

Bouncing back

Attitudes to unemployment



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Executive summary

The credit crunch and ensuing financial downturn has created a particularly difficult situation for people who are looking for work, or want to switch companies or career. The number of people out of work is rising resolutely – there are some 2,250,000 people unemployed at the moment, a 50% increase on 2008 figures. At the same time fewer jobs are available, vacancies have fallen below 500,000 and the downward trend is set to continue.

Increasing numbers of people chasing fewer job opportunities means that the employment balance of power lies firmly with recruiting organisations. With recruiters able to be more selective, job applicants must maximise their employment appeal or risk long periods of unemployment.

To help would-be employees face this challenge, ILM asked managers with recruitment responsibility, from organisations in both the public and private sector, how individuals could improve their appeal to employers. Are additional qualifications more useful than joining career specific networks? Do recruiters favour a candidate who is employed over one who is unemployed?

Even-handed: A sizeable majority of managers (84%) said that when considering an applicant for a position, they did not discriminate between two candidates of equal skill and experience on the basis of their employment status.

Meritocratic recruiters: Well-qualified but currently unemployed applicants should find some reassurance in the knowledge that over a third of managers (36%) did not believe that being unemployed was indicative of a candidate's ability or performance. And 41% said that they focus on personal or professional skills when hiring.

A biased approach: A few managers (5%) favoured applicants in work because of concerns about ability and performance, especially lack of recent experience. However, six per cent preferred unemployed candidates, some simply for the pragmatic reason that unemployed candidates could start more quickly.

The six-month shelf life: A quarter of the managers who treated the unemployed and employed equally said that they would be less likely to take on someone if that person had been out of work for six months or longer, indicating that unemployed applicants have a clear window of opportunity within which to find a job before their unemployed status counts against them.

Improving the odds: According to the managers surveyed, the best way for applicants to improve their prospects of being hired is to obtain more qualifications. Technical or vocational qualifications were rated most useful, followed by academic qualifications. The least useful thing to do in order to improve your employability is to go travelling abroad on a gap year or do volunteer work.

The research shows that while being unemployed for a limited period of time is not a significant barrier to being hired, the longer a person is unemployed, the more likely it is that

recruiters will doubt that person's ability to perform effectively in a new role.

In the meantime, the most effective way jobseekers can improve their employability is to develop their knowledge and skills – ideally by gaining appropriate professional, technical or vocational qualifications, but simply keeping themselves up to date with the job and the sector is also of value.

Introduction: A tough jobs market

For job applicants the statistics make depressing reading. The unemployment figures released in May 2009 show that, according to the International Labour Organisation measure, unemployment in the UK rose to 2.22 million in the three months to March – the highest figure since 1996. The 244,000 rise in the number of people out of work brings the unemployment rate to 7.1%, up from 5.4% in spring 2008.

Unfortunately, the outlook is not encouraging. Unemployment is a lagging indicator. As an economic slump begins to bottom out, more jobseekers come into the market encouraged by signs of recovery. Yet employers remain reluctant to hire, waiting for the recovery to become firmly established and put them on a more favourable financial footing.

The result is that unemployment figures continue to rise, even after the worst of the economic crisis has passed. David Blanchflower, who stepped down from the Bank of England's Monetary Policy Committee in May 2009, expected unemployment to rise through 2009 and probably through much of 2010, with monthly increases averaging out at 100,000 for a year or so. The numbers of long-term unemployed, who have been out of work for a year or more, also remains stubbornly high at 330,000 plus.

Finding work in a difficult employment market is a tough task, whether you're looking for a first job, finding employment after redundancy, moving to another organisation in the same sector, or attempting a career switch. Getting a job is challenging at the best of times, but even more so when the balance of power is firmly with the recruiter.

Not so many companies are hiring. Those that are can afford to be selective, hiring only the best and most suitable talent for their organisations.

For the unemployed this situation raises a number of issues. There has long been a stigma attached to being out of work. But does a job applicant's employment status affect the way they are perceived by employers? Does being out of work already tip the scales against a person's chances of getting work, when competing with other candidates who have a job? And what should someone do while they are out of work in order to maximise their chances of getting a job? Are more qualifications a good idea? Or would it be better to spend time building and improving your professional network?

Given that these are, unfortunately, questions on the minds of a rapidly growing segment of the UK population, ILM decided to conduct some research into these issues. We put these questions and more to the people who face these issues on a daily basis, making decisions that affect the careers of thousands of people – managers who are involved in the recruiting process.

Methodology

The survey was conducted in May 2009, with just over 1,000 practising managers taking part. The managers surveyed came from both the public and private sector, were split almost evenly between men and women, and reflected the age profile of managers in the UK, averaging 43 years old.

All respondents were involved in recruitment in their organisations to differing degrees, whether as a key decision maker or in a support role. Interestingly, 40% of respondents were currently recruiting or had done so in the last three months; a further 27% had recruited since May 2008.

Section 1: Employment discrimination

(i) Adopting an even-handed approach

The research explored the stigma attached to unemployment and, in particular, whether the fact that a job applicant was unemployed placed them at a disadvantage when competing for vacancies.

Respondents were asked whether they would rather employ a person already in employment or someone out of work, or whether a person's current employment status was not relevant to the decision-making process.

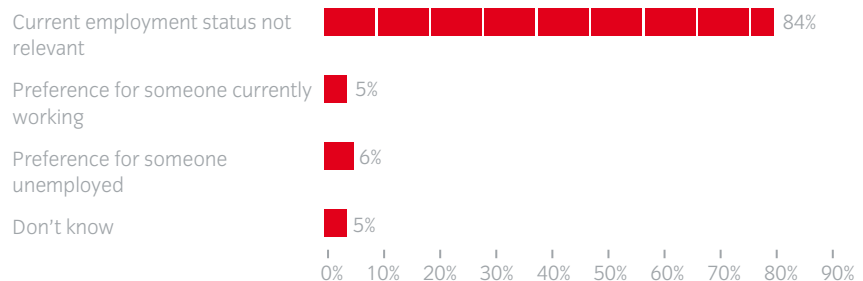
A significant majority of respondents (84%) said that the employment status of applicants is irrelevant – they would treat people the same whether or not they are in work. Five per cent said they would prefer someone currently working, six per cent preferred an unemployed applicant, and five per cent were undecided.

It is worth noting that the closer to the hiring decision a manager is, the more likely they are to indicate that employment status is irrelevant.

Of the managers who have 'overall responsibility for recruitment decisions,' when asked to select a statement that best defined how they feel when choosing between two candidates with the same level of skills and experience, 90% chose the statement 'Current employment status of the candidate is not relevant to the decision.'

Question 3: Attitudes to recruitment

(Base: All 1,007 respondents)



(ii) Meritocratic recruitment

Reassuringly, most managers adopt a meritocratic approach when selecting job applicants, making decisions based on ability or performance.

Over a third (36%) expressed the view that losing your job is '*Not an indicator of ability or performance*'. A further 28% said that they '*Focus on professional skills*' of applicants, and 13% said they '*Focus on personal skills*'. Altogether, 77% argued that their decision-making is based on the applicant's ability or potential.

Of the remaining respondents who said they do not discriminate between applicants on the basis of their employment status, 18% acted

in this way out of a sense of equity and fair play – '*for equality reasons*' – while a further 4.5% believed that unemployment is something that '*can happen to anyone*'.

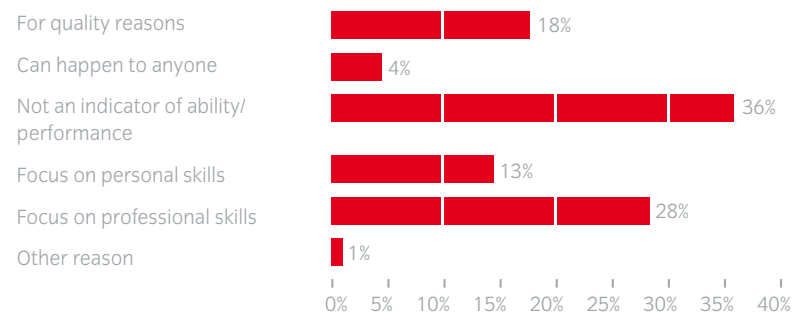
A small proportion of the managers surveyed (6%) said they would give preference to unemployed candidates – half because they believe it is fairer to select the unemployed over those who already have a job, while others were being pragmatic, knowing that unemployed applicants could start work immediately.

Not all of the managers surveyed are impartial about employment status when making hiring decisions, however.

Forty-seven managers (5%) said they would prefer to hire applicants currently in employment, of whom three-quarters (34) cited more up-to-date work experience as the reason. The remainder, albeit a small proportion of the managers questioned, viewed unemployed applicants in a negative light, associating their employment status with poor performance.

Question 4: Reasons for not giving preference to employed status

(Base: The 849 managers treating unemployed applicants the same as employed applicants)



(iii) The six-month shelf life

The majority of managers who took part in the survey may consider unemployed and employed applicants on an equal footing – but only up to a point. A candidate's unemployed status quickly starts to count against them; the longer an applicant is out of work, the less likely they are to be hired when competing for a position with someone of equal ability who is still in work.

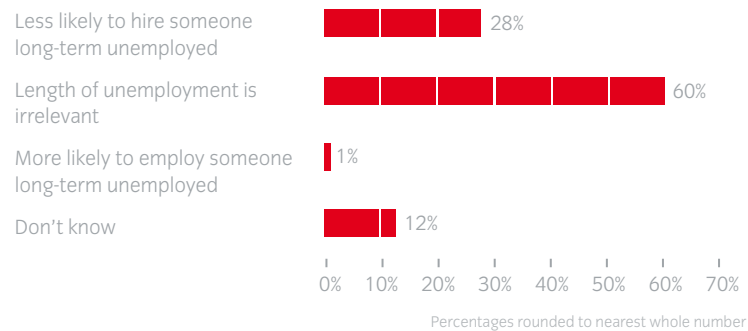
The 907 managers who originally said that employment status is irrelevant, or who would give preference to an unemployed applicant, were asked whether or not they would feel the same if someone had been unemployed for more than six months.

In a significant shift of viewpoint, 255 respondents (some 25% of the total), sided with the five per cent who originally said they would be less likely to hire an unemployed applicant.

Unemployment for longer than six months clearly impacts on a recruiter's attitude to the applicant, meaning unemployed people have a relatively short window of opportunity to secure a job before their position begins to hamper their jobseeking efforts.

Question 5: Attitude towards long-term unemployment

(Base: The 908 managers treating unemployed applicants the same as, or in preference to, employed applicants)

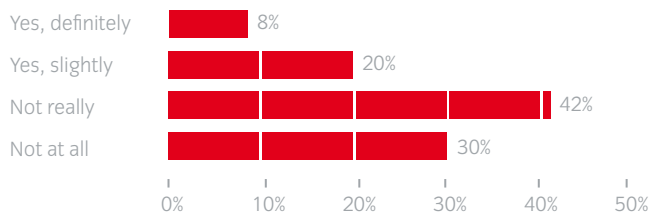


(iv) The effect of the recession on perceptions

The managers surveyed were also asked whether the present economic recession has affected their attitudes towards recruiting applicants who are out of work. The evidence suggests that the recession has had little impact on managers regarding their hiring of unemployed candidates, as 43% replied 'Not really' and 30% 'Not at all'. For just over a quarter of the respondents, however, there had been a slight (20%) or definite (7%) effect on their attitudes.

Question 6: Given the current economic climate, has your attitude towards hiring unemployed people changed?

(Base: All 1,007 respondents)



Section 2: Increasing your employment appeal

Although the research findings suggest that those people who are unemployed are not discriminated against on the basis of their employment status, it makes sense that they should try to return to work relatively quickly. Not least because there is definite prejudice against people who have been out of work for longer than six months, a prejudice that might reasonably be assumed to grow stronger as the length of unemployment increases.

We therefore asked the managers associated with the hiring decision-making process to rate a number of activities on the extent to which they helped unemployed applicants improve their employability.

To begin with, 11 common activities used by the unemployed to improve their employability were identified through some initial trial surveys. Then the respondents were asked to rate each activity, according to how attractive it was considered when assessing an applicant for a job. The ratings were converted to a numerical scale, and the resulting scores used to rank each of the options.

The activity most highly valued by managers associated with the hiring process was to '*Achieve a relevant technical/vocational or professional qualification*'; with *academic qualifications* placed second, followed closely by continuing technical and professional development, through *reading technical/professional books, magazines or journals*.

Other activities that managers value include, in order of preference: *undertaking local voluntary work; membership of a professional organisation; professional careers advice; starting their own business or self-employment; keeping physically active; and undertaking*

some leisure or personal interest learning.

Perhaps surprisingly, *networking* was the second least valued activity despite often being cited as an important means of finding a vacant position. Ranked last of all was *taking a gap year to go travelling or volunteering abroad*, the only option that managers rated negatively.

Question 7: Preferences for activities that increase employability

1.	Achieve a relevant technical/vocational or professional qualification	1.44
2.	Achieve an academic qualification	1.09
3.	Keep up-to-date by reading technical/professional books, magazines or journals relevant to the role	1.02
4.	Undertake local voluntary work	0.85
5.	Join a professional organisation	0.72
6.	Seek professional careers advice	0.70
7.	Start own business/work as self-employed	0.63
8.	Keep physically active	0.49
9.	Undertake some leisure or personal interest learning (eg book club)	0.30
10.	Actively take part in physical and virtual networks (eg LinkedIn)	0.28
11.	Take a gap period to go travelling and/or volunteering overseas	-0.04

Conclusion

This piece of research has significant implications for the many people who are currently unemployed, for those who will become unemployed during the recession, and for those who are in work but thinking about moving organisation or switching career.

As unemployment continues to rise during the economic downturn, and the number of job vacancies falls, recruiting organisations will be able to be more selective about the people they hire.

Fortunately for job applicants, while there may be a social stigma attached to unemployment, that negative association does not translate into discrimination on the basis of employment status by the hiring managers when they are choosing between applicants of equal ability. So applicants can focus on proving themselves against the competition, rather than on justifying their recent employment record.

Applicants should be aware, however, that as the period of unemployment increases, attitudes towards the relevance of employment status change. Around 95% of managers will treat someone recently unemployed in the same way or better than they will someone in employment when selecting candidates. After six months out of work, however, a quarter of hirers are less likely to hire an unemployed person compared to someone who has similar abilities but is in work.

For the unemployed, therefore, the focus must be to get back into employment as soon as possible. The research findings suggest that unemployed applicants can take

some important steps to increase their prospects of making a quick return to work.

Managers involved in recruiting applicants say that undertaking some sort of training and development is by far the best way for someone who is unemployed to improve their chances of being hired.

Professional, technical or vocational qualifications are the best option, say the managers surveyed, a view that ILM, which has awarded professional qualifications to over 500,000 practising managers in the UK, would wholeheartedly endorse. However, academic qualifications or informal learning through reading and research are also valued as alternatives.

For unemployed executives contemplating a trip around the world, or a spot of volunteering work, the message from the recruiters is don't bother. It might seem like a valuable experience, and a tempting way to pass the time, but when it comes to getting hired it may actually count against you.

The survey questions

1. Which one of these statements best describes your role in the recruitment process?

-
- HR/personnel or recruitment specialist or consultant
-
- A manager who has overall responsibility for recruitment decisions
-
- A manager who has involvement with the recruitment process
-
- A team member involved in the recruitment process
-
- Other

If other, please specify

2. When was the last time you recruited a new employee?

-
- Currently recruiting
-
- Recruited new employee within the last 3 months
-
- Recruited new employee within the last 4 to 12 months
-
- More than 12 months since last employee recruited
-
- No recruitment experience

3. Which of the following best defines how you really feel when you recruit people, should you have two candidates with the same level of skills and experience, one being employed and one being currently unemployed?

-
- Current employment status of the candidate is not relevant to the decision
-
- I would give preference to a candidate currently in work
-
- I would give preference to a candidate who is currently unemployed
-
- Don't know

4.a You selected 'Current employment status of the candidate is not relevant to the decision', why do you say this?

-
- For equality or non-discriminatory reasons
-
- Being unemployed can happen to anyone
-
- Being unemployed is not necessarily an indicator of ability or performance
-
- Prefer to focus on personal qualities rather than employment status
-
- Prefer to focus on professional skills rather than employment status
-
- Other

If other, please specify

4.b You selected 'I would give preference to a candidate currently in work', why do you say this?

-
- Someone who is currently employed will have more up to date experience
-
- Someone who is unemployed is more likely to have under-performed
-
- Someone who is unemployed will have lost touch with the working environment
-
- Other

If other, please specify

4.c You selected 'I would give preference to someone currently unemployed', why do you say this?

Because they can start straight away

Because of a policy of actively recruiting unemployed people

Because it is fairer to take on someone out of work than someone who already has a job

Other

If other, please specify

5. If the person has been unemployed for six months or more, how likely is this to affect your recruitment decision?

I am less likely to employ someone long-term unemployed, compared to someone in work or recently unemployed

The length of unemployment is irrelevant

I am more likely to employ someone long-term unemployed, compared to someone in work or recently unemployed

Don't know

6. Given the current economic climate, has your attitude towards recruiting unemployed people changed?

Yes definitely

Yes slightly

Not really

Not at all

7. Here are some ways that a person currently unemployed could try to make themselves more employable. Rate each one as to how attractive or unattractive you think it would make them to a potential recruiter.

Options: Very attractive; Attractive; Neither attractive nor unattractive; Unattractive; Very unattractive

Achieve a relevant technical/vocational or professional qualification

Achieve an academic qualification

Undertake some leisure or personal interest learning (eg book club)

Undertake local voluntary work

Start own business/work as self-employed

Keep up-to-date by reading technical/professional books, magazines or journals relevant to the role

Join a professional organisation

Actively take part in physical and virtual networks (eg LinkedIn)

Keep themselves physically active

Seek professional careers advice

Take a gap period to go travelling and/or volunteering overseas

8. Have you personally ever been unemployed?

Yes

No

9. What is your age?

Under 25

46-55

25-35

56-65

36-45

66 or over

10. What is your gender?

Male

Female

11. Which of these sectors do you work in?

Agriculture, horticulture, forestry and fishing

Financial services/Banking

Community and social service activities

Chemical, pharmaceutical and mining

Insurance and property/renting

Leisure

Electricity, gas and water supply

National Government

Electronics and IT

Manufacturing, engineering and processing

Local Government

Professional services and consultancy

Wholesale, distribution and repair

Police, fire & ambulance services

Charity

Postal, telecommunications

Armed forces

Media

Retail

Other business services (incl. consultancy and advisory services)

Marketing/PR

Catering and hospitality

Education and training

Other

Travel, transport and storage

Health care

If other, please specify