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# **More than a match? Assessing the challenge of engaging employers to support retention and progression**

## **Abstract**

This paper considers employer engagement within a changing landscape of Active Labour Market Policy (ALMP) in the United Kingdom. Employer engagement in ALMP has focused on supporting job entry for disadvantaged groups, through working with employers to attain changes on the demand-side, or using dialogue with employers to implement changes on the supply-side. Employer engagement in this model is orientated to a point in time: the job match. However ALMP policy is beginning to give greater emphasis to the sustainability of job outcomes as well as to progression opportunities. This potentially creates a quite different set of expectations around employer engagement. This paper examines the challenges that such a change in focus will have on: 1) existing models of employer engagement which are predicated on meeting labour needs at the point of job match; and, 2) the extent to which these changes may generate additional exclusionary practices in recruitment.

Keywords: employer engagement, retention, progression, ALMP, United Kingdom

## **1) Introduction**

Employer engagement in Active Labour Market Policies (ALMPs) in the United Kingdom (UK) has been focused largely on opening-up job vacancies to disadvantaged groups. Part of the driver for this is that employer recruitment behaviour can make access to employment more difficult for disadvantaged groups. The ‘textbook’ or ‘professional’ model of recruitment and selection, which emphasises formality and objectivity in assessing a person to job fit, is often not reproduced in practice (Atkinson and Williams, 2003; James and Keep, 2010; Green et al, 2015a). Methods of recruitment and selection can therefore move from formal to informal. In relation to recruitment methods this can mean recruiting through word of mouth rather than advertising

posts formally, which can disadvantage some groups of jobseekers (Hasluck, 2011). For selection, informal methods can prioritise 'soft skills' and 'fit' to organisation rather than objective competencies, again disadvantaging particular groups of jobseekers (Nickson et al, 2012).

The core approach to employer engagement in relation to ALMP in the UK has been for staff within public employment services (often at an account management level) to engage with staff at targeted employers, often HR professionals in large companies or owners in small companies, to determine ways in which they can support out-of-work individuals to 'match' to the employers' recruitment requirements. There are various elements to this strategy in practice and it can involve inputs or adjustments on both sides of the exchange. On the employer side it can involve adjustments to recruitment and selection processes which might (inadvertently) screen-out some individuals from disadvantaged groups. On the other hand, additional inputs from public employment services can include the provision of a range of pre-employment activities aimed at moving those further from the labour market to job entry stage. An example of this is Sector Based Work Academies in the UK, an established delivery model which provides sector-focused training, among other pre-employment services, based in part on employer inputs to design.

Traditionally models of employer engagement have focused on the point of job match (i.e. when the individual is taken on as an employee by the engaged employer), with little emphasis on the potential longer-run outcomes for the employee. However in the UK there is growing concern about the prevalence of in-work poverty; households with at least one member in employment now account for the majority of working-age households in poverty (DWP, 2014). Furthermore recurrent poverty is an issue associated with the low-wage/no-wage cycle, where individuals move between periods of unemployment and employment in low-paid work (Shildrick et al 2010); with evidence pointing to low-paid jobs acting as 'the main conduit for repeat unemployment' (Stewart, 2007; 511). The growth in these concerns is creating some shift in the emphasis of ALMP in the UK, to provide greater weight to issues of employment retention and progression in work. If the individual experience is viewed as an employment pathway (see

Figure 1) then policy has traditionally focused on the first two stages, moving towards being job-ready, and the entry into employment. There is now a growing acknowledgement that the latter half matters as well for effective policymaking: the extent to which individuals remain in work and have opportunities to progress. Progression in work can have different meanings, but in policy terms it is framed in relation to increases to individual earnings<sup>i</sup>.

FIGURE 1 HERE

The evolving focus of ALMP has the potential to create a quite different set of expectations around employer engagement, with significant implications for HR practices as well as public policy delivery. This paper provides an extensive review and analysis of the international evidence on employer engagement in ALMP in relation to work entry, retention and progression, and its impact on labour market outcomes. The coverage includes academic studies as well as assessing the evidence from published evaluations of programmes and initiatives which include employer engagement as part of ALMP. Utilising this evidence base, in the context of recent policy developments in the UK, we examine the challenges that the change in orientation of ALMP presents in relation to 1) existing models of employer engagement which are predicated on meeting labour needs at the point of job match and which have often had relatively weak traction in influencing employment practices; and, 2) the extent to which these changes may generate additional exclusionary processes.

The paper is structured as follows. First, a brief history of employer engagement in ALMP in the UK is provided, drawing on the evidence base of experiences to date; the drivers of employer engagement are also discussed. The shifting nature of ALMP in the UK in recent years is then considered, focusing on the growing policy interest in employment retention and career progression. The differences in orientation of employer engagement targeting retention and progression vis-à-vis employment entry are then considered. This provides the context for the identification of four core challenges for integrating employer engagement into policy aimed at

sustainable labour market outcomes. Finally, the implications of these findings are considered for both employment policy and for Human Resource Management (HRM) practices.

## **2) ALMP and employer engagement in the UK: a brief history**

The role of employer engagement is increasingly cited as an important element in the delivery of ALMP in the UK (Fletcher, 2004; Gore, 2005; Ingold and Stuart, 2014) and in a range of other countries (Dean, 2013; Aa and van Berkel, 2014). The integration of businesses interests into welfare policy was part of wider process of ‘embedding business culture, business people and private enterprise’ across a range of policy areas such as education, skills and health which occurred under the New Labour Government (1997-2010) (Farnsworth, 2006: 817).

Employer engagement activity is ‘organised’ across both public and private providers of employment services. Jobcentre Plus (JCP) is the public employment service in the UK. JCP is now focused primarily on working with claimants who have been on unemployment benefits for relatively short durations. The organisation has developed a number of models of employer engagement over the past decade or so which have been managed variously at local office, regional office, and national levels. While currently JCP’s core focus is on the short-term unemployed, a range of private and third sector organisations now deliver services to the long-term unemployed, who enter a period of support known as The Work Programme (DWP, 2012). Many of the providers delivering Work Programme services also have employer engagement teams (Ingold and Stuart, 2014). The current practice around employer engagement by Work Programme providers (detailed below), follows from a range of pilot activities and institutional learning relating to practices of employer engagement carried out by JCP over the past decade.

In the early 2000s, the New Deal Innovation Fund, drawing on developments in US delivery models, developed a number of projects targeting a ‘demand-led’ approach in particular sectors, including entry-level posts in financial services, IT and health (Fletcher, 2004). Better pre-

engagement with employers was an important priority of the programme and a number of different approaches were developed to support this including use of 'labour market intermediaries, business advisors, extended work trials, company visits, commercial placements and customised option packages' (Fletcher, 2001: 14). Some positive aspects of the activities were noted around better understanding employer needs, although methods of employer engagement were in some cases ill-suited and employers were often reluctant to participate (ibid). A number of criticisms were levelled at this early iteration, including the 'unresolved tension' between providing a commercial service to employers while at the same time meeting the employment needs of a range of disadvantaged workers; the related issue of 'creaming' whereby providers focus attentions on matching the most job-ready candidates to vacancies at the expense of those with greater barriers; the 'uncritical acceptance of employer recruitment practices'; and an aversion of employers to ongoing 'postemployment support' for individuals to support retention (Fletcher, 2004: 124-125).

Following this, the Fair Cities Pilot (2004-2008) was an experimental programme focused on supporting disadvantaged ethnic minority residents in three localities to stable employment and new careers (Atkinson et al., 2008). The Pilots focused primarily on large employers with specific vacancies and designed pre-employment training to match the needs of these vacancies and the employers' recruitment and selection criteria. The job placement rate of the Pilots was 40 per cent of those completing training, with the evaluation suggesting that the limited number and type of employers, and the narrow range of vacancies they offered, limited the Pilot's outcomes. The model of provision was also relatively expensive and the evaluation found that more intensive support – longer pipelines and a higher vocational element – were associated with better job outcomes, but were also more costly.

Subsequently, Local Employer Partnerships were introduced by the Department for Work and Pensions (DWP) and ran between 2007 and 2010. The Partnerships were initially targeted at disadvantaged groups (although this focus shifted during the economic recession as access was

opened-out to all unemployed individuals). The programme was designed as a means of strengthening employer engagement. It involved a recruitment 'package' offered to employers including a mix of 'advertising vacancies, matching and screening candidates, sifting applications and arranging interviews' (Bellis et al, 2011; p12). The programme also developed Pre-Employment Training (PET) options to meet employer needs. Later in the programme a 'recruitment subsidy' was introduced to financially incentivise employers to recruit jobseekers. The evaluation of Local Employer Partnerships found closer employer engagement had provided a way for 'Jobcentre Plus staff to challenge employers' recruitment practices and encourage them to refine their processes and/or applicant criteria/person specification, thus opening doors for disadvantaged jobseekers to apply for vacancies' (Bellis et al, 2011:17). However there is no evidence on how widespread such changes were in practice or the extent to which they improved job entry rates of disadvantaged groups. Some SMEs especially were reported to experience benefits from the recruitment package due to their capacity constraints, whilst large employers saw mass recruitment assistance as a way to reduce costs (ibid). Reduction to recruitment costs has also recently been found as a core advantage expressed by employers of recruiting through the Work Programme (Ingold and Stuart, 2014).

Following the development of the Work Programme, many private and third sector organisations delivering the service have developed employer engagement teams aimed at supporting employment entry of the long-term unemployed (Ingold and Stuart, 2014). Research suggests there are two types of approaches which lead employer engagement activities: the first being providers seeking jobs which match the individuals on their case-load ('customer-led', 'reactive' or 'supply-side') and approaching employers on this basis; the second being sourcing locally available jobs from employers and trying to fill them from the caseload ('employer-led, 'proactive' or 'demand-led') (ibid; Green et al, 2015b). There is relatively little evidence on the successes or failures of employer engagement practice in the Work Programme; and while the Work Programme represents a shift in the payment model, there is less evidence of innovation in provider practices and service delivery (Ray et al, 2014).

### *Drivers of employment engagement in ALMP*

There are different reasons why employers might want to engage with public (and private) employment service providers delivering ALMP. Drivers of employer engagement in programmes for disadvantaged groups which have been identified include those relating to the social orientation of the organisation – enacting Corporate Social Responsibility or as a reflection of company values (van Kooy et al; 2014; van der Aa and van Berkel, 2014). There can be a ‘local’ dimension to such CSR activities in terms of being seen to contribute to success of a local area. The driver of engagement can also relate to workforce diversity aims which may have commercial orientation, for example employees better reflecting a firm’s customer base (ibid). Other accounts stress the primacy of labour demand/business needs as a driver, emphasising the ‘business case’ of employer participation and the importance of the support offered with effectively meeting recruitment needs (Bellis et al, 2011; McGurk, 2014). Employer engagement can also be secured through the use of planning and/or procurement policy (Osterman, 2008; Green et al, 2015).

While multiple drivers of employment engagement could in theory operate at the same time, it would be expected that one driver might be predominant in employer decision-making, with a particular distinction around the extent to which engagement is linked to business imperative vis-a-vis the wider social orientation of the firm. The balance between drivers of employer engagement will influence the inputs which an employer makes. Drivers that are social in orientation may prioritise inputs such as work experience placements or training activities but may not necessarily yield large numbers of job entries. While those focused on business needs and labour demand are likely to prioritise acquisition of particular skills – either employability skills or particular vocational skills – and may be more directly linked to vacancies. The drivers of employer engagement for reasons of labour demand are shaped by both internal (firm) and external factors. In particular, the overall level of demand within the local labour market and cyclical trends are important, where labour markets are depressed employers can exercise more

discretion and may be less likely to recruit from disadvantaged groups (Nunn et al, 2010; Green et al, 2015a).

Evidence on the circumstances under which employers engage in ALMP in the UK is provided by McGurk (2014). He finds that engaged employers are likely to be those which rely on a 'large supply of low-wage, low-skill labour for their core operations' (page 1). He also segments the form which employer engagement takes into three principal employment strategies: 1) new facility resourcing – which is particularly associated with new store openings in the retail sector and which may be linked to community benefit or local hire agreements; 2) decentralised externalisation – typically associated with branches of large companies, particularly retail units with an emphasis on immediate start and temporary contracting arrangements; 3) mid-range internalisation – associated with retail and social care employment and at times requiring vocational accreditation but generally of relatively limited a scale.

Overall, there is a predominance of low-skill/low-wage firms who participate in ALMP in the UK (Martin and Swank, 2004). This predominance of low-paid, and often customer-facing, roles (e.g. in retail, hospitality and social care) is associated with a perceived or expressed employer prioritisation for soft skills (often over occupational skills) (Nickson et al, 2005; Nickson et al, 2012; Ingold and Stewart, 2014). This concentration of low-skill/low-paid firms mirrors wider patterns of recruitment through public employment services, which are strongly skewed towards lower-paid parts of the economy (Shury et al, 2014). This is demonstrated by Table 1 which presents vacancies notified to JCP during November 2012 (the most recent data available). The vacancies notified are dominated by occupations in the retail, transport and care sectors. Of the largest vacancy pool, healthcare and related personal services, the vast majority of vacancies are care assistant and home care jobs. There is also a predominance of retail jobs as well as driving positions. These are also for the most part in sectors which have been shown to have weak progression outcomes (Lee et al., forthcoming).

## TABLE 1 HERE

The role which HRM policy plays varies across different employer types in relation to employer engagement with ALMP. Employers who are most likely to advertise vacancies through public employment services are those with highly formalised HR policies that often go beyond the legislative minimum; while those less likely to recruit are more likely to have more informal HR practices (Shury et al, 2014)<sup>ii</sup>. However many of these employers with highly formalised HR policies are also in low-paid sectors and recruit on a range of non-standard employment contracts (ibid). Hence there are limits to the types of employers and the types of job roles where vacancies are filled via engagement with ALMP.

### **3) A shifting emphasis for ALMP**

At a broad level ALMP in the UK remains rooted in a ‘work first’ approach, with the speedy exit from the unemployment claimant count the core aim of policy. However, the issue of retention has begun to form a greater part of ALMP design. When the Work Programme was introduced it was designed on a ‘payment-by-results’ model which paid outcomes on the basis of sustained employment rather than simply job entries. A major programme pilot was also undertaken in the UK to gather learning about improving retention. The Employment, Retention and Advancement (ERA) pilot drew heavily on delivery models developed in the US and targeted two groups: the long-term unemployed and lone parents. The programme provided a range of support for individuals including access to job coaching, services and guidance, and a financial incentive (Hendra et al, 2011). ERA demonstrated improvements in retention during the duration of the pilot (Hendra et al, 2011), as well as beyond the pilot for the long-term unemployed group (Dorsett, 2013). This suggests that there is a role for initiatives focusing on facilitating job retention.

There is now also a growing policy interest in the issue of in-work progression. While there is no national policy focused on progression there are a number of policy developments which demonstrate the increasing interest in this area. In-work progression becomes more important in the context of the introduction of Universal Credit (Department for Work and Pensions, 2010). Universal Credit is a new single working-age benefit payable to both those out of work, and those in work and on low-pay. The benefit is being phased-in by 2020<sup>iii</sup>. Under Universal Credit there will be an expectation (with in-work conditionality) that very low earners will seek to increase their hours and/or wages. A number of trials of different delivery approaches have been running to assess their potential to support this goal. This includes the provision of training and services to those in employment, as well as employer-focused support around issues such as job design and productivity (Green et al, forthcoming).

Progression from low-paid employment is also an area of concern for the UK Futures Programme developed by the United Kingdom Commission for Employment and Skills (UKCES), an executive non-departmental public body with a remit to advise and trial activity relating to employment and skills. One strand of funding under this programme seeks to support employer initiatives targeted on 'Progression pathways in retail and hospitality', two sectors typified by low-pay and short career ladders. Finally, in the context of the growing devolution of powers to cities in the UK, it is notable that a 'City Deal' recently agreed with Plymouth Local Enterprise Partnership also contained an element which was aimed at improving the wage progression of young workers. The project has received funding, and is developed jointly, with the DWP and the Cabinet Office. It is contracted to an existing Work Programme provider and will 'test a range of approaches to help young people to progress in their careers and increase their earnings' (Plymouth and the South West Peninsula City Deal prospectus, page 11). The programme is targeted at individuals on a voluntary basis, with a mix of pilot activity focused on progression within and between employers (Green et al, 2015a).

So what does this concern with progression mean for employer engagement?

#### **4) Developing employer engagement for retention and advancement**

Retention and advancement are different concepts but have a number of similarities in terms of the broad design of policy to facilitate these outcomes. In both cases there are two important dimensions along which variation in policy approach can be observed. The first is in relation to the nature and orientation of in-work support that is given to individuals after job entry. At one end of the spectrum this can involve matching workers initially into jobs or sectors which offer better prospects (for example those offering higher initial pay, more well defined career paths etc.) with little or no provision of in-work support to workers. On the other hand, it can involve individuals having an on-going relationship with a provider or mentor / career coach to manage any difficulties in the transition to work, as well as to consider future career goals, next steps and training needs etc. Of these the first approach is the most well-developed to date. Secondly, policies can target job retention (with the same employer) or employment retention (remaining in work but not the same job); or in relation to progression a focus on either internal labour markets (supporting workers to progress with the same employer) or external labour markets (being orientated towards facilitating progression by moving to better opportunities with a different employer either within the same sector or in a different one). The orientation regarding these two factors has implications for the potential form and content of employer engagement.

Deckop et al (2006) provide evidence on the linkages between HRM policy and the retention of welfare claimants moving into employment in the US. They find that while overall HRM practices have a strong influence on retention outcomes, the evidence on different types of practices is mixed. They find positive relationships between retention and starting wage and benefits, as well as between retention and the availability of development opportunities within a firm. However they find no significant relationship between retention and family-friendly policies or the provision of corrective feedback. They also find no relationship with training, although the authors identify limitations in the measure used.

While HRM practice overall has been shown to have an important influence on retention, policy at a firm level may have an even more significant role in relation to the extent to which those entering employment are able to subsequently access opportunities for progression. Internal factors which influence opportunities for progression include whether individuals have access to the right training opportunities at the right time; the practices of their employer in relation to internal promotion opportunities; and other HRM practices such as performance management linked to structured progression opportunities (Hoggart et al, 2006; Newton et al, 2006; Devins et al, 2014).

The extent to which HRM practices which can influence progression outcomes are very amenable to ALMP policy influence is contentious. In practice, when seeking to place unemployed workers into employment with opportunities for progression the central thrust of employer engagement practice is around meeting employer recruitment needs (and provision of suitable candidates). A second aim may be to influence employer practices around recruitment, pay and benefits and HRM practices, but this 'disruptive strategy' which seeks to 'expand the pool of better jobs' remains very much a secondary aim and one which is more difficult to achieve (O'Regan, 2015: 17). This is because this 'disruptive strategy' asks significantly more of employers and creates a quite different set of potential logics of employer engagement.

Developing approaches focused on issues of retention and progression is a relatively novel area for policy in the UK (Green et al, 2015a). There is more experience and evidence on employer engagement linked to retention and progression of those moving into employment from the US (although this is still relatively limited). There are several examples of US programmes which use the leverage of skills shortages or high turnover experienced by employers to develop employment programmes which seek to develop career paths in particular sectors (Morgan and Konrad, 2008; Duke et al, 2006; Center on Wisconsin Strategy, 2005). There is also some growing evidence on the potential benefits of sector-focused programmes more generally, which

suggest a positive effect of developing sector-focused models of employer engagement (Maguire et al, 2010). In addition, there are emerging examples of practice where targeting of better jobs appears to be generating results. Early impact evaluations of ‘Sector-Focused Career Centers’ operating in the US suggest that employer engagement at a sector level and targeting employers in sectors of ‘high growth potential’, and which offer comparatively high wages, can produce positive outcomes (Gasper and Henderson, 2014).

In such models aimed at improving progression outcomes, the target sectors are often those that are deemed to afford comparatively good quality entry-level posts and which offer opportunities for progression; but there is often also a wider economic development rationale, with sectors selected which are felt to be supportive of local economic growth (Schrock and Jenkins, 2006). This integration of ALMP policy within a broader context of local economic development policy is designed with inputs from employers around issues such as projected future skills needs. This mirrors similar concerns with the development of local skills strategies which consider both supply and demand (Froy et al, 2009).

##### **5) The challenge of employer engagement for sustainable labour market outcomes**

In the context of an increasing emphasis within ALMP on issues of retention and progression a number of challenges can be identified with current models of employer engagement which have been established to support job entries.

First, the amount / level of employer concessions or behaviour change that have been achieved by existing programmes of employer engagement have often been relatively limited. While there are examples of employers offering a job guarantee to successful programme completers these are quite rare (see McQuaid et al., 2005), and a agreement such as a guaranteed interview for programme completion, or inputs such as work experience placements are more common (Jobling, 2007; Green et al, 2015a). A shift to a focus on retention and progression suggests larger

employer concessions may be required in relation to the ways that employers manage employees over the longer-term. Progression is often associated with both more formal internal HR policies and access to training opportunities. However, once individuals are in work it has been demonstrated that there exists a polarisation in access to work-related training, with less access to training generally for lower-skilled workers (Lindsay et al, 2012). It has also been shown that where strategies are developed to foster progression in low-paid sectors, there is a danger that the increments associated with progression are small and do not adequately compensate for the additional responsibilities (Devins et al, 2014; Washko et al, 2007). This suggests that employer engagement with retention and progression aims needs to engage in a wide-ranging discussion with employers about HR practices, promotion and reward policies within the firm. Such an approach goes well beyond what has been expected of employers in previous iterations of employer engagement, and given the relative difficulties in securing employer concessions it may be unrealistic to expect significant changes in employer behaviour. The scope to secure employer participation and concessions is also likely to be dependent in part of the tightness of the local labour market and availability of other sources of labour. Relatedly, where the employer engagement model involves the service provider continuing to support the employee once in work, is likely to require some level of support from the employer to accommodate this. There is likely to be heterogeneity amongst employers as to whether they would want workers to have ‘in-work support’, and previous suggests evidence some employers are reticent about this (Fletcher, 2004).

Second, the movement towards better retention and progression outcomes implies a shift of focus regarding the sectors which employer engagement teams target, and implies that such staff have a sound and up-to-date knowledge of ‘stepping stones’ along career pathways within (and also between) sectors and can provide career guidance to beneficiaries accordingly. Less than a third of recruiting employers place vacancies through Jobcentre Plus, and there is often a predominance of low-pay/low-skill employers engaged (Shury et al, 2013; McGurk, 2014; Ingold and Stuart, 2014). Such job entries can serve to lock workers into low-wages (Hamilton and

Scrivener, 2012). However the targeting of 'better jobs' creates a set of challenges around knowledge and capacity building (as set out above) as well as introducing a trade-off between job quality and barriers to entry (Scully-Ross, 2013).

Third, the desire to secure sustainable employment opportunities and to open-up opportunities for progression cuts against the grain of some contemporary changes in the UK labour market, particularly in many of the sectors which those moving off benefits into employment enter in the largest number. Evidence has described how internal labour markets have been eroded in recent decades with the adoption of flatter organisational structures (Grimshaw et al, 2001; 2002). This means that in some sectors the opportunities for progression from low-pay are highly constrained (ibid; Lloyd and Payne, 2012). A broad literature describes the increasing polarisation of the UK labour market, a process driven primarily by technological change that has seen demand shift towards highly skilled work as well as some lower-skilled service jobs (Goos and Manning, 2007; Goos et al, 2014), and this process may make it more difficult for workers to progress (Crawford et al, 2011). More broadly the speed of change within the (local) labour market means that aligning services to particular business or sector needs can be a somewhat risky strategy (Farnsworth, 2006); and the ability to generate success will rely in part on detailed sectoral knowledge, including growth (or decline) trajectories and their drivers, among those responsible for employment engagement.

Fourth, there remains the 'unresolved tension' between providing a commercial service to employers while simultaneously helping disadvantaged groups which Fletcher (2004; 123) observed more than a decade ago, but this tension is arguably exacerbated by a shifting focus to progression. In practical terms this means those furthest from the labour market are less likely to be 'a good bet' for employers and are therefore less likely to benefit from such programmes. This highlights the difficulty of reconciling the role of public (and private) employment services in providing a 'dual-customer' approach where they serve the needs of the jobseeker as well as the needs of the employer. Furthermore, business interests are often 'short-termist'; they may align

with policy aims at a point in time but may not be cognisant to these over the longer-term (Farnsworth, 2006: 828).

Finally, there is a further tension in programme design around the provision of skills linked to employment entry and the extent to which they are likely to support further individual progression. The tension relates to the balance between provision supporting the development of the skills that employers need, and the need to provide individuals with broader skills content to ensure that skills are portable (or transferable) and that individuals can continue to benefit from skills inputs in other employment situations (Hamilton, 2012). This is important because employer decisions about skills generally relate to an identified business need or business case, rather than broader worker skill sets (Billett and Smith, 2003; Lee and Cassell, 2008). Pre-employment training which is narrowly designed helps meet the criteria of job-matching but is not necessarily supportive of on-going career development.

## **6) Conclusions and policy implications**

Employer engagement has become an increasingly important consideration in the design of ALMP in the UK. The approach to employer engagement has been developed over a number of years and through a series of iterations of ALMP programmes. Throughout this development the primary focus of employer engagement has been on the point of employment entry, i.e. the job match between the employer and employee. Approaches to secure employment entry have focused on both employer recruitment practices and on the provision of support, particularly employability skills training, to help jobseekers compete for opportunities with employers. The growth of the perceived importance of employer engagement is evidenced by the developed professional capacity orientated towards building employer relationships in public employment services and within private delivery agents of ALMP. However, the overall impact of employer engagement in increasing job entry has not been assessed, and the concessions secured from employers through the process of employer engagement have not always been significant.

In recent years, although the over-arching emphasis of ‘work-first’ remains, there has been something of a shift in the orientation of ALMP to place greater emphasis on patterns of retention and progression among those entering employment. This is a relatively novel area for policy, and this shift in orientation is underpinned by the changing payment model of employment entry services, the reforms to welfare benefits associated with the introduction of a new Universal Credit (which introduces an element of in-work conditionality), as well as new trials activities among sector and local actors. This shift has potential implications for the way in which employer engagement is practised. Employer engagement has been strongly focused on particular sectors which have low barriers to entry but which are also associated with low-wages and often poor opportunities for career development, running the risk of locking individuals in to low-pay over the longer-term. Yet shifting the model of employer engagement and altering the types of sectors targeted to those offering better opportunities raises a number of issues for both employment policy and HR practice. These are summarised below.

#### *Implications for employment policy*

There is an inherent tension in the dual-customer (i.e. individual and employer) approach which is likely to be more acute under policy that targets retention and progression. If ‘better’ job entries are to be targeted the driver/s of employer engagement must be located. These are less likely to be bulk recruitment needs and more likely to be factors such as skills gaps or replacement demand needs. However, the skill level requirements of these are likely to be more involved than soft employability skills, and the gaps between the skills disadvantaged groups have, and those employers need, are likely to be wider. On the other hand one way of encouraging progression is through job mobility. If an aim of policy is to support individuals to grow their careers, and one way of doing this is to move jobs, this challenges the rationale for participation in employer engagement by some low-pay/low-skill employers, who have previously been the primary target group of employer engagement, as by nature the policy goal is orientated towards promoting turnover of staff to better jobs. More broadly, there is a question

about which sectors or types of employers can effectively be targeted: which offer good jobs but comparably low barriers to entry? The changing shape of the UK labour market suggests such jobs may not be very easy to locate in practice and may vary significantly in different types of local labour market.

The issues of exclusionary practice, which have previously been observed for employment entry programmes (Fletcher, 2004), are likely to be extended where programme aims are adjusted to target 'good jobs' or progression outcomes. The thresholds demanded by employers are likely to be higher and the degree of screening more intense.

#### *Implications for HRM practice*

The shift in emphasis to retention and progression also has a number of implications for HR practice. The role for HR practitioners has focused traditionally on the point of job entry or match. For HR managers in low-skill/low-pay organisations a greater focus on retention and progression may result in greater external pressures to develop different practices towards internal HR policy, for example around training and staff development. The extent to which HR and line managers can reconcile such changes with business needs and strategies will vary. For some organisations participation in ALMP may appear to become more demanding and/or intrusive. Internal pressures may also come from employees asking more of employers in terms of wage progression (which may be driven by the in-work conditionality element of Universal Credit - which places an onus on them to increase their income from work, either through a higher hourly rate or through increased hours of work). Some employers in low-skill/low-pay sectors are already under pressure as a result of the introduction of the National Living Wage, which represents a significantly increased minimum wage level, and so will be looking to increase the productivity of their workforce. Under some current trial models of delivery individuals are receiving in-work support, generally HR managers should be supportive of such efforts to smooth individual transitions into work, however there is also likely to be some reticence.

*Looking ahead: directions for policy and future research*

This paper has set out challenges and opportunities for employer engagement as it moves beyond pre-employment preparation and job entry to encompass retention and in-work progression. An important part of the context for this in UK is the roll-out of Universal Credit: an integrated benefit for people in or out of work. This represents a fundamental change for the welfare system, entailing in-work (as well as out-of-work) conditionality. As such, Universal Credit is an important driver in broadening the scope of ALMP to include in-work progression. How employer engagement develops in this new policy context is of interest both in the UK and beyond.

On the basis of the discussion in previous sections, it seems reasonable to assume that issues of institutional understandings of the dynamics of sectoral, national and local labour markets as they relate to progression will grow in prominence. From a research perspective, there is a role for case study research to enhance understanding of employer, individual and ALMP provider motivations and behaviour with the changing policy and economic context. A particularly important issue from a policy perspective is whether a shift in the focus of employer engagement results in greater exclusion of some sub-groups who have traditionally been a target for ALMP. Importantly, researchers need to employ a longitudinal, rather than a cross-sectional, perspective to assess the efficacy of employer engagement that is 'more than a match'.

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**Table 1: Vacancies notified to JCP in Great Britain, November 2012**

Occupation	% of all vacancies
Healthcare And Related Personal Services	11.7
Transport Drivers And Operatives	10.8
Sales And Related Associate Professionals	7.1
Sales Assistants And Retail Cashiers	6.3
Customer Service Occupations	6.2
Elementary Goods Storage Occupations	5.0
Sales Related Occupations	4.4
Elementary Cleaning Occupations	3.7
Elementary Personal Services Occupations	3.2

Source: JCP vacancy data accessed via NOMIS

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<sup>i</sup> The term progression is most widely used in the UK, but it is comparable to the term advancement which is used in some other countries.

<sup>ii</sup> As such these employers may have 'hidden vacancies' and so may be a potential target for providers seeking specific vacancies to 'fit' particular unemployed individuals.

<sup>iii</sup> The introduction of Universal Credit in Northern Ireland is pending subject to the passing of legislation.