Employability in Programme Development: Establishing a labour market to higher education feedback loop drawing on local labour market intelligence

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A Contextual and Place-based Perspective of Young Graduates Employability

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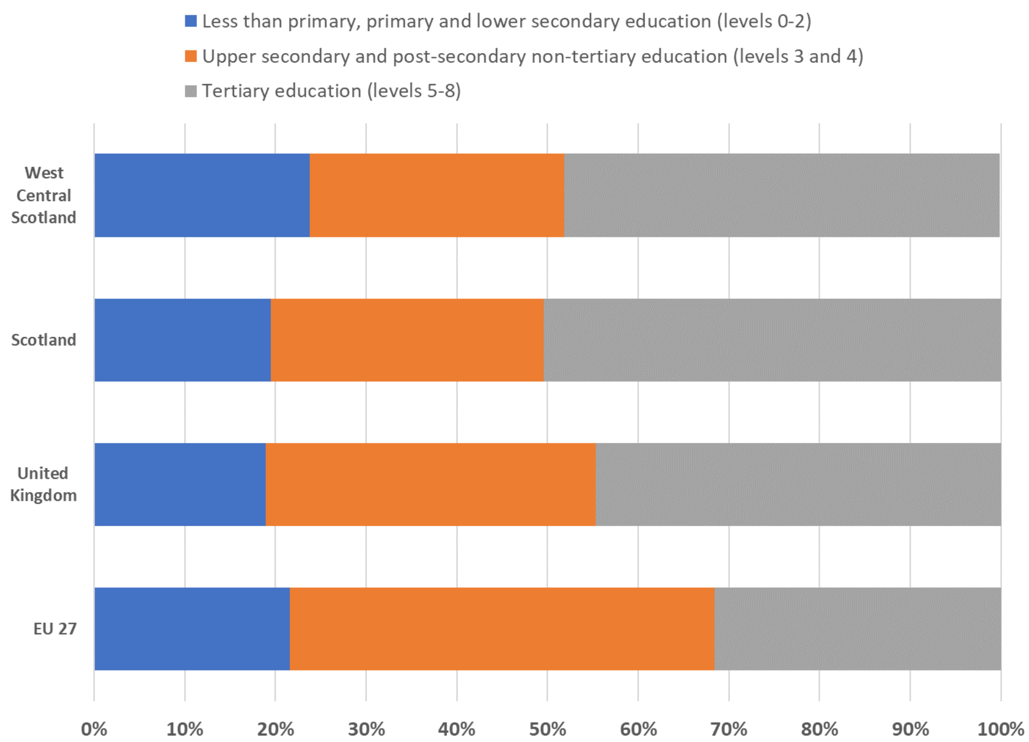
1. The context of the labour market in Greater Glasgow

Eurostat compiles data on the levels of formal qualifications achieved by the populations of European Union (EU) member states, affiliated countries in the European Economic Area (EEA), Switzerland and candidate states for accession to the European Union. Despite the United Kingdom leaving the European Union, Eurostat still gathers harmonised indicators pertaining to the UK. This is particularly useful to provide a broad contextualisation. The figure below presents an overview of the qualifications of the working age population (age 25 to 64) in Southern Scotland. This is nested within Scotland and in turn the UK and compared to an aggregate for the 27 member states of the European Union. West Central Scotland is one of five NUTS 2 regions within Scotland. West Central corresponds closely to the Glasgow City Region and encompasses the City of Glasgow, in addition to Dunbartonshire, Lanarkshire, Renfrewshire, Inverclyde, Helensburgh and Lomond. For details of the economic structure of the Glasgow City Region see Hermannsson (2016).

Figure 1: Share of population aged 25-64 by qualification level in 2019



Source: Eurostat

Overall, the working age population in the United Kingdom, and Scotland in particular, has a high share of graduates 45% and 50%, respectively, compared to an EU-27 average of 32%. Scotland maintains a separate education system from England, Wales and Northern Ireland, which is a great source of national pride. For details of the education sector see: Hermannsson (2017). Within Scotland, the West Central region is slightly less skilled than the country on average, with a lower share of graduates (48%), and more critically a higher share of low skilled individuals (24%). This is higher than the EU-27 average. Greater Glasgow has had a tumultuous history. An early benefactor of trade routes to the New World due to a combination of geography, skills and favourable institutions (Herman & Bishop, 2002) it later became a heavy industry manufacturing hub within the trade system of the British Empire. The city suffered rapid industrialisation from the late 1960's as competitiveness was lost with the demise of the British Empire and advent of more open global trade following subsequent GATT rounds. This was reinforced by "Dutch Disease" episode as the discovery of North Sea Oil inflated the exchange rate of sterling, beyond that implied by manufacturing trade balance, thereby further undermining export competitiveness. Iconic plants of heavy industry were still being closed as late as the early 2000's. A traumatic historical episode by popular reference, subsequent research by the University of Glasgow's Centre for Population Health found that excess mortality in the city compared to other UK locations with similar demographic make-up (e.g. Manchester, Liverpool) dubbed the "Glasgow Effect" was likely caused by social and economic displacement as workers skilled and socialised in manufacturing communities became obsolete in economic terms and their physical communities were literally razed to clear areas for redevelopment (Walsh et al, 2010). Overall, the Glasgow area has benefitted from sustained economic growth from the early 2000's, although from a low base (McCann, 2016).

2. Skills outlook

Looking forward, a report commissioned by the Scottish Cabinet Secretary for Education and Skills argues that the country as a whole faces skills shortages due to an aging population and a tight labour market (Scottish Government, 2021). Forbes & Wright (2020) point out that a particular strength of the Glasgow region is that it tends to retain graduates. With the proportion of "stayers" at 45%, this puts it above other regions in Scotland and well above the national average at 23.9%. They point out that the buoyant graduate labour market in the city region also attracts substantial number of recent graduates who study outside the region.

3. Labour market attachment and (in)equality of outcomes

Overall, the employment rate is high for the working age population in the Greater Glasgow area. The numbers in Table 1 below are estimated based on the Quarterly Labour Force Survey for July through September 2021. Over 76% of the population is in employment and only about 3% are counted as unemployed.

Table 1: Estimated working age population (age 25-64) by ILO unemployment definition for Western Central Scotland (Strathclyde) in 2021

Economic activity (reported) from MM05	Freq.	Percent
In employment	814,210	76.37
ILO unemployed	33,283	3.12
Inactive	218,655	20.51
Total	1,066,148	100

Source: Quarterly LFS

Some variation in labour market attachment is evident by subgroups. The employment rate for men stands at about 80% but is 73% for females. A much starker difference is observed between those from visible ethnic minorities and the majority white skinned population. Of those from a visible minority, only 66% are in employment while the same figure for the majority white population is 77%. A similar effect, but of a weaker magnitude is observed for those from routine or working-class social origin. Around 73% of respondents are in employment. Similar to that of women. Whilst for more middle-class respondents that share is 78%. Similarly, those from working class social origins are more likely to be registered as unemployed.

Table 2: Estimated working age population (age 25-64) by ILO unemployment definition and sex, visible ethnic minority status and social class of origin for Western Central Scotland (Stratchlyde) in 2021

Economic activity (reported) from MM05	Sex of respondent					
	Male	Percent	Female	Percent	Total	Percent
In employment	419,067	80%	395,143	73%	814,210	76%
ILO unemployed	19,134	4%	14,149	3%	33,283	3%
Inactive	86,042	16%	132,613	24%	218,655	21%
Total	524,243	100%	541,905	100%	1,066,148	100%

Economic activity (reported) from MM05	Visible minority					
	No	Percent	Yes	Percent	Total	Percent
In employment	781,354	77%	32,856	66%	814,210	76%
ILO unemployed	33,283	3%	0	0%	33,283	3%
Inactive	202,059	20%	16,596	34%	218,655	21%
Total	1,016,696	100%	49,452	100%	1,066,148	100%

Economic activity (reported) from MM05	Routine social origin indicator					
	No	Percent	Yes	Percent	Total	Percent
In employment	602,259	78%	211,951	73%	73%	73%
ILO unemployed	22,231	3%	11,052	4%	4%	4%
Inactive	150,899	19%	67,756	23%	23%	23%
Total	775,389	100%	290,759	100%	100%	100%

Source: Quarterly LFS

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