

Part 2

RESOURCING THE ORGANISATION

- 4 HRM and the labour market
- 5 Talent management
- 6 Managing equality and diversity

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Introduction to Part 2

This part deals with how organisations define and meet their needs for labour and how they are influenced by factors both internal and external to the organisation.

For students and practitioners of management, the main theme in recent times has been one of global economic crisis and resulting deep uncertainty in product and labour markets. Intense competition for goods and services remains a key feature of the landscape and something that almost all organisations need to learn to accommodate and respond to. In employment terms, the key reaction has been to reduce the size of workforces and/or look for ways to achieve cost-effective approaches to resourcing, greater labour flexibility and improved levels of employee engagement and retention. In other sectors, more resilient to the effects of economic depression, sophisticated forms of recruitment and selection, designed to seek out the most talented hires, have become paramount in the quest for a sustainable source of competitive advantage.

Chapter 4 explains the labour market context within which the aforementioned employee resourcing decisions are taken. It starts by explaining the concept of the labour market and considering the nature and composition of the labour force in the UK as shaped by a number of demographic factors. Next it examines patterns of labour market participation set against a discussion of the changing nature of demand for labour in the UK. Here we examine how developments in the nature of work and employment have influenced organisational requirements for labour and affected the type and quality of employment opportunities available to different labour market groups. It concludes with a critical assessment of workers' fractured experiences of employment in contemporary Britain.

Chapter 5 takes up the theme of changing organisational requirements for labour by focusing on the growing interest in talent management. The need to attract, retain, motivate and develop individuals is of increasing importance as organisations seek to do more with less and this chapter explores the initiatives used to create and sustain a suitable talent pool to meet future requirements. The chapter also considers the relative merits of 'growing' or 'buying' talent and discusses whether talent management opportunities should apply to the total workforce or only a chosen few.

Chapter 6 picks up the themes of advantage and disadvantage in employment scoped more broadly in Chapter 4, by examining the nature and effects of unfair discrimination in employment, why managers should act to promote fairness at work and the different, sometime conflicting ideas about how they should do so. It highlights the complex nature of the issues raised by attempts to tackle disadvantage due to unfair discrimination. For example, should managers treat all employees the same regardless of ethnicity or gender, or should they take these differences into account when framing their employment policies? Should policies for combating disadvantage aim at equality of opportunity or equality of outcome? It also discusses the significance of the recent tendency to shift the focus of discussion away from the traditional idea of 'equal opportunities' to the concept of 'managing diversity'.

Chapter 4

HRM and the labour market

Amanda Thompson

Objectives

- To explain the nature and composition of the UK labour market.
- To identify the major social forces responsible for shaping the nature and extent of people's engagement with paid employment.
- To highlight developments in the nature of work and employment in the late twentieth and early twenty-first centuries and to show how these trends have influenced organisational requirements for labour.
- To present a critical assessment of workers' experiences of employment in contemporary Britain.

Introductory case study

Underemployment can be as corrosive as unemployment – and it's on the rise

Lots of people are wondering why the employment figures aren't worse, since we're in such a slump. Well, if you measure them properly, they are.

In August 2012, Stephanie Flanders, the BBC's Economics Editor, described it as puzzling, the fact that unemployment hadn't shot up amidst the slump. Her interrogation of the figures prompted Iain Duncan Smith, the Coalition's Work and Pensions Secretary, to accuse Flanders of simultaneously 'dumping on the government' and 'peeing all over British industry'. Ministers, of course, are naturally protective of jobless stats: they're about the only bit of good economic news around to cling on to. At a time when the economy remains wedged in the U-bend, the public-finance targets look either broken or thoroughly bent and the export boom, the surge in business investment and other unicorns promised by the Office for

Budget Responsibility are still stubbornly elusive, at least the labour market affords a less gloomy vista. Even though more than 2.5 million people are out of work, 2012 was the best year for employment growth since the bursting of the dotcom bubble.

The question on the tip of Flanders' tongue is just how this can be, when almost 7,000 public-sector jobs are shed each month and the economy hovers on the edge of a triple-dip recession? One explanation for the rise in employment must be the rise in Britain's population. Another might be that the lull in the growth of dole queues is temporary, and that unemployment will soon pick up. Perhaps the most important explanation though is that the headline figures miss important groups, such as the part-time workers who want to go full-time but can't, or the freelancers and self-employed who are barely attracting enough work or

customers to get by. Neither of these groups are out of work; but nor are they fully employed. And while they are included in some totting up by the Office for National Statistics, it is at a pretty basic level.

The underemployment index compiled by David Bell and David Blanchflower, published in the National Institute Economic Review, is probably the best study yet of Britain's hidden unemployment problem. The index totals the net sum of all the extra hours at current wages that Britons want to work, but can't. Until 2007, Bell and Blanchflower find, as many people felt over-worked as felt under-worked. Then came the crash. Today, Britons would work an extra 20 million hours if they could only get them. Had this hidden unemployment been taken into account in the headline figures, according to Bell and Blanchflower, the jobless rate at the end of 2012 would have been not 8 per cent, but 10 per cent.

We're conditioned by previous slumps to think of the victims as those who just can't find work: a Jarrow Marcher, say, or Yosser Hughes. But the face of this

depression is the shop worker on a zero-hours contract, the part-timer who can't go full-time, the self-employed consultant whose phone hasn't rung for days. Nominally, these people are in work; in reality, they don't consider that they have a working income. And, Bell and Blanchflower find, full-time employees increasingly want more hours – so they too increasingly count as *underemployed*. This is likely a direct product of how British wages since the banking crisis have failed to keep up with inflation, so that real incomes are now 10 per cent down from 2008 – and show no sign of picking up any time soon. Chronic joblessness leads to mental illness, broken marriages and even suicides; but what's striking in Bell and Blanchflower's study is that the impact of forced *underemployment* is almost as corrosive to one's sense of well-being.

Source: adapted from an article by Aditya Chakraborty, *The Guardian*, 15 April 2013; <http://www.guardian.co.uk/commentisfree/2013/apr/15/underemployment-corrosive-unemployment-on-rise>

Introduction

This chapter is concerned principally with the size, composition and condition of the UK labour market and, more specifically, with how the labour market shapes employers' choices concerning people management and utilisation. An appreciation of labour markets and how they operate is especially relevant for students of human resource management (HRM) as human resources (HR) policies and practices are initiated, modified and in some cases abandoned in response to prevailing labour market characteristics and key labour market predictions. Sophisticated forms of selection, for example, become more paramount when labour is in short supply (described as a shortage labour market or 'tight' labour market); organisations must deploy all of their skills to assuredly secure the necessary quantity and quality of resources. Conversely, loose labour markets (a 'surplus' labour market), where unemployment is running high and labour supply exceeds demand, call for a more targeted approach to recruitment and selection in order to identify appropriate resources quickly and efficiently. Understanding the nature and composition of labour markets alongside an appreciation of other external and internal factors having an impact on the organisation facilitates a strategic approach to HRM (**for a full assessment of the processes and activities of strategic HRM, see Chapter 2**). A strategic stance is considered attractive because it offers organisations scope to select an appropriate employment system and a set of complementary HR practices to 'fit' the external operating environment, placing the firm in a better position to exploit competitive advantage.

The chapter is divided into four main sections to draw upon a range of contemporary labour market issues and consider the significance of each for the practice of HRM. In the first, we discuss the nature of labour markets and the considerations that influence the employment strategies of firms. In the second, we explore recent political and social developments and the implications of these for the supply of labour. The third section explores the changing

nature of work and employment and is designed to focus on emergent themes in employers' demand for labour. The final section of the chapter considers key dimensions of job quality and discusses these in relation to workers' experiences of employment in contemporary Britain. Necessarily, the chapter deals with a number of controversial issues some of which are touched on briefly in the opening case; here we see challenges to official employment statistics, doubt cast over the 'true' quantity and quality of work available in the current labour market and an insight into the way in which labour market experiences impact on individuals' health and well-being.

The nature of labour markets

The most general definition of the labour market is that it consists of workers who are looking for paid employment and employers who are seeking to fill vacancies. The amount of labour that is available to firms – *labour supply* – is determined by the number of people of working age who are in employment or seeking employment and the number of hours that they are willing to work. This number will be determined by the size and age structure of the population and by the decisions made by individuals and households about the relative costs and benefits of taking paid employment. These decisions are influenced by various factors, one of which is the level of wages on offer. Generally speaking, a higher wage will attract more people into the labour market, whereas a lower wage will attract fewer people, as long as other factors, such as the level of welfare benefits and people's attitudes towards work, remain constant.

The number of jobs on offer to workers – *labour demand* – is the sum of people in employment plus the number of vacancies waiting to be filled. The demand for labour is determined by the level of demand for the goods and services produced by firms in the market. When sales and production are rising, firms' demand for labour rises. When sales stagnate or fall and production is cut back, firms' demand for labour declines. This is aptly illustrated by the job losses incurred as music, film and games retailer HMV closed stores, and sold the Waterstones book chain, the entertainment venue Hammersmith Apollo and HMV Live, which owned 13 live music venues and operated five music festivals in the UK. The retailer HMV's like-for-like sales were down 12.1 per cent in the financial year 2011–12 as it tried unsuccessfully to stave off increased competition, particularly from music downloads (BBC, August 2012).

The simplest view of the labour market is that it is an arena of competition. Workers enter the arena in search of jobs and employers enter it in search of workers. Competition between employers for workers and between workers for jobs results in a 'market wage' that adjusts to relative changes in labour demand and supply. Thus, when labour demand rises relative to labour supply, the market wage rises as firms try to outbid each other for scarce labour. When labour demand falls relative to labour supply, the market wage falls as workers compete with each other for the smaller number of available jobs.

Competition means that no individual firm can set a wage that is out of line with the competitive market wage. Neither can workers demand such a wage. Should a firm try to offer a wage that is below the market rate, it will be unable to hire workers. Should a firm set a wage above the market rate, it will go out of business because its costs of production will be above those of its competitors. For the same reason, workers who demand a wage higher than the market rate will price themselves out of jobs. No firm will hire them because to do so would increase their costs of production relative to those of their competitors.

While it is undeniable that competitive forces operate in the labour market to a degree, few would seriously pretend that this is a wholly accurate description of the real world. There

are limits to competition between firms and among workers. Wages do not respond instantly to changes in labour demand. Nor is there a uniform wage in the labour market. Empirical research has shown that rates of pay vary between firms, even in the same industry and operating in the same local labour market (Nolan and Brown, 1983). Other employment policies also vary among firms. For example, some firms employ labour on a hire-and-fire basis and make heavy use of casualised forms of employment such as temporary work and zero-hours contracts, while others offer long-term employment security and career development. The policies that employers adopt are influenced to a great extent by the characteristics they seek in their workforce, including:

- *The need for a stable workforce.* A stable workforce is advantageous to employers because it reduces: the costs of labour turnover, i.e. disruption of production due to the unplanned reductions in the workforce that result from workers leaving; the costs of recruitment and selection, such as the financial costs of advertising for recruits and the cost in terms of management time spent in recruiting and selecting replacements; and the cost of training new recruits. These costs may be particularly high where skilled labour is scarce and replacements are hard to find, or where employers have invested considerable amounts in training workers. In these situations, employers have a strong interest in limiting the extent of labour turnover.
- *The need for worker cooperation in production.* A central issue in managing people at work is how to manage their performance. One way of trying to ensure that workers supply the required level of effort is by subjecting them to direct controls (Friedman, 1977). Traditionally, this took the form of direct personal supervision by a superior and externally imposed discipline. Today, direct supervision is supplemented with electronic surveillance, 'mystery customers' and customer questionnaire surveys in a managerial effort to make workers' effort levels increasingly visible. However, there are limits to the extent that employers can rely on direct controls. This is because the nature of the product or the production process often makes it difficult to define what the appropriate effort levels are for each worker and to measure how hard they are actually working. Therefore, employers have to rely on sufficiently motivated workers using their initiative to ensure efficiency and quality in the production of goods and the delivery of services. This makes it difficult for managers to impose effort levels without the workers' agreement. Heavy reliance on supervision and surveillance may also be counterproductive because of the resistance that it can generate among workers. The alternative is to encourage workers to exercise responsible autonomy at work (Friedman, 1977). In other words, it may be more cost-effective for managers to offer positive incentives to ensure that workers cooperate voluntarily with management and use their job knowledge and their initiative to maintain and improve efficiency and quality.

Explore

Think about a range of industries and sectors.

- What types of workforce will have low turnover costs and why?
- What types of workforce will have high turnover costs?

The greater the employer's need for a stable, highly cooperative workforce, the more likely the firm is to introduce policies to retain workers and create a basis for mutual trust and cooperation. These policies, which are associated with the 'best-practice HRM' principle of treating employees as valued assets rather than disposable commodities (see Chapter 2), *internalise* employment by fostering long-term employment relationships and giving workers a degree of protection from external labour market pressures. They include guarantees of long-term

Box 4.1**Contingent labour**

An academic study has explored how construction companies use contingent labour, i.e. subcontractors and workers supplied by agencies. It found widespread use of contingent labour, but many firms would have made less use of contingent labour had it not been for the difficulties they had in recruiting directly employed workers. The researchers also found that the vast majority of employers valued long-term relationships with workers even when using contingent contracts and tried to develop long-term relationships with suppliers, especially in the case of subcontract labour and to a lesser extent with temporary agencies.

Source: Forde and Mackenzie (2007).

Questions

- 1 What advantages are there for construction industry employers in using contingent labour?
- 2 Why, in view of these advantages, do the great majority of construction employers value long-term employment relationships and seek to foster long-term links with suppliers of contingent labour?

employment security, opportunities for training and internal promotion, fringe benefits and pay that is higher than the market rate. However, these policies are themselves costly. Therefore the extent to which employers seek to internalise employment depends on the cost of labour turnover and the extent of the limits to direct control. Where these are low, employers are more likely to treat labour as a disposable commodity, in other words *externalising* the employment relationship.

It is evident that employers make strategic choices concerning the extent to which they internalise or externalise employment, but these choices are influenced by the specific labour market contexts in which individual firms operate (see Box 4.1). Two key elements of this context are the overall state of the labour market and the way in which the labour market is segmented, giving rise to advantaged and disadvantaged labour market groups. To be able to understand how these influences operate, we first need to examine the two sides of the labour market: labour supply and demand.

The supply of labour

As Marx suggested (Marx, 1932), the worker is a commodity, his existence is bought under the same condition as the existence of every other commodity and he is lucky if he can find a buyer. Given that the labour market is a competitive arena, it follows that firms in competition with one another for workers will be interested in the current and future 'stock' of this good and seek to plan accordingly to be sure to secure the amount they require at any given time. Conventionally, the process of human resource planning involves forecasting the supply and demand for labour so that suitable plans can be put in place to address situations of labour shortage or surplus (see Chapter 5).

The number of people seeking work in the labour market is influenced by factors relating to the size and composition of the population, as such practitioners of HRM and others involved in human resource planning are advised to keep abreast of shifting populace trends. Within this section of the chapter, we consider the main demographic factors affecting total labour supply, namely population and population change, the age structure of the population, gender and ethnicity.

Population

National population trends

The supply side of the labour market derives from the country's population, specifically, for statistical counting purposes, people aged between 16 and 64 years of age. Clearly, therefore, information on the total size of the current population and predictions of future patterns of population growth and decline are important for estimating the current and future supply of labour.

Population is affected by birth and death rates. When live births exceed the number of deaths, a net natural population increase arises, and when mortality rates exceed birth rates, a net natural decline in population occurs. Population change is also influenced by net migration, i.e. the effect caused by people moving into and out of the country. In the 1950s and 1960s, population growth was largely attributable to net natural change. Within this period, a relatively stable death rate coupled with the baby boom that followed the Second World War caused net natural growth. In the 1980s the net inflow of migrants began to increase, tilting the key trigger for population growth from net natural change to net migration. Certainly in the years following the early 1990s, migration became a big contributory factor to population growth, continuing through to the mid-2000s when the A8 accession countries joined the European Union (Vargas-Silva, 2013a). Latest census data [Office for National Statistics (ONS), 2012a] show that from the period of the last census in March 2001 to the date of the recent census in March 2011, there were 6.6 million births and 5.0 million deaths in England and Wales, leading to a net natural increase in the population of 1.6 million. At this level, natural change accounts for around 44 per cent of the total increase (3.7 million) in the population size in England and Wales across the period March 2001 to March 2011, with the remainder being due to the effects of migration. Considering the UK as a whole, census 2011 data (ONS, 2013a) show that on the day of the census in March 2011, the population of the UK stood at 63.2 million, the largest it has ever been. Indeed over the last 100 years the population of the UK (as currently constituted) has increased by 21.1 million, representing an increase of 50 per cent (ONS, 2012b). Looking forward, projections indicate that the UK population is set to increase by a further 4.9 million to 67.2 million in the 10-year period 2010–2020, equivalent to an average annual rate of growth of 0.8 per cent (ONS, 2011), and the population will rise further still, exceeding 70 million in 2028 and reaching 73.2 million by 2035 (Rutherford, 2012; see also Table 4.1). Populations increases remain, of course, jointly attributable to net natural increase and migration, although in more recent years, net natural increase, driven by the changes in the numbers of births rather than the numbers of deaths, has been propelling population growth as opposed to net migration (Barnes, 2012).

Correspondingly, the net inflow of migrants to the UK is slowing. According to ONS (2013b), 515,000 people immigrated to the UK in the year ending June 2012, significantly lower than the 589,000 people who migrated to the UK in the previous year. The numbers of people leaving the UK, however, were similar for the years ending June 2011 and June 2012. The consequence of declining inflow, set against relatively stable emigration, is a fall in net migration, allowing the situation described above where once again net natural change has become the most important driver of population increase. The data show that the number of migrants coming

Table 4.1 Estimated and projected population of the UK and constituent countries 2010–2035 (figures in 000s)

	2010	2015	2020	2025	2030	2035
United Kingdom	62,261	64,775	67,173	69,404	71,393	73,207
England	52,234	54,468	56,607	58,607	60,410	62,078
Wales	3,006	3,083	3,170	3,250	3,315	3,369
Scotland	5,222	5,365	5,486	5,596	5,686	5,755
Northern Ireland	1,799	1,859	1,910	1,951	1,982	2,005

Source: Rutherford (2012), ONS 2010-based population projections.

to the UK from both New Commonwealth countries and the EU accession countries, such as Poland, Estonia, and the Czech Republic, decreased, as did the number of people entering the UK with study visas and visitor and transit visas. It remains to be seen whether the inflow of migrants will continue to fall; much depends on prevailing political persuasion. Immigration is undoubtedly a critical issue at the ballot box, however, as demonstrated by the success of the UK Independence Party (UKIP) in the May 2013 local elections in England and Wales bears. Whether or not net migration continues to fall, the effects of migration will continue to influence population growth in the UK as the birth rate in migrant families is taken into account.

The way in which the country's population expands, whether as a result of natural change or migration patterns, affects the gender composition, age profile and ethnic diversity of the labour market. At a local level, patterns of regional population density resulting from a combination of natural causes, international migration and internal migration (the movement of people between regions within the UK) lead to variations in the *amount of labour* available in different parts of the country. While labour tends to move to parts of the country where work is more plentiful, those organisations relying on local labour in areas of the country with low population density and/or net population loss are confronted with a different set of labour market circumstances from those operating in areas of higher population density. ONS (2013a) illustrates that the population density of the UK ranges from 13,871 people per square kilometre in the London Borough of Islington to just nine people per square kilometre in Highland and Eilean Siar, two Scottish local authorities. Outside London, the most densely populated local authority is Portsmouth with 5,074 people per square kilometre. The age profile, ethnicity and skills mix of workers in local labour markets can also vary considerably, affecting the *type of labour* available. These factors combine to pose different employment challenges and opportunities for firms operating in different regions of the country.

Explore

- Consider how HRM practices aimed at attracting and retaining suitable labour would need to vary according to population density and population composition in different regions of the UK.

Regional population trends

Regional populations form an interesting focal point for study, with important implications for the supply of labour. ONS (2012b) shows that in the period between the two most recent censuses (March 2001 to March 2011), the largest population increases were witnessed in London, the South East, the East Midlands and East England and Northern Ireland. The three local authorities with the largest percentage populations increases over the period were Tower Hamlets and Newham in London, with rises of 26.4 per cent and 23.5 per cent, respectively. Outside of, Dungannon in Northern Ireland saw a 20.9 per cent increase. Meanwhile, local authorities experiencing population decline are concentrated in the west of Scotland and in the North East and North West areas of England. Regional populations reflect births and deaths and the effects of international and internal (within the UK) migration. Some interesting patterns are evident in terms of internal migration. Consistently, those most likely to move regions are young adults; ONS data (2012c) depicts peaks in internal migration at ages 19 and 22, which can be largely attributed to moves to and from universities and other higher education establishments. The capital experiences the greatest net loss through internal migration; for example, in the year ending June 2011, some 40,000 more people moved out of London to other regions than made internal moves to London. London also experiences the highest level of population churn of any region in England and Wales. In terms of regional population gains due to internal migration, the South East region had the largest positive net difference, with approximately 20,700 more migrants arriving than leaving. Indeed, the South East was the recipient region for around 40 per cent of London leavers. As far as local authorities are

concerned, Cornwall Unitary Authority was the only authority in the top 10 absolute net flows table to record more migrants arriving than leaving (ONS, 2012c). The effects of international migration can, of course, counter the net losses of within-UK (internal) migration, so while the number of people moving out of London to other parts of England and Wales regularly exceeds those moving to London from other regions in England and Wales, London's population continues to rise as a consequence of the inflow of international migrants.

Age structure of the population

The age structure of the population is a key determinant of labour supply as firms draw employees from the portion of the total population that is of working age. The age structure is closely associated with past trends in migration; such trends, referred to in the previous section, can also be used to explain regional differences in the population's age profile as migrants establish communities in certain areas of the country. White ethnic groups, particularly the white Irish population, have an older age structure than other ethnic groups as a consequence of past fertility and immigration patterns. Among non-white ethnic groups, younger age profiles are exhibited within groups migrating to the UK relatively recently whilst, as might be expected, those groups with an earlier history of large-scale migration to the UK have now begun to contain larger proportions of people within older age brackets.

As well as past trends in migration, the age structures of the total population and of regional populations are affected by trends in births and deaths. Records show a fairly erratic pattern in the number of live births occurring in the UK at different phases throughout the twentieth century. Notable decreases in the number of births occurred during the two world wars (1914–1918 and 1939–1945) and after a sharp increase immediately after the First World War; births fell again and remained relatively low for most of the inter-war period. A further baby boom occurred after the Second World War, causing another, more modest, upsurge in the late 1980s and early 1990s as members of the baby boomer generation produced their own children. The smaller cohorts of women born in the 1970s (reaching their reproductive peak in the 1990s), coupled with lower fertility rates (fewer children born per woman), led to a decline in births by 2000. ONS (2008) data show that births reached their lowest point since 1977 in 2001 (at around 670,000) but have risen again every year since. Recent data (ONS, 2012d) show a small rise in live births in 2011, confirming a continuation in the upward trajectory witnessed since 2001. Indeed, the number of live births increased by 22 per cent in the period 2001–2011 and fertility rates rose from an average of 1.63 children per woman in England and Wales to 1.93.

There are a number of explanations for the rise in the total fertility rate, notably women born in the 1960s and 1970s who postponed childbearing in their 20s now catching up in their 30s and 40s plus the effects of increases in the number of foreign-born women in the population who present above-average fertility rates and are in the younger age strata of the population (ONS, 2012d). To illustrate, 25.5 per cent of live births in England and Wales in 2011 were to mothers born outside of the UK, compared with 16.5 per cent in 2001 and 11.6 per cent in 1990. Poland is now the top nationality for creating second-generation immigrants to the UK; in 2001 fewer than 2,000 babies were born in Britain to Polish mothers, but by 2011 this figure had risen at least 11 times to 23,000 (Mason, 2012). Women from Pakistan, India, Bangladesh, Nigeria, Somalia, Germany, South Africa, Lithuania and China have the next highest number of babies.

Together with birth rates, the age structure of the population is influenced by the death rate (number of deaths as a percentage of the population). ONS (2008) reports that every year since 1901, with the exception of 1976, there have been fewer deaths than births in the UK. ONS (2012d) reports that there were 6,236 deaths per million population for males and 4,458 deaths per million population for females in England and Wales in 2011, giving rise to a situation where the age-standardised mortality rate (ASMR) for both males and females in 2011 was the lowest ever recorded. Essentially, death rates in the UK have fallen due to the combined factors of stable absolute death figures and a growing population. General improvements in living standards, changing occupational structure from hard physical labour to office/white collar work and advancements in health and medicine have contributed to

increased life expectancy for both men and women. ONS (2013c) records that life expectancy at birth in England and Wales for babies born in the period 2009–2011 is 82.6 years for girls and 78.7 years for boys, assuming mortality rates remain at 2009–2011 levels. Whereas life expectancy used to be much higher for women than men, figures show growing convergence; for example, for babies born in 1980–1982 a girl's life expectancy was predicted to be six years longer than that of a boy, whereas by 2009–2011 the gap had narrowed to four years. Life expectancy at older ages also continues to climb steadily; for example, ONS (2013c) depicts rises in life expectancy at age 65 and at 85 since 1980–1982. The number of centenarians is also at unprecedented levels, having risen five-fold in the period 1980–2010. Whilst more women live to a hundred and beyond, the proportion of men doing so is rising more rapidly, once more showing convergence of life expectancy between the sexes.

We have seen in this section that the age structure of the population is affected by migration, births and deaths. While some non-white ethnic groups display relatively young age profiles, the overall picture in the UK is of an ageing population. The number of children under the age of 16 is predicted to increase to 13.0 million by 2020 (a 6.2 per cent increase on 2010), stabilize and then start a modest decline post-2025 (Rutherford, 2012). The number of people aged 65 and over, however, is set to rise to 12.7 million in 2018 (from 10.3 million in 2010), a percentage increase of 22 per cent over the period. Growth in this age group is expected to persist for the foreseeable future, with the over-65 population reaching 16.9 million by 2035. At this point, there are projected to be four million more people aged over 65 than under 16 (Rutherford, 2012).

In terms of HRM, the implications of changes in the age structure of the population are numerous. The following points indicate some of the challenges presented by an ageing population:

- The prospect of a shrinking pool of people of working age as the 'baby boomers' born in the 1950s and 1960s move into retirement.
- Intensified competition for school leavers/young workers as there become fewer younger people of working age.
- Identifying employment strategies to attract and retain older workers.
- Meeting the needs and aspirations of older workers in work.
- Career management and development.
- Managing sickness absence.
- Growing elder care responsibilities for those in employment as the number of elderly dependants rises.
- Concerns over the adequacy of pension arrangements.

In addition, employers are obliged to comply with the anti-age discrimination provisions of the Equality Act 2010 which make it unlawful for employers to discriminate on the grounds of age in recruitment and selection, promotion, provision of training, dismissal etc. This imperative, coupled with the removal of the default retirement age in October 2011, compels organisations to embrace older workers and erase stubbornly held stereotypical views where these prevail.

Explore

- How might employees' care responsibilities for elderly relations impact upon their presence and attention to paid work?
- Thinking about the organisation you work for, or one with which you are familiar, do you think elder care will soon begin to pose a greater challenge to managers and employees than childcare? Why?
- What measures, if any, do you think employers should consider introducing to assist employees with elder care responsibilities?

The gender composition of the population

ONS (2008) reports that more boys than girls have been born every year in the UK since 1922, however there are more females than males in the population. At the time of the last census in 2011, there were 31 million men and 32.2 million women residing in the UK (ONS, 2012b). Analysis of the country's population by gender and age shows that although there are more male than female newborns, the number of women in the population is closing in on the number of men with the passage of time. The numbers are closest at the age of 23 where there is a difference of just 100 in favour of young women. This pattern reversal is commonly attributed to a higher mortality rate among young adult males in the 16–24 age group, although a recent report by Townsend and Westcott (2012) for the BBC suggests that part of the 'disappearance of men' could be that they are not good form fillers and so their details do not register in the census. They argue that men are also more likely than women to spend time working abroad or travelling and so potentially did not feature in the census for this reason. In the older age groups (over 65) the gap between the number of men and women in the population broadens; however, as noted in the previous section, male life expectancy is catching up with women's and so is contributing to a gradual expansion of the male population at older ages.

The female population is also supplemented by more women migrating to, than emigrating from, the UK, whereas for men the reverse is in evidence (more male emigrants than immigrants). The net in-migration figure for females is thus higher, despite the fact that the proportion of male migrants coming to the UK has been greater than the proportion of women in almost every year since 1993 (Vargas-Silva, 2013b).

Later in the chapter we consider the ways in which gender shapes people's experiences of work. In particular, we explore the interplay of gender and age and look at gendered roles within the family to understand differences in the patterns of male and female participation in the labour market.

Ethnicity and the population

In previous sections, we have referred to migration and demonstrated that in the postwar period the UK has granted residency to people from a variety of different countries, including Pakistan, India, Bangladesh, China, parts of Africa and the Caribbean, and more recently from countries within Eastern Europe. As a consequence, a number of distinct minority ethnic groups have joined the nation's historically white British heritage to form a more multicultural and diverse (ethnically and religiously) Britain. The census collects ethnicity data by asking people which group they see themselves belonging to. When the census was last conducted in March 2011, it showed that the majority of the usual resident population of England and Wales reported their ethnic group as white (86 per cent); of these, white British formed the largest group (80.5 per cent) whilst the category 'any other white' attracted 4.4 per cent of the response (ONS 2012e). Indian was the second largest ethnic group (2.5 per cent) followed by Pakistani (2.0 per cent). The remaining ethnic groups each accounted for up to 2 per cent of the population in 2011. In terms of religious denomination, the 2011 census records 59.3 per cent of the residents of England and Wales as Christians and 4.8 per cent as Muslims, around a quarter of people reported no religion in 2011 (ONS, 2012f).

The data depict a changing landscape, with a decline in the broad white ethnic group over the last two decades and a rise in minority ethnic groups since the 1991 census (ONS, 2012e). While in general terms it is accurate to say the total population of England and Wales is becoming more ethnically diverse, certain regions and certain local authority districts contain high concentrations of (non-white) ethnic minority groups and others remain strongly white/white British. Across the regions London was the most ethnically diverse area, with the highest proportion of minority ethnic groups and the lowest proportion of the white ethnic group; the second most diverse area was the West Midlands, incorporating Birmingham. Conversely Wales, the South West and the North East are the least diverse areas, all showing populations that are in excess of 95 per cent white. In terms of local authorities the lowest proportions of

white British are to be found in the London boroughs of Newham, Brent, Ealing and Tower Hamlets, for example, and outside London in Slough (Berkshire) where 34.5 per cent of the population described themselves as white British. Other local authorities are notable; for example, Leicester has the highest proportion of those reporting to be Indian in England and Wales (28.3 per cent), whilst Boston in Lincolnshire had the highest increase of 'any other white' between 2001 and 2011 (an 11.4 per cent increase) as a consequence of EU citizens from the A8 accession countries locating to the authority for work purposes.

Key Controversy

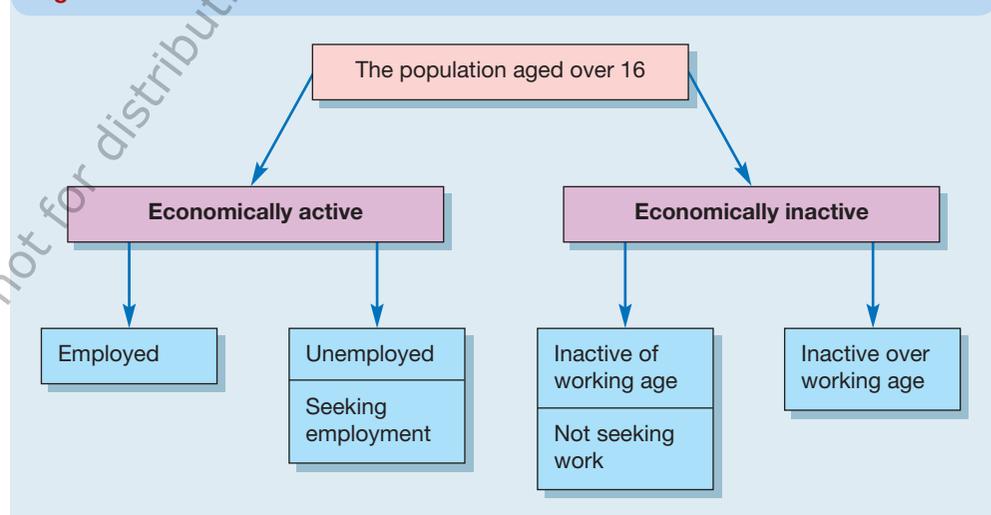
The uneven geographical spread of ethnic minority groups means that some local labour markets remain practically monocultural, while others are considerably diverse. How might high levels of ethnic diversity impact upon labour markets and the firms operating within them?

The workforce

The workforce has conventionally been drawn from the segment of the population between the ages of 16 and state retirement age. Since October 2011, however, the notion of a state retirement age (formerly set at 65) has been removed and individuals are at liberty to continue working for as long as they wish, unless the organisation they work for is able to demonstrate an employer-justified retirement age (EJRA). However, for the purpose of compiling labour market statistics, the ONS starts from the premise that the working population will be drawn from those aged 16–64; of course, not everyone of working age will be in employment at any one time. Figure 4.1 is a useful framework for analysing the activities of people of working age.

A proportion of those over the age of 16 will not be in work or seeking work; this portion of the workforce is classified as *economically inactive*. There are a number of reasons why people might be economically inactive. This group typically includes those with caring responsibilities for children or other dependants, those who have retired from work, students, people who are incapacitated through ill-health or disability and those choosing not to work or seek

Figure 4.1 Plan of the workforce



Source: adapted from SCER Report 1(2001: 10).

work. People within this group may voluntarily decide to enter (or re-enter) the labour market once their circumstances alter. Others may need to be enticed back to work through incentives and/or government-orchestrated benefit reforms. The UK government is, at the time of writing (2013), in the midst of reforming the welfare framework designed to help people into work, whilst supporting the most vulnerable. The Conservative–Liberal Democrat Coalition Government believes that the current system of social welfare is too complex and there are insufficient incentives to encourage people on benefits to start paid work or increase their hours (supply greater amounts of labour to the labour market). A system of universal credits has been introduced in some areas from spring 2013, as a pilot, bringing together a range of working-age benefits into a single payment. The idea behind the system is that it will smooth transitions into and out of work and it will encourage people into work by making sure that work pays. In a departure from the pre-existing system, universal credits will be applicable to those in work and on a low income as well as those out of work. To accompany this system, the government will also introduce a cap on the total amount of benefits working age people can receive so that households on working age benefits can no longer receive more in benefits than the average working wage for working families.

The amount of labour available to firms at any one time is determined by the number of people of working age who are in employment or seeking employment; in other words those classified as *economically active*. ONS (2013d) shows that there were 29.70 million people in employment age 16 and over, up nearly half a million from a year earlier, and 8.95 million people of working age were economically inactive.

The employed segment of the workforce contains those in paid work; this incorporates those working full-time or part-time, temporarily or permanently as employees (under a contract of *service*), workers (under a contract for *services*) or on a self-employed basis. A number of factors affect individuals' propensity to take work, including the availability and proximity of suitable employment opportunities, travel links, the levels of pay and benefits offered, the type of contract offered and so forth. These factors also influence people's decisions to move between jobs within the labour market.

The employment rate (the proportion of the UK's working-age population in employment) is subject to fluctuations associated with the economic cycle and shows variations both within and between different regions of the country. There are also different trends for men and women, some differences according to educational attainment and differences at different age brackets. The employment rate for those aged 16–64 in the period December 2012 to February 2013 stood at 71.4 per cent, up 0.9 per cent on the same period a year earlier (ONS, 2012d). The employment rates of men and women of working age have converged considerably since 1971, the result of the male employment rate falling and women's employment rate rising. The employment rate for men aged 16–64 was 76.3 per cent for December 2012 to February 2013 and the corresponding rate for women stood at 66.6 per cent, 9.7 percentage points lower; this compares to a gulf between the sexes of 33 percentage points in 1971 (ONS, 2008). In geographical terms there are also notable differences in employment rates; for example, NOMIS Official Labour market statistics (www.nomisweb.co.uk) produced by the ONS show that in the period January 2012 to December 2012 the employment rate in the London Borough of Tower Hamlets was 61.6 per cent, whereas in South Cambridgeshire it was 79.3 per cent.

Those seeking work are typically registered as unemployed, but also include those who have recently left work but are not eligible to claim unemployment benefit, for example, those who have been made redundant. Job seekers might also include recent school leavers and those completing programmes of study in further and higher education. The term *unemployed* is reserved to describe those people who have been looking for work within the last four weeks and are available to start work within the next two weeks. Unemployed workers must be able to show that they are actively seeking work as a condition for receiving unemployment benefits. The claimant count differs from the unemployment figure and is simply the number of people claiming Job Seeker's Allowance (JSA). The unemployed group consists of people affected by different types of unemployment:

- *Long-term unemployment or structural unemployment* – those unemployed as a result of the demise of whole industries or distinct occupations, e.g. mine workers, shipbuilders, textile workers.
- *Frictional unemployment* – those temporarily out of work because they are between jobs.
- *Seasonal unemployment* – those made jobless as a result of seasonal fluctuations in the availability of work. Seasonal unemployment is characteristic of land workers and those whose work is connected with holiday seasons.

It is also likely that some of those registered unemployed will never work again, as they lack the skills and competencies sought by employers. This group of unemployed workers is sometimes referred to as the *residual* unemployed.

Unemployment rates, as might be expected, are also subject to variation across regions of the UK. Nationally, however, the unemployment rate in the UK stood at 7.79 per cent (2.56 million people) in the period December 2012 to February 2013, an increase of 0.2 percentage points from September to November 2012 and up for the third successive quarter, but down 71,000 from a year earlier. Although unemployment is currently climbing and the economy is teetering on the edge of a triple-dip recession, unemployment has yet to reach levels commensurate with those experienced in 1984 when 3.3 million were unemployed.

Focus on youth unemployment

In the current climate, the unemployment rate for 20- to 24-year-olds remains a key concern as it does in several other parts of the European Union, notably in Spain where Eurostat report that youth unemployment is at a staggering 55.7 per cent (Baccardax, 2013). In the UK in the three months to February 2013, the number of young people out of work reached close to one million, at 979,000, pushing the youth unemployment rate to 21.1 per cent, up 0.6 percentage points on the previous quarter. This figure includes people in full-time education if they have been looking for work in the last four weeks and are available to start work within the next two weeks. Excluding people in full time education, there were 670,000 unemployed 16- to 24-year-olds for December 2012 to February 2013 (19.1 per cent of the economically active population for 16- to 24-year-olds not in full-time employment). Young people are in a particularly difficult position in a depressed labour market as they often lack the employability skills and experience organisations are seeking and so find themselves losing out in the competitive stakes to workers with greater proven capacity to work.

Patterns of labour market participation

This section of the chapter explores patterns of participation in paid employment by gender, parental/family status, age and ethnicity.

The operation of the labour market is influenced by broader societal developments, government ideology and policy, and the behaviour of employees and employers. In social terms, attitudes to marriage and partnership and men and women's respective responsibilities for childcare and domestic duties shape the labour market decisions made by individuals, couples and families. In so far as government policies are concerned, issues such as the school curriculum and funding for post-compulsory education affect the skills set and level of educational attainment with which young people join the labour market and also influence the age at which young people enter employment. As we saw earlier, the government also acts to stimulate labour supply by implementing policies designed to get the unemployed into work and schemes to encourage the economically inactive to enter into employment.

Some people's ability to find employment is constrained by their inability to understand the labour market and acquire and exploit 'social capital' (SCER, 2001: 17). In other words, some people will lack the necessary information and contacts to search for and take advantage of employment opportunities. The Scottish Centre for Employment Research (SCER) notes that this is particularly likely to be the case for the unemployed and for new entrants to the labour

market. However, the SCER (2001: 18) also states that ‘even with the right information, skills and qualifications, there still exist barriers to full or appropriate labour market participation for some people . . . one such barrier is discrimination, typically race and sex discrimination’. Whilst anti-discrimination legislation exists to help eradicate unfair discrimination in employment, employers’ policies and practices may still harbour prejudice and unfairness, resulting in patterns of disadvantage in the labour market for certain groups and individuals.

Patterns of male and female participation

Over the last 30 years or so, the employment rates of men and women have converged considerably. A major doorway to the world of work has clearly opened up for women, but, as we shall see here and later in the chapter, the career paths and fortunes of men and women in the labour market are often distinctly gendered.

One of the deeper influences attributable to gender that serves to structure women’s participation in paid employment is domestic work. Women continue to perform the bulk of housework and to shoulder the primary responsibility for childcare in the majority of households, and this shapes the amount of paid work they do. Recent research points to the division of domestic labour becoming more equally divided between men and women, in part through women doing less housework (Cooke and Baxter, 2010) and also because both men and women now spend more time with their children (Craig, 2006). Other research (Crompton and Lyonette, 2009), however, suggests egalitarian attitudes are perhaps more prevalent than egalitarian behaviours; 69 per cent of British couples said that household duties should be shared, whilst only 34 per cent reported that it was shared as opposed to mostly male or female. Further, Laurie and Gershuny (2000) find that women continue to do more than 60 per cent of the domestic work even in couples where both partners work full-time.

The evidence about the participation of women and men in the labour market and the reality of childcare arrangements show that progress towards a more equal division of caring responsibilities between women and men is still very slow. As Table 4.2 depicts, the

Table 4.2 Number and percentage of women by economic activity and age of youngest dependent^a child, April–June 2012, UK (numbers are in 000s)

	All women	Women with dependent children (by age of youngest dependent child, years)				Women without dependent children ^b
		16–64	All 0–18	0–3	4–10	
In employment ^c of whom:	13,414	5,146	1,535	1,781	1,830	8,268
Full-time	7,392	2,245	646	659	940	5,147
Part-time	5,291	2,766	851	1,078	836	2,524
Unemployed	1,046	399	123	180	96	647
Economically Active ^d	14,459	5,545	1,658	1,961	1,926	8,915
Economically Inactive	5,710	2,015	994	587	434	3,694
Total ^e	20,169	7,560	2,652	2,548	2,360	12,609
Employment rate (%) ^f	66.5	68.1	57.9	69.9	77.5	65.6
Unemployment rate (%) ^g	7.2	7.2	7.4	9.2	5.0	7.3

^aDependent children are children aged under 16 and those aged 16–18 who have never married and are in full-time education.

^bIncludes women with non-dependent children or no children.

^cSum of the subgroups may not equal total in employment due to unknown responses.

^dEconomically active are those in employment plus the unemployed i.e. in work or actively seeking work.

^eThe total is the number in employment plus the number unemployed and the number inactive.

^fThe employment rate is the number in employment divided by the total.

^gThe unemployment rate is the number unemployed divided by the economically active group.

Source: Labour Force Survey Household datasets.

employment rate of women is affected by the age of their youngest dependent child. Moreover, women with very young children (aged 0–3) present a significantly lower employment rate than women with older dependent children and women with no dependent children or no children at all. Women with dependent children are also more likely than women with no dependent children/no children to work part-time as opposed to full-time; this is pronounced for women whose youngest child is under the age of 10.

The differences between men and women's participation patterns in paid employment are illustrated in ONS labour market statistics reproduced by the EHRC (2013a). The statistics show that between March 2011 and October 2012 the vast majority of men in employment worked full-time (86–87 per cent) compared with just over half of all women in employment (56–57 per cent). Significantly more women than men in employment were working part-time (43% vs 13%).

The findings from the fourth Department for Business Innovation and Skills work–life balance survey (Tipping *et al.*, 2012) also show a gendered divide in employment patterns between women and men with dependent children. The survey found that there are significant associations between women with dependent children and the take-up of part-time working, with 59 per cent of women with dependent children taking up part-time working, compared with 16 per cent of men with dependent children. Take-up of part-time working was also very common among lone parent mothers (56 per cent) and mothers who were part of a couple (59 per cent), as compared with coupled fathers (15 per cent). Fifty-four per cent of lone parents of both sexes had taken up part-time working, compared with 39 per cent of couple parents, presumably in an attempt to combine work with care in the absence of a partner with whom to share care responsibilities and/or in response to the often prohibitive costs of childcare. At the other end of the spectrum, Tipping *et al.* (2012) found that men are more likely to work long hours, with one in ten (10 per cent) of male employees working more than 48 hours per week, compared with just two per cent of female employees.

While parenthood continues to affect women's employment rates disproportionately to men's, the proportion of working-age mothers with dependent children who are in employment has risen exponentially, from 47 per cent in 1973 to the rate of 68.1 per cent shown in Table 4.2, narrowing the participation gap between men and women considerably. Most employees do return to work following maternity leave; evidence collated by the Women's Business Council (2013) shows that in 2010–2011, 77 per cent of mothers were back at work after 12 months, and 84 per cent of these were back with the same employer, compared with 59 per cent of mothers returning to the same employer in 2002. The decision to return to work is undoubtedly complex and influenced by a variety of factors; however, women were less likely to return to work if they had been in their pre-birth job less than a year and/or had not received any maternity pay.

We can see from this short insight into the working patterns and economic activity rates of women that they have indeed come a long way in terms of labour market participation. However, as we shall later in the chapter there are still gender-based inequalities that segment the labour market experiences of and opportunities for different sorts of women.

Ethnicity and patterns of labour market participation

Employment participation rates for ethnic minorities are significantly lower than those for the population as a whole. As Table 4.3 shows, the employment rate of white people in the UK in the three months ending September 2012 was higher than the employment rate of those in each of the each of the minority ethnic groups at age 16–34 and 35–59. The disparity is most acute among the younger age group, particularly Bangladeshi, Pakistani, Chinese and other Asian 16- to 34-year-olds. Unemployment rates amongst minority ethnic groups are also higher than for white people of working age of all ages as Table 4.4 demonstrates.

There are noticeable variations in activity and employment rates between different ethnic minority groups. For example, the employment rate among people of Indian origin is 64 per cent, compared with just 47 per cent among Bangladeshis and among Pakistanis (see Table 4.3). Activity and employment rates also vary within each ethnic group, being generally higher among

Table 4.3 Employment rate (%) by ethnicity, age and sex, in the three months ending September 2012, UK (not seasonally adjusted)

	White	Mixed	Indian	Pakistani	Bangladeshi	Chinese	Other Asian	Black/African/Caribbean	Other
People aged 16-34									
Total	13	17	15	19	25	19	13	23	15
Male	13	14	13	13	20	20	9	26	13
Female	12	19	18	29	34	18	17	20	19
People aged 35-59									
Total	5	8	6	10	8	5	10	11	12
Male	5	5	6	9	– ^a	– ^a	7	12	11
Female	4	11	6	12	18	– ^a	13	11	13
People aged 60 and over									
	White	Non-white ^b							
Total	4	6							
Male	4	7							
Female	2	5							

^aEstimates are considered too unreliable for practical purposes.

^bIncludes: mixed, Indian, Pakistani, Bangladeshi, Chinese, Other Asian, Black/African/Caribbean and other ethnicities.

Source: Labour Force Survey.

British-born members of ethnic minorities than among immigrants (Wadsworth, 2003). Also, as Table 4.3 shows, ethnic minority women are less likely to participate in employment than men.

A report by the National Audit Office (2008) attributes the under-achievement of the ethnic minority population in the labour force to three key factors:-

- *Human capital* – some ethnic minority groups have lower levels of education and skills than the white population.

Table 4.4 Unemployment rate (%) by ethnicity, age and sex, in the three months ending September 2012, UK (not seasonally adjusted)

	White	Mixed	Indian	Pakistani	Bangladeshi	Chinese	Other Asian	Black/African/Caribbean	Other
People aged 16-34									
Total	69	57	64	47	47	34	50	52	53
Male	73	62	71	61	65	40	64	54	65
Female	66	52	56	33	30	27	38	49	40
People aged 35-59									
Total	81	74	80	58	56	79	74	72	67
Male	86	81	87	81	81	87	85	77	75
Female	76	68	71	36	25	73	64	68	58
People aged 60 and over									
Total	18	22	22	11	– ^a	24	19	13	27
Male	24	– ^a	32	18	– ^a	18	42	17	35
Female	14	25	14	6	– ^a	29	– ^a	12	18

^aEstimates are considered too unreliable for practical purposes.

- *Geography* – many ethnic minorities live in deprived areas with high unemployment.
- *Discrimination* – unequal treatment by employers on grounds of race or colour represents a further barrier to employment.

There may also be a range of cultural and familial factors that dissuade ethnic minorities from engaging in the labour market or with certain types of work or certain employers.

But how robust are these explanations in accounting for the differences in employment outcomes for ethnic minority individuals and the majority white population? Certainly with reference to the human capital assertion, Dustmann *et al.* (2011) argue that second-generation ethnic minority immigrants tend to be better educated than their parents' generation, and better educated than their white native peers. Indeed, they assess that the relative enhancement in education between the parent and descendant generation is far greater for ethnic minorities than it is for white natives. British-born ethnic minorities, despite their initial disadvantage in the British educational system, as measured at the time of entry to primary school, step up the pace continually throughout the compulsory school system, performing astonishingly well in terms of educational attainments and achieving a higher proportion of college education than their British-born white contemporaries. Note, however, that there is considerable heterogeneity between different minority ethnic groups, with some faring much better than others. Despite their educational accomplishments, the employment probabilities for ethnic minorities are lower than those of whites, and for some ethnic minority groups markedly so.

Similarly, research by Wadsworth (2003) found that educational attainment plus age and region explained hardly any of the difference in employment rates between ethnic minorities and British-born whites, calling into question the efficacy of the human capital explanation and the geographical explanation cited earlier.

In other related work, Heath and Cheung (2006), found ongoing evidence of 'ethnic penalties' in the labour market. In particular, they found that a number of ethnic minority groups, notably Pakistani, Bangladeshi, Black Caribbean and Black African men, continue to experience higher unemployment rates, greater concentration in routine and semi-routine work, and lower hourly earnings than members of the comparison group of British and other whites. Women from these ethnic minority groups also experience higher rates of unemployment than the comparison group, but for those in work, average hourly earnings tend to match or exceed those of white women as corroborated by Dustmann *et al.* Heath and Cheung (2006) draw particular attention to the levels of disadvantage experienced by Pakistani and Bangladeshi groups, where male unemployment and levels of male economic inactivity are high. In addition, where individuals from these groups are in employment, they are disproportionately represented in semi-routine and routine work. The differentials Heath and Cheung found are not confined to those born and educated outside the UK; indeed, the ethnic penalties they refer to also appear to be experienced by second-generation ethnic minority groups who were born and schooled in the UK.

Later in the chapter we extend this discussion of labour market participation according to gender and ethnicity, to look more closely at labour market inequalities experienced by these groups.

Labour demand

Aggregate demand for labour

The aggregate demand for labour consists of total employment plus unfilled vacancies. As the demand for labour is derived from the demand for goods and services, it follows the economic cycle, rising in upswings and falling in recessions. Changes in labour demand are reflected in changes in the unemployment rate.

Low levels of unemployment are usually taken as a sign that the economy is growing and is in good shape. For employers, however, the combination of record employment, low unemployment and high numbers of economically inactive people creates a labour market that is referred to as a 'tight labour market'. Tight labour markets mean that employers have to compete more actively for workers and workers have a wider choice of employment opportunities. This will lead to higher rates of labour turnover as workers leave organisations for better jobs elsewhere. In response, firms may be forced to increase pay. They may also adopt other policies aimed at retaining employees, as vacancies arising from labour turnover will be hard to fill. Therefore, there will be more internal promotion and redeployment and this may necessitate increased investment in training. While these responses might be seen as moves towards internalising employment, they are not driven by the technical and skill requirements of production or a long-term employment strategy, but by immediate pressures from the labour market. These pressures may be reinforced by stronger trade union bargaining power as a result of low unemployment and unfilled vacancies. Once established, these employment practices may become embedded, although employers may seek to reverse them should labour demand slacken and unemployment rise.

Tight labour markets characterised the period from 2001 until 2008. There was low unemployment, a record number of people in employment and a large number of economically inactive people. All this meant that many employers experienced recruitment difficulties and skill shortages, although these problems were eased by an inflow of immigrant workers, including those from countries such as Latvia, Poland and Slovenia, which joined the EU on 1 May 2004. However, during 2008 the economy moved into recession as a result of the 'credit crunch' and the ensuing financial crisis and global recession, and has been struggling to recover its position ever since. As economic activity has been in the doldrums, high levels of unemployment have become a feature of the economy. The latest labour market statistics (ONS, 2013d) show unemployment at 7.9 per cent of the economically active population – 2.56 million people are officially unemployed. The fall in labour demand has meant that tight labour market conditions have given way to a 'slack' labour market in which there are more people seeking work than there are jobs available. Employers tend not to replace workers who leave because they need a smaller workforce, as demand for their product falls. Where they do need to fill vacancies, many prefer to hire on a temporary basis in view of uncertainties about future demand.

Whereas tight labour markets improve the bargaining position of workers relative to employers, the reverse is true when labour demand falls. Workers' and unions' anxiety about job losses may lead them to accept lower wage increases or even lower absolute wages in order to save jobs. They are also more likely to support changes to production methods in order to improve the chances of company survival, even if this leads to some job losses.

As well as examining changes in aggregate demand for labour, we need to look at how the employment experience of different labour market groups varies as the result of structured patterns of inequality of employment opportunity. As we shall see, slack labour markets are likely to have disproportionate effects on those who are already disadvantaged in the labour market, such as those with little education and low skill levels and those who are subject to various forms of discrimination. We also need to examine the changing pattern of demand for labour in the long run and how it affects different labour market groups.

Labour market inequality

The quality of jobs on offer in the labour market varies. Some workers are in 'good jobs' with high earnings, good working conditions, employment security and opportunities for training and career development. Others are in 'bad jobs' with low status and pay, poor working conditions, little access to training and few if any opportunities for promotion. How good and bad jobs get created has been a matter of ongoing debate surrounding the theory of labour market segmentation. One classical line of explanation, advanced by two economists, Doeringer and Piore (1971), is based on the analysis of employers' labour requirements outlined earlier. Some firms face strong pressures to internalise the employment relationship in order to train,

develop and retain suitably skilled workers and gain their voluntary cooperation in production. Others do not and are able to meet their labour requirements by following the commodity labour approach and externalising the employment relationship.

Another explanation (Gordon *et al.*, 1982) is that some firms enjoy monopoly power in their product markets and are able to use this power to increase the selling price of the product, thereby increasing profits. Some of these companies are faced by workers who have developed strong trade unions that can use their bargaining power to gain a share of these profits in the form of high wages and other benefits, including job security provisions. At the same time, management seeks to limit union solidarity and bargaining power by dividing the workforce into horizontal segments and offering the prospect of promotion to those who are cooperative and trustworthy. Firms that are unable to use monopoly power to raise their prices do not have surplus profits to share with trade unions, so terms and conditions of employment are less favourable. As it is more likely that large rather than small firms are able to exercise monopoly power, primary sector employment is concentrated in large, rather than small firms.

One of the central predictions of the labour segmentation thesis is that there will be little movement of workers between the primary and secondary sectors of the labour market. Workers in the primary sector are unwilling to move to the secondary sector and the high level of employment security they enjoy means they are unlikely to be forced to through job loss. Workers who make up the disadvantaged segments of the labour market are unable to move up into the primary sector because employers see them as undesirable candidates for jobs. Primary sector employers want disciplined, cooperative workers with good work habits, so when selecting from among applicants for jobs, primary sector employers will tend to reject those with unstable employment histories that involve frequent unemployment and job changes, because they will assume that this indicates a poor-quality worker. This will automatically rule out secondary sector workers, regardless of their personal qualities, since by definition secondary workers are in unstable, insecure jobs. It is also the case, however, that because of their experience of poor work, some secondary sector workers will tend to develop negative attitudes and poor patterns of work behaviour that reinforce employers' prejudices against secondary sector workers as a whole.

These explanations for labour market segmentation emphasise the way in which firms' employment decisions influence the wider labour market by dividing it into advantaged and disadvantaged groups. But despite this analysis, the quality of the jobs that people do is not determined simply by their abilities, educational attainment and skills acquired through training. The chances of someone being in a good or a bad job are also influenced by their membership of particular socioeconomic groups. There is clear evidence that the labour market is segmented along lines that reflect 'broader social forces leading to discrimination within the labour market' (Rubery, 1994: 53).

Discrimination in the labour market means that workers' chances of gaining access to 'good' or 'bad' jobs are unfairly influenced by non-work characteristics such as gender, race, class, work-unrelated disability and age. Thus two equally skilled workers will likely find themselves in different sectors of the labour market because one is a white male from a middle-class social background and the other is a working-class black woman. This reflects deep-seated patterns of discrimination within society in general as well as in the labour market. Here we build on the earlier segment of the chapter that focused on patterns of male, female and ethnic minority participation in employment to examine more closely how gender and ethnicity influence people's *experiences* in the labour market.

As we have touched upon already, women and ethnic minority groups occupy a disadvantaged place in the labour market. Women's employment disadvantage reflects deep-seated societal norms concerning the family and the respective roles of women and men in domestic roles and paid work. The domestic roles played by many women mean that their employment opportunities are restricted geographically and contractually. This is particularly true of women with children as we have seen. In the absence of highly developed systems of state support for childcare, childcare responsibilities mean that many women cannot travel long

distances to work or work 'standard' hours. Therefore they are invariably restricted to part-time work in the immediate locality. This means that they have limited choice of employment and therefore little bargaining power and may have to accept secondary sector terms and conditions of employment. Ethnic minority workers, as well as facing racial prejudice and discrimination, may be faced with additional limits to their choice of employment because they live in areas where business activity is low and public transport facilities are poorer. For these reasons it is also likely that women and ethnic minority workers will be disproportionately affected by unemployment generated by recession. This is because they are less able to compete for the jobs that are available should they lose their current employment and it is easier for employers to discriminate against women and ethnic minorities when there are many people competing for a limited number of jobs.

Philpott (2011) advises that the 2008–2009 recession is sometimes referred to as a 'mancession' as men were more acutely affected than women, as a result of blue collar job losses in the private sector, notably in construction and manufacturing. Women were more shielded from recessionary effects as a consequence of their representation in the public sector (which actually saw a small rise in employment during the recession), and their presence in part-time work which held up better than full-time employment. The recession ended in the third quarter of 2009 and the economy benefited from a moderate fillip in activity in 2010 before economic growth stagnated once again in 2011. The country plunged into another recession in early 2012, referred to widely as a 'double dip' recession due to the proximity to the 2008–2009 recession. The period of sustained austerity and public sector cuts leading up to and subsequent to the 2012 recession has been uncomfortable for women, as mass job losses have imploded on the public sector and a slowdown in consumer spending has impacted sectors such as retail which employ a good proportion of female workers.

Gender-based inequalities in employment opportunity

The social forces identified in the previous section mean that there are major differences in the types of work that men and women tend to do, and the way in which male and female employment is segregated by time. Patterns of occupational segregation are strongly in evidence in the labour market, creating a division between male and female work. For example, women occupy 77 per cent of administration and secretarial posts but only 6 per cent of engineering and 14 per cent of architects, planners and surveyors roles; 83 per cent of people employed in personal services are women (EHRC, 2013b).

As shown in Table 4.5, patterns of vertical segregation also loom large, with men continuing to dominate highly rewarded, senior roles in politics, business, media and culture and the public and voluntary sectors (Centre for Women and Democracy, 2013).

Table 4.5 Women's share of a selection of senior ranked roles since 2005

Role	2005	2006	2007–2008	2010–2011	2012
Members of parliament	19.7	19.5	19.3	22.2	22.3
Local authority council leaders	16.2	13.8	14.3	13.2	12.3
Directors in FTSE100 companies	10.5	10.4	11.0	12.5	16.7
Editors of national newspapers	13.0	17.4	13.6	9.5	5.0
Directors of major museums and art galleries	21.7	17.4	17.4	26.1	28.0
Chief executives of national sports bodies	6.7	6.7	13.3	25.0	23.8
Local authority chief executives	17.5	20.6	19.5	22.8	22.9
Senior ranks in the armed forces	0.8	0.4	0.4	1.0	1.8
Senior police officers	9.8	12.2	11.9	16.8	17.6
University vice-chancellors	11.1	13.2	14.4	14.3	14.2
Health service chief executives	28.1	37.9	36.9	31.4	34.8

Source: an extract from Centre for Women and Democracy (2013), *Sex and Power; Who Runs Britain?* p. 7.

Explore

- To what extent are broader patterns of occupational segregation useful for explaining the varying levels of representation of women in senior roles as shown in Table 4.5?

Men's and women's jobs are also segregated by hours of work, sometimes referred to as gendered time segregation. As we have seen, generally women are more likely than men to work part-time, but particularly so if they have dependent children. Part-time working is invariably low-paid and this is reflected in the stubbornly persistent gender pay gap that exists between women working part-time and men working full-time (Longhi and Platt, 2009). The preponderance of women in part-time work may also help to explain that in 2011 around 28,000 men aged over 21 were earning at or just below the national minimum wage (NMW) compared with around 50,000 women, suggesting that nearly two-thirds of those earning at or just below the NMW are women (The Fawcett Society, 2013). At the complete opposite end of the spectrum the 25th anniversary issues of the Sunday Times Rich List (*Sunday Times*, 2013) is dominated with tales of (overwhelmingly male) wealthy business tycoons; indeed, the highest position in the list held by a woman in her own right (i.e. not part of a couple or part of a wealthy family) is 116th. Ironically this place belongs to Slavica Ecclestone, an ex-model, whose wealth has been amassed, not as a result of her success in business, but as a result of her divorce from Formula One magnate Bernie Ecclestone!

Female heterogeneity

The population, and hence the labour market, comprises different sorts of women, fractured by age, class, ethnicity, qualification level, background and experience. So, while generalisations about the relative positions of men and women in employment serve some purpose, an understanding of the different employment experiences of different sorts of women is useful.

While we have seen that women are typically casualties of segregation in employment, some women will be in a more advantageous labour market position than others (and some men). The level of educational qualifications women attain is a key determinant of the extent to which they subsequently participate in paid employment. As Plunkett (2011) demonstrates, the UK has very low employment rates among women with low educational achievements and there is considerable disparity between the employment rates of women with and without post-secondary education. Indeed, the UK employment rate amongst women who left school prior to completing A-level education is 43 per cent, compared with 86 per cent for women who completed degrees and other higher education awards. Some of the more highly educated women in the labour market will be mothers who have been able to return to well-paid jobs following maternity leave, something women without qualifications are less likely to be able to do. The resultant impact on lifetime earnings is demonstrable, women with degrees are estimated to face only a 4 per cent loss in lifetime earnings as a result of motherhood, while mothers with mid-level qualifications face a 25 per cent loss and those with no qualifications a 58 per cent loss (EHRC, 2013b).

The employment rates of women also vary according to ethnicity, reflecting in part different cultural norms and family circumstances. The EHRC (2013b) reports that despite some growth in their employment rates, only one in four Bangladeshi and Pakistani women work, and many face practical barriers preventing them from doing so. Black Caribbean women are more likely to be in full-time work than any other group of women, including white women. Almost half of Bangladeshi (49 per cent) and Pakistani (44 per cent) women are looking after the family or home in a full time capacity, compared to 20 per cent or fewer of other groups.

Progress?

It is the case that some, but not all, women are making significant strides in training and in occupations traditionally dominated by men. For example, in the nine years between 2001 and 2010 the proportion of female solicitors, lawyers, judges and coroners increased from

36.9 to 44.9 per cent, the number of female scientists increased by 11.7 percentage points from 34.7 to 46.4 per cent, and the proportion of female certified and chartered accountants increased 7.1 percentage points to 38.6 per cent (Cracknell, 2012). The latest General Medical Council statistics released in April 2013 show that 47.9 per cent of doctors on the General Practitioner register are female.

Management is another key area where women have made progress. Headline figures show that the proportion of women in managerial and senior positions, aggregated across the UK labour force, rose by 4.5 percentage points between 2001 and 2010 to reach 35.5 per cent (Cracknell, 2012). However as with so many occupations (e.g. teaching, policing, healthcare) a closer examination of the gender composition at different levels of management and at management in different sectors reveals distinct patterns of horizontal and vertical segregation *within* management careers. Cracknell (2012), for example, shows that women are far more likely to be personnel, training and industrial relations managers, customer care managers or managers in restaurants and catering than they are production managers or information technology and communication managers. Turning to patterns of vertical segregation within management careers, the dominance of men in the most senior management positions is aptly illustrated by the findings of the Cranfield *Female FTSE Board Report 2013* (Sealy and Vinnicombe, 2013), an annual report examining the representation of women on the boards of the FTSE100 companies:

- Burberry, the luxury clothing and accessories firm tops the 2013 female FTSE index with three women directors out of eight (37.5 per cent of the board). Both the chief executive and the chief financial officer roles at Burberry are held by women. Further it is the only FTSE100 company to have two female executive directors. In second place is drinks firm Diageo, with four women directors out of 11 (36.4 per cent of the board).
- Women hold 21.8 per cent of non-executive directorships in the FTSE100 (up from 18.3 per cent in 2012) but only 5.8 per cent of executive directorships, down from 6.6 per cent in 2012.
- Only 17 companies in the FTSE 100 have female executive directors, the same as in 2012.
- Just a quarter of the FTSE 100 companies have 25 per cent or more women on their boards (the target to be attained by 2015, set by Lord Davies in 2011).
- Six of the FTSE 100 companies have exclusively all-male boards.
- Of the 31 new executive director appointments made across FTSE 100 boards in the 12 months to January 2013, women took just two, which equates to just 6.5 per cent.
- There is only one FTSE 100 company with a woman holding the position of chairman (Alison Carnwath at Land Securities).

The ability for women to get so far and then find the very senior positions difficult or impossible to access is metaphorically referred to as the 'glass ceiling' phenomenon. Women can see the jobs at the very top but cannot penetrate the invisible barrier that prevents them securing the positions. The findings gathered by Sealy and Vinnicombe (2013) suggest that women find it harder to be promoted internally than men and often find it necessary to move between companies to show their mettle before succeeding in executive roles. They call for more vigorous talent management strategies to be implemented to identify talented women who can be 'pulled through'.

Explore

- Why does the glass ceiling persist in the twenty-first century and what prospect is there for smashing it?
- Do you think Lord Davies' target is achievable by 2015? How can change be effected?

It is clear from the extract of the 2013 *Sex and Power Report* shown in Table 4.5 and other research referred to in this section that some women are making considerable progress in employment. We have also seen that the level of earnings penalty is strongly mediated by levels of education, as women with higher-level qualifications are able to secure better-quality roles within the labour market. Better qualifications therefore afford women greater opportunities within the labour market, but do not entirely safeguard against disadvantage. Patterns of occupational segregation and vertical segregation persist, causing even relatively advantaged women, such as those in the esteemed professions, to find that their roles and opportunities for advancement are limited because of their gender. As Marlow and Carter (2004: 16) wrote: ‘Women can stretch the ties that bind but cannot sever them.’

Ethnically based labour market inequality

People from ethnic minorities experience disadvantage compared with whites in terms of their access to employment, their level of occupational attainment, and pay. The EHRC (2013b) reports that between 1995 and 1997, and again in the period 2006–2008, prior to the recession, a steady growth in the number of jobs raised the percentage of women and of black people of working age in employment by twice the average, and the percentage of Bangladeshi and Pakistani people of working age in employment by three times the average. However, over the longer term, some groups with low employment rates have not fared well, particularly those pushed to the margins of the labour market. We focus here on ethnicity, but equally other social factors such as disability or age can marginalise individuals in the labour market and interplay with ethnicity, resulting in inferior outcomes (lower employment rates, greater likelihood of unemployment, lower pay, poor-quality jobs and so forth). For example, black people and disabled people in their early 20s are twice as likely to be not in employment, education or training (NEET) as white people and non-disabled people (EHRC, 2013b).

Ethnic minorities in general are less likely than whites to be employed in professional and managerial occupations and more likely to be in semi-routine and routine occupations (Heath and Cheung, 2006). These disadvantages could theoretically reflect differences in education and skills. We know that unemployment is higher and wages are lower among lower educated, unskilled workers. However, these disadvantages remain even when educational qualifications are taken into account. In other words, ‘ethnic penalties’ can be demonstrated that impede the occupational success of ethnic minorities during the job search, hiring and promotion process. As a result, ethnic minorities suffer from a general inability to convert their high educational attainments into comparable occupational outcomes. A related scenario is ‘over-education’ whereby people hold qualifications over and above those required for their job. Rafferty (2012: 2) advances our understanding of the concept of ethnic penalties to suggest that a disproportionate number of ethnic minority women and men are employed in roles that do not require their levels of educational attainment. Focusing on graduates, he seeks to explore whether the accessibility of a university education has facilitated an equalising of labour market outcomes for ethnic minority individuals with comparably qualified white men and women. Whilst the expansion of higher education has enabled wider segments of the population to improve their employment prospects relative to older generations and to the less well qualified, Rafferty (2013: 15) concludes that for minority ethnic men and women ‘higher level qualifications still do not appear to provide a panacea or facilitate an equalisation of labour market outcomes to those of comparably educated white UK born men and women’. Li *et al.* (2008) concur, noting that while the acquisition of educational credentials facilitates entry into the labour market and enhances income levels for all equality groups, education only protects against lower employment rates and earning levels to an extent, and many people from ethnic minority groups experience poorer employment rates and lower incomes than white people. Full-time degree graduates from all minority ethnic groups have higher initial

unemployment rates than white graduates, with the highest rates among African, Chinese, Pakistani and Bangladeshi groups (AGCAS Race Equality Task Group, 2008). Evidently, ethnic or racial stereotyping and inhospitable workplace cultures related to both gender and ethnicity can place significant barriers to those seeking to access certain professions and/or advance their careers.

Ethnic heterogeneity

Although people from ethnic minorities as a whole are disadvantaged in the labour market, there is noticeable variation in the experience of different ethnic groups and between men and women within ethnic groups. As we saw earlier (see Tables 4.3 and 4.4) the employment rates and unemployment rates of different minority ethnic groups vary. Levels of occupational attainment also vary between different ethnic minority groups. Chinese and Indians of both sexes are more likely to be in professional and managerial occupations than whites, as are black African and black Caribbean women; however, they remain significantly under-represented when qualifications are taken into account. With the exception of Indians and Chinese, ethnic minority workers are more likely to be in semi-routine or routine occupations than whites (Heath and Cheung, 2006: 15).

There are also variations in average earnings across ethnic minorities. Dustmann (n.d.), suggest that the disadvantage experienced by Pakistani and Bangladeshi minorities in employment is reflected in the pay they receive. In 2009, Pakistani men earned on average 26 per cent less than white people in employment, while Bangladeshi men received wages 35 per cent below the average earnings of white people in employment. However, while for the Bangladeshi minority, wage differentials can be shown to be slowly converging with the average earnings of white people over time (from -53 per cent in 1993 to -50 per cent in 2000 and -35 per cent in 2009), for the Pakistani ethnic group wage differentials are relatively stable. Among the other minority ethnic groups black Caribbean men displayed a 27 per cent wage disadvantage in 2009. Black Caribbean women did not display significant wage differentials to white women in 2009, but exhibited average wage rates 15 per cent higher than indigenous white women in earlier years. Indian men and women earned 14 and 18 per cent, respectively, more than white indigenous workers in 2009. These complex outcomes indicate considerable heterogeneity, with wage disadvantages for some ethnic minority groups and wage advantages for others. Overall Dustmann (n.d) demonstrates a wage advantage for British-born ethnic minorities of 4.8 per cent. Breaking this down by gender shows that British-born ethnic minority males face a wage disadvantage of 2.7 per cent, while British-born ethnic minority females face a wage advantage of 13.3 per cent. These figures may be driven by the educational advantage of ethnic minorities compared with the white British population as well as by different regional distributions, notably the concentration of ethnic minorities in London where wages are higher on average. The substantial wage advantage experienced by ethnic minority women can be explained by the fact that ethnic minority women are less likely to take part-time jobs than white women. Full-time jobs are noticeably better paid than part-time jobs, and it is this that accounts largely for the apparent lack of pay disadvantage among ethnic minority women.

Rubery (1994) argues that the presence of disadvantaged groups in the labour market increases the range of options open to some employers by allowing them to fulfil their requirements for a stable, cooperative workforce without having to offer the positive incentives associated with internalised employment relationships (see Box 4.2). This is because, as indicated earlier, disadvantaged groups face barriers to employment, curtailing choice in terms of jobs and careers; in short, they often have to accept what they can get. The absence of better alternatives makes these jobs more attractive than they would otherwise be and therefore more highly valued by workers. This is reflected in the willingness of many disadvantaged workers to remain with their employer and cooperate with management in order to keep their jobs (see Box 4.2).

Box 4.2 Advantages to employers of using immigrant labour from eastern Europe

Research carried out for the Joseph Rowntree Foundation into the position of central and eastern European immigrant workers in the UK found that immigrant workers from they often had skills and qualifications that were significantly higher than those needed in their jobs. Many of these workers were willing to take low-paid work in the UK because there were even fewer employment opportunities in their home countries. The research also found that employers regarded them as 'high quality workers for low-skilled work' and that employers 'were often trying to balance the requirement for workers who were easy to hire and fire on the one hand but were also reliable and easy to retain'.

Source: Anderson *et al.* (2006: 115).

Key Controversy

Is it rational for an employer to refuse to hire workers on the basis of their ethnicity or nationality? Do employers who hire ethnic minority workers nevertheless benefit from the presence of racism in society as a whole?

Changing patterns of demand

The period since the 1980s has seen significant changes in the pattern of demand for labour and therefore in the types of jobs available to workers. These shifts reflect inter-linked changes in the structure of the economy, government policy for the labour market, and employers' labour requirements.

A shift of employment from manufacturing to services

The proportion of workers employed in manufacturing has declined in the UK, the USA and all the major European Union economies since the 1960s. This reflects the effects of economic growth and rising incomes on people's consumption patterns. As people get richer, the proportion of their income that they spend on manufactured goods declines (although people may still spend more money on them in absolute terms) and the proportion spent on services increases. This means that output, and hence employment, grow faster in the service sector than in the manufacturing sector.

The decline of manufacturing has been particularly rapid in the UK since 1980. This has reflected additional forces, such as the effects of government monetary and exchange rate policy during the 1980s, which raised the price of British exports in foreign markets and cheapened foreign imports; the long-term inability of UK manufacturing to respond adequately to foreign competition; and organisational restructuring whereby manufacturing firms have tried to cut costs by hiving off certain 'non-core' and specialist activities, such as security, cleaning and catering, to outside suppliers of these services. This has meant that the workers who used to deliver these services are now counted as being in the service sector rather than manufacturing.

The growth of service sector employment has been a major factor in the increase in part-time employment in the UK and has therefore expanded employment opportunities for women with dependent children and also, more recently, young people in full-time education who value the income from part-time employment to assist with the costs of tuition fees and general living expenses.

Table 4.6 Changes in the distribution of employment by broad sector, 1990–2020 (percentage share of total employment)

	1990	2000	2010	2015 ^a	2020 ^a
Primary sector and utilities	3.9	2.5	2.5	2.5	2.3
Manufacturing	17.2	13.6	8.3	7.9	7.3
Construction	8.3	6.6	6.9	7.1	7.3
Trade, accommodation and transport	26.9	27.3	26.2	26.4	26.2
Business and other services	22.3	26.9	29.2	30.8	31.6
Non-market services	21.3	23.0	26.9	25.2	25.3

^aProjected figures.

Source: Wilson and Homenidou (2012: 41).

Wilson and Homenidou's study 'Working Futures' (2012) projects a continuation of the trend away from manufacturing towards service sector employment. They anticipate that private services will form the main source of jobs growth during the period 2010–2020. Business and other services will also be a particularly vital component, with employment expansion equivalent to in excess of one million additional jobs. The period is expected to see a shift in the balance of the economy away from public sector employment as cuts to public sector services are rolled out. The share of total employment accounted for by non-market services is projected to fall from 27 per cent in 2010 to 25 per cent in 2020 (see Table 4.6).

Explore

- How specifically has the growth of the service sector boosted part-time and female employment?
- What sorts of jobs have been created?

Changes in the occupational structure of employment

The occupational structure refers to how employment is apportioned among different jobs in the economy. Changes in the occupational structure of employment reflect changes in the types of skill demanded by employers. The declining relative importance of manufacturing means that, over time, the share of occupations associated with manufacturing has also declined, while the share of occupations associated with the delivery of business services, retail services, etc. has increased. Changes in the occupational structure also reflect changes in the demand for skills *within* industries. These changes are generated by new technologies and by organisational changes that alter the way in which goods are produced and services delivered.

Past changes and projected changes in the occupational structure of employment are aptly illustrated by the data in Table 4.7. Sisson (2011) claims that over the longer term the economy has shifted in emphasis away from routine production towards a knowledge base, causing new jobs to be created in large numbers in high-skill, high-wage managerial and professional occupations. However the last decade or so has also seen growth in lower-wage service occupations, combined with a reduction in middle-wage occupations as advances in technology 'hollow out' demand for routine workers in administrative and secretarial, and process, plant and machine operative occupations. Some commentators use the term 'hourglass economy' to reflect this changing occupational structure. In short, the routine tasks that can be replaced by technology are neither the managerial roles at the top nor the low-skilled ones at the bottom, such as cleaning, bar work or shelf-stacking. The roles that are vulnerable are in fact those in the middle of the occupational structure, including manual work, and it is these jobs that will thin out over time (CBI, 2011). Concern is expressed that an hourglass-shaped economy will lead to stark polarisation between high-wage 'lovely' occupations and low-wage 'lousy' occupations (Holmes and Mayhew, 2012).

Table 4.7 Changes in the occupational structure (percentage share of total employment), using standard occupational classifications (SOCs), 2010 – major groups

	1990	2000	2010	2015 ^a	2020 ^a
Managers, directors and senior officials	7.9	8.7	9.9	10.6	11.1
Professional occupations	14.5	16.5	19.2	20.1	21.0
Associate professional and technical	10.6	12.2	12.9	13.4	14.0
Administrative, clerical and secretarial	15.4	14.0	12.1	11.2	10.3
Skilled trades occupations	16.5	12.9	11.6	11.0	10.3
Caring, leisure and other services	5.0	7.3	8.9	9.1	9.5
Sales and customer service	8.0	8.5	8.6	8.3	8.2
Process, plant and machine operatives	9.8	8.0	6.4	5.9	5.4
Elementary occupations	12.2	11.8	10.4	10.4	10.2

^aProjected figures.

Source: Wilson and Homenidou (2012: 83).

Despite misgivings about a growing chasm between good and bad jobs and regardless of recession, which has impacted considerably on employment levels for all occupations, Wilson and Homenidou (2012) suggest that broad trends in employment share have not derailed. We continue to see rising employment levels and shares for higher-level, white collar groups such as managers, directors and senior officials, professionals, and associate professional and technical occupations; rapid increases for leisure-related and other personal service occupations; a decline in employment for administrative and secretarial occupations; and declining employment levels and employment share for most blue collar/manual occupations. Accompanying these trends, the demand for skills as measured by formal qualifications is projected to rise, as is the supply of people holding higher-level qualifications; for example, the number of jobs in occupations typically requiring a degree is expected to continue to grow, but perhaps more slowly than previously forecast, as a result of overall slow growth in the economy as it emerges from recession.

One of the negative consequences of these patterns, coupled with stilted economic growth characterised by high unemployment, is the risk of basic-level jobs being increasingly filled by those with intermediate-level skills, reducing the opportunities for those with only basic skills (CBI, 2011).

We need to be careful in drawing conclusions about what these trends mean in real terms for employment opportunities in the labour market. To assume that there will be an absence of job vacancies in declining occupations ignores the fact that in addition to net growth or decline in demand for workers within particular occupations, there will be a demand for workers to replace those leaving occupations, mainly for reasons of retirement. 'Replacement demand' means that, although total employment in an occupation may be declining, there could still be a large number of jobs on offer within it at any one time. Wilson and Homenidou (2012) project that around 12 million job vacancies will be created by those who leave the labour market between 2010 and 2020, around eight times the estimated 1.5 million openings from the creation of new jobs (so-called expansion demand). Replacement demand creates opportunities in all sectors and across all occupations, including those predicted to slump significantly. Individuals planning careers and embarking on training ought therefore to consider that declining occupations and industries may nevertheless provide decent career prospects.

One of the dangers for employers is that skill shortages may arise, not because there is a dearth of applicants to vacancies but because employers cannot locate the necessary skills to fulfil replacement demand in declining occupations. The CBI (2011) brief suggests that the key to securing increased levels of employment in the economy is the ability to match skills supply with demand in different parts of the economy.

Holmes and Mayhew (2012) express some concern that the pace at which workers are becoming increasingly well-qualified may lead to their skills being under-utilised. Similarly, Sisson (2011: 19) worries that when competition for jobs is intense and relatively high-skilled workers have lost their jobs or are struggling to find work they 'bump down' and compete with unskilled workers for lower-wage/lower-skilled jobs. This scenario has two consequences: first, for those with few skills and qualifications, competition for work becomes extreme and the penalties for unemployment get higher (in other words, losing a job is more catastrophic as the chances of getting another are reduced); and secondly, for those who are 'bumping down', concerns centre around wage degradation, under-utilisation of skills and potentially lower levels of job satisfaction.

Wilson and Homenidou (2012) are a little more optimistic. Whilst they acknowledge that the qualification profile of the workforce will improve significantly over the next decade (running the distinct risk that the supply of highly qualified workers will exceed demand for such workers), they are confident there is evidence to suggest that labour market rates of return to higher qualifications, although faltering a little, are generally holding up pretty well. In other words, there are still significant positive benefits to be accrued from investing in education and training.

Changing forms of employment

During the 1980s and 1990s, senior managers initiated programmes of organisational change aimed at reducing costs and increasing the speed with which their organisations could respond to changes in market conditions. A central feature of organisational change programmes was workforce 'restructuring' or 'business process re-engineering', which involved large-scale reductions in headcount, achieved partly through redundancies, early retirement and non-replacement of departing workers and partly by contracting out non-core and specialist services. This was accompanied by the reorganisation of work and, in many cases, the wider use of part-time, fixed-term contract and temporary labour and, in a minority of cases, highly casualised forms of employment such as zero-hours contracts (Cully *et al.*, 1999; Millward *et al.*, 2000). These changes were aimed at increasing managers' ability to achieve greater *numerical labour flexibility*, in other words to be able to adjust the size of the workforce more easily in response to changes in demand.

The result was that, although the total number of jobs grew, there was a net reduction in the number of *full-time* jobs in Britain during the 1990s. All of the growth in employment was accounted for by a growth of part-time jobs, which increased from 22.9 per cent of total employment in 1992 to 24.6 per cent in 1999. The early and mid-1990s also saw an increase in the share of fixed-term and temporary employment from 5.9 per cent in 1992 to 7.6 per cent in 1997. These developments led some to argue that the full-time, permanent job was likely to become the exception rather than the rule (Bayliss, 1998). However, while part-time employment continued to increase its share of total employment after 1997, reaching 25.8 per cent in 2004 before levelling off and dropping slightly to 25.5 per cent at the end of 2008, the trend of temporary and fixed-term employment has been downward, the share falling to 5.5 per cent in 2008 (ONS 2005, 2009). Full-time, permanent jobs continue to be the most common form of employment.

The latest Workplace Employment Relations Study (WERS) data (van Wanrooy *et al.*, 2013: 10) provides an updated assessment of the prevalence of non-standard forms of working arrangements. The first findings of the survey report an increase (over the period 2004–2011) in the proportion of workplaces making some use of non-standard working provisions, such as shifts, annualised hours and zero-hours contracts. In fact, the percentage of workplaces that had some employees on zero-hours contracts doubled between 2004 and 2011, but only from a low base of 4 per cent. van Wanrooy *et al.* (2013) find little change in the use of fixed-term or temporary contracts, the use of agencies or employers contracting services in or out. In response to the recession, some employers reported cutting rather than increasing the number of agency workers. The CBI (2011), on the other hand, suggest that, as the recession eased, firms took on temporary workers to meet growing staffing needs while remaining watchful of

continued economic uncertainty. They claim that the number of temporary workers and their share of the labour force are both now higher than pre-recession levels. According to the CBI (2011), the number of part-time workers was 5 per cent higher after the recession.

There is some evidence that people are occupying part-time roles because they are unable to secure the full-time work they desire. Kollowe (2012), for example, reports that in the second quarter (Q2) of 2012, part-time employment reached a record high of 8.07 million; however, the number of people working part-time only because they cannot find a full-time job also reached a new high, of 1.42 million. This problem of *underemployment* is referred to in the Introductory case study at the beginning of this chapter.

Labour market outcomes: the quality of employment

In this section of the chapter, we examine how changes in the labour market have affected the quality of employment experience. How should we assess the quality of jobs? What indices should we use? Traditionally, economists have used pay as the measure of job quality. Other social scientists have stressed the level of skill as a key measure on the grounds that skilled work not only provides workers with better pay but also more variety, personal autonomy and involvement, and ultimately more control over their effort. We have seen that there has been an overall trend towards increased skill requirements in jobs, so on the face of things at least it seems plausible that the quality of jobs available in the labour market has, on balance, improved. However, recent research has uncovered unexpected disjunctures between skill and other measures of job quality, such as employment security, the ability to control one's level of effort and to exercise control over how the job is done. In this section, we review evidence relating to these dimensions of job quality to assess whether recent changes in the demand for labour have improved the quality of employment experience in the UK.

Job security

Job security is generally regarded as an important factor determining job quality. Employment security has also been linked positively to skill level, with skilled workers enjoying greater job security than unskilled workers. Management-led organisational change during the 1980s and 1990s led to a growing concern at what appeared to be an increase in employment insecurity. It was argued widely in the press and by some academics that organisational restructuring and associated changes in patterns of labour demand were creating a new era of insecurity for workers, who were faced with higher risks of job loss and increased costs of job loss, leading to a subjective sense of employment insecurity.

The risk of job loss is affected by movements in the labour market, particularly changes in the rate of unemployment. The risk of job loss is greater when unemployment is rising than when it is constant or falling. However, during the 1990s, some observers argued that the risk of job loss was increasing independently of the level of unemployment; in other words for any given level of unemployment, the risk of job loss was higher than it used to be. Proponents of this argument pointed to redundancy dismissals and the replacement of permanent, full-time jobs with part-time and temporary jobs among previously secure groups such as managerial and professional workers and public sector workers, and some argued these developments marked the end of internalised employment relationships that offered 'jobs for life' and clear career paths linked to length of service. Supporters of the insecurity thesis also argued that the costs of job loss had risen, because the level of social security payments had fallen relative to average wages and workers who had lost permanent full-time jobs were less able than previously to find equivalent replacements because of the trend away from full-time, permanent jobs to part-time and temporary jobs. They also argued that these developments generated heightened feelings of insecurity among workers.

The empirical evidence showed that there was not a step increase in employment insecurity during the 1990s. While there was a slight increase in the proportion of workers in jobs lasting less than one year between 1991 and 1998, there was also an increase in the proportion of people employed in long-term jobs, i.e. those lasting 10 years or more (Sparrow and Cooper, 2003: 77). Neither was there a long-term increase in people's feelings of employment insecurity. The 'employment insecurity debate' subsided as quickly as it had arisen, figuring less and less in public discussion as we moved into the new millennium.

With the dawn of the credit crunch and the ensuing recession in the late 2000s, the state of job security in the labour market is once again under the microscope. It is inevitable perhaps that as unemployment bites, workers in employment will feel more insecure as the chance of losing their job increases and the likelihood of finding another lessens. WERS 2011 (van Wanrooy *et al*, 2013: 9) does indeed show that workers are feeling more insecure than they did at the time of the last survey in 2004 (see Table 4.8).

As Table 4.8 shows, employees who had experienced change as a result of the recession were less likely to agree that their job was secure. Overell *et al.* (2010: 5), however, find that, although feelings of job insecurity will be heightened as a result of the recession, there is a paucity of evidence to support the notion that disposable, casual and hence insecure forms of employment are displacing the 'proper job' in the long run. They confirm that more than 80 per cent of jobs have permanent contracts and whilst full-time employment might have fallen and part-time employment increased, two-thirds of UK employees continue to be employed on a full-time basis. Additionally there has been no *significant* trend towards greater self-employment or temporary work in the UK, with levels of temporary work low in comparison to some other EU countries.

Explore

Discuss with fellow students your perceptions of your own job security or insecurity generally in the current economic climate.

- What factors influence your assessment?

Worker discretion and autonomy

Worker discretion and autonomy are usually associated with skill. In fact, the skill content of a job is partly defined in terms of the extent to which workers are required to exercise their own judgment in deciding how the job should be done, the other elements being task complexity and variety. The fewer the prescribed instructions to workers and the greater the number of decisions that workers have to make in the course of the job, the more skilled it is considered

Table 4.8 Perceptions of job security (%)

	Strongly agree or agree	Neither agree nor disagree	Strongly disagree or disagree
'I feel my job is secure in this workplace'			
2004	67	18	15
2011	60	21	18
Number of changes as a result of recession			
None	72	18	10
1	60	23	17
2	50	24	26
3	45	24	32
4 or more	32	25	43

Source: van Wanrooy *et al.* (2013: 9).

to be. We have already seen that changes in the demand for labour have led to an increase in the average skill requirements of jobs. But does this mean that workers are enjoying increasing influence and control over how they work?

On the contrary, various studies have cast doubt on how far the up-skilling of jobs has been accompanied by increased discretion and control for workers – see Ramsay *et al.* (1991) for a discussion of the increased supervision of white collar workers in local government, Dent's (1991) study of bureaucratic controls affecting teachers and academics and Gallie *et al.* (1998) for an assessment of skilled workers subject to increased supervision when working with new technology. National survey data also show that the overall increase in skill levels has not been accompanied by increased worker discretion; if anything, the reverse has occurred (Green, 2006: 105). Overell *et al.* (2010: 6) persist, arguing that there has been insufficient recognition of the 'collapse of autonomy'. Using skills survey data, they find that workers' level of influence over the order, pace and nature of job tasks is much lower than it was 20 years ago. The proportion of respondents reporting a great deal of influence over how they did a task declined from 56.9 per cent in 1992 to 42.7 per cent in 2006, while those with a great deal of personal control over work effort has reduced from 70.7 to 52.5 per cent. This fall in autonomy is reported to affect *all* occupational groups.

So, rather than the shift in favour of more skilled jobs providing workers with greater control over their work, there has been a marked overall decline in discretion for all workers but particularly among professionals, who are among the most highly skilled workers. The reasons for this probably include the effects of new technology, financial pressures in the public sector, the spread of subcontracting and the increased public accountability to which professions have been subjected in the interests of improving public services such as health and education (e.g the NHS Patient's Charter). New technologies allow the implementation of routine processes and the closer monitoring of individual workers. Professional workers are also concentrated in the public sector, where government-imposed financial constraints have encouraged closer managerial control of professional workers. At the same time, political pressure to reform and improve public services has involved criticisms of established standards and practices among professional groups that have led to managerial interventions to limit professional autonomy.

Explore

- Identify as many examples as you can of politically inspired managerial interventions that have affected public service sector professional workers. The Patient's Charter cited in the segment above should help you on your way with your list.

Effort and work pressure

Since the 1980s, many have argued that work pressure has been increasing on two fronts in the UK. First, managers have been putting workers (and each other) under increasing pressure to work long hours. The prevalence of the 'long hours culture' in the UK is indicated by the fact that average working hours are higher than elsewhere in the European Union (EU). The British government has been accused of supporting a long-hours culture by seeking to limit the effect of the EU Working Time Directive in the UK. Secondly, since the mid-1980s, analysts have argued that work is being intensified; in other words, workers are being made to work harder during their working hours.

Green (2006) notes that there is a widespread belief that work is encroaching on other aspects of worker's lives, restricting the time available for non-work activities and consequently subjecting people to increased time pressures. This has fuelled recent discussion of 'work-life balance' (see the following section). Statistical evidence, however, shows that there has not been a *long-term* increase in average hours worked in the UK. Average hours worked per employed person fell from the 1950s to the 1980s but has remained relatively unchanged

since. WERS 2011 (van Wanrooy *et al.*, 2013) found that in 2011 the distribution of usual hours worked among employees in workplaces with five or more employees was similar to that observed in 2004; the majority were working full-time hours of 30 or more per week, just under half (46 per cent) were working 40 or more hours per week, and 11 per cent of employees were working more than 48 hours per week. ONS (2012g) cites 39.1 hours per week as the mean weekly paid number of hours per week for full-time employees in both 2011 and 2012. What have increased, however, are the working hours per household as the proportion of households where all the adults are working has grown. The growing proportion of women with dependent children who are in work has been a major influence here. According to Green (2006), it is the increase in the total hours worked per household rather than an increase in hours worked per worker that has made it more difficult to balance work and non-work activities and put people under pressure of time.

The other contributory factor to pressures at work is the intensity of the work itself and the amount of work conducted within the hours worked. Whilst we have established that people are not, on the whole, working longer than they were in previous decades, there is evidence that work is harder, requiring people to apply higher levels of 'intensive effort', in other words more mental or physical effort. It is argued that work intensification has been driven mainly by macro-level influences such as increased competitive pressures and technological change. The 'effort-biased' nature of technical change (Green, 2006) enables management to exercise closer control over workers' effort. A clear example of this is the automated call distribution technology that is used in call centres. This ensures that call centre operators receive a continuous stream of incoming and outgoing calls, setting the pace of work in a similar way to the assembly line of an automated manufacturing plant. Another factor contributing to work intensification may be change in the labour market environment, particularly the decline of collective bargaining. This has given employers greater freedom to introduce certain HRM practices aimed at stimulating effort either directly, through, for example, performance-related pay and other new pay systems, or indirectly as a side-effect of other HR outcomes such as organisational commitment and employee engagement (Green, 2006).

Increased workloads were reported by 32 per cent of full-time employees and 19 per cent of part-time employees responding to the 2011 WERS (van Wanrooy *et al.*, 2013). Incidences of reported workload increases were felt by more managerial employees (39 per cent) than non-managerial staff (27 per cent). Further, there was a 6 per cent increase between 2004 and 2011 in the percentage of employees who strongly agreed with the statement 'my job requires I work very hard'.

Interestingly, there is also a growing body of evidence that part-time workers and those engaging in other forms of flexible working are experiencing work intensification. Walsh (2007) found that whilst employees in her study liked part-time work, there was evidence that fragmented work schedules, mandated overtime and difficulties in taking time off work at times to suit the employee created tensions in both the work and family sphere. Kelliher and Anderson (2010) also present findings to show that employees who worked from home for part of the week and employees working reduced hours experienced work intensification. Kelliher and Anderson (2010) report that flexible workers can be exposed to three different forms of intensification:

- Imposed intensification – e.g. when a full-time member of staff elects to reduce his/her hours but their workload is not reduced accordingly. Such circumstances could result in increased 'extensive' effort, working at times when they are not scheduled to work and/or increased 'intensive' effort while working (working harder during hours of work).
- Enabled intensification – where the form of work organisation makes it easier for people to work harder, e.g. working from home incurs fewer distractions and negates travel time and so permits more time to work.
- Reciprocal or exchange induced intensification – where the ability to take advantage of flexible working options may engender a reaction in employees, which results in them expending greater discretionary effort.

Despite WERS evidence of employees working harder (van Wanrooy *et al.*, 2013: 40), the proportion of employees who were very satisfied or satisfied with all aspects of their job, except job security, rose between 2004 and 2011. Similarly, few of the respondents in Kelliher and Anderson's study of work intensification in flexible forms of work objected or cited negative outcomes of intensification.

Explore

Think about your own workplace.

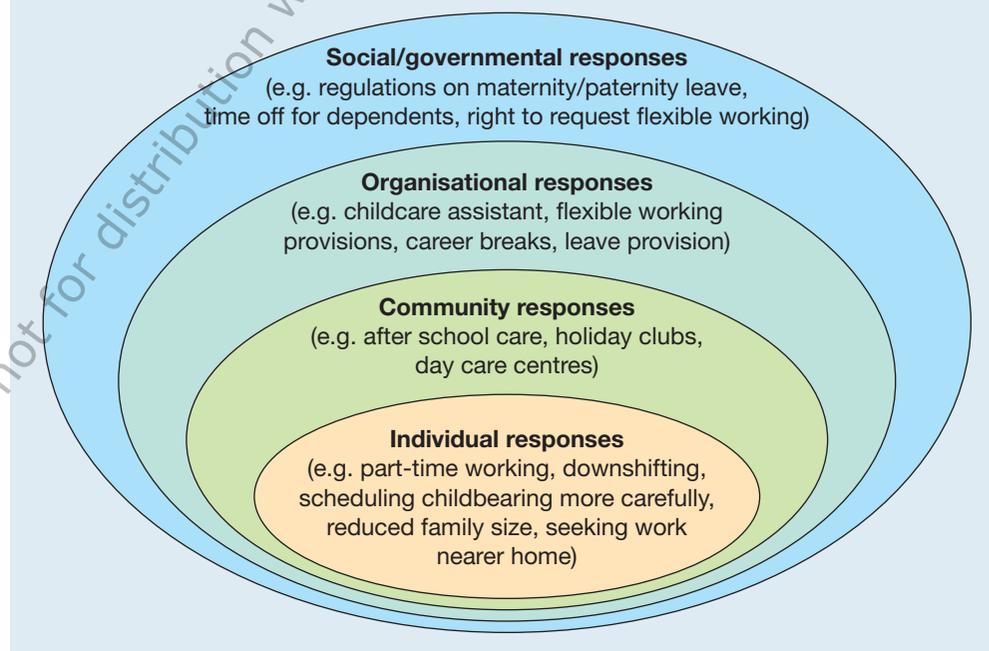
- What systems and technologies are in place to regulate your effort?
- Have you noticed an increase or decrease in the intensity of your work over time?
- Why do you think employees report job satisfaction despite recognising intensification?

Responses to work pressure: the quest for 'work-life balance'

Work-life balance is a broad issue concerning how to mediate the conflicting demands of corporate profitability on the one hand and the concerns of workers who are under work pressure and life strain on the other.

Work-life balance is not an easily defined term. The word 'balance' suggests the search for equilibrium between work and life; a settled point perhaps at which work and the rest of life's activities can comfortably reside side by side. Noon and Blyton (2007) suggest work-life balance is about individuals being able to run their working lives and non-work lives without pressure from one detracting from the other. Part of the problem associated with the notion of striking a balance or equilibrium, however, is that for many work and non-work aspects of life are increasingly inextricably entwined and overlapped, propelled by the accessibility of tablets and smart phones we can work in a number of locations and be available instantly, at least in a virtual sense! Employee efforts to make individual and household adjustments to help bring about a better work-life balance are valuable in combating work life conflict but these endeavours are shaped by action at community, organisational and societal levels (see Figure 4.2).

Figure 4.2 Levels of response to work-life balance pressures



Source: Noon and Blyton (2007: 368).

Explore

- Are you content with your work–life balance?
- What could you conceivably do to improve your work–life balance?
- How do governmental/social, organisational and community responses to work–life balance pressures (as detailed in Figure 4.2) help or hinder you in your ability to improve your work–life balance?

Organisational responses to work–life balance

There are arguably strong business reasons why employers should offer arrangements to employees to help achieve a better integration of work and non-work aspects of their lives. Clutterbuck (2004) suggests that creating an enabling culture in which employees can amend and re-apportion the time and attention they pay to work to meet their particular needs and circumstances can be a source of sustainable competitive advantage. More specifically, Edwards and Wajcman (2005) refer to international survey evidence to show that graduates care more about work–life balance than pay when they are selecting an employer, the implication being that employers who attend to the work–life balance needs of their employees are more likely to be employers of choice in the competitive graduate market. However, finding the right blend of organisational interventions to help individuals is complex; work–life balance is a movable target in the sense that different people have different ideas of what constitutes a satisfactory work–life balance. In practice, employers' responses to work–life balance have been mixed. According to WERS 2011 (van Wanrooy *et al.*, 2013) most managers (76 per cent) strongly agree or agree that it is up to individual employees to balance their work and family responsibilities. Managers in private-sector organisations were more likely than those in the public sector to take this view. In line with these findings, there was no reported general increase in employers' provision of flexible working practices to help employees achieve a better work–life balance.

Explore

Think of an organisation you have worked for where some work–life balance practices were available.

- Why do you think this organisation elected to develop and introduce work–life balance initiatives?

Trends in the provision and take-up of work–life balance initiatives

The Fourth Work–Life Balance Survey (Tipping *et al.*, 2012) is the latest in series of surveys embarked upon first in 2000, to track trends in work–life balance provision. The survey provides the following summary remarks from the survey conducted in early 2011:

- The majority of employees were satisfied with their hours and current working arrangements.
- Levels of awareness of the right to request flexible working were high; 75 per cent of all employees, 73 per cent of employees with non-childcare caring responsibilities and 79 per cent of parents were aware of the right, rising to 82 per cent for parents of young children.
- Flexitime, working from home and part-time working were the forms of flexible working most commonly taken up by employees.
- The views of employees regarding flexible working were generally positive. The vast majority of employees agreed that having more choice in working arrangements improves morale (90 per cent), although over one-third (35 per cent) thought that people who work flexibly create more work for others.

- The availability of flexible working was important for just over two in five employees (41 per cent) when they made their decision to work for their current employer. Those with flexible working arrangements were more likely to work long hours, suggesting that such practices facilitate greater labour market involvement.

The survey is extremely rich in detail and reveals perceptions of the availability of a host of different forms of flexible working by employee and employer characteristics. It is beyond the scope of this chapter to extract and discuss these findings. Suffice to say that gender, age, occupation/occupational status and qualifications are among the factors influencing the availability of forms of flexible working to employees. Employers' propensity to offer flexible working arrangements is driven by a number of factors, including but not limited to sector, mode of production/nature of operations, the gendered composition of the workforce, workplace size and unionisation.

It is conjectured that progress in addressing work–life balance issues will continue to be uneven given the trend to smaller workplaces combined with limited trade union presence. Moreover, even in those organisations where opportunities for flexible working are offered, barriers to their take-up by employees can prevail; 'organisations need not only to have policies for work–life balance in place, but also an underlying culture that supports employees who use flexible working options' (Noon and Blyton, 2007: 373). Potential obstacles to take-up include the irreducible nature of work tasks in many cases, possible damage to career prospects resulting from taking flexible work options and, for low earners, loss of earnings resulting from some options.

Concluding comments

The evidence discussed in this chapter suggests that, despite the widespread rhetoric of high commitment and high involvement and the tendency among advocates and practitioners of HRM to present the employment relationship in terms of mutual consent, it continues to be characterised by conflicts of interest. Currently these centre on hours of work, work intensity, lack of discretion and control over how work is performed, and structured inequalities in the labour market.

The main labour market developments from 1997 to just before the recession in 2008 were sustained growth of employment accompanied by increasing inequality in the distribution of pay as a result of the polarised nature of employment growth. While employment and pay have risen for all groups of workers since 1993, the *relative* position of less skilled workers in terms of unemployment, access to jobs and pay is worse than it was at the start of the 1980s and is now further compounded by economic instability and austerity measures. The rise in unemployment, resulting from the economy dipping in and out of recession since 2008, will continue to have disproportionate effects on the most disadvantaged sections of the population.

In addition, long-standing patterns of inequality and disadvantage remain. The difference in employment rates between women and men has not really changed over the last 10 years, nor has there been much change in the quality of jobs occupied by women. They are still concentrated in occupations and industries where rates of pay are low and working conditions are poor. While the overall pay gap between women and men has narrowed, it is the minority of women who are working full-time in higher-paid occupations who have benefited. This group have also benefited from statutory maternity leave provisions, which have given them the right to return to their jobs after childbirth. The pay gap for the majority of working women, who are in part-time jobs, has not narrowed. Established patterns of labour market inequality between ethnic minorities and whites have also persisted.

These features of the contemporary labour market suggest that there are serious long-term issues to face. First, it is clear that there has been a mismatch between, on the one hand, the way

managers are organising work and designing jobs and, on the other, how workers' job aspirations are developing. Widespread job dissatisfaction is a risk that stands to weaken employees' commitment to their employers and erode the goodwill that is necessary for cooperative behaviour in the workplace. Recent attention to work–life balance issues may go some way to addressing these issues, but as long as, in the words of the UK Commission for Employment and Skills (2009: 10), there are 'too few high performance workplaces, too few employers producing high quality goods and services, too few businesses in high value-added sectors, there will continue to be too many people struggling to get by in jobs for which they are more than likely over-qualified to do and in which they consequently find insufficient fulfilment.

Secondly, discrimination against ethnic minorities, women and older workers represents a waste of human resources, as it leads to under-utilisation of skills possessed by these groups. However, employers individually may benefit from the presence of disadvantaged groups, who can be exploited because they lack alternative job opportunities. Therefore there is a case for stronger 'active' state intervention to combat unfair discrimination in the labour market.

Summary

- Labour markets are often seen as arenas of competition in which forces of supply and demand determine wage and employment levels. In reality, however, there are limits to competition in labour markets.
- Employers have some freedom to make a strategic choice between internalising or externalising the employment relationship. Their choices are influenced, although not completely determined, by the nature of their labour requirements and by features of the labour market context in which they operate.
- The aggregate supply of labour – the size of the workforce – is determined by demographic factors such as the size and age structure of the population and by social and political factors that influence the participation rate of different socioeconomic groups within the population. In the UK, differential participation rates can be observed between men and women of different age groups and different ethnic groups.
- Aggregate labour demand consists of total employment plus unfilled vacancies. The demand for labour is derived from the demand for goods and services. In conditions of low unemployment – tight labour markets – employers have to compete more actively to attract and retain workers.
- The demand for labour is segmented into jobs offers of varying quality. Unfair discrimination along lines of gender and ethnicity mean that women and ethnic minorities are disadvantaged in terms of access to good jobs.
- There has been a long-term change in labour demand away from manufacturing to services. This has been an important force driving the long-term growth of part-time employment and women's employment.
- Since the 1980s, there has been a shift in the occupational structure of labour demand mainly towards highly skilled occupations but also leading to the growth of some low-skilled occupations. There has been a relative decline in intermediate occupations. Some refer to this as the hollowing out of the occupational structure to create an hourglass economy.
- Since the 1980s, managers have restructured their organisations and their workforces. This has involved a retreat from internalised employment relationships.
- Contrary to what might have been predicted from the overall trend towards more highly skilled work, the quality of jobs has deteriorated in terms of work pressure and

worker autonomy, although not (up until recently) in terms of job stability. These factors have contributed to falling levels of job satisfaction compared with the early 1990s. The demand for better work–life balance is a recent response to growing work pressure.

Questions

1. Explain the factors that influence the differential labour market participation rates of women and men, and black and minority ethnic (BME) individuals and whites.
2. How has the structure of demand for labour changed over the last three decades or so?
3. Why have levels of job satisfaction declined since the early 1990s?
4. Who have been the main beneficiaries of changes in the labour market since the 1980s and who have been the main losers?

Case study

Is a Bulgarian and Romanian influx on the cards?

Romania and Bulgaria are among the poorest countries in Europe and when they joined the European Union in 2007, ‘transitional’ work restrictions were imposed amidst fears about mass migration. These measures will be lifted from 1 January 2014, giving Bulgarians and Romanians the same rights to work across the union as other EU citizens.

Some in the UK have voiced fears that ending restrictions will trigger a huge influx of Romanian and Bulgarian immigrants seeking work, as happened in 2004 when the UK allowed people from EU accession states, including Poland, Hungary and the Czech Republic, to work freely. Many of the people who came to the UK from Poland and other eastern European countries did so without a job awaiting them. However, the results of polls conducted in each country in February 2013 by BBC’s *Newsnight* programme (both comprising 1000+ citizens) suggest that, for now at least, most Romanians and Bulgarians would only come to the UK with a firm offer of work.

The polls are relatively small; however, looking at Romania, of the 90 people who said they were planning to work in the UK, 65 per cent would do so only with an offer from a recruitment agency, or directly from a company. For the 138 Bulgarians answering this question, 60 per cent said they would do so only with an offer from a recruitment agency, or directly from a company. When looking at what kind of people are interested in moving to the UK, the Bulgarian survey suggested they tend to be younger and they are more likely to be unemployed than the average in the survey. The Romanian survey suggested that people interested in moving to the UK are more likely to have a university degree, more likely to be employed, and

are likely to be more affluent than those looking to move elsewhere in the EU.

In truth, the ministers do not know how many Romanians and Bulgarians will come to the UK in 2014 and beyond. The Home Office has said it has not produced forecasts, and Downing Street has insisted it would not publish predictions on the number of people who could move to the UK following the relaxation of rules on the movement of people from the EU member states. The formula on the website, however, suggests 4,613 Bulgarians and 8,155 Romanians will head to the UK. The communities secretary, Eric Pickles, has said that he has no confidence in such estimates – the government could only monitor ‘pull factors’ attracting migrants, he said.

‘All the government can do is to just be careful about the pull factors that might range from the health service, through housing, through benefits within the law to try and ensure there isn’t an extra attraction to come here. Already there are people working in Lincolnshire and our crops being brought in (by people) that come from Romania and Bulgaria and the truth is very few carrots would be picked without that help that is there.’

Migration Watch UK, which campaigns for tougher controls on immigration, estimates that 250,000 Romanians and Bulgarians will move to the UK in the first five years after access restrictions are lifted (2014–2019).

Source: adapted from ‘Romania and Bulgaria immigration: “No idea” on numbers’, *BBC Politics*, 19 March 2013, <http://www.bbc.co.uk/news/uk-politics-21850751> and ‘Polls: No indication of huge Romanian-Bulgarian influx’, *BBC Politics*, 22 April 2013 (<http://www.bbc.co.uk/news/uk-22221841>).

Case study continued

Questions

- 1 What challenges and opportunities does the prospect of the arrival of migrants from Bulgaria and Romania present for the UK, both economically and socially?
- 2 If, as the *Newsnight* poll predicts, Romanians and Bulgarians will likely only move to the UK if

they have a firm job offer, how robust are anti-immigration claims that an influx of migrants will place undue pressure on jobs and employment and be catastrophic for the UK?

- 3 Eric Pickles implies that migrant workers do the jobs indigenous workers prefer not to do. How critical is migrant labour to the UK economy?

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