

# THE LABOUR MARKET

## Employment

Past Commentaries have noted the many revisions made to official estimates of employment, including those made in May 1994, following the selection of a revised panel of employers who form the basis for the procedures to estimate total employment. Recently the Department of Employment revised its estimates of employees in employment, particularly in the construction industry. In Britain as a whole the revisions added around 120,000 extra jobs in the construction industry. This helps in part to resolve the puzzle of apparently "jobless recovery".

Data on employment are generally founded upon employer-based sample surveys which are benchmarked to a biennial Census of Employment (to be replaced by the Annual Employment Survey this year). Recently, the results of the September 1993 Census of Employment have become available (the first full Census since 1981, though sample censuses were taken in 1984, 1987, 1989 and 1991), and this, together with some revisions to the 1991 Census, has led to revisions of the estimates of employees in employment back to December 1989 (on a seasonally unadjusted basis). Furthermore, the 1993 Census results have been classified according to Standard Industrial Classification 1992 (SIC 92), which replaces SIC 80, and gives greater disaggregation of the (now substantially larger) services sectors.

The most recent estimates of employees in employment are given in Tables 1 and 2. Table 1 provides both the original and revised estimates of broad employment aggregates. As of the Census date (September 1993) Scotland's estimated total of employees in employment was revised downwards by 30,000 (the biggest such revision) while the estimate of employment in the South East was increased by 69,000 (the largest upwards revision). From the March 1994 estimates reported in Table 1 it is clear that estimates of male employment were revised downwards by substantially less (5,000, all part-time) than female employment (25,000, of which 14,000 is part-time). This reduction in estimated employment is concentrated in manufacturing industries (-44,000 or nearly 13%), though this partly reflects a re-classification of workers in engineering and food manufacturing

to service sectors. This accounts for the increase in the estimate of employees in employment in services (of around 9,000).

The most recent employment data are for June 1995 and these are also reported in Tables 1 and 2. Overall, total employees in employment fell by around 18,000 (1.0%) in the year to June 1995. Full-time male employees in employment fell by 14,000 (1.6%), and full-time female employment fell by 9,000 (1.7%). Part-time female employment rose by 1,000 (0.2%) and part-time male employment rose by 4,000 or 4.3%.

Table 2 presents only the revised estimates of employees in employment by sector because of the difficulties of comparison across different SICs. Over the year to June 1995, the biggest employment losses occurred in Construction (16,000 or 12.5%), Financial Intermediation (4,000 or 5%) and Other (4,000 or 4.1%). Employment growth of 5,000 was greatest in Manufacturing industries.

## Vacancies: stocks and flows

Over the year to December 1995 unfilled vacancies at job centres in Scotland fluctuated between 21.4 (18.8) and 24.5 (26.0) thousands on a seasonally adjusted (unadjusted) basis (Table 3). Vacancies increased by 2.3 thousand over the year to December 1995 on a seasonally adjusted basis. The net increase in the stock of unfilled vacancies conceals much larger gross inflows and outflows (Table 4). These were of a similar order of magnitude to the outstanding stock of vacancies in each month. For example, in December 1995 inflows were 24.1 thousand and outflows were 24.0 thousand. The short average duration of vacancies is a sign that employers on average do not find it difficult to fill posts because of a continuing slackness in the labour market (although employers may still find it difficult to recruit specific skills in particular locations).

## Unemployment: stocks and flows

Recent data on the seasonally adjusted unemployment stock are presented in Table 5. The most recent data, of course, reflect the current rules governing eligibility to claim benefit which have

been in place since September 1988. These reflect the extension of a guaranteed offer of a YTS place to all those under 18 who have not found a job, under the Employment Training Scheme. Under 18s are consequently not entitled to claim benefit and so are excluded from the unemployment count.

Over the year to December 1995 total unemployment fell by about 16.4 thousand, from 212.3 thousand and from 8.5% to 7.9% of the working population. This represent a reduction in the level of unemployment of 7.7%. The aggregate figures reflect a decrease in female unemployment of 3.4 thousand, and a decrease of 13.0 thousand in male unemployment over the year.

Table 6 presents recent flows into and out of the unemployment stock. In December 1995 inflows were, at 29.0 thousand, about 0.7 thousand less than in the same month of 1994. Outflows were, at 25.1 thousand, 4.9 thousand less than in December 1994. If gross outflows were maintain at their August 1995 level unemployment stocks could turnover in 9 months.

The August 1995 Employment Gazette reports labour force projections for UK regions from 1994 to 2006. Alone among the standard UK regions Scotland is projected to experience a small decline in its labour force (of 0.2%) over the period. This reflects the combined effects of a 3.7% projected fall in the male and a 4.2% rise in the female labour force. In GB as a whole the aggregate labour force, in contrast, is projected to grow by 5.8% again concentrated among females (a 10.5% projected increase as compared to 2.2% for GB). These projected trends reflect differences in region's demographic structure, activity rates and in net migration patterns. Small increases in Scottish activity/participation rates of the scale observed in the recent past, could quite easily cause the outcome labour force to differ substantially from these projected level, however. The outturn will also be very sensitive to induced migration flows.

## BUSINESS SURVEY EVIDENCE

Evidence from the Scottish Chambers Business Survey for the fourth quarter indicated that employment rose for a net of firms in manufacturing and wholesale, remained level in retail and tourism, but fell in construction and finance.

There were further signs in the fourth quarter of a slight upward pressure on pay rates in

manufacturing, construction, wholesale, retail and tourism. Average pay increases in the fourth quarter ranged from 3.1% in finance to 4.3% in tourism.

Manufacturing trends in total employment have shown slight increases and decreases over the past two years. However, the expectations for quarter one 1996 are the lowest recorded for the past two years.

Nevertheless, the percentage of manufacturing firms seeking to recruit staff was higher in 1995 than compared to 1994. In 1995 there was a slight increase in the percentages reporting difficulties in attracting suitable staffs and these continued to be centred on skilled manual staffs. However, in 1995 there has been a rise in the level of difficulties reported in the recruitment of suitable managerial and technical staffs. Employment growth was stronger in the oil and gas related sector, where 45% reported increasing employment, and 52% expect to increase employment in the first quarter. Similarly, recruitment problems were more extensive in the oil and gas related sector than in manufacturing.

The rise in construction employment, a feature of the end of 1994 and beginning of 1995 seemed somewhat remote by the end of 1995, and the net balance reducing employment was higher than anticipated. Few signs of improvement are expected in the first quarter. In construction, recruitment activity in 1995 remained at the same level as 1994, with the percentage recruiting in quarter four 1995 actually lower than a year ago. The rising trend in the level of difficulties in recruiting suitable staffs seems to have been reversed. Nevertheless, the average pay increase for 1995 was higher than that for 1994.

Despite a gradual weakening in optimism and sales trends, wholesale respondents reported rising employment, and firms, on balance, underestimated the rate of growth in employment in 1995. The percentage of firms seeking staff fell to almost the same levels as the fourth quarter of 1994. Recruitment difficulties were slightly higher than a year ago, and pay rates averaged slightly higher in 1995 than in 1994.

For the first time in two years retail respondents reported a level trend in employment, the best trends more than two years, although the pattern concealed increased use of temporary staffs. Firms on balance expect to reduce employment in quarter one. The percentage of firms seeking to recruit

staffs (52%), was the highest for more than two years, and recruitment problems at their highest for two years. For the third quarter in succession the level of average pay increases rose.

In contrast, the long running decline in employment in the financial sector continued, much as expected, and, once again, the overall decline concealed increased use of part time, temporary and agency staffs.

The anticipated fall in employment amongst tourism respondents did not occur and employment remained level, due to increased use of part time staffs. More than three quarters of tourism respondents sought to recruit staffs and problems were widely evident in the recruitment of suitable skilled, managerial and part time staffs. Recruitment problems were throughout 1995 higher than in 1994. Average pay increases in the sector were 4.3% compared to 2.9% a year ago.

TABLE 1 EMPLOYEES IN EMPLOYMENT IN SCOTLAND: INDUSTRY AGGREGATES ('000s)\*  
(Figures in square brackets reflect the 1989 and 1990 LFS. The latest estimates reflect the impact of the 1991 LFS.)

(SIC 1980) SIC 1992	MALE		FEMALE		TOTAL	Prod/Const	Production	Manuf.	Services
	(All) Full-time	P/T	(All) Full-time	P/T		(1-5) C-F	(1-4) C-E	(2-4) D	(6-9) G-Q
1979 Jun	(1,205)		(897)	(332)	(2,102)	(831)	(676)	(604)	1,224
1989 Mar	(1,015) [1,016]		(914) [924]	(387) [376]	(1,929) [1,941]	(587) [601]	(440) [476]	(401) [418]	(1,314) [1,311]
Jun	[1,018]		[941]	[384]	[1,959]	[599]	[474]	[416]	[1,331]
Sep	[1,034]		[934]	[389]	[1,968]	[594]	[460]	[402]	[1,344]
Dec	[1,033]		[939]	[401]	[1,972]	[595]	[461]	[402]	[1,349]
1990 Mar	[1,027]		[930]	[395]	[1,957]	[591]	[457]	[397]	[1,337]
Jun	[1,031]		[942]	[406]	[1,974]	[591]	[458]	[398]	[1,353]
Sep	[1,040] (1,043)		[943] (943)	[406] (404)	[1,983] (1,986)	[597] (594)	[465] (464)	[405] (405)	[1,356] (1,362)
Dec	[1,034] (1,043)		[946] (949)	[417] (416)	[1,980] (1,992)	[591] (589)	[462] (462)	[401] (403)	[1,362] (1,376)
1991 Mar	[1,021] (1,035)		[936] (941)	[412] (413)	[1,956] (1,978)	[573] (571)	[449] (450)	[388] (391)	[1,356] (1,377)
Jun	[1,015] (1,031)	106	[944] (953)	[414] (417)	[1,959] (1,984)	[562] (561)	[443] (444)	[383] (385)	[1,368] (1,394)
Sep	[1,011] (1,026)	103	[947] (954)	[418] (414)	[1,958] (1,984)	[560] (567)	[443] (444)	[383] (385)	[1,370] (1,394)
Dec	(1,026) (1,037)	(105) (85)	(952) (976)	(416) (427)	(1,978) (2,013)	(543) (560)	(434) (435)	(376) (377)	(1,416) (1,425)
1992 Mar	(1,020) (1,026)	(112) (87)	(955) (980)	(418) (429)	(1,975) (2,005)	(535) (551)	(430) (431)	(373) (372)	(1,411) (1,426)
Jun	(1,024) (1,023)	(123) (92)	(956) (981)	(419) (431)	(1,979) (2,005)	(528) (544)	(425) (425)	(368) (368)	(1,424) (1,434)
Sep	(1,008) (1,012)	(119) (81)	(948) (980)	(416) (432)	(1,956) (1,992)	(519) (543)	(418) (427)	(361) (360)	(1,410) (1,423)
Dec	(993) (993)	(95) (90)	(971) (984)	(436) (442)	(1,963) (1,976)	(520) (529)	(405) (416)	(348) (359)	(1,418) (1,421)
1993 Mar	{988}	{85}	{979}	{437}	{1967}	{534}	{414}	{358}	{1,408}
Jun	{1000}	{91}	{992}	{445}	{1991}	{531}	{417}	{364}	{1,433}
Sep	{1009}	{92}	{994}	{445}	{2003}	{536}	{414}	{362}	{1,440}
Dec	{1001}	{95}	{996}	{450}	{1996}	{532}	{410}	{360}	{1,440}
1994 Mar	893 {985}	88 {93}	525 {981}	431 {445}	1937 {1966}	472 {520}	347 {399}	305 {349}	1,430 {1,421}
Jun	899 {996}	92 {96}	535 {990}	436 {449}	1962 {1987}	482 {528}	353 {403}	313 {354}	1,443 {1,433}
Sep	899 {1006}	95 {99}	538 {989}	435 {447}	1967 {1994}	483 {531}	355 {400}	316 {352}	1,447 {1,437}
Dec	888 {987}	95 {99}	528 {980}	434 {449}	1945 {1967}	479 {521}	357 {401}	316 {354}	1,431 {1,421}
1995 Mar	882 {978}	96 {96}	521 {948}	427 {427}	1926 {1947}	466 {508}	352 {395}	312 {348}	1,424 {1,414}
Jun	885	96	526 {963}	437	1944	470	357	318	1,437

Source: Department of Employment Gazette

\* Figures within [.] reflect estimates prior to the 1989 Census of Employment  
Figures within (.) reflect estimates prior to the 1991 Census of Employment

TABLE 2 EMPLOYMENT: SCOTLAND EMPLOYEES IN EMPLOYMENT ('000's)*																																
SIC 1992	Agric. hunting forestry fishing	A,B	Mining & Quarry- ing	C	Manufac- turing	D	Elect. gas & water supply	E	Constu- ction	F	Wh'sale retail trade & repairs	G	Hotels & rest.	H	Tr'port storage & comm.	I	Financial inter- mediation	J	Real Estate renting & bus. activities	K	Public admin. & defence: comp. Sec. Sec.	L	Educa- tion	M	Health & Social Work	N	Other comm, social & pers. activities	O-Q				
1994																																
Mar	35		23		305		19		125		299		117		117		79		198		134		144		247		95					
Jun	37		22		313		19		128		299		130		116		80		197		135		143		246		97					
Sep	37		22		316		18		127		300		130		118		78		200		134		143		248		96					
Dec	35		23		316		19		122		305		120		112		78		199		132		145		245		95					
1995																																
Mar	35		23		312		17		115		297		118		112		78		202		132		146		244		96					
Jun	37		23		318		17		112		300		129		114		76		203		132		144		246		93					

\* See notes to Table 1

Source: Department of Employment Gazette

TABLE 3 UNFILLED VACANCIES AT JOBCENTRES - SCOTLAND ('000s)					
	Seasonally adjusted			Vacancies at Careers Offices	
	Number	Change since previous month	Aver.change over 3 months ending	Unadjusted Total	Unadjusted
1993 Jan	19.5	0.3	0.3	15.9	0.3
Feb	19.5	0.0	-0.1	17.2	0.3
Mar	19.5	0.0	-0.1	18.5	0.5
Apr	18.1	-1.3	-0.4	18.9	0.5
May	17.9	-0.2	-0.5	19.0	0.5
Jun	17.5	-0.4	-0.6	19.0	0.6
Jul	18.1	0.6	0.0	18.2	0.6
Aug	18.5	0.4	0.2	18.4	0.6
Sep	18.3	-0.2	0.3	19.9	0.6
Oct	18.0	-0.3	0.0	20.1	0.5
Nov	18.8	0.8	0.1	19.7	0.4
Dec	18.9	0.1	0.2	17.6	0.4
1994 Jan	19.2	0.3	0.4	15.8	0.5
Feb	18.4	-0.8	-0.1	16.3	0.4
Mar	18.3	-0.1	-0.2	17.5	0.5
Apr	18.5	0.0	-0.1	19.1	0.6
May	19.4	0.9	0.3	20.5	0.6
Jun	20.0	0.6	0.5	21.5	0.6
Jul	20.2	0.2	0.6	20.2	0.6
Aug	21.0	0.8	0.5	20.9	0.6
Sep	21.3	0.3	0.4	22.7	0.6
Oct	21.0	-0.3	0.3	22.9	0.7
Nov	20.7	-0.3	-0.1	21.7	0.7
Dec	21.4	0.7	0.0	20.2	0.6
1995 Jan	21.8	0.4	0.3	18.8	0.6
Feb	21.6	-0.2	0.3	19.4	0.6
Mar	22.4	0.8	0.3	23.3	0.6
Apr	22.8	0.4	0.3	23.3	0.6
May	22.5	-0.3	0.3	23.5	0.5
Jun	23.1	0.6	0.2	24.5	0.7
Jul	23.7	0.6	0.3	23.7	0.8
Aug	24.1	0.4	0.5	24.2	0.7
Sep	24.5	0.4	0.5	26.0	0.7
Oct	24.2	-0.3	0.2	26.0	0.6
Nov	23.8	-0.4	-0.1	24.8	0.6
Dec	23.7	-0.1	-0.3	22.6	0.5

Source: Department of Employment Press Notice

Note: Figures from October reflect the revised basis of seasonal adjustment from November 1992

TABLE 4: VACANCY FLOWS AT JOBCENTRES, STANDARDISED, SEASONALLY ADJUSTED - SCOTLAND

Date	In-flow		Out-flow		000s of which: Placings	
	Level	Average change 3 months ended	Level	Average change 3 months ended	Level	Average change 3 months ended
1993 Jan	22.1	0.2	22.8	0.9	18.8	0.7
Feb	21.9	0.1	21.9	0.4	18.0	0.1
Mar	22.6	0.1	22.7	0.2	18.1	-0.3
Apr	21.5	-0.3	22.4	-0.1	18.5	-0.1
May	21.5	-0.2	22.6	0.2	18.3	0.1
Jun	22.0	-0.2	22.2	-0.1	18.5	0.1
Jul	22.1	0.2	21.4	-0.3	18.0	-0.2
Aug	21.7	0.1	21.2	-0.5	18.0	-0.1
Sep	22.3	0.1	22.3	0.0	19.0	0.2
Oct	22.8	0.2	22.7	0.4	19.2	0.4
Nov	24.6	1.0	23.9	0.9	20.4	0.8
Dec	23.5	0.4	22.8	0.2	19.5	0.2
1994 Jan	23.1	0.1	23.2	0.2	20.0	0.3
Feb	22.6	-0.7	23.5	-0.1	20.5	0.0
Mar	21.9	-0.5	22.1	-0.2	19.4	0.0
Apr	23.1	0.0	22.7	-0.1	20.2	0.1
May	23.1	0.1	22.8	-0.2	20.2	0.0
Jun	21.3	0.7	23.4	0.4	20.9	0.4
Jul	22.7	-0.1	22.1	-0.2	19.7	-0.3
Aug	25.4	0.8	24.6	0.6	21.7	0.5
Sep	23.1	-0.4	22.7	-0.2	20.0	-0.3
Oct	23.5	0.3	23.7	0.4	20.7	0.3
Nov	24.4	-0.3	24.7	0.0	21.6	0.0
Dec	24.6	0.5	23.8	0.4	20.7	0.2
1995 Jan	24.3	0.3	23.9	0.1	20.7	0.0
Feb	24.1	-0.1	24.3	-0.1	21.4	-0.1
Mar	24.3	-0.1	23.5	-0.1	20.7	0.0
Apr	24.4	0.0	24.5	0.2	21.5	0.3
May	24.6	0.2	24.6	0.1	21.7	0.1
Jun	25.5	0.4	24.9	0.5	22.1	0.5
Jul	25.7	0.4	25.0	0.2	22.1	0.2
Aug	27.2	0.9	26.8	0.7	23.6	0.6
Sep	25.1	-0.1	25.0	0.0	22.0	0.0
Oct	27.3	0.5	27.4	0.8	24.0	0.6
Nov	26.1	-0.4	26.4	-0.1	23.1	-0.2
Dec	24.1	-0.3	24.0	-0.3	20.8	-0.4

Source: Department of Employment

Note: Figures from October reflect the revised basis of seasonal adjustment from November 1992

TABLE 5: SCOTLAND - UNEMPLOYMENT - SEASONALLY ADJUSTED (excluding school leavers ('000s) (Figures in parentheses reflect estimates on September 1988 basis - see text for details)

Date	Male	Female	Total	Change since previous month	Ave. change over 6 months ending	Unemp. rate % of working pop.
1993 Jan	190.7	57.0	249.5	0.1	1.5	9.8
Feb	188.4	56.9	247.6	-1.9	0.7	9.8
Mar	188.9	56.1	244.5	-3.1	0.3	9.6
Apr	188.9	56.6	245.5	1.0	0.1	9.8
May	189.1	56.0	244.9	-0.6	-0.2	9.8
Jun	190.0	55.5	244.6	-0.3	-0.8	9.8
Jul	189.4	56.4	246.4	1.8	-0.3	9.9
Aug	187.1	56.5	245.9	-0.5	-0.3	9.8
Sep	184.2	55.6	242.7	-3.2	-0.3	9.7
Oct	182.9	54.5	238.7	-4.0	-1.1	9.6
Nov	181.6	53.8	236.7	-2.0	-1.4	9.5
Dec	184.6	53.1	234.7	-2.0	-1.7	9.4
1994 Jan	183.3	53.8	238.4	3.7	-1.3	9.5
Feb	182.0	53.5	236.8	-1.6	-1.5	9.5
Mar	181.3	52.7	234.7	-2.1	-1.3	9.4
Apr	181.3	52.2	233.5	-1.4	-0.9	9.3
May	180.4	52.2	232.6	-0.9	-0.8	9.4
Jun	179.2	51.4	230.6	-2.0	-0.9	9.3
Jul	179.0	52.7	231.7	1.1	-1.0	9.2
Aug	176.9	52.1	229.0	-2.7	-1.3	9.2
Sep	174.2	50.6	224.8	-4.2	-1.7	9.0
Oct	170.7	49.7	220.4	-4.4	-2.2	8.8
Nov	167.4	49.4	216.8	-3.6	-2.6	8.7
Dec	164.1	48.2	212.3	-4.5	-3.1	8.5
1995 Jan	162.4	47.7	208.0	-2.1	-3.6	8.4
Feb	160.9	47.1	210.1	-2.1	-3.5	8.3
Mar	159.1	46.4	205.5	-2.5	-3.2	8.2
Apr	156.8	45.7	202.5	-3.0	-3.0	8.1
May	154.9	45.4	200.3	-2.2	-2.8	8.0
Jun	152.9	45.1	198.0	-2.3	-2.4	7.9
Jul	152.8	46.0	198.8	0.8	-1.9	8.0
Aug	151.6	46.2	197.8	-1.0	-1.7	7.9
Sep	150.5	45.5	196.0	-1.8	-1.6	7.9
Oct	150.5	45.2	195.7	-0.3	-1.1	7.8
Nov	150.1	45.0	195.1	-0.6	-0.9	7.8
Dec	151.1	44.8	195.9	0.8	-0.4	7.9

Source: Department of Employment



TABLE 6: UNEMPLOYMENT FLOWS - STANDARDISED, UNADJUSTED: SCOTLAND ('000s)

Month ending	In-flow	Out-flow
1993 Jan	36.4	26.7
Feb	34.1	38.1
Mar	31.3	38.2
Apr	34.9	35.6
May	30.8	36.4
Jun	31.9	35.1
Jul	49.2	34.6
Aug	34.4	34.6
Sep	35.1	48.9
Oct	35.5	41.7
Nov	35.6	35.4
Dec	32.8	30.3
1994 Jan	35.1	22.6
Feb	32.6	37.5
Mar	29.1	36.0
Apr	32.1	34.3
May	29.2	36.2
Jun	29.1	34.3
Jul	45.7	32.8
Aug	31.2	33.8
Sep	31.9	48.3
Oct	32.6	39.9
Nov	33.2	35.4
Dec	29.7	30.5
1995 Jan	32.0	22.4
Feb	29.6	35.6
Mar	26.9	35.3
Apr	30.0	33.3
May	25.0	33.3
Jun	26.4	32.5
Jul	43.9	29.9
Aug	30.8	31.3
Sep	31.5	43.3
Oct	31.9	37.4
Nov	32.4	31.4
Dec	29.0	25.1

Source: Department of Employment