Welcome
Welfare to work
Selling the wrapper not the medicine
Treating the symptoms not the cause

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Long-term unemployment, G7 Countries

Source: OECD Stat

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Proposition 1:

Welfare-to-work emphasis on programmes and contracting rules is selling the wrapper not the medicine

The form of a service contract is not the active ingredient in employment outcomes
Proposition 2:

Focussing on long-term unemployment & benefit recipiency is treating the symptoms not the cause

or

Long term unemployment is not caused by long-term unemployment
Evidence 1:
Different welfare and support systems make little impact on participation rates

Similar participation rates:
UK (no subsidy, no fines) - France (subsidy & fines)
Estonia (no subsidy, no fines) – Slovenia (subsidy & fines)

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment</th>
<th>Unemployment</th>
<th>Inactivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>63.3</td>
<td>6.7</td>
<td>7.7</td>
</tr>
<tr>
<td>Slovenia</td>
<td>65.3</td>
<td>4.2</td>
<td>4.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>72.9</td>
<td>3.9</td>
<td>4.7</td>
</tr>
<tr>
<td>France</td>
<td>64.6</td>
<td>6.3</td>
<td>6.2</td>
</tr>
<tr>
<td>Total</td>
<td>66.5</td>
<td>4.2</td>
<td>4.3</td>
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<tr>
<td></td>
<td>60.7</td>
<td>4.2</td>
<td>4.3</td>
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<td>57.7</td>
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<td>59.1</td>
<td>6.7</td>
<td>7.7</td>
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Evidence 2:

Many disabled people are in work but participation rates are low

No dividing line between employable / unemployable disabilities

Disability is a weak predictor of motivation or employment
Conclusions:

Something other than the legal & welfare system is driving unfair unemployment

Something other than disability predicts success or failure in the labour market (except at the extreme)
Questions:
What is a disadvantage in the labour market?

If everyone was equally ‘disabled’, who would get jobs, who not?

Evidence 3:
‘the increase in .... long-term unemployment can be accounted for by a collapse in exits from ...all durations.

once one controls for heterogeneity of the unemployed, there is little evidence of outflow rates that decline over a spell of unemployment’
Thought experiment:
If everyone was equally ‘disadvantaged….’ what then?

Equality would not remove all long term unemployment
(in the short to medium term)

Source: NOMIS, calculations by the author
Thought experiment:

Who is disadvantaged in the labour market?

- Higher and constant probability of leaving unemployment = Able to help themselves
- Lower but constant probability of leaving unemployment = Disadvantage
Conclusions:
Duration of unemployment:-

a) Waiting increases the ‘density’ of people needing help

b) waiting is a weak counter to deadweight

c) increasing success or increasing equality may not reduce long term unemployment

d) the goal is to reduce the probability of staying unemployed
What does not work: 1

De-regulation of the labour market
Preference for private, public or NGO services
Black box contracting
Payment regimes / outcome payments
Under-resourcing
Coverall / universal schemes
Quotas subsidies and fines on employers
What does not work: 2

Sanctions
Collecting data
Impersonal medical or scientific assessment
Advisors imposing ‘expert’ opinions
Labelling as ‘ill’, ‘disabled’, unmotivated’
Premature focus
Blaming the claimant
Unfocussed chat
Why are ethics important?

Doing no harm
Doing good
Autonomy
Justice
Dignity
What happens when programmes fail?

Doing no harm
- Deadweight, creaming
- Aspirin services
- To the taxpayer

Doing good
- Is not achieved

Autonomy
- Sanctions destroy informed self-directed decisions

Justice
- Equality & just provision are not available: parking, substitution, displacement

Dignity
- Compulsion replaces consent & respect
Evidence 4:

Self efficacy predicts effort and success
Success builds self-efficacy

Labour market competence is required by advisor and customer

Job–search is depressing
What works

Early help where it is needed

Skillful assessment of need
Support for the unmotivated & unskillful and only them
Immediate help
Sufficient help

Activities to raise self-efficacy

Do-able activities
Effective SMART and FOGGY plans
Frequent review
Social interaction
What works

Localised & personalised services
- Detailed local employer knowledge & co-operation
- Detailed understanding of each customer
- Sufficient caseload, duration & frequency
- Community approval and support

Prompt rewards for effort
- Understanding, respect, progressive demands
- Positive feedback
- Discrepancy magnification
- Financial and social rewards and a better, earlier tax-gradient

Respect for persons
- Informed decision making
- Autonomous action and decision making
What works

Quality relations between customer and advisor
- Trusting
- Professional
- Motivating
- Practical

Training for labour-market competence
- Choose a job
- Find a job
- Compete for a job
- Keep a job

Specialist support
- Medical, adaptative, social, educational........
Goals for an employment guidance service

Equality
- equal participation in the labour market
- equal capability in the labour market
- equal probability of getting work

Efficiency
- support to transition between jobs
- support for skill development at all levels
- support to employers
- sufficient help to be effective
- no help to those who do not need it

Fairness
- personalisation
- ethical dealing
Getting there

Skills
adviser skills are paramount (IEP skill development project)
the skills gap is large

Contracting
encourage an open community of services, sharing and criticising
not a clutter of black boxes
randomised controlled trials
consistency and service durability

R & D
do what we know works
do enough of it and test compliance with standards
study extensively to improve performance
refine the active ingredients
apply what-works information to service design & contract models
Getting there:

A basic skills requirement for advisors

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<th>Advisory Skills</th>
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<tr>
<td>Behaviour change</td>
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<td>Action and guidance</td>
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<tr>
<th>Labour Market Skills</th>
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<td>Recruit &amp; support employers</td>
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<td>Job analysis</td>
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<th>Case Management and administrative</th>
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<td>Reporting, reviews, case conferences, liaison</td>
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<td>Self-audit &amp; supervision, CDP</td>
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<td>Contract Performance and business goals</td>
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<td>Application of ethical concepts</td>
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<td>Basic Law</td>
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<td>Client rights</td>
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| Theory and science of Unemployment |

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See us in the exhibition to learn about our work and the European Disability Employment Practitioner Certificate

Any questions?

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Psychology Division
