

---

# From Recession to Recovery: Youth Employment and Unemployment in Scotland 2008-2015

---



The Scotland Institute

80 Berkeley Street, Glasgow, G3 7DS, United Kingdom

T: 0141 354 1602 | F: 0141 354 1603 | [www.scotlandinstitute.com](http://www.scotlandinstitute.com)

# Contents

---

<b>Introduction</b> .....	<b>3</b>
Unemployment Rates .....	4
<b>Nature of Employment</b> .....	<b>5</b>
Full Time or Part Time work.....	5
Changes in Employment by Sector .....	7
Underemployment .....	8
Earnings .....	9
Well prepared for work but lack of in-work training.....	9
<b>Summary</b> .....	<b>11</b>
<b>References</b> .....	<b>12</b>

## Introduction

---

In 2013, the Scotland Institute published a major report tracking changes in trends in both the employment and unemployment for young people in Scotland aged between 16 and 24<sup>1</sup>. This tracked changes from the depths of the recession in 1992 triggered by the financial crisis of 1987 to that in 2012 triggered by the financial crisis in 2007-08. The main finding was that in both recessions, those with lower qualifications, from ethnic communities, who were disabled or came from poorer districts were far more likely to be unemployed than their luckier peers.

However, the nature of employment had changed radically for those in work reflecting the impact of two decades of systemically undermining workplace rights and protections. In 1992, those in work had relatively well paid, secure, jobs with training opportunities and the scope for career development. By 2012 many of those in work were on short term contracts, part time (or, far worse on zero hours contracts<sup>2</sup>), looking for additional work and/or income to help make ends meet and excluded from opportunities for career progression and training.

Since 2012, the UK Government has frequently claimed that the UK is ‘Europe’s job capital’<sup>3</sup>. A number of right wing commentators have been excitedly talking about Britain’s job miracle<sup>4</sup> with this often linked to the welfare cuts imposed by the DWP in recent years<sup>5</sup>. On the other side of the argument have been concerns about low productivity growth and the combination of relatively low wages and high levels of debt on the long term future of the UK and Scottish economies<sup>6</sup>. Other commentators have noted the long term social cost of excluding so many young people from reliable sources of employment<sup>7</sup>.

1 Cook, R. 2013. *The Changing Face of Youth Unemployment and Employment in Scotland 1992-2012*. Glasgow: The Scotland Institute.

2 Department for Employment and Learning 2014. *Zero Hours Contracts*. Belfast: DELNI, Office for National Statistics 2014. *Estimating Zero-Hour Contracts from the Labour Force Survey*. London: ONS, Pyper, D. & McGuinness, F. 2014. *Zero-hours contracts*. London: House of Commons Library.

3 HM Treasury. 2015. *George Osborne’s speech to the BDI conference in Berlin* [Online]. London: HM Treasury. Available: <https://www.gov.uk/government/speeches/let-britain-and-germany-work-together-as-partners-for-a-european-union-that-works-better-for-all-of-us-says-chancellor> [Accessed 15 November 2015].

4 Bootle, R. 2014. *Dramatic shifts in labour market are a force for good* [Online]. London: The Telegraph. Available: <http://www.telegraph.co.uk/finance/comment/rogerbootle/10979222/Dramatic-shifts-in-labour-market-are-a-force-for-good.html> [Accessed 10 November 2015].

5 Nelson, F. 2015. *A jobs miracle is happening in Britain, thanks to tax cuts. Why don’t the Tories say so?* [Online]. London: The Spectator. Available: <http://new.spectator.co.uk/2015/03/the-coalitions-jobs-record-is-miraculous-why-wont-they-talk-about-it/> [Accessed 10 November 2015].

6 Cook, R. 2014. *Addressing the Productivity Challenge Facing Scotland*. Glasgow: Scotland Institute.

7 Dorling, D. 2015. *Injustice*, Bristol, Policy Press

This short paper updates our earlier analysis, concentrating on the period from 2008-2015 to see if the pattern of work has changed since 2012<sup>8</sup>.

## ■ Unemployment Rates

Unemployment rates (as defined by the ILO not the DWP's far more restrictive claimant count) have come down in Scotland since their high point in 2012:

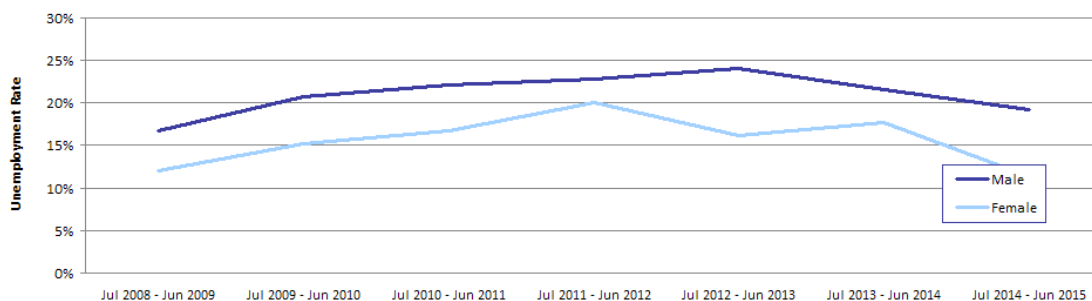


Figure 1: Youth Unemployment 2008-2015<sup>9</sup>

However, 19% of young men and 11% of young women are unemployed. In addition 35% are economically inactive (the rate is the same for both genders). The bulk of these are in full time education. As in our earlier report, unemployment is still closely correlated to educational attainment, ethnicity, disability and living in a deprived area.

8 Unless otherwise noted, all tables and figures in this report are extracted from the UK wide Labour Force Survey obtained from the ESDS under licences 67255, 88825 and 95076.

9 The Scottish Government. 2015. *Labour Market - Statistical Briefing* [Online]. Edinburgh: Scottish Government. Available: <http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/AnalyticalPapers> [Accessed 19 November 2015].

# Nature of Employment

Our earlier report identified a number of significant shifts in the nature of employment up to 2012. However, broadly since then, it appears as if the major patterns of employment have stabilised.

## Full Time or Part Time work

Table 1: Changing Nature of Employment

Age Bands		Jul 2007- Jun 2008	Jul 2008- Jun 2009	Jul 2009- Jun 2010	Jul 2010- Jun 2011	Jul 2011- Jun 2012	Jul 2012- Jun 2013	Jul 2013- Jun 2014	Jul 2014- Jun 2015
16-19	Full Time Work	49.4%	46.9%	38.1%	30.9%	32.9%	33.7%	38.3%	34.4%
16-19	Part Time Work	50.6%	53.0%	61.9%	69.1%	67.1%	66.3%	61.7%	65.6%
20-24	Full Time Work	72.8%	72.1%	66.1%	66.6%	65.7%	64.5%	64.3%	63.8%
20-24	Part Time Work	26.9%	28.0%	33.9%	33.4%	34.3%	35.5%	35.7%	36.2%
16-24	Full Time Work	64.5%	63.5%	57.2%	55.3%	55.9%	55.1%	57.1%	55.5%
16-24	Part Time Work	35.4%	36.5%	42.8%	44.7%	44.1%	44.9%	42.9%	44.5%

This stresses the issue in our earlier report. Since the start of the 2008 recession there has been a significant and sustained change in the labour market for young people. In 2007, almost 65% of those in work had full time work, by 2014-2015 this has dropped to 55%.

There is also a major gender difference.

Table 2: Gender based differences in full time employment

Gender/ Age Bands		Jul 2007- Jun 2008	Jul 2008- Jun 2009	Jul 2009- Jun 2010	Jul 2010- Jun 2011	Jul 2011- Jun 2012	Jul 2012- Jun 2013	Jul 2013- Jun 2014	Jul 2014- Jun 2015
Male 16-19	Full Time Work	60.4%	58.8%	50.2%	40.6%	44.9%	46.9%	45.5%	44.9%
Male 20-24	Full Time Work	78.2%	78.3%	76.1%	72.2%	72.2%	69.5%	73.6%	73.0%
Female 16-19	Full Time Work	38.3%	35.5%	26.6%	21.9%	21.7%	22.4%	32.0%	25.1%
Female 20-24	Full Time Work	32.5%	34.4%	44.2%	39.4%	41.1%	41.3%	45.6%	44.8%

Thus while figure 1 suggests that young women are much less likely to now be unemployed, it is clear that they are equally much less likely to be in full time employment<sup>10</sup>.

One key question is whether or not people are working part time out of choice or because they cannot find full time employment. If those who are working part time while in full time education are excluded, then in 2015 53% of those working part time do so because they cannot find full time work (up from 46% in 2014). This is important as much of the expansion in employment since 2012 has been in part time work and it is clear that for many this is not what they are doing by choice. The theme of under-employment was noted in our earlier report and has clearly remained part of the youth employment market as those seeking to move to full time are currently working an average of 21 hours a week (in other words some 15 hours less than they ideally are looking for).

10 In this respect, it is useful to remember that Part Time work is defined as anything between 1 and 30 hours a week.

Changes in Employment by Sector

Table 3: Employment by Sector<sup>11</sup>

Sector	Age Band	Jul 2007- Jun 2008	Jul 2009- Jun 2010	Jul 2011- Jun 2012	Jul 2013- Jun 2014	Jul 2014- Jun 2015
Agriculture & fishing	16-19	1.6%	1.2%	2.0%	1.9%	1.3%
Energy & water	16-19	1.7%	1.9%	#	1.5%	#
Manufacturing	16-19	5.5%	4.5%	5.0%	4.5%	6.3%
Construction	16-19	11.1%	8.0%	7.4%	4.9%	3.7%
Distribution, hotels & restaurants	16-19	49.2%	55.2%	57.7%	51.1%	57.2%
Transport & Communication	16-19	3.6%	2.6%	2.5%	4.6%	2.4%
Banking finance & insurance etc	16-19	8.2%	5.3%	7.5%	8.9%	8.0%
Public admin education & health	16-19	9.2%	11.4%	7.3%	9.8%	10.6%
Other services	16-19	10.0%	9.6%	9.2%	12.4%	10.1%
Agriculture & fishing	20-24	0.7%	1.4%	1.0%	1.1%	1.5%
Energy & water	20-24	2.9%	2.0%	2.3%	2.5%	2.9%
Manufacturing	20-24	8.1%	6.0%	6.0%	7.9%	7.0%
Construction	20-24	9.1%	8.3%	7.2%	5.8%	7.4%
Distribution, hotels & restaurants	20-24	32.3%	37.6%	38.3%	36.7%	38.4%
Transport & Communication	20-24	6.8%	4.1%	5.3%	4.2%	5.3%
Banking finance & insurance etc	20-24	14.8%	12.3%	13.7%	15.9%	12.6%
Public admin education & health	20-24	17.6%	21.0%	15.9%	17.9%	17.9%
Other services	20-24	7.5%	7.3%	10.0%	7.9%	6.9%

Our earlier report noted a number of major changes since 1992, in particular of less young people going into manufacturing jobs. Broadly, apart from the growth of young people working in the wider retail and tourism sectors, this indicates

<sup>11</sup> In this table the indicator # has been used where the numbers were too low to make an estimate. The percentage is all of those employed in that sector divided by all those in employed in any sector.

that patterns of employment for those aged 16-24 have stabilised in recent years. Whether, in terms of the implications for the productivity of the wider Scottish economy, this pattern is desirable or sustainable<sup>12</sup> is a different question.

### Underemployment

Estimating under-employment is complex as there is no single measure that can be applied. As noted above, it is clear that many of those working part time are looking for more hours which is part of the wider pattern of under-employment. The table below uses four different measures in an attempt to understand if under-employment remains a real problem. The first column shows the average number of hours worked by all employees, the second the number working part time and who want more hours, the third is the number in temporary jobs and the final column is how many people are on various ‘flexible’ contracts (annual hours, zero hours or on call).

Table 4: Underemployment

	<b>Average Hours (all employees)</b>	<b>Working Part time and want more hours</b>	<b>Temporary Job</b>	<b>Annual Hours, zero hours or on call</b>
2007	30.51	41.40%	42.58%	
2012	29.00	65.22%	50.12%	
2014	29.00	46.84%	14.89%	9.82%
2015	28.99	53.02%	13.83%	12.38%

While this points to a complex situation, broadly it supports an argument that the labour market for young people in Scotland changed dramatically at the start of the recession but has now stabilised in its new form. Thus average hours worked (for those who are treated as employees) have remained static, the number working part time (excluding those who are in full time education) and looking for more hours is high but has dropped from its 2012 peak. The numbers in temporary work is much lower but the numbers locked into zero hours contracts is still increasing despite various attempts to highlight the abusive nature of these contracts.

In the labour market as a whole there is evidence that more people are turning to self-employment due to the lack of other work, or because companies use

12 Cook, R. 2014. Addressing the Productivity Challenge Facing Scotland. Glasgow: Scotland Institute.



these contracts to evade requirements such as pensions, sick pay and national insurance. However, there is no evidence this is happening for those aged 16-24 to any substantial extent as only 3% of those in work are self-employed and this number has remained static since 2012.

## Earnings

Average net (ie after taxes etc) earnings for those in full time employment have steadily improved since 2012 but for those in part time work the limited gains have scarcely kept up with inflation:

Table 5: Changes in net weekly earnings

Year	Gender	full time	part time	Average
2012	Female	£192.67	£68.00	£114.75
2012	Male	£213.75	£93.25	£133.42
<b>2012</b>	<b>Total</b>	<b>£204.71</b>	<b>£83.54</b>	<b>£125.95</b>
2014	Female	£243.38	£81.91	£158.98
2014	Male	£272.46	£102.85	£195.36
<b>2014</b>	<b>Total</b>	<b>£258.89</b>	<b>£91.65</b>	<b>£177.17</b>
2015	Female	£256.88	£107.38	£179.91
2015	Male	£321.20	£92.32	£212.08
<b>2015</b>	<b>Total</b>	<b>£287.67</b>	<b>£100.74</b>	<b>£194.71</b>

## Well prepared for work but lack of in-work training

The most recent UKCES<sup>13</sup> survey of Scottish employers carried out in 2014 indicated that 65% had recruited some aged between 16 and 24 in the previous year to their first job. 63% of those who recruited someone directly from school indicated their employee(s) were ‘well prepared’ or ‘very well prepared’ for their new job (this increased to 81% of FE college leavers and 88% of university graduates).

13 UKCES. 2015. *Employer Perspectives Survey 2014: Scotland data* [Online]. London: HM Government. Available: <https://www.gov.uk/government/publications/employer-perspectives-survey-2014-scotland-data> [Accessed 1 June 2015].

Where new employees were identified as having problems the most common response was a 'lack of working world experience'. Literacy and numeracy skills were identified as a problem for just 2% of those entering direct from school. This reinforces, the conclusion in one of our earlier reports that overall the Scottish education system is doing an effective job in preparing young people to enter the labour force.

The problem is in what happens next. One problem is that only 72% of all employers have offered any training to their staff in the previous year and this dips as low as 61% in the construction sector.

However, few people aged 16-24 report they have received any training at all in the last year while in work. Of the very few who report any training over 50% report they undertook this in their own time outside of working hours.

## Summary

---

This short update broadly indicates that there were significant changes to the youth employment market in Scotland between 1992 and 2012 and that the pattern established in 2012 has become entrenched. The proportion of young Scots in full time (as opposed to part time) employment has remained steady but many of those in part time are looking for more hours and/or full time work. Overall the average number of hours worked has remained stable and net wages have increased (but only in line with inflation).

However, there are reasons for significant concern. First the situation in 2012 represented a massive shift away from well paid, stable jobs with training and career opportunities. That it has not worsened is to be welcomed but it is important to remember just what the 2012 world of work represents. Beyond this there is a worrying sign that young women in particular are being trapped into part time work while their male counterparts shift from part time work to full time. The steady growth in zero hours contracts, on-call work and annual hours contracts all points to the problem of excessive casualisation of the work force not going away. Finally, employer commitment to training their workforce remains very weak.

On balance, this suggests that the claims of a 'jobs miracle' are somewhat over-hyped. The drop in overall unemployment is welcome but, especially for young women, is linked to a significant increase in part time work. There is no evidence of a significant recovery in wages, or improved commitment to training. In effect, the Scottish jobs market for young people altered radically up to 2012 and that is now becoming entrenched as the normal model.

## References

---

Bootle, R. 2014. *Dramatic shifts in labour market are a force for good* [Online]. London: The Telegraph. Available: <http://www.telegraph.co.uk/finance/comment/rogerbootle/10979222/Dramatic-shifts-in-labour-market-are-a-force-for-good.html> [Accessed 10 November 2015].

Cook, R. 2013. *The Changing Face of Youth Unemployment and Employment in Scotland 1992-2012*. Glasgow: The Scotland Institute.

Cook, R. 2014. *Addressing the Productivity Challenge Facing Scotland*. Glasgow: Scotland Institute.

Department for Employment and Learning 2014. *Zero Hours Contracts*. Belfast: DELNI.

Dorling, D. 2015. *Injustice*, Bristol, Policy Press

HM Treasury. 2015. *George Osborne's speech to the BDI conference in Berlin* [Online]. London: HM Treasury. Available: <https://www.gov.uk/government/speeches/let-britain-and-germany-work-together-as-partners-for-a-european-union-that-works-better-for-all-of-us-says-chancellor> [Accessed 15 November 2015].

Nelson, F. 2015. *A jobs miracle is happening in Britain, thanks to tax cuts. Why don't the Tories say so?* [Online]. London: The Spectator. Available: <http://new.spectator.co.uk/2015/03/the-coalitions-jobs-record-is-miraculous-why-wont-they-talk-about-it/> [Accessed 10 November 2015].

Office for National Statistics 2014. *Estimating Zero-Hour Contracts from the Labour Force Survey*. London: ONS.

Pyper, D. & McGuinness, F. 2014. *Zero-hours contracts*. London: House of Commons Library.

The Scottish Government. 2015. *Labour Market - Statistical Briefing* [Online]. Edinburgh: Scottish Government. Available: <http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/AnalyticalPapers> [Accessed 19 November 2015].

UKCES. 2015. *Employer Perspectives Survey 2014: Scotland data* [Online]. London: HM Government. Available: <https://www.gov.uk/government/publications/employer-perspectives-survey-2014-scotland-data> [Accessed 1 June 2015].