JOB RETENTION AND ADVANCEMENT IN EMPLOYMENT: REVIEW OF RESEARCH EVIDENCE

In-house report 98

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JOB RETENTION AND ADVANCEMENT IN EMPLOYMENT: REVIEW OF RESEARCH EVIDENCE

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A study carried out by the Department for Work and Pensions

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First Published 2002

ISBN 185197 985 9
ISSN 1368 244X

Acknowledgements

A large number of analysts from across the Department of Work and Pensions and the Employment Service have supplied data and research reports for this review. Special thanks should go to members of ASD5 (DWP) and R&D (ES) for their contributions.

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1. Background

1.1 The Department of Work & Pensions was asked by the Centre for Management and Policy Studies (CMPS) in June 2001 to conduct a review of research evidence and administrative data relating to the retention and advancement in employment of those groups with a tendency toward benefit dependence. CMPS required the review in order to feed the evidence into the design phase of the Employment, Retention and Advancement Demonstration (ERAD) project which is being developed at the Cabinet Office.

1.2 Given the urgency of the request, the following report has been prepared to provide an overview of:

- the main characteristics of benefit-leavers, the jobs they enter, and the problems they encounter in staying and advancing in work;
- policies that are known to improve job retention and advancement rates, both here in the UK and North America.

1.3 It should be stressed that this report is not intended to be a comprehensive review of research evidence on job retention and advancement issues[1]. To that end, DWP has commissioned the Centre for Research in Social Policy (CRSP) at Loughborough University to conduct an international review of 'in-work support programmes for long term unemployed workers'. Their report will provide a systematic analysis of job retention and advancement policies in OECD countries and will be available Spring 2002.

[1] The review of labour market administrative data for the UK is available as a separate report.

2. Research questions and scope of the review

2.1 The review considers three research questions:

2.1.1 which groups are particularly vulnerable to movement between work and out-of-work benefits and back again and why?

2.1.2 what are the barriers to retaining work these groups face?

2.1.3 what types of policies or interventions might help out-of-work benefit-leavers retain work and help them advance?

2.2 It should be noted that two further research questions were posed by CMPS relating to the kind of jobs benefit-leavers enter and problems faced by benefit leavers in job advancement. There was very little evidence available on these issues and most of the research material relating to these questions has been omitted from this version of the report.

2.3 The research evidence gathered for this review comes from two main sources:

- DWP, ES and DfES evaluation reports of post-employment services which form part of UK Government labour market programmes. DWP reports of administrative data analyses were also used for the report;
- US reviews of labour market programmes in North America which have incorporated some element of job retention and job advancement into their strategies.

2.4 The report focuses on the following UK labour market programmes:

- Earnings Top-up
- Family Credit
- New Deal for Disabled People: Personal Adviser Service and Innovative Schemes pilots
- New Deal for Lone Parents: Personal Adviser Service and Innovative Schemes pilots
- Employment Zones

2.5 Given the limited UK evidence on job retention and advancement issues, evidence has been used from North America to 'fill in the gaps' of our knowledge and to provide a framework for the discussion of policy issues. Purpose designed job retention and advancement programmes have been operating in the United States and Canada for more than twenty years and these two countries provide a rich source of evidence as to 'what works' and

what does not. However, it is important to bear in mind when evaluating the US evidence, that labour market conditions and welfare-to-work programmes operate in a very different policy and legal framework. Care should be taken in generalizing the US evidence to the UK labour market.

3. Terminology

3.1 The report makes use of a number of terms that are similar and often used interchangeably. To facilitate matters, a number of key terms are defined below.

3.1.1 Job retention: Kellard et.al. (2001) suggest the term relates to "employees who remain in their job when their own circumstances change or when the job itself changes" - this is crucial if the change puts the worker under some kind of stress. The term has a rather different meaning from an employer's perspective.

3.1.2 Job stability: a similar term to 'job retention' relating to whether an individual maintains employment on a continuing basis. It is usually measured in terms of how long a job lasts (there is some ambiguity as to whether it means retaining a specific job or a succession of jobs with continuous employment). Strawn & Martinson (2001) use the term 'steady work' to mean job stability: ensuring that low income workers stay in the workforce over time - as opposed to helping workers retain a particular job (which may keep them in low pay).

3.1.3 Job advancement: Strawn & Martinson (2001) define advancement as 'better jobs', i.e. jobs with higher pay, better benefits and conditions of service, regular hours, and/or, full-time status.

3.1.4 Employability: relating to a worker "having the capability to gain initial employment, maintain employment and obtain new employment if required," Hillage & Pollard (1998) quoted in Kellard et.al. (2001).

3.1.5 Employment sustainability: defined by Kellard et.al. (2001) as "the maintenance of a stable or upward employment trajectory in the long term. Sustainability will be determined by personal characteristics and circumstances and by labour market opportunities." It should be noted that this term embraces the notion of job retention and advancement.

3.1.6 Pre-employment services: a range of measures that aim to prepare a benefit claimant for work and to help place the claimant into work.

3.1.7 Post-employment services: a range of measures to help benefit-leavers maintain employment once they have obtained a job.

3.1.8 In-work support services: post-employment support services (sometimes referred to as 'after-care'). There is some ambiguity as to whether the term means services 'in the workplace' or simply 'services which maintain an individual in work'.

3.1.9 Supported work: defined by Brown (2001: 38) as “job experience in real-world employment settings as a transitional step to permanent employment”. Supported work is usually provided by private sector companies that have been specifically established to help the long term unemployed, for example the Wise Group in Glasgow and Newham. It should be noted that in the UK, companies such as Wise are considered to be part of the Intermediate Labour Market (ILM).

3.1.10 Transitional benefits: income (wage) supplements that are available to benefit claimants when they obtain a job. They may consist of direct payments, e.g. for transportation costs, or indirect payments through a tax credit. They are normally time-limited and/or limited by income gains.

3.1.11 Income (wage) supplements: see transitional benefits.

3.2 To avoid confusion, the term ‘welfare recipient’ is used throughout the report to refer to individuals receiving US Federal or State benefits. The term ‘benefit claimant’ is used to refer to individuals receiving UK Government-funded benefits.

3.3 There is no straightforward term available to refer to individuals who are former benefit claimants and who are now in work. As a compromise, they are referred to as ‘benefit-leavers’ in this report.

4. Benefit-leavers vulnerable to job loss

Research question: Which groups are particularly vulnerable to movement between work and out-of-work benefits and back again and why?

4.1 Data availability in UK

There are three recent studies of survey and administrative data available relating to JSA claimants:

- Ashworth, K. & Liu, W.C. (2001): This is a study of 2,436 benefit leavers who returned to JSA within a one month or three month period. For the purposes of the current report, the analysis only refers to those leaving over the three month period. These data relate to 562 JSA benefit-leavers with permanent jobs and 525 leavers with temporary jobs.
- Stickland, (2001) and Stickland & Macnair (2001): both provide an up-to-date analysis of New Deal administrative data.

4.2 DWP is currently considering undertaking a detailed analysis of the Survey of Families with Children (SOLIF) to investigate patterns of movement of lone parents between work and benefit. If undertaken, the analysis would be available in 2002. A limited analysis of the database is reported below in section 4.10 onwards based on Marsh (2001b).

4.3 Overall rates of return

According to Sweeney (1996), one quarter (27%) of claimants who leave unemployment to obtain a job return to claim unemployment benefits within 13 weeks, whilst two out of five (40%) return within six months. More recent data from Ashworth & Liu (2001) indicate that rates vary considerably according to whether jobs are permanent or temporary: they found that 12% of benefit-leavers who obtain a permanent job return to JSA within 3 months compared to over one third (38%) of benefit-leavers who obtain a temporary job and return to JSA within 3 months (see table 1). Analysis of NDYP data shows that 24% of young adults placed into subsidised jobs through New Deal come back onto JSA within 13 weeks[2], although a smaller proportion of workers over 25 years of age (18%) return after the same period of time. After six months, Sweeney (1996) reports that the chances of a person remaining in work improve considerably.

[2] The most recent data for June 2001 indicate that the rate may be improving: 22% NDYP jobs lasted less than 13 weeks (DWP Labour Market Factsheet, Sept 2001).

4.4 Personal characteristics

Gender is a significant determinant of whether a former claimant will leave a job within 3 months and return to JSA.

- Men are more likely than women to leave a job within 3 months and return to JSA: 14% of men leave a permanent job within 3 months compared to 8% of women (see table 1). Stickland (2001) reports 47% of male benefit-leavers return to JSA within a year compared to 30% of females (see table 2).

- However, it should be noted that there is a greater likelihood of women leaving work to claim other non-JSA benefits, or becoming the dependent partner of somebody in work or claiming benefits. Thus, it cannot be assumed that women have a greater job retention rate on the basis of JSA data alone.

The significance of age is less clear:

- Older workers (aged over 55 years) and those aged 25 to 34 years are more likely to make an early return to JSA from a permanent job compared to other age groups (see table 1). NDYP data shows that those aged 18 years are more likely to return to JSA within one year compared to 24 year olds (see table 2)

- However, Ashworth & Liu (2001) report that age does not appear to be a statistically significant determinant of early returns to JSA (they only found a limited association between age group 25-34 years ($P<.05$) and those leaving permanent jobs within **one** month).

4.5 According to Ashworth & Liu (2001) workers in a permanent job with health problems are twice as likely as those without health problems to return to JSA within 3 months (the differences are less significant for temporary workers).

- However, poor health and disability are not necessarily directly related to return to JSA: the NDYP data suggest that there is little difference between able young adults and those with disabilities in their rates of return to JSA (Stickland 2001).

- The situation is further complicated by the fact that benefit-leavers may quit their job to claim other non-JSA benefits such as Incapacity Benefit.

4.6 Ethnicity does not appear to be a significant factor in relation to rates for return to JSA (Ashworth & Liu, 2001).

4.7 Personal relationships

Workers without a partner or spouse are slightly more likely to return to JSA within 3 months of obtaining a job. Whether they have children does not appear to make a significant difference (see table 1). However, further multiple regression analysis by Ashworth & Liu has shown that children aged over 5 years in a relationship is a significant determinant of whether a benefit-leaver will exit from permanent employment within three months.

4.8 Personal skills

There is a strong association between early return to JSA and those lacking qualifications.

- Former JSA claimants lacking qualifications or with only vocational qualifications are nearly twice as likely to return to JSA within three months of obtaining a permanent job compared to those with both academic and vocational qualifications (see table 1).

- For those leaving NDYP, 50% without qualifications return to JSA within a year whilst only 27% with NVQ4 or higher return to JSA within a year (see table 2).

4.9 Journey to work

There is a strong association between early returns to JSA of benefit-leavers and those who have difficulty getting to work (see table 1).

- Benefit-leavers without a driving licence, without access to private transport or with a long journey time to work are much more likely to return to JSA within three months of obtaining a permanent or temporary job.

4.10 Housing tenure

Ashworth & Liu (2001) found that housing tenure is associated with early exits of benefit-leavers from a permanent job (see table 1).

- 21% of benefit-leavers living in social rented accommodation and 14% of those living with others left a permanent job within three months compared to 8% of benefit leavers in owner-occupied accommodation and 7% in private rented accommodation.

4.11 Employment record

A strong determinant of whether a former JSA claimant will leave a job to return to JSA is their previous history as a JSA claimant: those who have had recent,

long spells as claimants or have had three or more spells as claimants are much more likely to leave a job and make an early return to JSA[3].

- Workers whose most recent spell on JSA was 27 weeks or more are five times more likely to return to JSA within 3 months of obtaining a permanent job than those whose most recent JSA spell was 13 weeks or less (47% return within 3 months of obtaining a job against 10%) (see table 3).

- The proportion of workers making early returns to JSA is higher for those accepting temporary jobs, but the claimant's JSA history makes less of an impact (see table 3).

- Length of spells: workers who have had three or more previous spells on JSA are three times more likely to return to JSA within 3 months of obtaining a permanent job compared to those who have not had a previous spell (28% against 9%) (see table 3). The NDYP data gives a similar picture: 19% with one prior JSA claim return to JSA within one year against 83% of those with nine or more prior JSA claims (see table 2).

4.12 Data on the experiences of lone parents

A preliminary analysis has been undertaken by Alan Marsh (at PSI) of the lone parents cohort of the PRILIF[4] database comparing the employment experiences of lone parents in 1991 against those for 1998 (see tables 4 & 5). Percentages of lone parents who have made at least one exit from work between 1991 and 1998 is used as an indicator of job stability.

4.13 Lone parents' exits from work

For those in work in 1991, table 4 shows that the percentage who have made at least one exit from work is highest for:

- mothers who have never partnered - 39%, compared to 25% for widowed mothers;
- lone parents in private renting - 50%, compared to 28% for owner occupiers;
- White lone parents - 33%, compared to 23% for Black and Asian;
- lone parents with no qualifications - 40%, compared to 22% for those with higher qualifications;

[3] However, Ashworth & Liu note that the relationship between previous work history and early return to JSA is not straightforward: it is not always the case that people with work experience are less likely to return compared to those with no recent job experience.
[4] Programme of Research into Low-Income Families.

- lone parents who received Income Support in 1991 - 56%, compared to 31% who were not receiving IS in 1991.

4.14 The relationship between job stability and number of dependent children is more complex. Table 4 shows that:

- only 18% of those without dependent children in 1991 have made an exit from work compared to 39% for those with three or more children;
- however, the proportion exiting work with only one child (36%) is higher than those with two children (26%).

4.15 Lone parents: movement in and out of work

Table 5 shows that the employment status of a lone parent in 1991 has a strong association with their employment status in 1998:

- More than three quarters of lone parents working full-time (24 hours plus) in 1991 were working full-time in 1998 (only 11% were out of work).
- Only one fifth of those out of work in 1991 were working full-time in 1998. Over half (58%) were still unemployed in 1998.

4.16 In addition, findings from the PRILIF database indicate a common pattern of lone parents moving out of work and back to benefits during the summer months when their children are off school and then moving back to work after the summer (often to the same employer). Marsh (2001b) has shown that lone parents will move into employment on their accord "when they are ready to do so" and that once they move into work, they tend to stay in work.

4.17 According to Marsh (2001b), other things being equal, the main determinant of whether a lone parent is currently working is what she was doing when she became a lone parent. "Higher rates of exit are associated with the familiar barriers to entry: poor health and young children."

4.18 Incapacity Benefit claimants

Data on Incapacity Benefit (IB) claimants who leave Benefit is available from a survey conducted by Dorsett et.al. (1998). They found that 62% of IB claimants are male, claimants are to be found in all age groups, but with the greatest proportion (31%) aged 46 to 55 years. Two thirds (64%) do not have dependent children, just over half (55%) are owner occupiers and just under two thirds (62%) have no qualifications.

4.19 The experience of IB claimants when they leave benefits differs from JSA claimants and lone parents in a number of important respects (see table 6). Dorsett et.al. (1998) showed that:

- Four out of five (79%) IB claimants who were working after leaving benefit voluntarily were still working 12 to 18 months later (postal survey data). Only 4% had subsequently become unemployed, although 14% were once again sick;

- Just over half (56%) of those who were unemployed when leaving IB voluntarily had subsequently found employment; only 15% were still unemployed.

4.20 Part of the success of former IB claimant's employment record can be explained by the fact they return to a former job. However, not all IB claimants return to (or want to return to) their former job (assuming they were working when starting an IB claim). Dorsett et.al. (1998) do not explore the relationship between job history and subsequent work experience on leaving IB. However, there is some evidence that the two are linked: three quarters of their sample had been employed before claiming IB (see table 7) and three quarters of the same sample took up employment when first leaving IB (see table 6). The data do not allow us to relate individuals across the two tables, but the data suggest that, like lone parents and JSA claimants, prior job history has an influence on the ability of an individual to obtain and retain employment.

4.21 Occupational status of job leavers returning to JSA

There is a limited amount of information from published sources on the occupational status of JSA claimants who leave a job after securing employment[5]. Data from the Ashworth & Liu (2001) study (see table 3) show that:

- blue collar workers are up to four times more likely to leave within 3 months of obtaining a permanent job compared to white collar workers. The highest rates of return to JSA are for unskilled manual workers (other occupations): 22% return within 3 months compared to 1% of professional / associate / and technical workers (see table 3);

- rates of return to JSA for temporary workers are significantly higher than for permanent workers (partly as a consequence of the temporary nature of the job);

- however, differences in rates of return to JSA between blue and white collar workers with temporary jobs are much less significant: 51% of unskilled manual workers (other occupations) return within 3 months compared to 38% of professional / associate / and technical workers.

[5] Detailed information on jobs obtained by benefit-leavers (and the jobs they subsequently leave) can be obtained from the Labour Force Survey (LFS) team at DFES. Information on the job history of benefit-leavers over a three month or 12 month period is available through a special tabulation of LFS data. Further information on this issue may be obtainable from ONS based on their own analysis of longitudinal LFS datasets (constructed for a limited number of households, approx 8,000).

5. Problems faced by benefit-leavers in retaining jobs

Research question: What are the barriers to retaining work these groups face?

5.1 There is a limited amount of UK evidence on 'barriers' faced by benefit-leavers in retaining work. A number of findings for JSA claimants, Incapacity Benefit claimants and lone parents are reported below.

5.2 JSA claimants

Ashworth & Liu (2001) found in their study that just over half (53%) of workers returned to JSA within 3 months of taking a permanent job either because they resigned or were sacked (see table 8). These statistics do not provide further insight into their reasons for leaving, but it would be fair to say that over half of workers in permanent jobs left because they were unhappy with the job (40%) or their employer was unhappy with their work (13%). A further 14% were made redundant, and 9% of workers left for health, family or personal reasons.

5.3 Amongst temporary workers, three quarters stayed the course and left when the job ended or expired. However, Ashworth & Liu still found that 15% of temporary workers resigned or were sacked before the temporary job ran its full course (i.e. within 3 months of starting).

5.4 Incapacity Benefit claimants

Data on the barriers faced by IB claimants in retaining work are not available directly, but data on health impairments can be inferred from the Dorsett et.al. (1998) survey returns:

- nearly half of IB claimants (47%) were suffering from musculo-skeletal problems (particularly to the back and neck) at the start of the IB claim; 16% were suffering from cardio-vascular problems (breathing, heart, blood pressure) and 18% from mental problems, especially depression[6] (see table 9);

5.5 It is not clear how many were free of these health impairments on returning to work, but of those reporting continuing sickness or disability on leaving IB, the major problems were:

- difficulty with heavy physical work (76%), taking time off for sickness or for treatment (63%), and restrictions on the number of hours they could work (61%), (see table 10).

5.6 Lone parents

[6] Research and Evaluation Division have commented that other research indicates much higher levels of mental problems amongst IB claimants. Please refer to Jobcentre Plus for further information.

Hales et.al. (2000) study of lone parents participating in the prototype NDLP areas found three main reasons for lone parents leaving work and returning to Income Support: 40% left for their own reasons, 21% lost their job, and 12% quoted a breakdown in a personal relationship (see table 11).

5.7 A small-scale qualitative survey of forty lone parents by Lewis (2001) as a follow-up to the NDLP prototype evaluation throws some light on these findings. Factors that emerged from this study affecting employment sustainability were:

- suitability of job – getting the right job was important. Lone parents were likely to stop working if the job was too demanding, if they didn't enjoy the job or it had no prospects. Some lone parents had high expectations of work and were disappointed when the job did not work out as expected. Others wanted a job but were not clear what kind of job they wanted and often accepted the 'wrong' type of job;
- employer practices – lone parents were less likely to sustain their job if employers did not stick to the agreed hours and asked lone parents to work longer and if they were generally inflexible as to their needs;
- working environment – lone parents were not likely to stay in a job if managers and/or colleagues were perceived as 'hostile';
- financial transition – managing until the first pay cheque arrived and coping with unexpected costs influenced whether lone parents stayed in employment;
- childcare – changes in availability and costs, and how children responded to childcare affected whether lone parents stayed in their jobs.

5.8 'Barriers' to retaining jobs: general issues

Marsh (2001b) comments that the reasons lone parents exit work are much the same as the problems (barriers) they experience in gaining work (see 4.15 above). However, the term 'barrier' in the context of finding or retaining work is somewhat misleading, although it is difficult to find a more satisfactory alternative. The term is normally used to refer to a problem that has to be in some sense 'overcome' to allow a claimant to obtain a job. In real terms, a benefit claimant may find a way of **coping** with a 'barrier' to obtain a job, but this does not mean that a barrier has been overcome, per se. For example, someone with a drug problem, learning problem, disability etc. may well still suffer from this 'barrier' when they obtain work and the 'barrier' may re-emerge as a problem for retaining employment at a later date. In the context of job retention, it may be more meaningful to talk of 'triggers' or 'stressors' that cause an individual to leave a job and return to benefits.

5.9 Brown (2001) points out that 'barriers' vary enormously in terms of severity and the ease with which they may be overcome or coped with. She provides US data on the prevalence of specific problems that may constitute 'barriers' to employment (see table 12). For example, she quotes the percentage of welfare recipients with a criminal record as 46% against the US population as 5%: a rate nine times higher than the US population.

5.10 It is notable that all the 'barriers' listed by Brown may persist into employment and may not necessarily form a barrier, per se, to **performing** work. At a later stage, they may also constitute a reason for leaving work: for example, a worker with a drug problem may have 'contained' the problem sufficiently well to allow a them to obtain a job, but a relapse may act as the 'trigger' which leads to dismissal.

5.11 Discussion in the US literature on this issue suggests we can group the kinds of problems faced by former benefit claimants in retaining work as follows:

- pre-existing 'barriers' that re-emerge as significant factors in retaining work, e.g. long standing illness;
- new problems that arise in work (e.g. getting into arguments with supervisors, or failure of an employer to honour agreements on hours);
- new problems that arise in private life. Many problems may be short-term crises, e.g. loss of accommodation, relationship break down, failure of childcare arrangements.

5.12 These categories are not entirely satisfactory since they are not mutually exclusive: a problem that a lone parent may have with childcare may be a 'barrier' to obtaining work, but it may re-emerge as a problem in work and constitute a short-term crisis as the parent tries to find an alternative means for looking after the child.

5.13 Obtaining accurate information on 'barriers' or 'triggers' to losing jobs is problematic: table 12 reveals a wide variation in prevalence rates of problems for US welfare recipients. This variation is highly significant: Brown points out that it is extraordinarily difficult to obtain information on such 'barriers' to employment because welfare recipients actively seek to conceal them from employment service staff. The only likely exception to this is a person's criminal past which is a matter of public record. Once a person has obtained a job there is an even greater incentive to hide such sensitive information from an employer for fear of stigmatization or fear of losing a job. It points to a very real problem for employment service staff seeking to promote a benefit-leaver's career as part of a job retention / advancement programme.

6. Job retention and advancement programmes: overview

Research question: What types of policies or interventions might help out-of-work benefit-leavers retain work and help them advance?

6.1 Job retention and advancement programmes can be grouped into four categories:

- stand-alone programmes that focus exclusively on the provision of post-employment services;
- in-work financial support programmes;
- post-employment services that form an integral part of pre-employment programmes;
- Intermediate Labour Market (ILM) programmes, known in the US as 'supported work' programmes. These programmes are only discussed in passing in this report. More will be forthcoming on the work of ILMs in the CRSP review of *In-work support programmes for LTU* available early in 2002.

6.2 In the following sections, each of the above types of job retention and advancement programmes will be reviewed in turn. In each case, the North American evidence will be reviewed first in order to provide a policy framework for subsequent discussion of the evaluation evidence from UK labour market programmes.

7 Job retention programmes: Stand-alone, post-employment programmes

7.1 United States experience

The Post Employment Services Demonstration (PESD) study is the best known example of a stand-alone, job retention programme in the United States. PESD was a two year randomized control trial which was designed to provide post-employment services to low-paid workers. It operated between 1994 and 1996 in four cities of the United States: Chicago, Illinois; Riverside, California; Portland, Oregon; and, San Antonio, Texas.

7.2 The main focus of PESD was the provision of case-management services to welfare recipients who had already found a job. Case managers were employed within welfare agencies to contact potential clients (parents with children) and provide them with counselling and support (to retain, and advance in, their jobs), job search assistance, help with resolving benefit issues (including Medicaid, childcare) and referrals to agencies to deal with, for example, childcare, health issues, skills training and legal aid. They were also able to provide small, occasional payments to clients to help with work-related expenses.

7.3 According to Strawn & Martinson (2001), the PESD evaluation showed that participants did not keep their jobs any longer, or earn any more, than the control group in any of the cities, although there were some variations between cities on use of cash assistance and Food Stamp receipts. These findings are consistent with a similar project, the Denver Work Incentive Program (DWIP), staged in the early 1980s which also failed to produce positive outcomes (see Strawn & Martinson 2001).

7.4 There were a number of factors which could explain the negative results, for example, lack of staff experience, failure to provide appropriate services, but according to Strawn & Martinson the most notable factors were:

- take-up of the programme was limited: managers encountered difficulties in recruiting welfare recipients once they had entered work;
- once welfare recipients had been recruited, case managers struggled to cope with their workloads and provide an effective service to clients;
- welfare recipients frequently concealed their welfare history (and other problems) from their employer. As a consequence, case managers often found it difficult to work with employers because of the client's fear of being stigmatized and losing their jobs.

7.5 The GAPS Employment Retention Initiative in the mid to late 1990s had more successful outcomes. In this two year project, women were provided with help for emergency childcare, financial assistance, job search, and job advancement services. 80% of participants stayed continuously employed throughout a 6 month evaluation period. Interestingly, in this initiative, case management was provided by community-based, voluntary groups (reported in Kellard et.al. 2001:39)[7].

7.6 United Kingdom experience

There are no general, labour-market programmes of this type known to be operating in the United Kingdom. Four NDDP Innovative Pilot schemes were designed to provide exclusive job retention services for disabled people but detailed information on their impact is not available (see 9.27 below).

[7] However, a recent evaluation of the similar Community Solutions job retention programme in Pennsylvania report relatively poor results: only 11% of those placed into full-time jobs retained a job after 12 months. Paulsell, D. & Stieglitz, A. (2001) Implementing employment retention services in Pennsylvania: lessons from Community Solutions, Mathematica, Princeton NJ.

8. Job retention programmes: the role of financial support programmes

8.1 In-work State and Federal financial benefits for low paid workers have existed in the United States since the 1970s. The best known benefit is the Earned Income Tax Credit (EITC) which is similar in character to the Working Families Tax Credit (WFTC) in the UK. Two financial benefits were administered in the UK before WFTC during the 1990s, Earnings Top-up (ETU) and Family Credit, and these are reviewed below.

8.2 The main purpose of in-work financial benefits for the low paid (variously known as wage supplements, transitional benefits) are as inducements to work, to help increase income, and to smooth out financial difficulties during periods of hardship – and thus help workers retain their jobs. Strawn & Martinson (2001) suggest that wage supplements can also help with job advancement.

8.3 Evidence from the United States

The US evidence on financial work incentives mainly relates to working parents with children who are former welfare recipients. Strawn and Martinson (2001) have summarized the findings, thus:

- most parents earn low wages, and wages increase little despite years of work. Despite small wage increases, earnings rise significantly over time, as low income parents work **more** hours (rather than advance in work);
- most parents work anti-social hours and/or schedules that change frequently;
- as a result of part-time work and intermittent work at low wage jobs, many women remain poor or near poor, even five years after leaving welfare;
- rigorous research on wage supplements for welfare recipients shows that wage supplements can increase employment and earnings. They are also an effective way to make families better off financially.

8.4 In a similar, recent review, Michalopoulos & Berlin (2001) concluded that:

- the more generous the financial incentive, the more it encourages work;
- effectiveness is increased when combined with other pre- and post-employment policies;
- financial incentives may be necessary to increase income because simple mandates to work can increase work but not always increase income;
- financial work incentives can promote stable employment.

8.5 A distinction needs to be made between payments that may be available through, for example, the tax system and those that are available, perhaps on a one-off basis, to pay for day-to-day expenditures. The first are designed to encourage people into work and hold them there; the second are designed primarily to deal with emergencies, such as problems with childcare or transportation, or periods of hardship. Of, course, these payments are also designed to help job retention. However, Michalopoulos & Berlin point out that general, financial incentives can be used to deal with crises if they are available on a regular basis. They quote evidence from the Self Sufficiency Project (SSP), Canada, and Minnesota Family Investment Program (MFIP) which shows that regular monthly payments allow welfare recipients to plan ahead to deal with 'crises'. These supplementary payments appear to work to encourage welfare recipients to keep their jobs or to find new ones.

8.6 The Earned Income Tax Credit (EITC)

EITC has existed in some form or other in the USA since 1975. Over the years it has steadily become more generous as the impact of tax credits on employment take-up and job retention amongst the low paid has become better understood. In 1999, for example, EITC provided a tax refund of up to 40% of income to low-income taxpayers with two or more children[8].

8.7 Several studies have found a positive relationship between EITC and increased employment. A recent analysis conducted by Hotz and his co-workers (2001) examined AFDC[9] employment data for four counties taking part in the California Work Pays Demonstration Programme (CWPDP). Their analysis separated out the effects of EITC, the CWPDP (which includes a mix of pre- and post-employment measures) and the growth of the local economy (see table 13).

8.8 In general terms, they found that:

- local economic growth explained the greatest proportion of employment change for AFDC parents (39% to 68% of change); EITC had an effect of between 15% to 45% on employment change and the CWPDP had the smallest effect of between 11% to 23%.
- EITC had a greater impact on employment growth for parents with two or more children compared to those with one child.

[8] In 1999, tax payers with two or more children could receive an EITC of 40% of income up to $9,450 (a maximum credit of $3,816). Those with earnings between $9,450 and $12,460 receive the maximum credit. Thereafter the credit is reduced by 21% of earnings to a limit of $30,585 when the credit is phased out. Workers with one child can receive a maximum credit of 34% of earnings up to $12,460 (phasing out at $26,928); childless taxpayers can receive a much lower credit of 7.65% of earnings up to $5,670 (phasing out at $10,200).

[9] Aid to Families with Dependent Children, now replaced by Temporary Assistance to Needy Families (TANF).

8.9 Overall, the evidence from the United States suggests that financial incentives may have a greater impact on employment and job retention than all other types of pre- and post- employment measures.

8.10 Evidence from the United Kingdom

In the following sections, a review is made of Earnings Top-up and Family Credit programmes followed by a summary of more recent measures incorporated into New Deal programmes.

8.11 Earnings Top-up (ETU)

ETU was introduced in October 1996 as a three-year pilot programme. Individuals and couples without dependent children were offered a wage subsidy if they were taking up, or currently in, very low paid work. A subsidy of £20 to £30 was provided for individuals and £35 to £45 to couples. Two variants of the scheme were piloted with ETU available for different income levels. More than four out of five of recipients were single (of which half were under 24 years, often living with their parents), 14% were couples, usually over 40 years old and home owners.

8.12 The ETU evaluation consisted of a series of surveys of low-paid workers in work (recipients were compared against eligible non-recipients), unemployed (potential recipients) and employers (see Marsh 2001a, Marsh et.al. 2001). Multivariate analysis of a dataset of 1,019 respondents (1,065 weighted) showed that ETU did not have a significant, overall effect on job retention. There was some evidence that it encouraged older workers to remain in work longer though the evidence is equivocal. However, the qualitative research showed that recipients found ETU helpful in allowing them to obtain the work they wanted and keeping them in work during a period of hardship.

8.13 There was no evidence that ETU helped worker advancement: recipients did not experience wage growth whilst receiving ETU. There is some evidence that employers used ETU to reduce wage rates amongst new, low-paid recruits. There was also a high deadweight cost: most of the expenditure on ETU went to people who would have stayed in their jobs, worked the hours they worked and worked for the wages that were on offer without ETU. Many recipients said that whilst they found ETU helpful, they would have stayed on in their job even if it had not been available.

8.14 Family Credit

Family Credit ran from 1988, following the 'Fowler' reform of social security, until it was superseded by WFTC in October 1999. It was designed to improve the position of families in work beyond their position on out-of-work benefits

and to act as an incentive for families to remain in employment. It was available to both lone parents and couples families. The minimum qualifying hours for Family Credit was 16 hours (when it was first introduced the minimum qualifying hours was 24) and there was an extra incentive for those working 30 or more hours per week. Family Credit was administered by the Department of Social Security (now the Department for Work and Pensions) and was paid in ways similar to other social security benefits (order books or through the banking system).

8.15 The evaluation of the Family Credit programme was conducted by Bryson & Marsh (1996) and mainly based on a survey of 1,002 families leaving Family Credit in Sept. 1993 (with a six month follow-up). The sample was nationally representative, but the impact of Family Credit was not evaluated against a representative control group.

8.16 Bryson & Marsh found that Family Credit had been successful in its aims of helping families manage on low wages and obtain and/or sustain employment. They established that it was particularly successful in targeting the poorest families and helping them cope with periods of hardship, such as debt. Couples found it especially useful where one had become unemployed: Family Credit provided a supplement to the worker's income while allowing their partner time to find new work.

8.17 Family Credit provided an important boost to household earnings but very few workers improved their circumstances whilst on the Credit itself. Bryson & Marsh found that advancement came when workers left for new and better paid jobs. Women workers, especially lone parents, were often worse off leaving Family Credit even if they kept their jobs. On the other hand, dual earners were invariably better off, though not dramatically so.

8.18 Family Credit may have discouraged some partners, particularly women to take on part-time employment and to delay entry into full-time work. However, Bryson & Marsh concluded that the disincentive effect was weak and only short lived. Similarly, the tapered withdrawal of benefits against new earnings did not prove a disincentive to seeking new employment or increasing hours or work.

8.19 It appears that Family Credit was particularly helpful to lone parents both obtain and stay in work (Bryson & Marsh, 1996). The Working Families Tax Credit can be expected to have a similar effect.

8.20 New Deal programmes

Several New Deal programmes have provided in-work financial support for benefit-leavers. In summary, these are:

- Wage subsidies are available to participants in NDYP and ND25+ and participants in the innovatory NDDP pilots (to June 2001);
- Tax-free Employment Credits and training grants are available to ND50+ participants. The Credit is intended as an earnings top-up to encourage older workers to take jobs which might not otherwise appear attractive.
- Personal Job Accounts (PJAs) are available in Employment Zones (see 11.18 below for further information).
- Under NDDP, additional costs of integrating disabled workers into the workplace are met by the programme.

9. Job retention programmes: Post-employment services forming part of pre-employment programmes

9.1 Evidence from the United States:

The evidence from the United States is clear: programmes that have achieved the highest job retention rates have incorporated post-employment services into pre-employment programmes. Recent evaluation of these programmes indicate the following key findings:

- job retention rates and income advancement will be improved if welfare recipients are placed initially into the best jobs possible;
- job retention rates will be improved if close, systematic support is provided in the first few months of a job to deal with crises and the transition to work;
- job retention rates will be improved if welfare recipients are encouraged to develop a job advancement strategy, in effect, to move clients onto their next job (and better job) as soon as possible.

9.2 It is important to note that the following research findings and best practice recommendations are derived from US and Canadian demonstration projects that primarily involve low income parents, more particularly lone parents on welfare. It is not clear whether these findings can be generalized to all categories of welfare recipients, or the extent to which they may apply to the UK labour market.

9.3 The research evidence on post-employment policies (within pre-employment programmes) mainly focuses on five key issues:

- pre-employment strategy
- post-employment: the first few weeks in work (transitional phase)
- post-employment: case-management strategies
- post-employment: experience of working with employers
- post-employment: job advancement strategies

The following sections draw together research findings for each of these issues.

9.4 Pre-employment strategy

North American research, reported in Strawn & Martinson (2001), indicates that:

- the better the initial job obtained by welfare recipients, the higher the wages that are likely to be achieved at a later stage. Placing individuals into occupations with greater opportunities for advancement also helps.

- low income parents are more likely to find better jobs and retain these jobs if they are provided with basic skills training which equips them to deal with the demands of the workplace, especially, so-called, 'soft' skills (relating to punctuality, attendance, effort, dealing with conflict).

- improving the basic skills of welfare recipients prior to starting a job is linked to modest improvement in incomes at a later stage. Individuals who enter with higher levels of skills and qualifications are likely to achieve higher wages later on.

- welfare recipients have an improved chance of finding better jobs if they are provided with a flexible mix of services which is designed to meet their needs - primarily job search, work-focused education, life skills and job training - and by making job quality a central goal of job placement services.

- helping unemployed, low-income parents to enter better jobs directly, without additional education and training, requires strong relationships with employers: employers need incentives, training for their supervisory staff and workplace resources. This is likely to mean establishing partnerships with employers who have a commitment to equal opportunities.

9.5 Post-employment: the first few weeks in work (transition phase)
Job retention is improved, according to Strawn & Martinson (2001) if employment support staff (case managers):

- maintain frequent contact with welfare recipients to monitor problems as they arise in the first few weeks of starting work. They need to be quickly aware of family and personal issues, i.e. anything that changes the status quo and threatens the ability of individuals to maintain their job.

- ensure that individuals obtain all income supplements and other in-work benefits to which they are entitled.

- ensure parents secure formal child-care support. Non-experimental research suggests that childcare problems contribute to job loss among low-income workers; parents who have formal childcare arrangements may retain jobs and work more over the long run than parents who rely on relatives for care.

- develop a support strategy for workers which meets their personal needs, i.e. ensure that workers have a flexible, individualised plan which they can 'buy into' and 'own'.

9.6 Post-employment: case-management strategies

Strawn & Martinson (2001) argue strongly against the development of case-management services as part of job retention programmes. They claim that the PESD projects, which made extensive use of individual case-management systems, did not improve job retention rates: it was labour intensive, expensive to run and managers were unable to provide an effective service. Moreover, not all welfare recipients required the service and those that did often required specialist help which the case manager was unable to provide directly.

9.7 They propose that welfare recipients should be referred to specialist services as part of a 'brokering strategy' and thus reduce costs. In these proposals, individuals are put in touch with services that are equipped to deal with their problems. It is vital to the success of service brokerage that partnerships are developed with public and voluntary sector agencies, but more importantly, with employers who are willing to participate in schemes to retain workers and reduce staff turnover.

9.8 However, Strawn & Martinson (2001) admit that there is as yet no research evidence available which shows that service brokerage improves job retention rates although they claim that service brokering programmes in Washington (WPLEX) look to be producing promising results. Whether they are correct or not, brokerage will not solve the problem of reaching low-income workers unless employers and agencies are fully committed to such schemes.

9.9 Post-employment: working with employers

A great deal of discussion in the recent US literature has focused on the role of employers in promoting job retention (Strawn & Martinson 2001, Brown 2001, Kellard et.al. 2001). As noted above, it is in the interests of employers to reduce staff turnover and hence, costs. However, it is also the case that the kinds of entry-level jobs taken by welfare recipients are often with companies that expect high turnover rates (which may keep wages down) and are less interested in job retention, per se.

9.10 Much of the evidence for involving employers in job retention programmes comes from research on the harder-to-employ. Brown (2001) has produced a useful account of job retention strategies for individual, disadvantaged groups. The following summary from Brown (2001) appears to be based on a mix of research findings, i.e. what is known to produce successful outcomes, and what may be termed 'current good practice' for which research findings are not yet available.

9.11 US evidence indicates the following:

Language barriers

- Welfare recipients with language problems should be encouraged to obtain work first, particularly jobs in which language is not a barrier or where another language is an asset. ESOL instruction needs to be

available in the workplace: the issue here is that workers will improve their language skills more effectively if training makes use of work-related language. To achieve this, sympathetic employers need to be found that have suitable jobs available. It also helps if there are bi-lingual supervisors in the workplace.

Low basic skills / learning disabilities

- Literacy services need to be promoted in the workplace and training provided for workplace supervisors so that they can provide appropriate support. Workers with low basic skills and learning disabilities require a clear training programme that defines explicit learning goals with which workers can identify.

Ex-offenders

- There is a need to monitor possible substance abuse and to develop relationships with employers to provide appropriate support services.

Depression and other mental health issues

- It is critical to obtain the co-operation of employers and provide in-work support especially from co-workers and supervisors.

- There is a need to negotiate a post-employment service plan with the client. The plan should focus on workplace issues rather than skills, for example, dealing with criticism from supervisors, relations with co-workers, coping with work-related stress, ensuring that any medical treatment continues, job coaching.

Physical disabilities and chronic health problems

- It is vital to obtain the co-operation of employers and agencies to work with them in developing in-work resources and support.

Domestic violence

- Employment support staff need to monitor abuse after an individual starts a job (research indicates that abuse may worsen initially) and develop support networks. Employers need to be educated to provide flexible hours (for example to attend court, health clinics)

Substance abuse

- US research indicates that alcohol abuse does not effect employment rates, but drug use does. However, there is a need for staff to maintain contact with workers to ensure that treatment regimes continue to avoid relapse, to develop support systems (with agencies) and to promote employment as an aid to recovery.

9.12 It is worth noting that a high proportion of these proposals are based upon partnerships with employers and the development of in-work structures which

make use of peer support and the skills of supervisory staff. This implies a degree of openness about an individual's problems which may conflict with their own personal need for confidentiality and the avoidance of stigmatization.

9.13 Finally, whilst the evidence from Brown (2001) is useful, Strawn & Martinson (2001) have noted that research findings on job retention programmes for the harder-to-employ are not always consistent or unequivocal. They quote some evidence that specialised programmes, such as supported employment[10], have achieved positive outcomes by building on the job skills of workers incrementally and by developing "employment focused counselling" to deal with mental health and substance abuse.

9.14 Post-employment: job advancement strategies

According to Strawn & Martinson (2001), the US evidence on job advancement strategies is emphatic: 'advancement' is a key component of retention strategies and cannot be thought of as a separate and expendable component:

- Research indicates that higher incomes are more likely to be achieved when individuals move on to their next (better) job. As a result, Strawn & Martinson (2001) propose that in-work support should focus on a career advancement strategy at an early stage. By so doing, individuals are more likely to maintain their commitment to work and reach the point more quickly when they are no longer dependent on income supplements.

- For the majority of low-income parents, the ability to move into better jobs will depend on access to effective services to improve their skills and qualifications. Developing partnerships with employers to create customized entry-level training and training to improve existing skills - offered in the workplace during work hours - looks to be the most promising strategy for overcoming the logistical barriers for working parents.

- Additional financial support and supportive services may be needed so that low income parents who are working can pursue education and training on their own.

9.15 The UK evidence

Most UK labour market intervention policies since 1997 - broadly the New Deal programmes - have included some element of after-care services as part of their broad remit. In most instances, after-care has been limited in scope:

[10] Known as intermediate labour market, ILM, projects in the UK.

- New Deal Personal Advisors (NDPAs) maintain contact with most employers and provide support to NDYP and ND25+ participants for up to 26 weeks for those in subsidised employment[11]. The evidence suggests that this contact has been critical for keeping one in six of NDYP participants in their job and one in ten of ND25+ participants[12];

- NDPAs are available to provide in-work support for participants in EZs, NDLP and NDDP (see below for discussion). Support is technically available to ONE clients working 16 or more hours per week and to NDPU clients at the discretion of the PA. However, there is no evidence that support has in fact been offered[13].

- A system of mentors and 'buddies' has been developed in some of the NDDP innovative pilots (see 11.26 for further discussion).

- Another class of in-work support is training. There has been a pilot In Work Training Grant (IWTG) for NDLP participants that is currently being evaluated. New Deal50+ provides a training grant with slightly different conditions (not a pilot). Several evaluation reports have been published which show that take-up is low, but those who have made use of the grants have expressed positive views.

9.16 Financial support components of New Deal programmes were summarised in section 8.20.

9.17 In the following sections, evidence from evaluation reports is used to shed some light on in-work support policies for Employment Zones (EZs) and for lone parents (NDLP) and disabled people (mainly through NDDP). EZs look to be performing well in retaining workers in jobs (at least for 13 weeks) though evaluation evidence is currently limited. The NDLP and NDDP programmes are interesting because there has been considerable trialing of in-work support systems.

9.18 Employment Zones (EZs)

Employment Zones were established in April 2000 as a fifteen-month pilot programme (since extended) to test more radical methods for helping LTU JSA claimants into sustainable employment. Job seekers work with their Personal Advisers to design a personal strategy to support them into work. They have access to funds through Personal Job Accounts (PJAs) to help to meet individual needs. PAs are expected to develop the soft skills of their clients;

[11] There is another sense in which NDYP/ND25+ provide support in that clients returning to JSA within 13 weeks return to New Deal, and pick up where they left off with their PA.
[12] Please refer to the Research and Evaluation Division RD1d team for detailed evidence.
[13] Please refer to ASD Social Research for further evidence on ONE and Research and Evaluation RD3e team for evidence on NDPU.

raise morale and expectations; help the client find a job; and provide in-work support for those who actually obtain work.

9.19 Significantly, the EZ programme makes use of private sector contractors to act as Personal Advisors and help place LTU clients into work. The contractors are paid for their work in stages with the largest payment of around £2,500 after the client has maintained employment for a minimum of 13 weeks. To date, evaluation research has shown that the EZ programme has been well received by clients (CPC 2001): they feel that their views are listened to (80% are in contact with their PA at least once a fortnight), most appreciate that they are involved in, and 'own', their Action Plan and they appreciate the flexibility afforded by the PJA. The PJA is normally worth £400 to £600 per client, although there have been instances where as much as £2,000 has been spent on individuals. It has been used to pay off debts, purchase clothes, rent cars and help set up businesses, as well as more conventional uses such as paying for training.

9.20 The EZ approach appears to be paying dividends: mid-term evaluation results for April 2001 indicate that Employment Zones may be making a significant impact on unemployment rates in the EZ pilot areas[14]. Employment returns for two more quarters (June and September 2001) are needed to confirm that the current trend is statistically significant. Unfortunately, evaluation reports are not available at the time of writing which provide detailed information on the type of post-employment activities available to support clients in work. The Cambridge Policy Consultants qualitative, interim report (2001) shows that PAs are adopting a work-first policy (training concentrates on developing existing rather than new skills) and stressing a (limited) job advancement strategy: clients are encouraged to view their initial job as only a stepping stone to a better job. However, early findings indicate that the 'after-care' element of EZ has not been developed to any great extent: contact between PAs and in-work clients may be often limited to telephone checks on progress.

9.21 New Deal for Disabled People Personal Adviser Service pilot

The NDDP PA Service pilots ran from 1998 to mid 2001 in twelve sites. PAs were available to provide in-work support for up to 13 weeks after placement into a job. In-work support services appear not to have been well developed (Loumidis et.el. 2001). In most instances, calls for help were dependent upon employers and clients approaching the service, although some PAs developed systems for checking on client progress at least in the first few weeks of a new job. However, most PAs appear not to have developed a systematic system for monitoring client progress. This was mainly attributed to pressure of work.

[14] Data based on internal DWP reports. Please refer to the DWP ASD5L team for further information.

9.22 Loumidis et.al. (2001) report that PAs also seemed to have varied their approach to dealing with problems considerably. Some took the line that the client was essentially a dependent individual who required as much help as possible: for example, PAs would mediate the return to work with the employer on behalf of the benefit leaver. Other PAs would stress the need to develop the autonomy of the individual and seek to equip their client with the information and skills to negotiate, for example, their own return to work.

9.23 New Deal for Disabled People Innovative Schemes pilots

Twenty four NDDP Innovative Scheme pilots ran from 1998 until June of 2001. These were designed to test a variety of methods for helping disabled clients into work and providing on-going support. A number were also designed to provide job retention services.

9.24 Support into work: many disabled clients were found to be anxious and lacking in confidence when they started a job (Hills et.al. (2001). The transition to work was often mediated by staff employed by a scheme or by a workplace 'buddy' or 'mentor' who would negotiate with the employer to obtain suitable adaptations, technical supports, transport and access arrangements etc. Hills et.al. (2001: 82) comment that this kind of support was often "vital to the long-term sustainability of employment".

9.25 Ongoing support: there was a clear difference of policy between schemes as to how ongoing support should be provided: some favoured informal arrangements, whereby the client would be encouraged to contact the scheme as and when the need arose (Hills et.al. (2001). Others favoured a formal, structured arrangement with regular meetings between clients and staff attached to the schemes. In both instances, it was intended that support would be time limited and aimed to encourage increasing client independence, i.e. clients would be shown how to negotiate their needs with an employer rather than continue to rely on the scheme. It is uncertain which approach was more effective, but in real terms, clients required higher levels of personal support and help than many schemes had expected.

9.26 Mentors: one scheme trained and supported mentors who were recruited from within the workplace for each client. This arrangement was set up before the client started employment. Hills et.al. (2001) do not provide a separate evaluation of the effectiveness of this approach.

9.27 Job retention services: seven of the schemes included job retention services and for four, it was their prime focus. Services included: a job brokerage service – to help obtain better jobs; information and advice on employment law, benefits; training and re-training; support for clients with specific disabilities; education of employers about job retention. The evaluation by Hills et.al. (2001) is instructive: schemes found that early intervention with clients starting work

was vital to later success; the independence of scheme staff was important in promoting action and ensuring that job retention was taken seriously; co-operation from both employers and employees (i.e. clients) was essential to making any progress at all. A number of schemes noted that engaging the enthusiasm and active support of employees as well as employers was often very difficult.

It should be noted that further NDDP Job Retention and Rehabilitation Pilots are planned for the future.

9.28 Services for disabled people: international evidence

Corden & Thornton (forthcoming) have conducted an international review of post-employment services for disabled people in five countries[15]. All projects have incorporated some element of case management services as part of their job retention strategy.

9.29 They have found that there was great variation within and between programmes on the quality and range of services offered. Most programmes encountered problems of communication between clients and case managers which lead to considerable dissatisfaction. There was some use of assessment and job plans by managers, but delivery of services tended to be ad hoc and unsystematic.

9.30 Overall, Corden & Thornton conclude:

- in-work support is a valuable means for integrating disabled workers into the workplace and equipping them with skills for advancement;
- there is a lack of significant evidence linking types of services available to effective outcomes for clients;
- it is not possible to identify the kind of person for whom employment 'rehabilitation' works best;
- not enough is known of how to target the disabled population for appropriate employment services.

9.31 They went on to comment: "Evidence from the wider research literature suggests that the more successful programmes tend to take a holistic and individualized approach, incorporating basic skills and supports, formal training and one-to-one support alongside some practical assistance, for example with transport or child care. . . . . There is also some evidence that supported employment may be more effective than traditional vocational counselling and job clubs for people with severe mental illnesses."

[15] NDDP Personal Adviser Service pilots, UK; Project NetWork, USA; National Vocational Rehabilitation Project, Canada; Intensive Assistance in the Job Network, Australia; Disability Employment Services in the Case Based Funding Trial, Australia; Arbeitsassistenz, Austria.

9.32 New Deal for Lone Parents

Evidence is this section comes from the evaluation of the NDLP PA Service pilots by Lewis et.al (2000) and follow-up research reported by Lewis (2001).

9.33 The NDLP PA Service pilots were designed to ensure that support to lone parents would continue in-work once they has started a new job. Support was to be provided by NDLP Personal Advisers. Evidence from Lewis et.al (2000) indicates that in practical terms, very little support was actually provided by PAs. Some PAs appear to have helped lone parents deal with financial matters and ensure that benefits were available in the transition to work. Instances were found where PAs had discussed issues with lone parents which potentially threatened their employment (including employer's attitudes, childcare arrangements) and some PAs had contacted employers to discuss a lone parent's difficulties with, for example, a sick child. In general, PAs felt there was little or nothing they could do beyond advising lone parents to talk to their employer and provide "moral support" (Hills et.al., 2000:89).

9.34 PAs appeared to have very little conception of a proactive role for themselves in encouraging employment sustainability. As a consequence, they did not promote their services to any great extent, nor did they establish any regular, systematic contact with lone parents once they were in work. Moreover, pressures of their workload tended to discourage them taking an active approach to in-work support.

9.35 For their part, Lewis et.al. (2000) found that lone parents had little knowledge of the in-work services available through NDLP and little interest in contacting their PA. In a follow-up survey of lone parents that had participated in the NDLP programme, Lewis (2001) found that parents who had lost a job had not made use of PAs for in-work support. Some were embarrassed that they had lost their job, others did not think the PA could help and many were unaware that in-work support was available through NDLP.

9.36 In-work advisory support

Before leaving the subject of Personal Advisors, it is worth stressing that a small number of clients found the period of transition from benefit to work to be difficult and needed support from their PA in overcoming any initial difficulties (GHK, 2001). As the earlier evidence from the NDDP and NDLP pilots indicates, the PA role needs more development and definition (as has occurred in the National NDLP programme). In existing programmes, it can be difficult for PAs to find time to do this when they are taking on new clients or as the number of compulsory meetings increases. Demand for in-work advisory support is likely to be low, but it could make the difference for a small number in sustaining their employment. Clients most likely to need this type of service are those with health problems who may struggle to meet their work commitments,

and lone parents. On NDLP, where in-work support has been provided, some clients and PAs found it difficult to enforce the 6-8 week expected cut-off point for in-work contact, particularly if clients lost or changed jobs and wanted to return to their PA.

9.37 GHK (2001) claim that these findings are supported by evaluation of ES specialist in-work help and support for the more severely disabled client group. The most recent evaluation has indicated that early intensive input, followed by a tapering off and telephone help was successful, although exit strategies for withdrawing help proved difficult to manage.

10. Conclusions: bringing the evidence together

10.1 In this section, evidence from across the report will be pulled together to provide an overview of:

10.1.1 the characteristics of benefit-leavers who are vulnerable to job loss;

10.1.2 the problems faced by benefit-leavers in retaining and advancing in work;

10.1.3 the kinds of measures or programmes that are successful in keeping benefit-leavers in work and advancing their careers.

10.2 The characteristics of benefit-leavers who are vulnerable to job loss

In general terms, there is a strong association between the employment history of a benefit claimant and their ability to retain a job. Other things being equal, it appears that those who struggle to find employment tend to be the first to leave a job. For example, workers who have had three or more previous spells on JSA are three times more likely to return to JSA within 3 months in a permanent job compared to those who have not had a previous spell.

10.3 Occupational status and qualifications are associated with job retention: those with low or no qualifications and those in blue collar jobs are more likely to return to benefits within a short space of time. Data on early returners to JSA indicate that men are more likely than women to leave a job early and return to claim benefits[16]. There is some evidence that the presence of children over 5 years of age in a household increases the likelihood that a benefit-leaver will leave a job and return to JSA. Housing tenure also plays a part: those in social rented accommodation or living with others are much more likely to make an early return to JSA.

10.4 Journey to work appears to be a crucial factor: benefit leavers who have a long journey time, lack a driving licence or have difficulty accessing private transport are all more likely to leave a job within 3 months.

10.5 Poor health is more complex: those with chronic and multiple health problems have an increased chance of returning to claim benefits soon after starting a job. However, Incapacity Benefit data show that IB claimants who were in employment before making a claim are more likely to return and stay in employment. These findings merely reinforce the point made earlier by Marsh (2001b) when describing job retention amongst lone parents (see para 4.15); the point can be applied to all benefit-leavers: what an individual was doing before they began claiming benefits has a strong bearing upon what happens when they start a new job.

[16] However, these data do not take account of gender differences of those who leave work for non-JSA benefits.

10.6 Problems faced by benefit-leavers in retaining and advancing in work

There is insufficient UK (and US) research about why benefit-leavers leave a job or fail to advance in work to provide a comprehensive analysis. However, it is possible to make some generalizations.

10.7 The Ashworth & Liu (2001) analysis of benefit-leavers returning to JSA suggests that around half left a permanent job of their own volition: mainly because they resigned (i.e. the job did not suit them) with about one in ten leaving for family or health reasons. The other 50% of reasons were related to problems (apparently) beyond their control: because they were sacked, made redundant or the job turned out to be time-limited.

10.8 The Hales et.al. (2000) analysis of lone parents returning to IS from a job suggests that about two in three left a job voluntarily: again, the majority left because the job did not suit them, but a minority (about one in eight) quoted "a relationship breakdown". About one fifth left because they lost the job, presumably because they were sacked.

10.9 We do not have a further analysis of the reasons JSA claimants give for leaving a job, but additional qualitative work by Lewis (2001) on lone parents suggests that they leave because the financial transition to work is too costly or worthwhile; childcare arrangements become problematic; or the job is not right for them (e.g. too demanding). There are a further set of reasons which can be related to the workplace itself: the employer is not sympathetic to their needs or does not live up to their promises (for example on work hours) or there is lack of support (even "hostility") from work colleagues.

10.10 It is possible to group these kinds of reasons for leaving a job into three categories (though they are not mutually exclusive):

- pre-existing 'barriers' to obtaining work that re-emerge as significant factors in retaining work, e.g. long standing illness;
- new problems that arise in work (e.g. getting into arguments with supervisors, or failure of an employer to honour agreements on hours);
- new problems that arise in private life. Many problems may be short-term crises, e.g. loss of accommodation, relationship break down, failure of childcare arrangements.

10.11 In many instances, a reason for leaving a job (i.e. the 'trigger' that leads to an individual losing a job) may be very similar, if not identical, to a 'barrier' to obtaining a job.

10.12 The relative importance of these 'barriers' is not known in any detail nor is their significance for individual groups of benefit-leavers. This is in part due to the problems of collecting accurate data: benefit-leavers are reluctant to reveal

information about themselves (to employment service staff or employers) which is embarrassing or may possibly lead to dismissal from a job.

10.13 Job retention and advancement programmes

In this section, the findings from UK labour market programmes with a job retention remit will be pulled together and related to findings from the US.

10.14 Post-employment services (stand-alone programmes):

Programmes in the US exclusively devoted to the promotion of job retention and advancement services have a poor record. Such programmes have begun their operations once welfare recipients have started work and this has often proved to be too late for case-managers to recruit participants easily. However, once welfare recipients have been recruited, case managers have usually struggled to cope with their workloads and provide an effective in-work service to clients. The clients themselves frequently conceal their welfare history (and other problems) from their employer. As a consequence, case managers have found it difficult to work with employers because of the client's fear of being victimized.

10.15 There is no similar UK post-employment evidence to compare with the experience of the US.

10.16 Financial support programmes

The United States has a long history of providing tax credits for low income families: evaluation research indicates that their impact can be considerable in promoting job retention and advancement, although the difference they make can vary according to the circumstances of recipients, i.e. whether they have a partner and/or children. In the UK, Earnings Top-up and Family Credit attempted to achieve similar benefits for low-income individuals and families in the 1990s. There was some evidence that Family Credit made a difference on retaining jobs (but not advancement), however, ETU had no significant impact at all on job retention and advancement.

10.17 Financial support may also be available to individuals on a one-off or casual basis as part of general post-employment services. Such handouts are intended to help low wage earners deal with crises and periods of hardship (and thus help retain jobs). Separate evaluations of such systems of support are hard to find, but US research indicates that the timing (i.e. for cash to be available when needed) and predictability of such payments are critical factors for success.

10.18 Job retention and advancement schemes which form part of pre-employment programmes

There is strong evidence from the United States that the highest job retention rates can be achieved when post-employment services are incorporated into pre-employment programmes. The key findings are:

10.18.1 job retention rates and income advancement will be improved if welfare recipients are placed initially into the best jobs possible;

10.18.2 job retention rates will be improved if close, systematic support is provided in the first few months of a job to deal with crises and the transition to work;

10.18.3 job retention rates will be improved if welfare recipients are encouraged to develop a job advancement strategy, in effect, to move clients onto their next job (and better job) as soon as possible.

10.19 There is little in the way of UK evidence to support 10.19.1 and 10.19.3 although the Employment Zones may be able to demonstrate these effects in time. There is considerable support for 10.19.2 from the NDDP and NDLP programmes: the Personal Adviser system has demonstrated that there is a great deal of value in supporting benefit-leavers in work during the first few weeks and months of a new job.

10.20 Finally, two separate issues that are crucial aspects of the organization and management of post-employment services:

- Case management

Despite the fact that the New Deal Personal Adviser system has proved its worth, the evaluation research shows that PAs have struggled to find the time and resources to provide close, in-work support. This echoes the experience of the United States where case-managers, for example in the PESD programme, failed to meet their in-work commitments to clients effectively. Strawn & Martinson (2001) argue strongly for the development of a service-brokerage system in which specialist services are provided by third-party organizations – although they admit that there is little research evidence to support this claim. There is UK evidence from the NDDP Innovative Scheme pilots to support the use of service specialists for disabled benefit-leavers in work.

- Working with employers

Perhaps the greatest potential for improving job retention rates lies with employers themselves: they have, or should have, a keen interest in reducing staff turnover rates and thus reducing costs. Of course, many employers offering low-skill, entry-level jobs may use high turnover to keep wages down. However, there is a large body of US evidence that the best way to help many (though not all) benefit-leavers with specific skill deficiencies is to provide training in the workplace and, crucially, to provide training for supervisors so

that they can offer appropriate support[17]. Hills et.al. (2001) report that there was considerable positive support amongst employers for the NDDP Innovative Scheme pilots that developed in-work training schemes for clients and supervisors.

In the long run, there are sizeable, potential, cost savings (to the public purse) if employers can take more responsibility for job retention and advancement issues. But as the NDDP pilots found, it is not always easy to involve clients and employers in such projects – for the kinds of reasons discussed in 12.13 above. Nevertheless, there are a considerable number of employers that are committed to equal opportunities and the support of disabled workers who should, in theory, be sympathetic to such ventures.

[17] There are a number of private sector initiatives of this type in existence in the US and UK. Information on these schemes will be made available in the CRSP report early in 2002.

Tables

Table 1. The impact of selected demographic and social factors on benefit-leavers returning to JSA

Previous JSA history	% Return to JSA within 3 months from permanent job	% Return to JSA within 3 months from temporary job
Sex:		
Women	9%	31%
Men	14%	41%
Partner		
No	25%	39%
Yes	21%	34%
Children		
No	24%	38%
Yes	23%	35%
Tenure		
Owner-occupier	8%	34%
Social rent	21%	38%
Private rent	7%	26%
Lives with other	14%	40%
Other	7%	44%
Age		
18-24 yrs	13%	35%
25-34 yrs	9%	44%
35-44 yrs	10%	34%
45-54 yrs	12%	36%
55+	22%	40%
Qualifications		
None	16%	46%
Vocational only	17%	43%
Academic only	11%	35%
Academic and vocational	9%	35%
Driving licence and access to transport		
No licence/access	18%	40%
Licence and access	8%	35%
Health		
Problems	21%	47%
No problems	10%	36%
All	12%	38%
N	562	525

Extracted from: Ashworth & Liu, 2001: table 3.5

Table 2. Benefit-leavers returning to JSA from NDYP

Variable	Return to JSA within 1 year	Return to JSA within 2 years
Previous spells on JSA:		
One JSA claim	19%	30%
Nine or more JSA claims	83%	95%
Existing qualifications:		
NVQ4	27%	35%
No qualifications	50%	62%
Stage of leaving:		
Employment Option	30%	45%
FTET course, Vol Sector option, Gateway or Pre-Gateway	43%	54%
Environment Task Force, Follow Through	58%	71%
Destination on leaving:		
Unsubsidized employment	45%	57%
Other benefits	33%	43%
Other known destinations (e.g. education)	45%	66%
Gender		
Females	30%	40%
Males	47%	60%
Option chosen:		
Employment Option	37%	48%
FTET course, Vol Sector options	54%	54%
ETF Option	55%	67%
Age on joining:		
18 years old	48%	58%
21 years old	43%	55%
24 years old	40%	50%
Ethnicity:		
White		54%
Black		56%

Source: Stickland, 2001: analysis of NDYP database.

Table 3. The impact of benefit history and return-to-work job on those returning to JSA

Previous JSA history	% Return to JSA within 3 months from permanent job	% Return to JSA within 3 months from temporary job
Length of most recent JSA spell		
1-13 weeks	10%	32%
14-26 weeks	14%	54%
27+ weeks	47%	60%
Number of previous spells on JSA		
None	9%	33%
1	13%	33%
2	19%	47%
3+	28%	53%
SOC		
Managers / administrators	3%	20%
Professionals / associate / technical	1%	38%
Clerical & secretarial	5%	31%
Craft & related	17%	37%
Personal & protective services	15%	29%
Sales	8%	47%
Plant & machine operators	15%	35%
Other occupations	22%	51%
All	12%	38%
N	562	525

Extracted from: Ashworth & Liu, 2001: table 3.3 and 3.4

Table 4. Lone parents: exits from work

	Total number of lone parents in paid work, 1991	Percent making at least one exit from work by 1998
Marital status in 1991:		
Never-partnered mothers	93	39%
Separated from marriage	102	32%
Separated from co-habitation	85	32%
Divorced mothers	267	31%
Widowed mothers	16	25%
Lone fathers	38	10%
Housing tenure in 1991		
Owner	257	28%
Private renter	24	50%
Social renter	210	43%
Others	40	37%
Ethnic origin		
White	560	33%
Black & Asian	35	23%
No. of dependent children 1991		
None	28	18%
One	316	36%
Two	199	26%
Two or more	64	39%
Highest qualifications		
None	176	40%
Lower school	143	36%
Vocational	97	32%
All other higher qualifications	117	22%
Income support		
Received IS in 1991	27	56%
Did not receive IS in 1991	580	31%

Source: Lone Parent Cohort (PRILIF), waves 1991 to 1998

Table 5. Movement in and out of work of lone parents: individuals and households

	Status in 1998				
	In work 24+ hours	In work 16-23 hrs	In work up to 15 hrs	Out of work	Base
Status in 1991					
In work 24+ hrs					
Individual	78%	8%	3%	11%	(334) 100%
Household	86%	5%	2%	7%	100%
Out of work					
Individual	18%	15%	8%	58%	(244) 100%
Household	32%	10%	7%	50%	100%
All individuals	36%	14%	8%	43%	(725) 100%
All households	46%	9%	6%	36%	100%

Source: Lone Parent Cohort (PRILIF), waves 1991 to 1998

Table 6. Initial activity of Incapacity Benefit claimants after leaving IB and activity at time of postal follow-up, 12 to 18 months later.

	Initial activity after leaving Incapacity Benefit							
	Disallowed				Voluntary			
	Working	Unemp-loyed	Sick	Other	Working	Unem-ployed	Sick	Other
Activity after 12 to 18 months								
Working	72%	30%	7%	7%	79%	56%	49%	23%
Unemployed	3%	23%	5%	8%	4%	15%	0%	5%
Sick	19%	34%	76%	28%	14%	17%	36%	9%
Other	6%	13%	13%	58%	3%	12%	15%	64%
Total	100%	100%	100%	100%	100%	100%	100%	100%
N	118	396	412	137	412	76	27	57

Source: Dorsett et.al. (1998): extracted from table 3.4, p 39.

Table 7. Activity of Incapacity Benefit claimants prior to IB claim

	Disallowed	Voluntary	All leavers
Employed, not sick	17%	23%	19%
Self-employed	5%	10%	7%
Employed, off sick	49%	51%	50%
Unemployed / Scheme	19%	9%	16%
Sick, not employed	7%	3%	6%
Other, inactive	4%	4%	4%
Total	100%	100%	100%
N	1,456	807	2,263

Source: Dorsett et.al. (1998): extracted from table 2.10, p 24.

Table 8. Reasons for JSA claimants leaving a job within 3 months.

Reason	Permanent jobs	Temporary jobs
Temporary: ended naturally	6%	65%
Fixed-term expired	5%	9%
Sacked	13%	1%
Made redundant	14%	3%
Resigned	40%	14%
Family / personal	1%	2%
Health	8%	4%
Company went bust	4%	1%
Other	9%	1%
Total	100%	100%
N	142	297

Extracted from: Ashworth & Liu, 2001, table 3.2

Table 9. Health impairments of Incapacity Benefit Claimants at start of claim

Impairment		Main impairment
Musculo-skeletal		47%
Problems with arms or hands	10%	
Problems with legs or feet	14%	
Problems with back or neck	24%	
Sensory		2%
Cardio-vascular		16%
Breathing problems	5%	
Heart, blood pressure, circulation	7%	
Mental		18%
Depression, nerves, anxiety	14%	
Neurological		1%
Other		8%
Multiple (no main condition)		8%
Total		100%
N		2,246

Source: Dorsett et.al. (1998): extracted from table 2.12, p 26.

Table 10. How paid work was affected by health on leaving IB

Problem	Column %, multiple response
Difficulty with heavy physical work	76%
Take time off because of sickness	63%
Restrict number of hours worked	61%
Affect productivity	54%
Difficulty in travelling to work	33%
Need special help, aids or equipment to do job	15%
Other	6%
N	1,845

Source: Dorsett et.al. (1998): extracted from table 2.17, p 31.

Table 11. Main work-related reasons for lone parents returning to claim Income Support

Main reason	Comparison areas	Prototype areas
Respondent left job	30%	40%
Respondent lost job	27%	21%
Relationship breakdown	11%	12%
Had less money off IS than when claiming it	4%	3%
Received less money off IS than expected	0%	4%
Respondent reduced hours worked	0%	3%
Partner's job ended	2%	0%
Other	27%	17%
Total	100%	100%
Weighted base	46	55
Unweighted base	53	67

Source: Hales et.al. (2000): extracted from table 9.4.17, p 234

Table 12. Potential barriers to employment among US welfare recipients and the US population

Potential barrier	Estimate of prevalence among welfare recipients in US	Estimate of prevalence in US population
Substance abuse	5% to 60%	9.5%
Domestic violence (current / recent)	15% to 34%	1.5%
Domestic violence (at sometime in life)	29% to 65%	25%
Physical disability or chronic health problems	10% to 31%	11%
Mental health, depression, other problems	2% to 39%	20%
Criminal records	46%	5%
Very low basic skills or learning difficulties	10% to 66%	21%
Language barriers	7% to 20%	5%

Source: Brown, 2001: 9.

Table 13. Estimated impact of EITC, California Work Pays Demonstration Programme and growth of California economy on employment change, 1993-98.

1993-98	Employment change, percent points	Percent of employment increase explained by: EITC	California Work Pays Demonstr. Programme	Growth of economy
AFDC single parent: 1 child	+13 points	21%	23%	56%
AFDC single parent: 2 or more children	+19 points	45%	16%	39%
AFDC unemployed parent: 1 child	+18 points	15%	17%	68%
AFDC unemployed parent: 2 or more children	+27 points	32%	11%	57%

Source: extracted from Hotz et.al. 2001: 34-36.

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