

# The impact of student and migrant employment on opportunities for low skilled people

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# **The impact of student and migrant employment on opportunities for low skilled people**

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## Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and promote economic growth. Our strategic objectives are to:

- Provide outstanding labour market intelligence which helps businesses and people make the best choices for them;
- Work with businesses to develop the best market solutions which leverage greater investment in skills;
- Maximise the impact of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base.

These strategic objectives are supported by a research programme that provides a robust evidence base for our insights and actions and which draws on good practice and the most innovative thinking. The research programme is underpinned by a number of core principles including the importance of: ensuring '**relevance**' to our most pressing strategic priorities; '**salience**' and effectively translating and sharing the key insights we find; **international benchmarking** and drawing insights from good practice abroad; **high quality** analysis which is leading edge, robust and action orientated; being **responsive** to immediate needs as well as taking a longer term perspective. We also work closely with key partners to ensure a **co-ordinated** approach to research.

This study, undertaken by the Institute for Employment Research, seeks to understand the issues and challenges faced by those looking for low skilled work, and those already engaged in these roles. Particular attention is drawn to rising student and migrant employment in low skilled work, and whether this impacts the opportunities available for low skilled people.

The study improves our understanding of the changing nature of low skilled work, and the attitudes and motivations of low skilled people and employers in one local economic area. It illustrates the importance of the local economic and demographic context when seeking to promote employment and progression in work amongst low skilled people. It highlights the job search priorities and techniques employed by different groups of individuals when seeking low skilled work; and explores how far they match those of employers. We believe that the study represents a valuable contribution to the policy debate around creating a sustainable market for skills that can support economic growth and individual progression for all.

Sharing the findings of our research and engaging with our audience is important to further develop the evidence on which we base our work. Evidence Reports are our chief means of reporting our detailed analytical work. Each Evidence Report is accompanied by an executive summary. All of our outputs can be accessed on the UK Commission's website at [www.ukces.org.uk](http://www.ukces.org.uk)

But these outputs are only the beginning of the process and we will be continually looking for mechanisms to share our findings, debate the issues they raise and we can extend their reach and impact.

We hope you find this report useful and informative. If you would like to provide any feedback or comments, or have any queries please e-mail [info@ukces.org.uk](mailto:info@ukces.org.uk), quoting the report title or series number.

**Lesley Giles**

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## Executive Summary

This report examines the impact student and migrant employment has had on opportunities for lower skilled people. It focuses particularly on a local study area: the city of Coventry and the wider Coventry and Warwickshire sub-region.

There is evidence that students and migrants find work in different ways to lower skilled people; the types of work they are willing to do and the number of hours and the times at which they work are also very different. It is suggested that a consequence of this is that students and migrants are not directly displacing lower skilled people from the labour market for lower skilled employment; rather that segmentation of lower skilled work is occurring based on the types of flexibility required by employers and offered by different types of worker.

In the best case scenario for lower skilled workers, this results in complementarities in the labour market whereby students and migrants are not competing with lower skilled workers for employment, but are instead filling roles that lower skilled workers are unable or unwilling to take. However, it is noted that changes in the global economic system, combined with recession and fragile economic recovery have meant that there is a shrinking pool of jobs available that suit the preferences and characteristics of lower skilled workers, while the types of work that students and migrant workers do is growing. This results in the residualisation of lower skilled workers, increased competition and the exclusion from the labour market of large numbers of people.

The clearest impact of student and migrant employment on opportunities for lower skilled workers is in the way they impact on the dynamic between supply and demand. They represent a relatively large pool of people who are willing to offer the flexibility sought by employers and to work in conditions that lower skilled workers are not, for example, working in temporary employment or at unsocial hours. Their willingness to do this enables employers to structure their working practices in a way that utilises this willingness, rather than having to reconsider their employment practices to create jobs that would be suitable for lower skilled workers.

The research considers the impact of student and migrant employment on three aspects of employability: the ability of lower skilled workers to find employment; to remain in employment, rather than cycling between paid work and unemployment; and to progress within work, for example through engaging in training.

In terms of finding work, although students and migrants in aggregate were thought by employers to have certain desirable characteristics, there was no evidence that employers would prefer to employ a student or migrant worker over a lower skilled worker simply because an individual would be assumed to have these characteristics. Rather, what led to the employment of students and migrant workers was first the methods employers used to fill vacancies, and secondly the willingness of students and migrants to offer the kinds of flexibility employers were seeking. In keeping with the flexibility they sought, employers were increasingly offering temporary employment, particularly through agencies, and using informal recruitment methods to recruit for lower skilled jobs; albeit this might change in different economic circumstances. Both students and migrant workers were more willing to take temporary employment, even if, as in the case of migrant workers, this was not their preferred type of employment. Migrant workers, in particular, were likely to be working for, or to have found work through, an agency. Students and migrant workers were also found to have better social networks of family and friends to draw upon to help them find employment, or to be more aware of the value of using the networks they had to find employment. This disadvantaged the less well networked people amongst the lower skilled group. It also resulted in a self-perpetuation of segmentation in the lower skilled labour market, as similar kinds of people are recruited to those in existing low skilled roles.

The temporary nature of much lower skilled employment also had an impact on the ability of lower skilled workers to find sustainable employment. There was evidence both that lower skilled workers were unable or unwilling to take temporary employment, due to the perceived impact it had on benefits and questions about how employers regarded a series of temporary jobs on a CV, and that when a lower skilled worker did take temporary employment, this did not have a significant impact on their ability to subsequently find permanent employment. Although some temporary jobs did lead to permanent employment, the majority represented only a brief respite from unemployment.

The issue of training and progression in work suggested a mismatch between supply and demand. Migrant workers were likely to want to undertake training and progress within work but the temporary nature of many of their contracts meant that they were unlikely to be offered many opportunities to do this. Conversely, amongst the lower skilled workers there was evidence that although training and opportunities for progression were available, a significant proportion had no aspirations to take up these opportunities and expected to stay in the same job with the same employer in the longer term. The reason for this was largely a lack of time for training and the view that the increase in responsibility that came with promotion was not offset by worthwhile increases in pay. There was no evidence that the loss of means tested benefits that could result from a higher salary was a deterrent to seeking promotion or skills training. This lack of demand for progression has implications for lower skilled job seekers, as it can result in a blocking of opportunity at the lower end of the labour market as jobs that require little training do not become available as the people who have them do not progress to more highly skilled work. Organisations that had been most successful in encouraging participation in training and the uptake of opportunities for progression were those in which this was part of the culture of the organisation; i.e. organisations where training was frequently undertaken by a large proportion of the workforce and those where there were clear routes for promotion and progression, often involving relatively small steps up which made it a less daunting prospect and let employees see people being promoted on a regular basis.

Training for lower skilled job seekers was also found to be important, and again there appeared to be a mismatch between supply and demand. Many job seekers had undertaken training courses that they did not feel provided them with relevant skills or otherwise help them in finding work. Conversely, there was demand from some unemployed job seekers for training courses, particularly those that would offer them skill credentials gained when in employment. This was a particular issue for older job seekers who had previously entered the job market at a time when formal recognition of skills was less common, although it was also favoured by many job seekers who had no formal academic qualifications.

Policy interventions designed to help lower skilled people find sustainable employment and progress within it need to take account of the particular dynamics of local and sub-regional labour markets. In the case of Coventry, the existence of two universities in the area, and a relatively large pool of migrants, particularly from Eastern Europe, combined with the impact of the area to recession, has created a situation where the lower skilled section of the labour market is particularly susceptible to segmentation based on flexibility and the resultant exclusion of lower skilled workers from employment.

# 1 Introduction

## 1.1 Background

The UK labour market has witnessed important changes in recent years. Key medium-term trends include the sectoral shift from manufacturing to services and the occupational shift towards higher level roles such as managerial, professional and associate professional and technical occupations. In terms of formal qualifications, there has been an increase in the share of the working age population educated to degree level and a decrease in the proportion with no qualifications. Yet there remain a substantial number of jobs with limited skills requirements. Adopting a shorter-term perspective, in the last three years the UK has witnessed the deepest recession since World War II and in the face of job losses those people with no or low skills have proved particularly vulnerable,<sup>1</sup> both absolutely and vis-à-vis other disadvantaged groups, including lone parents, ethnic minorities, people aged 50 and over and those living in wards with the poorest initial position in the labour market.<sup>2</sup>

Two other trends are of particular pertinence when looking at the impact of student and migrant employment on opportunities for lower skilled people. The first is the continuing expansion of higher education in the UK, from 1.8 million participants in 1998/99 to 2.4 million by 2008/09, which has had a significant impact upon labour markets (see section 2.3.1 for further details). Most obviously it has helped increase the supply of people with high level qualifications. However, this is not the only important change. Driven by both supply and demand factors, the participation of full-time students in paid work during term-time is estimated to have risen by approximately 50 per cent in the last decade.

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<sup>1</sup> As measured by the employment rate gap between the lowest skilled and the overall rate (DWP, 2009).

<sup>2</sup> These were the other disadvantaged groups included in the Public Service Agreement Target set by the previous Labour Government.

The combined effect of educational expansion, the increasing shift of costs for it from the State to individual students, greater emphasis on the acquisition of employability skills and work experience alongside academic achievement in HE and increased participation in term-time working means that the student term-time workforce in the UK has risen by more than half a million over this 10 year period. At present it consists of approximately one million employees.<sup>3</sup> Initial consideration of the evidence indicates that the impact of this increase in term-time working is likely to be sector-, occupation- and locality-specific, concentrated in service sector jobs, low skilled work and in those local areas with large student populations.

The second key trend of specific relevance here is net immigration to the UK from overseas over the last decade. There was a marked rise in the volume of international labour migration following the expansion of the European Union (EU) in 2004 to include the so-called Accession ('A8') countries of Eastern and Central Europe. At its peak in 2007/8 over 730,000 National Insurance numbers (NINos) were allocated to adult overseas nationals entering the UK, of whom nearly 320,000 were from the A8 countries. Although immigration has declined since the recession and the coalition government has a policy to place a cap on migration from outside the European Economic Area (EEA), EU nationals retain the right of free movement.

Analyses of the labour market impact of migrant workers suggest that A8 migrants have been particularly concentrated in less skilled jobs and in certain sectors (such as manufacturing, construction, agriculture, hospitality, etc). Moreover, migrant workers are unevenly distributed geographically, with easily the largest single spatial concentration of migrant workers in London. Although there is a general tendency for new arrivals to live in areas with higher existing migrant shares of the population, A8 migrants displayed a more dispersed spatial distribution than most other immigrant groups, with substantial numbers going outside London (Bauere *et al.*, 2007).

The trends outlined above set the context for this study, which is concerned with the implications and outcomes of the juxtaposition, in fragile economic circumstances, of:

- the expansion of term-time working among higher education students and an increase in the number of migrant workers (notably from Eastern Europe) in the UK after 2004;
- their concentration in low skilled work in particular local areas;
- the relatively poor performance of low skilled people in the labour market vis-à-vis other disadvantaged groups.

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<sup>3</sup> IER estimate based on Class of 99 data and recent analysis of Futuretrack wave 3.1 data combined with HESA student population statistics.

## 1.2 Aim and research questions

The central aim of the research reported here is to establish what impact students and migrant workers taking up employment in entry-level positions have had on the labour market for low skilled employment. The research aims to provide further understanding of the particular challenges faced by low skilled individuals in areas with substantial concentrations of student and migrant employment, and the impact this has had on low skilled people in a specific local labour market.

The questions that are central to the research are

- What are the main features of student and migrant employment – by occupation, sector and geography? To what extent are member of these groups employed in jobs that might otherwise be available to low skilled applicants?
- How do employers recruit applicants for low skilled jobs and are recruitment practices changing? If so, what are the implications of changing recruitment practices for different groups – especially lower skilled people?
- What do employers perceive to be the advantages or disadvantages of employing students and/or migrants in low skilled jobs vis-à-vis lower skilled workers traditionally employed in these jobs? Are there particular skills or attributes that make students and migrants more or less employable than low skilled residents generally or in particular contexts? Is there a mismatch between the skills possessed by lower skilled residents and the skills sought by employers?
- Have students and/or migrant workers displaced low skilled residents from local jobs: are some local jobs regarded as ‘student jobs’ or ‘migrant jobs’? If so, what are the characteristics of these jobs?
- What are the medium and longer-term implications of student and migrant employment at the local level – in terms of the number, variety and duration of low skill jobs available to local (non-student/migrant) residents, employers’ attitudes to skills development in low skilled jobs, and the employability of students, migrants and lower skilled people?
- How can the employability skills of lower skilled individuals be enhanced to improve their position in an increasingly competitive labour market?

In seeking to answer these questions the project aims to address a specific research gap concerning jobs and skills mismatch. By examining not only whether students and migrants are 'displacing' low skilled workers from particular sectors and jobs, but also the impact these new workers have on the sustainability of employment amongst lower skilled workers and their progression in the workplace, the research will add to the limited evidence available on the links between employability skills and sustainable, progressive employment. Importantly, given the current and growing agenda around localism and the establishment of Local Enterprise Partnerships (LEPs) (BIS, 2010a), there is value in the project's approach of examining these issues through the lens of the operation of a particular local labour market (as outlined below). The project also addresses a research gap in relation to the impact of student employment not on the students themselves, which is a relatively well researched area, but on the operation of the labour market and the availability of lower skilled jobs. It also adds to the existing evidence on the impact of migrant employment.

### **1.3 Methods**

This study adopted a mixed-methods approach. It involved

- A literature review covering key dimensions of student and migrant employment vis-à-vis employment in low skilled jobs more generally, the role of employability skills and the possible local impacts of increasing numbers of students and migrant workers in employment.
- Exploratory data analyses to ascertain the changing profile of student and migrant employment – using secondary data sources.<sup>4</sup>

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<sup>4</sup> This is not a major component of the research; rather the exploratory data analyses were undertaken to inform the primary data collection elements of the research.

- A local study in Coventry designed to reveal indicative insights into key issues pertaining to student and migrant employment and implications for opportunities for low skilled people; (for an introduction to the local study area see section 1.4). The local study involved telephone interviews with 16 employers who employed students and/or migrant workers in low skilled jobs; interviews with 25 low skilled workers/those usually working in low skilled employment who are currently unemployed and actively seeking work; and three focus groups with students in employment and two focus groups with migrant workers (see Appendix 1 for details of interviewees). Some comments made by interviewees/focus group attendees are quoted verbatim; it should be noted that these convey individuals' perceptions which may not necessarily be objectively correct. However, perceptions are important because they influence people's behaviour.

It is important to note that the findings of the research are indicative, rather than statistically representative. Nevertheless they are of considerable value in outlining key issues relating to the experience of low skilled people in a particular local labour market and their attitudes to employment and training, alongside those of students and migrant workers in low skilled employment. The findings also provide insights into employers' recruitment practices, their perceptions of different sub-groups of workers and the training opportunities that they offer (or not) to low skilled people.

#### **1.4 The local study area**

Coventry is a city at the core of the Coventry and Warwickshire sub-region located in the centre of England. It has good infrastructural links, with direct access to motorways and the wider strategic road network and good quality rail access to Birmingham city centre, Birmingham International Airport and London. In 2009 it had a population of 312,800 out of a wider sub-regional population of 847,900.

The city has a strong engineering and manufacturing base, traditionally associated with motor vehicle manufacture, for which it became world renowned in the 20<sup>th</sup> century. In 1976 77 per cent of Coventry's employment was provided by the twenty largest employers, of which fifteen were in manufacturing, including British Leyland, GEC, Chrysler-Talbot, Rolls Royce, Massey Ferguson and Dunlop. From the 1980s onwards Coventry's economy saw significant restructuring, with large employers and key contributors to the city's economy closing (Mackie, 2008).

In the decade prior to the 2008/9 recession there was continuing significant economic restructuring, with strong growth in business and financial services, transport and logistics, construction and public services (including health and education). In 2007 the four largest employers in Coventry were the City Council, the University Hospital, the University of Warwick and Coventry University.<sup>5</sup> The twenty largest employers provided 35.6 per cent of the city's employment (less than half of that provided by the largest employers in 1976) and only four of these were in manufacturing. Nevertheless, Coventry retains a stronger dependency on manufacturing than the national average: the sector accounted for 12.9 per cent of employee jobs in 2008,<sup>6</sup> compared with 10.2 per cent across Great Britain as a whole.

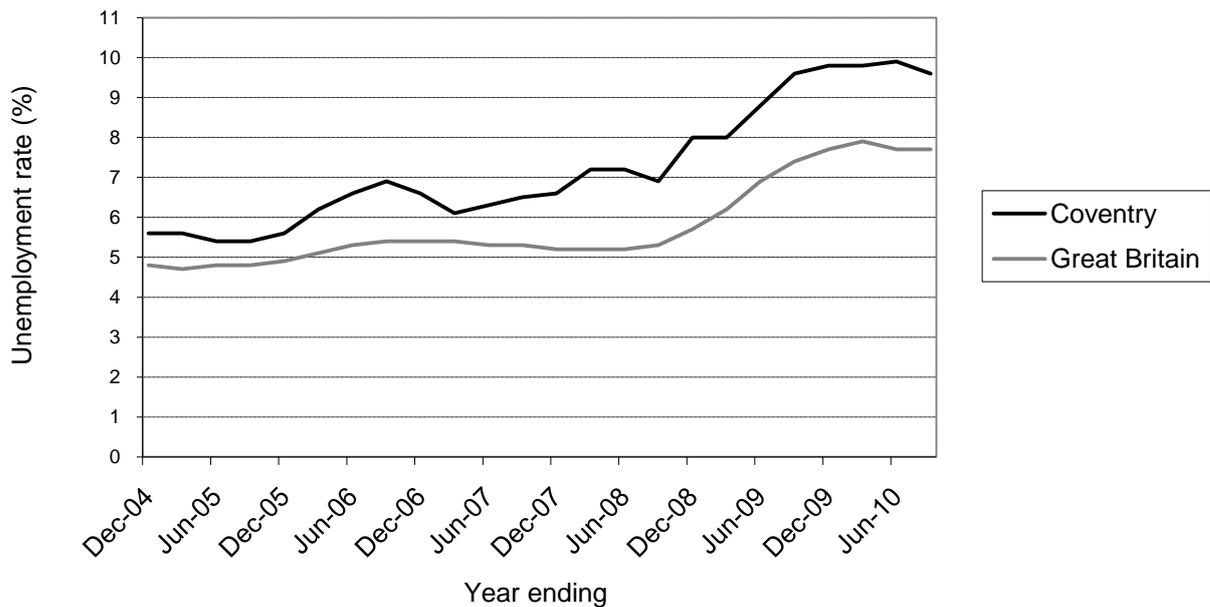
According to the Coventry and Warwickshire Economic Assessment (Coventry City Council and Warwickshire County Council, 2011), Coventry scores relatively well on a measure of adaptability, highlighting the successful process of restructuring. However, it scores above average (i.e. less favourably than average) in terms of vulnerability. Coventry's unemployment rate remains above the Great Britain average (Figure 1), at nearly 10 per cent in 2010, compared with a Great Britain average of less than 8 per cent.

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<sup>5</sup> Between them, the two Universities employed over 7,000 people at this time.

<sup>6</sup> In the Coventry and Warwickshire sub-region 12.3 per cent of employee jobs in 2008 were in manufacturing.

**Figure 1 Unemployment rate for Coventry and Great Britain, 2004-2010**



Base: people aged 16 and over expressed as a percentage of the economically active

Source: Annual Population Survey (via Nomis), model-based

Like the rest of the West Midlands region, Coventry was harder hit than the national average by recession. This is reflected by the fact that Coventry’s relative position on the Index of Deprivation in 2010 worsened between 2004 and 2007. The Index of Deprivation is made up of a number of different domains capturing different aspects of deprivation. The two domains where Coventry ranks the most highly deprived is on the Employment Scale (where it is 22<sup>nd</sup> most deprived out of 326 local authority districts in England) and the Income Scale (where it is the 24<sup>th</sup> most deprived out of 326 local authority districts in England)

At 14.6 per cent in 2009, the proportion of residents aged 16-64 with no qualifications is higher than the Great Britain average (12.3 per cent). Coventry’s occupational profile is skewed towards low skilled occupations to a greater extent than the Great Britain average. In 2009 13.9 per cent of the city’s employment was in Elementary occupations and 21.1 per cent was accounted for by Process plant and machine operatives, compared with 11.1 per cent and 17.8 per cent respectively in Great Britain. Personal service occupations and Sales and customer service occupations also comprise larger shares of employment in Coventry than nationally.

At the opposite end of the occupational spectrum, Professional occupations account for a larger than national average share of total employment in Coventry (15.3 per cent) in 2009. The two universities help contribute to this. Coventry University is a member of the Million Plus group of large urban post 1992 universities. It has 19,020 undergraduate students (HESA data for 2009/10). Of particular significance for this research is that it has a city centre location. The University of Warwick was established in the 1960s. It now has 19,120 undergraduate students (HESA data for 2009/10) and is a member of the Russell Group of twenty leading UK universities. Importantly for this research, it occupies a campus location on the south-western outskirts of Coventry, straddling the boundary with Warwickshire.

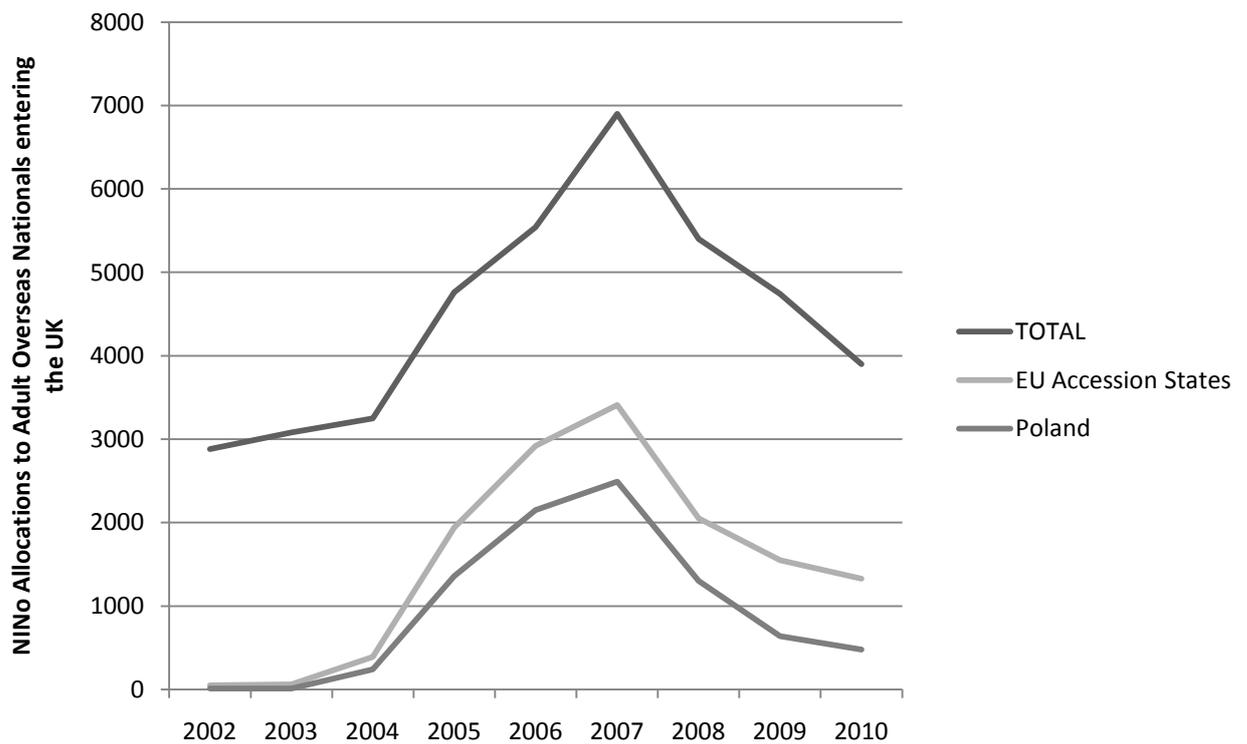
Coventry and the Coventry and Warwickshire sub-region saw substantial inflows of migrant workers from Eastern and Central Europe from 2004, although the numbers of new arrivals declined with the recession (as outlined in section 1.1). It is difficult to measure the volume of flows and stocks of migrant workers accurately at local level, but one of the most comprehensive proxies available of new arrivals each year is from NINOs allocated to overseas nationals.<sup>7</sup>

Figure 2 shows the trends for Coventry over the period from 2002 to 2010, showing the total number of NINO allocations to overseas nationals, those from EU Accession States and those from Poland. It is clear that migrants from the EU Accession States were the main driver of increase from 2004 to 2007. At the peak in 2007, nearly 53 per cent of NINO allocations to overseas nationals were to those from the EU Accession States, and the majority of these were from Poland – hence the particular focus in this research on Polish migrant workers. The rise in migrants from EU Accession States from 2004 to 2007 was more marked in Coventry than across the UK as a whole. The subsequent decrease in 2008 and 2009 was also more marked than across the UK, but by 2010 this pattern was no longer apparent. It should be noted that the trends shown in Figure 2 do not denote current stocks of migrant workers, which will be considerably greater than the NINO allocations shown.

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<sup>7</sup> The statistics are based on adult overseas nationals registering for a National Insurance number for the purposes of work, benefits or tax credit.

**Figure 2 National Insurance Number Allocations to Adult Overseas Nationals entering the UK – Coventry, 2002-2010**



Source: National Insurance Number Allocations to Adult Overseas Nationals entering the UK, DWP

Note: Data for 2010 cover the period to September 2010 only

## 1.5 Scope and structure of the report

This report presents a synthesis of findings from the different elements of the research, placing student and migrant employment in the context of labour market dynamics and restructuring. It highlights issues of actual/potential displacement of less skilled local residents and associated implications for skills development, employability, retention and progression in one city.

The report begins by outlining the changing labour market context, focusing on the impact of recession, trends in low skilled employment and providing background to recent growth in, and the profile of, student and migrant worker employment (chapter 2). Chapter 3 introduces and discusses the concept of employability, which is of central concern to the UK's skills and employment policy agenda (BIS, 2010b, 2010c; Department for Work and Pensions, 2009). The next two chapters highlight different aspects of employability. Chapter 4 is concerned with the process of getting a job. In chapter 5 reference is made to the 'low pay, no pay' cycle, temporary employment, the vulnerability of low skilled workers to economic change and perceived skills gaps of low skilled workers as issues for sustaining employment and in relation to opportunities and aspirations (or otherwise) for progression and training in work. Chapter 6 discusses key issues of displacement, segmentation and complementarities. Chapter 7 sets out the conclusions and challenges arising from the research, with particular reference to opportunities for low skilled people and the implications for training and skills development.

## 2 Changing labour market context

This chapter outlines the context for the research. First it sets out the economic context in which the research was conducted, with particular reference to the impact of recession (section 2.1). The focus then shifts to trends in low skilled employment in light of medium-term labour market trends (section 2.2). The background to growth in student and migrant worker employment is then considered and key features of the occupational and sectoral profile of such employment are outlined (section 2.3).

### 2.1 Economic context: the impact of recession

The UK witnessed fifteen years of continuous job growth up to 2008. It then experienced the worst recession since World War II in terms of decline in output. Reductions in employment in the 2008/9 recession have been less than in previous recessions (Gregg and Wadsworth, 2010), but this means that, because of under-used labour, growth can occur as the economy recovers without extra jobs being created. This has important implications for people seeking employment (especially young people) or looking to change jobs, as well as for employers' strategies to fulfil their staffing and skills requirements in a context of fragile growth.

In the light of the 'credit crunch', initially it was expected that the main impact of the 2008/9 recession would be felt by the middle classes in London and other parts of the Greater South East, reflecting the concentration of financial services employment in these areas. However, contrary to initial expectations, it seems that London has fared better in the 2008/9 recession than expected, and part of the explanation for this is the over-representation of professional jobs in London compared with other regions (Overman, 2011). By contrast the West Midlands (where Coventry is located) was one of the regions that was hardest hit (Green *et al*, 2011), as noted in section 1.4. Across the UK the employment of the lowest qualified,<sup>8</sup> which was formerly stable at around 60 per cent, fell by 4 percentage points during recession, almost double the national average. Manufacturing and construction were the sectors that were hardest hit by job losses in the recession, and while some service sectors, such as retailing, also saw job losses these were much less marked than for manufacturing and construction (Gregg and Wadsworth, 2010). These employment trends highlight the uneven impact of recession and show that low skilled people have been particularly vulnerable, as in previous recessions.

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<sup>8</sup> The lowest qualified are defined here as those who have not obtained a minimum of a C grade at GCSE or equivalent.

## 2.2 Trends in low skilled employment

Skills are a key contributor to economic and social success at individual and macro levels. They can be measured in various ways – such as:

- achievement of competence (e.g. as certified by a qualification)
- how competence is used (e.g. by occupation);
- level of competence (e.g. relative ability and levels of execution).

In relation to qualifications, those people with no qualifications and with qualifications at levels below five GCSEs at grades A\*-C are classified as having 'low skills'. In terms of occupations, elementary occupations and process, plant and machine operatives have the highest proportion of workers with low skills (as defined in terms of qualifications). Other occupations associated with relatively low skills levels include personal services occupations, sales and customer service occupations, and administrative and secretarial occupations.

Over time the stock of skills in the UK (as measured by individuals' highest qualification level) has been increasing. Conversely, the proportion of the working age population with no qualifications has declined steadily.

Continuing a medium-term trend, there has been a marked increase in employment in managerial, professional and associate professional and technical occupations; these occupations accounted for 43 per cent of total employment in 2008, compared with 39 per cent in 2002. Over the same period the employment shares of elementary occupations and process, plant and machine operatives had declined from 21 per cent to 19 per cent. However, other occupations – notably personal service occupations – associated with low skills have seen, and are projected to see, substantial increases in employment (Wilson *et al.*, 2008), with a growth in jobs in some aspects of health care, security, cleaning, food preparation and restaurant and bar work (UK Commission for Employment and Skills, 2010). Many of these jobs are associated with relatively high levels of turnover. Hence there is a continuing demand for people to fill low skill jobs through replacement demand requirements,<sup>9</sup> as well as to meet expansion demand<sup>10</sup> in some occupations and sectors.

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<sup>9</sup> Due to labour turnover as people move from one job to another and as workers retire.

<sup>10</sup> Net growth (or decline) in employment.

This continuing demand for people to fill low skill jobs has been cited in debates about the 'polarisation of work' (Goos and Manning, 2007). This describes a tendency towards a 'hollowing out of the middle' of the jobs distribution between those that are stable, well-paid and skilled on the one hand and those that are unstable, poorly paid and low skilled on the other. Compared with other European countries, this trend is particularly evident in the UK (Eurofound, 2007). Despite this, it is evident that recession and restructuring has hit those with low or no qualifications particularly hard (as outlined in section 2.1) and there has been a net reduction in the demand for unqualified labour over the medium term (Wilson *et al.*, 2008). Importantly, while higher skilled people can 'bump down' in the labour market to take less skilled work, those with low skills are confined to particular segments of the labour market by their lack of skills and so are limited to competing to only a subset of all jobs available.

The medium-term sectoral shift in the profile of employment from manufacturing to services has had a marked impact on the profile of employment opportunities available for those with low skills. Atkinson and Williams (2003) suggest that there are two distinct low skilled labour markets. The first is composed of traditional, blue-collar, largely male, full-time employment based on manual, operative, assembly and process work in manufacturing. Pay in this sector is high relative to other types of low skilled work. However, this is a shrinking sector, particularly due to technological change. The second low skill labour market is composed of non-manual, predominantly service sector employment, often requiring flexible working and involving customer-facing jobs in the retail, hospitality and leisure industries, but also including cleaning, transport, security and related jobs. This second low skilled labour market is characterised by more female and part-time workers than the first, and (as outlined in section 2.3) increasingly by students. Moreover, this low skill labour market is expanding and pay levels are uniformly low.

Hence there have been and are important ongoing changes in:

- the occupational profile of low skilled jobs;
- the sectoral profile of low skilled jobs;
- the working arrangements for low skilled jobs – including the number of hours worked and when they are worked;
- the quality of low skilled jobs;
- the attributes and skills required to perform such jobs.

The key issues for low skilled employees in both the first and second of the labour markets described above are whether these jobs are sustainable and offer opportunities for development (see chapter 5). In relation to this, Atkinson and Williams (2003) identify two possibilities. The first is that these jobs are stepping-stones to better paid more stable employment. The second is that these jobs are essentially 'poor jobs', sometimes not providing sustained employment and often offering little opportunity for advancement, and when progress is made, it is not very substantial. The evidence from the literature suggests that current developments in the UK economy, particularly in relation to insecure work in the service sector, represent a break from a more secure past.

Research by Kenway (2008) has shown that almost half of the men and a third of the women making a new claim for Jobseekers' Allowance (JSA) had last claimed that benefit less than six months previously. Similarly, Harker (2006, p 40) found that almost 70 per cent of JSA claims were repeat claims, with 40 per cent of claimants who moved into work returning to benefit within six months (National Audit Office, 2007). The 2008/9 recession led to an increase in the rate at which people were making JSA claims, and a decrease in the rate at which people entered insecure employment (Goulden, 2010).

Green *et al.* (2007) and Gregory (2000) found that not only are people in low skilled employment more likely to become unemployed, but that they are prone to 'cycling' between employment and unemployment. Once someone has been out of work, they are more likely to re-enter work in a low skilled, low-paid, insecure occupation. More recent research by Ray *et al.* (2010) has reiterated the difficulty of moving out of the low pay, no pay cycle. Quality of employment matters in reducing cycling (Tomlinson and Walker, 2010), and here employers play an important role (Metcalf and Dhudwar, 2010). In addition, Lindsay and McQuaid (2004) found that as well as movement between work and unemployment, frequent horizontal moves between similar jobs were common amongst those working in low skilled employment, and these precluded people from undertaking training to improve their skills and prospects for progression within work.

## **2.3 Student and migrant worker employment**

### **2.3.1 The rise in student employment**

Student employment has increased over recent decades. Along with the structural changes in labour markets and ways of working that provide the context for this, the main drivers of increased student participation in paid work alongside full-time study have been twofold: widening access to higher education (HE) and the increasing diversity in the full-time student population that this has promoted, and changed funding of HE, which shifted greater responsibility for covering the costs of HE from the state to individual learners, with students paying for their education in arrears and increasingly incurring debt during the course of their studies.

Previous generations of students frequently had vacation jobs, particularly in the seasonal industries of hospitality, catering, tourism and food production related to agriculture. Latterly, the increase in part-time service sector employment has provided opportunities for students, who in the face of the higher costs of HE participation and higher levels of debt, have increasingly taken on paid work in parallel with their course work during term time (Humphrey, 2006; Callender and Wilkinson, 2003; Metcalf, 2003). In sectors such as retail and catering there is fluctuating demand for flexible labour in low skilled work all year round and there is evidence to suggest that students from disadvantaged backgrounds are more likely than 'traditional' students to do such paid work alongside their studies<sup>11</sup> (Moreau and Leatherwood, 2006; Callender, 2006; Hunt *et al.*, 2004; Felstead *et al.*, 2003, Pitcher and Purcell, 1998). By the mid 1990s, part-time employment was one of the fastest growth areas of youth employment, particularly among students (Coles 1995). This growth in student employment suggests that unqualified young people, competing for a smaller number of full-time jobs in sectors which traditionally recruited youth labour (Furlong and Cartmel, 1997; Williamson, 1997; Wyn & White, 1997), were disadvantaged by student competition for jobs at the turn of the century (Canny, 2002: 277-278), and are likely to be increasingly disadvantaged in line with the growing density of student employment during term time.

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<sup>11</sup> Labour Force Survey analyses suggest that these are easily the two most important sectors for student employment (see section 2.3.3 for further details of analyses of LFS data conducted for this research).

There is evidence from the graduate labour market studies of the 1990s and the early years of the last decade of graduates 'growing' non-graduate jobs and increasing recognition of employers who traditionally did not seek to recruit graduates that inadvertently-recruited graduates offered more than their previous less-qualified recruits, thereby changing the nature of employer demand (Mason 2002). Insofar as such evidence is indicative of a trend, it is likely that the employment and promotional prospects for unqualified young people have been further adversely affected by the recruitment of students into jobs they traditionally entered. (Canny, *op. cit.* p 278). Sustained empirical support for this proposition has not been available for the UK, but research in the Netherlands points to a substantial displacement of lower skilled job seekers by students in the retail and hospitality sectors in particular (Hofman and Steijn, 2003).

Moreover, there is evidence from IER's Futuretrack study (a longitudinal study of the cohort who entered HE in 2006) that the amount of work undertaken by students is increasing. Around two-thirds of this cohort engaged in paid employment either during term time, during vacations or both during their studies, with almost half (47 per cent) of all students in their final year doing paid work during term time. The average hours worked increased between the students' first and final year, from 8-9 hours per week to 12-13 hours per week.

Changes in funding arrangements have also ushered in another transformation, which is the increasing numbers of students studying in their home towns and regions, particularly those from relatively disadvantaged backgrounds who remain at home as a cost saving measure and who undertake paid employment to further offset the cost of HE. The evidence from Futuretrack suggests that this has particular implications for student employment during term, as students living at home have been found more likely to have regular part-time employment that they maintain from prior to HE entry throughout their university and college careers (Purcell *et al.*, 2009).

There is considerable pressure on students to obtain employment experience in the course of their studies for employability as well as financial reasons. Exhortation to acquire proof of having 'employability skills' is widespread and there is evidence that employers prefer and give preference to those who can provide such evidence (AGR 2010, CBI, 2008). This has certainly been amplified in line with a significant increase in graduate unemployment among recent graduates since 2007/8 which has risen at a faster rate than unemployment as a whole, although it still remains substantially below that of less well-qualified.<sup>12</sup> There has been evidence for some time that employers have been increasingly engaging in 'careful recruitment' (Koene *et al.* 2004) and from the responses of final year students in the Futuretrack study, students are using these jobs as stepping stones into higher-skilled jobs. Government encouragement to support the introduction of work experience generally, and graduate internships in particular, may have the unintended consequence of reducing prospects for those unable to take advantage of such opportunities, particularly those who are less highly qualified.

Apart from Canny's (2002) work, there had been virtually no examination of the impact on employment opportunities for low skilled workers as a result of student economic participation. An exception of relevance here is a preliminary study by Munro *et al.* (2009) of student concentration in primary urban areas, in which they did address the question of whether there was evidence that they had displaced less advantaged job-seekers. They found that students tended to be 'compartmentalised' in particular parts of the labour market and their analysis throws light on the issues that might enable a more detailed investigation of where and when student workers reduce or enhance labour market opportunities for others in a local area. They suggested that by engaging in the labour market, students may create jobs as well as take them, but that the effects are likely to vary over time and space, depending on economic circumstances and labour market conditions, and that there are bound to be winners and losers among different groups and interests. Further detail of the kinds of jobs and contexts within which different labour market groups are employed is required.

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<sup>12</sup> See <http://www.statistics.gov.uk/cci/nugget.asp?id=1162>

### **2.3.2 The role of migrant workers in the labour market**

Migration policy (at EU and national levels) sets the legal framework for migration flows and for recording of particular types of moves. In terms of migration policy there is an important distinction for the UK between 'free movement' in the EU and 'managed migration policy' which is targeted at addressing skills shortages and covers countries outside the EEA. The main concern here is with the 'free movement'; in particular the migration to the UK heralded by the expansion of the EU to include Member States from Eastern and Central Europe (notably Poland) in 2004 and 2007; (the importance of this migration flow was highlighted in section 1.4 (see Figure 2)). Such migrants can work in low skilled as well as higher skilled jobs; the primary emphasis here is on the former.

According to neoclassical economic theory, migration (and subsequent return) decisions are based on individuals' rational assessment about how to maximise earnings from employment over a period (i.e. an individual would move for a more lucrative job and then return once target earnings have been achieved or economic conditions have improved) (Sjaastad, 1962). The large inflows of Eastern and Central European migrants to the UK in the period from 2004 to 2007 coincided with a buoyant labour market in the UK, much higher unemployment rates in key migrant source countries than the UK, while exchange rate differentials favoured migration to the UK.

Buffer theory suggests that migrant workers will return home at a time of recession, so freeing up jobs for the local population (Dobson *et al.*, 2009). There is evidence of a reduction in inflows and an increase in outflows during recession,<sup>13</sup> but social networks continue to exert an influence on migration flows, with some people moving primarily for non-economic reasons to be with friends and family and taking up work on arrival (Epstein, 2008; McGovern, 2007). Eastern and Central European migrant workers remain an important component in the UK labour market – especially in some local areas (Bauere *et al.*, 2007). This has potentially important implications for the impact of migrant employment on low skilled people.

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<sup>13</sup> Data on the total number of NINo allocations to adult overseas nationals in the UK reveals a substantial year-on-year increase in migrant workers from just over 346,000 in 2002/3 to just over 733,000 in 2007/8, and thereafter a declining trend to around 573,000 in 2009/10. Migrants from Eastern and Central Europe have been the key driver in these changing trends.

An influx of migrant workers into a national or sub-national labour market constitutes a supply-side shock. This can have both positive and negative economic and labour market impacts; migrant workers can either 'complement' or 'displace' local UK workers through substitution. Possible positive economic impacts of migration include mitigation of labour and skills shortages; an increase in levels of employment; enhanced productivity; increased output; and additional demand for goods and services. However, economic and labour market theory also suggests that labour market impacts of migrant workers could be negative. A preference for migrant workers may lead to 'displacement' of local UK workers - so leading to a reduction in employment rates and increases in rates of unemployment and inactivity. Such negative impacts would be expected to fall disproportionately on those in sectors and occupations where migrant workers are concentrated. A further possible negative labour market impact is that migrant workers could be used to suppress or reduce wage levels, so making the jobs concerned increasingly unattractive to some potential applicants – particularly at the less skilled end of the labour market. The use of migrant workers in this way could help employers in pursuit of a low cost business strategy by keeping costs down (at least in the short-term), but may also perpetuate a situation of low skills equilibrium (Green *et al.*, 2010).

Analyses of Labour Force Survey (LFS) and administrative data sources (e.g. Clancy, 2008; Wilson and Phillips, 2009; Coleman, 2010) reveal that relative to UK-born workers, migrant workers are disproportionately concentrated in Agriculture; some parts of Manufacturing (notably Food Processing); Hotels & Restaurants; Transport, Storage and Communication; and Health and Social Work. Occupationally, there is evidence from both the UK and Ireland that recent migrant workers from Eastern and Central Europe are increasingly segmented in less skilled occupations, with potential consequences for employment opportunities for low skilled people (Green *et al.*, 2010; Turner, 2010). Indeed, data released by the Office for National Statistics in May 2011 revealed that in the first quarter of 2011 one in five workers in low skilled occupations were born outside the UK, up from one eleven in 2002. Most of the increase in non UK workers in low skilled jobs was from A8 countries (Office for National Statistics, 2011). The occupational and sectoral profile of migrant employment is explored further in section 2.3.3.

The uneven sectoral and occupational distribution of migrant employment can be explained with reference to characteristics and segmentations in labour supply; characteristics, dimensions and determinants of employer demand; and employers' recruitment practices (Anderson and Ruhs, 2010). In terms of labour supply characteristics, Anderson and Ruhs (2010, p. 27) emphasise that: "Potential workers are differentially constrained and have different frames of reference". In practice, this means that motivations to work in particular types of jobs vary: what might be acceptable for some potential workers may not be acceptable for others – especially at the lower end of the labour market. Consequently, while a low paid job, with unsocial hours, few prospects for development and uncertainty about whether it will continue beyond the short-term is likely to be unattractive to many job seekers, it can be acceptable to others or even be considered to have advantages over employment that requires greater flexibility or longer-term commitment (for further discussion see Belt and Richardson, 2005; Lindsay and McQuaid, 2004).

In terms of labour demand, employers will seek to recruit workers who meet the skill requirements of the job. These will include formal qualifications (as necessary), but also attributes and characteristics (i.e. employability or soft skills). Employers will compare the skills and employability attributes of local low skilled people and migrant workers. Employers' recruitment practices are important in influencing who is recruited. A number of factors may be influential here (as discussed in chapter 4). For instance, employers may 'stereotype' rather than assess candidates on their own merits. There is considerable evidence from research involving employers that migrant workers are perceived to 'work harder', have a 'better work ethic' and be 'more reliable' than local UK workers (Dench *et al.*, 2006; Green *et al.*, 2008; Lloyd *et al.*, 2008; House of Lords, 2008; Danson and Gilmore, 2009; Mackenzie and Forde, 2009). It has been suggested that these attributes stem from migrants' different frame of reference and consequent willingness to meet the employers' terms.

So what have been the labour market impacts of migrant workers? Early studies of the economic and labour market impacts of A8 migration to the UK suggested that the overall impact on the UK economy and labour market was limited but positive (TUC, 2007). Analyses have tended to find no discernible statistical evidence to suggest that migration from Eastern and Central Europe has been a contributor to the rise in claimant unemployment in the UK (Portes and French, 2005; Gilpin *et al.*, 2006; Wadsworth, 2007; Blanchflower *et al.*, 2007; Coats, 2008; Lemos and Portes, 2008; Home Office, 2008). Rather the evidence seems to suggest that migrants tended to go where labour demand is buoyant and are taking up the slack in the labour market and growing the economy.

However, in 2008 the House of Lords Select Committee on Economic Affairs (2008) described a less positive picture, suggesting that there was no evidence for the argument that net immigration generated significant economic benefits for the existing UK population. What is clear is that UK workers whose employment opportunities may be limited by relatively poor skills are most likely to be vulnerable to any negative impacts of migrant workers, and it is here that any measurable impacts shown by quantitative analyses are most likely to be felt (Wadsworth, 2010).

### **2.3.3 The occupational and sectoral profile of student and migrant worker employment**

Insights into student and migrant employment profiles by occupation and sector are available from the LFS. Targeted analyses of national and regional LFS data were undertaken to inform the selection of sectors on which to focus on for the primary data collection elements of this research. For purposes of analysis categories of interest were defined as follows:

- students – full-time university students working during term-time aged 19-24 years who are part-time employees;<sup>14</sup>
- migrant workers – those born outside the UK.<sup>15</sup>

Rather than focus solely on all migrant workers, of particular interest here were relatively recent arrivals (i.e. those arriving from 2004 onwards<sup>16</sup>) to the UK from Eastern and Central Europe (the so-called A8<sup>17</sup> and A2<sup>18</sup> countries), since these migrants are most likely to be concentrated in low skilled jobs (Green *et al.*, 2010). These migrants are more likely than recent non-EEA migrants to be working in lower skilled jobs due to restrictions placed on immigration of lower skilled workers from outside the EEA.<sup>19</sup>

In order to increase the size and robustness of the LFS sample for analytical purposes we pooled non-overlapping quarters to derive data for three time periods:

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<sup>14</sup> This is the closest proxy from the LFS for university students working during term time.

<sup>15</sup> In the UK, migrants may be described either by their country of birth (i.e. non-UK born) (this is the Office for National Statistics preferred definition) or their nationality (non British nationals). The latter definition is often used for policy purposes, but can be more ambiguous than the former given that it is possible to change nationality and some people hold more than one nationality. The country of birth definition builds on previous research undertaken by the Institute for Employment Research on migrant workers (Green *et al.*, 2010).

<sup>16</sup> The UK opened its borders to migrants from eight Accession countries in eastern and central Europe in 2004.

<sup>17</sup> The 'A8' countries are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia,

<sup>18</sup> The 'A2' countries, which joined the EU in 2007, are Bulgaria and Romania.

<sup>19</sup> Through the Points Based System and more recently the immigration cap.

- 2004-2006 (pooling 2004 quarter 1, 2005 quarter 2 and 2006 quarter 3)
- 2007-2010 (pooling 2007 quarter 4, 2009 quarter 1 and 2010 quarter 2)
- 2004-2010 (pooling the data from the six quarters identified above)

The largest sample (i.e. for 2004-2010) is used to outline the main features of the profile of student and migrant employment at UK level, making reference to any notable differences evident between the two time periods (the latter covering recession) and between the West Midlands and the UK.

Table 1 shows the occupational profile of students and migrant workers. Over three-quarters of students working part-time in the UK are working in Sales & customer service occupations (accounting for 41 per cent of student employees) and Elementary occupations (with 35 per cent of student employees). In the West Midlands there is a similar occupational profile, although the concentration of student employees in these two occupational groups is slightly lower. Comparison of the two time periods – 2004-2006 and 2007-2010 – suggests that student employees have become slightly less concentrated in these occupations.

**Table 1 Occupational profile of employees in the UK, 2004-2010**

SOC Major Group	Students	Migrant workers A8 & A2 2004f	Migrant workers - all non-UK born	All UK born	All employees
	col. %	col. %	col. %	col. %	col. %
1 Managers & senior officials	1.6	2.9	12.8	15.0	14.7
2 Professional occupations	1.4	2.9	16.5	12.6	13.0
3 Associate professional & technical	4.7	3.5	14.6	14.1	14.2
4 Admin. & secretarial	7.2	4.0	9.6	13.6	13.1
5 Skilled trades occupations	1.3	11.5	6.7	8.5	8.3
6 Personal services occupations	6.6	7.3	8.7	8.5	8.5
7 Sales & customer service occupations.	41.1	3.5	7.1	8.7	8.5
8 Process, plant & machine operatives	1.0	21.6	7.3	7.1	7.1
9 Elementary occupations	35.2	42.9	16.7	11.9	12.4
Total	100.0	100.0	100.0	100.0	100.0

Base: Employees

Source: LFS pooled data 2004-2010

Two-thirds of recent migrant workers born in A8 and A2 countries are employed in Elementary occupations (43 per cent) or are working as Process, plant & machine operatives (22 per cent). These proportions are considerably higher than the shares for all non – UK born migrant workers. The employment profile of all migrant workers is bipolar - they are concentrated more concentrated in both Elementary and Professional occupations than UK-born workers. Note that this greater than average concentration in Professional occupations is not evident for recent A8 and A2 migrant workers. In the West Midlands the share of recent migrants born in A8 and A2 countries working in Elementary occupations is slightly higher than the UK average. As in the case of the students, the trend towards concentration of migrant workers in Elementary occupations has diminished slightly, and some growth is evident in the shares employed in Administrative & secretarial and Skilled trades occupations.

It is clear that the both students and recent migrant workers born in A8 and A2 countries display markedly different occupational profiles from the UK average. A key feature of this difference is their concentration in low skilled occupations. Table 2 shows the relative sectoral profile of employees in low skilled occupations. Over 70 per cent of students employed in low skilled occupations are in two sectors: Wholesale, retail & motor trade and Hotels & restaurants.

**Table 2** Sectoral profile of employees in low skilled occupations in the UK, 2004-2010

Sector	Students	Migrant workers A8 & A2 2004f	Migrant workers - all non-UK born	All UK born	All employees
	col. %	col. %	col. %	col. %	col. %
A: Agriculture, hunting & forestry	0.3	2.1	0.6	0.8	0.8
B: Fishing	0.0	0.0	0.0	0.0	0.0
C: Mining, quarrying	0.0	0.1	0.2	0.4	0.4
D: Manufacturing	1.4	29.6	13.5	11.2	11.4
E: Electricity gas & water supply	0.2	0.2	0.3	0.6	0.6
F: Construction	0.3	2.4	2.1	3.9	3.7
G: Wholesale, retail & motor trade	45.4	15.2	18.1	21.4	21.0
H: Hotels & restaurants	25.9	13.4	11.7	6.0	6.6
I: Transport, storage & communications.	2.0	12.1	10.0	8.8	8.9
J: Financial intermediation	1.7	0.6	2.9	3.9	3.8
K: Real estate, rent & business activities	4.7	8.7	11.1	8.1	8.5
L: Public administration & defence	0.9	0.5	3.9	6.7	6.4
M: Education	2.3	1.3	5.6	8.4	8.1
N: Health & social work	5.7	7.4	14.5	13.8	13.9
O: Other community, social & personal activities	9.3	5.1	4.2	5.7	5.6
P: Private households with employees	0.0	1.1	1.1	0.3	0.4
Q: Extra-territorial organisations	0.0	0.1	0.2	0.0	0.1
Total	100.0	100.0	100.0	100.0	100.0

Base: Employees

Source: LFS pooled data 2004-2010

Note: Low skilled occupations are defined here as SOC Major Groups 9, 8, 7, 6 and 4.

Relatively large shares of migrant workers born in A8 and A2 countries who arrived in the UK since 2004 working in low skilled occupations are employed in Hotels & restaurants, albeit less markedly so than students. There is also a large share in Manufacturing, which, as Table 2 shows, accounts for nearly 30 per cent of employment for this sub-group, compared with just over 11 per cent nationally. This is a sector from which students are virtually absent.

The location quotient<sup>20</sup> values in Table 3 show the relative concentration of the different groups in low skilled occupations by sector, irrespective of the volume of employment in each sector.

<sup>20</sup> The location quotient is a number allowing comparison of a sub-group's or area's proportion of jobs in a particular sector vis-à-vis a benchmark area (in this instance the UK average). A location quotient value of greater than 1.00 indicates that a sub-group or sector is more concentrated (i.e. over represented) in a sector vis-à-vis the benchmark, whereas a value of less than 1.00 is indicative of under representation vis-à-vis the benchmark average. A value of 1.00 is indicative of equal shares.

**Table 3** Relative sectoral concentrations of employees in low skilled occupations in the UK, 2004-2010

Sector	Students	Migrant workers A8 & A2 2004f	Migrant workers - all non-UK born	All UK born	All employees
	LQ	LQ	LQ	LQ	LQ
A: Agriculture, hunting & forestry	0.38	2.76	0.73	1.03	1.00
B: Fishing	0.00	0.00	0.43	1.07	1.00
C: Mining, quarrying	0.00	0.41	0.48	1.07	1.00
D: Manufacturing	0.12	2.59	1.18	0.98	1.00
E: Electricity gas & water supply	0.28	0.40	0.61	1.05	1.00
F: Construction	0.07	0.65	0.56	1.06	1.00
G: Wholesale, retail & motor trade	2.16	0.72	0.86	1.02	1.00
H: Hotels & restaurants	3.90	2.01	1.77	0.90	1.00
I: Transport, storage & communications	0.23	1.36	1.12	0.98	1.00
J: Financial intermediation	0.44	0.15	0.76	1.03	1.00
K: Real estate, rent & business activities	0.55	1.03	1.31	0.96	1.00
L: Public administration & defence	0.14	0.08	0.61	1.05	1.00
M: Education	0.28	0.16	0.69	1.04	1.00
N: Health & social work	0.41	0.53	1.05	0.99	1.00
O: Other community, social & personal activities	1.66	0.92	0.75	1.03	1.00
P: Private households with employees	0.07	3.19	3.03	0.74	1.00
Q: Extra-territorial organisations	0.00	1.38	4.29	0.58	1.00

Base: Employees

Source: LFS pooled data 2004-2010

Notes: Low skilled occupations are defined here as SOC Major Groups 9, 8, 7, 6 and 4.

The concentration of students in Hotels & restaurants is particularly marked. In addition to Manufacturing, recent migrant workers in low skilled occupations are also disproportionately concentrated in Agriculture (which is a small sector in terms of the volume of employment) and in Transport, storage and communication. This latter sector accounts for a greater share of employment for recent migrant workers in the West Midlands than in the UK as a whole. Although migrant workers born in A8 and A2 countries who arrived in the UK since 2004 are somewhat under-represented in Wholesale, retail & the motor trade vis-à-vis the UK average, this occupational group accounts for the second largest share of low skilled employment for these migrants, after Manufacturing.

On the basis of the analysis of this pooled non-overlapping LFS data from 2004-2010, hotels & restaurants, retail and manufacturing were identified as particular sectors to focus on in the primary data collection elements of the research. As noted in Table 3, both students and recent migrant workers from A8 and A2 countries are over-represented relative to the UK average in hotels & restaurants, students are over-represented in retail – which is also an important sector for migrant workers in terms of the volume of employment opportunities it provides, and migrant workers are over-represented in manufacturing. Moreover, these are sectors with relatively high proportions of low skilled employees in their workforces and as such are important sources of employment for low skilled job seekers. It was decided to include cleaners and packers (given the importance of warehousing and distribution in the Coventry and Warwickshire sub-region) in the primary data collection elements of the research also.

## **2.4 Overview and emerging themes for investigation**

There are several key themes that emerge from the previous sub-sections

- The medium term restructuring of the labour-market, in particular shifts to a more service-based economy, and the more recent recession have made employment increasingly precarious for lower skilled workers.
- There is a great deal of evidence concerning the increased participation of students in the labour market. Similarly, statistics show that there has been a large increase in the numbers of migrants from Eastern Europe working in the UK since 2004.
- Despite this coincidence of need - more students and migrant workers are looking for work and employers are seeking the skills and attributes that they offer – there is little conclusive evidence of displacement of lower skilled people from the labour market as a result.
- As well as looking at the extent to which students or migrants may take employment opportunities that would otherwise have gone to lower skilled workers, the existing evidence suggests that it is also important to look at the impact their employment has on the sustainability of lower skilled workers' employment and on their opportunities for progression.

- Lower skilled people are particularly vulnerable to intermittent unemployment – moving between insecure or short-term employment and job-seeking. It may be hypothesised that the availability of a flexible workforce willing to take short-term employment allows employers to conceptualise and advertise particular types of employment as being temporary. It is clear from previous research and from analysis of the broad labour market distribution of these groups that students, often explicitly seeking work only for the duration of their studies or for a period within that, or migrant workers who are by definition a mobile population, have often been willing to do short-insecure work requiring flexibility or other unattractive conditions of employment, and the effect may be that lower skilled people are forced to accept the same conditions if they want to find work.
- The literature indicated conclusively that lower skilled employment rarely offers opportunities for training or progression. At the macro level, dual labour market theory suggests an increasing polarisation between well paid, stable, high skilled jobs on the one hand, and lower paid, temporary, part-time and low skilled jobs on the other, and that few people will move between the two groups. At the micro level, there is a great deal of evidence that lower skilled people tend to be the least likely to be recipients of training, and in particular training aimed at progression to higher skilled employment. Is there evidence that the flexible, mobile, already comparatively highly skilled students and migrant workers depress the demand for training in some organisations and that their availability discourages employers from offering training to their employees, either because students and migrant workers are seen as being less in need of training, or because training them is regarded as a poor investment because of the built-in high turnover that such flexible workforce resourcing promotes? Again, despite recent significant changes in the profile of the low skilled workforce, there is very little current evidence to address these questions.

In the chapters that follow, new exploratory empirical data is presented to examine the ways that these different groups within the labour supply available to employers are integrated or segmented within a particular sub-region. An attempt is made to differentiate those impacts on labour market trends of student and migrant employment that are particular to the current economic context and those which are more enduring.

## 3 Employability

There has been a great emphasis in recent policy-making on employability, defined as the ability of an individual to secure, sustain and progress within employment. This chapter first outlines the concept of employability (section 3.1) before focusing in greater detail on employability skills with particular reference to low skilled people (section 3.2). The three elements of employability outlined above are used as an organising framework for presenting research findings in and chapters 4 and 5 which relate to getting a job, and keeping a job and progressing in a job, respectively, and so further insights into employability are presented there.

### 3.1 The concept of employability

Two decades ago the concept of employability was relatively obscure, but now it has a central place in labour market policies in the UK, the rest of Europe and beyond (McQuaid and Lindsay, 2005; Danson and Gilmore, 2009). Discussions of the concept of employability have noted that while it has a straightforward dictionary definition: ‘the character or quality of being employable’ and ‘the ability to be in employment’ (Belt *et al.*, 2010), by contrast, a working definition of the concept is more complex. In practice ‘employability’ has been used in different ways, such that it is a contested concept in terms of both theory and policy (McQuaid and Lindsay, 2005).

When the term ‘employability’ was first in widespread use it was often couched rather narrowly, with an exclusive focus on the supply-side, and with individuals’ skills at the centre of the concept. McQuaid and Lindsay (2005) make reference to a definition used by HM Treasury in 1997, in which individuals’ ‘skills’ and ‘adaptability’ to enter and remain in employment are emphasised. Yet the ability to enter and remain in employment is not a function of individuals’ skills alone: personal circumstances and external factors also play a role. In order to gain a more thorough understanding of individuals’ labour market experiences, labour market and policy analysts began to adopt a broader concept of employability (Hillage and Pollard, 1998). Building on this work, McQuaid and Lindsay (2005) developed a holistic broad framework of employability, encompassing all of the factors that influence an individual’s employability, with three components:

- individual factors – encompassing employability skills – including skills and attributes, personal competencies, qualifications and educational attainment, work knowledge base and labour market attachment and work history (see section 3.2), demographic characteristics, health and well-being, job seeking, and adaptability and mobility (including wage flexibility occupational flexibility, working time flexibility and geographical mobility);
- personal circumstances – embracing household circumstances (including caring responsibilities), work culture, and access to resources (including access to transport, access to financial capital and access to social capital);
- external factors – covering demand factors (such as the state of the macro economy, local labour market factors, vacancy characteristics and recruitment practices), and enabling support factors (including employment policy and other enabling policies in domains such as transport, childcare, etc).

Importantly, the different factors in this broad framework have multi-way interactions with each other.

As noted by McQuaid et al. (2005, p. 194), both narrow supply-side and broader holistic concepts of employability are of value. A narrow supply-side view of employability skills and attributes can help to identify relevant sets of skills and policies for certain people in particular circumstances – such as the people with low skills in Coventry who are a focus of attention here. A broader holistic view embraces consideration of labour demand, personal circumstances and other factors that influence the employability of particular people at a particular time in a particular place. This perspective highlights that employability is not solely about skills; other factors come into play too (as highlighted in chapters 4-6) and it is important that policy takes them into account.

### **3.2 Employability skills and low skilled people**

Belt *et al.* (2010, p. 3) define 'employability skills' as the set of basic/generic skills and attitudinal/behavioural characteristics that are believed to be essential for individuals to secure and sustain employment, and also to progress in the workplace. Hence, a focus on 'employability skills' concentrates attention on the assets and skills possessed by workers and job seekers on the one hand, and the extent to which these match the needs of employers on the other.

A situation of mismatch between the skills and assets possessed by the individual and those required by the employer may be referred to as 'skills mismatch' or 'skills deficiency'. The 2009 National Employer Skills Survey (NESS) showed that employers who stated that they had hard-to-fill vacancies were most likely to cite as reasons for this a lack of skills (52 per cent); lack of appropriate work experience (32 per cent); and lack of appropriate qualifications in the applicant pool (24 per cent) (Shury et al. 2010). In addition to these difficulties recruiting in the external labour market, the NESS also revealed skills gaps where members of the existing labour force are seen to lack the skills necessary to meet business needs. While recession and longer-term restructuring in the economy have hit people with no or low qualifications particularly hard (as outlined in chapter 2), a recurring theme from analyses of skills deficiencies a relative lack of employability skills amongst low skilled workers and the unemployed (Belt et al., 2010).

So what exactly are these 'employability skills'? The UK Commission for Employment and Skills (2009) consider them to be skills almost anyone needs to do almost any job. The underpinning skills identified are numeracy, literacy and basic IT skills – sometimes referred to as 'basic skills'. The key employability skills (sometimes referred to as 'soft skills') resting on these fundamental basic skills relate to attitudes and behaviours; most notably, self-management, thinking and solving problems, working together and communication and understanding the business.

Evidence from a variety of studies suggests that the sectoral shift from manufacturing to service employment has led to a greater emphasis on employability skills in low skilled job roles (Cullen, 2009). Keep and James (2010) have found that employers recruiting for lower skilled occupations are especially likely to emphasise soft and interpersonal skills and personality traits, while in a CBI report (2007) it is claimed that in recruitment decisions, employers gave an 80 per cent weighting to non-certified soft and generic skills compared to a 20 per cent weighting to skills amenable to certification.

Cullen (ibid) suggests that the nature of skills demanded by the expanding service sector, and hence the training required to become employable in this sector, are quite different to those demanded by other forms of work. Felstead et al. (2002), McDowell (2000), Warhurst et al. (2000) and Lash and Urry (1994) argue that due to the interactive nature of much of the work in the service sector, employers are increasingly looking for skills that enable employees to 'embody' the product of the organisation, particularly those related to interpersonal skills, personality and appearance – they need to both 'look good' and 'sound right' (Warhurst and Nickson, 2001). Importantly, research by Warhurst and Nickson (2007), Nickson et al. (2003) and Keep and Mayhew (1999) has found that these skills are not evenly spread throughout the population and are often related to social class.

This suggests that a substantial proportion of low skilled people may face a cumulative disadvantage. First, their absolute or relative lack of formal qualifications places them at a disadvantage in the employment stakes. Secondly, the increasing emphasis in many low skilled jobs on employability skills rather than on formal qualifications does not turn out unequivocally to be a plus point for them as initially might be expected, because employability skills tend to be positively associated with social class and formal qualifications. This places many low skilled people at a double disadvantage. Thirdly, in the face of competition for low skilled jobs from more highly qualified students and from migrant workers who are widely perceived to have strong employability skills, many low skilled people are again at a disadvantage in getting a job. Fourthly, employers have tended to be reluctant to invest in the development of generic employability skills, particularly for low skilled employees – and this might be especially so when students and migrant workers constitute an available, flexible and relatively skilled labour supply. This suggests that those people with no or low qualifications who are in work may have limited opportunities for the skills development which may help them in sustaining and progressing in employment.

The spectre of increasing entrenchment of labour market disadvantage is a stark one. The following chapters of the report draw on primary research with low skilled people (employees and unemployed individuals seeking work), students, migrant workers and employers in the Coventry area to gain insights into the situation in practice in the fragile economic circumstances of late 2010 and early 2011 when this research was conducted.

### **3.3 Overview**

There is increasing policy interest in employability. Adopting a broad definition encompassing individual factors, personal circumstances and demand factors the concept of employability provides an organising framework for understanding the nexus of issues involved in getting a job, keeping a job and progressing in a job. This dynamic perspective that getting, keeping and progressing in a job implies, highlights that employability is a continual process. Although the main focus here is on employability skills of low skilled people, a holistic perspective on employability emphasises the importance of context in understanding the challenges that low skilled people face.

## 4 Getting a job

This chapter draws on interview and focus group data to examine the process of getting a job. It covers this process from both supply side and demand side aspects. On the supply side, there are a range of potential barriers to lower-skilled people finding employment, including personal circumstances and preferences and lack of desirable skills or qualifications, and on the demand side, the recession and fragile economic circumstances have depressed demand for labour. Moreover, as outlined in chapter 2, the West Midlands have experienced some of the most substantial job losses in recent years of any part of Britain. From a longer-term perspective, on both the demand and supply side, despite equal opportunities legislation, patterns of job seeking and recruitment are defined and constrained by context and culturally developed custom and practice. Employers choose to recruit or eschew job seekers based on various characteristics, including skills, qualifications, attributes and experience, according to the available sources of labour they perceive as appropriate for particular jobs.

The chapter is structured in three main sections. First a supply side perspective is adopted, focusing on the nature and characteristics of jobs sought by people looking for low skilled work (section 4.1). Personal preferences and circumstances are considered here, including type of work, hours of work and desired wages, as well as barriers faced in finding work, focusing particularly on constraints on geographical mobility. Job search methods used are discussed, as are comments on the efficacy of different methods. Secondly, the attributes sought by employers are considered (section 4.2). This section draws on what employers said they were looking for when recruiting for lower-skilled work, identifying any skills deficiencies. Following this, the reasons employers gave for recruiting or not recruiting students and migrant workers are examined. The attributes that low skilled people, students and migrant workers thought employers were looking for in employees are reviewed also. Thirdly, employers' recruitment practices are discussed, with particular reference to whether, how and why they have changed in the light of economic circumstances. The implications for different sub-groups of job seekers are considered (section 4.3). Finally, the key messages from the chapter are presented (section 4.4).

## **4.1 Jobs sought by people looking for low-skilled work**

### **4.1.1 Dimensions of difference and similarity**

As discussed in chapter 2, different constraints faced by potential workers and their different frames of reference mean that motivations to work in different jobs vary, and what one person may consider an acceptable or even desirable job in the light of their particular circumstances may not be considered as an option or be found acceptable by another.

The jobs sought, or considered acceptable, by job seekers inevitably affects the types of job they will look for. Differences between students, migrants and lower skilled job seekers were evident when looking at the hours they wanted or were able to work and whether they were willing to take temporary employment. Lower skilled job seekers sought permanent employment, while students wanted temporary employment and migrant workers were more willing to consider temporary employment than local low skilled people. There was also some evidence of differences in sectoral and occupational preferences. Students were more likely to be working in customer-facing roles in retail and catering, while migrant workers were concentrated in manufacturing, distribution and cleaning. The majority of the lower skilled job seekers were looking for work in industries where they already had experience or work which they thought was similar or broadly similar to that which they had already done, as in the case of people who had worked in manufacturing and were seeking work in distribution.

### **4.1.2 Timing and volume of hours worked**

Although migrants were more likely than lower skilled job seekers to consider part-time work, they were similar in their preference for full-time work. All of the job seekers were looking for full-time work, although some said they would consider part-time work if this was all that was available, and all of the migrants who were working part-time stated that they would prefer to be working full-time. In one case, a migrant worker had taken two part-time jobs to bring her hours up to the equivalent of full-time.

I haven't got enough hours, so I had to get another job, in addition [to a cleaning job in a hotel]. I have to get up at 3:30 to get to my other cleaning job at 4:30 to work for two and a half hours just to make up the money. The pay is better in this job and they acknowledge the public holidays as well (Migrant worker)

Amongst the low skilled people in work, four were working part-time and in three of these cases this was their preference. While one simply preferred to work part-time, the other two were women who were fitting the job around their childcare responsibilities by necessity rather than choice. Similarly, students generally sought part-time work as this fitted around their studies.

There was also evidence of segmentation by time of day in the hours worked by the different groups. Both students and migrant workers were willing to work atypical hours, and this was recognised by employers, although the times at which they worked were different.

Generally, if you are looking at people in their thirties up, they are looking for more daytime work; work in the day, whereas students are quite prepared to work mornings, evenings, the unsocial shifts. Migrants seem to want to work anything, just to get a job. They will work wherever. We struggle to get more of our evening team people from our original base, which is just general English working class people (Retail employer)

Several of the students who participated in focus groups were working for their University directly or for campus-based services at their University. Students who were working with non-university employers were most likely to work at weekends and in the evenings. This fitted around their university commitments during the day, and also allowed some students to return home to continue working in jobs they had held before they entered higher education. Other students worked for large retailers who operated a scheme in which a student could work at a store near their University in term-time and then transfer to a different store near their home outside of term time. This was an attractive scheme for the students concerned, since they had a ready-made job when arriving at University, but from an employer perspective this could be “difficult to manage” in the context of staff reductions and the need to “work smarter” (retail employer). These students often worked alongside other higher and further education students and school students who had similar commitments.

The students who worked during the day on weekdays more often worked for university-based employers. These employers offered the most flexibility over the hours students worked and their location convenient to the university allowed students to work relatively small number of hours over several days. In many cases, this was a factor in the students seeking work with these employers. Indeed, it was clear that many of the services provided to the student population and on campus were substantially provided by, and enabled to operate flexibly over the fluctuating weekdays, terms and vacations, as a result of leanly-staffed organisational cores supplemented by students when required. Without students their operation could not function; when asked what the impact would be if the organisation could not employ students, one employer retorted: "Oh God – massive! We would not be able to deliver the service". Both universities included in the study recognised the strengths to their organisations and the importance to students of providing access to part-time work, to provide work experience and sources of income. The students spoke positively about this.

Because they are a university employer, they put your academic achievements first, and fit around your course. Say you're allocated a shift from 10am-2pm and you have a lecture from 11-12: they have to let you attend your lecture, so they find a substitute for the hour you're at the lecture and you just go and come back (City centre university student)

The majority of these students' co-workers were other students, although in some cases, they worked alongside non-students: in retail, cleaning, catering and accommodation services with local regular employees (many also working part-time) and in academic and student support services alongside essentially 'underemployed' graduates, some of whom had worked there previously as students and stayed on or become full-time employees and graduate administrators in more highly-skilled or responsible roles.

Among the non-university employers who employed students, student employees appear to have been either regarded as offering a great deal of flexibility over the hours that they worked, being particularly likely to be willing to do a small number of hours at short notice or to stay after their contracted hours, or to be regarded as unreliable due to the seasonal nature of their availability. While students themselves mentioned that they were flexible in the hours that they worked, and thought that employers appreciated this; some employers regarded students as being somewhat inflexible over their hours because their first commitment was to their studies. Two employers said that they would be unable to employ students during term time because they could not commit to full-time work or because they were unavailable at times when the employer needed them to work and to get the most from the students' flexibility involved more negotiation than might be the case with migrant workers.

The willingness of migrants to work unsociable or other atypical hours was more likely to be related to their general flexibility and readiness to do work that lower skilled workers would be unable or unwilling to do. Migrants were the most likely to be working nights or early morning shifts. In part, this reflects the sectoral distribution of migrant workers, with night and early morning work being particularly common in distribution and cleaning. Employers also noted that their migrant employees were always willing to stay after their shift had finished if they would earn more money doing so.

[At her retail employer, there are] a lot of Poles. Polish people tend to work the night shift (10 to 7) because British people won't work these hours and Poles will. You get more money on the night shift. A lot of Poles are doing training as well, at the universities and colleges. It is hard to get British people to even work past 6 o'clock. (City centre university student)

It was this that appeared to differentiate migrants from many other low skilled workers. There was a relatively high level of demand for night work amongst these job seekers, and the requirement for early-morning and weekend working was common in lower skilled work in all the sectors investigated, although it was organised differently in each of them, as discussed in chapter 6. Night work was preferred by some job seekers because the level of pay was often higher and by and large, it tended to offer full-time employment: permanent night shifts or scheduled weekly shift-working rather than the part-time hours offered in many unsocial hours work such as catering, cleaning or retail. Additionally, the Coventry area has been hit by cuts in two sectors where night and early morning working was common - in motor vehicle manufacturing and the Post Office. Employers in distribution and retail noted that workers who were previously employed in these sectors would request night or early morning shifts to maintain the working pattern they had been accustomed to.

#### **4.1.3 Wage levels**

Much of the work on the impact of migrant workers has suggested that migrant workers may be used by employers to drive down wage levels because migrant workers would be willing to work for less than a British worker. However, there was little evidence from the employers interviewed that employing migrants had enabled them to offer lower wages because they knew that they would be able to recruit a migrant worker to fill the position, although some of the job seekers believed that employers preferred migrants because they could pay them less.

I've always worked hard, never walked off on a job in my life or been sacked from a job in my life, but these Polish guys come over and they are willing to work for the minimum wage because it's three times their wage in their country. (Job seeker)

Them being here is stopping me getting a job because everywhere in Coventry, there is more minimum wage job and temp jobs but there aren't any full time jobs. They can get away with that because people will take it. I want to work, hate being out of work. Over the last 15 years, everywhere I have been, there have been more foreigners working in the warehouse than English people. [...] What I found was that the company and the agency who bring in all these foreigners in big blocks, groups, to work in the warehouse, the company gets a discount from the government to give them jobs (Job seeker)<sup>21</sup>

Nor was there any consistent pattern of clear differentials in wages earned, or sought by, migrant workers vis-à-vis other people interviewed who were working in lower-skilled jobs. While there was a group of migrants who earned at or near the minimum wage, those who were not in 'minimum wage jobs' earned quite significantly more than the minimum wage, with all of these earning at least £8 per hour. Despite this, one migrant worker noted that British people who had started at the company at the same time as he did had received pay rises which he did not receive and other migrants suggested that migrant workers would do the "least paid jobs, the ones that pay the minimum wage". A similar view was held by some of the job seekers who thought that they were unable to find work that paid what they considered to be the minimum rate of pay to meet their needs because migrant workers were willing to accept less. For example, one young unemployed British man considered that "a lot of them work for less than we would work". While other job seekers stated:

I couldn't live off a minimum wage job. I'd be getting myself in debt by working [...] I can't exist on the minimum wage like the way foreigners can. They live five people in a house, and they only pay £75 in rent and someone like me, with my bills, I can't do that (Job seeker)

It's cheap labour, the minimum wage. Well in their own countries, it's next to nothing that they can earn, so over here it's like they are millionaires (Job seeker)

The companies would rather employ them because they are saving money by only paying them the minimum wage (Job seeker)

When non-migrant lower skilled job seekers were asked the minimum rate of pay they would accept, most said that they would accept a job that paid the minimum wage: for example, one job seeker in his early 30s noted that he would want "£6 per hour or over, but I would take £5.85 – because it is more than JSA." Some questioned whether this would be enough to live on, and these respondents suggested that £7 per hour was needed to meet their basic living expenses.

I live in a one bedroom flat and I have to earn enough to pay my rent and my council tax and my basic bills a week. Anything less than £7.50 and I will be on the same as when I am on the dole (Job seeker)

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<sup>21</sup> This is not true, but is perceived to be so.

However, some job seekers with a specific job in mind indicated that they would want a much higher pay rate: one interviewee quoted a rate of “£11 per hour” for a job where he felt that the going rate was “£9-£12 per hour”, and noted that this would enable him to have a “normal life” in which he could “pay the rent and provide for my family”.

Pay was a particular issue when job seekers considered whether they were able to take temporary employment. Temporary employment, particularly when it was of very short duration, was thought to make claiming benefits complicated and job seekers noted that there was a risk that they could find themselves with less money if they became unemployed again, which, many believed, was not compensated for by the wages offered for minimum wage work.

When you sign on now, it takes the dole people three weeks to sort out your dole. If an agency rang me up and said we've got three days a week work for you, that's no good, because I've got to pay my rent, my council tax, my basic bills, and if I signed off the dole to take those three days a week work, and I've got to work a week in hand, it would take the dole three weeks to sort out my claim (Job seeker)

I've been asking about tax credits. I went to see an expert and asked if I took a minimum wage job, would I get it bumped up for my rent and my council tax? And she actually said “no because I have to be on the dole for six months before I can get any help to actually accept a job for the minimum wage”. I couldn't believe that. And she says “unfortunately that is how it is, you have to be on the dole for over six months before you can get any tax credits”. Because I was earning before. I said, “that's irrelevant. I'm willing to take a job, but I won't benefit because it's the minimum wage, but if I get help with my rent and my council tax, surely it will benefit the dole people for taking me off the dole and everything?” (Job seeker)

Students tended to be paid above the minimum wage (and tax exemptions mean that their take home pay is higher than for other employees working in lower skilled jobs), although many of those who participated in focus groups earned £6-£8 per hour. The higher paying student jobs were often those with university employers who offered higher wages and a higher degree of flexibility over hours, but this was at the expense of other benefits, such as overtime and holiday pay.

All groups tended to regard their pay as reasonable, but for students and migrant workers, whose flexibility over hours was prized by employers, working variable hours meant that their overall wages were unpredictable and could vary greatly. In the most extreme cases, the number of hours the employees worked in a week varied by up to 20 hours. The lower skilled workers, by contrast, emphasised the need “to know” what they would be earning and did not wish to have to cope with the uncertainty that some migrant workers and students tolerated because of their flexible working. Some would avoid job roles involving payment by commission for the same reasons, although lack of confidence in their ability to perform the role successfully was also a consideration here.

#### **4.1.4 Location of work and transport to work**

The location of employment and mobility of potential workers played a key role in determining whether a job was considered suitable. Almost all the job seekers and British lower skilled workers were dependent on public transport. Although most of the job seekers would be willing to travel within the Coventry area (and some would travel to Birmingham and Nuneaton (a town to the north of Coventry)), for some job seekers locations that were not easily accessible by bus were problematic unless the employer provided some form of transport. The cost of transport was also an issue; for example, one job seeker had worked for a week in Birmingham and had travelled by “the 900 bus” from Coventry, but commented that it took a long time: “the train would have been more convenient, but more expensive” (and so could not be contemplated). The cost of public transport could represent a significant deduction from a low hourly wage. Furthermore, having to pay this money to get to work before being paid was highlighted by one job seeking respondent as playing a role in his preference for work that was within walking distance.

It would be nice to work local, two miles. A walkable distance. [...] The difficult thing in going to Kenilworth [a town to the south of Coventry] or Nuneaton and you've worked there, you've got to get through the first two weeks, when you haven't got any money. Once you've got your car back on the road, you can travel to these places, once you've got your money coming in. It's the initial outlay of getting there. If I can walk to a job for two weeks and get paid, I've got my money then (Job seeker)

The students also had a preference for working in the immediate vicinity, although this was largely due to the convenience of being able to fit work in around lectures on campus. Even the students at Coventry University, located in Coventry city centre, often preferred to work on the university site. Several said that they would be willing to travel further, although only if they would earn more, particularly given the cost of travel, but it was also mentioned that there tended to be more competition for jobs outside the university.

Migrant workers were the most geographically mobile group, and travelled the furthest, with the majority driving to work. However, they were also the least likely to be satisfied with the location of their work, suggesting that while migrant workers tended to have more extensive job search areas, which may have given them more chance of finding work, this would not be their preference. Again, this underlines the flexibility of migrant workers. Employers tended not to care where employees lived, “as long as they can get in reliably” (employer in the distribution sector).

#### **4.1.5 Job search methods**

The Internet has had a strong influence on the process of job search in recent years; employers can advertise vacancies on the Internet, job applications may be submitted on the Internet and job seekers can search for jobs on the Internet. However, evidence from the LFS suggests while the Internet is used increasingly by job seekers for all types of jobs, it tends to be used most by, and for, higher skilled non manual jobs. Other job search methods, including Jobcentre Plus and social networks, remain important for lower skilled jobs (Green *et al.*, 2011).

When asked how they would find work in Coventry, migrant workers stated that the most appropriate methods were: through friends and family; agencies; going door-to-door asking employers for work; and the Jobcentre, a list which includes the three most common recruitment methods used by employers (see section 4.3). Students had a slightly longer list, but included asking friends, agencies (Internet based) and approaching employers directly, as well as using the Students Union, newspapers, websites and developing a permanent job from seasonal work or volunteering.

You need to know someone who works there already and who can go and ask for you. Giving a CV in is less good, and your CV might never be seen by the manager, but if someone who works there mentions directly that you are looking for a job, you will probably get an interview (City centre university student)

When lower skilled workers were asked how they found their current job, direct recruitment at the organisation was the most common source, with word of mouth, the local press, an agency and the Jobcentre also being mentioned. There were instances of interviewees having started working as temporary workers at their employer and having been offered permanent employment.

Although many of the migrant workers participating in focus groups had used agencies, they identified problems with agency work. Some migrant workers who worked through an agency thought that because they did not have a direct relationship with their employer they tended to be treated more poorly than non-agency workers.

You just get a thank you for hard work, not a bonus or anything. Once we got some wine from the agency. When there was a celebration [at the employing organisation] because it had been open a certain number of years, [they] gave glasses of champagne to the people they employed themselves, but the agency workers didn't get anything. The agency workers are treated differently (Migrant worker)

You can work for so many years and still not have any rights, not even minimum hours. Hotels don't want to be responsible, so they use an agency (Migrant worker)

Migrant workers also noted that non-agency workers tended to earn more per hour and have more guaranteed hours. They also questioned why, when they approached an employer directly, they were told to they had to apply through an agency. These issues concerning agency work chime with the findings of research by Rubery *et al.* (2010) which suggests that instead of a relatively simple employer and employee relationship, the reality for some workers, including agency workers, is far more complex. They note that this complexity has real implications for the access and quality of employees' experience of employment, skills and training.

Comparing the job search methods used by migrant workers and students to find work and those used by the unemployed job seekers who were looking for lower skilled work, the most obvious difference is in the greater reliance of the job seekers on more formal job search methods. The places where they were most likely to have looked for work were the Jobcentre and job search websites, which were also, along with employment and training centres, considered by the job seekers to be the most useful sources when looking for employment. Some of the job seekers specifically visited employment and training centres, along with local libraries to make use of the Internet, which they valued because of the number of vacancies they could access in this way. A few of the job seekers noted that: "If I had the Internet at home it would be easier to look for work." The local press was also commonly mentioned, although the need to act quickly to respond to vacancies was noted, as illustrated by the comment of one job seeker: "You'd have had to have the paper yesterday to get the job today – they [the jobs] are just snapped up". Agencies were mentioned by some job seekers but tended not to be considered very useful, except for temporary employment. Asking friends and family was mentioned by some job seekers, but, in some cases, did not appear to be considered a 'job seeking method'. Some unemployed job seekers had weak social networks to help them in this respect in any case. A minority of these job seekers mentioned making direct approaches to an employer.

While the Internet was valued by lower skilled people and migrant workers because of the volume of jobs that they could access in this way, the increased use of online recruitment and screening for lower skilled work was also seen as disadvantaging particular groups of job seekers, particularly those lacking basic English or computer skills generally or, in the case of migrants, those who had lower levels of formal English language skills. Conversely, it might be expected that this type of recruitment method would advantage students, because they are likely to have good English language skills, be confident in using IT and have greater access to Internet facilities at their university.

## **4.2 Attributes sought by employers**

### **4.2.1 Employer requirements and skill deficiencies**

Turning from a supply side to a demand side perspective, employers seek workers who will meet the skills requirements of the job in question and who are able to work the hours required for the pay offered. The skills they look for include evidence of transferable skills, if not formal qualifications or of relevant experience, which lower skilled people may lack.

Various authors (see for example Belt *et al.*, 2010 and Frogner, 2002) have suggested that lower skilled people may find it hard to find employment because of a mismatch between the skills they have and the skills and attributes employers are looking for. Additionally, there may be skills gaps within an organisation that are related to the ability of existing employees to carry out their jobs (Green *et al.* 1998). Generic skills have been found to be increasingly important to employers, particularly in the service sector (as outlined in chapter 3). The skills that employers who were interviewed for this research were seeking tended to be generic ones, with team-working, flexibility, continuous improvement and the ability to work hard being frequently mentioned, along with certain sector and job-specific skills such as dexterity.

Some of these constitute basic competence and organisational skills like communication skills, basic numeracy and team-working ability, but to the employers interviewed, many were 'soft skills', some of which might be – and indeed, were - thought of less as 'skills' than as 'personality characteristics', such as reliability and capacity for hard work, as the following examples illustrate.

You can teach anybody to work a till, it is more the attitude that you want. [...] We've always said that we recruit for personality and train for skills and that is really what it's all about. It's far better to have a great person who is happy to serve customers, than it is to have the most experienced, miserable checkout operator (Retail employer)

Well at a very basic level, you want someone who is reliable, who is going to turn up for the shifts they have said they will do, not phone up at the last minute “I can’t do it”. It’s a finally tuned process, if someone doesn’t turn up it throws everybody out, running around, trying to cover. It adds not only to my job but to everybody’s job. That’s why, like I said with the students, if they will sort it between themselves, and they will do it, hold each other to it, it’s one less stress (Hotel and catering employer)

We look for knowledge, of the UK, of the roads. Beyond that, we want people who are friendly, we’re a friendly company, you want people you can have a good laugh with, people who can take it as well as give it out. You want people who can fit in (Distribution employer)

The majority of employers were happy with the quality of applicants they had for lower - skilled work and with the workers they employed in lower skilled jobs. Several noted that the recession and redundancies elsewhere had increased the pool of good job applicants and that they could “pick and choose” more amongst many good applicants for jobs. Traditionally, employers had found it hard to recruit workers for non-traditional working patterns, such as early morning shifts, but even these positions had been filled easily in recent years. This is reflected in the experiences of people looking for work, as the following quotes by migrant workers illustrate:

Migrant worker 1: I came to the UK on a Sunday and had a job on Monday morning by going to an agency.

Migrant worker 2: It is harder to find a job now. People wait for months. Also, you have to be able to speak English now.

Migrant worker 1: Also they are asking for UK experience, for example two years being a warehouse operative in the UK.

Skills gaps were identified for more skilled jobs, such as fork lift truck driving, and some specialist skills such as butchery and bakery in the retail sector. In these cases, some employers looked amongst the pool of lower skilled workers in their organisation and had provided training and apprenticeships to up-skill workers to do this kind of work. However, this kind of training was not always available to lower skilled workers.

#### **4.2.2 Why employ students and migrant workers?**

Keep and James (2010) and Bills (1992) have found that employers may disregard formal educational qualifications if an applicant has other desirable qualities, such as better soft skills. In theory, this should make it easier for lower skilled workers, who often have low or no qualifications, to find employment. However, as noted in chapter 3, generic skills, and an understanding of how to present and deploy these skills (Hillage and Pollard, 1998), are often associated with educational achievement and social class. This would suggest that students and more highly qualified migrant workers may be perceived to have better generic employability skills and so be used by employers to fill requirements in these areas.

There was some evidence that employers had identified particular desirable skills as being associated with either their student or migrant employees, but there was little evidence that they would choose to employ a student or migrant over a lower skilled person simply because they believed all students or migrants would have particular skills or attributes.

The positive attributes and skills employers most often associated with students were:

- flexibility and willingness to work atypical hours and at short-notice;
- availability at peak period and when other staff are not available;
- well-educated and academic - they pick things up quickly;
- enthusiastic and keen to develop their skills;
- good leaders and managers;
- add to the mix of personalities in the organisation;
- willing to do temporary work;
- the potential they offer to employer in the long term to join as graduate trainees after completing their courses; this was particularly important in retailing, which was seen as an unfashionable career choice amongst graduates.

We would suffer in the quality of the staff [if we could not employ students]. We would probably get people in to do the job, but they wouldn't have the same level of intelligence, probably not the same speed of picking up ideas (Distribution employer)

The biggest issue with employing students was their lack of availability at certain times, either for day-time work or in term-time more generally. The probability that they would leave the company when they graduated was also a concern for some employers who noted that you they would spend time and money training a student which would be lost when they graduated.

The skills and attributes employers particularly associated with migrant workers were that they were:

- hard working;
- trustworthy and reliable, e.g. more likely to turn up for work;
- well-educated and well-qualified;
- flexible and willing to work extra hours;
- access to social networks that provide them with support and enables them to recommend other good workers as potential employees;
- bilingual or polyglot skills - particularly important for the large Polish population in Coventry, as employers indicated that it was often useful to them to have employees with language skills (for example, in hotel work as well as retail);
- willingness to do jobs that other people are not willing to do, for example, "delivering leaflets in the rain"

These attributes are very similar to those mentioned in chapter 2 from previous studies:

What we might lose is that flexibility [if we could not employ migrants], that when things go wrong, "yes, we'll stay behind and give you a hand because we actually want to earn that extra money" and it's not quite the same with a lot of our English guys (Distribution employer)

The Polish staff are very well educated. They are good at doing a job and finishing it through. They are more likely to turn up. They have good networks of 'family and friends support' – looking after each other's children. They are very trustworthy. They are fantastic - they get on with the job. (Retail employer)

If you're saying "who are your most flexible, reliable staff?", a lot of the people we have employed who are migrants would appear at the top of that list. For the most part they are tremendously hard working. I mean, we've got some tremendously hard working local people as well, but these guys do have a work ethic, I've got to say (Distribution employer)

I think they are more prepared to take shop work or any sort of work. I think the indigenous people are more reluctant, even though the job market is so tight. (Retail employer)

Migrants' linguistic skills sometimes presented obstacles rather than assets. The clearest skills gap identified by employers amongst some migrant workers was a lack of English language skills, although employers noted that this was less of an issue for Eastern European migrants than some other groups. Related to this, two employers stated that migrant workers did not always integrate well into the company and had a preference for working with people of the same nationality. Some employers also thought that employing a migrant worker in a permanent position could be a risk because of the possibility that they would return to their country of origin, although others pointed out that this would be no different to someone deciding to leave the company to work somewhere else in the UK or simply to find another job.

There is the question of how long a migrant is going to be around. Recruitment is very disruptive and often expensive, so you don't want to have to do it often (Manufacturing employer)

#### **4.2.3 Awareness of employability skills**

The majority of students, migrant workers and lower skilled people said that they were aware of the skills employers were looking for when recruiting for the kinds of jobs they wanted and were aware of the importance of generic, softer skills. When asked what skills they thought employers were looking for, some lower skilled workers might respond initially: "I haven't a clue" (unemployed male job seeker, early 20s), but when probed most were able to respond with a list of appropriate employability skills. For example, one job seeker looking for a job in construction emphasised: "willingness, commitment, having an open mind, reliability, honesty, working to deadlines", while another seeking a customer care role highlighted: "confidence" and "caring about customers". Students generally showed a solid understanding of employability skills, while migrant workers were aware of their reputation of having a strong work ethic, encompassing working hard, reliability and getting the job done, and that these attributes were valued by employers.

A lack of formal qualifications was mentioned by some of the older job seekers and appeared to be a particular issue in social care – a sector which had been easy to enter with no formal qualifications when they had started working but which they felt was now more likely to require vocational qualifications for entry. This lack of formal qualifications had not necessarily been a significant obstacle when they were in work, but it had become so once they had been made redundant and were competing in the external labour market. Recognition of experience, even if it was not formally certified, was an issue for many of the older job seekers.

Not being able to use their academic qualifications in their current job was mentioned by both students and migrant workers. For students, this was seen as expected and not regarded as a particular problem as this was likely to be a temporary situation, but it was more problematic for the migrant workers, the majority of whom stated that they were overqualified for their current job and had skills they were unable to use.

I can't use any of my skills. I used to work in an office, in Poland [...] I feel like I am not using my brain and it is going soft. I feel that I'm going backwards  
(Migrant worker)

Several of the job seekers who had work histories punctuated by periods of long-term unemployment and short-term jobs pointed to the fact that they thought employers looked for "experience". Here they considered short-term jobs to be irrelevant in providing what employers required; which was considered to be at least 12 months experience with one employer. One noted that people in his position were doubly disadvantaged in the current economic climate: "employers favour experienced men; standards are high – because of the recession".

### **4.3 Employers' recruitment practices – changes and implications**

#### **4.3.1 Types of recruitment methods used**

The most common forms of recruitment used by employers to recruit for lower skilled positions were direct recruitment at the organisation, for example through vacancy boards and giving out application forms when a request for employment was received; word of mouth, particularly using social networks of employees to recruit other workers; and using agencies to recruit, particularly in the case of temporary staff. Other methods used were online advertising, accompanied by online application forms; advertising through the Jobcentre and reallocating people within the organisation.

### **4.3.2 The declining use of the Jobcentre**

Employers noted that use of the Jobcentre was becoming increasingly less common and advertising in the local press was mentioned by employers as a 'past', but not necessarily a 'current' method. Recruitment through the Jobcentre was regarded by some employers as rather bureaucratic and more time consuming than handling recruitment themselves, especially when they received a large number of speculative applicants who had approached them directly. Others had found that the standard of applicants coming via the Jobcentre was poor. As one employer noted in relation to Jobcentre Plus:

We just have an 'A' frame in the doorway, and we find that we have more than enough applications just from that [...] We used to use [the Jobcentre] several years ago when the job market wasn't so depressed – in addition to advertising at the doorway. However, now, if we used Jobcentre Plus, we would get a lot of applications from people who have been long term unemployed. There is a better quality of applicants' response from advertising just inside the door of the shop. (Retail employer)

### **4.3.3 The increased use of social networks**

In contrast to the Jobcentre, word of mouth recruitment through existing employees was thought by employers to provide good quality applicants because the employee who made the recommendation would feel responsible for the worker recruited, so they would be more likely to recommend reliable people and ensure that they worked hard. This view is in contrast to that proposed by Atkinson and Williams (2003) who suggest that these kinds of 'cheap and unprofessional' recruitment and selection methods have an impact on the sustainability of low skilled employment, suggesting that they result in unnecessarily high wastage as they are not rigorous enough to identify the most suitable applicants. The use of word of mouth recruitment was particularly evident in the recruitment of migrants, although it appeared to be common amongst other groups of employees as well, and to have increased during recession at a time of fewer vacancies.

[One of our staff], his next door neighbour is Polish and he was looking for a job. So he recommended [the employer] and he put his application in for us here. And he's been excellent and his brother then started and his brother-in-law then started, so it's very much a family business now! (Retail employer)

If you are a good employee, they will take people you recommend (City centre university student)

If everyone knows each other, there are fewer problems (City centre university student)

However, it is clear that such recruitment is likely to exclude particular types of people, especially individuals and groups who have poor social networks. This can be a particular issue for the unemployed; several of the unemployed job seekers interviewed for this project fell into this category. In such circumstances, low skilled job seekers were particularly reliant on more formal job seeking methods and agencies.

#### **4.3.4 The role of agencies in recruitment**

Employment agencies became increasingly significant stakeholders in the labour market in the 1970s and their use grew during the 1980s as employers increasingly pursued employment flexibility and developed more lean organisations. The use of agencies to recruit people for lower skilled work became common, and has also been a recruitment method that attracted a large number of applications from migrants. Nathan (2008) has estimated that between 40 per cent and 50 per cent of A8 migrant workers in the UK work for, or through, agencies. This is an important factor in explaining the sectoral and occupational profile of migrant employment. Recruitment through agencies gives employers' flexibility in meeting their labour requirements and is most often used to recruit for temporary work, and partly explains why East European migrant workers are particularly concentrated in sectors and occupations with high staff turnover and high proportions of workers on temporary contracts.

One employer in the distribution sector with a 24 hour operation and as many as 200 workers on site at any one time had moved over the last two years to using one core agency to handle all recruitment. Formerly, a substantial number of local low skilled people were employed, but "they never really stayed". So at the current time the practice was to "just use agency workers to fill that void. Also workload has gone up so we fill that with agency workers." Previously a number of agencies had been used, but some of the people supplied were not suitable; hence the move to dealing with one core agency and being "strict" about requirements. The employer was in contact with the core agency on a daily basis: "we might ask for 5 people tomorrow or 100 workers tomorrow". The majority of the people provided by the agency were migrant workers. A consequence of this recruitment policy was that the overall share of migrant workers at the establishment had increased, while the number of low skilled local people employed had declined, but the employer noted that migrant workers will "work for less money and work harder than English people", so the current arrangement benefited the business.

Despite the flexibility using agencies provided, many of the employers interviewed preferred not to use them or used them selectively. In most cases this was because they were regarded as too expensive, but one employer also noted that agency workers could be less reliable because there was no direct employer-employee relationship involved.

Students in one of the focus groups reported the down side for applicants who obtain jobs through agencies: “Permanent staff make the temporary agency staff do all the worst jobs”

#### **4.3.5 Centralised online recruitment**

Some of the large employers interviewed had moved in recent years to online only recruitment. In such instances low skilled (and other) job roles would have to be applied for online. In some cases all screening to identify suitable applicants would be undertaken centrally and those deemed so would then be notified to the local establishment to be invited for interview. In other cases the local manager would conduct the screening process. Reasons given for using online recruitment included to handle large numbers of applications received and also to give greater control over the recruitment process.

As noted in section 4.1.5, use of online recruitment methods was considered by some job seekers as disadvantaging some applicants while favouring others.

#### **4.4 Overview and key messages**

- Different groups of job seekers want different things from a job. Low skilled job seekers and migrant workers tend to want full-time work, while students seek part-time work to fit around their studies. How these groups fare in the labour market will depend, in part, on how their preferences fit with employers' requirements. Typically, migrant workers and students are more willing to work atypical hours than low skilled local people, and migrant workers are most willing to work long hours.
- Most students, migrant workers and low skilled people had an expectation of earning the minimum wage or slightly more. Unemployed job seekers expressed concerns about having to cope with wages that were not predictable from week to week, and so were least prepared to contemplate taking a job involving working arrangements entailing a variable income.

- Local jobs were preferred by all. Students, in particular, favoured jobs in the immediate vicinity to fit in with their studies, but reliance on public transport for many low skilled people also placed constraints on where they might search for work. Migrant workers emerge as the most geographically mobile group.
- A variety of different job search methods were used, with social networks and informal methods being mentioned more frequently by students and migrant workers than by unemployed job seekers. Job seekers also used agencies, but there were concerns that agency employees tended to be treated less well than direct employees. Most also made use of the Internet in their search for work, with unemployed job seekers considering that not having access to the Internet at home was a disadvantage. Generally, the lower skilled job seekers emerge as being more reliant on formal job search methods than migrant workers or students, although all groups tended to use multiple job search methods.
- Employers want employees who will meet the requirements of the job. Given the depressed economic situation and a larger pool of applicants than formerly, they found that they could more often 'pick and choose' and the number of hard-to-fill vacancies had decreased.
- There is some evidence that employers have identified particular desirable skills as being associated with their student and migrant employees; these generally outweighed perceived disadvantages of employing them.
- Students, migrant workers and low skilled job seekers generally demonstrated a good awareness of employability skills. Students tended to be able to identify most readily what skills and attributes employers were looking for, while unemployed job seekers sometimes required more prompting before identifying key employability skills.
- A lack of formal qualifications was considered a barrier to getting a job for those people who had formerly been employed for a long time in low skilled jobs, had been made redundant and now found themselves seeking employment for the first time in many years. Conversely, students and migrant workers indicated that they were not using their skills and, particularly in the case of the migrants, may be considered underemployed.

- Employer recruitment practices are changing; partly as a result of the change from more buoyant to more depressed economic conditions. Amongst the employers interviewed, there was declining use of the Jobcentre, greater use of the Internet and an increased use of social networks as a route to getting good quality reliable employees, and also of agencies to provide flexibility. The increased importance of informal methods and agencies represents a change to traditional recruitment methods used for low skilled work (cf. Danson and Gilmore, 2009). The increased use of social networks in recruitment places unemployed job seekers at a disadvantage, both because of the generally weaker nature of their social networks and also because of their greater reliance on formal job search methods. Likewise agencies can rarely provide them with the permanent full-time work they desire.

## **5 Keeping and progressing within a job**

This chapter examines the extent to which lower skilled workers are particularly vulnerable to the kinds of economic changes that have resulted in an increasing demand for flexibility amongst employers. In particular, it looks at how these changes in employer working practices have had an impact on the ability of lower skilled workers firstly to keep a job once they have found one, and secondly to progress within a job. The extent to which different groups of employees in lower skilled jobs are engaged in temporary employment, focusing particularly on intermittent employment resulting from employees having a series of temporary jobs is examined (section 5.1). Then attention shifts to the opportunities people in lower skilled employment have for progressing within their jobs through training and promotion (section 5.2). The demand from low skilled workers for development through training and progression is examined. Longer-term ambitions expressed by the different groups of workers in terms of the types of work they would like to do and the steps they need to take to achieve this are considered (section 5.3). Finally, an overview and key messages is presented (section 5.4).

### **5.1 Locked into temporary employment and the low pay, no pay cycle?**

#### **5.1.1 The vulnerability of low skilled workers to economic change**

As has been mentioned in previous chapters, flexibility is a key concern of employers, both in terms of being able to recruit people for short-term work and in terms of having people within an organisation who are able to undertake multiple roles. Students and migrant workers represent an available, often transitory workforce, and it would be expected that they would therefore be more suited to the kinds of temporary work with atypical working patterns that are increasingly becoming a feature of low skilled work. This raises the question of what impact this has had on the working practices of employers and the ability of lower skilled workers not only to find employment but to keep it. When there is a lot of temporary work but relatively little permanent work, low skilled people are more vulnerable to unemployment and to moving frequently between periods of employment and periods of unemployment, and between being paid and being on benefits. Even when they do not experience a significant amount of time being unemployed, frequent jobs changes, particularly a series of horizontal moves between similar jobs, is likely to preclude them from developing skills and progressing in employment.

### **5.1.2 Temporary and intermittent employment: the low pay, no pay cycle**

As was mentioned in chapter 2, people lower skilled people have been found to be more likely to remain in employment for relatively short periods, and to churn between spells of poorly paid, unstable employment and unemployment - between having low and no pay.

The majority of employers interviewed regarded having temporary staff as relatively unproblematic, as long as they had always conceived of them as being temporary, flexible workers to cover periods of high demand. When a job had been thought of as permanent but an employee had left after a relatively short period of time, this was more of an issue as time and money invested in the recruitment process itself, as well as in providing induction and other training, was wasted. Students and migrant workers were regarded as more likely to leave permanent jobs in this way. One employer also commented that the current recession meant that they saw people who were overqualified for the role applying for lower skilled work, and that they would be reluctant to employ these people because they would be unhappy with the work and more likely to leave because they had found a higher level job elsewhere.

Cycling between employment and unemployment was evident amongst the job seekers looking for lower skilled employment. Temporary contracts, being made redundant and unhappiness with an existing job had resulted in the majority of job seekers having a series of short-term jobs, which they did not necessarily regard as 'employment', interspersed with periods of unemployment.

I wouldn't say I've had something that I would call a career. I think I wanted to be an admin assistant once, but I've just taken what has come along. I've been unemployed for 10 years. Well, I've had jobs on-and-off in that period, but nothing that lasted (Job seeker)

If you take out the warehouse, because that was a very short contract, I was there for seven weeks, if you include the warehouse, it's basically, I've been unemployed since just before Christmas [2 months]. But taking away the warehouse, I've been coming up to nearly a year and a half, just under a year and a half, but saying all this, since 2007, I must admit, come this March it will be four years, my last proper job was in 2007, so really, in effect, I've only worked about six months in the last four years, literally. I've had three jobs over a six month period in four years (Job seeker)

For the majority of the job seekers, this was a particular feature of their recent employment history, suggesting that in terms of lower skilled employment there has been a significant break from a more secure past. Almost half of the job seekers interviewed had held a job for at least three years and a further third had had a job that lasted for at least five years, but when asked about their most recent job, more than half said the job had been for less than one year, and sometimes for a period as short as a week. However, this employment pattern was not dissimilar to that of the majority of the lower skilled workers who were in employment, and a series of temporary jobs was also a feature of the UK employment history of the majority of the migrant workers who participated in focus group discussions. One of the lower skilled workers interviewed was currently working in a temporary job found through an agency, and a further four were working without a contract. In one of the migrant worker focus groups, it was noted that it is much harder to get a contract now than it had been a few years ago.

Several of the employers interviewed had found it difficult to find people to do temporary work, and consequently had turned to agencies when recruiting for this type of job, for example, very short-term work in distribution (as outlined in chapter 4). Although taking on temporary employment was a way in which three of the low skilled workers interviewed had found permanent work, this was primarily an area where employers noted that being able to employ students had an impact on their business. Students were regarded as being willing to take on temporary work at busy times of the year, for example, at Christmas in retail and distribution firms, and did not expect, and often did not want, this work to become a permanent job. Some employers also saw benefits from the high turnover of students in their organisations.

You might only have [students] for a couple of years. But that kind of labour turnover can be a good thing in that you then get the next level of students through as well and you can keep that moving so you're not going to stagnate as a business. You get new, fresh blood in all the time. (Retail employer)

It was not always the case that employers necessarily conceived of jobs as being temporary or the staff employed in them as replaceable. Two employers noted that it was quite common in their organisation for temporary workers to eventually be found a permanent position within the company. Taking people on initially as temporary workers allowed these employers to see who was a 'good worker' who would 'fit in well' in the organisation.

We have literally only this year, late last year, just started to do temporary staff, the majority of which we ended up keeping on, some of whom didn't want to stay on, wanted purely a temporary position. We did it just before Christmas, and it worked really well for us when we weren't 100% on turnover, so you just wanted to see it, gauge it and judge how it would do. We actually kept all those temporary staff on, which is brilliant. And then over Christmas it obviously worked so well, so we did the same thing again and it's been a real success actually because it gives you the opportunity to make sure that person is right for the job and that they feel that the job is right for them. (Retail employer)

However, it is not clear whether the initial presentation of these jobs as temporary discouraged some people from applying. Temporary employment was not regarded favourably by unemployed job seekers or migrant workers, not just because of the inherent instability of this kind of work and the difficulty of making plans, although this was important to many, but because temporary workers were regarded as having fewer rights and to be more likely to be exploited, particularly in cases where temporary employment was provided through an agency.

What I need is a permanent long-term job. I don't want to be pottering around with jobs when I am 50. My kids are getting older – and I want to provide for them so that they can go to College. (Unemployed job seeker, late 30s)

You could get sacked at any minute, so it is hard to make plans. (Migrant worker)

Be quiet and do your job. Don't complain. [...] Last year an agency took over the contract and said it would be the same, but conditions changed and they said if we didn't like it, we could leave. This is even though in the contract, it is all there, hours, holidays, and they ignored all this, it didn't matter. (Migrant worker)

Although a job only ever being conceived of as temporary and being made redundant were the most common reasons why people had spent only a short time in a job, other reasons, including not liking the job, not being able to do the job, problems with transport, health and childcare were also given.

## **5.2 Opportunities for training and progression**

### **5.2.1 The role of training**

The most common form of training provided by employers and undertaken by lower skilled employees was induction training, which generally included health and safety training. Ongoing health and safety training was also common. There was relatively little training offered or carried out that focused on skills development to achieve promotion or improve productivity, although this did exist.

We've got someone who is going through a process at the moment to advance them to another level. They started as a Production Operator and they will progress to Production Manager. We've sent them on a number of training courses run by one of the local training providers. I think, depending on the background you've come from, you really need to broaden your mind a bit, you have to stop thinking just about yourself and what you're doing and start thinking about the other employees and supervising them and getting the best out of those other people. He went on the courses over a six month period and sometime soon that will be complete. (Manufacturing employer)

When we think that person is ready, rather than just put them in the role and then start training them, the Initiative [an internal staff development programme] gives them the opportunity to start going on some courses straightaway. Within that [there is training on] writing a rota, which might sound very mundane, but it's one of the toughest things, when you become a supervisor or a manager, suddenly you are sitting down with all these people to fit in and you're thinking 'I don't quite know where these people go. So that kind of skill, to give them before they get there or for the manager to say 'you do that and I'll check it over', is quite an eye opener for them (Retail employer)

The majority of employees estimated that it would take someone between two days and a month to learn to do their job to a reasonable level, and it did not appear that much training occurred to extend skills for low skilled workers beyond this basic level in most organisations. Larger firms were the most likely to offer training aimed at skills development and the acquisition of qualifications. They were also the most likely to have formal training programmes in place. One large employer had a four week induction programme which included a buddying system, and ongoing team-working training, as well as having introduced an apprenticeship programme that aimed not only to develop job-related skills but also to aid in the development of basic skills. Similarly, another large employer had introduced a General National Vocational Qualification (GNVQ) which had a basic skills element, along with a 13 week induction programme. In both these cases, take-up of training was relatively high, which suggests that having a learning culture within an organisation can promote training. These nationally-recognised training schemes may also help lower-skilled people overcome the barriers they face related to their lack of formally recognised qualifications.

Other employers had introduced more job-related training programmes, for example, one distribution firm had offered training in forklift truck driving, which had again proved popular, although there were no financial rewards for undertaking the training.

Although it would be expected that less training would be available for workers on temporary contracts, one employer noted that if someone came to them on a temporary contract and undertook some form of training, they would be more likely to ask that person to come back to work for them again, because they would not have to be trained again, which may eventually lead to them being offered a permanent contract. However, this training was fairly low level and focused on gaining specific skills to carry out the employee's job.

The provision of training for low skilled employees has been identified by Esping-Andersen (1990), amongst others, as a way to increase chances both of internal progression within an organisation and upward mobility to another employer. Training is important because it has also been found to limit the likelihood that lower skilled employees will be forced to alternate between employment and unemployment and make horizontal moves between organisations that do not result in progression.

### **5.2.2 Promotion and progression**

Low skilled jobs, particularly in the service sector, have traditionally been regarded as offering few opportunities for progression, either within the employee's current organisation or to more highly skilled work elsewhere. A 'hollowing out of the middle' is evident in the labour market as a whole, and Wilson *et al* (2008) have found that there has been very little movement between the unstable, low paid, low skilled section of the economy on the one hand and the relatively stable, well-paid, skilled section on the other. Opportunities for progression are considered here.

The size of the organisation and the proportion of workers who are on temporary contracts had an impact on the opportunities that existed both for training and progression. Although nearly all the employers could give examples of people who had moved up from lower skilled work, and in many cases, promotion from the lowest skill level work most commonly occurred through in-house training and recruitment, the largest companies were most likely to have formal structures in place for developing employees' skills. This was considered by employers to be very beneficial in encouraging employees to seek opportunities for promotion. When an organisation had a series of job levels, and progression between them was clear, employees were more likely to see promotion as both possible and relatively unthreatening. In one case an employer had reorganised the structure of their workforce, implementing an additional section leader level specifically to encourage people who they thought had been discouraged by the large increase in responsibility that moving between levels had previously included.

They perceived it as being quite a big jump, from warehouse operative to supervisor, and in many ways it was, because the teams the supervisors were looking after were fairly large teams. So it was a fairly daunting prospect to be looking after maybe 40 or 50 people on a section. (Distribution employer)

Having a series of job levels also meant that people could be promoted relatively quickly if they had the appropriate skills and attributes, in the case of one employer, people were able to gain promotion “within months” of starting in the lowest skilled position, which was also seen as helpful in encouraging staff retention. In the particular case of students, being able to progress in their job while they were students was also seen as being likely to persuade them to consider continuing working in the company after they had graduated, as they were already on a recognised track towards a graduate management position.

Progression and promotion happened in various ways. In the majority of cases, a vacancy arose as a result of someone leaving and the employer recruited within the organisation for a replacement.

We will spot somebody and say “we like that person or the way that person is interacting or behaving or wanting to push through with the business”. You can tell if someone is interested in moving forward, definitely. There was a gentleman on produce and I said to [the general manager] “as soon as there’s a position, it has to be [that person] who has that because I’ve never seen somebody work so hard”. As a full-timer, he physically stepped into the position of supervisor, before anybody gave him the title or the position. And I said “you’ve got to reward that kind of push and drive”. And he’s gone from strength to strength; he’s been an excellent supervisor for us. (Retail employer)

This happened across firms of different sizes and across a range of sectors. It was one of the most common ways of progressing in small organisations, but a relatively low turnover of staff, particularly in the current recession meant that such opportunities rarely arose and when they did so, this was rather unpredictable, meaning that some organisations had little opportunity to prepare and train people for promotion to these roles and in one case, although suitable people had been identified for moving into more managerial roles, there was no position available for them.

Opening new branches or the merging of branches of an organisation had opened up opportunities for promotion in some organisations. One retailer had opened a second store in the area and had recruited people for managerial and supervisory roles from amongst the people working in lower-skilled jobs at the existing store. Another employer had seen their branch expand as a result of moving functions from another branch which had closed. This had enabled them to reconsider their staff roles and promote some people into supervisory positions.

Finally, some organisations had a structured promotion process whereby people could undertake training for promotion, with these promotions occurring either within the particular branch of the organisation or through transfer to other branches. This type of promotion tended to only be open to permanent employees, but one employer specifically noted that part-time employees would be able to be promoted in this way and also commented that students in their organisation had been promoted as a result of training they had undertaken on the job.

In general lower skilled workers were happy with the opportunities for progression that existed within their organisation. With the exception of an employee who was doing temporary work through an agency, all the lower skilled workers interviewed said that they knew how they would go about getting promoted, if they wanted to do so, and, with the exception of one employee whose job involved a very specific role, they were clear about the kinds of job they could be promoted to. The students participating in the focus groups were also happy with their opportunities for promotion, and two had been promoted. One of the students who had been promoted had started working with her employer while she was at school and her promotion had occurred simply as a result of being the next longest serving employee who had not yet been promoted. The other student was working predominantly with other students and had applied for, and been given, a role supervising other students. There was less expectation amongst students that formal promotion would occur, but students mentioned enjoying taking on more responsibility and learning more about the kinds of managerial roles they might look for after they graduated. Being given this type of responsibility made students feel valued, even if there was no monetary reward for doing it.

Migrant workers were the least likely to be satisfied with their opportunities for promotion and progression. As has been mentioned, a large proportion of migrants were working on temporary contracts through agencies, which they felt limited their access to training opportunities and progression more generally, because employers did not see promoting them as either necessary or worthwhile.

I have never heard of any Polish person who has become a supervisor or similar, only English people are supervisors (Migrant worker)

Nonetheless, one migrant worker, who had initially been taken on as an agency worker, had been promoted within her organisation, although she noted that she had not received a similar increase in her wages to people who had been promoted before her. Some migrant workers suggested that there were particular problems in being promoted in smaller firms because promotion was less dependent on skills and more on personality and fitting in to the organisation.

It depends in a small firm. It depends how much they like you or if you are family, not on your skills and qualifications. (Migrant worker)

However, others thought that smaller firms were more likely to recognise their skills and qualifications and encourage them to seek promotion and further skills development.

### **5.3 Lack of aspiration for training and progression**

#### **5.3.1 Demand for training**

Employers noted that, as in the case of promotion, there was a lack of demand for training.

In terms of additional training like NVQs, there's no interest whatsoever unfortunately. I know, I've tried it. I found three NVQs and nobody was interested whatsoever. Time [is the main reason why] (Hotel and catering employer)

There's not a massive demand, from proportionate-wise, because of the very nature of environment, what I've found from the results, a lot of people just want to come in, do the job and then go home. They have no aspirations to do anything else, they are getting their basic wage that the need to live. Come in, do the basics and then go. It's only a small minority who put themselves forward (Distribution employer)

Nickson et al (2003, p 186) have noted that policies related to training and up-skilling remain focused on the supply side of the equation and that it remains the responsibility of individuals to undertake training to ensure their employability.

Various authors (see, for example, Johnson *et al.* 2009) have identified a range of individual, organisational and societal barriers to the take up of training by low skilled people. Individual factors include lack of financial support, lack of information about the provision of training and its benefits, family pressures, lack of transport to training conducted outside work or in preparation for entering work, and previous negative experiences of education.

Amongst interviewees, the most common reason for not having undertaken any training except that required by their employer (induction training, for example) was simply a lack of time.

They keep saying we can do more training, but we never get it. There is no time and no course, we can't make progress. (Migrant worker)

As in the case of a reluctance to seek promotion, the lack of returns on training were also a disincentive for some employees, although there was evidence that some lower skilled workers wanted to undertake training so they could undertake different, but not better paid, work, either because this work was seen as generally more enjoyable or because it enabled them to work in a variety of roles.

As has been highlighted, the skills required by the growing service sector have been found to be somewhat different to those required by other sectors. However, despite the increased importance placed upon generic skills, and identification of skills gaps in this area, employers have traditionally been reluctant to invest in the development of skills, and in particular in these kinds of generic, soft skills, particularly for low skilled employees. Employers tended to focus on these employability skills in the recruitment process, taking the view that other skills could be trained; employability skills were considered more inherent to the individual and less amenable to training. This can further extend the advantage of individuals and groups who already have such skills or who have alternative means of developing, which is particularly the case amongst students.

### **5.3.2 Demand for progression**

As the above would suggest, migrant workers were the most likely to want to progress, but also the least likely to believe this was possible with their current employer. Conversely, lower skilled workers were the most likely to think that there were opportunities for progression with their current employer, but the least likely to want to do so. Many of the employers commented on the lack of demand for progression within their organisation.

I would say about 75 per cent, 80 per cent of them, once they are trained up in the role they are in are quite happy to stay there and don't, even though every year when they have a job appraisal they are given the opportunity to take up further training, and most of them don't take it. The younger ones, the ones who want to get on in their career generally are keen to take up those, so over time they build up a portfolio of what they have studied with us. (Retail employer)

We had eight positions and I think we had about 20 apply. Some of those applied because they felt they had to, or because, in some cases it was a bit frivolous, they really didn't want it, but they were just making the point that they thought they should be given it anyway. It was a good process, everyone was assessed, everyone was interviewed. During the course of it, some people said "Actually, it's not what I thought it was going to be". When we actually told them what the role would entail, the responsibility, etc, etc, some people said "no, that's not for me". But it was a good process and we actually appointed some people that I think we were surprised at because they came across in the interview very differently to how we perhaps perceived them

previously. (Distribution employer)

The most common reason given by employees for not seeking progression was simply that the rewards were not enough to offset increases in workload or responsibility.

It's just a hassle, that kind of thing. I mean, yeah, it's like a promotion, but it's not like it's really good or nothing, it's just loads more hassle, more stressy. "Oh, yeah, I have this like, better title" but you don't get loads more money or nothing like that (Lower skilled retail employee)

If you move up, you just get more work - it is a worse job. (Migrant worker)

Simply not wanting to take on managerial responsibilities or not being 'the right kind of person' for a more managerial role were also mentioned as reasons for not seeking promotion, as well as the general 'stress' of more responsible roles.

Every year we have an appraisal and they are always asking if you want to go on, and if you said "yes, I want to progress then they put you through". There's quite a few young ones that are going for the managers thing at the moment, but I don't, I'm just happy as I am. Come in and do it and go home. It's a bit stressful being a manager. You have to take responsibility if things are going wrong, if things aren't done. I'm just happy to come in, do my bit and go home. No-one has a go at me about it; I have a go at my boss instead. (Lower skilled retail employee)

This was a similar sentiment to that expressed by some of the job seekers looking for lower skilled employment:

I'm in my 40s and I've had some good times in employment before with good jobs but also at the same time I've had some bad luck. I'm not qualified in anything, I left school with absolutely nothing, A Levels or nothing, and I don't mind doing repetitive work. As long as I can do the job on the day, come home and just switch off (Job seeker)

I don't mind working in a warehouse. I'm not a greedy person, as long as it just helps me to tick over, live in a bit of comfort, move on in relationships, move on with my life. At the moment, my life's frozen. Life's not just about working. I'm not aiming high (Job seeker)

Three of the lower skilled employees had moved from more supervisory or managerial roles into lower-skilled work because either because they preferred the variety offered by the lower skilled roles and perceived them to be more enjoyable or because they had found managerial work too stressful. One employee had moved from a more skilled role in the motor industry, where his role was highly specialised and repetitive and his employer had recognised him as a good worker in that role and been reluctant to move him to different or more varied work. He had decided that work with more variety, even if it was less skilled and lower paid, suited his preferences more and had moved to work with a different employer in a different sector.

There was little evidence of contextual barriers specific to individuals, such as not being able to work particular hours due to other commitments, preventing people from seeking promotion. Similarly, no evidence emerged that people were concerned that progression would not be worthwhile due to increases in pay resulting in the loss of means-tested benefits that would not be offset by the increase in wages (see Brewer and Shephard, 2004, for further discussion of this issue).

### **5.3.3 Moving on and transferability of training and skills**

Much of the training undertaken by lower skilled employees was undertaken on-the-job and was part of an employer-specific scheme. This raises the question of whether skills developed in this way could be of use when, and if, an employee sought work elsewhere, either because their current job had ended or because they wanted to change jobs. Training would be usable if the skills learnt were transferable and/or if they were recognised by other employers.

In the case of the larger employers whose training schemes included nationally recognised qualifications, such as GNVQs, both the job-specific skills and generic and academic skills would be transferable to other organisations. Other training schemes, such as the various driver training schemes which resulted in a qualification would result in the development of transferable skills. However, these types of scheme did not make up the bulk of the training undertaken by employees in lower skilled jobs. The transferability of health and safety and other types of induction training is likely to be less. There were two instances of job seekers who had undertaken a lot of training when employed in the past, and this training had enabled them to reach relatively high positions with their employer, but this training was not recognised by other employers because they had no formal certification. Both these job seekers commented that such formal recognition of training had not been as common in the past as it was now. One respondent who was looking for lower skilled employment also noted that he had started training when in a job, but that he had been made redundant before his training was completed and potential employers did not recognise the training that he had completed because he did not have the full qualification he had originally been registered for.

Vocational training was a favoured method amongst job seekers for enhancing their employability. This training included nationally recognised qualifications, for example, a GNVQ in Social Care, as well as more job-specific training, with forklift truck driving being particularly sought by interviewees. Some job seekers had completed several vocational training courses, but in some cases questioned whether they had helped them in their search for employment. In most cases this was because they did not feel the qualification they had received was one that was particularly useful, for example, one job seeker who already had a qualification in forklift truck driving had been sent on a course to develop higher level skills in this field, but did not think that employers valued these higher level skills and were only interested in whether someone was qualified to the basic level necessary for the job. As has been previously mentioned, job seekers also noted that when they had undertaken training with a specific employer, this was not recognised by other potential employers.

Funding of training courses that job seekers thought would help them to find employment was also an issue, and there was some confusion about how these courses were funded. It was clear that unemployed job seekers could not contemplate funding training themselves.

I tried going back to College – but they said I have to pay them (to do mechanics). I thought the Jobcentre was supposed to help me (Job seeker with no formal qualifications)

The courses [in IT and bookkeeping] are free if you get a Passport to Leisure. I actually got a place on a course but because I didn't have the Passport to Leisure I didn't get it, they wouldn't save me a place. This is all new to me, and because there are only a certain number of places, it's first come, first served. I don't know if there will be another course, possibly not with all the cuts they are making, because they won't have the funding to do it (Job seeker)

#### **5.3.4 Long-term aspirations**

Both students and migrant workers expressed aspirations for moving into other types of employment. This contrasts with the lower skilled workers, the majority of whom expected to stay with their current employer in the longer term. The lower skilled employees who had aspirations to find a different employer were all young and wanted to move into a different type of work. Two employees wanted to remain in the same organisation but thought that they might look for different roles, simply because they enjoyed the variety.

Amongst the students, staying in lower skilled employment after they graduated was seen as a short-term option which they would consider if they were unable to find employment in a graduate-level position in their chosen field.

I wouldn't want to do anything to do with admin and stuff, but with the way things are going, if I couldn't get a job in biomedical sciences, I would, because I have the experience. So it's not my preferred job, but you know, you have to pay the bills and stuff (City centre university student)

In the majority of cases, students aspired to work in a different industry to the one in which they currently had jobs, although there was evidence that some students would consider a career in the same industry as a result of the experience they had as students, for example, one student, who was working in retail, had not previously considered retail as a sector she would like to work in long-term but was now considering a career in retail management.

Only two of the migrant workers said that they would like to develop a career in the sector in which they currently worked. One had already been promoted in her job. However, she did not aspire to remain on the same track and wanted to move into another area of the business. The other migrant worker wanted to move into an IT-based role in manufacturing and was currently employed as a process operative. The remaining migrant workers aspired to move either into more highly skilled work or into more office-based work, which they regarded as having better working conditions and higher pay. The majority of migrant workers thought that such a career change would be possible, with the development of language skills and further training being identified as necessary preconditions for these developments. A lack of confidence and settling for something that was 'good enough' were also noted by some migrant workers as being things that stopped people seeking the kind of employment they would prefer. Such a lack of confidence was also evident amongst some unemployed job seekers, who decided not to apply for certain roles.

Some people are unwilling to do a different job. For example, they always want to stay a cleaner because they are nervous about trying to do something else and their job is OK (Migrant worker)

People are scared to try to find a new job because they have a regular wage in their existing job (Migrant worker)

Sometimes I look at a job and I think 'they wouldn't want me, so I go to the next one. This is the job they are advertising – and I think 'can I do it?', and then I step away from it (Job seeker)

## 5.4 Overview and key messages

- Lower skilled workers are particularly vulnerable to economic change and previous research on churn has highlighted the existence of a low pay, no pay cycle.
- Intermittent employment, interspersed with longer periods of unemployment, was the reality for many of the unemployed job seekers interviewed, especially in more recent fragile economic conditions. However, many other low skilled employees and migrant workers had a work history characterised, at least recently, by a series of temporary jobs.
- Some interviewees had progressed from temporary to permanent employment, after having proved themselves to be a 'good worker'. This strategy of 'testing' temporary workers was considered effective by the employers who adopted it, but there is also evidence that advertising posts as temporary puts off some applicants, because of the difficulty of making plans when in temporary employment.
- There were some opportunities for training for low skilled workers, albeit induction and health and safety training being the most common.
- In general, there were limited opportunities for skills development, although some of the larger employers offer training and progression. The evidence indicates that having a learning culture can help to promote take up of training opportunities. In order to encourage take up of training opportunities, one employer had reorganised the staffing structure to introduce more 'levels', and 'smaller steps' between them, so that progression was more frequent, but more gradual.
- Lower skilled employees were generally happy with opportunities for progression offered by their employers; migrant workers were the least satisfied with the opportunities available to them.
- Employers suggested that there was a general lack of demand for training from their workers, indicating a lack of aspiration for skills development and progression.
- Lack of time was noted by some low skilled employees and migrant workers as a barrier to training. However, others were willing to undertake training in order to enhance the variety of job roles that they could undertake, even if no financial reward was involved.
- Employability skills were generally considered inherent by employers, and not amenable to training. This can place unemployed job seekers at a disadvantage in their search for work, especially if they have no recent substantial spells of employment experience.

- The trend towards increased certification of training undertaken placed older people at a disadvantage, since training and experience they had undertaken formerly was less likely to be certificated than was the case for younger people. Several of the unemployed job seekers questioned the value of short vocational training courses, on the basis that they did not seem to have helped them find full-time permanent work.
- Migrant workers wanted progression in their jobs and it is likely, given other evidence, that they would have been more willing to move jobs to achieve this in more benign economic circumstances. On the other hand, low skilled employees were the least likely to aspire to progress in their jobs: they just did not want the responsibility. It seems that what they had was 'good enough', especially in a difficult economic climate, and they were happy to settle for it. By contrast, both students and migrant workers had longer-term aspirations for progression.

## **6. Displacement, segmentation and complementarities**

This chapter draws together the findings from the previous chapters to address the central question of the research, namely: in low skilled employment, are unskilled and low skilled people being displaced by migrants and students?

First, the chapter examines the mechanisms through which displacement of lower skilled workers may occur, focusing particularly on two features of student and migrant employees that appear to differentiate them from other low skilled workers: their access to social networks and social capital, and the degree to which they are able or willing to provide flexible labour. Following this, the extent to which these differences have resulted in displacement is examined.

The remainder of the chapter considers an alternative impact of the increase in student and migrant employment: an increase in segmentation in the labour market. In this scenario, students and migrant are doing jobs that are not done by low skilled workers, and so do not compete directly with them.

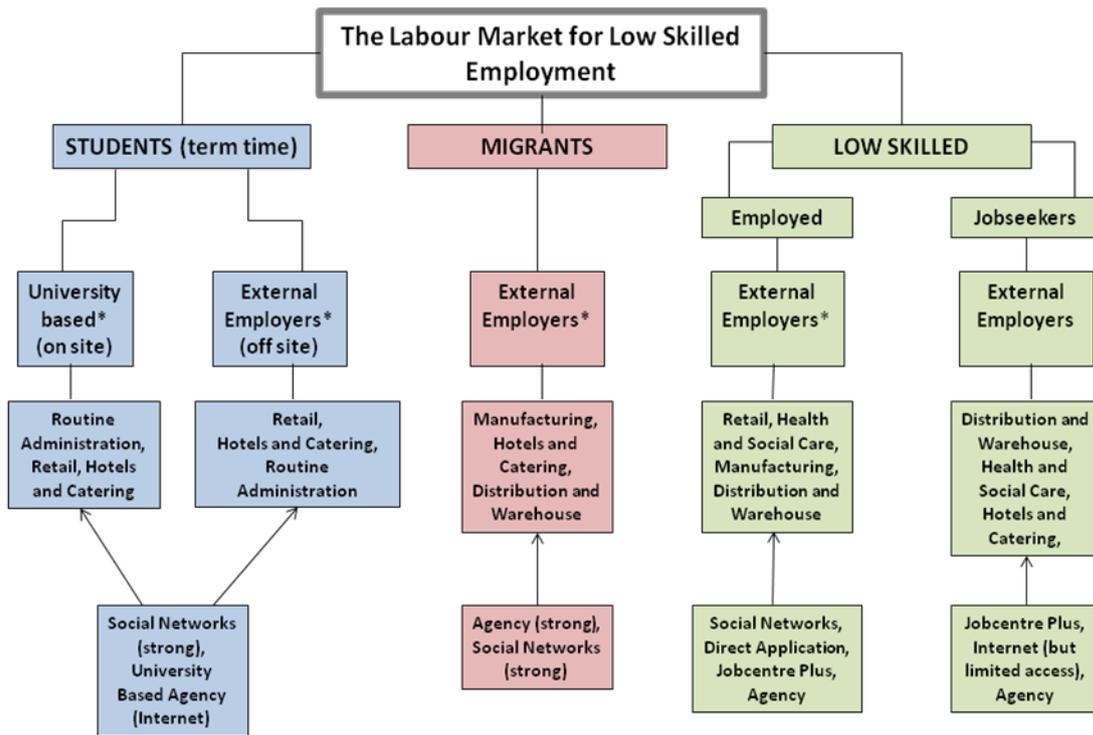
### **6.1 Displacement**

#### **6.1.1 Mechanisms through which displacement may occur**

As the preceding chapters have shown, there were several key differences in how students, migrants and other lower skilled people sought employment and the characteristics of the jobs they had. In terms of finding employment, the most obvious difference between the groups was in the extent to which they used formal and informal methods of job seeking and the congruency of the methods they used with the methods employers used to recruit people for lower skilled work.

Figure 3 shows the profile of students who worked during term time, the subset of migrant workers focused on in this study (i.e. A8 migrants, mainly from Poland) and the low skilled workers and job seekers. It shows that although there is a significant overlap in some of the sectors in which the different groups were employed, there are significant differences in how the different groups came to be employed in these industries.

**Figure 3 Profile of the labour market for low skilled employment**



Students = Unstructured Flexibility  
 Migrants = Structured Flexibility  
 Low Skilled = Don't Want Flexibility

\*Also has access to internal job markets

Source: LFS data analysed and employment and work history accounts provided by respondents in Coventry who participated in the study.

### 6.1.1.1 Social networks

As has been discussed in chapter 4, employers were increasingly using informal methods to recruit people for lower skilled work, often bypassing formal channels such as the Jobcentre. The use of word-of-mouth recruitment, where existing employees recommend friends and family for employment, was shown to be used by, and to particularly favour some groups, while others were disadvantaged by their lack of social networks which could help them to access jobs.

This highlights the differential access the groups considered in this research have to social networks and the social capital they can generate. Students and migrant workers tended to have better access to networks. In the case of students, their university can provide a hub for networking and can also be a key factor in the dissemination of information about jobs. The prevalence of strong social networks amongst migrants, which has been aided by their spatial concentration, has been discussed by various authors (see, for example, Ryan *et al.*, 2009). The importance of social networks is further highlighted by the use of these networks by the lower skilled people who were in employment.

### 6.1.1.2 Flexibility

The differential flexibility sought by students, migrants and lower skilled workers, and their ability to provide the kind of flexibility sought by employers is the second area in which there was a clear difference between the groups.

Figure 3 shows whether the different groups, on the whole, sought unstructured or structured flexibility. The more predictable the working hours and day to day terms and conditions of work are, the more the job constitutes a *structured* rather than unstructured contribution to the workforce and paid work in structured daily lives. At one end of this continuum, there is work in a permanent full-time post with fixed hours of work and conditions of employment clearly specified by the employment contract that enables the incumbents to plan their lives in the short and longer-term on the basis of an acceptable and predictable income. This is traditional 'breadwinner' employment. At the other end of this continuum, there is occasional casual part-time work which does not provide a living wage.<sup>22</sup> A typology of flexible working that examined the relationship between the degree of structure in types of working and the extent to which it was secure or insecure employment has been developed previously (Purcell *et al.*, 1999, p.8).

Flexible working may be designed to provide flexibility to the employer or to the employee and can be mutually beneficial to both groups. For all labour market stakeholders, rights and obligations related to different practices are defined, influenced and constrained by employment, social policy and equal opportunities legislation. Within specified legal boundaries, workforce flexibility provides the employer with the capacity to vary patterns of work and the costs incurred, and employment flexibility allows employees to vary the terms and conditions under which they work. Flexibility has become a key organisational feature both in terms of individual organisations and in the labour force as a whole, particularly since the mid-1980s. Despite the growth in non-standard employment that has resulted from the flexibility needed to provide services and activities on a 24/7 (i.e. 24 hours per day, seven days per week) basis, the 'mainstream' social system and social structure of Western societies in general, and the UK in particular, is predicated upon traditional patterns related to day and night. Consequently, despite the proliferation of non-standard work patterns, they remain defined as non-standard and are often less compatible with other areas of social activity and responsibility.

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<sup>22</sup> This is just one type of flexible employment.

Atkinson (1984) developed a typology of flexibility which outlines the various types of flexibility sought by employers: internal and external numerical flexibility,<sup>23</sup> functional flexibility<sup>24</sup> and financial or wage flexibility.<sup>25</sup> It is clear that students, migrant workers and lower skilled people, because of their different characteristics and frames of reference, offer employers different types of flexibility. This means that they may fit more (or less) easily into the organisational structure.

Students tended to work relatively limited hours on weekdays during term, but longer hours at times of labour shortage (e.g. weekends, bank holidays, when other employees wish to prioritise non-work activities). In doing this, they provide a large degree of internal organisational numerical flexibility to employers. Students were also seen by employers to provide functional flexibility, in that they were able to learn new skills quickly and were willing to take on other roles, often on an unofficial basis.<sup>26</sup>

Although migrant workers generally sought structured flexibility and aspired to full-time employment with regular hours, their general flexibility over this and their willingness to take jobs that did not meet these criteria if and when necessary meant that they often found themselves in roles that offered, and required, unstructured flexibility. Employing agency workers gives employers external, and sometimes internal, numerical flexibility. It also allows wage flexibility, and the differential pay experienced by agency and directly employed workers has been highlighted in preceding chapters. As a large proportion of migrants worked through agencies, they are amongst the most likely to be used by employers to provide both numerical and wage flexibility. Furthermore, migrant workers were, in some cases, accepting levels of hourly pay that many low skilled job seekers felt unable or unwilling to accept.

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<sup>23</sup> Internal numerical flexibility refers to adjustments to the input of existing workers, for example by adjustments to working time. External numerical flexibility refers to the adjustment of the size of the labour intake, or the number of workers from the external market, for example by employing workers on a temporary basis or on fixed term contracts.

<sup>24</sup> Functional flexibility refers to the extent employees can be transferred to different activities and tasks within the firm.

<sup>25</sup> Financial or wage flexibility refers to a situation in which wage levels are not decided on a collective basis, but rather where there more differences between the wages of workers, so that pay and other employment costs reflect the supply of and demand for labour. This can be achieved by pay systems based on individual performance or by assessment based pay, for example.

<sup>26</sup> For the students this was seen as useful in building their repertoire of work experience and employability skills.

Low skilled job seekers were the least able to offer any type of flexibility. They aspired to earn more than they could obtain on benefits, which reduced their flexibility both over hourly pay and number of hours they wanted to work, and strongly favoured permanent employment, to the extent that some were unwilling to consider temporary employment under a certain duration. In this, they contrast with the low skilled people who were in employment. While the low skilled people in employment tended to be less willing to provide their employers with internal numerical flexibility, in particular in terms of short-term modifications to the hours they worked, their willingness to take temporary employment and work without a contract suggest they offer some degree of external numerical flexibility. Additionally, several of the lower skilled workers had a preference for varied work and working in different roles in an organisation, which provided employers with functional flexibility. Finally, the majority of the lower skilled people in employment were working for at, or near, the minimum wage.

This potential for displacement has been exacerbated by the fragile nature of the economic climate prevailing at the time this research was undertaken. First, employers are increasingly looking for the types of flexibility offered by students and migrant workers as they cope with fluctuating demand; and secondly, with a large pool of potential workers to choose from, employers have little incentive to change their recruitment methods or make jobs more 'desirable' (something that they might need to consider in a more buoyant labour market).

### **6.1.2 Evidence of displacement of lower skilled workers**

The above, combined with the other desirable characteristics that employers associated with either students or migrant workers and the lack of confidence exhibited by some unemployed low skilled workers (see chapter 4) suggest that there a relatively high level of displacement of lower skilled people by students and migrants would occur. The more skilled, qualified and flexible students and migrants would take lower skilled work that they were often over qualified and over skilled for, resulting in 'bumping down' and a 'crowding out' of lower skilled workers.

However, there was little evidence of direct displacement in the sense of one-to-one competition in which a student or migrant worker would be preferred over a lower skilled person. Rather, it appears that changes in employer practices have resulted in a situation where jobs have been modified and/or created that a large proportion of lower skilled workers are unable or, in some cases, unwilling to accept. The needs of lower skilled workers become self-limiting, in that the hours they need to work and the pay they need to earn, combined with the way the benefits system works and the availability of external resources, such as transport or childcare, mean that many lower skilled workers are rarely or never in a situation where they would compete directly with a student or migrant worker for a job, because they feel simply unable to apply for such jobs. Similarly, the recruitment practices of employers have meant that some jobs are not available to lower skilled workers, because they are not advertised on the open market.

Consequently, students and migrant workers were applying for different jobs to lower skilled people, and were suitable for these jobs in a way that lower skilled people were not. The evidence suggests that simple displacement is not occurring - employers are not choosing to employ students or migrants at the direct expense of lower skilled workers. Instead, changes in the labour market have resulted in the residualisation of many lower skilled workers: they have been left behind by a labour market requires skills, attitudes and characteristics that they do not have.

## 6.2 Segmentation and complementarities

The primary research reported here and the wider literature shows that flexibility is a key component of employment in lower skilled jobs, and it is the different capacity for flexibility offered by students, migrant workers and lower skilled people, combined with the ways in which they find employment, that shaped their access the labour market. Consequently, it would be expected that there would be some degree of labour market segmentation amongst these groups, and that this segmentation would be less by sector or occupation, than by the way in which organisations structure their hours of work and conditions of employment. In other words, it is primarily *workforce flexibility* rather than *jobs or types of product and services production* that are segmented.

Occupational and sectoral segmentation is a common feature of the labour market. Different tasks and different jobs inevitably require different skills, different physical and mental characteristics and different aptitudes.

While the sectors and where different groups had obtained jobs overlapped, students and migrant workers were found to be more likely to clustered with at least a significant minority of employees from the same broad group. In other words, although the majority of students and migrants worked in what they would describe as a 'mixed' setting, with people from various backgrounds, this mix of people tended to include a higher proportion of people who were like them than might be expected if workers were averagely distributed across different workplace settings.

This type of stratification tends to be self-reinforcing and self-replicating. When certain jobs or hours or conditions of work are characterised as requiring particular types of skills, attitudes or characteristics, they will be suitable only to people who have those qualities. When these qualities are associated only with certain groups of the population who want these types of job, the jobs themselves will become associated with these groups. For example, jobs that provide only a few hours employment a week at weekends, such as some jobs in retail or bar work, may become characterised as 'student jobs' because it is students who are most willing and able to do this kind of work and do it in large numbers.

Similarly, the informal recruitment methods used to fill lower skilled jobs, in particular friends and family recruitment, can reinforce existing segmentation. Students are more likely to know and recommend other students for jobs, and migrant workers are likely to know, be related to, and recommend other migrants for jobs. As these groups are already clustered in particular types of employment, the jobs they are recommending people like themselves for also tend to be of the same type. Similarly, Anderson and Ruhs (2010) have suggested that there seem to be 'path dependencies' in the employment of migrant workers (i.e. past recruitment patterns influence or limit current recruitment patterns), and hence it would be expected of other groups, in that past recruitment patterns influence or limit current recruitment patterns. If an employer always recruits in the same way, they are likely to always get the same type of person applying for the jobs.

There are also situations where students in particular, and to a lesser extent migrant workers in retailing and travel, 'make and take' jobs, in other words, jobs are created by the presence of students, such as in bar and clubs and campus-based administration and retailing, and students are then employed in those jobs, because they are convenient or because employers want staff who are similar to their clientele, creating an exclusive, segmented system.

In a best case scenario for lower skilled workers, this would result in complementarities in the labour market, whereby lower skilled people work in jobs with 'typical' hours and conditions, while the more flexible students and migrants took the atypical work. For example, the students would work a relatively low number of hours in the evenings and at weekends and the migrants would do night and early morning work, while low skilled workers did the majority of day-time working. However, as has been noted, it is atypical work that is becoming more common, meaning that the lower skilled workers are competing for a shrinking pool of 'typical' jobs.

Additionally, migrant workers in particular, but to a certain extent students, are both willing and able to take more typical employment, and often aspire to do so. It must be remembered that by 'typical' standards, the types of jobs taken by migrants and students are what may be termed 'bad' jobs: they are low paid, low skilled, insecure jobs, often with unsocial hours, poor conditions and low levels of employment protection. There is evidence, however, that some atypical jobs may be a route into more typical employment, either through temporary to permanent employment or by equipping employees with the kinds of skills, recent employment track record and relevant experience that employers favour. Consequently, the exclusion of lower skilled workers from atypical work may ultimately result in their exclusion from some more substantial or permanent employment, and this may also result in segmentation within more typical work.

The economic climate at the time of the research has clearly had an impact on this situation. Employers are requiring greater flexibility to cope with fluctuating demand and they also have a larger pool of unemployed people to choose from when recruiting, so there is little impetus for them to create jobs that offer more favourable conditions for lower skilled workers. Furthermore, the more jobs are characterised by instability, few hours and underutilisation of the skills of more qualified workers, there is less likelihood that substantial skills training will be incorporated in them and the training which does exist is likely to be aimed at meeting short term skills gaps rather than the longer term development of the workforce.

The impact on unemployed workers of the experience of unemployment and its destructive effect on self-confidence and motivation, even during a period of buoyant labour supply, have also been discussed. The 2008/9 recession and its aftermath has stimulated debate about whether high youth unemployment and increasing longer-term unemployment, will lead to a 'lost generation' (see, for example, Blanchflower 2010). The West Midlands in general, and Coventry in particular, experienced industrial restructuring and collapse of substantial areas of manufacturing employment in the 1970s and suffered disproportionately in the early 1990s recession. The restructuring associated with the recession and more long term transformations in the global economy associated with technological change and workforce supply changes have also had a particularly severe impact on the area. Patterns will differ according to the sectoral structure and particular circumstances of different regional labour markets, but both general and location level targeted measures will need to be taken by governments in the short to medium term to increase both opportunity and skill levels simultaneously.

### 6.3 Overview and key messages

- The types of recruitment methods used by employers and the characteristics they seek have the potential to lead to displacement of lower skilled people by students and migrants, but there is little evidence that this has occurred. Instead, changes to working practices and job conditions have resulted in the creation of a segmented labour market based on workforce flexibility, in which jobs in particular segments are unavailable to lower skilled people because the flexibility over conditions such as pay and hours required is not possible for them.
- Flexibility is a key characteristic sought by employers. It is also sought, in some cases, by migrant workers and, in particular, by students.
- Students are most likely to want unstructured flexibility and to provide employers with internal and external numerical flexibility, in that they are willing to do short term work and work variable hours, and functional flexibility, in that they are able and willing to do a number of roles in an organisation.
- Migrant workers are more likely to want structured flexibility and wanted permanent full-time employment, but were also willing to provide unstructured flexibility, for example, working outside contracted hours and taking temporary employment through agencies. By doing this, they offered employers external, and sometimes internal, numerical flexibility, and their willingness to work through agencies and take low paying work also gave employers a certain degree of wage flexibility.
- The lower skilled people who were in employment were often more flexible than those who were not in employment. To the extent that they wanted flexibility, this was generally structured flexibility. Amongst this group, functional flexibility was common and desired, and these workers also often worked for relatively low wages.
- The lower skilled people who were not in work were the least able or willing to offer flexibility. They aspired to permanent full-time work, tended to hold a negative view of agency work, and needed to earn more than they could receive in benefits, giving them reduced flexibility over the pay and number of hours they were able to work.
- When segmentation by workforce flexibility occurs, it can be self-replicating and self-reinforcing, further deepening the segmented nature of certain sections of the labour market. This is caused both by the nature of the flexibility required and the types of people who can provide this flexibility and by the recruitment methods used by employers to recruit people for this type of work.

- Exclusion from atypical working can ultimately lead to exclusion from more typical forms of employment. Although atypical work may not necessarily be regarded as 'good' work, the skills, the employment history and confidence it can provide to the incumbent can be helpful in finding more typical work. If lower skilled people are excluded from atypical working because they cannot provide the flexibility it requires, this may be a further barrier to them finding sustainable employment.
- Coventry and the West Midlands more generally, has been particularly badly affected by recession and the loss of the types of manufacturing work typically associated with lower skilled employment. Combined with the pool of students (from two universities) and migrant workers in the city and wider sub-region, this has increased the potential for segmentation in the local labour market. Other regional and local labour markets with different sectoral structures and circumstances will show this pattern to a greater or lesser extent, suggesting that a combination of both general people- and place-targeted measures are likely to be the most effective in helping lower skilled people into work.

## 7 Conclusions and challenges

This chapter draws together key conclusions on the impact of student and migrant employment on opportunities for low skilled people and outlines the challenges they present. While the issues raised are of general relevance, the primary research was undertaken in the Coventry area and so is of particular relevance to local and sub-regional partners who have a critical role in the delivery of employment and skills outcomes and who are concerned with understanding the dynamics and drivers of worklessness, creating jobs, developing skills and growing the economy.<sup>27</sup>

In reflecting on the results and key themes emerging from the research, it should be borne in mind that fieldwork was undertaken in late 2010 and early 2011, when the sub-regional and national economy remained in a fragile state following the deep recession of 2008/9 in which the West Midlands region was particularly hard hit. While the research provides a useful context for identifying the nature of low skilled work, it should be noted that recruitment and other practices can change as economic fortunes alter. Hence the particular results presented here are time- and location-specific, but the processes and issues identified are of much wider relevance.

### 7.1 The role of employers' recruitment practices

Employers play a key role in structuring openings to employment (whether through direct employment or via agencies) and also in opening up and closing down channels to training and progression when in employment. This underlines the importance of local and sub-regional stakeholders having a clear understanding of how recruitment, employment and training practices operate in different sectors of their local labour market.

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<sup>27</sup> 'Skills' and 'creating new jobs' are amongst the 'top 5' issues identified in a consultation by the Coventry and Warwickshire LEP.

Changing employers' recruitment practices have tended to favour students and migrant workers, who are more confident in their use of social networks to access opportunities and in making direct applications to employers. To some extent the shift towards greater use of informal recruitment methods by employers seemed to be a function of recession, or had taken a firmer hold during recession. It worked against low skilled people, and especially unemployed job seekers, who tended to rely to a greater extent on more formal means. Some employers reported making greater use of agencies in recruitment, and once again students and migrant workers also appeared more willing to make use of agencies than low skilled people, who saw them merely as a route to temporary employment when most aspired to full-time permanent work.

The tendency of some employers to use temporary employment as a 'test' to identify 'good workers' who might subsequently be taken on permanently and developed was an issue for low skilled job seekers. Clarity was desired at the recruitment stage about the likelihood of a temporary job becoming permanent if lower skilled job seekers were not to be put off from applying. There were many reasons why lower skilled job seekers were unwilling or unable to consider temporary work. These included: issues with returning to benefits; perceptions that employers would regard having a series of short-term temporary jobs on a CV negatively; and a concern amongst those who lacked confidence that they would not be able to show what they were capable of in such a short period of employment or that they might not be able to learn the job quickly enough to be regarded as competent. This suggests that while low skilled unemployed job seekers become more disadvantaged and less likely to find employment, the longer their spell of unemployment lasts, short spells of temporary employment may not alleviate their situation – unless a temporary job is made permanent.

The increasing use of informal recruitment methods has also been found to be problematic for some groups of lower skilled job seekers. Their exclusion from the social networks used by employers who recruit new employees through word of mouth, friends and family recruitment highlights the relative lack of social capital possessed by lower skilled workers. Furthermore, many job seekers did not recognise the importance of these methods for recruiting for lower skilled employment. In part this may be because of their lack of access to such methods, but it also highlights the extent to which some unemployed job seekers lack the kind of cultural capital that would enable them to be more successful in the economic climate prevailing at the time when the research was conducted.

There is evidence that there has been a break from the situation of the past in relation to lower skilled employment. Not only are the types of job available different in terms of the sectors where work is available, particularly due to the declining importance of manufacturing and the growth of the retail sector, but the methods through which employment can be found, the skills and attributes employers are looking for and the context in which work takes place are all changing. In order to be successful in the fragile economic climate prevailing at the time when this research was conducted, lower skilled workers need the skills and knowledge to enable them to identify the changes that had occurred and understand what their response should be. Students and migrant workers, in part because of their characteristics, but also because of the greater ease with which they navigated the system, appeared to be much more willing to take risks in the labour market and were more successful in adapting than the lower skilled job seekers. Some of the individuals in this latter group were unwilling to place in jeopardy the certainty of income from benefits for the uncertainty of earnings from employment. Furthermore some of these individuals would benefit from development of self-efficacy and confidence in their ability to develop and compete in a changing economic climate. Some of the students commented how “ordinary people” in their workplaces could get very “stressed” with what they considered to be “simple” tasks/situations. Employers spoke positively about students and migrant workers showing initiative and being willing to work together to solve problems and/or ensure that tasks were completed.

## **7.2 The role of training and skills development in enhancing employability**

It is clear that their lack of formal qualifications or generally recognised certification of work-related skills development is a disadvantage to low skilled people, particularly in the current economic climate, when competition for jobs is fierce. This disadvantage is more particularly evident when they lose a job (for example through redundancy) and face competition for vacancies from better qualified students, migrant workers and other job seekers. This is an issue for all job seekers, but was particularly felt by older people who had recently become unemployed after working for most of their lives in jobs that had subsequently become more driven by holding credentials. Jobs for which their qualifications had been suitable in the past were no longer available to them and their work experience was in a sector in which they could no longer work. When in employment, lack of qualifications appears to be less of an issue, as employers placed greater emphasis on soft skills than formal qualifications.

Some unemployed job seekers had taken short vocational courses, but it was not evident generally that these had helped them very much in their search for employment, especially if the training was not recognised by, or directly relevant to, employers. There was evidence of a mismatch between the training available for unemployed people and the skills and qualifications sought by employers. Additionally, confusion about the availability of training, finances for training and its relationship to other job seeking activities had resulted in some job seekers undertaking unsuitable courses which did not help them in their search for employment, while others had identified courses that they thought would be useful but had been unable to take up a place.

In employment, short in-house skills development courses or opportunities for ongoing development did help low skilled employees to expand their skills sets and progress with their employer. Two clear issues emerged in relation to this.

First, opportunities for development were not always available to those who wanted them, while they were often available to people who did not want to take them up. This was clearest when comparing the experiences of lower skilled employees and migrant workers. The lower skilled employees overall appeared to have the most in-house opportunities at their place of work for skills development with a view to advancement, but the majority were not currently very interested in taking up these opportunities - they just wanted to do a job and go home. Conversely, the migrant workers were much more likely to want to undertake training, but this was less likely to be available to them, especially when they worked through agencies. For these workers, a catch 22 situation was evident: they need to break out of temporary employment into permanent employment in order to get the training they want, but the transition from temporary to permanent employment is more difficult in the absence of recognised training and skills accreditation, even when an individual is willing to be occupationally, sectorally and geographically mobile.

Secondly, when lower skilled workers do not take up the kind of training that will enable them to progress in their jobs, this can result in a blocking of opportunity for lower skilled people wanting to enter the labour market. Entry level jobs at the lowest skilled level do not become available because they are already filled by people who have no aspirations to move on from them. The gaps that develop in an organisation are therefore more likely to be at a more highly skilled level which the unemployed lower skilled workers are not able to fill.

It was clear from the primary research that a culture of training and progression in an organisation was very important in encouraging people to become more skilled and move up in their jobs. The employers who had been most successful in encouraging training and progression within their organisation were those who had established a learning culture by offering opportunities to a large proportion of their staff and making the benefits of undertaking training or moving to a more highly skilled job explicit. This was clearly easier to do in larger firms. Moreover, here there was some evidence that progression involving 'small steps' rather than 'big changes' was helpful in promoting interest amongst employees in advancement. For smaller employers, a lack of time, combined with few opportunities for progression and an inability to institute widespread training programs presented a real barrier to offering training and opportunities for progression. For these employers, the availability of outside training provision was important.

### **7.3 The impact of emerging trends in migrant and student employment on opportunities for low skilled people**

As has been noted, the proportion of lower skilled jobs that are characterised as atypical, whether that is because these jobs are temporary or in some other way unstable, they are part-time or the hours they provide are variable, or they involve working unsociable hours or some combination of these characteristics, appears to be increasing. There is evidence of the labour market polarising not just between low paid, low skilled jobs on the one hand and well-paid, skilled work on the other, but also of segmentation within the low paid, low skilled sector between those jobs that offer some degree of stable, sustainable employment that provides a basic living wage, and a growing group of jobs that offer only precarious employment with limited attachment to the labour market and often too few hours to provide a basic standard of living without government assistance.

The research reported here found little evidence of direct displacement of lower skilled people by students and migrants, but this is not to suggest that the increased entry of students and migrants into the lower skilled labour market has had no effect on the opportunities for lower skilled people.

Students represent a pool of workers undergoing continual replenishment, especially given HE policies and the pressures that many students feel to earn to help fund their studies and to enhance their employability skills and attractiveness to future employers. Despite a reduction in inflows of migrant workers to the UK at the time of recession, stocks of migrant workers remain substantial, and while some may be increasingly less willing to remain in low skilled employment as they extend their length of stay in the UK, it appears that there remains a significant pool of migrant workers for employers to draw from.

Students and migrant workers were found to offer flexibility over the times and numbers of hours that they worked, the types of work they were willing to do and the extent to which they were willing to take on temporary employment. This enabled employers to offer these kinds of jobs that many lower skilled workers were unable or unwilling to do. This resulted in the exclusion of large numbers of lower skilled workers from the labour market. If students and migrant workers did not fulfil these roles, it is likely that employers would need to give greater attention to how they structured their working practices to make them more attractive to lower skilled people, but as there was a pool of workers ready and willing to do these jobs, they did not need to do so. The important point here is that there is a dynamic relationship between supply and demand. Migrant workers and students have not 'replaced' low skilled workers because, by and large, they take the jobs that low skilled people would be unable or unwilling to do. However, the very presence of a supply of workers willing to work in this way may influence the kind of workers that employers demand, which in turn may contribute to their desire for flexibility and their ability to achieve it. Hence the reality is much more complex than straightforward displacement and is more about the restructuring of low skilled jobs. Nevertheless the outcome may be one of local low skilled people being 'locked out' of some of these jobs.

At a time of depressed economic conditions there are relatively few stable permanent positions available on the external labour market offering the continuity that many low skilled people want, and arguably that some unemployed job seekers need to restore their self-esteem and confidence to move on and progress – both in employment and other spheres of their lives. Economic conditions matter, and matter most for the low skilled who particularly vulnerable in the face of economic change. While some low skilled people would benefit from improving their employability skills, either while they were unemployed or through the development of transferable skills while they were in work, what most of those who were unemployed wanted – and needed – was the opportunity to find work that was more than simply a precarious period of economic activity representing nothing more than a temporary respite from unemployment. While there is a role for supply side interventions, the demand side matters too.

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## Appendix 1 Profile of interviewees

	<b>Size</b>	<b>Sector</b>
Employer	< 50	Distribution
Employer	50 to 199	Distribution
Employer	> 200	Distribution
Employer	> 200	Distribution
Employer	< 50	Hospitality
Employer	50 to 199	Hospitality
Employer	50 to 199	Hospitality
Employer	> 200	Hospitality
Employer	< 50	Manufacturing
Employer	50 to 199	Manufacturing
Employer	< 50	Retail
Employer	> 200	Retail
Employer	> 200	Retail

Type of interviewee	Gender	Age group	Sector
Employee	Male	18-24	Hospitality
Employee	Male	18-24	Hospitality
Employee	Male	35-39	Hospitality
Employee	Male	40-44	Distribution
Employee	Male	45-49	Hospitality
Employee	Female	18-24	Hospitality
Employee	Female	18-24	Retail
Employee	Female	18-24	Retail
Employee	Female	25-29	Hospitality
Employee	Female	45-49	Retail
Employee	Female	45-49	Retail
Employee	Female	Over 50	Retail
Job seeker	Male	18-24	
Job seeker	Male	25-29	
Job seeker	Male	30-34	
Job seeker	Male	35-39	
Job seeker	Male	40-44	
Job seeker	Male	40-44	
Job seeker	Male	40-44	
Job seeker	Male	40-44	
Job seeker	Male	45-49	
Job seeker	Male	Over 50	
Job seeker	Female	18-24	
Job seeker	Female	45-49	
Job seeker	Female	Over 50	
Migrant worker	Male	25-29	Distribution
Migrant worker	Male	30-34	Distribution
Migrant worker	Male	30-34	Manufacturing
Migrant worker	Male	35-39	Retail
Migrant worker	Male	35-39	Voluntary sector
Migrant worker	Male	Over 50	Manufacturing
Migrant worker	Female	18-24	Distribution
Migrant worker	Female	25-29	Distribution
Migrant worker	Female	30-34	Distribution
Migrant worker	Female	35-39	Hospitality
Migrant worker	Female	35-39	Hospitality
Migrant worker	Female	40-44	Hospitality
Migrant worker	Female	45-49	Hospitality
Student	Female	19	Administration
Student	Female	19	Hospitality
Student	Female	19	Hospitality
Student	Female	19	Hospitality
Student	Female	19	Retail
Student	Male	20	Hospitality
Student	Male	20	Retail
Student	Female	20	Administration
Student	Female	20	Health & Social Care
Student	Female	20	Hospitality
Student	Female	20	Hospitality
Student	Female	20	Retail
Student	Female	20	Retail
Student	Male	21	Administration
Student	Female	21	Administration
Student	Female	21	Administration
Student	Female	21	Administration & Health
Student	Female	21	Health & Social Care
Student	Female	22	Retail

Evidence Reports present detailed findings of the research produced by the UK Commission for Employment and Skills. The reports contribute to the accumulation of knowledge and intelligence on skills and employment issues through the review of existing evidence or through primary research. All of the outputs of the UK Commission can be accessed on our website at [www.ukces.org.uk](http://www.ukces.org.uk)

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