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# INVESTING IN YOUNG PEOPLE: WHY YOUR BUSINESS CAN'T AFFORD TO MISS OUT

Today's young people, tomorrow's workforce

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If you are not already convinced about the business benefits that younger workers can bring to your organisation, now is the time to take stock. Whatever employment options you offer (internships, work experience placements, apprenticeships or graduate programmes, for example), there are many reasons why your business needs younger workers, but here we outline what we see as five of the most compelling...

## 1 DON'T MISS OUT ON TOMORROW'S TALENT

Even in today's tough economic climate, employers report serious problems in recruiting good people with the right skills. Are you, like more than four out of five organisations (CIPD 2012), currently experiencing recruitment difficulties? If your answer is yes, it is time to start thinking differently about your resourcing strategy.

One of the biggest headaches for any business is working out where your skills are coming from. There are not enough people in the labour market with the skills and experience that you require. With the uncertain economic climate, still more are staying put.

Around 30,000 NHS staff retire each year. An ageing NHS workforce therefore creates additional incentives for NHS employers to attract younger staff and to build young people's skills now so that we can ensure a high-quality workforce for the future.  
**(Elizabeth Eddy, Head of Skills in Employment, NHS Employers)**

While younger workers might not have all the experience you think you require, they represent your workforce of tomorrow. Many of Barratt Developments' existing directors, for instance, came into the organisation through their apprenticeship route and, likewise, many executives in the NHS started their careers through their graduate and apprenticeship schemes.

We need to be clear that we are facing the toughest time ever, but we made the decision to invest in youth, because young people are our future and bring with them the leadership and global mindset required for the future challenges of our business.  
**(Ann Pickering, HR Director, O2/Telefonica)**

Investing in young people will foster great loyalty, particularly in today's challenging marketplace. People who undertake their initial training with an employer are more likely to stay with that employer, so your initial investment really does pay off. The earlier you invest in young people the better: Nestle says only 1% of its apprentices leave the organisation.

We need to plan ahead for the economic recovery; this includes developing some new recruitment channels to secure the loyalty of a good, committed workforce. (**Emma Wordsworth, HR Director, Veolia**)

When it comes to skills, it is not enough to just think about the here and now. But our research shows that this is a common problem (only 6% of organisations look five years ahead when it comes to workforce planning (CIPD 2010)). You need to develop a clear picture of your current skills, where the gaps are and what skills will be needed in the future as circumstances and your business change. If you actively engage with young people now, you can start to build a strong pipeline of future talent, which can help put you ahead of your competitors and ultimately secure your future growth.

## **TOMORROW'S TALENT: KEY EVIDENCE**

But you don't just have to take our word for it, look at the evidence...

- Skills shortages are set to increase in the UK and globally (Manpower 2012).
- If you don't take advantage of younger talent, you will run out of workers:
  - Current employer plans suggest that we will need to fill 13.5 million job vacancies in the next ten years (UKCES 2010).
  - The UK population is projected to continue ageing, with the average (median) age rising from 39.7 years in 2010 to 42.2 by 2035 (ONS).
  - Immigration will not fill the gap – current net immigration is around 200,000 people per year (ONS 2011) and the Government is committed to reducing this.
- Employers' top two reasons for employing younger workers is to grow their own workforce (40%) and build their talent pipeline (38%) (CIPD 2012) and younger workers effectively boost internal talent pipelines and succession plans (Hogarth 2005).
- More than half (53%) of private sector organisations employ younger workers to gain access to future talent pools (CMI 2011).

## 2 YOUNG PEOPLE'S UNIQUE SKILLS, NEW IDEAS AND ENTHUSIASM: YOUR COMPETITIVE EDGE

Young people are not only your workforce for tomorrow; they are also an invaluable asset to your organisation here and now. Younger workers bring unique skills, new ideas and an enthusiasm because of their age and the fact that they don't come from a pre-programmed corporate background.

Young people think differently, they do things differently, because of technology, it's a different generation. We need them to understand and engage with our customer base. **(Karen Walker, Head of Resourcing, Greggs)**

So even though young people may lack work experience, they can bring a wealth of ideas into your organisation and challenge existing thinking. Young people's unique skills are particularly important to organisations when it comes to digital literacy, social networking and social media. They are great in dealing with technology because they have grown up with it.

We are a very customer-facing business and we need our workforce to reflect our customers. It's the best way to find gaps in the market and spot opportunities for business development. **(Kate Bellow, O2/Telefonica)**

Recruiters always tell us that attitude rather than experience should be the priority. If young candidates have the right attitude, motivation and work ethic, the rest can be taught on the job, including technical skills. And, often young people are more open to your organisation's culture and practices as well as new ideas and ways of thinking. They are a 'blank canvas' that you can train up to your organisation's standards.

We have a strong culture at BSKyB – innovative, fast paced and exciting. So we are not so interested in qualifications but in attitude; if they have the right attitude and are enthusiastic and keen to learn, they can go a long way in the organisation. We always want new ideas; that is how the industry has developed. We say to our young apprentices: if you have got new ideas or better ways of working – tell us. **(Jo Fox, Director of Future Talent, BSKyB)**

Often all young people need is a chance to prove what they can do. And you only need to look at London 2012 as an example of the amazing potential our younger generation has to offer.

Contrary to what you may read in the papers, most employers that hire young people are very satisfied with their young recruits; they are impressed by, among other things, their imagination, dynamism and enthusiasm (CIPD 2012).

We have had consistently positive feedback on our apprentices we have appointed, including from very senior people, who have been very impressed with their customer service. **(Dean Shoemith, Joint Executive Head of Human Resources at London Boroughs of Sutton and Merton)**

It is refreshing. They have a great energy and challenge our existing thinking. **(Elizabeth Eddy, Head of Skills in Employment, NHS Employers)**

Young people are also often more flexible and open to new opportunities and challenges. This is useful if you have a flexible working culture, such as Jurys Inn, where people move from job to job and between departments.

We need people who are keen to take on new tasks and are flexible in their approach to our guests. Younger workers are often very enthused by those challenges. **(Jennifer Lee, HR Director, Jurys Inn)**

## UNIQUE SKILLS, ATTITUDE AND MOTIVATION: KEY EVIDENCE

You don't just have to take our word for it, look at the evidence...

- Forty-seven per cent of employers recruit young people because of their willingness to learn, 43% for their fresh ideas and new approaches and 42% recruit them for their motivation, energy and optimism (CIPD 2012).
- Eighty-two per cent of employers find young people well or very well prepared for work (UKCES 2012).
- Almost 500 employers rate their net satisfaction with the young people they have employed at +82 (CIPD 2012).
- Neurological changes in the brain mean technology is a sixth sense for young people, an American study of 'millennials' shows (Hershatt and Epstein 2010). This means they don't need to adapt to new technologies to use them effectively.

### 3 IT'S TIME TO HARNESS THE BENEFITS OF A TRULY DIVERSE WORKFORCE

It is a well-known fact that your people are your greatest asset. And that is particularly the case if you have a workforce that is diverse and offers different perspectives, skills, values and experiences.

The greater the different types of people we employ – ages, gender and cultural background – the greater the diversity of thought and the more innovative we become. **(Val Stevenson, HR Director, Deloitte LLP)**

The key benefits of a diverse workforce are numerous and include: customer care and marketplace competitiveness; corporate image, brand, ethics and values; recruitment and retention of talent; designing and delivering products and services; increasing creativity and innovation; being an employer of choice; complying with legislation and corporate responsibility (CIPD 2008).

The business case is clear: it is in our interest to fish in the broadest pool of talent. It's a talent issue. We need to get the right people and we don't want to miss out on appealing to a broader section of the community. **(Jo Ward, Head of Talent and Resourcing, Nestlé)**

Surely, amidst a backdrop of economic turbulence and corporate scandals, a diverse workforce has never been more crucial. Through diversity, organisations can help protect themselves against risk by ensuring that their workforce, including those at the top, don't all think alike, are willing to challenge – particularly when they see unethical behaviour – bring fresh perspectives and ultimately offer more rounded and balanced views.

And young people are an important part of that diverse workforce. They often bring fresh perspectives and new ways of doing things by virtue of not having come from corporate culture. They are therefore more likely to speak out and challenge ways of doing things that might not make sense or be productive.

Young people can come to the business with a different perspective, thinking outside the box, and ask managers 'why do you always do it that way?'. They can teach management to consider new perspectives in a positive way. **(Jennifer Lee, HR Director, Jury's Inn)**

You also need to consider how else you are going to gain insight into your younger customer base. The personal knowledge that young people bring of their own market is surely invaluable. On top of that, young people are often in touch with the latest education, learning, new methodologies and technology. At Barratt Developments, for example, a young apprentice has brought into the business a new and more sustainable way of laying bricks called 'thin joint' and is currently teaching this to his existing team.

And, through knowledge-sharing and initiatives such as reverse mentoring, they can ensure that a wider pool benefits from their insights, skills and ideas – all of which leads to clear benefits for your organisation's bottom line.

It's hard to get that knowledge; you can't buy that in from the outside, so our priority is to transfer that knowledge from the older generation to the younger one and to grow our own workforce. **(Karen Walker, Head of Resourcing, Greggs)**

## **BENEFITS OF A DIVERSE WORKFORCE: KEY EVIDENCE**

You don't just have to take our word for it, look at the evidence...

- More than a quarter of employers recruit younger workers specifically to boost the diversity of their workforce (CIPD 2012).
- Almost a third (30%) of employers that bring young people in for work experience do so because it helps the learning and skill development of their existing staff (CBI 2010).
- Half of employers employ younger workers specifically for their fresh ideas and new approaches (CIPD 2012).
- Graduate employers believe they inject new ideas and apply current thinking from academia. They can also bring wider perspectives to bear from their experience of working with students and teachers from diverse social, cultural and ethnic backgrounds (Smith 2007).
- Young people and their families are often customers, and their insights and input can be invaluable as a company seeks to position itself with its key market audiences (Shamash and Shoemith 2011).

## 4 ENHANCING YOUR EMPLOYER REPUTATION

Your organisation's reputation matters – to potential investors, customers and employees, who want to know how you conduct your business and treat your staff.

Many organisations tell us that employing younger workers boosts their reputation as an employer of choice.

Getting young people and multi-disadvantaged groups into work within the NHS delivers positive social outcomes, ensures a more representative workforce and boosts an NHS organisation's reputation as an employer. (**Elizabeth Eddy, Head of Skills in Employment, NHS Employers**)

Younger workers can also act as an important recruitment and PR channel in themselves, as Karen Walker, Head of Resourcing at Greggs, maintains: 'young people know a lot of people...'. While at Deloitte, sponsored undergraduates act as ambassadors for them on campus.

Other employers talk about the importance of making a difference to the broader agenda.

We are interested in making a difference. For example, our sales and marketing director made a personal commitment to only take on apprentices that are not in education, employment or training (NEETs). (**Emma Wordsworth, HR Director, Veolia**)

Then there's community involvement. More and more organisations are developing closer links with their local communities as part of their corporate responsibility activities or to gain greater knowledge and representation of their customer base.

There are no communities where youth is unimportant. Businesses with a demonstrable connection to youth in their communities have an edge on their competitors in winning in the future. (**New Zealand Business Council for Sustainable Development**)

So, can your organisation afford to miss out on the benefits to your overall brand and reputation alongside all the other benefits, outlined in this leaflet, that come from engaging with younger workers in various ways?



## BENEFITS OF ENHANCING YOUR EMPLOYER BRAND: KEY EVIDENCE

You don't just have to take our word for it, look at the evidence...

- Three out of five employers (64%) believe young people need an opportunity to prove themselves (CIPD 2012).
- The top driver for organisations getting involved in the education sector, reported by 52%, is to support the local community, with 44% similarly describing it as part of their corporate social responsibility (CMI 2011).
- Seventy-one per cent of employers believe they have a role to play in tackling youth unemployment (CIPD 2012).
- A study of Marks & Spencer education partnerships demonstrated how positive work experience placements (for both pre- and post-16-year-olds) can improve their image amongst the local community and also improve staff retention rates (Trebeck 2007).

## 5 INVEST NOW, DON'T PAY LATER

Investing in young people to grow your own workforce is more cost-effective than trying to buy in skills and talent later. The younger the age at which an employer begins to invest in training and development of an employee, the more they can benefit from this investment. For example, Barratt Developments PLC estimates that through the investment in apprenticeships, the company was able to promote from within, saving around £4,000 per person in recruitment and selection costs for site management positions.

Younger workers are on a lower salary. But they should not be seen as a cheaper option in the short term, rather a long-term investment that will need upfront training and more tailored management. In return, they will provide you with a loyal, skilled workforce for many years to come.

Don't employ young people because they are cheaper than more experienced workers. That's a false economy. You have to see it as an investment and not as a way to save resources in the short term. **(Emma Wordsworth, HR Director, Veolia)**

But employing and training younger workers will allow you to tap into grants and funding, such as funding for apprenticeships, which is at least partly, if not fully, funded by the Government. In addition, there are financial incentives for employers that take on young unemployed people within the Youth Contract, recently launched by the Government in England. These include:

- wage incentives of up to £2,275 for employers to recruit 18–24-year-olds from the Work Programme
- funding for work experience placements
- grants for apprenticeships worth £1,500 to encourage employers to take on 16–24-year-olds
- additional support for the most disengaged young people to participate in employment and training.

## **COST-EFFECTIVENESS: KEY EVIDENCE**

You don't just have to take our word for it, look at the evidence...

- Seventy-three per cent of employers believe there is a business case for recruiting younger workers (CIPD 2012).
- A study carried out by the University of Warwick Institute for Employment Research (IER) shows that employers are able to recoup their costs within one or two years after the training has been completed.
- The younger the age at which an employer begins investing in the training and development of an employee, the longer the window of benefit, both for that employer in particular and the economy in general (New Zealand Business Council for Sustainable Development).

## **HOW DO YOU MAKE IT HAPPEN?**

So you've decided to invest more in young workers. But where do you start? What do you need to consider and what support is available?

## **YOU CAN ENGAGE WITH YOUNG PEOPLE IN MANY WAYS:**

- Go into schools, give career insight talks, offer advice on recruitment, provide work experience and workplace visits.
- Develop apprenticeships and school-leavers' programmes.
- Offer internships.
- Offer graduate schemes.
- Directly recruit young people.

## **WHAT FINANCIAL SUPPORT IS AVAILABLE?**

For information on apprenticeships, contact the National Apprenticeships Service (NAS): [www.apprenticeships.org.uk/](http://www.apprenticeships.org.uk/)

If you are considering employing young people, see the Government's Youth Contract: [www.dwp.gov.uk/youth-contract/](http://www.dwp.gov.uk/youth-contract/)

If you want to design your own training programmes, you can access funding under the UKCES's employer ownership: [www.ukces.org.uk/employerownership](http://www.ukces.org.uk/employerownership)

### Other sources of support:

For further advice on how to recruit young people and gain government support, see the UK Commission for Employment and Skills leaflet *Grow Your Own*:

[www.ukces.org.uk/assets/ukces/docs/publications/grow-your-own-how-young-people-can-work-for-you-v2.pdf](http://www.ukces.org.uk/assets/ukces/docs/publications/grow-your-own-how-young-people-can-work-for-you-v2.pdf)

For advice on how to set up and run high-quality apprenticeship schemes:

[www.cipd.co.uk/publicpolicy/policy-reports/apprenticeships-work.aspx](http://www.cipd.co.uk/publicpolicy/policy-reports/apprenticeships-work.aspx)

For advice on how to set up and run high-quality work experience placements:

[www.cipd.co.uk/hr-resources/guides/work-experience-placements-work.aspx](http://www.cipd.co.uk/hr-resources/guides/work-experience-placements-work.aspx)

For advice on how to set up and run high-quality internship placements:

[www.cipd.co.uk/hr-resources/guides/internships-employers-guides.aspx](http://www.cipd.co.uk/hr-resources/guides/internships-employers-guides.aspx)

To engage with schools:

[www.inspiringthefuture.org/](http://www.inspiringthefuture.org/)

[www.youngchamber.com/](http://www.youngchamber.com/)

[www.bitc.org.uk/community/education/business\\_class/index.html](http://www.bitc.org.uk/community/education/business_class/index.html)

To engage with young people in your community:

[www.londonyouth.org.uk/](http://www.londonyouth.org.uk/)

[www.citizensuk.org/](http://www.citizensuk.org/)

This leaflet is based on research collected through:

- our ***Learning to Work*** survey, carried out during July and August 2012 with 780 HR professionals
- 11 employer case studies carried out during August 2012
- an employer roundtable, hosted by the London Chamber of Commerce and Industry (LCCI) on 4 September 2012.

For access to the full report, ***The business case for employer investment in young people*** and references go to:

[www.cipd.co.uk/publicpolicy/policy-reports/employer-investment-young-people.aspx](http://www.cipd.co.uk/publicpolicy/policy-reports/employer-investment-young-people.aspx)



## Today's young people, tomorrow's workforce

This report is part of the CIPD's Learning to Work initiative, which aims to increase employer investment in young people, so that employers help prepare young people for work and make their organisations more youth-friendly.

The campaign has three strands: making the business case for employer investment in young people, developing a package of options to increase employer engagement with young people, and raising awareness of the role HR professionals and employers can play in tackling youth unemployment.

[cipd.co.uk/learningtowork](http://cipd.co.uk/learningtowork)



The  
manufacturers'  
organisation

This leaflet is produced in collaboration with the London Chamber of Commerce and Industry (LCCI) and the Manufacturers' Organisation (EEF), who have provided input and support by drawing on the insights of their members.



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