

# United Kingdom: Statistical profile

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# UNITED KINGDOM

## *Statistical Profile*

Matt Flynn

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### INTRODUCTION TO UNITED KINGDOM

Since 1992, the United Kingdom has had a relatively long period of economic growth and stability. However, the impact of the global economy, increases in world fuel and food costs, collapse of financial institutions, and the credit crunch have led to both a rise in unemployment and fall in house prices which in turn has led to deflation. As late as Autumn 2008, the Bank of England had been reluctant to lower the base rate, fearful of a re-emergence of inflation. However, this policy was quickly reversed, and the base rate now stands at 0.5%. The cut in the base rate, along with high levels of government spending had been expected to stimulate consumer spending growth. However, the Bank of England Governor has predicted a long period of slow economic growth.

#### About this Statistical Profile

Organizations striving to be employers-of-choice in different countries around the world need access to current information about the economic, social, political, and demographic characteristics of the countries where their employees live and work.

The Country Profile Series focuses on statistics that can guide decision-making at the workplace: workforce highlights, economic highlights, and population highlights. This Country Profile is part of a set of resources about the United Kingdom available on the website of the Global Perspectives Institute: [www.bc.edu/agingandwork](http://www.bc.edu/agingandwork).

In order to survive the current recession, British employers are presently cutting jobs, particularly in the dominant financial and manufacturing sectors. Despite short term pressures to reduce workforces, in the long term, employers face demographic changes which will make skilled labour more scarce. Problems of labour and skills shortages which became manifest during the period of rapid growth have persisted, particularly in the South East. Unlike many of its European counterparts, the United Kingdom has a weak youth apprenticeship and vocational training system, and labour shortages tend to be relieved by bringing “contingent” workers (e.g. the very young, working parents, and older people) into the labour market. Migration from new EU member states has also relieved labour shortages, but as the recession takes hold, migrants are returning home. That said, the United Kingdom has had more success than other European states in bringing in under-represented groups such as older workers into the labour market.

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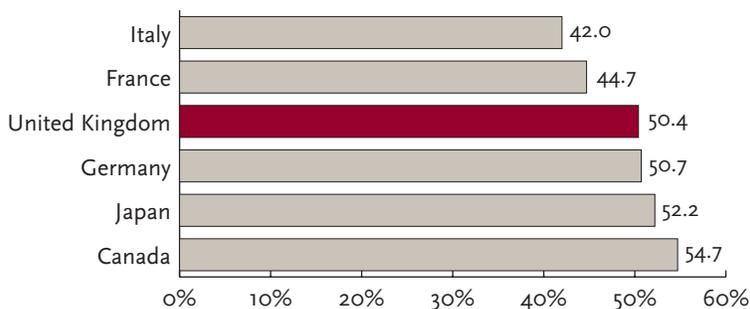
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## LABOR FORCE HIGHLIGHTS

- 🌐 50% of the total the United Kingdom population is in the labour force.<sup>1</sup>
- 🌐 Approximately 83% of the workforce is economically active. Of the 17% of the workforce that is inactive (defined as not in work, self-employment or ILO defined unemployed), about a third of these would like to work if given the opportunity.<sup>1</sup>
- 🌐 The current (August 2009) unemployment rate is 7.8%. Long-term unemployment has steadily fallen since the 1990s but has been creeping back since 2004.<sup>1</sup>
- 🌐 The United Kingdom has one of the highest rates of part-time work in Europe. According to the Labour Force Survey, 8% of those who work part-time have no other choice for work.<sup>1</sup>
- 🌐 The self-employment rate is 12.9%.<sup>1</sup>

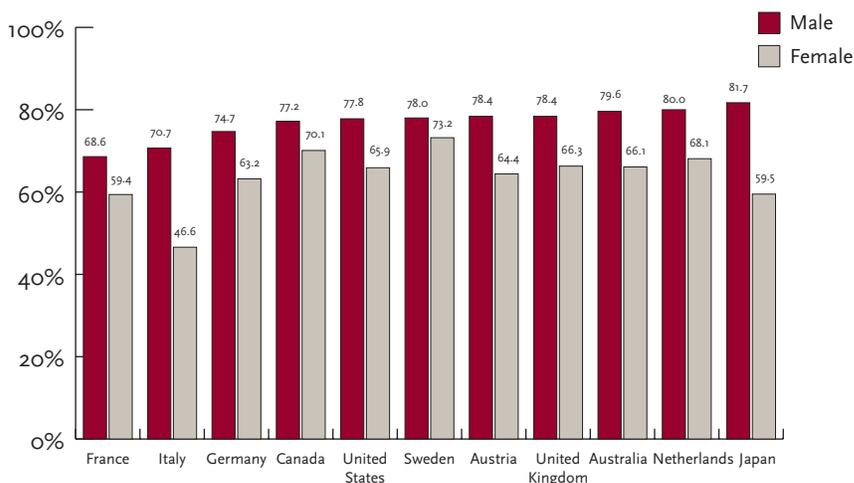
Figure 1. Employed as Percentage of Total Population - Selected GNI Countries, 2007



Source: OECD. (2009a)<sup>2</sup>

Figure 1 compares the rate of employment as a percent of the total population in the United Kingdom with other countries with high gross national incomes. The employment rates of the countries included in Figure 1 range from 42% in Italy to 54.7% in Canada

Figure 2. Employment Rates, Ages 15-64 by Gender: United Kingdom and comparable OECD nations, 2007

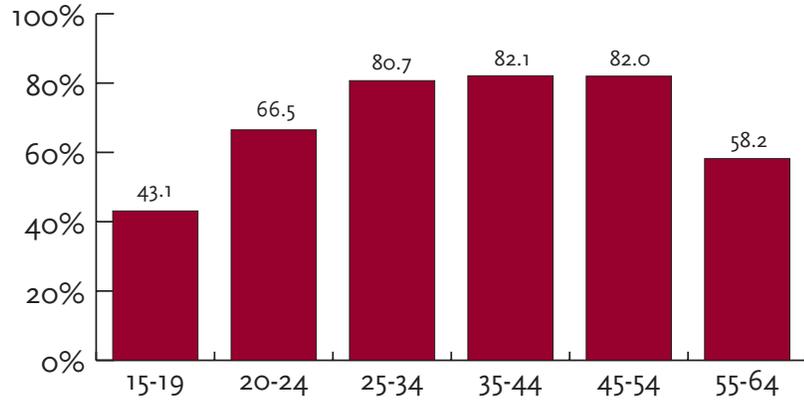


Source: OECD. (2009b)<sup>3</sup>

The employment rates among persons aged 15-64 years are presented in Figure 2. 78.4% of men and 66.3% of women in this age group are employed in the United Kingdom.

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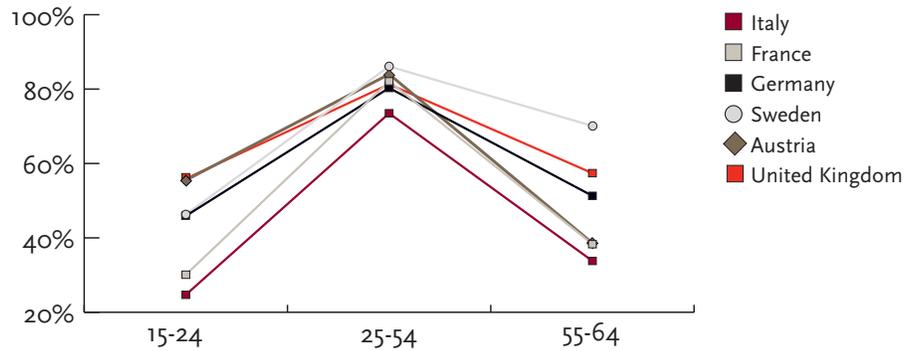
Figure 3. Employment Rates in the United Kingdom, within age group, 2008



Source: OECD. (2009b)<sup>3</sup>

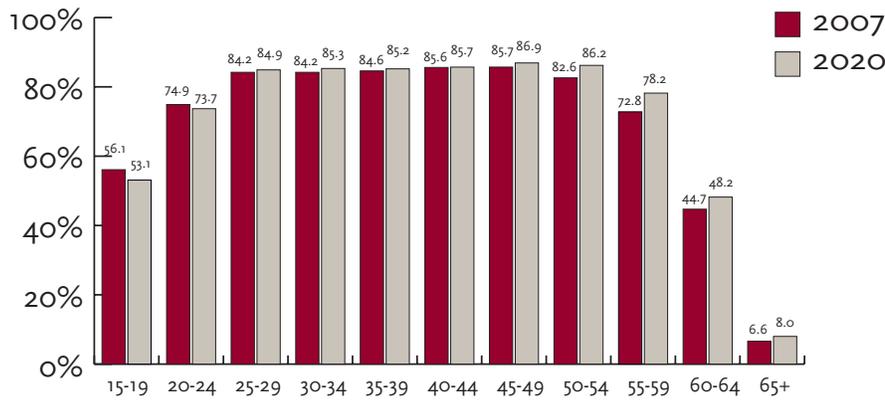
Figure 4. Employment Rates in the United Kingdom Compared to Selected Regional Countries, within age group, 2007

Most people who are currently working are between 25 and 54 years old, however, there are clear differences between the oldest and youngest age groups. Most people aged 55 to 64 years are working in Sweden (70.1%), the fewest in Italy (33.8%). Most people aged 15 to 24 years are working in the United Kingdom (55.9%), the fewest in Italy (24.7%).



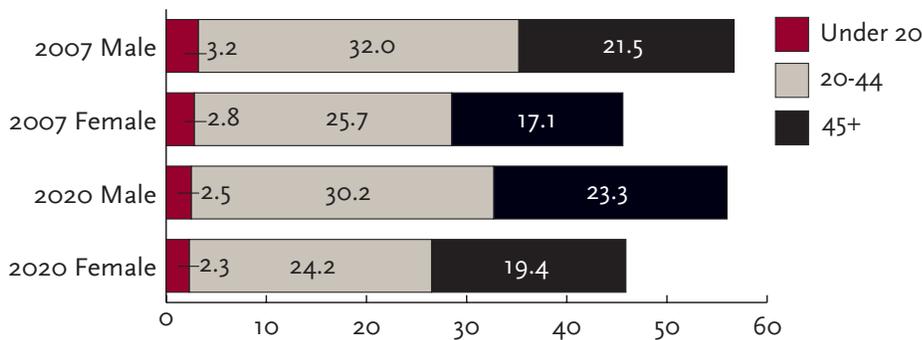
Source: OECD. (2009b)<sup>3</sup>

Figure 5a. Current & Projected Economically Active Population Estimates and Projections in the United Kingdom, within age group, 2007 and 2020



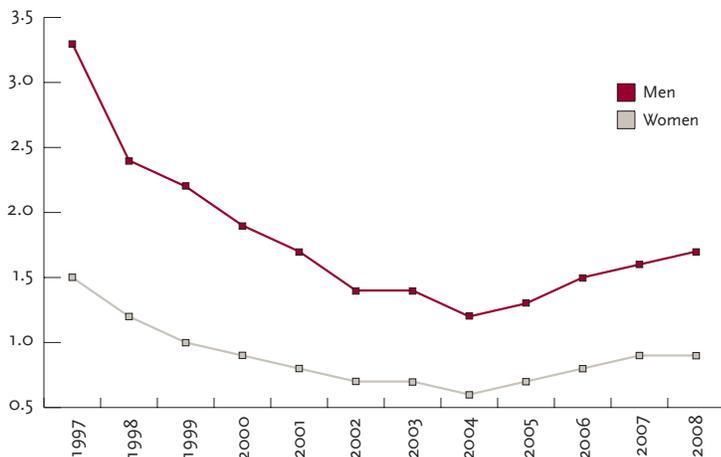
Source: ILO. (2009)<sup>4</sup>

Figure 5b. Current & projected % of Total Population Economically Active in the United Kingdom, 2007 and 2020



Source: ILO. (2009)<sup>4</sup>

Figure 6. Long term unemployed as % of workforce, 2008



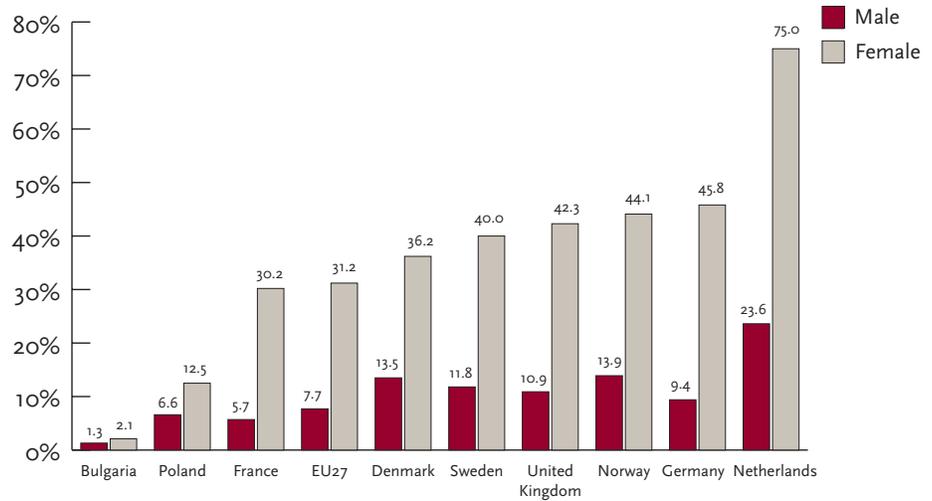
Source: ILO. (2009)<sup>4</sup>

Long term unemployment has steadily fallen as the 1980-1990's industrial transition from manufacturing to service related industries has matured. High levels of long-term unemployment amongst blue collar male workers have particularly fallen over the long term. However, the cooling of the UK economy of late has resulted in a rise in both short and long term unemployment.

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The UK has a higher rate of part-time working than most other EU member states, outpacing the Scandinavian countries, but still behind Germany and the Netherlands. In the UK, employees with children aged eight or younger (or disabled children 18 or younger) or with eldercare responsibilities have the right to request part-time or flexible work arrangements, with the employer having a right to refuse for business related reasons.

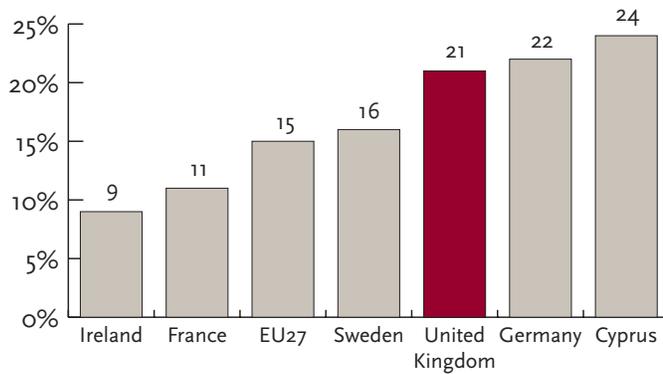
Figure 7. Part-time working in the UK and across Europe, 2007



Source: Eurostat. (2008)<sup>5</sup>

Gender pay gap is defined as the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. Despite equal pay laws, the gender pay gap in the UK remains one of the highest in Europe.

Figure 8. Gender pay gap in the UK and across Europe, 2007

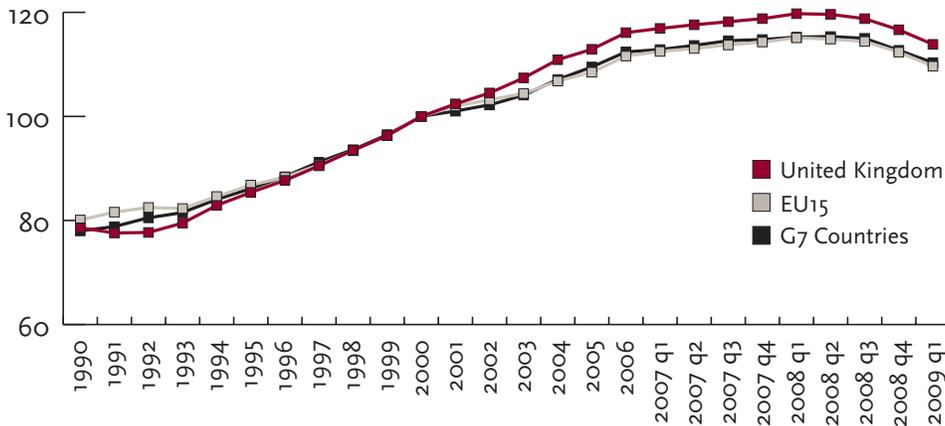


Source: Eurostat. (2008)<sup>7</sup>

## ECONOMIC HIGHLIGHTS

- 🌐 Gross Domestic Product per capita in the United Kingdom is \$48,000. The UK GDP growth has outpaced Western Europe's since the 1990's. However, the recession has hit Britain particularly hard.<sup>3</sup>
- 🌐 GDP in the second quarter of 2009 shrank by 0.7%.<sup>2</sup>

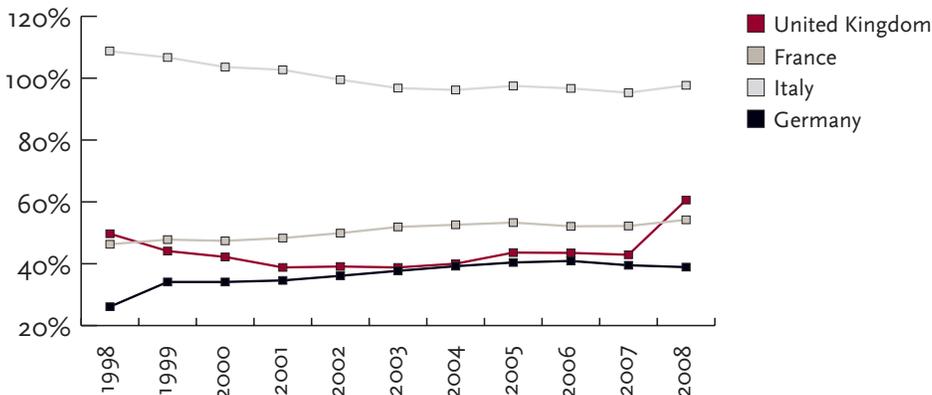
Figure 9. GDP Growth



Source: OECD. (2009b)<sup>3</sup>

The UK has seen higher levels of growth in GDP and productivity than most of Western Europe, which has in turn led to low levels of unemployment for most of the 21st century (although now rising). This has led to increases in labour market participation of under-represented groups such as older workers. More recently, the UK has been hit harder by the recession than its EU and G7 counterparts, which may lead to employers shedding their contingent workforces.

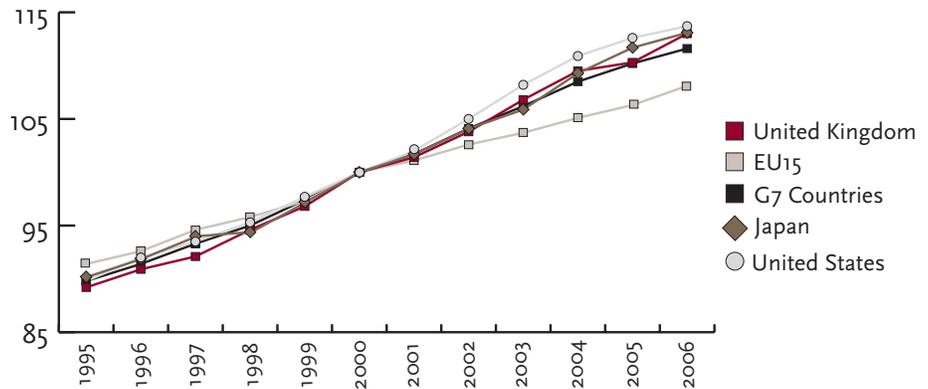
Figure 10. Total External Debt as Percentage of GDP, selected Regional Countries, 1992-2008



Source: OECD. (2009a)<sup>3</sup>

Labour productivity in the UK has historically been low compared to the US and Japan, in large part due to low skill levels and limited capital investment made by employers.

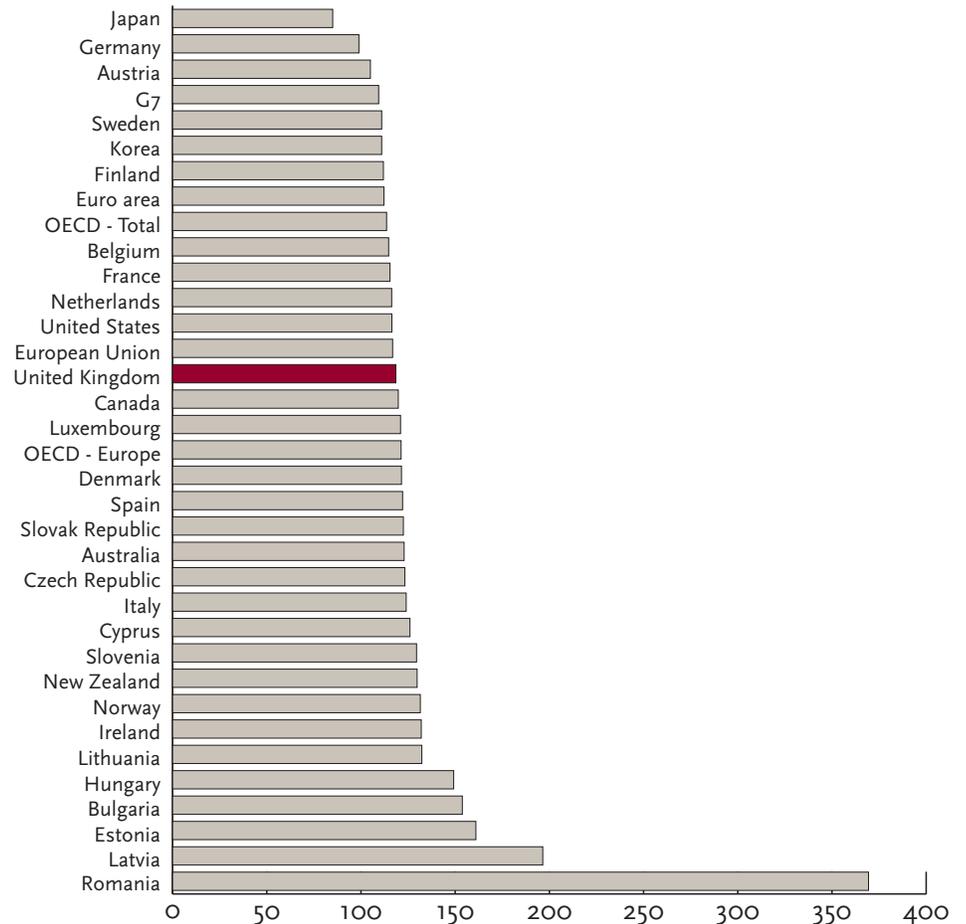
Figure 11a. Labour productivity per hour labour



Source: OECD. (2009b)<sup>3</sup>

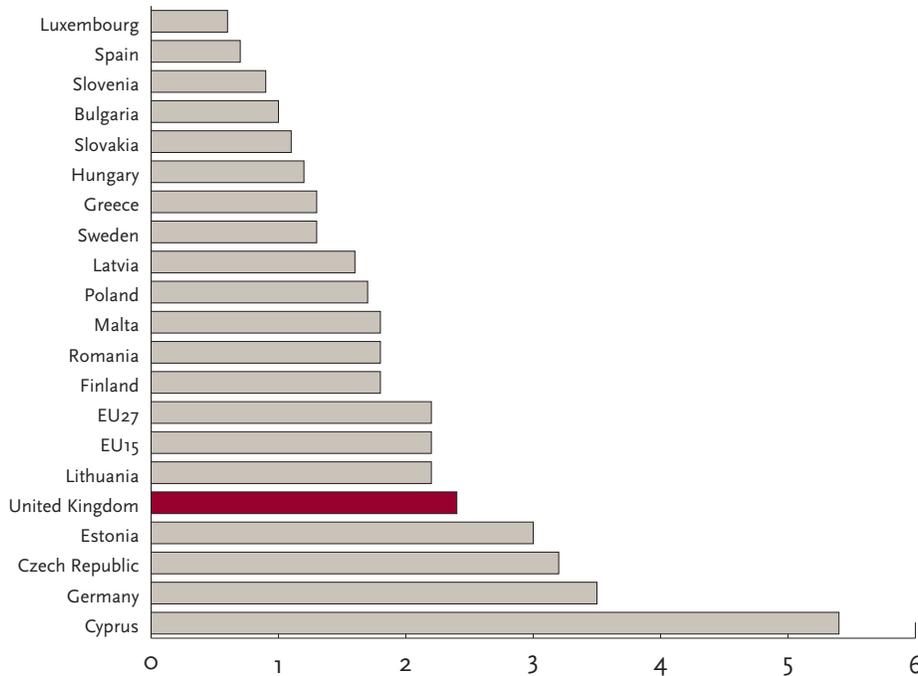
Figure 11b. Unit labour cost

Unit labour costs (ULC) measure the average cost of labour per unit of output and are calculated as the ratio of total labour costs to real output, indexed to 2000=100. Despite the introduction of the Minimum Wage in 2000 and new employment law concerning annual leave, flexible working, anti-discrimination and working hours, labour unit costs have increased at a slow pace similar to that of the USA.



Source: OECD. (2009b)<sup>3</sup>

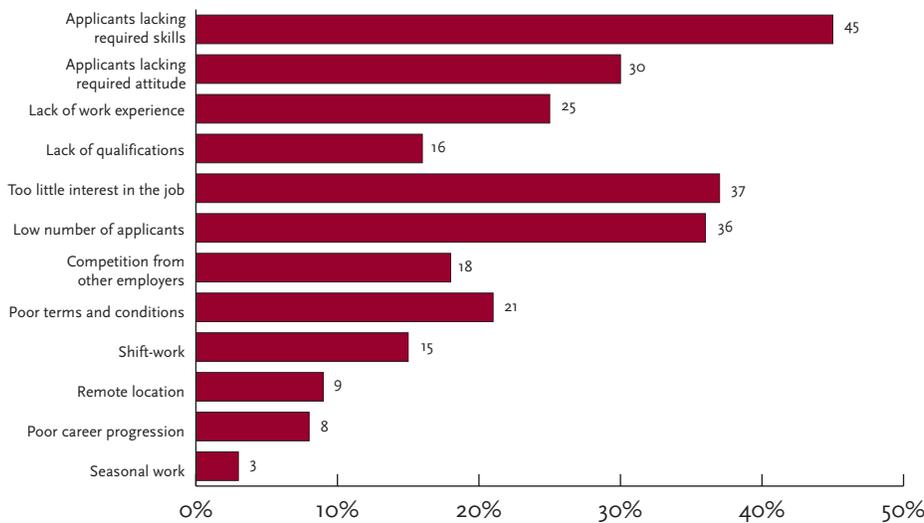
Figure 11c. Job vacancies



Source: Eurostat. (2008)<sup>7</sup>

Job vacancies is defined as the number of job vacancies / (number of occupied posts + number of job vacancies)

Figure 11d. Hard to fill vacancies



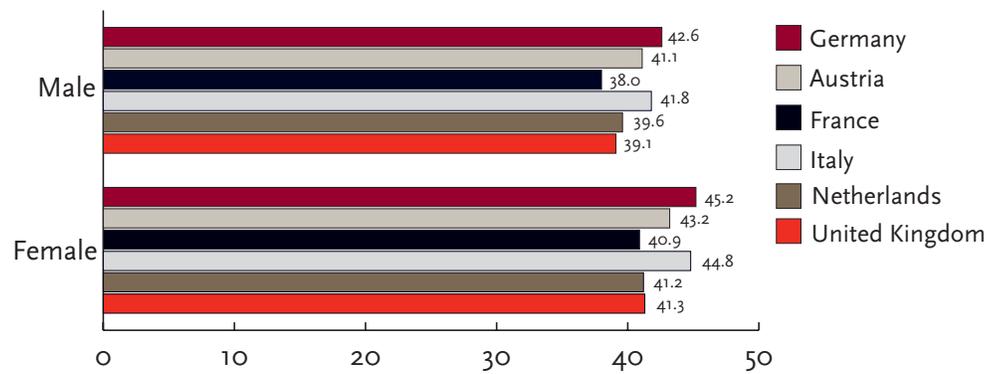
Source: IES<sup>10</sup>

Because of economic growth and long periods of low unemployment, employers have faced high labour and skills shortages, especially in London and the South East. This has led to government and employer organisations developing programmes for encouraging labour market participation of under-represented groups: working parents, older workers, people with disabilities, for example. According to a large survey of employers, there are three reasons why vacancies are difficult to fill: either the job specifications are unattractive; the labour pool is too small; or recruitment drives are not attracting the people with the right skills.

## DEMOGRAPHIC HIGHLIGHTS

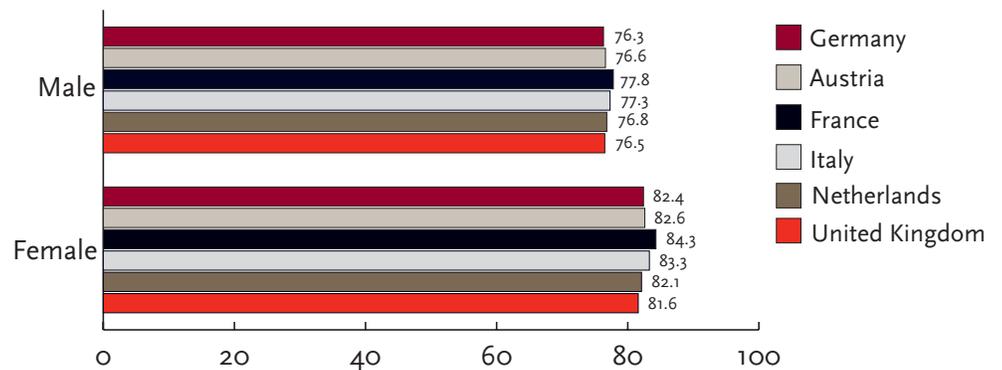
- 🌐 The United Kingdom population currently stands at 61.4 million.<sup>11</sup>
- 🌐 The United Kingdom is 92% White European.<sup>12</sup>
- 🌐 Total fertility rate indicates the number of children to be born to a woman during her reproductive span of her life. The total fertility rate for women in the United Kingdom was 1.41 in 2009.<sup>13</sup>
- 🌐 In 2009, 16.2% of the United Kingdom's population was age 65 or older, compared to 16.4% in France and 20.3% in Germany.<sup>13</sup>

Figure 12. Median Age, by Gender, Regional Comparisons, 2009



Source: CIA<sup>13</sup>

Figure 13. Life Expectancy at Birth, Regional Comparisons, 2009

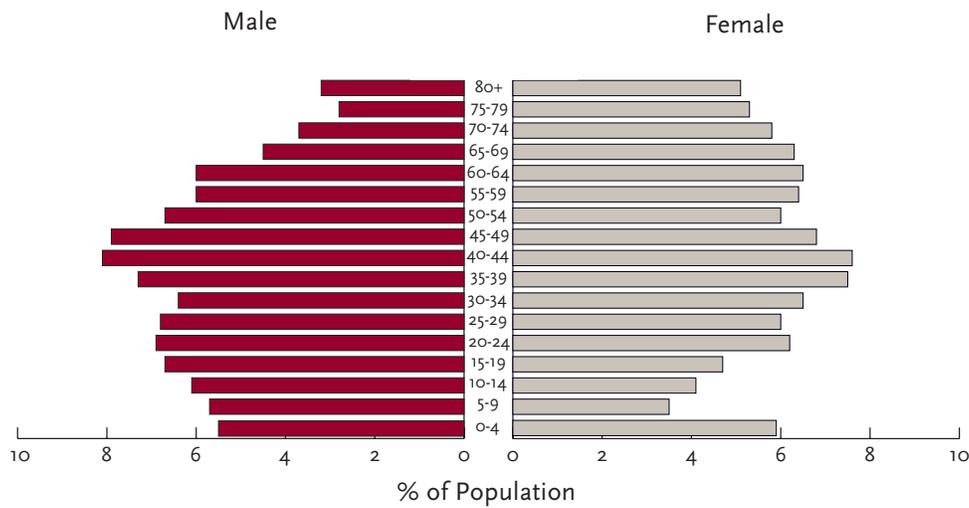


Source: CIA<sup>13</sup>

🌐 In the United Kingdom, 14.1% of the male population and 18.2% of the female population is 65 or older.<sup>14</sup> In comparison,

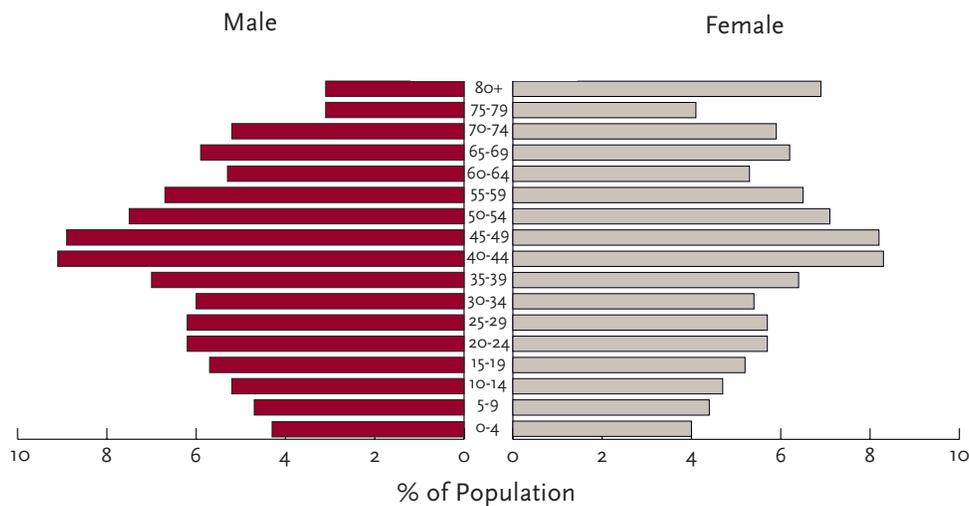
- In Germany, 18.9% of the male population and 23.1% of the female population is 65 or older.
- In France, 13.9% of the male population and 18.7% of the female population is 65 or older.

Figure 14a. Population Distribution of United Kingdom, 2009



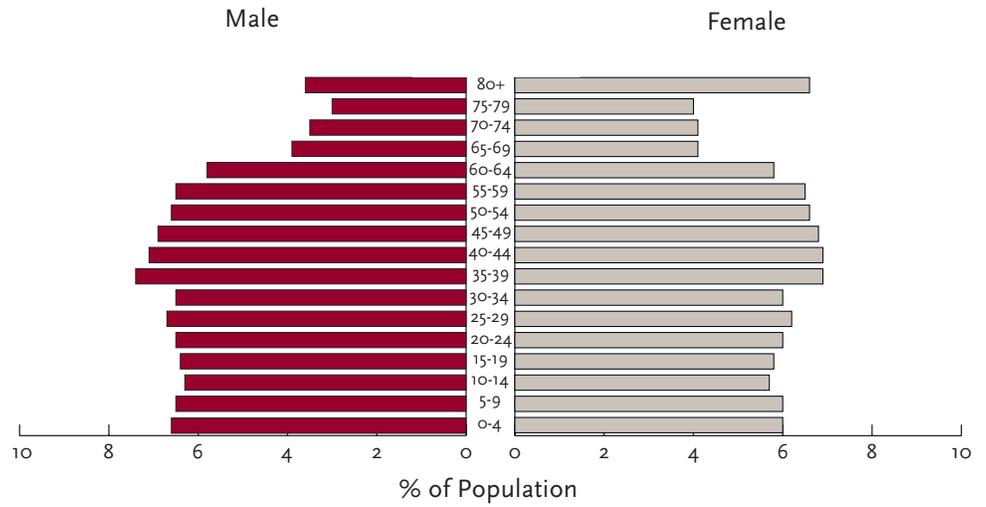
Source: U. S. Census Bureau<sup>14</sup>

Figure 14b. Population Distribution of Germany, 2009



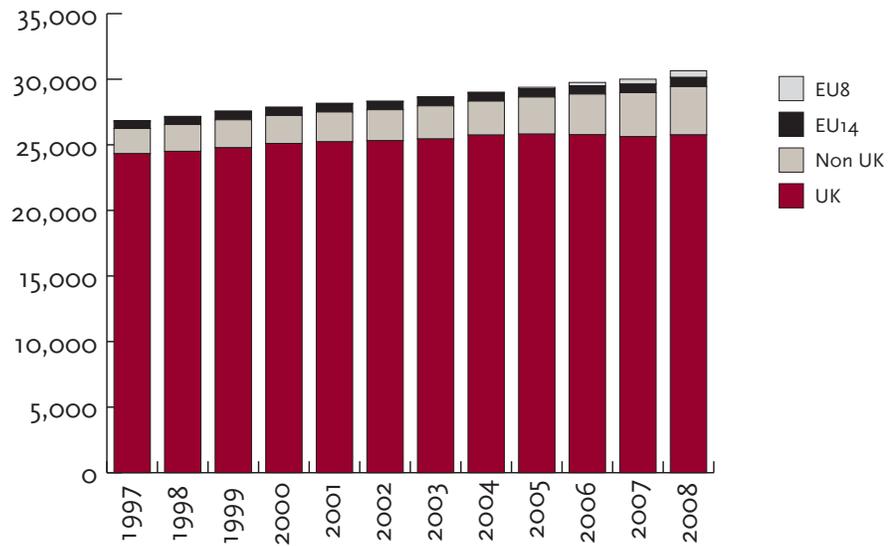
Source: U. S. Census Bureau<sup>14</sup>

Figure 14c. Population Distribution of France, 2009



Source: U. S. Census Bureau<sup>4</sup>

Figure 15. Country of birth profile of UK workforce



Note: EU14 defined as Ireland, Luxembourg, Netherlands, Belgium, Denmark, Sweden, Finland, France, Germany, Italy, Austria, Spain, Portugal, Greece. EU8 defined as Czech Republic, Slovakia, Slovenia, Hungary, Poland, Latvia, Lithuania, Estonia

Source: UK Labour Force Survey 2008<sup>1</sup>

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## ABOUT THE INSTITUTE

Established in 2007 by the Sloan Center on Aging & Work at Boston College, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- informed decision making by employers who want to be employers-of-choice in different countries; and
- innovative thinking about private-public partnerships that promote sustainable, high-quality employment.

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The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

The Sloan Center on Aging & Work is grateful for the continued support of the Alfred P. Sloan Foundation.

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*Matt Flynn* is a senior lecturer at Middlesex University. His research focus is on workplace age diversity. He has carried out work for the European Union and UK government on the subject. He has written the age diversity good practice guide for the UK Trades Union Congress and Chartered Institute for Personnel and Development, and is currently conducting a study for the British Council comparing the experiences of older workers in the UK and Japan. His work can be found at [www.agediversity.org](http://www.agediversity.org)

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