

SUBMISSION FROM THE SCOTTISH GOVERNMENT

Labour Market and Job Quality – Statistical Context and Data Availability

June 2015

Summary

- The impact of the recession has been challenging but the labour market has held up better than initially feared and employment levels are amongst the highest on record.
- There is a remaining challenge around youth unemployment but also some legacy effects of the recession which may be impacting on job quality - particularly with respect to levels of underemployment, depressed wages, job insecurity and increasing use of some non-standard contracting arrangements such as zero-hours.

1. Changes in the Scottish Labour Market since 2008

Despite challenging economic circumstances, since 2007, Scotland's economic performance has improved relative to the UK. Long-standing gaps between Scotland and the UK in terms of productivity, labour market participation and earnings have been reduced as outlined in Table 1.

Following the end of the recession, Scotland's labour market has strengthened significantly since 2011. Figure 1 shows how the number of people in employment has risen to a record level with 2.6 million in work and a consistent fall in headline unemployment rates such that levels are now approaching pre-recession levels.

Table 1: Key Economic Activity Indicators - Scottish Performance since 2007

	2007	2007 Ranking (of 12 UK regions)	2014	2014 ranking (of 12 UK regions)
1. GDP per head	£22,505	4th	£25,065	3rd
2. Productivity	£24.60/hr	6th	£29.10/hr	4th
3. Disposable income	£13,851	5th	£16,267	5th
4. Average full-time weekly pay	£442	4th	£519	3rd

Source: *Government Economic Strategy, March 2015*

Figure 1 Employment and Unemployment Rates in Scotland, 2008-2015



Source: Labour Force Survey, seasonally adjusted, ONS

Nevertheless, the legacy of the recession remains evident. In particular, youth unemployment remains high at more than double the overall unemployment rate in Scotland, whilst the recession has also led to an increase in levels of underemployment and part-time working. For example, the number of people underemployed, though falling, currently stands at 244,000, this is 38% higher than in 2008. Part-time employment is up 69,000 (11%) since 2008 while full-time employment has only recently started to return to close to pre-recession levels (3,000 lower than in 2008). Real wages in Scotland, in common with other advanced economies also remain substantially below pre-recession levels. Employment rates among disabled people, some ethnic minority groups and older workers also remain well below the national average. Job insecurity has also been a feature of the recession with an increasing number of people employed on zero-hour contracts which pose very real questions for an individual about reliability of income, security of employment and the balance of power between employer and worker.

2. Defining Job Quality – what makes a ‘good’ or ‘bad’ job

Job quality is important for a number of reasons – it has an impact at the individual level (health and well-being), firm level (absenteeism, motivation and employee engagement which can affect a firm’s productivity and costs) and subsequently an impact at the overall economy level (where aggregate impacts can affect overall output, productivity and economic growth)

There is no accepted definition of job quality, indeed in some cases this can be subjective. No single factor can be used to determine if a job is ‘good’ or ‘bad’. A range of factors needs to be considered and these broadly fall under three main themes:

- **Task factors:** in particular the level of opportunity an employee has to influence the work that they do, how it is organised, their working conditions, levels of job intensity and access to opportunities for training and development.
- **Employment factors:** including pay, job security, hours of work, flexible working arrangements and clarity and equality around terms and conditions of employment. Among these factors low pay is likely to receive most attention as it is associated with a range of negative outcomes for individuals, including poor health, diminished life-chances and a higher risk of being in poverty.
- **Workplace factors:** broadly workplace relationships and governance at work including perceptions of fairness, trust and respect, confidence in the ability and integrity of colleagues and managers, access to employee representation and “voice” and access to due process/procedural justice in matters of grievance, discipline or dismissal.

3. What data is available on job quality at Scottish Level

A range of data is available to aid measurement across some of the factors contributing to job quality. Table 2 outlines some of the job quality indicators for which we have Scotland level information.

Table 2: Source of data for job quality in Scotland

Indicator		Data Source
Task factors	Work organisation	Workplace Employee Relations Survey (WERS) 2011
	Working conditions	WERS 2011
	Job intensity	WERS 2011
	Training and development	WERS 2011, Annual Population Survey, UK Employers Skill Survey
Employment factors	Pay	Annual Survey of Hours and Earnings (ASHE)
	Job security	WERS 2011
	Hours of work	Annual Population Survey
	Staff contracting arrangements	WERS 2011
	Work-life balance	WERS 2011
Workplace factors	Employee representation	WERS 2011
	Employment relations and dispute resolution	WERS 2011
	Job satisfaction	WERS 2011

Table 3 describes some of the limitations of the available data sources. While we have relatively good data at a Scotland level we are limited in our ability to analyse data for specific industries or areas within Scotland.

Table 3: Limitations of job quality data sources

Data Source	Frequency	Sub-Scotland breakdowns	UK comparisons	Comparisons over time
Workplace Employee Relations Survey (WERS)	Sporadic	Scotland level only.	Some comparisons are possible	Some comparisons are possible
Annual Population Survey (APS)	Quarterly	Some breakdown by regions, industry and individual characteristics.	Yes	Yes
Annual Survey of Hours and Earnings (ASHE)	Annual	Some breakdown by regions, industry and individual characteristics.	Yes	Yes
UK Employers Skill Survey (UKESS)	Biennial	Some breakdown by regions, industry and individual characteristics.	Yes	Yes

4. Sectoral and geographical differences in job quality across Scotland

Data on job quality which can be disaggregated by sector and geography within Scotland is limited to some indicators from the Annual Survey of Hours and Earnings (ASHE), the Annual Population Survey (APS) and the UK Employers Skill Survey. Indicators which are available include: the proportion of people earning below the Living Wage, the proportion of people working full-time, the proportion of people who are underemployed and the proportion of employers arranging training for their staff.

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