation has a long term talent pool, and fostering a sense of loyalty (and thereby) retention amongst employees.
- **Bringing new ideas and energy:** young people bring innovative ideas, skills and ways of thinking, as well as energy and enthusiasm into the workplace.
- **Social and community responsibility:** feeling a sense of responsibility to support young people into employment, and the wider community and societal impacts associated with that.
- **Financial benefits:** typically relating to the lower wage costs for young people and subsidised training - mainly for apprenticeships.

Reinforcing the workforce and pipeline

A key motivation for SME employers engaging with the youth labour market is to secure their workforce, not only in the immediate, but also the medium to long-term. Employers are keen to engage young people to bring them into their organisation and sector; they also believe that investing in young people through training and development fosters greater loyalty and retention.

Around half of SME employers interviewed spoke about engaging with the youth labour market to secure a future talent pipeline. Many of these acknowledge the need for succession planning to balance an ageing workforce with younger recruits. This is a more pressing issue for SME employers compared with large and these employers see young people as essential for the longevity of their business.

“I think it is extremely important mainly because the majority of companies will have an ageing workforce and to keep a business going over the years you have to actively recruit a younger workforce to replace people who are coming up for retirement. If you don't, you are going to leave yourself short.”

Medium (50-249), Construction, North, Engaged

3 Motivations, benefits and enablers to engagement

Another important motivation for a number of employers is that by engaging young, relatively inexperienced people, they can train and mould them in 'the company way'. The benefit of this for the company is a more productive workforce with relevant skills and expertise over the medium to long-term. This is particularly the case where skills are considered 'bespoke' so the young person really needs to learn them on the job, such as operating complex and dangerous machinery in Manufacturing jobs.

"We want people learning in our warehouse as it's the only place they can. There are bits of kit that are specific to us that they need to learn how to use."

Medium (50-249), Creative Industries, London, Engaged

"And, as you know, younger people coming into the business you can kind of mould them to where you need them to be or work with them to [change]."

Medium (50-249), Manufacturing, North, Engaged

Some employers speak more broadly about the talent pipeline, mentioning that their engagement activities are aimed at fostering young peoples' interest in the sector or industry. These organisations recognise the importance of maintaining or increasing interest amongst young people, in order to secure their medium to long-term talent pipeline. They focused on engaging with schools and colleges, through work experience, work placements and work inspiration activities.

"If you can train people and get them interested in the industry then that's terrific."

Small (10-49), Health & Social Work, South, Engaged

Staff loyalty and retention was a key (potential) benefit for several SMEs, particularly in the context of high turnover in entry-level roles and the substantial cost of recruitment and training of permanent staff and apprentices. Retention was mentioned as a challenge amongst employers in the Retail & Hospitality and Health & Social Work sectors; they feel young people often do not see roles as long term careers so do not stay in them for prolonged periods of time. This benefit was also more tangible for larger SMEs which is likely to be due to the size of the business and their greater levels of engagement in the youth labour market.

"We're giving them the education and opportunities now to gain their loyalty... they might enter in a basic role like waiting in the restaurant, but there are opportunities to move up to."

Medium (50-249), Retail & Hospitality, North, Engaged

"Hopefully we get a bit more loyalty, hopefully they come in and enjoy it, and see the potential here... we try to bring them up the career ladder."

Small (10-49), Construction, North, Engaged

3 Motivations, benefits and enablers to engagement

Employers expect that if young person feels valued and developed, they will repay that faith and investment by staying with the company. One employer suggested that loyalty was a key benefit of engaging with more disadvantaged young people. The ideal scenario is that the young person remains with the organisation and works their way up into more senior positions. This is particularly in addressing skills shortages due to retirement or retraining, which is resulting in skills shortages, for example Construction.

“I think you can inspire them at quite a young age and we want people to look at the senior management team and see that they want to be in that position.”

Medium (50-249), Retail & Hospitality, Scotland, Engaged

Bringing new ideas and energy

Around half of the SME employers interviewed actively look to employ young people as they believe the business benefits from the **ideas and skills** that older employers do not have. Among these employers, there is a view that young people can help bring about change in the way the organisation operates by challenging processes, questioning why things are done in a certain way and generally bringing fresh perspectives.

For example, one employer in the Health & Social Care sector spoke about how young people bring fresh ideas for activities with patients, which keeps things interesting and exciting for them. Another, in the Creative Industries, felt the ‘trendy ideas’ of young people helped them to increase their audience amongst students.

“It’s bringing different skills, fresh ideas and alternative ideas into the workplace because businesses get stuck sometimes. It’s a bit of an echo chamber whereas we have opened one side of the box and let in some fresh air.”

Medium (50-249), Creative Industries, London, Not Engaged

“They come up with new ideas, and they’ve got a different way of thinking to the older people”

South (10-49), Retail & Hospitality, South, Engaged

In terms of specific skills that young people bring, employers typically speak about how young mention the value of technological and digital skills in an increasingly digitised workplace. While this is relevant to employers across all sectors, it was commonly mentioned by employers in the Creative Industries sector.

“We have one Kickstarter looking after a client’s Instagram account. A 40-year-old account handler is not going to be sorting out a client’s Instagram account whereas these youngsters know these things like the back of their hand.”

Medium (50-249), Creative Industries, London, Engaged

3 Motivations, benefits and enablers to engagement

Other examples of how young people's digital knowledge and skills have benefitted businesses include: young workers in the Health & Social Care sector showing patients how to connect with loved ones through social media; and apprentices in a Construction business instigated a more efficient process of digital data collection via tablet (instead of paper).

“A [young] casual worker suggested storing our data on the Cloud, so I contacted Sage and set it up with the employees help. A week later the server went down, but the data was all saved on the Cloud so we were ok.”

Micro (2-9), Construction, North, Engaged

A sizeable minority of engaged employers interviewed also speak about the energy and enthusiasm that young people can bring to the business being both a motivator and benefit. This benefit is less about the skills and ideas of young people, and more about their work ethic, motivation and energy, often in comparison to other colleagues.

“I’m not a spring chicken! I have lots of experience, but I think youngsters bring a new life to some things.”

Micro (2-9), Manufacturing, Scotland, Not Engaged

“Work placement young people do have the energy and want to learn and understand – they do seem to thrive in an environment outside school and their own peers within the classroom.”

Medium (50-249), Manufacturing, North, Not Engaged

Not only does this energy and enthusiasm have direct benefits for the organisation in terms of work ethic, but a handful of employers feel it can have a wider impact on staff morale.

“Younger people who come in recognise the experience of those who are older and the older people enjoy having somebody to teach their skills to [especially in the workshop], their ‘little tricks of the trade’... They all have break times and lunch times together... They all get on well.”

Medium (50-249), Construction, Midlands, Engaged

In a small number of cases, employers needed the actual physical energy, typically for unskilled, manual roles. For example, one employer working in logistics in the Retail & Hospitality industry found that young warehouse workers tend to be physically fitter and more productive.

“I can’t spend 8 or 9 hours on my knees anymore. If I can recruit a young person, it gives them experience plus it helps me with my health, so we’re both benefitting.”

Micro (2-9), Construction, Wales, Engaged

3 Motivations, benefits and enablers to engagement

Social and community responsibility

Some SME employers spoke about young people being 'the future', of their company, their industry, and society more broadly. They find it personally rewarding to help young people take the first steps in their careers, be that for work experience placements, apprenticeships or a permanent job. These employers also recognise about societal benefits such as reducing unemployment and the number of NEET young people.

"It's quite rewarding employing young people and then they come out the end with all their training... there's a lot of job satisfaction for us."

Small (10-49), Creative Industries, Scotland, Engaged

Some employers also speak about engaging with local young people out of a desire to 'give something back' to the local community. Most commonly, this manifests itself in engagement with local schools, either through partnering with them to offer pupils work placements or through engaging in work inspiration activities, such as careers talks.

'You want to help others. I think that's the main reason we would provide the work experience and training; it's more to give young people an opportunity, rather than what we can get out of it.'

Medium (50-249), Professional & Financial Services, London, Engaged

A handful of employers acknowledge that offering opportunities to young people also bring benefits to the organisation, so is not purely altruistic. Some recognise the PR benefits of being socially responsible, both amongst clients and with the local community. A few mention that increased visibility amongst young people and / or positive first-hand experiences can help build a talent pipeline.

"It keeps us visible in the community, which obviously helps when it comes to retaining business."

Micro (2-9), Construction, North, Engaged

"Some of the clients, I can think of some who love chatting with somebody younger with a different, you know, perception of life and things like that."

Small (10-49), Creative Industries, Scotland, Not Engaged

As discussed, over recent years SME employers are growing more conscious of equality, diversity and inclusion (despite typically not targeting disadvantaged or underrepresented groups). For a few employers, the engagement with the youth labour market is seen as a way of **increasing the diversity of their workforce**. These tend to be larger SMEs with apprenticeships programmes; they speak of how they engage more young people from diverse backgrounds through this route. One medium-sized SME in the Creative Industries notes that engaging with apprentices over the past 10 years has broken up the predominance of White, middle class employees at their organisation.

"If we can attract people from different backgrounds, different religions, etc., that's a mega plus for us because it's great for diversity and interests of the people that we support."

Small (10-49), Health & Social Work, South, Engaged

Financial benefits

Some SME employers cite the financial benefits of engaging with the youth labour market, although this is typically perceived as a secondary benefit. There are two main financial benefits: lower costs of wages and subsidised training costs. Perhaps unsurprisingly the benefit of lower wages was particularly valued amongst the smallest firms and those in the Retail & Hospitality (with a large volume of entry level roles). Subsidised training was often mentioned SMEs in the apprenticeship- heavy working in the Construction sector. This benefit clearly does not apply to work experience and work placements, where no wage is paid.

Context and conditions for engagement

The following section on maximising the value of such opportunities explores further how those that are engaging have brought those benefits to life in practice. These enablers are important to identify in terms of how employers can be better supported and better advised to increase and improve their engagement with young people.

The enablers broadly fit into the following categories:

- **Building relationships**, for SMEs, relationships are critical in enabling them to engage with young people. Key partners in providing access to young people are education providers, local councils and personal/business contacts.
- **Leadership buy-in**, i.e. at Board-level, from directors, owners, enables the organisation to dedicate the necessary resource to maximise benefits for the business and the young person.
- **Financial circumstances**, financial stability was mentioned as a contextual factor affecting their willingness / capacity to engage with young people. Financial growth also facilitates engagement by creating vacancies for young people to enter.
- **Availability of funding**, for a few employers access to subsidies to assist with the costs of engaging with young people (wages and training) is an enabler.

The two key enablers for SME employers both relate to an organisations' capability to engage with the youth labour market. Building and maintaining relationships is most crucial, although securing 'buy in' from senior leadership is also important.

3 Motivations, benefits and enablers to engagement

Building relationships

The key relationships for SME employers are with education providers, usually schools. It is common for employers to have built and maintained these relationships to engage young people (with their organisation and industry) as a pipeline of future talent and also to satisfy their social responsibility goals - giving back to local communities.

A few employers mention the role of **local councils** in facilitating work experience, work placements and apprenticeships. These employers acknowledge that the councils have the knowledge, contacts and resources that the employers do not always possess. Talking specifically about engaging with disadvantaged groups, one employer has worked with a local council to offer work experience to local school children with behavioural issues and poor academic attainment. This council has approached the employer, rather than the employer proactively seeking engagement with these young people.

"They [the local council] are very good at ensuring we know who to contact, what support there is for us out there, what grants there are out there for us."

Micro (2-9), Construction, North, Engaged

A few micro employers (2-9 employees) feel it is their personal relationships which have enabled them to offer opportunities to young people. For example, this can be through relationships with a client or a supplier; one employer in the Professional & Financial Services has offered a number of work experience opportunities to children of clients. Another employer in that sector has had their personal contacts within the sector successfully refer a young person when they had a vacancy to fill.

Case Study: Small (10-49), Creative Industries, Midlands, Engaged

The employer is an art gallery and museum which offers workshop space, holds exhibitions and has a shop and a café. They offer both structured and ad-hoc experience to pupils from the local school and college and the roles carried out can vary (e.g. front of house, assisting an art practitioner). They see working with young people in a creative way and doing community outreach as part of their role in society and do a lot of work to engage with young people from a range of backgrounds.

"If you want your organisation to prosper in the future, you've got to speak to the youth. That's it. It's obvious. You have to be thinking about succession planning for senior management roles ... new skilled individuals who understand the sector ... it's an investment in the future."

In terms of engagement with those from vulnerable groups, the employer has:

- Worked with the local college to place students with educational and support needs;
- Offered work experience 'respite placements' to young people who may struggle in a traditional education setting, and;
- Worked with the local youth club to identify opportunities it can offer young people.

3 Motivations, benefits and enablers to engagement

Their ability to engage with young people was severely affected by the pandemic, as they could not have people on site. As a means of maintaining their engagement, they created a video which was sent to local schools to give young people an idea of what career opportunities there are in the cultural sector. They are currently exploring ways they can specifically help young people worst-affected by the pandemic by: looking to re-engage with schools/colleges and the local youth service and exploring more areas for collaboration with other organisations. For example, they are holding meetings with a local homeless charity and a children's centre to see how they can work together.

The employer believes the networks and relationships they have built are key to enabling them to access vulnerable groups and places a lot of emphasis on maintaining those relationships. While they engage a lot with other organisations, they are always keen to do more as it is vital to being able to widen their network and accessing more people.

Key things that would help them do more:

- Consistency in relationships with education providers. "Teachers often change posts ... trying to build consistent relationships ... long-term ongoing partnerships and processes ... that is a big consideration when working with young people."
- Proactive approaches from intermediaries. "We spend a lot of time trying to cultivate and develop those connections ... whether it's a government agency or a bridging organisation, I want to hear about what ideas they have in terms of collaboration."

Leadership buy-in

Securing 'buy-in' to divert budget towards engagement is important in enabling employers to recruit and train young people, both of which can be costly. This is most important for recruitment of permanent employees, apprenticeships or longer term work placements (such as industrial placements) where wages and training are required. For all types of engagement however, employers need to be willing to divert or create the requisite resource to make it a worthwhile activity. For example, investing time into school outreach can help to ensure a better match between student interest and employer opportunity.

As will be discussed in the following chapter, supporting young people with lower levels of skills and experience, will require supervision time and that comes at a cost. SME leaders must see the value of such opportunities for that resource to be made available. Linked to this, a few employers mentioned it is important that the business is open to recruiting on potential rather than experience, to avoid indirectly discriminating against the young.

Financial position

These employers speak about their organisations needing to be in a good financial situation which enables them to 'absorb' the costs of providing opportunities to young people. These are primarily the monetary costs of wages, training and the lost time in productivity due to staff taking time out of their jobs to supervise young people.

3 Motivations, benefits and enablers to engagement

“[If we’re doing well] we can spend the money, doing any training we need to do, without thought.”

Small (10-49), Retail & Hospitality, Midlands, Engaged

“Without commercial success there’s no way you can afford to do these kinds of things.”

Small (10-49), Professional & Financial Services, Scotland, Not Engaged

Secondly, when organisations are performing well, they grow and therefore require more staff. This in turn enables them to offer opportunities to young people, often in terms of permanent roles. Further to this, one employer notes that because their business is performing well and gaining a good reputation, it is making it easier for them to attract young people into the business.

Availability of funding

The importance of (government) funding was discussed by a small number of SMEs interviewed primarily in relation to subsidised wages and training courses, and mostly concerning the costs available to help fund apprenticeships. One employer who is not currently engaged in the youth labour market mentioned that if there were financial incentives available to them from the government to help pay wages, then this would encourage them to engage with young people. The reason this would make them more likely to engage is that if the young person did not stay at the organisation for long then the cost of the ‘wasted’ investment does not fall squarely on the company.

Maximising benefits for the employer and the young person

SME employers were asked whether they had any processes in place to maximise the benefits of engaging with the youth labour market, for both employer and the young person. Most do, although typically, the smaller the organisation the less formal these processes are. Primarily these benefits fall into two categories: training and induction, and mentoring. In addition, a small number of employers mention the importance of wider, pastoral care.

Structured training and induction

A sizeable minority of SME employers interviewed report providing training for the young people they engage with. Typically, the longer the young person is with the organisation, the more structured and formal the training is, so employers are most likely to invest in training for those on permanent contracts and apprenticeships, as employers recognise that the more quickly they can provide the young person with the requisite skills, the quicker they will start contributing to the organisation in a meaningful way. Employers often report a ‘structured’ training programme for these young people, which can involve things like having a training plan with goals and regular reviews to monitor the young person’s progress, one to one training, or spending time in each department of the organisation, to learn all aspects of the business.

3 Motivations, benefits and enablers to engagement

“If I give them the relevant training, they’re going to benefit because they’re learning more, and in turn they’re going to be a benefit to me because they will be a more valuable resource”.

Micro (2-9), Professional & Financial Services, London, Not Engaged

For shorter placements, like work experience for school pupils, training is less common as employers do not expect to benefit from the training given to the young person. Shadowing of employees is more common for these placements, rather than attending training sessions.

A handful of employers also speak about the importance of a proper induction process, which helps the young person understand the organisation and their role within it. This is less about learning new skills and more about ensuring the young person feels comfortable and part of the organisation at an early stage.

“That [induction] makes sure we set them up correctly for them to be able to carry on in their role to the best of their ability.”

Micro (2-9), Retail & Hospitality, South, Not Engaged

Case Study: Medium (50-249), Creative Industries, England and Wales, Engaged

This Technical Solutions company in South London provides kit and personnel as well as installations and maintenance for theatres, events, conference centres and broadcasters, such as ITV and BBC. They have been hit hard by the pandemic, losing many employees – with 50% still currently on flexible furlough.

The employer actively seeks to recruit young people from disadvantaged groups into the business. Primarily they use Jobcentre Plus to access these young people but are also linked with an employability programme run by their local council, which aims to support young people in care or moving out of care. In addition, the employer has a list of partner agencies that target young people in disadvantaged areas and work with local charities to ensure the achieve diversity.

“We target disadvantaged areas and disadvantaged schools.... We also reach out to people to do work placements so we can get through more people and get them to come in and experience it and see if they like it”

“We are under no illusion that young people with disadvantages won’t need more management and support but that’s important to the company, so we do it and don’t consider it a challenge. It’s part of the company [ethos].”

In terms of work experience, the employer does outreach with local schools and goes to career fairs where they promote the industry to pupils. They also have a presence at industry events like Theatre Craft.

3 Motivations, benefits and enablers to engagement

The employer reports working with other organisations in their network and have swapped work placements to help young people find the best placement for them. They vet work experience pupils because they have had experience of pupils being placed with them with no interest in the organisation or the industry.

The employer has an 'award-winning' apprenticeship programme that it has been running since 2011. This has been on pause since the outbreak of the pandemic, but they hope to resume the programme in September. Apprenticeships are generally in technical roles but also business administration. They are more likely to take someone onto their apprenticeship if they have done a work placement first.

To maximise the benefits for the apprentice and the business, cohorts of apprenticeships are given buddies in each area of the organisation they are trained in and are also given mentors on the pastoral side.

“The most common route is to do a placement from school and then apply for the apprenticeship. I'd say a 50% greater chance of them having an interview because we know them and people have worked with them.”

“Young people are across the board: customer service, the warehouse, wherever. We do all the training in-house.”

Mentoring and buddying

Around half of SME interviewed mention some form of mentoring or 'buddying up' between an experienced employee and the young person. While often not formal, structured procedures, employers view these as essential for the young person to develop. For some young people, mentoring is delivered in conjunction with training programmes; again this is more likely for permanent staff or apprentices. However, mentoring and buddying often replaces formal training for young people in shorter placements such as work placement from college or school work experience.

“Everyone is given a buddy. With the younger people they tend to be given someone who is near to them in age. Everyone has someone and when I meet with the new joiners (young or old) in my HR induction I check if they know who their buddy is, who they can turn to if they need anything.”

Medium (50-249), Creative Industries, London, Engaged

How mentoring looks can vary considerably from organisation to organisation, regardless of sector and organisation size, but more commonly smaller organisations will not have formal processes in place. Where this occurs in smaller organisations, the young person can naturally find themselves spending lots of time with one employee due to the nature of their role, meaning they learn lots from them even if they are not designated as a formal mentor.

3 Motivations, benefits and enablers to engagement

Some employers think it is important for the young people to spend time with other young people in the workplace. A few employers have found it useful in the past to pair young people with younger employees, as they find they are able to relate to each other better. Another employer reports they try to pair a couple of young starters together with an older mentor, to share different perspectives and experiences.

Where employers do engage with disadvantaged young people, there is typically little difference in the support they are provided, although there are a few notable exceptions. One employer in the Professional & Financial Services sector mentions having a mentor for disadvantaged young people coming into the organisation. The employee themselves has come from a disadvantaged background, with a history of offending, and has now been with the organisation for 10 years. The employee talks to young people and shares their experience and how they have turned things around for themselves.

Another employer mentions that the young people engaged through Kickstart have a dedicated mentor responsible for easing them into working life; while they have not been doing it long they think it is working and the young people are getting on well and enjoying their roles.

Pastoral care

A few employers also speak about the wider support young people are given, i.e. pastoral care. These employers provide mentoring and line management support for the young person but stress that this is to ensure their wellbeing, rather than being aimed at the skills and experience gained on the job. For example, they may ensure that any concerns the young person has are listened to, that they feel comfortable in their role/department and that they are not having issues with any other members of staff.

“Myself and my business partner are very dedicated to making sure people feel at ease at work ... starting a new job as a young person can be a very stressful environment. We really ensure there is no backstabbing or hostility ... that they don't feel intimidated in the workplace, something that happened to me a lot.”

Micro (2-9), Retail & Hospitality, Scotland, Not Engaged

4 Costs, challenges and barriers to engagement

This section presents the costs of engaging young people in the workforce and the main attitudinal and practical challenges to doing so. These are broken down into employers' capacity/capability to engage, their motivations to engage and the extent to which they have the opportunity to do so. It also outlines the potential solutions employers suggest to overcome some of these challenges.

Costs of Engagement

Only a few of the SMEs interviewed talked about the financial barriers or challenges of engaging in the youth labour market. These tend to include the cost of wages and training, but also sometimes equipment, advertising and other expenses. Those who point out these costs also say that they just tend to absorb them. For example a Construction employer mentions costs around supervision, travel expenses, and wages but that this is accepted as part of the pathway to have a full-time, qualified member of staff. This suggests that while financial costs are a challenge for employers they are not necessarily a barrier to engagement.

A few SME employers cite that a way to mitigate the burden of increased financial costs would be to more, or more easily accessible, Government funding to subsidise things like wages, equipment or training. This would help offset the costs, which are primarily experienced as low productivity amongst the young people and those responsible for supervising and training them.

“Wage costs is always a worry because of non-production when you have taken on a young person. Regular government help is important. We would like an initial one-off payment to help kit them out e.g. PPE before they even go on a job. Maybe a bit of an extra subsidy during a work trial placement for a few weeks. Perhaps a bonus if you decide to recruit and train an apprentice – the Government is doing that at the moment but it's not year round. The Government should provide support continuously. The money could disappear again but it needs to be constant to keep companies onside.”

Medium (50-249), Construction, Engaged

Challenges and barriers to engagement

The most commonly reported set of challenges and barriers in this research, are those that relate to employers' capability (or capacity) to offer work-related opportunities to young people. These are:

- **Work readiness of young people.** A key challenge experienced by many employers was young people not being 'work ready'. This increased supervision and training time but also presented challenges relating to behaviour, retention, and attendance.
- **Wider staff resource.** The 'burden' placed on other staff to support young people in the workplace is the primary challenge identified by nearly all employers interviewed. It also has the greatest impact on their level of engagement.
- **Difficulties accessing young people.** Less commonly reported, this challenge is particularly related to employers seeking to engage underrepresented groups or more disadvantaged individuals.

Work readiness of young people

Employer Skills Survey data shows that, overall, around half of employers that had recruited any education leavers in the last 2-3 years felt that these recruits were prepared for their job role, with the proportion rising in line with the level of educational achievement, from 56% of those that had recruited 16-year-old school leaver to 78% of those that had recruited university leavers.

SME employers interviewed in this study perceive young peoples' lack of work readiness as a potential barrier to employing them or offering them placements or work experience. This is more commonly mentioned as a barrier by those not currently engaged, but mentioned by many who are engaged, nonetheless.

Work readiness is primarily to do with the softer skills required for the workplace, since typically employers accept that young people lack technical skills. Employers cite things like poor attitude, lacking a work mindset, lack of motivation, poor timekeeping, low self-confidence, poor communication skills, excessive mobile phone/social media use, immaturity, unwillingness to work long hours/weekends, and a few mention poor attendance or excessive sick leave, or mental health issues.

"They don't want to turn up at 8 o'clock and they don't want to come in on a Sunday."

Medium (50-249), Health & Social Work, Engaged

Most employers who cite lack of work readiness as a barrier have had first-hand experience of this in the past, which in some cases has put them off engaging with the youth labour market. Lack of work readiness was mentioned by employers across all sizes and sectors of SME employers, although particularly by those in the high youth employment sectors of Retail & Hospitality, and Health & Social Work.

4 Costs, challenges and barriers to engagement

Case Study: Small (10-49), Retail & Hospitality, Not Engaged

The business is a café in Hertfordshire who are not currently engaged in the youth labour market.

They have been heavily impacted by the pandemic, with a lot of staff on furlough and real difficulties recruiting staff, particularly chefs. They feel that the industry is facing particular difficulties recruiting at the moment because jobs are at risk if further lockdowns are enforced, so workers are seeking more secure jobs.

Negative previous experiences have put the café off engaging with young people, largely because of the poor work ethic of the young people they have previously engaged with. They think this is partly due to café work being an undesirable job for many young people, unless it is a stop gap.

“I found it pointless, because people don't aspire to work in a café, they don't treat it as a real career. So what happens is it's not taken as seriously as if they were working in an office.....Ten years ago you knew where you stood with people, now it's like every single young person that you employ, they're doing you a favour. If they haven't got their phone in their hand, they're not happy”

Additionally, the employer did not see any benefits to the young person, mainly because of them not being work ready.

“You get a few that work hard because they know the value of money, but the rest come in do what they believe the bare minimum is and then leave.... They're not using their own initiatives, whereby working in a team is fine as it's social, but if you ask them to do a job separately you find they get really demotivated.”

A further barrier to engagement is the supervision time needed, which comes at a direct cost to the business.

“My time is money and therefore it costs me”

Whilst issues with work readiness are primarily expressed in terms of 'soft skills' rather than technical, job-related skills a handful of employers cite the lack of the required experience or skillset, as a barrier to engaging. This is mentioned primarily by small and micro employers, and in the Manufacturing and Professional & Financial Services sectors, where tasks may be more complex or require more supervision than in some other sectors.

“Taking on a young person is 'dead money' for three years because you're going to get nothing (or little) out of them in terms of productivity for the first couple of years ... And you have to write-off the costs of mentoring that person internally and the additional time spent on jobs, the wages that you pay them, and a portion of the wages of the person that's having to mentor them.”

Medium (50-249), Professional & Financial Services, Engaged

4 Costs, challenges and barriers to engagement

Solutions

Given the investment required, SME employers wanted to be sure they were getting the right candidates who were worth supporting and upskilling. As a result a number suggest that applying a rigorous selection criteria and interview process to reduce the risk of poor soft skills. Other, perhaps more inclusive, approaches included provided a thorough induction, adequate or enhanced staff supervision and, crucially a degree of patience whilst young people adapt to working life.

In addition, employers feel that there is a role for education providers in teaching work readiness skills. Young people also have a role in terms of being open to change and willing to, even if they do not have the skills and experience to be 'work ready'.

Wider staff resource

Around half of the SME employers interviewed for the research perceive lack of staff resource to be a barrier to engaging in the youth labour market, while slightly fewer cite the impact of staff resource needed to support young staff as a challenge/cost of engaging. This is therefore the main challenge for SME employers in terms of engaging or engaging more with the youth labour market.

The impact on staff resource is primarily the time required for supervising and/or training the young person, which means less time spent on their own jobs and ultimately lost productivity for the employer. These impacts can be felt more keenly in job roles where the young person requires a high level of supervision. For example, if constant supervision is a legal requirement in a Health & Social Work role where the young person is providing care for a patient.

“We feel we can't take on a many as we want to because it is impacting on other's time and energy – those who have day-to-day client work to do.”

Medium (50-249), Creative Industries, Engaged

“Because it'd generally my time taken up in supervision and that's quite costly to the business if I'm not generating new business or looking after and assisting clients.”

Micro (2-9), Retail and Hospitality, Not engaged

4 Costs, challenges and barriers to engagement

Solutions

Typically, employers feel the best way to combat this barrier is to provide training and support from an early stage to get the young person 'up to speed' quickly and thus reduce the supervision they may need on an ongoing basis. This also means the organisation benefits from the young person's productivity earlier on, so they see a return on their investment more quickly. In addition to training, one employer mentions conducting monthly 1-2-1s to ensure the young person stays engaged and to see whether they need any training or anything else to meet their needs. Being proactive in this way helps to reduce the ad-hoc 'burden'.

"We have such a good induction program, so that if we set things up correctly at the start and give them all the information they need to successfully complete the role, then it should cause less supervision as we go along."

Micro (2-9), Retail & Hospitality, Engaged

Difficulties accessing young people

Difficulty accessing young people is a significant barrier to engaging in the youth labour market – both the requisite volume and the right candidates. Some organisations cite difficulties finding the right gateway organisations, with a few citing previous poor experiences with certain organisations. One Creative Industries employer describes the two colleges that they have sourced apprentices from as "pretty abysmal". Other employers feel that universities, schools and colleges can be doing more to ensure young people are matched to the right employers.

"The schools I've worked with through various organisations will contact me direct but generally schools don't know that they can reach out to people or maybe it's for us, companies, to reach out to schools? I am not sure how that could work going forwards. I would like contact with all the schools in a 2 mile radius: I would offer my services to them as a type of mentor to talk to sixth formers and I could offer work placements and we could do it that way round."

Medium (50-249), Creative Industries, Engaged

Advertising through more youth-oriented recruitment channels has been successful for a couple of employers, who have found that it is easier to reach young people using digital methods and networks. Some reported low levels of success from more traditional approaches such as advertising in newspapers and attending job fairs.

"It's really making sure you're plugged into the right social media platforms to be able to attract the people you're looking for."

Medium (50-249), Manufacturing, Not engaged

4 Costs, challenges and barriers to engagement

Where SMEs were not engaged or not as engaged as they could or would like to be, a number gave suggestions for the additional support they would like to receive. A few employers said they would like education providers to be more proactive in finding opportunities for students, with a general feeling that too much emphasis is placed on attainment and not enough on preparing young people for a career.

“The colleges have got to take more responsibility...they have a responsibility to work with local companies.... All the colleges are interested in is getting the money for getting the students through their courses – it’s bums on seats.”

Medium (50-249), Construction, Engaged

A few respondents speak about wanting to have an intermediary or bridging organisation who helps to match young people to employers – ideally they would understand the nature of their business and there would be a named liaison point with whom to develop a working relationship.

“[I would like the support to come from] somebody who understands how you get the link between young people and Further Education that they might need. Somebody that you could make contact with (e.g. to find apprentices)... The last time we wanted to take an apprentice on, into the purchasing team, recently we could not find an apprenticeship to put the young person on and I rang the college and all sorts....”

Medium (50-249), Manufacturing, Engaged

There are also calls from several employers for more information and advice on how they can engage young people, particularly from unengaged employers. This could be from local councils, central Government (e.g. Gov.uk, DWP) emails (e.g. brochure/literature by email and then follow-up emails) and webinars are cited as helpful avenues for this information. However, ideally this support would be hands on practical support rather than just accessing information (e.g. someone working with the employer to scope opportunities, provide access to a pool of suitable candidates and facilitate the recruitment of the right candidate). The appetite for more information and support from government and other agencies is spread across SME employers of all sizes, sectors and regions.

“More information – literature by email. We would review and look at it and potentially if it was something we wanted to pursue someone could come in or give a presentation on their services and offering. If it’s going to bring something to the business we would always give it consideration.”

Medium (50-249), Manufacturing, Not engaged

We spend a lot of time trying to cultivate and develop those connections, whether it’s a government agency or a bridging organisation, I want to hear about what ideas they have in terms of collaboration. ... A shared element of support would be really helpful... maybe some help with processes, to create pathways to employment. I’d like to see what that could look like.”

Small (10-49), Creative Industries, Engaged

4 Costs, challenges and barriers to engagement

Further information and support from government and intermediaries is particularly important for the engagement of disadvantaged young people, who are the hardest for employers to access.

“It’s just support from the bodies who can help here – the external bodies who are well versed in this kind of area, this age group, because I wouldn’t know where to start, so it’s more teaching me, really.”

Medium (50-249), Manufacturing, Not engaged

Solutions

Building **closer relationships / partnerships with schools, colleges and universities** who can help them reach young people is perceived as an obvious way to help address this issue, and mentioned more by unengaged employers. Key to these relationships is working together closely in the recruitment process to ensure the right young people are recruited/provided opportunities.

Similarly, **intermediary organisations** to help SMEs to navigate the complex landscape of youth employability, as well as additional advice on guidance on how to reach the most disadvantaged would be valued. This is perhaps a recognition that time poor SMEs, without dedicated resources at their disposal, are unlikely to go above and beyond their immediate business needs without some additional support.

A further set of challenges and barriers relate to employers' motivation to offer work-related opportunities to young people. For SMEs there is a specific concern around poor retention, which affects their willingness to engage with young people.

Retention issues

Some employers feel that young people are unlikely to stay at their organisation for a prolonged period of time, meaning the initial investment they make in them comes at a risk as they are likely to leave before the employer recoups that investment. This can lead some employers to look to older staff who they feel are more likely to be loyal.

SME employers interviewed have various ideas about to address the retention issue. One employer mentions that they now plan to alter their contracts to ensure employees stay for at least one year within the business (although in practice this may be difficult to enforce). Another, who finds it difficult to keep young people on as they become disillusioned with shift and weekend work, has made requirements and expectations clearer in the recruitment process.

“We may do what other companies do – the individual would sign a contract to say, they will be here for one year. What’s the point of us paying them x amount and trying to help them with courses etc. and then after 3 weeks they say ‘nah, it’s not for me?’”

Small (10-49), Professional & Financial Services, Not engaged

4 Costs, challenges and barriers to engagement

A small-sized SME working in Health & Social Care advised that the risk of early departures can be mitigated, to an extent, by having talks with young staff members to make sure that they are happy in their role, and that their needs are being fulfilled – in other words through regular mentoring check-ins or appraisals.

One employer, working in Manufacturing, feels that this is the nature of employing young people and that they have had to adapt their expectations regarding retention. They understand that young people like to try out different roles and if they get 18 months - 2 years from a younger person, then they are happy, as they feel that the benefits of employing young people outweigh the retention issue.

Solutions

Addressing this challenge / barrier requires similar approaches to those relating to youth work readiness. Again, SME employers wanted to be sure they are investing in the 'right' candidates who will be loyal to the company. To some extent they are operating blind as few have calculated how long they would need an employee to remain with the company to see a return on this investment. Solutions are perhaps counterintuitive and high risk for employers, in the sense that they need to invest more rather than less in young people who they are concerned about leaving, in terms of **enhanced supervision, regular check-ins and clear progression pathways, to reduce turnover. In addition, **realistic expectations** are required given that it is natural for many young people to move between roles as they find their place in the labour market.**

The final set of challenges and barriers relate to the **opportunities** that employers have to offer work-related opportunities to young people. These are less commonly mentioned by large employers due to their size and available resources; they relate to:

- **Current context.** Covid-19 has limited the in-person activities employers can offer. Recruitment has generally reduced and engagement with youth employability programmes has dropped.
- **Logistical challenges.** Issues such as remote locations, health and safety considerations.
- **Business size and structure.** Restrictions of business size or structure can mean employers are not able to provide, or are only able to provide limited, opportunities for young people

4 Costs, challenges and barriers to engagement

Current context

The ongoing Covid-19 pandemic has significantly impacted the opportunities employers are able to provide for young people. Some have paused their offer of work experience or work placements, have halted recruitment or have had to furlough young people (as well as other staff). Of those who mention this as an issue nearly all of these are currently engaging with the youth labour market, but less than in previous years. Larger SME employers mention Covid-19 as a barrier more so than small or micro firms.

“The biggest barrier has been Covid-19 because it has restricted us from taking on staff members because we feel that it’s hard to give them the full potential of work experience. That’s the only barrier stopping us from progressing.”

Micro (2-9), Manufacturing, Engaged

Logistical challenges

Employers situated in less accessible locations occasionally cite this as a barrier or challenge of engaging with the youth labour market. These employers think the difficulties of access – e.g. needing to drive (and so ruling out those who have not yet passed their test or got a vehicle), or infrequent public transport– and the associated costs incurred, mean the opportunity is less attractive to the young person.

A handful of the SME employers say that the nature of the work is problematic for taking on young people. Some jobs in potentially hazardous environments can have health and safety regulations preventing young people of a certain age or without certain certification engaging, or can have prohibitive insurance costs. The employers who cite this issue are all nevertheless currently engaging, and are all medium-sized businesses (50-249 employees). Examples of this as a challenge to engagement include:

- A Retail & Hospitality firm saying that employing 16 years olds is challenging because of the physicality of their work and the insurers have warned against having them in the warehouse.
- A Construction firm saying that Construction is a high risk industry for young people and completing extensive risk assessments for work experience placements takes up a lot of management and administrative time. They are visited annually by the County Council to check compliance with health and safety requirements.
- Another Construction firm saying they have to do extra health and safety checks for young people so it takes up time, and a Health & Social Care business saying tailoring risk assessments to young people can be both time consuming and costly.

4 Costs, challenges and barriers to engagement

Solution

To address poor transport links, the SMEs in this research identified a variety of creative solutions, including: facilitating lift shares, running mini bus shuttles, flexing young person's hours to fit around the transport timetables, or offering salaried loans to allow them to buy cars or bikes.

"It's about offering them alternatives just to really give them the opportunity... [the salaried loans to buy a car] are not really major costs to the business, they are just a part of supporting younger people."

Medium (50-249), Manufacturing, Engaged

Business size or structure

A few SME employers cite their (small) size or (flat) structure as a barrier to engaging – and more so by those not currently engaged than those who were. Where size is an issue, the main issues are that they cannot spare enough staff to supervise the young person, or that there are simply no roles they can offer. For example, a small Creative Industries employer said that their business had a lack of pathways into employment for young people, since there is only a core staff of three at the organisation and the rest of the roles are project dependent/ ad-hoc. Additionally, a medium-sized Retail & Hospitality business reports that they do not have the staff numbers to be able to look after young people doing work experience; their staff levels are still very low compared to pre-pandemic and they need to focus on recruiting staff at the moment.

Solution

Typically, where the barrier is due to the nature of the business, be it size or structure, the only realistic solution is indeed to grow the business, which would in turn provide more opportunities to engage with young people. So, where employers envisage growth they anticipate being able to provide opportunities in the future. However, this is admittedly not an aim for all employers; these do not anticipate engaging in the youth labour market going forwards.

5 Future plans to engage with the youth labour market

SME employers were asked about their plans regarding engaging in the youth labour market, to determine whether they foresee them changing their behaviours and activities, or whether they will continue as they current are.

Covid-19 recovery

Employers' answers about what the future holds for them are often framed within the context of recovering from the Covid-19 pandemic. If employers think they are over the worst of the pandemic (or are expecting to recover in the near future) then they typically intend to resume the engagement activities that have often put on hold due to the pandemic. For example, one employer mentions how they will begin to redevelop the links they had with schools for work experience, which has been put on pause for the duration.

A handful, who expect their organisations to grow, they think they will therefore be able to increase their engagement with the youth labour market. For example, a few of these organisations (one in the Creative Industries and one in Retail & Hospitality) mention how they will soon take on young people through the Kickstart scheme and also increase their intake of apprentices. Further, the employer in Retail & Hospitality has a number of entry-level vacancies, which will largely be filled by young people.

A few employers have been affected significantly by the pandemic, and there is still a level of uncertainty over their future. This means that while they are hopeful they will be able to resume their engagement with young people, they are currently primarily concerned with survival and being able to retain their existing staff, rather than bringing new people into the business. That said, one employer in the Retail & Hospitality sector, who has been hit hard by the pandemic, is having real difficulties recruiting enough staff so expects their engagement with young people to increase as they will take "all the staff we can get".

"I'd like to say more [opportunities] but it really depends on what the market dictates what demands there are on the business ... we're hopeful things will pick up."

Micro (2-9), Retail & Hospitality, Not Engaged

Employers who have been relatively unaffected by the pandemic generally do not expect their approach to the youth labour market to change significantly. Those employers already engaged tend to expect to continue employing young people, apprentices and/or offering work experience and work placement opportunities. Those who were not engaged before the pandemic generally do not expect their position to change in the near future.

5 Future plans to engage with the youth labour market

Drivers for change

If they are expecting **business growth**, SME employers tended to say they also expected to provide more opportunities for young people. This would be through the creation of new positions or through provision of opportunities motivated by altruism (e.g. apprenticeships, work placements). If the employer does not expect business growth, they expect to maintain the status-quo regarding the youth labour market.

A few employers mention how **personnel changes** within the organisation will open up opportunities for young people. For example, at one employer the Managing Director is soon to be stepping down, meaning a senior staff member will fill that position thus opening up an opportunity for an apprentice. This, however, is reacting to circumstance rather than actively trying to increase engagement with young people.

In terms of the increasing role that **technology** will play in the workplace, a few employers are expecting this to drive their engagement with young people, who they perceive to be more adept at using technology than older employers. That said, one employer, an accountancy firm, thinks the increasing digitisation of the workplace will mean artificial intelligence replaces entry-level roles, meaning fewer opportunities for young people.

Only a minority of currently unengaged employers are looking to engage in the youth labour market in the near future. These employers tend not to cite any specific barriers to engagement but do not currently have vacancies and do not see particular benefits in doing so. Invariably, these employers have limited if no knowledge of the youth labour market so may benefit from guidance about the benefits of engagement.

EDI and disadvantaged groups

There is little expected future change in approach from employers in relation to equality, diversity & inclusion, and engaging disadvantaged groups. As discussed in Chapter 3, SME employers typically try to ensure a fair approach to recruitment and engaging with young people, so they do not believe they discriminate, but very few actively engage with young people from disadvantaged groups; largely, this is not expected to change.

However, a handful of employers reported that they expect to increase their activities. There is interest in the Kickstart scheme amongst some; a few are engaged already, while a few plan to take on young people through the scheme in the coming months, and one is currently looking into how they might engage with it. Those interested in Kickstart are all currently engaged in the youth labour market, had at least 10 employees and work in either the Retail & Hospitality, Creative Industries or Construction sectors.

While a number of employers are becoming more conscious of the need to help those from disadvantaged groups and/or facing multiple barriers to work, they often have not taken any concrete actions yet and do not have immediate plans to do so.

6 Conclusions and recommendations

This chapter discusses how the findings from the research answer the original research objectives for the study. It then moves on to discuss recommendations for helping employers to engage in the youth labour market.

Attitudinal / behavioural barriers and enablers

In terms of how attitudes and behaviours can shape engagement with young people, SME employers are most likely to cite the importance of securing 'buy in' from senior leaders and decision makers, both in terms of diverting requisite budgets and diverting staff resource. This is most important for longer forms of engagement, such as recruiting permanent employees or apprentices, where more financial and human resource required.

However, the attitudes of senior leaders at SME employers can often prohibit their engagement with the youth labour market, or at least reduce their willingness to engage, often due to negative previous experiences. This is largely because these employers perceive young people to lack the skills and work readiness for them to be an asset to the organisation. This can be a short-term outlook, with the employer more concerned with the young persons' immediate value to the company, rather than what they can offer longer term.

SME employers interviewed often feel they are inclusive in their recruitment approach, which they often consider to be enough in terms of equality, diversity and inclusion. They generally do not proactively seek to engage those from disadvantaged backgrounds, although a few are aware that they can be doing more to engage these groups and are looking at ways they can do this.

Operation and logistical considerations

Operational and logistical considerations are key determinants of an employers' ability to engage with the youth labour market. For those who do engage, the most important enablers are: the networks created with other organisations (such as schools, colleges and councils) to facilitate engagement; financial support and being in a financially secure position; staff having the requisite time and skills to supervise and train young people, and; the organisation being in an accessible location.

The operational and logistical costs and challenges of engagement broadly mirror those identified as enablers. Most important are: being able to spare enough staff resource for supervising and mentoring young people; the difficulties accessing young people (in terms of quantity and quality); the financial costs of engagement and difficulties accessing sites.

In addition, there are wider contextual factors affecting SME employers. The Covid-19 pandemic has restricted recruitment or access for work experience/placements, and the business size or structure not enabling them to engage young people.

Skills, knowledge and resources to engage

SME employers' past experiences can be a motivating factor for engaging with young people, either if they themselves benefitted from work placements or apprenticeships in the past or from positive experiences with young people coming into the business. More commonly, however, employers' past experience can put them off or make them wary of engaging with young people. In terms of work experience or work placements, this is often due to the perceived poor attitude of the young person, whereas for permanent recruitment and apprenticeships employers can face issues with loyalty and retention.

Where employers do not engage, or do not engage as much as they would like to, there is a lack of knowledge about how to engage. These employers typically do not know how to access support nor how to navigate the youth employment landscape, particularly regarding government support and schemes.

The motivation for engaging with young people from vulnerable backgrounds, where there is indeed a motivation, is primarily driven the idea that it is 'the right thing to do'. The few SME employers engaging with these groups are less motivated by their own experiences. Lacking the skills and resources to engage these groups themselves, they often seek external support, for example through the Kickstart scheme.

The power of the business case

The business case is important for SMEs, who most commonly cite the need to secure a pipeline of future talent as a key motivator. Engaging with young people, primarily through permanent employment, employers can fill vacancies in the short term (typically for entry-level jobs), while engaging young people on a permanent contract or through apprenticeships can help fill skills gaps in the medium to longer term. Work experience and placements can be important in helping to ensure the longer-term pipeline, as employers see them as a useful way of fostering interest in their organisation and industry more broadly.

Even when employers cite their social responsibility as a motivation, this is always reported as secondary or additional to business need; either securing the employment pipeline or bringing new skills, ideas and energy into the business. In order for SMEs to engage more with disadvantaged groups there must be a change in mindset so that they welcome the benefits that diversity can bring to a business, rather than them seeing engagement as 'helping out' those worse off.

Recommendations

Employers

In order for more employers to engage with longer-term opportunities (e.g. permanent recruitment, apprenticeships), there must be an acceptance that there will often be a cost or challenge in the short term (most commonly the costs of supervision time and training) when the young person is not yet productive, in order for them to see a return on their investment in the medium to long term, when the young person is a valuable asset.

It is therefore important for employers to minimise the amount of time that the young person is proving costly on balance to the organisation and help to make them productive as quickly as possible. This can be achieved through a well-structured induction, training and mentoring programme where the young person is provided with the relevant skills and experience at an early stage. While this in itself increases upfront costs for an organisation, the benefits of this investment should show in the medium to long term, with productive young people in the workforce who are more likely to remain within the organisation.

Retention issues can be addressed by providing the right support for the young person so that they feel comfortable in their roles and are less likely to leave. Clearly setting expectations about the role at the outset may also help retention, so that the young person has a realistic idea of the opportunity. Employers must also be realistic in terms of the length of time they can expect a young person to remain with their business, at an early stage in their career.

In terms of accessing young people, employers should be encouraged to foster relationships with organisations that can help them reach the right candidates. For example, a positive working relationship with a school or college can help to ensure that the young person matched with an employer has an interest in the organisation or industry, which is therefore more likely to result in a positive outcome for both young person and employer. This is particularly important to enable SMEs to engage with disadvantaged groups, who are the most difficult to access.

Education system

Schools, colleges and universities can help to support employers to ensure that placements are a success, in different ways. Working together with employers on the structure of placements can help to ensure that the young person is gaining the right skills and experience at the employer. This collaboration can also help to ensure students are matched with the right employers.

More broadly, more focus from schools and colleges on preparing young people for the workplace can increase work readiness, by helping young people to build the softer skills (e.g. communication, time management) that employers are looking for.

Intermediary organisations / youth employability sector

SME employers need to be supported to adopt more inclusive hiring practices when recruiting young people, considering how to ensure they are reaching, attracting and hiring a diverse workforce. Intermediary organisations whose focus is improving employment outcomes for disadvantaged young people can help equip SME employers with the knowledge and tools to access and recruit diverse groups. Further, they can work with SME employers to identify how to maximise the value of opportunities, for example with structuring placements and ensuring the young person is provided with the requisite care and support while at the employer.

Very few employers have done anything to compare the cost of having a young person at the organisation (e.g. wage costs, cost in hours until they become proficient) to the savings (e.g. subsidised training, lower wages compared to older employees). For the vast majority, decisions about engaging with young people or keeping them on in the business (for example at the end of a placement or an apprenticeship) are made on judgements about their performance and/or ability based on anecdotal evidence. If this evidence is out there, then employers are not making use of it.

Government

Governments should work together with the youth employability sector to make a case for further awareness-raising of the benefits of engaging in the youth labour market. This could help to create perceived greater incentives or a tipping point. There are no consistent barriers or challenges driving lack of engagement. This suggests an overarching need to change or expand the discourse about recruiting /engaging with young people (particularly those from disadvantaged backgrounds) as being about 'doing the right thing' or altruism. At least among SMEs, making the business case and being honest about how to address challenges, is critical.

As well as thought leadership, there is a need for practical advice to help SMEs engage. Important aspects of this are: how to access young people/gateway organisations; how to structure placements, induction, training, and providing care/support for the young person. Again, this is particularly important to help SMEs engage with disadvantaged groups, who employers typically find hard to access.


A number of SMEs in this research were in the process of considering or beginning to engage in Kickstart. Further extension to the scheme would be beneficial to enable new SME employers to offer funded work placements to young people. Government must then work with employers and the youth employability sector to facilitate transitions into traineeships, apprenticeships and other progression opportunities.

Some SMEs may need financial support to help with employment costs, to make it feasible for them to proactively and meaningfully engage in youth employment within the next few years. Without this, the focus will be on maintaining their current workforce, rather than engaging young people.

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