



Local responses to long-term unemployment

How important are local policies in tackling long-term unemployment? What works most effectively? This research review by Professor Mike Campbell, Dr Ian Sanderson and Fiona Walton of the Policy Research Institute at Leeds Metropolitan University, seeks to distil and assess the findings of recent research and evaluation studies and their implications for current and future policy. It finds in particular:

- f** Long-term unemployment remains an important, locally concentrated, issue even in strong labour market conditions.
- f** Job creation does not necessarily 'trickle down' as job opportunities for the long-term unemployed, and is not a sufficient, nor necessary, condition for reducing long-term unemployment.
- f** National evaluations reveal a complex picture of what measures are more or less successful but, in general, measures which are close to the 'open' labour market - such as specific skills training and recruitment subsidies - appear most effective. However, there is an urgent need for more assessments of 'packages' of measures.
- f** Local, qualitative studies identify the importance of other variables such as implementation conditions (resources, staffing, project management and links with employers), effective partnership arrangements and the capacity of local organisations.
- f** The 'localisation' of employment policy offers a range of advantages in devising and implementing effective measures to tackle long-term unemployment including adaptation to local conditions, closeness to the target groups, and greater scope for co-ordinated action through a partnership approach.
- f** The researchers conclude that current policy does not fully reflect the lessons that can be drawn from the available evidence and there is scope for policy to embrace a wider range of measures, including measures to tackle possible discrimination by employers and better targeting of vacancies to long-term unemployed people.

Introduction

Forty-three per cent of unemployed people are long-term unemployed (unemployed for more than 6 months). Despite a fall of a quarter in the numbers since 1991, this proportion remains the same now as then.

Long-term unemployment is very unevenly distributed. Thirty-seven per cent of all long-term unemployed people are concentrated in just 10 per cent of all local authority districts. This study reviews the effectiveness of a range of measures of tackling long-term unemployment locally.

Jobs and long-term unemployment

Whilst intuitively it may seem obvious that generating new jobs is the key to tackling long-term unemployment, in reality, there is no clear relationship between local job creation and falling long-term unemployment. For the most recent period for which reliable data are available across all local authority areas in the country (1991-1995), there is no such relationship, except in a small minority of cases. Nor is there a relationship between areas of job loss and rising long-term unemployment.

This lack of connection arises because of the existence of serious barriers standing between long-term unemployed people and job opportunities. These vary between areas and include: people who have been unemployed for a long time not having the skills to match evolving job opportunities; the fact that the long-term unemployed may not be applying for a wide range of jobs; the fact that employer recruitment channels mean vacancies may not come to the notice of long-term unemployed people; high labour turnover costs (reducing the number of job opportunities that become available); domestic and personal circumstances (such as poor health and child care difficulties); and recruitment practices. Employers are more likely to prefer new labour market entrants, women returners, people moving into the area and commuters when filling vacancies.

The policy implications of these findings are most important. Jobs growth is not a sufficient, nor necessary, condition for reducing long-term unemployment. Furthermore, actions to reduce long-term unemployment are necessary in periods of both jobs growth and jobs decline. There are many reasons why the long-term unemployed don't get jobs other than there being not enough. Jobs do not

just 'trickle-down' to those in long-term unemployment.

What works? Lessons from national experience

A range of actions to increase employability and access to labour market opportunities amongst the unemployed are available. These include both supply- and demand-side measures. On the supply side, they include: the prevention of long-term unemployment in the first place; measures to stimulate job search; measures, such as training, to enhance skills; and measures which provide incentives for making the transition from welfare to work. On the demand side, measures to increase employer recruitment of the long-term unemployed include: targeting the long-term unemployed through recruitment subsidies, direct employment and work experience measures.

National evaluations show some measures appearing to be more effective than others. In general, measures which are close to the labour market, like specific skills training and recruitment subsidies, appear preferable. Job search measures can be useful, especially in buoyant labour market conditions; subsidies to individuals also assist the transition to work; and work experience appears to be widely successful though. There also appears to be a case for taking preventive measures early on in people's experience of unemployment, such as early identification of those at risk of remaining unemployed in the long term. The effects of general training programmes appear mixed, even though acquiring skills is central to getting a job.

Often, the effectiveness of measures is short rather than long term and their impact tends to vary across different groups, e.g. men and women, young and old. Studies also show that 'creaming', the selection of participants most likely to succeed to the detriment of others, is an important issue.

Moreover, given the range of difficulties facing the long-term unemployed, there is a need to examine measures less as stand alone actions and more as integrated packages. There are few such studies.

National experimental studies are useful in identifying the 'net effects' of programmes. However, these studies are limited in their usefulness as a guide to policy. For example, the measures of

'success' they use are rarely sophisticated, they rarely identify 'distance travelled' by the beneficiaries, and they are rarely able to identify why things do or do not work. They are seldom comparable in terms of methodology, in labour market conditions at the time of the study and most importantly they tend to treat labour market measures in isolation, without considering the content, nature, resourcing, staffing, quality of provision and implementation conditions. There is a lack of qualitative local studies looking at process issues, or using case studies, the views of participants, the reflections of project managers and considerations of what constitutes 'good practice', as the evidence of what works.

What works? Lessons from local experience

This study reviewed four sets of experiences: the 'threads of good practice' under the SRB dissemination programme; the lessons from the European Commission's LEDA (Local Development Action) Programme; the lessons from the European Commission's ERGO programme; and the evidence of the effectiveness of 'intermediate labour market initiatives' (which subsidise work experience/training by creating jobs).

The results demonstrate the importance of a range of issues in securing successful results. These include:

- Implementation arrangements - resources, staffing, project management and links with employers.
- A strategic approach to policy development which develops an integrated and coherent approach linked to other policies/actions.

'Bottom-up' approaches, which are rooted in the community, encouraging commitment as well as a clearer understanding of the needs of the long-term unemployed locally.

Effective partnership arrangements: effective collaboration between agencies, when a multi-agency approach is required to tackle the complex nature of the labour market and other issues which need to be addressed, is in many ways the cornerstone of effective local action. Effective partnerships can develop a consensus on strategy, objectives and policy as well as engage in a process which binds organisations and people together. Finally, the studies show the need for effective 'capacity building' measures to develop the management and technical skills so important to

the efficient delivery of measures and projects. Training, support, advice and networking are all valuable means of developing the skills of organisations and individuals engaged in policy development and implementation.

The importance of the local level

Many studies demonstrate the importance of action at the local level. There are five reasons for this:

There are wide variations in the level and nature of both long-term unemployment and job opportunities.

Most labour market adjustments - redundancies, joining and retiring from the labour force, closures, job search, recruitment, openings and expansions - happen at the local level, particularly those of most relevance to the needs of the long-term unemployed.

Local data, knowledge and experience are important in tailoring policies to meet local needs. Local agencies which are 'closer' to the problem are able to involve the local community (employers, workers and others), secure local commitment and align actions and needs more effectively.

The multi-agency, partnership-based approach required by the complex nature of the issues, is appropriate at a local level where networks and co-ordination can more easily reduce fragmentation and stimulate 'joined up' action.

These results suggest that a more 'bottom-up', decentralised or localised employment policy has the potential not only to bring policy closer to people and their needs but to provide a more flexible and appropriate response to the specific problems of a locality.

Policy implications

The researchers conclude that the findings have the following implications for current policy:

First, focusing on employability, creating improved access to jobs, and measures to generate jobs specifically for the long-term unemployed provide the three foundations for effective action. However, current policy (for example, the New Deal, the Single Regeneration Budget and the European Social Fund actions) does not always appear to offer an integrated and comprehensive

approach based on the needs of long-term unemployed people. Nor are policies around these three frameworks always well integrated with each other. There is a need for more 'joined up' policy.

Second, nationally designed programmes, unless they allow for substantial local discretion, are unlikely to fully meet the differing needs of those in different localities. A greater 'localisation' of employment policy is likely to be required. This might embrace a range of actions which currently are used in only a limited way, for example, preventive measures, innovative 'outreach' work to ensure long-term unemployed people are aware of vacancies, and measures to tackle possible employer discrimination.

Third, policy needs to concentrate on the 'how' as well as the 'what'. Partnership arrangements, organisational capacity and local implementation conditions can make a significant difference to outcomes.

Finally, in assessing policy effectiveness we need to go beyond experimental studies focusing largely on job outcomes which do not capture the full range of benefits of measures, do not take account of local differences and find it difficult to understand 'why' some things work and others don't.

About the study

The research involved consideration of more than 100 studies of actions to tackle long-term unemployment as well as the development of a systematic framework within which to consider the evidence. It also draws out the implications of the research for effective policy development and considers the implications of the findings for current policy.

A further report, based on 8 local case studies, will be available early in 1999.

How to get further information

The full report, *Local responses to long-term unemployment* by Mike Campbell with Ian Sanderson and Fiona Walton (ISBN 1 899987 98 3, price £12.95 plus £1.50 p&p) is published by YPS for the Foundation as part of its *Work and Opportunity* series.