

# BULLETIN

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## Impacts of migrant labour on 'low skilled' work in the construction and accommodation and food services sectors

### Introduction

This bulletin summarises the findings from a recent study undertaken by Warwick Institute for Employment Research (IER) for the Home Office's Migration Advisory Committee (MAC). The study (Green et al, 2013) looked at the effects of migrant labour on the construction and accommodation and food service sectors.

As of August 2013, IER have been awarded funding by MAC to extend this work by looking at two further sectors of the UK economy: retail and care work.

The research was undertaken by Anne Green, Gaby Atfield and Duncan Adam (IER) and Teresa Staniewicz (Department of Sociology), University of Warwick. Invaluable support in setting up interviews was provided by Amanda Kerry and Lynne Conaghan (IER).

### Purpose of the study

The study aimed to explore two main issues:

1. How and why demand for migrant labour persists in 'low skilled' jobs in two sectors of the economy – construction and accommodation and food services
2. To explore the factors that affect the supply of labour to these 'low skilled' jobs

For the purposes of the study 'low skilled' jobs are considered to be those which do not have a high level of skill and/or formal qualification as an entry requirement. This does not mean however that people doing these jobs do not possess either skills or qualifications.

### Methodology

Following an initial review of literature, the study adopted a case study approach. Semi-structured interviews were undertaken with employers, recruitment agencies, migrant workers, British workers, British born job seekers and stakeholders with an interest in the sectors. Interviews were undertaken within the West Midlands region. In the case of the construction sector,

where jobs are site based, this was taken to mean companies which operate in the West Midlands region, even though their offices may be located elsewhere. The West Midlands was chosen as a location for study because it encompasses a large metropolitan area together with a range of smaller cities, towns and rural areas, and has been the destination for successive waves of migration to the UK.

The project team note that the employment practices and the views which are described in this briefing and in the full report are from individuals who were happy to be interviewed as part of this research. More nefarious practices and discriminatory views may exist in the wider population, in both the formal and informal economies.

The research employed a qualitative methodology, using semi-structured interview schedules to guide discussion, whilst affording respondents the time and space to raise key issues important to them. The aim was to generate rich, detailed data that described the work contexts of the respondents. As such the study does not claim to be representative of the myriad of experiences within the chosen sectors, the UK economy in general, nor of the

wide ranging employment conditions in the West Midlands.

Interview schedules were tailored to each group of respondents and included discussion topics such as past and present work experience, aspirations, attributes, skills and qualifications of workers filling low skilled jobs, and the role of employment regulation. Interview data were collected and reflected upon by members of the research team. Through this process, a picture of the most important issues raised was established. Some of these are detailed in the findings section below.

### Background to the study

Changes in the UK employment structure have led to growth in so-called ‘atypical’ work, particularly jobs which are part-time, fixed-term and/or done without a formal employment contract (Gregory, 2000).

Studies such as Goos and Manning (2007) have emphasised the polarisation of the UK economy, so that growth is concentrated in the top and the bottom. Hence there is continued demand for workers to fill low-skilled roles.

Atkinson and Williams (2003) have noted that there are two different labour markets for low skilled workers. The first is characterised by (largely) male full time employment based on manual, operative assembly and process work. The second low skill market is predominantly female, non-manual customer facing jobs often in retail, hospitality and the like.

Questions about progression and career trajectories are important and relevant. Atkinson and Williams (2003) suggest that these low skilled roles may be stepping stones to better paid more secure jobs, or they may be intrinsically poor jobs in terms of the pay and conditions and additionally offer little prospect for advancement.

This study picked up on both of these low-skilled labour markets identified by Atkinson and Williams.

### Sectoral focus

The sectors were chosen on the basis that they contain higher proportions of low-skilled jobs, but there is recognition that not all the jobs in these sectors are low skilled.

*Construction* is an industry which has traditionally relied upon labour mobility including cross border mobility (Construction Skills, 2010). This international mobility has permitted migrants to fill labour supply gaps especially in boom years. Estimates of the proportions of migrant labour in construction vary around 6%-8%. Gambin et al (2012) note that this figure is higher in major cities and on major sites.

Construction has been hit hard by the recent recession, though longer term employment prospects are strong,

given likely demand for infrastructure projects (Wilson and Homenidou, 2012).

Employment in *accommodation and food services* has been growing and projections are for this employment growth to continue in the medium term (Wilson and Homenidou, 2012). Employment in this sector has been noted to be characterised by a high level of customer interaction, low levels of productivity, low wages, high turnover, unpredictable levels of demand and high levels of hard to fill vacancies (Lucas and Mansfield, 2008). Moreover the sector has traditionally sourced labour from groups of workers who are associated with being marginalised within secondary labour markets, such as women, young people, migrants, ethnic minorities and students (Baum, 2007; Lucas and Mansfield, 2008). Some of the features, e.g. flexible hours and ‘temporariness’ of the sector, may make the jobs attractive to migrants, but these features may also make these jobs attractive to other groups, particularly students (Atfield et al, 2011), and given the current UK context relating to student funding, competition for these jobs may be more intense.

This study and its successor, which is to focus on the social care and retail sectors, are timely because of the continued interest surrounding issues either directly associated with migrant labour, such as media portrayals of hard workers and shirkers, major companies being ‘accused’ of favouring migrant workers, debates about polarisation of earnings and zero hours contracts and discussions of incentives within the welfare to work domain. These factors mean that this research is somewhat sensitive; both in terms of how findings are reported, but also in terms of achieving individuals willing to engage with the work.

### Policy relevance

The research is highly pertinent to issues relating to welfare to work. Important changes to the welfare to work policy area have occurred over recent years. For example there has been a general policy towards making welfare more ‘active’ and placing more obligations on different client groups to prepare for, or seek work. During the time of this research Housing Benefit was reformed with the so-called ‘Bedroom Tax’ coming into operation. In addition, the upcoming Universal Credit model may change job search strategies and perceptions of risk.

The research investigated HR models used by employers, which in the context of how to manage recession is extremely relevant. One of the features of the recent recession compared to predecessors was that employment levels proved more resilient than many estimates expected. Tentative explanations for this include changes to job hours including the rise of the zero hours contract; are migrants more likely to accept work on this basis?

This research also provides information on migration and demand for services. If migrant labour is going to become more prevalent and permanent, service providers will need to address both levels of demand and types of services which migrants may require.

Methods of job search and employers' recruitment and selection methods is another policy area to which this work has relevance. The ways in which employers recruit and the aptitudes which they select on have important implications for training and skills policies.

### Questions addressed

The study attempted to answer a wide range of research questions. Among some of the most significant were:

1. Whether there is evidence to support the 'conventional wisdom' that employers in low skilled sectors prefer migrant to British-born workers.
2. If and how employers human resources models have changed in response to availability of migrant labour.
3. If and why different groups are more likely to seek or accept temporary and other 'atypical' forms of employment, and whether some groups are more likely to seek work through agencies.
4. Whether skills / training policy can increase the employment level of British workers relative to migrant workers in low skilled sectors.

### Findings

#### Employer preference for migrants?

Employers who employed migrants did tend to think of migrants as 'good workers', but there was little evidence that they were choosing to employ migrants solely on assumptions about positive characteristics. Employers did stress that they could only employ people who applied for jobs and that if migrants or British people applied for work then they would be considered on their individual merits; several employers in the different sectors stressed that they did not see applicants or subsequent employees as "migrant" or "British", the paramount concern was recruiting the best person for the job.

However employers did make assumptions about the attitudes to lower skilled work of young British workers which did appear to have a negative impact on the employment chances of this group.

Employers routinely said that there were advantages to employing migrants because they were perceived to be reliable and to be good workers.

There were some negatives noted by employers to employing migrant workers. Some issues related to

language barriers. In both sectors this was raised as a potential issue: in food and accommodation it was felt that poor English language skills meant that migrants were less suitable for some 'front of house' roles; in construction there were some concerns raised about being able to communicate health and safety information effectively to migrant workers. Other disadvantages noted by employers included the possibility of cliques forming among migrants of the same nationality, which could lead to instances of disharmony. Employers also suggested that employing migrant workers required a more robust approach to the paperwork; given various sensitivities, it was seen as more important in the case of migrant workers to have everything filled out correctly.

There was some evidence that the difficult economic conditions had led to some "bumping down" for both migrant and British workers, whereby people with higher levels of skill were more willing to seek and accept jobs which did not make full use of their skills.

#### Human Resource models

No clear picture emerged regarding human resource models employers deploy in the context of changing availability of migrant labour; a range of views was expressed.

In the construction sector, cost cutting measures were often achieved through sub-contracting models. This is not new, and not always related to the availability of migrant labour, but it appears to be an increasing prevalent model as the sector is affected by recession.

Employers reported that since the recession there was little need for them to actively seek out labour; people were coming to them and that employers were more able to pick and choose than when the labour market was tighter.

Broadly speaking, there was an over-supply of labour in the two sectors, especially in accommodation and food services. Consequently, employers did not need to engage in intensive recruitment channels; agency use was down and where agencies did operate, they were doing so on tighter margins. Hence employers were able to recruit using low cost methods such as word of mouth.

The quality of British applicants referred to employers via Jobcentre Plus – the state managed employment service – was generally thought to be poor. There were notable cases where employers were happy to recruit from the local Jobcentre Plus, but that standpoint was very much the exception, rather than the rule. Common problems cited by employers were the number of applicants and the lack of matching undertaken by JobCentre plus, so often employers felt they were faced with numerous unsuitable candidates. Employers attributed this, in part, to the necessity for Jobseekers to

demonstrate that they are actively seeking work in order to secure their access to state benefit.

### Job search strategies and atypical work

Job seeking strategies among migrants and British workers showed some differences. Migrants were more likely to engage in “hot” networking, whereas by contrast British job seekers’ employment search strategies were more reactive and “tepid”.

There is strong rhetoric that the operation of the benefits system means that British-born workers are reluctant to take up temporary employment. Stakeholders acknowledged that many unemployed people feel that a move into temporary work is risky and may yield little reward. Even “permanent” low paid positions may be felt to be risky given the nature of the employment in the sector.

### Increasing the employability and employment levels of British workers

There is evidence that employers often regard British school leavers as not having the necessary qualities for finding employment. Interestingly, though the qualities which employers were found to favour related to the softer skills rather than qualifications, qualifications may be used to perform initial screening and in some cases were used as a proxy for other attributes. Employers cited the importance of reliability and attitude and, for customer facing roles, appearance. Employers often said that it was difficult to teach employees the right attitude, whereas the hard skills necessary to do the job could always be learned. Consequently, training in both sectors tended to focus on acquisition of the skills required to do the current job of the employee. Training-for-progression was more patchy and there was often a disconnect between those who wanted training and the availability of training. This was a particular issue for migrants.

Migrants and British workers exhibit ‘different frames of reference’ and this is important in understanding their willingness to take on some low-skilled roles. Migrants were more likely to see low-skilled roles as important in their own right and to regard these roles as a stepping stone to better things. They were more likely to want to undertake training which would enable them to progress into higher skilled roles either with their current employer or elsewhere.

The research asked some questions about regulation and employers accepted the need for some form of regulation to protect workers from exploitation and to secure a level playing field. However, there was a view that regulation was an inappropriate tool to promote employment of British workers. Regulation of migrant employment by whatever means would not affect the employability of British job seekers.

Employers and stakeholders noted that legislation is only as effective as the enforcement which backs it up. A number of employers expressed the view that it would be preferable if energy was expended on policing the existing regulations, rather than trying to expand the scope of regulation. Some concerns were raised that, in effect, to increase the amount of legislation without effective enforcement would lead to no change for the ‘bad’ employers, whilst the ‘good’ employers would face increasing bureaucracy.

Employers were asked how they could be encouraged to employ more British workers and this question provoked a range of responses. Employers noted that they would employ the ‘best people for the job’, and that would be irrespective of their nationality. For British workers to be more successful they would have to apply and they would have to be of a suitable standard. Employers’ views about how British workers might achieve a suitable standard stressed training in some instances, but often focused on attributes such as perceived attitude, interest, reliability and a willingness to work.

### Forthcoming work by IER

The team at IER are currently investigating similar issues in the care and retail sectors. This upcoming work will seek to add further information about migrants’ intentions and aspirations, interactions of various factors, including housing, on work motivation and labour mobility. There have also been important changes to the welfare system since the study described in this Bulletin, which may have had an impact of both employers’ and job seekers’ behaviours.

The fieldwork for this research started in September 2013, and it is anticipated that the final report will be published in the early part of 2014.

### Reports

The full report (Green et al. 2013) relating to this project can be downloaded from:

<http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/workingwithus/mac/warwick-insti.pdf>

or is available via the IER website:

<http://www2.warwick.ac.uk/fac/soc/ier/publications/2013/>

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### Further Information

For further information on this IER programme of research please contact:

Anne Green, Gaby Atfield or Duncan Adam

Email: [Anne.Green@warwick.ac.uk](mailto:Anne.Green@warwick.ac.uk)

Email: [G.J.Atfield@warwick.ac.uk](mailto:G.J.Atfield@warwick.ac.uk)

Email: [Duncan.Adam@warwick.ac.uk](mailto:Duncan.Adam@warwick.ac.uk)

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