

Unit 4: Organisations, Competition and Environment

Labour Market Disadvantage

adapted from Institute for Employment Studies Website

Where the labour market operates imperfectly, the community as a whole loses out through low participation in the labour market, and the associated loss of potential output, and rising social problems. Moreover, low (or low quality or intermittent) participation is often concentrated disproportionately among certain groups of people.

How do people become stuck in long-term unemployment, and who is most at risk? Recent research has focused on the employers' perspective, including their attitudes towards recruiting the long-term unemployed while other research has focused on individuals through a series of studies of jobsearch behaviour. Research has shown that getting caught in unemployment is not like catching a cold; the risks are far from evenly distributed. Those at most risk include older workers, those lacking basic literacy and numeracy skills, those who are homeless, and those with few social and personal skills. New research is assessing how young people can fall out of the labour market altogether with the prospect of long term unemployment and rising social problems.

What sort of initiatives can help them? There have been UK and European initiatives for the Employment Service, EU and ILO, aimed at minimising unemployment. The unfortunate legacy of some past schemes points to the need for programmes designed to ease the transition from long-term exclusion into the world of work. These can include the incorporation of taster periods of quasi-employment, as long-term unemployed people and potential employers try each other out in low risk employment trials. The proposed gateway to the new deal, a period of assessment, counselling and preparation for both young and adult long-term unemployed, will undoubtedly draw heavily on the experience of the Pre-Vocational Training programme. If the Welfare to Work schemes are to be effective in both an improving and a worsening labour market, they have to build on these lessons. They must combine supported and customised training, leading to a recognised qualification and work record at the end of the traineeship.

The pursuit of equal opportunities through the labour market needs to meet both individuals' expectations for fair treatment, and employers' ambitions to get the best workforce they can.

Research into women returners has addressed the skills required of people re-entering the labour market, and the impact of courses for women returners. More general work on skills has also provided insights into gender issues, in particular through looking at some occupations dominated by women and the skills and abilities employers report needing of these employees. There has been much concentration on women and mothers in the labour market; however, increasingly the agenda is turning its focus onto parents. A number of studies have looked at out-of-school childcare provision including parents' demand for childcare, its impact on their ability to work, and issues around the quality of provision. The benefits are well established; more exploration is now needed of how such clubs operate and become viable businesses. Long working hours and other work pressures are increasingly affecting the involvement of men in family life.

Disadvantage is manifest through under-participation in terms of high unemployment rates (eg ethnic minorities are persistently two or more times more likely than the average to be unemployed, irrespective of overall economic conditions); high economic inactivity rates (eg well over half of disabled people are outside the labour market altogether, despite being able to work and in many cases wishing to work); and under-employment, whereby some groups of people, although in work, are making a contribution to the workforce which is less than they can and want to do.

In tackling disadvantage, several general conclusions emerge from research. Mass one size fits all initiatives are rarely appropriate. The needs and circumstances of different groups vary, and flexible approaches, building individual pathways into employment are required. Many individuals face multiple employment barriers, which need co-ordinated responses from agencies acting in partnership. Employer discrimination and under-qualification are problems, so too can be a lack of housing, the loss of benefits, or lack of affordable childcare. Accurate analysis of the causes of disadvantage is crucial to effective policy design. The improving labour market situation creates both the need and the opportunity for a shift towards a more targeted, customised and integrated approach to tackling the disadvantage of those being left behind by jobs growth.