What can the Large-Scale Recruitment Study tell us about 'Employability'?

Ian Shuttleworth and Darren McKinstry - C-STAR, QUB

Case Studies from the Food Processing and Hospitality Sectors

Enhancing employability is an important element in government labour market policy both for the UK as a whole and for Northern Ireland. Although unemployment has declined over the past decade, it is still recognised as a significant problem, particularly since the proportion of long-term unemployed people in NI remains higher than in other parts of the UK. Therefore, within NI, an important strand of New Targeting Social Need Policy (New TSN) is to improve employability and to reduce unemployment, as the most direct way to tackle the causes of poverty.

The intent of this article is to develop these concepts in more detail, particularly those on the demand side, by looking at job uptake in the Food Processing and Hospitality Sectors using local case studies of two employers, one from each sector. Overall, the article points to the importance of local circumstances and suggests a need to be sensitive to these in dealing with the complex concept of 'employability'.

The objectives of the New TSN policy across government are reflected in the Action Plans of Government Departments. That of the Department for Employment and Learning (DEL), for example, mainly focuses on Lifelong Learning, Jobskills and the New Deals, whereas that of the Department of Enterprise, Trade and Investment (DETI) aims to encourage, among other objectives, foreign direct investment in New TSN areas. The requirement for a cross-departmental approach was formally recognised by the establishment of a Taskforce on Employability and Long-Term Unemployment. An Employability Scoping Study to assist the work of the Taskforce was published in June 2001¹ (see Chapter 7 in this Bulletin for a summary). This sought to identify the parameters that affect employability, and to suggest broad areas for action. The rationale for a multi-departmental approach made in the study is clear since it is argued that 'employability' depends on the balance between 'supply' (e.g. individual knowledge, skills and household background) and 'demand' (e.g. the economic and social context within which work is being sought). Included among the factors identified as influencing employability are the need to 'realise potential' with employment that matches expectations, and 'structural aspects of employability' which incorporate notions of employer behaviour and institutional characteristics such as the operation of the benefits system.

These case studies look at the experiences of the employers from the food and hospitality sectors but they are also supplemented with a wider series of labour market interviews. The examples are taken from the Large-Scale Recruitment Study², which is an on-going programme of research into labour supply efficiency and the equality implications of employment growth. The main issues to be considered include the importance of the type of jobs offered in enhancing employability, the significance of employment location, and the consequences of mismatches between labour supply and labour demand.

¹ Employability Scoping Study, Deloitte & Touche, Belfast, 18th June 2001
² See Labour Market Bulletins 12, 13, and 14
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WORKFORCE PROFILES

The two employers in the Food and Hospitality Sectors will simply be known respectively as Sites 1 and 2 to preserve anonymity. They differ in many ways. One important dimension is geography – Site 1 is located in Mid-Ulster, recruiting from a wide rural hinterland, whereas Site 2 is situated in central Belfast, and recruits largely from an urban catchment throughout Belfast. Other significant dimensions include workforce characteristics that reflect substantive differences between Sites 1 and 2 in the type of work offered. Site 1 involved in meat processing and packing, for example, has a mainly young male labour force with relatively few educational qualifications, and a high proportion of operator-level employment. Site 2 is similar in that it also has a young workforce but, in contrast, it has a more even gender balance, and a wider range of jobs (but with a preponderance of ‘service’ occupations).

These differences are exemplified by Table 1 which profiles the educational attainment of the Site 1 and Site 2 workforces – with Site 2 having a much more educated workforce than Site 1.

<table>
<thead>
<tr>
<th>Highest Qualification</th>
<th>Site 1</th>
<th>Site 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal qualification</td>
<td>37.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Below NVQ Level 2</td>
<td>28.7</td>
<td>8.9</td>
</tr>
<tr>
<td>NVQ Level 2 or equivalent</td>
<td>25.4</td>
<td>36.4</td>
</tr>
<tr>
<td>NVQ Level 3 or equivalent, below degree</td>
<td>7.9</td>
<td>37.2</td>
</tr>
<tr>
<td>Degree Level or higher</td>
<td>1.0</td>
<td>11.1</td>
</tr>
</tbody>
</table>

Despite these variations between the sites in location, type of work performed, and workforce characteristics, the two employers (and more widely the two sectors of employment) face common employability issues. In particular, both employers experience ‘hard-to-fill’ vacancies, but not always because of a lack of suitable skills. For both employers attracting sufficient local labour is an issue, although the reason that vacancies are ‘hard-to-fill’ varies between the sites, as does the context of the debate about local labour. These differing reasons and contexts throw light on the local context of employability, and illustrate the need to take account of local and sectoral background when assessing the balance of labour supply and demand.

HARD-TO-FILL VACANCIES IN THE FOOD SECTOR

Site 1 is located in an area with expanding employment opportunities. There has been an increased demand for labour in the food-processing sector, in particular, because of changed relationships in the market (e.g. more numerous and stronger relationships with large supermarket chains) that have meant greater demands for food products sourced in NI. This jobs growth might have been assumed to be of benefit to local residents. Yet, in common with many other food-sector companies, Site 1 has found it difficult to increase its locally-resident workforce largely because, although it succeeds in recruiting large numbers of workers, an equally large number leave meaning that it is ‘running to stand still’. These labour shortages, and ‘hard-to-fill’ vacancies, have led to problems in production which have been experienced by many employers in the area:

“It’s very much a constraint on us at times. We’ve had to slow down some of the expansion….. We would end up losing the business because we weren’t able to supply them.”
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The reasons for this situation are several. One factor is that the labour market has become ‘tighter’ as the numbers of Jobseekers Allowance (JSA) benefit claimants in adjoining areas has continued to fall, and several employers in the locality have completed significant expansions of production and employment. But this is not the full story. There were still about 2,000 JSA claimants (as of Autumn 2000) in the area who might be expected to be looking for work in the locality. At first sight it seems a paradox that unemployment persists when there are unfilled vacancies at local employers. But there are strong barriers to the employment of local residents. These include perceptual factors that mean that the jobs on offer are unattractive for many individuals:

“I think it’s a mixture of all of those things. I think again, what I said earlier, the food industry is considered to be somewhere you basically end up in when you haven’t done so well in your education. So I think there’s a combination of that, where it is frowned upon, it’s considered to be a poor job and poor prospects and so on.”

In essence, many jobs in the sector, whether in terms of relative pay or conditions, do not meet employment aspirations and individuals therefore seek other opportunities. In response to these labour shortages, employers have adopted a number of measures. These include the attraction of ‘returners’, improvements to benefits and conditions, the provision of training, and the use of contract labour. This last response has proved to be especially interesting. Initially, contract workers from other parts of NI were used, but increasingly foreign workers, mainly from Portugal, have been introduced to maintain production. These workers have been significant for employers:

“I think until this source of labour from Portugal came,…..we were being constrained badly.”

Against assumptions of continued labour shortages as a result of an inability to attract applications to what are perceived as unattractive jobs, the expectation is that this trend to immigration will continue because of insufficient NI resident workers to meet the demand for labour:

“I see it here to stay. And I also see that in the next ten to fifteen years we’re going to see an explosion in the immigration, people coming into the province. I think we’ll go very much like the south. They reckon in the south that they are going to need 70,000 immigrants.”

This case study illustrates the importance of job type in influencing employability, particularly in terms of ‘realising potential’, by matching people with jobs that meet their expectations, and in understanding more about the local ‘structural aspects of employability’. In this instance, employment expansion is not increasing local employability but is instead enhancing the employment of a variety of contract workers. Clearly, the situation is optimal neither for the employers who cannot attract local labour under present conditions, nor for wider social policy objectives of reducing NI unemployment.

HARD-TO-FILL VACANCIES IN THE HOSPITALITY SECTOR

Site 2 also has hard-to-fill vacancies and relatively high rates of workforce turnover. These are at the lower-pay and lower-skill end of the occupational hierarchy, in this case in jobs such as housekeeping. There are also skill shortages for more highly skilled occupations such as chefs. This experience is not unique to Site 2 – many other employers in the hospitality sector also find it difficult to recruit workers for certain positions, have hard-to-fill
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vacancies, skill shortages and high turnover – see the NI Skills Monitoring Survey (Chapter 11 in this Bulletin). Unfilled vacancies and the need to recruit continually to cope with turnover have consequences for operations and the provision of services. As one personnel manager commented:

“Oh yea. The consistency of service becomes very difficult to provide because they have new people coming in all the time trying to train them up, and then a lot of times when they are trained up, they move on...”

Increases in employment in the hospitality sector in the greater Belfast area – and wider – are expected to increase the numbers of hard-to-fill vacancies and also cause potential skills shortages. Some of the measures to cope with these are associated with those that are already in place to reduce losses of workers by turnover and include increased pay and multi-skilling programmes.

But Site 2 is additionally interesting case study because of its location. Situated near some of the most socially deprived areas in NI, there is a policy drive to encourage urban regeneration and to increase the uptake of jobs by local residents. The conditions for this policy are favourable on several counts. Firstly, there is a tradition of work in the hospitality sector in the local deprived neighbourhoods and so it might be assumed that similar jobs might be highly suited to local skills and aspirations. Secondly, the employer has made efforts to build links with the local community. But despite this, there are perceptions of failure as typified by the following quote:

“Sometimes it is an issue. I mean, I know...has done an awful lot of work with the community and we have had a lot of problems. I mean, they come and they want jobs, they come for interviews, we give them jobs, but they maybe last for two days and decide not to come back, or don’t turn in, so their attitude to working is not very positive. ”

Paradoxically, Site 2 has jobs, undemanding in terms of skill, a commitment to employ local labour, and a local labour supply with some tradition of working in the hospitality sector, but yet has problems with unfilled vacancies and a mixed record in attracting local workers. The employer is also perceived as being a ‘good’ employer offering relatively high rates of pay and training as well:

“At £4.50 an hour it was a good wage for that sort of work. Even those with no qualifications could get work...and they were training them too.”

Furthermore, the site is not seen as intimidating, and as being relatively accessible to prospective workers:

“...there was absolutely no problem with the (Site 2) location. You’d need your head showered if you thought there was.”

This heightens the puzzle as to why Site 2 has had a mixed experience of local recruitment. However, it is likely that the explanation can be found in terms of the operation of the benefits system, and local labour market traditions.

Firstly, there is the informal economy in the locality that means that the local labour market does not operate in a way that would be expected but in a manner that is still economically rational, as was expressed succinctly by one respondent:

“Local women do the black and white. They can’t manage on a full-time job. They do the double to make ends meet, and they can’t afford to give up benefits. They also need to be available to look after kids”
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“But to work at (Site 2) they had to hand in their cards so they couldn’t do the double, which they have to do to get by…”

Secondly, there is still a tendency to look to the city centre for employment despite the advantages offered by location of Site 2:

“Some have full-time jobs in the city centre... that’s where the jobs are”

This indicates that measures to increase local employability face a number of problems in implementation in the ‘real world’. Even in apparently favourable circumstances, it can prove difficult to place local people, particularly those who are unemployed.

CONCLUSION

The two case studies show that enhancing local employability is problematic. In each instance, the employer has found it difficult to recruit or retain labour in certain occupations. This has led to problems in production or in service provision. Substantial effort has been expended on recruitment drives, and in devising measures to attract or retain labour. These have included alterations in shift patterns, increased pay, enhanced and multi skilled training, increments to other benefits or even the use in the food-processing sector of foreign contract workers.

Employers often understand these problems in terms of ‘attitude’ – difficulties in recruiting workers, particularly the unemployed, are often perceived as being caused by individuals being ‘work-shy’, as are problems in worker retention. But there is far more to the mismatch between the supply and demand for labour than this. If ‘attitude’ was the only issue, then a significant step towards increasing employability could be made by finding means of enhancing work discipline and incentives amongst unemployed people.

However, the problems that employers face in recruiting sufficient workers go beyond this, questioning the notion of ‘employability’ and pointing to the need to be sensitive to local situations. Site 1 (and other similar employers in the same industrial sector), seems to have problems in recruitment because of its image, and particularly the perception that many jobs are not well paid, offer poor conditions, and are at the ‘bottom of the heap’. This image has persisted despite efforts to change working conditions and to offer incentives. However, the poor image of the industry has proven resistant to reform. To some degree, this could be seen as a result of the poor ‘attitude’ of workers and unemployed. But the issue could perhaps better be seen in more structural terms in which factory work, particularly of this sort, is unattractive given the range of other options open to individuals, especially younger people, regardless of attempts to improve conditions. In these circumstances, simply increasing work of this, or similar, type in the NI economy is unlikely to increase sustainable employability.

Instead it is probable that it will lead either to an increase in the immigration of workers who will take the jobs that NI residents do not really want, or a growth in disgruntled employees who feel that they are in unsuitable employment. Closer interaction between government and employers in looking at the quality of work on offer may be of help in this type of instance.

Site 2 exemplifies a different type of situation. The overall position is the same – there are ‘hard-to-fill’ vacancies and high turnover - but the reasons for this are different. The employer, as are some others in this sector, is fairly highly regarded in terms of employment conditions. However, problems in gaining workers (and retaining them) are again,
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often perceived as being caused by a poor attitude to work, especially in the case of potential employees. Efforts at outreach to these communities have had mixed success in encouraging local employment. But in this case, it is difficult to attribute a lack of local involvement in employment at Site 2 to irrationality and to behavioural issues. The shift patterns and the need for flexibility in hours worked, plus the formal nature of the employment with the implications of paying tax and national insurance, mean that for some people it is uneconomic to seek work at Site 2. They would forgo income that they otherwise would earn from benefits and informal employment, plus sacrifice the flexibility needed for childcare, if they moved into the formal economy. Their decision not to work is therefore not irrational – indeed purely in terms of income it is sensible, and paradoxically, it is problematic to perceive individuals as being ‘work-shy’ because they already are taking-up work opportunities in the informal labour market.

The notion of employability suggests that individuals should only find work in the formal labour market, and that this objective can be achieved by adjusting the
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supply and demand for labour. These two case studies, however, point to the formidable problems in bringing work to areas, and in particular placing unemployed people into jobs, even when labour market conditions appear to be favourable. These difficulties vary by industrial sector and locality and so suggest the need to be sensitive to geography and local background, but they also indicate the potential need for radical changes if long-term unemployment is to be reduced by long-term unemployed people gaining jobs.

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