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Small and Medium Sized Businesses and Disadvantaged Parents: Overcoming Training, Recruitment and Retention Barriers

FINAL REPORT

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EXECUTIVE SUMMARY

Introduction

The objective of this project was to investigate how employer demand side issues affect the recruitment of lone parents. Specifically it considered how recruitment and retention activities within small and medium sized businesses (SMEs) in Scotland affected the supply of labour from such disadvantaged groups. The research is consistent with current policy efforts to improve labour supply for SMEs and to increase employment rates amongst lone parents and reduce child poverty. The research was carried out by the Employment Research Institute, Napier University, Edinburgh. The project was part funded by the European Social Fund Objective 3 Programme, as part of Priority 4 - A competitive economy, Measure 4a.1 – Positive actions for workforce training and learning. This reports sets out the detailed findings of the project, and a shorter summary document is also available.

The aims of the research were:

- To examine the role of internal training, recruitment and retention policies and practices of SMEs in facilitating successful recruitment and retention of disadvantaged parents.
- To examine the role of labour market inclusion policies in facilitating recruitment and retention of disadvantaged parents.
- To examine the attitudes of SMEs to hiring disadvantaged parents.
- To examine the attitudes of disadvantaged parents towards working in SMEs and do these attitudes represent a barrier to SMEs recruiting from this group.

Methodology

The research methodology had five stages: literature review; a postal questionnaire of 115 firms; face-to-face interviews with 52 employers to unpack specific issues identified in the earlier survey and to discuss related issues with SMEs (partly analysed using Stated Preference techniques); and face-to-face interviews with 217 disadvantaged parents. This was then followed by analysis and report writing.

Main Findings

Employer Preferences

In terms of the qualities that they seek within a potential employee, employers show relatively similar preference. Employers appear to be primarily concerned with recruiting individuals who are honest, reliable and conscientious. Generally parents of young children are as likely as any other group to have these qualities, although some employers feel parents might be less reliable (e.g. if their children are sick) or they may be more likely to take further maternity leave (note that while it may be bad practice or even illegal to base decisions on some of these factors, this report is concerned with the actual perceived preferences of employers who were surveyed). Parents of young children are more likely to be seen as not being flexible in terms of working hours. Employers place less importance on attributes such as prior experience, educational attainment, working hours flexibility and short term periods of unemployment.

The report presents findings that suggest that a parent having a young pre-school age child (aged under 5) has a substantial negative effect on the willingness of an employer to recruit them, and this finding is strongly statistically significant. Having care duties for children between the ages of 5 to 11 (Primary school age) does not have a statistically significant impact upon the preferences of employers, so it is primarily the presence of young children that matters. However, having no children under 12 years old does have a positive impact on employers preferring to hire them.

The employers surveyed appear to exhibit gender preferences for potential employees when making recruitment decisions, preferring to recruit women. Whilst having care duties for a young child, may have a negative impact on the likelihood of employment, being a young woman between the ages of 25 and 39, with no childcare duties, has a positive effect on the likelihood of being employed. Conversely being male or aged 50 or over has a negative effect on the likelihood of being employed. When we introduce care duties for children, we find that the least preferred person to hire is a man, aged 50 or older, with care duties for children aged under 5.

Recruitment methods

The research suggests that the SMEs surveyed currently predominantly use closed recruitment methods that rely on social contacts (family, friends

and existing employees) to fill vacant shop floor posts. More open methods, such as advertising in the press, are less widely used.

Employer Provision of Flexible Working Arrangements

Previous research showed that the type of jobs that disadvantaged parents enter, are more likely to reinforce existing forms of disadvantage. Women, who constitute the majority of disadvantaged parents, make up a disproportionately high proportion of those in low-skilled, low-wage jobs¹. Furthermore, SMEs possess relatively more minimum wage jobs than large firms and possess relatively more low-skilled positions than large firms.

The current research suggests that many SMEs provide some flexibility in their working arrangements, such as part-time hours, that are likely to improve the possibility that an individual with childcare duties could retain their employment. However, these are driven primarily by business needs rather than employee needs. Although there are frequent examples of forms of flexible working arrangements that could enable employees to balance the demands of childcare and work, there was little to suggest that these arrangements had come about for reasons other than to ensure the efficient operation of the business. Furthermore, although there is evidence to suggest that there is widespread awareness of employee rights in relation to access to *consideration* for flexible working arrangements², there is little to suggest that recent legislation to extend the rights of employees to flexible working arrangements had affected the working culture within the interviewed SMEs.

Views of Disadvantaged Parents

Factors inhibiting employment included ill health and disability, lack of suitable childcare, lack of jobs, lack of jobs with short enough hours, benefit disincentives, geographical isolation, displacement due to imported labour and lack of qualifications and work experience as well as the number and age of children. Of particular concern were the factors related to people's perception of employers (particularly SMEs).

Generally attitudes of employers and a lack of jobs were not seen to be a major barrier to getting work, but rather personal characteristics such as education were seen as more significant by the parents. Specifically 70%

¹ National Minimum Wage. Low Pay Commission Report 2006

² ONS. Second Flexible Working Survey. 2006

said the lack of the right sort of jobs was not a perceived barrier to them getting work and a similar number (69%) said the lack of well paid jobs was not a barrier (so pay was not necessarily a barrier). Although the people lived in disadvantaged areas and often came from disadvantaged backgrounds, only 15% said that employer discrimination was a barrier to them getting work. The most significant barriers to work for those interviewed related to their own: lack of qualifications (45% said this was a barrier); lack of skills (37%); lack of confidence (21%); physical disability (5%); mental health (6%). Transport was also a barrier with: lack of private transport cited by 27%; lack of public transport (13%); cost of public transport (21%); and inability to drive (34%). Importantly, their responsibility for children was a major barrier for 49% (or responsibility for adults, 3%), while the lack of childcare services was a major barrier for 33% and the cost of these services a barrier for 40%.

Those with their youngest children aged 5-6 years old had the highest rate of moving into employment, training or education. Given the apparent bias against female parents with young children, this return to the labour force may be partly due to labour demand–side employer preferences as well as supply-side factors such as parents' wishes to stay at home for the child's early years or the cost and availability of childcare for young children.

Recommendations

There are clear opportunities for disadvantaged parents to participate in the Scottish SME labour market. There is evidence that while SMEs struggle to recruit new and replacement staff, a significant number of individuals from disadvantaged groups demonstrate a willingness to enter the labour market. A number of recommendations are made to improve the supply of labour into SMEs from disadvantaged parents and so both help such firms with recruitment and improve job opportunities for parents.

1. Many employers regularly track those who apply for and get new posts, through equal opportunities forms. Analysing these forms helps ensure that recruitment follows equal opportunities best practice and legislation. However, while gender is normally included in the details of who applies, the age of their youngest child does not. The research suggests that the ages of children (or at least of the youngest child)

- should be included in the form (and tracked for those getting the post), to ensure that those with young children are not disadvantaged.
2. Greater use of transparent recruitment methods by SMEs when recruiting replacement and additional staff would enable a more efficient and effective job matching process. Encouraging SMEs to advertise vacant positions more widely would enable them to choose from a larger field of potential candidates whilst ensuring that disadvantaged groups are made aware of the availability of jobs.
 3. The limited availability of genuinely flexible working practices, including flexible hours, term-time working, job sharing etc., are significant barriers to working in SMEs for those with childcare duties. Greater research on, and publicity concerning, the benefits to employers of these arrangements may lead to a greater likelihood of them taking on parents. Greater availability of accessible, affordable, suitable childcare (and knowledge of it among employers and job seekers) would also be beneficial.
 4. Awareness of entitlement to consideration for flexible working practices is low amongst those occupational categories more likely to be occupied by disadvantaged parents. Improving awareness of the way in which flexible working arrangements may enable greater flexibility of, participation in, the labour market, and may reduce the perceived barriers to work amongst disadvantaged parents.
 5. Greater evidence on the actual reliability and flexibility of employees with young children, and of their productivity, may be useful in reducing potential employer bias against them. Employers generally seem to be much more likely to support an existing employee who goes on maternity leave, in order to keep a good employee as well as due to legislation, but this does not apply to the same extent to potential employees. So similarly, hard evidence on the benefits of getting better employees versus the potential costs of them temporarily going on maternity leave would be useful. Greater support may be required for small employers to handle the costs of maternity leave of existing and potential employees, if society wishes to provide more equal opportunities for parents.
 6. There is a need to convince more employers of the potential of using flexible working to attract suitable new employees as well as in meeting serving immediate business operation needs and to rethink

work processes to permit greater scope for working hours that suit those with childcare responsibilities. Decades ago flexible working was considered difficult and inefficient, but experience over time has countered such views for many firms. Case studies that convince SMEs of the benefits of flexible working for parents, and others, are important.

7. Stated Preference techniques should be further developed for labour market research, e.g. to identify employer attitudes towards recruits.

1 Introduction

This document reports on a study by the Employment Research Institute of Napier University, Edinburgh on the attitudes of small and medium sized businesses (SMEs) in Scotland to the recruitment of disadvantaged parents. It was part funded by the European Social Fund Objective 3 Programme as part of Priority 4 - A competitive economy; Measure 4a.1 – Positive actions for workforce training and learning.

The overall aim of this research is to develop knowledge and policy recommendations aimed at improving the competitiveness of the Scottish economy through improving the skills and qualifications of the potential workforce of SMEs.

The project involved new research, investigating barriers preventing SMEs from recruiting from disadvantaged groups (especially unemployed/inactive parents, who represent an underutilized source of labour within the Scottish economy) and identifying good practice in overcoming these barriers. The research sought to identify how recruitment and training strategies within certain SMEs. Government policies aimed at improving the employability of disadvantaged parents³, such as the Scottish Government's Working for Families Fund⁴, have contributed to breaking down barriers – enabling SMEs to recruit more effectively and from a larger pool of labour, and helping disadvantaged parents to develop the skills that SMEs want.

Previous research has shown that some SMEs struggle to recruit staff. Hard-to-fill vacancies as a percentage of employees are highest in the smallest workplaces⁵. Furthermore, parents with young children remain a key underutilized source of labour that could potentially form an important additional source of labour. The project seeks to tackle the mismatch between the labour needs of SMEs and the potential source of labour offered by disadvantaged parents. The project aims to increase our practical knowledge of the expectations of SMEs with regard to the recruitment of employees. From this it seeks to provide recommendations,

³ McQuaid, R.W. (2006) "Job Search Success and Employability in Local Labor Markets", *Annals of Regional Science*, Vol. 40, No. 2, pp. 407-421; McQuaid, R.W. and C. Lindsay (2005) "The Concept of Employability", *Urban Studies*, Vol. 42, No. 2, pp. 197-219

⁴ McQuaid, R.W., Bond, S. and V. Fuertes (2007) *Evaluation of Working for Families* (2004-06), Scottish Executive, Edinburgh
<http://www.scotland.gov.uk/Publications/2007/03/27092949/0>

⁵ Futureskills Scotland (2006) *Skills in Scotland*, Glasgow

grounded in the results of the research that can help policy makers to understand the recruitment preferences of SMEs with the aim of improving employment rates within disadvantaged groups.

This report addresses the following Key Objectives were to examine:

1. the role of internal training, recruitment and retention policies and practices of SMEs in facilitating successful recruitment and retention of disadvantaged parents.
2. the role of labour market inclusion policies in facilitating recruitment and retention of disadvantaged parents.
3. the attitudes of SMEs to hiring disadvantaged parents.
4. the attitudes of disadvantaged parents towards working in SMEs and do these attitudes represent a barrier to SMEs recruiting from this group.

Specifically, the report addresses the following research questions:

1. What internal policies and practices of SMEs in terms of training, recruitment and retention facilitate the use of disadvantaged parents as a new source of labour?
2. How important are policies to promote labour market inclusion (such as the childcare and employability services provided by the Scottish Government's Working for Families Fund) in removing the external barriers for SMEs to employ disadvantaged parents?
3. What are the attitudes of disadvantaged parents towards working in SMEs?
4. What are the main related changes that are happening in industry in Scotland, how will they affect the skill needs of the employers in Scotland and what training could particularly aid disadvantaged parents in moving into work?
5. What 'good practice' lessons can be learned from leading employers and/or sectors on training provisions that help SMEs in obtaining a competitive workforce from underutilized population groups and help disadvantaged parents to sustain employment and progress in their careers within SMEs?

The rest of the report is set out in sections covering: research methods used; literature review; results of the postal survey; results of the face-to-face interviews; results of the interviews with disadvantaged parents; and conclusions and recommendations.

2 Research Methods

2.1 Research Methods

The research methodology had five primary stages: literature review; postal questionnaire; face-to-face interviews employers; face-to-face interviews with disadvantaged parents; and analysis and report writing. In addition dissemination involves user friendly summaries and presentations.

Stage 1: Literature Review

Stage one of the research involved a review of previous research in areas of relevance to the research aims and objectives. The literature review introduces findings from previous research of relevance to the issue of the recruitment of disadvantaged parents into the SME labour market. The literature review identifies relevant demand side factors such as skills shortages, economic growth and the legislative requirements of employers and proceeds to consider the way in which these factors may affect the recruitment of disadvantaged parents. The review also identifies relevant supply side factors such as demographic characteristics, poverty and inequality as factors that may affect employment rates amongst disadvantage parents.

Stage 2: Postal Survey

Stage two of the research used a postal survey of 115 employers to address several of the research questions and objectives whilst developing themes identified within the literature review. The postal survey asked respondents to describe a wide range of business characteristics. The postal survey sought to identify further details about recruitment practices, occupational levels and flexible working arrangements. The postal survey also asked respondents to assess the importance of reliability, flexibility, adaptability, team-working, timekeeping, honesty, absence rates and conscientiousness when considering an individual for employment.

Critically the postal survey also presented respondents with a series of hypothetical choice sets using stated preference methods that required respondents to choose between two alternative hypothetical employment candidates. This approach was used so that the relative importance of an employment candidate's gender, age and whether the person had caring duties for child of less than 11 years of age could be assessed when being considered for employment. Furthermore, the postal survey was used to identify key issues with regard to the recruitment of disadvantaged parents that would subsequently be given greater consideration through the subsequent face-to-face interviews.

Postal surveys were sent to a random stratified sample of 800 businesses across ten local authority districts of Scotland that have higher than average rates of unemployment and poverty: Glasgow, North Lanarkshire, Renfrewshire, Dundee City, North Ayrshire, East Ayrshire, Highland, West Dunbartonshire, Inverclyde, Dumfries and Galloway. The number of questionnaires sent to each local authority was weighted to reflect the relative population size of each area with Glasgow businesses receiving the most questionnaires and Highland based businesses receiving the least.

Stage 3: Face-to-Face Employer Interviews

Stage 3 of the research involved 52 face-to-face interviews with SME business owners and managers within the ten local authority districts. The purpose of the face-to-face interviews was to unpack themes identified within the postal survey as affecting the recruitment of disadvantaged parents into the SME labour market and to provide more in-depth qualitative information. The face-to-face interviews provided an opportunity to open a dialogue with employers during which time employers were given the opportunity to highlight areas that they considered to be of importance in the recruiting and retention of staff. Businesses were selected randomly from business databases and the numbers in each local authority were weighted approximately by population. Businesses were contacted by phone and letter. Interviews were requested with business owners and managers involved in the recruitment of new staff.

The face-to-face questionnaire sought to characterise aspects of the business that may affect the likelihood that an individual with caring duties would be capable of undertaking employment within the business. To this end, interviews sought information on the volume of replacement and

additional staff, recruitment methods, employer expectations of shop-floor level with regard to reliability, flexibility, adaptability, team working, timekeeping, honesty, absence rates and conscientiousness. The interviews used qualitative responses to assess employer perceptions on the recruitment of individuals who were long-term unemployed. Interviewees were also asked if they, as employers, offered forms of flexible working arrangements, experienced skills gaps with existing employees, and whether they had any experience of childcare issues affecting employee relations.

In addition the face-to-face interview questionnaire implemented a stated preference methodology to develop earlier findings from a stated preference approach in the postal questionnaire. The choice of stated preference variables was informed previous researcher experience, the postal questionnaire results and the literature review in stage 1 of the research and sought to test employer preferences that emerged from the stated preference section of the postal questionnaire. Three variables critical to the recruitment decision making processes of employers were gender, age and care duties. Employers within SMEs were asked to express a preference for one of two possible candidates. Differences between the two candidates were limited to gender, age and whether the individual had care duties for children aged 4 or less, children aged 5 to 11 or no care duties at all. The ages of the hypothetical candidates varied from young (25 or less), young middle aged (25 to 39) middle aged (40 to 49) or older middle aged (50+). In a series of scenarios where employers were asked to choose between two hypothetical candidates and the scenarios were adjusted to test employer preferences with regard to the age, gender and care duties of potential employees.

Stage 4: Interviews with Disadvantaged Parents

Two hundred and nineteen parents living in disadvantaged areas were interviewed in random 'cold call' face to face interviews within low socio-economic areas across 20 local authority areas of Scotland. These included 107 in the first 10 local authorities covered by the Working for Families initiative Phase 1 to assist disadvantaged parents move into employment, training or education. These are the same 10 local authorities covered by the employer interviews. In addition a further 112 interviews were held in another 10 local authorities covered by Working for Families

initiative Phase 2. The case studies presented in Section 6 refer to Phase 1 local authorities.

Stage 5: Analysis and Report Writing

The final stage involved analysis and report writing and preparation of dissemination material.

2.2 Local Authority Areas

Ten Scottish local authority areas were selected for inclusion in the study. These local authority areas were selected using criteria originally used to select local authorities for inclusion in Phase 1 of the Working for Families project (WFF)⁶. WFF is a Scottish Government funded project to increase employment rates amongst lone parents, parents on low incomes and disadvantaged parents with other stresses in the household that make it difficult to access and sustain employment. WFF seeks to increase employment rates amongst this cohort through the provision of key workers who help them to improve their employability and to address childcare and other practical barriers to their undertaking employment.

The ten local authority areas selected for inclusion in the WFF project and this research were:

1. Dumfries and Galloway
2. Dundee City
3. East Ayrshire
4. Glasgow City
5. Highland
6. Inverclyde
7. North Ayrshire
8. North Lanarkshire
9. Renfrewshire
10. West Dunbartonshire

Several sources of data were used to select local authorities for inclusion: data from the Scottish Index of Multiple Deprivation (SIMD) was used to establish which local authorities possessed the highest areas of deprivation; where there were more than 3000 children of claimants of income-based Jobseekers Allowance and Income Support and where

⁶ McQuaid, R.W., Bond, S. and V. Fuertes (2007) Evaluation of Working for Families (2004-06), Scottish Executive, Edinburgh
full report on: <http://openscotland.gov.uk/Publications/2007/09/04163714/3>

children in these circumstances formed more than 20% of the under 16 population⁷.

Table 2.1 uses data from the SIMD, the Census and Nomis to present an overview of the characteristics of the 10 local authority areas.

Table 2.1: Comparison between WFF Local Authority areas: population; % of children; number of parents; % of households with dependent children not working; % of children in lone parent households; unemployment rate (%). (Source: Working for Families Phase 1 Evaluation (2004-2006)).

	Population	% of Children	Number of Parents	% of households with dependent children not working	% of children in lone parent households	Unemployment rate (%)
SCOTLAND	5,078,400	19.20*				5.3
Dumfries & Galloway	147,930	20.7	30536	12%	19%	3.6
Dundee City	141,870	19.7	27070	21%	36%	6.1
East Ayrshire	119,720	22.0	26685	16%	24%	7.3
Glasgow City	577,670	20.2	106340	31%	42%	8.4
Highland	211,340	21.7	44476	12%	20%	3.3
Inverclyde	82,430	21.8	17812	17%	31%	6.4
North Ayrshire	136,020	22.2	29334	19%	29%	6.7
North Lanarkshire	322,790	22.7	71952	18%	28%	6.9
Renfrewshire	170,610	21.5	37392	14%	27%	5.3
West Dunbartonshire	91,970	22.2	19937	19%	33%	7.1

Notes to table Population - SOURCE: General Registrar's Office for Scotland 2004

% of Children as a proportion of total population - SOURCE: Census 2001. *SOURCE:

Scottish Neighbourhood Statistics from Census 2001

% of household, with dependent children, not working – SOURCE: Census 2001

% of children in lone parent household – SOURCE: Census 2001

Unemployment Rate - SOURCE: NOMIS - Annual Population Survey (Jan 2005-Dec 2005).

Note: % for Unemployment Rate and Inactive wanting a job are for those aged 16 and over.

The high percentage of children living in lone parent households and the high percentage of households with dependent children not working, suggest that it is in these local authorities that policies described in section 3 to address child poverty and low employment rates amongst lone parents need to take root. It also suggests that in these areas there is considerable scope to increase the potential supply of suitable workers for employers for the benefits of employers and employees. Hence the research activities described in the previous section take place in the 10 local authorities described above.

⁷ McQuaid, R.W., Bond, S., Fuertes, V. (2007) Working for Families Phase 1 Evaluation (2004-06), Employment Research Institute, Napier University

3 Policy and Literature Review

3.1 Background to Key Issues

It is the view of the UK government that work is the most appropriate way to tackle poverty. In 2007⁸ the government stated that 'we know that people in work are often healthier, and more fulfilled, than people who are not...the poverty linked to worklessness divides our communities and deprives too many children of a fair chance in life'. The aim of the UK government is an 80% employment rate. To achieve this target it is necessary to increase by 300,000 the number of lone parents in employment.

The UK government also has a stated aim of eliminating child poverty by 2020. Children are more likely to live in poverty when the adults in their household are not working. It is the aim of the UK government to achieve a 70% employment rate for lone parents because 'helping lone parents return to the labour market is the most effective way to ensure their social inclusion and the best route out of poverty for them and their children'⁹. It has been estimated that achieving a 70% employment rate for lone parents would 'lift around 300,000 children out of low income'¹⁰. The New Deal for Lone Parents has been introduced to assist those lone parents with children under 16 to move into employment (those with children under 12 from October 2008).

This following section provides a concise overview of the key areas on the issue of disadvantage and unemployment. Further reading is available in annexe 3 on key research outcomes in these areas with particular reference to the recruitment of disadvantaged parents into SMEs.

3.2 Disadvantage, Inequality and Demography

Education, health and a good living environment all contribute to the development of individuals who are more likely to succeed in work life. Low educational attainment, ill-health and a poor living environment create obstacles for individuals and lessen their chances of succeeding. Education is an important factor in the likelihood of an individual progressing in society. The absence of formal qualifications among both men and women acts as a cause and consequence of poverty, disadvantage and inequality. For men and women, employment rates increase alongside an increase in

⁸ Department for Work and Pensions (DWP) (2007) In work, better off: next steps to full employment, DWP, London

⁹ DWP (2007) A new deal for welfare: Empowering people to work, DWP, London

¹⁰ DWP (2007) A new deal for welfare: Empowering people to work, DWP, London

levels of education. Almost 90% of men and women with a degree are in employment (Table 4.1). However, slightly more than half of those with no qualifications are not in employment. Women with no qualifications have the lowest employment rates of any such group.

3.3 The Demography of Disadvantage

The structure of the household has a clear impact on patterns of work within that household. Households composed of one parent living with a child are generally less likely to be working than a household with two adults with a child. However, the issue of two parent workless households is also very significant. The number of lone parent households has increased substantially in the previous three decades (Table 3.1). In 1971, 4% of households were composed of lone parents. By 2003 that figure had increased to 12%. Across the same period, the number of people living alone had increased by two-fold (partly due to the ageing of the population, with older widows or widowers) and the number of childless couples had also increased.

Table 3.1: Composition of UK households. 1971 - 2001

Great Britain	Percentages				
	1971	1981	1991	2001	2003
One family households					
Living alone	6	8	11	12	13
Couple					
No children	19	20	23	25	25
Dependent children	52	47	41	39	38
Non-dependent children only	10	10	11	8	8
Lone parent	4	6	10	12	12
Other households	9	9	4	4	5
Total population (millions)	54.4	54.8	56.2	57.4	57.6

Source: ONS, 2006

Of all families with dependent children in the UK, a quarter are lone parent families. 23% of all households are headed by female lone parents with 2% headed by male lone parents. The remainder of families with dependent children are cohabiting or married¹¹.

¹¹ General Household Survey, ONS, 2005

3.4 Disadvantaged Groups, Social Inclusion and Skills Gaps

With reference to disadvantaged parents, of whom the majority are female, there is some evidence to suggest that the types of work undertaken by single women are more likely to reinforce disadvantage within the labour market. Felstead et al., note that there is a relationship between skills and occupation: 'the more highly ranked the occupation the greater the variety of skills or personal attributes reported and the more likely that respondents report themselves as good at them'¹². This relationship suggests that those in lowly ranked occupations are less likely to possess the variety of skills reported by those in more highly ranked occupations. By seeking to reduce barriers that obstruct female members of disadvantaged groups from entering the labour market via traditionally female occupations then there may occur a reinforcement of disadvantage and low skills. Furthermore, where there occurs weak skills formation there also occur poor subsequent labour market experiences.

If certain disadvantaged groups of women are more likely to enter low-skilled part-time employment than their full-time equivalents, then a greater reliance on flexible working practices as a means of encouraging members of disadvantaged groups into the labour market, is perhaps more likely to create inequalities in the possession of workplace skills: 'policies designed to promote and encourage 'non-standard' employment, for example, are likely to make it more difficult to achieve a fairer and more cohesive society as far as workplace skills are concerned'¹³. As lone parent employment rates have increased from 51.2% in 2000 to 57.2% in 2007, so too the possibility of creating an unskilled underclass also increases¹⁴.

3.5 The Employers Perspective: Legislative and Voluntary Practices

Previous studies have cited a range of reasons for employers introducing flexible working arrangements. These include the need to ensure compliance with legislation¹⁵, the ability to ensue greater efficiency in meeting production demands, consideration of employee well-being, ethical reasons, flexibility to meet changing production demands and the need to

¹² Felstead A., Ashton D., Green F., (2000) Are Britain's workplace skills becoming more unequal? Cambridge Journal of Economics. 24, 6, 709-727: 711

¹³ Felstead, et al., *ibid.* p. 725

¹⁴ Department for Work and Pensions. 2007

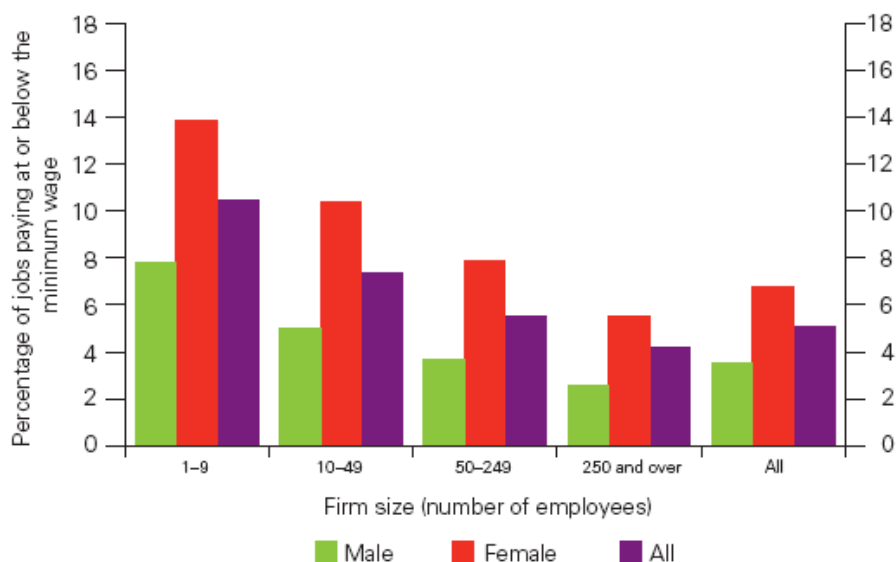
¹⁵ Dex S., Scheibl F., (2002) SMEs and Flexible Working Arrangements. The Policy Press, Bristol

ensure that trusted and experienced employees are not forced out by being unable to balance work and family commitments¹⁶.

The law is likely to act as an enforcer of flexible practices in maternity, parental and salary arrangements¹⁷. SMEs are required to pay their staff a minimum wage. Because women are more likely than men to have a low paid job, they have benefited disproportionately more from the introduction of the minimum wage. Over two-thirds of the beneficiaries of the minimum wage were women of whom two-thirds worked part-time¹⁸. The introduction of the national minimum wage (NMW) therefore represented a significant component of the approach to flexible working practices adopted by employers.

Although work is viewed as a route out of disadvantage, it is important to recognise that the types of work undertaken by those who are categorised as disadvantaged, in addition to the sector where that work is undertaken, may reinforce that disadvantage through pay differentials. Figure 1.2 illustrates how a greater percentage of minimum wage jobs are found in small and medium sized firms than in larger firms. Furthermore, a greater proportion of those minimum wage jobs across all firm sizes are held by women.

Figure 3.1 Minimum wage jobs by size of firm and gender - 2006



Source: Low Pay Commission 2006.

¹⁶ Purcell K., Hogarth T., Simm C., (1999) *Whose Flexibility?* York: Joseph Rowntree Foundation

¹⁷ Dex S., Scheibl F., Op cit..

¹⁸ Low Pay Commission, 2000

If we consider these findings alongside data on minimum wage jobs by hours and gender, female part-time employees make-up 47% of all minimum wage jobs. A further 19% of all minimum wage jobs are held by women in full-time positions. Male part-time employees represent 13% of all those on minimum wage¹⁹. Therefore part-time female staff are far more likely to be in minimum wage jobs than their male equivalents and more likely to be in minimum wage positions in small and medium sized firms. There is a very strong link between part-time work and having children, so often the most disadvantaged may not be women per se, but specifically those with children (even if there is more general gender discrimination). Policies should reflect the actual combination of characteristics associated with disadvantage (e.g. gender and childcare responsibilities etc.) rather than simply being based upon a single characteristic, as otherwise the most advantaged who also have that single characteristic may be supported at the expense of those with that characteristic but other sources of greater disadvantage (e.g. a policy based simply on, for instance, gender may result in support going to those of one gender who have no childcare responsibilities rather than those more disadvantaged who have that gender but also childcare responsibilities)²⁰.

3.6 Flexible Working Arrangements

The Women and Work Commission highlighted the disadvantage of those with childcare responsibilities, and the role this had in the gender pay gap, and recommended, for instance, the right to request flexible working should be extended over time to cover a wider group of employees²¹.

Although employment legislation prevents employers from discriminating on a range of factors such as gender, age, ethnicity, disability or pregnancy, employers have limited responsibilities to provide flexible working arrangements²². Employers duties, since 2003, are limited to giving consideration to flexible working arrangements for employees with young or disabled children who have at least 26 weeks continuous service (under 6

¹⁹ Low Pay Commission 2006

²⁰ McQuaid, R. (2007) Labour Market Equality and Stated Preference Think piece, ERI, Napier University, Edinburgh

²¹ Women and Work Commission (2006) Shaping A Fairer Future, London http://www.womenandequalityunit.gov.uk/publications/wwc_shaping_fairer_future06.pdf; EQUAL Opportunities Commission (2007) Changing work to meet the future, EIC, London <http://www.flexibility.co.uk/flexwork/general/EOC.htm>

²² Business Link 2006

and 18 respectively), and from April 2007, the right to request flexible working will be extended to carers of adults²³.

If compulsory flexible working arrangements that may increase the retention and recruitment of individuals from disadvantaged groups are limited, greater emphasis needs to be given to the voluntary arrangements that employers may put in place and the costs and benefits associated with those arrangements. Broadly, the term flexible working covers flexibility in time and location (Business Link, 2006), although it may include flexibility of times or numbers of hours worked, pay or functions carried out in work. The most common component of flexible working arrangements concerns changes to the time that employees work. From parents' perspectives, Williams and Jones (2005) found that 70% of women with children aged under six preferred part-time work. However, 70% of both women and men with older children preferred full-time fixed or full-time flexible²⁴.

3.7 Conclusions

The previous sections have sought to provide a concise introduction to the key areas that are likely to affect the recruitment of disadvantaged parents into the SME labour market. An understanding of current policy, data on the composition of the household and employment within the household, the demography of disadvantage and the way in which gendered disadvantage may be reinforced through work, are critical first steps in seeking to address the research objectives as stated in section 1.

Some of the key findings from the review of the policy and academic literature with respect to the recruitment of disadvantaged parents into the SME labour market may be summarised as follows:

1. Current government policy on work and welfare assumes that work is the best route out of poverty for lone-parents and other disadvantaged parents and groups that experience poverty and disadvantage.

²³ Business Link 2006

²⁴ Williams, L. and Jones, A. (2005) Changing demographics. The Work Foundation, London

2. Employment rates are lowest in households headed by lone parents. Lone parent households, and their children, are more likely to experience poverty.
3. The types of work undertaken by women are more likely to reinforce disadvantage within the labour market. Part-time posts in small firms are more likely to pay minimum wage-level wages than posts in larger firms. Part-time posts are disproportionately occupied by females.
4. Although employers have limited obligations with regard to the provision of flexible working arrangements, requests by staff to participate in such arrangements are approved in a majority of cases. However, low-skill sectors that are more likely to attract those who experience disadvantage exhibit low-levels of awareness of the availability of flexible working arrangements.

Further discussion of the topics covered in this section is in Annex 3.

4 Results from the Postal Questionnaire

4.1 Employer Preferences on the Recruitment of New Employees

The postal questionnaire of 115 employers asked respondents to assess how important particular qualities of a potential employee were when considering that person for employment. Each question presented respondents with three or four qualities. Respondents were then asked to assess the importance of these qualities on a scale of 1 (less important) to 10 (more important). Although each quality was considered to be independent, it is possible that some respondents may have applied a form of relative scoring across qualities listed under the same question number. It is important to note that respondents were not asked to consider specifically the issue of the employment of parents or parents from disadvantaged groups. Rather, they were asked to assess the importance of certain qualities when considering a person for employment. In this way, respondents are not reacting to characteristics of 'disadvantage' but rather to their impression of individual qualities taken in isolation from others.

4.2 The Role of Personal Qualities in Recruitment Decisions

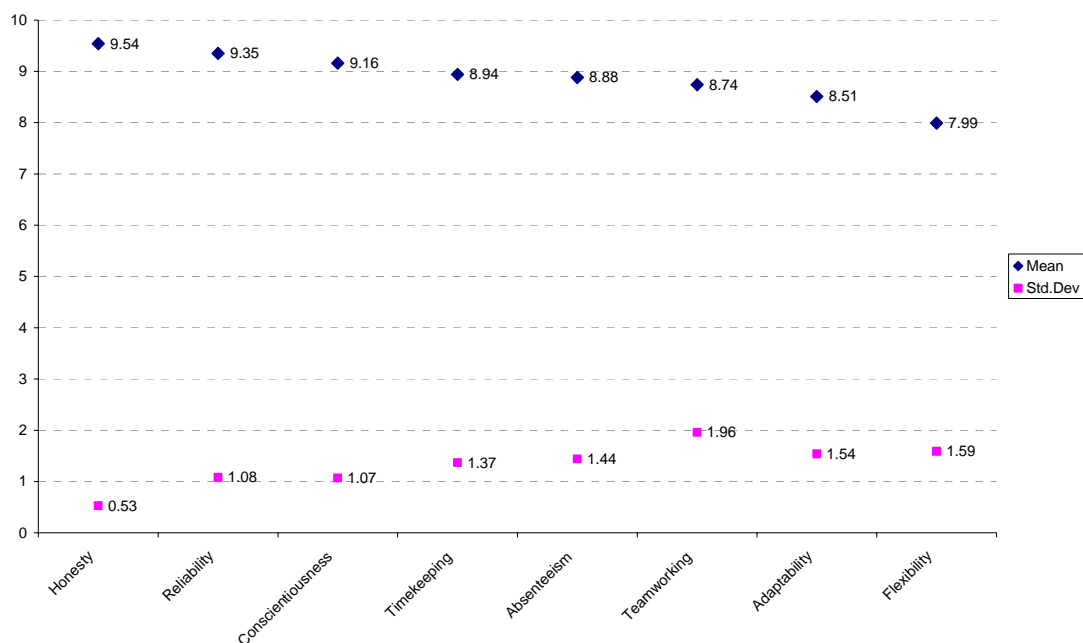
Figure 4.1 (below) presents results on the employer preferences for characteristics of potential employees. Average (mean) responses to the questions are provided across the top of the chart. Statistical dispersal for the results from those mean figures are indicated across the bottom of the chart. For example, the average score for the importance of flexibility was 7.99, with a standard deviation of 1.59²⁵. In other words, the standard deviation shows how much divergence there was between respondents on the importance of a given quality. See Annex 2 for more details on the survey.

Mean scores may also be understood as a threshold or standard to which employers would prefer potential employees to meet. However, employers do not have to make trade-offs between alternative candidates who have different combinations of attributes, as would occur in an interview situation. Qualities such as honesty or timekeeping may be considered to be a

²⁵ The standard deviation indicates the how widely spread the scores were around the average (mean) value of the data. Over two-thirds (68%) of responses will be within plus or minus one standard deviation. So in the case of flexibility (mean 7.99) 68% are between 7.99 +/- 1.59 i.e. between 9.58 and 6.40), 95% of responses within + or - two standard deviations, if the variables are distributed normally.

standard to which the employers would prefer candidates to meet. A mean score of 9.54 for honesty, as indicated in figure 4.1, indicates that employers expect potential employees to have a high standard of honesty and that they ranked this the highest attribute. Note however, that there was little difference between the top few attributes, particularly when the spread (or standard deviation) of responses is considered.

Figure 4.1: Mean and Standard Deviation for employer responses to reliability, flexibility, adaptability and team working, timekeeping, honesty, absenteeism and conscientiousness.



The mean score for the importance of a potential employee's honesty had a low dispersion (around 68% of results were between 9.01 and 10) indicating that honesty was fairly uniformly considered to be an important quality across all respondents.

The level of statistical dispersal for honesty was lower than for all other qualities indicating that mean score is a reliable indicator of the high level of importance attached to the quality of honesty by employers²⁶. When asked to consider the importance of conscientiousness employer's responses gave a mean score of 9.16 with a standard deviation of 1.07.

Reliability was considered of relatively high importance with a mean score of 9.35. However, a responses to the question 'how important is the

²⁶ The distribution may not have been entirely normal, but this affects the result only by a small amount.

reliability of a potential employee' does not carry with it any cost. The quality of flexibility differs slightly in this respect. It is possible that the reliability of the person, in terms of doing a high quality of the work while they are on the job, may be high, but their reliability in terms of not always turning up for work (absenteeism) may be low, or their reliability in terms of usually agreeing to change shifts at short notice may be low. This issue is discussed more in the next sub-section. The mean score for absence rates was somewhat lower at 8.88 with a standard deviation of 1.44.

Flexibility, in this context, refers to the individual's capacity to make changes to their regular working pattern at short notice (in terms of the numbers or actual hours of work or the functions carried out). The mean score for the importance of flexibility was 7.99 with a standard deviation of 1.59. Why was there a greater statistical dispersion of results and a lower mean score for this attribute? The answer may lie partly in the meaning of flexibility from an employer's perspective. It does not follow that an employee who is considered not to have the ability to be flexible in the hours that they work will be an unreliable employee. Adaptability differed from flexibility in that it referred to the individual's capacity to undertake a range of diverse activities in their role. Although we asked respondents to imagine employing an individual to a non-managerial role, there remained an expectation that the employee ought to be adaptable. The mean score for the importance of adaptability was 8.51 with a standard deviation of 1.54. There was not therefore a considerable variation between flexibility and adaptability in the statistical dispersal of results nor the importance attached to this quality by respondents.

Although the differences between mean scores in figure 4.1 were relatively small, those qualities that scored highest, and which are therefore considered by employers to be more important when considering an individual for employment, were qualities that had a strong integrity component; honesty, reliability and conscientiousness. This may be an indicator that employers appear less willing to compromise on the qualities of honesty, reliability and conscientiousness than on an individual's capacity to be flexible in their working patterns. Parents are not necessarily different from the general population in terms of such integrity issues and so should not be disadvantaged in employment terms, however, employers may perceive those with major caring responsibilities to be less attractive in terms of working hours flexibility.

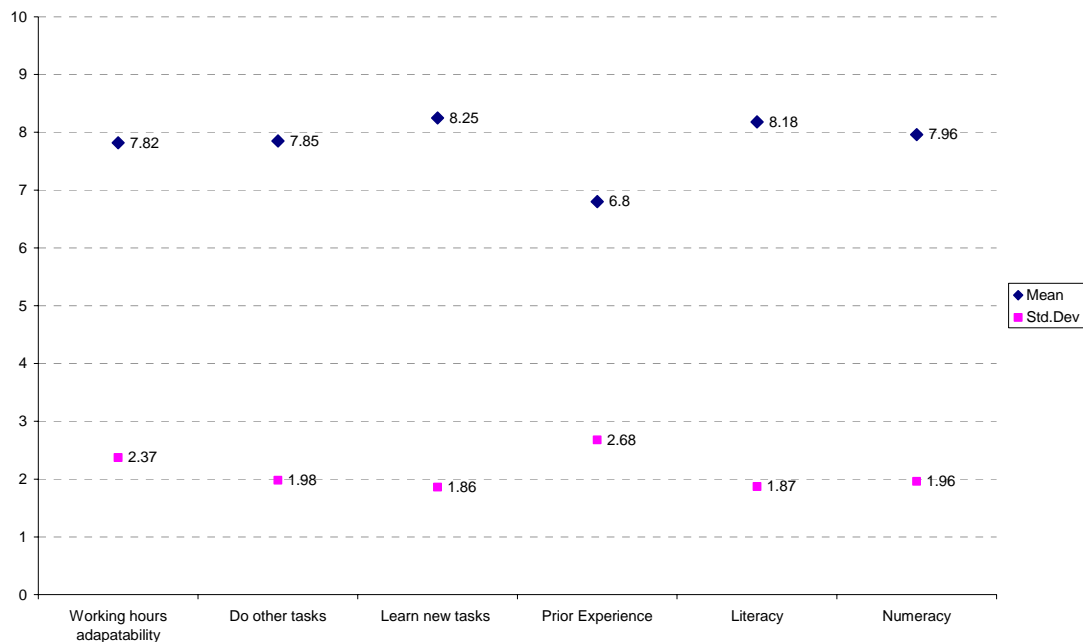
4.3 The Role of Adaptability and Learning in Recruitment

Decisions

As discussed above, some issues concerning what employers meant by the various terms need to be 'unpacked' or considered in more detail. Employers were asked to consider the importance of potential employees'; working hour's adaptability; their ability to do other tasks; and their ability to learn new tasks. The results indicate that, relative to the qualities discussed previously, working hours adaptability is not considered by employers to be of a high importance when considering a candidate for employment. The mean score for working hours adaptability was 7.82. However there was also a greater statistical dispersal of results, relative to other scores, with a standard deviation of 2.37. So some employers rated it very highly and others relatively lowly. Employers considered that the capacity of a potential employee to undertake other tasks was moderately more important than their capacity to change their working hours. Employers' responses to the question 'how important is a potential employee's willingness to do other tasks' gave a mean score of 7.85. This indicates that the capacity of a potential employee to demonstrate adaptability of working hours and tasks undertaken is considered equally important. However, there was a slightly greater dispersion of results for working hours adaptability than for tasks, indicating that the results were more closely aligned and there was therefore a greater consensus on the importance of the ability of a potential employee to do other tasks.

Employers were asked to consider the importance of a potential employee's capacity to learn new tasks. Respondents considered this to be a more important quality than working hours adaptability or the capacity to do new tasks. The ability to learn new tasks had a mean score of 8.25 with a standard deviation of 1.86. Given that the questionnaire asked respondents to consider what qualities they would prefer in a *new employee*, it was perhaps not surprising that respondents considered the capacity to learn new tasks as being more important than their capacity to do other tasks or change their working hours once employed.

Figure 4.2: Mean and Standard Deviation for employer responses to working hours adaptability, the capacity to do other tasks, the capacity to learn new tasks, prior experience, literacy and numeracy.



It is necessary to distinguish responses on the perceived importance of the capacity of the new employee to learn from their capacity to offer working hours adaptability or to fulfil differing tasks once employed. We asked employers to consider the importance of prior experience when considering an individual for a position. The possession of prior experience was not considered by respondents to be of relatively high importance. Respondents provided a mean score of 6.8 with a standard deviation of 2.7 indicating a relatively high statistical dispersal of results. Because the capacity to learn new tasks was considered by employers to be relatively important when considering an individual for employment, it therefore follows that the possession of relevant prior experience by a candidate is not considered to be quite so important. After all, if a potential employee demonstrates a willingness and an ability to learn new tasks it is perhaps less important that they arrive with prior experience. The results in figure 4.1 are consistent with this hypothesis.

Questions of literacy and numeracy raise different issues. The questionnaire asked employers to consider the importance of the potential employee's literacy and numerical ability in deciding to offer the person a job. Both attributes have a relatively close mean score suggesting that

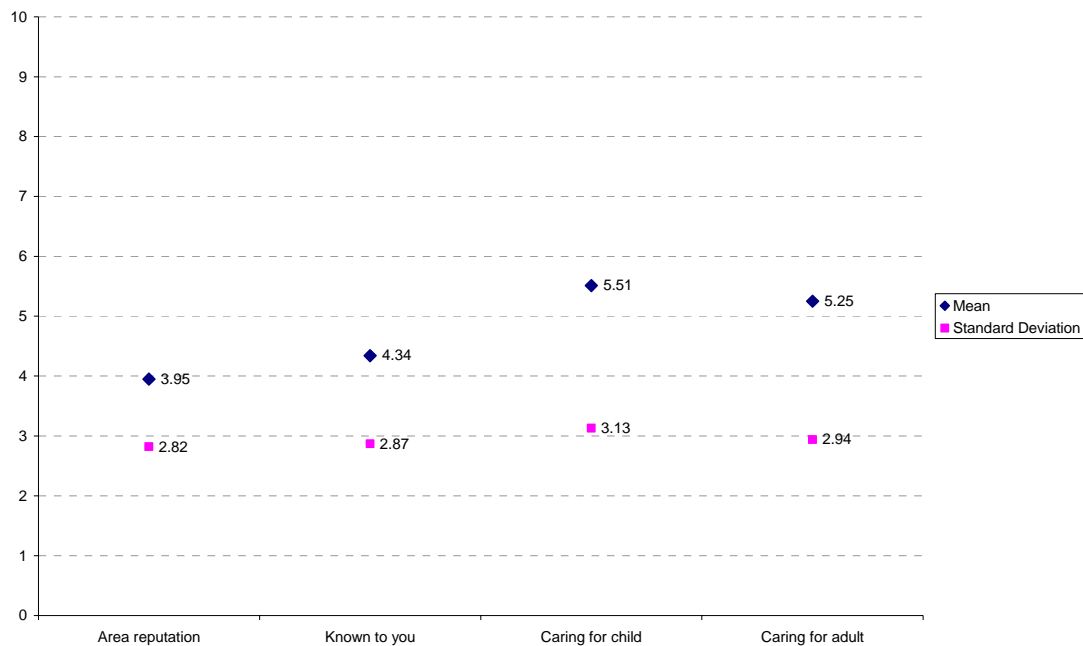
employers do not differentiate substantially between these two attributes. The mean score for literacy was 8.18 and the mean score for numeracy was 7.96 with a respective standard deviation of 1.87 and 1.96. The slightly lower mean score attributed to the importance of numeracy could perhaps be explained by the entry level character of the jobs that were described by employers. It is suggested that writing and reading skills are perceived to be moderately more important than numerical skills in these types of jobs. Literacy and numeracy were considered by employers to be comparable in importance to the potential employee's capacity to learn new tasks and skills. Is there an inconsistency between the preference of employers for relatively high levels of numerical and literate skills and their more moderate expectations of the importance of educational qualifications? The possession of some level of competency with figures and language does indicate some level of educational achievement. However, the relatively low mean figure for educational achievement is not inconsistent with higher levels of importance for basic numerical and written skills. The mean score of 4.94 for levels of educational achievement may be a reflection of the minimum level of numerical and literacy skills required by employers, or the level of qualifications as opposed to the level of basic skills. Achieving basic standards of education would give one basic numeracy and literacy skills; a fact reflected in the greater importance given by employers to the attainment of school level qualifications.

4.4 The Role of Reputation and Caring Duties in Recruitment Decisions

We asked employers to consider: the importance of the reputation of the area where the potential employee came from; whether the person was known in some way to the employer; and if the person had caring duties for a child or adult. These questions represent a departure from previous questions that focussed on the qualities that a person would bring to the job and focused upon their personal circumstances rather than individual characteristics²⁷. We focussed on factors that would not necessarily impact on the ability of an employee to undertake a specific job but which could be interpreted as doing so by employers.

²⁷ See: McQuaid, R.W. and C. Lindsay (2005) The Concept of Employability, *Urban Studies*, 42, 2, 197-219

Figure 4.3: Mean and standard deviation for employer responses to area reputation; potential employee known to you; caring for child; caring for adult.



Several of the key objectives in the research state that there is a need to consider whether the attitudes of employers to disadvantaged parents act as a barrier to their recruitment into SMEs. The term 'disadvantaged parents' is problematic when attempting to understand employer perceptions of this group. The term implies economic, social and perhaps educational disadvantage. Furthermore, it is unclear what employers understand by the term 'disadvantaged parents'. Were we to include the term as a variable, it is likely that respondents would be reacting to differing perceptions of the term. To get around this issue, respondents were presented with different elements of the concept. These elements included the reputation of the area where the potential employee lived; whether the potential employee had caring responsibilities for an adult or child; qualification levels; and unemployment duration (as discussed in section 4.4). Using these terms allows greater clarity as to what employers are reacting to.

Previously we have seen how employers ascribed generally high levels of importance to qualities such as reliability and honesty. When asked to assess how important the reputation of the area where the person came from was in considering that person for employment, employers gave a

mean score of 3.94 with a standard deviation of 2.82. Although there is a relatively high dispersal of scores, the mean score indicates that employers do not, at least publicly, consider this factor to be important when making recruitment decisions.

A comparable figure was attained when employers were asked to assess the importance of whether the potential employee was known to them in some way prior to the interview. Employers gave a mean score of 4.34 with a standard deviation of 2.87. This would indicate that, although it was moderately more important to know the person than the reputation of the area where the person came from, it remained significantly less important than the personal qualities that the person possessed, as indicated by figure 4.1.

We also asked employers to assess the importance of caring responsibilities of potential employees in their recruitment decisions. Whilst disadvantaged parents may possess certain other qualities described previously in varying degrees, it is a rule that they all have caring responsibilities to some extent. Relative to the importance attached to reputation of the area where a person lives or whether a potential employee is known to the employer, it does appear that employers attach more importance to whether a person has caring responsibilities for a child. Employers gave a mean score of 5.51 with a standard deviation of 3.13. Although this mean figure is below the mean score for the importance of most personal qualities described previously, it does perhaps indicate that caring responsibilities for a child (especially for the prime carer) may impact (negatively) upon the recruitment decision of the employer.

Using an ordinal scale, employers may express how important those standards are when considering an individual for employment. We would expect that an employer who considered honesty to be an important quality (i.e. the employer expected a high standard of honesty) would not employ somebody they considered to be dishonest.

Is this approach consistent with the interpretation of responses to the question 'how important is whether a person has caring responsibilities for a child'? Where an employer considers the issue to be less important, then, publicly at least, caring duties ought not to have such a large impact on recruitment decisions. Conversely, where the issue becomes more important and the figure increases, then it is likely that employers will give

more consideration to the childcare responsibilities of the potential candidate.

The mean score of 5.51 to the question 'how important is whether a person has caring responsibilities for a *child*?' suggests that the issue of an individual having childcare responsibilities is moderately important.

Respondents were asked to consider the impact on their recruitment preferences of knowing that a potential employee had caring responsibilities for an *adult*. The extent of those caring responsibilities and the age of the adult to be cared for were not specified. Respondents gave a mean score of 5.25 with a standard deviation of 2.94. Respondents did not therefore significantly differentiate between potential employees with responsibility for adults from those with responsibility for children. Therefore, when making recruitment decisions, employers do not appear to differentiate between types of caring duty. They appear to give equal weight to alternative forms of caring duties in their recruitment decisions.

That employer is simply stating that the caring responsibilities of a potential employee may be given more consideration during recruitment. It is possible, but unlikely in most cases, that caring responsibilities may positively affect an individual's employment prospects. Individuals with caring responsibilities may be more committed to a given job knowing that they have a family to support.

4.5 The Role of Unemployment Duration in Recruitment Decisions

Respondents were asked to state the importance of the duration of a potential employee's period of unemployment prior to the interview. Respondents were told that the person was unemployed at the time of the interview. The duration of that period of unemployment prior to the interview was gradually extended.

Figure 4.4: Mean and standard deviation for employer responses to duration of unemployment of potential employees.

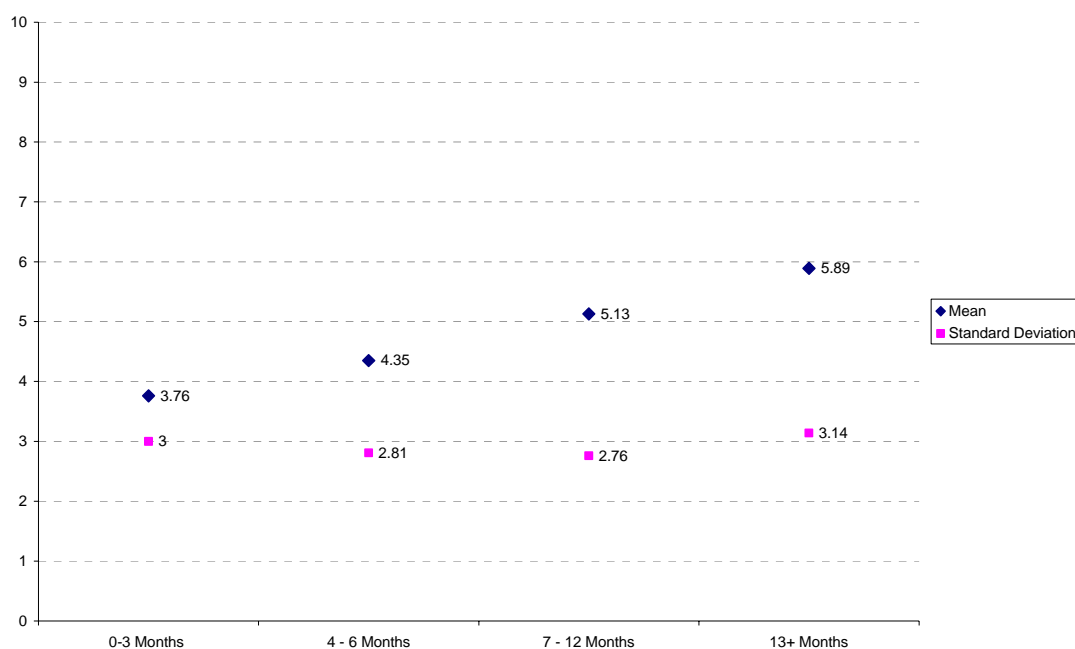


Figure 4.4 illustrates employer responses. Unlike in previous figures, the use of a common variable (period of unemployment) allows us to read across the results to see a relationship between the duration of unemployment and the level of importance attributed to that period. Employers view the period of unemployment with increasing importance when the period of unemployment increases. Indeed whilst the mean figure increases, the distribution of results remains relatively stable deviating between 2.76 and 3.14. This suggests that there is a consensus amongst employers on the importance ascribed to the duration of unemployment of potential employees, probably representing greater concern for the employability of the long-term unemployed (such as the erosion of skills throughout that period of unemployment). Employers may also be expressing concern at the reasons why a person has been unemployed for so long.

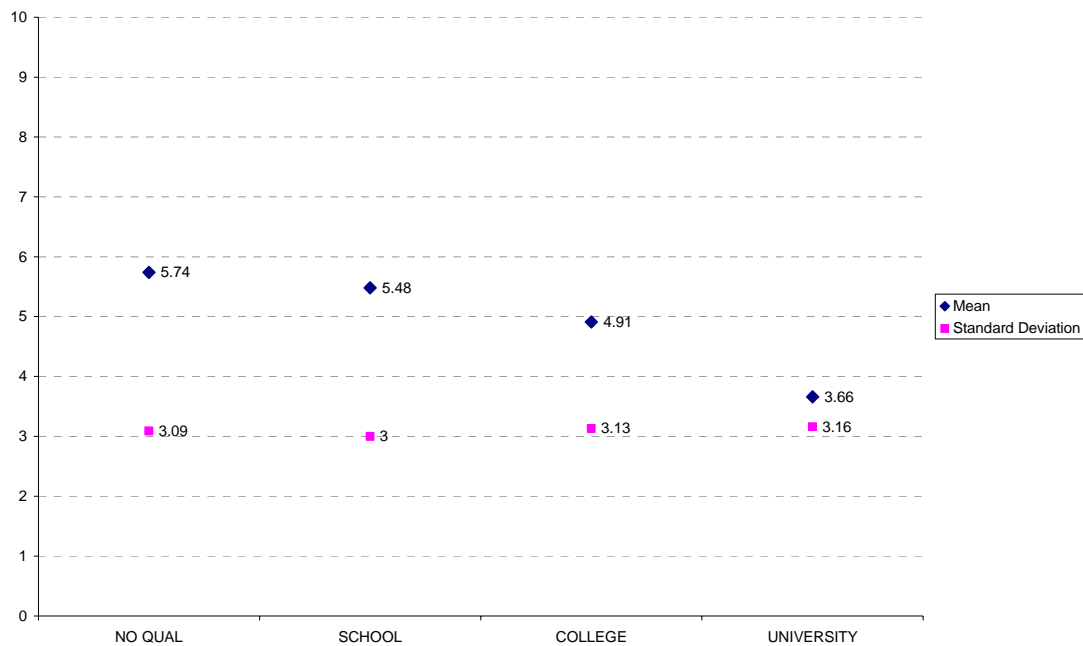
4.6 The Role of Educational Attainment in Recruitment Decisions

We asked respondents to assess the importance of qualification levels in potential employees when making recruitment decisions. As with the variable used in section 4.5, duration of unemployment, education levels are comparable. Each level represents a point on the same scale. Figure

4.5 appears to show that employers place less importance on degree level education than they do on basic levels of education. Employers were asked, in completing the questionnaire, to 'imagine that you need to recruit a new member of staff to a *non-managerial* position'. Therefore in placing less importance on degree level education, employers are merely reflecting the parameters of the questionnaire. However the decision to constrain the choice of recruitment to non-managerial positions was implemented so as to reflect the likely occupational entry point of disadvantaged parents into the labour market. Those with few qualifications, limited experience in the labour market, discontinuous periods of employment, lower socio-economic backgrounds and caring responsibilities are less likely to enter employment in senior or professional positions. It was therefore necessary to ensure that employers were expressing preferences for potential employees entering occupational levels more likely to be filled by disadvantaged parents.

Figure 4.5 uses data on the preferences of employers for qualifications levels of potential employees. The statistical dispersion of results is similar across all preferences. The results suggest a relationship between levels of educational achievement and the considered importance of educational achievement in the decision to offer the person a job. Employers seeking to fill non-managerial roles considered the possession of a university level education to be of low importance. Employers provided a mean score of 3.66 when asked to assess the importance of a university level education. This score was below that for school level qualifications (5.48) or college level qualifications (4.91). Therefore whilst the possession of school level qualifications was considered to be of greater importance than all other levels of qualifications, the importance of all levels of educational achievement were considered by employers to be of less importance than other attributes.

Figure 4.5: Mean and standard deviation for employer responses to lack of qualifications and education levels in potential employees.



The relative low importance of educational achievement for employers may be illustrated if we take the mean of the mean of educational achievement (4.94), and situate this figure alongside the mean score for other qualities. The qualities that are used to make a comparison with educational achievement are not dependent on education.

An alternative explanation for the relatively low importance of educational achievement may be that employers are seeking to minimise staff salary costs. Employers may consider that potential employees with a university level education would expect a higher salary. Conversely, potential employees with lower levels of educational achievement may be willing to accept a lower salary if offered employment. Almost all of the jobs imagined by employers in the questionnaire belonged to occupations in SOC2000 major job classifications of admin and secretarial roles, personal services and sales and customer service category occupations. With the exception of the SOC2000 category of 'elementary occupations', these three categories of job classifications represent the lowest full-time gross weekly earnings²⁸ of all major job classifications. Therefore employers, conscious of the relatively low earnings of employees in these categories, may be seeking to ensure that the level of educational attainment of potential

²⁸ Nomis 2003

employees for jobs in these categories is consistent with expectations for occupations in these categories. In this respect, the decision to enforce parameters on the type of job imagined by employers may have ensured the subsequent arrangement of preferences against high levels of educational attainment.

4.7 Stated Preference Analysis of Employer Choices

Stated Preference analysis is a method of examining the preferences or values that people place on goods or services when it is not possible to look at prices paid in a commercial market. By presenting employers with differing profiles of potential job applicants and asking them to indicate their preference, or choice, it is possible to identify the relative importance they place on certain characteristics like gender, age and childcare duties.

Analysis of the stated preference questions asked in the postal questionnaire produced the following results according to the businesses who responded (see Annex 3 for further details):

- Having care duties for children under age 11 reduces an employer's preference for hiring such a job applicant.
- Being 50 years old versus 30 years old reduces an employer's preference for hiring a job applicant.
- Being a woman increases an employer's preference for hiring a job applicant.
- Being a woman creates an advantage that just counter balances, or offsets, the disadvantage of being age 50.
- Care duties for children have less negative impact on employer preferences than age.
- Being 50 years old creates a disadvantage that is slightly more than twice the disadvantage created by having care duties.
- The most preferred person to hire is a woman, age 30, with no care duties for children under age 11. She is the most "advantaged".
- The least preferred person to hire is a man, age 50, with care duties for children under age 11. He is the most "disadvantaged".

4.8 Summary

The results from the postal questionnaire allow us to identify several key issues that can be unpacked in more detail in the face-to-face interviews. With reference to the recruitment of disadvantaged parents into the SME sector, there are several key findings summarised as follows:

1. Employers exhibit a relatively higher preference for qualities that are indicative of the 'work ethic' and integrity of the potential employee; honesty, reliability and conscientiousness than those qualities that are acquired through work and education.
2. Working hours flexibility, a quality that those with caring duties may find difficult to demonstrate, is of relatively less importance than other qualities that are independent of child-care duties: honesty, conscientiousness.
3. Having a limited work history, or limited experience in a specific type of job, does not appear to be a significant barrier to employment. Employers placed greater emphasis on the capacity of an individual to learn new tasks than arrive with a pre-existing set of skills.
4. Stated preference results indicated that: The most preferred person to hire is a woman, age 30, with no care duties for children under age 11. She is the most "advantaged". The least preferred person to hire is a man, age 50, with care duties for children under age 11. He is the most "disadvantaged".

5 Results from the Face-to-Face Interviews

5.1 Introduction

This section considers the face-to-face interviews of 52 employers. It seeks to 'unpack' some of the issues uncovered in the postal questionnaire, to provide more in-depth qualitative analysis and to allow a feedback discussion with employers.

These interviews represented 52 small and medium sized enterprises across the ten local authority districts of Scotland. The average number of employees, excluding owner managers, within the firms interviewed was 15. When we include owner managers, this figure rises to an average of 18 employees. A small business is defined as having less than 50 employees. Therefore all but 3 of the businesses that participated in the research are small businesses. The remaining 3 organisations were firms with more than 250 employees.

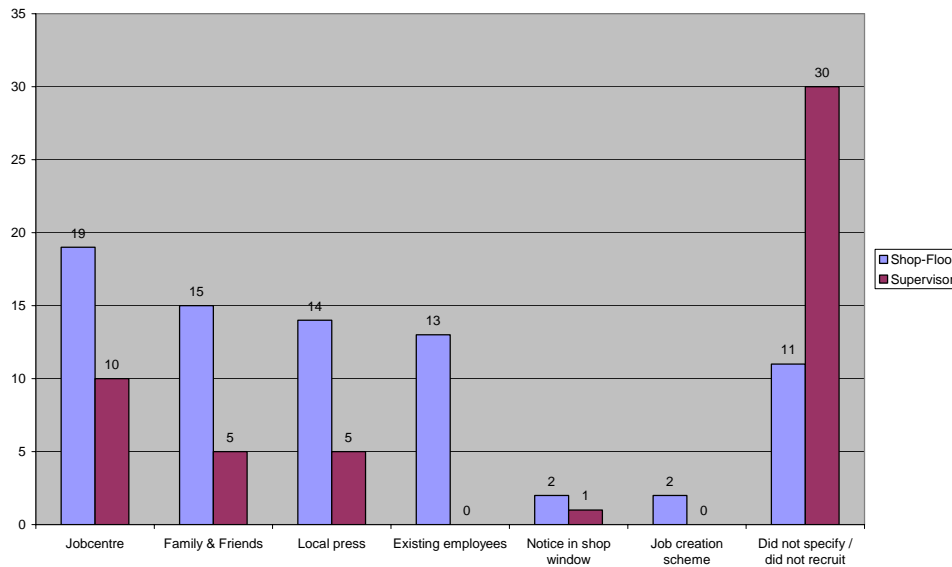
5.2 Staff Recruitment

A majority of the employees within the businesses who participated in the research were employed on a full-time basis (57%) with 43% being part-time. Nearly two-thirds of businesses (65%) had recruited *replacement* (as distinct from additional) staff within the last 12 months. A total of 155 replacement staff were hired in the 12 months prior to the interviews. However 98 of the replacement staff were with 7 larger businesses within the sample. The majority of the replacement jobs were low-skilled positions including administrative jobs, shop workers and bar and waiting staff.

11% (6) of businesses interviewed had recruited *additional* staff throughout the previous 12 months. The majority of businesses, 89% (46) reported that they had not increased the size of their workforce in the 12 months prior to the interview, but none had decreased employment. In total 40 (75%) of firms had recruited either replacement or additional staff during the last year.

Interviewees, who had recruited replacement or additional managerial and shop-floor level staff in the 12 months prior to the interview, were asked how they normally recruited to these positions. The most common recruitment method, in firms where recruitment of a managerial level employee had taken place in the previous 12 months, was through adverts in local newspapers, the jobcentre and through family and friends.

Figure 5.1: Shop floor and Supervisor recruitment methods as frequency of occurrence.



For shop-floor level employees (figure 5.1), there was a significant reliance on informal recruitment methods such as the use of family and friends to find new staff. This was a much greater level of informality than used for the recruitment of supervisors. Businesses also used more traditional avenues of recruitment for shop-floor level employees such as local press and the Jobcentre.

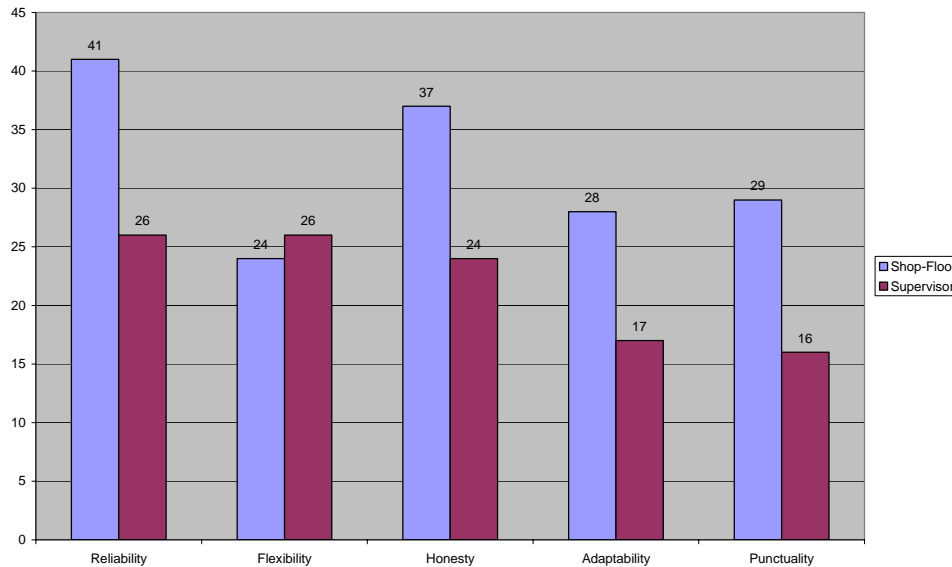
5.3 Employer Expectations of Potential Employees

Interviews with business owners and managers asked them to consider what personal qualities they expected from both supervisor and shop-floor level employees. Interviewees were offered a choice of 5 qualities: reliability, flexibility, honesty, punctuality, adaptability.

Figure 5.2 illustrates the choices made by interviewees when asked to consider what qualities they considered to be important when recruiting an individual to a supervisor level position. Interviewees were given the freedom to choose however many qualities they expected from supervisors. Therefore the total number of choices represents the frequency with which each given quality was chosen and does not equal the total number of interviewees as each interviewee could choose all qualities if that is what they expected from their supervisors. Reliability and flexibility were considered to be of equal importance, with honesty only marginally less so.

There was a drop off in the perceived importance of punctuality and adaptability.

Figure 5.2: Desired qualities from shop-floor and supervisors expressed as frequency of occurrence



The lower importance given to adaptability, relative to other qualities, may be attributed to the perceived low level of variability in the jobs to which interviewees were asked to imagine placing candidates.

For shop floor employees, reliability was the highest ranked factor with honesty second (but at a similar level to that for supervisors). There was less emphasis given to the importance of flexibility as a quality when recruiting for shop-floor levels posts with a moderate increase in the proportion of interviewees who considered honesty to be a quality they would expect when recruiting shop-floor level employees. Relative to supervisor level jobs, more interviewees considered punctuality and adaptability to be qualities they would expect when recruiting for shop-floor level positions.

The reliability of an employee was considered by interviewees in both the face-to-face interviews and the postal survey to be more important than all other qualities. Furthermore, flexibility was considered by both sets of respondents when recruiting shop-floor level employees to be of less importance than adaptability. However it does appear that employers in the SME sector are marginally less concerned with an individual's capacity to demonstrate some flexibility in the hours that they work, than they are with

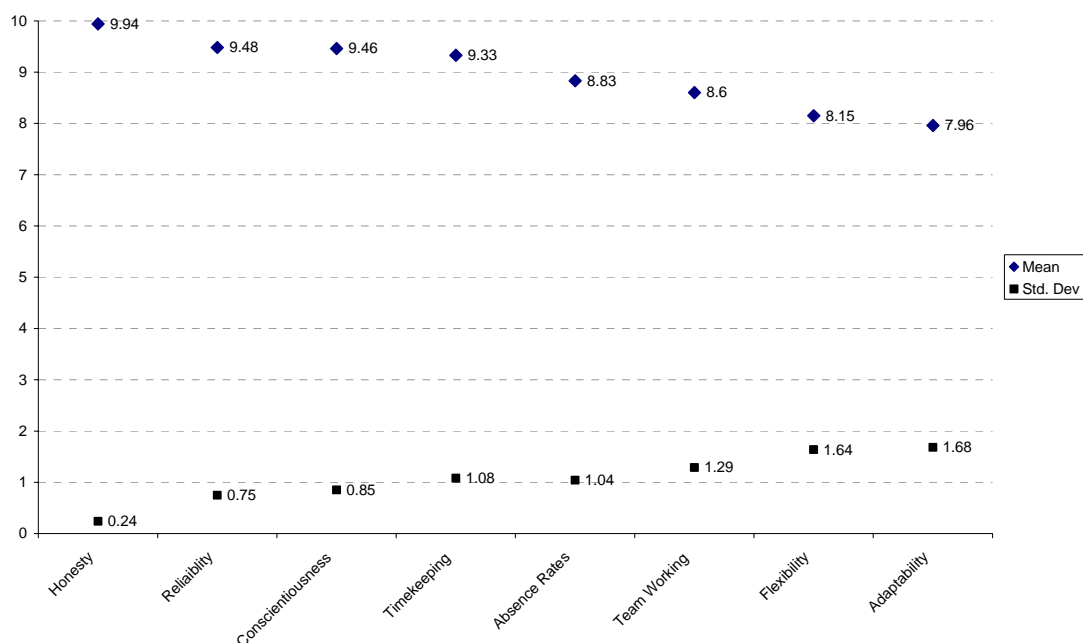
that employee's capacity to offer reliability, honesty and adaptability; qualities that may be independent of an individual's ability to work hours that are unrestrained by childcare duties. One interviewee stated that whilst honesty was of high importance, there was at least one occasion when being dishonest would not jeopardise the employees continued employment:

"honesty about important things is important, like stealing or lying at work, but pulling a sickie once in awhile is okay"

5.4 Employer Preferences

Participants in face-to-face interviews were asked to rank the importance of certain qualities used in the postal questionnaire. During face-to-face interviews employers were asked to consider how important they considered the qualities of reliability, flexibility, adaptability, team working, timekeeping, honesty, absence rates and conscientiousness in a potential shop-floor level candidate. Interviewees were asked to rate the importance of each quality on a scale of 1 to 10 when considering an individual for employment. Identical qualities were used in the postal questionnaire as discussed in section 4. Figure 5.3 (below) provides mean scores for responses with standard deviations.

Figure 5.3. Mean and standard deviation for employer responses to the importance of reliability, flexibility, adaptability, team working, timekeeping, honesty, absence rates and conscientiousness in recruiting shop floor workers.



5.5 Willingness to Employ Based on Duration of Unemployment

Face-to-face interviews gauged employer attitudes to the recruitment of individuals who had been unemployed for between 3 and 6 months and for those who had been unemployed for more than 6 months. This question reflected the possibility that disadvantaged parents are likely to have experienced a period out of the labour market while they carried out their childcare duties. If employers had significant misgivings about recruiting individuals who had an intermittent employment history, then this factor could have a disproportionate impact on their likelihood of finding employment.

We asked employers two questions to assess their attitude to the recruitment of individuals who have had a period of unemployment. The first question asked employers if they saw 'any issues with recruiting someone who has been unemployed between 3 and 6 months'. The second question asked employers if they saw 'any issues with recruiting someone who has been unemployed for more than 6 months'. Although the majority of employers stated that they would be content to employ an individual irrespective of the duration of their period of unemployment, there was a clear increase in the number of employers who would seek more information from the candidate as to why they had been unemployed for more than 6 months. We could find no instances of employers stating that they would not employ someone who had been unemployed for between 3 and 6 months. One employer commented that:

"I wouldn't really have a problem (with employing someone who had been unemployed for between 3 and 6 months), but I would want to know why they had not worked".

Another commented that:

"I would want more information about why they were unemployed before I employed them".

These comments were typical of the attitudes and views expressed during interviews on duration of unemployment.

Table 5.1: Do you see any issues with recruiting someone who has been unemployed for between 3 and 6 months or more than 6 months % (n=52)?

Response	3 and 6 months	Over 6 months
Would recruit	92	58
Would want more information	8	38
Would not recruit	0	4

When the period of unemployment was increased from 3 to 6 months to more than 6 months, there was a five-fold increase in the number of respondents stating that they would seek further information on reasons for the candidates prolonged period of unemployment. Two of the respondents stated that they would not employ an individual who had been unemployed for 6 months or more. Reasons cited by respondents for this included the view that long-term unemployment was indicative of a lack of personal motivation. One employer expressed suspicion on the motives of individuals who were seeking to return to work after a prolonged period of unemployment:

"did they come back to work just because they were threatened with the loss of benefits or because they had a genuine work ethic."

Others employer cared little for the duration of unemployment as this interviewee commented:

"I have employed several unemployed people before. All that matters to me is if they can get the job done."

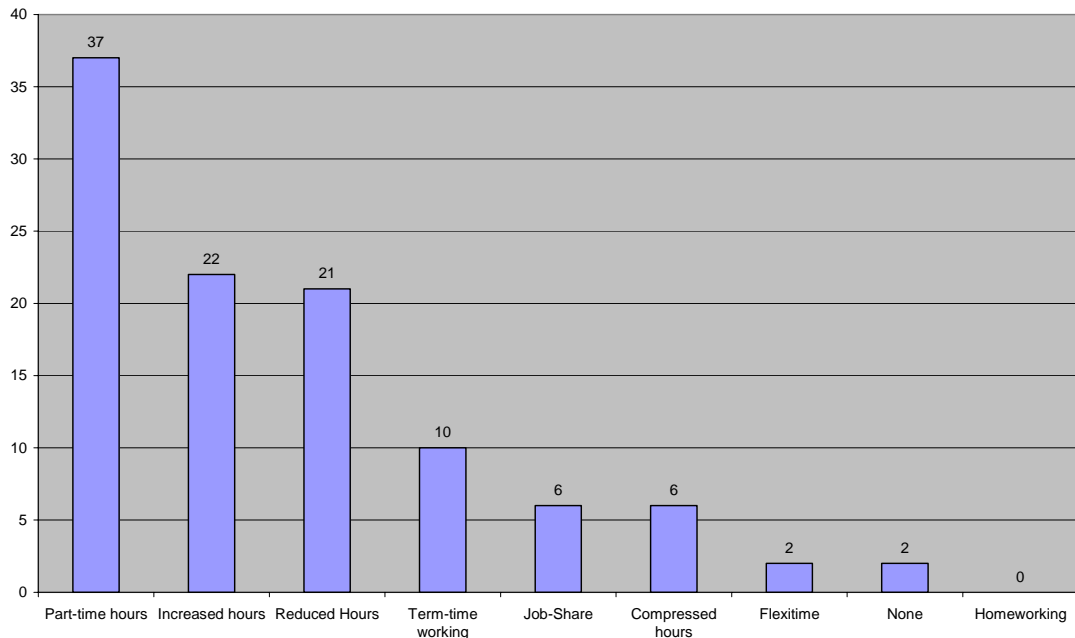
One employer said that the reason for the extended unemployment would influence the hiring decision. A valid reason like maternity leave or relocating would not be a problem, but if it were for sickness or they just wanted to have a break from work to travel or play, it would not be an acceptable reason.

5.6 Flexible Working Arrangements within Firms

Forms of flexible working arrangements, by which we mean working-hours practices that deviate from full-time 'regular' working hours, were common within the sample. Almost all (96% or 50) of the businesses who participated in the face-to-face interviews made use of a variety of flexible working arrangements. Part-time hours and forms of employee contracts

that accommodated increased and reduced hours were widely available (Figure 5.4).

Figure 5.4: Availability of Flexible Working Arrangements in SMEs (n=52)



The results expressed in figure 7 represent the frequency with which each type of flexible working arrangement appeared within the firms that participated in the research. Therefore the research established that within the 52 firms that participated in the research, 37 firms operated part-time working hours. 22 operated policies of increased hours and 21 operated policies of reduced working hours. The total instances of flexible working arrangements exceed the total number of firms, because some firms operated multiple forms of flexible working arrangements.

Few of the comments expressed during interviews suggested that employers had implemented flexible working arrangements through a desire to improve staff working conditions. When asked to explain why flexible working arrangements had been put in place, it was common for employers to cite business welfare reasons. It is, however, important to distinguish flexibility in terms of being able to work a pre-arranged shift pattern which may involve different hours (e.g. evenings one day and day shift another) and flexibility in terms of being able to change shifts or do extra work at short notice.

One employer, a hairdresser, noted that part-time hours were necessary *“because we cannot always get appointments throughout the day”*. Another

employee who managed a convenience store described how “*employees may sometimes have to work beyond the contracted hours and I expect them to do this*”.

A manager at care home stated that:

“this is care work and does not follow a regular work pattern. We require people to be on around the clock”.

However, a manager within a home help business stressed the short notice that may be given for some shift changes or extra shifts, stating that:

“there are ‘short-notice’ shifts when staff are on call. They (staff) have to be flexible”.

The emphasis placed on the employees’ welfare by an interviewee within a childcare nursery was less common:

“many who work here have children of their own and working part-time hours or term time working is a way that they can balance work and childcare”.

There were however instances where employers demonstrated some awareness of the employee welfare aspects of flexible working arrangements. One interviewee commented that:

“Flexibility is important to attract and retain good staff.”

Another noted that:

“it is quid pro quo on changing work needs, I sometimes need them to work extra so I need to give them some flexibility for their needs”.

An employer who relied on students noted that

“I allow staff to switch shifts and change schedules because students need time off at exams but than want to work more during vacations, this works good with the staff who want more time off during the holidays. With young people they want time to see concerts and go to parties, so they like the flexibility”.

5.7 Implications for the Recruitment of Disadvantaged Parents into the SME Labour Market

What are the implications of these outcomes for the recruitment of disadvantaged parents into the Scottish SME sector? Although the number of face-to-face interviews was relatively small (52), there is a broad correlation between the results of the face-to-face interviews and those from the larger postal survey. The face-to-face interviews allowed us to move beyond the relatively limited capacity of a postal survey to probe employers. Face-to-face interviews gave employers the opportunity to

elaborate on issues related to the recruitment of disadvantaged parents and for interviewers to develop lines of questioning they considered relevant to the research questions.

Results from the face-to-face interviews outlined in the previous sections have presented outcomes from the questionnaire using the format of the original questionnaire. This concluding section seeks to bring together all results from the face-to-face interviews to consider their likely impact on the recruitment of disadvantaged parents into the SME sector. Three broad themes have emerged from the results as being critical to the research questions: *recruitment methods*, *employer preferences* and *working-hours practices*.

Recruitment Methods

Almost three-fifths of businesses (58%) sought to fill vacancies created by the departure of a staff member through existing employees or family and friends. These methods of recruitment create an opaque recruitment process that uses pre-existing social and professional channels to insert individuals into vacant posts. Those with no pre-existing ties to the business, either through family, friends or employment, would be unlikely to be made aware of the existence of a potentially suitable position. Furthermore, individuals who live in areas of high unemployment may not possess linkages to the informal word-of-mouth recruitment channels that appear to be a feature of the recruitment methods of the SMEs that participated in our survey. Discussion on barriers to disadvantaged parents undertaking employment frequently focus on in-work strategies to improve the likelihood that an individual with childcare responsibilities can enter and retain employment. However closed recruitment channels may be a significant barrier to the entry of disadvantaged parents into the SME labour market.

Employer Preferences

If the informal recruitment methods practiced by SMEs acts as a barrier to the recruitment of disadvantaged parents, then there are grounds for optimism with regard to the preferences of employers for new recruits. Disadvantage, as has been discussed in section 3, encompasses a range of factors and may include limited a limited work history and a limited ability to demonstrate working hours flexibility due to childcare issues. However

employers appeared to exhibit a preference for high personal standards such as honesty, reliability and conscientiousness over task related capabilities such as adaptability and flexibility. For the employers, the capacity of an individual to demonstrate that they can work flexible hours and adapt to new working arrangements was of less importance when considering an individual for employment than factors that allow the employer to gauge the moral quality of the individual. In short, employers are asking themselves 'can I trust this person?' and 'is this person reliable?' when forming judgements on whether to employ an individual. Employers appear less concerned with an individual's capacity to demonstrate working hours flexibility and in-work adaptability. This result suggests that where childcare duties are limiting the ability of an individual to offer working hours flexibility, then employers do not rank this quality as being of high importance when making recruitment decisions. Of greater importance is the ability of an individual with childcare duties to demonstrate their honesty, reliability and conscientiousness.

Working-Hours Practices

Interviews focussed on the availability of flexible working arrangements within firms because there is a body of prior research that suggests that the presence of these arrangements can improve the likelihood that an individual with childcare duties can return to work. This research suggests that by creating working arrangements that allow an individual to balance childcare duties with their obligations to their employer, then individuals may be more likely to participate in employment. The lack of flexible working arrangements may act as a disincentive to enter work and as a threat to the retention of employment if they are unable to balance childcare duties with obligations to their employer.

The widespread availability of part-time working amongst our sample of businesses would, superficially at least, appear to suggest that the working patterns necessary to allow individuals to manage childcare duties and working hours are deployed across Scottish SMEs. However it does not follow that the presence of part-time, and other, flexible working arrangements within firms that participated in face-to-face interviews are indicative of the presence of a working-hours culture that can accommodate parents seeking to enter the labour market.

The problem becomes clearer when we consider the reasons why those forms of flexible working arrangements illustrated in figure 9 exist. We asked employers who stated that they had forms of flexible working arrangements (FWAs), why those arrangements were put in place. In a majority of responses, employers stated that the primary motives for introducing FWAs were for reasons related to the welfare of the business. Typically we found that businesses that were open long-hours, for example local retailers, bars and restaurants, had introduced FWAs to keep the business open throughout the day and seven days a week. In the case of care-homes for the young and elderly, there was a need to ensure that staff were on-site throughout the day and night. In these situations, it does not necessarily follow that part-time hours and other forms of FWAs, are compatible with childcare duties because in situations where part-time hours were in place, there was little evidence to suggest that individual employees could vary the position of those hours within the working week. The emphasis on the presence of FWAs from a business management perspective, as distinct from a work-life balance perspective, could perhaps explain the very low presence of formal and/or written policies for managing flexible working arrangements within the sample of businesses. 81% (42) stated that they had no formal and/or written policies for managing FWAs. For the majority of businesses in the survey, it appears that the most common forms of FWAs, part-time hours, increased hours and reduced hours, are not put in place by employers to accommodate the individuals childcare duties rather they are viewed as being an extension of regular working practices that do not require additional written arrangements.

5.8 Examples of Good Practice

Broadly, our findings are consistent with previous research that suggests policies likely to encourage the supply and retention of labour from disadvantaged groups within the SME sector are extremely limited. Maxwell's finding that 'although there is evidence of Flexible Working Practices in practice the incidence is generally modest beyond part-time working, time off in lieu, and staggered working hours'²⁹ is broadly consistent with our own findings. Although there was widespread use of some forms of flexible working hours, specifically part-time hours and

²⁹ Maxwell G., Rankine L., Bell S., MacVicar A. (2007) The incidence and impact of flexible working arrangements in small businesses. *Employee Relations*, 29, 2, 138-161. Research part-funded by ESF.

variable hours (see figure 5.4), there was little to suggest the widespread adoption of employment practices within the SME labour market likely to help disadvantaged parents sustain employment. In some respects these findings are a reflection of the underdeveloped role of Human Resources (HR) functions within firms that participated in the research. This was, simply, a reflection of the low average employee numbers in the firms surveyed (see section 5.1) and perhaps the absence of the capacity to provide a dedicated HR function.

Nevertheless, there were some examples of practices that could, if adopted more widely, have a positive impact on the recruitment and retention of individuals from disadvantaged groups. These practices primarily focus on changes to working hours patterns that appeared to enable those with childcare responsibilities to sustain employment. However, in spite of giving the appearance of offering flexibility to employees with childcare duties, our dominant impression is of a sector that has primarily implemented flexible working arrangements for business, as distinct from employee, welfare reasons as discussed in section 5.7.

This suggests a need to convince more employers of the potential of using flexible working to attract suitable new employees as well as in meeting serving immediate business operation needs. The following accounts use examples from the face-to-face interviews to illustrate some examples of good practice in sustaining employment for disadvantaged parents.

A landscape/gardening firm specifically hires women who want half-day shifts that occur during normal school hours. These employees perform interior landscape maintenance at office buildings throughout the Edinburgh/Central Belt area. The landscape firm has found that clients feel more comfortable with women gardeners coming to maintain the plants and that scheduling works out well for employer and employee.

A pub/restaurant that has a large portion of part-time workers allows these employees to select one or two shifts as their standard weekly rota. Additional shifts are then assigned to workers based on the restaurant's needs and employees' preference for more or less work hours in the upcoming weeks.

A printing firm in the Central Belt employed staff through a scheme to assist the unemployed back into work. The scheme was part-funded by the European Union and local government. The employer used the job advisory service as it was her view that the staff that she had recruited through the scheme were of a high enough standard for her business. However, the workplace did not have a culture of flexible working hours and there was a clear expectation that staff must work that hours that they were given.

A Glasgow based childcare business allowed employees to negotiate between one another over the working hours that they chose to do. The employer claimed that there was sufficient flexibility within the system so that employees with their own childcare duties could balance work and family responsibilities. However, it was clear that where no compromise could be reached between employees over agreed hours, then managers would have a duty to enforce certain working hours to ensure sufficient staff cover.

There is little evidence to suggest that the cases of good practice described here arose through a purposeful attempt by managers and/or owners to create policies that encourage the recruitment and retention of individuals from disadvantaged groups. The forms of working practices that would likely encourage those with childcare duties to consider work such as genuinely flexible working hours and variation in the location of where that work can be carried out, are largely absent from the firms that participated in

the research. The forms of flexible working arrangements described in the examples of good practice, although perhaps useful to the individual employees, did not appear to form part of a formal set of policies on access to flexible working arrangements. Examples of good practice in the recruitment and retention of individuals from disadvantaged groups in employment ought to include cases where access to flexible working arrangements is part of the culture of the workplace. Employees have a legal entitlement to consideration for flexible working hours. However, in workplaces where working hours and practices are rigid, and where there is no culture of working flexible hours as appeared to be the case in many of the firms that participated in the research, then employees may not feel confident seeking changes to their working hours, or practices, from managers. While often this rigidity will be due to specific business needs (e.g. staff coverage), there often remains scope for increased flexibility through re-thinking stand work processes.

5.9 Employer Recruitment Stated Preferences

As with the postal questionnaire a Stated Preference analysis was used to examine the preferences or values that business firms placed on different characteristics of potential job applicants. This method was used as it was deemed too difficult to collect accurate information from employers on their hiring practices. By presenting employers with differing profiles of potential job applicants and asking them to indicate their choice (preference), it is possible to identify the relative importance they place on certain characteristics like gender, age and childcare duties (see Annex 3 for details).

As in the postal questionnaire, the applicant being a woman is an advantage as is being 25-39 years old. Having care duties is also a disadvantage. However the face-to-face survey finds the disadvantage is primarily exists if the youngest child being cared for is 4 years old or less. There is no statistically significant (positive or negative) impact of having a child aged 5 to 11 years old. However, there is a positive preference for those with no children under 12 (or no children).

It is important to note that by disaggregating between the various ages of children being cared for by the applicant, the analysis was able to identify that it is not children in general but children of pre-school age that are the source of disadvantage in seeking employment.

The impacts from an applicant's age proves to be advantageous for the 25 to 39 age group while a disadvantage for older job applicants, and insignificant (both statistical and in absolute terms) for younger applicants. In summary, analysis of the stated preference questions asked in the face-to-face questionnaire produced the following results according to the 52 businesses who were interviewed:

- Having care duties for children age 4 or less has the largest negative impact on an employer's preference for hiring a job applicant.
- Having care duties for children between the ages of 5 to 11 has little or no impact on an employer's preference for hiring a job applicant.
- However, having no children under 12 years old does have a positive impact on employers preferring to hire them.
- Being between the ages of 25 and 39 has a large positive impact on an employer's preference for hiring a job applicant.
- Being age 40 or older reduces an employer's preferences for hiring a job applicant. This negative impact increases once the job applicant is 50 or older.
- Being a woman increases an employer's preference for hiring a job applicant.
- Being a woman creates an advantage that just counter balances, or offsets, the disadvantage of being age 50 or older.
- Being a younger job applicant, age 24 or less, does not impact on an employer's hiring preferences.
- The most preferred person to hire is a women, age 25 to 39, with no care duties, or if having care duties, only for a child age 5 or older. She is the most "advantaged".
- The least preferred person to hire is a man, age 50 or older, with care duties for children age 4 or less. He is the most "disadvantaged".

6 Labour Supply - Barriers to Work for Disadvantaged Parents

6.1 Introduction

This section considers factors that influence the Labour Supply related to disadvantaged parents. 107 interviews were held with such parents in the 10 local authority areas.³⁰ Factors inhibiting employment included ill health and disability, lack of suitable childcare, lack of jobs, lack of jobs with short enough hours, benefit disincentives, geographical isolation, displacement due to imported labour and lack of qualifications and work experience as well as the number and age of children. Of particular concern were the factors related to people's perception of employers (particularly SMEs).

Generally attitudes of employers and a lack of jobs were not seen to be a major barrier to getting work, but rather personal characteristics such as education were seen as more significant by the parents. Specifically 70% said the lack of the right sort of jobs was not a perceived barrier to them getting work and a similar number (69%) said the lack of well paid jobs was not a barrier (so pay was not necessarily a barrier). Although the people lived in disadvantaged areas and often came from disadvantaged backgrounds, only 15% said that employer discrimination was a barrier to them getting work. The most significant barriers to work for those interviewed related to their own: lack of qualifications (45% said this was a barrier); lack of skills (37%); lack of confidence (21%); physical disability (5%); mental health (6%). Transport was also a barrier with: lack of private transport cited by 27%; lack of public transport (13%); cost of public transport (21%); and inability to drive (34%). Importantly, their responsibility for children was a major barrier for 49% (or responsibility for adults, 3%), while the lack of childcare services was a major barrier for 33% and the cost of these services a barrier for 40%.

The sample ranged predominantly from those with no or low vocational or academic qualifications to highly skilled operatives and graduates were generally very receptive to the prospect of work and training.

³⁰ See: <http://www2.napier.ac.uk/WFFE/>. Note that the figures include a further 119 interviews were held in the other 10 Phase 2 Working for Families local authorities. 15% of interviewees were male and 85% female.

Those with their youngest children aged 5-6 years old had the highest rate of moving into employment, training or education (Working for Families data to 30 June 2007). Given the apparent bias against female parents with young children, this return to the labour force may be partly due to labour demand-side employer preferences as well as supply-side factors such as parents' wishes to stay at home for the child's early years or the cost and availability of childcare for young children.

The remainder of this section now unpacks some of the barriers to work through more qualitative information from the interviews.

6.2 Barriers to work

There were a variety of barriers to work resulting from personal or logistical problems, such as the ill health or disability of a parent or child or looking after a sick or disabled child, partner or elderly parent or external factors, such as geographical isolation from a centre of employment. People living in isolated locations were at a particular disadvantage, facing barriers ranging from the paucity of employment and educational opportunities and support to the restrictions imposed by geography, especially in places such as Cumnock, East Ayrshire (Case Study Box 6.1). For others there were restrictions imposed by benefit rules, for example several women who said they would be willing to work for a few hours a week but would lose benefits if they worked more than 16 hours a week. This reflects studies that have noted respondents' concerns about the perceived financial risks of taking up potentially insecure employment, compared with guaranteed welfare benefits,³¹ which Dean and Shah³² refer to as presenting "*a threat rather than an opportunity*."³³

³¹ Kempson, E., Bryson, A. & Rowlingson, K. (1994), *Hard Times*, PSI, London; McKendrick, J.H., Cunningham-Burley, S. & Backett-Milburn, K. (2003), *Life in low income families in Scotland: research report*, Scottish Executive Social Research, Edinburgh; WFF Phase I Draft II, Literature Review, November 2006, p.14

³² Dean, H. & Shah, A. (2002), Insecure families and low-paying labour markets: comments on the British experience, *Journal of Social Policy*, 31, 1, 61-80, 78.

³³ Dean, H. & Shah, A. (2002) op cit.

Case Study 6.1:

Cumnock in East Ayrshire was the most isolated place visited, distanced other population centres with employment opportunities. Here two young lone mothers had worked until becoming pregnant and hoped to work again. One was willing to do anything within her capability, once her child is a year old and the other, although more aspirational, had little idea of how to advance her prospects. When asked what she wanted to do, she was vague. When asked her what she was interested in, didn't know but when asked what she was good at in school, she said science, which turned out to be domestic science and computers. Since leaving school she had not worked with computers and she was not aware of the European Computer Driving Licence, which is taught free of charge at local libraries. She said the local library had closed. She was not aware of the Careers Office and had not received any information, guidance or encouragement from Jobcentre Plus, other than to tell her when next to attend. She appeared motivated to follow-up the suggestions made to her.

6.3 Health and Disability

Illness and disability played a significant role in the demands on and consequent poor prospects of a number of respondents. Such circumstances either impeded parents in their own ability to work and care for their children or placed greater burdens on them resulting from illness, disability or behavioural problems affecting their children. This was particularly noticeable in Easterhouse in Glasgow, where there were a high proportion of families with health problems and disabilities as well as social and employment problems.

There were many wide ranging health problems, affecting children and adults. A number of mothers were depressed to various extents, some with additional psychiatric problems, such as anxiety, manic depression and schizophrenia.

The term ADHD (attention-deficit hyperactive disorder) was commonly used to describe children's behaviour, one on a Ritalin prescription. There were a number of children with asthma, Asperger's syndrome, dyspraxia, five siblings with cerebral palsy, a child with cystic fibrosis, a child with a stoma, a child with a hiatus hernia, a five year old was child brain damaged by

meningitis as a baby, other children had 'learning difficulties', one was described as 'a bit slow' and one was anorexic with mental health problems. Parents were afflicted with rheumatoid and osteo-arthritis, asthma, diabetes, irritable bowel syndrome, a blocked artery, multiple sclerosis, cerebral palsy, spina bifida, epilepsy, cervical cancer, depression, anxiety, schizophrenia, manic depression, partial sightedness and there was a man with an above the elbow amputation. One lone mother with severe arthritis and a history of periodic bouts manic depression relied on her 9 year old daughter for care, a hidden area identified by Dodson and Dickert, of domestic contributions to care made by children, particularly girls.³⁴

6.4 Balance of work and childcare

A hierarchy of priorities was evident in many cases, starting with preservation of the family or what some theorists have termed 'resigned adjustment'; implying that poor families simply get used to or take their circumstances for granted, concentrating on 'keeping afloat', rather than seeking ways of escape from material impoverishment of the negative attitudes of others.³⁵ Other families moved toward vocational, educational and material aspirations for parents and children, in some cases this included a move to another area.

The main pre-occupation of parents, regardless of marital status, seemed to be in deciding what was best for their children, many mothers preferring to stay at home until their youngest child was old enough for school and in some cases, prepared to remain in lower status employment for the benefit of the family. Recent qualitative research about young adults' experience of long-term social exclusion, in some of the poorest neighbourhoods in the United Kingdom, found young mothers delaying entry to the labour market because they wanted to stay at home with their young children.³⁶

It was common to find parents routinely sacrificing occupational advancement to achieve the best options for the care of their children and development, as well as maintaining family well-being. Compromises were clear in some cases, such as mothers preferring to stay at home or

³⁴ Dodson, L., Dickert, J. (2004), Girls' Family Labor in Low-Income Households: A Decade of Qualitative Research, *Journal of Marriage and Family*, 66, 2004, 318-332

³⁵ WFF Phase I, Draft II, Literature Review, November 2006

³⁶ Webster, C., Simpson, D., MacDonald, R., Abba, A., Cieslick, M., Sheldrick, T. & Simpson, M. (2004), *Poor transitions: Social exclusion and young adults*, Joseph Rowntree Foundation/The Policy Press, York

remaining in lower status employment until a child was old enough. This reflects the findings of qualitative studies, indicating that for women, the constraints of private responsibilities remain strongly felt and that the 'family comes first'. A lone mother in Paisley, Renfrewshire (Case Study 6.2), said that although childcare was good during the day, there was none between 5-6 p.m. Her career prospects were curtailed because she would not work after 5 p.m. as she refused to leave her two young adolescent children unsupervised. She said "*that is when young people get into trouble*". This reflects routine reports by lower grade staff that there are fewer options for flexibility³⁷ and as Skinner³⁸ found, lack of childcare still presents a barrier to employment for many parents.

Case Study 6.2:

A lone mother in Paisley, Renfrewshire, who said that although childcare was good during the day, there was none between 5-6 p.m. Her career prospects were curtailed because she would not work after 5 p.m. as she refused to leave her two young adolescent children unsupervised, saying "*that is when young people get into trouble*".

6.5 Access to employment

Geographical variations of employment potential were evident across the 10 council areas, affecting people's attitudes, motivation and preparedness to seek work. Employment was generally more accessible in urban areas, such as Glasgow and Dundee, more limited in the Highlands around Inverness, Dingwall and Invergordon and more difficult to reach and obtain in the outlying areas such as Cumnock in East Ayrshire. In Dingwall the main body of employment was in the call centre industry. In Cumnock, two young lone mothers were both motivated to work but lacked the stimulation of any significant employment prospects, on the one hand and support or encouragement on the other. On questioning, one said she had not heard of the provision for vocational guidance or the availability of free computer training at local libraries, to obtain the European Computer Driving Licence and that the Jobcentre did not give advice but only informed her of the date

³⁷ Kodz, J., Harper, H. & Dench, S. (2002), *Work-life balance: beyond the rhetoric*, The Institute for Employment Studies, Brighton.

³⁸ Skinner, C. (2006), *How can child care help to end child poverty?* York, Joseph Rowntree Foundation.

of her next appointment. In Govan, Glasgow (Case Study 6.3), a respondent and her husband, a joiner, complained bitterly. He and his colleagues, who had been earning £14 an hour, had just been sacked, to be replaced by Poles, earning £8 an hour.

Case Study 6.3:

In Govan a married lady with ten children, eight of whom were still living at home, as well as an elderly aunt. She had just completed a teaching course at Strathclyde University, following an undergraduate course at the University of Glasgow and was now looking for work. Her husband, a joiner, earning £14 an hour, had just been made redundant. She pointed out that her husband would have received more money claiming benefits than he did working but had always worked, as he believed it important to set the right example to his children.

In general, people were cheerful and optimistic, often showing stoicism and resilience in the face of complex difficulties, ranging from problems in finding work, to those resulting from chronic illness or disability affecting parents and children, as well as in some cases, illiteracy and financial or social difficulties. Studies indicate that although the majority of low income families consider that they manage their finances reasonably well, it is often at the cost of considerable stress and anxiety,³⁹ compounded by ill health resulting from debt. Across the board some mothers were clinically depressed in the face of such difficulties.

Factors inhibiting employment ranged from childcare responsibilities and logistics of securing appropriate, affordable childcare provision, including a decision to wait until the youngest child reached nursery school age, to difficulties in securing suitable work or training within a feasible distance. The latter was not so much a problem within urban areas but in some rural areas, particularly in Cumnock in East Ayrshire, there were generally a lack of suitable opportunities for some of the respondents.

Health and disability played a key part in preventing people from working, both from the point of view of parents and dependants, i.e., children, spouses and elderly and infirm parents.

³⁹ Ghate, D. & Hazel, N. (2002), *Parenting in poor environments: stress and coping*. London, Jessica Kingsley Publishers; In: WFF Phase I Draft II, Literature Review, November 2006, p.16

There were cases of people being unable to work because of a lack of alternative care facilities. Examples include: a lone parent bringing up her son and caring for her elderly blind father with diabetes and dementia (e.g. A lone mother in Cranhill, Glasgow, with 13 and 9 year old sons and her blind, diabetic Father, suffering from dementia living with her); a young couple, both registered as carers, with three children, two of whom were diagnosed with Asperger's syndrome) (Case Study 6.4);

Case Study 6.4:

A woman in Easterhouse (Glasgow) described her two children of 9 and 11 years as 'a bit slow'. In Easterhouse a couple with three young children, two of whom were diagnosed with Asperger's syndrome. Each parent was the registered carer for one affected child and neither was able to work. The son, the elder of these two children, had been assessed and was progressing well at school as he was receiving all necessary supplementary support. His younger sister, who was still awaiting assessment, was not thriving at school, cause of considerable anxiety to her parents. Their intention was that the mother will return once the daughter's educational and behavioural needs are met. The husband attended the school several times a day to provide their son with the necessary support for him to cope.

a woman with health problems and three children, all with cerebral palsy and her partner, a registered carer (Case Study 6.5);

Case Study 6.5:

A 37 year old woman in Easterhouse with arthritis, asthma and irritable bowel syndrome, with five children all with cerebral palsy, two living elsewhere, possibly from another relationship and three with her and her partner, registered as a carer. The incongruity between the appearance and behaviour of the 3 year old was striking, as she gazed in the same way as a baby. Her mother said she had the mentality of a baby.

a lone graduate mother unable to work because nursery staff were not trained to cope with her hyperactive son (Case Study 6.6);

Case Study 6.6:

A young graduate mother in North Lanarkshire with a toddler was unable to work because the nursery staff were unable to cope with her hyperactive son. During the interview the child was constantly active, crawling all over the room and she had to constantly restrain him as he climbed on to furniture, window sills and elsewhere. When she came to fill in part of the questionnaire herself, the interviewer was able to distract the child, who sat on a cube shaped play box with a transparent lid. Each time he made a move away, the interviewer showed interest in the toys within the play box and the child sat on it defiantly, remaining calm during his mother's deliberations.

a young mother with five children and the registered carer for her schizophrenic partner (Case Study 6.7)

Case Study 6.7:

A 27 years year old mother of five children in North Lanarkshire was the designated carer for her schizophrenic boyfriend. She said she would love to work and would be prepared to do anything within her capability. She appeared to be completely lacking in confidence and her boyfriend seemed to be domineering and possibly over-bearing. As he was unable to leave the home alone, the respondent bore all responsibility for doing everything outside for the home, as well as caring for him and the children. He said he had previously worked as a labourer for a short time and in a fish factory and had a history of drug taking and mental. He said he was unable to work or go out alone but would like to study, space technology in particular and learn to use computers. He asked if would be possible for him to become a professor, as he would like to teach.

as well as a 22 year old lone mother with a 5 year old brain damaged child, a result of meningitis as a baby. (For example: A 22 year old lone mother in Lesmahagow, in South Lanarkshire, with a 5 year old child with brain damage from meningitis at three months. The child was in a large cot/playpen. Another young mother was visiting and another young woman arrived, who appeared to be some sort of support worker).

A number of parents said they would work if they could find employment with suitable hours. Some referred to the disincentive of only working a few hours because of the consequent effect on their benefit payments.

6.6 Conclusions

This survey gives an insight into the lives of people living predominantly in disadvantaged rural and urban areas throughout Scotland. Contrasts are made between strategies to affect the balance between work and childcare, against a varied background of access to amenities, such as employment and childcare facilities, in contrast to diverse obstacles, such as physical isolation from centres of employment, reduced earning potential, as a consequence of poor educational and vocational qualifications, the effects of ill health and disability, as well as crime. Balancing work and childcare is a difficult process and as one recipient said: *"It is easy to get a job and it is easy to get childcare but it is difficult to get them both at the same time"*.

Most people were keen to move into or return to work, despite diverse circumstances, including illness and disability. Many no longer able to work were keen to co-operate and give their histories. For some it seemed an opportunity to 'put on record' their particular difficulties, frustrations and triumphs in overcoming adversity.

Although it was evident in a minority of cases that people were not interested in entering work or training, the majority of people on the doorstep were polite and a significant number of respondents were keen to either enter work or training or to improve their circumstances. Others were willing to share their experiences. Aspiration was a key factor, dispelling popular belief that people are content to exist on Benefit payments without wanting to help themselves. Many mothers who were currently unable to work intended to do so in the future when circumstances would permit. The general impression of the interviewer was of people exhibiting stoicism, determination and hope, sometimes in extreme circumstances, such as disability, health problems, family breakdown, illiteracy and poor educational and vocational qualifications.

It would seem that despite considerable obstacles in some cases, people are generally well motivated to achieve financial independence and take responsibility for the welfare and advancement of their families. Policies that compliment this aspiration, particularly those incorporating flexibility for individual circumstances, are likely to be enthusiastically embraced.

7. Conclusions

This report concludes by addressing the research questions as set out in section 1.

1. What internal policies and practices of SMEs in terms of training, recruitment and retention facilitate the use of disadvantaged parents as a new source of labour?

Our research suggests a bias within SMEs against the recruitment of individuals with caring duties for pre-school age children. However, having care duties for children aged 5-11 (Primary school age), has little or no statistically significant impact on an employer's preference for hiring a job applicant. Although these recruitment preferences do not reflect explicit internal policies and practices of SMEs, there is a strong likelihood that these recruitment preferences are negatively affecting the employment opportunities of individuals with pre-school age children. These recruitment preferences are an important, if not explicit, component of the recruitment policies and practices within SMEs affecting the use of disadvantaged labour as a new source of labour. Further research is required to see if preferences against the recruitment of individuals with pre-school age children are affecting the retention rates amongst *existing* staff, i.e. is an employee with caring duties for young pre-school age children more likely to experience difficulties retaining a job than an employee with no caring duties?

However our findings also suggest that limited levels of educational attainment and an intermittent work history would not necessarily preclude disadvantaged parents from employment. Our research suggests that employers do not, when seeking to employ shop-floor level staff, expect potential employees to possess extensive prior work experience; demonstrate high levels of working hours flexibility; possess post-secondary levels of educational attainment. Furthermore, employers do not appear to be significantly concerned by short-term (less than 6 months) periods of unemployment in a potential employee.

2. How important are policies to promote labour market inclusion (such as the childcare and employability services provided by the Scottish

Executive's Working for Families programme) in removing the external barriers for SMEs to employ disadvantaged parents?

Although there is evidence to suggest that there is widespread awareness of employee rights to request access to flexible working arrangements, our research suggests that the perceived correlation between the presence of flexible working arrangements and the availability of jobs for disadvantaged parents may be misleading. The forms of working arrangements that we encountered in our research could often, at best, be described as 'fixed irregular' hours; although we found extensive use of the practice of part-time hours, increased hours and reduced hours these were not instituted for employee welfare reasons and demonstrated little flexibility of the type that a parent of a young child would perhaps occasionally require. Furthermore there is some evidence to suggest that awareness of the right to request flexible working is lowest amongst those elementary unskilled occupations into which disadvantaged parents may find themselves moving into. However there is also evidence to suggest that employees with children demonstrate high levels of awareness of the right to request flexible working.

3. What are the attitudes of disadvantaged parents towards working in SMEs?

Most people were keen to move into or return to work, despite diverse circumstances, including illness and disability. Many no longer able to work were keen to co-operate and give their histories. For some it seemed an opportunity to 'put on record' their particular difficulties, frustrations and triumphs in overcoming adversity. Although it was evident in a minority of cases that people were not interested in entering work or training, the majority of people on the doorstep were polite and a significant number of respondents were keen to either enter work or training or to improve their circumstances. The main barriers to work perceived by the parents were linked to their own lack of qualifications and experience, and issues of childcare and transport, and not to perceived lack of employment opportunities or employer discrimination.

4. What are the main changes that are happening in industry in Scotland, how will they affect the skill needs of the employers in Scotland and what training could particularly aid disadvantaged parents in moving into work?

Future trends in employment in Scotland may, of course, differ considerably from past ones, particularly if there were major changes in the global economy, such as a major recession.

SMEs represent a significant source of employment within the Scottish labour market. Small and medium sized businesses in Scotland make up 99% of all enterprises and provide 52% of all jobs⁴⁰. Scottish SMEs therefore represent a significant potential source of employment for groups within society that have traditionally experienced high levels of unemployment. However, the proper interpretation of these results is within historical and national contexts. Within a UK context, Scottish new firm formation is low. In 2005, Scotland had 28 new business registrations per 10,000 of the adult population compared to the UK figure of 37. Historically, the rate of new business formation within Scotland has changed little over the previous ten years.

Looking ahead, several significant trends are likely to impact upon the recruitment of disadvantaged groups in the future. Employment growth rates across the UK are expected to exceed those of the Scotland in the period 2007 to 2017. Critically, employment will continue to move away from low-skilled manual occupations towards professional and higher skilled operations⁴¹. Over the next ten years a moderate increase in the female economic activity rate is expected. Furthermore the gender distribution of employment is expected to remain stable in the proceeding decade.

Specifically Futureskills Scotland reports that it is likely in Scotland's labour market in the future, there will be: modest growth in the number of jobs; considerable demand for new employees to replace those who leave employment; employment growth concentrated in public and private service industries and in higher skilled and service orientated occupations; large number of jobs arising in service industries and managerial and professional occupations; increasing numbers of older workers; and increasing numbers of people obtaining higher levels of

⁴⁰ Scottish Executive Statistics 2006. High Level Summary of Statistics, Businesses

⁴¹ Futureskills Scotland. Labour Market Projections 2007 – 2017.

qualifications. This suggests that most new job openings are replacement (as we found in our survey also), and in the service industries, but particularly at higher skill levels. This may pose a problem for disadvantaged parents seeking entry level posts as there are few policies to move people up from being at entry level to being able to enter at professional level. Hence policies such as Working for Families, which seeks to assist disadvantaged parents into Higher or Further Education (as well as directly in to employment), may be particularly useful in potentially opening better, higher level jobs for such parents (albeit at entry level for professional jobs).

5. What 'good practice' lessons can be learned from leading employers and/or sectors on training provisions that help SMEs in obtaining a competitive workforce from underutilized population groups and help disadvantaged parents to sustain employment and progress in their careers within SMEs?

6. Parents with their youngest children aged 5-6 years old had the highest rate of moving into employment, training or education. Given the apparent bias against female parents with young children, this return to the labour force may be partly due to labour demand-side employer preferences as well as supply-side factors such as parents' wishes to stay at home for the child's early years or the cost and availability of childcare for young children.

Recommendations

There are clear opportunities for disadvantaged parents to participate in the Scottish SME labour market. There is evidence that SMEs struggle to recruit new and replacement staff and that significant number of individuals from disadvantaged groups demonstrate a willingness to enter the labour market. A number of recommendations are made to improve the supply of labour into the SME sector from disadvantaged parents and so both help such firms with recruitment and improve job opportunities for parents.

1. Many employers regularly track those who apply for and get new posts, through equal opportunities forms. Analysing these forms helps ensure that recruitment follows equal opportunities best practice and legislation. However, while gender is normally included in the details of who applies, the age of their youngest child does not. The research suggests that the ages of children (or at least of the youngest child) should be included in the form (and tracked for those getting the post), to ensure that those with young children are not disadvantaged. Of course current legislation, in effect, prohibits asking job applicants about their childcare position and this should continue.
2. Greater use of transparent recruitment methods by SMEs when recruiting replacement and additional staff would enable a more efficient and effective job matching process. Encouraging SMEs to advertise vacant positions more widely would enable them to choose from a larger field of potential candidates whilst ensuring that disadvantaged groups are made aware of the availability of jobs.
3. The limited availability of genuinely flexible working practices, including flexible hours, term-time working, job sharing etc., are significant barriers to working in SMEs for those with childcare duties. Greater research on, and publicity concerning, the benefits to employers of these arrangements may lead to a greater likelihood of them taking on parents. Greater availability of accessible, affordable, suitable childcare (and knowledge of it among employers and job seekers) would also be beneficial. Programmes, such as Working for Families, which can provide flexible forms of childcare both when a parent gets a job and crucially when they need different childcare (e.g. due to a domestic 'emergency' and school holidays) after they have gained work, (plus 'more 'holistic' client centred support to improve their confidence, employability skills etc.) can thus help employers as well as parents.
4. Awareness of entitlement to consideration for flexible working practices is low amongst those occupational categories more likely to be occupied by disadvantaged parents. Improving awareness of the way in which flexible working arrangements may enable greater flexibility of, participation in, the labour market, and may reduce the perceived barriers to work amongst disadvantaged parents.

5. Greater evidence on the actual reliability and flexibility of employees with young children, and of their productivity, may be useful in reducing potential employer bias against them. Employers generally seem to be much more likely to support an existing employee who goes on maternity leave, in order to keep a good employee as well as due to legislation, but this does not apply to the same extent to potential employees. So similarly, hard evidence on the benefits of getting better employees versus the potential costs of them temporarily going on maternity leave would be useful. Greater support may be required for small employers to handle the costs of maternity leave of existing and potential employees, if society wishes to provide more equal opportunities for parents.
6. There is a need to convince more employers of the potential of using flexible working to attract suitable new employees as well as in meeting serving immediate business operation needs and to rethink work processes to permit greater scope for working hours that suit those with childcare responsibilities. Decades ago flexible working was considered difficult and inefficient, but experience over time has countered such views for many firms. Case studies that convince SMEs of the benefits of flexible working for parents, and others, are important.
7. Stated Preference techniques should be further developed for labour market research, e.g. to identify employer attitudes towards recruits.

Acknowledgements

We acknowledge the support of the European Social Fund Objective 3, the Centre for Lifelong Learning at Napier University and the many firms and individuals who gave their time and resources to aid this project. Professor Ronald McQuaid formulated and led the project and initiated the application of Stated Preference to such labour market issues; Dr Matthew Dutton carried out the postal questionnaire and many of the interviews; Dr Ariel Bergmann carried out many of the interviews and much of the stated preference analysis; Alec Richard carried out the interviews with disadvantaged parents; and others such as Colin Lindsay and Anna Reynolds played roles as project manager and administrator for much of the project, and the Project Development Unit at Napier University.

The current report, and other information, is available at:

<http://www2.napier.ac.uk/depts/eri/research/SMEDisadvantagedParents.htm>

Reports on the Working for Families programme can be accessed on:

<http://www2.napier.ac.uk/WFFE/>

Annexe 1. Policy and Literature Review

Disadvantage, Inequality and Demography

Low levels of educational attainment can have a profound impact on quality of life for the individual and their children. Disadvantage and inequality can be passed down through generations. The children of unemployed parents are more likely themselves to be unemployed, more likely to have children at a young age and more likely to have low incomes later in their adult life⁴². The ONS Social Inequalities Report (2004) describes education as ‘a cause and consequence of inequality: and is strongly related to issues such as poverty and social exclusion. Having few or no qualifications and lacking basic skills can have negative social and economic outcomes in terms of employment, income, living standards, health and social participation’ (Table A1.1)⁴³.

Table A1.1. Employment rate: by gender and highest qualification, 2005

United Kingdom	Percentages		
	Men	Women	All
Degree or equivalent	89	87	88
Higher education	87	84	85
GCE A level or equivalent	81	73	77
Trade apprenticeship	83	73	81
GCSE grades A* to C or equivalent	79	71	75
Qualifications at NVQ level 1 and below	75	63	69
Other qualifications – level unknown	78	64	72
No qualifications	54	42	48
All ³	79	70	74

1 The percentage of the working-age population in employment. Men aged 16 to 64, women aged 16 to 59.

Several demographic indicators may also be highlighted to demonstrate the importance of improving our understanding of the approach of SMEs to the

⁴² ONS Social Inequalities Report 2004

⁴³ Ibid. p. 8

recruitment and retention of individuals from disadvantaged groups. Increasingly the family model of two adults and children in one household is changing. Lone parent households are more common now than they have ever been⁴⁴. Patterns of employment are also changing. An individual's employment pattern over their working life may be composed of unemployment, periods of education, paternity leave, career breaks and career changes. Young people are remaining in education for longer and older people are living longer in retirement. In recognition of these changes, employers are having to make changes to the way they recruit and retain staff. The following sections introduce several key demographic variables and considers their impact on SMEs and disadvantaged parents as a source of labour.

The Demography of Disadvantage

If we look in more detail at the economic activity of all females recorded in the 2001 Scottish Census of Population, there are substantial numbers of females who work full and part-time (Table A1.2).

Table A1.2. Economic activity of females aged 16-74 resident in Scotland.

Source: Scottish Census 2001.

All females aged 16-74	Percentage of Females aged 16-74						
	Economically active		Economically inactive				
	Employees		R	S	LAH	S/D	Other
	Part-time	Full-time					
1,922,133	18.85	30.29	16.19	4.29	9.84	6.76	4.27

Notes: R = Retired, S = Student, LAH = Looking after family or home, S/D = Permanently sick or disabled.

Critically, for those who are defined as being economically inactive (the retired, students and some of those who are sick and disabled) flexible working practices could be used to create working hours and practices that make a return to the labour market more appealing. Indeed the results of the Second flexible Working Employee Survey stated that awareness of employee rights to flexible working was highest (at 69% amongst those surveyed) in Scotland.

⁴⁴ ONS Labour Force Survey 2006

In spite of changes to the composition of the household, there has been a general increase in the rate of economic activity within the household in the previous three decades. The principle reason for this increase has been increasing rates of economic activity amongst women. In the period 1971 to 2005, the number of economically active women increased by 4.3 million compared with an increase of 0.2 million for men⁴⁵. When we take into account population changes since 1971, then the employment rate for men fell from 92% in 1971 to 79% in 2005. In the same period the employment rate for women rose from 56% to 70%⁴⁶.

As a consequence of a general increase in rates of economic activity, the number of working-age households that are working has increased. As a proportion of all households, working households increased from 50% in 1992 to 57% in 2000. However, beneath these headline figures, the 'distribution of working and workless households varies considerably by household type'⁴⁷. In 2005, households with working age couples with dependent children were least likely to be workless (5%). Household's formed of lone parents with dependent children were least likely (41%) to be working.

Table A1.3. Employment rates of people¹ with and without dependent children²: by age and sex, 2004 UK.

Age	16–24	25–34	35–49	50–59/64	%
Mothers with dependent children:	35	59	73	68	67
Married/cohabiting mothers	45	63	76	72	71
Lone mothers	25	46	62	55	53
Women without dependent children	62	90	81	68	73
Fathers with dependent children:	81	89	92	84	90
Married/cohabiting fathers	82	89	93	85	91
Lone fathers	26	55	72	61	67
Men without dependent children	61	87	85	69	74
All parents with dependent children:	45	70	82	78	77
Married/cohabiting parents	57	75	84	80	81
Lone parents	25	47	64	56	54
All people without dependent children	61	88	83	69	74

¹ Men aged 16 to 64 and women aged 16 to 59. Excludes people with unknown employment status.

² Children under 16 and those aged 16 to 18 who are never-married and in full-time education.

Source: Labour Force Survey, ONS, 2006.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid., p. 51

Table A1.3 uses data from the Labour Force Survey to present employment rates by type of household. Of greatest interest here are the employment rates of lone parents. Across all ages and gender, rates of employment are lowest for lone parents. Employment rates are lowest for lone mothers irrespective of age. Slightly more than half of all lone parents are in employment. The Labour Force Survey notes that there is a 'hierarchy of employment evident between different sub-groups of parents'⁴⁸. At the top of this hierarchy with the highest rates of employment are fathers with dependent children (90%). Couples have higher rates of employment (81%) than lone parents (54%).

Skills Shortages

This section discusses the meaning and implications of skills shortages and why the reported presence of skills shortages could, in some circumstances, be indicative of low wages, low levels of educational attainment or a poor working environment.

Skills shortages refer to a situation where an employer has difficulty recruiting individuals who possess the appropriate skills from the external labour market⁴⁹. Applicants may lack, or be perceived to lack, the necessary skills, qualifications or experience for the advertised job⁵⁰. Skills shortages differ from skills gaps, which refer to instances when an employer considers existing employees to be inadequate to perform a required job. Skills shortages are therefore external, whilst skills gaps are internal.

There is some evidence of skills shortages within some Scottish firms. The Futureskills Scotland survey of 7500 firms found that 46% of all vacancies are 'hard-to-fill'. Of those hard-to-fill vacancies, around 55% are due to skills shortages. The remainder of posts are hard to fill because 'of a low number of applicants to the post or because the applicants lack the desired attitude, personality and motivation'⁵¹. Of the total number of vacancies reported, 25% were attributed to some form of skills shortage. In circumstances where firm growth is dependent on the recruitment of new

⁴⁸ ONS Labour Force Survey 2006: 53

⁴⁹ Watson D., Johnson S., Webb R., (2006) Employer perceptions of skills deficiencies in the UK labour market: a sub-regional analysis. Environment and Planning A. Vol.38 pp.1753-1771

⁵⁰ Futureskills Scotland 2006

⁵¹ Futureskills Scotland 2004: 14

skilled staff, skills shortages may constrain firm growth and, at a macro level, constrain the growth of the national economy.

There are important social implications for the existence of skills gaps in the economy. Those whose lack of skills mean that they are not considered for employment, or if they do not consider themselves fit for employment, are more likely to suffer multiple disadvantage, such as living in poor housing conditions, or experiencing ill health and are more likely to have children who also experience unemployment. REF

The concept of 'skills shortages' and the reporting of them by firms therefore have important implications for both social inclusion and economic growth. However, the meaning and measurement of a 'skills shortage' may be ambiguous to employers. Green and Owen state that a skill is 'about the ability to perform a task to a pre-defined standard of competence'⁵². However, the same authors also note that 'qualification levels and occupations are often used as proxies for skills', i.e. credentialism⁵³. The belief that potential employees with low levels of qualifications are insufficiently skilled to perform their tasks may be a false assumption that could lead to higher levels of reporting of skills shortages amongst employee groups with low levels of qualifications. Certain groups of employees may indeed have low levels of qualifications, but it does not follow that they are not performing their job to a 'pre-defined standard of competence'.

In addition to the use of qualifications as a proxy for skills, some employers may 'knowingly employ workers with less than ideal qualities because they are cheaper'⁵⁴. The employer may choose to satisfy him/herself with employees who fall below a desired standard because the employer may have chosen to maximize firm profits by reducing labour costs. Therefore the presence of skills-shortages in these conditions is primarily an outcome of the failure of the employer to pay the market rate for a specific job. This hypothesis is consistent with the findings of Green et al., (1998) who note that 'in higher wage establishments there is a reduced probability of having skill shortage of hard-to-fill vacancies ...presumably because

⁵² Green A., Owen D., (2003) Skills Shortages: Local Perspectives from England. *Regional Studies*. Vol. 37.2 pp. 123-134

⁵³ *ibid.*

⁵⁴ Green A., Machin S., Wilkinson D., (1998) The meaning and determinants of skills shortages. *Oxford Bulletin of Economics and Statistics*. Vol. 60. Issue 2, pp. 165-187: 171

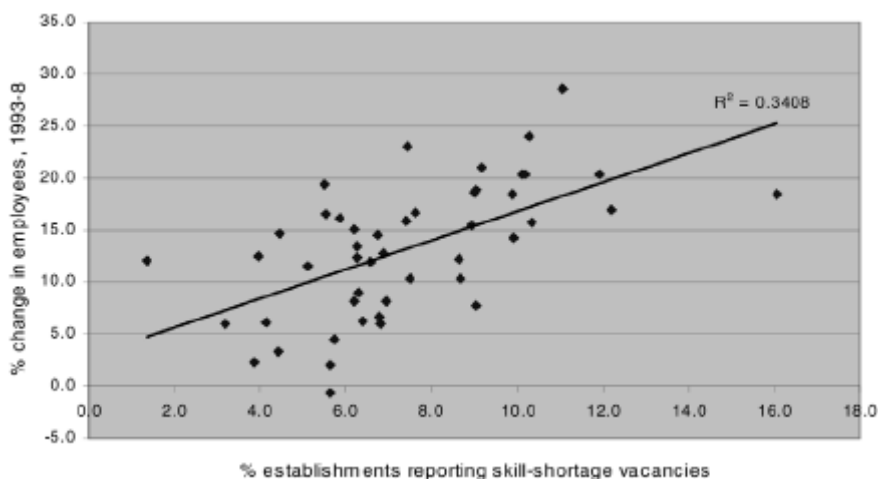
establishments that pay higher wages will attract both more job applicants and better quality applicants⁵⁵.

The Meaning of Skills Shortages for Disadvantaged Parents

Some of the causes of skills shortages that were discussed in the previous section could be described as behavioural, cultural or organisational issues. For example, an employer who offered low wages is likely to receive fewer and less qualified applicants for the post. This may leave the employer with the impression that there is a shortage of suitably skilled applicants in the external labour market. However there are also structural factors that affect the reporting of skill shortages.

Green and Owen looked at the relationship between the reporting of skills shortages and the change in the number of employees within the firm in the preceding period. Their results suggest that, 'in general, the larger the percentage increase in the number of employees over the preceding period, the higher the percentage of establishments reporting skills shortage vacancies⁵⁶. Figure A1.4 (below) shows a statistically significant positive relationship between the percentage of firms reporting skill shortages and the change in the number of employees.

Figure A1.4. Relationship between the percentage of establishments reporting skill shortage vacancies and change in employees.



(Source Green and Owen, 2001)

With reference to the meaning of reported skills shortages to the creation of employment opportunities for individuals from disadvantaged groups, the

⁵⁵ Green A., Machin S., Wilkinson D., *ibid.*

⁵⁶ Green A., Owen D., (2003) *op cit.*

implications of Green and Owen's (2003) study are mixed. The reporting of skills shortages is linked to the demand for labour. Where demand for labour is strong then skill shortage vacancies are high. Therefore skill shortage vacancies could be 'interpreted as an indicator of local economic success'⁵⁷. Firms that are expanding and creating demand for labour may act as a source of employment within their locality.

However, the use of skill shortages as a marker of economic success and employment opportunities also depends on the relationship between the reporting of skill shortage vacancies and the unemployment rate. Green and Owen (2003) note that there is a weak inverse relationship between reporting of skill shortage vacancies and the unemployment rate. Therefore where the unemployment rate was found to be high, skill shortage vacancies were found to be low. Conversely where unemployment was low then skill shortage vacancies were found to be high. Although some areas were found to contain high areas of unemployment and high levels of skill shortages, these were the exception.

The weak relationship between skill shortage vacancies and the unemployment rate is explained in several ways:

The weak relationship might reflect variations between local areas in the profile of the unemployed – in terms not only of job readiness, but also in terms of relative proportions of frictional, structural and demand-deficient unemployment between areas (Green and Owen 2003: 129).

Areas of high unemployment that experience high levels of multiple-disadvantage are more likely to house individuals with low skills and a history of pro-longed periods of unemployment. These individuals are therefore more likely to lack the skills that employers require and therefore contribute to a perception that there are skills shortages. However, the presence of skill shortages in areas of low unemployment areas that are relatively more affluent and dynamic indicates that it is the growing firms that are finding their demand for skilled labour unmet. Firms in less affluent areas with higher levels of unemployment are not creating high levels of demand for skilled labour. Therefore skills shortages are 'characteristic of more dynamic / successful areas and where the workforce is more skilled than average'⁵⁸.

⁵⁷ *ibid.*

⁵⁸ *Ibid.*

Disadvantaged Groups, Social Inclusion and Skills Gaps

Although the previous section argued that, in some circumstances, skills gaps may create employment opportunities for members of disadvantaged groups, the sources of disadvantage are themselves an obstacle to employment. Therefore greater efficiency in the labour market is dependant on ensuring that firms' working practices and regulations minimise potential obstacles to employment whilst understanding the effects of deprivation and disadvantage in creating obstacles to employment. This section outlines a way of approaching the issues of disadvantage and deprivation and discusses the effects of deprivation on employment and the possession of skills.

The relationship between the experience of disadvantage, the presence of skills gaps and the creation of employment opportunities is complex. For whilst there is some evidence to suggest that those who experience multiple deprivation are more likely to be unemployed, barriers to employment are not experienced equally⁵⁹. Some have greater barriers to employment than others due to factors such as age, gender, ethnicity, skills levels and whether they have children. The risk of living in a non-earning family is increased for those aged 49 to 59, for those with fewer educational qualifications, for those suffering a form of impairment, those from Caribbean, African, Pakistani, Bangladeshi and Indian ethnic groups and where there is high regional unemployment⁶⁰.

The jobs women do are themselves found to be a source of female disadvantage. Men's skills, more than women's, tend to be associated with the jobs they do. Moreover, men's chances of improving their skills through more active involvement in education and especially work based training are greater than women's...there is a relationship between weak skills formation and poor subsequent labour market experiences, especially for those without basic skills (Felstead et al., 2000: 711).

The implications of these findings for disadvantaged parents and their entry into the labour market through the demand created by skills shortages are of concern. Although there is some evidence to suggest that those in employment are less likely to suffer poverty and experience deprivation, Felstead et al., (2000) suggest that those who enter low skilled occupations are unlikely to improve their skills once employed at a rate experienced by

⁵⁹ Office for the Deputy Prime Minister, 2005

⁶⁰ Multiple Disadvantage in Employment. Joseph Rowntree Foundation, 2003

those in higher status occupations⁶¹. In other words, 'those at the bottom of the skills hierarchy are failing to keep pace with the skills increases enjoyed by those at the top'⁶². Furthermore, the characteristics of the jobs that low skilled women from disadvantaged areas undertake may reinforce their skills disadvantage. Although the difference in the levels of skills possessed by men and women in full time employment is relatively small, the difference is much larger when a comparison is made between women in full-time employment and women in part-time employment⁶³. Women in part-time employment have significantly lower skill levels than men or women in full-time employment. One effect of this may be an increasing skills polarisation among the female labour force⁶⁴.

Flexible Working Arrangements

Since the introduction of legislation in 2003 requiring employers to give 'serious consideration' to employee requests for flexible working arrangements, there has been an increase in the number of requests for flexible working. In addition there appear to be relatively high levels of awareness of employee rights under the 2003 legislation. Almost 70% of Scottish employees who responded to the 'Second Flexible Working Employee Survey' were aware of the employee right to request flexible working⁶⁵. Levels of awareness were highest amongst female employees with children. However, levels of awareness varied substantially across business sectors. Those sectors with low female participation rates (agriculture and fishing) seem least aware of the right to flexible working. If we consider levels of awareness in business sectors into which individuals from disadvantaged backgrounds with low levels of work experience and low levels of educational attainment are likely to move into, then awareness is low. Process, plant and machine operatives, sales and customer service occupations and elementary occupations appear to exhibit lower levels of awareness than professional, managerial and administrative occupations. A substantial minority of those in unskilled and low-skilled professions do not appear to be aware of the introduction of legislation that could ensure greater retention and employment rates amongst those from disadvantaged

⁶¹ Felstead A., Ashton D., Green F., (2000) Are Britain's workplace skills becoming more unequal? Cambridge Journal of Economics. Vol. 24, No. 6, pp.709-727

⁶² *ibid.*

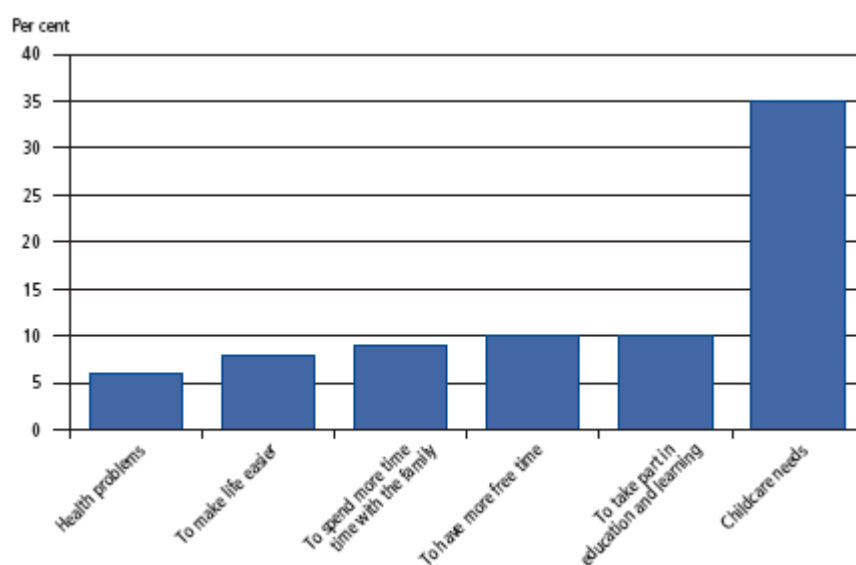
⁶³ *ibid.*

⁶⁴ *ibid.*

⁶⁵ ONS. Second Flexible Working Employee Survey 2005

groups with children. Low awareness may be an obstacle to the recruitment and retention of individuals from disadvantaged groups. If an individual's socio-economic profile can be categorised as being 'disadvantaged', they are, if in employment, more likely to be working in jobs where awareness of statutory flexible working practices is low. This low level of awareness in low-skill sectors needs to be considered in conjunction with the types of employees who were found to be requesting changes to their working arrangements and the reasons that motivated those requests. Employees under the age of 35 were more likely to have requested to work flexibly than older employees⁶⁶. The most common reason cited for requesting to work flexibly was childcare needs with 35% of respondents doing so. Reasons given by other employees are given in the figure A1.5 (below).

Figure A1.5: Employee's reasons for requesting to work flexibly; January 2005. Source: ONS, 2006.



Most of those who had requested changes to their working arrangements had sought to either go from full-time to part-time hours, work flexi-time, work reduced hours for a limited period of time or work a compressed working week. The majority of employees (81%) who requested to work flexible hours had their request wholly or partly approved. 69% of requests were fully approved with 12% being partly accepted. 11% of requests were rejected. In addition, employees were more likely to have their request

⁶⁶ ONS. Second Flexible Working Employee Survey 2005

approved fully if: they had dependent children (73% compared with 63% without dependents); were women rather than men (73% compared with 63%); worked less than 40 hours per week; when an employee had a female rather than male line manager⁶⁷.

What do the results of the 'Flexible Working Employee Survey' (2006) mean for disadvantaged parents? In some respects the results are encouraging for employees and those seeking work who are concerned that non-work related commitments may act as a barrier to employment. Young (<35) females with children who wish to work part-time, flexi-time or reduced hours for a limited period are in a majority of situations either wholly or partially successful in their requests to work flexible hours. Legislation compels employers to give serious consideration to employee's requests. The rate at which employers refuse requests for flexible hours has almost halved since the right was introduced⁶⁸. Therefore employers do appear to be open to the idea of accommodating the needs of their employees. Therefore if work is viewed as a means out of disadvantage and if a barrier to undertaking work is a difficulty balancing childcare and work commitments, then the creation of opportunities for flexible working ought to ensure that individuals from disadvantaged groups are given an increased opportunity to enter or retain employment.

However, the findings of the survey also indicate that it is the higher skilled professions where the proportion of disadvantaged employees will be lower due to higher pay scales that demonstrate higher levels of awareness of flexible working rights. Employees in lower skilled professions demonstrate lower awareness of the opportunities that exist for flexible working. This is problematic as the number of lone parent households has increased threefold in the previous three decades⁶⁹.

⁶⁷ ONS. Second Flexible Working Employee Survey 2005

⁶⁸ Ibid.

⁶⁹ ONS 2006

Annexe 2. The Postal Survey

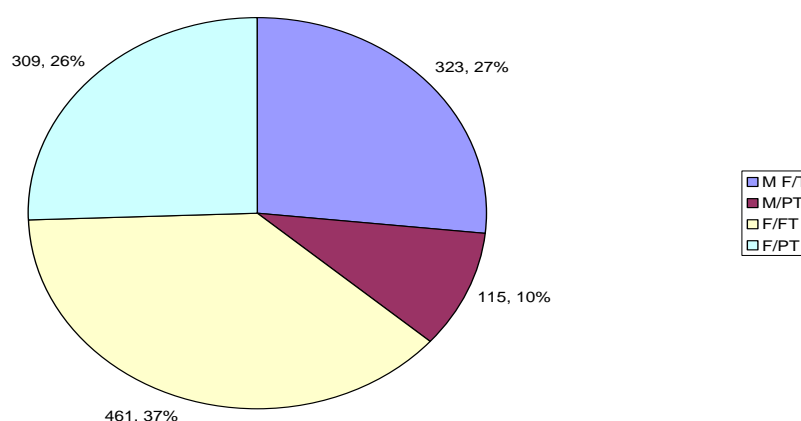
Firm and Respondent Characteristics

The research methodology incorporated a postal survey of businesses in the 10 local authority areas. A total of 115 postal questionnaires were returned of 800 sent. 19 were returned as addressee unknown. Therefore the response rate from received questionnaires was 14.7%.

The majority of employers who responded (73% or 81 employers) were not part of a larger organisation. The majority of people who completed the questionnaire were female (58% - 64). The majority of respondents who replied to the questionnaire were female (59% or 68).

Businesses that responded to the questionnaire employed a total of 1208 employees. Broken down by gender and hours, the largest single group of employees were females employed on a full-time basis. 37% of all employees (461) were full-time females. Full-time males accounted for 27% (323) of all employees. 26% of employees (309) were females who worked part-time (defined for respondents as being less than 30 hours per week). 10% (115) were men who worked part-time. Female employees therefore represent a significant proportion (63%) of the workforce in firms where managers responded to the questionnaire.

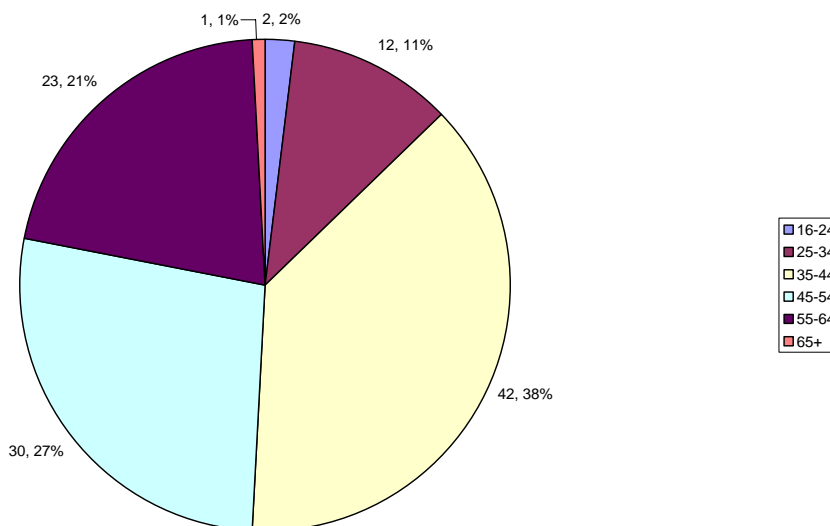
Figure A2.1: Division of employees by gender and part-time and full-time status within firms that responded to the postal questionnaire.



The questionnaire also asked respondents to indicate their age range. 38% (42) of respondents were in the age bracket 35-44. 27% (30) of respondents were in the age bracket 45-54. 21% of respondents were in

the age bracket 55-64. 11% (12) of respondents were in the 25-34 age group. The remainder of respondents were in the 16-24 and 65+ age brackets.

Figure A2.2: Age of respondents



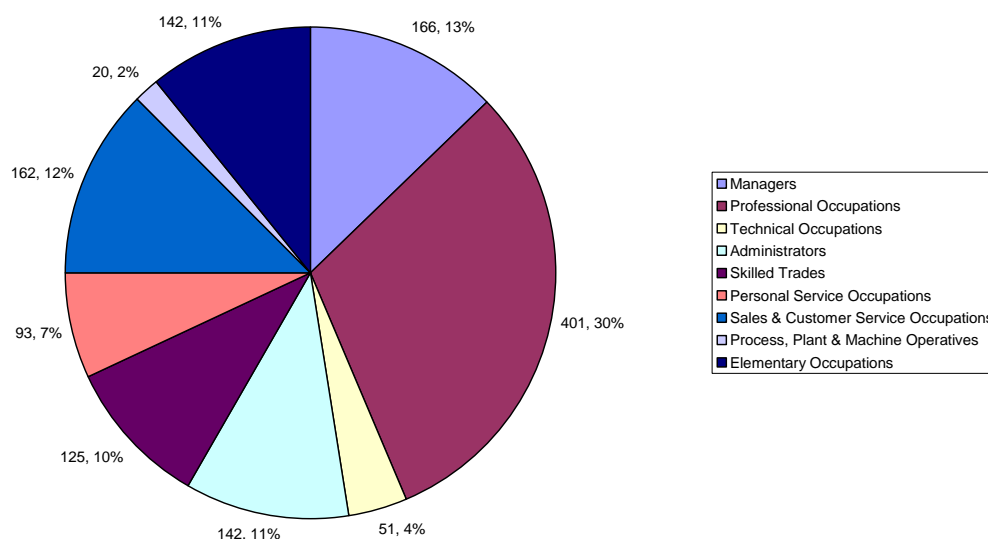
Therefore 65% of respondents to the questionnaire were in the 35-54 age range. Unsurprisingly, many within this age range were parents. The questionnaire asked respondents if they were parents and, if so, the approximate age of their children. 74% (86) respondents were parents. Of those who were parents, a significant majority (62%) of respondents stated that they had at least one child who was 16 years of age or older. 18% of respondents stated that they had at least one child who was in the 11 to 15 age bracket. 13% of respondents had at least one child who was in the 6 to 10 age bracket. 7% of respondents had at least one child who was under 5 years of age.

The questionnaire asked employers how they recruited new employees. The most common avenue through which new employees were recruited was through local newspapers. 43% (48) of respondents stated that they had used this method previously. A significant number of employers (39% - 43) stated that they used a local Job Centre to attract new employees. Employers also used existing employees as a means of recruiting new staff. 30% (33) reported using this method. Less frequently used for recruitment were national newspapers (12% - 13), the internet (9% - 10)

and employment agencies (8% - 9). A small number of respondents also stated that they used friends and family and adverts on notice boards to recruit new employees. It should also be noted that the choice of recruitment method was not exclusive insofar as the use of one approach did not preclude the simultaneous use of other methods. Respondents frequently used Jobcentre adverts and newspaper based adverts to recruit new employees.

The questionnaire asked respondents to provide an approximate estimate of the composition of their workforce by occupation. Occupational categories mirrored those used in the 'Workplace Employment Relations Survey 2007'. There was some discrepancy between the total number of employees described in section A3 of the postal questionnaire, where respondents were asked to provide a breakdown of employees by number, gender and hours worked, and the total number of employees by occupation. In question A3, a total of 1208 employees were listed. When asked to divide those employees by occupational category, the number of employees present at the workplace of respondents rose to 1302. One explanation for this variation may be that one individual may occupy more than one occupational category. It is possible that professionals are also managers or that sales and customer service employees are also administrators. It is also possible that in larger organisations, respondents are not able to give a precise measure of the total number of employees.

Figure A2.3: Occupational composition of workplaces in survey.

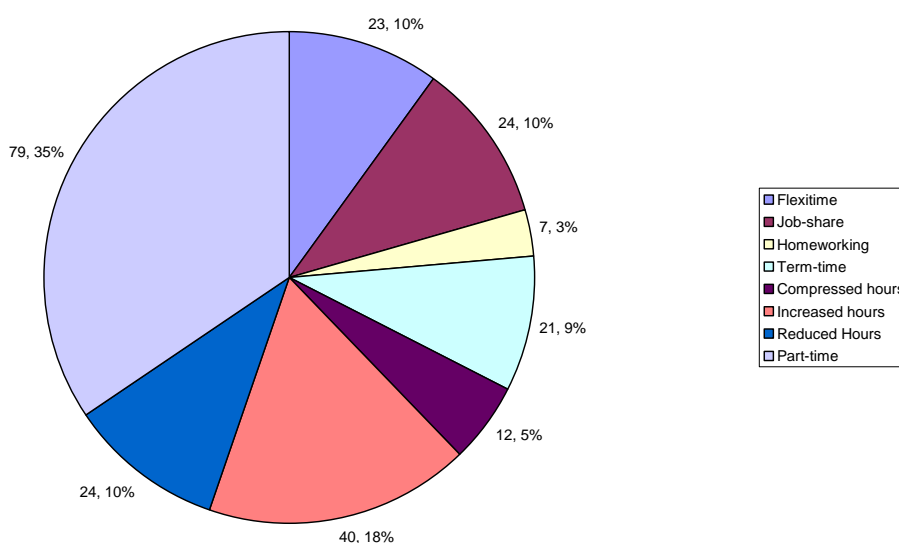


A key research question is to examine the internal policies and practices of SMEs that may facilitate the use of disadvantaged parents as a new source of labour. To this end, respondents were asked to describe the presence within their workplace of flexible working practices that are available to all employees. This question assumes that individuals with caring duties are more likely to enter into employment, or sustain employment, if the employer provides working arrangements that can accommodate the demands of caring duties.

The most common form of flexible working arrangement present amongst the Scottish SMEs surveyed was part-time working hours. 35% of respondents reported that this was a form of flexible working arrangement that was available to all employees in their place of work. However it is useful to question the extent to which part-time hours may act as a means of opening up the labour market to disadvantaged parents, or act as a motive for their retention once in employment. In many situations, the creation of a post with part-time hours will be determined prior to the arrival of the employee; firms advertise part-time positions. Therefore the creation of part-time positions is driven by the requirements of the firm and not necessarily the requirements of the individual with caring responsibilities. In addition to the use of part-time hours, respondents also reported a range of alternative forms of flexible working arrangements. These alternative flexible arrangements were primarily focussed on the ability of the

employee to vary their regular working hours. 82% (94) of respondents claimed that their workplace operated at least one form of flexible working arrangement. Only 18% (21) of respondents stated that their workplace did not use any form of flexible working arrangement.

Figure A2.4: Forms of working arrangements available to all employees in respondent's place of work.



Although it is possible to quantify the importance attached by employers to this, and other, factors, it is also necessary to undertake some discussion over what is meant by this mean score. A respondent, who, in response to the question 'how important is whether a potential employee has caring responsibilities for a child', gives a score of 5, is stating that their recruitment intentions may be affected by the candidate having caring responsibilities. Where a higher score is given to this question, i.e. where an employer considers the matter to be *more* important, then the employer is giving greater consideration to that factor in their recruitment decisions.

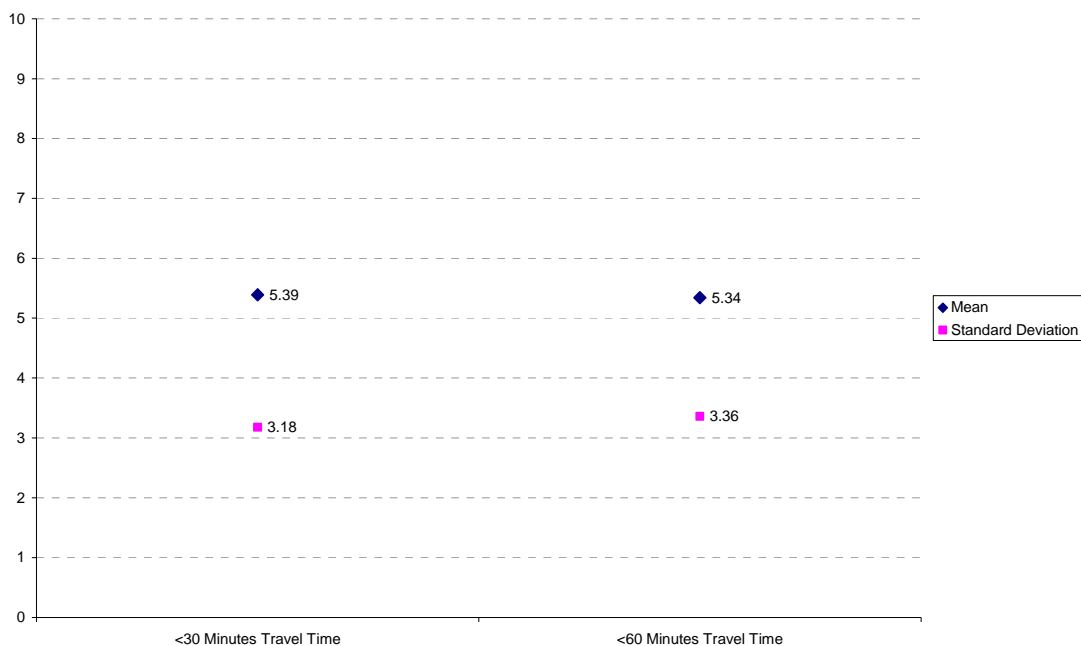
The Role of Travel to Work Duration in Recruitment Decisions

We asked respondents to consider how important the travel-to-work time of the potential employee was in deciding to offer the person a job. Respondents were asked to rank the importance of a travel-to-work time of less than 30 minutes or a travel-to-work time of less than 60 minutes. Respondents gave a mean score of 5.39 with a standard deviation of 3.18 when asked to assess the importance of a shorter travel-to-work time when

compared to a mean score of 5.34, with a standard deviation of 3.36, when asked to assess the importance of a longer travel-to-work time. Therefore whilst employers provide equal weighting to varying travel-to-work times, they do not differentiate between lengths of travel-to-work time when making recruitment decisions.

There are similarities between mean scores for caring responsibilities and those for travel-to-work times. These similarities should not be interpreted as being comparable, rather that they may be an indication of the way in which respondents are seeking to 'sit on the fence' or provide a neutral score. However the unintended effect of this strategy is to give a middle ranking weight to the importance of these travel-to-work times which may not be an accurate reflection of their preferences if they sought to give a neutral answer.

Figure A2.5: Mean and standard deviation for employer responses to travel-to-work time.



Annexe 3: Employer Preferences for Disadvantage Workers

Introduction

Stated Preference (SP) analysis is a research technique that is useful in understanding the value and importance of goods and services that are difficult to analyse through the investigation of markets and prices. The method is outlined in McQuaid and Bergmann (forthcoming, 2008). There are significant difficulties in collecting accurate data and information about the hiring practices of business firms in Scotland. It is even more difficult to identify the specific characteristics of job applicants that may bias potential employer from hiring them. Stated preference methods are being used to an increasing extent to investigate the value of non-market goods or services, or as is the case of this report, the characteristics of disadvantaged workers.

Illustration A3.1 below shows one of the choice sets that employers were asked to consider in the face-to-face interviews. The possible job applicant characteristics were gender, age and childcare duties. The respondent was asked to compare the two candidates by the given characteristics and select the preferred one or to select neither if they would be preferred to leave the post vacant. Notice that the two candidates are both women but are different in age and in care duties.

Illustration A3.1: Example of a Choice Card presented to respondents.

Card 2	Candidate A	Candidate B	Neither
Gender	Female	Female	Leave the position vacant
Age	40 - 49 years old	less than 25 years old	
Care Duties	Child(ren) aged 4 or less	Child(ren) aged 5 to 11	

For Card 2 which candidate do you prefer?

Candidate A, B or Neither

A total of 52 small and medium size businesses were interviewed in person. The firms were located in 10 different local councils of Scotland. In

addition to collecting information about the firm and their current employees each employer was given 11 cards like the above illustration. Each card had a different pairing of possible applicant profiles.

From this information it is possible to estimate the relative likelihood of a job applicant being selected or preferred based on the characteristics presented.

Many governmental agencies have started to use choice experiments to determine people's preferences for services that are provided. Choice experiments have been used in Scotland to study the preference of consumers for many services that have no direct commercial market. A study of community preferences for various services provided by the Highland Council area was conducted in 2005⁷⁰. Choice experiments have also been conducted in Scotland to better inform decision makers about managing health care.⁷¹

By conducting a choice experiment in both the postal questionnaire and in the face-to-face interviews it has been possible to estimate the relative strength of preferences that employers have for job applicants based on three characteristics, gender, age and care duties.

Results of Postal Questionnaire

Results for all 115 respondents of the mail survey are shown in Table 1 below. The coefficients are interpreted as the parameters of the indirect utility function, although the fact that they are confounded with a scale parameter means that one cannot directly interpret their numerical value. The scale parameter cancels out when calculating the relative proportional effect of the estimated coefficients. Coefficient signs show the influence of the characteristics on choice probability.

The job applicant characteristics used in the mail survey were gender, age and childcare duties. Each characteristic had two possible values. Gender was composed of male or female. Age was composed of being aged 30 or 50. Care duties were defined as the job applicant having primary responsibility for children under the age of 11. Combining these three characteristics together gives 8 unique applicant profiles.

⁷⁰ Bergmann, Ariel and J. Gustanski (2005). Final report: Community preferences for public services. Highland Council. Resource Dimensions

⁷¹ Ryan, M. (2006). Factors influencing the choice between self-care and health professional advice in minor illness: a discrete choice experiment. Oral presentation at the Health Sciences Research and Pharmacy Practice Conference, University of Bath, April 2006

There is a positive preference by the respondent businesses for women when compared to men. The age coefficient shows a negative preference for job applicants who are age 50 in comparison to being age 30. The care duty coefficient also shows a negative preference for job applicants who have primary care duties for child(ren). All three are statistically significant. The later two characteristics have the expected sign and meet with economic theory that age and care duties hinder a person's likelihood of finding employment.

The estimated coefficients for each of the applicant characteristics can be interpreted relative to each other. Analysis of the stated preference questions asked in the postal questionnaire produced the following results according to the businesses who responded:

- Having care duties for children under age 11 reduces an employer's preference for hiring such a job applicant.
- Being 50 years old versus 30 years old reduces an employer's preference for hiring a job applicant.
- Being a woman increases an employer's preference for hiring a job applicant.
- Being a woman creates an advantage that just counter balances, or offsets, the disadvantage of being age 50.
- Care duties for children have less negative impact on employer preferences than age.
- Being 50 years old creates a disadvantage that is slightly more than twice the disadvantage created by having care duties.
- The most preferred person to hire is a woman, age 30, with no care duties for children under age 11. She is the most "advantaged".
- The least preferred person to hire is a man, age 50, with care duties for children under age 11. He is the most "disadvantaged".

Results of Face-to-Face Questionnaire

The face-to-face questionnaire involved interviewing 52 SME firms. The survey used a modified choice set from the postal questionnaire. The same base characteristics were used, but the levels for age and care duties were expanded. Age was presented in 4 categories; aged 24 or less, aged 25 to 39, aged 40 to 49, and aged 50 and older. Care duties consisted of three levels determined by the youngest child being cared for; a child aged 4 or less, a child aged between 5 and 11, or having no child aged 11 or less.

Gender was composed of male or female. Combining these characteristics together gives 24 unique applicant profiles which were paired and presented in 11 choice cards.

A positive value indicates a positive preference by employers for the particular characteristic level which means it is an advantage for the job applicant. A negative value indicates a negative preference and a disadvantage for a job applicant.

As in the postal questionnaire, the applicant being a woman is an advantage as is being near to 30 years age. Having care duties is also a disadvantage. However the face-to-face survey finds the disadvantage is primarily exists if the youngest child being cared for is 4 years old or less. There is no statistically significant (positive or negative) impact of having a child aged 5 to 11 years old. However, there is a positive preference for those with no children under 12/ no children.

It is important to note that by disaggregating between the various ages of children being cared for by the applicant, the analysis was able to identify that it is not children in general but children of pre-school age that are the source of disadvantage in seeking employment.

The impacts from an applicant's age proves to be advantageous for the 25 to 39 age group while a disadvantage for older job applicants, and insignificant (both statistical and in absolute terms) for younger applicants.

Analysis of the stated preference questions asked in the face-to-face questionnaire produced the following results according to the 52 businesses who were interviewed:

- Having care duties for children age 4 or less has the largest negative impact on an employer's preference for hiring a job applicant.
- Having care duties for children between the ages of 5 to 11 has little or no impact on an employer's preference for hiring a job applicant.
- Having no children under 12 years old has a positive impact on employers preferring to hire them.
- Being between the ages of 25 and 39 has a large positive impact on an employer's preference for hiring a job applicant.
- Being age 40 or older reduces an employer's preferences for hiring a job applicant. This negative impact increases once the job applicant is 50 or older.

- Being a woman increases an employer's preference for hiring a job applicant.
- Being a woman creates an advantage that just counter balances, or offsets, the disadvantage of being age 50 or older.
- Being a younger job applicant, age 24 or less, does not impact on an employer's hiring preferences.
- The most preferred person to hire is a woman, age 25 to 39, with no care duties, or if having care duties, only for a child age 5 or older. She is the most "advantaged".
- The least preferred person to hire is a man, age 50 or older, with care duties for children age 4 or less. He is the most "disadvantaged".

Additional covariates were examined as possible explanatory factors for employer preferences. The covariates were; an alternate specific constant, total number of employees at each firm, percentage of women employed at each firm, and if the firm was in an industry dominated by women, men or neither gender. All covariates were found to be statistically insignificant in their influence on employer preferences.