

# Research Summary: Employer engagement in the youth labour market

Youth Futures Foundation  
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In partnership with:





## IFF Research

**IFF Research** is a full-service research agency which delivers insightful, strategic research to the private and public sector. Established in 1965, they specialise in supporting clients across seven key sectors: Learning & Skills, Higher Education, Regulation, Business & Enterprise, Work, Welfare & Wellbeing, Financial Services and Housing. They offer a wide range of research services, incorporating quantitative and qualitative research, including a large telephone interviewing team of around 1,000 interviewers.



## Youth Futures

**Youth Futures Foundation** is an independent, not-for-profit organisation established with a £90m endowment from the Reclaim Fund to improve employment outcomes for young people from marginalised backgrounds. Our aim is to narrow employment gaps by identifying what works and why, investing in evidence generation and innovation, and igniting a movement for change.



## Movement to Work

**Movement to Work (MtW)** is a not-for-profit coalition of UK employers, youth-outreach organisations, training providers and government allies – all aiming to level the playing field for young people aged 16-30 facing barriers to work. As a robust delivery partner, MtW works with employers to design bespoke youth employability programmes, either in-house or through one of their recommended training providers. With hundreds of organisational members, Movement to Work has a proven track record of driving social mobility with over 125,000 work placements delivered to date, made possible by employers, charities and Government working together. Collectively MtW has provided young people with diverse and empowering experiences ranging from hospitality to engineering, with regional hubs working in London, the Midlands, North East and North West to make a real difference nationwide.

# Research Summary: Employer engagement in the youth labour market

Youth Futures Foundation commissioned IFF Research to explore employer engagement in the youth labour market i.e. recruiting young people, participating in apprenticeships and traineeships, and providing work experience and work inspiration activities. The research comprised analysis of the Employer Skills Survey 2019 and qualitative research with over 90 employers across size, sector and region.

## Employer engagement in the youth labour market

Capitalising on the huge sample size of the Employer Skills Survey (ESS) dataset – 81,000 participating employers - it is possible to determine the combination of factors that drive **overall employer engagement in the youth labour market**. Using an engagement scale, with high engagement indicated by participation in a higher volume of activities, we see that size (number of employees) is the dominating factor meaning that the larger the employer the greater the engagement<sup>1</sup>. Within sizeband, sector is the secondary factor affecting engagement, with variation by sector then explained by the extent to which there is a demand for new labour, i.e. whether a business has vacancies they need to fill and/or any skills gaps within their existing workforce.

What this analysis shows is that, for the largest businesses of over 100+ employees, there are no differences in scale of engagement by sector and there are some sectors that feature generally higher (e.g. Education) or lower (e.g. Transport/Storage) engagement throughout. However as employer size decreases the interactions between sector and labour demand become more complex. For example, amongst the 50-99 size band there is a collection of service-based businesses (Education, Business, Arts/Other, IT and Communications) that are more engaged overall, and there are businesses in the Transport/Storage and Public Administration sectors that are less engaged overall. However there is also a set of people-intensive businesses in sectors such as Retail and Hospitality, Manufacturing and Construction where engagement is higher if those employers are experiencing gaps in their current workforce for “skilled occupations”, or where they have hard-to-fill vacancies.

The ESS data also enables us to look in more granular detail at levels of engagement with specific forms of youth labour market activity. In terms of **recruitment of young people**, overall, 45% of those employers who had recruited in the last 12 months, recruited at least one person aged below 25 years old. The ESS data also shows whether employers are giving young people their first jobs out of education, perhaps a better indication of their commitment to youth employment. Levels of engagement there are similar with three in ten employers (30%) having recruited an education leaver in the last two to three years (i.e. from school, college or university).

There is a correlation between employer size and likelihood to have recruited a young person (on both measures); 96% of employers with at least 250 employees had recruited someone under 25 and 87% had recruited an education leaver. This compares to just

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<sup>1</sup> It's important to note that whilst the ESS is sampled at establishment level (i.e. site or premise), rather than at an organisation level, this research summary uses the term 'employer' when describing the ESS findings.

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42% and 41% of employers with 5-24 employees respectively, which also reflects a higher propensity to recruit amongst larger employers.

By sector, recruitment of education leavers was most common in Education (48%) and Hotels and Restaurants (43%). Analysing by both size and sector highlights some pockets of high and low engagement including 'hotspots' amongst medium-sized employers (50-99 employees) operating in the sectors of Business and Other Services Trade, and Accommodation and Transport and the lowest engagement from manufacturing micro-employers (two to four employees).

Recruitment of young people may not always be reflective of a commitment to youth employability. For example, some sectors simply have a higher proportion of entry level roles that are more accessible to young people. It is useful therefore to explore the prevalence of engagement in activities such as apprenticeships and work experience, which are arguably more targeted at creating opportunities for skills development in young people.

Of all employers, 16% **offer apprenticeships to young people** under the age of 25 years old; this reflects 88% of all those offering apprenticeships to people of any age. Unsurprisingly, larger employers (liable for the Apprenticeship Levy) are more likely to offer apprenticeships to young people (72% of those with 250+ employees), with smaller employers less likely (just 22% of those with 5-24 employees). The public sector is the sector most likely to engage young people in apprenticeships (25% of employers, compared to just 8% of primary sector and utilities employers)<sup>2</sup>. Interestingly, Construction employers, which are the least likely to recruit young people aged below 25, are more likely than most other sectors to offer apprenticeships to those younger than 25 (20%).

Of all employers, 27% provide **work experience placements** for young people in education (either school, college or university). Least likely to offer work experience are small employers (with 2-4 staff) in Manufacturing (11%) and Construction (12%) and employers in Non-Market Services are most likely to have done so within every sizeband. A minority of employers (11%) support the development of young people by offering '**work inspiration activities**' e.g. giving talks in schools or other institutions, offering mock interviews or participating in careers fairs. Patterns of engagement by size and sector are similar to those observed for work placements.

As the most recent ESS was conducted prior to the pandemic, the qualitative strand of this research sought to understand employer participation in the context of the Covid-19 pandemic and ongoing economic uncertainty. The impact of the pandemic varies by business size, with larger employers less severely impacted in terms of job opportunities and apprenticeships than smaller employers. Most employers acknowledged that the pandemic has limited the in-person activities employers can offer for young people. This had a particular impact on volumes of work experience and work placements. Lockdowns, business closures, furloughed staff, school and college closures and social distancing measures are some of the reasons given for pausing or reducing these opportunities. That said, some employers identified benefits from a shift to online work placements/experience, since they were able to access more individuals without being restricted by location, and were able to access a broader range of young people.

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<sup>2</sup> The public sector refers to those in the 'non-market services'.

## **Attitudinal and behavioural barriers and enablers**

The qualitative element of this project sought to explore in detail the influences and decision-making behind the patterns of engagement described above. A key driver of engagement for all employers was the **attitude and commitment of senior leaders** and decision-makers in the business. Amongst large employers, senior level buy-in enabled the requisite resources to make engagement meaningful for the business and for young people. These resources include investment in recruitment, induction, training, supervision, wages and pastoral care. Amongst SME employers, lack of commitment from the manager/director/CEO can prohibit their engagement with the youth labour market, or at least reduce their willingness to engage.

The impetus and drive from senior levels was perceived to be a critical enabler for certain forms of engagement and/or for certain groups of young people. Recruiting and training young people as permanent employees or apprentices were perceived to be more resource intensive and therefore require commitment from leaders to prioritise the necessary financial and human resources. A few employers also commented that commitment from senior leaders is a pre-requisite for schemes aimed at disadvantaged young people, again due to the resource required to support a meaningful opportunity. There is therefore a double barrier to disadvantaged young people with commitment for schemes aimed at young people needed, and then an extra commitment for those aimed at disadvantaged young people.

Whether that senior commitment is present, depends on a range of factors including level of diversity in the senior team, the personal backgrounds and journeys of senior staff, and the perception of a business benefit or need. Amongst larger businesses (100+ employees), fulfilling corporate social responsibility (CSR) objectives was also a motivator, albeit few employers interviewed had CSR objectives directly linked to engaging young people. CSR is the key reason for engaging young people from disadvantaged backgrounds or those facing multiple barriers to work. For a few employers, engagement with the youth labour market is seen as a way of increasing the diversity of their workforce to meet equality, diversity and inclusion (EDI) objectives.

Where senior buy-in was lacking, this could be for a number of reasons. Employers in sectors with a young workforce, such as Construction, Retail and Hospitality, generally find it easy to recruit young people meaning there is less of a driver to review their recruitment process or provide other routes into the industry. In addition, some SME employers reported that poor past experience had led to some wariness about bringing young people into the business, largely relating to lack of work readiness and challenges relating to behaviour, retention, and attendance.

Concerns around a lack of work readiness are key to engagement in SMEs, where leaders are more concerned with the young person's immediate value to the company, rather than what they might offer longer term. In smaller businesses, there are two perceived core risks associated with young people lacking skills and work readiness; firstly, mistakes and errors that come at a direct cost to the business and secondly, the loss of productivity from other staff members when providing training and support. These costs are more difficult for smaller businesses to absorb.

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Employers interviewed in this research reported that they actively look to employ young people as they believe the business benefits from the energy, enthusiasm and openness to learning of young people. These attitudes were reported to boost wider team morale, inject new ideas and drive efficiency through challenging existing practice. This benefit was less commonly mentioned amongst smaller employers which perhaps suggests a certain scale of engagement is required for this benefit to be experienced or recognised.

Most employers speak about the value of young people introducing new ways of thinking at a generic level i.e. if you hire all the same types of people, you get the same responses. However, some large employers went a step further and recognise that having a more diverse, younger workforce allows them to be better problem solvers. This results in better solutions for their customers/clients and helps the organisation stay more competitive. Furthermore, a handful feel that having young talent enter the business helps to keep the organisation moving forward and provides a competitive edge.

Some employers reported a perceived lack of demand or interest from young people as a barrier. Certain sectors and occupational areas are thought to be less appealing to young people, notably Manufacturing, and Social Care. Employers believe this is because young people consider these areas poorly paid, with little opportunity for progression and/or “not glamorous”. Similarly in the Hospitality and Retail sector, employers noted that young people did not necessarily think of the sector as somewhere to build a career and rather a job they would do on a short-term basis. This was linked to experiences of poor retention.

### Operational and logistical considerations

The key operational concern for all employers, across business sizes, is the **staff resource needed to supervise work activities** and/or help young people learn how to do their job. The impact on staff resource is primarily the time required for supervision and the associated reduction in time spent on their own jobs, 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, e.g. hazardous work environments, or for young people who are less job ready.

Many large employers see the resource implications of supervision as outweighed by the benefits of engagement and it was not a barrier to engaging with young people for most, although it may limit the number of young people engaged or length of opportunity. However for SMEs, these operational considerations are the key determinant of an employer's willingness and ability to engage with the youth labour market. For example, some SMEs say that the company's financial position impacts on their willingness and ability to engage, in terms of whether they are able to 'absorb' the resource costs.

That said, employers do recognise that young people bring operationally valuable skills to the business. Employers typically speak about the importance of **technological and digital skills** in an increasingly digitised workplace. Young people are seen as more likely (than older colleagues) to have existing digital skills, e.g. being able to use social media, and be able to learn new technologies more quickly. Consequently, young people typically require less training to make use of technology at work and may 'mentor and support older staff members' which helps to upskill the organisation overall. Secondly, a few employers think young people are more likely to use technology at its 'foremost' to help come up with new

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ideas and smarter ways of working, thus making the organisation more efficient. Digital capabilities were noted to be increasingly important in the post Covid-19 world.

**Logistical issues** are less commonly mentioned by large employers due to their size and available resources but some did mention issues such as remote locations as a barrier. Similarly SME 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 and the associated costs incurred, mean the opportunity is less attractive to the young person. Some jobs in potentially hazardous environments (e.g. in Construction) can have health and safety regulations preventing young people, usually those under 18, or without certain certification, engaging, or can have prohibitive insurance costs.

For SMEs, **difficulty accessing young people** is a significant barrier to engaging in the youth labour market – both for the requisite volume and the 'type' of candidates (with the right attitudes and workplace behaviours). These are commonly issues with the pipeline of candidates and lacking the right recruitment partners, i.e. universities, schools and colleges, or having poor experiences with certain organisations. Conversely, having these networks and relationships are a key enabler of engagement (discussed further below).

### Skills, knowledge and resources to engage

Having the necessary internal resource to focus on youth employment is as a key enabler of engagement. Employers that are actively providing opportunities for young people report that organisations need to **be realistic about the amount of work involved and be prepared to dedicate sufficient resource** to make it a success.

For large employers it is often about having dedicated resource in areas such as: researching government schemes, engaging in youth recruitment, liaising with schools and colleges to find applicants and raise the profile of employer, onboarding young people into the business, providing formal and informal training and support. For SMEs, dedicating sufficient resource is more about providing structured opportunities and training to enable the young person to contribute to the business in a meaningful way as quickly as possible, and minimise the supervision requirement. Structured opportunities often involve having a training plan with goals and regular reviews to monitor progress, one-to-one training, or spending time in each department of the organisation, to learn all aspects of the business.

**External partnerships** are also a key enabler of engagement. For large employers this takes the form of working with intermediary organisations such as The Prince's Trust or Movement to Work, reporting that these partnerships enable them to engage at scale or with regularity. In particular, partners/intermediaries provide knowledge and support regarding best practice, as well as providing specific help with recruitment. For those large employers that did target disadvantaged groups, it was common for them to work with intermediary organisations to promote opportunities and find suitable candidates. Some partners also provided training for supervisory and line management staff, as well as additional support for young people on short-term placements.

Partnerships are also key for SME employers but they take a different form. It is common for SME employers to have built and maintained relationships with schools and colleges to

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engage young people (with their organisation and industry) as a talent pipeline and also to satisfy their social objectives by giving back to local communities. A few also mentioned that relationships with local councils are useful for 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. The smallest employers are more likely to report that it is their personal relationships that have enabled them to offer opportunities to young people. For example, offering work experience or internships through their own networks.

**Government initiatives** were viewed as an enabler of engagement in terms of the financial support with lower wages and subsidised training. Large employers offering apprenticeships acknowledge that the existence of government funded schemes helps them to engage more in youth employment. The benefit of lower wages was particularly valued by the smallest firms and those in the Retail and Hospitality (with a large volume of entry level roles). Subsidised training was often mentioned by SMEs in the apprenticeship-heavy Construction sector.

However a few employers also mentioned that the complex youth labour market landscape was difficult to navigate, and that government-funded schemes were too complex to understand and therefore engage with. This was more common amongst SME employers who were not currently engaging in the youth labour market or who do not engage as much as they would like to. These employers typically do not know how to access support or how to navigate the youth employment landscape, particularly regarding government support and schemes.

## Relevance of the business case

The business case is important for SMEs who most commonly cite demand for labour as their rationale for engagement; for many such employers it is a reactive response to business need rather than a conscious and proactive decision. In some sectors (e.g. Retail and Hospitality, Construction, Manufacturing) the business has entry level roles that need to be filled and, because these kinds of roles often have high turnover, there are opportunities for young people on a consistent basis. Planning ahead to fill skills gaps in the medium to longer term is reported as a reason for engaging young people on a permanent contract or through apprenticeships. Many of the SMEs interviewed are driven by 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.

Business need is also a key driver for large employers, the majority of which have a core set of programmes through which they recruit young people, such as graduate schemes or apprenticeships. The primary purpose of which is to meet their current and future business needs. A few employers, and the industries they work in (e.g. Health and Social Care and Construction), are experiencing skills shortages and engaging young people is seen as an important way of filling those gaps.

While many employers are keen to 'do the right thing' and give young people a foot on the ladder, this is often reported as secondary or additional to business need. Work experience



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and placements are less clearly linked to business need and these are the opportunities (compared to permanent roles or longer term opportunities) that are more commonly offered to disadvantaged, marginalised or deprived groups. These kinds of opportunities are shorter and less resource intensive and therefore employers can afford to offer them for altruistic reasons. For longer work placements and apprenticeships, employers are more likely to report being motivated by the expected future benefit to the company, in terms of generating interest in the industry, identifying future staff and training up new workers.

This suggests that where greater investment is required, the business case and level of company benefit becomes more important in determining employer engagement and provision. Therefore to foster greater engagement, particularly amongst groups from disadvantaged backgrounds, there must be a change in mindset/narrative away from seeing engagement as 'helping out' young people to being directly beneficial to the business. Key messages that are likely to resonate with employers include access to digital skills, ideas and energy, and the benefits of an increasingly diverse workforce.

It is important to note that none of the employers interviewed had quantifiable metrics to measure the cost or benefits of engagement with the youth labour market. Retention and loyalty are the benefits most commonly identified by employers, and the cost of supervision the most easily identifiable cost. The 'business case' is therefore more of a notional concept, which employers are not focused on calculating directly.

## Conclusions

### Employers

For employers to provide meaningful opportunities to young people, i.e. apprenticeships and permanent roles with progression, there must be an acceptance that the short-term costs associated with supervision time and training will be repaid over the medium to long term, once young people are productive in the role. Some employers identify poor retention rates amongst young people as a barrier to making this short-term investment as they risk not ever seeing the return. However others advise that 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.

This research has identified a number of approaches that employers use to invest and support in young people, with a view to also maximising value for the business and minimising risk. These provide recommendations for how to improve employer engagement in the youth labour market and include:

- **Start small.** Employers should be encouraged to take an initial approach of 'quality not quantity', setting programmes up slowly and assessing the capacity of the organisation to support and train young people.
- **Induction training** on day-to-day professional skills e.g. time management, work-appropriate language, communication skills to address issues around work readiness upfront.

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- **Clearly defined roles and progression routes**, maximise the value individuals gain from the experience by making them feel there is a defined role for them and therefore are a valuable addition to the business. A clear pathway to progress in the business can also help to reduce retention issues.
- **Training opportunities**, while not specific to young people per se, ensuring that young people are given the skills to do their roles effectively and improve their overall employability is very important.
- **Buddying and peer support**. Mentoring and buddying schemes are used by employers to increase the likelihood of young people feeling supported and valued. This was also thought to be helpful in role-modelling workplace behaviours. Some larger employers recruit in cohorts (i.e. once a year) so trainees have a shared experience, are able to bond, and go through the same training and development with a peer support network.
- **Supporting the supervisors**. Be upfront about the benefits and reward but also the commitment needed, and ensure these staff have appropriate education and training beforehand, as well as ongoing support networks and opportunities to ask for help. Sharing supervisory responsibilities over time or across a team can help reduce the burden on individuals and give young people access to a range of perspectives, working styles and experience.
- **Flexibility**. A number of employers suggested a need to have realistic expectations of young people and accept that they are new and inexperienced. Businesses need to be both flexible to allow young people to be themselves at work, and supportive to ensure they have the skills needed to succeed in the workplace. It is also important to 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.

### Employers

Lack of access to the 'right' young people is identified as a barrier to engagement, usually by smaller businesses, which is reinforced by poor past experiences. Strong relationships between local employers and education providers can support employers to reach the right candidates, as well ensuring that the young person have the chance to gain exposure to the world of work. Careers leaders in schools, colleges and universities can help to ensure that the young person matched with an employer has an interest in the organisation or industry. This is more likely to result in a positive outcome for both young person and employer, and reduce the risk and impact of poor experiences on both sides.

### Intermediary organisations and the youth employability sector

Employers need support to adopt **more inclusive hiring practices** to ensure they are reaching, attracting and hiring a diverse workforce. This includes practical support to adopt interactive communication methods that are better suited to young people, and be of benefit to some smaller employers. This might include seeking out people through previous candidates, using social media, attending job fairs, building relationships with local schools, colleges, training providers or universities.

Employers that engage specifically with groups of young people from disadvantaged backgrounds often connect through **intermediary organisations**.

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Intermediaries can help equip employers with the knowledge and tools to access and recruit diverse groups. They can work with employers to identify how to maximise the value of opportunities, by structuring placements and providing the young person with the requisite care and support at work. This is likely to be particularly important to encourage SMEs to provide meaningful opportunities (at scale) aimed at young people from disadvantaged backgrounds.

Events of recent years have raised awareness of diversity and equality issues in the workplace but most employers interviewed were yet to put concrete plans in place. However, some employers do recognise that bringing in young people is an important way to increase workforce diversity and expand the range of ideas and skills their business can access. Diversity is also known to improve retention, as people feel free to be themselves at work. In terms of communications with employers, the business benefits for workplace culture, competitiveness and cutting edge ideas, are therefore useful messages to encourage engagement.

Linked to the above, while we talk about the 'business case' for engagement with young people, none of the employers in this research had undertaken any formal cost benefit analysis for the range of work-based opportunities they offer. For the vast majority, decisions about recruiting with young people or progressing them in business are made on subjective judgements about performance or ability. To help secure senior buy-in, and support businesses to plan future engagement, tools and guidance to **build the business case** (and share results) would be helpful.

### Government

Supporting schools and colleges to provide good quality careers advice, i.e. by meeting the Gatsby Benchmarks, must not mean placing more burden on teachers or requiring contracting expensive external provision. Instead, better coordination between the National Careers Service (NCS) and the Careers and Enterprise Company's careers hubs, will help to provide young people with access to advisers employed through the NCS.


A number of businesses in this research were in the process of considering or beginning to engage in Kickstart. The extension to the scheme is therefore very welcome and can be expected to encourage more employers to offer funded work placements to young people. Government must then work with employers and the youth employability sector to facilitate transitions from Kickstart jobs into traineeships, apprenticeships and other progression opportunities.

The complexity of the youth employability landscape can be problematic and off-putting for employers. Some were simply not aware of they could access government-funded schemes, and therefore not aware of the potential benefits to their organisation. Others found the range of schemes and partners complex and time-consuming to navigate. Support for employers to identify and match them to relevant opportunities will be beneficial for scaling up engagement.

**Get in touch:**

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