

Jo Ingold and Danat Valizade
Policy Report no 6



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Abstract

This report analyses and compares employer engagement in active labour market programmes (ALMPs) in the UK and Denmark. It presents findings from an original survey of over 1,500 employers, examining (i) the extent of employers' participation in ALMPs in each country and the differences and similarities between them; (ii) the types and degrees of employer engagement; and (iii) the factors that affect employer engagement in these two countries. In contrast to the findings of existing studies, the survey found that the overall level of employers' participation in ALMPs was similar across both countries, although slightly higher in Denmark. In terms of employer engagement in ALMPs, as distinct from participation, two clusters of employers emerged from the survey data: those who were 'instrumentally' engaged, based on one-off or ad hoc activities and those who were 'relationally' engaged, involving deeper, repeated and sustained engagement. Danish employers were more relationally engaged than UK employers. In relation to the factors that affected employer engagement in ALMPs, employers' membership of regional and local business associations was important in the UK, as were employers' social responsibility policies. In Denmark, the most significant predictor of employer engagement was collective agreement coverage.

Executive Summary



This report analyses and compares employers' participation and engagement in active labour market programmes (ALMPs) in the UK and Denmark. Based on an original survey of over 1,500 employers, it examines (i) the extent of employers' participation in ALMPs in each country and the differences and similarities between them; (ii) the types and degrees of employer engagement; and (iii) the factors that affect employer engagement in these two countries.

Employers' participation in ALMPs

- Employers' participation in ALMPs was examined in relation to: placement of vacancies; participation in funded programmes, work placements/work experience schemes and specialist schemes; use of HR-related services; and recruitment of employees via ALMPs.
- In contrast to existing studies, the survey found that overall employers' participation in ALMPs was similar across both countries, although slightly higher in Denmark. Danish employers' participation largely involved take-up of funded programmes and specialist schemes, whereas UK employers predominantly used work placement schemes.
- Usage of HR-related services offered by ALMPs was low in both countries, although slightly higher among UK employers and the proportion of organisations that had recruited employees from ALMPs was substantially higher in Denmark.
- In both countries employers' main reason for participation was to give unemployed people a chance and their main reason for not participating was satisfaction with their current recruitment method.

Employer engagement in ALMPs

- Employer engagement in ALMPs, as distinct from participation in programmes, was examined and two clusters of employers emerged from the data. The first comprised employers who were 'instrumentally' engaged in one-off or ad hoc activities.
- The second comprised those who were 'relationally' engaged through deeper, repeated and systematic participation in various programmes and active recruitment from them.
- In both countries relational engagement involved a considerably higher probability of receiving funding to recruit the unemployed, higher participation in specialist schemes, a greater use of HR-related services and, crucially, active recruitment from ALMPs.
- Danish employers were more relationally engaged than UK employers. The activities that comprised relational engagement in Denmark were much broader than in the UK and wage subsidy schemes were important.
- The UK relational cluster was predominantly formed by participation in apprenticeship schemes, pre-employment training and quasi-wage subsidy schemes.

Factors affecting employer engagement in ALMPs

- Employers' membership of regional and local business associations was important for employer engagement in ALMPs in the UK, but not in Denmark. In Denmark, the most significant predictor of employer engagement was collective agreement coverage.
- Employers in both countries did not perceive participation in ALMPs as risky and those who had recruited from ALMPs were satisfied with the employees recruited.
- When recruiting, Danish employers prioritised knowledge-based (qualifications) criteria, while UK employers prioritised basic skills (literacy and numeracy). In both countries candidates' unemployment status was of very low importance for employers but the decision to participate in ALMPs was less likely to be made by local managers.
- In both countries employer engagement was positively linked with the likelihood of employers recruiting from disadvantaged groups. Trust in providers was linked with recruitment of both the short-term and long-term unemployed in Denmark and the long-term unemployed in the UK.

Policy recommendations

The data suggest a number of dimensions that may help to improve the conditions for fostering better employer engagement in ALMPs:

- Contrary to previous studies, employers were not negatively predisposed to recruiting the unemployed but their main reason for not participating in ALMPs was their satisfaction with their current recruitment method. Providers therefore need to convince employers that the service they offer is different, or of higher quality than their existing recruitment channels.
- Wage-subsidies were crucial for the higher relational engagement in Denmark and in the UK quasi-wage subsidies were important – this suggests that such initiatives are attractive to employers. Although such instruments have disadvantages (e.g. Greenberg et al, 2011) these findings underscore that ALMPs should be designed in consultation with employers, to ascertain the types of initiatives that would encourage their engagement and their recruitment of disadvantaged groups.
- The development of trust between employers and providers is vital to encouraging employers to recruit the unemployed. Employer engagement operates at a number of levels: employer engagement relationships need to be forged at local levels (Ingold and Stuart, 2014) but engagement with decision-makers in organisations is also crucial to fostering employer engagement.
- A large number of employees recruited from ALMPs in the UK were on zero-hours contracts (but not in Denmark). This reflects a wider labour market trend in the UK, but is likely to undermine the success of ALMPs in moving the unemployed into sustained employment.
- Comparing employers' participation and engagement highlighted differences in the types of ALMPs available in the two countries but the broader institutional contexts also matter for employer engagement. In Denmark high collective agreement coverage was an enabling mechanism for relational engagement and encouraged employers to

participate on a more systematic basis, fostered by employers' membership of national and peak business associations and reflecting the Danish model of social partnership.

- In the UK the factors that affected relational engagement were largely individual and firm-level, e.g. social responsibility policies. Despite the absence of systematic collective bargaining, that membership of regional and local business associations was important for engagement suggests that relational engagement could be fostered through partnerships and initiatives between employers and providers and organisations such as local authorities, trade unions and Local Enterprise Partnerships (and their equivalents in Scotland, Wales and Northern Ireland).
- Relational engagement in ALMPs was positively linked with the likelihood of hiring disadvantaged groups. Although in the UK employers' recruitment from disadvantaged groups was high, this primarily depended on companies' own policies and activities, but in Denmark this role was fulfilled by ALMPs, which are more 'embedded' in the Danish context. This suggests the potential for ALMPs to increase the recruitment of disadvantaged groups and the advantages of involving employers in their design.

This report analyses and compares employers' participation and employer engagement in active labour market programmes in the UK and Denmark. It examines the extent of employers' participation in different ALMPs in each country and analyses the differences and similarities between them. It also analyses the types and degrees of employer engagement in such programmes, as distinct from participation, and analyses the factors that affect engagement in both countries.

1.1 Literature review

Active labour market policies (ALMPs) seek to reintegrate the unemployed and other groups into the labour market. The unemployed may move into work of their own accord and employers may recruit candidates from such programmes without overt knowledge that they are programme participants. However, for the most part employers are crucial to the success of ALMPs, as they rely on employers to become involved, from placing vacancies and providing work placements, to recruiting groups outside the labour market. Yet, ALMPs have tended to be supply-sided and their demand-side remains under-explored in academic studies.

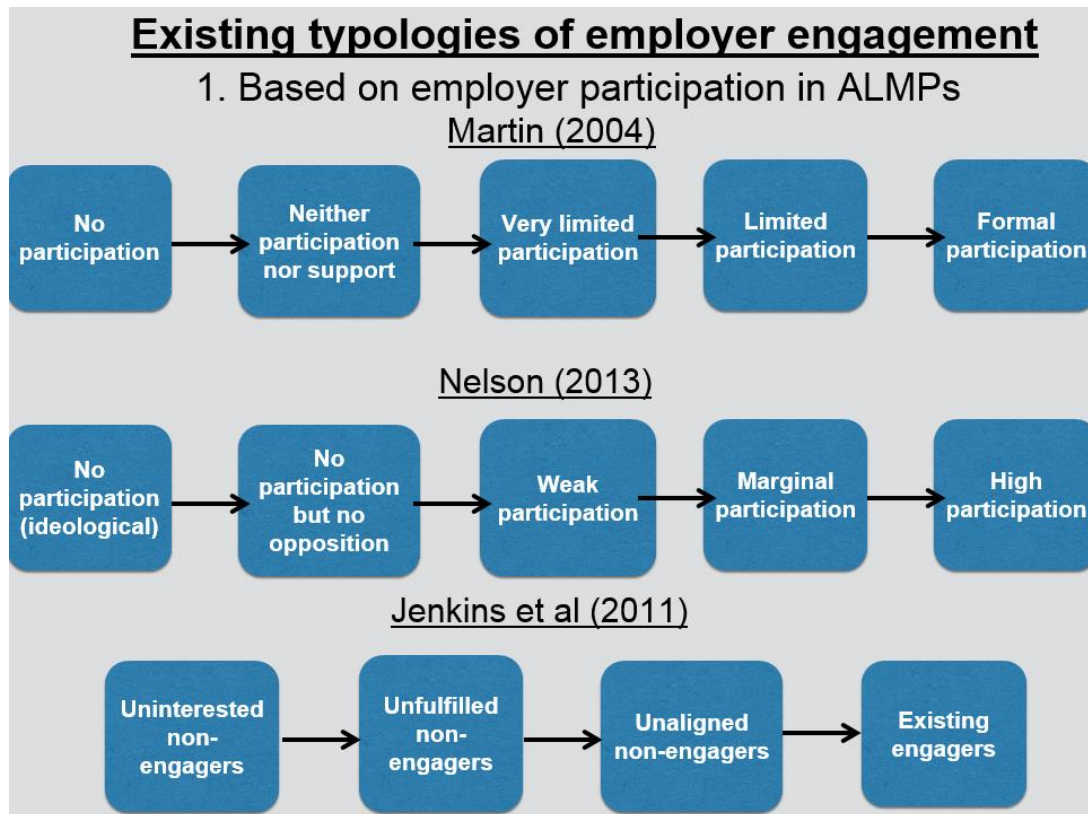
Martin (2004a, 2004b; Swank and Martin, 2001; Martin and Swank, 2004, 2012) have analysed the involvement and participation of employers in the formulation and implementation of social policies, particularly ALMPs. 'Employer engagement' is increasingly used by policymakers and practitioners to describe the extent to which employers engage with a government policy, programme, or agency (Bellis et al, 2011). An additional dimension of employer engagement which is critical to the delivery of ALMPs is the activities which are undertaken to engage employers. Cooper, McKinnon and Garside (2008) define employer engagement as "any form of contact between any organization and an employer that attempts to effect a change in the knowledge, understanding or behaviour of either, or of a third party, for some purpose related to the wider public benefit" (p.ii). Ingold and Stuart (2015) have suggested that employer engagement has two 'faces': on the one hand, employer involvement with ALMPs; and on the other hand, the attempts by providers of employment services to engage employers. In this way employer engagement in ALMPs is distinct from their involvement or participation.

A number of authors have proposed typologies of employer engagement based on empirical data. These can be divided into (i) those that focus on categorising employers' participation and (ii) those that focus on categorising the reasons for participation. In the first category (see Figure 1), Martin (2004: 62) has suggested that firm participation in social policies in the UK and Denmark can be categorised in terms of political or ideological opposition or support and partnership. Nelson (2013) combined Martin's data on Danish firms with data on German firms and suggested that firm participation in ALMPs can be scored on a five-point (rather than four-point) scale, again relating to political or ideological opposition or support and partnership. Both Martin and Nelson link strong employer engagement with social partnership, drawing attention to the institutional context, but neither distinguish between take-up of different types of ALMPs.

Jenkins et al (2011: 27-28) identified four different types of UK employers in relation to the employment and skills systems, based on interviews with government and public sector agencies, employer representative bodies and employers. Jenkins et al make a distinction

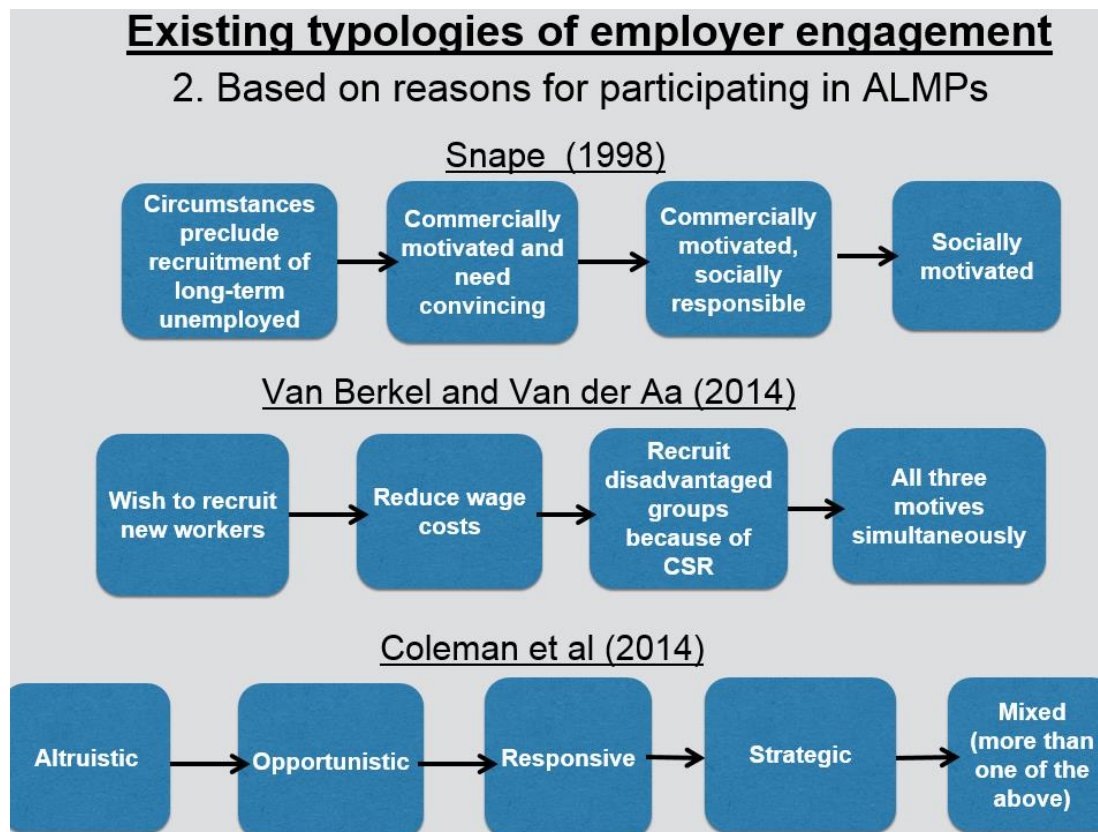
between employers with positive or negative views of government services and link this with their primary recruitment channel.

Figure 1: Typologies of employer engagement in ALMPs (employer participation)



In the second category (i.e. reasons for participation; see Figure 2), Snape (1998: 20-22) typologised employer responses to recruiting the long-term unemployed in terms of different types of businesses. Van Berkel and van der Aa (2014) have developed a more nuanced typology that categorises employer engagement in ALMPs in the Netherlands as embodying ‘client’ or ‘co-producer’ roles, identifying four groups of employers. This typology draws attention to employers’ use of wage subsidies to recruit the jobless and highlights the possible range of reasons for employer engagement, including the transaction costs of recruitment and CSR. Finally, Coleman et al (2014: 35) categorised types of employers based on their take-up of the Youth Contract Wage Incentive (see Annex 2) in the UK.

Figure 2: Typologies of employer engagement in ALMPs (reasons for participation)



These typologies reflect a range of factors that may contribute to employers' decisions to participate or engage in ALMPs and the types of employers that may do so. However, none make a distinction between participation and engagement, or examine how either relate to the diverse range of ALMPs and how they can respond to employers' needs in different ways. This study aims to provide a more nuanced analysis of employer engagement. Previous studies have suggested that employer engagement in ALMPs is more successful when engagement is sustained and based on relationships built up with employers (Ingold and Stuart, 2014), drawing attention to both sides of the employer engagement relationship. Such relationships involve an exchange of resources between parties - for example, an employer recruits an unemployed candidate offered by a provider, perhaps with the incentive of a time-limited work placement, a wage subsidy or in-work support. Blois' (2002) study of business-to-business 'exchanges' conceptualises such exchanges on a spectrum from one-off (discrete), or many. In this report Blois' framework is used to analyse the type and degree of employer engagement in different types of ALMPs in the UK and Denmark, which are considered to be 'pioneers' in this policy area.

1.2 The contexts of the UK and Denmark

The UK's expansion of 'welfare to work' through the New Deal programmes of the late 1990s occurred during a similar time period as the introduction of 'activation' in Denmark. Overall spending on ALMPs as a percentage of GDP is significantly higher in Denmark, in the past ten years averaging more than 3 per cent of GDP, compared to just 0.5 per cent in the UK and 1.5-2 per cent in the rest of the EU.¹ Such high spending may mean that employers are more aware of programmes in Denmark, but a key question for this study is whether this leads to higher engagement. Additionally, in both countries ALMPs are now no longer novel but are 'mainstreamed', however in the past two decades a number of developments have transformed their design and delivery.

Firstly, both countries have engaged in the contracting-out of ALMPs. Danish marketisation was slightly later than the UK but was extensive, reaching its peak in 2007, although since 2011 it has been significantly reduced. In the UK marketisation was introduced into ALMPs in the mid-2000s by Labour and intensified further under the 'Prime Contractor' model of flexible New Deal. In 2011 the Coalition government replaced the majority of existing ALMPs with a single welfare to work programme 'The Work Programme', based on this model with (largely private sector) lead providers constructing supply chains for local area delivery, using a 'black box' approach (involving little prescription from government).

Secondly, in both countries significant changes in the governance structures for ALMPs have led to the involvement of a multiplicity of actors other than the state. In Denmark the expansion of marketisation was accompanied by the introduction in the late 2000s of a new Jobcenter structure by the Danish Liberal-led government. This merged employment services for the insured unemployed and social assistance recipients into decentralised, municipality-led 'one-stop-shops' that were partially based on the UK's merger of the Employment Service and Benefits Agency into Jobcentre Plus in 2002. In Denmark the notion of a public employment service (PES) has effectively disappeared and in the UK Jobcentre Plus now deals only with the short-term unemployed and individuals who have been on the Work Programme but have not entered paid work.

Thirdly, ALMPs in both countries have shifted towards 'work-first' interventions, focused on re-inserting the unemployed into the labour market as quickly as possible. UK ALMPs have long been characterized by this approach and this has been the dominant approach of the Work Programme. In Denmark in the 2000s there was a shift from the dominant human capital approach (focused on training and upskilling) of activation in the 1990s towards more work-first measures. Following the recent Koch (labour market) Commission, there have been signs of a renewed focus on human capital and 'meaningful' activation, but the direction under the new government formed in 2015 is as yet unclear.

¹ The respective figures were derived from the Eurostat online database: <http://ec.europa.eu/eurostat/data/database>

Section 2 Methods

2.1 Survey design

The survey on which this report is based is the first phase of a research project funded by the Economic and Social Research Council (ES/K008617/1). The second phase will comprise qualitative case studies of employers and organisations delivering ALMPs in the UK and Denmark, focusing on inter-organisational relations.

A total of 1,003 telephone interviews were conducted in the UK (England, Scotland, Wales and Northern Ireland) and 500 in Denmark with the person responsible for recruitment in each company (at establishment level). Fieldwork was conducted between December 2014 and February 2015 using Computer Assisted Telephone Interviewing (CATI). The questionnaire was designed in English, translated into Danish, then back-translated into English, ensuring the consistency of the survey design. Prior to the main fieldwork, a pilot study of 20 interviews was undertaken in both countries and the survey instrument was subsequently revised. Response rates were 12 per cent in the UK and 15 per cent in Denmark, which, although lower than for government-commissioned surveys, are consistent with academic studies based on primary data.

The research questions for the survey were:

1. What is the extent of employers' participation in ALMPs in the UK and Denmark and what are the differences and similarities?
2. What are the types and degrees of employer engagement in ALMPs in the UK and Denmark?
3. What factors affect employer engagement in the UK and Denmark?

A measurement invariance test was performed to ensure that the measurement scales were similarly perceived by respondents in both countries. A t-test was performed on randomly selected groups of respondents and no statistically significant difference was observed between the means of the main study variables in the two sub-samples (UK and Denmark), suggesting that non-response bias was unlikely to be present. To ensure that common method variance was not present in the sample, a marker variable that was theoretically unrelated to all other variables ('the likelihood of respondents leaving their country of residence') was included in the questionnaire and correlated with other variables (there was no significant correlation).

2.2 Sample design

The sampling strategy was based on prior research on employer involvement and engagement in ALMPs (Ingold and Stuart, 2015; Martin, 2004a and 2004b) and was based on the following criteria: (i) the size of the universe of organisations in the UK and Denmark; (ii) the requirement to survey both employers who were involved in ALMPs and those that were not; (iii) the need for a sufficient sample size of employers who had participated in ALMPs to allow for robust analysis; (iv) the need to include multi-site organisations; (v) margins of error.

The smaller sample size in Denmark reflected the significantly smaller number of businesses. In line with other similar surveys, the UK sample excluded firms with less than ten employees and the Danish sample excluded firms with less than five employees. Both sub-samples were random and representative of the business universe in both countries,

including firms from all sectors and industries and of different sizes. To ensure the representativeness of the actual business structure in both countries, two auxiliary variables (firm size and industry) were used to weight the sub-samples (see Tables 1 and 2) and to compensate for an unequal probability selection, as the sub-samples deviated from the business structure in the UK and Denmark, improving the representativeness of observed statistical relationships.

Tables 1 and 2 show the size and industry sectors of firms that participated in the survey. Table 3 shows the role of respondents in their organisations.

Table 1: Firm size (sub-samples and main populations)

| Denmark | | | United Kingdom | | |
|-----------------|--------|-----------------------|-------------------|--------|-----------------------|
| | Sample | Population parameters | | Sample | Population parameters |
| 5-9 employees | 11% | 43% | 10-19 employees | 25% | 53.7% |
| 10-19 employees | 36% | 28% | 20-49 employees | 13% | 28.6% |
| 20-49 employees | 22% | 19% | 50-99 employees | 25% | 9.1% |
| 50-99 employees | 15% | 6% | 100-249 employees | 20% | 5.2% |
| >100 employees | 16% | 4% | >250 employees | 17% | 3.4% |

Table 2: Industry (sub-samples and main populations)

| | Denmark | | United Kingdom | |
|--|---------|-----------------------|----------------|-----------------------|
| | Sample | Population parameters | Sample | Population parameters |
| Primary | 1% | 10.3% | 5% | 5.6% |
| Manufacturing, construction and energy | 22% | 8.1% | 23% | 16% |
| Trade and transport | 24% | 18.1% | 6% | 21.8% |
| Business services and other services | 20% | 54.8% | 14% | 40.5% |
| Public services | 33% | 22.0% | 52% | 16.2% |

Table 3: Respondent role

| | Denmark | United Kingdom |
|-----------------------|---------|----------------|
| Owner | 9 % | 4 % |
| Managing director | 16 % | 10 % |
| General manager | 5 % | 15 % |
| Personnel/ HR manager | 18 % | 37 % |
| Other manager | 48 % | 23 % |
| Other | 4 % | 11 % |

Section 3 Employers' participation in ALMPs

This section explores employers' participation in welfare to work programmes in the UK and in activation in Denmark. Contrary to previous studies, the overall level of employers' participation in ALMPs was similar across both countries, although slightly higher in Denmark. A key feature of Danish employers' participation was take-up of funded programmes and specialist schemes, whereas UK organisations made more use of work placement schemes.

Employers were asked about their participation along six dimensions:

-
- vacancy placement with Jobcentre Plus/Jobcenters
 - participation in funded programmes to encourage recruitment of the unemployed
 - participation in work placement/work experience schemes
 - participation in specialist schemes that aim to help the unemployed into work
 - use of HR-related services provided by ALMPs (e.g. pre-employment training, support with recruitment and selection, in-work support)
 - recruitment from ALMPs (whether employers have recruited at least one person from any of the programmes in the last two years)
-

3.1 Vacancy placement

Vacancy placement was considered to be the minimum possible level of employers' participation in ALMPs. This included:

-
- placing vacancies with Jobcentre Plus in the UK and Jobcenters in Denmark
 - using online vacancy-placing services - Universal Jobmatch in the UK and Jobnet in Denmark
 - placing vacancies with other providers - in the UK the majority of welfare to work programmes are now delivered by private and non-profit providers other than Jobcentre Plus. In Denmark other providers include private companies, educational institutions, trade unions and unemployment insurance funds
-

There were similar levels of vacancy placement with Jobcentre Plus in the UK and with Jobcenters in Denmark (49.7 per cent in the UK and 46.9 per cent in Denmark – see Figure 3). However, usage of the online service Jobnet in Denmark was higher than its equivalent (Universal Jobmatch), introduced in the UK relatively recently in 2012. Although contracting of providers other than Jobcenters has recently been scaled back in Denmark, in this survey the proportion of employers that placed vacancies with providers other than Jobcenters was higher in Denmark than in the UK (see Figure 3) however UK organisations placed vacancies with Jobcentre Plus more often than their Danish counterparts with Jobcenters (Figure 4). This could reflect changes following the municipalisation of employment policy in Denmark (completed in 2009) which included the dismantling of local and regional employment structures which had historically involved employers. This compares with the more established Jobcentre Plus, formed in 2002.

In the UK 35 per cent of placed vacancies were for new roles, whereas in Denmark the overwhelming majority were for replacement roles (74 per cent). This is reflective of the

Danish 'flexicurity' model², which encourages a high level of employee turnover; around 25% of Danish employees change their jobs every year (OECD, 2008).

Figure 3: Vacancy placement in the UK and Denmark³

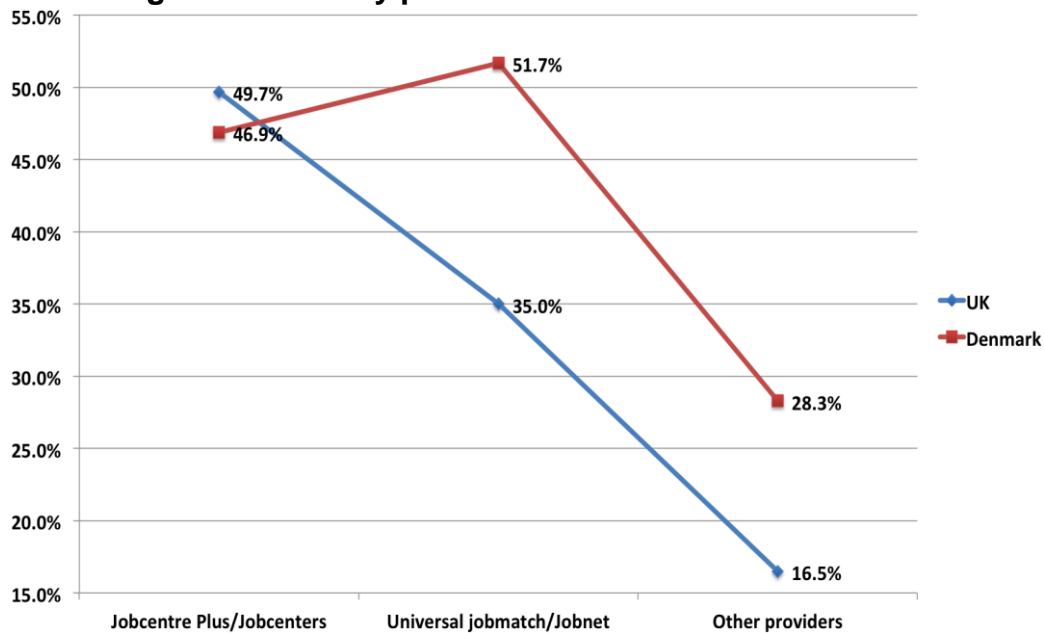
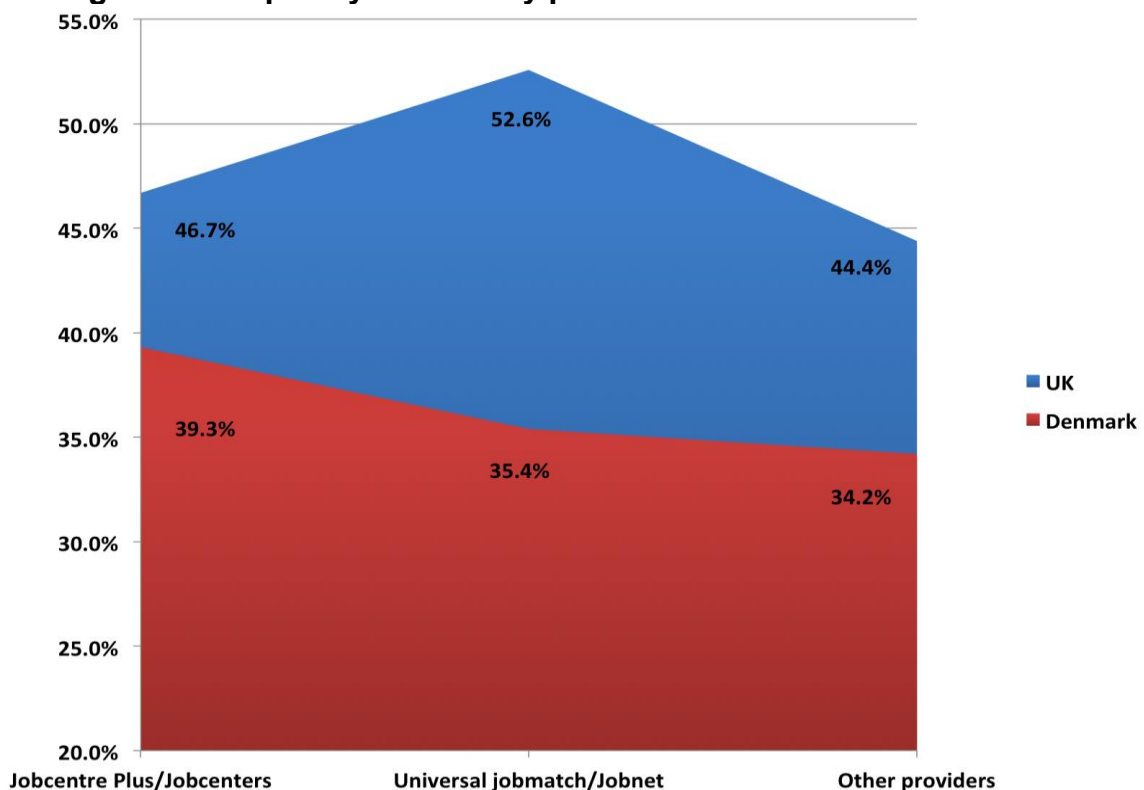


Figure 4: Frequency of vacancy placement in the UK and Denmark⁴



² The Danish flexicurity model is a 'golden triangle' of a flexible labour market with flexible rules for hiring and firing employees (about 25 per cent of Danish private sector workers change jobs each year); unemployment security (a legally specified unemployment benefit at a relatively high level; and active labour market policy.

³ Hereinafter frequency graphs and tables demonstrate the proportion of organisations that have taken part in various programmes. For example, Figure 3 shows the percentage of employers in the UK and Denmark that placed vacancies with the Public Employment Service (PES) involving Jobcenters, online services and other providers.

⁴ Demonstrates the proportion of organisations that placed vacancies every six months, or more often.

3.2 Employers' participation in specific programmes

Employers were asked about their participation in specific programmes (a detailed description of all programmes included is at Annex 2 in Tables 13 and 14):

- funded programmes – where employers received government funding to encourage their involvement in ALMPs, for example one-off payments or ongoing wage subsidies work placements/work experience
- work placements or work experience offered to the unemployed for a specified period of time, with the possibility of employment
- specialist schemes – specific programmes which aim to help the unemployed into paid work, for example those targeted at specific groups; these included schemes offered by a range of different providers in both countries

As Figure 5 shows, in contrast to the findings of existing studies (for example, Martin, 2004), employers' participation in ALMPs was similar across both countries, although slightly higher in Denmark (72.4 per cent in the UK and 78.4 per cent in Denmark). Danish employers' participation in funded programmes was considerably higher than the UK (49.7 per cent compared with 16.4 per cent). This was also the case with specialist schemes (21.8 per cent compared with 12.9 per cent). By contrast, UK organisations made more use of work placements (64.8 per cent compared with 60.6 per cent).

The proportion of employers that had participated in a range of programmes within each ALMP type (funded programmes, work placements/work experience and specialist schemes) is shown in Table 4.

Figure 5: Employers' participation in ALMPs

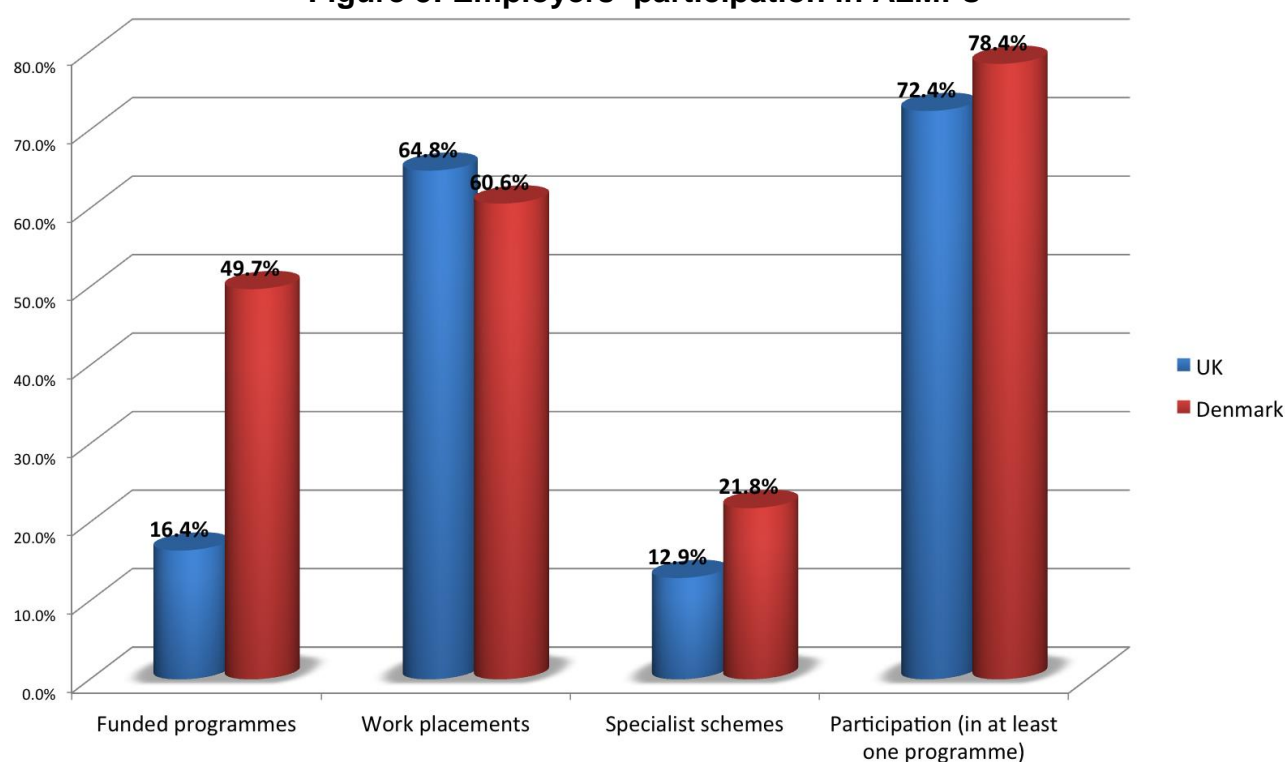


Table 4: Employers' participation in funded programmes, work placements and specialist schemes

| UK | | | Denmark | | |
|--------------------|--|---------------|--------------------|---|---------------|
| Type of ALMPs | Programmes | Participation | Type of ALMPs | Programmes | Participation |
| Funded programmes | Young persons' apprenticeships | 11.0% | Funded programmes | Løntilskud | 37.6% |
| | One-off or ongoing payments | 15.4% | | Jobrotation | 14.8% |
| Work placements | Sector based Work Academies/Routeways to Work | 20.0% | | Flexjobs | 33.2% |
| | Work Trials | 10.0% | | Young persons' apprenticeships | 22.4% |
| | Help to Work | 4.5% | | Adult persons' apprenticeships | 15.0% |
| | Work Together | 13.2% | Work placements | Job placement | 37.4% |
| | Work Experience | 24.8% | | Virksomhedspraktik | 45.6% |
| Specialist schemes | Recruited short-term unemployed via Jobcentre Plus | 4.1% | | Nyttejobs | 7.6% |
| | Work Programme | 2.8% | Specialist schemes | Recruited via Jobcenters | 11.4% |
| | Work Choice | 1.1% | | Recruited via insurance fund or trade union | 6.8% |
| | Local authority schemes | 2.0% | | Opkvalificeringsjob | 3.0% |
| | Local enterprise partnership | 0.8% | | Skånejob | 3.0% |
| | Other schemes | 0.6% | | Other schemes | 4.0% |
| | Organisation's own scheme | 1.7% | | Organisation's own scheme | 1.4% |

In relation to programmes that offered funding, in the UK employers' participation in apprenticeships was only around 11 per cent, with 15.4 per cent participation in schemes that paid either one-off or ongoing subsidies (such as the Youth Contract Wage Incentive, or Jobs Growth Wales). By contrast, Danish employers' participation in *Løntilskud* (wage-subsidised jobs in the private and public sectors) and *Flexjobs* for disabled people were 37.6 per cent and 33.2 per cent respectively. That wage-subsidised programmes feature so prominently in Denmark is perhaps unsurprising given the amount of public expenditure committed to ALMPs and the paucity of such subsidies in the UK.⁵

Although UK employers largely participated in work placement schemes, Table 4 shows that this was still on a smaller scale compared with Danish employers. In the UK 20 per cent of employers participated in *Sector-based Work Academies* and 10 per cent in *Work Trials*. In Denmark 45.6 per cent of employers participated in *Virksomhedspraktik* (enterprise training) and 37.4 per cent in *Job Placement* (internships).

In relation to specialist schemes, most UK employers' participation was in relation to recruitment of the short-term unemployed from Jobcentre Plus and 2.8 per cent had participated in the main welfare to work scheme the *Work Programme*. The low rate of participation in the Work Programme is consistent with other studies (Ingold and Stuart, 2015; CIPD, 2012; Shury et al, 2012). Denmark's schemes are largely focused on wage subsidies rather than specialist schemes, such as *opkvalificeringsjob* and *skånejob*. Consequently 11.4 per cent of Danish employers' participation involved recruiting from the local Jobcenter or from an unemployment insurance fund or a trade union (6.8 per cent).

⁵ Data on public expenditure on ALMPs are available from Eurostat online database: <http://ec.europa.eu/eurostat/data/database>

3.3 Employers' use of HR-related services

Employers were asked about their use of HR-related services provided as part of welfare to work/activation programmes, such as assistance with elements of recruitment and selection and pre-employment training, through to a complete recruitment service. Overall, usage was low in both countries. HR-related services were utilised slightly more by UK employers, with the exception of in-work training and wage subsidies. The latter were utilised by 51 per cent of Danish employers (see Figure 6).

Table 5 shows that Jobcenters were key suppliers of activation-related services in Denmark, particularly with regard to wage subsidies, but also in-work training and in-work support. By contrast, HR support and planning of recruitment needs were largely delivered by other providers. In the UK the picture was more homogeneous, with employers utilising more services across the board from providers other than Jobcentre Plus and particularly in relation to HR advice, in-work training and in-work support. This would seem to reflect the positioning of UK welfare to work providers as suppliers of such services (see Ingold and Stuart, 2014) and the more limited role of Jobcentre Plus.

Figure 6: Employers' use of HR-related services

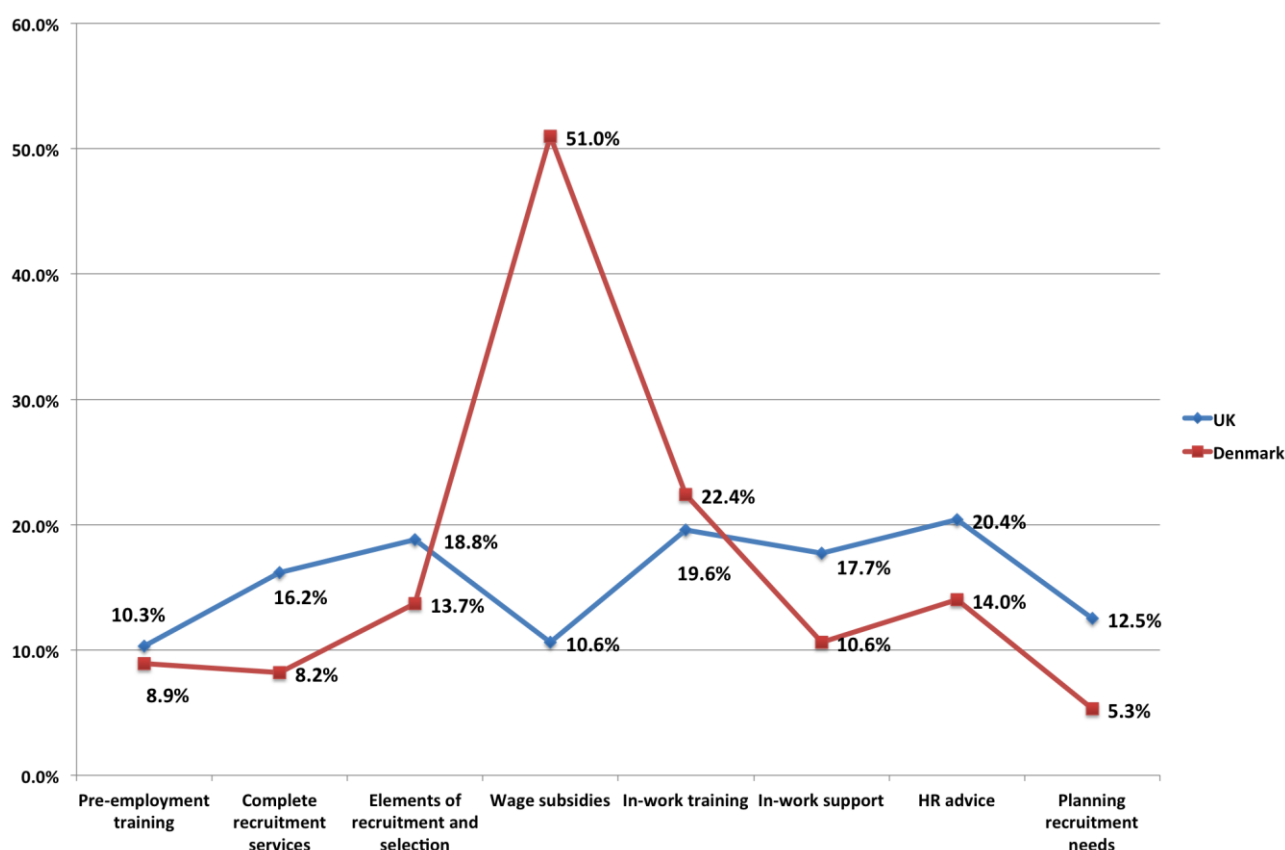


Table 5: Employers' use of HR-related services provided by Jobcentre Plus/Jobcenters and other providers

| | UK | | Denmark | |
|---------------------------------------|----------------|-----------------|------------|-----------------|
| | Jobcentre Plus | Other providers | Jobcenters | Other providers |
| Pre-employment training | 3.2% | 7.4% | 8.8% | 1.0% |
| Complete recruitment services | 8.0% | 10.0% | 1.8% | 7.5% |
| Elements of recruitment and selection | 9.9% | 9.9% | 3.1% | 3.1% |
| Wage subsidies | 3.6% | 6.8% | 49.1% | 4.1% |
| In-work training | 2.5% | 17.4% | 21.7% | 2.3% |
| In-work support | 2.9% | 15.5% | 8.8% | 2.8% |
| HR advice | 1.9% | 19.0% | 1.3% | 12.9% |
| Planning of recruitment needs | 2.6% | 10.4% | 1.0% | 4.9% |

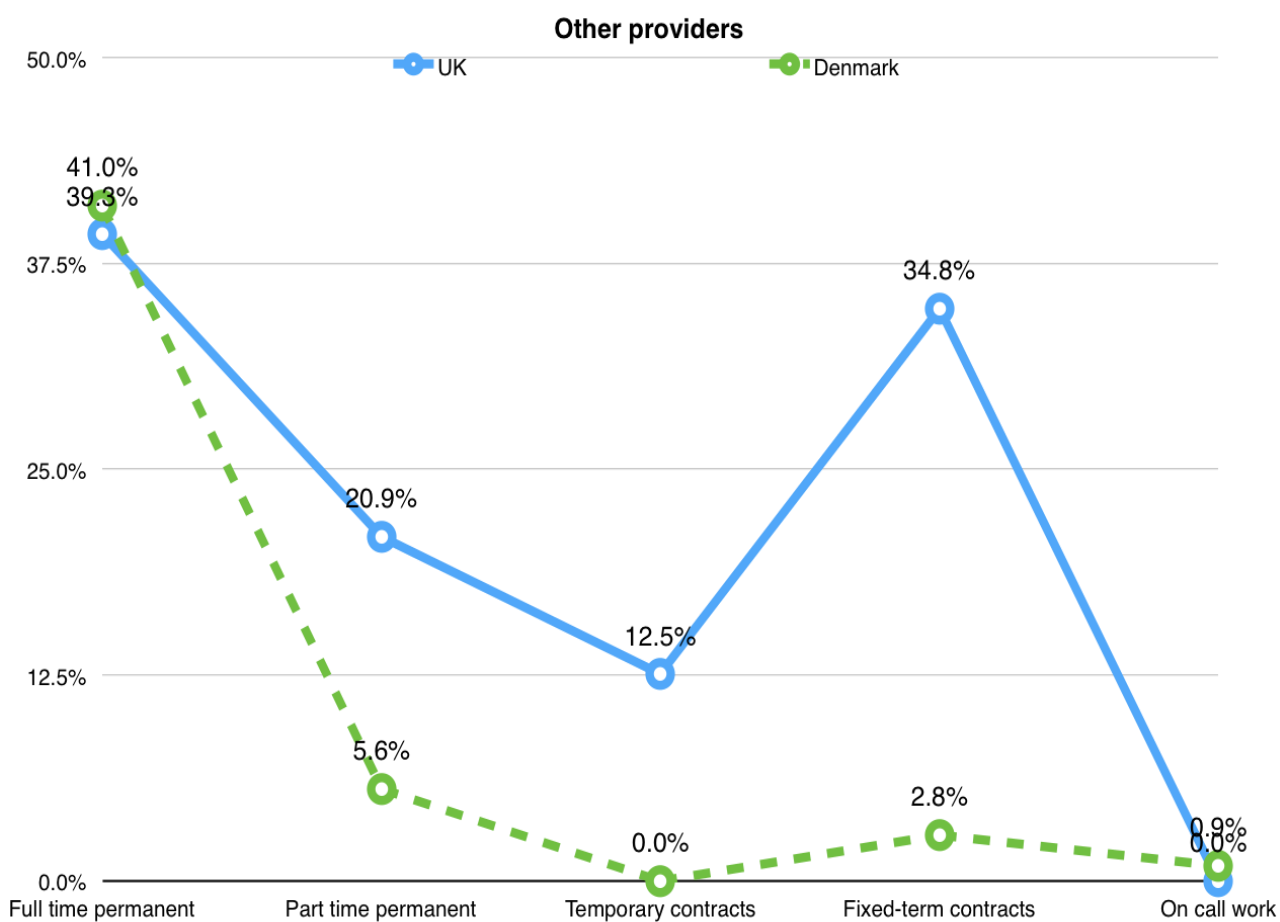
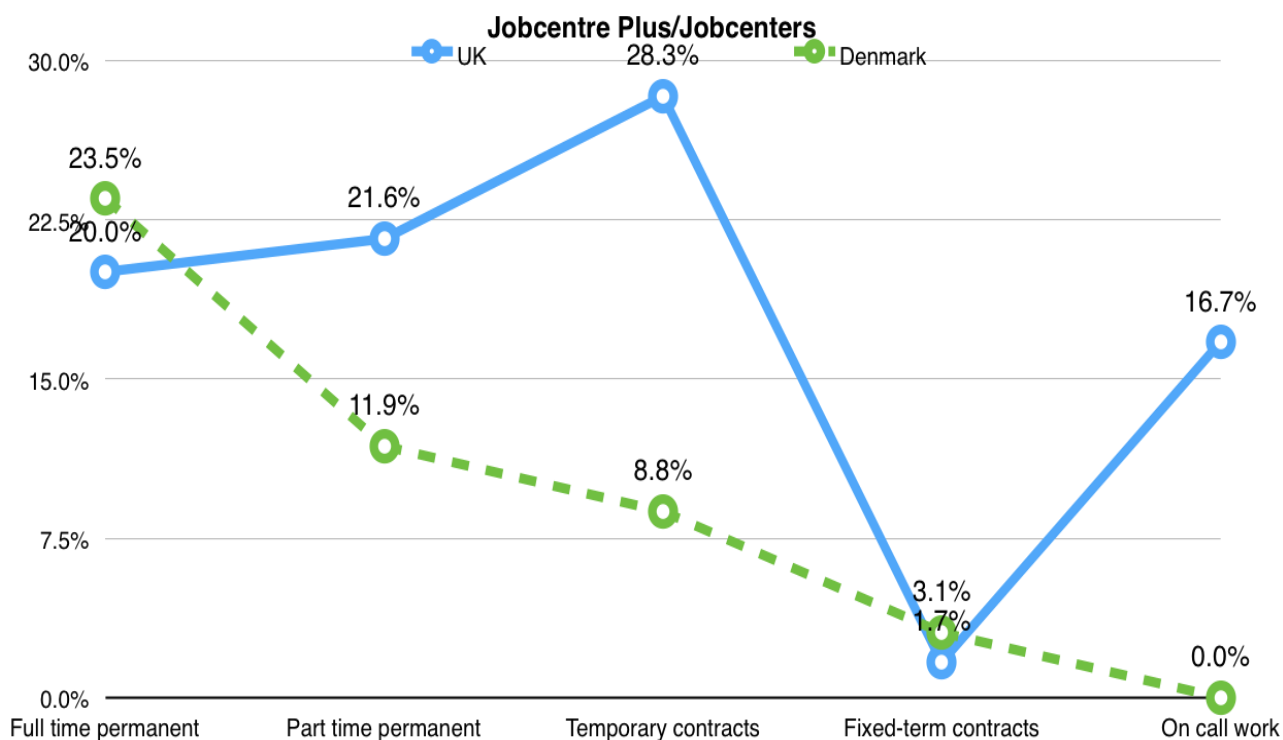
3.4 Recruitment from ALMPs

The proportion of organisations that had hired at least one employee from ALMPs was substantially higher in Denmark, by approximately 30 per cent. Danish organisations hired employees predominantly through Jobcenters, reflecting the dominance of Jobcenters compared with other providers in relation to this dimension. In the UK the opposite was the case, with UK employers largely recruiting from providers other than Jobcentre Plus. This appears to reflect the changing employment service context in the UK.

Figure 7 shows recruitment from Jobcentre Plus/Jobcenters and other providers by type of employee contract (as a percentage of the average number of people hired from ALMPs). When hiring employees from Jobcentre Plus/Jobcenters on full-time permanent contracts there was only a marginal difference between employers in the UK and Denmark. However, employers recruiting from Jobcentre Plus tended to offer contingent forms of employment such as part-time work, temporary contracts, fixed-term employment and zero-hours contracts.

The most marked difference between employers in the UK and Denmark was in relation to zero-hours contracts ('on-call' work), which were used by a considerable proportion of UK employers (see also Department for Work and Pensions, 2014). This is a reflection of the current nature of demand in the UK labour market, as in Denmark such contracts are virtually non-existent. In relation to providers other than Jobcentre Plus/Jobcenters, in both countries employees recruited were more likely to be on full-time permanent contracts, although UK employers were significantly more likely to offer fixed-term contracts.

Figure 7: Types of contract for employees recruited from ALMPs



3.5 Reasons for participation

Employers were asked about their reasons for participating in ALMPs (see Table 6).⁶ The main reason for participation in both countries was employers' desire to give unemployed people a chance. Danish employers also seemed to be driven by the company's corporate social responsibility (CSR) policy, but this was not the case in the UK. By contrast, UK employers participated in ALMPs in order to gain access to a wider pool of candidates and to increase the diversity of their workforce.

In both countries employers' main reason for not participating in ALMPs was satisfaction with their current recruitment method. However, employers were neither negative about ALMPs nor about job applicants routed from them. The majority of employers (more than 70 per cent in both countries) had no objections to recruiting from ALMPs for a range of roles; although employers were more reluctant to recruit from ALMPs for managerial positions, more than 40 per cent said that they would still consider candidates.

Table 6: Reasons for employer participation in ALMPs

| | UK | Denmark |
|--|------|---------|
| To reduce recruitment costs | 2.85 | 2.50 |
| Part of CSR policy | 3.00 | 3.27 |
| To get access to a wide pool of candidates | 3.36 | 2.58 |
| We were approached to take part | 2.74 | 2.58 |
| People on the programme deserve a chance | 3.72 | 3.50 |
| Candidates are immediately available | 3.07 | 2.97 |
| To increase diversity of workforce | 3.21 | 2.72 |
| To access low-cost workers | 2.45 | 2.36 |
| To access associated services | 2.50 | 2.66 |

⁶ The reasons for participation were captured by nine items. Each item was measured on a five-point Likert-type scale (from 'strongly agree' to 'strongly disagree'). Table 6 reports the mean score of each item.

3.6 Summary

This section has examined employers' participation in ALMPs in the UK and Denmark in relation to: placement of vacancies; participation in funded programmes, work placements/work experience schemes and specialist schemes; use of HR-related services; and recruitment of employees via ALMPs.

- In contrast to the findings of existing studies, the survey found that the overall level of employers' participation in ALMPs was similar across both countries, although slightly higher in Denmark.
- A key feature of Danish employers' participation was take-up of funded programmes and specialist schemes, whereas UK organisations made more use of work placement schemes.
- Usage of HR-related services offered by ALMPs was low in both countries, although slightly higher among UK employers and the proportion of organisations that had recruited employees from ALMPs was substantially higher in Denmark.
- In both countries the main reason for employers' participation was to give unemployed people a chance and the main reason for not participating was their satisfaction with their current recruitment method.

Having examined employers' participation in ALMPs, the next section examines employer engagement.

Section 4 Employer engagement in ALMPs

4.1 Elements of employer engagement

This section examines employer engagement in ALMPs in the UK and Denmark, as distinct from participation. Previous studies have suggested that employer engagement in ALMPs is more successful when engagement is based on sustained relationships built up with employers. One of the aims of the survey was to compare different types of employer engagement in ALMPs in both countries, as distinct from participation. Two clusters of employers emerged from the survey data: employers who were 'instrumentally' engaged (in one-off or ad hoc activities, such as vacancy-placing) and those who were 'relationally' engaged (involving deeper, repeated and sustained engagement).

Four elements of employer engagement were included in the analysis:

- vacancy placement with Jobcenters in Denmark, Jobcentre Plus in the UK, or other providers and use of online tools to place vacancies (Jobnet in Denmark and Universal Jobmatch in the UK)
- employers' participation in a range of ALMPs
- employers' use of HR-related services
- recruitment from ALMPs

Table 7 summarises each of these dimensions of employer engagement. Danish employers were consistently more active in participating in all elements of ALMPs, from the most basic vacancy placement, through participation in various types of ALMPs, to the use of services and recruitment from ALMPs.

Table 7: Elements of employer engagement in ALMPs⁷

| Category | Elements | UK | Denmark |
|---------------------------------------|--|-------|---------|
| Vacancy placement | Jobcentre Plus/ Jobcenters | 49.7% | 47.5% |
| | Universal Jobmatch/ Jobnet | 34.4% | 51.5% |
| | Other providers | 15.2% | 29.4% |
| Participation in ALMPs | Funded programmes | 16.4% | 49.7% |
| | Work placements | 64.8% | 60.6% |
| | Specialist schemes | 12.9% | 21.8% |
| | Overall participation (in at least one programme | 72.4% | 78.4% |
| Use of HR services and recruitment | Use of HR-related services | 48.3% | 68.5% |
| | Recruitment via ALMPs | 26.3% | 56.6% |

⁷ Table 7 reports the percentage of employers that had participated in the respective policy instruments.

4.2 Instrumental and relational employer engagement

The aim of this part of the analysis was to establish homogenous clusters of employers in the UK and Denmark that reflected their differing engagement in ALMPs. Latent Class Analysis (LCA)⁸ was used for this purpose, based on six specific characteristics of employer engagement: vacancy placement with Jobcentre Plus/Jobcenters; employers' participation in funded programmes; employers' participation in work placements/work experience; employers' participation in specialist schemes; employers' use of activation services; and recruitment from ALMPs.

The analysis returned two clusters of employers in both countries, labelled respectively as 'instrumental' and 'relational' engagement. Detailed LCA outputs for the UK and Denmark are reported in Tables 11 and 12 in Annex 1. The key characteristics of these clusters are depicted in Figure 8. The cluster of relational engagement formed only 31 per cent of the UK sub-sample but comprised almost 60 per cent of the Danish sub-sample, suggesting that employers are in general more relationally (deeply) engaged in Danish activation than in UK welfare to work programmes. Neither firm size, sector nor industry had an effect on the formation of the clusters in either country.

Characteristics of the cluster of relational engagement in the UK

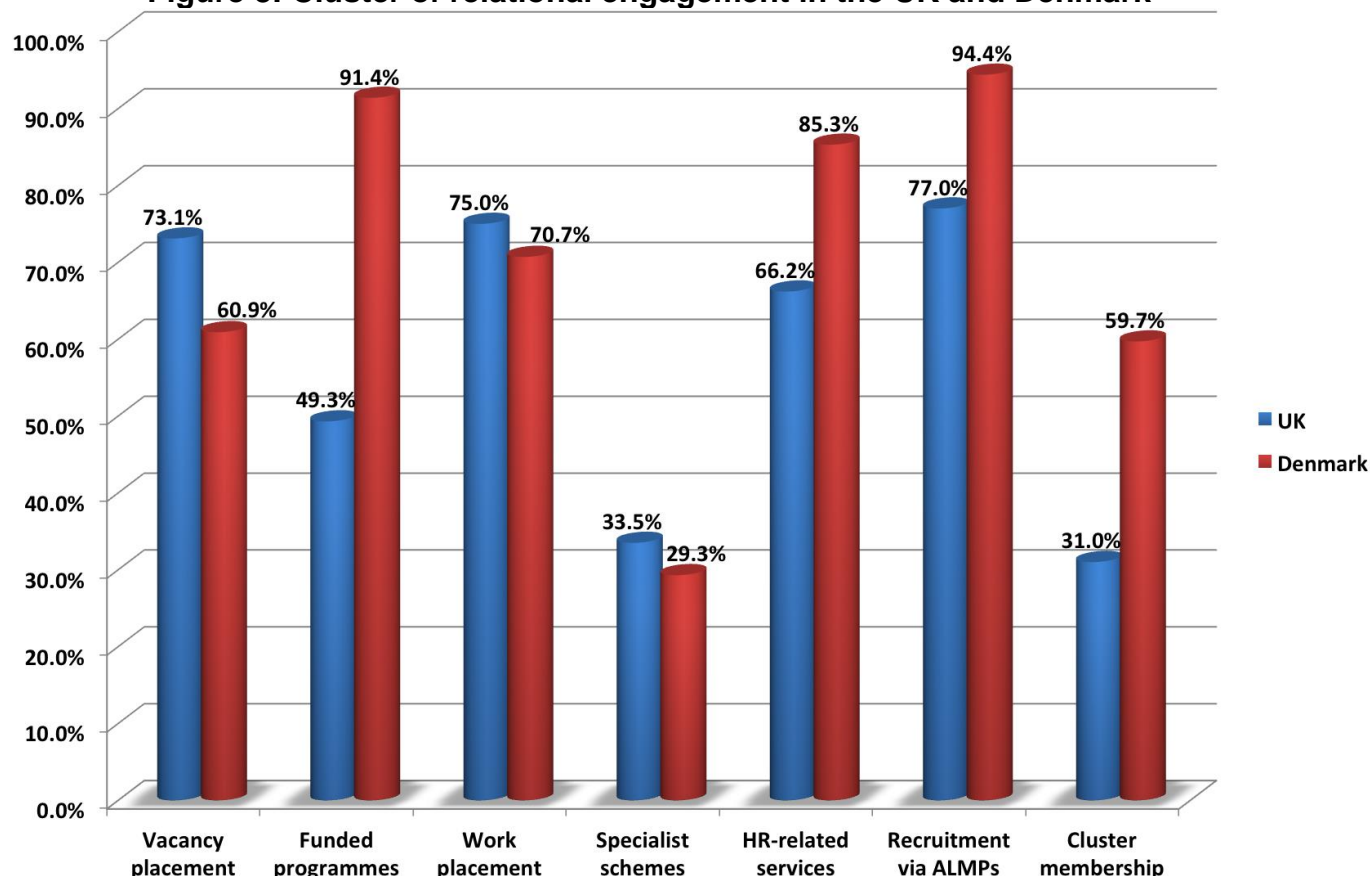
- More than 70 per cent of organisations placed vacancies with Jobcentre Plus, compared with 55.5 per cent of organisations in the instrumental engagement cluster
- Almost 50 per cent of employers received funding to employ people, compared with 3.3 per cent in the instrumental engagement cluster
- 75 per cent of organisations provided work placements, compared with 79.3 per cent in the instrumental engagement cluster
- 33.5 per cent of organisations participated in specialist schemes, compared with 5.6 per cent in the instrumental engagement cluster
- More than 66.2 per cent of organisations used at least one service, compared with 38.4 per cent in the instrumental engagement cluster
- 77 per cent of organisations recruited people from ALMPs, whereas nobody was recruited by organisations that belonged to the instrumental engagement cluster.

Characteristics of the cluster of relational engagement in Denmark

- Almost 61 per cent of organisations placed vacancies with Jobcenters, compared with 38.5 per cent of organisations in the instrumental engagement cluster
- 91.4 per cent received funding to employ people, whereas employers in the instrumental engagement cluster received no funding at all
- 70.7 per cent of organisations provided work placements, compared with 59.3 per cent in the instrumental engagement cluster
- 29.3 per cent of organisations participated in specialist schemes, compared with 17.2 per cent in the instrumental engagement cluster
- More than 85.3 per cent of organisations used at least one service, compared with 46.6 per cent in the instrumental engagement cluster
- 94.4 per cent of organisations recruited people from ALMPs, as opposed to only 5 per cent of organisations in the instrumental engagement cluster.

⁸ LCA is a quantitative data mining technique that splits the sample into the homogeneous clusters of participants based on the values of specific observed variables included in the LCA model.

Figure 8: Cluster of relational engagement in the UK and Denmark⁹



Relational engagement in ALMPs in both countries involved a considerably higher probability of receiving funding to employ people and a higher participation rate in specialist schemes, a greater use of services and active recruitment from ALMPs. Recruitment was a vital aspect of relational engagement. The degree to which employers were involved in work placement schemes and vacancy placement with Jobcentre Plus/Jobcenters was similar between the clusters of instrumentally and relationally engaged employers in both countries.

Despite the employer engagement clusters being structurally similar, there were some key differences between the UK and Denmark that suggest that the engagement of Danish employers in ALMPs was both more systematic and relational. The proportion of organisations that belonged to the cluster of relationally engaged employers was substantially higher in Denmark and within this cluster participation in funded programmes and specialist schemes was considerably higher in Denmark than in the UK. Likewise, Danish employers in this cluster used services more actively and hired employees from ALMPs on a more regular basis than UK employers.

4.3 Characteristics of relational engagement in ALMPs

These clusters of employers in the UK and Denmark were explored in more detail in order to identify the specific conditions that fostered relational engagement in ALMPs. Figure 9 shows that the cluster of relational engagement in the UK was predominantly formed by employers' participation in apprenticeship schemes and pre-employment training for the

⁹ The graph reports the percentage of organisations within the cluster of relational engagement that had participated in the respective policy instruments. The last column signifies cluster membership (the proportion of organisations in both countries that belong to the cluster of relational engagement).

unemployed (participation rates were 71.9 per cent and 61.1 per cent respectively). Programmes with some similarity to wage subsidised schemes in Denmark (e.g. the Youth Contract Wage Incentive, Jobs Growth Wales) also contributed significantly to the cluster of relational engagement in the UK (the participation rate was 55.1 per cent). Community placements (e.g. Help to Work) were part of the cluster of relational engagement in the UK, although their influence was marginal (the participation rate was only 18.6 per cent).

In comparison, the types of activity that comprised relational engagement in Denmark were much broader (Figure 10). For example, 77.8 per cent of organisations within the cluster participated in *Løntilskud* (wage-subsidised jobs in the private and public sectors), in *Flexjobs* for disabled people (68.2 per cent), recruiting directly from local Jobcenters (65.6 per cent), and in apprenticeships (47.5 per cent for young apprenticeships and 33 per cent for adults).

It is worth noting that there are differences in wage subsidy schemes in Denmark that may impact on employer motives for participating or engaging. For example, *Løntilskud* aims to encourage recruitment of the unemployed, whereas *Flexjobs* aims to encourage the retention of existing employees and may also relate to companies' social commitment. Wage subsidies are not available in the UK, however quasi-wage subsidy schemes (such as the Youth Contract Wage Incentive and apprenticeships) were important to relational engagement. Previous studies in both countries have suggested that wage subsidies have deadweight, displacement and substitution effects (Gupta et al, 2015; Greenberg et al, 2011) but this was not examined in this study.

Figure 9: Constituents of relational engagement in ALMPs (UK)

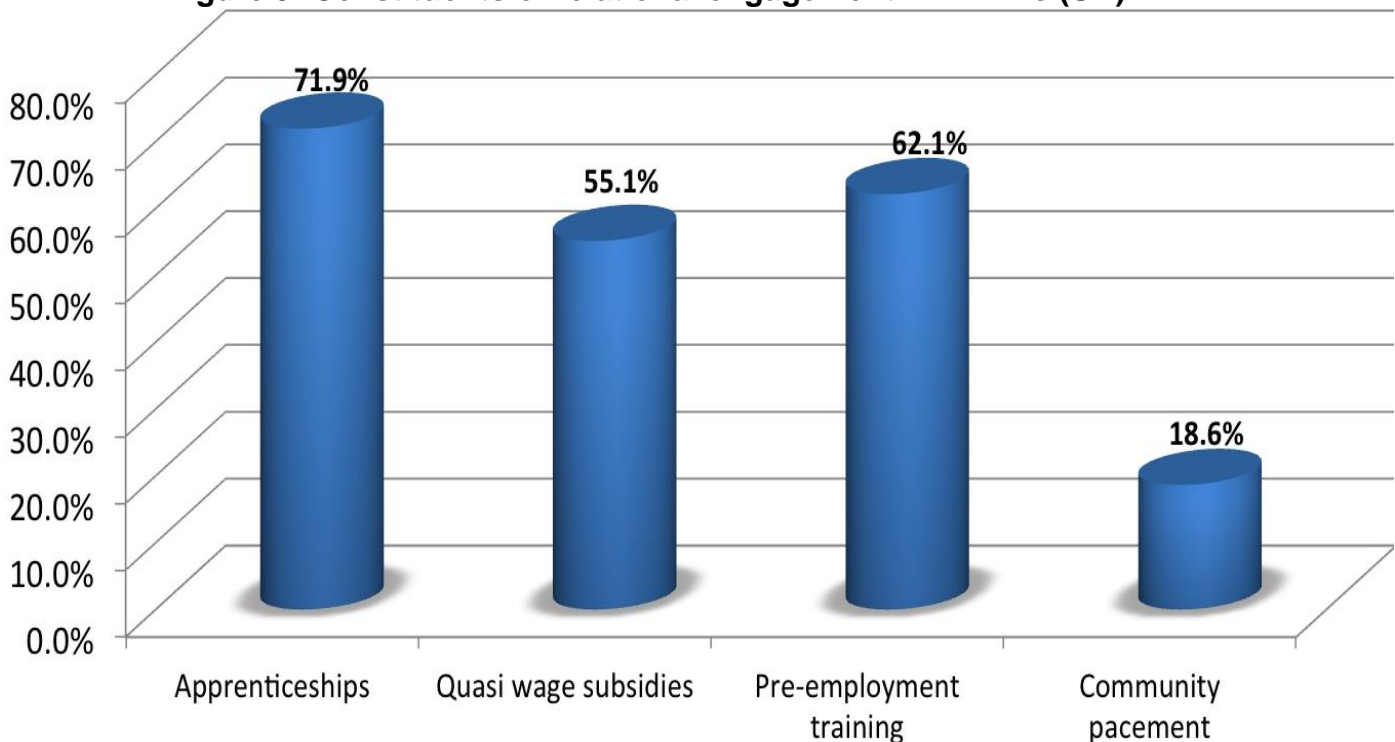
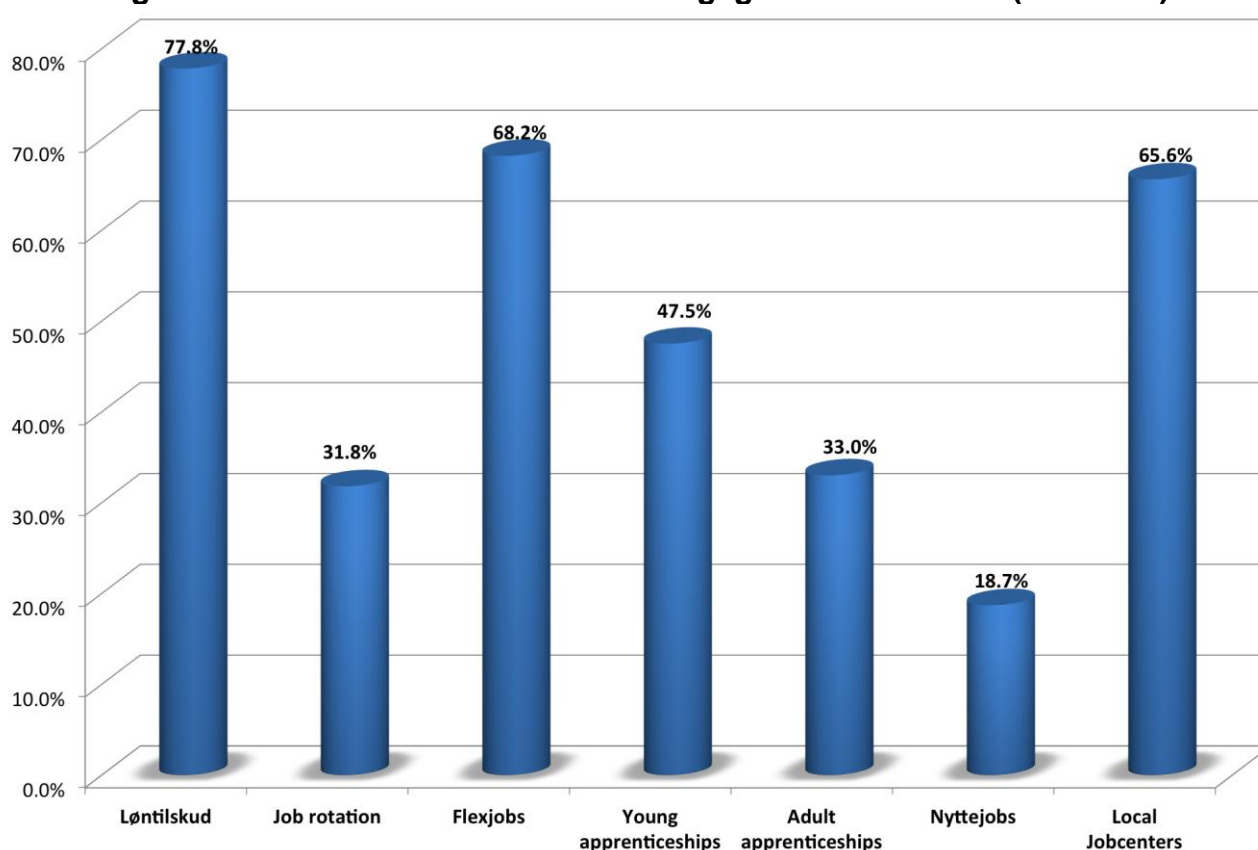


Figure 10: Constituents of relational engagement in ALMPs (Denmark)



4.4 Factors affecting employer engagement

Regression analysis and binary response probit models¹⁰ were performed to analyse whether a range of factors affected employer engagement in ALMPs and the likelihood of hiring employees from disadvantaged groups. These were:

- organisational approaches to recruitment
- recruitment criteria
- decision-making authority regarding participation in ALMPs
- employers' social responsibility policies
- membership of business associations
- organisations' collective agreement coverage
- employers' perceptions of trust in employment service providers and risks associated with participation in ALMPs.

Before presenting the results of these analyses, descriptive statistics about these factors are presented.

¹⁰ A binary response probit regression model is a type of regression analysis in which a dependent variable is dichotomous, i.e. taking strictly two values (yes/no, high/low, etc.). The present model assessed the factors that affected the likelihood of relational engagement in ALMPs in both countries.

Employers were asked about their organisation's approach to recruiting staff. In order to avoid being inundated with applicants, employers may utilise informal recruitment channels, such as word of mouth recommendations and networks, which may exclude the unemployed (Shury et al., 2012: 102). However, some employers, particularly larger firms, may use more formal recruitment methods (Urwin and Buscha, 2012) which can disadvantage unemployed candidates. When a wider pool of job-ready labour is available (such as during economic downturns), employers may alter their recruitment processes by increasing their requirements for qualifications and experience (Nunn et al., 2010; Holzer et al., 2006).

The survey found that UK employers' recruitment was significantly formalised and in 56 per cent of the cases was based on formal, written and well-documented policies. In Denmark this was the case for only 36 per cent of employers (see Figure 11). Such formal methods can be harder for employment service providers to overcome or shortcut to try to prioritise the unemployed (Ingold and Stuart, 2014). In both countries the amount of contracting-out of recruitment (for example to private employment agencies) was low (3 per cent in both), suggesting that employers did not prioritise such paid-for recruitment channels.

Employers were asked about the decision-making authority in their organisation with regard to participating in ALMPs. Figure 12 shows that in both countries the decision-making authority is less likely to be with local managers. However, whereas in the UK local managers had responsibility for decision-making in only 3 per cent of the cases, in Denmark the respective figure was substantially higher (21 per cent). Although employer engagement relationships need to be forged at local levels (Ingold and Stuart, 2014) providers need to have regard for the fact that the decision as to whether to participate may lie elsewhere in the organisation.

Figure 11: Organisational approaches to recruitment

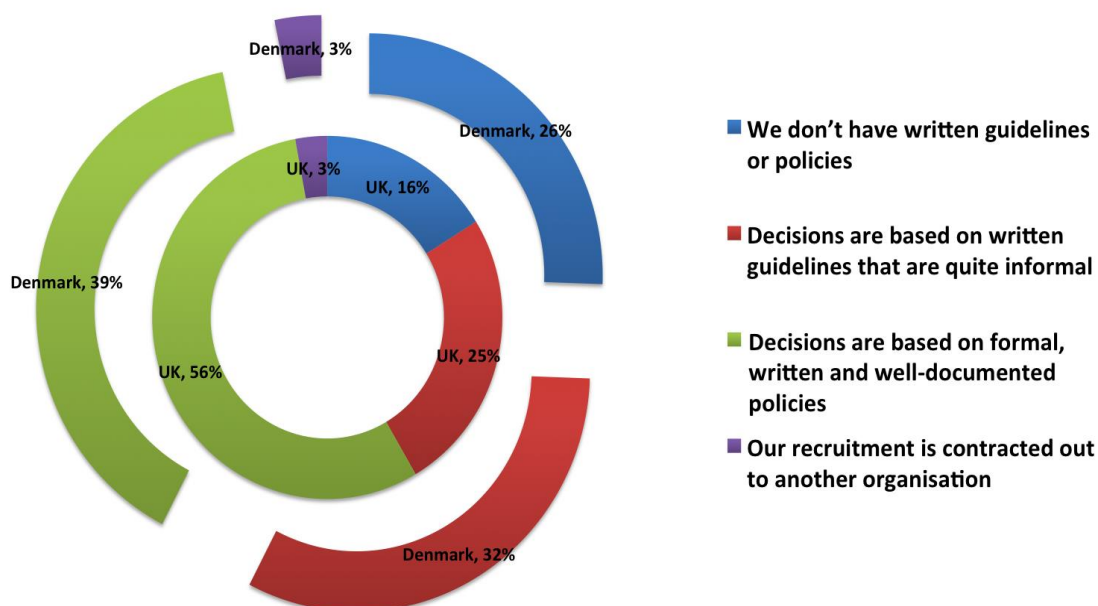
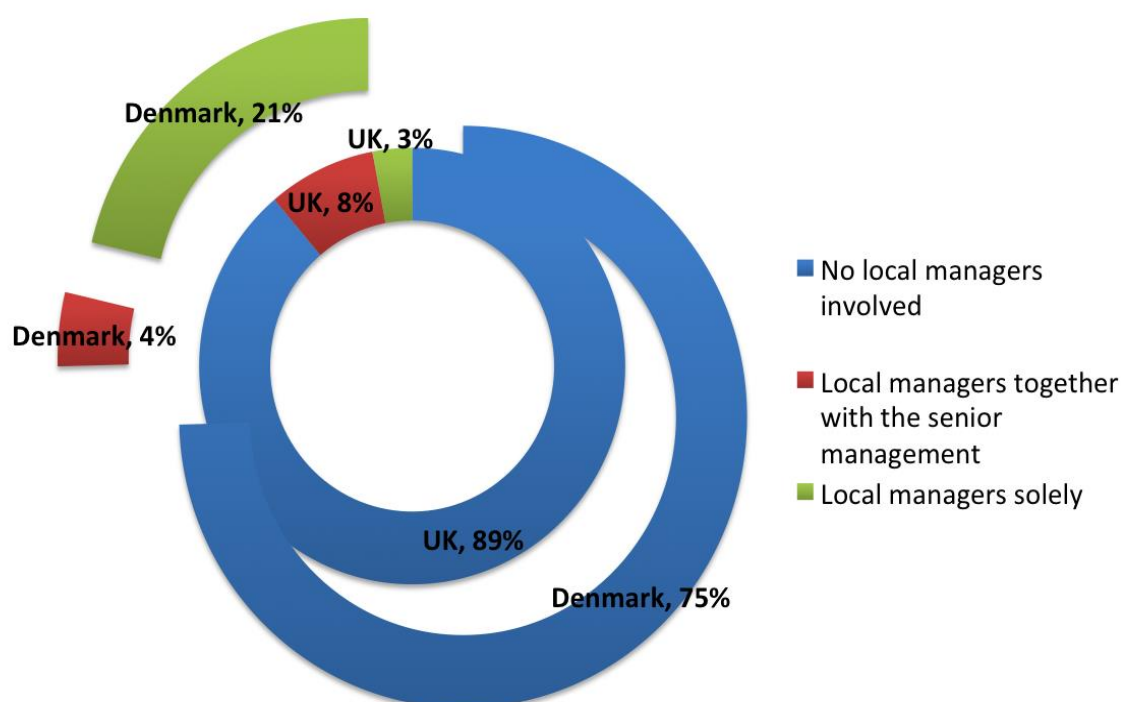


Figure 12: Decision-making authority regarding participation in ALMPs



Employers were asked about the criteria that they considered important when recruiting. Employers may consider the jobless to be higher risk and of lower quality than other candidates (Quinto Romani and Larsen, 2010) and view long periods of unemployment negatively (ILM, 2009; Snape, 1998). As Table 8 shows, Danish employers had a preference for knowledge-based (qualifications) criteria and UK employers prioritised basic skills such as literacy and numeracy.¹¹ This may reflect the lower level of lifelong learning in the UK, where only 15.8 percent of people aged 25-64 participate in ongoing education and training, as opposed to 31.7 per cent in Denmark (Eurostat, 2014).

Personal circumstances including unemployment status were of very low importance for employers in both countries, adding support to other data from the survey that suggest that employers do not consider such candidates to be risky. Notably, Danish employers valued employee flexibility to change their working hours and/or shifts, reflecting the Danish model of flexicurity.

Table 8: Recruitment criteria

| | UK | Denmark |
|------------------------------------|------|---------|
| Relevant work experience | 3.76 | 4.06 |
| Job-related skills | 4.00 | 4.25 |
| Qualification level | 3.47 | 4.34 |
| Certification | 3.36 | 3.36 |
| Literacy and numeracy skills | 3.98 | 3.35 |
| Up-to date IT skills | 3.24 | 3.27 |
| Flexibility to change hours/shifts | 3.53 | 4.27 |
| Travel to work arrangements | 2.86 | 2.64 |
| Care arrangements | 2.57 | 2.52 |
| Whether receive benefits | 1.80 | 1.56 |
| Length of time unemployed | 2.08 | 2.16 |

¹¹ Measured on a five-point Likert type scale where '1' signified 'strongly disagree' and '5' 'strongly agree'. The respective table contains items' means.

Employers were asked about their organisation's social responsibility policies, as distinct from merely the presence of a formal CSR policy. Although formal CSR policies were not a key reason for participation in the UK (Table 6 above), Table 9 shows that UK employers demonstrated more social responsibility, particularly in terms of recruitment from local communities and their desire to recruit a diverse workforce. This may reflect the UK as an 'early mover' in CSR, promoted by successive governments (Knudsen et al, 2015) and that CSR has become more mainstreamed in organisations.

Table 9: Employers' social responsibility in relation to employees

| | UK | Denmark |
|--|-----------|----------------|
| Actively recruit from local communities | 4.31 | 3.29 |
| Strive to recruit a diverse workforce | 4.29 | 3.81 |
| Monitor recruitment of underrepresented groups | 3.42 | 2.53 |
| Help employees who have difficulties with transport to and from work | 3.01 | 2.25 |
| Concerned about in-work poverty among employees | 3.53 | 2.71 |

Previous studies (Swank and Martin, 2001; Martin and Swank, 2012) have argued that national-level employer associations and the size of employers' HR departments play a key role in employer involvement. In this survey employers were asked about their membership of employer representative associations in the following categories: peak national associations, national bodies, business interest associations, employer representative bodies, professional associations and regional and local associations. Membership of peak and national business associations and the frequency of participation in all types of associations were both higher in Denmark (Figures 13 and 14). In the UK employers had higher participation rates in professional, regional and local associations.

Employee coverage by collective agreements was also substantially higher in Denmark (67 per cent, compared with 9 per cent in the UK), reflecting the broader context of consistently high levels of collective bargaining in Denmark, compared with considerably decreased levels in the UK in general. According to OECD data, employee coverage by collective agreements in the UK has fallen by more than 20 per cent since 1990 from 54 per cent to 32.7 per cent, whereas in Denmark collective agreements have covered around 80 per cent of employees without significant fluctuations in the last 25 years (OECD, 2012).

Figure 13: Employers' membership of business associations

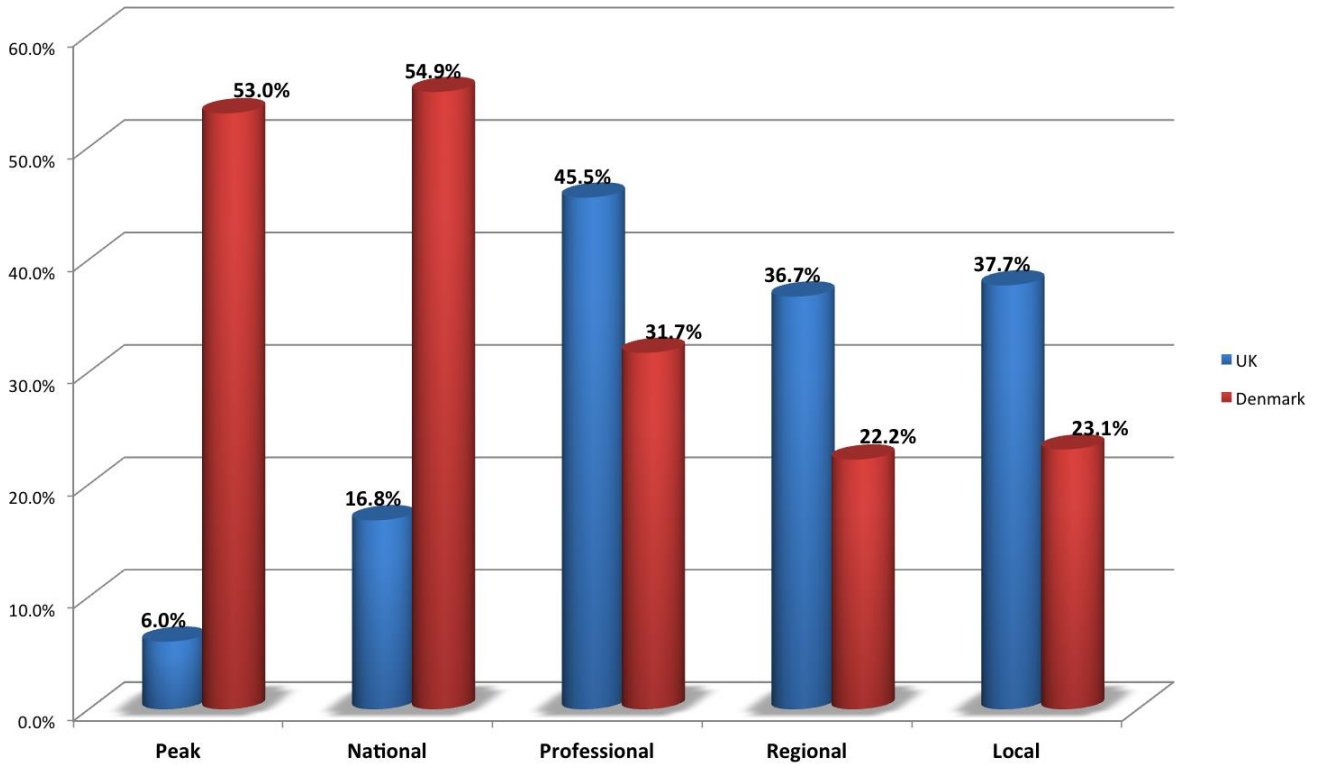


Figure 14: Frequency of employers' participation in business associations

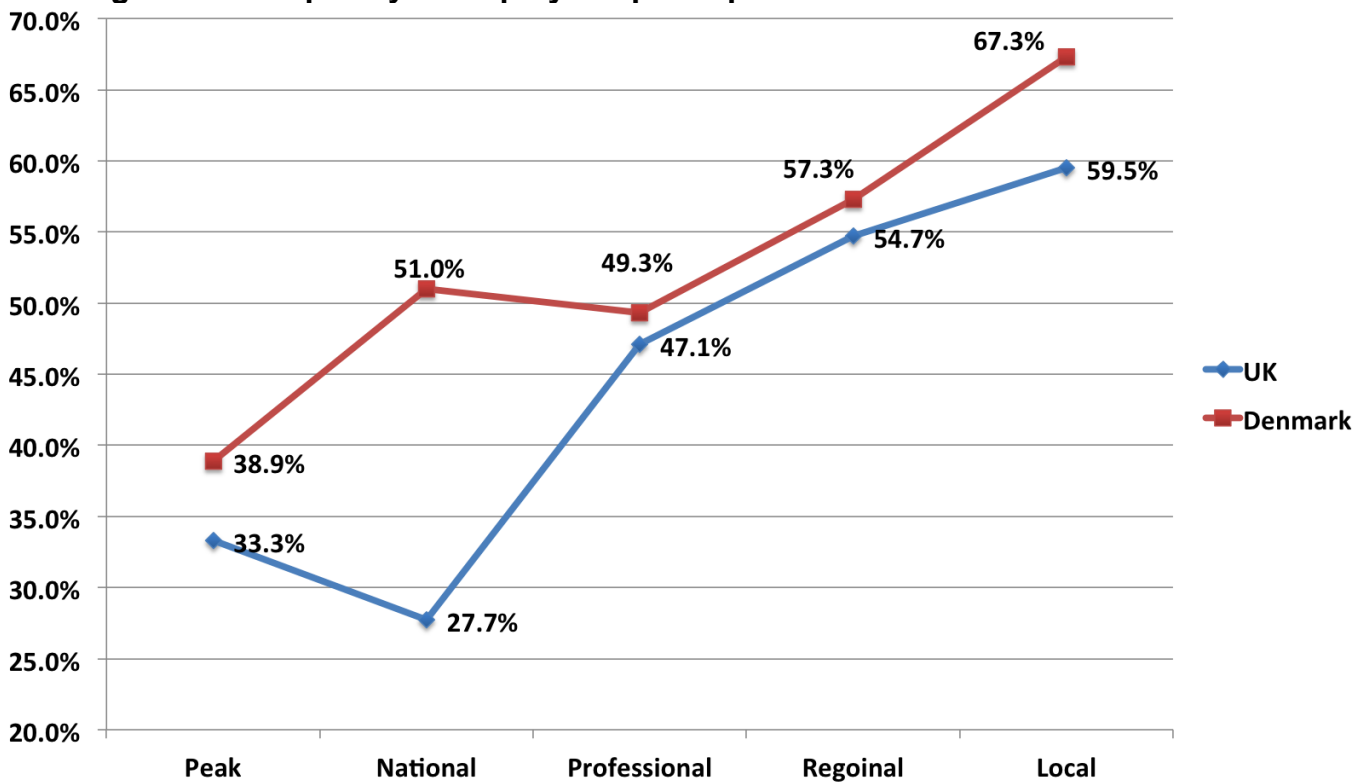
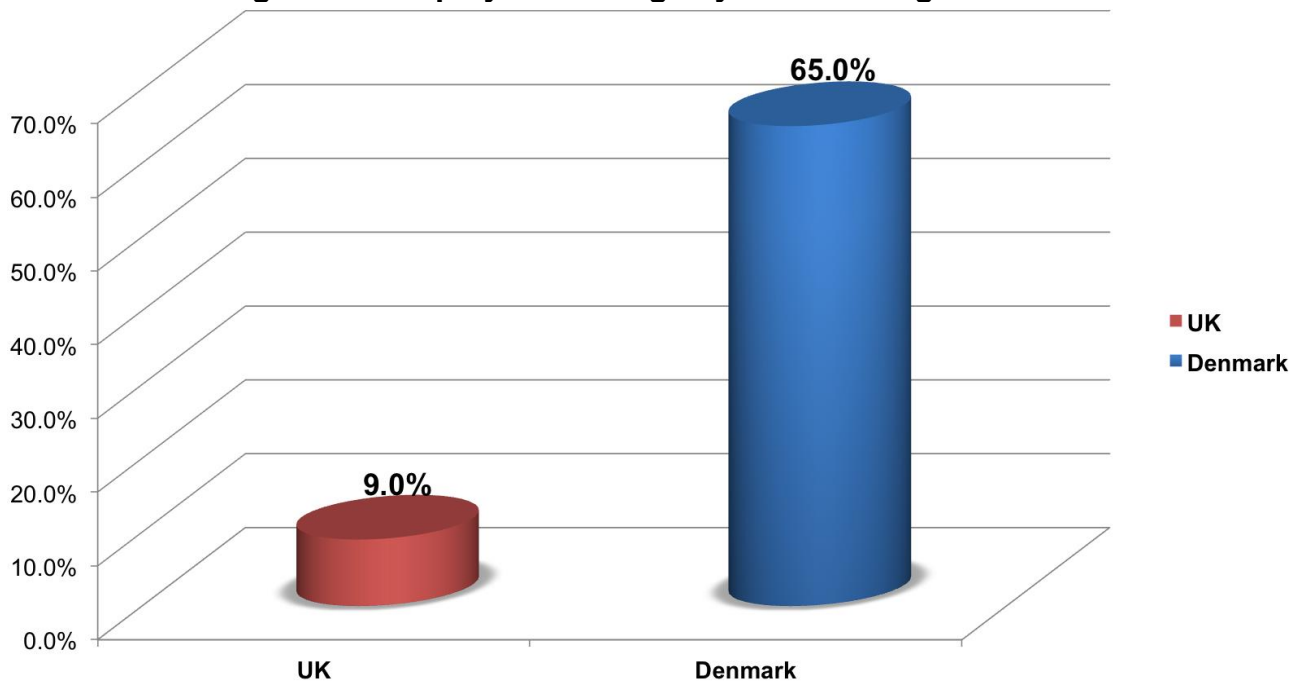


Figure 15: Employee coverage by collective agreements



An important dimension of an exchange relation such as employer engagement is the development of trust between parties (Bachmann, 1999). Employers were asked about their trust in employment service providers (both Jobcentre Plus/Jobcenters and other providers), their perception of risks associated with participation in ALMPs¹² and about the level of decision-making authority regarding participation in ALMPs.

Table 10 shows that in neither country was participation in ALMPs perceived as risky and there was very little (if any) difference between the two countries. Employers in the UK trusted Jobcentre Plus more than their Danish counterparts trusted Jobcenters (Table 10). This could relate to relatively recent changes to the delivery of employment services by Jobcenters in Denmark associated with the municipalisation of employment policy, compared with the more established Jobcentre Plus in the UK. Other UK studies show employers have a high level of trust in Jobcentre Plus, but nevertheless have significant concerns over service quality (Bellis et al, 2013; Hall, 2010). It is possible that the perception of risk was reduced through the use of contingent contracts in the UK and through the take-up of wage subsidies in Denmark.

Table 10: Trust in Jobcentre Plus/Jobcenters and other providers and perceived risk in relation to ALMPs¹³

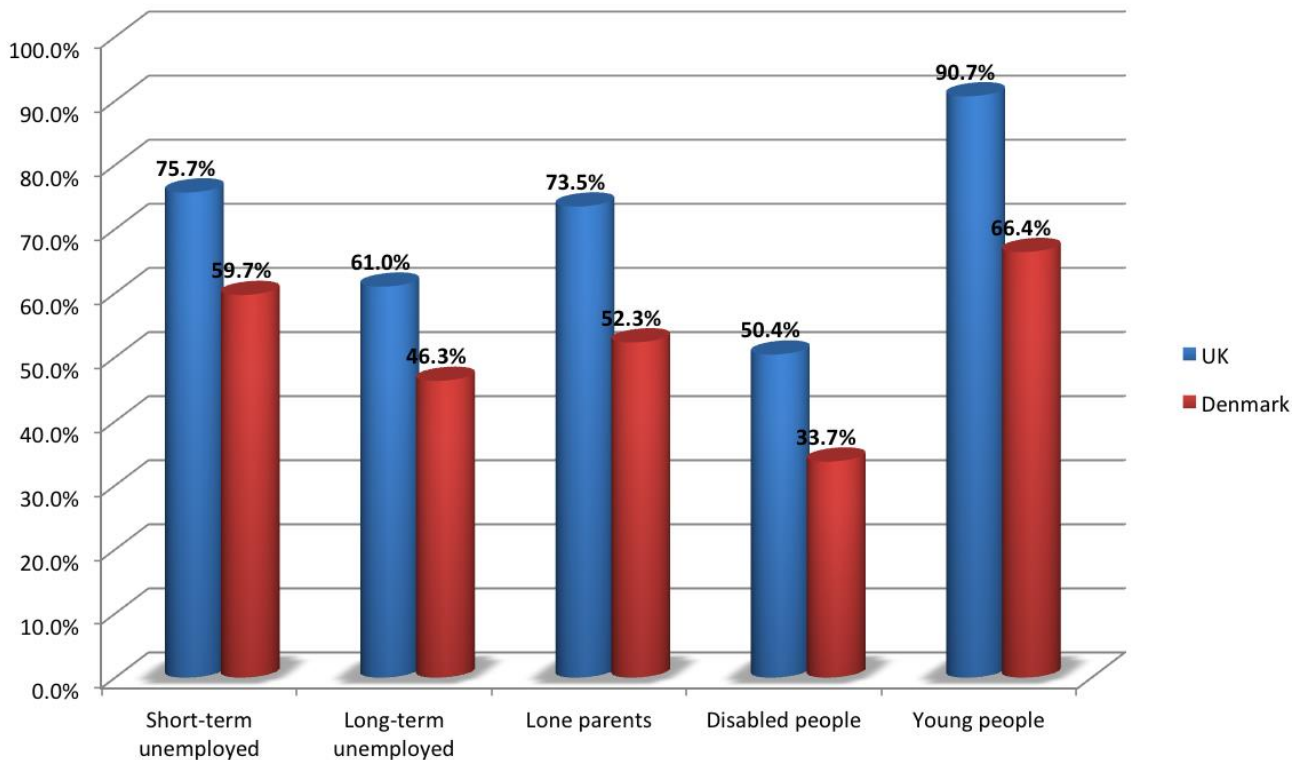
| | UK | Denmark |
|--|------|---------|
| Trust in Jobcentre Plus/ Jobcenters | 3.19 | 2.97 |
| Trust in other providers | 3.13 | 3.24 |
| Risk in relation to participation in ALMPs (quality of candidates is low) | 2.87 | 2.78 |
| Risk in relation to participation in ALMPs (will affect other employees) | 2.11 | 1.96 |
| Risk in relation to participation in ALMPs (will affect customers/quality of production) | 2.12 | 1.98 |

¹² Risk and trust were measured on a five-point Likert-type scale, from 'strongly agree' to 'strongly disagree'. The table reports items' means.

¹³ The table reports the means of each item measured on a 5-point Likert type scale.

Employers were asked about their recruitment of disadvantaged groups, such as the short-term unemployed, long-term unemployed, lone parents, people with a disability or long-term health problem and young people. Regardless of their level of employer engagement in ALMPs, the proportion of organisations that had hired disadvantaged groups of workers was higher in the UK. As Figure 16 shows, this applies to all groups, with the most discernible difference being in relation to young people.

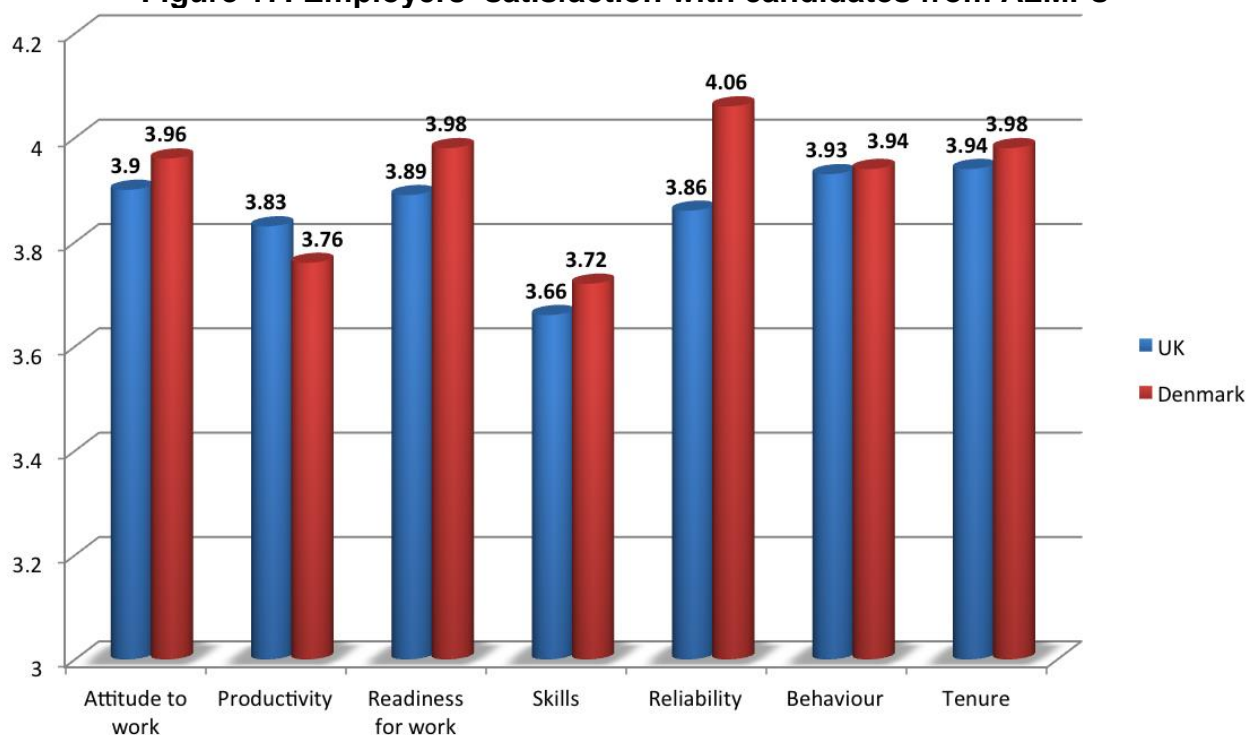
Figure 16: Recruitment of disadvantaged groups



On average, employers who had used ALMPs to recruit staff were satisfied with the employees recruited, from their attitude towards work, to their length of stay in the organisation. However, satisfaction with the skills of such employees was slightly lower in both countries compared with other indicators. Danish employers were on average slightly more satisfied with employees recruited from the programmes than their UK counterparts (Figure 17).¹⁴

¹⁴ The employer satisfaction construct was captured by seven items measured on a 5-point Likert type scale. Figure 17 reports the items' means.

Figure 17: Employers' satisfaction with candidates from ALMPs



Regression analysis was performed to test the effects of a number of factors¹⁵ (employers' trust in Jobcentre Plus/Jobcenters and other providers; and employers' perceived risk of participating in ALMPs) on the likelihood of employers hiring employees from disadvantaged groups. The results are shown in Table 17 in Annex 4. The analysis demonstrated that employer engagement in ALMPs produced positive effects on the likelihood of employers hiring disadvantaged groups of workers in both countries (with the exception of lone parents in the UK) but the effect was considerably stronger in Denmark. Trust in providers was a positive predictor of hiring the short-term and long-term unemployed in Denmark and the long-term unemployed in the UK. Perception of risk was not a significant factor. This suggests that ALMPs are an important mechanism for increasing the recruitment of disadvantaged groups and that employer engagement is critical

Binary response probit regression models were performed to test whether a range of factors significantly affected employer engagement in ALMPs in the UK and Denmark.¹⁶ Regression outputs showing statistically significant marginal effects¹⁷ are shown in Tables 15 and 16 in Annex 3. The model included: employers' membership of business associations; organisations' internal policies (including relation to employee well-being);¹⁸ recruitment criteria; and collective bargaining coverage.¹⁹

¹⁵ The dichotomous employer engagement variable that signified instrumental and relational engagement in ALMPs was derived from Latent Class Analysis.

¹⁶ The dichotomous employer engagement variable that signified instrumental and relational engagement in ALMPs was derived from Latent Class Analysis.

¹⁷ Marginal effects are a probabilistic interpretation of probit regression coefficients. They demonstrate the size of the effect of an independent variable by showing the percentage of change in a dependent variable caused by a one-unit change in an independent variable.

¹⁸ Measured on a five-point Likert-type scale ranging from 'strongly agree' to 'strongly disagree'. The variable included in the regression analysis is a composite mean of all five elements that formed the scale.

¹⁹ Employee coverage by collective agreements is a dichotomous variable that denoted two groups of organisations: with very low or virtually insignificant coverage by collective agreements and with very high coverage, up to 100%. The variable was derived from two-step cluster analysis.

The key findings from the analysis are as follows:

-
- Employers' social responsibility policies were positively related to employer engagement in ALMPs in the UK, in that they increased the likelihood of relational engagement in ALMPs by 11 per cent. This was not the case in Denmark
 - Employers' membership of regional and local business associations produced a significantly positive effect on employer engagement in ALMPs in the UK but not in Denmark, increasing the likelihood of relational engagement by 10.2 per cent.
 - Recruitment criteria had no effect on employer engagement in the UK, whereas in Denmark organisations that prioritised the basic skills of employees were less likely to demonstrate relational engagement in ALMPs (the likelihood was reduced by 8.9 per cent)
 - In Denmark, the most significant predictor of employer engagement in ALMPs was coverage by collective agreements. This increased the likelihood of relational engagement by 29.3 per cent and acted as a mediator that absorbed the effects of employers' membership of national and peak associations and recruitment criteria (basic skills) and positively affected relational engagement in ALMPs (see columns three and four in Table 16)
 - Despite not being a predictor of employer engagement in ALMPs, employers' membership of national and peak business associations produced a positive effect on collective agreement coverage, highlighting the intersecting role of these mechanisms for collective representation. Coverage by collective agreements also offset the negative impact of recruitment criteria (basic skills) and positively contributed to relational engagement
-

4.5 Summary

This section has examined employer engagement in ALMPs in the UK and Denmark, as distinct from participation.

- Two clusters of employers emerged from the survey data. The first was those who were 'instrumentally' engaged, based on one-off or ad hoc activities, such as vacancy-placing. The second was those who were 'relationally' engaged, involving deeper, repeated and sustained engagement, where employers systematically participated in various programmes and actively recruited from them. These clusters suggested that Danish employers were more relationally engaged in activation than UK employers in welfare to work programmes
- In both countries relational engagement involved a considerably higher probability of receiving funding to employ people, a higher participation rate in specialist schemes, a greater use of HR-related services and, crucially, active recruitment from ALMPs.
- The types of activity that comprised relational engagement in Denmark were much broader, but wage subsidy schemes were most important. In the UK relational engagement was comprised of employers' participation in apprenticeship schemes, pre-employment training and quasi-wage subsidy schemes
- Employers in both countries did not perceive participation in ALMPs as risky and those who had recruited from ALMPs were satisfied with the employees recruited. Candidates' unemployment status was of very low importance for employers in both countries.
- ALMPs are an important mechanism for increasing the recruitment of disadvantaged groups, as employer engagement produced positive effects on the likelihood of employers hiring disadvantaged groups of workers in both countries.
- Trust in providers was linked with recruitment of the short-term and long-term unemployed in Denmark and the long-term unemployed in the UK.
- Employers' membership of regional and local business associations was important for employer engagement in ALMPs in the UK, as were employers' social responsibility policies. In Denmark, the most significant predictor of employer engagement was collective agreement coverage

The next and final section summarises the findings from the study and suggests recommendations for policy and practice.

Section 5 Conclusions and recommendations

This report has analysed and compared employers' participation and engagement in active labour market programmes (ALMPs) in the UK and Denmark. Based on an original survey of over 1,500 employers, it has examined (i) the extent of employers' participation in ALMPs and the differences and similarities in participation; (ii) the types and degrees of employer engagement; and (iii) the factors that affect employer engagement in these two countries. The findings were derived from both basic descriptive statistics and a more complex quantitative analysis.

Employers' participation in ALMPs

- In contrast to the findings of existing studies (for example, Martin, 2004) the overall level of employers' participation in ALMPs was similar across both countries, although slightly higher in Denmark
 - Danish employers' participation largely involved take-up of funded programmes and specialist schemes, whereas UK employers largely used work placement schemes
 - Usage of HR-related services offered by ALMPs was low in both countries, although slightly higher among UK employers and the proportion of organisations that had recruited employees from ALMPs was substantially higher in Denmark
-

Employer engagement in ALMPs

- Two clusters of employers emerged from the survey data. The first was those who were 'instrumentally' engaged, based on one-off or ad hoc activities. The second comprised those who were 'relationally' engaged through deeper, repeated and systematic participation in various programmes and active recruitment from them
 - In both countries relational engagement involved a considerably higher probability of receiving funding to employ the unemployed, a higher participation rate in specialist schemes, a greater use of HR-related services and, crucially, active recruitment from ALMPs
 - Danish employers were more relationally engaged than UK employers. The activities that comprised relational engagement in Denmark were much broader than in the UK and wage subsidy schemes were important. The UK relational cluster was predominantly formed by participation in apprenticeship schemes, pre-employment training and quasi-wage subsidy schemes
-

Employer engagement in ALMPs

- In relation to the factors that affected employer engagement in ALMPs, employers' membership of regional and local business associations was important for employer engagement in ALMPs in the UK, as were employers' social responsibility policies
 - In Denmark, the most significant predictor of employer engagement was collective agreement coverage. ALMPs are clearly an important mechanism for increasing the recruitment of disadvantaged groups and employer engagement produced positive effects on the likelihood of employers hiring disadvantaged groups of workers in both countries
-

Policy recommendations

- Contrary to previous studies, employers were not negatively predisposed to recruiting the unemployed but their main reason for not participating in ALMPs was their satisfaction with their current recruitment method. Providers therefore need to convince employers that the service they offer is different, or of higher quality than their existing recruitment channels
 - That wage-subsidies were crucial for the higher relational engagement in Denmark and in the UK quasi-wage subsidies were important suggests that such initiatives are attractive to employers. Although such instruments have disadvantages (e.g. Greenberg et al, 2011) these findings underscore that ALMPs should be designed in consultation with employers, to ascertain the types of initiatives that would encourage their engagement and their recruitment of disadvantaged groups
 - The development of trust between employers and providers is vital to encouraging employers to recruit the unemployed. Employer engagement operates at a number of levels: employer engagement relationships need to be forged at local levels (Ingold and Stuart, 2014) but engagement with decision-makers in organisations is also crucial to fostering employer engagement
-

Policy recommendations

- A large number of employees recruited from ALMPs in the UK were on zero-hours contracts. This reflects a wider labour market trend in the UK, but is likely to undermine the success of ALMPs in moving the unemployed into sustained employment
 - Comparing employers' participation and engagement highlighted differences in the types of ALMPs available in the two countries but the broader institutional contexts also matter for employer engagement. In Denmark high collective agreement coverage was an enabling mechanism for relational engagement and encouraged employers to participate on a more systematic basis, fostered by employers' membership of national and peak business associations and reflecting the Danish model of social partnership
 - In the UK the factors that affected relational engagement were largely individual and firm-level, e.g. social responsibility policies. Despite the absence of systematic collective bargaining, that membership of regional and local business associations was important for engagement suggests that relational engagement could be fostered through partnerships and initiatives between employers and providers and organisations such as local authorities, trade unions and Local Enterprise Partnerships (and their equivalents in Scotland, Wales and Northern Ireland)
 - Relational engagement in ALMPs was positively linked with the likelihood of hiring disadvantaged groups. Although in the UK employers' recruitment from disadvantaged groups was high, this primarily depended on companies' own policies and activities, but in Denmark this role was fulfilled by ALMPs, which are more 'embedded' in the Danish context. This suggests the potential for ALMPs to increase the recruitment of disadvantaged groups and the advantages of involving employers in their design
-

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Appendices

Annex 1 – Latent Class Analysis (LCA) model of employer engagement in ALMPs

Table 11: Latent Class Model of employer engagement in ALMPs (UK)

| | Conditional item response (column) probabilities, by outcome variable, for each class (row) | |
|---|---|-------|
| | No | Yes |
| | Placed vacancy with Jobcentre | |
| Class 1 (instrumental engagement) | 44.2% | 55.8% |
| Class 2 (relational engagement) | 26.9% | 73.1% |
| | Received funding | |
| Class 1 (instrumental engagement) | 96.6% | 3.3% |
| Class 2 (relational engagement) | 50.7% | 49.3% |
| | Provided work placement | |
| Class 1 (instrumental engagement) | 20.6% | 79.3% |
| Class 2 (relational engagement) | 25.5% | 75.0% |
| | Participated schemes | |
| Class 1 (instrumental engagement) | 94.4% | 5.6% |
| Class 2 (relational engagement) | 66.5% | 33.5% |
| | Utilised services | |
| Class 1 (instrumental engagement) | 61.6% | 38.4% |
| Class 2 (relational engagement) | 33.8% | 66.2% |
| | Recruited from programmes | |
| Class 1 (instrumental engagement) | 100% | 0.0% |
| Class 2 (relational engagement) | 23.0% | 77.0% |
| Estimated class population shares Class 1: 65% Class 2: 35% Predicted class memberships (by modal posterior prob.) Class 1: 69% Class 2: 31% ===== Fit for 2 latent classes: ===== number of observations: 663 number of estimated parameters: 13 residual degrees of freedom: 50 maximum log-likelihood: -2126.361 AIC(2): 4278.723 BIC(2): 4337.181 G ² (2): 127.2219 (Likelihood ratio/df from G statistic) X ² (2): 125.2831 (Chi-square goodness of fit) | | |

Table 12: Latent Class Model of employer engagement in ALMPs (Denmark)

| | Conditional item response (column) probabilities, by outcome variable, for each class (row) | |
|---|---|-------|
| | No | Yes |
| | Placed vacancy with Jobcentre | |
| Class 1 (instrumental engagement) | 61.5% | 38.5% |
| Class 2 (relational engagement) | 39.1% | 60.9% |
| | Received funding | |
| Class 1 (instrumental engagement) | 100% | 0.0% |
| Class 2 (relational engagement) | 8.6% | 91.4% |
| | Provided work placement | |
| Class 1 (instrumental engagement) | 40.7% | 59.3% |
| Class 2 (relational engagement) | 29.3% | 70.7% |
| | Participated in schemes | |
| Class 1 (instrumental engagement) | 82.8% | 17.2% |
| Class 2 (relational engagement) | 70.7% | 29.3% |
| | Utilised services | |
| Class 1 (instrumental engagement) | 53.4% | 46.6% |
| Class 2 (relational engagement) | 14.7% | 85.3% |
| | Recruited from programmes | |
| Class 1 (instrumental engagement) | 95.0% | 5.0% |
| Class 2 (relational engagement) | 5.6% | 94.4% |
| Estimated class population shares Class 1: 40.6% Class 2: 59.3% Predicted class memberships (by modal posterior prob.) Class 1: 40.3% Class 2: 59.7% ===== Fit for 2 latent classes: ===== number of observations: 365 number of estimated parameters: 13 residual degrees of freedom: 50 maximum log-likelihood: -1235.545 AIC(2): 2497.090 BIC(2): 2547.788 G ² (2): 86.60483 (Likelihood ratio/defromnce statistic) X ² (2): 92.75195 (Chi-square goodness of fit) | | |

Annex 2 - ALMPs in the UK and Denmark

Table 13: Welfare to work programmes in the UK

| Key: EN = England, SC = Scotland, WL = Wales, NI = Northern Ireland | | |
|---|---|--|
| UK | Programme | Description |
| Vacancy placement | Public employment service | Jobcentre Plus (JCP) (EN/WL/SC) JobCentre/Jobs and Benefits Office (NI) |
| | Universal Jobmatch (EN/WL/SC) | Online self-service vacancy-placing |
| | Employers Online (NI) | |
| | Vacancy-placing with a private or non-profit provider | Providers in local area contracted to deliver schemes by the Government (EN/WL/SC/NI) |
| Funding | Apprenticeships Grants for Employers (AGE) funding (EN/WL/SC) | Supports businesses to recruit individuals aged 16-24. The grant is available, subject to availability until December 2015 and has an individual value of £1,500, once a qualifying apprentice has completed 13 weeks of 'in-learning'. Apprenticeships can last from 1 to 4 years and employers must pay the National Minimum Wage (NMW). From January 2015 AGE has been limited to employers with less than 50 employees, who can be paid up to 5 grants in total. |
| | Apprenticeships incentive payment (NI) | Delivered by contracted training suppliers. Apprentices must be at least 16, be employed or about to take up paid employment as an apprentice with a Northern Ireland based company, working a minimum of 21 hours per week and meet the entry requirements of the apprenticeship. For those aged over 25 there is 50% funding for limited sectors. |
| | Youth Contract Wage Subsidy (EN/WL/SC) | Work Experience and Apprenticeships and a one-off payment of £2,275 for recruiting 18-24 year olds for at least 26 weeks from the Work Programme or Jobcentre Plus. Withdrawn in August 2014. |
| | Enhanced Employer Subsidy (NI) | For unemployed or economically inactive 18 -24 year olds. Employers can receive a wage subsidy over 52 weeks of up to £5,000, plus a Skills Premium of up to £750 during the young person's first year of employment if they offer relevant skills training. Jobs must be full-time (30 hours or more) and intended to be permanent employment. Public sector employers are ineligible. |
| | Jobs Growth Wales (WL) | Employers recruiting a young person aged 16-24 for at least 25 hours a week has their wages paid for 6 months, including employers' National Insurance contributions. |
| | Youth Employment Scotland (SC) | Launched 2013; ended December 2014) – when employers recruit an 18-29 year old, this provides financial support to employers for at least 26 weeks, covering a minimum of half the salary costs at the National Minimum Wage (NMW). |
| Work placement/ work experience | Sector-based Work Academies (EN/WL/SC) | For 16-65 year olds. Placements last no more than six weeks. Participants receive pre-employment training, work experience with an employer in a particular sector and a guaranteed interview for a job or an apprenticeship. |
| | Routeways to Work | Available to anyone on DWP benefits. Pre-employment training which lasts for up to 8 weeks and a guaranteed interview for a job or apprenticeship. Participants receive an amount equivalent to their benefit and may also be entitled to receive a training premium and a contribution towards travel costs in excess of £5.00 per week and childcare support (for lone parents). |
| | Mandatory Work Activity (EN/SC/WL) | Delivered by contracted providers, referral at JCP Adviser discretion. Work placement of 30 hours a week, lasting for 4 weeks. Placements are sourced by contracted providers in |

| | | |
|--------------------|-------------------------------|---|
| | | organisations/institutions that deliver a community benefit, e.g. charity shops and conservation projects. |
| | Work Trials (EN/WL/SC) | Employers can offer a Work Trial if the job is for 16 hours or more a week and lasts at least 13 weeks. The work trial can last up to 30 days. Must be agreed with Jobcentre Plus and duration must be agreed in advance. |
| | Help to Work (EN/WL/SC) | From April 2014 community work placement for the unemployed who have completed the Work Programme and have not secured paid work. Placements are for up to 6 months for 30 hours a week backed up by at least 4 hours of supported job search each week. |
| | Work Together (EN/WL/SC) | Initiative to encourage all unemployed people to consider volunteering as a way of improving their employment prospects while they are looking for paid work. |
| | Work Experience (NI/EN/WL/SC) | For young people aged 18-24 attending Jobcentre Plus (or aged 16-18 if in hardship). Provides work experience of 25 – 30 hours per week for 2-8 weeks (from autumn 2012 can be extended to 12 weeks if young person is going to start an Apprenticeship). Individuals remain on benefit, are paid lunch and a travel allowance and have to continue job search. |
| Specialist schemes | Work Programme (EN/WL/SC) | Personalised support programme to assist the long-term unemployed into work, including in-work support. Mandatory for: 18-24 year olds after 9 months unemployment; 25+ year olds after 12 months unemployment; Seriously disadvantaged/recent Incapacity Benefit (IB) recipients after 3 months; Employment and Support Allowance (ESA) recipients when 'fit for work'. ESA other and Income Support & IB recipients can participate voluntarily at any time. Delivered by contracted providers. |
| | Steps to Work (NI) | Until 2014 - for anyone aged over 18, lone parents aged 16 and over who are not working or working less than 16 hours per week. Includes personalised advice and guidance to find and remain in work, re-training and the possibility of a weekly Training Bonus, the opportunity to gain a recognised qualification, improve existing skills or gain work experience. Delivered by contracted providers. |
| | Steps 2 Success | Began late 2014 – Mandatory for: those aged 18 to 24 after 9 months unemployment; 25+ year olds after 12 months unemployment; early entrants can be referred after 13 weeks. The programme lasts for 52 weeks, but this can be extended to 78 weeks. Participants are allocated an adviser, agree a personal 'Progression to Employment Plan' and in-work support is available. Delivered by contracted providers. |
| | Work Choice (EN/WL/SC) | Specialist voluntary programme delivered by contracted providers to help people with a disability or long-term health problem into work (of 16 hours or more a week. Participants can receive Work Entry Support for up to 6 months, in-work support for up to 2 years and longer-term support. |
| | Work Connect (NI) | Offers pre-employment and in-work support to people with disabilities or health conditions. Participants must be in receipt of Employment Support Allowance (ESA), or Incapacity Benefit (IB). Pre-employment support lasts for up to 26 weeks, Job Entry offers support for individuals and employers and ongoing tailored support is available for the first 26 weeks of employment. |

Table 14: Activation programmes in Denmark

| Denmark | Programme | Description |
|---------------------------------|---|---|
| Vacancy placement | Public employment service | Placed a vacancy with a Jobcenter |
| | Jobnet | Online self-service vacancy-placing |
| | Vacancy-placing with private or non- profit providers | Contracted by local municipality |
| | Vacancy-placing with unemployment insurance funds or trade unions | Placed vacancy direct with insurance fund |
| Funding | <i>Løntilskud</i> | Available to all unemployed (unemployment insurance benefits, social assistance and educational assistance). Provides wage-subsidised jobs in the public and private sector. Maximum duration 6 months. |
| | <i>Jobrotation</i> | Subsidies are paid from the local Jobcenter to public and private employers when their ordinary employees temporarily participate in education and training programmes and are replaced by an unemployed person. Available to all unemployed groups. Maximum duration 12 months. |
| | <i>Flexjob</i> | Local jobcenters must provide flexjobs to eligible persons with permanent and major reductions in their work ability provided other activation programmes have been tried. Participants are covered by collective agreements. Maximum duration 5 years but can be extended if working ability has not improved. The income benefit for the participant cannot be higher than max Unemployment Insurance Benefit (UIB). |
| | Young persons' apprenticeships (<i>lærlinge</i>) | For unskilled aged under 25. Combines school and work training. Apprentices are covered by the current collective agreement. Employers have no obligation to recruit afterwards. Various options for grants and awards to apprentices. Links with vocational training provision. |
| | Adult apprenticeships (<i>voksenlærlinge</i>) | Combined education programme and on-the-job training for unskilled employed and unemployed aged over 25. Duration normally 2-4 years. Salary is equivalent to minimum wages for unskilled work. |
| Work Placement/ work experience | Job placement | Available to all target groups of unemployed, sickness benefit claimants and those undergoing rehabilitation. The company must be approved for a traineeship and the internship period can last up to 4 weeks or for up to 13 weeks if participants would have difficulty obtaining unemployment without wage subsidies. Participants are not subject to rules for ordinary employees. There must be a reasonable relationship between the number of employees without subsidies and the number of employees in job training and employees with wage subsidies. During the internship participants receive a benefit. |
| | Enterprise training (<i>Virksomhedspraktik</i>) | For unemployed people who would find it difficult to obtain work under normal circumstances. This aims to assist the unemployed to clarify their job goals and allow them to gain work experience in public or private workplaces. Duration up to 13 weeks, but can be extended. Participants receive UIB, Social Assistance (SA) or other income benefit |
| | Socially useful job <i>nyttejobs</i> | For social assistance recipients. Jobs are provided by the local municipality in the public sector and must be assessed as 'socially useful'. Participants should not undertake work which is otherwise performed at the company, or in equivalent companies. |
| Specialist schemes | <i>opkvalificeringsjob</i> | For unemployed people who do not match any job requirements. Offers the opportunity to be recruited into regular positions with Jobcenter support and to help them gain new skills in order to find an ordinary job. Wage subsidies must not be received in connection with the appointment. |
| | <i>skånejob</i> | Sheltered jobs on special terms for early retirees with reduced work capacity on special conditions, includes wage subsidy. |

Annex 3 – Regression models of factors affecting employer engagement in ALMPs

Table 15: The factors affecting employer engagement in ALMPs (UK)

| | Employer engagement in ALMPs (relational vs instrumental) |
|---|--|
| Employers' associations (peak and national) | |
| Employers' associations (business interests and representation) | |
| Employers' associations (professional) | |
| Employers' associations (regional and local) | 10.8%* |
| Collective agreements coverage (low coverage - reference category) | |
| Social responsibility policies | 11.0%*** |
| Recruitment criteria (qualification) | |
| Recruitment criteria (basic skills) | |
| Recruitment criteria (personal circumstances) | |
| Note: only statistically significant marginal effects are reported. *** p<0.001; ** p<0.01; * p<0.05 | |

Table 16: The factors affecting employer engagement in ALMPs (Denmark)

| | Employee coverage by collective agreements | Employee coverage by collective agreements | Employer engagement in ALMPs (relational vs instrumental) |
|---|---|---|---|
| Employers' associations (peak and national) | | 10.6% | |
| Employers' associations (business interests and representation) | | | |
| Employers' associations (professional) | | | |
| Employers' associations (regional and local) | | | |
| Collective agreements coverage | N/A | N/A | 26.8%*** |
| Social responsibility policies | | | |
| Recruitment criteria (qualification) | | | |
| Recruitment criteria (basic skills) | -8.9%** | -14.0%** | |
| Recruitment criteria (personal circumstances) | | | |
| Note: only statistically significant marginal effects are reported. *** p<0.001; ** p<0.01; * p<0.05 | | | |

Annex 4 – Regression model of the outcomes of ALMPs

Table 17: The effects of employer engagement in ALMPs, risk and trust on recruitment of disadvantaged groups

| | Short-term unemployed | Longer-term unemployed | Lone parents | Disability or long-term health problem | Young people |
|--|-----------------------|------------------------|--------------|--|--------------|
| UK | | | | | |
| Employer engagement in ALMPs | 6.5%* | 15.4%** | | 10.5%** | 4.2%* |
| Risk (candidates) | | | | | |
| Risk (organisation) | | | | | |
| Trust | | 6.1%* | | | |
| Denmark | | | | | |
| Employer engagement in ALMPs | 15.1%** | 32.9%*** | 21.0%*** | 27.1%*** | 23.2%*** |
| Risk (candidates) | | | | | |
| Risk (organisation) | | | | | |
| Trust | 6.1%* | 7.1%* | | | |
| Note: only statistically significant marginal effects are reported. *** p<0.001; ** p<0.01; * p<0.05. | | | | | |

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