DEPARTMENT OF SOCIAL SECURITY

RECRUITING LONG-TERM UNEMPLOYED PEOPLE

Dawn Snape

THE STATIONERY OFFICE
DEPARTMENT OF SOCIAL SECURITY

RESEARCH REPORT No 76

RECRUITING LONG-TERM UNEMPLOYED PEOPLE

EMPLOYERS' VIEWS OF THE NATIONAL INSURANCE CONTRIBUTIONS HOLIDAY SCHEME

Dawn Snape

A report of research carried out by Social and Community Planning Research (SCPR) on behalf of the Department of Social Security

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ACKNOWLEDGEMENTS

First thanks go to the employers who shared their time and experiences with us and to the Training and Enterprise Councils (TECs) and Business Links which put us in touch with them. The employers provided invaluable insights, both in terms of their responses to the NIC Holiday as well as their needs and priorities in relation to the recruitment of unemployed people more generally. The TECs and Business Links supplied information about the local labour market contexts and enabled a fuller understanding of the circumstances in which employers make recruitment decisions.

At the Department of Social Security Elaine Squires and Arthur Fliss provided extremely helpful advice and guidance throughout the project from which the research has benefited enormously.

I am also grateful to Jane Ratch at SCPR who had strategic input into the research in all its phases and was particularly helpful in providing feedback on earlier drafts of this report.

Last, but not at least I wish to thank and acknowledge those key members of the research team responsible for gathering the rich data on which this report is based. The combined qualitative interviewing expertise of Kit Ward, Wendy Duddig, Jill Keegan and Robin Legard ensured that we had full and detailed accounts from employers from which to understand their views of the NIC Holiday and the recruitment of unemployed people.
SUMMARY

The National Insurance Contribution (NIC) Holiday was one of the elements of the 'Back to Work' incentives package announced in the November 1994 Budget. The NIC Holiday aims to stimulate labour market demand for people who have been long-term unemployed by enabling employers to claim back an amount equal to their share of National Insurance if they recruit an employee who has been out of work and claiming benefit for at least 2 years. Despite widespread publicity about the scheme, take-up has been lower than anticipated and survey evidence shows that there is a low level of awareness about the scheme among employers. This study was commissioned to investigate the reasons for the low take-up and to explore employers' perceptions of the scheme in detail.

Chapter 1

Chapter 1 provides background information about the research including the study's aims and objectives, the research design and methodology, and details of the sample.

In the light of the lower-than-expected take-up of the NIC Holiday, the specific aims of the research were to investigate:

- the reasons for take-up of the NIC Holiday among participating employers,
- the reasons for non-take-up among non-participating employers including the very low take-up among eligible employers,
- employers' understanding and knowledge of the scheme,
- the sources and substance of information employers receive about the scheme, and
- employers' recruitment patterns and the ways in which the NIC Holiday has influenced recruitment or is expected to be an influence in the future.

Given the exploratory nature of the research questions and the detailed understanding required of recruitment processes and employers' priorities in relation to the scheme, a qualitative research design was selected.

Forty employers from the public, private and not-for-profit sectors were included in the study. They varied in size (defined according to number of employees) and both locally based organisations as well as headquarters of national companies took part in the research. The study areas themselves were also selected to provide a range of local labour market conditions against which employers' responses to the NIC Holiday could be set in context. Employers were selected according to their status with regard to the NIC Holiday and included current and former recipients as well as eligible
In-depth interviews were carried out with one or two members of staff from each organisation, including those with responsibility for recruitment and those responsible for payroll matters.

Chapter 2 The first part of Chapter 2 deals with the broader subject of recruitment, including the criteria used and practices adopted by employers in helping them to select suitable job candidates. The second part of the chapter focuses particularly on employers' perspectives and policies on the recruitment of long-term unemployed people.

Key findings

- Vetting of job candidates occurs at a range of points in the recruitment process but getting past the initial hurdle of the application is crucial to unemployed applicants.
- During the interview stage, employers are more likely/able to consider the candidate as an individual with specific merits rather than simply a potential 'risk'.
- Employers described a number of factors they look for in applicants which were job and organisation specific. Factors of general relevance to unemployed people were to fill in applications completely and neatly and to demonstrate both that they have been involved in worthwhile pursuits (e.g., voluntary work, casual work, education and training, caring for relatives, etc.) while unemployed and that they are motivated to work.
- Employers had not always had favourable experiences with recruitment through Jobcentres and did not necessarily use advertising methods which drew a response from long-term unemployed people. This led to a perception that it is difficult to find suitable long-term unemployed people to recruit.
- Long-term unemployed people were commonly believed to lack skills and to be unacustomed to work routines. This was reflected in the types of jobs deemed most appropriate for the long-term unemployed (i.e., low-skilled and with extensive training and support provided).
- Employers looked more favourably on some reasons for and circumstances of long-term unemployment than others. They were more positive about unemployed people who had filled their time productively, who were motivated to work and had actively searched for work, and who had been unemployed for less than five years.
- Employers ranged along a continuum reflecting the degree to which they were disposed to recruiting long-term unemployed people. Those most favourably inclined viewed themselves as 'socially responsible' employers and wanted to give unemployed people a 'chance'. Those less favourably disposed tended to have less sympathetic stances and viewed long-term unemployed people as a high risk with potentially detrimental commercial implications.
Chapter 3  This chapter focuses on factors affecting the take-up of the NIC Holiday and seeks to explain why it has been much lower than expected.

Key findings

- Employers require information about such schemes when they are recruiting. Some information sources such as Jobcentre staff and TEC staff appeared to be able to provide the required information at strategic moments (e.g., when recruiting an unemployed person). These intermediaries may potentially be more effective in disseminating the information than more generalised methods of publicity alone.

- Payroll staff usually remembered seeing information about the NIC Holiday, but tended not to share it with staff involved in recruitment until after an eligible employee had been recruited. This precluded the scheme being used effectively as an incentive to recruit long-term unemployed people (at least until after employers had used it once already).

- Payroll staff also tended to be more aware of the value of the scheme, while recruitment staff were more vague about the savings involved. Those making recruitment decisions were therefore less aware of the benefits which could be associated with recruiting a long-term unemployed person.

- Employers lacked a clear understanding of the scheme and had mistaken impressions of how it operates which precluded some from taking part. Misunderstandings about the scheme included the belief that the previously long-term unemployed recruit had to apply for the Holiday rather than the employer and that participation in the scheme might inhibit an employer's ability to terminate the employment of an unsuitable recruit.

- Employers stressed the importance of getting the right person for the job and were unwilling to lower their standards to obtain the benefits of the scheme.

- While employers viewed the savings to be made from the Holiday as beneficial, they were wary of a number of potential disadvantages for which they felt the savings could not compensate (e.g., potential hazards associated with claiming back the money, difficulty meeting the eligibility requirements, and difficulty finding suitable long-term unemployed job candidates to recruit).

Chapter 4  This chapter focuses on the specific effects of the NIC Holiday on recruitment decisions and employers' views about whether and how the NIC Holiday is (or would be) taken into account in their choices between job candidates. It also explores perceptions of whether the NIC Holiday helps to off-set the perceived risks associated with recruiting long-term unemployed people. Lastly, employers' accounts of their experiences of claiming the Holiday and seeking guidance or help about the scheme are presented.
Key findings

- Three groups of employers were identified who had different perspectives on whether the NIC Holiday 'tipped the balance' in their recruitment decisions. One group were unaware of the Holiday when they last recruited and it therefore had no impact on their recruitment decision. Another group knew about the scheme but did not view it as a key factor in their recruitment decision. The last group said it did 'tip the balance' in their decision but only in the context of the job candidate being otherwise suitable for the job.

- Employers were generally unwilling to substantially alter their recruitment practices to obtain the NIC Holiday. They emphasised the importance of getting the right person for the job over the opportunity to save some money on labour costs.

- The NIC Holiday was viewed by employers largely as a 'bonus' for having recruited a long-term unemployed person rather than as an incentive for doing so.

- While the NIC Holiday generally did not directly encourage employers to recruit long-term unemployed people, it did appear to have a positive impact on whether long-term unemployed people were invited to job interviews. It did therefore help unemployed people to be considered on their individual merits and gave them a better opportunity to sell themselves to employers.

- Commonly employers reported little or no difficulty with the process of applying for the Holiday, though those without experience worried that it could be onerous. This highlights the importance of making clear in publicity about the scheme that it will be simple for employers to take part.

Chapter 5

This chapter explores employers' views of how the NIC Holiday could be enhanced to actively encourage the recruitment of long-term unemployed people and the nature of other possible incentives which employers feel might have this effect. It also considers how communication and awareness of such schemes could be improved by presenting employers' suggestions for how these issues could be dealt with more effectively in the case of the NIC Holiday.

Key findings

- Employers felt that schemes like the NIC Holiday should be marketed more effectively to make employers more widely aware of them. They reiterated that the benefits of the scheme should be clearly presented and it must also be clear that participation in the scheme is 'hassle-free'.

- They suggested that some of the scheme's requirements could be changed to encourage more employers to take part. This included broadening the definition of long-term unemployment and facilitating contact between long-term unemployed people and employers.

- Employers also emphasised the importance of reducing the risks of recruiting long-term unemployed people by enabling trial periods with
potential employees to determine their suitability for the work or by providing customised training for them.

- In addition to off-setting the costs of re-skilling people who have been unemployed for long periods by providing financial assistance or customised training, it was also suggested that the interview skills of unemployed people could be refined to make them more attractive to employers.

- Lastly, employers felt that there should be easier access to information both about the NIC Holiday and about other back-to-work schemes. One-stop shops where employers could go for information, support and advice about the range of schemes available and how they can be used in combination were suggested.
INTRODUCTION

1.1 Background to the research

The National Insurance Contributions (NIC) Holiday was one of the elements of the Back to Work Incentives package announced in the November 1994 Budget. Since its introduction in April 1996, the NIC Holiday has enabled employers who recruit an employee who has been out of work and in receipt of benefit for at least two years to claim back an amount equal to their share of National Insurance for up to a year. The scheme also applies to lone parents and carers in receipt of Income Support.

The NIC Holiday aims to stimulate demand by employers for people who have been long-term unemployed and complements other 'supply side' incentive measures designed to help the transition back to work. The scheme is entirely voluntary on the part of both the employer and employee. Employers must decide whether or not to take advantage of it when recruiting new employees and the employee's agreement and signature is required before the application form is processed. Employers are entitled to claim a NIC Holiday only after the employee has been working for them for thirteen weeks.

Despite wide publicity about the scheme, both before and after its introduction, take-up of the scheme has been lower than anticipated. By August 1997, Contributions Agency records showed that NIC Holidays had been claimed for 6,133 employees while it was originally estimated that around 130,000 new employees a year might benefit from the scheme. Recent findings from survey research about the NIC Holiday indicate that awareness of the scheme is low among employers involved in recruitment with only a quarter of respondents reporting that they had heard of the scheme. It was in this context that the Department of Social Security commissioned the Qualitative Research Unit of Social and Community Planning Research (SCPR) to investigate in detail employers' views of the NIC Holiday.

1.2 Research aims and objectives

The central aims of the research are to understand the value of the NIC Holiday to employers and to determine whether and in what ways the scheme may influence recruitment practices. The research also involves consideration of the lessons that the NIC Holiday has to offer in planning other possible incentive schemes to encourage the recruitment of long-term unemployed people.

The specific aims of the research were to investigate:

• the reasons for take-up of the NIC Holiday among participating employers.

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• the reasons for non-take-up among non-participating employers, including the very low take-up among eligible employers

• employers' understanding and knowledge of the scheme, the sources and substance of information employers receive about the scheme and

• employers' recruitment patterns and the ways in which the NIC Holiday has influenced recruitment or is expected to be an influence in the future

1.3 Research design

Qualitative research

Given the exploratory nature of the research and the detailed understanding required of recruitment processes and employers' priorities in relation to the scheme, a qualitative research design was selected. Qualitative research is particularly well suited to providing detailed understanding of how and why decisions occur. In this research, it was used to illuminate the processes by which employers make their recruitment decisions and the factors which influence their selection of recruits. Specifically, it focuses on the perceived importance of the NIC Holiday in this process as well as other possible incentives which might influence employers' decisions about the recruitment of long-term unemployed people. This study therefore provides a thematic overview as well as seeking to provide detailed explanations as to why the take-up of the NIC Holiday has been low, what could be done to encourage employers to recruit more long-term unemployed people, and what could be done to improve the take-up of such schemes in future.

1.4 Sample design

The sample areas were chosen in order to provide a range of different local labour market circumstances which might have an influence on employers' reactions to the NIC Holiday. The following criteria were considered important in sample selection in order to ensure a diversity of viewpoints:

• areas of higher and lower take-up of the Holiday

• areas of fairly high overall unemployment as well as high long-term unemployment

• areas of fairly low overall unemployment but high long-term unemployment

• urban and rural areas

Table 1.1 indicates the levels of overall and long-term unemployment as well as the number of recipients of the Holiday in each area. These areas were selected to ensure diversity in the criteria noted above across the sample as a whole.
Table 1: Unemployment statistics for selected travel to work areas

<table>
<thead>
<tr>
<th>Area (TTWA)</th>
<th>Overall unemployment rate %</th>
<th>LTU (2 years+) as a percentage of total unemployment</th>
<th>Number of current recipients in sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotherham &amp; Me-borough</td>
<td>14</td>
<td>209</td>
<td>17</td>
</tr>
<tr>
<td>Birmingham</td>
<td>98</td>
<td>281</td>
<td>39</td>
</tr>
<tr>
<td>London</td>
<td>97</td>
<td>243</td>
<td>16*</td>
</tr>
<tr>
<td>Cardiff</td>
<td>85</td>
<td>205</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: NOMIS unemployment figures refer to January 1996 NIC Holiday figures refer to January 1997
* Refers to NIC Holiday claims in North and East London only

Within each of the four areas, contact details for firms invited to participate in the study were obtained either from Contributions Agency records of current recipients or with the help of local Training and Enterprise Councils and Business Links. Letters were sent to employers explaining the study and requesting their help. An opt-out period of two weeks was allowed during which employers not wishing to participate in the study were asked to contact the researchers or the DSS to end their involvement in the research.

Firms included in the study were selected according to their status in relation to the NIC Holiday and individual respondents were selected according to their role in the firm (i.e. a staff member with responsibility for payroll matters or for recruitment). A short telephone screening exercise was conducted during which details of the recent recruitment history, size of the company and industrial sector were obtained in order to ensure that a broad cross-section of employers was included in the sample (a copy of the screening questionnaire can be found in Appendix I). The telephone screening was conducted with a staff member who was responsible for either payroll or recruitment and interview appointments were usually arranged during this contact.

For the purposes of this research, status in relation to the NIC Holiday was defined in the following way:

**Current/former recipients** employers currently/formerly in receipt of a NIC Holiday

**Eligible non-recipients** employers who have recruited a long-term unemployed person (according to the NIC Holiday definition of 2 years or more unemployed and in receipt of benefit) since April 1996 (when the scheme began) but have not claimed the NIC Holiday

**Potential recipients** employers who considered themselves suitable for employing long-term unemployed people and who have recruited since April 1996, but who have not recruited an eligible long-term unemployed person since that date
Table 1.2 shows the target and achieved samples for the study.

Table 1.2 Target and achieved samples

<table>
<thead>
<tr>
<th>Target Sample</th>
<th>Achieved Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NIC Holiday status</strong></td>
<td><strong>NIC Holiday status</strong></td>
</tr>
<tr>
<td>- 15 current recipients</td>
<td>- 14 current recipients</td>
</tr>
<tr>
<td>- 15 eligible non-recipients</td>
<td>- 17 eligible non-recipients</td>
</tr>
<tr>
<td>- 10 potential recipients</td>
<td>- 12 potential recipients</td>
</tr>
<tr>
<td>- 3 former recipients</td>
<td>- 3 former recipients</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondents' role in the organisation</th>
<th>Respondents' role in the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 10 payroll staff</td>
<td>- 10 payroll staff</td>
</tr>
<tr>
<td>- 30 recruitment staff</td>
<td>- 30 recruitment/personnel staff</td>
</tr>
</tbody>
</table>

The characteristics of the employers included in the sample are summarised in Table 1.3. The achieved sample is weighted towards private sector companies. This was in part a function of our sampling method, which relied upon the database of employers held by TECs in each of the selected study areas. This was expected to be and ultimately was an efficient means of locating the eligible non-recipient sub-group of the sample. However, it also meant that fewer public sector organisations were included. We were also limited somewhat by the lists of current recipients obtained from Contributions Agency records. Few public sector organisations were current recipients in the selected study areas, but all of those that were identified by the CA records in the relevant study areas were invited to take part in the research.

In the event employers from the public, private and not-for-profit sectors were included. They varied in size (defined according to number of employees) and both locally based organisations as well as headquarters of national companies took part in the research. The study areas themselves were also selected to provide a range of local labour market conditions against which employers' responses to the NIC Holiday could be set in context. These factors, as well as the broad range of firms from different industrial sectors, provided a robust, purposively selected sample which incorporated the perspectives of varying types of employers operating in quite different labour market conditions.

1.5 Data collection and analysis methods

Data collection

In-depth interviews were carried out with a range of different types of employers and with staff who might have different perspectives of the NIC Holiday, including both recruitment and payroll staff. The interviews lasted for between thirty and ninety minutes and were tape recorded with the permission of respondents. All respondents were guaranteed anonymity and confidentiality both for themselves and for their organisations in the reporting of the findings to the DSS and more widely. All of the interviews took place in the respondents' workplaces. In cases where two respondents...
from the same organisation were interviewed (i.e., a member of staff with responsibility for recruitment as well as a staff member dealing with payroll matters), respondents were given the choice of being interviewed individually or together.

Topic guides were used for all interviews to ensure that a similar series of issues were explored with each respondent. While topic guides provide a broad agenda of areas to be covered, they are used as a flexible tool and an *ad libitum*, rather than a fixed data collection instrument (as is the case with a questionnaire). The interviews were therefore open-ended and responsive to the issues of particular relevance and concern to each respondent while simultaneously ensuring that the full range of key study questions was covered with each person. Copies of the topic guides used may be found in Appendix II.

**Analysis** All of the recorded interviews were transcribed verbatim and the transcriptions were used as the basis for the analysis reported here. The analysis was undertaken using Framework*, a method developed by the Qualitative Research Unit at SCPR which involves the classification and interpretation of qualitative data within a series of thematic charts. Data from each interview have been summarised for each topic area and the context of the information has been retained along with references to where the original data can be found in the transcript to facilitate returning to the respondents' own words as required. The behaviour and attitudes of all study participants have therefore been explored within a common analytical framework which is grounded and driven by respondents' own accounts. This method is particularly useful for allowing both within and between case analysis as well as detailed exploration of themes relevant to all study participants. An overview of the issues covered by the analytic charts may be found in Appendix III.

1.6 **Structure of the report** Chapter 2 examines employers' overall recruitment patterns, the nature of their recruitment priorities and criteria used for different types of jobs, and the recruitment process itself including how jobs are advertised, and how candidates are screened, interviewed and selected. The second part of the chapter focuses specifically on the recruitment of long-term unemployed people including employers' expectations, perceptions and experiences of the long-term unemployed and how these factors influence their recruitment decisions.

Chapter 3 goes on to explore employers' views of the NIC Holiday. It considers how they became aware of the scheme, their understanding and initial impressions of it, the value they attach to it, and the range of factors which appear to be influential in the take-up of the Holiday.

Chapter 4 focuses on employers' experiences and expectations of the NIC Holiday. It considers whether and how the NIC Holiday influences recruitment decisions, employers' views of the process of applying for the
Holiday, experiences of employing a long-term unemployed person, future expectations about whether they would take the Holiday again and views about the value of the NIC Holiday to those who have experience of it. Actual and expected employment outcomes for the NIC Holiday employee are also discussed.

Chapter 5 draws together some of the key issues raised by the study and synthesises material from earlier chapters about the nature of employers' concerns in recruiting long-term unemployed people and, in the light of this, the types of incentives which they feel would encourage them to recruit the long-term unemployed. Employers' perceptions of the value of the NIC Holiday compared to other benefits available to encourage the recruitment of unemployed people is also examined. Lastly, methods of improving awareness of such schemes among employers is considered.
Table 1.3  Characteristics of companies included in the sample

<table>
<thead>
<tr>
<th>Total of 40 organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sample Area</strong> (of individual establishments)</td>
</tr>
<tr>
<td>Rotherham</td>
</tr>
<tr>
<td>Birmingham</td>
</tr>
<tr>
<td>London</td>
</tr>
<tr>
<td>Cardiff</td>
</tr>
<tr>
<td>National employers (headquarters)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
</tr>
<tr>
<td>Private</td>
</tr>
<tr>
<td>Not for-profit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industrial Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical manufacturing</td>
</tr>
<tr>
<td>Food, drink and tobacco manufacturing</td>
</tr>
<tr>
<td>Paper, printing and publishing</td>
</tr>
<tr>
<td>Other manufacturing industries</td>
</tr>
<tr>
<td>Distribution, hotels, catering and repairs</td>
</tr>
<tr>
<td>Transport services</td>
</tr>
<tr>
<td>Banking, finance, insurance, business services, leasing</td>
</tr>
<tr>
<td>Public administration and sanitary services</td>
</tr>
<tr>
<td>Education, research and development</td>
</tr>
<tr>
<td>Health services</td>
</tr>
<tr>
<td>Other services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Size of Organisation (number of employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
</tr>
<tr>
<td>Less than 25</td>
</tr>
<tr>
<td>25-49</td>
</tr>
<tr>
<td>50-99</td>
</tr>
<tr>
<td>100-249</td>
</tr>
<tr>
<td>250-499</td>
</tr>
<tr>
<td>500-999</td>
</tr>
<tr>
<td>1000+</td>
</tr>
</tbody>
</table>
The first part of this chapter deals with the broader subject of recruitment including the criteria used and practices adopted by employers in helping them to select suitable job candidates. The second part of the chapter focuses particularly on employers' perspectives and policies on the recruitment of long-term unemployed people.

The skills and qualities sought by employers

Employers were asked to describe the types of criteria they use for selecting job candidates. Naturally, this differs according to the post in question with very different criteria required for different types of job. However, the broad underlying framework which employers used in defining the criteria for specific jobs tended to incorporate a mixture of components such as particular skills or skill levels, qualifications, past work experience and personal qualities and circumstances. The range of criteria which employers consider in attempting to recruit 'the right person may well represent important barriers to employment from the viewpoint of long-term unemployed people. Other recent studies which have focused on the perspectives and job search experiences of unemployed people have supported this.

Skills

The types of skill employers mentioned included both general transferable skills and more vocationally specific skills. Examples of the former included interpersonal skills, communication skills, ability to work independently or as part of a team, and literacy and numeracy skills. The type and level of skills required were clearly very job specific. A mixture of general transferable skills was commonly required even for posts employers considered to be unskilled.

Qualifications

Employers were sometimes also looking for people with particular qualifications. These varied considerably according to the category and level of job for which they were recruiting. But formal qualifications were usually only required for jobs considered to be professional, skilled or semi-skilled. Driving licences were also required for some types of job which would be considered less skilled.

Experience

Relevant work experience was sometimes required by employers, though it tended to be considered 'helpful' rather than 'essential' for less skilled and less senior posts. Though it was not necessarily essential, this preference for experience suggests that candidates with recent relevant work experience would be assessed more favourably than those without it in the early stages.

of the recruitment process. However, these employers were quite flexible in their definitions of 'relevant experience' and did not necessarily differentiate between work experience gained in paid or unpaid work, formal employment settings or through general life experiences.

In some cases, past experience of a similar type of work was desirable not because the work required skills that could only be gained through relevant experience but because it demonstrated that the candidate understood the nature of the work and was willing and able to do it in the full knowledge of what it entailed. Past experience therefore was used not just to determine ability but also to provide an indication of potential reliability in staying with the job.

**Personal qualities**

Personal qualities were considered both in relation to suitability for a particular job, and also in relation to how well the candidate would 'fit in' to the wider organisational environment. Three types of personal qualities were mentioned by these employers.

**Health and physical status**

This was important in relation to ability to do a particular job. Age was sometimes also linked specifically to health status, suggesting that employers may make broad assumptions about how age affects health rather than assessing older job candidates on a case-by-case basis.

**Attitudes to work**

This was a common theme mentioned by employers who emphasised that the individual's apparent enthusiasm for and interest in the job and in work generally were important factors in their recruitment decisions. Employers used words like 'commitment', 'determination', 'keen', 'energetic' with a spark of interest' and 'self-motivated to describe the types of characteristic they were seeking. For some employers it was also important that the job candidate should share the philosophy or goals of the organisation. Flexibility was also commonly sought by employers and included willingness to do a variety of jobs as required to work irregular hours or to work according to the established methods of the organisation.

**Personal character**

Employers viewed this as important in ensuring that the individual would integrate successfully into the organisation and it was also seen as directly relevant to the candidate's ability to do certain jobs (e.g., those involving contact with the public or with clients). A 'good temperament', 'good behavioural character' and 'sociable' people who work well in teams were all ways of expressing the type of personal characteristics some employers sought.

**Personal circumstances**

Personal life circumstances were also commonly discussed by employers in describing the types of people they felt would be most suitable for particular jobs. These related to employers' perceptions of the nature and prospects of
the job and their assumptions about what type of work people in particular circumstances would be seeking.

**Organisational requirements.** Employers noted that it is important to have a good match between the job requirements and the potential recruit’s personal attributes and abilities, regardless of the complexity or seniority of the job to be done. This raises the question of why is it so important to get the ‘right person’ even for what is described as an ‘unskilled’ job.

In exploring this issue further, the significance of the organisational context becomes more clear. As noted above, employers are generally concerned not only with finding the right person with the abilities to do a specific job, but someone who can also satisfy a number of broader organisational requirements. These appear to relate either to organisational culture, to commercial competitiveness, or to both. Requirements relating to organisational culture include the approach to work and the ability of the individual to get on with existing staff, how well the individual reflects the image the organisation seeks to maintain, and whether they are committed to the philosophy and goals of the organisation. Those related to commercial pressures and remaining competitive include the individual’s attitudes to work, working flexibly and in a self-motivated way or with minimal supervision and working in a reliable way. Chart 21 summarises both the job and organisational requirements which were important to employers in making their recruitment decisions.

Although the specific organisational requirements vary from firm to firm, some generalisations are possible. For example, smaller firms appear to place a great deal of emphasis on how well the person will relate to existing staff members and whether they are committed to making an active personal contribution to the work of the firm. Employers in smaller companies stressed that they cannot afford to ‘carry’ people and felt less able to ‘risk recruiting people who might not fit in. Such employers felt that they have less margin for error and place a high premium on finding the right person, not just for the job but for the organisational environment.

By contrast, while larger firms were still concerned with the person’s ability to integrate well into the work environment, they tended to focus more on issues such as how well the job candidate would maintain the proper ‘corporate’ image. This was especially the case in jobs involving customer contact.
### Chart 2.1: Job and organisational requirements influencing recruitment decisions

<table>
<thead>
<tr>
<th>Job Requirements</th>
<th>Organisational Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Skills</td>
<td>- Understanding of commitment to organisational goals/philosophy</td>
</tr>
<tr>
<td>- transferable</td>
<td></td>
</tr>
<tr>
<td>- vocational</td>
<td></td>
</tr>
<tr>
<td>- Experience (to demonstrate competence as well as reliability)</td>
<td>- Maintenance of corporate image</td>
</tr>
<tr>
<td>- Qualifications</td>
<td>- Integration into the work setting/teamwork</td>
</tr>
<tr>
<td>- Personal qualities including</td>
<td>- Maintaining commercial competitiveness</td>
</tr>
<tr>
<td>- physical health/age</td>
<td>- (importance of individual contributions/work attitudes/reliability)</td>
</tr>
<tr>
<td>- attitudes to work</td>
<td>- Working within the organisations</td>
</tr>
<tr>
<td>- personal disposition</td>
<td>- Interventions (e.g. not requiring extensive training, or supervision being self-motivated)</td>
</tr>
<tr>
<td>- Personal circumstances (as an indication of compatibility of personal and job requirements)</td>
<td></td>
</tr>
</tbody>
</table>

### 2.2 The Recruitment Process

**Methods of advertising jobs**

How jobs are advertised depends to a large extent on the nature of the post. As might be expected, more senior posts tended to be advertised in the national press in professional journals or specialist press, and some employers made use of 'head hunters', executive registers or professional associations.

For less senior and less specialist posts, a wide variety of methods were used to advertise vacancies. These included printed media, recruitment fairs, internal advertisements, and formal intermediaries such as Jobcentres and Training and Enterprise Councils. Less formal means were also commonly used for obtaining job candidates such as word of mouth, recommendations from existing employees, and liaison with other businesses which are shedding staff. Speculative applications were another means of obtaining job candidates.

The less formal means of advertising jobs as well as the use of temporary employment agencies to obtain staff imply that vacancies for some jobs which may be suitable for long-term unemployed people may never come to their notice. Indeed, some employers who made use of these types of method said that they seldom receive applications from long-term unemployed people.

**Employers' views and experiences of jobcentres**

Although this research did not specifically set out to explore perceptions of jobcentres, they were nonetheless a subject of relevance to employers in relation to the recruitment of long-term unemployed people. Their views of
Jobcentre services were important because they influenced employers' perceptions of the ease with which they could be put in contact with a suitable pool of long-term unemployed job candidates. This in turn appears to have had an impact on views of the perceived value of the NIC Holiday to them (see Chapter 4). As no systematic attempt was made to gather employers' perspectives about Jobcentres, these comments must be taken as anecdotal evidence only.

The following three areas of Jobcentre service provision helped to determine whether employers perceived this as a good means of finding suitable long-term unemployed job candidates.

Response time. Some of the employers felt that Jobcentres do not offer a fast enough service and indicate that they have a quicker response from other methods of advertisement.

Quality of candidates. One reason for using a Jobcentre was to obtain a more strategic selection of candidates than could be done using less targeted approaches such as local newspapers. However, some employers criticised what they viewed as a lack of efficient screening methods and described having been sent people who were clearly unsuitable for the work or who came to the interview more through compulsion than a desire to work.

Volume of response. Apparently, there is a balance to be achieved between receiving too many applications which can be overwhelming and perhaps suggests ineffective initial screening methods and receiving too few, thus restricting the employers' choice of candidates. Both types of experience were discussed by employers in connection with their use of Jobcentres.

Process for reviewing applicants. The processes employers used to review applications and decide upon job candidates were quite complex, though some broad patterns emerged. In an attempt to present this information coherently, four different models of recruitment have been identified (see Figure 2.2). These summarise the key steps in the recruitment process and demonstrate the types of variations associated with different types of job. No attempt has been made to provide details of minor variations in the process as this would tend to obscure rather than clarify the broader contours of the recruitment terrain.

Factors used to 'weed out' job candidates. Employers described the types of criteria they used for 'weeding out' candidates at the application stage. These included:

Lack of information. Examples included a letter of application providing little or no detail about the individual, an incomplete job history or other parts of the application left blank.
Failure to meet essential criteria. Candidates are automatically sifted out if their application shows that they do not meet the requirements of the job specification.

Problematic job history. If employers are concerned about some aspect of an applicant's job history, they may not be inclined to invite the candidate to an interview, or they may be asked to attend an interview during which further information can be obtained. Specific issues mentioned by employers included uncertainty about the relevance of previous jobs, the frequency with which applicants have changed jobs and the reasons for this, and if they are unemployed, the reason(s) why they are not working.

Problems with the presentation of the application. Employers scrutinised not only what applicants said but also how they said it. Applications described as 'scruffy' were sometimes discounted as wider inferences about the applicant were made on the basis of their handwriting or how neatly they filled in the forms.

The importance of the interview. A great deal of emphasis was placed on information derived about the candidate from the interview. Employers tended to feel that it was not possible to get a true impression of someone from a job application alone and how a candidate performed during interview had an important influence on recruitment decisions. This stage of the process is perhaps most relevant to employers in getting a sense of factors such as the candidate's attitudes to work, how well they will fit into the work environment, and their personal character.
Figure 2.2 Models of the Recruitment Process

**Model 1: Least Skilled**
- Application by telephone or in writing
- Interview all interested candidates
- Recruitment decision based on interview/application

(e.g. drivers, cleaners, unskilled assembly workers)

**Model 2: Practical Skills**
- Sift applications looking for essential criteria/experience
- Applicants meeting criteria are interviewed
- Assess skills via practical work or questionnaires
- Appointment based on combined interview and skills assessment

(e.g. furniture spray technicians, vehicle mechanics, bus drivers)

**Model 3: Interpersonal Skills**
- Sift through CVs, letters, applications looking for desired criteria may involve internal or external initial screening
- Screen selected applicants again using points scoring systems/psychometric testing
- Interview selected candidates
- Appointment based on combined interview and skills assessment

(e.g. retail clerks, hotel staff, staff working in nursing homes)

**Model 4: Professionals/Specialists**
- Sift through applications looking for most desirable candidates (initial sift may be done internally or externally)
- Initial interview to determine suitability for the post (may be done internally or externally)
- Shortlist and invite selected candidates to second interview
- Interviews with senior staff/direct supervisors
- Appointment based on combined interviews/points attained during testing

(e.g. advertising specialists, technical staff for computer software designers)
In addition to the various stages of screening and sifting noted in the recruitment model, it was also common for employers to adopt some strategy for reducing the risk of being committed to employees who might prove unsatisfactory. This applied equally to posts of a skilled and unskilled nature. Strategies used by these employers included:

**Temporary/casual contracts.** Employees were started on temporary or casual contracts initially and moved to a more permanent contractual status after they had demonstrated their suitability for the post. In some cases, employers made use of temporary staff obtained via agencies who could be employed on a temporary basis before being offered permanent employment. Flexible pools of casual staff who could be employed as required and considered for more permanent posts as they arose were also used.

**Probationary periods.** Periods of between three and six months probation were common, and in some cases the probation period was described as extendable to allow greater flexibility if the employer remained unsure about the recruit.

**Work trials.** Some employers had made use of the Work Trials available through the Employment Service for hiring unemployed people. Work Trials enable employees to try out claims in a particular job for up to three weeks while they remain on benefit. This was viewed as an effective means for employers to see whether an individual is suitable for the job before committing themselves to a standard employment contract.

23 factors determining whether jobs are suitable for long-term unemployed people. In considering whether jobs were suitable for long-term unemployed people, employers mentioned a number of factors which influenced their assessments. The types of underlying issue they discussed included the nature of the job in question, the organisational circumstances and whether the needs of long-term unemployed people could be accommodated with minimal disruption, and what the individual in question could contribute to the organisation and the job. Employers felt that all of these factors have to be carefully weighed in assessing the feasibility of recruiting long-term unemployed candidates.

**The nature of the job.** The types of job which were thought to be suitable for long-term unemployed people reflected a number of assumptions employers implicitly make about the long-term unemployed. Overall, the image employers had of long-term unemployed people is that they have low skill levels and few qualifications. In some cases, they may also be expected to be more prone to personal difficulties, de-motivated, and perhaps lack an appreciation of the 'Work Ethic'.

Jobs which were considered more suitable for long-term unemployed people included those:

- with minimal skill needs and in-house training provided
• where skills can be developed over time or where specific aptitudes are not required
• with flexible hours which can accommodate a range of different needs

Those which were considered less suitable included jobs

• where good time-keeping is important (i.e., long-term unemployed people are assumed to be out of working habits)
• where skills/expertise quickly become outdated (e.g., technical jobs, lecturing posts, jobs requiring familiarity with specific legislation)
• where the recruit needs to be completely competent from the outset (e.g., sales posts where they are dealing with the public or other clients straight away)
• senior posts (i.e., where there may be a question as to why they were unemployed so long)
• part-time jobs (where long-term unemployed people may not find the wages sufficiently attractive to move off benefits)

Organisational circumstances

Employers also discussed the types of organisational circumstances which were more or less conducive to recruiting long-term unemployed people. Generally, it was thought important to have a sufficient level of resources to enable training, a period for re-skilling when the recruit would be operating at a low level of productivity and a period for re-familiarisation with working routines. Additionally, the organisation must be able to cope without too much disruption, if one staff member proves unsuitable or unreliable in some way.

Some employers also said that while some of their jobs may be suitable for the long-term unemployed they do not tend to receive many applications from this group. As noted above, this sometimes appeared to be because their methods of advertising vacancies did not attract the attention of long-term unemployed people (e.g., advertising with temporary employment agencies rather than the Jobcentre). Local labour market circumstances also played a role in the number of applications employers receive from long-term unemployed people.

What the individual has to offer

As described in the last section employers use a range of criteria for determining whether an individual is right for any given job. First they generally check to see whether the candidate meets the essential job criteria. This may occur at the application stage as well as possibly during a job interview.

The interview was then described as being extremely important in employers' assessments of whether long-term unemployed people are
suitable candidates for employment. Specific factors employers consider implicitly or explicitly during the interview include whether the candidate

- has a positive attitude to work/appears to be committed
- is willing to make sacrifices to move off benefits and into work (such as taking a part-time or casual job that may lead to more stable or full-time employment in future)
- will get on with other staff members
- will be amenable to being trained/re-skilled
- will be flexible
- looks presentable (both because of corporate images and because this is taken as a more or less reassuring sign by employers about the person’s character overall)

2.4 When long-term unemployment matters

As becomes clear from their assessments about the suitability of long-term unemployed people for particular jobs, there are circumstances in which employers feel that a history of long-term unemployment weighs more or less heavily against a job candidate.

The reasons for long-term unemployment

First employers wanted to know why the candidate was unemployed, particularly for longer durations of unemployment. There were some explanations for unemployment which they found more acceptable and reassuring in terms of future work potential than others. Specifically, reasons for unemployment with which employers had sympathy or felt to show initiative included caring responsibilities (for elders, children or ill relatives) and travel abroad. They were also sympathetic to personal illness but this could also be viewed as problematic if it implied that the individual might not be reliable or would have difficulty with the work involved.

There was also some recognition that discrimination and industrial restructuring might mean that certain people have more difficulty securing suitable employment than others and this was taken into account in considering whether the duration of unemployment seemed reasonable. Those whom employers felt might be expected to be unemployed longer (because of these factors) included people from ethnic minority backgrounds, disabled people, older people, those who had previously done highly skilled work or worked in senior positions and had difficulty finding similar positions elsewhere, and those who lacked basic skills.

The circumstances which employers viewed less sympathetically included simply not wanting to work and ‘living off the state’ being unemployed because of disputes with previous employers and past criminal records (with long-term unemployment potentially due to imprisonment) Employers commonly described taking up references and trying to understand more about why the individual was unemployed in order to ascertain whether
these circumstances applied. These were taken as indications of potentially troublesome employees and employers generally tended to feel disinclined to take the risks of employing them.

**Apparent attitude to work**

Employers also stressed the importance of the individual's efforts to convince them that they would be suitable for the job for which they were applying. They wanted to see that the individual was making a real effort to get this job and was therefore both interested in working and taking the initiative to do something about it. It was considered important to demonstrate that they understood what the job entailed and had realistic expectations of the work (and the wages).

Interestingly, while employers wanted reassurance from the job candidate that they would be reliable and hard working, they also noted that long-term unemployment could take a toll on an individual's confidence and self-esteem. They therefore acknowledged that the types of behaviour which would be most convincing to them as potential employers (e.g., demonstrating motivation and initiative by 'selling themselves' to the employer) would also probably be very difficult for people who were lacking in self-confidence and feeling de-motivated by a sustained lack of success in the labour market.

**Activities during unemployment**

It was also important to employers that unemployment did not mean inactivity and that unemployed job candidates had filled their time productively while they were not in work. Activities such as voluntary work, casual work, education and training, and unpaid work such as caring for relatives were all generally taken as evidence that the person had shown some initiative and filled their time productively. These types of activities also implied that the individual had not 'lost touch' with some of the routines of paid employment while they were unemployed.

They were also interested in the degree of effort the person had put into trying to find work. There were varying degrees of sympathy among employers about how difficult it can be to find suitable work. Some felt that work is always available if a person really wants it, whereas others recognised that it can be very hard to find appropriate work and realised that low wages may mean that state benefits are a better financial option for some people.

Lastly, employers consistently reiterated the importance of filling in job applications fully, particularly for unemployed people who need to overcome the perception that they are a higher risk than candidates who have come from other jobs. They emphasised that the sections of applications on prior work experience should be completed fully, including voluntary work, caring responsibilities, and informal, casual work. Any experience that demonstrated to the employer that the job candidate had been productively unemployed was important in helping to ensure that their application was not simply disregarded at the initial sifting stage.
Longer durations of unemployment were viewed as problematic by employers, but the point at which the length of unemployment presented a greater barrier to obtaining work varied according to the job and the activities in which the job candidate was engaged during their spell of unemployment. Generally, the longer the duration of unemployment, the more employers worried that the candidate would have lost work skills and grown unaccustomed to the disciplines of working life. Also, the longer they had been out of work, the less they expected that candidates would meet essential job criteria (suggesting that their applications would be disregarded at an early stage in the recruitment process). Jobs for which even fairly short periods of unemployment hindered the individual’s chances of employment included technical posts where technological changes occurred rapidly and skills were quickly de-valued and those requiring up-to-date specialist knowledge (e.g. of current legislation etc.) Employers commonly agreed that job candidates would need extensive re-skilling and support in re-entering the labour market after periods of unemployment of five years or more.

2.5 Policies on the recruitment of the long-term unemployed

Although employers usually said that they have no specific policies on the recruitment of long-term unemployed people, there were a variety of informal beliefs and practices which guided employers’ approaches to the recruitment of such people. Due to the informal nature of their practices, different approaches were reportedly adopted by different people within the same organisations. This suggests that recruitment of long-term unemployed people may be left entirely to the discretion of the individuals directly involved with recruitment, some of whom appeared to take a more sympathetic stance to long-term unemployed people than others. The findings from these employers also suggest that monitoring of former unemployment status is rare and employers are therefore not specifically aware of their record of recruitment of formerly unemployed people.

Amongst these employers, it is possible to identify a spectrum of different stances on the recruitment of long-term unemployed people. Important factors differentiating between employers were:

- their organisational circumstances (e.g., whether they have the time/staff to undertake training, whether they have many jobs considered suitable for long-term unemployed people)
- the relative importance of commercial versus social concerns in their recruitment policy
- views about the long-term unemployed (e.g., the degree of sympathy they had for people who have been out of work for some time, to some extent, this was influenced by their own experiences of unemployment and previous recruitment of long-term unemployed people)

Figure 2.3 provides an illustration of the spectrum of approaches to the recruitment of long-term unemployed people amongst these employers and
highlights the factors associated with different positions along this continuum. These are explained in greater detail below.

**Socially motivated organisations**

At one end of the spectrum are employers who were driven more by social than commercial considerations in their recruitment and they tended neither to require nor to expect a favourable employment history. They did not vet candidates according to prior employment experiences and their focus was more on discovering what candidates had to offer the organisation than on what they might be lacking. This tended to coincide with not-for-profit status and with organisational goals specifically aimed at providing support and opportunities for socially excluded or disadvantaged groups (e.g., disabled people, people with learning difficulties, homeless people, etc.)

**Commercially motivated but socially responsible**

Further along the continuum were employers who were sympathetic towards unemployed people and tended to take less blaming, negative stances about the reasons for long-term unemployment. They emphasised the importance of job candidates having the right skills or personal qualities but they did not feel that this was necessarily incompatible with long-term unemployment. They appeared to want to give long-term unemployed people the opportunity to get back into the labour market and felt able to provide suitable work for people who met their basic criteria. In some cases, they offered training to all new recruits and felt that the needs of long-term unemployed people could be accommodated within their standard training packages. In this sample these employers thought of themselves as attempting to be 'socially responsible' in their approach to the recruitment of long-term unemployed people. They tended to be larger employers (i.e., with a prominent high street presence) or smaller employers with an interest in wider social concerns (e.g., nursing homes, organisations working with disadvantaged groups but in a private sector capacity). Some public sector organisations could also be placed at this point on the spectrum.

**Commercially motivated and need convincing**

Another group of employers appeared to need much more convincing about recruiting long-term unemployed people. They tended to emphasise a range of factors which worried them in hiring long-term unemployed people and they wanted reassurances that they would not be adversely affected if they took the risk of hiring people who had been out of work for some time. They vetted carefully according to employment history and took up references as well as seeking evidence that the person really wanted to work and would be reliable in the job. They differentiated between people perceived to have more or less acceptable reasons for long-term unemployment and those with other reasons and this assessment weighed heavily in their recruitment decisions.

Perhaps slightly further along the continuum were those who generally looked less favourably upon long-term unemployed job candidates. Their reasons for not taking them appeared to be stronger than their desire to give people the benefit of the doubt. They had perhaps had negative experiences
with recruiting unemployed people in the past and felt less willing to take this risk again. They were generally less sympathetic or hesitant about recruiting unemployed people and tended to look for job candidates currently in work (suggesting that long-term unemployed people might be eliminated from the pool of applicants in the initial stages of the recruitment process).

Circumstances preclude the recruitment of long-term unemployed people

At the far end of the spectrum were those employers who felt that their circumstances were such that it was unlikely that they would be able to recruit long-term unemployed people. These employers did not appear to be unsympathetic towards long-term unemployed people, but they felt that their work environment could not accommodate the special needs of people returning to work after a long spell of unemployment. The types of circumstance which appeared to make the recruitment of long-term unemployed people less feasible and more unlikely included:

- smaller firms where the risks of taking on someone who might not prove suitable were magnified
- firms with little time or resources for training
- organisations experiencing financial difficulties (where any type of recruitment is unfeasible in the short term)
- companies with a high proportion of jobs requiring up-to-date skills or specialist expertise.
Figure 2.3  Employers' Approaches to the Recruitment of Long-Term Unemployed People

More disposed to recruit long-term unemployed people

Socially Motivated Policies
- Driven by social rather than commercial considerations
- Do not require favourable employment history
- Broader philosophy of empowerment makes firm more accepting of LTU people
- May focus on particular groups with special needs
- Primarily not-for-profit organisations

Commercially Motivated but Socially Responsible Policies
- Sympathetic stance/less negative views about long-term unemployment
- Right person for job does not mean incompatible with LTU status
- Would like to give LTU people jobs feel good factor/social responsibility concern
- Support needs of LTU not seen as a major disruption to the organisation
- Examples included larger employers, public sector organisations

Commercially Motivated and More Negative Policies
- Less sympathetic stance/more negative views about LTU
- Emphasised a range of concerns about recruiting LTU
- Careful vetting to minimise the perceived risks of hiring LTU
- More hesitant to recruit LTU and would prefer employed people
- Examples included a wide range of private sector firms (not usually larger firms)

Circumstances Preclude
- Organisational circumstances make recruiting LTU unfeasible
- Examples include very small firms with few resources for training and support, firms requiring specialists only

Less disposed to recruit long-term unemployed people
Many of the themes that have been raised throughout the second half of this chapter are summarised in Chart 2.4 showing employers' perceptions of the advantages and disadvantages of recruiting long-term unemployed people. In essence, the perceived advantages relate to a 'feel good factor' on the part of employers who believe that they may be giving a deserving person 'a break' and a sense that, having been given a chance, this person may be a more loyal and committed employee. As for the disadvantages, employers mentioned the risks they are taking that the individual will not be able to settle into work routines, that they may not be reliable and motivated, might not understand what the work entails, and that they will lack confidence and skills and need more extensive support than others who have more recently been employed. Some of these are risks that employers run in recruiting any new employee (e.g., not understanding what the work entails, not being reliable or 'fitting in') while others appear to be more directly associated with the recruitment of long-term unemployed people (e.g., loss of confidence and skills, being re-integrated into work routines, etc.)
Chart 2 | Employers' perceptions of the advantages and disadvantages of recruiting long-term unemployed people

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intrinsic rewards</strong></td>
<td><strong>Problems in attitudes to work</strong></td>
</tr>
<tr>
<td>• the feel good factor from helping</td>
<td>• they may not really want to work and feel compelled to go through the motions to get state benefits/may be lacking in motivation</td>
</tr>
<tr>
<td>• sense of being a socially responsible employer/helping the wider community</td>
<td>• may not be reliable/may just leave the job without notifying the employer</td>
</tr>
<tr>
<td><strong>Financial benefits</strong></td>
<td><strong>Personal &amp; family issues associated with unemployment which may impact on employers were thought to include</strong></td>
</tr>
<tr>
<td>• NIC Holiday and other schemes offering financial help in recruiting long term unemployed people</td>
<td>• debts</td>
</tr>
<tr>
<td>• long-term unemployed people may accept lower pay than more recently employed people</td>
<td>• marital problems</td>
</tr>
<tr>
<td><strong>Advantages in doing the work</strong></td>
<td>• lack of personal transport</td>
</tr>
<tr>
<td>Because they are grateful for the work, long-term unemployed people may be</td>
<td>• lack of savings</td>
</tr>
<tr>
<td>• more flexible/adaptable to the employer’s needs than other employees</td>
<td>• lack of self confidence</td>
</tr>
<tr>
<td>• more committed and loyal to the employer</td>
<td>• ill health/physical disabilities</td>
</tr>
<tr>
<td>• more keen and enthusiastic in doing the work (to ensure they keep the job)</td>
<td>• difficulty making decisions/using own initiative</td>
</tr>
<tr>
<td>Because they have been out of work and involved in other activities, they may</td>
<td>• out of touch with the real world</td>
</tr>
<tr>
<td>• bring a different perspective and fresh ideas</td>
<td><strong>Barriers to employers giving jobs to the LUL</strong></td>
</tr>
<tr>
<td>• more easily accept training and advice in how to do the work</td>
<td>• lack of appropriate interview skills</td>
</tr>
<tr>
<td></td>
<td>• lack of information on the application which would make them more attractive</td>
</tr>
<tr>
<td></td>
<td>• difficulty in getting recent reliable references</td>
</tr>
<tr>
<td></td>
<td><strong>Disadvantages in doing the work</strong></td>
</tr>
<tr>
<td>(requiring more time/effort and investment of resources on the employer’s part)</td>
<td>• loss of skills</td>
</tr>
<tr>
<td></td>
<td>• loss of work routines/difficulty in adapting to regimented life</td>
</tr>
<tr>
<td></td>
<td>• lack of confidence to be re trained</td>
</tr>
</tbody>
</table>
Key issues raised in this chapter:

- Vetting of job candidates occurs at a range of points in the recruitment process, but getting past the initial hurdle of the application is crucial to unemployed applicants. During the interview stage, employers are more likely/able to consider the candidate as an individual with specific merits rather than simply a potential 'risk'.

- Employers described a number of factors they look for in applicants which were job and organisation specific. Factors of general relevance to unemployed people were to fill in applications completely and neatly and to demonstrate both that they have been involved in worthwhile pursuits while unemployed and that they are motivated to work.

- Employers had not always had favourable experiences with recruitment through Jobcentres and did not necessarily use advertising methods which drew a response from long-term unemployed people. This led to a perception that it is difficult to find suitable long-term unemployed people to recruit.

- Long-term unemployed people were commonly believed to lack skills and to be unaccustomed to work routines. This was reflected in the types of job deemed most appropriate for the long-term unemployed (i.e., low-skilled and with extensive training and support provided).

- Employers looked more favourably on some reasons for and circumstances of long-term unemployment than others. They were more positive about unemployed people who had filled their time productively, who had actively searched for work and were motivated to work, and who had been unemployed for less than five years.

- Employers could be ranged along a continuum relating to the degree to which they were disposed to recruiting long-term unemployed people. Those most favourably inclined viewed themselves as 'socially responsible' employers and wanted to give unemployed people a 'chance'. Those less favourably disposed tended to have less sympathetic stances and viewed long-term unemployed people as a high risk with potentially detrimental commercial implications.
This chapter focuses on factors affecting take-up of the NIC Holiday and seeks to explain why it has been much lower than expected. It was originally anticipated that 130,000 new employees might benefit from the scheme each year. In the event, the NIC Holiday had been claimed for only 6,133 employees by August 1997.

The chapter highlights the importance of a number of different factors in determining the take-up of the Holiday. These include employers' information and understanding of the scheme, communications flows about the scheme both internal and external to the employing organisation, the place of the NIC Holiday in relation to employers' recruitment priorities, and employers' perceptions of the costs and benefits of taking the NIC Holiday. Each of these is explored in detail in the sections which follow.

3.1 Sources of information about the NIC Holiday

This section focuses on the views of current and former recipients of potential and eligible non-recipients generally were not aware of the NIC Holiday prior to their participation in the research. There were a range of ways in which employers became aware of the NIC Holiday. These included both generalised sources of information such as the national press and more specific, targeted sources of information such as Jobcentre staff or other intermediaries with some involvement in the recruitment process. Chart 3.1 provides a brief summary of the different sources from which employers in this sample first heard of the NIC Holiday.

Chart 3.1 General and targeted sources of information about the NIC Holiday

<table>
<thead>
<tr>
<th>General Information Sources</th>
<th>Specific/Targeted Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>• National press (e.g. Sunday newspapers)</td>
<td>• Letters from the CA informing the employer they have recruited a new eligible employee</td>
</tr>
<tr>
<td>• Specialist press (e.g. professional journals, industry newsletters, etc.)</td>
<td>• Information provided by recruits who are eligible for the NIC Holiday</td>
</tr>
<tr>
<td>• General communications about the scheme from the DSS or CA (e.g. leaflet and supplement to the employers manual on National Insurance contributions)</td>
<td>• Prompts on computerised payroll packages asking whether any new employees are eligible for a NIC Holiday</td>
</tr>
<tr>
<td>• Inter-organisational groups of accountants/finance professionals meeting to discuss latest developments, etc.</td>
<td>• TEC staff (before or after) recruiting unemployed people via TEC programmes</td>
</tr>
<tr>
<td></td>
<td>• Jobcentre staff (before or after) recruiting unemployed people</td>
</tr>
</tbody>
</table>
How and when employers heard about the scheme appears to have had an important influence on whether they actively considered it or whether, as one employer aptly described it, 'goes in one ear and out the other.' General information sources by their very nature tend to provide information at topical moments (e.g. at the launch point or some other milestone in the life of a scheme), but this does not necessarily coincide with the point at which the information is required by employers. Additionally, they do not appear to be fully sufficient sources of information, as employers often had to contact others to pursue the matter further (e.g. Jobcentres, local Benefits Agency offices, etc.) At times employers came away with mistaken impressions about the scheme from general sources such as newspaper articles.

Given that the NIC Holiday is intended to act as an incentive for employers to recruit long-term unemployed people, the point at which the information is required and is most relevant is during recruitment exercises. Targeted sources of information, such as Jobcentre or TEC staff, appeared to be able to play a more strategic role in ensuring that the information is conveyed to the appropriate decision-maker at a relevant moment. However, employers who had made use of these types of intermediaries in recruiting new staff did not appear to have been consistently informed about the NIC Holiday. Furthermore, some employers who did hear about the NIC Holiday from these sources did so only after they had recruited an eligible employee. The timing of the information provision in such cases clearly precluded the NIC Holiday serving as an incentive to tip the balance in favour of the long-term unemployed job candidate (discussed in greater detail in Chapter 4).

Similarly, job candidates sometimes gave information about the NIC Holiday to the employer only after they had been recruited, again suggesting that awareness of the scheme came too late to affect employment decisions. This coincides with findings from other studies which indicate that some unemployed people are reluctant to present such information to employers during job interviews as they feel that it may be seen as an attempt to bribe the employer into recruiting them over others.¹

These findings suggest that intermediaries could be used more strategically to disseminate information about such schemes at the appropriate moment. Some employers also suggested that a single source of information, advice and documentation about the scheme would be most helpful. Similar schemes with more personalised information and sources of advice were cited as good examples, such as the support provided with the Faster Family Credit scheme.

### 3.2 Information flows within organisations

In addition to the difficulties of getting the message to employers at the outset, blockages also occurred in the flow of information within organisations. Generally, the payroll staff interviewed tended to be more

aware of the specifics of the scheme than recruitment staff. They had usually
also received and remembered the Supplement to the Employers’ Manual on
National Insurance Contributions which contained explanatory
information about the NIC Holiday, though they may not have read it in
detail. Additionally, some mentioned that the latest updates of their
computerised payroll software packages now incorporate prompts asking
whether any new employees are eligible for the NIC Holiday. This triggered
some payroll staff to go back through their files and look for further
information about the scheme.

As might be expected, recruitment staff who had been involved in the
decision to claim the NIC Holiday remembered more about the scheme and
were clearer about where they had first heard about it than those who had
not claimed a Holiday. Some had never heard of it before being invited to
take part in the study, even though they may have recruited eligible
employees since April 1996 when the scheme was introduced. This is
consistent with survey findings from previous research on the NIC Holiday
which indicated a low level of awareness of the scheme among a national
cross-section of employers.

Staff involved with recruitment generally did not remember receiving or
seeing any information about the NIC Holiday from the Contributions
Agency. There was little recognition of the question and answer leaflet
giving details of the Holiday and further contact information. This may not
necessarily be surprising given that strategies for disseminating information
about the Holiday varied across different regions, and specific types of
employer were targeted to receive the leaflets (i.e., larger rather than smaller
employers). Additionally, the information was largely addressed to payroll
staff as they have most direct contact with the administration of the scheme,
but this meant that the information was not necessarily available to staff
involved with recruitment prior to recruitment decisions being made.

While payroll staff had often seen or heard something about the NIC
Holiday, they did not necessarily share this information with staff involved
with recruitment at a stage which would influence recruitment decisions.
This type of blockage in the flow of communication tended to occur more
in hierarchical organisations structured along functional lines and without
much overlap between different job roles. Organisations in which different
roles were combined into one job (i.e., some element of personnel and
financial control in a single post) had less problem with this apparently
because the same person who might be informed about the NIC Holiday
also had involvement in recruitment. Similarly, smaller less formal

2 Contributions Agency (April 1996) Supplement to the Employer’s Manual on National
Insurance Contributions CA28.

3 Burt K, Murtha S and Moulton, V (January 1997), Employers’ Awareness of the NIC

4 Contributions Agency. Leaver NIC 1-4/96.
organisations appeared to have more open channels of communication between staff involved in different roles.

In some—often smaller—organisations, the payroll is (either partly or entirely) externally administered by professionals such as accountants. In these circumstances, those who had information about the NIC Holiday were perhaps completely separate from the organisation and thus too involved interruptions in the flow of communication between those who administer the Holiday and had received information about it and those who make recruitment decisions. Typically, staff involved in recruitment gave details of new employees to the payroll administrators. It was at this point that payroll staff considered the information they had received about the NIC Holiday and shared it with recruiters (i.e., after recruitment, to decide whether the company was now entitled to a bonus).

Additionally, the payroll staff were not usually the decision-makers about whether to take the NIC Holiday. Their role tended to be restricted to the administrative side of the Holiday and gathering more information about it after an eligible employee was recruited. While they therefore potentially triggered (or stifled) consideration of the Holiday by raising (or failing to raise) awareness of the scheme in the company, they usually did not play a more active role in decisions to take the Holiday. Information about the Holiday therefore tended not to circulate very effectively around organisations and instead stayed with those who received it or who were deemed the most appropriate people to deal with tax-related matters (i.e., the payroll staff).

Overall, the strategy of sending the information to the payroll department alone did not appear to be sufficient to ensure that the message about the NIC Holiday was received at an appropriate stage in the recruitment process. Figure 3.2 illustrates different points at which information about the Holiday was received and why, not uncommonly, information came too late in the recruitment process to influence recruitment decisions. By contrast, information about the NIC Holiday could be and in some cases was conveyed by Jobcentre or TEC staff at the point of advertising vacancies. This meant that information about the NIC Holiday was made available to employers in the early stages of recruitment while there was still time to think more carefully about whether a long-term unemployed person might be suitable for the job. In these cases, employers also had help in finding and selecting appropriate individuals for the job who might also meet the NIC Holiday eligibility requirements. There were employers in this sample who had taken up the Holiday specifically because they had been told about it at the appropriate time by Jobcentre staff.

Even among very large national employers which could potentially benefit substantially from the scheme, there was apparently little strategic interest in the NIC Holiday. Where the information about the Holiday was made more
generally available to the rest of the company (i.e., in other locations) by the payroll department, it tended to be presented in a neutral way and without any suggestion that recruitment procedures should be influenced by the cost savings to be obtained from the Holiday. Local decision-makers were therefore perhaps not actively encouraged to check their records to see whether they had recruited any eligible employees nor was it suggested that they should alter their recruitment practices or decisions in future. Indeed the messages that were communicated internally appeared to entail only the simple provision of information (i.e., if local staff did recruit eligible employees, they were instructed to make this known to central finance staff who would be responsible for applying for the Holiday). Central personnel or human resources staff tended to be less aware of the NIC Holiday and there appeared to have been little discussion of the scheme between staff in these different functional areas prior to the research.

3.3 Employers’ understanding of the NIC Holiday

In addition to difficulties with receipt and communication of information about the NIC Holiday there was also evidence that the information employers received was not always clearly understood or entirely accurate. A lack of clarity in the information they received could also have contributed to the low take-up of the NIC Holiday. For example, there were cases in which employers believed that it was the long-term unemployed person rather than the employer who had to apply for the Holiday. In one instance, the employer had distributed forms in the hope that previously long-term unemployed recruits would fill them in. They attributed their very low use of the NIC Holiday to the fact that they had had little response via this method. This misunderstanding may have arisen from confusion about the fact that unemployed job candidates may be asked to give information about the scheme to employers during the job interview. Additionally, as the scheme is voluntary on the part of both the employer and the employee, some employers may have understood this to mean that the application process for the NIC Holiday must be initiated by the unemployed person.

Apparently, these misunderstandings were not isolated cases and one manager in a large national organisation described how this was the message received from a meeting of managers of similar organisations. The prevalence of such misconceptions is impossible to determine from qualitative data but this research suggests that this kind of misunderstanding has prevented some employers from making more use of the NIC Holiday (including large, national and public sector organisations).

Chart 3.3 presents a range of questions which employers asked about the NIC Holiday in the interviews. They include questions both from current recipients of the scheme and those without experience of it. They help to illustrate the range of issues with which employers may require further clarification of the scheme’s details.

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5 The NIC Holiday leaflet (NIC 1-4/96) also specifies that ‘people who are likely to qualify should bring a leaflet and application form to the job interview.'
As Chart 3.3 indicates, employers were not very clear about how the scheme worked and how it might benefit them. They were also concerned about its potential implications in terms of their freedom to terminate employment if the recruit proved unsuitable. These types of question imply that the scheme has not been clearly understood as an incentive to employers as they are not easily able to discern the specific value of it to them and additionally they may be worried about 'a catch' of some sort. Once employers had direct experience of the Holiday, they tended to know more about the value of the scheme to them in terms of savings and they were in a stronger position to judge whether it was worth using again (discussed in Chapter 4).
Figure 3.2 Points at which employers may become aware of the NIC Holiday in relation to the recruitment process

- Awareness of the scheme may occur before considering recruitment (e.g., via general information sources).
- Awareness of the scheme may come from intermediaries at this point (e.g., job centres).
- Awareness of the scheme may come from job candidates at this point.
- Awareness of the scheme may come from payroll staff intermediaries the CA or the new recruit at this point (e.g., too late to influence recruitment decision).

1. Set job criteria (person and job specifications).
2. Advertise job (choice of places more or less likely to be seen by LTU people).
3. Filter & screen applications (LTU may be sifted out unless given benefit of doubt).
4. Interview/ assess selected candidates (check skills, personal qualities, reliability, etc.).
5. Recruitment decision (consider skills whether special training will be required, how well will fit into the organisation, how reliable they will be).
6. Inform payroll staff about new recruit. They may remember NIC Hol from supplement/prompted by computer software.

Payroll may be done reliably they will be. Externally and internally staff may be unaware of the scheme. Decision to apply may be made at this point.
Eligibility requirements:

- Is it applicable to temporary employees or do they have to be permanent?
- Can you use it for casual employees?
- Can the scheme be applied to people on short-term contracts?

Applying for the Holiday retrospectively:

- Are we still eligible for existing employees?
- Do we have to wait until we next recruit to apply?

Access to long-term unemployed job applicants:

- Would I ask the Jobcentre to send me long-term unemployed people when I'm next recruiting? Would this be discrimination?
- How do you encourage long-term unemployed people to apply for jobs?

The application process:

- Does the employer or the employee apply for the scheme?

The value of the Holiday:

- What would the savings be to me?
- Is it the employee or the employer who gets the Holiday? Who benefits from it?
- Does the Holiday mean you don't have to pay your National Insurance contributions at all?
- Do both the employer and employee get a holiday from paying National Insurance contributions?

The implications of the Holiday:

- How easy would it be to terminate employment if the person is not suitable ('The leaflet says you have to keep the employee for a whole year')?
- Will I have committed myself to something if it doesn't work out?

- Will I have to pay back the money?

3.4 Recruitment priorities as an influence on take-up of the NIC Holiday

Another key area which appears to have had an influence on the take-up of the Holiday relates to recruitment priorities. A very consistent theme among employers was that they want the 'right person for the job'. The specific elements of this vary considerably between different jobs and employers (further details may be found in Chapter 2), but employers generally rejected the principle of giving preference to long-term unemployed job candidates over others who might be considered better prepared for the job. They
tended to feel that the savings from the Holiday would not compensate for taking on a recruit who might not be reliable or who would need more extensive training or support than other applicants.

In smaller organisations particularly, employers simply felt unable to take on people who might require a lot of extra support as they were working within very narrow margins of human and financial resources and could not risk employing people about whom they had reservations.

Generally, however, employers were willing to consider giving preference to long-term unemployed candidates in cases where they were as suitable for the job as others who applied. In this sense, the NIC Holiday (where employers knew about it) could tip the balance in favour of long-term unemployed people between two otherwise similar candidates. However, the lack of clarity about the level of savings employers could make from taking the Holiday as well as the perception that money alone was not sufficient to compensate for the potential problems of recruiting the wrong person (e.g., disruption to the organisation, the need to recruit again, etc.) are further factors which appear to have hindered take-up of the scheme.

Another factor in relation to their recruitment priorities which caused some employers to reject the scheme was the belief that it was not relevant to them. Although they did not necessarily know or understand the details of the Holiday, they assumed that a scheme encouraging the recruitment of long-term unemployed people would not apply to them. This was particularly so for those with a high proportion of highly skilled jobs or with little staff turnover. However, upon further investigation even these employers usually had some jobs which they felt would perhaps be suitable for long-term unemployed candidates (e.g., drivers, cleaners etc.). Their quick rejection of the scheme reflects assumptions about the skills possessed by long-term unemployed people (see Chapter 2) as well as about the sorts of employers that tend to recruit unemployed people. Clearly, these assumptions are not necessarily accurate (for example, one current recipient of the Holiday recruited a graduate with specialist skills from the local Jobcentre), but their negative assessment of the scheme's applicability to their situation nonetheless presented some from considering it further.

Additionally, those who feel that the scheme is not relevant to them may also tend to receive few job applications from long-term unemployed candidates when they are recruiting. As noted in Chapter 2, this may in part be a function of where and how they advertise vacancies (e.g., using temporary employment agencies rather than Jobcentres, etc.), but again this reinforced the view that it would be difficult to recruit candidates who would be eligible for the scheme. The labour market circumstances also appeared to have an important effect, with some employers suggesting that there might be quite a good pool of long-term unemployed applicants from which to choose whereas others asserted that as they were not in an area of 'mass unemployment', they did not tend to receive applications from long-term unemployed people. The commonly asked questions presented in the last
section reflected the fact that some employers simply were not clear how they would go about finding suitable long-term unemployed people to recruit.

3.5 The perceived advantages and disadvantages of taking a NIC Holiday

When asked for their views of the advantages and disadvantages of taking the NIC Holiday employers tended to focus on a fairly narrow range of advantages, largely to do with the savings that could be achieved from the scheme and alternative uses for the money. By contrast, there was a range of other issues which concerned employers and these potential disadvantages were seen by some as outweighing the monetary value of the NIC Holiday. Chart 3.4 provides a summary overview of the perceived advantages and disadvantages associated with the scheme, many of which might be expected to have an influence on whether employers decide to take it up.

Lastly, organisational size and circumstances appeared to have an important influence on how various features of the NIC Holiday were perceived. Chart 3.5 highlights the different ways in which larger and smaller employers perceived the scheme and those factors which served as facilitators or barriers to taking the Holiday for businesses of different sizes and circumstances.

The savings

As noted above, the perceived advantages of the scheme related largely to the savings which employers could achieve on labour costs. Within this sample, savings from the NIC Holiday reportedly ranged from £80 to £942 per year per employee. As might be expected, payroll staff were generally much more aware of the savings from the NIC Holiday than the recruitment staff. This again suggests that those who were most aware of the scheme’s benefits tended not to be the people who were in a position to recruit long-term unemployed people.

The attraction of the potential savings offered by the scheme differed according to the size of the employer and to their organisational circumstances (see Chart 3.5). For smaller employers, the savings potentially made a greater impact in organisational terms, perhaps determining whether they could recruit a new member of staff or offer staff training. For larger employers, the savings were more marginal, but could potentially be increased by attempting to use the scheme more strategically in larger scale recruitment exercises. As has been indicated, however, finding sufficient numbers of long-term unemployed job candidates to make the savings more substantial was perceived to be a difficult task.

Administration of the scheme

Again, perceptions of how difficult it would be to administer the scheme varied with organisational size. Larger employers could more easily absorb the costs of extra paperwork and administration whereas this represented a more important loss of the savings to smaller employers. Smaller employers also tended to expect more problems with administering the scheme and appeared to feel less confident in dealing with tax-related matters as well as in working with the DSS or CA. They tended to associate such government agencies more with losing than gaining money and they sometimes were sceptical as to whether the scheme ultimately would be advantageous to
them. They appeared to need more reassurance than larger employers which were more accustomed to dealing with such matters and perhaps have specialist staff who deal with these issues on a regular basis.

Eligibility requirements The scheme's eligibility requirements were sometimes seen as too difficult and appeared to diminish the value of the scheme to some employers. Specifically, the two-year definition of long-term unemployment was considered to impose too strict a cut-off between potential recruits who had been unemployed for less than two years (but had nonetheless been out of work for a substantial period of time) and those who had been unemployed for two years or more. A sliding scale of NIC reductions based on the length of unemployment was suggested as one means of providing some advantage to employers for recruiting unemployed people, with more savings available to those who recruit people who have been out of the labour market longer. This would also help to overcome the problem some employers expected to have in finding recruits who had been unemployed for two years or more, as the supply of this group clearly varies with local labour market circumstances.

Other issues which arose in relation to the eligibility criteria included the thirteen-week period of employment before which employers could claim the Holiday. Smaller employers in particular felt that if a recruit chose to leave the company during this thirteen-week period then they as an employers would suffer on two counts. First, they would have recruited the employee to do a specific job and would potentially have to re-advertise and go through another recruitment exercise. Secondly, they would not get the savings from the scheme for having hired a long-term unemployed person. This seemed unfair to some respondents who felt that the employer is asked to take the risk of recruiting potentially less reliable employees but may receive no reward for doing so. Whether or not people with a history of long-term unemployment are more likely to leave soon after recruitment than other employees was not within the remit of this study but the fact that this perception exists among employers was enough to make them question the benefits of the NIC Holiday.

Recruitment issues Some employers felt that they would have trouble finding job candidates to meet the criteria for the job and the scheme while simultaneously being mindful of equal opportunities policies. For some the two years of unemployment made it difficult to conceive of job candidates meeting the essential criteria for jobs which they felt might be suitable for people who have been unemployed for less time. Lastly, there was an expectation among some employers that in order to find long-term unemployed job candidates they would have to advertise with the Jobcentre. However as discussed in Chapter 2, some felt that the service provided by their local Jobcentre was not suitable for their requirements and they had therefore chosen to use alternative methods.
<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration of scheme</td>
<td>Administration of scheme</td>
</tr>
<tr>
<td>- Administration is easy compared to other benefits</td>
<td>- Aggravation and worry about whether the savings have been calculated correctly</td>
</tr>
<tr>
<td></td>
<td>- Anticipated hassles with tax inspections and trying to explain the scheme to auditors</td>
</tr>
<tr>
<td></td>
<td>- Worrisome dealing with the DSS and tax related issues</td>
</tr>
<tr>
<td></td>
<td>- Hassles or more paperwork/onus is on the employer</td>
</tr>
<tr>
<td>Savings associated with the Holiday</td>
<td>Costs associated with the Holiday</td>
</tr>
<tr>
<td>- Helps to save on labour overheads</td>
<td>- Not worth the costs of administering the scheme unless the employer can recruit several eligible employees (reducing unit costs)</td>
</tr>
<tr>
<td>- May be worth quite a lot of money especially if there are several employees on the holiday</td>
<td>- Employer's out of pocket if they train a long-term unemployed person who leaves suddenly</td>
</tr>
<tr>
<td>- Every little bit helps</td>
<td></td>
</tr>
<tr>
<td>- Employers get the savings as well as someone to do the job</td>
<td></td>
</tr>
<tr>
<td>Alternative uses for money saved</td>
<td>Eligibility requirements</td>
</tr>
<tr>
<td>- Savings can be used for staff training</td>
<td>- Rigid 2-year definition seems unhelpful, may encourage employers not to recruit people who have been unemployed less time</td>
</tr>
<tr>
<td>- Savings can be ploughed back into the organisation</td>
<td>- Circumstances are so specific for claiming that it limits the value of the scheme</td>
</tr>
<tr>
<td></td>
<td>- The people they need to recruit are not likely to be eligible (e.g. women returners who have not been claiming benefits)</td>
</tr>
<tr>
<td></td>
<td>- 13 weeks employment before eligibility means employers get nothing if they take on someone who leaves quickly</td>
</tr>
<tr>
<td>Recruitment issues</td>
<td></td>
</tr>
<tr>
<td>- Difficult to find recruits who will meet job criteria</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 2 years previous unemployment may be problematic</td>
</tr>
<tr>
<td></td>
<td>- Eligibility criteria for the scheme and the organisation's equal opportunities criteria</td>
</tr>
<tr>
<td></td>
<td>- Dealing with Jobcentre to find eligible recruits may be a disincentive</td>
</tr>
</tbody>
</table>
### Chart 3.5 Incentives and disincentives to taking the NIC holiday for smaller and larger organisations

<table>
<thead>
<tr>
<th>Facilitators/incentives to taking the Holiday</th>
<th>Smaller Organisations</th>
<th>Larger Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Savings are a larger proportion of income</td>
<td></td>
<td>• More likely to recruit in greater numbers therefore possible to achieve greater savings</td>
</tr>
<tr>
<td>• Savings enable activities which would be unaffordable otherwise (e.g., staff training)</td>
<td></td>
<td>• Training of LTU may be accommodated within regular training provision (thereby reducing the training costs associated with recruiting LTU people)</td>
</tr>
<tr>
<td>• May enable recruitment that would not otherwise be possible</td>
<td></td>
<td>• Administration of the scheme represents a more marginal cost/can be more easily accommodated by existing staff members</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Barriers/disincentives to taking the Holiday</th>
<th>Smaller Organisations</th>
<th>Larger Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fewer staff resources for scheme administration – implies extra work for existing staff/effectively reduces savings of scheme</td>
<td></td>
<td>• Savings may only be a drop in the ocean (smaller proportion of income)</td>
</tr>
<tr>
<td>• Fewer resources with which to spread or absorb the risks associated with employment of LTU* people (e.g., lack of reliability, etc.)</td>
<td></td>
<td>• Communication more difficult between central policy staff responsible for take-up/administration of scheme and local establishments responsible for recruitment</td>
</tr>
<tr>
<td>• Fewer resources to allow for initial difficulties with re-entry into the labour market (i.e., fewer staff available to give support supervision, etc.)</td>
<td></td>
<td>• Recruitment decisions are devolved to local establishments, making strategic planning of savings from the scheme difficult</td>
</tr>
<tr>
<td>• More worries about the tax-related nature of the scheme/possible mistakes/hassles with tax inspections</td>
<td></td>
<td>• May be difficult to recruit LTU people in sufficient numbers to compensate for the extra costs associated with administering the scheme</td>
</tr>
</tbody>
</table>

*LTU is used as an abbreviation for long term unemployed
A range of factors have been identified as contributing to the low take-up of the NIC Holiday. These are summarised in Chart 3.6 below.

Chart 3.6 Factors Associated with the Low Take-Up of the NIC Holiday

<table>
<thead>
<tr>
<th>Sources and timing of information about the Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>• lack of awareness of the scheme/ inadequate methods of making employers aware of the Holiday</td>
</tr>
<tr>
<td>• lack of internal communication about the scheme</td>
</tr>
<tr>
<td>• information sources led to misunderstanding or did not motivate employers to follow up</td>
</tr>
<tr>
<td>• information about the Holiday was not available to employers at the right place and the right time</td>
</tr>
<tr>
<td>• payroll staff tended to be more aware of the specific savings value of the scheme than staff with responsibility for recruitment decisions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceptions of the scheme's applicability to employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• belief that the scheme would not apply in their circumstances</td>
</tr>
<tr>
<td>• anticipated difficulties in finding suitable long-term unemployed job candidates</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recruitment priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• belief that they would have to sacrifice essential job criteria to hire long-term unemployed people</td>
</tr>
<tr>
<td>• more value placed on getting the 'right person for the job' than on cost savings</td>
</tr>
<tr>
<td>• while the savings from the scheme were not considered insubstantial, they were generally not considered enough to compensate for taking on someone about whom an employer had reservations</td>
</tr>
</tbody>
</table>
Key issues raised in this chapter.

- Employers require information about such schemes when they are recruiting. Some information sources such as Jobcentre staff and TEC staff appeared to be able to provide the required information at strategic moments (e.g., when recruiting an unemployed person). These intermediaries may potentially be more effective in disseminating the information than more generalised methods of publicity alone.

- Payroll staff usually remembered seeing information about the NIC Holiday, but tended not to share it with staff involved in recruitment until after an eligible employee had been recruited. This precluded the scheme being used effectively as an incentive to recruit long-term unemployed people (at least until after employers had used it once).

- Payroll staff also tended to be more aware of the value of the scheme, while recruitment staff were more vague about the savings involved. Those making recruitment decisions were therefore less aware of the benefits which could be associated with recruiting a long-term unemployed person.

- Employers lacked a clear understanding of the scheme and had mistaken impressions of how it operates which precluded some from taking part.

- Employers stressed the importance of getting the right person for the job and were unwilling to lower their standards to obtain the benefits of the scheme.

- While employers viewed the savings from the Holiday as beneficial, they were wary of a number of potential disadvantages for which they felt the savings could not compensate (e.g., potential hassles associated with claiming back the money, difficulty meeting the eligibility requirements, and difficulty accessing suitable long-term unemployed job candidates).
This chapter focuses on the effects of the NIC Holiday on recruitment decisions and employers' views about whether and how the NIC Holiday is (or would be) taken into account in their choices between job candidates. It also explores perceptions of whether the NIC Holiday helps to offset the perceived risks associated with recruiting long-term unemployed people. Lastly, employers' accounts of claiming the Holiday and seeking guidance or help about the scheme are presented.

4.1 The role of the NIC Holiday in recruitment decisions

As the NIC Holiday was introduced to provide encouragement for employers to recruit long-term unemployed people, a key question to be addressed by this research is whether, and if so how, it has done so. The employers in this study who had claimed the Holiday can be divided into two or three groups, each with a different perspective on whether the NIC Holiday 'tipped the balance' in their recruitment decisions.

First, as might be expected from the discussion in Chapter 3 regarding awareness and communication about the Holiday, one (not insubstantial) group of employers were not aware that the NIC Holiday existed at the time of recruiting the employee for whom the Holiday was subsequently claimed. The NIC Holiday therefore played no part in their initial decision to recruit the long-term unemployed job candidate. Apparently, these people did not need the NIC Holiday to convince them to recruit a long-term unemployed person, and the individual recruited tended to be viewed as the best candidate for the job, regardless of their history of unemployment. In some cases, employers were aware of the individual's employment background but had not thought of them as 'long-term unemployed' and therefore may not have made the connection between any information they may have seen about the NIC Holiday and this job candidate.

We had a form in from the DSS saying that as we had taken the employee on we were entitled to this NIC holiday. I'd never even heard of it so I had to ring the accountant to say 'What is all this about?'

"I first heard about the scheme when I hired two people in the autumn of last year. I think what happened was I took on a young man who was eligible for this scheme and I got contacted by various people regarding it, willing to give me advice, trying to help the person. I was surprised and pleased to hear that there would be somebody who is actually actively trying to help people get a job."

A second group of employers said that they had known about the Holiday when the person was recruited and that it was a factor they considered in taking on the long-term unemployed candidate. However, they emphasised that the scheme was not a key factor in their decision to recruit the relevant
individual and was simply one of many points they considered in their final selection. Still, they felt that the NIC Holiday probably encouraged them to invite the applicant to an interview rather than dismissing him earlier in the recruitment process. In this sense, the NIC Holiday perhaps gave unemployed people a greater chance of making it through the sifting and screening stages of recruitment to the more critical interview stage where employers can make decisions based on the person as a whole rather than simply their recent employment history. They emphasised nonetheless that the most important factor in opting for the candidate was that they were right for the job, not that they could save some money through the scheme.

“You see, money is not important, is it? I mean, it is, but at the end of the day, certainly in retail, what we are looking at is customer fit and which person had the best approach to customers. And if there is something that may give us a bit more money with one person, you will still say ‘Well, long term who is going to bring more customers in because of their approach?’ We will have that person.”

“I suppose the Holiday is an influence but, you know, the main reason is getting the person who is going to fit in with the job. However much it is helpful to get some sort of funding towards taking anyone on, ultimately there is no point getting the wrong person with £1,000 worth of funding. You want the right person. I mean, we are a small firm. Everyone has to work together, everyone has to be flexible. So it has to be the individual that is the key determining factor.”

The third group of employers felt that the NIC Holiday perhaps did tip the balance in favour of the unemployed person in their recruitment decision but only in conjunction with the candidate being otherwise suitable for the position. Again, they emphasised that this person probably would have got the job anyway on their own merits, but in borderline cases between two quite equally matched contenders for a job, the NIC Holiday made them opt for the long-term unemployed person.

“Well, I think what happened was that the two directors who were responsible were talking to me about the people that they had been interviewing for jobs. And this particular one was mentioned as they thought he seemed a very suitable person. And I said ‘Well, I think that we would qualify for some benefits by way of reduced national insurance costs.’ The response was ‘Oh, goody, let's go for it.’ I think that in this case he had already sold himself anyway. However, in a situation where two people were evenly matched it might make a difference.”

“I knew about the Holiday scheme and we knew that he had been unemployed for two years. We knew he had got foundry experience so certainly the fact that he had got previous experience and he was eligible for the scheme, that certainly tipped the balance.”

Key points which arise from these different scenarios are that:

- Employers need to be aware of the NIC Holiday prior to recruitment and the earlier in the recruitment process the information arrives, the more
chance long-term unemployed people will have of making it through the
initial screening stages

- The NIC Holiday can have an influence on how well long-term
unemployed people fare in the recruitment process, but ultimately they
will still have to demonstrate their desire to work and ‘sell themselves’ in
an interview, in order to secure employment (and they therefore need the
skills and motivation to do this)

- In borderline cases between two fairly similarly matched candidates both
of whom are suitable for the job, the NIC Holiday may be the factor that
‘tips the balance in favour of the long-term unemployed candidate

Another important question on this subject concerns whether employers can
envision specifically seeking to recruit a long-term unemployed person
because of the NIC Holiday. This broadens the issue to incorporate the
views of employers who were not aware of the scheme when they recruited
the person for whom they now claim the Holiday as well as other employers
who have not had any involvement in the scheme. The underlying issue
here is whether the scheme is attractive enough to employers to encourage
them to look for unemployed people when they next recruit

Generally, employers disagreed with the concept of seeking to recruit long-
term unemployed people in order to obtain the Holiday. While they were
willing to consider long-term unemployed people who applied for jobs and
the Holiday perhaps made them more willing to do so, they gave several
reasons why they would not specifically seek to fill suitable jobs with long-
term unemployed people

A common theme was that employers recruit with the intention of getting
the best person for the job and this must be the primary consideration in
recruitment decisions. They tended to view the notion of seeking suitable
long-term unemployed people to fill vacancies as incompatible with this
goal. They generally felt that they would be narrowing the field of potential
applicants by seeking out long-term unemployed people specifically and
would potentially exclude other candidates who were not long-term
unemployed. They emphasised that recruitment is about finding people with
the right skills and qualities, not finding people with a particular employment
status (i.e., long-term unemployment). Additionally, they felt it was far too
costly in organisational terms to recruit an applicant about whom the
employer had reservations simply because the person would allow them to
make some labour savings via the scheme

“It wouldn’t necessarily sway me, to be honest with you. It still all depends on the
right person for the job. So even though you would save a bit of money by doing
that, it won’t override the fact that I would be getting somebody wrong for the job
when I have got somebody who is right for the job and they don’t qualify for it
At the end of the day it seems better to get somebody who is right for the job.”
"I wouldn't think any more about hiring them than I would anyone else, or it wouldn't make me, just because I got this. I wouldn't hire them, no way. They would have to fit in to what we want as a care assistant. That wouldn't make me want to hire them. They have got to be the right person, haven't they?"

However, some employers still felt that while they would not go out of their way to recruit long-term unemployed people, their awareness of the NIC Holiday might make them more willing to invite these people to an interview and give them a chance to prove they are right for the job. Additionally, as noted, on a level playing field between two candidates, employers tended to feel that the NIC Holiday might tip the balance towards the long-term unemployed person.

"It has given me food for thought. Whereas in the past I wouldn't look down that avenue as such. Now I might, but it won't influence that final decision that the right person for the job is going to get it because, you know, we can't carry passengers."

"I mean, it wouldn't make me employ someone that I wouldn't have employed before, but it might make me think: Well here is someone that is applying to me for a job that has been unemployed for four years. Rather than just write him out of the script immediately, say, we will let him come and talk about it. Might be interested in him."

Postdiscrimination

Less commonly some employers felt that instituting a policy of recruiting long-term unemployed people over others would effectively entail positive discrimination. This was contrary to equal opportunities policies and therefore meant that while they would be willing to claim the NIC Holiday after they had recruited a long-term unemployed person, they specifically would not want it to influence their recruitment decisions beforehand.

"The only way that I would take advantage, that I would discriminate in favour of long-term unemployed would be if we set up a project specifically so to do. What I would not do is discriminate in their favour against somebody else who has applied for the post. That would be unfair. But a specific project whether it is women returners or whatever, yes, I could imagine that could be a moral thing to do."

Abuse of the system

Another fairly uncommon theme among employers who had not used the Holiday was that specifically seeking to recruit long-term unemployed people would be a cynical exercise tantamount to making profit from the misfortunes of others. They did not appear to focus on the possibility that obtaining employment might be viewed quite positively by unemployed people themselves. They felt that it would be 'malicious' to recruit on the basis of employment status (because it would simply be a way of saving money) and, like other employers, emphasised the importance of getting the best person for the job rather than simply looking for unemployed recruits.
“There could be some financial advantages but I wouldn’t seek that avenue. I’m not that malicious a businessman to be seeking after those avenues of collecting money and for those reasons. I would rather just be going along and finding the person that is right for the job, and then if they fit this criteria too, then that’s nice as well.”

Schemes are unappealing

A minority of employers in this sample felt that such schemes were potentially onerous and therefore did not feel that they would want to take part at all and certainly could not envisage changing their recruitment practices to do so.

“I have to look at the quality of the work they are going to put out regardless. All these things are cosmetic. There incentives do not make a difference in a business sense because I know that generally they’re petty and not really worth the time to read them. The time that it takes to get someone involved from the [other] scheme [we took up] was ludicrous and the thing wasn’t explained to us properly.”

4.2 Perceptions of the NIC Holiday as an incentive

The intention of the scheme is to stimulate a demand by employers for people who have been long-term unemployed by ‘creating a financial incentive for employers to recruit them.’

To some extent, this issue has been addressed in the previous section, but this section helps to explain why employers generally did not conceive of the NIC Holiday as an incentive to recruit long-term unemployed people and tended instead to view it as a ‘bonus’ for having done so.

The NIC Holiday as a ‘bonus’ rather than an incentive

To the employers in this sample, the notion of the NIC Holiday as an incentive suggested that, through a desire to obtain the savings from the scheme, they would significantly alter their recruitment practices. Clearly this was not the case and there were many reasons why they felt it would be unreasonable for them to do so. However, this did not suggest that where employers were aware of its existence, the Holiday had no impact on the recruitment of long-term unemployed people. Indeed, as noted in the last section, it could perhaps be viewed as improving the chances of long-term unemployed people to be invited to job interviews. The individual then had to stand on their own merits in terms of obtaining employment, but the NIC Holiday could be viewed as facilitating passage through the initial stages of the recruitment process and enabling long-term unemployed people to access the final stages where the individual is given an opportunity to prove themselves.

This is a key point that via the incentive of the scheme, long-term unemployed people may be considered on an individual basis, rather than as a class of people the long-term unemployed. As noted in Chapter 2, there were definite images of long-term unemployed people which involved assumptions about low skill levels, low motivation to work and lack of reliability, and these stereotypes have to be overcome on an individual basis.

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The NIC holder appeared to have played an important role in shaping the policy decisions. He was familiar with the process of reviewing candidates for the program and had a keen understanding of the requirements. His experience allowed him to assess the qualifications of the applicants accurately. He ensured that the decisions were made in accordance with the established criteria. The holder also took the time to explain the implications of the decisions to the applicants. His approach was professional and fair, ensuring that all applicants received equal treatment. Overall, the NIC holder demonstrated a high level of competence and dedication to his role.
want to work and were simply applying for the post in order to meet the criteria for benefit receipt. They therefore felt that there was a greater chance that they might not do the work reliably or might leave soon after being employed.

Less commonly, there were employers who resisted generalising about the risks of recruiting the long-term unemployed and felt that a case-by-case assessment is required which takes account of the qualities of the individual, the nature of the job and the circumstances of the organisation.

The general perception of increased risk inherent in employing long-term unemployed people meant that employers did not feel that the savings from the NIC Holiday could reasonably be considered to compensate for the possible problems they might encounter. They therefore highlighted the importance of their own risk reduction strategies which were undertaken during the recruitment process and the importance of ensuring that they had the best person for the job, regardless of their previous employment status. They did not see the savings from the Holiday as worth the possible problems inherent in employing someone whom they considered to be 'unemployable' or not competent to do the work.

Additionally, as noted in Chapter 3, some employers were concerned about the fact that the NIC Holiday would benefit them only after the initial thirteen weeks of employment. This implied that if the employee left soon after being employed, they would have gained nothing from the scheme. In this regard the criteria for the Holiday were not perceived to acknowledge the risks employers potentially face in recruiting long-term unemployed people.

4.4 The process of claiming the Holiday

Generally, despite the worries employers had that the scheme might be difficult to administer and time-consuming to set up, those with experience of the Holiday were usually pleasantly surprised to find that this was not the case.

Getting information about the scheme

Although the process was commonly considered easy and straightforward, getting the initial information about the scheme was the most difficult part for some employers. One example involved an employer who read about the scheme in the press soon after its introduction and tried to phone the local Benefits Agency office for more information. Reportedly no one there knew anything about the scheme and it took several phone calls to get any information. Other employers also noted initial problems getting information or help from local Benefits Agency offices.

Filling in the forms

Employers described the forms as easy and quick to fill in. In comparison to other schemes with which they had experience, the NIC Holiday was described as *very easy to claim*. While difficulties were rare, one example of problems with the forms involved incompletely filled forms being returned to an employer. The exchange of forms caused delays in the
processing of the claim and the employer was unsuccessful in obtaining help from a local office. When the employer finally contacted the Contributions Agency in Newcastle, the problems were quite quickly and easily resolved. Others who had telephoned the Contributions Agency directly when setting up the scheme also described this contact as very helpful.

**The approval process**

There were no problems reported with the approval process and employers generally felt that their claims were processed quickly. Examples given as to how long it took for the NIC Holiday certificate to arrive were between two weeks and one month. This was perceived to be an acceptable waiting period.

**Calculating the savings**

The process of calculating the amount of National Insurance contributions to reclaim was facilitated for many employers by computerised payroll packages which had been updated to deal with the NIC Holiday calculations. Those who did it manually said that it was not difficult, but was a less straightforward and more time-consuming process. Payroll staff noted the importance of keeping clear records to document their calculations and ensure that the process runs smoothly. Generally, employers were dealing with very small numbers of NIC Holiday claims for not more than two or three employees. They felt that the process might become more difficult for larger numbers of claims.

**Concerns expressed by those with experience of the Holiday**

Those employers without direct experience of claiming a NIC Holiday were concerned about the potential bureaucracy which they tended to associate with government sponsored schemes. Difficulties encountered with participation in other schemes had made some employers reluctant to get involved in similar initiatives. Their expectations of what the scheme might be like were clearly much more negative than the experiences of employers who had taken the Holiday. This perhaps highlights the importance of being very clear in any publicity about what is entailed in the process of applying for the scheme and reclaiming the National Insurance contributions.

"We would still take the person that we thought was best for the job. If that happened to be the person who had been unemployed for two years then fine, we would go through this process. As long as they didn't make it really bureaucratic, and you had to fill in 101 forms to get anything for it. If it starts taking up a lot of people's time, it is not cost-effective. It is a bit like the Training and Enterprise Council. They give you all sorts of incentives and benefits for doing different things but trying to actually get the money back once you have put those things into place and prove that you are doing it and get the money back through filling in the paperwork the way they wanted it is a nightmare."

Apprehensions were also expressed about the nature of the checks done by the Contributions Agency to verify that the employee meets the eligibility criteria for the Holiday. Specifically, employers stressed that when they are recruiting they need people quickly and cannot afford to wait a long time for decisions about the eligibility of the relevant employee.
4.5 Employment outcomes for NIC Holiday employees

The employment outcomes for employees for whom a NIC Holiday was claimed varied but generally seemed quite positive. Contrary to worries expressed by some employers about the possible abuses of the system and the concerns that the NIC Holiday might be used by some employers to make savings on labour costs by employing people on one-year contracts only, there was no evidence of this happening here. Three types of employment outcomes were reported, as outlined below:

Stable, ongoing employment

For some the return to the labour market appeared to be stable and quite secure and employers expected that the employee would be kept on after the year's holiday had ended. Indeed the Holiday had already finished for some and the individual had carried on in employment and was expected to continue to do so. Employers in these situations felt that the employee had worked well and had been successfully re-integrated back into working life. Having proved themselves, the employees had been given the same terms and conditions of employment as others in the firm. In some cases, employers said that they hoped the employee would stay, but acknowledged that it might be beneficial for them to move on to further develop their skills.

Temporary contacts

Another group of employers had the NIC Holiday employee on a temporary employment contract. While these employers again usually intended to keep these people on the temporary nature of the work perhaps represented slightly less long-term and stable employment. This situation did not, however, appear to be unique to NIC Holiday employees in these organisations and probably reflects wider trends of increased labour market flexibility. Examples in this study included employees on contracts ranging from thirteen weeks to one year in length.

Employee has left

Lastly some employers reported that the NIC Holiday employee had left either before or at the end of the initial employment contract. In some cases, this was because the employee's first job had been used as a stepping stone into other employment, whereas for others it represented a return to unemployment. There were no reported cases in this sample of employers initiating the termination of employment.

The circumstances in which the person left appeared to be quite important to the impression employers were left with of the reliability of long-term unemployed people. There were some cases of employees leaving without giving notice of their resignation. They simply failed to turn up at work and never returned. This had quite a negative impact on employers who felt that they had given the person a chance to get back into work only to be let down.

By contrast in circumstances where the employee left but finished the initial contract with the employer, or where s/he was open about the reasons for leaving, employers felt more positively about having employed the person.
Section 3

Introduction: The purpose of this section is to provide guidance on how to determine if an individual should be considered for a Holiday Pay.

The Holiday Pay Decision Process

This section considers whether employees who had not taken their Holiday Pay before the end of the pay period should be considered for a Holiday Pay. However, the pay period must be defined as the period during which the employee worked for which the Holiday Pay is being considered. The relevant information is the nature of the employee's employment and the extent of their responsibilities during the pay period.

When determining whether an employee should be considered for a Holiday Pay, the following factors should be considered:

1. The employee's work schedule.
2. The employee's responsibilities during the pay period.
3. The employee's hours worked during the pay period.
4. The employee's vacation entitlement.

It is important to note that the decision to provide Holiday Pay is at the discretion of the employer and must be made on a case-by-case basis.
incidence for doing so

Having received a long-term unemployment pension rather than

The NIC holder was viewed by employers largely as a

• to save some money on pension costs

importance of gaining a high position for the job over the opportunities

expected were generally unhelpful to subsequently after their

Consider being objective where the job

the balance in their decision, but only in the context of the
didnt't factor into their recruitment decision. The pay spread, and in doing

Another group knew about their earnings but did not view it as

decision, another group was aware of their earnings but were not

expérience any further recruitment decision. The pay spread, and in doing

perception on whether the NIC Holder helped the balance in their

Three groups of employers were interviewed who had different

Key issues raised in this chapter.

Pension break-on-ages from the holder

consider other work schemes in future, which suggested the possibility of

experience with the NIC holder that made them more willing to

fulfilling. Some employers who commented that their previous

for them to consider participating in the scheme, but many in future

began to question whether the NIC holder was helping the
didnt't consider employers that viewed them integral rather than the

they would be more aware of long-term unemployed people when

in such circumstances

and the job centre and they would be happy to claim the holder again

they would receive a long-term unemployed person again, whereas

received second theme again

recruitment process and to obtain the holder a second time. They

expected, therefore, they were not willing to change their opinion

in terms of whether their experience of the holder would encourage take-

Furthermore, despite the scheme that employers were aware of the

incidence for doing so
• While the NIC Holiday generally did not directly encourage employers to recruit long-term unemployed people, it did appear to have a positive impact on whether long-term unemployed people were invited to job interviews. It did therefore help unemployed people to be considered on their individual merits and gave them a better opportunity to sell themselves to employers.

• Commonly, employers reported little or no difficulty with the process of applying for the Holiday, though those without experience worried that it could be onerous. This highlights the importance of making clear in publicity about the scheme that it will be simple for employers to take part.
This chapter explores employers' views on how the NIC Holiday could be enhanced to actively encourage the recruitment of long-term unemployed people and the nature of other possible incentives which employers feel might have the effect. It also considers how communication about and awareness of such schemes could be improved by presenting employers' suggestions for dealing more effectively with these issues in the case of the NIC Holiday.

5.1 Enhancing the attraction of the NIC Holiday

Employers suggested a range of ways in which they felt the NIC Holiday could be made more attractive. This included improving existing awareness of the Holiday and clarifying points of uncertainty or concern changing some of the current requirements of the Holiday and introducing some new elements which would offer greater encouragement to employers to recruit long-term unemployed people.

Improvements in communication and greater clarification

As a first step, employers felt that communication about the Holiday should be improved to make employers more aware of it. Given their generally positive responses to the scheme after having considered it during the interview, they often felt that other employers would also want to benefit from the Holiday. In their view, the key to encouraging greater take-up of the Holiday is primarily to make sure employers know about it. They had a number of suggestions as to how this could be achieved which are discussed in greater detail in Section 5.3.

"I wonder how many more people out there are like me who don't know about it. I mean, if they are really and truly endeavouring to get people back into work who have been out of work for some considerable time, I am not sure that it had perhaps been marketed properly."

Secondly, they suggested that a number of points about the scheme could be clarified to help allay any fears that employers may have about participation (e.g. committing themselves to a longer employment contract than they would ideally like, etc.) The sorts of issues that employers were concerned about or the questions that they had about the Holiday are outlined in greater detail in Chapter 3 (Chart 3.3).

Additionally, the benefits of the scheme to employers should be clearly spelled out in a way that makes them understand more readily that this scheme could be advantageous to them. Again, there were a number of suggestions as to how the positive features of the scheme could be more clearly communicated to employers (see Section 5.3).
Change some of the current features. There were some features of the scheme which employers felt could also be changed as they currently restrict access to the Holiday in a way which was believed to be counter-productive to the aim of encouraging recruitment of unemployed people. First, they suggested that the definition of long-term unemployment as two years or more is difficult to meet and represents too strict a cut-off point for eligibility.

One suggestion (mentioned earlier in the report) was to introduce a sliding scale for different durations of unemployment whereby employers would receive a greater or lesser reduction in their National Insurance contributions depending on the length of time the new recruit had been unemployed and claiming benefit. The longer the job candidate had been out of work the greater the savings on National Insurance would be to encourage employers to take them on. The increased flexibility inherent in this type of arrangement was also seen as providing encouragement for employers to recruit those who have been unemployed for less time, but who probably still also require help and support to return to the labour market.

"If the government are going to make it cheaper to employ somebody the longer they are unemployed, why don’t they just do it on a sliding scale? And then, of course, you could cross the zero boundary and they could start giving you a bonus if you took somebody on after they had been unemployed for five or ten years."

This would also help to address another difficulty which employers have experienced with the current NIC Holiday requirements: that they simply do not get many applications from people who have been unemployed for two years or more. Broadening the definition of long-term unemployment and perhaps including people who have been unemployed for less time would enable both more employers and more unemployed people to benefit from the scheme. As it stands, even very large employers felt that they were not able to make best use of the scheme because after they had set up the systems for administering it, few eligible job candidates applied. Some also suggested that more effective partnerships with local Jobcentres could be developed to provide a greater pool of screened and suitable job candidates for employers wishing to take part in the scheme.

"If you take people that have been unemployed for two years and it is a help to them, it is also a help to the business because you are saving the company money as well. So that is why we get the administration of it very finely tuned. But, unfortunately, we have only had three people we have been looking through to make sure there haven’t been any missed, and there haven’t, because we thought perhaps there was a problem in the administration of it and there doesn’t seem to be."

Rather than a sliding scale, some employers simply suggested lowering the definition of long-term unemployment altogether to somewhere between six and eighteen months.
Lastly, some employers commented that at the moment, the onus for the scheme is largely on employers to find out about the Holiday apply for it and claim back the savings. They felt that this did not necessarily have to be the case as employers who have recruited someone who is eligible for the scheme could be notified by the relevant agency that they have done so. This clearly would mean that the initial NIC Holiday recruit would be perceived as a 'bonus' by employers, but as is apparent from views about taking another Holiday reported in Chapter 4, after employers are aware of the scheme they may want to take it up again. This could therefore influence their subsequent recruitment practices (e.g., ensuring that long-term unemployed candidates are given an interview).

"NIC is something which you as an employer have to track back, record, make sure, prove and all that sort of nonsense which I think is putting too much on us and work back again like the VAT and all that sort of thing coming through back into our court. I suppose if it was already there in the computer package it would be convenient, but I still think the onus should come from the DSS, they should pick it up on our P6s and send it back to us."

**Introduce new features**

There are two additional features which employers felt could be added to, or combined with, the NIC Holiday in order to make the recruitment of long-term unemployed people more attractive and less risky. The first is a trial period with the employee during which the employer can get a better idea of the potential employee's suitability for the work. During this period part of the employee's wages might be covered by the relevant government agency with the employer paying a portion as well. Similar schemes already exist but employers were not sure whether the NIC Holiday could be used in connection with such programmes and felt that this was an important means of giving employers greater security about recruiting long-term unemployed people. As noted in Chapter 3 there were some concerns expressed by employers about having to commit themselves to longer periods of employment with the NIC Holiday (in part, reflecting misunderstandings about the Holiday) and this was seen as a means of alleviating these worries.

"[With other schemes there is] at present a three-week Work Trial. In that time you haven't time to train really. I would say you need at least two to three months which would make more of a positive incentive to try a long-term unemployed person. Depending on the person, you could assess his needs as well as your own and see what is needed as far as training is concerned."

The second way in which employers could be encouraged to recruit long-term unemployed people is to help make such people more attractive to them by giving new recruits customised training. They felt that this would address some of the fundamental problems long-term unemployed people have in finding work by improving their skills. In essence, rather than employers lowering their standards to recruit long-term unemployed people they would like to see long-term unemployed people given skills which
would in effect make them ‘the right person for the job’. This would also help to overcome the organisational difficulties which some employers face in being unable to offer in-house training to staff in need of more extensive support. Some employers have used similar schemes introduced through TECs and their experiences of this are summarised in the next section.

“If the government could train a person outside, prior to our taking them on for a job, then that would be great. Put it this way, if there is a gravedigger and we had a vacancy and the government was prepared to train that person to health and safety etc. and then say after six weeks ‘This is your gravedigger, take him on’, obviously we would. He would have to satisfy certain other criteria and if we were happy then that would be great. It would make us happier about considering long-term unemployed people if they were screened and it was proven they could undertake the work.’

Ultimately, employers felt that the NIC Holiday would be most attractive if combined with other schemes which facilitate the transition from long-term unemployment to work for the employee and make it easier and more advantageous for the employer to agree to giving them a job. They felt that a scheme offering the employer money alone fails to address the complexity of the problem.

5.2 Further incentives which could encourage the recruitment of long-term unemployed people

In addition to work trials and training which were commonly mentioned as ways in which employers could be encouraged to recruit long-term unemployed people, a number of other suggestions were offered by employers. These can be grouped into three categories: financial assistance to employers, easier access to the ‘supply’ of long-term unemployed people, and improving the skills of unemployed people to enhance their ability to negotiate the recruitment process successfully.

Greater financial assistance

Employers felt that greater financial assistance to recruit long-term unemployed people would help to offset the potentially increased costs of training and support. Additionally, financial help is usually seen as a means of giving employers encouragement to take on what they perceive to be the ‘extra hassles’ inherent in employing people who have been out of the labour market for some time. They suggested two ways in which financial help could be provided, apart from the current NIC Holiday system. These included a ‘lump sum’ payment or ‘cash injection’ which could be put to other constructive uses in the workplace (currently available under the NIC Holiday but not necessarily clearly understood by employers), and help in paying the wages of the long-term unemployed person.

“The NIC holiday is a slight incentive to take on an unemployed person. It is not enough though. It would start to be an incentive if you looked at how much one would pay someone over a year or when it starts to be a decent amount of money you could get your teeth into. If I was hypothetically paying them £40 [per day], which is the sort of area I pay, then it would have to be something like £5 per day, £25 per week.”
While it was not an incentive to recruit long-term unemployed people, some employers felt that they were prevented from making more use of the schemes available because they lacked access to suitable long-term unemployed job candidates. They suggested ways in which the barriers preventing employers and suitable long-term unemployed people from meeting could be removed. Lowering the definition of long-term unemployment was viewed as one means of achieving this, while another was to encourage better screening of long-term unemployed people at Jobcentres so that employers could be sent more long-term unemployed people who are suitable for the work available.

Some employers also suggested that in addition to training in work skills, long-term unemployed people could also be better prepared for dealing with the recruitment process itself. They suggested help with interview techniques so that people who have been out of work some time and may be de-motivated and lacking in confidence are better able to sell themselves. Additionally, they also noted that long-term unemployed people tend not to fill in application forms completely. Help with completing such forms would also be beneficial.

"The DSS could encourage employers to think about employing long-term unemployed people by helping them with interviewing techniques, the ability to sell themselves. These are not techniques which are passed down from school, they are techniques which are learnt and taught. There is information out there, you know, but obviously it does not get filtered around as freely as perhaps it should."

Employers were also asked how the NIC Holiday compared with any other schemes for helping unemployed people back to work with which they had experience. Chart 5.1 provides a broad overview of the key points raised. As experiences of other schemes were not systematically explored and this research was not intended to evaluate other schemes, this information is simply provided as an illustration of the types of features and approaches which employers liked more or less. The schemes mentioned were run either by their local TECs or by the Employment Service and further details of the specific nature of each of these schemes was not obtained.
Features employers liked included:

Risk reduction components

• Employers do not have any obligations to retain employees who are not suitable with the Training for Work scheme/Work Trials are good because there is no risk of being tied into an employment contract if it doesn’t work out

Training Elements

• The TEC provides free training which saves the company money and does not cost the employer so much if it doesn’t work out

Lower eligibility threshold/definition of LTU

• With the Right Recruitment Scheme the person only had to be unemployed for 3 months before employers could recruit them and get some benefits

Preferred approaches included:

Combined packages

• Training for Work combines a trial period with a training element which is very useful

Long-term approach to improving skills

• Preferences for the longer term approach of TECs working with employers to encourage ‘training plans’ for employees and funding the necessary training. More useful for employers and employee than just getting more money and having to do the training in the workplace

Greater flexibility

• Training Fund approach is good because it can be used for that employee or others. The employer has greater discretion in how to use the resources available. (Flexibility is better because some employers have their own in-house training anyway and can put the money to better use)

What employers did not like:

Complicated paperwork/bureaucracy

• The TEC grant aid scheme was viewed as very complicated and lengthy the NIC Holiday approach is much easier to set up

• The Jobmatch scheme where the Jobcentre pays the employer to train the employee was perceived as problematic and full of hassles. They would rather not get the funding in order to avoid the hassles

Difficulties in claiming the benefits offered

• With some of the TEC programmes, employers felt reclaiming the money was very difficult
Employers also highlighted the amount of post they receive and the tendency to feel 'bombarded with information which they do not necessarily require. They emphasised that messages about the scheme should therefore be kept as concise as possible and should clearly explain how this scheme would be of value to employers like them. An 'eye catching' presentation of the information is more likely to attract their attention and 'official looking' communications were mentioned as another means of ensuring that employers read through the information (as they worried about the possible repercussions of not doing so). Employers reiterated the importance of being as clear as possible about the savings they could expect from the scheme as this was the key feature which would attract their participation. Messages about what the scheme will not entail (e.g. a lot of paperwork, complicated bureaucracy lengthy commitments for the employer, etc.) should also be included in a clear and succinct way.

For potential administrators of the scheme, communications like the Supplement seemed sufficiently clear and simple to enable them to implement the scheme.

Different formats for communicating the information were suggested, including:

- a letter about the scheme to the relevant post-holder
- presentations by the DSS about the scheme to employers' groups such as the Chamber of Commerce
- personal visits to employers by staff from the Benefits Agency or Contributions Agency (as have reportedly been used with the Faster Family Credit scheme)

There was a mixed reaction to the leaflet format. Some employers felt it could communicate a lot of information in a small space whereas others felt that it looked like a lot of other post they receive and discard without reading. Further comments about the leaflet are provided in Chart 5.2.

In addition to targeting the information to specific individuals, some employers also suggested that such schemes should be more widely advertised. They felt that it needs to be publicised in a way which ensures that most people will hear of it and will therefore be more likely to remember it at the appropriate moment (i.e., when they are recruiting). Suggestions as to how to raise awareness more generally included the use of mass media such as television and newspaper advertisements (as have been used for the introduction of income tax self-assessment).

Chapter 3 also highlighted the importance of intermediaries (such as Jobcentre staff) in getting the relevant information to employers at the appropriate moment. Long-term unemployed people themselves can also bring information about the scheme to employers, but reactions to this were
mixed among employers themselves. Some felt that it was appropriate that potential employees should use the scheme as a positive point in their favour, whereas others said that it seemed like an attempt to bribe the employer into recruiting them.

Chart 5.2 Employers' Comments about the NIC Holiday Leaflet

**Clarity of the message**

- Cover does not make clear what it is about
- Confusing—thought they were actually being offered a holiday/image of the seaside springs to mind
- Does not look like it is offering an incentive to employers
- Unnecessary information is provided (e.g. Do employers need to know it's an amount equal to NIC that they will reclaim rather than just NIC itself?)

**Leaflet format:**

- Eye catching', but the message on the cover is unclear
- Leaflets look like other mailshots they get/it needs to look official to make people pay attention
- Leaflets tend to go in the bin

**Suggestions**

- Focus on the financial aspects of the scheme/give examples of average savings on a weekly and monthly basis
- Make clear that the administration of the scheme is very easy
- Make the message direct (e.g. ‘Employers, do you employ someone who is long-term unemployed?’) /Make the message scream out and attract attention
- Get an employer to design and write the leaflet (i.e., someone who understands about recruitment)

Once employers receive the message, they want to be able to take the next steps quickly and easily. As their attempts to get further information from local Benefits Agency offices were not always successful employers suggested that there should be at least one person in each office who has all the relevant information about the schemes available and who could provide further explanations when required.

Some employers also said that they would value a central point where they could go to find out about the full range of unemployment-related schemes from which employers can benefit. This would enable them to consider a package of incentives which would be most advantageous to them in a
simple and efficient manner, such as a one-stop-shop approach. They felt that the current provision of information about such schemes is somewhat piecemeal and it is difficult for employers to get an overview of what might be available to them in their particular circumstances.

5.3 Overview of employers' suggestions

Several of the measures which employers felt would make the NIC Holiday more attractive already exist but were not known by all of the employers in the sample. As noted above, this perhaps suggests a need for presenting a comprehensive list of the available schemes to employers along with some indication of how the various schemes dovetail and whether packages could be tailored to their particular needs with minimal hassle to them. By way of summary, Chart 5.3 highlights the key elements of what employers said they want from such schemes. All of these points have been discussed in detail elsewhere in the report and have been synthesised here into an overview of the key messages from the research.

Chart 5.3 Suggestions for Enhancing the Attraction of Back-to-Work Schemes

<table>
<thead>
<tr>
<th>Make clear all that is being offered to employers</th>
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</thead>
<tbody>
<tr>
<td>• raise awareness of the schemes available</td>
</tr>
<tr>
<td>• improve understanding of the schemes by concisely clarifying the benefits to employers and allaying fears about areas of concern (or potential disincentives)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provide support in making the long-term unemployed 'work ready'</th>
</tr>
</thead>
<tbody>
<tr>
<td>• provide support in filling in application forms and practice at interview techniques</td>
</tr>
<tr>
<td>• provide customised training/fund training options</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduce the risks to employers of giving someone a job</th>
</tr>
</thead>
<tbody>
<tr>
<td>• provide work trial opportunities</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Make it easier for employers to take part</th>
</tr>
</thead>
<tbody>
<tr>
<td>• widen the definition of long-term unemployment</td>
</tr>
<tr>
<td>• improve employers' access to the supply of long-term unemployed people (via more appropriate screening at Jobcentres so employers are encouraged to use them)</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Give employers encouragement for participating and minimise the hassles</th>
</tr>
</thead>
<tbody>
<tr>
<td>• reduce their labour costs via NIC Holiday money/paying part of wages/covering the costs of additional training, etc</td>
</tr>
<tr>
<td>• make the process of taking part easy, not bureaucratic, costly or onerous</td>
</tr>
</tbody>
</table>
Key issues raised in this chapter:

- Employers felt that schemes like the NIC Holiday should be marketed more effectively to make employers more widely aware of them. The benefits of the scheme should be clearly presented and it must also be clear that participation in the scheme is ‘hassle-free’.

- They suggested that some of the scheme’s requirements could be changed to encourage more employers to take part. This included broadening the definition of long-term unemployment and making access to long-term unemployed people easier.

- Employers also emphasised the importance of reducing the risks of recruiting long-term unemployed people by enabling trial periods with potential employees to determine their suitability for the work or by providing customised training for them.

- In addition to offsetting the costs of re-skilling people who have been unemployed for long periods by providing financial assistance or customised training, it was also suggested that the interview skills of unemployed people could be refined to make them more attractive to employers.

- Lastly, employers felt that there should be easier access to information both about the NIC Holiday and other back-to-work schemes. One-stop shops where employers could go to get information, support and advice about the range of schemes available and how they can be used in combination were suggested.
APPENDIX I SCREENING QUESTIONNAIRE

NIC Holiday - The Employers' Perspective

Screening Document

Introduction

Hello, my name is [name] and I am calling from Social and Community Planning Research in London to follow up on a letter which was sent to you on [date].

As you may recall, the letter explained about a study which we are undertaking on behalf of the Department of Social Security to explore employers' views of a new scheme they introduced in April of last year to encourage the recruitment of long-term unemployed people.

The new scheme allows employers to claim back National Insurance contributions for recruiting people who had previously been long-term unemployed (that is, unemployed for 2 years or more). This is described in DSS publicity as a National Insurance Contribution Holiday. It allows employers to claim back an equal share of National Insurance paid for eligible employees for up to a year after they are recruited.

The DSS is now interested in finding out about employers' views of the NIC Holiday, both those who have taken the holiday (i.e., reclaimed the National Insurance contributions for eligible employees) and those who have not. We are seeking a wide range of views from different sizes and types of employers.

We are phoning now to find out whether you would be willing to take part in the research (which would entail a face-to-face interview in your workplace lasting no more than an hour) and if so, to get some basic information about your business/organisation which will enable us to select a balanced cross-section of employers in your area. All the information you give us will remain confidential and will be used for research purposes only. Your business/organisation (as appropriate) will not be identified in our reporting to the DSS or more widely and any further dealings you have with the DSS or Contributions Agency will not be affected, either now or in the future.

Would you be willing to take part in the research?

yes ☐ go to section 1
no ☐ thank them & end
Section 1: Respondent Information

Could I just ask you a few questions about your business/organisation and your role there

(Please note if they are neither the person with main responsibility for recruitment nor for payroll matters, thank them for their help and contact the person responsible for one of these areas to complete the screening questionnaire)

1. What is your job title?

2. Are you the person in your establishment with main responsibility for day-to-day policy on staff recruitment?

(please tick one box only)

- yes ☐ skip to Q4
- no ☐ go to Q3

3. Could you please tell me who the person with main responsibility for recruitment is? (please fill in name here)

4. Is there another person in your business/organisation with separate responsibility for payroll matters?

(please tick one box only)

- yes ☐ go to Q5
- no ☐ skip to section 2

5. Could you please tell me who the person with main responsibility for payroll matters is? (please fill in name here)
Section 2: Information about the organisation’s NIC Holiday status

Now I’d like to ask you a few questions about your recent recruitment and your awareness of the National Insurance Contribution Holiday. This will help us to determine whether your business/organisation fits one of the categories of employers we need to include in the research.

6. Has your business/organisation recruited any new employees since last April (i.e., April 1996)?

   - [ ] yes  go to Q7
   - [ ] no  thank them for their time & end

7. Were any of the people recruited since last April unemployed for at least 2 years before you hired them?

   - [ ] yes  go to Q8
   - [ ] no

8. Did you know about the National Insurance Contribution Holiday which is available to employers who hire people who have been unemployed for 2 years or more?

   - [ ] yes  go to Q9
   - [ ] no  go to Q12
   - [ ] not sure  go to Q12

9. As far as you are aware, is your business/organisation currently claiming a National Insurance Contribution holiday for any employees recruited since last April?

   - [ ] yes  go to Q10
   - [ ] no  if from current recipient sample, go to Q9a, otherwise skip to section 3
   - [ ] don’t know  go to section 3

9a. Our records show that your business/organisation is currently claiming a NIC Holiday. Could you please tell me the name of the person who might have dealt with that?

   (please fill in a name here)

Please thank the respondent, skip to section 3, and follow up with the contact person named

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10 For how many employees is the National Insurance Contribution Holiday being claimed?

For

(please tick one box only)

1 employee only  □

2–5 employees  □

6 or more employees  □

11 Has your business/organisation hired any new employees since last April who were unemployed for at least 2 years before you hired them for whom the National Insurance Contribution Holiday is not being claimed?

(please tick one box only)

yes  □

no  □

don't know  □
Section 3. Information about the main business of the organisation

Lastly I'd like to ask you a few questions about your business/organisation

12 In total, approximately how many employees are employed by your business/organisation?

(please fill in a number)

13 How many of these are employed at your establishment?

(please fill in a number)

14 Would you describe the main business of your business/organisation as

(please read out and tick one only)

- Public sector
- Distribution
- Manufacturing
- Construction
- Service sector
- Other (please fill in details below)

Thank you for your help with this initial exercise to help us choose a cross-section of employers in your area and for your willingness to take part in the research.

(If this is the person with responsibility for recruitment, try to arrange a convenient time for an interview. If not, go on to the following.)

We will get in contact with the person you named with responsibility for recruitment within the next week to arrange a convenient time for an interview.
TOPIC GUIDE FOR NIC HOLIDAY –
THE EMPLOYERS' PERSPECTIVE

Key objectives:
- reasons for take-up among participating employers
- reasons for non-take-up among non-participating employers
- employers' awareness and understanding of the scheme
- influence of the scheme on recruitment practices, especially of LTU people
- how the scheme could be made more attractive to employers

1. Background Information

- Role within the organisation/main responsibilities
  - responsibility for recruitment issues
  - responsibility for payroll matters
  - how long in this role
- Organisational background
  - nature of business's/organisation's activities
  - location(s) of activities (i.e., single or multiple sites)
  - number of employees
    - professional
    - skilled
    - unskilled
  - how long the business/organisation has been established

Probe if appropriate

- at this establishment
- in total, throughout the organisation
For Current Recipients Only

- number of employees for whom a NIC Holiday is being claimed
- nature/extent of involvement in decision to apply for a Holiday
- process by which the decision to take the Holiday was made
  - who was involved in the decision-making process
  - who was involved in the application process for the Holiday/who
    had main responsibility for applying

2. The Recruitment Process and Context

- The Recruitment Context
  - broad categories in which they tend to recruit
    *(i.e., ask them to map out broad terrain for recruitment within their
     firm/organisation)*
  - timing/nature of their last recruitment exercise
  - frequency with which they tend to recruit
    - for what types of jobs/which job categories
  - extent of recruitment in the past year
    - for which types of job categories
    - methods by which these positions have been advertised
  - whether have had any difficulty filling vacancies/when
    - for what types of jobs
    - perceptions of why the vacancies have been difficult to fill
  - probe
    - skills/applicants mismatch? skills needed?
    - employment conditions on offer?
    - method of advertising/making the vacancies known
  - what they are doing to overcome the problem
  - types of vacancies for which tend to get the largest volume of
    applications
    - perceptions as to why this is

- The Recruitment Process
  - how criteria for specific jobs are set/who sets them
    - how this differs for different job categories
• broadly, what sort of criteria tend to be set for the different job categories
  - methods used for advertising vacancies
• how this differs for different job categories
  - process by which applications are reviewed/decisions about who to invite for interview are made

3. Recruitment of Long-Term Unemployed People

As you know, this study is about a particular incentive being offered to employers to recruit long-term unemployed people. Can I just start by asking you

• Personal definitions/understanding of 'long-term unemployment'
  - what length of time is considered 'long-term' unemployed
  - awareness of the definition used by the DSS for this scheme

If unaware or incorrect, explain that long-term unemployed in the NIC Holiday context means 2 years or more unemployed/ reactions to this?

Thinking about the recruitment process again, but specifically how it relates to the recruitment of long-term unemployed people

• extent to which the business/organisation tends to hire LTU people (according to 2 years + definition)
  - whether this differs from extent to which they recruit people who have been unemployed for less time/ in what way/why
  - whether any particular types of jobs are considered more/less suitable for long-term unemployed peoples
  - what makes them suitable/unsuitable

• whether there are any policies (formal or informal) on the recruitment of long-term unemployed people
  - whether information is collected about recruitment of unemployed people/ if so, at what stage/ for what reasons
  - extent to which recent history of long-term unemployment would matter/be considered (why/why not)
  - after what period of unemployment would it start to matter/why
  - circumstances in which it would matter more/less
- extent to which this is seen to be an issue of relevance to Equal Opportunities policies

- perceived advantages/disadvantages of hiring LTU people from a business perspective

- experiences with the recruitment of LTU people

- overall whether they would evaluate their experiences as encouraging/discouraging further recruitment

(probe for details below using 'case study' approach to work through specifics)

**Case Studies:**

Ask them to try to think of one or two specific examples where they've recruited/received an application from a long-term unemployed person and take you through the process from

- receiving/reviewing the application form

- deciding whether this person was appropriate for the job or not (on what basis)

- extent to which long-term unemployment history affected the decision/why/why not (perceived advantages/disadvantages to hiring this person)

- (if appropriate) recruiting them and how well that has worked out

  - whether the person stayed/for how long/whether still in post

  - whether experiences have influenced their willingness to take on LTU people/in what ways/why/why not

**4 Awareness of/ Views about the NIC Holiday Scheme**

- How they first heard of NIC Holiday (incl our letter)

  - whether remember the leaflet (show them a copy please)

  - how they first came to see it/whether a job applicant ever showed it to them

- who in the organisation would normally deal with such things

- method by which messages about such schemes would normally be communicated throughout the business/organisation

  - who normally makes decisions about whether to go for a scheme like this

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• what is the decision-making process like on whether to go for the scheme

- any perceived problems in ensuring messages are passed on to the relevant parties

- if the DSS wanted to ensure the right people heard about a scheme like this, how should they go about it

• Initial impressions of the scheme

- their initial reaction to hearing about the scheme
  • a good/bad idea, why/why not
  • whether it made them think more about hiring LTU people/why/why not

• Understanding of/views about the scheme

- extent to which they feel they are clear about the details of the scheme

(Show respondent the Show Card with details of the scheme, please)

- what they see as the key features of the scheme

- perceived advantages/disadvantages of taking up the NIC Holiday

(probe if not spontaneously offered whether there are any issues around)

• recruiting LTU people generally
• uncertainty about the permanence of the appointment
• the value of the scheme
• the process of reclaiming the National Insurance contributions
• dealing with the DSS/Contributions Agency

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<th>For Current Recipients Only</th>
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• Experiences of the scheme

- extent to which NIC Holiday 'tipped the balance' in favour of recruiting a long-term unemployed person/why/why not
  • what factors specifically were attractive to them
  • how does it compare with the attractiveness of other incentive schemes to recruit LTU people that they're aware of

- features which make it more or less attractive/why

(probe if not already mentioned)
• did the applicant mention the scheme at the interview stage (or any other time)
• whether they would have recruited that person anyway/ reasons
• how big an incentive was the Holiday why/why not
• whether scheme influenced advertising, interviewing processes, etc
• any apprehensions about taking the Holiday why/why not

- views about the process of applying for the Holiday
  • overall assessment of the process/ whether easy/difficult
  • whether ever sought guidance/experiences and views of this
  • specific nature any problems encountered/how overcome
  • length of time taken to complete the application process

- views about whether it was worth taking the Holiday
  • key reasons why was/was not worth it

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**For Eligible Non-Recipients Only**

- key reasons why they have not taken the Holiday

* (if not spontaneously offered, probe)

• lack of knowledge about/ awareness of the scheme
  whether a problem with
  - internal communication in the organisation
  - DSS communication about the scheme
  - whether LTU applicant told them about the scheme

• incentive value/what makes the scheme worth it/not worth it
  - key factors in assessing whether it was/is worth it to take the NIC Holiday

• perceived risks of recruiting LTU people
  - whether risks increase as length of unemployment goes on/views about risks of people unemployed 2 years & over versus those unemployed for less time

- whether had ever sought guidance about the scheme
  - types of experiences/views about this
  - whether ever started to apply and stopped/reasons (probe whether have ever applied and been refused)

- views about administrative tasks associated with take-up of the scheme
5. Future Holiday Prospects

For Current Recipients Only

- whether they would take the Holiday again in future, why/why not
- whether the Holiday would make them think more about recruiting LTU people in future (why/why not)
  - whether people for whom they now have a Holiday will be retained at the end of the Holiday period/why/why not
- any ideas they could give as to how the Holiday could be made more attractive to employers

For Eligible Non-Recipients Only

- whether they will now take a Holiday for eligible employees/why/why not
- whether they would consider recruiting a LTU person in future to get the Holiday/why/why not
- what would need to change for them to take the Holiday
- any ideas they could offer to the DSS to make it more attractive to employers

Potential Recipients Only

- whether the Holiday would encourage them to recruit LTU people, why/why not
  - whether any other incentives could be offered which would/what/why there
- any idea they could offer the DSS as to
  - how to encourage employers to recruit LTU people
    - whether ‘package’ approaches would be more interesting (i.e., training + financial incentive, trial period with employee + financial incentive)
      - how to make the NIC Holiday scheme more attractive to employers

Thank you for your time

(For current recipients, please ask if they’d be willing to take part in future research on this subject – a follow-up to see what’s happened to the people they employed using the NIC Holiday)
Key Objectives.

Particular focus on communication between payroll & recruitment staff in awareness of NIC Holiday/decisions about whether to take the Holiday

- reasons for take-up among participating employers
- reasons for non-take-up among non-participating employers
- awareness and understanding of the scheme
- how the scheme could be made more attractive

1. Background Information

- Role within the organisation/main responsibilities
  - nature of role
  - how long in this role
  - extent of liaison with personnel/recruitment staff

2. Involvement with the Recruitment Process

- Nature of any involvement they have in the recruitment process
  - at what points do they tend to be involved in the recruitment of staff (e.g. only after recruitment has occurred or at some time before)
- Perceptions of the extent to which their business/organisation tends to hire unemployed people/LTU people
  - whether any particular types of jobs are considered more/less suitable for long-term unemployed people
  - extent of recruitment for these types of jobs in the past year
  - whether aware of any formal/informal policies on the recruitment of unemployed/LTU people

3. Communication about the NIC Holiday Scheme

- How they first heard of NIC Holiday (incl. the leaflet)
  - whether remember the leaflet (show them a copy, please)
    - how they first came to see it
    - what do they remember about the scheme
Take them through the process of receiving the leaflet and deciding what to do about it. If they didn’t receive it, please take them through what they usually do when they receive something like this.

- If a leaflet had been sent to them, what would they normally do with it/what would their next steps be?

(please ask generally about ‘next steps’, then probe the following if not mentioned)

- would they make decisions about its relevance on their own or discuss it with someone else
- in what circumstances would they discuss it with someone else
  - with whom would they discuss it/why that person
  - what was their response (if they did discuss it with someone else)
- in what circumstances would they just decide it was irrelevant/not bother going any further with it
  - what would happen then
    (i.e., would they throw it out/file it for reference, etc)
- method by which messages about such schemes would normally be communicated throughout the business/organisation
- any perceived problems in ensuring messages are passed on to the relevant parties
- if the DSS wanted to ensure the right people heard about a scheme like this how should they go about it

4. Awareness of/Views About the Scheme

- Initial impressions of the scheme
  - their initial reaction to hearing about the scheme
    - a good/bad idea  why/why not
    - whether it made them think more about encouraging the recruitment of LTU people/why/why not
- Understanding of/Views about the scheme
  - extent to which they feel they are clear about the details of the scheme
  - what they see as the key features of the scheme
  - perceived advantages/disadvantages of taking up the NIC Holiday
    (probe if not spontaneously offered whether there are any issues around)
  - recruiting LTU people generally
• the value of the scheme (financial or otherwise)
• the process of reclaiming the National Insurance contributions
• dealing with the DSS/Contributions Agency

For Current Recipients Only:

• Process by which the decision to take the NIC Holiday was made

Please ask them to describe in detail the process by which the decision to take the NIC Holiday was made and the extent to which they were involved in that decision.

• Experiences of the scheme
  - views about the process of applying for the Holiday
    • overall assessment of the process/whether easy/difficult
    • whether ever sought guidance/experiences and views of this
    • specific nature any problems encountered/how overcome
    • whether ever started to apply for someone else and stopped/why
    • whether have ever applied for the Holiday and been refused/views
  - views about whether it was worth taking the Holiday
    • key reasons why was/was not worth it from their perspective

For Eligible Non-Recipients Only

• Whether the scheme was ever considered and rejected

If considered and rejected

Please ask them to describe in detail the process by which decision not to take the NIC Holiday was made and the extent to which they were involved in that decision.

If not considered and rejected

Please ask them to describe in detail the process by which the decision whether or not to take the NIC Holiday would be made and the extent to which they would probably be involved in that decision.

• Key reasons why they have not taken the Holiday
  (if not spontaneously offered probe)
  • lack of knowledge about/awareness of the scheme
    whether a problem with
    - internal communication in the organisation
      (especially with recruitment personnel)

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- DSS communication about the scheme
- incentive value
- comparisons with other incentive schemes to recruit LTU people
- perceived risks of recruiting LTU people
- whether had ever sought guidance about the scheme
  - types of experiences/views about this
  - whether ever started to apply and stopped/reasons
- views about administrative tasks associated with take-up of the scheme

5 Future Holiday Prospects

For Current Recipients Only

- whether they would encourage taking the Holiday again in future, why/why not
  - whether anything would need to change for them to encourage take-up of the Holiday again in future/what/why
- any ideas they could offer as to how the Holiday could be made more attractive to employers (especially focusing on aspects in which they were involved such as application process)

For Eligible Non-Recipients Only

- whether will now encourage taking a Holiday for eligible employees/why/why not
  - whether anything would need to change for them to encourage take-up of the Holiday offer in future/what/why
- any ideas they could offer to the DSS to make it more attractive to employers (especially focusing on aspects in which they were involved such as application process)
APPENDIX III  ANALYTICAL CHART HEADINGS

Chart 1  Background information
- Role in the organisation
- Organisational details
- NIC Holiday status, if any number of recipients
- Respondent's role in the decision to take the NIC Holiday
- Any experiences of other unemployment-related schemes

Chart 2  Recruitment methods and processes
- Broad recruitment categories
- Frequency/timing of recruitment
- Posts which are easier/more difficult to fill
- How job criteria are set/by whom
- Methods used for advertising jobs
- Processes for reviewing applications

Chart 3  Recruitment of long-term unemployed people
- Personal definitions of long-term unemployment
- Extent to which they recruit long-term unemployed people/views about their suitability for jobs
- Formal or informal policies on the recruitment of long-term unemployed people
- When long-term unemployed status matters
- Advantages/disadvantages of recruiting long-term unemployed people
- Previous experiences of recruiting long-term unemployed people

Chart 4  Awareness, views and decisions about the NIC holiday
- How they heard about the NIC Holiday
- How messages about NIC Holiday are communicated within the organisation
- Decision-making processes about the NIC Holiday and their involvement in it
- Initial impressions of the scheme
- Understanding of the scheme
- Perceived advantages/disadvantages of taking the Holiday

Chart 5  Experiences and expectations of the scheme
- Whether the NIC Holiday 'tipped the balance' in recruitment decisions
- Comparisons with other incentives to recruit long-term unemployed people
- Comments on the incentive value versus the bonus value of the scheme
• Experiences of seeking help and guidance about the scheme
• Perceptions of whether the NIC Holiday off-sets the risks of hiring long-term unemployed people
• Views about the process of claiming back and dealing the DSS/CA

Chart 6  Future prospects and suggestions

• Whether they would take the NIC Holiday again or retrospectively and why
• Whether they would consider recruiting long-term unemployed people because of the NIC Holiday
• Whether long-term unemployed recruits will be kept on in employment after the NIC Holiday/employment outcomes
• Other incentives which would encourage the recruitment of long-term unemployed people
• Suggestions for how the NIC Holiday could be made more attractive
• Suggestions for how communication about the NIC Holiday could be improved
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