Why businesses should recruit young people

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1 Introduction

The recent recession in the UK has highlighted once more the vulnerability of young people to changes in economic conditions (DWP and HMRC, 2009; OECD, 2010; European Commission, 2011). Even before the onset of the recession a large number of 16-24 year olds (745,800 in 2005) were not in employment, education or training (NEETs) but this number has risen sharply to 1,163,000 by the third quarter of 2011 (DfE, 2011). The concern is that such high levels of worklessness at an early age can have consequences beyond the short-term. There is a large body of research that indicates the scarring effect of worklessness, the latest being that of Bell and Blanchflower (2010) who found evidence not only of the economic costs of youth unemployment in terms of lower lifetime earnings but also costs in terms of job satisfaction, happiness and health.

Clearly what young people not wishing to remain in full-time education need is a route to sustainable employment. Yet, remarkably, relatively few employers recruit young people. The National Employers Skills Survey 2009 (NESS2009) found that less than a quarter of employers (23 per cent) had recruited a 16-23 year old in the 12 months prior to the survey while only 6 per cent had recruited a 16 year old and 11 per cent had recruited a 17-18 year old, directly from school or college (UKCES, 2010). Despite this, employers are not unsympathetic to the need to help young people find employment. Over 90 per cent of members of the Chartered Management Institute agreed that they had a duty to develop the skills of young employees (Woodman and Hutchings, 2011). Nonetheless, most employers feel that they should help young people into work only if there is a clear business case for doing so (Education and Employers Task Force, 2010). This brief paper summarises the business case and the evidence that supports it.
2 What is the business case for recruiting young people?

2.1 What are the barriers and misconceptions?

There is no denying that some employers have very negative views about hiring young people, questioning their preparedness for work, their basic skills and their attitudes (Wolf, 2011; CBI, 2011; BCC, 2011). One problem with this is that they tend to regard all young people as the same – even when this is not the case - and, consequently, are reluctant to recruit anyone from this age group (CBI, 2011; BCC, 2011, Hasluck, 2011). Clearly where there is a basis for such negative perceptions then remedial action is required by schools and colleges and by young people themselves. Nonetheless, not all employers hold such views and young people are not all the same. Often experience of employing young people will change employers’ negative views into a more positive perspective (CIPD, 2011).

All recruits represent a risk, a potential burden on the business (BCC, 2011) and young people are no different to other recruits in that respect. Young people may lack experience, both of specific types of work and of the culture of the workplace, but they have the potential to bring other qualities to a business. Employers seeking to recruit can do so in a number of ways including recruiting a fully experienced/skilled person or recruiting a young person and training them into the job. In the past, and especially during the recession, many employers have opted to place an emphasis on previous experience and this has tended to exclude potential young recruits who could be of benefit to a business (Bell and Blanchflower, 2010).

An over-emphasis on recruits with previous experience or higher qualifications than necessary is a reflection of the well documented short-termism found in UK management and recruitment policies (Grinyer, Russell and Collison D (1998); Spielhofer and Sims, 2004; Glick, 2010). That short-termism focuses on recruiting people who are immediately productive rather than who might form the workforce of the future. Where this happens, long-term benefits to a business may be overlooked. The business case for employing a young person is not just about immediate benefits (although there are some) but it is about the return that employers can receive from a longer-term investment in their workforce (Gambin, Hasluck and Hogarth, 2010). This is especially so where young people are recruited to employment that involves a period of training such as an apprenticeship. It is important, therefore, that employers are made aware of the potential benefits to their business of such investments.
The business case will vary depending on the circumstances under which the business is operating and not all employers have jobs that are suitable. Nonetheless, the benefit to employers of employing young people has been widely recognised around the world by academics, business leaders and governments alike: see, for instance, NZBCSD (2003), Hogarth, Hasluck and Daniel (2005), Hasluck and Hogarth, 2010, Mann and Glover (2011), CIPD (2011), HRC (2011) and REC (2011). All recognise that many, if not most, employers can gain from recruiting and employing young people – school leavers and graduates alike – by employing a workforce that is better matched to the needs of their business, is flexible and forward looking, and has the potential to provide the skills and the managers it will require in the future.

2.2 What can young people bring to a firm?

Recruiting and employing young people can generate benefits for a business in both the short-term and the longer-term. Immediate benefits include:

- **Lower recruitment costs** (CBI, 2007; Education and Employers Task Force, 2010). Young people in school and college will be actively seeking employment and many apply speculatively to employers reducing the costs of advertising (Hasluck, 2011). Engaging with schools and colleges can also help with the selection of good quality recruits while a reputation for offering jobs to young people (especially if that reputation is associated with good training opportunities) will encourage other young people to apply, thus widening the pool of applicants from which the business can draw (Mann and Glover, 2011a and 2011b).

- **Cost effectiveness.** The cost of employing young people is lower as they tend to have lower wages than older workers and, where employees are under 21 years of age, a lower National Minimum Wage (NMW) rate applies. From October 2011 the NMW for 18-29 year olds is £4.98 per hour, that of 16-17 year olds is £3.68 and the NMW for apprentices under 19 is £2.60 (compared with an adult NMW of £6.08 per hour). Moreover, the impact of the recent recession has reinforced the low cost of young employees as it has made them more modest and realistic in terms of the wages they expect and willing to accept lower pay (Kahn, 2010).

- **Flexibility** – young people can often be flexible in terms of the hours they work and are more willing to move and work in different locations around the country. Moreover, psychologically, young people appear to have an inbuilt optimism and ability to anticipate and adapt to change (Bradley and Devadason, 2010).
• **Qualifications** – the expansion of further and higher education intakes has meant that young people represent the highest qualified age cohort of potential recruits ever. Many employers, however, do not fully understand the qualifications of young people or appreciate the skills that such qualifications could bring to their business (Kewin, Hughes and Fletcher (2010). Even the qualifications profile of NEETs is better than some employers may think. For instance, amongst NEET 16-24 year olds, 7 per cent have a degree or equivalent, only a little short of the 10 per cent of those in education or employment (Barham et al, 2009) while a third of NEETs (32 per cent) hold GCSEs at grades A to C, a figure that is similar to those in employment or education.

• **A willingness to learn** – employers find younger people more willing to learn and are not burdened by previous experience and ways of doing things. Tapscott (2009) argues that young people brought up in the digital and internet age have a different approach to working life being more independent, flexible and adaptable to change.

In addition to these short-term benefits, employers of young people can gain from a number of longer-term business benefits are:

• **Creating a shared organisational culture.** For instance, Snape (1998), Hasluck, Hogarth, Baldauf and Briscoe (2008) and Hasluck and Hogarth (2010) all found employers that preferred to recruit young people as this provided an opportunity to instil organisational values and ‘shape’ employees to fit their ways of working. Instilling organisational values into young people contributes to the quality of business output.

• **Insights and connections into market.** Employing young people provides important links to the customer base. Young people are current consumers and future purchasers of goods and services (Miller, 1998). Young people can bring important insights into markets, especially in markets that change rapidly or are subject to fashion, such as music, computer gaming or clothing and footwear where the market is dominated by young customers (Shamash and Shoesmith, 2011).

• **Aiding staff retention.** Investing in young people, either through offering a first job or through training, tends to enhance loyalty and reduce staff turnover (Hogarth, Hasluck and Daniel, 2005: CIPD, 2011). This, in turn, helps maintains productivity and reduces future recruitment costs.

• **Competitive advantage.** Hiring talented young people both benefits the business and prevents competitors benefiting from their employment.
• **Innovation and energy.** Young people may bring new ideas and knowledge into the business. Recruiting a young person directly from college or university, or where they are engaged in off the job training, can help the business keep up to date with technological developments, for instance in information and communication technology, as well as business developments in the market for goods and services (Becta, 2008).

• **Preparing for the future.** Recruiting young people allows organisations to plan for the future when older staff will be retiring. Recruiting young people who can grow into viable internal candidates for succession and who understand the organisation reduces risks associated with unplanned retirements and potential staff and skill shortages that would otherwise need to be met by external recruiting (Hogarth, Hasluck and Daniel, 2005, Gambin, Hasluck and Hogarth, 2010).

• **Diversity of perspectives and experience.** Having a range of ages in the workplace brings diversity, mutual learning between colleagues of different ages and a balance of experience and fresh ideas. For instance, Charness and Villeval (2007) found that team working was enhanced when the team consisted of a mix of younger and older employees.

• **Aspirations and valuing work.** Young people value work and the benefits it can bring. Research with young people working in “jobs without training” has demonstrated the tremendous value that young people place on work, even if the work is low skilled or of low ‘quality’. Young people note “the changes in self-image they derived from being away from the classroom and in an environment where their skills and abilities were being utilised, valued and extended” (Maguire et al, 2008). Valuing work is an attitude shared by many young people who are NEET. The Nuffield Review found that while some NEETs had low aspirations this was not the case for the vast majority. Instead “these young people are remarkably normal. They want a home, a car, a family eventually. Above all, they want a job that will pay a family sustaining wage. They do not want to be dependent, especially on parents or carers who themselves may be living on benefits and they are by and large not idle” (Hayward et al 2008).

• **Optimism about working.** Recent research confounds the stereotype of the young unemployed as apathetic and unmotivated in their search for work. The research notes that “the vast majority of young people we surveyed in both 2009 and 2010, were well motivated, well attuned to their situation and doing whatever they can to find work” (Reed in Partnership, 2010). Levels of optimism were high; indeed 65 per cent of the young unemployed people surveyed believed they would find work within the next three months.
3 Why should businesses offer a young person an apprenticeship or work-based training opportunity?

Where employers offer an apprenticeship or a work-based training opportunity to a young person, the potential benefits include all of those mentioned above in relation to employing young people in general. Apprentices and other trainees are cost effective. It is less costly to recruit apprentices over the longer run than to recruit adult, experienced workers and staff turnover tends to be lower as people who have trained with a business are more likely to stay with that business (Hasluck and Hogarth, 2010: Gambin, Hasluck and Hogarth, 2010). Apprentices and trainees are also trained in the host employer’s ways of doing things and are imbued with good work practices. In addition to these general benefits, there are a number of benefits that arise specifically out of work-place based training. These include the following.

- The training is specifically geared to the needs of the business as well as the individual trainee or apprentice (Hasluck and Hogarth, 2010: Hall, Joslin and Ward, 2010).

- Training contributes to the pool of skilled people. Even if employers lose apprentices or trainees to other companies at some point, by contributing to the pool of skilled people in the local area or the sector, supply will improve over the longer-term. This can ease future recruitment of skilled people and reduce wage costs (Gambin, Hasluck and Hogarth, 2010).

- Training young people helps offset skill-shortages. Improved labour supply and better retention ensure that businesses possess the skills they need to meet their current and future business goals (Hasluck, Hogarth, Baldauf and Briscoe, 2008: Hasluck and Hogarth, 2010).

- Work-place based training provides a future workforce at all levels of the organisation, especially where this is linked to structured career development (Devins, Stewart and Illes, 2010).

All of the above contribute to productivity and performance gains for the business.
4 Why should employers offer young people work experience opportunities?

Work placements with employers offer opportunities for young people to gain experience of work in a real workplace and provide a preparation for later employment. An employer could unilaterally decide to offer a work placement to a young person but it is more usual, and convenient, for an employer to engage, or liaise, with schools, colleges or universities in order to organise such a placement. Engagement may be limited just to the offer of placements or it might form part of a broader engagement with education and training relating to setting standards, curriculum design, delivery of learning and assessment (Little and Harvey, 2006).

The benefits of a work placement to a young person have been well documented (Ofsted, 2010; Ofsted, 2011) but what benefit does an employer get out of offering such placements? Hillage, Hyndley and Pike (1995) argue that there are quite diverse motives behind employers offering work placements, ranging from narrow self-interest to benevolent or philanthropic motives. From a business case perspective there are a number of potential benefits to be gained from offering work placements. These include:

- **Short-term flexibility.** Students or others in a work experience placement can provide employers with a resource and skills that allow one off tasks to be undertaken for which the business does not have the time or resource. This is especially the case where the placement is for a college or university graduate who bring to the business skills that it could not normally afford or employ on a permanent basis. Shamash and Shoesmith (2011), for instance, cite the example of an IT and business consultancy that offers short placements during which students help solve real business problems.

- **Improved ‘work readiness’.** Experience of work helps young people to prepare for employment. Work placements contribute to this and raise the general level of work preparedness amongst young job seekers (Archer and Davidson, 2005; Andrews and Higson, 2008; Harmer, 2009). Even if the young person in the work placement is not subsequently hired, the locality or sector may benefit from the increased pool of job ready recruits, saving the cost of any remedial work and supervision (Miller, 2007).

- **A source of suitable recruits.** Schools, colleges or universities can select suitable young people and direct towards the employer for a work placement (Mann and Glover, 2011b). This allows employers to try out potential recruits and eliminates the need to screen large numbers of job applicants. Those who prove satisfactory can then be offered employment when their education ends or at the end of their work placement (Shamash and Shoesmith, 2011). Gault, Leach and Duey, (2010) found

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1 A work placement is defined here as any opportunity for a young person to work in a business regardless of the duration of the placement or whether it is paid or unpaid. For the purpose of this discussion a work placement is deemed to include work placements, work trials, work experience, internships and similar placements.
that even average-performing interns were significantly more likely to receive full-time job offers than non-interns but high-performing interns were more likely to receive higher starting salaries indicating their greater value to the business.

- **Reduction of risk.** Work experience placements reduce the risk associated with recruitment and mean greater productivity and value to the business. Hughes, Bailey and Mechur (2001) found that employees recruited through work placements performing more effectively, and required less training. Help identifying good recruits has been found to be one of the primary benefits for employers offering work placements (CBI, 2007: Education and Employers Task Force, 2010).

- **Greater diversity in recruitment.** Work experience placements may encourage some young people to consider careers that they might not have otherwise considered, providing the employer with a wider and more diverse pool of recruits from whom to select those who best meet their business needs (Smith and Green, 2005; Shamash and Shoesmith (2011)).

- **Access to education and training providers.** In order to offer work placements employers must liaise with education and training providers and are thus able to influence other aspects of learning, such as the curriculum, the standards set and ensure that young people are better prepared for employment (Connor and Hirsh, 2008: Ofsted, 2010). Engagement for this reason can provide businesses with more work ready recruits, reduce training and supervision costs and a more immediately productive workforce (Archer and Davidson, 2005: Harmer, 2009).

- **Employee development.** The involvement of older or more senior employees in the mentoring and supervision of work placements can be beneficial, as it may improve staff morale and encourage their own development and learning. A study by Corporate Citizenship (2010) found that employees who participated in education partnerships developed a wide range of skills including communication, coaching and counselling, influencing, negotiation and resolving conflict. Moreover, such ‘incidental’ learning was achieved at less cost than if such training had been specifically targeted on those employees.

- **Demonstrate that the business is socially responsible and raises the community profile of the business.** This can have benefits in terms of the business brand and future recruitment (Mann and Glover, 2011b). A recent survey of employers by the City& Guilds Centre for Skills Development on behalf of Business in the Community found that around 40 per cent of employers who responded to the survey said that raising the profile of their organisation was an important reason for offering work experience placements, as was raising the profile of a specific sector or profession (Shamash and Shoesmith, 2011).
5 Conclusion

It must be acknowledged that not all employers have jobs that are suitable for the employment of young people and few employers will hire young people for whom they have no use. Nonetheless, some employers who have suitable jobs use their negative perceptions of young people as a reason to exclude them from job opportunities but, often, those very same perceived reasons for not employing a young person (lack of preparedness for work, lack of experience in a similar job, lack of specific skills, need for supervision etc.) can also be seen as sources of potential benefits to businesses (bringing new perspectives to the business, a willingness and capacity to learn quickly (and nothing to be unlearned), imbuing new employees with culture and values of the business, providing learning opportunities for existing staff etc.). Employing young people can be cost effective and can provide the skills and workforce needed in the future and a source of future management. Even the fear of high turnover amongst young recruits may be unfounded where young people are loyal to the business that gave them ‘a chance’. In any case, even if there is turnover amongst young employees, the business has added to the local or sectoral pool of workers from which business can benefit in the future. Therefore, recruiting young people is not an act of social responsibility or philanthropy but is, instead, a sound business decision.
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