

Bulletin

Institute for
Employment
Research

Local Labour Market Information

Increasingly, attention is being focussed on the operation of labour markets at a local level and the role of human resources in local economic development. This focus is associated with the growing emphasis on the formulation and delivery of labour market policy at a sub-regional level, and has been influenced by a number of different processes.

: a recognition that changes in employment at the national and international scale are the sum of myriad changes at the local level

: the emergence of a policy 'vacuum' as, during the 1980s, central government sought to dismantle any national framework for labour market policy in favour of a de-regulated market. In response, a number of agencies, most notably local government, have assumed new roles in the field of labour market policy and economic development

: the decision to devolve the implementation of labour market policy to locally based organisations, principally Training and Enterprise Councils (TECs) and Local Enterprise Councils (LECs)

: the employers' need to diversify local recruitment strategies consequent upon demographic and social changes and the increasingly competitive economic conditions in the labour market in the 1990s

These processes and new institutional arrangements have generated a need for local labour market information on a scale not previously required. Local intelligence is needed both for strategic planning purposes and, particularly with regard to the TECs, as performance indicators in monitoring and evaluation activities. If local labour market problems are to be correctly identified and appropriate policy responses designed it is essential to have a reliable and comprehensive picture of the characteristics of the population of working age in the locality and their participation in the labour market.

Some significant local information can be obtained from official sources of data, for example, the 1991 Census of Population, or from 1993, the sub-regional analyses of Labour Force Survey data. Paradoxically, however, the need for local information has grown as the amount and quality of 'official' local labour market information has, in general, declined. One widespread response to this situation is for local organisations to undertake their own local labour market information collection and analysis.

This Bulletin presents the results of recent work within the Institute for Employment Research concerned to provide local labour market information at a sub-regional level, first through the analysis of Census of Population data, and secondly via primary data collection within specific localities.

1991 Census of Population Data on Economic Activity

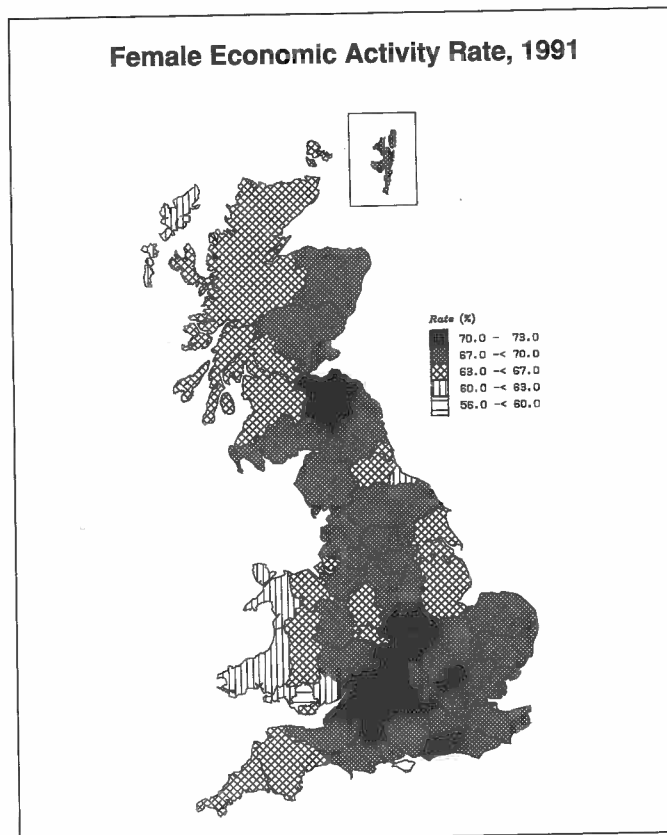
The Census of Population provides a wide range of detailed local information on economic activity on a consistent basis at a number of spatial levels:- county, district and ward. In a number of instances the Census is the only 'official' source of local information. The data provide local economic activity profiles at sub-regional levels, allow inter-locality comparisons of economic activity and inactivity, employment and unemployment at one point in time (1991), the identification of changes over inter-census periods within localities as well as an analysis of employment and unemployment within micro localities by sub-groups such as age, ethnic origin and socio-economic status (1). As such, the data provide an important resource whereby local agencies can identify specific needs, target policies and monitor outcomes more effectively.

Economic Activity and Inactivity, 1981-1991

The 1991 Census showed marked local variations in economic activity and inactivity rates for both males and females, with high activity rates in parts of the South East and north-east Scotland and the highest inactivity rates in the South Wales valleys. Since 1981, however, all counties and regions have shown a decline in male economic activity rates and so an increase in male economic inactivity rates.

Rank	'Top 10'	% point change	'Bottom 10'	% point Change
1	West Glamorgan	8.8	Surrey	1.7
2	Mid Glamorgan	8.0	Northamptonshire	1.8
3	Merseyside	7.8	Wiltshire	2.1
4	Dyfed	7.5	East Sussex	2.2
5	Strathclyde	7.5	West Sussex	2.3
6	Tyne & Wear	7.4	Oxfordshire	2.4
7	Cleveland	7.2	Bedfordshire	2.4
8	Durham	7.1	Hertfordshire	2.4
9	South Yorkshire	6.6	Buckinghamshire	2.5
10	Gwent	6.2	Berkshire	2.5

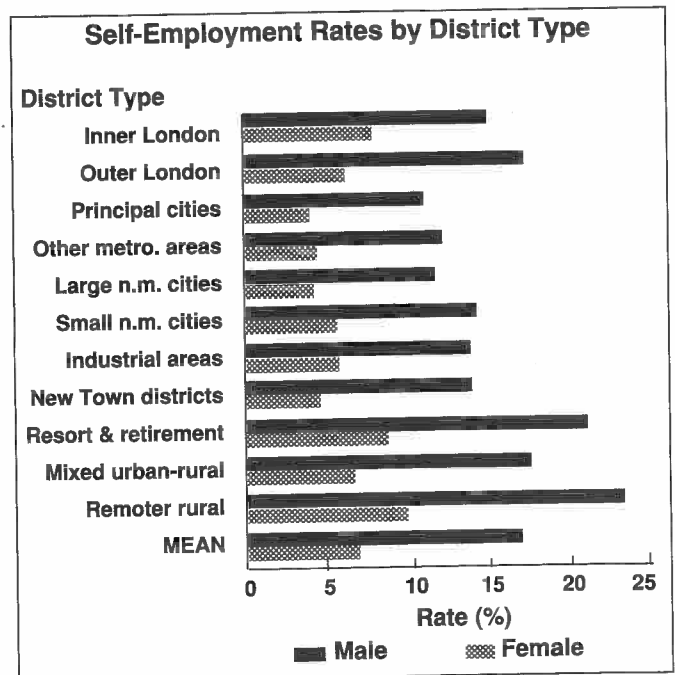
A 'North-South divide' is evident with a tendency for the increase in inactivity rates to be lowest in the South of the country and highest in South Wales, North-East England, Merseyside and West-Central Scotland.



Nationally, in 1991, approximately two thirds of females aged 16-59 were economically active; a smaller proportion than found amongst males. However, since 1981, female economic activity rates have increased in all counties or regions, with the exception of Inner London. The percentage increases have been most pronounced in the rural areas. Eleven counties now have female activity rates in excess of 70 per cent while low activity rates persist in South Wales, the remote rural areas and parts of the economically depressed urban areas.

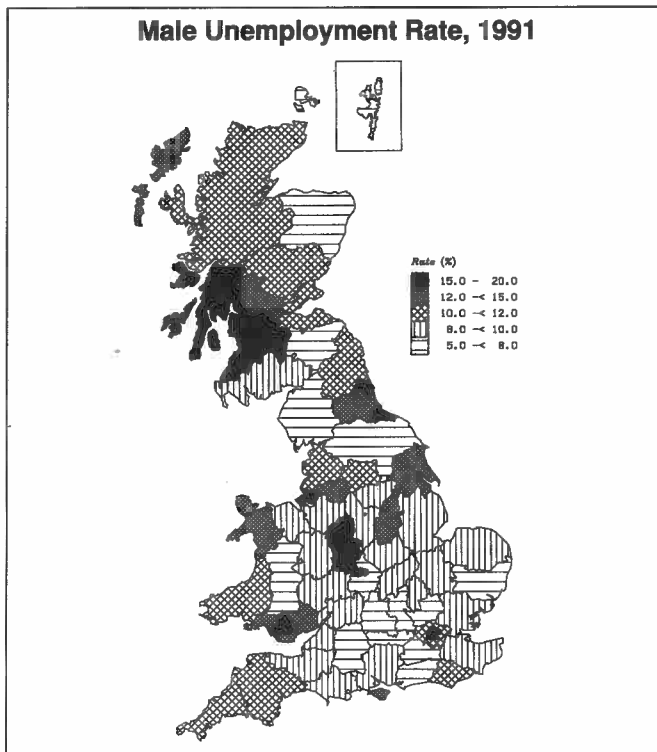
Employment and Self Employment

Between 1981 and 1991, virtually all areas recorded a decrease in the proportion of men of working age in employment (particularly full-time employment) and an increase in the proportion of working age females in employment. The increases were highest in rural areas and lowest in larger urban areas. Most areas saw some increase in self-employment rates during the 1980s, with the Home Counties recording some of the highest increases. In 1991, self employment rates were highest in the rural areas of mid, north and west Wales and South-East England and lowest in areas traditionally dominated by heavy industry and large establishments

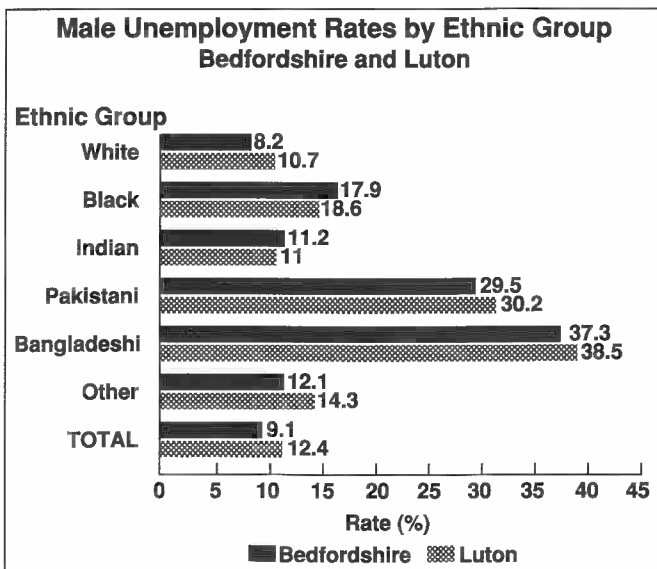


Unemployment

There was a marked variation in unemployment rates by locality in 1991. The incidence of unemployment was lowest in North-East Scotland, rural areas of Northern England and Wales and in the South-East. Merseyside and Inner London had the highest rates of unemployment in 1991. In Knowsley, Liverpool, Hackney and Tower Hamlets rates for males were in excess of 26 per cent and for females exceeded 15 per cent.



Census data can also indicate the degree of variation in the incidence of unemployment between different sub-groups of the population within (or between) any localities. Thus for example, the profile of unemployment at County level by ethnicity or age can be contrasted with that in specific sub areas.



At the micro-area scale there are often marked variations in unemployment rates within a county/district/city as well as between sub groups in the population. An illustrative analysis from 1991 Census data shows that unemployment rates for males and females combined, by ward for the County of South Glamorgan ranged from more than 10 per cent down to 2.5 per cent.

Local Labour Market Surveys

In a number of circumstances there is a demand for local labour market information that is either not available from official sources, or, if available, somewhat dated. Under these circumstances, local surveys offer an alternative source of information.

Concepts and Methods

Two local labour market surveys have been carried out recently by the Institute for Employment Research; one in Coventry (2) and the other in the metropolitan areas of Kirklees and Calderdale (3). Both were concerned to identify the education, labour market experiences and qualifications of the local populations and to provide a analysis of the dynamics of the local labour market.

Local labour markets can be conceptualised as a series of overlapping submarkets based on ethnicity, age, gender, occupation etc. Within a local area people move in and out of the labour force, as well as changing status within the labour force. In order to understand the dynamics and potential of these processes and submarkets – and to compare the operation and experiences of those in different situations – information on the characteristics of the whole population of working age in the local labour market was required. The resulting surveys were large; each involved interviewing more than 5,000 individuals.

Detailed work history information was collected from all respondents, providing a historical account of the pattern of entries and exits to and from the labour market. This approach sheds light on the dynamics of labour market behaviour and overcomes the difficulties associated with attempting to base an understanding of the complexities and dynamic nature of the labour market on cross-sectional studies of specific groups in the population. Work history data offer other advantages too; the identification of latent skills, the extent of de-skilling, the extent of job turnover, and for those who have experienced unemployment, the duration and number of periods of unemployment – all for small scale areas.

Where information from the population of working age can be linked with demand side data from local employers (as in the Coventry study), additional gains result. For example, with regard to training, employer based studies were used to identify the factors associated with the provision of job-related training, while data from individuals was used to examine the effects of such training upon employees (4).

Local Labour Markets – spatial variations

The Kirklees and Calderdale study showed particularly clearly the variation in labour market behaviour within sub-areas of the whole. Compared to Kirklees, labour market participation rates were higher in Calderdale, mainly associated with higher levels of full-time employee status jobs. The percentage of Asians in Kirklees was much higher (13%:4%), but their participation rate was between a half and a third of the white population. More than 120,000

people in the total area had no formal qualifications, but the percentage without is above the national average in Kirklees (40 per cent) and below the national average in Calderdale (approximately 30 per cent). The demand for further training was higher in Calderdale than Kirklees.

In total 24,000 people defined themselves as unemployed. The rate of unemployment in Kirklees was 8.5 per cent and 9.4 per cent in Calderdale. However, the incidence of long-term unemployment was greater in Kirklees than in Calderdale. Asians, in general, faced a greater probability of being unemployed; for males, twice the likelihood (compared to white males) in Kirklees but 4 times the likelihood in Calderdale.

Analysis by other sub-spatial/social units was also possible. In addition to the main survey, Kirklees supported a survey of the population in seven inner city communities. The characteristics of the population in these areas and their labour market experiences were set against the baseline data for the area as a whole, and against that for Kirklees, to offer local information at a scale and detail not typically available through official statistics. By way of example, the findings pertaining to education and training are discussed briefly below.

Local Information on Education and Training

Approximately 17,000 people aged 18-60 lived in the inner city areas, just over 7 per cent of the Kirklees population within the age range. The inner city population is skewed towards young people, both males and females, and those from ethnic minority backgrounds. Comparison with the remainder of Kirklees indicated that the proportion of the population of Asian origin was 10 times greater in the inner urban areas than in the rest of Kirklees.

Residents in inner areas had a lower level of educational attainment than the average in either Kirklees or Great Britain. A very high proportion had no qualifications at all, whilst amongst those with qualifications, many held low level, intermediate qualifications. More than half of those resident in inner areas aged 18-60 lacked any formal educational attainment, compared to a third for Kirklees and Great Britain. Women particularly lacked qualifications.

Different economic groups within the inner areas had different qualification profiles. Amongst males in employment, around half had no qualifications compared to 65 per cent amongst unemployed males and those on Government schemes. Amongst females in employment, rather more than half were unqualified; roughly the same proportion as females without qualifications on government schemes or unemployed. Job related training was less widely experienced by inner area residents, and where it occurred was typically informal rather than formal training. Other studies suggest that this informal training is unlikely to be transferable to other jobs. However, in line with the majority of Kirklees residents, many of those in the inner areas did not perceive the need for any further training

Local Information and the Policy Process

Local labour force surveys can provide very detailed information about the characteristics of the local population. While it can reveal the scale and something of the nature of problems that need to be addressed by local policy makers it can also lay bare the strengths and resources available to be mobilised via local economic development.

The information gained will typically assist a wide range of institutions concerned with developing the local labour market-including employers- to better understand their local labour market and to plan the most appropriate forms of recruitment and training strategies. The potential for matching supply and demand via re-training can also be identified while policies directed towards encouraging inward investment will also benefit by the detailed identification of the available skill base.

References

- 1 A. Green, (1992). *The Geography of Economic Activity*, Institute for Employment Research
- 2 P. Elias and D. Owen, (1989). *People and Skills in Coventry*, Coventry City Council
- 3 C. Hasluck, (1992). *People and Skills in Calderdale and Kirklees*, Calderdale and Kirklees Training and Enterprise Council.
- 4 P Elias and M. Healey, (1992). *The Provisional Impact of Job-related Formal Training in a Local Labour Market*; Institute for Employment Research and Centre for Local Economic Development, Coventry University.

