

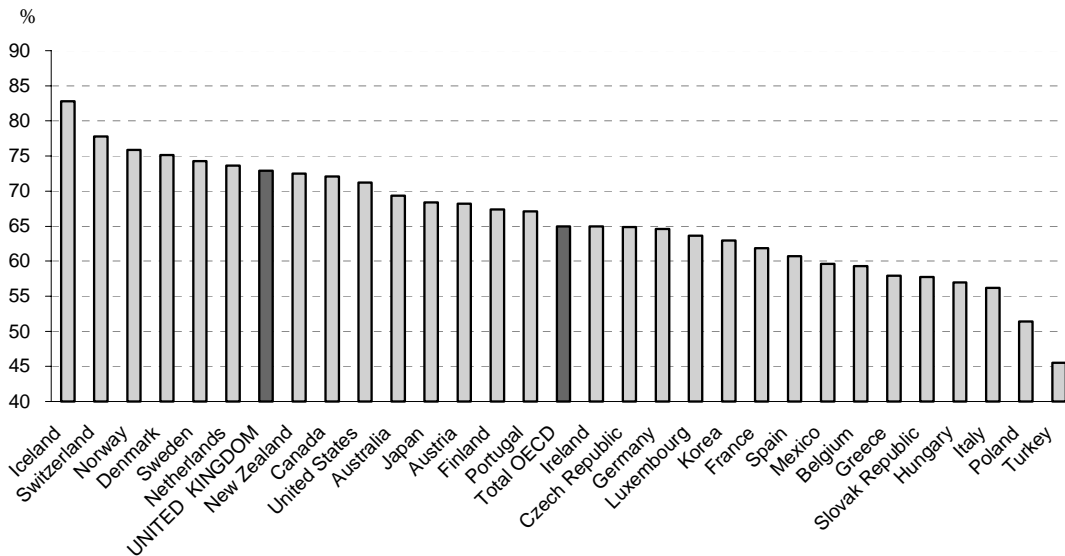
OECD Employment Outlook 2004

How does the United Kingdom compare?

The UK labour market has held up well during the recent global economic slowdown. Employment growth averaged nearly 1% during 2002 and 2003, a little faster than the average rate for the preceding decade. This was a stronger performance than that registered by the United States, where employment fell slightly during 2002, and also above the average rate of employment growth for the EU-15.

The OECD's latest review of labour market trends and issues, *OECD Employment Outlook 2004*, shows that the UK unemployment rate, at 5% in 2003, remained well below the average of 7% for the OECD area. Increasing the employment rate – and not simply lowering the unemployment rate – will become an increasingly important policy goal as the number of persons in retirement increases relative to the population of working age. In the United Kingdom, 73% of people of working age have a job, which is 8 percentage points higher than the average for the OECD as a whole, but below the levels obtained by the best performing countries, including Switzerland and several Nordic countries (chart). Declining employment rates for persons who have not finished upper secondary schooling have been a particular point of weakness for the United Kingdom.

Proportion of people of working age who are employed, 2003
Employment as a percent of population aged 15-64



Source: OECD Employment Outlook 2004.

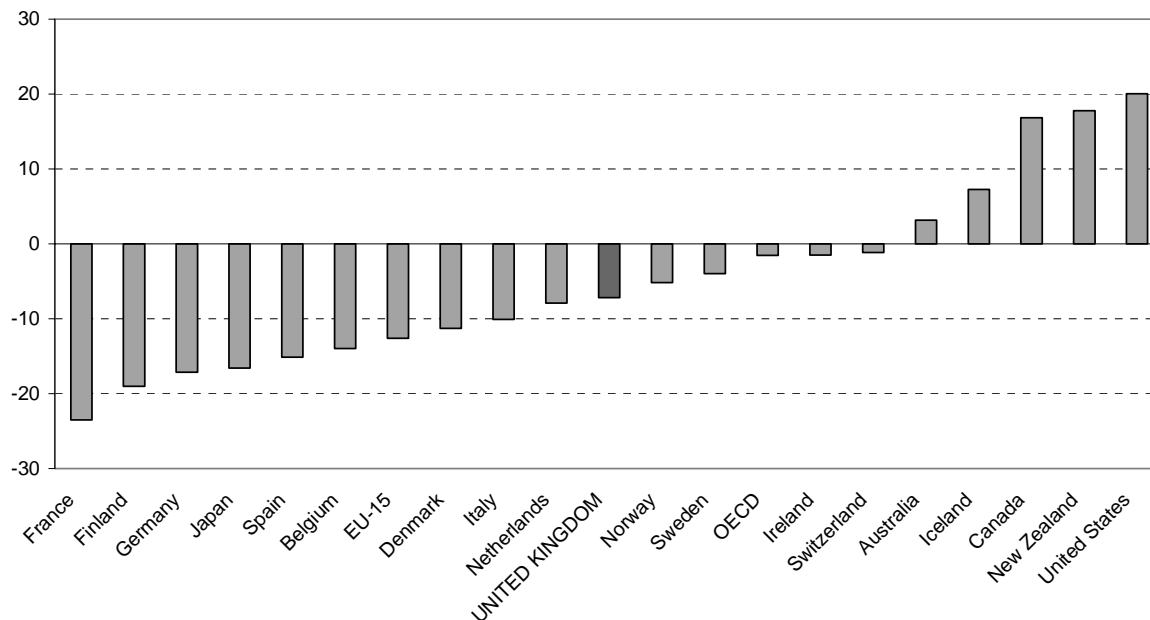
Working hours trends have differed

The performance of UK labour markets looks somewhat less favourable, however, when assessed in terms of hours worked per capita, a more comprehensive measure of “labour utilisation” than the employment rate. Per capita hours fell by 7% during 1970-2002 in the United Kingdom (chart). Labour utilisation fell in most OECD countries during this period with the decline being particularly steep in France (over 20%), and nearly as steep in Finland (19%) and Germany (17%). At the other extreme, hours per capita grew by 20% in the United States, and nearly as rapidly in Canada (17%) and New Zealand (18%). By the end of

this period, annual hours per capita were considerably higher in the United Kingdom (785) than in larger Continental European countries such as France (611) and Germany (685), but they were higher still in other OECD countries including the United States (866), Australia (871), Japan (922) and Korea (1120).

Trends in hours worked per capita have diverged since 1970

Percentage change 1970-2002



Source: OECD Employment Outlook, 2004.

The decline in UK per capita hours partly reflects the growing incidence of part-time work. Unlike the experience of several Continental countries including France, hours worked by UK full-time workers have not declined in recent years. Annual hours per employed person in the United Kingdom, at 1673, are now about 100 hours above the average length of the work year for the EU-15. The usual weekly hours reported by UK workers also vary more widely than is the case in other EU countries, where higher shares of the work force report working a “standard-length” work week.

Longer or more flexible working hours can be a plus if they reflect greater opportunities to participate in paid employment or contribute to higher living standards by increasing family incomes. However, families may also face a “time squeeze,” especially when young children or other persons requiring personal care are present in the home. OECD analysis shows that long working hours are associated with greater perceived conflict between job and family responsibilities, as are working hours that are unpredictable and work schedules that require being on the job outside of normal working hours (e.g. nights or weekends). Policies to encourage higher employment or working-time flexibility should be complemented by measures to help families to reconcile work and family life.

Job protection is relatively low in the United Kingdom

The report’s analysis of employment protection legislation (EPL) rates the United Kingdom as being among the least strict of all of the countries considered. In fact, only the United States is scored as placing fewer restrictions on employers laying off workers. The OECD’s analysis suggests that relatively low levels of job protection may make it easier for women, youths and less skilled job seekers to find

employers willing to hire them, but that an overall reduction in the level of job security may also result. Stricter EPL is only one of a number of policies that can be used to enhance employment and income security for workers. Other examples include unemployment benefits, placement services and retraining for job losers. Policies encouraging employers to train their incumbent workers as job requirements evolve can also play a role. The report presents new evidence that employer-provided training helps workers to stay afloat in today's rapidly changing labour markets.

OECD Employment Outlook 2004 is available to journalists on the **password protected** web site or on request from the **Media Relations Division**. For further comment on the United Kingdom, journalists are invited to contact Paul Swaim (tel: +33 1 45 24 19 77 or e-mail: paul.swaim@oecd.org) or Pascal Marianna (tel: +33 1 45 24 92 23 or e-mail: pascal.marianna@oecd.org) in the OECD's Employment Analysis and Policy Division.