

Briefing paper: Youth employment in the Finance sector

Youth unemployment is at an all-time high and falling slowly. Although the recession and subsequent lack of demand across the economy are the biggest factors, the fact is that **youth unemployment has been rising since 2005**. This suggests that the recession is only part of the cause.

There have been structural changes in the labour market that have made it increasingly difficult for young people to get into work, and move into good jobs which offer career progression:

- **Word of mouth recruitment methods are on the rise** – this disadvantages young people in particular, who haven't the necessary contacts or social capital
- **Employers value experience above all else** – yet only a quarter of them offer work experience
- **The sales and elementary occupations** that young people usually start out in **are declining** – and high skilled roles which young people find hard to access are on the rise.

These structural barriers exist to varying degrees across every sector. In general, however, **most employers who recruit young people find them well prepared for work**. 59% of employers who take on a 16 year old straight from school find them work ready, and this increases with level of education: 66% for 17-18 year old school leavers, 74% for 17-18 college leavers and 84% for graduates.

Recruitment of young people

- Recruitment activity in the finance sector is above average: 55% of employers had vacancies, compared to a UK average of 48%. 52% of firms had recruited to a new employee in the past 12 months, compared to a national average of 43%.
- 63% of those finance employers that had recruited had taken on a young person aged 16-24, above the UK average of 62%. However, only 13% had employed a young person aged 16-18, well below the UK average of 24%.
- 29% of finance employers utilised word of mouth recruitment methods, which disadvantage young people. This places the sector in the UK average.

Work experience

-  20% of finance employers offer any form of work experience. This is below the national average of 27%.
-  Of those that did not offer any work experience, 31% said it was due to a lack of suitable roles. 12% said they had never thought of doing so.
-  Of those finance employers that do offer work experience, 28% recruited young people after the placement ended. This is below the UK average of 38%.

Apprenticeships

-  Of all sectors of the economy, finance is the least likely to offer apprenticeships. Only 5% of employers do so, a third of the UK average of 15%.
-  Promisingly, 19% of finance employers plan to offer apprenticeships in the future - if these aspirations were realised, this would be an almost fourfold increase.

Both apprenticeships and work experience placements are vital for young people and employers alike. Apprenticeships offer young people a gateway into a great career, and bring well documented returns in loyalty and productivity to employers. Work experience opens young people's eyes to jobs they have never thought of and helps instil the attitudes and behaviours expected at work, as well as feeding the talent pipeline for employers.

Continuing to invest in young people would ensure that these sectors play a key role in tackling the youth employment challenge whilst building an invaluable talent pipeline for the future.

Sources

Scaling the youth employment challenge
<http://www.ukces.org.uk/publications/scaling-the-youth-employment-challenge>
Employer Perspectives Survey (2012)
<http://www.ukces.org.uk/ourwork/employer-perspective-survey>
UKCES Employer Skills Survey (2013)
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