Sustainable Integration of Long-term Unemployed: From Work First to Career First

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Introduction

In recent decades, governmental approaches to employment activation policy in many countries have been driven by principles of individual skills development with a focus on “Work First” approaches (McQuaid and Lindsay 2005, Lindsay and McQuaid, 2009, HM Government 2010). While moving into work is seen as the main way out of poverty for working-aged unemployed people (Browne and Paull 2010), this may be primarily the case where the job is not a low paid or when it is a “stepping stone” to better employment (Mulheirn et al. 2009). However, in some cases the type of job or job conditions lead to a cycle of low-pay no-pay due to work being in most cases economically unsustainable (Shildrick et al. 2012, McQuaid et al. 2010). This indicates the need for sustainable work in order to move people out of poverty and if the productive potential of the person is to be realised. “Work first” approaches are concerned with the rapid labour market entry of unemployed people, who are encouraged to take any job as quickly as possible with limited consideration given to the “quality” of employment (Daguerre 2007) or its suitability for the individual and household, and often with the threat of sanctions (Bivand et al. 2006). This can lead to support for unemployed people aiming at only achieving the minimum skills to reach entry-level jobs, with insufficient regard for future progression in the labour market or job sustainability, such as future income growth, productivity improvements, job satisfaction and long-term employment stability. Other consequences include a concentration by support agencies on those who are most job ready (“creaming”) and providing only limited or inadequate support to those who are far from being employment ready (“parking”), such as those with certain types of disabilities.

However, while “Work first” approaches do not prioritise intensive and long-term interventions for those facing complex barriers to the labour market (Dean 2003), the pre-2010 UK Labour government’s activation policies did acknowledge that many of the unemployed needed substantial support when seeking work (Lindsay and McQuaid 2008). Arguably the following UK Conservative-Liberal Coalition government’s approach to activation policy is along the same “hybrid” lines as its predecessor’s. The new Work Programme, launched in 2011, replaced previous welfare to work programmes. The design of the Work Programme sought to address the weaknesses identified by the Coalition government in the previous programmes: under the Work Programme, service providers are selected following a tendering process and are paid almost entirely for results related to sustained employment and
there is freedom for service providers to tailor the support offered to user’s needs with little involvement of the public employment service (a “black-box” approach to contracting out the services) (Freud 2011). The local provision and integration of activation and other related social support and policies at the local level, within the national context, is emphasised but much of the co-ordination for the long-term unemployed is by the Work Programme, Prime contractors using New Public Management (NPM) contractual processes (Fuertes et al. 2014).

The Work Programme represents an attempt at extending a significant trend of changing the focus of active labour market policies in the UK, and arguably the EU, towards the sustainability of employment for the long-term unemployed. Until around two to three decades ago, most national policies to support unemployed people into work were regularly evaluated and funded either according to input measurements (e.g. the amount spent on training or the number of training courses run) or output measures (e.g. the number of people trained or having been given advice etc.). Then the measures of success moved towards outcome measures such as the entry of unemployed people into work. Such job entry measures often took little or no significant account of how long the jobs might last (their sustainability), or of the quality of the jobs (for instance their pay or terms of contract) – or if they did, the period of sustainability was rather short and rarely were these results highly incentivised. Hence there is a need for long-term outcome measures such as progression in employment (e.g. in terms of income, working conditions, skills acquisition and utilisation etc.) and longer-term career progression.

It is, however, the argument of this paper that the Work Programme represents only a partial view of sustainability and is only a stage along the long-term direction of travel that active labour market policies may appear to be moving in. While measures of active labour market policy success have moved from input and output measures to job entry measures and on to the length of time a previously unemployed person remains in work, this paper argues that they need to further develop so as to take greater account of the quality of employment and progression in employment and indeed the longer-term career of the unemployed person. This could reflect a move from a “Work first” policy orientation towards a more sustainable “Career first” approach with a greater emphasis on the quality of jobs, job progression and longer-term career progression.

Changing the incentives for those who deliver active labour market policies so as to take greater consideration of progression after entry into employment and longer-term career progression to better jobs (for those that want progression) are likely to lead to more sustainable employment outcomes. This paper considers the UK Work Programme in terms of a continuum of employment policies which could point towards a greater emphasis on a “Career first” approach rather than purely a “Work first” approach. Here, career is taken to be a person’s “occupation undertaken for a significant period of a person’s life and with opportunities for progress” (Oxford Dictionary), so including both sustainability in terms of long-lasting occupation or occupations (perhaps with different employers) and opportunities for progress in the occupation(s). A career or career ladder includes having a skills set that facilitates long-term employment security, support for skills development, and promotion, but
may also be based on job mobility and moving between employers, with employers helping to improve the employability and careers of employees (Inkson 2006, Ballout 2009, Clarke 2009). It also encourages a person’s own career self-management. Most research has been on higher-skilled rather than blue-collar workers (Hennequin 2007), but there is a need to also consider low-skilled entry-level jobs in terms of their sustainability and progression, as these are more likely to be relevant for the long-term unemployed. In addition, staff in support agencies must be suitably trained and supported, with Raeymaeckers and Dierx (2012) arguing that workers supporting unemployed people should strengthen and improve the individual clients’ self-control, self-efficacy, participation and autonomy during the activation process. Finally, according to Sen’s capability approach, consideration needs to be given to other things beyond employment that the individual (Sen 2009, Lindsay and McQuaid 2010).

The rest of the paper briefly considers sustainability and good jobs including progression in employment, its antecedents are then explored, before setting out conclusions.

**Sustainability and good jobs**

According to the UK National Audit Office, sustainable employment means that an individual remains in work, either in one job or by moving to other jobs; but sustainable employment also means work that provides opportunities to advance and earn more (National Audit Office 2007: 7). While most active labour market polices have focused on the labour supply-side, demand-side factors are also crucial to sustainable employment, for instance in terms of providing job security, resources and support for skills development and promotion.

Sustainable employment is a key part of welfare discourses partly due to the high rate of those who are in a low-pay no-pay cycle, moving in and out of low paid work ("revolving door" of unemployment). An increase in sustainability of entry-level jobs will have a significant financial benefit for government. The National Audit Office (2007: 4) also estimate that 47% of people on Jobseeker’s Allowance are likely to have two or more spells on benefit over the next five years and if job sustainability in the UK was improved and the time that repeat unemployment claimants spend on benefit was reduced by 50%, then the Exchequer would save £520 million (£650 million) a year. This may have been an important consideration when introducing sustainability outcome payments in the Work Programme.

There is a range of supply- and demand-side factors that might improve sustainability of employment. For the individual appropriate financial gains (say compared to benefits after all expenses), an appropriate work attitude and being in a suitable job (e.g. in terms of a suitable distance, sector and hours of work) may increase the likelihood of sustaining employment (even if there is mobility between different employers), while a lack of cognitive and non-cognitive skills, including workplace communication and learning skills, negative work-related aspirations and attitudes, including understanding employer requirements and expectations, and difficulties in coping with health issues may decrease the likelihood (Lindsay et al. 2004, McQuaid and Lindsay 2005). Family circumstances and the accessibility of suitable support, such as childcare, local transport and the influence of social networks may
also affect the probability of sustaining employment. Employer attitudes and terms and conditions of the work contract and the operation of internal labour markets are also important (Adams et al. 2000, Lloyd and Payne 2012).

Table 1 Factors that facilitate sustainability of employment

<table>
<thead>
<tr>
<th>Individual factors</th>
<th>Personal factors</th>
<th>Labour market factors</th>
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<tbody>
<tr>
<td>Skills for the sector</td>
<td>Financial needs</td>
<td>Availability of suitable jobs</td>
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<tr>
<td>Suitability for the job</td>
<td>Complementary needs: childcare, transport, etc.</td>
<td>Work conditions: hours, contract, etc.</td>
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<tr>
<td>Attitudes and aspirations</td>
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<tr>
<td>Health and wellbeing</td>
<td>Support from social networks</td>
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<td>Self-efficiency</td>
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Source: Authors.

There is a wide literature on what is a “good job” or good workplace and how it relates to factors such as income, health and well-being of employees etc. (e.g. Kalleberg 2011, Wadsworth et al. 2010), although here we wish to focus on improvements in the linked opportunities for sustainability and progression. Characteristics of bad jobs include insecurity of working hours and employment, lack of career progression routes, precarious terms and conditions, with such characteristics of “poor” job often correlated (e.g. Metcalf and Dhudwar (2010) found insecurity and low pay to be linked) and low-pay no-pay cycles affecting poverty (Shildrick et al. 2012, McQuaid et al. 2010). At a societal level, the development of individuals’ skills and of the labour supply is needed to increase productivity and improve the competitiveness of the economy with Green (2012) identifying the links between low pay, low skill and low productivity in the UK in a report for the OECD). Skills development also contributes to increased living standards and the ability to cope with the ageing demographics of the labour force and reduce poverty. In-work poverty, which is highly linked to pay, can partly be ameliorated through better jobs and wages (Cribb et al. 2013). Within organisations, other commonly cited benefits of good jobs include a healthier working age population, greater workforce stability and more engaged and committed employees. There is a need for clear strategies that support the recruitment, retention, skills utilisation, career development (including support by line and senior managers), clear progression paths and succession planning within the organisation. Of course, low paid jobs are not necessarily low quality job.

An emphasis on improving development and sustainability of careers and career progression of long-term unemployed people, beyond a “Work first” approach, could assist in major long-term societal, individual and employer benefits. It would also reinforce other aspects of labour market policy. For instance, the European Commission has actively sought to promote flexicurity to improve working conditions through Europe 2020 initiative An Agenda for new skills and jobs, which could also lead to greater sustainability in employment. Making labour markets function better through further reform including working contracts that allow people to enter, remain and progress in the labour market; equipping people with the
right skills for employment; improving job quality and working conditions; and creating jobs. The paper now considers the potential antecedents that may support a move to greater sustainability in employment for the long-term unemployed.

**Sustainability and its antecedents**

The move to focusing on greater sustainability in the UK has many antecedents, such as lifelong learning and UK skills and employment policies, as well as labour market research. There is evidence that active labour market policies leading to job entry, such as training and job search support, are advantageous and generally reduce long-term unemployment and increase returns to unemployment (Meager 2009). Boone and Van Ours (2009) analysed the effectiveness of active labour market policies in 20 OECD countries, identifying the benefits in reducing the low-pay no-pay cycle. Card et al. (2010) carried out a meta-analysis of 97 evaluation studies, from 1995 and 2007, of training programmes across 26 countries finding greater longer term (after 2-3 years) than shorter term (after one year) impacts. While entry into work is beneficial and generally has long-term benefits for the individual and society, investment in the human capital of long-term unemployed people can have greater long-term benefits. For instance, Hotz et al. (2006) found that classroom-based training exceeded the performance of “Work first” interventions over the long-term, although short-term performance appeared to show the reverse (Dyke et al. 2006) indicating the longer term value of career-based initiatives. Devins et al. (2010: 123) used the “concept of a career to explore progression from low pay towards sustainable jobs with progression”, but there remain problems of sustaining employment resulting from active labour market policies.

Another antecedent of an increasing focus on sustainable employment was the Lifelong Learning agenda from the 1990s. It emphasised sustaining work and progression in the labour market, stressing the integration and mutual reinforcement of all forms of learning throughout a person’s life, which was seen as important for improving the skill base of individuals, helping to promote equality, and to achieve wider social, economic, democratic and cultural benefits (see for example: CEC 1995, HMSO 1995, OECD 1996, 2005). Lifelong Learning includes both vocational and non-vocational adult education (focused on the self-development of the individual), and more general transferable social skills together with “learning how to learn” skills (Berkeley 1996).

More recently, and of arguably greater direct influence on the Work Programme, the UK Leitch Committee (2006) on skills highlighted the need for increasing all levels of skills, including among the low-skilled and previously unemployed. This was followed by the UK government Freud Review (2007) on the reform of Welfare to Work, which argued that active labour market service providers should be incentivised to maintain people at work for up to three years. However, the House of Commons Innovation, Universities, Science and Skills Committee (2008: 23) argued that the skills strategy could be extended to include the re-skilling of people, as this would help to increase the sustainability of employment (which might include previously unemployed and employed workers), stating that “An important step which could be taken would be to broaden the Leitch targets to include re-skilling”. The
Equality and Human Rights Commission (2008) argued that “consideration should be given to extending the entitlement to support lifelong learning and re-training in skills that have currency in the labour market for people to support effective re-entry and progression into sustainable work” (quoted in House of Commons 2008: Ev 269, Paragraph 25).

The UK’s current welfare system changes (“Universal Credit: Welfare that Works” White Paper published on 11 November 2010 and the Welfare Reform Bill of 16 February 2011) aim, according to the government, to incentivise and make sure work pays by introducing a less-complex benefits system which tapers off in a way that makes everyone better off if they work. If this was to be achieved, the reform may help increase the sustainability of work, by always ensuring a person is better off working. However, if the welfare system reform also introduces significant reductions in income benefits and significant increases in sanctions, it is arguable if, both out of work and in-work, poverty would be alleviated. However, this analysis is outside the scope of this paper. Income transfers (or passive labour market policies) is just one of the facets of labour market policy in the UK. Active labour market policies, which aim at getting unemployed people back into work through providing pre-employment services, advice and support, and in some cases by making benefits conditional on improving employability and seeking work, are the other side of the coin. In the UK, active labour market policies have typically followed more a “Work first” approach. Policies have often consisted of compulsory short-term interventions usually focus on job-search, aiming to achieve a quick return to work. In some initiatives this aim is embedded in more holistic “Human Capital Development” support rather than just “Work first” objectives (Lindsay et al. 2007). Although the balance between demand- and supply-side policies has changed over time, supply-side policies have often dominated the support provided to those receiving out-of-work benefits. Demand-side policies aim at influencing the economic environment, especially the supply of jobs (Evers 2003), while the supply-side policies are focused on increasing the employability (as a personal concept) of the individual. If the UK policies are compared against some European countries, the UK is characterised by low investment in both active and passive labour market policies in general (Heidenreich and Aurich-Beerheide 2014).

Decades of New Public Management and outcome-based programmes, that have witnessed the well-researched “revolving door” of unemployment, may have influenced the increased focus on job sustainability rather than simply job entry (McQuaid 2010). However, despite great interest by policy makers in outcome-based or performance-based policies, there are difficulties in achieving sustainability of outcomes (Scottish Government 2008, May 2003, Coglianese and Lazar 2002). The Flexible New Deal programme operating in the decade before the Work Programme, had some small recognition of sustainability (some programmes had specific targets of 13 week sustained employment) and aftercare of people moving into work (e.g. the New Deal for Disabled People).

So the Work Programme can be seen to some extent as a continuation of previous trends; however, the required sustainability period has increased substantially and it explicitly seeks to reward the sustainability of employment as contractors receive much greater levels of payment once the person remains in work for up to two years after first entering a job. To-
gether with the emphasis in sustainability we see an emphasis on personalisation: “The Work Programme provides more personalised back to work support for claimants with the aim of helping them into sustained work” (DWP 2011). It could also be argued that the well-researched tendency of “creaming and parking” of outcome-based welfare-to-work initiatives has encouraged differential payments in past initiatives and in the Work Programme. Equally, the inflexibility and one-size approaches to unemployment may have encouraged the black-box approach, which was used in the Flexible New Deal but which was, in the words of DWP, over-specified. While sustainability and differential payments are typical of NPM approaches to operational policy, the move in UK labour market policy to a black-box approach can be consider a move from a centralised NPM to a business-type NPM at least for the long-term unemployed (Fuertes and McQuaid 2013, Fuertes et al. 2014). The black-box approach and the sustained and differential payments seem to be invoked as the tools that will facilitate the achievement of personalisation and sustainability.

However, are the aims of policy regarding sustainability mentioned above, being achieved in practice? Is this increase focus on sustainability and sustained payments changing the support made available by Work Programme providers, from a typical “Work first”’ approach towards a more “Career first” approach?

Conclusions

There is a need to move towards preparing the long-term unemployed for better careers – a “Career first” approach, rather than purely “Work first” job entry, but this requires investment in their skills development, training and job-seeking support, plus better aftercare to support them when in work, especially those with particular issues such as the need for childcare or dealing with health issues. Among organisations involved in Active Labour Market Policy support, there is a requirement for greater career support with skilled support workers providing career choice, career development and career management, which will involve holistic approaches to the needs and aspirations of the individual. There needs to be specialist skills among the workers of support providers themselves, especially for certain groups such as those with disabilities or lone parents, as well as among their partner agencies. Also, there needs to be greater consideration of the capacity of local communities to support people moving towards and into sustainable employment. Sustainable work will need individuals to be resilient and adaptable and have relevant technical and non-cognitive skills. Fundamentally, employers need to be encouraged to be willing to adapt and be flexible and there needs to be an improved number and quality of jobs that are available for those moving off unemployment and into a long-term career or employment path. Future Active Labour Market Policies should move, or continue the move, towards a “Career first” approach for many of the long-term unemployed.

As developed above, sustainability of job outcomes depends on multiple factors: individuals’ suitability for some sectors, individuals’ skills and knowledge, individual and household requirements with regards to job conditions (distance, flexibility, working hours, etc.), individ-
ual personal circumstances (health, homelessness, etc.), individual and household economic needs (housing, bills, childcare, etc.). These factors that facilitate or hinder sustainability can be tackled through multiple channels, such as: education and skills provision; employment conditions; social services support; transport, housing, childcare policies that influence their availability and accessibility; labour market polarisation and tightness; tax credits and income benefits; etc. While some of these factors require supply-side policy solutions, some others will require demand-side solutions.

In addition, questions can also be raised about who is being supported most by policies such as the Work Programme. Higher levels of funding are made available to Work Programme contractors for supporting people from more disadvantaged groups, so as to explicitly reduce “creaming” and to offer incentives to encourage the provision of greater levels, and longer term, support for such groups (DWP 2012). Nevertheless, evaluations of the Work Programme have found that these incentives are inadequate and there is a prioritisation of those who are most job ready (Newton et al. 2012). There seems to be a need for greater financial incentives to prime contractors to adequately support more disadvantaged groups. In order to adequately support more disadvantaged job seekers and to support all job seekers in progressing in their careers if they wish to do so, rather than moving into any job with a focus on just short- rather than longer-term improvement, their core staff also need specific skills for approaching the target-group. Furthermore, unemployed people need better access to appropriate specialist bodies providing greater assistance. In summary, labour market policies need to take a longer-term perspective to increase their effectiveness and benefits for individuals, the economy and society.

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