

Article

# Labour market economic commentary: January 2019

Additional economic analysis of the latest UK labour market headline statistics and long-term trends for January 2019.

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# 1 . Main points

- The level of employment in the UK increased by 141,000 to a record high of 32.54 million in the three months to November 2018.
- The unemployment rate remained unchanged at 4.0% on the quarter over the same period.
- The economic inactivity rate decreased by 0.3 percentage points to 21.0%.
- The number of people in part-time employment constituted 26.2% of all people in employment in the three months to November 2018.
- Involuntary part-time employment constituted 10.5% of all part-time employees and part-time self-employed people.

## 2 . Employment

The latest estimates from the Labour Force Survey (LFS) show that the level of employment in the UK increased by 141,000 to a record high of 32.54 million in the three months to November 2018. The employment rate increased by 0.2 percentage points to 75.8% over the same period.

### **The number of men in employment reached a record high and the number of women reached a joint record high**

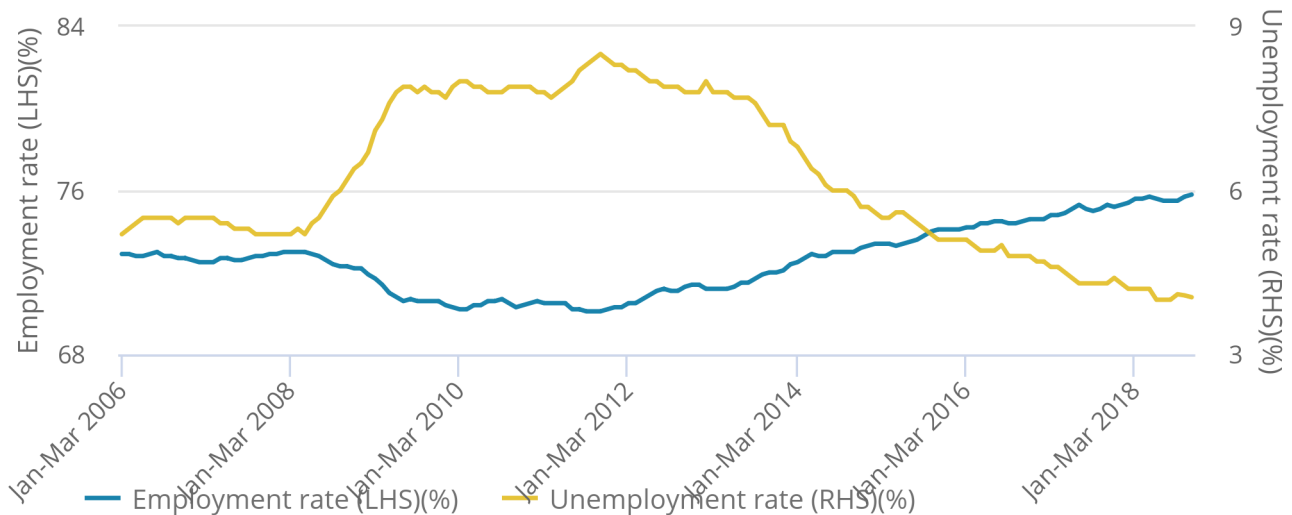
Employment can be disaggregated by sex. The latest disaggregated figures show that the number of employed men increased by 118,000 to a record high of 17.28 million in the three months to November 2018. The number of employed women increased by 23,000 to a joint record high of 15.26 million over the same period. The employment rates for both men and women increased by 0.2 percentage points apiece to 80.3% and 71.2% respectively. Figure 1 plots the aggregate employment rate and the unemployment rate.

**Figure 1: Employment and unemployment rates**

UK, seasonally adjusted, January to March 2006 to September to November 2018

## Figure 1: Employment and unemployment rates

UK, seasonally adjusted, January to March 2006 to September to November 2018



Source: Office for National Statistics–Labour Force Survey

Figure 1 shows that the employment rate had an upward trend and the unemployment rate had a downward trend. Although both employment and unemployment increased in the three months to November 2018, the increase in employment was nearly eighteen times higher than that in unemployment. The increase in employment was driven by people moving from economic inactivity into economic activity.

### The increase in employment was driven by the increase in full-time employment

We can classify people in employment as either working on a full-time or part-time basis. The number of people working on a full-time basis increased by 126,000 on the quarter, to a record high of 24.02 million in the three months to November 2018.

The total number of people working on a part-time basis (made up of employees, self-employed people, unpaid family workers and people on government-supported training and employment programmes) increased by 15,000 on the quarter to reach 8.51 million in the three months to November 2018.

## 3 . Unemployment

The number of people who were unemployed increased by 8,000 on the quarter to 1.37 million in the three months to November 2018.

The unemployment rate remained unchanged on the quarter at 4.0%.

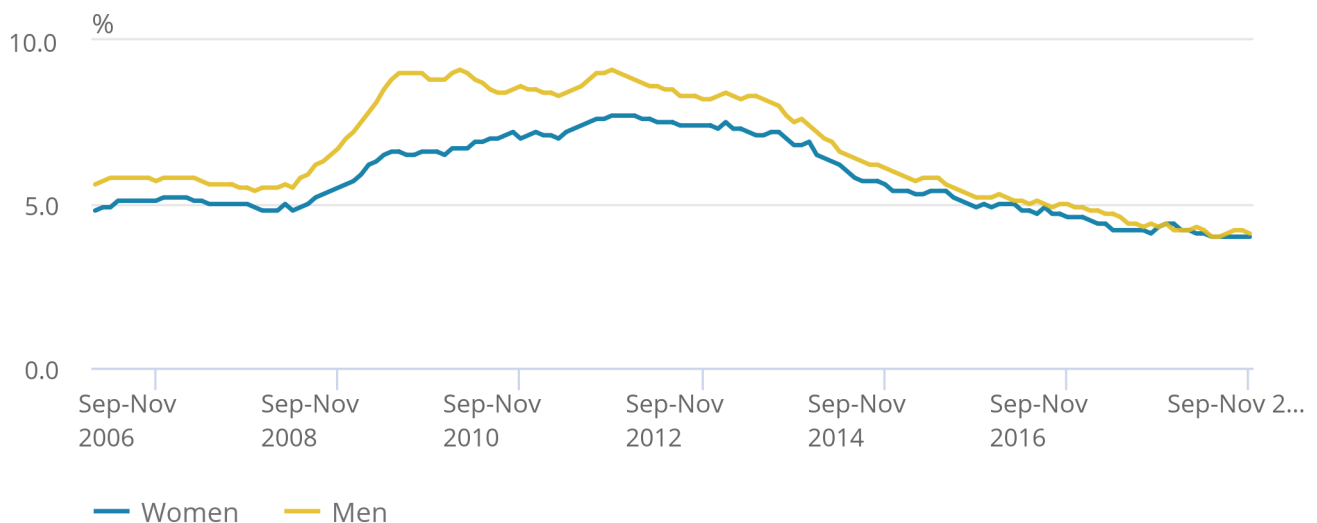
The unemployment rates for men and women for the period 2006 to 2018 are shown in Figure 2.

### Figure 2: Male and female unemployment rates

UK, seasonally adjusted, January to March 2006 to September to November 2018

## Figure 2: Male and female unemployment rates

UK, seasonally adjusted, January to March 2006 to September to November 2018



Source: Office for National Statistics—Labour Force Survey

Figure 2 shows that the male unemployment rate was higher than the female unemployment rate. Both male and female unemployment rates have been declining since 2011. The gap between male and female unemployment rates has been declining since 2009, from a 2.2 percentage points gap to a 0.1 percentage point gap in the three months to November 2018.

The analysis of unemployment by duration classifies unemployment into short-term (up to six months), medium-term (over six and up to 12 months) and long-term (over 12 months). In the three months to November 2018, short-term unemployment increased by 6,000 to 806,000. Medium-term unemployment increased by 11,000 to 219,000, and long-term unemployment decreased by 8,000 to 347,000 over the same period.

## 4 . Economic inactivity

The latest estimates show that the number of people who were economically inactive in the UK fell by 100,000 to 8.65 million in the three months to November 2018. The economic inactivity rate decreased by 0.3 percentage points to 21.0%.

The number of women who were economically inactive fell by 44,000 to 5.33 million in the three months to November 2018. The number of men who were economically inactive fell by 56,000 to 3.31 million over the same period.

The number of economically inactive people can be disaggregated by reason for being inactive. This disaggregation gives the following categories:

- students
- the long-term sick
- those looking after family or home
- those temporarily sick
- the discouraged
- the retired
- other reasons for inactivity

The number of students fell by 110,000 on the quarter to 2.27 million. The fall in the number of students may be attributed to growing early entry into the labour market by the students age groups. It may also be a result of changing numbers of non-UK students coming to study in the UK.

The number of people on long-term sickness decreased by 43,000 to 1.98 million, but the number of people who were temporarily sick increased by 11,000 to 179,000. The number of people looking after family or home increased by 12,000 to 2.05 million. The numbers of discouraged workers and of those on retirement increased by 3,000 (to 35,000) and by 1,000 (to 1.12 million) respectively. Lastly, the number of people who were inactive for “other reasons” increased by 26,000 to 1.01 million.

## 5 . Part-time employment by reason for working part-time

People in employment can work on a full-time or a part-time basis. Part-time workers are classified as such because they work fewer hours than full-time workers. Our [July 2018 Labour market economic commentary](#) explains the full-time and part-time classification of workers in the UK. In the Labour Force Survey, the split between full-time and part-time employment is based on respondents’ self-classification. In this section, we analyse the statistics of employees and self-employed workers in part-time employment who provided the reasons for being in part-time employment. The statistics exclude unpaid family workers.

Part-time employment is an important element of labour market flexibility. Both employers and employees may take advantage of this flexibility. Employers may employ part-time workers to tap into the pool of workers who find full-time employment unattractive. Part-time employment allows employers to flexibly manage their labour requirements and costs, especially those related to employee benefits. For small- and medium-sized enterprises, part-time employment allows them to gradually adjust their labour requirements upwards.

From an employee perspective, part-time employment offers an alternative to being unemployed or inactive. It allows workers to fit work around their other activities, and therefore to attain a desired work-life balance. People may also join part-time employment for additional income, to gain work experience, or to create time for pursuing self-employment initiatives.

## One in four people in employment was engaged in part-time work

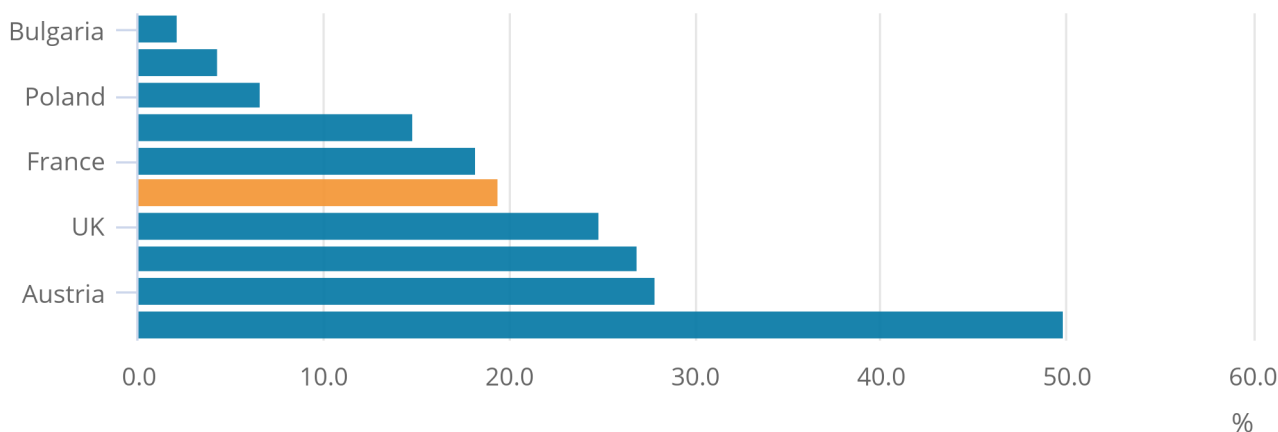
In the three months to November 2018, the number of people in part-time employment constituted 26.2% of all people in employment. The UK statistics are close to the average of countries in the EU28. [The most recent statistics from Eurostat for 2017](#) show the distribution of part-time employment in selected countries, as illustrated in Figure 3.

**Figure 3: Part-time employment as a percentage of total employment**

Selected EU28 countries, 2017

### Figure 3: Part-time employment as a percentage of total employment

Selected EU28 countries, 2017



Source: Eurostat

Figure 3 shows the lowest and the highest percentages of part-time employment in the EU28 together with percentages for selected countries. It shows that part-time employment was lowest in Bulgaria and highest in the Netherlands. The UK and Germany had higher proportions of part-time employment than the EU28 average. France had lower part-time employment than the EU28 average.

## More women than men were in part-time employment

Focusing on UK data on employees and self-employed workers in part-time employment who provided the reasons for being in part-time employment in the period September to November 2018, we observe that the number of people in part-time employment increased by 21,000 to 8.40 million. Disaggregating this number by sex shows that the number of men working part-time increased by 16,000 to 2.22 million in the three months to November 2018. The number of women working part-time increased by 5,000 to 6.18 million over the same period.

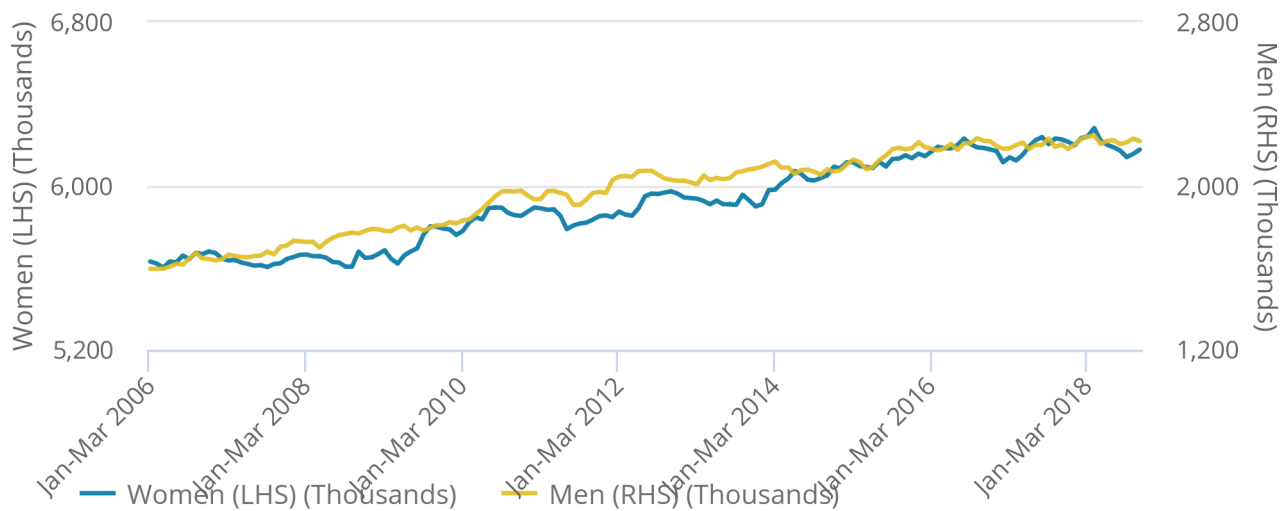
Over a longer time period, the number of men working part-time increased by 17,000 on the year to November 2018. Women working part-time reduced by 50,000 over the same period. Figure 4 shows the trends of men and women working on a part-time basis.

**Figure 4: The trends of male and female part-time employment**

UK, seasonally adjusted, January to March 2006 to September to November 2018

Figure 4: The trends of male and female part-time employment

UK, seasonally adjusted, January to March 2006 to September to November 2018



Source: Office for National Statistics–Labour Force Survey

Figure 4 shows upward trends for both female and male part-time employment. Female part-time employment had a slightly stronger upward trend than male part-time employment. The figure also shows that there were more female than male part-time workers.

It is mentioned above that there are various reasons for working on a part-time basis. The Labour Force Survey disaggregates part-time employment by reason for working part-time. It categorises part-time workers by reason for working part-time as follows:

- those who could not find full-time jobs
- those who did not want full-time jobs
- those who were ill or were disabled
- those who were students or were at school

Of the people who worked part-time, 67,000 did not give reasons for working part-time.

## Voluntary part-time employment stood at 6.07 million

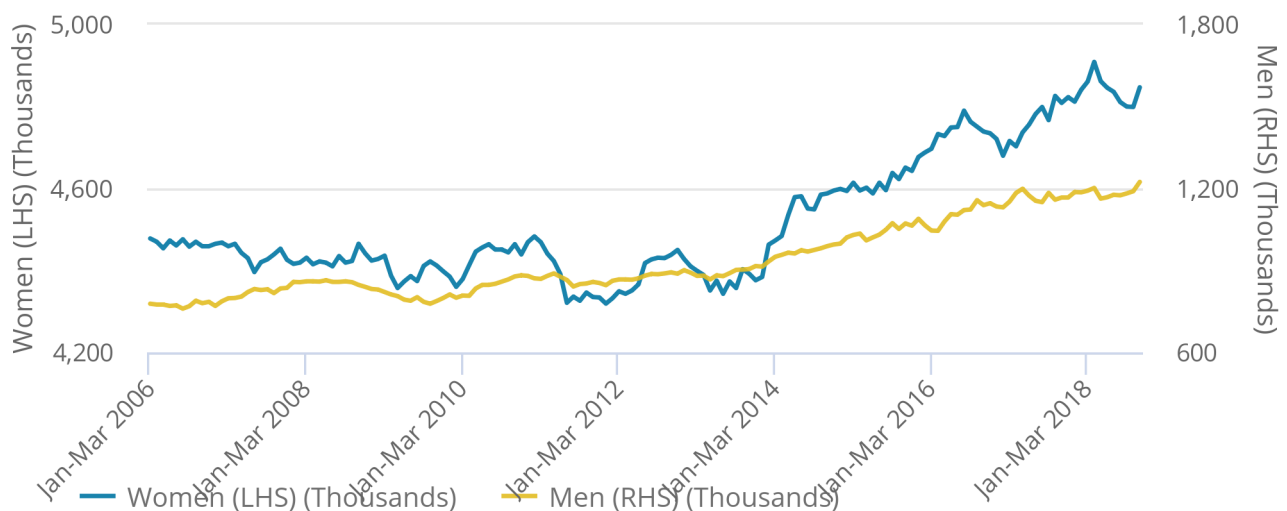
Voluntary part-time workers do not want full-time jobs. These are workers who enjoy the flexibility offered by part-time employment to achieve desired work-life balance. In the three months to November 2018, there were 6.07 million workers who did not want full-time jobs. Of these voluntary part-time workers, 1.22 million were men, and 4.85 million were women. Figure 5 shows the trends of men and women who were in voluntary part-time employment.

**Figure 5: Male and female voluntary part-time employment**

UK, seasonally adjusted, January to March 2006 to September to November 2018

### Figure 5: Male and female voluntary part-time employment

UK, seasonally adjusted, January to March 2006 to September to November 2018



Source: Office for National Statistics–Labour Force Survey

Figure 5 shows that more women than men were in voluntary part-time employment. Both women and men had upward part-time employment trends. Women have had a stronger upward trend than men since 2013.

## Involuntary part-time employment

Involuntary part-time employment consists of workers who fail to find full-time jobs. Involuntary part-time employment ensures that people remain attached to the labour market and do not become unemployed or economically inactive. It gives such persons the opportunity to search for full-time employment without experiencing episodes of unemployment. It is common during periods of high fragility in employment relationships.



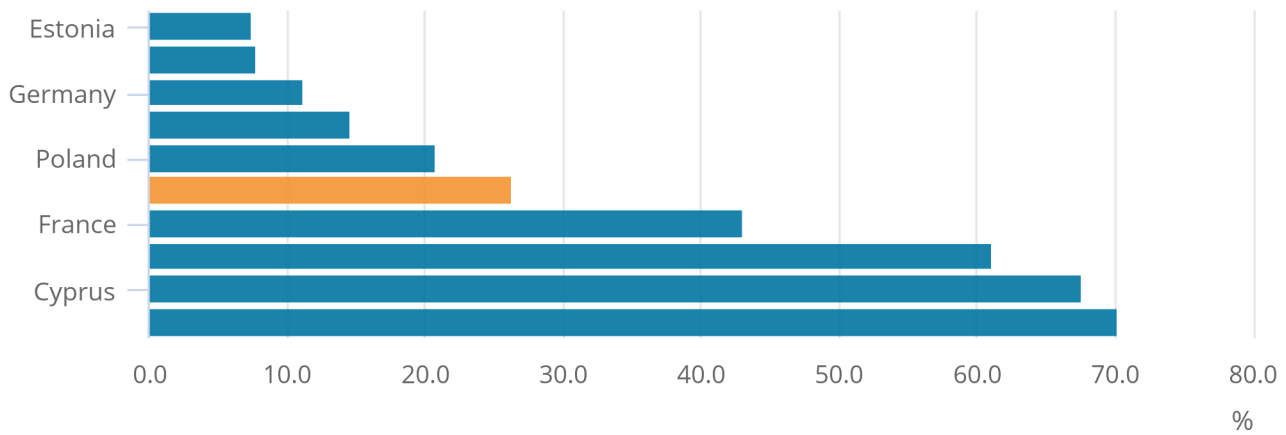
[Data from Eurostat on involuntary part-time employment for 2017](#)<sup>1</sup> show that the rate of involuntary part-time employment in the UK was lower than the EU28 average. Figure 6 shows involuntary part-time employment as a percentage of the total part-time employment. The figure compares involuntary part-time statistics produced by Eurostat for selected countries since the calculation uses the same methodology.

**Figure 6: Involuntary part-time employment**

Selected EU countries, 2017

Figure 6: Involuntary part-time employment

Selected EU countries, 2017



Source: Eurostat

The countries with the lowest and highest percentages of involuntary part-time employment among the EU28 were Estonia and Greece respectively. Germany and the UK had lower percentages of involuntary part-time employment than the EU28 average, while France and Spain had higher rates than the EU28 average.

## One in ten part-time workers was in involuntary part-time employment

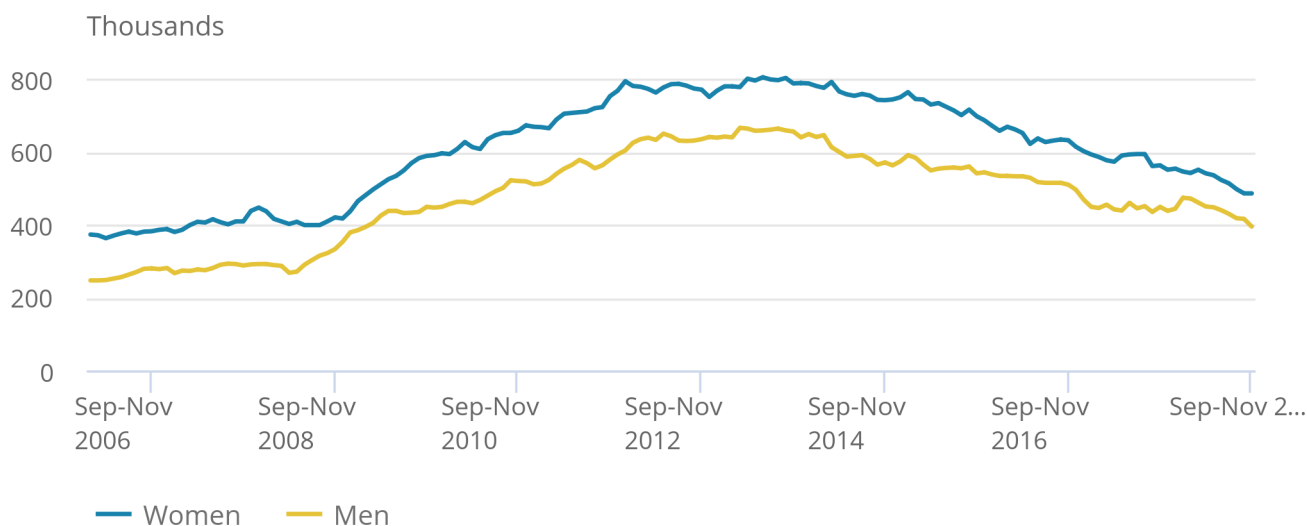
The analysis of UK data on employees and self-employed workers in part-time employment who provided the reasons for being in part-time employment in the period September to November 2018 shows that there were 881,000 workers in involuntary part-time employment. Involuntary part-time employment constituted 10.5% of all part-time employees and part-time self-employed workers<sup>2</sup>. There were more women (486,000) who were in involuntary part-time employment than men (395,000). The trends of male and female involuntary part-time employment are shown in Figure 7.

## Figure 7: The trends of male and female involuntary part-time employment

UK, seasonally adjusted, January to March 2006 to September to November 2018

### Figure 7: The trends of male and female involuntary part-time employment

UK, seasonally adjusted, January to March 2006 to September to November 2018



Source: Office for National Statistics–Labour Force Survey

Figure 7 shows that involuntary employment increased following the 2008 to 2009 economic downturn. Total involuntary part-time employment reached a peak of 1.5 million in the three months to May 2013 and declined thereafter. Among men, it peaked in the three months to April 2013 (at 666,000), and among women it peaked in the three months to July the same year (at 805,000). Since 2013, the trends have been downwards.

There are several possible reasons why people may fail to get full-time jobs. For instance, an economic downturn causes employers to pull back on full-time employment and to increase part-time employment. A shortage of full-time job opportunities in some regions of the country, together with workers' unwillingness or inability to migrate, may result in workers being restricted to taking up local part-time employment. Workers may also not have the required qualifications or experience to be employed on a full-time basis.

## Illness- or disability-induced part-time employment reduced

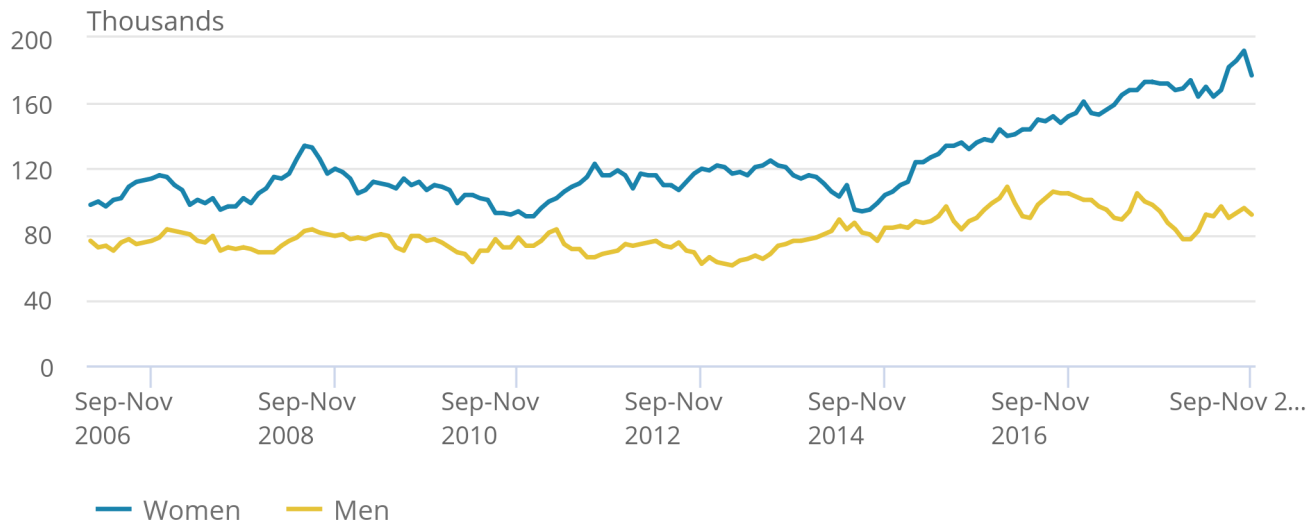
Illness or disability may cause some people to take up part-time employment. In the three months to November 2018, the number of people who were in part-time employment because of illness or disability fell by 3,000 to 269,000. This aggregate number consisted of 92,000 men and 177,000 women. While the number of men in this category increased by 2,000 in the three months to November 2018, that of women decreased by 5,000 over the same period. Figure 8 shows the trends of men and women who worked part-time because of illness or disability.

## Figure 8: The trends of male and female part-time employment due to illness or disability

UK, seasonally adjusted, January to March 2006 to September to November 2018

### Figure 8: The trends of male and female part-time employment due to illness or disability

UK, seasonally adjusted, January to March 2006 to September to November 2018



Source: Office for National Statistics–Labour Force Survey

Figure 8 shows that more women than men worked part-time because of illness or disability. Both trends were generally flat until 2014, when the female part-time employment gained an upward trend. Since 2014, female part-time employment increased at a faster rate than that of men. Male part-time employment has been on an upward but flatter trend since 2013.

## There was no change in the number of students in part-time employment

The last category of part-time workers consists of people who are students or at school. Part-time employment allows students to earn money to meet their expenditure needs while also gaining important labour market skills that may help in future employment. Students also learn to build work ethics and to network.

In the period September to November 2018, there were 1.11 million part-time workers who were students or at school. This consisted of 487,000 men and 623,000 women. The number of male student part-time workers increased by 4,000 in the three months to November 2019, and that of female student part-time workers reduced by 5,000. There were more female students in part-time employment than male students. Both female and male part-time employment trends were generally flat.

Notes for: Part-time employment by reason for working part-time

1. The Eurostat involuntary part-time employment statistics differ from the UK's rolling quarter statistics because the UK statistics only cover employees and self-employed workers who provided reasons for working part-time. However, the UK's total part-time employment figure includes those who did not give a reason for working part-time and excludes unpaid family workers.
2. Involuntary part-time employment constituted 10.3% of total part-time employment.

## **6 . Authors**

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