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#### **Notes for Contributors**

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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# Labour Markets

To the usual employment and earnings updates in this *Review* is added a brief explanation of some data typically used for this section. Labour market data has a number of different sources, each having slightly different coverage and hence presenting results which can often be conflicting and confusing.

## Data Sources

The *Labour Force Survey* (LFS) is a household survey conducted by the Office of National Statistics (ONS) on behalf of the Department of Education and Employment (DfEE). The Survey has been running since 1992 (in its present form), and produces quarterly updates. During each quarter, over 50,000 private households (including student halls of residence and NHS accommodation) are approached, resulting in over 130,000 individual respondents. Questions cover family structure as well as basic housing information, employment and self-employment. Labour Force data are produced at various spatial levels including Local Authority Districts (LADs), Training and Enterprise Councils (TECs), county and unitary authority levels. The principal weaknesses of the data are that they are based on a three month average and are at least one month behind the claimant count (see below), and that they are subject to a high sampling error.

The LFS produces a count of the *Civilian Labour Force* which includes people aged 16 or over who are either in employment or unemployed. Those 'in employment' include the employed, self-employed, those on a work-related government employment or training scheme and unpaid family workers, but excludes the armed forces.

In April 2001 the *Annual Business Inquiry* (ABI) was launched, and replaced the *Annual Employment Survey* (AES). The ABI sample comprises 78,000 reporting units drawn from the Inter-Departmental Business Register (IDBR). The resulting data produces a measure of the number of jobs and refers to what is called the *Civilian Workforce*. (More information about the ABI can be found in a

technical report in the May 2001 edition of *Labour Market Trends*)

The *Civilian Workforce and Labour Force* both refer to work-related activity, but they differ in that the workforce is measured by the ABI at the workplace, whereas the labour force is measured by the LFS in the household. As a result, the two surveys record employment activities in different ways. For example, an employee having two jobs could be counted twice by the ABI, while the same person would only be counted once if she/he was part of the LFS sample. People seeking work are included in the labour force but not in the workforce. These differences between the two measures are important to understand 'in snapshot', however both follow similar trends over time.

*Labour Force Participation* measures the percentage of the population between 16 and retirement age who are included in the labour force (as defined above).

The *Civilian Activity Rate* is the percentage of population in a given age group which is in the labour force (as defined).

The *International Labour Organisation* (ILO) definition of unemployment includes those people who were without a job, but who were available to start work within two weeks and had either looked for work in the previous four weeks, or were waiting to start a job they had already obtained in the next two weeks. This information is gained through the Labour force Survey; a household sample survey. The *ILO unemployment rate* is the percentage of economically active people who are ILO unemployed, and has the advantage of being internationally comparable. Unlike the claimant count rate described below,

the ILO unemployment rate also includes people who are not eligible for benefits, and so tends to be higher than the former.

Data from the Benefits Agency administrative system are used to produce the *Claimant Count*. This measures the number of people who are out of work and claiming unemployment related benefits, for example the job seekers allowance. It excludes those on government sponsored training schemes, and school leavers who are not eligible for benefit. The *Claimant Count Rate* is the number of people claiming unemployment related benefits as a proportion of claimants and jobs in each area (i.e. the sum of claimants, employee jobs, self-employment jobs, HM Armed forces, and government supported trainees; and as such, different from the Civilian Workforce defined earlier). It follows that in areas where the labour market is characterised by high levels of in-commuting, the claimant count rate will underestimate unemployment when compared with a residence based measure (such as the ILO above).

The *New Earnings Survey* (NES) is an annual survey of the weekly earnings and hours worked of employees in England, Scotland and Wales. It is carried out by the Office of National Statistics (ONS) each April and is based on a random sample of 1 per cent of employees in PAYE Schemes. Earnings and hours are classified according to industry and occupation, age, region and county. Quarterly projections are published in February, May, August and November.

## Employment

Table 2 gives employees in employment (excluding the self-employed) by sector in March and September 2001. There

**Table 2: Employees in Employment by Sector, all workers**

	March 2001	September 2001	% change
Manufacturing	198,000	192,000	-3.1
Construction	47,000	59,000	+7.9
Services	801,000	801,000	-

Source: ONS/ Labour Force Survey

**Table 3: Unemployment in Wales: Claimant Count Rates (%) Local Area Data (February 2002)**

	Men	Women	People
Wales	6.0	1.9	4.1
Anglesey	10.3	3.8	7.5
Blaenau Gwent	11.1	3.8	7.9
Bridgend	6.0	1.7	3.9
Caerphilly	7.7	2.9	5.6
Cardiff	4.7	1.2	2.9
Carmarthenshire	7.2	2.4	4.8
Ceredigion	4.0	1.6	2.9
Conwy	7.0	2.0	4.5
Denbighshire	4.9	1.6	3.3
Flintshire	3.7	1.6	2.8
Gwynedd	7.6	2.7	5.4
Merthyr Tydfil	9.2	2.7	6.1
Monmouthshire	3.7	1.2	2.5
Neath Port Talbot	7.0	2.9	5.3
Newport	5.8	1.8	4.0
Pembrokeshire	8.6	2.8	5.8
Powys	2.9	1.6	2.4
RCT	6.6	2.2	4.6
Swansea	7.2	1.6	4.2
Torfaen	6.1	1.8	4.0
Vale of Glamorgan	6.0	1.9	4.1
Wrexham	4.2	1.4	2.9

Source: Benefits Agency administrative system

were 6000 less employees in employment in the manufacturing sector, following a persistent pattern of decline which has seen little alteration since 1999. Job losses in the Construction sector were noted in the Labour Market report in the Spring Issue of the *Welsh Economic Review*. This trend experienced a reversal between March 2001 and September 2001 when 12,000 jobs were gained.

The last issue also reported 3,000 job gains in the services sector to September 2000, taking sector employment to 733,000. By March 2001, service sector employees in employment had risen to 801,000 but has remained steady since then.

Table 3 provides unemployment claimant counts rates by local area for February 2002. The Welsh rate has risen from 3.9% of people in August 2001 to 4.1% in February 2002 (seasonally unadjusted). Over the same period, claimant count rates have remained stable in Bridgend, Anglesey, Swansea and Wrexham, but have dropped only in Ceredigion. The other areas experienced

increases in unemployment, the most significant of which were measured in Pembrokeshire (from 4.5% to 5.8%), Gwynedd (from 4.9% to 5.4%), Conwy (from 3.9% to 4.5%) and Merthyr Tydfil (from 5.9% to 6.1%), showing the Valleys and the rural communities in west Wales to be most affected by unemployment change over this period.

### Earnings

Table 4 shows the latest average gross weekly earnings for full time males, females and all people for Great Britain, Wales and some Unitary Authorities in Wales, and updates the April 2000 figures which were published in the *Autumn Review*. While comparisons over time are generally ill-advised because of low sample sizes and high sampling error, it is interesting to note that over the year GB earnings rose by 7.6%, 8.0% and 7.6% for males, females and all respectively. Meanwhile, earnings in Wales for these groups have increased by only 2.9%, 4.2% and 3.6% respectively, indicating that the earnings gap has continued to widen between Wales and GB over the period.

Sub regional variations in earnings have

not diminished over the year. Male earnings in Cardiff, Flintshire, Neath Port Talbot and Wrexham range from 2% to over 9% higher than the Welsh average. The highest weekly male earnings, found in Cardiff are still, however, more than 8% below the GB male average. The poor coverage of female earnings at the Unitary Authority level prevents detailed commentary. However, female earnings in Cardiff are significantly higher (over 7%) than the Welsh average, and at around 4.5% lower than the GB average, are closer to GB levels than male earnings in Wales.

The following section contains the results of the Cardiff Business School Pay Survey. The Survey, which relates to the year 2000, provides a perspective on a sample of organisations in Wales, which reflect public/private sector employment and ownership by origin. These results provide a useful supplement to discussion in this section, however due to the large firm bias required by the Survey the data is not directly comparable.

**Table 4: Average Gross Weekly Earnings April 2001**

	All	Full-time Males (adult rates)	Full-time Females (adult rates)
<b>GB</b>	<b>444.3</b>	<b>490.5</b>	<b>366.8</b>
<b>Wales</b>	<b>381.8</b>	<b>412.3</b>	<b>327.4</b>
Anglesey	-	-	-
Blaenau Gwent	-	-	-
Bridgend	379.5	421.0	-
Caerphilly	372.1	394.5	-
Cardiff	415.8	451.0	351.0
Carmarthenshire	354.0	380.1	316.0
Ceredigion	-	-	-
Conwy	326.0	346.8	293.9
Denbighshire	357.0	-	-
Flintshire	420.8	450.9	330.1
Gwynedd	353.0	-	-
Merthyr Tydfil	-	-	-
Monmouthshire	-	-	-
Neath Port Talbot	417.1	448.0	-
Newport	388.6	421.0	322.8
Pembrokeshire	-	-	-
Powys	364.2	-	-
RCT	356.5	366.1	339.8
Swansea	376.6	404.3	336.9
Torfaen	375.8	399.7	-
Vale of Glamorgan	399.7	-	-
Wrexham	375.6	418.9	-

**New Earnings Survey (NES)**

- = not available due to small sample size