



West Midlands  
Regional  
Observatory

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# Future prospects for entry level employment

## Executive Summary

November 2010

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Investing in jobs and skills



## Economic Inclusion

# Future prospects for entry level employment

## Executive summary

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Research Team  
West Midlands Regional Observatory  
3 Priestley Wharf  
Holt Street  
Birmingham  
B7 4BN

Telephone: 0121 503 3333

Email: [info@wmro.org](mailto:info@wmro.org)

Web: [www.wmro.org](http://www.wmro.org)

Blog: <http://wmro.wordpress.com>

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# 1 Executive Summary

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This report seeks to examine the extent to which jobs and employment opportunities will be available to the workless population in the West Midlands. It explores supply and demand and compares the skills and employability of the workless population with the jobs which will become available.

The report forms part of the Observatory's programme of research on Economic Inclusion, which informs the West Midlands Economic Inclusion Panel.

## 1.1 Headline findings

Using forward looking employment projections<sup>1</sup> we can predict the number and types of jobs that will be created in the West Midlands. This shows that while there will be a net increase in the number of jobs created, far more opportunities will be created as a result of replacement demand, that is the jobs which are created when people retire.

While there are opportunities for workless people across all sectors and occupation levels, we have identified some occupations and sectors which are more likely to provide opportunities due to the profile of the workless population.

### 1.1.1 Supply: size of the workless population

There are 979,000 workless people of working age in the West Midlands, of which 261,000 are ILO unemployed, meaning they are actively seeking and available for work.

Benefit changes currently underway and in the pipeline are aimed at increasing the pool of those actively seeking work by moving many people from inactive benefits such as incapacity benefit and income support for lone parents. Ultimately this means more job seekers competing for job opportunities.

Many workless people have low skills levels, and seek low skilled jobs. 1 in 3 workless people in the West Midlands, more than 300,000 people, have no formal qualifications. 53% of workless people (more than half a million people) have either no formal qualifications or qualifications below NVQ level 2.

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<sup>1</sup> Source: Working Futures 2007-2017, UKCES

This large and expanding low skilled job seeking population has the potential to create a significant squeeze on low skilled and entry level job opportunities. In order to see these people successfully employed we would need to see entry level jobs being made available in sufficient numbers.

## 1.2 Employment of the target groups

Employment opportunities for people with low level qualifications and in low skilled occupations are currently available across the board, but there are sectors that provide a far greater level of opportunities than others.

There are five sectors in which more than a third of the workforce has no or low qualifications. It is therefore useful to think of these sectors as having a significant proportion of their workforce in entry level type jobs and likely to offer the highest level of entry level opportunities for workless people:

- Wholesale and retail
- Transport
- Agriculture
- Hotels and restaurants
- Other manufacturing

Together these five sectors employ nearly 850,000 people and make up 36% of the workforce in the West Midlands.

## 1.3 Labour market entry and progression

The sectors that potentially offer the greatest level of entry level employment also tend to have higher levels of labour market turnover, or churn. Workers in low skilled jobs are also the least likely to receive job-related training, affecting their chances of progression. This lack of training is widely felt to increase the likelihood of the employee leaving the workforce for a period of worklessness.

In terms of recruiting workless people into the workforce, it is important to note that there is recruitment across all sectors and occupations. However, there are significant variations among both sectors and occupation levels, with the sectors and occupations providing most low skilled work also the most likely to recruit workless people.

The sectors most likely to recruit workless people are hotels and restaurants, wholesale and retail, and miscellaneous services. Elementary occupations, sales and customer service, as well as personal services occupations are all most likely occupational destinations for workless people.

## 1.4 Future Prospects

Most of the future employment opportunities will arise from replacement demand, that is, those created by workforce turnover and leavers. We are able to predict<sup>2</sup> the amount of replacement demand due to retirement and mortalities, and this provides a predicted demand of 984,000 jobs over the 10 year period 2007-17.

In addition, new job creation across industry sectors is predicted to result in a net increase of 125,000 new jobs over the period.

This overall demand of 1.1 million jobs over ten years sounds like a lot, but it equates to 110,000 jobs per year. So in any given year, for example this year, there are 261,000 people looking for work, and a further 700,000 economically inactive. Over the course of the year there will be around 110,000 jobs available. Even if all those jobs were filled by unemployed people it would not be enough, but, more importantly, most of those jobs will be filled by people already in work.

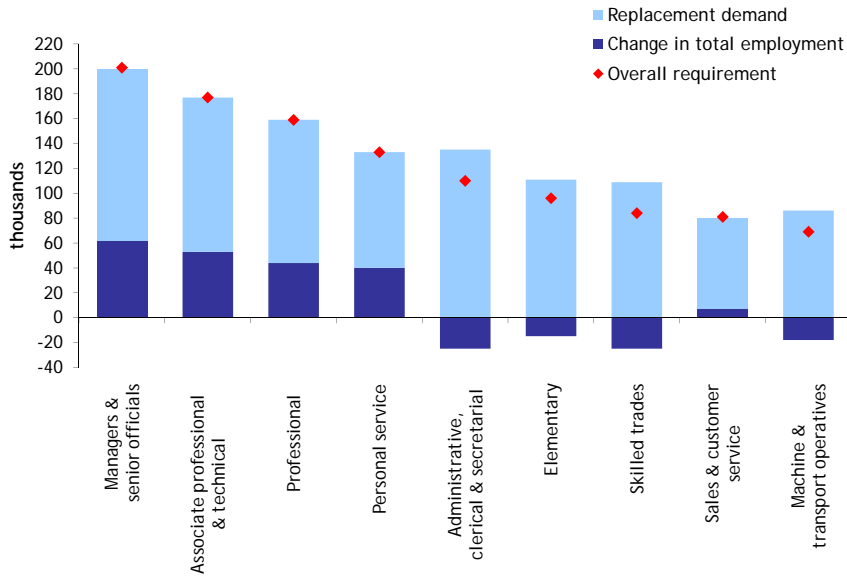
Furthermore, if we estimate the proportion of jobs that will be available as entry level opportunities for workless people, based on our assessments of jobs open to them (the most likely destination occupations) we get a figure closer to 300,000 over the ten year period - just 30,000 jobs per year.

The occupations most likely to provide opportunities to workless people are those which are mostly predicted to see declining overall numbers, resulting in the lower levels of overall job availability (see chart below). The exception is personal service occupations which were in the top three of destination occupations for workless people and also projected to be a growth sector in terms of new jobs. Personal service occupations also offer better levels of training than many other occupations and therefore may provide better opportunities for progression than many other entry level jobs.

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<sup>2</sup> Using projections from Working Futures 2007-2017

## Overall requirement by occupation (2007-2017) - WM



Source: UKCES, Working Futures 2007-2017

With a large and potentially expanding job seeking population, and a generally declining demand for low skilled jobs, the West Midlands faces a major and worsening disparity between opportunities available and people looking to enter employment.

## 2 Full document information

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Document contact	Helena Duignan, Senior Research Analyst West Midlands Regional Observatory Tel: 0121 503 3247 Email: <a href="mailto:helena.duignan@wmro.org">helena.duignan@wmro.org</a>
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[www.wmro.org](http://www.wmro.org)

**West Midlands Regional Observatory**  
3 Priestley Wharf,  
Holt Street,  
Birmingham,  
B7 4BN.

Telephone: 0121 503 3333  
Fax: 0121 503 3364  
email: [info@wmro.org](mailto:info@wmro.org)  
twitter: @thewmro

[www.wmro.org](http://www.wmro.org)