

**DETERMINANTS OF THE COMPOSITION OF  
THE WORKFORCE IN LOW SKILLED SECTORS  
OF THE UK ECONOMY**

**Lot 2: Qualitative Research – Final Report**

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## EXECUTIVE SUMMARY

The purpose of this study is to:

- develop further understanding of whether and why demand for migrant labour persists in low skilled sectors of the UK economy; and
- provide further evidence on the factors that affect the supply of labour to low skilled sectors

Following an initial literature review, the study adopted a case study approach, focusing on low-skilled roles in the construction and accommodation and food services sectors in the West Midlands. It involved interviews with employers, recruitment agencies, migrant workers, British workers in low-skilled roles, British born job seekers on out-of-work benefits with no/ low qualifications and stakeholders.

### **Key findings:**

*Worker attributes and preference for migrants - Is there any evidence to support the 'conventional wisdom' that employers in low-skilled sectors prefer migrant to British-born workers?*

- Although generally employers viewed the migrants they employed very positively as 'good' workers there was little evidence that they were choosing to employ migrants in preference to British workers solely on the assumption that they would have positive characteristics. But *a priori* assumptions about attitude problems of young British people towards lower skilled work did appear to impact negatively on prospects for this group.
- There was evidence that in the context of recession and difficult economic circumstances, some migrants and some British people with higher skills and experience of higher skilled employment had 'bumped down' to seek low-skilled roles. This meant that some employers were more willing to employ British workers than had formerly been the case.

*Evolution of human resource models - Have the human resources models of employers evolved in response to the availability of migrant labour, and, if so, in what way?*

- Employers reported that since the recession rather than having to go out to seek workers, the workers were coming to them.
- No clear picture emerged on whether and how employers' human resources models have changed in response to the changing availability of migrant labour. Employers themselves expressed a range of different views regarding the changing availability of migrant labour.
- There was a lack of consensus on whether in the context of recession there had been changes in the attributes, skills and qualifications required by employers.
- In difficult economic conditions some employers sought greater numerical and functional workforce flexibility in order to compete.
- To cut costs, some construction employers were seeking to reduce the number of direct employees and take on more subcontractors.

*Are different worker groups equally likely to seek temporary or agency work?*

- Different 'frames of reference' are important in understanding the willingness (or otherwise) of different groups to seek different types of work. They help explain migrants'

general willingness to regard low-skilled roles as important in their own right and often as a first step on the ladder to better things, their acceptance of low wages and their desire not to claim benefits. The 'frames of reference' of British people are different from those of migrants in several respects.

- The case study evidence revealed an increased tendency for British workers/ job seekers to take on temporary work, albeit that this might not have accorded with their preferences for full-time permanent work.
- Agencies were not the foremost channel used by employers or job seekers, although their importance in providing a route into employment for new migrants to the UK remains. However, increased cost pressures in difficult economic circumstances mean that some agencies were working on reduced margins and were increasingly selective in registering potential workers.

#### *Recruitment, job search methods and job search constraints*

- Most employers use a number of different recruitment channels, but had a preference for low cost methods of recruitment.
- 'Word of mouth' recruitment is one key way of filling low-skilled roles. It tends to lead to self-perpetuation of existing patterns of labour market segmentation and self-regulation of the workforce. It may exclude those individuals with weak networks.
- While many migrants were engaged in 'hot' networking (highly active, vibrant and geographically extensive networks) networking exercised by British job seekers seemed 'tepid' by comparison.
- While migrants' job seeking was often proactive, amongst British job seekers job seeking tended to be more reactive.
- There were instances of some employers seeing 'cliques' as having negative features and turning to other recruitment methods – including use of company websites.
- Most employers had mixed or negative views regarding the quality of applicants via the public employment services. Common complaints related to the numbers of applicants (in part attributed to benefits claimants having to demonstrate that they are applying for work) and unsuitability of candidates.
- Employers' foremost selection criteria of candidates for low-skilled roles were reliability, attitude and, especially in customer facing roles, appearance. Previous work experience also tended to be valued highly.
- Most migrants and British job seekers demonstrated an awareness of employers' requirements.
- Most British job seekers were relatively geographically immobile and lack of private transport and dependence on public transport limited where (and when) they could work. While some migrants were constrained by transport or caring responsibilities, in general migrants were more willing to travel further or move to work if necessary.
- There are important extrinsic factors constraining the pool of jobs available to British job seekers with no/ low qualifications and reforms to the benefit system will not ameliorate these factors.

#### *The benefits system and incentives to work*

- There is a strong rhetoric that the operation of the benefits system means that British-born workers are reluctant to take up temporary employment.
- Most job seekers placed great importance on having a fixed income.



- The ease with which it is possible to move off and back on to benefits was disputed and stakeholders acknowledged that many unemployed people feel that a move into temporary work is risky and may yield only limited reward.
- Several employers and migrants interviewed commented that some British people “preferred” to be on benefits and did not “try hard” to find work.

*Pay - Is the minimum wage rigidly enforced, and are some groups more likely to work below the minimum wage than others?*

- Some employers in the construction sector noted that cost pressures meant that underpayment of staff had become more common since the recession.
- While no employer interviewed said that they paid less than the National Minimum Wage they mentioned that they knew employers that did so.
- Job seekers rarely anticipated being paid more than the National Minimum Wage and said that they would not be deterred from taking a job at this rate.
- While hourly rates of pay may be at or above the National Minimum Wage, fluctuations in hours worked meant that incomes could be unpredictable, with consequent problems in meeting basic living expenses.

*Regulation - Is there a need for more regulation of employment practices in low-skilled sectors?*

- There was a general acceptance by all employers of the need for some regulation of employment.
- The most common reason for supporting regulation was that it is ethically wrong to exploit people.
- Amongst all groups of interviewees there was a common view that regulation of migrant employment would have little impact on the employment of British people.
- Employers identified two operational challenges to the implementation of legislation: (1) how to ensure that employers were able to comply with legislation without it becoming overly costly or bureaucratic; and (2) how to enforce legislation and monitor non-compliance. The small size of employers in the construction and accommodation and food services sectors represents a key challenge to implementing more regulation.

*What role can skills/ training policy play in increasing the employment level of British workers relative to migrants in low-skilled sectors?*

- There is some evidence that employers regard British school leavers as lacking the necessary qualities for finding employment.
- Both sectors could engage in greater outreach work to ensure that potential employees understood the types of jobs available in the sector and opportunities for career development.
- Formal and informal apprenticeships were seen as a key way for young people to gain entry into the construction and accommodation and food services sectors.
- Progression routes in small firms are often unclear.
- Employers were generally supportive of their employees undertaking training.
- Some employers expressed dissatisfaction at the take up of skills training by employees.
- Amongst job seekers views about training were mixed, with some viewing it very positively and others as “pointless”.

- There is some evidence of employees in low-skilled roles who do not wish to advance 'blocking' entry by others to enter such roles. There may also be some 'blocking' by migrants who are trapped in low-skilled roles by poor English language skills and lack of access to English classes; providing assistance to such migrants so that they can move into other roles might ultimately result in greater opportunities for British workers.

## INTRODUCTION

The research reported here was commissioned with the aim of developing further understanding of whether and why demand for migrant labour persists in low skilled sectors of the UK economy, despite historically high levels of domestic unemployment. An additional aim was to provide further evidence on the factors that affect the supply of labour to low skilled sectors.

A complementary research study presents a quantitative assessment of the composition of the workforce in low-skilled sectors of the UK economy (Frontier Economics, 2013). The research reported here combines an initial literature review with a qualitative case study methodology which focused on low-skilled roles in two sectors: (1) construction; (2) accommodation and food services. The case studies involved telephone and face-to-face interviews with 34 employers (17 from the construction sector and 17 from accommodation and food services), ten representatives from recruitment agencies, 20 migrant workers (ten from the construction sector and ten from accommodation and food services), 13 British workers in low-skilled roles (eight in construction and five in the accommodation and food services sectors), ten British born job seekers on out-of-work benefits with no/ low qualifications and 11 key stakeholders in the West Midlands.

The case study approach was used to address the following questions:

- Is there any evidence to support the ‘conventional wisdom’ that employers in low-skilled sectors prefer migrant to British-born workers?
- Have the human resources models of employers evolved in response to the availability of migrant labour? In what way?
- Are different worker groups equally likely to seek agency or temporary work? What are the reasons for any differences? Do any aspects of Government policy affect the attractiveness of agency and temporary work to different groups?
- What features of the current benefits system, if any, reduce incentives for those claiming benefits to return to work at present?
- Is the minimum wage rigidly enforced? Are some groups more likely to work below the minimum wage than others?
- How does the enforcement regime for agencies impact on the demand for and supply of migrant and other workers? In particular, is there a case for extending Gangmasters (Licensing) Act type regulation to other sectors?
- Is there a need for more regulation of employment practices in low-skilled sectors?
- What role can skills/ training policy play to increase the employment level of British workers relative to migrants in low-skilled sectors?

The findings from the literature review are presented in Part A of this report. A thematic approach is adopted for the discussion of the case study evidence in Part B. The themes encompass worker attributes and employers’ preferences for migrants, the evolution of human resources models, recruitment and job search methods, job search constraints, agency work, benefits, pay, labour market regulation and skills and training. Part C concludes by assessing how and where the case study evidence corroborates the findings from the literature review, and how and where it refutes them. It also highlights issues for future research.

## **A. LITERATURE REVIEW**

### **A1. INTRODUCTION**

This section provides an introduction to the substantive sections of the literature review providing perspectives on the supply of workers to low-skilled roles (section A2), the demand for workers in low-skilled roles (section A3) and issues and implications (section A4).

In order to set the context, the following sub-sections outline key features of recent and projected employment change (section A1.1), before highlighting the continuing demand for workers in low-skilled roles (section A1.2). Then key features of employment in the two sectors which are the focus of this study - construction (section A1.3) and accommodation and food services (section A1.4) - are outlined.

#### **A1.1 Key features of employment change**

The structure of UK employment has changed significantly over the last thirty years or so. The fastest employment growth in the UK towards the end of the 20<sup>th</sup> century was in atypical work, particularly jobs that are part-time, fixed-term or done without a contract (Gregory, 2000), in order to serve '24/7' operations and meet shifting daily, weekly and seasonal demands, and 'just-in-time' production and delivery. This reflects pressures on employers to reduce their costs and enhance competitiveness, by making themselves more flexible, adaptable and responsive to market fluctuations. The service sector has been the main site of employment expansion in the UK. Jobs in this sector, particularly in tourism and the retail industry, are amongst the most likely to require flexibility at the expense of job security (Tomlinson and Walker, 2010; Lindsay and McQuaid, 2004).

Jobs that have historically recruited relatively unqualified people and new labour market entrants have been particularly susceptible to the changes outlined above. Additionally, the skills required by employers have changed, particularly in the balance of skilled and unskilled manual work requiring traditionally male craft skills and physical strength, and occupations requiring knowledge, technical skills and interpersonal, often client-focused skills in personal, consumer and public services and many managerial, technological and administrative jobs.

According to Working Futures employment projections (Wilson and Homenidou, 2012) the UK economy is expected to see a slow recovery over the medium-term, but in the short-term growth is projected to remain subdued and unemployment to fall only slowly. The overall impact of the economic crisis on employment has been substantial with the loss of around 2 million jobs. The projections indicate that the economy and labour market is likely to continue to be subject to structural change in favour of services, along with some rebalancing of jobs from the public to private sectors.

Changing patterns of employment by occupation are largely dominated by longer-term trends rather than the cyclical position of the economy. Structural changes in the sectoral patterns of employment are a key driver, albeit these have become less important in recent years than changing patterns of skill demands within sectors, driven by a combination of

technological change and organisational change. Skill-biased technical change linked to information and communications technologies has been a particularly significant factor, although this has been partially offset by factors leading to polarisation in skill demands, with growth in some relatively less skilled jobs in services, as well as in high skilled ones (Goos and Manning, 2007), as discussed below.

## **A1.2 Continuing demand for workers in low-skilled roles**

Although the projected rise in professional, associate professional and managerial occupations is the dominant feature of expected employment change, it is likely that lower-skilled jobs will remain a significant component of the labour market. The latest Working Futures employment projections suggest an employment increase of 10% in caring, personal service and other occupations and 3% in low-skilled elementary jobs between 2010 and 2020, with most of these jobs in services (Wilson and Homenidou, 2012). This polarisation of demand for skills, with growth at both top and bottom ends of the skills spectrum, appears to be an increasingly common feature across developed economies, with the 'hollowing out of the middle' or polarisation of jobs between those that are stable, well-paid and skilled on the one hand and those that are unstable, poorly paid and low-skilled on the other. Compared with other European countries, this trend is particularly evident in the UK (Eurofound, 2007). Despite this, it is clear that recession and restructuring has hit those with low or no qualifications particularly hard and there has been a reduction in the demand for unqualified labour over the medium term (Wilson and Homenidou, 2012). However, it should also be borne in mind across the occupational spectrum that so called 'replacement demand' (i.e. the needs of employers to replace many of their workers who leave due to retirement, occupational mobility, geographical mobility, or other reasons) can usually easily outweigh any losses resulting from structural changes.

Atkinson and Williams (2003) have suggested that there are two distinct low-skilled labour markets. The first is composed of traditional, blue-collar, largely male, full-time employment based on manual, operative, assembly and process work. Pay in this market is high relative to other types of low-skilled work. Such work is found predominantly in the manufacturing and construction sectors. However, this is a shrinking market, particularly due to technological change. The second low-skill labour market is composed of non-manual, often service sector employment, often involving customer-facing jobs in the retail, hospitality and leisure industries, but also including cleaning, transport, security and related jobs. This market is characterised by disproportionately high shares of female and part-time workers, and pay levels are uniformly low. This market is expanding.

Amongst the key issues for low-skilled employees in these types of low-skilled employment are whether these jobs are sustainable and offer opportunities for development. In relation to this, Atkinson and Williams (2003) identify two possibilities. The first is that these jobs are a stepping-stone to better paid more stable employment. The second is that these jobs are essentially poor jobs, and not only that, there is little chance that they will lead to better opportunities. They offer little opportunity for advancement or even providing sustained employment, and when progress is made, it is not very substantial.

### **A1.3 Key features of construction employment**

Construction has historically relied upon an itinerant male workforce willing to move to wherever the next project is taking place. Parts of the sector (especially those related to engineering construction) rely upon workers willing to move internationally. Accordingly, migration has historically played a large role in meeting the industry's labour requirements (Construction Skills, 2010).

International mobility of labour has permitted migrants to serve as a short-term solution to labour supply and skills shortages, especially in boom years. In 2008, BERR (2008) estimated that 8% of manual workers in construction were migrants (this figure does not include illegal workers). The Health and Safety Executive estimated that overseas workers make up around 6% of the construction workforce in Great Britain and that the proportion of foreign or migrant workers on larger sites in larger cities (such as London and Birmingham) may exceed 25% (see Gambin et al., 2012). Data analyses published by MAC (2010) indicate that with the entry of A8 (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia) and A2 (Bulgaria and Romania) countries to the European Union the non UK-born share of the construction industry's workforce rose from 4.5% in 2002 to 7.9% in 2008. Construction Skills is of the view that the number of migrant workers in the construction industry peaked in 2006, and that the previously relatively high inflows of migrant workers will decline over the medium-term (see Gambin et al., 2012). In part this reflects the downturn in UK construction and improved prospects in the construction sector in other parts of Europe. Overall, it is clear that the construction sector was hard hit by recession. Analyses of a time series of Worker Registration Scheme data shows that between 2008 (quarter 2) and 2009 (quarter 2) the 76% decline in registrations in construction was disproportionately greater than the overall decrease across all sectors of 44% (McCollum et al., 2012). This suggests that migrants' employment in construction has been particularly sensitive to the job losses in that sector.

The impact of the economic downturn on the construction sector is further evidenced by the fact that the 2012 Employer Perspectives Survey, conducted between May and August 2012, revealed that in the construction sector employers of all sizes were less likely to have had vacancies in the previous year (i.e. from summer 2011 to summer 2012) than similar sized employers in other sectors: 28% of employers recruited in the year and 5% left the vacancy empty, compared with 43% of all employers who recruited in the last year and 4% who left the vacancy empty (Shury et al., 2012). This represented a continuation of an earlier pattern during recession: evidence from the 2010 Employer Perspectives Survey reveals that in the period from summer 2009 to summer 2010, 25% of employers in the construction sector reported vacancies, compared with 44% of employers across all sectors (Shury et al., 2011). An earlier survey, conducted from December 2007 to February 2008, does not include comparable information (Shury et al., 2008). The 2012 Employer Perspectives Survey also revealed that 23% of establishments in construction interviewed had reported a decrease in the size of their workforce in the previous year, compared to 15% of all establishments (Shury et al., 2012).

Despite being hard hit by the fall-out from the credit crunch and short-term uncertainties, the construction sector is expected to benefit from strong demand for major infrastructure

projects in the longer-term and employment is projected to increase (Wilson and Homenidou, 2012).

#### **A1.4 Key features of employment in accommodation and food services**

Employment in accommodation and food services has seen long-term growth and the number of jobs in the sector is projected to increase over the medium-term (Wilson and Homenidou, 2012). However, a number of factors have been identified as directly affecting the everyday experience of employment in hospitality: an unpredictable and ad-hoc demand for services, a high level of customer contact, low levels of labour productivity, low wages across a range of occupations, high rates of labour turnover and high levels of hard to fill vacancies (Lucas and Mansfield, 2008).

The sector's workforce is characterised by a reliance on particular types of workers who are associated with being marginalised within secondary labour markets; specifically women, students, ethnic minorities, young people and migrants (Lucas and Mansfield, 2008; Baum, 2007). The accommodation and food services sector is relatively easy to enter quickly and so low-skilled jobs in this sector may be typical 'starting jobs' for migrants working in the UK (Janta et al., 2011). For some migrants, the flexible working hours in many low-skilled roles in this sector may be advantageous in permitting migrants to do other things simultaneously (for example, engage in education, improved their English language skills, etc.). The sector is associated with 'temporariness' – which may suit some migrant workers (Eade et al., 2007). It should be noted that 'temporariness' also suits other sub-groups of the workforce – including students (Atfield et al., 2011).

## **A2. SUPPLY OF WORKERS TO LOW-SKILLED ROLES: WHO IS LOOKING FOR LOW-SKILLED WORK AND WHY?**

This section examines the literature on the extent to which lower-skilled British workers and migrants possess the skills and attributes that are advantageous in seeking employment, maintaining employment and progressing within employment. First, it considers the profile of the lower-skilled workforce and the impact the recession has had on the characteristics of the supply of workers to lower-skilled roles. In particular, it looks at the phenomenon of 'bumping down' in which higher-skilled individuals, due to the lack of availability of higher skilled work, compete with lower-skilled people for lower-skilled roles. Migrant workers often possess higher-level qualifications, but a feature of recent migration flows, especially from A8 countries, is the increasing proportion of higher-skilled migrants working in lower-skilled jobs (see Frontier Economics, 2013). Section A2.2 explores literature relating to this point. Sections A2.3 and A2.4 examine the barriers faced by lower-skilled workers in seeking employment and review literature which attempts to explain why migrants are less likely to face these barriers. Finally, section A2.5 moves the focus away from finding and maintaining employment to progressing within employment, looking particularly at the literature available on the availability of skills training and the role it plays in career development for lower-skilled workers.

## **A2.1 Changing qualification profiles of workers / the labour force**

The increase in the proportion of the workforce who possess higher-level qualifications means that those without qualifications have become increasingly disadvantaged in the labour market as employers are able to directly compare those with and without qualifications and place greater emphasis on formal academic, technical and vocational qualifications (Atkinson and Williams, 2003). This process has become particularly apparent as demand for labour has fallen during the recession. Lower skilled people are increasingly facing competition from those with higher qualifications who have been forced down the labour market by a general shortage of vacancies.

Additionally, authors such as Atkinson and Williams (*ibid*) have found that a lack of qualifications can impede progression as when people with low or no qualifications seek to move up in the labour market they face competition from those with higher-level qualifications.

There is also some evidence that there is a skills 'mismatch' between the skills possessed by job seekers and employees and the skills employers are looking for (see, for example, Belt et al., 2010; Frogner, 2002; Green et al., 1998). Evidence from the National Employer Skills survey has consistently shown that a lack of skills, work experience and appropriate qualifications within the applicant pool are primary reasons employers have vacancies they consider 'hard to fill' (Shury et al., 2010; 2012). A particular issue raised in the literature relates to the demand for 'soft' or generic skills by the expanding service sector (as explored in section A3.1). In a CBI report (2007) it is claimed that in recruitment decisions, employers gave an 80% weighting to non-certified soft and generic skills compared to a 20% weighting to skills amenable to certification. Possession of these types of generic employability skills, and how to deploy them, has been shown to be associated with possession of formal qualifications, as well as personal characteristics (Hillage and Pollard, 1998), primarily social class and there is evidence of a marked reluctance by employers to invest in the development of these skills. Moreover, these generic employability skills are becoming increasingly important in order to cope with the demands of team working, reduced supervision, greater flexibility in jobs and increased interaction with customers (Greatbatch and Lewis, 2007). A recent CIPD survey (CIPD, 2013) found that better job specific or technical skills and work ethic, which for many employers means a willingness to work anti-social hours, are the two main reasons why some employers perceive EU migrant workers as better candidates for low-skilled work than UK born workers.

As a result, a substantial proportion of lower-skilled people face cumulative disadvantage. While recession and longer-term restructuring in the economy have hit all groups, those with no or low qualifications, and those with lower skill levels, have been hit particularly hard. While higher-skilled people can 'bump down' in the labour market to take less skilled work, those with lower skills are confined to particular segments of the labour market by their lack of skills and so are limited to competing for only a subset of all jobs available. They are also vulnerable to supply-side shocks of the type represented by influxes of migrants, many of whom possess higher qualifications and higher skill levels. Consequently, there is a risk that labour market change may result in the residualisation of lower-skilled workers as they are left behind by a labour market that requires skills, attitudes and characteristics that they do not have.



## A2.2 Migration flows – quantity and quality

According to neoclassical economic theory migration (and subsequent return) decisions are based on individuals' rational assessment about maximising earnings from employment over a period, in other words, an individual would move for a more lucrative job and then return once target earnings have been achieved or economic conditions have improved (Sjaastad, 1962). This suggests that the supply of migrant workers is determined by their assessment of the labour market opportunities in their origin country, the destination country and competing destination countries. 'Push' factors from origin countries include a lack of appropriate employment opportunities, high unemployment, low wages and poor life chances more generally. 'Pull' factors to destination countries include a greater quantity and variety of employment opportunities, higher wages and the prospect of realising greater financial returns in the short- and medium-term than in the destination country.

The large inflows of A8 migrants to the UK in the period from 2004 to 2007 coincided with three circumstances favouring migration from eastern and central Europe to the UK:

- a buoyant labour market in the UK;
- much higher unemployment rates in key migrant source countries than the UK; and
- exchange rate differentials that favoured migration to the UK.

Buffer theory suggests that as the UK entered recession, EU migrant workers would return home, freeing-up jobs for the local population (Dobson et al., 2009). However, as the migrants' countries of origin also entered recession, the differential between these countries and the UK did not narrow enough to make mass return migration a significant phenomenon. Furthermore, as Pijpers (2008) has noted, in practice, theoretically 'orderly' migration flows in response to economic factors do not correspond to the 'messy' pattern of migration dynamics in the EU.

While economic factors are of key importance in the decisions of migrant workers they are not the only factors. Other factors identified in the literature include:

- social networks created and recreated by migrant workers as they move (Epstein, 2008) which, once established, can perpetuate migration flows even in the absence of the initial migration trigger (McGovern, 2007);
- a desire to explore other countries and cultures (Williams, 2007); and
- to learn and practise a new language (and here the global reach of the English language is important in the case of the UK).

Occupationally, migrant employment has traditionally displayed a bi-polar distribution in which migrant employment relative to employment of the UK-born has been greatest in the highest and lowest-skilled jobs. However, this bi-polar distribution is less apparent among more recent cohorts of migrant workers, especially those from A8 and A2 countries, who have been disproportionately concentrated in less-skilled occupations irrespective of their skill levels (see Green et al. (2010) for evidence from the East Midlands and Turner (2010) for evidence from Ireland). This suggests that recent arrivals are becoming increasingly segmented at the lower end of the labour market, with consequences for employment opportunities for low-skilled people.

### **A2.3 Barriers to employment for low-skilled individuals**

There has been a large amount of research looking at the barriers faced by lower-skilled workers in finding employment. This focuses on the ways in which lower-skilled workers may be particularly hindered by personal circumstances and the locational and societal context in which they are seeking work (see, for example, Green and Owen, 2006; McQuaid and Lindsay, 2005) and the ways in which barriers interact with, and reinforce, each other.

Following McQuaid and Lindsay's (2005) 'employability framework', these can be divided into three broad areas:

- Barriers related to individual characteristics - including possession of sought-after qualifications, skills and attributes; previous employment experience; demographic characteristics; health; and the ability to be geographically mobile. A lack of qualifications and employment experience means that there is a limited pool of jobs to which individuals can apply. Poor health may impact on jobs which can be undertaken. Individuals who are geographically immobile have access to a smaller pool of jobs.
- Barriers related to personal circumstances - including childcare and other caring responsibilities; access to transport; and access to financial capital. Caring responsibilities may limit the spatial and temporal range of jobs that individuals can undertake. Similarly, individuals lacking private transport are limited to a smaller geographical area in which they can feasibly travel to work.
- Barriers related to external factors, which include both barriers related to demand - such as the state of the macro economy and the quantity and nature of demand in local labour markets, vacancy characteristics and recruitment practices, and also the differential impact of enabling support factors, including policies related to employment, transport, childcare, etc., which may help individuals to take up jobs which they could not undertake without such support.

In addition to facing barriers to finding employment, lower-skilled people experience barriers to sustaining employment. However, there is relatively little literature which addresses questions of sustainable employment, despite the increasing emphasis placed on this in policy-making. This has been partially addressed in more recent research (Green et al., 2013), which has critiqued McQuaid and Lindsay's (2005) 'employability framework', highlighting some of the same factors noted above, but also placing greater emphasis on the role of employer/ organisational practices in influencing the employment of lower-skilled individuals through their commitment to training, their recruitment and selection practices, and the nature of their working practices. Green et al. (2013) also highlight the importance of local contextual factors, including local labour market operation and norms, in influencing employability.

Economic theory suggests that employment should be more sustainable in the UK compared to the countries of northern Europe. Although wage levels for lower-skilled workers are usually higher in northern Europe, these higher wage levels come as a result of wage-setting institutions in these countries ensuring that low-skilled workers are paid above what is considered the market rate, as well as an acceptance that when demand for labour in these countries falls, low-skilled workers are more likely to lose their jobs because of the relative

cost of employing them (Krugman, 1994). Consequently, low-skilled work in these countries is characterised by its temporary and part-time nature (DiPrete, 2005). In contrast, in the UK (and the USA), wage levels are more responsive to market conditions, which makes employment more resistant to weakening labour demand, but also means that low-skilled workers are more susceptible to low pay, particularly during recession.

However, this does not mean that low-skilled workers in the UK are not particularly susceptible to losing their jobs in an economic downturn. Research by Kenway (2008) has shown that almost half of the men and a third of the women making a new claim for Jobseeker's Allowance had last claimed that benefit less than six months previously. Similarly, Harker (2006) found that almost 70% of Jobseeker's Allowance (JSA) claims were repeat claims, with 40% of claimants who moved into work returning to benefit within six months. Green et al. (2007) found that when looking at the usual occupation of JSA claimants, those who had worked in less-skilled occupations were the most likely to churn between employment and unemployment. Temporary employment is a common feature of the hospitality industry, but has also become increasingly prevalent in other sectors as employers seek to maximise flexibility and minimise costs. Gregory (2000) has found that once someone has been out of work, they are more likely to re-enter work in a low-skilled, low-paid, insecure occupation. As a result, lower-skilled people are vulnerable to 'churning' between period of employment and unemployment, between being in paid work and being on benefits. Even when spells of unemployment are of relatively short duration, frequent job changes, in particular a series of horizontal moves between similar jobs, precludes skills development and progress in employment. This, combined with perceived difficulties and delays in restarting claiming benefits after a period of employment, act as a disincentive for lower-skilled workers to take temporary employment (Atfield, et al, 2011; Lindsay and McQuaid, 2004).

#### **A2.4 Frames of reference of indigenous workers and migrants**

Section A2.3 addressed the question of why some lower-skilled workers may experience difficulties in finding and sustaining employment. A small amount of literature also attempts to explain why migrants may not experience the same difficulties. In terms of labour supply characteristics, Anderson and Ruhs (2010: 27) emphasise that: "potential workers are differentially constrained and have different frames of reference". This means that motivations to work in particular types of job vary and that what is acceptable to some potential workers may not be acceptable to others. A low paid job, with unsocial hours, few prospects for development and uncertainty about whether it will continue beyond the short-term may be very unattractive to some jobseekers but be acceptable to others. Previous research has shown that some groups of migrant workers, particularly those recent migrants from A8 countries who need to earn money immediately and expect their stay in the UK to be for a limited period, are more likely to accept temporary employment with unsociable hours, which is regarded as unsuitable by lower-skilled British-born workers (Atfield et al., 2011).

The differing frames of reference that different workers have are particularly relevant when considering work in the service sector, including in accommodation and food service employment. McQuaid and Lindsay (2005), Lindsay and McQuaid (2004), Francis (2002), McQuaid and Lindsay (2002), TERU (1999) and Furlong (1993) have all found that particular

groups of lower-skilled workers, as well as unemployed people with low skills, are likely to hold negative views about work in the service sector, and this has had an impact on their likelihood to seek work in this sector as well as to engage in training in the kinds of skills that would enable them to progress within these kinds of jobs. This has been found to be particularly the case amongst older male workers (McQuaid and Lindsay, 2004) who perceived work in the service sector as 'women's work' (see also McDowell, 2004) and were concerned about the low pay levels associated with work in the service sector (Charles and James, 2003), and amongst younger male workers (Francis, 2002; Furlong, 1993) who failed to recognise that many of the heavy manufacturing and engineering jobs that were available to their fathers were no longer available in the same numbers.

## **A2.5 Progression in employment – the role of training**

Training potentially provides opportunities for progression with an individual's current employer. It has also been found to limit the likelihood that lower-skilled employees will be 'forced' to alternate between employment and unemployment and make horizontal moves between organisations that do not result in progression in order to sustain employment. Economic theory suggests that countries that protect the wage levels of low-skilled workers are prone to higher levels of unemployment and cycling between employment and unemployment, but authors such as McIntosh and Steedman, (2002), Freeman and Schettkat (2000), Card et al. (1999) and Krueger and Pischke (1997) have found that training has mediated these effects in countries such as Denmark, Germany and the Netherlands. Amongst the key factors here prior success in the academic system has emerged as a key determinant of inclination to take up training in the future. Vocational training, which does not replicate courses found in schools, has been highlighted as playing an important role also. However, while the literature and statistical analyses show evidence of a correlation between training and more secure employment, such studies tend to lack evidence concerning how these mechanisms operate in practice.

Lower-skilled jobs, particularly in the service sector, have traditionally been regarded as offering few opportunities for progression, either within the employee's current organisation or to more highly skilled work elsewhere. The 'hollowing out of the middle' of the labour market as a whole has made movement from the unstable, low paid, lower-skilled section of the economy into the relatively stable, well-paid, skilled section of the economy increasingly difficult.

Policies related to training and up-skilling have largely focussed on the supply side of the equation, while it remains the responsibility of the individual employee to undertake training to ensure their employability (Nickson et al., 2003) and the UK vocational and education training (VET) system is largely characterised by voluntarism (Finegold and Soskice, 1988; Hogarth et al., 2009).

Barriers to training supply at the level of the organisation include constraints imposed by the size of the organisation; a smaller than average share of higher-skilled employees within the organisation and a lack of a 'culture of learning'; exposure to foreign competition; limited possibilities for progression or reward; lack of flexibility in training provision; and high staff turnover (Johnson et al, 2009; Westhead, 1998; Green et al., 1996; and Green, 1993).

This last factor is of particular relevance in relation to organisations employing migrants. Having a flexible, mobile workforce provided by migrants may prove detrimental to the provision of training for the low-skilled workforce as a whole as employers may not feel it is worth developing training programmes. Research has shown that employers perceived migrants to be more likely to move on from their current job, even when they had a permanent contract, either as they improved their language skills which enabled them to seek different types of employment in the UK or because they decided to return to their country of origin (Atfield et al, 2011).

Wilson (2003) found that much of the training provided by employers was related either to induction or health and safety, rather than being focused on developing skills that might improve productivity or other aspects of employment that could lead to promotion, and the literature shows that this is particularly the case for low-skilled workers in hospitality and retail work (Cullen, 2009). Formal certification of skills is also less likely in the service sector than in manual and technical occupations (Felstead et al., 1999; Canny, 2004), which reduces the extent to which an individual can use skills training as a vehicle for finding employment with a different employer.

Furthermore, there is evidence in the literature which indicates that employers target training at those who they consider most likely to benefit from it, and that those employees who are identified as being likely to benefit from training are most likely to be those with higher previous levels of educational attainment (Hughes et al., 2004; the OECD, 1999; Shields, 1998), those who have already undertaken some training (NESS, 2009) and employees in more managerial roles (Metcalf et al., 1994). Metcalf et al. (ibid) also found that employers considered training for lower-skilled workers in anything that was not focused on immediate job and task-specific skills was disadvantageous because it increased staff turnover and dissatisfaction and raised unrealistic expectations, for example in relation to opportunities for progression.

However, even when opportunities for training are provided, take-up may be affected by a range of factors including: lack of financial support, lack of information about the training available and its potential benefits; family commitments; lack of transport; and previous negative experiences of education (Johnson et al., *ibid*).

McQuaid et al. (2012) used a stated preference approach to gain insights into the motivators and barriers to participation in significant workplace learning (i.e. a regular commitment to training for two years resulting in a qualification) by low-skilled employees in the hotels and catering sector (where there are high levels of skills gaps in low-skilled occupations) and the care sector (which is characterised by a stronger culture of workplace learning). Pay emerged as the dominant factor in motivations for training, but other research evidence suggests that financial returns for low-skilled employees undertaking training are low (see discussion below). After pay, time was the next most important factor; if training was to be conducted in the individual's own time it would be a significant barrier. Job attributes (increased satisfaction, security or responsibility) did not emerge as strong influencers. McQuaid et al. (2012) also reported that the main barriers to employees' engagement in training were financial (i.e. fees for training), followed by time considerations. This suggests that the main barriers to training related to extrinsic factors. Conversely, employers felt that

employees' barriers to training were related to intrinsic factors (e.g. a lack of self-confidence) rather than extrinsic ones.

Johnson et al. (ibid) found that although training in more generic, soft skills may be useful to employers in the service sector, this type of training is less likely to result in people either finding work that is 'good quality' in the sense that it is stable and well-paid, or progressing within work, due to the nature of employment in these industries (Felstead et al., 2007; Canny, 2004). As noted above, the financial returns to acquiring skills or qualifications appear to be lower and less certain for lower-skilled and qualified workers (Johnson et al., 2009; McIntosh and Garrett, 2009; Dickerson and Vignoles, 2007; Jenkins et al, 2007) and lower-skilled workers continue to experience difficulties in finding higher-paid work due to their lack of higher-level qualifications. Research has shown that migrants are more likely than lower-skilled British workers to want to undertake training with the aim of progressing to higher-level employment, but they were also less likely than British-born lower-skilled workers to be offered training or to believe that opportunities for progression existed with their current employer (Atfield et al, 2011).

### **A3. DEMAND FOR WORKERS IN LOW-SKILLED ROLES: WHO DO EMPLOYERS ENGAGE AND WHY?**

This section addresses demand for workers in low-skilled roles, and as such, it focuses on employers' perspectives. Section A3.1 discusses the rhetoric of the 'good migrant worker' and highlights the attributes that employers want from workers in low-skilled roles, while section A3.2 considers how employers use migrants in such roles. In section A3.3 the concept of hiring queues is discussed as a prelude to consideration of changing recruitment practices. A key feature emphasised here is the growing significance of informal recruitment methods. The section concludes with a discussion of some of the findings from the literature on human resource management models adopted by employers operating in low-skilled segments of the labour market.

#### **A3.1 Attributes employers want - the rhetoric of the 'good migrant worker' and the 'bad local worker'**

Employers will seek to recruit workers who meet the requirements of the job in question. In relation to low-skilled roles, 'flexibility' is a recurring theme in the literature on employers' requirements. Atkinson (1984) developed a typology of flexibility which outlines the various types of flexibility sought by employers:

- *internal numerical flexibility* - adjustments to the input of existing workers, for example by adjustments to working time;
- *external numerical flexibility* – adjustments to the size of the labour intake, or the number of workers from the external market, for example by employing workers on a temporary basis or on fixed term contracts;
- *functional flexibility* - the extent employees can be transferred to different activities and tasks within the firm; and
- *financial or wage flexibility* - a situation in which wage levels are not decided on a collective basis, but rather where there are more differences between the wages of

workers, so that pay and other employment costs reflect the supply of, and demand for, labour.

In lower-skilled job roles there is a particular emphasis on numerical flexibility (Atfield, et al, 2011).

In general, employers' requirements from workers may include formal qualifications, but also attributes and characteristics (sometimes known as 'employability' or 'soft' skills). Such generic skills (which may be thought of by employers as 'personality characteristics') – including flexibility, reliability, ability to work hard, continuous improvement and team-working - are particularly important in the service sector (including for customer-facing roles in accommodation and food services) (Atfield et al., 2011). For room attendants in hotels the attributes emphasised by employers include the ability to work hard, stamina, flexibility in terms of working hours and attention to detail (Dutton et al., 2008).

Several studies have shown that for less-skilled roles employers tend to place most emphasis on soft skills and may disregard, or give little attention to, formal educational qualifications, looking instead for attitude, motivation and flexibility (Keep and James, 2010; Newton et al., 2005; Bills, 1992; see also the discussion in section 2.1). Indeed, in a review of employers and the recruitment of unemployed people, Hasluck (2011) suggests that employers recruiting applicants for entry level jobs tend to look for an attitude that demonstrates a positive work ethic, an awareness of what the role in question entails, an aptitude for the basic requirements of the job, and 'fit' within the organisation. In theory, this should make it easier for lower-skilled workers, who often have low or no qualifications, to find employment. However, some employers may be reluctant to recruit longer-term unemployed people, using duration of unemployment as an indicator of lack of motivation or desire to work (Devins and Hogarth, 2005).

There is considerable evidence from research involving employers that migrant workers - and especially A8 migrant workers - are perceived to 'work harder', have a 'better work ethic' and be 'more reliable' than local UK workers (Dench et al., 2006; Green et al., 2008; Lloyd et al., 2008; House of Lords, 2008; Danson and Gilmore, 2009; MacKenzie and Forde, 2009; Thompson et al., 2012). Atfield et al. (2011) found that skills and attributes that employers particularly associated with migrant workers were that they were hard-working, trustworthy and reliable (e.g. more likely to turn up for work), well-educated and well-qualified, flexible and willing to work extra hours, had access to social networks that provide them with support and which enable them to recommend other 'good' workers as potential employees (see section 3.3 also), bilingual or polyglot skills, and a willingness to do jobs other people would not want to do. It has been suggested that these 'attributes' stem from migrants' different frame of reference and consequent willingness to meet the employers' terms. These attributes have become bound up with the rhetoric of the 'good migrant worker'. Findlay et al. (2012) suggest that these attributes associated with the 'good' migrant are of particular significance when there is a geographical distance and/or an institutional distance (i.e. when recruitment is via an agency) between the employee and the employer.

The 'good migrant worker' rhetoric is in opposition to that of a 'bad local worker' (Scott, 2012; Dench et al., 2006; LSC, 2006). However, the latter concept has received much less attention in the literature than the former.

Research studies in the food processing industry (Geddes and Scott, 2010) and in social care (Moriarty et al., 2008) suggest that some employers admit that the (poor) working conditions and (low) wages they offer are unacceptable to many local UK workers. As intimated in section A2, new arrivals from A8 and A2 countries, may be willing to accept jobs with skill requirements markedly below their own qualification levels: hence the phenomenon of ‘high quality workers in low quality jobs’ (Anderson et al., 2006; Drinkwater et al., 2008).

### **A3.2 How employers use migrants in low-skilled roles**

McCollum and Findlay (2011) identified two main ways in which employers may use migrant workers (with particular reference to A8 migrants):

- as a *complement* to the existing workforce – offering characteristics that are different to the lower-skilled indigenous labour force; and
- as a *substitute* for the existing workforce – offering the same qualities as the lower-skilled indigenous labour force but with economic advantages to the employer over the lower-skilled indigenous workers.

There is also a third possible way in which migrant workers may be used:

- as a *supplement* to the existing workforce – to provide additional numerical flexibility, as necessary, to meet changing demand (this may be the case particularly in the hotel industry where marginal workers may be used to cope with varying patterns of demand (Dutton *et al.*, 2008) and in construction where project-based work promotes the use of a transient and casualised workforce (Chan et al., 2010)).

In the best case scenario for lower-skilled indigenous workers, there will be complementarities in the labour market whereby migrants are not competing with lower-skilled workers for employment, but are instead filling roles that lower-skilled workers are unable or unwilling to take.

How migrants have been and are used by employers in low-skilled roles varies by sector, occupation and over time. In agriculture migrants have mostly been used as substitutes – to fill a shortage of labour. On the basis of an analysis of sectoral changes in Worker Registration Scheme data over the period from 2004 to 2011 McCollum et al. (2012) suggest that the demand for migrant workers in agriculture held up vis-à-vis other sectors throughout the period (i.e. up to and including the recession), but that employers in other sectors drew on migrant workers as a flexible source of labour to supplement existing labour supplies in the economic boom times prior to the recession, but with the onset of the economic downturn the requirement to turn to migrant labour to fill labour and skills shortages has to a large extent diminished. In the construction and accommodation and food service sectors specifically, the position is not clear, with a mix between some migrants being used as complements, some as supplements and some as substitutes being most likely.

### **A3.3 Hiring queues and recruitment practices**

Employers’ recruitment practices are important in influencing who is recruited. A number of factors may be influential here, including social and cultural factors as well as economic ones. It is possible that in some instances employers may ‘stereotype’ (i.e. assess the



suitability of candidates for a job on the basis of gender, age, nationality, etc.), rather than assess candidates on their own merits, although there is limited empirical evidence that this is the case (Atfield et al., 2011; Tunstall et al., 2012). However, building on research in the UK food industry, Scott (2012) suggests that a clear migrant–local hiring queue has emerged at the bottom of the UK labour market since European Union enlargement, reflecting a preference amongst low-wage employers in the industry for newly arrived A8 and A2 migrants and related prejudice towards would be domestic workers. The existence of such hiring queues (whether in the food industry or elsewhere), in which employers order different groups of competing workers according to their perceived employability, leads to the rhetorical identity constructions (in which attributes are assigned to workers in accordance with their nationality) outlined in section A3.2 and translates into recruitment practices. Research by the Work Foundation (2008) suggests that those at the end of the queue are becoming even more detached from the labour market.

The UK Commission for Employment and Skill's Employer Perspectives Survey (Shury et al., 2012), which is a UK-wide survey of around 15 thousand employers conducted between May and August 2012, provides a up-to-date picture of employers' recruitment practices and the channels used. It showed that employers typically use a range of channels when recruiting. The analysis of findings distinguished three categories of recruitment channels:

- *public free services* - incorporating Jobcentre Plus and government programmes and schemes such as the Work Programme;
- *private paid for services* - such as recruitment agencies or recruitment through the press and publications; and
- *private free services* - a combination of less formal recruitment practices such as word of mouth or employers' own recruitment networks, internal resources such as employers' own websites or internal notices and other free-to-use websites.

The survey results indicated that employers tend to make most use of private recruitment services which they do not have to pay for (including their organisation's own resources and networks) (Shury et al., 2012). Indeed, the single most common channel employers used to find candidates to fill vacant posts was 'word of mouth' (29% of recruiting employers); and they used this more commonly than they did in 2010 (24% of recruiting employers) (Shury et al., 2010). An increase in the proportion of employers using word of mouth or personal recommendations to recruit has possible implications for the profile of recruits. 28% of recruiting employers had used Jobcentre Plus in recruiting staff in the 12 months prior to the survey, down from 31% in 2010. Medium-sized employers (with 25-99 employees) and those in the accommodation sector were more likely than average to use Jobcentre Plus in their recruitment.

Some studies (Atfield et al., 2011; Tunstall et al., 2012) have found that recruitment through the Jobcentre is regarded by some employers as rather bureaucratic and more time consuming than handling applications themselves. Some employers also question the standard of applicants coming via the Jobcentre.

Employers requiring flexibility in meeting their labour requirements may make considerable use of employment agencies. Employment agencies became increasingly significant stakeholders in the labour market in the 1970s and their use grew during the 1980s as

employers increasingly pursued employment flexibility and developed more lean organisations. Nathan (2008) has suggested that between 40% and 50% of A8 migrant workers in the UK work for, or through, agencies, although the use of agencies has diminished over time as both migrants and employers have shifted to greater use of informal networks as recruitment channels (McCollum and Findlay, 2011). In particular, it helps to explain the concentration of A8 migrants in 'high churn' sectors and occupations identified by Green et al. (2010) in the East Midlands. Atfield et al. (2011), in a study of the impact of student and migrant employment on prospects for low-skilled indigenous workers, found that in keeping with the flexibility they sought, employers were increasingly offering temporary employment, particularly through agencies, and using informal recruitment methods to recruit for lower skilled jobs; albeit this might change in different economic circumstances. They found that migrants, in particular, were likely to be working for, or to have found work through, an agency.

In contrast to the Jobcentre, word of mouth recruitment through existing employees was thought by employers to provide good quality applicants because the employee who made the recommendation would feel responsible for the worker recruited, so they would be more likely to recommend reliable people and ensure that they worked hard. This provides the employer with greater self-regulation of the workforce. Migrants (and students) were also found to have better social networks of family and friends to draw upon to help them find employment, or to be more aware of the value of using the networks they had to find employment. This disadvantaged the less well networked people amongst the lower-skilled group. It also resulted in a self-perpetuation of segmentation in the lower skilled labour market, as similar kinds of people are recruited to those in existing low-skilled roles.

Anderson and Ruhs (2010) suggest that there seem to be 'path dependencies' in the employment of migrants; for example, once a workforce includes a substantial share of migrant workers, it may be difficult and/or costly for employers to alter the profile. Such jobs can become 'migrant jobs' as supply and demand become mutually constitutive, as specific jobs are associated with specific groups of workers. Once certain jobs – especially at the lower end of the labour market – are associated with certain groups, other groups may be reluctant to apply, so reinforcing existing labour market segmentation.

Employer recruitment practices are changing; partly as a result of the change from more buoyant to more depressed economic conditions. Declining use of the Jobcentre and increased use of social networks as a route to getting good quality reliable employees is evident across a number of studies, and in the case of migrants, in particular, is also combined with the use of agencies to provide flexibility (Dench et al., 2006; McGovern, 2007). The increased importance of informal methods and agencies represents a change to traditional recruitment methods used for low-skilled work (Danson and Gilmore, 2009). The increased use of social networks in recruitment places unemployed job seekers at a disadvantage, both because of the generally weaker nature of their social networks and also because of their greater reliance on formal job search methods.

#### **A3.4 The National Minimum Wage and Human Resource Management models**

A recurring theme in studies of low-skilled roles is pay rates being driven by the National Minimum Wage (NMW). In a study of room attendants in UK hotels, for example, Dutton et

al. (2008) indicate that employment as a hotel room attendant is characterised by low pay, poor working conditions, shift work and unsociable hours, and high labour turnover. The UK is not unusual in this respect: a comparative study comparing the position and experience of UK room attendants with those in the USA, Denmark, France, Germany and the Netherlands found that across all six countries the combination of low union density, poor workforce enforcement, and strong employers' associations meant collective agreements were weak, setting wages near or below the wage floor (Vanselow et al., 2010).

Some employers may use a 'hard' Human Resource Management (HRM) strategy to maintain a competitive advantage based on low labour costs and substitutability of workers. An employer survey conducted by the CIPD (2005), focusing on reasons for recruiting migrants and attitudes towards migrants, highlighted that five times as many employers recruiting low-skilled migrant workers were using these workers to reduce labour costs than employers recruiting highly skilled migrants. A case study example of a company in South Yorkshire with a workforce in which migrant workers (mainly from Poland and other A8 countries) were predominant (accounting for 90% of the workforce (Forde and MacKenzie, 2009)) provides evidence of such a strategy. Forde and MacKenzie (2009) suggest that 'hard' HRM approaches that are dominant amongst employers using low-skilled migrant workers emphasise the disposability and interchangeability of assumedly homogenous units of labour. Yet at the same time the employers desire attributes of 'commitment' and 'willingness' to work (i.e. expect that migrant workers may work long, unpredictable or variable hours for low wages) which are commonly associated with 'soft' approaches to HRM that involve aligning the goals of the workers and those of the firm and foreground the human resource attributes of the workforce. In the case of migrant workers, however, the expectation is that high 'commitment' and 'willingness' to work long hours will ensue from the motivations of migrant workers to learn English and/ or maximize income within a short period of time in the UK (Dench et al., 2006).

In a study focusing on Polish migrant workers in the construction sector in northern England, Fitzgerald (2007) found that some employers were being undercut by firms pursuing low cost competitive strategies reliant upon heavy use of migrant workers, with low wages and poor working conditions, as a 'reserve army' of cheap labour. May et al. (2007) have found similar strategies underlying a 'migrant division of labour' in London, with employers capitalising on the high volume and heterogeneity of migrants to segment labour forces. Similarly, in a study of the hospitality sector, Evans et al. (2007) highlighted that employers were contracting out services to temporary work agencies, and in doing so were pushing down wages and costs. Likewise Holgate (2005) has highlighted how an employer at a sandwich factory in London adopted a 'hard' HRM strategy which emphasised the ease of replacing workers who did not like the working conditions with migrants from all parts of the world.

#### **A4. ISSUES AND IMPLICATIONS**

This final section of the review highlights selected key issues, and associated implications, that are particularly pertinent to the qualitative work to be undertaken.

#### **A4.1 The mutually constitutive nature of supply and demand**

The availability of migrants to undertake low-skilled roles impacts on the dynamic between supply and demand. Indeed, Ruhs and Anderson (2010) emphasise that labour supply and demand are mutually conditioning rather than generated independently of one another. Atfield et al. (2011) outline how the willingness of a relatively large pool of people (including migrants and students) to offer the flexibility sought by employers in lower-skilled roles and to work in conditions that lower-skilled indigenous workers are not, enables employers to structure their working practices in a way that utilises this willingness, rather than having to reconsider their employment practices to create jobs that would be more commensurate with the preferences of lower-skilled indigenous workers.

These dynamics are driven partly by the quantitative and qualitative features of labour supply, but also by developments in labour market policy (notably activation policy and benefit regulations) and changes in labour demand.

#### **A4.2 Changes over time**

Both the quantity and the quality of migrant workers and of indigenous workers available to fill lower-skilled roles change over time. McCollum and Findlay (2011) have suggested that the function of A8 migrant labour has changed as follows:

- 1) *2004-5: accession* – high quality A8 migrants were available and they compared very favourably with the local indigenous population for lower-skilled roles;
- 2) *2006-7: the boom years* – high demand for migrant labour continued but some of the early migrants improved their English language skills and UK work experience and moved advanced from lower-skilled to other roles, while the local indigenous population continued to shun some less desirable lower-skilled roles;
- 3) *2008-10: recession* – the inflows of A8 migrants reduced and the calibre of migrants was perceived by employers as deteriorating, while the quantity and quality of local indigenous candidates for lower skilled roles increased.

In general, these changes over time suggest that while the quantity and quality of migrants has reduced, the quantity and quality of local indigenous candidates prepared to consider lower-skilled roles has moved in the opposite direction. Consequently, the relative competitiveness of local indigenous candidates vis-à-vis migrants might be expected have improved over time. However all workers have faced a more difficult labour market since the recession. It should be noted that many of the studies of migrant labour in the UK predate the recession. The qualitative work for this project was undertaken in a more difficult economic context for the UK than the pre-recession studies of the experiences and impact of migrant labour.

## B. CASE STUDIES

This section presents key findings from the case study research involving interviews with 34 employers (17 from the construction sector and 17 from accommodation and food services), ten representatives from recruitment agencies, 20 migrant workers (ten from the construction sector and ten from accommodation and food services), 13 British workers in low-skilled roles (eight in construction and five in the accommodation and food services sectors), ten British born job seekers on out-of-work benefits with no/ low qualifications and 11 key stakeholders in the West Midlands.

The interviews with employers covered:

- employers' views of the skills and other attributes of migrant and British-born workers and the extent to which the skills offered by different groups fit with those the employer seeks; the advantages and disadvantages of employing migrants and British-born workers, and the extent to which they employ these groups;
- methods used in recruiting to fill lower-skilled positions, including use of agencies;
- pay levels amongst those in lower-skilled jobs;
- training and skills development policies and practices, including those leading to progression to more highly skilled, highly paid employment; and
- views on regulation of employment practices.

Interviews with recruitment agencies focused on:

- the types of potential workers who use their services, and the types of employment they seek;
- the skill levels of migrants and British-born workers who use their services; and
- views about the impact of an enforcement regime for agencies and the potential for extending Gangmasters (Licensing) Act type regulation.

Issues explored in interviews with migrants included:

- work experience, education and training background;
- their subjective opinion of their skills;
- wage levels, including identification of cases where accommodation is provided which offsets absolute pay levels;
- how they obtained their current job and their rationale for accepting it;
- perceptions of opportunities for further training and progression, job security and longer-term employment prospects; and
- perceptions of local employment opportunities.

British workers in low-skilled roles and job seekers were asked about:

- their work experience, education and training backgrounds;
- subjective opinions of the skills they possess and those they do not;
- for those in employment - wage levels and satisfaction with pay, and any benefits received;
- for those not in employment – benefits received and the impact of the benefits regime on types of employment sought;

- for those in employment - how they obtained their current job and their rationale for accepting it;
- for those not in employment – methods used to find employment and perceptions of the benefits and disadvantages of these methods.
- for both groups - perceptions of opportunities for further training and progression, job security and longer-term employment prospects; and
- perceptions of local employment opportunities.

Stakeholders were asked about preferences for migrant workers vis-à-vis British born workers, the role of skills and training policy and the role of employment regulation, the role of wages and the benefits system, and the use of agencies.

This section of the report is structured thematically. In section B1 worker attributes and any preference for migrant workers is explored, with particular reference to the rhetoric of the ‘good migrant’ and the ‘bad British worker’. Section B2 explores the evolution of human resources models in the context of the economic downturn and the drive for flexibility. Section B3 discusses recruitment and job search methods, highlighting the recruitment channels used by employers, their selection practices and the ‘fit’ between employers’ recruitment methods and those used by job seekers to find work. In section B4 the focus is on job search constraints. Here a key emphasis is on extrinsic factors, but issues of labour market segmentation and attitudes towards certain jobs are discussed. Section B5 is concerned with agency work and highlights the changing use of agencies by employers and job seekers. Section B6 discusses the role that benefits play in shaping attitudes towards taking different types of jobs. Section B7 focuses on pay. It discusses the role of the National Minimum Wage, reservation wages and fluctuating wages. Issues of labour market regulation are explored in section B8, with reference to the role of and impetus for regulation and associated challenges in implementation and enforcement of regulation. Finally, section B9 discusses the role of skills and training in enhancing the employability of job seekers and workers, and in fulfilling the needs of employers.

## **B1. WORKER ATTRIBUTES AND PREFERENCE FOR MIGRANTS**

### **B1.1 Introduction**

In the accommodation and food services sector, low skilled jobs included cleaning, room attendants, waiting and bar staff, kitchen porters, receptionists and those working in food preparation and service. Low skilled construction work included general labouring (carrying and cleaning), plus ground-works, painting and decorating, fitting, brick laying and plastering.

In the construction sector, migrants tended to do the same types of work as British workers, while in accommodation and food services there was a greater degree of clustering of migrants into particular types of work. In general, migrants were more likely to be found in jobs that were not customer facing or where there was a limited amount of customer contact, with particular jobs, for example, cleaning and kitchen portering, being dominated by migrant workers. This was attributed by employers and employees to the lower levels of English skills possessed by migrants, but also reflected the balance of those who applied for this type of work. Several employers commented that British people did not apply for work as

cleaners or kitchen porters because this work was regarded as undesirable or “*beneath them*” and without migrants, they would find these jobs hard to fill. By contrast, the attitude of migrant workers as summarised as:

*“If you want to work – there are always plenty of jobs”* (Migrant worker)

## **B1.2 The rhetoric of the ‘good migrant’ and the ‘bad British’ worker**

Many studies have shown that particular desirable characteristics are associated with migrants by employers. This was also the case in the interviews conducted for this research. Many employers and agencies stated that whether someone was a migrant made no difference to the likelihood that they would offer that person a job.

*“It's all about wanting to work, being a migrant is not an issue”* (Recruitment agency)

*“Migrants don't displace UK workers, they are all free to come through our doors”* (Recruitment agency)

However, when employers were asked what they thought of migrants, the same characteristics were consistently mentioned. Migrants, particularly those from Eastern Europe: worked very hard (by far the most commonly mentioned characteristic); were willing to work long hours and more days of the week, often at short notice; were smart (in appearance) and polite; were intelligent, enthusiastic and proactive; were punctual and reliable; were willing to work in different departments, particularly if this would give them more hours; were willing to do any sort of work, including work that was very physical, outdoors, unattractive due to the time of day they were required to work, or which offered only a temporary contract.

*“Poles work much harder than British workers and are willing to gain more training and skills on the job in order to do a better job”* (Construction employer)

*“They're generally harder workers to be honest”* (Accommodation and Food Services employer)

*“The Polish workers are hard grafters. They never complain, come in really early and leave late. They are always smiling and well mannered. If I need them to work an extra 10 hours to finish a job – at short notice, they say, ‘okay, no problem, boss’. They do very good work”* (Construction employer)

*“We would have lower efficiency, effectiveness, attention to detail and constant quality work. All these have noticeably increased since we have had migrant workers”* (Construction employer)

*“These people, they need the job and they do almost anything to keep the job. They do loads of over-time, they work extra-hard, because they need the job. That's why they came to England. Most of them don't even want to learn the language, they don't care, they came for the money and that's it”* (Accommodation and Food Services employer)

Migrants themselves were also aware of their reputation for being hard workers, and in the majority of cases believed this reputation to be well-deserved, although there were certainly British people who worked just as hard.

Migrant workers were also seen to increase diversity, bringing new ideas and experiences:

*“Migrants are very versatile, that is why employers have preferred them: they have a strong work ethic, will work long hours, take few breaks, do more work in their shift than UK workers if asked to by employers. But the current situation is testing even them. The low-skilled sector is in flux – migrants are constantly moving in and out of various sectors, trying to maintain a living wage.”* (Recruitment agency)

A lack of English language skills was the only negative commonly mentioned by employers in relation to employing migrants. A lack of good English was especially problematic when training a migrant worker, which was a particular concern in the construction industry where there were on-site safety issues. Employers were generally able to overcome this by using other migrant workers to interpret, but this required that the employer had a number of migrants sharing a particular language, promoting the clustering of migrants from particular countries. Two interviewees also mentioned the possibility that you may invest in training a migrant who would then return to their home country, and one mentioned that migrants sometimes took long holidays to visit family abroad, but one employer, conversely, mentioned that migrants remain in their jobs longer, and in particular were unlikely to leave their job after only a few days.

Despite this positive view of migrant workers, there was little evidence that employers were choosing to employ migrants because they assumed that they would have these positive characteristics; rather they were characteristics that they had noted amongst migrants they already employed. A similar situation is seen in the rhetoric of the ‘bad worker’ being applied to British workers:

*“In my opinion British workers are lazy and useless. We needed to employ a new worker to replace a British lad who rang in every week saying he was sick. Eventually he stopped calling in. We’ve heard nothing from him for a while now”* (Construction employer)

*“British people don’t want to do those low skilled jobs. That’s why they are not doing them: because they don’t want to do them. That’s self-entitlement. They think that they should be working for a million pound salary at a bank when they have neither the skills or the knowledge nor the drive to get that position. I think that’s why the migrant workers are getting the low paid jobs, because they want to do them”* (Construction employer)

*“They are not any good, they don’t want to learn, half the time they don’t even want to turn up – they’ve got better things to be doing. And they can afford to because they are paid to look for a job”* (Construction employer)

There was one group where *a priori* assumptions on the part of employers did appear to have an impact on their likelihood of finding employment: young British workers. A recurring theme amongst employers was concern about the attitudes of young British-born people towards lower-skilled work, as well as the problems they faced when trying to recruit these workers.



*“Migrants have a very strong attitude towards work. For them it’s not all about the money. If I asked them to work extra hours with no notice, they will say yes and do it happily with no complaints. They are very loyal given the chance... Of course, some British can be like this. Take [employee], he’s a good example of that same kind of mentality – he’s a good person and loyal. But he’s an older worker, the younger ones don’t seem to be the same”* (Construction employer)

*“It’s the way they think successful people come about their successes. They think that it’s instant; they think that people don’t... that you can just be. You can grow up and then your aspiration can be to be a Big Brother contestant or it can be to be a Pop Star. And I think it’s a bit, I don’t know where it all went so wrong”* (Construction employer)

*“Especially the younger guys coming in to it, they don’t seem to want to work”* (Construction employer)

Several employers commented that they would like to employ a young British person, to “give them a start”, but ultimately, they had to be pragmatic and they needed to employ someone who would do the job well. One migrant worker thought that there had been an increase in employers preferring to employ British workers because of the recession.

*“At the moment, the market is more tight, so if someone wants to employ someone, they want to employ British. That’s normal, because of the recession at the moment”* (Migrant worker in the construction sector)

In construction, where a lot of employment is temporary, employers were able to ‘try out’ a young person and simply would not employ them again if they lacked the right skills or attitude. One employer in construction commented that they had been taking on temporary staff for four years, and had hoped to make some of these employees part of their regularly contracted staff, but in that time they had not found anyone who was worth keeping on.

A particular issue in relation to the employment of young British-born people was their poor performance in interviews. This was also one area where perceptions of ‘the good migrant’ did appear to play a role. As noted in section B3, several employers commented that they would make certain allowances for a migrant worker’s level of English and invest more time in interviewing them because they already had migrants working for them who were very good workers but who spoke little English.

*“[I get] funny stories from managers saying ‘I had to act this out’, ‘I had to act that out’, but still coming down and saying ‘yes, brilliant, when they knew what I meant they knew exactly what to say”* (Accommodation and Food Services employer)

Similarly, one employer noted that “Having a good track record with a couple of White British people”, as they had done with migrants, might encourage more employment of British people.

### **B1.3 Perceptions of job seekers and employees**

The perceptions of job seekers and employees about the employment of migrants was mixed, and all of the job seekers interviewed thought that there were other factors, for

example, age, transport, lack of skills, which had a far greater impact on their ability to find work, as is discussed in section B7.

Job seekers were aware that migrant workers increased competition for jobs, simply because there were more people looking for work, but particularly characteristics of migrants vis-à-vis British people or a preference for migrants on the part of employers were not mentioned. The one exception to this concerned pay levels and migrants willingness to work for less, which was mentioned by at least two job seekers and one employee.

*“They’ll work for peanuts”* (Job seeker)

Generally those employees and job seekers who had worked alongside migrants had a positive impression of them, and were likely to believe that if migrants were being employed, they had earned this through their hard work:

*“They are good workers, hard workers. I’ve seen them before, always got their hand up for the work, you’d love them wouldn’t you, they are like machines. If it were me, I’d take them all, not some \*\*\*\*\* like me”* (Job seeker)

*“The Asians have got their own businesses, so they work there [...] I don’t know what the Eastern Europeans do, building? I don’t know [...] I say good luck to them, if they can get a job”* (Accommodation and Food Services employee)

*“They have a very strong work ethic, and are willing to turn their hand to anything new and different”* (Construction employee)

#### **B1.4 Competition and the recession**

The recession has had an impact on both the number and characteristics of people seeking lower-skilled work in the accommodation and food services and construction sectors.

As is discussed further in section B2, employers have experienced a general increase in the number of applications they receive, partly as a result of redundancies and job losses as a result of the recession, and partly due to changes in the requirements for job seekers claiming benefits. Consequently, those who have traditionally found employment in lower skilled jobs are facing greater competition simply on a numerical basis.

However, several employers also commented that the type of applicants had changed, with evidence of British workers with higher skills and experience of higher skilled employment ‘bumping down’ into lower skilled work.

*“English people need to pay the bills. [They are] ‘forced’ to take low skilled work”* (Accommodation and Food Services employer)

For the employer quoted, this meant that the quality of British people available had increased to the extent that he was now happy to employ a British person, whereas ten years ago, he would not have been. While this view was held by some employers, others commented that while the number of more highly qualified or skilled people seeking work had increased, these qualifications and skills were not always particularly beneficial as they were unnecessary in lower-skilled work, and did not make someone any better at the job. Amongst migrants often this is associated with individuals having technical skills but being

unable to use them due to a lack of English language skills or unfamiliarity with the British system, but there is also evidence that there is simply an over-supply of some types of skills amongst migrant workers, with carpentry skills being mentioned by several employers in the construction sector.

The recession also appears to have had an impact on the supply of migrant workers to lower-skilled sectors. Some employers have noted a general slight fall in the number of migrants (although this was by no means universal), and also a fall in the quality of migrants seeking work. Some employers thought that this was because the 'better' migrants had returned to their home country as the recession hit the UK, but more evidence is required on this.

## **B2. EVOLUTION OF HUMAN RESOURCES MODELS**

### **B2.1 The changing economic context**

The recession and fragile economic situation has had a number of implications for employers' human resources models.

First, by comparison with the pre-recession situation several employers reported that since the recession rather than having to go out to find workers, the workers were coming to them. One interviewee from a café reported that it had been necessary to stop taking speculative CVs because of the numbers received. At least twenty people per week were turned away – including people who had been made redundant and students seeking work in low skilled roles:

*“Because we are not a very high skilled place, they see more chance of getting a job without actually having to have skills, because we do on-the-job training anyway” (Accommodation and Food Services employer)*

An interviewee from a restaurant noted that: *“if you advertise a job today you will have 25 applications by tomorrow”*. Similarly, an interviewee from a hotel indicated that the volume of applicants meant *“lots of sifting through applications”*. Another interviewee from a hotel also commented that it *“takes a lot of time to process applications”*, and that this often precluded replying to applicants as *“there are simply too many”*. Interviewees from recruitment agencies also noted that the quantity of labour available had risen. As well as being a function of the economic situation, some employer and stakeholder interviewees felt that Jobcentre Plus was taking a stronger line in demanding active job search from benefit claimants, and that was more evident in some districts than in others. The implication was that job seekers were *“having to”* provide evidence of more active job seeking than might have been the case formerly in order to retain benefit eligibility, so boosting the numbers of applicants for vacancies. The impact of recession had also been evident in terms of an increased number of migrant workers presenting for welfare advice having found difficulty securing employment. One stakeholder commented:

*“They never needed any knowledge of the welfare system before – now they do. It is very difficult, and, very different for them now” (Stakeholder)*

Likewise, an interviewee from a hotel, who had come to the UK from Eastern Europe after 2004, and who now had responsibility for recruitment at the hotel, noted:

*“When I came to England ... it was easy to get a job, even if you could not speak English, but now there are just too many people who are looking for jobs, with no skills or with no English experience, work experience and the English language, and I totally understand that employers would pick the one who can at least speak English or has worked in England already. So it is more difficult for those who have just arrived in the country”* (Accommodation and Food Services employer)

Secondly, several employers in construction and in accommodation and food services noted “*lower churn*” (i.e. reduced levels of staff turnover) as incumbents were more likely to hold on to existing jobs in a weak labour market. However, this tendency was not so evident for city centre hotels, where more turnover was reported in response to small variations in pay levels.

Thirdly, as intimated above, some agency and stakeholder interviewees highlighted that more skilled workers were “*bumping down*” to take less skilled jobs in a weak economy. There was a general consensus, however, that migrant workers tended to be more willing to do this than UK workers, and in any case had often been working below their qualifications and skills levels. However, some employers indicated that there were now more UK people coming forward to do low-skilled jobs. For instance, one hotel employer said:

*“It used to be the case that cleaning jobs were associated with migrants, but this is not now the case”* (Accommodation and Food Services employer)

Fourthly, there is evidence that in the context of recession some employers were more likely than formerly to engage workers on a temporary rather than a permanent basis. One interviewee from a recruitment agency noted that amongst both existing and new clients:

*“Because of the recession we are much busier now supplying temporary workers to clients”* (Recruitment agency)

This is in line with stakeholder evidence showing a steady increase in employers’ use of temporary workers. This increase in the use of temporary workers is attributed to the state of the labour market and business culture, with employers being unwilling to take the risks of employing permanent workers. Some recruitment agencies reported that prices are being driven downwards with a reduction in competitors’ charging rates. In the construction sector prices are driven down by Preferred Suppliers Lists, where price is the main driver.

Fifthly, there was a lack of consensus on whether in the context of recession there had been changes in the attributes, skills, and qualifications required by employers. For instance one recruitment agency interviewee indicated that there had not been any such noticeable changes since 2004, while a second suggested that since the recession employers expected all workers (including those from agencies) to be more versatile. A third recruitment agency interviewee was adamant that, in the context of an increasingly large pool of available labour, employers were becoming more selective, and were demanding more certification of skills and more UK work experience than formerly, for low skilled roles. There were some suggestions that qualities typically associated with Polish and other A8 migrants when they

first came to the UK in 2004 (highlighted by the ‘good worker’ rhetoric discussed in section B1) had lessened.

## **B2.2 The drive for flexibility**

### *Whose flexibility?*

In the context of economic uncertainty the case study evidence indicates that some employers sought greater numerical and functional flexibility in order to compete. This raises issues of a changing balance of risk and responsibility between employers and workers. The evidence suggests that the balance of risk and responsibility weighs increasingly on workers. For instance, illustrating the fourth point above, one recruitment agency interviewee indicated that employers were making increasing use of temporary workers provided by the agency to substitute for the recruitment of permanent staff, to provide flexibility to reduce (or increase) their workforce as work requirements dictated. The judgement was that client employers were: *“just using people in an ad hoc way now”*. Likewise, an interviewee with responsibility for human resources at a hotel noted that increasing numbers of people were *“employed on occasional hours”* and these people were called on *“to plug the gaps”* when demand increased. Another agency interviewee noted that the advantage to the employer of such a human resources model was that their workforce was much more flexible, and could be reduced (or increased) temporarily if necessary, so transferring some of the risks associated with flexibility from the employer to the worker. Indeed, one of the British-born job seekers interviewed described how the labouring work he had undertaken on a fixed term contract for a local council had now been contracted out to an agency. He was unsure that he would be able to get this work back.

However, it was not always the case that the burden of flexibility fell completely on the worker. An employer in the catering sector described *“working the rotas”* so that, at least on average *“people get the number of hours they want”*, while not working at times that would be most difficult for them. A young British employee working as a food and beverage assistant at a hotel indicated that she worked between 12 and 17 hours per week, depending on the rota, the work available, and whether she volunteered for more hours. This arrangement suited her because it gave her the flexibility to fit work around other things, which was helpful. Similarly, a British employee in her fifties, working as a cleaner in a large hotel, indicated that working as a cleaner had allowed her to change the number and pattern of hours she worked at different stages of her life, in order to fit in with family needs and commitments, and the fact that the hours she worked currently varied on a weekly basis, depending on how many rooms had to be cleaned, did not really matter to her because she was quite flexible, and in any case she was not the main wage earner in her family. Low-skilled jobs in the food service sector afford flexibility that enables workers to engage in other activities in pursuit of longer-term objectives – notably higher education (in the case of some British-born [and other] students) and further study (ranging from ESOL classes, to NVQs to degrees) for migrant workers. With regard to migrants adopting such behaviour, one recruitment agency interviewee commented that they were being more strategic in their decisions regarding what jobs to take and when to work:

*“They themselves have embraced the rhetoric of the ‘good migrant worker’.  
It’s not that they don’t want the work, but more a case of trying to capitalise on*

*the good reputation by improving themselves. They will often say – ‘no, I’m sorry, I can’t do Wednesday, I have a language class’ ... They have changed their attitudes to do well here. Before, any job would do. Now it’s get a job as good as possible to improve their quality of life” (Recruitment agency)*

These sentiments were endorsed by some of the migrants interviewed, one of whom indicated that he would change his job *“in a heartbeat”* if he felt that it would improve his situation in some way. This might pose problems for employers; according to one construction employer, the fact that some migrants were *“more likely to accept lower-skilled jobs to get a foot in the door”* also might mean that they would be *“quick to leave”* if another opportunity came along, so leading to problems of retention, whereas the company was trying to achieve low turnover. In this instance, there had been some wariness about employing migrants, but it had not stopped them from doing so if they were *“felt to be the right person for the job”*.

Clearly, some jobs and working arrangements suit the non-work aspirations of some individuals and sub-groups more than others. One restaurant employer indicated that waiting staff were recruited on *“five hour contracts”* (i.e. offering a minimum of five hours work per week) and commented that this suited university students, who comprised around half of the waiting staff at the establishment. Likewise, a fast food restaurant employer indicated that students were an important component of the workforce (and were more important than migrants), and that Saturday, Sunday and evening working was popular amongst students. Hence, for some interviewees their current jobs are ‘a means to an end’; they do not see their current job as more than short-term. However, three migrant workers in the hotel sector had taken the decision to remain in cleaning roles in the hotel sector with little prospect for promotion and a low rate of pay because of the flexibility the work afforded in enabling them to choose their hours and days of work to suit their childcare needs. To some extent these women were also increasingly trapped in such role by their relatively poor English:

*“... language is something we need in order to move on to something better with a nicer environment. ... It was much easier finding work as migrants in the UK in 2005-2006. Now it’s much harder, even though we work hard, everyone wants us to speak English first before anything else is asked”*  
(Migrant worker)

#### *Willingness to take on temporary work*

The case study evidence revealed a tendency towards an increased willingness to take on temporary work, albeit that this might not have been in line with preferences of workers and job seekers. Some of the job seekers interviewed indicated that they would be willing to take temporary work – at least in the first instance, as a possible ‘stepping stone’ to more permanent employment; one man in his fifties said: *“[I] would take something temporary first”* just to get his *“foot back on the ladder”*. For this individual one advantage of having a temporary job would be to provide recent work experience so that he could register with agencies (he reported that this lack of recent work experience precluded him from registering with them). A younger British job seeker, with a very sporadic work history, also indicated that he would take temporary jobs (and had done so in the past) even though his preference was for permanent full-time work bringing in a fixed income, but he wanted

something “steady” for his young children, so he would like to know that the job was not going to end tomorrow. The advantage of recent work experience in applying for other jobs was also highlighted by some stakeholder interviewees.

Agencies and employers tended to report that migrant workers were more willing to approach agencies for work and to take on temporary roles than British-born workers. One stakeholder suggested that young migrant workers, especially those without families, were happy to work long hours for a short time to get as much money as they can. In terms of willingness to take risks, an interviewee from a recruitment agency noted that:

*“Migrants are definitely more willing to do temporary work. British workers are not – they see temporary work as more of a risk. British workers seem determined not to affect their welfare or any tax credits”* (Recruitment agency)

One of the job seekers concurred to some extent, but went on to say that it was “probably” the case that some employers preferred migrants on the basis that employers “can probably get away with paying next to nothing” and that “migrants are easier to control” because they can be “hired and fired at will”. On the basis of the case study evidence as a whole, no clear picture emerged on whether and how employers’ human resources models have changes in response to the availability of migrant labour. The extent to which employers thought the availability of migrant labour had changed varied, the way they used migrant labour varied, as did the proportions of low skilled roles filled by migrant labour.

Some stakeholders indicated that attitudes amongst British people are changing (possibly as a consequence of the economic situation and greater labour market activation and benefit sanctions) and that there is greater willingness than formerly to take temporary jobs/ roles that they might not formerly have considered, on the basis that it is “better to have something than nothing” or it is a case of “get a job or lose benefits”. Amongst some of the job seekers one appeal of taking a temporary job via an agency was “to be kept busy”. However, one job seekers interviewed said that the “trouble with agencies” is “that you can go in one day and they don’t want you no more”.

### *Seasonality and cyclicity*

The sectors considered here are subject to seasonal and cyclical influences, which are conducive to temporary/ flexible and/or project-based working.

In accommodation and food services some employers noted that there was a reduction in staffing levels following Christmas and New Year, and that there are variations in demand at other times of the year too. For instance one hotel employer reported that there were “lots of casual workers with no contracted hours” and that “seasonality affects the numbers of workers on the books”. In the period January to April 2013 when fieldwork was undertaken an underlying lack of confidence associated with the economic downturn meant that cyclical factors tended to exacerbate seasonal ones.

In the winter months poor weather can impact on construction, reducing the number of days that can be worked and/or the type of work that can be undertaken. The construction workers interviewed were well aware of the precarious nature of their work. One said:

*“The building trade has always been seasonal work – during holidays it’s light and in bad weather too.”* (British construction worker)

A construction employer described taking on people (often migrants) for “*short-term work over the summer*”, but at the time of the fieldwork these workers had left.

#### *Subcontracting and self-employment: the case of construction*

In the construction sector there is a distinction between ‘direct’ and ‘indirect’ labour. Employers may have some labourers employed directly, but supplement direct permanent employees with other labour (usually via agencies) as necessary to fulfil specific project requirements. This means that the size and composition of the workforce fluctuates over time. In part this reflects the variable and temporary nature of much construction work. Likewise the relative shares of construction work by type (domestic, civil, etc.) vary over time. Supplementary labour may be subcontracted and/or self-employed; self-employment in the construction sector is higher than across the economy as a whole. Some employers in construction referred to their “*employees*” even though these so-called ‘employees’ are actually self-employed. As one construction employer explained:

*“It’s easier for me and it’s easier for the lads as well. Because, first thing, it’s easier for me because if it’s like holidays or something like that, I don’t need to pay for it. Another thing, if you are self-employed, you can have better money, so that’s another thing. If you are under contract and working in a factory or something, you work 40, 45 hours and you can’t do more than that. Self-employed, you can work however many hours you want, that is why.”*  
(Construction employer)

As intimated above, both employers and construction workers revealed that it was the case that some sub-contractors work for the same company “*non-stop*”, with only a few days when they are without work. The case studies revealed examples of workers (both UK-born and migrants) who combined self-employment, often on a subcontracting basis as part of a ‘core team’ with a ‘main employer’, with agency working to gain additional work, as they needed it.

From an employer perspective, the extent of subcontracting depends to some extent on the size of the company - with some small companies having subcontractors working with them virtually all the time and some larger companies using some subcontractors regularly and others when there was a need to meet specialist work and/or demands for large numbers of personnel. Some companies might subcontract general labourers and have other permanent workers fulfilling specialist roles. One construction employer interviewed was planning, due to cost pressures, to reduce the number of direct staff employed on permanent contracts and take on more sub-contractors. The rationale for this is that subcontractors work “*harder and quicker*” than direct employees because they get paid per job and if they are quicker they can take on more jobs, while direct employees get paid whatever they do. The interviewee explained that such a model of increased use of subcontractors would mean that savings could be made; on the basis that subcontractors had no choice but to do what work was offered if they wanted work at all. It was also acknowledged that a consequence of this model was lower wages and often poorer quality work.



Some migrant workers and UK-born workers had tried, or desired, to set up as individual contractors. Those who had tried to do so recently had tended to struggle to find near continuous employment. The British-born workers attributed their lack of success to the arrival of migrants taking jobs in construction and to the recession. They felt that many migrant workers had set up their own businesses on the back of the positive rhetoric of the “*good Polish Plumber*” and promises to undercut (already low) local prices. They indicated that they were:

*“... facing new problems since the arrival of migrants, who will take on any work, for less money. ... The recession has made getting work harder for us, and also more difficult to start up our own business. Migrants seem to have cornered the market in getting a head start and getting picked instead of British lads. We see the other side; we have to clear up their mess!”* [referring to ‘botched jobs’ undertaken by migrants] (British construction worker)

There appeared a latent demand to set up construction business amongst both British-born and migrant workers. One stakeholder interviewee considered that migrant workers have a “*natural path and tendency to progress*”:

*“horticulture (where there is a strong preference for migrant workers) → packhouses → food processing → manufacturing → hospitality and catering → self-employment (in hospitality/ retail/ construction)”* (Stakeholder)

This interviewee noted that there would be more self-employed migrant workers in construction if the economy was stronger. One construction employer interviewed, who was Polish, corroborated this point, noting that a “*common career path*” amongst migrants in the construction industry was to set up their own company after having gained a certain amount of experience. The rationale for this was that it was a route to earning more money. It was not necessary to have construction experience before coming to the UK, because there were opportunities to ‘train on the job’ and gain qualifications at the same time as achieving experience in construction in the UK. In turn, having set up their own companies in construction in the UK they could train their own staff: “*that’s how it works*”.

#### *The evolving conception of a job*

It is clear from the evidence presented above that many of the low-skilled roles in construction and in accommodation and food services are not offered as permanent jobs with regular hours and fixed incomes. Both of these sectors are subject to seasonal fluctuations and, in the case of construction in particular, to cyclical variations. To achieve the flexibility they desire in difficult economic circumstances employers are utilising temporary working (sometimes via agencies) and subcontracting arrangements. As a result, some workers cannot necessarily generate a living wage from a single job, but rather may need to construct a suite of temporary and/or variable hours working arrangements to generate an income that they consider sufficient. This situation is anathema to some of the British job seekers interviewed, who wanted full-time permanent work because “*that is how work should be.*”

## B3. RECRUITMENT AND JOB SEARCH METHODS

### B3.1 Recruitment channels used by employers

There is some diversity in recruitment methods used by employers. The majority use a number of different recruitment channels, albeit they might rely on one more than others. For instance, one construction employer mentioned using Jobcentre Plus, job search websites, visiting local training centres and word of mouth. Another used Jobcentre Plus, agencies (albeit noting that this was an expensive option – a view corroborated by some other employers interviewed, as indicated by comments such as: *“it is preferable not to spend the money if you don’t have too”* and that if the company was *“very desperate”* they might go to an agency), the company website and word of mouth (commenting that *“we use that a lot”*). There were also some examples of employers changing their recruitment methods. For instance, one large hotel advertised vacancies on its own website, having previously used Gumtree and Jobcentre Plus. The company website was supplemented by a ‘refer-a-friend’ scheme. It was noted that a recommendation from an existing member of staff enabled individuals without very good CVs to get an interview and so have a possible opportunity for employment. Some employers were willing to accept CVs and requests for employment ‘off the street’, on the grounds that this demonstrated a proactive attitude and eagerness to work. One migrant worker reported:

*“I was handing my CV to shops around the city centre. My current employer was the first to call me”* (Migrant worker, Accommodation and Food Services)

Likewise, a young British worker reported that she found her current job by:

*“Going around, giving my CV to every hotel and every bar in the whole of Birmingham”* (British worker, Accommodation and Food Services)

She had had two interviews and been offered both jobs. In other instances, where employers had centralised recruitment policies, it was necessary to refer any job seekers calling in ‘on spec’ to see if work was available to the company website.

In this section the focus is on three recruitment channels: informal networks, Jobcentre Plus and company websites. The use of agencies is considered in section B5.

#### *Informal networking: ‘word of mouth’ recruitment*

In construction typically recruitment is by knowledge of an individual’s work – for instance, by having used them on a sub-contracting basis or via *“recommendation”* (i.e. through ‘word of mouth’ networks); as one construction employer noted: *“the best people are by word of mouth definitely”*. The rationale is that *“because people come on recommendation they are usually pretty good”*. Hence, maintenance of *“quality”* is a key reason for using informal knowledge and networking. As one construction employer said, he *“preferred word of mouth”* – he did not see any more hardworking coming from other channels. Likewise, another employer noted that it was the case that *“somebody always knows someone”*, and hence it was generally not necessary to resort to using the Jobcentre as had been the case previously. A small construction employer indicated that he had a strong preference for

employing people he or someone in the company already knows, either socially or because they have worked for him before, or they have worked on the same site. Hence, he did not really engage in 'open recruitment'. One construction employer indicated how word of mouth recruitment was used in preference to going to an agency:

*"If we've got a guy on site who we know we will say 'if you know anyone else who has got a few weeks free get them to get in touch'"* (Construction employer)

Another construction employer, who was himself a Polish migrant, indicated that because 'word of mouth' worked so well as a recruitment method, it was not necessary to use other channels:

*"I'll ask the guys if they know some person. A lot of the time, it will be someone I already know who they recommend, because they have worked for me before, so I know they are okay. But I have good trust in the guys that they will recommend to me someone good, and they don't let me down"* (Construction employer)

In this instance, this method of recruitment meant that the company was staffed entirely by Poles. There had been occasions when non-Poles were employed, although this was quite rare because when they needed people they generally asked people they knew. When there had been British workers in the past this was because they had been working on the same site and the employer had asked the British workers whether they wanted to join him for a new job. It was rare for British people to approach the employer for work; the interviewee attributed this to the fact that he was Polish, and so British people would expect him to employ other Polish people. A benefit of employing co-nationals was that everyone "is friends", there was a greater "team spirit" and people supported each other "like a family". Another small construction employer also used 'word of mouth' recruitment and had employed varying numbers of migrant workers (all of whom were Lithuanian), albeit as a minority of the total workforce. The Lithuanians tended to work together, by preference, and to speak their own language.

In accommodation and food services 'word of mouth' emerged as a key recruitment channel in most instances, with existing workers referring friends and relatives. As an interviewee from a hotel commented:

*"In this industry, people introduce their friends. All of us started in a very low position, at the bottom, in housekeeping or F&B [food and beverage]. It depends, if you can speak English, you start in F&B or maybe reception, but that would usually be the second step only. If you can't speak English, then you start in housekeeping. This is how it works. Someone works here and then brings their friends. Polish bring their Polish friends, Hungarian bring their Hungarian friends"* (Accommodation and Food Services employer)

Some migrant worker interviewees reported that their employers actively ask them whether they can recommend other migrant workers:

*"Where I work we are often asked if we know of any other foreigners who might want to work with us"* (Migrant worker)

Some other migrants indicated that they might “*pass on*” their jobs to other migrants. An advantage of word of mouth recruitment, as the manager of a hotel noted, was that: “*they know the way we work and what we are looking for*”. Also, the individual referred may feel a sense of obligation to the individual referring them. ‘Word of mouth’ recruitment does not apply only to migrants; a British employee working as a cleaner in a hotel indicated that she had been “*recommended*” for her current job even though she had not been looking for a new job. Likewise a young British employee working in a low skilled role in a fast food restaurant indicated that he had got his job because a friend worked there and told him to come in and ask for a job; at the time he had been looking for work at the Jobcentre but “*a lot of the things they have there are not even jobs*” (they were temporary or commission only work).

One large hotel had formerly used ‘word of mouth’, but had since abandoned it in favour of the company website, on the basis that ‘word of mouth’ recruitment led to referrals that were often not of such high quality as the referee, and generated a very segmented labour force and “*cliques*”, such that some migrant workers did not use/ learn English. In another large hotel this was reported to have led to a kind of ‘gang culture’ (referred to as a “*mafia*”) which was undesirable; indeed, one migrant worker who had been embedded in the same cleaning job in hotel following arrival in 2005/6 spoke of a benign gang culture. In smaller workplaces this tended to be less of an issue, with employers being comfortable that word of mouth recruitment tends to result in workers having similar characteristics to incumbents.

An interviewee from a restaurant chain commented that kitchen staff tended to be either “*all Polish*” or “*all Portuguese*” as a consequence of ‘word of mouth’ recruitment. In one instance the employer considered this segmentation by nationality helpful because of the efficiency of operations when workers shared a common language. However, in another instance an employer expressed concern that this might deter a British person from applying. If in post, such a working environment might make a British worker eager to move on sooner than otherwise might have been the case. A contrary view to efficiency levels being improved by having a workforce segmented by nationality was expressed by a construction employer interviewed who believed that efficiency levels were enhanced by having British and Polish workers working alongside each other; (note that this employer did not allow Polish migrants to speak Polish to one another whilst at work):

*“With employing migrants, you are giving them more than a job. You are giving them the opportunity to experience language, culture and mixing with British people every day. This rubs off on the British workers, and it creates a very productive and effective working environment”* (Construction employer)

A more general concern about use of ‘word of mouth’ recruitment is that some individuals, especially the long-term unemployed, might be excluded from job opportunities advertised in this way.

### *The Public Employment Service*

Jobcentre Plus tended not to be used by some construction employers, on the grounds that “*they seem to send you anyone*” and that applicants include a lot of “*chancers and wasters*” who have no interest in the job and/or could not do it. One employer likened it to “*a numbers exercise*” (for applicants and the Jobcentre), indicating that many people applied for jobs and

attended interviews if invited (whether or not they were interested in the role) *“just ... to satisfy the interview”*. Another employer suggested that some of the applications that were received were not *“honest”*:

*“Sometimes when I receive these speculative applications, they are not honest applications. They are not looking for a job, they just do this to get the benefits, because they have to say that “yes, I’ve applied to here and there” and that’s it”* (Accommodation and Food Services employer)

One construction employer indicated that *“the younger guys”* who had come via the Jobcentre *“don’t seem to want to work”*. Likewise an employer from the hotel sector noted that it was not worthwhile using Jobcentre Plus in anything more than a *“limited way”* because *“you tend to get a lot of applications that are no good”*. A young British employee, working in a low skilled role in the accommodation and food services sector, who had once got a cleaning job through the Jobcentre, indicated that there were a lot of *“random, rubbish jobs”* that *“they send everyone for”*. He went on to express the view that people only go to the Jobcentre to look for work because *“you have to or they won’t believe you are looking for work”* and that anyone who is only going to the Jobcentre does not really care that much about getting a job. However, there were occasions when good recruits could be *“picked up”* via Jobcentre Plus, as indicated by one construction employer:

*“With the Jobcentre Plus, you put your fingers together and hope that someone has gone in who has just been made redundant, which does happen, it happens quite a bit, picks up the ad and you actually can pull someone good from there”* (Construction employer)

With the exception of one small employer in accommodation and food services who relied entirely on Jobcentre Plus (and reported the nature of the applicants from this source as *“mixed”* – on the basis that as well as *“some very good people”* that he had taken on there were also some who *“only lasted a week”* either because *“the job did not suit”* or *“they had been out of work too long”*) and some others who used Jobcentre Plus alongside other recruitment channels, most employers interviewed tended not to use this channel because *“people apply because they have to, not because they want the job”*. An employer from a national restaurant chain reported that of 20 applicants from Jobcentre Plus that had been interviewed only one person was recruited and that individual stayed in post for about two weeks. Hence ‘poor quality’ and a ‘large quantity’ of applicants were reasons for not using this method. One employer reported dealing with the *“new Jobcentre Plus system”* (i.e. Universal Jobmatch) as *“difficult and time-consuming”*.

However, a minority of employers interviewed in the sector used Jobcentre Plus. An interviewee with human resources management responsibility at what was regarded as a large *“local employer”* reported that although there was not a *“written policy to support the local labour market”* such a policy operated in practice, and this meant *“turning to the Jobcentre first”* – although the company website was also used for recruitment purposes. This interviewee noted that there was a *“difference in quality”* between applicants who came forward via Jobcentre Plus and those who came forward via the company website, with the latter tending to demonstrate greater knowledge of the industry and relevant experience. However, it was noted that *“you do find the gems”* amongst the applicants via Jobcentre Plus as well. Another interviewee responsible for recruitment at a hotel indicated that he felt a

sense of corporate social responsibility to take on workers from a range of backgrounds – including people with disabilities and ex-offenders.

There was one example of an employer from a café who took individuals on 4-5 week placements from a welfare-to-work provider. This was regarded as “good” as the employer did not have to pay such individuals, but the individuals concerned had the opportunity to learn customer service and other skills. One member of current staff had initially come to the café through such a placement. This illustrates how work placements might be used for ‘screening’ purposes.

### *Company Websites*

For some national chains in the accommodation and food services sector it was company policy to advertise opportunities, and invite applications, via a company website (in some instances this was centralised and handled vacancies across the full range of the company’s establishments). There were some comments that many applicants (migrant and non-migrant) did not fill in Web-based application forms correctly. It was noted also that Web-based applications tended to generate ‘quantity’ rather than ‘quality’. One interviewee from a hotel noted that a Web-based recruitment system generated:

*“... people who go on websites and apply for any job going, even though they have got no experience”* (Accommodation and Food Services employer)

An interviewee from a national restaurant chain disputed this, albeit in this instance first stage recruitment was handled nationally on a central website and all of those not answering questions posed on the website correctly were automatically screened out. The interviewee was adamant that “*you get a better candidate online*” by “*bringing all talents into one place*”.

One hotel employer described a situation in which the company website was used to “*keep jobs open*” (i.e. invite applications) on a continuous basis. This led to an ongoing “*trickle of CVs coming through*”. These CVs would be looked at as they came in and if they “*looked better*” than current staff the applicant would be invited for an interview. This was the key method for filling low-skilled roles in this instance, although it might be supplemented by “*an advert in the paper*” when the need for staff was particularly great (e.g. at Christmas).

## **B3.2 Attributes sought and employers’ selection practices**

### *Attributes sought*

Foremost amongst the attributes sought by employers amongst workers in low-skilled roles – in both construction and in accommodation and food services sectors - are “*reliability and attitude*”. ‘Continuity of employment’ is one proxy for these attributes and so in selection foremost emphasis tends to be placed on “*previous experience*”. In one restaurant chain experience of working in a similar environment was highly desirable, and having worked for a competitor was “*a big tick*” when applying. In construction, employers also look for whether potential workers have CSCS cards. One employer in the construction sector noted that some clients have a preference for ‘local workers’. Employers wanted “*hard workers*”.

Most indicated that they did not differentiate between migrant workers and other workers, although some commented that migrant workers tended to be “*hard workers*”.

In accommodation and food services alongside “*reliability*” and “*attitude*” (for all roles) an additional attribute sought was “*personality*” (especially an “*outgoing personality*”), with “*appearance*” also being important for customer-facing roles. One hotel employer noted that “*front of house is all about personality*” and asserted that “*you can’t train personality and good people skills*”. Another employer from this sector highlighted ‘cleanliness’ as a sought after attribute amongst applicants. One of the construction employers also mentioned the importance of “*appearance*” and “*how they conduct themselves*”. “*Team-working*” and “*fit*” were also highlighted, particularly for small establishments. This relates to the “*flexibility*” (in terms of times of work and mix of roles performed) often required by such employers. One construction employer highlighted that while “*fit*” was important for all roles, it was especially so for less skilled ones.

“*Reliability*” and “*attitude*” were associated particularly with migrant workers by some employers. One interviewee described the ‘migrant ethic’ as follows:

*“... there is this ethic that you come to work to do the job to the best of your ability, not just to see what you can get away with” ... “migrant workers just get on with it.”* (Accommodation and Food Services employer)

It was the availability and demonstration of such an ethic, coupled with smarter presentation at interview, which would encourage some employers to employ more British workers. One employer from the accommodation and food services sector was particularly critical of the way that young British people, tended to present themselves at interview (e.g. not well groomed, chewing gum, etc.) vis-à-vis migrant workers who were usually smartly presented and had well-organised CVs. Likewise a supervisor in the construction sector asserted that some British job seekers seemed to think they had some kind of entitlement to work, regardless of their suitability, and went on to recount the different ways that a British and a Polish job seeker presented themselves for a job in construction:

*“Recently we had two lads who came looking for work and they came in for an interview, and as usual had the full tour. One British lad and one Polish one. The British lad was very under-qualified – even for on-the-job training. He was cocky and assumed he’d get the job. He seemed bored, whereas the Pole was alert, interested and asked the right questions. He was eager to show enthusiasm to be part of the company. You know where this is going; you can guess which one we employed – the Pole. They are eager; they come and leave their CVs at the door here”* (Construction worker)

Likewise a construction employer commented that: “*I can tell whether someone will be suitable to work here in the first 10-15 minutes*” through asking them about “*interests and future plans*”.

In general, employers looked for the attributes noted above, and previous experience, rather than formal qualifications when appointing candidates. The rationale for this was that skills required could be taught, while “*appearance and experience*” show levels of confidence and eagerness to please. A few employers in accommodation and food services indicated that although some previous experience (not necessarily in the same role or sector) might be

preferable, this did not preclude those with no such experience. For instance, an interviewee from a national chain indicated that there was a policy to employ local people and give back to the community, and for this reason some people with no qualifications or experience would be 'given a chance'.

Stakeholders confirmed that employers are "*pragmatic*" and will give jobs to individuals who, in the words of two of the interviewees, are "*diligent, hard working and have the right attitude*" and have the "*emotional, physical and mental stamina to do the job*". These attributes are not necessarily migrant specific, but some interviewees indicated that employers like migrants on the basis that they "*work hard*" and are willing to be "*flexible*" and work "*irregular hours*". There was general agreement that a [positive] "*attitude*" is especially sought after by employers, alongside "*drive*" and "*stickability*": "*if you have the attitude, you can do the job*".

### *Selection practices*

The degree of formalisation of selection practices varied, with a single interview being the most common method. In one restaurant chain the recruitment process was centralised via the national company website and at the local level the only candidates the local manager would see were those who had passed a certain threshold level on a psychometric test. Hence in this instance the first stage of the selection process was highly formalised, whereas at the second stage successful candidates were invited to the premises for an informal interview. The formality of the first stage of the selection process meant that any candidate who was unable to understand the Web questions in English was discounted. This may exclude certain migrant workers with no/ limited English language skills.

A hotel which used mainly its own website for recruitment also had a formal 'talent interview' stage in the selection process in which three personality traits fitting the culture of the company were asked about regardless of the job: first, "*driven*" to do well at the job that they are doing; secondly, "*naturally sociable*"; and thirdly, a "*positive attitude*". It was noted that shortcomings in English language skills made it difficult for some migrant workers to get through the 'talent interview', but the hotel was prepared to invest more time in interviewing such migrant workers on the grounds that previous experience showed that they were often very good workers. The questions focused on working relationships and on solving conflicts, but included nothing on experience or technical knowledge. Another establishment operated a formal process of phone interviews, followed by face-to-face interviews.

### **B3.3 The (mis)fit between employers' recruitment methods and job seekers' search channels**

#### *'Hot' and 'tepid' networking*

Amongst migrant workers jobs tend to be acquired 'word of mouth'; indeed some migrant workers had used 'word of mouth' and informal networks to come to the UK. Such informal networks are highly active and can be geographically extensive. They constitute 'hot networking' – migrant workers proactively keep in touch and engage with them (often on a daily basis) and maintain vibrant and sophisticated links (including via social media). While this appears advantageous in terms of securing employment, one stakeholder from a



migrants' organisation expressed concern that such informal networks focused on a self-sufficient migrant community might hinder broader economic and social integration of migrant workers to the UK. One of the British job seekers who had worked at an establishment with many Polish workers noted that there was a "group leader" who "can get them work within a month and who guarantees to look after them".

By contrast with the 'hot networking' of migrant workers, any such networking exercised by British-born job seekers seemed rather 'tepid'. It was not that the low-skilled British job seekers did not utilise networks at all, but rather that they did so in a less active way, which may, in part, have reflected the fact that the networks were not of particularly 'live' in terms of being able to provide referrals to suitable employment opportunities. One job seeker in his twenties mentioned asking friends and family about work, but they were unable to help him. A job seeker in her forties mentioned that friends and family "look out" for her and email "stuff" to her when they think it is relevant, while another in her fifties felt it was appropriate to ask her friends "because they've got jobs". Similarly, a job seeker in his fifties indicated that he was in contact with some former work colleagues who "looked out" for him. A job seeker in his forties had asked around his friends, but indicated that none of them were in a position to help him find work and he found it embarrassing to keep asking them, and it embarrassed them too. In any case, he saw his friends less and less, because he was ashamed that he had nothing to say if they talked about work, and he did not have the money to go drinking with them.

So while asking friends and family was mentioned as a job search method, the British born job seekers tended to hold out little hope of employment opportunities arising in this way; as a job seeker in her forties indicated: "I do [ask friends and family] but there's no work really". However, in contrast with the generally active and ongoing nature of networking amongst the migrant workers interviewed, one British construction worker reported that following an injury which caused him to be off work for over two years, he did not engage with anyone until he was 'back on his feet'.

The less proactive nature of networking amongst British born people was also commented on by a construction employer:

*"If someone picks up the phone and says, my friend used to work here and I am interested, the first thing you say to them is "yes, get us a CV" and nine times out of ten they won't do that. They are not proactive themselves. They almost think that by picking up the phone and just ringing, then it opens the door. But we need to have an audit trail of who the individuals are because we are putting people into occupied properties [the company undertook a lot of refurbishment work], so we can't be taking risks. They make the first move but don't follow it through" (Construction employer)*

#### *Little expectation of success*

The job seekers referred to use of Jobcentres and associated websites, sometimes in a fairly reactive fashion. One man in his twenties indicated that he had applied for jobs but had heard nothing back. He looked in the local newspaper but "there is nothing there". Likewise, a woman in her fifties also cited the lack of opportunities:

*“It’s just the way everything is at the moment. You’re applying for jobs and you’re getting no feedback from it. But you just have to carry on”* (British job seeker)

The British-born job seekers were aware that relevant and recent experience were attractive to employers, and tended to be put off by adverts that asked for experience (unless any experience that they have is of direct relevance). While some of those interviewed felt confident that they could “do the job” in question despite either a lack of recent work experience and/or poor qualifications, others displayed a marked lack of confidence in their ability to secure work and thought it was “understandable” that employers did not want to employ them. However, they were aware of what employers would be looking for, in terms of ability to do the job, attitude, reliability, personality and fitting in with other colleagues at the workplace. One British job seeker with a very sporadic work history, comprising mainly short-term or “one off jobs”, was aware that employers were looking for people with a good employment history, who were reliable and had “proper experience” commented:

*“I’ve had all these jobs, never stuck at one, I’ve got no certificates, none of that, got no training, got no skills, and I’m saying “don’t look at that, the past, I’m moving on”. Would you accept that? Nah, nor would I. I got nothing to give them except a bit of hope, a promise, it ain’t much is it?”* (British job seeker)

While the British-born job seekers interviewed were applying for jobs, and had an awareness of employers’ requirements, they seemed more fatalistic than the migrants. In general, albeit not in all instances, this tended to translate into more reactive job seeking behaviour than the proactive job search of migrants.

## **B4. JOB SEARCH CONSTRAINTS**

Section B2 highlighted employers’ desire for flexibility. In this section some of the constraints on flexibility are explored, with a particular focus on out-of-work job seekers, albeit many of the issues raised are pertinent to workers employed in low skilled roles.

### **B4.1 Geographical mobility and immobility**

The work histories of case study migrant workers indicate that, for the most part, they are highly mobile – sectorally, occupationally and geographically. After arrival in the UK, some had moved residence to take up jobs in other areas in order to sustain employment, and some, especially those in construction, were prepared to travel very long distances to work. As one migrant working in construction noted:

*“Of course everyone would like to work within 5 miles of their house, but this is not something you can do”* (Migrant worker)

However, some migrants intended to remain in their current jobs because it suited them to work locally, and to not have to run a car.

The low-skilled British job seekers were generally relatively geographically immobile – in terms of how far and where they would commute to work and with regard to residential moves. One British job seeker had kept hold of his car despite the expense of running it

having been made redundant, because he felt that it increased the geographical range in which he could look for work. Lack of a car meant that other job seekers were constrained to some extent by public transport, especially the spatial and temporal range of bus services. This bears out points from the literature about the greater dependence of low-skilled people on local job opportunities, and the difficulties of being sufficiently flexible to be able to take up employment opportunities involving unsocial hours or shift working because of lack of private transport. Migrants who were reliant on public transport also faced the same difficulties. A British employee working in a low-skilled role in a fast food restaurant indicated that he travelled to work on his bike, with the journey taking about 35 minutes; he would have preferred to take the bus, but there were no buses at the time he started work. Another walked to work and indicated that this was a “*bonus*”, rather than having to get the bus. One British job seeker explained how the shift patterns as well as the locations of jobs were important in limiting the geographical extent of his job search area. Another British job seeker had been offered employment by a charity for whom she currently volunteered but she was unable to take this up because the role involved travelling to sites across the region and she did not have the resources to learn to drive and run a car. It was also apparent that some of the low-skilled British job seekers had constrained spatial horizons and were looking for work within the immediate local area. While some migrants might prefer to work locally, in general they were willing to seek work over a larger geographical area.

#### **B4.2 Inter-sectoral mobility and labour market segmentation**

While the work histories of migrant workers tended to demonstrate that they were willing to work in different sectors – with several migrant workers currently working in construction having previously worked in kitchens and/or in factories, this was also true, albeit perhaps to a more limited extent, for the UK workers in low skilled roles. Although often expressing a preference for a particular type of work, the UK job seekers tended to be rather unfocused in their search, indicating a willingness to do “*anything*”.

However, it was clear that certain roles - including kitchenhands and cleaning staff in hotels – were typically associated with migrant workers, by migrant workers themselves, by some UK workers and job seekers, and by some employers. These are roles which can be undertaken by individuals with limited command of English. Agriculture and manufacturing were also associated by some UK workers and job seekers with migrant workers. However, most said that they would not be overtly put off from applying for such roles. One British job seeker had worked in a factory alongside Polish workers and said he would do so again, but another indicated that she might feel uncomfortable working in a ‘migrant dense’ workplace on the grounds that she would “*feel the odd one out*”.

#### **B4.3 Job quality, appropriateness and willingness to take ‘bad’ jobs**

As noted in section B2, some employers reported an increase in numbers of young British people applying for roles as waiting staff, but this increase was not always reflected in the other roles highlighted above. In some instances it was reported that British people tended to think of some low-skilled roles as “*beneath them*”; rather than being willing to take a “*low*” job and work hard to move on, a migrant working in construction indicated that he felt that British people want to have a good job straightaway. One of the migrants working at a level

well below her formal qualifications in a low-skilled role in a fast food establishment felt that this was the case:

*“I’m over-qualified to work at [X], but it never occurs to me to ever think I am too good for this kind of work. But the English complain that low jobs, such as our jobs, should be done by migrants – that’s what we are over here for”*  
(Migrant worker)

Likewise, a hotel employer asserted:

*“English people sometimes think they are above certain jobs. Maybe they were doing a better job previously and aren’t prepared to do a lower-skilled job. ... It goes back in history – migrants always do the lower-skilled jobs”*  
(Accommodation and Food Services employer)

Indeed, another hotel employer indicated that in housekeeping, a department where turnover of staff tended to be high, there was a preference to employ migrants because they stayed in post longer than British people:

*“British people, it’s probably because of the nature of that position: a housekeeper, room attendant, who wants to do that? Basically no-one. They come here and then they don’t come back the next day”* (Accommodation and Food Services employer)

A British employee in her fifties, working as a cleaner in a large hotel, commented that there were a lot of migrants working in similar roles in hotels, but she was not sure whether this affected opportunities for British people on the grounds that many young British people did not want such a job:

*“The young girls, well, I don’t think being a cleaner is on their list. They don’t do it at home anymore. When I was their age, I was expected to, so when I needed some pin money, it seemed like the thing to do. Nowadays, they all have big dreams, go on the X Factor, cleaning is a bit too lowly for them, too much like hard work”* (British employee)

However, an employer from a hotel indicated that the number of *“English people is increasing”*; this was attributed to more people seeking main or supplementary jobs to achieve sufficient income and/or the implementation of benefit regulations and sanctions meaning that people are *“forced to take low skilled work”*.

One of the migrant workers interviewed intimated that employers might specifically look for migrant workers lacking qualifications to fill low-skilled roles (e.g. kitchenhands) on the grounds that the opportunities for such people were limited, and hence they might stay in the role for longer. He added:

*“Food restaurants employ a lot of foreigners to my perception – because some of them might not have better qualifications for anything else”* (Migrant worker)

Some of the British job seekers felt that employers might favour migrant workers on cost grounds: *“they don’t have to pay the minimum wage”*.

#### **B4.4 Lack of skills and work experience**

Some of the longer-term benefit claimants amongst the job seekers had no real hope or expectation of finding employment; one interviewee in his fifties who said he would like full-time construction work commented that: *“I’ve got no hope whatsoever.”* He considered that his lack of recent experience and age was against him, describing going for one job where other candidates were in their twenties and thirties: *“I’ve got no chance here.”* Another British job seeker in his forties who had no formal construction experience (he had been made redundant twice from jobs in manufacturing and once from a warehouse driving job) but wanted a physical job of some kind reinforced the point that it was hard to get a job in construction unless individuals are young. In part this reflected the *“physical”* nature of the job, but it also emerged that job seekers (both from older and younger age groups) felt that employers would prefer to take on a young person to train, possibly through some kind of scheme or apprenticeship, so if an older person had no relevant credentialised skills it was a difficult sector to move into having been made redundant in a different sector. This was confirmed by a construction employer, who noted that, increasingly:

*“... recruitment tends to be through apprenticeships. The idea is to grow from within, rather than to try to bring people in”* (Construction employer)

Some felt that a lack of qualifications was an obstacle to them, especially in the context of the trend towards growing certification/ formal recognition of skills and competencies (even though for many low skilled roles no formal qualifications are required). One woman indicated that she thought employers were *“looking for the younger lot that have just left school”* ... *“people that have got GCSEs and that”*. Job seekers tended to think that having qualifications would help them find work. A woman in her fifties whose caring responsibilities had meant that her work experience was limited said:

*“Some jobs they say ‘have you got any qualifications?’ and if you say ‘no’ then they don’t want to know about you”* (British job seeker)

The older job seekers, in particular, were aware that the trend towards greater certification of skills placed them at a disadvantage. One job seeker in his fifties had previously been a health and safety officer but *“the law on health and safety has changed a lot since then”* and he had *“not kept up”*. He recognised that to be qualified now a lot more certification and training was involved. Yet he was confident that despite his lack of current certification he could perform the roles required, based on his previous experience. Likewise, a job seeker in his early 40s, who had well over twenty years work experience (mainly in manufacturing) since leaving school, was confident he could work in construction even though he had no specific qualifications in this field, on the basis of having done building work in his home. Redundancy had hit this particular individual hard:

*“I didn’t think it would be this difficult, I never would have thought I would be sat here, two years down the line. I didn’t think I’d walk into another job, because you know how things are, but two years, I never thought that. I don’t know what to do anymore, I’m on the scrapheap at 42, and it’s \*\*\*\*. ... I hate not working, hate it. I’m not one of these people who wants to sit at home all day. I feel like \*\*\*\*, it’s not right at all. You want to know the truth? I feel like I’m not a man”* (British job seeker looking for work in construction)

He had used the Jobcentre and the local paper to look for work, and had asked his friends, but without positive results.

Some of the older job seekers interviewed lacked sufficient literacy in information and communication technologies to search for jobs effectively via electronic means. One interviewee indicated that he had been on a course during the previous year and now had sufficient basic skills to email a cover letter and a CV to employers. Jobclub leaders felt that this was a constraint on finding employment and accessing services more generally, given trends in service delivery towards 'digital by default'.

#### **B4.5 Fitting work around non-work commitments**

Some migrant workers specifically took low-skilled jobs in the local area because this fitted in with caring for children. One said: *"I am a mother: it is convenient"*. Another indicated that working at a hotel suited her: *"I like the working hours"*, commenting that they suited her childcare commitments. One British job seeker interviewed had a primary school aged child and likewise wanted hours that fitted in with childcare responsibilities. In this instance, due to lack of affordable after-school childcare, any job needed to fit with school hours, to be reachable by public transport (due to lack of access to a car) and suitable for an individual lacking formal qualifications and work experience. Together these issues interacted to constrain employment opportunities available.

Another group of workers (including both migrant workers and British students working part-time) were constrained in what roles they could take by their studies. As highlighted in section B2, for these individuals, low-skilled roles offered the flexibility they desired to concentrate on their studies, and working beneath their qualification levels meant that they could earn some money while concentrating on their studies.

#### **B4.6 Overview**

It is clear that some (probably many) British-born job seekers with no/ low qualifications and/ or limited work experience face difficulty finding work in a difficult labour market. The evidence presented in this section makes clear that there are important extrinsic factors constraining the pool of jobs available to such workers. Reforms to the benefit system will not ameliorate all of these factors.

### **B5. AGENCY WORK**

#### **B5.1 Introduction**

Three key features emerge from case study interviews with agencies. The first is that while playing a role in matching labour supply and demand, in most instances agencies were not the foremost channel used by either employers or job seekers. The second is that for low-skilled work most agencies operate nationally, rather than internationally. For the most part the case study recruitment agencies operated in the UK, not internationally. Some had had links with Polish agencies in Poland in the past, but this was not the case currently, as noted by one interviewee:

[Employers are] *“less interested in getting Poles from Poland, when they can get available workers from [UK city] instead. The pool of workers is so large here in the UK”* (Recruitment agency)

The third point is that the types of cost pressures described in section B2 and the economic context meant that some agencies were working on reduced margins and had become more selective in registering potential workers.

## **B5.2 Use of agencies by employers**

For many of the employers interviewed agencies tended to be used in a *“top up”* fashion, to meet particular peaks in demand or ‘one off’ needs. One construction employer indicated that at times he might have as many temporary workers from an agency as he had permanent staff, and that usually up to a third of workers on any one job were from an agency. Agencies might also be used to deal with recruitment to a particular role; for instance, one employer from a hotel chain reported that housekeeping had been outsourced to *“an agency for some time”*, but in this instance, and one other, for quality reasons this function was being brought back in-house. In another case, a change in hotel management was prompting a similar move.

Some construction employers noted that they used several agencies, one favoured smaller agencies (indicating that the ‘relationship’ and ‘fit’ to requirements was better for smaller than larger agencies), while another commented that *“the same people are on the books of all the agencies”*.

## **B5.3 Job seekers, migrant workers and agency work**

Some of the British job seekers were registered with agencies, and were aware (from press and TV coverage) that migrant workers tended to use agencies. One went so far as to say that she thought that some companies set up jobs just for migrant workers and filled them through recruitment agencies. She understood that migrant workers *“love to work”*, and [when probed] considered that they might be cheaper than British workers. Another indicated that:

*“It might be that they don’t pay them as much and they’re willing to work for less money ... I don’t know”* (British job seeker)

This quote illustrates how agency work is often associated with migrant workers. One stakeholder reported that agencies are attractive to new migrants, as it is possible to *“access several jobs through one CV”*; as one migrant said: *“[The] best way to find work is via agency, for the first time.”* Three migrants, currently working in construction, outlined how they had found a series of jobs via agencies – often in warehousing and/ or assembly work - *“straightaway”* on arrival in England, and subsequently, after placements with construction employers, had secured permanent contracts. Some migrants also referred to use of agencies as a ‘fall back’ option to facilitate moving between jobs, without any non-employment:

*“I know many Poles who would have no trouble finding a job tomorrow, even a different kind, if they had to leave their current job. There are many*

*different ways to find work, so many different agencies to go to” (Migrant worker)*

‘Word of mouth’ is also very important for migrant workers in moving between jobs, as highlighted in section B3. One migrant interviewee contended that: *“it’s easier for a migrant [than for a British worker] to get in by word of mouth”*. Three female migrants working in the hotel sector had arrived in the UK having been recruited by an agency in Poland. They had moved to the hotel sector by ‘word of mouth’ from a warehouse, and in between any jobs had gone to agencies for temporary work. Since the recession some agencies reported that migrants from a broad range of sectors were coming forward to register for agency work. Some of these migrants were very over-qualified for the work that they had been doing. However, some of the migrants interviewed highlighted that they had experienced growing difficulties in getting continuous employment via agencies, citing examples of working one week but not the next, and/or not securing sufficient hours. One migrant, who had eventually chosen to work in construction because of the ability to generate sufficient hours of work and good pay, had previously had warehouse jobs through agencies that were only for “12 hours” per week, earning “£50”, which did not cover food or rent:

*“What is the point of going to an agency, why not just stay on benefits? Because I know on benefits, I have got this money. If I go to an agency, I might work just 10 hours per week” (Migrant worker)*

In the context of the economic downturn agencies could exercise more choice about who they put on their books. A stakeholder interviewee indicated that agencies had become *“saturated with migrants looking for work”* and, in such circumstances, people with *“good skills”* and *“good English”* were preferred. One agency interviewee described how it had prescriptive protocols in place and identified suitable workers directly (i.e. face-to-face in the branch). At this interview stage information is recorded on whether the interviewee arrived on time, how they are dressed, and their demeanour, language and communication skills. Many migrant workers are rejected on the basis of poor performance on the latter. Other agencies spoke about vetting migrant workers and putting them through induction sessions. Some agencies also checked references for previous jobs.

Agency interviewees indicated how clients might want workers at short notice. They noted that migrants were *“very reliable”* for this:

*“We can call them at short notice and they will fill the gaps. Foreigners will take the less pleasant jobs” (Recruitment agency)*

Some agency interviewees also noted that they typically had good feedback from employers about migrant workers they had placed. This was because migrant workers fitted with employer requirements; as one agency interviewee said: *“Be there, turn up on time and get on with the work.”*

One agency interviewee stressed that it was not the agency’s policy to put particular groups of workers forward for particular contracts (i.e. there was no differential treatment of individuals on the basis of nationality and/or ethnicity). Rather workers were put forward to employers on the basis of their skills sets. The agency did not conduct business with employers who would not abide by such a policy, although she was aware of other agencies that might put migrants forward for particular types of work:



*“It is our policy to inform clients (especially new ones), that we do not operate like that – other agencies may; in fact I know they do; I used to work for one which put forward non-British workers for particular sectors”* (Recruitment agency)

However, a stakeholder interviewee suggested that some agencies are reporting that more employers are preferring non-UK workers, and while not directly asking for non-UK workers, they intimate this in their dealings with agencies. This reason for this preference is the poor work ethic and punctuality of British workers, whereas for less-skilled manual roles migrant labour is preferred because of willingness to work longer hours, work at weekends and take all overtime that is offered.

## **B6. BENEFITS**

### **B6.1 The rhetoric and reality of being ‘better off on benefits’**

Several employers commented that some British people who applied for jobs “*preferred*” to be on benefits. One commented that benefit claimants got “*a good ride*” from the state and that it suited them to be “*lazy*”. One construction employer, who was Polish, considered that the level of benefits was such that many British people did not “*try hard*” to find work:

*“If you have got no benefits, you are on the phone every day, every hour of every day, ‘please give me a job’ because you are desperate, desperate for anything, any small job. But if you’ve got the benefits, then ‘well, I don’t want to do that, I don’t fancy that, it’s not good enough job for me, I’ll stay at home, watch my TV’ that is how it goes. ... People say that there is no work, but if I was unemployed tomorrow, I would find work the next day, because I would look, everywhere”* (Construction employer)

Similarly, an interviewee of East European origin, working at a hotel asserted:

*“The English system for giving out benefits is wrong, it is completely wrong. Because it is too, they should change it because it is worth it for people to stay at home and not work. Benefits are too high and too many people get benefits”* (Accommodation and Food Services employer)

The rhetoric was that claimants could be “*comfortable*” on benefits (and perhaps as well off, or nearly as well off, as in a low paid job) and that it was too much “*hassle*” to work. This view was also held by several migrants, who indicated that the benefit system in the UK was a big disincentive to finding work. As one noted:

*“In this country, it’s not a problem. If you want the work, you find the work, if not, you don’t”* (Migrant worker)

Migrants were reluctant to claim benefits it was suggested, for two reasons. First, there was a great deal of pride associated with having been successful in a different country. Having to claim benefits was regarded by migrants as a failure, something that they would find embarrassing. Secondly, benefit regimes were often less generous in the migrants’ country of origin. For example, several migrant interviewees noted that in Poland, most people are able to claim benefits for only one year, after which they have to take whatever work they

can find to support themselves; and finding work in Poland was reported to be more difficult than in the UK. Polish migrants commented that consequently, there was less of a culture of claiming benefits amongst Poles and taking any kind of work, however undesirable or poorly paid, was something that they were used to. Endorsing this sentiment, one migrant commented: “*We didn’t come to England to get welfare, we came for work.*” Another asserted:

*“I have no interest in going on welfare if I did not have a job. I want a better life than that”* (Migrant worker)

Some did note, however, that this was changing as Polish people learnt more about British culture and picked up British habits and norms. One migrant working in the construction sector noted that some Polish people are “*becoming lazier*” and were thinking that they might have “*a nice life on benefits*”.

The scarring effect of unemployment and unsuccessful job search was evident from the ‘hopelessness’ of some of the British-born job seekers interviewed, especially for those who were some distance from employment. Yet they continued to search for work, often more in hope than in expectation.

## **B6.2 Transitions between non-employment and low pay employment with in-work benefits**

The British-born job seekers were aware that some of the jobs they sought provided pay at the level of the National Minimum Wage. One job seeker spoke of how he would be willing to take a minimum wage job because with in-work tax credits it became a liveable wage. However, he noted that this would have to be a full-time job.

Another job seeker, who was a lone parent with childcare responsibilities and very limited work experience, indicated that she had been advised by Jobcentre Plus to get a job involving at least 16 hours per week in order to qualify for Working Tax Credit. She was reluctant to take temporary work because of “*messing your money about – that would be a bit of a hassle I would think*”. A young British employee, working in a hotel, expressed the view that the reason people were on benefits was that it is difficult to get benefits if you are trying to combine them with working for a few hours: “*there are always mistakes and you don’t get what you should*”. This particular individual had not bothered to ‘sign on’ when she was unemployed for between one and two months. One agency interviewee and one of the stakeholders suggested that there was an “*urban myth*” regarding the difficulties experienced in moving off and on to benefits, and that there was insufficient publicity about the support available to individuals moving off benefit and into work, and then reclaiming benefits. However, another stakeholder disputed this, indicating that the downsides of the “*revolving door*” of churning off benefits into employment and back onto benefits was real and that “*the time taken to recycle the claim is weeks*” (after having a temporary job).

Amongst all of the job seekers there was a clear desire for a fixed income. The regularity and certainty of income was extremely important for budgeting. On balance, it was the issue of being ‘fixed’, as opposed to the ‘level’, which was of paramount importance (albeit the level of income was an issue too). As noted in previous sections, the flexible working

arrangements required by many employers for those in some low skilled roles is not conducive to achieving a fixed income. Indeed, as one hotelier noted:

*“The problem is if workers are seeking regular incomes and regular hours, we cannot always offer that to them”* (Accommodation and Food Services employer)

Recognising that the type of work on offer did not suit what *“local people”* desired in terms of regular incomes and hours, this particular employer no longer sought to employ from this group but rather went to *“universities and colleges as sources of labour”* instead.

### **B6.3 The impact of Universal Credit**

Universal Credit (UC), due to be launched in pilot areas in 2013, has been designed to ‘make work pay’, through linking of PAYE and benefit records. It is intended to simplify the benefits system by removing categories of claimant (including those on Jobseekers Allowance) and bringing them together into a single payment. By changing the incentives for working it is intended to address the problem of people being ‘trapped’ on out-of-work benefits. It is aimed at reducing dependency on out-of-work benefit payments to help individuals become more independent. The benefit applies to those out of work and those in work on low pay.

There are two main points which may be relevant to job seekers looking to enter low-skilled and low paid sectors of the economy. First, UC aims to reward any amount of work. Under the current system, those returning to work in low paid jobs and/or for a low number of hours per week see much of their pay taken away from their benefits so that there is little financial gain from returning to work. In some cases, especially when costs associated with the return to work are factored in (e.g. transport) the return to work may leave people worse off than if they had not taken the work. UC will adjust the marginal tax rates in these cases to ensure that working, even in low paid jobs for a few hours a week, provides better return than being on benefit. Secondly, UC aims to be responsive to the situation. Under the current situation leaving benefit and taking a job may result in drawn out recalculations of Housing Benefit and Working Tax Credit. If the job is short-term (i.e. a temporary placement) or is insecure, many individuals may not be prepared to take the risk of accepting and getting into difficulties either through incorrect payments or being caught between two systems and being without access to income. By merging out-of-work benefit and in-work support, there will not be the risk of moving between systems (and back again) because payments will be automatically adjusted according to levels of income. The system is intended to respond more quickly to changes in earnings so that people do not face the same difficulties as they currently do. Moreover the changes to the earnings disregard (the amount which can be earned before benefits are cut) and the taper (the rate at which benefits are removed) should make it easier for individuals to move into work.

To a large degree the policy will succeed or fail according to how well the IT system is able to handle the vast amounts of data and how accurately it will match the records and deliver the correct payments. The introduction of UC may not guarantee either work or quality of work, but may reduce the problems associated with in-work, out-of-work churning and interrupted benefit claims through the automatic linkage between records. It may encourage people to take on jobs which they would otherwise have not considered and through this

may create more positive cultures of work, update people's skills and confidence. It may promote greater flexibility in the labour market and enable employers to adjust their headcounts more easily and encourage them to create jobs with small numbers of hours, with greater confidence that these positions would be filled.

However, the structural barriers to taking up employment – which act as constraints on the types of employment opportunities that can be pursued for some job seekers (as outlined in section B4), still need to be tackled.

#### **B6.4 Overview**

There is a strong 'rhetoric' that the current benefits system means that British-born workers are reluctant to take up temporary employment. The ease with which it is possible to move off and on to benefits is disputed, but stakeholders acknowledged that many unemployed people feel that such movement is risky and might yield only limited reward. It remains to be seen how UC will alter the situation. Extrinsic factors, as well as intrinsic factors, present barriers to work.

### **B7. PAY**

#### **B7.1 The National Minimum Wage**

In the accommodation and food service sector, lower skilled jobs were usually paid hourly, with an hourly rate at the National Minimum Wage. Where pay was slightly above the minimum wage, this was usually due to an employee taking on some additional responsibility, for example, being a key-holder, or discretionary payments to recognise long-service. In some cases, tips increased an employee's take home pay, and other perks, such as employee discounts, were also mentioned.

Construction employees were usually paid daily, per job or on piece-rate system, for example, £x per y number of boards installed. Pay based on a per job or piece-rate system was thought by several employers to motivate employees to work faster and more efficiently, as faster workers achieved a higher hourly rate and in some cases could take on additional work to further increase their wages in the time they saved.

*"[I work] sometimes 60, sometimes 50 hours. Sometimes we do double shifts. We work on this site and then we are going to another site, so we are doing 2 days in 1 day. If someone pays well and it is not that hard work, we are just going to another job. If you can, why not?" (Migrant worker in the construction sector)*

Pay-per-job and piece-rate systems allowed employers to spread the cost of low or under-costed jobs along the supply chain. This resulted in lower wages for employees for some jobs, but reduced the burden on small employers at the end of supply chains who had to make low bids for work if they were to win any contracts but who lacked the flexibility to reduce their wage bills. However, other employers felt they had an obligation to direct employees (rather than subcontractors) to provide some kind of minimum guaranteed pay.

On average pay in the construction sector was quite significantly above National Minimum Wage, even for the lowest level general labourers, ranging from about £80 to £140 per day. Employees who had additional or rare skills were more likely to be paid at the top end of this scale. One employer noted:

*“As a company, we pride ourselves in not just paying the NMW. We see this as ‘a fair wage for the job’”* (Construction employer)

Another employer mentioned the Working Rule Agreement, which is a voluntary agreement setting rates of pay for workers at different skill levels in the construction industry, as well as other working conditions. However, this employer commented that a lot of companies did not sign up to the agreement.

No employer in either sector said that they paid below the National Minimum Wage, although there was evidence that some employees working as cleaners and room attendants were given more work than they could complete in the number of hours they were contracted for, meaning that their rate of pay per hour worked fell below the minimum wage.

When asked whether they knew of other employers who might pay below the minimum wage, a significant proportion of the employers said that they knew or thought that some of their competitors did, although only two gave specific examples. In the accommodation and food service sector, this was seen as being particularly prevalent amongst small employers who were not part of national chains. These employers would take advantage of a migrants’ desire to work and lack of knowledge of legislation. In construction, cash-in-hand work was mentioned by some employers, and one employer commented that a competitor recruited migrants from abroad and paid them a lower hourly rate by also charging them for accommodation that they provided.

*“One of our competitors, he actually brings people over, he has been out to Eastern Europe and brings people back, puts them up in houses, and pays them a lower rate than everybody else. And that gives him a competitive edge”* (Construction employer)

One employer also noted that when undertaking training was part of an employee’s job, this was used to reduce pay rates as they were paid less, or not at all, for the time they spent training. However, this was not the case amongst all employers.

As mentioned above, employers in the construction sector noted that the need to reduce costs, even by means such as employing migrants on less than the minimum wage, had become much more prevalent during the recession. Jobs have been more difficult to find, and contractors found that they were being offered less for work than prior to the recession. Consequently, employers may feel that the only way to get work is to exploit loopholes or simply flout legislation and underpay their staff.

## **B7.2 Reservation wages**

Previously research (see, for example, Atfield et al., 2011) has shown that job seekers were often unwilling to accept work at the National Minimum Wage, as this would not cover their outgoings or was not seen as being significantly more than they would receive on benefits to represent an incentive to work. This view was commonly held by the employers interviewed

for this research, who noted that, while migrants were happy to work for the minimum wage because they wanted to work or because even minimum wage work paid more highly than work they could find in their own country, it was difficult to find British workers who were willing to work for the minimum wage or just above. Payment at rates that was at or near the minimum wage was a particular issue in the accommodation and food services sector when recruiting for jobs that had an equivalent in other sectors, including administrative jobs and maintenance work. Recruitment for these jobs was much more difficult because potential employees could receive higher rates of pay in other sectors where pay rates were higher overall.

*“What you pay is what you get. So we get the remaining maintenance people who couldn’t get anything else” (Accommodation and Food Services employer)*

Despite this, interviews with job seekers for this research found that they rarely anticipated being paid more than the minimum wage and would not be deterred from taking a job that paid this rate, as long as the work provided sufficient hours and was relatively stable (see section B4). This is a key issue when considering employment in lower-skilled jobs. While hourly rates of pay may be at a reasonable level, fluctuations in the number of hours worked resulted in incomes that were unpredictable and which often did not meet basic living expenses.

Opinion was mixed about whether the existence of a pool of migrant workers who were willing to work for relatively low wages drove down wage levels generally for lower-skilled work. Some employers, particularly in the accommodation and food services sector commented that in the absence of migrants willing to take the work, they may be forced to increase wage levels to make certain types of work more attractive to British people. However, other employers disagreed. There were three reasons given for this disagreement. First, some employers thought that British people would be unwilling to take certain ‘undesirable’ types of employment at anything like a reasonable and sustainable wage level. Secondly, some employers thought that there would be such a loss of productivity, due to having a poorer quality British workforce, that they would be unable to pay higher wages to anyone. Thirdly, some employers, more commonly those in the construction sector, commented that while there was an issue of British people being willing to work for a certain pay level, a more important issue was the lack of appropriate skills amongst British workers. If migrants were not willing to work for low pay, they would not be able to turn, on a large scale, to British workers instead.

As noted in section B2, the accommodation sector is prone to both seasonal fluctuations and shorter-term changes in demand. Employees in accommodation were employed on zero hour contracts or low hour contracts, which guaranteed them no or only a very limited number of hours per week, and they were offered additional hours only if they were needed. One employer gave an example of employees who were contracted to work only four hours per week, but who might work in excess of 45 hours per week during busy periods. While seasonal fluctuations, such as the Christmas peak period were predictable, and to a certain extent manageable by the employee, week-by-week changes in income were much more difficult to predict and manage. This was a particular issue for room attendants in hotels, whose working hours were almost entirely determined by the number of rooms occupied in the hotel at any given time.

In construction, wages fluctuated to a limited extent on a per job basis, although most employers would use a standard rate when bidding for a package of work. Employees could also increase their wages in some cases by working overtime or in 'difficult conditions'. Additionally, if an employee had a skill that was useful for a particular job, for example, glass fitting, they would earn more for that job than they would in another job which did not involve glass fitting. Fluctuations in income in construction were more often related simply to the availability of work. Employees who had built a good reputation with a number of employers experienced very little time without work, but younger workers or those just starting in the industry were often employed more sporadically, particularly if they were reliant on agency work, until they had developed a relationship with an employer.

These fluctuations, particularly in the accommodation and food services sector, meant that much of the lower-skilled work was carried out by students and others who were not solely reliant on their income to meet their basic living expenses, and represented a barrier to entry for other groups.

### **B7.3 Self-employment**

As highlighted in section B2, self-employment, even for those working in lower-skilled work, was quite common in the construction sector, particularly amongst small employers. However, it is clear that although the legal distinction between self-employment and being an employee is quite clear, in practice there is not such a clear distinction. There was evidence that some employees, while technically self-employed, were largely treated like employees by their employers who found work for them, provided equipment and training and, to a greater or lesser degree, guaranteed their wages. The benefits, to both the employer and their self-employed employee, of this arrangement were primarily related to tax and working hours, as is discussed in section B2.

Although there was evidence that employers in the construction sector perceived self-employed subcontractors to work harder and consequently faster than direct employees (because they were largely paid on a per-job basis and completing a job more quickly allowed them to take on more work) no clear evidence was found of self-employment being used to undercut wages. Two employers commented that for self-employed workers, they did not have to meet various entitlements, for example holiday pay, as they would for employees, and two others discussed how using self-employed contractors meant that they did not have to pay employees when there was no work for them to do. However, employers also noted that direct employees received slightly less net pay, on average, with self-employed contractors being paid more to off-set the lack of employer contributions and in recognition of the lack of continuity of employment they often faced.

## **B8. LABOUR MARKET REGULATION**

### **B8.1 Impetus for regulation**

There was a general acceptance by all employers of the need for some regulation of employment. It should be borne in mind that those employers participating in the case

studies were likely to be operating in accordance with current legislation; it is not possible to ascertain whether their opinions are representative of those across the sectors in general. Excluding health and safety legislation, the need for which was generally accepted, there were two clear drivers for regulation of lower skilled employment: firstly, there was an ethical concern relating to ensuring equality; and secondly, there was a financial imperative.

The ethical and financial drivers were evident when employers were asked about paying the minimum wage and employing workers illegally. As has been noted, while no employer said that they paid less than the minimum wage or employed people who were not legally permitted to work, many mentioned that they knew employers who did not pay the minimum wage. No employer was personally aware of anyone employing people who were not allowed to work, although many were aware of hearing about it in the news.

Much of the rhetoric around paying less than the minimum wage, particularly to migrants, focuses on the way migrants' willingness to accept less than the National Minimum Wage may be used to drive down the wages of British workers, but this was not mentioned by employers. The most common reason for supporting legislation to ensure compliance with National Minimum Wage laws was simply that it was ethically wrong to 'exploit' people, regardless of their nationality. Similarly, there was broad support for legislation to stop the employment of illegal workers, not because these illegal workers might be taking work from British people, but because being employed illegally made an employee very vulnerable to exploitation.

Financial imperatives for supporting legislation relating to illegal workers and payment of the National Minimum Wage were mentioned less frequently than ethical issues, solely by construction employers, and all of the employers who mentioned the financial benefits to better implementation of legislation also mentioned an ethical imperative. The financial imperative for construction employers focused on the bidding process for jobs. Employers mentioned that some of their competitors were able to put in lower bids because they were paying migrant workers less than the minimum wage. If they were no longer able to do this, the price of their bids would increase, allowing employers who did pay the minimum wage to be more competitive and have a greater chance of securing work. When these employers were asked whether this would mean that employers who were paying migrants less than the minimum wage might employ a British worker instead, the consensus was that this would not be the case; they would simply have to pay their migrant workers more.

This view that regulation of migrant employment would have little impact on the employment of British people was very common amongst all groups of interviewees.

*"Don't get me started! No amount of new employment regulations will change people who simply don't want to do a day's work!"* (Recruitment agency)

Employers commonly stated that they wanted to employ the best person for the job, regardless of their nationality.

*"[If there] was no one here, there would be no one to fill the jobs. Even with migrants here, it's still difficult to fill the jobs. It's not a matter of changing current employment regulations, it's really more a case of people [i.e. British people] actually being unwilling to work"* (Recruitment agency)



One employer in the construction sector commented that rather than increasing regulation, the way to get British people into lower-skilled work was to work co-operatively with employers to stress the mutual benefits that could be achieved by working harder to ensure local people were given opportunities. He suggested that employers might be encouraged to take more local people on trial in a job for a few days, or to make allowances for poorly written CVs or a lack of training or qualifications. These people could be supported once in employment to gain skills and qualifications, which would be beneficial to their employer and to the local labour market more broadly.

## **B8.2 Challenges for regulation**

Two operational challenges to the implementation of legislation were identified by employers: first, how to ensure that employers were able to comply with legislation without it becoming overly costly or bureaucratic; and secondly, how to enforce legislation and monitor non-compliance.

The majority of employers who commented on legislation expressed concerns about whether it would require them to provide additional monitoring or other data and the time this would take to collect; they certainly did not want extra “*red tape*”. Additionally, a number of employers said that they found it difficult and time consuming to find up-to-date information on existing, frequently changing, legislation and additional legislation was likely to make this even more difficult. This would also be an issue for any type of legislation that relied on reporting by employees of employers who were in breach of legislation. Employers commented that the time it took to ensure compliance with existing legislation meant that it represented a cost to their business, and that there needed to be a “*happy medium*” between ensuring employees were not being exploited and ensuring the cost and time required to comply did not represent a significant drain on a business.

*“[It] would be exceptionally difficult to implement more legislation, which is another reason not to do it, without sparking another whole industry of regulators and paying them a fortune, which would have to come from somewhere”* (Construction employer)

A further challenge mentioned by employers in the construction sector was that increased legislation may have unintended consequences. In particular there was a risk of driving more people into the black economy, increasing the potential for exploitation of the workers the legislation was trying to protect. Legislation had done a great deal to reduce cash-in-hand working in the construction industry, and employers commented that this may be undone by legislation that is costly or difficult to comply with or which is seen as a burden on businesses.

*“It would encourage some of the black side of the industry to come back strongly again, as it was a few years ago, where cash [in hand] would be paid and that becomes a nightmare then”* (Construction employer)

Employers noted that a fall in the finance available for construction projects as a result of the recession was already causing people to “*push at the edges*” of regulation as they sought to make a profit on under-costed bids.

Findings from interviews with recruitment agencies suggest that the impact of the Agency Workers Directive has been quite mixed. One respondent had a very negative view of the impact it had on their business:

*"The Agency Workers Directive regulations have caused us nothing but problems. Instead of bringing in more clarity, these regulations have in point of fact, directly affected our working relations with clients - both new and long-standing [...] Many of our clients simply don't understand the regulations. We have tried to explain them. Ultimately they have resulted in higher costs for the clients, a noticeable loss in revenue for us, as well as a waste of our own resources" (Recruitment Agency)*

They had found that clients were unwilling to bear the cost of compliance, refused to share information with them about pay rates for permanent staff, and rather than employing a worker on an on-going contract instead took someone for 10 weeks and then replaced them with a new temporary worker for another 10 weeks.

### **B8.3 Transferability of the Gangmasters (Licensing) Act as a model for regulation**

Very few employers had sufficient knowledge of the Gangmasters (Licensing) Act or the Gangmasters Licensing Authority (GLA)<sup>1</sup> to comment specifically on whether this model might be transferred to the accommodation and food services or construction sectors. Those who were able to comment thought that the size of these sectors and the prevalence of very small employers within them would represent a key challenge to the implementation of more legislation, and that it was the size and number of businesses in these sectors that had allowed employers to flout existing legislation. This view was echoed by one of the stakeholders interviewed who commented that the GLA employed relatively few inspectors and that extending it to a sector like hospitality would require far greater resources, and consequently cost far more.

If elements of the GLA were to be transferred in to other sectors, key issues for determining its success would include: level of resources; ensuring commitment by employers, employees and legislators; and clarity over the target of the scheme. One stakeholder noted that one of the reasons the GLA has worked well is that a clear message has been sent out that the aim of the scheme was not to pursue workers on the basis of their immigration status (which is likely to hinder reporting by exploited workers) but to pursue employers who were breaching legislation and exploiting workers. The separation of the GLA from the UKBA was important in this, as was the general visibility of the GLA and its investigations.

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<sup>1</sup> The Gangmasters (Licensing) Act (2004) and the Gangmasters Licensing Authority regulate the supply of workers to the agriculture, horticulture and shellfish industries. These provisions aim to prevent the exploitation of workers and improve health and safety standards. The Act requires businesses that provide labour to these sectors to be licensed, and businesses in these sectors that use labour providers face prosecution if they are found to be using an unlicensed provider.

## **B9. SKILLS AND TRAINING**

### **B9.1 Introduction**

Training undertaken by those in lower-skilled work in accommodation and food services takes two forms: ‘training for the job you have’ and ‘training for the job you want’. In other words, there is training, usually of a technical or professional nature, undertaken simply to increase skill levels or to gain additional skills to allow greater diversity of work; and there is training which is undertaken with the aim of progressing into more highly skilled and/or more highly paid employment, which is more often focused on developing managerial and communication skills. Some training falls into both categories, depending on the aspirations of the individual and the opportunities for progression that exist either with their current employer or in the labour market more generally.

### **B9.2 Skills training and development**

Skills training can be divided into training which focuses on the development of hard (primarily technical) skills, training which aims to develop softer skills (such as communication skills), and, in the case of job seekers, training which aims to equip them with the skills necessary to search efficiently and effectively for employment.

In general, employers, and particularly those in accommodation and food services, did not express any dissatisfaction with the hard skills of employees or potential employees. It was recognised that lower-skilled work often did not require high levels of technical skill, particularly entry-level employment, and that those seeking this type of work would very often not have high skill levels or much experience. Two employers expressed the view that it may actually be beneficial to recruit employees without some job-related skills, because it was harder to retrain someone than train them from nothing:

*“There’s no minimum requirement. In fact, the less they know, the better”*  
(Accommodation and Food Services employer)

This meant that hard skill barriers to entry were low, particularly in accommodation and food service. The picture was more mixed in construction, where there was a greater preference for prior experience, as well as a greater need for potential employees to present credentials showing they were trained in certain skills. Despite this, several employers had employed people with no formal construction training, and this was especially common amongst migrants.

In the construction sector, training in hard skills was the most common form of training undertaken (excluding mandatory health and safety training). The majority of lower skilled work in this sector requires a certain familiarity with particular processes, for example, how to fit a board, how to use particular tools, etc. The majority of hard skills training in the construction sector was on-the-job training, although some specialist skills training was delivered by specialist suppliers, with training in rendering being most commonly mentioned.

Employers were generally supportive of their employees undertaking training, and some employers paid for their employees to undertake this training, while others paid a contribution for both direct employees and subcontractors.

*“That is the success of the business. When it comes to planning work, those whose scopes of work are greater than others, it is easier to programme them for work and it is easier for us to maintain our position in the supply chain with that ability, it comes from clients demand”* (Construction employer)

Although some employers expressed dissatisfaction with the take-up of skills training, there was a relatively high demand from employees, first because those with more diverse skills were paid more and were more likely to find work, and secondly because building site regulation has driven increased credentialisation and employees increasingly needed to provide proof that they were qualified to use a particular machine or work with particular materials.

*“It’s great to have somebody who does something specifically really well, but you need to be able to do a lot of things, everybody does at the moment. You can’t just have one skill-set”* (Construction employer)

On-the-job training for developing hard skills was also common in the accommodation and food services sector. This included things like the correct process to follow in cleaning and making up a hotel room and bar-tending and food preparation skills. Two employers had staff undertaking hard skills training outside their organisation, one because they took people on placements through a programme that provided skills training alongside the placement, and one because they had a relationship with a hotel in London and sent food and beverage and kitchen assistants to train there. There was some evidence of the internet being used to provide particular types of training, although this was primary focussed in the health and safety area.

*“We have an intensive training programme.s It’s all done over the internet. All of it – Health and Safety, how to make the sandwiches, treating customers, cleaning up, it’s all there in various courses. sYou have to complete each stage before you go to the next one. It takes about two weeks to totally complete, if you work through it every night, as some can take several hours to do”* (Migrant worker in Accommodation and Food Services)

Employers in accommodation and food service identified little demand for training in hard skills beyond mandatory training to enable an employee to do their current job. In general, there was little interest in learning skills that would enable an employee to work across different sections or to move sections. The exception to this was migrants who were working in non-customer facing roles, such as cleaning, who aspired to move into more customer facing roles as their English improved or to combine cleaning work with other roles to increase their hours.

Specific training in soft skills was relatively uncommon in the construction sector, and was largely aimed at those seeking promotion to supervisory roles. Conversely, in the accommodation and food services sector, soft skills training, particularly training related to the development of good communication skills, was common. This reflects the demands of job and the more customer-facing nature of much of the work in this sector. Employers in

the accommodation and food services sector were more likely to express dissatisfaction with the soft skills of job applicants, but also to feel that many soft skills were strongly related to personality (which, as shown in section B3 is a key attribute looked for in recruitment and selection), and hence were 'untrainable'.

Training undertaken by job seekers fell into both these areas, although there appeared to be somewhat greater demand for hard skills training than training in softer skills. Views about training were mixed, with some job seekers viewing it very positively, while others suggested that it was "*pointless*" and even that having a lot of training undertaken while unemployed on their CV would be stigmatising: 'a badge of failure'. Training gave people 'something to do', but there were doubts expressed about whether it actually brought people nearer to the labour market and increased their chances of finding employment. Training to learn job search skills was regarded as beneficial for certain groups, particularly those who lacked familiarity with the internet and various IT packages. However, in most cases, job seekers were satisfied with their job search skills, although not necessarily with the resources available to them.

### **B9.3 Apprenticeships**

Apprenticeships, whether formal or informal, were seen as a way for younger, lower-skilled people to gain entry into both the construction and accommodation and food services sectors, with a view to eventually developing a stable career in the sector. They also enabled a young person to demonstrate their job-readiness, and some employers saw them as enhancing the reputation of both the employer and the sector as a whole. This was a particular concern, as both accommodation and food services and construction are not always regarded favourably by job seekers, particularly school leavers, who may be poorly informed about the type of work available in the sector and the opportunities it presents for career development and advancement.

In construction, while several employers commented that they were interested in formal apprenticeship schemes, informal apprenticeships where a younger worker learnt on-the-job from a more experienced worker were more common, and were the way in which the majority of employees had first found work in the sector. Having apprentices was viewed positively, as they were able to carry out lower-level work almost immediately, and do this work alongside their training, freeing up more skilled and experienced employees to do more complicated work. They were also often paid at a lower rate than other employees. However, having apprentices could represent a significant financial outlay, particularly if they took some time to develop the skills necessary to work independently, and it was harder for employers to afford this in the current economic climate. One employer commented:

*"We haven't got that luxury of carrying that individual until we get he or she up to speed, that could be several years"* (Construction employer)

Formal apprenticeships were somewhat more common in the accommodation and food services sector, but problems in recruiting young people to take up these apprenticeships represented a barrier. One employer in a hotel had recently tried to recruit for apprenticeships in food and beverage and for room attendants, but found that they were unable to find anyone suitable. In the case of the food and beverage apprenticeship,

although they received applications, they could not find anyone who performed well enough in interview to be appointed. In the case of the room attendant apprenticeships, they simply did not get applicants.

*“If you are young and you are trying to plan your career for the future, it isn’t something that instantly appeals to you, you don’t see the longevity of it and the fact that you could be a supervisor there and then a manager there. You don’t see the possibilities, you just think ‘I don’t want to clean up someone’s vomit’. Maybe that’s what puts you off because that is what you have to do, get your hands dirty for a bit before you step up. It’s a difficult role, hard work, a lot of physical work”* (Accommodation and Food Services employer)

This was disappointing because they recognised that much of the work in the hotel was carried out by students who had no long-term aspirations to remain in the industry, and they had hoped that by recruiting people initially as apprentices they would be more likely to get people who wanted to develop a career in hotels.

#### **B9.4 Training for progression**

Demand for progression from employees was relatively low in both the accommodation and food services sector and the construction sector. Employers and employees cited various reasons for this, including: a general lack of ambition amongst workers in lower-skilled employment; a lack of positions for people to progress into, especially in small companies; the quality of lower-level supervisory roles, which in both construction and accommodation and food services were regarded as being stressful, usually involved longer hours and required complex role negotiation, being *“neither a manager nor a worker”*; a lack of monetary incentive to take on this greater responsibility as the pay differential between a general worker and a lower-level supervisor was generally not very big and was being continually eroded by wage increases for those in lower-skilled work; and, in accommodation and food services, a view by employees that their job was a stop-gap, not something they would do as a long-term career. One employer commented that only about 10% of the employees in their hotel wanted to work in the hotel industry, while a British employee working in food service stated:

*“No-one wants to work in [employer name] forever... It’s something you do when you don’t have anything else, but if something else comes along, you’d be on it, out the door and gone. Don’t want to be some sad 50 year old working in [employer name]!”* (Accommodation and Food Services employee)

While some employers found this problematic, others noted that there was a need for people to simply work in low skilled jobs and do that job well:

*“You can’t have all Chiefs and no Indians”* (Accommodation and Food Services employer)

This meant that employers had to provide a lot of support and encouragement to people they thought might be suitable for more highly skilled roles and, in some cases, make it a company policy to actively seek to recruit internally, but there was also evidence that some employers regarded taking the initiative to seek opportunities for progression as a sign that the employee was suitable to progress.

*“I was just minding my own business, and one of the managers is like “right, you’re doing this now”, so yeah, that’s how it happened. I didn’t ask for it”*  
(Accommodation and Food Services employee)

The one exception to this lack of demand was the case of older workers in the construction sector. Taking on a lower level supervisory or managerial role in the construction sector rarely resulted in a large pay increase, and one employer commented that in fact it might result in a pay reduction, but it was recognised by both employers and employees that physically demanding work became much more difficult as people got older.

*“If you are top rate fixer you would be towards the £140 a day mark and if you are very good, you might be earning £160, £170 a day if you are that good. And some of the guys who tend to be the best supervisors have been the best fixers, and they have just got to the stage where they would rather not physically work for 8 or 9 hours a day, because it gets harder into your 40s and 50s and they are quite happy to take a £10, £20, £30 a day cut so they can be a site manager”* (Construction employer)

Consequently, it was common to see people in their forties undertaking training that would enable them to move into site management and supervisory roles, either with their existing company or with the aspiration of starting their own company. One employer also noted that there was increasing need for people working at this level as a consequence in changes in health and safety legislation that meant more supervisors were needed per head count on site. Formal qualifications for supervisory roles were consequently also becoming increasingly important, although the cost of gaining these was sometimes prohibitive. One employer noted that a consequence of the recession was that he was seeing fewer people seeking progression with their existing employer, and instead people were moving into self-employment once they achieved a certain level of skill and experience. Self-employment gave people greater control over their jobs and income and meant that they were not at risk of redundancy.

## **B9.5 NVQs, GNVQs and BTECs**

While apprenticeships were viewed as a route into employment, doing an NVQ/GNVQ or a BTEC was primarily regarded as a way in which people could advance into more highly skilled work, as well as providing formal credentialisation of skills employees possessed. Employers generally indicated that they would be supportive of an employee wanting to do a NVQ/GNVQ but there were concerns about both the commitment it required from the employer and the cost, particularly when employers were also paying wages for time when someone was training rather than working. This was a particular issue for smaller employers in the construction industry, particularly those who were self-employed.

*“In the subcontracting model if you are learning you are not earning”*  
(Stakeholder)

Problems arose when there was a mismatch between those who sought formal qualifications for progression and those who wanted to progress. The cutting of funding for over-25s is likely to worsen this situation, as employers and employees alike noted that those who were most likely to want to progress, and to gain the qualifications that would help them to do so, were older workers. If these workers were unable to undertake training for a formally

recognised qualification, and were reliant instead on largely ad-hoc on-the-job training, this could limit their potential to progress and act as a disincentive to work hard and undertake any form of training.

There was some evidence of other mismatches in relation to training. In particular the greatest demand for training came from those who already had qualifications or higher skill levels. There was some reluctance on the part of employers to offer more training to these groups, which included a significant proportion of migrant workers as well as British workers who had 'bumped down', because of fear that time spent training them would be wasted because they were the people who were most likely to leave the job, and possibly the industry, before the employer was able to benefit:

*"We have to have a balance because if we train you, are you going to stay, or is it just a stop-gap where I'm going to spend all the time training you for you to go and leave? It kind of annoys me"* (Accommodation and Food Services employer)

## **B9.6 The role of skills in improving access to lower skilled employment**

In relation to training and progression several suggestions were made by interviewees that may encourage unemployed British workers to seek lower skilled employment in the accommodation and food service or construction sectors and to enable those already working in these sectors to progress. These are outlined briefly in this section.

- There is some evidence that employers regard British school leavers as lacking the necessary qualities for finding employment, despite having adequate skills, but also that they are lacking preparation for seeking employment and job seeking skills.
- Diverse skill sets are in high demand, particularly in the construction sector. People who are able and willing to do different jobs depending on demand are the most successful at finding and sustaining employment.

*"It's really hard to come by guys who are willing to learn, will work away for a good couple of months, then they've also got to be willing to do something other than their own area, the ground-works, perhaps have a few other skills in other trades"* (Construction employer)

- Both sectors could engage in greater outreach work to ensure that potential employees understood the types of jobs available in the sector and the opportunities which exist for the development of a long-term, relatively stable career. Many jobs in accommodation and food services and construction are not regarded by British workers as very desirable, but in some cases it is the jobs which are initially the least desirable that offer the greatest potential for progression, for example, kitchen porters becoming chefs.
- Progression routes, particularly in smaller firms, are often unclear and progression often required showing a great deal of initiative on the part of the employee to seek out opportunities to train often when they were unsure whether this would be regarded favourably or result in any reward. Larger firms were more likely to have review processes in place where an employee could indicate their desire to progress and discuss with a manager or employer how they might do this.



- There should be greater opportunity for employees to ‘try out’ higher level roles, for example, by gradually taking on some of the duties of a supervisor rather than being expected to make a big jump between roles with different expectations.
- There is some evidence of ‘blocking’ by employees in lower skilled roles who do not wish to move into more higher skilled work. This limits entry level opportunities, particularly in accommodation and food services. While lower level supervisory roles have a part to play, increasing aspiration levels is difficult, especially during a recession. It was notable that when British workers were asked their long term ambitions, simply ‘staying in work’ was commonly mentioned, but ‘progressing in work’ was not.
- There may also be some blocking by migrants who become trapped in lower skilled work because although they have relatively high qualifications and high levels of technical skill, they lack opportunities to improve their English language skills. While many were able to learn English simply through interaction with English-speakers, in jobs with a high concentration of migrants, opportunities were more limited. In these cases, access to ESOL classes would improve levels of English, but it was noted by migrants and by stakeholders that demand outstrips supply and waiting lists are long. In this case, providing assistance to migrants in lower skilled employment in order that they can move into other roles would ultimately result in greater opportunities for British workers.

## C. CONCLUSIONS

This final section sets out evidence from the case studies that corroborates (section C1) and contradicts (or is contrary to the main thrust of) the literature review (section C2). Section C3 identifies issues that are worthy of further research.

### C1. CASE STUDY EVIDENCE CORROBORATING FINDINGS OF THE LITERATURE REVIEW

- *Temporary and flexible working arrangements:* The case study evidence supports the findings of the literature review regarding the on-going significance of temporary and flexible working in the construction sector, and more particularly, in accommodation and food services, where seasonality and cyclicalities are important factors driving requirements for flexibility. The case studies provide little evidence on changes in the importance of temporary and flexible working, except in construction, where there is indicative evidence that the extent of subcontracting is increasing, as a result of cost pressures; (the availability or otherwise of migrants does not appear to be a key factor driving this change).
- *The difficulties faced by low skilled young people in the labour market:* The evidence from the case studies corroborates the findings from the literature review that young people with no/ low qualifications and limited work experience are particularly susceptible to non-employment and sporadic employment in a difficult labour market. Such young people find it difficult to gain access to stable employment – particularly employment with full-time and/ or fixed hours.
- *Easy access to employment in the accommodation and food services sector:* Case study evidence from migrant workers, British workers, employers and stakeholders confirms that the accommodation and food services sector provides a range of employment opportunities for new entrants to the labour market. The disproportionate shares of workers from marginalised groups in some roles (e.g. kitchenhands and cleaners) in this sector tend to perpetuate existing, largely negative, attitudes to the value of work and low pay in this sector.
- *'Bumping down' and increasing volumes of applicants seeking work in low skilled roles:* Evidence from the case studies points to increasing numbers of migrants and British workers seeking employment in low skilled roles, despite having the qualifications (and often the work experience) to work in other roles. Their formal qualifications do not matter in such roles, whereas their attributes, skills and work experience are factors impacting on their likelihood of success in competing for employment. However, the fact that they 'bump down' increases the numbers of applicants for vacancies in low skilled roles.
- *The importance of work experience:* Case study employers reiterated the findings from the literature review about the importance of work experience, especially relevant work

experience, in a labour market in which they were subject to intense cost pressures and needed to ensure that new recruits could 'hit the ground running'.

- *Soft skills matter:* The literature review and case study evidence alike emphasised the importance of soft skills, especially for customer facing roles in the accommodation and food services sector. Although not specifically highlighted in the literature review, evidence emerged from the case studies about the importance of soft skills in construction, especially for roles which involved working in people's homes or on sites/ high profile projects where there was contact with the general public.
- *The vulnerability of low qualified/ skilled British workers to labour market change:* British workers occupying positions of weakness in the labour market due to a lack of formal qualifications and/ or limited work experience emerged from the case studies as being particularly vulnerable to labour market change.
- *Barriers to employment:* The literature review highlighted individual characteristics, personal circumstances and external factors as barriers to employment. The salience of these barriers, and their interactions, was borne out by the case study evidence. The relative geographical immobility of many British jobseekers, and associated difficulties with working arrangements demanding temporal and/ or spatial flexibility, emerged particularly strongly from the case studies.
- *The longer a person is out of the labour market, the more difficult it is to secure employment:* The case study evidence revealed that some of the British job seekers who had not been in paid employment for some time had become distant from the labour market and found it increasingly difficult to secure employment. Some of these job seekers recognised that it may be beneficial for them in labour market terms to take a temporary job in the first instance in order to address the lack of employability/ commitment/ desire that might be signalled to employers by a sporadic employment history or an extended period of non-employment.
- *Understanding 'frames of reference':* In general, migrants' willingness to take on any job, to regard less skilled roles as important in their own right and often as a first step on the ladder towards better things, their acceptance of low wages and their desire not to claim benefits that is borne out by the case study evidence, may be interpreted through the 'frames of reference' highlighted in the literature review. Often in their origin countries it was more difficult to find a job than in the UK, wages were much lower and benefits less generous. These circumstances, and a desire to earn and/ or succeed in the UK, help to explain migrants' labour market behaviour. The 'frames of reference' of British people are different from those of migrants in several respects.
- *Highly qualified migrants in low skilled roles:* Many of the migrants interviewed in the case studies had high level qualifications, but were working in low skilled roles. In terms of qualifications, and also various attributes associated with higher level qualifications, such individuals are different from British workers with no or low level qualifications. This

means that there are important variations in the characteristics of workers in low skilled roles.

- *Attitude and work ethic:* The case study evidence corroborated the findings of the literature review that 'attitude' and 'work ethic' play an important role in employers' recruitment and selection behaviour. Moreover, in general, the work ethic of migrants is acknowledged, in the case studies and the literature, to be superior to that of most British people.
- *Recruitment methods:* In accordance with the findings of the literature review, the case study evidence highlighted: (1) the important role played by 'word of mouth' recruitment channels and associated implications for self-regulation of the workforce and the self-perpetuation of patterns of labour market segmentation: (2) the generally negative attitudes of employers about the quality of applicants via the public employment service; and (3) the preference for low cost methods of recruitment. This latter preference fed through in the case studies to a reduced use of agencies. The case study evidence confirmed that use of 'word of mouth' recruitment methods, and negativity about the public employment service on the part of some employers, tends to disadvantage British jobseekers with weak labour market positions.
- *The use of migrants to supplement the existing workforce:* There is evidence from both the construction and accommodation and food services case studies that often migrants are used by employers to 'supplement' the existing workforce to meet peaks in demand or the requirements of 'one off' projects. However, the extent to which they 'complement' or 'substitute' for existing British workers is more questionable, given that some roles are dominated by migrants in any case.
- *Clustering of pay around the National Minimum Wage:* The case study evidence showed that many employers, especially in accommodation and food services, paid around the National Minimum Wage. In general, this was what migrants and British jobseekers expected to earn in low skilled roles.
- *The impact of migrant workers on wage levels:* In the case study evidence, as in the literature, there is some ambiguity around the impact of migrants on wage levels.
- *The mutually constitutive nature of supply and demand:* The case study evidence confirms the literature review findings that the availability of migrants to perform low-skilled roles impacts on the dynamic between supply and demand, such that the supply and demand are mutually conditioning, rather than generated independently of each other. In particular, this is exemplified both by the way in which some employers ask their migrant employees to recommend other migrants to fill low-skilled roles, and by the employment of students, who are often very willing and able to offer the flexibility that employers desire from workers in waiting and other low-skilled roles in the accommodation and food services sector.

## C2. CASE STUDY EVIDENCE THAT IS CONTRARY TO THE FINDINGS OF THE LITERATURE REVIEW

- *Less rigid divide between traditional manual and service sector employment:* The literature characterises low skilled work as being split between a shrinking traditional manual sector in which pay and conditions are relatively good and a growing service sector characterised by atypical work, low pay and poor working conditions. Case study evidence shows that while wages remain higher in construction (a traditional manual sector), sub-contracting and the passing of the impact of a lack of finance for construction projects along the supply chain have put pressure on both wages and the regularity of work in construction. While there are still distinct differences between the construction and accommodation and food service sectors, there is evidence that they are moving closer together in terms of both the pay and conditions experienced by workers.
- *Contradictory evidence on the extent to which British people are willing to work flexibly:* It was clear from the case studies that some British workers were willing to be very flexible over the number of hours they worked and when this work took place. There was also evidence of British job seekers being willing to take temporary work if this would help them to re-enter the job market. However, there was also evidence to suggest that some British workers faced particular constraints to working flexibly, as well as having a preference for permanent, nine-to-five employment.
- *Little evidence of the impact of stereotypes of migrants on recruitment practices:* The case studies found that the majority of employers and recruitment agencies characterised migrant workers as hard working, reliable and flexible, but there was little evidence that this resulted in an individual migrant being purposely selected as an employee on the assumption that they would be a hard worker, etc. There was some limited evidence to suggest that the group whose recruitment was most affected by stereotypes about their work ethic were young British people, who were stereotyped negatively by employers as being lazy.
- *Reserve wage levels and acceptance of the National Minimum Wage:* Previous research has suggested that job seekers have often been unwilling to accept work that pays the minimum wage because this would not cover what they considered to be their essential expenses. The job seekers interviewed for the case studies present a markedly different picture, as all said they would accept minimum wage work if this would enable them to get a job. Whether this is due to the characteristics of the particular cohort of individuals interviewed for the case studies or a greater acceptance of lower wages during the recession, or a combination of the two, is not clear.
- *Intrinsic factors dominate the reasons for a lack of training in low skilled sectors.* A range of reasons were identified in the literature for why an individual in a low skilled job may not undertake training. These included extrinsic factors, such as a lack money and lack of time for training, and intrinsic factors, such as a lack of confidence or ambition. The case studies demonstrate that the key factors for not undertaking training predominantly fall into the intrinsic group.

- *Training without the opportunity for progression does not always create dissatisfaction:* Several employers in accommodation and food services interviewed for case studies noted that training was a way to off-set dissatisfaction when opportunities for progression did not exist. Training gave employees a feeling that they were progressing, despite not moving into higher level roles. In construction, there was evidence that training was undertaken simply to improve skills so that employees could undertake a broader range of work and increase their employability.
- *No evidence that training stops churning between low paid work and unemployment, or that it prevents frequent horizontal moves between similar jobs:* The literature review noted that training could be a way to stop moves between employment and unemployment and between similar jobs, although little evidence was available on how this process worked. The case study research found no evidence to support this contention, although there was a suggestion that in the construction sector people with a more diverse range of skills might be kept on by employers to undertake further work after a job ended while those with a more limited skill-set would be more likely to lack the skills necessary for subsequent work. An example of this was the demand for specialist carpentry skills which tended to be required for a limited number of projects and for a limited time on a single project.

### **C3. ISSUES FOR FURTHER RESEARCH**

Reflecting on the case study evidence, the following issues are identified as worthy of further research:

- *Changing recruitment and selection practices:* While the case study evidence highlighted the importance of word of mouth recruitment in both the construction and accommodation and food services sectors, and confirmed the preference by many employers for this method of recruitment on cost and quality grounds, in accommodation and food services, in particular, there were instances of some employers turning away from use of such channels on the grounds that they led to an overly segmented workforce which was not in the best interests of the company. Partly related to this, there seemed to be growing use of company websites in recruitment; (a recent trends perhaps not fully picked up in the literature, as yet). This suggests that two possible issues for further research are: (1) whether there are limits to informal recruitment – and if so, what those limits are, and whether there is likely to be a move away from informal recruitment; and (2) what the trends are in increasing use of company websites in recruitment and selection, and what the implications of a greater use of such websites are for different groups in the labour market.
- *The place of stereotypes in recruitment and selection:* The literature review pointed to the use of stereotypes in recruitment, but the case study evidence revealed little evidence that such stereotypes informed recruitment practices, except perhaps in the case of rather negative stereotypes concerning young British people (as highlighted in section C2). The place of stereotypes in recruitment and selection, emphasising where

and when, they play a part, and who stands to be disadvantaged, is a topic worthy of further research.

- *Giving young people a chance:* It is clear that young people with no/ poor qualifications and limited work experience have been hit hard in difficult labour market conditions. An issue for future research, given the generally negative attitude of case study employers towards British young people vis-à-vis other potential recruits, is what interventions might persuade employers to give more young people a chance to gain work experience and subsequent opportunities for employment. What role do formal and informal apprenticeships play in different sectors?
- *Options for older labour market re-entrants:* The case study evidence revealed that several middle-aged and older job seekers considered that their age counted against them in their quest for work. This was especially the case in construction, where job seekers keen to move into construction remarked on a lack of opportunity to enter the sector without formal qualifications, and where the apprenticeship route seemed to be closed to them. What, if any, routes are available to older job seekers to facilitate a transition into a 'new' sector?
- *Changing working conditions in traditional manual work:* As highlighted in section C2, traditionally a distinction has been made between: (1) traditional low skilled manual roles, with relatively good pay and conditions in male-dominated sectors, such as construction; and (2) non-manual service work, characterised by poorer pay and conditions, and more female workers, as characterised by accommodation and food services. Given economic fragility and cost pressures, a question worthy of more detailed investigation is whether working conditions are declining in male-dominated sectors.
- *Routes into, and impacts of, self-employment:* The case study evidence from construction revealed increased use of subcontracting and also a desire, at least amongst some individuals, for self-employment in a sector that is characterised by relatively high levels of self-employment. There is scope for further research on the impact of self-employment on hours of work and working conditions.
- *How can 'poor' jobs become 'stepping stones' to further employment?* The case studies revealed examples of individuals who had been employed at the outset in a very low-skilled role and who had risen (either within the same organisation or via inter-organisational or inter-sectoral moves) to better paid roles with greater responsibility. While these examples relate to 'the few', a question for further research is whether, and how, they might relate to 'the many'. Related questions include: does it matter if some individuals remain in low-skilled roles? And if they do remain in such roles, what are the implications for other labour market (re)entrants?
- *Lack of demand for training:* Many employers are supportive of training. A more highly skilled workforce is beneficial economically and socially. Yet some individuals question the relevance and utility of training and prefer not to take up opportunities. Understanding why they are reluctant to train, and how they might be persuaded to participate in training, are issues for further research.

- *Continuing economic fragility and the mutually constitutive nature of supply and demand:* Are, and how are, changes in labour demand and in labour market activation policy changing the mutually constitutive nature of supply and demand? Is the relationship between supply and demand changing across all sectors, or are different patterns apparent in different sectors?
- *Geographical mobility and immobility:* The case study evidence revealed a stark contrast between the greater geographical mobility of migrants than of British job seekers. Some migrants preferred to work close to their place of residence, but most indicated that they had, or would, travel (i.e. commute) to, or move (i.e. migrate) for, work, as necessary. Spatial mobility is seen increasingly as an essential component of employability, and there is scope for further research on barriers to geographical mobility (encompassing both commuting and migration), how they might be overcome and the likely consequences of overcoming them.



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