



Fraser of Allander Institute, Scottish Centre for Employment Research (2017) Scottish Labour Market Trends [June 2017]. [Report] ,

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A nighttime photograph of the University of Strathclyde building and the Glasgow Crane, reflected in the water. The building is illuminated with warm lights, and the crane is a dark silhouette against the twilight sky. The water in the foreground is calm, creating a clear reflection of the structures and lights.

Fraser of Allander Institute & Scottish Centre for Employment Research **Scottish Labour Market Trends**

Vol 1 No 3



The Fraser of Allander Institute (FAI) is Scotland's leading economic research institute with over 40 years of experience researching, analysing and commentating on the Scottish economy. The FAI undertakes a unique blend of cutting-edge academic research alongside applied commissioned economic consultancy in partnership with business, local and national government and the third sector.

The Scottish Centre for Employment Research (SCER) has an international reputation for high quality research and knowledge exchange on work and employment. SCER works collaboratively with academic, policy and practitioner stakeholders to generate high impact research that delivers shared benefit. The Centre has particular expertise in supporting workplace innovation, job quality and fair work, key priorities for Scotland.

Labour Market Trends is jointly produced by the FAI and SCER and aims to shed light on key developments in Scotland's labour market. Alongside a summary of recent trends and the outlook, the report also highlights longer trend developments and areas for discussion.

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ISSN: 2399-7540

Summary

Despite apparently very little growth in the overall economy, Scotland's labour market continues to hold up remarkably well.

Over the year to the 3-months January to March 2017, unemployment in Scotland fell 48,000 whilst employment levels rose 41,000.

The current rates of employment and unemployment are close to the best on record.

Indeed, since 1992 – when the labour force survey was first published – only in the early summer of 2008 has Scotland's unemployment rate been lower than the current rate of 4.4%.

Key Labour Market Indicators: Jan – Mar 2017

	Employment (16-64)	Unemployment (16+)	Inactivity (16-64)
Scotland	74.0%	4.4%	22.5%
England	75.2%	4.6%	21.1%
Wales	73.7%	4.8%	22.4%
N. Ire	68.4%	5.3%	27.7%
UK	74.8%	4.6%	21.5%

Source: ONS, Labour Force Survey

Levels of underemployment – that is people in work but who would prefer to work longer hours – have also fallen back towards pre-recession levels.

Scotland's youth unemployment rate continues to outperform all other parts of the UK and compares favourably internationally.

However, as we highlighted in our last report, the headline figures do hide some challenges.

Firstly, the type of employment being created appears to be less secure in many instances. For example, since the financial crisis there has been a rise in part-time employment (up around 9% since 2007). Within the part-time figures,

there has been a 60% increase in the number of people who say the reason they are working part-time is that they cannot find a full-time job.

Self-employment has also risen – up around 25% since 2007. Indeed, nearly ¾ of the growth in Scottish employment over the last year was in the form of self-employment.

Secondly, there has been a further rise in economic inactivity – that is people not actively seeking work – of 15,000 over the last year.

Thirdly, the general news on the Scottish economy remains disappointing. With little or no growth in output, but rising levels of employment, productivity takes the hit. In 2016, productivity as measured by output per hour worked in Scotland fell 1.5%.

Weak productivity levels will make it difficult for businesses to find new resources to support sustained wage increases. With inflation now at 2.6% and forecast to go higher over the next few months, the prospects for household incomes continues to look weak.

Fraser of Allander Institute &
Scottish Centre for Employment Research
13th June 2017

Overview and Analysis

Recent trends continue to paint a positive picture of Scotland's labour market. Unemployment fell over the 1st quarter of 2017, accompanied by rising employment.

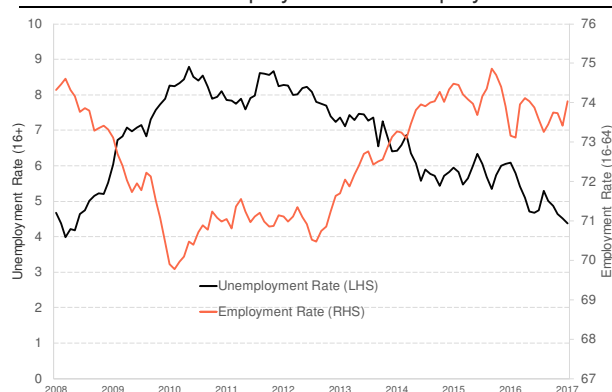
Whilst these figures are welcome, the lack of growth in the wider economy – coupled with rising inflation – means that there is little prospect of a sustained improvement in people's take-home pay.

Table 1: UK Labour Market, Jan-Mar 2017

	Employment (16-64)	Unemployment (16+)	Inactivity (16-64)
Scotland	74.0%	4.4%	22.5%
Quarterly Change	+0.3pp	-0.5pp	+0.1pp
UK	74.8%	4.6%	21.5%
Quarterly Change	+0.2pp	-0.2pp	-0.1pp

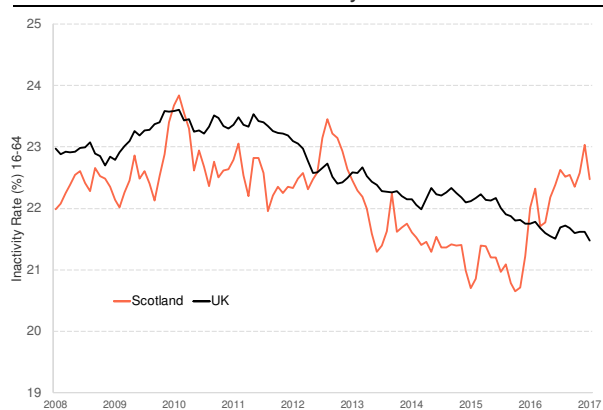
Source: ONS, Labour Force Survey (LFS)

Chart 1: Scottish Employment & Unemployment Rate



Source: ONS, LFS

Chart 2: Scottish & UK inactivity rates since 2008



Source: ONS, LFS

Introduction

The number of people employed in Scotland is now only 20,000 below its all-time peak. At the same time, you have to go back to early summer 2008, to find an occasion when Scotland's unemployment rate has been lower than the current rate of 4.4%.

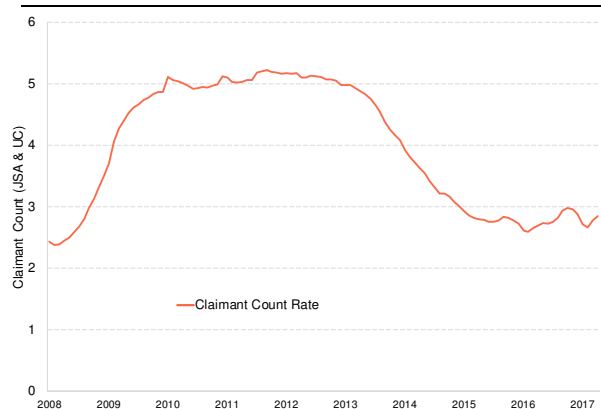
These improvements continue the trend since 2012 of a strengthening labour market – in contrast to the performance of the wider economy.

For most of the past decade, Scotland had a better employment and unemployment rate than the UK as a whole. Now, Scotland's employment rate is 0.8% points lower than the UK rate. Against that, Scotland's unemployment rate is slightly better (i.e. lower).

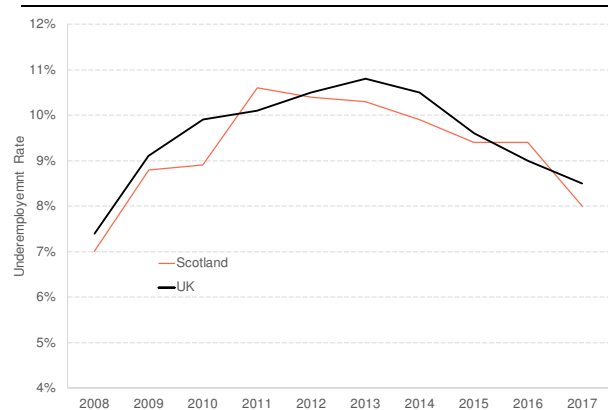
This apparently odd result – better on unemployment but weaker on employment – is explained by Scotland's higher inactivity rate (i.e. those neither in work or seeking work).

As Chart 2 highlights, Scotland had been tracking the fall in inactivity rates witnessed across the UK up to 2016.

However, since then, inactivity rates have increased in Scotland. Whilst this rise has stabilised, Scotland's inactivity rate is now a full percentage point higher than that of the UK. Indeed, only the North East and the North West of England, the West Midlands and N. Ireland have higher inactivity rates than those in Scotland.

Chart 3: Scottish claimant count rate since 2008

Source: ONS, Experimental statistics, Claimant Count

Chart 4: Scottish & UK underemployment (hours) since 2008

Source: ONS, LFS Supplementary Data

Table 2: Employment & self-employment (thousands)

	Total	Employees	Self-employed
Jan-Mar 2016	2,578	2,269	292
Jan-Mar 2017	2,617	2,280	320
<i>Change</i>	<i>+39</i>	<i>+10</i>	<i>+28</i>

Source: ONS, LFS (non-seasonally adjusted)

Table 3: Change in local employment 2016 on 2015

	2016 on 2015
Scotland change in rate	-0.1
Scotland change in level	+2,400
Best level change (N. Lanarkshire)	+8,400
Best rate change (Angus)	+4.6 pp
Worst level change (Aberdeen City)	-8,600
Worst rate change (Aberdeen City)	-6.3 pp

Source: ONS, APS

Wider Indicators of Labour Market

The claimant count rate is a narrower measure of 'unemployment' as it is limited to those in receipt of certain benefits. However, it too shows a sustained improvement, falling to near record lows (albeit with a small increase of 5,000 in the last couple of months).

Levels of underemployment – as measured by the proportion of people in employment who would like to work longer hours, given the opportunity – have also fallen back from their post-financial crisis peaks.

Currently around 207,000 people in Scotland see themselves as underemployed. This is down around 50,000 from its 2011 peak but still 30,000 higher than 2008.

Since the financial crisis, there has been a rise in part-time employment (up around 9% since 2007). Within the part-time figures, there has been a 60% increase in the number of people who say that the reason they are working part-time is that they cannot find a full-time job.

Moreover, of the near 40,000 increase in employment over the last year, nearly $\frac{3}{4}$ of the increase has been from self-employment.

As we highlighted in our February report, one interesting feature of the labour market since the financial crisis has been the divergence in outcomes across different parts of the country.

Figures published last month allow us track performance in 2016 – Table 3.

A broadly equal number of local authorities saw an increase as saw a decrease in their employment rates.

But the fall in Aberdeen is particularly stark and once again highlights the scale of the challenge facing the North East economy.

Chart 5: Unemployment by Age Group – Jan to Mar 2017

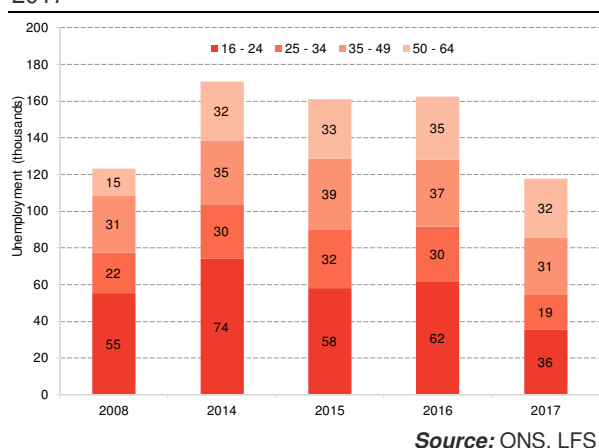


Chart 6: Youth unemployment across the UK – Jan-Mar 2017

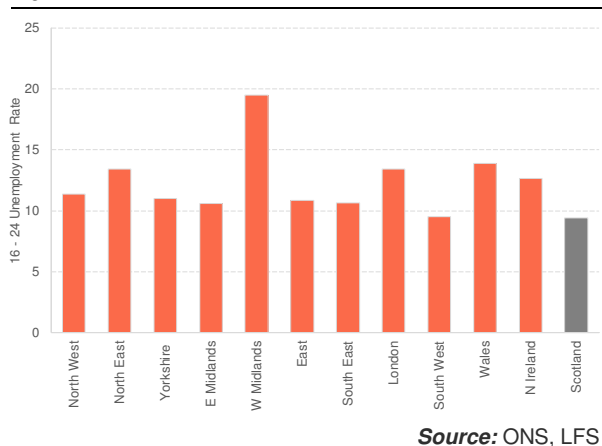


Table 4: Labour market outcomes by gender – Jan-Mar 2017

		Scotland		UK	
		Rate (%)	Q change (%pts)	Rate (%)	Q change (%pts)
Employment	M	77.5	+0.9	79.5	+0.2
	F	70.8	-0.3	70.2	+0.2
Unemployment	M	4.5	-0.6	4.8	-0.1
	F	4.2	-0.4	4.4	-0.2
Inactivity	M	18.8	-0.3	16.4	-0.1
	F	26.0	+0.6	26.5	-0.1

Source: ONS, LFS

Labour market outcomes by age group

Levels of unemployment tend to be higher for young people.

The youth unemployment rate – for those aged 16 to 24 – of 9.4% is around double the national average.

There are a number of reasons for this – not all of them necessarily bad. For example, young people may be more likely to be in education and seeking flexible part-time work, which may be harder to find. That being said, it is well understood that being unemployed early on in your working life, particularly if not accompanied by training or education, can have long-lasting damaging impacts.

During the financial crisis, youth unemployment increased significantly and by more than for other age groups – see Chart 5. In recent years, however there has been a sustained improvement in unemployment rates for young people. Over the year, youth unemployment (16 – 24) levels fell by a further 26,000.

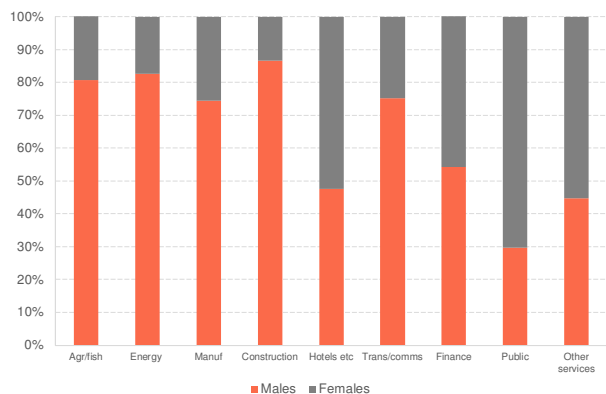
Indeed, this is one area where Scotland does relatively well in comparison to other countries. Scotland currently has the lowest rate of youth unemployment in the UK. Scotland’s rate of employment amongst 16 – 24 year olds is also better than for the UK as a whole.

At the same time, the number of young people who are unemployed and who are not enrolled in full-time education has halved to just 30,000 (compared to a peak of 65,000 in 2011).

Labour market outcomes by gender

One of the key trends over the last few decades has been the narrowing of the gap between males and females in terms of rates of economic activity and employment. Back in 1997, employment rates for men were around 12 percentage points higher than for females. The figure has narrowed to 6½ percentage points.

Chart 7: Male/female employment split by sector, 2016



Source: ONS, APS

Scotland retains a marginally better female employment rate than the UK. However, the gap has narrowed over the past couple of years.

A gender split does remain within sectors. In 2016, 70% of jobs in the public services (including those in health and education) are taken by women. In contrast, the equivalent figure in construction is 13%. This suggests that progress is still needed to tackle inequalities.

Productivity and Earnings

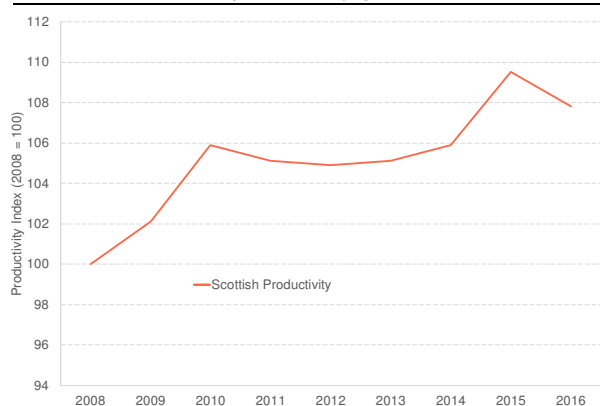
One consequence of rising employment in an environment of weak economic growth is that the amount produced by each worker will be stagnant or falling.

Figures published last month showed productivity in Scotland – as measured by output per hour worked – fell 1.5% during 2016. This was on the back of strong growth in 2015 (of 3.4%).

Scottish and UK productivity has been weak ever since the financial crisis. Between 1998 and 2007, productivity in Scotland grew by an average of 1.6% per annum. Since then, growth has averaged around half that at just 0.8%.

Productivity is not only crucial for long-term growth but also household income. Whilst a tight labour market can put upward pressure on wages, if there is little wealth created more generally, the scope for businesses to award pay increases is limited.

Chart 8: Scotland's productivity growth since 2008



Source: Scottish Government

Table 5: Median Gross Weekly Earnings, Scotland

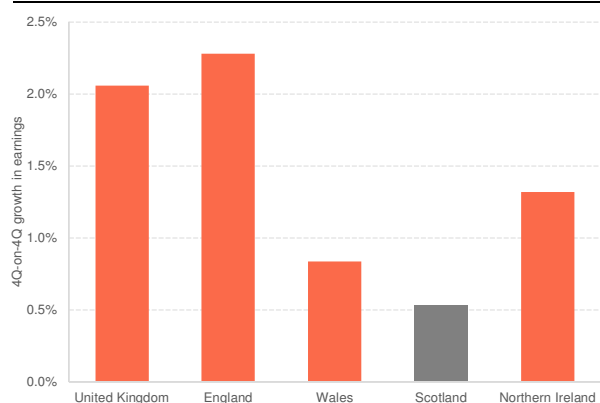
	Median Earnings	% change	FT Median	% change	CPI
2014	£414.70	1.5%	£519.60	2.1%	1.8
2015	£422.60	1.9%	£527.00	1.4%	-0.1
2016	£432.00	2.2%	£535.00	1.5%	0.3

Source: ASHE

The best information on earnings – ASHE – is published just once a year, with the latest data to March 2016. This showed median earnings growing slightly slower in Scotland than in the UK but mean earnings growth was faster.

More up to date data, based upon a smaller sample, appears in the LFS. The sample size means that it should be viewed with caution. But it does appear to show earnings growth up to March 2017 was slower in Scotland than elsewhere.

Chart 9: Earnings growth across the UK to March 2017



Source: ONS, LFS

Outlook

The apparent disconnect between a relatively robust labour market and weak overall growth in the economy, continues to present a puzzle.

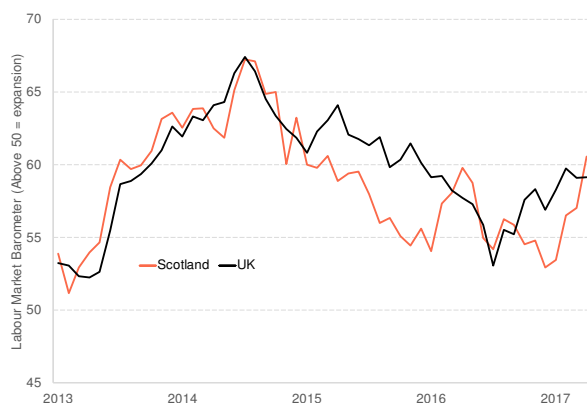
This makes predicting what will happen in the next few months particularly challenging.

All else remaining equal, one would anticipate that a period of fragile economic growth is – at some point – likely to spillover into a weaker employment and higher unemployment picture. The transmission mechanism through which this occurs can quite often come with a bit of a lag.

Indeed this is what happened in the financial crisis with the rise in unemployment not peaking until 2011, almost three years after the economy first entered recession.

That being said, the Scottish economy has been on a weak economic trajectory for two years now and still employment continues to hold up remarkably well.

Chart 10: Bank of Scotland labour market barometer to April 2017



Source: IHS Markit, Bank of Scotland

Indeed, the Bank of Scotland Jobs barometer continues to paint a positive outlook for the jobs market in Scotland – with the outlook apparently

improving in recent months. The current value of 60.6 is the highest since March 2015 and is above that for the UK as a whole.

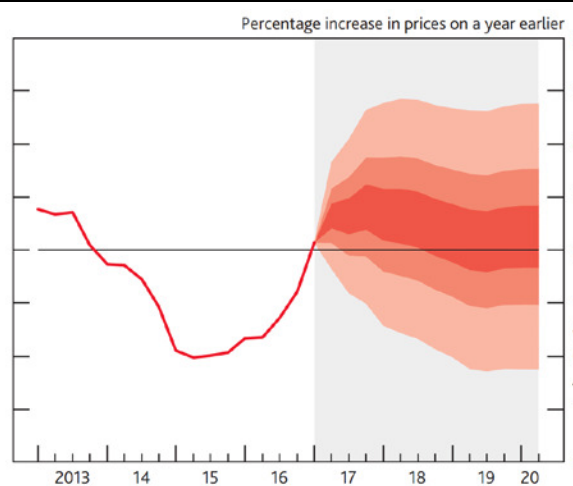
The Scottish Chambers of Commerce survey for Q1 2017 also found that all sectors included in the sample – manufacturing, finance and business services, construction, retail and tourism – reported positive net balances for employment expectations for the next three months.

A tightening labour market is usually good for wages as the scarcity of supply bids up the price that workers can demand for their work.

This is reflected in some of the latest business surveys, which suggest some modest up-tick in immediate pay pressures.

But with productivity weak and little growth in general, it will be difficult for businesses to find any resource to support sustained wage increases. With inflation now at 2.6% and forecast to go higher over the next few months, the prospects for household incomes look weak.

Chart 11 CPI inflation outlook based on market interest rate expectations



Source: Bank of England, May 2017

Labour Market Insights

In this quarter's edition, we summarise some recent research undertaken within the Scottish Centre for Employment Research examining training at work and trade union representation.

The changing face of 'polarisation' in access to training at work

Why access to work-related training matters

Policy makers and other key stakeholders in Scotland have sought to encourage participation in work-related training as a route to improved competitiveness and progress for individuals in the labour market.

The Scottish Labour Market Strategy, published by the Scottish Government in 2016, notes Scotland's highly-skilled workforce, but also that *"...There is evidence of both skills shortage and underuse. Addressing this requires government to work with employers to help them retain their workforce through continued training, workplace learning and up-skilling"*.

The same Strategy calls for action to "broaden opportunities for training, re-skilling, up-skilling and encouraging greater levels of work-based learning". Similarly, the Fair Work Convention's 2016 Fair Work Framework identified access to workplace training and learning as central to building a Scottish labour market defined by equality of opportunity and fulfilling work.

However, research conducted in Scotland and elsewhere in Britain has consistently identified significant differences in participation in training at work, suggesting that processes of 'labour market polarisation' might be being played out through unequal access to training.

Previous analyses of the Labour Force Survey by researchers at the Scottish Centre for Employment Research (SCER) have found that older workers, the lower skilled and unqualified, part-timers and temporary workers (among others) can be disadvantaged in terms of access to work-related training (Lindsay et al., 2013; Sutherland, 2016). It therefore seems timely to review the latest Labour Force Survey data on access to work-related training, to consider the extent to which there is evidence of a polarisation of opportunities.

Work-related training in a polarised labour market

Labour market polarisation has seen a rise in higher skilled, well-paid employment, but also many more low-skilled jobs that offer fewer opportunities for progression (Coulter, 2016).

A recent OECD (2016) report on 'Digitalisation, Deindustrialisation and the Future of Work' acknowledges that new technologies have increasingly substituted for workers in routine tasks that follow well-defined rule-based procedures, while they complement workers performing more complex abstract tasks, such as problem-solving and complex communication activities. And there remains a

level of demand for lower skilled service work that cannot easily be automated. The result is an 'hourglass economy' defined by the polarisation of a large group of skilled/qualified workers with access to decent work, and a growing proportion of lower skilled jobs at the bottom, where workers potentially face deskilling, low pay and limited opportunities for progression.

Much of the research on polarisation has focused on the occupational skills content and wage level of jobs. But arguably one of the most troubling aspects of polarisation is that these processes have also been played out in access to work-related training, with the most skilled workers more often engaging in continuous learning, while lower-skilled people are more likely to be excluded from training (IPPR, 2016). As a result, those at the bottom of the labour market may face becoming trapped in low-paid jobs that lack the training and progression routes that previously allowed people to move on to better employment.

Research analysing UK-level Labour Force Survey data dating from immediately before the 2008-9 crisis found that lower skilled and unqualified workers and part-time and temporary employees were far more likely to report receiving no offer of training from their employer in the preceding quarter. There was also evidence of a degree of disadvantage faced by some older workers and women with children (Lindsay et al., 2013).

There was also significant disadvantage among employees in certain sectors, where formalised, accredited training was less of a priority, and in smaller organisations (reflecting the resource constraints the limit investment in training in small and micro employers).

To reiterate, this issue may be particularly important, because access to training may offer one important escape route from lower skilled, low-paid jobs. If people at the bottom end of the labour market have fewer opportunities to train in the workplace, this could reinforce their disadvantage, and increase the risk that certain groups become trapped in lower quality jobs.

Evidence of polarised access to work-related training in the Labour Force Survey?

We examined Labour Force Survey data covering Great Britain for the final quarter of 2016.

The survey data captures the experiences of 24,482 employees, and at a most basic level reports the characteristics of those:

1. participating in work-related training in the preceding three months (approximately 28.5% of the sample);
2. receiving an offer of work-related training in the preceding three months, but not participating (9.7%); and,
3. not offered training by their employer (61.8%).

Using multinomial logistic regression methods, we were particularly interested in exploring the employee and workplace characteristics associated with those in the 'polarised' groups (1) and (3).

The results suggest that there remains evidence of polarised experiences of access to training among British employees – in line with previous analyses. We find that younger entrants to the labour market, higher qualified workers, and those in skilled and professional job roles were significantly more likely to report participating in training (rather than not being offered training) compared to other workers.

In terms of workplace characteristics, again in keeping with previous studies, employees in unionised and public sector workplaces were significantly more likely to have recently participated in training, while those working in smaller organisations were more likely to have not been offered training.

However, our analysis also found that the job characteristics that previous studies have identified as being associated with a lack of training opportunities – namely part-time and temporary work – were not significant predictors of training access among this sample of employees.

One possible explanation is that training budgets have come under pressure since the Great Recession. One side effect of this might be that there has been a convergence in terms of access to training among permanent and temporary, and full-time and part-time, workers.

It seems that further research is required into what may be a changing landscape of polarisation when it comes to training. To what extent has a levelling down of training investment produced a convergence in experiences between the full-time, permanent workforce, and part-time and temporary employees?

Finally, it is worth reiterating that evidence of significant inequalities in access to training remain, and should continue to inform debates about how to address polarisation in experiences of training in the workplace.

Implications for policy

Policy makers have expressed a commitment to combating inequalities in access to work-related training. However, our analysis of the Labour Force Survey has demonstrated that inequalities remain in place.

It is arguably unlikely that the on-going fragile economic growth and wider economic uncertainty will help alleviate these inequalities. The evidence suggests that processes of labour market polarisation continue to be reflected in access to training, and that these problems disadvantage workers at the bottom end of the labour market.

We may need to consider a broader range of strategies to promote access to training for those who need it most, but are least likely to be offered opportunities at present. The Scottish Government's (2015) commitment to measures to ensure “a well-skilled population and an innovative, engaged and productive workforce” is welcome. Identifying and finding practical policy solutions to polarised inequalities in access to training should be central to policies in this area.

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Trade union membership in Scotland and the UK in 2016

Introduction

UK annual trade union membership statistics for 2016 have just been published (DBEIS, 2017) and, according to the Resolution Foundation (Tomlinson, 2017) make 'grim but important reading'. From 2015-2016, membership in UK unions dropped by 275,000 – the largest annual decline since comparable records began in 1995. Union membership fell by 66,000 in the private sector and by more than 200,000 in the public sector. The most significant fall was in education which accounted for more than half of the annual fall in union membership.

Union density – the proportion of union members in the population of employees – also fell by 1.2 percentage points over the same period to 23.5% of employees in the UK, a fall in both male and female density rates. Women in the UK are still more likely to be union members (with density levels of 25.9% compared to 21.1% for men in 2016), but have experienced almost twice the annual fall in union membership of men.

Union density fell by half a percentage point in the private sector, resulting in density levels of 13.4%. Trade union membership decline was more pronounced in the public sector more in the public sector, falling by 2.2 percentage points to density levels of 52.7%. The most significant fall was in education which accounted for more than half of the annual fall in union membership, falling from density levels of 58% to 54%.

The annual trade union membership statistical bulletin produced by the Department for Business, Energy & Industrial Strategy (2017) gives a detailed breakdown of union membership statistics at a UK level and some regional analysis for Scotland. It does not, however, provide a more detailed breakdown of union membership statistics for Scotland. Yet a more detailed analysis of trade union membership in Scotland might be illuminating.

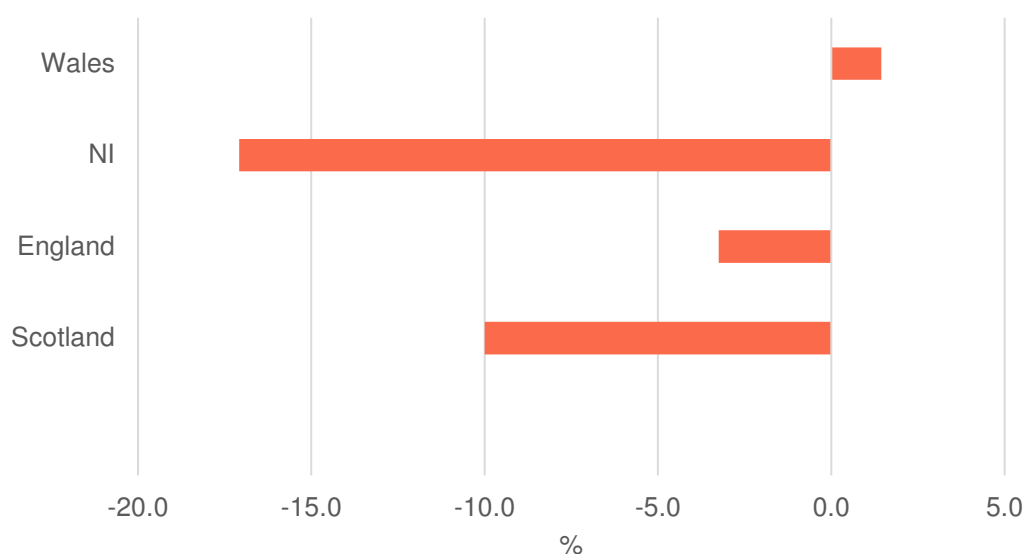
Union density is higher in Scotland than in the rest of the UK. Moreover, there are important differences in government approach towards trade unions at UK and Scottish level. We are currently undertaking a more in-depth analysis of trade union membership in Scotland that we will return to in later editions

of Scottish Labour Market Trends. Here, we begin this process by outlining some of the most recent LFS statistics on union membership in Scotland, raising some early questions for further investigation.

Union membership and reach in Scotland¹

More than a quarter of the reduction in trade union membership over the preceding year has been in Scotland, with a fall in union membership of 73,000 in Scotland, 166,000 in England, 41,000 in N. Ireland and a rise of 6000 in Wales. Figure 1 below indicates the percentage change in union membership across the UK nations since 2015. Union commentators have argued that these changes reflect falls in public sector employment.

Figure 1: Change in trade union membership by nation 2015-2016



Source: Department of Business, Energy & Industrial Strategy, Trade Union Membership 2016, Statistical Bulletin May 2017

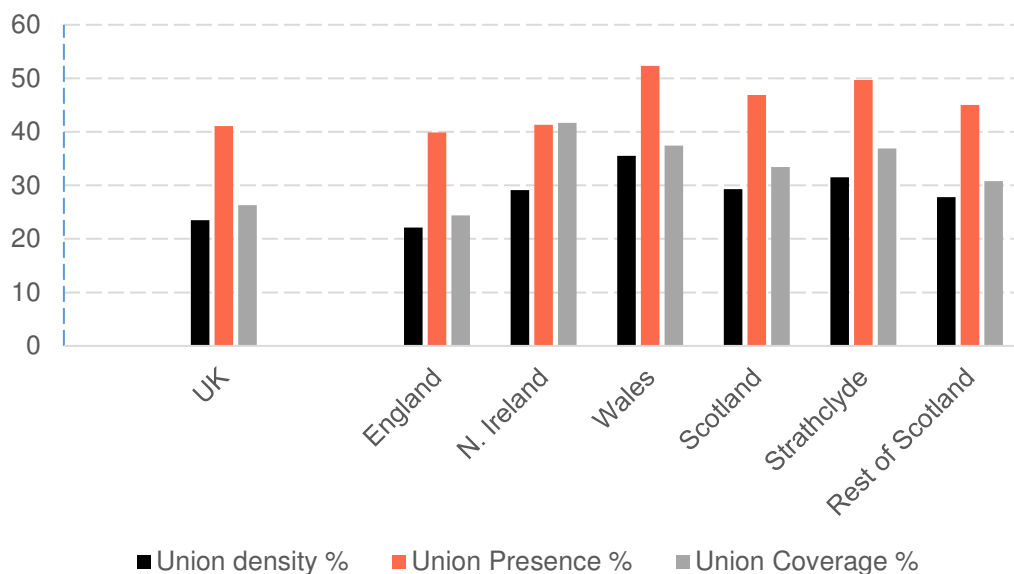
Notwithstanding the size of the decline in union membership levels in Scotland over the preceding year, which may reflect employment composition effects, union density continues to be higher in Scotland (29.3%) than in rUK (23.5%). Figure 2 presents three important measures of what we have termed 'union reach' across the geographies of the UK: the proportion of employees who are union members (union density); the proportion of employees who report trade union presence in their workplace (presence), and the proportions of employees whose pay is affected by a collective agreement, even though these employees may not be union members (coverage).

Scotland has the second highest union density (29.3%) of any country in the UK, with density higher still in Strathclyde (31.5%) than in the rest of Scotland (27.8%). Higher density levels in Scotland, Wales (35.5%) and N. Ireland 29.1% relate in part to the higher proportion of public sector employment (20.9%,

¹Note that those numbers in this section referenced to 'Labour Force Survey, Q4 2016' may differ from those found in the recent Department of Business, Energy & Industrial Strategy, Trade Union Membership 2016, Statistical Bulletin, which uses the same Q4 2016 LFS data. This is for two reasons: 1, differences in method of imputation (these numbers are produced using the original ONS method) and 2, differences in population weight applied. Some of these tables use 2016 population weights, the DBEIS publication uses 2017 population weights not currently available to us.

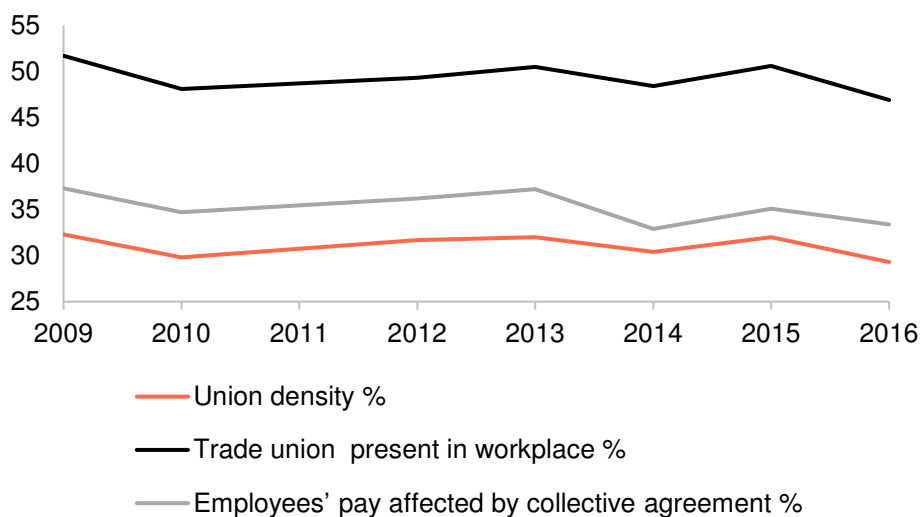
20.9% and 25.4% respectively) compared with the level of public sector employment in England (16.6%).

Figure 2: Union reach by region, 2016



Source: DBEIS, Trade Union Membership 2016, Statistical Bulletin May 2017

Figure 3: Union reach in Scotland 2009 - 2016



Source: DBEIS, Trade Union Membership 2016, Statistical Bulletin May 2017

While these most recent figures represent a fall that is worrying for trade unions, as Figure 3 indicates, the previous year witnessed a similar size increase in union density in Scotland and density levels have oscillated by around three percentage points over the last 7 years or so, showing no clear overall trend. Similarly, while less than half of employees in Scotland report union presence in their workplace in

2016, this figure has also hovered around 50% for some years. Around one third of employees in Scotland report having their pay influenced by a collective bargaining agreement at their place of work, a figure that is higher than union density as collective agreements will often also include non-union members.

Union membership and demographic characteristics in Scotland

Union density is not only higher in Scotland than in rUK, but is higher for men and women separately. Women in Scotland and rUK are more likely to be trade union members than men. In rUK, female union density is 25.9% compared with 21.1% for men.

In Scotland, women are even more likely to be union members than women in rUK and relative to their male counterparts, with density levels for women in Scotland at 33.1% compared to 25.4% for men.

At a UK level, the trade union wage premium – the degree to which wages for union members exceeds those for non-members - for women (27.2%) far outweighs the premium for men (5.4%) which may be both a driver of and a reflection of higher union density among women.

For both men and women, in Scotland and across the UK, union density is significantly higher for those with children. This effect is, however, stronger in Scotland, as Table 1 indicates, with almost 44% of women with children reporting union membership. Whether or not having children is a proxy for an age effect on union membership needs further investigation.

Table 1: Union density among employees with/without dependent children by gender in Scotland and rUK, 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
No	21.6	30.4	17.9	23.4
Yes	34.0	43.6	21.3	30.3

Source: Labour Force Survey, 2016 Q4

Union density in Scotland and the UK are both closely associated with age, with older workers much more likely to be in unions. Over 2015-16, UK union membership was stable or declining for all age categories with the exception of 16-19 year olds, where membership rose albeit from a very low base.

Interestingly, at a UK level, the trade union wage premium is higher for 16-24 year olds than any other age group at 20% for this age group compared with less than 8% for every other wage band, though caution is needed in interpreting this data due to small sample sizes.

Turning to nationality, at a UK level, union density among employees of UK/British nationality is significantly higher at 24.7% than for employees of other nationalities (13%). However, union membership among non UK/British nationals in Scotland is higher than in rUK both in aggregate and separately for men and women, and is higher than for UK/British male nationals, as indicated in Table 2.

Table 2: Union density by employees' nationality for men and women in Scotland and rUK, 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
UK, British	22.3	31.8	18.5	24.4
Other	24.7	24.6	13.4	15.6

Source: Labour Force Survey, 2016 Q4

For both the UK as a whole, Scotland and rUK, union membership levels are higher amongst employees with a disability than among employees without, as Table 3 illustrates. Union membership is significantly higher among women with disabilities in Scotland than either their male counterparts, their female rUK counterparts or their female counterparts in Scotland who do not have a disability.

This may reflect some of the particular challenges that disabled workers face in the workplace for which they turn to unions for support, though it may also reflect the proportions of workers in public sector employment where union density is considerably higher.

Table 3: Union density by disability status for men and women, Scotland and rUK 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
Has a disability	26.7	36.8	20.2	25.5
Doesn't have a disability	22.4	29.5	17.5	23.0

Source: Labour Force Survey, 2016 Q4

In broad terms, union density increases in both Scotland and rUK as employees' qualifications levels increase.

Table 4: Union density by highest qualification for men and women in Scotland and rUK 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
NVQ Level 2	24.5	31.9	18.8	18.6
NVQ Level 3	28.9	33.1	24.4	25.8
NVQ Level 4+	20.7	33.3	25.6	30.7

Source: Labour Force Survey, 2016 Q4

Union membership and workplace/job characteristics in Scotland

As Table 5 shows, union density in the private sector in Scotland is almost two percentage points higher at 15.3% than for the UK as a whole, while union density in the public sector is significantly higher in Scotland (61.3%) than for the UK (52.7%). Interestingly, and inconsistent with female union density overall, women's union density is lower than that of men in the private sector in Scotland.

Table 5: Union density in the public and private sector for men and women, Scotland and rUK 2016

	All employees %	Scotland		All employees %	rUK	
		Male %	Female %		Male %	Female %
Private	15.3	16.3	14.2	13.4	14.8	11.6
Public	61.3	57.9	63.1	52.7	51.7	53.2

Source: DBEIS, Trade Union Membership 2016, Statistical Bulletin May 2017

As in rUK, trade union density is higher in larger (more than 50 employees) than smaller (less than 50 employees) businesses in Scotland, as Table 6 shows.

Table 6: Union density by workplace size for men and women in Scotland and rUK 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
<50 employees	15.2	23.0	11.3	16.1
>50 employees	33.6	43.2	27.8	33.8

Source: Labour Force Survey, 2016 Q4

Taking the data from Tables 5 and 6 together, it is important to note that unions have no statutory right to recognition in workplaces with fewer than 21 employees. Given the number and proportion of small businesses, especially in Scotland, private sector density levels and density levels in small workplaces need to be understood in that context. As unions are, however, recognised and have significant presence in many of Scotland's largest and strategically important companies and industries - finance, manufacturing, oil and gas, chemicals, construction, utilities and sub sectors of food and drink - further analysis of union density relative to where unions have a robust right to be present might be of considerable value.

Union density is significantly lower for temporary workers than permanent workers in both Scotland and rUK, though as Table 7 shows, in both countries density is higher for female temporary workers. Given concerns over the challenges facing workers in precarious work, addressing the relationship between contractual status and union voice in Scotland seems increasingly pressing.

Table 7: Union density by temporary or permanent employment status for men and women in Scotland and rUK 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
Permanent	25.7	34.1	21.3	25.9
Temporary	16.5	18.1	9.2	15.7

Source: Labour Force Survey, 2016 Q4

Consistent with the association between age and union membership, union membership is also closely associated with job tenure in Scotland and across rUK with density levels rising as years of tenure increase (Table 8). Average job tenures remain reasonably long in the UK though are reducing, with consequent implications for trade union membership.

Table 8: Union density by length of service for men and women in Scotland and rUK 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
Less than 1 year	13.6	9.2	8.8	10.5
Between 1 and 2 years	8.9	17.1	10.1	14.2
Between 2 and 5 years	17.3	19.4	12.7	17.2
Between 5 and 10 years	23.5	31.8	18.1	24.0
Between 10 and 20 years	26.4	42.9	25.2	35.1
20 years or more	40.5	53.3	30.0	42.6

Source: Labour Force Survey, 2016 Q4

As Table 9 shows, low paid women in both Scotland and rUK are more likely than their male counterparts in the same income bands to be trade union members, but propensity to be in a trade union increases with income other than in the top income band.

It is not only higher income that is related to union membership, but also managerial status. Lower density levels are present among non-managerial workers in Scotland when compared with managers, with density among supervisors higher on average than in both these other groups (Table 10). This is the case for men in the UK as a whole but not for women.

This finding on the impact of managerial or supervisory status appears, on the face of it, counterintuitive, although the strength of union membership in professional occupations, particularly in the public sector, alongside the challenges in recruiting union members in poorer quality employment at the bottom of the occupational hierarchy might go some way towards an explanation.

Table 9: Union density by gross weekly pay for men and women in Scotland and rUK 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
£50 - £250	10.4	15.8	10.5	15.0
£250 - £499	26.2	38.2	19.8	28.7
£500 - £999	36.1	53.4	28.9	44.4
£1000 +	15.3	24.9	16.1	23.3

Source: Labour Force Survey, 2016 Q4

Table 10: Union density by managerial status for men and women in Scotland and rUK, 2016

	Scotland		rUK	
	Male %	Female %	Male %	Female %
Managerial status	27.2	36.5	17.6	28.7
Foreman and supervisor	25.8	41.7	25.9	39.1
Not manager or supervisor	24.5	30.7	21.1	21.7

Source: Labour Force Survey, 2016 Q4

Conclusions

Union commentators have argued that recent falls in union membership have arisen from the loss of better quality jobs in the public sector alongside the rise of more precarious work across the UK, developments which also impact on Scotland. Particular challenges exist in recruiting members in poorer jobs and from among younger workforces.

The decline of unions has been a longstanding debate over the last few decades. It is worth noting, however, that with 6.2 million members, trade unions remain the UK's largest member organisations by some distance, having close to three times the number of members as the next largest (the National Trust with 2.2 million members in 2015-16). In addition, at an aggregate level, unions still deliver a pay premium to their members.

Further work on this recent dataset will develop a more detailed understanding of the influences on trade union membership in Scotland. What is clear from this preliminary analysis, however, is how the profile of trade union membership continues to evolve and the changing profile of union members in Scotland and beyond. Unions in Scotland have attracted more non-British/UK nationals and workers with disabilities than elsewhere in the UK. Union members are more likely to be found in employment in the public sector, in jobs and occupations requiring qualifications and in supervisory and managerial

roles. This presents a picture of contemporary trade union membership that differs significantly from more stereotypical representations of trade unionism.

In Scotland, unions continue to have a significant and influential role in public policy and public life. The Working Together Review of Progressive Workplace Practice in Scotland (2014) reported on the contribution made by unions to employees, firms, the economy, civic Scotland and internationally. The Scottish Government and other policy stakeholders engage closely with unions and STUC in Scotland, the former having relatively recently refreshed their Memorandum of Understanding with STUC that enshrines joint working between Scottish Government and STUC.

In addition, the Fair Work Convention symbolises a partnership approach that links union and employer stakeholders to advise government on fair work and to act as a strategic advocate for fair work with a broad group of stakeholders. This voice and influence at a policy level is increasingly important given falling membership, though maintaining both industrial and political influence is crucial to the future of unions in Scotland across the UK. Understanding the changing profile of unions in Scotland is one important element of understanding the needs of current and future union members, and is an issue that this Labour Market Commentary will return to in future.

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