

Recession Report

Number 3 January 2009

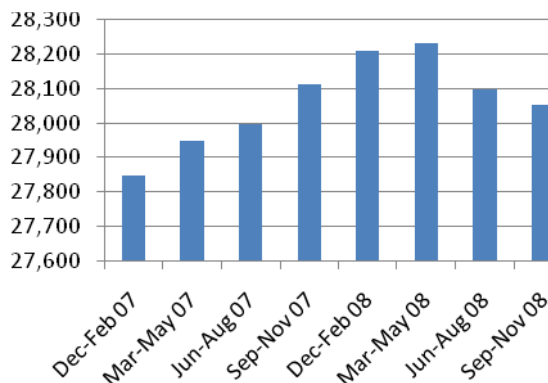
And now for the bad news ...

It seems very unlikely that the prospects for employment will improve before the summer at the earliest.

The latest figures¹ do not take into account the redundancies we have seen reported over the past eight weeks at Santander, Barclays, Denby, JCB, EWS, Fishworks, Burberry, Vion, Woolworths, Zavvi, Grattan and Empire Direct amongst others. For every company that has reported redundancy there is another known to be in trouble, but where the number of jobs that will be lost has not been announced yet.

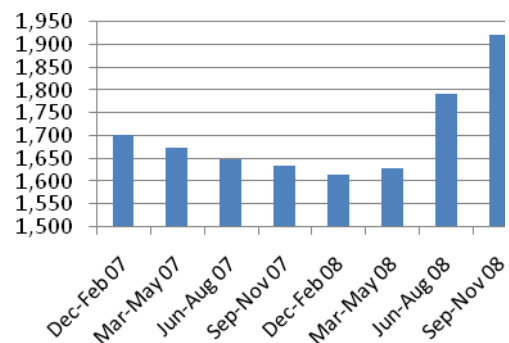
The labour market was very strong until quite recently, and the broad indicators will take a while before they reflect the turmoil on the high street and in factories and offices. Although there will be blips from month to month, the employment total is now falling:

Employment levels, 2007-8



The unemployment figures point to an even clearer story. Compared with a year ago the unemployment rate is higher for both men and women, for every age group and for every region except Northern Ireland. The last two years show how unemployment took off in the second half of 2008:

Unemployment levels, 2007-8



ILO unemployment stood at 1,923,000 in December, and rose by 10,000 a week over Sept – November. The spate of redundancies in recent weeks suggests that figure is accelerating; if so, a figure of 2.5 million by the summer seems credible.

On the same day that the employment statistics were published, the Treasury produced their monthly round-up of independent and City forecasts for the UK economy.² Overall, these forecasters are now quite somber, with the most recent reports predicting, on average, that GDP will fall by 2.4% this year.

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Most forecasts look at the claimant count, rather than the ILO measure, and they predict, on average, that it will rise to 1.81 million by the 4th quarter of this year – up from the December 2008 figure of just under 1.2 million.

The GDP figures, published the day after the employment figures, strongly suggest that the recession has now gained momentum, with a 1.5 percent fall, and the output index two points lower than it was 12 months previously.

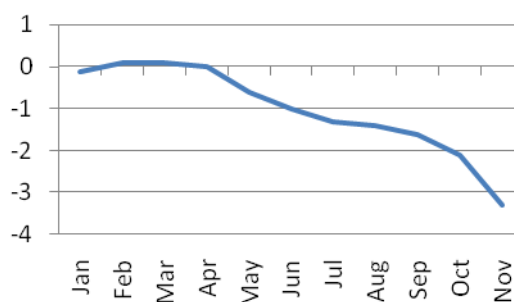
Manufacturing and the recession

Manufacturing never stopped losing jobs, even during the good times, but the latest data indicate that the global recession is exacerbating industry's problems.

Media headlines about the latest trade statistics (for November) concentrated on the higher trade deficit compared with the previous month. What was more worrying was the fact that that the depreciation of the pound did not seem to have helped goods exports yet, with lower exports of chemicals, other semi-manufactured goods, cars, basic materials, and non-oil fuels.³

Second, the GDP figures showed that manufacturing output fell 4.6% in the last quarter of 2008. Indeed, the Index of Production showed that manufacturing output falling throughout 2008:⁴

Index of production, manufacturing, 2008, % change for latest 3 mths compared with previous 3 mths

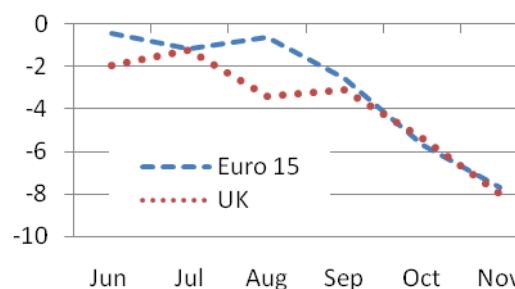


Unsurprisingly, the latest Bank of England agents' summary of business conditions indicate

that “during 2008 Q4, the slowdown had been most marked in the manufacturing sector, as firms cut production in the wake of a mounting excess of stocks over planned levels.”⁵

To be fair, this recession is hitting UK manufacturing neither more nor less hard than in the rest of Europe. In the chart below, we compare, for the second half of last year, the monthly change in industrial production compared with the same month in 2007:⁶

Industrial production, percentage change, 2008



What is very different between the UK and the rest of Europe is the state manufacturing was in when we entered the recession. In the Eurozone, industrial output last January was 13.7% higher than it had been in 2000; in the UK, it was 3% lower - Italy was the only other European country to enter the recession with industry so weakened. The recession is hurting British manufacturing, but it is exacerbating weaknesses that already existed.

Notes

1. *Labour Market Statistics*, ONS, Jan 2009.
2. *Forecasts for the UK economy*, HMT, Jan 2009.
3. *UK Trade*, ONS, Jan 2009.
4. *Index of Production*, ONS, Jan 2009. *Gross Domestic Product*, ONS, Jan 2009.
5. *Agents' summary of business conditions*, Bank of England, Jan 2009.
6. "Industrial production down by 1.6% in both euro area and EU 27", Eurostat news release 7/2009, 14-1-09.

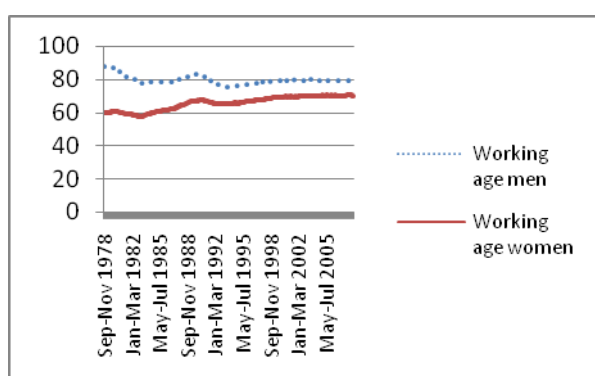
Women and recession

All women will be affected by the recession, in different ways depending upon factors including ethnicity, disability, skills level, social class and childcare responsibilities. But in this section of our recession report we aim to provide a brief analysis of the different impacts that women in or seeking paid work may experience, and the specific policy responses that we believe are required to support them.

Changes and continuities in women's employment

Over the last 30 years women's employment has significantly increased, while men's has experienced an overall reduction. Although recessionary periods have seen reductions in women's paid work, these have not been as steep as those experienced by men, and women's employment rates have recovered more quickly and continued to grow.¹ However, over the last ten years women's and men's patterns of employment have remained more constant. These trends can be seen in the following chart:

Employment rates, Q1 1971 – Q3 1978

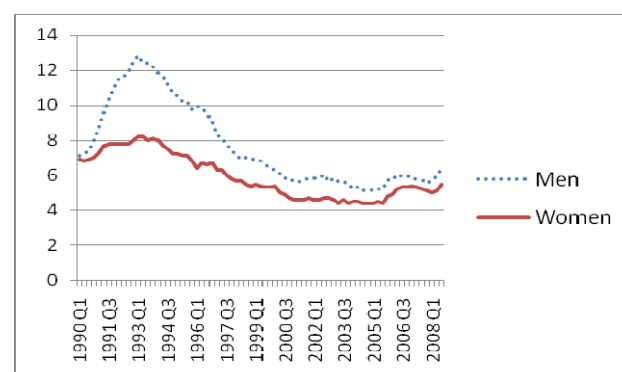


As employment rates have risen, so have women's contributions to family income. Recent analysis shows that in couple households an average of 67 per cent of the total family income comes from the total individual income of men while 32 per cent comes from the individual income of women. However, for 21 per cent of all couples, women's individual

incomes contribute over 50 per cent of family incomes.² The average contribution of female earnings to the family budget is also rising at a far faster rate than for men,³ and lone parents now make up a quarter of all families – and 90 per cent of lone parents are women.⁴ More women than ever are supporting families on their wages.

In the last recession the rate of female unemployment was much lower than the male rate. Since then, while male unemployment has fallen by proportionately more than female unemployment, the male rate remains close to levels seen at the start of the 1990s recession, while the female rate remains lower than it was at that point. This can be seen in the following chart:

Unemployment rates, Q1 1990 – Q3 2008



But there are many areas where women's experiences of work have shown less change. Women are still paid less than men – last year the full-time gender pay gap increased to 17.1 per cent and the part-time gender pay gap to 36.6 per cent.⁵ While women are now more likely to be in paid work, they remain far more likely than men to be in low-paid jobs – around 16.1 per cent of men in work are low paid, compared with 29 per cent of women workers – with those women who work part-time the most likely to be in low-paid jobs.⁶ Women are also more likely to be in exploitative vulnerable work – for example more jobs held by women are estimated to pay below the minimum wage

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(1.4 per cent of jobs compared to 0.8 per cent of all jobs held by men).⁷ Some women face multiple disadvantages – and we know that black and disabled women in particular face additional labour market discrimination.

Paid work remains highly segregated by gender. For example 19.5 per cent of women in employment do administrative or secretarial work compared with 4 per cent of men.⁸ Women are also more likely than men to be employed in the personal services (15 per cent of women compared to 2 per cent of men) and in sales and customer services (11 per cent of women compared to 4.8 per cent of men). Much of the growth of women's employment in recent decades has therefore been in these sectors.

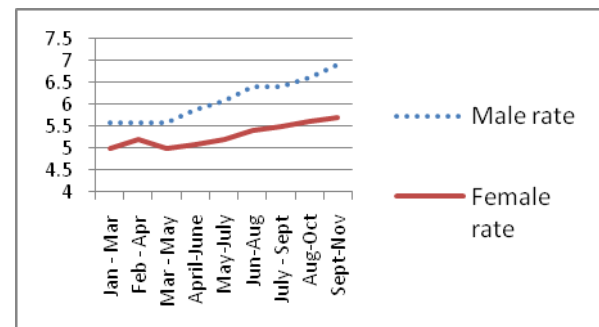
There is also segregation within occupational sectors – for example in retail while just under two thirds of the workforce are women, there are more full-time men than full-time women, and women are concentrated in part-time low-paid jobs, while men are concentrated in managerial positions.⁹ And jobs are also segregated by ethnicity¹⁰ – for example around one in ten Black African women work as nurses, compared to around one in 30 White women.¹¹ Apprenticeships are even more gender segregated than the rest of the labour market – and there is no sign of improvement (for example in 2002/03 4.5 per cent of engineering apprentices were women, compared to 2.5 per cent in 2006/07).¹²

How are women being affected by this recession?

So far it looks as though women's jobs may be affected more than in previous recessions. During 2008 male unemployment began to rise sharply before female unemployment rates were significantly affected. But more recent statistics show that female unemployment is also now showing consistent increases – although the male rate is rising faster. Since the start of the

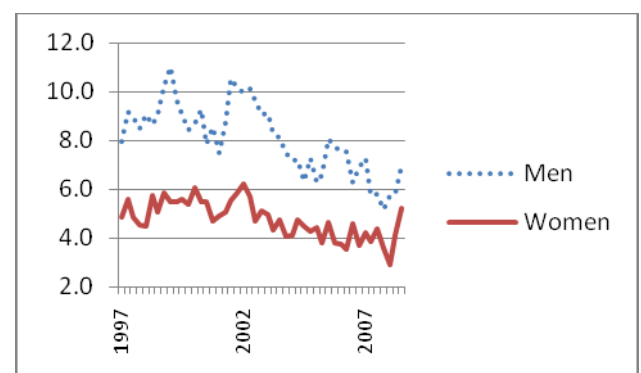
2008 the male working age unemployment rate has risen from 5.6 to 6.9 per cent, while female unemployment has shown a smaller increase from 5 per cent to 5.7 per cent.¹³

Unemployment rates, Jan – Nov 2008



Redundancy data also show that women in paid work are feeling the effects of the recession. Over the last ten years female and male redundancy rates have not been following similar patterns, but recently rates for both women and men have increased sharply. The redundancy rate for women at the end of Q3 2008 was within a percentage point of its highest rate for the decade, and from January - September 2008 the female redundancy rate increased by 2.3 percentage points, almost double the rate of male increase over the same period (1.2 percentage points). This can be seen below:

Redundancy rates, Q1 1997 – Q3 2008



There are many signs that women's employment will continue to be hit. In contrast to the 1990s, where retail distribution and hotels and catering held up relatively well compared to

manufacturing and construction, this recession so far is hitting sectors across the economy - and much economic growth over the last decade has been in the services sector, where women's jobs predominate. Recent data confirm these trends, showing that while in the fourth quarter of 2008 the greatest economic contraction was in manufacturing, output in services fell 1 per cent. Distribution, hotels and restaurants made the greatest contribution to the fall, contracting by 2.4 per cent, compared with a decrease of 2.1 per cent in the previous quarter.¹⁴

Within the sectors in which they are concentrated, women are also more likely to be in the lower-paid and shop floor jobs, which can make them more vulnerable than men to redundancy. And another difference with previous recessions is that women's and men's employment rates have remained relatively constant over the last ten years - meaning that the ongoing upward trend in women's employment during previous recent downturns may not protect women's employment rates in the same way this time. Finally, although occupational segregation remains strong, it is the case that there are far more women working in a wider range of sectors than in previous recessions - wherever the downturn hits more women will be affected.

In the previous recession there was evidence of employers moving to part-time working as a means to reduce labour costs and hours.¹⁵ While part-time workers now have equal treatment rights with full-time staff these rights can be hard to enforce, and women in this position still face a greater risk of employers moving to casual 'worker' contract for services, or their hours being reduced - before the recession started analysis shows that around 15 per cent of women working part-time wanted more hours than they had.¹⁶

But there are some areas where women's jobs do seem to be safer than men's. More women are employed in the public sector, where

redundancy rates have not been showing the same steep upward trends as in many private sector industries. As public sector jobs are safer, so are some women's jobs - although if there was a major drive to cut public spending these jobs could soon be at risk. It also seems unlikely that sectors dominated by women will be wiped out by the recession - retail and services may take a considerable hit, but in the longer term prospects for growth remain better than those of some manufacturing industries during the last recession.

So the exact pattern that unemployment rates for women will take is unclear - but with more women in work than ever before, and more families dependent on women's wages, it is certain that this recession will impact on more women in paid work than any previous downturn.

How are women affected by unemployment?

The impact of unemployment can be devastating for anyone who loses their job. But there are particular effects for women losing paid work. As women are more likely than men to be in low-paid work, they are less likely to have savings, therefore facing a greater risk of immediate poverty as they become unemployed. This will have particularly severe effects for single women - even more so if they have children. Women's increased financial responsibilities for family income may also mean that they are more likely to undertake informal and exploitative vulnerable work as a means to support children.

Unemployed women are less likely than men to qualify for Jobseekers Allowance - which may exacerbate their financial difficulties. In part, this relates to the structure of the benefit system itself.¹⁷ Women with childcare responsibilities may have chosen particular part-time or flexible employment opportunities as a means to balance paid and unpaid work, placing restrictions upon their job search as only certain employment opportunities will be suitable, and may be contingent upon the accessibility of affordable

childcare. For example, research shows that in local areas where there are few jobs, women with unpaid work responsibilities are much less likely to be able to travel further distances to work.¹⁸ Evidence also shows that women with dependent children are more likely than other women to be unemployed (around 5 per cent compared to 4.3 per cent), and that around 63 per cent of unemployed women with dependent children are seeking part-time work¹⁹ - which is likely to be a consequence of the additional restrictions on their job search. And discrimination will continue to affect women seeking to move back into work – particularly women who are pregnant or who already have caring responsibilities.

Policy to support women facing unemployment

While overall macro-economic policy, including the recent fiscal stimulus and measures to improve credit flows, may affect growth and improve employment prospects across the economy, specific measures are also needed to meet the particular needs of unemployed women, find creative means to protect women's jobs and increase women's opportunities to take up new vacancies when growth returns.

Responses to recession must also recognise the importance of continuing to challenge the labour market disadvantage that women face, and cutting women's rates of pay must not be seen as an acceptable response to the downturn. As well as exacerbating women's poverty, it would only deepen the recession by further reducing demand.

Acting to protect women's jobs

Introducing greater access to flexible working options could prove a valuable means to retain jobs in the short-term, as well as providing greater flexibility for workers now and as the economy recovers. The TUC has long called for flexible working options to be available from day one (not only after 26 weeks of service) and for employers to advertise more jobs on a flexible basis. It is also important that any future

measures to protect jobs, for example subsidising employers to provide training to staff, or to part cover wages in firms at risk, pay equal attention to retaining employment and skills among female as well as male workforces.

Making public sector cuts will mean cutting jobs for women. In such difficult economic times it is also more important than ever to prevent jobs being contracted out of the public sector – past evidence has shown that women have disproportionately suffered from contracting out as their pay and conditions have been cut.²⁰

Fair treatment for women facing redundancy

Being part-time can't be used as a reason for selection for transfer or redundancy, or refusing a promotion, unless it can be justified objectively. Women on maternity leave are also entitled to redundancy pay, and it is unlawful to select pregnant women or women on maternity leave for redundancy on the basis of pregnancy or maternity. Women in this position must also be offered other suitable employment if it's available. Unions and Government therefore have to ensure that women know their rights, and are able to challenge any attempt to discriminate against them. Now more than ever is the time for unions to introduce equality considerations to the collective bargaining agenda.

Enforcing employment rights

Bad employers may use the downturn as an excuse to treat workers illegally, and in turn staff may be more likely to put up with bad treatment as they are scared of losing their jobs. Women are already more likely than men to be in vulnerable employment,²¹ and may face an increased risk during the recession. It is therefore essential that employment rights enforcement receives increased resources, and that unions continue to organise among women.

Support for unemployed women to access and understand benefits

Women experiencing unemployment can face a range of more complex benefit entitlements

than men. For example, unemployed women who are pregnant will need urgent information about the out of work allowances they are entitled to, and women considering moving from unemployment into positions that are lower paid than previous jobs will need support to understand their tax credit entitlements and, if hours of work or the location of a job change, on how to identify and access affordable and accessible childcare. Ensuring that this information is available will require increased investment.

Creating new opportunities for women

Recent Government announcements on enabling earlier access to training on new jobs subsidy measures are welcome. But specific thought needs to be given to how women can be enabled to access these opportunities. This could mean increasing efforts to enable women to access training in occupational sectors in which they are currently underrepresented, as well as ensuring that job creation focuses upon sectors in which women are employed as well as those in which men predominate. Efforts to challenge segregation in apprenticeships also need to be stepped up. As new subsidised jobs are created Government should encourage employers to offer positions on flexible hours. Requiring employers to take equality into account when contracting with Government and other public bodies could also provide another means to ensure that new jobs are accessible to women.

Notes

¹ IDS (2006) *The Impact of Economic Recession on Pay Increases and the Low Paid: a research report by Incomes Data Services for the Low Pay Commission* London: Low Pay Commission.

² Women and Equality Unit (2006) *Individual Incomes of Men and Women 1996/97 - 2004/05* London: WEU.

³ Harkness S, Machin S and Waldfogel J (1994) *Women's Pay and Family Income Inequality* York: JRF.

⁴ One Parent Families/Gingerbread Lone Parent Facts, October 2007,

⁵ Office for National Statistics (2008) *Annual Survey of Hours and Earnings* Newport: National Statistics.

⁶ Cooke G and Lawton K (2008) *Working Out Of Poverty* London: IPPR. Cooke and Lawton define low pay as 60% of full-time median hourly pay, excluding overtime.

⁷ Office for National Statistics (2008) *Low Pay Estimates April 2008* Newport: National Statistics.

⁸ Office for National Statistics (2009) *Economic and Labour Market Review: 2009 version*, http://www.statistics.gov.uk/elmr/01_09/6.asp.

⁹ Internal analysis undertaken by USDAW, unpublished.

¹⁰ TUC (2009) *Negotiating Race, Class and Gender: the way forward* London: TUC.

¹¹ Office for National Statistics (2006) *Focus on ethnicity and identity* Newport: National Statistics.

¹² TUC (2008) *Still More (better paid) Jobs for the Boys: apprenticeships and gender segregation* London: TUC.

¹³ Office for National Statistics (2008) *ibid*.

¹⁴ Office for National Statistics (2009) *GDP Growth Q4 2008* Newport: National Statistics.

¹⁵ IDS (1993) *Pay Report June 1993* London: IDS cited in IDS *ibid*.p15.

¹⁶ Labour Force Survey, Summer 2007, TUC analysis.

¹⁷ Women who have been in employment and have paid national insurance (NI) contributions can claim and receive contribution-based JSA. But there are historical problems with NI, which can discriminate against women as they are more likely to work part-time and therefore be below the contributions earnings limit and less likely to be entitled to contributory JSA (although this is much less of a problem than 20 years ago). In addition, Income Based JSA, which workers move to after six months on JSA, is calculated on a household basis, so if women are living in a couple and their partner is working, women are unlikely to receive any payment.

¹⁸ Grant L and Buckner L (2006) *Connecting Women with the Local Labour Market* Sheffield: Sheffield Hallam University.

¹⁹ Office for National Statistics (2002) *Women in the Labour Market: results from the Spring 2001 LFS* Newport: National Statistics.

²⁰ For example see IPPR (2003) *The two-tier workforce: an IPPR briefing* London: IPPR.

²¹ Commission on Vulnerable Employment (2008) *Hard Work Hidden Lives: the final report of the Commission on Vulnerable Employment* London: TUC.