

Briefing paper: Youth employment in the Wholesale and Retail sectors

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 2004**. This suggests that the recession is only part of the cause.

There are actually **structural changes in the labour market** that have made it increasingly difficult for young people to get into work, and progress onto good jobs with progression:

- **Word of mouth recruitment methods are on the rise** – but they disadvantage young people, who haven't had time to build the necessary contacts or social capital
- **Employers value experience above all else** when recruiting young people – but only a quarter of them actually offer work experience
- **The sales and elementary occupations** that young people usually start out in **are declining** – and the high skill roles that they find hardest to get into are on the rise

These structural barriers exist to varying degrees across every sector, including wholesale and retail. But in general, **most employers who recruit young people find them well prepared for work**. 59% of employers who take on a 16 year old straight for education find them work ready, and this goes up with education: 64% for school leavers, 72% for college leavers and 84% for university leavers.

Jobs for young people

The wholesale and retail (W+R) sectors employ 14% of the UK workforce. They are important sectors for young people as a source of part-time and entry-level jobs:

- **More than 30% of employees in retail are young people (16-24 years old)**, compared with an average of 13% across all sectors. 52% of retail employees work part-time, compared to an average of 28% across the whole economy
- **67% of W+R employers who have recruited in the past year have employed a young person**. The UK average is 62%. This puts W+R in the top 3, after hospitality and agriculture
- **W+R has the lowest proportion of employers who claimed that no young people applied for positions**. Of those W+R employers who employed no young people, 32% said that no young people applied, against an all-sector average of 40%
- **Recruitment methods**: 26% of employers in W+R use word of mouth recruitment methods, lower than the average of 29%

Work experience

- 24% of W+R employers offer work experience, lower than the average of 27%. The sector in which work experience is most common is education, in which 63% of employers offer it.
- 34% of W+R employers recruit young people following work experience - this is higher than the average of 28% but significantly lower than the Health and Social sector high of 53%

Apprenticeships

- W+R employers are less likely to offer apprenticeships than most UK employers – 12% do lower than the 15% average. This puts the sector in the bottom 6 of the 14 sectors reviewed. In the top 5 sectors, at least 20% of employers offer apprenticeships.
- 24% of W+R employers plan to offer apprenticeships in the future. If these aspirations were realised, it would double the number of employers involved in apprenticeships.

Conclusion

Whilst employers in the W+R sectors are more likely than employers in other sectors to recruit a young person, they are also the most popular amongst young people and the most likely to have young people apply for a job, apprenticeship or work experience placement. So employers in the sector already contribute many opportunities to the youth labour market, and they also have a big opportunity to increase the numbers of young people they help into work.

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 the wholesale and retail 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>
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<http://www.ukces.org.uk/ourwork/employer-perspective-survey>
Sector Skills Insights: Retail
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