

**SUMMER 2011**



# LABOUR MARKET OUTLOOK

PART OF THE **CIPD OUTLOOK** SERIES

Focus

# FOCUS

## Young people

Against the backdrop of growing concerns about the UK's current youth unemployment rate, this quarter's focus section explores LMO employers' attitudes towards employing and working with young people. Indeed, there is mixed news for young people that are seeking work in the next six months. On the upside, the number of employers planning to hire apprenticeships has increased sharply. However, on the downside, fewer employers plan to hire young people in the three months to September 2011 than was reported in the LMO's spring 2010 report. Furthermore, many employers are still expressing concerns about the employability of young school-leavers.

**Figure 1: Likelihood to recruit apprentices, by industry (%)**

	Summer 2011
Manufacturing and production (n=151)	60
Public administration and defence (n=128)	40
Healthcare (n=85)	39
Education (n=76)	39
Voluntary and not-for-profit sectors (n=125)	33
Private sector services (n=388)	30

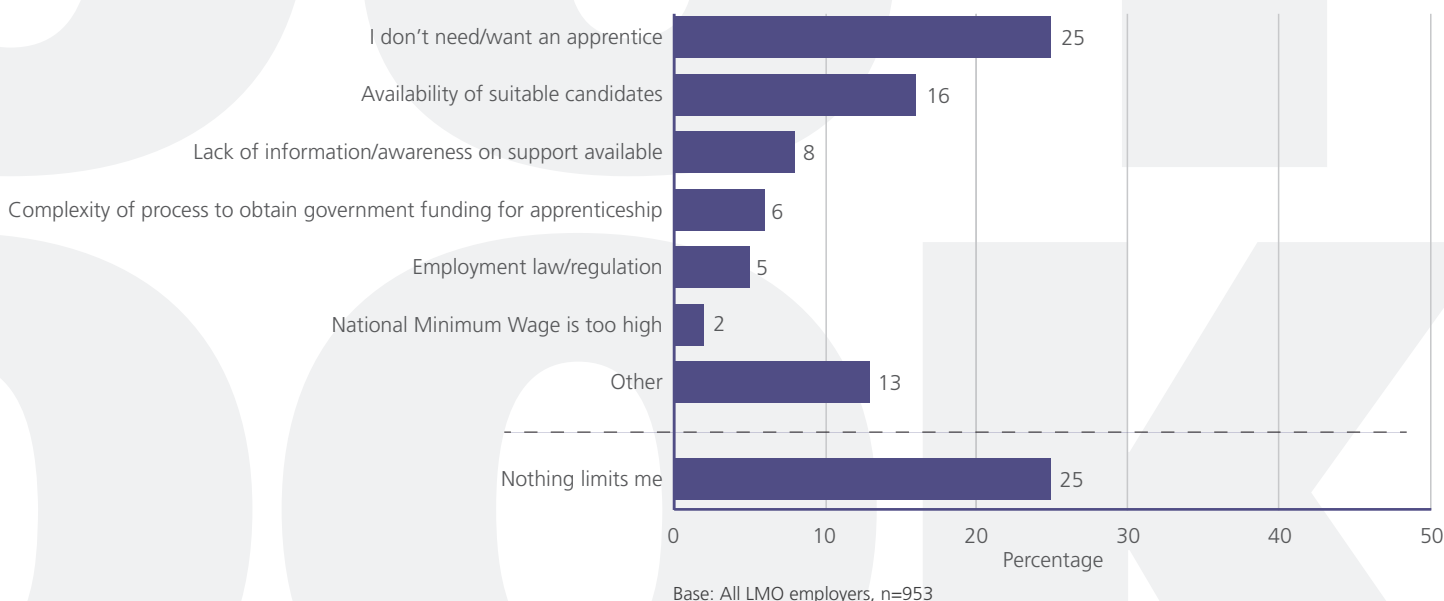
### Recruitment of apprentices

Over a third (37%) of LMO employers are likely to recruit apprentices in the six months to December 2011. Compared with the spring 2010 report, the number of employers planning to hire apprentices has increased by more than 50%, up from 24%. There are no significant differences between sectors, with 39% in the public sector saying they are likely to do so, 36% in the private sector and 32% in the voluntary sector.

Apprentices are most popular in manufacturing and production, where three in five (60%) LMO employers say their organisation is likely to recruit apprentices in the six months to December 2011. Public sector apprenticeships are particularly prevalent in the NHS and in further education.

A quarter (25%) of LMO employers report that they do not need or want an apprentice – a view that is more common in the private sector (28%) than in the public sector (20%). Almost a fifth of employers (16%) say that the availability of suitable candidates restricts them from taking on apprentices. A quarter (25%) of LMO employers report that nothing limits them from taking on apprentices.

**Figure 2: Factors that MOST limit taking on apprentices**



**Recruitment of interns**

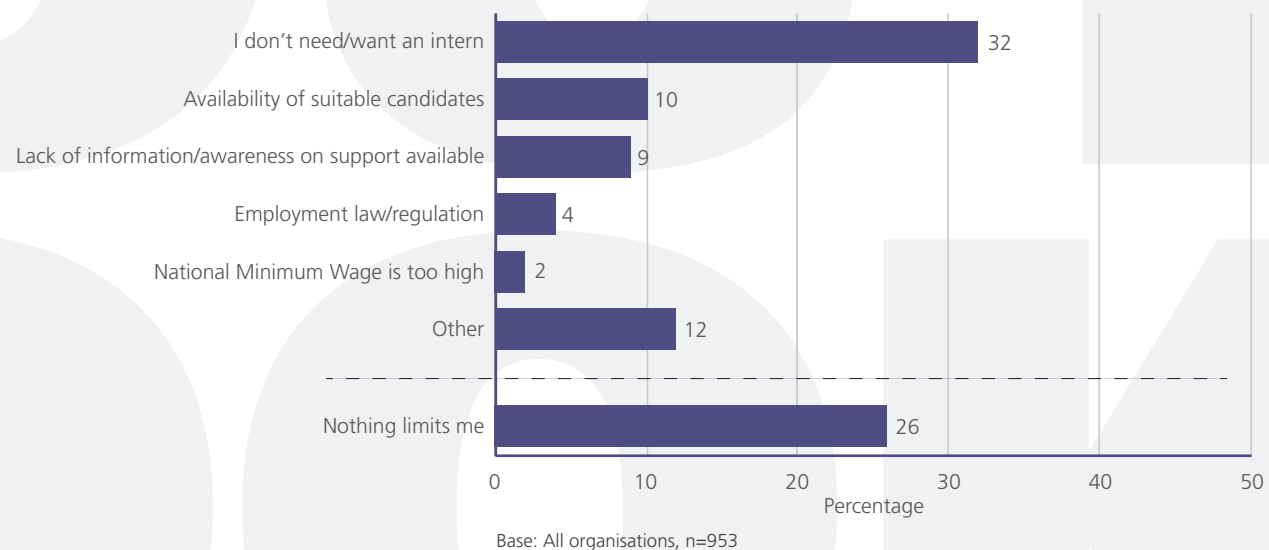
Around one in five (21%) LMO employers are likely to recruit interns in the next six months. The same proportion of employers planning to hire interns is the same as was found in the spring 2010 report. Private sector employers (23%) are marginally more likely to take on interns.

Almost a third of employers say that they do not need or want an intern (32%). Meanwhile, one in ten LMO employers say that a lack of suitable candidates restricts them from hiring interns. This is a particular issue in the private sector, where 13% say that the availability of suitable candidates is a barrier (compared with 5% in the public sector). As with apprentices, around a quarter (26%) of LMO employers say nothing limits them from taking on interns.

**Figure 3: Likelihood to recruit interns, by industry (%)**

Summer 2011	
Education (n=76)	28
Voluntary and not-for-profit sectors (n=125)	25
Manufacturing and production (n=151)	23
Private sector services (n=388)	23
Public administration and defence (n=128)	12
Healthcare (n=85)	11

**Figure 4: Factors that MOST limit taking on interns**



**Intention to recruit young people**

It seems that young people may have a more difficult task finding employment this summer than last year given that the number of employers planning to recruit young people has fallen compared with the spring 2010 report. Only 12% of employers plan to hire 16-year-old school-leavers in the three months to September 2011, down from 14% in spring 2010. The number of employers planning to recruit school-leavers aged 17-18 has fallen to a quarter (25%) from almost a third (31%) in the same period. Meanwhile, the number of employers planning to hire higher education leavers under the age of 24 to their first job is 38%, which compares unfavourably with the hiring intentions reported in the spring 2010 report for graduates only (47%).

Less than a fifth (15%) of employers hired 16-year-olds directly from school in the 12 months to June 2011. Meanwhile, more than a third (34%) recruited 17–18-year-olds directly from school or college, while more than half (55%) recruited higher education leavers under the age of 24 to their first job during the same period.

Employers in the manufacturing and production and education sectors are the most likely to have recruited young people; although caution should be taken due to a low base size of LMO employers who have recruited young people in these sectors. LMO employers working in public administration and defence (48%) are the least likely to have recruited from any of these groups. Overall, almost a third of employers (36%) say they have not recruited from any of the groups in the 12 months to June 2011.

**Figure 5: Proportion who have recruited young people in the last 12 months and intend to do so in the next quarter (%)**

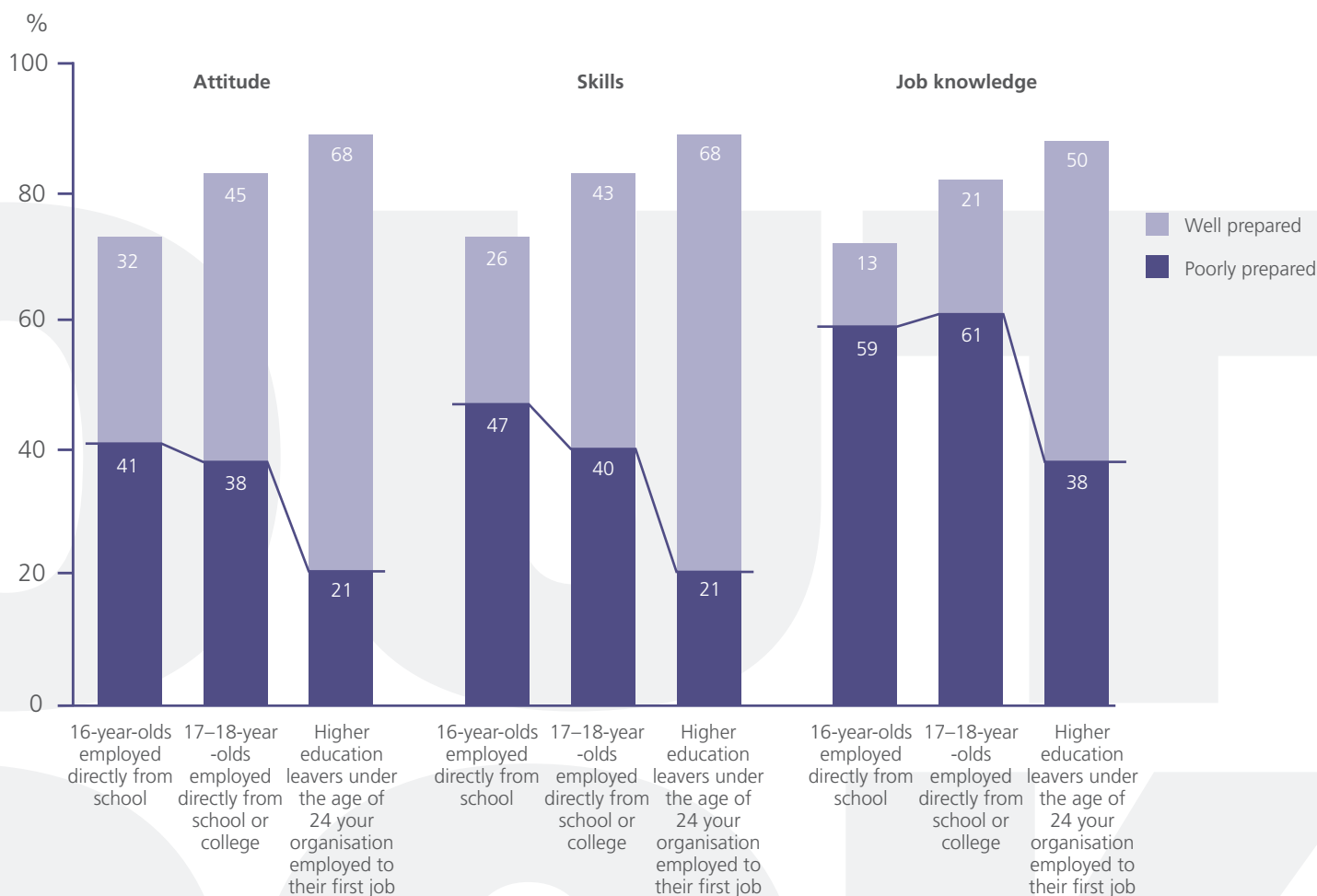
	16-year-olds directly from school		17- or 18-year-olds directly from school or college		Higher education leavers under the age of 24 to their first job		None of these	
	Have recruited	Expect to recruit	Have recruited	Expect to recruit	Have recruited	Expect to recruit	Have recruited	Expect to recruit
Public (n=16)	16	15	37	28	57	35	36	56
Private (n=17)	17	12	32	23	53	41	36	48
Voluntary (n=132)	2	9	28	17	56	23	40	65

**Figure 6: Recruitment of young people by industry in the 12 months to June 2011 (%)**

	16-year-olds directly from school	17- or 18-year-olds directly from school or college	Higher education leavers under the age of 24 to their first job	None of these
Manufacturing and production (n=151)	21	42	53	31
Education (n=76)	12	33	55	31
Private sector services (n=388)	15	31	55	36
Healthcare (n=85)	14	38	56	37
Voluntary and not-for-profit sectors (n=125)	3	25	56	39
Public administration and defence (n=128)	19	35	55	41

A large proportion of LMO employers report concerns about the employability of young people. The results suggest that these concerns relate to the attitude of young jobseekers as well as their skill levels and knowledge of the job. For instance, more LMO employers think that the 16-year-olds they employ directly from school are poorly prepared for work than believe they are well prepared. However, employers report much higher satisfaction levels with the attitude (68%) and skills (68%) of higher education leavers. However, employers report much higher satisfaction levels with the attitude (68%) and skills (68%) of higher education leavers.

**Figure 7: Preparedness of young people for work (excludes those answering 'don't know')**

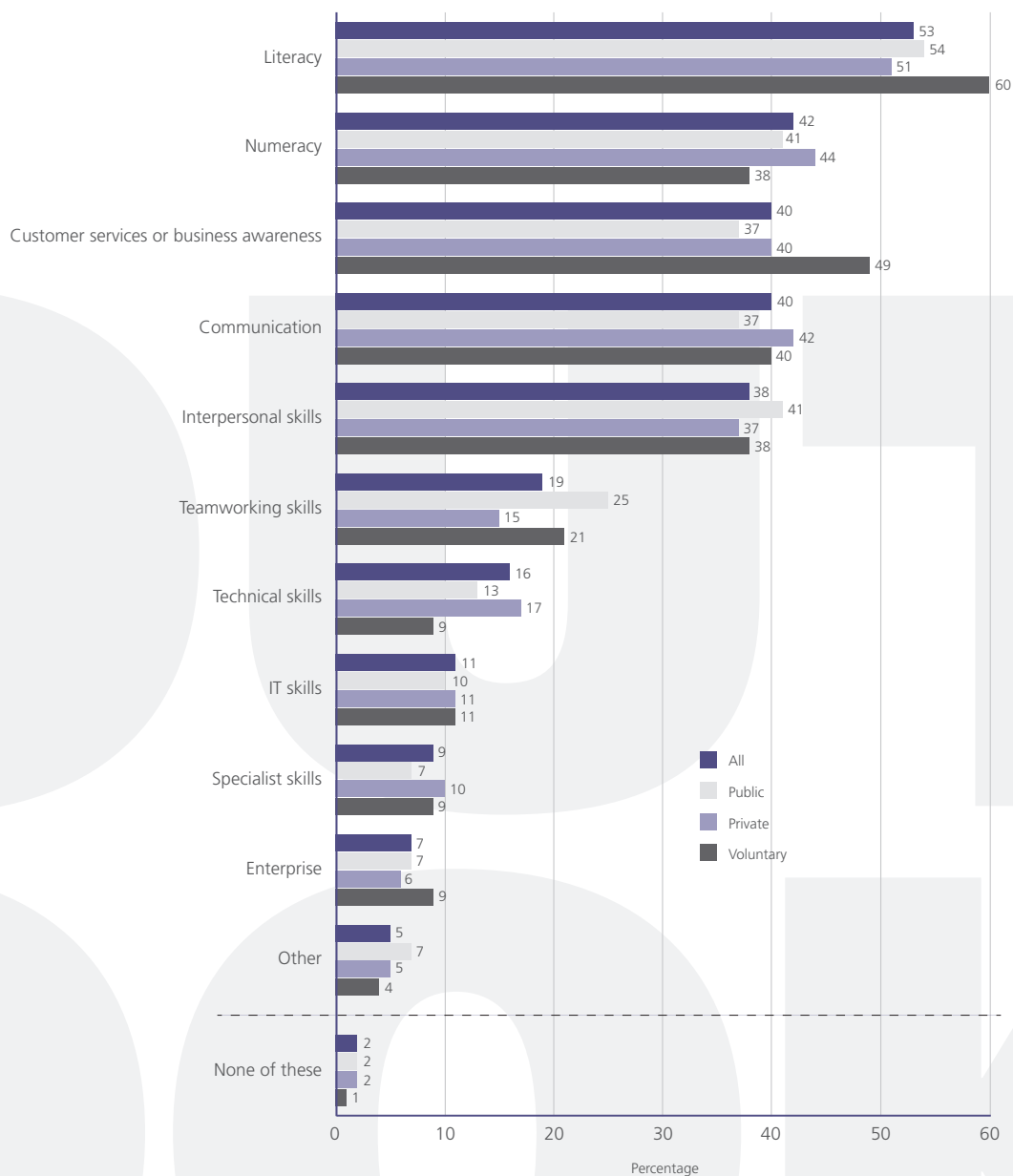


Base: All who have recruited young people in the last 12 months (16-year-olds directly from school, n=111, 17-18-year-olds directly from school or college, n=259, higher education leavers under age 24 to their first job, n=428)

**Areas for improvement**

The survey evidence suggests that while literacy (53%) and numeracy (42%) remain key concerns among employers, almost as many employers are looking to the Government to boost other employability skills of young people, such as good customer service skills (40%) and good communication skills (40%). There are few statistically significant differences between sectors, although public sector employers are significantly more likely to mention 'teamworking skills' (25%) than those in the private sector (15%).

**Figure 8: Skills the Government should focus on improving**



Base: Public, n=273, Private, n=548, Voluntary, n=132

## Respondent profile

Data is weighted by sector, organisation size and industry.

**Figure 9: Breakdown of the sample, by sector (%)**

	Summer 2011	Spring 2011	Winter 2010–11
Private	62	62	62
Public	31	31	31
Voluntary	7	7	7

**Figure 10: Breakdown of the sample, by number of employees in organisation (%)**

	Summer 2011	Spring 2011	Winter 2010–11
2–9	13	13	13
10–49	6	6	6
50–99	5	5	5
100–249	11	13	13
250–499	7	5	5
500–999	9	9	9
1,000–4,999	19	19	19
5,000–9,999	10	10	10
10,000–19,999	7	7	7
20,000 or more	13	13	13

**Figure 11: Breakdown of the sample, by industry (%)**

	Summer 2011	Spring 2011	Winter 2010–11
<b>MANUFACTURING AND PRODUCTION</b>	<b>14</b>	<b>14</b>	<b>14</b>
Agriculture, forestry and fishing	0	0	0
Manufacturing	9	9	9
Construction	2	2	2
Mining and extraction	1	1	1
Energy and water supply	1	1	1
<b>EDUCATION</b>	<b>5</b>	<b>6</b>	<b>5</b>
Primary and secondary schools	2	1	1
Further and higher education	3	4	4
<b>HEALTHCARE</b>	<b>8</b>	<b>8</b>	<b>8</b>
NHS	6	5	5
Other private healthcare	2	3	3
<b>VOLUNTARY AND NOT-FOR-PROFIT SECTORS</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>PRIVATE SECTOR SERVICES</b>	<b>51</b>	<b>52</b>	<b>52</b>
Hotels, catering and leisure	2	2	2
IT industry	3	3	3
Transport and communications (including media)	4	4	4
Consultancy services	14	15	15
Finance, insurance and real estate	9	9	9
Wholesale and retail trade	6	7	7
Other business services	12	12	12
<b>PUBLIC ADMINISTRATION AND DEFENCE</b>	<b>16</b>	<b>16</b>	<b>16</b>
Public administration – central government	6	5	5
Public administration – local government, including fire services	7	8	8
Armed forces	1	1	1
Quango	2	2	2

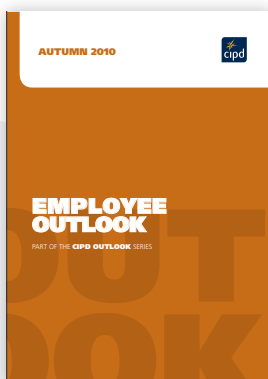
**Figure 11: Breakdown of the sample, by industry (continued) (%)**

	Summer 2011	Spring 2011	Winter 2010–11
<b>North</b>	<b>15</b>	<b>11</b>	<b>11</b>
North-west of England	6	4	5
North-east of England	4	3	1
Yorkshire and Humberside	55	4	5
<b>Midlands</b>	<b>12</b>	<b>9</b>	<b>12</b>
West Midlands	3	5	4
East Midlands	4	2	5
Eastern England	4	2	2
<b>South</b>	<b>33</b>	<b>34</b>	<b>33</b>
London	14	16	14
South-west of England	7	6	6
South-east of England	13	11	13
<b>Scotland</b>	<b>7</b>	<b>10</b>	<b>4</b>
<b>Wales</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Northern Ireland</b>	<b>2</b>	<b>4</b>	<b>2</b>
<b>Channel Islands</b>	<b>0</b>	<b>0</b>	<b>1</b>
All of UK	27	28	33

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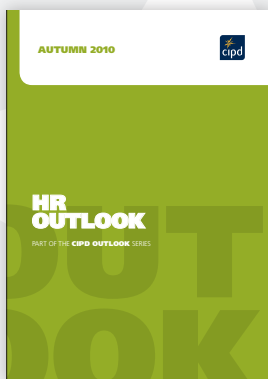
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