

**Centre for
Employment Relations
Innovation & Change**

LEEDS UNIVERSITY BUSINESS SCHOOL



UNIVERSITY OF LEEDS

**Employer Engagement
in the Work Programme**

Jo Ingold and Mark Stuart



Acknowledgements

Financial support for this research project was provided by Leeds University Business School Seedcorn Research Funding. The authors are grateful to the Leeds, York and North Yorkshire Chamber of Commerce and to the Centre for Economic and Social Inclusion for their assistance with this research.

About the authors

Jo Ingold is a Lecturer in Human Resource Management and Public Policy at Leeds University Business School.

Mark Stuart is Montague Burton Professor of Human Resource Management and Employment Relations and Director of the Centre for Employment Relations Innovation and Change.

About CERIC

Leeds University Business School's *Centre for Employment Relations, Innovation and Change (CERIC)* engages with contemporary issues in the area of work and employment that have direct policy relevance and significance. Members of CERIC have a recognised external reputation and an outstanding track record of publications at the level of international excellence. Research conducted by members of CERIC has led and contributed to not only academic debate but provided an importance evidence base for policy makers. Engagement with end-users and knowledge translation forms a central component of the research activity of much of the Centre's work.

Contents

Executive Summary	5
Chapter 1: Introduction	11
1.1 The Work Programme	11
1.2 Literature Review.....	12
Chapter 2: Research Objectives and Research Methods.....	14
2.1 Employer survey.....	14
2.2 Provider and stakeholder interviews.....	14
Chapter 3: Findings from the employer survey	15
3.1 What are the characteristics of employers that have recruited from the Work Programme?.....	15
3.2 Why don't employers hire the long-term unemployed?.....	16
3.3 What would encourage employers to hire the long-term unemployed?	18
Chapter 4: Findings from the provider and stakeholder interviews	20
4.1 Strategies for employer engagement.....	20
Employer engagement activities.....	20
Intervening in the recruitment process	24
Engaging different types of businesses.....	26
4.2 Barriers to employer engagement	28
Negative perceptions about the unemployed	28
Lack of knowledge about the Work Programme	28
The economic context.....	29
4.3 Facilitators of employer engagement.....	30
Gaining trust, overcoming risk.....	30
A professional recruitment service	32
Collaboration.....	33
Employer engagement staff skills	34

Chapter 5: Conclusions and Recommendations35

5.1 Aligning employment and skills initiatives with employer demand35

5.2 Publicising the Work Programme and the Youth Contract Wage Incentive35

5.3 Inter-personal relationships36

5.4 Collaboration36

References37

List of Tables

Table 1: Number of employers recruiting Work Programme participants, by business size (%)15

Table 2: Reasons for not recruiting staff through the Work Programme (%)17

Table 3: Factors that would encourage employers to recruit staff through the Work Programme (%)18

Table 4: Advantages of recruiting staff through the Work Programme (%)19

Table 5: Employer services offered, with illustrative quotes23

List of Figures

Figure 1: Types of staff recruited from the Work Programme16

Figure 2: Salary of staff recruited from the Work Programme16

Executive Summary

The Work Programme was introduced by the Coalition government in June 2011 in England, Scotland and Wales, its aim being to assist long-term unemployed people, young unemployed people and disabled people into work. When individuals become eligible for the programme they are referred by Jobcentre Plus to Work Programme providers, contracted by the Department for Work and Pensions to provide support to assist them into work. The first Work Programme contract from 2011 involved 18 'Contract Package Areas' (CPAs) across England, Scotland and Wales. In each CPA there were at least two competing 'Prime' contractors, each responsible for constructing its own supply chain of organisations to provide employment support. Aside from minimal upfront fees, providers receive the majority of their income when they move people into 'sustained' jobs, using a 'black box' model involving little prescription from government. Additionally, the Youth Contract Wage Incentive introduced in 2012 offers businesses £2,275 when they employ an unemployed 18-24 year old for at least 26 weeks through Jobcentre Plus or the Work Programme.

The assumption underlying the Work Programme funding model is that payment by results will incentivise providers to connect unemployed workers with the labour market. Therefore engagement of employers is central to job outcomes. The concept of 'employer engagement' describes employer involvement in welfare to work programmes, but also focuses on how provider organisations engage with employers to move the unemployed into jobs. To date, the involvement of employers in welfare to work programmes has been under-researched, with a small number of exceptions. International research has suggested that in the UK businesses with large HR departments are more likely to become involved in welfare to work programmes, but those which are members of employer association are less likely to be involved (Swank and Martin, 2004). A number of studies have also explored the barriers to engaging employers, highlighting employers' concerns about recruiting the unemployed (for example, ILM, 2011; Nunn et al, 2010; Hasluck, 2011).

This CERIC Policy Report explores employer engagement in the Work Programme and the Youth Contract Wage Incentive, drawing upon a mixed method study, comprising (i) a quantitative survey of employers; and (ii) 40 in-depth, semi-structured, face-to-face interviews with employer engagement staff in Work Programme provider organisations and with key stakeholders, such as employer organisations. The research allowed us to address six key questions relating to employer engagement in the Work Programme.

What are the characteristics of employers that have so far recruited staff from the Work Programme?

During the Work Programme's first year of operation, five per cent of businesses in the Leeds, York and North Yorkshire areas had recruited staff through the Work Programme. These businesses were micro, small and medium-sized, the majority located in the service sector. More than half (54 per cent) had recruited semi/unskilled employees, 31 per cent had recruited clerical staff, nine per cent had recruited skilled manual/technical staff and a further nine per cent had employed professional/managerial staff. In terms of contracts, 64

per cent were full-time and 36 per cent were part-time, with 64 per cent recruited on permanent contracts and 36 per cent on temporary contracts.

In the interviews, providers reported that the majority of job outcomes were in: factory, warehouse, catering/hospitality, cleaning, construction, driving, retail, care, contact centres, security and leisure. Care was viewed as a sector with high sustainability, but there were significant barriers to entry. For some providers many job entries were secured via recruitment agencies.

Why do employers choose not to recruit the unemployed using a programme such as the Work Programme?

Many employers either had little awareness of the Work Programme or had not been contacted directly by providers. With regard to employers' reasons for not recruiting staff through the Work Programme, around a third (32 per cent) stated that they did not know what the programme offered. Just over a quarter (26 per cent) reported that they had not received contact from a Work Programme provider. This was supported by the interview data. Providers considered that a major barrier to engaging employers in the Work Programme was the confusing and sometimes contradictory range of employment and skills policies and initiatives. This could also result in employer 'fatigue' and confusion, which was a clear barrier to getting in front of an employer in the first place.

What do employers consider to be the advantages of recruiting staff via such a programme and what would encourage them to do so?

In the survey, 23 per cent of employers highlighted access to funding for in-work training. The other main factors were direct contact from Work Programme organisations at local level (19 per cent), hearing positive stories from other businesses which had recruited staff (18 per cent) and clear advertising of the programme (17 per cent). The advantages of recruiting staff through the programme were considered to be a reduction in their recruitment costs (24 per cent), filling a specific recruitment gap (14 per cent) and reducing other employment costs (13 per cent).

How did Work Programme providers specifically seek to engage employers?

Providers engaged in a range of activities to engage employers, including many marketing activities common to commercial recruitment agencies, such as distributing publicity material through mailshots and e-mailshots, cold calling and sales days. Larger organisations used contact centres to source vacancies. The main strategy favoured by employer engagement staff was networking, ranging from involvement with Chambers of Commerce, Local Enterprise Partnerships and local authorities, to events focused on particular sectors.

Providers could achieve different depths of engagement from employers. This ranged from offering guaranteed interviews, work placements, work trials, being involved in pre-employment training to more in-depth engagement by employing participants and engaging on a repeated basis. All providers offered a similar range of services to employers but an important component of employer engagement was ensuring that participants were suitable candidates for employers' vacancies.

What were the barriers to employer engagement?

A key barrier to engaging employers was the challenging economic environment. This made it harder for providers to establish initial contact and was compounded by the competitive environment of the programme, in which providers were chasing the same small number of jobs. It was also complicated by the confusing array of employment and skills initiatives aimed at employers.

There were concerns that the Work Programme had been launched at the wrong time, with insufficient consideration of the demand-side context. A key challenge arising was that the jobs available were inappropriate for participants, or did not provide enough hours. In the employer survey falling demand was cited by 12 per cent of employers as a reason for not recruiting and this was most pronounced within the manufacturing sector.

Another key barrier to engaging employers was employers' negative perceptions of the unemployed; such perceptions could be more ingrained in relation to the long-term unemployed. Such negative perceptions were usually informed, or reinforced by, the media, with the government also contributing to, and in some cases initiating, stigma. In the survey employers perceived that the Work Programme would not provide the right staff for their business (20 per cent) and that participants did not have the right skills (17 per cent). Four per cent of employers felt that participants were too high risk and four per cent cited previous negative experiences of employment programmes as a reason for not recruiting from the programme.

What facilitated employer engagement?

An important part of engaging employers was overcoming their perceived risks and gaining their trust. A key aspect of employer engagement was gaining access to the decision-maker. Providers that were most successful in their employer engagement activities were those which had progressed to account management roles and were linked into employers' forward recruitment planning processes, establishing a 'pipeline' for vacancies. At the heart of engaging employers in any sector and of any size was the need to understand the individual business.

The inter-personal relations developed between individual employer engagement staff and employers were crucial to employer engagement, rather than selling the Work Programme or provider 'brands'.

Most providers compared their services to those of recruitment agencies but with key differences. Firstly, the level of engagement providers required from employers was higher

because participants were long-term unemployed. Secondly, unlike high street recruitment agencies providers had no control over the candidates on their caseloads and were unable to source alternative candidates. Providers felt that it was important to manage employers' expectations in this regard.

Providers emphasised their capacity to save employers time and costs in their recruitment. A major selling point was their ability to offer a tailored service to employers from the start to the end of the recruitment process, depending upon requirements. The fact that their services were free was an important selling point, yet they were also cautious about overstating this.

A number of providers talked about the importance of collaboration, both within supply chains and between Primes. Although few examples were given in practice, there were some examples of effective partnership, the majority being vacancy-sharing rather than more in-depth collaboration. The rule of thumb was that if employers' requirements were greater than providers could supply, they would consider collaborating. Again, a key ingredient of collaborative working was the development of inter-personal relationships and building trust at the local level.

Conclusions and Recommendations

1. Aligning employment and skills initiatives with employer demand

The success of programmes such as the Work Programme and the Youth Contract depends on employer engagement and more attention needs to be paid to this demand-side context. This includes consideration of the economic context underpinning employer demand and employers' current and future labour requirements.

In delivering programmes, providers need to have an awareness of the sectors in which jobs are available, particularly sustainable jobs. It would be beneficial for Primes to supply sub-contractors with sufficient strategic information to enable them to target growth sectors and areas of labour shortage within their local labour markets.

The Work Programme was intended to be a single welfare to work programme, yet the current suite of employment and skills initiatives is confusing for employers. Government needs to better align these initiatives in order to provide a cohesive offer to employers. Providers can provide an employer offer that includes in-work training elements, for example by partnering with training organisations.

Government could do more to encourage employers to recruit unemployed people, for example requiring employers to recruit a certain number of their staff from welfare to work programmes and enforcing 106 agreements. Financial incentives could be offered to employers – ideas put forward by respondents included reducing participating business' corporation tax and splitting the job outcome payment between providers and employers.

Primes have the potential to leverage job opportunities for the unemployed within their organisations but so far this is under-developed and could be capitalised upon further. Primes could utilise the knowledge and experience of engaging HR Managers within their own organisations to develop their strategies for engaging large firms.

2. Publicising the Work Programme and the Youth Contract Wage Incentive

Both government and providers have a role to play in promoting programmes to employers. This requires an appreciation of how employers access information about such initiatives and advertising programmes through a range of relevant channels, making clear what is offered, how employers can engage and making this process as easy as possible.

A question raised by the research is whether and to what extent the Work Programme or provider 'brand' should be specifically promoted to employers. Whether it is desirable to have a single point of contact for the Work Programme should be considered, to make it easier for employers to find out about the programme and be routed through to relevant providers in their local area.

Employers are not well-informed about the Youth Contract Wage Incentive and its current design and administration appear unsuited to employers' needs.

A key issue to address is the negative image which many employers have about the unemployed. More could be done by government and the media to promote the benefits of employing the long-term unemployed and the important role that employers can play.

3. Inter-personal relationships

Inter-personal skills are critical to employer engagement. Overcoming employers' perceived risks and gaining their trust is crucial, especially at an early stage in the engagement process. Employer engagement staff need to develop skills to effectively negotiate with gatekeepers and to develop in-depth knowledge and understanding of employers' businesses.

Employer engagement staff need to manage employers' expectations about what they can realistically deliver. If providers are to sell themselves on the basis of providing a quality service to employers, staff need to develop expertise in advising employers about their recruitment process and complement this with the services they provide to up-skill candidates for jobs.

Networking is crucial to employer engagement and many employers trust recommendations from within their networks. Providers could make more effective use of networks via organisations such as local authorities, Local Enterprise Partnerships, Trade Associations, Federation of Small Business and Chambers of Commerce. Government could play a role in facilitating such links.

Local authority 106 agreements are a useful way in which providers can link to employers and they offer potential for collaboration between providers. Linking up with housing associations can also be an effective way of developing partnerships to provide job opportunities.

4. Collaboration

More collaboration between providers is desirable, but this involves strategic direction at senior levels within Primes. It is likely to require drawing-up and coordination of formal vacancy-sharing protocols and it is crucial that local employer engagement staff buy into this process. Employer engagement staff should be encouraged to be open with competitors about what they are prepared to share on a reciprocal basis, in order to foster trust.

Although successful models of partnership working are not directly transferrable to other locales, lessons can still be drawn. Consideration needs to be given as to how such collaboration can be promoted in the context of performance targets for both individuals and organisations.

Chapter 1: Introduction

Employer involvement in welfare to work programmes is critical in assisting the unemployed into work, especially under a payment by results model such as the Work Programme whereby providers are incentivised to source sustainable job outcomes (Finn, 2011). However, the topic of employer engagement has been relatively under-researched. This report aims to fill this gap by exploring employer engagement in the Work Programme, drawing on a survey of employers undertaken in 2012 and interviews with Work Programme providers and stakeholders conducted in 2012-13.

1.1 The Work Programme

The Work Programme was introduced by the Coalition government in June 2011 in England, Scotland and Wales. It aims to be a unified welfare to work programme to assist long-term unemployed people, young unemployed people and disabled people. When individuals become eligible for the programme (based on the length of their unemployment and on their assessed capacity for work) they are referred by Jobcentre Plus to Work Programme providers and remain with them for two years. Providers operate within a 'black box' model, involving little prescription from the Department for Work and Pensions (DWP) and with the intention that support is tailored to individuals' specific circumstances (DWP, 2011). The initial Work Programme contract established 18 Contract Package Areas (CPAs). Within each CPA there are at least two competing 'Prime' contractors (three in the larger urban areas) and each has constructed its own supply chain of organisations to deliver the programme. Primes are part of the Framework for the Provision of Employment-Related Support Services, which gives them priority in bidding for other welfare to work services. At the Work Programme's inception 18 organisations held 40 Work Programme contracts, the majority of these being private sector organisations. The key difference between the Work Programme and previous programmes is that, aside from minimal upfront fees (which will gradually be phased out), providers receive the majority of their income when they move unemployed people into 'sustained' jobs. These 'payments by results' are graded according to participants' distance from the labour market and the length of time they stay in employment. In addition, the Youth Contract Wage Incentive introduced in 2012 offers businesses £2,275 when they employ an 18-24 year old for at least 26 weeks, either through the Work Programme or through Jobcentre Plus.

The key assumption underpinning the Work Programme funding model is that payment by results will incentivise providers to connect unemployed people with the labour market. Within this model the engagement of employers is central to job outcomes: the programme's success not only relies upon employers offering jobs to the unemployed, but upon providers' efforts to effectively engage them. Aside from some broad sectoral data (ERSA, 2013; McGurk, 2014), there is no publicly-available data about either the types of employers which have recruited people from the Work Programme, or the types of jobs that have been taken up. Employer engagement is not included in the Department for Work and Pensions' evaluation of the programme.

1.2 Literature Review

There is a large amount of academic literature focusing on welfare to work, or 'active labour programmes', including critiques studies focusing on specific groups (e.g. Ingold and Etherington, 2013; Whitworth, 2013). A key criticism of such programmes is that they have been too focused upon the supply-side (unemployed people) (e.g. Peck, 2011; McQuaid and Lindsey, 2005). However, debate thus far has largely failed to engage with the dynamics of the demand-side and the role that employers can play in the effective delivery of welfare to work programmes. Understanding what motivates business interests, informs its views and influences its levels of involvement (Farnsworth, 2006: 838) is important in developing policies and in gauging their likelihood of success. A notable exception is the research of Swank and Martin (2004; 2012; see also Martin and Swank, 2001 and Martin, 2004), which has included comparisons of employer engagement in the UK and Denmark. Their work largely links differences in employer involvement in these two countries to the institutional level, such as the role of national-level employer associations and the size of business' HR departments. They suggest that membership of employer associations encourages employer involvement in welfare to work in Denmark, but discourages involvement in the UK and that businesses with larger HR departments are more likely to be involved.

A number of studies have explored the barriers to engaging employers in welfare to work programmes in both the UK and internationally; a significant proportion of such barriers relate to employers' concerns about recruiting and employing the unemployed. For example, the unemployed are likely to be in a relatively weak labour market position, with potentially sporadic labour market histories, as well as other barriers to employment, such as a lack of skills, experience, qualifications, or with health problems. Employers tend to view such groups negatively the longer they are unemployed (ILM, 2011) and may consider them to be higher risk and lower quality candidates for jobs (Quinto Romani and Albrekt Larsen, 2010). During economic recessions employers may be less likely to employ such candidates, when there is a wider pool of job-ready workers available (Nunn et al, 2010).

However, some employers do have a preference for recruiting the unemployed, considering them to have the advantage of immediate availability to start work and lower wage costs (Hasluck, 2011). Additionally, employing disadvantaged groups may enhance businesses' corporate social responsibility, or augment their brand (Bellis et al, 2011). Wage subsidies or other incentives can lower the costs of recruiting people who employers consider to be higher risk candidates, but to date such incentives have produced mixed results in the UK compared with other countries (Vegeris et al, 2010). Labour market intermediaries, such as the public employment service and other organisations involved in employment service delivery can operate as a 'buffer' (Gore, 2005) between employers and jobseekers, improving the effectiveness of matching and reducing employers' recruitment costs and employee turnover (Forde, 2001).

The concept of 'employer engagement' has largely been used by policymakers and practitioners, rather than in academic debates, but its meaning tends to be unclear. Policy reports (for example, Bellis et al, 2011) have defined 'employer engagement' as the extent to which employers engage with a government policy, programme, or agency. This

emphasizes the actions of employers, which is important, but an additional dimension relates to the activities which are undertaken to engage employers. Cooper, McKinnon and Garside (2008: ii) 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 behavior of either, or of a third party, for some purpose related to the wider public benefit”. The conceptualization of employer engagement used in this report includes employer involvement, but also focuses upon how provider organisations engage with employers in order to move unemployed people into work.

It is important that both of these aspects of employer engagement are better understood in relation to welfare to work programmes. To date, little is known about which employers recruit unemployed people through the Work Programme and why they choose this route. It is also important for improving policy effectiveness that more is known about the reasons why employers do *not* become involved in such programmes. It is hoped that the findings and recommendations presented in this report can contribute to a better understanding of the different aspects of employer engagement and ultimately to more effective ways of assisting unemployed people into work.

Chapter 2: Research Objectives and Research Methods

2.1 Employer survey

This report draws upon a mixed method study of the Work Programme, comprising a quantitative survey of employers in the Yorkshire region and qualitative interviews with Work Programme providers and stakeholders.

The employer survey was undertaken in collaboration with the Leeds, York and North Yorkshire Chamber of Commerce. The area covered by the Chamber corresponds with the *North East Yorkshire and the Humber* and the *West Yorkshire* Work Programme Contract Package Areas (CPAs). The Chamber conducts a Quarterly Economic Survey which asks businesses about a range of issues and the Quarter 2 survey 2012 included seven questions constructed by the authors about employer engagement with the Work Programme over the past 12 months (since the Work Programme's introduction). The survey was live from 21 May to 12 June 2012 and was emailed to 6,465 businesses which were current or past members of the Chamber and to named contacts within companies. Two follow-up emails were sent over the course of the data collection period and surveys were also completed with respondents by telephone. All respondents were owner/manager, director, CEO or partner level within their organisation. The total number of completed responses was 643, giving a response rate of 10 per cent. Although there was an over-representation of small firms in the sample, this is representative of the number of micro and small businesses in the UK, which totals around 99 per cent of all businesses (BIS, 2011).

2.2 Provider and stakeholder interviews

In addition to the survey, 40 in-depth, face-to-face interviews were conducted with employer engagement staff in Work Programme provider organisations in England, Scotland and Wales and with key stakeholders, such as employer organisations. Interviews were undertaken in the period between summer 2012 and early 2013. The sample was largely constructed using convenience sampling. The achieved sample represented the majority of CPAs and comprised 19 respondents from Primes, 15 from sub-contractor organisations and six key stakeholders. The majority of provider staff interviewed were in employer engagement roles in their organisations. Negotiating access to providers was a difficult and lengthy process, particularly as many providers were cautious about participating in research in advance of the first release of Work Programme outcome data. The interviews were semi-structured and the topic guide included questions about providers' organisational structure, their methods for engaging employers and the barriers to and facilitators of employer engagement. On average, the interviews lasted around 45 minutes and in most cases were recorded and transcribed verbatim.

The following chapters present the findings from the survey and interviews, followed by Conclusions and Recommendations.

Chapter 3: Findings from the employer survey

3.1 What are the characteristics of employers that have recruited from the Work Programme?

The majority of respondents to the survey were micro-businesses with between 0 and 9 employees (56 per cent), or small businesses with between 10 and 49 employees (27 per cent). Just over eight in ten (84 per cent) were in the services industry (predominantly professional services) and just under one in five (17 per cent) in manufacturing. In general business confidence was lacking, with a slowing of domestic sales and exports across both service and manufacturing. Nonetheless, the majority of employers (64 per cent) maintained a constant workforce, although less than half (40 per cent) reported that they were currently recruiting (LYNYCC, 2012).

The majority of businesses (95 per cent) had not recruited any staff through the Work Programme in the last 12 months.

Table 1: Number of employers recruiting Work Programme participants, by business size (%)

Size of business	Number of WP participants hired				Total
	1	2-4	5-10	11-20	
0-9	9	3	0	1	13
10-49	10	1	3	0	14
50-249	4	1	1	0	6
Total	23	5	4	1	33 (5%)

Source: LYNYCC (2012)

The employers that had recruited Work Programme participants tended to be micro, small and medium-sized (Table 1), the majority being in services. More than half (54 per cent) had recruited semi/unskilled employees, 31 per cent had recruited clerical staff, nine per cent had recruited skilled manual/technical staff and a further nine per cent had employed professional/managerial staff (see Figure 1). In terms of contracts, 64 per cent were full-time and 36 per cent were part-time, with 64 per cent on permanent contracts and 36 per cent on temporary contracts. In terms of pay, 19 per cent were employed in the £0-£8,000 bracket, with the majority (69 per cent) being in the pay band £8,001-£15,000, 13 per cent in the bracket £15,001-£20,000 and three per cent in the band £20,001-£25,000 (see Figure 2).

Figure 1: Types of staff recruited from the Work Programme

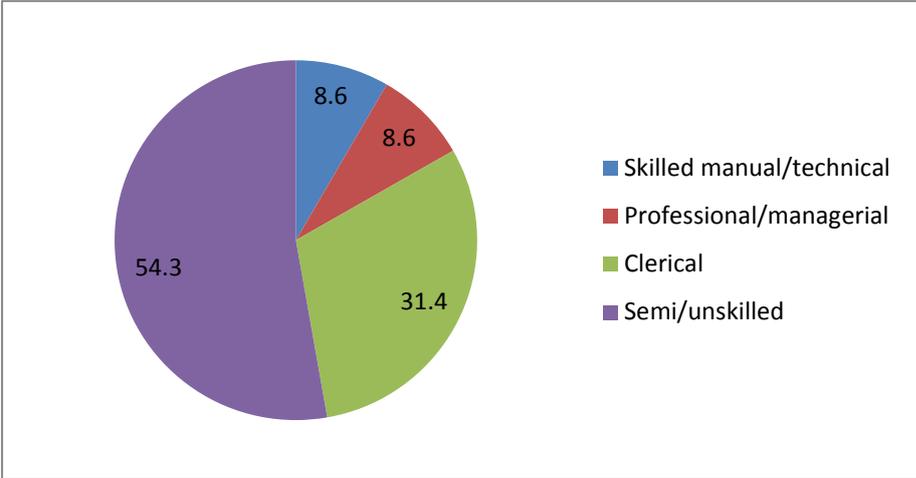
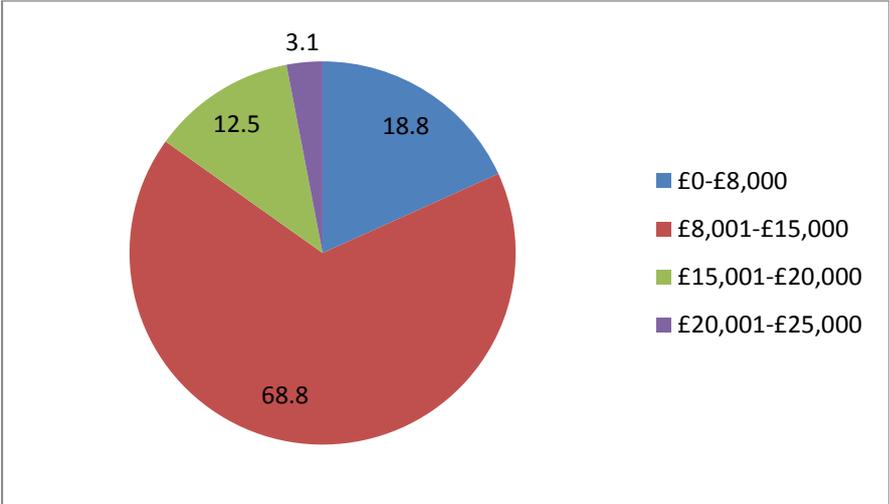


Figure 2: Salary of staff recruited from the Work Programme



3.2 Why don't employers hire the long-term unemployed?

The main reasons employers gave for not recruiting from the Work Programme are detailed in Table 2. Just under a third (32 per cent) stated that they did not know what the programme offered, with just over a quarter (26 per cent) reporting they had not had contact from a Work Programme provider. This accords with the initial Work Programme qualitative evaluation (Newton et al, 2012). It is possible that employers may not realise that they have had contact from a Work Programme provider, depending on how providers present themselves and how far they overtly advertise the Work Programme or the provider 'brand'. This aspect is developed further in Chapter 4. It is also possible that employers could have recruited Work Programme participants without knowing that they were on the

programme. It could be argued that labelling people as ‘Work Programme participants’ could stigmatise them, but on the other hand both our survey and interview data suggest that it would be beneficial for employers to know more about the programme.

Falling demand was mentioned by 12 per cent of employers as a reason for not recruiting and this was most pronounced in manufacturing. Of those respondents who replied ‘Other’ to reasons why they had not recruited from the Work Programme, 52 per cent said that they did not need any staff, with many once again specifically citing a lack of demand. A further 16 per cent stated that they did not have a business need to recruit and this tended to be the case if they were either a family business or a sole trader which was not looking to expand. Only one respondent stated that they would be recruiting in the near future.

Table 2: Reasons for not recruiting staff through the Work Programme (%)

	%	Manufacturing	Services
Don't know what the Work Programme offers	32	42	30
No contact with Work Programme provider	26	30	25
Will not provide the right staff for our business	20	16	21
Candidates lack the right skills	17	14	17
Demand in our business is falling	12	16	11
Previous negative experiences of government employment programmes	4	6	3
Candidates will be too high risk	4	3	4
Negative publicity about the Work Programme	2	1	2
Issues relating to in-work benefits	2	1	2

n= 643 (manufacturing = 106; services = 537); figures represent rounded percentages.
Source: LYNCC (2012)

There was evidence of a perception amongst employers that staff recruited through the Work Programme would not provide the right staff for their business (20 per cent), or that participants did not have the right skills (17 per cent). Four per cent of employers stated that Work Programme participants were too high risk. Four per cent of employers also cited previous negative experiences of employment programmes as a reason for not recruiting from the programme.

In terms of the ‘Other’ reasons cited, one respondent commented that “people only take part otherwise they lose their benefit with little or no interest in the job”. Other respondents commented that they considered unemployed candidates to be “unsuitable,” or perceived

that they would not remain in their business for the longer term, for example: “don't want short term staff but those who are committed to a future career and training”.

3.3 What would encourage employers to hire the long-term unemployed?

Employers were asked about the factors that might encourage them to recruit staff through the Work Programme (Table 3). In response, 23 per cent of employers stated that access to funding for in-work training would encourage them to recruit this way. Research by the National Institute of Adult Continuing Education suggests that, although Work Programme participants are eligible for skills provision (funded by the Skills Funding Agency), providers may not be utilising provision as much as they could (NIACE, 2012). The other main factors that businesses said would encourage their involvement were direct contact from Work Programme organisations at the local level (19 per cent), hearing positive stories from other businesses which had recruited staff (18 per cent) and clear advertising about what the Work Programme offers (17 per cent).

Table 3: Factors that would encourage employers to recruit staff through the Work Programme (%)

	%	Manufacturing	Services
Access to funding for in-work training	23	25	22
Direct contact from Work Programme organisations at local level	19	29	17
Hearing about positive experiences of businesses obtaining staff through this route	18	23	18
Advertising/branding which makes it clear what is on offer	17	14	18
Single point of contact/dedicated account management	8	11	7
Contact with Work Programme providers through existing networks/forums	7	9	6
Endorsement from senior-level managers in our business	6	5	6
Supports a civic duty to help unemployed local people into work	6	8	6
It can help us with on-going recruitment needs	5	8	5

n= 643 (manufacturing = 106; services = 537); figures represent rounded percentages.
Source: LNYCC (2012)

Table 4: Advantages of recruiting staff through the Work Programme (%)

	%	Manufacturing	Services
To reduce recruitment costs	24	28	23
To fill a specific recruitment gap	14	14	13
To reduce other employment costs	13	12	13
On-going in-work support	10	9	10
Free screening and short-listing of candidates	10	10	10
Tapping into the hidden potential of unemployed or disabled people	8	6	8
Free tailored recruitment package including specific packages for SMEs	5	6	5
Free tailored pre-employment training	5	5	4
Work Programme providers understand my recruitment needs	4	2	4
To fill bulk vacancies	2	2	2

n= 643 (manufacturing = 106; services = 537); figures represent rounded percentages.
 Source: LYNCC (2012)

Of the businesses surveyed, 24 per cent stated that one advantage of recruiting staff through the Work Programme was a reduction in their recruitment costs (Table 4), filling a specific recruitment gap (14 per cent), or reducing other employment costs (13 per cent). Eight per cent of employers believed that unemployed and disabled people had untapped potential to offer. Of those who replied 'Other', around a quarter (26 per cent) stated that they had not heard of the Work Programme. One respondent stated that it "sounds good but do not currently require staff" and a number of other respondents again emphasised that they had no current business need.

In summary, there were two key findings from the survey. Firstly, only five per cent of businesses in the Leeds, York and North Yorkshire areas had recruited staff through the Work Programme in its first year of operation. These businesses were micro, small and medium-sized and the majority located in the service sector.

Secondly, most employers either had little awareness of the programme, or had not been contacted directly by providers. This suggests that there is some way to go in publicising the programme to employers and in convincing them of the benefits of engagement. However, an important contextual factor to the relatively minimal employer engagement was the lack of economic demand, which overrides any propensity of employers to engage.

Chapter 4: Findings from the provider and stakeholder interviews

This section presents our qualitative findings. Almost half of the employer engagement staff interviewed (16) had previously worked in private recruitment agencies, 12 had worked in other roles within welfare to work or related services (in the public, private or third sectors) and six had worked in corporate relations or sales. In total, 24 of the respondents were male and 16 were female. A small number of respondents had moved from frontline adviser roles to employer engagement and two had been unemployed and had experience of welfare to work services.

4.1 Strategies for employer engagement

Employer engagement activities

Engaging employers as ‘end customers’ was considered a critical aspect of providers’ roles and this marked a shift from previous programmes. The importance of employer engagement was evident in that providers had established employer engagement teams to develop relationships with employers. For some this was a new development that had in some cases led to significant improvements in job entries and sustainability of job outcomes. The organisational structures for employer engagement depended on the type and size of provider and whether they were a Prime or a sub-contractor. Some Primes were Managing Agents and sub-contracted 100 per cent of their end-to-end provision to their supply chains, others were Delivery Agents, sub-contracting between 10 and 70 per cent of their provision (Finn, 2013). Other organisations were sub-contractors within either supply chain model.

Having dedicated employer engagement teams helped to coordinate contact with employers, avoiding ‘duplication of effort’ and helping to avoid employers becoming disgruntled. Some providers had specific sales teams to source vacancies and build employer relationships and internal account management teams to service employers’ on-going needs. In others employer engagement staff took on both functions.

Respondents in such roles emphasised that this resulted in continuity of service for employers and aided the development of on-going trust relationships. Some organisations organised their employer engagement teams into sector specialists.

A key difference between providers was the extent to which customer advisers were expected to contact employers. Some had little or no direct contact with employers but on a regular basis liaised with employer engagement staff about the participants on their caseloads. Others had a business development function tasked with employer engagement but customer advisers also engaged with employers. This tended to occur within smaller

“you can’t deliver Welfare to Work contracts without having really good relationships with employers”

(Prime)

provider organisations (although not exclusively) and in such cases there was also a small dedicated sales team to source vacancies. Respondents had differing perspectives on organisational approaches to employer engagement. Some believed that given large caseloads and time pressures it was impractical and too reactive for customer advisers to contact employers.

Employer engagement and customer adviser functions were linked. Employer engagement staff needed to be aware of the skills, capabilities and job aspirations of participants, however it was not always possible to match participants with the jobs available so expectations had to be 'managed'. Sometimes employer engagement staff met with participants before submitting them to vacancies - this was important in ensuring that candidates met their requirements, particularly if it was a new relationship with an employer.

There were two key approaches to sourcing vacancies: (1) finding jobs to match caseloads ('customer-led'); and (2) sourcing available job vacancies and trying to fill them ('employer-led'). The former was seen by some as insufficiently employer-focused, as well as unrealistic because it involved preparing participants for jobs that did not exist. On the other hand, the latter approach could neglect the needs and capabilities of participants, result in difficulty to fill vacancies and in employers holding unrealistic expectations of candidates. The general view was that a balance needed to be struck between the approaches. A key requirement of successful employer engagement was an awareness of the sectors in which sustainable jobs were available. However, many sub-contractors stated that they received insufficient strategic information from their Primes to enable them to target growth sectors and areas of labour shortage.

All providers categorised jobseekers using the 'Red, Amber, Green' classification (red signifying being far from the labour market and green being job-ready), although sometimes

“Employer engagement is a three way triangle. The employer, adviser, customer”

(sub-contractor)

“employer engagement isn't just about engaging with the employer. It's about making sure that the candidates that we have are ready for that employer”

(Prime)

providers overlooked this categorisation, describing instances where red or amber candidates had become 'success stories'. Many focused on the most job-ready, suggested creaming of those closest to the labour market and parking of those furthest away. Primes highlighted the potential of leveraging employment opportunities within their own organisations but although a few had employed participants from their caseloads, in most cases such strategies were at a developmental stage.

Providers engaged in a range of activities to engage employers. These included many marketing activities common to commercial recruitment agencies, such as distributing publicity material through mailshots and e-mailshots, cold calling and ‘sales days’, involving the entire organisation contacting local employers. Larger organisations used contact centres to source and cascade vacancies, held employer breakfast events and used their marketing departments or contracted PR agencies to publicise success stories to the local, regional or national press. Providers encouraged participants to engage in ‘reverse marketing’ of themselves to employers, which could lead to them moving into work of their own accord, or with minimal provider support. Self-employment was mentioned, although this was considered to be risky or inappropriate for many participants.

The main strategy favoured by employer engagement staff was networking - this included engaging with organisations such as Chambers of Commerce and Local Enterprise Partnerships and networking events focused on particular sectors. There were differing views about which organisations were most useful, including how helpful Chamber membership was in facilitating access to employers. The most productive routes mentioned were local authorities, including using 106 Agreements. This involves local

“I was concentrating on these housing associations and looking at how we can create jobs. Ideally they want to create jobs for their residents, because when Universal Credit goes live...they see that a lot of their people will be falling into debt...so they want to get their people into employment”

(Prime)

authorities entering into agreements to ensure that developments (e.g. building a new supermarket) benefit the local labour market, such as by getting developers to prioritise local unemployed residents for new jobs. It was crucial that providers kept up-to-date with the development of such initiatives and engaged with the process as early as possible.

Some providers had engaged with local authorities to try to develop transport solutions, e.g. in cases where an employer offered a large number of vacancies but lack of transport prevented candidates from travelling to work on time. Some had developed relationships with housing associations, which had led to them employing Work Programme participants who were tenants. Housing associations were viewed as having a vested interest in assisting their tenants into work in order to pay their rent and some associations had developed their own worklessness agendas.

Providers achieved different depths of engagement from employers. This ranged from offering guaranteed interviews, work placements, work trials, being involved in pre-employment training, to employing participants and engaging on a repeated or consistent basis. All providers offered a similar range of services to employers – see Table 5. In-work support was viewed as an important and distinctive component of the Work Programme offer for employers, with the potential to reduce turnover and aid staff retention.

Table 5: Employer services offered, with illustrative quotes

Sifting of applications	"We'll do the initial sift, you'll see CVs, from there we will also tell you why we think people are suitable for those jobs and why we think you should interview them" (Prime)
Screening	"What are your essentials and we will screen against your essentials so that you're not just putting an ad in the paper and getting a flood load of CVs" (Prime)
Information sessions/assessment days	"we were actually taking them [participants] through the fundamentals and then giving them a bit of information on what the market is like and trying to get employers in to talk to them" (Prime)
Pre-employment training	"My best successes have been where we held pre-employment training at the employer's premises..." (Prime)
Work Trials	"there's no real sort of formal interview process to happen, they can just turn up, do the trial, do a day or two, see how they get on and then that might be it" (Prime)
Working interviews	"we like the working interview because it allows them that opportunity to a) be right for them and b) right for the employer" (Prime)
Work placements	"Work experience getting them in to actually do the job" (sub-contractor)
Use of provider premises for interviews	"Employers conduct interviews on our premises as they don't have space"; "good for the clients because we do build up a rapport with them and they do feel safe and comfortable here" (sub-contractor)
In-work support	"once you've taken somebody on, if you've got any issues, any problems we will then be there to help support through that" (Prime)

Providers which had successfully accessed funding for training either had their own training divisions within their organisations, or had developed links with training providers. Some training providers were linked with employers and there were examples of providers linking with training providers to deliver training linked with a job. Providers could also offer training or qualifications packages to employers for new and existing staff, which could be an attractive offer particularly during recession when investment in training and development can be under pressure. Providers considered that there was significant potential for collaboration amongst delivery organisations to reduce the cost of training and licences.

Intervening in the recruitment process

A key role of employer engagement staff was essentially to intervene in employers' recruitment processes. They aimed to shortcut, overcome or encourage employers to modify aspects of the process that could potentially disadvantage the unemployed as well as facilitate access to employers who might be unlikely to shortlist unemployed candidates. To a large extent providers could act as 'advocates' for the unemployed, engaging with employers to pave the way for participants to apply for vacancies. This could involve coaching candidates for the application process or for interviews with a particular employer, including using employers' pre-sift forms.

Providers gave examples where this seemed to have worked well, for example employers adjusting their recruitment processes to accommodate Work Programme participants. One provider described how this worked when a large retailer opened a store in their local area (see box). Another provider described how an employer had reduced the size of their application form to make it less daunting for participants (see box).

Larger employers tended to be less flexible in adjusting their recruitment processes, especially if this was online. Online processes could disadvantage Work Programme participants, who were likely to lack up-to-date IT skills. Some large employers also stated that if a candidate had been unsuccessful, they would not accept further applications from them for a specified period; other employers refused to adjust their requirement for two references. One possible benefit of work experience was that participants could obtain references, although there were reports of larger employers being cautious about offering work experience following media stories about exploitation.

An important aspect of this was ensuring that participants were suitable for employers' vacancies. For many employers recruiting participants with the 'right attitude'

"a store opened in the local area. When they had their recruitment drive they had a week's window at the beginning to open vacancies up to jobseekers, so we had a week to get people through this hotline number, then after that the process was quite simple, as they went through a screening and then an 8-week training programme and as long as they attended they had a job at the end"

(sub-contractor)

"So what they did was said 'OK then, we'll re-define our application form so it just asks for name, address, did you go to school, that type of thing'. They stripped down the qualifications page, that's quite daunting...they took it down from a ten page application form to three pages"

(sub-contractor)

and more general 'employability' or soft skills was more important than technical, specific job-related skills (see for example Grugulis and Vincent, 2009). Soft skills included time-keeping and the need for candidates to demonstrate a 'work ethic'. Involving employers in pre-employment training was viewed as an effective method of engagement - such training could be tailored to their requirements and delivered in conjunction with them. There was some caution about investing in training for specific jobs, given the risk that an employer may not necessarily recruit the candidates. Training was delivered at employers' or providers' premises over a number of weeks and could involve an application process and even delivering an employer's induction process. For one provider their selling point was warehouse-style facilities that provided large spaces for employers' bespoke training needs. This required significant up-front investment, employer buy-in and the prospect of large numbers of job outcomes to ensure a return on investment.

"We as a provider input into those training packages. That enables advisers and us as employer engagement staff to understand what their needs are, bring that back and then we can up-skill potential candidates with that job information...I've got six individuals going for some posts and they give me all their job specifications and what they call a Pre-Sift form...so we can actually coach the individuals...and I can go through a Pre-Sift form with their application with them"

(sub-contractor working with national retailer)

Securing guaranteed interviews was important for some as a way of getting participants in front of employers and giving them interview experience. Sometimes guaranteed interviews were the outcome of national agreements between providers and employers (see next section). However, they were also seen as being potentially unhelpful experiences for participants, with employers 'going through the motions' rather than offering a realistic experience.

Providers tended to approach employers with advertised vacancies, although this was not exclusively the case and they were concerned to forecast growth sectors. Accessing 'hidden' vacancies was considered important: vacancies that were not yet advertised and may not be if the provider could offer suitable candidates, allowing participants to apply for jobs ahead of others. This linked with providers wishing to 'remove' the application process for participants. Accessing hidden vacancies was viewed by many as a benefit arising once they had gained the trust of employers, but some also voiced scepticism about how far this was feasible or beneficial.

Engaging different types of businesses

Many large providers had established national employer engagement teams specially charged with brokering national agreements with large employers. Benefits included guaranteed interviews or the opportunity to submit participants to vacancies in advance of the main recruitment process. Providers gave examples where this had worked effectively, for example by allowing local employer engagement staff to go in 'warm' rather than cold and to build relationships at the local level. However, developing such agreements could prove time consuming and it was not always possible to by-pass employers' national recruitment structures.

"the structure of the Work Programme and the contract package areas puts large employers off the Work Programme...a national employer doesn't want to have to understand the complexities of our CPA system. If I'm recruiting in this territory then it's one process, whereas if I'm recruiting in another territory it's another process. Employers for years have been trying to simplify their supply chain"

(Prime)

A key success factor was where providers could engage employers at different levels of their businesses. Sometimes local managers were unaware that their company had made agreements at the national level and were reluctant to engage in such agreements if they were happy with their existing recruitment methods. Crucially, established national agreements still necessitated the building of relationships locally. Employer engagement staff viewed this as desirable, wishing to have some buy-in to the process rather than simply being expected to deliver on national agreements.

"a motor retailer wanted a car valet and they were willing to put the employee through driving lessons and pay for their driving test...So they came in here, did some interviews and actually appointed there and then. So that was a massive win for both. Saved the employer having to advertise and it gave our guys first bite of the cherry because nobody else knew about it. Plus it was sorted in a much shorter distance than it would have been if they had to advertise and go through recruitment. And they used our premises here for the interviews as well"

(sub-contractor)

Corporate social responsibility agendas were also seen as important, although this did not always translate to smaller business units, so providers used this as a lever to persuade local managers to engage in line with the business strategy.

There were mixed views about the efficacy of national employer teams when no Prime had national coverage. Despite their benefits, national agreements could potentially inhibit collaboration between providers. It was not seen as feasible to guarantee 'exclusive' access to an

employer and there was also the risk that a provider could not supply the required candidates, leaving vacancies unfilled and potentially discouraging employer engagement.

“I recently recruited for a new store opening and nationally we have an agreement with them for work placements and guaranteed interviews but locally we managed to get them to agree to actual vacancies. Those who were successful at the placement got a job. That was a really nice combination of national and local working well. We did find that working locally with the recruitment manager and the store manager they were able to create a facility for us, so that although people had to do the online application, there were exceptions for people with disabilities if we went direct. There were also exceptions in terms of we’d give the names of those who had applied through us and they were guaranteed an interview”

(Prime working with national supermarket chain)

The ‘economies of scale’ approach to the Work Programme often led providers to engage with large employers rather than SMEs, as ‘volume vacancies’ were commercially attractive. However, some recognised that they could secure better outcomes if they focused on smaller employers. For SMEs without formal HR functions, providers could offer a service to reduce their recruitment costs. In this respect that providers’ services were free could be an important selling point, as smaller businesses are less likely to use paid-for recruitment services. There could also be a ‘philanthropic’ or ‘social responsibility’ element in helping local people into jobs and supporting the local economy. However, the immediate and very specific requirements of SMEs could be difficult for providers to meet from their caseloads. Additionally, small and micro businesses did not always have the resources to provide the on-going support required by Work Programme recruits.

Both providers and stakeholders raised concerns about how to effectively engage SMEs. Compared with larger businesses a key benefit of SMEs was the potential to fairly easily access the decision-maker, however gaining access could be very resource-intensive, requiring door-to-door personal visits. SMEs tend to rely on trusted recommendations from their own networks - consequently, providers needed to work hard to build their trust and word of mouth recommendations could be particularly effective. Initially, though, this relied upon providers establishing a track record with businesses in the local area.

SMEs appeared most receptive to the Youth Contract Wage Incentive, as it could help with initial cash-flow when recruiting, supporting the DWP’s evaluation findings (Jordan et al, 2013). Providers reported that the £2,275 was of little consequence to larger employers and did not encourage them to recruit from the Work Programme. Indeed, employers were often frustrated by the administration of the Wage Incentive, as it was seen as too complex, bureaucratic and time-consuming for those firms without HR departments.

4.2 Barriers to employer engagement

Negative perceptions about the unemployed

One of the main barriers to engaging employers was negative perceptions of the unemployed. Employers tended to stereotype unemployed people as lazy and lacking motivation to find work, instead preferring to “sit at home and watch Jeremy Kyle.” Such perceptions were more ingrained in relation to the long-term unemployed, who were viewed as being ‘deficient’ or ‘no good’ if they had not been able to find a job within six months, or if they required help from providers to find work.

Negative perceptions were seen as being informed, or reinforced by the media. There was concern that the Government was contributing to, and in some cases initiating, negative ‘stigma’ and ‘prejudice’ about unemployed people and those receiving benefit. In this context, the Work Programme ‘brand’ had the potential to ‘tarnish’ participants and reinforce employers’ negative perceptions.

An important role for employer engagement staff was to challenge and overcome employers’ existing misconceptions. One way of doing this was to emphasise the economic context and to try to ‘de-mystify’ the problem of unemployment. Providers also sought to counter negative perceptions by ‘marketing’ the benefits of the programme in a positive way and by promoting ‘good news’ stories to the local and regional media, rather than focusing on participants’ barriers to work.

Conversely, some providers stated that they encountered employers who were passionate about employing people who were unemployed or otherwise disadvantaged. An example was given of a large retailer that had actively approached a provider in order to increase the number of disabled people in their workforce.

Lack of knowledge about the Work Programme

The lack of employer involvement in the design of the programme was also seen as a potential impediment to ensuring its relevance to employers. All respondents felt that government could do more to ‘push’ information about the Work Programme to employers. Some felt that local authorities and organisations such as Chambers of Commerce as ‘trusted’ sources of information for employers could help to promote the programme. One way in which providers marketed their services was by inviting employers to their premises, either individually or via open days.

Accessing employers was complicated by the fierce competition inherent in the Work Programme model. Primes and sub-contractor employer engagement staff were not only in competition with each other and with competing Primes and their supply chains, but also with recruitment agencies, training providers and local authorities. On the positive side, providers could offer a range of candidates to suit employers’ needs, but in most cases this was likely to result in employer ‘fatigue’ and confusion. DWP requirements for employer verification of job outcomes could result in employer disgruntlement, although some

providers had capitalised on such opportunities to cement their relationship with employers and seek out further vacancies. Providers were keen to simplify the range of initiatives aimed at employers into a 'single offer' encompassing employment and skills initiatives, for example through partnerships with training providers.

The Youth Contract Wage Incentive was a useful means of engaging employers, acting as 'a hook', or 'a warm lead', which could 'open doors' and enable providers to advertise other services. However, employers lacked knowledge about the Wage Incentive, including its applicability only to young unemployed. In the absence of Government advertising, providers felt that their own marketing campaigns had had some success in attracting employer interest, including 'tickets' or 'cheques' for £2,275 that participants could present to employers when attending interviews.

Providers in Scotland and Wales operated in a different funding environment that could make it harder to sell the benefits of the Work Programme and the Youth Contract to employers. For example, Jobs Growth Wales covered the wage costs of 16-24 year olds for six months and could be perceived as a better offer for employers than the Wage Incentive. Providers tried to overcome this by emphasising the other services they could provide through the Work Programme, such as in-work support for a two-year period.

The economic context

A key barrier to engaging employers was the challenging economic environment. This made it harder for providers to establish initial contact with employers and was compounded by the competitive environment of the programme. Although most agreed that the programme (and the payment by results model) was a good idea in principle, they were concerned that it had been launched at the wrong time, based on the pre-recession context. A small number criticized the programme for being a 'work first' programme.

Many businesses (particularly small businesses) were focused on keeping their business afloat and were not recruiting. With many applicants for every vacancy, employers could afford to be selective, although providers saw this as an opportunity to market their services to help reduce the burden on employers.

The Youth Contract Wage Incentive could act as a lever for employers considering or actively looking to recruit, but was not seen as being of sufficient financial value to persuade employers to recruit when they would not otherwise have done so. A higher Incentive is likely to be required to persuade employers to create more jobs. Stakeholders voiced concerns that the time-limited Incentive could be open to abuse by encouraging the employment of 'cheap labour' for a short period. Some providers told of employers who had recruited young people using the Incentive but after six months wanted new recruits who would attract further subsidies. It was

“you can be a really good employer engagement person but actually if nobody locally is recruiting then it doesn't matter how good you are”

(sub-contractor)

noted that the incentive may not yield skilled, sustainable jobs; suggestions were made that there should instead be a 'learning subsidy'.

Providers reported that the majority of job outcomes were in: factory, warehouse, catering/hospitality, cleaning, construction, driving, retail, care, contact centres, security and leisure (with slight differences across geographical areas). Care was a popular sector, but with key problems, such as transport (see also Bessa et al, 2012). Transport problems were highlighted by all providers (in both urban and rural areas) as being a barrier to engaging employers if participants could not travel to and from their workplace at the required times.

Even in relatively buoyant labour markets, the jobs available were either inappropriate for participants, or did not provide enough hours. A key challenge was the prevalence of temporary and zero hours contract. This could mean that providers needed to source more than one job for participants to secure enough hours to be better off in work than on benefit. In the event that individuals were at risk of losing their job, providers needed to plan ahead and act quickly to move them back into work and maintain 'sustainability'.

Many job entries were secured via recruitment agencies – this was sometimes the only way to access employers that held contracts with 'dominant' agencies. Staff with backgrounds in commercial recruitment could leverage their networks to broker agency employment, although the jobs were often short-term, or with inconsistent hours, requiring participants to sign on and off benefits. Additionally, agencies were often reluctant to take unemployed people onto their books and were strict about reference requirements.

4.3 Facilitators of employer engagement

Gaining trust, overcoming risk

A key aspect of employer engagement was to overcome barriers and to access the right decision makers within companies. This involved overcoming employers' perceived risks and gaining their trust, especially at an early stage in the engagement process. For example,

“all of us are knocking on the same doors and approaching the same people so it's just keeping that relationship going. And whereas before, before we had 10 or 20 vacancies at a time, maybe it's now made up of 1s and 2s”

(Prime)

submitting unsuitable candidates for vacancies could potentially damage a relationship and reduce the chances of providers receiving repeat business in future. Successful employer engagement activities usually involved providers taking on account management roles, being linked into employers' forward recruitment planning and establishing a 'pipeline' for vacancies.

Providers tended to view employer engagement as business-to-business sales or business development roles, particularly where larger employers were concerned, however most did not think employer engagement should involve a

'hard sell'. Instead, it was seen as a role that was reliant upon relationship-building and gaining trust at the local level. All providers emphasised the importance of establishing face-to-face contact with employers. The length of the Work Programme contracts provided the opportunity to build long-term relationships with both employers and with other important stakeholders, such as local authorities and training providers.

Providers needed to build employers' trust to overcome negative experiences of previous programmes in which providers were paid for job entries which were not sustained, resulting in employers being 'stung' or 'scarred'.

Some employers were suspicious and wished to know more about the programme's funding model, but others were uninterested in the details, but merely upon whether providers could offer a service to meet their needs.

The welfare to work industry has been subject to constant mergers, acquisitions and staff churn (ERSA, 2012). The latter could be problematic in cases where employer engagement staff left and their employer contacts wished to go with them. It was also a challenge for staff who were new to a particular geographical area and had yet to become embedded in local networks. Overwhelmingly respondents highlighted the importance of the interpersonal relations between individual employer engagement staff and employers, rather than selling the Work Programme or a particular provider 'brand'.

"Employer engagement is about relationship-building; it's more person to person than business to business"

(Prime)

"a good employer engagement person will appreciate where the decision making lies within that organisation. And whether it's the HR director nationally of a corporate, whether they've got a regional infrastructure and decision-making lies there, whether it's an owner manager who's actually doing it. So it...understanding the internal structures of the business that you're working with, and who makes what decision, who you've got to actually engage"

(stakeholder)

At the heart of engaging employers of any sector or size was the need to understand the individual business – this usually involved researching the organisation in advance to understand its core activity, the organisation's business plan and current recruitment process, its current workforce composition and its projected recruitment needs.

A professional recruitment service

Respondents considered that in previous contracts, the welfare to work industry had been too 'reactive' and 'not professional enough' in its approach to employers but with the Work Programme had 'stepped up a gear' in relation to employer engagement, such that providers now behaved more like commercial recruitment agencies. This was supported by an industry agenda to promote and support professionalization, for example through the Institute of Employability Professionals (IEP), although the sector was still seen as some years behind the commercial recruitment sector.

Most providers compared their services to those of recruitment agencies, but with key differences. Firstly, providers required a higher level of engagement from employers because participants often needed a higher level of support. Secondly, unlike high street recruitment agencies providers were solely reliant on the participants on their caseloads and were unable to source alternative candidates. Providers considered it important to highlight these aspects to manage employers' expectations, particularly as employers sometimes had 'unrealistic expectations' about how easy it was to recruit their ideal candidate. In turn, providers felt it important not to over-promise what they could deliver and also to acknowledge that they simply could not always meet employers' requirements.

A small number of providers had persuaded employers of the value of their service based on a 'return on investment' model, commonly used by recruitment agencies. Some described instances where employers which had previously used recruitment agencies were now using their services instead, considering them to be comparable, or better. However, some providers had experienced negative reactions from employers which had a policy 'not to engage with agencies'.

"It's the whole fact that we can take the load off them, so when we initially meet with that employer we find out what their needs are and we can really do the process from start to end for them. They might advertise a job and they might get hundreds of applicants, but we can go through them in our centre. What we offer is tailored"

(sub-contractor)

All providers recognised that sometimes placing participants could go wrong, but this was not specific to welfare to work. In these circumstances it was important to work with employers to try to avoid similar situations in the future. For some it was more important to focus on moving smaller numbers of the 'right' participants into the 'right' employment than to submit large numbers who might be inappropriate.

The key selling points of providers' services were their capacity to save employers' time and costs when recruiting and their ability to offer a tailored service to employers. This could range from merely supplying candidates, helping employers to draw up a job specification, sifting and short-listing of candidates to supplying a whole managed recruitment package.

The fact that services were free was an important aspect to highlight to employers in the initial stages of engagement and was seen as giving providers a competitive advantage over recruitment agencies. However, providers were cautious about not de-valuing their services by over-stating that they were free of charge and instead promoted their service as ‘cost effective’, ‘at no cost’, or ‘cost neutral’. Another advantage of the Work Programme offer was the two years of in-work support once participants were employed.

Collaboration

Providers talked about the importance of collaboration to facilitate employer engagement. If employers’ requirements were greater than providers’ capacity, they would consider collaborating - for employers this offered the benefit of accessing a wider range of candidates from across provider caseloads. However, the majority of existing partnership working involved vacancy-sharing, rather than more in-depth collaboration. Generally Primes shared vacancies throughout their supply chain: a provider usually had a period of time in which to fill vacancies, after which point they were shared across the supply chain. However, participants’ travel-to-work areas could restrict the usefulness of such vacancy-sharing. Primes also promoted ‘best practice’ sharing amongst their own and their sub-contractors’ employer engagement teams - for example, pre-employment training was organised, or shared across the supply chain.

In most cases Primes had had little contact with their competitor Prime. Some providers had engaged in supposedly ‘reciprocal’ vacancy-sharing, but had not found this to be a two-way process. Such collaboration could be hindered by disparities in provider size and capability. For example, smaller providers with limited employer engagement functions were reluctant to share vacancies with large providers with employer contact centres, unless this was coordinated in a more formal way. In general it was considered easier to share vacancies from large employers but providers were cautious about the number and type of vacancies shared, as their first responsibility was to maximise their Prime’s performance. They were also cautious sharing vacancies where there was an existing relationship with an employer which they wanted to protect.

“Employers are very keen to have things simple and rightly so. They don’t want to speak to a whole bunch of people and they will just be turned off by that, they’ll just go elsewhere where they can talk to somebody, or a single agency. So we need to be able to be very focussed on employer needs and make it simple for them”

(Prime)

A challenge for providers, particularly Primes, was how to effectively coordinate collaborative working, or more strategic employer engagement. In some cases senior Prime staff had brokered an arrangement for collaboration between providers, but in practice staff down the supply chain were unaware of this. Developing collaboration could take considerable time, particularly when providers had not worked together before. As with

employer engagement, a key ingredient of collaborative working was the development of inter-personal relationships and building of trust at the local level.

There were some examples of effective collaboration. One is the well-known example of the Transport for London partnership across the London Primes, based on a Memorandum of Understanding. A Skills Supplier Manager operates on behalf of all six Primes and obtains vacancies and screens candidates in conjunction with the Prime employer leads. The collaboration intensified competition between providers, with providers being prepared to openly compare their performance with competitors. Providers considered that this model could be replicated in other areas, taking account of local area specificities.

In Wales the two Primes and Jobcentre Plus had brokered a Concordat, with the aspiration of providing a coordinated, single offer for employers. For example, Jobcentre Plus or a recruitment agency had taken the lead on large-scale recruitment for new retail complexes. This arrangement was built on partnerships which existed prior to the Work Programme but a key challenge was how collaboration could be organised and coordinated in an equitable way amongst the different Primes and their supply chains. A further option being considered was funding of joint employer engagement teams to work across providers.

Brokering a relationship with a larger employer to some extent necessitated partnership working, in order to avoid leaving vacancies unfilled. One suggested way of addressing this was through a 'master vendor model' in which national employers contact a single agency to register vacancies and the agency liaises with appropriate providers in the relevant areas. Such an agency could also lead on collating and distributing labour market intelligence. There were differing views as to whether such a model should be run by a provider or by DWP and some providers were sceptical as to whether such a 'top-down' model could work, given that employer engagement relies on building relationships.

Employer engagement staff skills

Providers felt that employer engagement staff needed to be 'people-people' who could build relationships and a rapport with employers from the start. They need the ability to listen and to understand employers' businesses and requirements and to translate that into an appropriate provider offer. They need to have good customer service skills, including following up with the employer, particularly if the process did not go as planned.

Staff need to be persistent and be able to cope with refusal. In this respect, many respondents felt that employer engagement staff should have a sales or a recruitment background, or some level of 'commerciality'. However, others felt that the 'hard sell' did not play well with employers. Other important attributes identified included a friendly demeanour and the ability to convey the 'human stories' about welfare to work participants. It was considered important that staff have a good understanding of welfare to work and the service they can offer and are confident in presenting this. Also important is an appreciation of how employer engagement dovetails with the services provided by the wider organisation, such as the customer adviser role, as this links with the ability to manage employers' expectations.

Chapter 5: Conclusions and Recommendations

This report has explored employer engagement in the Work Programme, drawing on a survey of employers and interviews with Work Programme providers and stakeholders. This final section offers recommendations for policy and practice.

5.1 Aligning employment and skills initiatives with employer demand

The success of programmes such as the Work Programme and the Youth Contract depends on employer engagement and more attention needs to be paid to this demand-side context. This includes consideration of the economic context underpinning employer demand and employers' current and future labour requirements.

In delivering programmes, providers need to have an awareness of the sectors in which jobs are available, particularly sustainable jobs. It would be beneficial for Primes to supply sub-contractors with sufficient strategic information to enable them to target growth sectors and areas of labour shortage within their local labour markets.

The Work Programme was intended to be a single welfare to work programme, yet the current suite of employment and skills initiatives is confusing for employers. Government needs to better align these initiatives in order to provide a cohesive offer to employers. Providers can provide an employer offer that includes in-work training elements, for example by partnering with training organisations.

Government could do more to encourage employers to recruit unemployed people, for example requiring employers to recruit a certain number of their staff from welfare to work programmes and enforcing 106 agreements. Financial incentives could be offered to employers – ideas put forward by respondents included reducing participating business' corporation tax and splitting the job outcome payment between providers and employers.

Primes have the potential to leverage job opportunities for the unemployed within their organisations but so far this is under-developed and could be capitalised upon further. Primes could utilise the knowledge and experience of engaging HR Managers within their own organisations to develop their strategies for engaging large firms.

5.2 Publicising the Work Programme and the Youth Contract Wage Incentive

Both government and providers have a role to play in promoting programmes to employers. This requires an appreciation of how employers access information about such initiatives and advertising programmes through a range of relevant channels, making clear what is offered, how employers can engage and making this process as easy as possible.

A question raised by the research is whether and to what extent the Work Programme or provider 'brand' should be specifically promoted to employers. Whether it is desirable to have a single point of contact for the Work Programme should be considered, to make it

easier for employers to find out about the programme and be routed through to relevant providers in their local area.

Employers are not well-informed about the Youth Contract Wage Incentive and its current design and administration appear unsuited to employers' needs.

A key issue to address is the negative image which many employers have about the unemployed. More could be done by government and the media to promote the benefits of employing the long-term unemployed and the important role that employers can play.

5.3 Inter-personal relationships

Inter-personal skills are critical to employer engagement. Overcoming employers' perceived risks and gaining their trust is crucial, especially at an early stage in the engagement process. Employer engagement staff need to develop skills to effectively negotiate with gatekeepers and to develop in-depth knowledge and understanding of employers' businesses.

Employer engagement staff need to manage employers' expectations about what they can realistically deliver. If providers are to sell themselves on the basis of providing a quality service to employers, staff need to develop expertise in advising employers about their recruitment process and complement this with the services they provide to up-skill candidates for jobs.

Networking is crucial to employer engagement and many employers trust recommendations from within their networks. Providers could make more effective use of networks via organisations such as local authorities, Local Enterprise Partnerships, Trade Associations, Federation of Small Business and Chambers of Commerce. Government could play a role in facilitating such links.

Local authority 106 agreements are a useful way in which providers can link to employers and they offer potential for collaboration between providers. Linking up with housing associations can also be an effective way of developing partnerships to provide job opportunities.

5.4 Collaboration

More collaboration between providers is desirable, but this involves strategic direction at senior levels within Primes. It is likely to require drawing-up and coordination of formal vacancy-sharing protocols and it is crucial that local employer engagement staff buy into this process. Employer engagement staff should be encouraged to be open with competitors about what they are prepared to share on a reciprocal basis, in order to foster trust.

Although successful models of partnership working are not directly transferrable to other locales, lessons can still be drawn. Consideration needs to be given as to how such collaboration can be promoted in the context of performance targets for both individuals and organisations.

References

Bellis, A., Sigala, M., Dewson, S. (2011) *Employer engagement and Jobcentre Plus*. Research Report No. 742. Sheffield: Department for Work and Pensions.

Bessa, I, Forde, C., Moore, S. and Stuart, M. (2013) *National Minimum Wage: impact on the domiciliary care sector*. London: Low Pay Commission.

Blois, K. (2002). 'Business to business exchanges: a rich descriptive apparatus derived from Macneil's and Mengers' analyses', *Journal of Management Studies*, 39, 4, 523–51.

Chartered Institute of Personnel and Development (2012) *Labour Market Outlook, Autumn 2012*. London: CIPD.

Cooper, C., Mackinnon, I., Garside, P. (200) *Employer engagement, Research Report 29*. Wath-upon-Dearne: Sector Skills Development Agency.

Department for Business, Innovation and Skills (2012) *Business Population Estimates for the UK and the Regions 2012 Statistical Release*. Sheffield: BIS.

Department for Work and Pensions (2011) *The Work Programme*. London: DWP.

Department for Work and Pensions (2012) *Work Programme - Analysis of Benefit Status of Participants*. London: DWP.

Department for Work and Pensions *Tabulation Tool*. Available at <http://83.244.183.180/WorkProg/tabtool.html> [accessed 10 December 2012]

Employment Related Services Association (2013) *Paper from the Employment Related Services Association (ERSA) on mapping employer engagement*. London: ERSA.

Employment Related Services Association (2012) *Annual Salary and Benefits Survey*. London: ERSA.

Farnsworth, K. (2006) 'Capital to the rescue? New Labour's business solutions to old welfare problems', *Critical Social Policy* 26(4), 817- 842.

Finn, D. (2011) *Job Services Australia: Design and Implementation Lessons for the British Context, Research Report 752*. London: Department for Work and Pensions.

Finn, D. (2013) 'Opening up the 'black box': What services are Work Programme providers delivering and how are they doing it', *Social Policy Association Conference*, 8-10 July 2013, University of Sheffield.

Forde, C. (2001) 'Temporary arrangements: the activities of employment agencies in the UK', *Work, Employment and Society* 15(3), 631-644.

Gore, T. (2005) 'Extending employability or solving employers' recruitment problems? Demand-led approaches as an instrument of labour market policy' *Urban Studies*, 42(2): 341-353.

Grugulis, I. and Vincent, S. (2009) 'Whose skill is it anyway? Soft skills and polarization', *Work, Employment and Society*, 23(4): 597:615.

Hasluck, C. (2011) *Employers and the recruitment of unemployed people: An evidence review*. Wath-upon-Deane: UK Commission for Employment and Skills.

Ingold, J. and Etherington, D. (2013) 'Work, welfare and gender inequalities: An analysis of activation strategies for partnered women in the UK, Australia and Denmark', *Work, Employment and Society* 27(4), 621-638.

Institute of Management and Leadership (2009) *Bouncing back: Attitudes to unemployment*. London: ILM.

Jordan, L., McGinival, S., Thomas, A. and Coleman, N. (2013) *Early Evaluation of the Youth Contract Wage Incentive Scheme*. Research Report No. 828. Sheffield: Department for Work and Pensions.

Leeds, York and North Yorkshire Chamber (2012) *Quarterly Economic Survey, Q2 2012*. Leeds: LYNYCC.

Martin, C.J. (2004) 'Corporatism from the firm perspective: employers and social policy in Denmark and Britain', *British Journal of Political Studies*, 45: 127-148.

Martin, C.J. and Swank, D. (2001) 'Employers and the welfare state: the political economic organization of firms and social policy in contemporary capitalist democracies', *Comparative Political Studies*, 34(8): 889-923.

McGurk, P. (2014) *Employer Engagement: A human resource management perspective*. University of Greenwich Business School Working Paper #WERU7. London: WERU.

McQuaid R. and Lindsay C. (2005) 'The concept of employability', *Urban Studies*, 42(2): 197-219.

Newton, B., Meager, N., Bertram, C. et al (2012) *Work Programme Evaluation: findings from the first phase of qualitative research on programme delivery*, Research Report No. 821. London: Department for Work and Pensions.

Nunn, A., Bickerstaffe, T., Hogarth, T. et al (2010) *Postcode Selection? Employers' use of area- and address-based information shortcuts in recruitment decisions*, Research Report 664. Sheffield: Department for Work and Pensions.

Peck, J. (2001) *Workfare states*. New York, NY, Guilford Press.

Peck, J. and Theodore, N. (2000) 'Work first': workfare and the regulation of contingent labour markets', *Cambridge Journal of Economics*, 24: 119–138.

Quinto Romani, A. and Albrekt Larsen, C. (2010) *Activation as a tool to bypass the ordinary recruitment process: Active labour market policy, network and discrimination*, CCWS Working Paper. Aalborg: Centre for Comparative Welfare Studies.

Shury, J., Vivian, D., Gore, K., Huckle, C. (2012), *UK Employer Perspectives Survey 2010, Evidence Report 64*. Wath-upon-Dearne: UK Commission for Employment and Skills.

Swank, D. and Martin, C.J. (2004) 'Does the organisation of capital matter? Employers and active labour market policy at the national and firm levels', *American Political Science Review*, 98(4): 593-611.

Swank, D. and Martin, C.J. (2012) *The political construction of business interests: coordination, growth and equality*. Cambridge: Cambridge University Press.

Vegeris, K., Vowden, K., Bertram, C. et al (2010) *Support for newly unemployed and six month offer evaluations: a report on qualitative research findings*, Research Report No. 691, Sheffield: Department for Work and Pensions.

Whitworth, A. (2013) *Single parents' experiences of employment support from Jobcentre Plus and the Work Programme Full Report*. London: Gingerbread.

Centre for Employment Relations Innovation and Change
Leeds University Business School
Maurice Keyworth Building
The University of Leeds
Leeds LS2 9JT
United Kingdom
<http://lubswww.leeds.ac.uk/ceric/home-page/>

ISBN 978 0 85316 333 6

