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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.



Progress of the reform programme: issues raised by the Apprenticeship Trailblazers

Becci Newton, IES Principal Research Fellow

The Apprenticeship Trailblazers are the government's key response to the Richard Review, which challenged it to take forward a programme of reforms aimed at boosting quality, putting employers at the heart of developments in order to increase trust in and uptake of Apprenticeships.

The announcement of the Apprenticeship Levy has, however, somewhat overshadowed the Trailblazers. While multiple commentators and campaigners are seeking clarification on the levy and proposing uses for the funds it may raise, there appears to be little comment or challenge in respect of the new Apprenticeship Standards and the funding model that accompanies them.

On behalf of the Department for Business, Innovation and Skills (BIS), IES was involved in tracking the process and experiences of the earliest employer networks that took forward the design of the new Apprenticeship standards. The research reviewed the Trailblazer programme at its

commencement with eight early-innovator networks, and expanded into a sample of the second group of 29 networks that moved forward with developments. Those networks, tracked by IES, created upwards of 30 Standards between them by the time the research was completed. Their work raised a number of issues in respect of the reform programme, some of which are considered below.

Scale of the new Apprenticeship Standards

BIS currently lists in excess of 350 Apprenticeship Standards at various stages of development. However, to put this into context, at the time of IES's research, there

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were predictions that upwards of 1,500 new Standards could be required.

The new Standards undoubtedly represent, in terms of scale, a radical departure from the Apprenticeship Frameworks of the past. The outgoing Frameworks numbered around 250 as they straddled 1,200 jobs, ie multiple levels of one job were covered by one Framework. In contrast, the Standards (or most of them) specify the training required to perform one level of a job role, which is the reason why so many more will be required.

This poses new challenges in terms of processes to assure quality, and in establishing parity between Standards of the same levels, but also in determining that each Standard provides the package of training for a job role that is distinctive and does not overlap with another.

Moreover, this scale may be overwhelming for employers and would-be apprentices, who will need to be able to navigate the new offer and identify which training packages will best meet their needs and aspirations. The same challenge confronts guidance-givers, who will need to understand the range of Standards as well as the relevance to different occupational areas and sectors.

Speed of adoption

The original ambition for the reformed programme (contained within *The Future of Apprenticeships in England: Implementation Plan*¹) was that from September 2017-18 all new training starts would be to the new Standards. However, by the time IES's report was published, just four of new Standards tracked by the research had started delivery, and in very small numbers – around 300 starts altogether.

There are multiple reasons for this, including that some Standards had taken much longer than originally scheduled to be approved. In other cases, aspects of the new training model were being trialled through the outgoing Framework. However, some wider messages also emerged, which had implications for whether the original ambition can be met.

For example, the Standards provide a two-page description of what the Apprenticeship training will cover and an assessment plan sets out the approach to and elements of assessment for the Standard. However, in order to start delivery, training providers have to establish new learning programmes

to reflect the changed package, which requires lead time. This is particularly the case because many Standards have radically expanded on the knowledge and skills requirement in comparison with the outgoing Framework and increased the number of off-the-job training hours that need to be delivered.

Moreover, the readiness of the provider market should be a key concern. From the earliest Trailblazers there were indications that the larger, broader new qualifications might entail difficulties for ensuring cost-effective delivery, especially in sectors that require sophisticated – and expensive – equipment. Questions were raised over whether training providers would be able to afford the costs of the necessary range of equipment. This could lead to employers having to contract with more than one training provider to ensure all training requirements could be covered or could drive the formation of training-provider consortia to deliver particular Standards. While this could build on existing prime and sub-contractor relationships in the skills sector, it might also have implications for how widely the new Standards could be delivered.

Individually and in combination, these issues raise a concern for the rapid adoption of the new training models; in turn, this must be a challenge because until they are tested in practice it cannot be known whether the quality of training and outcomes meet the needs of industry and apprentices.

Funding for training

The funding model being trialled for the new Apprenticeship Standards has at its core an award of £2 of government funding for every £1 invested by employers. Five price caps have been applied, based on the estimated costs of delivery of the new Standards. There are incentives for small businesses, for any business taking on a 16-18 year-old, and for successful completion of training. The government investment will be routed through employers as part of digital accounts, and employers will be empowered to source the training provision they believe best matches their needs.

The Apprenticeship Levy was announced after this model was established. The stated intention is that those employers who must pay the levy will receive more out of it than they put in. How this stacks up against the funding model and incentivises the creation of additional vacancies is likely to depend on the price cap applied to

the selected new Apprenticeship.

While the incentive for the recruitment of young apprentices and the completion 'bonus' were viewed as sufficient, employers were less convinced that the small-business incentive was at the right level to overcome fears about affordability. There were also questions about whether small companies would have capacity to deal with the added administration associated with managing the funding, and cash flow constraints would make Apprenticeships unattractive to them.

It is as yet unknown whether the £15,000 allowance that all employers will receive to offset the payment of the Apprenticeship Levy will be sufficient to allay concerns about the impacts of the funding model on small employers. The fact that for many it will simply take them out of scope for paying the levy suggests it will not.

When will Trailblazing end?

BIS maintained that the Trailblazer process would continue into the current academic year but there is no clear statement on what happens beyond this point. If the prediction amongst some stakeholders is right – that up to 1,500 Standards will be required – there is some way to go in reaching this target. The ambition to conclude the Trailblazing process in the current year suggests that BIS believes that some templates would emerge for both the process of bringing employers together to design the new Standards, for wider consultations particularly amongst small businesses, for Standards and assessment plans, and for brokering the relationships necessary with awarding organisations and training providers.

There has been progress towards this; however, it needs to be seen in the context of a high degree of heterogeneity in terms of the structures not simply of Trailblazer networks but of sectors, and former engagement with the Apprenticeship programme.

Finally, it is not certain that there is a clear picture of the precise number of occupations covered by the new Standards, linked to whether there are clear and objective occupational definitions to underpin this. Therefore, while much progress has been made, there might still be some distance to travel in terms of knowing the precise requirements for Apprenticeships.

1 HM Government (2013), *The Future of Apprenticeships in England: Implementation Plan*, Department for Business, Innovation and Skills.

Wage bargaining and pay outcomes in Europe

Stefan Speckesser, IES Chief Economist, and Vahé Nafilyan, IES Research Economist



In the European Union, around two-thirds of workers are covered by some form of collective agreement, pointing towards the importance of wage bargaining for macroeconomic outcomes in the ‘European Social Model’. IES recently undertook research for the European Foundation for the Improvement of Living and Working Conditions to better understand the effects of the different characteristics of (national) wage bargaining regimes on pay outcomes. Our study delivers new empirical evidence on the impact of bargaining institutions on macroeconomic outcomes, incorporating key features of national wage negotiation systems such as centralisation and coordination.

Wage bargaining and macroeconomics outcomes

The role of wage bargaining changed significantly after the introduction of the Euro in 1999: with no monetary policy mechanisms in individual EU Member States in place, bargained wages now affect the competitiveness of the sectors exposed to direct competition on the intra-European markets. In order to mitigate existing, and avoid the emergence of further, macroeconomic imbalances, the long-established national bargaining regimes (mainly sectoral or inter-sectoral wage bargaining) need to achieve pay outcomes that retain high employment levels and economic growth in the context of increased competition.

Therefore, European recommendations have emphasised that nominal wage increases should be consistent with price stability and that real wages (ie taking into account prices) should increase in line with labour productivity growth. It is also recognised that collective bargaining should take into account the heterogeneity of labour (skills, qualification or geographical area) and that there should be an aim to reduce the gender pay gap. However, wage bargaining and pay policy in the wider sense are explicitly excluded from regulation under the EU Treaty on the Functioning of the European Union (TFEU), despite the crucial role of wage bargaining for macroeconomic stability in the EU Member States and even more in the Eurozone.



Institutional variety in the EU

National wage-bargaining institutions differ markedly across European countries, along a number of dimensions. Further, the level of centralisation of wage bargaining varies substantially across countries. In Austria, Denmark, Germany, Italy, the Netherlands, Portugal and Sweden, wage bargaining predominantly takes place at the sector or industry level while in the UK since the early 1990s, and most Eastern European countries, wage bargaining takes place at the local or company level. There is also a wide variation in the level of government intervention in the wage-bargaining process, and of coordination between the industry sector and companies. Wage setting is highly coordinated in Austria, Belgium, Denmark, Germany,

Spain and Sweden. Coordination can also be relatively high in spite of not being achieved through formal channels, such as in Italy since 2000, where bargaining is characterised by informal centralisation of industry and firm-level bargaining. In Latvia, Lithuania and the UK, wage bargaining is confined largely to individual firms or plants.

Empirical analysis

In our study, we combined country-level information on collectively-agreed gross wages and other pay outcomes with macroeconomic data from the annual macro-economic database (AMECO) and characteristics of the wage-bargaining regime from the Database on Institutional Characteristics of Trade Unions, Wage



International briefings

Estimation of the costs of work-related injuries, illnesses and deaths at EU level

IES is providing data to the European Agency for Safety and Health at Work on work-related injuries, illnesses and deaths in the UK, as part of a project collecting data from 30 European countries. The aim is to create a first step in the development of a European costing model of work-related injury and illness.

IES contact: *Andrea Broughton*

Expert group on early leaving from education and training

IES is providing expert advice to the European Centre for the Development of Vocational Training (Cedefop) on the design of a toolkit for use at European level in respect of early leaving from vocational education and training (VET).

The toolkit will supply guidance on effective practices and systems to address early leaving, on how to identify and monitor those at risk and how to evaluate VET-related measures to address early leaving.

The project is led by ICF International for Cedefop, as part of a wider package of work exploring trends and remedial actions for early leaving from VET.

IES contact: *Becci Newton*

EU Joint Programming Initiative – More Years Better Lives

IES has gained funding in a consortium led by the University of Liverpool together with partners from Sweden, Denmark and Canada to undertake a project into tackling health inequalities and extending working lives for older people with long-term conditions under joint funding from national research councils under a programme called More Years Better Lives, via the ESRC in the UK. IES will be contributing to a comparative policy analysis and systematic review of UK policy impact on a range of outcomes.

IES contact: *Annette Cox*

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Settings, State Interventions and Social Pacts (ICTWSS 4.0). We then assessed the impact of the wage-bargaining institutions¹ on various pay outcomes such as collectively-agreed wages, unit labour costs, labour compensation per employee/per hour, and wage drift (differential growth of wages and labour compensation) using a variety of Fixed Effect and Dynamic Panel Data models.

The results indicate that the key institutional variables of the wage-bargaining regime pay outcomes are: the mode, ie how coordination is achieved, as initially discussed by Traxler (2003), and level of wage bargaining. We found that:

1. State-sponsored or state-imposed wage bargaining result in significantly lower average pay outcomes.
2. Regimes operating company-level bargaining and bargaining alternating between sector and companies are associated with higher pay outcomes than those with higher levels of bargaining.
3. Both the type of bargaining and the level of bargaining also affect nominal unit labour costs (ULC), often interpreted as a measure for wage-related competitiveness. Nominal ULC grew significantly more slowly in regimes with higher-level/coordinated bargaining.

The first two key findings show that uncoordinated bargaining at company level, which does not follow an objective of achieving high levels of employment in the economy, results in higher pay outcomes on average in the economy. At macroeconomic level, this would correspond to a superior bargaining outcome if employment levels remained constant and macroeconomic imbalances from

increased wages could be avoided. Such a situation could indeed exist if firms achieve high levels of profitability, so that there is scope to increase wages without inducing negative employment effects. Introducing some elements of firm-level bargaining could then complement coordinated/higher-level bargaining and result in increasing pay outcomes in very profitable firms without creating a great risk to an overall objective of wage moderation aiming to increase aggregate employment.

The third key finding is that productivity growth exceeds the growth of compensation costs in countries with regimes characterised by higher degrees of coordination and levels of centralisation to a greater extent than in countries with uncoordinated bargaining and company/local level bargaining.

Wage coordination and macroeconomic stability

If wage moderation were seen as a strategy to increase employment in the medium and long term, by mitigating imbalances and improving macroeconomic stability under Economic and Monetary Union (EMU), then the evidence from this study suggests that such a strategy would require a wage-bargaining system with a high degree of coordination. In the light of the great variety of traditions and institutions of wage bargaining and further institutions contributing to macroeconomic stability in the EU Member States, achieving highly coordinated bargaining across the EU would inevitably result in institutional change in many countries.

1 A) the level of bargaining and B) the level of coordination, C) mode of coordination, D) opening clauses, E) wage pacts, F) government intervention in wage bargaining, G) extension/derogation clauses



Employers' graduate recruitment and selection practices and the impact on social mobility

Emma Pollard, IES Senior Research Fellow



Recent work by IES on behalf of the Department for Business, Innovation and Skills highlights the challenges facing employers when looking to recruit graduates, the approaches they adopt to attract and select graduates and how these have changed over time. The research also contributes pertinent qualitative evidence to the current debates around social mobility – the movement of individuals, families and households within or between social strata in society – and higher education (HE). Social mobility is a key policy for government and was a major theme of the HE Green Paper published at the end of last year, which set out the government's plans to drive social mobility by further increasing HE participation of those from disadvantaged and under-represented groups.

Existing research exploring diversity, social mobility and HE highlights how social background not only continues to affect individuals' chances to access HE and the type of HE they experience (a focus for the Green Paper¹), but also the progress made in the labour market after HE. Thus 'Graduate Destinations' and 'Access to the Professions', are two of the previous government's 19 Social Mobility Indicators². However, HE is not the only lever for change to support social mobility – employer actions can also make a difference. Indeed, there are concerns in public policy circles that the efforts of employers to manage their graduate recruitment and selection processes in an efficient and effective way could run counter to their own and public policy diversity agendas, and thus impact negatively on social mobility.

Employer concerns

Our recent study suggests that employers are concerned about diversity but that these concerns tend to focus on the gender, disability and ethnicity of their workforce and of applicants. They are much less engaged with the issue of social mobility and of recruiting graduates specifically from less advantaged socio-economic backgrounds.

There appeared to be three distinct viewpoints among employers.

- There were employers who saw HE as a social leveller and thus



questions of social mobility were related to HE access and **not relevant to graduate recruitment**. These employers regarded social mobility considerations as being directly at odds with their attempts to identify the 'best' talent in a meritocratic sense, although they felt it was appropriate not to exclude or disadvantage certain groups.

- Other employers, often scientific and technical employers, recognised there were issues with the diversity of their intake but felt this was beyond their control, and therefore conceptualised the **lack of diversity as a supply challenge**. Here employers felt the demographic profile of graduates

available to them (locally, regionally or nationally) was the problem or that the perceptions of graduates led them to select themselves out of particular sectors, despite endeavours to reach out to potential candidates.

- A further group of employers also recognised that there were issues with the diversity of their graduate intake, and that they may not get to see individuals for whom barriers had inhibited their (successful) application. These employers, which tended to be large and/or business services or public sector employers, were proactive and felt they would **need to take steps** to deliberately widen their talent pool and address social mobility in their

recruitment and selection activities. In recruitment, these employers were working to encourage less advantaged students to apply and looking to broaden entry routes to include non-graduate pathways such as apprenticeships. In selection, they were working to identify and address potential bias in their processes.

Key challenges

The feedback from employers indicates that the key challenges in tackling social mobility issues in graduate recruitment can be distilled into six themes:

1. Broadening reach and attracting a more diverse range of potential applicants so that individual graduates and students see themselves as candidates BUT this could further increase the volumes of applications, with which employers are already struggling to cope.
2. Increasing the evidence base in terms of the profile and relative success of applicants to see where the difficulties lie BUT employers find it challenging to track the social background of applicants. They can feel that it is inappropriate to monitor background, or are unsure which metrics to use and how to collect them, are concerned about costs, and lack contextual external data to benchmark their own performance.
3. Ensuring employers create links with a diverse range of universities BUT employers have limited resources and potentially narrow perceptions of the 'best' institutions to target (based on personal perceptions of reputation and difficulty in gaining a place).
4. Developing alternative ways to reduce the volume of applications without reducing the diversity of the applicant pool BUT the use of a minimum degree classification (such as the 2:2 cut off) and/or A level points is ubiquitous even though this generally fails to address the real eligibility criteria required for graduate positions.
5. Understanding how the processes used in selection, such as lengthy competence-based application forms and tests, can erect barriers to success for individuals from some backgrounds whilst advantaging

others who can be coached to perform better, even though these appear to be objective.

6. Tackling perceptions and capacity. For many employers social mobility is seen as not an issue by the time an individual has graduated from HE or is viewed as something beyond their control or means to tackle. Although some employers recognise that they face problems, they feel it is not their responsibility or that they lack the capacity to rework their recruitment and selection approaches, especially when faced with reductions in recruitment budgets.

The engaged employers consulted during the study reported a range of strategies and initiatives with which they were tackling social mobility issues, and these provide good practice ideas for a broader range of employers to explore. Actions include:

- Opening doors, extending reach and promoting their organisation to a wider group of individuals through: inclusive messaging, advertising online (moving beyond on-campus marketing) coupled with careful targeting of adverts, use of positive role models, and using third-party specialists experienced in working with students from diverse backgrounds to provide support.
- Targeting, for on-campus activity, universities outside of the traditional 'elite' institutions, including those with a more diverse student body and those with a more local student catchment.
- Dropping or flexing the minimum academic entry requirement. This has gained wider attention recently with the press reporting its adoption by large financial organisations such as Ernst and Young, and PwC³.
- Changing selection processes, most commonly moving to a strengths-based approach to assessment or situational judgement tests to assess potential rather than prior performance. Other attempts to remove unconscious bias include changing the amount of candidate information available to interview panels (removing information, such as name-blind or university-blind applications; or increasing information, such as using the Higher Education Achievement Record; or, as championed by the

Green Paper but not mentioned by our employers, the Grade Point Average), reviewing the skills and composition of interviewing panels, and using reserved places or specific schemes on the basis of demographics (eg guaranteed interviews or work experience schemes).

- Greater engagement with schools to foster interest, passion and a sense of inclusion in HE generally but also towards specific universities and specific subjects.

Conclusions

The message from our research echoes that of bodies such as the Social Mobility and Child Poverty Commission: that employers need to be aware of how their practices can influence the social backgrounds of those they recruit. However, our work highlights how strategies to widen access can be similar to those already used to encourage gender and ethnic diversity. Social mobility is and should be an issue for employers, not just to reflect their communities and customers but to ensure they draw from the full pool of talent provided by HE; and our work indicates an appetite for change among employers.

The core of the study involved in-depth interviews and two workshops with 76 employers (of different sizes, sectors and locations) and rich discussions with 30 stakeholders, including Heads of Careers Services in universities; and representatives of professional bodies, policy bodies, employer bodies and organisations supporting students and graduates.

Pollard *et al* (2015), *Understanding employers' graduate recruitment and selection practices*, Research Paper 231, Department for Business, Innovation and Skills

<http://www.employment-studies.co.uk/resource/understanding-employers-graduate-recruitment-and-selection-practices>

- 1 Department for Business, Innovation and Skills (2015) Fulfilling our potential: Teaching Excellence, Social Mobility and Student Choice
- 2 <https://www.gov.uk/government/publications/social-mobility-indicators/social-mobility-indicators#access-to-the-professions>
- 3 "Feeling depressed about your 2:2 degree? Get over it, employers have", *Guardian*, 1 September 2015; and "Big Four' look beyond academics", FT, 28 January 2016.

Managing older workers

Annette Cox, IES Associate Director



Demographic changes are increasing the number of older people at work, and legislative changes such as the abolition of the default retirement age, coupled with less advantageous pension arrangements, mean that older workers are less likely to be moving into retirement as early as was previously the case. IES has conducted research into the enabling factors and constraints on employers looking to support those who wish to continue in employment up to and beyond state pensionable age.



Introduction

More people aged 50-64 are in work than ever before, amounting to a total of 7.9 million in the UK¹. Those aged over 50 account for 29 per cent of total UK employment², and these workers are increasingly less likely to be contemplating an imminent move into retirement. Further, over half of workers over 55 intend to work beyond 65³. The UK is likely to need these older workers as the economy could struggle to fill as many as one million jobs by 2035, due to lower numbers of young people entering the workplace⁴.

However, up to half of older people leave work by the year before they reach state pensionable age⁵. Some are choosing to leave, as the 'baby boomers' benefit from generous early pension provision. Yet many older workers are forced to leave work prematurely: 42 per cent of workers aged between 50 and 64 already have a disability or long-term health condition⁶, which are prime causes of early labour market exit. The challenge to support older workers is likely to become more pressing as rates of these illnesses continue to rise, coupled with concern about lack of job opportunities for older people due to a mixture of factors, including discrimination⁷.

Against this background, the National Institute for Health and Care Excellence (NICE) asked IES, in partnership with four other research institutions⁸, to produce three evidence reviews. The studies sought to identify enabling factors and constraints on employers in implementing workplace practices to enhance older workers' wellbeing and support workers who wish to continue in employment up to and beyond state pensionable age. These have been used to revise public health guidance for employers and employees on effective and cost-effective ways of promoting and protecting the health of older workers to extend their working lives.

Factors influencing employer initiatives to retain and support older workers

Many options are open to employers to accommodate the needs of older staff and maximise recruitment, retention and wellbeing, including:

- careful recruitment advertising and screening to make jobs attractive to the older worker talent pool;
- flexible working hours, location or working time patterns, including phased retirement, as older people often wish to reduce the amount of time spent at work;

- support for managing work-related implications of ill health or disability via HR/occupational health services, linked to job adjustments in tasks or equipment;
- family care leave and/or sabbaticals as older people often have responsibilities or wish to pursue interests outside work;
- retraining and redeployment (eg laterally or 'downshifting' to a role with less responsibility);
- mid-life career reviews in order to maximise career opportunities, establish mentoring, training and talent management plans and instigate retirement planning conversations; and
- line manager training to undertake career and performance management conversations.

In practice, adoption of these techniques is very mixed across sectors. This is partly due to variations in workforce demographic profiles and perceptions of whether skills shortages are related to workforce ageing. There are also substantial differences in how much attention employers pay to equality issues and whether they recognise age as a protected characteristic within employment discrimination legislation.



UK briefings

Evaluation of undergraduate admissions and outreach office's outreach work

This project for the University of Oxford will evaluate its outreach activity, which aims to improve both representation but also progression of under-represented groups at the university and other selective institutions; and help the university to further develop their outreach provision.

The project will use a mixed method approach, making use of management information on initiative participants matched to wider education and outcome data with control groups to account for background characteristics and propensity to apply; collecting primary data on expectations, experiences and outcomes from participants through surveys; and capturing qualitative data through stakeholder and adviser interviews. We will also draw on the expertise of Tony Hoare at the University of Bristol.

IES contact: Emma Pollard

Estimating the impact of cycling to work

The Cycle to Work scheme is a salary sacrifice employee benefit that encourages greater numbers of people to commute to work by bicycle.

The main providers of the scheme, Westminster Advisers, have commissioned IES to estimate the economic benefits of the scheme for employers, employees and society in general based on a review of appropriate data and literature.

IES contact: Jim Hillage

Careers Guidance impact tracking and self-assessment tool for schools

IES has been commissioned by the Careers & Enterprise Company to conduct an analysis of schools' careers guidance provision, forming a baseline to track the impact of increasing employer involvement on careers information, advice and guidance in schools.

A second project, co-funded by the Gatsby Foundation, will create a self-assessment tool for schools to monitor their careers guidance provision against established benchmarks.

IES contact: Annette Cox

For employers seeking to maximise health and wellbeing and benefit from employing older staff, factors affecting successful implementation of initiatives to support them include:

- integrating flexible working for older staff as part of a broader diversity policy to ensure that age was recognised as a criterion entitling staff to working time adjustments;
- developing trust between managers and workers so that staff feel comfortable discussing health-related needs and career aspirations, while managers are able to talk about any performance issues;
- flexibility in interpreting HR policies and local level discretion for managers to accommodate staff needs;
- staff education about why older colleagues may need support for their wellbeing and co-operation from colleagues to accommodate any differential treatment of older staff;
- making information about pensions and working-time options as simple as possible through the provision of independent financial advice and avoiding jargon;
- use of workplace champions, including managers and older workers, to promote changes and make different ways of working visible to colleagues; and
- calculating the costs and benefits of supporting older workers to build a credible business case.

The major barriers that organisations can face in offering workplace adjustment lie in the type and variety of jobs available, often linked to sector. These sometimes constrain organisations in the range of alternative opportunities and workplace adjustments they can offer to enable older people to continue working. This underscores the importance of ensuring that older people have access to lifelong learning opportunities, especially for those who are likely to need to move jobs in later life.

Improving employer practice and the evidence base

Despite prominent case study examples of good practice in managing older workers, many studies on employer practices were nearly 10 years old. Since then, both the labour market context

and the employment policy context have changed significantly. Recession and more abundant labour supply for some occupations have had some limiting effects on employer need and appetite to develop policies to support older employees. For some employers this appears to be coupled with some lack of knowledge about population ageing and the potential importance of getting the most out of older staff.

But the abolition of the default retirement age means that employers must start considering how to manage older workers, as straightforward transitions to retirement will become more uncommon, driven by the shift to less generous terms in pension provision. Government reforms to increase state pension age eligibility will also lead to people without adequate alternative pension provision seeking to remain in work for longer.

NICE rightly adopts stringent quality criteria for reviewing research on which it bases its guidelines. This revealed some acute research gaps. We found very few process or impact evaluations of interventions to support older workers' health and wellbeing. And most critically, there are very few longitudinal studies which track the impact of workplace initiatives on the health and wellbeing of individuals beyond the end of their working lives. Unless the evidence base in this area improves, policy makers seeking to promote fuller working lives and healthy retirement will be devising plans based on shaky foundations.

- 1 Business in the Community (BIC) (2014) The Missing Million - Illuminating the Employment Challenges for the Over 50s. Available online: http://www.ilcuk.org.uk/images/uploads/publication-pdfs/The_missing_millions_web.pdf
- 2 Ibid.
- 3 McLeod D and Clarke N (2009) Engaging for success: enhancing performance through employee engagement, Department for Business, Innovation and Skills.
- 4 Chartered Institute of Personnel and Development (2015) Avoiding the demographic crunch: Labour supply and the ageing workforce, CIPD
- 5 Department for Work and Pensions (2014) Fuller Working Lives - Background Evidence, DWP
- 6 Sinclair D, Watson J, Beach B (2013), Working Longer: An EU perspective, ILC-UK
- 7 Altman, R. (2015) A new vision for older workers: retain, retrain, recruit. Department for Work and Pensions
- 8 The Work Foundation, York Health Economics Consortium, the University of Lancaster and the University of Loughborough

Behavioural insights for organisations

Sally Wilson, IES Senior Research Fellow

In March 2016, the Cabinet Office published ORGANISER, an innovative tool based on detailed evidence gathered by the Institute for Employment Studies during an extensive Rapid Evidence Assessment¹. The launch of 'ORGANISER' was marked by a high-profile event in Whitehall attended by over a hundred policy professionals across government.

The aims

The work builds on 'Nudge'², 'MindSpace'³ and other tools currently used by government to understand how individuals make decisions. To date, this understanding has been used to encourage members of the public to make 'responsible' choices (eg to fill in their tax returns on time or pay into a government-approved pension scheme). ORGANISER (the clue is in the name) is specifically aimed at showing policymakers how to account for business and organisational behaviours in policy design. The basic idea is that this understanding has the potential to lead to more informed – and better value for money – policymaking across government.

The research

The new tool consists of an innovative set of behavioural insights (grouped under the mnemonic ORGANISER) that can be specifically applied to business and other organisations. An important priority for this cross-government project was to ensure that these were based on research evidence. IES's main task was to review a broad base of literature from the domains of behavioural economics, social and organisational psychology, management sciences (among others) and, from this, provide a detailed breakdown of behavioural drivers. In IES's report, (co-authored by a behavioural economics expert at the University of Nottingham)

these are presented as 'cognitive', 'social' and 'cultural' factors.

The tool

The ORGANISER mnemonic was developed by IES's main partners on this project, Brook Lyndhurst. Upon completion of IES's review, Brook Lyndhurst's consultants worked with nearly 200 policy experts from across government and beyond to distil from the evidence a set of common themes and to derive key insights into organisational behaviour and decision-making. ORGANISER is the outcome of that process.

Each letter of ORGANISER is derived from the titles of each of nine 'common themes' that emerged from the evidence base.

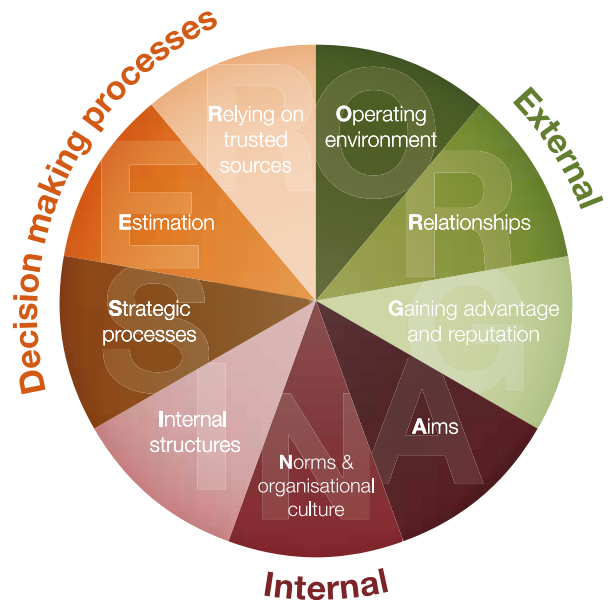
Consideration of each theme helps to understand why organisations behave the way they do, and to begin to identify ways of influencing that behaviour.

The common themes, as shown in the diagram, fall into three groups:

- Those in **green** refer to behavioural factors which are external to an organisation
- Those in **red** refer to behavioural factors which are internal to an organisation
- Those in **orange** refer to the decision-making processes within an organisation

The full version of the ORGANISER tool, available online⁴, presents definitions, questions, links to useful information and suggestions for action.

The material supports policymakers at any point in the policy cycle, helping them to adopt a behavioural



perspective on organisations and to avoid making assumptions that are not based on evidence about how organisations behave.

Examples are also provided, illustrating how policies across a wide range of areas have benefited from adopting a behavioural perspective on organisations.

ORGANISER is a resource that will support innovation in policymaking and the creation of further examples and evidence in the future. As such, it is a living resource and it is hoped that all those using it (in government and beyond) and testing it (either in experimental or real-life settings) will contribute to its ongoing development and application.

To find out more and access the tool, visit: www.employment-studies.co.uk/organiser

- 1 <https://www.gov.uk/government/publications/organiser-a-behavioural-approach-for-influencing-organisations>
- 2 <http://www.amazon.co.uk/Nudge-Improving-Decisions-Health-Happiness/dp/0141040017>
- 3 <http://www.instituteforgovernment.org.uk/our-work/better-policy-making/mindspace-behavioural-The economics>
- 4 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508516/6_1906_DECC_Organiser_document_proof_150316_v8b.pdf

Publications

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



Tackling unemployment among disadvantaged young people: Research for Centreport

Buzzeo J, Marvell R, Everett C, Newton B (2016), Institute for Employment Studies

This research aims to enable Centreport to offer constructive advice on how new policies on youth employment should be implemented to ensure they make a meaningful contribution towards helping the hardest to reach enter sustained employment.

A country study on immigrants from the new Member States to the United Kingdom

Marangozov R, Nafilyan V, Tassinari A, Buzzeo J (2016), European Foundation for the Improvement of Living and Working Conditions

This country case study, as reported in *The social dimension of intra-EU mobility: Impact on public services*, represents the results of a literature review, data analysis and qualitative research conducted into the impact on UK public services of immigrants from the new EU Member States. The report outlines findings of our literature review and provides an update on recent welfare reforms with regards to EU citizens. It also highlights the findings of our quantitative and qualitative data before drawing together conclusions and policy recommendations.

Social dimension of intra-EU mobility: Impact on public services

(2015) European Foundation for the Improvement of Living and Working Conditions

This report looks at the impact of intra-EU mobility on the public

services of Member States of the European Union. The current debate in many Member States centres on the 'welfare magnet hypothesis', which holds that migrants, including mobile citizens from the central and eastern European Member States, are attracted by the better quality of these services and easier access to them in the host countries.

Process evaluation of the Apprenticeship Trailblazers: Final Report

(2015) Research Paper 256, Department for Business, Innovation and Skills (BIS)

This is the final report on the process evaluation of the Apprenticeship Trailblazers between January 2014 and March 2015. The research explored how Trailblazer networks are established and structured, the processes involved in developing standards and detailed assessments, employer responses to the national principles and to the funding reforms and overall satisfaction of employers with the development process.

Understanding the Behavioural Drivers of Organisational Decision-Making: Rapid Evidence Assessment

Wilson S, Sonderegger S, Buzzeo J (2016), Cabinet Office

This rapid evidence assessment for the Department of Energy and Climate Change was carried out to understand the generalisable/common behavioural factors which explain organisational behaviours and influence organisational decision-making and change and, in particular, those influences that do not centre

on fiscal incentives or penalties, or direct means of regulation such as inspections or reporting requirements.

The effectiveness and cost effectiveness of methods of protecting and promoting the health of older workers: Evidence Review 4

The effectiveness and cost effectiveness of ways to help older workers plan and prepare for retirement: Evidence Review 5

Factors facilitating or constraining interventions to protect and promote health of older workers and to help plan and prepare for retirement: Evidence Review 6

(2015) National Institute for health and Care Excellence

The National Institute for Health and Care Excellence (NICE) commissioned IES, in conjunction with the Work Foundation and the Universities of York and Lancaster, to provide a series of evidence reviews on the barriers, success factors and cost effectiveness of interventions to promote and protect the health of older employees, to support them to stay in work after state pension age and to support them to make effective transitions to retirement.

The reviews were used to develop NICE's public health guidance on workplace policies, which was first produced as the result of a separate IES project for NICE.

IES Honorary Fellowship launch

On 25 November 2015, we held a reception to launch the IES Honorary Fellowship programme. The launch, preceded by the HR Network annual Provocation event, was addressed by Lord Ian Blair, former Commissioner of the Metropolitan Police.



We were delighted to have Lord Ian Blair as our speaker. Lord Blair was the most senior police officer in Britain from 2005-2008, having been the Deputy Commissioner for the preceding five years. He has been widely regarded as a leading exponent of police reform, and led the Met through some key moments such as the London bombings. Lord Blair spoke compellingly and humorously of leadership, with both contemporary and historic case studies, alongside some insightful quotes.

Before the Fellows reception, we held our Annual Provocation for member organisations' HR Directors, this year entitled Beyond Competencies. Guests enjoyed insights and analysis with Jonathan Gosling, Professor of Leadership at the Centre for Leadership Studies at the University of Exeter, and Nana Amoa-Buahin, Director of Human Resources and OD at the London Borough of Lambeth. The Provocation explored whether the use of competencies as the staple means by

which we specify the characteristics we look for in new recruits, in promotees and what we expect in terms of performance and behaviour, has run its course. The afternoon and evening left all who attended feeling stimulated, connected and well looked-after thanks to the generosity of our hosts, Eversheds.

Our new Honorary Fellows include those at the forefront of employment issues; organisational, trade union and HR leaders, thinkers, policy-makers and commentators. They have each made a personal contribution to sustainable improvements in employment policy and HR management; some through thought leadership; others through being leading-edge workplace practitioners or experts. Through what we hope will be a mutually beneficial relationship, our Fellows will help to support our mission to bring about sustainable improvement in employment policy and human resource management.

You can see a list of IES Honorary Fellows here:
<http://www.employment-studies.co.uk/our-people/ies-honorary-fellows>



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IES is an independent centre specialising in research, evaluation and consultancy on employment policy and practice. The Institute is a not-for-profit organisation with a mission to help bring about sustainable improvements in employment policy and human resource management by increasing the understanding and improving the practice of key decision-makers in policy bodies and employing organisations.

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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Plus ça change?

Like many people who've been involved in the public policy research world for some time (in my case since 1979), I often get a massive feeling of déjà vu when I read the latest commentary on the labour market, or hear a minister or civil servant pronounce on the latest public policy initiative. That feeling was reinforced by my recent realisation that this newsletter, which showcases the Institute's research on public employment policy and related matters, has now been running for over 10 years in its current form. The first issue was published in early 2005, and this will be the 23rd time that I have put forward my take on a topical employment policy or labour market issue.

I thought it would be interesting this time to look back at the topics I was writing about in the first issue to see how many of the themes are still relevant or resonant today. Two key points struck me: first that most of the opinions I expressed and judgements I made 10 years ago still look fairly sensible (or at least not ridiculous) now – phew! Second, I realised how many of the themes were still relevant in exactly the same way today, and how depressingly little had changed in policy terms over the period.

In the first Employment Studies, published in the run-up to the 2005 general election, we previewed the main policy challenges that a new government (as it turned out, a third Blair government) would face, and the areas in which applied research was likely to be required. So we highlighted how, despite record low unemployment, there was still a major need to get harder-to-help and economically inactive groups (especially people with disabilities and long-term health conditions) into work (sound familiar?), and how the holy grail of welfare policy was to find effective 'preventive strategies to retain people in work and reduce the numbers moving from short-term sickness absence into long-term incapacity.' We returned to this theme in more detail in our third issue in 2006, where we noted the persistent emphasis of welfare-to-work policy on the 'supply side' (focusing on 'activating' the workless themselves). We argued for a more balanced approach, which would also incorporate 'demand side' elements supporting and incentivising employers

to engage with and provide sustainable jobs for, the most disadvantaged. All the same points could be made with equal force today.

Similarly, on the skills front, our first issue noted that government policy seemed to be focused on expanding higher education (where the UK was already well-placed internationally) and on raising the skills levels of the lowest, whereas 'arguably the UK's bigger deficit remains at the intermediate skills level (level 3 and above); and it is at this level that skills development could perhaps make the biggest contribution to reducing the productivity gap between the UK and its main competitors.' Again this theme is persistently present in current debates about what we now call the UK's 'productivity puzzle'.

Back in 2005, we also noted the emerging challenges posed by an ageing workforce, highlighting that 'Future challenges will include the need to reform pensions and the management of the retirement process, tackling age discrimination throughout the stages of working life and making a reality of the rhetoric of "lifelong learning", to equip older people for longer, more flexible careers.' In 2016, ageing remains at the top of many government departments' agendas for policy and research¹, although one would be forgiven for thinking that not much has moved forward in policy terms in the eleven-plus years since we last raised this issue. It's also interesting that while pensions, working life, and health remain important themes in ageing policy discussion, the role of 'lifelong learning'

as a policy tool in this area seems to have been downgraded somewhat and is less present in the debate. Very few of the recommendations of the ambitious and authoritative 2009 *Inquiry into the future of lifelong learning*² appear to have found their way onto the policy landscape, and arguably this is even more of a policy lacuna than it was when we mentioned it back in 2005.

So has nothing really changed? Well, slightly more encouragingly, there was one policy topic highlighted in our 2005 issue, where we can see some development. Back then we noted that 'the regulation debate continues to simmer... with concerns raised about further increases in the National Minimum Wage, possible loss of the UK "opt-out" from the Working Time Regulations, and extensions to parental rights at work... Even in the areas where equality legislation is long-standing, research continues to document the distance still to go'. And we bemoaned the insularity of the UK debate on these topics, and the general failure to appreciate that the UK had one of the least regulated labour markets in the developed world, and the evidence that some aspects of labour market and economic performance could even be enhanced by careful and selective increases in the level of regulation. Since then it is clear that the policy climate and the willingness to regulate has shifted considerably, to the extent that we have a Conservative government presiding over a significant above-inflation increase in the minimum wage, extension of parental rights and the imposition of gender pay reporting requirements on employers. All of the latter will provide fertile ground for future research and evaluation.

1 A new 'what works' Centre for Ageing Better (<http://www.ageing-better.org.uk/>) has recently been launched to enhance evidence-based policy-making on this topic. See also the article on page 7 in this newsletter about IES's research into managing older workers for the National Institute for Health and Care Excellence.
2 <http://www.learningandwork.org.uk/lifelonglearninginquiry/>