

DEPARTMENT  
OF HIGHER  
AND FURTHER  
EDUCATION,  
TRAINING &  
EMPLOYMENT

# Labour Market Bulletin

# 14

November 2000



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# Foreword

Dr Seán Farren, Minister for Higher and Further Education,  
Training and Employment

I am delighted to be given the chance to write the foreword to this, the 14th Edition of the Labour Market Bulletin and, of course, the first to be published under the auspices of the Department of Higher and Further Education, Training and Employment.

The Department's overarching aim is a very simple one - we are seeking to promote a culture of lifelong learning and to equip people for work in a modern economy.

However, while the aim might be simple, achieving it will involve a great deal of hard and often complicated work, and that is where the Labour Market Bulletin can play such a vital role.


It does this by raising awareness of the latest research findings on education, training and labour market issues, by encouraging us to debate those issues, and by informing those of us who are directly involved in framing the policies and taking the decisions which will shape our future.

This year's Bulletin follows the high standards set by previous editions and includes a wide variety of articles, but all are unified under the theme of preparation for work in a modern economy.

It includes summarised findings of research projects on issues such as adult literacy, educational standards, social exclusion and skills forecasting. There are also up-to date labour market statistics and evaluations of programmes such as New Deal. Our progress and commitment towards equality is also reflected.

In short, this latest edition of the Bulletin is a must for anyone involved in education, training, employment and indeed commerce. If we want to promote and achieve a truly inclusive and prosperous society, it is in all our interests to educate ourselves.

This Bulletin can help us do just that.





# Editorial

Another year of change! A born-again Assembly with Dr Seán Farren as our Minister. Much additional work for Research and Evaluation Branch as briefings, replies, and so on are prepared for points raised by the Assembly Members, its Committees and of course the Minister.

Another big area of work will result from the launch of 'New TSN' and its need for improved monitoring systems and the refocussing of work to take into account the changing responsibilities engendered by the new Department.

The economic environment changed almost as fast as the political environment. There was the fall and fall of the Euro and oil price increases with their consequent effects on 'NI PLC'. But remarkably manufacturing - the largest sector vulnerable to high exchange rates and energy costs - turned in a sparkling 8% expansion in output.

Then the rise and fall of the stock market (forecast in last year's Bulletin as 'asset price bubbles') and the welcome fall again in unemployment levels.

And on the inflation front the UK has by the EU measure ('HICP') the lowest rate in the EU, ROI incidentally has the highest (0.5% v 6.0%).

And not to forget "the dogs that didn't bark in the night"

- when Y2K turned out to be Y2 OKAY and the minimum wage was absorbed with few apparent adverse consequences - but with a welcome boost for low wage earners.

On the Research front we made major advances in skills monitoring and forecasting (see Chapter 7) and have now the systems in place to help guide students, parents, those offering career advice, course providers etc with sound information on the current and future skill needs of the economy and help them make better-informed choices. We plan next year to put this information on a Departmental web-site. In this context E-commerce is set to change everything. But it will also create further inequalities as those with a 'digital deficit' will be in danger of being left behind (as this author is personally aware!).

As the economy goes through the process of 'restructuring' it's all too easy to forget that labour market statistics are about *people*. One of many interesting insights gained in the research on how ex-Mackie workers fared in the labour market (see Chapter 14), was that in their job search 24% considered they had experienced age discrimination versus 1% religious discrimination.

Looking to the future the NI economy is again expected to

perform well in the next year. We are indeed in a new golden economic age with unemployment and inflation the lowest for a generation and the UK economy going through the longest period of uninterrupted growth since World War II. But as NI has one of the highest growths in labour supply of the 77 EU regions (and *the* highest birth rate) the rise in employment is expected to only keep pace with the rise in labour supply with little change in unemployment.

And whilst job creation is proceeding well, several sectors will continue to suffer job losses - notably the textiles and clothing sector which has been shedding jobs at 2,000 p.a. over the past few years. And there are still unemployment 'black-spots', where no-go areas for some are 'no-exit' areas for others.

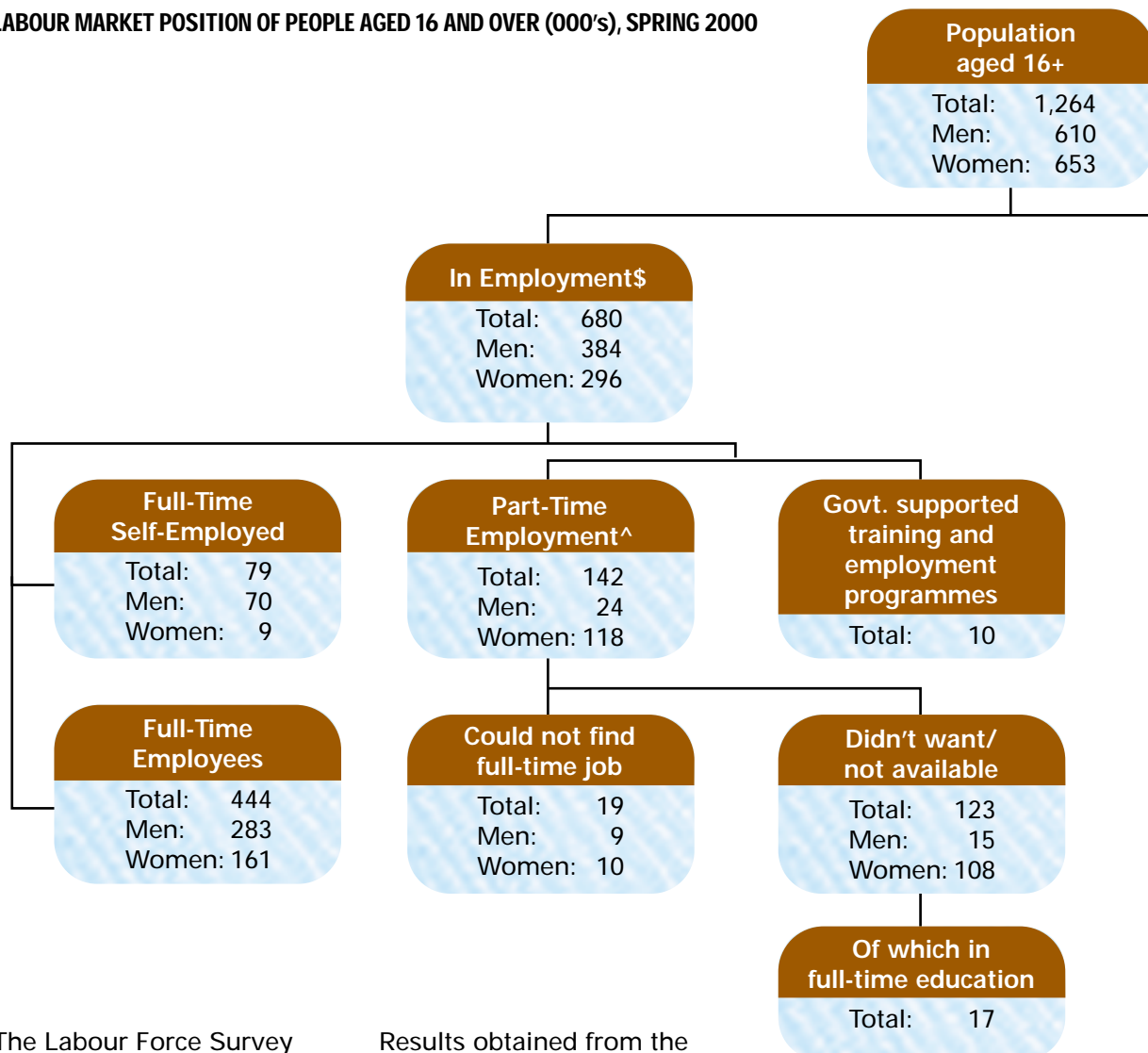
Finally with our colleagues in the Employment Service we ran a series of seven Labour Market Seminars across the Province in May /June. These half-day seminars were well received with some 600 in total attending. We have been asked to run another series in Spring 2001. Contact names are given in the Annex at the end of this Bulletin if you wish to attend the next series.

T MORAHAN  
Editor - Labour Market  
Bulletin  
Head - Research &  
Evaluation Branch

# Labour Market at a Glance

Statistics Research Branch, Department of Enterprise, Trade and Investment

## LABOUR MARKET POSITION OF PEOPLE AGED 16 AND OVER (000's), SPRING 2000

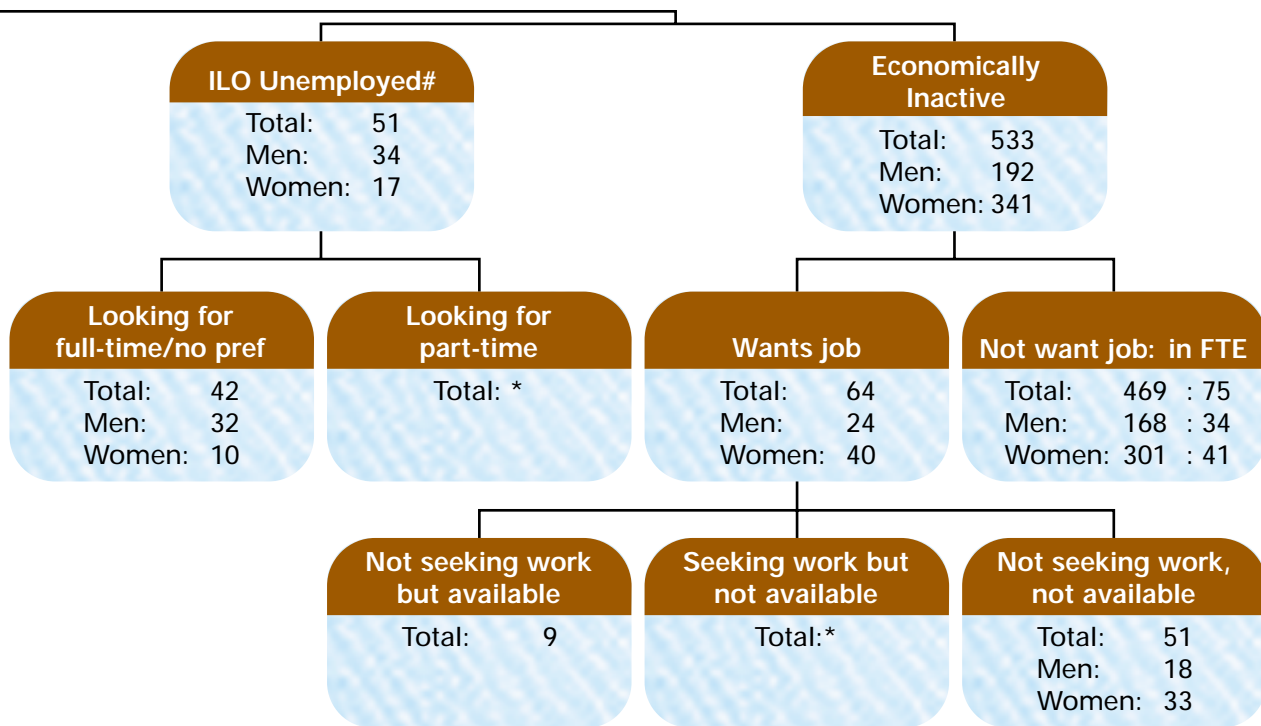


The Labour Force Survey (LFS) is a quarterly sample survey whereby some 4,600 individuals aged 16 and over are asked about their personal circumstances and work. It is the largest regular household survey in Northern Ireland and provides a rich source of information about the labour force using internationally agreed concepts and definitions. Similar surveys are conducted throughout the 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 2000.



\$ Includes a small number of unpaid family workers. \*Too small for a reliable estimate.

FTE = 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.

^ Comprises part-time employers 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.

Figures are in thousands and may not sum due to rounding.



# Labour Market Statistics

Statistics Research Branch, Department of Enterprise, Trade and Investment

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This article outlines current trends in the Northern Ireland labour market using data from the Labour Force Survey (LFS). 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 2000 have been used - that is, the 3 month period March to May 2000.

Table 1 provides a summary of the NI labour market position at March-May 2000 and an indication of change over the year. The figures show that there has been a decline in employment of 13,000 and a decline in ILO unemployment of 3,000, while the numbers of economically inactive increased by 24,000.

## EMPLOYMENT\*

The total number of persons in employment at March-May 2000 was 680,000. Of these 444,000 (65%) were full-time employees, 131,000 (19%) were part-time employees, 90,000 (13%) were self-employed and 10,000 (2%) were on government employment and training programmes. (The numbers involved in unpaid family work are too small for reliable estimates to be quoted.)

Figure 1 shows how the relative size of these categories differs for men and women. While self-employment accounts for 20% of the total number of male jobs, it makes up just 5% of female employment. Another feature of the NI labour market is the significant contribution which part-time jobs make to female employment. 38% of all females in employment are part-time employees compared with just 5% of males.

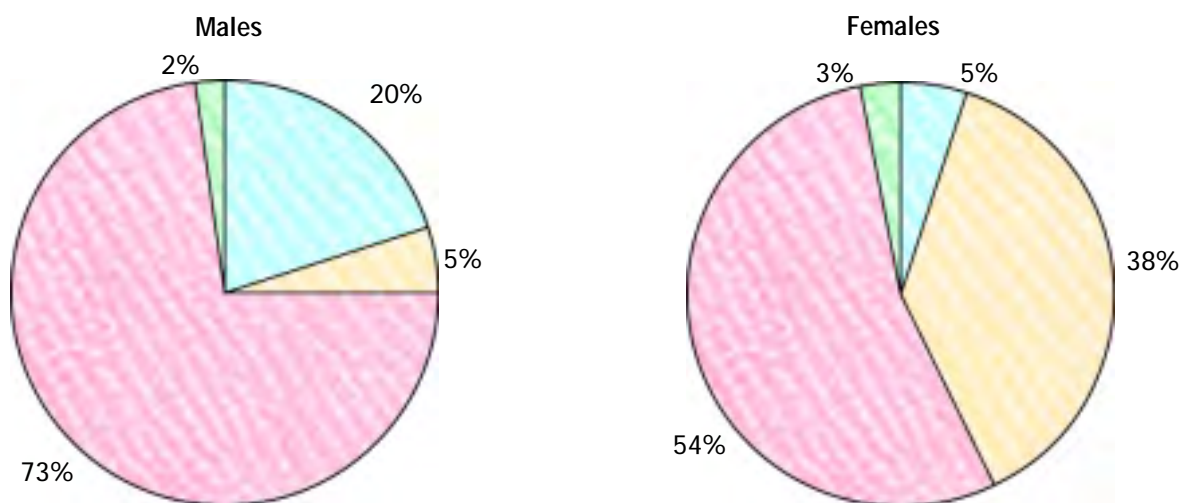
**Table 1** Summary of Labour Market Statistics March to May 2000

	Period	Level	Sampling Variability of level +/-#	Change over Year	Sampling Variability change +/-#
ILO* employment	March-May 2000	680,000	21,000	-13,000	28,000
ILO* unemployment	March-May 2000	51,000	7,000	-3,000	10,000
Economically active	March-May 2000	731,000	21,000	-16,000	27,000
Economically inactive	March-May 2000	533,000	21,000	24,000	27,000
Of which: not want a job	March-May 2000	469,000	20,000	28,000	17,000
Wanting a job	March-May 2000	64,000	9,000	-3,000	8,000
ILO*unemployment rate	March-May 2000	7.0%	1.0%	-0.2%pp1	1.3%
Economic activity rate	March-May 2000	57.8%	1.6%	-1.7% pp1	1.4%
Economic inactivity rate	March-May 2000	42.2%	1.7%	1.7% pp1	1.4%

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

Footnote - the employment figures quoted above differ in several respects from the employee job figures quoted later: for example, the employment figures count people with jobs, rather than jobs; include the self-employed and being a sample, are subject to sampling errors.

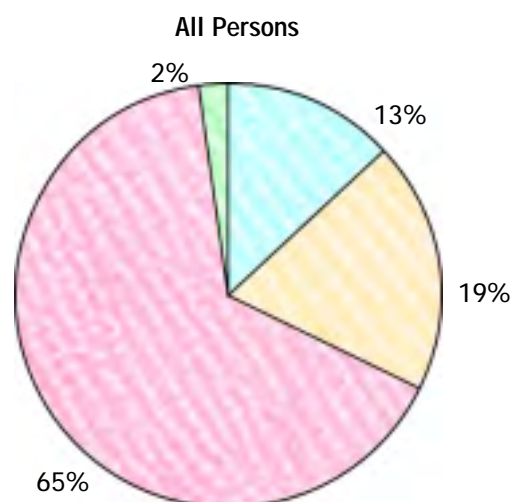
**Figure 1** Categories of Employment



# REASONS FOR PART-TIME WORK

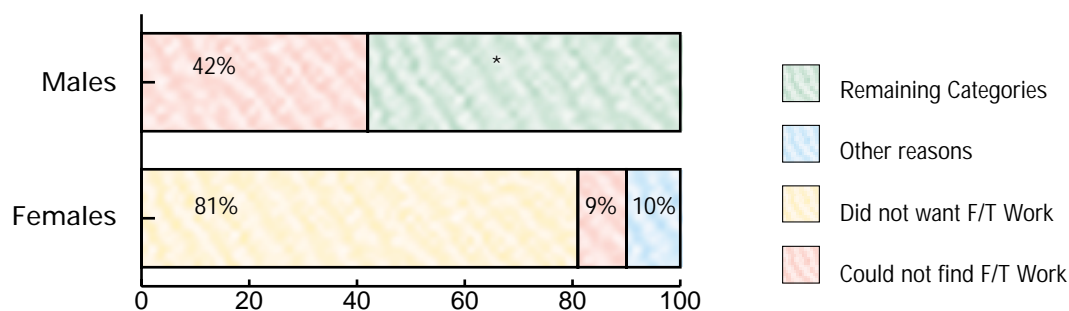
Figure 2 shows that the reasons for part-time working also differ for men and women. While the majority of males (73%) worked part-time because they were students or were unable to find full-time work, the main reason given by females was that they did not want a full-time job (81%).

- F/T Employee
- Self-Employ
- P/T Employee
- Others



'Others' comprise those in Government training and employment schemes and unpaid family workers.

**Figure 2** Reasons for Employees Working Part-Time



Other reasons comprise being a student, ill or disabled. \*Remaining categories too small for a reliable estimate.

## EMPLOYEE JOBS

The other major source of employment information is the Quarterly Employment Survey (QES) which measures the number of employee jobs in Northern Ireland. Table 2 shows the breakdown of NI employee jobs at June 2000.

Substantially more male employees are working full-time (258,040) compared to part-time (51,280), whereas the female split in employee jobs is more evenly spread (165,790 working full-time compared to 150,640 working part-time). In June 2000 the total number of female employee jobs accounted for over half of the NI total.

Figure 3 shows that although there were decreases in Manufacturing and Other Industries over the quarter and past year respectively, the increases in Services

and Construction resulted in an overall net increase in the number of employee jobs. There were overall increases of 0.2% over the quarter and 1.3% over the year.

Figure 3 Annual and Quarterly Changes in Employee Jobs

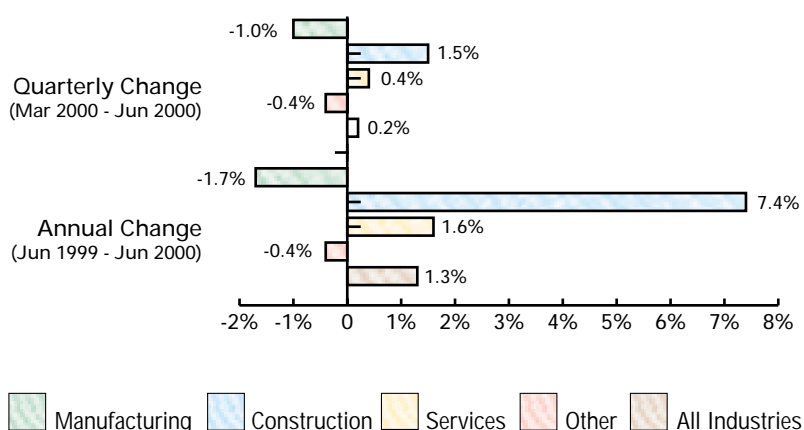


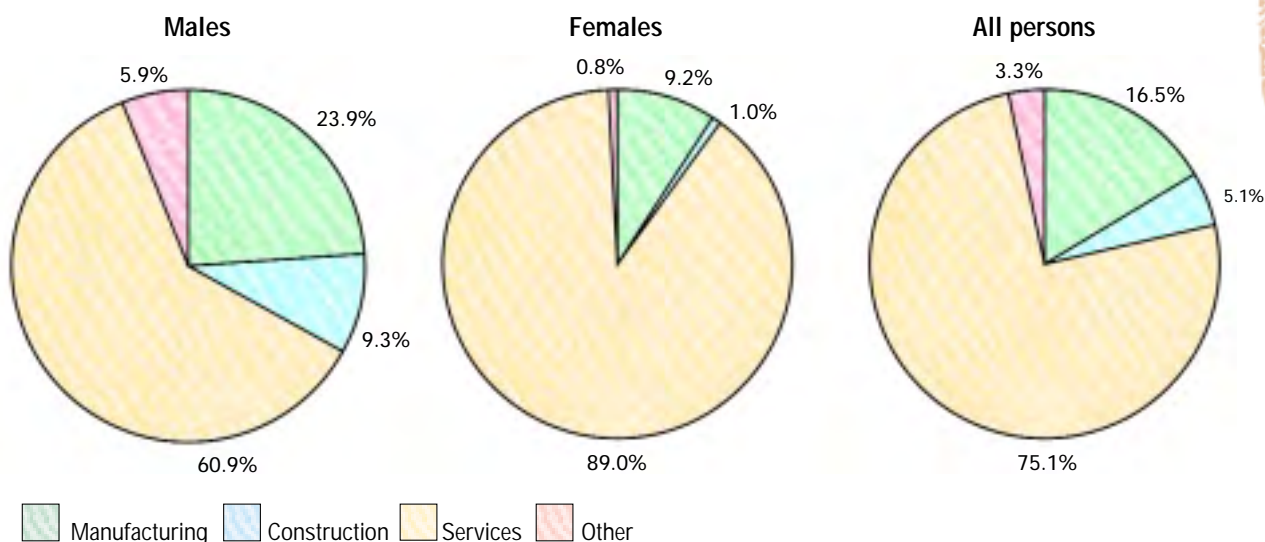
Table 2 Employee Jobs, - Full-time/Part-time split, June 2000

	Male		Female		Total	% change in total	
	Full Time	Part Time	Full Time	Part Time		since last quarter	since last year
Manufacturing	71,860	2,010	24,350	4,890	103,120	-1.0%	-1.7%
Construction	27,810	870	2,090	1,070	31,840	1.5%	7.4%
Services	150,320	38,090	138,440	143,180	470,030	0.4%	1.6%
Other <sup>1</sup>	8,050	10,310	910	1,490	20,750	-0.4%	-0.4%
Total	258,040	51,280	165,790	150,640	625,740	0.2%	1.3%

<sup>1</sup> Covers Industry Sections A,B,C and E



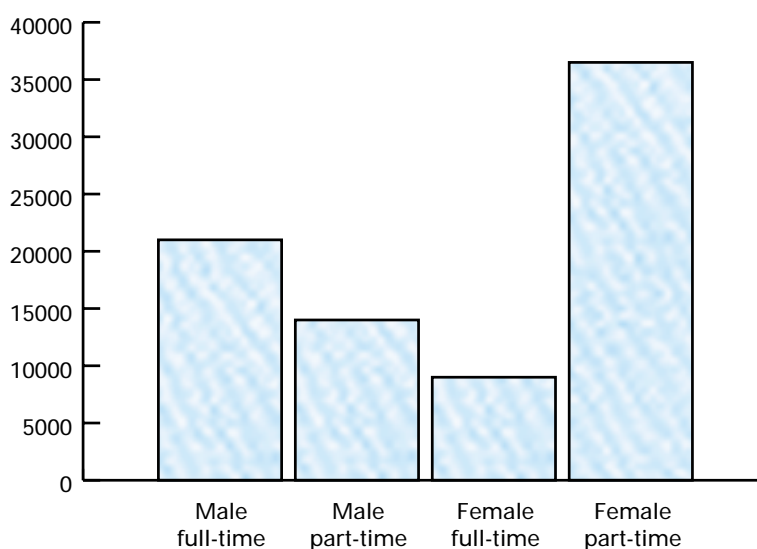
**Figure 4** NI Employee Jobs by Broad Industry Sector



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

**Figure 4** above shows the breakdown of male and female employee jobs by broad industry sector at June 2000. There are notable differences in the distribution of male and female employees across these sectors. Whilst over 60% of male employee jobs are in the service sector, males are still well represented in Manufacturing (24%) and Construction (9%). Female employee jobs however are more concentrated in the Service Sector (89%), with only 9% involved in Manufacturing and 1% in Construction.

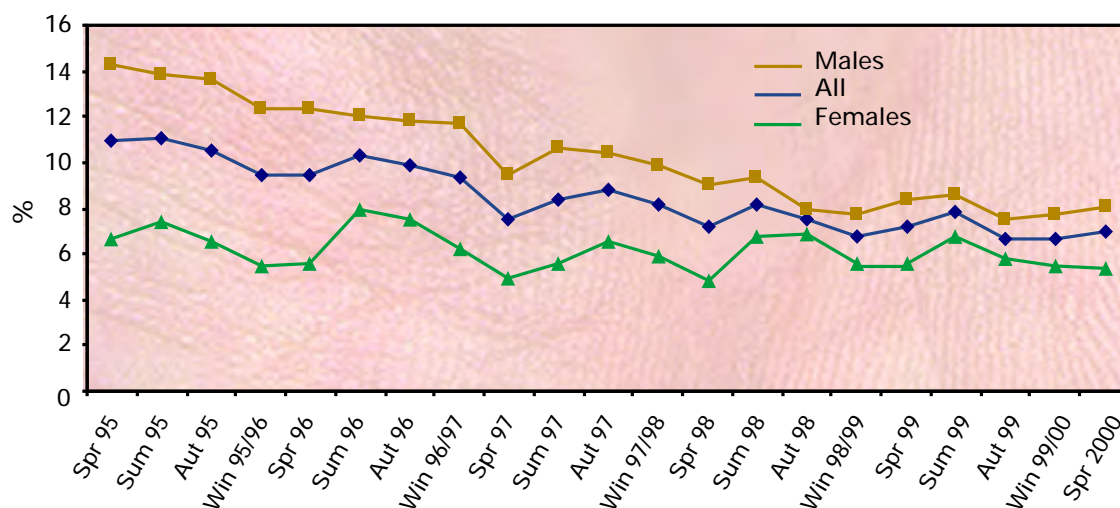
**Figure 5** Change in NI Employee Jobs, June 1993 - June 2000



**Figure 5** shows the rise in employee jobs between June 1993 and June 2000 for males/females, full-time and part-time. By far the largest increase occurred in female

part-time jobs, with an increase of almost 37,000. The second largest rise occurred in male full-time jobs (+21,000)

Figure 6 ILO Unemployment Rates



### 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 2000 there were 51,000 persons unemployed in NI, 7.0% of the total workforce. Figure 6 shows that the ILO unemployment rates have been on a generally downward trend for most of the last decade. The unemployment rate for males is considerably higher than that for females and this differential has remained relatively constant over time.

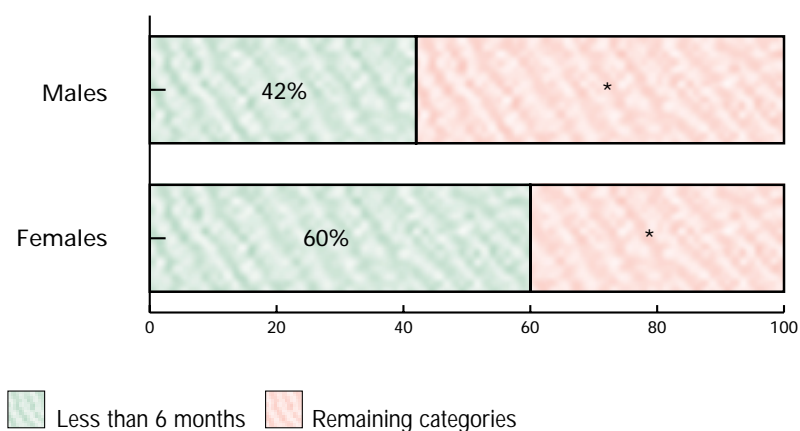
### DURATION OF UNEMPLOYMENT (ILO)

In the period March-May 2000, 20,000 (40%) of the ILO unemployed had been out of work and seeking employment for one year or more. Nearly half (46%) of unemployed males had been unemployed for one year or more. In contrast, more than half (60%) of

unemployed females have been unemployed for less than 6 months, compared with 42% of unemployed males.

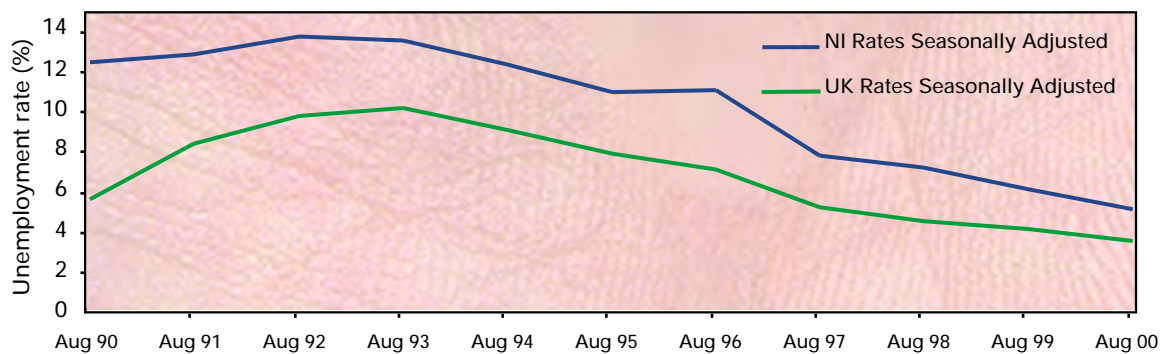
Figure 7 Duration of Unemployment (ILO)

\* Remaining categories are too small for a reliable estimate.



## CLAIMANT UNEMPLOYMENT

**Figure 8:** Seasonally adjusted claimant count rates for Northern Ireland and the UK, August 1990 to August 2000.

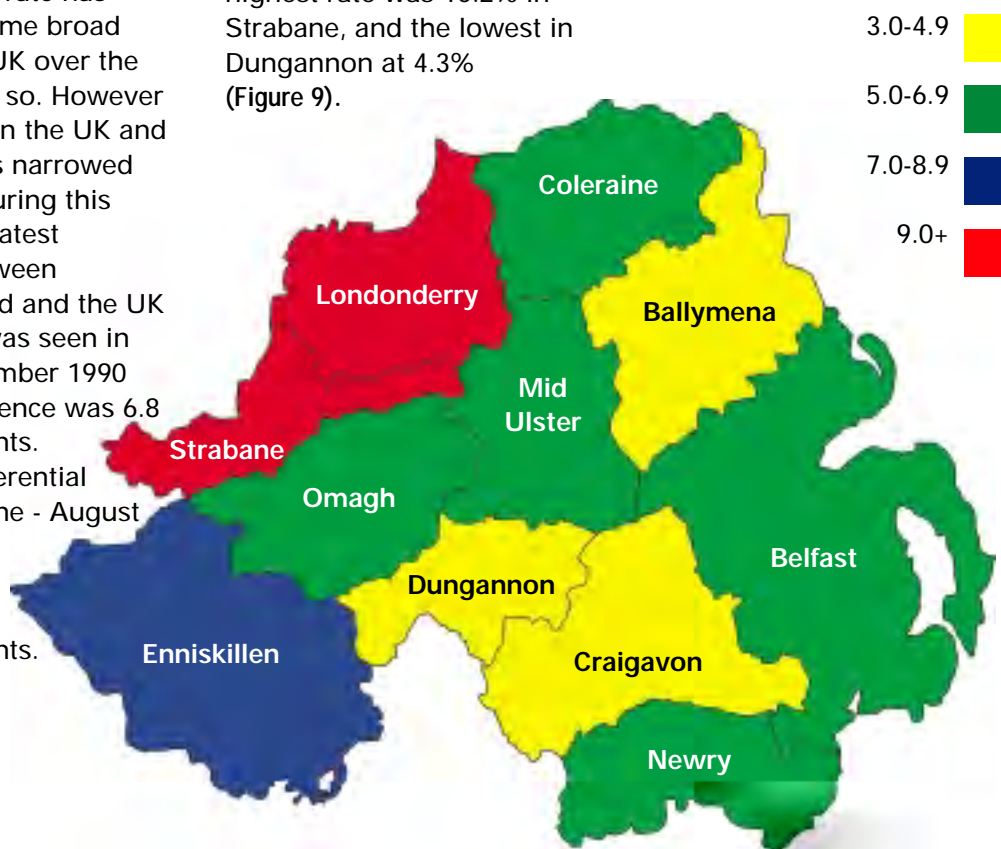


The claimant count unemployment rate for NI in August 2000 was 5.2%, (the lowest seen since October 1975) compared with a rate of 3.6% for the UK. While consistently higher than the UK average, NI's unemployment rate has followed the same broad pattern as the UK over the last 10 years or so. However the gap between the UK and the NI rates has narrowed considerably during this period. The greatest differential between Northern Ireland and the UK in this period was seen in August - September 1990 when the difference was 6.8 percentage points. The lowest differential was seen in June - August 2000 when the difference was 1.6 percentage points.

### SUB-REGIONAL ANALYSIS

An analysis of NI's Travel-to-Work areas (TTWAs) shows that claimant count rates were generally highest in the west of the region and lower in the east. The highest rate was 10.2% in Strabane, and the lowest in Dungannon at 4.3% (Figure 9).

**Figure 9:** Northern Ireland claimant count Travel-To-Work area rates - August 2000.





## ANALYSIS BY DURATION

In August 2000, the structure of long-term claimants in NI was slightly different to that of the UK. There were two marked differences. In NI 70.6% of claimants were short-term unemployed (claiming unemployment-related benefits for less than one year) compared to 78.3% of short-term unemployed claimants in the UK. NI had a much greater proportion of claimants who had been claiming for over five years (4.6 percentage points higher than the UK) (Figure 10).

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 almost a third of all claimants have been claiming unemployment related benefit for over a year at August 2000. Several districts had proportions of more than 34% long-term unemployed, Fermanagh with 38%, Derry with 34.8%, Omagh with 34.6%, and Newry and Mourne with 34.3%. The two districts with the lowest proportions were Dungannon with 19.9% and Cookstown with 20.9% (Figure 11)

Figure 10: Proportion of claimants by duration; August 2000

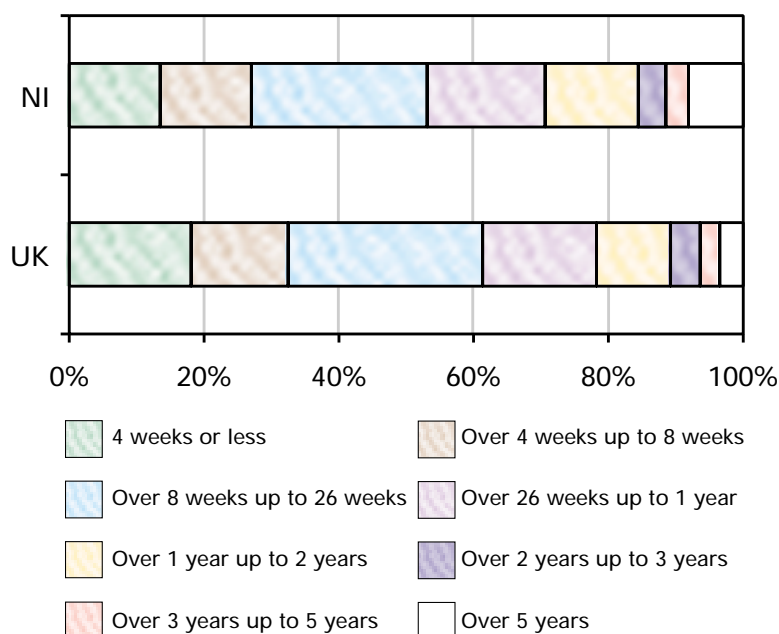
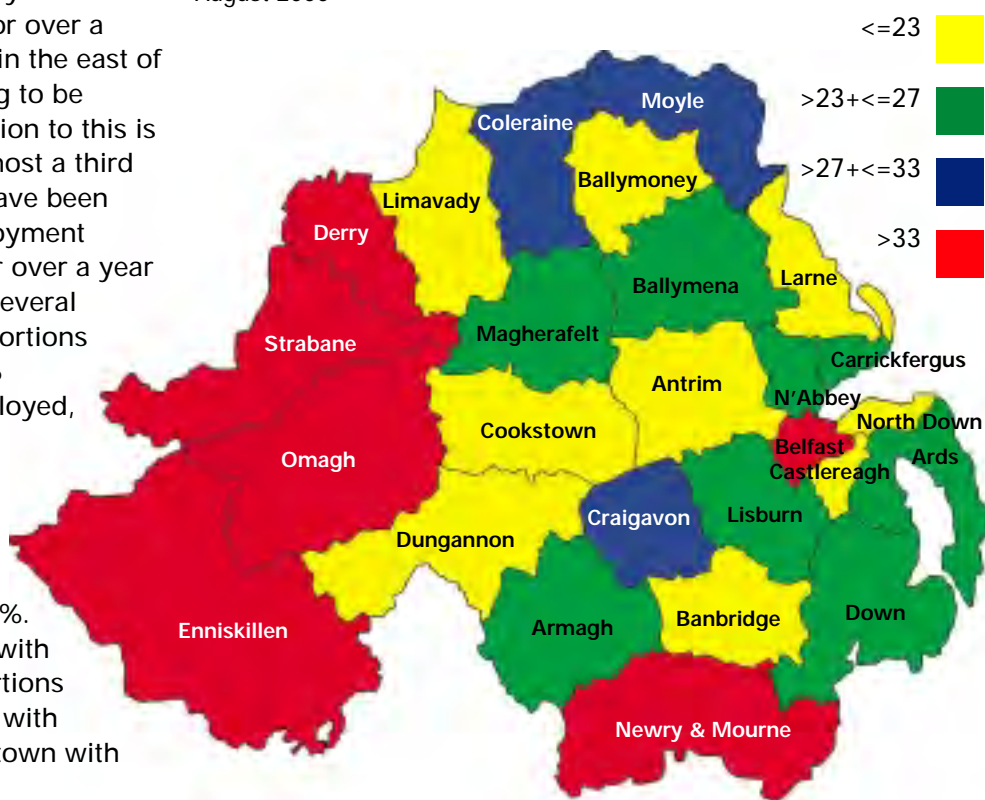


Figure 11: Concentration of long-term claimants by District Council Area; August 2000



## ECONOMIC ACTIVITY

The economically active (ILO employed + ILO 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 2000, there were 731,000 economically active people in Northern Ireland - an overall activity rate of 57.8%.

## ACTIVITY RATES

Figure 12 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.

## QUALIFICATION LEVELS

Figure 13 shows the qualification levels of the

workforce at March-May 2000, with separate estimates for the employed and the unemployed. Overall 54% of the economically active were qualified to GCE 'A' level or above, while 20% had no formal qualifications. Comparing the position of the employed and unemployed, 32% of the unemployed have no

Figure 12 Economic Activity Rates by Age

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

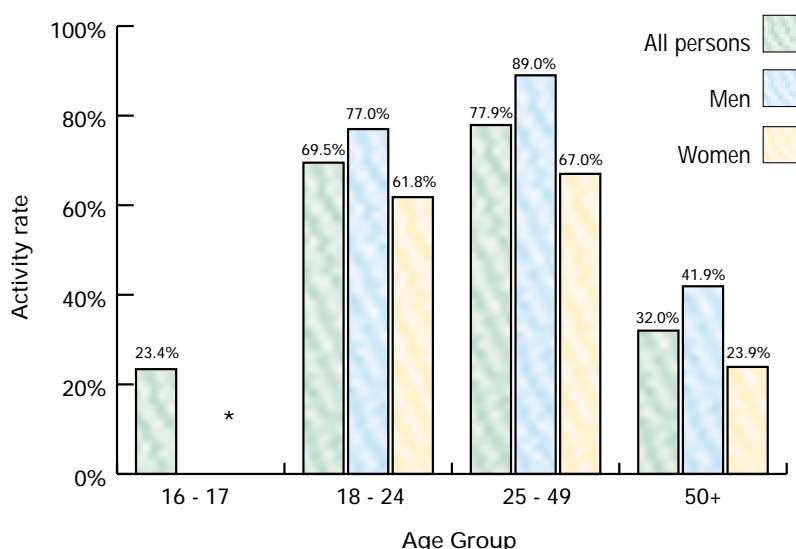
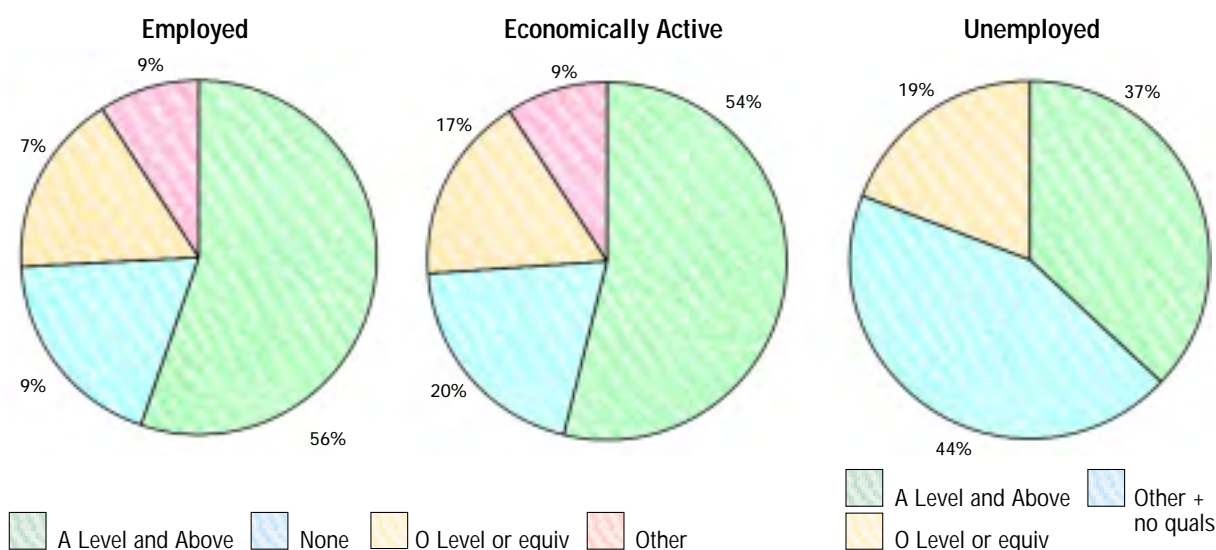


Figure 13 Qualification Levels of the Economically Active



qualifications compared with 19% 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 2000 there were 533,000 economically inactive persons in NI - a rise of 24,000 from one year earlier.

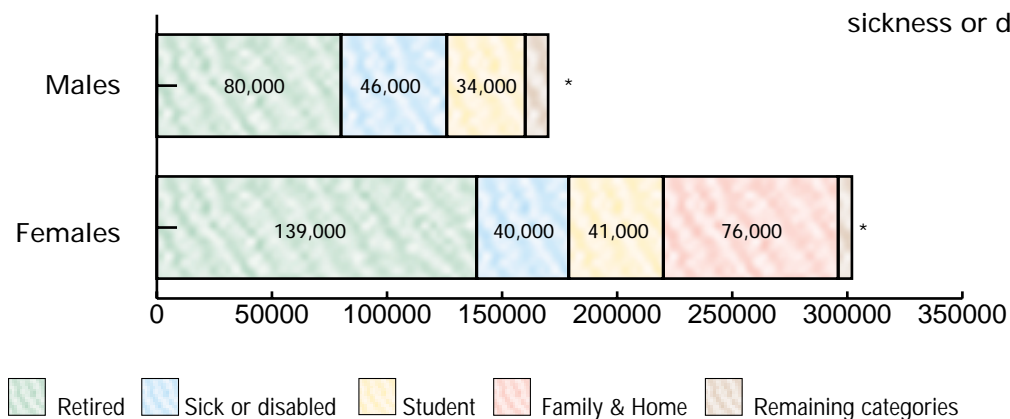
The economically inactive can be divided into two main groups; those who do not want a job (88%) and those who do want a job but fail to satisfy the ILO unemployment requirement for active job-search (12%). A breakdown of the former category is shown at Figure 14. Overall, the main reason for not wanting work was retirement; 48% of men and 46% 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, 25% of women gave 'looking after family home' as their reason.

At March-May 2000 there were 64,000 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 (56%). A further 26% of women were inactive due to sickness or disability. In contrast, for males the main reason for economic inactivity was sickness or disability (53%).

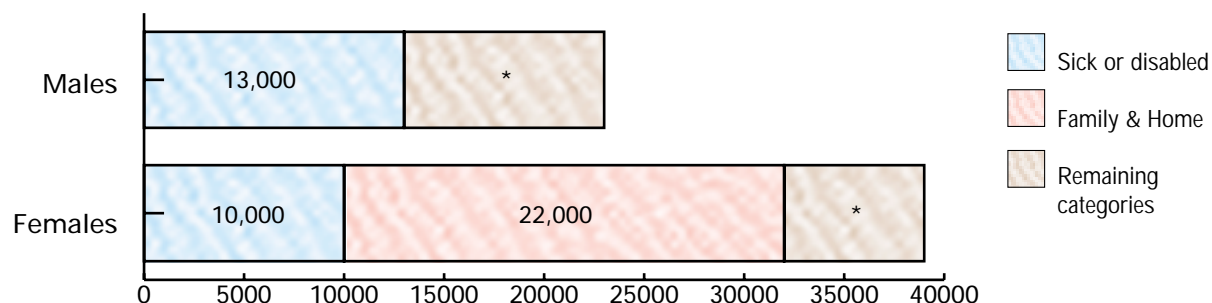
**Figure 14 Reason for not Wanting Work**

\* Remaining categories too small for a reliable estimate.



**Figure 15 Wanting a Job, reason for not looking for work**

\* Remaining categories too small for a reliable estimate.

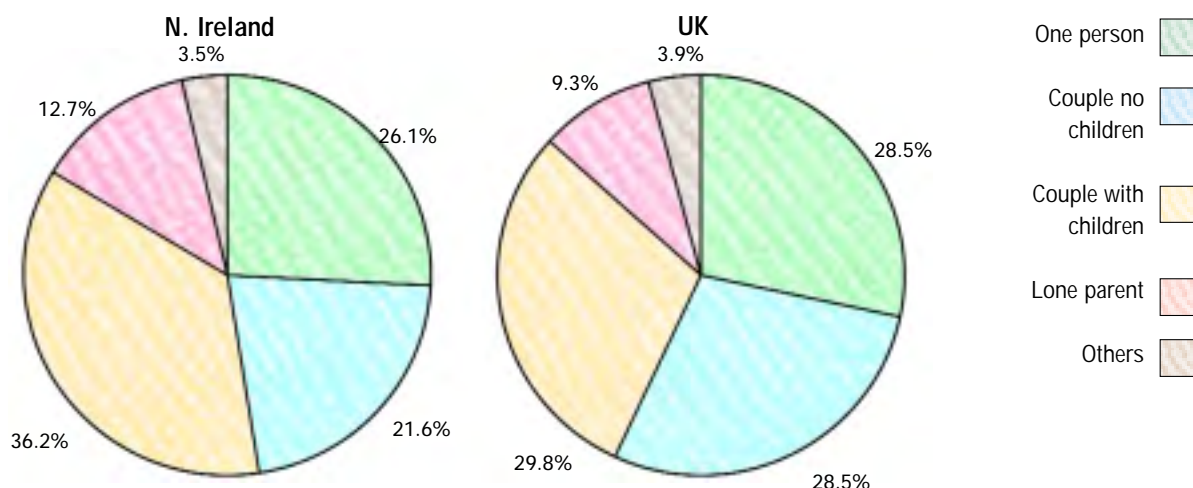




## HOUSEHOLDS

**Figure 16** Household Types, NI and UK, Spring 2000

"Others" comprise households with two or more people in all different family units, two or more family units and same sex couples.



At spring 2000 there were 623,000 private households in Northern Ireland. There were 1,673,000 persons living in these households, giving an average of 2.69 persons per household. This compared with a UK average of 2.39 as a whole. Indeed, N.I was the region with the highest number of persons per household.

**Figure 16** 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 36.2% of all households. The other two main household types were one person households (26.1%), followed by couples with no children (21.6%). Lone parents with children

amounted to 12.7% (79,000) 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 (36.2% compared with 29.8%). This is balanced by a lower proportion of households

composed of couples with no children in NI (21.6% compared with 28.5%). There were proportionally more lone parent households in NI than in the UK (12.7% compared with 9.3%).

**Table 3** shows the proportions of working age households according to the

**Table 3** Working age Households by Combined Economic Activity, Spring 2000

Type of Economic Activity	NI	UK
1) All Employed	41%	55%
2) Employed and Economically Inactive	32%	21%
3) All Economically Inactive	16%	12%
4) Unemployed and Economically Inactive	2%	2%
5) All Unemployed	2%	2%
6) Employed and Unemployed	3%	3%
7) Employed, Unemployed and Econ. Inactive	2%	1%
Not known	1%	5%
All households (100%)	486,000	18,663,000

Note that the proportions in these household categories are affected by the number of persons in a household. Consequently the fact that N.Ireland 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.

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 41% 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 14 percentage point difference between the proportion of workrich working age households in NI and the UK, with only one other part of the UK, Merseyside having less than half their households in this category. The other two main

categories of households were those containing employed and economically inactive persons (32%) and those where all persons were economically inactive (16%).

A **workless household** is defined as a household where no one is in employment and comprises types 3, 4 and 5 from Table 3. In Spring 2000, there were 102,000 workless working age households, or 21.0% of all working age households, in NI. This compared with 15.8% in the UK as a whole and was the fourth highest proportion among the UK regions.

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.

#### REGIONAL AND INTERNATIONAL COMPARISONS

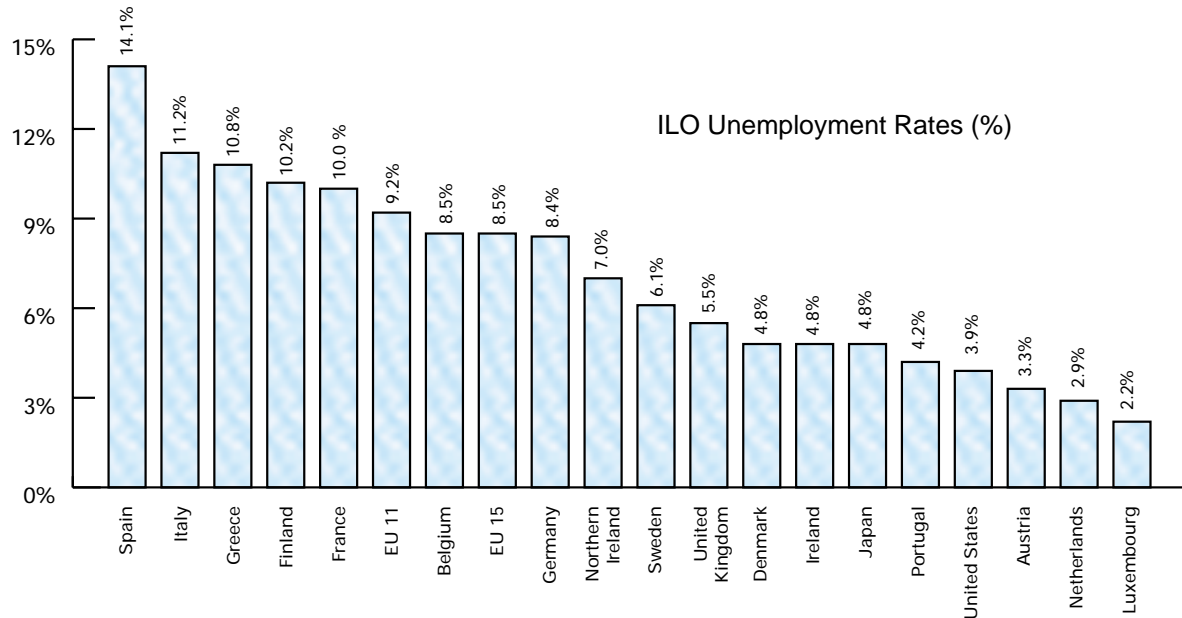
One of the strengths of the Labour Force Survey is the availability of comparable socio-economic data for other UK regions and EC member states. Table 4 provides a Labour market profile of each region of the UK at March-May 2000.

Table 4 Regional Summary

	Total aged 16 and over (000's)	Activity rate (%) 16-59/64	ILO Unemployed (000's)	ILO Unemployment rate (%)	LTU as % total unemployed
North East	2,033	74.3%	109	9.1%	32.6%
North West & Merseyside	5,363	76.8%	174	5.3%	28.6%
Yorkshire & Humber	3,959	78.2%	148	6.0%	25.6%
East Midlands	3,308	81.1%	109	5.1%	22.5%
West Midlands	4,171	78.0%	161	6.2%	27.1%
Eastern	4,268	81.2%	99	3.6%	23.9%
London	5,638	76.5%	256	7.0%	31.2%
South East	6,328	83.4%	140	3.3%	23.2%
South West	3,904	82.0%	101	4.1%	20.2%
Wales	2,308	74.0%	80	6.1%	34.6%
Scotland	4,037	77.9%	192	7.6%	31.5%
Northern Ireland	1,264	69.9%	51	7.0%	40.0%
United Kingdom	46,581	78.7%	1,619	5.5%	28.2%

LTU = Long-term unemployed (1 year or more).

**Figure 17** International Unemployment



This shows that the NI economic activity rate for those of working age (69.9%) is lower than in all other UK regions. The ILO unemployment rate in NI (7.0%) is equal third highest (with London) of the UK regions, below that of Scotland (7.6%), but well below that of the North East (9.1%). 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.

Figure 17 shows how the unemployment rate in NI compares to others in the European Union and beyond. The NI rate (7.0%) is 1.5 percentage points lower than the European Union 15 average (8.5%). It is 2.2 percentage points above the current rate in the Republic of Ireland (4.8%).

#### 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:

DETI,  
Statistics Research Branch, Room 110,  
Netherleigh,  
Massey Avenue,  
BELFAST BT4 2JP

Telephoning  
Belfast (028) 9052 9437  
[Fax (028) 9052 9459]

Visiting the web site  
[www.detini.gov.uk/statsres/index.htm](http://www.detini.gov.uk/statsres/index.htm)

E-mailing  
[owen.johnston@detini.gov.uk](mailto:owen.johnston@detini.gov.uk)



# Measures of Underemployment in N.I.

Statistics Research Branch, Department of Enterprise Trade & Investment

3

## The Concept of Underemployment

Time related underemployment essentially refers to an individual's desire to work longer hours than they do at present. The statistical concept of time related underemployment has been developing for a number of years and a definition was agreed by the International Labour Organisation (ILO) in October 1998, as follows:-

Time related underemployment includes - all persons in employment who satisfy the following three criteria during the survey reference period:-

- a) They wish to work additional hours (this includes people looking for a different or replacement job with longer hours, or an additional job, or longer hours in their current job.)
- b) They are available to work additional hours and
- c) They work less than a threshold number of hours (which has not to date been decided) in their existing employment.  
[This means for example, that if a threshold of 40 hours is chosen, those working 40 hours or more are not considered to be underemployed, even though they say that they wish to work additional hours and are available to do so.]

Since Spring 1996 the Labour Force Survey (LFS) has collected information on the number of people who say they would like to work more hours and on how many extra hours of work they want to do. However, the survey as it is currently structured does not measure time related underemployment strictly according to the above

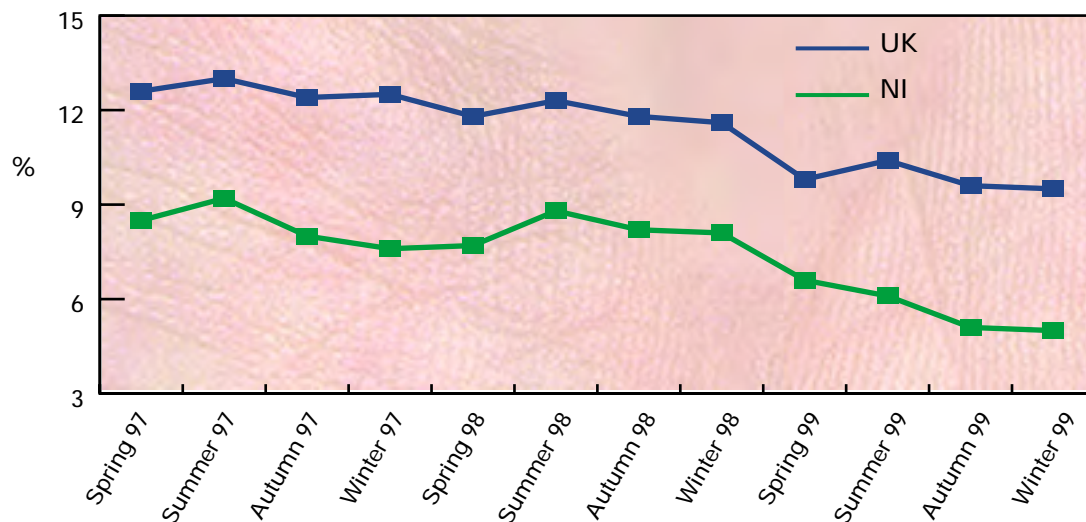
definition. The development of a series of questions focusing on underemployment is continuing and it should be possible to provide estimates in line with the ILO definition from Spring 2000 onwards. [At present no distinction is made for those wanting to work additional hours in their current job, between those who have been actively seeking work and those who have not.]

**In the following analysis of underemployment, persons are considered to be underemployed if they are already in employment and have stated that they would like to work longer hours, either in their present job or in a different or additional job.**

## COMPARISON OF UNDEREMPLOYMENT IN NI WITH UK AND OTHER REGIONS

When considering the results shown in Figure 1, it should be noted that from Spring 1999 the question asked to those in employment, but not looking for a different or additional job, was "whether they would prefer to work longer hours **at their current basic rates** - that is, not at overtime or enhanced pay rates", while previously the question asked was "whether they would prefer to work longer hours"

**Figure 1** Percentage Underemployed\*, NI and UK 1997-1999



\* Number of persons underemployed divided by the total number in employment.

(without any mention of pay rates). The earlier version could, therefore, be interpreted to include higher rates of pay than the basic rate by some respondents.

One way in which the degree of underemployment in the economy can be assessed is simply to calculate a rate by expressing the number of persons seeking additional work as a proportion of the total number in employment. Estimates for Winter 1999/2000 show that in Northern Ireland, some 34,000 of those in employment wished to work additional hours out of a total 697,000 in employment ie 5.0%. **Figure 1** shows over a three year period how Northern Ireland compares with the UK average.

It is notable that the level of underemployment in NI is considerably below that in the UK as a whole - consistently some four percentage points less. **Figure 1** also shows that over the period 1997-1999 the percentage underemployed in both NI and the UK declined. The only sizeable rises in the percentage underemployed in the period occurred between the Spring and Summer quarters (in each of the three years in the UK and in two of the three years in NI), an effect which may have a seasonal component. During the three year period the percentage underemployed in NI fell from 8.5% in Spring 1997 to 5.0% in Winter 1999/2000, corresponding to a fall of 24,000 persons (from 58,000

to 34,000). Half of this decrease occurred between Winter 1998/99 and Spring 1999, when the question about longer working hours was changed, as described above.

In addition, Figure 2 shows that the level of underemployment in NI is well below that of any other region in the UK (Winter 1999/2000). The nearest region to NI is the Eastern region with approximately 8% underemployment, over one and a half times that in NI. Underemployment is highest in the North East region, with a level of 12.2%.

Table 1 provides a comparison of the underemployment rates by gender and full-time/part-time status for NI and GB at Winter 1999/2000. It shows that for all categories, underemployment rates in NI are much lower than in GB and, overall (in both NI and GB), higher proportions of females and part-time workers perceive themselves to be underemployed.

**Table 1** Comparison of Underemployment rates NI and GB, by gender and full-time/part-time status, Winter 1999/2000

Category of person in employment	Northern Ireland	Great Britain
All Persons	5.0%	9.6%
Males	4.0%	8.0%
Females	6.2%	11.5%
All Full-time	2.3%	5.6%
Full-time males	2.7%	6.0%
Full-time females	-	4.7%
All Part-time	14.6%	21.6%
Part-time males	-	28.5%
Part-time females	13.0%	19.9%

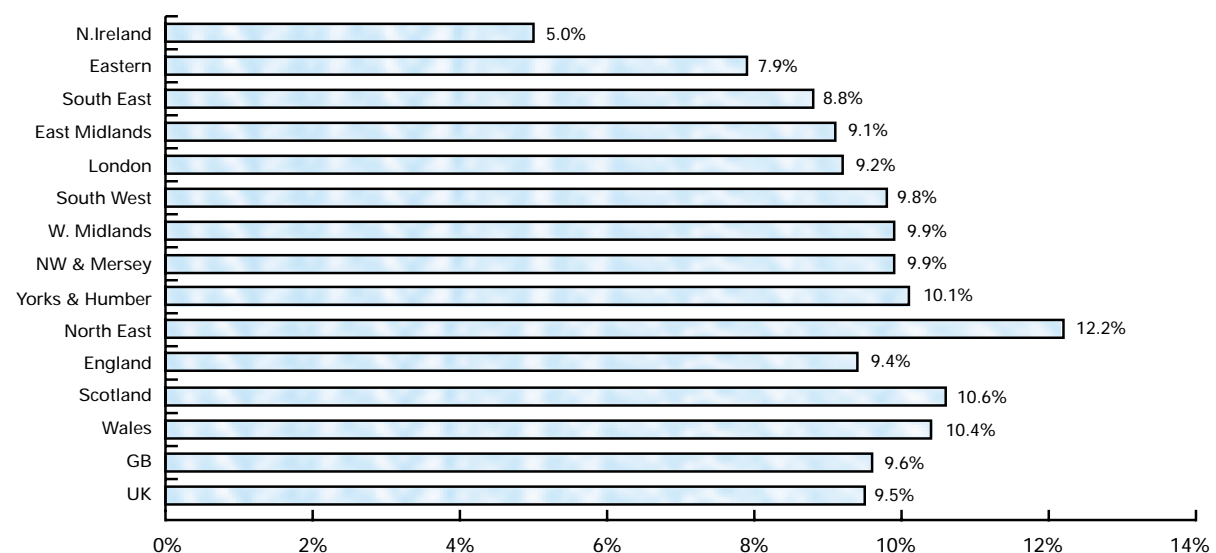
- Too small for a reliable estimate.

#### UNDEREMPLOYMENT POSITION IN NI, WINTER 1999/2000

In Winter 1999/2000, a total of 34,000 persons in employment (5.0%) said that they would like to work longer hours, either in their present job or in a different

or additional job. A higher proportion of females (6.2%) than males (4.0%), indicated that they would like to do so. The majority of these (some 25,000 or 3.5% of those in employment) would like to work longer hours in their present job, if possible.

**Figure 2** Percentage Underemployed by Region, Winter 1999/2000



However, for most (17,000), extra hours were not available from their employer. In fact, extra hours were available for only a few thousand persons, with the small remaining number in this group being self-employed.

Of the 10,000 persons who would like to work longer hours in a different or additional job, nearly all (9,000) indicated that they were available to start within two weeks. Although these persons were willing to work longer hours, there remains the practical hurdle of actually obtaining different or additional employment to enable them to do so.

### PROFILE OF THOSE WANTING TO WORK LONGER HOURS

As previously stated there was a total of 34,000 persons who would like to work longer hours. Looking at this group as a whole, 22,000 were part-time workers who wanted to increase the number of hours they worked, while 13,000 were already working full-time. This corresponded to 15% of part-time workers, compared with just 2% of those who were working full-time. The two largest groups who wanted to work extra hours were females

working part-time (16,000) and males working full-time (10,000).

Table 2 shows the numbers underemployed by marital status and gender. In general, underemployment rates did not show much variation by marital status, with the rate slightly higher for single persons than married persons. Single females had the highest underemployment rate (7.1%). However, in pure number terms, married females were the largest group (10,000).

**Table 2** Numbers Underemployed and Underemployment rates by Marital Status, Winter 1999/2000

Marital status	All persons	Males	Females
Single	15,000 (5.4%)	-	9,000 (7.1%)
Married	20,000 (4.6%)	9,000 (3.9%)	10,000 (5.6%)
Total	34,000 (5.0%)	15,000 (4.0%)	19,000 (6.2%)

- Too small for a reliable estimate.

Single persons comprise those never married, divorced and widowed.

Married persons comprise both those living with and separated from husband/wife.

**Figure 3** Full-time/Part-time and Gender split of those wanting to work longer hours

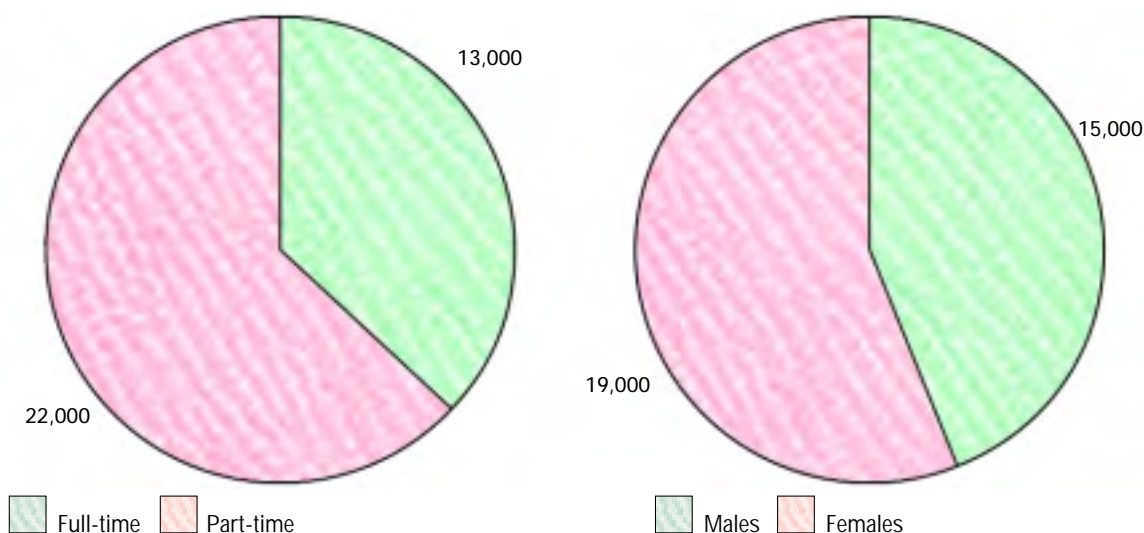




Figure 4 shows, as expected, that the proportion of those wanting to work longer hours, decreases with the usual number of hours actually worked. Less than 8,000 persons who worked forty hours or more wanted to increase their hours worked 13,000 persons who usually worked less than 20 hours and 15,000 persons who worked between 20 and 40 hours wanted to increase their hours worked.

Figure 5 shows the numbers of persons in each age group who want to work longer hours. A smaller proportion of workers aged 45+ (3.8%) wanted to work longer hours than workers in the two younger age groups, where 5.4% of workers aged 16-29 and 5.5% of workers aged 30-44 wanted to work longer hours.

Figure 5 Numbers by Age group of those wanting to work longer hours

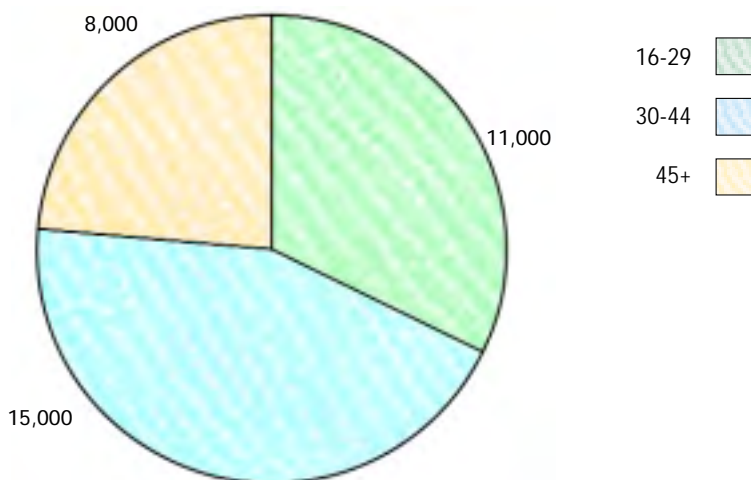
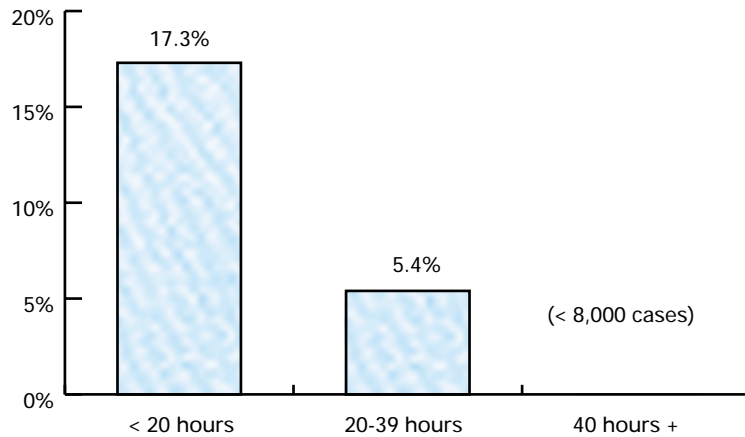


Figure 4 Proportions wanting to work longer hours, by usual hours worked



#### OCCUPATION AND INDUSTRY OF THOSE WANTING TO WORK LONGER HOURS

Of those wanting to work longer hours, 20,000 persons were in the four lower occupational groups (Craft and Related Occupations, Personal, Protective Occupations, Sales Occupations and Plant and Machine Operatives); 10,000 were in the four higher occupational groups

(Managers and Administrators, Professional Occupations, Associate Professional and Technical Occupations and Clerical, Secretarial Occupations) with the remaining persons in other occupations. The resultant underemployment rate for the lower occupational grouping (6.1%) was about twice that for the higher grouping (3.0%). Those working in Personal, Protective Occupations, had a particularly high underemployment rate (9.7% or 9,000 persons). These occupations include Security and Protective Services, Catering Occupations, Travel Related Occupations, Childcare Occupations, Hairdressers and Domestic Staff.

Looking at the distribution by industry of those wanting to work longer hours, the majority (27,000) were in the Service sector,

corresponding to an underemployment rate of 6.0%. Approximately a half of these (14,000) were employed in Public Administration, Education and Health, with an associated under-employment rate of 6.4%.

### HOW MANY EXTRA HOURS?

Having looked at the number of persons who want to work extra hours, we now turn to the number of extra hours they would like to work, in order to arrive at estimates for the total number of extra hours that all persons would like to work. We have already seen in Figure 4, that the number of extra hours wanted depends to a large extent on the number of hours already being worked.

Table 3 shows for people who said they wanted to work extra hours, the average number of extra hours they wanted to work per week was 12.8 hours. It is interesting to note that while more persons wanted to work extra hours in their current job, rather than in a

**Table 4** Rate of volume of time-related underemployment

	Males	Females	All Persons
Actual hours worked (000's)	15,301	8,313	23,614
Extra hours wanted (000's)	220	220	441
Hours worked + hours wanted (000's)	15,521	8,533	24,054
Rate of volume of time-related underemployment	1.4%	2.6%	1.8%

different or replacement job, the number of extra hours they wanted to work in their current job was less than what they wanted to work in a different job. Overall males wanted to work more extra hours than females.

### RATES OF TIME-RELATED UNDEREMPLOYMENT

In the context of time-related underemployment, rates can be expressed in terms of people or hours. The ratio of the number of underemployed people to the number of people in employment is described as the **rate of time-related underemployment**. This has already been covered and was 5.0% for all persons (6.2% for females and 4.0% for males) at Winter 1999/2000.

Another ratio used is the **rate of the volume of time-related underemployment**. This is the ratio of the total volume of additional hours sought by the underemployed to the potential hours offered by those in employment - the sum of the hours actually worked and the additional hours wanted. This hours rate (1.8%) is lower than the rate based on numbers of people (5.0%), because people want to work less additional hours than they are already working. **Of the two ratios it is probably the better indicator of spare capacity within the existing employed workforce.**

Table 4 shows that although males and females want to work similar extra hours in total (and there are roughly equal numbers of both who want to do so), this hours rate is higher for females than males (2.6% compared with 1.4%). This is because, although there are nearly as many females as males in employment, females work fewer hours than males in their present employment.

**Table 3** Extra Hours Work wanted by males and females

Where extra hours wanted	Males	Females	All Persons
In current job	11.0	11.0	11.0
In different job	-	-	16.9
In additional job	-	-	--
All wanting to work extra hours	14.3	11.6	12.8

- Too small an estimated number of persons to give reliable estimate.

To provide an indication of the **total potential labour supply**, the hours of work sought by the ILO unemployed would need to be included in the estimates. This is not possible at present, because the LFS does not collect this information, although it does ask the unemployed whether they are looking for full-time or part-time work. As both the numbers underemployed and those ILO unemployed have in general decreased from 1997 to 1999 (apart from an exceptionally low number ILO unemployed in Spring 1997), the total potential labour supply is most likely to also show a similar decreasing pattern.

Finally it should be remembered that time related underemployment is recognised as being difficult to measure. This is because some of the concepts involved, particularly availability to work longer hours, can only be explored using questions which have a subjective element for example "If you were offered longer hours could you start working them within two weeks?" This is in contrast to the questions used to identify whether someone is in employment e.g. "Did you do any paid work in the seven days ending...?" While it is not possible at present to produce time related underemployment figures

which are fully in line with the new ILO definition adopted in 1998 it is hoped that this article provides useful coverage of underemployment from the data current available from the Labour Force Survey.

# How has the National Minimum Wage Impacted on N.I.

Statistics Research Branch, Department of Enterprise Trade & Investment

A National Minimum Wage (NMW) has many potential benefits. In certain circumstances it can promote work incentives, lessen in-work poverty, prevent undercutting in the market place, help promote employee commitment and encourage training. Conversely, a NMW set too high may have negative consequences for jobs, prices, competitiveness and public finances.

The UK's first National Minimum Wage came into force on 1st April 1999 at £3.60 per hour for those aged 22 and over and £3.00 per hour for those aged 18-21. In recommending these levels the Low Pay Commission (LPC) engaged in a comprehensive consultation exercise, requesting evidence from employer organisations, trade and voluntary associations, pressure groups and academics. In particular their views were sought on the impact a NMW would have on the economy, pay structures, specific occupations and industries, training and 'young' mothers. Comparisons were also made with the minimum wage levels set in other countries and research undertaken in companies in traditionally accepted low paying sectors.

In statistical terms the NMW regulations mean that earnings distributions on their own will not be sufficient to indicate how many people have been directly affected by the legislation. For example, not all earnings components count towards payment of the NMW, and there are different rates or exemptions for certain employees such as those undergoing training with a new employer or some apprentices. Nevertheless, existing official earnings

data currently provide the best indication of the effects of the NMW. Note: earnings data quoted refer to all employees whose pay was unaffected by absence.

There are two key data sources for the distribution of earnings, the New Earnings Survey (NES) and the Labour Force Survey (LFS). The NES is the main source of earnings data in the UK and provides detailed distributional information by industrial sector and for all occupational groups. The data are very accurate and are collected directly from employers pay roll systems. The LFS is the main source of labour market data in the UK and can provide detailed cross-sectional information for a large number of social characteristics. The quarterly frequency of the survey allows short-term changes to be tracked and earnings patterns in seasonal employment to be highlighted. Both, however, have limitations, and no single survey is appropriate for measuring the number of jobs paying below the low-pay thresholds. For example, while the NES has a large sample, it has limited coverage of employees earning below the Pay-As-You-Earn (PAYE) threshold (£4,335 per year, £83 per week 1999/00). The LFS has a wealth of demographic and labour market information, but earnings



data are affected by proxy respondents who tend to underestimate earnings.

As neither the LFS nor NES alone can provide an accurate measure of low pay, the Office for National Statistics (ONS) developed a methodology that adjusted data in the two main surveys. The LFS estimate of low pay incidence was reduced to correct for the under-statement of hourly earnings caused by proxy response and the general imprecision in estimates of hours worked. The NES sample estimate was supplemented by adjusted LFS data for employees below the PAYE threshold. Using this methodology ONS estimate that 6.8% of all employees in NI aged 18 and over were earning below the minimum wage rates in March-May 1999. However, it is important to note that the 1999 estimates do not reflect fully the implementation of the NMW. The LFS data were collected between March and May, a period that straddles the introduction of the legislation. Indeed, some data collected after the implementation period will reflect a pay period prior to April or at least prior to a pay settlement incorporating the new minimum rates. The latter point may also hold for the NES data, the 2000 NES will provide a better indication. Furthermore, it is not possible to identify

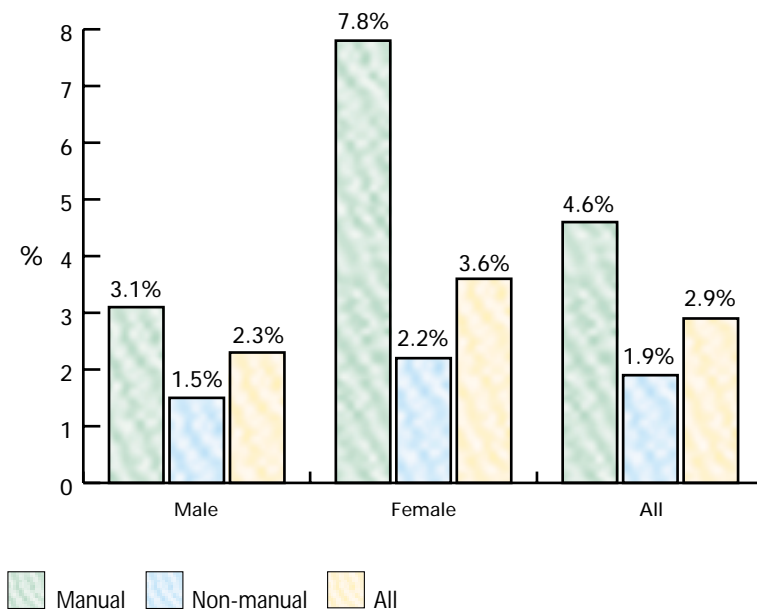
those employees, such as apprentices and those undergoing training, who are exempt from the minimum wage or have lower minimum rates. Again, the 2000 NI NES will provide a better indication of the percentage of employees earnings below the NMWs. The most appropriate source of data for regional analysis is the NES and this article will concentrate on the data from NES as the best available information.

Data from the 1999 NI NES (Figure 1) indicate that overall 2.9% of employees were earning less than the

stipulated minimum wages on 14th April 1999, compared with 6.9% in 1998. It would appear that the majority of employees within the scope of the NES, directly entitled to higher pay, are now receiving at least the minimum wage. The 2.9% of employees earning less than the NMWs equates to approximately 18,000 individuals.

Figure 1 also indicates that manual workers rather than non-manual, and women rather than men are more likely to be low paid. Part-time workers have seen a much larger increase in earnings over the period

**Figure 1** % of Manual and Non-manual Employees Earning Below the NMWs -April 1999<sup>1</sup>



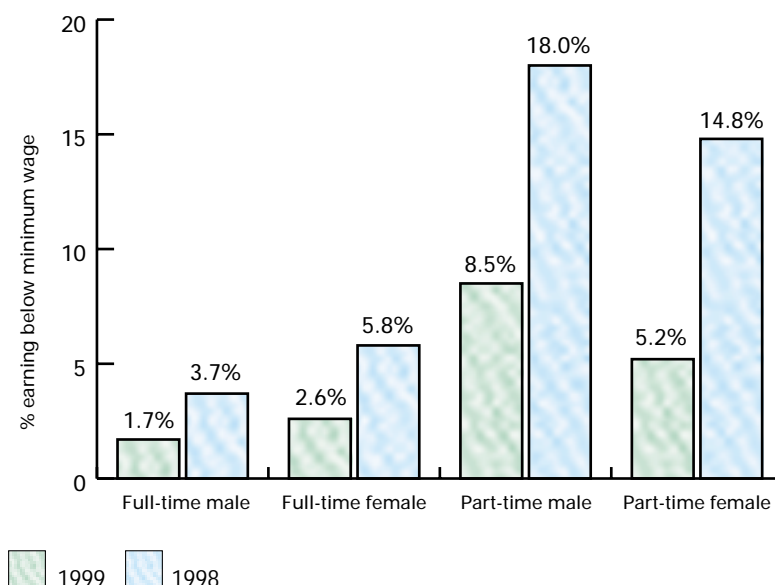
<sup>1</sup> All employees whose rates of pay were unaffected by absence

1998 to 1999 as compared to their full-time counterparts (Figure 2).

The NES results (Figure 3) show a considerable upward shift in the earnings distribution between 1998 and 1999. In particular there is a large peak in the hourly earnings distribution at £3.60.

Low pay is concentrated in certain industrial sectors, for example the 1999 NES indicated that 84% of those earning below the NMWs were employed in the service sector, with 35% employed in wholesaling and retailing. When low pay is investigated by occupation, 25% of those earning below the minimum wages are employed in sales occupations, 21% in other occupations (including

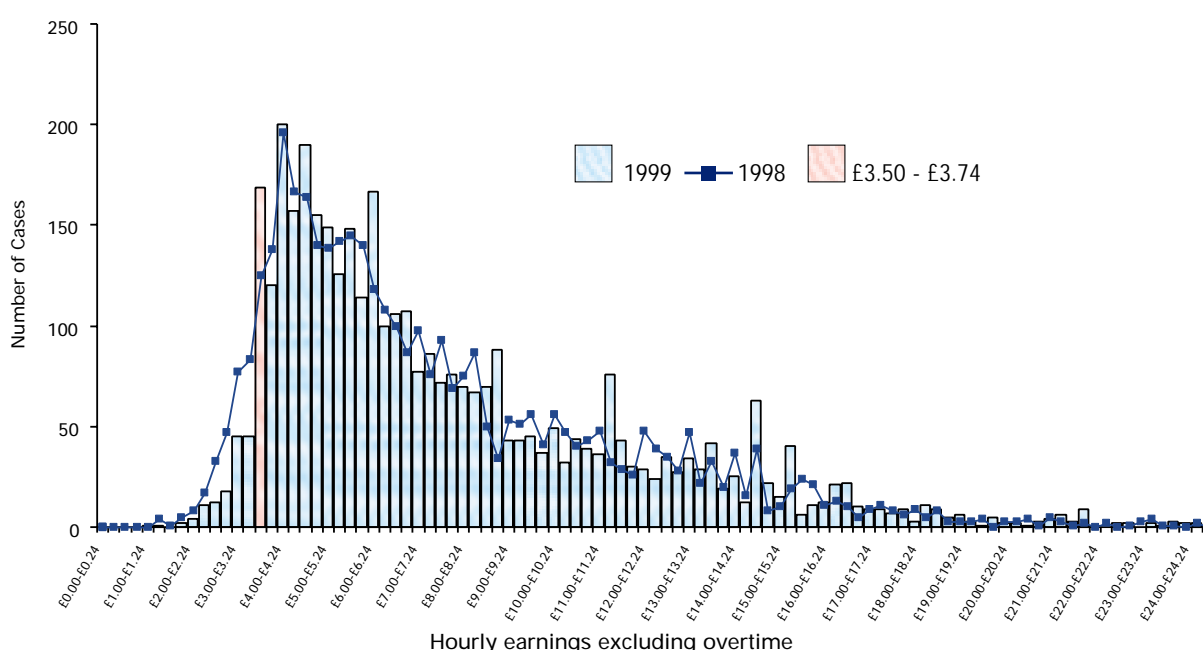
**Figure 2** % of Full and Part Time Employees Earning Below the NMWs - April 1998 and April 1999<sup>1</sup>



labourers and cleaners) and 20% in personal and protective services. Although personal and protective services covers some very highly paid occupations, such as police

officers, it also includes occupations such as hairdressing, nursery nurses, cooks, bar-staff, waiters and caretakers - all of which fall into the low pay category.

**Figure 3** Distribution of Hourly Earnings Excluding Overtime - April 1998 and April 1999<sup>1</sup>

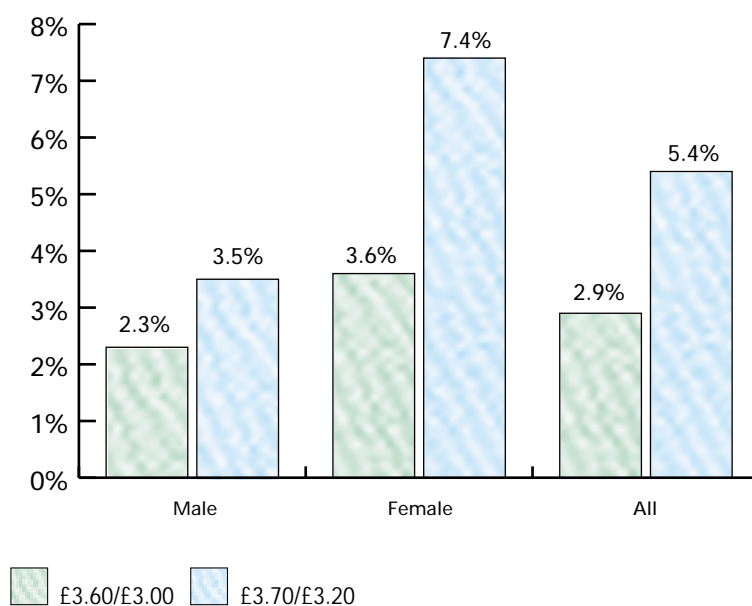


Since October 2000, the main rate for the NMW increased from £3.60 to £3.70 an hour, and the developmental rate for young people rose from £3.00 per hour to £3.20 an hour from 1st June 2000. A thorough analysis of the impact of these new rates will be made by the LPC when more data become available on earnings after the completion of the 2000 NES. This will include an assessment of the level of compliance with the NMW requirements and the interaction of the NMW with the working families tax credit. In light of this the LPC will advise, by July 2001, on any further increases in the level of NMW it deems necessary.

While several years data will be needed in order to assess the full effects of the NMW, Figure 4 indicates that women are most likely to benefit from the proposed increases (i.e. to £3.70 and £3.20).

Minimum wages are not a new concept and have been in place in other countries for many years, for example, in the USA, since 1938, and in Australia since 1907. In trying to assess the impact of minimum wages in other countries, it is important to be aware that minimum wages are dynamic. In many cases changes have been made over time to the real value of minimum wages

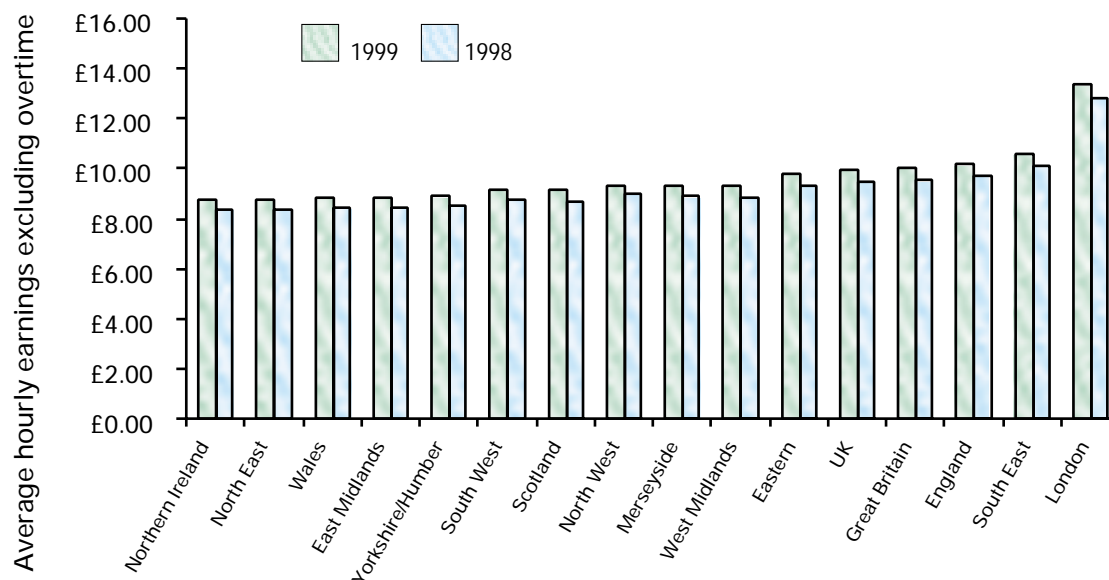
**Figure 4** Percentage of Employees Earning Below the NMWs at present (£3.60/£3.00) and those proposed (£3.70/£3.20) April 1999<sup>1</sup>



and youth differentials. In most Organisation for Economic Co-operation and Development (OECD) countries the value of minimum wages relative to average earnings has declined over time. Many OECD countries have allowed their minimum wages to fall in real terms, although in Europe minimum wages have tended to keep up with inflation. All minimum wages are enforced by some sort of statute, which means that they must be reviewed and updated in some way or low pay effectively becomes legitimised. In the USA the minimum wage goes before Congress to be updated,

while other countries have regular reviews related to inflation or median earnings.

**Figure 5** Gross Average Hourly Earnings of Full-time Employees<sup>2</sup> by UK Region - April 1998 and April 1999



From the outset the UK Government made it clear that there would be a single minimum wage for the UK with no regional variation. This was to prevent the migration of low paying employers to low paying regions and reduce 'edge' problems. This meant that Northern Ireland was going to play an important role in its position as the lowest earning region of the UK along with the North East. It can be noted from Figure 5 that contrary to popular belief, NI does not lag significantly behind other regions. In fact, it is London which is the outlier. This is not an indication that there are fewer low paid workers in London, instead that there are more highly paid workers. Therefore, in considering the level at

which to pitch a minimum wage, the Low Pay Commission had to ensure that it was set at a level that would benefit all regions, but not have a crippling effect in those that are lower paying.

The Low Pay Commission's report of February, 2000 concluded that the NMW had been introduced successfully with no significant adverse effects on the economy and the low paying sectors have adapted well. Large numbers of low paid workers have benefited, particularly women, and the NMW together with the Working Families Tax Credit, has benefited low-income families.


<sup>2</sup> Whose rates of pay were unaffected by absence



# The Fastest Improving Regional Economy in the UK

Terry Morahan, Research & Evaluation Branch, DHFETE

## Background

The original article (this is the fifth in the series) was initiated in 1996 by the author because there was a lot of ill-informed comment being expressed about “the poor performance” of the NI economy. The fact is that, taking as a base year 1990, (when the T&EA was formed) - we have had the fastest improving economy of the twelve UK regions. But we must acknowledge of course that there remains a series of still unfully resolved problems.

An occupational hazard for commentators on the economy is that data definitions change from time to time rendering inter-temporal comparisons less reliable and sometimes impossible.

Regrettably this article has suffered from this problem in two ways. In 1998 England introduced nine new Government Office Regions (GOR) replacing the former eight Standard Statistical Regions (SSR). GOR labour market data are only available from 1992 so the base year 1990 has often had to be replaced by a new base year of 1992. As 1991 was a year when the NI economy substantially outperformed the rest of the UK, the effect of removing 1991 data is to make our local performance appear less outstanding.

Another problem of some technical complexity is to do with major revisions to the method of calculating *regional* GDP. Suffice to state at this stage that regional GDP data may be revised in future.

Those with a deep interest in this subject are referred to Economic Trends August 2000. See Chapter on Regional Accounts and the “Government Health Warning” that the data are published “on a consultation basis”.

## PERFORMANCE MEASURES

The usual measures of the performance of an economy are:

- Growth in gross domestic product (GDP); it is a reflection of the numbers of people employed and their productivity and is important because it broadly measures changes in the standard of living.
- Growth 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\* GROWTH

Table 1 shows our per capita growth in Gross Domestic Product 1990-1998 relative to the other UK regions. The data show that NI has had the largest increase. Note the growth rates are in nominal terms ie. inflation is not taken into account.

In Table 2 changes in NI GDP growth relative to the UK over the period 1990-1998 are shown. Forecasts by the Northern Ireland Economic Research Council for 1999 and 2000 are also supplied. Note that the GDP data in Tables 2 and 3 are in real terms ie. inflation effects are excluded.

As can be seen from the data, NI largely missed out on the recession of 1991 and has expanded more rapidly than the rest of the UK.

Table 1 : GDP per head Nominal growth rates 1990-1998

Region	1990 GDP per head	1998 GDP per head	1990-1998 Growth rates
London	10,897	16,245	49.1%
South East	9,572	14,529	51.8%
East	9,664	14,222	47.2%
South West	7,798	11,448	46.8%
East Midlands	8,097	11,812	45.9%
West Midland	7,960	11,417	43.4%
Yorkshire/Humber	7,533	10,939	45.2%
North West	7,775	10,990	41.4%
North East	7,023	9,819	39.8%
Scotland	8,289	11,902	43.6%
Wales	7,072	9,888	39.8%
Northern Ireland	6,147	9,438	53.5%
United Kingdom	8,505	12,455	46.4%

Table 3 gives NI and UK GDP indexed to 100 in 1990 and shows the cumulative effect of these changes. It can be seen that NI grew 1% per annum faster than the UK over the period 1990-1998.

Table 2: GDP % Annual Change in real terms 1990 - 2000

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
NI	0.6%	3.0%	2.4%	4.1%	5.7%	4.6%	0.6%	4.4%	1.0%	(3.1%)	(3.0%)
UK	0.9%	-1.0%	0.3%	2.2%	4.4%	2.6%	2.2%	3.7%	3.3%	(1.8%)	(3.3%)

Table 3: NI and UK GDP Cumulative Change in real terms 1990-1998

	1990	1991	1992	1993	1994	1995	1996	1997	1998
NI	100	103	105.4	109.5	115.2	119.8	120.4	124.8	125.8
UK	100	99	99.3	101.5	105.9	108.5	110.7	114.4	117.7

\*Source: Economic Trends August 2000. UK excludes Extra-region. Data for 1997 and 1998 are provisional.

**Table 4 :** Employee Jobs by Broad Industry Sector, June 1990 - June 2000

	Northern Ireland				United Kingdom			
	1990 (000's)	2000 (000's)	Absolute Change	1990-2000 % Change	1990 (000's)	2000 (000's)	Absolute Change	1990-2000 % Change
Manufacturing	104	103	-1	-1.2%	4,756	3,958	-798	-16.8%
Construction	29	32	3	10.7%	1,246	1,188	-58	- 4.7%
Services	376	470	94	24.9%	16,643	18,621	1,978	11.9%
Other <sup>1</sup>	27	21	-6	-22.0%	719	546	-173	-24.1%
Total	536	828	90	16.7%	23,364	24,314	949	4.1%

<sup>1</sup>Other industries include Agriculture, Fishery and Fishing, Mining and Quarrying and Electricity Gas and Water Supply.

Source: DETI and ONS

## EMPLOYMENT GROWTH

Table 4 shows the change in the number of employee jobs in NI and the UK by broad industrial sector for the period June 1990 to June 2000. Clearly in relative terms NI had a much greater growth than the UK.

Unfortunately **regional** comparisons for that period are not available due to the aforementioned new GOR basis. GOR data are only currently available for the period March 1996 to March 2000 - see Table 5. NI did well, being only out-performed by London and its adjoining areas, (East and South East) and much better than Wales and Scotland.

But removing the period June 1990 to March 1996 (and noting the earlier point about the early 1990s when NI excelled the UK) makes the NI performance look less comparatively good.

**Table 5:** Employee Jobs by UK Region, March 1996 - March 2000

Region	1996 (‘000)	2000 (‘000)	Absolute Change	1996-2000 % Change
London	3,297	3,683	386	+11.7%
South East	3,003	3,365	363	+12.1%
East	1,934	2,127	192	+ 9.9%
West Midlands	2,089	2,204	115	+ 5.5%
East Midlands	1,561	1,639	77	+ 4.9%
Yorkshire/Humber	1,882	1,979	97	+ 5.2%
North West	2,540	2,627	87	+ 3.4%
North East	888	901	13	+ 1.5%
Wales	958	1,009	51	+ 5.3%
Scotland	1,981	2,025	44	+ 2.2%
Northern Ireland	578	625	47	+ 8.1%
United Kingdom	22,474	24,132	1,658	+ 7.4%

Source: DETI & ONS: Figures for changes are based on Unrounded figures; 2000 data are provisional.

## 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 6.

Here NI had a below average growth in this rate in the period examined with only Scotland and the North East sharing smaller improvements. It may seem puzzling that a strong job creation performance does not lead to a strong increase in the employment rate. The answer is that a high growth in labour supply has only in part been taken up in employment.

NI has the lowest employment rate in the UK and this indicates hidden labour market reserves (see LMB No 11 Chapter 7 and this Bulletin Chapter 3). However whilst it is unlikely that NI will ever reach say the level of South East England - if only because of our much higher birth rate, lower **local** wages interacting with benefit levels paid at **national** rates, inferior public transport etc - it does illustrate how increases in employment have a smaller effect on

**Table 6:** Employment Rates: Spring 1992-Spring 2000

Region	1992	2000	Absolute Change
London	67.9	71.1	3.2
South East	76.0	80.6	4.6
East	75.8	78.3	2.5
South West	73.5	78.6	5.1
East Midlands	73.1	76.8	3.7
West Midlands	69.6	73.1	3.5
Yorkshire/Humber	70.6	73.5	2.9
North West	69.2	72.7	3.5
North East	65.9	67.4	1.5
Scotland	71.1	71.9	0.8
Wales	67.3	69.4	2.1
Northern Ireland	63.2	64.9	1.7
United Kingdom	71.1	74.3	3.2

Source: Labour Force Survey, DETI and ONS

unemployment. Thus in a strengthening labour pressure 'hidden' labour reserves are drawn into the market driving up the **employment rate** with a smaller effect on unemployment.

\*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.



## CHANGE IN UNEMPLOYMENT

Table 7 shows the numbers unemployed as measured by the Labour Force Survey (ILO basis) and the percentage change Spring 1992 to Spring 2000. The NI performance has been good with a large fall of 40%; in line with the fall in the UK as a whole and well ahead of Wales (-31%) and Scotland (-21%).

One final additional piece of evidence is the change in manufacturing output-less important than the GDP measure because manufacturing only represents about one-fifth of total GDP. Table 8 shows the relative change in manufacturing output for NI and the UK over the past five years (base 1995=100) and our dramatically better performance.

## 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.

Table 7: Unemployed: Spring 1992-Spring 2000

Region	1992 ('000)	2000 ('000)	Absolute Change	Change %
London	418	256	- 162	- 39%
South East	313	140	- 173	- 55%
East	204	99	- 105	- 51%
South West	214	101	- 113	- 53%
East Midlands	180	109	- 71	- 39%
West Midlands	276	161	- 115	- 42%
Yorkshire/Humber	248	148	- 100	- 40%
North West	330	174	- 156	- 47%
North East	143	109	- 34	- 24%
Scotland	242	192	- 50	- 21%
Wales	116	80	- 36	- 31%
Northern Ireland	85	51	- 34	- 40%
United Kingdom	2769	1619	- 1150	- 41%

Source: Labour Force Survey, DETI and ONS.

Table 8: Manufacturing Output 1995 - 2000

	1995	2000(Q1)	Change
NI	100	126.2	26.2%
UK	100	102.8	2.8%

Source: DETI

As Table 9 shows there is a good correlation between a good labour market performance and the change in the stock of VAT registered businesses. Only four of the twelve UK regions showed an increase with NI the only area outside of London and its adjoining regions to register an increase.

#### EFFECT ON MIGRATION PATTERNS

Traditionally there has been substantial emigration from NI - to avoid "the troubles", take up higher education places, seek better jobs. NI lost 120,000 people in the 1970's, 60,000 in the 1980's but is on course to gain up to 20,000 in the 1990's. In the last decade there has been net in-migration, see Table 10. The earlier data on employment and unemployment help explain this turnaround.

Further evidence for the role of a strong labour market in affecting migration can be shown in the turnaround in migration patterns with ROI. Thus in 1990/91, 1,300

**Table 9: VAT Registrations 1994-2000 Net Change**

Region	% Increase
London	+ 13.3%
South East	+ 5.0%
East	+ 2.4%
East Midlands	- 0.7 %
West Midlands	- 1.2%
North West	- 1.2%
South West	- 2.0%
Yorkshire/Humber	- 4.3%
North East	- 5.0%
Scotland	- 0.9%
Wales	- 6.3%
Northern Ireland	+ 3.6%
United Kingdom	+ 1.8%

Source: DTI SME Statistics Unit

people left NI for the ROI but 2,300 came in - a gain of 1,000; later the situation reversed as the ROI economy powered ahead; thus in 1998/99, 2,100 came in from ROI but 2,900 left - a loss of 800. But the changes are nowhere as dramatic as many think.

#### HOUSE PRICES

It is not at all surprising therefore that the strengthening local economy and rising population are also reflected in NI having in recent years the second highest house price increase of any UK region as Table 11 shows. (Note the index is based on 1993 at 100).

**Table 11: House Prices: 1993=100; Q1 2000**

Region	2000(Q1)
London	201
South East	172
East	164
South West	158
East Midlands	137
West Midlands	137
North West	126
Yorkshire/Humber	120
North East	116
Scotland	124
Wales	129
Northern Ireland	181

Source: Economic Trends August 2000

**Table 10: Inward and Outward Migration: NI 1990/1991-1998/1999**

	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99
In	17,640	19,611	18,423	16,303	16,937	23,970	18,287	18,455	18,915
Out	16,197	15,454	14,367	15,288	17,279	17,709	17,615	18,423	21,759
Net	1,443	4,157	4,056	1,014	-342	6,261	672	32	-2,844

Source: NISRA

## CONCLUSION

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

This is of course not to ignore the fact that big issues remain such as restructuring the economy into higher technology sectors increasing the employment rate and improving the skill level of the workforce, thereby raising productivity and wages and reducing unemployment generally and long-term unemployment in particular and tackling social exclusion.

- (iii) tourism and inward investment improves and we seize the opportunities from the ICT revolution;
- (iv) past and present improvements in education and training pay off;
- (v) capital and labour inputs grow faster than the UK average;
- (vi) political stability leads to improved economic decision- making,

but with threats to the international economic scene still around - from a US 'hard landing' to oil induced shocks.

## OUTLOOK

Looking to the future will our economy continue to perform well? There are grounds for a canny optimism:

- (i) the world economy is in its best shape since the 1960's;
- (ii) there is an export boost potential from the strong performance of ROI's economy although the strength of sterling relative to the Euro/Punt is presently reducing this opportunity;

# The 2000 N.I. Social Omnibus Survey

Gayle Kennedy, Research and Evaluation Branch, DHFETE

This is the sixth in a series of Bulletin articles presenting findings from the Northern Ireland Social Omnibus Survey. A number of questions have appeared each year e.g. 'The Most Important Problem in NI' allowing changes in perception to be examined. Questions on new topics of interest have been included reflecting recent developments for example on the National Minimum Wage and Information Dissemination.

## INTRODUCTION

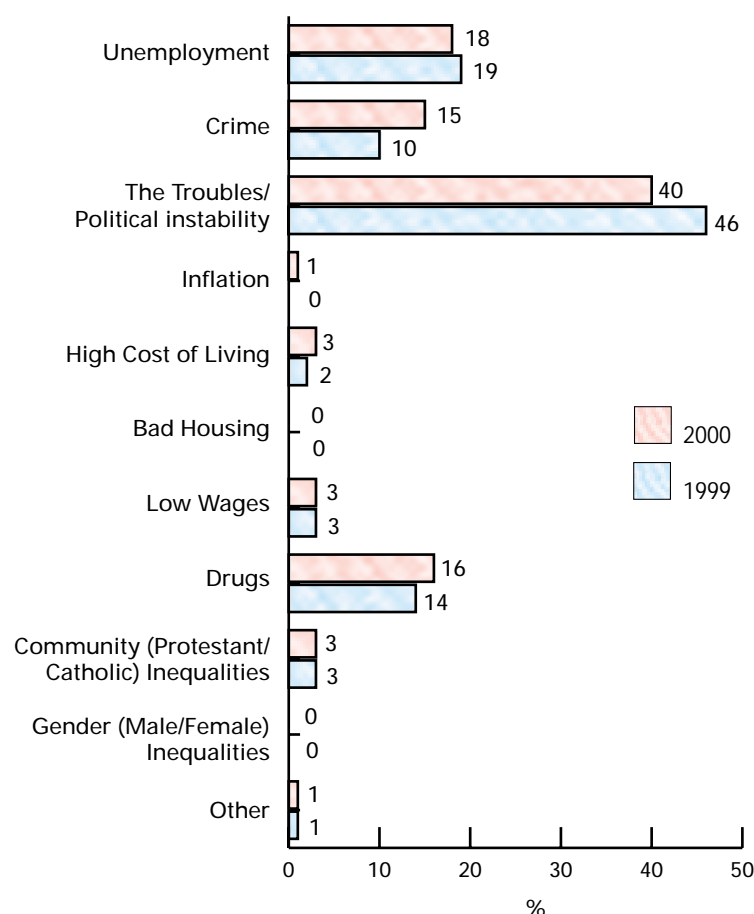
The annual Northern Ireland Social Omnibus Survey, conducted between March and April 2000 by Research and Evaluation Services (a locally based private sector research company), provides an opportunity for the Department of Higher and Further Education, Training and Employment (DHFETE) and other interested organisations to ask questions of a representative sample of adults (aged over 18<sup>1</sup>) in NI.

The Survey automatically included questions defining the basic characteristics of the sample (age, gender, etc.) and also allowed other organisations to 'sponsor' questions covering their own area of interest.

This is the sixth year that we have sponsored questions in the Survey and is also the sixth year that an article based on the results of the Survey has appeared in this Bulletin. The results presented below are included either because they show general trends or because they present new findings.



Figure 1: The Most Important Problem



## FINDINGS OF GENERAL INTEREST

### The Most Important Problem in Northern Ireland.

As in previous years the Survey was an opportunity to ask respondents what they felt were the major problems in NI at the time the interview was conducted. Respondents were asked to state what they considered to be the Most Important Problem in NI at present.<sup>2</sup>

Figure 1 presents the findings for 2000 and 1999. The problems most frequently reported were: The Troubles/Political Instability (40%), Unemployment (18%), Drugs (16%) and Crime (15%). This compares to the 1999 results, which highlighted the same order of importance of problems

<sup>1</sup> The Survey was designed to yield a representative sample of men and women aged 18 and over living in Northern Ireland. The 2000 Register of Electors was used as a sampling frame. The responses in this paper relate to the target age group in which the Department are most interested i.e. those aged 18-59. A total of 758 valid responses were received.

<sup>2</sup> The question was prompted by the categories: 'Unemployment', 'Crime', 'The Troubles/Political Instability', 'Inflation', 'High Cost of Living', 'Bad Housing', 'Low Wages', 'Drugs', 'Community (Protestant/Catholic) Inequalities', 'Gender (Male/Female) Inequalities' and 'Other.'



(The Troubles/Political Instability (46%), Unemployment (19%), Drugs (14%), and Crime (10%)), but to differing degrees.

### The Most Important Problem 1996 - 2000

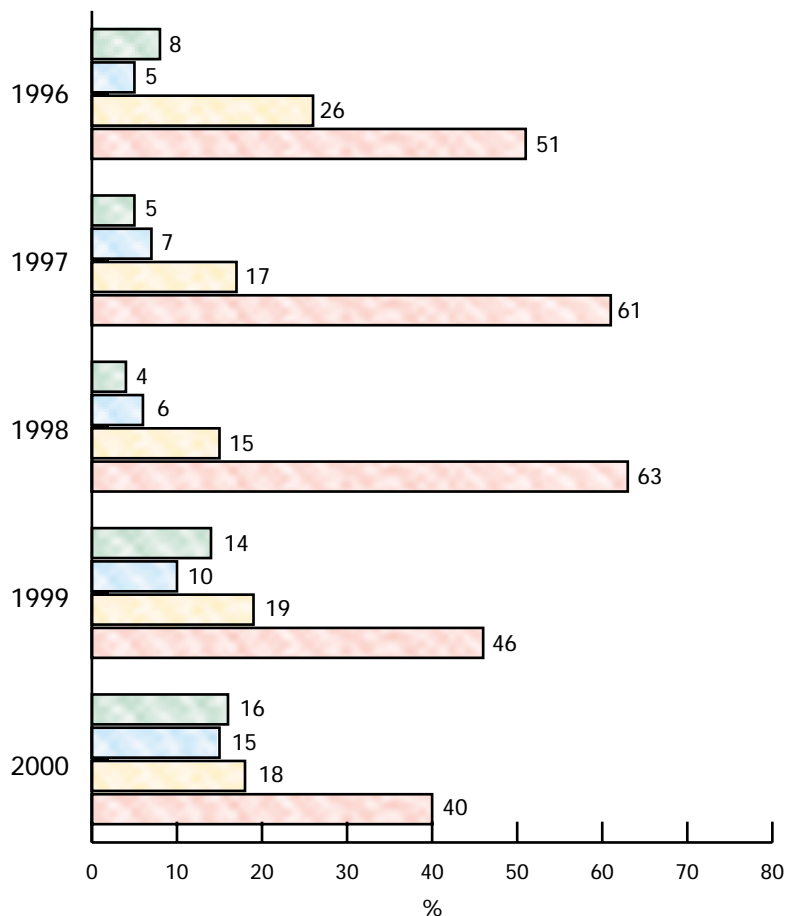
Data on the Most Important Problem are available for the years 1996 to 2000<sup>3</sup> allowing for trends in perceptions to be examined.

'The Troubles/Political Instability' was considered to be the Most Important Problem in 1996 and this perception has continued to date. However, current results indicate a considerable reduction in the number of respondents who perceive this to be the Most Important Problem and is at its lowest level since the question was asked in 1996.





From 1996 to 2000 there has been a decline in the perception of Unemployment as the Most Important Problem in NI from 26% in 1996 to 18% in the current Survey<sup>4</sup>.

Between 1998 and 2000 there has been an increase in the proportion of respondents classifying 'Crime' (from 6% to 15%) and to a greater extent 'Drugs' (4% in 1998 to 16% in 2000) as the Most Important Problem in NI. The current situation of

Figure 2: The Most Important Problem 1996 -2000



"peace" in NI probably accounts for the most notable changes in perception of the country's Most Important Problem.

Drugs   
 Crime   
 Unemployment   
 The Troubles/  
 political Instability 

<sup>3</sup> These comparisons are illustrative only as there have been some changes in the Survey methodology and structure of the question over the period. For example, data for 1998 onwards cover

those aged 18-59 while the 1996 and 1997 data cover those aged 16-59. Prior to 1998 the category 'The Trouble/Political Instability' was referred to as 'Community Conflict/The Troubles'.

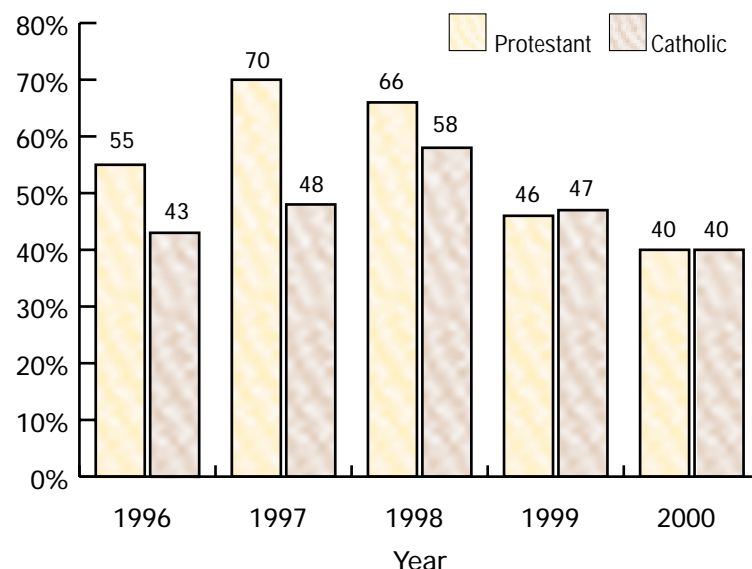
<sup>4</sup> Percentages quoted for all respondents aged 18-59 will be accurate to within plus or minus 3%.

Figure 3 illustrates the perceived view of the Troubles/Political Instability as the Most Important Problem in Northern Ireland during the period 1996 - 2000 by community background. Up to 1998 there was an increasing trend in both communities as to the importance of the problem of The Troubles in NI, with consistently more of the Protestant community viewing this category as the Most Important Problem. However, in the past two years, both communities have shown a decrease in perception of The Troubles as the Most Important Problem in NI, with an equal percentage of individuals in each group reporting this response in the current Survey - perhaps reflecting a growing consensus between the communities.

#### Importance of Problems in Northern Ireland

As in 1999, respondents in the current Survey were asked to consider each of the problem categories and to rank their importance as problems in Northern Ireland today on a scale of 'Very Important', 'Quite Important', 'Unimportant' and 'Not Important at all'. As noted in last year's Survey, this was an important distinction as, while 'The Troubles' may have been reported by the majority as the Most

**Figure 3: The Troubles/Political Instability - The Most Important Problem 1996 - 2000**



Important Problem, it was not known how serious the problem was perceived to be.

Consistent with previous results, a large proportion of the sample viewed The Troubles/Political Instability, Crime and Unemployment as Very Important (70%, 67% and 59% respectively). However, more individuals (76%) considered Drugs to be a 'Very Important' problem in NI today. Over 20% of respondents did not consider Gender Inequalities (34%), Bad Housing (32%), Community Inequalities (24%) or Inflation (22%), to be important problems in NI. These findings are consistent with the results reported in the 1999 NI Social Omnibus with the exception of Community Inequalities. There has been

an increase in the proportion of individuals who do not consider Community Inequalities to be an important problem in NI (17% in 1999, 24% in 2000).

#### LABOUR MARKET ISSUES Training

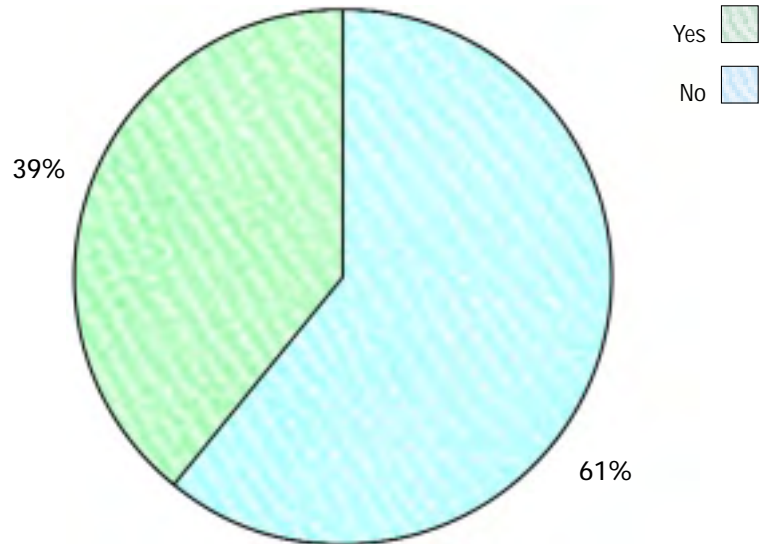
Because of DHFETE's involvement in training, both directly and indirectly, a number of questions were included to assess respondent's participation in job-related training. At the time of the Survey, 508 respondents were in employment, of which 473 individuals (93% of working population) had been working for all of the previous 12 months (not including time spent on Government schemes). Of those respondents in

employment for more than one year, 39% had received training in the last 12 months arranged through their employer (as shown in Figure 4).

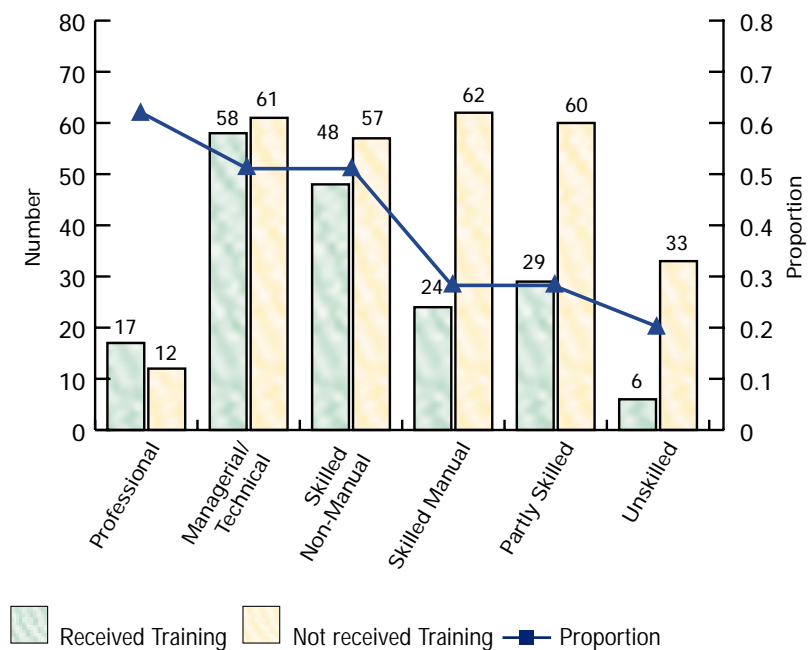
### Receipt of Training - Social Class

Figure 5 illustrates the relationship between receipt of training and the Social Class of the respondent (N=467). Because of the small numbers in some categories (i.e. there were only 29 respondents who were classified as Professional) it is not appropriate to calculate percentages for each Social Class. Instead the proportion of those who had received training has been calculated as a proportion of all responses and is shown as the yellow solid line (a value of 1 means all respondents had received training and zero means that none had received training). As can be seen the highest proportion of those who had received training (0.6) was in the Professional category, followed by 0.5 for the Managerial/Technical and Skilled Non-Manual categories. The trend continued with a higher proportion of those who were Skilled Manual and Partly Skilled (0.3) having received more training compared to those who were Unskilled (0.2).

**Figure 4:** Have you received and training in the last 12 months arranged through your employer?



**Figure 5:** Training Received - Social Class



### National Minimum Wage

The National Minimum Wage (NMW) was introduced in April 1999. At the time of the Survey it was £3.60 per hour for employees aged 22 and over and more than £3.00 per hour for employees aged 18 to 21. A number of questions were asked to examine attitudes towards the rates of NMW for the two different age groups.

#### Those aged 22 and over.

From the total population aged 18 - 59 years (N=758), 706 responses (93%) highlighting attitudes towards the NMW rate for those aged over 22 were recorded. The majority of respondents (77%) stated that the rate was too low and the remaining responses indicated that the rate was about right. If the respondents considered the current rate to be too low or too high, they were asked to state what the rate should be. The responses ranged from £2.50 to £8, with an average of £4.70 per hour. Examining the data further showed the top three suggested rates to be £5 (N=203, 38%), £4 (N=133, 25%) and £4.50 (N=98, 18%).

#### Those aged 18 to 21.

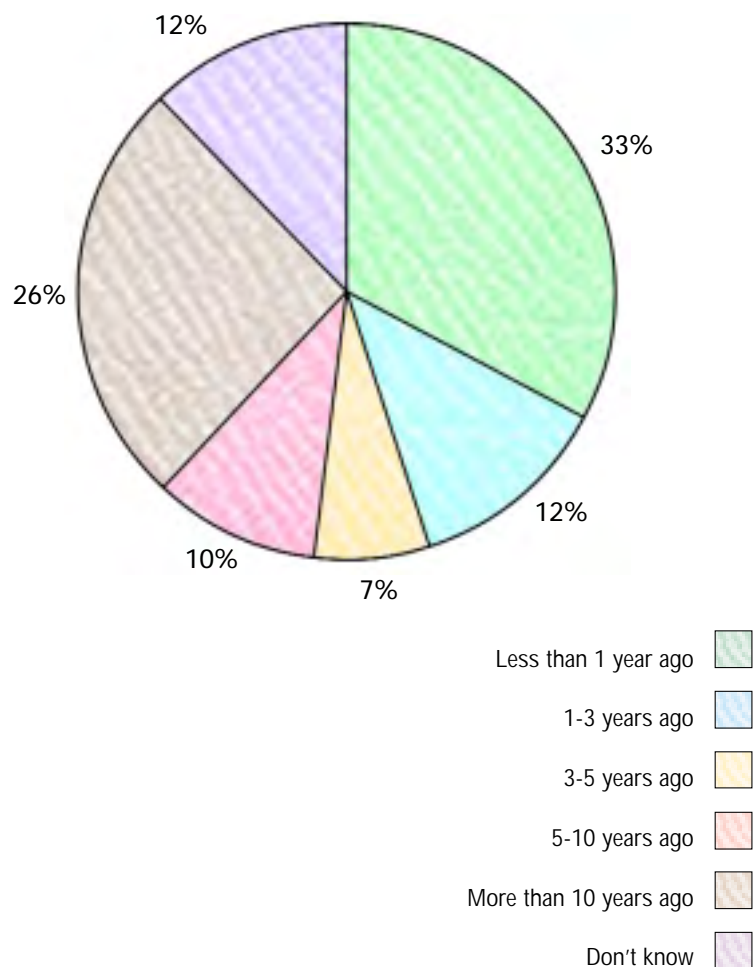
Fewer individuals (91%, N=690) expressed their opinion of the NMW rate for those aged 18 to 21. Again

the majority of respondents (70%) considered the hourly rate to be too low for this age group and the remaining respondents thought the rate was about right. The range of responses for suggested hourly rates was between £3.20 and £7.00 - the mean value being £4.15. The most frequently occurring values were £4 (N=187, 40%), £5 (N=82, 17%) and £3.50 (N=56, 12%).

### Learning

As in 1999, all respondents were asked questions relating to learning activity<sup>5</sup>. A large proportion (33%) of the group had participated in a learning activity within the previous year (Figure 6). However, 12% of respondents did not know how long it had been since their last learning activity and 26% of the population had not participated in such an activity for more than 10 years.

Figure 6: Last Learning Activity



<sup>5</sup> While episodes of learning such as degree courses, attendance at training colleges, formal training courses organised by the employer at work, etc. are immediately identified as learning activities,

this category also included informal unstructured types of learning (both vocational and non-vocational).



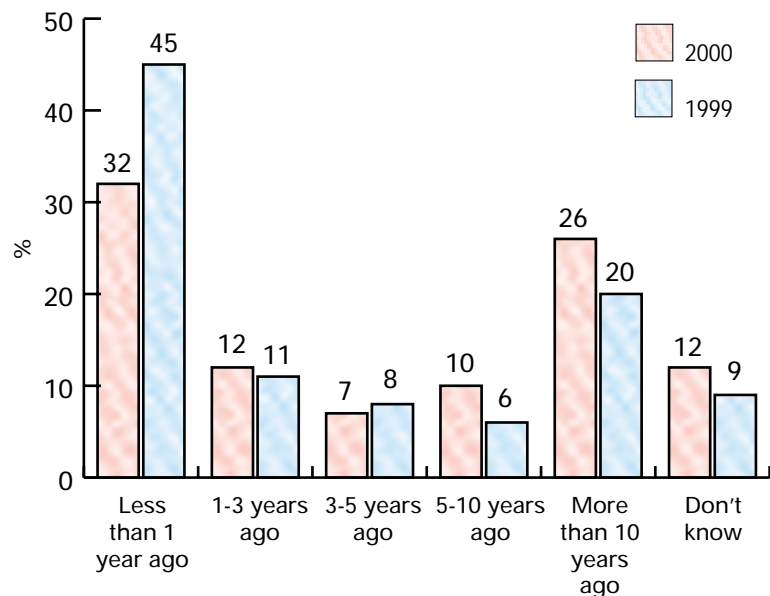
## Last Learning activity 1999-2000.

Figure 7 illustrates the difference in learning activity between 1999 and 2000. In the 12 months prior to the 1999 Survey, 45% of respondents had taken part in a learning activity and only 20% had not participated in a learning activity for more than 20 years.

### Information Dissemination

Recently various methods have been considered to provide Employment Services, such as information on job vacancies or training opportunities. Respondents were asked if they would access such information if it was available on the Internet, Self-Service Kiosk/Private Booth or by Telephone. As can be seen from Figure 8, more

Figure 7: Last Learning Activity 1999 - 2000

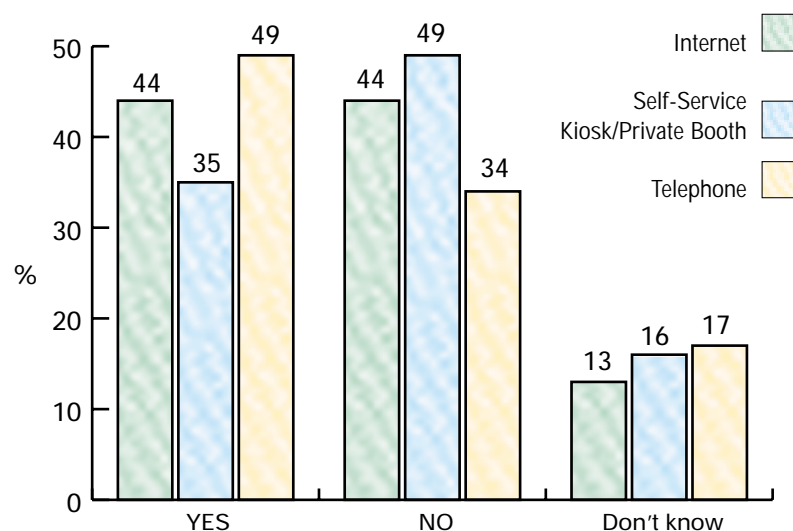


respondents would be willing to look for Employment Services information via the telephone (49%). Surprisingly more individuals would be willing to use the Internet (44%) rather than the Self-Service Kiosk/Private booths (35%).

### SUMMARY

Once again, results from the NI Social Omnibus Survey have provided useful insights into issues of importance to the Department and of general labour market significance. Evidence of the 'tightening' labour market has been observed by the decrease in perception of Unemployment as the 'Most Important Problem.' Inclusion of questions of general interest allows new topics (e.g. National Minimum Wage and Information Dissemination) to be examined with a representative sample of the NI population, without the expense of a specially commissioned survey. When necessary, these findings may be used to assist further investigations in the future.

Figure 8: Information Dissemination



# The Work of the Northern Ireland Skills Task Force and Skills Unit - An Update

By Mark Livingstone and Terry Morahan, The Skills Unit, Research & Evaluation Branch, DHFETE.

In 1998 the Chancellor of the Exchequer's Skills Initiative allocated £14m to the Training and Employment Agency for skills training over the subsequent three years and allowed for the formation of a Skills Task Force for Northern Ireland to advise on issues relating to the demand for and supply of skills in the NI Labour Market. The NI Skills Task Force was formally established in February 1999 and a summary of the early work of the Task Force is contained in Labour Market Bulletin Number 13 (October 1999). This article provides an update on the work of the Skills Task Force and on initiatives funded from the Skills Agenda Budget.

## THE PROGRAMME OF WORK TO DATE

### SKILLS RESEARCH

Decisions are only as good as the information on which they are based and this is also true with regard to education and training funding decisions to match skills supply and demand. The Three Stage Skills Study<sup>1</sup> carried out by Research and Evaluation Branch, T&EA found that, while there were increasing reports of skills shortages<sup>2</sup>, there were no robust systems in place to guide Government in better matching skills demand and supply. If resources, including the funds made available under the Chancellor's Initiative (henceforth the Skills Agenda Budget), were to be spent effectively, then there was a need for high quality information to identify skills areas where resources could be best targeted.

During 1999 the Skills Task Force were presented with and asked to approve a series of recommendations to establish high quality data systems for monitoring and forecasting skills supply and demand. These recommendations drew on examples of best practice both nationally and internationally.

## SKILLS MONITORING

With the Skills Task Force approval, skills monitoring data systems were established to collect robust data on current skill needs i.e. 'where are we now'.

During April/May 2000 some 3,700 NI employers<sup>3</sup> responded to a telephone survey conducted by the Central Survey Unit, part of the NI Statistics & Research Agency. This survey sought to identify employers current skill needs and is the largest skills survey ever undertaken in Northern Ireland. Employers were asked to respond on a number of skill related issues including the incidence of current vacancies; hard-to-fill vacancies; expected recruitment difficulties; labour retention problems; and skill gaps in the current workforce. This survey has provided a comprehensive 'snapshot' of the current skill needs of NI employers and allows for the identification of 'true' skills shortages as opposed to recruitment difficulties associated with other 'non-skill' factors<sup>4</sup>. The results of the Survey are due to be published in November. We would like to take this opportunity to thank employers for their co-operation. The results will also be presented in a series of Labour Market Seminars across the province in Spring 2001 (see note at the

<sup>1</sup> See Labour Market Bulletin Nos. 10 (Chapter 6) and 12 (Chapter 6) for further details.

<sup>2</sup> It is clear that a number of reports suggested that companies had difficulties recruiting some categories of staff. However these reports were often anecdotal, derived from inadequate survey

data, or which did not discriminate between true skill shortages and other recruitment difficulties.

<sup>3</sup> The survey covered a representative sample of employers with one or more employees in all sectors of the economy excluding Agriculture (for which other research is currently underway) and the

public sector. The valid response rate to the survey was almost 80%.

<sup>4</sup> These might include unattractive characteristics of the job such as low wages, working conditions accessibility etc which are not resolved through increasing the supply of skills. See Labour Market Bulletin No 10, Chapter 6 for further details.

back of this Bulletin for further information and how to attend).

While the skills monitoring survey provides a comprehensive snapshot at one point in time (it is intended that the survey will be repeated at two yearly intervals) there is a need for more continuous data.

Hence, since January 2000 the Skills Task Force has supported the enhancement of the Executive Recruitment Watch survey carried out by PA Consultancy which appears quarterly in the Business Telegraph. This survey analyses by industry and occupation, advertisements placed in the Belfast Telegraph for 'executive' vacancies attracting an annual salary of £20k or more as well as gathering qualitative data on recruitment issues in key sectors. In addition recommendations have been made to ensure the quality of data on vacancies notified to the T&EA Employment Service which will allow for detailed monthly information to be gathered on non-executive vacancies<sup>5</sup>.

### PRIORITY SKILLS RESEARCH

In September 1999 a Priority Skills Unit was established at the Northern Ireland Economic Research Centre (NIERC) as a centre of

excellence for skills forecasting and to take forward a programme of detailed research into priority skill areas (defined as those areas where skills shortages could hold back the growth of the Northern Ireland economy). The first two areas chosen by the Skills Task Force for detailed study were the IT and Electronic Engineering sectors. The research programme aims to investigate the demand and supply for skills in priority areas in sufficient detail to allow for appropriate interventions to be put in place; thus avoiding any skills shortages that might constrain growth.

The results of the research into the first area, published in August<sup>6</sup> and summarised in Chapter 8 of this Bulletin, examined the evidence for IT skills shortages and analysed the current and future balance between IT skills demand and supply in the Northern Ireland labour market. Among the key findings of this research were:

- clear evidence that a high proportion of NI computer service companies were experiencing difficulties in recruiting **experienced** IT professional staff;
- however there were no indications that shortages of new

entrants at graduate and non-graduate technical support level would emerge over the next five years *provided that the expansion of supply continued to grow*. In fact it was found to be likely that there would be a surplus of IT qualified staff which would have a strong appeal to local firms with expansion plans and serve as an excellent selling message for IDB in its role of attracting new inward investment.

Research into the Electronic Engineering sector is now almost complete with a final report due to be presented to the Skills Task Force in December. A summary will appear in the next issue of this Bulletin. Future priority skill areas have yet to be determined but will be guided in part by the results of the large-scale skills monitoring survey of employers.

### LABOUR MARKET RESEARCH

In addition to the primarily skills focused research, the Department also supports an ongoing programme of research into a range of labour market issues which also informs the work of the Skills Task Force. Labour market research recently completed includes a study of the early labour market experiences of a cohort of NI

<sup>5</sup> It is estimated that approximately one third of all vacancies are notified to the Employment Service. These tend to be 'biased' towards the 'lower end' of the skills spectrum.

<sup>6</sup> "A Study of the Northern Ireland Labour Market for IT Skills", NIERC. Prepared for the Northern Ireland Skills Task Force.

domiciled graduates examining the development and utilisation of skills during and after higher education<sup>7</sup>; an examination of the experiences of ex-workers following the closure of Mackie International (Mackies)<sup>8</sup>; and the large scale study of Labour Recruitment Patterns<sup>9</sup> which has been expanded to cover the call centre and hotel sectors.

#### **ACTIONS TAKEN TO DATE**

While improved information systems are necessary to guide the future allocation of resources it is also true that there were clearly identified needs where immediate action, in addition to that already undertaken under mainstream Agency programmes, could be taken to address skills issues. The following summary details some of the major initiatives funded to date from the Skills Agenda Budget:

#### **RAPID ADVANCEMENT PROGRAMME (RAP)**

In acknowledgement of the reported skills shortages in the IT industry, the T&EA in consultation with the Software Industry Federation (SIF) established the Rapid Advancement Programme (RAP) which aims to convert unemployed graduates in non-IT disciplines into IT

professionals with the necessary skills to contribute to the growth of the Northern Ireland IT sector. The first 125 graduates completed the programme in April 2000 with a further 125 in June. A further 250 places will be provided for 2000 and 2001.

#### **BRIDGE TO EMPLOYMENT**

The Bridge to Employment Programme<sup>10</sup> provides customised training to equip the unemployed, and particularly the long-term unemployed with the skills necessary to compete for new employment opportunities on an equal basis with others. Participants on Bridge are given the skills necessary to meet the recruitment profile for employment opportunities provided by inward investment companies and expanding indigenous companies. In the year ending March 2000 some 445 unemployed persons undertook training under Bridge of whom 342 (77%) were successful in gaining employment on completion of their training. From 1 April to September 2000, 255 unemployed persons have participated on Bridge of whom 246 (96%) gained employment.

#### **HOSPITALITY MULTI-SKILLING PROGRAMME**

The Agency is funding 3 separate 13 week programmes which involve a combination of training and practical experience aimed at providing unemployed over 18 year olds with the practical skills required in the hospitality industry and also improved personal and jobsearch skills. The first programme ran from September-December 1999 with 19 participants, the second programme ran from February-June 2000 with 16 participants and the third programme with 20 participants is running from September-December 2000.

#### **FARMING FAMILIES - TRAINING NEEDS SURVEY**

Funding has been made available to the Department of Agriculture and Rural Development (DARD) to survey the training needs of farming families using the planned DARD Social Survey as a vehicle. This is in the context of continuing economic difficulties for the farming community. The survey is intended to find out what the training needs are for those considering farm diversification or off-farm work as an addition to or replacement to farming. See Chapter 15 in this Bulletin for further details.

<sup>7</sup> See Chapter 17 of this Bulletin.

<sup>8</sup> See Chapter 14 of this Bulletin.

<sup>9</sup> See Labour Market Bulletins No 12 (Chapter 9) and No 13 (Chapters 8 and 9) and Chapter 12 of this issue.

<sup>10</sup> See Labour Market Bulletin No 13 (Chapter 13) for a fuller description and evaluation of the Bridge to Employment Programme.



### **AGRICULTURAL MULTI-SKILLING**

This is a pilot programme jointly delivered by the T&EA and DARD aimed at young entrants to the agricultural industry under which trainees undertake an agricultural and non-agricultural NVO qualification (e.g. engineering or construction) providing these young people with alternative skills to enable them to take additional work off-the-farm. The Pilot initially provided 36 places targeted in three rural areas but has now expanded to over 50 places.

### **SKILLS ENHANCEMENT LECTURERS INTO INDUSTRY**

It is essential that those engaged in vocational education are able to draw on recent skills and experience, which reflect current practice in business and industry. This scheme aims to promote the idea of regular placements of Further Education lecturers within local businesses to enable them to update their skills and experience and to pass this on to their students/trainees. From September 1999 to June 2000 11 lecturers in hospitality and 7 in engineering were involved in industrial placements. From September 2000 through to June 2001 a further 11 lecturers in hospitality and 7 in

engineering will take up placements as will 13 lecturers in software engineering. It is expected that further nominations will be sought from lecturers in November 2000.

### **WALSH VISA PROGRAMME**

The programme was initiated in the US with the objective of providing a career start with US employers for unemployed young people from NI and the border counties of the Republic of Ireland. Pre-departure training and recruitment operated in NI from February-June 2000 and resulted in 275 young people securing jobs in the US. Of these, approximately 70 have returned home. A pause in recruitment is currently in place whilst results of a review exercise are introduced. The programme has an estimated re-commencement date of spring 2001.

### **CHILDCARE TRAINING BURSARY SCHEME**

DHFETE has joint responsibility for the Northern Ireland Childcare Strategy which aims to raise the quality of childcare, make childcare more affordable and improve access to childcare. To raise the quality of childcare it is important to ensure that the

childcare sector has an adequate supply of suitably qualified workers. As part of the National Childcare Strategy the New Opportunities Fund (NOF) is providing £9.9 million funding for the creation of new out-of-school-hours childcare provision in Northern Ireland over the period 1999-2003. The NOF initiative does not however provide funding towards training costs. The Childcare Training Bursary Scheme provides resources to help with the training and NVO assessment costs for childcare workers who gain employment in NOF-funded projects as a result of NOF funding. Applications for funding have been invited from qualifying projects.

These initiatives complement mainstream departmental programmes which support skills development including the Jobskills Programme; Modern Apprenticeships; and Lifelong Learning. In addition the £5.5 million funding package announced in May for special initiatives in Further Education Colleges includes a Skills Fund of £1m to encourage the expansion of FE provision in specified skills areas recognised as important to the regional economy.

## SKILLS AGENDA BUDGET FOR 2000-2001

A total of almost £5 million has been allocated under the Skills Agenda Budget for the 2000-2001 Financial Year. The budget allocation is detailed in Table 1. The majority of expenditure planned for 2000-2001 continues those programmes detailed above and is aimed at meeting skill needs in growth sectors such as ICT, engineering and private sector services.

Additional programmes for 2000/2001 are:

### BIFHE CALL CENTRE INITIATIVE

In conjunction with BIFHE, this initiative is aimed at assisting with the capital cost of establishing a Call Centre Training 'Centre of Excellence' to support the anticipated growth in the Call Centre sector particularly in the greater Belfast area.

### HND SOFTWARE ENGINEERING/ELECTRONICS

Six FE Colleges which currently offer courses in these subjects have been approved to deliver an additional 105 HE places in HND Software Engineering and Electronics courses.

## BYTES PROJECT

Funding is being provided to support the on-going work of the BYTES Project in engaging 16-25 year olds, particularly disaffected youth and those deemed "at risk" of exclusion, in Information/ Communications technology-related activity.

## ETC PILOT TECHNICIANS TRAINING PROGRAMME


This programme has been developed by the Engineering Training Council following requests from employers for high calibre young people to be trained as technicians in the engineering sector. The programme will run over the 4-year period 2000/2001 - 2003/2004 with a maximum 20 technicians.

Table 1: Skills Agenda Budget Allocations; 2000-2001

Heading	Sub-heading	Budget Allocation (£ k)
Skills Initiatives:	Rapid Advancement Programme	1,700
	Bridge to Employment	600
	BIFHE Call Centre Training	150
	HCIMA Course	54
	Multi-skilling in the Hospitality Industry	150
	NVQ Bursaries in Childcare	250
	Walsh Visas	600
	Training of Sign Language Interpreters	30
	Lecturers into Industry	300
	HND Software Engineering/Electronics	325*
	DARD Multi-skilling Pilot Programme	277
	BYTES Project	150
	ETC Pilot Technicians Training Programme	30
	<b>Sub-total</b>	<b>4,616</b>
Research:	NIERC Priority Skills	92
	NI Skills Monitoring Survey	54
	DARD Farming Families Training Needs	50
	PA Executive Recruitment Watch Survey	18
	Skills Reports Printing	36
	<b>Sub-total</b>	<b>250</b>
<b>Total</b>		<b>4,866</b>

\* Estimate

## CONCLUSION



In summary there have been a number of actions already taken to meet immediate skills shortages in priority areas. However the establishment of high quality data gathering systems will ensure that future resources are targeted more effectively and that potentially economically damaging skills shortages caused by a mismatch between skills demand and supply are reduced to a minimum i.e. that we are proactive rather than reactive. We believe that the systems introduced are a pragmatic response to helping meet the skill needs of the NI economy and are clearly focused on identifying critical skills areas where resources can best be targeted. However we are also aware that there are many more issues which can impact on or influence the supply and demand for skills. The wide ranging research undertaken on behalf of the National Skills Task Force in England and summarised in July<sup>11</sup> highlights a number of broad issues which have considerable reach across to the NI labour market. The NI Skills Task Force will be carefully considering the implications of this research.

The research undertaken locally by the NI Skills Task Force is complementary. Where the National Skills

Task Force has largely been concerned with 'macro' issues - much of the research commissioned by the NI Skills Task Force focuses on the detailed issues affecting key sectors i.e. a 'depth' rather than 'breadth' approach. It is also clearly focused on the particular needs of the NI economy. We believe this is the best way to ensure that the allocation of education and training resources best contributes to the building of a vibrant knowledge-based economy.

# The IT Skills Forecasting Study

Seamus Mc Guinness & Karen Bonner The Priority Skills Unit - NIERC

Considerable attention has been given in recent years to the impact of information technology (IT) on employment in industrialised countries. These studies have generally concluded that the increased use of IT has contributed to a fall in the demand for unskilled blue collar and low level white collar workers, whilst raising the demand for people with higher level cognitive skills. However, very little attention has been given to assessing the extent to which developed labour markets can service the increased demand for IT professionals that has accompanied the well-documented growth in computer related commerce. This inertia is somewhat surprising given the constant reference within UK media and public policy circles to the difficulties faced by firms as a result of an inadequate supply of IT worker's, referred to as 'a skill shortage'. Indeed, a recent report by the National Computer Centre (NCC) on Salaries and Staffing Issues in IT (1999) found that significant shortfalls were perceived to exist within several key IT occupational groupings.

It was within this context that the NI Skills Task Force (see Chapter 7) chose the IT sector as the first study to be conducted by NIERC's Priority Skills Unit (the next Report will focus on electronic engineers). In addressing the issue of skill shortage within a NI context we have sought to examine the effects of labour shortages on firm level performance in addition to assessing the adequacy of educational supply within the region. Such an approach ensures the most complete understanding of the current labour market condition. Thus our paper consists of two elements of one overall study. Section One examines the survey data to determine the level, nature and consequences of unfilled vacancies experienced by IT firms in NI and attempts to explain the incidence of skill shortage within the context of a statistical model. The second section of the paper examines the extent to which current further and higher education provision in NI is able to satisfy the demand for IT qualified persons over a five year forecast horizon. The findings of both components are then brought together so that some broad conclusions relating to the labour market position of IT skills in NI can be reached.

## SURVEY INFORMATION

To investigate the market for IT workers it was first necessary to identify those sectors in which they were most likely to be concentrated. The 1999 report by the IT National Training Organisation (ITNTO) identifies the computer services industry (Division 72 in the SIC92 classification) as the most significant employer, followed by financial and business services, with smaller substantial numbers in other service sectors, both public and private. So for the purpose of defining a sampling frame it has been assumed that the sectoral distribution of IT workers in NI follows that of the UK as a whole. As a consequence this study focuses mainly on employment within the computer services industry.

## RESULTS

### Employment Profile

The preliminary results from the survey highlighted the fact that the official statistics (based on the 1997 Census of Employment) had significantly underestimated the growth in employment that took place within the computer services industry between 1997 and 1999. On the basis of our survey information and grossed up estimates for non-respondents it is estimated



that employment in the industry, at December 1999, was 4,250, some 65 per cent higher than the official figure. The computer services companies participating in the study had a total employment of 3,299 comprising an estimated 78 per cent of total industry employment. Of the respondents 27 firms had no employees, and since this meant that they had no direct experience of labour market conditions, their contribution to the study was limited to providing details of their current employment and expected growth (these firms were exclusively locally-owned sole traders or partnerships). The remaining 65 participating firms had a total employment of 3,250. Of this group 25 were externally-owned and 40 locally-owned companies, with average employment in externally-owned firms (75) being over twice as large as in locally-owned firms (35). Moreover, if the two largest locally-owned firms are excluded, the average number of

employees in this grouping falls to around one-fifth of the externally-owned figure.

Of the 3,250 persons employed by our 65 participant firms, 1,427 (44%) had gained some form of IT qualification, with the proportions broadly similar across the two ownership categories. Thus we assume that around 40 per cent of any increase in industry employment will consist of specialist workers. The composition of specialist labour demand was obtained by assessing expertise of the existing workforce at the time of recruitment. IT graduates with some prior technical experience were recruited by 82 per cent of firms and constituted the largest single element of demand, accounting for 42 per cent of all persons recruited into the current technical workforce. Just 23 per cent of the current technical workforce were recruited directly from university with no prior experience, suggesting that in the past there was a relatively low

demand for new graduates due to the availability of a relatively large mobile pool of more experienced labour.

#### RECRUITMENT DIFFICULTIES AND UNFILLED VACANCIES

Respondents were asked to assess the degree of difficulty involved in recruiting different categories of staff. It should be noted that this question was asked only of those companies who had actually recruited at the level concerned. Not surprisingly, recruitment appears to become more difficult the more experienced are the employees being sought. Less than 30 per cent of firms expressed any difficulty in recruiting non-graduate technical support staff or new graduates; however, the proportion experiencing difficulty rose to around 70 per cent for all other categories of staff (Table 2). The recruitment of graduate project leaders and project managers/strategic planners seems to pose the greatest problems with 45

**Table 1:** Recruitment Structure of Computer Services

	No. of Firms	No. of Employees	% of Employees
Non-graduate technical support	41	235	16
Graduates with no previous experience	35	334	23
Graduates with some technical experience	53	597	42
Graduate project leaders	32	159	11
Project/ strategic managers	23	102	7
Total	65	1427	100

Source: NIERC (2000)

**Table 2:** Ease / Difficulty of Recruitment

	Very Easy	Quite Easy	Quite Difficult	Very Difficult	N
Non-Graduate Technical Support	30	43	13	15	40
Graduates with no previous experience	26	35	24	15	34
Graduates with some technical experience	9	21	38	32	53
Graduate Project leaders	3	26	26	45	31
Project Managers/Strategic Planners	5	27	14	55	22

Source: NIERC (2000)

per cent and 55 per cent of respondents respectively describing these types of workers as very difficult to recruit.

It is also worth pointing out that the market for graduates with some prior technical experience, which represents the largest component of recruitment demand (Table 1), is described by almost a third of relevant employers as very difficult. As the sector expands it is likely that the recruitment of such persons will become increasingly difficult, therefore employers may be obliged at some stage to recruit more heavily amongst the inexperienced graduate stock.

Thus employers in NI perceive the labour market for IT workers to be relatively tight at all levels above graduates with no previous experience. However, this attitudinal-based indicator does not allow us to control for differences in how each individual defines a difficult process or quantify the level of shortage. In order to obtain a more well-defined and quantifiable measure of labour market shortage, data was collected on the level of unfilled vacancies for a number of broadly defined IT occupations, which in turn relate to the educational/experience based categories used in Tables 1 and 2. These were:

- Non-graduate support
- Software development / installation & integration (A relatively broad category and we assume that this is the standard level of entry for both new IT graduates and those with some prior experience. It also encompasses project leaders).
- Project manager
- Senior manager (carrying out mainly strategic planning functions)
- Other

Twenty companies (31 per cent) of firms surveyed reported a total of 79 unfilled vacancies for IT specialist staff in the twelve months prior to the December 1999 (Table 3). A measure of shortage is

**Table 3:** Vacancy and Shortage by Employee Type

	Total (n=20)		Locally-owned (n=10)		External (n=10)	
	Vacancy	% Shortage	Vacancy	% Shortage	Vacancy	% Shortage
Non-Grad Support	3	1.3	3	2.0	0	0
Software Developers	53	5.7	17	4.2	36	6.6
Project Managers	20	12.6	4	5.2	16	19.5
Senior Managers	2	2.0	0	0	2	2.6
Other IT Related	1	N/A	1	N/A	0	N/A
Total	79	5.5	25	3.9	54	6.8

Source: NIERC (2000)

obtained by expressing unfilled vacancies as a proportion of total employment within each occupational aggregate. During 1999 the computer services industry experienced recorded vacancies in the flow of IT qualified labour equivalent to 5.5 per cent of total specialist employment, with the highest incidences of shortage reported within project management (12.6%) and software development/installation & integration (5.7%). The problem appears to be less severe for technical support staff and senior management positions.

It is possible to make some broad comparison with the level of skill shortage in NI relative to the UK average by utilising data from the 1999 NCC study. However, such analysis is useful only for broad illustrative purposes given the significant differences in the two methodologies. According to the NCC there was a perceived shortfall of 6.6 per cent in the numbers of specialist IT personnel working in the UK during 1999, some 1.1 percentage points above the actual shortage found within NI computer services. Within the UK the highest perceived shortages are in the areas of systems development (10.5%), (broadly comparable to our software development/installation &

integration category), where the level of actual shortage was 4.8 percentage points lower. The NCC study also found significant shortages in technical/network support staff (8.7%), over six times higher than the level reported in this study for the comparable non-graduate support grouping. On the other hand, the perceived shortage in management staff was just 3.5 per cent in the UK study compared to an actual shortage of 8.4 per cent for project managers/senior managers in NI.

The impact of these shortages on company performance are believed to be important with the majority of firms reporting that their development was being severely constrained in one or more ways. Almost half of the cohort reported that their ability to develop new products was severely impeded whilst a major negative productivity effect was reported by a third, with the incidence more common amongst externally-owned firms.

It appears that NI firms are experiencing significant difficulties in recruiting staff at project management and systems developer levels and that this is adversely affecting company performance. In order to develop a better understanding of what lies behind these skill shortages, respondents reporting

unfilled vacancies were asked to rank a number of potential explanatory factors in order of importance. Over 90 per cent of firms cited the lack of persons with the required technical ability as important. In addition, a lack of people with sufficient experience of working in IT organisations also figured prominently, being ranked as important by 85 per cent of respondents. In contrast, under half of them cited a lack of persons with relevant academic qualifications as consequential. Competition from other firms, particularly those located in NI, and to a lesser extent the RoI, also emerged as a significant factor. According to our respondents then, the main driving force behind the unfilled vacancies problem appears to be an extremely tight local labour market for persons with sufficient experience to fill systems development and project management posts.

When asked about the practices introduced to combat skill shortages the vast majority of affected companies did appear to be adopting a longer-term strategy, as recorded in Table 4. Eighty per cent of firms stated that they were reducing entry requirements and training staff, that is adopting one or more of policies 1, 3 or 4. The preferred method appears to be training existing staff to fill empty posts, however,

**Table 4:** Actions taken regarding unfilled vacancies (%)

	Total (n=20)	Externally -owned (n=10)	Locally -owned (n=10)
1. Up-skill existing staff	60	80	40
2. Increase salary / Introduce bonuses	55	50	60
3. Recruit from non-IT backgrounds & train	45	50	40
4. Recruit less qualified persons	40	50	30
5. Change internal structures & practices	40	20	60
6. Use of recruitment agencies	25	30	20
7. Other	45	40	50
8. Do nothing	5	0	10

Source: NIERC (2000)

this practice was much more predominant amongst externally-owned firms. In addition, over 50 per cent of companies were improving the financial packages on offer.

#### RELATIVE WAGES

It is possible that the skill shortages recorded for NI might be in some way connected to wages relative to those in GB and the Rol. Since IT workers are likely to be quite mobile, significant wage differentials between different (relatively proximate) locations are

likely to have a major impact on labour supply. Needless to say, the persistence of such differentials would undermine any attempt to solve a "local" shortage through training, as firms would find it almost impossible to retain their newly trained staff. Within this study it was found 55 per cent of firms with unfilled vacancies stated that they were currently improving the financial packages on offer, even though a very low proportion of these firms considered pay to be an important factor in

explaining the incidence of unfilled vacancies.

A total of 59 firms, 36 locally-owned and 23 externally-owned, agreed to provide us with information on the gross annual salaries offered when advertising for various positions. It was possible to compare our results with average salary data for the UK made available by the 1999 NCC report and for the Rol using a 1998 earnings survey conducted by the Marlborough Group (a private sector consultancy firm). Of course it would be anticipated that the UK average would have increased since 1999, and the Rol figures would have risen even more substantially since 1998. Nevertheless, the comparisons in Table 6 are instructive. Average salary levels within NI are broadly comparable with the UK for both non-graduate trainee posts and the bottom two tiers of systems development (Table 5). However, wage rates are lagging for more senior systems development staff

**Table 5:** Salary Levels as a percentage of the NI Average

	NI Average	NI Indig	NI External	UK	Rol
Non Graduate Trainee	12918	-4 %	+6 %	-7 %	*
Graduate Trainee	14939	-6 %	+6 %	+6 %	*
Graduate with technical experience	18213	-1 %	=	+9 %	+22 %
Project leaders	22907	-2 %	+2 %	+41 %	+26 %
Project \ Strategic manager	26375	-3 %	+2 %	+41 %	+24 %

Source: NIERC (2000), NCC (1999), and Marlborough Group (1998)



and project managers with the pattern repeated with respect to the RoI. It is noticeable that wage differentials are most pronounced in the areas where skill shortages are most in evidence within the NI computer services industry. It would appear that NI firms may need to review their pay structures at more senior levels if they are to recruit and retain key staff.

The similarity of wage rates paid within the external and locally-owned components indicates that externally-owned firms have a very clear perception of the going rate within NI, which suggests that relatively less expensive labour may be an important factor influencing these firms' decisions to locate here. The exact process by which externally-owned firms are setting wage rates remains unclear, it may be that these firms instinctively investigate the issue of wage levels before locating, alternatively the wage information may be provided by the agencies as a selling point, designed to encourage firms into the region.

#### ECONOMETRIC ANALYSIS

The factors driving skill shortages and their impact on company performance can be examined more formally by using econometric techniques.

#### Explaining Skill Shortages

In order to determine the relative importance of different factors that might potentially influence the reported skill shortages a univariate probit model was estimated. The econometric analysis confirms that skill shortages were more likely to be experienced by larger companies and that ownership was not a significant factor. In addition, those companies employing a higher share of technically skilled persons were more likely to experience a shortage, this factor is probably a proxy for the technical sophistication of a firms activities, that is the greater the extent to which a firms operations are centred around product development, as opposed to product services, the more likely they are to experience a skill shortage.

The structure of graduate technical recruitment was also found to be significant, in particular for those persons employed at the systems developer level, the occupational aggregate within which almost 70 per cent of unfilled vacancies occur. The results indicate that shortages are most likely for those companies whose technical employment contains a relatively low proportion of new and inexperienced graduates and a relatively

high proportion of project leaders. This implies that current recruitment practices are a significant driver of skill shortages, more specifically those firms setting higher entry requirements and thus recruiting lower levels of new and inexperienced graduates are the ones most likely to experience unfilled vacancies. In addition, firms reporting shortages were more likely to view new IT qualifiers from educational institutions as being deficient in either technical, interpersonal or business awareness attributes. This factor may explain the tendency of these firms to set the higher recruitment standards thus substantially reducing their available pool of labour.

Contrary to the perceptions of respondents, competition for new workers (proxied by whether or not a firm lost a technical member of staff to a competitor from NI) did not prove important. Neither was the rate of firm growth from 1997 to 1999 significant, however, given that most firms in the sample experienced significant expansion over this period the finding is not surprising. Finally, the coefficients on the variables measuring the existence of training regimes and firm location did not prove important.

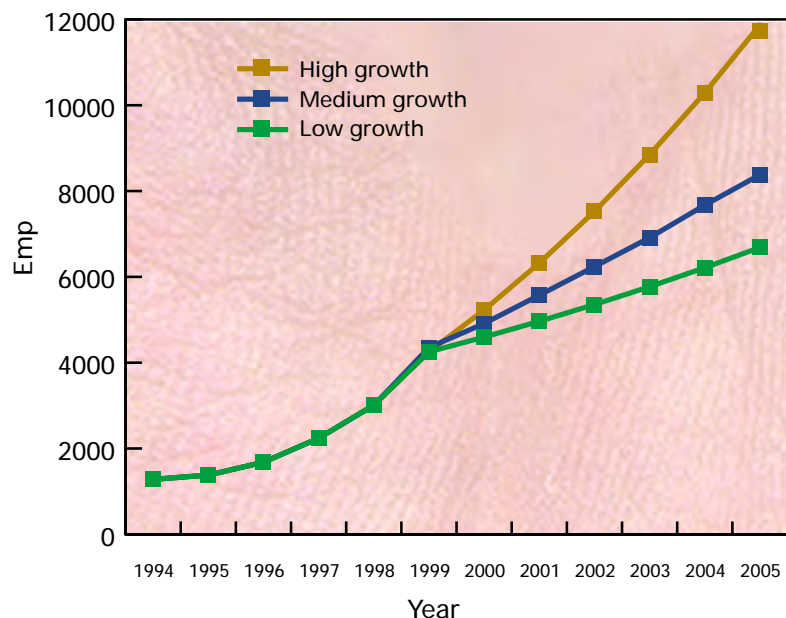
## Productivity Effects

In contrast to the perceptions of respondents, skill shortages nor skill do not appear to exert a statistically significant negative influence on productivity (as measured by turnover per worker). Productivity was lower in those firms employing higher proportions of new graduates, which perhaps provides a rationale as to why some computer service firms are reluctant to recruit this type of employee. Finally, it is worth noting that a significant positive connection was detected between external ownership and productivity.

## PROJECTED DEMAND AND SUPPLY IMBALANCES

In developing our forecasts we utilised information from our survey and combined this with employment projections for the computer services sector as well as other industries that employ significant proportions of IT personnel such as telecommunications the public sector etc. We conducted our analysis in the context of three potential growth scenarios high, medium and low. Here we see the projections for computer services employment with employment in 1999 standing at 4,253 growing to just under 12,000 in 2005

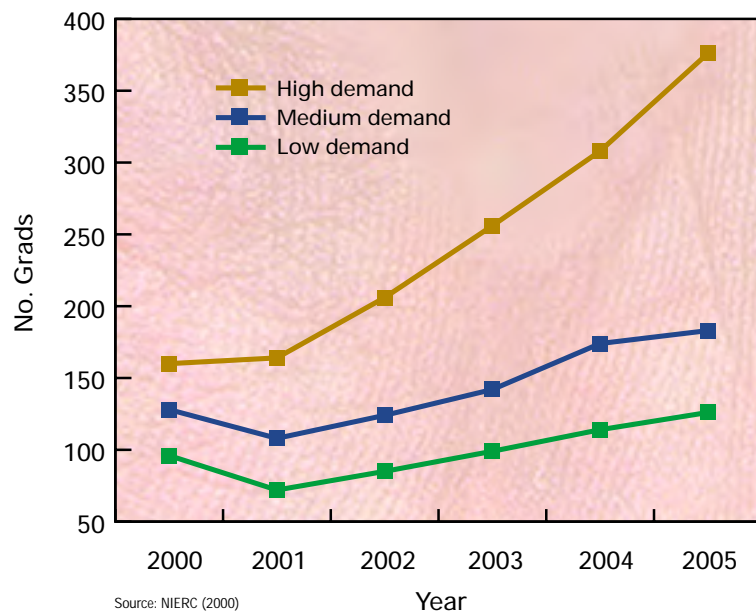
Figure 1: Actual & Forecast Employment 1994 - 2005



under the high growth scenario, 8,000 under the medium and 6,500 under the low (Figure 1). We believe the medium growth scenario to be the most plausible.

From these projections we estimated the annual demand for both new graduates and technical support staff (people entering the labour market with NVQ 3 or HND qualifications).

**Figure 2: Aggregate IT Graduate Demand 2000 - 2005**



The projected levels for both new graduates and non-graduate technical support staff (Figures 2 & 3) are particularly high during 2000 due mainly to high levels of expected growth within non-SIC 72 firms. Between 2001 and 2005 the low and medium growth models predict a steady but not spectacular growth in the demand for new graduates whilst the demand for technical support staff is forecast to remain relatively constant. However, demand expands much more rapidly within the high growth model with significant divergence taking place between the high growth forecasts and those generated by both the medium and low growth models after 2001.

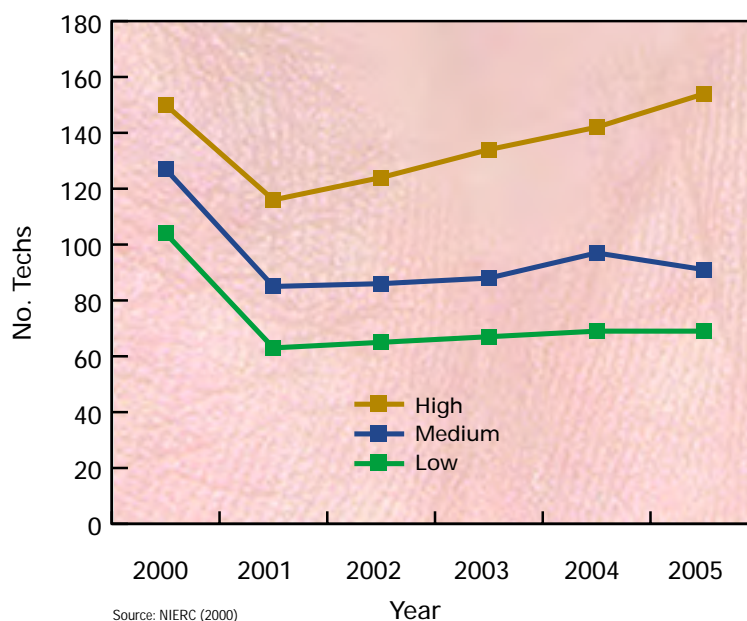
Nevertheless, the magnitudes of the projections appear relatively small in absolute terms with the demand for new graduates estimated to lie between 126 and 376

persons in 2005 whilst the demand for technical support staff is likely to lie within the range 69 to 154.

#### DEMAND / SUPPLY IMBALANCES

We can derive the magnitude of the demand/supply imbalance in the IT labour market by comparing figures for the demand for new IT workers from our three scenarios with the corresponding projected supply numbers. The supply-side is estimated under the assumption that enrolments continue to grow as they have done in recent years. These enrolments are then transformed into graduates using historical enrolments/graduates ratios, labour market supply is then based on the proportion of graduates entering the

**Figure 3: Aggregate Non-graduate Technical Demand 2000 - 2005**



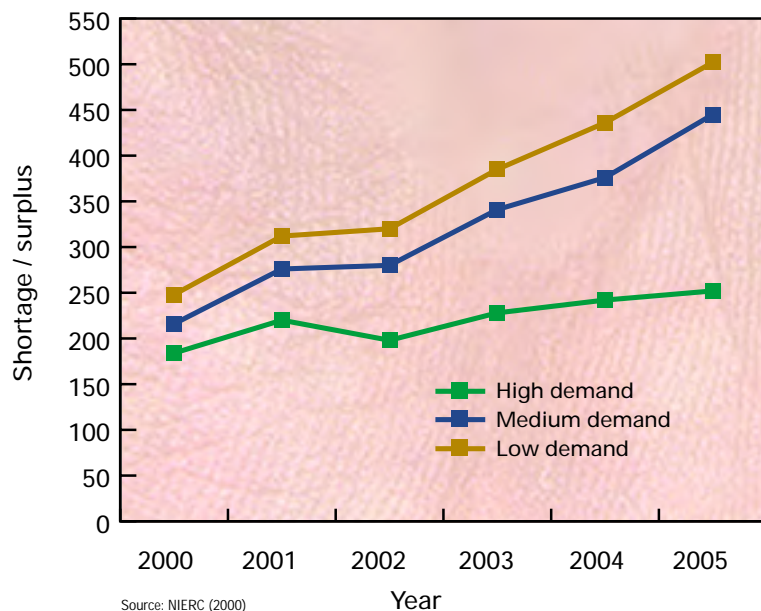
labour market. The position for higher education graduates is displayed on Figure 4. As you will see, there is a surplus under all three scenarios which increases, pretty steadily, through to 2005. In 2000 it is between 184 and 248, with the numbers rising to between 252 and 502 in 2005.

The labour market for technical support staff seems unlikely to be constrained by shortages over the next few years. However, some shortages may be experienced during 2000 as a result of exceptional developments outside the computer services sector. Thenceforth surpluses are projected under each scenario after 2001, with the surplus rising to between 104 and 189 in 2005 (Figure 5).

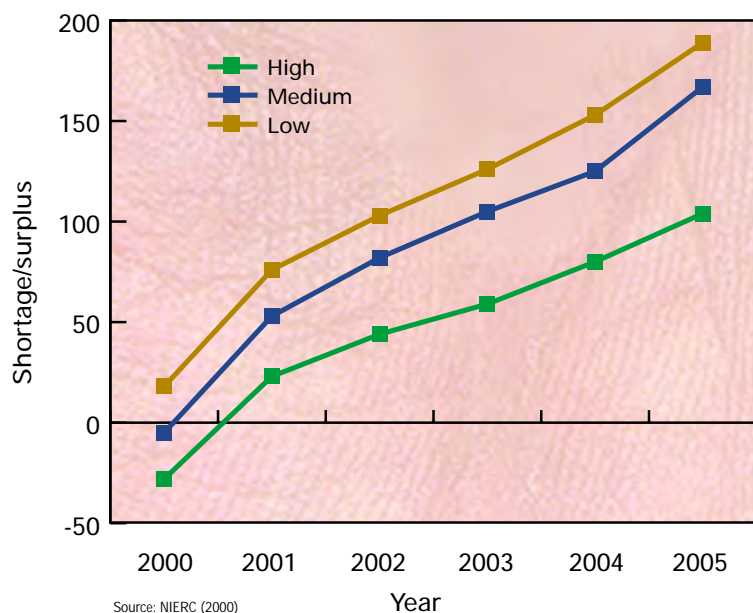
## RISK FACTORS

We can put the magnitude of our projected surpluses in perspective by assuming even more buoyant conditions on the demand side. Consider the possibility that the market for experienced graduates becomes so tight that firms are obliged to recruit even larger numbers of new graduates. More specifically, to take the most extreme case, we will assume that all of the demand for graduate-level IT staff must be met

**Figure 4:** Single Honours Graduate Supply minus Graduate Demand 2000 - 2005



**Figure 5:** HND + NVQ Level 3 Supply minus Technical Support Demand 2000 - 2005

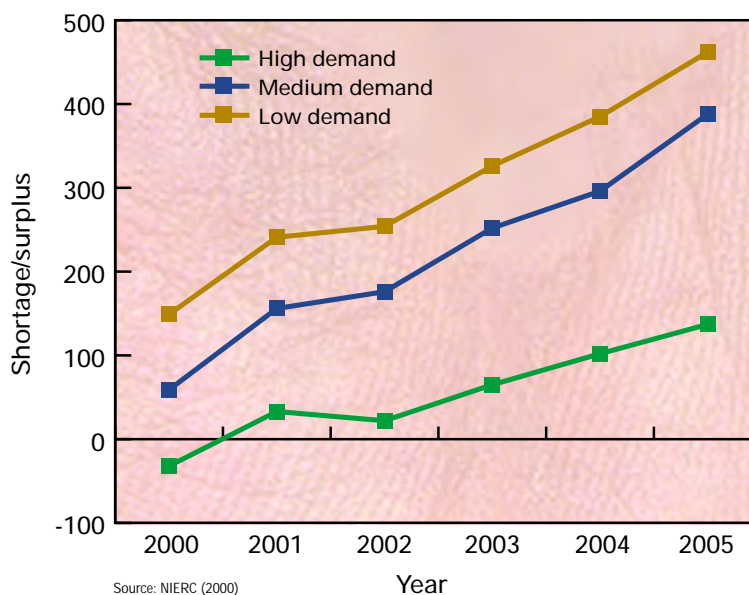




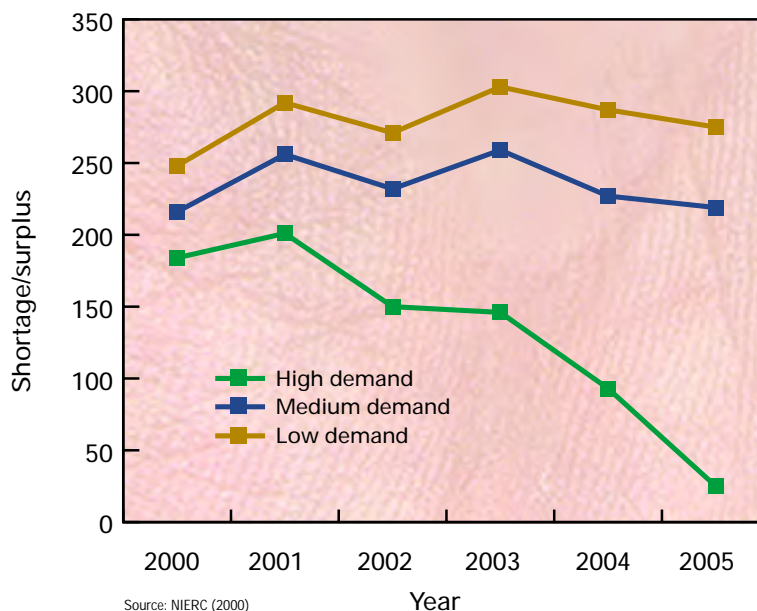
from the annual flow of new graduates. Under this assumption, the high-growth scenario produces a slight shortage during 2000, a rough balance in 2001 and 2002, and small surpluses thereafter. The other models generate surplus throughout (Figure 6).

It is also useful to examine the 'risks' from the supply side by considering the consequences of enrolments remaining at 1999 levels. The results of this exercise for single honours graduates are displayed in Figure 7 from which it is obvious that significant surpluses of new graduates would emerge with either the low or medium growth scenarios. However, on the high growth scenario we come very close to a shortage in the year 2005, with the surplus falling to just 25 graduates. Although we consider the high growth scenario too optimistic it illustrates very graphically here the consequences of any levelling off in enrolment's. Evidently, the supply-side 'cushion' which we saw earlier depends fairly importantly on continued expansion of IT places in institutions of higher education.

**Figure 6:** Single Honours Graduate Supply minus New + Experienced Graduate Demand 2000 - 2005



**Figure 7:** Single Honours Graduate Supply minus Graduate Demand 2000 - 2005 under Static Enrolments

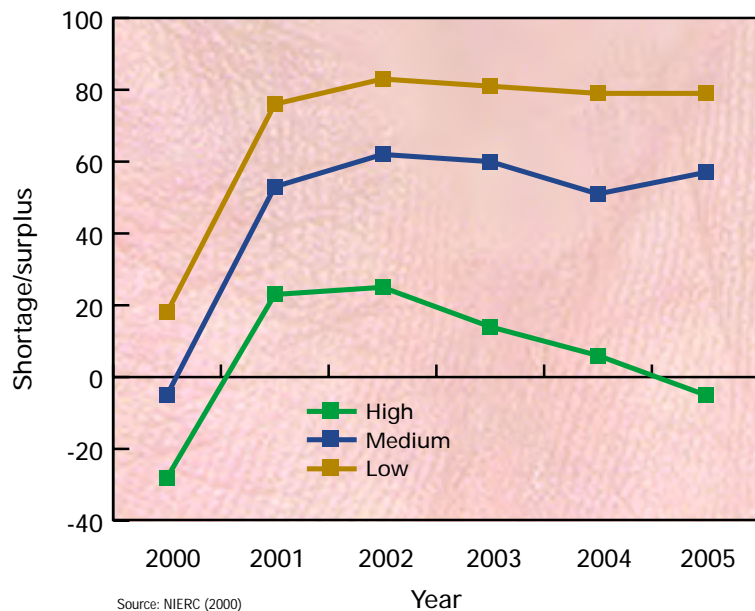


The alternative scenarios for technical support staff under the assumption of constant enrolments are depicted in Figure 8. In the high growth case it is projected that the market for technical support staff would register shortages in 2000 and 2005. However even in the low and medium growth cases, it is far from certain that demand will be met, with the projected surplus significantly less than one hundred in each case. But there is a further issue here. Low levels of labour market entry from NVQ level 3 and HND courses imply that under the current system expanding enrolments by 1,757 in the period up to 2003 will generate an additional supply of just 110 technical support staff. Indeed this illustrates in a concrete way an important question (certainly meriting further research) about the most cost-effective way of meeting the demand for non-graduate technical support staff.

## SUMMARY AND CONCLUSIONS

The labour market for IT professionals in NI is perceived by employers as being relatively tight for all workers above the inexperienced graduate level. More specifically, there is evidence that there are significant shortages occurring in the supply of systems developers and

**Figure 8:** HND + NVQ Level 3 Supply minus Technical Support Demand 2000 - 2005 under Static Enrolments



project managers. The common view expressed by respondents was that these shortages primarily resulted from an inability to recruit suitably technically efficient and experienced staff. This in itself provides a strong indication that those firms experiencing unfilled vacancies are reluctant to recruit and train relatively inexperienced labour. This was borne out in the econometric analysis, which revealed that lower levels of graduate utilisation significantly raises the probability of experiencing an unfilled vacancy. It seems then that firms' employment and human resource management practices may be contributing to the incidence of skill shortage, with firms restricting the

size of their available labour pool by setting high experience requirements for entry. Having set these requirements, firms are finding it very difficult to recruit the experienced staff they seek. In part their recruitment difficulties stem from the large earnings differentials between NI and the nearby labour markets of GB and the RoI.

In terms of demand / supply imbalances the scenarios described here seem to suggest that shortages are unlikely to emerge in the NI labour market for IT graduates over the next five years. However, it is worth pointing out that the supply side of these projections assumes that university enrolments continue growing on their current

trend. So our enrolments figures might be interpreted as targets to be followed by the universities if adequate labour market flows are to be ensured. Nevertheless, even under the extreme assumptions of high growth and a zero supply of experienced graduates, demand will be met throughout the projection period provided the 2000 undergraduate and 2002 postgraduate enrolment targets are met and maintained. The fact that adhering to the 2000-2004 enrolment targets will in all likelihood generate a surplus should not be viewed as a serious cause for concern. Certainly, any surplus IT graduates will easily find appropriate employment either in the ROI or GB. And, importantly, in doing so may well constitute an important source of experienced labour supply that could potentially be attracted back into NI should demand expand faster than is presently anticipated. Moreover, a surplus of IT graduates will appeal to inward investing firms seeking an attractive location thus providing a boost to foreign direct investment (indeed, the availability of skilled labour is widely thought to have been an important factor in the last decade's rapid expansion of the economy in the ROI).

Although no shortages are envisaged within the market for technical support staff, there is a need to expand supply beyond that currently generated by the post-compulsory education and training system and serious consideration must be given to the most effective method of achieving this. Given the very low further education labour market entry rates (only 14% of NVQ 3 and 24% of HND leavers entered the labour market), an expansion of FE enrolments is likely to have very little impact and, in this context, a targeting of resources towards the current Jobskills level 3 provision and/or higher education enrolments at HND level seem a better prospect. In any event, it seems desirable to avoid the possibility of large labour market surpluses of persons holding NVQ level 3 qualifications, as it is unlikely that many benefits would accrue. Especially since, unlike university graduates or even the HND-qualified, NVQ3 holders might not be very mobile and, as a consequence, once finding themselves surplus to the requirements they will be obliged to enter non-IT related employment.

Further insights into current conditions within the IT labour market will be

available when the results of the 2000 Skills Monitoring Survey (see Chapter 7) - currently being analysed - are complete.

The full report is available free of charge by contacting The Northern Ireland Economic Research Centre  
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Belfast BT7 1NJ  
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# Measuring Skills: The New Classification System - SOC 2000

By Terry Morahan, Research and Evaluation Branch, DHFETE

"We have become particularly concerned about the extraordinary plethora and incoherence of vocational qualifications in the UK, which employers, training providers and individuals alike have told us cause massive confusion and reduce perceived value of the vocational system as a whole"\*

"Many ... have experienced some uneasiness about the condition of arithmetical knowledge and teaching at the present time ..... accuracy in the manipulation of figures does not reach the same standard which was reached twenty years ago. Some employers expressed surprise and concern at the inability of young persons to perform simple numerical operations involved in business." \*\*

## INTRODUCTION

The terms "skilled", "unskilled" are frequently used with little consideration as to what is exactly meant by these terms. A moment's thought will lead one to the understanding that just as the terms literate/illiterate, are essentially meaningless since literacy is not an either/or dichotomy but rather a continuum - all of us are to an extent, more or less skilled, more or less literate.

But aside from this linear continuum what of depth? This note is an attempt to clarify the topic with a view to greater understanding, better informed data collection, analysis and policy/programme/task orientated conclusions.

It is focused on the labour market ie: paid work. Parenting skills, for example, are of singular importance but outside the scope of this article.

## BACKGROUND

Before going into the subject in greater depth it is first of all worth asking if the demand for skills (however defined) is in general rising or falling. In other words, is the modern economy demanding more or less skills from the labour force?

## ARE SKILL DEMANDS RISING?

During the 1980s there was a lively debate among labour market experts if technological change would lead to jobs becoming upskilled or deskilled - there was evidence for each hypothesis.

That debate is over as good information has become available - skill demands are rising. This is evidenced by:

- (i) rising wage differentials between the skilled and unskilled. Thus a falling number of unskilled workers and a rising supply of skilled workers might have been expected to reduce wage differentials - in fact differentials have widened which illustrates the rising demand for skilled workers and falling demand for the unskilled; Labour Market Bulletin No 12 Chapter 7 gives the detailed evidence;
- (ii) employer surveys. Thus the 1998 "Skill Needs in Northern Ireland Study" (See LMB No 13 Chapter 6) reported that 47% of employers believed that the skills needed in their average employee were increasing - only 3% said they were decreasing - with 50% reporting 'no change'.

\* P39 Second Report of the National Skills Task Force - available free from Prolog Tel 0845 60 222 60, quote SKT5

\*\* HM Inspector of Schools Report 1876 (as quoted in Lord Dearing's Report P47)



What is causing this rising demand? There are four main factors; in order of importance these are:

- (i) technological change - in particular the all pervasive effects of the ICT revolution;
- (ii) globalisation - the transfer out of labour intensive, lower skill content manufactures, eg the textile and clothing industry in Northern Ireland has been losing 2,000 jobs per annum - these jobs being replaced by high skill content, manufacturing and service jobs;
- (iii) the management revolution - delayering, quality circles, team based working, empowerment, multi-skilling etc; see Table 1
- (iv) rising customer expectations - leading to greater demands on those serving the customer with this factor often representing the sole source of competitive advantage when 'products' are similar.

The phenomenon of rising skill demands is, of course, not confined to NI - all advanced economies are experiencing these effects and with the employment

**Table 1** - Year in which management practices were introduced (percentage of companies which introduced practice during specified time period)

	Before 1960	1960-1969	1970 - 1979	1980 - 1989	1990 - 1997
Empowerment	1	1	4	14	81
Team-based Working	1	1	4	16	77
Just inTime Production	2	2	8	23	65
Total Quality Management	0	1	3	17	78
Learning Culture	1	2	4	13	80

Source: Third Report of National Skills Task Force

situation the best for a generation, reporting increasing skill shortages.

#### WHAT DO EMPLOYERS WANT?

Numerous surveys in different countries of what employers seek in recruiting employees yield similar

results - see example in Table 2. This research is based on USA data but UK surveys show similar results - namely that 'soft' skills and attitudes have at least equal importance as 'technical' skills.

**Table 2** - Recruitment Criteria

Applicant Characteristics	Rank
Applicant's attitude	4.6
Applicant's communication skills	4.2
Previous work experience	4.0
Recommendations from current employers	3.4
Previous employer recommendations	3.4
Industry-based credentials (certifying applicant's skills)	3.2
Years of completed schooling	2.9
Score on tests administered as part of the interview	2.5
Academic performance (grades)	2.5
Experience or reputation of applicant's schools	2.4
Teacher recommendations	2.1

Note: Relative ranking of factors in making hiring decisions (1=not important; 5 = very important)

Source: US National Center on Educational Quality of the Workforce (quoted in C Stasz 'Assessing Skills for Work' RAND)

## STANDARDISING SKILLS DEFINITIONS

But as the National (English) Skills Task Force First Report (para 3.2) points out “the very language in which skills problems are described is itself unclear” ... these terms are used inconsistently. “As a result, data often appears contradictory, and comparisons and analyses based on that data become highly questionable”.

## GENERIC SKILLS - INCORPORATING KEY SKILLS

Box 1 gives an example of the confusion with examples from UK institutions. In Canada, Generic Skills are called Essential Skills, in Australia, Key Competences and in the USA, Foundation Skills.

**Box 1:** Definitions of Basic; Core; Generic; Key Skills.

Skills Audit *	Dearing **	Nacett	National Curriculum	National Council for Vocational Qualifications	National Skills Task Force***
'Basic' Literacy and Numeracy	'Key' Communication	Communication	English	'Generic' Communication	'Generic'/'Key' Communication
'Basic' Numeracy	'Key' Application of Number	Numeracy	Maths	'Generic' Application of Number	'Generic'/'Key' Application of Number
'Core' IT	'Key' IT 'Core' Problem Solving	IT	Science	IT Problem Solving	'Generic'/'Key' IT 'Generic'/'Key' Problem Solving
'Core' Working with Others				Working with Others	'Generic'/'Key' Team Working
'Core' Improving Own Learning	'Core' Improving Own Learning			Improving Own Learning	'Generic'/'Key' Improving own Learning

\*The Skills Audit, DfEE and Cabinet office, 1996.

\*\* Review of Qualifications for 16-19 Year Olds, Dearing March 1996.

\*\*\* Reasoning Skills; Work Process Management Skills; Personal Values and Attributes - such as Motivation, Discipline, Judgement, Leadership and Initiative (see Box 2) defined as 'Generic' - National Skills Task Force 1st Report

## Box 2 - National Skills Task Force Classification

**Generic skills** transferable skills which can be used across occupational groups. These include what have already been defined as **KEY SKILLS** - communication, application of numbers, problem solving, team working, IT and improving own learning and performance. However, and reflecting the views of many employers **generic skills** also covers reasoning skills (scheduling work and diagnosing work problems), work process management skills (visualising output, working backwards for planning purposes), and personal values and attitudes such as motivation, discipline, judgement, leadership and initiative.

**Vocational skills** - the specific "technical" skills needed to work within an occupation or occupational group. They are considered essential for undertaking standard occupational tasks, and will often be those capabilities described within Occupational Standards (where they exist) developed skills included in Occupational Standards (eg foreign language skills, computer programming skills) may also be transferable across occupations.

**Job specific skills** - \* include local functional skills (eg. operating specific pieces of equipment) or employer wide skills (eg. in-company quality standards or specific working methodologies).

\* Note: This author prefers the term 'employer specific' to reduce confusion with vocational skills.

But the National Skills Task Force in its First Report went on usefully to adopt a more clearly defined system - see **Box 2** with Generic Skills incorporating Key Skills.

Looking at the Generic box in more detail shows that there is another layer of complexity behind it. No-one would dispute that literacy and numeracy are generic skills; almost all employers would require these of their employees (and certainly employees need them in their non-work life).

Furthermore, there is now widespread (but not quite universal) agreement as to how to measure these (literacy and numeracy) skills - see, for example, articles by this author in this Edition ( No 14 ), and No 12, of the Labour Market Bulletin on the 20 country

International Adult Literacy Survey.

But there are extreme, perhaps insurmountable, difficulties with measuring others. Thus motivation will be affected by the context in which it is measured and its timing (a personal trauma could affect motivation but not other skills such as numeracy).

And one could add other dimensions to the Generic Box - or indeed have a separate box - to include other important dimensions such physical attributes as:

- eye-hand co-ordination
- dexterity
- strength
- good looks
- deportment and general presentation

"Motor skills" can be the subject of the very highest return in terms of 'pay' -

think Tiger Woods, David Beckham; good looks/deportment etc assist actors, models etc and a study of the Glasgow labour market showed that a key hiring criterion in the new fast growing wine bar/entertainment scene was physical attractiveness.

Indeed many educationalists express concern that boys in particular have unrealistic expectations derived from their sporting role models - the chance of high rewards are very limited for the vast majority of those playing soccer - at the expense of settling down to more realistic studies and careers.

### 'BRINGING IT ALL TOGETHER' - PART 1 - THE UK OCCUPATIONAL CLASSIFICATION SYSTEM SOC 2000

A new system is being introduced this year in the UK to classify skills SOC 2000 (the Standard



Occupational Classification System).

SOC 2000 is a revision and updating of SOC 1990 - see Box 3.

There are nine major groups - 1 'the highest' to 9 'the lowest' - were assigned based on the criteria:

- (i) years of education;
- (ii) earnings.

Occupations that barely existed in 1990 are now included - e.g. call centre operatives, systems analysts, paramedics, therapists, childcarers. (And since SOC 2000 was designed new ones have emerged eg. website designers.)



### Box 3 Standard Occupational Classification (SOC) - UK 1990 and SOC 2000

SOC 90 was the official Government system for classifying skills in the UK until replaced by SOC 2000. It is broadly similar to international systems. It is based on the similarity of qualifications, training skills, and experience commonly associated with the competent performance of constituent tasks.

It has a hierarchical structure; there are four skill levels and

- (i) 9 major groups (SOC 2000 has 9)
- (ii) 22 sub-major groups (SOC 2000 has 25)
- (iii) 77 major groups (SOC 2000 has 81)
- (iv) 371 unit groups (SOC 2000 has 353)

Each unit group is identified by a four digit number which also reflects its position in the Minor Group and Major Group eg.

**Major Group 2**  
Professional Occupations

**Sub-Major Group 24**  
Business and Public  
Service Professionals

**Minor Group 243**  
Architects Town  
Planners, Surveyors

**Unit Group 2432**  
Town Planners

**Major Group 5**  
Skilled Trades  
Occupations

**Sub-major Group 54**  
Textiles, Printing and  
Other Skilled Trades

**Minor Group 543**  
Food Preparation  
Trades

**Unit Group 5434**  
Chefs, Cooks

Further details are available in the extensive two volume SOC 2000 publications.



Box 4 as summarised by Elias and McKnight\* summarises the revisions in SOC 2000 from SOC 90 indicating changes in the location of occupations in terms of the skill levels.

The major changes are -

- **Major Group 1 (Managers and senior officials)** reduces the numbers in Major Group 1 category of SOC 90 transferring now, for example, sales executives to Major Group 4.
- **Major Group 2 (Professional occupations)** recognises the growth of the ICT industry and introduces new categories for these professionals.
- **Major Group 3 (Associate professional and technical occupations)** again introduces new ICT groups and recognises new occupations such as paramedics and therapists.
- **Major Group 4 (Administrative and secretarial occupations)** some new minor groups plus transfers from SOC 90 Major Group 2.
- **Major Group 5 (Skilled trades)** the main change is the relocation of farmers from SOC 90 Major Group 9.

- **Major Group 6 (Personal Service Occupations)** new occupation have been introduced such as childcare, and leisure and travel occupations.
- **Major Group 7 (Sales and customer service occupations)** with the increasing emphasis on customer service a new service group has been introduced.
- **Major Group 8 (Process plant and machinery operations)** now has fewer unit groups reflecting occupational change and industrial decline. Thus textiles is no longer a separate sub-major group.
- **Major Group 9 (Elementary occupations)** here several unit groups have been relocated from other major groups and new categories have been introduced for waiters, waitresses and bar staff.

The net result of the changes within these categories means a decline in some categories of Major Groups eg 1, 4, 6 and 7 and large increases in others - especially Major Groups 3 and 9.

## 'BRINGING IT ALL TOGETHER' - PART II - THE INTERNATIONAL SYSTEM - ISCO

Adopted in 1987 and published in 1990, the International Standard of Classification (ISCO-88) was developed to facilitate the international comparison of statistics. The EU adopted that system though not all EU countries have implemented it and where implementation was accepted, interpretation has varied.

Eurostat rated the comparability of the national systems ( in the UK SOC 1990) to ISCO-88 as poor, average, or good - UK comparability was rated as "poor". However, the new SOC 2000 should improve that ranking.

The USA has gone its own way and its system is not directly comparable to the international (ISCO) system. ISCO-88 is not due for revision until 2008.

Bringing together skill data with economic performance in an international context is an area fraught with difficulty as practitioners are only too aware. Using education as a proxy for skill is not satisfactory as years of schooling or expenditures on education are input measures, whereas outcome measures are what is required and the correlation between years of schooling

# Box 4 Skill levels and the sub-major group structure of SOC 2000 and SOC 90

Skill Level	Sub-Major Groups of	
	SOC 2000	SOC 90
Level 4	11 Corporate managers 21 Science and technology professionals 22 Health professionals 23 Teaching and research professionals 24 Business and public service professionals	1a Corporate managers 2a Science & engineering professionals 2b Health professionals 2c Teaching professionals 2d Other professional occupations
Level 3	12 Managers & proprietors in agriculture and Services 31 Science & technology associate Professionals 32 Health & social welfare associate professionals 33 Protective service occupations 34 Culture, media and sports occupations  35 Business and public service associate Professionals 51 Skilled agricultural trades  52 Skilled metal & electrical trades 53 Skilled construction & building trades 54 Textiles, printing & other skilled trades	1b Managers/proprietors in agriculture and services 3a Science & engineering associate professionals 3b Health associate professionals  6a Protective service occupations 3c Other associate professional occupations  7a Buyers, brokers & sales representatives 9a Other occupations in agriculture, forestry and fishing 5b Skilled engineering trades 5a Skilled construction trades 5c Other skilled trades
Level	41 Administrative occupations 42 Secretarial and related occupations 61 Caring personal service occupations 62 Leisure and other personal service occupations 71 Sales occupations 72 Customer service occupations 81 Process, plant and routine operatives	4a Clerical occupations 4b Secretarial occupations 6b Personal service occupations  7b Other sales occupations 8a Industrial plant/machinery operatives, assemblers 8b Drivers and mobile machine operatives
Level 1	82 Transport and mobile machine drivers and operatives  91 Elementary trades, plant and storage related occupations. 92 Elementary administrative and service occupations.	9b Other elementary occupations

Note: Sub-major groups of SOC 90 have been listed in the order which best approximates their equivalent position in SOC 2000. It must be stressed however that there is no exact correspondence at this level.

Source: SOC 2000 Volume 1 Table 1

expenditure on education and skill levels is far from perfect.

### SOME CONCLUSIONS

As the above paper indicates, the area of skills is a matter of great complexity. Yet its importance cannot be underestimated. But to make the **supply** of skills better meet the **demand** for skills, a common language needs to be adopted - one which is quantifiable, clear and robust - to be reliable and therefore useful. This applies equally to the **current** demand/supply interaction (eg. matching the unemployed with vacancies notified in the local Jobmarket) to the **future** - skills forecasting (see article in this Bulletin on the work of the NI Skills Task Force).

The work of the Skills Taskforce and the introduction of SOC 2000 are major steps forward - but there remain unresolved issues within and between countries.

Accordingly the Agency vision of 'A World-class Workforce' cannot be measured with precision given the lack of international comparability of statistics.

As the International Labour Organisation points out (World Employment Report 1998/99) - skill is a multi-

dimensional concept and most jobs require a combination of skills for adequate performance ranging from:-

- physical abilities - eye-hand co-ordination, dexterity and strength to;
- cognitive skills - analytical and synthetic reasoning numerical and verbal abilities to;
- interpersonal - leadership, supervisory, social.

Time spent on team sports may not be wasted as this is a good source of many of these skills! Sociological and psychological perspectives offer further useful insights than this article which is written from an economic perspective. But the economic insight is that arguments for investment in education are stronger from a social inclusion than an economic growth perspective and that the 'solution' to better performance at the low end of the educational spectrum is less linked to school performance than social background and poverty and that post-school learning **at work** (formally or informally) is of major importance.

Which in turn widens the debate again to economic performance : the average *unemployed* German is as

skilled as the average *employed* American; nothing helps as much to increasing social inclusion and skill levels as strong labour demand. Alan Greenspan's success as Chairman of the USA's Federal Reserve Board - with record unemployment lows in the USA - contributes greatly to the social inclusion and upskilling of the US labour force because much (most?) learning takes place formally and more importantly, informally, at the workplace!



# The International Adult Literacy Survey “The Third Wave”

Terry Morahan, Research and Evaluation Branch, Department of Higher and Further Education, Training and Employment

“Reading is to the mind  
what exercise is to the body”

In an extensive article in  
LMB No 12 (October 1998)  
the results of the second  
wave of the International  
Adult Literacy Survey (IALS)  
were presented.

IALS was first run in 1994 in nine countries; Canada, France, Germany, ROI, The Netherlands, Poland, Sweden, Switzerland, USA. In the second wave run in 1996 four additional countries participated; Australia, Belgium, New Zealand and the UK. The UK's results were collected and presented for the four constituent countries ie. England, Scotland, Wales and Northern Ireland.

In the third wave conducted in 1998, a further eight countries participated; Chile, the Czech Republic, Denmark, Finland, Hungary, Italy, Norway and Slovenia.

Together these 20 countries account for over 50% of the world's GDP.

This article brings together the results of the three waves (but France refused to publish, citing technical deficiencies in the survey design and data collection).

IALS is the most sophisticated study of its kind ever conducted on an international basis. For those requiring further details the reader is referred to the four key publications in this area - see “Book Reviews” at the back of this Bulletin.

There are three measures of “literacy” (see **Box A**) and five levels into which the

10

## Box A Three Domains of Literacy Skills

- **Prose Literacy** - the knowledge and skills needed to understand and use information from texts including editorials, news stories, brochures and instruction manuals.
- **Document literacy** - the knowledge and skills required to locate and use information contained in various formats, including job applications, payroll forms, transportation schedules, maps, tables and charts.
- **Quantitative literacy** - the knowledge and skills required to apply arithmetic operations, either along or sequentially, to numbers embedded in printed materials, such as balancing a cheque book, figuring out a tip, completing an order form or determining from an advertisement the amount of interest on a loan.



population (age 16-65) is placed depending on their scores (see **Box B**).

There are two main ways of looking at the results:

- (i) the average score (arithmetic mean);
- (ii) the percentage in the bottom level (1).

The second approach is often the focus as it gives an insight into social inclusion. Countries could have similar average levels of literacy (similar mean scored), but differ markedly in the percentage in different levels (the range); countries with higher percentages at the lowest Level (1) (eg USA, UK) suggest higher levels of social exclusion.

## RESULTS

**Table 1** gives the results for the countries surveyed (note: in the interests of brevity the Switzerland results are combined from separate surveys conducted in the French, German and Italian parts); Belgium is Flanders only; only the UK results are shown - but NI results were practically identical (see LMB No 12 Chapter 11 for details).

Thus Sweden is the star performer with (on the prose measure) 32% in the top (4/5) level and only 7% in the bottom level (1)

In 14 out of 20 countries, at least 15 per cent of all adults have literacy skills at only the most rudimentary level, making it difficult for them

to cope with the rising skill demands of the information age. These countries are: Australia, Belgium, Canada, Chile, Czech Republic, Hungary, Rol, New Zealand, Poland, Portugal, Slovenia, Switzerland, the UK and the USA.

In six countries less than 15 per cent of adults find themselves at the lowest level of literacy skills (Denmark, Finland, Germany, Netherlands, Norway and Sweden).

There is the connection between literacy levels and such factors as:

- educational attainment;
- occupation
- parents' occupations
- reading books-v-watching TV;
- age (younger);

### Box B Five Levels of Literacy

#### Box B. Five Levels of Literacy

- **Level 1** - indicates persons with very poor skills, where the individual may, for example, be unable to determine the correct amount of medicine to give a child from information printed on the package.
- **Level 2** - respondents can deal only with material that is simple, clearly laid out, and in which the tasks involved are not too complex. It denotes a weak level of skill, but more hidden than Level 1. It indicates people who can read, but test poorly. They may have developed coping skills to manage everyday literacy demands, but their low level of proficiency makes it difficult for them to face novel demands, such as learning new job skills.
- **Level 3** - is considered a suitable minimum for coping with the demands of everyday life and work in a complex, advanced society. It denotes roughly the skill level required for successful secondary school completion and college entry. Like higher levels, it requires the ability to integrate several sources of information and solve more complex problems.
- **Level 4 and 5** - describe respondents who demonstrate command of higher-order information processing skills.

**Table 1:** International Literacy Study - Ordinal ranking of Countries - Percentages of Total in (i) Top level and (ii) Bottom Level

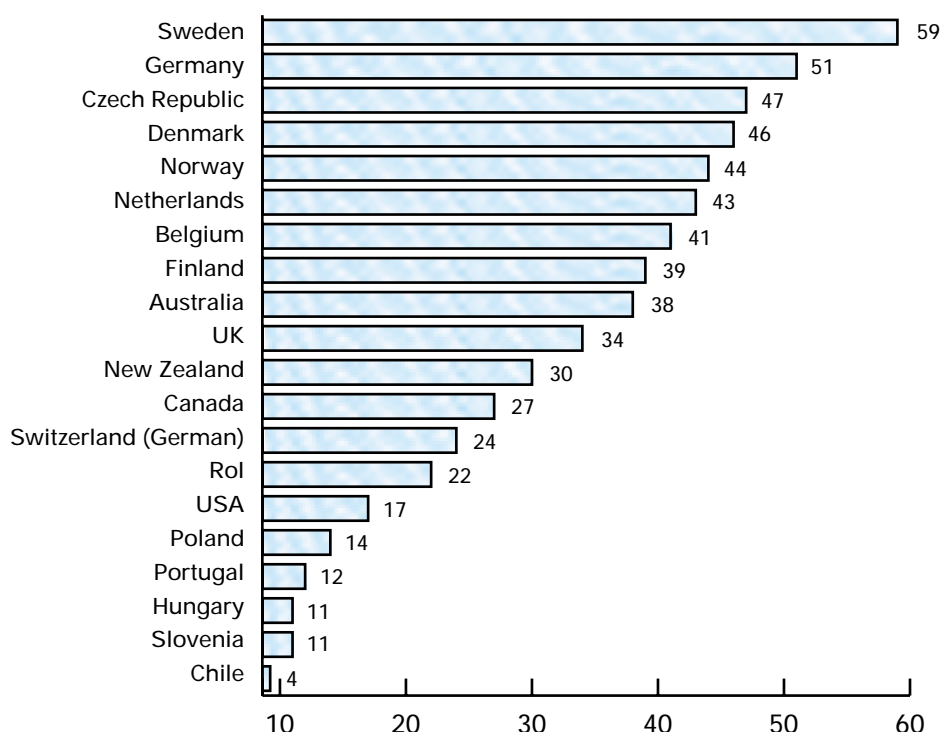
(i) Basis Best First (score 4/5)

ORDER	COUNTRY	PROSE	COUNTRY	DOCUMENT	COUNTRY	QUANTITATIVE
1.	Sweden	32	Sweden	35	Sweden	36
2.	Canada	23	Norway	29	Czech Republic	32
3.	Finland	22	Denmark	25	Denmark	28
4.	USA	21	Canada	25	Norway	27
5.	New Zealand	19	Finland	25	Germany	23
6.	Australia	19	Netherlands	20	Belgium	23
7.	Norway	18	Czech Republic	20	USA	22
8.	UK	17	UK	19	Canada	22
9.	Netherlands	15	USA	19	Netherlands	20
10.	Belgium	14	Germany	19	Finland	20
11.	ROI	13	New Zealand	18	Australia	19
12.	Germany	13	Australia	17	Switzerland	19
13.	Switzerland	9	Belgium	17	UK	19
14.	Czech Republic	8	Switzerland	15	New Zealand	17
15.	Denmark	6	ROI	11	ROI	16
16.	Portugal	4	Hungary	8	Hungary	16
17.	Slovenia	3	Poland	6	Slovenia	9
18.	Poland	3	Slovenia	5	Poland	7
19.	Hungary	3	Portugal	3	Portugal	5
20.	Chile	2	Chile	1	Chile	3

(ii) Basis Best First (Score 1)

ORDER	COUNTRY	PROSE	COUNTRY	DOCUMENT	COUNTRY	QUANTITATIVE
1.	Sweden	7	Sweden	6	Denmark	6
2.	Norway	8	Denmark	6	Sweden	7
3.	Denmark	10	Norway	9	Germany	7
4.	Finland	10	Germany	9	Norway	8
5.	Netherlands	10	Netherlands	10	Czech Republic	9
6.	Germany	14	Finland	13	Netherlands	10
7.	Czech Republic	16	Czech Republic	14	Finland	11
8.	Canada	17	Belgium	15	Switzerland	15
9.	Australia	17	Australia	17	Belgium	17
10.	Belgium	18	Switzerland	17	Australia	17
11.	New Zealand	18	Canada	18	Canada	17
12.	Switzerland	19	New Zealand	21	New Zealand	20
13.	USA	21	UK	23	Hungary	20
14.	UK	22	USA	24	USA	21
15.	ROI	23	ROI	25	UK	23
16.	Hungary	34	Hungary	33	ROI	25
17.	Slovenia	42	Slovenia	41	Slovenia	35
18.	Poland	43	Poland	45	Poland	39
19.	Portugal	48	Portugal	49	Portugal	42
20.	Chile	50	Chile	51	Chile	56

Figure 1: Document Literacy Levels Among Low Educated Adults



- and in some countries, gender, native or foreign migrant (non-native language);

Somewhat surprisingly the connection between education (measured as years of study) and literacy is not as universal or as strong as might be expected.

As Figure 1 shows some countries still manage to have high levels of literacy with moderate educational levels as measured by the percentage of people who have not completed secondary education. Countries such as Sweden have a tradition of lifelong learning which allow them to do well despite a lack of formal schooling.

In many countries, participation in adult education and training has become a common activity rather than an exception.

Figure 2 suggests that the IALS countries fall broadly into three groups:

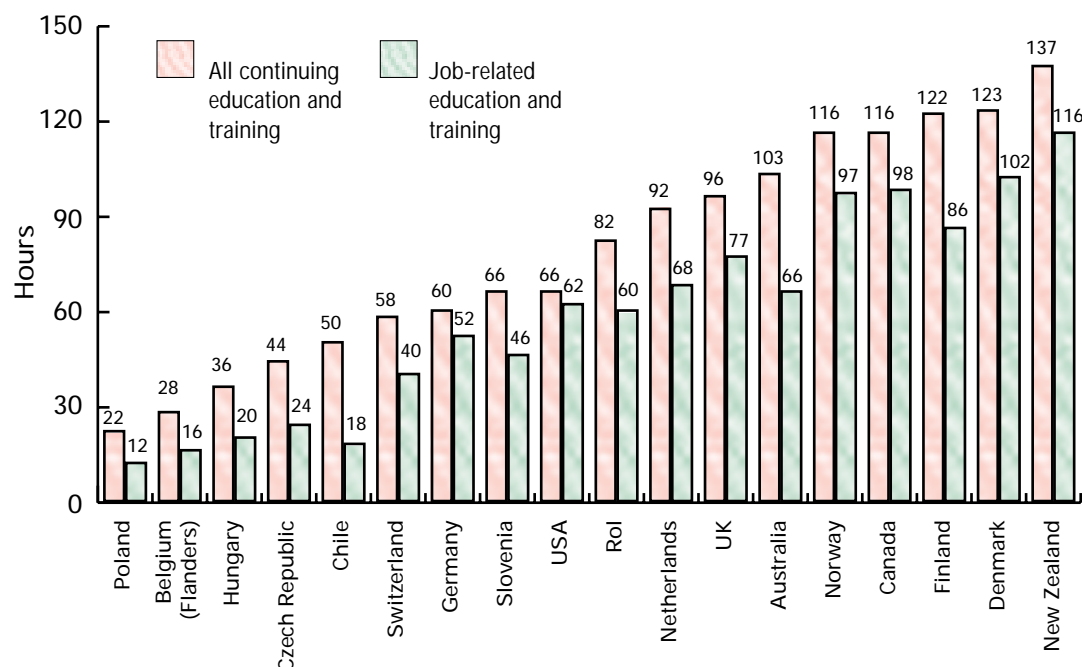
- The Nordic countries are in the first group, where lifelong learning has become a reality for a large segment of the population. Over the 12-month period preceding the survey, Denmark, Finland and Sweden had overall participation rates over 50 per cent. This might be explained by their long history of adult education and the fact that they have a large

publicly-funded sector of adult popular education. New Zealand and Norway also have rates close to 50 per cent.

- The majority of the countries in IALS have a rate of participation in adult education and training of around 40 per cent.
- There is a group of countries where lifelong learning is a less common activity. Chile, Hungary, Poland and Portugal have rates below 20 percent whereas those of Belgium (Flanders), the Czech Republic, RoI and Slovenia are in the 20-30 per cent range.



Figure 2: Hours of Continuing Education and Training per Adult



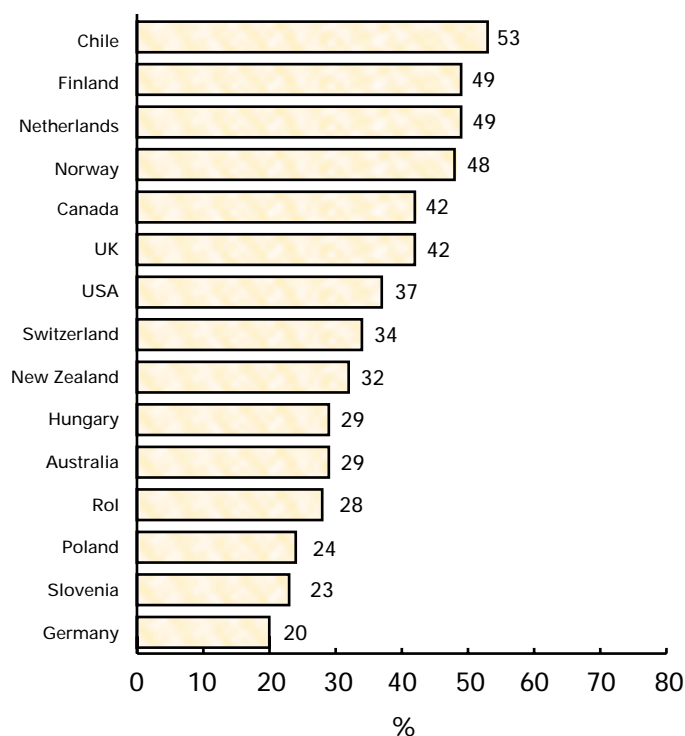
Source: Figure 3.11 Literacy in the Information Age

## SOME CONCLUSIONS

There are a large number of important conclusions to be drawn from the results of IALS and the interested reader is recommended to go to the aforementioned publications for greater depth than is possible in a short article such as this. Some conclusions are given below:

- literacy is important - it has a major effect not just on occupation and earnings and employment but also on other personal factors such as health and longevity;
- furthermore countries with high levels of literacy also score better

Figure 3: Self-Assessment of Reading Skills



Source: Figure 3.19 Literacy in the Information Age



on general societal well being;

- an unequal distribution of literacy skills leads to unequal income distribution;
- whilst education has a major effect on literacy it is possible to overcome past 'failures' as the example of the Nordic countries illustrate;
- the biggest gains are to be made with youth from lower socio-economic backgrounds.
- adults with low literacy levels do not recognise they have a problem although this phenomenon varies from country to country;

Thus adults with low (Level 1) skills in Canada and Rol have very similar average reading index scores, but offer very different reports about how they rate their skills and how limiting they find them relative to workplace demand for skills (see Figure 3).

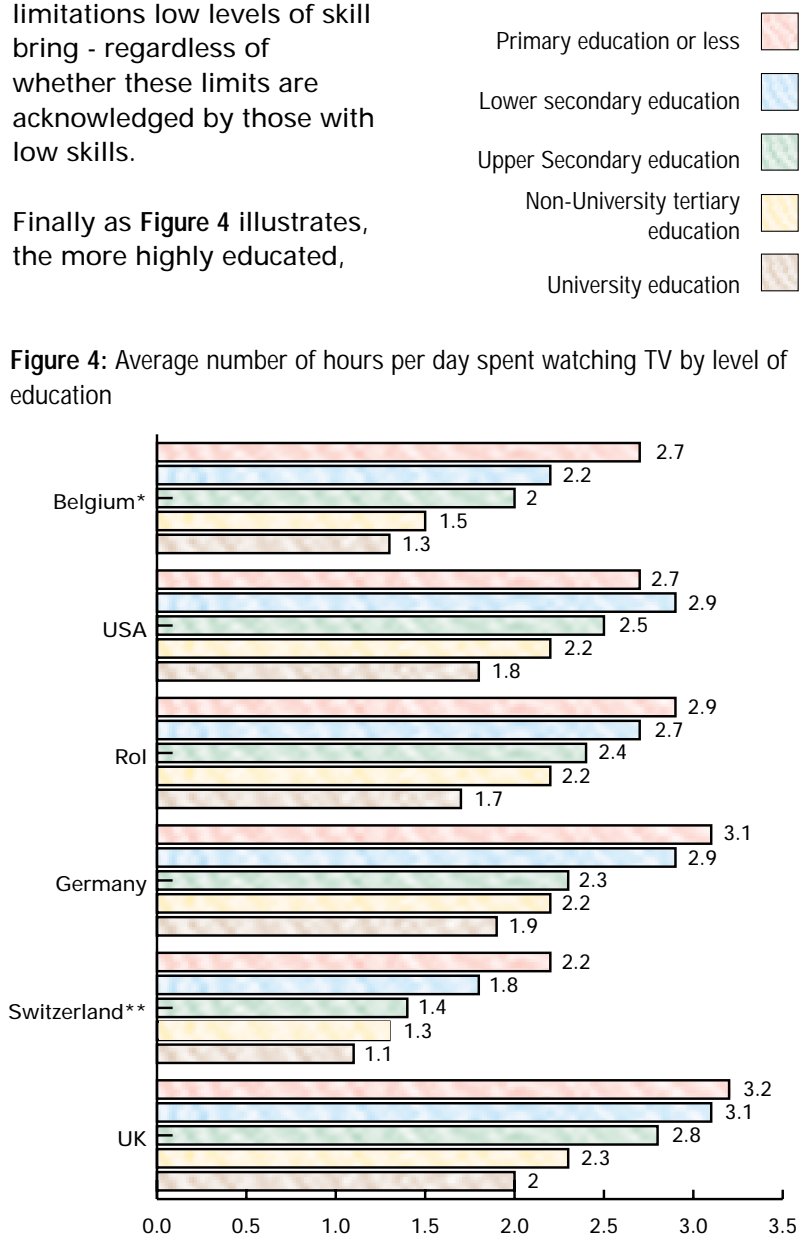
These observations about self-assessment skills sufficiency are relevant to policy. Many adults who score poorly on the literacy test do not themselves consider this to be a problem. A number of studies have investigated how low-skilled adults cope with literacy demands at

work. These find that such adults develop different coping strategies to deal with, or mask, their skills deficit, and enable them to manage their daily lives.

Nonetheless, the data on the relationship between literacy skills and labour market activity point to the limitations low levels of skill bring - regardless of whether these limits are acknowledged by those with low skills.

Finally as Figure 4 illustrates, the more highly educated,

the less likely is TV watching. This is somewhat worrying as people in the UK watch more TV than any other country - with the record being held by Scottish women, at 4.5 hours per day (NI 4.3) See Table 8.15 in Regional Trends 2000 Edition.



Source: Table 3.10c Literacy Skills for the Knowledge Society

\*Flanders

\*\*German

# PISA: A Project to Compare the Performance of Pupils Across the World

Ivor Johnston, Statistics & Research Branch, Department of Education

There is considerable interest in how well pupils in NI perform in English, Maths and Science relative to their counterparts in other countries<sup>1</sup>. This article describes a major international exercise that will measure the knowledge and skills of 15 and 16 year olds in 32 countries. Samples of pupils in the participating countries have already sat the tests. The international results are expected in Autumn 2001.

## INTRODUCTION

It is important that young people of school leaving age should have acquired the necessary skills and knowledge to meet the challenges of the future. Central to this is their level of attainment in their own language, Maths and Science. There is also a recognition that levels of attainment in NI need to be compared, not just with elsewhere in these islands, but with a wide range of other countries. For example, the NI Affairs Committee in its report 'Underachievement in Northern Ireland Secondary Schools' (1997) recommended that international comparison should be routine, and that the Department of Education should be more proactive in learning from international experience.

## MAKING COMPARISONS

Clearly there is some divergence between countries in terms of the curriculum and in the standard, content and scope of examinations. All of this means that producing valid comparisons between countries is far from straightforward. In an attempt to overcome these difficulties, the Organisation for Economic Cooperation and Development (OECD) has come up with the

Programme for International Student Assessment (PISA)<sup>2</sup>. PISA takes the form of an internationally standardised assessment, jointly developed by participating countries. The assessment is based on a conceptual framework developed by expert panels. The aim is to ensure that the assessment tasks are valid across countries, are strong at measuring relevant skills, and are based on authentic life situations.

## PISA

PISA has a nine year cycle and is to be repeated internationally every three years<sup>3</sup>. The first assessments occurred earlier this year, and two thirds of the test time was devoted to reading<sup>4</sup>, with the remaining one third devoted to Maths and Science. In 2003 the focus will be on Maths, and in 2006 on Science.

All 29 members of the OECD are taking part in PISA: this includes the UK, the Republic of Ireland, the other EU member states, the USA, Japan and Korea. Though not members of the OECD, China and the Russian Federation are also participating. In the year 2000 assessments, a random sample of pupils born in 1984 (therefore aged 15 or 16) were tested in each country. Pupils sat a two

1 See, for example, Labour Market Bulletin No. 12, Chapter 11.

2 PISA is not the first international study of this kind, but pupils in Northern Ireland have not been involved in previous studies.

3 At the time of writing this article, no decision had yet been taken on participation by Northern Ireland in the future 'rounds' of PISA in 2003 and 2006.

4 I.e. to aspects of English. (There were no Irish-medium schools in the sample in Northern Ireland).

hour assessment<sup>5</sup> at their own school. The assessment involved reading a number of articles (sometimes with diagrams) and answering questions about them. Some questions were multiple choice whilst others required the pupils to construct their own short responses. The objective of much of the assessment was to determine whether the young people could think actively about the subject rather than simply repeat knowledge they had learned.

In addition to the actual assessment, each young person completed a background questionnaire. This covered demographic information (e.g. age, sex, country of birth), parental qualifications and occupation, and issues like homework. Each participating school also completed a questionnaire, covering school size, facilities, etc. These pupil and school questionnaires should provide very valuable contextual information against which to set the attainment in the assessments.

### PISA IN NI

In NI PISA is being conducted by the Office for National Statistics (which is also conducting the project in England) in conjunction with the Central Survey Unit of the NI Statistics &

Research Agency. The work is being funded by the Department of Education. The tests were sat in March and April. Preliminary indications are that some 2,877 pupils in 115 schools participated. The Department is very grateful to the schools, and the young people (and their parents) for agreeing to take part. Without this cooperation, PISA would simply not be possible. The response rate of schools in NI was 70%<sup>6</sup> and within these schools 85%<sup>5</sup> of sampled pupils sat the assessments - again a good response rate.

### THE FINDINGS

Unlike exams such as GCSEs, the results<sup>7</sup> will not be available quickly. There are several reasons for this. Firstly, countries in the southern hemisphere did not sit the tests till September 2000. Only after the tests in each country have been marked, consistently, can the international expert group consider the scores on each 'item' and make final decisions on how the item should count towards the overall mark. This stage should have been reached at the end of this year. By April 2001 'proficiency scales' should have been devised. The scores for pupils in each country then need to be converted to

these scales. The OECD hopes to release basic results for participating countries around October 2001. Detailed results for NI will be published in Summer 2002.

The results should be interesting in their own right, but also provide pointers to possible lessons we can learn from elsewhere in the world - and perhaps that they too can learn from us?

<sup>5</sup> A written test.

<sup>6</sup> Provisional figure at time of writing.

<sup>7</sup> By results we mean aggregate figures for N. Ireland. 'Results' in the sense of marks for individual pupils or indeed schools will not be issued, since this is a research exercise.

# The Large Scale Labour Recruitment Study: Progress, Prospects and Insights

Ian Shuttleworth and Darren McKinstry Centre for Spatial Territorial Analysis and Research (C-STAR) School of Geography, Queen's University, Belfast

The Large Scale Labour Recruitment Study was commissioned by the Agency's Research and Evaluation Branch (REB) in 1997 to contribute to a research programme on labour availability. Its focus is efficiency - to assist government in identifying areas with appropriate supplies of labour for new employment - and equity - to advise on the distribution of employment to help meet Targeting Social Need (TSN) objectives. Here we report on how the Study has developed, firstly, by collecting more data on additional employment sectors in new phases of the Study, and, secondly, by analysing, in greater detail, the data that are currently held from Phase I of the research.

Summaries of the preliminary and final results from Phase I of the research were published in articles in Volumes 12 and 13 of the Labour Market Bulletin respectively. In addition, in Spring 2000 a series of seven 'roadshow' presentations, in venues across NI, were made by members of the research team and REB to a wide audience in order to disseminate the findings of the research more widely. These were both well attended and received and useful feedback was obtained. Given their success a further series will be run in Spring 2001 in conjunction with the Employment Service (see end of this Bulletin for details). The findings of Phase I have been used by REB staff to provide advice by government to a wide variety of companies that have been making new employment start-ups or significant expansions in Northern Ireland.

The current expansion and refinement of the research contributes further to fulfilling the original efficiency and equity objectives of the Study but can also offer insights into the operation of local labour markets that might have wider significance beyond NI given renewed interest in the geography of social exclusion and on access to employment in national

debates about jobs and employability (see, for example, *Employability and Jobs: Is There a Jobs Gap?* Education and Employment Committee, 4th Report, House of Commons, April 19th 2000). Areas considered in this article include recruitment in the Callcentre and Hospitality sectors, cross-border labour issues; and new ways of visualising recruitment data, and modelling labour flows.

## EXPANDING THE SCOPE OF THE RESEARCH

The original research has been expanded by the inclusion of two companies, one from each of the Callcentre and Hospitality Sectors in the on-going Phase II of the Study. These sectors are important in their own right because of the forecast of rapid future jobs growth and the need for government to fully understand more about recruitment so it can provide better advice to new employers who are seeking labour. Phase II also complements and supports the work of the NI Skills Taskforce (see Chapter 7 in this Bulletin) - which has identified 'hard-to-fill' vacancies particularly in the Hospitality Sector - by providing detailed local-level data on recruitment experiences. Phase I of the Study saw information

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collected on 14,000 employees and 12 employers, spread across 22 different sites. The addition of two additional companies in 'evolving' sectors will not only enable specific information on these sectors but will also allow greater flexibility in the analyses undertaken and enable a wider range of recruitment processes to be investigated.

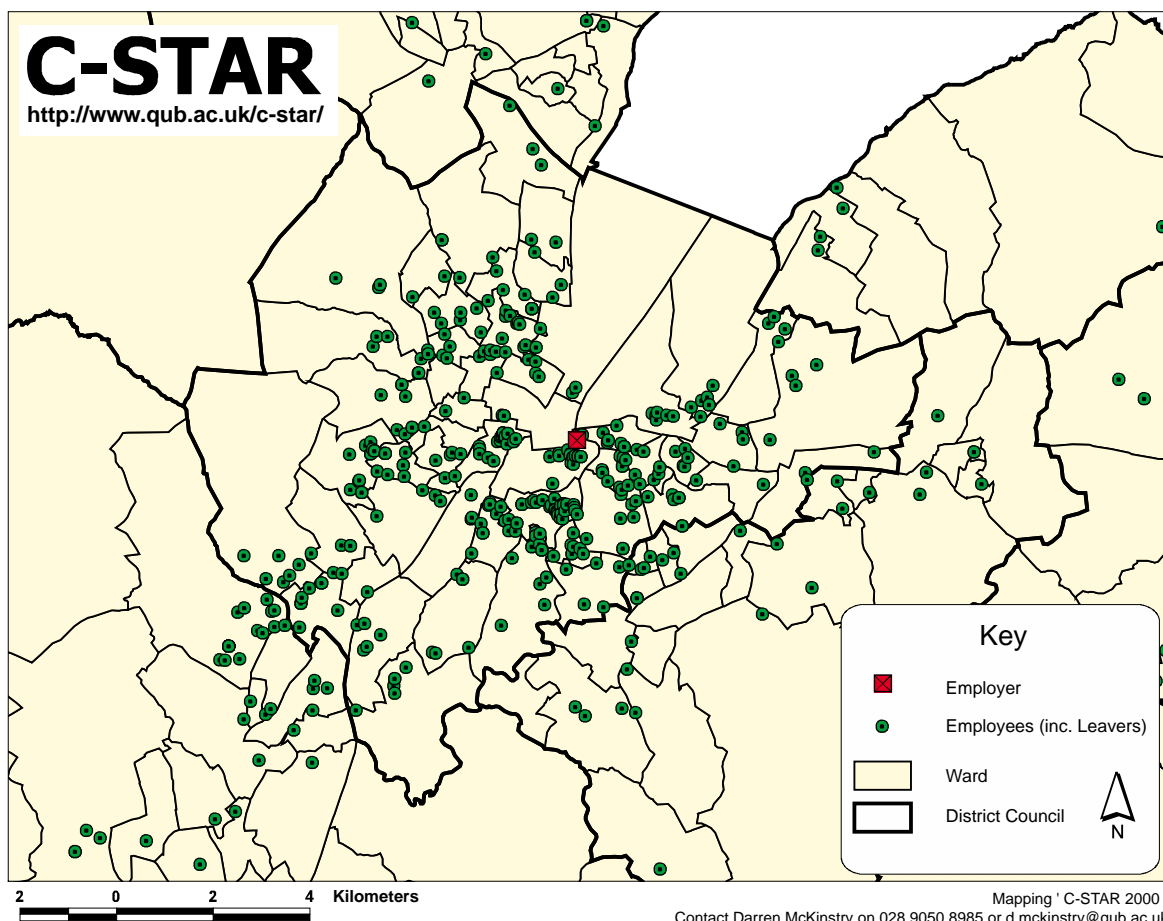
This 'expansion' of the data source has been supplemented by an in-depth analysis being undertaken to answer

questions raised about community, access to employment, and locality by Phase I of the study. Themes that are being explored include access to work by women, factors influencing the uptake of jobs by residents of urban disadvantaged communities in inner Belfast, and the significance of location and site in physically gaining access to work - for example, how important is public transport?

Initial findings from one of the Phase II employers (sited in Laganside)

investigates the degree to which it has a local employee catchment and the extent to which it recruits from the unemployed. These bear on how far 'local work' is really 'local' and who actually gains jobs in a tight labour market. The results are presented in Map 1 and Table 1. Map 1 describes the home locations of any worker who was ever employed at the site in Laganside and shows that workers are drawn from throughout the Belfast Urban Area (BUA) and that overall, it has a widely

MAP 1



spread catchment (further work will consider differences by occupation, gender, sex and religion). An initial analysis at a local level shows that employees are also being drawn from communities in the immediate neighbourhood of the site. More work needs to be done to explore this issue thoroughly but the findings should be significant in understanding more about the success of measures to encourage the employment of local people by DHFETE, IDB, Laganside Corporation and other agencies or employers sited within Laganside developments.

Table 1 is perhaps interesting in light of the tightening of the labour market and the identification of certain economic sectors as having hard-to-fill vacancies. Some labour market theories would suggest, in these circumstances, that jobs

would go to those at 'the back of the queue' (eg unemployed claimants or those who are otherwise jobless) because the most suitable potential employees had already been allocated jobs, and there is still a pressure for employers to fill vacancies from workers who might be perceived as being less suitable. In this respect, the 21.4% of jobs that have gone to those who classified themselves as previously unemployed is worthy of further examination. It is true that this proportion is far higher than the share of unemployed claimants in the population of NI overall, but it might also be expected that this rate could have been even higher given the shortage of workers to fill certain vacancies in the recent past.

A further expansion currently underway (Phase III) is a study examining the

recruitment and employment change in the Meat Processing Industry. As with Phase II, this has been structured to add another 'module' to Phase I of the Labour Recruitment Study, thereby permitting greater flexibility of analysis and greater access to a range of recruitment experiences. However, it is also designed to provide special insights into employment in an economic sector that is experiencing rapid change both nationally and within NI. Specifically it seeks to address the theme of intervening opportunities and spatial competition in the labour market in further detail, developing themes that were also highlighted in Phase I.

**Table 1:** Previous Economic Status of all Current and Previous Employees at Site B

Status	Number of Workers	Percentage of Workers
Employment	255	45.9
Unemployment	119	21.4
Education	171	30.8
Training	5	0.9
Other	6	1.1
Total	556	100.0

Source: The Labour Recruitment Study, Phase II

### DATA ANALYSIS: USING CURRENT DATA MORE FULLY

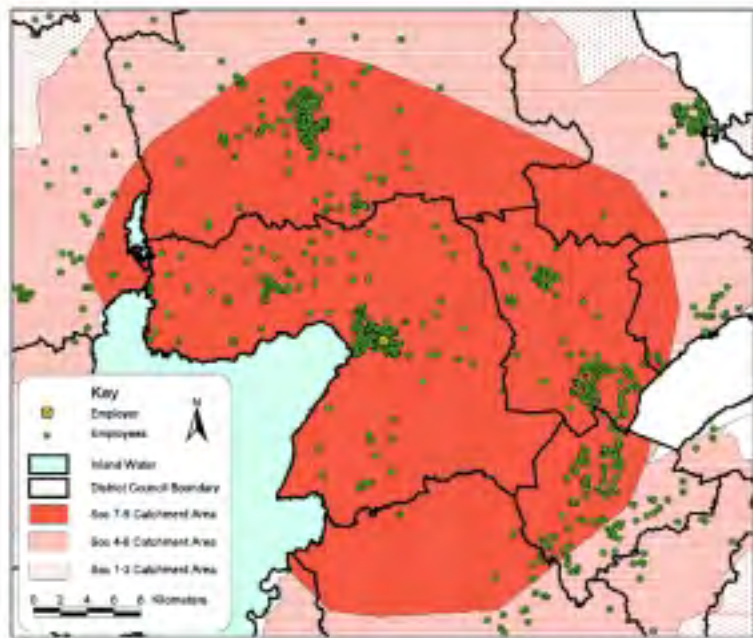
At the same time as the scope of the Study has been extended, analysis of data already held from Phase I has been underway. In the articles in LMB nos 12 and 13, employment catchments were mapped as point patterns (see Map 2) and used to estimate the distances that employees in certain locations could be expected to travel to take work in certain occupations and sectors. A further refinement to our analysis now considers the relative density (clustering) of applicants (Map 3), an approach which is further enhanced by the utilisation of three-dimensional mapping (Map 4) as a new way to visualise employment catchment data.

At its most simple, visual inspection of maps of this type can give new insights because the importance of major roads (access) and population centres in shaping employment catchments becomes more

MAP 4

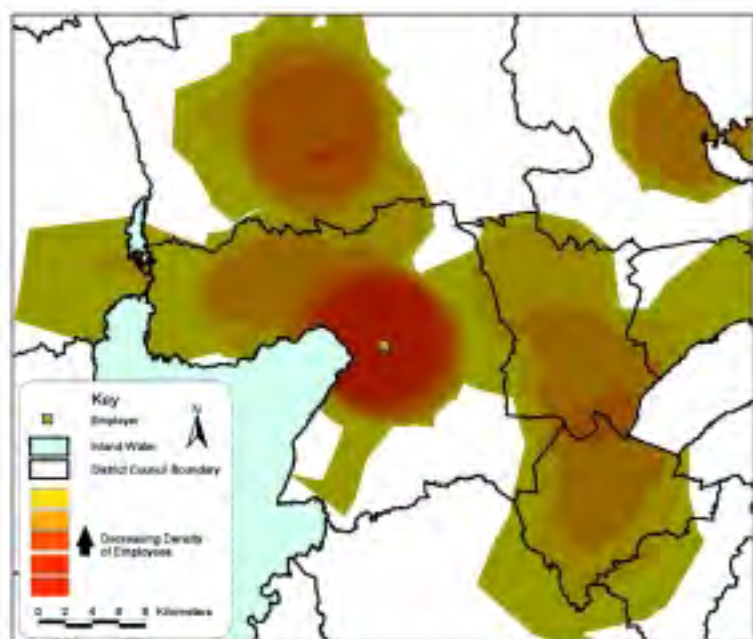


MAP 2



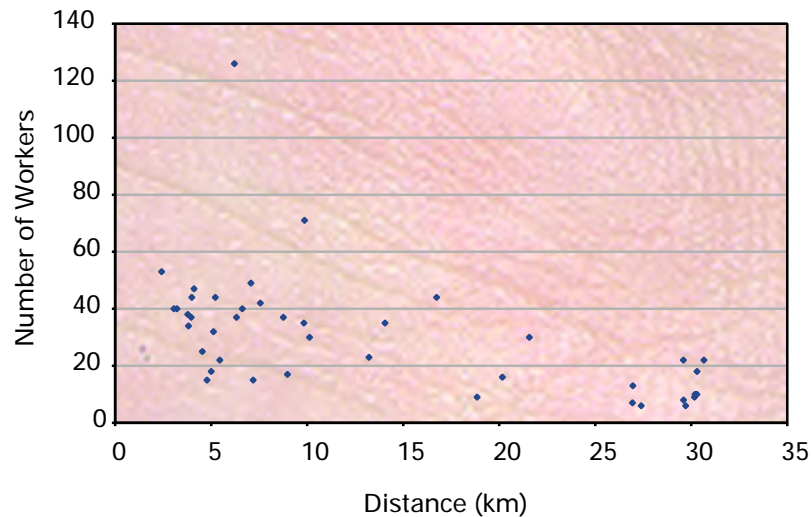
© 2010 LMB © 2010 www.lmb.ac.uk/0-4567 4.1000000000000000

MAP 3



© 2010 LMB © 2010 www.lmb.ac.uk/0-4567 4.1000000000000000

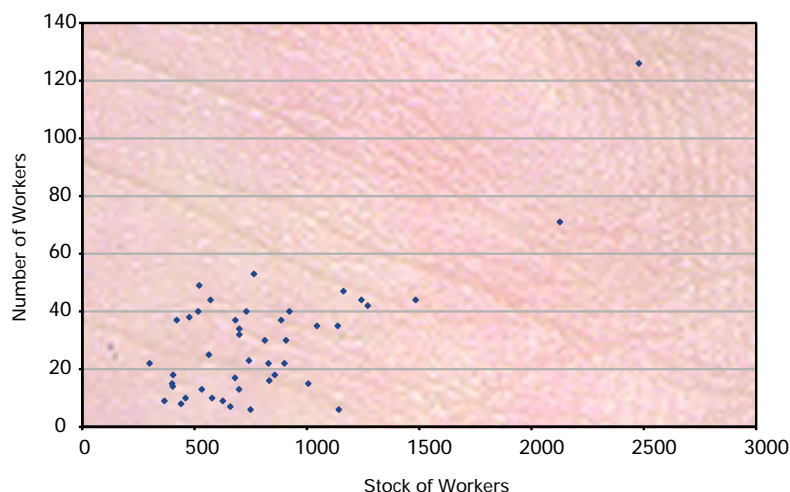
**Figure 1:** Flows of workers from wards in Northern Ireland by distance from site A



apparent than when using point maps. The 3-D representation of Map 4 gives a much stronger conception of the peaks and troughs in the catchment and can also be used to see the complexities within the data. One example is the importance of roads as illustrated by the concentration of workers

reaching out from the central peak in Antrim (where the employer is based) toward Toome and Magherafelt. Importantly, the use of this approach can be extended beyond visualisation to analytical applications - the three-dimensional surface can be analysed in terms of relevant underlying

**Figure 2:** Flows of workers to site A by stock of resident workers in surrounding areas



characteristics of the population and labour market (for example, the availability of a stock of men in SOC 5 - skilled craft occupations) to define 'hot' and 'cold' areas of 'over' or 'under' supply.

This modelling approach has also been extended to provide better estimates of the likely supply of workers at any given site. The essence of the approach is summarised in Figures 1 and 2. Figure 1 shows the relationship between distance from a factory and the number of employees who come to work at the site - and, as might be expected, the number of employees coming to the factory falls off increasingly with distance. Figure 2 shows the relationship between employee numbers at the factory and the available stock of *all* workers resident in surrounding areas. In this case, generally speaking, more employees come from areas with high stocks of resident workers.

Importantly, these two relationships can be combined to estimate the likely labour supply at new employment start-ups or expansions by looking at recruitment experiences across a variety of sites and occupations.



Additional uses are also viable - it is possible, for example, to identify areas from which fewer, or more, workers come than might be expected. This information can then be used to consider issues of labour supply, and to investigate further the causes of these differences from the 'expected'. An example might be a case where an area sends fewer workers to a factory than might be estimated given its distance from the factory and its stock of available workers. This might be due to a number of labour supply factors such as transport difficulties (eg lack of public transport), childcare problems, lack of relationships between the employer and the area (eg a need for outreach measures in schools), or social factors such as 'chill' arising from the fear of working in an area or employment perceived as being of the 'other' religion. Further targeted locality-based research can explore these, and other similar, issues and could help employers to improve labour availability by attracting workers through targeted interventions in areas in which they under-recruit.

The importance of identifying these areas, and of understanding more about employment catchments, is likely to increase in the future because of the increasingly

tight NI labour market, which now has low levels of registered unemployment with an increasing number of 'skill shortages' reported in a number of occupations and economic sectors. This company-based analysis of labour supply has also been extended by the use of travel-to-work data from the 1991 Census of Population. This enables comparisons to be made between information on travel-to-work behaviour from different perspectives - for example, how does an employer's catchment compare with the overall pattern of worker inflow to the area in which that employer is located, as derived from the Census? Is the employer's catchment more localised? Or is it more widely spread? This type of context also helps to provide better estimates of labour supply by describing and analysing observed travel-to-work patterns - thereby supplementing data collected in the Study - and by suggesting areas for employment growth that already seem to be able to access widely-drawn resources of available labour. In addition this analysis, by developing techniques and experience of travel-to-work behaviour, also prepares the ground for the receipt of data from the 2001 Census of Population enabling timely and rapid analysis of this new dataset.

## FUTURE WORK

Future prospects can also be considered in the same terms as that used to describe the work undertaken in the past year - either as extending the scope of the research or as adding value to existing data.

Extending the Study, and still in prospect, is Phase IV of the research. This will deal with cross-border labour issues, including both commuting and migration. Its rationale is the need to understand more about how workers behave on or near state borders and how this might impinge on the quality and availability of labour.

Increased employment in the border counties of the Republic of Ireland might impact on NI in a number of ways, both positive and negative. A worst-case scenario is that employment growth in the Republic of Ireland, and increases in cross-border commuting, could mean that employers locating in NI border counties could face labour shortages. But equally, cross-border labour flows could be advantageous in some circumstances, particularly if they enable a pool of skilled labour to be 'tapped', growth pole areas to be established or reductions in registered unemployed to be achieved on both sides of the border.

At present it is difficult to judge the implications of cross-border labour flows because many questions remain unanswered. These include how many workers move/are prepared to move cross-border? What types of workers move cross-border? What are the obstacles to cross-border commuting? How do employers' catchments evolve in border areas? In what circumstances is it reasonable for an employer to expect a cross-border labour supply? The purpose of Phase IV is therefore to provide quantitative and qualitative answers to these and other questions.

Adding value to the existing data comes with the planned recoding of all occupational data in the Study to a new National Standard - the SOC 2000 Standard Occupational Classification (see Chapter 9 in this Bulletin). This will replace the 1990 SOC occupational code that was used before and will not only enable comparisons to be made with the 2001 Census of Population but because of refinements to the coding framework - and how it relates to 'emerging' occupations and pay scales - should offer a more realistic and transparent ranking of occupations, thereby helping to refine the analysis of the data collected in the Study.

## CONCLUSION

Over the past year the objective of the research programme has been to move from the 'description' of local labour markets toward a greater 'understanding' of their operation. The most significant developments, aiming to understand specific sectors, have been Phases II and III (which deal with the Hospitality, Callcentre and Meat Processing Sectors) and the planned Phase IV (dealing with a high tech, ROI cross-border employer). These are starting to provide insights into these key areas of the labour market which are either experiencing rapid growth or change, and they can directly complement the work of the NI Skills Taskforce by providing detailed analysis of recruitment experiences particularly in those sectors / occupations which have hard-to-fill vacancies. Clearly, given the long-term fall in unemployment in NI, there is a stronger need than ever to know more in detail about the ways in which people gain jobs, their background by occupation, and the geographical areas from which workers can be expected to come.

Research on cross-border labour markets will analyse the obstacles and opportunities for

cross-border working with the intention of increasing the understanding of when, and in what circumstances, cross-border working is likely to occur. In addition to assisting local policy makers these insights will form part of more general international debate on the nature and operation of cross-border labour markets (eg at the Dutch - German border) in the community of policy makers in Ireland and, more widely, in Europe.

In terms of advancing our 'understanding' of labour market operation; much of the refined analysis, 3-D mapping and modelling has attempted to learn more about general employment catchment patterns and about overall travel-to-work behaviour. This quantitative approach adds value to the data at one level but also necessitates an increased emphasis on qualitative insights gained by means of interviews and in-depth work in localities to gain a more complex understanding of local conditions, constraints and mechanisms.

There are a number of issues that are particularly significant in this respect - the success and meaning of local employment schemes (eg those that aim to encourage the employment of local people), employment growth and urban regeneration

schemes, access to employment (issues such as transport and 'chill'), and how the geographical distribution of employment opportunities influences the shape of employment catchments and the uptake of jobs by local people. Greater understanding of these issues can contribute to policy debates about 'bringing jobs to workers' or 'bringing workers to jobs' both in NI and in the UK as a whole.

The encouraging news is that the model is proving very practical as it predicts 80% of actual labour supply.

#### **ABOUT THE AUTHORS:**

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# Call Centre Capacity in Northern Ireland

Terry Morahan, Research & Evaluation Branch, DHFETE

Call centres offer considerable development opportunities for modern economies. For example, it is estimated that there are 1.5 million employed in call centres in the USA, with employment growth of 15% pa. Given their high employment potential, export orientation and mobility, a lot of attention has focussed on suitable locations. Successful call centre locations in GB such as Newcastle-on-Tyne have begun to experience pressures on recruitment and wages, suggesting a nearing of capacity in call centre employment in certain areas. "Overheating" leads to wage inflation and high turnover rates and becomes a major threat to the viability of these centres.

At present there is a limited understanding of the nature and extent of the capacity constraints relating to call centres. Research and Evaluation Branch has the responsibility of advising IDB on labour supply issues and accordingly wished to deepen their understanding of this topic. Accordingly, NIERC was commissioned to assess the potential capacity for call centre employment within NI as the key issue in call centres is the availability of labour.

This article draws on their research and updates the information on call centre employment in NI.

## DISCUSSION

Any study of call centres is hampered by the lack of official data. Call centres are a 'technology' not an industry and are not distinguishable in official employment by industry statistics. Nor was it possible to identify call centre employment using occupational data\* as there has been no official classification (in contrast to the US where "telemarketing" has recently been added to the list of occupational categories). The call centre issue is further complicated by the diverse nature of call centres. Some require high levels of skills (eg. languages, computing or financial expertise), others

require rather less. Some employ mostly females, others males, with a range of half to two-thirds of employees being female.

Also it is important to be clear what is being measured - it is the number of:

- call centres?
- agent positions?
- agent workers employed?
  - this is often a higher figure than agent positions due to shift working.

## NATIONAL AND INTERNATIONAL CONTEXT

The UK has experienced rapid growth in call centre employment in recent years. Some estimates suggest there are currently around half a million call centre employees. This success in generating employment has not been evenly spread across the UK. Glasgow, Leeds, Bristol and Newcastle-on-Tyne are considered amongst the most successful locations in the UK. Further afield, Dublin and Amsterdam have generated considerable employment (Dublin in particular has been successful at attracting European call centres headquarters) and according to the estimates total numbers in RoI are over 20,000, well above the NI level. Concern has been

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\*Since the research was carried out the situation has improved - (see Chapter 9 in this Bulletin). SOC 2000 has replaced SOC 90 and in SOC 2000 under Major Group 7, Sub-major group 72 "Customer Service Occupations is Unit Group 7211, "Call Centre Agents/Operators".



expressed that some parts of the UK are beginning to reach capacity as employers are facing rising costs of both labour and land as a result of supply shortages.

NI has become an increasingly attractive location for call centres with local companies establishing and growing and it has also attracted a number of high profile call centres over the last 18 months. Although it is difficult to gauge the exact levels of employment in call centres, estimates of current and future employment intentions range around 8,000 jobs (see Table 1) of which some 6,000 are in Greater Belfast. It is desirable to assess how close the current level of call centre employment is to capacity, both for NI as a whole and particularly for areas within the region, which is why the research was initiated.

#### CAPACITY IN BELFAST COMPARED TO OTHER MAJOR UK CITIES

Whilst there is little evidence on which to base an estimate of the ceiling to call centre employment a figure of 3% of the total workforce has been suggested for the US (where call centres emerged rather earlier than in the UK). Some industrial property agencies have suggested that 2% of total employment may be a more plausible figure. The validity

**Table 1: Employment Data on Location of NI Call Centres - Private Sector**

##### Greater Belfast

Organisation	Location	Employees	Projected Employees*
Abbey National	Belfast	700	700
AMA	Bangor	70	70
BA	Belfast	120	120
BBC	Belfast	100	100
BT	Belfast	750	750
Halifax	Belfast	200	1500
IAS	Belfast	100	250
MM Group	Bangor	130	340
Northern Bank	Belfast	70	70
NTL	Belfast	130	340
Prudential	Belfast	550	550
P & O	Larne	50	50
Segue Software	Belfast	50	50
Teletech	Belfast	0	970
SX3	Newtownabbey	70	100
<b>Sub Total</b>		<b>3090</b>	<b>5960</b>

##### Londonderry

Organisation	Location	Employees	Projected Employees*
BT	Londonderry	0	960
Stream	Londonderry	500	650
<b>Sub Total</b>		<b>500</b>	<b>1610</b>

##### Elsewhere

Organisation	Location	Employees	Projected Employees*
BT	Portadown	130	130
BT	Enniskillen	260	260
Collonnade	Lurgan	50	50
IDS	Newry	70	120
SX3	Ballymena	20	20
SX3	Omagh	20	20
<b>Sub Total</b>		<b>550</b>	<b>600</b>
<b>Total for NI</b>		<b>4140</b>	<b>8170</b>

\*Projected total number of employees at or before 1 Jan 2004. Numbers rounded to nearest 10.

of this '2% rule' has been examined by looking at some of the local labour markets in the UK for which fears have been expressed about call centres employment nearing capacity. Table 2 below presents some of the findings from this work using data from 1998 and 1999.

The definition of the local labour markets has been drawn somewhat arbitrarily and may not completely cover sources of local labour. Nevertheless, the data show that Greater Belfast had a share of call centre employees of total employment close to Cardiff/Newport but significantly below the levels in Newcastle/Sunderland and Bradford/Leeds. There are concerns expressed on the issue of over capacity with respect to Newcastle/Sunderland and Bradford/Leeds, but one would not expect similar concerns to be expressed in

**Table 3: Potential Call Centre Employment by NUTS III Regions**

	Employment	Call Centre 2%	Call Centre 3%
Greater Belfast	270.4	5,400	8,100
East of NI	171.7	3,400	5,200
North of NI	101.9	2,000	3,100
West and South NI	138.3	2,800	4,100
Northern Ireland	682.3	13,600	20,500

Note: Employment data are for 1997 - in thousands. Data are rounded to nearest hundred

relation to Belfast. Furthermore, as Table 2 shows, Belfast has a relatively high unemployment rate (the highest of the areas under consideration) and the presence of this pool in the Belfast labour market gives further confidence in its capacity to absorb further new call centres.

#### CAPACITY ESTIMATES FOR NI AREAS

Whilst the 2% rule is of limited applicability it does at least provide a benchmark for assessing

capacity and so it has been used to provide some 'order of magnitude' estimates of the potential scale of call centre employment in the different sub-regions of NI. The catchment area for call centre workers is quite local as the results of the Large Scale Recruitment Study has shown (see LMB No 13 and No 14). In an urban area the majority come from within a 10km radius; in a more rural, small town, call centre location, because of the lack of alternative employment opportunities, the catchment area extends to 30km. Currently more data on a call centre located in Belfast is being collected to refine this analysis.

**Table 2: Call Centre Employment, Demographic and Labour Market Indicators, Belfast and GB Comparators**

	Call Centre Employment		Labour Market Indicators (Ratio to working age population)		
	No of call centre employees	Per cent of Employed	Employed	Unemployed	Inactive
Bradford/Leeds	22,000	2.2	72.8	4.2	23.0
Cardiff/Newport	1,500	1.3	66.8	4.7	28.6
Newcastle/Sunderland	15,000	3.1	65.7	6.0	28.3
Greater Belfast	3,090	1.1	68.5	6.1	25.4

Table 3 below shows the estimates of potential capacity in the NUTS III areas of NI based on the 2% "rule" and also 3% which we consider a more realistic figure until further research is completed on the catchment area for call centre employees.

It is worth noting that the Table is somewhat out-of-date due to the fact that the 1997 Census of Employment was the latest source of employment data for local areas in NI, when the NIERC Report was written. By way of update the corresponding total employment figure for NI in Spring 2000 is approximately 723,000. Extrapolating from this increase of 41,000 since 1997 gives a figure of between 14,500 and 21,700 for potential call centre employment.

The validity of the 2% "rule" is highly questionable; Glasgow has a target of 20,000 employees which represents 6% of the city's employment or 4% of the wider Glasgow metropolitan area, Greater Belfast (Belfast and Outer Belfast) will have a total call centre employment figure of some 6,000 jobs if all the announced jobs take place i.e. just over 2% of the total employment of Greater Belfast.

## CONCLUSIONS

- Call centre employment was not identifiable from official statistics, other data sources are required. With the introduction of SOC 2000 the situation has improved. (See chapter 9 in this Bulletin).
- Northern Ireland has been cited by independent consultants as one of the best call centre locations and recent successes support this view.
- Some property consultants use 2% of employment as a 'rule of thumb' estimate of a labour market's capacity to support call centres but there is little evidence from leading US and British call centre locations that this figure is a useful measure of capacity.
- Call centre employment in Belfast is forecast to rise to 2% but there is still scope for further expansion and there are other parts of NI where call centres have yet to arrive in any numbers or at all.
- Further research currently underway on the spatial catchment area of call centre employees will refine these estimates.
- Finally when account is taken of a strong increase in labour supply (NI has the highest growth rate of any of the 77 EU regions) and the fact that there is less in the way of competing labour demands such as from financial and business services, the labour supply for call centres looks healthy here.

# What Happened to the Ex-Mackie Workers?

Ben Rowland, Cambridge Policy Consultants

In order to examine the local labour market impacts of the closure of relatively long established companies, the Agency's Research and Evaluation Branch commissioned researchers from Cambridge Policy Consultants and the Department of Land Economy at the University of Cambridge to undertake three case studies.

The first related to the impact of the closure of the Saracens (Coats Viyella) factory on the Lurgan/Craigavon labour market, the second to the impacts on the Ards and Down labour markets of the closure of Killyleagh Yarns. The findings of these studies are summarised in Labour Market Bulletins 12 and 13 respectively.

There is a clear policy interest in comparing and contrasting the labour market adjustments which occur across areas as a result of closure and what the causes of any differentiation might be. Important issues include:

- The rate of re-absorption of redundant workers and the factors influencing this;
- The extent to which workers need to be re-trained;
- The availability of labour for any potential replacement employer; and
- The role and value of the Agency's services in helping those made redundant.

This article summarises the findings from the third case study, this time focusing on the impact on the West Belfast labour market of the closure of the Mackie

factory in February 1999. The methodology used was very similar to that used for the first two case studies which was itself based on the methodology used by the Department for Employment in England to assess the impact of large scale plant closures (British Steel in Lanarkshire, British Coal in Mansfield, British Aerospace in Hatfield and Preston and ICI Fibres in Harrogate).

Two surveys were carried out, one at the time of closure (February 1999) and a second in October 1999. The results of the first are summarised in Labour Market Bulletin 13. A survey of 135 individuals (50% of those made redundant) was carried out in October 1999 by Ulster Marketing Surveys and forms the basis for this article.

We would like at this stage to extend our thanks to the management and workers for their kind cooperation in this study.

In the late 1960s, the 'Mackies' engineering firm, located in West Belfast, employed almost 7,000 people and was (after Pilkington Glass) the second largest privately owned firm in the United Kingdom. Although the numbers had declined from this heyday to some 330 employees by early 1999, it was still a major employer in the area



providing much needed skilled and semi-skilled jobs in an area of very high unemployment. In early 1999, following a protracted period of difficult trading, the firm was put into the hands of receivers. A management buy out of the Automatic Temperature Control (ATC) division secured 60 jobs, but having failed to find a buyer for the rest of the firm, it was announced in February 1999 that some 270 employees would be made redundant. Those made redundant were predominantly male (93%) and were relatively highly skilled (70% reported having some form of qualification) and had worked at the factory for a long time (47% had worked there for more than twenty years). Table 1 provides a breakdown of the age of those interviewed at the time of the follow-up survey. Table 2 indicates that the workforce was relatively well qualified.

**Table 1: Age of Interviewees**

	Frequency	Percent
18-24	16	12
25-44	52	39
45-54	41	30
55+	26	19
<b>Total</b>	<b>135</b>	<b>100</b>

**Table 2: Qualifications**

	Frequency	Percent
GCSE/CSE/O level or NVQ level 2	63	46.7
Work related qualifications such as city & guilds	59	43.7
Other	32	23.7
None	30	22.2
Degree/HND/Post grad	19	14.1
A levels or NVQ level 3	18	13.3
<b>Total</b>	<b>221</b>	<b>*</b>

\*Adds to more than 100% as some interviewees reported more than one type of qualification.

**Table 3: Housing Tenure**

	Frequency	Percent
No reply	2	1
Rent from NI Housing Executive or Housing Association	24	18
Rent from a private landlord	6	4
Owner occupier	103	76
<b>Total</b>	<b>135</b>	<b>100</b>

In terms of housing tenure three quarters of those interviewed were owner occupiers (Table 3). This information was collected as owner occupiers are less mobile than those who, for

example, rent from a private landlord.

Table 4 describes the occupation which the workers had when they worked at Mackie: 42% were

**Table 4: Occupation at Mackie**

	Frequency	Percent
Machine operator/shopfloor operative	57	42
Electrician/technician	34	25
Management	20	15
Sales/despatch	8	6
Personnel/admin	7	5
Supervisory role	4	3
Reception/security/maintenance	4	3
Don't know/no reply	1	1
<b>Total</b>	<b>135</b>	<b>100</b>

machine/shopfloor operatives and 25% were electricians. Table 5 shows that well over half (61%) had been there for more than ten years, with almost one half (47%) more than twenty years.

Most workers lived close to Mackie (61% within five miles) with management more likely to live further away (see Table 6). Over one third (36%) lived in areas of "Targeting Social Need".

Nearly four fifths said they were looking for work quite or very urgently following the closure; 70%, however, were unemployed immediately after the closure, with only 21% moving straight into another job (see Table 6). This situation improved considerably: to the time of the survey (October 1999) 98 individuals, 73% of the sample, had experienced some employment since the closure of whom the vast majority (96 people, 71% of the sample) were in employment at the time of the survey. All those who moved straight into employment were still in employment at the time of the survey, although only 25 of these have been continuously employed in the same job. Two thirds of those who were initially unemployed were employed at the time of the survey.

**Table 5:** Length of Time Worked at Mackie

	Frequency	Percent
Up to one year	10	8
Between 2 and 5 years	27	21
Between 5 and 10 years	13	10
Between 10 and 20 years	18	14
Between 20 and 40 years	55	42
40 years or more	7	5
<b>Total</b>	<b>130*</b>	<b>100</b>

\* Five interviewees did not answer.

**Table 6:** Distance Travelled to Current/Most Recent Employer, Compared to Distance Travelled to Mackie

	Current/most recent	Mackie
Less than a mile	13%	24%
1-5 miles	35%	37%
6-10 miles	19%	21%
Over 10 miles	32%	19%
Don't know/no reply	1%	
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Table 7:** Initial Activity after Closure by Current Activity\*

Initial activity after closure						
		Employed	Unemployed	Education	Inactive	Total
Current Activity	Employed	28	62	3	3	96
	Unemployed	-	31	2	1	34
	Education	-	-	-	-	-
	Inactive	-	1	-	4	5
<b>Total</b>		<b>28</b>	<b>94</b>	<b>5</b>	<b>8</b>	<b>135</b>

\* At time of Survey

Only eight individuals were 'inactive' (not employed and not seeking work) immediately after the closure, of whom half remained so at the time of the survey, when, encouragingly, three were back in employment. The younger and more skilled an ex-Mackie employee was, the more likely employment was to be found post-redundancy.

Nearly half (45 individuals) of those who found employment did so in an engineering or electrical firm, and another 29% in manufacturing. Nearly all of these new jobs (95%) were full-time and over three quarters (77%) were permanent. The more skilled the workers, the more likely were posts to be found that were similar to those they had at Mackie.

Those who have had employment post-Mackie on average have had to travel further than before, although only three have moved house for employment reasons. In terms of take-home pay and the conditions of their new employment, there is a split in experience with roughly the same number reporting a higher take home pay as a lower take-home pay (32% and 35% respectively) and reporting better job conditions as worse job conditions (31% and 29%). Where people have left

work, the main reason given was that the job had only been temporary, followed by finding a better job.

Since the closure of Mackie, 102 people (76%) have experienced at least one spell of unemployment. Three quarters of those who responded to the particular question said that they had extended the type of work they were looking for, nearly two thirds that they had extended the geographical bounds of their job search. The most number of jobs any individual has applied for is 99, although the average is just over 10 applications (as shown in Table 8).

Respondents were asked about the ways in which they had changed their

**Table 8:** Number of Jobs Applied For

	Frequency	Percent
0	9	10
1	13	14
2 - 5	28	30
6 - 10	17	18
11 - 20	15	16
20 or more	10	11
<b>Total</b>	<b>92</b>	<b>100</b>

search activities whilst looking for work (Table 9). Diversifying and extending the geographical search area were the two most frequently identified, followed by training and education. Nearly a third had concluded that there were no jobs available for them.

**Table 9:** Ways in which Job Search Activities have Changed (61 respondents)

	Frequency	Percent
Started looking at different types of jobs	46	75
Started looking further afield	40	66
Thought about joining training/education	26	43
Come to view that there probably aren't any jobs available for them	19	31
Anything else	7	12
<b>Totals</b>	<b>138</b>	<b>*</b>

\* Adds up to more than 100 as some of the 61 respondents to this question gave more than one reason.



Some 27% of those who have experienced unemployment cited age as a barrier to getting back to work, although 52% reported that there were no specific barriers (see Table 10).

Well over half (57%) reported that the closure had caused them problems, primarily financial, either in terms of meeting housing costs or making ends meet more generally. Although in only 13% of cases had another individual in the household been required to take on work, a third had had to make a new benefit claim.

Because of the sensitivities regarding the closure, the Training and Employment Agency was unable to offer assistance **before** the closure was confirmed. This meant that they were only able to provide assistance to 30% of the sample. Of those receiving assistance, 70% said the support they received was 'fairly' or 'very' useful.

#### THE WIDER IMPACT

On examination of figures showing the movement of unemployment in Belfast before and after the closure of Mackies in Belfast and Northern Ireland as a whole, it is difficult to identify the precise impact of the Mackies redundancies.

**Table 10: Perceived Difficulties in Finding Work (102 respondents)**

	Frequency	Percent
Too old in employers' view	27	27
Do not have enough experience/jobs	7	7
No demand for my specific skills/ my type	7	7
Because I cannot travel far to work	4	4
Because I am the 'wrong' religion	1	1
Because I live in the 'wrong' place	1	1
No - nothing specific	53	52
Don't know/no reply	10	10
<b>Totals</b>	<b>110</b>	<b>*</b>

\* Adds up to more than 100 as some of the 102 respondents to this question gave more than the one reason.

There is some evidence for a rise in unemployment at about the time when the ex-Mackie workers would be 'signing-on.' However, unemployment had been subject to somewhat cyclical behaviour in the period before closure and a recovery phase sets in fairly quickly leading to a continued downwards trend in the overall unemployment position. By the end of the data series examined, March 2000, the trend position had been broadly downward. In the scheme of things if all of the ex-Mackie workers had remained unemployed then the overall impact on the level of unemployment for the whole of Belfast would obviously have been small. However, we know from the Survey that there was a

relatively favourable rate of job up-take. Certainly, the broad Belfast labour market trend in unemployment remained favourable throughout the whole of the period examined.

#### CONCLUSION

It is clear that some of the workers (especially the older and less-skilled) have struggled to reintegrate into the labour market and have suffered accordingly. However, the evidence from our survey - that the local labour market has been able to re-absorb most ex-Mackie workers, albeit not always in the same occupation - is backed up by wider evidence for the labour market as a whole in West Belfast.



# A Survey of farming Families - Work in Progress

Sheila Magee, Economics & Statistics Division, DARD

This article explains the changing "job descriptions" of those who farm today in Northern Ireland and how these changes impact on the skills they need to succeed.

In particular it outlines a proposed major survey of farmers and their families which will explore and evaluate their current skills and work experience and provide an understanding of their future aspirations.

Not so long ago farmers were people who grew crops and raised livestock. For this they had basic husbandry skills, obtained largely through handed-down knowledge and experience from working on the family farms from a very young age. This was supplemented by agricultural training provided by the Ministry, later the Department of Agriculture, at the three agricultural colleges - Greenmount, Loughry and Enniskillen - and in the Agriculture Faculty of the Queen's University of Belfast. This continues to be the case with the Department providing a wide spectrum of courses, from agricultural degrees through college diplomas and certificates to one or several days' training on specific topics.

A farmer has, amongst other skills, to be a mechanic, to operate and maintain complex and expensive machinery; a chemist, to understand the correct nutrient balances and maintain hygiene standards; and an accountant. He must also be aware of what is happening and the likely consequences of events in markets throughout the UK, the EU and beyond.

## ON FARM DIVERSIFICATION

For many farmers, producing food from their land can no longer provide an adequate income and they have turned to new ways of using their physical assets, using their land and buildings to generate other forms of income. Farm diversification has been widely promoted through the past decade, the most common forms being agricultural contracting, bed & breakfast or self-catering accommodation, and equestrian services. The list of possible activities is endless; what suits each farm depends on its location and the skills of the people involved. But all forms of diversification have one thing in common - they supply niche markets, and generally only a few businesses can prosper in any one activity, a feature which creates particular problems in the provision of skills.

## OFF FARM WORK

The limited scope for on-farm diversification, particularly in a country without a large urban population such as there is in the South of England, is generally recognised. Increasingly farmers are turning to off-farm employment to supplement their farming activities, rather than risk capital in

activities for which they may have no experience and few skills.

### PROVIDING THE NEW SKILLS

It is with this background that the Department of Agriculture and Rural Development and the Training & Employment Agency have combined to see how best they can equip farmers and their families to face the new challenges. A major survey is about to be undertaken in which the skills and work experience of farm families will be explored to see how well they match the employment opportunities now available to them. The aspirations of those who are looking for alternative income sources, or who feel they may soon be obliged to in order to make a living, will be explored so that suitable training facilities can be provided to help them.

The general perception is that many expect to continue farming while undertaking new work either on or off farm and their work patterns are likely to be significantly different from those in other sectors. Many may be entering the non-farming labour market for the first time at a comparatively advanced age and may need special forms of support.

### THE SURVEY

A random sample of almost 4,000 farms will be selected and the survey will explore a wide range of issues affecting the farming population. The interviews will be extended to each household which is supported by these farms and each family member who regularly works on them. The interviews will be conducted by the skilled staff of the Northern Ireland Statistics and Research Agency (NISRA), beginning in mid-November 2000. The survey should be completed early in 2001 and the results will be available shortly thereafter.

Among the many information gaps the survey will fill are:

- **Farms which have adopted on-farm diversification** - number, location, types of farm, types of diversification, employment provided, relative contribution of diversification to household income;
- **Persons involved in on-farm diversification** - age, sex, work experience, education and skills;
- **Persons considering on-farm diversification** - number, age, education and skills, willingness to undergo training, types of training required, preferred pattern of training;
- **Farms where no-one is considering diversifying** - number, reasons for not considering diversification;
- **Farmers and other family members who have off-farm employment** - number, age, education and skills, employment pattern, types of work done, location of work, relative importance of off-farm income to total income;
- **Farmers and other family members who are seeking off-farm employment** - number, age, education and skills, willingness to travel, willingness to undergo training, types of training required, preferred pattern of training;
- **Farmers and other family members who are not seeking off-farm employment** - number, reasons for not considering off-farm employment.

# Education and Earnings in Northern Ireland

Colm Harmon (University College Dublin & Centre for Economic Policy Research)

Ian Walker (University of Warwick & Institute of Fiscal Studies)

Victor Dukelow (DHFETE)

The benefits of education to society, to the economy and to the individual accrue in many ways. Apart from the social benefits, the better educated tend to earn more than their counterparts.

These extra earnings represent the financial return to individuals from their investment in additional education and this we refer to as the “rate of return” to education. This rate of return can act as a barometer of how well individuals are responding to the economic incentives to invest in education. A high rate of return, relative to the return that could be achieved on other financial investments, is evidence that individuals and society are investing too little in education. Estimates of returns to individuals reflect the private financial returns only and the literature suggests that they are likely to be at the lower bounds of returns to society as a whole. In other words not all the benefits of education are captured by the students which is an argument for public subsidy if under-investment is not to occur.

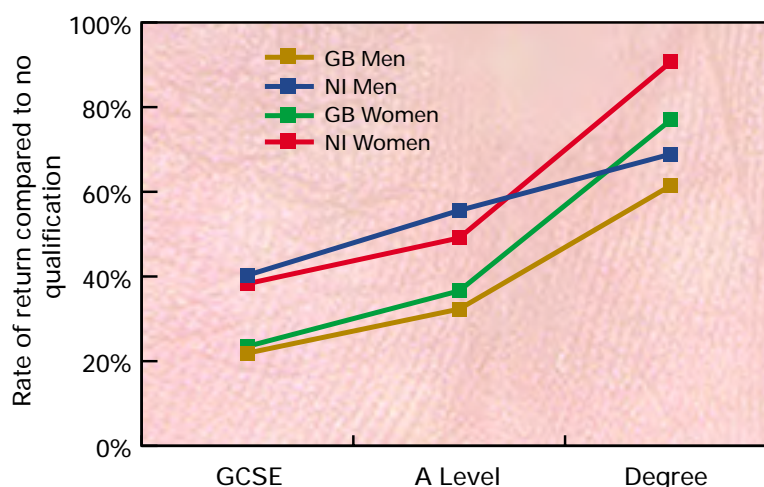
The focus of this research, which was commissioned by the Department of Higher and Further Education, Training and Employment (DHFETE), is on the private rate of return to education as measured by higher wages. If it can be established that the private returns in NI are high in comparison to other investments then policy makers should ask the question why individuals are not investing sufficiently in education.

The study is an econometric analysis of data principally from the NI Family Expenditure Survey (NIFES) and the NI Continuous Household Survey (NICHES) and it provides estimates of the average rate of return for an additional year of education. The results for Northern Ireland indicate that, on average, an extra year of education adds 8%

to male earnings and 12% to female earnings. This compares with around 6% and 10% for GB men and women respectively. Additional education therefore acts to reduce the earnings gap that exists between NI and GB and between males and females.

The data also permit an analysis of the return associated with particular types of qualification compared with having no qualifications. The results of this analysis are illustrated at Figure 1 where the slopes of the lines show the additional returns associated with moving from one qualification level to the next. These rates of return are significantly larger in NI for the GCSE qualification but are somewhat smaller for NI men at the Higher Education level. In other words the wage penalty associated having no

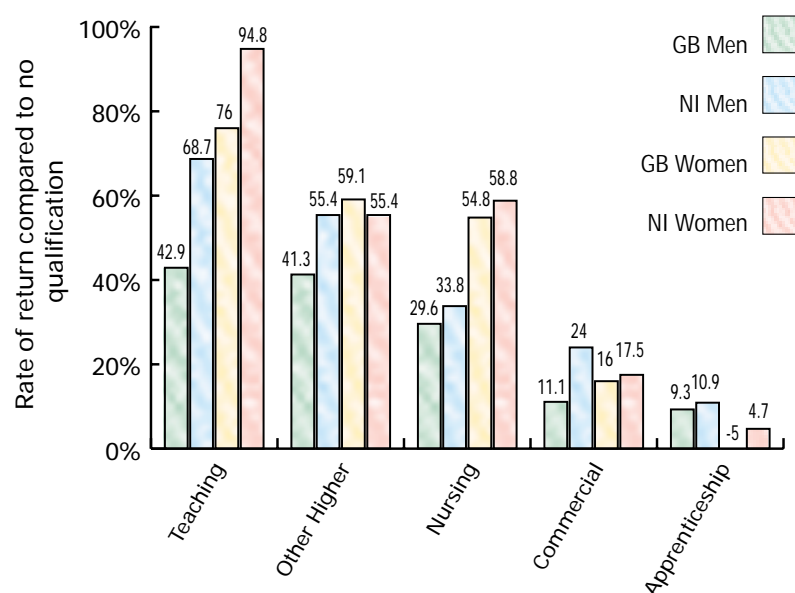
Figure 1: Average Returns Associated with Level of Qualification



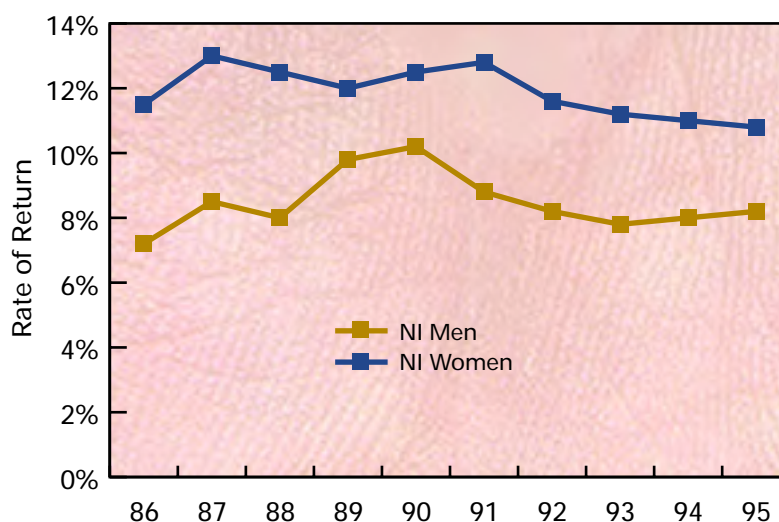
qualifications is significantly larger in NI than in GB and this could indicate an oversupply of poorly qualified people in the NI labour market. It should be pointed out that this is an analysis of the labour market stock and does not simply examine those who have just entered the labour market. In Northern Ireland the number of school leavers with few or no qualifications has dropped significantly over the last number of years. Therefore, the apparent oversupply of labour with no qualifications could be more of a stock rather than a current flow problem. This would support a policy encouraging lifelong learning.

The rates of return to higher vocational qualifications

**Figure 2:** Average Returns Associated with Higher Vocational Qualifications



**Figure 3:** Average Returns to Education by Year



compared to those with no qualification (Figure 2) are similar in NI and GB except for teaching qualifications where the returns in NI are higher. However if this is compared to A levels, which are essentially a pre-requisite to acquiring a

teaching qualification, the return to a teaching qualification is not significantly different from GB.

With respect to type of degree our analysis suggests a high return associated with males who possess an Engineering degree. They earn 23% more on average than those with an Arts degree. Furthermore, the results indicate that there has been no significant decrease in the returns to education over time (Figure 3). Therefore, there does not seem to be sufficient grounds for believing that the large recent increase in the supply of graduates has depressed the returns to education. Indeed the evidence suggests that the increase in the demand for highly skilled and educated labour has only just kept pace with the large increase



in supply so keeping the return approximately constant over time.

There is a debate in the literature over the extent to which education actually raises an individual's productivity as opposed to merely acting as a signal (to employers) of an individual's existing productivity. Our investigation into this issue suggests that the impact on productivity is by far the dominant factor. The signaling value is rather small, probably accounting for around 1 percentage point of the overall rate of return to education.

The fact that post-compulsory education generates a high return in NI compared to the rest of the UK raises a number of issues. Large returns to education, far in excess of the rate the UK Treasury assumes for investment projects, suggests rational behaviour for individuals would be to capture these financial returns by staying on or returning to education. The gap between NI and GB in the rate of return to post compulsory education suggests either an undersupply of education places or a lack of demand for places from NI individuals. In other words either NI born individuals have systematically different preferences that make them less likely to invest in their own futures or they find

education more expensive or difficult to acquire. The suggestion that NI individuals have different preferences seems unlikely given the cultural similarities between the two regions and it would therefore seem safer to conclude that acquiring education is more difficult than for GB residents. This supports the case for encouraging and facilitating higher levels of post compulsory education participation in NI particularly targeted at those with low levels of qualifications.

An alternative data source available to us is the Higher Education Northern Ireland (HENI) cohort study of two distinct groups - one who entered further or higher education in 1979 and another who entered in 1985. Both groups were re-sampled in 1991 enabling a clear picture of their early labour market experiences to be drawn. This data source is particularly illuminating on the wage differential between NI and GB and indicates a large wage penalty for working in NI as opposed to GB regardless of the location of study.

The probability of studying at GB Higher Education institutions rather than in NI is slightly higher for men than for women and for Protestants than for

Catholics. The probability of returning to NI having studied in GB is larger for women and for Catholics. It is interesting that the higher achieving A-level students from the Protestant population are far more likely to leave for their education in GB and the better qualified of this group choose to remain in GB.

We also investigate the nature of migration for education and the impact of this on returns to education. Based on a separate analysis for GB residents who were GB born and GB residents who were born in NI we find that internal migration from NI to GB does respond to the relative sizes of unemployment rates and availability of Higher Education places. We also find that individuals who are more likely to leave NI (for unobservable reasons) are more likely to have high wages relative to those born in GB. For example, "ambitious" people are more likely to migrate and ambition is rewarded in the labour market.

A final point to note is that since these estimates reflect private returns to education or returns to the individual they do not take account of the cost of providing education or wider economic benefits external to the individual. What can be said is investment in education is likely to be a

sound investment for the NI economy as a whole with a rising tide raising all boats. Recent research emanating from the United States suggests that an increase in the proportion of those educated to graduate level in the working population raises the earnings of all workers, including those who leave school at a comparatively early age. Evidence also exists that enhanced environmental awareness, greater social cohesion and reductions in criminal activity can stem from education-driven demographic change. These give even further weight to the incentive for additional investment in education identified by the high rates of return in Northern Ireland.

The full report entitled "Education and Earnings in Northern Ireland" is available at a price of £5 from:

Tertiary Education Statistics  
and Research Branch  
Department of Higher and  
Further Education, Training  
and Employment  
Address as in this Bulletin.

# How Fared the Class of '91? The Experience of Graduates in the Workplace

Helen Leith, Centre for Research on Higher Education,  
a Joint Centre of The Queen's University of Belfast and the University of Ulster

This article is concerned with the early labour market experiences of a cohort of NI domiciled entrants to higher education (HE) who largely entered employment in 1994/5.

It reports the results of a study that looked at the current position of these graduates in 1998/99 - where they were, what they were doing, their perceptions of their acquisition of skills while studying and the development and utilisation of these skills in the labour market.

## BACKGROUND

The graduate labour market in recent years has been characterised by:

- Increasing supply of graduates with more diverse qualifications. The Institute for Employment Studies (IES) Annual Graduate Review 1998/99 shows that the numbers of graduates entering the labour market has more than doubled over the past decade. Despite this growth, entry to some key disciplines such as physical sciences and engineering and technology has been falling, as has the proportion on sandwich courses.
- Sustained demand for graduates within an increasingly fragmented labour market. Graduates are entering a wider range of jobs and companies. Recent research indicates that the proportion of first degree graduates going into traditional graduate jobs has fallen and that fewer were being employed in firms with formal graduate entry programmes. Many are now employed in small and medium sized companies.
- Concern that many graduates are entering employment that does not make the best use of their

abilities. Recent evidence has indicated that many are taking more than a year and sometimes up to three years to find their way into permanent employment. Those graduating in computer science, engineering and mathematics, in medicine and related subjects have been the most likely to move into high level managerial, professional or technical jobs. In contrast, those with degrees in biological sciences, the humanities, social sciences and the creative arts have experienced the highest initial levels of unemployment and are least likely to be in managerial, professional or technical jobs (IES Annual Graduate Review 1998/99)

Much of the recent research on the graduate labour market has concentrated on employers' needs and expectations with much emphasis on the necessity for graduates to enter employment with a number of "core" skills such as the ability to communicate effectively, numerical ability, skill in the use of information technology and the ability to work with others. Comparatively few studies have focused on graduates' views of their skill development either within HE or the labour market.

## THE STUDY

The study referred to in this article was jointly commissioned by the then Training and Employment Agency and the Department of Education Northern Ireland in 1998. It sought to obtain graduates' perceptions of their development on a range of skills within HE and their subsequent use and development within employment. It also sought information on the value of a degree in the current labour market, the key questions here being how easy/difficult is it for graduates entering the labour market; are some graduates more employable than others; at what level are graduates entering the labour market?

A postal survey was conducted with a cohort of

entrants to HE who were originally resident in NI and who entered both degree and sub-degree courses. Most of these entrants had graduated by 1994/95 and by 1998 some 83% were in full-time employment. The survey was supplemented by 28 telephone interviews with a selection of graduates who were chosen on the basis of their current location, gender and subject area studied.

The classification of skills used in the study was developed by the Institute for Employment Research at the University of Warwick (Purcell and Pitcher 1996). These skills can be loosely grouped into:

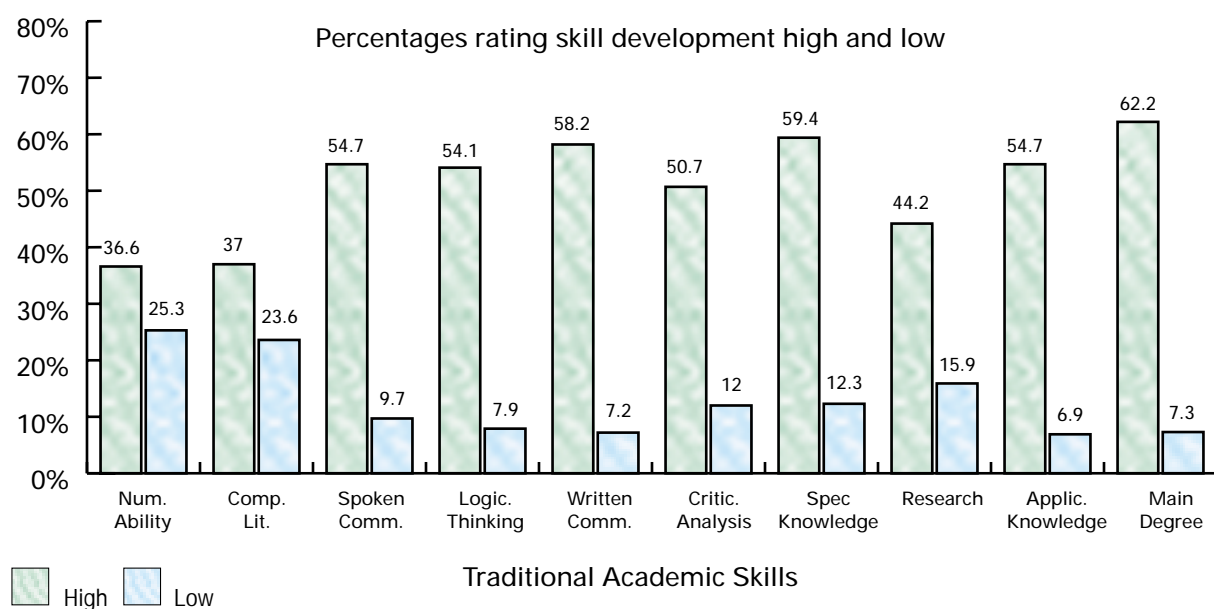
- traditional academic skills (such as spoken communication, logical thinking and the ability to apply knowledge);

- personal development skills (such as self-discipline, problem-solving and the desire to continue learning);
- enterprise/business-related skills (such as entrepreneurial skills, leadership skills and the ability to work in a team).

## SKILL DEVELOPMENT IN HIGHER EDUCATION

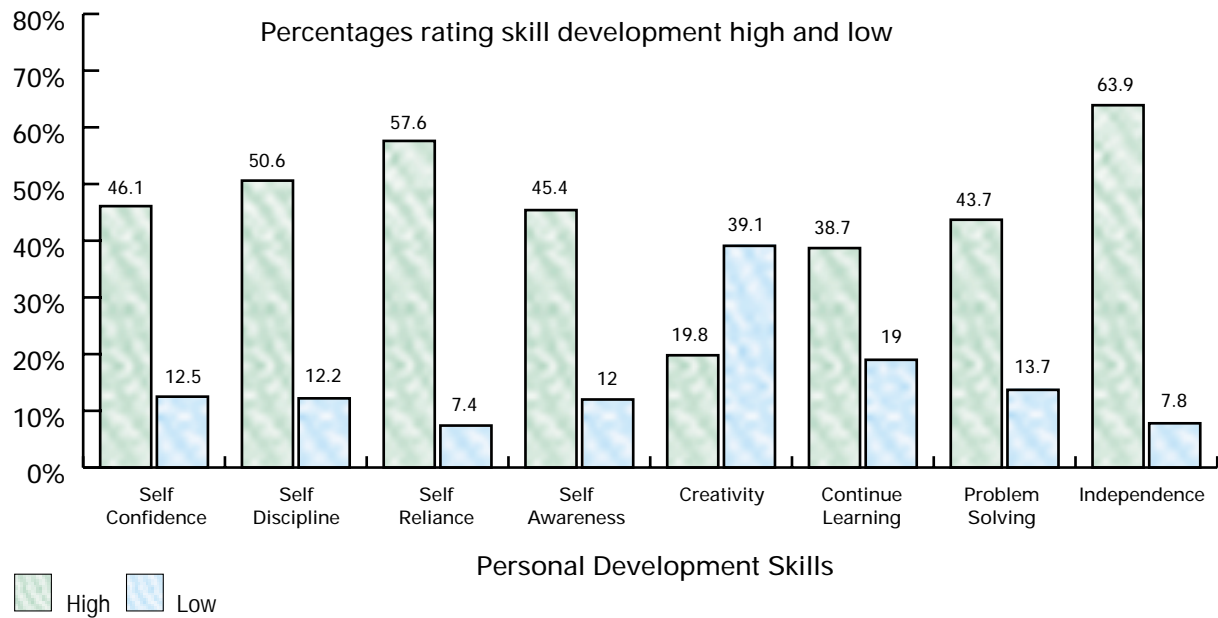
Over this range of skills, respondents generally indicated that their higher education experience enabled them to develop most of these skills to a fairly high level. Figure 1 shows that they were most confident about their development on traditional academic skills with the exception of numerical ability and computer literacy.

Figure 1: Development of traditional academic skills

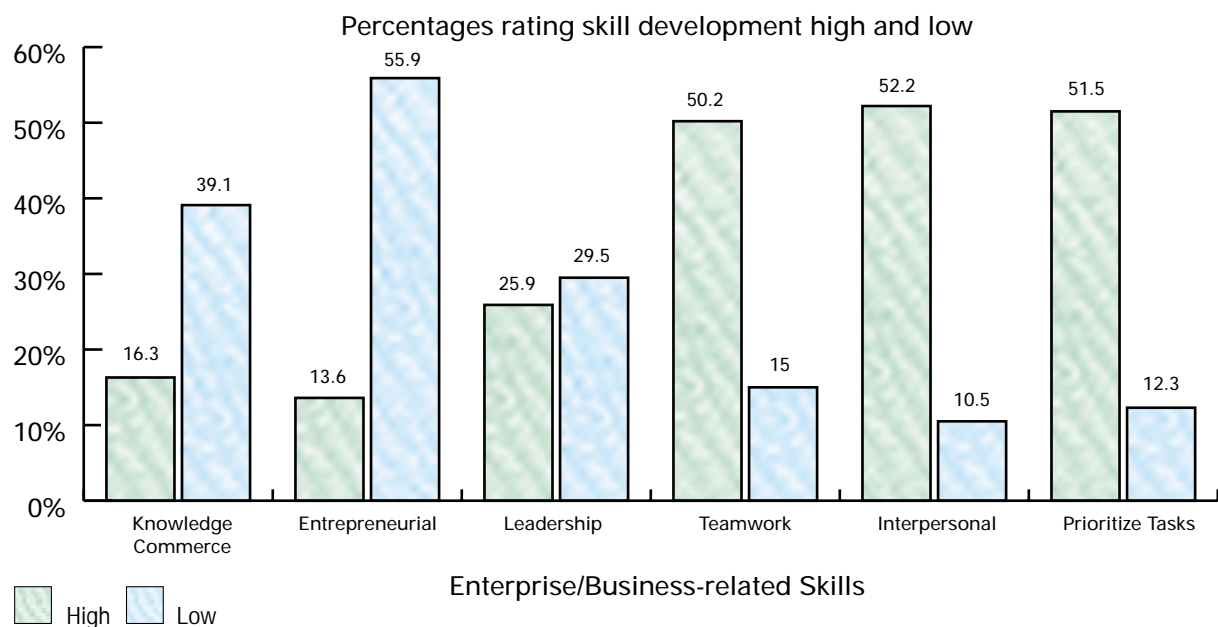




**Figure 2:** Development of personal development skills



**Figure 3:** Development of enterprise/business-related skills



To a large extent the development of numerical skills was linked to the subject studied (for example only one fifth of Medical and Arts and Humanities graduates rated this skill as

highly developed compared to almost two thirds of Engineering and Technology graduates).

Respondents also provided a positive assessment of

their opportunity to enhance personal development skills Least developed in this category of skills were creativity and the desire to continue learning. Enterprise/business-related

skills show a lower range of confidence. Approximately half of those responding indicated that interpersonal skills, the ability to work in a team and the ability to prioritise had been well developed within their courses. However, some 60% recorded that entrepreneurial skills and knowledge of business (40%) had received little or no attention.

#### **SKILL USE AND ENHANCEMENT WITHIN EMPLOYMENT**

In assessing graduates' experience of employment information was sought along a number of dimensions. First, graduates were asked whether they had had an opportunity to use specific skills and then whether they had had an opportunity to develop these skills. Second, they were asked to answer these questions for the time spent with their first employer after graduation and, separately, for their current employer. The purpose of this was to provide some basis for indicating progression in skill development.

Graduates reported that they had experienced no consistent use and development of skills whilst in employment. The skills most likely to be developed were spoken communication, logical

thinking, specialist knowledge and the ability to apply knowledge but this consistent use and development in the workplace was reported by less than 20% of respondents. The traditional academic skills receiving least enhancement were research skills and knowledge gained in their main degree subject. Numerical ability was not used or developed to any great extent.

On the range of personal development skills, self-confidence and problem-solving were most likely to be used and developed (recorded by 15% and 14% of respondents respectively). Skills on this dimension least likely to be developed within employment were creativity and the desire to continue learning, the same skills that were least developed within higher education.

The enterprise/business-related skills least likely to be developed were knowledge of commerce and entrepreneurial skills, which were least developed within higher education. Skills most likely to be developed in employment were interpersonal skills, ability to work in a team and the ability to prioritise tasks. However, only a minority (less than 20%) indicated consistent enhancement of these skills.

Findings revealed a number of consistent patterns in graduates' perceptions. For example there was a close association between perceived skill development in higher education and subsequent use and enhancement in employment. In general, those who reported high levels of skill development within courses also tended to indicate consistent use and development within employment. There could be a number of explanations for this. It may be that those who have a positive perception of their higher education experience are better motivated towards using and developing their skills in employment. They may consequently avail themselves of opportunities for further development. Moreover, those who rate their development as low within higher education may be more critical of their experience and have higher expectations of their further development in employment.

There were small but consistent differences between those currently living in NI and those living elsewhere. Respondents living in NI were less likely to have used and developed the range of enterprise/business-related skills with the exception of working in a team.

## INTERVIEWS WITH GRADUATES

Telephone interviews were conducted with 14 respondents employed in NI, and 14 who were working in GB. These graduates were asked to focus on aspects within their courses that led to skill development, the transferability of skills to employment and the structures and systems in employment that helped to encourage further use and development of these skills.

The evidence from interviews revealed that few workplaces provided the type of learning environments where graduate skills were actually developed and enhanced. There were no consistent patterns in systems and strategies used by employers in identifying skill deficiencies; graduates were often left to identify their own skill gaps and there was little evidence of support systems. The majority of respondents in this study were employed in small to medium sized companies. However, the deficiencies identified in the workplace were not confined to smaller employers.

## THE VALUE OF A DEGREE

Three indicators were used to provide an indirect assessment of the value of a degree in the labour market:

- graduates' experience of employment and unemployment;
- their employment level;
- their earnings.

Respondents reported high levels of full-time employment with most experiencing little difficulty in entering the labour market. Some 30% reported some level of unemployment within their first year after graduating, but it tended to be of short duration ie less than 6 months. Thereafter there was a steady decline in reported levels of unemployment. A very small number, however, indicated that they had experienced prolonged levels of unemployment.

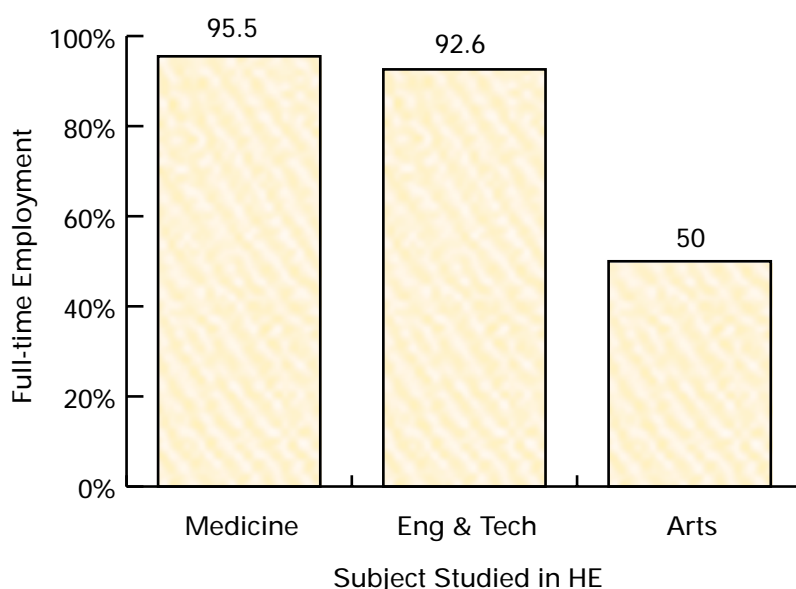
Employment patterns were linked to the subject of the degree held by graduates

(Figs 4 & 5). Medical and engineering and technology graduates, for instance, were more likely than arts graduates (especially those who had studied the creative arts) to be in full-time employment.

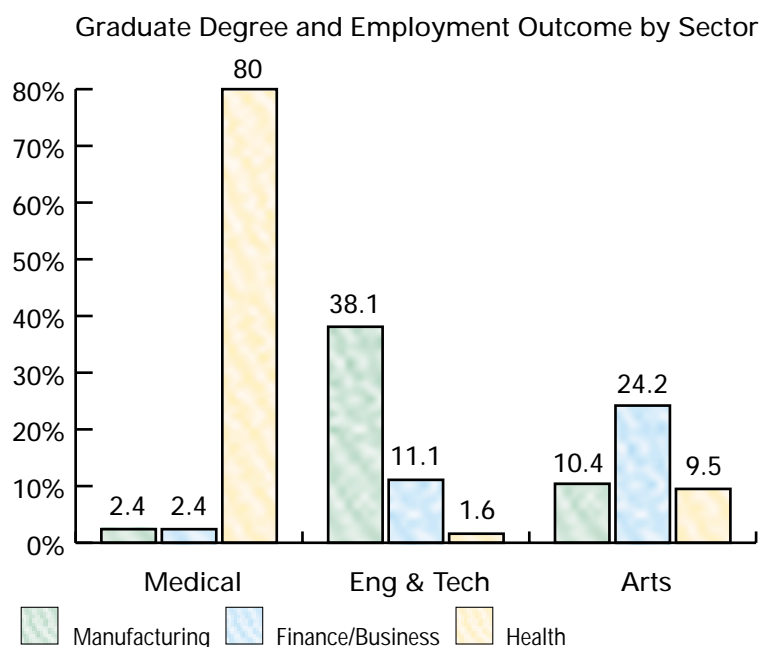
The influence of subject area was also found in the type of industrial sector entered. Engineering and technology graduates tended to cluster in manufacturing industries whereas arts graduates were found in a broader range of industrial activity.

Just over 50% of respondents considered themselves to be employed at graduate level and 57% entered jobs where a degree was not a pre-requisite suggesting, that many felt under-utilised in their employment. Those who had taken an indirect route

Figure 4: Percentages in full-time employment by subject area



**Figure 5:** Subject area and industrial sector - percentages of graduates employed in manufacturing, finance/business and health sectors



to degree level (ie had originally entered higher education at sub-degree level) were less likely to be employed at graduate level. There was no strong evidence that the HND was seen to provide a distinctive vocationally-oriented route to employment in its own right.

Average income for respondents was just over £18000 for those in full-time employment. Gender differences were quite striking - on average males earned more than £2000 per annum more than females; 58% of males were in the upper income bracket of more than £17000 compared to 40% of females. The lowest paid occupations for both genders were within

the clerical/secretarial area; however, 57% of males were recorded in this band compared to almost three quarters of females.

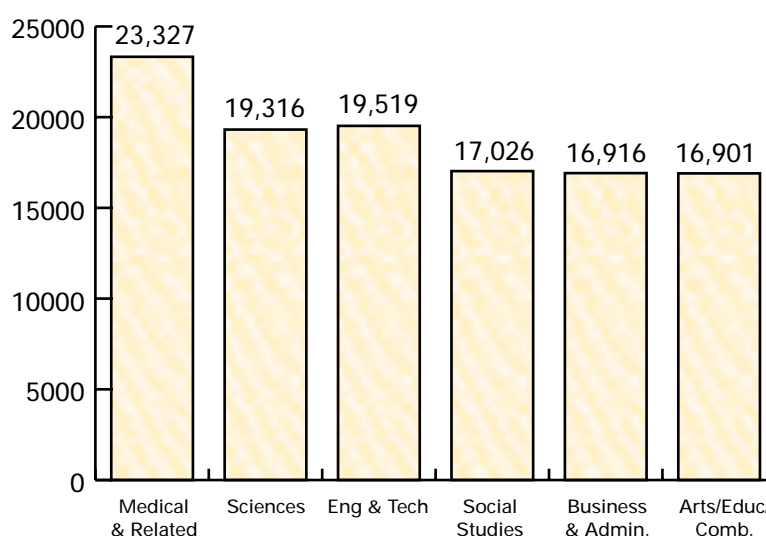
Earnings also differed significantly by subject area

studied in HE. **Figure 6** shows average earnings by subject area for those in full-time employment. The highest earners were those who had undertaken medical and medical related courses, followed by engineering and technology students. Those who had studied arts and combined courses tended to have lower average earnings.

This evidence points to a mismatch between demand and supply in some key areas such as engineering and technology. For this discipline entry levels in HE are falling yet demand in the labour market is high as indicated by high post-graduate employment rates and relatively high earnings.

Those resident in NI on average earned significantly less than respondents currently living outside - average income for full-time

**Figure 6:** Average gross annual income by subject area





employed in NI was £16126 compared to £22130 outside. No significant differences in earnings by religion were found.

## CONCLUSION

The main findings of this study incorporate a number of messages for key groups:

### Employers

Employers have long complained that graduates do not bring with them the requisite skills and experiences needed for the labour market. Employing a graduate represents a considerable economic investment, particularly in smaller enterprises and the clear message from this study is that employers must pay attention to the scope and management of their graduate training programmes if they wish to retain the graduates they recruit. The evidence from our respondents would suggest that few workplaces provide the type of learning environments where graduate skills are actually developed and enhanced. However, it is also important to state that the picture is not uniformly bleak. Some graduates reported very positive experiences that were characterised by:

- a clear commitment from the top of the company to training;
- strategic planning for skill needs within the company which meets individual and company needs;
- the provision of systems and structures designed to identify areas for development;
- support and guidance systems for new entrants.

### Training Agencies

Most of the graduates in this survey are employed in the SME sector and the responses reveal a neglect of training and skill development in this important sector of employment. Documents such as Strategy 2010 exhort the education system to develop relevant skills but make little comment on the need for employers to continue training to ensure progressive development and skill enhancement in the workplace. There is clearly a need for the Training and Employment Agency and Sectoral Training Councils to encourage individual firms and organisations in developing training strategies designed to utilise and enhance skills of all employees, but especially of graduates. Training initiatives such as Investing in People would appear to be very appropriate in this context, yet the 1998 report "Skill Needs in Northern

Ireland" (Labour Market Bulletin No 13) shows a low, albeit rising, level of employer involvement in the initiative.

### Higher Education

The main context for this study is concerned with the relationships between higher education and the labour market. Increasingly, with the growing numbers of graduates entering the labour market, employers' organisations have sought to influence the content of higher education courses so that graduates enter employment with what are regarded as essential, generic skills. HEIs have sought to respond positively to such pressures and have begun to alter dramatically the format of many courses. A recent report (Burniston, Rodger and Brass, 1999) found that the Enterprise in Higher Education initiative had produced significant change in the mindset of institutions to include Employability and Enterprise as legitimate concerns of higher education.

The generally positive assessment by our respondents of their HE experience and opportunities for skill development leaves no room for complacency. Notable gaps in skill development were in the areas of business knowledge and entrepreneurial skills

indicating a clear need for cooperation between HEIs and employers in providing opportunities for undergraduates of all disciplines to experience the world of work and develop these skills.

#### **Government/policy-makers**

The final observation in relation to this study concerns the government's initiative on "lifelong learning" which was introduced in response to the rapidly changing nature of skill needs in the economy. In general our respondents held a positive perception of their skill development within higher education but not in key areas such as creativity and the desire to continue learning. This, coupled with the evidence of a poor learning environment in the workplace is a potentially worrying combination. Those charged with developing or implementing policy on lifelong learning would do well to ensure that graduates are targeted alongside other groups.

#### **FURTHER INFORMATION**

A full list of references can be obtained from the author.

A copy of the full report "Skill Development and Enhancement: A Study of Northern Ireland Graduates" by Helen Leith, Bob Osborne and Tony Gallagher, can be obtained from the Centre for Research on Higher Education, a joint centre of The Queen's University of Belfast and the University of Ulster.

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# Who Studied Where?

## Student Flows Between NI, GB and RoI

Róisín Thanki, Centre for Research on Higher Education, University of Ulster

Student flows between both parts of Ireland and GB have always been a feature of higher education participation in these islands. Yet, because the movement involves two national systems little has been known about the wider picture in terms of the geographical origins,

entrance qualification or subjects of students moving between the jurisdictions.

This has been remedied recently when the Higher Education Authority in Dublin commissioned the Centre for Research on Higher Education (CRHE) and Professor Pat Clancy at UCD, to provide a statistical analysis of student movements. The first in a

series of three reports, looking at the 1997 student application and acceptance data from the Irish Central Admissions Office and the British Universities and Colleges Admissions Services (UCAS), was published recently.

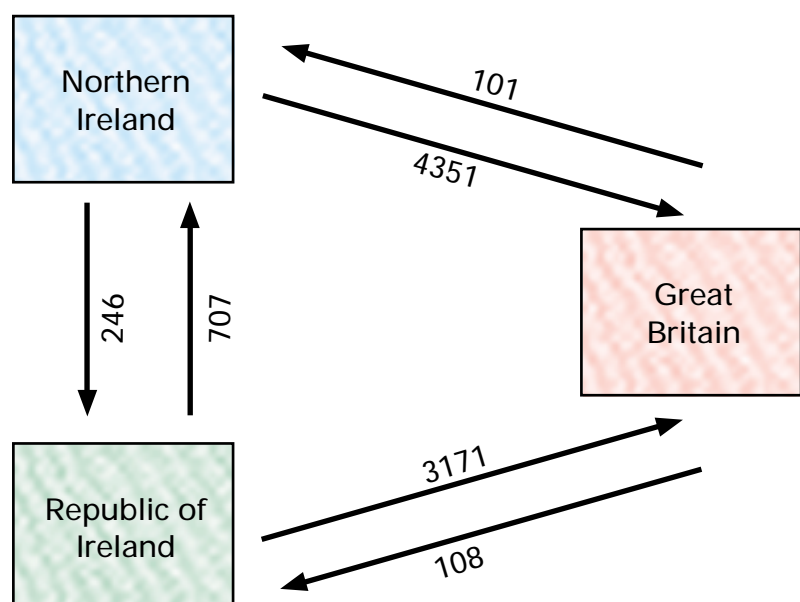
As Figure 1 shows, when considered by acceptances of offers to study, both NI and the RoI send the equivalent of a small institution into GB based institutions. The flows in the opposite direction are just a trickle and while these figures relate to 1997 only, this is a fair representation of the flows for a number of years.

However, with recent changes to the higher education systems, in particular student financing taking full effect in both regions, we can expect changes in these flows in coming years. These changes are evident in the last two years when the number of NI students being accepted for/accepting places in GB has fallen to 4170 in 1998 and 3862 in 1999. Figures will also show

an increase in the number of students coming from GB to NI (to 255 in 1999) and a substantial decline in the number of students coming north from the RoI. This coincides with the introduction of the abolition of fees for full-time undergraduates and an increase in the number of places available in the Republic.

The report provides details on age, social background, level of study and region of origin for both applications and acceptances. Overwhelmingly, applicants irrespective of region of origin, are aged 21 and under and are seeking degree level study. Around two thirds of UK applicants to the RoI are from NI with around a third of these coming from County Down, reflecting perhaps, the easy

Figure 1: Acceptance Flows 1997



access to the Republic from the county. Arts/Social Sciences and Human Medicine are popular degree courses for GB domiciled applicants (39% and 36% respectively). A quarter of NI applicants applied for Arts/Social Sciences and 18% applied for Human Medicine.

Only 3% of applicants through the UK system are from the RoI and just under 4% are from NI. About nine tenths of UK applications are for study at GB based institutions. More than half of NI students applying through UCAS apply to study in both GB and NI based institutions with only 16% of NI students seeking to study only in NI at the application stage. This changes at a later stage, as we shall see and reflects the use of 'insurance' choices at application stage. In contrast, more than half of RoI applications are for GB based institutions with around 28% applying for both GB and NI and 17% opting for NI only.

Medicine/Dentistry and subjects allied to Medicine

are popular courses for RoI applicants to the UK, followed by Business and Administrative Studies.

Applications are just the start of the process of moving into higher education and while we do not have data on actual take up and retention of places, data on acceptance levels provide a good indication of the success of applications through the various systems. As Table 1 indicates, NI domiciled applicants were more likely than their GB counterparts to get one or more offer and conversely to get no offer of a place at a RoI institution. However, GB domiciled applicants are more likely than their NI counterparts to accept an offer of study. This may indicate that NI students are using applications to the RoI as an 'insurance choice' in the event of failure to secure a place at home or in GB. However, further work using as yet unavailable data would be needed to confirm this view.

It is possible to construct notional success rates for

students applying through UCAS and to do this by social class. This is particularly important in the UK at present as the debate on widening access is high on the policy agenda. Before turning to such success rates however, it is worth considering acceptance levels through UCAS in more detail.

As would be expected over 90% of acceptances through UCAS are for degree level study. Only 58% of NI applicants have been offered and accepted a place at home with around two fifths accepting offers from GB based institutions. On the whole, RoI applicants opted to accept places at GB based institutions (82%) with less than a fifth accepting a place in NI. Social Studies and Business and Administrative Studies proved the most popular courses among NI males and females (with slightly more females accepting the former courses) irrespective of which region of the UK they choose to accept a place for study.

**Table 1:** Progress of UK Applicants through the CAO System by Region of Origin 1997

	Northern Ireland		Great Britain		Total	
	N	%	N	%	N	%
Applicants	1,322	69.0	593	31	1,915	100
Applicants getting one or more offer	858	64.9	230	38.8	1,088	56.8
Applicants not getting any offer	464	35.1	363	61.2	827	43.2
Applicants with offers, accepting	246	28.7	108	47.0	354	32.5
Applicants with offers not accepting	612	71.3	122	53.0	734	67.5



Overall, gender differences do emerge in subject choice among students from both parts of Ireland. About twice as many females (around 10%) as males accept places in subjects allied to Medicine with Mathematical Sciences and Informatics attracting more males. Around twice as many males accepting places in NI institutions opt for these subjects (11% and 12% respectively) as do males accepting such courses at GB based institutions (6% and 9% respectively). Less than 1% of Rol applicants through UCAS are accepted into Medicine/Dentistry compared to around 5% who apply for this subject area. The level of accepts into NI based institutions is similar but the level of applications for this subject area is lower. Three other subject areas are popular with Rol students; subjects allied to Medicine, Engineering and Technology, and Business and Administrative Studies. Of Rol students accepting places in GB, 10% of males and 25% of females opted for Subjects allied to Medicine, 19% of males and 2% of females opted for Engineering and Technology and 11% of males and 9% of females accepted Social Studies.

In terms of social class background, almost 40% of all accepts are from the Intermediate classes (social

**Table 2:** Nominal UCAS Application Success Rates 1997

Social Class	Rol	NI	GB
I Professional	32.3	77.1	82.0
II Intermediate	33.1	68.4	78.5
IIIN Skilled non-Manual	33.0	66.5	75.8
IIIM Skilled Manual	33.1	61.5	74.4
IV Partly Skilled	35.3	61.5	73.4
V Unskilled	29.0	58.2	72.0
X Not Known	41.1	57.8	72.0
Average	33.8	64.4	75.4

class II), followed by roughly equal proportions from the professional, skilled manual and skilled non-manual classes. Those faring worst in terms of acceptance levels are those from partly skilled and unskilled backgrounds who make up 8% and 2% of accepts respectively. It's true that they also apply in smaller numbers but it will become obvious below that their entry success rate is also lower than other social classes. There are some differences in terms of social class among those NI applicants who accept places locally and in GB based institutions. While about equal proportions of those from the Intermediate classes accept places in NI and GB, 14% of males and 12% of females who accept a place for a degree in GB are from the Professional social classes compared to 8% and 6% respectively who accept a place at home.

To turn then to nominal entry success rates, on

average Rol applications through UCAS are least successful with an average success rate of around 34%, compared to 64% for NI applications and 75% for GB domiciled applications. In all cases the higher social classes have higher success rates (Table 2). It has previously been suggested (Osborne, 1999) that NI's consistently lower entry success rate may be due to NI students failing to achieve the required grades and choosing to re-sit A levels or opting for HNDs through the further education sector, rather than to go through 'Clearing' with UCAS. In the case of Rol applicants where the application success rate is by far the lowest, it may be that higher education in the UK is an insurance option for use in the event of failure to obtain a place within higher education at home, and this option does not often have to be exercised.

It should be borne in mind that this data set relates to a particular set of student funding arrangements which have since changed. While students domiciled in Scotland will now have their own set of funding arrangements, those elsewhere in the UK are now faced with means-tested tuition fees and an all loans system of funding instead of a maintenance grant. Initial analysis of the data for 1998 and 1999 suggest no significant overall changes in UK patterns of application and acceptances. However, Northern Irish students appear more interested in staying in NI, putting greater pressure on places here. This may be relieved to some extent by significant changes in relation to RoI students. Since 1997 the RoI has abolished tuition fees for full-time undergraduates and indications are that this, together with an increase in the number of places for students, has reduced the flows into the UK system.

UCAS recently published an analysis of UK-wide pre and post 1997 data which confirms that the main impact of fees has been on mature students. However, the statistics remain inconclusive on the question of widening access and making universities more egalitarian. The only real trend in student profiles is the increasing dominance of females, said to stem from

their stronger achievements throughout the education system (see *The Guardian*, 15.8.00)

The full report, *UK/Ireland Student Flows: An Analysis of the 1997 Student Application and Entry Data* by Thanki, R, Osborne, RD and Clancy, P (2000) is available from the Centre for Research on Higher Education, University of Ulster at Jordanstown, Co. Antrim, BT37 0QB or by email from RA.Thanki@ulst.ac.uk. Further reports on subsequent data sets will be available later in the year.

Osborne, RD (1999) *Higher Education Participation in Northern Ireland*, Research paper 6, June 1999, Centre for Research on Higher Education, University of Ulster, Jordanstown.

# "Status 0" Four Years on: Young people and Social Exclusion in NI

Duncan McVicar, Northern Ireland Economic Research Centre

This article provides a summary of a recent study of marginalised young people in Northern Ireland (NI).<sup>1</sup> The research was based on a survey commissioned by the Training and Employment Agency (T&EA) and was carried out by a team from the Northern Ireland Economic Research Centre (NIERC) and the University of Ulster (UU).

## SUMMARY

Rates of joblessness among young people in NI are low for 16 and 17 year olds at around 5% but increase dramatically for the 18-20 year old age group to over 10%.<sup>2</sup> This corresponds with large numbers of young people leaving further education in sixth forms or colleges and leaving government sponsored training schemes. Many spells of joblessness among young people in the 16-22 year old age group are of long duration, with over half of all spells lasting six months or more.

Young people that face multiple disadvantages are more likely to experience long spells of joblessness. The young jobless often face a combination of disadvantaged family background, poor school experiences and qualifications, and come from more disadvantaged areas of NI.

Experiencing a spell of joblessness at 16 or 17 years old (Status 0) is a good predictor of future joblessness. Not all those that experience Status 0 go on to be jobless in later years, however, although it tends to be the less disadvantaged that 'escape' from such marginalised positions. Equally, not all the jobless in the 18-22 year old age group were jobless

at 16 or 17. Of those in education, training or employment at 16 and 17, it tends to be the more disadvantaged that 'fall into' joblessness in later years.

## INTRODUCTION

In 1995 the T&EA commissioned a team from NIERC and UU to carry out research on young people aged 16 and 17 neither in employment nor in full-time education and training in NI (Status 0). As part of the research, NIERC carried out a survey of a cohort sample of 980 young people first eligible to leave school in June 1993 (Status 0 Survey, Cohort One, Sweep One).<sup>3</sup> This survey suggested, despite existing 'snapshot' estimates showing only 5% of the age group were Status 0 at any one time, that around a quarter of the cohort had experience of at least one spell of Status 0 between July 1993 and June 1995. One tenth of the cohort had experienced a spell of at least six months.<sup>4</sup>

In 1999 the T&EA commissioned a follow-up of the 1995 survey (Status 0 Survey, Cohort One, Sweep Two) to find out what had happened to the original young people over the following four years. As well as examining the nature of joblessness among young people in NI, the resulting research concentrated on

1 Young People and Social Exclusion in Northern Ireland: Status 0 Four Years On. D. McVicar (ed). Copies of the report are available from Research and Evaluation Branch, Department of Higher and Further Education, Training and Employment, 39-49 Adelaide Street, Belfast BT2 8FD, Tel: 028 9025 7777. The report can also be downloaded from the NIERC Website <http://www.qub.ac.uk/nierc>.  
2 'Jobless' is defined here as being not in

employment, education or training. In other words it includes the unemployed and others who are not engaged in full time education, training or employment but who are not covered by conventional definitions of unemployment (e.g. those not working on disability grounds or those caring for children). Alternative terminology for this group includes 'non-participants', 'Status 0' and 'NEET'. 'Status 0' is usually reserved for jobless

aged 16 and 17 (as they are not covered by official claimant-count based unemployment figures). Joblessness is strongly correlated with social exclusion, as both a cause and a symptom.  
3 I.e. a sample of young people from the same school year group.  
4 This earlier research is summarised in Labour Market Bulletin, No. 10, T&EA

answering the following five questions:

1. Are young people in NI who are Status 0 more likely to experience joblessness as adults?
2. Do some young people manage to move out of (escape) marginalised positions?
3. Are there young people who become increasingly marginalised over time despite positive early labour market experiences?
4. What lies behind these patterns?
5. What can policy makers do to reduce joblessness and social exclusion among young people in NI?

#### THE 1999 FOLLOW-UP SURVEY (STATUS 0 SURVEY, COHORT ONE, SWEEP TWO)

If we are to learn anything significant about the dynamics of joblessness and social exclusion, *longitudinal data* that follow a cohort through time are required. The Status 0 Survey is the only example of such data for NI. Sweep Two of the survey contains monthly activity data over the period July 1993 to March 1999 and detailed background information for a sample of 712 young people first eligible to leave school in June 1993. The original sample was stratified to maximise the number of

responses from more marginalised young people, in order to allow accurate statistical analysis. The survey data are then weighted to make them representative of the cohort population (i.e. all NI domiciled young people first eligible to leave school in June 1993).

#### COHORT ACTIVITY AND JOBLESSNESS, FROM AGE 16 TO AGE 22

In the autumn of 1993, following completion of compulsory education, most young people from the cohort are in some form of continuing education, either at school or in a college of

further education (FE). Most of those not in education are in training (at the time this was the Youth Training Programme). Around 5% are in employment and a further 5% are jobless. Over the next few years, numbers in school, FE and training fall and numbers in employment grow. A significant proportion of the cohort enters higher education (HE) at age 18. Corresponding with the falling numbers of young people in education and training, joblessness increases with age, reaching a peak of around 13% when the cohort is mostly aged 20 years old. These patterns are shown in Figure 1.

Figure 1: Cohort Activities, October 1993 - March 1999, Percent of Cohort

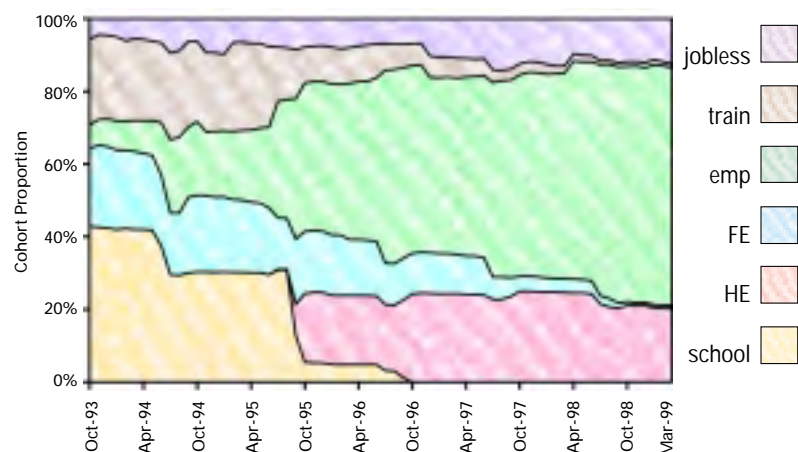
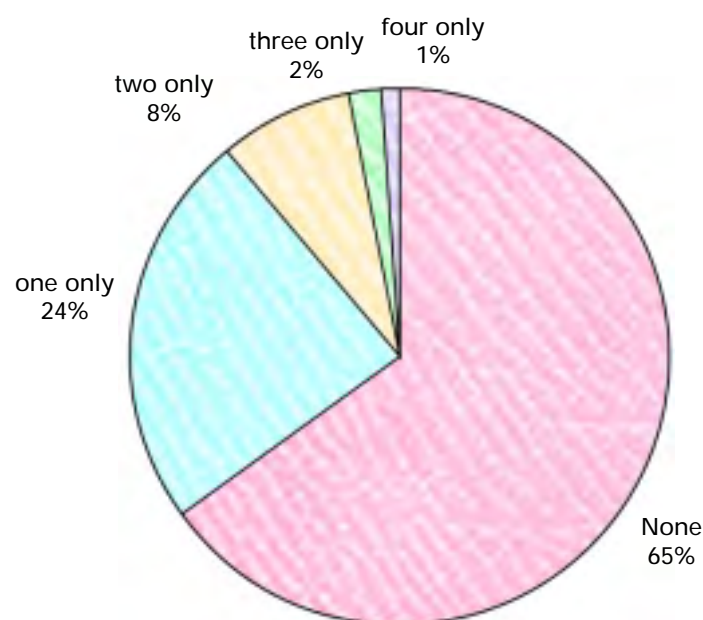




Table 1 shows proportions of the cohort that experience spells of joblessness (and spells of the more narrowly defined ILO unemployment) of different lengths over the first six years following completion of compulsory education.<sup>5</sup> A third of the cohort experience at least one spell of joblessness. Two thirds of these experience a spell of at least six months and a half (one sixth of the whole cohort) experience a spell of joblessness of at least 12 months.

Figure 2 shows the number of separate spells of joblessness that young people in the cohort experience over the six-year period following completion of compulsory education.

Figure 2: Number of Spells of Joblessness, October 1993 - March 1999, Percent of Cohort



Note: No sample members experienced more than four spells of joblessness over the sample period.

Table 1: Experience of Joblessness and Unemployment Spells, Percent of Cohort

	Joblessness	ILO Unemployment
At least one spell	35	27
At least one spell $\geq$ 3 months	29	22
At least one spell $\geq$ 6 months	24	17
At least one spell $\geq$ 12 months	17	12

Only 11% experience more than one spell. The overall picture of joblessness among young people in NI is one of relatively low levels at age 16 and 17, but higher levels at age 18 plus. These higher levels are driven more by a relatively small number of young people in long-term joblessness rather than by many young people experiencing repeated short spells of joblessness.

### CHARACTERISTICS OF THE YOUNG JOBLESS

Table 2 shows characteristics of young people that are associated with long-term joblessness. Many of these characteristics are correlated. For example, young people with unemployed fathers have an increased chance of having poor qualifications. In other words, some young people face *multiple disadvantages*, and it is these young people that are most likely to experience joblessness and social exclusion.

Econometric analysis shows that, other things being equal, young people are more likely to experience a six month or more spell of joblessness at age 18 plus if:

- They have already experienced a spell of early Status 0,
- They are Catholic,
- They are poorly qualified at age 16,
- They come from families with experience of unemployment,
- They come from disadvantaged areas,

<sup>5</sup> The ILO definition of unemployment is the definition adopted by the Labour Force Survey. It excludes those that are not looking for work, or not waiting to start a job or education/training place already obtained. Although narrower than our definition of joblessness (i.e. all those not in

education, training or employment) the ILO definition of unemployment is wider than the claimant count definition of unemployment (those out of work and claiming job seekers allowance benefits).

**Table 2:** Cohort Proportions Experiencing Spells of Joblessness by Characteristic, Percent

	6+ months spell of joblessness	12+ months spell of joblessness
Whole sample	24	17
Male	21	15
Female	26	19
Catholic	24	20
Non-Catholic	23	14
Belfast & West	36	29
Rest of NI	16	10
5+ GCSEs	11	5
< 5 GCSEs	32	23
Father unemployed	40	34
Live with single parent (at 18)	34	29
TSN Area	26	21

- They come from single parent families (significant for boys only),
- They have children (significant for girls only).

### IN-DEPTH INTERVIEWS WITH MARGINALISED YOUNG PEOPLE AND PROFESSIONALS

Additional qualitative evidence, from in-depth interviews with 30 marginalised young people and focus groups with professionals working with these young people (youth and community workers, social workers, probation officers, careers officers and New Deal Personal Advisers), suggests the following patterns. The points are illustrated with some of the comments made by young people and professionals during the interviews.<sup>6</sup>

- Social exclusion of young people begins at an early stage in life. School experiences are very important.

*"The young people who are most excluded have lost touch with the educational process from about age 11 or 12 years."* [youth worker]

- Transition from school to work can be difficult and some young people seem to make the 'wrong' choices.

*"I did not get any careers advice. I did not know it was going on."* [young person from Belfast]

*"I did a GNVQ in Leisure and Tourism and went on to FE College, but I dropped out after a year."* [young person from Belfast]

- Most marginalised young people want to work, although a small number seem intent on remaining 'excluded'.

*"We need more jobs."*  
[young person from Strabane]

*"I didn't want to sign on. I want to get a job."* [young person from Belfast]

*"I had a young man. He wanted to be a chef but he felt he would try and get DLA (disability living allowance) first. This is the luxury benefit. I met him recently and he got it. He is happy now."* [careers officer]

- Young people want 'proper jobs' not schemes.

*"New Deal? That new thing...I prefer to get a job."*  
[young person from Derry]

- Young people in excluded positions often have low self-esteem, low expectations and little ambition.

*"In six months I'll be back on the dole."* [young person from Strabane]

*"As long as they have a bottle of vodka three nights a week and cannabis to do them after the parties, then life is being lived to the full. This is what you are up against."* [social worker]

<sup>6</sup> The quotes are taken from Loudon, R. and McCready, S. 'The experience of social exclusion: In depth interviews with young people and professionals' in D. McVicar (ed), 2000, op cit.

- New Deal is not seen as being effective for the most marginalised.

*"When they are only going to be better off by £20 or £30 per week, it is not worth it and it is very hard to get through to them. This scheme is not an incentive for many of them."* [New Deal Personal Adviser]

*"New Deal may even exclude them more. I am working with people who have not shown an ability to sustain any kind of commitment, whether it is attending an appointment or whatever. New Deal is compulsory so they end up getting struck off."* [social worker]

- Relationships with support workers (e.g. New Deal Personal Advisers) are very important.

*"He (the New Deal Personal Adviser) just sits there. He expects me to go out and get a job for myself. The other one did more research and was more help to me."* [young person from Strabane]

*"Youthways gave me the safety I needed after school, they treated me like a person. They cared."*<sup>7</sup> [young person from Derry]

## ANSWERING THE FIVE QUESTIONS

1. Are young people in NI who are Status 0 more likely to experience joblessness as adults?
2. Do some young people manage to move out of (escape) marginalised positions?

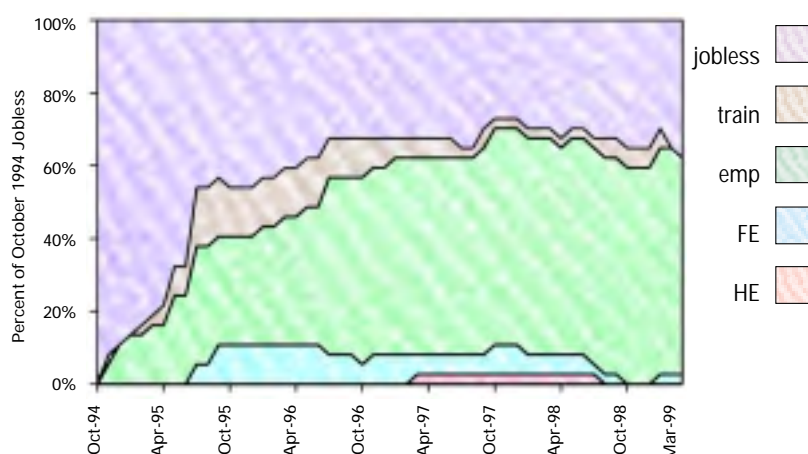
These questions are best answered together. Econometric analysis of the survey data shows that young people that experience joblessness at age 16 or 17 are significantly more likely to experience joblessness at age 18-22, even after controlling for family background, individual and environmental factors. This can also be seen by comparing Figure 3 with Figure 1. In Figure 1, just over 10% of the whole cohort are jobless at the end of the sample period (March 1999).

The sample in Figure 3 is restricted to those that are jobless in October 1994 (one year after completion of compulsory education). Around 40% of this restricted sample are jobless at the end of the sample period. The remaining 60% of the young people shown in Figure 3 are not jobless at the end of the sample period, despite being status 0 at age 17. Most of these find employment within one year. In other words, many young people 'escape' from early joblessness, mostly into employment.

3. Are there young people who become increasingly marginalised over time despite positive early labour market experiences?

The contrast between low joblessness levels at age 16

Figure 3: What Happens to Early Status 0s?



Note: The sample is restricted to all those in the sample who were Status 0 (jobless) in October 1994. N=39.

<sup>7</sup> Youthways was a scheme for unemployed young people with a strong emphasis on personal development.

and 17 and high joblessness levels at age 18 plus suggests that some young people do fall into marginalised positions despite having a 'good start' post-16. Econometric analysis suggests that *other things being equal*, what young people do at 16, with the exception of those that enter joblessness, has little significant influence on chances of future joblessness.

#### **4. What lies behind these patterns?**

Econometric analysis suggests the most important *quantifiable* factors that influence a young person's chances of experiencing joblessness are family background, qualifications at age 16, and early labour market experiences. Qualitative evidence points to confusion about career choices, low self-esteem, and low aspirations.

The more disadvantaged of the Status 0 group are the least likely to 'escape' from marginalised positions, either independently or through schemes such as New Deal. Similarly, it is the more disadvantaged that are the most likely to 'fall into' marginalised positions despite 'good starts' at age 16 and 17.

#### **5. What can policy makers do to reduce joblessness and social exclusion among young people in NI?**

Policy makers need to take a holistic approach to tackling joblessness and social exclusion of young people in NI. Such an approach should consider problems at school for the bottom 10%, problems with transition from school to work, and problems with intergenerational transmission of disadvantage. Such an approach could be built into existing policy, e.g. New Targeting Social Need (New TSN), with additional specific measures (a) to provide better advice and support for young people during transition from school to work, and (b) to improve the effectiveness of New Deal for the more disadvantaged.

#### **The Way Forward**

A major conference is being planned to take place at the Spires Centre (central Belfast) on 13 December 2000 for details contact Clair McCready at telephone 028 9025 7627 or e-mail [clair.mccready@dhfeteni.gov.uk](mailto:clair.mccready@dhfeteni.gov.uk)



# Migration Flows Between NI and GB The Impact on the NI Labour Market

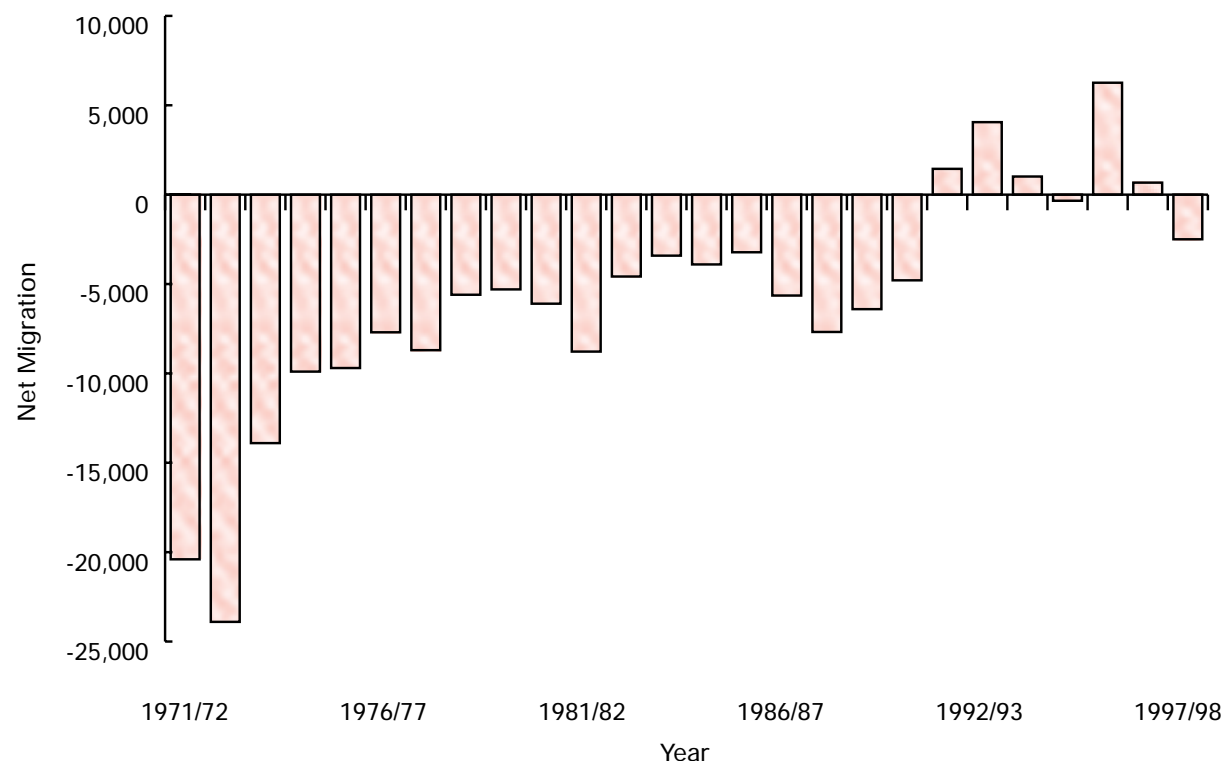
Graeme Hutchinson , Tony Simpson, Economic Research and Briefing Branch, DFP

Northern Ireland (NI) has historically experienced high levels of net emigration. This long history of emigration was seen as a response to the limited economic opportunities within NI.

Figure 1 shows that the number of people leaving NI exceeded the number of people coming to NI during the period 1971/1972 - 1989/1990. Net out-migration fell from the high levels of the early 1970s (net out-migration was 20,400 in 1971/1972), to stabilise in the late 1970s and 1980s at approximately 5,000 per annum. However, this situation has changed over recent years. NI has experienced net immigration for five out of the last seven years.

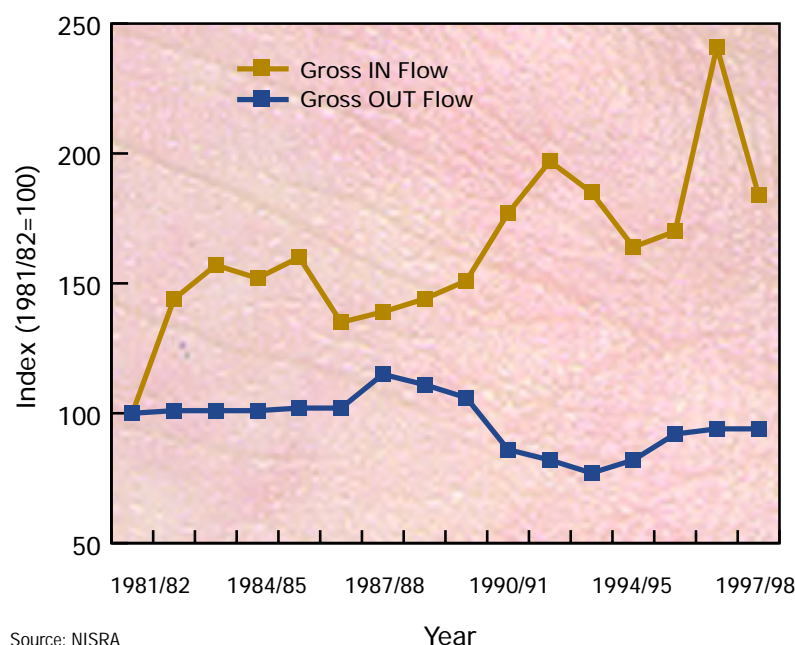
Figure 2 demonstrates that this move from a position of net out-migration to net in-migration in the 1990s was due to both falling numbers of emigrants and increasing numbers of immigrants. In particular, the level of immigration rose by 83.6 per cent between 1981/1982 and 1997/1998, reaching a recent high of 23,970 in 1996/1997

Figure 1: Net Migration in NI



NB: A positive balance indicates net in-migration  
Source: NISRA

**Figure 2: Gross In and Out Flows of Migrants**



Source: NISRA

There is a significant body of research into the reasons for NI's historically high levels of emigration and the characteristics of the emigrants themselves. Some of this research would postulate a direct connection between the comparatively high level of natural population increase in NI and emigration. Until recently, employment opportunities in NI were relatively static, so, with the natural increase in the labour force there has been a tendency for employment shortfalls. In broad terms, there have been two solutions to this employment shortfall: either people migrate and seek employment elsewhere or they become unemployed. In this context, emigration may be viewed as a safety

valve, in that by releasing the pressure of 'surplus population', this helps maintain a degree of balance in the labour market. However, NI's historically high levels of unemployment may mitigate against such a viewpoint. Another view of emigration, alternative to the one just presented, views it as a 'brain drain' on the NI labour market. The argument is that the stream of emigrants from NI is no longer composed mainly of unskilled workers and their dependants. On the contrary, it is the most able individuals who are cited as leaving NI and taking up residence elsewhere. Therefore, with a greater proportion of NI's brightest and most able people leaving, the employment

creating capacity of the economy is inevitably hampered.

However, the research referred to previously does not adequately consider the increasing levels of immigration experienced in recent years. While the economic climate has improved considerably in NI, employment rates remain below UK rates. Therefore, the primary concern of this paper is to highlight the main features of the immigrant population, in order to assess the potential impact these flows may have on the NI Labour market.

The analysis shall be limited to immigrants originating from GB. Immigration data covering both 1993 and 1999 will be analysed, therefore capturing any change in the composition of the immigrant population entering NI. We anticipate that the paramilitary cease-fires in 1994 and the ensuing peace process, whilst not being the sole factor, will have influenced the trend in GB/NI immigration.

## THE LABOUR FORCE SURVEY

The official NI migration data (produced by the NI Census Office) presented above are published in the form of aggregate in and out migration statistics which provide no information on

the personal characteristics of the migrants moving between GB and NI. However, such information can be obtained from the Labour Force Survey (LFS). The LFS is a random sample of households which provide information on basic demographic characteristics, and for people aged 16 and over, the LFS also provides information on economic activity at the time of the Survey, and one year previously. Migrants can be identified because respondents are required to give their residence, both at the LFS date and one year previously. A drawback of using LFS data is that any findings from the analysis will clearly be subject to the usual sampling error problems.

#### AGE-SEX COMPOSITION

Before commenting on the LFS migration data, it is worth noting that in the mid-year population estimates for 1999 (produced by the NI Census Office), males accounted for 49.0 per cent of the population, and females 51.0 per cent. The corresponding figures for the LFS non-migrant group were 48.9 per cent and 51.1 per cent respectively. Therefore, the LFS data compares favourably with the Census Office estimates. Table 1 shows the gender composition of immigrants from GB in 1993 and 1999.

**Table 1:** Gender Composition of Immigrants from GB

	Immigrants from GB (1993)	Immigrants from GB (1999)
Males	49.1%	49.5%
Females	50.9%	50.5%

Source: LFS

**Table 2:** Age Distribution of Immigrants from GB (16-64)

Age Group	Immigrants (16-64) from GB (1993)	Immigrants (16-64) from GB (1999)
16-24	41.1%	33.5%
25-44	44.1%	57.7%
45-59	14.2%	7.2%
60-64	0.6%	1.6%

Source: LFS

During these two years immigrants to NI from GB were evenly split between the two genders.

As far as the age distribution of the immigrants is concerned, the data presented in Table 2 are consistent with the well established finding that adults within the 16-44 age group tend to be the most mobile. Immigrants from GB who were aged between 16 and 44, accounted for 85.2 per cent, and 91.2 per cent of the total number of immigrants of working age (16-64) in 1993 and 1999 respectively. The most noticeable difference in the age structure of immigrants between the study years, is the increase in the proportion of immigrants in the 25-44 age group in 1999. The

percentage of working age immigrants in this cohort rose from 44.1 per cent to 57.7 percent. This represents an increase of almost 31 per cent.

#### ECONOMIC STATUS

Information from the LFS is also available on the economic status in NI of the immigrants. In Table 3 immigrants are categorised as follows: either in employment or unemployed, economically active or economically inactive. The economic activity rates of the immigrants (62.8 per cent in both 1993 and 1999) are broadly comparable with those of NI's non-migrant population. However, the immigrant unemployment rate implied by the LFS data

is significantly higher than the unemployment rate of the indigenous population. The implied unemployment rates for immigrants in 1993 and 1999 are 26.0 per cent and 12.3 per cent respectively. The decline in unemployment rates among immigrants is broadly in keeping with the trend in NI unemployment rates over the period, but the differential has remained.

The LFS also provides information on the economic status of the immigrants, pre-migration, one year previous to the survey date. Unfortunately, approximately half of the respondents in both surveys failed to indicate what their economic status was one year previous to the survey.

Therefore, it is not possible to draw any meaningful conclusions from the information supplied by respondents.

## QUALIFICATIONS

The highest qualifications attained by the immigrants from GB of working age (16-59/64) in 1993 and 1999 are detailed in Table 4. One important difference between immigrants in 1993 and 1999 relates to the higher qualification category (Degree/Teaching Qualification/Diploma/Other Higher Qualification), with over one-fifth (21.9 per cent)

**Table 3: Economic Status of Immigrants in NI**

	Immigrants from GB (1993)	Immigrants from GB (1999)
<b>Economically Active</b>	<b>62.8%</b>	<b>62.8%</b>
In Employment	46.4%	55.1%
Unemployed	16.4%	7.7%
<b>Economically Inactive</b>	<b>37.2%</b>	<b>37.2%</b>

Source: LFS

**Table 4: Highest Qualification attained by Immigrants from GB**

	Immigrants from GB (1993)	Immigrants from GB (1999)
<b>Highest Qualifications</b>	<b>14.6%</b>	<b>21.9%</b>
Degree	10.6%	13.0%
Teaching Qualification	0.0%	0.5%
Diploma	3.2%	5.8%
Other Higher Qualification	0.9%	2.6%
'A' Level or equivalent	7.6%	22.0%
GCSE equivalent	40.3%	34.7%
Other Secondary Qualification	11.0%	4.9%
No Qualification	18.3%	15.3%
N/A	8.1%	1.2%

Source: LFS

of immigrants attaining this level in 1999, compared to only 14.6 per cent in 1993. The majority of this cohort had a degree, although diploma qualifications also featured prominently.

There has also been a significant increase in the proportion of immigrants with secondary level qualifications achieving 'A'

Levels between 1993 and 1999; 22 per cent of the immigrants questions had achieved 'A' levels in 1999, compared to only 7.6 per cent in 1993. This increase has been matched by a decline of a similar magnitude in the proportion achieving all other secondary qualifications (GCSE Equivalent/Other Secondary Qualification).



However, when the immigrants achieving secondary level qualifications other than 'A' levels are added to those with no qualifications, it is apparent that over half of the immigrants from GB (in 1999) have very basic or no formal qualifications.

## OCCUPATIONAL STRUCTURE

Table 5 details the occupational structure of those immigrants who were employed in NI at the time of the survey. The LFS data again demonstrates the diverse nature of the immigrant population in both sample years. In 1993, there were almost equal numbers of Professional and Managerial immigrants (20.0 per cent) and Semi/Unskilled immigrants (22.8 per cent). The proportion of Semi/Unskilled immigrants fell dramatically to 8.3 per cent in 1999, possibly reflecting the improvement

in the level of qualifications attained by those moving to NI in 1999. However, the proportion finding employment in Professional and Managerial positions has not changed greatly between the survey years. Rather there has been an increase in the proportion gaining employment in the Intermediate Non-Manual, Personal Services, and Skilled Manual groupings.

## CONCLUSION

The primary focus of this brief analysis was to highlight the main features of the immigrant population in order to assess the potential impact these flows may have on the NI labour market. The significance of the LFS data used in this paper and the subsequent results is twofold. Firstly, it suggests that the immigrant population is "bi-modal", involving the entrance of not only those exhibiting

relatively high human capital potential (in terms of age, qualifications, and occupational grouping), but also those that possess little in the way of formal training and qualifications, and with limited prospects of employment in the local labour market. Secondly, the high unemployment rate of immigrants and the high proportion of immigrants with very basic or no qualifications would suggest that speculative migration may be an important feature of GB-NI labour movements.

The LFS data suggests that the trade-off between unemployment and migration may be more complex than that implied by traditional economic theories that were referred to earlier. Not only does there appear to be a significant movement of immigrants from GB who find employment in NI, there is also an unemployment pressure caused by the movement of immigrants who do not find employment upon their arrival in NI. Therefore, given that the recent GB/Ni immigration trends may be a factor in creating extra pressure on the NI labour market, it is clearly a topic that requires further careful analysis and debate. The objective of this paper has simply been to contribute to such a debate.

**Table 5:** Occupational Grouping of those in Employment

	Immigrants from GB (1993)	Immigrants from GB (1999)
Prof & Managerial	20.0%	20.4%
Intermediate Non-manual	30.4%	37.4%
Personal Services	7.6%	10.2%
Skilled Manual	14.8%	18.9%
Semi/Unskilled Manual	22.8%	8.3%
Own Account	2.9%	3.9%
Not Specified	1.5%	1.3%

Source: LFS

# Impact of Tax rates North and South on Mobility of labour

Feargal P. McCormack, FPM, Chartered Accountants

The existence of different tax regimes in Northern Ireland ("the North") and Republic of Ireland ("the South") has a direct impact on mobility of labour between North and South and the availability of labour on the island of Ireland. This article draws attention to two important areas, personal (direct) taxes and corporate taxes.

With skill shortages evident, particularly in the South, personal tax rates play a very important role in attracting key staff to companies operating North or South of the Border. For this reason it is important to appreciate the different personal tax and national insurance rules North and South. As examples the overall cost to the employer of employees at two different salary ranges, £15,000 and £35,000 are given. It also must be recognised that the existence of different Corporation Tax rates and grant incentives in the UK and ROI can influence the location of a business, North or South.

## PERSONAL TAXES

The Revenue Authorities both North and South have implemented an income tax system of Pay-As-You-Earn for employees. However the income tax rates, personal allowances and the bands vary between North and South, and as a result the take home pay differs in each jurisdiction. The income tax personal allowances for both North and South for the year 2000/2001 are summarised in Table 1 whilst the income

TABLE 1: Income Tax - Personal Allowances

NI 2000/01	ROI 2000/01
Single person's allowance: £4,385	Single person's allowance £4,700
Married Couple's allowance - Nil	Married person's Allowance £9,400
	Relief for personal allowances is restricted to standard rate only in 2000/01 as was the case in 1999/00

**TABLE 2:** Income Tax - Tax Rates

NI 2000/01		ROI 2000/01	
Rate	Band	For married couples with two incomes, where the wife's income treated as the Husband's:	
10%	up to £1,520	First IRE£34,000 (Note1)	22%
22%	£1,520 -£28,400	Balance	44%
40%	above £28,400	<i>Note 1: Assuming that both spouses are earning a minimum of £6,000.</i>	
		<b>For same situation as above but with only one income:</b>	
		First IRE£28,000	22%
		Balance	44%
		<b>For all other persons:</b>	
		First IRE£17,000	22%
		Balance	44%

tax rates and bands are summarised in Table 2.

In addition to income tax, employees and employers are required to pay social insurance taxes called 'National Insurance Contributions' (NIC) in the North and 'Pay Related Social Insurance' (PRSI) in the South. If an individual is resident in one state but works in another, contributions are paid in the State in which they work.

Table 3 gives the NIC rates for 2000/2001 payable in the North, Table 4 the PRSI rates in the South for 2000/2001.

**Table 3:** UK National Insurance Rates

Per Week	2000/2001	
	Employee %	Employer %
£0 - £76	0	0
£76.01 - £84	10	0
£84.01 - £535	10	22.2
Over £535	(Max) £45.90	12.2E*

\* No maximum

**Table 4:** ROI PRSI Rates

Per Week	2000 / 2001	
	Employee %	Employer %
<b>Class AO</b>		
Earnings £30 - £226 pw	0.0%	8.5%
<b>Class AX</b>		
(Earnings £226 - £280 pw)		
£0 - £100	0%	8.5%
£101 - £280	4.5%	8.5%
<b>Class A1</b>		
(Earnings £280 & over pw)		
£0 - £100	2.0%	12.0%
Balance ( <i>Note1</i> )	6.5%	12.0%

Note 1: For Class A1 an employee does not pay PRSI once earnings exceed £26,500 p.a. but will continue to pay 2% on earnings over this limit. Employers do not pay PRSI once earnings exceed £36,600 p.a.

The impact of income tax and NIC/PRSI on the costs to the employer and the net income paid to the employee are reflected in Tables 5 & 6. Table 5 highlights the tax position for a single person resident and working in the RoI or a NI resident working in the RoI assuming two different scenarios, a salary of £15,000 and £35,000. (punts in RoI, sterling in NI) As can be seen from Table 5 an individual earning £15,000 in the South will receive net pay of £12,213 in the current tax year. For the individual earning £35,000 in the South take home pay will be £22,936.

**TABLE 5:** Resident in ROI or NI - Working in ROI

	2000/2001	
	Scenario 1 £	Scenario 2 £
Salary	15,000	35,000
Taxable Income	15,000	35,000
15,000 @ 22%	3,300	
17,000 @ 22%		3,740
18,000 @ 44%		7,920
Less tax credits re allowances		
Personal allowance £4,700 @ 22%	(1,034)	(1,034)
PAYE allowance £1,000 @ 22%	(220)	(220)
<b>Total Tax</b>	<b>2,046</b>	<b>10,406</b>
PRSI (Employee):		
5,200 @ 2%	104	104
9,800 @ 6.5%	637	
21,300 @ 6.5%	1,384	
8,500 @ 2%	-	170
<b>Total PRSI</b>	<b>741</b>	<b>1,658</b>
Net Pay	12,213	22,936
<b>PRSI Employer:</b>		
15,000 @ 12%	1,800	-
35,000 @ 12%	-	4,200



In a similar scenario in NI for a single person earning £15,000 or £35,000 for the tax year 2000/2001 as highlighted in Table 6, the net sterling take home pay would be £11,742 and £25,813. Thus £15,000 salary worker in the North pays some £500 *more* tax than their Southern counterparts, but the £35,000 worker in the North pays £3,000 *less*.

It is worth noting that as a result of the RoI Social Partnership and recent changes in RoI tax budgets that there has been a sizeable reduction in personal tax rates and an extension of tax bands in recent years. This has reduced the variance between the take home pay between North and South.

Table 7 highlights the comparison of current net tax pay, tax and employer's costs for North and South and reflects the fact that as a result of the Cross Border Relief introduced by the RoI

**TABLE 6:** Resident in ROI or NI - Working in NI

	2000/2001	
	Scenario 1 £	Scenario 2 £
Salary	15,000	35,000
Less Personal Allowances	4,385	4,385
Taxable	10,615	30,615
1,520 @ 10%	152	152
9,095 @ 22%	2,001	-
26,880 @ 22%	-	5,914
2,215 @ 40%	-	886
	2,153	6,800
<b>National Insurance (Employee):</b>		
3,952 @ 0%	0	0
11,048 @ 10%	1,105	-
23,868 @ 10% (max)	-	-
2,387	-	-
	1,105	2,387
Net Pay	11,742	25,813
<b>National Insurance (Employer):</b>		
4,368 @ 0%	0	0
10,632 @ 12.2%	1,297	-
30,632 @ 12.2%	-	3,737

**Table 7:** Comparison of Net Pay, Tax and Employers Costs (Assuming £1 = IR£1) 2000/2001

	NORTHERN IRELAND		REPUBLIC OF IRELAND	
	Scenario 1 £	Scenario 2 £	Scenario 1 £	Scenario 2 £
Gross Salary	15,000	35,000	15,000	35,000
Income Tax	2,153	6,800	2,046	10,406
NIC/PRSI	1,105	2,387	741	1,658
Net Pay	11,742	25,813	12,213	22,936
Employers NIC/PRSI	1,297	3,737	1,800	4,200
<b>TOTAL EMPLOYERS COSTS</b>	<b>16,297</b>	<b>38,737</b>	<b>16,800</b>	<b>39,200</b>

Finance Minister Charlie McCreevy post the Good Friday Agreement, a Southern resident single person with no other income working in NI earning £35,000 would now have a net take home pay of £25,813 as opposed to £22,936, under old rules whereby the Revenue Authorities in the South would not now raise a balancing adjustment for RoI tax rates on the income earned in the North.

The growing increase in net pay as a result of Budget changes in the South has reduced the difference in take home pay, between North and South assuming pound for pound exchange rates. However, it has to be acknowledged that given the current significant exchange rate variation between sterling and the Irish punt the RoI resident living say in Dundalk and working in Newry would be significantly better off than an RoI resident living in Dundalk and working in Dundalk as Section 13 of the Finance Act 1998 now allows that the earnings of an RoI resident from foreign employment be removed from liability to Irish tax. This relief known as Cross Border Relief represents a very significant concession to RoI residents working in NI and has the potential to attract companies particularly US information technology companies

operating in the Dublin area to establish satellite operations in the Border counties in the North or indeed throughout NI to overcome skill shortages and staff recruitment issues. Furthermore, it is important to appreciate that such operations will not only be attractive to NI residents but will prove very attractive to residents living in the Border counties of the Republic due to the Cross Border Relief and the strength of sterling as previously highlighted.

On the other hand any person who works in RoI and resides in NI will be able to benefit from double taxation relief. However they will not be able to receive the difference between what they would have paid in tax had they been working in the UK and the higher amount of income tax paid in RoI.

In reality therefore if Southern employers plan to address their current skill shortages by attracting employees from the North of Ireland or indeed GB, they would have to offer significantly higher pay to make it worthwhile for these people to move to Dublin. Other considerations particularly in respect of Northern Ireland workers moving to Dublin would be the cost of living in terms of house prices and rented accommodation.

On the other hand it is recognised that the introduction of the Enterprise Train service from Belfast to Dublin has improved the infrastructure in terms of facilitating employees resident North and South working in the other jurisdiction and there are notable numbers of people travelling on the train North and South to their employment.

## COMPANY TAXATION

As is widely known the corporation tax rates operating in the North and South of Ireland differ greatly and depending on individual circumstances it may be financially more advantageous to locate in either part of the island. Current corporation tax rates in the South have been a major factor in the success of attracting inward investment and in encouraging growing indigenous companies to base their operations there. Corporation tax rates in NI and ROI post April 2000 are given in Table 8.

When comparing corporation tax rates North and South, one must also consider there capital allowances which are the tax depreciation allowed by the

**Table 8: Corporation Tax**

NI 2000 / 2001		ROI 2000 / 2001
First £10,000	10%	Manufacturing Companies Rate 10% until 2010 (Financial Services to 2005)
Next £40,000	22.5%	
Next £250,000	20%	Corporation Tax Rate 24% 1/1/00
Next £1,200,000	32.5%	
Over £1,500,000	30%	<b>Further Developments</b>
		The 1998 Budget introduced measures for the main rate of Corporation Tax to be 12.5% on 1/1/03. However, the Finance Minister decided in his 1999 Budget to apply this 12.5% from 1/1/00 to companies whose trading income is not more than £50,000 p.a. Marginal relief will apply where trading income is between £50,000 and £75,000.

Revenue authorities. At present in NI, post the Good Friday Agreement as highlighted in Table 9 below, the UK'S Chancellor Gordon Brown announced 100% first year allowances (specific to NI) for plant and

machinery in qualifying businesses. The net cashflow effect on this is that if a manufacturing company acquires a machine for £1m in Northern Ireland, it can get 100% tax relief in Year 1,

**Table 9: Capital Allowances - NI**

### Plant & Machinery

Annual writing down allowance 25% reducing balance

First year allowance (FYA) of 100% due to qualifying businesses on expenditure between 12/05/98 and 11/05/02

100% allowance does not apply to cars, assets for leasing or letting or hire, long life assets, sea-going ships, railways, aircraft or transport assets like lorries or containers used in freight haulage business

For the agriculture and fisheries sectors the FYA is only available on investments authorised by DANI

There will be a clawback where the assets on which the FYA has been claimed are used outside Northern Ireland within 2 years of the purchase date (extended to 5 years for assets over £3.5m)

Whilst the writing down allowances calculated at 25% reducing balance for cars costing in excess of £12,000 the allowance is restricted to £3,000 p.a. until the tax written down value is less than £12,000

### Industrial Buildings

Allowance calculated at 4% on a straight line basis

### Agricultural Buildings

Allowance calculated at 4% on a straight line basis



**Table 10:** Capital Allowances - ROI

<p><b>Plant &amp; Machinery</b> (other than Motor Vehicles)</p> <ul style="list-style-type: none"> <li>- Wear and tear allowance is 15% on a straight line basis over 6 years and a final 10% in year 7</li> </ul> <p><b>Motor Vehicles</b></p> <ul style="list-style-type: none"> <li>- Vehicles used for the conveyance of goods or passengers by road</li> <li>- Wear and tear allowance is 20% on a reducing balance basis, however, expenditure qualifying for the wear and tear allowances on cars eg. saloons and estates is restricted to: <ul style="list-style-type: none"> <li>£16,000 for new cars acquired on or after 3/12/98</li> <li>£10,000 for second hand cars</li> <li>£16,500 for new cars acquired on or after 1/12/99</li> </ul> </li> </ul> <p><b>Industrial Buildings</b></p> <ul style="list-style-type: none"> <li>- Allowance is 4% p.a. of the capital expenditure incurred on the construction of industrial buildings exclusive of grants</li> <li>- Special rates apply to hotels and farm buildings</li> </ul>
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whereas as highlighted in Table 10 in Rol, tax relief will actually be spread over seven years. The capital allowances covering motor vehicles and industrial buildings for both North and South are also illustrated in Tables 9 and 10 and these will have an impact in terms of a company deciding on its location and ultimately therefore on the availability of work for subsequent employees.

The net effect of corporation tax rates and capital allowances is that for businesses contemplating expansion or establishing new operations it is logical from a strategic perspective to consider the tax implications North or South before deciding upon a final location.

It is believed that some businesses will follow the trend of indigenous companies in Ireland, North and South in recent years

and consider enhancing their profitability in the global marketplace by operating a two site location on the island of Ireland, one either side of the Border enabling their global business to benefit from lower income tax and higher capital allowances in NI and lower corporation tax rates in the South. Such a two site location may also facilitate astute foreign currency management.

It must be appreciated that this is a very complex area and tax and business advice should be sought from appropriate competent professionals.



# Evaluation of the Jobskills Programme

David Armstrong, PricewaterhouseCoopers

## WHAT IS JOBSKILLS?

Jobskills is the Training and Employment Agency's main vocational training programme. The overall aim of the Programme is to help young people and the unemployed to find jobs through quality training which is relevant to the needs of employers. The Programme was introduced throughout Northern Ireland in 1995 as a successor to the Youth Training Programme (YTP) and the Job Training Programme (JTP).

Between 1995 and 1999 around 9,000 young people (broadly defined as persons between 16-24 years old) entered or re-entered Jobskills each year. During its first two years (1995-97) around 7,000 adults joined the Programme each year. However, adult recruitment to Jobskills ceased in 1998 because of the similarities between adult Jobskills and the New Deal, which was introduced in April 1998.

The Programme generally lasts for two years and is provided by a network of more than 100 Training Organisations (TOs) throughout Northern Ireland, and it has a strong focus on the attainment of National Vocational Qualifications (NVQs). National Vocational Qualifications (NVQs) were introduced in 1987, so as to bring a coherent structure to training qualifications.

Designed specifically for the workforce, their aim is to develop competencies for particular occupations and professions. There are three different levels within Jobskills, each of which caters for a different 'constituency' of trainees: the 'Access' programme for those aiming for an NVQ level 1 qualification or key skill awards, 'Traineeships' for those aiming for NVQ level 2, and 'Modern Apprenticeships' (MAs) for those aiming for NVQ level 3.

In April 1999 a number of major changes were introduced to the contracts which govern the payment arrangements for Jobskills. These changes included the introduction of a higher rate of funding for certain target sectors considered to be of the greatest importance to the Northern Ireland economy (e.g. engineering, construction and IT).



## WHAT WERE PWC ASKED TO DO?

In April 1999 PricewaterhouseCoopers were commissioned to conduct a formal evaluation of Jobskills. The overall aim of the evaluation was to:

*" Assess the effectiveness, efficiency, and equity of the Jobskills Programme against its T&EA Objectives and examine how it has contributed to the development of skills*

*of participants; and to make recommendations if appropriate, to help the Programme improve its future performance."*

Underpinning the overall aim, the evaluation had a number of specific objectives (see Figure, page 132).

#### HOW DID WE CONDUCT THE EVALUATION?

In order to address these Terms of Reference, the evaluation methodology involved a number of key research elements as follows:

- Review and analysis of existing administrative information relating to Jobskills held by the Agency and, where appropriate, similar information on comparable programmes in GB;
- Review of international literature relating to similar labour market interventions in other countries;
- Workshops and in-depth face-to-face interviews with key stakeholders (e.g. T&EA officials, Jobskills providers etc);
- Telephone survey of a sample of 100 employers who participated in Jobskills;
- Postal survey of all Training Organisations involved in the delivery of Jobskills; and
- Telephone survey of a sample of more than 400 individuals who entered Jobskills in 1996/97.

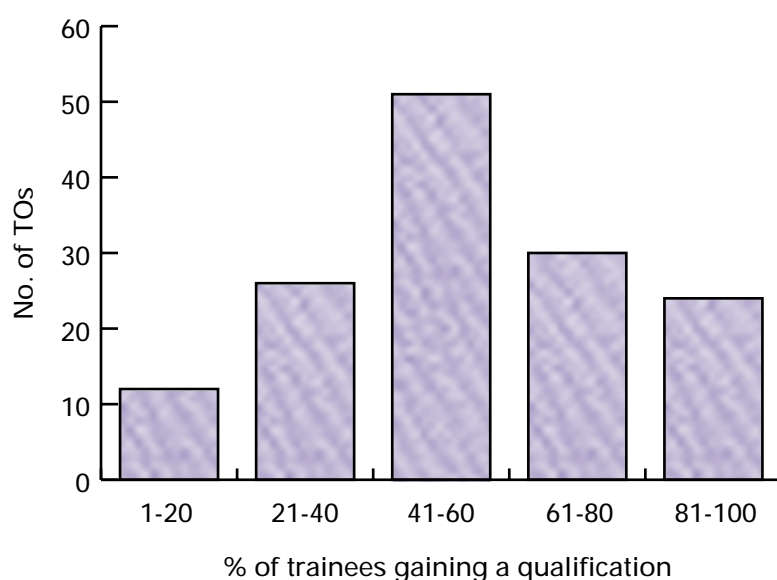
#### DID JOBSKILLS HELP YOUNG PEOPLE GET NVQs?

The rationale for Jobskills was the attainment of NVQs amongst trainees. The evaluation made a number of key findings with respect to this aspect of the Programme:

- **Good performance compared to similar schemes in other countries;** on average, around 60% of Jobskills leavers obtained an NVQ. In this regard, Jobskills has fared well compared to similar schemes in GB. For example, the NVQ success rate of around 60% compares to between 40% and 50% for similar programmes in England and Wales. The attainment of NVQ qualifications was also much higher with Jobskills compared to its predecessor in Northern Ireland, YTP, for which the average NVQ success rate was around 20%.

- **Mixed performance amongst Training Organisations;** there is evidence of a good deal of variation within the TO network, in terms of the attainment of NVQs (see Figure 1). Whilst this can be attributed in part to the quality of intake amongst TOs with lower performance, it suggests that there is a need for the Agency to continue with

Figure 1: NVQ Achievement in NI Training Organisations (1995/96 cohort)



Source: T&EA - information taken from PwC evaluation of the Jobskills Quality management System (JQMS) (See article in Labour market Bulletin No 13)

its overall strategy of rewarding good performance and penalising poor performance.

- **Need to re-focus subject areas;** the subject areas in which NVQ qualifications were obtained under Jobskills need to be tied more closely to growth sectors in the Northern Ireland economy. Whilst there are limits to this, particularly in relation to trainees of lower ability, more could be accomplished, especially through the development of the Modern Apprenticeships (MA) Programme.

unemployed, but some progressed into other forms of further education or training (see Figure 2). In this regard, Jobskills compares favourably to similar programmes in GB and other industrialised countries. For example, in GB around two fifths of leavers from a programme similar to Jobskills called 'Training for Work', entered employment after leaving the programme.

- **Better performance for higher level NVQ and employed status trainees;** progression into employment is highest for those trainees who studied for level 2 and 3

NVQs (around 76%), and lowest for those who studied level 1 only (44%). Related to this, trainees with employee status had significantly higher employment placement rates compared to those with trainee status (65% compared to 46%).

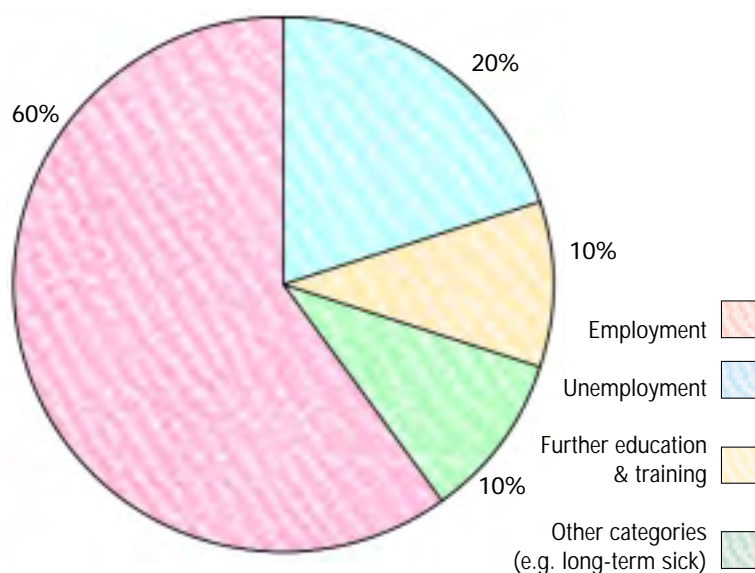
- **Evidence of some 'deadweight';** more than two fifths of trainees who got a job after the Programme thought they would have got it anyway, had they not participated in Jobskills. Similarly, between one quarter and one half of employers indicated that they would have been likely to employ the same people

## DID JOBSKILLS HELP YOUNG PEOPLE GET JOBS?

A key focus of Jobskills was to enhance participants' employability, thereby improving their chances of getting a job. The evaluation made a number of key findings with respect to this aspect of the Programme:

- **Relatively high employment placement rates;** Jobskills had a good record in terms of helping trainees obtain jobs after the Programme. Between three fifths and two thirds of trainees entered employment after the Programme. Most of the remainder ended up

Figure 2: Did Jobskills help young people get jobs



Notes: Figures relate to trainees who left Jobskills in the late 1990s. They are based on information taken from three separate surveys which were conducted as part of this evaluation, namely (a) the PwC survey of Jobskills trainees, (b) the PwC Jobskills employer survey, and (c) the PwC survey of Training Organisations.

or the same type of people in the absence of the Programme. These findings suggest that there is some 'deadweight' associated with the Programme, i.e. that not all of the Programme outcomes (e.g. jobs, NVQs etc) are generated as a direct result of the Programme.

#### HOW COULD JOBSKILLS BE IMPROVED?

Although the evaluation evidence in relation to qualifications and jobs was generally favourable, the findings also identified a number of specific ways in which Jobskills could be improved in the future:

- **Make the Programme more 'market facing';** there is a need to ensure that the Programme has more of a strategic focus on the 'demand side' of the Northern Ireland economy, i.e. that it is one of the key vehicles used by Government to meet the current and anticipated skill needs of local industry.
- **Move towards a more 'demand driven' supply side;** similarly, the existing Programme has, hitherto, been too 'supply driven', i.e. it has been aligned too closely to the ability of the provider network to offer

qualifications in particular areas. In any new Programme it will be important to move away from this towards a more demand-driven approach.

- **Reduce early leaving;** between two fifths and one half of Jobskills trainees leave the Programme before finishing it. Although most early leavers leave in order to take up employment, or on account of personal reasons, around one third leave because of a range of difficulties with the course they were studying. This highlights the importance of introducing initiatives to reduce this kind of early leaving from the Programme. A range of such measures should be developed including initial assessment and induction, and the on-going reviewing and monitoring of trainees' progress.
- **Re-balance the profile of employer participation;** there is a need to ensure greater employer involvement and commitment to the Programme, and enhance the Programme's focus on certain target sectors of the economy (e.g. electronics, tradeable services and tourism).
- **Enhance the monitoring of employer placements;** the evidence suggests that some employers (around one quarter) are using Jobskills trainees to undertake unskilled tasks. This should be prevented through enhanced monitoring of employer placements under the current quality assurance procedures for Jobskills.
- **Consider a re-introduction of bonus payments to trainees;** consideration should be given to using bonus payments to trainees as a means of securing higher completion rates and better employment and NVQ outcomes.
- **Shift the balance of employment and NVQ outcome payments;** the balance of Output Related Funding should be shifted further towards the employment outcome, as opposed to the NVQ outcome in order to focus the programme more on the needs of the Northern Ireland economy.

#### WHAT ELSE SHOULD BE DONE TO SUPPORT THE FUTURE DEVELOPMENT OF JOBSKILLS?

A number of other developments should also be considered in order to support our recommended changes to Jobskills, outlined above:



- **Publishing performance information;** information on the performance of Jobskills training providers ought to be published by the Agency on a regular basis. This move would underpin the drive towards ratcheting upwards the quality of the provider network, and would provide a firmer basis for careers guidance officials and potential trainees to make informed decisions about training placements. The majority of Training Organisations surveyed as part of this evaluation are in favour of publishing such information.
- **Collecting and disseminating labour market information;** as Jobskills moves forward, accurate information on the 'demand side' of the labour market needs to be collected and disseminated. A range of sources of such information already exist, and many of these are reflected in the contents of the Agency's prestigious Labour Market Bulletin. Such sources include employment trends and forecasts available from Strategy 2010 and the Northern Ireland Economic Research Centre (NIERC) and information from the Skills Monitoring Surveys, and information on vacancies from local Job Centres. Such information needs to be re-packaged, and published on a regular basis by the Agency.
- **Marketing NVQs and Jobskills to employers;** there is a need to secure greater employer involvement in and commitment to the Programme. In order to facilitate this, a major marketing campaign is required in order to inform target employers about NVQs in general, and any new arrangements for the Jobskills programme in particular.
- **Developing Centres of Excellence;** it is clear that some Training Organisations have an expertise in particular occupational areas. As part of the process of continuous improvement, consideration should be given to providing further incentives for Training Organisations to develop expertise in certain occupational areas and, in particular, to the establishment of a network of 'Centres of Excellence'.

# Amalgamation of Jobcentre and Social Security Office Functions

Charlie Henderson, Deloitte & Touche

## RESULTS OF A PILOT STUDY AT DUNGANNON AND LISBURN JOBCENTRES.

The Revised JSA Process, which was introduced in March 1999, represents a major step forward in delivering the Modernising Government Agenda, specifically through joined up Government, by focusing the service on users and the provision of a framework that allows for greater operational effectiveness and efficiency to be achieved.

This article summarises the evaluation of the Revised Process undertaken by Deloitte & Touche.

## BACKGROUND

Under Jobseeker's Allowance (JSA), the unemployed are required to visit a Social Security Office (SSO) to make a claim for JSA. As part of the claim process, each individual prepares a Jobseeker's Agreement, which identifies a number of steps that he/she must take to help gain employment; for example, visiting T&EA JobCentres.

However, for those JSA clients who have agreed to visit the JobCentre, the current process does not require them to register with JobCentre staff and, therefore, does not allow Social Security Agency (SSA) staff to monitor their activity in seeking employment. While most jobseekers state that they will visit JobCentres as part of their Agreement, most do not.

## THE REVISED JSA PROCESS

To try to improve the effectiveness of JSA clients jobsearch process, the T&EA and SSA piloted new joint working arrangements in the delivery of JSA at the Lisburn and Dungannon Offices with effect from March 1999. Key changes included:

- Single location JSA clients were now required

to attend the JobCentre to make their JSA claim and for their bi-weekly intervention;

- Focus on job-broking - JobCentre staff were able to provide job broking as part of the JSA benefit claim and bi-weekly intervention process;
- Staffing - the front office process was staffed by a combination of T&EA and SSA staff operating side by side;
- Environment - the revised JSA process was delivered in an unscreened, open plan office.

## STRATEGIC CONTEXT

In implementing and delivering the revised process there was significant co-operation between the T&EA and SSA. The development of this relationship is particularly pertinent given:

- The Modernising Government Agenda - the aim of which is to ensure that service delivery is joined up and focuses on the client;
- The piloting of ONE - ONE gives people individual job search and benefit help from a single point of contact. ONE is being piloted in 12 areas in GB, with a Northern Ireland pilot planned for early 2001.

- The Working Age Agency - work has started in GB to bring together the Employment Service and those services provided by the Benefits Agency which support people of working age, to form a new Agency which will deliver a single, integrated service to benefit claimants of working age.

While no similar decision has been made regarding the long term introduction of ONE or the development of a working Age Agency in Northern Ireland, the revised JSA process is consistent with these developments in that it provide a single point of contact for those claiming JSA and seeking employment.

## EVALUATION FINDINGS

Since the introduction of the revised process, the live JSA caseloads at the pilot offices have dropped substantially. Figure 1 shows that prior to the introduction of the revised process (March 1999) the JSA caseload for the pilot offices was broadly similar to the Northern Ireland average.

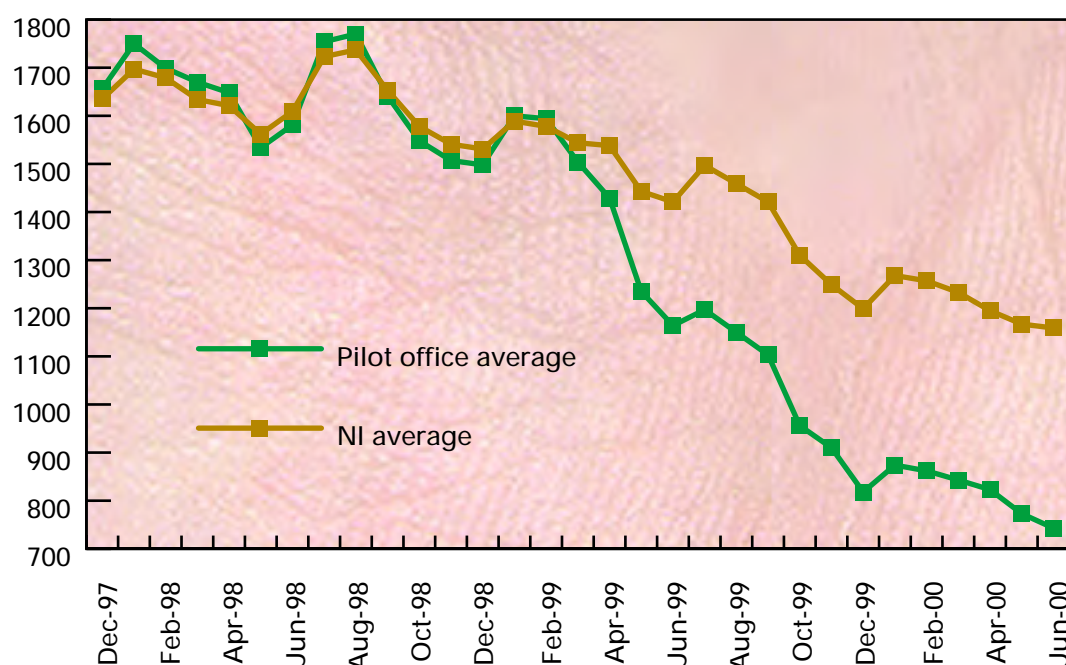
However, since the introduction of the revised process there has been a significant drop in JSA caseloads at the pilot offices relative to the NI average.

Using a statistical modelling technique, which took account of seasonal variations and long term

unemployment trends, it was possible to identify that the effect of the revised process was a sustained reduction in the total number of JSA clients by approximately 26% at each of the two offices between March 1999 to June 2000. Analysis of those leaving the JSA register during this period identified that there was no significant:

- geographic migration, that is people claiming JSA transferring from the pilot to other offices; or
- benefit migration, that is JSA clients changing to other benefits (which were not subject to the revised process).

Figure 1: JSA Caseload per Office (December 1997- June 2000)



Source: SSA Monthly Returns

The analysis also identified that the revised process assisted proportionally more long-term unemployed into work than would have been expected.

The evaluation identified that the revised process created significant improvements in customer service - visitors to the JobCentres, both JSA and non-JSA clients, expressed very high levels of satisfaction with the new office environment and the quality of service provided by the staff, whilst over 90% of those questioned rated the pilot offices better than the old JobCentres/SSOs. It is worth noting, however, that while customers and staff were, in general, happy to conduct business in an unscreened environment, some staff and customers commented on decreased privacy within the offices.

Interviews with JobCentre staff, however, identified that under the revised process there was a deterioration in the relationship between the JobCentre and employers. Analysis identified that this was not due to any inherent weakness in the design of the revised process itself, more that the process is resource intensive and staff were routinely switched from managing the JobCentre/employer interface to intervention/fresh claims for JSA.

## CONCLUSIONS

The operation of the revised process created the possibility for savings in three areas. First, in spite of elements operating sub-optimally, it was estimated that the revised process has resulted in an average fall in the JSA register of 25% at the two pilot offices over and above the changes due to seasonal variations, long term trends and the period of excused signing. If this figure is extrapolated across Northern Ireland, the direct programme expenditure saving would be approximately £30 million per year.

Secondly, the operation of the revised process has seen the transfer of JSA claims-taking and intervention to the JobCentre environment, which has reduced the total SSA/T&EA requirement for space for the delivery of JSA and job-broking activities.

Thirdly, the revised process represents an efficiency in data gathering. As most JSA clients did not visit the JobCentre under the old JSA process (and data were not collected for them), this efficiency could therefore never be fully realised before. The revised process does, however, ensure that the T&EA has access to all JSA claimant data -

previously they could access only a small proportion. In terms of its objectives, the revised JSA process demonstrated greater customer focus for unemployed people using the services of the T&EA and SSA, a more effective delivery mechanism, greater efficiency with the opportunity for monetary savings and closer working between the Agencies. Where disbenefits of the revised process were apparent, the revised process appeared not to be the cause, merely it exacerbated a problem that pre-existed the revised process.

The evaluation identified a range of recommendations which would address operational aspects of the revised process, and on the basis that these would be implemented and the successful conduct of the pilot, it was recommended that the revised JSA process be delivered across Northern Ireland. The Agencies have accepted the recommendation and are seeking the funds which are necessary to implement it.



# Equality and New TSN Monitoring in DHFETE

Dave Rogers, Research and Evaluation Branch, DHFETE

Last year's issue of the Labour Market Bulletin contained an update of the Training & Employment Agency's (T&EA) equality monitoring programme - the fourth occasion data had been published in a series stretching back to 1993<sup>1</sup>.

That article pointed to significant changes in the year ahead - although in the event, the changes that have occurred, both in the structure and operation of government, and in the area of equality and tackling social and economic need, have arguably been far greater than anticipated at the time.

Although this article is primarily about monitoring, any discussion needs to be bedded in an appreciation of the upheaval that has taken place in governance in NI, and in the overall approach to the issues of equality and of targeting need in NI. These can be considered under four broad headings<sup>2</sup>:

- **changes in the governance of Northern Ireland;**
- **changes in the structure of Government in Northern Ireland;**
- **the equality provisions of the Northern Ireland Act 1998; and**
- **the introduction of *New Targeting Social Need* (New TSN).**

## CHANGES IN THE GOVERNANCE OF NORTHERN IRELAND

Late 1999 saw the introduction of devolved government in NI, following a long period of government from Westminster ("Direct Rule"). Ministers responsible to the elected NI Assembly were appointed to run most functions of government in NI. The ten Departmental Ministers, plus the First Minister and Deputy First Minister, constitute the NI Executive Committee. The work of each Department is also overseen by a Departmental Committee, and in time there will also be a rôle for the Civic Forum, which met

for the first time in October 1999. Membership of the forum is drawn widely from within the community. This new system is still in its infancy, and has been operating in total for barely six months, given that the Executive and Assembly were suspended for over three months from February 2000.

These changes are important because issues of equality and tackling social exclusion come, to a degree, within the remit of the Assembly and Executive. Although current activities are largely driven by pre-devolution policy and legislation, as time goes on the input of the new institutions will increase. For example, while much of the initial development work on the New TSN strategy - described below - was done before devolution, the shape and contents of the government-wide New TSN Action Plan changed significantly to reflect the new Departments' responsibilities. Much of the responsibility for implementation lies with the individual Departments - headed by Ministers answerable to the Assembly and scrutinised by the departmental committees - to implement. It should also be noted here that an integral part of New TSN is the *Promoting Social Inclusion initiative* which is about interdepartmental and

<sup>1</sup> The original Report (Equality of Opportunity Monitoring Results, 1994) gave information for 1993. These statistics were updated to 1995 (Labour Market Bulletin No 9, pp 28-31); 1997 (LMB No 11, pp 46-49); and 1999 (LMB No 13, pp 111-112). These articles are available from Research and Evaluation Branch, DHFETE, and give a description of the

methods used to collect and analyse the data.

<sup>2</sup> This account is not intended to detail these issues fully, but to give brief pointers to the changed environment monitoring is taking place.

inter-agency approaches to specific problems of social exclusion.

### CHANGES IN THE STRUCTURE OF GOVERNMENT IN NORTHERN IRELAND

When the last update appeared, the Agency (T&EA) was part of the Department of Economic Development (DED). With devolution new Departments were formed, and most of the functions of the T&EA, together with industrial relations functions, moved from DED to a new Department - the Department of Higher and Further Education, Training and Employment (DHFETE), joining with the Higher and Further Education functions of the former Department of Education for Northern Ireland (DENI). Although the Equality Scheme and New TSN policy cover the Department as a whole, this article refers largely to the work of the T&EA as it is currently constituted.

### THE EQUALITY PROVISIONS OF THE NORTHERN IRELAND ACT 1998

Section 75 of the Northern Ireland Act (1998) places a statutory duty on all public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status, or sexual orientation;
- between men and women generally;
- between persons with a disability and persons without; and
- between persons with dependants and persons without.

This duty replaces and builds on the earlier Policy Appraisal and Fair Treatment guidelines which were issued to Northern Ireland Departments in 1993. One of the major objectives of the equality duty is to ensure that equality considerations are integrated into business processes and given due weight at all times within an organisation; that equality is “everybody’s business”. Each person in the organisation should know what they have to do, and why. This concept is known as **mainstreaming**.

Another important change which arose from the Northern Ireland Act was the creation of the Equality Commission for Northern Ireland. This single authority oversees matters relating to equality of opportunity in Northern Ireland. It was formed by merging the four existing statutory equality bodies: the Fair Employment Commission (which dealt with issues of

religion and political opinion); the Equal Opportunities Commission for Northern Ireland (gender); the NI Disability Council; and the Commission for Racial Equality for Northern Ireland. The Equality Commission has a number of important functions, but particularly pertinent to this article is its role in monitoring public authorities’ commitments under the Northern Ireland Act as detailed below.

Under the 1998 Act each public authority is required to produce an Equality Scheme stating in detail **how** it intends to meet the Section 75 duties. These Schemes must conform to a guide produced by the Equality Commission and must be submitted to the Commission for approval.

DHFETE submitted its Scheme to the Equality Commission in June 2000, following extensive consultation on an earlier draft Scheme, and at the time of writing the Department is awaiting the Commission’s approval. Pending Commission approval, authorities are required to implement their as of 30 June 2000.<sup>3</sup> The Scheme goes much wider than monitoring - it covers areas such as policy development processes, equality impact assessments, marketing and

3 The DHFETE Equality Scheme is available from DHFETE, Adelaide House, Adelaide Street, Belfast BT2 8HD, or on the Department’s web site at [www.nics.gov.uk/mainhfe.htm](http://www.nics.gov.uk/mainhfe.htm).

communications, and staff training - but monitoring is critical to the process, as it provides part of the information against which access and impacts can be assessed.

The Department has inherited a tradition of monitoring and mainstreaming equality: for example, the T&EA has been

monitoring and publishing information on its key programmes since 1993. However the Department has included in its Equality Scheme a commitment to conduct a major review of its monitoring systems. As a first stage, for the submission of the Equality Scheme, the Department took stock of its current arrangements for the

collection of equality monitoring data in respect of new entrants to DHFETE's programmes and services (see Table 1). The review will continue with an assessment of the accuracy and completeness of the data being collected. Key data on composition of major T&EA programmes are included later in this article.

**TABLE 1:** Current (June 2000) monitoring of DHFETE functions, services and programmes by Section 75 dimensions

Service / Programme	Current Monitoring	Community Background <sup>(1)</sup>	Political Opinion <sup>(1)</sup>	Ethnic Origin <sup>(2)</sup>	Age (DOB)	Marital Status	Sexual Orientation	Gender	Disability (using DDA definition)	Dependants
Jobskills Access		✓		✓	✓	✓		✓	✓	✓
Jobskills (Traineeships)		✓		✓	✓	✓		✓	✓	✓
Modern Apprenticeships		✓		✓	✓	✓		✓	✓	✓
IFI/Wider Horizons		✓			✓	✓		✓	✓ <sup>(3)</sup>	✓
New Deal 18-24		✓		✓	✓	✓		✓	✓	✓
New Deal 25+		✓		✓	✓	✓		✓	✓	✓
Worktrack		✓		✓	✓	✓		✓	✓	✓
Enterprise Ulster		✓			✓	✓		✓	✓	✓
Open Learning		✓		✓	✓	✓		✓	✓	
Flexible Learning		✓		✓	✓	✓		✓	✓	
Individual Learning Accounts		✓		✓	✓	✓		✓	✓	✓
Job Bridge		✓		✓	✓	✓		✓	✓	
Premiere		✓		✓				✓	✓	
Managemt dev'mt progs		✓		✓		✓		✓	✓	
Job brokerage		✓		✓	✓	✓		✓	✓	✓
Careers guidance		✓		✓	✓	✓		✓	✓	✓
Walsh Visas		✓		✓	✓	✓		✓	✓	✓
Bridge to Employment		✓		✓	✓	✓		✓	✓	✓
Employment Support		✓			✓	✓		✓	✓	
New Deal for Disabled People		✓			✓	✓		✓	✓	✓
Disablement Advisory Service		✓			✓	✓		✓	✓	✓

Notes on the table

(1) DHFETE currently monitors by community background rather than religious belief.

(2) DHFETE currently monitors by "ethnicity" rather than "racial group". T&EA's Client Management System has a mandatory field for ethnicity. For each client the options within this field are: Bangladeshi, black- African, black-Caribbean, Chinese, Indian, Irish Traveller, Pakistani, white, mixed ethnic group, and other ethnic group.

(3) Re IFI/Wider Horizons, currently monitoring of disability is not according to the Disability Discrimination Act definition. Monitoring/application forms are currently being re-designed.

## THE INTRODUCTION OF NEW TARGETING SOCIAL NEED (NEW TSN)

In late November 1999, immediately prior to devolution, Departments published their draft New TSN Action Plans for 2000-2003 in a single consultation document entitled "Vision Into Practice". New TSN enhanced the thrust of the original TSN strategy in several ways: by giving greater emphasis to reducing unemployment and improving people's employability; by focusing more on the needs of individuals (as well as groups and areas); and by committing Departments to greater cooperation in tackling social exclusion under the *Promoting Social Inclusion* heading. New TSN combined with the introduction of the new statutory equality duty is intended to build a more inclusive society with greater equality of opportunity for all.

"Vision Into Practice" was organised on the basis of the pre-devolution departmental structures. Following the public consultation, DHFETE's Action Plan was drafted on the basis of the relevant sections of the former Departments' Action Plans. The DHFETE Minister signed off the Department's Action Plan in August 2000<sup>4</sup> after considering the views of the HFETE Committee of the NI

Assembly. All Departments have now produced Action Plans and these are due to be published in a single volume in October 2000.

Again, the Department was building from an established base. TSN Action Plans had already been operated in DHFETE's predecessor departments - the Departments of Economic Development and of Education (DED and DENI) - and the T&EA has published information on the operation of the TSN Action Plan in previous issues of the Labour Market Bulletin<sup>5</sup>. The approach taken by the T&EA previously was to measure TSN impact in a number of ways:

- **Inputs** - measuring the resources devoted to TSN
- **Uptake** - how effective the programme or service was at attracting those in need
- **Outputs** - programme performance in TSN terms in areas most directly under the control of the Agency: viz qualifications
- **Outcomes** - performance in terms of important factors less under the Agency's control: for example moves into employment on completion of the programme

The Department's New TSN Action Plan builds on these principles although modified

in the light of earlier experience, revised guidance on TSN, and of the circumstances of individual programme and service delivery areas. Detailed information is given in the Department's New TSN Action Plan.

## UPDATED T&EA MONITORING STATISTICS

### Revision of Target Group Estimates

Programme occupancy figures are of little use in the absence of an assessment of the composition of target group information as a benchmark against which to monitor. The principles of target group estimation were discussed in the original 1994 Report. Last year's Bulletin reported that estimates of the compositions of the target groups for a number of T&EA's programmes were undergoing revision. This was necessary for three reasons. First, a number of new programmes had been introduced for which estimates were needed; second, the data on which previous estimates were made were becoming dated - they mostly dated from the 1994 Labour Force Survey (LFS); and third, the labour market was in a period of considerable flux and this increased the possibility that target group compositions had changed. DHFETE

<sup>4</sup> The DHFETE Draft Action New TSN Action Plan is available from the Department: for details see previous footnote.

<sup>5</sup> Labour Market Bulletin No 11 pp 40-45; LMB No 12, pp 66-69



worked closely with Human Resource Research and Evaluation Branch, DFP, to derive updated target group compositions from the 1997 LFS. The target group compositions shown in this article use these revised estimates. It should be borne in mind that the target group estimates are derived from a sample survey and are hence subject to sampling error. It is anticipated that, as part of the review of the Department's equality monitoring arrangements detailed earlier, that target group information will be further updated.

Table 2 shows the programme composition of major T&EA programmes in selected years from 1993 through 2000. Target group estimates relate to the most recent available. Data are from June 2000, with the exception of New Deal data which are from the most recent published, October 1999: New Deal data are currently subject to revision following the introduction of a new computer system and subsequent data verification exercises. Disability figures have been excluded from the table. This is because the T&EA decided in 1998 to move to monitoring disability in a way consistent with the Disability Discrimination Act: previously, registered disability was used. As the revised method has applied

only to new entrants to programmes, occupancy figures have a mix of those classified under the old and new systems. More meaningful analyses will be possible next year.

#### **ACKNOWLEDGEMENT**

Thanks to Clair McCready and Séamus Camplisson for their help in producing this article.

**Table 2: "T&EA Programme Composition September 1993, June 1995, March 1997, March 1999, and June 2000"**

Programme		1993	1995	1997	1999	2000	Target Group Composition
New Deal for 18-24 Year Olds	% Female	-	-	-	28%	26%	26%
	% Catholic	-	-	-	[52%]	[57%]	[60%]
New Deal for 25+	% Female	-	-	-	14%	15%	15%
	% Catholic	-	-	-	[58%]	[58%]	[58%]
Jobskills (Young People)	% Female	-	-	33%	31%	27%	33%
	% Catholic	-	-	[52%]	[53%]	[55%]	[54%]
Worktrack	% Female	-	-	-	-	76%	65%
	% Catholic	-	-	-	-	[67%]	[53%]
Enterprise Ulster	% Female	46%	48%	54%	56%	49%	64%
	% Catholic	[59%]	[58%]	[60%]	[61%]	[60%]	[52%]
Action for Community Employment	% Female	47%	49%	53%	61%	-	22%-44%
	% Catholic	[58%]	[58%]	[58%]	[59%]	-	[62%]
Employment Support	% Female	n/a	n/a	n/a	n/a	35%	n/k
	% Catholic	n/a	n/a	n/a	n/a	[43%]	n/k
Management Development Programmes	% Female	39%	30%	49%	50%	69%	58%
	% Catholic	[50%]	[43%]	[52%]	[50%]	[60%]	[52%]
Open Learning	% Female	-	-	n/a	n/a	60%	n/k
	% Catholic	-	-	n/a	n/a	[24%]	n/k

Notes:

(1) New Deal figures under 2000 column relate to October 1999 - see text

(2) Details of how target group compositions are calculated were given in the 1994 Report. For ACE, the composition of the target group in terms of gender differs depending on how some persons, mostly women, who are not economically active are counted. The percentage shown gives the possible target range of target group compositions.

(3) In common with the practice adopted in the 1994 Report, percentages for community background composition exclude those not classified as either Protestant or Catholic. The accepted convention is to present these figures in [square brackets]. Catholic and Protestant percentages thus sum to [100%]

# New Deal Evaluations - Interim Findings

Dave Rogers, Research and Evaluation Branch, DHFETE

The New Deals for Unemployed People have been in operation in Northern Ireland since April 1998 when the New Deal for 18-24 Year Olds began - a period of just over two and a half years. A substantial programme of evaluation of the New Deals has been put in place, and this article gives an update of progress in these projects. It particularly reflects findings presented by project leaders to a seminar held on the New Deal evaluations on 5th September 2000 at DHFETE headquarters.

An outline of the New Deal programmes and of the evaluation strategy have been given in previous issues of the **Labour Market Bulletin** (see No 12 Chapter 16; and No 13 Chapter 20). Readers of this article are referred to the earlier articles as background. These articles outlined a number of key evaluation questions for New Deal and the methods that were being used to try and answer these questions. Progress to date is summarised in Table 1.

The New Deal evaluations are at an interim phase. They are structured to give more definitive feedback in 2001, and this article also updates on the proposed schedule of planned work and possible further research, and of publication. The projects have been designed to inform the evaluation of the New Deals for Unemployed People as a whole, but also to provide information separately on the New Deal for 18-24 Year Olds (ND18-24) and the New Deal for 25+ (ND25+).

## KEY EVALUATION PROJECTS

Three key research projects covering the evaluation of New Deal are under way. These are

- **Quantitative Work with Individuals.** As in GB, a cohort approach has been adopted. Individuals entering both New Deal

for 18-24 year olds and New Deal for 25+ in May-August 1999 have been included. This work has been contracted out to the consultancy firm KPMG with interviews carried out by a local survey firm, Research and Evaluation Services (RES), with additional analysis provided by Economic Research and Evaluation (ERE). Initial interviews took place with some 1,600 New Deal participants around 6/7 months after entry into New Deal, ie in early 2000. These interviews collected data on previous labour market experience; jobsearch patterns; aspirations of New Deal participants; experiences of the first few months of New Deal, and so on. This initial survey will be followed by a second round of interviews with as many of the original sample as can be contacted some 8/9 months later - ie late 2000. By this time most of the participants will have left the programme and the survey will collect information on their experiences of the programme and subsequent labour market activity, for example jobsearch and employment including wage levels and job satisfaction. Interim findings are outlined in **Insert 1**: the final report is due in the second quarter of 2001.



**Table 1:** New Deal Evaluation - Key Questions

Key Question	Methodology	Status
(1) Impact on target group employment/unemployment	<ul style="list-style-type: none"> <li>• Awareness of GB macro-economic analysis<sup>1</sup></li> <li>• Analysis of claimant count data</li> </ul>	<ul style="list-style-type: none"> <li>• Work commenced in GB</li> <li>• Initial work reported on in this article</li> </ul>
(2) Impact on wider labour market	<ul style="list-style-type: none"> <li>• Awareness of GB macro-economic analysis<sup>1</sup></li> <li>• Analysis of claimant count data</li> </ul>	<ul style="list-style-type: none"> <li>• Work commenced in GB</li> <li>• Initial work reported on in this article</li> </ul>
(3) Impact on Individuals	<ul style="list-style-type: none"> <li>• Initial Qualitative work with key New Deal Players</li> <li>• Quantitative Work with individuals</li> <li>• Qualitative Work with individuals and Case Studies</li> <li>• Analysis of NI New Deal Evaluation Database</li> <li>• Destinations Survey (18-24s only)</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Full analysis not yet possible pending resolution of data issues</li> <li>• Completed. To be repeated for 18-24 and 25+ in 2001</li> </ul>
(4) Impact on Employers	<ul style="list-style-type: none"> <li>• Initial Qualitative work with key New Deal Players</li> <li>• Case Studies</li> <li>• Possible evaluation work with employers</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• To be determined</li> </ul>
(5) Delivery of New Deal	<ul style="list-style-type: none"> <li>• Initial Qualitative work with key New Deal Players</li> <li>• Quantitative Work with individuals</li> <li>• Case Studies</li> <li>• Analysis of NI New Deal Evaluation Database</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Full analysis not yet possible pending resolution of data issues</li> </ul>
(6) Wider Social and Economic Issues	<ul style="list-style-type: none"> <li>• Quantitative Work with individuals</li> <li>• Qualitative Work with individuals and Case Studies</li> <li>• Work with Probation Board for NI</li> <li>• Analysis of NI New Deal Evaluation Database</li> </ul>	<ul style="list-style-type: none"> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Overlap between New Deal and probation caseloads investigated</li> <li>• Full analysis not yet possible pending resolution of data issues</li> </ul>
(7) Impact on Exchequer and cost of welfare	<ul style="list-style-type: none"> <li>• Awareness of GB macro- economic analysis<sup>1</sup></li> <li>• Quantitative Work with individuals</li> <li>• Analysis of NI New Deal Evaluation Database</li> </ul>	<ul style="list-style-type: none"> <li>• Work commenced in GB</li> <li>• Interim report - see this article. Final report due mid-2001</li> <li>• Full analysis not yet possible pending resolution of data issues</li> </ul>

<sup>1</sup> Note that due to technical and data issues, some GB analyses are not possible in Northern Ireland: this issue has been explained in detail in the New Deal Evaluation articles in previous issues of the Labour Market Bulletin.



- **Qualitative work with individuals and case studies.** In-depth qualitative research is an integral and necessary part of the evaluation of New Deal. Furthermore, allied with a case study approach, the impact of the programme can be considered more fully by contextualising the experience of individuals within the whole process of delivery. The case study approach of itself will help the assessment of the effectiveness of programme delivery. This project is being carried out by the consultancy firm Pricewaterhouse Coopers (PwC). Interviews will be held with 150 New Deal participants, and 50 of these will be interviewed twice to build a longitudinal element into the study. The interviews with individuals will, as far as possible, take place in 8 case study areas which will be used to examine the delivery of New Deal. Apart from New Deal participants, the research will cover other key players in the New Deal process: personal advisers; delivery consortia; and employers. The first wave of interviews covering 91 participants and 5 case study areas took place in late spring 2000; the second and final wave will take place in the autumn.

Interim findings are outlined in **Insert 2**: the final report is due in the second quarter of 2001.

- **Analysis of Claimant Count Data.** The Statistics Research Branch of the Department of Enterprise, Trade and Investment (DETI) maintain a longitudinal database of all Jobseekers' Allowance (JSA) claimants since October 1993. From this, they are able to carry out a range of analyses including the propensity of individuals or groups to re-claim JSA, and analyses of the duration of claim. These data are particularly useful in the New Deal context as being in receipt of JSA is necessary for entry to New Deal, and all of those who are in the New Deal target group should join the programme. Statisticians in DETI have already carried out some initial analyses of the New Deal target groups which are reported in **Insert 3** and are currently working on ways to improve this analysis.

## Insert 1: Quantitative Research with New Deal Participants

### Summary of paper on interim findings given to the New Deal Evaluation Seminar, 5 September 2000

Eric Hanvey (KPMG) and Tony Dignan (ERE) gave an update of progress on Quantitative Research with New Deal participants. This was based on initial analyses from 1,600 interviews carried out in early 2000 with people who entered New Deal in mid-1999.

- **Profile of participants:** whereas nearly half (45%) of participants on ND18-24 stayed on in education beyond the (current) statutory school leaving age of 16, over 80% of participants on the ND25+ had left school at 16 or earlier. The older age group were much more likely to have no qualifications (nearly three-quarters had none) compared to ND18-24 participants (just over 20%). Programme participants are particularly concentrated in the more deprived areas of NI (well over half come from TSN areas, using the former DED definition, compared to about 37% of the overall NI population). Finally a substantial number - around one in 5 on both programmes - had done no paid work at all in the past 10 years.
- **Jobs and getting them:** respondents perceived that the main reason they were unable to find work was the lack of jobs in their area - this was more pronounced amongst the older age group and those from the west of NI. However, when asked about reasons why they thought they hadn't got jobs they applied for, the three key reasons given were lack of work experience; lack of skills; and lack of qualifications.
- **Experience of New Deal:** there was high recall of the early part of the New Deal process, but only around half recalled completing a New Deal Action Plan, which most should have been asked to do. The majority could not recall any discussion of their qualifications or work experience, or of what New Deal option they should undertake. Few recalled issues of literacy and numeracy being addressed. Nearly all participants were happy with their relationship with their New Deal Personal Adviser, with over 60% describing themselves as completely or very satisfied, and only small percentages dissatisfied. More than half of the young people interviewed saw the compulsion element of New Deal as being helpful, with just under half of the 25+ age group thinking the same. There was a feeling that New Deal did tend to push people into things that they didn't want or didn't need, with more than half of all respondents thinking this.
- **Usefulness of New Deal:** broadly speaking, respondents saw New Deal as being useful: around half thought that it would increase their chances of getting a job (although most of these thought that the impact would be slight). On balance, the older age group were less positive than the participants on ND18-24, and those on the voluntary and environmental options (and the over 25s on the Intensive Activity Period) were less positive than other participants. New Deal was seen to most positively impact in areas such as helping participants look for work, improving skills and confidence, and getting work experience.
- **Summary:** after two years of operation the New Deal perceptions of the programme are generally positive and there is some evidence that participants on the programme think, on balance, that it may have a beneficial effect on their chances of getting a job. However there are some issues that will require further analysis once the next round of interviews is completed - the less positive attitudes of the older age group and those on a few of the New Deal options - particularly the voluntary and environmental options of the ND18-24 and the Intensive Activity Period of the ND25+ . These options tend to attract the less qualified and those with less work experience - ie the most difficult to help.
- **Next Steps:** the next stage of the research will involve second interview with as many of those interviewed earlier in 2000 as possible. These interviews will take place in the final quarter of 2000 and will therefore cover a period when most of the participants will have left New Deal. They will be essential in trying to frame answers to the key questions surrounding the programme: ie the degree to which participants have progressed in the labour market - how many have jobs; quality and sustainability of those jobs; and the difference New Deal has made to the participants.

## Insert 2: Qualitative Research with Individuals and Case Studies

### Summary of paper on interim findings given to the New Deal Evaluation Seminar, 5 September 2000

**David Armstrong, Julie McClean, and Maureen Treacy (PwC)** gave an update of progress on Qualitative Research with individuals and Case Studies. This was based on initial analyses from 91 in-depth interviews carried out in Spring 2000 with New Deal participants and with a study of delivery of New Deal in five areas.

**Recurring Themes:** the researchers were able to identify a number of issues that cropped up consistently in their interviews. Most participants found their experience on New Deal rewarding, and felt that they had gained new skills through the programme which had enhanced their employability to some degree. However most interviewees were also critical - they saw New Deal as only 'scratching the surface'. This was particularly so for the older long-term unemployed. There was a general perception that placements offered on New Deal were poor quality and that few 'good' employers have signed up to New Deal. Full and proper awareness and understanding of New Deal process amongst participants was scant, and there appeared to be little evidence of tailoring of provision to meet individual requirements. New Deal is better suited to the 18-21 year olds with little or no experience - older participants and long term unemployed are most critical of New Deal. Reactions to Personal Advisers were mixed - some were praised, some criticised. The main problems were a perceived inconsistency of approach, lack of contact, and poor knowledge by some of the Personal Advisers.

**Attitudes to Employment:** these showed up many of the barriers to employment that this group face. Most of the participants wanted to work, and disliked the "stigma" and low self esteem associated with unemployment, but saw lack of employment opportunities in their area as a major impediment. There was also an issue with the perception of many of the jobs on offer as menial and poorly paid - and most would not work for less than they received on benefit. Mobility - and a general unwillingness to travel, especially among the older group - was also a problem. Perceived age prejudice was an issue: the over 40s in particular felt discriminated against.

**New Deal Provision:** Gateway, the initial period of New Deal, is a period where jobsearch and identification of need should take place. Participants who had experienced Core Gateway, a more intensive Gateway period introduced towards the end of 1999, tended to be more positive than those who had gone through "normal" Gateway. However there was limited evidence that Core Gateway was being tailored to the needs of the individual. On the whole, younger participants (18-21) seemed to benefit most. Some of the New Deal options (especially voluntary and environmental - and some employment - placements) were seen as poor quality. This was particularly apparent in rural areas and areas of high unemployment. The Intensive Activity Period (IAP) for the 25+ was seen as being too short at three months to have any significant impact - although some thought that the IAP was extremely worthwhile. The emphasis on training for NVQ Level 2 was seen as an example of inflexibility in the programme, especially by those who already had NVQ Level 2.

**Employability:** most participants spoken to thought that New Deal had improved their chances of finding permanent work. There was evidence of participants acquiring both "hard skills" (eg IT, CV preparation, jobsearch, job related skills) and "soft skills" (eg confidence, self esteem). On the whole, the younger participants tended to be more positive in their assessment of New Deal's impact on their employability. The older participants were more negative, complaining about being taught skills that they already had or were of no benefit to them, and that in general New Deal was too inflexible and needed more depth.

**New Deal developments:** although the research is still ongoing, with a further 91 interviews and a number of case studies still to be carried out in late 2000 - and further analysis to be done - it is possible to tentatively identify some gaps in New Deal provision and point to areas that need attention. The first of these is to ensure that New Deal adequately tailors individual provision to the needs of participants - increased flexibility should be examined. The concept of progression through New Deal needs to be enhanced, and particular attention should be given to those with special needs and basic skills deficits.

### Insert 3: Analysis of New Deal from Claimant Count Data

#### Summary of paper on interim findings given to the New Deal Evaluation Seminar, 5 September 2000

**Lisa Taylor** (Statistics Research Branch, DETI) gave a paper on the analysis of the New Deal target groups from longitudinal databases held by DETI that record information on all those who have claimed unemployment-related benefits since October 1993, and other claimant count data.

- **Target group numbers:** the New Deal for 18-24 Year Olds targets those who have been unemployed and claiming JSA for 6 months or longer. Since the introduction of New Deal in April 1998, target group numbers fell by 53% in the period to June 2000, slightly less than the fall in GB over the same period (56%). Some regions (eg London and the South East) have fallen by around 60%.

#### Flows analysis - New Deal for 18 - 24 year olds:

- **Flows analysis:** New Deal for 18-24 year olds: flows analyses are important, as previous studies by DETI show that around 40% of those who leave the register will reclaim again within one year. Thus it is not sufficient to get people off the register to claim success - they have to stay off. By comparing flows off and back onto the register in the period that New Deal has been operating with flows from earlier periods, it may be possible to identify "New Deal effects". Care has to be taken in these analyses as, for example, other factors might have changed as well, and the characteristics of the target group may have changed. However analyses do show that the numbers leaving the register increased sharply after the introduction of New Deal, and that most of the increased off-flow was accounted for by increased entry to education and training - most likely New Deal options. Proportions leaving to jobs (although this may include some moving onto the New Deal Employment Option) have remained steady, as have those moving off JSA to other benefits - although perhaps those moving to other benefits have done so more quickly than pre-New Deal. Returns to unemployment have also risen since New Deal began, which suggests that a number of those who left to undertake New Deal options had returned to the count. Preliminary analysis has shown that 15 months after flowing through the New Deal threshold, around half had either never left the register or have returned to it in the period - this proportion is similar to the pre-New Deal situation<sup>1</sup>.
- **Flows analysis - New Deal for 25+:** similar analyses have been carried out on the New Deal for 25+, but as the programme has been running for a shorter period (since end November 1998), and the qualification period - 18 months - is much longer than for the New Deal for 18-24 Year Olds, findings at this stage are indicative. They suggest that, as with ND18-24, off-flows have considerably increased since the introduction of the programme: however, unlike the 18-24 year olds, the most significant change is in the proportions flowing off to other benefits, which have increased sharply since the introduction of New Deal. Overall, the New Deal for 25+ does appear to be succeeding in getting long-term unemployed people off unemployment benefit, as a year later they are less likely to be unemployed than they were before.
- **Further Analyses:** Further analyses will extend the time frame, thus rendering any conclusions more robust. Also, there appears to be some evidence that young people are switching between options; this, combined with frictional unemployment when training finishes, may mean that young people who return to JSA after their spell on the programme may stay on benefit for a shorter time than their counterparts in previous years. DETI intend to improve the current method of looking at the data by identifying all spells of unemployment following the date at which an individual should have entered New Deal and examining how long they have lasted, and also looking at whether they are on or off the register at various points after they would have been due to enter the programme<sup>1</sup>.

<sup>1</sup> Further analysis by DETI since the seminar took place shows that around 26.4% of young people who passed the New Deal threshold (6 months unemployment) in 1998/99 were in receipt of JSA 15 months later. This is 4-5 percentage points lower than the figure for the previous two years (1996/97 - 31.7%; 1997/98 - 30.6%). This finding will require further analysis.



## OTHER RESEARCH PROJECTS

Two other evaluation projects for New Deal have been completed: **Initial Qualitative Research with Key New Deal Players**, carried out by the consultancy firm KPMG; and a **Survey of New Deal Leavers**, carried out by the Central Survey Unit of the Northern Ireland Statistics and Research Agency (NISRA). Early results from both studies were summarised in issue 13 of the Labour Market Bulletin, and copies of the both final reports are available from Research and Evaluation Branch at the address on the back of the Bulletin, or on the Department's web site at <http://www.dhfeteni.gov.uk>.

## THE NEW DEAL EVALUATION DATABASE

The Agency is maintaining a database of individuals who have participated in New Deal as part of its wider management information systems. This database keeps information on the progress of all participants who pass through the programme, including data on immediate destination after leaving the programme and data on the sustainability of any employment obtained post programme in a way similar to that adopted in GB. These data will feed into all the separate elements of the

evaluation and will form a valuable source for analysis in their own right. However, at the moment analyses are limited because data are temporarily unavailable due a number of issues that came to light following the introduction of a new and improved computer system. These have not yet all been resolved satisfactorily. Work is in hand to prepare the data for publication but at the time of writing this has not been completed.

## FUTURE PLANS

Full publication of the final reports for both the quantitative and qualitative research is scheduled for the first half of 2001. The Department is currently actively considering the running of leavers' surveys to build on the data published in the initial survey and to ascertain the current position: this will bolster information being collected through the evaluation database. The other key area of possible research is the impact of New Deal on employers.

## ACKNOWLEDGEMENTS

The author would like to thank the researchers whose work have helped developed the evaluation of New Deal to date, and to members of the New Deal Evaluation Steering Group

and Research and Evaluation Branch for support. Thanks also go to all those who have contributed in any way to the research.

# Book Reviews

## **LITERACY, ECONOMY AND SOCIETY**

This is the first Report of the International Adult Literacy Survey (IALs) and presents the results of the seven of the nine countries which participated in this pioneering project in 1994. RoI data were delayed and France refused to publish citing technical objections.

The work was founded on extensive earlier work in the USA and Canada; the development and management of IALs was co-ordinated by Statistics Canada, the statistical arm of the Canadian Government, and by the Educational Testing Service, the leading private testing organisation in the USA.

In addition to the results a useful account is presented of the methodology and some important policy conclusions are drawn out. It was published in December 1995.

**Available from:**

**OECD**  
**2 Rue André-Pascal**  
**74775 PARIS CEDEX 16**  
**France**  
**ISBN 92-64-14655-5**  
**[www.oecd.org](http://www.oecd.org)**

## **LITERACY SKILLS FOR THE KNOWLEDGE SOCIETY**

This is the second Report of the IALs project and

presents the results from the second wave of four countries which participated in the study in addition to the eight countries which participated in the first wave.

Further analyses of the whole data set are presented. Thus the most important correlation with income is the quantitative score - maths pays! It also demonstrates that "educational attainment is a poor proxy for skill, economies differ greatly with regard to skills demanded, and that experience and skills are rewarded differently in different OECD countries". The problem of youth from disadvantaged backgrounds is highlighted.

**Available OECD.**

**ISBN 92-64-15624-0**

## **LITERACY IN THE INFORMATION AGE**

This is the third and final Report of the IALs project. Incorporating data from the third wave when a further 8 countries participated, data are presented for some 20 countries which together account for over 50% of the world's GDP.

Technological change, globalisation and organisational development are causing an increasing demand for skills.

Major policy insights are presented on the social and economic benefits of achieving higher levels of literacy in what is becoming known as 'the information age'.

**Available OECD**

**ISBN 92-64-17654-3**

## **MEASURING ADULT LITERACY**

Here the UK's Office for National Statistics (ONS) presents the results from a collaborative research project funded by the European Commission on IALs in the European context. The Report considers the issues for achieving comparability in survey research looking at how the IALs was implemented and describes survey practice in several European countries with the aim of identifying standards. Also considered are the statistical techniques used in educational measurement and secondary analyses of the data. The project considered the measurement methods used in large scale assessments and household survey methods and their application in the context of international survey initiatives. It also set out to investigate empirically the stability of the literacy measures used in IALs. The overall objective was to establish good practice that

could be implemented in future similar surveys and is directed at the experts rather than the general reader. In addition, some results from Portugal are presented (which ran its own survey) and France (which did not publish due to methodological objections).

**Available from:**

**ONS Direct  
Room D130  
Government Buildings  
Cardiff Road  
NEWPORT NP10 8XG  
ISBN 1 85774 368 7**

**Tel: 01633 812078  
Fax: 01633 812762  
[www.statistics.gov.uk](http://www.statistics.gov.uk)**

#### **ADULT LITERACY IN NORTHERN IRELAND**

The results are presented of the second wave of IALs which was carried out in NI in 1996 and funded by T&EA and DENI and the Interdepartmental Social Steering Group. The Central Survey Unit of the Northern Ireland Statistics and Research Agency carried out the Survey. The Report profiles the literacy skills of the population of working age and also describes the characteristics of those with low literacy skills as well as making comparisons with the other countries that took part. Topics covered in the report include; literacy skills

and work, occupational skills and work, how skill levels in NI compare with other countries, literacy trends in the two communities.

**Available from:**

**The Stationery Office  
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16 Arthur Street  
BELFAST BT1 4GD**

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**Tel: 028 902 38451  
Fax: 028 902 35401  
[www.ukstate.com](http://www.ukstate.com)**

#### **IMPROVING LITERACY AND NUMERACY - A FRESH START**

Under the Chairmanship of Sir Claus Moser this Report, published in 1999, draws attention to the "shocking state of affairs" whereby about 20% of the UK's adult population have severe literacy and numeracy problems. The Working Group which prepared the Report was established in June 1998 by David Blunkett, the Secretary of State for Education and Employment and is visible recognition of the high priority now given by Government to this problem.

While the Report's analysis and recommendations are confined to England, they have a high validity for all of the UK. The Report

proposes a strategy to halve the levels of functional illiteracy and numeracy in a decade and recognises a major issue is that most people who have a deficiency in this area fail to admit they have a problem.

**Available from:**

**DfEE Publications  
PO Box 5050  
SUDBURY  
Suffolk CO10 6ZQ**

**ISBN 1 84185 005 5**

**Tel: 0845 60 22260  
Fax: 0845 60 33360  
e-mail:  
[dfee@prologistics.co.uk](mailto:dfee@prologistics.co.uk)**

#### **INTERNATIONAL LABOUR REVIEW**

This is a quarterly publication from the International Labour Organisation Headquartered in Geneva. It contains a collection of articles on the labour market from a strong international perspective.

**Available from ILO  
Publications,  
ILO CH-1211 Geneva 22  
Switzerland  
Tel: 41-22 799 78 28  
Fax: 41-22 799 69 38  
[e-mail: pubvente@ilo.org](mailto:pubvente@ilo.org)**

**FACTS AND FIGURES FROM THE  
INTER-DEPARTMENTAL BUSINESS  
REGISTER (IDBR) EDITION TWO-  
MAY 2000**

The Inter-Departmental Business Register (IDBR) is a statistical register which was introduced in 1994, became operational in 1995 and is held at the Office for National Statistics, Newport, South Wales. It has details of around 2 million UK businesses, of which some 63,000 are in Northern Ireland. The 2 main administrative sources for the Register are Pay As You Earn records from the Inland Revenue and the Value Added Tax system of HM Customs and Excise.

'Facts and Figures from the IDBR' shows data on the Northern Ireland businesses whose details are contained in the Register. Coverage includes the number of businesses (public and private sector) by broad industrial group and employee sizeband. The IDBR shows VAT registered businesses by broad industry group, employee sizeband and the 26 District Councils in Northern Ireland. Data on VAT de-registrations are also shown. The information is for the late 1990s and in some instances for March 2000.

**Available from:-**

**Statistics Research Branch  
Department of Enterprise,**

**Trade and Investment  
Netherleigh  
Massey Avenue  
BELFAST BT4 2JP**

**Tel: 028 9052 9430  
Fax: 028 9052 9459  
[www.detini.gov.uk/statsres/index.htm](http://www.detini.gov.uk/statsres/index.htm)**

**REGIONAL COMPETITIVENESS  
INDICATORS**

The Department of Trade and Industry produce this publication twice a year. First introduced in February 1998, a broad range of detailed statistical information is provided, covering a regular series of economic and social indicators for the regions and constituent countries of the UK.

The publication is divided into five sections, entitled: Overall Competitiveness, the Labour Market, Education and Training, Capital, and Land and Infrastructure. These sections cover a total of 14 individual indicators, intended to provide a balanced representation of available statistical information associated with regional competitiveness. Helpful descriptions and definitions are provided for each indicator, including some explanation of data limitations and other constraints upon interpretation.

**Available from:**

**The Department of Trade  
and Industry  
10 Victoria Street  
London  
SW1H 0NN  
Tel: 020-7215 3279  
Fax: 020-7215 3293**

**Also available on the DTI  
internet site at:  
[www.dti.gov.uk/sd/rci](http://www.dti.gov.uk/sd/rci)**

**NORTHERN IRELAND LIFE AND TIMES  
SURVEY 1999 - QUEEN'S  
UNIVERSITY OF  
BELFAST/UNIVERSITY OF ULSTER.**

The Northern Ireland Life and Times Survey (and Northern Ireland Young Life and Times) is related to the long-running British Social Attitudes Survey which has provided valuable data about the changing opinions and mores of the British people over many years. And you used to be able to buy a thick tome every year on Northern Ireland (The NI Social Attitudes Survey). But not any more.

Progress? Well, the answer is broadly yes. The Universities of Ulster and Queen's, Belfast have combined to produce a web-based version called the "Northern Ireland Life and Times Survey". Results from the 1999 survey (interviews for which actually extended into 2000) have now been posted on the web, based on face-to-face interviews



with 2,200 adults (and nearly 450 young people aged 12-17 for Young Life and Times).

Topics covered in the 1999 survey include Transport; Education; Community Relations; and Pensions and Pensioners. Tabulations of data are available on the web - quicker and cheaper than before. It is also possible to get raw data to analyse - but you will need the SPSS analysis package, which can be expensive. Perhaps the only downside is that the analysis and commentary that accompanied the former NI Social Attitudes Survey is not available, but as compensation the site also contains links to papers written using the NILT data.

**Available on:**  
[www.qub.ac.uk/ss/csr/nilt](http://www.qub.ac.uk/ss/csr/nilt)

**1998 LABOUR FORCE SURVEY:  
RELIGION REPORT - NISRA MONITOR  
1/00**

The latest Labour Force Survey (LFS) Religion Report presents key economic data on Protestants and Catholics from the 1998 LFS. The LFS is a sample survey, with information from some 3,200 households (nearly 6,700 individuals aged 16 and over) being included in the analysis for 1998.

Areas covered in the Report are economic activity and

inactivity; unemployment; employment; and training and qualifications. Many of the data are presented in a 9-year run from 1990-1998. This allows a consideration of change over time, although care needs to be taken owing to the presence of the inevitable sampling error in the data - the Appendix has tables on sampling error that should not be overlooked.

With the formation of the new Equality Commission, and the introduction of a statutory duty on public bodies to implement an effective equality policy, publications such as the LFS Religion Report provide very useful background information.

**Available from:**  
HRREB, Rosepark House,  
Upper Newtownards Road,  
Belfast BT4 3NR  
[www.nisra.gov.uk](http://www.nisra.gov.uk)

# Labour Market Seminars: 2001 Series

Together with the Employment Service, Research and Evaluation Branch ran a series of seven Labour Market Seminars across Northern Ireland in May/June 2000 with the programme as below.

They typically were run in the morning, followed by a lunch - there was no charge to attend the Seminar. They were well attended (some 600 people in total) and feedback was very positive. Accordingly we have planned a further Series for Spring 2001, which will follow a similar format.

The Seminars present an opportunity to learn about our current state of knowledge of the NI Labour Market with some reference to your local labour market. The content will in part be a summary of the previous Seminar, an update of the current situation, and latest forecasts; in addition research reports will be presented and in particular the results of our new Skills Monitoring and Forecasting Systems.

If you were invited to the Series in 2000, you will be asked again to the 2001 Series - if not and you wish to attend the new Series, please contact either:  
**Siobhan Logue**  
**57 - 63 Chichester Street**  
**Belfast BT1 4RA**  
**Tel: (028) 90252289**  
**Fax: (028) 90252266**

**E-mail:**  
**siobhan.logue@dhfeteni.gov.uk**

or

**Daragh Shields**  
**5 Thomas Street**  
**Dungannon BT70 1HN**  
**Tel: (028) 87754939**  
**Fax: (028) 87754927**  
**E-mail:**  
**daragh.shields@dhfeteni.gov.uk**

Siobhan is Regional Manager of the Eastern Region - Ards, Ballymena, Ballymoney, Belfast, Carrickfergus, Castlereagh, Down, Larne, Lisburn, Newtownabbey and North Down District Council Areas.

Daragh is Regional Manager of the Western Region - Antrim, Armagh, Banbridge, Coleraine, Cookstown, Craigavon, Derry, Dungannon, Fermanagh, Limavady, Magherafelt, Moyle, Newry & Mourne, Omagh and Strabane District Council Areas.

## **SEMINAR ON LOCAL LABOUR MARKETS IN NORTHERN IRELAND (2000 SERIES)**

**09.00am**  
Coffee/Tea and Registration  
**09.30am**  
Introduction by local Regional/District Manager  
**09.35am**  
A Brief Overview of the Northern Ireland Labour Market

(Terry Morahan, Research & Evaluation Branch, T&EA)

**10.20am**

Introduction to the Northern Ireland Large-Scale Recruitment Study

**10.30am**

Break

**11.00am**

Results of the Northern Ireland Large-Scale Recruitment Study (Ian Shuttleworth and Darren McKinstry, Socio-Spatial Analysis Unit, QUB)

**11.45am**

Skills Monitoring and Forecasting (Mark Livingstone, Skills Unit, REB)

**12.10pm**

Questions and comments from the audience

# Index of Previous Labour Market Bulletin Articles

Each Bulletin opens with an Editorial, followed by updated Labour Market Statistics. Starting with Bulletin No 8 a "Further Reading" section contains labour market publication reviews.

**Issue No 1 October 1990**  
School-Leavers; Labour Force Projections; Skills Supply and Demand; Employment Services for Employers and Jobseekers.

**Issue No 2 May 1991**  
European Skill Shortages; National Vocational Qualifications; Employment Growth and Unemployment Change in the 1990s; Training Centre Network.

**Issue No 3 November 1991**  
Labour Market Database; School-Leavers; Consultancy and Advisory Service.

**Issue No 4 May 1992**  
Recent External Migration Patterns for Northern Ireland; Recent Developments with National Vocational Qualifications; World Class Targets in Northern Ireland; European Training Programmes.

**Issue No 5 November 1992**  
Economic Success and Apprentice Training in Germany; Labour Force Projections; Management Skills - A Key Determinant of Small Firm Growth; The Training and Employment Agency's Business Support Division.

**Issue No 6 May 1993**  
5th Form Destinations; Women and Training; Young People on the Youth Training Programme; Who Uses Open Learning Access Centres.

**Issue No 7 November 1993**  
Training and Employment Agency Regions; Labour Market Profile; General National Vocational Qualifications; School-Leavers; Post School Destinations; The Example of 1991 School-Leavers.

**Issue No 8 February 1995**  
Employment and Unemployment in NI: A comparison with EU Trends; Advertised Vacancies in NI; After 5th Form What Next?

**Issue No 9 November 1995**  
Peace, Political Stability and the Northern Ireland Labour Market; The Northern Ireland Social Omnibus Survey; Labour Force Projections; Labour Costs; National Targets for Education and Training; Monitoring Equality of Opportunity.

**Issue No 10 October 1996**  
The Northern Ireland Social Omnibus Survey; The Fastest Improving Regional Economy in the UK; Export Growth; The Key to Expanding Manufacturing Employment; Company Development Programme; Results of the Skills Study - Stage 1; The National Information System for

Vocational Qualifications; Long-Term Unemployment in Northern Ireland; Young People on the Margin in Northern Ireland.

**Issue No 11 October 1997**  
The Northern Ireland Labour Market at a Glance; Claimant Unemployment; The Fastest Improving Regional Economy in the UK; Northern Ireland Social Omnibus Survey; Local Labour Market Reports; Hidden Labour Reserves in Northern Ireland; Recruitment Difficulties in Craigavon; Trends in Earnings; Targeting Social Needs; Equality Monitoring Update from the T&EA; Graduates and the Labour Market in NI; Evaluation of Open Learning Access Centres.

**Issue No 12 October 1998**  
The Northern Ireland Labour Market at a Glance; Improved Labour Market Statistics - An Integrated Approach; The Fastest Improving Regional Economy; Northern Ireland Social Omnibus Survey; A Skills Unit for the Agency; Trends in Wage Differentials; Travel-to-Work Patterns in the Belfast Urban Area; The Labour Recruitment Study; Coats Viyella Study; What the International Adult Literacy Survey means for Northern Ireland; The Impact of a National Minimum Wage on the Northern Ireland Economy; Women in the Northern Ireland Labour

Market; Monitoring Report for TSN; Programmes for the LTU - Evaluations of ACE and CWP; The New Deal - Plans for Evaluation.

**Issue No 13 October 1999**

Labour Market at a Glance; Labour Market Statistics; Hours Worked - A NI Series; Fastest Improving Regional Economy; Northern Ireland Social Omnibus Survey; Skill Needs in Northern Ireland; 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.



Copies of the Labour Market Bulletin can be obtained by contacting:

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Adelaide House  
39-49 Adelaide Street  
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Tel: 028 9025 7626/7  
Fax: 028 9025 7778  
E-Mail: [reb@dhfeteni.gov.uk](mailto:reb@dhfeteni.gov.uk)

The Bulletin is also available from our Website at  
[www.nics.gov.uk/mainhfe.htm](http://www.nics.gov.uk/mainhfe.htm)



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39-49 Adelaide Street, Belfast, BT2 8FD.

**November 2000**