Labour Market Bulletin

Labour Market “At a Glance”
Improved Labour Market Statistics - An Integrated Approach
Labour Market Statistics
Fastest Improving Regional Economy
1998 Northern Ireland Social Omnibus Survey
A Skills Unit for the Agency
Trends in Wage Differentials in Northern Ireland
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
The Agency recognises that more accurate estimates of labour supply are needed which are sensitive enough to highlight areas of labour shortage and oversupply by occupation and industry. This is important because the local economy depends on the availability of workers in sufficient numbers with appropriate skills. Numerous surveys of investment decisions by employers show that labour supply is a key factor in the location decision. The failure of an inward investment company to get the workers it needed would be serious for the company, the IDB, the Agency, and ‘NI PLC’. The availability of labour is also important for the efficient ongoing operation of existing employers and for any expansion plans by these firms. The project therefore aims to help in making better labour supply estimates.

The DED group is committed to work under Policy Appraisal and Fair Treatment (PAFT) and TSN guidelines. PAFT is an initiative which seeks to ‘equality proof’ government decisions so they do not impact unfairly on any given group. TSN is a government spending priority which seeks to target resources to areas and people in greatest need. It has recently received greater emphasis as ‘new TSN’. Although some work has been done on these issues, more information is needed on the operation of labour markets. Important questions concern the location of employment - is it necessary to create employment in TSN areas to alleviate unemployment or is the process of recruitment (eg targeting unemployed people) of greater significance? Or should both strategies be operated in tandem to ensure success? The project therefore seeks to provide answers to these and other similar questions.

THE STUDY

The project was commissioned in 1997. It is based on a series of case study companies which were selected so as to gather information on recruitment and employment in a variety of industrial sectors (eg electronics, textiles, engineering), located in a variety of geographical areas (eg Belfast, urban areas beyond Belfast, and rural areas). Data will be collected on thirteen case study companies and some 10,000 workers by the time the project is completed in late 1998 although this article is based on information from six companies and approximately 4,000 workers. The databases created by the research contain anonymised information for workers on topics such as qualifications, previous economic status, access to transport and home postcode. These data should allow detailed descriptions of employee characteristics and the spatial catchments for workers employed at various sites. This offers a contrasting and complementary perspective on local labour markets to that discussed in the article on Travel-to-Work Patterns in the Belfast Urban Area in this bulletin.

Because a wide range of information was collected during the course of the project many issues can potentially be discussed. To restrict the discussion three topics will be considered. These are, firstly, some selected aspects of worker characteristics, secondly, the possible TSN impact of
employment creation and, thirdly, spatial dimensions of company catchments for workers. The company sites discussed will not be identified because an undertaking of confidentiality was made.

WORKER CHARACTERISTICS

The key word to describe the background of workers at the six case study sites is heterogeneity - there are variations in recruitment patterns reflecting the types of job on offer, the nature of the company, and local circumstances. This finding is important because labour availability is often equated with registered unemployment or with other forms of ‘hidden unemployment’. In fact, the personal background of workers is very diverse and varies strongly in terms of gender and marital status between different sites and locations. This diversity is equally marked when the qualifications profiles and the previous economic status of workers in the study are considered. These are set out in Table 1. One site is unique in taking a majority of its workers from unemployment whereas the others draw substantial shares from the previously employed or from training/education. The sites also differ in their skills profiles - some attract workers with few or no qualifications whilst others recruit workers with higher qualifications.

These differentials might have been suspected in the past. However, the study has collected this in-depth material in Northern Ireland to confirm these assumptions. At the same time, these results indicate that aggregate estimates of labour supply based on the pool of unemployed people in the area are at best misleading. The differentials in worker background vary according to the type of employment offered. Other factors such as location (eg whether a site is urban or rural) might also be important in causing these variations. Further work is needed to look at these factors, and also to see whether there are systematic variations in worker characteristics that can be predicted once the type of enterprise and its location are known.

Table 1. Highest qualifications and previous economic status by site (percentage rates)

<table>
<thead>
<tr>
<th>Highest Qualification</th>
<th>Site 1</th>
<th>Site 2</th>
<th>Site 3</th>
<th>Site 4</th>
<th>Site 5</th>
<th>Site 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal qualifications</td>
<td>33.5</td>
<td>25.3</td>
<td>33.4</td>
<td>8.2</td>
<td>23.2</td>
<td>8.6</td>
</tr>
<tr>
<td>Below NVQ 2</td>
<td>23.5</td>
<td>42.7</td>
<td>15.9</td>
<td>15.2</td>
<td>49.0</td>
<td>20.4</td>
</tr>
<tr>
<td>NVQ 2 Equivalent</td>
<td>28.5</td>
<td>24.0</td>
<td>37.2</td>
<td>36.9</td>
<td>20.2</td>
<td>26.1</td>
</tr>
<tr>
<td>NVQ 3 Equivalent</td>
<td>10.3</td>
<td>2.7</td>
<td>10.1</td>
<td>25.0</td>
<td>6.6</td>
<td>16.1</td>
</tr>
<tr>
<td>Degree or higher</td>
<td>4.1</td>
<td>5.3</td>
<td>3.5</td>
<td>14.8</td>
<td>1.0</td>
<td>28.7</td>
</tr>
<tr>
<td>Number</td>
<td>319.0</td>
<td>75.0</td>
<td>347.0</td>
<td>244.0</td>
<td>302.0</td>
<td>348.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Previous Status</th>
<th>Site 1</th>
<th>Site 2</th>
<th>Site 3</th>
<th>Site 4</th>
<th>Site 5</th>
<th>Site 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>57.3</td>
<td>20.0</td>
<td>28.5</td>
<td>44.7</td>
<td>49.0</td>
<td>62.2</td>
</tr>
<tr>
<td>Unemployment</td>
<td>38.4</td>
<td>71.8</td>
<td>36.4</td>
<td>50.0</td>
<td>37.7</td>
<td>21.5</td>
</tr>
<tr>
<td>Education</td>
<td>2.0</td>
<td>0.0</td>
<td>21.9</td>
<td>4.1</td>
<td>7.0</td>
<td>13.7</td>
</tr>
<tr>
<td>Training</td>
<td>2.3</td>
<td>8.2</td>
<td>1.8</td>
<td>0.4</td>
<td>2.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Returnee</td>
<td>0.0</td>
<td>0.0</td>
<td>11.3</td>
<td>0.8</td>
<td>4.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Number</td>
<td>302.0</td>
<td>81.0</td>
<td>442.0</td>
<td>244.0</td>
<td>300.0</td>
<td>344.0</td>
</tr>
</tbody>
</table>

Source: The Large-Scale Recruitment Study
THE LABOUR RECRUITMENT STUDY

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THE TSN IMPACT OF EMPLOYMENT CREATION

TSN has a significant employment dimension. The IDB, for example, set a target that 75% of new inward investment projects between 1995-98 should be located in or adjacent to TSN areas, and media reports often refer to jobs being brought to ‘unemployment blackspots’. Because of this background it is important to know if TSN residents get jobs at sites of inward investment. Some evidence suggests that this is the case. Three sites are located in TSN wards and 91%, 83% and 64% of workers at these firms are TSN residents as compared with an average of 18% for factories located in non-TSN wards. This indicates that employment location does work.

However, this conclusion should be qualified on three counts. Firstly, not all TSN residents are unemployed since 36% of TSN residents were in work before they took their present job. This means that there is no one-to-one relationship between employment growth and falls in unemployment. Secondly, a higher proportion of TSN resident workers than non-TSN resident workers have no formal qualifications. This suggests that TSN workers tend to be in the lower-paid and lower-status jobs. This is supported by other evidence which finds that many TSN residents apply for posts as Plant & Machine Operators. Thirdly, there are indications that higher-status and higher-paying jobs tend to ‘leak’ to non-TSN areas that are often distant from the inward investment sites. An example of this are the commuting patterns noted in the Travel-to-Work Patterns in the Belfast Urban Area article elsewhere in this Bulletin.

These data suggest that targeting employment to areas of high unemployment works in that residents of TSN wards apply for these jobs and in many cases go on to get them. But it is important to realise that although these quantitative indicators indicate success in bringing work to areas of high unemployment that TSN can be criticised because many of the jobs gained by TSN residents often appear to be lower paid. Furthermore, a relatively high proportion of jobs going to TSN residents are not obtained by previously unemployed people. This indicates that employment location might be important as an initial condition to bring jobs to deprived areas and people. However, the process of recruitment could be the most significant factor in bringing ‘better’ jobs to deprived areas, and in placing the previously unemployed in these jobs, as employment location does not seem to be sufficient on its own.

SPATIAL DIMENSIONS OF COMPANY CATCHMENTS FOR WORKERS

The geography of local labour markets is significant in assessing the impact of employment creation and in making estimates of labour availability. In discussing policy there is a need to target job creation precisely. This means that it is important to know fairly precisely where workers live. This same consideration also applies to analyses of labour supply. In this case it is necessary that the likely pool of potential recruits at a new site should be carefully estimated. This implies some knowledge of the spatial behaviour of workers and of job applicants.

However, despite these requirements, there has been a general lack of empirical evidence to assess the extent of local labour markets. In the absence of these data, arbitrary administrative units such as District Councils (DCs) or Travel-to-Work Areas (TTWAs) have often been used to assess labour supply and demand, and also to evaluate policy. This has usually been the practice in Northern Ireland where bodies such as the Fair Employment Commission, for example, have tended to use DCs or TTWAs to comment on labour market compositions.

To attempt to investigate these spatial issues more rigorously the project has mapped anonymised workers’ home postcodes to try to envisage a local labour market as described by the catchment of employees at each of the sites. Map 1 is included to show the potential output from this kind of analysis. Based on a ‘real world’ example in terms of the spatial locations of workers, this is a simulated exercise insomuch as the identity of the site is hidden to preserve anonymity. In this case, the anonymised home postcodes are linked to data from the 1991 Census of Population to show the religious makeup of the wards where they are located. This shows a spatially restricted catchment, the majority of workers being drawn from wards that are more than...
75% Catholic. It is worth noting that this example is not unique - other sites draw the majority of their workers from wards more than 75% Protestant - and it presents evidence for religious polarisation in the workplace perhaps through the operation of a religious ‘chill factor’ which discourages people from working in areas of the ‘opposite’ religion.

However, this is not the only explanation for this type of pattern. Another cause could be the types of jobs on offer. Workers in lower-wage jobs (as many of the employees in Map 1 are) often live close to their place of work and this could explain the features observed in Map 1. Careful analysis will be needed to differentiate between these interpretations but, despite this, this site poses interesting policy questions. It is a success story with regard to TSN as many jobs have gone to local unemployed people but the community implications raise questions under the PAFT guidelines which aim to ensure that government decisions (for example the location of inward investments) do not discriminate against any group. This apparent conflict could be a result of the scale of the analysis - looking at one case study can easily lead to this kind of dilemma as the net effect of all location decisions could be PAFT neutral. This issue may need closer examination.
The interim results presented indicate some of the ways in which the Labour Recruitment in Northern Ireland study can potentially develop. In summary, the article shows, firstly, that general models of labour availability based on the stock of unemployed people need refining to take account of the social diversity of workers and the spatial base from which employees are recruited. Secondly, it indicates a need to focus more closely on monitoring the employment aspects of the overall TSN strategy. This might mean a move from looking at the quantity of jobs to also considering the quality of work that is open to TSN residents from inward investment. Thirdly, the article also shows the possibilities which are opened by the use of a more sophisticated spatial framework. These possibilities are relevant to the consideration of the impact of job growth and also to the estimation of labour supply.
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