

TAKING THE LEAD

The role of companies in tackling the UK's youth unemployment

Written by The Economist Intelligence Unit



A return to—albeit slow—growth in the UK economy in 2013 has helped to improve the situation for the UK's young and jobless. But a number of underlying challenges remain, not least employers' concern that some young people simply lack the necessary and basic skills to enter the job market.

In this article, The Economist Intelligence Unit highlights four private-sector initiatives in the UK aimed at tackling youth unemployment: Nissan Motor Manufacturing UK is working to retrain the local community; Whitbread Hotels and Restaurants are setting up a dialogue with the rest of the hospitality sector to tackle youth unemployment; Microsoft is trying to improve information technology (IT) teaching in UK schools; and Barclays Bank is focusing on those young people who get left behind.

MINING LOCAL RESOURCES: NISSAN MOTOR MANUFACTURING UK

When Nissan Motor Manufacturing UK opened its automotive plant in Sunderland in north-east England in 1986, the carmaker knew it would have to train most of its workers. The region had been a ship-

building and coalmining centre, but had no expertise in car manufacturing. In many families, no-one had worked since the recession of the early 1980s. Nissan had aspirations to hire half its staff from among the unemployed, but it found that only 12% met basic standards for maths, literacy and hand skills. Since establishing its plant there, the carmaker has worked with local educational institutions and supply-chain partners to better prepare local young people for the workforce, building a stronger regional economy in the process. As part of its commitment to the local economy, Nissan has partnered with Gateshead College, a further education institution, and NAC Group, a training provider, to run a sector-based work academy, training about 1,000 young people each year. The academy offers six weeks of training, including workshop sessions teaching manual skills, and practical and theoretical sessions on manufacturing. Steve Pallas, Nissan's training and development manager, says that about 60% of the academy's graduates get hired by Nissan or its suppliers. Those who do not land jobs in the automotive sector continue to get support from the programme for 12 months, with 86% ultimately finding jobs. Nissan also offers a traineeship programme, the Youth Evolution Scheme (YES), targeting 16-18-year-olds with no work experience. YES offers literacy and maths tutoring, as well as experience working on a replicated production line. Some participants go straight into jobs afterwards, while others take an apprenticeship. (Nissan has three levels of apprenticeships to support different types of entry, centred on manufacturing, technical skills and professional grade.) To build team spirit, Nissan requires trainees and apprentices to wear company uniforms—black polo shirts and grey trousers. "They are part of the family, but they also have a responsibility to our brand," Mr Pallas says. Nissan's initiatives have created bonds with the wider community, too: it works with local schools to share job information; and it works with supply chains to train the young people who work at these companies. The growing talent pool is helping the local economy attract other investments, with a Hitachi train plant scheduled for completion in the north-east in 2016.

HOSPITABLE ENVIRONMENTS: WHITBREAD HOTELS AND RESTAURANTS

Premier Inn, a UK hotel chain owned by Whitbread Hotels and Restaurants, harbours ambitious plans to increase the number of its

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rooms from 55,000 currently to 75,000 by 2018. To achieve its goal, it will need to boost its current 16,000-strong workforce, and has plans to create 8,000 more jobs, 2,000 apprenticeships and 8,500 work placements by 2018. The chain's growth reflects that of the overall hospitality sector in the UK, which employs about one-tenth of the country's workforce. The British Hospitality Association (BHA) predicts that the sector could become the third-largest employer in the UK by 2020.

The UK's 16-24-year-old NEETs (those not in education, employment or training) can help to meet the sector's surging demand for labour. But although they may be eager to work, they often lack confidence, work experience and basic skills. To help this group, Premier Inn is creating job opportunities within its own hotels and helping to mobilise other sector players to do the same, according to Whitbread's managing director, Patrick Dempsey.

The company works with the government's Jobcentre Plus and the Prince's Trust, a charity, to find young people who are "friendly with good personalities," Mr Dempsey says. "When you talk to these kids, they say they love coming to work." Employees may get pre-employment training through Jobcentre Plus, and Premier Inn provides an intensive, four-week training programme. The company also offers apprenticeships, for everything from front- and back-of-the-house jobs to management-training positions. In 2013 it filled half of its 1,500 new jobs from among the 16-24 age group.

Mr Dempsey is also leveraging connections with industry groups and hospitality sector leaders to create work opportunities for young people. He sits on the Talent and Skills Leadership Team of Business in the Community, a not-for-profit organisation, and he has helped launch a Big Hospitality Conversation, bringing together industry leaders, apprentices and jobless young people to focus attention on the issue of youth unemployment.

More than 150 industry leaders attended the first Big Hospitality Conversation in 2012, and a dozen subsequent gatherings attracted industry leaders around the country. Mr Dempsey says that these efforts have generated 33,000 pledges to create jobs, apprenticeships and work placements for the 16-24 age group. The BHA has also made Big Hospitality Conversations a priority, according to Mr Dempsey, who sits on the industry group's board. In March 2014 the BHA announced a commitment to provide 7,000 apprenticeships across London by 2016. Mr Dempsey says that the goal is to create 20,000 jobs, 20,000 apprenticeships and 20,000 work placements each year.

GET THEM WHILE THEY'RE YOUNG: MICROSOFT UK

There are about 100,000 vacancies currently in the tech space in the UK, and Hugh Milward, Microsoft UK's director of corporate affairs, expects the number of tech jobs and of non-tech-specific jobs that require tech skills to continue rising. But the right candidate is hard to find. "Kids aren't leaving with the skill sets that will help them find a [tech] job now or to take advantage of future development in technology," Mr Milward says. Reece Gillespie, a 19-year-old from Essex, is one such example. He had an interest in computers growing up, but "what I learned at school had nothing to do with the real world,"

he says. "The computer science was on a very basic level that didn't prepare you for the world of work."

Microsoft sees a role not just in providing work opportunities for young people, but also in helping to imbue them with the interest and skills to work in IT or in tech-related jobs, long before they hit the job market.

In November 2012 the company launched its Get On programme, with the goal of helping 300,000 16-24-year-olds to "get inspired, get skilled or get a job" over three years. It is working with schools, charities and other partners to promote its three-pronged approach: to raise aspirations and expose young people to opportunities in IT; to help them gain tech skills; and to provide IT employment through apprenticeships, internships and support for start-ups. Microsoft has been pushing for computing to be taught in schools, instead of information and communications technology (ICT), and computing classes will be mandatory for primary schools starting in September. Microsoft employees also volunteer at youth clubs through a partnership with UK Youth, teaching tech skills and CV writing.

Microsoft has also developed an apprenticeship programme, with about 4,000 apprentices working at the company or with partner companies across the UK, training to do such jobs as manning an IT help desk. Mr Milward says that the vast majority of apprentices who have gone through the 12-month programme stay on in jobs with their employers.

Mr Gillespie joined the Microsoft Partner Apprenticeship Programme in September 2013, working as a junior IT support technician for a Microsoft training provider, Firebrand Apprenticeships. After shadowing other technicians on the job, he is troubleshooting problems on his own. He attends a week-long training session every ten weeks, to learn about customer service and other skills, and may become a permanent employee after his training ends.

GUIDING THE WAY FROM CLASSROOM TO WORKPLACE: BARCLAYS BANK PLC

Most employers want young people who have A*-C grades in their General Certificate of Secondary Education (GCSE) for maths and English or equivalent. "Forty per cent of people don't obtain A-C. So it leaves a huge portion of young people out of the job market," says Mike Thompson, the head of Barclays' Employability and Early Career Programmes.

To tackle that problem, Barclays is using its apprenticeship programme to target underprivileged young people. It currently has some 1,000 apprentices, 86% of whom were previously NEETs, and it aims to double the number by the end of 2015. "We have had the same approach since day one: hire young people who wouldn't have an opportunity to move into the workplace," Mr Thompson says. "The system has written them off, parents and teachers tell them they're a failure. We give them a chance to learn." Many of these young people might have low levels of education, he says, but they have a strong desire to learn and to prove themselves.

Barclays finds some of its apprentices through Jobcentre Plus and the government's Work Programme, but it mostly works through its charity partners, including the Prince's Trust and Kids Company,

which seeks to help inner-city children. Apprentices get paid the same amount as employees, learning through on-the-job training, classroom instruction and self-led online learning. Maths and English teachers work with those who need help to pass their GCSEs or equivalent.

Hannah Dean lived with her family in public housing and dropped out of college in 2011 before completing her first year, to look for a job. Failing to find one, she signed on with Jobcentre Plus, but potential employers told her she did not have enough experience. "It was like a never-ending cycle. So I just gave up eventually," she says. Ms Dean had been unemployed for 18 months when she got accepted as a Barclays apprentice, among the first batch in what was then a pilot programme. She was reluctant at first. "I thought, 'Oh no, I'm from a council estate, no-one will like me, I won't fit in,'" she recalls. After 12 months training as a cashier and attending sessions on fraud and customer service, Ms Dean was chosen to attend a ten-week training programme to become an operation specialist. She recently started working as a counter manager at a Barclays branch in south-east London. "I love it," she says. Meanwhile, many of her friends who went to

university have been unable to find good jobs, and are struggling to pay off student loans.

On top of offering apprenticeships, Barclays has created LifeSkills, which is a free, curriculum-linked education programme designed to give young people in the UK access to the skills, information and opportunities they need to help them towards the jobs they want. Resources on CV writing, communication skills and budget management are available free of charge online and through schools and work experience programmes. "We're trying to prevent the issue we've seen with our apprentices, who don't have those skills," Mr Thompson says. More than 4,000 schools, colleges and youth groups have joined the initiative, and hundreds of businesses have registered to offer work experience to young people once they finish the programme.

Although each of these four companies differs in their approach, they all rely on creating partnerships between different stakeholders. Such collaboration between government, business and educational institutions is likely to continue to play an important role in addressing the root causes of youth unemployment in the UK.

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