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Job Search Success in Local Labour Markets - A Preliminary Analysis

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Job Search Success in local Labour Markets – A Preliminary Analysis

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ABSTRACT

This study tests the appropriateness of government employment policies targeting specific groups of unemployed jobseekers in the UK. A sample of 169 unemployed jobseekers is divided into those who were successful and unsuccessful in finding employment and each group is analysed in terms of their attributes. A factor analysis of these attributes is then carried out in order to develop typical profiles of unsuccessful jobseekers and these are compared with the current government New Deal policy target groups. The findings support the main objectives of the New Deal, in particular the need to support the under 24 age group and the long-term unemployed. Some evidence is also found to support targeting jobseekers from deprived areas and lone parents.

1. INTRODUCTION

The shift in the United Kingdom government unemployment policy over the last two decades has been well documented (for example Finn, 1997; Baddeley et al., 1998; Gray, 1999). Under the previous administration this took the form of a progressive tightening of the benefit regime aimed at increasing the wage and geographical flexibility of the unemployed and increasing work incentives through schemes such as Work Restart, (1986), the start of the 'strict benefit regime' and Employment Training (1988), and Project Work together with the introduction of the Jobseekers Allowance (JSA) (1996). This process continued until by the mid to late 1990s the role of the employment service had, to some degree, been shifted from facilitating labour market clearing to one of policing jobseeker activities. Several active employment policies did exist before the New Deal, most notably the Training for Work programme and through Intermediate Labour Markets (ILMs)¹ where jobseekers are temporarily employed in local work projects and paid either a wage or benefits plus an allowance. These ILMs are effective in providing relevant work experience (McGregor et al., 1997), but they have been criticised as being too expensive to operate universally (Emmerich, 1997).

The New Deal initiative launched in 1997 continued with the implementation of the passive supply-side measures, but combined these with selected demand-side policies aimed at employment creation. The aims of the New Deal have been extensively discussed and critically analysed. Common criticisms include the lack of complementary regional demand-side stimuli (Turok and Webster, 1998; Peck, 1999), the incompatibility of the twin objectives of creating employment and enhancing employability (Mason, 1998), the problems of displacement (Gray, 1999) and the ineffectiveness of training schemes aimed at the young (Sutherland, 1998). However many of these criticisms are of a fundamental rather than specific nature. Specifically, even if the overriding objectives and principles of the New Deal are essentially sound, is the scheme aiming at the correct targets? The New Deal singles out the young (aged 18-

¹ Many ILM's continue to operate in Scotland, most notably under the generic 'social economy' types of organisations. Recent estimates put employment in such organisations at over 40,000 (see.....).

24)² and the long-term unemployed (those unemployed for over one year), lone parents, disabled people, those in disadvantaged communities and more recently the unemployed aged fifty plus as being in need of particular attention.

This paper aims to test which, if any, of these groups are appropriate ‘target’ criteria around which employment policies should be centred through an examination of the employment success rate of jobseekers in each group prior to the introduction of the New Deal. The rationale for this is straightforward: if the target groupings are indeed appropriate this should be supported by evidence that these groups found particular difficulties in acquiring employment *before* the existence of the New deal policy. The paper additionally examines geographical constraints to employment success and the effectiveness of job search methods used by jobseekers since these factors represent two of the arguments underpinning the rationale for the New Deal itself.

Section 2 considers the background to current policy initiatives, section 3 outlines the survey methodology and section 4 presents the results. Section 5 considers the specific issue of social exclusion, while section 6 presents the conclusions in relation to current policy initiatives.

2. BACKGROUND TO CURRENT POLICY INITIATIVES

Supply-side policies and mismatch unemployment

The theoretical basis behind current employment initiatives is supply-side based, that is they aim to increase the effective supply of labour within the economy. Supply-side labour market policies have two principal elements: ‘active’ policies aimed at retraining the unemployed to tackle social exclusion and reduce frictional (mismatch) unemployment; and ‘deterrent’ policies, aimed at making life on benefits a less attractive proposition for the unemployed and hence encouraging them to find work. These theoretical elements have been identified by, for example, Nickell (1998), who

² The EU Employment strategy and associated National Action Plans commit Governments to employment and training guarantees for 18-24 year olds (if unemployed for 6 months plus) and for 25’s plus (if unemployed for 12 months or more) (CEC, 1999).

proposed that unemployment rises with inflation either because of mismatch or because of a lack of incentive for the unemployed to find work.

The above problem of labour market mismatch, the inability to match jobs to workers, is central to the rationale of current supply side policies. Mismatch can be affected by three main areas as defined by Cromb (1993): changes in the product market which affect the demand for labour in each sector; the flexibility, adaptability and mobility of the workforce; and the efficiency of the matching technology (employment agencies etc.) i.e. the level of information asymmetry in the labour market. In theory, mismatch in the labour market will be minimised when there are fewer changes in the product market, a more flexible workforce and more efficient matching technology. Evidence for a mismatch effect on unemployment is given by Layard and Nickell (1986), Bean and Gauster (1989), Layard et al. (1991) and Adams et al. (2000). However, agreement on this amongst researchers is not unanimous. For example, Nickell (1997) finds no evidence of worker inflexibility in the UK labour market and argues that most unemployment is due to factors other than mismatch³.

US evidence suggests that many government training programs have limited impacts upon recipients, partly as the actual investments in training are quite small and so the returns in terms of, say, lifetime earnings are not surprisingly small (La Londe, 1995). He concludes that the gains from training programs were not sufficiently large to lift recipients out of poverty. However, the evidence also suggested that both society and economically disadvantaged women benefited from these services, and that the benefits frequently lasted for more than a few years and were sufficient to justify the programs' costs, hence targeting can be reasonably effective.

Supply side deterrents

The justification for 'deterrent' elements of welfare to work schemes focuses primarily on the analysis of the effect of benefit payments on unemployment rates. Evidence from a wide range of econometric studies suggests that a change in the replacement ratio (the benefit level with respect to the wage level) will result in a change in the

³ Note that this evidence appears somewhat at odds with that proposed in Nickell (1998).

NAIRU in the same direction (Minford et al., 1985; Layard and Nickell, 1986; Minford et al., 1990; Manny, 1992; Nickell, 1997,1998). Siebert (1997), finds a greater ease of obtaining welfare payments to be associated with higher rates of unemployment and an increase in the duration of benefits and the replacement ratio to lead to a rise in unemployment. Similarly, Finn (1997) examines the effects of the tightening of the rules on benefit claimants introduced in the UK under the Jobseekers act 1996 and finds that this coincided with a fall in UK unemployment in the following period of 1996-97. However, there is also evidence to suggest that the level and duration of benefits have no effect on the level of unemployment (for example: Handler, 1995; Robinson, 1996)⁴.

There is of course continued debate as to whether the underlying cause of unemployment is a supply side issue at all. Layard (1998) proposes that the problem is a shortage of appropriately qualified labour, therefore if this is increased then aggregate demand can be increased without any fear of fuelling wage inflation, and unemployment will fall. However, Turok and Webster (1998) and Adams et al. (2000) argue that unemployment is often caused by an inherent lack of demand which is related to job creation, and that an increase in the demand for labour would benefit the New Deal target groups as much as other sectors of the workforce. In addition, Nickell (1997) states that most of the recent rise in unemployment in Europe is not due to a shortage in labour supply, further evidence of which is also provided by Card et al. (1995), Nickell and Bell (1995, 1996), and Jackman et al. (1996).

Target groups of the New Deal

Examining specific elements of active supply side policies, one of the main objectives is to cure long-term unemployment. This is felt necessary to prevent social exclusion and detachment from the labour market (Layard et al., 1991; Crighton, 1998; Layard, 1998). Research by Budd and Levine (1988) show that as the duration of unemployment increases, search activity decreases, hence long-term unemployment can be self-perpetuating and positive measures are needed both to break the cycle and reduce/minimise the discouraged worker effect. The need to address long-term

⁴ These potentially contradictory findings should be of concern to researchers and policy-makers alike. On the particular issue of the replacement ratio we can only conclude that the econometric studies are either fundamentally flawed and/or the results are highly sample dependent.

unemployment specifically is not universally accepted however. Turok and Webster (1998) find that long-term unemployment falls in proportion to unemployment in general and that it is therefore valid to implement measures to tackle short-term unemployment, as the effect will trickle down to help the long-term unemployed. They argue that the same is true for the young unemployed and the other New Deal target groups.

Particular attention is also paid to the young (under 25) unemployed, as social exclusion incurred by a person at such an early stage may continue for the remainder of their life. In addition, Layard (1998) notes that in general the youth unemployment rate is running at twice that of the adult rate, and in some areas over half the young population is unemployed, leading to associated crime and drug problems.

Lone parents are also given priority in the New Deal as this group faces considerable financial costs in moving or returning to work. However, although voluntary, the success rate of the New Deal in securing employment for lone parents by 1999 has been estimated at around 10%. It has been criticised for its inability to provide positive income differentials to those who take the option of work due to the steep erosion of means tested benefits as income is earned (Adviser, 1997).

Unemployed people in deprived areas are another target group. McGregor and McConachie (1995) highlight the problems caused by the spatial concentration of disadvantaged jobseekers including physical isolation, lack of social networking with employed people, social stigma and employer discrimination. Sutherland (1998) also highlights the failure of previous training schemes to address the problems faced by this section of the unemployed, due to low take up rates. The New Deal aims to redress this through a mix of motivation and compulsion. In addition, Employment Zones have been created in some of the worst affected areas to provide training and experience to unemployed jobseekers. Disabled jobseekers are also targeted, such people face problems in moving to and remaining in work (DSS, 1997). The next section of the paper describes an initial survey of unemployed jobseekers and a follow-up survey (both prior to the New Deal) intended to examine the rate of success in finding employment since they were first surveyed.

3. SURVEY METHODOLOGY

The initial sample taken was 306 unemployed jobseekers from 13 Employment Service Job Centres in the Bathgate and Edinburgh travel to work areas (TTWAs) in east central Scotland⁵. Edinburgh is the capital city of Scotland and a financial centre with a TTWA population of around half of a million and Bathgate is a contiguous industrial and mining area with higher unemployment, rural hinterland and a relatively high level of commuting to Edinburgh. The survey was conducted via a series of structured face-to-face interviews with unemployed jobseekers between October 1996 and January 1997. All interviewees were seeking full-time work. The survey was designed to provide information on five broad groups of jobseeker attributes: demographic characteristics; the level of human capital possessed; search channels used; personal financial position; and spatial characteristics including attitudes towards travel. From the original sample, a follow-up survey on employment success was conducted in March 1998, generating 169 responses, a response rate of 55.2%, of which 70 (41.4%) had found a job and 99 (58.6%) had not.

The analysis of the follow-up survey data was conducted on two levels. Firstly descriptive statistics were obtained and tested for significance using the Chi-square or Wilcoxon ranked sample test as appropriate. A factor analysis⁶ of jobseeker attributes was then performed and a binary logistic regression conducted on these factors, using employment success as the dependent variable. The basis of the model is the equation

$$s_i = \beta X_i + \varepsilon_i$$

Where s_i represents the success or otherwise of individual i in securing employment, X_i is the set of factors isolated in the factor analysis which may influence the probability

⁵ See Appendix II for sample selection criteria.

⁶ The choice of analytical technique was governed by the need to extract from the data a set of categorical 'factors' which could most closely reflect the groupings identified in the New Deal policy.

that individual i will secure employment in conjunction with the parameter vector β and ε_i is a normally distributed random variable which allows for unmeasured effects⁷.

Profile of unemployed jobseekers

The background characteristics of the sample are given in Table 1, which shows that slightly under half of the sample was successful in obtaining employment. The proportion of jobseekers in the sample that were from ethnic minorities or that were disabled was very low and these groupings were therefore not used further in the analysis. The low percentage of ethnic minorities in the sample reflects the population of the Travel-to-Work Areas (TTWAs).

Table 1. Jobseeker Characteristics (Follow-Up Survey, N = 169)

Jobseeker Characteristic	Number of Jobseekers	Percentage of N
Total who found employment	70	41.4%
Female	49	29.0%
Single	48	28.4%
Has dependent children	31	18.3%
Owner Occupier	47	27.8%
Resident in Bathgate TTWA	46	27.2%
Lone parent	8	5.1%
Belong to ethnic minority	3	1.8%
Disabled	2	1.2%

⁷ The ‘assumed’ error structure is reasonable in the context of a binary response (found a job v not found a job). The follow-up survey was not designed to determine alternative outcomes such as ‘in full time education’, ‘in training’, ‘non-active’ and so on. Inclusion of such alternative outcomes necessitates using a multinomial function which is typically associated with a Weibull error distribution function rather than the normal error function.

4. EMPLOYMENT SUCCESS RATE OF JOBSEKERS

Table 2 shows the percentage of unemployed jobseekers who were successful in finding a job in each category. They are grouped into demographic, human capital, search channels, financial status and spatial attributes as described above. The table indicates that 46.9% of the female job seekers found a job, compared to 39.2% of male job seekers. Manual workers are less likely to find employment than non-manual workers, whereas females, those with dependent children, owner occupiers, those prepared to accept part-time or temporary employment, those with access to private transport and those resident in the BTTWA are more likely to find employment than jobseekers without these attributes.

Table 2. Success Rate of Jobseekers

<i>Attribute</i>	<i>% of jobseekers who found a job</i>
Female (Male)	46.9% (39.2%)
Single (Married)	35.7% (54.5%)
Has dependent children (No dependent children)	45.2% (40.6%)
Manual workers (Non manual)	30.6% (52.4%)
Prepared to take part-time job (Not prepared)	43.1% (40.2%)
Prepared to take temporary job (Not prepared)	44.2% (37.8%)
Access to private transport (no access)	55.0% (37.8%)
Resident in Bathgate TTWA (Edinburgh TTWA)	54.3% (40.2%)

The finding that female jobseekers were more likely to find employment may be due to the structural shift in vacancies from traditional manufacturing in which many, especially older males are experienced, towards a communication and service based economy in which females are more strongly represented. This may also explain the

lower success rate among manual jobseekers. Surprisingly the finding that single jobseekers and those who have no dependent children are less successful in obtaining employment than those who are married and have dependants⁸ runs counter to the household responsibility hypothesis (see for example Turner and Niemeier, 1997) which links employment problems with commitments to a partner and/or family. No variable was included to measure specifically whether the jobseeker was a lone parent due to the surprisingly low numbers (5.1%)⁹ that fell into this category. Jobseekers willing to undertake part-time or temporary employment are more likely to find a job than those who are not, indicating that a flexible attitude to employment contracts may be beneficial to the job search process.

The results for the two TTWAs are surprising, with jobseekers resident in the Bathgate TTWA more likely to find employment than those in the Edinburgh TTWA, despite the higher rate of unemployment in the former. This may indicate that the extent of qualitative skill mismatch is higher in the ETTWA (Adams *et al.* 1999). The results for ownership of private transport show that jobseekers with access to private transport are more successful in finding a job than those without, possibly indicating that the flexibility of private transport may facilitate search over a wider area and also allow a wider range of options to be considered, resulting in a higher success rate.

Table 3 compares quantitative attributes of successful and unsuccessful jobseekers. The mean age of successful jobseekers was slightly lower than that for unsuccessful jobseekers, which indicates that despite the difficulties faced by the young, older jobseekers may face discrimination when applying for jobs. Older workers are also more likely to have been unemployed for longer and therefore would experience a greater discouraged worker effect. However the age spread is further analysed below and we see a more detailed pattern emerging.

Table 3. Successful Jobseeker Attributes

⁸ Although this is possibly because this category of job-seeker falls mainly in the younger age group. This is reinforced in a later analysis in the paper of job-success by age band.

⁹ At the time of the follow-up survey the proportion of lone parents in the Scottish population was 21 percent. This is way above that in our sample and therefore this category was excluded from the analysis.

<i>Attribute</i>	<i>Successful jobseeker sample mean values</i>	<i>Unsuccessful jobseeker sample mean values</i>
Age	33.16	35.20
Educational qualification level (1)	2.40	2.21
Professional qualification level (2)	0.83	0.55
Length unemployed (weeks)	5.47	16.66
Personal skills quality (3)	0.46	-0.24
No. of job applications in last 6 months	23.14	28.90
Average time searching job centres (mins)	82.17	104.74
Average time searching emp. Agencies (mins)	10.00	7.78
Average time searching press (mins)	145.36	139.64
Average time searching by word of mouth (mins)	50.43	54.95
Average time on speculative applications (mins)	52.75	41.06
Reservation wage (£/week)	162.71	155.91
Total household income (£/week)	110.83	91.67
Stated maximum travel to work time (hours)	1.83	1.87
Number of buses to CBD	56.73	75.33
Accessibility to centres of employment (4)	15.16	14.57

Notes: (1) to (4) inclusive are based on a set of indices designed to measure the full range (exhibited by the respondents) of these highly qualitative variables.

The mean levels of both educational and professional qualifications are higher for successful jobseekers than for unsuccessful job seekers. This implies that skilled workers are more successful in obtaining employment, possibly due to a greater demand

for skilled labour although the extent of this depends on other jobseeker attributes. The length unemployed, from initial unemployment to date of interview, was shorter for successful jobseekers, implying that the long-term unemployed are at a disadvantage when it comes to finding work. This may be due to a real lack of employability, a lack of employability as perceived by potential employers or the result of a discouraged worker effect. The personal skills quality index was a self-assessment based on a series of questions designed to evaluate personal transferable skills. Successful jobseekers exhibited a higher quality index, indicating a higher level of personal transferable skills, or possibly a greater self-confidence on the part of these jobseekers.

Examining the type of search channels used, successful jobseekers spent more time searching through job agencies, the press and speculative applications, implying that these may be the more effective search channels, although the average time spent searching through agencies was very low. Successful jobseekers on average made fewer applications overall than unsuccessful jobseekers which may indicate a more focused job search amongst the former. The time spent by jobseekers on searching by word of mouth was substantial and in contrast to findings by Nevin (1998), however this was not one of the more successful methods. It is not surprising that the unsuccessful jobseekers spent more time searching in job centres as this is usually seen as the least active method of search and may only be used to coincide with signing for benefits.

Successful jobseekers expressed a higher mean reservation wage. This may seem counterintuitive, as it would limit the opportunities that they would be prepared to consider. However, a higher reservation wage may be consistent with higher levels of actual or perceived human capital and therefore be associated with a higher success rate. Higher levels of total household income while unemployed were expected to reduce the incentive to find employment and thereby reduce the success rate, however, it may be associated with higher previous earnings and therefore provide an incentive to get a job, so the income result (successful job seekers had high household incomes) supports this latter view. However previous results from this work (McQuaid *et al.*, 2001) indicated that such jobseekers would have high levels of human capital and would therefore be expected to have higher employment success rates and possibly a higher marginal utility of income over leisure.

Of the spatial variables examined in Table 3, only one, the number of buses to the CBD during morning rush-hour showed a noticeable difference between successful and unsuccessful jobseekers, although the lower bus provision for the successful group was unexpected. A superior bus service should enable and encourage jobseekers to both look for and travel to work. Changing spatial employment patterns mean that more employment opportunities now occur outside the CBD, hence this variable may not be a comprehensive measure. However, the measure of accessibility, constructed from a number of centres of employment including many suburban and peripheral areas, showed virtually no difference between the two groups, indicating that accessibility to employment in any location may not be a major factor. This is reinforced by the finding that the maximum time which jobseekers were prepared to spend travelling to work was similar for both groups. The difference in values for the buses variable may therefore be due to non-spatial attributes. A possible explanation may be that less prosperous areas with lower car ownership rates could be provided with the highest level of bus services, hence the buses variable may reflect lack of private transport which was shown to have a positive association with success in Table 2. This is tested further in the next stage of analysis.

Although it seems possible from the above findings that older jobseekers experience more difficulty in finding employment, it could be that the extent of the difficulty faced by the oldest and youngest jobseekers is not revealed by a simple age statistic, as both extremes of age may have lower success rates. To test this the sample was split into jobseekers aged under 24, 25-50 and over 50, the results are shown in Table 4.

Table 4 Success Rate by Age Band

<i>Age band</i>	<i>% of jobseekers who found a job</i>
Under 25	51.4%
25-50	61.1%
Over 50	62.5%

Table 4 reveals that jobseekers in the under 24 age band are less successful in finding employment than the other categories. This could be due to a lack of work experience, demotivation as a result of being second or even third generation unemployed, or problems with drug addiction and/or criminal activity. However it is worth noting that under the New Deal for the under 25's in Scotland only 33% of those starting the programme (April 1998) had found a job by June 1999 (UUY,2000). In the same analysis just under 10% of the 25-50 age group had been successful in moving into jobs. In contrast the Training for Work¹⁰ (TfW) programme delivered a job success rate in Scotland of 47% during 1997-98 (TERU, 1998). The latter is much closer to our sample results than either of the New Deal age groupings¹¹.

5. SOCIAL EXCLUSION AND EMPLOYMENT SUCCESS

As stated previously, one aspect of the New Deal and welfare to work policies in general is to target the unemployed in deprived areas. The unemployed resident in these areas may face particular problems resulting from the low overall level of employment demand and the dependency culture which can prevail in deprived areas. A common problem is that the unemployed person may be second or even third generation unemployed and their social contacts may also be unemployed, leading to an acceptance of unemployment as a way of life. Residents of postcode areas seen by employers to be particularly deprived can also face discrimination when searching for work. In order to investigate the effect of area of residence on employment success, postcodes in both TTWAs were split into quartiles based upon the index of multiple deprivation (1990 figures) published for the former Lothian Region. The figures exclude data for Livingston in the BTTWA which at the time was under the separate control of the Livingston New Town Corporation.

Table 5. Success rate by local area deprivation

¹⁰ This preceded the introduction of the New Deal policy.

¹¹ This clearly raises a large number of questions concerning the New Deal per se however that is not the purpose of this paper.

<i>Postcode sector deprivation</i>	<i>% of jobseekers who found a job</i>
1 st quartile (most deprived)	42.9%
2 nd quartile	30.9%
Total deprived areas	36.9%
3 rd quartile	48.3%
4 th quartile	45.5%
Total less deprived areas	46.9%

The results in Table 5 show that residents in more prosperous 3rd and 4th quartile areas are more likely to be successful in job search overall (46.9%) than those in the less prosperous 1st and 2nd quartiles (36.9%), although jobseekers in the 2nd quartile are actually less successful than their 1st quartile counterparts. There is therefore some evidence here of a relationship between local area deprivation and employment success.

The type of accommodation in which the jobseeker is resident was also examined for influence on the likelihood of obtaining employment. Table 6 shows that in general tenants were less likely to be successful in obtaining employment than owner-occupiers, with other (private landlord) tenants faring worst. Jobseekers living with their family were most successful in finding work but the majority of these were not in under 25 category as Table 4 indicates younger jobseekers were less successful in securing employment. It is possible, therefore that other social and lifestyle factors such as social contacts and marital status explain the higher success rate of this group.

Table 6. Success Rate by Accommodation Type

<i>Accommodation Type</i>	<i>% of jobseekers who found a job</i>
Owner occupier	41.9%
Council tenant	35.7%
Other tenant	31.0%
Living with family	52.4%

6. A MODEL OF JOBSEEKER PROFILES

The functional relationships described above are explored further in a three-stage process. The exogenous explanatory variables were selected to represent the five broad groups of jobseeker attributes as discussed earlier: demographic characteristics; the level of human capital possessed; the search channels used; the personal financial position; and spatial characteristics. The complete list of variables is given in Appendix 1. In order to develop a profile of typical successful and unsuccessful jobseekers, and because of a high level of correlation between some of the explanatory variables, factor analysis was used to group the variables listed below into factors that would provide a meaningful description of jobseeker types. Factors were extracted using Principal Component Analysis with Equamax rotation, which enhances interpretation of both the factors and the variables within these. The scores (values with respect to each observation) for these factors were then analysed using binary logistic regression analysis taking employment success as the dependent variable. This is measured by the variable *FOUNDJOB* which takes the value 1 if the jobseeker was successful in finding employment and zero otherwise.

Results

The initial factor analysis produced seven main factors which are summarised in Table 7.

Table 7 Factor Components

Factor1	Factor 2	Factor 3	Factor 4	Factor 5
<i>-PRESSTIME</i>	<i>-SINGLE</i>	<i>-SINGLE</i>	<i>PTPT</i>	<i>-FEMALE</i>
<i>BATHGATE</i>	<i>DEPS</i>	<i>AGE</i>	<i>PTTEMP</i>	<i>AOSTIME</i>
<i>-BUS_7-9</i>	<i>PROFQUAL</i>	<i>LENU</i>		<i>TTWTIME</i>
<i>TACC</i>	<i>RESWAG</i>	<i>RESWAG</i>		
	<i>TOTINC</i>	<i>OWNOCC</i>		
	<i>PRTR</i>			
Factor 6	Factor 7			
<i>LENU</i>	<i>MANUAL</i>			
<i>DEPRIV</i>	<i>-EDQUAL</i>			
<i>CTEN</i>	<i>WMTIME</i>			
<i>-OWNOCC</i>				

Factor 1 profiles a jobseeker who avoids searching through newspapers and who is resident in the Bathgate TTWA, with relatively poor bus links to Edinburgh CBD and a high potential travel to work time to major centres of employment. Factor 1 could be interpreted as ‘non-urban’, by which we mean non-metropolitan as opposed to purely rural, although this class may include some rural jobseekers. Factor 2 represents a married jobseeker with dependant children, who is professionally qualified with a relatively high non-earned income and high reservation wage and access to private transport. Factor 2 may be interpreted as ‘family’. Factor 3 profiles an older married jobseeker who is long-term unemployed, has a high reservation wage and is an owner-occupier. This factor could be interpreted as ‘older long-term unemployed’. Factor 4 represents a jobseeker who is prepared to accept part time or temporary work and as such could be interpreted as ‘part time worker’. Factor 5 represents a male jobseeker, who makes an above average number of speculative applications and who is prepared to accept long travel to work times, which we have interpreted as ‘commuter’. Factor 6

profiles a long-term unemployed jobseeker who is a council tenant in a socially deprived area, which could be interpreted as ‘socially excluded’. Lastly, factor 7 shows a jobseeker with a low level of formal education searching for a manual occupation and who relies heavily on word of mouth for employment. This last factor has been interpreted as ‘unskilled’. The full rotated component matrix is given in Appendix 2. The results from the binary logistic regression of *FOUNDJOB* on the factor scores for factors 1-7 above are given in Table 8.

Table 8 Estimated Regression Equation Coefficients for Employment Success

<i>Factor</i>	<i>Coefficient estimate</i>
F1 ‘rural’	0.3520*
F2 ‘family’	0.5032***
F3 ‘older long-term unemployed’	-0.3939**
F4 ‘part time’	0.0873
F5 ‘commuter’	-0.0136
F6 ‘socially excluded’	-0.2381
F7 ‘unskilled’	-0.1873
Constant	-0.4531**

*** significant at 1% level

** significant at 5% level

*significant at 10% level

The results show that the factors ‘rural’, ‘older long-term unemployed’ and ‘family’ are significant in the regression at 10%, 5% and 1% level respectively. Factor 6, ‘socially excluded’, narrowly misses significance at the 10% level. Therefore in terms of the seven factors which characterise jobseekers, three are significantly associated with employment success. The significance in the constant possibly reflects an inertia effect in obtaining employment among all jobseekers in the sample. Factor 2 is the most highly significant in the equation, which indicates that jobseekers who most closely fit this profile, i.e. of a married jobseeker with dependant children, professionally qualified with relatively high non-earned income, high reservation wage and access to private transport are likely to be more successful in finding a job. Likewise, jobseekers who fit

the 'rural' profile of Factor 1 are also likely to be more successful. The negative coefficients on Factor 3 and Factor 6 imply that jobseekers who most closely match these profiles may be less successful in finding a job. The coefficients for Factors 4 and 5 strongly indicate their non-relevance in job search success.

The significance of Factor 2 raises some important issues. The importance of 'family' in jobseeker success again counters the household responsibility hypothesis. It could be argued that this may not be the case for both men and women, however Factor 2 has a very small loading for gender indicating that this is not a significant component. Factor 2 also paints a profile of a jobseeker who is relatively well qualified, and relatively wealthy – a high total income and access to private transport, consistent in particular with the highly significant success rate of those with private transport in Table 2. In addition, this may imply that this type of jobseeker falls into the 'ideal' age band of 25-50. The implication from this may be that acquired human capital outweighs any social inhibitors in the job search process for this type of jobseeker, the marital status and dependant children merely reflecting a stage in the life cycle. This would account for the relative success of married jobseekers and those with dependants shown in Table 2.

The interpretation of the significance of Factor 1 is slightly more difficult. The profile is of a jobseeker who is relatively isolated, i.e. not resident in a large urban area and avoids active search in newspapers. The positive influence of this factor upon employment success is therefore surprising, although it is consistent with the better performance of BTTWA residents and those with poor public transport provision in Tables 2 and 3 respectively. It could be that this type of jobseeker relies on more informal search methods to secure employment in a very localised area, however time spent searching through word of mouth has an insignificant loading on this factor. It was hypothesised earlier that a lack of bus services may reflect social or economic attributes, however given that the influences upon Factor 1 are predominantly spatial, a spatial explanation seems most appropriate. It may be that living in a relatively remote location provides an additional impetus to find employment which is not present in urban-dwelling jobseekers. For example, if a specific journey has to be made to find employment, more effort may be put into each trip. Alternatively it may be that although the time spent searching informally is not significantly higher among this group, the effectiveness of such a search may well be greater due to the close

community networks found in many (especially poorer industrial) non-urban areas. Factor 1 may therefore highlight a particular disadvantage faced by urban jobseekers which is independent of local area deprivation and the jobseeker's economic or human capital attributes.

The significant negative effect of Factor 3 upon jobseeker success was expected given the descriptive statistics. Factor 3 profiles a jobseeker who is older and been out of work for longer than the sample average jobseeker and who may well face implicit or explicit discrimination by potential employers on both these grounds. However, given the relative success of long-term and older jobseekers as shown in Tables 3 and 4, the length of unemployment would appear to be the predominant cause. The fact that such a jobseeker is married and an owner-occupier are merely life stage effects.

Finally, Factor 6, although not significant, has a sizeable negative coefficient and is worth mentioning. The profile here, of a long-term unemployed jobseeker resident as a council tenant in a socially deprived area, is one which would be expected to represent difficulty in securing employment. Interestingly there are no educational, skill or occupational variables significantly present in this factor, a lack of success may therefore originate from discrimination based on length of unemployment, postcode area or social status as perceived by potential employers.

The above factor analysis therefore produces findings that paint a picture which is consistent with the initial descriptive statistics in terms of the specific influences upon the jobseeker success rate, but expands on this by offering an insight as to how these may be combined and displayed in jobseekers within the sample.

6. CONCLUSIONS

We turn now to an examination of how the above findings relate to specific elements of the New Deal. Although this study is limited to a sample of unemployed jobseekers from a relatively small geographical area, the findings in relation to current policy are nonetheless interesting.

One variable which emerges as having a strong association with the employment success rate, in both the descriptive statistics and the factor/regression model, is the length of time that the jobseeker has been unemployed. The significant negative association of length unemployed with success in finding a job indicates that for a number of reasons, such as discrimination and demotivation, the long-term unemployed are a group in particular need of assistance. The New Deal does single out the long-term unemployed and the work experience element in particular is designed to increase both the employability and confidence of this group. The results of the survey reinforce the importance of this emphasis.

The New Deal target group of the young unemployed is also justified by the results of the survey. The under 25 age group were shown to be the group least likely to find employment in Table 4 in the descriptive statistics. However, this does not imply that young jobseekers are the only age group in need of assistance, the negative significance of Factor 3 may indicate that older jobseekers face difficulties when they are long-term unemployed. However the results of this survey cannot isolate any distinct disadvantage faced by older jobseekers, and indeed indicates a possible advantage for jobseekers between 25 and 50. Hence the New Deal policy of targeting the under 25 age group appears justified on this evidence.

The findings of this survey mostly support the targeting of disadvantaged communities. Table 5 reveals that in general, jobseekers from (some) less prosperous areas are less likely to find employment, although surprisingly those from some of the most deprived areas actually had a higher success rate than those from fairly deprived areas. Further evidence of problems faced by jobseekers from disadvantaged communities is provided by the association of Factor 6 with lack of success, although the factor is not significant. Therefore although they were not initially a target group *per se* and explicitly specified by the New Deal¹² the implicit recognition that such jobseekers require help to overcome problems of social exclusion is backed up by our findings.

¹² This has recently changed in that some areas have been identified as 'target' zones in the context of social inclusion partnerships. (Social Inclusion Unit, Scottish Executive, 2000).

Evidence in the survey for problems faced by lone parents is less conclusive. The low numbers of lone parents in the sample (as with disabled and ethnic minority jobseekers) did not allow these groups to be isolated as meaningful variables. However, Table 2 does show that married jobseekers and those with dependant children, although not necessarily those with both attributes, have a greater success rate. This evidence is enhanced by the inclusion of *both* DEPS and SINGLE(-) in Factor 2. Hence it is possible that being married with children may increase a jobseekers chances of finding employment, placing this group at a relative advantage to lone parents for which no evidence of any advantage was found. The survey therefore loosely supports the targeting of lone parents by the New Deal.

The findings of this study broadly support the objectives of the New Deal, and in particular reinforce the need for specific help for the under 25 age group and the long-term unemployed. In addition some evidence is found to support the targeting of lone parents (currently supported with childcare provision) and those from deprived areas, Recent initiatives such as the New Deal for the over 50s are also supported in this work. However, the results of this study do call into question the relative efficiency of the New Deal in terms of the targeted age groupings as compared with our sample of jobseekers and the performance of the previous Training for Work in Scotland. The key finding here which does not support a New Deal initiative is the relative success of rural over urban residents. Further research into the causes of this, and research examining samples with higher proportions (possibly fixed quota) of lone parents, ethnic minorities and disabled jobseekers would enhance the findings made here and provide a further insight into the appropriateness of current UK government employment initiatives.

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APPENDIX 1 DEFINITION OF VARIABLES

Demographic variables

FEMALE = 1 if the jobseeker is female, 0 if male
SINGLE = 1 if the jobseeker is single, 0 otherwise
DEPS = 1 if the jobseeker has dependent children, 0 otherwise
AGE = age of jobseeker in years

Human capital variables

MANUAL = 1 if jobseeker is seeking manual occupation, 0 otherwise
EDQUAL = level of academic qualifications from 0 (none) to 7 (higher degree)
PROFQUAL = level of professional/vocational qualifications from 0 (none) to 3 (advanced)
LENU = number of weeks that jobseeker has been unemployed
QUALITY = self-perceived quality index of transferable skills

Search channel variables

N_APPS = total number of applications made by jobseeker in the 6 months prior to interview
JCTIME = average weekly time (hours) spent searching in job centres
PRESTIME = average weekly time (hours) spent searching in newspapers
WOMTIME = average weekly time (hours) spent searching through word of mouth
SPECTIME = average weekly time (hours) spent on speculative job applications
PTPT = prepared to accept part time employment
PTTEMP = prepared to accept temporary employment
(time spent searching through employment agencies omitted due to low usage)

Financial variables

RESWAG = minimum weekly wage jobseeker is willing to work for
TOTINC = monthly non-earned income

Spatial variables

BATHGATE = 1 if jobseeker is resident in Bathgate TTWA, 0 if Edinburgh TTWA
TTWT = jobseeker's maximum stated daily travel to work time (minutes)
B79 = number of buses between jobseeker's residence and CBD from 7am to 9am
TACC = accessibility index measuring travel time from jobseeker's residence to major centres of employment
PRTRANS = 1 if jobseeker has access to private transport, 0 otherwise

Residential variables

DEPRIV = measure of local postcode area social deprivation 0 (low) to 3 (high)
CTEN = 1 if jobseeker is a council tenant, 0 otherwise*
OWNOCC = 1 if jobseeker is an owner occupier, 0 otherwise*
LFAMILY = 1 if jobseeker lives with parents, 0 otherwise*
*(Base class is private tenant)

APPENDIX 2 ROTATED FACTOR COMPONENT MATRIX

	Component						
	1	2	3	4	5	6	7
FEMALE	.165	-.140	-6.457E-02	.352	-.641	-2.141E-02	-.124
SINGLE	-6.199E-02	-.651	-.421	-.306	7.785E-02	-5.124E-02	-4.861E-02
DEPS	.184	.427	.171	9.127E-02	-.136	.324	-6.636E-03
AGE	6.646E-03	.197	.814	6.482E-02	-1.092E-02	1.187E-02	-1.384E-02
MAND	-8.196E-02	7.908E-03	-.227	-9.608E-02	9.983E-02	.255	.699
HEDQUAL	7.262E-02	.101	-.303	4.970E-02	.135	-.113	-.625
PROFQUAL	-.101	.675	.104	-.161	.222	-2.929E-02	-2.914E-02
LENU	1.640E-02	-.302	.466	-.144	.199	.414	.217
QUALITY	5.337E-02	7.186E-02	-9.476E-02	.148	-4.496E-02	.223	-.105
NAPPS	-3.354E-02	-.164	.197	.135	.257	-4.980E-02	9.139E-02
JCTIME	-.208	5.731E-02	-.111	-.155	-.139	.178	-1.717E-02
PRESSTIM E	-.486	3.388E-02	5.292E-02	-.364	-8.605E-02	-.179	9.817E-02
WMTIME	1.082E-02	4.217E-02	4.359E-02	-7.621E-02	.180	-.168	.737
AOSTIME	-.190	-.296	.141	.248	.447	-1.438E-02	5.609E-02
PTPT	3.486E-03	9.010E-02	-.108	.809	-.143	-.116	-.104
PTTEMP	.152	5.653E-02	9.406E-02	.742	9.976E-02	-9.644E-02	-.122
RESWAG	.177	.404	.504	-.260	.199	-2.539E-02	-.153
TOTINC	-5.345E-02	.580	.260	.306	-.383	.102	2.830E-02
BGATE	.753	6.085E-03	-9.955E-02	.308	-.277	8.572E-03	-.159
TTWTIME	-.108	9.920E-02	-.138	.143	.675	1.567E-02	.115
B79	-.857	-4.870E-02	-2.436E-02	-4.656E-02	.138	.166	9.760E-02
TACC	.837	3.593E-02	7.309E-02	-6.331E-02	-3.532E-02	3.552E-02	2.778E-02
PRTR	.152	.636	.200	.160	-1.070E-02	-.213	-7.725E-02
DEP3	-5.612E-02	-3.032E-02	-6.428E-02	4.946E-02	1.760E-02	.405	4.329E-02
CTEN	-4.499E-02	5.158E-02	9.458E-02	-.116	-3.521E-02	.816	7.508E-02
OWNOCC	3.665E-02	.391	.538	.119	-.132	-.522	1.536E-02

LIVFAM	.126	-.296	-.638	6.159E-02	.297	-.251	-.148
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Extraction Method: Principal Component Analysis. Rotation Method: Equamax with Kaiser Normalization.
Factor loadings with values>0.4 taken to be significant.

a Rotation converged in 16 iterations.

