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Monitoring update on the impact of the recession on various demographic groups



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Contents:

Foreword	2
Introduction	4
Overview of labour market developments	5
Labour market performance of various demographic groups	7
Overall Labour Market Changes	11
Changes by Equality Group	14
Age	14
Gender	16
Ethnic minorities	17
Disabled people	19
Changes Since the Last Monitoring Report	21
Cyclical Changes and Structural Inequalities: The Longer-Term Impacts	22
Differences from Previous Recessions	24
Conclusions	29
Glossary	30

Foreword

As I write, in late November 2009, the newspapers are reporting that the economy is at long last picking up. No less a figure than the Governor of the Bank of England has said that “there are now signs that growth has resumed.” Yet it remains essential to analyse the effect the recession continues to exert on different demographic groups.

First, unemployment is a lagging indicator. In other words, even when the economy returns to steady growth, there is no guarantee that employment will follow suit immediately. Second, policy responses to the recession must continue to be based on clear evidence. Any actions intended to help different groups who may be bearing a heavier burden than others should be carefully targeted, with decisions based not on anecdote, but on statistics. Third, and crucially, equality could and should be factored into Britain’s plans for recovery. In an economy where only just over 25 per cent of the workforce fits the old standard model of a worker – white, male, aged between 25-49 and able-bodied – it is vital to challenge the structures and practices that, whether intentionally or not, make it harder for those who happen to be different, for whatever reason, to give of their best.

Understanding how employment rates – and those for unemployment and economic inactivity – are changing can help paint a picture of which of these structures and practices may be most problematic. This summer, the Equality and Human Rights Commission, the Department for Work and Pensions and the Government Equalities Office presented a report showing the experiences of different demographic groups up until March 2009. This report updates it, taking into account the period until September. It underlines the trends that make this recession similar to previous ones – and those that mark it out as different.

This report shows that, as overall unemployment has increased, men and the young, especially those aged 18-24, have continued to see a rise in their unemployment levels. However, members of ethnic minority groups and disabled people, who had seen relatively stable employment rates until March, have begun to experience rises in unemployment. Meanwhile, unlike in previous recessions, older workers and those with non-work limiting disabilities appear to have continued to be relatively sheltered from job losses. Finally, the numbers of women losing jobs is greater than in previous recessions. But this is, in part, a function of the fact that there were more women working when this recession began than ever before.

Ultimately, when certain people are held back – whether intentionally or not – from achieving all that they can in the workplace, it is not only unfair and unacceptable: it is also unaffordable. When the economy returns to growth, the challenge will be to ensure that no talent is constrained for arbitrary reasons, no potential overlooked because of stereotypes, or because of needless barriers which it is well within the power and wit of a 21st century society to overcome. This implies a fundamental re-examination of the culture and practices that underlie the way our society and workplaces operate. No recovery can be complete without it. With it, the UK can face up to the rigours of a competitive global economy with confidence.

Trevor Phillips
Chair, Equality & Human Rights Commission

Introduction

The UK economy contracted by 0.6 per cent in the second quarter of 2009 and this was followed by a 0.3 per cent decline in the third quarter of the year. And these falls came after the 2.5 per cent fall in UK Gross Domestic Product (GDP) recorded in the first three months of 2009. As a result, UK GDP in the third quarter of 2009 is estimated to be 5.8 per cent lower than it was at the start of second quarter of 2008 – the quarter during which the current recession started. This means that the UK economy has experienced six consecutive quarters of output contraction, more than that experienced in the earlier UK recessions of either the early 1980s or the early 1990s.

The recession has already had significant labour market impacts in terms of the overall rise in Great Britain's (GB) unemployment, although the overall rise in the unemployment rate from the first quarter of 2008 to the third quarter of 2009 – at just under 2 per cent – is lower than previous recessions in comparison to the total decline in output. Furthermore, the most recent labour market data suggests that the overall employment impacts are now stabilising. But the main purpose of this report is to look in more detail at how the downturn in the GB labour market is impacting on the labour market outcomes – employment, unemployment and economic inactivity rates – of particular groups within the actual and potential GB labour force from an equality perspective. This is because, while the negative labour market outcomes associated with the current recession appear less severe than those experienced by the UK economy in previous recessions, there are still strong grounds – based on concerns of both economic efficiency and fairness – for understanding the equalities impact of large changes in labour market on the outcomes for certain social groups.

For the purposes of this report these groups are: older and younger people; men and women; ethnic minorities and those with various types of disability. This is because, due to a range of social, economic and demographic changes, the 'standard' worker of much of the twentieth century – male, prime-age, white and able-bodied – is becoming a small minority of the GB labour force of the twenty-first. As such, this report partially updates an earlier report by the Government Equalities Office (GEO) and Equality and Human Rights Commission (EHRC) – in conjunction with the Department for Work and Pensions (DWP) – published in June 2009.

But, while noting the impacts of these changes on the equality groups listed above, we should not forget the more conventional groups who almost always suffer most in recessions: those with low, or no, skills or formal educational qualifications; those working in declining sectors of the economy; and those living in areas blighted by previous economic decline. The evidence suggests this remains as true of this recession as it was in the past.

Overview of labour market developments

There may be a delay of several quarters before the full impacts of the recession are felt in the labour market.

Table 1: Main Labour Market Indicators UK, seasonally adjusted

UK data (unless otherwise stated)

	Reference period	Level (thousands)	Rates (%)	Changes on the period		Changes on the year	
				Level	Rate	Level	Rate
Employment*	Jul-Sep 09	28,927	72.5	6	-0.1	-490	-1.9
Unemployment**	Jul-Sep 09	2,461	7.8	30	0.1	629	2.0
Economically inactive***	Jul-Sep 09	7,997	21.1	41	0.1	132	0.2
Claimant count	Oct-09	1,639.5	5.1	12.9	0.0	632.7	1.9
Workforce jobs	Jun-09	30,997		-163		-664	
Vacancies****	Aug-Oct 09	428	1.6	-1	0.0	-154	-0.6
Full-time*****	Jul-Sep 09	21,263		-80		-651	
Part-time*****	Jul-Sep 09	7,664		86		162	
GB average earnings							
including bonuses	Sep 09						1.2#
excluding bonuses	Sep 09						1.8#

Scotland

	Reference period	Level (thousands)	Rates (%)	Changes on the quarter		Changes on the year	
				Level	Rate	Level	Rate
Employment*	Jul-Sep 09	2500	73.9	-3	-0.1	-56	-2.4
Unemployment**	Jul-Sep 09	194	7.2	4	0.2	67	2.5
Economically inactive***	Jul-Sep 09	653	20.2	-2	-0.1	13	0.3

Wales

	Reference period	Level (thousands)	Rates (%)	Changes on the quarter		Changes on the year	
				Level	Rate	Level	Rate
Employment*	Jul-Sep 09	1306	69.2	-11	-0.3	-25	-1.3
Unemployment**	Jul-Sep 09	125	8.7	14	1.0	31	2.2
Economically inactive***	Jul-Sep 09	428	23.9	-8	-0.5	-7	-0.4

* Levels are for those aged 16 and over, rates for those of working age (16-59/64)
 ** Levels and rates are for those aged 16 and over. Rate is as a proportion of economically active
 *** Levels and rates are for those of working age
 **** Levels are averages for latest three months and rates are ratios of vacancies per 100 employee jobs. Changes are comparisons with three months ago
 ***** The split between full-time and part-time employment is based on respondents' self-classification
 # Percentage change latest three months on previous year

Source: *Labour Market Statistics First Release for Jul-Sep 2009*

Table 1 provides aggregate labour market data for the UK and for Scotland and Wales individually. It shows that, compared to a year previously, in quarter three (Q3) 2009 the employment rate was 1.9 percentage points lower and the ILO-defined unemployment rate 2.0 percentage points higher. Conversely, economic activity and inactivity rates remained relatively stable.

In terms of the sub-Great Britain distribution of employment, ILO unemployment and economic inactivity, in Q3 2009, Scotland benefited from a higher employment rate and a lower unemployment rate than the UK as a whole while Wales suffered from an employment rate 3.3 percentage points lower than that for the UK as whole. Wales also had an economic inactivity rate of 23.9 percent, compared to 21.1 percent for the UK as a whole.

Finally, the proportion of people working part-time continued to rise while the number of people working full-time fell by 651,000 on the year (3.0 percent). The number of people working part-time rose by 162,000 on the year (2.2 percent). There have been near continuous rises in the proportion of people working part-time since April 2008. This trend has particularly pronounced for women. The proportion of those people working part-time who claim that they could not find a full-time job has risen from 9.7 percent in Q3 2008 to 13.2 percent in Q3 2009.

Labour market performance of various demographic groups

Structural Inequality

The bulk of this report will look at the recent changes in the main labour market outcomes – employment, unemployment and economic inactivity – of four main ‘equality’ groups: older and younger people; men and women; ethnic minorities and people with various types of disability. However, while noting these recent and very important, labour market changes, it should also be noted that, prior to the onset of the recession, there were large differences in the rates of employment, unemployment and inactivity both between the groups covered by this report and those groups who were better represented in paid work. And these differences were, and remain, larger than the changes in the three main labour market measures discussed in this report which have occurred since the onset of the recession.

This point can be illustrated using the Q1 2008 labour market data in Table 2. This shows that, prior to the recession, there were large gaps in the employment rates of the various equality groups. Those aged 25-49 (‘Prime Age’ individuals) had the highest employment rate (81.8 per cent). They were followed by males (78.7 per cent), members of the white community (76.5 per cent) and women (70.4 per cent – although this includes those women who, in many cases, worked part-time due to being unable to find, or accept, a full-time job due to their caring responsibilities). Conversely, the lowest employment rates were found among the DDA-disabled (48.0 per cent); those aged 50-69 (56.1 per cent); people from various ethnic minority groups (60.5 per cent) and those aged 18-24 (63.4 per cent). These differences are substantially higher than the overall change in GB employment since the recession began (-1.8 percentage points) or the changes experienced by the two worst affected groups: 18-24 year olds (-2.7 percentage points) and men (-2.6 percentage points).

To understand this better, a distinction should be made between the *cyclical changes* in the labour market performance of certain groups – the extent to which each group’s labour market outcomes changed as a result of the recent period of growth and slowdown associated with the current recession – and the *structural inequality* experienced by some of the equality groups which preceded the downturn and which might be held to explain much of the wide pre-recession variations in their main labour market outcomes described above.

There are three reasons why it is important to distinguish between *cyclical changes and structural* inequality. First, the structural inequalities experienced by certain equality groups suggest that there are factors beyond the general performance of the economy which influence their labour market outcomes. Thus we should avoid letting recent labour market changes obscure deeper, and more enduring, differences which may require more than a return to economic growth to resolve. Second, it implies that some different policies may be required

for each group to improve their labour market performance if these do not have a common underlying cause. And third, it may help explain why the recession may be associated with some narrowing in the differences in the main labour market indicators between the previously disadvantaged groups and the others.

It is not within the remit of this report to go into any great detail concerning the causes of structural inequality, although understanding it forms a major part of the work of both the Government Equalities Office and the Equality and Human Rights Commission. However, it is worth alluding to its general nature. Thus, it is possible to argue that structural labour market disadvantage – that is long-running inequalities in employment *outcomes* – arises from two main, inter-related, factors. These relate to systematic variations in *processes* and *autonomy*. Processes can be further sub-divided between *discrimination* and *disadvantage*:

- *Discrimination*: Some groups experience poorer labour market outcomes due to decisions by employers and/or other employees, either directly or indirectly, to avoid employing or working with, certain equality groups – even where their defining characteristic¹ is irrelevant to whether they can do the job. It can also arise as a result of disrespect being shown to a certain group, prejudice, or from inaccurate or outdated views concerning a group's needs, preferences or social roles²;
- *Disadvantage*: Some groups are less able, by virtue of their defining characteristic, to participate in employment on an equal footing with others without adequate support. In this case the defining characteristic, if unsupported, is relevant to their employability and may relate to the particular needs of certain equality groups. Thus someone with caring responsibilities may not be able to take a job demanding long hours, while someone with a disability may not be able to work in an environment without suitable modifications being made to their potential workplace. The disabled, older people, those who do not speak English as a first language, and those with caring responsibilities might be good examples of groups facing such barriers;
- *Autonomous Choice*: Some groups may simply have different priorities about their patterns of labour market participation: those with young children may choose to care for them; some ethnic minority groups may seek certain types of work for cultural reasons; and young people may place more emphasis on their education. But, while choice is important, we should be wary of choice-based explanations alone where these appear correlated with the likely incidence of discrimination or disadvantage. This is because, under these conditions, such 'choices' are unlikely to be fully autonomous as the preferences underlying them may be shaped by the limited range of realistic opportunities of which the particular group is able to take full advantage.

¹ The term 'defining characteristic' used here is the factor – for example, gender or ethnic group membership – which identifies the person concerned as a member of a particular 'equality group'.

² For more discussion of the incidence of discrimination, see Rolfe et al (2009) *Perceptions of Discrimination in Employment*, London, Government Equalities Office.

The relationship between what we term ‘structural inequality’ – the inequalities which arise as a result of discrimination and disadvantage and which tend to reduce the scope for autonomous choice – and recessions has been explored in a recent paper by Richard Berthoud³. Using survey evidence from the UK recessions of the early 1980s and early 1990s, Berthoud shows that the relationship between structural inequality and the economic cycle differed significantly between the various equality groups covered by this report:

- People with poor educational qualifications – often the young – and ethnic minority groups were both exceptionally sensitive, in a negative way, to a recession;
- Women, older people and the disabled had such poor underlying job prospects that their employment outcomes were unaffected by overall changes in economic activity;

Hence while structural inequality is complex, it seems to take two basic forms. For some groups structural inequality means that their labour market outcomes tend to vary more than overall changes in the rate of economic growth – they are drawn into the labour market during periods of economic growth only to be those who are let go first during a slowdown – whereas, for others, it is associated with low labour market participation rates which also show far less variation than the changes in the overall growth rate. At the end of this report, we will look at whether, and why, the labour market outcomes experienced by the groups covered in this report during the current recession differ from those found by Berthoud for previous downturns.

Table 2: Changes in Labour Market Outcomes, by Equality Group, Q1 2008 to Q3 2009⁴

	Change: Q1 2008 to Q3 2009 (percentage points)	Q1 2008 (rates, %)	Change: Q1 2008 to Q3 2008 (percentage points)	Q3 2008 (rates, %)	Change: Q3 2008 to Q1 2009 (percentage points)	Q1 2009 (rates, %)	Change: Q1 2009 to Q3 2009 (percentage points)	Q3 2009 (rates, %)
Great Britain								
Employment	-1.8	74.7	0.1	74.8	-1.3	73.5	-0.6	72.9
ILO Unemployment	2.9	5.2	1.0	6.2	0.9	7.1	1.0	8.1
Inactivity	-0.6	21.0	-0.8	20.2	0.5	20.7	-0.3	20.4
Age 18-24								
Employment	-2.7	63.4	2.2	65.6	-6.1	59.5	1.2	60.7
ILO Unemployment	6.5	12.0	2.5	14.5	1.7	16.2	2.3	18.5
Inactivity	-2.4	27.9	-4.6	23.3	5.7	29.0	-3.5	25.5

³ Berthoud, R (2009) Patterns of Non-Employment and of Disadvantage in a Recession, Working Paper 2009-23, Institute for Social and Economic Research, University of Essex.

⁴ Seasonally unadjusted. Please note that, as ILO employment rates are calculated on the basis of the proportion of each group defined as ‘economically active’, employment, ILO unemployment and economic activity rates will not sum to 100 per cent.

Table 2: Changes in Labour Market Outcomes, by Equality Group, Q1 2008 to Q3 2009 (continued)

	Change: Q1 2008 to Q3 2009 (percentage points)	Q1 2008 (rates, %)	Change: Q1 2008 to Q3 2008 (percentage points)	Q3 2008 (rates, %)	Change: Q3 2008 to Q1 2009 (percentage points)	Q1 2009 (rates, %)	Change: Q1 2009 to Q3 2009 (percentage points)	Q3 2009 (rates, %)
Age 25-49								
Employment	-1.7	81.8	-0.4	81.4	-0.4	81.0	-0.9	80.1
ILO Unemployment	2.3	4.0	0.4	4.4	1.3	5.7	0.6	6.3
Inactivity	-0.2	14.7	0.1	14.8	-0.7	14.1	0.4	14.5
Age 50-69								
Employment	-0.3	56.1	-0.2	55.9	0.1	56.0	-0.2	55.8
ILO Unemployment	1.5	3.0	0.3	3.3	1.0	4.3	0.2	4.5
Inactivity	-0.5	42.1	0.0	42.1	-0.7	41.4	0.2	41.6
Gender – Male								
Employment	-2.6	78.7	0.1	78.8	-1.8	77	-0.9	76.1
ILO Unemployment	3.6	5.6	1.0	6.6	1.3	7.9	1.3	9.2
Inactivity	-0.4	16.5	-1.0	15.5	0.7	16.2	-0.1	16.1
Gender – Female								
Employment	-0.9	70.4	-0.1	70.3	-0.7	69.6	-0.1	69.5
ILO Unemployment	2.1	4.7	0.9	5.6	0.5	6.1	0.7	6.8
Inactivity	-0.8	25.9	-0.7	25.2	0.5	25.7	-0.6	25.1
Ethnicity – White								
Employment	-1.7	76.5	0.1	76.6	-1.4	75.2	-0.4	74.8
ILO Unemployment	2.8	4.8	1.0	5.8	1.0	6.8	0.8	7.6
Inactivity	-0.6	19.6	-0.8	18.8	0.5	19.3	-0.3	19.0
Ethnicity – Non-White								
Employment	-1.3	60.5	0.8	61.3	-0.4	60.9	-1.7	59.2
ILO Unemployment	3.3	11.5	0.0	11.5	0.1	11.6	3.2	14.8
Inactivity	-1.5	32.0	-1.2	30.8	0.5	31.3	-0.8	30.5
Disability – All DDA								
Employment	-0.2	48.0	0.3	48.3	-0.6	47.7	0.1	47.8
ILO Unemployment	1.6	8.5	0.5	9.0	0.5	9.5	0.6	10.1
Inactivity	-0.7	47.5	-0.6	46.9	0.4	47.3	-0.5	46.8

Source: Labour Force Survey

Overall Labour Market Changes

Introduction

The aim of this report is to provide some indication of how changes in the overall UK labour market since the recession began in early 2008 have impacted on the four selected equality groups. It does not, at this stage, seek to provide a definitive guide, as this will only fully emerge after some delay. Hence readers should be aware of two important statistical issues.

The first is that not all of the changes reported in table 2 are 'statistically significant' (i.e., we cannot be certain that the changes are not the effect of some random 'noise' in the data). Thus some changes, especially the smaller ones and the six monthly rather than the annual changes, should be interpreted as being indicative rather than conclusive at this stage. But we report all the changes in labour market outcomes here for the sake of completeness.

Second, we use 'unadjusted' labour market data (see the 'Glossary' at the end for a definition of this term plus the other main labour market terminology used in this report) rather than 'adjusted' data. This gives the *actual* changes in the main labour market outcomes rather than those which have been adjusted to smooth out changes which may be specific to a certain point in the year (e.g., younger people tend to leave full-time education in the early summer so aggregate changes in their labour market outcomes at some points in the year will differ to those seen at others). Strictly speaking this means that strong conclusions about labour market trends should only be made between the same quarter in each consecutive year – e.g., between Q3 2008 and Q3 2009 – as the seasonal effects in both should be the same, whereas this will not be so in the case of dissimilar quarters. But in a period of rapid labour market change, it may be difficult to make the required statistical adjustments with sufficient accuracy to remove seasonal variations from the total changes.

Hence, to allow readers to draw their own conclusions, we report the unadjusted data for four consecutive quarters which allows two sets of direct annual comparisons to be made. Conversely, the six monthly comparisons this also allows lets the reader see some of the effects of seasonal factors discussed above (e.g., changes in the labour market outcomes for those aged 18-24 are very sensitive to the precise time period chosen as are all of the estimates of inactivity). But for most of the changes in employment and ILO unemployment, the six-monthly changes simply serve to complement and reinforce the annual ones while the former also allow us to see, albeit in a very preliminary way, to what extent the recent changes in labour market outcomes for some groups are speeding up or slowing down.

Finally, while allowing for the effects of 'noise' and seasonality, the next section looks at the *overall* labour market changes that have occurred since the recession began. This allows us to look at the overall trends in these changes and the *relative* performance of each group. This is because, in many ways, it is the relative changes in outcomes which are most important for assessing the effects of structural inequality and for seeing how this recession may differ from earlier ones.

The Distribution of Labour Market Changes by Equality Group

Table 2 shows the main changes in the rates of employment, ILO unemployment and economic inactivity for the various groups covered by this report. We begin by looking at the GB-wide changes in these labour market measures. This shows that, since, Q1 2008, before the recession began: the GB employment rate has fallen by 1.8 percentage points to Q3 2009; unemployment has increased by 2.9 percentage points; and overall economic inactivity has fallen by 0.6 percentage points. These overall figures can be used as a benchmark against which to assess the experiences of each of the four equality groups covered in this report.

In terms of employment rates, the most substantial falls between Q1 2008 and Q3 2009 were experienced by: those aged between 18-24 (2.7 percentage points); men (2.6 percentage points); those aged between 25-49 and those from a white ethnic background (both 1.7 percentage points); and members of non-white ethnic groups (1.3 percentage points). Smaller declines were experienced by: women (0.9 percentage points); those aged between 50 and 69 (0.3 percentage points); and the DDA-disabled (0.2 percentage points).

Increases in ILO unemployment rates largely mirror the changes in group employment rates. The largest increases were among: 18-24 year olds (+6.5 percentage points); men (+3.6 percentage points); members of non-white minority communities (+3.3 percentage points); members of the white community (+2.8 percentage points); and those aged between 25 and 49 (+2.3 percentage points). Smaller increases were experienced by: women (+2.1 percentage points); DDA-disabled people (+1.6 percentage points); and those aged 50-69 (+1.5 percentage points). Finally, Table 2 shows that economic inactivity rates have changed very little for almost all of the groups. The only exceptions were the fall of 2.4 percentage points among those aged 18-24 and the 1.5 percentage point decrease among those from non-white ethnic minorities.

The Timing of Labour Market Changes by Equality Group

Table 2 also allows us to look at the timing of these changes. To do this, we divide the period since the start of the recession into three six month periods (the changes between them are given by the numbers in italics). This shows that during the first six month period (Q1 2008 to Q3 2008) most group changes in employment and unemployment were less or equal to 1 percentage point – the exception being that for the 18-24 age group – and a mixture of both positive and negative changes (i.e., some still represented improvements). However, the changes are generally larger during the second six month period (Q3 2008 to Q1 2009) and more uniformly negative, with a particularly large fall in employment (-6.1 percentage points) among the 18-24 year old age groups, matched by a sharp rise in their inactivity rate.

In the final six month period (Q1 2009 to Q3 2009), while most of these changes become smaller in overall terms, and less negative, some continued to deteriorate. The first is the experience of those aged 18-24 whose employment rate continued to fall by a further 1.2 percentage points, while their ILO unemployment rate rose by 2.3 percentage points. The second is that of the members of ethnic minority groups whose employment rate fell by 1.7 percentage points and whose ILO unemployment rate rose by 3.2 percentage points. But this aggregate figure for ethnic minority groups also hides some noticeable differences between different ethnic minority sub-groups. We will discuss these variations in more detail later in this report.

Changes By Equality Group

Age

Figure 1: Employment rates by age group 1992-2009⁵

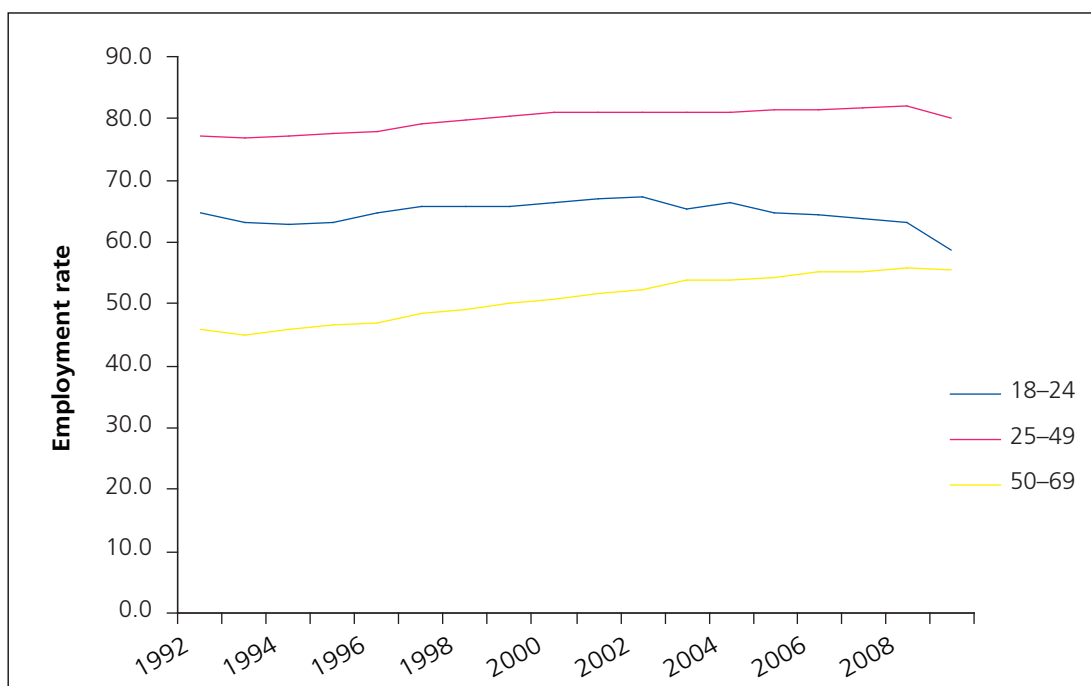


Figure 1 shows the longer-term in employment rates for the three age groups covered by this report. This is to put the most recent changes into context. It shows a high – at around 80 per cent – and stable employment rate for those aged 25-49 and a somewhat lower, and more variable, employment rate for those aged 18-24. Finally, the employment rate for those aged 50-69, while still the lowest of the three groups, shows a longer-term increase of over 10 percentage points since Q3 1992.

Compared with Q3 2008, the employment rates for all three age groups in Q3 2009 – those aged 18-24, 25-49 and 50-69 – have fallen, but that for the youngest age group has seen the most dramatic decline. Thus, compared to a year earlier, the employment rate for 18-24 year olds in Q3 2009 had fallen by 4.9 percentage points to 60.7 per cent (although it increased by 1.2 percentage points during Q3 2009) while, for the 25-49 year olds and the 50-69 year olds, employment rates had fallen by 1.3 and 0.1 percentage points respectively.

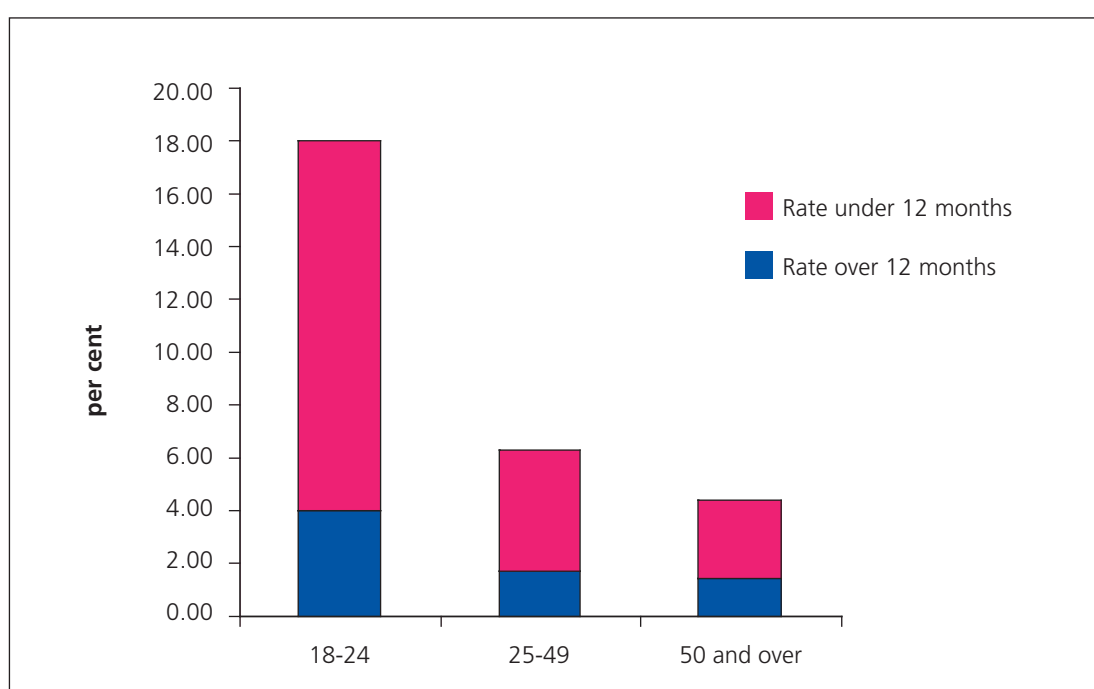
Likewise, in terms of ILO unemployment, the 18-24 age group had the highest rate in Q3 2009 – at 18.5 per cent – and was also the group for whom the unemployment rate had risen the fastest – by 4.0 percentage points since Q3 2008. For prime-age workers (i.e., the 25-49 year old group), the ILO unemployment rate in Q3 2009 stood at 6.3 per cent, having risen by 1.9 percentage points compared to a year earlier, while the rate for those aged

⁵ Labour Force Survey

50 years and over has risen to stand at 4.5 per cent (up by 1.2 percentage points on Q3 2008). However, the percentage increase in the unemployment rate of young people is slightly lower than for those of prime age due to the higher base that youth unemployment started from before the recession.

Finally, and compared to a year earlier, economic inactivity rates have only risen for the youngest age group; the inactivity rate rose by 2.2 percentage point when comparing the Q3 2009 compared to that of the previous year for 18 to 24 year olds and we should also note the sharp changes in the quarterly estimates for this rate. Conversely, economic inactivity rates among the two older age groups have shown a slight decline over the year as a whole.

Figure 2: Unemployment by age and duration (Jul-Sept 2009)



Source: Labour Force Survey, Nov 2009

Finally, and for all three age groups, figure 2 shows that the majority of unemployed people have been so for less than twelve months. Hence, while there have been increases in the unemployment rates experienced by all age groups, the majority of this seems to be taking the form of relatively short periods of unemployment rather than longer-term joblessness.

Summary for Age

So far in this recession – as in those of the past – it is the youngest workers who are suffering the most adverse effects of rising unemployment, declining employment and rising economic inactivity. Conversely, older workers seem to be suffering from these the least, while ‘prime-age’ workers experiences lie somewhere in-between. These labour market trends also remain similar to those we reported in June. However, the reasons for this pattern of impacts remain rather unclear as will be discussed in a later section of this report.

Gender

At Q3 2008, the female employment rate was 70.3 per cent while the male rate was 78.8 per cent. By Q3 2009, these rates had declined, respectively, to 69.5 per cent and 76.1 per cent. Thus female employment fell by 0.8 percentage points, while that for males fell by 2.7 percentage points over the year. Likewise, the gap between male and female employment rates fell from 8.5 percentage points to 6.6 percentage points over the same period. These changes continued over the most recent period. Over the last full quarter (Q2 2009 to Q3 2009), the male employment rate fell by 0.9 percentage points whereas that for females declined by 0.7 percentage points.

In terms of ILO unemployment, the female rate at Q3 2008 was 5.6 per cent while the male rate was 6.6 per cent. By Q3 2009 the female rate had increased to 6.8 per cent while the male rate had risen to 9.2 per cent. Hence male ILO unemployment rose by 2.6 per cent whereas that for women has increased by 1.2 per cent over the year. Again this pattern continued over the last full quarter: male unemployment rate rose by 1.3 percentage points while that for females rose by 0.7 percentage points.

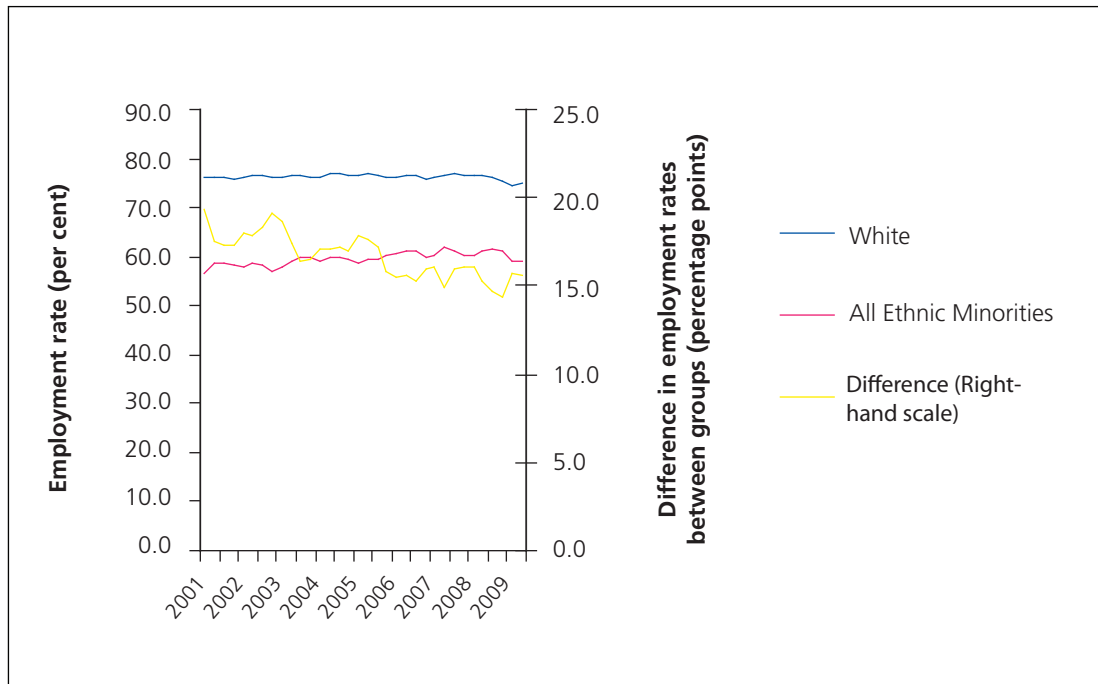
Finally, the female economic inactivity rate was 25.2 per cent in Q3 2008, only slightly above its Q3 2009 level of 25.1 per cent. However, male economic inactivity rose from 15.5 to 16.1 per cent over the same period.

Summary for Gender

The most recent changes in gender rates of employment, unemployment and economic inactivity are all consistent with our previous report which suggested that, at the national level, the aggregate labour market measures for men continue to exhibit more negative changes than those for women. This may be due to the recession, so far, having had more of an impact on traditionally 'male' areas of employment. For example, the Q2 2009 figures show that male employment declined most in the construction, finance and business services and manufacturing sectors. Conversely, while private sector employment has decreased since the start of the recession, public employment has continued to expand. And because women are more likely to be employed by the public sector, this may help explain why their labour market outcomes have, as yet, been less adversely affected than men's.

Ethnic minorities

Figure 3: Ethnic minorities employment rate (2001-2009)



Ethnic minorities are defined as individuals who identify themselves as having an ethnic background other than white. The ethnic groups covered in the Labour Force Survey are: white, Black African, Black Caribbean, Other Black, Indian, Chinese, Pakistani, Bangladeshi, Other Asian and Mixed. However, for simplicity, we combine some of these backgrounds to give three main non-white groups: those from 'mixed' backgrounds; Asian; and Black. The labour market outcomes for these groups, plus those of the white community, are shown in table 3, which adopts a similar presentational approach to the one used in table 2 above.

The long-run trend has been for the ethnic minority employment differential to fall. Figure 3, above, shows that the gap between the employment rates of the white population and those of those from all ethnic minorities has been on a downward trend since 2001, albeit with some small fluctuations. This trend continued during the first year of the recession. Thus the data in table 2 can be used to show that in Q1 2009 the gap was 16 percentage points; by Q2 2009 it had fallen to 15.3 percentage points; and by Q3 2009 it had shrunk to 14.3 percentage points. However, the labour market data for the last six months (Q1 2009 to Q3 2009), shows the employment gap between the white and the ethnic minority groups widened to 15.6 percentage points. This recent reversal is even more apparent in terms of the gap in ILO unemployment rates, which rose from 4.8 percentage points in Q1 2009 to 7.2 percentage points in Q3 2009.

Furthermore, even within this broad picture, different ethnic groups have had significantly differing labour market experiences. Thus Table 3 shows the recent labour market changes for the three main ethnic groups defined above as well as those for the white community.

Table 3: Changes in Labour Market Outcomes, by Main Ethnic Group, Q1 2008 to Q3 2009

		Q1 2008		Q3 2008		Q1 2009		Q3 2009
White								
Employment	-1.7	76.5	0.1	76.6	-1.4	75.2	-0.4	74.8
ILO Unemployment	2.8	4.8	1.0	5.8	1.0	6.8	0.8	7.6
Inactivity	-0.6	19.6	-0.8	18.8	0.5	19.3	-0.3	19.0
Mixed								
Employment	-1.7	61.7	1.7	63.4	-3.1	60.3	-0.3	60
ILO Unemployment	5.7	10.9	4.2	15.1	-0.1	15.0	1.6	16.6
Inactivity	-2.7	30.8	-5.5	25.3	3.8	29.1	-1.0	28.1
Asian								
Employment	0.2	59.1	1.2	60.3	1.1	61.4	-2.1	59.3
ILO Unemployment	1.7	10.9	-1.0	9.9	0.5	10.4	2.2	12.6
Inactivity	-1.6	33.8	-0.7	33.1	-1.6	31.5	0.7	32.2
Black								
Employment	-5.4	63.2	-0.9	62.3	-2.2	60.1	-2.3	57.8
ILO Unemployment	6.9	13.2	1.1	14.3	1.4	15.7	4.4	20.1
Inactivity	0.5	27.2	0.2	27.4	1.3	28.7	-1	27.7

Beginning with the overall changes in employment, table 3 shows that there has been a similar fall for those from the White and Mixed communities (both -1.7 percentage points) and a small rise among the Asian group (+0.2 percentage points). However there has been a substantial fall in the employment rate, -5.4 percentage points, among those in the Black group. Changes in ILO unemployment rates tell a broadly similar story: Asian ILO unemployment has risen by 1.7 percentage points; White ILO unemployment has increased by 2.8 percentage points, the Mixed ILO unemployment rate has risen by 5.7 percentage points while that for the Black group has increased by 6.9 percentage points. Finally, while economic inactivity has fallen among the White, Asian and Mixed groups (albeit with some noticeable variations), the level of economic inactivity among the Black group actually rose.

Table 3 also shows the timing of these changes. Perhaps most important are those for the last six months (Q1 2009 to Q3 2009). These show that the labour market outcomes of those from the White community declined only slightly, those for the Mixed group worsened rather more in terms of ILO unemployment (+1.6 percentage points). But this worsening was more pronounced among the Asian group, whose employment rate fell by 2.1 percentage points and whose

ILO unemployment rate increased by 2.2 percentage points, and even more pronounced still among the members of the Black group: Black employment fell by 2.3 percentage points over the last six months, while their ILO unemployment rate increased by 4.4 percentage points – nearly two-thirds of their total rise since the start of the recession.

Summary for Ethnicity

The data presented above shows a mixed picture. On the one hand, the overall employment and unemployment gaps for those from ethnic minorities compared to those from the white community were closing in the period prior to the recession and appeared to close further during the first year of the slowdown. Furthermore, at the point where the downturn started, the labour market outcomes all the non-white ethnic minority groups were all quite similar.

But, over the last six months, some worrying patterns have begun to emerge. First, even after allowing for the overall decline in labour market outcomes, the employment and unemployment gaps between the white and non-white groups has begun to widen. This is because non-white labour market outcomes have declined faster than those for whites. But even within this overall relative decline, there are noticeable differences between the various groups: Asian outcomes have generally deteriorated less severely than those of the White community; while those for the Mixed and Black groups have worsened more severely. Finally, there also appears to be some evidence that this worsening is becoming more severe. In particular, the employment and ILO unemployment outcomes of those from those from the Asian and Black communities appeared to be accelerating over the last six months.⁶

Disability

For the purposes of this report, and to make it comparable with the last joint monitoring report in June, we concentrate on two main definitions of disability: the DDA⁷-only disabled and who define people themselves as both DDA and work-limiting disabled. This is because it is people who are defined as DDA disabled – whether work-limiting or not – who comprise the Department for Work and Pensions Public Service Agreement (PSA) target for the employment of disabled people. Hence two definitions are of particular importance to understanding the data.

Hence two definitions are of particular importance to understanding the data:

- The DDA defines a disabled person as someone who has a physical or mental impairment that has a substantial, or long-term, adverse effect on his or her ability to carry out normal day-to-day activities;
- A Work-Limiting disability is one which, in the opinion of the respondent, limits the amount, or type, of employment which they can undertake.

⁶ Please note the discussion of statistical significance above. It is especially significant with regard to ethnicity because small sample sizes of these groups in the Labour Force Survey mean that results for individual ethnic groups could only be indicative.

⁷ 'DDA' refers to the Disability Discrimination Act 1995.

Hence the disabled group in this report includes those who are DDA disabled only and those who are both DDA and Work-Limiting disabled. The latter group will tend to have more severe impairments.

Overall, the labour market outcomes of those defined as DDA-only disabled are very similar to those for prime-age workers: employment rates of around 80 per cent; unemployment rates of 4-5 per cent and levels of inactivity of around 14-15 per cent. Conversely, those defined as being both DDA and Work-Limiting disabled have very poor labour market outcomes: employment rates of around 33 per cent; unemployment rates of 12-14 per cent and inactivity levels of just over 60 per cent. Thus, to the extent that DDA labour market outcomes fall below those for prime-aged employees, we should be aware that this is driven by the DDA *and* Work-Limiting disabled.

Table 2, above, shows that the overall employment rate for the DDA disabled was 48 per cent in Q1 2008 and that this had fallen slightly (-0.2 percentage points) by Q3 2009. Likewise, their ILO unemployment rate in Q1 2008 was 8.5 per cent, and this had risen to 10.1 per cent in Q3 2009. Finally, as with all the other equality groups in this report (with the exception of those from the Black community) their level of economic inactivity had declined. When we look at the changes by the two groups of disabled people, we find few significant divergences. For both groups ILO unemployment has declined slightly and so has inactivity levels. However, employment has risen slightly (0.2 percentage points) among the DDA and Work-Limiting disabled and fallen by 0.8 percentage points for the DDA only disabled. However, none of these changes is large or likely to be of any statistical significance.

Summary of the DDA Disabled

It would be best to summarise the position of the DDA disabled with reference to the two types of disabled person who make up this group. The DDA disabled only have had a slightly less severe recession compared to prime-age (25-49) workers, whose labour market outcomes they largely replicate, while those defined as being both DDA and Work-Limiting disabled have seen only marginal changes in their labour market position, although the latter needs to be set against their extremely poor outcomes prior to the onset of the recession. But the main point to note here, especially when issues of statistical significance are taken into account, is that as yet, the data do not show that disabled people are being especially adversely affected by the current recession.

Changes Since the Last Monitoring Report

The last monitoring report was published in June. Given the short time period since the last report, we would not expect to see large changes in the labour market outcomes of the four main equality groups. And this is what we observe for most of the groups covered here.

In summary, since the last monitoring report, the overall Great Britain labour market data suggests that the rate of increase in unemployment has remained broadly constant (but seems to have flattened out in the last quarter), the fall in employment has slowed, while economic inactivity seems to be falling slightly. And for three of the four main equality groups covered by this report, the main changes in their labour market status can be summarised as follows:

- *Age:* The labour market outcomes for those aged 50-69 seem to have stabilised while those of the 25-49 group have continued to decline slightly. The main change has been the continuing decline in the labour market outcomes of those aged 18-24. While their employment rate has risen slightly, compared to the previous sharp decline, the rate of increase in their ILO unemployment rate has increased slightly.
- *Gender:* Both men and women continue to be affected by the labour market downturn. But, for all three labour market statuses, the adverse changes for males remain higher than those for females. This was as reported previously;
- *Disability:* Those defined as DDA disabled only have only seen a small net deterioration in their labour market status and a broadly similar (though not the same) pattern emerges for those defining themselves as both DDA and Work-Limiting disabled. But wide variations remain between the two groups of disabled.

But the outcomes for one of the four groups appears to be showing a deterioration:

- *Ethnicity:* Until the last six months, the labour market outcomes of those from ethnic minorities had not declined faster than those of the rest of the workforce. But the last six months have seen a widening of the gap in employment rates between members of ethnic minority groups and the white community. It is too early to see this as a trend. However, the outcomes for different minority groups remain varied with those most prone to negative impacts being the worst affected.

Cyclical Changes and Structural Inequalities: The Longer-Term Impacts

This report suggests that the recession has led to a small narrowing in the gap between the labour market outcomes of people who are normally advantaged in employment terms – mainly prime-age, able-bodied, white males – and those who differ from them in one, or more, of our four main equality characteristics. But, as an earlier section argued, this should not be taken as evidence per se that the underlying structural inequalities experienced by older/younger persons, the disabled, ethnic minorities and women have declined. Indeed, until the economy begins to expand again, it is too early to tell if this is so.

Indeed, periods of recession may worsen some of these longer-term structural inequalities. In part, this is because there is evidence that, in recession employers tend to make less use of formal recruitment channels, and more on the informal networks of their current employees⁸, which may reduce the opportunities of those previously under-represented in paid employment. And, for each group, other forms of economic exclusion may also occur:

- *Older workers:* In previous recessions older workers, and especially those employed in declining industries, suffered from long-term unemployment which, it has been argued, sapped their motivation and ability to gain new jobs. This process is sometimes referred to as 'hysteresis'⁹. This form of disadvantage it can also interact with discriminatory attitudes which suggest that older workers are harder to train;
- *Younger Workers:* There is considerable empirical evidence that spells of unemployment early in a person's employment career can have severe longer-term impacts on their job prospects and on their outcomes in a range of other social and economic outcomes. This longer-term form of disadvantage is called 'scarring'¹⁰;
- *Women:* There is evidence that when male partners lose their jobs in a recession that some female partners enter the labour market to compensate for this. But there is also evidence that some women – as well as the members of other disadvantaged groups – simply stop seeking work during labour market downturns. This may be specially so where there are strong prejudices against, and discrimination involved, in employing them in the first place. This is known as the 'discouraged worker' problem;

⁸ Hasluck (1999) *Employers, Young People and the Unemployed: a Review of Research*. Report to Employment Service/Department for Education and Employment, ESR12 March

⁹ For a discussion, see Layard, R., Nickell, S. & Jackman, R (1991) *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford, Oxford University Press.

¹⁰ Vaitilingham, R (2009) *Recession Britain*, Economic & Social Research Council, Swindon

- *Disabled people:* People with work-limiting disabilities have low employment rates. And, to the extent that this arises from unfounded perceptions that they are less productive or more expensive to employ (discrimination) or because, in some cases, they genuinely are (disadvantage), they are likely to be among the first to be made redundant, and among the last to be hired, during a recession. Likewise, there is evidence that periods of unemployment may also lead to an increase in health problems among those previously employed with many of the older unemployed registering as long-term sick¹¹. Recessions may intensify both of these problems.
- *Ethnic Minorities:* Many younger members of ethnic minority groups are highly qualified and integrated into employment. However, some other members of ethnic minority groups remain located at the edge of the labour market as a result of both discrimination and disadvantage. The result is that they tend to be pulled into employment during periods of rapid growth and let go during periods of recession. This employment instability is unlikely to encourage them to develop their skills and may reinforce employer perceptions of them as being less reliable employees. Some members of minority groups may also work in sectors which are especially vulnerable to economic slowdowns and so may suffer disproportionately to the majority group.

Through all these paths of causation, recessions may exacerbate structural inequalities.

¹¹ See <http://www.admin.cam.ac.uk/news/press/dpp/2009040106>

Differences from Previous Recessions

Given these comments, it is interesting to ask how, and perhaps why, the current UK recession is different from those of the 1970s, 80s and 90s. Hence, this section discusses how the impact of this recession differs from earlier ones for our four main equality groups.

While it is still too early to tell for certain – mainly because employment outcomes tend to lag economic growth – there would appear to be several continuities and differences in the labour market experiences of the four equality groups. We now attempt to summarise them using the ideas of discrimination, disadvantage and autonomy as ways of understanding it.

Older People

- While their employment rate remains the lowest of the three age groups considered above – mainly because many will have chosen to retire – older workers do not seem to have been as negatively impacted by this recession as they were in previous ones.
- Indeed, all three measures of labour market activity used in this report suggest that those aged 50-69 are the least affected age group in the current recession.
- In part, this may reflect a welcome change in attitudes toward employing older workers, improvements in their physical and mental well-being which may cause many of them to want to continue working longer than before, changes in the industrial sectors where they have tended to be employed and better legal job protection. Thus more autonomy, less discrimination and diminished disadvantage all appear important.
- But their relatively stable levels of economic activity may also reflect some more negative factors. Some older people need to work longer due to the need to achieve a sufficient pension income. Changes in the availability of early retirement, and *some* recent changes in their eligibility to claim disability benefits may also be important.
- And those older people who have lost their jobs may find that getting another one, or one of a similar standard to that held previously, is especially difficult at the present time due to a whole range of discriminatory factors (e.g., unjust prejudices against them) and various forms of disadvantage (e.g., ill-health, few qualifications).

Younger People

- In contrast to older persons, younger people are among the worst affected with nearly one in five of the 18-24 age group now unemployed using the ILO measure.
- Some of this rise reflects an increase in the number of those in full-time education seeking some form of employment to help fund their studies – participation in higher and further education has risen also during this recession as it has done in previous ones. But there has also been a large rise in unemployment among young people who have completed their studies.
- And, as noted above, the evidence suggests early periods of unemployment can significantly, and negatively, ‘scar’ a young person’s subsequent career development. However, there has been less of a move into economic inactivity among this age group than in earlier recessions which may reduce such effects.
- Perhaps the main reason for the decline in their labour market outcomes is simply that, during periods of recession, employers seek to control their labour costs by cutting recruitment. Hence it is those outside the labour market, or seeking to enter it, when this occurs who are the most likely to suffer from the adverse consequences. This will be especially so where the people concerned lack qualifications of the skills and experiences, often gained through employment, that are valued by employers;
- Thus the recent change in the labour market outcomes of those aged 18-24 seems to be only partially explained by autonomy: disadvantage seems to be key issue here.

Women and Men

- As in previous UK recessions, men’s labour market outcomes have, so far and on average, been more negatively affected than those of women.
- Historically this has been due to men having higher overall levels of employment and because they have been more likely to be employed in sectors which are more cyclically sensitive: manufacturing, construction and financial services. And there is some evidence that where women work in male dominated sectors, it is they who tend to lose their job earliest, perhaps due employer perceptions that they are more expensive to employ due to maternity costs¹². Conversely, women are more likely to work in the public sector which has not, so far, experienced net job losses¹³.

¹² PricewaterhouseCoopers (2009) ‘Recession takes its toll on women as they exit the City, threatening an equality timebomb for the UK plc’. Press release. Available at: <http://www.ukmediacentre.pwc.com/Content/Detail.asp?ReleaseID=3162&NewsAreaID=2>

¹³ Chartered Institute of Personnel and Development (2009) Work Audit: Men not at Work, Data Supplement, October

- And we should also note that the current decline in male employment may be causing some previously voluntarily inactive women to enter employment to make up for lost household income. This may explain some of the recent rise in female part-time employment, which may also be obscuring the full negative impact of the recession on those women who chose to work before the start of the downturn.
- But while women have been, relatively speaking, less negatively impacted so far by the current recession, the secular rise in their labour market participation means they are now being affected more in absolute terms than in previous UK downturns. When compared to previous UK recessions, women's current employment rate of around 70 per cent remains 4 percentage points higher than that in the trough of the early 1990s recession and around 10 percentage points higher than in the trough of the recession of the early 1980s.
- Conversely the current male employment rate of around 75 per cent compares to one of around 90 per cent found among men around forty years ago. The reasons for this long-term decline in male employment rates are complex but may include changes in the employment structure of the economy, increasing levels of male participation in non-compulsory education and, until recently, higher levels of early retirement.
- Over the longer-term, the rise in women's employment is a clear triumph for women's greater autonomy at the expense of both discrimination and disadvantage. But recessions reduce autonomy by reducing the options available to some women and by forcing others into choices that they might not otherwise make. And recessions also render many women more vulnerable to both discrimination and disadvantage.

Ethnicity

- Until Q1 2009, the labour market data suggested that members of ethnic minorities were not being disproportionately impacted by the current recession compared to those from white ethnic backgrounds. Indeed, early on, the long-standing gaps in their overall employment and ILO unemployment rates appeared to be diminishing.
- This performance early in the recession appeared to be an improvement from their experience in previous UK recessions in the 1970s and 80s, which suggested their aggregate employment rates were 'hyper-cyclical' insofar as their employment rose and fell faster than the average as the economy entered into, and left, recession.
- But the 1990s evidence suggested this *overall* pattern of 'hyper-cyclical' employment changes was replaced by a 'partial' pattern: minority unemployment rose faster than that for members of the white community on entry to the recession, but did not decline as quickly once the economy resumed growth. This might suggest that minority unemployment may remain high even after the economy returns to growth.

- This recession appears different in yet another way: those from ethnic minorities do not appear to have been relatively adversely impacted in the early stages of the downturn (although we should also note that they started the current downturn with lower absolute levels of employment than the white community which may be a factor here).
- However, the most recent (Q1-Q3 2009) data suggests the labour market outcomes of ethnic minorities are now be changing in a relatively adverse way. While the ILO unemployment rate for members of the 'white' community has increased, the overall rise has been progressively higher for those from the 'mixed', Asian and communities, especially when compared to the previous year.
- Finally the recent, and large, deterioration of the labour market position of those from ethnic minority groups, as well as the inter-group variation, makes drawing broader conclusions in this area difficult. In addition, further data on who, within these groups, are suffering in the downturn would also be very helpful.

Disability

- The employment outcomes of those defined as DDA disabled had not been more negatively affected than the rest of the workforce during the current recession. Indeed their labour market outcomes have changed in a similar way to those aged 50-69 perhaps due to a significant overlap between the memberships of the two groups.
- Making firm comparisons across recessions for the labour market outcomes of people with disabilities is also difficult due to changes in social attitudes toward disability – which may influence both what is seen as a disability and the extent to which these are reported by respondents – the degree to which recessions cause the recorded incidence of disability to rise, and changes in the definitions of disability used for statistical and benefits entitlement purposes.
- This is also evident for the two definitions of disability used in this report. Those defined as being DDA disabled only have high levels of employment and have generally suffered less than average during the current recession. But this may simply reflect their other characteristics. Likewise, those defined as having a DDA and a Work-Limiting disabled have fared relatively well, comparatively speaking, but mainly because their prior levels of labour market participation were simply so low.
- Hence we can only speculate at this stage as to how their outcomes may change compared to previous recessions. On the one hand, the disabled have more legislative employment protection than in previous recessions, benefit entitlements have been tightened and there is more support aimed at keeping them in work.

- But, to the extent that they are perceived by employers to be more expensive to employ and/or less productive, their labour market outcomes may be more vulnerable if the return to growth is delayed. And there may be longer-term impacts on employers' willingness to employ them, or on the introduction of more workplace measures to support them, if the recovery is delayed or future downturns are expected. Thus, while in the short run employers may have tried to keep on those with disabilities, this may still change

Conclusions

This report has sought to do two things. First it has updated the results reported by the earlier monitoring report that was published in June. Doing this shows, broadly speaking, that the trends that were identified then have continued as the recession has progressed. But, as was suggested above, this is unsurprising given the relatively short period that has elapsed.

But this report has sought to extend the analysis in two ways. First it has looked at how the labour market outcomes of four key equality groups – defined by age, gender, ethnicity and disability status – have fared in this recession compared to previous ones. To do this, it introduced the concept of ‘structural inequality’ – that part of the inequality they experience which is due to problems, such as discrimination and disadvantage, which relates to the characteristics of their particular equality group and not from general fluctuations in the rate of economic growth. It did this to highlight the fact that many significant inequalities existed prior to the current recession, that previous recessions seemed to have impacted on certain disadvantaged groups in different ways to more advantaged groups as a result of these, and that there were reasons to believe recessions could make these underlying problems worse.

The results suggest that, while there is evidence that the overall labour market effects of this recession, so far, are somewhat less severe than those of earlier ones, the employment performance of some of the groups covered by this report remain broadly similar to that experienced in previous downturns: the young, men, and the members of some ethnic minority groups seem to be the worst affected. But some established relationships seem to have changed: for example women, while *relatively* less impacted than men, are suffering more this time round, mainly because there were more of them in paid employment prior to the onset of the current recession. And some groups do seem to be faring quite differently than before: older workers, and those with non-work limiting disabilities, seem to be faring less badly than in previous downturns although the reasons for this appear to be mixed. And for all of the groups covered, – with the exception of members of the black community – levels of economic inactivity have remained broadly stable or have fallen.

However, the main message of this report is that, while important, we should not let cyclical changes in employment obscure the deeper longer-term problems that many disadvantaged groups still face.

Glossary

Claimant Count: The number of claimants of Jobseeker's Allowance resident in an area as a percentage of the sum of claimants and workforce jobs in the area.

Earnings: A measure of the money people receive in return for work done, gross of tax. It includes salaries and, unless otherwise stated, bonuses but not unearned income, benefits in kind or arrears of pay.

Economic activity: The proportion of working age people who are in the labour force; this includes those that are in employment, and those that are ILO unemployed.

Economic inactivity: The proportion of working age people who are neither in *employment* nor *unemployed*. This includes those who want a job but have not been seeking work in the last four weeks, those who want a job and are seeking work but not available to start work, and those who do not want a job.

Employment: The number of people with jobs is measured by the *Labour Force Survey* (LFS) and includes people aged 16 or over who did paid work (as an employee or self-employed), those who had a job that they were temporarily away from, those on government-supported training and employment programmes, and those doing unpaid family work.

GDP: Gross Domestic Product (GDP) provides a measure of the total economic activity in a region. GDP is often referred to as one of the main 'summary indicators' of economic activity and references to 'growth in the economy' (or 'economic growth') are quoting the growth in GDP during the latest quarter.

ILO Unemployment: The number of unemployed people in the UK is measured through the *Labour Force Survey* following the internationally agreed definition recommended by the International Labour Organisation (ILO) – an agency of the United Nations. Unemployed people are:

- without a job, want a job, have actively sought work in the last four weeks and are available to start work in the next two weeks or;
- out of work, have found a job and are waiting to start it in the next two weeks.

Seasonally (un)adjusted: a series of figures (such as employment rates) that is (not) adjusted to take account of natural seasonal fluctuations. A series is seasonally adjusted to enable comparisons between different quarters without seasonal bias.

Recession: At least two consecutive quarters of negative economic growth (falls in GDP).

Vacancies: The estimates are based on ONS's Vacancy Survey, a survey of businesses, designed to provide comprehensive estimates of the stock of vacancies across the economy, excluding Agriculture Forestry and Fishing. Vacancies are defined as positions for which employers are actively seeking recruits from outside their business or organisation.

Workforce Jobs: A measure of the number of jobs; the sum of employee jobs (as measured by surveys of employers), self-employment jobs from the LFS, those in HM Forces, and government-supported trainees. Vacant jobs are not included.

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