

Employment in the UK has changed dramatically over the past 100 years.

What are the implications for the economy?



According to recent research carried out by the Telegraph, YouGov and easyJet, attracting and retaining good staff is *the* major issue affecting the UK's small-to-medium sized businesses. In the survey of more than 1,000 board-level leaders, 43pc of those from organisations with between 20 and 500 staff said that access to talent had the biggest impact on how they ran their business.

So why is it so difficult to find the staff?

One of the most significant trends in the UK's recent economic history has been the changing skills profile of the workforce. At the start of the last century, the massive expansion of industry that had been associated with Queen Victoria's reign meant that manufacturing was a major employer of the nation's workers. In addition, agriculture continued to be more labour-intensive than it is today, providing a further opportunity for low-skilled workers to ply their trade.

The labour landscape now looks very different. Between 1900 and 2000, the efficiencies of machines and the low cost of offshored labour meant that the proportion of the working

population employed in manufacturing halved, from 28pc to 14pc. The decline in agricultural employment was even more marked, falling from 11pc at the end of the Victorian era to just 2pc in 2000.

The UK workforce responded, changing its skills profile to meet the burgeoning market for service-based industries, in which the British enjoyed a worldwide reputation for excellence. The factory supervisors of the Victorian era became management consultants in Tony Blair's Britain. People who might once have set their stall out in a local market traded commodities on the stock exchange instead.

While that is a crude representation of the shifting patterns in UK employment, it does reflect the changing profile of the work opportunities in this country, from low-paid, low-skilled jobs to well-paid, high-skilled employment.

This has, largely, been good news. If a greater proportion of the workforce is in skilled employment that commands higher salaries, there will inevitably be more money circulating in the economy. Moreover, the growth becomes self-perpetuating, because the better-off have more money to spend on the services of other highly skilled people.

The shifts in education are a case in point. In 1922, 9,200 students received first degrees from UK universities. By 2010, that figure had grown to 331,000. Similarly, demand for postgraduate study shot up by a factor of more than 100 during the same period, with an even sharper increase in the past 15 years.

This speaks of the UK's enviable ability to harness growth in the knowledge-based economy, thanks to its strong university sector and an economy that is predicated on the service and high-tech industries.

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All of this makes the reported skills gap in this country all the more concerning. For all the growth in White-collar employment, there is still a notable lack of expertise in niche sectors such as IT, oil and

gas, energy and construction. And it's not just the White-collar jobs, recent trends in our education have resulted in a lack of candidates applying for Blue-collar jobs in these, and many other, sectors. It is hoped that the, now well publicised, Apprenticeship schemes will help fill the gap created by a generation of workers having reached retirement. However, it still leaves a gap in experience and expertise while these youngsters learn the trades. Without the skills needed, business cannot expand, innovate and compete in an increasingly global marketplace.

Many commentators believe that the UK needs to address this as a matter of urgency to avoid economic stagnation.

It is probably no accident that the industries where the UK is most struggling to find the staff involve more technical and hands-on work rather than the high-skilled professions like doctors, lawyers and dentists. So perhaps there needs to be another revolution in the labour market, to redress the balance and produce more of the highly skilled, highly technical roles now required.