

UNDERSTANDING THE LABOUR MARKET

**A basic guide for teachers
in secondary schools
in England**

2005

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Understanding the Labour Market

This is a basic guide to understanding the labour market for teachers in secondary schools in England. It will be of interest to others involved in supporting young people's progression and achievement, including personal advisers and learning mentors.

INTRODUCTION

Why do teachers need to know about the labour market and labour market information?

Careers Education and Guidance (CEG) is part of the statutory curriculum throughout key stages 3 and 4. Work-related Learning (WRL) is now statutory for all key stage 4 students. Teachers in secondary schools are increasingly involved in helping students to learn for, about, and through work and to make plans for their futures in the world of work.

“Those awarded Qualified Teacher Status must demonstrate that for KS4 and post-16, they are aware of the pathways for progression through the 14-19 phase in school, college and work-based settings.”

From: *Qualifying to Teach: Professional Standards for Qualified Teacher Status and Requirements for Initial Teacher Training (DfES & TTA 2002)*

“The professional duties of teachers include...providing guidance and advice to pupils on educational and social matters and on their further education and future careers, including information about sources of more expert advice on specific questions.”

From: *School Teachers' Pay and Conditions 2001*

CEG and WRL are essential to preparing young people for adult life, helping them to see the relevance of education to their future lives and developing their employability. Many of the skills valued for both higher education and future employment can be developed through career planning and work-related activities. Improved knowledge of the labour market and employers' needs will help young people make informed decisions about career choices.

Whatever a school's approach to meeting its statutory duties for CEG and WRL, it is likely that all its teachers and some of its non-teaching staff will be involved in planning and delivering that provision at some time in each school year.

Rapid changes are taking place in the labour market in the UK and abroad, driven by technological change, global economic activity and other factors. 11-19 year olds do not need to know about changing employment patterns in detail, but they do need to understand some general labour market trends and how to access sources of information.

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Young people need to appreciate employers' ever-increasing demands in terms of skills as well as the likelihood that they will have to adapt and retrain for new jobs throughout their working lives.

The only certainty is that change is constant and that individuals will need to update their skills and knowledge regularly. Teachers need a basic knowledge of the labour market and the key resources and activities that support relevant learning if they are to help prepare young people for the working world of the twenty-first century.

WHAT IS A LABOUR MARKET?

A labour market is a mechanism which matches potential employers of people – the demand for labour – with people who are available for work – the labour supply. Labour markets operate at local, regional, national and increasingly international levels, reflecting how economies operate.

Forces that affect a labour market

Labour markets are affected by a wide range of factors including:

- Changes in the external business environment, such as increases in consumer demand for the goods or services provided by an industry, or cheaper competition from abroad leading to job losses
- Changes in the internal business environment, such as changes in production processes, new technologies or business structures resulting in job losses, or changes in the level of occupations available (for example, more technical jobs, fewer unskilled jobs)
- Government interventions, such as regeneration programmes supporting education, training and investment in particular skills or geographical areas.
- New laws which affect jobs (for example, banning hunting, or restricting the number of hours a lorry driver can drive)
- National and international policies like the introduction of National Minimum Wages, or free movement of labour within the European Union
- Legislation affecting employment rights – Equal Pay Act, Sex Discrimination Act, Race Relations Act, Asylum and Immigration Act, and the Disability Discrimination Act – placing restrictions on how employers recruit.

Clearly the supply of, and demand for, labour is constantly changing. Labour market information is compiled to track and record those changes, and to predict changes that might lie ahead.

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WHAT IS LABOUR MARKET INFORMATION?

Labour market information (LMI) is information about what is happening in a labour market. Information about a labour market tends to focus on:

- who is buying labour - which industries are growing and declining (labour demand)
- what kind of labour they are buying - types and levels of jobs (labour demand)
- what sort of labour is available - numbers, skill and qualification levels (labour supply).

What makes up the 'demand' side of LMI?

The labour demand side of LMI provides information about where jobs are, for example:

- Those industries which are taking on staff and those which are shedding staff. In LMI, industries are classified using a system called the Standard Industry Classification system (SICs)
- The type and level of occupations which are in demand. In LMI, occupations are classified using a system called the Standard Occupational Classification system (SOCs)
- The sort of work, in terms of work patterns, which is in demand: full time, part-time, temporary work, self employment, etc
- The levels of skills and qualifications needed to do the jobs available.

What makes up the 'supply' side of LMI?

The labour supply side of LMI provides information about the people who make up the labour force:

- The numbers of people available to work – the potential labour force
- The gender profile, ethnic mix, age and disability profile of the labour force
- The skills and qualification levels of the labour force
- The numbers of unemployed people
- The travel-to-work patterns of the labour force.

Where does LMI come from?

Labour market information is gathered from a wide variety of sources including:

- Government departments, e.g. unemployment figures, levels of imports and exports
- The National Census, e.g. people's ages, occupations, etc
- Learning and Skills Councils (LSCs), e.g. levels and types of training in demand, skills shortages, etc
- Sector Skills Councils representing particular industrial sectors
- Chambers of Commerce, e.g. wages surveys, business activity surveys.
- Business Link, e.g. new business start-ups
- Exam Boards, e.g. school performance tables, exam entries and results.
- Local government, e.g. inward investments – success rates for attracting new or relocating business to the area
- Connexions Services, e.g. employment activity surveys, education leavers' destinations and tracking information.

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How is LMI used?

Labour market information is interpreted by many organisations to produce reports and forecasts on a wide range of topics, for example:

- National Government Departments, e.g. statistics on skills shortages and training needs; predicted staffing shortfalls in occupations like medicine and teaching
- Connexions Services, e.g. reports on destinations of school leavers
- Equal Opportunities Commission/Commission for Racial Equality, e.g. analysis of the position of men, women or minority ethnic groups in the labour market.

On its own LMI is not much use at all, it has to be interpreted. Once interpreted it is sometimes called Labour Market INTELLIGENCE. Labour market intelligence is important because it can be used to forecast what jobs will probably be available in the future and also which people will be available to do those jobs. By matching the predicted supply to the projected demand it is possible to identify education, training and skills needs and look at arrangements for meeting those needs. Mismatches between the supply of and the demand for labour have implications not only for businesses and economies but also for societies and individuals.

Only by 'supplying' the skills, qualifications and experience which are in demand will individuals survive and thrive in the labour market they wish to join.

THE CURRENT UK LABOUR MARKET

The population of the United Kingdom has been growing in recent years.

- The latest mid-year population estimates (2003) show that the total population in the UK was 59.6 million people and their average age was 38.4 years
- UK population growth by mid 2003 was 0.4% in each of the years since mid 2001. Over the last thirty years the population has grown by 6.5%.
- In 2001 a very high percentage of the UK population was white (92%), with the remaining 4% belonging to All Asian or British Asian groups, 2% to All Black or Black British groups and 2% belonging to other ethnic groups. There are however strong regional variations in the make up of the community.

Two definitions are helpful in understanding which groups of people are involved in the labour market:

The population of working age: all males aged 16-64; all females aged 16-59; this will gradually become 16-64 for everyone and may effectively become 18-69 as more people continue in education and training after age 16, and people go on working for longer.

The UK workforce: those people of working age who are working or are registered as unemployed.

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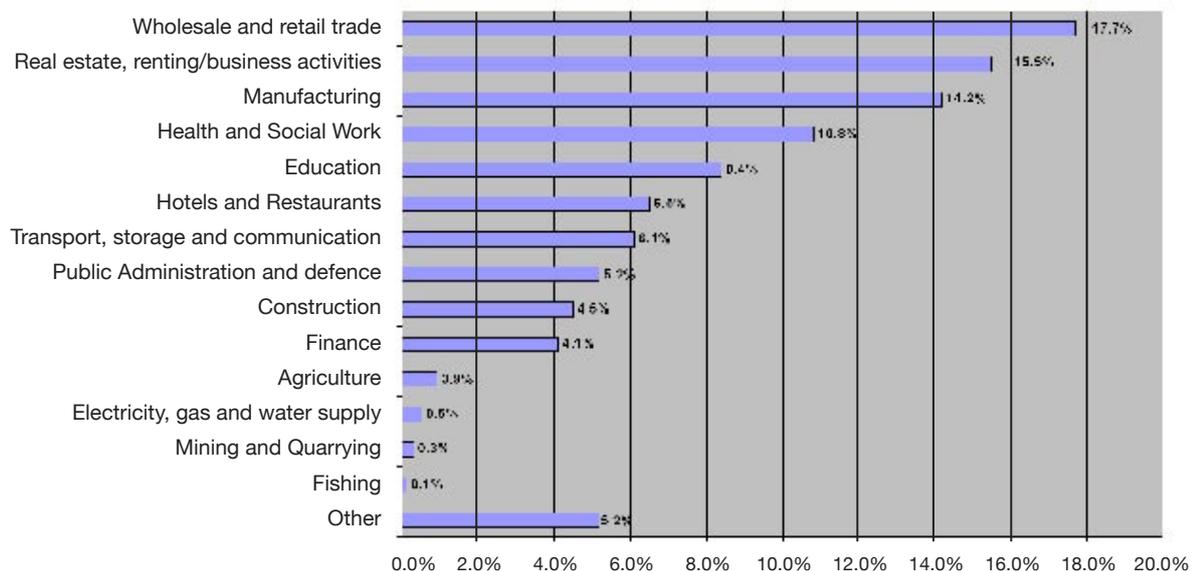
- The UK actual workforce is smaller than the population of working age as some people are in full-time education, some cannot work, and some do not need or want to work
- The working age population in the UK was 35,218,000, 51.3% of whom were male, and 48.7% female
- The UK's employment level stood at 28,521,000 (74.9% of the population of working age) for the period Oct – Dec 2004, a new record since comparable records began in 1971. The gender breakdown was: male - 79.3%; female - 70.1%
- The latest unemployment rate for the UK stands at 4.7% of the workforce, 4.2% of whom are female and 5.1% male.

Where do people work in the UK labour market?

LMI looks at both the industries in which people work and the occupations they have. Some jobs are mostly available in only one industry, e.g. nurses work mainly in the health and social care industry. Some jobs are available across a wide range of industries, e.g. accountant. However, a large company making computers will employ one or two nurses and several accountants, as well as many computer design engineers. Many jobs are available in all industries to some extent, particularly in large organisations with many employees. When students make their career choices they should take into account where they would like to work as well as what they would like to do.

The chart below shows how the UK working population is employed by standard industrial category (SIC).

% of UK workforce employed in each industry sector (Source: NOMIS)



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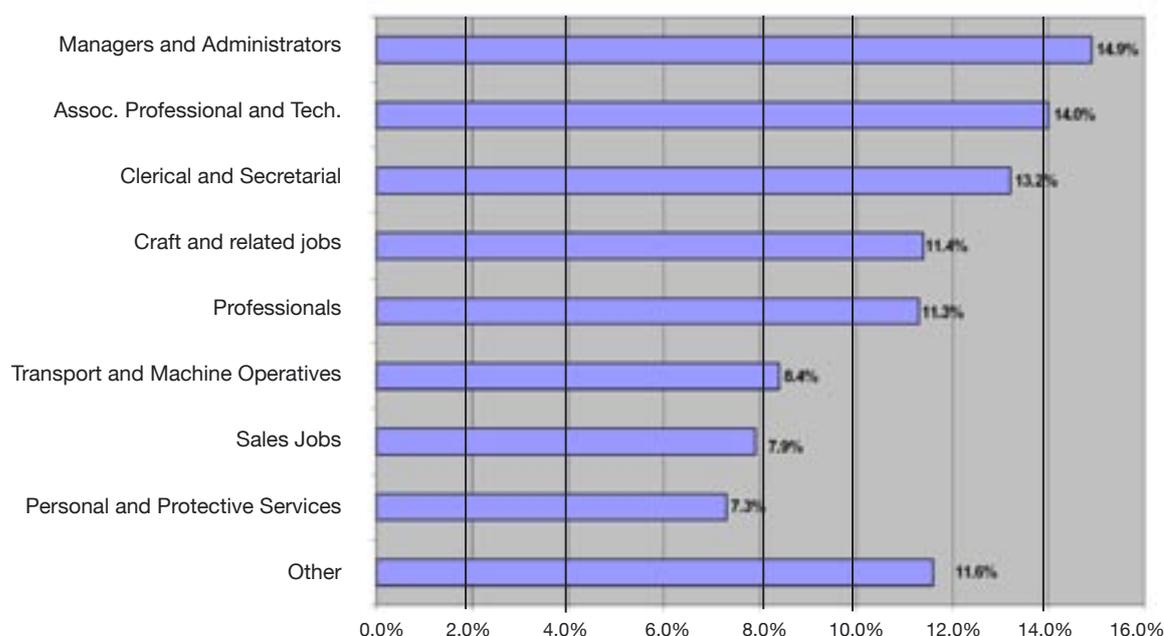
How is the UK labour market changing?

Labour Market Intelligence predicts that:

- Fewer people will be working in agriculture and manufacturing
- The largest rise in employment opportunities is forecast in the service sector: hotels and restaurants, retailing, health and social work, and financial services
- In particular, jobs in childcare and health care will increase due to more women entering the workforce and needing childcare, and an ageing population requiring more health care.

Another way of looking at change is by occupational categories (SOCs). The next chart shows the proportions of the UK workforce in each occupational category.

% of the UK workforce employed in each category (Source: NOMIS)



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In the future, Labour Market Intelligence predicts that there will be **fewer** jobs in:

- Craft and related occupations
- Clerical and secretarial occupations
- Transport and machine operatives' jobs.

There will be **more** jobs in:

- Management and administration
- Professional occupations
- Associate professional and technical occupations
- Personal and protective services
- Sales.

It is also predicted that most jobs at all levels will need more skills to do them due to:

- The increased use of new technology: computers; telecommunications; scientific and technical equipment; etc
- More demands from legislation: health and safety; qualification requirements for jobs; etc
- Multi-skilling: where employers need staff who can undertake a wide range of tasks rather than focus on a single trade or skill area
- Increased emphasis on quality and customer care and a rise in customer expectations. Competition is fierce and to gain and keep customers many companies now place more emphasis on innovation, quality and customer care.

A key message for young people: it pays to acquire skills and qualifications as the numbers of jobs with higher skill levels are increasing and unskilled jobs are declining.

WHAT SKILLS AND QUALITIES DO EMPLOYERS NEED?

The specific and transferable skills being sought by employers are:

Personal qualities

- **Intelligence** - the ability to analyse situations and solve problems, think things through and use common sense
- **Knowledge** - an understanding of 'basic principles' rather than a lot of specialist knowledge
- **Willingness to learn** – the ability and desire to learn, and keep learning new things and new ways of doing things
- **Flexibility and adaptability** – the ability to respond to change, to try new things, and to manage change

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- **Self-regulatory skills** – the ability to be self disciplined about time-keeping, appearance and managing yourself and your work
- **Self-motivation** – being a 'self-starter', resilient, tenacious and determined
- **Self-assurance** – being confident and self directed
- **Commercial awareness** - an appreciation of the business environment and what individuals need to do to survive and thrive.

Skills

- **Communication skills** – the ability to communicate, formally and informally, verbally and in writing, using ICT and other media, with a wide range of people both inside and outside the organisation
- **Interpersonal skills** – the ability to relate to and feel comfortable with people at all levels and to be able to make and maintain relationships as circumstances change
- **Team working** – the ability to work effectively in teams, often more than one team at once, and to switch roles from one project's situation to another in an ever-changing work situation.

SO WHY IS UNDERSTANDING LMI IMPORTANT?

1. It has implications for people making career decisions

Employers will not employ people to do jobs that do not need doing. There is no point therefore in choosing an occupation which no longer exists, or is in severe decline, or is not available in the chosen geographical area. In view of the cost to individuals of further and higher education, and training, accurate and up-to-date information about labour market changes and predictions should inform people's decisions about:

- key stage 4 choice in Year 9
- work experience placements
- education and training routes at age 16, 17 and 18
- career choice
- returning to work or study at any age
- upskilling within the current job.

Knowledge of labour market trends and of how to access LMI is important at whatever stage students plan to enter the labour market, whether they plan to go into work at 16,17 or 18, or after completing a course of Higher Education.

2. It reinforces the need for lifelong learning

- All current LMI points towards continuous and faster change in the workplace
- Individuals need to understand the importance of employability in terms of qualifications, transferable skills and flexible attitudes to new kinds of work and employment patterns

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- Employees also have to accept the concept of more frequent career changes both within jobs and between jobs.

Young people are more likely to make realistic personal plans to maximise their employment opportunities if they accept these changes, they understand the labour market and can see its relevance to their own future.

3. It aids longer term career planning

The acceptance of new ways of working enables people to build provision for periods of change, retraining, or unemployment into financial and other personal plans.

4. It affects the way people search for and apply for work

Appreciating general trends and understanding the outlook for a particular industry can help job hunters to understand issues such as:

- Where jobs will be located
- When jobs might become available
- The hours and wages which can realistically be expected
- The likely future prospects for the length of employment, promotion prospects and career structures
- Opportunities for self-employment or new business development
- The new skills or qualifications which might be needed, or would greatly improve their prospects in that industry, if they acquired them before or during their employment.

Additionally, being aware of new developments in the labour market can open up opportunities for job hunters to apply for jobs that other people may not have heard about, or have not considered because they were not aware that such jobs had been created or even existed.

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SUMMARY: the key messages emerging from labour market information

From information collected and its subsequent analysis, the following key messages about the United Kingdom labour market have emerged:

- Technology has advanced rapidly over the last few years and has vastly improved communications and work processes. Workers have to train and retrain to keep up with the pace of change
- The most routine jobs are slowly being automated and many less skilled jobs are being phased out or shipped overseas where labour is cheaper
- Working methods in the future may be very different from how our parents/carers and grandparents worked in years gone by. Jobs for life are a thing of the past because industry is constantly changing. This means that people may have to consider re-training, learning new skills and gaining higher qualifications to compete in the labour market
- Companies must be able to compete in a worldwide market. Technology has revolutionised how companies across the world work with each other: e-mail, Internet, video-conferencing. Global competitiveness also means global working – international companies could expect you to work anywhere in the world and you could be competing for jobs on a local, national or international basis
- The structures of industries and the occupations within them are changing. Many are becoming leaner, less hierarchical or organised around more freelance and contract work. These changes will affect not only the opportunities available to members of the workforce but also the working conditions and work/lifestyles available to them
- Our busy lives have meant that people are looking at more flexible patterns of work. In the UK the growth in part-time working continues, self-employment and temporary work, contract work and home working. The hours that people work are also changing particularly with the growth of retail outlets that open throughout the night
- By the year 2012 there will be over a quarter of a million more part-time jobs and substantial growth is expected in part time jobs for men
- Between 2002 and 2012 the total level of employment in the UK is projected to grow by almost 1.5 million jobs. Most of these are likely to be taken up by women
- Unemployment levels are expected to remain stable
- The demand for jobs with higher skill levels is rising and for those with lower skill levels it is falling. This trend will continue for the foreseeable future
- The key skills that employers will be looking for in their workforce are:
 - Communication skills
 - Application of number
 - Information technology
 - Team working
 - Problem solving
 - Practical skills
 - Flexibility
 - Willingness to learn
 - Self presentation

HELPING YOUNG PEOPLE TO MAKE SENSE OF LMI

Clearly, if young people are to make well informed and realistic decisions about their future career choices they need to have access to information about the jobs and courses they are considering. In addition to knowing about the duties involved, the personal qualities and qualifications required and the entry routes into those opportunities they also need to know about job forecasts, possible working conditions and arrangements, and their longer term prospects. Otherwise they could invest a lot of time and money in pursuing an option that ultimately will not be available to them.

Students preparing for work experience will need to use some LMI to inform their choice of placement. Those working for an accredited work-related qualification, such as the OCR Preparation for Employment and several ASDAN courses need an understanding of the labour market and LMI.

Tackling LMI in the school curriculum is not easy because of its changing nature and the fact that it needs researching, interpreting and tailoring to suit local circumstances. However, there is help available. Your local Connexions Personal Adviser will be able to help you develop appropriate provision and practice and can also provide you with information about the local labour market. You might also find that staff teaching subjects such as Geography, History, Maths and Business Studies already use LMI or would be willing to incorporate discussions about labour market information into their syllabuses. Finally there are a number of publications available which provide materials for use in the classroom to introduce young people to this area and help them to make sense of the key messages emerging from the analysis of labour market information.

REFERENCES AND MORE INFORMATION

LMI Matters

This publication was developed for the Department for Education and Skills and the Learning and Skills Council by Cambridge Training and Development Ltd.

Free copies can be obtained from: Advice Resources Distribution, PO Box 8221, Nottingham, NG18 4WZ. Tel. 08700 667626; Email: adviceresources@linneydirect.com

Real Game series – the Real Game series is an interactive careers education and citizenship programme which originated in Canada. It is a series of class-room based programmes that help students learn more about themselves and the opportunities and responsibilities of adult and working life. *The Make it Real Game* is aimed at pupils in Years 6 and 7, *The Real Game* is aimed at students in years 8 and 9, and *The Be Real Game* is intended for those in Years 10 and 11. Available from Prospects Distribution at www.prospects.co.uk

Go Wild with LMI and Work the Experience

published by Highflyers Publishing Ltd, www.highflyerspublishing.co.uk

Useful website addresses for LMI

Some of the Sector Skills Councils provide some easily accessible LMI and careers information on their websites. These can be reached via:

The Sector Skills Development Agency: www.ssda.org.uk

Other useful websites:

- British Chamber of Commerce: www.chamberonline.co.uk
- Confederation of British Industry: www.cbi.org.uk
- Connexions service – www.connexions.gov.uk
- Department for Education and Skills: www.dfes.gov.uk/trends
- Disability Statistics: www.disability.gov.uk
- Graduate employment information: www.prospects.ac.uk
- Higher Education Funding Council for England: www.hefce.ac.uk
- Learning & Skills Council: www.lsc.gov.uk
- National Guidance Research Forum: www.guidance-research.org/future-trends/lmiresources
- National Statistics Office: www.statistics.gov.uk
- Online statistics database: www.nomisweb.co.uk
- Trades Union Congress: www.tuc.co.uk
- Warwick University Institute of Employment Research: www.warwick.ac.uk/ier
- The Worktrain LMI Portal – www.worktrain.gov.uk

For information for young people about specific occupations:
www.connexions-direct.com/jobs4u