

Staying in Work: Policy Overview

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SUMMARY

The UK Government wishes to ensure that people leaving benefit can ‘move up the employment ladder, seeing their earnings increase as they do so’. To further this aim, the Department for Education and Employment commissioned a review of the concept of ‘employment sustainability’ to help to inform the development of policy. This report summarises the policy implications of the review.

‘Employment sustainability’ is best defined as ‘the maintenance of a stable or upward employment trajectory in the longer term’ (Section 1). It is the dynamic counterpart of ‘employability’ (individual skills and assets, and how they are deployed) and encompasses ideas of job retention (holding onto a job when circumstances change), job stability (the duration of jobs) and career advancement (progression to better jobs). A goal of employment sustainability is self-sufficiency, defined alternatively as income above poverty or benefit levels, or the ability to prosper in the labour market without government intervention. The policy focus therefore extends beyond the short-term job stability to employment sustainability.

Measuring a multifaceted concept such as employment sustainability is complex. A measure needs to take account of the duration of periods of employment and the length of intervening spells of unemployment over some pre-determined period (Section 2.1). It also needs to assess progress within the labour market – trajectories towards self-sufficiency (Section 2.2). A simple measure, recording periods of employment lasting at least nine months without any fall in real earnings, suggests that 58 per cent of job engagements result in sustainable employment.

Employment sustainability results from the interplay of structural factors and individual characteristics and circumstances (Section 3). The former probably include the trend towards more labour market flexibility, increased non-standard employment and the limited emphasis placed by employers on retaining employees. Salient individual characteristics include gender, age, health, qualifications and hard and soft labour market skills. More research is required to determine the balance of structural causes of unsustainable employment and those relating to individual circumstances.

Issues in the design of policy include:

- *Objectives*: eight are suggested - promoting stability, retention, progression and/or self sufficiency, each being either (short-term) job-based or (long-term) employment-based (Section 4.1);
- *Targeting*: considered to be essential since those who require assistance probably require intensive help (Section 4.2);
- *Timing*: best offered before and after people start employment, being most intensive during the first weeks of employment (Section 4.3);
- *Take-up*: stigma needs to be avoided and services made easily accessible to people in work (Section 4.4);
- *Labour demand*: employers confront a trade-off, which can be influenced by public policy, between flexibility of employment practices and the advantages of a skilled committed workforce (Section 4.5);
- *Agency and implementation*: good policy design aspires to continuity across the employment divide, case-work, placements in good quality jobs, proactive and pre-

emptive interventions, flexibility and comprehensiveness in service provision, and good team-working and co-ordination (Section 4.6).

- *Measuring outcomes*: policy evaluation requires the measurement of specified outcome variables. US experience suggests the use of a number of variables, such as wage progression, hours worked and benefit receipt, to measure employment retention and advancement (Section 4.7).

There are many policies that could aid employment sustainability though few evaluations have examined in detail their effect on sustainable employment. Those aimed at jobseekers include: training; job-search and placement assistance; career mediation; counselling; career and life-planning tuition; benefits advice and advocacy, and services relating to health matters and substance abuse (Section 5.1).

Those policies for people moving into work embrace: earnings supplementation; financial bonuses; transitional provision and services; emergency employment support services; mentoring; employer mediation; childcare and assistance with transport (Section 5.2).

Measures aimed at employers include: financial incentives; peripatetic human resource management; job retention guidance; employer awareness campaigns and sectoral brokerage services (Section 5.3).

If such policies or measures are shown to work effectively, they would offer a win-win-win situation: individual and family welfare would be enhanced, the skill-base of the economy increased and welfare benefit expenditure reduced (Section 6). Consequently, carefully evaluated pilots are proposed, supported by analysis of existing data to establish trends and a strategy to improve the information base for statistical monitoring.

**STAYING IN WORK:
POLICY OVERVIEW**

About half of people leaving claimant unemployment sign on again within a year and there has been little change in this fraction over a number of years (Teasdale, 1998). However, the Government, in the context of the New Deal welfare to work schemes, wants people who leave benefit to *'move up the employment ladder, seeing their earnings increase as they do so'* (HM Treasury, 1997). The importance of retaining work is recognised in the Social Exclusion Unit report on jobs (SEU, 1999).

This report seeks to help the development of policies designed to achieve this goal. It distils policy relevant findings from a study undertaken by the Centre for Research in Social Policy (Loughborough University) that comprised a literature review and policy analysis of the concept of employment sustainability, interviews with a range of experts and an initial data analysis (Kellard et al., 2000). This material is organised to address the following questions in turn:

1. How should the concept of employment sustainability be defined?
2. How can employment sustainability be measured?
3. What factors affect employment sustainability?
4. What considerations should guide the development of policy?
5. What policies can be implemented to promote employment sustainability?
6. What are the policy boundaries and limitations?

1 DEFINING EMPLOYMENT SUSTAINABILITY

The term *employment sustainability* has not hitherto been explicitly defined or widely used. Nevertheless there was widespread acceptance among the policy actors interviewed that some such concept was useful and readily understood, even if 'the sustainability of employment' was preferred by some to the term 'employment sustainability'. It may be defined as:

'the maintenance of a stable, or upward, employment trajectory in the longer term.'

Employment sustainability will generally be determined by the interaction of personal characteristics and circumstances with labour market opportunities and may potentially be influenced by targeted labour market policies, although such evidence as there is in the US (Fishman et al., 1999) indicates limited success to date.

Employment sustainability is related to the concept of *employability* and embraces other concepts such as job stability, job retention, career or employment advancement and self-sufficiency. Employability refers to the characteristics that individuals may have, such as their skills and human and social capital resources, which enable them to operate successfully in the labour market. However, the presence or absence of such characteristics does not necessarily dictate whether individuals, or groups of individuals, will achieve sustainable employment. This is because a variety of other factors are important, including the behaviour of employers, local labour market characteristics and economic and technological trends, all of which help to determine the nature of the jobs available.

Thus the concept of employment sustainability has individualistic and structural dimensions that might need to be tackled by different packages of policies focused both on labour supply and labour demand. The former would seek to equip individuals with the skills and support systems necessary to prosper in the modern labour market. The latter would aim to encourage employers to recognise the commercial advantages that accrue from promoting career progression and stable employment, and to assist them in implementing practices that foster employment sustainability.

Employment sustainability is an inherently dynamic concept. It encompasses the ideas of:

- *job retention* – holding on to a job when circumstances change,
- *job stability* - the duration of jobs, and
- *career advancement* – the progression to better jobs.

It also typically places the focus not on jobs *per se* but on periods of employment and employment trajectories over the longer term.

In the US debate *self-sufficiency* is presented as a goal of employment sustainability or as an important threshold at which public policy might no longer have a legitimate role to play. Self-sufficiency is often defined simply in economic terms, as having the ability to sustain

oneself financially (in employment) without having to resort to out of work and certain in-work benefits. It may thus be considered the inverse of benefit or welfare dependency.

A wider interpretation of self-sufficiency embraces the ability of people to develop themselves, their abilities, skills and opportunities to enable movement within the labour market, without requiring the intervention of government initiatives or assistance. The role of policy, therefore, would be to encourage individuals to develop 'career' management skills and an employment strategy. This could be available both to those seeking employment, and to those already in (entry level) work who are seeking to progress or advance in the labour market.

2 MEASURING EMPLOYMENT SUSTAINABILITY

Employment sustainability is a multifaceted, composite term that does not lend itself to measurement by means of a single indicator. However, in principle at least, many of its constituent elements are likely to be readily measurable and taken together may provide an adequate basis for measurement.

The constituent elements of sustainability include job and employment duration, duration of periods spent in 'unproductive activity' and a set of other indicators relating to measures of employment quality that define career development. The definition of 'longer-term', the time frame over which sustainability is assessed, is likely to be partly determined by the availability of longitudinal data.

2.1 Duration

Measures of duration relate to single periods or spells of labour market activity, such as a continuous period of employment. The total duration of spells of the same activity within a given observation period can be obtained by simple addition. Therefore, the total duration of employment can be obtained by adding the job tenure of successive jobs.

Measures of duration are already widely used in policy terms as monitoring criteria, as targets and as eligibility criteria. Durations of unemployment are regularly published and for the

purposes of the New Deal programmes employment is considered 'sustained' if it has lasted at least 13 weeks¹.

While it is relatively straightforward to measure the duration of unemployment and employment (the latter is marginally more difficult)², more problems are apparent in measuring spells of unproductive activity. 'Unproductive' activities are defined as those which do not enhance employment sustainability through their effects on, for example, an individual's human and social capital. Unfortunately, there is little evidence relating to the work-related activities of people who are defined as being economically inactive or which activities contribute significantly to employment sustainability.

Summary measures of duration might comprise a series of ratios expressing the proportion of time spent in particular employment states. For example, the total time spent in employment during the observation period or the proportion of non-employment time spent in training or educational activities.

Decisions would need to be taken about how best to take account of part-time activities during an observation period, recognising that three months' part-time work might not equate with three months of full-time work in terms of sustainability. Measuring employment in terms of the total hours worked is one commonly adopted strategy to address this issue.

¹ The retention measure actually refers to the proportion not returning to Jobseeker's Allowance within the given time period and thus is not strictly speaking a retention measure. However, the design of New Deal ensures that participants who return to JSA are able to re-enter the New Deal programme.

² One confounding factor in the measurement of duration relates to spell censorship, situations in which the evidence available does not indicate the timing of either the beginning (left-hand censorship) or end of a spell (right-hand censorship). This can occur in survey data when the start of a spell of unemployment, for example, is not recorded or when somebody is unemployed when interviewed and subsequently finds a job. There are techniques to cope with censorship although they tend to make the presentation of results more complicated (see Leisering and Walker, 1998).

2.2 Employment Progress and Trajectories

Neither simple nor additive measures of duration take account of job quality, career progression or the degree of self-sufficiency attained. To be able to incorporate these components into an index of employment sustainability requires both the specification of appropriate measures of employment quality and more complex sequence analysis to determine trajectories.

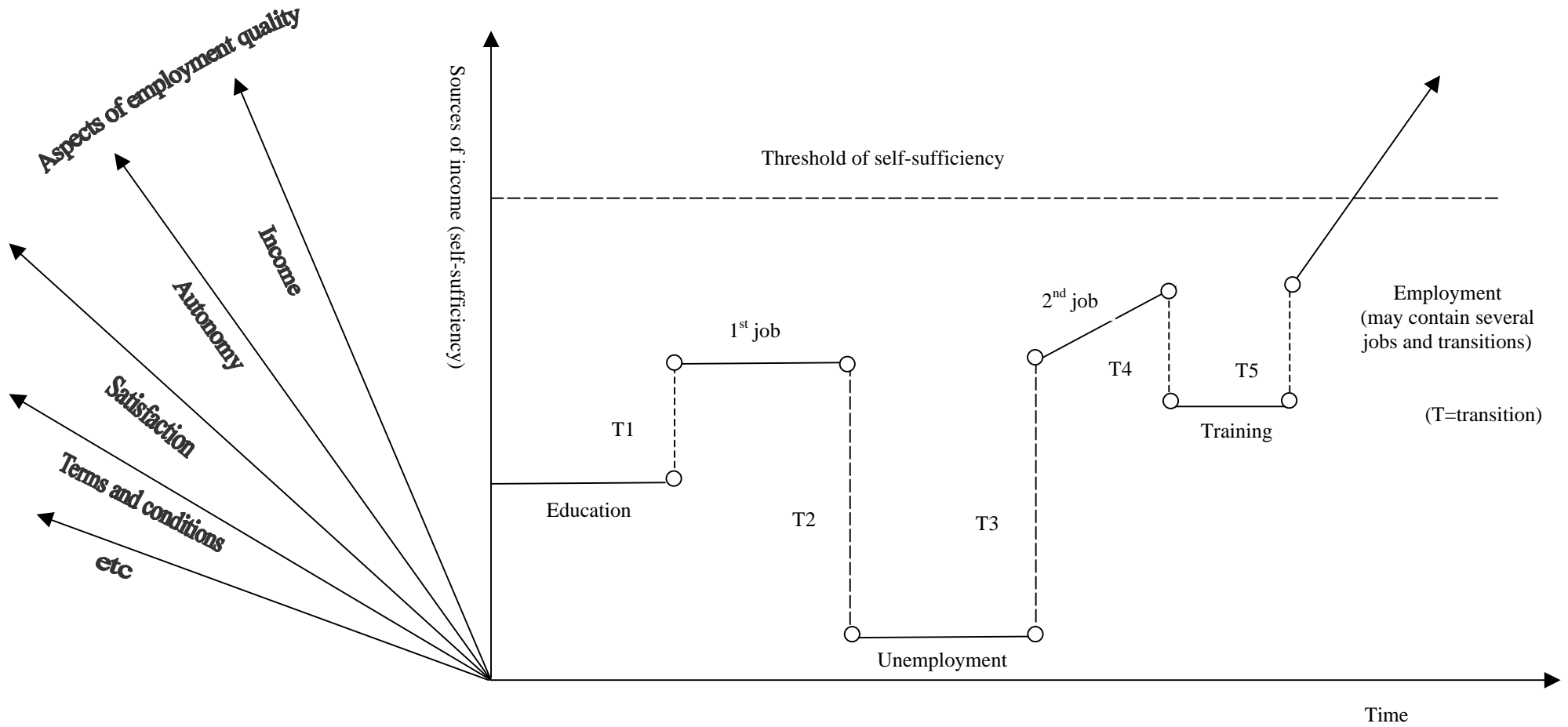
Quality measures such as earnings are, in theory, relatively simple to assess. So, too, is the threshold level for self-sufficiency if this is defined as the absence of means-tested income (but it becomes much more complex if the threshold is instead defined as having no need to apply for means-tested assistance and has to account for non-take-up).

Nevertheless, in practice, matters are less straightforward. Few surveys carry evidence of earnings measured over time periods of less than one year. The British Household Panel Survey includes monthly estimates of income and a monthly record of the kind of income received but not the specific amounts. Also self-sufficiency requires income data to be collected not only for the individual in question but also for other members of their household: the British Household Panel Survey does this but the Labour Force Survey, for example, does not.

Simple measures of change, comparing the absolute values of measures from panel survey data or longitudinal administrative data, can provide very useful indicators of the direction of employment trajectories. The longer the data series the larger the measurement time-frame that is possible, the more robust are measures of sustained change and the greater the ability to assess the long-term consequences of policy intervention. The greater the frequency of measurement, the better the ability to measure rapid changes and the short-term impact of policy interventions.

When measurement frequency is high it becomes possible to plot employment trajectories such as the one presented schematically in Figure 1. The technical challenge presented by trajectories is to develop methods by which typologies of similar trajectories can be developed, for example, distinguishing between upward, stable and downward trajectories.

Figure 1 An employment trajectory



In the meantime simpler devices can be used. One four-way measure combines earnings growth and employment stability. Employment is defined as sustainable if:

- a) it lasts for three months (short-term sustainability) or nine months (longer-term sustainability); and
- b) earnings grow or remain constant in real terms during the period.

Using this measure with six years of data from the British Household Panel Study suggests that, in the early 1990s, 27 per cent of job engagements resulted in employment that was not sustained under the short-term definition. This proportion rose to 42 per cent under the more rigorous longer-term formulation (Kellard et al., 2000).

3 FACTORS ASSOCIATED WITH EMPLOYMENT SUSTAINABILITY

The level of sustainable employment results from the interplay of individual and structural factors. Taking the latter first, there has been a shift in employment away from manufacturing towards the service sector and an associated growth in low paid and non-standard and 'flexible' employment including temporary work.

It is important not to exaggerate the scale of these changes and there is little evidence that the core-periphery model of the flexible firm with a large number of casual workers in relation to permanent staff is widespread (Meadows, 1999; Walker et al., 1999). However, non-standard employment tends to be concentrated in particular industrial sectors, some of which have been growing comparatively quickly. Moreover, the entry-level jobs available to people moving off benefit are disproportionately likely to be temporary and/or non-standard. Indeed, sectors with high levels of staff turnover will necessarily generate disproportionate numbers of job openings although again, by definition, disproportionate numbers of engagements will be temporary or otherwise result in involuntary separations.

Shorter-term employment is concentrated in industrial sectors such as distribution, hotels and catering, and agriculture and disproportionately affects retail and service workers, machine operators and other so called 'elementary' occupations. Likewise, experts interviewed for this research pointed to the fragility of employment in the hospitality and distribution sectors, and their perceived inability to offer, at the lower level, employment that could be considered sustainable, either in terms of tenure or the opportunity for progression or skill development.

Over the last twenty years or so, employers in the UK may have found it relatively easy to fill unskilled or low level jobs, and accordingly may have placed limited emphasis on strategies to retain employees at these levels.

As unstable employment is concentrated in certain industrial sectors, and therefore also in certain geographic regions, it is also concentrated among certain types of workers: the young; women; those with limited education and qualifications; and those with a history of unemployment and casual employment. Women, for example, are more likely than men to take short-term or part-time jobs (Tremlett and Collins, 1999; Cully et al., 1999). This may, in part, be due to their juggling the demands of caring for dependants. Equally it might mean that, perhaps as a consequence of their caring responsibilities, they can only access precarious or low skilled employment. Indeed, there is an inherent reflexivity between the characteristics of jobs and jobholders. Research in the USA, for example, suggests that although younger workers with low skill levels experience high levels of job instability, this has more to do with the types of jobs that are available to them than with their individual attributes, preferences or aspirations (Holzer and LaLonde, 1999). In this example, it is labour market deficiencies rather than individual ones that make it difficult to achieve sustained employment.

There is little reason to suppose that changes in labour supply have been the major determinants eroding employment sustainability. On the one hand, there has been a sustained growth in the proportion of women working and, as noted above, women are more prone to be in casual or short-term employment. Equally, the recessions of the 1980s, which affected manufacturing more than the service sector, released large numbers of people onto the labour market with redundant skills who may have found it difficult to secure sustained employment. On the other hand, the proportion of young workers, a group renowned for their propensity to change jobs quickly, has fallen over the last 20 years both for demographic reasons and because more have stayed on in education. Correspondingly, the proportion of workers with vocational and (especially) academic qualifications has risen which should enhance employment sustainability. Whether employers' demand for qualifications has outstripped the increasing supply is uncertain, although the early evidence from the New Deal evaluations is that employers report a deficit of 'soft' or people-centred skills among recruits.

Further research is required to establish whether there has been a fall in sustainable employment and the balance between structural causes and those relating to individual circumstances. What is evident is that entry-level jobs often fail to foster sustained employment. The next section lists some of the considerations that will need to be taken into account in designing policies designed to overcome this obstacle.

4 ISSUES IN THE DESIGN OF POLICY

Designing policy to enhance employment sustainability, to enable people to make better, or more successful transitions from unemployment to work and to advance within employment towards self-sufficiency is new territory. There are few working models, little evidence as to what (if anything) works and more experience of failure than of success. There is consensus in the USA that it is vital to try to develop policy to foster sustainability (or employment retention and advancement) despite previous disappointments, but a paucity of ideas as to what form policy should take. However, while the research evidence offers no clear-cut policy answers, it points to a number of factors that will need to be taken into account in the design of policy. These are grouped below into those appertaining to the:

- objectives of policy;
- targeting of intervention;
- timing of intervention;
- constraints on take-up;
- labour market constraints;
- agency and implementation; and
- measuring outcomes.

4.1 Policy Objectives

Policies could be designed to advance one or more of the component elements of employment sustainability over varying periods of time. Likewise, policies could focus on supply and/or demand side factors. Table 1 lists eight separate policy objectives based on the four primary objectives of promoting stability, retention, progression and self-sufficiency, differentiated according to whether the emphasis is job-focused (and generally short-term) or employment focused (typically longer term). Policy in the USA was initially targeted on helping people to retain their entry job (job stability) but the aim rapidly changed to one of

promoting employment stability and progression. This reflected a realisation that entry level jobs often do not facilitate promotion or wage progression and that the latter might only be achieved through job mobility (Fishman et al., 1999). With employment focused objectives, it is important to ensure that spells of unemployment between jobs are minimised, or ideally avoided, so as to ensure overall income growth and avoid any negative effects of unemployment on human capital resources.

Table 1 Policy Objectives

Objective	Job centred	Employment focused
Stability	Maximise duration of job	Minimise periods without work (or in non-developmental activity)
Retention	Minimise impact on job tenure of changes in circumstances	Maximise adaptability
Progression	Foster promotion within the workplace/enterprise	Promote employment advancement and career development
Self-sufficiency	Maximise wage and post-transfer income	Maximise individual wage growth

4.2 Targeting

A key lesson drawn by respondents from the US Post Employment Services Demonstration was that targeting is essential if services are to prove effective (Rangarajan and Novak, 1999). Many welfare recipients returning to work in the USA required little or no support, others required intensive service provision; serving a large, heterogeneous population frustrated attempts to deliver effective services to those who most needed them.

Targeting can be categorical, based on prior criteria, or discretionary. While the characteristics of those prone to long spells of unemployment are well known, few studies have sought to predict employment stability on the basis of individual characteristics and circumstances. One exception in Britain (Trickey et al., 1998) suggested that short spells of

employment were characteristic of people in bad health with limited prior work experience and poor numeracy. In the USA, predictive models have taken account of age, health status, prior work experience, school graduation, age of youngest child, and a set of job characteristics including hourly wage rate and the availability of paid holidays (Rangarajan et al., 1998). Such multivariate models can be computerised or simplified for administrative use but the balance of opinion in the US is that they should be used as indicative or supportive aids to targeting rather than the sole or principal method.

In the absence of definitive targeting criteria, allocative decisions are likely to fall to case-workers who, with sufficient time and contact, may be able to build up a rounded understanding of people's circumstances and make informed judgements as to what level of support should be offered. However, even such a preliminary evaluation is likely to prove time-consuming.

It is at least arguable that some of the softer attributes needed to perform well in today's labour market, such as 'identity capital' (Bynner, 1998) - the individual's view of who they are and how they present themselves to others - are not amenable to formal measurement. This may encompass 'soft skills' including communication, adaptability and amenability. The Personal Advisor model may well be successful in identifying and addressing these kind of deficiencies, given the discretion to assemble appropriate packages of support and development and, if appropriate, seek assistance from intermediary organisations with particular specialisms or experience of certain groups.

It is often the presence of *multiple* barriers that hinder the transition into employment, rather than any one particular disadvantage. Key agent respondents in this research believed that people who are most disadvantaged in the labour market, and therefore warrant policy intervention, typically suffer from a variety of disadvantages, such as poor housing, low skill levels, poor social skills, family breakdown, drug or alcohol dependency, low self-esteem and ill-health. The existence of multiple disadvantages could thereby be used as a criteria for offering services (the aim of which might also be to address the variety of problems rather than tackling one barrier in isolation).

Equity considerations could arise if services to foster employment sustainability were only open to people who had previously received income maintenance benefits. While many

recent ex-benefit recipients occupy entry-level jobs with little prospect of advancement, many others would seem to face equally limited opportunities for betterment.

A final aspect of targeting relates to whether resources should be focused on changing the behaviour of workers and potential workers, or that of employers, or a mixture of both. This will reflect political considerations as well as analysis of the nature of the problem.

4.3 Timing

Evidence from the USA suggests that the timing of intervention is likely to be critically important to the success of policies designed to foster job retention. There, promoting services only after welfare mothers had moved into employment was found to be counter-productive, since clients in work had to be re-recruited to the post-employment scheme. The prevailing wisdom is that services should be offered in a joined-up fashion beginning before clients take-up, or return to, employment. This is seen as likely to substantiate the legitimacy of employment advisers having a post-employment role – both in the eyes of clients and especially from the viewpoint of employers to whom they can offer a comprehensive service spanning recruitment and retention. It may also act as a work incentive since prospective employees know that help is at hand should difficulties arise during the first weeks of employment.

A focus on retention and progression means that traditional, pre-employment services, such as classes to boost self-esteem and teach soft skills, have to be re-orientated. In addition to imparting advice and skills that allow clients to perform well at interview, the aim becomes to equip prospective employees with the techniques necessary to hold down employment and to develop and follow a ‘career’ plan.

Timing is also an aspect of the targeting decision. The longer someone remains in a job, the more likely it is that they will continue in employment. The first six months in a job are particularly precarious, and it is during this period that individuals are most at risk of returning to unemployment. Families have to make significant adjustments in their way of life and pattern of budgeting (Ford et al., 1995). Workers have to adapt to the work environment and the job-match may well be imperfect. The period to receipt of the first wage has to be negotiated and there are often problems and delays associated with receiving

in-work benefits. Strategies need to be developed for coping with the breakdown of childcare or transport.

The evidence suggests that post-employment support needs to be at its most intensive during the first few weeks of employment, and substantial for a period of perhaps six months. However, if the objective is employment progression rather than simple job-retention, services are required to be accessible for much longer.

4.4 Constraints on Take-Up

Uptake of some of the voluntary New Deal programmes in Britain and of the Post Employment Services Demonstration in the USA has been low. In part, this may simply reflect the time it takes for people to adjust to the provision of a new service where one did not exist before. Integrating new services within the fabric of well-established and socially accepted ones can serve simultaneously to dispel ignorance and engender positive support for innovation. In this regard, post employment measures follow naturally from existing pre-employment and job placement schemes.

Nevertheless, there may be specific obstacles to the high take-up of post-employment measures. One is the possible stigma attached to receipt of state welfare and a desire to conceal this from employers and work colleagues. The provision of a seamless job placement and retention service for employers may partially neutralise this concern to the extent that the continuing role of employment advisers or their counterparts becomes widely accepted in the work-setting.

Another consideration is the availability of post-employment support outside working hours. Access to services after work or at weekends is essential since many employers do not allow employees to take time off during the working day. Provision of services, such as training on work premises, and perhaps during lunch hours, may also be an option.

A further brake on the use of post-employment services are the time pressures that employment itself creates. The uptake of further education classes provided for former recipients of welfare in the USA, for example, has been limited because lone mothers have little time to spare and limited energy to expend after a working day. What little they do have, they often wish to devote to their children. One response (run under the auspices of

GAIN in California) has been to provide family centres providing learning and other experiences for all family members.

4.5 Labour Market Constraints

It is important to remember that supply side policies designed to enhance employment sustainability are constrained by the characteristics of labour demand. New entrants are likely to be the first to be made redundant in a recession. Also, as noted in Section 3, there have been trends in some sectors of the British labour market towards increased flexibility which may reduce job security and erode employment sustainability.

British employers have, over the last twenty years or so, found it relatively easy to fill unskilled or low level jobs, and accordingly may have placed limited emphasis on strategies to retain employees at these levels. Where there is a tighter labour market, as currently in the US, employers may find it difficult to fill even their low level vacancies. In such circumstances employers may be more receptive to incorporating employee retention and development strategies into their recruitment practices. There is some evidence of this happening in the US even in a context where there are increasing numbers of welfare recipients seeking work (as a consequence of time limited entitlement to welfare and a ‘work-first’ approach to labour market attachment). Employers are finding that potential employees do not have the basic or ‘soft’ skills that the workplace needs.

In fostering sustainable employment, employers face a trade-off. It is one between the short-term savings that accrue from low investment in the skill-base of their workforce and the flexibility to be able to downsize cheaply in the face of contracting demand on the one hand, and on the other hand competitive and financial advantages that accompany highly committed employees. Public policies to promote employment sustainability serve to subsidise employers either indirectly or directly. Indirectly they gain from public action to enable and encourage workers to adopt behaviours that reduce involuntary separations and staff turnover and create a larger pool of skilled personnel from which to recruit. They stand to gain directly from such services as job placement and mentoring and also from subsidies and incentives designed to encourage them to retain and invest in their labour force.

4.6 Agency and Implementation

Although employment advice and job placement assistance have traditionally been the preserve of the Employment Service and commercial recruitment agencies, many of the New Deal schemes are seeking to engage with a wide range of partners, including employers. Indeed, a strong case can be made that employers are major beneficiaries of policies that encourage employment retention and progression.

It is relatively easy to define the qualities to which post-employment measures should aspire but, as the US experience demonstrates, less easy to deliver them.

- *Continuity* – seamless provision across the employment divide so that expectations of post-employment support can be established early and confidence developed in the ability of named personnel to deliver. This aspiration can breakdown when pre-employment job-placement and other services have a poor reputation or are perceived to be highly stigmatising. When different agencies (and/or personnel) deliver pre and post-employment services, continuity may be compromised unless inter-agency communications are excellent.
- *Case-working* – named case-workers can offer continuity, follow-through and, given a detailed understanding of clients' needs, employer demands, service options and labour market opportunities, gain the respect of their clients and effectively allocate resources. However, effective case-working can be frustrated if caseloads are too large. This can prevent detailed assessment and matching, particularly if staff are inadequately trained or if staff turnover is high. It has been suggested in the USA that case-workers should have a practical problem solving orientation rather than a counselling or therapeutic focus (Strawn and Martinson, 1999).
- *Quality job placement* – US evidence suggests that people who enter better quality, better paid jobs enjoy more sustained employment and progress more quickly, although it is sometimes difficult to isolate the impact of 'quality jobs' from 'quality workers' (Strawn and Martinson, 1999).

- *Selective proactive and pre-emptive strategies* – policy intervention and implementation needs to be selective – to maximise the impact of scarce resources – and focused on the avoidance of unsustainable crises through foresight and early action. It is preferable to strive for prevention in the workplace than to rely on ameliorative action after the event. This will typically mean initiating frequent contact with clients in the early weeks of work, seeking feedback from employers and focusing on resolving the immediate causes of impending problems.
- *Flexibility* – policy design and implementation has to be flexible because employees are very heterogeneous in their characteristics and employment situations vary markedly. This generally denies the possibility of detailed prescription.
- *Comprehensiveness* – because of clients’ heterogeneous needs, services have to be wide-ranging. They also need to be designed simultaneously to tackle the multiple obstacles to sustainable employment that some people face, rather than addressing problems in a one-off, ad hoc fashion. This, in turn, will typically mean that services need to be offered through a range of specialist suppliers and intermediaries, and that caseworkers act principally as brokers rather than the suppliers of services.
- *Co-ordination and team working* – the involvement of multiple suppliers required by the demands of flexibility and comprehensiveness in turn imposes the need for effective co-ordination and a common commitment to meeting the needs of clients. It was evident in the Post Employment Services Demonstrations that there was sometimes a failing in communication that left clients and their advisers unaware of the full range of services that could be deployed. It is also the case that suppliers of services are sometimes competitors and find it difficult to move quickly into a partnership relationship. Equally, styles of operation often differ markedly across the public/private and profit/not-for-profit divides. While there is no legitimate reason why these obstacles should not be overcome, they need to be recognised in the design and implementation of post-employment services.

If the above list serves to define good practice, albeit based on aspiration rather than empirical evidence, views are less clear cut on the relative merits of compulsion over

voluntary schemes or what is the most appropriate basis for setting targets and monitoring performance.

Compulsion versus voluntary provision – it is difficult to argue that all people should be compelled to advance in employment or even to seek to do so. However, compulsory engagement in post-employment measures might be justified for people receiving in-work benefits by reference to a personal responsibility pact: this could emphasise that individuals have a personal responsibility to pursue self-sufficiency and to avoid reliance on welfare. Compulsion might help to address problems of low uptake and high unit costs but could reduce effectiveness if clients were reluctant participants, trust between caseworker and client was undermined or caseloads became too large.

Performance monitoring – the literature on performance monitoring has not been reviewed in this research. However, respondents warned of some of the perverse effects that can result from setting performance targets. Many welfare to work contracts with commercial and voluntary sector organisations in the USA now include payment bonuses linked to job retention, partly to avoid the off-loading of welfare recipients into temporary employment. Even so, there was talk of unscrupulous agencies fixing employment contracts in relation to the period of employment required to generate bonuses. Some respondents were impressed by arguments that incentives should be linked to the achievement of intermediate outcomes rather than ‘final’ outcomes such as job retention rates. The view was expressed that small steps towards sustainable employment, such as the demonstrable acquisition of soft skills, constituted large leaps for some more disadvantaged clients.

4.7 Measuring outcomes

An evaluation of the impact or effect of policy interventions designed to enhance employment sustainability requires the measurement of outcome variables, such as length of time in employment or wage progression. Recent work in the US on employment retention and advancement has suggested the following possible measures (The Lewin Group, 1999):

- continuous quarters of employment;
- changes in wages;
- changes or progression in jobs;
- quarterly earnings;

- quarterly benefit receipt;
- type of job;
- length of time between jobs;
- hours worked (part-time, full-time, seasonal);
- length of employment;
- number of returns to ‘welfare’; and
- number of persons in jobs with benefits (such as health care or transport assistance).

These measures are clearly not comprehensive or complete, nor do they satisfactorily capture all aspects of the concept employment sustainability identified in this report. Moreover, they are defined with respect to data readily available in the USA. Nevertheless, they provide a battery of measures that have already been used to some effect.

5 POLICIES TO PROMOTE EMPLOYMENT SUSTAINABILITY

The more obvious forms of intervention that could be implemented with a view to increasing employment sustainability are listed in Table 2 (Fishman et al., 1999; Rangarajan, 1998; Strawn and Martinson, 1999). The table differentiates between interventions directed at jobseekers and employees and those aimed at employers. For the former group it also distinguished between measures that would only be applicable after a person had secured employment from those that could be applied either before or after a person enters work. It also relates each intervention to the eight sub-objectives introduced in Section 4.1. It is important to recognise that very few of the measures have been effectively evaluated.

5.1 Pre- and Post Employment Services

Measures that can be implemented both before and after a person finds work include the following:

- *Upgrading skills* through providing training in job specific (hard), workplace (soft) and life skills and remedial education. Much of the content of the various New Deals is directed to this goal, and to the extent that it is successful, this should enhance employment sustainability. In Britain, in-work training has largely been left to employers (although there is evidence that little is provided in entry-level jobs) and individual

initiative in the case of out of work-time training. Policies to stimulate the provision of in-work, developmental training (as opposed to job specific training) by employers, either individually or as industrial sectors, could help to promote employment progression.

- *Job-search and placement assistance* is traditionally restricted to unemployed people and selected groups wishing to enter the labour force. Employment advancement and career development objectives point to expanding employment services to employed workers and making them more accessible (by, for example, extending Jobcentre opening hours and offering more web-based services).
- *Career mediation*, a new term, refers to sectoral initiatives which seek to offer structured career advancement ('job ladders') by facilitating movement between firms and enterprises, with moves initiated and/or managed by employment advisers/case-workers (Bernhardt and Bailey, 1998).
- *Counselling* can include support for money management and budgeting, contingency planning, guidance to improve workplace behaviour and help with personal problems judged likely to impede sustained employment. The New Deal family of policies include counselling but this is not extensively available to people who have taken up employment.
- *Career and life-planning tuition* assists clients to take a longer-term perspective on their employment prospects and career opportunities and provides advice and support in developing strategies. The careers advisory companies provide elements of such a service for young people in Britain.
- *Benefits advice and advocacy* is an essential service for people especially, but not only, at the point when they begin work. The network of Citizens Advice Bureaux and welfare rights offices offers benefits advice in a responsive mode while the various New Deals proactively offer advice to jobseekers. A proactive service might need to be offered to people already in work to foster sustainable employment.

- *Service referrals* are required to assist people assess the employment implications of their health conditions and impairment and to identify and tackle substance abuse. The New Deal for Disabled People Personal Advisor Service is an example of such a scheme that focuses on job retention as well as job placement.

5.2 Post-Employment Measures

The following set of measures are appropriate for people once in work:

- *Earnings supplementation* through the Working Families' Tax Credit and the Disabled Person's Tax Credit and other in-work benefits enhance employment sustainability by protecting people against the most immediate consequences of downward fluctuating earnings. There is some concern, however, that such benefits may inhibit wage progression leading to suggestions that work-focused interviews should accompany benefit renewals (Bennett and Walker, 1998).
- *Financial bonuses and other incentives* can be paid to individual clients or intermediary organisations linked to job retention, job advancement or to other measurable intermediate outcomes such as attendance at training or education sessions.
- *Transitional provision and services* are particularly important to smooth the transition into employment during the early weeks which, as noted earlier, is the time when employment separations are most likely to occur. Many provisions are already in place within the benefit system, which are designed to facilitate this transition and, in the case of some groups, such as disabled people, to limit loss of benefit entitlement should employment prove to be unsustainable. Proactive counselling/case-management would also be most intensive during the early weeks of employment.
- *Emergency support services* are an important feature of post-employment provision in the US. Often they take the form of cash payments to cover such contingencies as car repairs or insurance. They also include initial employment expenses such as tools and work clothing.

- *Mentoring and support groups* provide a typically low cost method of boosting morale and providing assistance at times of crisis. Support groups comprise cohorts of people returning to work, while mentoring involves the pairing of less and more experienced or skilled workers. Mentoring schemes can be sponsored by employers or provided through voluntary organisations. Support groups tend to be co-ordinated by caseworkers.
- *Employer mediation* allows for the caseworker to mediate in disputes that may place the prospect of continuing employment in jeopardy. Mediation by its very nature entails the agreement of both employer and employee. In the Post-Employment Services Demonstration in the USA many of the employees did not want the caseworkers to mediate for fear of their employers learning that they had been on welfare or needed external help dealing with their problems.
- *Provision of in-work support services* covering childcare, transport and housing is recognised in the USA to be essential for some people if their employment is to be sustained. In Britain, the National Childcare Strategy, together with Childcare Tax Credit, covers registered childcare but does not benefit those reliant on informal childcare. Emergency provision in the event of child sickness might be particularly beneficial for lone parents and two worker couples. Poor housing may be less of a concern in Britain (with the obvious exception of homeless people) but unreliable transport to work is probably more important as a factor contributing to job-loss than is typically recognised.

5.3 Measures Aimed at Employers

Employers stand to benefit directly and indirectly from all the policy measures discussed above in so far as they succeed in fostering employment retention and progression, thereby enabling them to retain productive staff. Indeed, employers are direct customers for job placement, emergency support and mediation services. However, there are specific demand side measures, in addition to the supply side ones discussed so far, that could be aimed directly at employers. These include:

- *Financial incentives* aim to change employers' recruitment and retention strategies by offering monetary rewards or penalties. In the same way that recruitment subsidies are

offered to employers to recruit staff from some of the New Deal programmes, bonuses could be offered based on the length of employment served by former benefit recipients. Alternatively, as in some continental European countries, taxes and social insurance levies could be used to penalise redundancies or involuntary separations. Tax incentives could be used to encourage staff training which would foster the progression of staff but which might also encourage employers to retain their staff.

- *Peripatetic human resource management* offers small firms specialist personnel functions to which they do not normally have access for reasons of cost. This would not only enhance their efficiency but might sensitise employers and managers to the financial advantages that accrue from investing in developmental staff training, and the real costs incurred as a result of casual employment practices.
- *Job retention guidance* may be viewed as a sub-category of peripatetic human resource management, designed to provide employers with specific advice in the event that an employee suffers a chronic health problem or develops an impairment that puts their job in jeopardy. The New Deal for Disabled People programme includes job retention guidance as an element.
- *Employment awareness campaigns* would seek to draw the attention of employers to the advantages of prioritising job retention and human resource policies and alert them to public policies to support such activity.
- *Sectoral brokerage services* provide an infrastructure to encourage firms within industrial sectors to act in partnership to implement policies that promote developmental training and employment progression.

Table 2 Policies to Promote Employment Sustainability Objectives

	Job centred			Employment focused				
	Stability	Retention	Progression	Self-sufficiency	Stability	Retention	Progression	Self-sufficiency
Pre and post-employment services								
<i>Upgrading skills</i>	✓	✓	✓	✓	✓	✓	✓	✓
<i>Job-search and placement assistance</i>	✓		✓	✓?	✓		✓	✓?
<i>Career mediation</i>	✓	✓	✓	✓?	✓	✓	✓	✓?
<i>Counselling</i>	✓	✓	✓?		✓		✓?	
<i>Career and life-planning tuition</i>	✓	✓	✓	✓?	✓	✓	✓	✓?
<i>Benefits advice and advocacy</i>	✓	✓?						
<i>Service referrals</i>								
• <i>Health related</i>	✓	✓	✓?		✓			
• <i>Substance abuse</i>	✓	✓	✓?		✓			
Post-employment measures								
<i>Earnings supplementation</i>	✓			✓	✓			✓
<i>Financial bonuses</i>	✓	✓	✓					
<i>Transitional provision and services</i>	✓					✓	✓	
<i>Emergency support services</i>	✓	✓				✓		
<i>Mentoring</i>	✓	✓?						
<i>Employer mediation</i>	✓	✓						
<i>Provision of in-work support services</i>								
• <i>Childcare</i>	✓	✓			✓?	✓?		
• <i>Transport</i>	✓	✓			✓?	✓?		
Measures aimed at employers								
<i>Financial incentives</i>	✓	✓	✓?					
<i>Peripatetic human resource management</i>	✓	✓	✓					
<i>Job retention guidance</i>		✓						
<i>Employer awareness campaigns</i>	✓	✓	✓					

6 POLICY OPPORTUNITIES AND LIMITATIONS

The attraction of policies that foster employment sustainability is that they offer the possibility of a ‘win-win-win’ situation: individual and family welfare is enhanced, the skill-base of the economy is increased with positive benefits for international competitiveness, and public expenditure on welfare benefits is reduced. It is not surprising, therefore, that with seemingly successful welfare to work policies in place, attention in Britain should expand to policies that help people to stay in work. Similarly, it is understandable that policy makers in the USA are keen to pursue such policies even in the absence of encouraging results from their first generation of employment retention and advancement programmes.

The causes of unsustainable employment must reside in the abilities, aptitudes and aspirations of workers and in the structural factors that shape both labour demand and the behaviour and attitudes of employers. Evidence does not indicate which is the most important set of factors.

It follows that public policies to foster sustainable employment can address either supply or demand side factors and, since it is not apparent which is the most important, may need to tackle both. The kinds of policy that might be introduced have been discussed above. None has yet been proven to work *in situ*, although information gleaned from analogous welfare to work schemes can be brought to bear in choosing between policy options, along with evidence of what has been tried, especially in the US, and found lacking.

Employment sustainability, best defined as ‘the maintenance of a stable, or upward employment trajectory in the longer term’, requires policy objectives that extend beyond the promotion of job stability to embrace aspirations for employment stability, progression and the attainment of self-sufficiency. Policies limited to job stability³ in the USA have been found to trap people in low-quality, entry level jobs that offer little earnings growth, and fail to assist people to move out of poverty and off in-work benefits.

³ Termed job retention in the USA.

Individual policies, and the flexible packages of policies that are needed in response to the heterogeneous and multiple barriers that some potential and current employees face, should offer seamless provision across the employment divide. The seeds of sustainability should be planted while a person is still unemployed (or even when they are economically inactive). This means the acquisition of life-skills, hard and soft workplace skills, career planning skills and the provision of support and counselling. These services and provisions need to continue to be available at various times and for varying periods when people are, or become, employed. Provision needs to be proactive and most intense during the first weeks and months of employment. It also needs to be conveniently accessible to people in full-time employment, a group not traditionally served by the Employment Service.

Provision needs to be comprehensive in scope but focused in its targeting. Intensive provision is required for people most at risk of experiencing unsustainable employment. This requires case-management or casework by appropriately and well-trained staff; it is likely to be ineffectual if staff have to divide their time among an overly large caseload. Other people returning to work probably require little or no support during their transition into work or while in employment. In the virtual absence of detailed statistical evidence about who is prone to experience unstable employment – beyond a knowledge of broad at-risk groups and general precipitant characteristics – eligibility assessments and resource allocation are perhaps best handled by case-workers.

Most policies implemented to date have focused on enhancing the skills and resilience of prospective and existing workers. Therefore, there is little evidence about the effectiveness of policies directed at employers: either low cost awareness campaigns or more expensive incentives and subsidies and human resource management services. However, it is apparent that employers have a stake in the effectiveness of all policies to enhance employment sustainability and stand to gain financially and in other ways from their success. It is also apparent that, under specific circumstances, certain employers are prepared to engage proactively in policies to reduce staff turnover and to promote career advancement. Equally, however, significant numbers of employers appear to have given little priority to fostering job retention or developmental training, because they have either been unwilling or unable to do so (Keep, 2000).

Policy development is further hindered by a lack of statistical information about the true extent of unsustainable employment and the limited value of the traditional data sets for monitoring trends or establishing the impact of new policies. The British Household Panel Study contains more relevant information than most surveys but the sample size is relatively small. What the panel element of the Labour Force Survey offers in terms of large sample size is offset by the restricted number of variables, its individual rather than household focus and the limited time window that it provides. Nevertheless, further analysis of existing data is both necessary and possible.

Furthermore, the evidence available to date does not guarantee that policies to foster employment sustainability will meet with success. Schemes introduced in the USA aimed at workers and potential workers have generally proved lacking – uptake has been limited and net outcomes in terms of employment and earnings have been disappointing. Moreover, while certain employer-based schemes in the USA claim a considerable degree of success, they have not been independently evaluated. In addition, some of the potential causes of unsustainable employment probably lie outside labour market policy in the primary education system, in management training and in the dynamics of the global economy. Nevertheless, the US policy community remain committed to the revision, development and further testing of policies in this area.

Given the potential gains that would accrue from the success of policies to foster employment sustainability for individual families, individual firms and for the long-term well being of society, there is a clear imperative for action. As there is no proven model of delivery or any surety of success, action should take the form of small scale, carefully evaluated pilots. These should be accompanied by further analysis of existing data to inform understanding of the underlying relationships, and a strategy to improve the basis for the statistical monitoring of trends in employment sustainability.

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