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**Employment by occupational skill level**  
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## **Trends in UK employment by occupational skill level**

HM Treasury made the claim last month that high skilled employment has been responsible for nearly 80 per cent of female jobs growth under the current government over the past four years.<sup>1</sup> This awkwardly contrasted with the Bank of England's August 2014 Inflation report<sup>2</sup>, which demonstrated that much of recent overall employment growth has come from low skilled jobs. The TUC wanted to understand what was really going on here.

Perhaps both conclusions could be true if the experience of women across occupational skill levels had been significantly different to men's? Spurred by these recent publications as well as others, such as Ian Brinkley's recent blog calling the low wage job recovery a myth<sup>3</sup>, this briefing note analyses recent trends in employment by occupational skill level to contextualise the Treasury's claim.

### Data and Methodology

The ONS Labour Force Survey provides a quarterly analysis of all employment by occupation. The most recent version of the EMP08 release was published on 13 August 2014.<sup>4</sup> It provides disaggregated UK employment totals by the 9 one-digit

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<sup>1</sup> *Growing female employment in highly skilled jobs across the economy* (HM Treasury, 23 October 2014) [www.gov.uk/government/news/growing-female-employment-in-highly-skilled-jobs-across-the-economy](http://www.gov.uk/government/news/growing-female-employment-in-highly-skilled-jobs-across-the-economy)

<sup>2</sup> *Inflation Report* (Bank of England, August 2014) [www.bankofengland.co.uk/publications/Documents/inflationreport/2014/ir14aug.pdf](http://www.bankofengland.co.uk/publications/Documents/inflationreport/2014/ir14aug.pdf)

<sup>3</sup> Brinkley, I. *What is wrong with the average earnings index?* (The Work Foundations, 31 October 2014) [www.theworkfoundation.com/blog/2337/What-is-wrong-with-the-average-earnings-index](http://www.theworkfoundation.com/blog/2337/What-is-wrong-with-the-average-earnings-index)

<sup>4</sup> *EMP08: All In employment by occupation* (Office for National Statistics, 13 August 2014) [www.ons.gov.uk/ons/rel/lms/labour-market-statistics/october-2014/table-emp08.xls](http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/october-2014/table-emp08.xls)

codes of the Standard Occupational Classification (SOC) 2000<sup>5</sup> and gender for every quarter from Q2 2001 to Q2 2014.

For every quarter analysed in this briefing note, the SOC 2000 coded data was grouped by skill level as follows:

- High Skilled
  - Managers & senior officials
  - Professional occupations
  - Associate professional & technical
  
- Medium Skilled
  - Admin & secretarial
  - Skilled trades
  - Personal services
  
- Low Skilled
  - Sales & customer services
  - Process, plant & machine operatives
  - Elementary occupations

Data presented in this briefing note has not been seasonally adjusted.

### **Trends over the last four years**

Our current government came to power in May 2010. Therefore, this section digs into employment trends by occupational skill level over the past four years, from Q2 2010 to Q2 2014 to recreate the data used to develop the Treasury's claim.

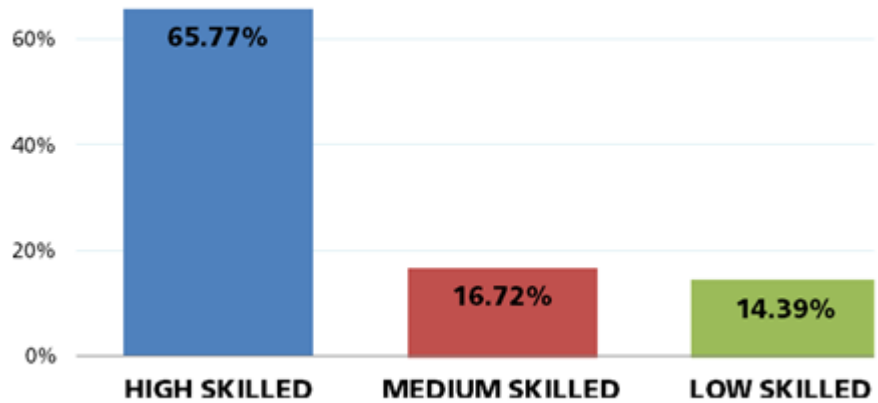
At first blush, employment growth during the past four years does appear to have been concentrated within high skilled employment, and this was especially so for women.

High skilled employment growth was responsible for nearly 66 per cent of all UK employment growth over the period.

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<sup>5</sup>The data for the estimates from 2011 Q1 onwards have been coded on the new SOC 2010 basis and then mapped to an equivalent SOC 2000 basis for closer continuity.

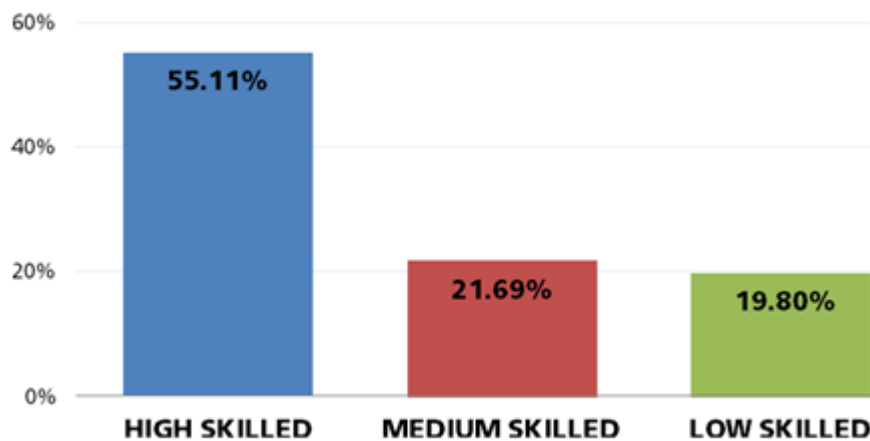
**Proportion of growth by skill level of all employees, Q2 2010 to Q2 2014**



SOURCE: TUC Analysis of EMP08 (Labour Force Survey)

However, there was a considerable divide in the experiences of men and women. High skilled employment was responsible for only a little more than half—just over 55 per cent—of male employment growth over this period.

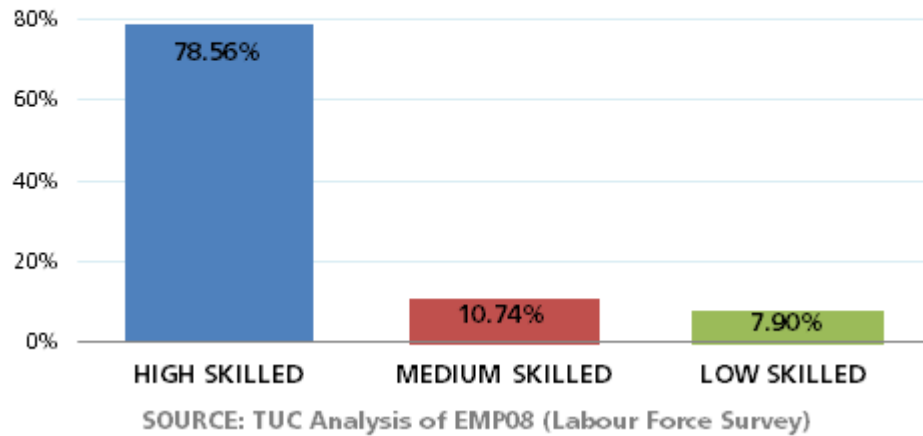
**Proportion of growth by skill level of male employees, Q2 2010 to Q2 2014**



SOURCE: TUC Analysis of EMP08 (Labour Force Survey)

Whereas, consistent with the Treasury’s claim, high skilled employment did provide about 4 in 5 new jobs for women.

### Proportion of growth by skill level of female employees, Q2 2010 to Q2 2014

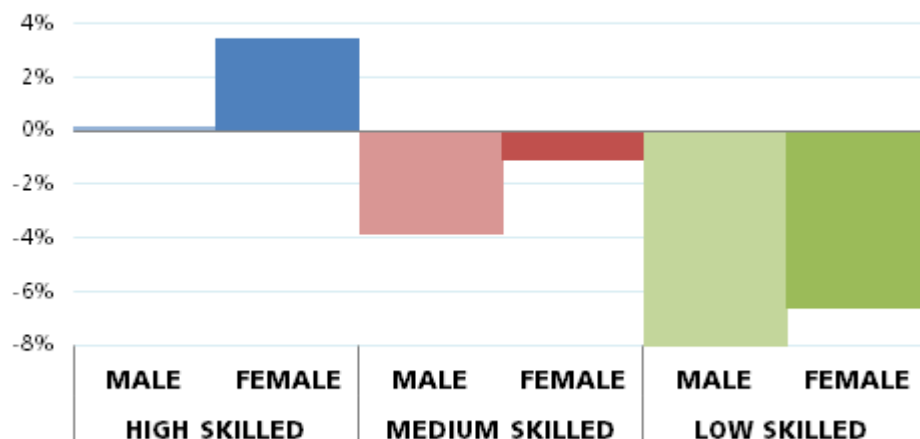


#### Historical trends

It is clear then how the Treasury arrived at their figures, but further analysis is needed to help contextualise the importance of their claims. Can the current government really be credited with this 'victory'? Have their policies actually changed the composition of employment growth, especially for women, that much? Or has the Treasury merely highlighted a longer-term trend which has simply continued over the last four years?

A quick look at female employment growth during the Brown government seems to suggest that strong high skilled employment growth is long-term trend. Even over this period containing the darkest days of the recent economic recession and a net loss in jobs across the economy, high skilled jobs, and only high skilled jobs, maintained positive growth. Not only that, but broken down by occupational skill level and gender, the female high skilled jobs category experienced by far the greatest rate of jobs growth from Q4 2007 to Q2 2010.

### Rate of growth by skill level and gender, Q4 2007 to Q2 2010

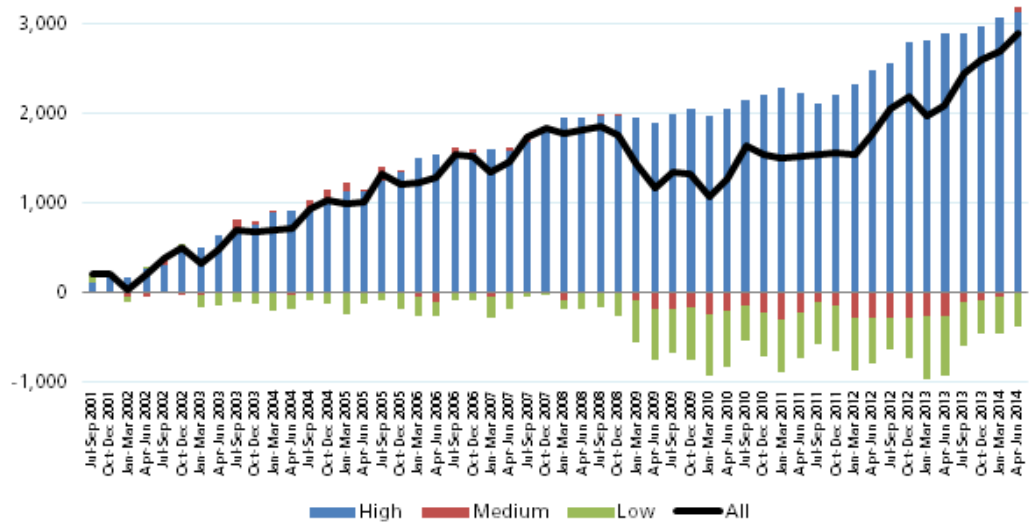


SOURCE: TUC Analysis of EMP08 (Labour Force Survey)

In other words, high skilled jobs, and particularly female-held high skilled jobs, have consistently been a stronghold for growth.

Taking an even longer view of the economy, from Q2 2001 to Q2 2014, the cumulative overall jobs growth in high skilled employment has still dwarfed low and medium skilled jobs change.

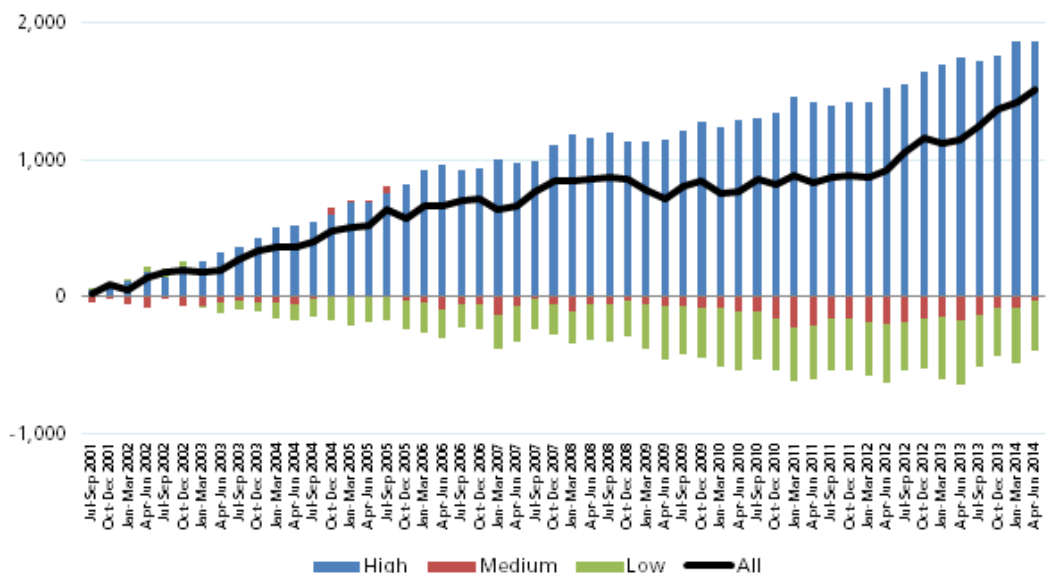
**Cumulative employment growth by occupational skill level, 2001 to 2014**



SOURCE: TUC Analysis of EMP08 (Labour Force Survey)

The same can clearly be said for female jobs growth alone.

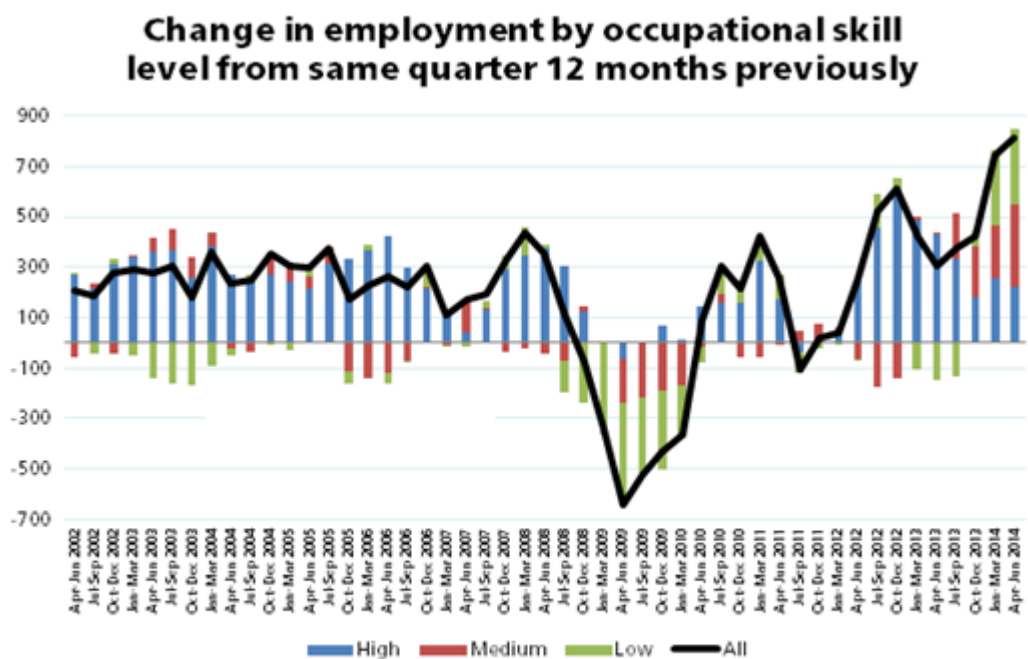
**Women's cumulative employment growth by occupational skill level, 2001 to 2014**



SOURCE: TUC Analysis of EMP08 (Labour Force Survey)

**Developing change?**

It is finally interesting to observe a more recent development that began in mid-2013. Going back to 2001, whenever employment rose, the increase was overwhelmingly from high skilled jobs, and whenever it fell, decreases were concentrated in middle and low skilled employment. That is, until the middle of last year – the big improvement in the number of jobs over the last year or so has been overwhelmingly in middle and low skilled jobs, as the Bank has already highlighted.



SOURCE: TUC Analysis of EMP08 (Labour Force Survey)

The performance of high skilled jobs over this time has been a bit of a disappointment, to be fair. It is too soon to say if this is a trend or a blip, but there has not been a three-quarter period like this in the past 12 years of data.

**Conclusion**

In review, HM Treasury is not technically incorrect in saying that female employment increases have been concentrated in high skilled employment under the current government, but the fact is pretty unremarkable. High skilled employment has consistently been a source of strong jobs growth since 2001. The recent anomaly has been the unusually high concentration of jobs growth in medium and low skilled jobs since mid-2013, as highlighted by the Bank of England and further illustrated by the last chart in this briefing note.