

Bulletin

Institute for
Employment
Research

THE RECRUITMENT OF UNEMPLOYED PEOPLE¹

Introduction

In contrast to the considerable information that exists concerning unemployment on-flows and off-flows, much less is known of the ways by which individuals make their way into employment. Little is known of the labour market destinations to which off-flows are moving. It is not even known whether people leaving the unemployment register are doing so in order to take up jobs, let alone knowing where unemployed people find work, the type of work they take up or who employs them. This lack of data arises because much of the recruitment process is informal and 'undocumented'. Even the Employment Service (ES) only has information about those vacancies and engagements which are notified to it (generally assumed to be about one-third of all vacancies existing at any time). Moreover, the information routinely published by ES says nothing about the quality of vacancies in terms of pay, tenure, conditions of employment or access to training.

One consequence of the lack of regular and reliable information about recruitment is that much of current knowledge of the transition from unemployment to employment is based upon infrequent and *ad hoc* unemployment 'follow-up' surveys conducted by ES, or the Labour Force Survey (LFS) (which contains information about the jobs of LFS respondents who were unemployed 12 months before the survey but little information about the recruitment process). To remedy this dearth of information the ES commissioned the 1992 Survey of Employers' Recruitment Practices (ERPS). This survey provides up-to-date information on the

recruitment activities of a very large and nationally representative sample of establishments (see Hales, 1994).

The principal purpose for commissioning ERPS was to enable reliable estimates to be made of the ES share of the vacancy market. However, ERPS provides a rich source of data on a wide variety of recruitment-related issues and it has been used to analyse the market for job vacancies (Hasluck, 1995a) and the recruitment of unemployed people (Hasluck, 1995b). This Bulletin briefly sets out the main findings of a subsequent analysis of the recruitment of unemployed people in London and the South East region undertaken on behalf of Central London Training and Enterprise Council (CENTEC). Despite its regional focus, the findings should be of interest to all concerned with issues of labour market analysis, employers' recruitment practices and unemployment (Hasluck, 1996).

The 1992 Survey of Employers' Recruitment Practices

The 1992 Survey of Employers' Recruitment Practices (ERPS) was carried out by Social and Community Planning Research (SCPR) on behalf of the Employment Service. The survey used in-depth interviews to gather information about vacancies, engagements, recruitment practices and the personal characteristics of people engaged from 5,635 establishments. Contextual information relating to the enterprise, its markets and organisation was also collected. Details of more than 22,700 recent engagements in jobs spread across the nine major groups of the Standard Occupational Classification were recorded, making the survey one of the largest of its kind ever undertaken.

The ERPS sample was designed to provide sub-samples that were representative at the regional level. In the case of the South East Region this amounts to a sub-sample of

¹ This Bulletin has been prepared by Chris Hasluck, Institute for Employment Research, University of Warwick, Coventry CV4 7AL. Telephone: 01203 523287 Fax: 01203 524241.



970 establishments: 385 establishments in London and a further 585 in the 'Rest of the South East'. These establishments in turn reported on a total of 3,938 engagements: 1,579 engagements in London and 2,359 in the 'Rest of the South East'.

The Broad Pattern of Engagements in the South East Region

Over half (54 per cent) of all engagements in establishments in the South East Region involved the recruitment of a person who was already in work, either with another employer or elsewhere in the recruiting organisation. Remaining recruitment was split almost equally between the recruitment of people who were unemployed prior to being hired (50 per cent of non-employed recruits and 23 per cent of total engagements) and the recruitment of people who were economically inactive prior to being hired.

While the number of engagements by establishments in London is greater than might be expected on the basis of their share of regional employment, the number of recruits from unemployment is somewhat less than might be expected. Around 44 per cent of unemployed recruits were hired by establishments in London, despite such establishments being responsible for about 48 per cent of all engagements. The sub-regional difference is, moreover, greater for males than females. Recruitment by establishments in London accounts for around half of all recruitment of unemployed females in the South East but only about 39 per cent of the recruitment of unemployed males.

The Unemployed and Jobs

The unemployed are a disadvantaged group in the market for jobs. This is likely to be reflected in the nature of the jobs to which they are recruited. Being unemployed is not only associated with a lower chance of obtaining work, it may also mean that when unemployed people obtain work, such jobs are inferior in terms of pay, conditions or status.

Job Status and Earnings

Only half (49 per cent) of unemployed recruits in London enter a permanent job (61 per cent in the Rest of the South East region). Unemployed females, especially in London, are much more likely than males to enter temporary employment while males are more likely to work in casual or fixed-term jobs. Table 1 shows the shares of each employment status category taken by unemployed recruits. This is a measure of the likelihood of unemployed people filling a job of a particular status. The

table shows that the recruitment of unemployed people represents only a small proportion of recruitment to permanent jobs: just 15 per cent in London and 22 per cent in the Rest of the South East. In sharp contrast, the unemployed make up 44 per cent of recruits to temporary jobs in London and 32 per cent in the rest of the region. In London, unemployed recruits make up a quarter of fixed-term engagements and two-thirds of provisional engagements (88 per cent amongst males). In the Rest of the South East region virtually all recruitment to casual jobs involves hiring unemployed people.

Table 1
The share of unemployed engagements
by job status and sex, by region

Job status of recruits	percentage of engagements		
	Males	Females	All
London			
Temporary	38	47	44
Casual	0	0	0
Fixed term	23	29	25
Permanent	18	12	15
Provisional	88	40	66
Self-employed	13	0	17
All engagements	23	20	21
Rest of South East Region			
Temporary	40	27	32
Casual	94	7	30
Fixed term	21	26	22
Permanent	29	17	22
Provisional	6	3	4
Self-employed	46	0	43
All engagements	31	19	24

Source: Employers' Recruitment Practices Survey, 1992.

Job status and earnings are closely related. The earnings of unemployed recruits is significantly lower than that of other recruits. In the South East region as a whole, the starting pay of unemployed recruits is less than half that of recruits already in work and less than a third of the pay of recruits from out of the labour force. These differentials are even more acute for male engagements in London and female engagements in the rest of the region.

Occupation and Industry

Status and earnings are closely related to type of job and thus to occupation and industry. Recruits from unemployment are predominantly hired to jobs in just a few occupational groups. In London, unemployed recruits are mainly hired to jobs in clerical and secretarial (19 per

cent), personal and protective services (18 per cent) and unskilled (29 per cent) occupations. This pattern is partly a reflection of the overall distribution of recruitment activity, but the concentration of recruitment from unemployment in these occupational groups is greater than can be explained by this factor alone. Unemployed recruits are particularly over-represented in personal & protective services and in unskilled engagements. Correspondingly, the proportion of unemployed recruits to management, professional and associate professional jobs is disproportionately low.

The occupational concentration of unemployed recruits is even more marked when the figures for males and females are considered separately. Well over half of all male unemployed recruits were hired to personal and protective services or unskilled jobs. Recruitment of unemployed females is spread over a wider range of occupations but there are notable concentrations of engagements in clerical & secretarial and unskilled jobs but also in professional and associate professional occupations.

The industrial structure of the South East region is reflected in the distribution of unemployed recruits. More than half of all unemployed recruits in London and the South East are hired to work in the other services sector while almost another quarter are hired to banking and finance. Despite this the chances of an unemployed person being recruited in such industries is relatively low. In the region as a whole, only 18 per cent of recruits to other services were unemployed compared to an average share of 24 per cent. The share of unemployed recruitment is, however, well above average in metal goods and engineering, other manufacturing, construction and transport.

The Job Market Position of the Unemployed

Employers regulate entry into jobs. There is evidence to suggest that employers' recruitment practices have a differential effect on the chances of individuals with particular characteristics entering a job. Specific recruitment practices and discriminatory behaviour by employers can reduce the chances of some groups of job-seekers entering employment, or even exclude them altogether.

The unemployed may be disadvantaged by employers' recruitment practices, perhaps because the particular methods used disadvantage unemployed people or because employers actively discriminate against the unemployed, especially the long-term unemployed. However, the unemployed may have some advantages over other job-seekers. They are available at short notice and this may be an important characteristic in some cases.

The unemployed are also served by a more formal system of support in the form of the Employment Service and Jobcentres. Thus there are forces pulling in either direction and the test of the effect of employers' recruitment practices on the unemployed is what actually happens in the workplace.

The Recruitment Process

As the recruitment channel which first leads to contact with the person hired, the Jobcentre accounts, nationally, for about a quarter of previously unemployed recruits. This is the single most important channel by which unemployed people entered employment and is approximately three times more important than for people previously in jobs or out of the labour force. Not unexpectedly, 60 per cent of people recruited through the Jobcentre are unemployed. However, in London and the South East, the Jobcentre is much less important as a recruitment channel and accounted for only 6 per cent of first contacts with recruits in London and only 8 per cent in the rest of the region.

The most frequently used recruitment channel, both in London and the Rest of the South East region, is direct application to employers. The other main recruitment channel by which unemployed people are recruited is local paid newspapers (16 per cent in London and 15 per cent in the Rest of the South East). Other recruitment channels are relatively unimportant. This pattern contrasts sharply with the pattern of recruitment channel usage for recruits from employment or from out of the labour market. In the case of people already in work, trade journals, private sector recruitment agencies and national newspapers are the most important recruitment channels in London. A different pattern yet again is evident amongst engagements of people from outside the labour force. Here employers are much more reliant on informal methods such as internal notices and the re-employment of former employees and (outside London) direct applications.

The choice of recruitment channel is part of the procedures and practices which may have an influence on the propensity to recruit unemployed people. Table 2 presents a number of summary indicators of employers' recruitment practices. Although the differences are small, they all suggest that unemployed people are slightly less likely to be recruited by establishments which have a formal recruitment process. Compared to people already in a job, the unemployed are rather more likely to be hired by employers with no standard recruitment procedure, no equal opportunities policy and unqualified personnel staff.

Table 2
Characteristics of the personnel
function and recruitment

	per cent		
	Previous economic status		Not in Labour Force
	Employed	Unemployed	
<i>Standard procedures for all jobs</i>			
London	88	84	91
Rest of South East	85	72	84
<i>Equal opportunities policy applies in establishment</i>			
London	47	42	50
Rest of South East	42	37	48
<i>Personnel staff are professionally qualified</i>			
London	53	36	41
Rest of South East	49	37	48

Source: Employers' Recruitment Practices Survey, 1992.

Establishment Activity Level and Recruitment

One comparative advantage possessed by unemployed job-seekers as compared to people already in work is that unemployed people are immediately available for work. Employers may gain the benefit of filling a vacancy more quickly if unemployed people are hired. Evidence from the survey suggests that, as a crude generalisation, the time taken to recruit an unemployed person is around two-thirds of the time taken to recruit an employed person, although there is variation between occupational groups.

The recruitment of an unemployed person was significantly more likely in jobs where an employer indicated that a delay in recruiting 'mattered'. Indeed, where an employer felt that a delay of one week was important, employed recruits were rarely hired. Generally, where unemployed people were recruited, employers were more likely to indicate that a delay (of a month) mattered. The association between the recruitment of an unemployed person and the urgency of filling the job is

particularly evident in the case of males recruited in London.

Despite their advantage of being available to fill 'urgent' vacancies, the probability of an engagement being filled by an unemployed recruit is highest in establishments which are 'somewhat below capacity' and, most notably, those 'considerably below capacity'. In London, 44 per cent of recruits to establishments in the latter category were unemployed while in the rest of the region the proportion was 83 per cent. This finding suggests a potential risk for unemployed people. They appear to be recruited to jobs which could be vulnerable in the future. This may be because other potential recruits are less inclined to take such jobs. If so, this further underlines the potential vulnerability of the unemployed who may take insecure jobs and suffer from recurrent spells of unemployment.

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Contact: Chris Hasluck – Tel: 01203 523287