

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 December 1995 and these are also reported in Tables 1 and 2. Overall, total employees in employment fell by around 12,000 (0.1%) in the year to December 1995. Full-time male employees in employment rose by 4,000 (0.5%), and full-time female employment fell by 10,000 (1.9%). Part-time female employment rose by 1,000 (0.2%) and part-time male employment rose by 3,000 or 3.2%.

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 December 1995, the biggest employment losses occurred in Construction (5,000 or 4.1%), Employment growth was greatest in Real Estate etc. (7,000 or 5.3%) with Manufacturing industries also experiencing growth (of 5,000 or 1.6%).

Vacancies: stocks and flows

Over the year to April 1996 unfilled vacancies at job centres in Scotland fluctuated between 22.5 (20.6) and 24.5 (26.0) thousands on a seasonally adjusted (unadjusted) basis (Table 3). Vacancies were unchanged in the year to April 1996, on a seasonally adjusted basis. There were still large gross flows, however (Table 4). These were of a similar order of magnitude to the outstanding stock of vacancies in each month. For example, in April 1996 inflows were 24.7 thousand and outflows were 20.4 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 April 1996 total unemployment fell by about 15.3 thousand, from 202.7 thousand and from 8.3% to 8.1% of the working population. This represents a reduction in the level of unemployment of 2.6%. The aggregate figures reflect a decrease in female unemployment of 0.1 thousand, and a decrease of 5.2 thousand in male unemployment over the year.

Table 6 presents recent flows into and out of the unemployment stock. In April 1996 inflows were, at 32.7 thousand, about 0.7 thousand more than in the same month of 1995. Outflows were, at 30.5 thousand, 2.8 thousand less than in April 1995. If gross outflows were maintained at their April 1996 level unemployment stocks could turnover in less than 7 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

Results from the latest Scottish Chambers Business Survey suggest changes to employment levels in the first quarter were limited, affecting less than 40% of respondents in Manufacturing, and less than 30% in the service sector, and there were few signs of rising employment. These trends were further supported by recent employment figures. Nevertheless, firms remain more confident as to increases in employment levels in the second quarter and a net of firms in Manufacturing,

Wholesale and Tourism expect to increase employment in the three months to June. However, insecure forms of employment - sub contracting, part time and temporary - continue to be the most likely areas of growth in employment in the second quarter. The latest employment figures suggest that this optimism might be somewhat misplaced.

The slight upward trend in Manufacturing employment, a feature of much of 1995, ended, as expected, as 20% reported reducing employment. Nevertheless, the decline, a net of -1%, was less than anticipated. Firms are more confident as to increasing their employment in the second quarter than they have been since the end of 1994.

In contrast, the net balance of firms reporting reduced employment in Construction was greater than anticipated, and the highest balance for more than two years, with a third reporting reductions. More than a quarter expect to reduce employment in the second quarter.

In the service sector, less than a third of Wholesale and Retail respondents reported changes to employment levels. Nevertheless, the net balances indicated a continuing but weakening rise in employment in Wholesale. In Retail the decline in employment, a net of -2%, was less than anticipated, and a return to a level trend is predicted for the second quarter.

Changes in employment levels in Finance affected only 28% of respondents. The downward trend in employment in Finance continued although the rate was less than anticipated. No change to the long term downward trend is forecast. Once again the overall decline concealed a rise in the use of part time and temporary staffs. The anticipated seasonal dip in Tourism employment affected only 30% and the overall decline, a net of -2%, was less than anticipated, but concealed increased use of part time staffs. 29% expect to increase employment, mainly part time and temporary employment in the second quarter.

There were signs in some sectors of increased recruitment activity in the first quarter compared to 1994 and 1995. The percentage of firms seeking to recruit in the first quarter of 1996 was at the same level as in the first quarters of 1995 and 1994 in both Construction and Wholesale, but was higher in Manufacturing, Retail and Tourism.

The percentage of firms seeking to recruit ranged from 14% of Finance to 71% of Tourist firms. In

Manufacturing and Construction skilled, technical and managerial staffs were the most frequently recruited occupational groups. In the service sector activity was more focused on the recruitment of part time staff, young workers and clerical employees.

Difficulties in recruiting suitable skilled staffs were evident in Manufacturing, Construction, Wholesale and Retail distribution and Tourism. The percentage of firms reporting difficulties in recruiting suitable staffs in particular occupations ranged from 0% in Finance to 46% in Manufacturing. There were signs of a slight increase in the level of recruitment difficulties in Retail, but, the percentage of firms reporting increased recruitment difficulties remained low in all sectors. The percentage of firms planning to increase their levels of training rose in both Retail and Tourism, but fell in Construction.

Average pay increases in quarter one ranged from 3.4% in Construction to 4.2% in Manufacturing and Wholesale Distribution. The percentages of respondents increasing pay in the first quarter ranged from 20% in the Financial sector to 39% of Manufacturing and 40% of Wholesale respondents.

The upward movement in average pay settlements continued in Manufacturing, Retail and Tourism, generally the twelve month average increase continues to rise.

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
Sep	894	97	526	431	1947	479	359	319	1,434
Dec	892	98	518	435	1943	477	360	321	1,432

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	Mining & Quarrying	Manufacturing	Elect, gas & water supply	Construction	Wholesale retail trade & repairs	Hotels & rest.	Transport storage & comm.	Financial intermediation	Real Estate renting & bus. activities	Public admin. & defence: comp. Soc. Sec.	Education	Health & Social Work	Other comm, social & pers. activities
	A,B	C	D	E	F	G	H	I	J	K	L	M	N	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
Sep	35	23	319	17	120	296	127	112	75	207	135	142	247	93
Dec	34	23	321	16	117	302	117	112	75	206	134	144	248	94

* 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	23.9	-0.3	-0.1	24.8	0.6
Dec	23.7	-0.2	-0.2	22.6	0.5
1996 Jan	23.5	-0.2	-0.2	20.6	0.4
Feb	23.5	0.0	-0.1	21.7	0.4
Mar	23.1	-0.4	-0.2	22.0	0.4
Apr	22.8	-0.3	-0.2	23.0	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	24.2	-0.3	24.0	-0.3	20.8	-0.4
1996 Jan	25.5	-0.5	25.9	-0.4	22.8	-0.4
Feb	26.1	0.0	26.1	-0.1	22.4	-0.2
Mar	25.0	0.3	25.6	0.5	22.0	0.4
Apr	24.7	-0.3	24.5	-0.5	20.4	-0.8

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	45.9	202.7	-2.9	-3.0	8.3
May	155.1	45.5	200.6	-2.1	-2.7	8.2
Jun	153.0	45.2	198.2	-2.4	-2.4	8.1
Jul	152.7	46.0	198.7	0.5	-2.0	8.2
Aug	151.5	46.0	197.5	-1.2	-1.7	8.1
Sep	150.4	45.3	195.7	-1.8	-1.7	8.0
Oct	150.3	45.2	195.5	-0.2	-1.2	8.0
Nov	150.0	45.0	195.0	-0.5	-0.9	8.0
Dec	150.9	44.7	195.6	0.6	-0.4	8.0
1996 Jan	149.5	44.1	193.6	-2.0	-0.9	8.0
Feb	151.0	44.3	195.3	1.7	-0.4	8.0
Mar	150.2	44.8	195.0	-0.3	-0.1	8.0
Apr	151.6	45.8	197.4	2.4	0.3	8.1

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
1996 Jan	33.3	21.1
Feb	30.8	32.2
Mar	27.2	32.7
Apr	32.7	30.5

Source: Department of Employment