

Labour Market Information: A Guide

Incorporating the proposed national framework for Labour Market
Information reports commissioned by the National Training
Organisations National Council and designed by the Institute of
Employment Studies

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This guide has been produced primarily to aid the gathering and analysing of relevant labour market information, as part of the validation procedures for new courses and the subject review process for existing courses. This type of information is also becoming increasingly important in securing resources from external funding bodies. The guide highlights the need to consider the wider context when considering information in relation to the graduate labour market.

These guidelines have been informed by the national framework for the production of labour market information developed by the National Council for the National Training Organisations (Sector Skills Development Agency from April 2002).

What is Labour Market Information?

A labour market is a mechanism in which employers of labour (labour demand) and the potential sellers of labour (labour supply) come together to exchange labour services. Information is crucial to the successful operation of a market.

Labour market information (LMI) is information about the structure and working of a labour market and any factors likely to influence the structure and working of that market. It includes information on available jobs, people available to do those jobs, mechanisms needed to match the two and changes in the external and internal business environments.

Graduate labour market information, a sub-section of labour market information, is concerned with the supply, demand and destinations of graduates leaving higher education. Academic departments may require labour market information for their own planning and activity but this information may also be useful to external audiences such as employers and regional development agencies.

How can this information be used?

The primary purpose of labour market information is to inform and influence decision making. In order to do this, the report will need to be professional, credible and carry authority. The potential benefits of using such information include:

- improved internal and external subject review reports by providing supporting evidence for courses;
- increased relevance of courses through improved design and delivery;
- strengthening funding bids by providing supporting evidence;

- enhanced departmental reputation through showing an interest in graduate destinations and employability;
- more effective marketing of courses to prospective students;
- providing advice to students on careers destination.

It is important to be clear about why you are gathering labour market information. The questions below may act as a prompt and be useful in preparing a research plan (see *Research Plan* section).

1.

2. *Why are we gathering labour market information?*

- Is it going to help you develop an existing course or module? Is it going to help you develop a new course or module? How?

What are your areas of interest?

How is the labour market changing globally and nationally?

How is the labour market in your field, or in general, changing?

What do employers want from graduates?

What skills are important now?

What skills will be important when your graduates leave university?

- Is it going to help you assess the level of student demand for courses?
- Is it going to help you market a new or an existing course?
- Is it going to support the subject review process?
- Is it going to support a funding proposal?

3. *What should we be looking for and thinking about?*

To ensure the relevance of the labour market information gathered, it is important to consider what your course will teach. The learning outcomes for the course should be expressed in terms of knowledge and understanding, cognitive skills, subject specific skills and key skills. Labour market information can inform this process by identifying:

- skill shortages in the workplace in general;
- skill shortages in a subject related workplace or industry;
- typical destinations of your graduates;
- unusual destinations of your graduates;
- demography of students versus demography of workplace;
- emerging trends in graduate destinations.

How is a labour market report produced?

The production of labour market information follows three systematic stages designed to minimise work and maximise confidence of users and other parties in the quality of the information. These stages are:

- scoping the purpose of the survey and developing a **needs analysis**;
- shaping these needs into a **research plan** and identifying possible sources of information;
- collecting the information, completing an analysis and **producing a report**..

Needs Analysis

The needs analysis should identify;

- where new or updated information is necessary for the immediate user

- where new or updated information is key to other internal or external users

Generally a collaborative approach between stakeholders interested in the output is more likely to ensure that the scoping and needs analysis is accurate and meets expectations. The questions posed in the section *How can this information be used?* will help in clarifying needs.

Research Plan

Following a needs analysis a practical plan of how and from what sources, the information will be collected should be developed. Sources of labour market information are often disparate, and whilst there are attempts in progress to provide a coherent and quality assured framework for the production of information, it is likely that sources will demonstrate a variety of formats and approaches. In particular, if a need is to provide regionally relevant information or relate graduate labour market information to the national labour market context as a whole, interpretation requires careful consideration because of differences in for example, definitions employed.

At this stage you may need advice and help from those who can provide expertise in the area of labour market information. Possible sources of help are described in the *Sources of Help* section of this guide.

Demonstrating a balance between methods and sources

Labour market analysis requires balance between secondary and primary evidence and between qualitative and quantitative data. For example, reliance upon single employer surveys are poor at predicting long term trends. Problems with response rates and representation can also influence their reliability.

Using existing literature

Existing literature can be very useful in terms of providing the wider context; for example, trends towards flexible working, professionalism and the increased use of ICT. This general data can often provide a 'near fit' with relevant occupations and professions that sets the scene for more detailed and specific research.

Taking into account differences in definitions

Much labour market information outside of the graduate arena uses the existing Standard Occupational Classification (SOC) and Standard Industrial Classification (SIC) systems. Some sources of information map easily on to the SOC/SIC classifications, others do not, often resulting in intricate mapping and compromises. Higher Education may experience a similar problem as very few individual disciplines map directly onto the SOC/SIC system. These systems enable researchers to draw on a wealth of information but it may be that judgements have to be made as to the extent of the fit with individual disciplines.

Similarly, key terms used in reporting should be defined consistently and examples of these as defined by the National Skills Task Force (DfEE, 1998) are described at the end of this guide.

Static or dynamic analysis

Often reports provide a snap shot in time but the labour market is a dynamic force and while there are difficulties with predictions

attempts can be made to say how things may change. This can be achieved though:

- using employer forums and focus groups;
- accessing networks of alumni in particular disciplines or individual programmes;
- referring to the NTO Sector Work Force Development Plans¹(SWFDP);
- using scenario planning exercises to explore medium and long term predictions;
- examining time-trend datasets to reveal long term trends such as that provided by the Labour Force Survey or Skills in England Research Reports.

When the reporting stage is reached it may be necessary to describe the methodology employed. This may not be required for brief overview reports but may be essential for those aimed at audiences concerned with policy or for funding bodies.

Production of Report

Applying the information gathered to your specified requirements will require a level of analysis and interpretation. Consider the questions below, which should relate to the reasons why you intended to gather the labour market information.

- How do your findings about the labour market in general fit with what you were planning?
- What is the value of this course in the graduate market place?
- What is the value of this course in the subject related market place?
- Is there demand for the course you are running or proposing to run?
- What implications do these findings have for your course, particularly in terms of learning outcomes and appropriate learning, teaching and assessment strategies?

While the autonomy and discretion of those undertaking labour market investigation is recognised some guidance on the minimum data items and format of reporting is useful.

The suggested report structure is:

Terms of Reference

Outlining the scope and agreed needs of the user(s).

Procedures

¹SWDPs are strategic documents that identify the labour market, workforce and skills development needs of each UK industry and employment sector. The Plans highlight the issues and priorities for the sector, and specify the performance measures and targets for addressing these to ensure greater success for individuals and employers and enhanced sectoral competitiveness.

A description of the research plan including an outline of sources. Identification of standard terms employed.

Findings

Information presented to include:

- the wider labour market context including current and potential trends;
- skill demands;
- the graduate labour market as a whole;
- labour market information for the specific discipline being considered;
- First Destination Statistics (FDS) for the institution(s) involved, including Exemplar jobs;
- relevant qualifications, skills and professional issues.

Conclusions

Including:

- comment on intended programme/module outcomes;
- implications in relation to learning, teaching and assessment strategies;
- implications in relation to good practice in work related learning;
- discussion of marketing and promotion opportunities.

Recommendations

Recommendations including next steps and signposting.

References

Sources of information accessed.

Sources of help?

Internal Sources

First Destination Statistics (FDS) are collected by every institution six months after graduation and can provide some insights into destination trends.

External Sources

There are a number of graduate and general labour market information sources available free of charge.

Skills in England 2001, The Research Report, Prof Mike Campbell, Policy Research Institute, Leeds Metropolitan University, <http://www.lmu.ac.uk/lbs/pri>

Graduate Market Trends, Graduate Labour Market Information and What Do Graduates Do? at:

<http://www.prospects.ac.uk>

DfEE Skillsbase Labour Market Information available at:

<http://www.skillsbase.dfes.gov.uk>

Sector Work Force Development Plans for the current National Training Organisations (Sector Skill Councils from April 2002) available through:

<http://nto-nc.org.uk>

Sector Skills Development Agency (from April 2002) at:

<http://www.ssda.org.uk/>

Foresight at:

<http://www.foresight.gov.uk>

Institute for Employment Studies <http://www.employment-studies.co.uk>

<http://www.employment-studies.co.uk>

Learning and Skills Council at:

<http://www.lsc.gov.uk/>

Key Terms

National Skills Task Force (DfEE, 1998)

4. Skills shortages

'Are considered to exist where there is a genuine lack of adequately skilled individuals available in the accessible labour market — this could result from basic lack of people (when unemployment levels are very low), significant geographical imbalances in supply (sufficient skilled people in the labour market but not easily accessible to available jobs), or a genuine shortfall in the number of appropriately skilled individuals — either at new entrant level, or for higher level skilled occupations.'

5. Skills gaps

'Exist where employers feel that their existing workforce have lower skill levels than necessary to meet their business objectives; or where new entrants to the labour market are apparently trained and qualified for occupations but still lack a variety of the skills required — in some cases, such skills gaps may not even be visible to the employer (see 'other recruitment difficulties', below).'

6. Other recruitment difficulties

'Is an umbrella term incorporating all other forms of employer recruitment problems, except for 'skills shortages' and 'skills gaps' as defined above. Such problems can be caused by poor recruitment practices, poor perceived image of

the industry, low remuneration, or poor terms and conditions of employment, and can occur even where there are sufficient skilled individuals available and accessible for work.'

7. Employability

'An individual's employability relates to the breadth and depth of their generic and vocational skills, but not their job specific skills' (see above).