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The *Employment Studies* newsletter reports on IES research on labour market and employment policy and practice in the UK and abroad. It is aimed at those interested in research to inform the development and implementation of public policy. Two other publications, *Research Digest* and *HR Insight*, provide briefings on IES employer-related work.

# The Work Programme: what's inside the Black Box?

Becci Newton, IES Senior Research Fellow

**The Work Programme is a new, integrated welfare-to-work programme, which was implemented across Great Britain in June 2011. It is commissioned through private and voluntary sector contractors and is designed to provide support to long-term unemployed and inactive people to assist them to gain work. IES is leading the consortium<sup>1</sup> that is evaluating the programme and has recently published a first, interim report which offers some insight into its operation.**

In the longer term, the evaluation will have wider policy implications and is likely to generate interest across government, not simply within the welfare-to-work policy arena. This is because the programme is the largest UK experiment to date that uses a contracted-out, payment-by-results approach to the delivery of public services. It is likely to be the precursor to similar developments elsewhere in public policy – indeed we are already seeing examples of such initiatives in criminal justice and care services. As a consequence, the operation of the programme is generating massive interest in news and media.

To understand the results of the research that has been undertaken so far, it is important to understand what it is the Work Programme is aiming to achieve and the key facets of its design.

The core objectives for the Work Programme are to: move more unemployed and inactive people into work, reduce the average time

they spend on benefits, and increase the average time those gaining work spend in employment. It is also tasked with narrowing the gap between disadvantaged groups and everyone else in respect of gaining employment and time spent in employment, and with contributing to reducing the number of workless households.

The programme design is based on some key elements, including:

- **A prime-provider approach:** the Department for Work and Pensions (DWP) contracts with a single provider (known as the prime) which, in turn, commissions and manages a supply chain of sub-contracted providers (end-to-ends and spot providers<sup>2</sup>) in order to deliver the Work Programme contract.
- **Outcome-based funding:** incorporating the following:

*continued on page 2*



- A small *payment on 'attachment'* (when an individual enters the Work Programme; this will be phased out) with further, larger payments triggered by *'job outcome'* (after an individual has been in work for between 13 and 26 weeks) and *'sustainment'* (once an individual has remained in work for between 17 and 30 weeks).
  - *Differential payments* with outcomes among harder-to-help groups paid at higher rates. This aims to tackle *'creaming'* and *'parking'* activity among providers, where effort and resources are concentrated on individuals who can be helped most quickly and/or cheaply.
  - *Ongoing performance competition* through *'market share shifting'*, with better-performing providers being allocated a larger number of claimants, and the poorer-performing providers (who remain above the minimum quality threshold) receiving fewer claimants.
- **Minimum service prescription** known as the *'black box'* approach, to allow providers flexibility to decide what will best help individuals into sustainable work. This in part aims to encourage providers to develop tailored solutions for individuals, and through this stimulate innovation in delivery.
- Larger, longer contracts (five to seven years in length) on the basis that

greater market stability will facilitate the development of provider capacity and expertise and encourage investment to support innovation in service delivery.

The evaluation, which is being completed between 2011 and 2015, is examining the way in which the Work Programme is commissioned, how it is delivered and the experiences and outcomes among those receiving support. The first, interim, report focused on delivery, and explored the experiences of staff and individuals. This article highlights some key themes emerging from the analysis, specifically: the extent and nature of personalisation in the programme, the dominant approach used to deliver support, and evidence of *'creaming'* and *'parking'* behaviour among providers.

### **Procedural personalisation has taken root**

The early evidence suggests that the Work Programme is at least partly achieving a personalised service. This personalisation is largely procedural, in that there is an emphasis on building up personal and respectful relationships between advisers and individuals, and making use of tools such as assessment and action planning, which involve some individualisation. These meetings between advisers and individuals, along with job searches and employability support, are the mainstay of delivery.

More substantive personalisation is far less evident thus far. This personalisation

might be demonstrated through individuals experiencing significantly different, possibly specialised, services tailored to their needs and designed to address their personal barriers to work. While it is too early for the evaluation to attribute reasons for this, there is some indication that cost constraints are limiting the development of substantive personalisation in the programme.

### **Work first is the dominant approach to delivery**

A work-first approach, which focuses on job search and related activities such as CV preparation, job applications, and interviewing training, dominates delivery at present. This may be unsurprising, since there is an extensive international evidence base for the efficacy and cost-effectiveness of this. The work-first provision is frequently delivered through the *'in-house'* resources of the end-to-end providers. An end-to-end provider is responsible for an individual's case throughout their two years on the Work Programme and all end-to-ends deliver out-of-work support. Once an individual gains work, some end-to-ends hand their case to an in-work support provider. There is, however, little evidence of the referral of individuals from end-to-ends to specialist support or training.

Other approaches to delivery are much less common; these would include human capital-based approaches and approaches to address the full range of other barriers to work that individuals may exhibit. In both instances, this view is supported by a lack of referral among end-to-ends to specialist support and/or training available through the spot providers.

Again there is suggestion that resource constraints are influencing this trend, as when end-to-ends do refer individuals to specialist provision, they tend to select sources that are available at no cost.

### **Hard to avoid a conclusion that creaming and parking is taking place**

There are suggestions in the data that providers are engaging in *'creaming'* and *'parking'* behaviour, despite the differential payment regime that aimed to disincentivise this. Providers routinely classify participants according to their assessed distance from work, and provide more intensive support (at least as measured by frequency of contact with advisers) to those who are judged the most *'job-ready'*. Those assessed as hardest-to-help have more infrequent contact with advisers, and little likelihood of referral to specialist

support that might help address their specific barriers to work.

What is unclear is whether this seeming creaming and parking is driven by an explicit strategy or a 'needs must' response to the unexpectedly high volumes of individuals without complex or multiple barriers to work who are entering the programme. However, it is possible that 'less does not mean worse'. For example, the adviser meetings for some harder-to-help individuals are longer and more in-depth than for other groups.

### Need for a watching brief

The evaluation continues over the next 18 months and subsequent stages of research will enhance this preliminary, qualitative evidence. Further qualitative research to explore programme delivery will be conducted with Jobcentre Plus, individuals and providers. Surveys of individuals and providers will allow an examination of the scale and intensity of the findings. In combination, the research will provide the evidence base for a fuller, more robust assessment of the Work Programme's operation and the policy implications arising.

It will be critical to continue to track personalisation in the Programme and the

effects of this on individuals' experiences. It will also be fundamental to understand how far the work-first approach is supportive of the range of individuals present in the Work Programme population or whether more segmented approaches, in response to particular needs, take root. Finally, a watching brief must be kept on the issue of creaming and parking. It is crucial to understand much more about the quality of support offered and the utility of the quantity of support in reaching a judgement on this issue.

- 1 The evaluation consortium comprises: IES, the Centre for Economic and Social Inclusion (CESI/Inclusion), GfK NOP, the National Institute of Economic and Social Research (NIESR), and the Social Policy Research Unit at the University of York (SPRU).
- 2 An end-to-end provider is responsible for an individual's case throughout their two years on the Work Programme, whereas as a spot provider may be brought in for specialist support and/or training.

Newton B, Meager N, Bertram C, Corden A, George A, Lalani M, Metcalf H, Rolfe H, Sainsbury R, Weston K (2013); *Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery*. Research Report 821, Department for Work and Pensions.

## UK briefings

### Adult career decision-making

IES is carrying out qualitative research, for the Department of Business, Innovation and Skills, with sixty-five adults who are making career decisions, in order to explore what influences them in making these decisions, which factors are most important, and the sources of advice and support they use and find most helpful.

The research will be based in five local labour markets and include both individuals who have used the National Careers Service and those who have not, through face-to-face, telephone and web-based channels. The sample will include 15 interviews with prisoners.

*IES contact: Rosie Gloster*

### Evaluation of the Youth Contract programme

IES is evaluating the 16-17 Youth Contract which aims to provide support to low qualified, young people not in education, employment or training (NEET). It will be delivered through prime contractors who will lead or sub-contract work to support and re-engage young people in learning, training and work, based on a payment-by-results model. They will liaise with Local Authorities which have overall responsibility for young people NEET. This evaluation for the Department for Education comprises an impact assessment, value-for-money analysis, an implementation study and synthesis of findings.

*IES contact: Becci Newton*

### Evaluation of the impact of learning below Level 2 in FE

In partnership with BMG research, IES is undertaking a project evaluating the impact of learning below Level 2, for the Department for Business, Innovation and Skills. The work includes a literature review drawing on UK and international evidence about the value of training below Level 2, and the impact on progression into further learning and on the role of training at this level on labour market entry. The project will also include data analysis of Individualised Learner Record data; a survey with learners studying below Level 2; and value-for-money and cost-benefit analysis.

*IES contact: Rosie Gloster*

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# IES conference report

## The value of higher education: from higher skills pipeline to social mobility passport

Emma Pollard, IES Senior Research Fellow

**In November 2012, IES held its annual policy conference at the Commonwealth Club in London. The focus of the conference was the value of higher education (HE), and it brought together a range of stakeholders from universities, colleges, HE bodies, government agencies, employers, think-tanks and research organisations to explore 'value' from a range of perspectives. The conference was timely as the sector was in the early stages of the greatest change seen for decades: institutions and individuals were facing the reality of a three-fold increase in full-time undergraduate fees; for the first time part-time students were being given access to student loans for fees which went some way towards levelling the playing field between full- and part-time study; and new institutions had the potential to enter the HE market. At the same time, restrictions were being placed on student numbers and there had been a large-scale reduction in central government funding for places. Meanwhile the country continues to be in the grip of economic recession that is restricting alternative pathways to the labour market for young people and increasing competition in the graduate labour market.**

### Strengths and benefits of higher education in the UK

The conference was opened by IES Research Director, Jim Hillage, who began the day with a review of the strengths of UK HE. He talked of high and growing participation rates coupled with low drop-out rates, high levels of student satisfaction and the graduate wage premium. In contrast, he also outlined the challenges facing the sector, noting rising graduate unemployment and underemployment, and questioned the quality of graduates exiting from HE and their fit with labour market requirements.

Gordon McKenzie, Deputy Director for higher education policy at the Department for Business, Innovation and Skills (BIS), spoke about the shape and structure of HE and the demand for higher-level skills. He talked positively about the economic evidence of the impact of higher-level skills on employers, on their productivity, success and innovation; and provided evidence that employer demand for such skills continues to rise to meet supply

and that this demand is anticipated to grow. He noted that employers want mathematical skills, highly developed soft skills, and an understanding of the workplace and business in general. He also talked about the benefits of higher-level skills to individuals, in terms of their lifetime earnings, employment rates and progression rates, and on health. He felt it was too early to judge whether the HE sector changes had discouraged full-time entrants but was concerned that some part-time provision was already falling, and that mature entrants might be disproportionately affected by this. He concluded that the value of HE was 'about breeding enthusiasm and honouring our responsibility to all'.

### The longer-term view for higher education

Professor Nigel Thrift, Vice Chancellor of the University of Warwick, spoke about the long-term view for HE. He talked about how, whilst many of the arguments raised in the Robbins Report<sup>1</sup> are still relevant, the changes

since Robbins (in 1963) have caused a series of dilemmas and tensions which make it difficult to answer the key question of what or who a university is for. These changes include: scale massification and how HE has become part of the fabric of life; diversification of institutions and funding; expanding missions of HE Institutions; and globalisation. Professor Thrift felt that institutions need to question: whether they can be systemic producers of new knowledge, whether they are places for critical reflection, whether they can guarantee the free flow of ideas and remain politically disinterested, whether they are entitled to public support now they are grand economic actors, and whether they can guarantee the same quality of experience across multiple locations. He concluded that there is now no longer one common role for HE, but that there are at least four accounts of equal value: elite universities with global attraction undertaking research and producing elites out of elites; specialist institutions teaching specialist knowledge in specialist ways; new globally networked universities with a presence across the world; and generally mass institutions with considerable international operations but limited research capacity, hybrids of public/private institutions serving labour markets and inducting skills.

Louis Coiffait, Head of Research at The Pearson Think Tank spoke of the evolution or revolution of HE, looking to the future to ask: who will be studying, where will they study, how will they study and why will they study? He talked about the growth of internationally mobile learners, which could be a huge opportunity for the UK and the growth in vocational learner numbers. He spoke of the English funding experiment, switching from public to private funding, as 'throwing all the dice at once' and raised concerns about the impact on mature learners and whether the

change will really save money for the public purse. He also talked about the marketisation of the sector and the increasingly complex outcomes, and questioned whether students were equipped to make effective choices. He concluded that HE needs to respond to change but also to lead change; and that, as HE is about improving future society as well as being the engine of growth, the case needs to be made for more funding for the sector.

## UK higher education in international comparison

Deborah Roseveare, Head of Skills Beyond School Division, Directorate for Education, of the Organisation for Economic Cooperation and Development (OECD), spoke of how UK HE compares internationally. She presented some challenging statistical evidence showing that in the UK there is no difference between the returns (net present value) to tertiary education and upper secondary education; and that having a tertiary education is no guarantee of a higher income. Further, although the UK performs well in terms of equity and social mobility, the fact that we have a proportion of young people in families with low parental attainment that is higher than the OECD average means that we face a challenge in terms of intergenerational mobility. She concluded her session by raising several implications for policy, such as the need to: ensure that relevant skills for the workplace are developed at every level of the education system; ensure quality learning outcomes at all levels; take an integrated policy approach to learning pathways; provide relevant, timely and reliable career guidance; develop relevant, transparent and meaningful qualifications; recognise that sustainable and inclusive growth needs to focus on the least skilled (to start long before HE, provide support for struggling students, provide second-chance education for the disadvantaged, and provide support at key transition points); and have a coherent set of financing arrangements. She finished by noting that effective policy reform takes time, it will be important to allow policies to work their way through for everyone, and that investment in capacity building would be needed to successfully implement reforms.

## Questions and issues for the future

The conference finished with the Keynote address from Professor Les Ebdon, the incoming Director of the Office for Fair Access (OFFA). He spoke of the role of OFFA, which is to promote and safeguard fair access to HE for under-represented groups, and



Deborah Roseveare, OECD, discussed how UK HE compares internationally.

how monitoring shows improvements in widening participation (although there are still challenges in promoting access to the most selective universities). He spoke of the unknown territory of 2012 and beyond, and how we have yet to find out what works and see the impact of the 2012 changes. He acknowledged that many things influence participation besides fees – indeed the 2006 fee changes did not deter people from going to university; that the challenge of promoting fair access and sparking social mobility is a shared responsibility, for universities, colleges, teachers and parents to work together; and that in going forward we are asking universities to set themselves challenging targets. In the future, we will be measuring how well they do against these targets, thus shifting the emphasis from aspiration to actual outcomes. He concluded by stating: ‘Access and widening participation is not about social engineering and dumbing down HE. If we want social cohesion and a thriving economy we need to broaden the base of our universities. It is in the interests of every university to be seeking excellence wherever we can find it’.

Following each speaker there was a lively debate and questions raised during the conference included: What kind of graduates will we need in five years time? Should universities, students and graduates be thinking globally? If demand for places falls (again), will it be a cause for concern? With the price and number controls, will new types of provision be encouraged? How can we escape the notion of quality linked to mission,

and the constant jockeying for position? How does the splintering of ‘roles’ fit with the one-size-fits-all funding model and the Performance Indicator standards? What are the roles of employers in HE? Where will private (and for-profit) institutions fit in the sector? Will there be a negative relationship between the costs and benefits with the increase in fees? Is the next challenge for HE about access to postgraduate study, as there are no funding arrangements in place and students have to pay fees up-front? Outreach at school level is vital, but how do we ensure this is impartial? How can OFFA act as a way of facilitating access for mature students?

These questions remain relevant, and as the changes to the sector take hold we may start to find answers. For further details of the conference, including copies of the presentations, please visit our website ([www.employment-studies.co.uk/valueofhe](http://www.employment-studies.co.uk/valueofhe)) and for information about IES’s work in HE, please contact Emma Pollard ([emma.pollard@ies.ac.uk](mailto:emma.pollard@ies.ac.uk))

- 1 The report of the Committee on Higher Education, chaired by Lord Robbins (the Robbins Report) was commissioned by the government and published in 1963. The report recommended immediate expansion of universities, and that all Colleges of Advanced Technology should be given the status of universities. Consequently, the number of full-time university students was to rise from 197,000 in the 1967-68 academic year to 217,000 in the academic year of 1973-74 with “further big expansion” thereafter. The report also concluded that university places “should be available to all who were qualified for them by ability and attainment” (the so-called Robbins principle).

# Temporary work – stepping stone or dead end?

Andrea Broughton, IES Principal Research Fellow

**In the current difficult labour market climate, finding a job can feel like a major achievement, even if it is on a temporary or fixed-term basis. There is a view that entering the labour market through the medium of temporary employment can give individuals valuable work experience, leading to more stable, open-ended employment in the future. However, there is also concern, often expressed by trade unions, that temporary employment is, for many, a dead end, with individuals moving from one insecure job to another and never gaining the employment security that would enable them to lead a stable and settled life. This debate is particularly acute in the case of young workers, a high proportion of whom are employed on temporary and insecure contracts.**

In order to try to find some answers to this question of temporary work as stepping stone or dead end, the EU-level social partners in the temporary work sector – Eurociett for employers and Uni-Europa for trade unions – undertook a research project in 2012 looking at temporary work in six EU Member States: the Netherlands, France, Italy, Belgium, Germany and the UK<sup>1</sup>, with IES carrying out the research for the UK.

## Trends in temporary working

The number of temporary agency workers in the European Union has grown significantly over the past decade, largely as a result of deregulation in many countries, such as Italy and Germany. The UK, by contrast, has always had a relatively flexible labour market in terms of the operation of temporary employment agencies. Overall, however, temporary agency work only accounts for around 1.4% of total employment in the EU (in the UK, the figure is rather higher, with an estimated 1.3 million temporary workers, around 3.7% of the workforce).

Temporary agency work also functions largely on a cyclical basis, for example acting as a buffer in times of economic difficulties. At the start of the current economic crisis in 2008, for example, the incidence of temporary work fell faster than the overall fall in employment in the EU, as employers cut back on temporary workers rather than their permanent workforce. The incidence of temporary agency work has begun to increase again as employers remain cautious about hiring staff on an open-ended basis.

Since 2008, the operation of temporary employment agencies in the EU has been governed by the temporary agency work Directive, which states that temporary agency



workers should enjoy equal treatment, in terms of pay and other basic working conditions, with employees of the user company. Member states had to comply with this directive by December 2011.

## Temporary agencies and their role in active labour market policy...

The question of whether temporary agency work can function as a stepping stone into the more regular labour market, or whether it acts as a dead end, leading into further precariousness or inactivity, is the main focus of the report, and the project found a mixture of evidence. On the one hand, temporary employment agencies are involved in active labour market policy in some countries – often in cooperation with public employment services – and play a particular role in helping to integrate marginal groups such as the long-term unemployed, welfare recipients, the

elderly and ethnic minorities into the labour force.

The report notes: “There are grounds to suppose that agencies may represent a useful tool in publicly financed labour market policy ... the opportunity to earn a wage while being able to sample different jobs and employers, and to gather professional experiences, may make agency work an attractive option for marginalised groups. It may also provide the opportunity for stigmatised job seekers to gain a foothold in a user firm. However, these experiences need to be evaluated by solid research in order to validate expectations and indicate factors of success as well as failure.”

## ... but trade union concerns remain

Conversely, trade unions have raised concerns about the role of temporary agency work, questioning in particular the bridging,

stepping-stone and insertion effect described above. Trade unions voice concerns that temporary agency work too often functions as a dead-end for workers, and they are also worried that strong growth of temporary agency work during the past decade may indicate a process of substituting direct employment relationships by temporary agency jobs.

This research found that there is no easy way to determine empirically whether agency work is a 'bridge' or 'stepping stone' to integration and inclusion in the labour market. This is largely due to the fact that there is no one single simple measure of job transitions, and a solid assessment requires data not only on agency workers but also for a similar control group who do not experience agency work. Further, there are 'composition' effects or factors that are hard to control: for example, the fact that the individuals who choose to work on temporary agency contracts differ from those who do not.

From a statistical point of view, moreover, it is not only the conclusion of a specific employment contract such as a temporary agency contract that matters, but also its duration and frequency. Finally, if some individual characteristics can be observed and controlled (such as sex, age, and qualification level), others are much harder to control (such as occupational experience) or cannot be measured (such as individual efforts) but are still key factors in terms of individuals' trajectories in the labour market.

### **The role of temporary work in facilitating transitions**

Overall, and despite these difficulties, the study does confirm, however, that the role of temporary agency work in the transition from unemployment to work is widely accepted: a large proportion of temporary agency workers come into temporary agency work from unemployment, for example more than in 60% Germany and more than 40% in countries such as France and Italy.

The study also found that temporary agency work facilitates transitions from temporary to permanent work, under certain conditions. However, this finding is not entirely clear-cut, as the stepping-stone function differs according to the methodology and to the profiles of temporary agency workers – for example the individual employability of those involved.

### **Value of temporary work for young people**

One key finding of the study is that temporary agency work is of great importance for young people entering the labour market. It notes that a range of comparative and country-specific surveys show that temporary agency work has developed as an important entry channel for young people coming on to the labour market for the first time, thus functioning as a bridge into the labour market for young people. For example, in Germany, 49.5% of agency workers are under 35; in Italy 44% of agency workers are under 30; and in the Netherlands 46% are under 25. This high share of young people indicates that temporary agency work is of considerable importance for the transition between education and work. In France, 84% of temporary agency workers were under 25 and before coming to agency work they had never worked before, because they were either in education or were unemployed. After a year of agency work, 61% of them were in employment. The report states, however, that national background, the level of education and qualification and personal background have a significant influence on the outcome of transitions from education to work.

### **Conclusions**

This study concludes that the social partners in the temporary work sector play an important role in fostering transitions, by means of collective bargaining, and joint positions, initiatives and programmes. Addressing whether temporary agency work itself fosters transitions into more stable employment, it concludes that the question as to whether or not temporary agency work also contributes to "quality transitions" is much less evident and controversial, also resulting from a lack of common understanding, agreed indicators and the availability of data. Nevertheless, it found that social dialogue and the joint practices of the social partners seems to be key in terms of transforming numerical transitions into "quality transitions", i.e. enabling situations and frameworks where not only bridges into work are provided by temporary agency work but also stepping-stone effects and upward/progressive transitions are supported and fostered.

- 1 **The Role of Temporary Agency Work and Labour Market Transitions in Europe: Institutional frameworks, empirical evidence, good practice and the impact of social dialogue, Final Report for the Joint Eurociett/UNI Europa Project: "Temporary Agency Work and Transitions in the Labour Market".** Wilke, Maack and Partner, Hamburg, February 2013.

# International briefings

## **Providing targeted advice on European Social Fund (ESF) support to apprenticeship and traineeship schemes**

The aim of this two-year project is to help the European Commission (DG EMPL) support governmental bodies at national and regional level and social partners in both setting up new apprenticeship and traineeship schemes, in particular ESF-funded programmes, and in improving the quality and performance of existing apprenticeship and traineeship programmes.

Crucially, this project, which builds on the EU-wide Traineeships study led by IES, is one of the key actions foreseen by the EU's Youth Opportunities Initiative and Youth Employment Package. The consortium is led by Ecorys, with IES and Industrial Relations Services Research being the other two core partners.

*IES contact: Kari Hadjivassiliou*

## **Industrial relations and restructuring in the automotive sector**

IES has been commissioned to provide research into industrial relations during restructuring in the automotive sector in the UK, as part of a project run by the economic and social research institute of the Italian trade union confederation CGIL. The project's aim is to examine and improve the efficiency of industrial relations strategies during restructuring.

*IES contact: Andrea Broughton*

## **UK case study on private employment agencies**

IES has been commissioned to carry out research into the activities of temporary employment agencies in the UK, as part of a wider project on the temporary agency sector, for the European Parliament. The research will take the form of desk research, with some interviews with key stakeholders.

*IES contact: Andrea Broughton*

# International briefings

## EU information reporting services

IES will continue to provide information reporting services to the Dublin European Foundation's Observatory websites on industrial relations, working conditions and change management, relating to developments at EU-level. IES is leading a consortium with French and Belgian partners. This latest extension is the final year of a four-year contract.

*IES contact: Andrea Broughton*

## Literature review on wages, collective bargaining and productivity

IES is undertaking a literature review for the International Labour Organization on the role of collective bargaining and social dialogue actors/institutions in strengthening the links between wages and productivity. The review will aim to identify countries for subsequent in-depth case-studies, and make policy recommendations on how to improve collective bargaining, wage-fixing methods and criteria to strength the wage-productivity link.

*IES contact: Nigel Meager*

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*IES contact: Kari Hadjivassiliou*

# Traineeship provision around Europe

Kari Hadjivassiliou, IES Principal Research Fellow

**Young people in Europe have been particularly hard hit by the recession of the past five years; they are finding it difficult to gain entry into the labour market on any terms and in countries such as Greece and Spain, youth unemployment rates are now heading towards 60%. One way of giving young people the experience they need to progress in the labour market is to provide access to traineeships. Traineeships are seen as an effective mechanism which allows young people to familiarise themselves with the world of work, thus facilitating their transition from education, or a period of inactivity or unemployment, to employment.**

In the context of these labour market difficulties and the interest in traineeships, IES carried out a study for the European Commission in 2012<sup>1</sup> that aimed to provide an overview of traineeship arrangements in all 27 Member States and to collect the most up-to-date information about different forms of traineeships at both European and national levels. This study provides the first comprehensive and comparative overview of traineeship arrangements, including legislative/regulatory and quality assurance frameworks.

## Benefits and disadvantages of traineeships

There are many benefits that traineeships can offer. For young people they allow them to apply theoretical knowledge in real work settings. They also enable young people to learn specific technical skills which better match employers' needs, gain practical, work-related experience, the lack of which is a key barrier to their labour market entry, become familiar with world of work, its norms and routines, start to develop their professional networks, and enter a particular profession.

At the same time, traineeships offer employers the opportunity to screen and select the most talented candidates, expand their talent pool and benefit from the trainees' new ideas, fresh thinking and creativity.

Despite these benefits for both sides, however, there have been growing concerns about the quality of the traineeships on offer, most specifically relating to learning content, equity of access, transparency, and trainees' terms and conditions.

## Increased focus on traineeships

Our study found that the dramatic rise in youth unemployment and employment precariousness, combined with considerable skill mismatches, has prompted governments across the EU to increasingly focus on traineeships and practical work-based experience as effective mechanisms which can help young people, including unemployed graduates, in their school-to-work transition. As a result, traineeships in a wide range of forms feature prominently in national programmes aimed at tackling youth, including graduate, unemployment. For example, they form part of active labour market policies (ALMPs) in a growing number of countries.

Further, in an effort to forge closer links between education and industry with a view to improving the labour market relevance of the curriculum and enhancing student and graduate employability, traineeships are increasingly a voluntary or compulsory part of both secondary and higher vocational and academic study curricula. Recognising the benefits of learning mobility, transnational traineeships (as part of either EU or other international programmes as well as national programmes) are also actively promoted across the EU. Finally, in view of the proliferation of traineeships undertaken by young people in the open market, a growing number of Member States have also either introduced programmes promoting such traineeships and/or regulations or voluntary quality charters aimed at providing some protection to trainees.



## Criticisms of traineeships for graduates

Due to lack of aggregate and comparable numerical data, it is difficult to measure the exact magnitude of traineeships. Nevertheless, there is a definite upward trend in almost all Member States of all forms of traineeships, including those in the open market. Indeed, in recent years there has been an expansion of traineeships which young people undertake after graduation, not least because employers increasingly place a premium on them having acquired work experience through such placements.

This type of traineeship has attracted most criticism since it tends to be unregulated and, in some cases, has been associated with reports of trainee exploitation, the replacement of regular staff by trainees who are used as cheap or even free labour, poor terms and conditions, including lack of social security coverage and low or non-existent learning content. In some instances, traineeships fail to provide young people with a high-quality learning experience and therefore cannot function as a first step towards an open-ended employment contract. Indeed, in some countries there are growing concerns that some traineeships are replacing entry-level jobs and/or trapping young people in an endless series of such placements, depriving them of the possibility to secure decent work and become fully independent.

In the face of widespread criticism of this type of traineeship, a number of countries are actively seeking to either explicitly regulate or promote good practice through quality frameworks. In general, quality assurance standards may be compulsory or voluntary. Voluntary schemes are often considered to be less bureaucratic and not associated with 'excessive' regulation and, as such, more likely to encourage a greater supply of traineeships by employers. At the same time, however, it is worth noting the potential for poor quality traineeships where there are no compulsory standards.

The UK adopts a voluntary approach to the quality assurance of traineeships through the promotion of voluntary quality charters and frameworks. For example, in July 2011, a consortium of 60 professional associations launched, with the support of the UK Government, a voluntary Code of Best Practice for Quality Internships as a way of addressing concerns surrounding such schemes. By contrast, France stands out as a country which has, since 2006, adopted an explicit 'regulated' approach to traineeships through a raft of laws.



## Effectiveness of traineeships

As far as the effectiveness of traineeships is concerned, there is an uneven and rather patchy body of evaluation literature across the EU, especially in the face of the great diversity of these schemes. Overall, traineeships which form an optional or compulsory part of academic and/or vocational study curricula (ie traineeships during education) were identified as having the most effective outcomes in terms of learning content, traineeship quality and experience, terms and conditions and labour market entry rates. In the same vein, well-structured traineeship programmes linked to ALMPs have, in some instances, yielded positive employment outcomes. Likewise, transnational traineeships can also substantially promote a young person's employability.

In general, the main success factors of these traineeships seem to be: i) their strong links with the labour market; ii) a well-structured approach; and iii) active engagement of stakeholders, including employers.

## The future – EU policy formulation on traineeships

The European Commission has been focusing on the issue of traineeships for some time, bearing in mind the evidence on the labour market benefits of these schemes but also the criticisms of some traineeship arrangements. The IES-led study has contributed significantly to this evidence base on traineeships around the EU. In April 2012, the Commission launched a consultation on quality of traineeships. The objective of the consultation, which ran until July 2012, was to gather views about how the quality of traineeships can be enhanced through a framework in order to help young career starters make a smooth transition from education to work. The

Commission received over 250 responses to this consultation.

As part of their response to this consultation, the EU-level social partners asked to be formally consulted for their views on this issue, under Articles 154 and 155 of the Treaty establishing the European Union, which give them the opportunity to negotiate an agreement on the issue under consultation. The Commission accordingly launched a first consultation of the EU-level social partners in September 2012 and a second stage consultation in December 2012. In this second stage consultation, the Commission states that it will take into account the results of this consultation in its further work to improve the quality of traineeships. In particular, it may suspend its work if the social partners decide to negotiate between themselves on matters with a sufficiently wide scope. Otherwise, it will proceed to adopt an EU initiative on a quality framework for traineeships. Such a framework, whether it is negotiated by the social partners or formulated by the Commission, will provide some clear and practical guidelines about high-quality traineeships, including a clear definition of terms and conditions associated with traineeships, not least because evidence suggests that minimum terms and conditions are linked to high quality and effective traineeships.

1 Study on a comprehensive overview on traineeship arrangements in Member States Final Synthesis Report, European Commission DG Employment, Social Affairs and Inclusion, May 2012, conducted by the Institute for Employment Studies (IES) (lead co-ordinator), the Istituto per la Ricerca Sociale (IRS) and the Bundesinstitut für Berufsbildung (BIBB) in collaboration with an EU-wide network of regional and national experts. The full results can be found at: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=6717&visible=1>

## UK briefings

### **Economic, social and personal outcomes of vocational qualifications research**

IES will contribute to this study, commissioned by the London Borough of Newham and led by BMG Research, with econometric research on the impact of successful learning at Levels 1, 2 or 3 on employment and wages for young people in Newham. The research design uses a retrospective questionnaire to obtain the full education and labour market biographies of young people, who left compulsory schooling in 2006. This questionnaire will deliver genuine panel data, which will be used to implement difference-in-differences models to explore the impact of vocational education and learning. In addition, Labour Force Survey data will be used to complement the analysis with evidence on impact of skills for young people nationwide.

*IES contact: Stefan Speckesser*

### **Fourth Work-Life Balance Employer Survey 2013**

IES is working with IFF Research on the Fourth Work-Life Balance Employer Survey, commissioned by the Department for Business, Innovation and Skills. The survey will build on the most recent Work-Life Balance Employer Survey, dating from 2007, and will aim to examine working hours of managerial and non-managerial staff, assess employers' awareness of the current statutory leave entitlements, and establish employers' provision of work-life balance practices. IES will contribute to the questionnaire design and report writing.

*IES contact: Mary Mercer*

### **The use of social media in the recruitment process**

IES has been commissioned by ACAS to carry out a small-scale research project into employers' use of social media during the recruitment process.

The research will focus on use and non-use of social media as a means of recruitment and during the recruitment process. It will comprise a literature review and three case studies with organisations that have engaged with this issue.

*IES contact: Andrea Broughton*

# Involving the workforce in health and safety

Andrea Broughton, IES Principal Research Fellow

**Improving occupational health and safety is an important goal for both employers and policymakers and something that has direct benefits for the workforce. One key way of achieving this is to involve employees in the development of good health and safety in their organisation. The thinking behind this is that if the workforce is involved in the planning and implementation of health and safety and works together with managers on this, a culture of joint responsibility for health and safety will develop.**

In 2009, the Health and Safety Executive (HSE) commissioned IES to carry out an evaluation of two types of training courses it had run to try to improve worker involvement in health and safety. The first were courses for newly appointed non-union health and safety representatives. These courses placed an emphasis on "soft skills" such as communication, listening, and negotiation. The second were courses offering joint training to established employee health and safety representatives and their managers. Here, the emphasis was on improving the relationship between the representatives and managers, by working on building trust and understanding and a joint problem-solving approach.

IES was asked to assess the lasting impact of these courses on worker involvement in organisations. There was a particular emphasis on highlighting any longer-term benefits and embedding of the learning from the training, and how this had made a lasting difference to health and safety. IES therefore undertook a multi-method longitudinal evaluation, comprising: two waves of a survey of 500 managers of employee representatives attending the course on worker involvement; six interviews with course facilitators; three waves of telephone interviews with 60 employee representatives; three waves of paired telephone interviews with 40 employee representatives and 40 managers attending the joint training; and 12 case studies of organisations that had participated in the training.

### **Main impacts**

Our research found that the training for new health and safety representatives had had a range of immediate concrete impacts on worker involvement in health and safety. These included: introducing or improving practices and procedures, such as toolbox talks, health and safety meetings, risk assessments, staff suggestion schemes, better reporting of risks, new or better use of personal protective equipment (PPE), identifying and removing hazards; putting into place new risk assessment procedures and new near-miss reporting procedures; and more regular or more formal health and safety meetings.

In addition, organisations experienced a range of less quantifiable improvements in the soft skills of representatives and managers, such as: increased awareness of health and safety; increased knowledge levels; increased confidence of representatives; better communications; improved influencing and negotiating skills; and more general cultural change within organisations in terms of timely and appropriate responses to health and safety issues.

The joint training had focused on encouraging joint working and improving communication and other soft skills, and there was evidence that this had been successful, and that there had also been changes to health and safety procedures and processes as a result of this joint working. There were also improvements seen in the process of joint working between the managers and the representatives, and

organisations now seemed to be more conscious about involving the workforce in health and safety management.

### Continuing progress

After six months, certain trends were discernable, such as activities related to systems to involve workers in health and safety occurring more often than had been the case six months previously, and health and safety worker involvement systems becoming more effective in the previous six months. Overall, there was evidence of a trend towards more formalisation of procedures and processes, such as staff reporting systems, health and safety induction and training courses, inspections and audits, consultation on risk assessments, and putting up notice boards.

Continuing impacts on soft skills included continuing improvements in the working relationship between managers and representatives, and increased engagement and awareness on health and safety matters across the organisation. In some organisations, it was reported that communications systems had continued to improve, six months after the first interview, and some interviewees attributed this directly to the training.

There was also some evidence of what interviewees described as cultural change and the development of real joint working on health and safety. For some, the training was seen as a catalyst that had started a self-perpetuating process of cultural change.

After 12 months, the developments reported centred on embedding the changes that had been put into place. Impacts included some evidence of the embedding of a strong health and safety culture in organisations, in which the whole workforce was involved and all employees are aware of their health and safety responsibilities. One interesting finding was that some organisations reported that health and safety management appeared to have become more informal, compared with six months previously. They attributed this to the fact that health and safety has become more embedded in the company culture, rather than a separate issue.

There were also reports of continuing and lasting improvements in the soft skills of those who had attended the training, including increased confidence, knowledge and awareness of health and safety issues.



Overall, organisations felt that they were on a journey in terms of worker involvement in health and safety, and that improvements were likely to be ongoing in the future. In some cases, there were issues that had yet to be resolved. This seemed to be the case with relatively difficult issues such as stress.

### Conclusions

It would seem that specific and targeted training on worker involvement in health and safety has resulted in a wide range of lasting impacts in terms of changes to policies and procedures, and changes in the soft skills of employee representatives. These have, in turn, had an impact on the culture of organisations in terms of how they involve workers in health and safety, leading to very real and seemingly lasting culture change.

After six months, there was evidence of continuing improvements in the soft skills of employee representatives and managers, largely in the area of the relationship between managers and employee representatives, and an improvement in communication, negotiation, influencing and confidence levels. After 12 months, many of the organisations that had formalised procedures found that there was less need for this formality, due to the fact that processes had become much more embedded in organisational health and safety culture. Typically, an organisation had formalised and regularised health and safety meetings, and then found that, due to the fact that incidents were being dealt with as they happened, there was little to discuss at the formal health and safety meetings. This could be seen as the final part of the journey from informal procedures, to formal procedures as organisations begin to concentrate on health and safety, and finally to a relaxing of those procedures as health and safety becomes truly embedded.

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Broughton A, Wilson S, Newton B (2013); *Evaluation of the HSE Worker Involvement Training Courses: Final Report*. Report 594, Health and Safety Executive.



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## Towards a more entrepreneurial workforce?

**One feature of recent UK employment which has attracted attention, but has yet to be fully explained is the growth in self-employment. In 2011, it hit a 'record' level of four million and politicians have been quick to hail this as a harbinger of David Cameron's 'age of the entrepreneur'. Should this trend be seen as a fundamental change of workforce culture towards Dragon's Den-style entrepreneurship, helping offset the impact of austerity in the public sector? It's too early to be sure, but there are good reasons for scepticism.**

We've been here before, in the 1980s, when a self-employment surge was seen by Margaret Thatcher and others as the vanguard of an 'enterprise culture'. Between 1984 and 1994, self-employment grew by nearly a million (from 11.4% to 14.0% of total employment). It turned out<sup>1</sup> that it mainly reflected factors such as 'labour-only' sub-contracting in the construction sector, contracting-out of service functions in the public and parts of the private sector, and programmes such as the Enterprise Allowance Scheme, subsidising unemployed people to start businesses.

Less heralded was the subsequent fall in self-employment, despite an economic boom. By 2000 it was down to 12.0% of employment, as the Inland Revenue clamped down on bogus self-employment, and subsidised start-ups from the previous period struggled and failed. Research on self-employed incomes in this period confirmed that many 'new self-employed' were not the prosperous entrepreneurial business proprietors of popular image, but were concentrated at the bottom of the earnings distribution, working long hours for low incomes, in marginal easy-to-enter sectors with high rates of business failure. Many were engaged in cash-in-hand activities including domestic cleaning, childminding and 'handy-man' jobs. Similarly, research on self-employment schemes for the unemployed showed poor value for money and little evidence of sustainable impact on the income and employment prospects of participants. None of this is surprising; only a small proportion of the workforce is suited to running a business. The best predictor of success in self-employment is whether you have a self-employed parent: the necessary human and social capital (and often the financial capital) for business start-up is more likely to be possessed by someone brought

up in an entrepreneurial culture. While some skills and attitudes can be taught, research suggests<sup>2</sup> there's some way to go in developing an effective system of enterprise education for the bulk of the UK workforce.

After 2000, self-employment grew again, albeit more slowly than in the 1980s, and has continued growing after the 2008 recession. Should we be more sanguine this time that it represents a deeply-rooted shift to self-reliance and entrepreneurship in the workforce? Not really. As the Business Department itself has noted<sup>3</sup>, the most recent surge '*could be as a result of the tough labour market conditions, which may have encouraged people to set up business as they are made redundant for example*'. Evidence does not suggest that businesses formed in such circumstances have good survival prospects. As the CIPD<sup>4</sup> highlighted, '*It's far from clear that the recent rise in self-employment marks a resurgence in British enterprise culture, with many of those taking the self-employed route back to work looking more like an army of part-time 'odd-jobbers' desperate to avoid unemployment.*' Indeed, increased part-time self-employment is an unusual feature of the recent recession. Traditionally the self-employed work longer hours than employees. This is still true but, as ONS notes<sup>5</sup>, most of the 2008-2011 self-employment growth involved part-timers. A further concern is raised by the most recent ONS evidence on average earnings, showing a very sharp recent decline in median self-employed earnings, which '*... may reflect underlying changes following the recession, such as increases in the numbers of self-employed people which have not been matched by increases in the amount of work available, resulting in rising underemployment rates among the self-employed*'.<sup>6</sup>

Age is also a factor; historically, middle-aged and older people are more likely to enter self-employment than youngsters, and their businesses are more likely to survive than those set up by young people. Again this isn't surprising: they're more likely to have acquired the human and financial capital which stands them in good stead in a business start-up. Nevertheless, these facts are somewhat out of kilter with the popular stereotype of self-employment growth driven by a cohort of dynamic young entrepreneurs. If anything, the age bias is more entrenched in recent years: 84% of the increase in self-employment since 2008 has been among the over-50s, and a significant proportion involves the over-65s<sup>7</sup>. While this partly reflects a positive trend of older workers continuing to participate in work via self-employment, it's likely that the shrinking value of pension pots since the financial crisis is also relevant, with people staying in work because they can't afford to retire. The concentration of new self-employment amongst this older cohort also raises questions about whether it fosters a longer-term shift towards enterprise within the overall workforce; for this to happen we'd need to see a change in orientation of a similar scale among younger workers.

So, the jury's out, but the recent growth in self-employment looks more like an immediate response to current economic difficulties, than part of the longer-term solution to them.

- 1 The evidence from this period is summarised, along with more recent work, in a 2011 IES study for UKCES: <http://www.ukces.org.uk/publications/er31-skills-for-self-employment>
- 2 IES (2011), *op. cit.*
- 3 Department for Business, Innovation and Skills: 17 October 2012. *Statistical Release: Business Population Estimates for the UK and Regions 2012*
- 4 Chartered Institute of Personnel and Development: January 2012. *Work Audit: The Rise in Self-employment*
- 5 Office for National Statistics, *Self-employed workers in the UK*, February 2013
- 6 Office for National Statistics, *Changes in real earnings in the UK and London, 2002 to 2012*, February 2013.
- 7 *Op. cit.*