



Department  
for Work &  
Pensions



# Evaluation of the Youth Contract wage incentive

Wave two research

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February 2014

## Research Report No 864

A report of research carried out by by Nick Coleman (independent research consultant), Stephen McGinigal (Research Manager), Dr Andrew Thomas (Director), Emily Fu (Research Manager), Sarah Hingley (Research Executive), TNS BMRB on behalf of the Department for Work and Pensions

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# Summary

This is the second of two waves of research on the experiences of, attitudes towards, and impact of, Youth Contract Wage Incentives. The findings are based on:

- a quantitative survey of 376 employers who had claimed a wage incentive;
- qualitative interviews with Jobcentre Plus employer engagement staff.

The main research questions addressed in this report are:

- How are Jobcentre Plus staff marketing wage incentives to employers?
- How successful has employer engagement and marketing been?
- How have employers responded to the policy and what types of employers are taking up the scheme?
- Are wage incentives influencing employer recruitment decisions and other behaviour?
- What are employers' views on the claims process?
- Can any improvements be made to wage incentive policy/delivery?

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# The Authors

**Nick Coleman** is an independent research consultant who has worked closely with TNS BMRB on this evaluation. He has over 20 years' experience in social survey research, and has managed a range of major studies for the Department for Work and Pensions. He specialises in quantitative research design, as well as analysis and reporting of quantitative studies.

**Stephen McGinigal** is a Research Manager within the quantitative research team at TNS BMRB Social Research. Stephen was responsible for the day-to-day management of the wage incentives employer survey, and as such was involved in all stages of the project. Responsibilities included fieldwork set-up and management, analysis, and reporting. During his time at TNS BMRB he has been involved in wide range of surveys for clients including Her Majesty's Revenue and Customs (HMRC), the Department for Education (DfE) and the Department for Business, Innovation and Skills (BIS).

**Dr Andrew Thomas** is a Director within the qualitative research team at TNS BMRB Social Research and has over 20 years of experience of undertaking high quality studies using qualitative research methods. Andrew was responsible for overseeing the qualitative work with Jobcentre Plus staff. His qualitative research experience, both as a manager and a practitioner, has been with a wide range of government departments and agencies.

**Emily Fu** is a Research Manager within the qualitative research team at TNS BMRB Social Research. Emily was responsible for the day-to-day management of the Jobcentre Plus staff qualitative interviews. She has experience working on projects for a range of government clients including HMRC, Department of Health, Environment Agency, and Food Standards Agency.

**Sarah Hingley** is a Research Executive in the quantitative research team at TNS BMRB Social Research. Sarah assisted Stephen in the day-to-day management of the project. Her responsibilities included managing fieldwork, analysis and reporting. She has worked for a variety of clients, including BIS, DfE and National Health Service (NHS) Clinical Commissioners.

# Glossary and list of abbreviations

<b>Apprenticeship Grant for receive employers of 16–24-year-olds</b>	Businesses employing up to 1,000 employees can a £1,500 grant for recruiting a young apprentice. The grant is available in England only.
<b>CATI</b>	Computer Assisted Telephone Interviewing
<b>Deadweight</b>	the effect in schemes and programmes whereby intervention leads to outcomes that would have occurred anyway (for example, incentivising employers for recruitment that would have happened without the incentive).
<b>DWP</b>	Department for Work and Pensions
<b>Job Growth Wales</b>	The Jobs Growth Wales programme aims to create 4,000 jobs per year for young people in Wales. Participants are employed for a minimum of 25 hours per week by participating employers.
<b>JSA</b>	Jobseeker's Allowance
<b>NDYP</b>	New Deal for Young People. The NDYP Employment Option (1998–2010) paid up to £1,560 for employing a young unemployed person for at least six months.
<b>NEET</b>	Not in employment, education or training
<b>SIC</b>	Standard Industrial Classification
<b>Six Month Offer been recruitment subsidy</b>	In the Six Month Offer (2009–2010), people who had on JSA for more than six months were given a voucher for £1,000 that could be redeemed with any employer who took them on for a job likely to last more than six months.
<b>SMEs</b>	small and medium-sized enterprises, usually defined as organisations with fewer than 250 employees.
<b>SOC</b>	Standard Occupational Classification
<b>Substitution effect</b>	A substitution effect occurs when an eligible participant of a scheme or programme gains a job at the expense of another job seeker
<b>Wage incentives</b>	Over three years from April 2012, the Youth Contract will offer wage incentive payments of up to £2,275 to employers when they recruit an 18–24-year-old from the Work Programme. Availability was expanded in July 2012 to include 18–24-year-olds in Jobcentre Plus 'youth unemployment hotspots' with claim durations who had reach six months. This eligibility was extended to all Jobcentre Plus offices from 14 December 2012.

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### **Work Programme**

The Work Programme is a major payment-for-results welfare-to-work programme that was launched throughout Great Britain in June 2011. The Work Programme is being delivered by a range of private, public and voluntary sector organisations which are supporting benefit claimants who are at risk of becoming long-term unemployed to find work.

### **Youth Contract**

The Youth Contract was implemented from April 2012, to provide a range of additional help for unemployed young people to better prepare them for work, and to offer greater opportunities to find and take up sustained employment.

# Notes on terminology

A large number of tables and charts appear in this report. The following conventions have been used:

0 = a 'true zero' (i.e. no responses in the category);

\* = less than 0.5 per cent, but more than zero responses.

Significance testing has been carried out at the five per cent level, unless otherwise stated. All comparative data described in the report is significant, unless otherwise stated.

Where net figures are described in the body of the report these have been taken directly from the raw data and therefore may not always equal the sum of the figures in the charts due to rounding. Similarly, figures may not always total 100 per cent due to rounding.

# Executive summary

## Background

Wage incentives are a key element of the Government's Youth Contract measures. Over three years from April 2012, the Youth Contract includes funding for wage incentive payments of up to £2,275 to employers when they recruit an 18–24-year-old from the Work Programme. Since December 2012, eligibility has since been extended to all 18–24-year-old customers who pass six months on Jobseeker's Allowance (JSA)<sup>1</sup>.

This is the second of two waves of research on the experiences of, attitudes towards, and impact of, wage incentives. The findings are based on:

- a quantitative survey of 376 employers who had claimed a wage incentive;
- qualitative interviews with Jobcentre Plus employer engagement staff.

## Marketing and communications

**Employer engagement staff** felt confident in marketing the wage incentive scheme to employers and confirmed that it had bedded in to their working practices.

Staff used a variety of strategies to make employers aware of wage incentives and to encourage participation. As a first step, standard practice was to send out mail-shots of centrally produced materials by email (or occasionally by post, having printed them in the office), although the general view was that this had little impact, because emails could be ignored.

Marketing activity then varied from office to office, but generally included targeted, face-to-face contact with employers. This was seen as the most effective way of engaging effectively with employers, and of making sure that messages were tailored to their needs. Staff also encouraged claimants to self-market, as well as using other channels such as employer events.

Wage incentives were felt to be more attractive to employers when presented in conjunction with work experience placements, and many staff described these two elements as going 'hand in hand', allowing employers to trial claimants before taking them on as employees.

According to staff, contact with larger employers tended to be more formal, with employers' involvement largely influenced by head office policy. Staff had more informal contact with smaller employers, and found that small and medium-sized enterprises (SMEs) were more receptive to wage incentives than larger employers.

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<sup>1</sup> From July 2012, in selected 'youth unemployment hotspots' wage incentives became available via Jobcentre Plus to employ 18-24-year-olds that had been claiming for at least six months. This eligibility was extended to all Jobcentre Plus offices from 14 December 2012.

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In the survey of employers, respondents were most likely to have heard about wage incentives from a Work Programme provider<sup>2</sup> (30 per cent), Jobcentre Plus staff (16 per cent) or the recruited employee (15 per cent). When asked how communications about wage incentives could be improved, the most common suggestion (among 41 per cent) was to make more effort to make employers aware of it.

### Employer participation and involvement

The majority of employers who had claimed a wage incentive were small establishments (76 per cent had fewer than 50 employees), and most were based at a single site (66 per cent). A large proportion were in service sectors (63 per cent), such as wholesale and retail trades, accommodation and food services.

Most employers (62 per cent) had recruited just one employee who was eligible for a wage incentive, while 29 per cent had recruited between two and four, and eight per cent (mostly larger employers) had taken on five or more.

Employers said that positions were most commonly in 'elementary occupations' (28 per cent), although there was a range of different job types, including administrative and secretarial occupations (12 per cent) and skilled trades (11 per cent). The majority of employers (79 per cent) said that recruits worked 30 hours or more per week, and most were permanent jobs (73 per cent).

The main reasons that employers gave for taking up wage incentives were to get financial support (40 per cent), to give young people a chance (24 per cent), as an incentive to recruit (23 per cent) and to help with recruitment (21 per cent). If employers had concerns about the scheme, they were generally related to whether they would actually get paid, the quality of the candidates and the administration process.

Employer engagement staff also noted that some employers were concerned about the suitability of candidates prior to recruitment, and also said that the scheme could have a negative image among employers; while some viewed it positively as a chance to help tackle youth unemployment, others were uncomfortable with a government 'hand-out' for employing someone. In addition, staff felt that there was low awareness and understanding of the scheme amongst some employers, in some cases feeling that the name and branding of the scheme could be improved.

Overall, staff felt that wage incentives appealed to a limited group of employers with specific recruitment needs, and that this resulted in fairly low take-up. Staff stressed the importance of tailoring their messages to employers, to reflect the varying motivations noted above. In some cases, this could mean emphasising the financial incentive, while for other employers it was important to stress the role of Jobcentre Plus as a free recruitment service that would help them to find the right person. Staff also found it helpful to dispel concerns about the administrative burden associated with the scheme.

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<sup>2</sup> The timing of the survey meant that most employers included in the survey would have heard of wage incentives before the national roll-out, when Work Programme providers had a much more prominent role.

## Administration

Employer engagement staff reported that employers often had a strong expectation that claiming a wage incentive would be complicated, bureaucratic and time consuming. The perception amongst staff was that employers were pleasantly surprised by how easy it was to claim and, as a result, would be encouraged to do so again.

In the survey, **employers** themselves confirmed this view: the majority (84 per cent) said that making a claim involved 'not much work' or just a small amount, and the claim form was seen as easy to complete (96 per cent).

However, one in four employers (26 per cent) said they experienced some form of problem with the process, such as delays in receiving payments, forms being returned to them when incorrect, additional paperwork or documentation being required, and receiving wrong information from Jobcentre Plus<sup>3</sup>.

Employer engagement staff also noted that they had to provide considerable support and assistance to some employers in the administration process, and in some cases this took up valuable time that could have been spent marketing the scheme.

## Impact of wage incentives

In the survey, 19 per cent of **employers** said that they created an extra vacancy because of wage incentives, and a further 15 per cent were influenced in choice of candidate. A third (34 per cent) said that the incentive made them more likely to keep the person on for at least six months, and nine per cent said that the wage incentive influenced the hours they offered. Overall, more than half (55 per cent) said that the wage incentive had influenced their behaviour in some way, and this was higher among small employers.

Most employers (60 per cent) said that they would still have taken up a wage incentive if the amount was lower, while 32 per cent said they would not have done (the remainder were unsure). This confirms that the amount of the incentive was important for some – but not all – employers.

There were also positive findings about future recruitment: 86 per cent said it was likely that they would take on an eligible candidate in the future, and 43 per cent said that their experience had made them more likely to recruit young people with a history of unemployment (the remainder mostly said it had not affected their attitude to recruiting young people).

The majority (88%) of employers who had received a six-month payment reported that the individual was still working for them. This is encouraging as it indicates that most recruits continued to work with employers beyond the six-month point as the employer interviews were undertaken around two months after the claim was made.

Employer engagement staff also raised some of the 'wider' benefits of the scheme. Staff said that wage incentives could help them to build relationships with employers that they had not contacted before; wage incentives were seen as a positive message that they could use

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<sup>3</sup> 28 per cent of those with a problem (which represents 7 per cent of the sample) had a problem because either they did not complete the form correctly or the Work Programme provider did not provide the correct information.

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when approaching employers. In addition, where claimants were self-marketing the scheme, it was felt that this could increase their confidence when approaching employers, as well as making them appear more proactive.

At the same time, staff felt that there were negative impacts: some staff felt that the eligibility criteria were too narrow, and that this could negatively affect claimants who were not eligible. In addition, some staff perceived that the priority being given to the scheme by Jobcentre Plus could obstruct other activities with employers and mean that existing relationships with employers (who were not involved with the scheme) could be 'sidelined'. Overall, some staff felt that the priority given to selling the wage incentive scheme (and the resources this entailed) were disproportionate to the limited outcomes it could achieve.

## Links with other schemes

Around half of **employers** (56 per cent) had heard of the Apprenticeship Grant for Employers of 16–24-year-olds, and of these 18 per cent had applied for it.

When asked if they had heard of any other government schemes, small numbers named individual schemes such as apprenticeships.

## General attitudes to recruitment of young people

The majority of **employers** agreed that employers had a responsibility to recruit young people (64 per cent), and most said that they had no difficulties with recruiting them (73 per cent). Respondents were divided in their views as to whether taking young people on is a bigger risk than older workers (41 agreed and 47 per cent disagreed).

The main suggestion as to what government could do to encourage the recruitment of young people was to increase the opportunities for young people to increase their skills.

## Improvements to the scheme

Both employers and employer engagement staff were asked how the wage incentive scheme could be improved. Both groups felt that awareness of the scheme among employers could be improved, possibly through better advertising and publicity. Some employers also felt that information and communication from Jobcentre Plus could be improved. Staff felt that marketing materials could be improved, with the possibility of a national campaign to raise the profile of the scheme. On this final point we understand from the Department for Work and Pensions (DWP) that their central marketing team ran a wage incentive marketing pilot in the winter 2012/13 which tested the effectiveness of radio and press advertising alongside other activity. The pilot showed that local events that brought together young people and employers delivered better value for money than radio or press advertising. Since the pilot DWP have supplemented local activity with a national social media campaign and awareness raising via corporate partners.

Employer engagement staff also suggested that the eligibility criteria could be less restrictive (for example, in relation to age and length of unemployment), while some staff felt that the way the scheme was being prioritised within Jobcentre Plus could be rebalanced in relation to the impact it was having.



# 1 Introduction

This report presents the findings from the second wave of research on wage incentives, as part of the evaluation of the Youth Contract, carried out by TNS BMRB.

## 1.1 Background

The Youth Contract was implemented from April 2012, to provide a range of additional help for unemployed young people to better prepare them for work, and to offer greater opportunities to find and take up sustained employment.

Wage incentives are a key element of the Government's Youth Contract measures. Over three years from April 2012, the Youth Contract will offer wage incentive payments of up to £2,275 to employers when they recruit an 18–24-year-old from the Work Programme.

Wage incentives are available to employers from all sectors, although central Government Departments, their Executive Agencies and Non-Departmental Public Bodies are excluded from claiming. Wage incentives are available across England, Scotland and Wales.

Initially, the eligibility for wage incentives was restricted to all 18–24-year-olds attached to the Work Programme (regardless of benefit claimed). From July 2012 eligibility was extended to all 18-24 Jobcentre Plus customers who have reached six months on benefit in hot-spot areas; this extension eligibility was expanded nationwide to all Jobcentres from 14 December 2012. The wage incentive is available for employment from 16 hours or more per week. There is a part-time rate (£1,137.50) between 16 and 29 hours and a full-time rate (£2,275) for 30 hours or more.

For employers to meet the term and conditions of the wage incentive, the job has to be expected to last at least 26 weeks and the wage incentives will be paid after the young person has remained in work for 26 weeks. Any business with fewer than 50 employees can choose to make a claim after 8 weeks of employment. A payment of £700 which equates to 8 weeks of the wage incentive is made to help cash flow (halved for part-time work).

The employer will be paid half of the wage incentive payment where an employee leaves work after 13 weeks have been completed, but before 26 weeks have been completed. An individual can attract no more than one wage incentive in their time on the Work Programme. Fixed-Term Appointments can also attract a wage incentive payment where they meet the eligibility criteria.

Work Programme providers are key partners in the delivery of wage incentives alongside Jobcentre Plus staff. Since the national roll-out in December 2012, Jobcentre Plus staff have been responsible for wage incentives for 18–24-year-olds who have not entered the Work Programme; normally this is in the period when they have been receiving benefits for between six months (when eligibility for wage incentive starts) and nine months (when 18–24-year-olds normally enter the Work programme). Once 18–24-year-olds enter the Work Programme, Work Programme providers are responsible for identifying 18–24-year-olds on their books who would benefit from wage incentives, ensuring jobs are eligible and for marketing the incentive to employers. The Department for Work and Pensions (DWP) continue to administer the incentive payments and pay them directly to employers.

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As well as wage incentives, the Youth Contract includes the following elements:

- An extra 250,000 work experience places, including those that attract pre-employment training and a guaranteed interview: sector-based work academies. This will offer at least 100,000 opportunities a year and will offer a place for every 18 to 24-year-old who wants one, before they enter the Work Programme.
- At least 20,000 extra Apprenticeship Grants for Employers, worth £1,500 each, for employers to take on young people as apprentices, taking the total to 40,000.
- More adviser support delivered through Jobcentre Plus for every 18–24-year-old, including a referral to a National Careers Service for careers advice where appropriate.
- Extra funding to provide new support over the next three years for the most disengaged 16 and 17-year-olds in England to help them get into sustained learning, an apprenticeship or job with training.

The Youth Contract builds on much of the support already available to young unemployed people, particularly through the Government's apprenticeships offer and the back-to-work support provided by Jobcentre Plus, the Get Britain Working measures and the Government's main employment programme, the Work Programme. Jobcentre Plus District managers and advisers have the flexibility to judge which interventions will help claimants at the most appropriate point in their job seeking journey, tailoring this to individual need.

The critical success factors for the Youth Contract are to:

- increase benefit off flow rates for 18–24-year-olds and increase the proportion that are off-flows into employment; reduce the number of 16–24-year-olds not in education, employment or training (NEET) (by helping more people into employment, education or training);
- decrease average time on benefit (getting claimants into work sooner); and
- increase average time in employment (promoting sustained jobs).

## 1.2 Youth Contract Evaluation

The DWP has commissioned TNS BMRB to conduct an evaluation of the Youth Contract. The evaluation focuses specifically on the DWP delivered elements of the Youth Contract policy not subject to existing evaluation, specifically: the wage incentive; work experience, including sector-based work academies<sup>4</sup>; and additional Jobcentre Plus delivered support<sup>5</sup>. The aim of the evaluation is to explore the delivery, experience and outcomes from the Youth Contract policy elements.

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<sup>4</sup> Findings in DWP Research Report No. 842: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207534/rrep842.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207534/rrep842.pdf)

<sup>5</sup> Findings in DWP Research Report No. 833: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207488/rrep833.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207488/rrep833.pdf)

## 1.3 Research on wage incentives

The evaluation includes two waves of research that focus on wage incentives. The wave 1 research<sup>6</sup> comprised:

- A quantitative survey among employers who had employed claimants into a post attracting a wage incentive payment, to gather early views on delivery, and to identify any immediate improvements to delivery of the policy.
- Qualitative interviews with Work Programme providers to gain a detailed view of the implementation, impact and success of wage incentives from Work Programme providers' perspective.
- A small number of interviews with Jobcentre Plus employer engagement staff to assess early experiences of delivery.

Wave 2 research (covered in this report) comprises:

- A second quantitative survey among employers who have claimed a wage incentive payment. In most cases, claims do not occur until six months post the claimant entering work, and therefore this survey provides a bedded-in view of delivery.
- Interviews with Jobcentre Plus employer engagement staff.

The key questions to be answered by the research on wage incentives are as follows:

- How are providers and Jobcentre Plus staff marketing wage incentives to employers? How successful has employer engagement and marketing been?
- Do providers/employers find the wage incentive process easy to follow?
- Are wage incentives influencing employer decisions to hire young people?
- Have wage incentives influenced the numbers of vacancies or choice of candidate?
- What types of employers are taking up wage incentives? How does this differ by sector?
- What are employers' views of wage incentive policy?
- Can any improvements be made to wage incentive policy/delivery?

## 1.4 Research covered in this report

### 1.4.1 Quantitative employer survey

The survey covers employers who had made a claim for a wage incentive. Specifically, the sample comprised employers who made a claim between April and June 2013. The sample was provided by DWP. In total, 700 employers were included in the sample.

It is important to note that the survey covers a small sample of employers, and is restricted to those who made a claim at a particular point in time (April–June 2013). These details should be taken into account when interpreting the results.

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<sup>6</sup> Findings in DWP Research Report No. 828: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/194228/rrep828.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/194228/rrep828.pdf)

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All respondents were sent an advance letter before the start of fieldwork (see Appendix A), which explained the purpose of the study, reasons for their inclusion in the research and the form that the survey would take. Respondents were invited to call TNS BMRB if they wished to enquire about further details of the research, or if the letter had been sent to the wrong person at the organisation.

Interviews were conducted by telephone, using Computer Assisted Telephone Interviewing (CATI). In total, 376 interviews were conducted between 24 June and 29 July 2013. The response rate was 59 per cent. Non-response was largely due to employers being unavailable during the fieldwork period, cases not being resolved, or no contact being made with eligible respondents. Only six per cent of valid sample cases were refusals or abandoned interviews. Full response details are in Appendix B.

In multi-site organisations, interviews focused on the establishment or workplace responsible for claiming the wage incentive, rather than the organisation as a whole.

A small pilot was conducted in June 2013, covering 17 interviews with employers.

The questionnaire (see Appendix C) covered:

- Employer characteristics
- Information and communications
- Reasons for taking up the wage incentive
- Placement details
- Claim process and administration
- Perceived impact of wage incentives on recruitment and retention
- Awareness of and involvement with other government schemes
- Overall attitudes to wage incentives
- Experience of, and attitudes towards, recruiting young people.

### 1.4.2 Qualitative interviews with Jobcentre Plus employer engagement staff

Telephone interviews were conducted with employer-facing Jobcentre Plus staff across the United Kingdom (UK), exploring how the wage incentive was being managed and implemented. In total, 25 depth interviews (including one paired depth) were completed between 1 and 20 August 2013, lasting around 40 minutes. Staff in seven regions took part in the research.

Employer engagement staff at various structural levels participated in the research, and while the majority of respondents were employer advisers, respondents held the following range of job titles:

- Employer Adviser
- Employer Delivery Adviser
- Employment Engagement Manager
- District Employer Engagement Manager

- Account Manager
- Employer and Partnership Team.

The districts taking part in the research were nominated by DWP and suggested names for participants were provided by district leads. The nominated participants were also invited to suggest employer engagement colleagues who could be included in the research. In order to protect the anonymity of staff, verbatim quotes have not been attributed to specific offices or areas. Interviews covered the following areas (see Appendix D for full topic guide):

- Exploring the ways in which the wage incentive scheme was being marketed to employers
- Effective channels and messages
- What feedback Jobcentre Plus staff have received from employers about wage incentives
- Perceived outcomes of the scheme
- Impact on relationships with employers
- Changes in working practices
- Organisational culture amongst Jobcentre Plus staff towards wage incentives
- Lessons learnt and best practice sharing
- Suggestions for improvement
- Overall perception of wage incentives.

### 1.5 Interpretation of data and analysis

It is important to note that the two groups of respondents covered by the research have different perspectives on wage incentives. The quantitative survey covers employers who have taken on a recruit who was eligible for a wage incentive, and who have made a claim. As a result, they represent only a part of the wider employer population, which includes employers who have not been involved and/or are unaware of wage incentives. The qualitative interviews with Jobcentre Plus employer engagement staff bring a broader perspective, as these staff have had dealings with a range of employers, including those who have not taken on eligible recruits or claimed a wage incentive. In addition, Jobcentre Plus employer engagement staff also bring their own perspective of administering the scheme.

In addition, when interpreting the findings for the survey of employers, it should be borne in mind that the survey is based on a sample of employers receiving a claim form rather than the total population. This means that all findings are subject to sampling tolerances. However, all differences highlighted in the report are statistically significant at the 95 per cent confidence level unless stated otherwise. The data was analysed using SPSS 18.

## 2 Marketing and communications

This chapter looks at how employers are made aware of wage incentives and how communications could be improved. It looks at this from the perspective of Jobcentre Plus employer engagement staff and employers.

### Key findings

- Employer engagement staff were marketing the wage incentive very actively to all employers they contacted.
- The strategies employed by employment engagement staff were influenced by the local employment landscape and the type of employer.
- A face-to-face, tailored approach was considered most effective in getting employers on board with the scheme.
- Employers were most likely to have heard about wage incentives from a Work Programme Provider, Jobcentre Plus staff or the candidates they recruited.
- Employers were most likely to suggest efforts at increasing employer awareness, when asked for ways of improving communications about the scheme.

### 2.1 Jobcentre Plus employer engagement staff

#### 2.1.1 Managing the wage incentive

At the time of this research, employer engagement staff who took part had been marketing the scheme for around eight months. During that time, employer engagement staff confirmed that actively marketing the scheme had bedded in to their working practices. As a high priority scheme, the wage incentive was being mentioned at every point of contact with employers, and consequently employer engagement staff said they felt confident in marketing the wage incentive.

*'At every single opportunity we are tasked with – and do sell – the wage incentive to get [employers] on board.'*

*'We've done everything to market it – a little bit of everything ... it is always part of the discussion.'*

Responsibility for marketing the wage incentive has fallen largely to employer engagement staff. This section details the ways in which employer engagement staff and advisers were marketing the scheme to employers and claimants, exploring the **channels** that were most effective and highlighting any barriers to effective marketing. The next chapter examines the messages that staff used when contacting employers, in response to employer motivations and concerns.

#### 2.1.2 Ways of making employers aware of wage incentives

Strategies utilised by employer engagement staff included direct contact through multiple channels (face-to-face, email, twitter, leaflets), employer events and self-marketing through claimants themselves. These are discussed in more detail below.

## Evaluation of the Youth Contract wage incentive: Wave two research

When the wage incentive was first launched at Jobcentre Plus, employer engagement staff's first step to promote the scheme was to send out emails to employers. These email shots elicited a poor response and therefore were not considered as effective as other channels for promoting the wage incentive; the assumption by staff was that emails were easily ignored by employers and most were likely to have been deleted. Staff quickly tried other channels of contact which they found to be more effective, with approaches varying from office to office depending on employer size and availability of resource. Face-to-face contact was widely considered to be the most effective channel to discuss the wage incentive with employers, not only as it is a more engaging method generally, but also because staff felt they were able to gauge employers' needs and subsequently tailor the aspects of the Youth Contract that were appropriate for them. This tailoring was key to matching the 'right message' to the type of employer and this is explored further in Section 3.2.1 in relation to employer motivations.

*'We take a full range, a menu of options to employers, to find and offer what is right for them.'*

There was a range of factors which influenced how the wage incentive was marketed by staff, which included:

- the local employment landscape;
- the size of employer;
- whether employers had engaged with other schemes involving young people; and
- the type of employer (this is discussed further in Section 3.2.1).

How marketing campaigns were targeted depended to some extent on the local employment landscape and size of the area. In smaller towns with fewer employers in the area, staff focused attention on the high street, with employer engagement staff visiting businesses face-to-face and responding to any advertised vacancies. In other areas with a greater number and variety of employers, staff systematically mapped out and then visited retail, business and industrial parks, targeting employers sector by sector.

Size of employer also influenced the marketing approach. Large national businesses such as large supermarket chains were initially engaged by the national employer engagement team. Regional engagement staff were then notified by email as to whether the employer was interested in the wage incentive (as well as other aspects of the Youth Contract). Staff members would then follow up on any positive leads with managers at the local branch. Employer engagement staff spoke of this type of contact as fairly formalised and procedural, as they were largely following up on decisions that had already been made, saying that the national team had 'paved the way' for success.

For large employers, the overall decisions on participation in the scheme were usually taken by head office, but the decision to employ individual wage incentive customers was still at the local manager's discretion. Consequently, if the national team had approved the scheme this was not a guarantee that local branches would always use it, for example, if the eligible candidates were deemed unsuitable, or if no vacancies were currently available.

Employer engagement staff believed that engaging with small and medium-sized enterprises (SMEs) required a more informal and personal approach, in order to convince managers and owners in particular that the wage incentive would be valuable to their business. However, accessing the decision maker within an SME sometimes proved challenging, as they were very busy. Once the right person was identified, however, it was found that in general SMEs

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were more receptive to the wage incentive than larger employers and, as a result, smaller employers were more likely than larger employers to take on an eligible recruit. This is confirmed by the quantitative findings (see Section 3.1.1).

In areas where advisers had built good relationships with employers, employer trust in Jobcentre Plus staff translated, to some extent, into confidence in the scheme. Employer engagement staff tended to target employers who they believed would be interested in the wage incentive scheme, based on their past engagement with other schemes involving young people. For example, employer engagement staff said they would prioritise employers who had offered work experience placements to young people in the past, because this indicated that they were already willing to work with this claimant group. The nature of the contact generally consisted of a direct telephone follow-up to the initial email, though preferably and resource-permitting, this would be conducted face-to-face.

Self-marketing (where claimants informed employers about the wage incentive themselves as part of their application or during an interview) was described as particularly successful by all employer engagement staff, as it elicited unsolicited enquiries from employers. Staff also felt that it helped claimants to look proactive and thus more attractive to employers. Varying degrees of preparation and support were offered by staff to help claimants self-market successfully, including offering training sessions to claimants as they approached eligibility, as well as providing materials and leaflets for claimants to attach to their curriculum vitae (CV). Some offices had produced customised letters or 'golden tickets' for claimants to present to employers that explained about the wage incentive. However, one concern that was raised was that the success of this strategy is dependent on the confidence and attitude of claimants themselves, although it was noted that if any claimant was uncomfortable with self-marketing, it was routine practice for staff to offer to make the calls or visits on their behalf. In general, however, employer engagement staff reported that most claimants were confident in marketing the wage incentive themselves.

*'To help customers self-market ... we helped them with the cover letters when they applied for jobs ... did sessions to teach them how to sell themselves and gave them a script – you know: 'if you do get a phone call, here's what to say' ... we need to come up with something short and sharp to put on the cover letter to grab employers' attention and it seems to be working.'*

There was mixed use of employer events amongst Jobcentre Plus offices, primarily because of a lack of appropriate space (as some smaller offices did not have a large area or conference room); limited budget, as the £500 offices had received for the purpose was not deemed enough by some to run an event; and the difficulties associated with getting busy SME owners to give up their time to attend.

*'The difficulty is getting the employers into the building, making them aware of what we've got to offer; they're busy trying to run a business.'*

The most effective events were designed as job fairs (of varying scales) where all eligible claimants and all employers who had expressed some interest in the wage incentive were invited to a Jobcentre Plus office to meet and fill vacancies. Sometimes these job fairs were marketed as 'speed dating' for employers and claimants.

Events were less effective when they were solely information based, as employers did not want to attend an event explaining about the wage incentive if they felt they had already heard the message from staff as part of the initial marketing strategy.



The issue of limited budget had been circumvented by one Jobcentre Plus office by partnering with a local college who hosted and funded the event, whilst Jobcentre Plus staff offered their time and expertise<sup>7</sup>.

There was widespread use of centrally produced Department for Work and Pensions' (DWP) marketing materials on the wage incentive. Some offices had slightly tweaked the national materials by adding contact details or messages about other initiatives they wanted to promote to employers in their area and one office had produced their own electronic newsletter that was emailed out to employers that explained the wage incentive as well as other packages offered to employers such as work experience. Beyond this, employer engagement staff tended not to produce separate marketing materials since there were strict controls on marketing spend in order to ensure value for money.

Aside from sending marketing materials directly to employers, engagement staff had undertaken related marketing activities using a range of different channels. Information on the wage incentive was included in local community-produced newsletters, or offices had arranged for an article about the wage incentive to be printed in the newsletter of the local chamber of commerce. Other employer engagement staff had promoted the wage incentive on twitter with some responses from employers, and one had added the wage incentive to their email signature, including a hyperlink directly to the wage incentive area on the gov.uk site which was felt to give employers access to the right information without requiring them to contact Jobcentre Plus staff.

Whilst employer engagement staff could not comment explicitly on the relative effectiveness of using these different channels it seemed that tailoring leaflets and adding personal details helped direct employers to the right person at Jobcentre Plus, if they were seeking more information about the wage incentive. However, employer engagement staff reported low levels of unsolicited contact from employers, and where this was happening it was as a result of word-of-mouth amongst employers or from claimants, rather than as a response to marketing materials.

### 2.1.3 Barriers to promoting wage incentives

Employer engagement staff outlined a number of challenges they encountered when trying to market the wage incentive. These barriers partially stemmed from employers' lack of awareness of the scheme, and confusion with other schemes which offered financial support to employers. Other barriers mentioned by employer engagement staff were a lack of printed marketing material which looked professional and the administrative work associated with marketing the wage incentive itself, although the latter was only raised by a small number of participants. These are explored in further detail below.

Confusion and a lack of knowledge of the various schemes available to employers occasionally operated as a barrier to take up. Some employer engagement staff felt that the name of the scheme was not adequately descriptive and that it was not immediately obvious to employers what it was. Staff reported a general lack of awareness amongst employers about the wage incentive scheme and how it was distinct from previous schemes. This was particularly the case for those who had heard of or had had experience with the Future Jobs Fund, compared to which the wage incentive scheme seemed to some employers to be

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<sup>7</sup> We understand from DWP that it has been common practice for districts to link up with local partners in the delivery of employer events to make the most of the limited funding.

## Evaluation of the Youth Contract wage incentive: Wave two research

overly restrictive in its eligibility criteria, and offered less money<sup>8</sup>. This was still the case in Wales, as the wage incentive there was in competition with the Jobs Growth Wales incentive, which was far higher than the current wage incentive. As Jobcentre Plus staff were tasked with signposting employers to this initiative, they found that most employers would opt for the scheme that offered more money. However, some employer engagement staff noted that the administrative process associated with claiming the Jobs Growth Wales was much more complicated and burdensome, and some employers as a result were electing to recruit through the wage incentive instead.

A recurring problem reported amongst employer engagement staff was the lack of printed marketing materials which they felt looked professional. Whilst centrally produced leaflets could be emailed in colour, anything printed at Jobcentre Plus offices had to be in black and white and on recycled paper, which staff thought looked dull and unprofessional, and felt reflected badly on how they presented themselves to employers. As discussed above, producing printed marketing material locally was considered to be too expensive by staff in most cases, although some offices had done so in producing claimant self-marketing 'golden tickets'. This was still considered a high cost and was noted to be time-consuming in terms of obtaining central approval. We understand from DWP that printed colour marketing materials were available from the central marketing team at the time of the research<sup>9</sup>. It is unclear why the staff interviewed were not aware of these materials. There may have been some confusion about the availability of this extra resource given that centrally produced materials were not usually available for employer initiatives.

A minority of employer engagement staff said that conducting the administrative work and follow-up phone-calls with employers was itself acting as a barrier to effective marketing. This included any form-filling on behalf of employers (see Section 4.1.1), as well as follow-up activity where Jobcentre Plus staff contacted employers at set intervals once they had employed a wage incentive candidate, to check they were still in the role and to remind employers to submit the forms at the right time. This follow-up contact was considered time-consuming, and where this prevented staff from meeting with employers face-to-face, employer engagement staff believed that the wage incentive was preventing them from making new relationships. This is explored in greater depth in Section 4.1.3: Changes in working practices for Jobcentre Plus staff.

## 2.2 Employers

### 2.2.1 How employers found out about wage incentives

Employers who had already received a wage incentive payment were asked how they first heard about wage incentives. Figure 2.1 shows the findings.

The most common way of finding out about wage incentives was through a Work Programme provider (30 per cent). It is important to bear in mind the timing of the survey

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<sup>8</sup> As Future Jobs Fund offered a £6,500 incentive.

<sup>9</sup> At the time of the research the two-colour marketing products were available for staff to order from DWP central marketing – an A4 leaflet aimed at employers and a dual purpose business card for employers and claimants to self-market. Subsequently two further products were made available – an A1 post for Jobcentre Plus offices and an A5 leaflet for employers.

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when considering this figure. Employers included in the survey had claimed a wage incentive between April and June 2013, and would therefore have recruited the person before this, most commonly in autumn 2012. This means that most employers would have first heard about wage incentives before the national roll-out in December 2012. Before the national roll-out, Work Programme providers were responsible for marketing the scheme to employers (other than in the hot-spot areas).

Larger employers were more likely than smaller employers to have heard about wage incentives from a Work Programme provider: the proportion was 34 per cent among employers with 10 or more employees, compared with 22 per cent of those with one to nine employees. Consistent with this, the proportion of employers who found out about wage incentives from a Work Programme provider was higher for those with multiple wage incentive claims: 37 per cent among those with more than one claim (including 45 per cent of those with six or more wage incentive claims) compared with 27 per cent with just one wage incentive claim.

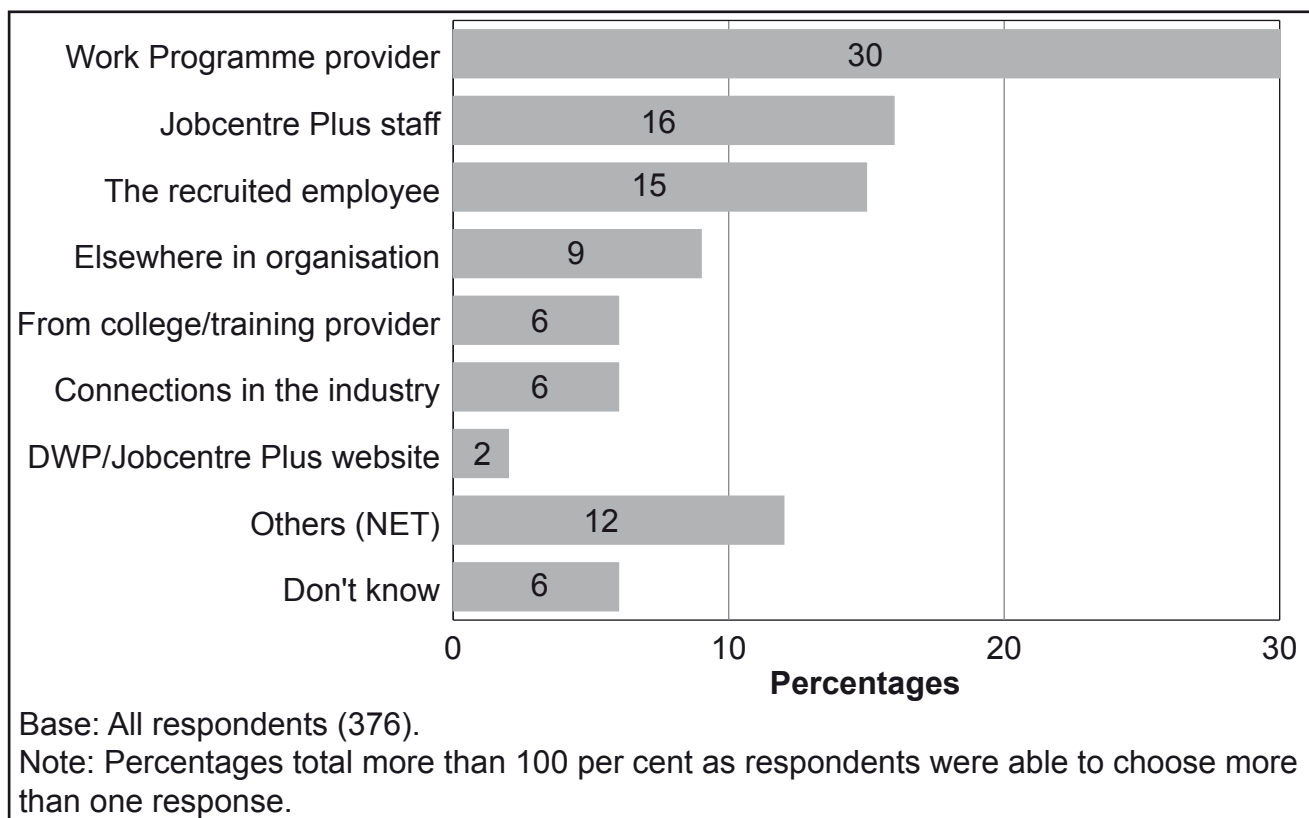
Around one in six employers in the survey found out about wage incentives through Jobcentre Plus staff (16 per cent). A similar proportion found out about wage incentives through the recruited employee (15 per cent). This confirms the findings from the interviews with Jobcentre Plus staff, that eligible candidates are told about wage incentives to help improve their chances of being hired, and are sometimes given training and materials to help market themselves.

Smaller workplaces (those with one to nine employees) were more likely than larger workplaces to have heard about wage incentives directly from the recruit. This confirms that candidates are an important information source for smaller workplaces.

Other ways of hearing about wage incentives were through personal contacts in the same organisation/industry. Nine per cent heard about wage incentives through someone else in their own organisation (this was higher for those in multi-site organisations) and six per cent first heard of it through connections in their industry.

Just two per cent of employers found out initially through the DWP or Jobcentre Plus website. This indicates that employers were much more likely to learn about the scheme through personal contact (with Jobcentre Plus staff, Work Programme providers or claimants) than from more formal sources such as the DWP website.

Figure 2.1 How first heard about wage incentives



### 2.2.2 How could government communications about wage incentives be improved?

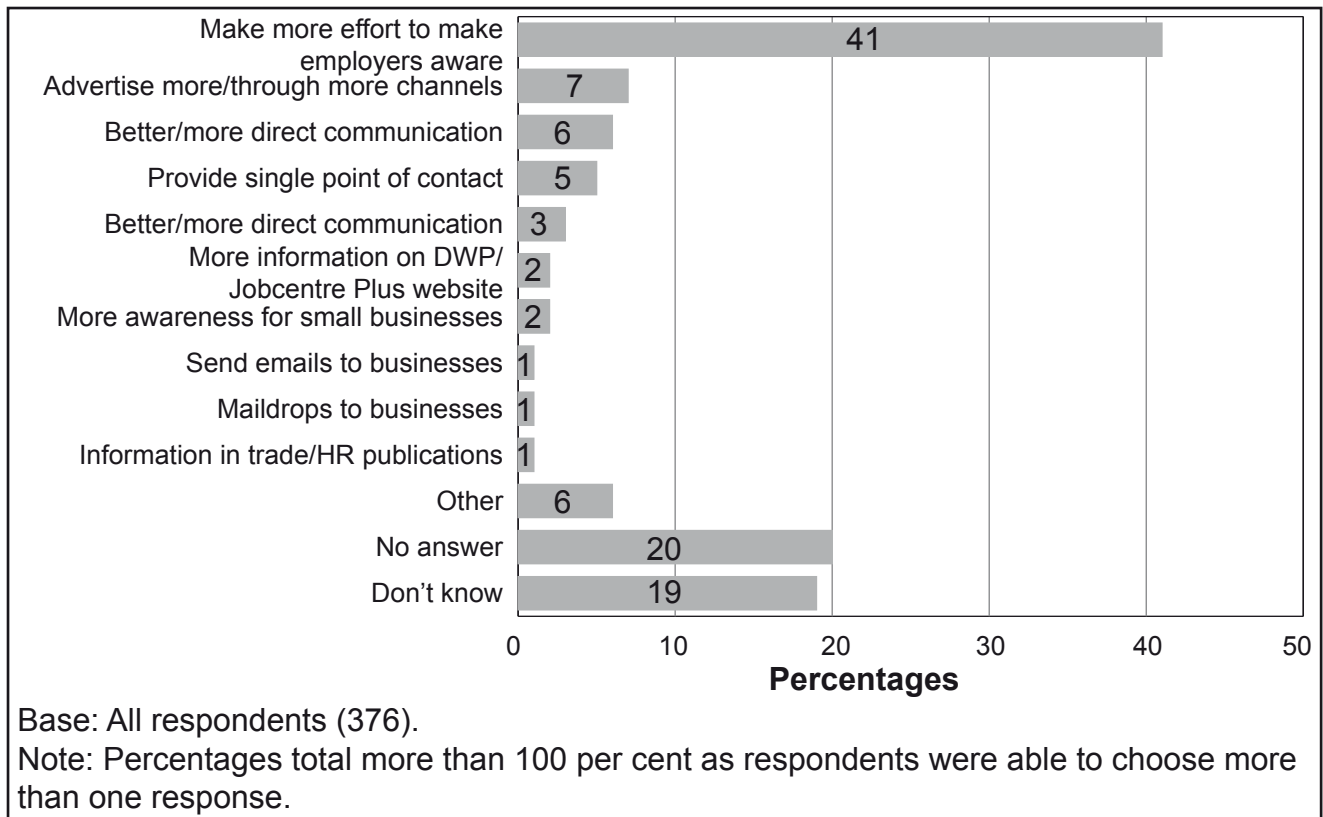
All participating employers were asked about how they thought Government communications about wage incentives could be improved (see Figure 2.2).

The most common response was that the Government should make more effort to make employers aware of wage incentives (41 per cent). Seven per cent felt that there should be more advertising, or advertising channels used to promote them. These responses are consistent with the findings from Jobcentre Plus employer engagement staff, who made suggestions for improved advertising and marketing materials at the national level (see Section 2.1).<sup>10</sup>

Reflecting the low level of usage of the DWP or Jobcentre Plus websites (as noted above), two per cent thought that there should be more information on these websites about wage incentives. Only five per cent thought that there should be a single point of contact for wage incentives; this suggests that employers were generally satisfied with the support they received from their sources, such as the Work Programme providers; this is discussed further in Chapter 4.

<sup>10</sup> We understand from DWP that their central marketing team ran a wage incentive marketing pilot in the winter of 2012/13. This pilot tested the effectiveness of radio and press advertising alongside other activity. The pilot showed that local events that brought together young people and employers delivered better value for money than radio or press advertising. Local activity has been supplemented by a national social media campaign and awareness raising via corporate partners.

**Figure 2.2 What Government can do to improve communications about wage incentives**



## 3 Participation and involvement

The Youth Contract funds originally funded 160,000 wage incentives over a three-year period. Previous wage/recruitment subsidy schemes have suffered from lower than expected take-up. For example, the New Deal for Young People (NDYP) Employment Option (1998-2010) paid up to £1,560 for employing a young unemployed person for at least six months, but this element of the scheme only applied to around 10,000 people per year, just seven per cent of NDYP participants.

In the Six Month Offer, people who had been on Jobseeker's Allowance (JSA) for more than six months were given a voucher for £1,000 that could be redeemed with any employer who offered them a job likely to last more than six months. Over the 15 months of the subsidy being in place (April 2009 to June 2010), it was paid 46,000 times, but there were just 8,400 payments to people aged 18–24<sup>11</sup>.

Paying all 160,000 wage incentives funded by the Youth Contract over three years would therefore substantially exceed what has been achieved previously and therefore represents an ambitious and stretching aspiration.

This section looks at which employers are getting involved in the scheme and what type of positions they are offering. It also examines the motivations of employers for taking up wage incentives, and any concerns they had, as well as the messages that employer engagement staff have used to encourage participation.

### Key findings

- Around two in three employers (68 per cent) who claimed a wage incentive were organisations with less than 50 employees.
- Six in ten employers had recruited just one candidate eligible for a wage incentive.
- Three in four candidates were recruited on permanent contracts and more than eight in ten candidates were still employed at the time of the interview, indicating that these are usually long-term positions of employment going beyond the six-month point.
- Staff reported variation in the level of interest employers had in wage incentives, depending on their size, the kind of candidate they were looking for, and their perception of the ethics of the scheme.
- According to staff, the quality of candidates was the main issue for employers, with the financial incentive itself the priority for only a minority.
- It was felt that a number of new relationships with employers had been created as a result of the wage incentive, as it gave employer engagement staff a reason to contact them and something to offer them.

<sup>11</sup> [http://statistics.dwp.gov.uk/asd/asd1/jsa/6month\\_offer/6mo\\_oct2011.pdf](http://statistics.dwp.gov.uk/asd/asd1/jsa/6month_offer/6mo_oct2011.pdf)

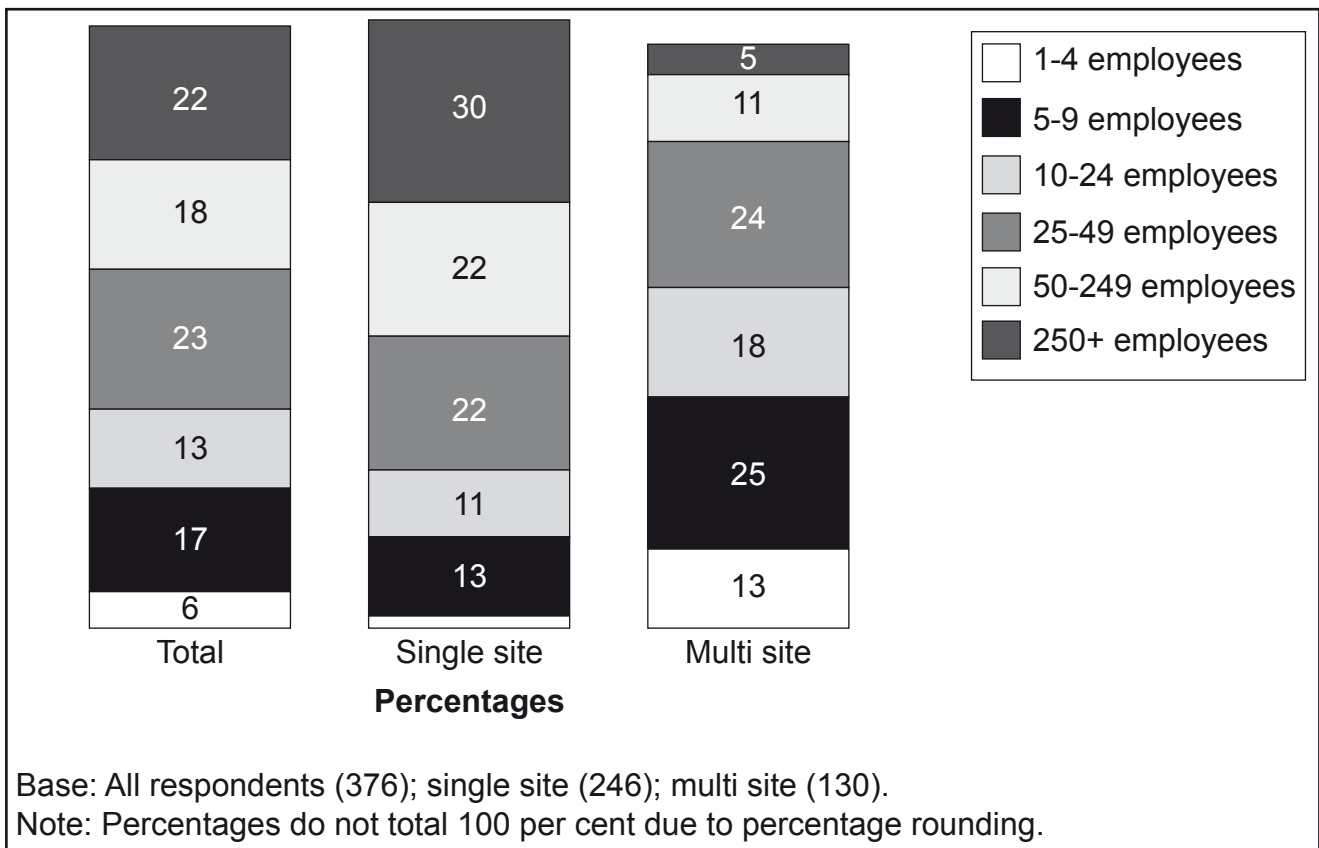
## 3.1 Employers

### 3.1.1 Employer characteristics

Employers who made a claim for a wage incentive were mostly small organisations. The majority (76 per cent) had fewer than 50 employees at the site, including 39 per cent who had fewer than 10 employees at the site. Less than one in five (17 per cent) had 50 to 249 employees at site, and the remaining six per cent of employers had 250 or more employees working at the site. In the business population as a whole, almost all workplaces (97 per cent) have less than 50 employees at the site.

Figure 3.1 shows the size of workplace, and how this varies by single site and multi-site organisations. Overall, two in three employers who made a wage incentive claim were based at a single site (65 per cent).

**Figure 3.1 Number of employees at site**



If we look at the size of the organisation as a whole (including those with multiple sites), two in three employers in the survey (68 per cent) were small organisations (less than 50 employees in the whole organisation), while 18 per cent were medium-sized (50 to 249 employees) and 14 per cent large organisations (250 or more employees).

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It was most common for the employers to be in service sectors<sup>12</sup> (63 per cent), while 16 per cent were in production sectors, 14 per cent were in education, health and public administration, and six per cent were in construction. Table 3.1 shows the proportion in each major category using Standard Industrial Classification (SIC 2007).

**Table 3.1 Industry Sector (SIC2007)**

	%
G: Wholesale and retail trade	17
C: Manufacturing	15
I: Accommodation and food services	14
Q: Human health and social work	10
N: Administrative and support services	9
H: Transportation and storage	6
F: Construction	6
M: Professional, Scientific or Technical activities	5
S: Other service activities	5
R: Arts, entertainment and recreation	4
E: Education	3
L: Real estate activities	2
J: Information and communication	1
K: Financial and insurance activities	1
A: Agriculture, forestry and fishing	1
O: Public administration and defence	1

Base: All respondents (376).

Note: percentages do not total 100 per cent due to percentage rounding.

Most employers were in the **private sector** (85 per cent), while seven per cent were in the public sector<sup>13</sup> and six per cent of the sample was in the voluntary/not for profit sector.

The sample included five per cent who were recruitment agencies, who received claim forms for recruiting employees who were eligible for wage incentives. The rest of the sample (95 per cent) were employers who were taking on the recruit to work directly at their company.

### 3.1.2 Details of claims

The majority of employers that were surveyed had claimed a wage incentive for a small number of eligible employees. More than half (62 per cent) had made a claim for just one

<sup>12</sup> Service sector was defined as Standard Industrial Classification 2007 (SIC2007) – G, H, I, J, K, L, M, N, R, S; Production was defined as SIC2007 – A, B, C, D, E; Construction is SIC2007 – F; Education and Public Administration was SIC2007 – O, P, Q. For full information on SIC 2007: <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

<sup>13</sup> Central government departments, their executive agencies and Non-Departmental Public Bodies (NDPBs) are excluded from claiming wage incentives; however, other organisations in the public sector, such as National Health Service (NHS) trusts, are eligible to claim them.



employee, while 29 per cent had made between two and four claims. Eight per cent had made claims for five or more eligible recruits.

As outlined in the Introduction, as well as claiming the full amount after six months, employers can make a part claim. Smaller employers (with fewer than 50 employees) can make a part claim when the recruit has been with them for eight weeks (they can then claim the remainder after six months). In addition, any employer can make submit a part claim if the employee leaves before the six month point, but has worked for at least 13 weeks.

Six in ten employers (60 per cent) said that their claim/all of their claims were for the full six months, with around four in ten (39 per cent) saying that they had made at least one 'part' claim for a shorter period. The majority of part claims were among smaller businesses where the recruit had not yet been with them for six months. However, among 30 per cent of those who had made a part claim (the equivalent of 12 per cent of all employers in the survey), the employee left before reaching the six month point.

### 3.1.3 Job characteristics and placement details

Questions on job characteristics were asked about the person that employers had most recently claimed a wage incentive for (if they had made more than one claim).

Almost four in five respondents (79 per cent) said that the employee was working **full time** (30 hours or more per week). Ten per cent were working no more than 20 hours per week, and the remaining eight per cent were working between 21 and 29 hours per week. Section 5.1.6 discusses the impact of the wage incentive payment on hours worked.

Almost three in ten employers said that the recruit worked in an 'elementary occupation'<sup>14</sup> (28 per cent), with other common positions being sales and customer service occupations (15 per cent), personal service occupations (13 per cent), administrative and secretarial occupations (12 per cent), skilled trades (11 per cent) and process, plant and machine operatives (11 per cent). Overall, this shows that employers offered a range of different types of job, including more skilled positions.

**Table 3.2 Occupational Classification (SOC 2010)**

	%
Elementary occupations	28
Sales and customer service occupations	15
Personal service occupations	13
Administrative and secretarial occupations	12
Skilled trades occupations	11
Process, plant and machine operatives	11
Associate professional and technical operations	6
Professional occupations	3

Base: All respondents (376).

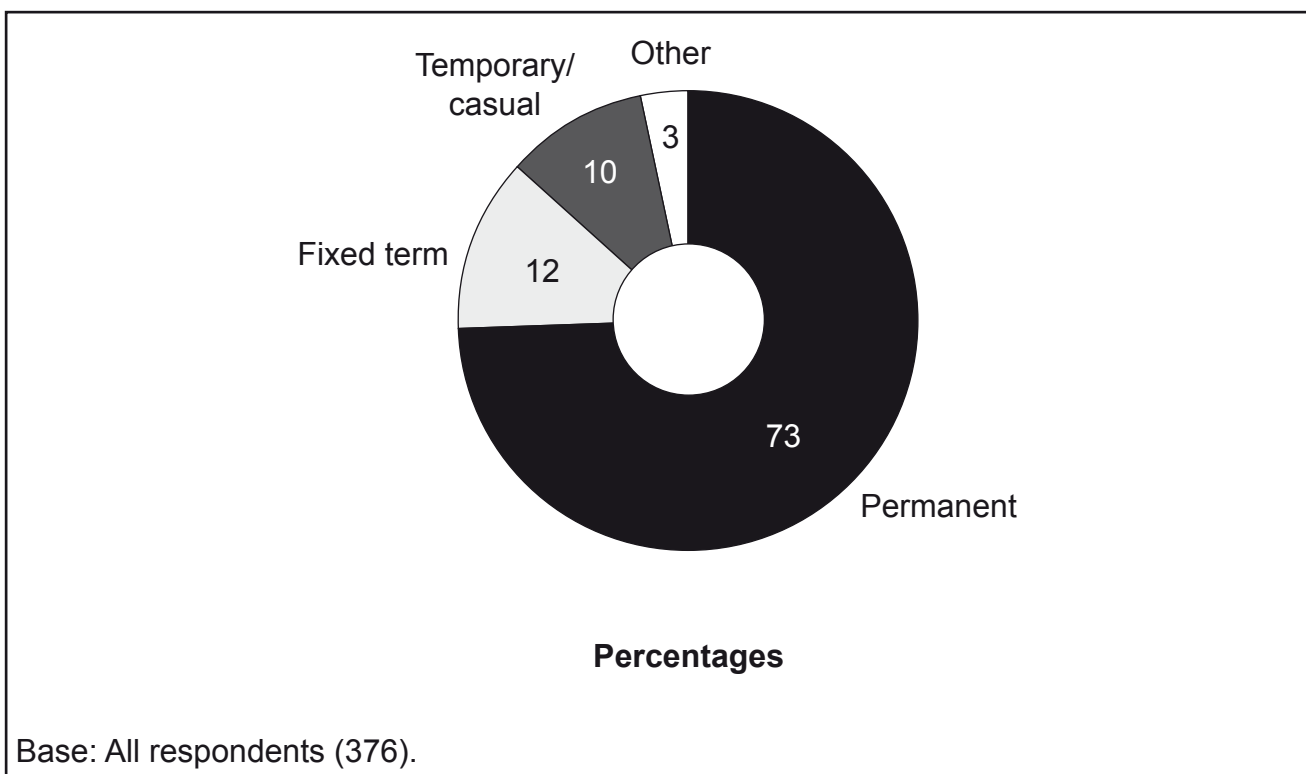
Note: percentages do not total 100 per cent due to percentage rounding.

<sup>14</sup> <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/index.html>

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In order to be eligible for wage incentives, jobs are intended to be 'expected to last at least 26 weeks.' In total, 73 per cent of respondents said that positions were permanent/open ended, while 10 per cent of positions were temporary or casual, and 12 per cent were on fixed-term contracts. In the majority of cases (80 per cent), respondents expected recruits working in non-permanent positions to stay with the organisation for more than six months.

**Figure 3.2 Basis of employment**



Employers who had made a wage incentive claim were asked if the recruit (or most recent recruit if more than one) was still working for them. More than eight in ten (84 per cent) reported that the person was still working for them. For those where the employee was no longer working with the employer, in a third of cases this was because they were dismissed or made redundant; in one in five cases the employee resigned.

Section 3.1.2 above noted that some claims were part claims where the recruit had left before the six-month point. If we restrict the analysis to full claims only (where the recruit had worked for six months), 88 per cent of employers said that the person was still working for them. This is encouraging, as it indicates that most recruits continued to work with the employer beyond the six-month point since interviews typically took place around two months after the claim was made.

There was no difference in levels of continued employment when looking at size of business, or terms of employment (such as part-time hours worked).

### 3.1.4 Employers' reasons for take-up and concerns

Employers provided a wide range of reasons for hiring someone eligible for wage incentives. The most common reason was the financial incentive, but giving young, unemployed individuals a chance was also one of the top responses (see Table 3.3).

Several large employers who are actively involved in the Youth Contract have pledged to invest the wage incentives they receive in charities which train young people who lack the skills needed for the world of work<sup>15</sup>. This shows that for these companies it is not just the financial incentive that encourages them to hire young people.

**Table 3.3 Main reasons for taking up wage incentives**

	%
Financial assistance/extra money for us	40
Gives young people a chance	24
Good incentive to take someone on	23
Helps us with recruitment	21
Part of general recruitment drive	5
Would have employed candidate anyway/candidate eligible/we were eligible to give it a go	4
Other	8
Don't Know	8

Base: All respondents (376).

Note: percentages total more than 100 per cent as respondents were able to choose more than one response.

The survey of employers taking up the New Deal subsidised option (Hales *et al.*, 2000) identified a typology that grouped employers according to their reasons for take-up. This can help to understand the motivations of employers, and may be useful for marketing activities. A similar typology can be used here, by grouping employers as follows:

- Altruistic (wanting to help young, unemployed people): 11 per cent.
- Opportunistic (motivated by the financial incentive and/or convenience): 37 per cent.
- Responsive (candidate just came along): six per cent.
- Strategic (part of recruitment drive/strategy): 17 per cent.
- Mixed (in more than one of the above groups): 28 per cent.

Although there were no significant differences by size of employer, multi-site organisations were more likely to be in the opportunistic or responsive categories, whereas single-site organisations were more likely to be in the strategic category.

Overall, this analysis shows that employers varied in their motivations, with a substantial proportion (in the 'mixed' category') giving more than one main reason for involvement.

One in six employers who made a claim for a wage incentive (16 per cent) said that before participating in the scheme they had concerns about applying for the wage incentive. Those who were concerned were asked a follow up question to find out the nature of their concerns. The number of respondents answering this question was small (59), but the main concerns were around whether they would actually get paid, the quality of candidates and the administration process.

<sup>15</sup> <http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp031a-12.shtml>

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It is worth noting that the survey covered employers who overcame the barrier of hiring young, unemployed workers and of claiming a wage incentive. The findings from Jobcentre Plus employer engagement staff (described in the next section) provide a broader picture of the barriers and concerns among the wider employer population.

### 3.2 Jobcentre Plus employer engagement staff

#### 3.2.1 Employer interested in wage incentives

Levels of interest in the wage incentive varied from office to office, although all employer engagement staff described take up as low<sup>16</sup>. Despite highlighting the wage incentive in every communication with employers, staff said that very few employers were primarily motivated by the wage incentive when recruiting an eligible claimant. The financial incentive was a primary motivating factor for a small number of small businesses, although it is worth noting that employer engagement staff reported receiving positive feedback on the quality of the claimants recruited amongst this group.

Employer engagement staff said it was important to tailor the message to the employer and not focus solely on the financial incentive. Using the right mix of messages or knowing when to stop selling the wage incentive was considered vital to employer engagement, particularly as the financial incentive may be off-putting to some employers (discussed further below).

*“You have to be aware of your field, what you’re talking about ... have to tailor it to suit the person you’re talking to.”*

This section now explores the reasons why employer engagement staff believed some employers were interested in the scheme and others were not, and how employer engagement staff tailored their marketing strategies to different types of employers. Some of the differences between employers that affected their response to the scheme included:

- size and impact of the financial incentive;
- type of candidate and positions offered;
- perceived ethics of the scheme; and
- existing relationship with Jobcentre Plus.

#### Size and impact of the financial incentive

As mentioned above, employer engagement staff reported much greater interest in the scheme amongst small and medium-sized enterprises (SMEs). This is supported by the quantitative data which found that the majority of employers had fewer than 50 employees. Take-up amongst larger employers was reported to be lower by employer engagement staff, and was dependent both on decisions made at a national level and the local manager’s decisions.

It was noted that smaller businesses were more likely to be swayed by the financial incentive as the amount was more significant in relation to their overall staff costs. In this respect some employer engagement staff adopted the approach that employers ‘couldn’t afford not to’

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<sup>16</sup> Early statistics on wage incentive take-up are published here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224573/Wage\\_Incentive\\_payment\\_adhoc\\_released.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224573/Wage_Incentive_payment_adhoc_released.pdf)

recruit a wage incentive candidate in the current economic climate, which resulted in some of those employers recruiting eligible claimants only. However, some smaller employers reportedly had been put off by the 26-week waiting period for payment – as given their cash flow situation they would require all the money up front to be able to pay a new employee.

Employer engagement staff described a number of messages relating to finance and payment, which they said were effective in engaging employers who were particularly interested in the financial aspect. These messages tended to revolve around the payment of the incentive, including the part payment at eight weeks; that the money could be used elsewhere in the business and was not necessarily tied to training the employee; and the minimal amount of paperwork that claiming required. These messages would only be focused on once employers expressed initial interest in the financial aspect, and staff noted that these were mainly small employers who would have difficulty covering the cost of recruitment and training without the wage incentive.

In some instances, employer engagement staff said employers had mistakenly assumed that the scheme would attract an up-front cost, particularly those employers that were accustomed to working with recruitment agencies which charged a fee for the service.

### Types of candidate and positions offered

Staff felt that the wage incentive was considered to be particularly appropriate for lower skilled jobs, as some employers looking to recruit for these positions tended to be less concerned about finding the right person. These tended to be medium or larger companies who were looking for several candidates at once, for example supermarkets.

However, employer engagement staff consistently reported that for the majority of employers, their priority was to find the ‘right person’, regardless of a financial incentive. For these employers, often looking to fill front-of-house or customer-facing vacancies, getting the wrong candidate would be a waste of their time and any resource used to train them. The ‘right person’ could mean someone with the right skills or experience, but often it was in reference to recruiting a candidate with the right attitude, enthusiasm and presentation.

*“I don’t think it’s enough money to justify not getting the right person. The right person is not always about the money, and it can be a big thing for small companies.”*

Employer engagement staff outlined several messages that they would use to sell the wage incentive to this type of employer. Staff would explain that they were acting essentially as a free recruitment agency with a screening and job matching service and stressing that they would work hard to find the right person. Staff would also ensure that employers did not feel they were having wage incentive candidates forced on them by presenting a choice of claimants (both those eligible and those not) to the employer and allowing them to choose.

*“We are very responsive to what the employer needs ... we do consultative style meetings.”*

Promoting work experience or work trials<sup>17</sup> alongside the wage incentive was considered to be more effective than promoting only the wage incentive with employers who were

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<sup>17</sup> It is worth noting that only one respondent explicitly mentioned work trials; the majority of employer engagement staff mentioned using work experience alongside the wage incentive. Evidence of using the two in tandem was widespread and deemed by staff to be effective in promoting the wage incentive.

## Evaluation of the Youth Contract wage incentive: Wave two research

concerned about the quality of candidates, or when candidates were not yet eligible for the wage incentive. As a result, many employer engagement staff described these policies as going 'hand in hand'. A work experience placement or trial allowed employers to trial a candidate before hiring them, and was a good opportunity for claimants to consider whether the position was right for them. This meant that both employer and claimant knew they were a good fit and therefore the wage incentive acted as an added bonus to hire the claimant. If lacking in candidates eligible for the wage incentive, Jobcentre Plus would often track which individuals were nearing eligibility, as claimants could be taken onto work experience placements before they became eligible for the wage incentive. As a result, employer engagement staff were able to market the scheme to employers who were hosting placements for claimants that would become eligible for the wage incentive during the placement.

*“Using work experience initially actually sells wage incentives better, as work experience is a comfort blanket for employers, as well as employees.”*

*“Sometimes we offer trials as well before hand ... sometimes the employer can be a bit dubious so we say potentially this person could do a week’s trial before you take them on, see what they’re like and if you’re happy, claim the wage incentive.”*

### Perception of the ethics of the wage incentive

Employer engagement staff reported that a fairly small proportion of employers, and mainly, but not exclusively, large employers, saw the wage incentive as unethical or inappropriate because it 'felt like a bribe', or was at odds with the ethics of the business. These employers were of the opinion that it was inappropriate for the Government to be offering financial incentives for employing young people, feeling that the scheme would result in employers prioritising money over the 'right candidate'. In these cases, employers had firmly 'made up their minds' about the scheme and would often request that employer engagement staff abstain from promoting it to them.

When recruiting for a vacancy, one medium-sized employer reportedly requested Jobcentre Plus staff not to inform him which candidates put forward for interview were eligible for the wage incentive, as they did not want it to factor into their decision. This employer further asked not to be made aware of whether the candidate chosen was eligible for the wage incentive as it could negatively impact on the way staff were managed in that keeping an employee on for longer, despite poor performance, would result in a financial reward. In one or two extreme cases, larger employers, according to employer engagement staff, were so opposed to the wage incentive that they would consider only recruiting candidates aged 25 and over.

*“Other employers have said ‘it’s unethical, we don’t want to know about it – we want to help 18–24s because youth unemployment is high and we want to help tackle that – because we are ethical, we do have a social conscience, but we don’t want the money’. These responses are from your national, international, multi-million pound companies, they feel very strongly about it so we have to be careful, we have to be sensitive in how we approach it when we promote it and we have to know when to back off, otherwise we would lose them.”*

There was also some evidence of stigma associated with the scheme, with some employers being uncomfortable with the idea of a government 'hand-out' or with recruiting from the Jobcentre more generally.

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*“Some of our large and national employers won’t take wage incentive on because they don’t want bad or adverse publicity, if they think it looks like a bribe.”*

Further, some employers were concerned that a long-term unemployed person was unsuitable for them; taking the wage incentive as evidence of the candidates’ undesirability or unemployability.

*“The big barrier is that employers don’t want someone who nobody else wants.”*

Employer engagement staff used a number of messages to address these concerns; these were:

- The idea that the young person would be a ‘blank canvas’ which the employer could shape and train to fit their business.
- The fact that the money offered could be used to pay for or subsidise training.
- The idea that the employer would be giving a young person a chance; helping them get on ‘the first rung of the ladder’.
- The idea that the employer would be helping young people and so giving something back to the local community.

Sharing good news stories with employers was also considered an effective way to assuage doubts, as employer engagement staff felt that employers responded well to hearing about success stories; as was using the term ‘initiative’ rather than scheme, as this term was indicative of taking positive action.

*“I always try and call it an initiative and not scheme because that sounds like we’re scheming something so I say that the initiative is there to help young people get back into work ... and employers are interested, especially larger employers, and I try to say “you’re helping someone” and they feel obliged and like the idea they’re helping someone.”*

Finally, employer engagement staff also stressed that the wage incentive may not always be available and therefore employers should take advantage of the scheme and to *‘just take the funding while it was there’*.

### **Other factors affecting interest in the scheme**

Some employer engagement staff noted that there were certain sectors for which the wage incentive was less appropriate, namely those that had specific minimum requirements around skills and experience, for example, certain professional qualifications or a minimum experience level, that young people were unlikely to have. It was also noted that any employer that offered temporary vacancies, zero-hour or short-term contracts would not meet the minimum hours or length of employment required to claim the incentive.

As mentioned in section 2.1.2, staff believed that employers were more likely to be receptive to the wage incentive if they had a good existing relationship with Jobcentre Plus. In order to maintain the trust of employers and avoid damaging existing relationships, employer engagement staff said it was important to manage their expectations in relation to the quality of claimants. Employer engagement staff would inform employers that candidates may not necessarily be job ready, whilst also emphasising that they would remain on hand to help provide support to both employer and claimant, and keep in close contact throughout. This was felt to be effective by the staff employing this approach, and helped build trust between the employer and Jobcentre Plus more generally.

### 3.2.2 Usefulness of wage incentives in building relationships with employers

#### Creating new relationships with employers

Employer engagement staff said that in some cases offering the wage incentive was beneficial in forging new relationships and changing the nature of existing relationships with employers. As well as providing an opportunity to approach employers for the first time, staff felt able to re-contact employers who they had not worked with before, because they had something new to offer. A further positive aspect was that the wage incentive made Jobcentre Plus stand out, distinguishing them from recruitment agencies, as offering an incentive rather than charging a fee. Staff also noted that instigating or reopening a dialogue with employers presented the opportunity to make them aware of a range of other Jobcentre Plus services, so that even if the wage incentive was unsuitable for them, they could generate interest in something else, for example, advertising their vacancies through the Universal Job Match.

*“It’s a reason to go back and speak to employers again. It starts the conversation, and one thing leads to another ... so it brings more business through the doors.”*

*“The thing with employers is that they are a bit greedy, and risk averse; [the wage incentive] enables us to create new relationships as it makes it easier to get our foot in the door; it’s been a while since we had the recruitment subsidy ... One of the first things an employer thinks is ‘what have you got to offer me’, and normally what they’re thinking about is money ... Employers are much more willing to sit down and talk to us when we have something to offer them.”*

Whilst this was reported as a positive change for employer engagement staff its impact should not be overstated; staff stressed that it had ‘opened a few doors’ and had allowed them to form new relationships with a few new employers in the area. Furthermore, the new relationships tended to be with employers with a small number of vacancies, so the relationships were not necessarily long term.

#### Impact on existing relationships with employers

Employer engagement staff noted that conducting follow-up calls with employers who had employed someone eligible for the wage incentive helped to maintain existing relationships with employers by keeping the lines of communications open, and occasionally staff learnt about new vacancies as a result.

Employer engagement staff did not feel that there was a significant change to existing relationships with employers, but rather that the wage incentive was ‘something else to offer’ amongst a range of products and services. However, in some cases the wage incentive could have a negative impact on relationships with employers and consequently staff were careful not to pressurise employers who were uncomfortable with the scheme.



## 4 Administration and claim process

The process for claiming and administering wage incentives has been designed to be as straightforward for employers as possible. It has been argued that the low take-up of previous wage subsidies has partly been the result of complexity in the schemes (Work and Pensions Committee, 2012).

This section looks at the processes that Jobcentre Plus staff and employers undertake to administer the scheme and make a claim for the wage incentive.

### Key findings

- Staff reported that employers were pleasantly surprised by the straightforward process involved in claiming and administering wage incentives. Around eight in ten (84 per cent) reported that there was not much, or a small amount of work involved.
- Employer engagement staff were often hand-holding employers through the process, and this service was often explicitly marketed to employers.
- Almost all employers aware of the claim form said that it was easy to complete and was of a reasonable length.
- One in four employers had some kind of problem with the claim process; typically delays in receiving payment or having the claim form returned as it had incorrect information or was missing supporting documentation.

### 4.1 Jobcentre Plus employer engagement staff

#### 4.1.1 Feedback from employers

Employer engagement staff reported that employers often expected that the claims process for the wage incentive would be complicated, bureaucratic and time consuming. In order to respond to these concerns, staff explained the claims process, emphasising how straightforward this was, and reassured employers that they would provide support throughout the claim. The perception amongst staff was that employers were surprised by how easy it was to claim when the process had been explained, and this could help to encourage employers to get involved. This is supported by the quantitative findings, where employers reported low level of administrative burden (see Section 4.2.1).

However, staff noted that problems did still occur, though these were largely driven by issues at the employer's end rather than arising from DWP processes. For example, some larger employers reported problems to Jobcentre Plus staff wherein the person administering the forms within the business did not have access to the required information, for example the wage slips. Smaller employers tended to complain that they did not have time or '*could not be bothered*' to make the claim, although the latter point is also arguably an indication of the level of significance they accorded the incentive (see Section 5.2.1: Perceived impact of the scheme).

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A minority of employers reported problems to Jobcentre Plus staff where payments had been delayed. In other examples, some employer engagement staff noted that employers had lost the claim form in the time between receiving the form and being able to make a claim.

Despite these examples of individual problems, on the whole the administration of the scheme and the process of claiming was considered straightforward.

### 4.1.2 How staff are administering the process

There were varying degrees of ‘hand-holding’ reported by employer engagement staff. Some employers were able to handle the process of submitting the forms by themselves, and others were seeking minimal advice and guidance from Jobcentre Plus staff. By contrast, others had the majority of the form completed on their behalf by Jobcentre Plus staff. Some employer engagement staff had resolved errors made on the forms without sending back to the employer to correct in order to make the process simpler and more streamlined for the employer. In these cases, employer engagement staff were typically completing most of the paperwork as well as conducting follow-up phone-calls. Some of these members of staff felt that these tasks were resulting in them becoming ‘tied to their desks’ rather than being able to market Jobcentre Plus services directly to employers.

### 4.1.3 Changes in working practices for Jobcentre Plus staff

It was apparent that different offices had adopted slightly different approaches to deal with the new administrative duties associated with wage incentives. Decisions about who was responsible for administering the scheme were largely made at a district level. In some offices, all administration of the wage incentive and follow-up contact with employers was assigned to a single member of staff (at the expense of any other engagement work) allowing the other employer engagement staff to continue their face-to-face marketing activities. Other offices had each member of staff conducting their own follow-up work, which was often considered to be more of a burden or distraction from their other engagement responsibilities. In a small number of cases, employer engagement staff said that the work of sending out claim forms, responding to queries about claims and conducting the follow-up telephone calls with employers throughout the 26-week period was a considerable burden and they felt it dominated their workload at the expense of being able to engage with and build relationships with employers. This tended to be in offices with smaller numbers of employees.

*“With wage incentives, the DWP have developed a huge, humongous admin piece about it that takes up so much of our time, the employer advisers, that it ties us to the desk when we should be out there marketing”*

However, whilst some employer engagement staff viewed the administration required by the wage incentive as burdensome, others noted the attendant benefits of keeping in regular contact with employers through the periodic telephone follow-ups (see Section 3.2.2).

Employment engagement staff also reported that they had developed closer working relationships with advisers, in order to track eligible candidates, prepare those nearing eligibility, and co-ordinate their approach. Training and regular meetings with advisers were used to ensure they had the knowledge and confidence to promote it to their claimants, and to encourage them to self-market. Employer engagement staff also felt that bringing advisers on board and getting all staff to take ownership of the wage incentive helped to identify the right employers and match them to the right claimants.

Sharing best practice learnings between offices and districts was also considered to be a key driver of success. Examples were given of sharing working documents to promote the incentive, or sharing newsletter templates from office to office. The 'golden ticket' idea (mentioned in Section 2.1.2: Ways of making employers aware of wage incentives) was another strategy that was shared as a successful scheme across districts. However, other employer engagement staff noted that there was occasionally a disincentive to share best practice information as offices could be working in direct competition with one another, as they will be competing for vacancies with employers within an area. In one area, three offices within a city ran a joint employer event to promote the wage incentive with each office being assigned a time slot within the day – with the result that most employers had filled their vacancies at the start of the event. This was felt to be unfair to the office and claimants scheduled for the final session and highlighted to the employer engagement staff the competitive element that existed between offices.

## 4.2 Employers

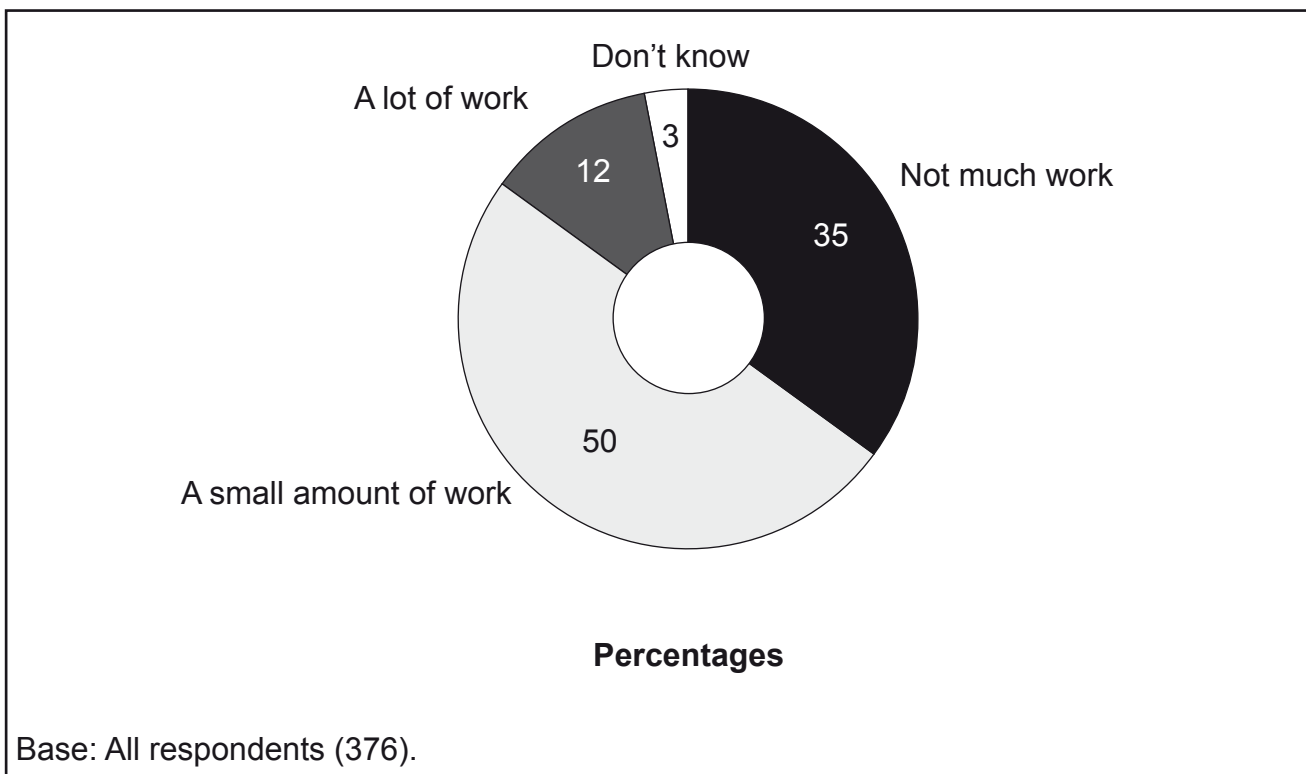
### 4.2.1 Perceptions of administrative burden

Confirming the findings from employer engagement staff, employers were strongly of the view that the overall level of burden, administration and work required in making a claim was low. This echoes the message that employers gave in the first wave of the research.

More than eight in ten employers (85 per cent) who made a claim for a wage incentive thought that making a claim involved either a small amount of work (50 per cent) or not much at all (35 per cent).

Twelve per cent thought that there was a lot of work involved. These employers were asked for the reasons, which were mainly a general sense of it being time consuming, and the fact that they received incorrect information in the claim forms from Work Programme providers.

Figure 4.1 Burden involved in making a claim



One in four employers (28 per cent) said they had put in extra administration systems to administer and claim the wage incentive. However, the vast majority of extra work comprised low-level tasks such as putting a reminder in their online calendar or setting up a spreadsheet.

Most employers (85 per cent) reported that they were aware of the claim form. Of those aware of it, 96 per cent said that it was easy to complete and the same proportion (96 per cent) said that the form was a reasonable length.

#### 4.2.2 Problems with the claims process

While the previous section indicates that employers found the process to be straightforward, around one in four (26 per cent) still said that they had experienced problems with the claim process. The likelihood of there being a problem rose with the number of claims made by an employer: 23 per cent of those who made just one claim had a problem; rising to 29 per cent of those who made two claims; and 36 per cent of those who made three or more claims.

The main problems were delays in receiving payment (30 per cent of those with a problem in the claims process), claim forms being returned due to incorrect information (24 per cent of those with a problem), employers requiring additional paperwork/supporting documentation (21 per cent), delays in replying to the employer (ten per cent), and employers being given wrong information throughout the process (eight per cent). Eight per cent of those with a problem thought that the claims process was unclear. Other problems included the employer losing their claim form, not having confirmation that the claim form was being dealt with, and being sent incorrect forms.

These findings confirm that although the overall process is straightforward, there are still potential hurdles and difficulties which employers need to negotiate, and which (as seen in the previous section) can also require significant input from Jobcentre Plus in assisting employers.

### **4.2.3 Whether intend to make future claims**

If employers had other people working for them that were eligible for a wage incentive (but who they had not yet claimed for), they were asked whether they intended to make a claim for them. Nearly all respondents (92 per cent) said that they intended to make a claim, and this confirms that the administrative process is not putting employers off from making future claims. However, it is important to note that this is a sample of employers that had already made a claim; the findings from employer engagement staff indicate that there are some employers (usually larger organisations) who do not bother to claim (see Section 5.2.1).

## 5 Impact of wage incentives

This chapter examines the ‘impact’ of the wage incentives on employer behaviour: whether they have created extra vacancies or taken on young, unemployed people because of the wage incentive; and whether it has encouraged them to retain the recruit for more than six months. It also looks at the longer-term impact of wage incentives: whether employers are likely to recruit eligible young people again and whether it has made them more likely to recruit unemployed people in the future.

It is important to note that the study does not attempt to quantify exactly the impact of the policy as findings are based on employers’ self-reported experiences. However, the findings can help to understand the ways in which the policy is influencing employer behaviour.

### Key findings

- In total, 19 per cent of employers said they created an extra vacancy because of the wage incentive, and a further 15 per cent were influenced in their choice of candidate.
- One in three said that wage incentives have made them more likely to keep the person for at least six months.
- Most respondents said they would be likely to take on someone in the future that is eligible for a wage incentive. As many as 43 per cent said that taking part had made them more likely to recruit young people with a history of unemployment in the future.
- By contrast, when considering employers in general, employer engagement staff did not feel that the scheme was having a significant impact on decisions to take on a young person. Staff felt that finding the right candidate was the main priority for the majority of employers, irrespective of the availability of a wage incentive
- Employer engagement staff highlighted some unintended negative consequences, suggesting that the eligibility criteria and the way in which the scheme was marketed could sometimes mean that other claimants were neglected.

## 5.1 Employers

### 5.1.1 Did the wage incentive involve creating an ‘extra’ vacancy?

Previous wage subsidy schemes have seen high levels of ‘deadweight’ in terms of vacancies existing regardless of the scheme— as high as 85 per cent under Workstart in the early 1990s (Institute of Employment Research Bulletin, 1999), and with estimates for the New Deal subsidy varying between 35 per cent (Riley and Young, 2000) and 70 per cent (Hales *et al.*, 2000).

The policy intent of the wage incentive scheme was not that of job creation, but to encourage employers to recruit young, unemployed individuals for sustained positions. Nonetheless, 19 per cent of employers said that the vacancy would not have existed without wage incentives, while 76 per cent said the vacancy would have existed and five per cent did not know (see Table 5.1). This is equivalent to a deadweight figure of 76 per cent. However, this deadweight figure may not be a major concern given the stated policy intent.

**Table 5.1 Whether vacancy would have existed without the wage incentive**

	%
Vacancy would still have existed	76
Vacancy would not have existed	19
Don't know	5

Base: All respondents (376).

Smaller establishments (with fewer than ten employees) were much more likely than larger establishments to say that the vacancy would not have existed without the wage incentive (35 per cent compared with nine per cent).

### 5.1.2 Did the wage incentive influence the choice of candidate?

In total (as shown in Table 5.2), **wage incentives influenced the choice of candidate** among 34 per cent of employers. This includes the 19 per cent who said the vacancy would not have existed at all, and a further 15 per cent of employers who said they thought they would have hired a different person without the wage incentive.

**Table 5.2 Whether wage incentives influenced choice of candidate**

	%
Wage incentive did not influence choice of candidate (employer would have hired same person without wage incentives):	51
Wage incentive did influence choice of candidate:	34
- Vacancy would not have existed at all	19
- Employer would have hired a different person without the wage incentive:	15
Don't know	15

Base: All respondents (376).

We can look further at the respondents who said they would have hired a different person without the wage incentive (15 per cent of all employers). This represents the 'substitution effect' of the scheme (substitution occurs when an eligible participant of the scheme gains a job at the expense of another job seeker). This group can be broken down as follows:

- Three per cent would still have taken on someone who was both under 25 and unemployed, without the wage incentive.
- Seven per cent would not have taken on someone who was both under 25 and unemployed, without the wage incentive.
- The remainder were not sure.

Overall, these findings suggest that 26 per cent of employers hired a young, unemployed person *only because of* wage incentives. This comprises 19 per cent who created an extra vacancy, and seven per cent who would not have hired someone who was under 25 and unemployed without wage incentives.

### 5.1.3 Influence of wage incentives on future recruitment

There were positive findings from the survey in relation to employers' future recruitment activities.

Almost nine in ten (86%) employers in the survey said they would be likely to take someone else on in the future who is eligible for wage incentives. This includes 52 per cent who said they would be very likely to do this<sup>18</sup>. A similar finding was seen in the wave 1 survey.

Establishments that had made more than one claim (typically larger establishments) were more likely to say they would take someone on in the future (63 per cent said this was very likely, compared with 45 per cent of establishments that just made one claim).

**Table 5.3 Likelihood of taking on someone in the future that is eligible for wage incentive**

	%
Very likely	52
Fairly likely	34
Not very likely	3
Not at all likely	3
Don't know	7

Base: All respondents (376).

Note: percentages do not total 100 per cent due to percentage rounding.

Employers were also asked about the impact of wage incentives on future recruitment of young, unemployed people. More than two in five employers in the survey (43 per cent) said that it had made them more likely to recruit young people with a history of unemployment. Five per cent said they would be less likely to hire a young person with a history of unemployment, and 50 per cent said it would make no difference.

The proportion that said it had made them more likely to recruit young unemployed people was again higher among establishments that had made more than one claim (52 per cent compared with 38 per cent of establishments that just made one claim).

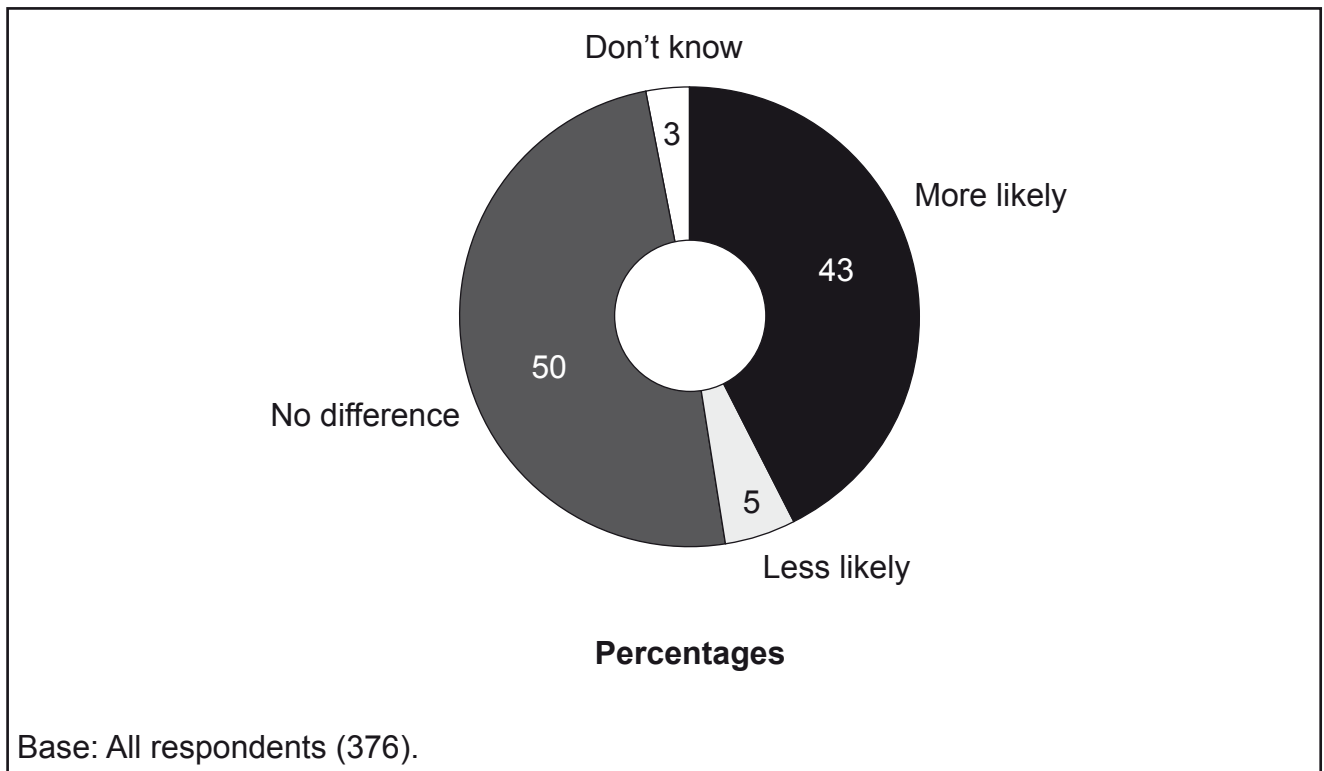
The findings to this question are even more positive than those seen in the wave 1 survey (when 33 per cent said they would be more likely to recruit young unemployed people). This is encouraging, because recruits had typically spent longer with an employer at wave 2 than at wave 1, suggesting that the time spent with the employer made a positive impression<sup>19</sup>.

<sup>18</sup> Note that these findings reflect the likelihood of employers taking on an eligible person again, rather than necessarily making a claim for the wage incentive.

<sup>19</sup> At wave 1, interviews were conducted with employers who had recently recruited someone who was eligible for a wage incentive; at wave 2, all employers had actually made a claim for an incentive (normally resulting from the employee being in the job for six months).



**Figure 5.1** Whether taking part in the scheme has made employer more or less likely to recruit young people with a history of unemployment



The majority of employers (59 per cent) agreed that ‘the wage incentive payment lets you take a risk on someone you otherwise wouldn’t’, while 32 per cent disagreed. Smaller establishments (with fewer than ten employees) were more likely than larger establishments to agree with the statement (72 per cent compared with 51 per cent). Agreement was also higher among employers who said that the wage incentive had influenced their behaviour in some way (for example, by creating a new vacancy).

#### 5.1.4 How important is the amount of the incentive?

Employers were asked whether they thought they would have taken up the wage incentive if the amount was lower – ‘say half the amount that it is at the moment’. The majority (60 per cent) said that they would still have taken up the incentive if the amount was lower, while 32 per cent said they wouldn’t, and nine per cent did not know. Although this suggests that a lower cash amount would not greatly affect take-up among employers, it is important to note that this was a hypothetical question among employers who had already made a claim. It is also worth noting that, as seen above in Section 3.3.4, the financial element was an important factor for many employers. Previous research has indicated that ‘substitution effects’ (the extent to which eligible participants – in this case young unemployed people – gain a job at the expense of other job seekers) increase in magnitude as the value of the subsidy increases (Institute of Employment Research Bulletin, 1999).

Smaller establishments (with fewer than ten employees) were less likely than larger establishments to say that they would still have taken up the incentive if the amount was lower: 45 per cent said that they would not have taken it up if the amount was lower, compared with 23 per cent of larger establishments. This indicates that smaller employers are more concerned about the amount of the incentive.

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**Table 5.4** Whether employers would have taken up the wage incentive if the amount was lower (around half the current amount)

	Fewer than ten employees	Ten or more employees	Total
	%	%	%
Yes, would still have taken it up	42	71	60
No, would not have taken it up	45	23	32
Don't know	13	6	9
<i>Base: All respondents</i>	148	222	376

Note: percentages do not total 100 per cent due to percentage rounding.

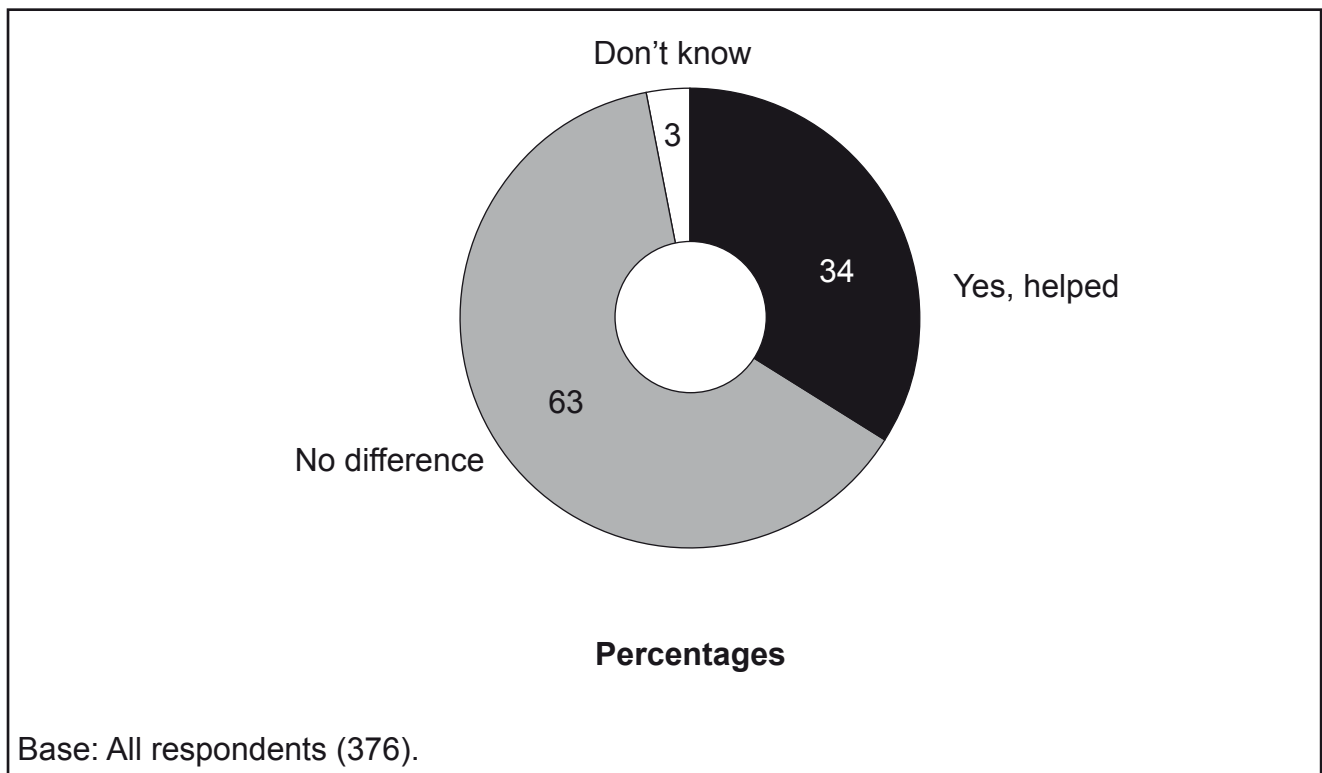
Further analysis suggests that the amount of the incentive is more important where it is making a greater impact. For example, establishments that had created a new vacancy because of a wage incentive were less likely to say they would still have taken it up if the amount was lower (24 per cent compared with 68 per cent of employers that had not created a new vacancy). In addition, establishments that said the incentive had affected them in some way (for example, had helped them to retain the person) were also less likely to say they would still have taken it up if the amount was lower. This suggests that a reduction in the amount of the incentive may lower its impact.

### 5.1.5 Impact on retention

The full payment of the wage incentive is only payable once the member of staff has been working for the employer for at least six months. In around a third (34 per cent) of cases, employers said that the wage incentive had made them more likely to keep the people on for at least six months, as shown in Figure 5.2.

Again, this was higher for smaller establishments with fewer than ten employees (47 per cent) than for larger establishments (26 per cent). It was also higher for establishments in service sectors than those in other sectors (41 per cent compared with 22 per cent).

**Figure 5.2** Whether the wage incentive made employer more likely to keep person for at least six months



### 5.1.6 Impact on hours worked

To be eligible for a wage incentive payment, the relevant job must be for at least 16 hours per week on average. In addition, the amount of the incentive depends on the number of hours worked: the full amount (£2,275) applies to jobs of 30 hours or more per week, while there is part-time rate (£1,137.50) for jobs of 16 to 29 hours per week. As seen in Section 3.1.3, most jobs that led to a wage incentive payment were for 30 hours per week.

Nine per cent of employers said that they had decided on the employee's hours in order to fit in with the wage incentive payments; these were most likely to be cases where the employee was working around 30 hours per week. The remainder said that this had made no difference.

Smaller establishments (with fewer than ten staff) were more likely than larger establishments to say that they had decided on the hours to fit in with the wage incentive payments (15 per cent compared with five per cent).

### 5.1.7 Other ways that wage incentives have influenced employers

Respondents were asked whether the wage incentive scheme had influenced them in other ways; around one in six (18 per cent) employers fitted into this category. As shown in Table 5.5, respondents were most likely to say that the scheme had helped them to recruit people (33 per cent) or to recruit young people specifically (24 per cent). In addition, 14 per cent said that it had made them more aware of government schemes or incentives, while nine per cent said that it helped them to provide training or to take on and train untrained staff

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(presumably these employers were able to use the incentive payment to cover training costs).

Other respondents referred more generally to the financial help (11 per cent), the scheme as a whole (six per cent) or the opportunities they were able to give people as a result (six per cent). A small number of respondents (presumably with negative experiences of recruits) said that they had brought in a more thorough screening or selection process following their involvement with wage incentives.

**Table 5.5 Other ways in which wage incentives influenced employers**

	%
Helped to recruit people	33
Helped to recruit young people	24
Made more aware of government schemes/incentives	14
Financial help	11
Helped with training/able to take on untrained staff and train them	9
Wage incentive scheme as a whole helped them	6
Able to give more opportunities to people	6
More thorough screening/selection process	3
Other	17

Base: Respondents who said they had been influenced by the wage incentive scheme in other ways (66).

Note: numbers total more than the base figure as respondents were able to choose more than one response.

### 5.1.8 Overall impact of wage incentives on employer behaviour

We can group together the various employers that said wage incentives had affected them in some way:

- Those that created an extra vacancy because of wage incentives: 19 per cent.
- A further 15 per cent who said they would have hired a different person without the wage incentive.
- 34 per cent of employers who said that wage incentives had made them more likely to keep the employee on for at least six months.
- 9 per cent who said that wage incentives influenced the hours worked.
- 18 per cent who said it had influenced them in some (other) way.

In total, 55 per cent of employers fall into at least one of the categories. This was higher for smaller establishments (with fewer than ten employees) than for larger establishments: 72 per cent compared with 45 per cent. This indicates that wage incentives are having a greater direct impact on the practices of smaller employers than larger employers. The figure was also higher among establishments in service sectors (63 per cent) than those in other sectors (43 per cent).

The findings in this section indicate a tension in the take-up and impact of wage incentives. Larger employers were more likely to make multiple claims and were more likely to say they would take someone on again that was eligible for an incentive. A focus on larger employers is therefore the most effective way of maximising the number of claims. However, smaller employers were more likely to have been influenced or to have changed their behaviour because of the incentive (for example, by creating a new vacancy or being able to retain the recruit for longer), and therefore the impact resulting from wage incentives is likely to be greater among these smaller employers.

## 5.2 Jobcentre Plus employer engagement staff

While the quantitative survey provided feedback from employers who had claimed the wage incentive, employer engagement staff were able to comment more widely on responses from all employers, including those who were considering the wage incentive and those who had decided not to participate in the scheme. This section explores staff's perceptions of the overall impact of wage incentives based on take-up within their offices and feedback they had received about the scheme from all employers.

### 5.2.1 Perceived impact of the wage incentive

#### Creating vacancies

Overall, employer engagement staff believed that the impact of the wage incentive on decisions to create vacancies was limited, although staff described a small number of instances in which the wage incentive was a key factor in the decision to take on a new employee. These were primarily micro-sized employers who said they were only able to employ someone because they were offered financial support. In another example, a large employer had converted seven work experience placements into paid employment and had told employer engagement staff that this decision had been partially influenced by the wage incentive.

#### Choice of candidate

Employer engagement staff believed that the wage incentive had a greater impact on the choice between two candidates for existing vacancies, especially where all other considerations were equal, such as qualifications and experience.

*"It does not create jobs but ... makes employers more open-minded."*

*"The line from employers is usually – if I see two candidates exactly the same and one is eligible and one is not, I'll take the wage incentive candidate."*

*"He's going to take the right person at the end of the day, but if it's a judgement between two people with the same experience, [the employer] is more likely to take on someone that comes with funding."*

Nonetheless, as discussed in Section 3.2.1, staff noted that the incentive was unable to tip the balance in all cases.

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*“At the end of the day, employers will take someone, with or without the incentive.”*

*“I can’t say I know lots of cases where it’s made all the difference. We are getting results but not huge volumes of results.”*

In some areas, engagement staff reported that a large number of employers had not filled in the claim form at 26 weeks despite having taken on a wage incentive claimant, which employer engagement staff believed demonstrated that the incentive had had little impact on recruitment decisions. This was either because employers told staff they had forgotten about the incentive or no longer wanted to claim.

In other cases, employers had asked Jobcentre Plus not to tell them which candidates were eligible for the wage incentive as they did not want this to affect their decision. However, staff were aware that on occasion the same employer had subsequently claimed a wage incentive. In these cases the employer could be in breach of the terms and conditions of the scheme.

### 5.2.2 Impact on retention

Many of the candidates that the Jobcentre Plus staff had helped into employment through the wage incentive had not yet reached the 26-week point at the time of research (given the fact that the national roll-out only started eight months previously). As such it was difficult for the staff to comment on the impact the scheme was having on retention or long-term employment.

However, employer engagement staff felt that the employers who had employed a claimant through the wage incentive were looking to fill permanent, long-term vacancies and were confident that the positions would last beyond the 26 weeks. Staff stressed that employers understood that the vacancies are meant to last beyond this period. These findings confirm the results from the survey of employers (see Section 3.1.3), which showed that most employers kept the recruit on beyond the six month point.

However, it is worth noting that none of the employer engagement staff in the qualitative research were checking with either employers or claimants beyond the 26 weeks, to see if the young person was still employed. Employer engagement staff stated that they were assuming that ‘no news was good news’ as otherwise they would have seen the claimant return to the Jobcentre.

### 5.2.3 Wider positive impacts

The findings from the quantitative survey showed that, while only a minority of employers created new vacancies because of wage incentives, there were wider benefits, such as employers being more likely to take on young, unemployed people in the future. Employer engagement staff also noted some wider, less direct benefits of the scheme.

Firstly, employer engagement staff thought that the claimants who were self-marketing themselves as eligible for the wage incentive gained personal confidence as a result, being able to approach employers and present themselves in a different way.

The scheme could also help Jobcentre Plus staff in their relationship with employers. As mentioned in Section 3.2.2, a positive outcome of the scheme was seen as the building of some relationships with new employers who had not had contact with Jobcentre Plus before.

The wage incentive scheme also helped employer engagement staff to change the tone and nature of contact with employers, as they felt they had something positive to offer them, which could make employers more approachable.

### 5.2.4 Negative effects of wage incentives

There were also some negative consequences of the scheme noted by staff, for example, around the lack of flexibility of eligibility criteria. Some had experience of claimants that were not eligible for the wage incentive who complained about feeling deprived as a result. Some employer engagement staff had expressed concern that the eligibility criteria of the scheme put other claimants at a disadvantage, particularly older unemployed people in areas where the proportion of claimants in an office that were eligible was fairly low. It was felt in these instances that undue importance was being placed on a relatively small group of claimants, at the expense of others who felt neglected. This was also the case in areas where similar schemes existed that targeted the same group, for example, local authority employment drives that aimed to get the same group of young, unemployed people back into work. Staff felt that it was unfair that the local targets set by Jobcentre Plus did not take these competing schemes into account, since in areas where there were successful non-Jobcentre Plus schemes in place, this depleted the pool of young people that were available for the wage incentive scheme as they found work through other mechanisms.

Other staff felt that the way in which the wage incentive scheme was being prioritised at Jobcentre Plus meant that they were neglecting general off-flow.

One employer engagement staff member cited an example of an employer who had indicated that the wage incentive was not appropriate to them. The employer had previously recruited large numbers of young people through Jobcentre Plus. The member of staff reported that they were advised not to offer any enhanced support to employers who were unwilling to claim wage incentives and to instead focus on employers who were interested in the wage incentive. The employer withdrew their support from Jobcentre Plus and the relationship fell away. This example runs counter to a more general perception that the wage incentive could help staff to build relationships with employers (see Section 3.2.2), though was significant to the staff member who felt it constituted a more tangible loss of vacancies and the termination of a long-standing relationship.

In some instances it was felt that general employer relationships, were now being sidelined by the persistent promotion of the wage incentive, and that the staff time and resource allocation to prioritising and selling the wage incentive was disproportionate to the outcomes it could achieve.

*“The pressure has been disproportionate to what we have to do ... there’s always an aim or a target but this wage incentive thing is disproportionate to the other good work that’s going on ... The concentration should be in getting the young person into a job, the wage incentive is just a bonus. We’ve lost focus in that the point is to get people employed.”*

A lack of flexibility in the way the way the scheme was marketed was also felt to have a negative impact. Employer engagement staff felt that it would be better if the incentive was acknowledged as one out of many options available to employers, targeted only to those employers for whom it would make a difference.

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*“It makes a difference; the difference is not monumental but it is a difference. Part of an array of things we have to offer ... not the most successful thing of what we have to offer ... other things have delivered better results ... but there’s definitely a place for it ...”*

However, staff felt the message from the Department for Work and Pensions (DWP) was that they needed to market it constantly, to all employers. It was considered that the amount of resource put into marketing and selling the wage incentive was not balanced against the impact it was having, and as a result they did not feel it was delivering either efficiency or value for money.



## 6 Links with other schemes

In this chapter, we look at other government schemes for young, unemployed people. Employers were asked about their awareness and take-up of other schemes.

### Key findings

- Just over half of employers (56 per cent) said that they had heard of the Apprenticeship Grant for Employers of 16–24-year-olds. Of these, 18 per cent had applied for it.
- Only a small minority of respondents were able to name other government schemes that they were aware of.

### 6.1 Employers

#### 6.1.1 Apprenticeship Grant for Employers of 16–24-year-olds

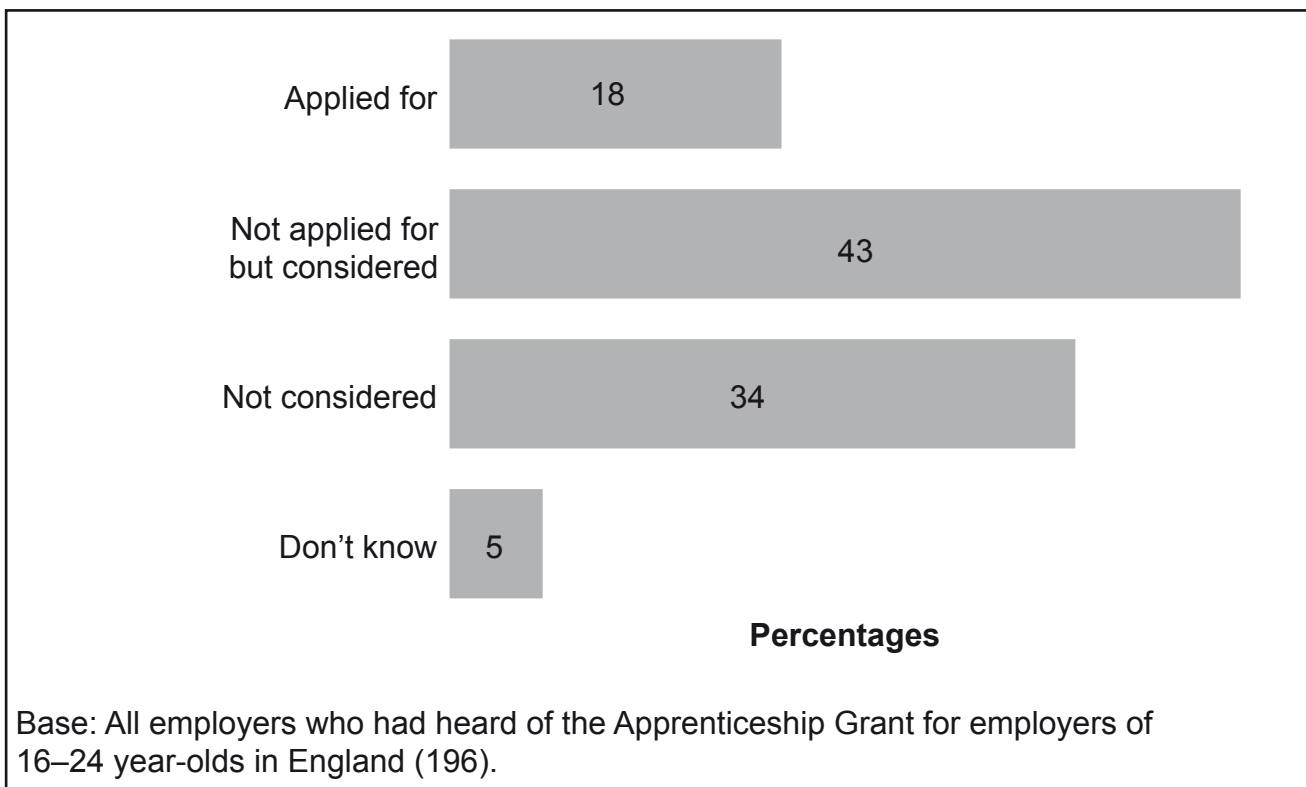
The survey asked whether employers had heard of the Apprenticeship Grant for Employers of 16–24-year-olds. Only employers who were based in England were asked the question<sup>20</sup>. Agencies were also excluded from the question.

Over half (56 per cent) of employers said that they had heard of the Apprenticeship Grant for Employers of 16–24-year-olds. Of those, 18 per cent had applied for the grant, and around two in five (43 per cent) had considered applying for the grant, but had not actually applied (see Figure 6.1).

The proportion of employers who said they had applied for an Apprenticeship Grant for Employers of 16–24-year-olds is higher than was recorded in the wave 1 survey. Although the samples of employers are slightly different, this suggests that take-up has increased in the last year or so.

<sup>20</sup> Employers in Wales were asked about the Job Growth Wales scheme. Unfortunately, the number of employers based in Wales was too small for us to analyse (6).

**Figure 6.1 Whether applied for or considered the Apprenticeship Grant for Employers of 16–24-year-olds**



Employers who had heard of the Apprenticeship Grant for Employers of 16–24-year-olds, but had not considered taking it up, were asked why they had not considered it. The main reasons were:

- no vacancies or need for apprentices (33 per cent);
- the type of job offered was unsuitable for the scheme (24 per cent); and
- they hadn't had enough time to look into the scheme (15 per cent).

**Table 6.1 Why employers have not considered the Apprenticeship Grant for Employers grant**

	%
No vacancies	33
Type of job not suitable	24
Not enough time to process application	15
Never thought about applying	12
Problems with eligibility	6
Have their own scheme	3
Other reason	8
Don't know	8

Base: Respondents who were aware of but had not considered the Apprenticeship Grant for Employers grant (67).

Note: numbers total more than the base figure as respondents were able to choose more than one response.

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Respondents who were not agencies were asked if they had heard of any other government schemes (in addition to the Apprenticeship Grant for Employers of 18–24-year-olds). Only ten per cent named another government scheme, such as apprenticeships (four per cent).

# 7 General attitudes to recruitment of young people

This chapter covers more general issues relating to the recruitment of young people, and the role of government in encouraging this recruitment.

## Key findings

- The majority of employers agreed that employers have a responsibility to recruit young people.
- Almost three-quarters (73 per cent) said that they had no difficulties with recruiting young people.
- The main suggestion as to what the Government could do to encourage the recruitment of young people was to increase the opportunities for young people to increase their skills.

## 7.1 Employers

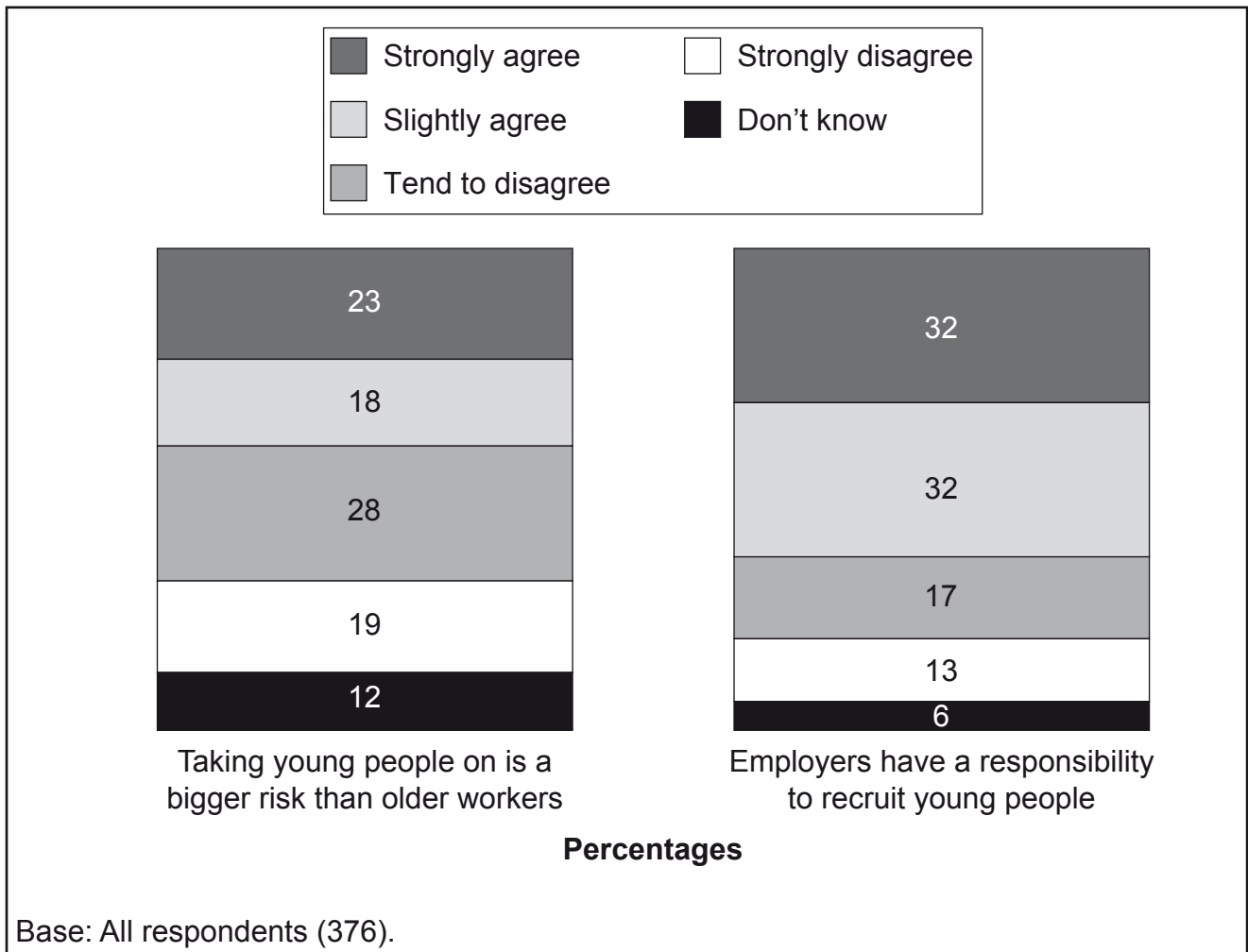
### 7.1.1 Employers' attitudes to recruiting young people

Employers were given two statements about recruiting young people and asked whether they agreed or disagreed with them. Nearly two-thirds (64 per cent) agreed that employers have a responsibility to recruit young people given the current difficulties with youth unemployment, with 32 per cent agreeing strongly. Only 29 per cent disagreed (see Figure 7.1).

Opinion was more evenly split when respondents were asked whether 'taking on younger people was a bigger risk than taking on older employees'. Around two in five (41 per cent) agreed, whilst 46 per cent disagreed.

As with other questions in the survey, it is important to note that the sample consists of employers who had successfully taken on a young person and claimed a wage incentive. Views may differ among other employers.

Figure 7.1: Attitudes to recruiting young people



Attitudes differed by size of employer, in regards to whether it is a bigger risk to take on young people than older workers: nearly half (45 per cent) of small organisations (with fewer than 50 employees) agreed, compared with 32 per cent of larger organisations (with 50 or more employees).

A quarter of respondents (25 per cent) said that they had difficulties in recruiting young people. As shown in Table 7.1, this was most likely to be because respondents felt there were low numbers of applicants with the necessary attitude, motivation or personality (58 per cent). Other reasons were related to this: a perceived lack of work ethic (32 per cent) and a low number of applicants with the required skills (14 per cent). These findings confirm the importance for employers of making sure they recruit the right person when they hire someone who is eligible for a wage incentive; this issue was also raised by Jobcentre Plus employer engagement staff (see Section 3.2.1).

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**Table 7.1 Difficulties faced in recruiting young people**

	%
Low number of applicants with the required attitude, motivation or personality	58
People do not want to work/a lack of work ethic	32
Low number of applicants with the required skills	14
Not enough young people interested in doing this type of job	8
Lack of work experience the company demands	8
Young people unwilling to work at wages offered	7
Remote location/ poor public transport	6
Lack of qualifications the company demands	6
Not enough hours/lack of stability	3
Reliability	1
Low number of applicants generally	1

Base: Employers who had difficulties recruiting young people (95).

Note: numbers total more than the base figure as respondents were able to choose more than one response.

### 7.1.2 What could the Government do to encourage the recruitment of young people?

Employers were asked what strategies the Government could introduce to encourage recruitment amongst young people. The most common answer was to increase the amount of opportunities which young people have to increase their skills (28 per cent). Specific suggestions within this overall response included: offering young people more training; keeping young people in education for longer; and offering more apprenticeship schemes. Some employers (15 per cent) said that the Government should continue or increase the number of schemes which encourage employment, such as work experience placements, or increase the amount of funding available for such schemes.

**Table 7.2 Suggestions for what the Government could do, if anything, to encourage the recruitment of young people**

	%
Increase opportunities for young people to increase their skills	28
Continue/increase the number of schemes to encourage employment	15
Give more support to employers	10
Use benefits to encourage work	8
Induce motivation amongst young people	8
They are doing all they can	1
Don't know	23
No answer	13

Base: All respondents (376).

Note: numbers total more than 100 per cent as respondents were able to choose more than one response. Table only includes answers given by one per cent or more of respondents.

# 8 Suggested improvements to wage incentives

This chapter examines suggested improvements to wage incentives from the perspective of Jobcentre Plus employer engagement staff and employers.

## Key findings

- Employers were most likely to suggest more advertising or publicity about wage incentives, as possible improvements to the scheme. There were also suggestions relating to information and communication (for example, more information about how to claim and eligibility).
- A small number of employers suggested improvements relating to the process of claiming the wage incentive.
- Employer engagement staff felt the scheme would benefit if they were allowed a bit more flexibility in the way they marketed it, using it as ‘one tool amongst many’.
- Employer engagement staff felt that more professional marketing materials and a national marketing campaign would lend the scheme additional legitimacy and professionalism.

## 8.1 Jobcentre Plus employer engagement staff

Employer engagement staff made several suggestions about how to improve the effectiveness of their marketing strategies: tailoring the marketing approach, opening the eligibility criteria to less than six months or to all age groups, particularly in areas where the number of eligible young people was relatively low; encouraging more self-marketing, which was considered effective, because it showed employers that claimants were proactive and had a positive effect on claimants’ confidence; and allowing Jobcentre Plus staff to tailor their approach to marketing the incentive, particularly to employers who were less supportive of the scheme.

In some cases, employer engagement staff said they felt pressurised to market wage incentives to all employers and believed that this was potentially damaging relationships with those employers who were not supportive of the scheme (this is discussed further in Section 5.2.3 any unintended consequences of the scheme.) Greater flexibility was therefore considered to be paramount to success. These staff believed that their approach to marketing Jobcentre Plus should be tailored to suit each employer and the wage incentive should only be promoted where they believed this would be well received.

Employer engagement staff felt that access to more professional marketing materials – printed in colour and on higher quality paper – would help to promote the scheme and improve both its credibility and that of Jobcentre Plus as a professional organisation<sup>21</sup>.

<sup>21</sup> As discussed previously, we understand from DWP that high quality colour marketing materials were available for staff to order from the central marketing team. It is unclear why the staff interviewed had not used these materials.

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Staff also felt that their marketing activities would be more effective if there were a national campaign promoting the wage incentive. They said that employers were rarely aware of the wage incentive before they introduced the scheme. Consequently, staff who participated in this research believed that a high profile national campaign would be beneficial by generating higher levels of general awareness and interest in the wage incentive. They also suggested that a national campaign may help to lay the groundwork for local marketing strategies and address some of the suspicions or negative connotations held by some employers.

*“I think if it was marketed better nationally, what we really want to see is employers knocking down the doors to come to us to try and get it”*

As discussed previously, the Department for Work and Pensions (DWP) ran a pilot to test radio and press advertising of the wage incentive in the winter of 2012/13. The pilot found that local events that brought together young people and employers delivered better value for money than radio or press.

Finally, it was suggested that the name of the scheme was not clear to employers and that a different name could be utilised which reflected some of the uses for the incentive which employers viewed more positively, such as the ‘training fund’ or ‘recruitment subsidy’.

## 8.2 Employers

Employers were asked how wage incentives could be improved. The question was unprompted, and answers recorded verbatim. As a result, respondents made a wide range of suggestions.

Around one in three employers could not think of any ways of improving the scheme (32 per cent). The most common suggestions concerned advertising and publicity: improving awareness among both employers and potential candidates (12 per cent) and providing more or better advertising and publicity (seven per cent). This confirms earlier findings, as reported in Chapter 2.

As can be seen in Table 8.1, there were other suggestions relating to information and communication: better communication generally (six per cent), more information about claiming (four per cent) and eligibility (three per cent), and more information generally (two per cent). There were also suggestions for more keep-in-touch activities by Jobcentre Plus (two per cent) and a request that claims or other forms of communication could be made via email (two per cent). Five per cent also thought that the scheme could be made more accessible to employers.

A small number of employers suggested improvements relating to the process of claiming the wage incentive: simpler claim process, simpler paperwork or more guidance with the claim form (six per cent), and shorter or more flexible payment periods for small businesses (two per cent).

A small minority of employers talked about the incentive itself, with suggestions for a bigger incentive (eight per cent) or an extension of eligibility (for example, to older candidates) (five per cent). Issues around eligibility were seen as more of a problem by Jobcentre Plus employer engagement staff (see previous section).

There were also specific suggestions for increased training or knowledge among third parties (for example, Work Programme providers), and for better preparation of candidates by Jobcentre Plus (two per cent).



**Table 8.1 Ways that wage incentives could be improved**

	%
Improve awareness (for candidates and/or employers)	12
Bigger financial incentive	8
More/better publicity/advertising	7
Improved/better communication	6
Simpler claim process/paperwork/more guidance with forms	6
Extend eligibility	5
Make scheme more accessible	5
More/improved details on how/when (best) to claim	4
Better if it was for a longer period	4
More information on who is eligible	3
More after-care/keep in touch	2
Better training/knowledge in third parties/agency workers	2
Better train/prepare candidates for role/workplace	2
Shorter/more flexible payment periods (for small businesses)	2
Ability to claim/make contact via email rather than post	2
More/better information about the scheme to employers (general)	2
Nothing/happy with scheme	32
Don't know	14

Base: All respondents (376).

Note: numbers total more than 100 per cent as respondents were able to choose more than one response. Table only includes answers given by more than one per cent of respondents.

# 9 Conclusions

## 9.1 Ways of increasing take-up

### 9.1.1 Marketing strategies

Interviews with Jobcentre Plus employer engagement staff looked at the techniques being used to communicate with employers about wage incentives, and considered how successful they were. Staff said they used a range of strategies to engage with employers, usually starting with a mail-shot (by post or email) containing centrally produced materials. This was felt to have limited impact, because email can easily be ignored or assumed to be junk mail and deleted by employers. Staff were also concerned about the quality of the marketing materials that they were able to print themselves<sup>22</sup>.

In addition, some staff suggested greater advertising activity at a national level, again to increase initial awareness and to improve the legitimacy of the scheme. This was echoed by employers, who were most likely to say that communication about the scheme could be improved by increasing awareness, for example, through greater emphasis on advertising. As discussed previously, we understand from the Department for Work and Pensions (DWP) that the central marketing team had undertaken a pilot of radio and newspaper advertising in the winter of 2012/13. The pilot showed that local events that brought together young people and employers delivered better value for money than radio or press marketing. Local activity has been supplemented by a social media campaign and awareness raising via corporate partners.

Following initial contact, staff generally undertook targeted strategies for contacting employers, involving face-to-face meetings and other initiatives such as employer events. Face-to-face contact was seen as the most effective method of engaging with employers, in particular because this allowed staff to gauge employers' needs and motivations, and tailor their messages accordingly. Staff were also encouraging claimants to self-market the scheme and saw this as an effective way of both increasing take-up and in improving job seekers' confidence. Findings from employers confirmed that claimants were helping to inform employers about wage incentives, and indicated a more general pattern in which employers were much more likely to learn about the scheme through personal contact (with Jobcentre Plus staff, Work Programme providers or claimants) than from more formal sources such as the DWP website.

When talking to employers, staff found that it worked well to market wage incentives in conjunction with work experience placements, sometimes promoting them as a package, in which employers could use work experience to see if a candidate was suitable and then claim a wage incentive if they stayed on.

### 9.1.2 Employers' motivations

In trying to maximise take-up of wage incentives, it is useful to examine employers' motivations for claiming a wage incentive. The main reasons were to get some extra money

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<sup>22</sup> As discussed previously, printed colour marketing materials were available centrally. It is unclear why these were not being used.

## Evaluation of the Youth Contract wage incentive: Wave two research

and to give a young, unemployed person a chance. By grouping employers according to their motivations, we can identify five different groups of employers:

- Altruistic (11 per cent) – those motivated by the desire to help young, unemployed people.
- Opportunistic (37 per cent) – mainly those influenced by the financial incentive, as well as some employers who saw it as a convenient way of recruiting staff.
- Responsive (six per cent) – those reacting to the incentive after finding out from an interview candidate, or who said that the opportunity just ‘came along’.
- Strategic (17 per cent) – those using wage incentives as part of a general recruitment drive or recruitment policy.
- Mixed (28 per cent) – employers in more than one of the above categories.

Employer engagement staff recognised that motivations varied by employer, and (as noted above) were making efforts to tailor their messages in line with these motivations. In some cases this could mean emphasising the financial incentive, while for other employers it was important to stress the positive impact the employer could make on youth unemployment. For other employers, staff emphasised the role of Jobcentre Plus as a free recruitment service that would help them to find the right person.

In addition, staff tried to make sure that they responded to any concerns that employers had about the scheme, such as:

- Concerns about the quality or suitability of candidates: staff could address this by stressing that they would work hard to screen candidates and match them to the position; also by telling the employer that they would remain in contact throughout the process, and would be on hand to help to provide support to both employer and claimant.
- Concerns about the administrative burden: staff were able to point to the straightforward administrative process, and provide reassurance that they would be available to provide support.
- Feeling uncomfortable about the financial element of the scheme, in which receiving a ‘hand-out’ from government was seen as inappropriate or unethical: staff addressed this concern by stressing the positive impact the employer could make by recruiting a young unemployed person; by pointing out the financial incentive could be used for training; and by communicating ‘good news stories’ about the scheme.

### 9.1.3 Level of subsidy

Previous research by DWP suggests that take-up of subsidies may be low because of low awareness, but also that the value of previous subsidies may have been too low to influence employer behaviour (either because the financial and hiring decisions are made separately, or because employers are more concerned to get the right person for the job) (Snape, 1998). In this survey, the majority of employers said that they would still take up the wage incentive if the amount was lower (for example, half the amount). However, other survey findings indicate that, for smaller employers in particular, the amount of the incentive is important – the most common reason for taking up the wage incentive was for financial reasons.

### 9.1.4 Administrative process

It has been argued that the low take-up of previous wage subsidies has partly been the result of complexity in the schemes (Work and Pensions Committee, 2012), and employer engagement staff reported that employers often had a strong expectation that claiming the wage incentive would be complicated, bureaucratic and time consuming.

The findings from the survey indicate that the process has been designed successfully to be straightforward and to minimise the burden on employers. Feedback from employers and staff indicates that the administration of wage incentives is straightforward. For example, 85 per cent of employers said that making a claim involved 'not much work' or just a small amount, and the claim form was seen as easy to complete (96 per cent).

However, one in four employers said they experienced some form of problem with the process, such as delays in receiving payments, forms being returned to them when incorrect, additional paperwork or documentation being required, and receiving wrong information from Jobcentre Plus.

Employer engagement staff also noted that they had to provide considerable support and assistance to some employers in the administration process, and in some cases this took up valuable time that could have been spent marketing the scheme. Overall, these findings indicate, despite being relatively straightforward, the administrative process can still present hurdles which employers need to negotiate, and can increase the burden on staff in providing support.

### 9.1.5 Differences by size of employer

The research found that employers' motivations varied by size of employer, as did the strategies used by employer engagement staff. Contact with smaller employers tended to be more informal, and was more likely to focus on the importance of the financial incentive itself.

Overall, participating employers tended to be small: 76 per cent had fewer than 50 employees at the site, and it was among the smallest employers (with fewer than 10 employees) that the scheme had the greatest impact, in terms of creating vacancies and influencing behaviour. However, these small employers typically took on only one eligible recruit, whereas larger employers often took on multiple recruits, and were also more likely than smaller employers to expect to take more candidates on in the future.

This therefore presents something of a dilemma for staff aiming to increase take-up of the scheme: a focus on smaller employers is more likely to lead to a direct impact on employer behaviour, but larger employers will provide larger numbers of claims.

## 9.2 Impact of wage incentives

Based on the experience of previous schemes, it has been acknowledged that it will be difficult for wage incentives to create a significant number of new vacancies (Work and Pensions Committee, 2012). The survey findings confirm this. However, it should be noted that job creation was not the primary policy aim of this scheme. Nineteen per cent of employers in the survey created an extra vacancy because of wage incentives. A further 15 per cent were influenced in choice of candidate.

Furthermore, the survey findings suggest that, although the number of vacancies created directly through wage incentives may be small, there may be other impacts. Around one in three employers (34 per cent) said that the wage incentive had made them more likely to keep the employee on for at least six months, and nine per cent said that it had affected the hours worked. In total, more than half of employers (55 per cent) said that wage incentives had influenced their behaviour in some way. Small businesses (with fewer than ten employees) were more likely than large employers to say that wage incentives had made an impact on them.

Hiring an employee eligible for a wage incentive payment may also have a longer-term impact on employer attitudes and recruitment practices. The vast majority (86 per cent) of employers in the survey said that they would be likely to take on someone else in the future who is eligible for a wage incentive, and 43 per cent said that hiring someone eligible for a wage incentive payment had made them more likely to recruit young, unemployed people. This figure (43 per cent) is higher than the comparable figure seen at wave 1, when employers had only recently taken on eligible recruits. It is encouraging that employers are even more positive at wave 2, when the recruit had spent longer at the organisation.

These findings could be seen to support the views expressed in the Work and Pensions Committee report, that wage incentives could have a positive impact 'at the margins', possibly leading to more recruitment in the future (Work and Pensions Committee, 2012).

Staff also raised some of the 'wider' benefits of the scheme. They said that wage incentives could help them to build relationships with employers that they had not contacted before; wage incentives were seen as a positive message that they could use when approaching employers. In addition, where claimants were self-marketing the scheme staff felt that this could increase their confidence when approaching employers.

At the same time, staff felt that there were negative impacts: some staff felt that the eligibility criteria were too narrow, and that this could negatively affect claimants who were not eligible. In addition, some staff perceived that the priority being given to the scheme by Jobcentre Plus could obstruct other activities with employers and mean that existing relationships with employers (who were not involved with the scheme) could be sidelined. Overall, some staff felt that the priority given to selling the wage incentive scheme (and the resources this entailed) was disproportionate to the limited outcomes it could achieve.

### 9.3 Ways of improving the scheme

Both employers and employer engagement staff were asked how the scheme could be improved. Both groups felt that awareness of the scheme among employers could be improved, possibly through enhanced advertising and publicity. Some employers also felt that information and communication from Jobcentre Plus could be improved.

Employer engagement staff also suggested that the eligibility criteria could be less restrictive (for example, in relation to age and length of unemployment), while some staff felt that the targets they had for numbers of employers taking up the scheme were too rigid.

# Appendix A

## Advance letter to employers



17 June 2013

Your Reference:112560

Dear Sir/Madam

### EVALUATION OF DWP YOUTH CONTRACT WAGE INCENTIVE SCHEME

I am writing to ask for your help in providing feedback on the DWP Wage Incentive scheme. This is a scheme that pays up to £2,275 to employers who take on a young unemployed candidate for at least six months. DWP have commissioned an independent research company, TNS BMRB to conduct a survey with employers to gather their views on this scheme. We understand that your company have recently received a Wage Incentive payment for an eligible young person.

TNS BMRB would like to speak to the person at your organisation who has been dealing with the Wage Incentive scheme. If this is not you, we would be grateful if you could contact the researchers at TNS BMRB on freephone 0800 051 0881, or email [youthcontract@tns-bmr.co.uk](mailto:youthcontract@tns-bmr.co.uk) to let us know the contact details of best person we should speak to about this scheme.

Each interview will take about 20 minutes over the phone. An interviewer from TNS BMRB will call you in the next few weeks to conduct this interview. We would be very grateful if you would agree to take part and tell us what you think of this scheme. I do hope you will feel able to take part in this important research. If you have any questions about the research you can call the researchers at TNS BMRB on 0800 051 0881 or email [youthcontract@tns-bmr.co.uk](mailto:youthcontract@tns-bmr.co.uk), with the reference number at the top of this letter to hand.

Any information you provide will be held in the strictest of confidence and will be handled securely throughout the study. The research findings will not identify you and no personal information will be shared with any third parties. Participation in this research is voluntary.

Your contribution will provide us with valuable information that will help us to review our services and support we provide our customers. We hope that you decide to take part.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Janet Allaker', written over a thin horizontal line.

Janet Allaker  
Senior Research Officer  
Evaluation Team  
| Department for Work and Pensions

# Appendix B

## Survey response rate

**Table B.1** Response details

<b>Number sampled</b>	<b>700</b>
<b>Invalid sample data</b>	<b>58</b>
Invalid/incomplete telephone number	41
Wrong number/unknown at number	17
<b>Ineligible</b> (not received a claim form as part of wage incentive scheme)	<b>1</b>
<b>Valid sample (in scope of fieldwork)</b>	<b>642</b>
Personal refusal	21
Abandoned interview	4
Unavailable during fieldwork	109
Respondent incapable of interview	13
Non-contact with respondent/unresolved	118
<b>Interview</b>	<b>376</b>
<i>Fieldwork response rate</i>	<i>59%</i>

# Appendix C

## Employers questionnaire

### DWP Wage Incentive Employer Survey – Wave 2

**QA** Good morning/afternoon. My name is [NAME] and I'm calling from TNS-BMRB Social Research. Can I just check that your organisation is <WORKPLACE NAME FROM SAMPLE>? [QCHECK]

- 1 Yes
- 2 No – check sample

**QB** We're conducting a survey about the Government's Wage Incentive Scheme for employers. We understand that your company has recently claimed a wage incentive from the Department for Work and Pensions or the Jobcentre for a young person who you took on in [insert job start month/the last year (if no date available)]. Could I speak to the person at this site who would have the best overview of recruitment and of claiming the wage incentive for this recent job-start.

INTERVIEWER NOTE: IF RESPONDENT ATTEMPTS TO TRANSFER TO SOMEONE AT ANOTHER SITE, CHECK THAT THIS OTHER PERSON IS RESPONSIBLE FOR DEALING WITH THE WAGE INCENTIVE AND IS ABLE TO ANSWER QUESTIONS ABOUT THE RECRUIT(S).

**QC** According to our records, you have claimed a wage incentive payment for employing a young person who started in [insert job start month/the last year]– is that correct? (dwp1)

- 1 Yes
- 2 No – CHECK and then CLOSE

**QREC** Can I check, did you take on the young person at your organisation, or are you an agency that took them on to work for another organisation?

- 1 Took them on to work at this organisation
- 2 Agency – took them on to work at another organisation

### 1: DETAILS ABOUT THE ORGANISATION AND CLAIMS

ASK ALL

Firstly, I need to ask some details about this workplace and the claims you've made.

Multi Is this workplace ...? READ OUT. SINGLE CODE.

- 1 The only site in the organisation, or
- 2 One of a number of sites within a larger organisation

**QD** How many people have you claimed a wage incentive for at this workplace? This could be the full payment or just a part payment.



## Evaluation of the Youth Contract wage incentive: Wave two research

TYPE IN NUMBER

QD2 [IF 1 AT QD: **Was the claim for the full 6 months, or did you claim for a shorter period?** / IF 2+ OR DK AT QD: **Were all of the claims for the full 6 months, or were any claims for a shorter period?**

- 1 Yes, [all] for full 6 months
- 2 [Some] for shorter period
- 3 Don't know

IF 2+ AT QD AND SOME FOR SHORTER PERIOD AT QD2

**QD3 How many claims were for the full 6 months?]**

TYPE IN NUMBER

IF SOME CLAIMS NOT FOR FULL 6 MONTHS (QD2 = 2)

QD3 **Why have you not claimed the full amount for [this claim/one/some of the claims]?** PROMPT T O PRECODES

- 1 Employee not worked here for long enough/6 months yet
- 2 Employee left before 6 months/only eligible for part payment
- 3 Other (TYPE IN)

ASK ALL

QE **How many people have you actually received a wage incentive payment for?** ADD IF NECESSARY: at this workplace.

TYPE IN NUMBER

## 2 PARTICIPATION IN WAGE INCENTIVE SCHEME

**I'd now like to ask you about your involvement in the wage incentive scheme.**

ASK ALL

Howhear **How did you first hear about the wage incentive scheme?** (dwp4)

CODE ALL THAT APPLY. PROMPT TO PRECODES

- 1 DWP/Jobcentre Plus website
- 2 Another website
- 3 Jobcentre Plus staff
- 4 Radio
- 5 Newspaper/magazine
- 6 [NAME OF PROVIDER FROM SAMPLE/Work programme provider]
- 7 Connections in the industry/another business
- 8 Elsewhere in this organisation

## Evaluation of the Youth Contract wage incentive: Wave two research

9 From the employee that was recruited

10 From college/training provider

11 Other (TYPE IN)

ASK ALL

Whytake **What were the main reasons that this [organisation/establishment] decided to take up the wage incentive?** (dwp12) PROBE FULLY. DO NOT PROMPT

Part of a general recruitment drive

Helps us with recruitment

Some extra money for us

Good incentive to take someone on

Gives young/unemployed people a chance/to help (youth) unemployment

Other (TYPE IN)

Concern **Did you have any concerns about applying for the wage incentive?** (dwp13)

Yes

No

IF YES AT CONCERN

Whatcon **What concerns did you have?**

**DO NOT READ OUT**

PROBE FULLY

The time required to receive payments

Complicated administration process

Lack of information about scheme

Quality/suitability of employees

Time it would take to train employees

Already involved with another government scheme (e.g. apprenticeships)

Concerned whether we would receive the money

Other (specify)

Don't Know

Refused

ASK ALL

Comms **In general, how do you think the Government could improve their communications about the wage incentive scheme?** (dwp14) DO NOT PROMPT

## Evaluation of the Youth Contract wage incentive: Wave two research

Make employers aware of it

Provide information in clear language/plain English

More information on DWP/GOV.UK/Jobcentre Plus website

Information in trade/HR publications

Provide single point of contact (e.g. single email or telephone contact)

Provide single website

Other (TYPE IN)

Don't know

### 3: PLACEMENT DETAILS AND CLAIMS

ASK ALL

**I'd now like to ask you about the employee that you recently received a wage incentive payment for, who started work in [insert job start month/the last year] working as [insert job title].**

IF RESPONDENT UNSURE WHICH EMPLOYEE TO ANSWER ABOUT, ASK ABOUT THE EMPLOYEE THAT THEY MOST RECENTLY RECEIVED PAYMENT FOR

**Still Is this person still [working for/ [employed by (if agency)] your organisation?**

1 Yes

2 No

IF NO

**Weeks For how long did s/he work for the organisation? PROBE FOR ESTIMATE IF NECESSARY AND RECORD NUMBER OF WEEKS OR MONTHS**

TYPE IN NUMBER OF WEEKS/MONTHS.

**Why left Did he/she .....? (READ OUT)**

1 Resign

2 was s/he dismissed

3 was s/he laid off or made redundant

4 or did something else happen?

ASK ALL

Jobtype **What [is/was] their (main) job?** (dwp18, 38)

Whatdo **What [do/did] they mainly do in their job?** (dwp18, 38)

CHECK SPECIAL QUALIFICATIONS/TRAINING NEEDED TO DO THE JOB

Superv **Do/Did they have any responsibility for supervising the work of other employees?**

## Evaluation of the Youth Contract wage incentive: Wave two research

DO NOT INCLUDE PEOPLE WHO ONLY SUPERVISE:

CHILDREN, E.G. TEACHERS, NANNIES, CHILDMINDERS, ANIMALS SECURITY OR BUILDINGS, E.G. CARETAKERS, SECURITY GUARDS

- 1 Yes
- 2 No

(note: above 3 questions for SOC coding)

Hours **How many paid hours per week [does/did] s/he usually work? Include paid overtime if usually worked** (dwp38)

Hours2 **Did you .....? READ OUT**

- 1 Decide on these hours to fit in with the wage incentive payments, or
- 2 Did the wage incentive payments make no difference to the hours worked
- 3 (Don't know)

Perm **[Is/was] this job ... READ OUT – SINGLE CODE** (dwp38)

- 1 On a permanent or open-ended contract
- 2 On a fixed-term contract
- 3 On a temporary or casual basis
- 4 On some other basis (PLEASE SPECIFY)
- 5 (Don't know)

ASK ALL

Vacancy **Would this vacancy have existed/[(if agency)would you have taken someone] without the wage incentive?** (dwp29)

- 1 Yes
- 2 No
- 3 Don't know

IF YES AT VACANCY

Samerec **If there was no wage incentive available, do you think you would have recruited the same person, or would you have selected another applicant?** (dwp36)

- 1 Same person
- 2 Different person
- 3 Don't know
- 4 (RECRUITMENT AGENCIES ONLY) Do not make final section of recruits

IF DIFFERENT

Youngrec **Do you think the person you would have selected would have been ....?** (dwp28)

## Evaluation of the Youth Contract wage incentive: Wave two research

READ OUT

- a) Under 25
  - b) Unemployed
- 1 Yes
  - 2 No
  - 3 Don't know

ASK ALL (note - check filter)

Helpretain Did **the wage incentive make you more likely to keep this person on for at least six months, or did it make no difference?**

- 1 Yes, helped
- 2 No difference
- 3 Don't know

IF CLAIMED FOR 2+ PEOPLE OR DK AT QD

Othstill **Thinking about the other [IF 2 AT QD: person/ IF 3+ OR DK AT QD: people] that you have claimed a wage incentive for, are they [all] still working for the organisation?**

- 1 Yes, all still at the organisation
- 2 Some still at the organisation, some have left
- 3 All have left

ASK ALL

Othelig **Other than the people you have already claimed for, do you have anyone else currently working here who will be eligible for a wage incentive?**

- 1 Yes
- 2 No
- 3 Don't know

IF YES

**Numelig How many?**

TYPE IN NUMBER

IF YES AT OTHELIG

Intend **Do you intend to make a further claim at the relevant time? (dwp16)**

- 1 Yes
- 2 No
- 3 Don't know

IF YES AT INTEND AND IF 2+ PEOPLE AT NUMELIG

## Evaluation of the Youth Contract wage incentive: Wave two research

Numclaim **Is that for [both/all] of the people or just [one/some] of them?** (dwp16)

- 1 Both/all
- 2 Just one/some
- 3 Don't know

IF JUST ONE/SOME

Why is that?

IF NO AT INTEND

Whynoclm **Why are you not planning to make any further claims?** (dwp17)

OPEN/TYPE IN

ASK ALL

Othleft **Has anyone else been working here who was eligible for a wage incentive, but who left before you could claim?**

- 1 Yes
- 2 No
- 3 Don't know

IF YES

Numelig2 **How many?**

TYPE IN NUMBER

## 4: CLAIM PROCESS AND ADMINISTRATION

ASK ALL

**Now some questions about the claim process**

ASK ALLBurden **How much work has there been to make the claim[s]?** (dwp22) READ OUT

- 1 a large amount of work
- 2 small amount of work
- 3 Not much at all

IF LARGE AMOUNT

Whyburd **What made it a large amount of work?** (dwp23)

DO NOT READ OUT

PROBE FULLY

Time consuming procedure

Too much paperwork

## Evaluation of the Youth Contract wage incentive: Wave two research

Confusing forms

Receiving correct information from Work Providers

Mistakes in the forms from Work Providers

Other (specify)

Don't Know

Refusal

ASK ALL

**CLAIMFAM I'd now like to ask about the claim form. Can I just check, are you familiar with the claim form itself?**

1 Yes

2 No

IF FAMILIAR WITH CLAIM FORM (AT CLAIMFAM)

Formeasy **How easy was it to complete the claim form?**

READ OUT

Very easy

Fairly easy

Fairly difficult

Or very difficult

Formlong **And in terms of the length of the form and the amount of detail, do you think this is a reasonable amount for you to complete, or do you think it is too much?**

Reasonable

Too much

Don't know

ASK ALL

Systems **[Have you put in place any extra administrative systems to claim the wage incentive[s], such as to track the forms or ensure you make the claim at the appropriate time? (dwp27)**

1 Yes

2 No

IF YES

Systems2 **What type of systems?**

DO NOT READ OUT

PROBE FULLY

## Evaluation of the Youth Contract wage incentive: Wave two research

Note in diary/outlook/calendar

Spreadsheet

Computer/tracking system

Copying and filing pay slips

Other (specify)

Don't Know

Refused

ASK ALL

Probproc **Have you had any problems with the claim process?**

Yes

No

Don't know

IF YES

Whatprob **What problems are these?**

[OPEN-ENDED]

## 5: OTHER SCHEMES

ASK IF ESTABLISHMENT BASED IN ENGLAND AND IS NOT AN AGENCY

**I'd now like to ask you about some other Government schemes.**

Schemes **Have you heard of the Apprenticeship Grant for employers of 16-24 year olds?** (dwp40)

1 Yes

2 No

IF YES

AGEtake **Have you applied for this grant or have you considered it?** (dwp41, dwp37)

1 Applied for

2 Not applied for but have considered it

3 Not applied or considered it

4 Don't know

IF NOT APPLIED FOR OR CONSIDERED

Whynoage **Can you tell me why you have not considered this grant?** (dwp42)

DO NOT READ OUT

PROBE FULLY



## Evaluation of the Youth Contract wage incentive: Wave two research

- No vacancies/need for apprentices
- Not enough time to look into it
- The type of job is not suited to the scheme
- Not eligible/problems with eligibility
- Have own apprenticeship scheme already
- Never thought about it
- Other (specify)
- Don't Know
- Refused

IF ESTABLISHMENT BASED IN WALES AND IS NOT AN AGENCY

Wales **Have you heard of the programme 'Job Growth Wales'?** (dwp44)

- 1 Yes
- 2 No

IF YES

Walestake **Have you taken part in Job Growth Wales or have you considered it?** (dwp45, dwp37)

- 1 Taken part
- 2 Not applied for but have considered it
- 3 Not applied or considered it
- 4 Don't know

IF NOT APPLIED FOR OR CONSIDERED

Whywales **Can you tell me why you have not considered taking part?**

OPEN/TYPE IN

ASK ALL EXCEPT AGENCIES

Othscheme **Have you heard of any other government schemes that aim to help employers recruit young people? IF YES: Which ones?** (dwp43) DO NOT PROMPT

- 1 Work Experience
- 2 Mandatory work activity
- 3 Apprenticeships
- 4 Sector-based work academies
- 5 Other (TYPE IN)
- 6 No, none

## 6: ATTITUDES TO WAGE INCENTIVE SCHEME

Now some general questions about the scheme.

ASK ALL

Recagain **How likely is it that you would take on someone in the future that was eligible for the wage incentive?** (dwp48) READ OUT

- 1 Very likely
- 2 Fairly likely
- 3 Not very likely
- 4 Not at all likely

Morelike **Do you think that taking part in the scheme has made your establishment more or less likely to recruit young people with a recent history of unemployment, or has it made no difference?** (dwp31)

- 1 More likely
- 2 Less likely
- 3 No difference

Otherinf **Has the wage incentive scheme influenced you in any other ways?**

- 1 Yes
- 2 No
- 3 Don't know

IF YES AT OTHERINF

Howinf **In what ways?**

OPEN/TYPE IN

ASK ALL

Claimlow **Do you think you would have taken up the wage incentive if the total amount was lower – say half the amount that it is at the moment?** (dwp47)

- 1 Yes
- 2 No
- 3 Don't know

Improve **In what ways, if any, do you think the scheme could be improved?** (dwp 49)

OPEN/TYPE IN

Respon **Do you agree or disagree with the following statements: IF AGREE/DISAGREE: Do you strongly dis/agree or tend to dis/agree**

## Evaluation of the Youth Contract wage incentive: Wave two research

- a) **The wage incentive payment lets you take a risk on someone you otherwise wouldn't**
- b) **Employers have a responsibility to recruit young people given the current problems with youth unemployment**
- c) **Taking on young people is a bigger risk than taking on older employees**

Strongly agree

Tend to agree

Tend to disagree

Strongly disagree

Don't know

**Barrier In general, do you have any difficulties with recruiting young people?**

1 Yes

2 No

IF YES TO BARRIER

**WhatBarrier What difficulties does your establishment face in recruiting young people?**  
(dwp51; dwp 35)

DO NOT READ OUT. CODE ALL THAT APPLY

1 Not enough young people interested in doing this type of job

2 Low number of applicants with the required skills

3 Low number of applicants with the required attitude, motivation or personality

4 Low number of applicants generally

5 Lack of work experience the company demands

6 Lack of qualifications the company demands

7 Poor career progression / lack of prospects

8 Young people unwilling to work at wages offered

9 Remote location/poor public transport

10 Other (WRITE IN)

11 None

12 Don't know

ASK ALL

**Govt What else do you think the Government could do, if anything, to encourage the recruitment of young people?** (dwp50)

OPEN ENDED QUESTION.

## 7: FINAL QUESTIONS

ASK ALL

**Just a few final questions about the organisation and yourself.**

Sector1 **How would you describe the main business activity of this establishment?**

PROBE IF NECESSARY: What is the main product or service of this establishment?

What exactly is made or done at this establishment?

(dwp 38)

OPEN/TYPE IN

(note: use above question for SIC coding)

Sector2 **Is this establishment in..?** READ OUT

IF NECESSARY PROMPT: The public sector includes local authorities, councils, government departments, civil service, state schools, the NHS etc. The private sector includes partnerships, PLCs (private limited companies). The voluntary sector includes charities and not for profit organisations.

- 1 the private sector
- 2 the public sector
- 3 or the non-profit/voluntary sector

ASK ALL

Numemp1 **Approximately how many people currently work at this establishment or workplace? Please include yourself, full-time and part-time employees on your payroll, and any working proprietors or owners, but exclude the self-employed and outside contractor, freelance or agency staff.**

INTERVIEWER NOTE: [IF AGENCY(code 2 at QREC), INCLUDE ALL TEMPORARY AND PERMANENT STAFF CURRENTLY PLACED BY THIS AGENCY WHO ARE 'BASED' AT THIS SITE (EVEN IF THEY ARE CONTRACTED OUT TO WORK ELSEWHERE)].

NON-EMPLOYEE TRAINERS AND EMPLOYEES UNDER 16 SHOULD BE EXCLUDED.

PROBE FOR BEST ESTIMATE AND RECORD NUMBER

- 1 1-4
- 2 5-9
- 3 10-24
- 4 25-49
- 5 50-249
- 6 250 or more

IF ONE OF A NUMBER OF SITES AT MULTI

## Evaluation of the Youth Contract wage incentive: Wave two research

Wholeorg **Approximately how many people work across your organisation in the UK as a whole?**

ADD IF NECESSARY: **By that I mean both full-time and part-time employees on your payroll, as well as any working proprietors or owners.**

[INTERVIEWER NOTE: IF AGENCY (code 2 at QREC), INCLUDE ALL TEMPORARY AND PERMANENT STAFF CURRENTLY PLACED BY THIS AGENCY (EVEN IF THEY ARE CONTRACTED OUT TO WORK ELSEWHERE)]

PROBE FOR BEST ESTIMATE AND RECORD NUMBER

(PROGRAMMING NOTE – ONLY ALLOW NUMBERS LARGER THAN GIVEN AT ESTABLISHMENT SIZE QUESTION

- 1 2-4
- 2 5-9
- 3 10-24
- 4 25-49
- 5 50-249
- 6 250 or more

ASK ALL

Jobt **Which of the following most closely describes your job title?**

READ OUT. CODE ONE ONLY.

- 1 Owner
- 2 General manager
- 3 Managing director
- 4 Other manager
- 5 Personnel/human resources manager
- 6 Other (SPECIFY)

Qrecon **The Department for Work and Pensions may be conducting some further research on these topics in the future. Would you be happy for someone from TNS BMRB to re-contact you and invite you to participate in this research?**

- 1 Yes
- 2 No

# Appendix D

## Jobcentre Plus employer engagement staff topic guide

### DWP Youth Contract evaluation

#### Discussion guide

#### Jobcentre Plus employer engagement staff: Wave 2

##### Aims:

- To understand what the impact has been of extending the wage incentive (WI) to all JCP offices
- To understand how JCP staff view the wage incentive and how employers are responding to it
- Whether and how staff are informing employers about the wage incentive, and the barriers to promoting it
- How useful the wage incentive is for building relationships with employers

*Note to researcher: These interviews are part of an evaluation of the Youth Contract, a cross-Whitehall initiative involving DWP, BIS and DfE to help young people into employment*

##### 1. Introduction (2 mins)

- TNS-BMRB is an independent research agency working on behalf of the Department for Work and Pensions (DWP)
- About the research: The study aims to understand how the wage incentive is being implemented, how employers are responding to it and how it could be improved in the future – part of wider evaluation of the youth contract
- Length of discussion: 40 minutes
- Recording: recordings are only available to the research team
- Confidentiality: DWP are aware of the staff we have approached but we will anonymise any quotes that we use

##### 2. Background (3 minutes)

- Briefly explore their role
  - o Job title and responsibilities
    - Role in relation to implementing and managing the wage incentive
    - How many employers do they work with, large/small, sector/s

## Evaluation of the Youth Contract wage incentive: Wave two research

- o Length of time in current role
- o Brief characterisation of employment landscape in their area – challenges or recent improvements

### 3. Marketing the wage incentive (10 mins)

- How have they been promoting the wage incentive to employers;
  - o What channels have they used
    - Probe on:
      - Telephone
      - Direct mail / leaflets
      - Email
      - Anything else
  - o Have they set up any employer events? If so how successful have they been?
  - o Which channels were most effective in engaging employers
    - Why
  - o Which channels were least effective
    - Why
  - o Which messages were most effective
    - Why
  - o Which messages were least effective
    - Why
  - o Are they aware/using the marketing materials available centrally from DWP
    - How were these used
    - How useful were these materials
      - Why / why not
  - o What locally produced marketing products are they using?
  - o How does the marketing approach differ for larger employers and SMEs
  - o What would help you market more effectively in the future
  - o Have you developed different approaches for different sectors?
  - o Have you had any unsolicited approaches from employers? (e.g employers responding to marketing from other channels).

### 4. Employer responses to the WI (15 mins)

- What feedback have they received from employers:
  - o On the scheme generally – positive and negative elements

## Evaluation of the Youth Contract wage incentive: Wave two research

- o On the candidates put forward
- o On the administrative processes
- What do they think are the outcomes of the scheme
  - o What impact is the wage incentive having on whether employers decide to take on young people; how is the WI affecting employers decisions
  - o How successful do they think the wage incentive is in getting young people to get into sustained employment
  - o Do they think that the jobs are lasting after the full incentive is paid
    - If so, how do they know this (PROBE MI, feedback from colleagues/ advisers, from claimants, employers)
- What (if anything) have employers told them about the claims process

*Researcher note: allow respondent to spontaneously discuss any other impact the wage incentive has had before probing on the relationship with employers*

### Relationships with employers

- In what ways the wage incentive has helped in creating new relationships with employers, probe on:
  - o have they been able to approach employers who would not have considered them in the past
  - o what kind of employers; why is it effective
  - o new employers signing up to vacancy filling service
  - o new employers signing up to other schemes i.e SBWA / work experience / apprenticeships
- How has the wage incentive affected existing relationships with employers
  - o How have they marketed WI to existing employers
  - o How have they responded
  - o Any positive or negative feedback
  - o Have employers signed up to other services / schemes as a result (Vacancy filling, SBWA, WEX, apprenticeships)
- How has the wage incentive effected employer's perception of young people
  - o What else has influenced this change in views
    - Probe on other JCP services (SBWA, WEX, apprenticeships)

### 5. Perception of the wage incentive (5 mins)

- What changes have they experienced since the wage incentive was extended to all Jobcentre Plus offices earlier this year
- (Note to researcher – participant may raise targets as an issue at this point, DWP is aware of this issue, do not probe for detail or allow too much time to be spent on this point)



## Evaluation of the Youth Contract wage incentive: Wave two research

- o What have other staff (claimant facing and managerial) told you about their views about the wage incentive
- o How effective / useful do they considered the wage incentive to be
- o What (if any) assistance or support have other staff given in promoting the WI

### 6. **Lessons learned** (5 mins)

- Looking forward, what support do they need to optimise engagement with wage incentive
- What key change would you make to improve its effectiveness; what impact would that have
- Are they sharing best practice; how, with whom
  - o Is this affected by being in a dedicated team; or a small/larger office
- How confident do they feel promoting WI
  - o To what extent do they feel the WI has bedded in or are they still deciding how to best use it
- Ultimately do they think the wage incentive is worthwhile; reasons
- Are there any unintended negative consequences
  - o If so, how do they impact on the way it is promoted

### 7. **Wrap up** (5 mins)

- Any final comments on the wage incentive or Youth Contract
- Next steps for research
- Thank and close

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