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Labour Market Bulletin 18

November 2004

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Contents

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Editorial

With the formation of the Training and Employment Agency, this Bulletin was initiated in 1990 by Jim Hanna. Then known as **The Labour Market and Skill Trends Bulletin,** it had just four chapters per issue. Since its relaunch as **The Labour Market Bulletin** in 1995 by the present Editor, it has had a shorter title but more chapters!

In parallel with the improving economy since 1990:-

- employment up by 144,000 jobs (+ 27%),
- unemployment down from 10% to 5% (the lowest ever)
- GVA up 45%

We have an improving research base. This was given a boost in November when the Permanent Secretary Will Haire launched the new **Departmental Research Agenda** – see DEL website for details.

But there is no room for complacency; our lowish employment rate points to the need for more job growth particularly in the West; having the youngest population out of 77 EU (15) Regions (23% under 15; in Berlin by way of contrast it is 14%) presents further challenges, and the level of R&D spend is too low. But an economic performance in the next decade similar to the last would be very satisfactory.

Looking over the past 10 years some research projects have had a major impact – in particular the International Adult Literacy Survey which has led to the Essential Skills Programme and the famous "Gremlins" ads. Others include analyses of reasons for our high non-employment rate (and the fact that 5% unemployment is **not** full employment and consequent estimates of hidden labour reserves), the skills monitoring and forecasting programmes and the large scale recruitment studies programme.

Others were less dramatic but nevertheless important – such as the evaluations of the various Departmental programmes which result in amendments to improve their effectiveness and value for money.

But I have been proud of the Bulletin – thanks to a capable team of researchers and admin team but also to the many 'outside' contributors. The rationale for the Bulletin was that the readership is not particularly interested in DEL – **but rather in the topic** – in which DEL has a major role. So we have not confined ourselves to DEL outputs but sought relevant contributions from other Government Departments - in particular DETI (the primary **collectors** of labour market data); leading research organisations; the consultancies and the universities, not just our local ones but also from Cambridge to Warwick. On 1st January 2005 the Freedom of Information Act comes fully into effect – in a way the Bulletin had already adopted that ethos.

The Bulletin has stimulated the inception of other publications e.g. by our Dublin Counterparts FAS, "The Irish Labour Market Review", and by our colleagues in DETI, who will next year introduce a Bulletin focusing on the NI economy. To reduce overlap, some former DETI contributions to this Bulletin will be naturally in their own Bulletin.

Anyhow this is definitely my last Bulletin as Editor – it passes to the capable hands of Dave Rogers, the new head of Research and Evaluation Branch. Gayle Kennedy and I have left to form a new Skills Unit focusing solely on the supply of, and demand for, skills. Perhaps Dave will ask me to contribute?

I hope you have found the Bulletin always accessible and readable, sometimes stimulating and above all useful!

TERRY MORAHAN
Editor - Labour Market Bulletin
Head – The Skills Unit

P.S Most readers have been puzzled by "the hand" on the cover. It is a triple allusion; ironically to the old labour recruitment notices that used to headline **"HANDS WANTED"** (but with every 'hand' came a brain!); secondly to our digital age; finally to the Ulster legend that the winner of this fair land would go to the first that lay their hand on these shores. But Eremon at the Milesian invasion of Ireland (6000 BC), seeing his brother was going to be the first on the shore, cut off his **left** hand and threw it onto the land to claim Ulster. But the official Ulster heraldic device is the **right** hand! derived from DeBurgo, the Norman Earl of Ulster. So the emblem of the O'Neill, the county flag of Tyrone, and the centre of the official flag of Ulster depict the **right** hand.

Anyhow the Province's flag is **right** but we have chosen (with no sinister intent) the legendary **left**. Makes labour market research look straight forward!

The NI Labour Market 'At a Glance'

Statistics Research Branch, Department of Enterprise, Trade and Investment

The Labour Force Survey (LFS) is a quarterly sample survey whereby some 4,100 individuals aged 16 and over are asked about their personal circumstances and work. It is the largest regular household survey in NI and provides a rich source of information about the labour force using internationally agreed concepts and definitions. Similar surveys are conducted throughout the European Union (EU) allowing cross-country comparisons to be made.

Results obtained from the sample are 'grossed-up' to provide an estimate of the levels within the population as a whole. Each individual participating in the survey is given a weight or 'grossing factor' which is related to that person's age and sex. In this way the final grossed results reflect the distribution by age and sex of the population.

Individuals are classified into one of the following categories: in employment, unemployed or economically inactive.

The chart shows how each of these three major categories may be further sub-divided to produce LFS estimates for an entire spectrum of non-overlapping labour market groups ranging from full-time employee to economically inactive people who do not want a job. The results are for Spring 2004.

The NI Labour Market 'At a Glance'

Statistics Research Branch, Department of Enterprise, Trade and Investment

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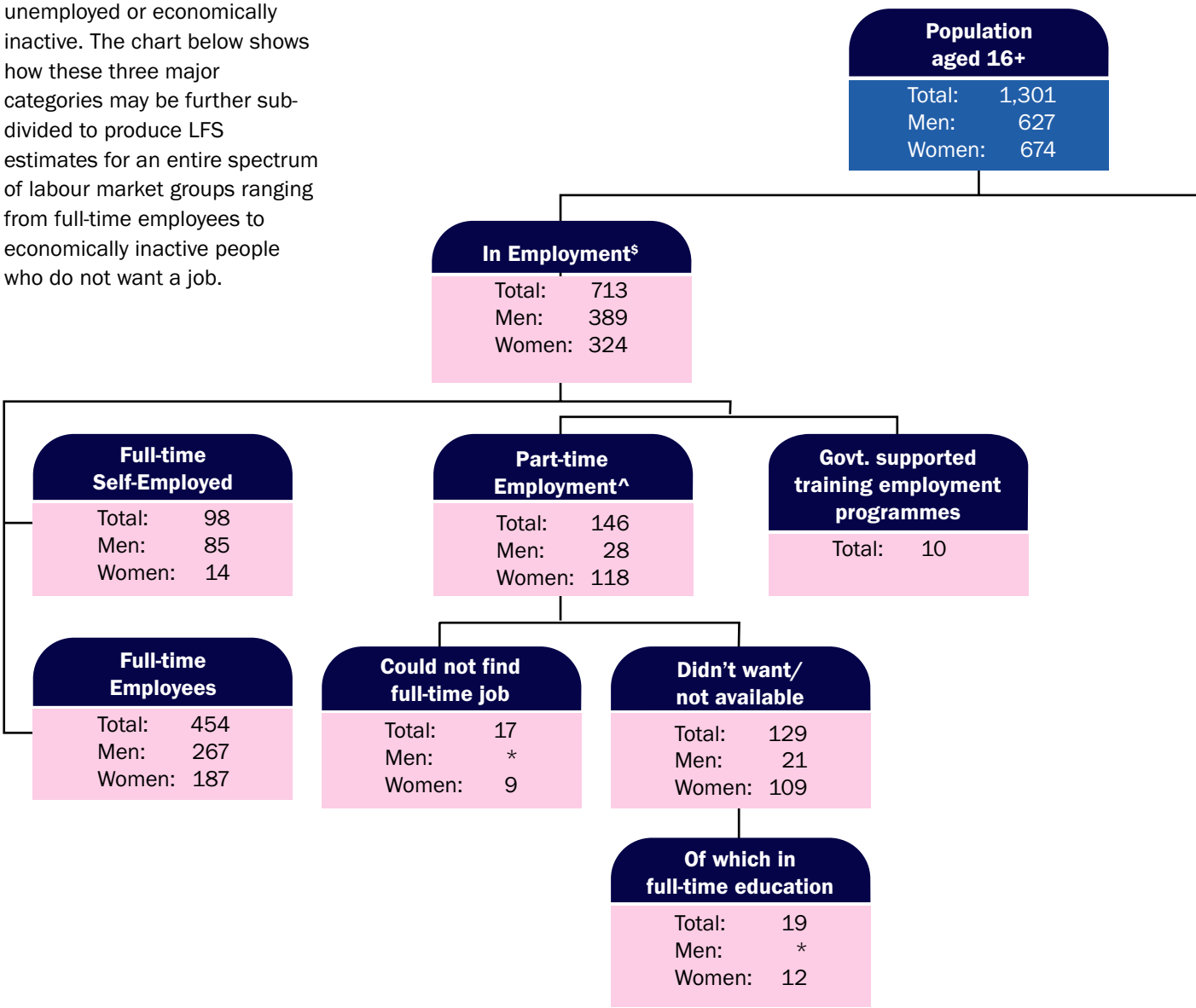
Overall Labour Market Structure

Each person aged 16 and over in the LFS sample is classified, using the standard ILO[1] guidelines, into one of the following categories: employed, unemployed or economically inactive. The chart below shows how these three major categories may be further sub-divided to produce LFS estimates for an entire spectrum of labour market groups ranging from full-time employees to economically inactive people who do not want a job.

Labour market position of people aged 16 and over (000's), spring 2004



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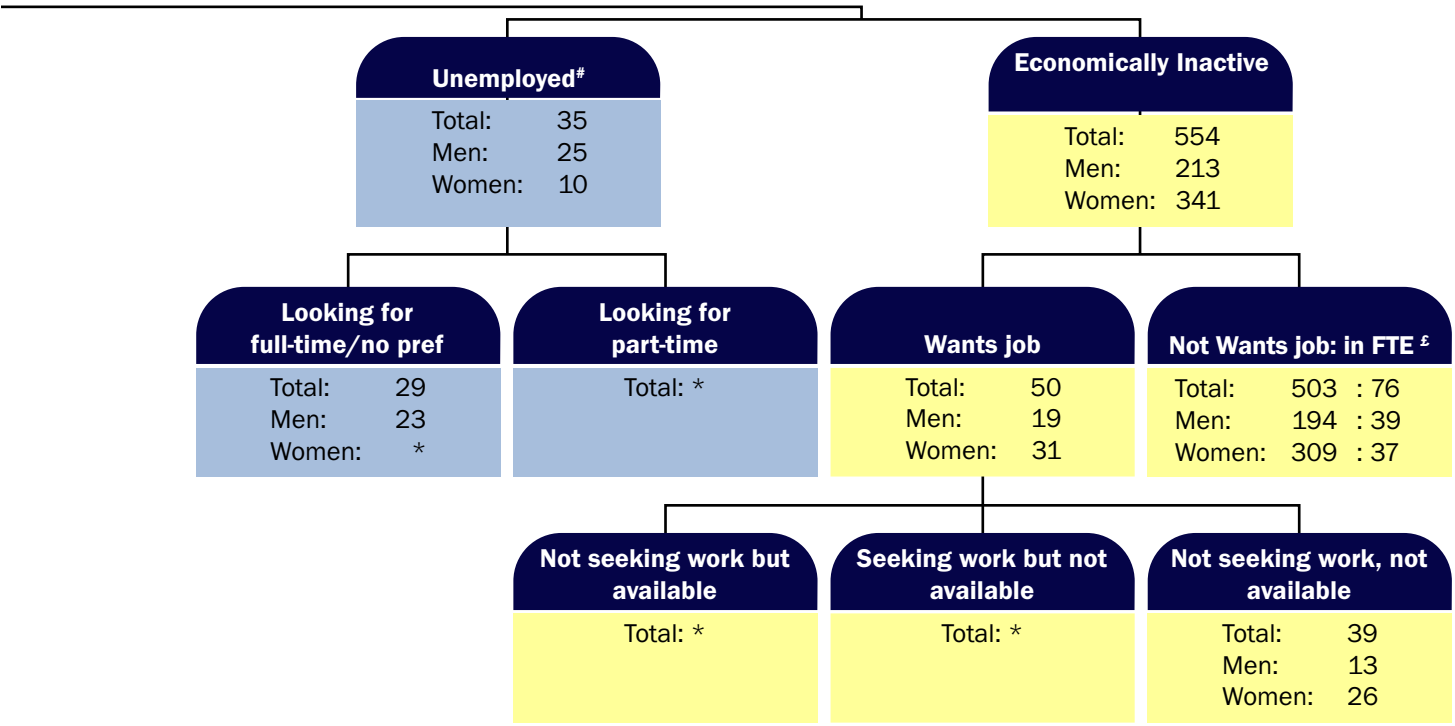

1 International Labour Organisation
$ Includes a small number of unpaid family workers.
* Too small for a reliable estimate.
£ Full-time education.
This includes a small number of persons who are waiting to take up a job already obtained and are, therefore, not included in the subsequent breakdown of type of work being looked for. Figures are in thousands and may, therefore, not sum due to rounding.
^ Comprises part-time employees and part-time self-employed.
Estimates of less than 8,000 are considered too unreliable to be published.
This explains why a gender split for some categories is omitted.

Labour Market Statistics + New Analyses; Jobs Density; Ward Unemployment

Statistics Research Branch, Department of Enterprise, Trade and Investment

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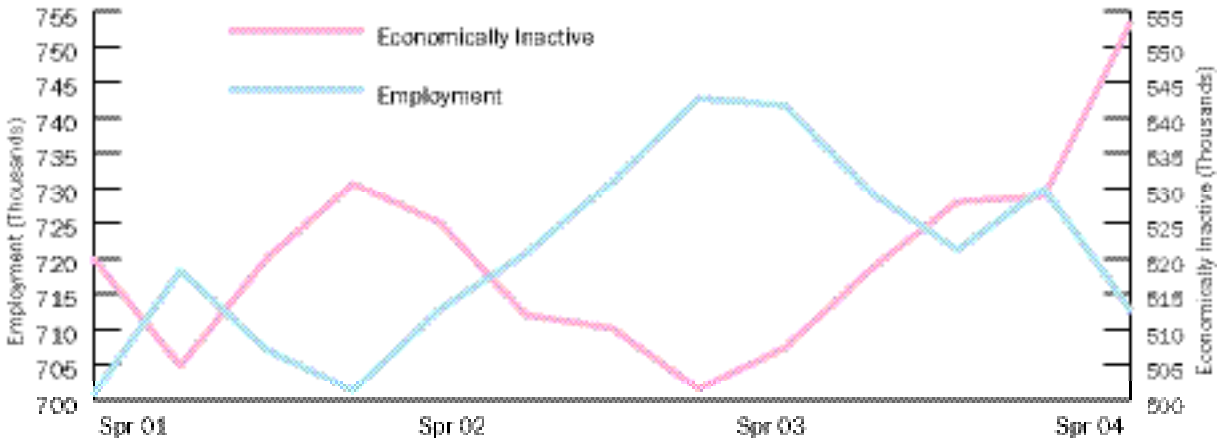
This article outlines current trends in the NI labour market using data from the Labour Force Survey (LFS) and the claimant count measure of unemployment. A major strength of the LFS is that it is a self-contained integrated source of information on employment, unemployment, economic activity and many other labour market topics. It is the largest regular household survey carried out in NI and it uses concepts and definitions which are consistent with International Labour Organisation (ILO) guidelines. For consistency with previously published articles, LFS estimates for spring 2004 have been used – that is, the 3 month period March to May 2004.

Overall the number of persons aged 16 and over in private households increased by an estimated 3% from 1,267,000 in Spring 2001 to 1,301,000 in Spring 2004. LFS estimates of the main components of labour market activity indicate that employment rose from 701,000 in Spring 2001 to a peak of 743,000 in Winter 2002/3 and subsequently fell by 4% to 713,000 in Spring 2004. It is interesting to note that trends in economic inactivity were the converse over the same period of those reported regarding employment. Peaks in employment occurred at approximately the same time as troughs in inactivity, suggesting a strong negative correlation between the two conditions. Thus, at Spring 2001 the number of economically inactive persons was 520,000. The number reached a minimum of 502,000 in Winter 2002/3 at the same time as employment peaked. Inactivity rose each quarter to a peak of 554,000 in Spring 2004, showing an overall increase of 10% in this later part of the three year period. Employment showed a steady downward trend over the same period. The number unemployed are estimated to have decreased by some 24% from 46,000 in Spring 2001 to 35,000 in Spring 2004.

Figure 1 shows these trends in employment and economic inactivity over the three year period from Spring 2001 to Spring 2004.

Figure 1: Employment and Economic Inactivity Trends Spring 2001 to Spring 2004



Labour Market Statistics + New Analyses; Jobs Density; Ward Unemployment

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Table 1: Summary of Labour Market Statistics March to May 2004 (seasonally adjusted)

	Level	Sampling Variability of level +/-#	Change over Quarter	Sampling Variability of change +/-#
ILO* employment	712,000	19,000	-19,000	14,000
ILO* unemployment	37,000	7,000	-3,000	8,000
Economically active	750,000	17,000	-22,000	13,000
Economically inactive	552,000	17,000	25,000	13,000
ILO* unemployment rate	5.0%	1.0%	-0.2pp[1]	1.0%
Economic activity rate working age	70.2%	1.6%	-1.8pp[1]	1.2%
Economic inactivity rate working age	29.8%	1.6%	1.8pp[1]	1.2%

* Definition agreed by the International Labour Organisation (ILO) - taken from the Labour Force Survey (LFS),
# 95% confidence interval,
[1]pp percentage points

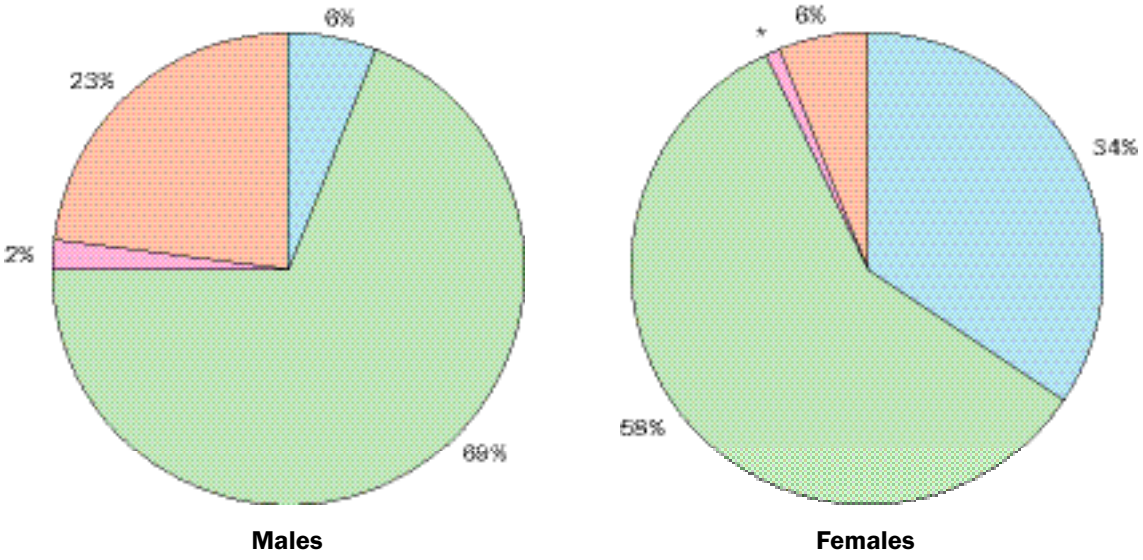
Table 1 provides a seasonally adjusted summary of the NI labour market position at March-May 2004 and an indication of change over the previous quarter. The figures show that there has been a decrease of 19,000 in the seasonally adjusted employment and a decrease in seasonally adjusted unemployment of 3,000, while the numbers of seasonally adjusted economically inactive increased by 25,000.

Unadjusted Employment

The total number of persons in employment at March-May 2004 was 713,000. Of these 454,000 (64%) were full-time employees, 134,000 (19%) were part-time employees, 110,000 (15%) were self-employed and 14,000 (2%) were on government employment and training programmes or unpaid family workers.

Figure 2 shows how the relative size of these categories differs for men and women. While self-employment accounts for 23% of the total number of male jobs, it makes up just 6% of female employment. Another feature of the NI labour market is the significant contribution which part-time work makes to female employment. 34% of all females in employment are part-time employees compared with just 6% of males.

Figure 2: Categories of Employment

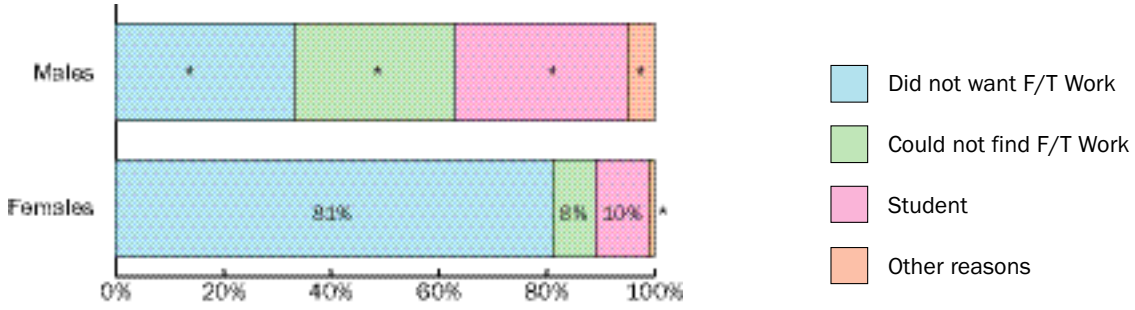


"Others" comprise those on government training and employment schemes and unpaid family workers.
* Too small for a reliable estimate.

Reasons for Part-time Work

Figure 3 shows that the reasons for part-time working also differ for men and women. While the majority of males (62%) worked part-time because they were students or were unable to find full-time work, the main reason given by females was that they did not want a full-time job (81%).

Figure 3: Reasons for Employees Working Part-time



Other reasons comprise being ill or disabled. * Too small for a reliable estimate.

Labour Market Statistics + New Analyses; Jobs Density; Ward Unemployment

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Table 2: Employee Jobs, Full-time/Part-time split, June 2004

	Male		Female		Total	% change in total	
	Full Time	Part Time	Full Time	Part Time		since last quarter	since last year
Manufacturing	65,470	2,280	17,060	4,100	88,920	-0.9%	-4.1%
Construction	30,990	1,530	2,370	1,330	36,240	2.0%	3.2%
Services	164,910	47,790	155,860	167,940	536,510	0.5%	2.9%
Other1	7,240	10,000	950	1,520	19,710	0.2%	-0.1%
Total	**268,620**	**61,610**	**176,240**	**174,900**	**681,370**	**0.4%**	**1.8%**

[1] Covers Industry Sections A,B,C and E

Employee Jobs

The other major source of employment information is the Quarterly Employment Survey (QES) which measures the number of employee jobs in NI. **Table 2** shows the breakdown of NI employee jobs at June 2004. The QES continues to show historically high levels of employee jobs and examination of the structure of these jobs shows substantially more male employees are working full-time (268,620) compared to part-time (61,610). The female split in employee jobs is more evenly spread (176,240 working full-time compared to 174,900 working part-time). In June 2004 the total number of Female Employee Jobs accounted for over half of the NI total.

Figure 4 shows that although there was a decrease in Manufacturing over the quarter and past year respectively, the increase in Services has resulted in an overall net increase in the number of employee jobs. There were overall increases of 0.4% over the quarter and 1.8% over the year.

Figure 4: Annual and Quarterly Changes in Employee Jobs

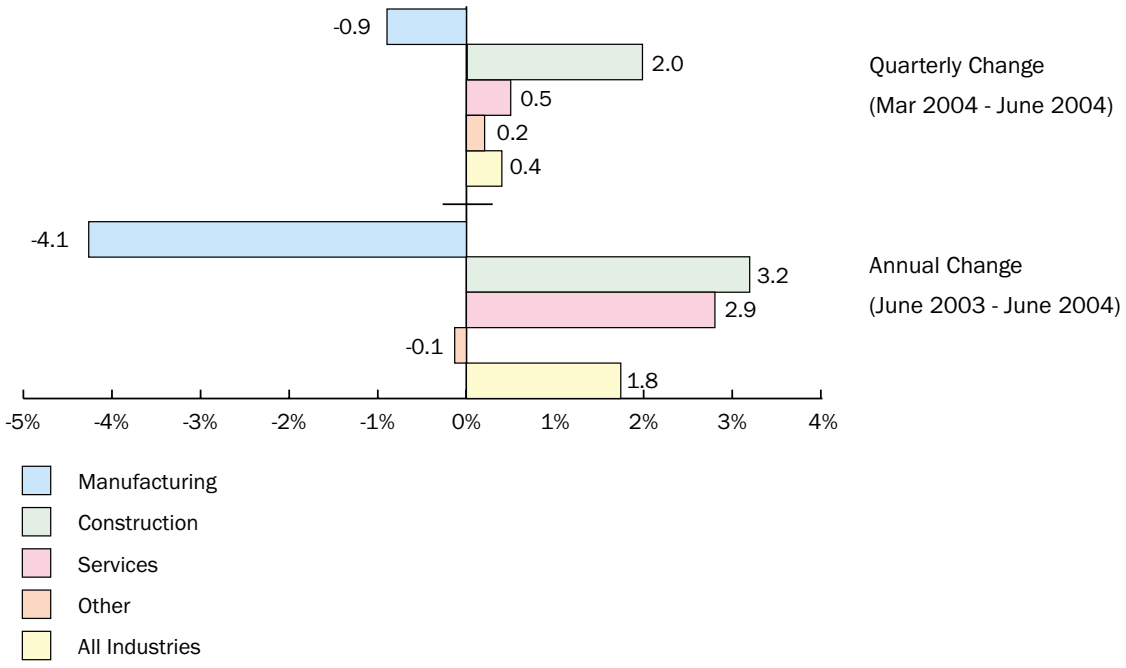

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Figure 5: NI Employee Jobs by Broad Industry Sector

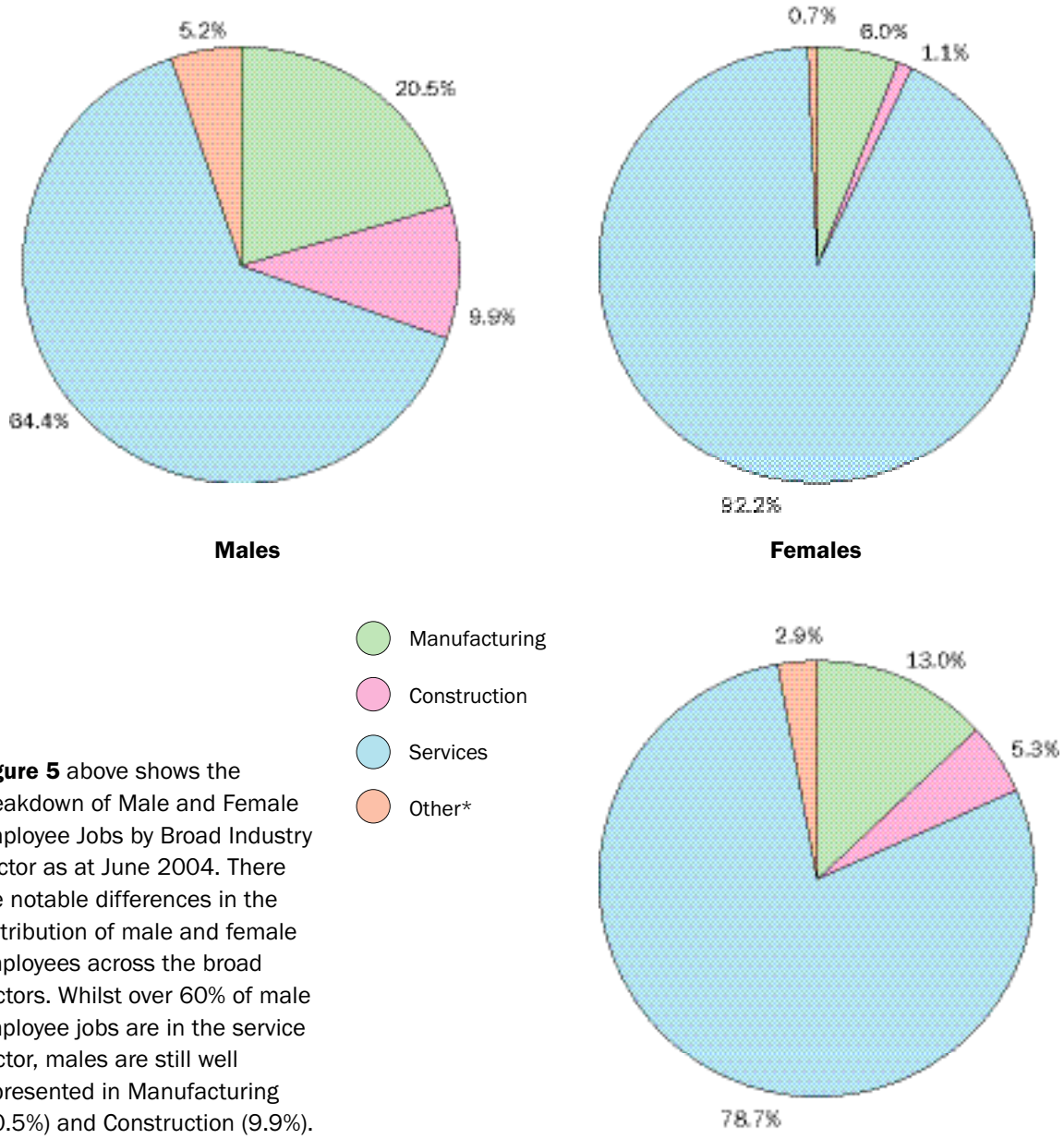

Figure 5 above shows the breakdown of Male and Female Employee Jobs by Broad Industry Sector as at June 2004. There are notable differences in the distribution of male and female employees across the broad sectors. Whilst over 60% of male employee jobs are in the service sector, males are still well represented in Manufacturing (20.5%) and Construction (9.9%). Female employee jobs however are more concentrated in the Service Sector (92.2%), with only 6.0% involved in Manufacturing and 1.1% in Construction.

* Other industries includes Agriculture, Hunting, Forestry & Fishing, Mining & Quarrying and Electricity, Gas & Water Supply.

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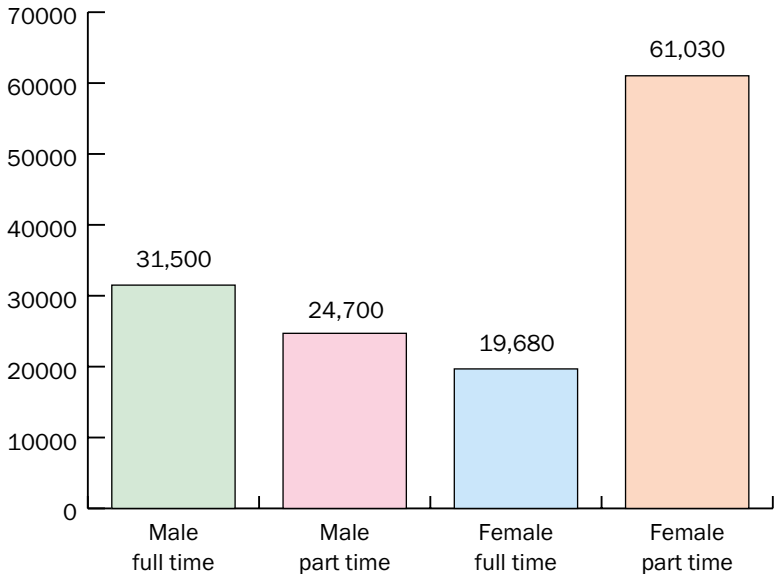
Figure 6 shows the rise in employee jobs between June 1993 and June 2004 for Males/Females, Full-time and Part-time. By far the largest increase occurred in Female Part-time jobs, with an increase of +61,030. The second largest rise occurred in Male Full-time jobs (+31,500).

Figure 6: Change in NI Employee Jobs, June 1993 – June 2004



Unemployment

The unemployed, as defined by the International Labour Organisation (ILO), are those who are without a job, available to start work within the next fortnight and have actively looked for work at some time in the previous four weeks. In the period March-May 2004 there were 35,000 persons unemployed in NI, 4.7% of the total workforce. **Figure 7** shows that unemployment rates have been on a downward trend for a number of years. The unemployment rate for males has always been higher than that for females, but the differential has generally been narrowing over time.

Figure 7: Unemployment Rates

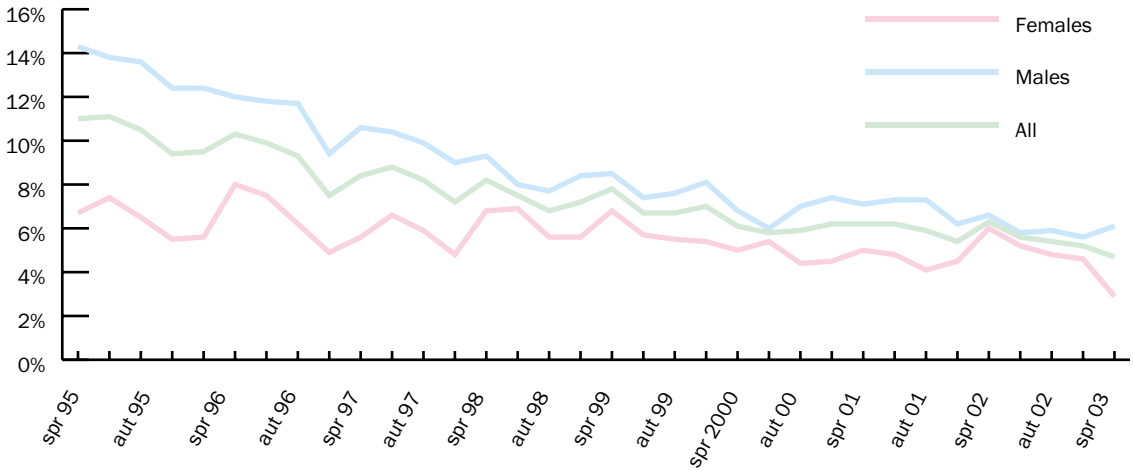


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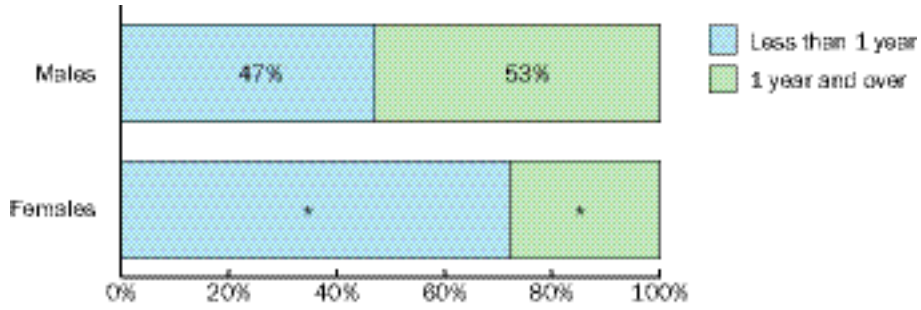
Figure 8: Duration of Unemployment



* Too small for a reliable estimate.
Excludes those who did not state the length of time they had been unemployed.

Duration of Unemployment

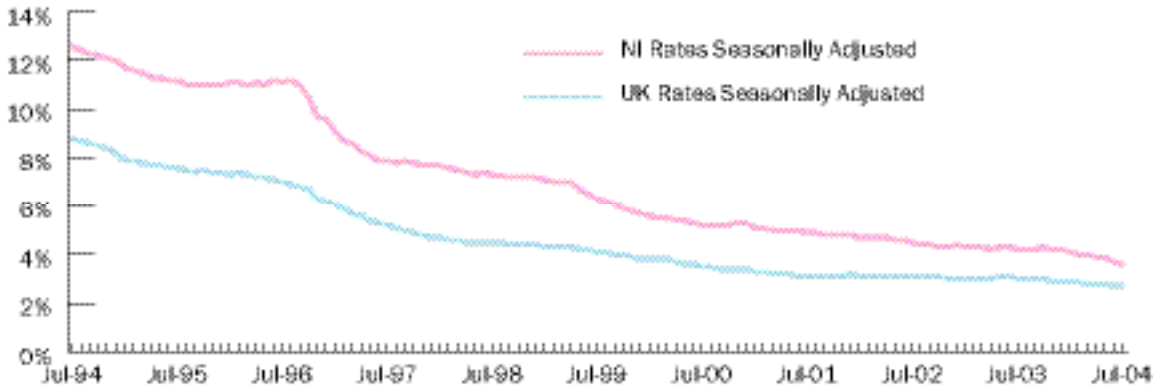
In the period March-May 2004, 16,000 (46%) of the unemployed had been out of work and seeking employment for one year or more. Just over one half (53%) of unemployed males had been unemployed for one year or more. There were not sufficient numbers of unemployed women to give a reliable split between short – term and long – term unemployed.

Claimant Count Unemployment

The seasonally adjusted claimant count rate for NI in July 2004, 3.6%, was the lowest seen since the seasonally adjusted series began in January 1971. The claimant count rate for NI has been consistently higher than the UK rate throughout the past ten years while maintaining a similar pattern to that of the UK.

However the gap between the UK rate and the NI rate has narrowed considerably in the last ten years. The greatest differential between NI and the UK in this period was seen in August 1996 when the difference was 4.3 percentage points. The lowest differential was seen in July 2004 when the difference was 0.9 percentage points. The claimant count rate of 2.7% for the UK in July 2004 is also the joint lowest seen throughout the past ten years. **(Figure 9)**

Figure 9: Seasonally adjusted claimant count rates for NI and the UK, July 1994 to July 2004.



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Subregional analysis

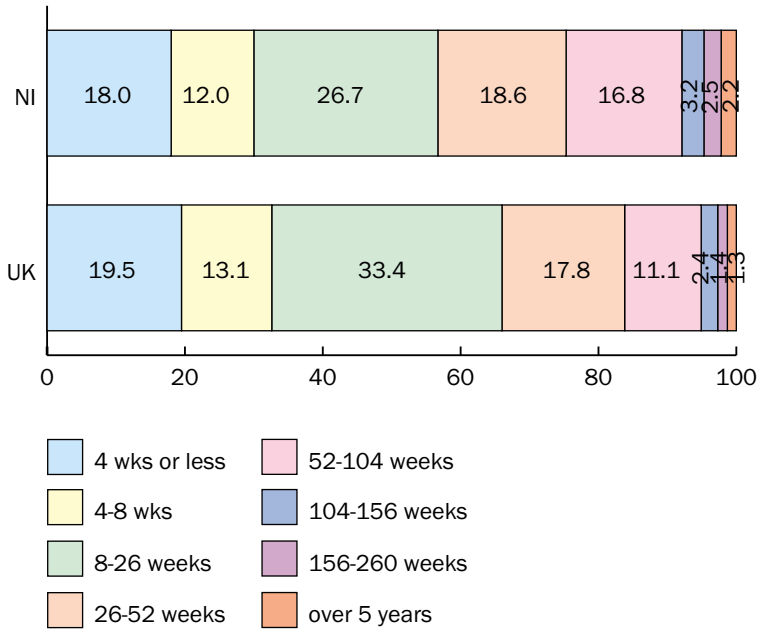
An analysis at Travel-To-Work-Area (TTWA) level shows that claimant count rates were generally highest in the west of the region and lower in the east. The highest rate was 5.4% in Strabane, and the lowest in Mid-Ulster at 1.7% **(Figure 10).**

Figure 10: NI claimant count Travel-To-Work area rates - July 2004.

Analysis by duration

In July 2004, the structure of long-term claimants in NI was slightly different from that of the UK. There were two marked differences. In NI 75.3% of claimants were short-term unemployed (claiming unemployment- related benefits for less than one year) compared to 83.8% in the UK. NI had a greater proportion of claimants who had been claiming for over five years (0.9 percentage points higher than the UK) **(Figure 11).**

Figure 11: Proportion of claimants by duration; July 2004



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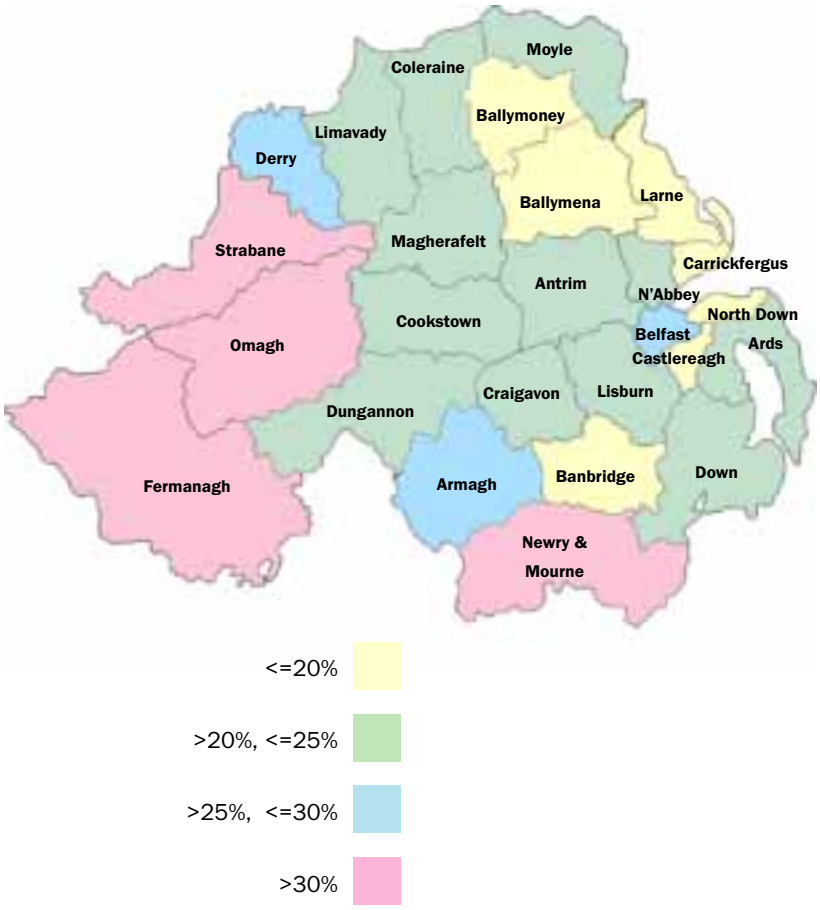
In general, districts in the west of NI showed the highest concentrations of long term claimants (those individuals who had been claiming unemployment-related benefits for over a year), with those in the east of the region tending to be lower. The exception to this is Belfast where approximately one quarter of all claimants have been claiming unemployment related benefit for over a year at July 2004. Several other districts had proportions of more than 25% long-term unemployed: Armagh with 25.5%, Derry with 26.1%, Strabane with 30.2%, Newry & Mourne with 30.5%, Omagh with 30.6%, and Fermanagh with 34.5%. The two districts with the lowest proportions were Banbridge with 16.6% and Carrickfergus with 18.2% **(Figure 12).**

Figure 12: Concentration of long-term claimants by District Council Area; July 2004



Recent developments in claimant count statistics

1. Jobs Density Indicator

A UK-wide review of Labour Market Statistics was conducted during 2002 with recommendations published on 5 November 2002. One recommendation was to introduce a measure of jobs density: defined as the total jobs in an area divided by the resident working age population. It is an indicator of labour demand and will augment the residence-based claimant count proportion, which was introduced in January 2003 as a more appropriate indicator for local areas than the workplace-based claimant count rate. Estimates of job density were published for the first time in July 2003 for District Council Areas (DCAs) and regions. New estimates for 2002 were published in May 2004.

Estimates of job densities were published in September 2003 for Parliamentary Constituency Areas (PCAs) and Travel-to-Work Areas (TTWAs). Whilst employee data is available for these areas, data for the other components (see below) are not readily available.

Labour Market Statistics + New Analyses; Jobs Density; Ward Unemployment

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The numbers of jobs are compiled from a number of official sources **(see Box 1)** for employee jobs, agricultural employees, self-employed jobs, government-supported trainees and HM Forces.

Key Points

- 2002 estimates show there are 0.75 jobs per person of working age in NI, compared to a figure of 0.83 for GB.
- Of the 12 UK regions NI has the third lowest Jobs Density, just above Wales (0.73) and the North East (0.71).

The only region to show a decrease between 2000 and 2002 was London, falling from 1.00 jobs to 0.92 jobs per person of working age. Despite this, London still has the highest JDI of all UK regions.

Table 3: Jobs Density Indicator (JDI) by Government Office Region 2000-2002

Government Office Region	2000	2001	2002
North East	0.69	0.70	0.71
North West	0.78	0.79	0.81
Yorkshire and The Humber	0.78	0.79	0.80
East Midlands	0.78	0.78	0.78
West Midlands	0.80	0.81	0.81
Eastern	0.79	0.81	0.81
London	1.00	0.95	0.92
South East	0.87	0.87	0.88
South West	0.83	0.86	0.86
England	0.83	0.84	0.84
Wales	0.72	0.73	0.73
Scotland	0.79	0.82	0.82
GB	0.82	0.83	0.83
NI	0.75	0.75	0.75
UK	0.82	0.83	0.83

Box 1

Employee jobs
By far the largest component, employee jobs accounts for 86 per cent of the total number of jobs at a NI level. Estimates were obtained from the Quarterly Employment Survey, at December each year.

Agricultural employees
Estimates are obtained separately from the Agricultural Census, which is carried out by the Department of Agriculture and Rural Development. Data are for June of each year.

Self-employed jobs
The second largest component accounting for 11 per cent of the NI total, although it accounts for up to 18 per cent in individual local authorities. Self-employment data are from the annual local area Labour Force Survey (LFS). Data are for the summer period of each year.

Government-supported trainees
The Department for Employment and Learning provides this data, at June of each year.

HM Forces
Accounts for less than 1 per cent of the NI total. Estimates of armed forces personnel are produced by the Defence Analytical Services Agency as at 1 July of each year. Adjustments are made for military personnel serving overseas or whose location is unknown.

Population estimates
Latest official mid-year population estimates, for persons of working age, produced by the Northern Ireland Statistics & Research Agency are used as the denominator.

Labour Market Statistics + New Analyses; Jobs Density; Ward Unemployment

Statistics Research Branch, Department of Enterprise, Trade and Investment

The only District Council Area (DCA) in NI to have a JDI greater than 1.00 in 2002 was the Belfast DCA, indicating that a considerable amount of the workforce commutes in from other DCAs.

The Carrickfergus DCA had the lowest JDI (0.41) in 2002 suggesting that residents in Carrickfergus travel out of the DCA to work.

Three of the five DCAs with a JDI of less than 0.50 are within easy commuting distance of the Belfast DCA.

Table 4: Jobs Density Indicator by District Council Area 2000 – 2002

District Count Area (DCA)	2000	2001	2002
Antrim	0.81	0.84	0.85
Ards	0.47	0.45	0.45
Armagh	0.66	0.66	0.66
Ballymena	0.91	0.91	0.96
Ballymoney	0.61	0.54	0.53
Banbridge	0.46	0.47	0.46
Belfast	1.22	1.25	1.28
Carrickfergus	0.40	0.41	0.41
Castlereagh	0.68	0.74	0.75
Coleraine	0.72	0.73	0.75
Cookstown	0.58	0.60	0.59
Craigavon	0.85	0.82	0.82
Derry	0.72	0.71	0.71
Down	0.56	0.56	0.55
Dungannon	0.77	0.77	0.77
Fermanagh	0.74	0.72	0.71
Larne	0.55	0.53	0.53
Limavady	0.56	0.52	0.51
Lisburn	0.62	0.63	0.63
Magherafelt	0.65	0.65	0.64
Moyle	0.47	0.46	0.46
Newry & Mourne	0.66	0.66	0.66
Newtownabbey	0.67	0.72	0.73
North Down	0.49	0.48	0.49
Omagh	0.71	0.71	0.70
Strabane	0.55	0.54	0.54
NI	**0.75**	**0.75**	**0.75**

Figure 13: Jobs Density Indicator by District Council Area 2002

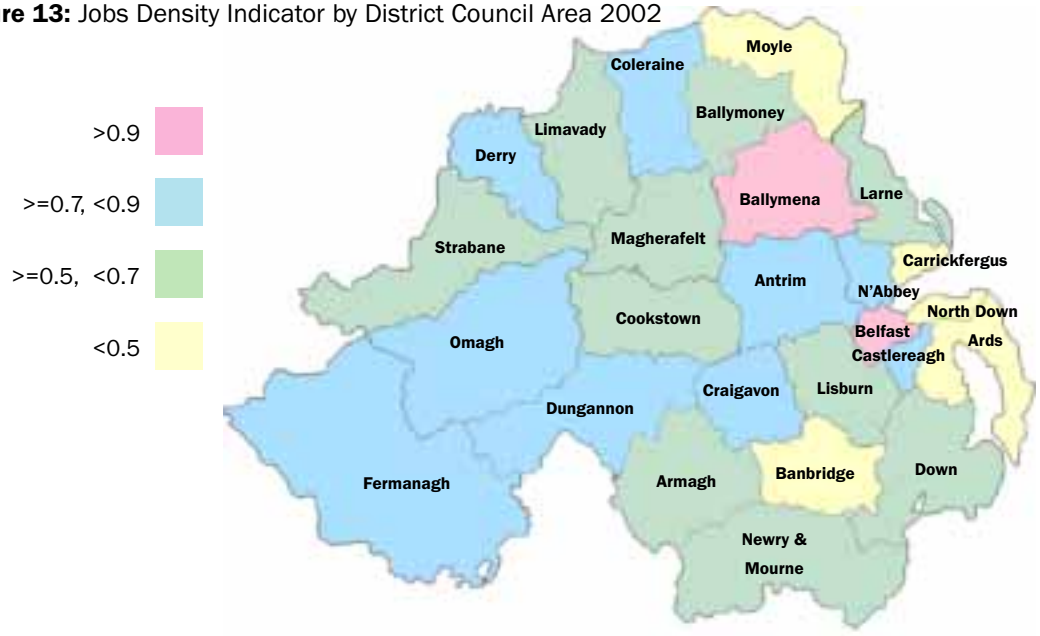

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Table 5: Jobs Density Indicator by Parliamentary Constituency Area 2000 - 2002

Parliamentary Constituency Area (PCA)	2000	2001	2002
Belfast East	1.01	1.01	1.03
Belfast North	1.42	1.44	1.48
Belfast South	1.26	1.34	1.37
Belfast West	0.53	0.55	0.55
East Antrim	0.66	0.67	0.67
East Londonderry	0.66	0.65	0.66
Fermanagh & South Tyrone	0.80	0.78	0.77
Foyle	0.72	0.71	0.71
Lagan Valley	0.68	0.69	0.69
Mid-Ulster	0.59	0.60	0.60
Newry & Armagh	0.74	0.73	0.73
North Antrim	0.76	0.75	0.76
North Down	0.49	0.47	0.48
South Antrim	0.69	0.73	0.74
South Down	0.51	0.51	0.50
Strangford	0.53	0.53	0.53
Upper Bann	0.78	0.76	0.76
West Tyrone	0.64	0.64	0.63
NI	**0.75**	**0.75**	**0.75**

Figure 14: Jobs Density Indicator by Parliamentary Constituency Area 2002

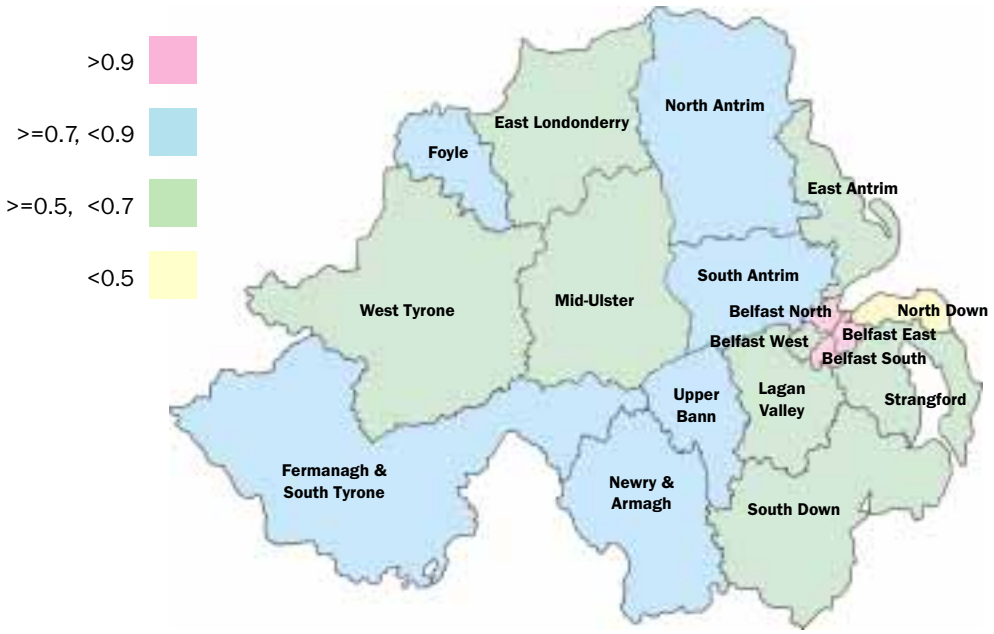

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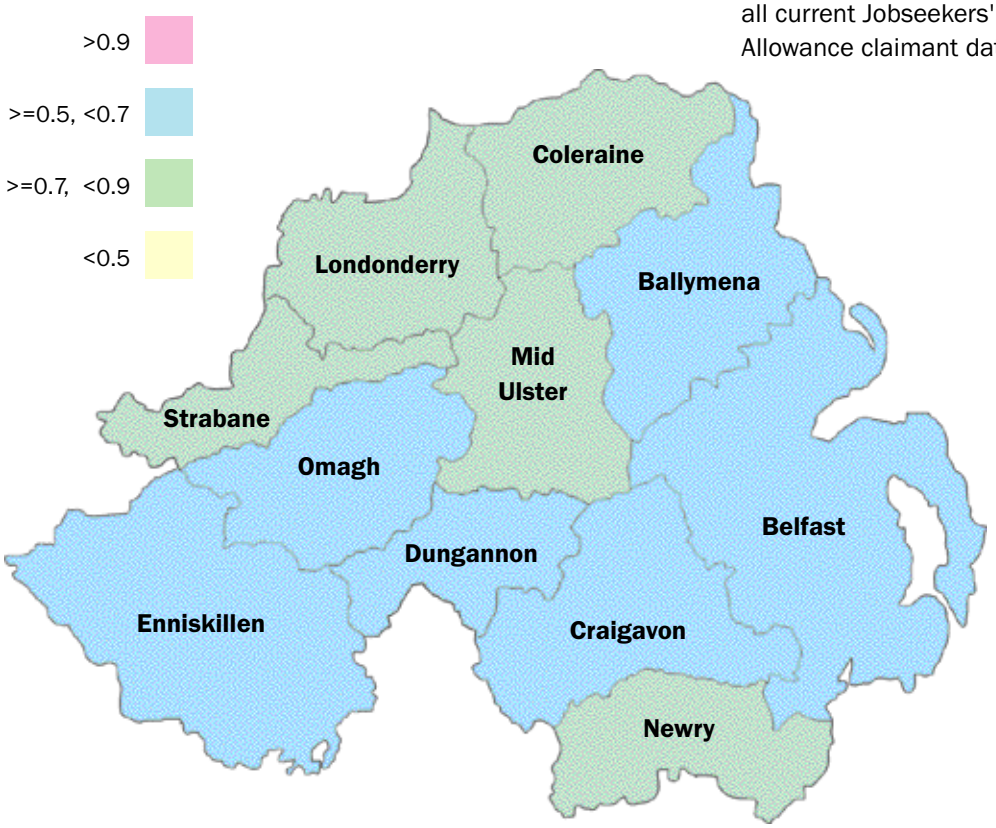
Table 6: Jobs Density Indicator by Travel-to-Work Area 2000 – 2002

Travel-to-Work Area (TTWA)	2000	2001	2002
Belfast	0.80	0.81	0.82
Coleraine	0.67	0.66	0.66
Craigavon	0.72	0.70	0.70
Enniskillen	0.72	0.71	0.70
Londonderry	0.67	0.66	0.66
Mid-Ulster	0.64	0.64	0.64
Newry	0.66	0.66	0.66
Ballymena	0.75	0.75	0.78
Omagh	0.72	0.72	0.70
Strabane	0.57	0.57	0.57
Dungannon	0.77	0.76	0.75
NI	**0.75**	**0.75**	**0.75**

Belfast TTWA had the highest JDI in 2002 (0.82) and Strabane TTWA the lowest (0.57).

Figure 15: Jobs Density Indicator Travel-to-Work Area 2002



Note: Official population estimates are not available for TTWAs. Estimates of the working-age population were produced based on 2001 Census of Population data at output area level which were adjusted to 2001 official mid-year population estimates at District Council Area level and then aggregated up to TTWAs. This denominator, which is also used in calculating proportions of claimants of Jobseekers Allowance, is used for all three years.

2. Ward Claimant Count Rates – A New Measure

In March 2004, data for the new Census Area Statistics (CAS) wards were made available for all current Jobseekers' Allowance claimant datasets.

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CAS wards are geographically compatible with the 2001 Census of Population; however users of the 2003 ward data should note that official totals, e.g. for District Council Areas (DCAs), continue to be based on the 1984 wards and may therefore disagree with figures built up from the 2003 wards. No back series is available for the 2003 wards.

In June 2004, new claimant count proportions for 2003 CAS wards were first published. These figures express the claimant count as a proportion of the mid-2001 resident working-age (females 16-59, males 16-64) population in the ward. Figures are available from February 2004 onwards.

Updated mid-year population estimates are not available for CAS Wards. Estimates of the working-age population were produced based on 2001 Census data at CAS Ward level, which were adjusted to 2001 official mid-year population estimates at District Council Area.

Claimant Count data at ward level is available via the Department of Enterprise, Trade and Investment's website **www.statistics.detini.gov.uk** and the NOMIS website **www.nomisweb.co.uk.**

The highest CAS ward claimant count rates are in Derry, Strabane, Moyle and Belfast DCAs. This is not surprising, as Derry, Strabane and Belfast had the highest DCA claimant count rates in July 2004.

The lowest CAS ward claimant count rates are in Lisburn, Antrim, Castlereagh, Newry & Mourne and Newtownabbey DCAs.

Table 7: The Ten Wards In NI With the Highest Proportion Of Claimants in July 2004

Ward	District Council Area (DCA)	Number of Claimants			% Of Working Age		
		Male	Female	Total	Male	Female	Total
The Diamond	Derry	147	31	178	18.7	4.3	11.8
Westland	Derry	118	28	146	17.4	4.3	10.9
Strand	Derry	207	65	272	15.6	5.2	10.6
East	Strabane	101	28	129	15.7	4.9	10.6
Bushmills	Moyle	31	12	43	14.0	5.5	9.8
Shankill	Belfast	164	35	199	16.1	3.4	9.7
Victoria	Derry	111	35	146	13.7	4.5	9.2
Water Works	Belfast	260	48	308	14.7	2.5	8.4
Upper Springfield	Belfast	230	47	277	14.6	2.7	8.3
Clonard	Belfast	166	38	204	13.4	2.9	8.0

Table 8: The Ten Wards In NI With the Lowest Proportion Of Claimants in July 2004

Ward	District Council Area (DCA)	Number of Claimants			% Of Working Age		
		Male	Female	Total	Male	Female	Total
Maghaberry	Lisburn	5	6	11	0.3	0.5	0.4
Aldergrove	Antrim	7	13	20	0.3	0.9	0.5
Galwally	Castlereagh	6	2	8	0.8	0.3	0.5
Parkgate	Antrim	4	5	9	0.5	0.8	0.6
Cairnshill	Castlereagh	6	8	14	0.5	0.7	0.6
Moneyreagh	Castlereagh	9	6	15	0.7	0.5	0.6
Ballymacbrennan	Lisburn	4	9	13	0.4	1.0	0.7
Wallace Park	Lisburn	13	7	20	0.8	0.6	0.7
Lisnacree	Newry & Mourne	9	3	12	1.1	0.4	0.8
Mallusk	Newtownabbey	20	9	29	1.1	0.5	0.8

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Rural – Urban Comparisons

Here, rural areas were defined as all parts of NI outside the Belfast Metropolitan Area, the city of Derry/Londonderry and towns with populations greater than 5,000 people.

Of the 582 CAS wards in NI, 266 are defined as rural and the remaining 316 are defined as urban. At July 2004, the rural CAS wards had an average claimant count rate of 2.5%[1], while the 316 urban CAS wards had a claimant count rate of 3.4%.

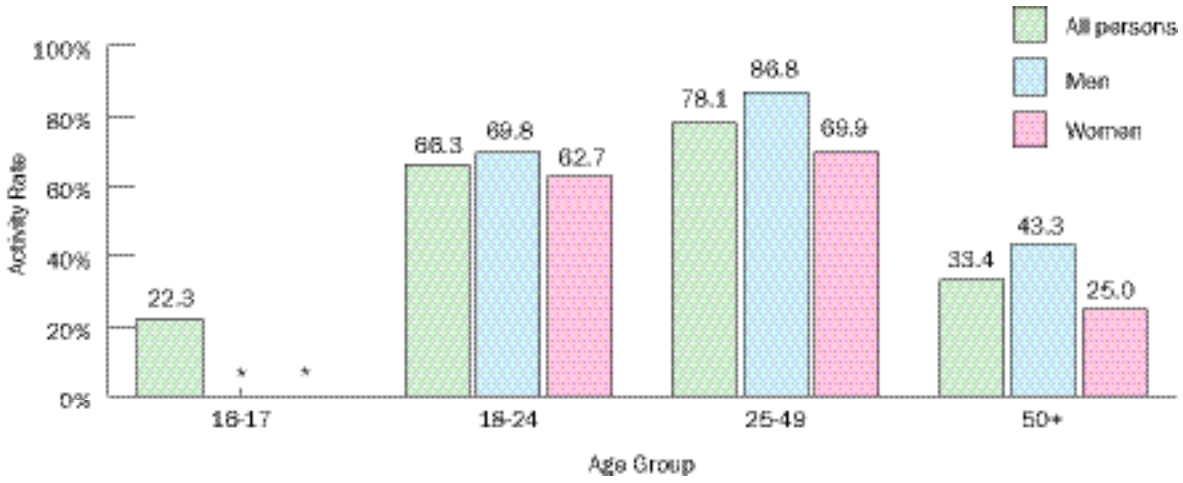
Economic Activity

The economically active (ILO employed + unemployed) are those participating in the labour market either by working or looking for work. Economic activity rates express the number economically active as a percentage of the population aged 16 and over. In the period March-May 2004, there were 748,000 economically active people in NI – an overall activity rate of 57.5%.

Activity rates

Figure 16 shows how economic activity rates are relatively low during the ages associated with full-time education, rise during the 'prime' working years (18-49 years of age) and begin to drop again near retirement age. For women this trend is slightly more mute, largely because many females of working age have domestic commitments which make it difficult for them to actively participate in the labour market.

Figure 16: Economic Activity Rates by Age



* Estimated numbers too small for a reliable estimate of activity rates

1 The average claimant count rate for rural CAS wards was calculated by expressing the summation of all claimants in rural CAS wards as a percentage of the summation of the working age in all rural CAS wards. The same procedure was applied to calculate the urban CAS ward claimant count rate.

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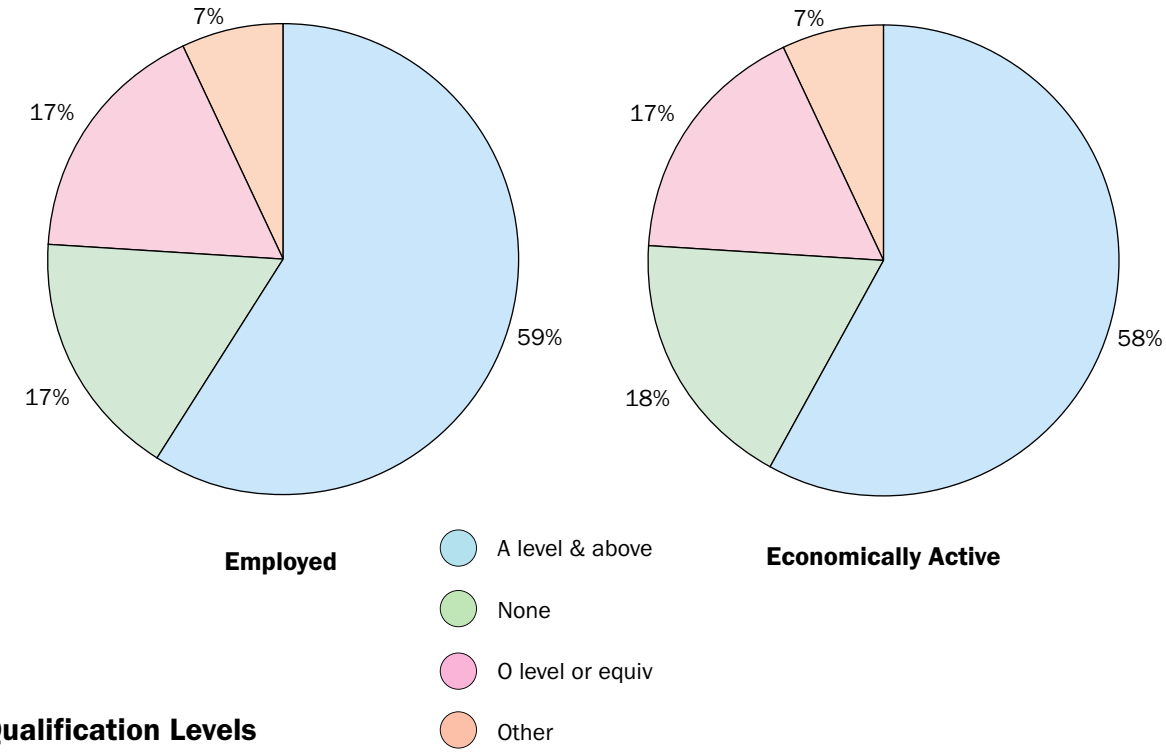
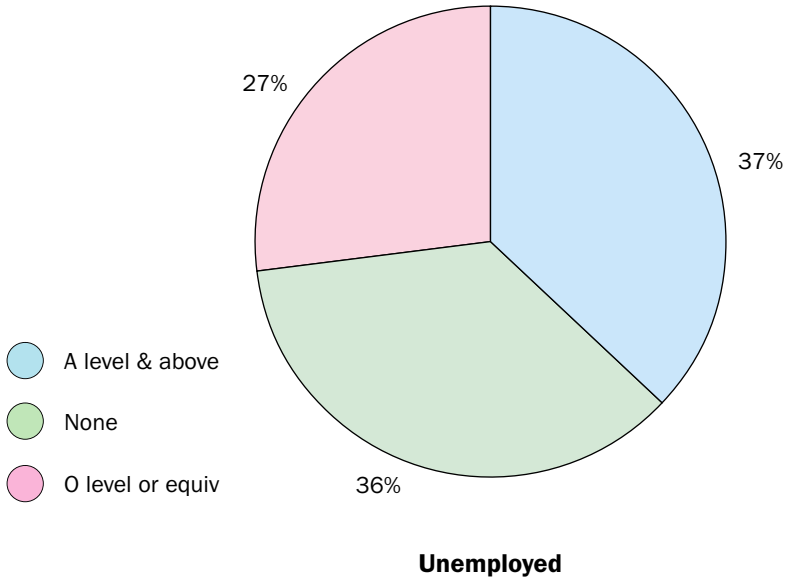
Figure 17: Qualification Levels of the Economically Active



Qualification Levels

Figure 17 shows the qualification levels of the workforce at March-May 2004, with separate estimates for the employed and the unemployed. Overall 58% of the economically active were qualified to GCE'A' level or above, while 18% had no formal qualifications. Comparing the position of the employed and unemployed- 59% of those in employment were qualified to GCE'A' level or above compared with 37% of those unemployed. Likewise 36% of the unemployed had no qualifications compared to 17% of those in employment



Economic Inactivity

People aged 16 and over who are not in employment and are not unemployed according to the ILO definition are classified as economically inactive. In the period March-May 2004 there were 554,000 economically inactive persons in NI – an increase of 46,000 from one year earlier.

The economically inactive can be divided into two main groups;

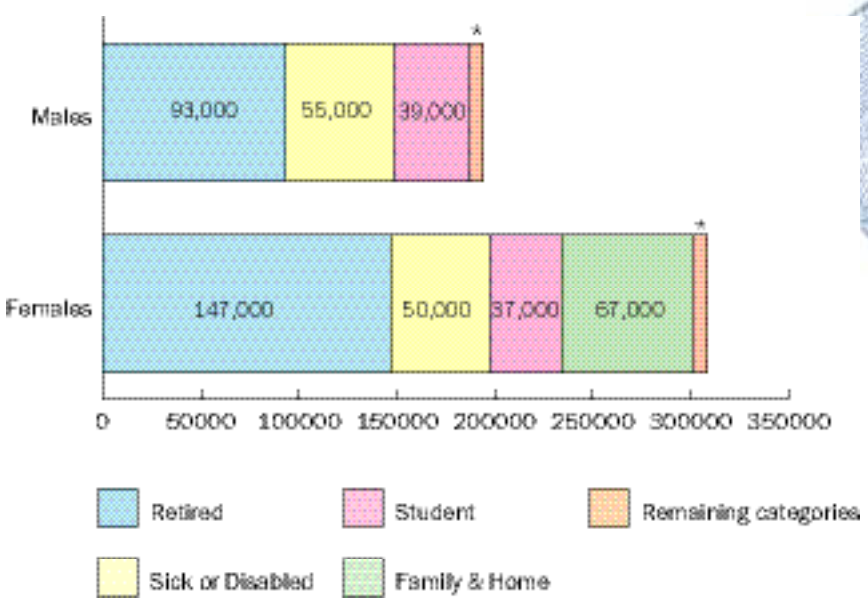
those who do not want a job (91%) and those who do want a job but fail to satisfy the ILO unemployment requirement for active job-search (9%). A breakdown of the former category is shown at **Figure 18.** Overall, the main reason for not wanting work was retirement; 48% of men and 48% of women who did not want a job were retired. The other reasons for not wanting work varied according to the gender of the respondent, with men more likely to cite sickness/disability (28%) as their reason and women domestic commitments. Indeed, 22% of women gave 'looking after family home' as their reason.

At March-May 2004 there were 50,000 economically inactive who did want a job, but for a variety of reasons were not actively seeking work. The majority (63%) of this group are women and the main reason given for their inactivity was family commitments (44%). In contrast, for males the main reason for economic inactivity was sickness or disability (55%).

Households

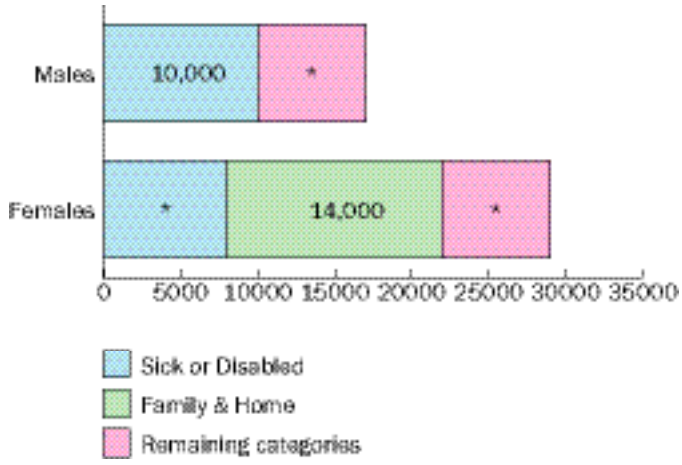
Separate datasets specifically designed for analyses at the household level are also available from the Labour Force Survey (LFS). At Spring 2004 there were 652,000 private households in NI. There were 1,685,000 persons living in these households, giving an average of 2.59 persons per household. This compared with a UK average of 2.36 as a whole.

Figure 18: Reason for not Wanting Work



* Remaining categories too small for a reliable estimate.

Figure 19: Wanting a Job, reason for not looking for work



* Remaining categories too small for a reliable estimate.

2

Indeed, NI was the region with the highest number of persons per household.

Figure 20 looks at household types according to the relationships between the persons living in them, for both NI and the UK. The most common type of household in NI consisted of a couple with children, which accounted for 34.7% of all households. The other two main household types were one person households (26.8%), followed by couples with no children (21.5%). Lone parents amounted to 13.1% (85,000) of households. The main difference between the distribution of household types in NI and the UK is the higher proportion of households in NI composed of couples with children than in the UK (34.7% compared with 28.3%). This is balanced by a lower proportion of households composed of couples with no children in NI (21.5% compared with 28.4%). There were proportionally more lone parent households in NI than in the UK (13.1% compared with 10.4%).

Figure 20: Household Types, NI and UK, Spring 2004

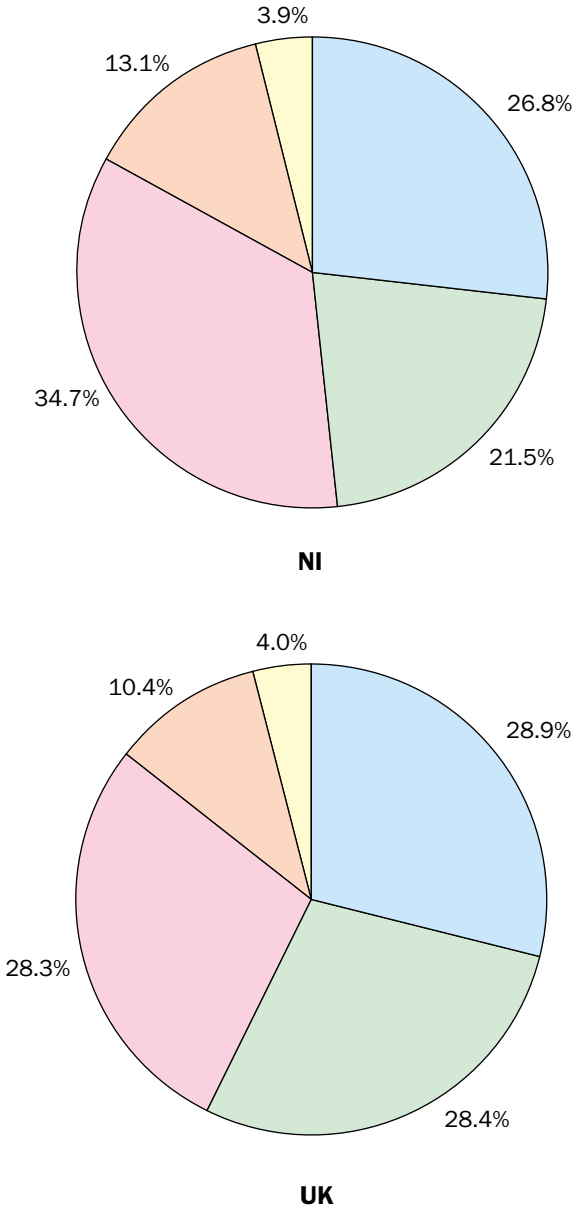


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Table 9 shows the proportions of working age households according to the economic activity of their members. (A **working age household** is defined as a household with at least one person of working age in it.) The most common type of household in NI was one where all persons were employed (referred to as a **workrich household)**, accounting for 46% of all working age households. Note these households may contain only one person who is employed, or several persons, all of whom are employed. There is a 12 percentage point difference between the proportion of workrich working age households in NI and the UK. In fact, NI has the lowest proportion of working age households of all UK regions in this category. The other two main categories of households were those containing employed and economically inactive persons (29%) and those where all persons were economically inactive (19%).
Both of these proportions were 6 to 7 percentage points higher than for UK households.

A **workless household** is defined as a household where no one is in employment and comprises types 3, 4 and 5 from **Table 9**. In Spring 2004, there were 115,000 workless working age households, or 22.4% of all working age households, in NI. This compared with 16.3% in the UK as a whole and was the second highest proportion among the UK regions, with only the North East (23.4%) having a higher proportion of households workless.

Note that the proportions in these household categories are affected by the number of persons in a household. Consequently the fact that NI has a larger average number of persons per household and a smaller proportion of one person households than the UK, means that there is more likely to be a combination of economic activity states within households than all persons of one activity state.

Table 9: Working age Households by Combined Economic Activity, Spring 2004

Type of Economic Activity	NI	UK
1) All Employed	46%	58%
2) Employed and Economically Inactive	29%	22%
3) All Economically Inactive	19%	13%
4) Unemployed and Economically Inactive	2%	1%
5) All Unemployed	2%	2%
6) Employed and Unemployed	2%	3%
7) Employed, Unemployed and Econ. Inactive	-	1%
All households# (100%)	513,000	17,639,000

Excludes cases where the combined household economic activity is not known. - Too small for a reliable estimate.

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Regional and International Comparisons

One of the strengths of the Labour Force Survey is the availability of comparable socio-economic data for other UK regions and European Union (EU) member states. **Table 10** provides a Labour market profile of each region of the UK at March-May 2004.

This shows that the NI economic activity rate for those of working age (70.2%) is lower than any of the other UK regions. The unemployment rate in NI (5.0%) is lower than four other UK regions, with the highest rate (6.8%) occurring in London. It is perhaps more significant to note that long-term unemployment (lasting 1 year or more) is much worse in NI than in any other region of the UK.

Table 10: Regional Summary (seasonally adjusted) Spring 2004

	Total aged 16 and over (000's)	Activity rate (%) 16-59/64	Unemployed (000's)	Unemployment rate (%)	LTU as % of total unemployed*	Employment rate (%) 16-59/64
North East	1,998	73.4%	63	5.5%	28.1%	69.3%
North West & Merseyside	5,320	76.9%	146	4.5%	23.3%	73.4%
Yorkshire & Humber	3,941	78.0%	108	4.4%	20.3%	74.5%
East Midlands	3,367	80.4%	95	4.4%	18.9%	76.8%
West Midlands	4,185	78.5%	145	5.6%	21.9%	74.0%
Eastern	4,336	82.3%	113	4.0%	13.7%	79.0%
London	5,952	75.9%	264	6.8%	24.7%	70.6%
South East	6,424	81.6%	160	3.8%	15.3%	78.4%
South West	3,989	81.5%	83	3.3%	13.0%	78.7%
Wales	2,323	76.3%	64	4.6%	23.0%	72.7%
Scotland	4,047	79.4%	155	6.1%	22.5%	74.5%
NI	1,301	70.2%	37	5.0%	45.7%	66.6%
UK	47,184	78.6%	1,432	4.8%	21.3%	74.7%

LTU = Long-term unemployed (1 year or more). * Not seasonally adjusted.

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Figure 21: International Unemployment (seasonally adjusted)

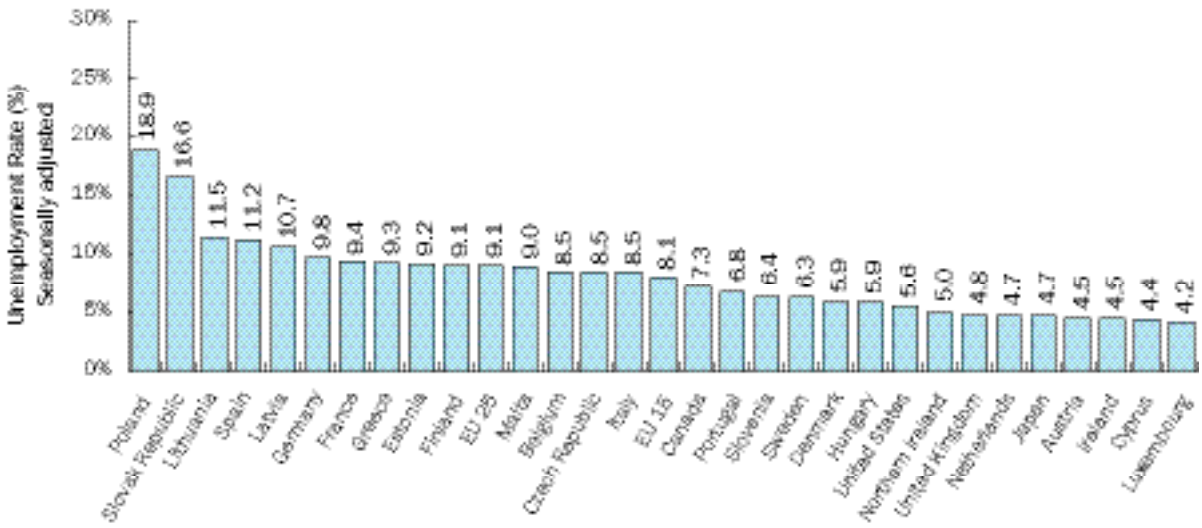

Figure 21 shows how the unemployment rate in NI compares to others in the European Union and beyond. The NI rate (5.0%) is 3.1 percentage points lower than the European Union 15 average (8.1%). It is 0.5 percentage points above the current rate in the RoI (4.5%).

FURTHER INFORMATION

More detailed labour market analysis are published in the monthly report "Labour Market Statistics". This can be obtained (free of charge) by;

Writing to	Statistics Research Branch, Room 110, Netherleigh, Massey Avenue, BELFAST BT4 2JP
Telephoning	Belfast (028) 9052 9437
Fax	(028) 9052 9459]
Textphone	Belfast (028) 9052 9304
Visiting the web site	www.statistics.detini.gov.uk

Progress in the NI Economy – A UK Regional Comparison

Terry Morahan, The Skills Unit, DEL

Taking as a base year 1990, - we have had the fastest improving economy of the twelve UK regions, (although since 1996 our performance has been similar with the catch-up occurring in the period 1990-1995).

It remains to be seen if this will also be true of the remaining years of the decade. Currently there is a global economic recovery but at time of writing this is being affected by very high oil prices.

Performance Measures

The usual measures of the performance of an economy are:

- Growth in gross domestic product (GDP); it is the sum of all the economic activity taking place in a particular territory, and reflects the numbers of people employed and their productivity (and other components such as profits) and is important because it broadly measures changes in the standard of living.

- Growth in employment – both as measured by an increase in jobs and by the increase in the employment rate – the proportion of the population of working age in employment.

- Changes in numbers and percentage of the unemployed. Obviously this tends to move in the opposite direction to employment but employment is not the only factor – it is also influenced strongly by growth in labour supply and the economic activity rate (the proportion of the population of working age who are in the labour force).

GDP – Now Gross Value Added

Under ESA 95 (the European System of Accounts) GVA (Gross Value Added) is used to donate estimates that were previously known as GDP at basic prices.

GVA measures **incomes** earned by region. GDP or GVA is usually estimated by two further methods; **production** and **expenditure**, but these two latter methods cannot be used for the UK regions and so only the incomes method is used. At present, only current prices can be calculated – but GVA in real terms (i.e. taking out the effect of regional inflation) will be produced in the future by the ONS.

It is also worth noting that there have been quite radical revisions to the data – particularly affecting the Southern English regions – NI data have been little affected.

Table 1 shows that only the South East of England (95.7%) had a larger per capita GVA percentage increase than NI (90.1%) in the period 1990 to 2002.

Another way of measuring this is in index form with UK = 100 see **Table 2**. The South East had easily the best performance. **The only other region to improve was NI** (+5.1pp). The figures also illustrate why there is growing political concern over the North/South "divide" in the UK.

Progress in the NI Economy – A UK Regional Comparison

Terry Morahan, The Skills Unit, DEL

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Table 1: GVA per head (£) 1990-2002 at current prices – residence based

Region	1990	2002	% Change
South East	9,461	18,511	95.7
North West	7,814	13,870	77.5
East	9,474	16,722	76.5
South West	8,006	14,112	76.3
London	11,183	19,672	75.9
West Midlands	7,956	13,721	72.5
East Midlands	8,181	14,034	71.5
Yorkshire/Humber	7,764	13,209	70.1
North East	7,124	11,790	65.5
England	8,756	15,646	78.7
Scotland	8,435	14,430	71.1
Wales	7,167	12,005	67.5
NI	6,333	12,036	90.1
UK (Extra-Regio)	8,581	15,259	77.8

The GVA for Extra-Regio comprises compensation which cannot be assigned to regions.

Source: Regional Accounts – Data for Tables 1 to Table4 are unadjusted.

Table 2: GVA per head (£) UK = 100

Region	1990	2002	Absolute Change
South East	110.3	121.3	11.0
North West	91.1	90.9	-0.2
East	110.4	109.6	-0.8
South West	93.3	92.5	-0.8
London	130.3	128.9	-1.4
West Midlands	92.7	89.9	-2.8
East Midlands	95.3	92.0	-3.3
Yorkshire/Humber	90.5	86.6	-3.9
North East	83.0	77.3	-5.7
England	102.0	102.5	0.5
Scotland	98.3	94.6	-3.7
Wales	83.5	78.7	-4.8
NI	73.8	78.9	5.1

Progress in the NI Economy – A UK Regional Comparison

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Table 3: NI and UK GVA % Annual Change in real terms 1990-2002

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
NI	0.0%	3.3%	2.5%	4.6%	5.6%	4.7%	0.8%	4.5%	3.0%	2.7%	3.8%	0.5%	1.7%
UK	1.1%	-0.8%	0.7%	2.3%	4.4%	2.6%	2.4%	3.6%	4.0%	2.4%	3.0%	2.2%	1.4%

Table 4: GVA Cumulative change in real terms 1990-2002

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
NI	100.0	103.4	105.9	110.8	117.0	122.5	123.5	129.1	133.0	136.5	141.6	142.4	144.7
UK	100.0	99.2	99.9	102.2	106.7	109.5	112.1	116.1	120.7	123.6	127.2	130.0	131.8

It is also worth bearing in mind the difficulty NI has in closing "the gap" in GVA per head between our level and the national level. This is due to the age structure of our population. We have easily the youngest population structure in the UK who are, of course, not income earners; 25% of our population is aged 16 and under compared with 19% to 21% in the other regions.

Table 3 shows annual changes in NI GVA growth relative to the UK over the period 1990-2002.

As can be seen from the data, NI missed out on the recession of 1991 and expanded much more rapidly than the UK until 1995. Since then NI growth rates have been practically identical.

Table 4 gives NI and UK GDP indexed to 100 in 1990 and shows the cumulative effect.

It can be seen that NI grew some 1% per annum faster than the UK over the entire period 1990-2002.

Note that the data in **Tables 3** and **4** are now in real terms ie inflation effects have been excluded using UK GVA deflators and relate to total GVA rather than per head as in **Tables 1** and **2.**

Employment Growth

Table 5 shows the change in the number of employee jobs in NI and the UK by broad industrial sector for the period March 1990 to March 2004. Clearly in relative terms NI had a much greater growth than the UK with all sectors easily outperforming the UK's.

Table 5: Employee Jobs by Broad Industry Sector, March 1990 – March 2004

	Northern Ireland				United Kingdom			
	Mar-90 (000's)	Mar-04 (000's)	Absolute Change	% Change	Mar-90 (000's)	Mar-04 (000's)	Absolute Change	% Change
Manufacturing	104	90	-14	-13.4%	4,819	3,378	-1,441	-29.9%
Construction	29	35	7	23.8%	1,267	1,249	-18	-1.4%
Services	373	532	158	42.5%	17,298	20,994	3,696	21.4%
Other	27	20	-7	-26.4%	721	408	-313	-43.4%
TOTAL	**532**	**677**	**144**	**27.1%**	**24,104**	**26,028**	**1,924**	**8.0%**

Source: DETI and ONS 1 Other industries include Agriculture, Forestry & Fishing, Mining & Quarrying and Electricity, Gas & Water Supply

Progress in the NI Economy – A UK Regional Comparison

Terry Morahan, The Skills Unit, DEL

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Unfortunately **regional** comparisons for that period are not available due to new Government Office Regions (GOR) being introduced (see LMB No 14, Chapter 5). GOR data are only currently available for the period starting March 1996 to March 2004 – see **Table 6.**

NI did well, being only out-performed by London, and much better than Scotland and Wales. But removing the period June 1990 to March 1996 (and noting the point about the early 1990s when NI excelled the UK) makes the NI performance look comparatively less outstanding.

Employment rate

Another way of looking at this is to take the percentage of those of working age (defined as 16-64 for males; 16-59 for females) who are in employment – this is known as **the employment rate** and the results are shown in **Table 7.**

Table 6: Employee Jobs by UK Region, March 1996 - March 2004

Region	1996 (000's)	2004 (000's)	Absolute Change	% Change
London	3,358	3,958	600	17.9%
South East	3,112	3,631	519	16.7%
South West	1,828	2,078	250	13.7%
North West	2,633	2,964	331	12.6%
East	2,004	2,242	238	11.9%
North East	922	1,002	81	8.7%
Yorkshire/Humber	1,991	2,128	138	6.9%
East Midlands	1,629	1,732	103	6.3%
West Midlands	2,197	2,306	108	4.9%
Scotland	2,100	2,228	128	6.1%
Wales	991	1,083	92	9.3%
NI	578	677	99	17.1%
UK	23,342	26,028	2,687	11.5%

Source: DETI and ONS

Table 7: Employment Rates: Spring 1992 – Spring 2004

Region	1992	2004	Absolute Change
London	67.8	70.2	2.4
South East	76.0	78.2	2.2
South West	73.5	78.3	4.8
North West	75.7	78.8	3.1
East	73.1	76.7	3.6
North East	69.5	73.7	4.2
Yorkshire/Humber	69.1	73.1	4.0
East Midlands	65.9	68.9	3.0
West Midlands	70.6	74.3	3.7
Scotland	71.0	74.2	3.2
Wales	67.1	72.4	5.3
NI	63.3	66.6	3.3
UK	71.0	74.5	3.5

Source: Labour Force Survey, DETI and ONS

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Here NI recorded only an average performance. This apparent puzzle (NI had an exceptional employment performance) could be explained by sampling variability; in Spring 2003 the rate was 69%.

Note the employment figure used in the numerator differs in several respects from the employee jobs figure used in the previous section. For example, the employment rate counts people with jobs – rather than jobs – and includes the self-employed.

NI's employment rate is substantially lower than the UK average and this indicates hidden labour market reserves (see LMB No 11, Chapter 7, LMB No 14, Chapter 3 and this Bulletin, Chapter 6). However whilst it is unlikely that NI will ever reach the level of South East England – if only because of our much higher birth rate (with mothers staying at home especially when the children are young), higher numbers in education, lower **local** wages interacting with benefit levels paid at **national** rates, a higher proportion of long term unemployed, inferior public transport etc – it does illustrate how increases in employment have a smaller effect on unemployment.

Thus in a strengthening labour market 'hidden' labour reserves are drawn into the market driving up the **employment rate** with a smaller effect on unemployment. A further analysis of variations in the employment rate was supplied in LMB 17, Chapter 16.

Change in Unemployment

Table 8 shows the numbers unemployed and the percentage change Spring 1992 to Spring 2004. The NI performance has been very good with a fall of 57%; better than the fall in the UK as a whole (-49%) with only the South West exceeding the NI fall; and better than Wales (-46%) and Scotland (-36%).

Table 8: Unemployed: Spring 1992 – Spring 2004 (seasonally adjusted)

Region	1992 (000's)	2004 (000's)	Absolute Change	% Change
London	424	264	-160	-38%
South East	320	160	-160	-50%
South West	216	83	-133	-62%
East	209	113	-96	-46%
West Midlands	276	145	-131	-47%
North West	331	146	-185	-56%
East Midlands	176	95	-81	-46%
North East	147	63	-84	-57%
Yorkshire/Humber	247	108	-139	-56%
Wales	119	64	-55	-46%
Scotland	244	155	-89	-36%
NI	86	37	-49	-57%
UK	2,796	1,432	-1,364	-49%

Source: Labour Force Survey, DETI and ONS

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Manufacturing Output

One final additional piece of evidence is the change in manufacturing output-less important than the GVA measure because manufacturing only represents about one-fifth of total GVA. **Table 9** shows the relative change in manufacturing output for NI and the UK over the past four years and over much better performance even taking into account the recent sharp fall in output in the Textiles and Clothing sector. And since this was accomplished with fewer employees, there has been a substantial improvement in labour productivity.

Table 9: Manufacturing Output 2000 - 2004

	2000 (Q1)	2004 (Q1)	Change
NI	98.3	105.1	6.9%
UK	100.6	97.7	-2.9%

Source: Index of Production Note NI 2000 = 100: UK 2001 = 100

VAT Registrations

One would expect that those regions which are performing well, such as London and its neighbouring regions, and NI, would also show an increase in businesses registered for VAT, whereas under-performers, say the North East of England and Wales, would do less well by this measure.

As **Table 10** shows there is a fair correlation between a good labour market performance and the change in the stock of VAT registered businesses. NI did better than Scotland, Wales and the more northerly English regions – but not as well as the midland and southerly English regions.

Table 10: VAT Registrations 1994 - 2003 Net Change

Region	% Increase
London	19.9%
South East	14.0%
East	10.1%
East Midlands	7.0%
West Midlands	5.8%
South West	4.3%
North West	3.8%
Yorkshire/Humber	0.9%
North East	-0.1%
Scotland	2.8%
Wales	-4.8%
NI	5.0%
UK	7.9%

Source: DTI Small Business Service's Research Unit

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Table 11: Inward and Outward Migration 1991/92 to 2002/03

		91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
In	England & Wales	11785	11397	9666	9765	12993	9430	9148	9798	9237	8986	9907	8737
	Scotland	1593	1486	1500	2049	2505	2016	2120	2491	2313	2549	2472	2239
	Rest of World	5143	4661	4257	4301	8700	5476	5643	5144	6198	6845	6628	7360
	TOTAL	**18521**	**17544**	**15423**	**16115**	**24198**	**16922**	**16911**	**17433**	**17748**	**18380**	**19007**	**18336**

		91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Out	England & Wales	8539	9320	10056	10281	10157	10975	10711	10198	10094	9668	9419	9130
	Scotland	2322	2245	2639	2994	2743	2976	3054	2311	2324	1826	2004	1734
	Rest of World	4837	3311	3197	4726	6614	4003	4931	9739	7557	8761	7499	8468
	TOTAL	**15698**	**14876**	**15892**	**18001**	**19514**	**17954**	**18696**	**22248**	**19975**	**20255**	**18922**	**19332**
	NET GAIN/LOSS	**2823**	**2668**	**-469**	**-1886**	**4684**	**-1032**	**-1785**	**-4815**	**-2227**	**-1875**	**85**	**-996**

Effect on Migration Patters

Prior to the 1990s there had been substantial emigration from NI for a variety of reasons for example – to avoid "the troubles", take up higher education places, seek better jobs. NI "lost" 82,000 people in the 1970s, 47,000 in the 1980s but in the period 1991/92 to 2002/03 under 5000 – see **Table 11**. The earlier data on GVA growth, employment and unemployment help explain this dramatic improvement.

Table 12: House Prices: February 2002 = 100

Region	2004 (Q1)
North East	156
East Midlands	148
Yorkshire/Humber	147
North East	147
West Midlands	142
South West	138
East	132
South East	129
London	122
Wales	149
Scotland	139
NI	124
UK	135

Source: Economic Trends August 2004

House Prices

The new House Price index – see **Table 12** – shows only London had a smaller rate of house price increase than NI. (London actually experienced a fall in the last quarter). NI's slower rise in part will reflect the supply side; NI had had among the highest increase in new dwellings. (Note the index is based on regional prices February 2002 = 100).

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REGIONAL PRICES

A new series on regional consumer prices is being undertaken by the Office of National Statistics. This is useful as lower income levels in say NI, may in fact be higher in real terms if the cost of living is lower – as in fact it is as **Table 13** shows.

However the methodology is still a long way from being perfect – as the authors readily acknowledge: for example due to the lack of good data on rent levels in NI, the average UK rent is assumed whereas it is likely that our rents are appreciably lower than the UK average.

In the past the only such regional price comparisons were produced by the private consultancy firm Reward Regional Surveys. But their survey focused on executive living costs whereas the ONS survey is much more comprehensive.

It may come as a surprise that the regional price differences are not larger – but due to the dominance of the large supermarkets, food prices vary little across the UK. And London is not always the most expensive for everything; bus fares and fuel and light are lower than the national average.

CONCLUSION

It is clear that in the last decade we have had the fastest improving regional economy in the UK.

Table 13: Regional Price Comparison (UK = 100) 2003

London	108
South East	106
East	101
South West	100
West Midlands	99
East Midlands	98
North West	98
Scotland	96
NI	96
Yorkshire/Humber	95
Wales	94
North East	92

ONS Relative Regional Consumer Price Levels in 2003

But it is also clear that – with the benefit of a full decade of data – that all the relative improvement took place in the first half of the decade. As **Table 4** shows, in the period 1990 to 1995 our GVA growth was 22.5% v 9.5% in the UK; but in the period 1995-2002 our growth was identical 22.2pp v 22.3pp in the UK.
However it should also be borne in mind that the strongest UK growth rates are in the large and affluent southern English regions (in particular London, South East, East and South West). When compared to the other 'northerly' UK regions, our performance is considerably better.

But the fact remains that it has been a period of substantial progress; we have lost our unenvied tag of being the UK region with the highest unemployment rate (several other regions are worse).

Unemployment is at its lowest for over a generation and for the first time on record it is close to the UK average (5%) and is well below the EU level (8%) and we no longer have a large population loss through emigration.

OUTLOOK

There are at least 25 unofficial short-term economic forecasts produced for the UK national economy(!) and one official one by HMT – which is quoted below in **Table 14**. There are many unofficial **regional** forecasts but no official one. We have used RF/OEF on this occasion.

Looking further out to the new decade will our economy perform well?

There are grounds for a canny optimism:

(i) the world economy gathers pace in 2005;

(ii) sterling has weakened relative to the Euro – which encourages exports to the Eurozone;

(iii) an export boost potential from the strong performance of RoI's economy remains (although growth rates in RoI have settled down);

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(iv) agriculture and tourism (especially conference business which is booming), are doing well and job losses in the clothing and textile sectors will slow down (there were 23,000 jobs in 1998 only 6,000 today);

(v) inward investment which, as elsewhere throughout Europe, has been at a low level, recovers its success in supplying a substantial number of high quality projects to replace lower productivity sectors;

(vi) past and present improvements in education and training pay off;

(vii) capital and labour inputs grow faster than the UK average;

(viii) political stability is gained.

But with challenges to our economic environment still around – from unfavourable exchange rates, to effects from the big expansion eastwards of the EU, to oil induced shocks, to the unexpected!

Table 14: GDP Estimates/Forecasts % p.a.

	2004	2005
UK*	3.0 to 3.5%	3.0 to 3.5%
NI**	4.6%	3.8%

Source * HMT * *RF/OEF Economic Outlook Autumn 2004

Who are the Self-Employed in NI?

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This article provides the most recent (Spring 2004) information available from the Labour Force Survey (LFS) about the economic activity[1] of the self-employed in Northern Ireland (NI). Where appropriate comparison with the economic activity of the self employed in the UK is included.

Key Points

The self-employed are likely to:

- be predominately male - 81% of the self-employed are male.
- be full-time - 90% work full-time.
- have a trade apprenticeship or no formal qualifications – 26% of the self-employed have a trade apprenticeship as their highest qualification and 27% have no formal qualifications.
- work in a skilled trade occupation – 46% of the self-employed work in skilled trade occupations.

Compared to employees the self-employed:

- are 1.6 times more likely to be male.
- are 1.2 times more likely to work on a full-time basis.
- are 1.5 times more likely to be aged over 45.
- work on average one-third longer hours per week.

- NI has the highest self-employment rate (15.5% i.e. the percentage of all persons in employment that are self-employed) of all the UK regions. However, other sources indicate lower entrepreneurial activity and VAT registration rates compared to the rest of the UK regions.

- NI has the highest proportion of the self-employed working in Agriculture (19%) of the UK regions (UK average = 5%), reflecting the significance of this sector to the NI economy.

- Only 20% of the self-employed in NI had a higher education qualification compared to a UK average of 27%. NI ranks the lowest across UK regions in terms of the proportion of the self-employed that have a higher education qualification.

- Nearly one-half (46%) of the self-employed in NI are skilled tradesmen, with a further 18% describing themselves as managers and 15% as being in professional and technical occupations. The occupational breakdown for the UK as a whole differed considerably, with 30% of the self-employed classified as skilled tradesmen, 18% as managers and 27% as being in professional and technical occupations.

- NI had the highest proportion of self-employed persons in skilled trade occupations and the lowest proportion in professional and technical occupations of any UK region.

- While females remain under-represented among the self-employed, there has been an increase in the proportion of self-employed who are female, from 17% in 1992 to 19% in 2004.

(see definitions at end of article)

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- Over half of the self-employed worked from home or used it as a base for working.

- The self-employment rate increases with age. It ranges from 7% for those aged 16-29 to 39% for those aged 60 and above.

Introduction

The self-employed are a key group in the workforce and monitoring their activity can provide useful information about structural changes in the labour market and the extent of entrepreneurial activity. While many of the self-employed run their own small firms and businesses, they are a disparate group of people ranging from successful businessmen to those who are at the margins of conventional labour market activity. NI has one of the lowest entrepreneurial rates (Global Entrepreneurship Monitor (GEM)[2] UK 2003) and VAT registration rates for businesses (DTI Small Business Service 2002) across the UK regions, yet typically reports high self-employment rates. It is therefore important to understand the nature and characteristics of the self-employed and their role in the NI labour market.

This article provides an in depth analysis of those currently in self-employment at Spring 2004, and gives a brief comparison with the numbers self-employed from 1992 to date. The results indicate that whilst peaking in Spring 1995, self employment rates in NI are only slightly higher in 2004 (15.5%) than they were in 1992 (15.1%). The NI Labour Force data indicate that relatively low proportions of the self-employed have higher education and proportionately more have no qualifications compared to regions in Great Britain. These factors should be taken into account when considering why the highest self-employment rates in the UK do not necessarily translate into high entrepreneurial activity and business start up rates.

Data are taken from the Labour Force Survey (LFS), which is the largest regular household survey in NI. Self-employed people are defined as those who, in their main employment, work on their own account, whether or not they have employees. The division between employees and the self-employed for the LFS is based on survey respondents' own assessment of their employment status.

Numbers of Employees and Self-employed (16+) 1992-2004

- **There were 110,000 self-employed people in NI in Spring 2004.**

At Spring 2004, there were some 110,000 self-employed persons out of a total number of 713,000 persons aged 16 and over in employment (including employees and self-employed) in NI.

- **Both employee and self-employed numbers grew by 18% from 1992 to 2004.**

Figure 1 shows an index (Spring 1992=100) of the number of employees and self-employed aged 16 and over in Spring of each year from 1992 to 2004. Both series increased by 18% during the period, however the pattern in the growth differed for the two. The growth in employee numbers was relatively constant, with an increase being recorded in most years. Employee numbers increased from an estimated 497,000 in 1992 to around 588,000 in 2004, having peaked at 621,000 in 2003.

While the overall numbers of self-employed persons also increased by 18% during the period, up from an estimated 93,000 to 110,000, the increase has not been regular, with decreases in numbers being recorded for several yearly intervals, though this partly reflects sampling variability. The number of self-employed persons is currently at a peak of 110,000 in Spring 2004, having been as low as 85,000 in 1993.

2 Harding R, (2003) Global Entepreneurship Monitor United Kingdom 2003, London Business School

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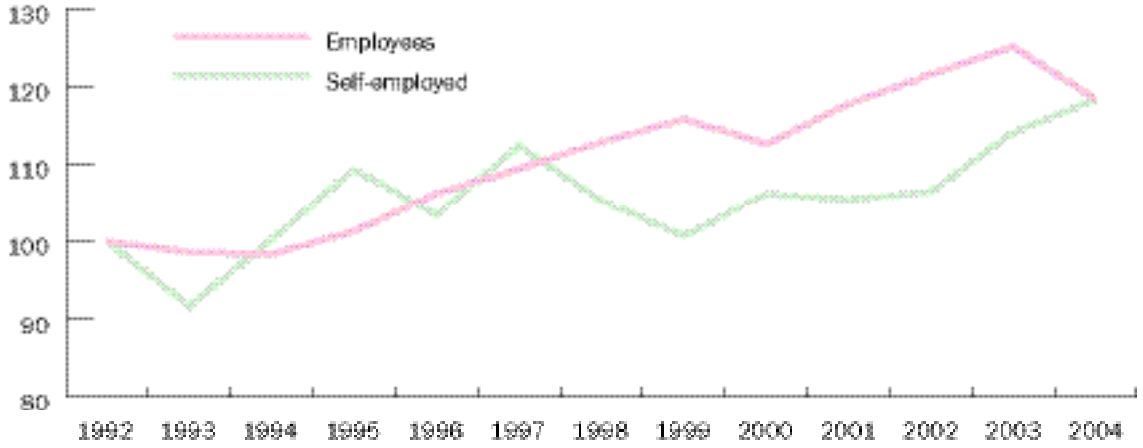
Figure 1: Employee and Self-employed numbers indexed to 1992=100; 1992 - 2004



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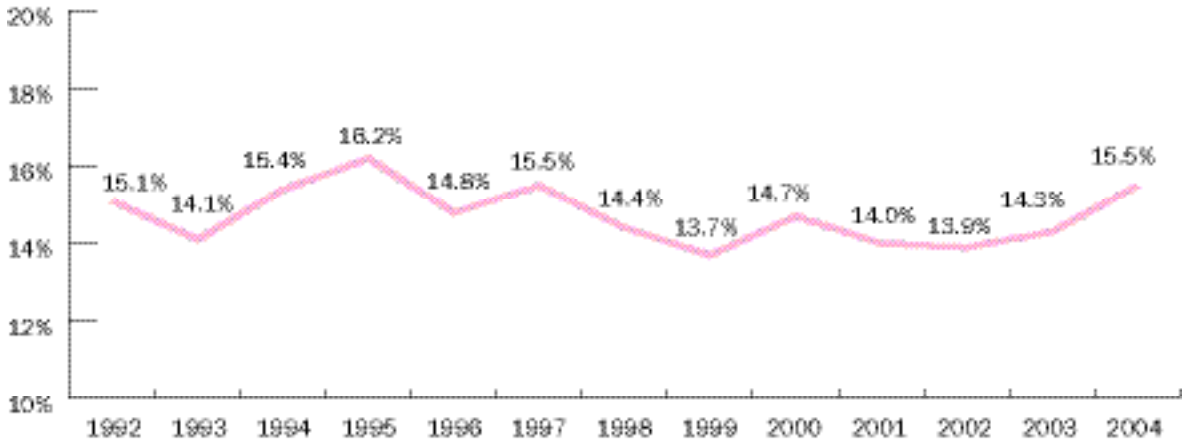
- **The current self-employment rate (15.5%) is one of the highest in the period.**

The self-employment rate is the percentage of all persons aged 16 and over in employment (including employees and self-employed) who are self-employed. **Figure 2** shows this rate for each of the years from 1992 to 2004. The self-employment rate at Spring 2004 was 15.5% and was last recorded at this rate in 1997. This was one of the highest rates during the period, exceeded only by a rate of 16.2% in Spring 1995. The self employment rate in NI has increased by 1.6 percentage points over the last two years.

- **NI had the highest self-employment rate across the UK regions.**

In Spring 2004, the self-employment rate for persons aged 16 and over varied throughout the U.K. The NI rate of 15.5% was above the UK rate of 12.7%, and indeed was the highest across the UK regions.

Figure 2: Self-employment rate (16+), 1992 - 2004



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The lowest rate was in the North East (9.0%). The variation in self-employment rates by region depends partly on the industry mix in the region. The south of England has a concentration of construction and those service industries in which workers are more likely to be self-employed, in contrast to the manufacturing industries, on which the North East is reliant. The relatively high percentage of self-employed in NI may be partly due to the greater importance of agriculture (which has a high self-employment rate).

- **While females remain under-represented among the self-employed, there has been an increase in the proportion of self-employed who are female from 17% in 1992 to 19% in 2004.**

During the period 1992 – 2004 the number of self-employed females increased (28%) more proportionately than that of males (16%). However, the self-employed remain predominantly male. In 1992, only 17% of the self-employed were female, while in 2004 the proportion had risen slightly to 19%.

The number of female employees also increased more proportionately than that of males. Female numbers increased by 22% to 298,000 while male numbers increased by 15% to 290,000. While in 1992 there were slightly more male (51%) than female employees, the situation was reversed in 2004 with slightly less male employees (49%). **Figure 4** shows how the 2004 male/female split for employees compares with that for the self-employed.

Figure 4: Self-employed and employees by gender (16+), 2004

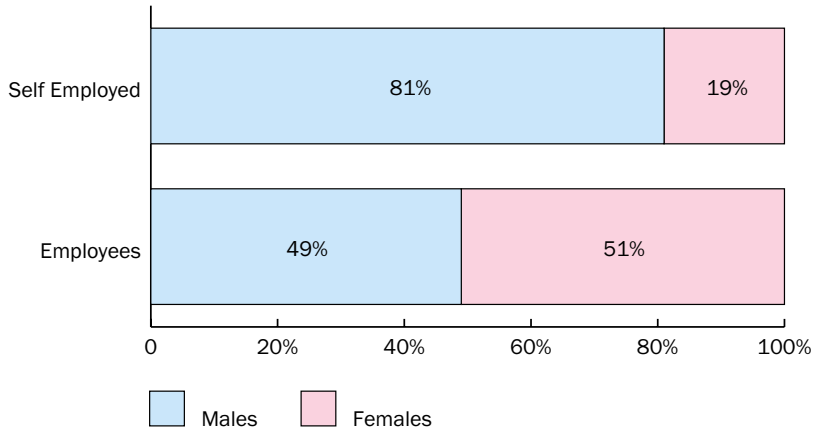
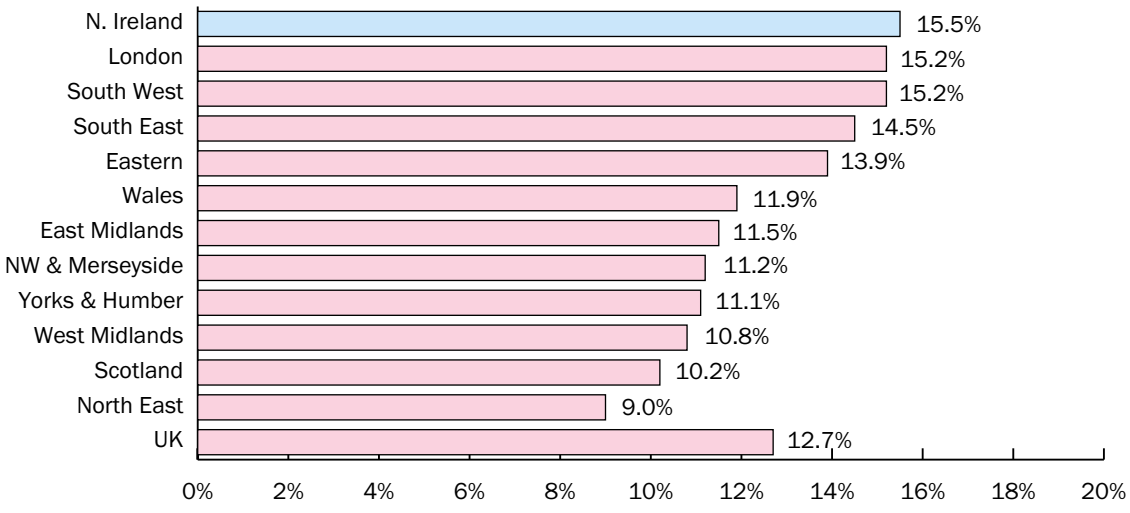


Figure 3: Self-employment rates (16+) for UK regions, 2004



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Self-employment rates for males and females over the period 1992 - 2004 are shown in **Table 1**. As the large majority of the self-employed are males, and there are roughly equal numbers of male and female employees, self-employment rates for males are larger than for females. The male self-employment rate of 23.0% at Spring 2004 was similar to those reached during the first part of the period from 1992 to 1997, while the current female rate of 6.4% equalled the highest reached in the whole period.

Table 1: Self-employment rates by gender (16+), 1992 - 2004

	Males	Females	All Persons
1992	22.5%	5.9%	15.1%
1993	21.6%	4.3%	14.1%
1994	23.4%	5.2%	15.4%
1995	24.3%	6.2%	16.2%
1996	22.7%	5.1%	14.8%
1997	22.9%	6.4%	15.5%
1998	21.7%	5.2%	14.4%
1999	20.4%	5.5%	13.7%
2000	21.7%	5.7%	14.7%
2001	20.8%	5.4%	14.0%
2002	20.9%	5.4%	13.9%
2003	21.4%	5.4%	14.3%
2004	23.0%	6.4%	15.5%

Self-employment at Spring 2004

- **90% of self-employed persons work full-time.**

Table 2 shows the numbers of full-time and part-time self-employed persons aged 16 and over in Spring 2004. This reveals that 98,000 (90%) self-employed persons worked full-time, while 11,000 worked on a part-time basis. A higher proportion of self-employed males than females work full-time (94% compared with 67%).

Table 2: Self-employed by full and part-time status (16+), Spring 2004

	Full-time	Part-time	Total
Males	85,000	*	90,000
Females	14,000	*	21,000
All Persons	98,000	11,000	110,000

* Too small for a reliable estimate.

Table 3: Self-employed by age (16+), Spring 2004

	16-29	30-44	45-59	60+	Total
Males	11,000	35,000	30,000	13,000	90,000
Females	*	10,000	*	*	21,000
All Persons	13,000	45,000	38,000	14,000	110,000

* Too small for a reliable estimate.

Table 3 shows the numbers of self-employed persons aged 16 and over in each of the specified age groups at Spring 2004. Self-employed persons were concentrated in the middle age groups, with 41% of self-employed persons aged 30-44 and 34% aged 45-59. Nearly one half (47%) of self-employed females were aged 30-44, with the numbers in the other age groups too small to quote reliable estimates for.

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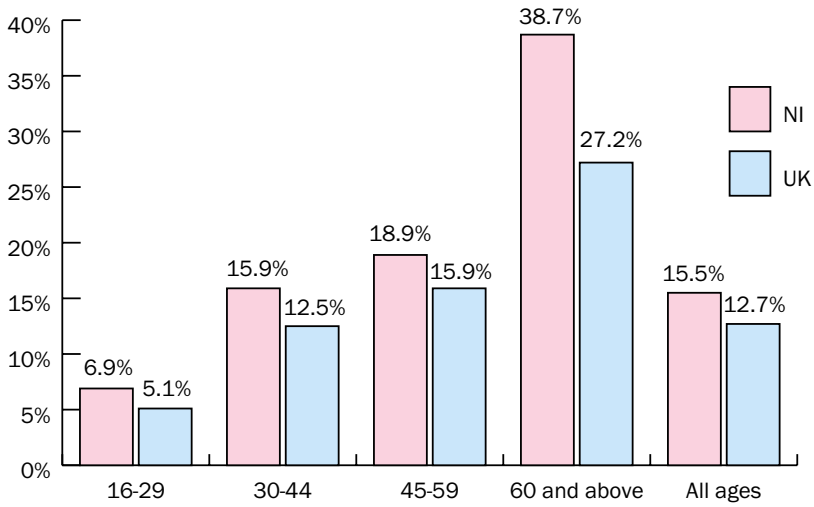
- **Older age groups more likely to be self-employed.**

In general, self-employment rates (16+) increased with increasing age, as shown by **Figure 5**. At Spring 2004 only 6.9% of persons in NI aged 16-29 in employment were self-employed, while 38.7% of persons aged 60+ in employment were self-employed. A similar pattern is recorded for the UK, however the self-employment rates for the UK were consistently lower than those for NI.

Possible reasons for the increase in self-employment rates with age could be because the self-employed are less likely than employees to retire early, or that employees switch to self-employment at, or as they approach the official retirement age. Lower self-employment rates in the younger age bands would be expected, as self-employment requires both skills and financial resources that younger workers would be less likely to possess.

Figure 5: Self-employment rates by age group (16+), Spring 2004



Qualifications of the self-employed

- **Those with a trade qualification are more likely to be self-employed than those with other types of qualifications.**

Table 4 shows how the self-employment rate for persons aged 16 and over varied with the highest qualification held in 2004. Persons in employment who held a trade apprenticeship or had no qualifications were most likely to be self-employed, with the self-employment rates being 37.4% and 24.5% respectively. Persons holding all other qualifications had lower self-employment rates than the overall rate of 15.5%.

Table 4: Self-employment rates by highest qualification held (16+), 2004

	Self-employed	In employment	Self-employment rate
Higher education	22,000	215,000	10.1%
GCE A level or equiv	15,000	127,000	11.5%
Trade apprenticeship	29,000	77,000	37.4%
GCE O level or equiv	12,000	120,000	9.6%
Other qualifications	-	49,000	-
No qualifications	29,000	120,000	24.5%
Total	110,000	708,000	15.5%

- Too small for a reliable estimate. Excludes those who did not state their highest qualification.

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- **Over one quarter (27%) of the self-employed had no formal qualification.**

Figure 6 shows the distribution of the highest qualifications held by self-employed persons aged 16 and over. For 26% of the self-employed, a trade apprenticeship was the highest qualification, compared with only 8% of employees. Employees were more likely to have GCE A level or higher qualifications, 52% compared with 33% of the self-employed. A larger proportion of the self-employed (27%) had no qualifications, compared to employees (15%).

- **Only 20% of the self-employed in NI had a higher education qualification compared to a UK average of 27%.**

NI had the lowest proportion of self-employed persons with a higher education qualification of any UK region. Only 20% of the self-employed in NI had a higher education qualification compared to a UK average of 27%. Likewise NI had the highest proportion of self-employed persons with no qualifications (27%), compared to a UK average of 14%.

Working patterns of the self-employed

Hours worked

- **Self-employed work one third longer hours per week than employees.**

Table 5 shows that for persons aged 16 and over the self-employed usually worked one

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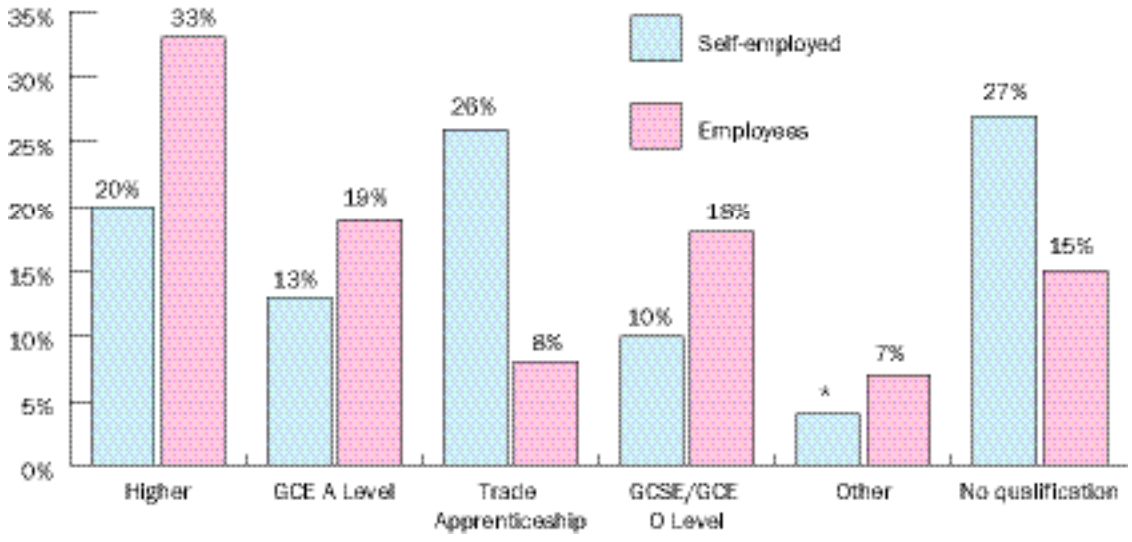
Table 5: Average Usual weekly hours worked by employees and self-employed (16+), 2004

Average Usual Hours	Employees	Self-employed
0 - 29	21%	9%
30-39	36%	10%
40-49	33%	35%
50-59	6%	19%
60-69	2%	12%
70 and over	-	15%
Average hours	35.7	47.4

- Too small a number of persons for a reliable estimate.

Figure 6: Highest qualification of the self-employed and employees (16+), 2004



* Too small a number of persons for a reliable estimate.

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third longer hours than employees per week. Average hours worked per week by the self-employed at Spring 2004 was 47.4 hours compared with 35.7 hours worked by employees. Note that the average hours worked per week is affected by the proportions of persons working full-time and part-time in the two employment categories. Nearly one half of self-employed persons (46%) worked 50 hours or more per week compared with 9% of employees. Indeed, 15% of self-employed persons work 70 hours or more per week, while the number of employees who did so was too small to quote a reliable estimate.

Table 6 compares average usual weekly hours worked in 1992 and 2004. It shows that the hours worked have fallen slightly in the period for both self-employed persons and employees, and that the difference between hours worked by the self-employed and employees has also narrowed slightly from 13.5 to 11.7 hours.

Note that although the LFS collects information on earnings for employees, it does not do so for the self-employed.

- **A higher proportion of the self-employed work unsociable hours than employees.**

Table 6: Average usual weekly hours worked for persons (16+) 1992 and 2004

	1992	2004
Employees	36.7	35.7
Self-employed	50.2	47.4
All in employment	38.2	37.1
Difference between self-employed and employees	13.5	11.7

Table 7: Normal period of work for employees and self-employed (16+), 2004

Normal Period includes	Employees	Self-employed
Working during the day	90%	92%
Working during the evening	23%	45%
Working during the night	10%	19%
Total number of persons#	586,000	110,000

Excludes a small number whose usual periods of work is not known.

As well as working longer hours than employees, a higher proportion of the self-employed work unsociable hours. While similar proportions of the self-employed and employees normally work during the day (92% and 90% respectively), a higher proportion of the self-employed normally work during the evening (45%) and at night (19%) than employees, of whom 23% normally work during the evening and 10% normally work during the night.

As already noted, self-employed persons work longer hours than employees and this is reflected in the number of different days in the week they usually work. Over one quarter (28%) of self-employed persons usually work seven days a week, while just 4% of employees do so. While a five day working week is the norm for 72% of employees, only 43% of the self-employed usually work five days a week.

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Figure 7: Number of different days per week worked (16+ persons), 2004

* Too small for a reliable estimate.

Where the Self-employed Work

Industry analysis

- **Agriculture and fishing sector has highest rate of self-employment.**

Table 8 shows how self-employment rates for persons aged 16 and over varied by industry in 1994 and 2004. In 2004, two industries, in particular, had well above the average self-employment rate of 16%. Nearly three quarters (72%) of those in employment in Agriculture and fishing were self-employed and the self-employment rate for the Construction industry was 38%.

Other Service industries had below average self-employment rates because they contained a considerable proportion of Public Sector employees.

While the overall number of self-employed persons aged 16 and over increased by 17,000 or 18% from 1994 to 2004, the change varied between industry sectors.

Table 8: Self-employed (16+) by industry, 1994 and 2004

	Self-employed 1994	Self-employed 2004	Self-employment rate 1994	Self-employment rate 2004
Agriculture and fishing	22,000 (24%)	22,000 (20%)	70%	72%
Energy and water	-	-	-	-
Manufacturing	-	-	-	-
Construction	19,000 (20%)	32,000 (29%)	42%	38%
Distribution, hotels & restaurants	25,000 (27%)	21,000 (19%)	20%	16%
All other services*	21,000 (22%)	33,000 (30%)	7%	9%
Total (100%)#	93,000 (100%)	110,000 (100%)	16%	16%

* Comprises Transport and communication, Banking, finance and insurance and Public administration, education and health. # Excludes those whose industry sector was not known. - Too small for a reliable estimate.

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The Construction sector recorded the largest increase, up 13,000 persons or 72%, whereas the number of self-employed in Distribution, hotels and restaurants fell by 4,000 or 17% during the period. Note that 1994 is used for comparison, rather than 1992, because it is the earliest year for which the SIC 1992 industry classification, used for 2004 estimates, is available.

Occupation analysis

- **Nearly one half of skilled tradesmen are self-employed.**

Table 9 shows that there were only four occupational groups where there were sufficient numbers of persons aged 16 and over working as self-employed to quote reliable estimates. Of all persons working in Skilled Trade occupations, nearly one half (45.6%) were doing so on a self-employed basis. Skilled Trade occupations comprise metal, vehicle, electrical, construction, building, textile, printing and food preparation trades. 25.4% of Managers and Senior officials were self-employed, but a smaller proportion of those in Professional and Associate Professional and Technical occupations (9.4%) were self-employed.

Note these occupational groupings are based on the SOC2000 occupational classification that came into effect in Spring 2001, and thus occupational comparisons with periods before this are not reliable.

Home working and home-based working

- **Over half of self-employed persons work mainly from home.**

Home workers are one of the groups of workers that may fall across the boundary between the self-employed and employee status. They may have no fixed hours and be called upon by an employer when work is available. Many home workers do not have contracts of employment and may be classified as self-employed by their employers, when, in fact they are employees. The numbers of self-employed persons aged 16 and over using their home for their work in Spring 2004 are given in **Table 10**. This shows that the self-employed were much more likely than employees to work in

Table 9: Self-employed (16+) by occupation, 2004

	Self-employed 2004	Self-employment rate (per cent)
Managers & Senior Officials	20,000 (18%)	25.4%
Professional, Assoc Prof & Technical	16,000 (15%)	9.4%
Administrative & Secretarial	-	-
Skilled Trade occupations	51,000 (46%)	45.6%
Personal Service occupations	-	-
Sales and Customer Service	-	-
Process, Plant & Machine Operatives	10,000 (9%)	16.9%
Elementary occupations	-	-
Total (100%)*	110,000 (100%)	15.5%

* Excludes those who did not state their occupation.
- Too small for a reliable estimate.

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Table 10: Home workers (16+), 2004

	Self-employed	Employees
Own home	9,000 (8%)	-
Same ground or building as home	21,000 (20%)	-
Different places with home as base	27,000 (25%)	9,000 (2%)
Separate from home	52,000 (47%)	572,000 (97%)
Total (100%) *	110,000 (100%)	587,000 (100%)

* Excludes those who did not state their place of work.
– Too small for a reliable estimate.

their own home or use it as a base for their work. Over a half of self-employed persons (58,000 or 53%) worked from their home or used it as a base for working, compared with 3% of employees. 52,000 self-employed worked completely separate from their home.

Teleworkers are defined as those who work in their own home and who could not work at home without using both a telephone and a computer. At Spring 2004, 16,000 persons out of the total number of 110,000 self-employed persons were classified as teleworkers.

Conclusion

The self-employed play a very important role in the NI Labour Market. The self-employment rate in NI is the highest of any UK region although the earnings of the self-employed only constitute 7% of total household income, compared to a UK average of 9%. (Regional Trends, 2004[3]). However, the high levels of self-employment activity in NI are recorded alongside some of the lowest entrepreneurial rates and VAT registration rates for businesses of the UK regions.

Examination of the characteristics of the NI self-employed compared to their UK counterparts provides some indictors that may help to explain this apparent contradiction. Proportionately more of the NI self-employed classify themselves as skilled tradesmen or work in the agriculture sector. They have been working at the same self-employed job for longer (68% of the NI self-employed have been working in their current job for five years or more, compared to 60% in the UK) and have attained lower levels of qualifications.

There are definitional issues and differences in reference periods between entrepreneurship and self employment, which also have to be taken into account. The GEM report into entrepreneurs classifies entrepreneurial activity as an attempt to start a new business or to expand a current business operation and refers to ventures that have been running for up to 42 months and have not paid salaries for longer than that. In contrast the LFS self employed are those who indicate they undertook some paid work in the last 7 days and describe themselves as self employed. Businesses with annual turnover below the VAT threshold (£55,000 at end 2002) may decide not to register for VAT. If the turnover of many of NI's self-employed is below that, this may explain why a relatively high self-employment rate does not translate into a strong business start up rate.

High stocks of self-employed and low rates of entrepreneurial activity likely reflect the higher proportions of the NI self-employed working in agriculture or as skilled tradesmen. In contrast, the remainder of the UK has a much higher proportion in professional and technical occupations. Further work would be required to establish if it also reflected the fact that the self-employed in NI are content with their current level of business and are not seeking to expand or start new

3 Regional Trends 38: 2004 Edition – Table 8.1 Household Income by Source – Combined Data 1999 to 2002, Office for National Statistics

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ventures. Given those with higher qualification levels show higher levels of "opportunity" driven entrepreneurial activity, the lower incidence of higher level qualifications among the self employed in NI and NI's low entrepreneurial rate may also merit further investigation.

Definitions

Economic Activity

People are described as being either Economically Active or Economically Inactive. The Economically Active are those persons aged 16 and over who are either in employment or unemployed. The Economically Inactive on the other hand are those that are neither in employment nor unemployed. This group includes, for example, all those who were looking after a home or retired.

In Employment

Those aged 16 and over who did some paid work in the reference week (either as an employee or self-employed); those who had a job which they were temporarily away from (on holiday for example); those participating in government training and employment programmes; and those doing unpaid family work.

Employees/Self employed

The division between employees and self-employed is based on survey respondents' own assessment of their employment status.

Self-employment rate

The percentage of those in employment who are self-employed.

Full-time/Part-time

The classification of the self-employed as full-time or part-time is on the basis of self-assessment and not according to a fixed number of hours worked.

Hours worked

Total usual hours worked includes paid and unpaid overtime.

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Migrant workers have become an increasingly visible social group within Northern Irish society over the past few years. However, little has been known about the number of people moving to NI to take up work, their background and countries of origin or indeed about the areas of work that are attracting migrant workers. To address this lack of knowledge the Equality Directorate Research Unit of the Office of the First Minister and Deputy First Minister (OFMDFM) commissioned the Institute for Conflict Research to undertake a baseline study of migrant workers in NI.

The definition of a migrant worker that was adopted for the purposes of the research was 'an individual who arrives in the host country either with a job to go to or with the intention of finding one'. This definition is broad enough to include professionals as well as manual workers and documented as well as undocumented workers. However, migrants from both GB and the RoI working in NI were excluded from the study.

The report, published in June 2004, drew upon data and statistics from a broad range of government departments and statutory agencies and includes the findings of a survey of 176 migrants living and working in NI. The research also included interviews with representatives of numerous statutory bodies, various employers and employer's organisations, trade unions and a number of voluntary and community organisations.

This brief review of the research focuses on the baseline data on the number of migrant workers in NI and the sectors in which they are employed, before providing an overview of recruitment and employment procedures and issues.

Categories of Migrant Workers

There are a number of different and distinct categories of migrant workers or non-nationals who have varying rights to work in NI. The main categories are as follows:

- Nationals of the European Economic Area: who have a right to travel, live and work in the UK.
- Nationals of Switzerland and British Overseas Territories: who require clearance to enter the UK but do not require a work permit.
- Nationals of all other countries: who require a work permit, which is obtained by an employer who cannot find a suitable national to fill a post?
- Commonwealth Working Holidaymakers: individuals between the ages of 17-30 who can work in the UK for up to 2 years.
- Students from outside the EEA: who can work part-time whilst enrolled on a course.
- Undocumented workers: this includes both individuals who have entered the UK legally but are working without a legal right to do so and those who have entered the country illegally.

Number of Migrant Workers

This diverse range of categories, only some of which require formal documentation, means that it is difficult to identify the total number of migrant workers in NI with any real amount of accuracy from the currently complied statistics. At present different departments have different means of classifying individuals, while some departments do not separate

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migrants from nationals. This means that it is not possible to give a definitive figure for migrant workers currently in NI.

- The Labour Force Survey of Spring 2003 estimated that there were 9,000 non-UK and RoI nationals working in NI.
- Data on work permits issued between 1998 and 2003, provided by the Department for Employment and Learning and Work permits UK, suggests there are a maximum of 7,082 people with valid work permits.
- The UK Immigration Service estimated that there are 2,000 undocumented or illegal workers currently in NI. However, a large number of these were from countries that joined the EU in May 2004 and now have a legal right to work here.

The most comprehensive data is from the 2001 Census, which provides data on the economic activity status of people aged 16-74 born in 'Other EU Countries' (this includes a small number of people born in 'non-specified' areas of the UK and RoI) and the rest of the world. The data indicates that there are 14,287 people actively employed, 1,308 unemployed and 8,040 who are economically inactive. This suggests a figure of 15,595 migrants who are either employed or seeking work.

The Census data also illustrates the employment areas of these 14,287 people and the broad categories of occupation in which they work. The figures are set out in **Tables 1** and **2**. **Table 1** indicates that the main areas of employment for people born outside the UK and RoI are health care, hotel and restaurant trade, wholesale and retail trades and manufacturing. It also indicates that few people who completed a Census form are employed in agriculture in NI.

Table 2 provides information on the nature of the work that those born outside the UK and RoI are engaged in. The Census data indicates that 49% are employed in the managerial, professionals and associate professional categories, while only 22% are employed in the sales, machine operatives and elementary categories.

These figures may thus provide a base line for migrant workers resident in NI in 2001. However, evidence from other aspects of the research suggests that they do perhaps underestimate the numbers who are in low-paid

Table 1: Areas of employment of individuals born outside of UK and RoI.

	Other EU	Elsewhere	Total
Health and Social Work	555	1,631	2,186
Hotels and Restaurants	365	1,476	1,841
Wholesale and Retail	646	1,181	1,827
Education	654	964	1,618
Manufacture	611	987	1,598
Real Estate, Renting, Business	406	950	1,356
Public Administration	523	784	1,307
Transport, Storage and Communications	258	411	669
Construction	245	317	562
Financial Intermediaries	121	254	375
Agriculture, Hunting, Forestry	58	71	129
Electricity, Gas and Water	20	42	62
Mining, Quarrying	9	8	17
Fishing	4	4	8
Other	219	513	732
Total	4,694	9,593	14,287

Source: Census Table EXT20032908G

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Table 2: Occupation of individuals born outside of UK and RoI.

	Other EU	Elsewhere	Total
Professional	818	1,989	2,807
Associate Professional, Technical	735	1,539	2,274
Managers, Senior Officials	462	1,417	1,879
Skilled Trades	495	1,287	1,782
Administrative and Secretarial	537	1,013	1,550
Elementary Occupations	597	866	1,463
Sales and Customer Services	359	561	920
Personal Services	331	484	815
Process, Plant & Machine Operatives	360	437	797
Total	4,694	9,593	14,287

Source: Census Table EXT20032908H

work, in unskilled work, in agriculture and in factory based work. In part this may be due to the fact that people employed in these sectors may be less likely to complete a Census form and in part it may be due to the fact that employment in these sectors has been increasing most rapidly in the past three years. It may also be related to the fact that some migrant workers may only be employed on short term contracts, or may only remain here a relatively short time due to difficulty in securing adequate employment.

The currently available data thus suggests that the Census figures of 15,595 people should be treated as the minimum for migrant workers in NI and that an allowance for under-completion of Census forms among some sectors of the broad migrant community, and an increase in numbers of migrants arriving to take up employment in some low pay sectors since the Census was completed, suggest that a figure of at least 20,000 migrant workers in NI is more reasonable.

Nationality

The Census Unit provided details of the nationality of people born outside the UK and RoI living in NI in 2001. **Table 3** provides figures for the population of the top ten EU countries resident in

Table 3: Number of persons born in EU states and Non-EU states resident in NI at Census 2001.

EU States		Non-EU States	
Country	**Number of persons**	**Country**	**Number of persons**
Germany	3,879	USA	3,369
France	750	Canada	2,449
Netherlands	398	Hong Kong	1,746
Spain	364	Australia	1,544
Italy	288	South Africa	1,301
Portugal	168	India	1,170
Belgium	142	China	756
Sweden	117	Malaysia	582
Austria	105	New Zealand	448
Greece	92	Cyprus	377

Source: Census Table EXT20032908A

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NI and figures for the population of those born in the top ten non-EU states.

An indication of the changing patterns since the Census was held is evident in the numbers of Portuguese nationals enumerated in 2001. Recent attention to the numbers of migrant workers in the food processing industry Dungannon, Cookstown and Portadown has suggested that there may be up to 1,500 Portuguese speaking nationals in NI, while claims have been made that up to 10% of the population of Dungannon is Portuguese speaking.

Further recent information is available on the nationalities of work permit holders. Data for the period 1 May 1998 to 31 August 2002 was provided by DEL, while data for the period 1 September 2002 to 31 October 2003 was provided by Work Permits UK, which is now responsible for administering all work permits in the UK. The top ten countries for work permit holders for both these periods are shown in **Table 4**. For both time periods, the largest number of work permit holders came from the Philippines followed by India. However, when trends for the two periods are compared they reveal that Eastern European countries have replaced more distant countries as the main source of work permit holders, with seven East European countries in the top ten in the most recent period compared with only one in the earlier period. One example of the change is that there were 64 work permits issued to Moldovians between September 2002 and October 2003, whereas this group does not even feature as a separate category in the statistics for May 1998 to August 2002. However, this picture will change again following the expansion of the EU in May 2004 as four of the top ten nationalities are now EU member states and their nationals will no longer require work permits.

Residential Locations of Migrants

The Census 2001 reveals that the 26,659 people born outside of the UK and RoI are spread across all 18 parliamentary constituencies. In total 7,650 people born outside of the UK and RoI live in the four Belfast constituencies, this is 29% of the total of such people. The other parliamentary constituencies with relatively large numbers are North Down (2,120), Lagan Valley (2,005), South Antrim (1,663) and East Londonderry (1,615), while the smallest numbers are in West Tyrone (811) and Mid Ulster (750).

Table 4: Top ten countries for work permits for 1 May 1998 - 31 August 2002 and 1 September 2002 - 31 October 2003

1 May 98 - 31 Aug 02		1 Sept 02 - 31 Oct 03	
Country	**Number of permits**	**Country**	**Number of permits**
Philippines	732	Philippines	516
India	354	India	421
USA	275	Ukraine	372
China	248	Poland	251
South Africa	171	Bulgaria	185
Poland	143	Romania	139
Canada	137	Lithuania	132
Malaysia	117	Slovakia	104
Australia	115	Latvia	75
Hong Kong	108	Pakistan	74

Source: Department for Employment and Learning and Work Permits UK

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Recruitment and Employment

It is generally accepted that host countries benefit from inward migration of labour both in terms of the skills people bring with them and the increased labour capacity for jobs for which there is often a limited local labour interest. The evidence from this research suggests that migrant labour is filling significant gaps in the labour force in NI, both in terms of providing skilled workers, for example in the health system, and unskilled factory labour, for example in the food processing industry and in certain sectors of agriculture. The UK National Statistics for example, indicates that there has been a net outflow of population from NI since 1992. Over this time emigration has exceeded immigration by 1,300 persons. Furthermore, the influx of migrants can have positive impact on the society more generally. This includes the positive impact of migrants on a local economy in terms of consumption, housing and entertainment, and the increasing cultural diversity such immigration can bring to the wider society.

Our research revealed that migrant workers are being widely utilised in a small number of areas of employment: as nurses within the health service; as workers within food processing factories, particularly meat processing work; within the agricultural sector particularly working in areas that are not suitable for mechanisation, such as mushroom picking, and within the service and catering sector both in ethnic restaurants and take-aways, but also increasingly in the wider hotel sector. Migrant workers are also employed prominently in the further education sector, in construction trades and they are increasingly being seen as a useful source of labour by a wide range of businesses.

Many migrants obtain employment by being recruited through an employment agency. For workers from the EEA countries, the main trend has been recruiting people with Portuguese Identification Cards (including people from Portugal, Angola, Mozambique, East Timor and Brazil) to work in meat and food processing factories, while growing numbers of nursing staff are being recruited on work permits (from the Philippines and India) through a process which involves an employment agency at some level. The ICR survey revealed that 44% of respondents were recruited by an agency while they were still in their own country, while 13% were recruited by an agency after having arrived in NI. The survey indicated that 43% obtained their current job by applying directly to the employer. The method of recruitment largely depends on the employment sector involved and the immigration status of the migrant worker, while the experience of recruitment and employment is very different for different categories of workers.

Most Portuguese-speaking migrant workers have been recruited by an employment agency to work in a food-processing factory. Workers are usually recruited in Portugal and then flown to NI, where they are provided with shared accommodation (with the rent deducted from their wages). They are assigned a factory and taken to work each morning by taxi, the money for which is again deducted from their wages. A Portuguese-speaker acts as a 'supervisor', sets the hours to be worked, acts as an intermediary with the factory manager, and sorts out pay and housing issues. Under this system the migrant workers are employed by the agency, not the factory in which they are working. The factory pays the agency for the labour, which in turn pays the migrant workers a wage that they determine is appropriate after all deductions. Most workers are initially employed on a six-month contract and while many return home at this stage, some remain. Among those who remain some find new sources of employment, while others become employed on a more formal basis with the factory, thus excluding the agency.

Overseas nurses are recruited to work in NI under one of three models. In the first model the employer works in partnership with an agency to identify a source country, and is directly involved in the selection process of new staff. Some health trusts have sent employees to the recruiting country to interview

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potential staff, while others have held interviews by phone or video conference. An alternative approach is for the employer to appoint an agency to identify a source country and takes the lead on recruitment, selection, and placement with less input from the employer. Finally an agency may actively recruit nurses on their own behalf and will then try to 'encourage' a hospital to find jobs for overseas nurses even when they are not advertising any vacancies. Some nurses have also been charged substantial fees by agencies to 'process' their applications and have been employed without any interview.

Increasing numbers of foreign nurses are being recruited by hospitals and health trusts, which are in turn beginning to provide better and more targeted support for new employees. This might include arranging accommodation prior to their arrival; providing an individual mentor for an adaptation period; provision of education in language colloquialisms during the induction period; sessions with trade union representatives; arranging for registration with a GP; and arranging visits to the Social Security Agency to get a National Insurance number. One recruitment agency reported that 94% of their overseas nurses who had come to the end of their initial contract had renewed the contract and they expect overseas nurses will continue to be recruited to NI for at least the next ten years.

The research thus indicates that migrant workers are an attractive labour option for a growing number of businesses in NI, either due to a lack of suitably skilled individuals or due to a lack of willingness to take up work in some sectors by local people. Increasingly flexibility in the regulation of the employment of migrants and a wider range of recruitment practices indicates that migrant workers will increase in number in coming years.

Migrant Experiences

The research identified a range of 'push' and 'pull' factors that either encouraged people to leave the country they were living in, or attracted them to move to NI. For the migrants themselves limited opportunities for work at home was cited as the most prominent 'push' factor that encouraged them to migrate. However, a range of positive attractions to NI were also cited, these included: a higher salary, an opportunity for career development, a better standard of living, as well as the influence of an active recruitment process for specific occupations.

The survey, completed by 176 migrant workers, reveals something of the diversity of their occupations, backgrounds and circumstances in NI. The respondents were employed in 29 different types of jobs, just over 44% of the questionnaires were completed by nurses, while factory operatives accounted for 16% of respondents, and 7% and 6% of people worked in academia and as medical doctors respectively. The range of occupations of respondents is set out in **Table 5**.

Nearly half of the respondents (47%) had been in their current

Table 5: Occupations of migrant workers in NI

	Number	%
Nurse	71	44
Factory operative	25	16
Academic	11	7
Medical doctor	10	6
Farm labourer	7	4
Information Technology	3	2
Administrator	3	2
Chef	3	2
Domestic	3	2
Project worker	2	1
Community worker	2	1
Classroom assistant	2	1
17 other occupations	17	11

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employment for less than one year, while 16% had been working here for between two and five years. Only ten migrant workers had been in their job for over five years. Three quarters of people have had only one job in NI. The most common previous job, which migrant workers have had in NI, was that of a factory operative, which accounted for 41% of instances where a previous job was listed.

Respondents were also asked to state the job(s) they had done in their home country. It was interesting to compare the replies to this question with the jobs that people are currently doing in NI. 66 of the 71 nurses currently working in NI said they had previously worked as nurses in their own country, in contrast only 5 of the 25 respondents who worked in a factory had done this job in their own country. There are a number of jobs which migrant workers had done in their own country but which they had never done in NI, these include electrician, hairdresser, journalist, painter and decorator, psychologist, public servant and fireman. Furthermore, while there were 7 respondents who had worked as teachers in their own country, only 2 people had taught in NI, neither was currently employed as a teacher.

We requested information on the educational qualifications and language abilities of respondents, 73% said they possessed a degree level qualification, 22% had secondary school education and 5% were educated up to primary school age. We also asked them to rate their ability in English, 87% of respondents considered themselves as able to speak and write English fluently or satisfactorily, while 13% stated that they could not speak or read any English.

The survey asked people about the hours they worked and their salaries. The number of hours worked by respondents varied between less than 16 and up to 70 per week. Two thirds of people worked between 36 and 40 hours per week, while 24 people worked more than 46 hours a week. The Working Time Regulations set a limit of 48 hours as the average number of hours per week that a worker can be required to work, although people may voluntarily choose to work longer hours.

There was also great variation in terms of migrant workers' salaries. The most common pay bracket was £16,001-£18,000, which accounted for 27% of respondents. 15% of respondents earned over £18,001, while 37% earned between £10,001 and £16,000. In contrast 19% of respondents earned £10,000 a year or less and although some of those on low salaries might work part-time hours, 3 people stated that they earned less than the National Minimum Wage. Salaries also varied according to the level of spoken English that a person possesses. 90% of those migrant workers who spoke fluent English earn over £10,000 per year and 24% of them earned over £20,000. In contrast, only 47% of those people not able to speak English earned over £10,000 a year and none earned over £20,000.

Issues, Problems and Responses

Both the survey and the interviews revealed a range of recurrent employment related problems. Some of these are due to a lack of information, for example in relation to obtaining National Insurance numbers; others are due to poor working conditions or poor training. 10% of survey respondents said that they had had problems receiving pay, with migrants who were recruited through an agency more likely to experience problems related to pay than those who obtained work by applying directly to the employer. Others complained of being unfairly dismissed for a variety of reasons, but particularly if they complained about conditions, and problems with holiday, sick pay and maternity leave.

A number of migrant workers felt that potential employers did not recognise their qualifications nor take into account their work experience in other countries, for example 26% of the survey respondents believe that their educational qualifications were not recognised in NI. Others felt that employers tended to assume that they were only

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capable of low-skilled work. As a result, the skills of many migrant workers may be under-used in the labour market.

37 of the survey respondents (22% of the total) had experienced some kind of harassment or discrimination at their work place. Interviewees described a variety of forms of discrimination including being made to justify their reasons for coming to NI during interviews for jobs, being denied small privileges which were granted to Northern Irish employees (such as toilet breaks outside authorised breaks), being referred to as 'criminal asylum seekers' by colleagues, and being excluded from staff social events.

Undocumented workers can encounter their own set of employment-linked problems. They are more open to exploitation from employers because of the fear that their immigration status will be discovered, which usually prevents them from contacting the authorities to complain about unsatisfactory working conditions and undocumented workers are often paid less than the National Minimum Wage. Members of the Chinese communities in Belfast and Craigavon noted that undocumented workers employed in Chinese restaurants are prepared to work long, hard hours for low pay. Not surprisingly, they appear an attractive proposition to some restaurant owners, especially when compared to documented workers who will not work such long hours and will expect a proper wage.

The research also revealed that while many recruitment agencies are fair and supportive, others are less scrupulous. At present employment agencies in NI are unregulated and some agencies appear to have adopted practices that exploit the vulnerability of the migrant workers. The NI Association of Citizens Advice Bureau has raised a number of concerns with the Department for Employment and Learning (DEL) about the treatment of migrant workers by employment agencies. NIACAB has recommended that legislative provisions should be introduced to regulate private recruitment agencies; that private recruitment agencies should be audited; that agency workers should be provided with National Insurance numbers; that safeguards should be introduced to protect the health and safety of agency employees in their place of work and when agency workers' accommodation is tied to their employment there should be adequate protection for employees in the event of the termination of their employment contract. DEL is currently taking forward amendments to existing legislation and will initiate a consultation exercise during 2004 as part of a plan to introduce new legislation to establish minimum standards for employment agencies working in NI.

The research revealed that migrant workers experience a range of problems associated with living in NI. Many migrant workers living in rented accommodation had experienced problems over housing, particularly when their employer supplied their home. In such cases leaving a job also meant finding a new home. Some people had also experienced harassment related to their housing situation, while others had experienced racism and harassment in the workplace and in the street.

Many migrants had had contact with a range of statutory agencies including the Housing Executive, Social Security Agency, PSNI, the health service and the education system. Each of these bodies had begun to acknowledge the existence of migrant workers as an emergent and distinctive category of client/customer and had begun to adapt systems in response. The major concerns for migrant workers were accessing information and basic knowledge of rights to services, and the provision of interpreter services. All statutory bodies had acknowledged this latter issue and some steps had been made to respond, but the need to be able to communicate with clients and customers in a growing number of languages was proving a challenge.

Many migrant workers also sought help and support from a diversity of non-governmental

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organisations when dealing with their problems and were turning to trade unions and the Citizens Advice Bureau as well as community based projects such as STEP in Dungannon, which had established a number of projects to support the Portuguese speaking population in the area.

Conclusions

Migrant workers are a growing category of employees in NI and they are a necessary factor for many employment sectors due to a shortage of available local labour. The migrant worker population is a diverse and growing constituency. Migrant workers live in urban and rural areas, and include both single people and family units. In 2002-2003, work permit holders from 66 different countries came to NI, in addition to nationals from EEA countries. Many migrant workers are members of minority ethnic communities and are subject to forms of discrimination, abuse and harassment that are experienced by the permanently resident minority ethnic communities.

It is difficult to predict how numbers will increase or decrease in the future. The arrival of new migrant workers to NI depends on a range of factors: continued active recruitment for shortage occupations, government migration policies, the accession of countries to the EU, the initiatives of recruitment agencies and the economic conditions in the countries of origin of migrant workers.

Many statutory bodies, government agencies and NGOs have begun to recognise and respond to the need of this growing sector, but there is still a lack of integrated and cross-departmental data, on the number of people moving to NI to live and work. This needs to be rectified so that service providers have a clearer indication of the needs they will be responding to. There is also a need for better information for migrants arriving in NI, which clearly identifies the full range of their rights and their responsibilities. There is thus a need to improve cross-sectoral partnerships within and between statutory agencies and NGOs to clarify issues of concern, identify emergent good practice and develop appropriate strategies for future action.

The Institute for Conflict Research is an independent research organisation based in Belfast. ICR has carried out work for organisations such as OFMDFM, Community Relations Council, Eastern Health and Social Services Board, Northern Health and Social Services Board, NI Housing Executive, Police Ombudsman and the Policing Board. ICR also works closely with a wide range of community based organisations and initiates its own research projects.

Migrant Workers in NI by Katherine Bell, Neil Jarman and Thomas Lefebvre, is available in hard copy from ICR, North City Business Centre, 2 Duncairn Gardens, Belfast BT15 2GG or in PDF format at **www.conflictresearch.org.uk**

Hidden Labour Reserves

Dr David Armstrong, Barry McKiernan and Gareth Campbell, PricewaterhouseCoopers LLP

The Wider Context

Since the 1990s there has been a widespread recognition amongst labour market specialists that official measures of unemployment can provide only a partial indicator of the true extent of joblessness. Consequently, recent years have seen much empirical research into estimating the size and extent of 'hidden' unemployment.

Some of the early work in this area related to joblessness in former coal mining communities in England[1]. This found that, despite the UK coal industry experiencing near-terminal decline in employment, registered unemployment in the coalfields remained only a few percentage points higher than the national average. Evidence of substantial 'hidden' male unemployment was found, with many men of working age dropping out of labour force participation entirely.

In 1997, the then NI Training and Employment Agency commissioned research, from NI Economic Research Centre on the nature and extent of 'hidden labour reserves' in NI[2]. The research found that there were approximately 23,500 males and 33,500 females in NI who might be considered part of the hidden labour reserves.

Since this research was conducted, the NI labour market has changed significantly. For example, officially registered unemployment, which has fallen to 5.2%, is at its lowest level since records began, and is now closer to the UK average than ever. Similarly, the number of jobs in NI (678,000) has grown to its highest level since records began. In light of these changes, the Department commissioned PricewaterhouseCoopers LLP to provide updated estimates of the nature and extent of hidden labour reserves in NI. This paper provides a summary of the key findings and is structured as follows:

- Long-term sickness;
- Early retirement;
- Looking after the home, and
- Unemployed teenagers.

Long-term sickness

The most recent Census of Population (2001) states that there were just under 111,000 people aged 16 and over in NI describing themselves as long-term sick or disabled. This represents an increase of 87% since the previous Census (1991) as shown in **Table 1**.

The original NI research concluded that the increase over the period 1985 to 1995, could be accounted for in terms of people staying on sickness-related benefits for longer

Table 1: Summary of self-reporting long-term sick: 1981, 1991, and 2001

	1981		1991		2001	
	Total	% of 16+ population	Total	% of 16+ population	Total	% of 16+ population
Males	18,653	3.6	34,800	6.2	56,430	9.1
Females	12,457	2.2	24,542	4.0	54,371	8.1
All persons	31,110	2.9	59,342	5.1	110,801	8.6

Note: Figures relate to the total number of individuals who self-reported as being long-term sick/disabled at the time of the Census of Population.
Source: Census of Population (1981, 1991 and 2001)

1 Beatty, C & Fothergill, S 1996, "Labour Market Adjustment in Areas of Industrial Decline: The Case of the UK Coalfields", *Regional Studies* 30 (7).
2 See Armstrong, D., 1999, "Hidden Male Unemployment in NI", *Regional Studies* 33 (6); *Labour Market Bulletin,* No.11, Chapter 7, October 1997

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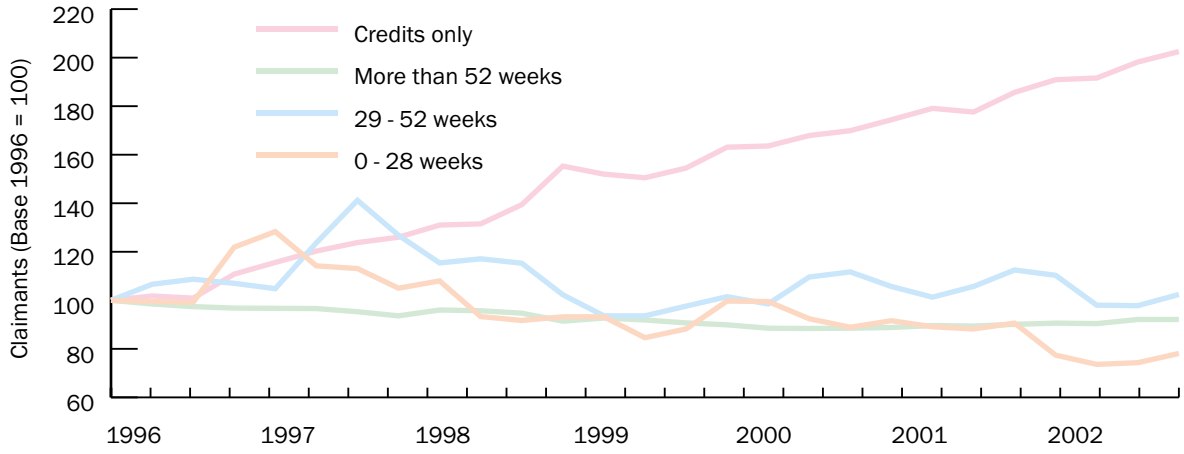
periods (i.e. six months or more), as opposed to larger numbers of people claiming such benefits for the first time. Whilst the trend, greater identified in the original research, continues in many cases, its importance as an explanatory factor seems to have diminished.

In particular, the continued upward trend in claimants of long-term sickness benefits can be explained in large part by the sharp increase in the number of 'credits only'[3] claimants, which rose by over 100% (from 17,000 to just over 34,000 cases) between 1996 and 2002 **(Figure 1).** The rise in the number of credit only cases, can be explained by the increasing number of unemployed individuals who are choosing to claim sickness related benefits rather than entering employment or a government training or employment scheme. This is clearly related to the introduction, in the late 1990s, of welfare-to-work initiatives such as New Deal.

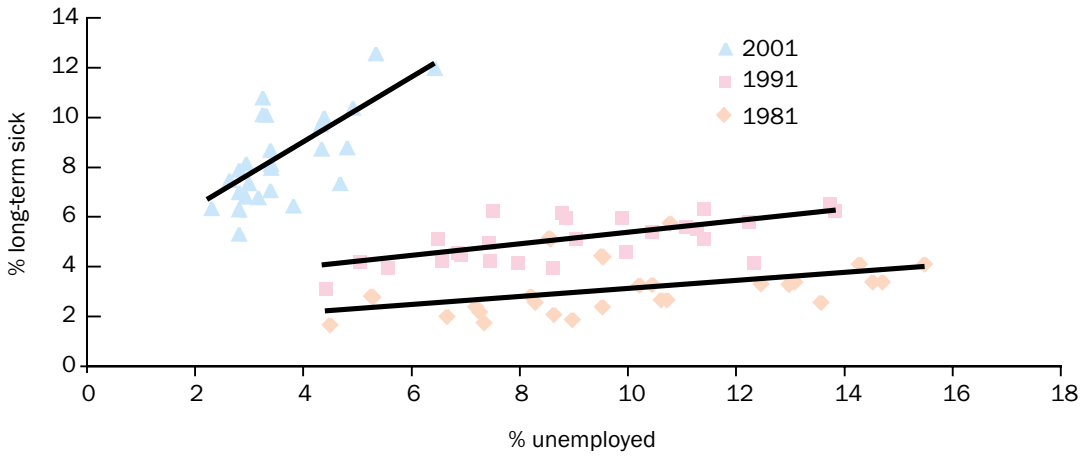
Figure 2 illustrates the positive relationship between sickness and unemployment, across the

Figure 1: Incapacity benefit claimants by rate of benefit



Note: There are three rates of incapacity benefit. There are two short-term rates: the lower rate, IBST (L), is paid for the first 28 weeks of sickness and the higher rate, IBST (H), for week 29 to 52. The long-term rate (IBLT) applies to people who have been sick for more than one year. The IBST(H) rate and the (IBLT) are treated as taxable income.
Source: Department of Social Development (DSD), NI

Figure 2: Long-term sickness and unemployment in NI LGDs – all persons



Note: % unemployed and % long-term sick refers to all those individuals who were recorded as being unemployed or long-term sick, according to the Census of Population (1981, 1991 and 2001), as a proportion of the 16+ population.

3 Credit only cases refers to those individuals who are claiming incapacity benefit which have not been derived from their national contributions during the previous two years.

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Table 2: The long-term sickness component of hidden labour reserves

	Males		Females		Total	
	1991	2002	1991	2002	1991	2002
Total number of long-term sick	35,000	57,000	25,000	55,000	60,000	112,000
of which could be deemed as a component of hidden labour reserves	15,000	44,000	10,000	38,000	25,000	82,000
As proportion of unemployed claimants	19.5%	172.5%	43.5%	485.1%	25.1%	245.0%
As proportion of economically active	3.6%	10.6%	3.6%	11.4%	3.6%	11.0%
As proportion of post-16 population	2.6%	7.1%	1.6%	5.6%	2.1%	6.3%

Note: Total number of long-term sick is derived by applying the proportion of people self-reporting as long-term sick from the Census of Population (1991 and 2001) to the mid-year population estimates for the 16+ population in 2002.
Source: Census of Population (1991 and 2001), and PricewaterhouseCoopers LLP calculations.

NI local government districts, using data from the 1981, 1991 and 2001 Census of Population.

Comparison of the figures for 1991 and 2001 suggest the following:

- **A continued increase in levels of self-reported sickness;** the figures clearly illustrate a rise in the levels of self-reported sickness across the three Census years. This increase was most noticeable between the 1991 and 2001 Censuses;

- **An increase in the range of levels of self-reported sickness;** there has been a significant increase in the range of levels of self-reported sickness between the Census years of 1991 and 2001. For example, in 1991 the difference between the LGDs with the highest and lowest incidence of self-reported sickness was around 3 percentage points. However, by 2001, this difference had increased significantly to approximately 8 percentage points; and

- **A narrowing of the range of local unemployment rates;** in contrast to the pattern discussed above, there has been a narrowing of the range of local unemployment rates. For example, in 1991 the difference between the LGDs with the highest and lowest incidence of unemployment was 9 percentage points. However, by 2001, this difference had fallen significantly to 4 percentage points.

A number of different methods can be used to estimate the sickness component of the hidden labour reserves. The method used in the current research uses the level of registered sickness prevalent in the 1980s in each local area, and uses this as the measure of objectively defined sickness. Any amount of registered sickness over and above this is taken as the estimate of hidden labour reserves (see **Appendix A** for further details).

Based on this method, there are approximately 82,000 people (44,000 males and 38,000 females) in NI who could be considered as part of the long-term sick or disabled component. This represents 11% of the economically active population in 2002 and was almost two and a half times the total number of unemployed claimants during the same period **(Table 2)**.

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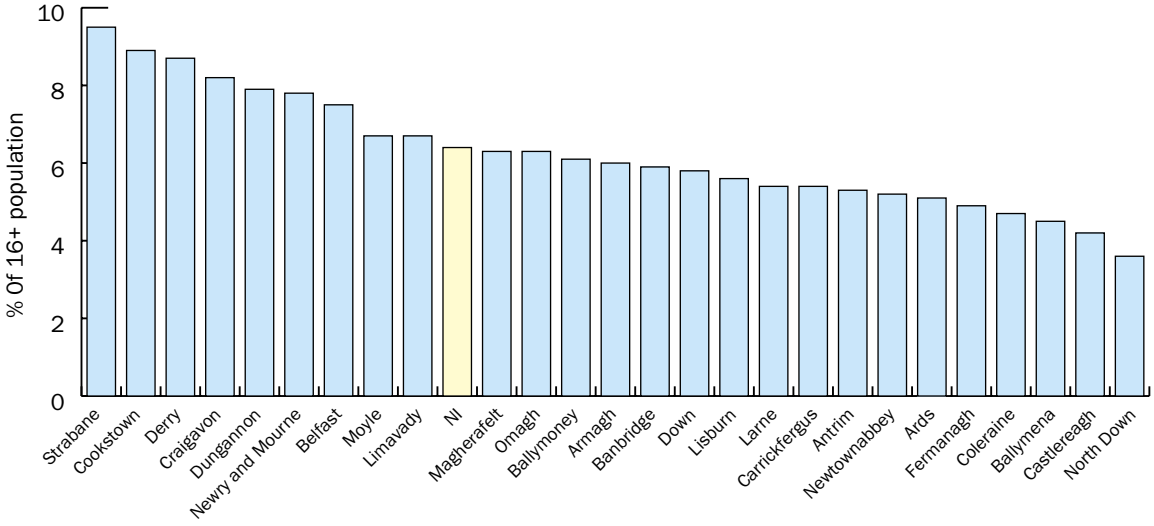
Figure 3: Long-term sickness component of hidden labour reserves: Local Government Districts



Source: PricewaterhouseCoopers LLP

There is a reasonable degree of variation in the extent of the long-term sickness component of hidden labour reserves between local government districts **(Figure 3).**

Early retirement

The early withdrawal of older workers from the labour market is one of the most striking socio-economic developments common to most OECD countries in recent decades[4].

Our estimates suggest that there were approximately 17,000 people in NI who retired early[5] from the labour market in 2002 with more than twice as many males (12,000) self-reporting as leaving the labour market early, than females (5,000) **(Table 3)**. A number of factors may have contributed to encouraging the early exit of workers from the labour force and hence increasing the incidence of early retirement in NI, including:

- **Increased wealth and increased demand for leisure;** the rise in early retirement has coincided with

Table 3: Age distribution of the retired in NI: 2002

Age	Males		Females		Total	
	No.	%	No.	%	No.	%
<55	2,060	2	1,625	1	3,685	2
55-59	3,032	3	3,398	2	6,430	3
60-64	7,371	8	21,713	15	29,084	12
65-69	22,207	24	26,082	18	48,289	21
70-74	19,635	21	24,844	17	44,479	19
>75	36,989	41	65,235	46	102,224	44
All ages	91,294	100	142,897	100	234,191	100

Note: Age distribution of the retired for 2002 is derived by applying data from the Census of Population (2001) to the mid-year population estimates for the 16+ population in 2002. Percentages may not sum due to rounding
Source: Census of Population (2001)

4 Blöndal, S & Scarpetta, S (1998) "Early retirement in OECD countries: The Role of Social Security Systems", OECD *Economic Studies* 29 (II).
5 Early retirement refers to all those individuals who leave the labour market prior to the age they would be eligible to receive a state pension for the first time. For males this is pre-65 and for females this is pre-60.

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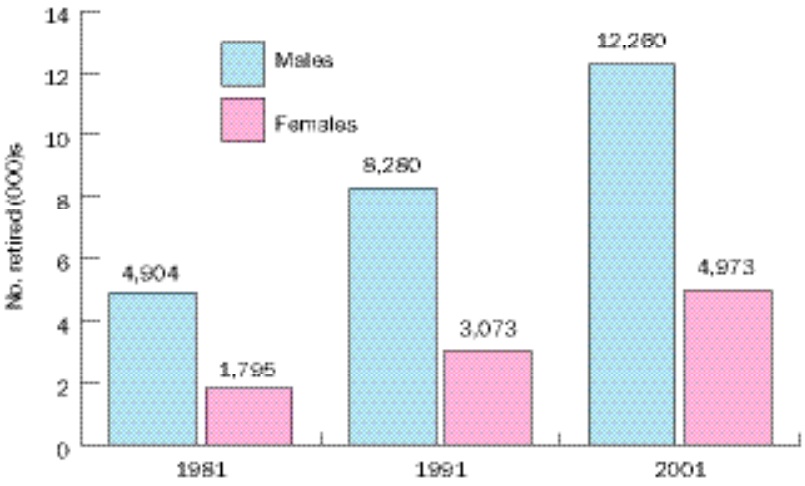
Figure 4: Numbers of early retired in NI: 1981, 1991, and 2001



Source: Census of Population (1981, 1991 and 2001)

rising levels of income and wealth which may have led to a rise in the demand for leisure at older ages;

- **Deteriorating labour market conditions and restructuring of the economy;** the deteriorating labour market conditions experienced in the 1980s coupled with the restructuring of the economy away from a low-skilled labour intensive economy to a more highly-skilled economy, provided further impetus for early retirement amongst older workers; and

- **Employer-employee pension scheme negotiations;** the expansion of occupational pension schemes, which are negotiated voluntarily between employers and employees, may have made leaving the labour market a financially attractive option for many workers.

Despite the incidence of early retirement increasing in NI by 56% since the 1991 Census **(Figure 4)**, it remains lower than ıer region in the UK; for le, according to the 2001 s, 1.3% of the post-16 tion in NI were early **(Table 4)**, compared to ı Scotland and 1.7% in d and Wales.

atively lower levels of etirement in NI can be ıed by two main factors. higher earnings in GB ave made it easier for uals to generate a level of that has allowed them to exit the labour force early. Secondly, higher levels of self-employment in GB have allowed people to adjust the number of hours they work. In this case, individuals have had the option to reduce the number of hours they work as they move closer to retirement age rather than make a definite decision on their labour market participation.

Looking after the home

The inclusion of individuals 'looking after the home' as a component of the hidden labour reserve has become an important feature of empirical

Table 4: The early retirement component of hidden labour reserves: NI estimates for 2002

	Males	Females	Total
Total number of early retired	12,000	5,000	17,000
As proportion of unemployed claimants	48.4%	64.6%	52.2%
As proportion of economically active	3.0%	1.5%	2.3%
As proportion of post-16 population	2.0%	0.7%	1.3%

Source: Census of Population (2001)

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research in recent years[6]. Figures from the Census of Population, suggest that the number of people self-reporting as looking after the home has fallen considerably (-59%) over the last 20 years **(Table 5)**. This reduction can be solely attributed to the fall in the number of women looking after the home (-63%), as the number of men looking after the home more than doubled between 1991 and 2001.

The process of estimating this component of the hidden labour reserve is complex. Any analysis must attempt to establish the number of individuals who are currently involved in looking after the home, but who may also wish to enter/re-enter the workforce if the right circumstances emerged.

In order to explore this, the Labour Force Survey (LFS) is the primary source of appropriate data. The LFS provides estimates of the number of individuals, in the last 4 weeks, who would like to enter the labour force but are unable to do so as they are involved in 'caring for the home'. Applying the proportion of people who would have liked to enter the workforce (in 2002) to the estimate of the number of people deemed to be looking after the home in 2002, provides an estimate of the looking after the home component of hidden labour reserves.

The analysis suggests that there are around 20,000 people that could be considered as included in the 'looking after the home' component of the hidden labour reserves. As might be expected, females (94%) make up the vast majority of this component. **(Table 6)**.

Table 5: Looking after the home: 1981, 1991, 2001

	1981		1991		2001	
	No.	%	No.	%	No.	%
Males	-	-	3,786	0.7%	8,398	1.4%
Females	215,100	38.7%	162,665	26.7%	79,809	11.9%
Total	215,100	20.1%	166,451	14.3%	88,207	6.9%

Note: 'Looking after the home' category was not applicable for males in 1981.
Source: Census of Population (1981, 1991 and 2001)

Table 6: The looking after the home component of hidden labour reserves

	Males		Females		Total	
	1991	2002	1991	2002	1991	2002
Total number looking after the home	3,786	8,522	162,665	80,648	166,451	89,170
% who wish to enter employment	14.3%		23.3%		-	
Hidden labour reserve component	541	1,219	37,901	18,789	38,442	20,008
As a proportion of unemployed claimants	0.7%	4.6%	163.3%	238.5%	39.0%	58.9%
As a proportion of economically active	0.1%	0.3%	13.6%	5.6%	5.6%	2.6%
As a proportion of post-16 population	0.1%	0.2%	6.1%	2.7%	3.3%	1.5%

Note: Total number looking after the home was calculated by applying the proportion of people involved in looking after the home in 2001 to working age populations provided by the 2002 mid-year population estimates.
Source: Census of Population (1991 and 2001), Labour Force Survey and PricewaterhouseCoopers calculations.

6 Beatty, C., Fothergill, S., Gore, T. and Green, A. (2002) "The Real Level of Unemployment", CRESR, Sheffield Hallam University, Sheffield.

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Table 7: The unemployed teenager component of the hidden labour reserve: NI estimates for 2002

	Unemployed teenagers		
	Males	Females	All persons
Total number	1,000	500	1,500
As proportion of economically active	0.3%	0.2%	0.2%
As proportion of population cohort	3.8%	2.0%	2.9%

Source: Census of Population (2001)

Unemployed teenagers

There has been a growing body of research evidence to suggest that a large number of young people who are not participating in full-time education, training or employment, are not recorded in official statistics[7]. Often referred to as 'Status 0' individuals, these young people have been ineligible for benefits related to unemployment since the 1988 Social Security Act, and hence are excluded from the claimant count.

Census of Population figures for 2001 suggests that there were 1,556 sixteen and seventeen year olds who could be considered as Status 0. This represents around 3% of the population cohort, as shown in **Table 7**. The research on Status 0, both in NI and UK, has shown that Census-based figures, while more satisfactory than claimant-based measures, are nevertheless likely to underestimate the true extent of Status 0. However, given the limited scope of the present exercise, the Census-based figures have been used to provide a lower threshold for the true extent of economic inactivity amongst teenagers.

Conclusions

The preceding research has focused on four main categories which could be considered as components of the hidden labour reserve, namely: long-term sickness; early retirement; those looking after the home; and unemployed teenagers. By way of summary a number of key findings have emerged from the research:

- There are around 121,000 people, who, under plausible assumptions, could be considered to be part of the hidden labour reserve **(Table 8)**;

Table 8: Hidden labour reserves in NI

	Males		Females		All persons	
	1991	2002	1991	2002	1991	2002
Total number of unemployed claimants (November 2002)	75,000	26,000	23,000	8,000	98,000	33,000
Hidden labour reserves *of which:*	26,000	59,000	52,000	62,000	78,000	121,000
Long-term sick	15,000	44,000	10,000	38,000	25,000	82,000
Early retirement	8,000	12,000	3,000	5,000	11,000	17,000
Looking after the home	1,000	1,000	38,000	19,000	38,000	20,000
Unemployed teenagers	2,000	1,000	1,000	1,000	3,000	2,000

Note: All Figures rounded to the nearest thousand. Totals may not sum due to rounding
Source: PricewaterhouseCoopers LLP calculations.

7 Rees, G. Williamson, H. and Istance, D. (1996). 'Status Zero: a study of jobless school leavers in South Wales.' *Research Papers in Education*, 11, 2; Armstrong, D., Istance, D., Loudon, R., McCready, S., Rees, G. and Wilson, D. (1997). "Status 0: A socioeconomic study of young people on the margin." T&EA, Belfast; McVicar (2000). "Young People and Social Exclusion in NI: 'Status 0' Four Years On." T&EA, Belfast

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- This represents 9.3% of the post-16 population and 3.5 times the number of unemployed claimants;
- The majority of the hidden labour reserves (82,000) are registered as long-term sick, and most of the remainder are either looking after the home (20,000) or early retired (17,000); and
- The amount of hidden labour reserve has increased by about 50% since 1991. This can mostly be accounted for by a major increase in long-term sick, which is more than three times higher than in 1991, as shown in **Figure 5**.

Appendix A: Estimating the long-term sickness component of hidden labour reserves

Estimating objectively defined sickness

Let α^{o}_{i} be the estimate of objectively defined sickness in local government district (LGD) *i*, *i.e.* the proportion of the post-16 population registered as long-term sick or disabled according to the objectively defined medical criteria. The methodology involves assuming that the amount of objectively defined sickness in each LGD is the same, for a given level of unemployment, as the 1981 level. Algebraically, this involves the following calculation:

$$\alpha^{o}_{i} = (\alpha_{i}^{81} / U_{i}^{81}) U_{i}^{01}$$

where: α_{i}^{81} = the proportion of the post-16 population registered as long-term sick or disabled in the 1981 Census of Population.

U_{i}^{81} = the proportion of the post-16 population registered as unemployed in the 1981 Census of Population.

U_{i}^{01} = the proportion of the post-16 population registered as unemployed in the 2001 Census of Population.

Estimating the long-term sickness component of hidden labour reserves

The long-term sickness component of hidden labour reserves in LGD*i* (S_i) is calculated as follows:

$$S_i = (\alpha_{i}^{r} - \alpha_{i}^{0}) P_i s$$

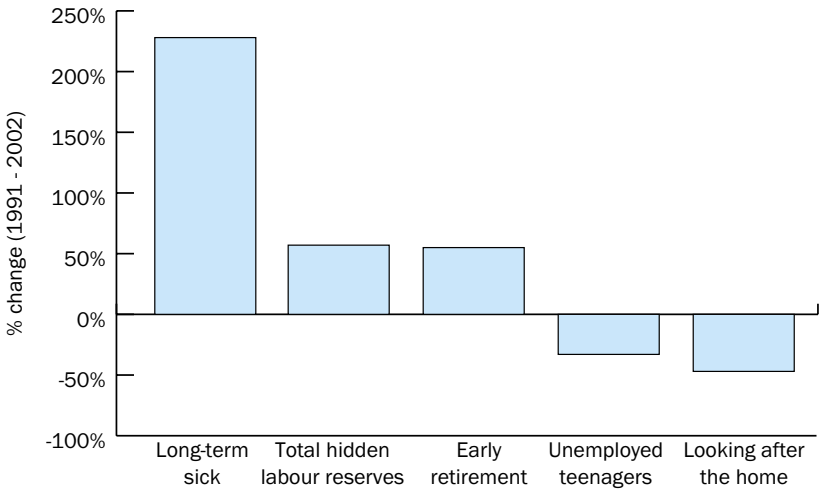
where: α_{i}^{r} = the proportion of the post-16 population registered as long-term sick or disabled in the 2001 Census of Population.

α_{i}^{0} = the estimate of the number of objectively defined sick in LGD *i*, derived above

P_i = the post-16 population in LGD *i* in the year which is being investigated (in this case 2002)

s = the proportion of the registered long-term sick in NI who were under retirement age.

Figure 5: Change in hidden labour reserves in NI between 1991 and 2002



Source: PricewaterhouseCoopers LLP

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Hours Worked – What can they tell us about the NI Labour Market?

Chris Allen, Graham Gudgin, Andrew Webb, Regional Forecasts

Introduction

Regional Forecasts were commissioned by DEL to study the feasibility of using data on hours worked in NI as a guide to measuring a number of important economic indicators in NI. Accordingly, the scope, availability, reliability and consistency of the main data sources in NI and also the comparability of these with similar sources in GB and elsewhere were investigated.

Our main conclusions concern the advisability of using hours worked data for measuring areas such as labour productivity, short-term economic activity and the relative size of sectors.

Why Measure Hours Worked?

It has long been usual in economic studies to complement data on employment with figures on hours worked. International comparisons of labour productivity for instance conventionally measure productivity in terms of **output per hour** rather than **output per employee**. Although hours worked data is fully available in NI it is rarely used in economic and social studies and appears to play little role in policy-making.

This is an unsatisfactory state of affairs for a number of reasons. Measurement of labour productivity is clearly one of these. Improvement in labour productivity has been a long-standing aim of government policy in NI and improvements in productivity are currently key targets within the economic priorities established by the Economic Development Forum and accepted by DETI. Despite the importance given to productivity in NI, few, if any attempts have been made to conduct comparisons in the internationally accepted manner using hours worked in place of raw employment numbers.

A related issue is the measurement of fluctuations in the economy and of business cycles more generally. Since employers often adjust hours worked, including overtime, before changing numbers of employees in an economic upturn or downturn, the current state of the economy can often be better assessed using hours worked rather than numbers of employees. Although this is routinely done for the UK national economy, it is rarely done for NI and the implicit assumption appears to be that the national relationship between hours worked and numbers of employees also applies to NI. As we show later in this report, this assumption is not correct.

The availability of short-term indicators of output for the UK as a whole means that hours worked is only one indicator among many for assessing the current state of the economy. In NI there are fewer such short-term indicators and consequently hours worked takes on an additional importance. Figures for Gross Value Added (GVA) in NI, for instance, are usually years out of date, and in recent years have not been regarded as accurate, particularly at the level of individual sectors. In practice, analysts have had to rely more directly on employment figures as short-term indicators than is the case at national level.

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The large scale of part-time working in some service sectors means that raw employment numbers are rarely a good indicator of their relative size or economic importance. Once again this defect can be rectified by using output as a measure in place of employment, but the lack of gross output data for all service sectors, and the delays already mentioned in producing GVA figures, suggest that hours worked figures might be more routinely used in studies that compare sectors.

Finally, hours worked data are also widely regarded as an important social and economic indicator in their own right, with various studies using the measurement as the focus for quality of family life, including work-related health problems. The increase of non-standard working arrangements, such as flexible working hours, part-time working and working from home increases the need for good quality hours-based measures. Measuring hours worked is also valuable for monitoring and evaluating the impact of recently introduced employment legislation including that connected with the EU Social Chapter.

This study outlines the sources of data in NI on hours worked and examines how these might be used, including issues of availability, comparability and reliability.

Data Availability

Census 2001

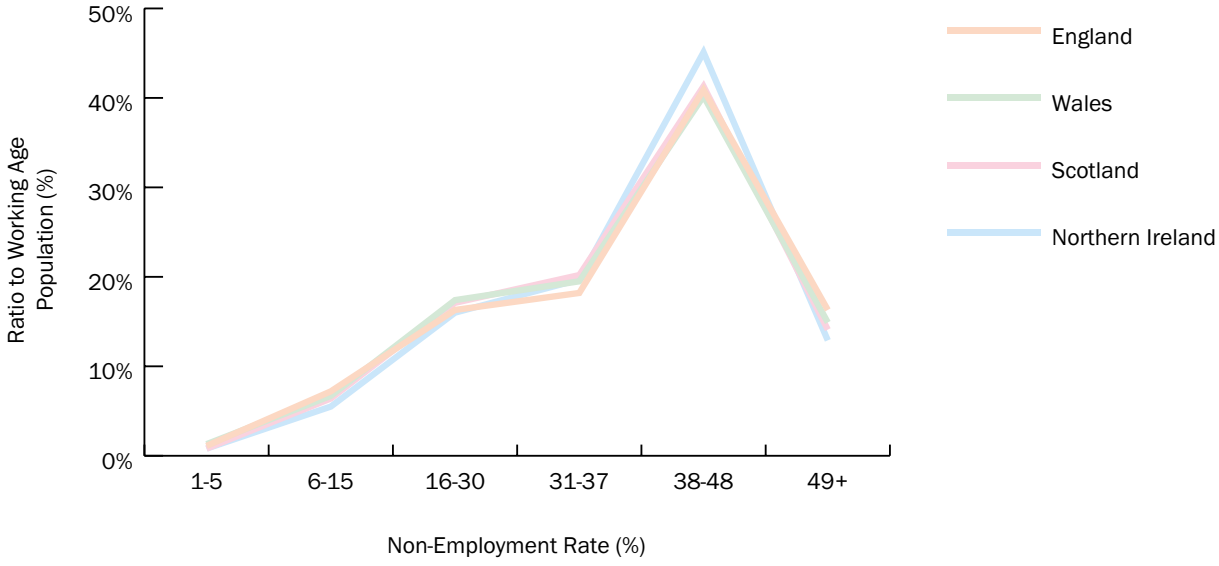
The 2001 Census allows us to compare working time patterns between UK regions. Across the UK, over 40 per cent of people work between 38 and 48 hours per week. NI has a greater proportion of employees in this range than any of the other areas outlined in **Figure 1.** Consequently, NI is the region with the lowest proportions of employees that work for less than 30 hours per week and for more than 49 hours per week.

While the Census provides a useful snapshot of hours worked, for a more detailed and timely analysis, there are two main sources of data to consider. The Labour Force Survey and the New Earnings Survey.

Labour Force Survey

The first main source for hours worked data in NI is the Labour Force Survey (LFS), a quarterly sample household survey of the population aged 16 or over including employees, the self-employed, the unemployed, plus the economically inactive. Fully consistent LFS data for both the UK and NI are available back to

Figure 1: Working Time Patterns in NI, Wales, Scotland and England



Hours Worked – What can they tell us about the NI Labour Market?

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1992 for all variables including hours worked.

The LFS is the largest regular sample survey in the UK and has a UK-wide quarterly sample size of around 120,000 individuals in 61,000 households. The NI share of this UK sample would be around 1,800 households each quarter on a proportionate basis. To allow a greater statistical significance, especially for the disaggregated results, including changes as well as levels, the NI sample is boosted to include a theoretical total of 3,250 households each quarter. Each household is sampled in five successive quarters, with the overall sample in any one quarter consisting of five of these 'waves'. Due to the cumulative impact of refusals and ineligible addresses the number of 'active' addresses in each quarter is approximately 2,700 each quarter. This involves around 5,500 individuals. The sample thus includes approximately 1% of private addresses in NI, and represents around 0.4% of the population aged 16 and over. As a sample survey the LFS is subject to sampling variability. The 95% confidence intervals depend on the size of the sub-samples for employment, self-employment etc. For usual hours worked for full-time employees the 95% confidence interval is +/- 30 minutes around the mean of 43 hours. The full version of this report, available from DEL, contains a full discussion of sampling variability, coverage and publication of results in the LFS.

New Earnings Survey

The second measure of hours worked is provided by the New Earnings Survey, an employer-based sample survey of employees in the UK. Unlike the current LFS, this was and still remains an annual survey.

Sample Size

Since 1975 the NES has been based on a 1% sample of employees included on the Pay-As-You-Earn (PAYE) income tax schemes. This is about 160,000 responses in GB. This sample is more likely to be up to date than PAYE records and will actually include some employees not included in a PAYE scheme[1].

The survey carried out in NI is practically identical to the GB survey, using the same system for random sampling. Around 6,000 employees are sampled every year by DETI.

The sample is random, with employees selected by reference to the last two digits of their National Insurance numbers. Employers of those selected in the sample are legally obliged to complete the NES questionnaire. Over 90 percent of the sample is identified from pay records provided by the Inland Revenue. The remaining data is obtained from large organisations that prefer to complete a UK return to ONS or other NI based organisations that provide data on employees directly to staff in DETI. Since sample sizes in the annual NES are similar to those in the quarterly LFS, conclusions concerning confidence intervals and the reliability of estimates for sub-sets of the data are similar. The total sample size for NI is around 4,600, while the sample for full-time employees is around 3,300. The main hours worked concept in the NES is usual hours worked including overtime, rather than actual hours worked including unpaid overtime. Published figures also usually exclude those whose week was affected by absence. This makes the hours worked measure close to that for usual hours worked in the LFS. Again, the full version of this report, available from DEL, contains a full discussion of sampling variability and coverage in the NES.

Future of the NES

The final NES was published in 2003. Following recommendations made in the National Statistics review of the Distribution of Earnings Statistics, a new survey has been developed: the Annual Survey of Hours and Earnings (ASHE). The ASHE survey includes improved coverage of employees and weighting of earnings estimates. Although the data variables collected will remain broadly the same, an improved questionnaire will be introduced for the 2005 survey.

The change in methodology will mean that statistics on pay and hours published from ASHE will be discontinuous with previous NES surveys. The ONS will

1 This is due to the fact that their earnings are too small to be included in the PAYE scheme

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however attempt to provide guidance on the relative size of the methodological break by presenting figures for 2004 on both old and new bases. A back series will also be published in summer 2004 which will provide a consistent time series back to 1998.

Differences between the LFS and NES

A number of significant differences between the two surveys need to be highlighted.

The LFS is a survey of individuals whereas the NES is an employer-based survey.

Due to this, they measure hours worked in different ways. The main difference is in unpaid overtime. As an employer survey focussing on pay unpaid overtime is not identified in the NES but is identified in the LFS.

A recent study conducted by ONS and published in Labour Market Trends compared the estimates of hours worked from the April 2000 NES and the Spring 2000 LFS, looking specifically at basic and overtime hours worked. Some key points can be summarised:

In the Spring 2000 LFS the estimate of basic usual hours worked for full-time employees was 3.7% higher than the April 2000 NES.

Differences between the two surveys in hours worked were greater for men than women.

The largest difference in hours worked was in professional occupations. In this group the LFS reported actual working hours 11% greater than the NES, half of which was due to teachers and academics.

The smallest difference in average basic hours worked was in clerical and secretarial occupations.

Most of the differences can be attributed to the proportion of LFS respondents that reported working over 40 hours a week as their basic hours. This was around 16%.

The LFS estimated that fewer full-time employees worked paid overtime than recorded in the NES.

Other differences between the two surveys follow from the limited coverage of employees in the NES. Employees earning below the weekly PAYE threshold are not included in contrast to the LFS. A significant proportion of younger workers, earning low wages are excluded from the NES.

The use of proxy respondents in the LFS (placed as high as 30% in some sources) can lead to inaccurate or misleading responses. In a comparison a Labour Market Trends article in May 1998 showed that proxy responses tended to overstate hours. Proxy responses on hours of paid overtime worked were on average 7% greater than personal responses. Proxy responses to unpaid overtime were on average 9% greater. However, even when this bias is removed comparisons between the NES and LFS still reveal differences in hours worked estimates.

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Table 1: Comparison of LFS and NES average basic weekly hours for full-time employees by occupation group; March to May 2000 (LFS) and April 2000 (NES)

Occupation	LFS	NES	% difference between LFS and NES
Managers and administrators	40 hrs 47 mins	38 hrs 19 mins	6.4
Professional	38 hrs 55mins	35 hrs 11 mins	10.6
Associate professional and technical	38 hrs 22 mins	37 hrs 12 mins	3.2
Clerical and secretarial	37 hrs 17 mins	37 hrs 11 mins	0.3
Craft and related occupations	39 hrs 43 mins	39 hrs 13 mins	1.3
Personal and protective	40 hrs 00 mins	38 hrs 37 mins	3.6
Sales	39 hrs 44 mins	38 hrs 05 mins	4.3
Plant and machine operatives	40 hrs 15 mins	39 hrs 39 mins	1.5
Other	40 hrs 02 mins	39 hrs 02 mins	2.6
All Occupation groups	39hrs 21 mins	37 hrs 57 mins	3.7

Source: Labour Market Trends August 2002

Table 1 shows a comparison of LFS and NES estimates for the average basic hours worked. There are significant differences in the estimates across all occupations, with the exception of clerical and secretarial occupations, where the difference was only a marginal 0.3%. The largest difference was in professional occupations, with this mostly due to teachers and academics which make up around 40% of the professional occupation group. These particular occupations have a large difference of 20%. This is shown in **Table 2** alongside other occupations with high percentage differences in hours worked. With such high differences in particular occupations, removal of one or more of these small groups can result in large reductions in the difference between NES and LFS estimates. For instance, total difference for the professional occupations is reduced to 5.1% when the teaching professionals subgroup is removed.

Table 2: Occupation subgroups showing the largest differences in basic hours worked between the LFS and the NES in the UK; March to May 2000 (LFS) and April 2000 (NES)

Occupation subgroups	Difference between the LFS and the NES (%)	Proportion of all employees (%)	
		LFS	NES
Teaching professionals	20	5.6	4.7
Ship, aircraft officers contollers	17	0.2	0.1
Protective service officers	16	0.3	0.2
Business and financial professionals	11	0.3	0.4
Health professionals	11	0.7	0.6
Professional occupations NES	11	0.9	0.6
Other farming related occupations	10	0.4	0.5

Source: Labour Market Trends August 2002

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Example 1: LFS vs. NES

Employers and Employees treat the same hours worked in different ways. Consider employees who work 50 hours a week and receive the same pay irrespective of hours worked, with no overtime pay. If their contracted hours are 35 per week, then employers will classify weekly hours as 35, and that will be reported by the NES. However, the employees may classify their hours differently. Some employees may consider their basic paid hours to be 50, with no paid or unpaid overtime, because these are the hours they usually work and they have been paid for working these hours. On the other hand, some employees may consider basic hours to be 35 and, report the remaining 15 hours as either paid or unpaid overtime hours depending on their perception of what constitutes paid hours. In this case usual paid hours may again be considered to be 50. From this example we can see that LFS respondents are more likely to report longer hours than NES respondents and it highlights circumstances where there may be uncertainty in the reporting of hours worked.

Source: Labour Market Trends May 1998

A good example highlighting the differences is given in the May 1998 edition of Labour Market Trends. It highlights one of the main reasons why the LFS estimates for hours worked are higher than the NES.

Salaried workers may be less conscious of the hours they work and more likely to create errors in their responses. LFS responses are based on recalls of the previous week's work. Salaried workers may estimate their hours worked by taking a typical day and simply multiplying it by five. Using this method could result in overestimating the hours worked, where lunch breaks and finishing times differ according to the day.

The differences in the estimates of the LFS and NES were noted in the Allsopp Review of Statistics for Economic Policymaking. The Review's final report concluded that the changing dynamics of the labour market mean good data on hours worked are essential.

Favourable reference is given to the 2000 Time Use Survey, which analysed the differences in the estimates and it is stated that ONS plans to undertake further analysis to assess the quality of hours worked measurements.

The 2000 Time Use Survey

Like the LFS, the 2000 UK Time Use Survey (TUS) is a household survey. The study was conducted from June 2000 to July 2001[2]. Managed by the ONS, this was the first large-scale study of its kind in the UK.

The main features of the TUS can be summarised as:

- A large-scale household survey featuring self completion diaries.
- Measures the amount of time spent by the UK population on various activities.
- Provides results that are comparable with European sources.
- Creates a documented dataset to be accessed through ONS for academics and government users.

The data was collected using 4 main techniques:

- Every household in the sample completed an interview administered questionnaire.
- Every individual in the household (over the age of eight) also completed an individual questionnaire.
- Every respondent completed two, one day diaries (one weekday, one weekend) comprising of ten minute time slots.
- Respondents also completed a seven day sheet on work/education patterns for the whole week.

10,500 households were approached in this survey (just over 300 of which were in NI) and 6,500 agreed to take part and complete a household questionnaire. Within the 6,500 households were 14,400 people.

2 An additional follow-up survey ran until September 2001

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11,700 of these people completed an individual questionnaire and 21,000 diaries were completed out of a possible 28,000.

The TUS differs from the LFS and the NES in the innovative format it uses. As it uses 4 different methods in its surveying, it can actually be regarded as 4 separate surveys, being analysed on their own or combined to produce a larger scale analysis.

The introduction of this survey allowed comparisons to be made with the LFS and NES over different aspects of an individuals working life. One such aspect was the hours worked. The format of the diary and the work/education sheet allows respondents an opportunity to recall their day in its natural sequence. As the recording of information on how time was spent is so detailed, this should produce accurate estimates that can then be compared against recall estimates such as those in the LFS.

When the results of the TUS were compared against the estimates of the LFS and the NES, the following conclusions were reached:

Usual hours worked from the TUS estimates support those of the LFS average hours worked. It also supports theories of why the estimates from household and employer surveys differ – the similarities with the LFS estimates indicate that the recall approach is more accurate at recording average actual hours worked (at an aggregate level) Some respondents at the top and bottom ends of the hours worked distribution may make overestimations and underestimations.
Results from occupational breakdown analysis support evidence that recall estimates are less accurate for salaried employees than hourly paid employees.

The ONS plans to make more use of the quality of hours worked estimates. Based on the conclusions noted from the TUS, this will lead to improved estimates and indeed contribute to the international debate and more harmonised and comparable standards of hours worked measurements.

Feasibility of Use of Hours Worked Data

Comparing Sectors, Occupations and Age Groups

Large differences between sectors in part-time working make it important to take hours worked into account when comparing sectors. The Hotels and Restaurants sector, for example, had 62.9% of its employees working part-time in 2002, contrasting with less than 10% in manufacturing. An accurate comparison of the size of these two sectors should thus be on the basis of hours worked in each. The result would be to reveal sectors like Hotels and Restaurants to be a much smaller part of the economy than would be indicated by a simple head-count of employees.

Since the small size of NI's private services sector is a major, and increasingly important, issue for economic development policy, accurate comparisons of the size of this sector with other regions and countries is important. The same applies to sub-sectors of private services, especially those with export potential in the financial and business services sectors.

Total workforce hours worked per week including employees and self-employed by UK region is published on a quarterly basis by broad sectors by ONS in its Labour Market Trends publication. This data is based on a combination of the quarterly employment survey and the Labour Force Survey. This data shows private services accounting for 42% of total hours worked in NI compared to 70% in London.

The same methodology could be applied to achieve estimates of 1 digit SIC level sectors. However, the degree of accuracy is limited by the relatively large standard errors for sub-groups of the LFS sample. Even at the one digit level of main sectors

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confidence intervals can be up to +/- 5%, although most are in the range 2-3% **(Table 3)**. Even at this level of accuracy the real economic importance of individual sectors will be measured better than through employment alone. To attain greater accuracy annual samples would need to be combined. However this can only be achieved with some loss of temporal precision. Reporting error by LFS respondents or proxy respondents in relation to their SIC classification may cause discrepancies between the business survey of employment and the LFS measure limiting the usefulness of 1 digit SIC level LFS estimates of hours worked. Also data on hours worked at sector level is not routinely published for NI and special runs would need to be requested from DETI Statistics Branch.

Although measures of output could in principle achieve the same objective as hours worked in measuring the economic importance of different sectors, in practice output data either has incomplete sectoral coverage, or in the case of GVA data is published several years in arrears. It also has suspect accuracy at sectoral level within individual regions including NI. For up to date figures on the level of activity in individual sectors total annual hours worked is probably the best source.

Many of the same points also apply to main occupational groups. The greater importance of part-time working in some occupations means that total annual hours worked are a better guide to the economic importance of the occupation than is employment alone.

Sample sizes are larger for the nine main occupation groups than for sixteen main sectors and confidence intervals can be expected to be a little narrower. Even so, estimates will be accurate to within 2-5% and combined annual samples would again be necessary to achieve greater precision.

For age groups the issue is not measuring the economic contribution as investigating social issues connected with such things as youth employment and early retirement as working time experiences become more diverse. The issues remain the same in respect of confidence intervals and small differences in average hours worked may not be reliably measured except through combining annual samples.

Table 3: Confidence Intervals for Main Sectors; NI, Winter 2003/4

	ACTUAL HOURS WORKED PER EMPLOYEE		USUAL HOURS WORKED PER EMPLOYEE	
Sector	**Hours worked**	**95% CI**	**Hours worked**	**95% CI**
Agriculture and fishing	*	*	*	*
Energy and water	*	*	*	*
Manufacturing	35.7	+/- 1.9	41.6	+/- 0.7
Construction	39.1	+/- 2.2	43.4	+/- 1.2
Distribution, hotels and restaurants	38.7	+/- 1.6	41.1	+/- 0.9
Transport and communication	40.2	+/- 3.2	44	+/- 2.3
Banking, finance and insurance	35.8	+/- 2.2	40.1	+/- 1.2
Public administration, education and health	33.4	+/- 1.3	40.2	+/- 0.6
Other services	38.5	+/- 4.5	42.7	+/- 3.3
All sectors	36.1	+/- 0.8	41.3	+/- 0.4

Source: LFS calculations provided by DETI statistics branch
Note: Full-time employees. Sectors with less than 8,000 grossed up observations are suppressed

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Measuring Productivity

The existence of high quality hours worked data in NI means that productivity estimates can be calculated on the basis of output per hour instead of, or as well as, the more conventional output per employee. The highest level of feasibility is for measurements of whole economy productivity in terms of output per hour. This can be measured as a consistent time series for GVA per hour worked in NI over the period 1992-2001.

The same measure, GVA per hour can also be compared between NI and GB regions using either LFS or NES as sources of hours worked data. The data sources are virtually identical across the UK and consistent series exist as least as far back as 1992.

The more valuable measures of productivity are likely to be at sectoral level, especially for manufacturing. Once again, hours worked data can be obtained on a consistent basis back to 1992 and across UK regions. The smaller sample size for individual sectors however makes comparisons less precise both over time and across UK regions. Typical sample sizes for employees are around 400-500 for both the LFS and NES. This gives confidence intervals for weekly hours worked per employee in the order of one hour or approximately +/-2.5%. As Williams (2002) states, users need to consider the nature of the information they require in order to determine which survey would give the best estimates based on the strengths and weaknesses of each survey.

Given the historically large productivity gap for manufacturing between NI and GB, a confidence interval of 2.5% might be regarded as reasonable. Using Regional Accounts data to measure GVA in manufacturing, the gap between NI and GB in GVA per employee was still quite large in 2001 at 10%. However the gap is much smaller when ABI data is used to measure GVA in manufacturing. On the ABI measure, the use of hours worked in place of employees might be invalidated by the size of sampling error unless combined annual samples were used to reduce the error.

Two other sources of data for manufacturing output in NI can also be used with hours worked data to measure productivity. These are the Index of Production and ABI data on gross output. The index measures change over time, and can be combined with quarterly hours worked data to construct an index of productivity. This would be consistent over time back as far as 1992. Since similar indices also exist for the UK as a whole and for Scotland and Wales, comparisons of productivity trends can be made with these areas.

Gross output from the NI ABI is available back to 1998, and prior to that Census of Production data extends back to 1992 on the current SIC.

Measures of gross output per hour can be calculated for NI at a reasonable level of precision. These can be compared with other UK regions over the same period.

It is less feasible to undertake similar calculations of output per hour for sub-sectors within manufacturing. Sampling error become quite large for individual sub-sectors unless annual samples are combined. With combined samples consistent data on a single SIC would be available back to 1992.

International productivity comparisons, including those with the RoI, are also feasible in a number of cases. The relatively high degree of comparability of LFS-based hours worked data across a number of EU and old Commonwealth countries makes comparisons meaningful in these cases. More care needs to be taken in comparisons with the national accounts hours worked data of France, Germany and Japan. In other cases definitions and sources of hours worked data need to be carefully checked before drawing conclusions on productivity differences. This includes the USA where the coverage of hours worked data is less complete than in the UK, although manufacturing sectors are less affected than the services.

Differences in the nature of international data on hours worked mainly affect comparisons of levels. Comparisons of rates of change

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are less affected. Hence the OECD hours worked series might reasonably be used to construct indices of productivity for the whole economy.

Use as a Short-Term Economic Indicator

Figures 2 and **3** show that hours worked can indeed diverge significantly from employment over the course of a cycle. This happened in the UK as the high-tech boom cooled from the end of 2000 onwards **(Figure 2)**. The hours worked data help to explain why employment continued to rise as the economy slowed. The hours worked series also give a more accurate picture of economic activity over this period than does employment alone. Also productivity data constructed on an hours worked basis would show faster productivity growth from 2000-2003 than would measures based on output per employee.

The importance of this for NI **(Figure 3)** is that the same divergence of employment and hours worked did not occur in NI after 2000 unlike GB. In NI both numbers of employees and hours worked indicate similar changes in the level of economic activity. A comparison of economic change in NI with that in GB would be made most meaningfully with hours worked data. This would show that labour inputs continued to grow in 2001-2003 unlike GB where the growth in hours worked flattened out.

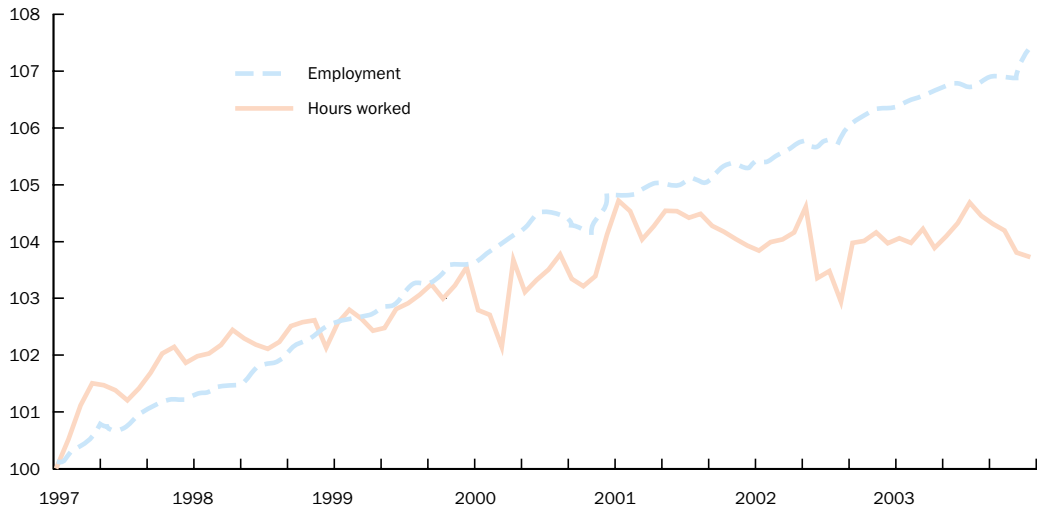
The use of hours worked is also more important in NI because of the lack of up to date measures of output for the whole economy. Even in early 2004 the latest available GVA data was for 2001 for the whole economy and 2000 for individual sectors. For manufacturing the index of production is available up to the end of 2003. For the whole economy in NI the hours worked series may provide the best short-term indicator of recent economic activity.

Finally, we should note that the divergent trends in hours worked over the recent economic slowdown strengthens the case for measuring productivity in terms of hours worked rather than employment. Over the period since 2000 output per hour in NI has grown at less favourable rates compared with GB than output per employee. A simple comparison of output per employee between NI and GB would have been misleading.

Conclusions

Data on hours worked are easily available for NI and throughout the UK in published form from

Figure 2: UK Total Hours Worked and Employment 1997-2004 (1997 = 100)



Source: Labour Force Survey Summary, National Statistics

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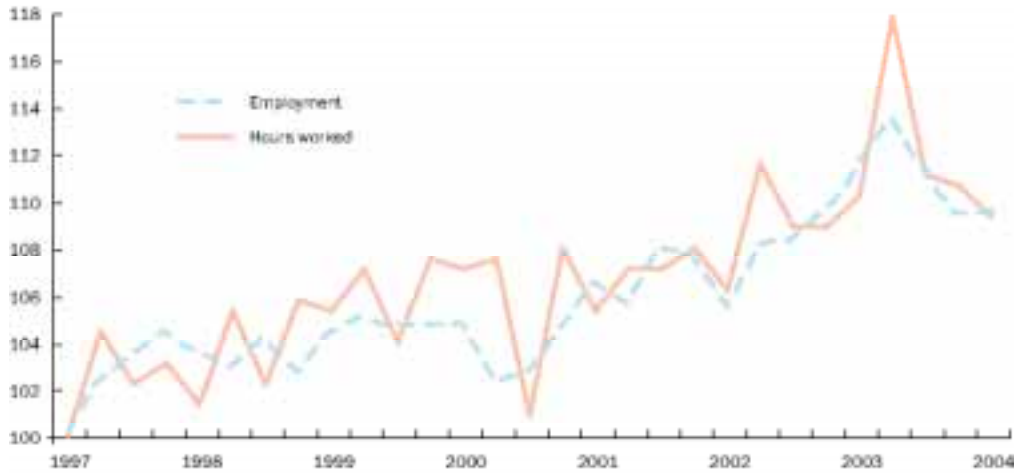
Figure 3: NI Total Hours Worked and Employment 1997-2004 (1997 = 100)



Source: Labour Force Survey Summary: National Statistics

two well established sources, the LFS and the NES. Hours worked data is currently little used in economic analysis in NI, but in our view this should change.

There are at least three areas where the use of hours worked should complement or replace the use of data on employees. These are in the measurement of: Productivity; Fluctuations in economic activity and; Relative economic importance of sectors.

In the latter two cases, measures of output can in principal achieve a similar outcome, especially at a national level. However for regions including NI, measures of output are either not fully available, not up to date or sometimes not fully reliable.

The main shortcomings of the hours worked data stems from its sources in sample surveys. Although the sample sizes in both LFS and NES are reasonably large, confidence intervals can become quite large when the data is disaggregated into individual sectors, occupations or size groups. This difficulty can be overcome by amalgamating annual samples, but this requires special runs of the data which would also have to be undertaken at a UK regional by sector level to provide comparisons.

Economic Inactivity

Dave Rogers, Research and Evaluation Branch, DEL

References to economic inactivity have proliferated in recent years. Whereas a decade ago the focus of attention was very much on "unemployment", nowadays the emphasis is shifting more and more to "economic inactivity". This short paper points out why this is the case and describes economic inactivity in a NI context.

Unemployment then....

For decades high unemployment levels figured prominently in the minds of people here as a key problem to be faced by NI society and the body politic. In baldly factual terms, in the early 1990s claimant unemployment in NI stood at over 80,000 or more for most of the time – and peaked at well over 100,000: typically the unemployment rate was around 12% for most of the first half of the decade, reaching over 14% at times. This was in the historical context of NI having the highest unemployment rate in the UK, and particularly high levels of long-term unemployment. In terms of public perception, in a 1995 survey nearly one half of all respondents (45%) thought that unemployment was the single most important problem facing NI[1]. Furthermore there was little evidence that this position was likely to change: most economic forecasts in the early 1990s suggested that NI would continue to experience high unemployment for the foreseeable future[2].

....and now

In fact, unemployment has fallen sharply in NI since the mid-1990s. The claimant count rate now stands at between 3% and 4%, and the Labour Force Survey unemployment rate, which is less susceptible to changes in levels of benefit claims – lies between 5% and 6%. By historical levels these rates are low – but they are also low by EU standards (EUR15 unemployment = 8.1%, May 2004), and NI now no longer enjoys the dubious distinction of having the highest unemployment rate of UK regions – a fact that Terry Morahan has highlighted earlier in this Bulletin[3]. At the same time levels of employment have risen sharply in NI with around 100,000 more people in employment now than there were in the early 1990s. Despite rises in the adult population – up by 10% since the early 1990s, NI has become much more job-rich over the past decade; and worklessness, as measured by levels of unemployment, has fallen. Surely, to paraphrase Mr Micawber, the result is happiness?

The importance of economic inactivity

There is no doubt that the trend towards higher employment and lower unemployment is good news, not least for the tens of thousands of people more in work and the tens of thousands who are no longer unemployed. However, the employed and the unemployed together comprise what is known as the "economically active" population – that is, those involved in the labour market by dint of working or of actively seeking and available for work. It takes no account of those who are not involved in the labour market – the "economically inactive". As unemployment has fallen,

1 Data from the Social Omnibus Survey (1995). See Labour Market Bulletin No12, p20. Department for Employment and Learning
2 For example NIERC (1993) "Unemployment Forever?: the NI Economy in Recession and Beyond" NI Economic Research Centre
3 See Chapter 3

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attention has strayed to this segment of the working age population, as in economic terms this group is not currently adding directly to economic output. Furthermore, economic inactivity also tends to be associated with deprivation and social exclusion – so it matters at an individual, a household, and at a community level. This is not to say that economic inactivity is necessarily a bad thing – the group includes students, for example, who are investing their time for the future, an investment from which they and society will probably benefit – but rather that too much economic inactivity is not a desirable state of affairs. **Box 1** explains what economic inactivity is.

The importance of economic inactivity in the NI context was developed in the report of the NI Executive's Taskforce on Employability and Long-Term Unemployment[4] which emphasised the need to get more people into employment and to reduce levels of economic inactivity in NI.

Two recent publications have highlighted the importance of economic inactivity in a UK context. In summer 2004, the Bank of England produced a working paper[5] which highlighted the loss of workers, particularly men, from the UK labour market in the 1990s and which highlighted the corresponding rise in long-term sickness and the increased number of people claiming sickness-related benefits. In September, the National Audit Office published a report[6] which examined the employment of older workers and which highlighted the fact that too many working age people of 50 and over have left the labour market.

So there can be little doubt that economic inactivity has moved up the political and policy agenda over recent years and already there have been Government responses to this. For example, New Deal provision has been expanded to cover those who are economically inactive (eg the New Deals for Disabled People and for Lone Parents); new claimants in receipt of benefits other than Jobseeker's Allowance are being invited to work-focussed interviews to see how they can be helped, if appropriate, into the labour market; and basic/essential skills initiatives have targeted those in most need of help – a group in which the economically inactive are well represented.

The rest of this article examines economic inactivity in NI. To put inactivity data in the wider labour market context, Chapter 2 of this Bulletin, prepared by statisticians from the Department of Enterprise, Trade and Investment, is a very useful starting point.

Box 1: What do we mean by "Economic Activity" and "Economic Inactivity"

Economic activity is centred on the concept of the ***labour force.*** The labour force at any one point in time is considered to be those who are in **employment** (including those on government training and employment schemes) and the **unemployed** (those who are both actively seeking work and who are available to start work). These are the *economically active*.

The ***economically inactive*** are everyone else – in other words, they are not working and are not actively seeking work and available for work – for whatever reason. This group includes children below the age of 16, but also includes adults who, for whatever reason, are not working or seeking work. This group includes those beyond pension age but most usually quoted figures relate to the working age population alone (ie females 16-59; males 16-64). Although there are overlaps between groups, the key elements of working age economic inactivity are students; those out of the workforce for reasons of sickness or disability; those with family/domestic/caring responsibilities; and the early retired. Unless otherwise stated, all inactivity rates in this article relate to the working age population only.

4 Report of the Taskforce on Employability and Long-Term Unemployment (December 2002) Department for Employment and Learning

5 Bell, B and Smith, J (2004) "Health, disability insurance and labour force participation" Bank of England Working Paper No 218

6 National Audit Office "Welfare to Work: Tackling the Barriers to the Employment of Older People" Report by the Comptroller and Auditor General HC 1026 Session 2003-2004. House of Commons

Economic Inactivity

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Levels of Economic Inactivity

The most recent published figures for economic inactivity in NI relate to the period May-July 2004[7]. These figures show that there are nearly 550,000 economically inactive adults aged 16 and over in NI. However this includes those beyond the state pension age: excluding this group, there are around 300,000 people of working age who are economically inactive. This translates to an economic inactivity "rate" for those of working age of around 29%. Thus in the working age population there are around 2½ economically active people for every inactive person.

It should be noted that conventionally inactivity rates are often quoted on the basis of the working age population. In the UK, this is defined as being between ages 16-64 for men and 16-59 for women – in other words, the upper bounds conform to the state pension age. In this context it is worth noting that the state pension age for women is to rise from 60 to 65 over the period 2010 to 2020. At the time of the 2001 Census of Population, only 20% of the 60-64 year female age group were in employment: the inclusion of this group amongst the working age population will exert an upward pressure on inactivity rates.

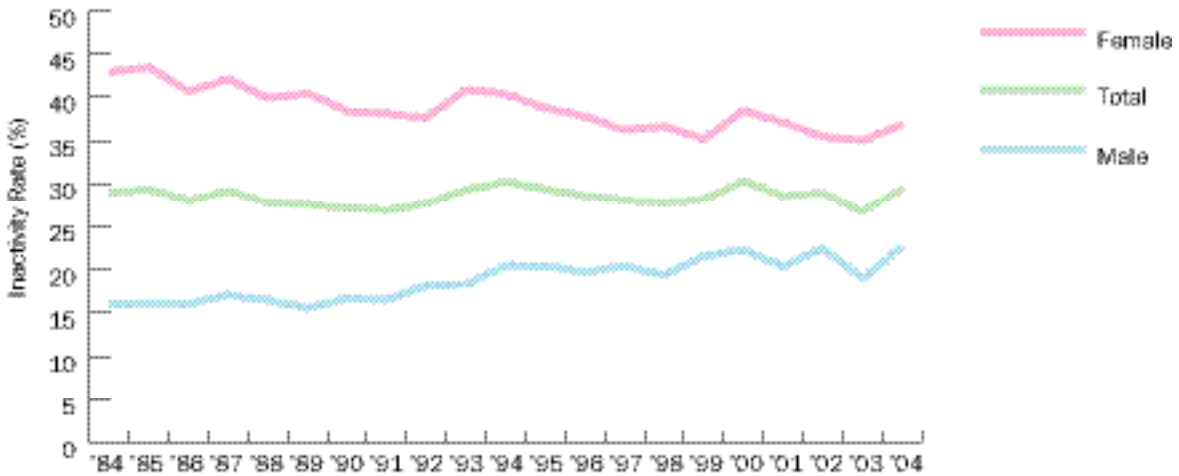
Figure 1 shows levels of economic inactivity amongst the working age population over the past 20 years. It is clear from this graph that:

- Despite huge changes in the NI labour market over the past 20 years, with growing employment and falling unemployment, and in addition big changes in the types of jobs that people have and in demography – despite all of these, the working age inactivity rate today is almost identical to the level of 1984. Moreover, in all of this time it has only varied within a narrow range – it usually lies between 27% and 30%.

- Women have higher rates of economic inactivity than men. This is a common feature of labour markets. Currently the male inactivity rate is around 23%, whilst the female rate is around 14 percentage points higher at 37%.

- The gap between male and female inactivity rates has fallen: 20 years ago, female

Figure 1: Economic Inactivity Rates; Northern Ireland 1984-2004



Source: Labour Force Survey, DETI

7 Department of Enterprise, Trade and Investment – Labour Market Statistics September 2004. Note that all figures for economic inactivity are derived from the Labour Force Survey. This is a sample survey and will be subject to sampling error.

Economic Inactivity

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inactivity rates were above 40%, whilst male rates were below 20%. Female inactivity rates have fallen almost continuously since 1984, whilst male rates began to climb in earnest in the early part of the 1990s.

Who are the Economically Inactive in NI?

We saw in the above discussion that the economically inactive were predominantly female: in Spring 2004, of the 312,000 economically inactive people of working age in NI, around 186,000 were women whilst 127,000 were men. Economic inactivity rates also vary by age: 16/17 year olds have high inactivity rates, typically around75%[8], mainly due to the high numbers in education; 18-24 year olds typically have inactivity rates around the 30% mark. Inactivity rates are at their lowest in the 25-49 age group (around 22%), but rise again in the 50-59/64 age group to around 37%. Thus amongst people aged over 50 but below the state pension age in NI, fewer than two in three are actively engaged in the labour market.

The above discussion categorises the economically inactive in terms of their demographic characteristics. It is also possible to split this group by the reason for inactivity – this question is asked in the Labour Force Survey. Further analysis of this – including an estimate of hidden labour reserves amongst the economically inactive – is given in Chapter 6 of this Bulletin.

Responses to the Labour Force Survey allow the inactive to be broken down into four groups: students; those looking after the family and/or home; those not working through sickness or disability; and those who have retired before they have reached the state pension age. In addition, there is a fifth "group" comprising those who did not respond or who were unable to give a reason, or who have not yet looked for a job etc. The breakdown from Spring 2004 is given in **Figure 2**.

- **Students.** There are around 84,000 people – around a quarter of the economically inactive of working age – who are out of the labour market because they are studying. It includes, for example, those at school, those in FE colleges and those at university. It would, however, exclude students who have a part-time job who are classified as in employment and therefore part of the economically active. The majority of this group are young (16-24) and the relatively high representation of students amongst the economically inactive reflects NI's generally young population structure and the high stay-on rate at school and university. In general, this type of economic inactivity can be viewed in a positive light as it represents a period of investment in education that could be expected to result in individual and societal gains. The only potential negative here is if students were staying in education solely or mainly because they perceived that there were no opportunities in the labour market.

- **Those looking after the family or home.** This group is similar in size to the student population (around 85,000 people) and comprises just over a quarter of the economically inactive. The vast majority – nearly 80,000 – are women. Figures from the Labour Force Survey indicate that around a fifth to a quarter of the group – the numbers vary from year to year – would like a job if a suitable one was available. In early 2004, this translates to around 14,000 people. These represent a further possible addition to the NI's labour supply (see Chapter 6 of this Bulletin for more discussion of this issue).

8 Source for figures in this paragraph: DETI Labour Market Statistics. These figures are derived from the Labour Force Survey and sample errors can be large as some of the groups have small numbers. Caution should be exercised when looking at changes over time.

Economic Inactivity

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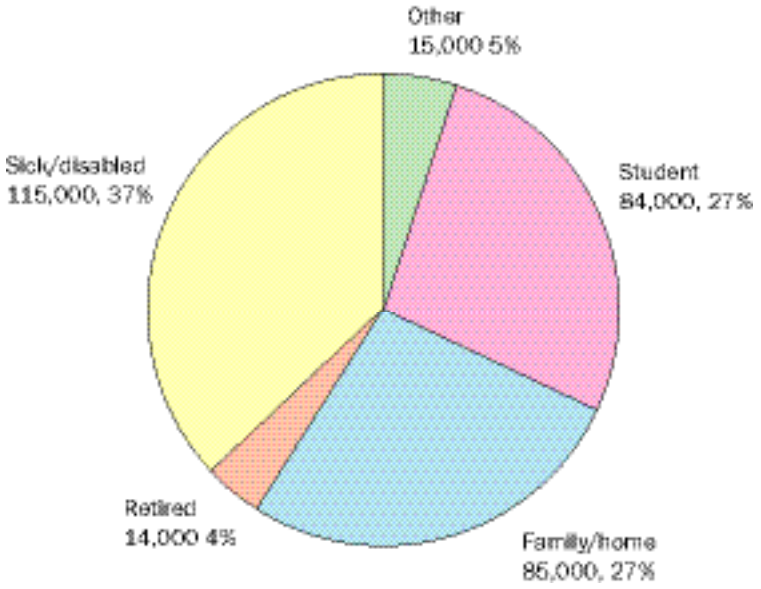
Figure 2: Reasons for Economic Inactivity, Spring 2004



Source: Figures relate to working age population only. Labour Force Survey, DETI.

- **Those who are sick and/or disabled.** This is the largest group amongst the working age inactive, accounting for some 115,000 people (more than a third of the inactive) in 2004. This group alone accounts for some 10-11% of people of working age in NI. It has been observed that rates of exclusion from the labour market due to sickness and disability are higher than can be explained by objective assessments of levels of sickness, and also that on a regional basis, inactivity due to sickness is associated with the tightness of the labour market[9]. The argument runs that, dependent on wider labour market conditions, a proportion of this group can be attracted back into work. There is some face validity to this from LFS data, which show that some 19,000 people who are out of the labour market for reasons of sickness or disability actually want a job – but this figure could be somewhat higher (see Chapter 6 of this Bulletin for further discussion).

- **Early Retired.** This group comprises people who regard themselves as having retired but who have yet to reach state pension age. There are around 14,000 in this group in NI – around 4% of the economically inactive.

- **Others.** This group consists of those who gave other reasons for their inactivity or who were unable or unwilling to give a reason – in early 2004 there were around 15,000 in this group and they comprised around 5% of the economically inactive.

Economic inactivity and the desire for employment

The economically inactive are not actively seeking employment. This does not mean, however, that they necessarily do not want employment. The Labour Force Survey asks the inactive if they would like a job – and an estimated 44,000[10] of them do. This represents nearly 8% of the post-16 inactive population. This figure exceeds the current level of ILO unemployment (37,000) and the numbers on the claimant count (29,000). Most of this group indicate that they are not currently available for work (34,000), but they obviously comprise a potential pool of labour for the future.

9 For example see David Armstrong (1999) "Hidden Male Unemployment in NI" Regional Studies 33(6)
10 Source: DETI Labour Market Statistics, September 2004. Data relate to May-July 2004.

Economic Inactivity

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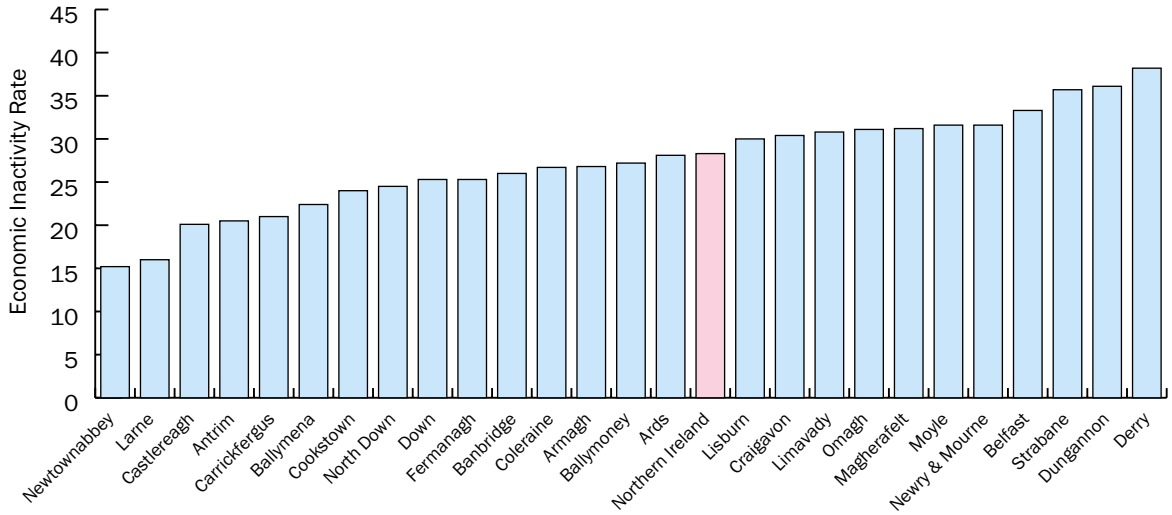
Figure 3: Economic Inactivity by District Council - 2002



Source: Labour Force Survey - DETI [11]

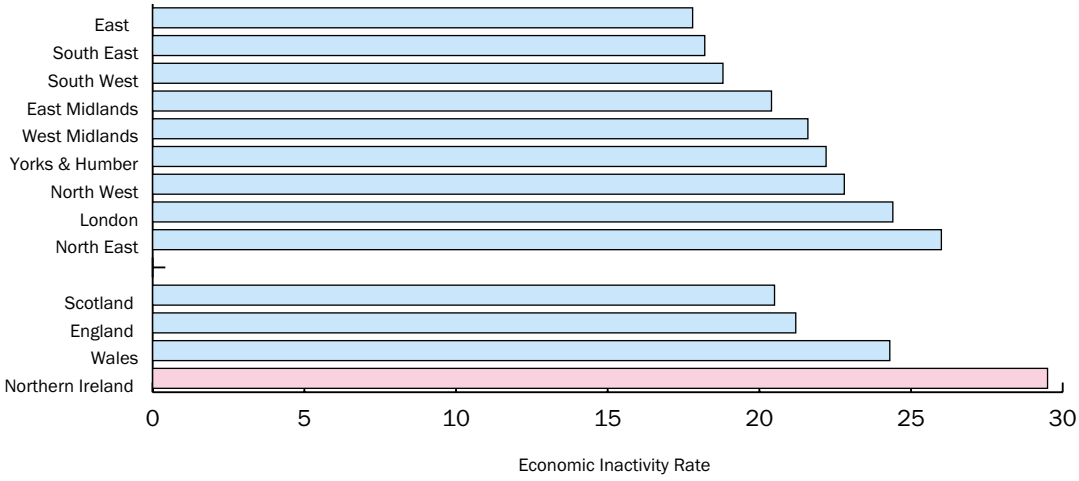
Variations within Northern Ireland

Economic inactivity rates vary considerably across NI. In general, District Council areas in the south and west of NI have higher levels of economic inactivity than those in the east (see **Figure 3**) – but there are notable exceptions to this. Perhaps the most obvious are Belfast (33%), which is considerably higher than the average (28%); and Fermanagh (25%), which is somewhat lower.

Economic Inactivity in a UK Context

NI has the highest economic inactivity rate of the 4 home countries by a considerable margin (see **Figure 4**). Figures for April-June 2004, which represent a fairly typical recent period, show that the working age inactivity rate in NI of 29% was a full 5 parentage points higher than in Wales, 8 percentage points more than England and 9 higher than Scotland. In the UK regional

Figure 4: Economic Inactivity in UK Regions - 2004



Source: Labour Market Trends, Vol 112 No 9. Data relate to April-June 2004

11 Figures taken from the DETI District Council Area Statistics (www.detini.gov.uk). Note that some figures have been calculated from the published economic activity rates.

Economic Inactivity

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context NI also stands out as consistently having the highest inactivity rate – although in recent years rates in the North East have been fairly similar.

UK regional comparisons[12] also show that more of the NI working age population are likely to describe themselves as inactive because of sickness or disability (11.0%) compared to GB, where the average is 6.3% at Spring 2004. Only the North East of England had a higher sick/disabled proportion (11.2%) at that time. At the same time more than 42% of the working age economically inactive in NI had no recognised qualification compared to 31% in GB (Spring 2004). Economic inactivity thus often relates to low skills and poor health - two things which make getting and keeping a job much more difficult. In NI the situation is also complicated by the younger age profile of the population (31% of the economically inactive working age population were aged under 25 in NI compared to 27% in GB).

International comparisons of inactivity rates are hampered by definitional differences (eg in age groups covered) and, perhaps as importantly, by the way that jobseekers and those with sickness and disability interact with benefit systems in different jurisdictions. Most published figures of inactivity rates in different countries are based on the total adult population 15+ (or, in some countries such as the UK, 16+). Differences in age structure, and particularly in the size of the older population of retirement age mean that caution has to be exercised when comparing data. For this reason comparisons have not been attempted in this paper.

Conclusion

We saw at the beginning of this article the perils of prediction – 10 years ago, unemployment was the big labour market issue, now unemployment has fallen and inactivity has, at least in part, become the major area of policy concern. Will it remain so? Obviously, should unemployment rise from its current levels, attention will inevitably shift back to it. However, at the moment no commentators are suggesting a sharp rise in unemployment in NI, certainly not to anything like 1994 levels – so such a scenario seems unlikely.

On the other hand we have the fact that inactivity rates have remained almost constant through all the economic and labour market changes of the past 20 years. Although it could be argued that this stability is more apparent than real given the change in the nature and composition of inactivity, it is difficult to foresee any sharp reductions in levels of inactivity as things stand at present. In fact, changes – mainly demographic changes – already in chain are likely to lead to even greater emphasis on inactivity. On the one hand, the numbers in the 16-24 age range are projected to fall over the next twenty years – other things being equal, this is likely to mean fewer people in education post-16 and this a downward pressure on inactivity rates. At the other end of the age spectrum, the numbers between 50 and retirement age are inevitably going to increase (partly for reasons of demography and partly due to the raising of the female pension age). This means that we will need a substantial increase in the economic activity rate amongst older working age people simply to stand still. And all of this takes no account of the current debate about "extending working life" and the associated concerns about the health of the pensions system. I suspect, to coin a phrase, that economic inactivity won't go away, and policies to reduce levels of inactivity will retain a central place in the policy framework.

12 Source: DETI

Skills Progress

Terry Morahan, Skills Unit, DEL

In April a new Skills Unit was formed in Skills and Industry Division. This Unit will focus solely on analysing the demand for, and supply of, skills. Below is a brief progress report.

Skills Monitoring

Originally we had planned to run the bi-annual Skills Monitoring Survey in Spring 2004 and there would have been a full report on this topic in this Bulletin. However – see next Chapter for details – we now plan a revised and improved Survey in early 2005 – with a summary in next year's Bulletin and a full Report available in late 2005.

Skills Forecasting

Due to data difficulties, production of the Construction Industry forecasts has been delayed until the end of this year – a progress report appears in Chapter 12.

Employment in Priority Skills Sectors

Five priority skills sectors were originally marked out for an in-depth analysis of skills supply and demand.

They are:-

- Computer Services (IT);
- Electronic Engineering;
- Mechanical Engineering;
- Hotels and Restaurants;
- Construction.

They were chosen because:-

- they are key to progress in the economy;
- they have shown a pattern of growth and are therefore more likely to experience skills shortages;
- they require lengthy training times;

Thus call centres fulfil the first two criteria – but call centre operatives can be trained in months – rather, for example, than the years required for an electronics engineer – and it is therefore not necessary to do five year forecasts for that sector.

The **Tables** and **Graphs** which follow detail how these sectors have performed since 1996 when skills analysis started receiving greater attention with a tightening labour market and increasing reports of "skill shortages." Note the analysis is based on the jobs count of DETI's Quarterly Employment Enquiry.

Skills Progress

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Table A gives the actual job numbers for the five priority skill sectors and **Table B** puts them in index form with 1996 = 100.

Graph A gives the relative growth in jobs, **Graph B** and the **Bar Chart**, the absolute growth.

As may be seen in **Table A** until the marked slow down in the local/national/world economy in 2002/03, the priority skills

Table A: Employee Jobs: Priority Skills Sectors; All Economy; 1996-2004

	Employment 1996 - 2004 (June) Not S.A.									
Sector	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**Absolute Change '96-'04**
Construction SIC 45	22830	27490	29600	31290	34470	35810	36110	35110	36240	13400
Mechanical Engineering SIC 28, 29, 31, 34, 35	25980	27060	26690	27530	28330	29050	28410	26480	25700	-280
Hotels & Restaurants SIC 55	28300	29750	34270	35790	37700	38680	40000	39670	40160	11860
Electronic Engineering SIC 30, 32, 33	6760	7470	8480	8220	9580	9860	7920	7010	6590	-160
Computer Services (IT) SIC 72	1580	1990	3120	3740	4540	5710	5460	5150	5570	3990
Total	**85450**	**93760**	**102170**	**106570**	**114620**	**119130**	**117900**	**113410**	**114260**	**28810**
% Annual Change	**2%**	**10%**	**9%**	**4%**	**8%**	**4%**	**-1%**	**-4%**	**1%**	
All Employee Jobs	577640	596100	611510	624000	640380	650030	663580	669160	681370	103730
% Annual Change	**1%**	**3%**	**3%**	**2%**	**3%**	**2%**	**2%**	**1%**	**2%**	
Priority Skills as % of All Employee Jobs	15%	16%	17%	17%	18%	18%	18%	17%	17%	
Less Priority Skills: **Total**	492190	502340	509340	517430	525760	530900	545680	555750	567110	
% Annual Change	**1%**	**2%**	**1%**	**2%**	**2%**	**1%**	**3%**	**2%**	**2%**	
Growth in Priority Skill Jobs V. Growth in All Other Employee Jobs	1%	8pp	8pp	2pp	6pp	3pp	-4pp	-6pp	-1pp	
(Annual % Increase IT)	**22%**	**26%**	**57%**	**20%**	**22%**	**26%**	**-4%**	**-6%**	**+8%**	
Self Employment Construction	23800	22600	21900	21200	22800	26000	24600	28300	32000	8200
Construction Employees & Self-Employed	46630	50090	51500	52490	57270	61810	60460	63360	68240	21610

Skills Progress

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sectors were in total growing appreciably faster (by up to 8pp) than the rest of the economy – which was itself demonstrating a healthy average growth of around 2% pa and an extra 10,000 jobs pa.
In 2002 and 2003 however there was a decline in the total number of jobs in the priority skills sectors – mostly in the consumer sensitive areas of

Table B:

	Indexed 1996-2004 (June)								
	1996	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
Construction	100	120	130	137	151	157	158	154	159
Mechanical Engineering	100	104	103	106	109	112	109	102	99
Hotels and Restaurants	100	105	121	126	133	137	141	140	142
Electronic Engineering	100	111	126	122	142	146	117	104	98
Computer Services (IT)	100	126	198	237	287	362	346	326	353
Total	**100**	**110**	**120**	**125**	**134**	**139**	**138**	**133**	**134**

Table C: Textiles and Clothing

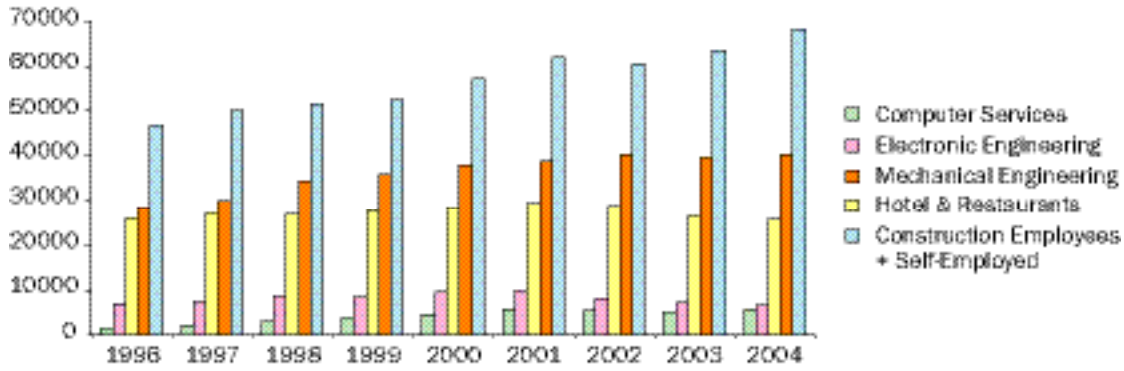
Textiles and Clothing SIC 17, 18, 19	23970	24080	22540	19720	16590	13750	11920	9860	6710

Note: Data are not seasonally adjusted, Source, DETI

Table D:

	2000	**2004**	**Projected**
Call Centre Employment	4140	8030	11,800

Bar Chart: Employment Growth in Priority Skill Sectors 1996-2004



Skills Progress

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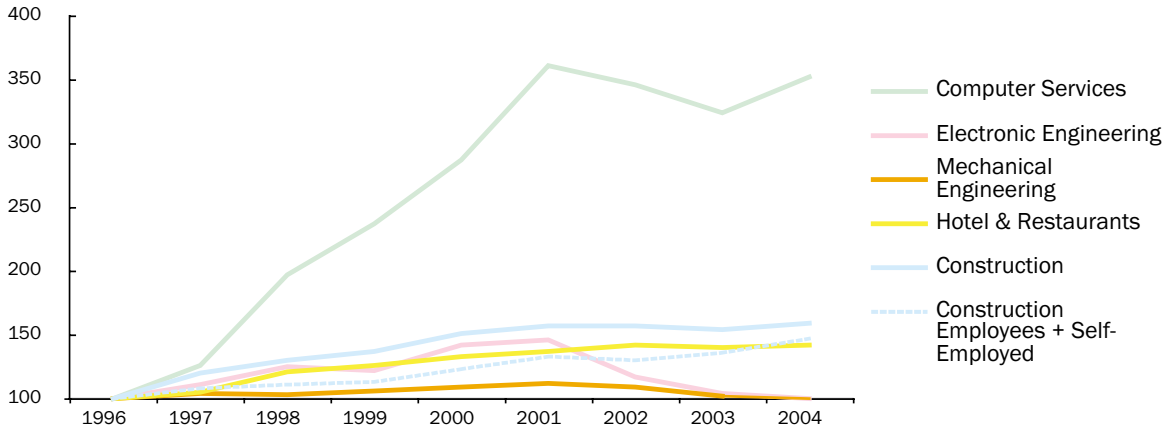
Graph A: Employment Growth in Priority Skill Sectors 1996-2004: 1996=100



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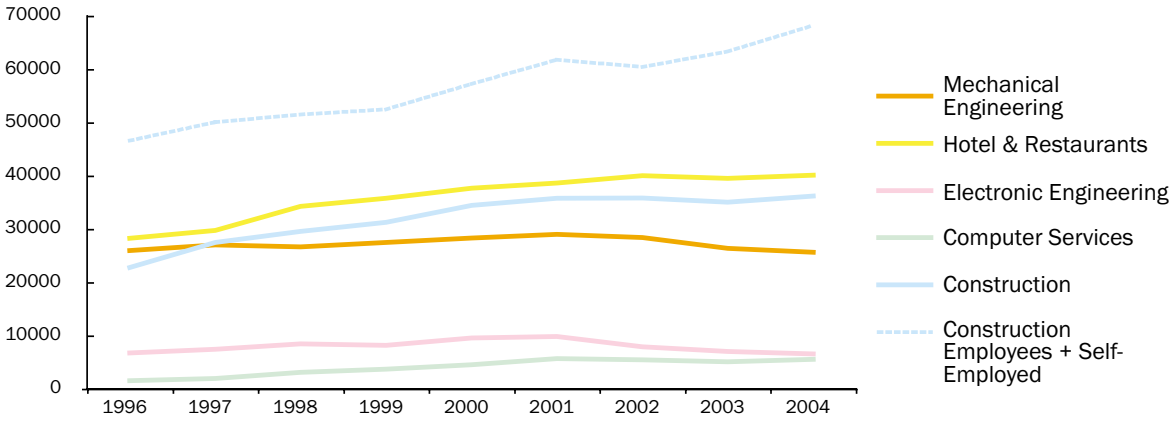
Graph B: Employment Growth in Priority Skill Sectors 1996-2004



electronic and mechanical engineering. For example the market for electronic products will be more volatile than say food retailing – in a boom doing better than average, in a recession, worse. The fastest growing sector continues to be **Computer Services** – indeed this may be an under-estimate – see this Bulletin Chapter 14 "Distribution of IT Employment". Unlike other countries we suffered less in the sharp recession of 2002/03 which followed the peak load caused by the changeover to the Euro and the Y2K work, exacerbated by the end of dot.com mania. However the rate of growth has slown down as forecast in the IT Study (LMB No 17, Ch 13) and the level of employment is lower in 2004 than 2001.

The biggest **absolute** increase in the number of **jobs** has been in the **Hotels and Restaurants** sector and – if the optimistic sounds made by the industry are well-founded – this growth should continue. We continue to only have proportionally one third the jobs in tourism of RoI or Scotland so there is considerable scope for further expansion in that part of the sector – although generally hotels and restaurants have a similar % of GVA as the UK – see **Table 2 (NI 3.2% UK 3.4%)**.

Easily the 'star' performer has been **construction** especially when self-employment is taken into account (unfortunately due to sampling errors caused by small numbers, reliable self-

Skills Progress

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employment data are not available for the other sectors). The number of jobs has risen by 13,400 (+ 59%) and self-employment has risen by 8,200 (+ 34%) giving a total increase of almost 22,000. This remarkable performance may continue as the economy continues to perform strongly, interest rates are not too high and in particular, NI has to catch up with its infrastructure deficit (and with much business available in RoI for similar reasons). As **Table 2** shows it is a much more important sector to the NI economy than the UK average (7.4% v 5.8%), indeed construction is relatively more important here than in any other UK region.

Mechanical Engineering has been the most stable sector in terms of employment – This sector has performed much better than its GB counterpart – where there have been substantial job losses.

Electronic Engineering experienced fast growth until 2001 but has suffered severely in the 2002/2003 period with some well publicised closures and downsizing.

The fastest growing sector is call centres – see **Table D** and Chapter 27 in this publication. But not quite growing fast enough to mop up on its own the sharp decline in the **Textile and Clothing** Sector – see **Table C** – which has lost over 17,000 jobs over the period – 3 out of 4 jobs have gone!

Conclusion

In general, and even with the benefit of hindsight, the priority skill sectors have been well chosen. The Construction and Hotels and Restaurants sectors have shown remarkable growth in relative and absolute terms, Computer Services is set to resume its rapid growth path and Mechanical Engineering has been remarkably stable. Electronic Engineering has however proven to be a very volatile sector with employment in 2004 actually a little lower in 1996. As all these sectors have now been covered in depth, currently consideration is being given to choosing the next stage of the research.

The future work programme and role of the Skills Unit will however be determined by the Department's Skills Strategy due to be published in November 2004 and by the agenda set by the NI Skills Task Force.

Table 2: Shares of Gross Value Added 1990:2001 NI:UK

	1990		2001	
	NI	UK	NI	UK
Agriculture, hunting, forestry & fishing	4.9	1.9	2.4	1.0
Mining and quarrying of energy producing materials	0.1	0.7	0.1	0.3
Other mining and quarrying	0.6	0.3	0.5	0.2
Manufacturing	21.2	23.7	19.4	17.6
Electricity, gas and water supply	2.9	2.4	1.9	1.9
Construction	6.2	7.1	7.4	5.8
Wholesale and retail trade (including motor trade)	10.6	11.6	12.8	12.8
Hotels and restaurants	2.4	2.8	3.2	3.4
Transport, storage and communication	5.3	8.5	5.8	8.4
Financial intermediation	2.3	6.1	3.2	5.6
Real estate, renting and business activities	9.1	17.1	15.0	24.3
Public administration and defence	16.3	6.6	10.4	5.2
Education	6.8	5.0	7.1	6.0
Health and social work	9.7	6.0	8.9	6.8
Other services	3.2	3.9	4.3	5.3

Towards a Harmonised Skills Monitoring Survey for the 'Home' Countries

Tony Dignan, Economic Research and Evaluation

10

Introduction

In recent years, each of the four UK countries has undertaken a number of relatively large-scale employers' skills surveys. These surveys have sought to identify the incidence, extent, causes and implications of recruitment difficulties and skill problems from the perspective of employers. The UK surveys focus especially on the following types of skills-related problems:

- Skill shortage vacancies – these are vacancies that employers find difficult to fill because applicants do not have the required skills, experience or qualifications.

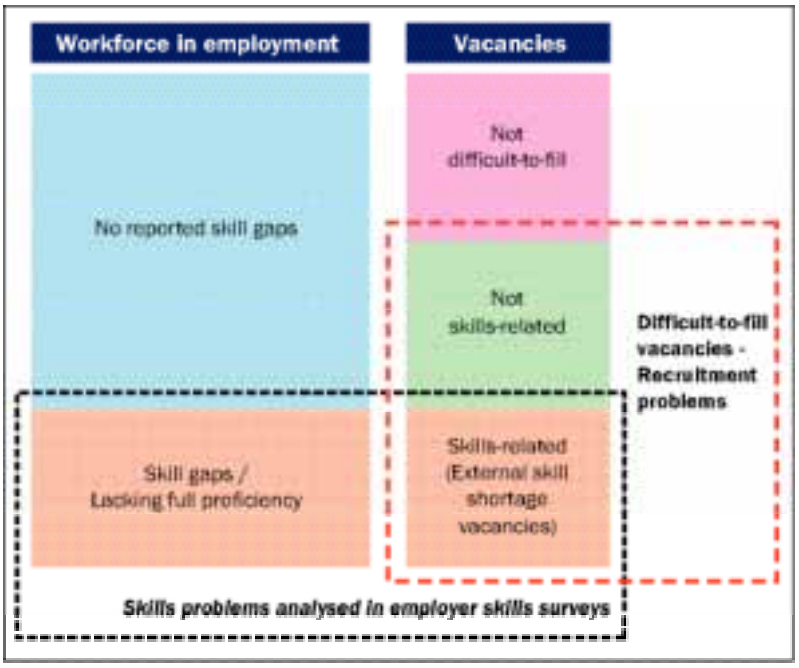
- Internal skill gaps - the extent to which employers' perceive their employees' current skills as insufficient to meet current business objectives.

In addition, the Republic of Ireland (RoI) has undertaken three national surveys of vacancies, every two years since 1998/99. While the RoI surveys share some common features with their UK counterparts, they have not been explicitly concerned with employers' perceptions of external skill shortages or internal skill gaps.

In late-2003, DEL commissioned Economic Research and Evaluation to undertake a comparative analysis of the findings from a selection of the surveys undertaken in each of the five countries. A report was produced in January 2004 (ERE, 2004, *Comparative Analysis of Skills Monitoring Surveys).*

This article presents a summary of the findings from that comparative analysis, commencing with a brief overview on skills monitoring surveys. The main findings from the cross-country comparisons of recruitment difficulties and skill shortages are then presented. The concluding remarks highlight the desirability of a more co-ordinated and common approach to survey design and implementation.

Figure 1: Recruitment problems and skill gaps



Skills Monitoring Surveys

Objectives

The employer skills surveys that have been undertaken in the UK share a broadly similar set of objectives, seeking to provide employers' perspectives on issues connected with recruitment difficulties as well as internal skill gaps and provision of training. The surveys are particularly interested in identifying where recruitment difficulties are related to external skills shortages and therefore subject to a 'skills' solution.

These objectives are addressed within a common descriptive framework. As illustrated in **Figure 1**, recruitment problems are associated with job

Towards a Harmonised Skills Monitoring Survey for the 'Home' Countries

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vacancies that are classified by respondents as *difficult-to-fill*[1]. Of particular interest are vacancies that are difficult-to-fill because of low numbers of applicants with the required skills or lack of work experience or qualifications required by the company. Vacancies that are classified as difficult-to-fill for such reasons are referred to as *skill-shortage vacancies.*

Whereas recruitment problems and skill-shortage vacancies refer to difficulties experienced in relation to the external labour market, the second set of problems typically analysed in employer skills surveys focus internally, on the company's current workforce. The main point of interest in that context is the existence or otherwise of *internal skill gaps.* The concept of internal skill gaps is intended to reflect the extent to which employers perceive their employees' current skills as insufficient to meet current business objectives.

Taken together, external skill shortage vacancies and internal skills gaps comprise the skills problems, or skills deficiencies, that are the main focus of attention in the UK employer skills surveys.

Within the broad descriptive and conceptual framework discussed above, the UK employer skills surveys typically seek to address a similar core set of questions, as follows:

- What is the incidence[2] and extent[3] of recruitment problems faced by employers, as measured by difficult-to-fill vacancies?
- To what extent do recruitment problems reflect a lack of relevant skills amongst potential recruits into the available positions?
- To what extent do skill gaps exist within the workforce in employment?
- What is the level of provision of off-the-job training?
- How do the above vary by industry sector, establishment size, and occupations?

The RoI vacancy surveys share the UK surveys' concern with difficult-to-fill vacancies, but do not seek to estimate the incidence or extent of skill-shortage vacancies. Nor is the issue of skill gaps addressed by the RoI surveys, which instead focus on employers' perceptions of changes in skill requirements. These contrasts reflect the different objectives of the RoI surveys (see ERE, 2004).

Comparability of the surveys

The comparative analysis in the ERE 2004 report was based on the surveys listed in **Table 1** below. The selection of these surveys is discussed in detail in the ERE report. Briefly, the surveys are all relatively large in scale and encompass all employee size bands. Both NI and the RoI did not include agriculture amongst the industry sectors surveyed, but it was possible to adjust for this in comparing results.

The main contrast shown in **Table 1** is that the unit of analysis for the RoI vacancy surveys is the individual enterprise or organisation. Since enterprises or organisations can comprise multiple sites or workplaces, this means that it is not possible to compare indicators for the *incidence* of current vacancies or recruitment difficulties with the UK surveys, which are based on interviews with individual establishments or workplaces.

Table 1: Surveys Compared

	Year	Sample size	Industry sectors	Size-bands	Sampling unit
NI	2002	4,504	All except agric.	All	Establishment
England	2001	27,031	All	All	Establishment
Scotland	2002	8,507	All	All	Establishment
Wales	2003	6,020	All	All	Establishment
RoI	2001/02	2,048	All except agric.	All	Enterprise/ Organisation

1 This is the term used in the NI and RoI surveys. Such vacancies are referred to as 'hard-to-fill' in the English, Scottish and Welsh surveys.
2 The percentage of survey respondents saying that they have a current vacancy that is difficult-to-fill.
3 The total number of difficult-to-fill vacancies as a percentage of total employment.

Towards a Harmonised Skills Monitoring Survey for the 'Home' Countries

Tony Dignan, Economic Research and Evaluation

The ERE 2004 report also discusses the comparability of the surveys in terms of other survey design features such as sampling strategy, stratification, grossing and weighting, and so on. The overall conclusion drawn is that, while the surveys differ in a number of respects, this does not preclude drawing comparisons between estimates produced by the surveys. The contrasts that exist in terms of survey design do, however, increase the degree of uncertainty that attaches to any such comparisons. Thus, a cautious approach was adopted in drawing inferences regarding the significance or otherwise of inter-country differences between sample estimates.

The comparability of findings from different surveys is not just a function of design issues such as sampling strategy and data collection methods. Equally important is the definition and measurement of key variables or indicators relevant to the objectives of the survey. While there are a number of differences of detail, the surveys adopt broadly similar approaches to the identification and measurement of recruitment difficulties. This conclusion does not, however, hold with respect to internal skill gaps. The surveys differ too widely in their approach to the measurement of skill gaps for any meaningful comparisons to be drawn. For that reason, this article focuses primarily on recruitment difficulties.

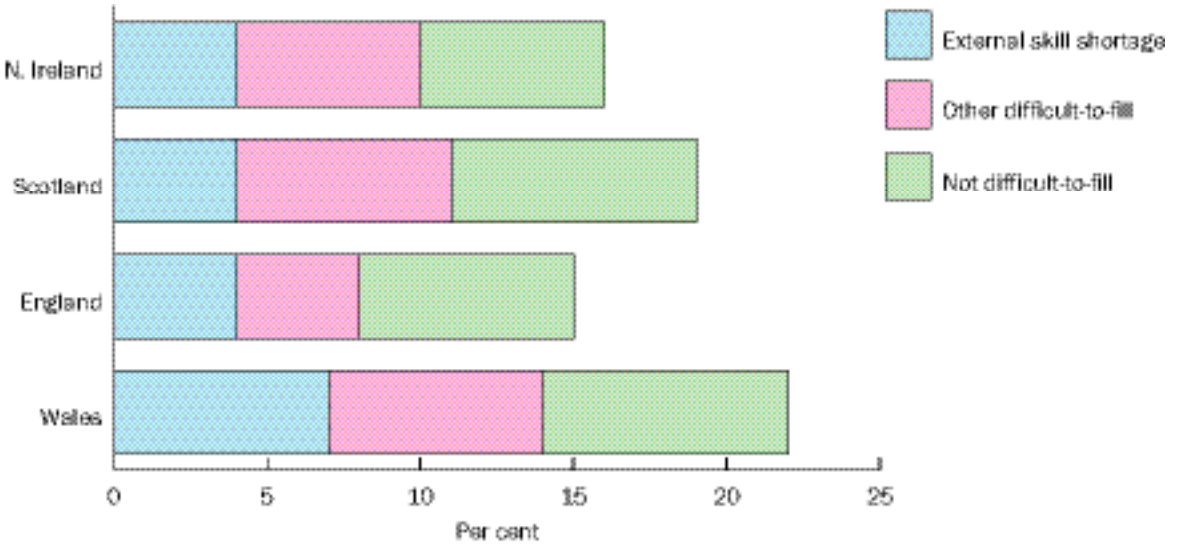
Recruitment difficulties

Current vacancies

In the surveys compared, the proportion of establishments with a current vacancy ranged from 14% in England to 22% in Wales **(Figure 2)**. The incidence in Wales was significantly higher than in England and NI. The proportion with a vacancy was also significantly higher in Scotland than in England.

These disparities are difficult to explain, especially as England has experienced faster employment growth and lower unemployment than Wales or Scotland in recent years. One reason for the differences is the very large share of establishments in the 1-4 employment size band in England, estimated at 72% of the total in the grossed-up results for England. From the available evidence, this was higher than in the other UK countries[4]. This is important because the incidence of current vacancies tends to be much lower in the 1-4 size band than in the larger size bands.

Figure 2: Incidents of recruitment difficulties. Establishments reporting 1+ vacancies as Percentage of all establishments



Sources: DEL, 2003; Futureskills Scotland, 2002; ESS 2001; Future Skills Wales, 2003.

4 For example, establishments in the 1-4 size band accounted for 52 per cent of all establishments in the grossed-up results for NI.

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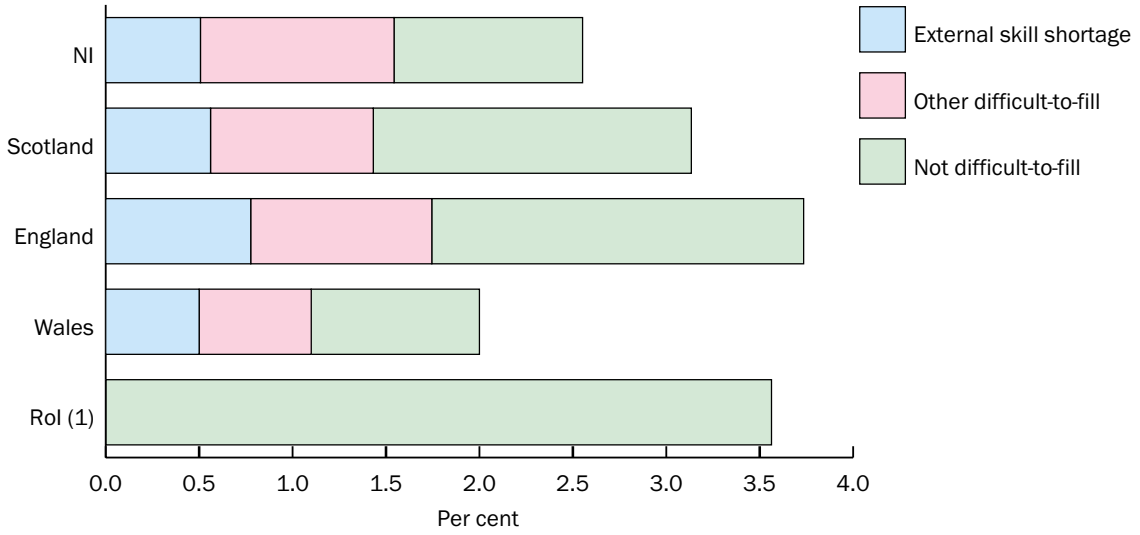
Figure 3: Vacancies as per cent of employment



Sources: DEL, 2003; Futureskills Scotland, 2002; Future Skills Wales, 2003.

However, it is not possible to say if these differences between the UK countries in the share of establishments in the 1-4 category represent a genuine compositional effect, or are more an artefact of survey design differences.

When measured relative to employment, the number of current vacancies was significantly lower in NI (2.6%) than in England (3.7%), while the extent measure for Wales (2%) was significantly lower than both England and Scotland (3.1%) **(Figure 3)**. The Welsh findings are somewhat anomalous in light of the much higher reported incidence of establishments with a vacancy. The results for the RoI cannot be compared with the UK surveys in terms of statistical significance, but the Republic was on a par with England in the employer skills surveys compared for this study. This marks a contrast with the Republic's 1999/2000 Vacancy Survey. Conducted when the RoIs economy was expanding most rapidly, current vacancies stood at around 6% of employment in the 1999/2000 survey.

Difficult-to-fill vacancies

While one in ten establishments reported having a difficult-to-fill vacancy **(Figure 2)**, such vacancies comprised a relatively small percentage of employment in each of the four UK surveys, ranging from 1.7% in England to 1.1% in Wales **(Figure 3)**. The rates for NI (1.5%), Scotland (1.4%) and England (1.7%) were not significantly different from each other.

Nonetheless, and similar to the case for current vacancies, the surveys exhibited broadly similar patterns when analysed by industry type and establishment size band. Thus, in each of the surveys:

- The larger the establishment, the more likely was it to have one or more difficult-to-fill vacancies.

- Expressed as a percentage of employment, the number of difficult-to-fill vacancies declined with establishment size. Thus, the share of all vacancies accounted for by smaller establishments tended to exceed their share of overall employment.

Skill-shortage vacancies

The UK surveys were also unanimous in finding that skill-shortage vacancies affect relatively few establishments, only one in twenty-five in NI, Scotland and England, and 7% in Wales **(Figure 2)**. Relative to

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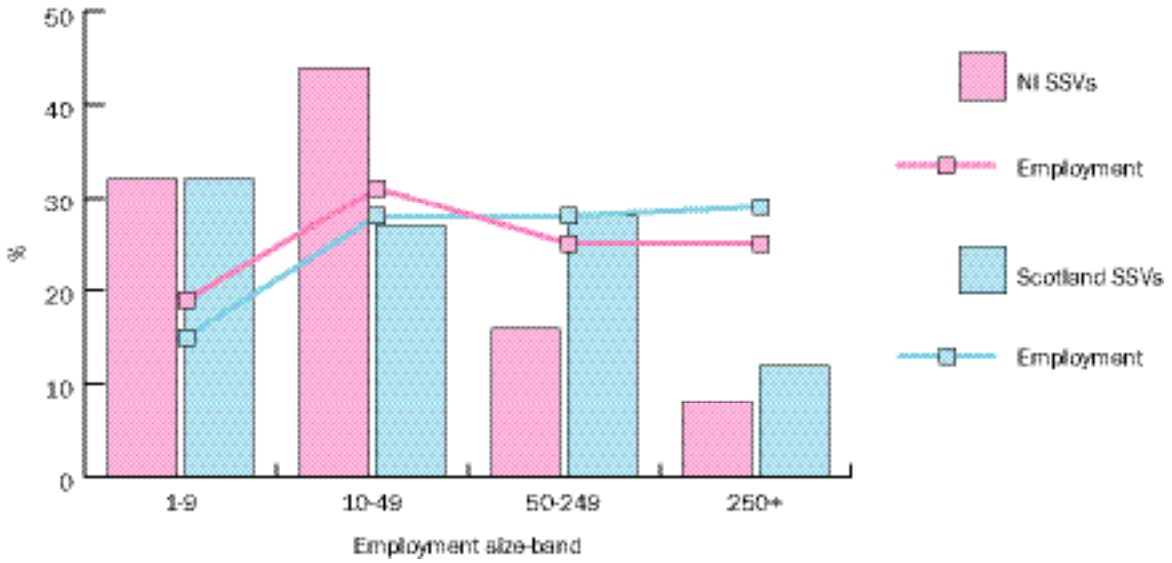
total employment, the number of skill-shortage vacancies was not large in any of the surveys, ranging from 0.5%-0.8% **(Figure 3)**. There were no significant inter-country differences in the extent of skill-shortage vacancies, when measured relative to employment.

The skills surveys also reported a number of similarities in the pattern of skill shortage vacancies by establishment size. As with all difficult-to-fill vacancies, skill-shortage vacancies tended to be relatively more concentrated in the smaller establishments. Thus, in each of the three countries for which data were available, the smaller establishments' share of all skill-shortage vacancies exceeded their share of total employment **(Figures 4 and 5)**.

Figure 4: Skill shortage vacancies and employment by establishment size Per cent of all - N. Ireland and Scotland



Sources: DEL, 2003; Futureskills Scotland, 2002.

Figure 5: Skill shortage vacancies and employment by establishment size Per cent of all - England

Source: ESS 2001.

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There were, however, some differences between the countries in the skill-shortage share of all difficult-to-fill vacancies. Recruitment problems in NI were less likely to be skill-related than was the case in England or Wales, and more likely to reflect a lack of applicants. The higher skill-shortage share of all difficult-to-fill vacancies in England was also observed across a range of industry sectors and establishment size bands.

Furthermore, skill-shortage vacancies in NI were most often ascribed to applicants lacking experience. In England, applicants were more often said to be lacking the required skills.

A second contrast between the survey findings lay in the occupational composition of skill-shortage vacancies. In England, such vacancies were more highly concentrated in the higher skill occupations (professional and associate professional). By contrast, in NI and Scotland, skill-shortage vacancies were more likely to be found in the less-skilled occupations (elementary occupations and operatives) **(Table 2)**. These contrasts may reflect some cyclical influences, for example, the IT boom was past its peak when the NI and Scotland surveys were conducted. But the findings may also point to a higher level of demand for skills in England than in NI or Scotland.

Impacts and responses

The survey findings were difficult to compare in respect of the responses given by firms to questions about the impacts of, and their responses to, recruitment difficulties[5]. Nonetheless, some common patterns emerged. Thus, the main business effect of all difficult-to-fill vacancies was to give rise to difficulties with customer service, followed by restrictions on business development activities, such as new product development. Skill-shortage vacancies had similar reported impacts, though there was a tendency for increased prominence to be given to restrictions on business development activities.

In England, Wales and Scotland, the measures taken by establishments in response to both difficult-to-fill and skill-shortage vacancies were mostly focused on the recruitment process (e.g. more expenditure on recruitment, more extensive range of channels). Offering higher pay also ranked highly in England and Scotland.

Establishments in NI also focused mostly on the recruitment process, though with less emphasis on offering higher pay and more emphasis on providing training to less qualified recruits. This may in turn reflect the greater importance attributed to lack of work experience as a reason for recruitment problems by establishments in NI compared to those in Great Britain.

Table 2: External skill shortage vacancies as per cent of employment by occupation[1]

Occupation:	N. Ireland %	Scotland %	England %
Managerial & senior official	0.1	0.1	0.2
Professional	0.3	0.4	1.1
Associate professional	0.6	0.7	1.7
Administrative & secretarial	0.3	0.5	0.4
Skilled trades	1.2	1.0	1.7
Personal service	0.3	1.1	1.0
Sales & customer service	0.3	0.3	0.5
Process, plant & machine operatives	0.7	1.3	0.6
Elementary occupations	0.8	0.5	0.5
All occupations	0.5	0.6	0.8

1 The lightly shaded cells highlight occupations with below-average densities where, within each country, the density is two standard deviations or more below the mean for that country. Similarly, the more heavily shaded cells highlight occupations with above-average densities where, within each country, the density is two standard deviations or more above the mean for that country.
Sources: DEL, 2003; ESS 2001; Futureskills Scotland, 2002.

5 There were a variety of reasons for this, for example, the use of prompted versus unprompted questions.

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Off-the-job training

There were large disparities in the survey findings for the provision of off-the-job training. In the 2002 NI SMS, 42% of establishments said that they provided off-the-job training **(Table 3)**. This was not significantly different from the 37% reported for the 2001 Employer Skills Survey in England, but was significantly below the findings for Scotland (54%) and Wales (53%). The main reason for the difference between Northern Ireland and Scotland was the higher reported incidence of provision of off-the-job training by smaller establishments in Scotland than in Northern Ireland **(Table 3)**.

There was little variation across the surveys in the provision of off-the-job training by the larger establishments **(Table 3)**. Partly for that reason, the UK surveys showed less variation in the extent of provision of off-the-job training, as measured by the proportion of employees that survey respondents said had received such training **(Table 3)**. Indeed, the differences in the UK skills surveys are consistent with evidence from other surveys, such as the Labour Force Survey (LFS). The LFS typically shows a higher proportion of employees saying they had received off-the-job training in the past four weeks in Scotland and England than in Northern Ireland.

The survey findings were consistent in a number of other respects and the following similarities can be noted:

- Government services establishments were more likely to provide off-the-job training than other industry sectors.
- Provision of off-the-job training tends to follow a U-shaped pattern. A large proportion of establishments, often a majority, do not provide any such training. Conversely, a significant proportion provides such training to all or most of their employees.
- Establishments with recruitment problems and experiencing skill-shortage vacancies were more likely to provide off-the-job training than were other establishments.
- Smaller establishments were less likely to provide off-the-job training.

Table 3: Provision of off-the-job training: Incidence and extent

	N. Ireland %	England %	Scotland %	Wales %	Rep. of Ireland %
Incidence					
% of establishments					
All	42	37	54	53	n.a.
Less than 50 employees	40	35	52	n.a.	n.a.
50+ employees	85	88	87	n.a.	n.a.
Extent					
% of employees	34	39	41	n.a.	25

Notes:
n.a. Not available.
Sources: DEL, 2003; ESS 2001 (Dickerson and Wilson, 2003, Tables 8.4 and 8.5); Futureskills Scotland, 2002; Future Skills Wales, 2003; Hughes *et al,* 2002, 2003.

Concluding Remarks

In overall terms, the broad-brush patterns for the incidence and extent of difficult-to-fill and skill-shortage vacancies did not differ greatly between the UK surveys. There were some interesting contrasts, but also many similarities in vacancy patterns by industry sector, establishment size and occupational group.

Nonetheless, differences in survey design and approach often hampered the ability to draw robust conclusions from the cross-country comparisons. To that extent, a key message from the comparative study is the desirability of a more co-ordinated and common approach to the design and implementation of employer skills surveys and, where overlap occurs, the RoI's vacancy survey. There are at least three benefits to be gained from such an approach.

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First, the process of developing a common approach in key areas should benefit the individual surveys within each country. For example, the sharing of expertise and experience of what does and does not work can lead to better measurement instruments and questionnaire design.

Second, cross-country comparisons undertaken in the context of a common approach can facilitate the validation of the definition and measurement of key concepts.

Finally, and perhaps most importantly, a common approach would better enable countries to 'benchmark' key indicators based on commonly agreed definitions. This can only help to strengthen the analysis within each country and deepen the understanding of the nature of skills problems faced by businesses and organisation. As a corollary, such an approach would also facilitate pooling or sharing of data from the various surveys. Effectively, this would increase the overall sample size and thus enable more robust conclusions to be drawn in respect of skills-related issues.

In recognition of the potential benefits to be gained from a more harmonised approach, in March 2004 DEL hosted a seminar to discuss the findings from the ERE comparative analysis of Skills Monitoring Surveys. The seminar brought together representatives from the commissioning bodies in England, Scotland, Wales, NI and the RoI.

The seminar discussed differences between the Skills Monitoring Surveys that currently exist. There was agreement on the desirability of adopting a common approach to employer skills surveys, where possible. It was therefore agreed to commission further work aimed at harmonising the questions used in Skills Monitoring Surveys. This further work has resulted in the production of a draft set of core questions for a harmonised skills monitoring survey. The proposals were discussed in a follow-up seminar, again hosted by DEL, in October 2004. A full report on progress will appear in next year's Bulletin.

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Hughes, G., Williams, J., Blackwell, S., and Casey, B., 2003. *National Survey of Vacancies in the Public Sector 2001/02.* A study by the ESRI for the Expert Group on Future Skills Needs. Dublin: FAS and Forfás.

The PA/NI Skills Task Force Executive Skills Recruitment Watch

Michael McDonnell, Sarah Nicholson and Rachel Webb, PA Consulting Group

11

Introduction

For the last four years, the Executive Skills Watch Survey has gathered data on the number and profile of higher level[1] vacancies advertised in the Belfast Telegraph's Jobfinder. As well as providing a unique gauge of Northern Ireland's economic wellbeing, as measured by the level of demand for executive skills, the Survey also tracks changes in the relative strengths and weaknesses of industry sectors, as well as the type of skills required by employers. All qualifying jobs are analysed by industry (using Government's Standard Industrial Classification) and function (using Government's Standard Occupational Classification). Any trends or anomalies highlighted by this analysis are investigated and verified through a process of telephone research with employers.

In 2002, public sector vacancies were added to the Survey, enabling a better understanding of public sector executive skills, and allowing comparisons between public and private sector employers. The Survey is undertaken by PA Consulting Group on behalf of the NI Skills Task Force.

Overall Trends

Between 2000 and 2001 the overall trend in demand for executive skills was downward, with the number of private sector vacancies falling by almost 10% (from 1,152 to 1,043). However, the rate of decline slowed throughout 2002 and actually reversed during 2003, when the number of positions advertised increased by 42% (from 1,038 to 1,474). As **Figure 1** shows, the rate of increase seen in the first half of 2003 did not continue throughout the rest of the year, but nonetheless, the closing position was stronger than at any time in 2001 or 2002.

Private Sector Industrial Analysis

An industry-by-industry analysis of recruitment activity provides a useful indicator of the relative strengths of NI's key sectors. Since 2000, the Executive Skills Watch Survey has analysed the number of private sector positions advertised for each industry. **Figure 2** shows how recruitment activity in the top five industries has changed over the last four years. It also shows the overall change in vacancies for all industries during that period.

As in previous years, Manufacturing and Business Services continued to advertise the largest share of private sector positions. During 2003, recruitment in Manufacturing showed signs of recovery from the downward trend seen in the previous two years. The number of vacancies increased by 13% on 2002 levels. This increase in recruitment coincided with an increase in manufacturing output during the second half of 2003 (output increased by 24.5% compared to a corresponding fall of 1.6% in the UK as a whole during the same period[2]).

Business Services (including Management Consultancy, Accounting, Legal and Computing) appears to have launched a strong recovery. The number of positions advertised in 2003 increased by 83% on 2002 levels, firmly arresting the recent decline. In looking forward, key professions such as Accounting and Management Consultancy are starting to recover from the impact of reduced corporate expenditure. According to FEACO, the umbrella organisation for management consultancy organisations in Europe, there was a slight but sizeable upward trend in the European consultancy market during 2003.

1 2002 the salary threshold for inclusion in the Survey increased from £20,000 to £22,000 to allow for wage inflation.
2 Invest NI "Ten Reasons to Invest"

The PA/NI Skills Task Force Executive Skills Recruitment Watch

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Figure 1: Total Private Sector Vacancies each Quarter, 2000 – 2003

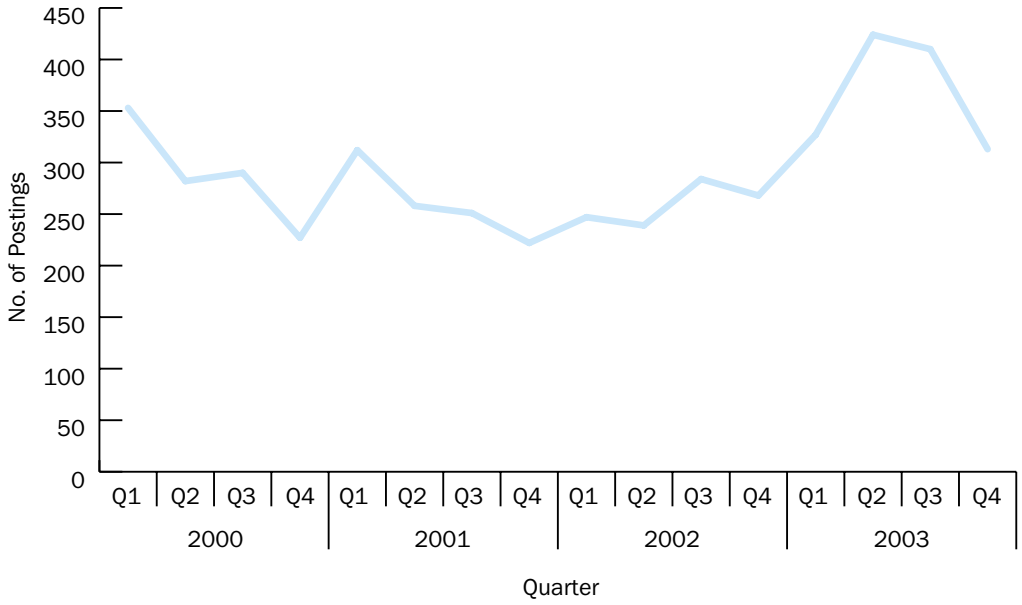
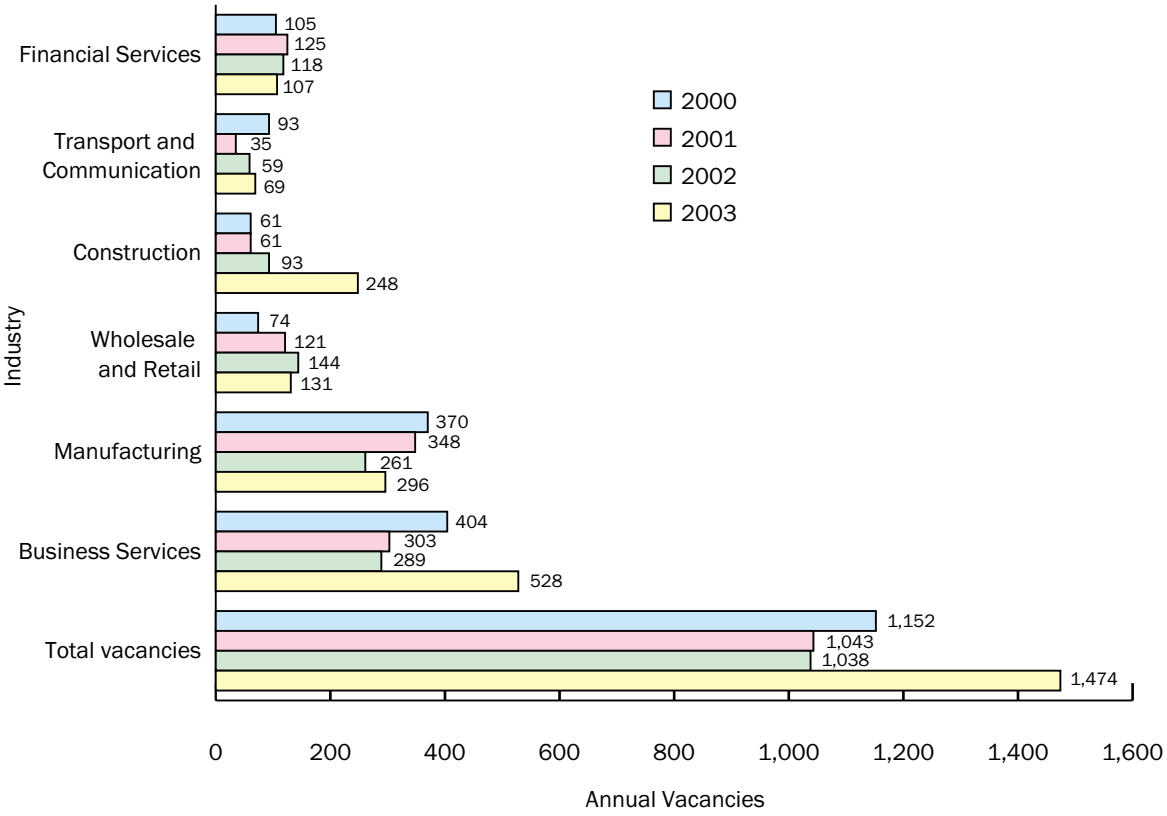


Figure 2: Private Sector Industrial Analysis, 2000 – 2003



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The Transport and Communication sector also continued to recover from the dramatic decline in recruitment levels experienced in 2001. The number of vacancies advertised in 2003 increased by 17%, up from 59 to 69 positions. Although there is still some way to go to return to 2000 demand levels, the upward trend is a positive sign.

In December 2002, the Northern Ireland Office announced its largest ever spend on infrastructure, equating to almost £2 billion over the next 5 years. During 2003, the Construction industry responded to the anticipated skills requirement by increasing the number of executive positions advertised from 93 to 248. Given the level of investment planned, it is very likely that this upward trend will continue.

In contrast to these increases, the number of jobs advertised in Wholesale and Retail and Financial Services fell by 9%. This was the first drop in Wholesale and Retail vacancies since our Survey began. The number of positions advertised in the Financial Services sector also decreased between 2001 and 2002, reflecting the global downturn in the industry, and the much hoped for recovery did not materialise in 2003. The current financial services environment is characterised by consolidation within the industry, increasing customer demands, decreasing customer loyalty, shrinking margins, increased performance pressure, Basle II and technological developments - limiting opportunity for growth.

Public Sector Industrial Analysis

The expansion of our Survey in 2002 to include the public sector has allowed us to complete our picture of the local executive skills market. We can now examine year on year changes amongst NI's largest consumers of executive skills.

Overall, public sector employers advertised some 4,009 executive positions during 2003, a significant increase on the 2,240 jobs advertised in 2002. **Figure 3** shows that individual sectors recorded noteworthy increases in recruitment activity. The Health and Social Work sector sought to fill some 2,111 jobs in 2003, maintaining its position as the top public sector recruiter, and actually increasing the number of vacancies by 53% on the previous year.

Figure 3: Public Sector Industrial Analysis, 2002 - 2003

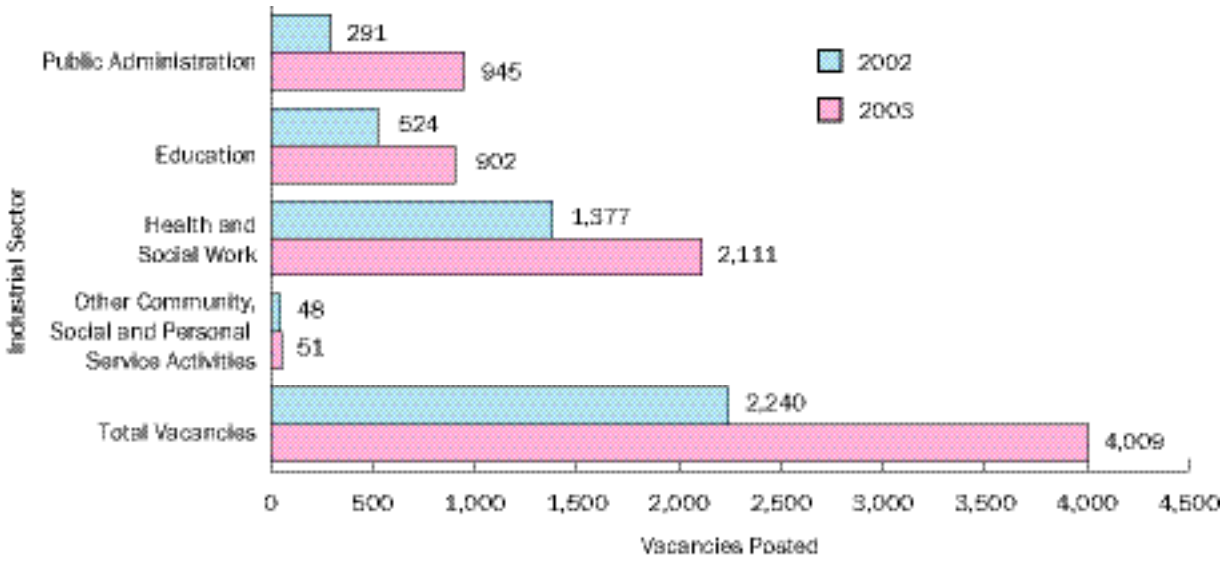

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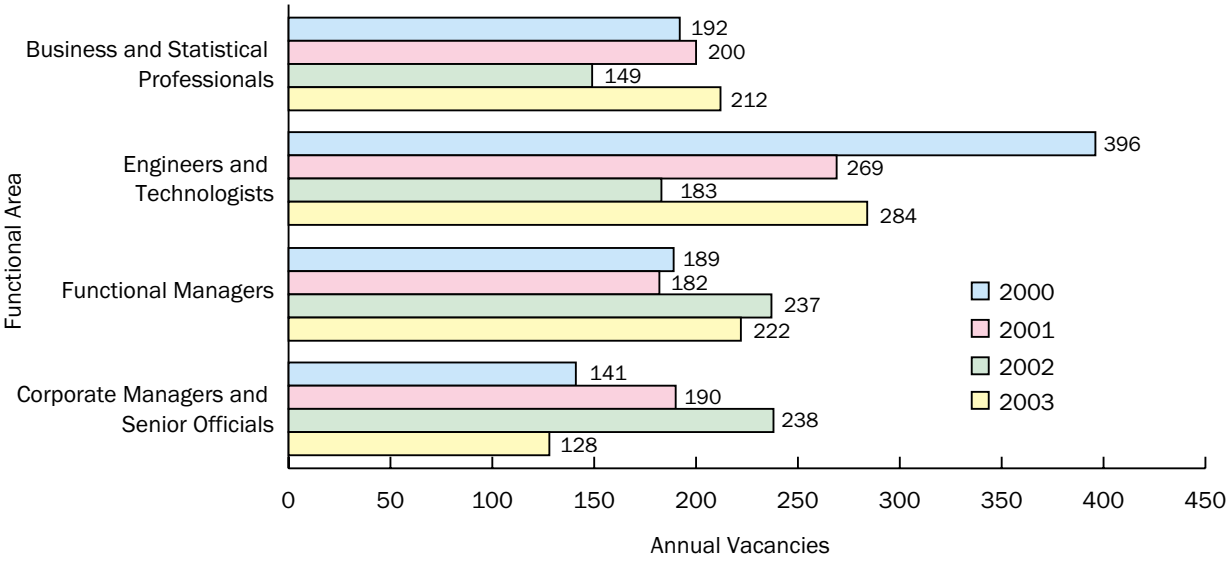
Figure 4: Private Sector Functional Analysis, 2000 – 2003



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Education saw a significant increase in the number of positions advertised, from 524 in 2002 to 902 in 2003, with familiar seasonal peaks during the first two quarters of the year. Public Administration and Defence (all levels of public administration posts from local councils through to Government departments) advertised 945 positions in 2003, a notable increase on the 291 advertisements placed in 2002. The increase in activity at a local development level may have stimulated local administrators to expand their capacity, as evidenced by the high number of positions advertised. Finally, there was little change in Other Community, Social and Personal Service Activities, which increased marginally from 48 to 51 posts.

Private Sector Functional Area Analysis

Analysis by functional area (or job category) provides a good indicator of the type of skills required by employers in NI. Trends in demand for particular jobs tend to reflect developments in their related industry sectors.

As **Figure 4** shows, the number of vacancies for Corporate Managers and Senior Officials decreased for the first time since our survey began. Demand for Functional Managers (including HR, Sales and Finance) also fell, but by a much smaller margin.

The sharp decline in demand for Engineers (mechanical, civil, electrical, etc.) and Technologists (software engineers, analysts and programmers) experienced over the last few years reversed during 2003, with the number of posts advertised increasing significantly. This turnaround appears to have been driven by a number of sizeable investments from foreign companies, one of whom quoted "the abundant availability of high-quality graduates in disciplines such as software, electronic engineering and mathematics from two, first-class universities" as a key factor behind their investment decision. However, there is still some way to go before 2000 demand levels are achieved.

2003 was also a good year for Business and Statistical Professionals (management consultants, financial controllers, insurance underwriters and investment advisors) which experienced a marked increase of 42% in the number of jobs advertised. This underlines the signs of recovery shown by the corresponding industry group Business Services.

The PA/NI Skills Task Force Executive Skills Recruitment Watch

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Public Sector Functional Area Analysis

2003 saw Health Professionals remaining at the top of Northern Ireland's public sector skills market - **Figure 5**. This group demonstrated strong growth on 2002 levels, with the number of vacancies increasing by 34%. Although Teaching Professionals remained in second place, demand grew at an unprecedented rate during the year, peaking in the second quarter. On closer examination, the main contributors to this increase were Further Education Teaching Professionals, Education Officers and Inspectors, and Primary and Nursery Education Teaching.

Health Associate Professionals (nurses, midwives, radiographers, etc.) remained in third position, with a year-on-year increase of 49%.

Demand for Corporate Managers and Senior Officials in the public sector fell during 2003, from 160 in 2002 to 116.

The Future

The overall condition of Northern Ireland's economy augurs well for the future of executive recruitment. Investments from the ICT, service and technology sectors increased from 29% in 1994 to 83% of all Foreign Direct Investment (FDI) into NI in 2003/04, reflecting the growth of our knowledge-led economy[3]. However, the CBI Northern Ireland Business Confidence Survey (May 2004) reports that "the supply of labour continues to be seen as a barrier to successful business development". The sectors which experienced greatest problems with recruitment and quality of staff were the IT sector, commodity production, engineering consultancy, printing, banking and food processing. Given the increase in demand for Engineering and Technology staff seen in 2003 **(Figure 4)**, and the strength of FDI in these areas, recruitment difficulties could become an even bigger issue in the coming months.

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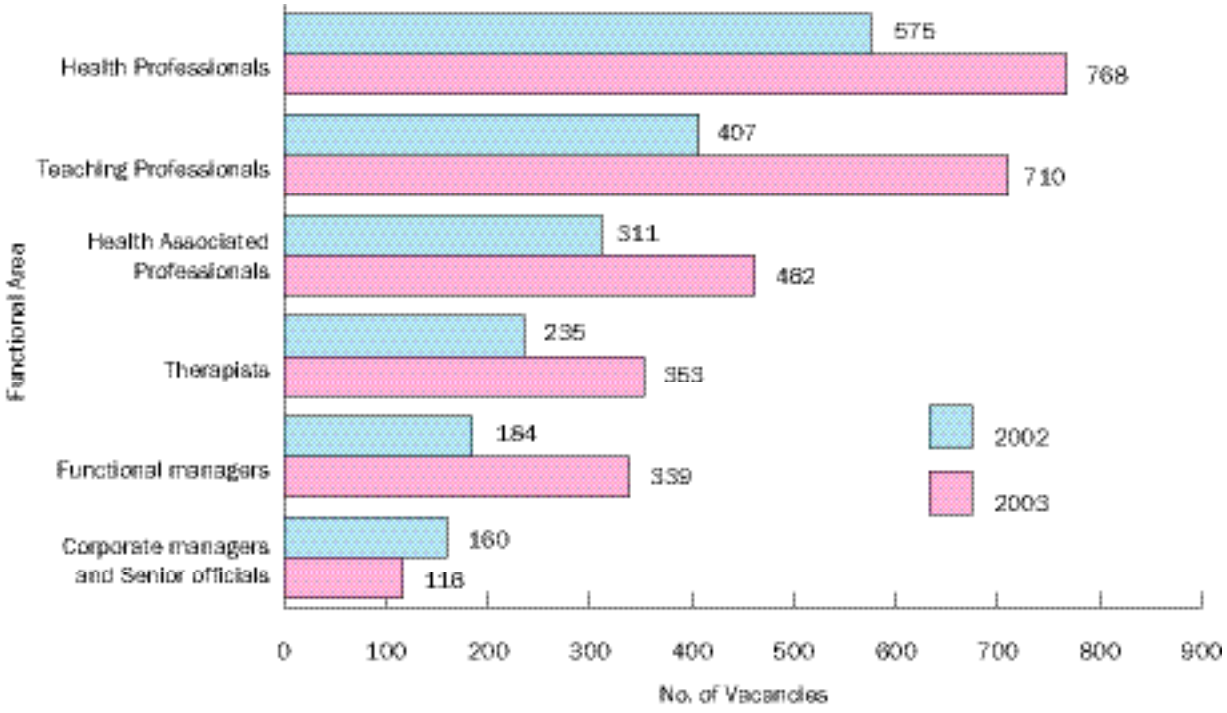
Figure 5: Public Sector Functional Area Analysis 2002 - 2003



3 Source: Invest NI

The PA/NI Skills Task Force Executive Skills Recruitment Watch

Michael McDonnell, Sarah Nicholson and Rachel Webb, PA Consulting Group

According to the Construction Industry Training Board (CITB) an extra 15,000 workers will be needed by the construction industry in NI over the next five years, in order to complete £3 billion of government building work. From an executive recruitment perspective, there will be implications for engineers, architects, etc. In order to meet these building plans, CITB has launched a major UK-wide multi -media campaign, to encourage school-leavers to consider a career in building. We will watch with interest to see if the predicted increase in demand transpires.

Construction Industry Forecasts

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

During April/May of 2004 the Priority Skills Unit (PSU) of ERINI conducted a survey of the NI Construction industry. The aim of the research was to identify current labour market conditions within the sector and to provide some assessment of the likely adequacy of the supply generated by the regions training providers over a forecast period from end of year 2004 to end of year 2007. The study also sought to provide some light on factors that have important implications for the sectors training requirements, namely, the rise in modular off-site building techniques and the associated need for a more multi-skilled approach to training.

Introduction

The construction industry in NI is undoubtedly of major importance to the local economy. The sector employs around 60,000[1] full time employees accounting for 8% of total employment and 7% of the regional GVA, in fact construction is proportionately more important to the NI economy than any other region in the UK. Given the economic significance of the construction industry, it is of vital importance that we determine the adequacy of training provision to the sector, both in terms of the overall numbers in training and the appropriateness of the trade mix.

There is some evidence that labour market conditions within the sector have been tightening in recent years. Within the UK, concern has been expressed in relation to potential shortages for certain craft based occupations such as plumbers, electricians and building workers, with the density of shortage most acute within specific trades where the typical qualification is NVQ level 3. Within the Republic of Ireland (RoI), it has been estimated that the number of skilled construction workers qualifying over the 2000-2006 period was less than required to achieve the level of output projected for that time frame (Expert Group on Skills, 2001). Finally, with respect to NI, a recent study concluded that the industry was suffering from skill shortages at most levels as a result of competition from both GB and RoI combined with a poor image that tended to restrict the number of new entrants to the sector. The impacts of such shortages were assessed to limit the ability of the industry to increase its capacity within the medium to long term.

The aims of this study are four-fold. Firstly, to provide an accurate picture of the current skills and occupational structure of the industry; secondly, to assess the extent of any current labour market difficulties through the use of indicators such as vacancy rates, relative wages and inter-organisational labour flows; thirdly, to determine the extent and likely impact of modularised construction processes on both training requirements and firm level performance; and fourthly, to provide an assessment of the adequacy of education and training provision to the sector over the 2004-2007 projection period.

Historical Employment Patterns

In terms of the Standard Industrial Classification (SIC), the construction industry is covered by SIC Division 45 and consequently, any official and survey data reproduced within this report relates to that aggregate. Total employment within the construction industry has risen from 48,060 in 1971 to 60,190 in 2003, representing an aggregate growth of 25% and an annual average growth rate of 0.7%. However, such a relatively

1 The data will not correspond directly with other data used in this edition of the Labour Market Bulletin as the definition of self employed used in this article is restricted to primary jobs only and does not include secondary jobs. It should also be noted that the LFS has a small sampling size and thus will be associated with a relatively high sampling error.

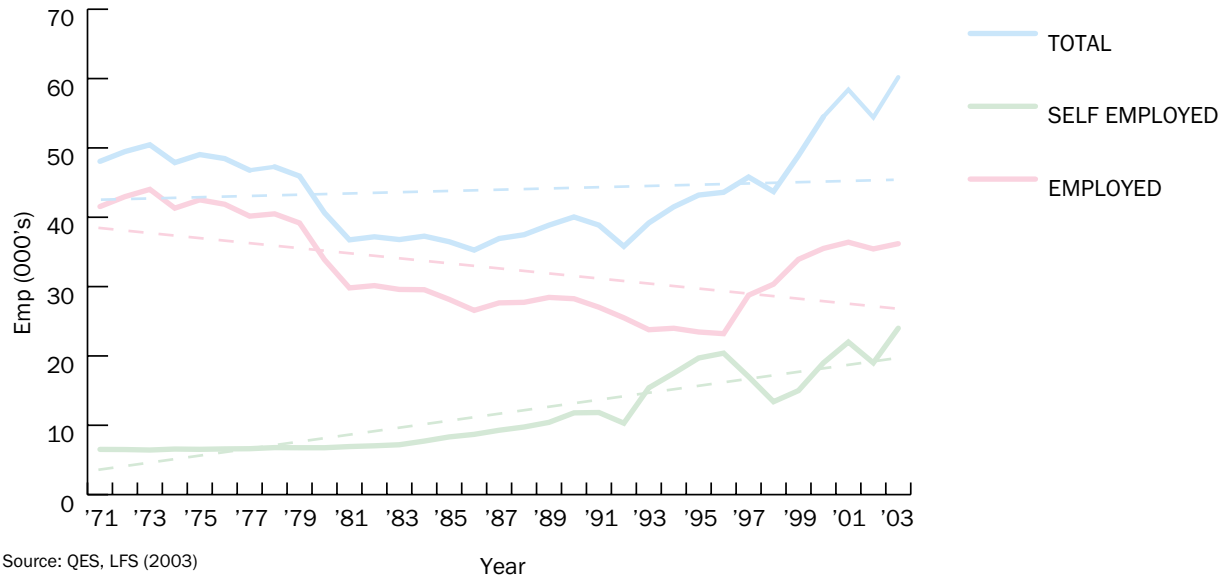
Construction Industry Forecasts

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

modest expansion over the course of 32 years hides a large amount of volatility within the series as is illustrated by **Figure 1**. Total employment within NI construction appears to have followed three distinct phases; over the period 1971-1981, the level of employment declined by 25%, employment then stabilised over the period 1981-1991 before entering a period of accelerated growth from 1992-2003 within which employment expanded by almost 70%. However, it is perhaps more reasonable to characterise shifts in the pattern of total employment in terms of the movements in its principal components i.e. the number of employees in employment and the number of self-employed. Fitting linear trend lines to the data in **Figure 1** reveals that the relatively slow growth in aggregate employment has been driven by a relatively rapid trend decline in employees in employment that has been offset by slightly higher trend growth in the level of industry self-employment. It should be noted that this pattern is also apparent within the data for GB although the slope of the lines are somewhat less severe. The number of employees in employment fell steadily from 1971-1994 before recovering somewhat over the period 1994-2003. The level of self-employment grew steadily over the 1971-1993 period before experiencing more rapid growth from 1993-2003. It is probably reasonable to conclude that the improved performance of both elements of the industry since 1994 is heavily related to the increased investment in the region, both private and public, that has become apparent since the beginning of the current peace process. However, given that a somewhat less pronounced pattern was also observed for GB, it is likely that more standard cyclical movements in demand have also played an important role.

It is unclear to what extent the apparent reversal in the decline of the employees in employment series represents a permanent shift, however, the increased popularity of self-employment status within the construction industry has been well documented and the trend can be expected to continue well into the future. The shift into self-employment is unlikely to be related to any structural changes in the nature of the construction industry, for instance, increased fragmentation; instead, the rise in self-employment is likely to reflect a greater willingness amongst workers to trade-off the increased job-security associated with direct employment for potentially higher earnings in self-employment. Examining data collected from UK construction

Figure 1: NI Construction Employment: 1971-2003



Source: QES, LFS (2003)

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

Figure 2: NI & GB Total Construction Employment Index: 1971=100

Source: QES, LFS (2003)

workers, a recent study found that most workers preferred their state of employment at the time of interview. The principal factors influencing the move into self-employment were; greater independence, improved job satisfaction and opportunities for higher earnings. However, the study also reported that the strength of the self-employment preference tended to diminish as the number of years spent in self-employment increased. Nevertheless, it is probable that the rapid rise in self-employment within the NI construction industry has been driven, at least in part, by the improved earnings opportunities that accompanied the substantial post 1994 investments in infrastructure, commercial and residential projects. The self-employment share of total employment within NI has now converged to the GB average of 40%, and there is nothing to suggest that the long term shift into self-employment is unlikely to continue with the shift becoming more acute during periods of high economic growth and high earnings.

Relative to the pattern of employment in GB, the NI construction industry, whilst following the general GB trend, appears much more volatile **(Figure 2)**. The NI construction industry experienced a much more rapid decline during the recession that followed the second oil shock of the late 1970s, a more muted period of growth during the recovery of the late 1980s and much more rapid growth during the 1990s and first years of the new millennium. It would appear the NI sector is much less responsive to positive movements in the UK economic cycle with growth more inclined to be driven by developments at a more local level.

Demand-side Issues – A Summary of the Survey Findings

A sample was dawn consisting of 452 establishments employing 16,300 workers. In order to maximise employment coverage the survey was heavily weighted towards large firms. A total of 233 firms employing 9,522 workers provided valid returns constituting survey response rates of 49% in terms of establishments and 58% in terms of employment. On the basis of official data it is estimated that the survey covers approximately 16% of total sectoral employment.

Construction Industry Forecasts

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

Table 1: Distribution of Current Employment

	New Qualified NVQ 2	Experienced NVQ 2	Qualified NVQ 3	Qualified NVQ 4	Total
Bricklayers	12	76	136	54	278
Plumbers	16	20	134	110	280
Joiners	97	180	588	99	964
Plasterers	5	14	44	19	82
Electricians	85	190	386	100	761
Painters & Decorators	8	7	81	41	137
Other Trades	282	455	820	309	1,866
Site Managers	-	-	-	-	912
General Managers	-	-	-	-	397
Apprenticeships:	-	-	-	-	
- Bricklayers	-	-	-	-	26
- Plumbers	-	-	-	-	53
- Joiners	-	-	-	-	139
- Plasterers	-	-	-	-	3
- Electricians	-	-	-	-	164
- Painters & Dec	-	-	-	-	8
- Other Apprentices	-	-	-	-	49
Other Staff	-	-	-	-	3,403
Total	**505**	**942**	**2,189**	**732**	**9,522**

Source: ERINI, 2004

Employment Structure

Qualified craft workers account for 48% of total employment with the more dominant crafts such as bricklaying, plumbing, joinery, electrical and painting & decorating making up 27% of total employment. Apprenticeships were found to account for just less than 5% of the workforce, a share consistent with that reported by CITB for 2003. In terms of the various craft occupations, joiners and electricians appear to dominate. Non-operational staff i.e. those not directly involved in the production process, who presumably provide office based support, make up just over a third of industry employment. Site-managers account for 10% of total employment with general managers accounting for a further 4%. The Other craft grouping is likely to cover activities related to civil/ structural engineering, steel fabrication and scaffolding.

Approximately 83% of craft workers are educated to NVQ level 3 with the remaining 17% holding level 4 qualifications **(Table 1)**. This compares favourably with the UK average, for example NERU (2003) report that only 66% of craft workers in the UK construction industry hold at least an NVQ level 3.

There are some variations in terms of the qualification distributions of the various craft occupations **(Table 2)**. Almost 40% of plumbers are qualified to NVQ level 4 compared with just 10% of joiners for whom NVQ level 3 appears to be the standard qualification. Conversely, relatively higher proportions (approximately 25%) of bricklayers and electricians (excluding those just completing training) are educated to only NVQ level 2.

Disaggregating the data by firm type, general building firms dominate the industry with 57% of workers employed in these companies. 10% of employment

Construction Industry Forecasts

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

Table 2: Distribution of Current Craft Level Employment (%)

	New Qualified NVQ 2	Experienced NVQ 2	Qualified NVQ 3	Qualified NVQ 4	N
Bricklayers	4	27	49	19	**278**
Plumbers	6	7	48	39	**280**
Joiners	10	19	61	10	**964**
Plasterers	6	17	54	23	**82**
Electricians	11	25	51	13	**761**
Painters & Decorators	6	5	59	30	**137**
Other Trades	15	24	44	17	**1,866**
Total	**12**	**22**	**50**	**17**	**4,368**

Source: ERINI, 2004

is located within specialist electrical firms with a further 6% employed by companies specialising in plumbing. Firms categorised as other account for just under a quarter of total employment.

Unfilled Vacancies

Information was collected on the number of unfilled vacancies occurring in the twelve months preceding our survey. A total of 52 firms reported 237 unfilled vacancies in the twelve months to March 2003, equating to an industry vacancy rate of 2% **(Table 3)**. Relative to other industries studied by the Priority Skills Unit (PSU), the rate of shortage in construction lies above that found for the IT industry in 2003 (0.2%) and the mechanical engineering industry in 2002 (1%) but below that found for the electronics industry in 2001 (4%). It is possible to calculate unfilled vacancy rates for the various occupational aggregates within our study. The recruitment of plasterers appears to have been particularly problematic with this occupation recording an unfilled vacancy rate of 10%. To a lesser extent, problems were also experienced in the recruitment

Table 3: Number and Rate of Unfilled Vacancies among all Staff (%)

	No. of Firms	No. of Unfilled Vacancies	Total No. Employed	Vacancy Rate
Bricklayers	9	16	278	5
Plumbers	6	11	280	4
Joiners	10	45	964	5
Plasterers	5	9	82	10
Electricians	3	9	761	1
Painters & Decorators	1	6	137	4
Other Trades	19	67	1,866	4
Site Managers	11	17	912	2
General Managers	1	1	397	0
Apprenticeships	12	32	442	7
Other Staff	13	24	3,403	1
Total	**52**	**237**	**9,522**	**2**

Source: ERINI, 2004

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

of bricklayers, joiners, painters, plumbers and other craft workers with these aggregates recording vacancy rates of between 4 and 5%. The unfilled vacancy rate for electricians was relatively low at 1%. By summing total unfilled vacancies for all the craft occupational groupings, we can derive a craft specific vacancy rate of 3.6%, which is equivalent to almost twice the industry average. Given a vacancy rate of 7% for apprentices, firms also appear to have difficulty recruiting new staff into the industry, which may in turn reflect the fact that a career in construction is not considered an attractive option for many young people. With the exception of site managers, which registered a vacancy rate of 2%, the remaining occupational groupings employed within the sector appear to be relatively well supplied.

We conducted some empirical analysis in an attempt to identify the characteristics of those firms with the highest vacancy rates. Unfilled vacancies were more prevalent amongst smaller firms and those companies who had also lost staff to competitors. Firms who had a poor view of the skills of newly qualified entrants to the sector were also more likely to have unfilled vacancies suggesting that such companies were intentionally limiting the size of their available labour pool by attempting to hold out for more experienced labour. Finally, those firms undertaking modular building processes were more likely to experience an unfilled vacancy, which is perhaps indicative of the fact that industry training requirements have failed to keep pace with a changing construction process. In particular, the rise in modular off-site production has been linked to a shift away from the need for traditional single craft training towards a more multi-skilled approach.

Inter-Organisational Labour Flows

Data was collected on employee mobility, both in the context of intra-NI and inter-regional labour flows. This question was included to provide us with an additional insight into labour market conditions, as a high rate of intra-regional occupational mobility is also an indicator of a tight labour market. Conversely, significant inter-regional flows would tend to indicate low demand and/or depressed wages relative to other geographically proximate regions, such as GB and RoI. In the twelve months preceding our survey, a total of 103 firms, 44% of the sample, reported losing staff to competitor firms **(Table 4)**. Of those firms, 86% reported

Table 4: Inter-organisational Labour Flows

	No. of Firms	Lost to NI Firms (%)	Lost to GB Firms (%)	Lost to RoI Firms (%)
Bricklayers	20	85	0	25
Plumbers	8	75	0	13
Joiners	37	76	3	19
Plasterers	4	75	0	25
Electricians	20	90	5	25
Painters & Decorators	6	83	0	17
Other Trades	37	95	5	3
Site Managers	20	95	10	5
General Managers	8	88	13	13
Apprenticeships	21	86	5	10
Total	**103**	**89**	**6**	**15**

Source: ERINI, 2004

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Table 5: Average Salary Levels for all Trades in NI

	Newly Qualified NVQ Level 2	Experienced NVQ Level 2	NVQ Level 3	NVQ Level 4
Bricklayers	13,190	13,741	16,529	18,696
Plumbers	13,131	13,890	17,600	18,181
Joiners	11,881	13,354	16,160	17,448
Plasterers	13,943	14,014	18,924	*
Electricians	14,630	16,769	20,859	19,549
Painters & Decorators	13,552	14,381	16,153	17,467
Other Trades	14,192	14,136	15,879	17,506
Site Managers	21,697			
General Managers	26,038			
Apprenticeships	8,473			

Source: ERINI, 2004 (* insufficient data)

having lost personnel to other NI firms, 6% to GB firms and 15% to RoI firms. Thus it would appear that most of the competition for labour resources is restricted to the local industry. However, that is not to say that competition from firms located in other regions is not affecting relative supply within the NI construction industry. Analysing the data by occupational grouping, **Table 4** reveals that a particularly high proportion of firms, 16%, lost joiners in the course of the year with approximately 20% of affected firms reporting losing these workers to RoI competitors. Similarly, 9% of respondents reported losing electricians and bricklayers with 25% of these firms losing out directly to RoI based companies. A relatively small proportion of firms reported losing workers to GB competitors, however, interestingly, over 10% of firms who lost site or general managers did so to GB firms.

Relative Wages and Productivity

Wage information was collected and average starting salary levels calculated for the various occupational groupings **(Table 5)**. Disaggregating the data by craft grouping and qualification level, the data reveals that generally speaking, starting salaries increase with qualification and experience level for all trades. In terms of the individual craft level occupations, the salary **range** increases from £2,749 for newly qualified NVQ level 2 to £4,980 for NVQ level 3 before falling back to £2,101 for NVQ level 4, indicating salary convergence at higher qualification levels. Joiners appear to be the least well paid of the craft trades whilst electricians enjoy the highest starting salaries. In relation to the other occupations, general managers were found to earn a starting salary of £26,038 per annum, site managers £21,697 per annum and apprentices commenced on an average salary of £8,437 per annum. Whilst it was not possible to benchmark these wage rates to those of RoI and GB due to lack of comparable data, it is likely that the significant flows of bricklayers, joiners and electricians to firms in the RoI will be heavily related to inter-regional wage differentials.

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Table 6 aggregates the data and analyses average salary levels by qualification level ignoring occupational and firm type differences. Relative to inexperienced craft level workers holding NVQ level 2, experienced craft workers holding the same qualification earned a 6% starting wage premium. The wage gain for an individual holding an NVQ level 3 as opposed to an NVQ level 2 was 21% whilst the premium to holding an NVQ level 4 over an NVQ level 3 was just 3%. Therefore, whilst employees' earnings were found to be substantially enhanced as a result of completing a level 3 programme, the wage return to additional study over and above this level appears to be marginal. However, such aggregate analysis does tend to mask differences at occupational level and whilst it is true to state that the additional return to a level 4 qualification is likely to be small for plumbers and electricians, it is likely to be more substantial for bricklayers. Nevertheless, within the overall context of the NI economy, wage opportunities within the sector appear to be relatively good with the starting salaries of NVQ level 3 construction workers (£17,456) roughly on a par with those of new graduates (£18,000) (Source: AGR, 2004).

How do Firms view the Competencies of New Entrants to the Labour Market?

In order to provide a preliminary indication of the extent to which trainees are being equipped with skill sets that match the requirements of firms, respondents were asked to rate the general level of competency of new qualifiers holding NVQ level 2 or 3 qualifications from Recognised Training Organisations (RTOs). Within the industry, the bulk of training is now carried out under the auspices of the Modern Apprenticeship (MAs) Programme. MAs were first introduced throughout GB in September 1995; they were designed to enhance the status of apprenticeships and improve the supply of young people entering the labour market with vocational qualifications. Around 6,500 young people in NI are currently following a MA programme. Construction based MAs provide training up to NVQ level 3 to people under the age of 24. The MAs follow a planed programme of work based training (typically four days per week) and off-the-job training (typically one day per week). The off-the-job component is usually facilitated by a local RTO or FE college. To be eligible for government funding applicants to the MA must be in full-time employment[2].

Generally speaking, firms appear relatively satisfied with the quality of RTO supply, with just 18% of firms employing NVQ level 2 staff and 12% of firms employing NVQ level 3 staff reporting skill gaps[3] **(Table 7)**. However, disaggregating the data by craft occupation, some differences arise with relatively higher levels of dissatisfaction reported for NVQ level 2 and 3 plumbers and NVQ level 2 plasterers.

Multi-skilling and Modularisation

Within the more academically orientated literature there has been increasing attention concentrated on the relative benefits of adopting a more multi-skilled approach to training as opposed to the "single skill" strategy that tends to predominate within both the UK and US construction industries. Within a UK context, it has been argued that the single skill approach is becoming increasingly inappropriate given the rise in industry

Table 6: Average Salary Levels in NI by Qualification Level

	Average Salary
Newly Qualified NVQ Level 2	13,503
Experienced NVQ Level 2	14,326
NVQ Level 3	17,443
NVQ Level 4	17,905

Source: ERINI, 2004

2 In practise an individual may enrol for an MA picking up an NVQ 2 en route alternative individuals achieving NVQ 2 qualifications (traineeships) may enter the final year of the MA programme to achieve the level 3 qualification.

3 Skill deficiencies are of two kinds: Skill shortages whereby an employer cannot fill a vacancy due to a lack of applicants with the relevant skills; and a skills gap, where an employee does not have all the skills necessary to do the job.

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Table 7: Companies Reporting Skill Gaps by Employee Type

	Newly Qualified NVQ Level 2		Newly Qualified NVQ Level 3	
	N	%	N	%
Bricklayers	21	29	6	17
Plumbers	6	33	5	60
Joiners	25	20	10	20
Plasterers	7	43	*	*
Electricians	11	9	9	11
Painters & Decorators	4	25	0	0
Other Trades	12	8	5	40
Total	**51**	**18**	**26**	**12**

Source: ERINI, 2004 (* insufficient data)

fragmentation. With the increased dominance of small firms, there is a more obvious need for craft workers to be equipped with a wider range of skills in order to a) compensate for reduced levels of supervision and b) adapt to differences in specifications that might arise between projects. Analysts of the US construction industry also argue that the single skill approach is associated with many well documented labour inefficiencies such as, multiple tiers of field supervision that reduce inefficiency and complex crew coordination management which can lead to costly delays. Conversely, it is argued that a multi-skill approach to training can potentially improve productivity, quality and work continuity as a multi-skilled workforce can be employed on-site for longer durations. It has also been suggested that the workers themselves may benefit from longer employment duration, increased employability and improved job satisfaction.

There has also been pressure from the industry itself for reorientation in the approach to training. The CITB contests that there is a strong necessity on the labour force to become multi-skilled to meet industry and consumer demands. However, it is unclear to what extent the apparent rise in demand for multi-skilled workers is driven by changing on-site requirements as opposed to the rapid increased usage of off-site modular production processes. As a result of inconsistent labour supply and its associated costs, architects appear to be increasingly drawn towards these alternative building methods in order to ensure that projects are completed within time and within budget (Inter Trade Ireland, 2003). In support of this, Gruneberg (1997) notes that the greater use of prefabricated components can result in a substantial reduction in site labour and the speeding up of the site construction process, with as much as 60% of the value of construction work carried out by off-site suppliers. The increased use of prefabricated components is undoubtedly likely to have implications for training as they reduce the need for traditional craft skills, and intensify the need for multi-skilled training given the increased range of activities taking place on off-site locations. However, given our earlier finding that those NI firms adopting modular building methods are currently being constrained by skill-shortages it would appear that the adoption of such techniques is also likely to be associated with a unique set of unmet labour and training requirements.

Within the NI industry, there is clear evidence to support the view that modular building processes are likely to become increasingly dominant and as such, the training needs of employers adopting such processes need to be taken into account. 12% of our sample

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reported having adopted a modularised approach to building, however, given their larger than average size, such firms accounted for 20% of industry employment **(Table 8)**. 45% of these firms employed a modular approach on house building projects, 21% on commercial projects and 17% on other types of building activity. Over a quarter of firms reported having adopted a modular approach to more than one of the above building activities. Disaggregating the data by firm type revealed that, relative to more specialist electrical, plumbing and joinery firms, general building companies, and to a lesser extent firms categorised as "other", were much more likely to undertake modular building processes.

Table 8: Companies Adopting a Modularised Approach to Building (n=29 =12%)

	%
Housing only	45
Commercial only	21
Other only	17
More than one of the above	28

Source: ERINI, 2004

Table 9: Supporting Multi-skilled Approach to Training

	Want multi-skill	% of
Electricians	12	34
Building Firms	67	60
Plumbers	5	36
Painters and Decorators	*	*
Joiners	3	43
Other Trades	37	60
Total	**125**	**54**

Source: ERINI, 2004 (* insufficient data)

Respondents were asked if, in their view, there existed a need for a multi-skilled approach to training. Over 50% of firms in the sample supported a multi-skill strategy, however, the level of support varied according to firm type with almost two-thirds of building and other firms supporting a multi-skilling initiative compared to just over a third of electrical and plumbing companies **(Table 9)**. Therefore, it appears that the demand for multi-skilled workers is highest in those sectors with a higher density of firms undertaking modular building projects. In an attempt to disentangle the various influences on the demand for multi-skill training we estimated the probability of a firm supporting a multi-skilling strategy. After eliminating all irrelevant factors we found that only two variables had a significant influence in predicting the probability that a firm would support a multi-skilled training strategy. Being an electrical firm reduced the likelihood of support; however, enthusiasm for the strategy was much more heavily, and positively, related to whether or not the firm had adopted modular building techniques. Neither the general building nor other "firm type" variables were important, indicating that the relationship outlined with respect to firm type merely reflected the fact that such firms are more likely to adopt modular processes. Thus it would appear that the apparent rise in demand for multi-skilled training, at least within the NI construction industry, is much more heavily related to technology led increases in the level of off-site production as opposed to any apparent desire to improve the efficiency and productivity of on-site operations.

Productivity Impacts

We conducted some further econometric analysis to assess the extent to which factors such as unfilled vacancies, skills gaps, employment structure, the shift to modularisation etc impacted on firms' productivity levels measured by output per worker. We found that output per worker was inversely related to firm size indicating no evidence of any diseconomies of scale

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within the industry. We also found that firms employing high proportions of craft workers, either in traditional or non-traditional trades, tended to have lower levels of productivity. This does seem somewhat difficult to explain and may be related to the firm's ability to co-ordinate the allocation of crews between sites so as to minimise costly delays. To investigate this further the craft-share of employment was interacted with firm size and indeed we did find a positive and significant effect suggesting that larger craft-intensive firms have greater scope to implement productivity enhancing management and team co-ordination practices. Thus, we conclude that the finding of lower output per worker per se in craft-intensive firms is most likely to be linked to ineffective management practices as opposed to any serious gaps in the skill attributes of craft workers. Relative to building firms, productivity was found to be lower in joinery and plumbing firms with some further statistically weak evidence of lower productivity in "other" and less mature firms. Another interesting finding was, despite the fact that a high proportion of firms stated that skill shortages had the effect of reducing productivity, the incidence of unfilled vacancies was found to be unrelated to output per worker.

The results from the productivity regressions, also suggest that the adoption of off-site prefabricated modular techniques tend to have a neutral effect on productivity. However, this result may be potentially biased if, for example, we find that, ex ante, the characteristics of firms adopting modular techniques are consistent with those of low (high) productivity firms, then the standard regression model would tend to underestimate (overestimate) the productivity impacts of adopting a modular model. To control for any such bias we estimated a treatment model. The model indicates that selection effects were present. After taking a range of factors into consideration, the analysis revealed that modular build firms were found to have significantly higher, ex ante, rates of productivity and that undertaking modular build processes had a substantial negative impact on productivity levels. Therefore, given the corollaries between productivity and skills with lower productivity operations typically requiring less sophisticated skill sets and that the fact that the demand for multi-skilled training is predominantly centred around the needs of modular based firms; whilst there is undoubtedly a need to adjust the emphasis of training in order to take account of the increase in off-site production, the evidence suggests that any rapid replacement of the single-trade training methods could potentially lead to a de-skilling of the sector. Subsequently, we would recommend that the introduction of any multi-skilled programmes should be done in conjunction with, as opposed to the replacement of, existing traditional craft training methods.

The Balance of Educational/Training Supply and Industry Demand

After assessing the labour market conditions currently prevalent in the construction sector, the next logical step in our analysis is to assess the extent to which the regions educational and training institutions are likely to be producing newly qualified craft workers, at both NVQ levels 2 and 3, in sufficient numbers. The analysis assessed the magnitude of any demand/supply imbalances that might exist over a relatively short time horizon running from end of year 2004 to end of year 2007 under high and low growth scenarios. The projections contained within this study are purely quantitative in nature and do not consider any shortfalls that might exist in relation to the content or quality of training programmes.

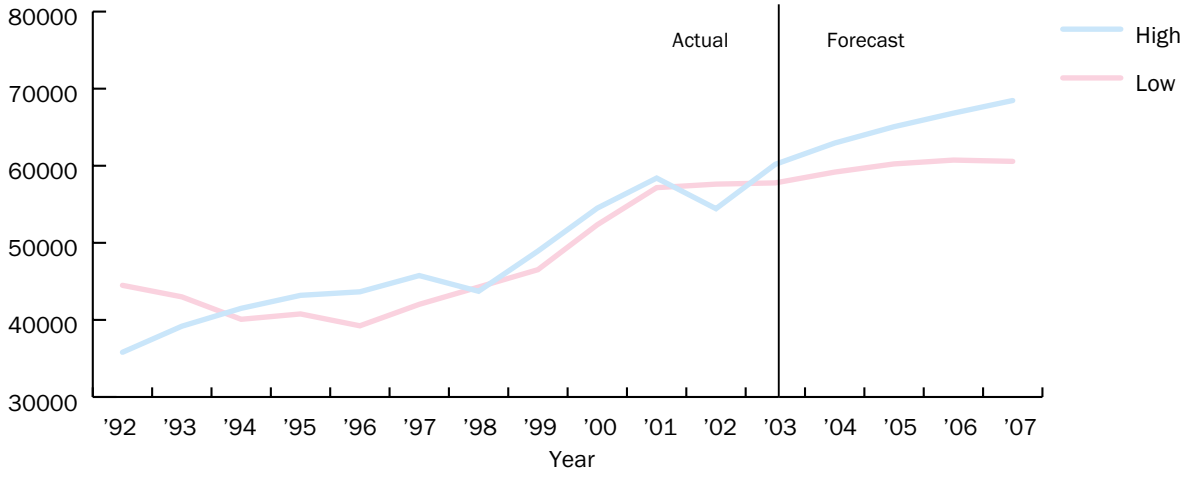
Projected Employment Growth

The high and low growth models are based around slightly different data sources and thus the estimated level of employment at end of year 2003 differ slightly (see full Report available early 2005), however, this is of little consequence as we are more interested in the forecast level of employment

Construction Industry Forecasts

Seamus McGuinness & Jessica Doyle, Priority Skills Unit, ERINI

Figure 3: Actual and Forecast Employment, 1992-2007



growth under each scenario and the subsequent implications for labour demand. Under the high growth scenario, employment is projected to increase by 8,275 by end of year 2007, representing an aggregate growth in employment of 13.7% and an annual average growth rate of 3.1% **(Figure 3)**. Under the low growth scenario, employment is forecast to increase by 2,792 by end of year 2007, representing an aggregate employment growth of 4.8%, with an annual average growth of 1.2%. Implicit within the forecasting models is an expectation that the anticipated slow down in the growth of the housing sector will be either neutralised (low growth model) or over compensated for (high growth model) by the growth in public sector projects. Planned expenditure on capital investment is expected to rise by 42% from £750 million in 2003/04 to over £1 billion in 2005/06. The high and low growth models provide us with two scenarios under which we can assess the adequacy of labour market supply to the sector. We make no judgements on which, if any, of the forecasting scenarios is most likely to transpire.

Projected Imbalances

By subtracting projected demand from projected supply, we can assess the extent to which the provision of educational and training supply is likely to be sufficient over a forecast horizon. We do not expect any shortfalls in the aggregate number of either trainee completers (NVQ level 2) or MAs (NVQ level 3) over the forecast horizon **(Figures 4 & 5)**. At the more disaggregated individual craft levels there may be some need for a slight reorientation in relation to the balance between NVQ level 2 and NVQ level 3 supply, however,

Figure 4: NVQ Level 2 Supply minus NVQ Level 2 Demand, 2004-2007

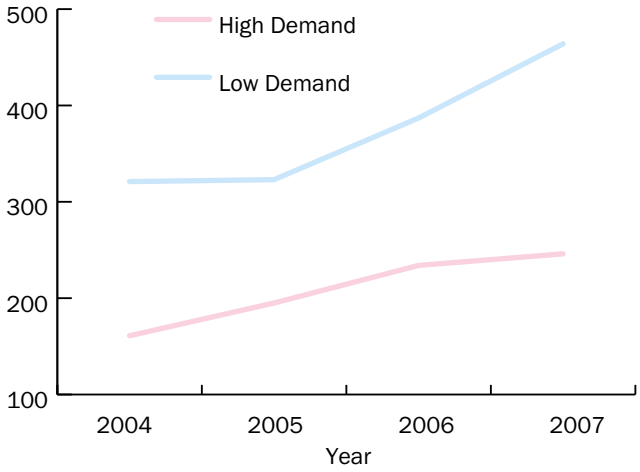


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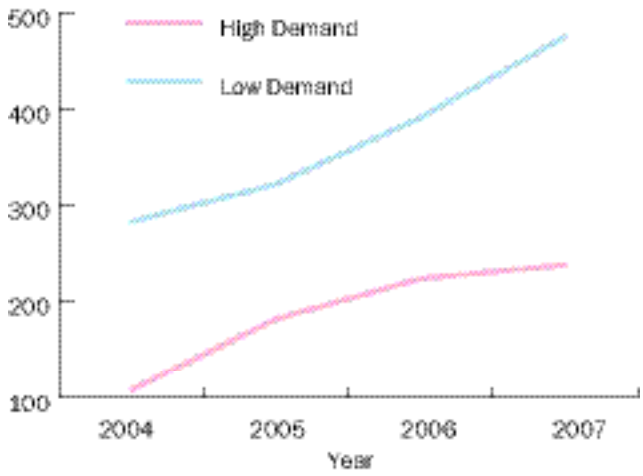
Figure 5: NVQ Level 3 (MA) Supply minus NVQ Level 3 Demand, 2004-2007



in no instance do we expect aggregate demand for any of the individual craft occupations to exceed aggregate supply (see full Report for more detailed analysis).

Summary and Conclusions

Given the importance of the construction industry to the NI economy, it is imperative to ensure that the sector is not being constrained by skill shortages and is likely to be sufficiently serviced by relevant education and training bodies. It was found that whilst the level of unfilled vacancies within the sector was relatively low at 2%, the equivalent rate for craft occupations was somewhat higher at 3.6%. It was found that unfilled vacancies were more prevalent in firms that were smaller, had a preference for more experienced staff and/ or employed modular building techniques. Wage rates within the industry were found to be competitive with newly qualified NVQ level 3 craft workers earning a starting wage that is roughly on a par with those of new graduates. There was strong demand amongst employers for the adoption of a more multi-skilled approach to training with support most intensive amongst firms adopting modular building techniques. However, it was concluded that any large scale shift towards multi-skilling, in order to service an expanding modular industry component, was likely to reduce industry productivity levels and therefore it is recommended that any multi-skilled programmes should be introduced in parallel with existing traditional craft training methods in order to preserve industry productivity. In relation to our forecasting analysis, we expect the industry to experience some moderate growth over the short to medium term, and it is further anticipated that the supply emanating from the regions training organisations will be sufficient to meet the needs of the sector.

Summary of Main Points

- This study found that approximately 83% of craft workers are educated to NVQ level 3 with the remaining 17% holding level 4 qualifications. This compares favourably with the UK average, for example NERU (2003) report that only 66% of craft workers in the UK construction industry hold at least an NVQ level 3.
- Within the overall context of the NI economy, wage opportunities within the sector appear to be relatively good with the starting salaries of NVQ level 3 construction workers (£17,456) roughly on a par with those of new graduates (£18,000).
- Within the NI industry, there is clear evidence to support the view that modular building processes are likely to become increasingly dominant and the increased use of prefabricated components is undoubtedly likely to have implications for training as they reduce the need for traditional craft skills, and intensify the need for multi-skilled training given the increased range of activities taking place on off-site locations.

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- Whilst there is undoubtedly a need to adjust the emphasis of training in order to take account of the increase in off-site production, the evidence suggests that any rapid replacement of the single-trade training methods could potentially lead to a de-skilling of the sector.

The above represents progress to date - the full report will not become available until early 2005 after further calculations and industry views are taken into account.

Essential Skills

Gayle Kennedy, Skills Unit, DEL

In October 2002 the Minister for Employment and Learning launched the Essential Skills for Living Strategy and Action Plan for Adult Literacy in NI. The Strategy was informed by the findings from the 1996 International Adult Literacy Survey (IALS), which identified some 24% of the working age adult population in NI as having low levels of literacy and numeracy. One of the key messages in the responses to the consultation process for the Strategy was the requirement for continuous robust research to inform the ongoing development and delivery of the Strategy. This article reports on recent progress in Essential Skills research within the Department for Employment and Learning (DEL).

The Essential Skills for Living Strategy and Action Plan for Adult Literacy in NI identified a need for an underpinning programme of research in order to:

- establish a robust baseline, both to help in establishing the scale and scope of the needs to be addressed and so that progress can be measured;
- inform the continuing development and delivery of the Strategy, to identify what works best, especially with respect to areas such as workplace and family learning; and
- explore barriers to learning and identify how the most disadvantaged and excluded adults can be reached.

In response to these requirements, the Strategy committed DEL to the following actions:

- by September 2002, establish a Research Steering Group to advise on the research which needs to be commissioned; and,
- by December 2002, carry out an audit of available research and develop a programme of research to inform the implementation of the Strategy.

The first of these commitments was met with the formation of a Research Steering Group in September 2002. The terms of reference for the group are:

To examine the available research on literacy and numeracy levels in NI, to establish gaps in research and make recommendations on the development of a research programme.

The second objective was addressed in the report Essential Skills for Living Research (interim report December 2002, final report February 2003) which contained an audit of available research with particular reference to establishing the scale and scope of the needs to be addressed and a specification of research requirements for an Essential Skills baseline.

Later in 2003, a Research Sub-Group was established to take forward the technical aspects of the research identified by the Research Steering Group.

Essential Skills

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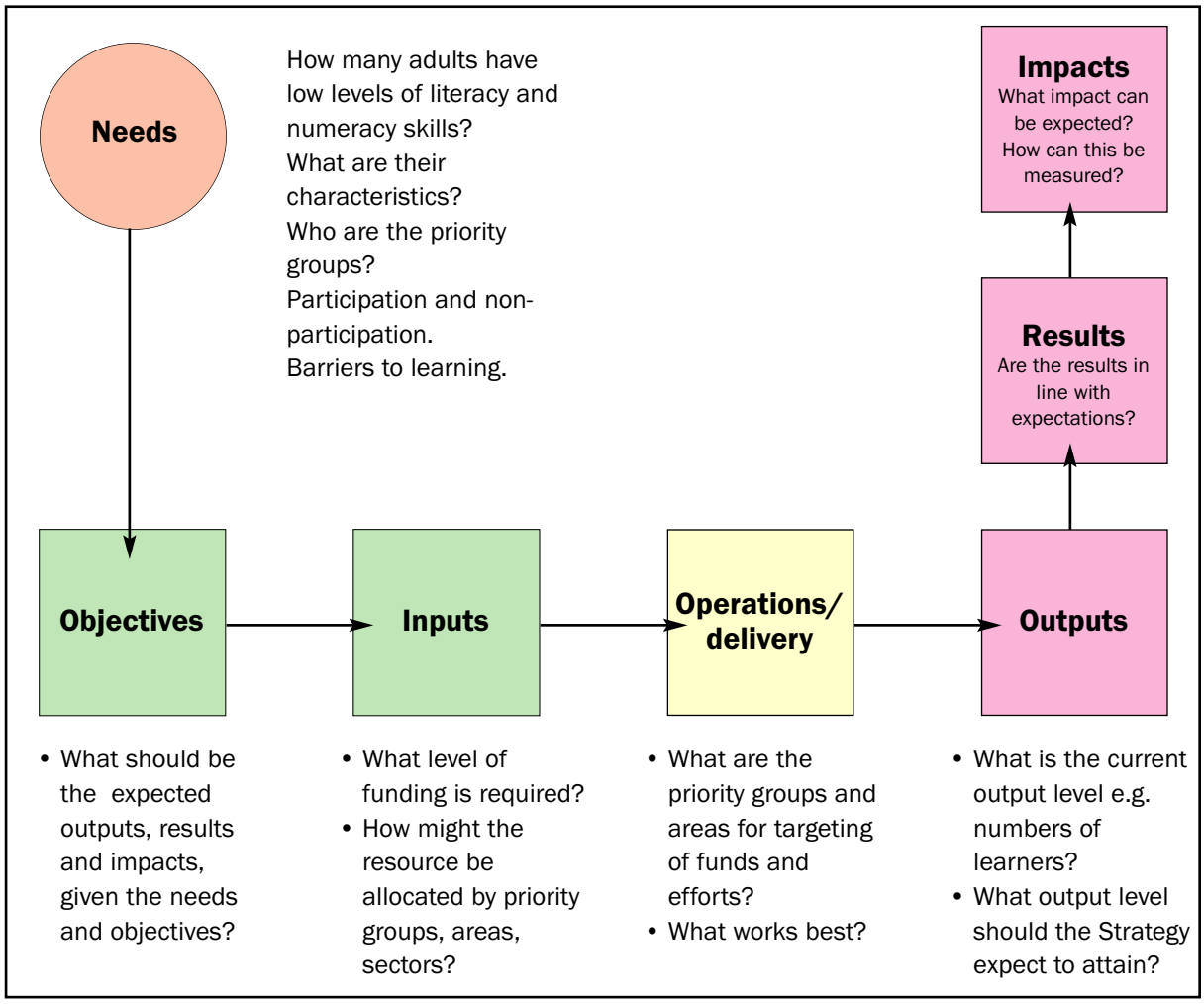
Figure 1: Essential Skills Strategy: Summary of Information Requirements



The Essential Skills for Living Research report presented the research requirements as a flow diagram **(Figure 1)**. This was used to frame the discussion and formulation of a research programme. The establishment of a baseline for the Essential Skills Strategy should seek to establish:

- the scale and scope of the problem. That is, how many adults in NI can be said to have 'low' level so literacy and numeracy skills? What are their key characteristics?
- the current participation in adult literacy and numeracy learning;
- the characteristics of non-participants with low levels of essential skills, including their learning needs;
- the level of provision, both quantity (e.g. number of tutors available within the system) and quality; and
- the match between demand and supply i.e. what needs to be done to engage non-participants, especially the most disadvantaged.

The Essential Skills Research programme has been divided into 5 strands (as shown in **Box 1).**

Box 1: Strands of Essential Skills Research

Who is currently participating?
What difference does it make?
Who is not participating?
What is the need?
What is happening in the workplace?

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This article reports on progress to date on the first three of these strands.

Who is currently participating?
DEL access to a database – currently being developed by the Council for Curriculum, Examinations and Assessment (CCEA) - allows analysis of information on all learners who have enrolled on an Essential Skills course. Further Education Colleges, Training Organisations and Voluntary groups all input to this system.

Data are available on learners who enrolled on Essential Skills from November 2002. Key characteristics of learners are known – for example, employment status, gender, age, etc as well as the achievement of qualifications. This database can be used to monitor the uptake of Essential Skills learning and also to profile the participants. It can also be used to monitor learner progression.

What difference does it make?
What difference does participation on Essential Skills learning make to learners? The answer to this question will provide the Department with an insight into the impact, consequences and outcomes of participation in Essential Skills.

One method to derive this information is a pre- and post-intervention study i.e. to collect information before and then following participation on the learning. Within this strand there is also the option of collecting further information over a period of time after the event (to measure both short-term and long-term effects).

At present the Research Sub-Group is considering the best research tool by which to collect this information. Various models used elsewhere, for example in GB, are being examined to see what methodologies might be most appropriate for NI.

Who is not participating?
The Department is keen to find out why individuals who would benefit from Essential Skills learning are not participating. What are the barriers to their participation? Can DEL do anything to engage these individuals – and if so, what?

To help answer these questions, in April 2004 DEL piloted three questions in the NI Omnibus Survey run by the Central Survey Unit of NISRA (webpage: **www.nisra.gov.uk**). These questions were:

How comfortable are you....
Reading information on your own?
Filling out forms on your own?
When you have to use basic maths for everyday calculations or sums[1]?

Results were collected in the following categories of 'Very comfortable', 'Fairly comfortable', 'Not very comfortable' and 'Not at all comfortable' (as shown in **Table 1**).

Table 1: Results to Pilot 'How comfortable are you....' Questions

	Reading %	Writing %	Maths %
Very comfortable	67	55	62
Fairly comfortable	26	29	27
Not very comfortable	6	11	8
Not at all comfortable	2	5	3
Total	642	642	642

Source: NI Omnibus Survey April 2004

1 For reporting purposes, reponses to these 3 questions are termed reading, writing and maths.

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It is interesting to note that the smallest group comprised of those who admitted to not being comfortable with these activities:

- 8% were not comfortable with reading
- 16% were not comfortable with writing
- 11% were not comfortable with everyday maths.

The DEL section in the Omnibus Survey was extended in June to include follow-up questions

"Have you ever tried to do something to improve your.... reading/writing/maths skills?"

for those individuals who did not feel comfortable with these skills[2] (see **Table 2**).

If the respondent answered "yes", there were a series of questions to explore what action they took, details of any course attended as well as their assessment of the course. Also, if the respondent answered "no", there were a series of questions to establish why they had not taken any action and what would encourage them to take up learning.

These results give an indication of the desire (and action taken) to improve reading, writing and/or maths skills. However, they are based on an individual's self assessment of being "Not very comfortable" or "Not at all comfortable" with these skills. Previous research[3] has shown that among those who performed at the lowest literacy level, a large proportion considered their skills to be adequate for daily life - around four fifths were "very satisfied" or "somewhat satisfied" with their reading and writing skills.

Taking this into consideration, the results above (as for the pilot questions in April 2004), show that a minority of respondents indicated that they did not feel comfortable with their reading/writing/maths skills (i.e. 21% of total sample).

Of the 268 people who recognise they have a problem with these skills, approximately one quarter wanted to improve their reading (26%) and writing (27%) skills as well as one third (34%) who wanted to improve their maths skills. However, only 13% of this group had tried to improve these skills.

These results give an indication of the number of barriers that may prevent an individual from participating in Essential Skills learning. Firstly, there is the barrier to acknowledge the requirement for this type of learning; secondly, the desire to improve these skills; and thirdly the action taken to enrol of a particular course. Further analysis of the data will provide more information on each of these barriers.

It has been decided to repeat these questions in the October Omnibus Survey as well as extend the questions. In the next survey, *everyone* in the sample

Table 2: Results to 'How comfortable are you....' Questions

	Reading %	Writing %	Maths %
Very comfortable	70	58	66
Fairly comfortable	23	27	25
Not very comfortable	5	12	7
Not at all comfortable	1	14	1
Total	1279	1279	1279
Improvement desired	26	27	34
	268	268	268

Source: NI Omnibus Survey June 2004

2 These questions wre only asked of those individuals who responded "Not very comfortable" or "Not at all comfortable" in Questions 1-3.
3 Adult Literacy in Northern Ireland, NISRA 1998.

will be asked

> *"Have you ever tried to do something to improve your...reading/writing/maths skills?"*

and the appropriate follow-up questions. Therefore results will indicate if someone currently "feels comfortable" with their skills after previously engaging in Essential Skills learning.

Conclusion

This article provides an overview of the Essential Skills research within DEL. A programme of five strands has been formulated, three of which are considered above. Work is on-going in the development of each of these strands.

Distribution of IT Employment

Mike Crone, Economic Research Institute of NI

Introduction

Over the last decade, the information technology (IT) sector – including computer software and IT services – has been among the leading growth sectors of the UK, Irish and global economies, making it the subject of intense policy interest. An earlier article by the author highlighted the uneven geographical distribution of employment in the UK IT sector in the period 1995-99 (see LMB No.15, Ch.14). Since early 2000, however, the global IT sector has been characterised by a high degree of uncertainty, with a slowdown in demand for IT goods and services and turmoil in global stock markets. Against this backdrop, this article updates and expands the earlier analysis, describing the regional and sub-regional pattern of IT sector employment in the period to December 2002 and exploring the spatial employment impact of the IT downturn. The primary aim of the article is to benchmark NI's employment performance in this key economic sector.

Definitions and data sources

This article relies on official statistics and therefore adopts the definitions imposed by the 1992 Standard Industrial Classification. Specifically, the analysis focuses on Division 72 'Computer and related activities' which is an aggregation of a number of different activities (including software consultancy and supply, hardware consultancy, data processing, database activities, computer maintenance and other computer related activities) and approximates to what we might otherwise call the "Computer software and IT services" industry. Readers should be aware that in official employment statistics each separate business is classified according to its primary business activity. Division 72 employment therefore refers only to employment in businesses whose primary business activity is one of the activities specified under Division 72 "Computer and related activities"; employment in the IT departments of firms in other sectors, for example, is excluded.

Data on Division 72 employment in GB come from the Office for National Statistics' (ONS) Annual Business Inquiry (ABI). The ABI is a sample survey that records the number of employees in employment in December of each year. At the time of writing, the most recently released data from the ABI refer to December 2002. A continuous series of annual employment data are available for the period December 1995 to December 2002[1]. Sectorally and spatially disaggregated ABI data were obtained from NOMIS **(www.nomisweb.co.uk).** This permits analysis of GB employment in Division 72 at various spatial scales, including the Government Office Region, county, and Unitary Authority or Local Authority District (UALAD)[2].

NI is not covered by the ONS Annual Business Inquiry. Therefore broadly comparable data from the biennial Census of Employment (CoE) and Quarterly Employment Survey (QES) - kindly supplied by DETI Statistics Research Branch - are used here to benchmark NI's Division 72 employment against the GB regions and sub-regions. There is no published sub-regional (e.g. county or local authority level) analysis of CoE or QES data at two-digit SIC level. In particular, disaggregation of two-digit employment data to the local council level raises confidentiality constraints due to the small size of NI council areas. However, to allow for a comparison of NI sub-regions with GB counties and UALADs, a special analysis of two-digit employment data from the 2001

1 AES data for 1995-97 were 'rescaled' by ONS in 1998 to bring them into line with the new ABI.
2 These are the English and Welsh counties and Scottish regions that existed prior to the 1996 reorganisation of local government boundaries. Although counties no longer fulfil an administrative role in GB, the county provides a useful scale of analysis between regions and local government areas.

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Figure 1: NI NUTS III Regions and Constituent District Councils

NUTS III REGION	CONSTITUENT DISTRICT COUNCILS
BELFAST	Belfast
OUTER BELFAST	Carrickfergus Castlereagh Lisburn Newtownabbey North Down
EAST OF NI	Antrim Ards Ballymena Banbridge Craigavon Down Larne
North of NI	Ballymoney Coleraine Derry Limavady Moyle Strabane
WEST & SOUTH OF NI	Armagh Cookstown Dungannon Fermanagh Magherafelt Newry & Mourne Omagh

NI CoE was obtained from DETI Statistics Research Branch. The sub-regional scale utilised for this analysis is the European NUTS III region (**Figure 1**).

The Annual Services Inquiry (ASI) published by the Central Statistics Office (CSO) gives broadly comparable data for the Republic of Ireland (RoI), permitting a direct comparison of Division 72 employment in RoI with that in NI and the GB regions and sub-regions. A continuous annual series is available for 1995-2001 (the most recently published data at the time of writing).

UK National Trends in Division 72 Employment

In December 2002, Division 72 (i.e. IT sector) employment for the UK as a whole stood at 488,850 (approximately 2% of all employee jobs). 1995-2001 was a period of sustained growth for the sector, with particularly high growth rates (over 15% per annum) between 1995 and 1999 **(Figure 2)**. Growth slowed slightly in 2000 and fell to only 4% during 2001. The year 2002 was a watershed year for the sector with **total UK Division 72 employment falling for the first time in over a decade;** the number of employee jobs fell by around 5% from the 2001 peak of 510,000 **(Figure 2)**. This slowing, then reversal, in employment growth is, *prima facie,* a consequence of the global turmoil in the IT sector (see further discussion in final section).

Employment Trends in the Wider ICT Sector[3]

Division 72 is the largest of four major sub-divisions within the wider ICT sector (as officially defined). According to the ABI, Division 72 accounted for 40% of the 1,206,000 employee jobs in the wider ICT sector in GB in December 2002. The other three major sub-sectors were 'Wholesale of ICT products': 253,000 employee jobs (21% of the ICT sector); 'Telecommunications': 252,000

3 The analysis in this section is confined to ABI data for GB. Due to confidentiality constraints, it is not possible to obtain NI employment data for all of the four-digit SIC classes making up the ICT sector, as officially defined.

Distribution of IT Employment

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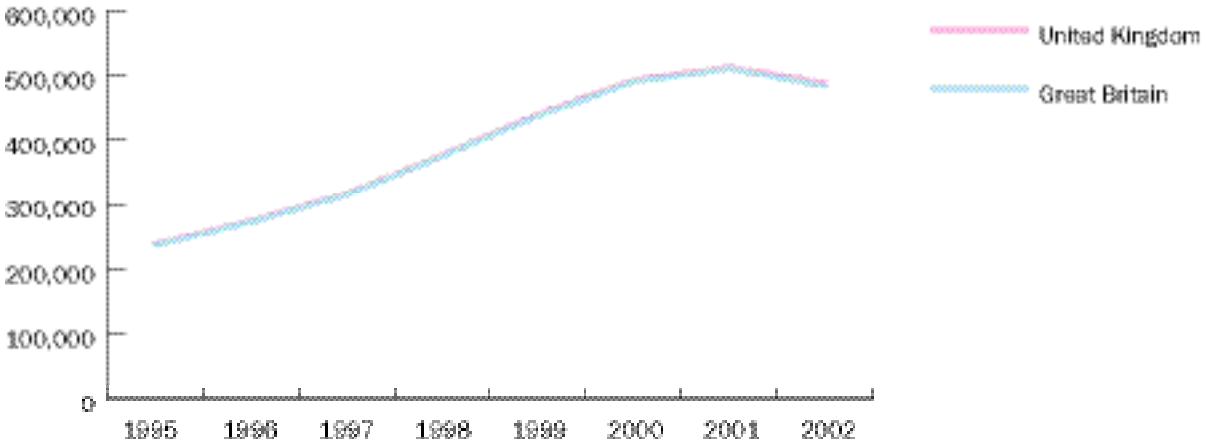
Figure 2: Division 72 Employees in Employment, 1995-2002

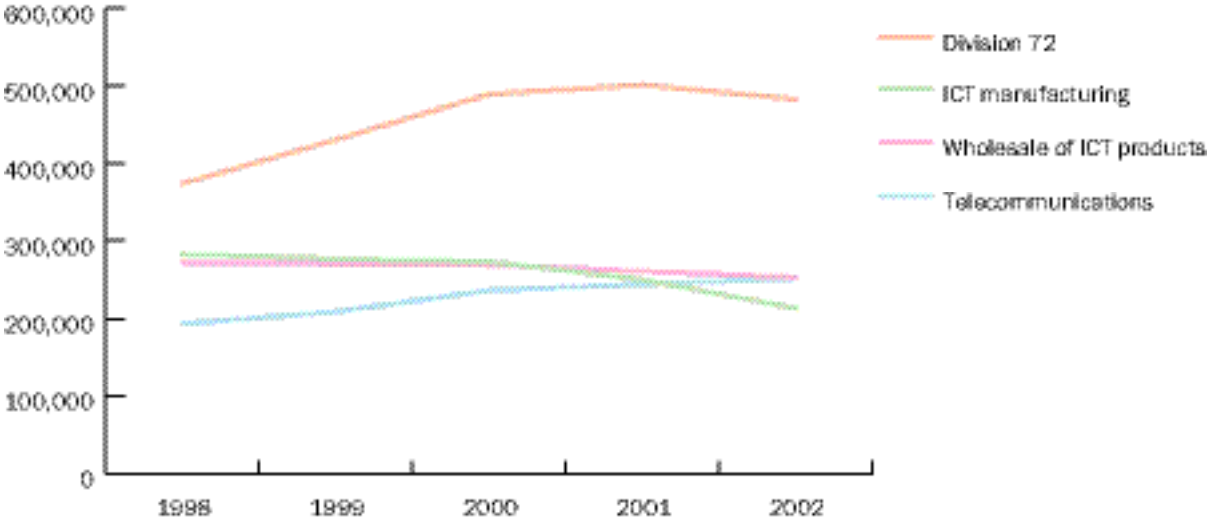


Source: ABI (obtained from NOMIS) and NI QES (obtained from DETI Statistics Research Branch).

employee jobs (21%); and 'ICT manufacturing': 213,300 employee jobs (18%).

An examination of GB employment data for these 4 main sub-sectors between December 1998 and December 2002 reveals some interesting contrasts **(Figure 4)**. The number of employee jobs in the ICT manufacturing and wholesale sub-sectors declined throughout this period (by 25% and 7% respectively over the four years). The rate of decline was notably more severe after 2000, suggesting the impact of the global ICT downturn accentuated an established downward trend. In contrast, the telecommunications sub-sector continued to add jobs throughout the period - although the rate of growth slowed noticeably after 2000 - and Division 72 employment grew more slowly in 2001 and declined during 2002 (as described previously). Thus, the

Figure 4: GB Employment in the Four Main ICT Sub-sectors, 1998-2002



Source: author's analysis of ABI data (obtained from NOMIS).

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'downturn' seems to have had a differential impact on the various sub-sectors of ICT, with the ICT **service industries** (including Division 72) being notably more resilient than ICT **manufacturing**.

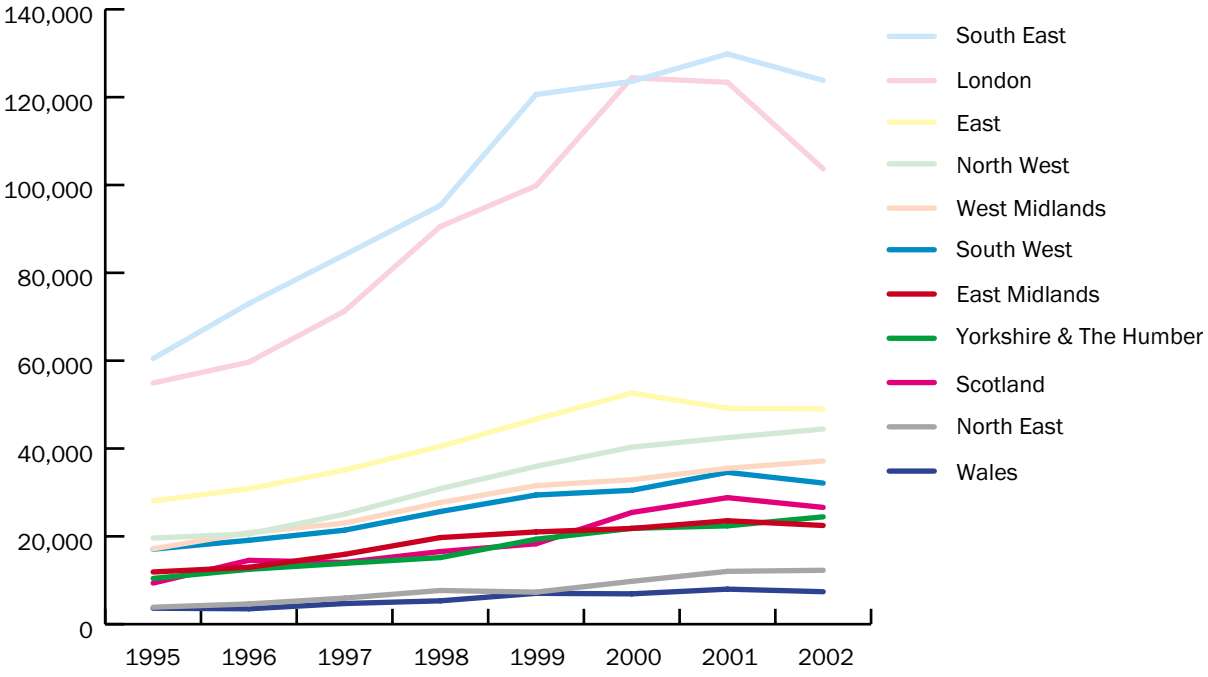
The Regional Pattern of Division 72 Employment

GB Regions

The regional pattern of Division 72 employment is first analysed for the 11 GB Government Office Regions (EU NUTS II regions) covered by the ABI. NI and RoI are then introduced to the comparison. The regional distribution of GB Division 72 employment is highly uneven **(Figure 3)**. In 2002, London and the South East each had over 100,000 Division 72 employees, accounting for 26% and 22% of the GB total respectively. These two regions each had more than twice as many employees as the third largest region (East of England). The dominance of these three regions – the 'Greater South East' (GSE) - has been a hallmark of the GB IT sector since its foundation in the 1960s (Coe, 1996). Official data show that they accounted for around 60% of GB Division 72 employees throughout the decade 1991-2001. As a further illustration of the spatial polarisation of employment, note that the South East (the leading region) had more than 10 times as many Division 72 employees as the North East and 16 times as many as Wales in 2002.

Location quotient analysis permits a fairer inter-regional comparison by controlling for the different size of the GB regions. The location quotient (LQ) compares a regional economy to the national economy, in the process attempting to identify the degree of *relative* specialisation of that region in a particular industry[4]. In 2002, UK regional Division 72 employment LQs ranged from 181 (South East) to 36 (Wales) forming a distinct regional hierarchy **(Figure 6)**. Only the three 'Greater South East' regions (i.e. London, South East and East) exceeded the national share of employment in Division 72 (LQ>100), implying a relative specialisation in this sector. The remaining GB regions form three distinct sub-groups: LQ 75-90

Figure 3: GB Division 72 Employees by GO Region, 1995-2002



Source: ABI (obtained from NOMIS).

4 Here the location quotient (LQ) for Division 72 employment in region R is calculated as the ratio of (a) region R's share of national employment in Division 72, to (b) region R's share of national employment in all industries. The LQ is, therefore, a measure of *relative* specialisation. LQs should be interpreted as follows: LQ=100 indicates a region has a share of Division 72 employment in accordance with its share of national employment in all industries; thus LQ>100 indicates a region has more Division 72 employees than might be expected on the basis of its share of national employment in all industries (i.e. relative specialisation), and vice versa.

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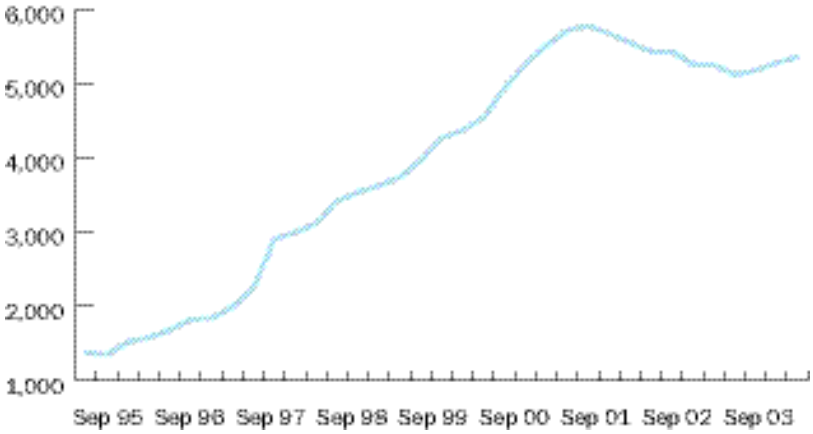
Figure 5: Division 72 Employment in NI, 1995-2004



Source: NI Quarterly Employment Survey, DETI Statistics Research Branch.

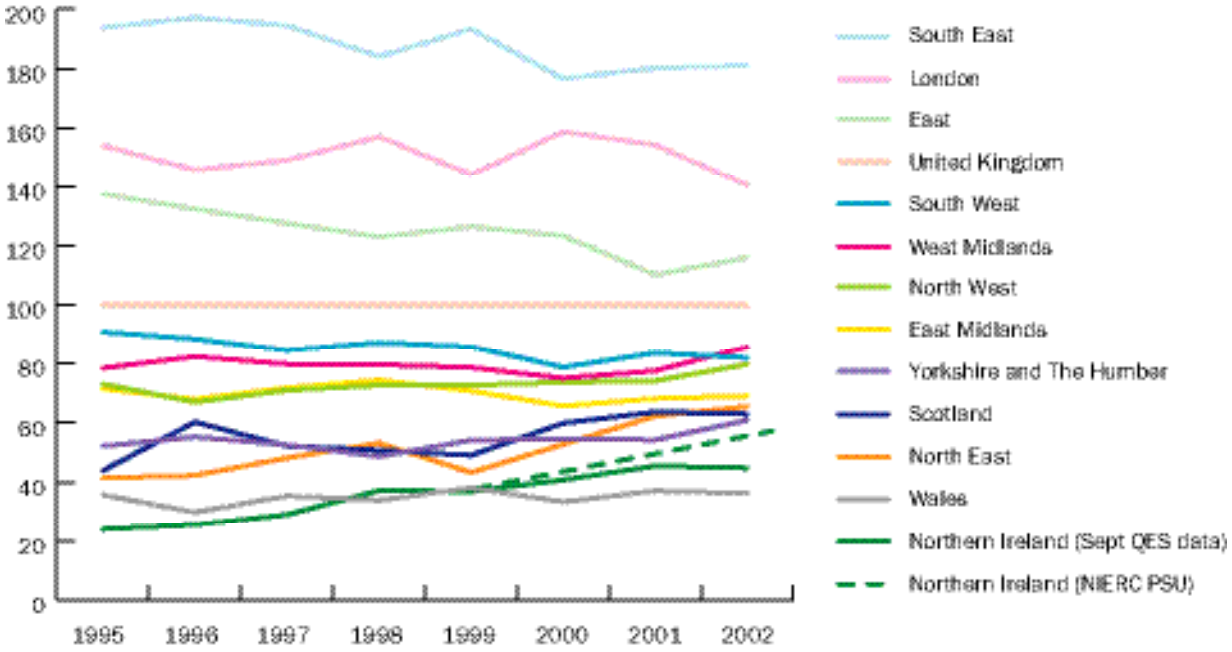
(North West, South West and West Midlands); LQ 60-70 (East Midlands, North East, Scotland and Yorkshire and the Humber); and LQ<50 (Wales).

A key feature of the regional Division 72 employment hierarchy is its overall stability **(Figures 3 and 6)**. This reflects the strong net employment growth experienced by all regions during the period 1995-2002. In eight of the GB regions the compound annual growth rate over this period was within 3% of the GB average rate of 11%. The three outliers were the East region at the low end (CAGR only 8%) and the North East (CAGR 18%) and Scotland (CAGR 16%) at the high end. Of course, the effect of these broadly similar regional growth rates is to propagate the existing, highly uneven regional distribution of Division 72 employment.

NI

The trajectory of NI Division 72 employment during the period 1995-2004, as per official data from the QES, is depicted in **Figure 5**. The number of employees increased rapidly from only 1,380 in September 1995 to a peak of 5,780 in September 2001. As in GB, Division 72 employment in NI then declined to 5,120 in June 2003 (a fall of 11% from the peak) before recovering slightly to 5,360 in March 2004[5].

Figure 6: UK Regional Location Quotients for Division 72, 1995-2002



Source: author's analysis of data from ABI (from NOMIS) and NI QES (from DETI Statistics Branch).

5 Data after September 2001 are provisional and subject to revision following the forthcoming release of data from the 2003 NI Census of Employment.

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Recent research by ERINI's Priority Skills Unit has raised doubts over the accuracy of the official NI figures for employees in employment in Division 72. McGuinness and Bonner (2000, p.8) estimated, on the basis of survey information and grossed up estimates for non-respondents, that Division 72 employment in NI was in fact 4,250 in December 1999 (significantly higher than the QES figure quoted at the time). More recently, McGuinness and Doyle (2003, p.7) estimated NI Division 72 employment at 6,980 in November 2002 (significantly higher than the December 2002 QES figure of 5,260)[6]. McGuinness and Doyle's (2003) evidence casts doubt on the suggestion (as per official data) that NI IT employment declined during 2001-02; such a dip seems unlikely given the scale of growth implied by their December 1999 and November 2002 estimates. Rather, McGuinness and Doyle (2003) suggest there was a contraction of employment in the foreign-owned segment of the NI IT sector (by up to a quarter) during 2000-2002 but this was offset by sustained employment growth in the indigenous IT sector.

The LQ analysis allows us to say more about the *relative* size of NI's IT sector in a UK regional context **(Figure 6)**. In 1995, NI had a Division 72 LQ of only 24, by far the lowest in the UK, trailing Scotland, Wales and the North East by 10-15 points. By 2002, NI's LQ had increased to 45 (or 57 if we use the higher NIERC PSU employment estimate). This change reflects an impressive expansion of Division 72 employment over the period. In fact **the NI growth rate was greater than any other UK region** (CAGR of 22% using official QES data or 26% using the NIERC PSU estimate for 2002). One interpretation would say that NI was belatedly beginning to 'catch-up' with other regions from its very low starting point. However, the fact that NI was able to overtake Wales and begin to converge on other 'Northern' regions such as Yorkshire and the Humber and the North East should not be dismissed lightly given the general stability of the UK regional hierarchy **(Figure 6)**. Nevertheless, by late 2002, NI was **still relatively underrepresented** in IT sector employment compared to most other UK regions.

RoI

The rapid expansion of the RoI software industry during the 1990s has attracted the attention of policy-makers in competitor regions and has now been extensively studied by academics (see Crone, 2002, for an overview). According to data from the Annual Services Inquiry, Division 72 employment in RoI grew from only 5,380 in 1995 to over 19,000 in 2001[7]. By this yardstick, the RoI industry is larger than only the North East, Wales and NI among the UK regions, and still relatively small by the standard of South East England. However, another important segment of the Irish software industry lies outside Division 72 in official employment statistics. This segment - comprising firms (mainly multinationals) engaged in the reproduction of mass-market packaged software - accounted for nearly 6,000 persons in employment in 2001 (up from 4,000 in 1995) and is recorded under Heading 2233 "Reproduction of computer media" in the CSO Census of Industrial Production. Thus, in total, the RoI software and IT services industry employed at least 25,000 people in 2001, making it comparable in size to its counterparts in Scotland and Yorkshire and the Humber.

These simple employment comparisons do, however, mask some important qualitative features of the RoI industry, notably its high export orientation and focus on product development (see Crone, 2002a and 2002b). In addition, the most notable feature of the RoI software industry is its very rapid employment growth since the mid-1990s; Division 72 employment grew at a CAGR of 24% over the period 1995-2001. Only NI matched this high growth rate among the UK regions.

The Sub-regional Pattern of Division 72 Employment

GB Counties

The regional scale of analysis gives a broad but somewhat crude impression of the distribution of Division 72

6 The discrepancy may reflect an under-estimation of the rapid growth of the IT sector in the QES estimates for the inter-Census period (i.e. September 2001 onwards). These QES data are likely to be revised (probably upwards) following the forthcoming release of the September 2003 NI CoE.

7 RoI has recently been divided into two European NUTS II regions: the Southern and Eastern region (including Dublin, Cork and Limerick) and the Border, Midland, West region. ASI data show that, in 2001, RoI Division 72 employment was highly concentrated in the S&E region (93.5%) with only 1,250 employees in the BMW region. For comparison note that the S&E region had 73.5% of the RoI population in the 2002 Census and 73.6% of RoI manufacturing employees in the 2001 Census of Industrial Production. Research by Crone (2002a) and others shows that the majority of RoI's software industry is located in Greater Dublin.

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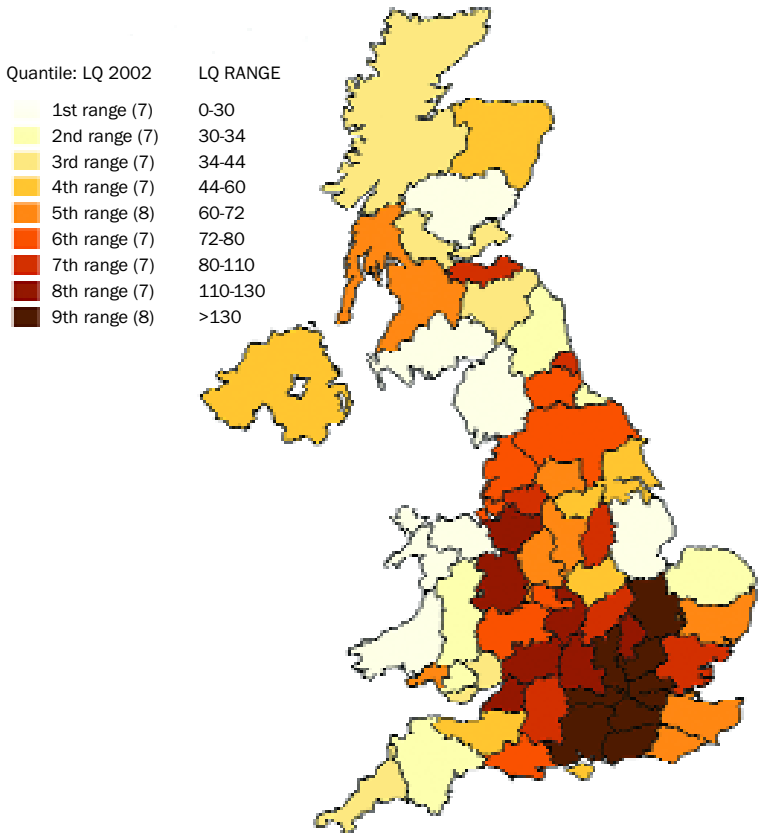
employment because it masks considerable variations within each region. County-level analysis further exposes the highly uneven geographical distribution of IT employment within GB. When the ranked county distribution of Division 72 employment in 2002 is divided into three groups of 22 counties, we find that the top third covered 79% of GB Division 72 employees, the middle third another 18%, and the bottom third of counties only 3%.

The Top 10 counties (excluding London) in 2002 – in terms of Division 72 employees - comprised two distinct types. The first group covers five 'non-metropolitan' counties located in a contiguous 'arc' to the western side of London (Berkshire, Surrey, Hampshire, Hertfordshire and Buckinghamshire). Berkshire, the leading GB County, had over 36,000 Division employees in 2002 (more than NI and RoI combined). The remaining four members of the 2002 Top 10 were 'metropolitan' counties located in the 'North' (West Midlands, Greater Manchester, Strathclyde and West Yorkshire).

A county-level LQ analysis re-emphasises the dominance of a 'Western Arc' of contiguous 'non-metropolitan' counties in southern England, located to the west of London **(Figure 7)**. Among this elite group, Berkshire, Surrey, Hertfordshire and Buckinghamshire all had LQs above 180, indicating a high degree of specialisation in the IT sector. Overall, only 16 of the 66 GB Counties had LQs above 100. Beyond the Western Arc, this group includes several other 'Southern' counties on the outer western fringes of the Greater South East and only three counties north of the Severn-Wash line: Warwickshire and Shropshire (West Midlands) and Cheshire (North West). Other leading 'Northern' counties include Lothian (Scotland) and Nottinghamshire (East Midlands). The four leading Northern metropolitan counties listed above - which are home to large numbers of IT employees - are not found to be *relatively* specialised in Division 72, having LQs in ranging from 66 to 81 in 2002.

Figure 7: County Division 72 LQ Map for 2002



Note: NI included as a county for comparative purposes. NI regional LQ disguises considerable sub-region variations (see discussion of sub-regional patterns in text).
Source: author's analysis of ABI data (obtained from NOMIS). Map produced using *GeoDa* software.

NI Sub-regions Compared

Data from the 2001 NI Census of Employment allow us to compare Division 72 employment in the five NI NUTS III regions with the sub-regions of GB **(Figure 1)**. At the scale of NUTS III regions, NI Division 72 employment is found to be

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Table 1: Sub-regional Analysis of NI Division Employment in 2001

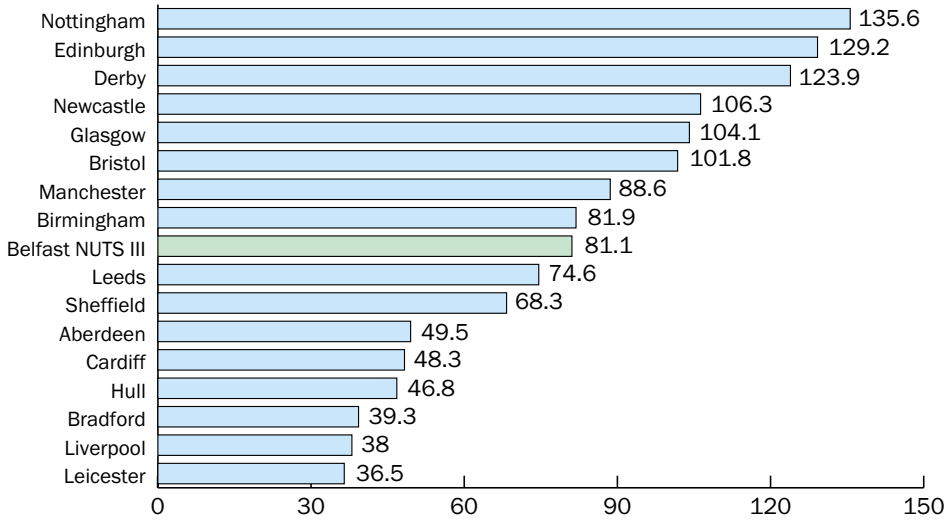
Region/sub-region	All industry employees	Division 72 employees	Division 72 UKLQ
NI	637,533	5,777	45.5
Belfast NUTS III region	182,576	2,952	81.1
Outer Belfast NUTS III region	118,899	1,153	48.6
East of NI NUTS III region	132,960	512	19.3
North of NI NUTS III region	87,473	996	57.1
West & South of NI NUTS III region	115,625	164	7.1
"Greater Belfast"	301,475	4,105	68.3
"Rest of NI"	336,058	1,672	25.0

Note: "Greater Belfast" = Belfast + Outer Belfast NUTS III regions, "Rest of NI" = all other NUTS III.
Source: author's analysis of NI CoE data, supplied by DETI Statistics Research Branch.

highly polarised **(Table 1)**. Belfast was the dominant location for IT sector employment with around 3,000 employees and a LQ of 81 in 2001[8]. The North of NI - which includes Derry - and Outer Belfast each had around 1,000 Division 72 employees and LQs above the NI average (57 and 49 respectively). In contrast, the less urban sub-regions - the East of NI and West & South of NI - had very few Division 72 employees and very low LQs (only 19 and 7 respectively). This spatial polarisation of the IT sector - one of the most dynamic and knowledge-intensive sectors of the NI economy – might be a concern for policy-makers, especially given the uneven spatial impact of recent economic restructuring (e.g. the decline of the textile and clothing industries).

Comparison with GB sub-regions (both counties and UALADs) allows us to examine the relative position of the NI sub-regions in Division 72 employment in 2001. In the case of Belfast - the primary centre of NI Division 72 employment - the leading provincial cities in GB offer the most appropriate benchmark. First, the Belfast NUTS III region is compared with 16 British provincial cities **(Figure 8)**. Three distinct groups can be

Figure 8: Division 72 LQs for Belfast and 16 GB Provincial Cities



Note: data for GB provincial cities refer to Unitary Authorities (i.e. local government areas).
Source: author's analysis of ABI (from NOMIS) and NI CoE (from DETI Statistics Research Branch).

8 Note these LQs are calculated in relation to the UK as a whole.

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discerned: the first group - comprising the most specialised British cities in terms of Division 72 employment with LQs>100 - contained Nottingham, Edinburgh, Derby, Newcastle, Glasgow and Bristol; Belfast was in the second group – with LQs between 60 and 90 – along with Manchester, Birmingham, Leeds and Sheffield; the third group – with LQs<50 – comprised Aberdeen, Cardiff, Hull, Bradford, Liverpool and Leicester.

Secondly, by combining the Belfast and Outer Belfast NUTS III regions we can invent a 'Greater Belfast' metropolitan county that is broadly comparable in character (though rather smaller than) the six former Metropolitan counties (conurbations) of Northern England. Greater Belfast (with a Division 72 LQ of 68) ranked below Greater Manchester, Tyne & Wear and West Midlands (LQs 80, 78 and 75) and above West Yorkshire, South Yorkshire and Merseyside (LQs 58, 54 and 53) in 2001. Thus, overall, Belfast's performance in Division 72 employment can be described as average in the context of other British cities (all outside the Greater South East).

For the less urban sub-regions of NI, a more appropriate comparison is with the more remote and rural counties of GB. The evidence here confirms the low position of these NI sub-regions in the IT sector. The East of NI's LQ of 19 was closest to those of Cumbria and Dumfries & Galloway, which rank among the lowest of all GB counties; and the number of employees was comparable to the rural counties of Wales and Scotland. The West & South of NI – with only 164 Division 72 employees and an LQ of 7 in 2001 - ranked below every county on the GB mainland.

The Spatial Employment Impact of the IT Downturn

The exact timing of the global IT downturn is a matter of debate but the fortunes of the NASDAQ composite index can be used as a proxy (**www.nasdaq.com**). The NASDAQ boomed in the late 1990s, reached a peak in March 2000, and then 'crashed' over the next year. A steadier decline then ensued until October 2002 when a tentative recovery began. Since the most current ABI employment data for GB refer to December 2002 – and any employment shake-out is likely to lag behind the headline market trend – we are not able to fully examine the spatial employment impacts of the recent turmoil in the global IT industry. However, we are able to comment on the first two full years of the alleged downturn, i.e. 2001 and 2002. As we saw above, the first year that UK national employment in Division 72 declined was the year to December 2002; but how was employment affected at the regional and sub-regional scale?

The Regional Scale

All the UK regions experienced sustained year-on-year growth from 1995-2000. Focusing on the period after December 2000, we find that Division 72 employment first contracted in London and the East of England during 2001 and the decline continued in 2002 **(Figure 3)**. In a second group of regions – South East, South West, East Midlands, Scotland and Wales (and NI according to the official data) – Division 72 employment did not go into decline until 2002. Finally, there was a third group of regions – West Midlands, North West, North East and Yorkshire (and NI according to NIERC PSU estimates) – where Division 72 employment continued to grow during both 2001 and 2002, albeit at a slower rate than previously. Thus, on the available evidence to date, the global IT downturn had a regionally differentiated impact on UK IT sector employment. Note that London and South East bore the brunt of the downturn during 2001 and 2002, with nearly 26,000 Division 72 job losses.

The Sub-regional Scale

The overall spatial pattern of recent county-level changes in Division 72 employment is not especially coherent. Large swathes of Southern England and Scotland experienced decline during 2002, which is consistent with the regional trends noted above. Some interesting patterns are evident, though, if we look at the fate of leading counties. In the South, we see that London plus Hertfordshire, Buckinghamshire and Surrey in the Western Arc all lost 15-20% of their Division 72

Distribution of IT Employment

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employees during 2000-2002. Several other leading Southern counties (e.g. Oxon, Wilts, Essex, Beds) lost 5-15% of their Division 72 employees. Berkshire and Cambridgeshire were more resilient, with the former still growing in 2001 and experiencing only a small decline in 2002 and the latter continuing to add jobs in both years. The Southern counties may have been particularly exposed to global forces due to the presence of many leading IT multinationals in the region. Southern IT firms may also be more dependent on sales to those market sectors most affected by the global slowdown (e.g. financial services, telecommunications and the technology sector).

The leading **Northern counties fared rather better** during 2000-2002. West Midlands and Tyne & Wear experienced slow growth in both years; Greater Manchester and Strathclyde grew by around 5% in 2001 and experienced only marginal losses in 2002; West Yorkshire and Merseyside had a slight dip in 2001 but returned to growth in 2002. Three of the four Northern counties with the highest Division 72 LQs (Cheshire, Warwickshire and Nottinghamshire) also fared relatively well during the first two years of the downturn. Only Lothian suffered a sharp fall in Division 72 employment (down by 14% in 2002). It is a matter of conjecture at this time as to whether these Northern counties have escaped the IT downturn or whether there is simply a regional time-lag (as seen in previous UK recessions). However, previous research has shown that Northern IT firms are more oriented to the manufacturing and public sector markets than their southern counterparts, and the public sector market in particular has been quite resilient during the IT downturn.

This article is based on a longer report ("Uneven Development in the UK Software and IT Services Industry: Benchmarking NI") which can be obtained direct from the author **(m.crone@qub.ac.uk).**

Acknowledgements

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Area Perceptions of Young People in Belfast – How to Expand Them!

Anne Green, University of Warwick and Ian Shuttleworth, Queens University of Belfast[1]

INTRODUCTION

An article on area perceptions of young people in Belfast appeared in last year's Bulletin (No. 17). That article presented findings of a study commissioned by the Department which investigated what relatively disadvantaged young people in Belfast knew about the geography of labour market opportunities in the city and the locations where they were prepared to work. The research showed that while most young people had a reasonably accurate knowledge of the location of employment opportunities in Belfast, many had a highly localised outlook that was reflected in patterns of job search behaviour and travel to work and training. Area perceptions, limited mobility, lack of confidence and religious factors were intertwined in complex ways to limit perceived opportunities. Tendencies towards segregation were reinforced by a structural tendency to follow existing concentrations of where family, friends and neighbours work.

There was some evidence that non-work/education related activities can expand geographical horizons and help shape knowledge and perceptions. This suggests that there is a role for policies to enhance the mobility of disadvantaged people in the labour market by improving public transport, and by increasing their experience and confidence so that they are able to venture into new areas. The Department commissioned a further phase of research to review policy initiatives in NI, GB and elsewhere concerned with widening people's mental maps, and so breaking down spatial barriers to employment and training. Such research is timely given that issues of mobility and accessibility are moving up several policy agendas. The work of the Social Exclusion Unit on transport and social exclusion has highlighted transport problems and inaccessibility as reinforcing social exclusion for disadvantaged people and disadvantaged areas, while the Department for Transport is promoting accessibility planning, which aims to make services more accessible, especially to socially excluded people. Two key inter-related themes include welfare reform and measures to promote social inclusion – including the promotion of work as the best form of welfare, the restructuring of Jobcentre Plus, attempts to enhance employability and an emphasis on partnership working at local level.

Compared with the rest of the UK, policy in NI has placed greater emphasis on the demand-side of the labour market by bringing 'jobs to workers' – as in Targeting Social Need policies. However, in circumstances of peace, coupled with tightening labour markets and a desire to promote increasing workplace communal mixing there are sound pragmatic grounds for encouraging greater mobility of workers.

Context: 'Jobs to Workers' and/or 'Workers to Jobs'

There is a large and growing literature – in the UK and especially in North America – on spatial mismatch and the relative merits of demand-side and supply-side explanations (and cures) for geographical concentrations of worklessness.

Demand-led explanations of geographical concentrations of worklessness emphasise the fact that shifts in the geographical and sectoral distribution of employment have led to a shortage of locally accessible jobs in some locations. This argument draws on the changing geography of employment and the short commutes of urban residents, with local job shortfalls and a relatively immobile population resulting in spatially concentrated unemployment as new jobs are created in areas beyond easy reach of some

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unemployed people. Some commentators have argued that there is a need to bring 'jobs to workers' in order to re-integrate local concentrations of jobless people with the labour market. It is possible to accept the general type of demand-side explanation outlined above without arguing for a demand-side response of more local jobs, since, in many instances, matching can be achieved through encouraging supply-side responses, such as longer-distance commutes or residential mobility (i.e. taking 'workers to jobs').

A continuum of policy formulations may be conceptualised in which arguments for local jobs decrease in their central importance and training, skills development, remotivation and benefits reform measures on the supply-side assume greater significance. In general, UK labour market policy lies towards the end of the continuum emphasising supply-side interventions. However, in NI demand-side policies have had a higher profile than in Britain. The need for government transparency in bringing jobs to different communities and difficulties in encouraging work-related mobility across community boundaries in a situation of civil conflict, are pertinent factors in this greater demand-side emphasis. However, in circumstances of peace, albeit imperfect and unstable, the feasibility of policies of moving 'workers to jobs' is enhanced.

There are advantages and disadvantages associated with both demand-side and supply-side measures and, in practice, it is likely that an either/or choice is not feasible and that some combination of demand-side and supply-side policies is required.

Labour Market Policies to Enhance Mobility

A distinction may be made between different types of policy to enhance mobility, notably:

- transport projects,
- fare reduction schemes,
- use of discretionary funds and flexible approaches to promote mobility, and
- personal development programmes

Although in practice there are overlaps between these categories.

Transport Projects

People without access to a car are reliant on public transport for all but short journeys to work. However, some journeys to work cannot be made using the existing public transport network because of a lack of a suitable service from the place of residence to the place of work at desired times, long journey times, poor interchanges, etc. Several different types of transport project have been introduced in different locations to overcome such difficulties. For example, bespoke bus services, including demand-responsive transport services and joblink buses, are designed to 'fill the gaps' where suitable public transport services do not exist. In Merseyside together with adjacent parts of North-East Wales and in parts of the West Midlands such services have been introduced, underpinned by subsidies from public funds, to link deprived neighbourhoods with strategic employment areas. In the USA demand-responsive van pools and bus shuttle services are amongst the transportation initiatives introduced in some local areas to assist 'reverse commuting' (i.e. to enable low income residents in inner city areas to reach decentralised urban jobs). Measured purely in 'transport' terms such services are relatively costly, and there are concerns about the sustainability of joblink bus services in the medium and long-term.

Demand responsive public transport services may not provide a solution to all employment-related accessibility problems, and a bespoke solution may be needed for some individuals. Wheels to Work initiatives provide the means - through mopeds/ motorcycles/subsidised driving lessons - for individuals to make work journeys that are not possible by conventional public transport or flexible demand responsive services. Such schemes generally provide assistance for a finite period only, and then the individual has

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to make his/her own travel arrangements.

In a number of large urban areas in GB, Work Wise initiatives have been introduced to help get unemployed people into work or training and to promote sustainable travel habits through a diverse range of transport-related initiatives – including travel information, fare reductions and travel advocacy (i.e. building confidence in using transport by providing enhanced assistance to job seekers). Ready availability of easily understandable travel information and travel advocacy are central elements of Work Wise initiatives, since limited travel horizons may be linked to a lack of awareness of both travel opportunities and where to find information about available transport services, and to a lack of confidence in making unfamiliar journeys to new destinations.

A Travel Information and Journey Planning Fund has been introduced for improving travel information and journey planning in Jobcentre Plus offices, and a commitment has been made to encourage Jobcentre Plus staff to gain a greater knowledge of how local transport works and about the accessibility of different employment sites. Attempts have also been made to enhance the provision and quality of travel information through electronic and personalised information delivery initiatives. Such initiatives to enhance the quality and quantity of travel information rest on the assumption that awareness of travel opportunities should enable the adoption of objectively realistic geographical areas for job search, and so help in accessing jobs.

There is some evidence from GB that use of tailored door-to-door travel information packages is effective where there is a considerable 'perception gap' between what individuals believe to be the level and quality of public transport on offer, and what is actually provided on the local transport network. Travel advocacy initiatives at community level providing 'face-to-face' travel information at 'point of use', so encouraging people to make informed choices to 'move out of their comfort zone', have met with success.

Fare Reduction Initiatives

The affordability of travel serves to limit an individual's area of search for work. Fare reduction initiatives – including schemes for free or subsidised travel for unemployed people and new employees – can address some of these affordability barriers. There is evidence from the Work Wise initiative in the West Midlands that use of an on-line journey planning facility and issue of free public transport day tickets and 4-week passes has helped broaden jobseekers' travel horizons by making travel affordable and by raising their awareness and knowledge of transport links to employment locations outside their local area and especially to areas unfamiliar to them.

Over time there has been a tendency for the eligibility criteria for national and local fare reduction schemes to widen to cover individuals in a greater range of circumstances. Help with transport costs is often important for new employees, especially when they are paid on a month in arrears basis, at a time when they are facing extra costs associated with starting work.

Discretion and Flexibility

Local variations in the configurations of homes, jobs and transport infrastructure, along with a realisation that local culture is important in shaping perceptions and job search behaviour, has led to a recognition of a need for a more nuanced approach to policy implementation, and in some instances, policy formulation, involving discretion in different local areas. In both GB and the USA, the result is enhanced policy flexibility and a trend towards greater autonomy and scope for discretion in delivery at local level.

In GB Jobcentre Plus has increasingly encouraged the use of flexible approaches to help tackle the many and diverse barriers that jobseekers face in travelling to interviews and/or accessing employment opportunities. A key feature of increased flexibility is the use of discretionary funds to help

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enhance spatial mobility – with monies being used to pay for travel costs, such as purchase of a bike or car insurance, etc, at the discretion of Personal Advisers. The focus of use of discretionary funds is on bespoke solutions relevant to the individual.

In location-specific initiatives focusing on deprived areas – such as Employment Zones (EZs) in GB and Action Teams for Jobs – the emphasis has been on innovative and flexible solutions to meet local needs and circumstances. So, for example, EZ participants in Tottenham (Haringey, north London) have been linked to vacancies at Stansted Airport through a scheme offering free train travel for the first year, and at a reduced rate thereafter. Given the problem of limited public transport availability for shift workers, it is salient to note the scheme also involved provision of buses on the same basis for shift workers at times when trains are not operating. In the Middlesbrough EZ in North-East England a minibus service was used to help participants to travel to work – sometimes as far away as Newcastle and Leeds – until they could make alternative travel arrangements. The Heads of the Valleys and Caerphilly EZ in South Wales pioneered a scheme for leasing cars to enable participants to travel to work in the context of a more restricted public transport network. The cars were leased to the EZ participants for up to fifteen weeks, with a nominal charge of £15 per week being made for the cars. Subsequently, the EZ reimbursed this money to many jobseekers to enable them to place a deposit on their own car. These examples of local projects show what can be done to attempt to enhance accessibility to employment opportunities in specific high unemployment areas.

Personal Development Programmes

A recognition that barriers to work are often complex and inter-linked, such that dealing with one barrier may be insufficient, lies at the heart of Personal Development Programmes. Such programmes are designed to deal with barriers to work and/or training 'in the round', in recognition of the fact that once one barrier is dealt with, another barrier that was previously hidden might emerge. Personal Development Programmes are not specifically or explicitly aimed at challenging area perceptions and breaking down spatial barriers to work, but instead focus on confidence-building and raising self-esteem and awareness. They involve challenging prevailing assumptions/perceptions and self-imposed barriers in a holistic fashion by showing clients that they are able to learn new skills – often in the context of sports or music projects. 'Travel' becomes merely one aspect embedded in a 'holistic' programme which aims to enhance confidence, self-esteem and 'broaden horizons' more generally.

Various travel training initiatives – often run on a local partnership basis and involving local public transport operators - have sought to address in a more explicit fashion the lack of confidence and knowledge that are amongst the barriers to expanding the travel and job search horizons of job seekers. So, for example, in Kingston-upon-Hull work with disadvantaged young people built in 'travel training' and 'horizon widening' components, in a scheme that involved 'rewards' and 'incentives' – encouraging them to use a free travel pass for all sorts of journey purposes (e.g. for leisure, as well as for work/training), and so enhance their knowledge and confidence of travelling around the city.

In recognition that there are gains to be made in tackling spatial barriers at a young age in Merseyside, Merseytravel's Community Links team has produced 'Education Packs' for all Key Stages of the National Curriculum, suitable for use in Personal Social Development lessons in schools. Also in Merseyside, proposals to improve knowledge of the transport network and to build confidence in using it, include the provision of 'travel buddies' to accompany new starters on their first journeys to and from a new job and to help job seekers on their way to interviews. Additionally, there are lessons to be learned about the value of adopting a person-centred approach from the work of the Shaw Trust concerned with

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'travel training' for people facing learning difficulties, mental health issues and other aspects of disadvantage. This involved taking people out on trips to help them find work, to identify landmarks along the route, etc, and in some instances, issuing people with mobile phones in order to give then confidence to travel.

Conclusions

Both the USA and GB so far have had more experience than NI in coping with work-related mobility issues. Although there is an emphasis on local flexibility and discretion in formulation and delivery of mobility related in GB, and more particularly, the USA, it seems reasonable to assume that NI can learn from the lessons of experience elsewhere, while being sensitive to local conditions. What is clear, is that a range of different policies and initiatives is likely to be required to tackle different obstacles and needs: there is no single solution.

In NI the policy emphasis to date – as illustrated by the Targeting Social Need agenda - has been on bringing jobs to locate in or near socially-deprived neighbourhoods. However, there are the indications that local experimentation and policies to encourage worker mobility could be beginning to move up the policy agenda as sources of footloose inward investment dry up and spatial mobility becomes more thinkable in socio-political terms. However, it is likely that some physical obstacles to mobility are more likely to be amenable to solution than mental/cultural barriers (at least in the short-term), and that cross-departmental and local partnership activity involving the education system, the careers service, community groups, training providers and transport operators will be required in order to expand successfully area perceptions of disadvantaged young people. The Employability Taskforce offers a forum to develop a strategy towards enhanced worker mobility.

Efforts to overcome physical barriers by either upgrading/extending public transport services, introducing Joblink demand-responsive buses linking residents of deprived areas to concentrations of jobs in outer parts of urban areas and beyond, fare reduction initiatives and/or supporting car ownership and access to other private means of transport through Wheels to Work schemes, have potential to be effective in NI. However, in the NI context it is salient to note that travel by car can insulate individuals from the worst effects of travelling through an area they fear, and so increasing access to cars is likely to be of particular importance in surmounting the 'chill factor'. Elements of Work Wise and travel training initiatives, along with personal development programmes, might be worthwhile piloting in NI to help overcome perceptual barriers and so widen mental maps. It is important to start at an early age: practitioners in GB emphasise the importance of working with children and young people, to promote their spatial knowledge and promote their confidence about travelling outside their immediate local area. Partnership working is likely to be a key to successful initiatives, since accessibility and mobility cross different policy domains.

For the most disadvantaged, personalised support targeted at addressing individual needs and involving incremental 'small steps' is likely to be necessary. While outreach services might be used by agencies in the first instance to facilitate 'engagement' with individuals in their immediate locality, it is important to 'broaden horizons' from such a base.

Overall, there is a requirement to place mobility closer to the heart of labour market strategy in NI.

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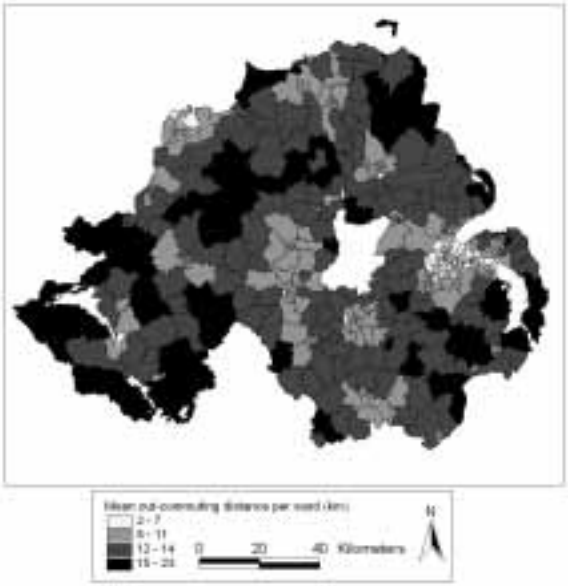
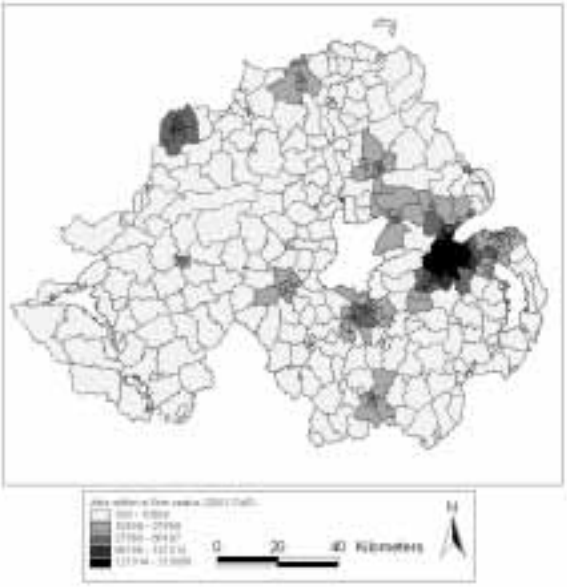
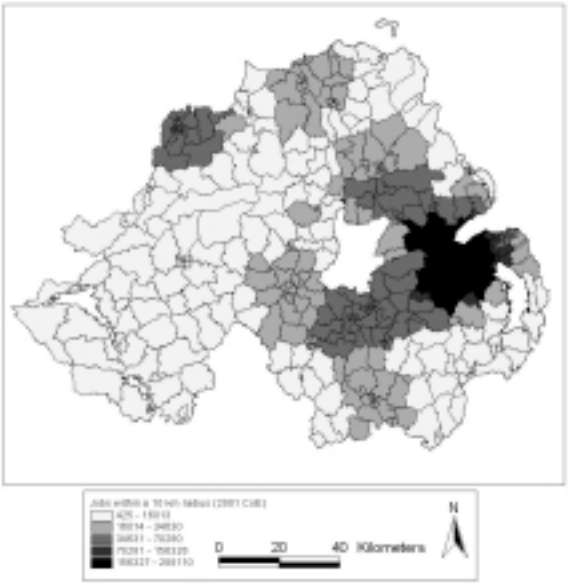
Map One



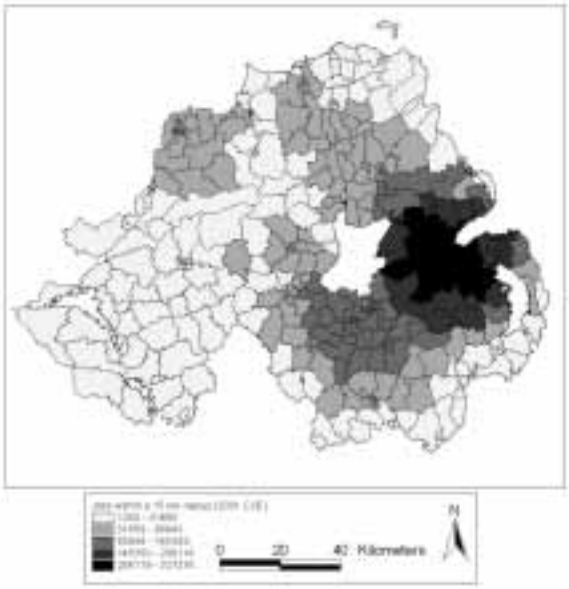
Map Two



Map Three



Map Four



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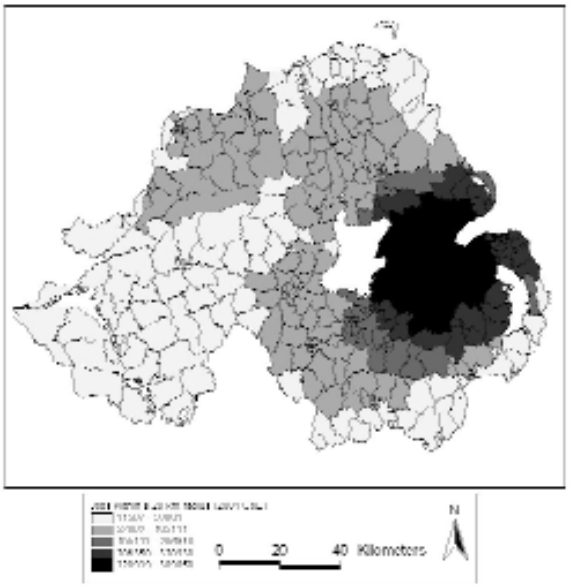
Map Five



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The Impact of the Gasworks Employment Matching Service (GEMS)

Darren McKinstry, Darren McKinstry Consulting

Launched on 15 January 2002, Belfast GEMS (Gasworks Employment Matching Service) is a pilot employability initiative aimed at creating greater access to jobs arising in the Gasworks site and Laganside area. The service aims to provides a network of support services including career mentoring, job brokerage and a job matching service targeted specifically at unemployed people from areas of social need in South and East Belfast.

This article summarises the development & achievements of the service, combining findings from an evaluation undertaken in 2003 with published information from the GEMS website and elsewhere.

Laganside Regeneration and the Creation of GEMS

Established by the Government in 1989, the Laganside Corporation had by 2004 secured £800million of investment monies into and around its designated area. The opening of the Lagan Weir in 1994 put in motion events which have led to the development of offices & restaurants on the banks of the Lagan, the revitalisation of the Cathedral Quarter area and the Gasworks and Odyssey sites, to name but a few. With regeneration came employment (the Corporation's 2004 Annual Report highlights an inflow of 12,000 new jobs) and with employment came an opportunity to assist local jobseekers into new employment.

The impetus for Belfast GEMS came during early 1998 when Belfast City Council (BCC) wished to promote a strategic response to tackle the high levels of unemployment and long-term unemployment within the communities comprising and adjacent to the Gasworks/ Laganside economic regeneration sites. BCC believed that people living close to these major developments would be highly unlikely to benefit from the development going on around them without targeted intervention measures. Accordingly they commissioned a PriceWaterhouseCoopers study, 'Belfast City Council Gasworks Employment Initiative' (July 1998) and subsequently established a Steering Group to drive the recommended initiative forward.

The Steering Group undertook a number of steps to drive the initiative forward including action planning and economic appraisals. Finally the South Belfast Partnership Board, with the support of East Belfast Partnership Board, agreed to take on the responsibility for the operation of Belfast GEMS Project. The Steering Group was restructured to become Belfast GEMS Advisory Group (see **Box 1**) bringing on a range of other key stakeholders from the public, community, voluntary and private sectors to support the strategic direction of the project.

BOX 1 GEMS Advisory Group Organisations

Belfast City Council;
South Belfast Partnership Board and East Belfast Partnership Board;
Laganside Corporation;
Belfast Regeneration Office;
Department for Employment & Learning (Employment Service and Research and Evaluation Branch);
Representatives from the local communities;
Business in the Community;
Belfast Local Strategy Partnership.

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The Belfast GEMS Labour Market Intermediary Service, which is largely public sector financed - 28% EU funding (ERDF); 69% other public sources - and 3% private sector funding, became operational in January 2002 with a mission to "provide a high quality, impartial, 1-1 information, advice and guidance service which enhances the employability and supports the career, education and personal development choices of long-term unemployed people".

It was envisaged that GEMS would achieve this mission by providing services such as career mentoring, job brokerage and job matching, targeted specifically at unemployed people from areas of social need in South and East Belfast. The service would be supported by the development of training linked to the specific sectors known to be locating on the Laganside and Gasworks Site, as well as the provision of job fairs and links between local schools and the businesses that locate on the site.

Policy Relevence & Remit

The GEMS Mission statement highlights employability as a core policy component. In this regard the service, now a DEL Labour Market Intermediary (LMI) for South Belfast (awarded 2004), is one of a number of employability initiatives which represent a means of bridging the gap between economic progress and individuals who experience disadvantage in the field of employment. At a regional level, policies such as New Targeting Social Need (NTSN) and Promoting Social Inclusion provide a further overarching policy backdrop against which activities are set.

The GEMS project rationale is founded in economic policy with regard to the concentration on job creation and up-skilling of individuals. However, the project also seeks to address barriers to employment, providing opportunities for better communication between prospective employers and the long-term unemployed and offering mentoring to individuals. The principal aims of the Belfast GEMS local employment initiative are:

- To provide an effective network of employment support services which meet the needs of local long-term unemployed people to return to work;
- To provide specially targeted information, guidance, training and personal development support; and
- To be proactive in designing, implementing and managing innovative outreach, which provide a bespoke response to the needs of target groups in the area.

Evaluating Progress & Success

In 2003 South Belfast Partnership Board established a Steering Group comprising members of the advisory board and myself (providing input as an independent consultant/ researcher) to commission an evaluation of the Belfast GEMS project.

The evaluation, undertaken by Williamson Consulting, sought to consider the extent to which the project had fulfilled the objectives set for it and to consider the wider economic and social benefit to the target area. The evaluation sought to obtain information from a range of sources including the project's staff, project records, clients, participating employers, statutory bodies and other stakeholders.

In general the evaluation found that Belfast GEMS had been 'very successful' and had achieved substantially more than may have been expected during its first 18 months of operation. The consultants however felt it important to note that the difficulty of targeting individuals from a specific geographical area was not adequately reflected in some of the objectives and targets, and adhering rigidly to these targets to assess the project could do it a considerable injustice. Consequently, the consultants believed that Belfast GEMS would "demonstrate its value, even if it proves inappropriate to

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measure the project strictly by its [original] objectives".

The evaluation found that GEMS had been particularly successful in the following areas:

- It has been very successful in attracting and retaining clients, who have been overwhelmingly positive about the support provided.
- The project is on target to achieve its 3 year employment outcomes (if we ignore the strict geographical target). To date 195 clients (38%) have got jobs. 57 of these people have been resident in core target wards. Of those who got jobs, 91 (47%) have obtained jobs with Laganside employers.
- Where the project has worked intensively with employers, this work has produced substantial employment outcomes and employers are very positive about this.
- The project has brought together a range of innovative approaches and has built on best practice from many sources, providing a holistic service which meets the needs of many in ways not offered by other local organisations.

To build on the 'effective, efficient and professional service', they highlighted some minor areas that could benefit from changes. These included:

- Work which employers might seek to reduce in breadth (number of employers) but increase in depth (interaction with specific employers).
- Further work could seek to build on the GEMS experience and inform how statutory programmes or services might be delivered.
- Spatial targets for recruitment of clients might be amended to reflect the unexpectedly wide spatial impact of the project over the first 18 months, particularly where the vast majority of participants are unemployed and have clearly benefited from involvement with GEMS. Additionally the project may wish to reinforce its focus on the longer term unemployed, whatever the spatial area.
- Belfast GEMS' core purpose of providing an 'Employment Matching Service' may benefit from a specific focus to produce greater dividends amongst the range of other programmes (e.g. business education) that the service is also promoting.

Finally, Belfast GEMS was compared with similar other projects and while a detailed comparison was not possible due to data limitations the comparison found that while "many of the elements of Belfast GEMS' provision are offered elsewhere, this project is perhaps one of the most comprehensive offered within NI".

In concluding, the evaluation made key recommendations with regard to remit and coverage as follows:

- Funding for Belfast GEMS should continue. The project clearly offers a service which is valued by those who are unemployed and has made a demonstrable impact.
- Belfast GEMS should focus its effort and resources more closely on its core activities, i.e. the Employment Matching Service.
- Work with employers should be clearly defined. Some might involve more concentrated work with a much smaller group of employers while more general promotional type work with a wider range of employers may seek to change attitudes and create job opportunities.
- Relationships with the voluntary and community sector should be further developed and this is key to successful recruitment of the most needy clients.

Summary

The Belfast GEMS approach, given its focus on employability, is centred on helping people to gain key skills to enable them to find and maintain employment rather than simply wishing to place them in short-term or low value jobs.

The Impact of the Gasworks Employment Matching Service (GEMS)

Darren McKinstry, Darren McKinstry Consulting

It is evident Belfast GEMS has successfully assisted individuals to secure a wide variety of jobs within the Gasworks and Laganside area ranging from clerical and administrative posts to customer service advisors and production managers.

Importantly however, while placing individuals into worthwhile employment may be the long-term goal the service also recognises that individuals are located at different positions along an 'employability spectrum' and that for many an interaction with GEMS forms only part of a journey toward meaningful employment. For those who are long-term unemployed; experience multiple barriers to employment and who require intensive support - the "employability" journey is both a longer and slower process. GEMS is responsive to this need and has developed a range of employability skills programmes which equip long-term unemployed people with both generic and eventually sector-specific skills.

In terms of wider benefits, GEMS initial success has helped reinforce the benefits of a more flexible, needs-based approach to the issue of employability and has informed the development of Labour Market Intermediaries (LMIs) in Belfast. In this regard it has been argued that GEMS has played a influential role in government policy which is now increasingly focused on methods and apporaches intent on engaging and benefitting those who are furthest away from integrating into the labour market.

In closing it is encouraging to note that recent figures (April 2004) indicate that 348 clients have been assisted to find work while 347 have commenced training activities. In total 804 clients have been registered in just over 2 years – a figure which exceeds GEMS' initial 3-year target of 700 clients.

An electronic version of the full 2003 GEMS evaluation is available from Belfast GEMS. Darren McKinstry can be contacted at **darren@darrenmckinstry.com**

SOURCES/REFERENCES

www.belfastgems.org
www.interact-network.org (newsletter #10)
www.williamsonconsulting.co.uk

Further Education Strategy Review – Underlying Evidence

Tertiary Education Analytical Services Branch, DEL

In the autumn of 2002 the Executive Minister for Employment and Learning instigated an extensive review of the further education sector in NI. This was in response to a report on 'Education and Training for Industry' published by the Assembly committee for Employment and Learning. The Review has been wide ranging in nature at looked at regional, national and international policies and procedures and contained a major public consultation exercise. This chapter is a brief overview of each section of the 'Underlying Evidence' summary paper produced to inform the Review.

Responses to the Public Consultation

This consultation aimed to ascertain the views of a wide range of key-stakeholders including college managers and staff. Some of the key themes to emerge are listed below:

- Further Education is an established career pathway and must not be devalued.
- The main focus should be on vocational education and training to support economic development.
- Further Education should provide an alternative route to continuing education through accessible lifelong learning opportunities, vocational and non-vocational courses and provision for those with a learning disability.
- The current education and training provision requires radical review, with fewer providers and a small number of Colleges of Technology.
- Recognised priority skills areas will need investment through the further education sector. This will apply to both technical and management disciplines.
- No single provider can hope to meet the high level of educational needs that exists among adults in NI. Purposeful collaboration between all relevant bodies is necessary.
- If a proper vocational pathway were developed for Schools and if basic skills of literacy and numeracy were tackled in School rather than left for post-school remedial training, then the further education sector would be in a better position to deliver the core needs of the local economy.

Performance Statistics

This exercise involved evaluating and validating performance statistics across the sector in the areas of student enrolments, retention, achievement and progression. Some of the main conclusions are detailed below:

- Overall enrolments in the NI further education sector have increased by 7% between 1998-99 and 2001-02. The dominant mode of attendance in 2001-02 was part-time study (86%).
- Retention rates for final year students remained stable between 1998-99 and 2001-02 (90%) with part-time provision (91%) showing higher retention rates than full-time enrolments (85%) in 2001-02.
- The average total achievement rate (for final year completers) in both 1998-99 and 2001-02 was 67%. However, the intervening years saw some fluctuation in achievement rates due to widening access

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initiatives. In 2001-02, there was a wide variation in achievement rates across college (ranged from 57% to 84%), mode of attendance (full-time higher), level of study (as level of study increased, so did achievement rates) and subject area.

- There were mixed progression routes for those who completed full-time further education courses in 2001-02, with 23% entering higher education, 25% taking up employment, 20% continuing in further education or training and 32% progressing to other/unknown destinations.

Extract from the chief inspector's report 1999/2002

This section details some of the key findings from a report by the Chief Inspector for Education & Training regarding the NI statutory further education sector for the period 1999/2002.

- Since 1999, the further education sector has responded positively and effectively to a wide range of opportunities and challenges, e.g. initiatives such as lifelong learning, Essential Skills, Curriculum 2000, information communication and learning technology, software engineering and the emergence of centres of excellence been positive developments. Main strengths of the sector include its quality of teaching, the improvement in quality assurance procedures and increased economic relevance in the sector's functioning.

- Area's requiring attention are: special educational needs, and essential skills for adults; inconsistencies in aspects of teaching and learning within and across institutions, particularly the matching of teaching and learning more closely with the needs of the learners; and the need for senior management teams to develop more effective monitoring and evaluation arrangements based, for instance on a better use of quantitative data.

- The further development of information communication technology in supporting teaching and learning is another challenge identified for the further education sector.

Student Satisfaction Survey

In a survey of students at fourteen colleges, carried out in 2003, some of the main issues identified were as follows:

- Positive – the majority of students found the college environment informal, welcoming and friendly. Course content is generally well planned, organised and delivered. Students with disabilities found that the colleges worked hard to cater for their individual needs. IT facilities were generally well resourced. Specialist Equipment/Facilities were also perceived as positive across the sector.

- Negative – transferability of courses/qualifications could be improved. More advice could be provided at induction regarding matters such as funding/bursaries/ benefits etc. Further education could be more accessible including the financial context. Relations between further education with Schools and Universities could be improved. Some of the negative stereotypes regarding further education can be detrimental.

Qualifications of 16-19 year olds on entry into full-time further education

This research evaluated the educational profile of the 16-19 cohort entering full-time further education. Major trends to emerge included:

- 40% of the cohort in question did not have any GCSE's at grades A*-C.

- Only 49% of the 16-19 group had a Mathematics GCSE at grade C or above, with only 57% having an equivalent grade in English Language

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- 66% of these 16-19 year-olds had a GCSE Science qualification upon entry to full-time further education.

Staff numbers and profile in further education in NI

This study aimed to investigate key characteristics regarding further education staff. Summary points are as follows:

- Nearly 7,000 staff are employed in the NI further education sector. More than two-thirds of this total are teaching staff with only 5% constituting management staff.
- The majority of teaching staff (three-fifths) are part-time with a similar proportion being female.
- Almost all management staff had some sort of formal qualifications with 89% of all teaching staff reporting a similar achievement.
- Around half of the management staff and 60% of teaching staff were found to have relevant business or industrial experience.
- Approximately 90% of management/teaching staff have undertaken continuing professional development within the past 5 years.

The Economic Role of the Further Education Sector in NI

This exercise examined the economic relevance of further education, in particular supply and demand factors. Some of the key conclusions were as follows:

- Revisionism is an important aspect of education i.e. the focus of policy ought to be on improving the quality of education rather than increasing the quantity.
- There is strong evidence that NI businesses have a strong demand for a wide range of generic skills (e.g. literacy, numeracy) in light of the increased need for flexibility and adaptability in the workplace.
- Evidence suggests a rather mixed profile of skills demand across NI's key priority sectors.
- The evidence clearly shows that education pays, i.e. that higher levels of education lead to better subsequent earnings in the labour market, with traditional academic qualifications registering higher income than occupationally orientated qualifications.
- Colleges are generally adopting a more extensive and more strategic focus on economic development now than they did prior to incorporation.
- Key stakeholders identified one of the key strengths of the further education sector lies in the strong local networks it has with schools, businesses and other public sector agencies.

Evaluation of Further Education funding

This analysis of the current further education funding formula produced a number of findings which included:

- Further education colleges have developed in line with the sector's strategic objectives; colleges have generally been quite successful at responding to the strategic imperatives articulated by DEL.
- The views of the colleges in relation to the impact of the funding formula are mixed. It was found to have a positive impact on widening access and increasing participation to further education, but wasn't thought of as helping to promote an efficient and effective sector.

Colleges reported that most earmarked funds had been effective in achieving their objectives, but could be more efficient, because the inputs required to generate the outputs are too high.

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Study Visit Reports: The Community College System in America/ Further Education in the RoI

Both the 'Further Education Means Business' report and the accompanying 'Underlying Evidence' paper can be viewed at www.delni.gov.uk

- The Community Colleges in America are centres of educational opportunity. The aim is to put publicly funded higher education at close to home facilities. There are 1,166 Community Colleges in America serving more than 10 million students. A variety of educational programmes are offered including certificates, associate degrees and individual courses that students can transfer to four-year colleges or use for professional or personal enrichment. The focus of the Community College in preparing people for work distinguishes them from the university system.

- The Further Education system in the RoI is quite complex. A key feature in the current system of Institutes of Technology and Post Leaving Certificate (PLC) of provision is the central role of the Department of Education and Science (DES). Legislation provides the Minister with substantial powers. The Department is responsible for funding, planning, the approval of programmes and courses, the approval of staffing levels, and the provision of special programmes.

A Review of Recent Research in the Field of Further and Higher Education

Glenn Turpie, Tertiary Education Analytical Services Branch, DEL

A wide range of organisations undertake research that has relevance to the Department for Employment and Learning (DEL). The Department monitors this work on an ongoing basis to ensure that relevant outcomes are built into the policy development cycle and so that, when commissioning its own research, the Department avoids any unnecessary duplication of work carried out elsewhere. This article provides a brief overview of some of the main sponsoring bodies and research organisations in the UK in the areas of Further Education (FE) and Higher Education (HE). It reviews a small selection of their research published in the last year. All the research referred to is available on the web and the appropriate websites are listed at the end of the article. It should be noted that the research set out below is largely focused at the national level or on other regions of the UK and the findings may not be directly relevant for NI.

The ***Department for Education and Skills*** (DfES) in England sponsors a significant volume of research in the areas of further and higher education. Over the past year the DfES has published a number of research articles in these areas. For example:

- ***"FE college's views on FE employer links" by Andrew McCoshan & Manuel Souto Otero.***

  This report sought to explore the links between FE colleges and employers and subsequently identify the barriers against and incentives for establishing these links. Within the report, current ideas on how to meet employer training suggested a need for greater inter-departmental co-operation and collaboration within college departments. The report also found that business units are a common feature within colleges now, although they do vary considerably in structure and form and survey interviewees had strong doubts as to their overall effectiveness. Most of the college principals interviewed felt that the business links they provided had a positive impact for both parties. The feeling was that in general, employers were satisfied also. However college principals also considered that there could be room for colleges to become more responsive to employers. It was highlighted though, that the achievement of this is restricted by a number of barriers, such as, funding arrangements and lack of flexibility due to timetabling constraints.

- ***"Study of Learners in Further Education" by IFF Research Ltd.***

  This report is based on interviews of learners within FE in England and Wales. The interviews were structured in order to give the students' views on FE learning. Therefore the information gathered is more comprehensive than other similar research projects that were previously carried out. Some of the more significant findings include student interviews on their financial situation. It was found that 20% of full-time and 47% of part-time learners felt they were financially comfortable. This shows that part-time students seem to have fewer financial difficulties which can be illustrated by the findings on average monthly income. This was determined as £520 per month for full-time students and £952 per month for part-time students. Of this amount the study found that on average parental support accounts for some 35% of a student's income, with the rest coming from paid employment, loans, grants etc and financial support from other persons.

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- ***"Review of the Academic Evidence on the Relationship between Teaching and Research in Higher Education" by Mohammad Qamar uz Zaman.***

  This recent research briefing reviews empirical academic evidence on the link between teaching and research in HE. As well as this, the report goes on to suggest future research directions in this area.
  The report concluded that research activity leads to an improvement in teaching quality and also contributes to updating the curriculum, positively affecting the more specialised courses.

The summaries listed above are only a small part of the research carried out on behalf of DfES. Full listings are available on their website, the address of which can be found in the addresses annex of this article.

Higher Education Funding Council for England (HEFCE) is responsible for distributing public money for teaching and research to universities and colleges in England. As part of this, HEFCE carries out its own research or commissions others to conduct the research work on their behalf in order to enhance their knowledge base. In the past year HEFCE has carried out a large number of research projects which includes:

- ***The "Higher Education Business Interaction Survey" 2001-2002.***

  This report presents and analyses the results of the 2003 Higher education-business interaction (HE-BI) survey of all UK higher education institutions (HEIs) covering the academic year 2001-02. Results are compared with previous HE-BI surveys in order to illustrate changes in the levels of interaction between HE and Business over the years.
  Some of the main findings of the latest report are as follows:
  - *continuing improvement in HE-Business Interactions by almost every indicator. Examples include increased income from collaborative research, increased turnover of HEI spin-off firms and a rise in the number of undergraduate placement students in the business environment.*
  - *working with public sector bodies has become a key priority.*
  - *increased development of consultancy activity, with an increase of 18% in income generated.*

Universities UK is an organisation of 121 current UK based Universities and it represents the executive heads of those institutions. Below is a selection of some of Universities UK's work in the past year:

- ***"Funding Research Diversity" by Evidence Ltd***

  The impact of further concentration on university research performance and regional research capacity is analysed in great detail in this sizeable report. Overall analysis is given along with subsequent conclusions and recommendations. The report points out that further concentration of research funding could carry the risk of reduced capacity for some regions.

- ***"What's it worth?" by Nigel Brown.***

  This research report examines the case for variable graduate contributions to fees. It examines the possible effects on demand for university places, the impact on the policy of encouraging applications from students who come from poorer backgrounds etc. Other possible methods of funding universities are also examined.

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The ***Centre for the Economics of Education*** (CEE) is a DfES sponsored research body established to provide an evidence base in relation to key policy questions. Among the research published by the CEE in the past year is:

- ***"Does it pay to attend a prestigious university?" by Arnaud Chevalier & Gavin Conlon***

  This publication examines whether attending a so-called "prestigious" university results in better labour market outcomes. The study looks especially at financial returns that graduates get from attending different universities over a time span of some 15 years.
  One of the conclusions reached is that the positive impact on graduate earnings of attending a prestigious university is similar regardless of the graduates parental background or previous academic achievements. It also highlights the dangers of price competition between universities by drawing on a study of United States colleges.

- ***"Employer learning and schooling related statistical discrimination in Britain" by Fernando Galindo-Rueda.***

  This paper looks at whether having a degree affects an employer's attitude towards the worker. The research also included an assessment of non-graduates. The report found that a degree is not necessarily the best indicator of an individual's skill. Moreover, the longer an individual has been with a firm, the less important their previous educational record becomes in determining their level of earnings. Individuals with higher ability experience faster wage growth as they gather experience.

The ***Higher Education Policy Institute*** (HEPI)'s aim is to "ensure as far as possible that higher education policy development in the UK is informed by research and by knowledge of the experience of others." Over the past year it published a number of papers including.

- ***"Demand for graduates: A review of the economic evidence" by Libby Aston and Bahram Bekradnia***

  This paper explores the economic implications of expanding HE and is based on recent research evidence on the topic, outlining strong reasons to expand HE in the UK. Reasons given include grounds of social equity, social benefits from having a well-educated population and increasing demand from young people.

- ***"Widening Participation and Fair Access: An Overview of the Evidence" by Bahram Bekradnia***

  This research paper analyses different ways of achieving wider participation and fairer access through a number of different schemes and objectives. The paper suggests that more effort should be put into lifelong learning or attempting to encourage mature student participation. The paper notes that in order to get an acceptable method of fair access, colleges and universities should ensure they admit those who are likely to do best academically and not based on other factors such as parental income, reputation etc.

- ***"Projecting the demand for UK Higher Education from the Accession Countries" by Libby Aston***

  As the title suggests this report looks at the economic effects of the rise in student numbers from the new EU member states and their entitlement to full student support under the new English HE Bill legislation. The report contains some of the following projections.

1. *The demand for HE in Accession Countries is projected to increase. However, inadequate infrastructure in their homeland means a proportion of students will go*

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abroad. Projected figures of anything between 20,000 and 30,000 students are expected by 2010.

2. Believed that at least 25% of foreign graduates will remain in the UK. The paper looks at social benefits and potential for higher tax revenues from these graduates for the UK Exchequer.

The ***Learning and Skills Development Agency*** (LSDA) provides assistance and guidance in relation to the development of post-16 education and training. It was previously known as the Further Education Development Agency (FEDA). A selection of LSDA reports are summarised in the following paragraphs:

- ***"Prospects for Growth in Further Education" by Learning and Skills Research Centre***

  The overall aim of the prospects for growth project is to gain a clearer picture of the extent of growth or contraction in learner numbers and volume of activity in the learning and skills sector in the medium-to-longer term. LSDA, which is managing the project, intends that this will help the Learning Skills Council (LSC) and DfES with planning for the post-16 learning and skills sector. The report highlights the need for more detailed analysis and improving the quality of input data. This would enable more accurate predictions and forecasting. Phase 2 of the Prospects for Growth project will be taken forward during 2004.

- ***"Beyond Rhetoric: Adult Learning Policies and Practices, OECD Review of adult learning" by LSDA***

  This paper contains analysis of the key themes found in the Organisation for Economic Co-Operation and Development (OECD) review of adult learning practices. It focuses on nine countries Canada, Denmark, Finland, Norway, Portugal, Spain, Sweden, Switzerland and the UK, looking at how services are provided and delivered in these countries. The OECD review reinforces the importance of addressing workforce development and attractiveness of employment, establishing ICT as a third basic skill and making trainers more responsive to employers and learners needs by improving co-operation.

  Among some of the findings the study found age mixing in FE College classes to be fairly common, although students do tend to segregate for social purposes. A large majority of current students, lecturers, etc believe that age mixing has positive effects on motivation to work and educational achievement. In the student survey it was found that 45% were strongly in favour of age mixing classes while only 10% were strongly against, whilst teachers almost unanimously agreed that age mixing made groups easier to teach.

- ***"Getting them in: An investigation of the factors affecting progression to HE of 16-19 year olds in full time education" by LSDA***

  This research project, conducted between January and September 2003, investigates factors that affect choices made by 16 - 19 year olds in full-time education and their approach to higher education. There are a number of questions such as whether they chose to seek a university place or not, through to what factors cause some to change their minds and not progress even though they have achieved results that meet the specified entry requirements. The report found that 88% of year 12 and 92% of year 13 students have a desire to progress into HE. Of those that don't 44% said that they have had enough of study whilst 37% are deeply concerned about the financial constraints of studying further.

The papers that have been listed and summarised above illustrate the wide spectrum of research that is conducted into Tertiary Education. However, they only scrape the surface of what is available and increasingly available on the web. Listed

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below is a selection of highly regarded and popular research websites including all those that have been mentioned in this review. Many have direct links to the research or publications section of the site to ensure easy navigation.

Websites – HE and FE Related Research

Department for Education and Skills
www.dfes.gov.uk/research/programmeofresearch/index.cfm?type=0

Department for Employment and Learning
www.delni.gov.uk

Centre for the Economics of Education
http://cee.lse.ac.uk/publications.htm

Higher Education Funding Council for England
www.hefce.ac.uk/pubs/

Universities UK
http://bookshop.universitiesuk.ac.uk/

Centre for Research on the Wider Benefits of Learning
http://cls.ioe.ac.uk/Wbl/Docs/content.htm

Higher Education Policy Institute
www.hepi.ac.uk/articles

National Research and Development Centre for Adult Literacy and Numeracy
www.nrdc.org.uk

Organisation for Economic Co-operation and Development
www.oecd.org

Learning and Skills Development Agency
www.lsda.org.uk/home.asp

Learning and Skills Research Centre
www.lsrc.ac.uk/publications/index.asp

NI Economic Council (NIEC)
http://www.niec.org.uk/

NI Economic Research Centre (NIERC)
www.qub.ac.uk/nierc/Publish/working.htm

The NI Economic Council (NIEC) and the NI Economic Research Centre (NIERC) have recently merged forming the Economic Research Institute of NI (ERINI). At the time of going to print ERINI did not have a separate website.

Do the Qualified Earn More in Scotland or NI?

John Houston and Anne Gasteen, Division of Economics, Glasgow Caledonian University, Glasgow & Scottish Economic Policy Network

The Social Inclusion and Lifelong Learning agenda drive education policy in both NI and Scotland. For individuals, the central policy message is that, if they wish to be employed, they must *get qualified* and *stay qualified* by upgrading and updating their qualifications and skills over the course of their working lives. Participation in lifelong learning and the acquisition of appropriate qualifications and skills are seen as bringing economic and social benefits to both NI and Scotland. For both individuals and policymakers to make efficient investment and allocation decisions in respect of participation in and the provision of education, the benefits of acquiring formal qualifications in terms of the likelihood of employment and wage premia must be more thoroughly researched and articulated.

NI was included in the British Household Panel Survey (BHPS) for the first time in 2001, to form the nascent NI Household Panel Survey (NIHPS). An enlarged Scottish sample has been collected annually since Devolution in 1999. This article uses the data to investigate the earnings returns to different levels of formal qualifications that individuals can expect in both NI and Scotland.

The Economic and Policy Environment

Throughout the 1990s, NI was the fastest growing region of the UK –only the South East of England recording a greater percentage change in income earned between 1990 and 2001 (DELNI, 2003).[1] Growth has since slowed with the recent global economic downturn (2000-2002) but the region has just reported a record low with respect to its unemployment rate that, at just over 5%, is equivalent to the UK average. Further success is evident in NI's zero net migration over the last decade and its rising employment rate: although at 69.7% this still lags the UK average of 74.7%. Additionally, NI still suffers from the worst long-term unemployment rate in the UK - 43% of total unemployment (compared with a UK average of 23%), and 17% of workers have no formal qualifications. By way of contrast, long-term unemployment in Scotland is far less (although still substantial) at 26% of total unemployment, while 15% of the workforce has no formal qualifications (Futureskills Scotland, 2003).[2] Scottish economic growth stagnated during the global downturn but employment and unemployment rates remained stable, mirroring the UK at around 74% and 5.5% respectively, with increased service sector employment compensating for manufacturing job losses. Both economies are forecast to grow over the short-term given a US-led, global economic recovery: NI by 2.4% GVA growth over the coming year and Scotland by 1.9%.[3]

With a significant proportion of the working population unable to attach themselves to the labour market; the need to develop NI and Scotland as 'Learning Societies' and increase the percentage of the workforce with Vocational Qualifications at Levels Two and Three has been emphasised (DELNI, 2003, op.cit, Scottish Office 1998).[4] Neither region, however, can be said to have established a lifelong learning culture to date. Despite the fact that levels of educational attainment at school and university in NI are higher than the UK on average, adult learning is lower than average (Field, 2004). Recent work for Scotland, demonstrated that some 85% of Scots do not upgrade their qualifications once they have left full-time education (Houston et al., 2002).

Lifelong Learning policies stress the need to expand and improve training and education infrastructure in general but

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[1] The Gross Value Added (GVA) measures of income earned by region were 83% in the South East and 78% in NI over this period.
[2] These LFS-based figures differ from those we find using the BHPS (**Table 1**) as a result of the exclusion of those aged 60 or over from the latter.
[3] Scottish Executive, 2003a
[4] Since the mid 1980s, 20% of Scottish (and UK) households of working age have been without work at any one time.

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more particularly in FE. The policy agenda sees participation in lifelong learning and the acquisition of appropriate skills as bringing both economic and social benefits to NI and Scotland. The implication is that individuals must also derive benefits. These, however, are not so clearly articulated and, where they are, tend to be discussed in terms of employability rather than the probability of actually getting a job or enhancing of earnings. Fulfilling the policy agenda depends upon the potential employment and wage rewards that formally qualified individuals are seen to receive.

Little related work in this field exists for NI where research has tended to focus upon differences in employment opportunities for Roman Catholics and Protestants (see, for example, Barooah, 1999 and Gudgin and Breen, 1996). Armstrong and McVicar (1998) examined the 'value added' by vocational education and training in NI (distinguishing between FE colleges and government training schemes) in terms of participants actually obtaining additional qualifications but no attempt was made to evaluate the actual employment and earnings benefits of such for individuals.[5] The nature of graduate over-education in NI was investigated by McGuiness (2002). Lower wages were found to persist amongst 'over-educated workers' (i.e. graduates who were not in 'graduate' jobs) despite controlling for skills mismatch. It was concluded that the most obvious explanation for such persistence was the existence of 'sheepskin effects' from the attainment of jobs that explicitly required degrees.

Research on the returns to qualifications in Scotland (Gasteen et al, 2003a and 2003b, Houston et al, 2002, op.cit.) using the LFS found that university graduates and those with HNDs were equally likely to be employed although the kind of work they do differs. In the Rest of the UK (RUK), graduates were more likely to be in work. A considerable wage premium was associated with university degrees compared with all other qualifications in both Scotland and the UK. Scottish FE qualifications, however, were seen to compensate for a lack of school qualifications, enabling holders to earn a wage rate equivalent to that for an individual with Highers. This was not the case in RUK where 'A' Levels were shown to attract higher wages than FE qualifications. Those individuals that lacked formal school qualifications en-route to obtaining either university degrees or HNC/Ds were generally found to earn lower wages than those who had such qualifications.

The LFS, however, does not contain any intrinsic 'ability' variables and the key issue in the methodological debate concerns how a range of unobserved variables may influence educational choices. If these unobserved factors correlate with the education decision, then the estimate of returns to education would be significantly biased. The unobserved factors that are typically regarded as possible sources of bias are ability, family background and measurement error (unreported qualifications). Panel data sets offer the possibility of controlling for the unobserved characteristics of individuals (e.g. intrinsic ability or motivation) and should therefore be regarded as superior. Accordingly, BHPS data are used here to examine the returns to qualifications in NI and Scotland. Given the significant structural differences between the two regions in terms of the relative size of the public sector, it was decided to estimate separate models for the Private and Public sectors.[6] Pooled-cross-section estimates of qualifications' premia in the private and public sectors are estimated and compared for both regions. A panel model for the private and public sectors in Scotland is then estimated and compared to the Scottish pooled-cross-section estimates. At the time of writing, only one year's data for NI was in the Public Domain; thus it is not possible to estimate true Panel-based returns for the region.

The Data and Descriptive Analysis

Individuals of working age (defined here as 16 to 59) are included with data on their hourly pay, age, gender, religion, work experience and, of course, qualifications extracted.[7] This

[5] No significant difference in completion rates was found.

[6] The public sector accounts for just over 20% of employment in Scotland (Scottish Executive, 2003b) but just under 32% (31.7%) in NI (Department for Enterprise, Trade & Investment NI (DETI), 2004)

[7] As Wave 11 was a 'set up' wave for NI, many of the standard 'annual' questions, such as peoples' occupations for example, could not be asked; thus, it is not yet possible to include such controlling variables in the wage-rate model estimated in this paper.

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Table 1: Analysis of Highest Qualification Held (2001)

	NI		Scotland	
	Public	**Private**	**Public**	**Private**
University Degree	28.3%	10.5%	30.5%	9.7%
of which: Postgraduate	35.2%	28.1%	23.8%	19.6%
Undergraduate	64.8%	71.9%	76.2%	80.4%
Further Education	27.5%	20.3%	37.4%	26.6%
of which: Higher Level	88.3%	72.1%	96.9%	89.7%
Lower Level	11.7%	27.9%	3.1%	10.3%
Higher School	13.8%	14.3%	13.7%	22.6%
Lower School	17.5%	36.6%	9.9%	26.2%
No qualifications	12.9%	18.4%	8.4%	15.0%

Source: BHPS 2001

yields useable samples of approximately 1,400 individuals for NI and 3,000 (6,400 observations) for Scotland.[8]

With respect to qualifications, each individual is described by a set of exclusive dummy variables recording the *highest* level they held at the time they were surveyed. Six explicit levels of qualification are assumed for this analysis, viz.

1. Lower School (O Levels, Standard Grades)
2. Higher School (A Levels, Highers)
3. Lower FE Qualifications (SNC, ONC, S/G/NVQ and equivalents)
4. Higher FE ('Degree Level') Qualifications ((S)HNC/D)
5. University/Polytechnic (CNAA) Undergraduate Degrees
6. University/Polytechnic (CNAA) Postgraduate Degrees

Qualifications' analysis

It is worthwhile investigating some elementary descriptive analysis, prior to examining the econometric model, as this can help contextualize the results obtained.[9] **Table 1** summarises the respective samples by highest qualification held in 2001.

When comparing the sectors the following are noticeable:

(i) The public sector employs a much greater proportion of graduates than the private sector in both NI and Scotland (by a factor of three or more): in NI, a greater proportion of these graduates have a postgraduate qualification.

(ii) The public sector too, employs a higher proportion of higher-FE qualified than the private sector: Scottish employers are also more likely to employ people qualified to this level.

(iii) Private sector employers in Scotland appear to have a marked preference for higher school-qualified people, in relation to the other sectors in Scotland and NI. Both private sectors also employ a much greater percentage of lower school-qualified people, then their respective public sectors.

It appears, therefore, that there are significant differences in the qualifications' profile of workforce, particularly between the public and private sectors, though inter-regional differences are also apparent.

[8] Note that due to incomplete responses, the sample sizes used in the econometric models tends to be less than these.

[9] Note that the descriptive in this section are *unweighted*.

Do the Qualified Earn More in Scotland or NI?

John Houston and Anne Gasteen, Division of Economics, Glasgow Caledonian University, Glasgow & Scottish Economic Policy Network

Table 2: Summary of Hourly Pay rates (£ per hour) NI & Scotland (2001)

	NI		Scotland	
	Public	Private	Public	Private
All	9.47 (5.26)	6.81 (4.36)	9.53 (4.88)	7.53 (5.26)
Postgraduate Degree	13.72 (5.33)	13.49 (6.70)	15.62 (6.76)	15.33 (8.05)
Undergraduate Degree	12.55 (5.83)	10.42 (5.71)	11.90 (4.80)	14.10 (9.20)
Higher FE	10.63 (4.46)	8.44 (4.50)	9.63 (4.43)	8.49 (5.10)
Lower FE	6.20 (2.26)	6.82 (4.66)	7.30 (1.15)	7.70 (2.49)
Higher School	8.39 (4.81)	6.63 (4.29)	7.47 (3.33)	6.93 (4.40)
Lower School	7.00 (3.55)	5.73 (3.17)	6.42 (1.71)	5.73 (2.65)
No formal qualifications	5.27 (2.48)	5.23 (2.32)	5.44 (1.11)	5.38 (1.87)

Source: BHPS 2001

Pay Rates

Table 2 summarises the distribution of 2001's hourly pay rates in NI's and Scotland's public and private sectors, also analysed by highest qualification held (standard errors in brackets).

The mean pay rates reflect the kind of ranking that might be expected, i.e. Graduates ➔ Diplomats ➔ Higher FE ➔ Higher School, then Lower FE *and* School ranking just above the (formally) unqualified. That said, the relatively large standard errors render many of these apparent differences (for example, the gap between mean rates of pay for undergraduate degree holders in both public and private sectors, or the rates paid to those with school leaving qualifications as their highest award in the Northern Irish public and private sectors), statistically *insignificant*. Of course, each qualification's group is otherwise highly heterogeneous, not least in respect to their age (ranging from 16 to 60), which must impact on the rates of pay accruing to members of each group. Other factors such as gender and, perhaps, religious affiliation may also increase the variability witnessed in **Table 2**.

Estimating the wage rate premia for qualifications

It is conventional to model the hourly wage *rate (w)* as a function of variables that describe the individual earning that wage.[10] Such models normally include variables such as gender, age, work experience, industry, occupation, and of particular interest here, qualifications.[11] The econometric models used to estimate wage rate returns are all variants of the general 'Mincer' model, viz.

$$ln(w_i) = a + \beta X_i + pQ_t + \epsilon_{it}$$

i.e. the (log of) an individual wage rate is a function of observed personal factors, typically age, occupation and work experience (X_{it}) and qualifications held (Q_{it}).[12]

[10] The *rate* rather than the *total* wage is appropriate, as the latter involves the *hours worked* which is a result of a complex decision process that would require to be modelled separately.

[11] Because of the ongoing interest in *religious* discrimination in NI, a *Roman Catholic* dummy variable was included in the specifications (including the Scottish models, to allow comparability between the two regions).

[12] Because of the possibility of significant sample selection bias arising from the non-random decision to work (or not), the wage regression is preceded by a probit regression of working (or not), against a set of observed personal factors that are generally found in other studies to be significant (e.g. age, gender, caring responsibilities, qualifications)

Do the Qualified Earn More in Scotland or NI?

John Houston and Anne Gasteen, Division of Economics, Glasgow Caledonian University, Glasgow & Scottish Economic Policy Network

Table 3: Private Sector Wage Rate Regressions Results NI and Scotland [14]

	NI	Scotland
Postgraduate	0.9364 **	0.9727 **
Undergraduate	0.7274 **	0.8686 **
Higher FE	0.5000 **	0.4729 **
Lower FE	0.2270 **	0.2395 **
Higher School	0.3983 **	0.3668 **
Lower School	0.2348 **	0.1846 **
Male	0.2412 **	0.2165 **
Age	0.0661 **	0.0605 **
Age^2	-0.0007 **	-0.0006 **
Tenure (years)	0.0184 **	0.0037
$Tenure^2$	-0.0005 *	0.0000
Roman Catholic	-0.0700	0.0163
N	779	2088
Wald (p)	479.31 **	1432.37 **
Log-likelihood	-1768.065	-3821.671

Results for the Private Sector

Table 3 reports *(inter alia)* the estimated returns to qualifications in the private sectors in NI and Scotland.[13]

All workers in the Private Sector benefit from significant premia to *all* qualifications, insofar as all the premia are significantly greater than zero (i.e. the 'unqualified' benchmark). The conventional 'pecking order' of returns are found in both regions (viz., PG ➔ UG Degrees ➔ Degree-level FE ➔ School-leaving qualifications). Non-degree Level FE and Lower School qualifications are similar and less than School-leaving qualifications. This corresponds to the order established in **Table 2**, the difference being here, that it is possible to demonstrate that there are, for example significant inter-level differences in premia between, for example post- and undergraduate degree holders.

Observed differences in qualifications premia between NI and Scotland are all statistically significant, i.e.

(i) Graduates working in the Scottish private sector receive a greater premia than those in Nix's
(ii) Higher-FE holders have a greater premia in Nix's private sector, whilst the opposite is true for lower FE qualifications

Turning attention to the non-qualifications' variables in the model, there is evidence of a significant gender premia in favour of men, which itself is significantly greater in Scotland than it is in NI. There is also evidence that private sector employers in NI reward length of tenure (peaking at around 18 years of service), whilst their Scottish counterparts do not. Finally, there is no evidence of any religion premia (negative or positive) in either private sector.

[13] In all cases, the specific premia accruing to qualifications are all benchmarked against the individual who has no formal qualifications at all.
[14] ** significant at the 1% level : * - significant at the 5% level. Neither the constant or year effects are reported.

Do the Qualified Earn More in Scotland or NI?

John Houston and Anne Gasteen, Division of Economics, Glasgow Caledonian University, Glasgow & Scottish Economic Policy Network

Table 4: Public Sector Wage Rate Regressions Results NI and Scotland [14]

	NI	Scotland
Postgraduate	0.9991 **	1.0660 **
Undergraduate	0.9888 **	0.8497 **
Higher FE	0.7580 **	0.5632 **
Lower FE	0.1921	0.3344 **
Higher School	0.5141 **	0.3671 **
Lower School	0.3480 **	0.2102 **
Male	0.2297 **	0.0799 **
Age	0.0550 **	0.0587 **
Age^2	-0.0005 **	-0.0006 **
Tenure (years)	0.0236 **	0.0070
$Tenure^2$	-0.0007	0.0001
Roman Catholic	0.1398 **	0.0125
N	593	1524
Wald (p)	326.28 **	894.58 **
Log-likelihood	-1683.055	-3175.359

Results for the Public Sector

Table 4 reports (*inter alia*) the estimated returns to qualifications in the public sectors in NI and Scotland.

In relation to qualifications' premia, a similar pecking order to the Private Sector, with the following differences observed:

(i) Postgraduate degree holders in Nix's public sector receive almost no additional premia compared with Undergraduate degree holders. In Scotland the gap between them is greater than that observed in the private sector

(ii) Public Sector employers in NI give no premia to holders of lower FE qualifications (compare with the unqualified), unlike their counterparts in the Private Sector, or any employer in Scotland.

Comparing the premia between the two regions, the following are noticeable:

(i) Public sector employers in NI give their (under)graduate degree holders a significantly higher premia than their Scottish counterparts (the opposite is true in the private sector as we have seen): Postgraduates in NI still fair relatively poorly compared to the Scottish equivalents

(ii) Higher FE qualifications in the Nix's public sector are even better rewarded than their Scottish public Sector, than in the private sector - the opposite is true for lower level FE

(iii) The premia gaps for school-leaving *and* lower school qualifications are even more marked (in favour of NI) in the public sector than the private.

Still with respect to qualifications, comparing each region's public and private sectors, it is the case that the premia attached to each level of qualification are *significantly* different. In NI, the public sector has a higher premia for all bar lower FE qualifications; in Scotland only postgraduate degree holders, all FE holders and lower-school holders get more; undergraduate degree holders in the public sector get less, and there is no sector difference for those whose highest qualification is at the School leaving level.

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Table 5: Wage Rate Regressions Results (Scotland) Cross-section and Random-effects Panel [14]

	Panel		Cross Section	
	Private	Public	Private	Public
Postgraduate	0.8970 **	0.9819 **	0.9727 **	1.0660 **
Undergraduate	0.7735 **	0.8314 **	0.8686 **	0.8497 **
Higher FE	0.3956 **	0.5146 **	0.4729 **	0.5632 **
Lower FE	0.2081 **	0.2795 **	0.2395 **	0.3344 **
Higher School	0.3577 **	0.3604 **	0.3668 **	0.3671 **
Lower School	0.1687 **	0.2441 **	0.1846 **	0.2102 **
Male	0.2115 **	0.1150 **	0.2165 **	0.0799 **
Age	0.0690 **	0.0605 **	0.0605 **	0.0587 **
Age^2	-0.0008 **	-0.0006 **	-0.0006 **	-0.0006 **
Tenure (years)	-0.0005	0.0064	0.0037	0.0070
$Tenure^2$	0.0001	0.0001	0.0000	0.0001
Roman Catholic	0.0068	0.0145	0.0163	0.0125
N	2088	1524	2088	1524
Wald (p)	949.72 **	567.61 **	1432.37 **	894.58 **
Log-likelihood	-	-	-3821.67	-3175.36
R^2	41.00%	37.82%	-	-

There is again evidence that public sector employers in NI reward tenure to some extent, whilst their Scottish counterparts do not. That said, it appears that the premia increases *ad infinitum* and does not turn down as it does in the private sector. There is also evidence of a significant and positive premia given to Roman Catholics working in the public sector in NI, unlike its private sector and both sectors in Scotland.

Results from the Panel Model

The final investigation in this article is to ascertain whether, or not, using a panel, as opposed to a cross-sectional estimator alters significantly (i.e. corrects for endogeneity bias), the returns to qualifications. **Table 5** summarises the results for the combined three-wave panel (1999-2001) for Scotland: for comparative purposes, the cross-sectional results reported earlier in **Tables 3** and **4** are repeated.

Because of the lack of a variation in the qualifications' variables (an insufficient number of 'Scots' upgraded their qualifications in the three waves of the panel), the Fixed Effects model was rejected: the Random Effects model is significant overall, and generates 'sensible' estimates. While the magnitudes of the coefficients are different (generally reduced, except for Lower School qualifications in the Public Sector), none of them are significantly different. Neither is there any change in the qualifications' ranking observed earlier.

Conclusions

This article has focussed upon the returns to qualifications in NI and Scotland using the three recent waves of the BHPS in the public domain. Descriptive analysis reveals some differences between the two regions with respect to composition of the workforce and average rates of pay. Econometric analysis reveals differences in premia awarded to specific level of qualifications in NI and Scotland. The same data was used as a true Panel for

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Scotland and compared with the pooled cross-sectional results. There is an indication of a general *reduction* in returns, though it is still too early to ascertain whether these are significant or not. At the time of writing it was not possible to estimate returns from the Panel for NI, though the second (2002) wave is expected soon.

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Graduates Moving On

Kate Purcell, Employment Studies Research Unit (ESRU), Bristol Business School UWE and Peter Elias, Institute for Employment Research, University of Warwick (IER).

In Winter 2002/3 a joint research team from the (IER) at the University of Warwick and the (ESRU) at the University of the West of England conducted a survey of 1995 graduates from 38 UK HEIs, following up respondents who had participated in the *Moving On: graduate careers three years after graduation* (Elias et al 1999)[1]. Around the same time, we were contracted to conduct a modified replication of the first sweep of the 1995 cohort study for 1999 graduates, to assess how far the graduate labour market had changed between the transition of the two cohorts from higher education to employment and at this stage, the Department for Employment and Learning (DEL) became involved, funding the addition of samples from the NI university not included in the original study so that a more representative and substantial sub-sample of NI graduates would be included in both the 1995 *Seven Years On and the Moving On (2)* investigations.[2]

The scope of the investigation

The surveys collected detailed information about qualifications obtained, the further education and training undertaken since graduation, employment status, use of skills and qualifications in jobs, measures of satisfaction with careers to date and, most importantly, a complete work history from the point of graduation until the date on which the questionnaire was completed. In addition to directly career-related data, the questionnaires sought personal details that might have some impact upon access to opportunities, such as gender, age, social class, religious and national identity, geographic mobility, debt accumulated while studying and its impact on subsequent career development. The follow-up interviews amplified these investigations, collecting accounts of options perceived and rejected as well as those chosen, along with obstacles encountered, details of why careers had developed in the way that they had and detailed information about what respondents actually *did* in their day-to-day work. Both the surveys and interviews also investigated respondents' values, aspirations and perceptions of the graduate labour markets in which they worked.

The data collected from the 1999 cohort, currently being analysed, will result in a series of reports in Winter 2004/5, the second of which will be *NI's Graduates Moving On* which, like the overall UK report which precedes it, will also draw upon comparative data from the 1995 cohort study where relevant[3]. The key findings from this report will be summarised in the next issue of this *Labour Market Bulletin*.

What to expect...

The data collected will be able to facilitate extensive analysis. For example, in the UK sample as a whole, we are able to distinguish those who lived in NI prior to embarking on their undergraduate programme, where they studied, where they first worked and where they currently reside. A comparison of employment outcomes of the stayers, movers and returners will be undertaken for the forthcoming DEL report.

We will be in a position to compare the early career trajectories and outcomes seven years on of those who studied at NI universities and at the other UK HEIs sampled. We will explore whether NI *alumni* are more or less likely to be in employment, unemployment or further full-time study than graduates from the rest of the UK. In the case of those participating in further study we will be able to provide an analysis of what type of courses are taken and the reasons given by respondents for undertaking such studies.

[1] The original *Moving On* study was funded by the then-DfEE in collaboration with the Higher Education Careers Unit (HECSU) and the *Graduate Careers Seven Years On* study was funded by the Economic and Social Research Council (ESRC), again with supplementary HECSU funding.

[2] The original survey was a 5% sample of 1995 graduates from 33 randomly-selected UK HEIs, contacted in 1997/98 and again in 2002/03. The sample was boosted in 2002/03 to bring in five additional HEIs. The latest sweep has 4,502 respondents, of whom 458 graduated from NI HEIs. The *Moving On (2)* study is currently being funded by the DfES and by DELNI. A representative survey of one in two 1999 graduates and undergraduate diploma-holders from each of the participating HEIs was undertaken, resulting in an achieved sample of 9,234, 14% of whom had studied in NI HEIs. For the analyses, the data from both surveys have been weighted to be representative of the populations from which they were drawn.

Graduates Moving On

Kate Purcell, Employment Studies Research Unit (ESRU), Bristol Business School UWE and Peter Elias, Institute for Employment Research, University of Warwick (IER).

Evidence has been collected in relation to the perceived relationship between the qualifications held by the graduate and the current job. This will enable us to explore whether NI graduates are more likely than other UK graduates to have required their degree to get their job, to be doing something where their degree subject or class of degree had been perceived to be relevant, or to have required further qualifications in order to access their current employment.

We plan to look at NI graduate earnings and compare these against the earnings of graduates from elsewhere in the UK by, for example, the sector in which they are employed and broad subject area studied. In this regard it will also be possible to report on the level of satisfaction that NI graduates reported with their current job, how they felt their career had developed so far and what are their different values and aspirations.

The challenge in writing the forthcoming report will be to explore the significance (or not) of such differences in relation to the structural differences in opportunities and outcomes encountered by the NI graduates who completed their undergraduate programmes in 1995 and 1999 - and similarities and differences in the experiences of the two cohorts. The relationship between the qualitative and quantitative data collected in the 1995 and 1999 cohort studies will be discussed fully and the findings from the projects will be considered with reference to previous research on the NI graduate labour market, much of which has been summarised in earlier editions of this LMB eg Articles 16, 17 and 18 in LMB 14 and Article 21 in LMB 17.

[3] The short report of the Graduate Careers Seven Years On study is available to download from **http://www.prospects.ac.uk/downloads/csdesk/members/reports/seven_years_on.pdf** and a series of working papers produced in the course of the research can be accessed on **www.uwe.ac.uk/bbs/esru/rearch/7-up.shtml** or **www.warwick.ac.uk/go/glmf** Further publications are in production.

Are Students who Study in GB Different from those that Study in NI?

Oliver McKearney, Tertiary Education Analytical Services Branch, DEL

Outline

Using data from the Universities and Colleges Admissions Service (UCAS) for the 2002/03 academic year, this article compares different characteristics of NI domiciled higher education (HE) students who left to study in GB, with those who remained in NI. It also examines the choices made by NI students on their UCAS application forms to make an assessment of whether those who left NI to study in GB would have preferred to have taken a place at a NI institution had that been available to them.

Introduction

In the 1996/97 academic year, 38% of NI domiciled students[1] migrated from NI for their HE experience. By 2002/03 this percentage had declined to around 30%. Research[2] has demonstrated that those who leave NI for HE are different in many respects from those who stay. For example, on average, those who left NI tended to be better qualified in terms of A level scores, were more likely to be from the Protestant community, their parents were more likely to have had a professional background and they tended to have had a grammar school education.

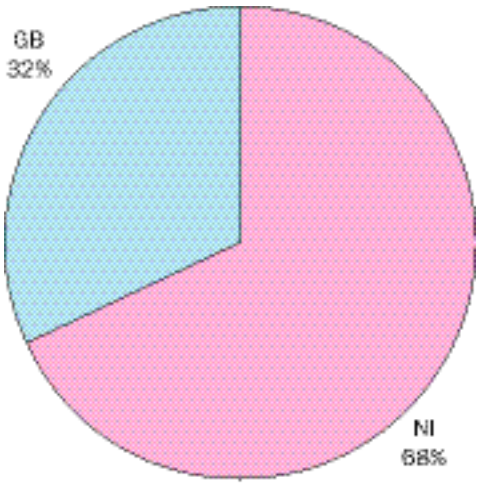
Many of those students that leave NI for HE do not return after graduation. The Higher Education Statistical Agency (HESA) First Destinations Survey 2002/03, which **looked at students six months after graduation**, showed that of those NI domiciled students who graduated from full-time undergraduate courses at GB HE institutions and whose destinations were known, just over one third returned to NI after graduation. This is in contrast to those who graduated from a NI HE institution where over ninety percent remained in NI. Further analysis[3] has also shown that those students that did return to NI after graduation from a GB institution had achieved lower average A level scores when first entering university.

Research regarding the choices of NI domiciled students has also produced some interesting findings. For example, the Dearing Review (July 1997) had suggested[4] that

"... some 40 per cent of those who go to Great Britain each year for their higher education do so unwillingly..."

This article attempts to update and expand the current evidence on what types of students go to GB and why they go.

Figure 1: Proportion of NI domiciled students accepted to NI and GB institutions



Region of study and age

In the 2002/03 academic year, 11,954 NI domiciled students were accepted through UCAS to full-time undergraduate courses at UK institutions, of which 8,142 (68%) were accepted at NI institutions and 3,812 (32%) accepted at GB institutions **(Figure 1)**.

Of those NI domiciled applicants accepted to NI institutions, 88% were under 21 compared to 86%

[1] New entrants to full-time undergraduate courses.
[2] Osborne R et al (2000) *Skill Development and Enhancement: A study of Northern Ireland Graduates;* McGregor P et al (2002) *Home and Away: Graduate experience from a regional perspective;* Harmon C and Walker I (2000) *Education and Earnings in Northern Ireland.*
[3] 2001/02 FDS data
[4] *The National Committee of Inquiry into HE* July 1997, page 451.

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Oliver McKearney, Tertiary Education Analytical Services Branch, DEL

Figure 2: Proportion of NI domiciled students accepted to NI and GB institutions by A level points score

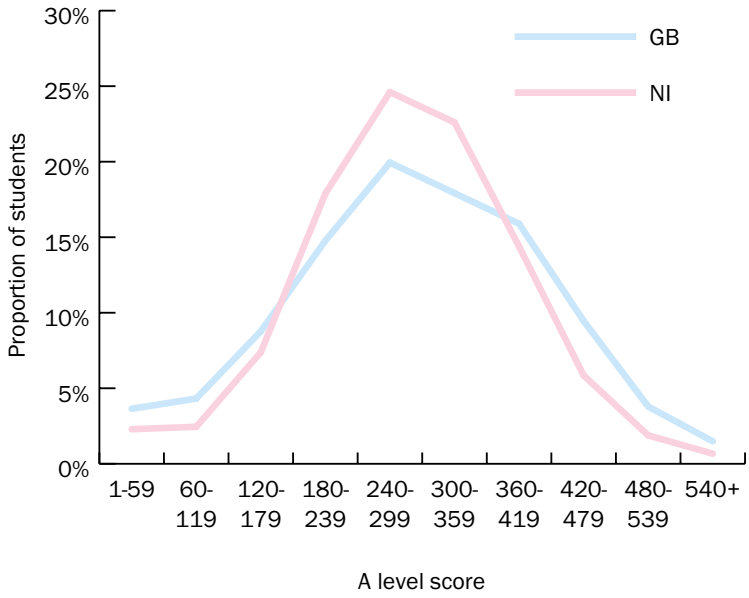
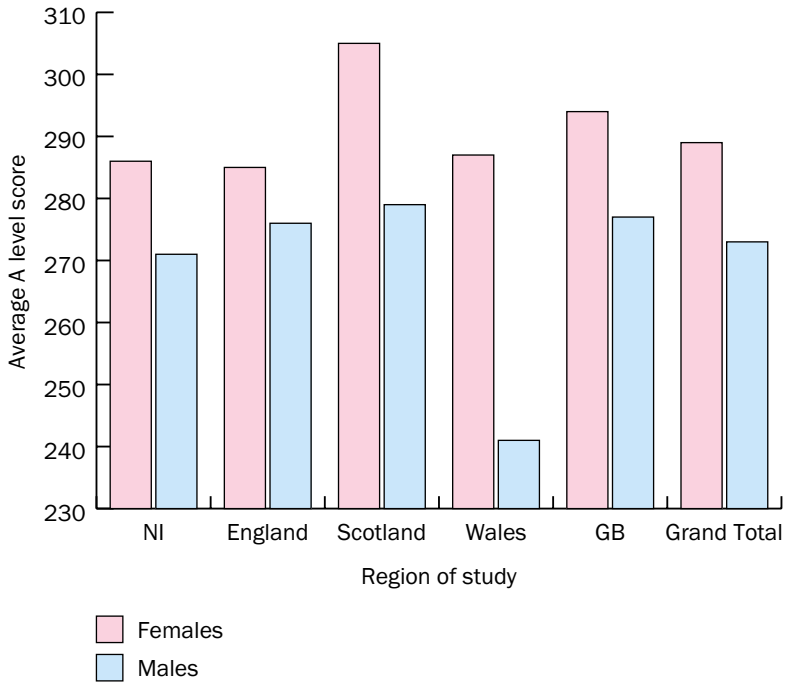


Figure 3: Proportion of NI domiciled students accepted to NI & GB institutions by gender and region of study



accepted to GB institutions. In terms of gender, 57% of those NI domiciled students accepted to NI institutions were female compared to 55% accepted to GB institutions.

Region of study by A level score

An analysis of the A level score[5] of NI domiciled accepted applicants by region of study shows that a greater proportion of those accepted to GB institutions scored either "low" or "high" A level points compared to those that remained in NI **(Figure 2)**.

On average, male NI domiciled applicants were accepted for places at institutions in both NI and GB with lower A level scores than females **(Figure 3)**.

[5] A level points allocation A = 120 B = 100 C = 80 D = 60 E = 40

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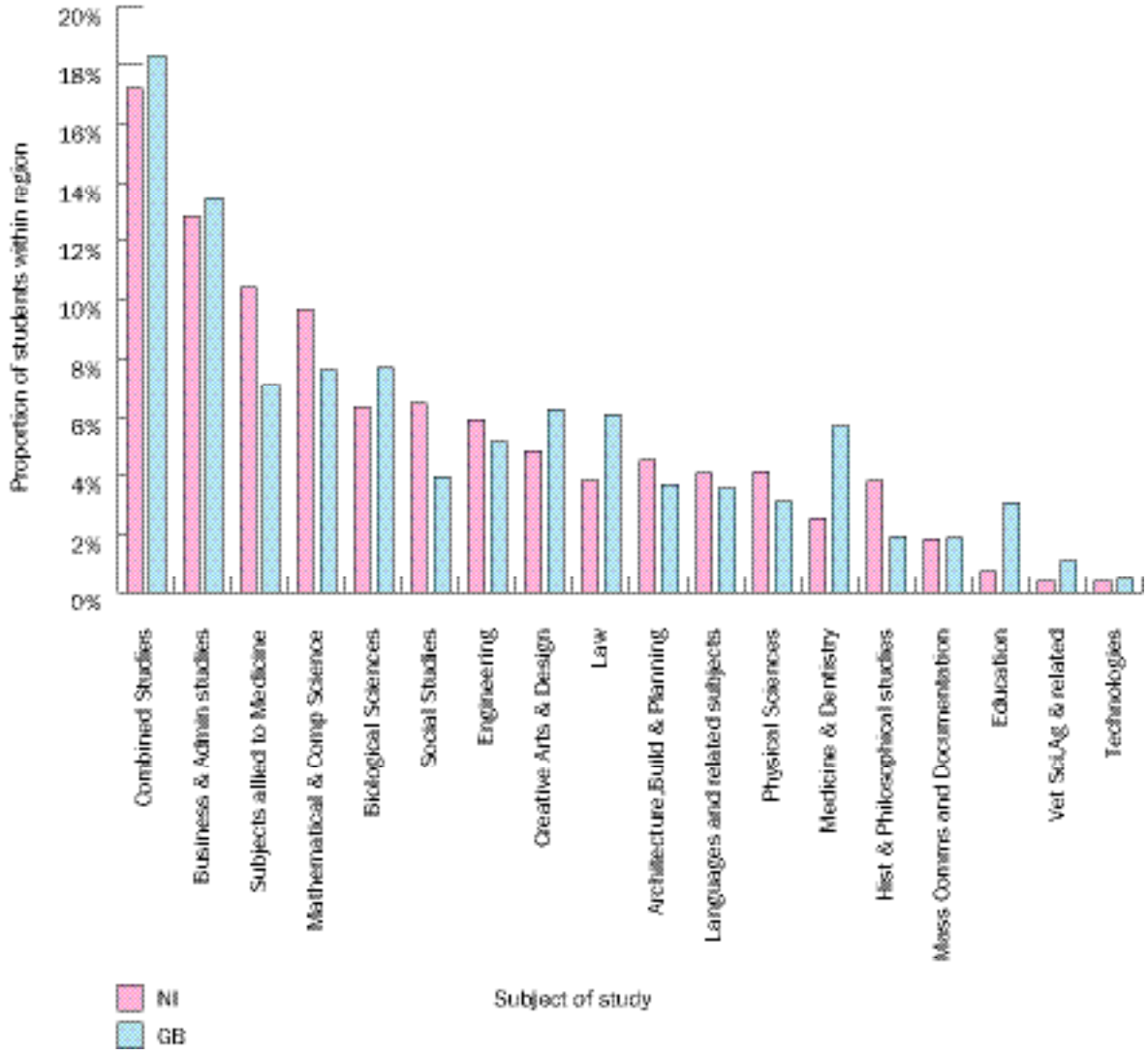
Oliver McKearney, Tertiary Education Analytical Services Branch, DEL

Subjects studied

The most popular subject area[6] in terms of student numbers at both NI and GB institutions was business and administrative studies **(Figure 4)**.

Figure 4: Proportion of NI domiciled students accepted to NI and GB institutions by subject area



[6] *Excluding combined subject areas*

Are Students who Study in GB Different from those that Study in NI?

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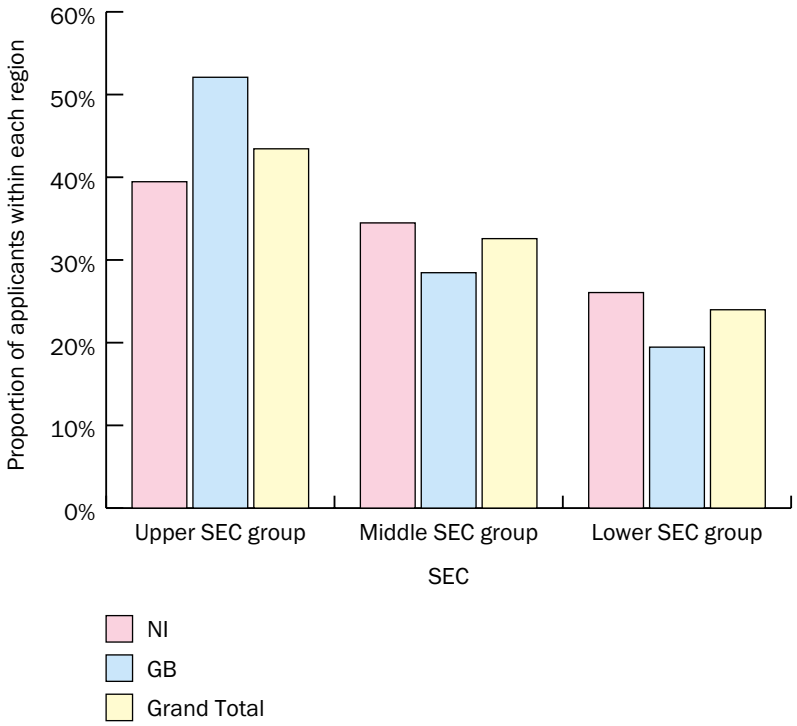
Region of study by Socio-Economic Classification (SEC)[7,8]

An analysis of SEC[9] by region of study shows **(Figure 5)** that while 24% of all NI domiciled accepted applicants were from the lower SEC groups, 26% of NI domiciled accepted applicants to NI institutions were from these groups compared to 19.5% accepted to GB institutions. Conversely, 39% of NI domiciled applicants accepted at NI institutions were from the upper SEC groups, compared to 52% accepted to GB institutions. This suggests that NI domiciled students from the lower SEC groups are less likely to leave NI to study.

Figure 5: Proportion of NI domiciled students accepted to NI and GB institutions by SEC



[7] The Socio-Economic Classification (SEC) is the revised occupationally-based socio-economic classification adopted by government in 2001 which replaces the Social Class and Socio-economic Groups categorisations.

[8] Those students declared as unknown in the SEC have been excluded from any analysis.

[9] To assist with analysis, the SEC groups have been split, in some cases, into three categories: Upper (2 groups), middle (2 groups) and lower (3 groups). This approach can be assumed to involve some type of hierarchy, which cannot be assumed with the 7 category approach

Are Students who Study in GB Different from those that Study in NI?

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Region of study by socio-economic classification and average A level [10,11] score

The average A level score **(Figure 6)** of those NI domiciled accepted applicants in the upper two SEC groups was higher for those accepted to GB institutions than to NI institutions, while in the remaining SEC groups the average A level score was higher for those accepted at NI Institutions.

A higher proportion of those applicants **(Figure 7)** from the NI domiciled lower and middle SEC groups achieved 299 or less points than the upper SEC group. Conversely, a higher proportion of those applicants from the upper SEC group achieved 360 or more points than the middle and lower SEC groups.

Figure 6: Average A level score of NI domiciled students accepted to NI & GB institutions by SEC and region of study

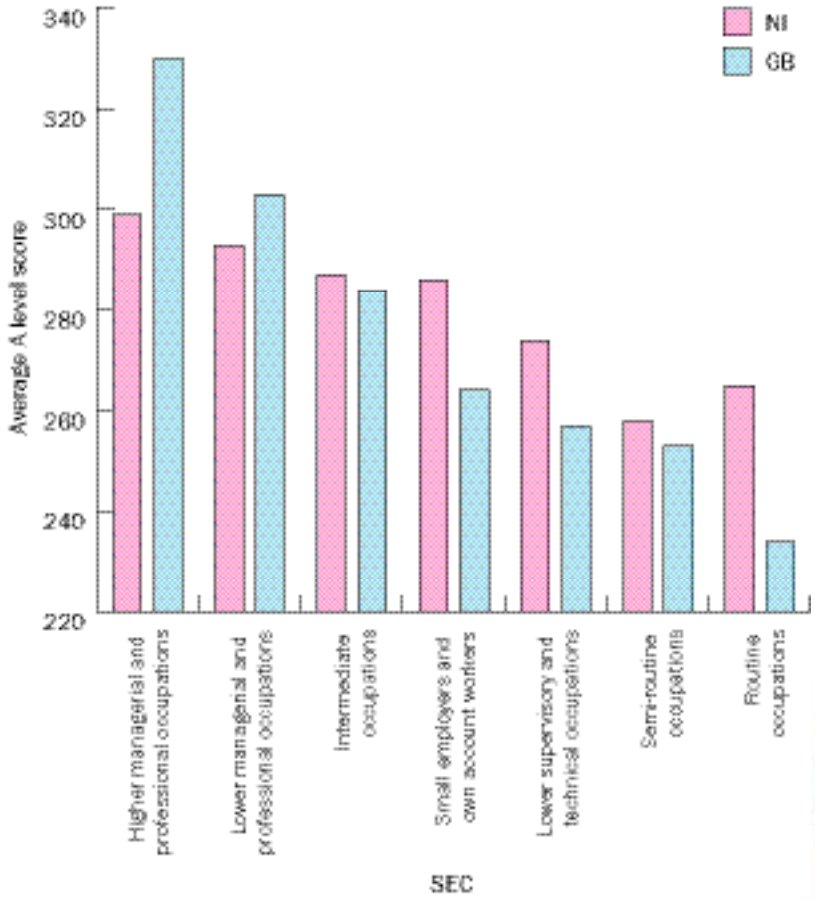
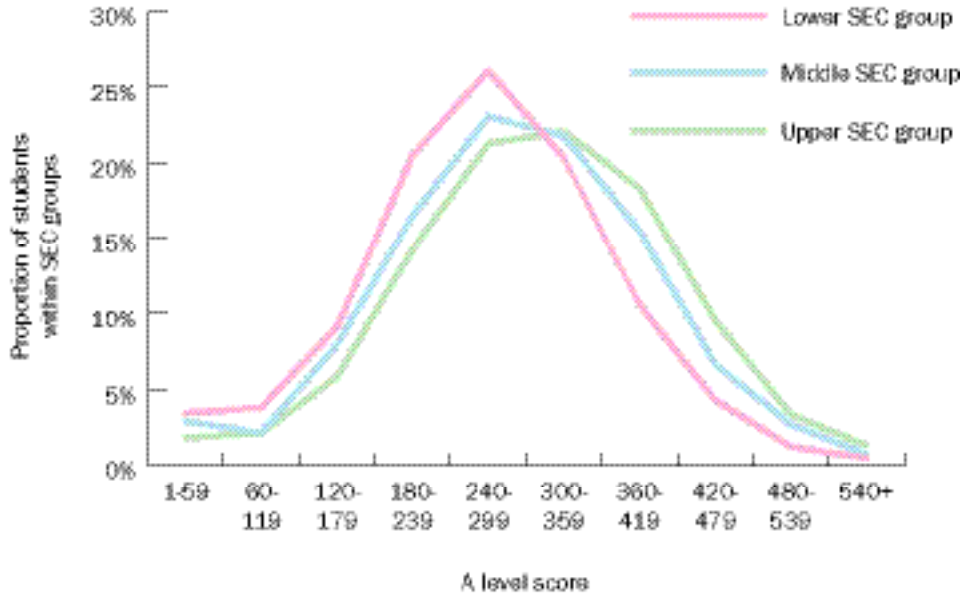


Figure 7: Proportion of NI domiciled students accepted to NI & GB institutions by SEC and A level points score



[10] A level points allocation A= 120, B=100, C=80, D=60, E=40.

[11] Those students recorded as having zero points are excluded from this calculation.

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Locational choices of accepted applicants

The choices of NI domiciled accepted applicants have been examined using data about their firm, insurance and clearing choices, as revealed on their UCAS form, to determine whether students accepted an HE place in their "preferred region" or "reserve region". These terms are defined as:

Preferred Region - a student successful in attaining an HE place in their 1st choice region of study (whether that be in NI or GB)

Reserve Region - a student whose accepted region of study was different from their preferred region.

The term "reserve region" *should not be interpreted* as necessarily meaning that a student did not wish to study in that region but rather that they did not obtain a place in their most preferred region as deduced from their UCAS application form.

Limitations to the methodology

There are a number of limitations associated with the methodology adopted for categorising students as obtaining their preferred or reserve region of study. In some cases students did not make either a firm or insurance choice but obtained a HE place via the UCAS clearing system. These applicants, which account for around 4% of students, have been excluded from the detailed analysis.

It was also not possible to take into consideration influences upon students prior to them choosing where and what to study. Examples of these include finance, attitude to NI, peer pressure, family traditions, perception that it is easier to get accepted on a course in a particular region or that the perceived prestige of some HE institutions in a particular region is higher. By way of illustration, an applicant may wish to leave NI to study at a GB institution but may feel that they could not afford financially to do so and, as a result, may apply only to NI institutions. In this analysis, if that student was accepted on a course at a NI institution, they would be categorised as obtaining their preferred region of study, when in fact NI was their reserve region. Alternatively, a student who would prefer to stay in NI but felt that they are unlikely to attain the A level grades required by a NI institution, may only apply to GB institutions. If they were subsequently accepted at a GB institution, the analysis here would categorise them as obtaining their preferred region, when in fact they obtained their reserve region.

The methodology adopted for determining whether a student accepted their preferred or reserve region, together with further details on the limitations of the methodology can be found in the full report which will be available in the statistics section of the DEL web site.

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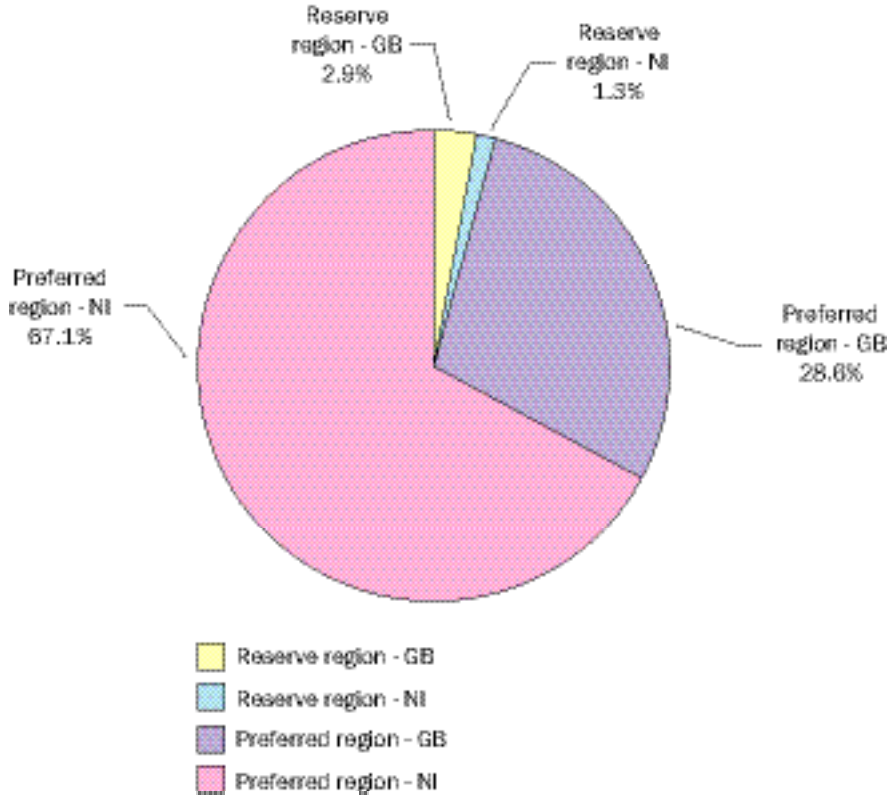
Regional preference and gender

On the basis of the regional preference categorisation, of the 11,954 NI domiciled accepted applicants to UK institutions[12] **(Figure 8)** just under 96% obtained their preferred region (67.1% in NI and 28.6% in GB) and just over 4% obtained their reserve region (1.3% in NI and 2.9% in GB). In other words, this latter statistic suggests that 2.9% of applicants would have preferred to have studied in NI but accepted a place at a GB institution instead. On the other hand 1.3% of applicants would have preferred to have studied in GB but accepted a place at a NI institution.

Figure 8: Proportion of NI domicilied students accepted to NI & GB institutions by regional preference



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[12] Proportions are based on the number of students whose preference could be determined

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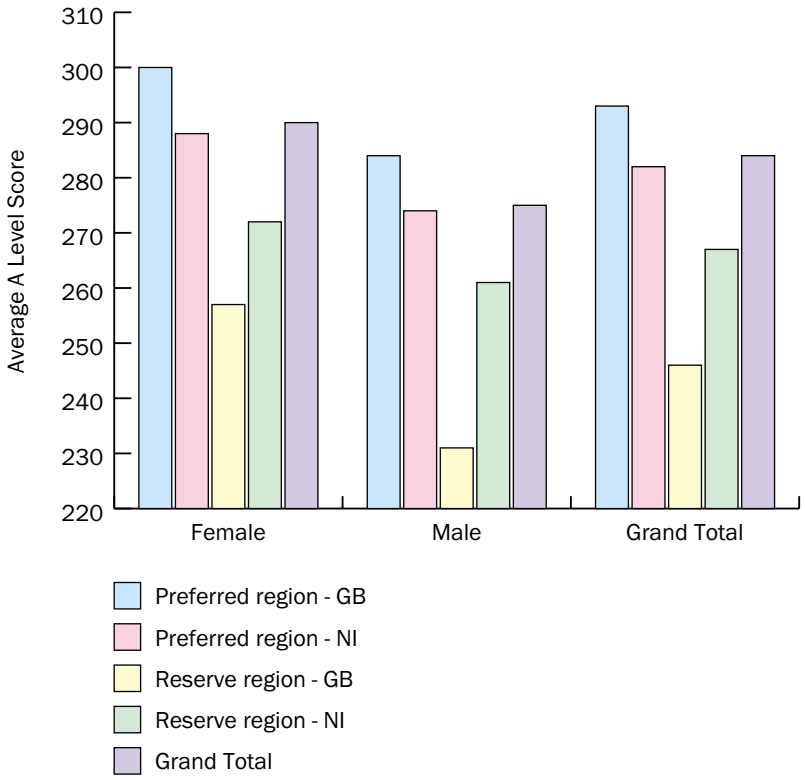
Regional preference by average A level score [13,14] and gender

In terms of average A level scores, **(Figure 9)** those NI domiciled applicants accepted to GB institutions on the basis of their preferred choice of region, were the best qualified, regardless of gender. Conversely, those applicants who obtained their reserve choice of region in GB (i.e. their preferred choice would have been to stay in NI) had the lowest average A level score by some margin. Overall, female accepted applicants tended to possess higher average A level scores than males, across all preferences.

Figure 9: NI domiciled students accepted to NI & GB institutions by gender, average A level score and regional preference



[13] Those students recorded as having zero points are excluded from this calculation.
[14] A level points allocation A= 120, B=100, C=80, D=60, E=40.

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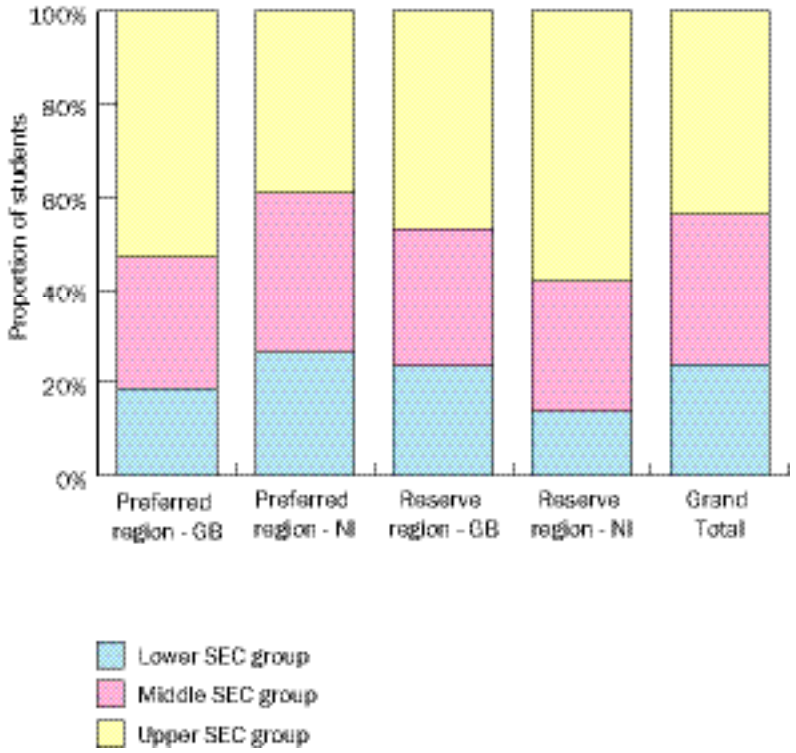
Regional preference and Socio-Economic Classification (SEC)[15]

An analysis of the SEC groups shows **(Figure 10)** that while just under 24% of NI domiciled accepted applicants were from the lower SEC groups, a lower proportionate share of accepted applicants from these groups accepted a place in GB regardless of whether it was on the basis of their preferred (18.7%) or reserve (23.6%) choice of region. A lower proportionate share also accepted a place in NI on the basis of their reserve (13.7%) choice. This suggests that NI domiciled accepted applicants from the lower SEC group are less likely to leave (i.e. preferred or reserve choice GB) or want to leave NI (i.e. reserve choice NI).

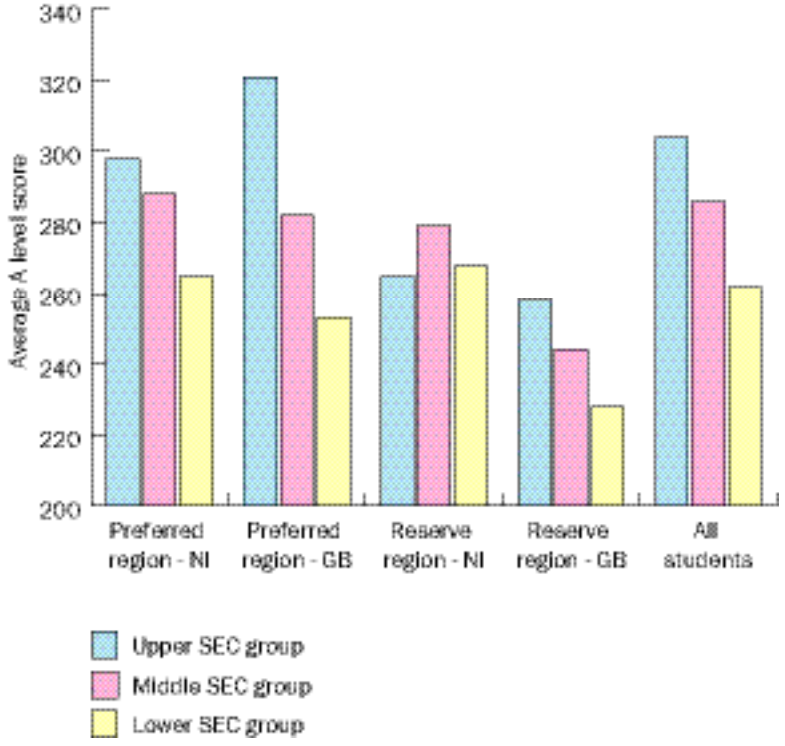
Figure 10: Proportion of NI domiciled accepted applicants by grouped SEC and regional preference



Regional preference by average A level score[16] and SEC

The chart in **Figure 11** plots the SEC of accepted applicants by average A level score. It shows again that those from the lower SEC groups tend to possess lower A level score. This holds for all regional preference groups except the "reserve region – NI" category (i.e. those whose preferred choice would have been to go to GB (i.e. reserve region was GB) but who accepted a place in NI). The average A level score of those whose preference was to stay in NI but who accepted a place in GB (i.e. reserve region GB) was

Figure 11: Proportion of NI domiciled accepted applicants by SEC, average A level score and regional preference



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[15] To assist with analysis, the SEC groups have been split, in some cases, into three categories: Upper, middle and lower. This approach can be assumed to involve some type of hierarchy, which cannot be assumed with the 7 SEC category approach.

[16] Those students recorded as having zero points are excluded from this calculation.

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lower than the other preference group regardless of SEC group.

Comparison with analysis of 1998/99 accepted applicants

Comparing the 2002/03 analysis of NI domiciled accepted applicants with a similar analysis in 1998/99 shows that

- 90% (5,785) of accepted applicants in 1998/99 whose firm choice was NI were accepted at a NI institution, whereas in 2002/03 this **proportion increased to 96%** (7,678).
- 97% (3,301) of accepted applicants in 1998/99 whose firm choice was GB were accepted at a GB institution, however in 2002/03 this **proportion decreased slightly to 96%** (3,277).

A comparison of regional preferences of accepted applicants in the 1998/99 and 2002/03 analysis shows that the proportion of applicants who obtained their preferred choice of region in NI **increased** by 6.5 percentage points, rising from 60.6% in 1998/99 to 67.1% in 2002/03.

In contrast the proportion of applicants who obtained their preferred choice of region in GB **has decreased** by 5.6 percentage points, dropping from 34.3% in 1998/99 to 28.7% in 2002/03.

With regards to those applicants who accepted a place at a GB institution but who would have preferred a place in NI, they have **decreased by around one third**, dropping from 4.5% in 1998/99 to 2.9% in 2002/03. Another way to consider this is that of those accepted applicants leaving NI, **in 1998/99 11.5% or 407 left for GB when their preference would have been a place at a NI institution, compared to 9.2% or 334 accepted applicants in 2002/03**.

A copy of the full report will be available in the statistics section of the DEL website.

Alternative Education Provision for Disaffected Young People - An Update

Rosemary Kilpatrick, Claire McCartan and Penny McKeown, Institute of Child Care Research, Queens University Belfast

Introduction

This paper provides an update* on research commissioned by the Department of Education, in collaboration with the Department for Employment and Learning and the Office of the First Minister and Deputy First Minister, into Alternative Education Provision (AEP) in NI. The research project is designed to provide a greater understanding of the key factors determining the experiences and destinations of young people who attend various types of alternative education. Additionally, the research will guide future planning of AEP provision in terms of in-school provision, school and community based provision and out-of-school provision.

Background

There is a growing concern over young people who are at risk or, have been, excluded from school and are often referred to as disaffected. These young people tend to come from a background of multiple disadvantage, a profile which has been identified by McVicar (2000) as being associated with experiences of joblessness on reaching school-leaving age. This also leads in many cases to exclusion from society and, it has been argued, form part of an ever increasing underclass (MacDonald, 1997), living life on the margins of society. The growing concern regarding this group is reflected locally in recent reports such as Kilpatrick and Barr's follow-up study of multiple suspended pupils and the types of projects available to these pupils (2002), as well as nationally (e.g. Parsons, 1999) and internationally (e.g. Croniger and Lee, 2003).

A range of provision has developed varying in policy, practice and coverage (Kilpatrick and Barr, 1999). Research carried out by the Education and Training Inspectorate (ETI) examined EOTAS (Education Other than at School) and SSPPR (Special Support Programmes for Peace and Reconciliation) provision in greater detail, and clearer profiles of the different types of schemes began to emerge. A common finding across both studies was that the young people attending these schemes, for the most part, benefited personally, socially and educationally from them. However, they also expressed strong views on their formal education and its inability to accept them or understand and provide for their needs. In order to address such issues the ETI (2002) developed a proposed, flexible curriculum and indicators of quality for assessing Alternative Education Provision (AEP), the latter providing a useful framework for assessing and evaluating these projects in the future.

Alongside the development of these schemes came authorisation to schools to disapply the statutory curriculum for some 14-16 year olds, in what has become known as the KS4 Flexibility Initiative. Now in Phase 5 of the initiative, students are given the opportunity to experience vocational learning within mainstream school; therefore differing from EOTAS schemes which developed outside the mainstream context. The success of the KS4 Flexibility Initiative has been documented in the recent ETI report (2003) and in smaller scale research by Grew (2002) both of which indicate similar personal, social and educational benefits to those identified for EOTAS/SSPPR, as well as variability in the ability of the young people who were selected for the scheme.

Although the profile of the young person and the learning objectives and context differs across the range of schemes,

* See LMB No 17 Chapter 24

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evidence suggests that personal, social and educational benefits are similar.

Aim and Objectives

The aim of the research is to examine the AEP experience of young people in terms of effective engagement with learning, re-integration into mainstream provision, accreditation achievement and transition to the labour market with a view to assessing the effectiveness of this means of intervention and help guide further planning of provision in each of the three types of AEP.

In order to achieve this aim the research is tracing the progress toward adult working life of two cohorts of young people who were in their final year of compulsory education in 2002/03 and 2003/04 and engaged in alternative education provision.

The objectives of the research are to:

(i) Track retrospectively, the education experience and achievements of two cohorts of young people who have had a placement in one of three types of AEP (two nominated projects of each type) during their final year of compulsory education in 2002/03 and 2003/04;

(ii) Track the destinations, subsequent training, vocational/academic qualifications and employment history of the cohort from the time they leave compulsory education in the summer of 2003/04 through to September 2005;

(iii) Identify the young people's family circumstances, their economic status, attitudes to education (mainstream and alternative) and formal training, and their hopes and plans,

(iv) Identify any positive changes in social and personal behaviour while attending AEP and assess the continuation of these changes during the follow-up period as well as considering any long-term reduction in anti-social behaviour associated with attendance on AEP,

(v) Document the three types of alternative education provision provided, thus highlighting similarities and differences in purpose, referral criteria, curriculum, resources, staffing and other factors which may influence the effectiveness of each type of provision,

(vi) Compare the findings from the AEP cohort with a same-age group of (a) young people in general; (b) young people who are not in education, training or employment using the Status 0 data and (c) young people who are on EOTAS in the form of home tuition.

In order to access this group of 'hard to reach' young people, peer researchers (aged between 15-27) have been employed to attempt to engage the sample participants and help create a non-threatening approach to data collection.

Peer Researchers

Why peer researchers were used

Increasingly young people are being consulted in research both as participants and as designers and contributors to research studies. Alderson (Kirby, 1999) outlines three different types of involvement, ranging from students using research methods in formal education to young people contributing to adult-led research, whether this is a means of gathering better data by communicating more effectively with the subject, accessing 'hard to reach' young people or by approaching the research and the findings from a 'youth perspective', distinctive from that of an adult.

Much of this increase in youth participation has been attributed to the political climate generated by the UN Convention of the Rights of the Child, but it must be acknowledged that funders are also encouraging the input of young people, as seen with the ESRC research programme on children 5-16 and the significant role children's charities, including Barnardo's and Save the Children, are contributing to the debate

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(Curtis *et al*, 2004). We must also consider the governmental drive for active citizenship as seen with the introduction of citizenship education into the NI Common Curriculum.

There has also been much discussion of the danger of exploitation of young people used for adult researchers' ends. It was clear from the outset that the relationship with the peer researchers must have mutual benefits and that the project would be developed on the understanding that the peer researchers would potentially benefit from their involvement.

Elliott *et al* considers this dimension,
'It must be emphasized, however, that the benefits of involving people in research who have privileged access to hard-to-reach groups....are only realised if there is some investment in developing their roles in the first place.'
(Elliott *et al*, 2001 pp 176).

Checkoway and Richards-Schuster (2003) establish a number of reasons as to the value of involving youth participation in research. It can be a legitimate way of developing knowledge for social action, it can enable young people to exercise their political rights and allow them to share in the 'democratisation of knowledge' and can prepare them to be active citizens and strengthen their social development.

In addition to the social benefits which this research offered the peer researchers, we also outlined the skills and experience we hoped they would gain from their involvement. It was also important from the outset to give the team every opportunity to shape and design the methods and instruments to help create ownership and hopefully a more refined and communicative model which was more meaningful for all involved.

There were two additional considerations for the research team. In attempting to engage with 'hard to reach' young people, many of the teenagers in the research sample were completely disengaged with education and it was felt that it would be difficult for a team of researchers from a university to make a connection and encourage participation with the young people from the projects. Another dimension to consider was the geographical spread of our sample and it became important that the researchers making contact with the sample could display some sense of affinity and belonging with their locality. It was important for the research that the team had a local identity and avoided the assumption and resentment that everything is led from Belfast.

A comprehensive training programme was established to enable the peer researchers to carry out their responsibilities to the requirements of the study. Details are available from the research team.

In some ways, the research brief has been restrictive inasmuch as the projects and sample had been identified in advance by the Department of Education: in that respect neither the peer researchers nor other members of the research team were able to influence this. However, we have aimed to include and involve the peer researchers in the subsequent design and delivery of the research aims. Four peer researchers have been elected to represent the team on the Steering Group and they have provided a valuable contribution to those discussions to date. They have been able to inject a sense of realism with their personal experiences of fieldwork, highlighting the considerations of working with 'hard to reach' groups. It has been enjoyable for them to participate at this level of the research and being able to make contact and discuss their views and opinions with decision-makers in the Departments.

Ongoing support and motivation of peer researchers

At the outset, it was assumed that the relationship would be easy to manage, with everyone agreeing to the job description, the probationary period and a clear understanding of the workload and deadlines expected along the way. As many of the young people were at particular transitions in their lives (GCSE, 'A' Level, undergraduate) it was anticipated that there would be some flexibility as to training

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session attendance and deadlines and a small level of attrition was indeed expected as the project developed over time.

When meeting up with the peer researchers and talking to them by phone, their enthusiasm and interest is always infectious. Several have withdrawn, either having reviewed their involvement due to academic and work commitments or because they are no longer interested (n=12), but they wish the project well and some wish to keep in touch. In other cases, while it might seem that there is a lack of commitment to research, it would appear that some of the peer researchers find it difficult to understand and adhere to workplace protocols and have difficulty responding to communications or deadlines. The most successful peer researcher relationship with the research team has been based on one in which the young person is proactive, makes an effort to keep in touch with the team and responds promptly to requests for meetings or information from the Research Assistant. Clearly, acting on their initiative and benefiting from their experience of the independence of working or university life is an important aspect to their success and enjoyment of the project.

Young People's responses to using Peer Researchers

This is not an area that we have measured in detail, other than recording participation rates and peer researcher feedback during the length of the project. Respondents in the sample will be consulted at the closing stages of data collection as to how they responded to peer researchers. However, observational data from introductory peer researcher/participant meetings has produced some anecdotal evidence of the rapport some of the peer researchers have been able to establish with the young people in the sample. Clearly language and local accents are important and dress code, hobbies and hairstyles have proved to be effective ice breakers which the 'older' researchers would not be as confident or qualified to use. The data collected to date appears to be open and honest and not doctored for adult ears.

Contacting the Sample/Response Rates

It is widely accepted that this group of young people are a particularly difficult group to engage in research and as well as the involvement of the peer researchers, several other steps were taken to try to encourage their participation. A three-month delay of the start date of the study created a difficulty in that we were unable to contact the young people in the 2002/03 cohort whilst they were still attending the projects. This had a knock-on effect in that some of the addresses and telephone numbers were no longer correct, making it extremely difficult to locate some of the sample. Additionally, even those who were contactable were often very reluctant to participate in the study.

Firstly, a promotional leaflet was produced and disseminated inviting young people in the sample to meet the peer researchers in their area. These 'get-to-know-you' meetings were facilitated either at the project they attended or at an alternative neutral venue (including a free trip to the cinema). Unfortunately, these meetings attracted a near-zero response which disappointed greatly the peer researchers.

The peer researchers continued to try and complete the first questionnaires over the telephone. In addition, we devised a number of different strategies, in partnership with the projects, to try and engage the sample and subsequently offered a £10 incentive and a cash prize draw for those who participated. To date we have had a 43% response rate.

Reasons for low response rate

The research team anticipated that this group of young people would be difficult to reach; this is compounded by the fact that contact was unable to be made whilst they were still attending their projects. Studies with similar sample profiles have also recorded difficulties in engaging participants. Daniels *et al* (2003) outlines the difficulties

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researchers had making contact with permanently school-excluded young people who 'were seriously disengaged from or refusing local services'. The team resorted to 'active detective work' and home visits to try and engage participants but still response rates remained low, but was still unable to make contact with 40% of the young people in the sample. The use of peer researchers in the current study makes it difficult to make contact with the young people in their own homes since several of the researchers are under 18 years of age.

Peer researchers have been asked to record the reasons as to why some young people in the sample are refusing to participate, feedback from this has included:

- looked after children – a small number of the sample have left residential care and we do not have access to their new domicile;
- telephone numbers/mobile numbers – almost 25% of the sample have changed telephone or mobile numbers, or numbers were listed as ex-directory or unobtainable;
- disengaged – a number of young people do not wish to discuss their education with anybody as they view it with negativity. *'Education has done nothing for me – why should I want to talk about it?'*;
- parental barriers – some peer researchers have reported back parents creating barriers to accessing the young people. Some parents have blocked contact and do not wish their children to be included in the study; and,
- some young people have left NI to seek work elsewhere or have left the family home with no forwarding address.

Introduction of a Second Cohort

A decision was taken to supplement the data with an additional cohort of young people attending the projects and were of school-leaving age in June 2004. This presented an opportunity for the peer researchers to establish a relationship with the young people before they left the project and thus enhanced the potential for a commitment for the duration of the research. In addition, a significant investment had been made in the training of the peer researchers and it was important to not only maximise their unique contribution to the study but also continue to provide them with a valuable learning and development opportunity.

Initial Findings

The projects in which the research is taking place have been identified by the Department and do not represent a random sample of the whole population. Eventual findings therefore may not be generalisable to system level. However, we believe that the research design will permit the identification of a number of important policy and process issues in relation to alternative education. Furthermore, every attempt will be made to identify demographic and educational characteristics of young people in a range of similar projects in order to assess how representative the sample is of the total AEP population. At this stage of the research, although the response rate to date has been lower than hoped, a number of findings and possible issues have already emerged.

Experience of young people attending programmes

The sample is a diverse group which includes students from stable middle-class backgrounds who are not disengaged from education but do not expect to achieve highly at GCSE level or who have identified a clear vocational interest at KS4, as well as young people who have faced incredible hardship in their lives, becoming socially excluded as a response to the issues they have encountered.

Despite this diversity in both sample profile and type of provision, clearly most of the young people have enjoyed their alternative provision and in most cases feel that they have gained something from their experience.

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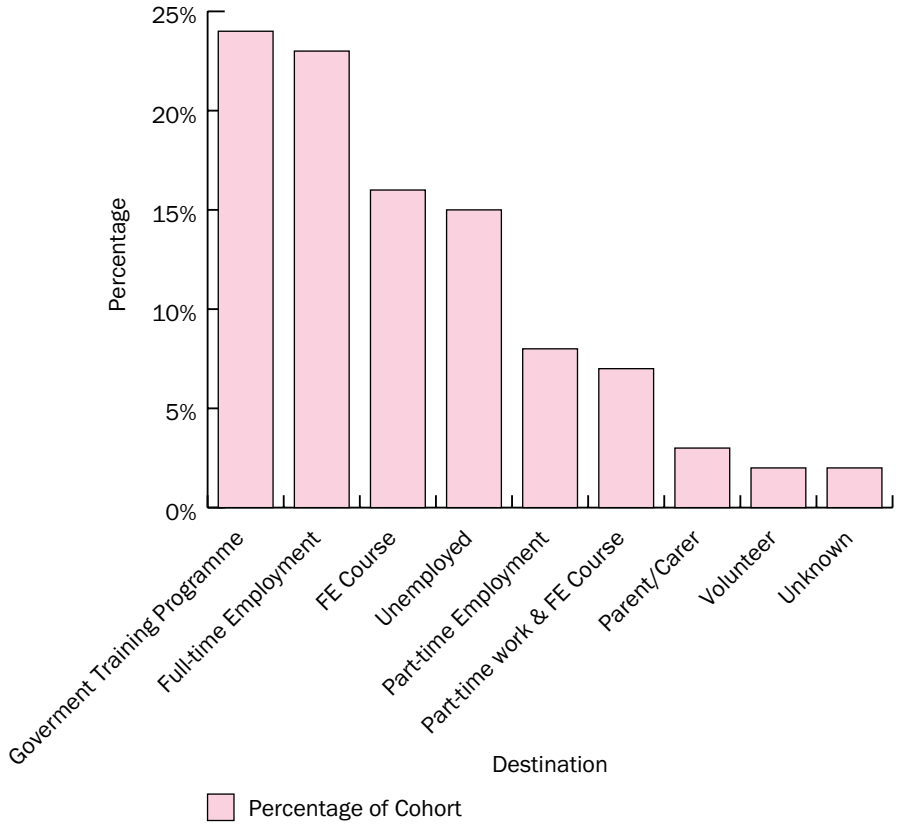
Destinations

Figure 1: Destination of Cohort 1 respondents (n=87), 6 months post-compulsory schooling.



Of those on a government training programme or following a FE course, the majority are pursuing an NVQ with n=2 past students studying GNVQ Computers in hope of achieving a place at university to study IT.

Views of provision as opposed to school

92% of respondents in both Cohort 1 & Cohort 2 (n=158) enjoyed their AEP project.

18% Felt it was better than school

Patrick: It was better than school you had more privacy....I think the project was brilliant and I think it should be kept open so other people can benefit from it.
16 years old – community based provision.

[This raises another interesting issue; students attending community-based provision are often aware of the instability of its future, coupled with the run-down environment in which they are housed adds to feeling of social exclusion and reduces significantly the entitlement of these young people.]

15% enjoyed it because of the vocational experiences

Michelle: It has build up my confidence, learnt a lot in the course, got my NVQ Level 1. Helped me find my job what I wanted to do.
16 years old – KS4 Flex.

11% Good fun
10% Teaching was good

Siobhan: It was a splendid project to be in and if I had the chance to go back I would be the first on their list as the project workers are [more] understanding and helpful than school and made me want to learn and listen more than school and made me feel I have achieved more in that year than I would've in school.
16 years old – community-based provision.

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5% Learnt more & received more attention
5% Made new friends

Laura: I got great support from the group, education doesn't have to be hard...it was the best and most special experience ever.
16 years old – school/training organisation partnership.

4% Treated like an adult
3% Prepares you for work

Joseph: Every one I was with and taught me inspired me to work hard and get everything you can get out of life if you work hard.
16 years old – school/training organisation partnership.

John: I learnt if you want something in life you have to train to become a success.
17 years old – KS4 Flex.

49% wanted to stay on at year end
48% felt ready to leave

Achievements

72% of the young people (65% of which were male, 96% female) in Cohort 1 (n=208) left their project with a qualification(s).
KS4 Flexibility, 61% achieved accreditation.
In school/training organisation partnerships, 62.5% achieved accreditation.
In community-based provision, 96% achieved accreditation.

Of those achieving accreditation, the majority achieved Entry Level Qualifications (24%) and NVQ Level 1 (24%), with 18% achieving at least one GCSE. Other accreditations included Key Skills, National Skills Profile and other certification including Diocese subject exams, Basic Health & Safety, First Aid, Basic Food Hygiene etc.).

What was the most important thing they felt they learnt?
47% Practical Skills
29% Career Choice
29% Life Skills
23% Communication
21% Manage myself
18% Team Work
11% ICT
11% Literacy & Numeracy
11% To get on with teachers
9% Job Seeking skills

Sues

These positive results must be seen in the wider system context of current provision and circumstances. A number of such issues have emerged so far and will be worth following up. These include:

- Considerable disparity in the research population between the numbers of young people from the two main community backgrounds. Although there are two case study schools from each tradition and all of the Projects have a mixed intake, the numbers of young people in Cohort 1 who originally attended schools in the Maintained sector greatly outnumbers those from the Controlled sector.

- Gender issues. A number of gender differences have emerged from the evidence to date.
  - There are much larger percentages of boys than girls enrolled in the Projects being researched;

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Table 1: School type last attended

School Type	Percentage of total population	Male	Female
Secondary Maintained	64%	67%	61%
Secondary Controlled	28%	25%	33%
Voluntary Grammar (under Catholic management)	1%	1%	0%
Special School	3%	3%	2%
Integrated	6%	6%	4%

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- these sex groupings display varying attitudes to their experiences in AEP and to the support offered to them; and,

- In addition, there appears to be differential access to the courses provided, and, as a result, to limitation of types of work experience. Except in one of the projects under study, the courses studied appear to be very gendered; on the whole, boys and girls take different programmes of study, for example girls attend hairdressing and beauty therapy courses, with boys opting for the trades, and this is followed through into their work placements. If this situation is found to apply to the whole cohort, providers may have to reconsider option systems for the young people.

- The young people seem to be unclear as to the qualifications they have earned while engaged in alternative education;

- The young people's access to careers advice and guidance appears to have been greatly reduced since they left their projects. Given that most of them are still engaged either in further study or vocational training programmes, we are unclear as to why this is so. Findings about their anticipated careers suggest that many are uncertain about the mid and longer-term, and are therefore still likely to need considerable support in this area.

Further research will explore further whether the interim findings are more generally applicable to the whole cohort of young people, and will, in detail, examine issues which have emerged from our preliminary work. Comparison with the control group may well throw some of these issues into sharper focus and identify some others, as well.

Research Team

This research is being conducted by a research team from Queen's University, Belfast composed of:

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How did the Experience of Young People at School Affect them Post-16?

Helen Moor, Nicola Bedford, Annie Johnson and John Harland, National Foundation for Educational Research (NFER)

This article presents findings from a seven-year longitudinal research project involving over 3,000 NI young people. The study followed this sample through the five years of secondary-level education, and then upon reaching the end of compulsory schooling, data were gathered on their post-16 destinations. With a body of evidence on these young people's attitudes and experiences at school over the previous five years, the study has examined how these experiences then affected the post-16 paths and views of this cohort of NI young people.

Background

The NI Curriculum Cohort Study has tracked NI young people from the age of 11 to 18. The study began in 1996 and followed 3,000 young people from a representative sample of 50 NI schools for each of the five years of their secondary-level education. Each year, these students completed questionnaires on their experiences and views of the school curriculum, and a proportion was also observed in class and interviewed. When they completed compulsory education (Year 12) in 2001, the post-16 destinations of the 3,000 were collected. Following this, a subsample of 100, then aged 17 or 18, was interviewed about their post-16 lives in education, work-related training, employment or job seeking.[1]

This article first relays how the experiences of the 3,000 young people during their time in secondary-level education shaped the route they took at 16. Then, once embarked upon their post-16 path, perceptions are examined of the extent to which the school curriculum had equipped young people for their post-16 undertakings in further education, work-related training or employment.

How secondary-level education affected young people's post-16 destinations

The first post-16 destinations of the 3,423 young people involved in the NI Curriculum Cohort Study are set out in **table 1** and described below.

- The greatest proportion of the sample, 70 per cent, continued in full-time education at age 16, predominantly in a school sixth form and to a lesser extent at a college of Further Education (FE). This corresponds with DE and DEL statistics for all NI 16 and 17-year-olds.

- The first post-16 destination for 13 per cent of the sample was a move into work-related training e.g. Jobskills, apprenticeship or training leading to National Vocational Qualifications (NVQs). In the sample, twice the proportion of boys to girls embarked on work-related training. And double the proportion of working class[2] young people compared with their middle class counterparts pursued this option.

- Eight per cent of the Cohort Study young people entered employment, and job seeking/unemployment was the first destination from compulsory schooling for two per cent. Greater proportions of young people from schools with a high take-up of free school meals (FSM) had entered employment or were job seeking at age 16 in comparison with their peers who had attended schools with mid and low levels of take-up for FSM.

[1] The post-16 phase of the research was sponsored by the Department of Education (DE) and the Department for Employment and Learning (DEL), and was supported by the NI Council for the Curriculum, Examinations and Assessment (CCEA).

[2] Social class was determined on the basis of parents' occupations.

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- The post-16 pursuits of the remainder of the sample included, amongst others, motherhood, emigration and illness, or could not be ascertained.

Part of this study was to ascertain the factors that affect the odds of selecting the particular post-16 paths. To this end, logistical multi-level models were constructed, the purpose of which was to determine whether any of the following elements of young people's educational experiences were influencing the route they pursued at 16:

- the characteristics of the schools that they had attended in Year 12 – e.g. school type i.e. grammar or non-selective secondary; whether or not the school had a sixth form; location; take-up for free school meals; management type i.e. Catholic-managed, Protestant-managed or integrated
- the characteristics of the young people themselves – e.g. their social class, their gender, their GCSE/GNVQ results
- the attitudes of these young people towards the school curriculum from the ages of 11 to 16, as captured in the surveys which they completed for this study during their five years in secondary-level education (Years 8 to 12) – such attitudes included their level of engagement with learning; their views of their subjects in terms of relevance, enjoyment, level and amount of work; their perceptions of the progress they had made; and their experience of careers education.

Multi-level models established which of the above factors were affecting the probability of continuing in education post-16 (e.g. in school sixth forms or at FE college) against leaving full-time education at 16 (e.g. for work-related training, employment or job seeking).

In terms of the young people participating in the NI Curriculum Cohort Study, the principal factor that independently increased the probability of entering full-time post-16 education was[3]:

- **Their performance at GCSE/GNVQ:** there was a very strong correlation between GCSE/GNVQ results and post-16 education, such that as GCSE/GNVQ scores increased, the odds of continuing in education increased.

And then, over and above GCSE/GNVQ results, each of the following independently increased the probability of young people entering full-time post-16 education.

- **Their Year 12 school having a sixth form.**

Table 1: The post-16 destinations of the young people

Destination		N	%
Post-16 education	Post-16 education at grammar school	1,136	33
	Post-16 education at secondary school	601	18
	Post-16 education at FE college	661	19
Work-related training	Jobskills at FE college	220	6
	Jobskills/training/apprenticeship	244	7
	Employment	258	8
	Job seeking/unemployment	68	2
	Other	87	3
	Unknown	148	4
Total		**3,423**	**100**

Due to rounding, percentages may not sum to 100

Source: NI Curriculum Cohort Study Post-16 Phase: post-16 destinations data collection

[3] These results are drawn from two models, each containing a different number of cases (see the full report for further details – reference at the end of this article).

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- **Their degree of engagement with learning in Year 12:** as engagement with learning increased, the probability of continuing in education post-16 increased.

- **Their gender:** being female.

- **Their own perceptions of their progress:** young people who increased in their estimation of their progress over the last two years of secondary-level education had a greater probability of continuing in education post-16.

Thus, on the basis of these results, a highly engaged female in a school with a sixth form has, with average GCSE/GNVQ score, a 95 per cent probability of moving on to full-time post-16 education. By contrast, a low-engaged male in a school without a sixth form has, with average GCSE/GNVQ score, a 66 per cent probability of moving on to full-time post-16 education.

For the 3,423-strong sample in this research, the location, size, religious management or pupil constitution (single sex or coeducational) of the school attended by a young person did not increase the probability of continuing in education post-16. Further, attending a grammar school in Year 12 did not increase a young person's likelihood of entering post-16 education[4]. Rather, the provision of a sixth form was the key school characteristic that enhanced the odds of a young person remaining in full-time education post-16.

In terms of young people's views towards the curriculum, the principal attitudes influencing post-16 destination were their engagement with learning and their perceptions of their progress over the last two years of their secondary-level education (Years 11 and 12). Other views and educational experiences that were considered (including experiences of careers education) did not emerge as significant factors.

This latter point on careers education was also corroborated by interviews conducted as part of the research with 100 young people from the 3,423-strong sample about their post-16 lives in education, work-related training, employment or job seeking[5]. When asked for their rationales for selecting their post-16 destination, a minimal number of interviewees cited the impact of careers education on their decision-making. In total, 14 interviewees explicitly stated that the careers advice they received at school had assisted them in selecting their post-16 destination; however, this was 14 out of the 96 who could recall having received some careers education during the last two years of compulsory schooling. From interviewees' recollections, it appeared that, whilst careers education was useful in teaching transferable skills such as *'how to do application forms'*, it was less informative in guiding those who had *'no idea'* with regard to their future plans. Further, some hinted at the partiality of careers education received whilst at school, intimating that careers classes had been geared towards staying on at school rather than emphasising the full range of post-16 options available.

Interviewees' comments on their post-16 decision-making also reinforced the influence of engagement with learning that emerged from the statistical analyses. Those interviewees undertaking work-related training, AS/A2-levels, AVCEs or BTEC National Diplomas most frequently attributed their decision to pursue these routes to future aspirations, motivated either by their intention to undertake a specific career or by their understanding that further education or training would lead to a more secure future. In contrast, however, none of the employed interviewees had chosen to enter work because of positive future aspirations. Rather, they had been induced by negative feelings towards school that prompted them to leave education at the earliest opportunity or had started working when other post-16 plans, such as work-related training, were unsuccessful. As an aside, however, there is a noteworthy paradox here. Whilst a primary motivation of employed individuals had been a desire to leave education, once embarked upon post-16 employment and asked to

[4] Whilst a grammar-school education was not a factor that increased the likelihood of continuing in education *per se*, attending a grammar school in Year 12 did, however, affect the location of post-16 education. Those from grammar schools had an increased probability of continuing their education in a school sixth form rather than at FE college.

[5] At the time of these interviews, the 100 interviewees were 17 or 18 years of age and were approximately 20 months beyond compulsory schooling. The post-16 destinations of these interviewees were: AS/A2-levels (39 interviewees); Advanced Vocational Certificates of Education (AVCEs) / BTEC National Diplomas (21 interviewees); work-related training (26 interviewees); employment (10 interviewees); job seeking (2 interviewees); and other (2 interviewees – naval training/sports scholarship).

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compare this with their time at school, those interviewees who had proceeded to routine jobs actually reported preferring school because of the lack of challenge and prospects they had subsequently found in such occupations (e.g. factory operative, retail assistant).

To sum up, statistical analyses using data on over 3,000 young people established that, above and beyond the effect of GCSE/GNVQ results, the factors that increased the likelihood of a young person pursuing full-time post-16 education were: their school having a sixth form; their degree of engagement with learning; being female and their perceptions of their progress. Interviews with 100 of these young people suggested that the impact of advice from school on their post-16 decision-making had been minimal. These interviews also highlighted that whilst future aspirations in terms of career or further study plans were motivators for those staying on in full-time education or taking up work-related training, among those interviewees who had left school at 16 for employment, this was not to follow a long-held aspiration or career path, but was frequently prompted by a desire to leave education.

What also emerged strongly from the interviews was the influence from family on post-16 decision-making. From analysis that examined the 100 interviewees' destinations by their parents' occupations, it emerged that these young people's post-16 choices were frequently leading them towards the same broad employment grouping as their parents. For example, amongst interviewees with at least one parent in a professional occupation, the greatest proportion was studying for AS/A2-levels.

How secondary-level education prepared young people for their post-16 destinations

After 20 months in their post-16 destinations, the 100 young people who were interviewed for this research were asked how far they felt the school curriculum had prepared them for the post-16 path they had taken.

On the basis of the perspectives of these 100 interviewees, the secondary-level curriculum appears proficient in equipping young people for the next phase in education (A-levels, AVCEs, BTEC National Diplomas), but is less adept at preparing them if they leave formal education at 16 to pursue work-related training or employment options. All but five of the 60 A-level/AVCE interviewees reported that they had been well prepared for their post-16 destination, compared with 15 of the 26 interviewees in work-related training and seven of the ten employed interviewees.

Those interviewees in work-related training and employment who felt that the school curriculum had prepared them for their post-16 destination, would cite a small number of subjects that they made direct use of in their current pursuit. Primarily these were English (reading, writing) and mathematics (measuring, counting), and also science and technology for those on joinery, plumbing and engineering courses, and science for those on hair and beauty courses. Careers education and work experience placements were regarded as preparation in acquainting interviewees with the expectations of training courses and working life. Further, half of the employed interviewees identified the social and teamwork skills developed through the school curriculum, and also the routine (waking early) and discipline of school, as useful preparation for employment.

Amongst those work-related training and employed interviewees who did not feel adequately prepared for these pursuits by the school curriculum, they, too, would cite a small number of subjects that they had used, but from this they drew the opposite conclusion – that this was not sufficient preparation because, for example, they had *'only'* made use of, say, mathematics and technology. In addition, they gave the following reasons to explain why they felt ill-prepared for work-related training or employment by the school curriculum.

- Secondary-level education was perceived to be geared towards those undertaking further study post-16 and did not teach *'a trade'*: *'It would*

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be different if I was to go on to university. I might have done more there, but for the likes of doing a trade or nothing, school doesn't even prepare you for that there' (male, employment).

- Few subjects in the curriculum were perceived to have formed a knowledge base for work-related training or had given an insight into the type of work (often physical labour) involved: *'There wasn't much that the school could do, like, for bricklaying, like ... It is just really a physical job, it takes a lot of effort. So it is totally different from school, like. There are not many subjects that could prepare you for it, like'* (male, work-related training).

- The more applied use of subjects in work-related training or employment was perceived to be different from the approach taken in school: *'You still had to have maths, like,* [in work-related training] *but it was done in a different way. It was about the price of things. It was showing how to use your own initiative, like, you had to go and find prices for tiles, find tiles and measure up'* (male, work-related training).

Questions raised by the research

This article has conveyed how secondary-level education shaped NI young people's post-16 experiences, both in terms of the post-16 route they pursued and their sense of preparedness for their destination.

In terms of the 3,423-strong sample in this study, there was a very strong positive correlation between performance at GCSE/GNVQ and post-16 destination, such that as GCSE/GNVQ results increased, the likelihood of remaining in full-time education at 16 increased. There was also an association between sixth form provision and entry into post-16 education. This possibly raises questions as to whether any enhancements could be made to school sixth forms or links strengthened between schools and FE colleges in NI. Additionally, are there any ways in which the perceived status of FE college could be raised? Whilst attracted by its *'freer'* ambience, a number of young people interviewed for this study hinted that *'the tech'* was perceived to be *'for people who couldn't do their A-levels'*.

Based on the number of citations by interviewees in this research, the impact that advice from school had on post-16 decision-making appeared minimal. This perhaps highlights issues regarding the content and delivery of careers education so that young people might draw more readily on this to inform their post-16 decision-making.

In terms of young people's attitudes towards the school curriculum, the principal factors influencing their post-16 destination were their level of engagement with learning in Year 12 and their perceptions of their progress. Thus, a question to consider may be: how can young people be encouraged to evaluate their performance and recognise the progress they make over the course of their final two years in compulsory education?

Further, in order to raise levels of engagement with learning, there may be scope in heeding the improvements to the school curriculum suggested by the young people interviewed here. They highlighted the need for: increased emphasis on skills (ICT, life/independence skills, social skills) and personal and social development; changes to the content and mediation of subjects to include, amongst others, more practical work and increased coverage of current affairs and application of knowledge; and greater opportunities for vocational learning and work experience. This emphasis on vocational learning would also serve to prepare those young people entering employment and work-related training more adequately for these post-16 destinations than the findings of this study would suggest occurs at present.

For further information on the research, please contact Helen Moor (01904 433435 or **h.moor@nfer.ac.uk**).

The full post-16 report – *'Moving Forward; Thinking Back: Young People's Post-16 Paths and Perspectives on Education, Training and Employment.* (The

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Post-16 Phase of the NI Curriculum Cohort Study – full report)' by Helen Moor, Nicola Bedford, Annie Johnson, Melanie Hall and John Harland – will be available on the CCEA website in autumn 2004: **http://www.ccea.org.uk.** A summary of the report by the same authors will also be published by CCEA in the autumn.

Equality Update

Christine Thompson, DEL

Since the introduction of the NI Act (1998) DEL has monitored the uptake of its main programmes and services in terms of community background, racial group, age, marital status, gender, disability and dependants. This monitoring is one way in which Government can keep a check of its own performance, and publication of monitoring results enables public scrutiny. The results of DEL's equality monitoring on gender, community background and disability have been published in the Labour Market Bulletin since 2001.

Table 1 shows the occupancy/enrolments on all of the Department's programmes and services and shows the estimates of the eligible groups for gender, community background and disability. The eligible group is the total number of people eligible to participate in the programme or service. The breakdown of the eligible population by gender and disability was taken from the 2002 Annual Labour Force Survey (most recent annual data available). However, the eligible population by religion was taken from the 2001 Annual Labour Force Survey as 2002 data are not yet available. Not all eligible group figures are available as the data are taken from a sample survey and once the estimated number in a category drops below a certain level (6,000), data are deemed to be unreliable and are not published. Numbers exceeding 6,000 are also subject to sampling error.

The figures for occupancy should broadly reflect those for the target population. If there is a large difference between the occupancy and eligible rates then further investigation might be appropriate.

The participation rate of females (23%) on Jobskills Modern Apprenticeship compared to the eligible group (53%) continues to be low. This issue was also identified in the Jobskills EQIA consultative document and is being considered as part of the EQIA process.

DEL will continue to collect data on and monitor the occupancy of its main programmes and services in order to ensure that all of these are delivered on the basis of equality of opportunity and will continue to publish the results in the Labour Market Bulletin.

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Equality Update

Christine Thompson, DEL

Table 1: Occupancy and Eligible Group Figures[1]

	% Female		% Catholic[2,3]		% Disabled[4]	
Programme	**Occupancy**	**Eligible**	**Occupancy**	**Eligible**	**Occupancy**	**Eligible**
Job Brokerage[5]	30%	50%	47%	[60%]	4%	32%
Employment Support	34%	50%	42%	[49%]	100%	100%
Rapid Advancement Programme	31%	N/K	60%	N/K	3%	N/K
IFI Wider Horizons	51%	41%	68%	N/K	N/K	N/K
Enterprise Ulster	36%	58%	48%	[58%]	2%	39%
Jobskills[6]	30%	40-60%	67%	[58%]	10%	N/K
Jobskills Modern Apprenticeship	23%	53%	54%	[61%]	0%	N/K
New Deal for Disabled People	43%	53%	45%	[53%]	87%	86%
New Deal 18-24	29%	N/K	65%	N/K	6%	N/K
New Deal 25+	17%	N/K	61%	N/K	4%	N/K
Premiere2	55%	N/K	59%	N/K	0%	N/K
Training for Work	79%	63%	51%	[59%]	2%	45%
Worktrack	64%	63%	62%	[59%]	3%	45%
Bridge to Employment	33%	60%	56%	[53%]	N/K	27%
Walsh Visa Programme	25%	51%	75%	[48%]	2%	11%
Higher Education (HE)[7]	61%	N/A	[57%]	N/A	5%	N/A
Further Education (FE)[7]	58%	N/A	[54%]	N/A	50%	N/A

Notes

[1] The occupancy figures are as @ 31 March 2004 for all training and employment programmes and as @ 01 November 2002 for FE enrolments. HE enrolments are taken over the full academic year 2002/03.

[2] Percentages for community background/religious composition exclude those not classified as either Protestant or Catholic. The accepted convention, which is followed in this article, is to give the percentage in [square brackets], except where specifically indicated. Protestant and Catholic percentages will thus sum to [100%].

[3] For HE and FE, information on religion is not a mandatory question and it is only collected for NI domiciled students studying at NI institutions, both of which contribute to a high non-response rate of 31% in HE and 12% in FE.

[4] Disability in HE and FE is defined on the basis of self-assessment by each individual student while those on training or employment schemes are given the DDA definition of disability and asked to determine if they are disabled under this definition.

[5] Eligible Group figures for Job Brokerage include only those who are either ILO unemployed or economically inactive but who would like a job. The Job Brokerage service is also available to those who are employed but fewer will take up the service.

[6] Excludes Jobskills Modern Apprenticeships.

[7] HE enrolments at FE colleges are included in the FE figures.

Women in the Northern Ireland Labour Market

Patrick McVeigh and Darren Hetherington
Statistics Research Branch, Department of Enterprise, Trade and Investment

This article provides the most recent (Spring 2004) information available from the Labour Force Survey (LFS)[1] about the economic activity (see definitions at end of pages 199 and 200) of women in the NI labour market. Where appropriate comparison with the economic activity of males is included. Figures relating to earnings are sourced from the New Earnings Survey (NES)[2].

Summary

- The number of women in work (324,000) in NI is close to historically high levels.
- The economic activity rate of working age (16-59) women (63%) has fallen by 1 percentage points over the last five years and is much lower than the rate for working age (16-64) men (76%).
- The economic activity rate of working age women (63%) in NI continues to be considerably lower than their counterparts in GB (73%).
- Women without dependent children in NI are also less likely to be economically active (67%) compared to women in GB (78%).
- 45% of all those in employment are women but only 19% of self-employed persons are women, up from 18% of self-employed persons five years ago.
- Women are much more likely to work part-time (37% of female employees) than men (8% of male employees).
- 83% of part-time employees in NI are women, broadly similar to the proportion in GB (81%).
- 81% of female employees who work part-time say they do not want a full-time job, rather than being unable to find a job.
- Only 8% of women in employment are Managers and/or senior officials, compared to 13% of men.
- For male full-time employees the gross weekly wage is £438 which is 23% higher than that for female full-time employees (£355).
- The unemployment rate for females in Spring 2004 was 2.9% compared to 6.1% for men.

Introduction

NI has the lowest economic activity rate across the UK regions and this is most marked for women of working age of whom only 63% were working or seeking work in NI in Spring 2004. There has been a slight increase in the rate over the past five years despite women's employment levels being close to historically high levels. Women in NI are more likely than their counterparts in GB to give "looking after the family home" as a main reason for not working and our higher dependency ratio, (number of dependent children as a percentage of the overall population) 27% in NI compared with 22% in GB, might be expected to mitigate against active labour market participation. However, women **without** dependent children in NI are still much less likely than in GB to be economically active suggesting that there may be further potential to increase female participation in the NI economy. This article looks at the nature of female labour market participation and recent trends in NI.

[1] The LFS is a sample survey carried out by interviewing individuals about their personal circumstances and work. It is the biggest regular household survey in NI and provides a rich source of information on the labour force using internationally agreed concepts and definitions. As the LFS is a sample survey and not a complete count all estimates obtained from it are subject to sampling error.

There are three main classifications of economic activity, in employment, unemployed and economically inactive, as follows:-
Persons in employment are those aged 16 and over who did some paid work in the reference week (either as an employee or self-employed), those who had a job which they were temporarily away from, those participating in government training and employment programmes and those doing unpaid family work.

Unemployed persons are those without a job who were available to start work in the two weeks following their LFS interview and had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.
Economically active persons are those aged 16 and over who are either in employment or unemployed.

Continued overleaf

Women in the Northern Ireland Labour Market

Patrick McVeigh and Darren Hetherington
Statistics Research Branch, Department of Enterprise, Trade and Investment

Women Economically Active

At Spring 2004 there were 334,000 women (49%) aged 16 and over economically active (either in employment or unemployed) in NI. This compares with 414,000 men (66%). **Figure 1** shows how the numbers of economically active men and women have been increasing from Spring 1996. The number of economically active women has increased by 8%, while the increase for men has been much less at 1%. Since 1984 (the earliest date for comparable LFS records) the number of economically active women has increased by nearly one third (27%). Married women now make up 26% of the economically active, compared to 23% in 1984.

Another way of comparing economic activity is to use the appropriate economic activity rates, which is the proportion of persons in any specified age group who are economically active. The activity rate for women of working age (16-59) is 63%, much lower than the rate of 76% for men of working age (16-64). Since 1984 the difference in activity rates has decreased, as the activity rate for females has risen by 6 percentage points, while the activity rate for males has fallen by 8 percentage points. Over the last five years economic activity rates have

Figure 1: Economically Active Persons (16+) 1996-2004

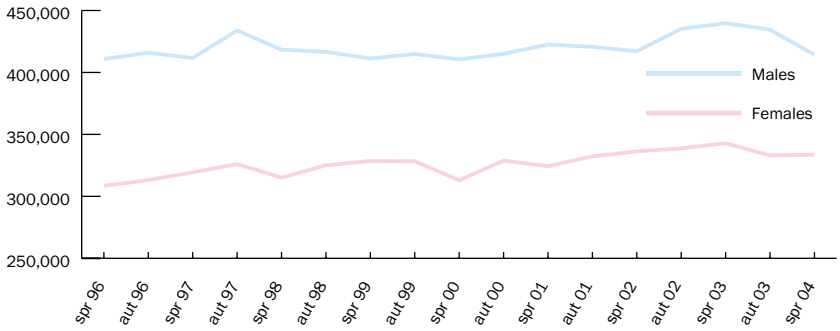
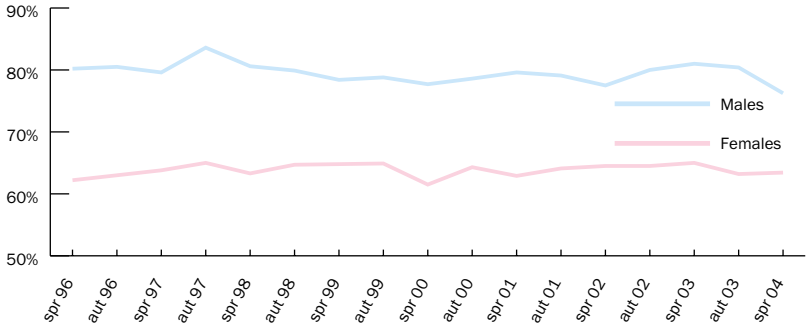


Figure 2: Economic activity (E.A.) rates (working age) 1996-2004



Economically inactive persons are those neither in employment nor unemployed. This group includes for example all those who were looking after their family/home, students not working and retired persons.

All LFS estimates have been regrossed and are consistent with the 2001 Census of Population.

[2] The New Earnings Survey is a sample survey and the sample is obtained by taking all those employees whose National Insurance numbers end in a certain combination of digits. A sample selected by this method is representative of employees in the whole of the economy, in all industries, and in all occupations, both manual and non-manual. The data on earnings is obtained not from the employees, but from their employers under the authority of the Statistics of Trade and Employment (NI) Order 1988. Information collected is treated as strictly confidential and is used only for statistical purposes.
All NES estimates in this article relate to adult rates which include overtime and are unaffected by absence.

Women in the Northern Ireland Labour Market

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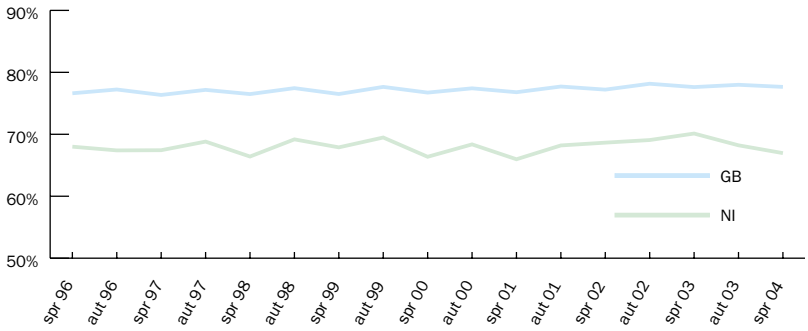
Figure 3: E.A. rates (working age) of females without dependent children 1996-2004

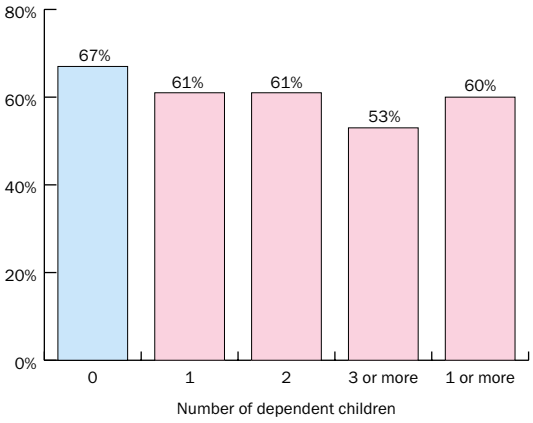


decreased by 1 percentage point for females and for males have decreased by 2 percentage points. The female activity rate in NI (63%) is still considerably lower than that in GB (73%), while there is less difference in male activity rates (76% in NI and 83% in GB).

The economic activity rate for women of working age depends on the presence of dependent children (those aged under 16). For women with dependent children the activity rate is 7 percentage points lower than for those without dependent children (60% compared with 67%). There is a similar difference in activity rates in GB (67% compared with 78%).

Women in NI without dependent children are still considerably less likely to be economically active than their counterparts in GB (NI 67% and GB 78%). The economic activity rate for NI women without dependent children has remained fairly constant over the past 8 years

Figure 4: E.A. rates (working age) by number of dependent children, Spring 2004



with the gap between GB and NI increasing by 2 percentage points. In NI, the economic activity rate for women without dependent children has decreased by one percentage point over the period Spring 1996 (68%) to Spring 2004 (67%) compared with a three percentage point fall over the last year.

There is evidence that the activity rate depends on the number of dependent children and it is much lower for women with three or more dependent children (53%) than those with one or two dependent children (both 61%). Perhaps surprisingly the activity rate does not display any consistent pattern according to the age of the youngest dependent child, with the rates

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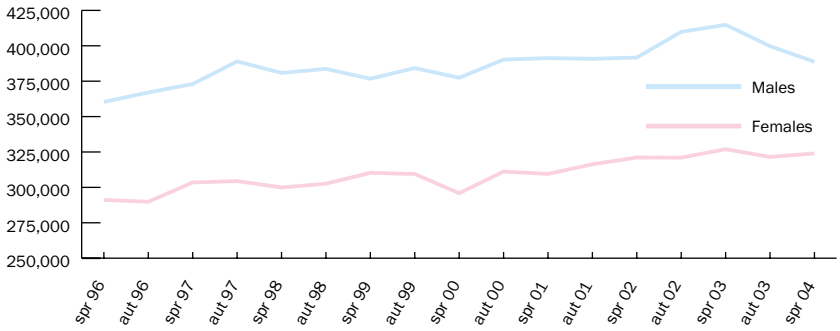
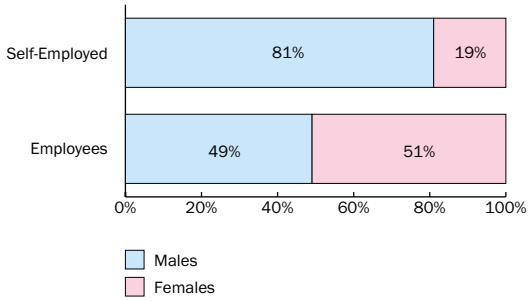
Statistics Research Branch, Department of Enterprise, Trade and Investment

Figure 5: Persons in Employment (16+) 1996-2004



being 58% for women with the youngest child aged 0-4 yrs, 65% for those with youngest child aged 5-10yrs and 54% for those with youngest child aged 11-15yrs.

Figure 6: Types of Employment by gender, Spring 2004



Women in Employment

At Spring 2004 there were 334,000 women aged 16 and over economically active (either in employment or unemployed) in NI. This compares with 414,000 men. **Figure 5** shows how the numbers of men and women in employment have been increasing from Spring 1996 to date. In Spring 2004, 45% of all those in employment were women (324,000). Since Spring 1996 the number of women in employment has increased by 11%, while the percentage increase for men was 8%. Since 1984 (the earliest date for comparable LFS records) the number of women in employment has increased by 42%, compared with an increase of 20% for men.

The 324,000 women in employment consist of 298,000 employees (92%), 21,000 self-employed (6%) and less than 8,000 in total on either government training and employment schemes or unpaid family workers. While women account for over one half of all employees (51%), only 19% of self-employed persons are women.

Another way of comparing employment is to use the appropriate employment rates, which is the proportion of persons in any specified age group who are in employment. The employment rate for women of working age (16-59) is 62%, much lower than the rate of 71% for men of working age (16-64). Since 1984 the difference in employment rates has decreased, as the employment rate for females has risen by 12 percentage points, while the employment rate for males has risen by 4 percentage points. Despite this, the female employment rate in NI (62%) is still considerably lower than that in GB (70%), the magnitude of

Women in the Northern Ireland Labour Market

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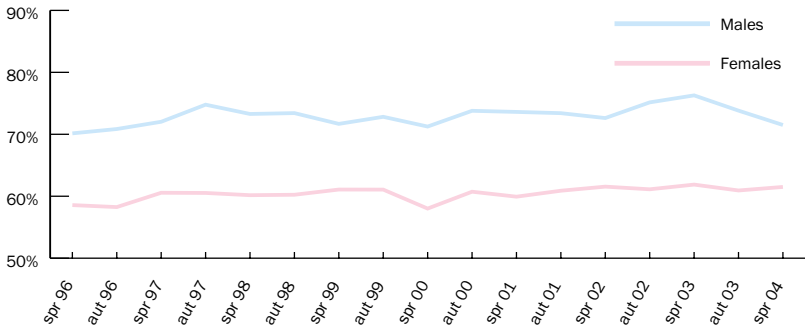
Figure 7: Employment rates (working age) 1996-2004



this differential is the same for male employment rates (71% in NI and 79% in GB).

Nearly two fifths (37%) of female employees work part-time, compared with 8% of male employees who work part-time. As a result 83% of part-time employees are women. This is similar to the proportion of female part-time employees in GB (81%). For females the number of part-time employees has risen much more from 1984, than the number of full–time employees (50% compared with 32% respectively). This increase in female part-time employees in NI is much larger than the 29% increase in GB.

Figure 9 shows the reasons for female employees working part-time. Over four fifths of female employees (81%) who work part-time say they do not want a full-time job, rather than being unable to find a full-time job.

Figure 8: Full-time/Part-time split of Employees, Spring 2004

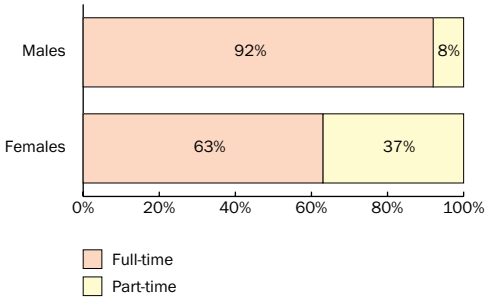
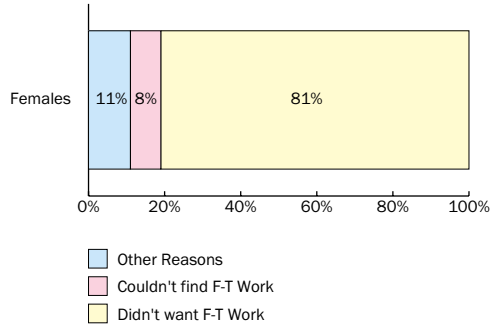


Figure 9: Reason for Female Employees working Part-time, Spring 2004



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Despite a significant proportion of female employees working part-time, nearly all female employees are in permanent jobs, with only 8% of female employees in temporary positions. Three percent of women in employment work mainly from home.

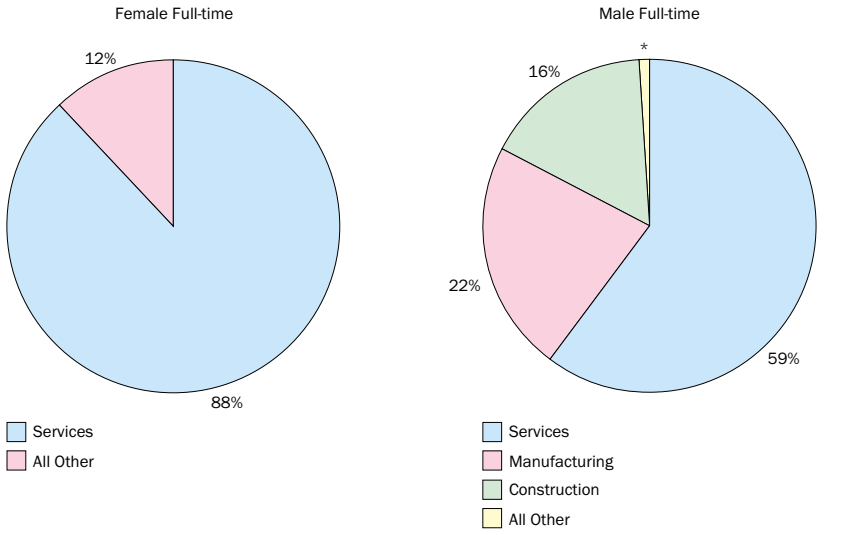
Female full-time employees are concentrated in the Service sector industries, with 90% working there, compared with 61% of male full-time employees. Over one half of female full-time employees (58%) are employed in the Public administration, Education and Health service sectors, compared with about one quarter (27%) of males.

Relatively few female full-time employees work in the Manufacturing and Construction industries (9%).

The distribution of occupations that men and women work in is also different. 24% of women in employment are in Administrative and secretarial occupations, compared with 6% of men. A further 14% of working women are in Personal service occupations, such as catering, domestic service and hairdressing, compared with 2% of men. However, only 8% of working women are Managers and /or senior officials, compared with 13% of men. The area where the highest proportion of men work is Skilled trades (27%), while the number of women is too small to be reliably quoted.

The gross weekly pay for male employees is £412, which is 53% higher than that for female employees (£270). However, this difference is inflated by the higher proportion of females than males who work part-time and therefore, work less hours per week. For male full-time employees the gross weekly pay is £438, which is 23% higher than that for female full-time employees (£355). Looking at hourly rates of pay of all employees, the average male rate of £10.58 is 17% higher than the rate for females (£9.01).

Figure 10: Employees by Industry sector, Spring 2004



"All other" comprises Agriculture and fishing, Energy and water Construction and Manufacturing.

"All other" comprises Agriculture and fishing and Energy and water industries.
* Sample size too small for a reliable estimate.

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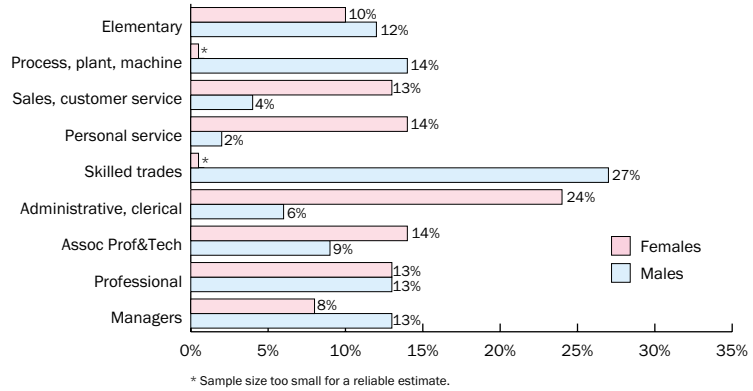
Figure 11: Employment by Occupation, Spring 2004



* Sample size too small for a reliable estimate.

Unemployed Women

At Spring 2004 there were 10,000 women aged 16 and over who were unemployed in NI. This compares with 25,000 men. **Figure 12** shows how the numbers of unemployed men and women have been decreasing from Spring 1996 to date. The number of unemployed women has decreased by 44%, less than the percentage decrease for men (50%). Since 1984 (the earliest date for comparable LFS records) the number of unemployed women has decreased by 71%, compared with a decrease of 68% for men.

The unemployment rate (16+) is the number of persons unemployed expressed as a percentage of the number of economically active persons. At Spring 2004 the unemployment rate for females was 2.9% compared with 6.1% for men. Unemployment rates have fallen to less than one third of their levels in 1984, with the unemployment rate for females falling from 12.9% to 2.9% and the rate for males falling from 19.3% to 6.1%. The difference between male and female unemployment rates is now nearly three percentage points

Figure 12: Persons Unemployed (16+) 1996-2004

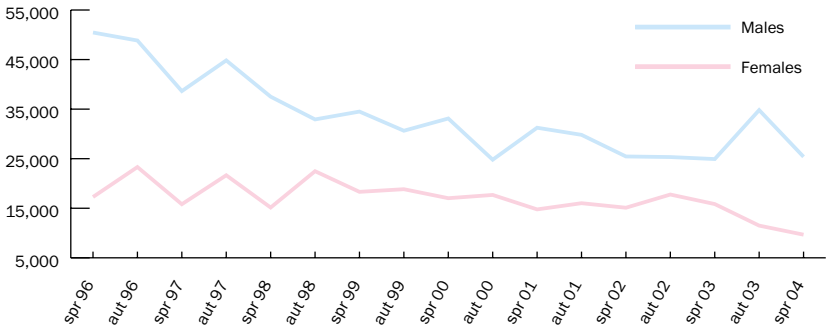


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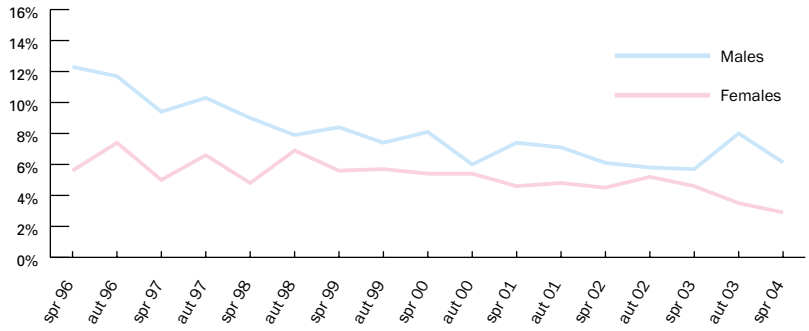
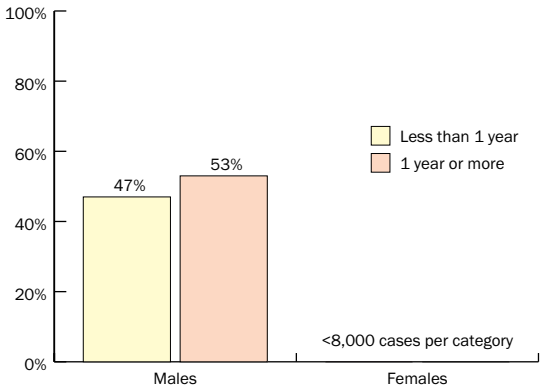
Figure 13: Unemployment rates (16+) 1996-2004



compared with over six percentage points in 1984.

Long-term unemployed persons are those who have been unemployed for one year or more and short-term unemployed persons are those who have been unemployed for less than one year. At Spring 2004 the number of both short term and long-term unemployed women were too small to quote a reliable estimate. For males the numbers short-term and long-term unemployed are 47% and 53% respectively.

Figure 14: Short-term and Long-term Unemployed, Spring 2004



Women Economically Inactive

At Spring 2004 there were 341,000 women aged 16 and over economically inactive (neither in employment nor unemployed) in NI. This compares with 213,000 men. **Figure 15** shows the numbers of economically inactive men and women from Spring 1996 to date. The number of economically inactive women has increased by 5% to 341,000 in Spring 2004; conversely the number of economically inactive men has increased by 23% over the same period. In 1984 there were 323,000 economically inactive women, this number has risen by only 6% to 341,000 in Spring 2004. Conversely the number of economically inactive men has risen by 57% from 136,000 in 1984 to 213,000 in Spring 2004.

The proportion of economically inactive men and women who do not want a job is the same (91%). The remaining 9% of economically inactive women want a job, but were not seeking work in the previous four weeks or were unable to start work in the next two weeks.

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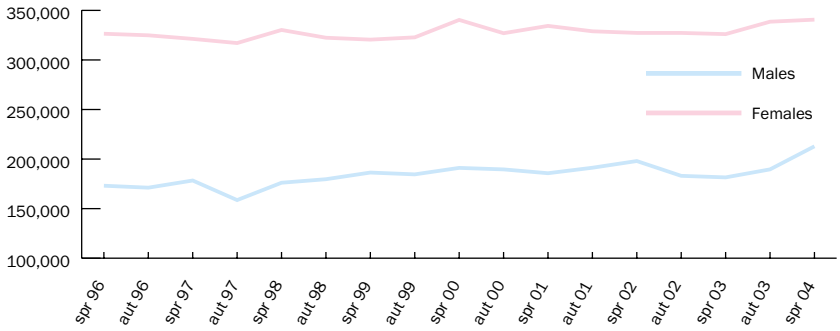
Figure 15: Economically Inactive Persons (16+) 1996 – 2004

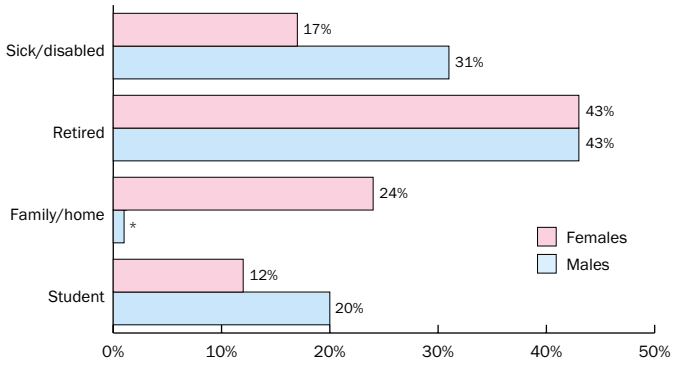


About one half of economically inactive women and men who do not want work are retired, (48%). A further 22% of women give "looking after their family or home" as their reason for economic inactivity.

Figure 16 shows the proportion of economically inactive women and men according to the reasons for their economic inactivity. After retirement, which is the main reason for economic inactivity of both women and men, looking after their family or home is the next highest reason for women (24%), while for males it is sickness or disability (31%). The percentage of all economically inactive women who are looking after their family or home has decreased by 21 percentage points over the period from 1984 (45%) to 2004 (24%). However, this has slowed in recent years with only a 4 percentage point fall in the proportion of inactive women looking after the home reported over the last five years (1999-2004).

GB displays a similar pattern to NI for the reasons of economic inactivity. Retirement is cited as the main reason for both women and men, looking after their family or home is the next highest reason for women (20%), while for males it is sickness or disability (20%). The percentage

Figure 16: Reason for Economic Inactivity, Spring 2004



* Sample size too small for a reliable estimate.

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of all economically inactive women who are looking after their family or home in GB decreased by 13 percentage points over the period from 1984 (33%) to 2004 (20%) compared with a one percentage point fall over the last five years. Furthermore, in NI the main reason given for the economic inactivity of women without dependent children after retirement was sickness or disability and this has increased by 11 percentage points over the past twenty years and by 3 percentage points over the last five and currently stands at 18% at Spring 2004 compared with 12% for GB.

The DEL Research Agenda

Tertiary Education Analytical Services Branch/Research and Evaluation Branch, DEL

Background to Development of a DEL Research Agenda

Within its Strategic Plan for the period 2004 to 2007[1] the Department for Employment & Learning (DEL) reaffirmed its commitment to evidence based policy formulation and development. The Department recognises that access to high quality, up to date research is an essential ingredient in both shaping and successfully delivering upon its strategic priorities.

The Strategic Plan commits to commissioning relevant research projects to assist policy preparation and development. In light of this, the Department's Research Steering Group (RSG), which is the prime forum within DEL for making decisions about the policy relevance of research, developed a Research Agenda for the period 2004-07.

The main basis therefore for the development of a Research Agenda within the Department was to ensure that a comprehensive evidence base exists in the future which will inform the delivery and shape of its medium to long term strategic priorities.

In preparation for the development of the Agenda, a review was undertaken of the relevant research that already existed or was currently being undertaken at that time. The Department also considered what further research is likely to be required over the next number of years. The outcome of this review and future considerations formed the shape and focus of the Department's Research Agenda, a copy of which can be found on the Department's web-site **www.delni.gov.uk**.

By acting upon this Agenda, the Department aims:

- To strengthen further the link that exists between research and policy development within DEL.
- To provide improved co-ordination between the Department's planned research and the Strategic and Business Planning process.
- To enhance interest within the research community in the areas of research relevant to DEL.

Focus of the Future Research Agenda

DEL is responsible for third level education, training and a range of employment measures in NI. DEL's activities are focused around three key themes: *Preparing People for Work, Supporting Businesses and Economic Development and Promoting Learning*.

Following an analysis of currently available research in the themes relevant to DEL, and the gaps in the Department's knowledge base, the Research Agenda includes a number of key areas, linked to the Department's priorities for action[2], where further research needs to be undertaken. A summary of the areas identified for further research are set out below with further detail on specific areas of research contained within the Research Agenda.

Interagency Co-Operation on Improving Employability

The prime aim of any research project or projects deriving from

[1] DEL Strategic Plan 2004-07 can be found on the Department's web-site at **www.delni.gov.uk/docs/pdf/DEL_Strategic_plan2004 2007.pdf**

[2] The Department's seven priorities for action are detailed in the DEL Strategic Plan 2004-07. They range from implementing a Skills and Workforce Development Strategy to ensuring the Department is properly placed to comply with the Freedom of Information Act which becomes effective in January 2005.

this, would be to investigate whether there are existing models of interagency co-operation on improving employability – in Europe or elsewhere – and to assess if there are lessons from these models that could be constructively applied by DEL.

Dispute Resolution and the Tribunal System.

The desirability of doing research in relation to dispute resolution and the tribunal system, arises from the Employment (NI) Order 2003, made on 13 November 2003. Very little relevant research has been carried out in this area to date. It is desirable, therefore, that DEL addresses this gap and builds up a bank of baseline data to measure the effects of the changes under the Order, to inform future policy decisions.

Research to inform employment law issues.

Employment law is an important area for possible future research and areas likely to be explored include ways in other jurisdictions of dealing with employment rights disputes and research into whether the current institutional framework would sustain the adoption in NI of employment law different from that in GB and the potential impact of that on inward investment?

Engagement with the Voluntary and Community sectors, in relation to Training and Labour Market Activities, after the ending of EU Objective 1 Funding in 2006/07.

When objective 1 status and funding ends, there will still be a need for DEL to keep working with various voluntary and community sector organisations. One key reason for doing so is that the European Employment Strategy has an increased focus on disadvantaged groups. Subsequent to the ending of Objective 1 funding, such organisations may well face a significant funding gap. DEL will need to have a plan/strategy for dealing with their needs in relation to training and labour market support, in this more constrained financial environment.

Research to Inform the Welfare Reform Agenda.

The Department will build upon desk research into the labour market needs and barriers to employment faced, by a number of 'difficult to help' client groups, already undertaken in this area. The main aim of future research would be to identify through surveys, what steps DEL would need to take to get people in the 'difficult to help' groups to participate in the labour market.

Continuation of Research into issues affecting the Labour Market in NI.

There will continue to be a need for research into issues such as the effects on the individual of large-scale redundancies; the labour force requirements of large scale recruitments; characteristics and needs of specific groups within the unemployed; the labour market for various kinds of services; training issues; and the impact of workforce qualification levels on company performance.

Research in Support of the Skills Agenda.

There will be a number of projects arising under this area, including an independent survey of the essential skills of adults in NI and the reasons for a lower productivity in NI and the contribution that better human capital (i.e. improved skill levels) can make to 'closing the gap'. Also, the work on the Skills Strategy paper indicates a continuing need for significant research on current and future skills needs on the basis of skills monitoring and priority skills forecasting.

Higher Education Research and Development and Knowledge Transfer Activities.

There are a number of questions which the Department would wish to explore in this regard. For example: -

- Compared to other regions, are the NI HE R&D and knowledge transfer activities resourced appropriately so that they can play their part effectively in building a knowledge based regional economy?

- In terms of delivering successful economic and social outcomes, how do the

HE R&D and technology transfer activities in NI compare with similar regions elsewhere?

The Outcomes of Education and Training.

The Department wishes to update and expand the existing evidence base in relation to the outcomes of education and training and how these benefit both the individual and society. This covers both Higher and Further Education.

Widening Access to Further and Higher Education.

The Department wishes to better understand the factors that determine participation rates for Higher and Further Education in NI and where variations exist by social background and the Section 75 equality categories, why these materialise.

A Programme of Market Research.

Research is required to provide baseline information on the levels of awareness and effectiveness of the Department's current services and programmes. Its usage will inform the development of appropriate awareness and marketing campaigns, including e-government delivery and interaction on service and policy development between DEL and other government departments and associated agencies to ensure effective implementation of those policies and programmes.

Launch and Procurement of the Research Agenda

The DEL Research Agenda was recently launched and following that a procurement process was initiated by the Central Procurement Directorate (CPD) on behalf of DEL. This process was in the form of a public call process whereby researchers or research organisations have the opportunity to submit a proposal relating to one or more of the research areas identified above. The competition will remain open until mid-January 2005.

The opening of the public call was advertised on the Departmental and CPD web-sites as well as in the media. While the procurement process remains open, details on the procedures for submitting a proposal can be accessed on the CPD web-site at **www.cpdni.gov.uk/ps/**. The Department envisages initiating a procurement process in Autumn of each year, however, this will be informed by an annual review and evaluation of the Research Agenda.

Dissemination

DEL is committed to ensuring that the work emanating from this Research Agenda will feed into policy development. The research findings will be presented to the Department's RSG. The Department is also committed to publishing and widely disseminating the research work it funds. Full reports and summaries are usually made available electronically on the Department's web site or in hard copy upon request. Dissemination, where appropriate, will also take place through seminars and conferences.

Derry or Delhi, Bangor or Bangalore? Call Centre Employment – An Update

Terry Morahan, Skills Unit, DEL

One of the most rapidly growing sectors in terms of employment is call centres (aka contact centres, customer service centres).

This article represents a further update of articles by the author, "Call Centre Capacity in NI" - see Chapter 13 LMB No 14 and Chapter 32 LMB No 17.

A Passage to India?

The UK media have often reported job losses in this sector - India being cited as the primary destination.

But there has been little evidence of this effect in NI as the call centre sector continues to be the most rapidly growing sector in NI. Indeed the only loss to India known to the author was when the computer company DELL moved their support services out of England and Ireland to India which affected Stream in L'Derry. On the other hand one of the largest and fastest growing call centres is HCL in Belfast which is a joint venture (BT 10%, HCL 90%) between BT and HCL Technologies of New Delhi, India - which announced in September a further 250 job expansion!

In the UK this sector (according to e-skills UK the Sector Skills Council) now employs 867,000; 3% of the UK's working population, and is forecast to add another 200,000 workers by 2007. NI's call centre employment of 8,000 currently accounts for slightly over 1% of our working population and is forecast to grow to just 1.5% so there is still considerable room for further expansion.

There have been several takeovers/mergers/ acquisitions notably by H.I.G. (San Francisco) of Stream. There have been also many new arrivals in the last year - notably HML and JMT in Derry; also major expansions by Abbey, BA, and BT in Belfast (and in Enniskillen), AMA in Bangor and Derry - but obviously with much room for many more by UK standards. Notable closures were ACER and NTL in Belfast.

Table 1 gives our latest information on present employment and projected growth.

It can be seen from **Table 2** that the sector has undergone a dramatic expansion almost doubling in just 4 years - and this is projected to continue with almost 4000 jobs "in the pipeline" and more under active negotiation.

These tables represent our best estimates - including recent press announcements and web-site information. This sector is undergoing rapid change and accordingly not all the data will be entirely up-to-date.

However if it is incorrect in any way please contact **terry.morahan@delni.gov.uk.** Tel: 028 90 441836

Note: only centres with over 20 employees are included and figures are rounded to the nearest 10.

Derry or Delhi, Bangor or Bangalore? Call Centre Employment – An Update

Terry Morahan, Skills Unit, DEL

Table 1

Organisation	Location	Current Employees	Projected Employees	Description
Greater Belfast				
Abbey	Belfast	750	820	Teleservices centre for Abbey's UK customer base
AMA	Bangor	200	250	Telemarketing Bureau
BA	Belfast	120	160	Customer Care and Information
BBC	Belfast	110	110	Customer Service Centre for viewers and listeners
BT	Belfast	110	150	Customer Service Centre
Bettercare	Belfast	30	30	Provider back office support services
First Choice	Belfast	40	40	Direct Sales Falcon Holidays
GEM	Belfast	300	700	Technical Customer Support Centre
Halifax	Belfast	1,600	1,600	Teleservices and online banking centre
HCL	Belfast	780	1,100	Telemarketing/Technical Support
IAS	Belfast	250	250	Insurance products for the over 50's
MM Group	Bangor	520	660	Teleservices/Direct Marketing Bureau
Northern Bank	Belfast	40	40	Provides the entire NAB Group's UK debt factoring service
Open and Direct	Belfast	280	280	Financial Services
Prudential	Belfast	470	470	UK-wide life insurance claims
P&O	Larne	50	50	UK customer booking service
Regus	Belfast	60	300	Shared Services Centre
Seatem UK	Belfast	40	70	Ticket Booking
Segue Software	Belfast	30	50	Technical Support
SX3	N'Abbey	70	100	Part of the Viridian Group-provides a range of services
Synstar	Belfast	0	50	Technical Support
Teletech	Belfast	170	960	Customer interaction centre for telephone and e-commerce
Ulster Bank	Belfast	390	390	Account Management Centre Internet Banking
	Sub Total	**6,410**	**8,630**	
L'Derry				
AMA	L'Derry	30	100	Telemarketing Bureau
BT	L'Derry	160	160	Call Billing
GEM	L'Derry	20	200	Technical Customer Service Centre
Stream	L'Derry	500	650	On-line tech support to customers of major US IT companies
HML	L'Derry	-	400	Process Mortgage applications
JMT	L'Derry	20	100	Verifying Call Centre work from overseas
	Sub Total	**730**	**1,610**	
Elsewhere				
BT	Portadown	130	130	Directory Enquiries for BT's UK network
BT	Enniskillen	300	480	E-Customer Service Centre
Quinn Direct	Enniskillen	150	350	Direct Line Insurance Services
Answer Call Direct	Armagh	240	500	Customer Contact Centre
IDS	Newry	30	60	Telemarketing Bureau
SX3	Ballymena	20	20	Part of the Viridian Group-provides a range of services
SX3	Omagh	20	20	Part of the Viridian Group-provides a range of services
	Sub Total	**890**	**1,560**	
Total for NI		**8,030**	**11,800**	

Derry or Delhi, Bangor or Bangalore? Call Centre Employment – An Update

Terry Morahan, Skills Unit, DEL

Table 2

Year	2000	2004	Projected
Greater Belfast	3,090	6,410	8,630
L'Derry	500	730	1,610
Elsewhere in NI	550	890	1,560
Total	**4,140**	**8,030**	**11,800**

Call Centre Recruitment Difficulties: An Investigation

Darren McKinstry, Darren McKinstry Consulting.

In November 2003 MM Group Bangor[1] announced plans to build on their 350 strong workforce and create 100 additional full-time, permanent jobs. At the time of the announcement Chief Executive Jeff Smith commented: ***"We are determined to grow MM still further and are fully prepared to invest in NI... the only obstacle to growth is finding enough of the right people quickly enough to meet our needs."***

In response to a request for advice by the employer, Research & Evaluation Branch (REB) of the Department for Employment & Learning (DEL) commissioned work to profile the existing workforce, recruitment processes and local labour supply conditions as background to informing the planned and future expansions.

This article summarises key lessons derived from the steps taken by the employer to expand recruitment at its Bangor site by seeking to find ways to overcome any perceived and actual barriers to recruitment.

Rationale & Policy Context

While the rationale for the research was primarily to assist the employer with recruitment and retention, the analysis of MM Group is however also of relevance DEL and InvestNI with regard to further developing estimates of labour supply and understanding recruitment processes[2].

The findings, which further supplement other work[3] undertaken by the Author (with other NI employers seeking to promote enhanced access to work) are also of importance with regard to informing ongoing programmes (such as DEL's 'Bridge to Employment') and in the policy development work of groups such as the 'Taskforce on Employability and Long-Term Unemployment'.

In this context, it is recognised that employability[4] processes depend on the balance between '**supply**' (e.g. individual knowledge, skills and household background) and '**demand**' (e.g. the economic and social context within which work is being sought). Crucially however, the importance of the **interaction** between supply and demand sides (e.g. the job seeker and the employer) has been under-examined. This opportunity to work with a large and expanding NI company provides a valuable opportunity for DEL to gain insights into processes that may be of value in both refining notions of employability and in highlighting the benefits available to other employers from adopting more socially inclusive employment practices.

Key Themes

The full research was conducted in four key areas – workforce profile; recruitment & retention experiences; labour recruitment catchment and labour availability & potential capacity. Quantitative & Qualitative data was collected from the employer early in 2004. For reasons of brevity and confidentiality only some of the themes are discussed in this summary article.

It is worth establishing at the outset of that MM Group have already done much innovative work to seek to expand recruitment and widen the accessibility of their employment

[1] MM Group is part of SR.Teleperformance and provides a network of multi-media contact centres nationwide. See **www.mmgroup.co.uk** for further details.

[2] In this context the work can be seen as a direct extension to the Labour Market Recruitment studies undertaken by the author and reported in previous Labour Market Bulletins (LMBs) - see for example LMBs 12-16.

[3] See LMB 16 (Halifax Call Centre) and LMB 17 (Days Hotel)

[4] 'Employability' has been defined by the NI taskforce as "the capability to move into and within labour markets and to realise potential through sustainable and accessible employment".

Call Centre Recruitment Difficulties: An Investigation

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opportunities. The focus of this research was therefore threefold - to examine what more, if anything, could be done; to consider where past efforts might be further improved, and; to distil key lessons that might inform the actions of MM Group and other employers.

Workforce Profile;

Quantitative data was provided to profile 349 call handlers (inbound and outbound) within the Bangor workforce.

For applicants, previous experience in call centres was desirable, with some experience of customer service essential for outbound positions. No formal qualifications were required for Inbound calling positions, with GCSE 'standard' required only for outbound calling positions. This is reflective of a general move (particularly in 'tightening' local labour markets) away from formal qualifications toward more targeted selection methods such as aptitude testing and behavioural competency interviews. Importantly, within MM Group there is some recognition of barriers restricting labour supply beyond the typically young and female employees normally associated with call centres, in that the above lessening of formal qualifications is in part *"because we also want to be able to attract older workers"* (MM Group Human Resources).

An examination of the age profile of the workforce **(Table 1)** reveals that overall 50% of the call handling workforce are aged 18-25 with 70% aged 35 or under. Findings from other call centres confirm that such a young profile is not uncommon in the industry. The workforce as a whole is some 52% female/ 48% male. Unlike the age profile, this finding represents a markedly higher proportion than in other call centres the author has examined where workforces are typically 70-75% female within call handling positions. Additionally, male employees exhibit a younger age profile than females - almost 60% of males aged 18-25 with 80% '35 or under' compared to 43% (18-25) and 60% (35 or under) of females respectively. While much of the above could reflect the effects of specific recruitment practices and / or any differential patterns of retention amongst men and women DEL have tentatively speculated that the combination of a range of shift work and an 'out of town' location (a bus stop, useful for day shifts, is located approximately half a mile away) may make the employment more attractive to those with access to cars and reduced family commitments – typically younger males. MM Group has been encouraged to consider the reasons for such patterns within their workforce profile.

Table 1: Age profile of Workforce by Gender and Department

	Male		Male	Female		Female	
Age	Inbound	Outbound	Total	Inbound	Outbound	Total	Total
16-17	3%	2%	3%	12%	2%	9%	6%
18-25	62%	44%	57%	39%	55%	43%	50%
26-35	19%	33%	22%	19%	10%	17%	19%
36-45	6%	14%	8%	15%	14%	15%	11%
46-55	7%	5%	6%	12%	17%	13%	10%
56-65	4%	2%	4%	2%	2%	2%	3%
65+	0%	0%	0%	1%	0%	1%	0%
Total (%)	100%	100%	100%	100%	100%	100%	100%
Total (n)	123	43	166	141	42	183	349

Source: Analysis of MM Group workforce

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Information regarding the previous employment status of workers (useful in profiling the characteristics of existing labour supply understanding) was unfortunately not available for analysis. MM Group are already aware that the targeting of specific labour pools (for example the non-employed, local communities, those in older age categories, can make important contributions toward ensuring adequate labour supply. This is one area in which MM Group could seek to build upon ongoing efforts to widen recruitment by further understanding the characteristics of the present workforce.

Recruitment & Retention Experiences;

The ability to attract and sustain worker numbers, particularly in tight labour markets, is heavily influenced by recruitment & retention strategies. The call centre sector in particular is commonly regarded as having retention problems and as a result associated recruitment issues.

Recruitment in 2003 saw MM Group appoint some 200 people, primarily within inbound call handling positions. As with many large employers recruitment is generally 'rolling', not only to expand the workforce but to replace those lost through turnover. Early plans for 2004 were to seek to expand the workforce by 100 additional staff.

Recruitment Practices

A variety of recruitment methods have been tried by MM Group over time. However in contrast to their expansion into an employer of regional importance, recruitment methods would appear to have followed an increasingly local focus. A 'lack of interest' from the applicants in greater Belfast labour market to past recruitment exercise has increasingly left MM Group preferring to focus more upon local weekly papers.

"we're not advertising in the [NI Daily papers] anymore, that just didn't work... didn't get us any results, we advertise in the three local papers..."

Yet, the employer passively recognises the adverse impact of having a localised profile when trying to attract large numbers of applicants:

"our [profile]... was working very strongly against us... even though our growth has been huge - we're the second biggest employer in North Down - ...nobody knew we were here, that hasn't helped."

At the time of writing MM Group has now embarked on a range of PR new activities (e.g. banner advertising at the Belfast Odyssey Complex) to raise its profile beyond the local area to one more commensurate to that of a large InvestNI backed employer.

Links with government job centres have been viewed as successful in part, again particularly in the local area (the localised profile of the company may have a role here also). The company has however been proactive enough to consider implementing schemes to make links with local schools although resources have not allowed this to occur as yet. During initial meetings with the company, discussions focussed on expanding this type of work to include other groups such as those representing local communities, specific groups (for example the non-employed, those with a disability or in older age categories etc). At the time of writing it is encouraging to note that MM Group have undertaken further work in these areas.

Working Practices

The above discussion has concerned itself with measures to recruit via proactively informing potential applicants of the benefits of working for the company. This 'corporate' message is however usually only part of a wider information resource available to potential applicants with information on working practices, conditions within the employer and 'reputation' spreading via 'word of mouth'. It is in this regard that past or ongoing practices can influence not only the retention within a company; but the recruitment to it.

Early in their development, MM Group had fluctuating employment levels as they sought to respond to wider

variations in workload. The company facilitated these fluctuating employment levels by reliance on agency workers and in certain cases, rapid and considerable downsizing. As the company has become more established and the range of clients has increased the HR function have sought to promote the value of permanent positions against an over-reliance on agency staff, which are both costly and more difficult to fill.

"In this out-sourced world of ours we've always had a view... that we couldn't commit to permanent jobs but actually when we stood back and looked at it we have more permanency and stability than we maybe had appreciated and natural attrition can take care of a number of the flexibilities that you need within your workforce..."

Today, MM Group has now reversed their initial approach - the vast majority of staff are now 'non-agency' and stability has been improved by an ability to transfer staff between different projects rather than via attrition. It is however vitally important that MM Group (or any employer in a similar situation) proactively promotes awareness of the vastly improved stability and reliability of their employment opportunities so that the potential for future recruitment may not remain diminished because of a (now outdated) negative 'word of mouth'. Efforts to communicate such changes will likely pay dividends with regard to current and ongoing recruitment.

Retention

The company is increasingly focussed on promoting retention and has made considerable efforts to vary the nature of work employees undertake and has considered the role of enhanced terms and conditions. MM Group have had flexible working practices and policies for a substantial period of time and have built this benefit into advertising campaigns by specifically mentioning a range of full-time and part-time hours and days that are available to applicants. Additionally the employer is open to requests from staff for changes in working arrangements. Flexibility is an increasingly common aspect of employment contracts and one which this employer clearly see as a significant plus point in the package they were able to offer.

"our view was we offer flexibility... you could get hours that suit yourself, your children, your other jobs, whatever... we thought this was a big plus and we were selling this as one of the benefits of working here..."

Despite the underlying rationale, the implementation of this scheme (and in fairness that of similar schemes in other employers) was that in practice it also offered flexibility to the employer to change shifts, sometimes at short notice:

"when we looked more at the exit interviews and just kind of listening to staff... [a major factor was] not knowing what their shifts are going to be... they want to know that they're going to be working 7 to 11'... up until recently we couldn't have told them what their shifts were going to be next week - that was a big minus."

"it's just a battle and a friction that doesn't need to be there... it's carrying through the discussions that you have at the initial stages and the agreements whether they're written or just understood and not putting people in the position where they have to say 'You know I can't work this'"

This was an unintentional bias of the scheme and at the time of writing MM Group have advised that they have now made substantive efforts to provide a system of reasonable, predictable, managed flexibility for all.

Overall, the employer has adopted an open and positive approach to recruitment and has shown a willingness to experiment with new methods as required. This multi-layered approach would seem to indicate a detailed understanding of the labour market. In the context of proposed expansion and improved job security (reduced reliance on agency staff) MM Group have been encouraged to re-visit the full range of

recruitment methods, including those noted as ineffective during their start-up/expansion phase.

Labour Supply and Access to Work

Given the 'lack of interest' of applicants from beyond Bangor (as noted above) it is of particular interest to examine the travel-to-work distances and spatial catchment associated with current MM Group employees.

Travel-to-Work

Information provided by MM Group was analysed to examine the distance employees travel to work. An analysis by gender **(Table 2)** reveals that while the pattern is generally balanced, females are more likely to come from areas immediately adjacent to the site (0-2km) than males.

It was found that 80% of the company's call handling staff come from within 8km of the site, a distance around *half* of that of other call centre employers the author has examined. While the ability of the employer to attract such numbers from the immediate locale is potentially impressive, the short travel-to-work distance serves to restrict available labour supply. Efforts to widen the catchment (to distances comparable with other call centre employers) would increase the potential available labour supply.

Table 2: Travel-to-work distance by Gender and Inbound/Outbound Calling

	Male		Male	Female		Female	
Distance	**Inbound**	**Outbound**	**Total**	**Inbound**	**Outbound**	**Total**	**Total**
Unknown	0.00%	4.65%	1.20%	0.00%	2.38%	0.55%	0.86%
1 '0-2km'	22.76%	20.93%	22.29%	30.50%	30.95%	30.60%	26.65%
2 '2-5km'	38.21%	53.49%	42.17%	36.88%	35.71%	36.61%	39.26%
3 '5-10km'	25.20%	4.65%	19.88%	18.44%	16.67%	18.03%	18.91%
4 '10-25km'	11.38%	13.95%	12.05%	11.35%	11.90%	11.48%	11.75%
5 '25-50km'	2.44%	2.33%	2.41%	2.84%	2.38%	2.73%	2.58%
Total (%)	100%	100%	100%	100%	100%	100%	100%
Total (n)	123	43	166	141	42	183	349

Source: Analysis of MM Group workforce

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Employment Catchment Areas

Having considered travel to work distances we can move to consider the exact spatial nature of the MM Group catchment area. Discussions with the employer indicate a belief in a workforce almost exclusively drawn from within Bangor Town.

"As close to Bangor really as possible. We don't get people from Newtownards... I mean Belfast is just a non runner"

Considered spatially (see **Figure 1** below) we can see that the catchment is indeed localised around the town of Bangor (as would be expected from the restricted travel-to-work distances). However while the greatest concentrations (proportions of employees per ward) are close to the site and to Bangor town centre, the employer does manage to attract a number of workers from Newtownards. MM Group could thus potentially look to establish what makes Newtownards accessible for some workers and not for others and to share this message with potential jobseekers and local recruitment agency/jobcentre staff.

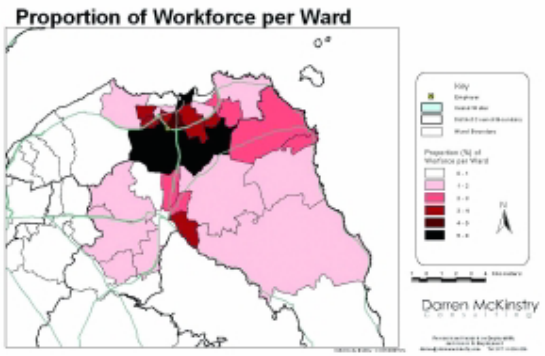
Most interestingly, it is evident that the current catchment area is skewed away from Belfast and towards the Ards peninsula. It is clear that this may reflect current localised recruitment practices (such as the coverage of local newspaper recruiting) which if amended could see increased recruitment in the under-represented areas towards Holywood, Dundonald and Belfast.

The employer have made some efforts in this regard – early in their development, the company did run a dedicated bus service from the site directly into Belfast. While this was seen as having initial success the service is ultimately viewed as having failed due to lack of interest with exit interviews at the time indicating that the 'distance and inconvenience of travel' was a reason for leaving.

This anecdotal evidence that Belfast is "too far" for workers to travel is however weakened in two main regards. Firstly, if workers travelled as far from the west of Bangor (towards Belfast) as they currently do from the east (towards the Ards peninsula - see **Figure 1**) then greater Belfast *would* fall within the recruitment catchment area. Secondly, it is known from work with Belfast call centres that Bangor residents are travelling to Belfast by train and bus for work. This illustrates both that if call handlers are able to commute the distance between Belfast and Bangor for call handling employment they may also be willing to travel from Belfast to Bangor; and secondly that there is a local Bangor 'call centre' workforce potentially available to MM Group.

It would thus seem possible that for Belfast applicants, Bangor may be regarded as 'too far' not in absolute terms but in relative terms i.e. because other acceptable employment is available closer to home. MM Group and other employers confronted with exit interviews where 'access' or 'travel-to-work' is quoted as a factor may wish to probe underlying reasons further.

Figure 1: Proportion of Workforce per Ward



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Summary

MM Group has grown from a small call centre employer into one of considerable size and regional importance. As it has grown MM Group has looked to improve both the conditions and security of the employment it has to offer.

An analysis of the workforce reveals that is it balanced in gender terms (with proportionately more males than other call centre employers examined) and as with other call centres, employs a relatively young workforce. Qualification requirements have been reduced over time, particularly for inbound call handlers and such efforts should serve to make employment more accessible to a wider number of potential applicants.

In seeking to expand their workforce they have over time tried a range of methods. The employer has however increasingly localised its recruitment efforts due to a perceived lack of interest from the wider (Belfast) labour market. The analysis (and anecdotal evidence) points to fluctuating employment levels, facilitated by a heavy reliance on agency staff as having had a negative effect on the *perceived* reliability of employment with the company.

Encouragingly, since the time of the research in early 2004 MM Group have done much to increase their profile and awareness of employment opportunities with, for example, high profile banner advertisements on bus services and at Belfast Odyssey where many of their key demographic would frequent.

Continued and persistent efforts with regard to outreach measures to attract a more diverse labour supply will build on existing work with specific groups and should serve to widen labour supply and further assist with recruitment & retention.

Acknowledgements. My thanks to the Human resources team of MM Group Bangor; representatives of DEL's Research & Evaluation Branch and the various employers, employees and community representatives who through their involvement with this and previous projects have informed the themes presented.
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The New Family Resources Survey

Danielle Gorman and Claire Savage, Statistics and Research Branch, DSD.

Background to FRS NI

This is the first year of reporting on the Family Resources Survey (FRS) NI. It covers information collected from 1,750 households during the period April 2002 to the end of March 2003.

The FRS was launched in GB in October 1992 to meet the information requirements of Department for Work and Pensions (DWP) analysts. The introduction of the survey to NI has meant that the FRS is now a UK-wide survey, from which the Department for Social Development (DSD) have been able to produce analysis at NI level. Traditionally, DSD had relied on other government social surveys, notably the Family Expenditure Survey (FES) and Continuous Household Survey (CHS).

Households interviewed in the survey are asked a wide range of questions about their circumstances. The primary function of the FRS is to collect information on the resources of households, that is income received from all sources, including wages and salaries, State benefits and tax credits, private (occupational and personal) pension schemes and investments. Also, modelling Social Security benefit entitlement is central to many of the uses of FRS information, and the data collected reflects this, focusing on income, including receipt of Social Security benefits, housing costs and circumstances of household members, such as whether someone gives or receives care or has child care costs.

Units and Presentation

The tables refer to households, benefit units or individuals. The definition of a household used in the FRS is "a single person or group of people living at the same address who either share one meal a day or share the living accommodation, i.e. a living room". So, for example, a group of students with a shared living room would be counted as a single household even if they did not eat together, but a group of bedsits at the same address would not.

A household (1,750 in total sample) will consist of one or more benefit units (2,123 in total sample), which in turn consists of a number of individuals (adults and children) (4,359 in total sample). "Benefit unit" relates to the tighter family definition of "a single adult or couple living as married and any dependent children". A dependent child is aged under 16 or under 19 if still in full time non-advanced education. So, for example, a man and wife living with their young children and an elderly parent would be one household but two benefit units. It should be noted that "benefit unit" is used throughout the report as a description of groups of individuals regardless of whether they are in receipt of any state support.

Figures for percentages based on sample estimates have been reweighted so that they apply to the overall population. This involves the use of a set of adjustment factors that attempt to correct for differential non-response at the same time as they scale up sample estimates. These factors take into account demographic variables such as age, sex and marital status together with region and tenure. Tables give unweighted sample counts as "sample size=100%" figures to help users to judge the robustness of the information (the larger the sample size, the more robust the relevant percentage figure).

The New Family Resources Survey

Danielle Gorman and Claire Savage, Statistics and Research Branch, DSD.

Summary of Findings

Regional Comparisons of Income

Table 1: Households by Size and UK regions (Percentages of households)

	Government Office Region						
Size	North East	North West and Merseyside	Yorkshire and the Humber	East Midlands	West Midlands	East	London
1 person	32	33	33	32	30	33	34
2 persons	34	34	36	34	34	34	29
3 persons	16	15	13	15	15	14	16
4 persons	11	12	13	13	13	14	13
5 or more persons	7	6	5	6	8	5	8
Average number of persons per household	**2.3**	**2.3**	**2.2**	**2.3**	**2.4**	**2.3**	**2.3**
Sample size (=100%)	**1,166**	**2,967**	**2,269**	**1,822**	**2,182**	**2,239**	**2,690**

continued

	Government Office Region						
Size	South East	South West	England	Wales	Scotland	NI	UK
1 person	30	32	32	32	34	22	**32**
2 persons	35	38	34	36	34	36	**34**
3 persons	15	14	15	14	14	17	**15**
4 persons	14	11	13	12	12	15	**13**
5 or more persons	6	5	6	5	5	10	**6**
Average number of persons per household	**2.3**	**2.2**	**2.3**	**2.2**	**2.2**	**2.6**	**2.3**
Sample size (=100%)	**3,468**	**2,138**	**20,941**	**1,324**	**4,695**	**1,750**	**28,710**

The New Family Resources Survey

Danielle Gorman and Claire Savage, Statistics and Research Branch, DSD.

- The average number of persons per household is 2.6 in NI, compared to 2.3 in the UK. NI has a younger population, with more children, living in larger households. This combined with fewer pensioners, who are more likely to live alone, has resulted in a higher number of persons per household.
- All other regions are very similar, ranging between 2.2 and 2.4.
- NI has a lower percentage of single-person households (22%), compared to the UK (32%).
- 60% of household income in NI is sourced from wages and salaries, compared to 65% in the UK.
- Self-employment and social security benefits rates are higher in NI than in the rest of the UK, reflecting an economy where very small business' and unemployment/non-employment are significant.

Table 2: Components of Total Weekly Household Income by UK regions

Percentage of total weekly household income

	Source of Income									
Government Office Region	Wages and salaries	Self employment income	Investments	Tax Credits	State Retirement Pension plus any IS	Other pensions	Social Security disability benefits	Other Social Security benefits	Other sources	Sample Size (=100%)
North East	58	6	2	1	8	9	5	10	2	**1,166**
North West and Merseyside	62	11	2	1	7	7	3	6	2	**2,967**
Yorkshire and the Humber	65	7	2	1	7	7	3	6	3	**2,269**
East Midlands	65	8	2	1	7	7	3	6	3	**1,822**
West Midlands	63	11	2	1	6	7	3	6	2	**2,182**
East	68	8	3	-	6	7	1	4	3	**2,239**
London	68	11	2	-	4	5	1	6	3	**2,690**
South East	67	10	3	-	5	8	1	3	3	**3,468**
South West	63	8	3	1	7	9	2	5	2	**2,138**
England	65	9	2	1	6	7	2	5	3	**20,941**
Wales	60	6	2	1	8	9	5	7	2	**1,324**
Scotland	65	7	2	1	7	7	3	6	2	**4,695**
NI	60	12	1	1	6	5	5	8	2	**1,750**
UK	**65**	**9**	**2**	**1**	**6**	**7**	**2**	**6**	**3**	**28,710**

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Table 3: Components of Total Weekly Household Income by NI regions

Percentage of total weekly household income

	Source of Income									
Government Office Region	Wages and salaries	Self employment income	Investments	Tax Credits	State Retirement Pension plus any IS	Other pensions	Social Security disability benefits	Other Social Security benefits	Other sources	Sample Size (=100%)
Belfast District council	54	14	2	1	7	4	5	11	2	273
East of the Province	64	10	1	1	6	6	4	5	2	873
West of the Province	55	12	1	1	6	4	6	11	3	604
NI	**60**	**12**	**1**	**1**	**6**	**5**	**5**	**8**	**2**	**1,750**

- While Belfast and the West of the Province are remarkably similar across all categories, the more affluent outer suburbs of Belfast fall into the East of the Province, which accounts for a significantly higher proportion of income from wages and salaries and a lower proportion of benefit income in this region

Figure 1: Components of Total Weekly Household Income by Region

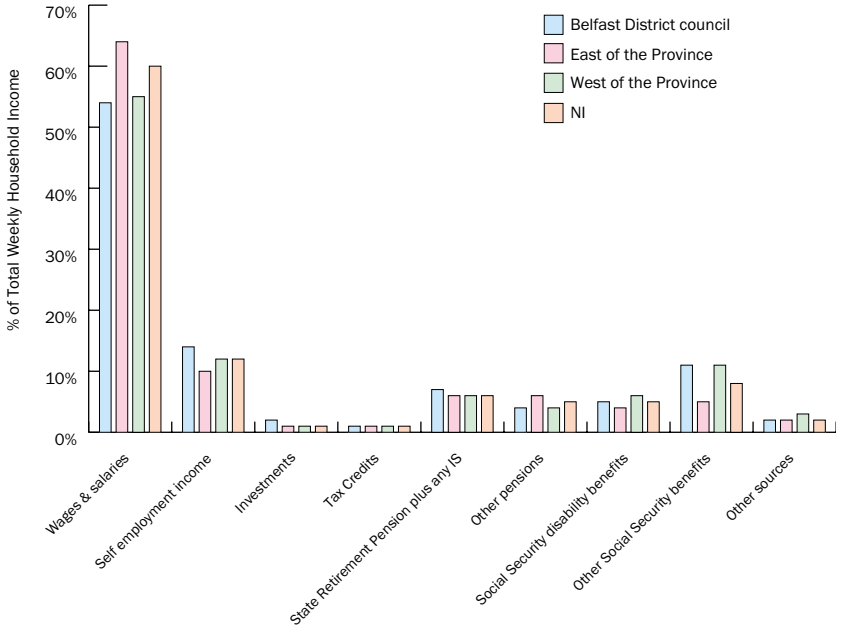

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Table 4: Components of Total Weekly Benefit Unit Income by Economic Status

Percentage of total weekly benefit unit income

	Source of Income									
Economic Status	Wages and salaries	Self employment income	Investments	Tax Credits	State Retirement Pension plus any IS	Other pensions	Social Security disability benefits	Other Social Security benefits	Other sources	Sample Size (=100%)
Self employed	25	66	1	1	1	1	1	3	1	**204**
Single or couple, all in full-time work	95	-	-	1	-	-	-	2	1	**548**
Couple, one in full-time work, one in part-time work	92	3	-	1	-	-	-	3	-	**134**
Couple, one in full-time work, one not working	80	-	1	2	1	5	6	5	2	**145**
One or more in part-time work	39	9	3	9	5	12	6	10	7	**182**
Head or spouse aged 60 or over	-	0	4	-	45	26	13	9	3	**510**
Head or spouse unemployed	.	.	.	.	.	.	.	.	.	**67**
Head or spouse sick or disabled	1	0	1	-	0	3	37	55	4	**189**
Others	3	0	1	-	0	4	3	69	20	**144**
All benefit units	**60**	**12**	**1**	**1**	**6**	**5**	**5**	**8**	**2**	2,123

- Benefit Units with part-time work derive almost as much income from pensions and benefits (33%) as from wages and salaries (39%)
- Benefit Units designated as self-employed still obtain 25% of their income from wages and salaries.
- Benefit Units where the head or spouse is sick or disabled receive 92% of income from benefits.

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State Support

Table 5: Benefit Units by State Support Receipt

Percentage of benefit units

State support received	All Benefit units
Working Families Tax Credit	5
Income Support/MIG	15
Housing Benefit	14
Retirement Pension	21
Widow's Benefits	1
Jobseeker's Allowance	3
Incapacity Benefit	7
Severe Disablement Allowance	2
Attendance Allowance	4
Invalid Care Allowance	2
DLA (care component)	10
DLA (mobility component)	9
Industrial Injuries Disablement Benefit	1
War Disablement or War Widow's Pension	0
Child Benefit	28
On income related benefit only	2
On non-income related benefit only	41
On both income and non-income related benefit	20
All in receipt of benefit	63
All in receipt of Tax Credits	5
All not in receipt of state support	36
Sample size (=100%)	2,123

- Income Support and Housing Benefit are the main means-tested benefits being claimed (15% and 14% respectively).
- 2% of benefit units receive income-related benefits only; 41% receive non-income related benefits and 20% receive both kinds of benefits.
- Only 5% of benefit units are in receipt of Tax Credits.

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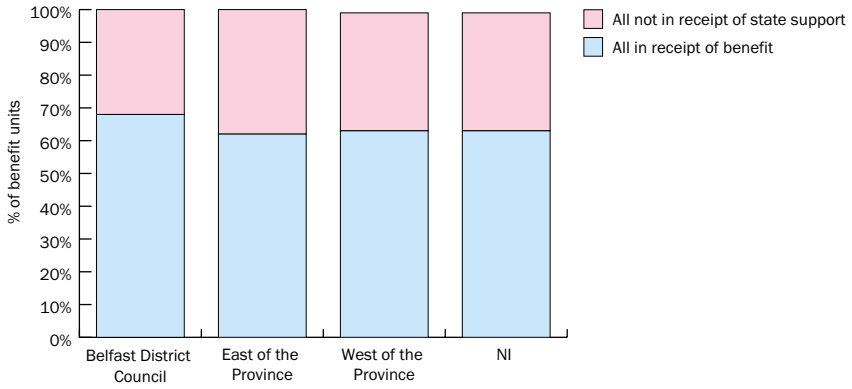
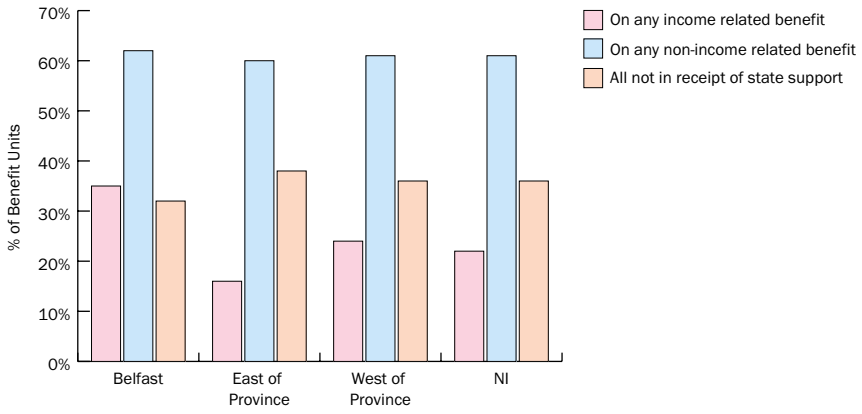
Figure 2: Percentage of Benefit Units in NI by Region and State Support



- Belfast has a noticeably higher level of benefit receipt (68%), compared with East of the Province (62%) and West of the Province (63%).
- Belfast has a higher level of benefit units in receipt of non-income related benefit.
- East of the Province has the lowest level of benefit units in receipt of any income-related benefit, and it also has the highest proportion of benefit units not in receipt of any state support.

Figure 3: Percentage of Benefit Units in NI by Region and Income-Related State Support



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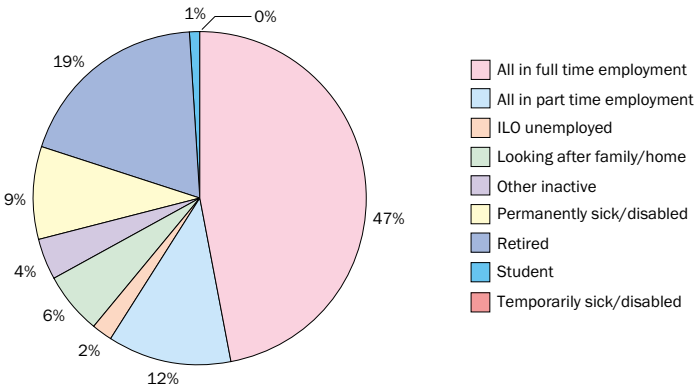
Employment

Figure 4: Adults by Employment Status



- 59% of adults are in some form of employment, whether full-time or part-time.
- 2% of respondents reporting receipt of JSA are listed as being ILO unemployed.

Danielle Gorman and Claire Savage, Statistics and Research Branch, DSD.

Travel To Work

Table 6: Travelling to Work: Working Adults by Distance, Social Class and Region

Percentage of working adults

	Standard Occupational Classification											Region		
Distance travelled to work	Managers & Senior Officials	Professional Occupations	Associate Prof. & Technical Occupations	Admin & Secretarial Occupations	Skilled Trades Occupations	Personal Service Occupations	Sales & Customer Service	Process, Plant & Machine Operatives	Elementary Occupations	Not recorded	All	Belfast	East of the Province	West of the Province
All working adults														
Work from home	10	4	2	2	12	7	1	3	4	.	**5**	2	5	7
Varies - no usual Place of work	5	5	5	0	20	7	4	10	9	.	**10**	5	9	13
Under a mile	8	4	10	7	7	19	17	5	25	.	**11**	11	10	11
1 but under 2 miles	6	7	8	12	7	16	22	12	18	.	**11**	15	12	8
2 but under 5 miles	23	22	16	23	12	20	26	29	22	.	**20**	38	18	17
5 but under 10 miles	18	21	16	21	15	18	16	19	13	.	**17**	17	18	15
10 but under 25 miles	21	27	31	27	18	11	12	15	7	.	**19**	9	23	16
25 miles or more	9	10	12	8	10	3	2	8	3	.	**7**	3	6	11
Sample size (=100%)	**185**	**214**	**197**	**239**	**255**	**128**	**120**	**135**	**209**	**44**	**1,726**	**211**	**913**	**602**

- 42% of all working adults travel less than 5 miles to work, compared with 43% travelling more than 5 miles; 10% that have varying distances to travel and 5% which work from home.
- Of the 5% working from home, the largest category is *'Skilled Trades Occupation'*, closely followed by *'Managers & Senior Officials'*.
- 29% of working adults living in Belfast travel more than 5 miles to work, compared to East of the Province (47%) and West of the Province (42%).

Danielle Gorman and Claire Savage, Statistics and Research Branch, DSD.

Table 7: Average weekly travel costs of those who travel to work, by mode of transport

Percentages of working adults who travel to work

	Travel costs						
Mode of transport	No costs	Less than £5	£5 but less than £10	£10 but less than £20	£20 but less than £30	£30 but less than £40	£40 but less than £50
Motorised[1]	1	9	13	24	3	27	7
Non-Motorised[2]	100	0	0	0	0	0	0
All adults who travel to work	**12**	**8**	**11**	**22**	**3**	**24**	**6**

** continued*

	Travel costs						
Mode of transport	£50 but less than £60	£60 but less than £70	£70 but less than £80	£80 but less than £100	£100 or more	undefined	Sample size (=100%)
Motorised[1]	4	-	1	5	3	2	1,286
Non-Motorised[2]	0	0	0	0	0	0	155
All adults who travel to work	**4**	**-**	**-**	**5**	**3**	**2**	**1,441**

- 31% of working adults who travel to work pay less than £10 in travel costs per week
- 8% pay £80 or more per week in travel costs
- The majority (89%) of working adults travel by a motorised mode of transport to work; 11% walk or take a bicycle to work.

Table 8: Working adults' average weekly travel costs as a percentage of total weekly individual income by made of transport

Percentages of working adults who travel to work

	Mode		
Percentage of total income	Motorised[1]	Non-Motorised[2]	All Adults who travel to work
undefined	2	0	**2**
no costs	1	100	**12**
less than 10%	64	0	**57**
10% or more	33	0	30
Sample size (=100%)	**1,286**	**155**	**1,441**

- A third of adults travelling to work by motorised transport pay more than 10% of their total income on travel costs
- 12% of adults have no travel to work costs.
- 30% of all adults pay over 10% of their total income on travel to work costs.

Notes:
1 Includes Car, Van, Motorbike, Moped, Scooter, Bus (including coach & private bus), Train
2 Includes Walking and Bicycle

- Associate Professional & Technical, Admin & Secretarial and Skilled Trade occupations have the highest proportions of working adults paying over 10% on travel to work costs from 35% to as many as 44% falling into this category.

Table 9: Working adults' average weekly travel costs as a percentage of total weekly individual income by social class

Percentage of working adults who travel to work

	Standard Occupational Classification									
	Managers & Senior Officals	Professional Occupations	Associate Prof. & Technical Occupations	Admin & Secretarial Occupations	Skilled Trades Occupations	Personal Service Occupations	Sales & Customer Service	Process Plant & Machine Operatives	Elementary Occupations	All
undefined	3	-	2	1	1	4	5	0	3	**2**
no costs	5	4	9	7	8	19	20	10	27	**12**
less than 10%	69	75	53	57	47	47	53	59	49	**57**
10% or more	22	21	36	35	44	30	22	30	22	**30**
Sample size (=100%)	**153**	**191**	**179**	**229**	**171**	**109**	**113**	**114**	**182**	**1,441**

Notes

The following conventions have been used within the tables in this report:

0 nil
- negligible
. not available due to small sample size

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You can also find background to the FRS NI and our first report on our home page:

www.dsdni.gov.uk/statistics-research/introduction.asp

Evaluation of Bridge to Employment

Eric Hanvey

Introduction

DTZ Pieda Consulting was commissioned in November 2003 to undertake an evaluation of the Bridge to Employment (BtE) programme for the Department for Employment and Learning (DEL). The main Terms of Reference (ToR) for the evaluation were as follows.

- How the changes recommended in the 1999 evaluation have impacted upon programme performance to date.
- How effective the programme is against the original objectives.
- Whether or not the programme provides value for money.
- If the Department, in delivering the programme, fully satisfies its obligations in relation to equality of opportunity as described in Section 75 of the NI Act 1998.

Our methodology included the following research activities:

- Desk research on programme monitoring data and the 1999 evaluation.
- 20 Key informant interviews with the public sector, business organisations, employers and training providers.
- 7 focus groups with a total of 55 participants.
- A telephone survey of 200 ex-participants.
- A telephone survey of 47 employers who had worked with BtE to recruit staff.
- A small qualitative survey with 20 non-participating employers.

Rationale

DEL consultees indicated that the need for the programme was first identified in the mid-nineties when levels of Foreign Direct Investment (FDI) into NI and employment within indigenous firms were increasing significantly. Information from JobCentres suggested that although a significant number of relatively large-scale employers were setting up within and adjacent to disadvantaged areas within NI, relatively few local people were obtaining employment at the new sites. This rapid growth in employment and the legacy of unemployment, particularly long-term, led DEL to decide that there was a need to intervene to provide pre-employment training to prepare unemployed participants for the new job opportunities being created. The programme's objective in 1997 was as follows:

"to retrain and develop people with insufficient or redundant skills and to encourage companies to see people from the targeted groups as recruitable employees"

The targeted groups included the following; long-term unemployed (LTU) (more than 12 months); those at risk of becoming long-term unemployed (6-12 months unemployed); those living in areas of social need; women returners to the labour market; and, those being made redundant in contracting industries e.g. textiles. In our review of the rationale for the programme we have therefore tried to assess need from these two perspectives that of supporting the employer with recruitment problems and assisting the unemployed and socially disadvantaged into work.

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The former we refer to as the economic rationale the latter the social rationale.

Economic

The overall impression from our analysis and consultations is that the economic rationale for the programme has weakened somewhat in recent years due to the slow down in the global economy and consequent fall off in levels of mobile foreign investment (FDI). This can be seen in **Figure 1** which shows INI job promotions from 1995-2002.

It was felt by our consultees that there was little evidence at this time to indicate any reversal in this trend. More broadly, the level of growth in employees in employment has also slowed from the high levels of the 1990s, with what growth there is taking place in the service sector, an area where historically BtE has tended to be less active. However we need to recognise that even when the economy is not growing it is still changing and some sectors and their companies grow while others decline, Schumpeter's "creative destruction"[1]. This economic dynamic means that there is a constant requirement for re-skilling and up-skilling of the workforce.

The economic growth of the 1990's has also created a significantly tighter labour market in NI with a large fall in unemployment and within that a drop in the proportion who are LTU. This has undoubtedly made recruitment more difficult and would suggest that employers who are expanding may have an even greater need for the assistance that BtE can offer. However, the fall in unemployment may also have some ramifications for the social rationale for BtE.

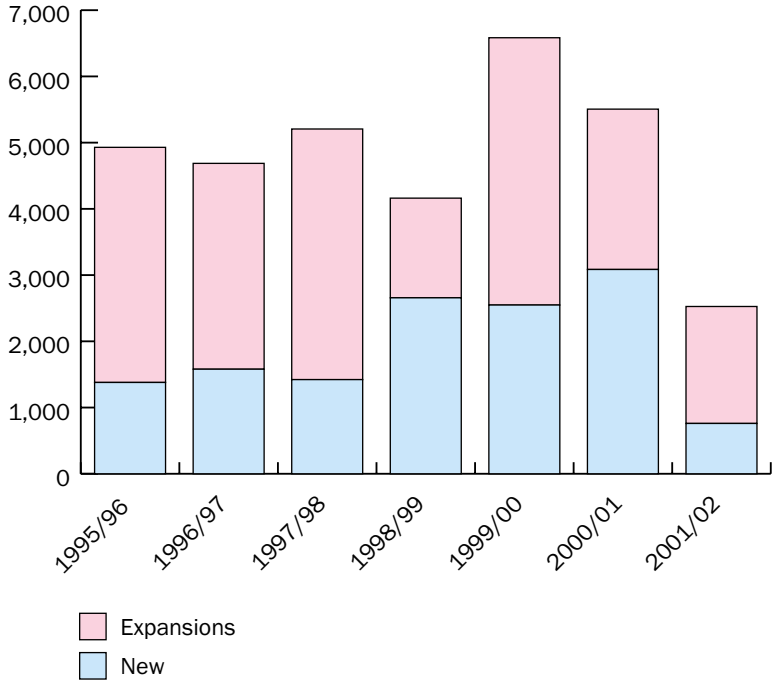
Social

As intimated above, and apparent from the programme's objectives, the most relevant indicator of social need for the BtE Programme is unemployment. We can see in **Figure 2** the dramatic fall in the level of unemployment and LTU within NI. This might suggest that the need for BtE has declined, however, we also need to reflect on the nature of those who remain unemployed and in particular their levels of employability.

There is strong evidence both anecdotal and quantitative that those who remain unemployed and in particular those who are LTU have comparatively lower levels of employability than existed within this group previously. In basic terms during our recent period of economic growth those amongst the unemployed with the highest levels of employability were able to find work meaning that on average those who remain now face more significant barriers into employment.

While on the face of it this decrease in employability would seem to strengthen the rationale for BtE we also need to ask whether or not the programme is

Figure 1: INI Job Promotions 1995-2002



[1] Schumpeter J.A. (1934) *The Theory of Economic Development*, Harvard University Press, Cambridge, Mass

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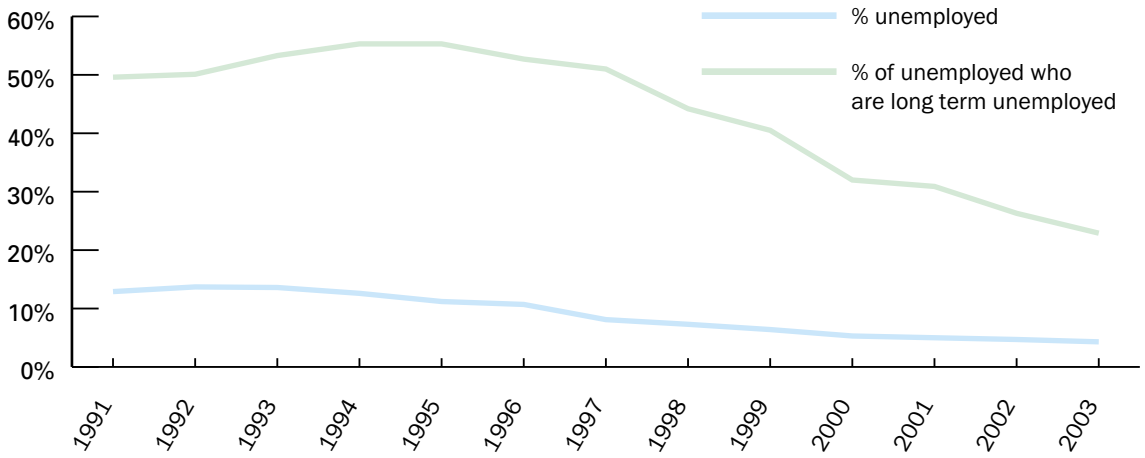
Figure 2: Unemployment and LTU in Northern Ireland 1991-2003



Source: Labour Force Survey

designed to deal with more significant deficits in participants' employability. BtE is by design a close to market (i.e. working directly with employers) and relatively short term intervention and as such might not be best suited to deal with the more severe employability issues amongst the current LTU. However, while this may be the case if we consider BtE in isolation it need not be if we view it as an integral part of the range of interventions that DEL provides.

The key benefit which we believe that BtE offers and what is different from most other DEL labour market interventions is the high success level in terms of participants obtaining employment at the end of their training. This high conversion rate is an important motivational factor for many of the unemployed who participate on BtE and dissipates the apathy which is often found with participants on other labour market interventions where they feel there is little hope of obtaining gainful employment at the end. The key therefore is to see BtE as part of a continuum of interventions which can help to bring those with low employability into the workforce.

It is also important to recognise that while unemployment has been dropping, levels of economic inactivity have been on the increase, and in particular those claiming disability related benefits. This is a group on which increasing attention is being placed in terms of trying to relieve some of the tightness in the labour market and we feel that BtE has a role to play in targeting this group and attracting them back into the labour market. BtE has already begun to use non-traditional routes to advertise its pre-employment training courses, but if it wishes to maximise its impact on this group and others such as women returners and people with a disability then it will have to try and expand its activities in this area further to increase its reach and social impact.

The operating environment for BtE has clearly changed significantly from an economy with high employment creation and high unemployment to one with slower employment growth and fewer unemployed. These changes clearly require a response from BtE and already changes have taken place with more courses being developed for indigenous SMEs and the introduction of Direct Bridge. **Our analysis suggests that BtE needs to build on these changes and in particular to look to attract more participants from within the economically inactive. Secondly, there is a need for BtE to work closely with other DEL programmes to provide a continuum of support which leads through BtE to sustainable employment.**

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Programme Performance

In the following paragraphs we look at the performance of the programme against its own targets. The first of these is to get participants into sustained employment, and secondly to ensure that a proportion of those assisted fall within the target groups listed above. The main targets for BtE from 2000-2004 are set out in **Table 1**. This shows that BtE has exceeded its main employment target in every year including 2003-04 when it was raised to 80%. **These high conversion rates are a key strength of BtE and we would not like to see these targets drop below 70% at any stage even in the context of the changing labour market conditions we discussed above.**

Performance in relation to participation by the target groups has been less consistent, although much of this is likely due to the dramatic changes in the labour market evidenced in **Figure 2** In particular the programmes difficulties in meeting the LTU target are almost certainly a reflection of the significant drop in the absolute number of LTU and as a proportion of the total unemployed. In relation to the other targets for women returners and people with a disability we feel that our earlier point with regard to the marketing of the programme would assist in meeting these targets.

Overall the programme's performance has been strong, achieving most of its targets, with the headline conversion rate particularly impressive. However, we would like to see the programme be more adventurous and imaginative in trying to achieve some of the other targets particularly for women returners and people with a disability. Although as mentioned above a refocused marketing effort may help to achieve this.

Conclusions

Marketing and Participation

The shift in BtE to more proactively seeking firms to take part in the programme as the level of FDI has fallen prompts a question about what firms

Table 1: Performance against Target

Year		2000-2001	2001-2002	2002-2003	2003-2004
Participants into employment	Target	82%	78%	75%	82%
	Achieved	75%	75%	75%	80%
Risk of LTU (6-12 months Unemployed)	Target	15%	15%	17%	17%
	Achieved	13.2%	18.5%	19.3%	12.5%
LTU	Target	15%	15%	20%	20%
	Achieved	17.8%	21%	16.6%	15.4%
Women Returners	Target	15%	15%	5%	5%
	Achieved	1.9%	2.9%	3.1%	1.8%
Disability	Target	5%	5%	3%	3%
	Achieved	0.2%	0.8%	0.9%	0.9%

should be pursued. **Whilst the current approach has performed relatively well, it is recommended that officials give more consideration to the overall strategic direction of the programme**. The broad options are to continue with the present "pragmatic" approach or to adopt a more strategic approach, for example concentrating the programme on certain sectors (this could allow sub-targets to be better addressed, and specialist expertise and knowledge of sectors to be developed amongst Training Services officials). However, this is not an easy decision for Training Services to take in isolation and would need consultation with INI and others involved in economic development. The priority skills unit within DEL should also be able to help inform this discussion.

Whilst it is acknowledged that the programme is good at taking short-term unemployed and getting them into employment before they "stick" in unemployment there is a danger that the programme could take on too many short-term unemployed people who have strong employability skills and a high probability of finding work without assistance. This would increase the potential for deadweight and reduce the possible social benefits for example contributing to social inclusion through the employment of a person with a disability, as well as the economic benefit of providing that person with a job, and that employer with an employee. **It is important for the programme to continue to aim for both economic and social benefit and therefore it is important to retain its focus on the target groups**.

We also acknowledge that the programme should have a role in contributing towards the wider strategic goal of developing NI as a higher skills, higher value added economy. **Hence, an element of the programme should continue to support those with already high skill levels to re-train for jobs requiring high but slightly different skills within rapidly changing market sectors.**

Integration of BtE with other DEL interventions

Bridge sits alongside New Deal, Modern Apprenticeships, JobSkills, WorkTrack and Training for Work within the Focus for Work suite of programmes. Several key informants noted that BtE is quite different from the others in that it is employer facing. Some also commented that BtE whilst part of the Focus for Work suite in name was not presently linked in any significant way to the other programmes. BtE should look to strengthen its links with the other programmes in Focus for Work by developing the concept of a continuum of programmes with BtE closest to the market and sustained employment. It should also seek to strengthen its links with JobCentres in terms of marketing the programme to employers and using the local knowledge of the network.

Programme Impacts

Impact on Recruitment Practice

- Providing clear evidence of the social impact of BtE, almost 50% of employers agreed or strongly agreed that they would have recruited fewer long-term unemployed people and approximately 30% of firms said they would have recruited fewer people from the local area and local community if BtE had not existed.
- However, over a quarter of firms felt they could have employed more suitable people without BtE, which perhaps illustrates the difficulties the programme has in achieving positive outcomes both socially and economically.
- Over 40% of firms said they would look more favourably on recruiting long-term unemployed. 23% disagreed with this. Over 40% of firms said they would be more likely to recruit more unemployed people in future. Clearly the programme has on balance had a positive effect on employers' attitudes and recruitment practices regarding the unemployed and LTU in particular.
- One in five employers also stated that they were now

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more likely to recruit from amongst the unemployed than to poach staff from their competitors.

Other Impacts

- In the participant survey 37% of those successfully completing BtE training (n=175) said they received recognised qualifications or accreditations. The most common include driving qualifications, first aid, health and safety, food hygiene and IT qualifications.
- Approximately 60% of participants felt they had gained in self-confidence, self-esteem and in work-related skills and now had a greater chance of gaining employment because of BtE, which clearly reflects a positive impact on their employability.

Deadweight

- Less than 30% of employers thought they would have recruited as many long-term unemployed without the programme. This proportion increased to almost half of employers (48%) who said they would have recruited as many short-term unemployed without the programme. This suggests that there is some deadweight with regard to the programme impact on recruitment practices and that it is greater with short-term unemployed participants.
- Almost half the trainees (46%) thought they would have found a job eventually but it would not have been as good as the BtE job. However 31% said they would have found a job as good as or better on their own. Only 6% said they would never have found a job without BtE (Participant Survey).
- There does appear to be some deadweight with regard to recruitment practices and employment outcomes. However, with only 15% saying they would have undertaken other training or education there is a low level of deadweight with regard to improving employability skills through programme training.

In relation to increasing the programme impacts there were a few small areas where we felt improvements might be found. For example, 9 firms (out of 47) found that some (50% in three cases) job offers were not accepted. This was a surprising finding, and **we would recommend that Training Services officials follow-up with such participants to try and get an understanding of possible barriers to taking up employment, after a job has been offered**.

Conclusion

In summary there is no magic bullet in terms of the future direction of Bridge. It is a flexible tool that seeks to meet the labour market needs of growing businesses in the NI economy whilst at the same time providing a route into employment for more socially disadvantaged groups. However, we would make three key points in relation to the future development of Bridge;

- It should adopt a more strategic approach in relation to those firms and sectors that it seeks to support. This should be informed by their knowledge of the current economic development priorities within NI and their awareness of specific labour market shortages and blockages which need to be addressed. The development of a more strategic approach would also help in relation to targeted promotion of the programme. More specifically a number of criteria should be established against which potential users are assessed. These might include; priority sectors; evidence of previous recruitment activity by client; training experience within Training Services; potential economic impact; links with local Job Centres; etc.
- There is also a need for BtE to look more closely at what it currently does to recruit from the target groups and to identify ways in which this can be improved whilst still meeting the needs of employers. In particular, the low level of women returners seems surprising for a programme of this nature and would suggest that there

is room for improvement perhaps through the use of less conventional advertising routes. This approach could also help BtE to tap into those who are currently economically inactive.

- BtE should look to strengthen and nurture its existing links with other elements of Focus for Work and the JobCentre network. More specifically BtE should seek to establish itself as part of a continuum which leads to sustained employment for participants. Many of the other Focus for Work programmes provide training or work experience but are less successful than BtE in placing people into employment because they lack the direct market link with employers. The key is therefore to build on the training and experienced gained and try and ensure that participants in other elements of Focus for Work who do not obtain employment move quickly onto an available BtE programme to allow them to build on the skills they have already gained and move into employment.

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Technical Help for Social Researchers From ESRC and ONS!

Julie Lamb, Research Officer (Question Bank Content Manager), Department of Sociology, University of Surrey

This article will focus on the resources available via the www that enable social researchers to find, analyse and replicate technical details from social surveys conducted in the UK arena. Such technical help may include finding questions, looking at code books, show cards and interviewer instructions, basic variable analysis and locating sampling strategies used previously. Researchers can now do all of these technical research tasks online using a wide variety of resources for free without leaving their desks – saving not only time but also resources.

In a previous article [Lamb 2003] I stated that there are a wide range of resources available for survey researchers on the internet, but they are often hidden away making the researcher's task of finding them particularly difficult. It is also worth noting here that since I wrote the previous article in November 2003, there have been various changes and updates to the web sites mentioned. The web is an ever changing place and it is always worth going back to a site a few months down the line to check for any updates. In this article I will outline the main sites offering technical data and assistance to social researchers, with a particular focus on questionnaire development.

Finding Questions

When starting a new project many researchers start from scratch and design their own survey questions – taking time and resources away from other aspects of the project. There are a number of ways in which you can search for questions that already exist from large scale, reliable sources that you can then use in your own questionnaire.

The UK Office for National Statistics has a scheme called 'Harmonisation of concepts and questions': **http://www.statistics.gov.uk/about/data/harmonisation/default.asp** which allows researchers to see questions on key input and output variables and use them for their own research. The idea of this is that if all government surveys use standard questions on key variables data will in the end be far more comparable. Questions can be freely used from this initiative and as well as gaining a well researched, tried and tested question researchers will also gain the response codes and categories and a commentary on how to use them.

An Example

You are looking for a question that has been developed to measure social class and decide after research that the NS-SEC [National Statistics Social Economic Classification] is right for your project – but what is the exact question and what are the response categories? The Harmonisation web site details this for you. In the Primary Standards booklet you will find a section devoted to measurement in this area with the detailed output categories and questions as well as an explanation of the concept.

[1] DEL Strategic Plan 2004-07 can be found on the Department's web-site at www.delni.gov.uk/docs/pdf/DEL_Strategic_plan20042007.pdf

[2] The Department's seven priorities for action are detailed in the DEL Strategic Plan 2004-07. They range from implementing a Skills and Workforce Development Strategy to ensuring the Department is properly placed to comply with the Freedom of Information Act which becomes effective in January 2005.

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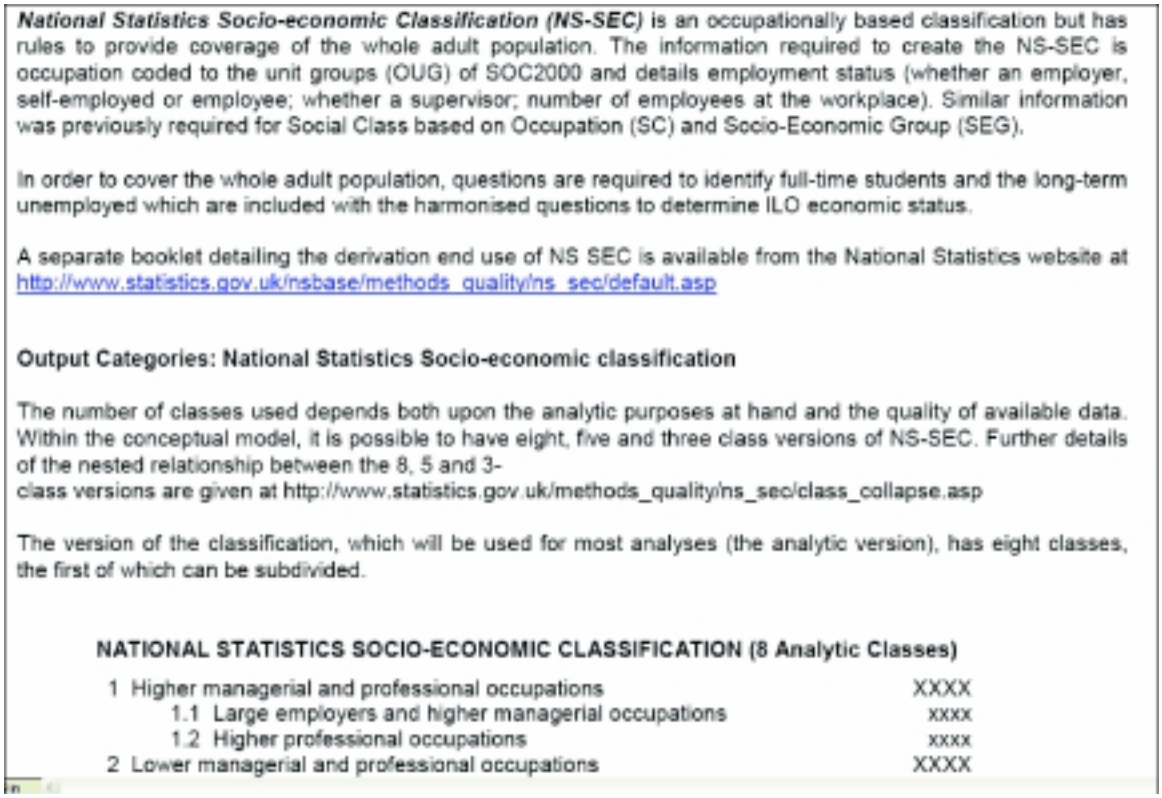
Figure 1: Looking at the NS-SEC Harmonisation Booklet



National Statistics Socio-economic Classification (NS-SEC) is an occupationally based classification but has rules to provide coverage of the whole adult population. The information required to create the NS-SEC is occupation coded to the unit groups (OUG) of SOC2000 and details employment status (whether an employer, self-employed or employee; whether a supervisor; number of employees at the workplace). Similar information was previously required for Social Class based on Occupation (SC) and Socio-Economic Group (SEG).

In order to cover the whole adult population, questions are required to identify full-time students and the long-term unemployed which are included with the harmonised questions to determine ILO economic status.

A separate booklet detailing the derivation end use of NS SEC is available from the National Statistics website at http://www.statistics.gov.uk/nsbase/methods_quality/ns_sec/default.asp

Output Categories: National Statistics Socio-economic classification

The number of classes used depends both upon the analytic purposes at hand and the quality of available data. Within the conceptual model, it is possible to have eight, five and three class versions of NS-SEC. Further details of the nested relationship between the 8, 5 and 3-
class versions are given at http://www.statistics.gov.uk/methods_quality/ns_sec/class_collapse.asp

The version of the classification, which will be used for most analyses (the analytic version), has eight classes, the first of which can be subdivided.

NATIONAL STATISTICS SOCIO-ECONOMIC CLASSIFICATION (8 Analytic Classes)

1 Higher managerial and professional occupations	XXXX
1.1 Large employers and higher managerial occupations	xxxx
1.2 Higher professional occupations	xxxx
2 Lower managerial and professional occupations	XXXX

Source: ONS Harmonisation Primary Standards, Economic Status, NS-SEC and Employment Related Questions. Accessed online July 2004 **http://www.statistics.gov.uk/about/data/harmonisation/downloads/P4.pdf**

For more specialised or specific questions the Question Bank [Qb] web site **http://qb.soc.surrey.ac.uk** based at the University of Surrey can be helpful for locating a survey that was or is conducted in the same area that you are researching. The Qb allows you to access a variety of survey related tasks including reading the background details and the methodology for the survey, locating the questionnaire and finally looking at and extracting the questions that are useful. The Qb could be described as an electronic encyclopaedia of survey information and questionnaires and will be of use to any researcher wishing to further their knowledge of the UK [social] survey scene.

Currently at the time of writing, the Qb lists 51 UK social surveys and has over 30,000 pages of questionnaire facsimiles. These are fully searchable using the site APR Smartlogik™ search engine. Each questionnaire is currently in a PDF file and is bookmarked for easy navigation.

The majority of the questions in the Qb are free to use for research and are always copyright to the institution that originally created them – in many cases the Office for National Statistics or the National Centre for Social Research. Using measurement instruments such as the Strengths and Difficulties Questionnaire entails a more complex process and may involve paying a fee to the copyright proprietors – normally psychologists who developed the measure.

How these two initiatives can help you

You can easily build a new survey questionnaire by using the Harmonisation Initiative and the Qb together. There are a number of advantages of using ready made and tested questions in your own work. Questions found can be used in

Technical Help for Social Researchers From ESRC and ONS!

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a variety of ways, for instance to locate a specific variable in a data set, responding to customer queries about previous research, for information on the competition when tendering for a new survey contract, or simply to find out more about what is asked in other surveys and learning more about the UK survey field. Advantages include:

- The questions are likely to be good indicators of the original measurement concept, and include codes
- In many cases you can see the response rates to the question (see the section on NESSTAR below)
- Savings in terms of;
  - Costs – no developers needed
  - Time – researching and testing
  - No pilot testing needed of individual questions (still needed for the whole questionnaire though)
- Comparisons to other surveys in the field
- Able to look at the show cards, advance letters, survey design and so on

However, there are also some disadvantages. What you may save in time researching and testing questions, you can easily lose when you have to read through tedious technical documentation in order to understand the context of any questions that you are wishing to use. Whilst the majority of these technical reports are often easily accessible – usually from the UK Data Archive (depending on the survey that you are looking at) - they vary a great deal in the amount of information that they give, from a detailed account of the survey piloting and development to simple code books. Another fairly obvious disadvantage is that there may not be a question available which measures the exact concept that you are interested in – researchers should be particularly careful that they are absolutely sure about the question before it is put to use – for example will a question originally asked in a CAPI questionnaire easily translate into a PAPI questionnaire?

Once you have identified a survey that you wish to explore further with a view to using some of the questions there are a number of further resources that can offer help. The relatively newly established Economic and Social Data Service [ESDS] which encompasses the UK Data Archive has a range of technical services that are extremely useful at the developmental stages of questionnaire design. One of these services is NESSTAR – Networked Social Science Tools and Resources which allows users of the Archive to explore data sets and their technical details online. Currently only the most well used surveys from the UK Data Archive are available in NESSTAR such as the British Social Attitudes series and the General Household Survey (see **http://nesstar.esds.ac.uk/webview/index.jsp** for a full listing of available data sets). As well as being used to analyse data online, NESSTAR allows you to see each individual survey question and the response rates from that question. This means that you can easily see the sorts of responses that you may get, how the codes work and how the questions work in context to each other, as in the example from the British Household Panel Study in **Figure 2** below. As an example here the question *"If there were a General Election tomorrow, which political party*

Figure 2: NESSTAR Variable View

Technical Help for Social Researchers From ESRC and ONS!

Julie Lamb, Research Officer (Question Bank Content Manager), Department of Sociology, University of Surrey

do you think you would be most likely to support?" taken from the 2002 Wave 11 of the British Household Panel Study can be seen with response categories, responses and summary statistics. Researchers could compare similar questions using NESSTAR from different surveys and different years to see various effects and differences to responses depending on survey design and so forth. This service is free to use and can be easily accessed through the WWW – it is only at the stage where you start to tabulate and analyse data that you need to be a registered user of the UK Data Archive.

If you are looking for European data then the Norwegian Data Archive also uses NESSTAR to display data and technical details from the European Social Survey which has a vast quantity of information on development and application of the same questions in many different languages. **(**See **http://www.europeansocialsurvey.org/)**. Researchers wishing to explore other International Data can also find a similar service for some of the very well established and documented US surveys, particularity the General Social Survey which has a Code Book which you can explore online in much the same way as NESSTAR **(http://webapp.icpsr.umich.edu/GSS/)**. In short there are many more resources which are free to use and open to researchers devising survey questionnaires than I have space to mention in this article!

Hopefully it has become clear from reading this article that there are a wide range of technical resources available via the WWW that can help social researchers from ONS and the ESRC, not only to find and develop questionnaires for their own use, but also to find out what other people and countries are doing in their own surveys. In this way truly new and innovative developments in survey methodology will not go unnoticed and new question developments made easily accessible.

List of Resources

Lamb, J 2003 'Online Resources for Social Survey Researchers' Social Research Update No 41, University of Surrey, Department of Sociology. Available online: **http://www.soc.surrey.ac.uk/sru/SRU41.html**

ONS Harmonisation Initiative: **http://www.statistics.gov.uk/harmonisation**

Question Bank: **http://qb.soc.surrey.ac.uk**

Economic and Social Data Service: **http://www.esds.ac.uk**

UK Data Archive: **http://www.data-archive.ac.uk**

European Social Survey: **http://www.europeansocialsurvey.org**

NESSTAR: **http://www.nesstar.org**

General Social Survey: **http://www.norc.uchicago.edu/projects/gensoc.asp**

More Popular Labour Market Fallacies*

Terry Morahan, The Skills Unit, DEL

People who read in LMB No 16 my article on "Some Labour Market Fallacies" were variously stimulated/ enlightened/enraged. It has been used in articles, conferences and books – reaction varied from "fascinating" to "thought provoking" to anger! Perhaps the highlight was an e-mail from Samuel Brittan the distinguished economist (and Financial Times columnist) – "There is a lot of joy in heaven over one government economist who does not believe the propaganda about (international) competitiveness". Last Year's Bulletin was too full to add another article; so by way of popular/unpopular request here is another!

"The new knowledge-based economy"

This essentially meaningless phrase hasn't gone away – see LMB No 16, page 201 – who has ever heard of an ignorance-based economy? The hunter-gatherer Australian aborigines could thrive in their desert environment 40,000 years ago – only because of their intimate knowledge of the topography and natural resources of their tribal territories, their complete understanding of the animals they hunted and the plants they gathered for food and medicine – a truly entirely knowledge-based economy.

The Lisbon European Council met in March 2000 and set a 2010 target for the EU of "The most competitive and dynamic knowledge based economy in the world ....." (managing two nonsenses in one line).

And when the so called new knowledge economy is attempted to be measured (e.g. A Regional Perspective on the Knowledge Economy in GB, DTI) it is defined as "private sector-led industries where graduates make up at least 25% of the workforce" – hardly a satisfactory basis. This would imply that a generation ago (when under 5% were graduates) there were almost no knowledge-based sectors!

As the authors acknowledge.....

"The knowledge economy is here, but the analytical tools and indicators for measuring its performance are missing. The OECD (1996) concluded in its major programme of work on The Knowledge-Based Economy that:

> *"At the heart of the knowledge-based economy, knowledge itself is particularly hard to quantify and also to price. We have today only very indirect and partial indicators of growth in the knowledge base itself. An unknown proportion of knowledge is implicit, uncodified and stored only in the minds of individuals. Terrain such as knowledge stocks and flows, knowledge distribution and the relation between creation and economic performance is still virtually unmapped".*

We need to 'catch up' with the knowledge economy. Most of what policy-makers need to know is still unknown, and the result is sometimes confusion. Untowardly, the terms 'knowledge economy', 'new economy' and 'digital economy' are used interchangeably – in certain RDA economic strategies, Sub Regional regeneration strategies or LSP community strategies, we have found that the knowledge economy is only mentioned under an ICT heading. This presumably reflects what is to be found on the Office of the e-Envoy's web site: *"The Government's programme to ensure that the UK is a world leader in the new knowledge*

* The views expressed are the author's - and do not necessarily reflect those of the Department for Employment and Learning

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economy is the UK Online Strategy".

There is a need to promote a much wider and thorough understanding of the knowledge economy, given that it is **the** vision that guides Government policy thinking on the economy, skills and employment, the 'information society' and regional economic development. The knowledge economy concept needs to appear in strategy documents – but more important than that, it must be properly understood and digested."

"What is the true level of unemployment?"

There is no such reality as **the true** level or rate of unemployment. The rate varies using different measures, all of which are an attempt to capture "the truth". But "the truth" will vary by context.

If for example, an employer asks, say a mother of two children at secondary school who is "looking after the home"; would you like a job at £50 per week? her answer will likely be "no"; if the offer was £500 per week, her answer will likely be "yes". If she says no she remains in the "economically inactive" category, if yes and takes the job she becomes economically active – "employed".

Measuring unemployment is thus sensitive to the conditions. Being **unemployed** means being:

- Out of work
- Wants work
- Available to start work
- Actively seeking work.

In the case of the "Mother" above she would have been in the state of being "available for work" – **dependent on the conditions** (e.g. pay offer, childcare arrangements, time/cost of travel etc). However, while she may have regarded herself as being conditionally available for work, she did not indicate she was actively seeking work and described her primary activity as "looking after the home". In this instance she is economically inactive, though potentially available to participate actively in the labour market. While these are fine distinctions it is clear that boundaries need to be precisely drawn to have international comparability.

Accordingly it was agreed by the **International Labour Organisation (ILO)** – an agency of the United Nations - that to be unemployed was defined as being:-

- Out of work (anyone who carries out at least one hour's paid work in a week is in employment)
- Want a job and have either actively sought work in the last four weeks or are waiting to start a job they have already obtained
- Available to start work in the next two weeks
- Aged 16 and over

This is standard international practice, it has been accepted by the OECD and the EU, and allows for useful comparisons to be made spatially (internationally, inter-regionally, intra-regionally and sub-regionally) and over time. In the example given it is worth noting that the introduction of free childcare could increase the labour supply and raise unemployment until the labour market adjusts.

One can construct up to six unemployment **rates** and some countries do this – but the UK position is that this only serves to confuse than clarify the picture. Indeed a few years ago RoI experts debated this idea of several unemployment measures – only to reject the concept. But the USA produces several measures.

And calculating the **rate** of unemployment is sensitive to the denominator used.

One can also construct an unemployment rate based on those in receipt of unemployment benefits. There are advantages (i) it is accurate and because a census can produce detailed data particularly for small areas; (ii) is inexpensive as the data are readily available. But it is subject to changes in benefit rates, includes some who are not really unemployed and excludes more who are unemployed (but are not eligible for benefits). The claimant count in the UK (and the Live Register in RoI) were **the**

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main unemployment measures but have been replaced by the EU–wide Labour Force Survey which uses ILO definitions.

But we also know that people can get discouraged in their job search – say due to repeated failure they believe "there are no jobs". This is a major problem in areas that **have** or **have had** high unemployment levels. Which is why we analyse in NI "non-employment rates" (see LMB No 17, Chapter 16 and LMB No 16, Chapter 6) and estimate hidden labour reserves. (See this Bulletin). **Employment rates are a better guide to the slackness or tightness of a labour market than unemployment rates.**

"The supply of skills in NI is a major problem"

No! We have a good record in supplying skills, the major skills problem in NI is one of lack of **demand**. This is why we (like all other "northern" UK regions) export so many of our skilled people who go to Southern England for higher pay and more and better jobs. See p.32, LMB No 16. The North/South divide is strong and persistent, and many Government policies unfortunately exacerbate the problem – thus most research funding goes to Universities in the South of England - see **Table 1**.

However this is not to say there are no problems; thus the Essential Skills Strategy has been developed to reduce the large numbers with low literacy and numeracy skills as endorsed by the International Adult Literacy Survey - see LMBs No's 12 and 14.

"We must expand local higher education to stop losing our graduates"

A non sequitor and not the sole answer to increasing our local graduate pool - which is primarily a function of local **demand**.

The argument is based on the fact that of NI people who graduate from a NI university, 8 out of 10 stay in NI; whereas of those NI students who study in GB only half return; ergo expand local higher education and more graduates will be retained.

Wrong; the above destination figures are based on interviews with former students six months after graduation. But many NI people who graduated from local universities and take their first job in NI leave afterwards: ditto many NI students who graduate from a GB university and take their first job in GB, take their second job in NI. But the latter do not outnumber the former so the brain drain continues. The reason is the lower level of **demand** in NI which will not be solved by increasing the supply (although it can help in attracting inward investment); the booming Southern English regions attract students from all over the rest of the UK; the answer is a stronger UK **regional** policy and good **local** economic strategies.

"The typical student is a full-time undergraduate"

Not any longer! They are in a minority in the UK; almost one half are 21 and over and one third study part-time. But in NI they are just in the majority (51%).

Table 1: Distribution of Research Funding in England – Top 5 Universities

	Funding Councils	Research Councils
1	Oxford	Cambridge
2	University College London	Oxford
3	Cambridge	University College London
4	Imperial College	Imperial College
5	King's College London	Manchester

Source: Lambert Review December 2003, Page 82

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Almost 11% of HE students are registered at Further Education Institutions – more than studied at Universities in the 1960s!

Source: National Statistics Quality Review No 15 DfES/ONS

"House prices are much higher in and around London"

Misleading! The cost of building houses varies only a little across the UK. What does vary is the cost of **the land** underneath the house! Actually as land is a gift of nature, its variable price depends almost entirely on the demand for it – which is influenced by the labour market (are there good jobs accessible?) transport links, access to services (schools, hospitals, restaurants etc). "House prices" are high around the South of England because "that's where all the good jobs are" and a much higher proportion of the cost of a house in Southern England is accounted for by the site cost. Building land in London is £2m per acre, more than double the level in the North of England.

In any event it can be misleading to compare house prices as houses vary over time in quality, size and space. According to the Royal Institute of Chartered Surveyors the typical new house is 55% smaller than one built before 1920 - with smaller doors and lower ceilings and in response to higher land prices, houses are getting taller.

"Our increasing population will mean more housing units are required"

Well only partly – even if our population was falling, more housing units would be required. The four main factors driving demand are:

- household formation
- population changes
- replacement demand
- second homes.

By far the more important driver of demand **is falling household size** - the reducing numbers of people living in households defined as a group of people living at the same address.

NI has the largest average household size in the UK. Household sizes are declining quite rapidly over time (fewer children, fewer live-in grandparents, single parent families (often divorced), children leaving home earlier) and the larger the average household size the greater the scope for reduction.

In NI between 1998 and 2002, household size fell from 2.85 to 2.60. Population increased by **2%** over the period – the number of households by **12%** (source LFS Households in NI 1997-2002 DETI).

Indeed the 'norm' household in the 2020ies if present trends continue will be the single person household – see HMT "Barker Review of Housing Supply."

"Of course one would expect countries with a predominately catholic population to have higher birth rates"

Mostly wrong. Whilst the highest birth rate (births per thousand) of any country in Europe is indeed RoI (14.3; yet below replacement level), the countries with the lowest birth rates are the Catholic countries of Italy (9.4), Austria (9.7), and Spain (9.9). Regarding UK regions NI (13.0) is lower than London (14.5)! – see ONS Regional Trends No 38, Table 2.1.

"We must attract more high-value added employment"

Again mostly wrong and confused thinking; labour productivity varies greatly between sectors and many therefore consider that high value added sectors are intrinsically more attractive and pay higher wages.

But labour productivity varies greatly **primarily** because of the amount of capital employed and which eats up (by way of a return to capital either in the form of physical capital e.g. buildings, plant and machinery or investment in R&D e.g. the US owned pharmaceutical industry in RoI) **most** of the greater value added (GVA). Thus energy or water or chemicals or the steel industry or shipbuilding will generate over 7 times more GVA than labour intensive sectors

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such as distribution and hotels and catering. But there are sectors with low capital intensity and yet high value added and high wages such as financial services (reflecting its high skills base). The extreme case is in the RoI where the highly profitable US pharmaceutical companies operate to maximise their profits in the low tax regime – boosting thereby GDP (but not GNP) as these profits ("value added") leave the country to be consumed by American stockholders!

Thus 40% of RoIs manufacturing output is accounted for by the Basic Chemicals Sector (responsible for Viagra) – but it only employs 2% of manufacturing employment. RoI would hardly wish to have just 5% of their present manufacturing employment; but it could produce the same "value added". What commentators really mean is "attract sectors which use high skills and are highly paid". To seek out, a priori, high value added employment is foolish; one could end up with a preference for 'rust-belt' type industrial sectors.

"Most of the growth in jobs in NI in the past few years has been in the public sector"

Completely wrong; in fact we have had the lowest absolute and relative growth of the five 'home' countries 7% versus 16% generally – see **Table 2** below which gives data for the 5 'home' countries.

Table 2: Growth in employee jobs by industry, 1995-2002 (% change)

Year	NI %	England %	Wales %	Scotland %	RoI %
Production industries	-8	-12	-15	-9	16
Construction	51	26	30	-11	93
Distribution, hotels & Restaurants	34	15	15	10	46
Transport, storage & communications	28	15	8	12	95
Financial & other business services	56	23	9	21	80
Public administration, education & health	7	13	15	10	34
Other services	15	25	20	24	25
All industries	**16**	**11**	**7**	**8**	**38**

Sources: NOMIS; CSO

Comparative Analysis of Skill Monitoring Surveys, Tony Dignan Research Evaluation Services 2004

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Taking the period June 1990 to June 2004 **Table 3** below estimates the increase in **public sector** jobs at 12,677 or 6.2%. In the same period the number of **private sector** jobs had increased by 132,640 (39.9%). The result is that the proportion of public sector jobs to all employee jobs fell from 38% in 1990 to 32% in 2004, (- 8pp) although still well above the UK average 24% in 1990, 20% in 2004; (- 4pp).

It is also interesting to note the increasing feminisation of the public sector – females now account for 64% of public sector jobs, up from 57% in 1990.

"Employment levels are at an all-time high"

Strictly speaking 'yes' – but potentially misleading. Most people would read this statement and conclude that labour input is at an all-time high – this **may** not be correct.

Firstly, it is necessary to distinguish between employment and jobs – one employed person could have one or more jobs, and the individual could work 1 hour or 100 hours. A better guide is therefore total number of hours worked – which is why we are doing research in this area – see Chapter 7 in this Bulletin.

Another reason why an hours worked series is so useful is due to the behaviour of the labour market during an economic cycle. If there is a downturn in the economy employers tend to 'hoard' labour hoping a recovery will be imminent. Hours worked will fall more than employment. As the economy recovers employers need convincing that it is long–lasting before going through an expensive recruitment process, so hours worked rise before employment levels. So hours worked is a more sensitive barometer than employment levels.

"The phenomenon of increasing globalization"

Globalization is not a recent phenomenon. Movements of capital and labour were actually greater in the mid 19th century (think UK funded railways in the USA and US funded railways in China) Ditto Irish emigration. Ditto 'Irish Linen' concentrated in "Linenopolis" (Belfast and surrounding area) – in 1850 there were 28 linen mills in Belfast alone exporting all over the world.

"We need to trade more to create jobs"

Or sometimes stated as "free trade will mean a gain in jobs." Either statement is untrue.

It sounds common sense that more trade will lead to more export-related jobs but one countries exports are anothers imports - so net job creation is zero. Exporting goods (that could be consumed at home or the inputs used elsewhere) reduces the standard of living in a country – which is of course undesirable – one only exports to earn money in order to pay for imports and to gain the advantages of specialization and comparative advantage, (e.g. cheaper to import bananas than produce them locally).

What leads to job creation "at home" is demand – which is managed by the Bank of England and HMT through the use of monetary and fiscal policy. Whether that demand

Table 3: 1990-2004 Public Sector Jobs

Year	Male	Female	Total
June 1990	88,123	115,896	204,019
June 2004	78,047	138,649	216,696
Difference	-10,076	+22,753	+12,677
% Difference	-11.4%	+19.6%	+6.2%

Sources: DETI Quaterly Employment Survey (Supplement) June 2004

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originates at home or abroad is not relevant - demand is kept as high as possible subject to the control of inflation. An export boom would mean that the central authorities would reduce domestic demand to prevent the economy overheating and running into inflationary problems – the net effect on jobs would be zero.

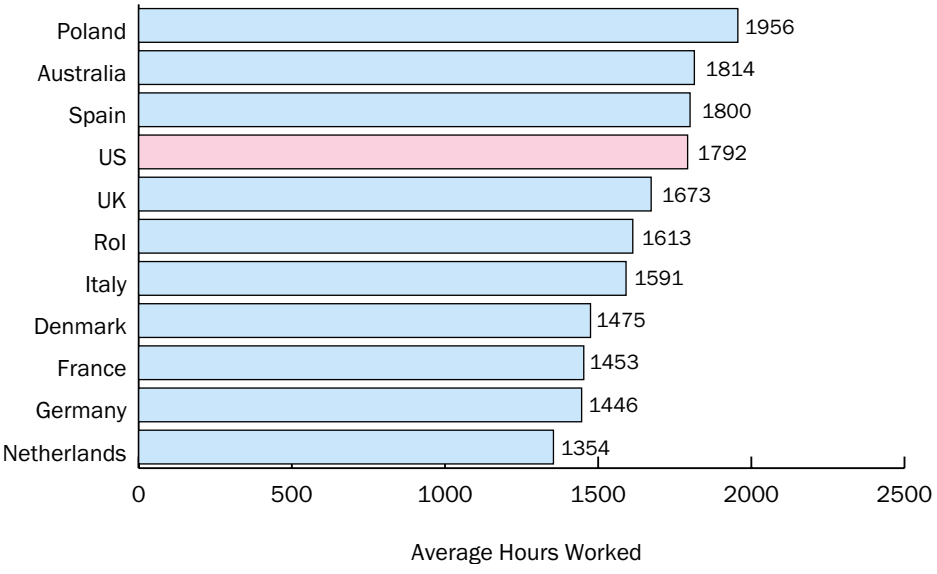
One caveat; this is true of a country – in a region subject to persistent underemployment – there could be net job growth.

And the reason for wishing to attract inward investment is not because they add to national employment; it is because such sectors tend to be **much** more productive (of the order of 30%) than indigenous industries – employing more capital per employee and a more skilled labour force see Nicholas Oulton NIESR Discussion Paper No 143 "Labour Productivity and Foreign Ownership in the UK".

"People in the UK work unusually very long hours"*

Firstly the longest hours worked among OECD countries are to be found in South Korea (2390) (where the **statutory** working week is 44 hours, 6 days - almost twice the hours of Dutch workers) Australia, Poland and the US. The UK is some 100 hours above the European average – longer than France (which has introduced a 35 hour week) and Germany (but note; International comparisons of hours worked are not highly reliable – see article 7 in this Bulletin) – One of the difficulties is that employer surveys report hours paid for – whereas employee surveys record actual hours work, paid + unpaid, and different countries use different data sources.

Figure 1: Average Annual Hours Worked Per Person - Selected Countries - 2003



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* See OECD Employment Outlook 2004 Table F P.312: Canadian Policy Research Networks "Job Quality" 6/07/04 HMT Full Employment in every region.

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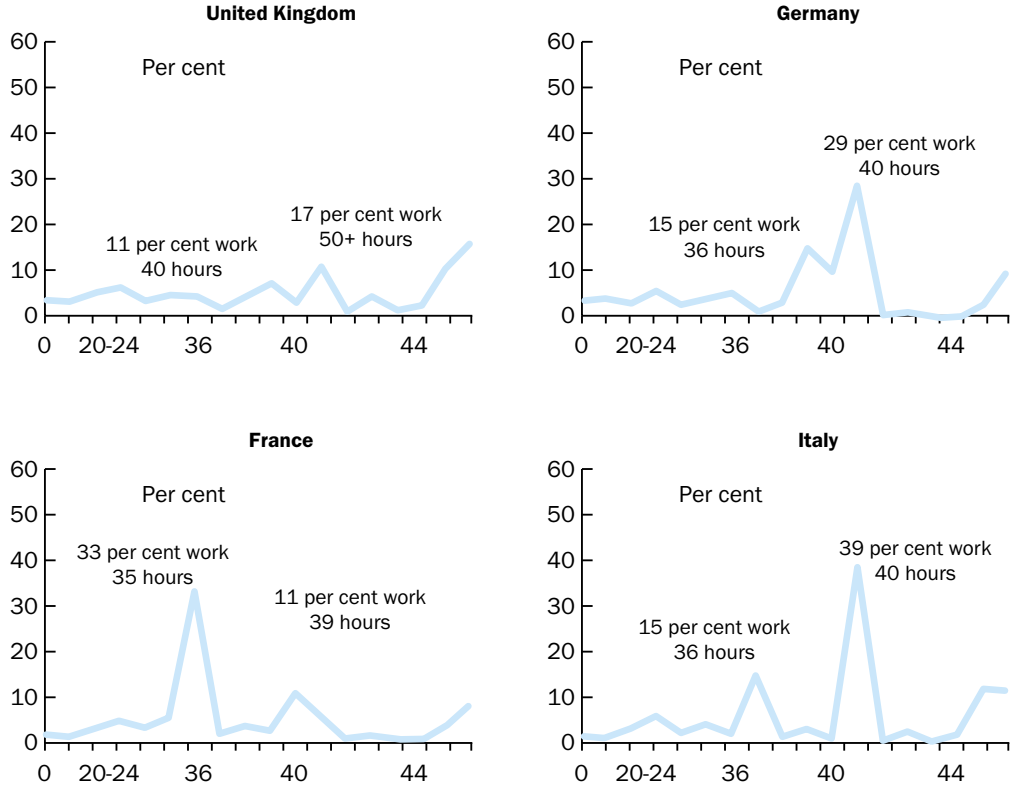
Another difference is that average hours worked per year in the UK is falling – by 7% over the past 30 years, whilst it has soared by up to 20% in countries such as US, Canada and New Zealand. The fall in the UK is largely accounted for by a growth in part-time jobs which account for 23.3% of UK jobs versus 16.6% in the EU - see OECD Employment Outlook July 2004.

So what distinguishes the UK is its diversity – giving employers and workers greater choice.

Figure 2: Hours per week usually worked in main job - 2002



Source: Eurostat

1 EMU and labour market flexibility, HM Treasury (June 2003).

"The disabled are ....."

"There is no single or "gold standard" measure or estimate of disability" (DWP March 2004 Users Guide to Disability Estimates and Definitions).

So one needs to be aware **how, who** and **what** is being measured:-

Disability can be measured –

- "objectively", e.g. by a medic
- or self reported
- it can change over time
- its effect can restrict the amount or type of work possible

and different numerical estimates are therefore possible of "the disabled".

"Per capita the RoI standard of living is now 50% higher than NI"

Wrong. It is based on GDP (GVA) data which putting EU = 100 gives RoI at 120 and NI at 80 – so superficially well founded.

However, there are a number of reasons why in fact the standards of living are very similar **and well within the margin of error of the estimates**.

The first problem is that the RoI attracts companies which earn high profits (particularly the US pharmaceutical industry which is unusually capital and R&D intensive) which then repatriate

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these profits abroad. In the vast majority of countries GDP and GNP (that amount of output which can be consumed within the country) estimates are practically identical – but in RoI GDP is considerably greater than GNP – which is only 82% of GDP. The next greatest difference within the EU is Portugal at 98%! Effectively some 18% of output is exported and not available for home consumption.

Another is the confusion over income and wealth (flow and stock). A person may have recently entered the high income bracket but be less wealthy than someone who currently earns less - but for a long period in the past earned more. RoI has many elements of a first world economy with a third world infrastructure. Enormous sums are being spent to correct this infrastructure deficit – which leaves less for home consumption. Investment as a proportion of GNP is 28% compared to 16% in the UK.

Finally EU transfers to RoI are phasing out and shortly RoI will be contributing $^1/_2$% of its GDP to Brussels . NI continues to receive large transfers from London.

And as RoI is in the eurozone and NI in sterling the GDP estimates must be corrected for a different currency through a complex system known as "purchasing power parity".

In summary, estimates of GDP are just estimates and international comparisons make these estimates even less reliable and any difference in income levels between RoI and NI are well within the margins of error. If the RoI economy continues to power ahead and NI just continues on its steady but unspectacular path then there will be a genuine difference. But in 2002 the NI growth rate exceed RoI's! Almost certainly though a "one-off"!.

The 'Shadow' Economy effect on GDP/GVA/GNP estimates....

Entering the world of the "shadow economy" (aka "underground", "black", "illegal", "informal", "hidden", "parallel", "cash") it is possible that two countries in regions with similar officially estimated GDPs have in practice different standards of living if the shadow economy differs in size. Freidrich Schneider **(www.1za.org)** has made provisional estimates for OECD and other economies based on several "indirect" approaches. The shadow economy is defined thus:-

Table 4: A Taxonomy of Types of Underground Economic Activities[1]

Type of Activity	Monetary Transactions		Non-Monetary Transactions	
Illegal Activities	Trade with stolen goods, drug dealing and manufacturing, prostitution, gambling, smuggling, fraud, etc		Barter of drugs, stolen goods, smuggling etc. Produce or growing drugs for own use. Theft for own use.	
	Tax Evasion	**Tax Avoidance**	**Tax Evasion**	**Tax Avoidance**
Legal Activities	Unreported income from self-employment; Wages, salaries and assets from unreported work related to legal services and goods	Employee discounts, fringe benefits	Barter of legal services and goods	All do-it-yourself work and neighbour help

[1] Structure of the table is taken from Lippert and Walker (1997, p. 5) with additional remarks

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and has produced estimates for RoI and the UK at 15.5% and 12.3% of GDP respectively for the year 2002/03. He finds that the shadow economy is primarily driven by taxation levels and regulatory burdens and that for both RoI and UK it is slightly declining and lower than the average of all OECD countries (16.7%). Estimates vary for OECD countries from 8.6% (USA) to 28.3% (Greece).

To the best of this author's knowledge there are no official or unofficial estimates for NI. But many commentators consider it above the GB level based on cross-border smuggling estimates and other types of racketeering.

The shadow economy is undesirable for a number of reasons; among them being the fact that the more regulations and taxation affect the regular economy, the greater the incentive to move into the irregular economy creating a vicious circle; another is a general corroding of business morality. But its existence is a warning to government on the limits of taxation and regulation.

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"The EU stability and growth pact"

Signed in 1997 it imposed a requirement for member states to achieve and maintain budgetary positions of "close to balance or in surplus" and keep their budget deficit to below 3% of their GDP. The pact was strongly argued for by particularly Germany and France who were concerned that certain other countries joining EMU might not be strict enough managing their finances in the new Eurozone they sought "fiscal discipline".

Seven years ago half of the Eurozone 12 countries (the UK, Denmark and Sweden did not join) broke the pact and in theory are subject to billion euro fines. Ironically France and Germany are among the worst offenders – Germany for the third time in a row.

- the Pact was called "stupid" by the then Commission President Romano Prodi
- the present EU Commission wished to enforce it
- the EU Finance Ministers voted to suspend it
- the European Court of Justice ruled that they had no right to suspend it – but suspended the fines
- resentment is felt by the smaller countries e.g. Portugal who were forced to obey the rules.

"The wealth creating sectors"

A nonsense! Originally used about agriculture, then extended to include manufacturing and sometimes only refers to the private sector.

All sectors in fact have the potential to be 'wealth creating' i.e. satisfying peoples needs and wants. Employers require a healthy and educated workforce – which depends on the performance of the largely public sector, health and education services. And whether the product or service is in the private or the public sector can be arbitrary – e.g. water services in England are supplied by the private sector, in NI by the public sector; ditto vehicle testing.

The only germane question is which is more efficient in achieving their objectives.

"First they ignore you; then they ridicule you; then they attack you; then you win."
- Gandhi.

Leading Labour Market Research Organisations - SKOPE

SKOPE – Oxford and Warwick Universities

ESRC – Research Centre on Skills, Knowledge and Organisational Performance

Background

The UK's Economic and Social Research Council (ESRC) established a new research centre, based jointly at the universities of Oxford and Warwick. Its aim is to examine the links between the acquisition and use of skills and knowledge, product market strategies and performance (measured in a variety of ways). The Centre on Skills, Knowledge and Organisational Performance (SKOPE) builds on existing strengths at both institutions and attempts to extend them into areas that are of major theoretical and policy concern. SKOPE commenced operations in October 1998, and started its second five-year research programme in October 2003.

A Collaborative Model

SKOPE has been designed around a collaborative model of research and represents a strategic alliance between two leading UK research universities, each contributing particular areas of expertise. SKOPE also aims to be inclusive, in that it seeks to involve, through an international network of associate research fellows, many academics and researchers from other institutions who have an interest in this field. It also has research student members.

Objectives

It is generally believed that a developed economy needs a highly educated and skilled workforce, and that this, in combination with a range of other factors, can help secure competitive advantage.

Traditionally public policy has tended to focus largely on the **supply** of skills. SKOPE's work balances this with **an analysis of the demand for, and use of, these skills,** as well as the many different routes to competitive success that organisations are following. SKOPE's research also examines how best skills and learning can be supplied, what other factors are necessary to maximise the benefit from higher levels of skill (for example, particular forms of work organisation or investment in R&D), and what policy interventions could most effectively bring about the required changes.

SKOPE's second five-year research programme is split into three themes, each of which contains a number of research projects:

Theme A - Models of Competitive Advantage, Organisational Performance and Managerial Capabilities

Theme B - Workforce and Workplace Development

Theme C - Design and Operation of the Vocational Education and Training System and the Political Economy of Skill

In addition to this core research programme, SKOPE also undertakes other research and consultancy projects for a range of organisations. These are selected for their synergy with SKOPE's core research mission.

Dissemination

SKOPE's research output is disseminated via a newsletter, website, issue papers, a research paper series, research monographs, workshops, seminars and national and international conferences, teaching and consultancy

activities, and a wide range of scholarly and popular publications.

Staff

The Director is Ken Mayhew (Economics, Oxford), Deputy Director Ewart Keep (Warwick Business School).

SKOPE's Contribution

To improve the conceptualisation and measurement of skill.

To demonstrate that:

- Increasing the supply of skills is necessary but not sufficient for improving the UK's economic performance
- Demand for skill varies according to corporate product market and production strategies
- High skills are not the only route to competitive advantage and the choice of competitive strategy will be influenced by a range of in-company and external factors
- Sustained policy intervention is necessary because it is unlikely that the sum of rational and efficient decisions by individual employers adds up to a whole that is socially optimal
- Contrary to much, if not, most economic study in this area, it is unlikely that externalities are the main reason for poor national VET performance.

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Book Reviews

People and Places – A 2001 Census Atlas of the UK

By Daniel Dorling and Bethan Thomas

Almost 200 pages of high quality maps detail the results of the UK 2001 Census of Population and where possible relate changes from the 1991 Census.

Topics covered include:

Age and sex
Religion and ethnicity
Birthplace and migration
Qualifications and employment
Occupation and industry
Families and households
Homes and cars

This is a fascinating publication which (unusually!) actually does cover the whole UK with NI featuring in the majority of the maps.

The general theme is of growing inequality in the UK caused by selective migration and increasing ghettoization. Thus the best qualified go to London and the South East where the best jobs are to be found; in poor areas sickness rates are ten times higher than better off areas although the less need the greater the supply of doctors and nurses – and vice versa; university towns are dominated by the young, in larger cities the old leave to live near the coast; the proportion of households with no-one in work varies by over 10:1.

Many interesting insights are supplied:-

- the vast majority of immigrants both external and internal (UK) go to London – especially young graduates
- almost 1.7m extra jobs were created between 1991 and 2001 in banking and finance – most in and around London
- the number of people working in unskilled occupations rose from 2.1m to 3.1m
- by district Catholics were more aggregated in Scotland than NI
- the proportion unable to work due to sickness or disability varied from Merthyr Tydfil (11.3%) and Easington (11.7%) to under 1.5% in many of the home counties
- NI has proportionately the most employed in construction.

Their general conclusion is that the UK rather than being a homogeneous nation is really a city-state, a world metropolis (a widely defined "Greater London" metropolis) where half the population lives with a provincial hinterland of city islands ("the archipelago of the provinces").

The Introduction states "The increased dominance of London and the South East of England is the single most striking image".

It is encouraging however – for the local reader at least – to read the statement "the economic and social revival of NI is a similarly persistent theme".

Price £29.99 The Policy Press, University of Bristol Hardback (Softback also available)
Tel: 0 117 331 4054
www.policy.press.org.uk
ISBN 1 81634 586 0

Health, disability insurance and labour force participation

By Brian Bell and James Smith Bank of England Working Paper #218

This detailed analysis concentrated on one factor behind the growing levels of exclusion from the labour market due to sickness and disability – especially amongst males.

In the 1990s, more than half a million men left the labour market. In terms of overall employment this fall has been partly "invisible" – masked by a corresponding rise in the number of women in work.

The paper discusses the fall in male participation in terms of two key factors – the increasing numbers who give ill-health as the reason for their economic inactivity; and the fact that the fall in male participation was greatest amongst those without formal qualifications and those with low levels of qualifications.

The paper used the change in disability benefit regime in 1995 – which was in effect a shift to a less generous benefit regime for new claimants – to explore these issues. Considerable use is made of data from the Labour Force Survey and the General Household Survey.

The authors found that a key factor that could explain the rise in sickness-related benefit claimants in the early 1990s was the relative generosity of the benefit regime at that time. However their analysis also showed that the less generous regime that has been in place since 1995 has reduced what they describe as the "pull-factor" of benefits and they suggest that this means that workers are more likely to remain in the labour market following job loss.

Available from
Publications Group
Bank of England
Threadneedle Street,
London EC2R 8AH
Tel: 020 7601 4030
web: **www.bankofengland.co.uk**
ISSN 1 368-5562

Welfare to Work: Tackling the Barriers to the Employment of Older People

National Audit Office
HC1026 September 2004

This report examines the issue of non-employment amongst people aged 50 and over but below the state pension age.

In the first section, the report lays out the pertinent facts about employment amongst this section of the population – viz that it is under-represented in the labour market, with barely 2 in 3 in work, despite recent rises in the employment of older workers; it discusses the barriers that older people face; and details the advantages accruing from increased employment amongst this section of the population.

The second section examines the Government response to the situation, largely through an analysis of the action plans of various Government Departments and Agencies and other published research, and comments on the progress attained.

The final analytical section examines issues in a local context through a series of case studies.

The report concludes with a number of recommendations, including improving assessment and referral systems; increasing specialist training for Personal Advisers; working more closely with local employers; and raising levels of awareness.

Available from
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1A 9SP
Tel 020 7798 7400
web: **www.nao.gov.uk**

1. **Productivity in the UK: The Evidence and the Government's Approach – November 2000.**
2. **Productivity in the UK: Progress towards a productive economy – March 2001**
3. **Productivity in the UK: The Regional Dimension – November 2001**
4. **Productivity in the UK: The Local Dimension – July 2003**
5. **Productivity in the UK: Benchmarking UK Productivity Performance – March 2004**

These are five key documents for those interested in the concept of productivity, its measurement, international and UK regional comparisons and trends over time.

The only way governments can fulfil their electoral promises of better public services and "no new taxes" is to raise the rate of growth of national output. As the UK already has almost full employment (although **not** in every region) the only way is to raise productivity levels.

UK Government has listed the five key areas of productivity as:

- human capital (skill levels)
- physical capital ranging from private (plant, machinery,

equipment) to public infrastructure (roads, ports, airports etc)
- innovation (measured by e.g. patents granted, spend on R and D)
- enterprise
- competition

The official number assumed by HMT for long-term GDP growth is 2½%; 2% productivity and ½% increasing labour supply.

However, the reader should be warned that there are severe conceptual and practical difficulties in measuring productivity (particularly in the service sector) and these are exacerbated when moving to international comparisons.

Thus HMT and DTI had a joint target in July 1998 to narrow the UK's productivity gap with Germany which was then estimated to be some 11% (per worker) higher; subsequent data revisions (see Chart 1.2 Paper 5) put the UK at 1% better. Similarly the gap with the USA shrank from 45% to 27%.

To improve productivity government is engaged in pursing:
- macro economic stability
- micro economic reform (in the product, capital (human and physical) and labour markets.

and building the capability of regional and local institutions to deliver these reforms. Targets have been set for England with the devolved administrations setting their own agenda.

Available to down load from the internet from their website, **www.hm-treasury.gov.uk** under Policy areas – Enterprise and Productivity.

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Issue No 13 October 1999
Labour Market at a Glance; Labour Market Statistics; Hours Worked – A NI Series; Fastest Improving Regional Economy; NI Social Omnibus Survey; Skill Needs in NI; The Work of the Northern Ireland Skills Task Force/Skills Unit; The Large Scale Labour Recruitment Study; Work to Workers, Does it Work; Killyleagh Yarns and Saracens (Coats Viyella) Closures; What Happened to the Ex-Mackie Workers; Brain Drain or Brain Gain? Bridge to Employment – an Evaluation; Why Invest Public Money in Management Training; Jobskills Quality Management Systems – an Evaluation; New Management Standards; Playcare – an Evaluation; Employment Support for People with Disabilities – an Evaluation; The New Deals – Brief Guide; New Deal Evaluations – a Progress Report; Religion in the Labour Market; Disability Research; Equality Monitoring Statistics; Status 'O' Four Years On; What is the Inter-Departmental Business Register? Labour Market Evaluation Methodology.

Issue No 14 November 2000
Labour Market at a Glance; Labour Market Statistics; Measures of Underemployment in NI; How has the National Minimum Wage Impacted on NI? The Fastest Improving Regional Economy in the UK; The 2000 NI Social Omnibus Survey; The NI Skills Task Force – An Update; The IT Skills Forecasting Study; Measuring Skills – SOC 2000; The International Adult Literacy Survey - 'The Third Wave'; PISA – A Project to Compare the Performance of Pupils Across the World; The Large Scale Labour Recruitment Study; Call Centre Capacity in NI; What happened to the ex-Mackie Workers? A Survey of Farming Families – Work in Progress; Education and Earnings in NI; How Fared the Class of `91? The Experience of Graduates in the Workplace; Who Studied Where? – Student Flows Between NI, RoI and GB; "Status O" Four Years On – Young People and Social Exclusion; Migration Flows Between NI and GB; Impact of Tax Rates North and South on the Mobility of Labour; Jobskills – an Evaluation; Joint T&EA/SSA Office 'Working Together' – An Evaluation; Equality and New TSN Monitoring in DHFETE; New Deal Evaluations –-Interim Findings.

Issue No 15 November 2001
Labour Market 'At a Glance'; Labour Market Statistics; The Labour Force Survey Annual Local Area Database; Employment Changes by District Council Area 1995-1999;Still the Fastest Improving Regional Economy in the UK?; The 2001 NI Social Omnibus Survey; Task Force on Employability & Long-Term Unemployment – An Update; What can the Large-Scale Recruitment Study tell us about 'Employability'?; The Unemployed – where do they go when they leave the Register?; The Work of the NI Skills Task Force & Skills Unit – An Update; Where are we now? – Results of the NI Skills Monitoring Survey 2000; Where are we going? – Projections of Occupations and Qualifications to 2010; The Supply of, and Demand for, Labour in the NI Electronics Engineering Industry; Employment in the IT Sector: How does NI Compare with Other UK Regions and RoI? ; What Happened to the Former Harland & Wolff Workers?; Work Permit Applications – A Guide to Skills Shortages; Graduates in Employment in NI; Does Taking a Part-time Job affect Student Performance? Status 0: Young People and Social Exclusion in NI – Report on a Conference held in December 2000; New Deal Basic Skills Curriculum Project Summary Report; JobClubs – A Review; The Premiere Evaluation; Evaluation of DEL Funded Management Development Programmes; Equality Monitoring in DEL; New Deal Evaluations – A Progress Report; Work-life Balance Baseline Study; Study of Obstacles to Cross-Border Mobility between the North and South of Ireland; Information on NI Businesses from the Inter Departmental Business Register.

Issue No 16 November 2002
Labour Market "At a Glance"; Labour Market Statistics; The Labour Force Survey Annual Local Area Database; Graduate Employment in NI; Progress in the NI Economy – a UK Regional Comparison; Why is our Employment Rate the lowest in the UK? Does it matter?; The 2002 NI Social Omnibus Survey; The Work of the NI Skills Task Force – An Update; The PA/NI Skills Task Force Executive Skills Recruitment Watch; The Supply of, and Demand for, Labour in

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the NI Mechanical Engineering Industry; Labour Recruitment Issues in the NI Tourism & Hospitality Industry; Skill Shortages – The Effect of Subject Choice at Secondary School?; How did XEROX (Dundalk) Recruitment Impact on the NI Labour Market?; Commuting – NI and UK Experiences Compared; "How far will IT Employees Commute to Work"? – Some Case Studies; The Halifax Call Centre: Employer Recruitment Practices and Employability; "What Happened to the Former Harland and Wolff Workers"? – A Further Follow Up; Employability Taskforce – An Update; Farmers – How can Training help them take up Off-Farm Opportunities?; Adult Literacy Strategy – Essential Skills; New Deal Evaluations; Evaluation of Worktrack – Some Findings and Conclusions; "Does Fear of Violence Influence Where People are Prepared to Work in Belfast"?; Programme for International Students Assessment – NI & International Results Compared; The Economics of Education: Some Recent Research; At Which Universities do NI Students Study?; Secondary Impacts on Unemployment of Government Assistance to NI Companies; Equality Monitoring Update in DEL; The Demand for, and Supply of Childcare in NI; Characteristics of the Disabled in the NI Labour Market; Some Popular Labour Market Fallacies.

Issue No 17 November 2003
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NOTE: FOR DETAILS OF ISSUES NOS 1-12 SEE PREVIOUS BULLETINS OR CONTACT:
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