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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.

Encouraging employers to take on apprentices

Stefan Speckesser, IES Principal Economist and
José Vila-Belda Montalt, IES Research Officer

Increasing the number of apprenticeship places available in UK workplaces is a key goal for the government, in the context of high youth unemployment and the ongoing need to develop skills. IES undertook a cost-benefit analysis of a government-funded programme aimed at encouraging employers to provide apprenticeship places. It found that the programme has resulted in significant benefits to both apprentices and society as a whole.



The AGE programme

The Department for Business, Innovation and Skills supports small and medium sized firms in England, by means of an Apprenticeship Grant for Employers (AGE) of a value of £1,500 if they create a new apprenticeship for a 16 – 24 year old. Between April 2012 and February

2013, AGE was paid towards a total of 24,420 newly-created apprenticeships.

IES undertook a cost-benefit analysis of the programme, aiming to understand whether public spending in AGE provides value for money. A cost-benefit analysis aims to

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UK Briefings

Process Evaluation of Apprenticeship Trailblazers

IES will carry out a qualitative evaluation of the Apprenticeship Trailblazers for the Department for Business, Innovation and Skills, involving interviews and board conversation analysis, supplemented by an employer survey. The research will be conducted over three phases in order to capture change over time.

Consultations will be conducted with national stakeholders, lead and contributing employers in the Trailblazers' networks, employers who have not engaged or have limited engagement with the Trailblazers, and industry and training bodies related to the Trailblazers' sectors. A policy-relevant, final report and guidance documents will result from the study.

IES contact: Becci Newton

Understanding mature entrants' transitions to postgraduate study

This study for the Department for Business, Innovation and Skills will consolidate and improve the information base on mature postgraduate students – to understand: a) their profile and participation; b) their motivations to study; c) their pre-entry activities (in the years between undergraduate study and postgraduate entry); d) their sources of funding; and e) the barriers and challenges faced in taking up study at this level. At its heart is an online survey of postgraduate students and consultation with staff responsible for postgraduate admissions.

IES contact: Emma Pollard

Employer Investment Fund and Growth Investment Fund Programme Level Evaluation

IES, together with Ipsos Mori, has been appointed by the UK Commission for Employment and Skills to undertake an impact and process evaluation of the Employer Investment Fund and Growth Investment Fund. IES will lead the qualitative case study work in a number of fund delivery partners for the process evaluation and provide a peer review service for the methods used in the impact evaluation.

IES contact: Annette Cox

compare all measurable costs and benefits associated with a specific policy or programme and assess whether the benefits are greater. In particular, government agencies investing in educational or other types of programmes like to compare the cost-effectiveness of different policies, looking at the monetary gains that arise per each pound invested. This can be done from the perspective of different stakeholders. In the case of apprenticeships supported by AGE, costs and benefits arise for apprentices, employers, the exchequer and society at large. Below, we examine the findings in relation to apprentices and society in general.

The idea of comparing the costs and benefits stemming from different possible options available to us is familiar to everyone. In the decision to devote effort or money to something, we evaluate both immediate and longer-term costs and benefits, and this implicit assessment can sometimes be very complex. Some costs and benefits are non-measurable, others have to be forecast, and there is always some degree of uncertainty. These types of challenges are faced when attempting to compare the costs and benefits associated with a programme such as AGE.

Benefits for apprentices

One of the first questions to be addressed was the benefits of embarking on an apprenticeship for the apprentices themselves. Apprentices are, of course, at the heart of this policy intervention and should therefore be reaping benefits that are substantial enough to make public investment on AGE worthwhile. But assessing the impact of apprenticeships on programme participants is far from straightforward: earnings gains and improved employment outcomes from apprenticeships have to be estimated compared to a counterfactual outcome if people had not undertaken the apprenticeships. Since the counterfactual cannot be observed, we estimated returns to achieved apprenticeships relative to people at lower qualification levels, using data from the Annual Population Survey (2011). We estimated multivariate regression models, which control for differences among apprenticeship achievers and non-achievers in a range of sociodemographic characteristics affecting earnings and employment. This approach captures the influence of other variables, so that remaining differences in outcomes represents the genuine impact of undertaking an apprenticeship.

The results of this analysis suggest an average

earnings premium of 15.1 per cent per hour of people who have achieved an Intermediate Apprenticeship, compared to Level 1 qualifications. Moreover, their probability of being employed as opposed to unemployed increases by 6.8 percentage points. In the case of Advanced Apprenticeships, the effects are even stronger: earnings per hour increase by 22.9 per cent relative to Level 1 and the probability of being employed increases by 9.7 percentage points. These estimated impacts are a rough measure that refers to the average wage and employability gains that would accrue to apprenticeship achievers over their working life. Over time, therefore, the economic gains associated with achieving an apprenticeship can be very large. Our estimates suggest that achieved apprenticeships raise lifetime earnings by £138,800 in the case of Intermediate Apprenticeships and by £209,000 in the case of Advanced Apprenticeships (at present currency values). However, not every young apprentice actually achieves apprenticeship qualifications and so the expected value of lifetime earning for every person starting an apprenticeship is in the region of £103,000 for Intermediate and £164,000 for Advanced Apprenticeships.

These long-term gains greatly surpass the costs that programme participants face in undertaking an apprenticeship. Because remuneration for apprentices tends to be lower than pay levels in regular employment, the main measurable cost is a short-term income loss. We calculated that, over the duration of the apprenticeship, this income loss amounts to between £8,900 and £15,400, which constitutes a small fraction of the long-term benefits. From the apprentices' point of view, therefore, undertaking an apprenticeship is a very profitable investment.

Benefits for society

Increased apprenticeship take-up constitutes a policy goal for the UK and many other European countries, and private gains accrued by apprenticeship participants are an essential incentive. But from a government's perspective, it is the fiscal and social impact of public investment that really matters. Higher earnings and improved employment prospects among apprenticeship achievers result in additional revenues for the public purse through taxation on incomes and consumption, as well as substantial savings in unemployment benefits. These are the main mechanisms through which public investment in AGE can be recovered, and our estimates

show that substantial fiscal gains are obtained in the long term.

But even a policy intervention with net fiscal costs can be an adequate investment if the programme yields net benefits for society at large. Assessing this is the purpose of social cost-benefit analysis, which focuses on the costs and benefits for all stakeholders involved. This type of analysis, however, poses even greater methodological challenges, given that there can be substantial unmeasured effects. For example, the diffusion of knowledge to non-participants can produce efficiency gains at the level of the firm, and there are non-market effects such as those on personal or family welfare that result from improved socioeconomic conditions. Our social cost-benefit analysis was based on direct costs to employers and the exchequer and direct benefits to participants, and therefore it is likely that we underestimate the true net social gains that result from AGE-supported apprenticeships.

The social costs of AGE include regular public funding of further education and the costs of the AGE grant as such. In the short term, there is also a production loss, given that apprentices would produce more if they were in regular employment, with no or less time devoted to training. Estimates of the total costs for every AGE apprenticeship amount to £14,500 for Intermediate and £16,900 for Advanced apprenticeships. However, the comparison of these costs with the net benefits to individual apprentices over their working life shows that AGE yields large social gains. Taking into account achievement rates in apprenticeships and that only a part of the supported apprenticeships are genuinely additional, there is a social return of around £5 for every pound initially spent by society at large in AGE-supported Intermediate Apprenticeships, and a return of £7 for every pound invested in AGE-supported Advanced Apprenticeships. If production loss is ignored and social benefits are related to direct public spending, every pound spent on AGE creates social benefits of £18 for Intermediate and £24 for Advanced Apprenticeships.

To summarise, our analysis confirmed that the creation of new apprenticeships yields substantial gains for society at large. More particularly, we believe that AGE has been an effective way of increasing social benefits as many of the apprenticeships created by AGE have been genuinely additional and at low costs compared to the present values of future benefits.

publications

Details of all published work by IES authors can be found on our website: www.employment-studies.co.uk/pubs/

Evaluation of the Outcomes for Employers Participating in the Corporate Health Standard and Small Workplace Health Award: Final report

Sinclair A, Ledermaier S; Report 73/2013, Welsh Government; December 2013



IES were contracted by the Health Improvement Division of the Welsh Government to conduct an evaluation of outcomes of both the Corporate Health Standard

(CHS) and Small Workplace Health Award (SWHA). These Awards are granted to businesses and organisations that demonstrate that they meet national standards in how they manage staff health and well-being.

The evaluation looked at the outcomes of the Awards in terms of: reduced sickness absence; improved employee retention; improved engagement and motivation of employees; and improved company profile. In addition, it assessed the economic costs for businesses of applying for the Awards and the additional outcomes achieved by applying for a higher level of Award.

Monitoring and managing restructuring in the 21st century

Hurley J, Storrie D, Mandl I, Riso S, Gerogiannis E, Vacas C, Broughton A; ERM Annual Report 2013, European Foundation for the Improvement of Living and Working Conditions (Eurofound); December 2013



The 2013 annual report from the European Restructuring Monitor (ERM) presents a retrospective of over a decade of measuring the impact of large-scale restructuring activity in Europe. It summarises restructuring trends based on a

restructuring database that includes details of over 16,000 large-scale restructuring events – each generally involving at least 100 job losses or gains.

Apprenticeship and Traineeship Schemes in EU27: Key Success Factors: A Guidebook for Policy Planners and Practitioners

European Union; December 2013

How should we measure higher education? A fundamental review of the Performance Indicators. Part One: The synthesis report and Part Two: The evidence report

Higher Education Funding Council for England (HEFCE); December 2013

Research into under-representation, by gender and ethnicity, in Apprenticeships: Report for unionlearn and the National Apprenticeship Service

Williams J, Foley B, Newton B; Report 503, Institute for Employment Studies; December 2013

Adult Career Decision-Making: Qualitative Research

Gloster R, Pollard E, Bertram C, Williams J, Hirsh W, Buzzeo J, Henderson L; Research Paper 132, Department for Business, Innovation and Skills; September 2013

Engaging individuals with learning difficulties and disabilities in workplace learning

Skills Funding Agency; September 2013

Young people's views and experiences on entering the workplace

Culliney M, Broughton A; Research Paper 09/13, Acas; September 2013

Top tips for local authorities implementing Raising the Participation Age (RPA)

Maguire S, Newton B; Department for Education; September 2013

Making apprenticeships more inclusive

Becci Newton, IES Senior Research Fellow

Although there has been a policy focus on addressing under-representation in apprenticeships, particularly by gender,¹ over many years, achieving progress on the inclusion of women and ethnic minorities has proved challenging. For example, gender segregation cuts across ethnic and cultural identities, and ethnicity can compound the impact of occupational gender segregation. We look at the issues, drawing on recent IES research.

Apprenticeships are going through a process of radical change following the recommendations of the Richard Review.² It is therefore timely to look again at equality and diversity in the programme, drawing on recent IES research. While women currently represent more than 50 per cent of apprentices, they are often training in sectors that have low pay or offer few opportunities for career progression. The conversion of existing employees to apprenticeship training is also far more prevalent among women than men. Accordingly female apprentices are older than their male counterparts: 47 per cent of female apprentices are aged 25 and over compared to 36 per cent of male apprentices. In contrast, only 25 per cent of female apprentices are aged 16-18 years whereas 35 per cent of male apprentices are in this age band. This all suggests that apprenticeships struggle to attract younger women. Among ethnic minorities, the overall low rate of participation is the concern, although participation also varies considerably between different ethnic groups and, for some ethnic minority communities, it is far lower than would be expected based on population data.

TUC unionlearn, with funding from the National Apprenticeship Service, commissioned IES to lead research into under-representation by gender and among ethnic minority groups in apprenticeships. As part of this, we explored the decisions made by young people about their careers and about pursuing apprenticeships as a means to achieve their career goals. Employer practices were examined to determine if any strategies or practices had the effect of excluding women or ethnic minority groups. We canvassed the opinions and practices of providers, schools and other stakeholders, including those who

support apprentices in the workplace.

The research demonstrated that gender segregation within apprenticeships cuts across ethnic and cultural identities and that ethnicity compounds the impact of occupational gender segregation. This may be attributed, in part, to cultural and religious restrictions on the nature of work that women from some ethnic minority groups may undertake. However, women predominate in Advanced and Higher Apprenticeships, irrespective of ethnicity and there is a developing view that Higher Apprenticeships are overcoming the diversity challenges seen within the lower levels of training and as such, may provide a means to tackle the esteem and parity

of Apprenticeships in relation to higher education. This suggests that gender equality may improve as part of the drive to increase the quality of apprenticeships.

Barriers to embarking upon apprenticeships

We found a wealth of evidence and opinion about the barriers to apprenticeships for both groups and the factors that lead to occupational segregation. However, it was also clear that there has been little change over time, suggesting there is a gap in action rather than in knowledge. The main barriers are set out in the table below.

Barriers to embarking upon apprenticeships

For individuals

- Parental views of suitable occupations
- Perceptions about routes to a good job
- Lack of knowledge of (the benefits of) apprenticeships
- Negative perceptions of apprenticeships among providers
- Lack of direct occupationally relevant experience
- Lack of confidence
- Stereotyped perceptions of occupations
- Cultural barriers
- Earlier decisions for non-apprenticeship routes
- Lack of, inaccurate or insufficient careers guidance

For/from institutions and localities

- Lack of positive role models and mentors
- Exclusive recruitment practices
- Direct and indirect discrimination
- Lack of focus on equality and diversity
- Lack of apprenticeship vacancies
- High levels of competition for apprenticeship vacancies
- Lack of flexible working conditions
- Lack of suitable support
- Impacts of policy developments³
- At local level, apprenticeships can reflect only the make-up of the local population

Key recommendations

The research culminated in recommendations to increase the esteem in which apprenticeships are held, to raise awareness of them more broadly, and to increase coverage of the opportunities afforded by apprenticeships in careers guidance in schools. While these sound simple to put into action, the new commissioning arrangements for careers guidance in schools may result in inconsistencies and differing emphases on training rather than study between schools. Moreover, teachers and parents are important influencers of young people and they may have out-of-date notions of apprenticeships and careers that need to be overcome if under-representation is to be tackled.

Specific recommendations were also made for the two key groups. These included, for ethnic minorities:

- More detailed exploration of prior qualifications and employability of those registered on the Apprenticeships Vacancies system, since there are far more ethnic minority applicants are apprentices.
- A detailed examination of employer recruitment strategies to understand whether there is evidence of (unwitting) discrimination. We also saw a role for employers already engaged on this agenda to promote the business case for diversity to other employers.
- Education and training providers should seek to present more diverse shortlists of candidates to employers and work more closely with employers on recruitment, by sitting on recruitment panels to ensure fair and equal recruitment practices are used.
- To compete more effectively for apprenticeships, young people from some ethnic minority backgrounds need to attain better Key Stage 4⁴ qualifications. To do this requires ambitions to be raised and may entail support starting in much earlier phases of learning.
- The provision of role models to act as a source of inspiration and support to young people from diverse backgrounds.
- Emphasis on the role of apprenticeships as a route to professions as well as trades. Our research showed that for some ethnic minority groups, particularly those from migrant backgrounds, the message about quality is particularly important.
- Religious considerations relate to but are different from general messages about ethnic under-representation. Some



religious groups require minor adaptations to working conditions to allow, for example, time and space for prayer.

The actions necessary to increase representation of women in apprenticeships are well established. We reiterated them in our report, with indications of organisations that could provide a lead on addressing and, more crucially, embedding them in practice. To increase gender equality in apprenticeships, what is needed includes:

- Better-quality, more in-depth and challenging careers guidance at an earlier age that, crucially, addresses occupational stereotypes. This should include information about how career choices affect future pay and progression.
- Knowing about discrimination or division in an employment sector can deter people from considering that work. Therefore, more must be done to convince young women that the door really is open to them.
- Role models can be a powerful influence on young women. Our research found that young women who enter non-traditional apprenticeships did so because they had family members working in the sector. Widening who influences young people beyond the immediate family is of critical importance if there is to be a genuine attempt to widen career horizons.
- The lack of funding to support the costs of childcare while undertaking an apprenticeship may deter young parents from the programme.

Next steps

Unionlearn is now seeking to respond to the recommendations and recently held a

launch event to create momentum behind the agenda. It is also giving evidence at a joint meeting of the Equalities Advisory Group/ Ethnic Minority Employment Stakeholder Group. Unionlearn director, Tom Wilson said, 'The research provides compelling reading. Everyone involved in apprenticeships, from policymakers to practitioners, should read it and consider how both findings and recommendations can be acted upon to ensure an apprenticeship programme that works for all. Unionlearn looks forward to working with Government, the National Apprenticeship Service, employers, unions and other stakeholders to ensure that this happens'.

What is certain is that it will take concerted and collaborative effort to address the under-representation we currently see in the apprenticeship programme since it involves addressing the drivers of occupational segregation more generally. It will also require continued monitoring and ongoing interest among policymakers.

- 1 For example, DCSF, DIUS (2008). *World-class Apprenticeships: Unlocking talent, building skills for all*; the EOC inquiry into gender equality and modern Apprenticeships (see below).
- 2 The Richard Review of Apprenticeships, published in November 2012, looked at how apprenticeships in England can meet the needs of the changing economy: <https://www.gov.uk/government/publications/the-richard-review-of-apprenticeships>
- 3 For example, see commentary about the withdrawal of Train to Gain funding and the rising trend of 'conversion' Apprenticeships.
- 4 Key Stage 4 is the legal term for the two years of school education which incorporate GCSE (General Certificate of Secondary Education) exams in the UK, during which pupils are aged between 14 and 16.

UK Briefings

Research into the supply and demand of part-time and flexible learning across English localities

The Higher Education Funding Council for England (HEFCE) has commissioned IES, in partnership with the Institute for Employment Research at the University of Warwick and the Higher Education Career Service Unit, to study the way in which local conditions impact on the supply of and demand for part-time and flexible higher study at both undergraduate and post-graduate level in England. The aim is to map out the local markets for part-time HE and identify good practice in encouraging and meeting demand, overcoming barriers (in routes) to part-time study and where policy interventions may best lead to improvements.

IES contact: Emma Pollard

Review and Synthesis of Regulations, Cultures and Behaviours Evidence

This research project for the Food Standards Agency centres on psychosocial factors underlying compliance with (and enforcement of) food safety regulations, with an emphasis on small food business operators. The aims are: (i) to pool together existing evidence the FSA possesses on regulation, cultures and behaviours (ii) to update a similar rapid review that was undertaken by IES/University of Cardiff so that it reflects additional data that has become available since.

IES contact: Sally Wilson

Evaluation of the Employer Ownership Pilot, round two

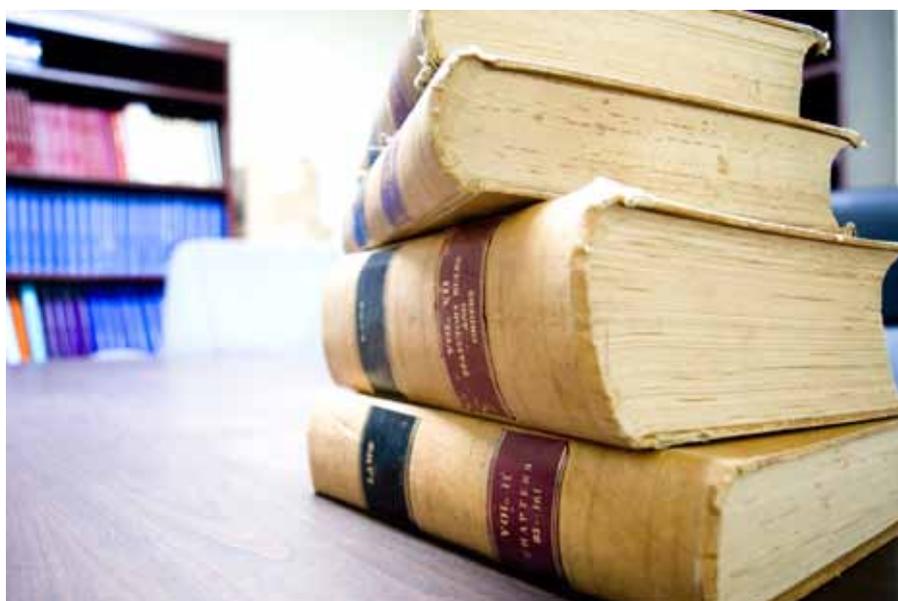
IES is evaluating Round 2 of the Employer Ownership Pilots for the Department for Business, Innovation and Skills, in partnership with Ipsos-MORI. This long-term evaluation (2014-2018) seeks to test whether giving employers direct access to public money, co-invested with their own, increases employer investment in skills or enables employers to demonstrate more effective ways to improve skills in the workforce than they can currently achieve through mainstream funding. The evaluation has three components: (1) a process and implementation evaluation, (2) an impact evaluation and (3) a value for money assessment.

IES contact: Rosie Gloster

Managing restructuring – is legal regulation necessary?

Andrea Broughton, IES Principal Research Fellow

The past five years have been extremely challenging in economic terms in the European Union, with public sector financial constraints and austerity measures having a massive impact on the labour market in many countries. Many individual businesses have been suffering in this climate and have tried to remain competitive by restructuring, usually involving the shedding of labour. While it is accepted by all stakeholders, including trade unions, that restructuring is a way of life for companies, which must adapt to the ever-changing business environment in order to remain competitive, there have been repeated calls from some quarters to the European Commission to provide some kind of overarching framework to regulate this. We examine recent developments.



The Commission first started looking at this issue around a decade ago, and encouraged the EU-level social partners (the European Trade Union Confederation (ETUC) for trade unions, BusinessEurope and UEAPME for private-sector employers and CEEP for public sector and third-sector employers) to negotiate on best practice in managing restructuring. A joint text was agreed in 2003¹,

but the Commission wanted to take the issue further, as there were concerns about the implementation of the text in Member States. Over the past couple of years, there have been hints that the Commission might be willing to put forward some kind of proposal on the anticipation and management of restructuring. Certainly, the European Parliament has been encouraging the Commission to issue

a proposal for a legal act, although not necessarily a binding one.

IES involvement in evidence gathering

The Commission has, over the past few years, been gathering evidence on what is being done in Member States to anticipate and manage restructuring, with the aim of building a comprehensive picture of available practices and tools. Anticipation of restructuring generally revolves around forecasting systems for labour market movements and skills needs, ultimately matching skills supply with demand. Management of restructuring engages more with the individuals affected by the restructuring, and especially those who are being made redundant, helping them to increase their skills base and their employability, and giving concrete advice and guidance in the search for a new job.

IES has been involved in some of these evidence-gathering exercises, looking, for example, at anticipating and managing restructuring in all EU Member States² and at the transferability to the Baltic states of anticipation schemes in Finland³. IES is also currently involved in providing expert assistance to a European Commission-funded project aiming to encourage the sharing of good practice on the anticipation and management of change between France, Germany, Bulgaria and Romania. This will result in a set of transnational guidelines on the anticipation and management of change.

New quality framework for anticipation of change and restructuring

The Commission has recently issued a proposal for what it terms an EU Quality Framework for the anticipation of change and restructuring⁴, based on the experiences of companies. The framework contains elements such as the strategic long-term monitoring of market developments, continuous mapping of jobs and skills needs, measures for individual employees such as training and assistance to facilitate professional transitions, involvement of external actors at an early stage, and making full use of EU structural funds.

It is made up of a series of sections describing good practices, according to the different actors involved, such as employers, employee representatives, individual employees, the social partners, sectoral organisations and national and regional authorities.

However, it includes no mechanism for legal enforceability, and this has severely disappointed European trade unions, which have been campaigning for legal regulation in this area. By contrast, European employer representatives have been vocal in their opposition to the introduction of any kind of legal regulation governing restructuring.

Is a legal framework necessary?

The question of whether some sort of legal framework is necessary to improve the overall management of restructuring is a moot point: trade unions argue that the issue is traumatic for workers and that actual company practice is largely not meaningfully regulated, beyond European Directives in areas such as the information and consultation of workers, employee rights during business transfers, and notice periods under the collective redundancies Directive. Trade unions therefore believe that there is a need for an over-arching European framework which would set out workers' rights, place certain obligations on employers during restructuring situations and contain sanctions for any breaches. However, employer representatives argue that enough regulation at EU level already exists, thus adequately protecting workers, and that it is imperative that no more regulatory burden be placed on businesses, which are already suffering enough in the current economic climate. Employer representatives are also concerned to ensure that restructuring, while needing to be carefully managed, is not made more costly and protracted.

Whichever view one takes, it looks as though EU-level regulation of the anticipation and management of restructuring will remain, for the foreseeable future, in the form of guidelines and best practice, even though the Commission has left the door open to possible legislation in the future, by stating that a review of the Framework in 2016 will establish whether further action is necessary, including a legislative proposal.

- 1 **Orientations for reference in managing change and its social consequences:** <http://ec.europa.eu/social/BlobServlet?docId=2750&langId=en>
- 2 **The ARENAS project.** Bergström O, Broughton A, Triomphe C E (2010). 27 National Seminars on Anticipating and Managing Restructuring – A.R.E.N.A.S.. 2008/0667, European Commission
- 3 Broughton A (2012). Social partnership for anticipating change and restructuring: Mutual learning: Finland and the Baltic countries. International Labour Organisation (ILO).
- 4 **Communication (COM (2013)882 final) on an EU Quality Framework for anticipation of change and restructuring,** 13 December 2013.

International Briefings

IES has recently won three projects under a framework agreement for the European Parliament, working with Matrix.

Discrimination of migrant workers at the workplace

This project will comprise desk research to review the discrimination that foreign-born workers face in the labour market and consolidate the results of all existing research on the subject.

Differential treatment of workers under 25 with a view to their access to the labour market

The second study will examine differential treatment of workers under the age of 25, looking at existing national policy measures in selected Member States.

The costs and returns of investments for reasonable accommodation for people with disabilities and sheltered workshops,

The aim of the third study is to provide Members of the Committee on Employment and Social Affairs of the European Parliament with an up-to-date, comprehensive picture of the latest developments on costs and returns of investment for reasonable accommodation for people with disabilities in terms of employment, public institutions, services and products, as well as for sheltered workshops.

The social dimension of intra-EU mobility: impact on public services

This project for Eurofound is one of 9 country case studies looking to document the impact of intra-EU mobility on staffing, budgets, demand and use of public services in receiving countries, from the perspectives of both the mobile EU citizens from EU10 countries and representatives of service providers. The case study will also identify the needs of mobile EU citizens in terms of improving their labour market integration and social inclusion. Finally, the case study will identify and examine policy measures aimed at addressing the impacts on public services.

Working while studying

Matthew Williams, IES Research Fellow

Work during study is a common experience for around half of all students. Recent IES research examines this issue in some detail, looking at what motivates students to do this, the kind of work they do, and what they gain from this.

Why do students work while studying, and what do they get out of it? These were among the key questions IES and our research partners at NatCen asked of 59 of the respondents to the Student Income and Expenditure Survey (SIES) 2011/12¹ in a qualitative follow-up research study². Working alongside studying is common, with at least half of all students taking on paid work at some point during their studies; this new work builds on findings from the SIES to gain a deeper understanding of the motivations to work, the nature of work undertaken, and the challenges and benefits of working alongside studying in higher education (HE). The individuals sampled for the study were full-time students in the 2011/12 academic year and were known to have undertaken paid work. They were drawn from a range of backgrounds, including those studying in English and Welsh institutions, in higher education and further education institutions, those who received grant-based financial support and those who did not. Approximately half of those interviewed were still studying (current students) at the time of the interview in spring 2013, and half had graduated and were in the labour market (new graduates).

What jobs do students do, and why do they do them?

The research provided a detailed insight into the nature, timing and drivers to work and thus enabled the identification of four types of student work activity:

- **paid work** ('student work') which tends to be part-time, generally unrelated to the course, and not regarded by the students themselves as a career job. This is the most prevalent type of work;

- **university-based work**, working with or for universities, this tends to be paid, aimed at students, yet is sporadic and typically involves only a few hours;
- **voluntary work**, which is unpaid, and tends to involve a regular commitment and to be organised by the student themselves; and
- **work placements**, usually unpaid, but these tend to be a compulsory part of a course and facilitated by the university or college.

Student work driven mostly by financial need, flexibility and convenience

Student work, which is the most common type of work, is driven primarily by financial need: to meet an immediate or critical need; to cover a shortfall in other forms of student support; to top up income to provide a better student experience; or to help towards future goals. It also enables students to share the responsibility for meeting the costs of their study, provides them with a sense of financial independence, and develops skills in managing finances.

Many students undertake paid work as shop assistants and customer service assistants, bar and waiting staff, and care workers – jobs that are towards the lower end of the non-manual occupational spectrum. However, these jobs meet many of the needs that students have for flexibility and convenience. Students are often able to change shifts to fit in with their timetables, or around deadlines and exams, and may be able to move the location of their jobs between term time and vacations. The importance of flexibility is illustrated by this student, who was working in supermarket:

'... the job right now is really flexible. Like if I need a day off to go to university, they'll give it to me, or if my lectures have changed times then they'll change my shifts and stuff like that... if I have exam dates and then I need to be able to change my shifts to go to my exams or if I need some time off 'cause I've got an assignment due in, they're generally quite good with that.'

This type of work also gives students some variety from university life – time out from their studies; the opportunity to meet new people, and also different people from those they encounter in university social circles; opportunities for new experiences; and a means of alleviating boredom (particularly during vacations).

Employability the key factor in unpaid work placements

Employability considerations are part of the mix of reasons for undertaking paid student work, but for most students this is a secondary if not tertiary reason. However, employability considerations are key when taking on unpaid work placements, particularly if students have to give up paid work or juggle placements alongside paid work.

Generally, students appreciate the opportunity to undertake a work placement but not all students do this. Some are not offered the opportunity, whereas others may decline placements because they feel that this would extend their course unnecessarily and delay graduation, that placements are not appropriate for their career goals, or that they already have sufficient work experience.

The quality of paid student work is judged very differently to the quality of placements, and that of graduate work. Good student work is about flexibility (in terms of hours), convenience (in terms of location), and ease (easy to do and easy to acquire). Large supermarkets, retail firms and restaurant and bar chains with branches around the country appear to understand the needs of students

and can offer roles with the characteristics that students are looking for. Good placement work, however, is about relevance to course and career aims, making a useful contribution, and having the ability to practice skills and knowledge in a safe environment.

Working after graduation

Good quality graduate jobs are those roles that are related to one's study discipline or intended career, and tend to be full-time, better paid and offer more challenge, responsibility and opportunity to use and further develop graduate skills. However, not all graduates move straight into these jobs,

and the research identified two other types of work that new graduates undertake: stop-gap work, which mirrors or is a continuation of student work, and provides graduates with an income whilst they look for something more aligned to their career goals or save up to continue with further study; and transition work, which tends to be full-time, offer networking and/or training opportunities and may evolve into a graduate job over time or lead to better opportunities.

An overview of the work journey of students during and after graduation is shown in Figure 1.

What do students gain from working?

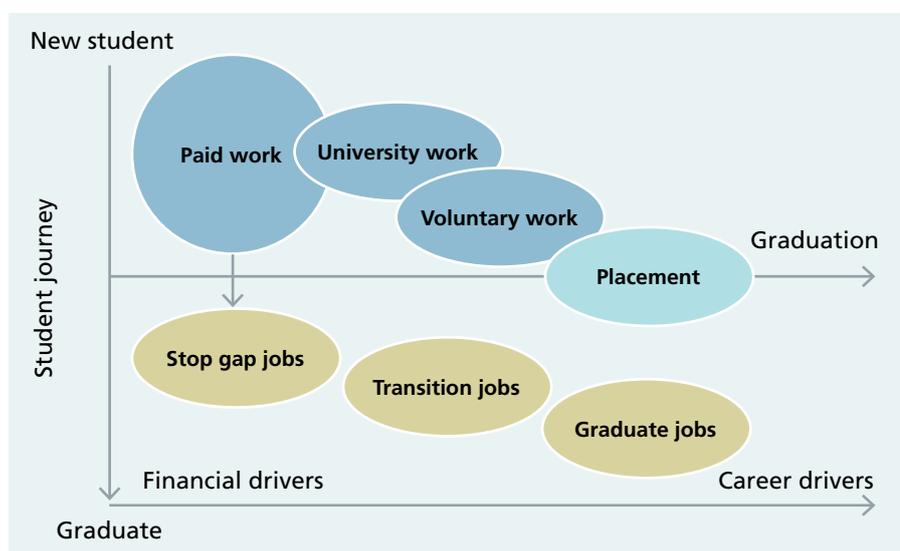
Despite the fact that students may have different motivations for taking on paid and unpaid work while studying, the perceived benefits are similar in terms of improved longer-term employability and improved opportunities for graduate employment.

Students believe that employers want more than just academic qualifications: work experience, regardless of relevance to course or career goals, shows them to be 'well rounded individuals' with a range of life and work experiences and interests, labour market insight and familiarity with work routines, able to cope in different situations and interact with people from a variety of backgrounds, fit into organisations quickly and signal to employers that they are motivated, resilient and reliable. All work provides benefits but relevant work (to the programme of study or intended career direction) may help to ease the transition between studying and graduate work after leaving higher education.

Work is perceived to develop and demonstrate a number of attributes and transferable skills that students feel employers will value, such as the ability to work in a team, communication and interpersonal skills, independence and self-confidence. For an overview of these, see Table 1.

Student work can also provide a number of practical outputs: prepared CVs; experience of application and selection processes; experience to draw on in job interviews; opportunities to develop networks and contacts; and employer references.

Figure 1: Typology of student work and graduate work



Source: IES

Table 1: transferable skills and attributes that students felt may be gained through working while studying

Transferable skills
Team-working
Customer service
Numeracy/handling money
Communication skills and presentation skills
Interpersonal/personal skills, conflict handling and dealing with difficult people
Organisational skills, time management and multi-tasking
Decision-making
Language skills
Leadership

Attributes
Self confidence
Self discipline, self management
Managing stress, coping under pressure, resilience
Independence
Initiative, motivation
Patience, tolerance and empathy
Assertiveness
Responsibility, reliability
Professionalism

Source: IES.

- 1 The Student Income and Expenditure Survey (SIES) is a series of surveys that provide the Department for Business, Innovation and Skills (BIS) and the Welsh Assembly Government with the most detailed, comprehensive and authoritative assessment of the financial position of students in higher education in England and Wales. These surveys have been undertaken at regular intervals since the mid 1980s and enable the government to measure the impact of changes in funding and support for students over time, and to develop appropriate student financial support policies and mechanisms. IES, in partnership with NatCen, has undertaken the past three waves of SIES. The most recent wave is SIES 2011/12 and can be accessed via the following link: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209389/bis-13-P190-student-income-expenditure-survey-2011-12.pdf
- 2 Working while studying: A Follow-up to the Student Income and Expenditure Survey 2011/12 <http://www.employment-studies.co.uk/pubs/report.php?id=bis142>

Labour migration from the EU in hard times

Rachel Marangozov, IES Senior Research Fellow

It is nothing new that in difficult times, public attitudes to migration harden, as migrants are increasingly seen as competing with native workers for limited jobs and public resources. Public attitudes to the recent migration from Eastern Europe have been no exception to this and the UK government has taken this further by considering an annual cap of 75,000 to all EU migration.¹



Labour migration to the UK since 2004 has been dominated by the EU10 countries of central and eastern Europe, with Poles accounting for two thirds of foreign nationals to the UK between 2004 and 2011.² But just what is the impact of labour migration on employment and is the recent hype around 'benefit tourism' justified?

Calculating the labour market effects of recent EU migration is not a perfect science. For example, given that migrants often settle in areas that are experiencing economic growth and strong labour demand, migration can be both a cause and consequence of changes in wages and employment, making it difficult to establish causality. Yet the available evidence strongly suggests that EU migrants have had no effect on employment levels in the UK, even post recession.³ As for wages, the picture is more mixed. Evidence suggests that while immigration has little impact on average wages, there is a more significant impact along the wage distribution, with low-wage workers and those in unskilled or semi-skilled service sectors losing out while high-paid workers gain.⁴ However, available research has shown

that any adverse wage effects of migration are likely to be greatest for resident workers who are themselves migrant workers.⁵

But what about public services? According to the government there is currently no systematic evidence on the prevalence of 'welfare tourism'. The available evidence shows that EU migration has little, if any, negative effect on public services. Dustmann et al found that EU8 migrants (from the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) were 59 per cent less likely than UK nationals to receive state benefits or tax credits and 57 per cent less likely to live in social housing. Furthermore, even if EU8 migrants had the same demographic characteristics as natives, they would still be 13 per cent less likely to receive benefits and 29 per cent less likely to live in social housing. In a similar vein, other work has confirmed that EU8 migrants in the UK are the least likely to claim welfare benefits because of their high employment levels and high levels of education.⁶ According to the most recent study on this, the 'vast majority' of EU migrants moving to another EU state

do so to work or to look for work and are more likely – because they are younger – to be in employment than the nationals of the host country.⁷ This study also showed that in most countries, immigrants are not more intensive users of welfare than nationals and this concurs with earlier evidence which also found that mobile EU citizens have not relied on social services due to their high levels of employment.⁸

If welfare tourism really was a driver of recent EU migration, then it would have been Sweden, with its more extensive welfare state, and not the UK, which would have seen much higher numbers of EU10 migrants after the 2004 round of accession.⁹ As it turned out, Sweden only received an average of 5,000 Polish migrants per year between 2004 and 2011, while the UK received 45,000. Instead of welfare protection, wage differentials and demand for labour seem to have played a bigger role in driving recent EU migration.

On the basis of this evidence, therefore, it is fair to say that most migrants come to the UK not to claim benefits but to work and build a better life for themselves – the recent furore over opening the UK's borders to migrants from Bulgaria and Romania proved to be overstated, as the expected numbers of migrants has, so far, failed to materialise.

Further, even the prospect of a better life in the UK is not certain. Many migrants are open to exploitation and have poor living conditions.¹⁰ In some sectors, there is little opportunity for migrants to progress in the workplace, despite possessing relatively high levels of education and skills. And for those migrants wanting to integrate into UK life, reductions in English language learning provision mean that this is only now available to those who can afford to pay (not a realistic prospect, given that EU10 migrants are predominantly concentrated in low paid work).¹¹

At a time of austerity and widespread public concern over immigration, it is perhaps all too easy to claim that migrants are to blame for a host of wider problems in the

UK, such as pressure on the welfare system, unemployment, under-investment in skills and the problem of low-skilled, low-waged work as an entrenched feature of the economy. However, these claims lack robust evidence¹² and could lead other Member States to impose their own restrictions to welfare assistance for the one million or so UK nationals who live and work elsewhere in the EU.

- 1 A report drawn up by the Home Office was leaked in December 2013, see: The Guardian (2013) *Government considers EU immigration cap of 75,000 a year* [online] Available at: <http://www.theguardian.com/uk-news/2013/dec/15/eu-annual-immigration-cap-government-report> [accessed 28 January 2014]
- 2 Salt, J (2012), *International Migration and the United Kingdom*. Annual Report of the UK SOPEMI Correspondent to the OECD. London: Migration Research Unit UCL.
- 3 Lucchino, P., Rosazza-Bondibene, C. and J. Portes (2012), 'Examining the relationship between immigration and unemployment using National Insurance Number Registration Data.' NIESC Discussion Paper 386, National Institute of Economic and Social Research; Migration Advisory Committee (2012), *Analysis of the Impacts of Migration*. Home Office.
- 4 Dustman, C., Frattini, T. and I. P. Preston (2008), "The effect of immigration along the distribution of wages". CReAM Discussion Paper No. 03/08, Centre for Research and Analysis of Migration, Department of Economics, University of London; Nickell, S. and J. Salaheen (2008), "The impact of immigration on occupational wages: Evidence from Britain." Working Paper No. 08-6, Federal Reserve Bank of Boston.
- 5 Manacorda, M., Manning, A. and J. Wadsworth (2007), "The impact of immigration on the structure of male wages: Theory and evidence from Britain" in *Research in Labour Economics* 26, pp. 125-155.
- 6 Drinkwater S and Robinson C (2013), 'Welfare participation by immigrants in the UK', *International Journal of Manpower*, Vol. 34, No. 2, pp. 245 – 286.
- 7 http://ec.europa.eu/employment_social/empl_portal/facebook/20131014%20GHK%20study%20web_EU%20migration.pdf
- 8 Barrett A and Maître B (2011), *Immigrant welfare receipt across Europe*, IZA Discussion Paper 5515.
- 9 In 2004, only three countries chose to open their labour markets right away to citizens of new member states: UK, Ireland and Sweden.
- 10 A 2013 Home Office report in on conditions for immigrants found widespread 'poor quality, overcrowded accommodation, inflated rents... exploitation by unscrupulous landlords and a growing number of "beds in sheds."' "
- 11 Marangozov, R. (forthcoming), Labour market integration of new immigrants: A case study for the Migration Policy Institute.
- 12 IES is currently undertaking research for the European Foundation for the Improvement of Living and Working Conditions (Eurofound) on the impact of EU10 migration on public services in the UK and on welfare assistance.

IES examines take-up of business support by rural employers

Jim Hillage, IES Director of Research

The profile of rural employment differs from that in urban areas in some significant respects. Rural businesses tend to be smaller, employ different kinds of staff and are more likely to operate in different parts of the economy to urban businesses. It is these differences, rather than operating in a rural locality itself, which largely explain variations in the take-up of business support services, access to training and response to skill shortages between rural and urban businesses, according to new research by IES for the UK government's Department for the Environment, Food and Rural Affairs (Defra) ¹.



January and June 2013 and included: a review of available literature; re-analysis of existing surveys (mainly the Small Business Survey and the UK Employer Perspectives Survey) and administrative data; and interviews with policy makers, interest groups and rural- and urban-based employers.

There is some variation in the take-up of business support between urban and rural businesses ...

The take-up or use of mainstream employer skills programmes and government business support programmes among rural employers is generally low but this is not driven by rural location and is broadly similar to that among urban businesses. Reasons for the low take-up include: lack of awareness; a perceived lack of need; a distrust of support provided by government; a lack of time or money; and failed earlier attempts to gain support.

In our detailed analysis of the survey data we did find some variations in the extent of awareness and involvement in government support programmes by location. So, for example, compared with urban businesses, rural businesses are:

- more likely to be aware of and to have sought help from the government's business support services (Business Link)
- more likely to have contacted professional bodies, local authorities and learning providers (universities, colleges and private trainers)

What's the issue?

In 2012 the government published its Rural Statement, which said that it would 'ensure that all government policies designed to promote business and support economic growth benefit rural communities'. As part of that commitment the government said it would 'research the degree to which rural businesses are accessing national employer skills programmes and government business support programmes and identify options for improving take-up if evidence shows that rural businesses are not accessing programmes that might benefit them'.

In 2013 IES, supported by the Countryside and Community Research Institute (CCRI), was commissioned by Defra, working in conjunction with the Department for Business Innovation and Skills (BIS), to examine and assess the take-up by rural businesses of government business and skills support programmes. The study took place between

- just as likely to have tried to access financial support (from any source) but more successful in actually obtaining the amount of financial support being sought
- slightly more likely to offer externally-provided training to their staff
- less likely to be accredited as Investors in People, although urban and rural businesses are equally aware of the existence of the standard
- less likely to be aware of labour market programmes such as the Work Programme.

There are also indications that rural businesses are more likely than urban businesses to need some forms of business support. For example, rural firms are more likely to seek information or advice on e-commerce and technology, while urban firms were more likely to have sought information or advice on financial matters.

... but it is driven primarily by factors other than location

Detailed survey analysis shows that awareness of business development support is not driven by location. The age of the business and in particular its size are more important influences. Newer firms, those trading for no more than a year, are more likely to be aware of one or more sources of government business support, as are those working on public sector contracts. Business size is an even more significant determinant of awareness, with larger firms more aware than their smaller counterparts.

We found no substantial evidence that rural businesses are significantly less likely to be aware of, or participate in, national mainstream employer skills and government business support programmes than businesses from urban areas. A similar study commissioned by the UK Commission for Employment and Skills² looking at skill deficits and training behaviour in rural and urban businesses using slightly different datasets reached the same conclusion.

What is different about rural areas?

Rural areas have a higher density of small businesses and proportionally more sole traders than urban areas. In rural areas, a much higher proportion of people are employed by SMEs than in urban areas. Rural businesses are more likely to be in the land-based, retail and distribution, construction, and professional, scientific and technical services sectors than urban businesses (which

in turn are more likely to be in sectors such as finance or public service). It is this difference in the make-up of rural businesses that is the primary driver of any differential take-up of government business and skills support programmes.

Improving the take-up of business support in rural areas

Based on our analysis of all the data collected, we concluded that access to national mainstream employer skills programmes and government business support programmes among rural businesses may be improved if:

- information and advice on how to apply for support is proactively provided (ideally face-to-face or by telephone) by a stable set of intermediaries
- businesses can see a quick return on the time or resources invested in accessing and engaging with support and/or see the opportunity costs that might result from not taking up support
- businesses are provided with only a small tailored menu of choices for information and/or support so that businesses can 'go with the flow' of pre-set options rather than be faced with a difficult decision or too much choice. This could include building on the Business Link brand.
- support is tailored to the characteristics of the business (size, sector and to a certain extent age) and making it simple to understand; in particular, being very clear about the eligibility requirements, the commitment required and how the application process works.
- marketing literature presents those businesses that take up support as 'canny, savvy' businesses that are 'in the know' and have managed to access 'something worth having'.

The full research reports are available from the IES website
www.employment-studies.co.uk/pubs

- 1 See Culliney M, Pollard E, Hillage, J (2013), *An assessment of the degree to which rural businesses access national mainstream employer skills and government business support programmes: Evidence Report*. Institute for Employment Studies, and Hillage J, Culliney M, Pollard E (2013), *An assessment of the degree to which businesses access national mainstream employer skills and government business support programmes: Synthesis Report*. Institute for Employment Studies.
- 2 Owen D, Li, Y, Green A (2013), *Secondary Analysis of employer surveys: urban and rural differences in jobs, training and skills*. Evidence Report 75, UKCES.



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The Institute has over 40 staff and associates, skilled in the full range of social research methodologies for data collection and analysis. Techniques employed include: quantitative surveys (using face-to-face, telephone and postal methods); expert and informant interviews; case studies; qualitative interviews; and focus groups.

Clients include major public agencies involved in the development, design and delivery of public employment policy at local, sectoral, regional, national and international level.

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