

FEATURE

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New LFS questions on economic inactivity

SUMMARY

The Labour Force Survey introduced two new questions in spring 2005 to find out if someone who is currently inactive is likely to work in the future and when this might be. The reason for adding these new questions is to collect more information from people who are currently inactive on their propensity to work in the future. It is then possible to look at whether these intentions are reflected in their labour market activity, using the longitudinal LFS data sets.

This article gives an indication of the suitability of these new questions and investigates the characteristics of those inactive people who say they think they will definitely work in the future.

The Labour Force Survey (LFS) is a quarterly sample survey of approximately 56,000 households living at private addresses in Great Britain. The survey asks respondents questions about their personal circumstances, of which some determine their economic status. This then identifies if they are active or inactive in the labour market.

This article is the latest in a series of articles on inactivity carried out by the labour market division (see **Box 1**). These earlier articles provide background information on the characteristics of inactive people and then more focused analysis on particular subgroups of interest.

The 2002 Labour Market Framework

Review specifically highlighted the importance of getting better information on 'potential' labour supply and labour market slack to improve our understanding of the labour market. This, along with the greater policy focus on reducing inactivity and the links with boosting economic performance, have resulted in the development of a new suite of questions introduced on the LFS in spring 2005. The development of these questions involved qualitative research on the four existing questions on the results inactivity; a technical article summarised the results (Guinea and Betts 2003). See **Box 2** for the complete questions.

Box 1

Previous articles on economic inactivity published in *Labour Market Trends*

Previous *Labour Market Trends* inactivity articles have covered:

- economic inactivity and the labour market, February 2002
- the economically inactive who look after the family or home, June 2002
- patterns of economic activity in older men, June 2002
- economic inactivity in selected countries, November 2002
- the role of working age benefits data in understanding labour supply, July 2003
- life stages of economic inactivity, October 2003, and
- economic inactivity among students, December 2003

Box 2

New LFS questions on inactivity

FUTWK

"Do you think you will work in the future?"

1. Definitely
2. Probably
3. Probably not
4. Definitely not
5. Don't know/can't say

FWKWEN

"When do you think this might be...?"

1. Within the next year
2. More than one year but less than five
3. More than five years
4. Don't know

Economic inactivity

Individuals who are not in work, but do not satisfy all the criteria for ILO unemployed (wanting a job, seeking in the last four weeks and available to start in the next two weeks) are classified as inactive (see **Figure 1**). Clearly, inactivity covers a range of personal circumstances; some of those classed as inactive may have the potential of moving into employment, and it is of interest to try to identify these individuals. For example, a student who does not want a job, or a parent looking for work but unable to start as they cannot find appropriate childcare, are both classed as inactive as is someone who would like to work, but believes there are no suitable jobs available.

Economic inactivity and unemployment

Trends in inactivity and unemployment over the period March 1997 to July 2007 are shown in **Figure 2**. This shows the number of people who are inactive or unemployed as a percentage of the working population (16 to 64 for men and 16 to 59 for women). The inactivity rate for all persons remains relatively constant at around 21.2 per cent, with an increase for men (15.3 per cent to 16.5 per cent) and a decrease for women (28.2 per cent to 26.3 per cent), between March 1997 and July 2007. The unemployment rate for all persons fell from 7.3 per cent to 5.5 per cent over the same period. The trend is the same for both men and women.

Reason for economic inactivity

Respondents are asked several LFS questions to determine their main reason for being economically inactive. The patterns for men and women are very different. **Table 1** gives a gender comparison for economic inactivity by reason. The most common reason for inactivity among women is looking after family/home, at 45.1 per cent; however, this reason only accounts for 6.1 per cent of inactive men. Of inactive men, long-term sick is the most common reason for inactivity, at 35.6 per cent

Economic inactivity and age

Figure 3 shows the proportion of each age group that are inactive for the period March 1997 to July 2007. It shows an increase in inactivity among 16 to 17 year olds, where over half this age group are inactive. A large proportion of this group will be students, with the rise over time largely due to increased participation in further education. There has been a fall in the inactivity rate of the 54 to 59/64 year olds

Figure 1

Classification of employed, unemployed and economically inactive people in the LFS

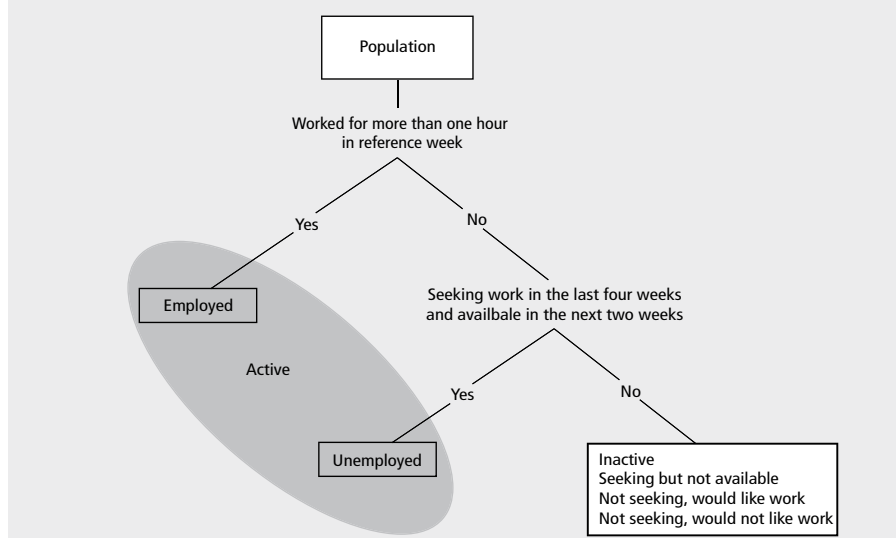
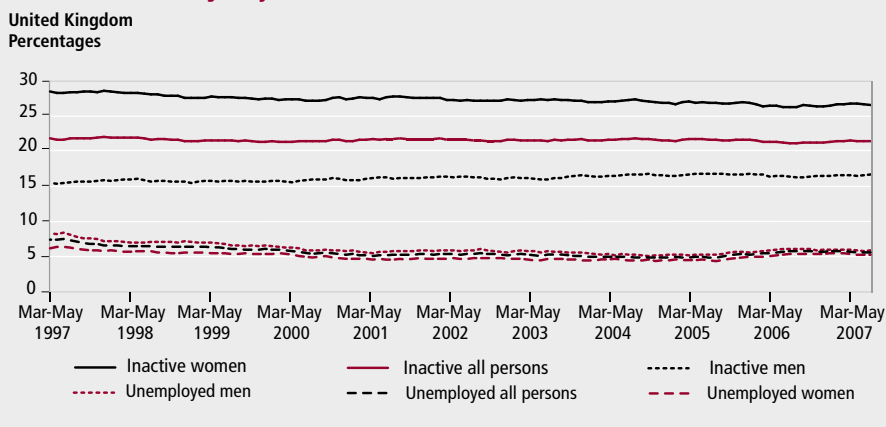


Figure 2

Working age inactivity and unemployment rates, March 1997 to July 2007,¹ seasonally adjusted



Note:

¹ Rolling three-month averages.

Source: Labour Force Survey

over the period to approximately 26.8 per cent.

New questions analysis

The following analysis of the new questions is based on results from the LFS microdata. The microdata are weighted to population estimates published by the Office for National Statistics in February and March 2003, whereas the LFS headline series shown in the previous section of this article incorporate more recent population estimates (published in August and September 2006).

An average of four consecutive quarters have been calculated from the microdata for July to September 2006, October to December 2006, January to March 2007 and April to June 2007, to avoid any seasonality,

giving an average for the year to June 2007.

The results of the first new question on the likelihood of working in the future are given in **Table 2**. Over half of all respondents said they would definitely or probably work in the future.

In **Table 3**, 95.3 per cent of students think they will definitely work in the future, as do 46.5 per cent of those looking after the family and home. Of the temporary/long-term sick, 43.3 per cent say they think they definitely won't work in the future.

Those who definitely intend to work in the future

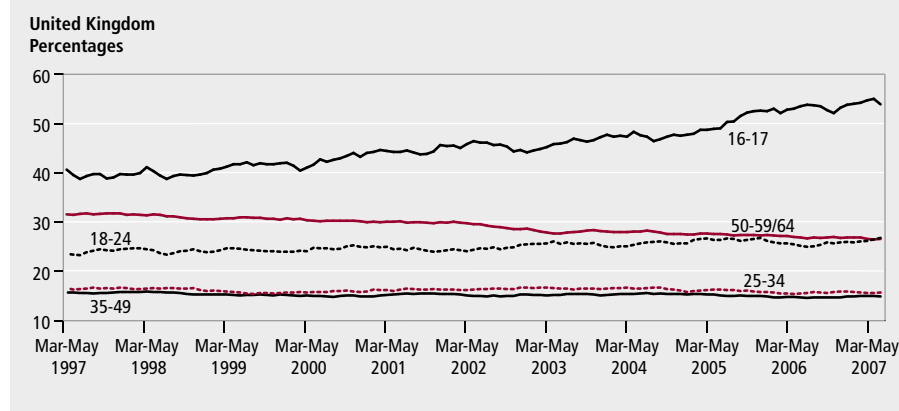
It is of great interest to identify the characteristics of the inactive respondents who say they will definitely work in the future. These could feasibly be considered

Table 1
Economic inactivity: by reason, May to July 2007

United Kingdom		Thousands and percentages, seasonally adjusted						
	Student	Looking after family/home	Temporary sick	Long-term sick	Discouraged workers	Retired	Other	All aged 16 to 59/64
Thousands								
Men	958	197	89	1,144	23	459	346	3,215
Women	929	2,137	106	912	16	165	474	4,738
All persons	1,887	2,333	195	2,056	39	624	820	7,953
Percentage of economically inactive								
Men	29.8	6.1	2.8	35.6	0.7	14.3	10.8	100.0
Women	19.6	45.1	2.2	19.2	0.3	3.5	10.0	100.0
All persons	23.7	29.3	2.4	25.8	0.5	7.8	10.3	100.0

Source: Labour Force Survey

Figure 3
Economic inactivity rates: by age, March 1997 to July 2007¹, seasonally adjusted



Note:

¹ Rolling three-month averages.

Source: Labour Force Survey

to be the closest group to the labour force. This category accounted for over 40 per cent of all the inactive people's responses. **Table 4** displays the number of responses broken down by age group and sex, as thousands and percentages. Unsurprisingly, an extremely high proportion for both sexes are aged 16 to 19 or 20 to 24; in general,

moving up through the age groups, the fewer people say they will work in the future. This is likely to be due to the combined effect that young people are definitely likely to work in the future as they have their whole working life ahead of them, and the fact that a large proportion of these age groups are students.

Table 2
Economically inactive people of working age: by whether they think they will work in the future, 2007¹

United Kingdom		Thousands and percentages				
	Definitely will work in future	Probably will work in future	Probably won't work in future	Definitely won't work in future	Don't know can't say	Total ²
Thousands						
Men	1,214	310	302	910	312	3,101
Women	2,182	809	350	826	465	4,688
Total	3,396	1,119	652	1,736	778	7,789
Percentages³						
Men	39.8	10.2	9.9	29.9	10.2	100.0
Women	47.1	17.5	7.5	17.8	10.0	100.0
Total	44.2	14.6	8.5	22.6	10.1	100.0

Notes:

¹ Average of 12 months ending June 2007.

² Includes people who did not state whether they think they will work in the future.

³ Base excludes people who did not state whether they think they will work in the future.

Source: Labour Force Survey

Figure 4 shows the breakdown for those economically inactive who think they will definitely work in the future, by main reason for being inactive. This can be compared with the breakdown for the total economically inactive. The key difference is that of the total inactive who said they thought they would definitely work in the future, over 50 per cent are students and only 10.1 per cent are temporary/long-term sick.

The observation that students make up such a large proportion of those who think they will definitely work in the future is not surprising, since students are likely to join the labour market once completing their studies.

Those who definitely intend to work in the future, excluding students

For the reason that a large proportion of students definitely intend to work in the future, they have been excluded from the following analysis of identifying the characteristics of those most likely to join or rejoin the labour market. After students, the next largest inactive group is those looking after the family/home, accounting for approximately 45.8 per cent of inactive women who think they will definitely work in the future and 31.5 per cent of all inactive people who think they will definitely work in the future. The LFS collects information on the main reason for respondents classifying themselves as looking after family/home. **Figure 5** shows this breakdown of inactive people who think they will definitely work in the future, where 74.1 per cent say they are currently inactive because they are caring for a child below school age. This is driven by inactive women, as men make up only a small part of the looking after the family/home group.

Table 3

Economically inactive people of working age: by reason for inactivity and whether they think they will work in the future, 2007¹

United Kingdom					Percentages
	Student	Looking after family/home	Temporary/long-term sick	Other reason	Total
Definitely will work in future	95.3	46.5	10.6	26.7	44.2
Probably will work in future	3.4	25.1	14.8	11.2	14.6
Probably won't work in future	0.2	7.2	13.6	13.5	8.5
Definitely won't work in future	0.3	10.5	43.3	39.2	22.6
Don't know/can't say	0.7	10.7	17.7	9.3	10.1
Total	100.0	100.0	100.0	100.0	100.0

Note:

1 Average of 12 months ending June 2007.

Source: Labour Force Survey

Table 4

Economically inactive people who think they will definitely work in the future: by age, 2007¹

United Kingdom											Thousands and percentages
	16-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	All aged 16-59/64
Thousands											
Men	620	257	81	55	57	47	38	23	21	14	1,214
Women	598	413	294	285	274	172	79	43	23	-	2,182
Total	1,219	670	374	340	331	219	117	66	44	14	3,396
Percentages											
Men	51.1	21.2	6.6	4.5	4.7	3.9	3.1	1.9	1.7	1.2	100.0
Women	27.4	18.9	13.5	13.1	12.6	7.9	3.6	2.0	1.1	-	100.0
Total	35.9	19.7	11.0	10.0	9.8	6.4	3.5	1.9	1.3	0.4	100.0

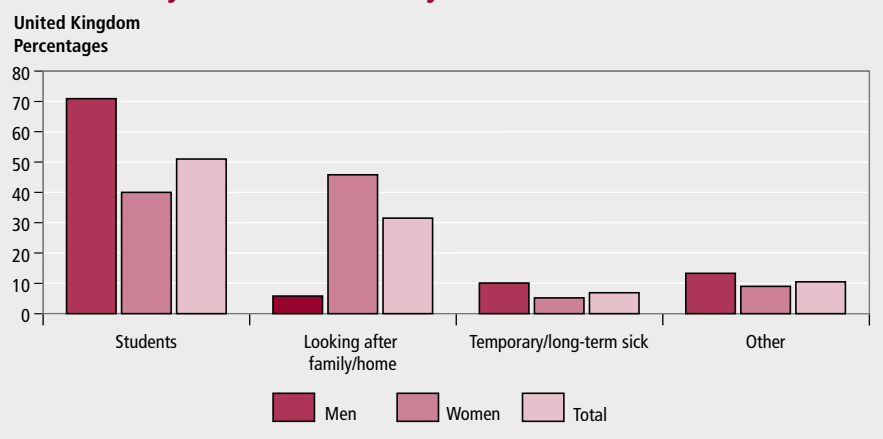
Note:

1 Average of 12 months ending June 2007.

Source: Labour Force Survey

Figure 4

Economically inactive people who think they will definitely work in the future: by reason for inactivity and sex, 2007¹



Note:

1 Average of 12 months ending June 2007.

Source: Labour Force Survey

Highest qualifications of those who definitely intend to work in the future

Table 5 again removes the student bias when looking at the breakdown of inactive people who think they will definitely work in the future, by highest qualification, by including a total excluding students. In comparison with the breakdown of all

inactive people, those who think they will definitely work in the future have higher qualifications. The proportion of the total economically inactive having no qualifications is high, at 28.9 per cent, and when students are excluded this figure rises to 33.0 per cent.

In contrast, the proportion of those inactive people with no qualifications who definitely intend to work in the future is

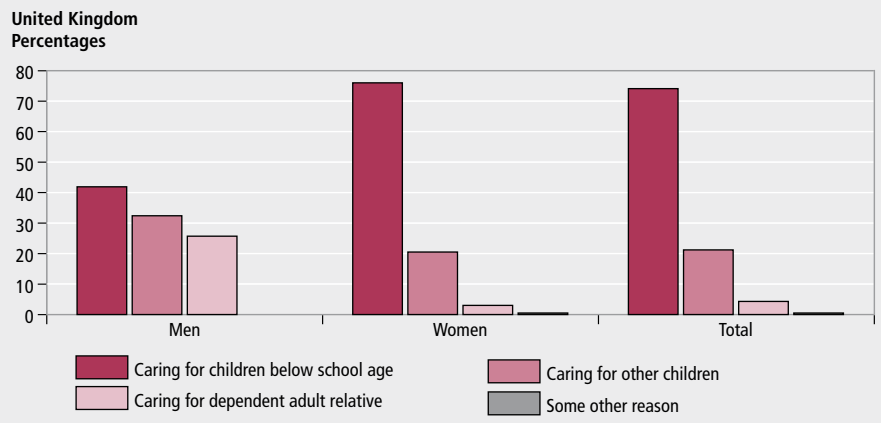
much lower, at 17.5 per cent (and 20.1 per cent when students are excluded). For the looking after the family/home group, GCSE or equivalent had the biggest share of those who think they will definitely work in the future.

Last job characteristics of those who definitely intend to work in the future

As well as personal characteristics, the LFS can be used to investigate the last job characteristics to determine any links between previous and future attachment to the labour market. Table 6 looks at when a respondent last had a paid job, and also identifies those who have never had a paid job. As students are a special case, figures are presented as percentages both including and excluding students.

From Table 6 there is evidence that those inactive people who have had a paid job most recently are the ones who have the greatest intention to work in the future. The category 'never had a paid job' has the highest proportion; this total, however, is skewed by students who have not had a job before. Excluding students, the category one to five years has the highest proportion of inactive people who think they will definitely work in the future (37.6 per cent).

Figure 5
Inactive people looking after family home who think they will definitely work in the future: by main reason for inactivity, 2006¹



Note:

1 October to December.

Source: Labour Force Survey

Focusing on the inactive group looking after the family and home, a lower percentage of those who think they will definitely work in the future had never had a job before, 15.0 per cent, compared with the whole looking after the family/home inactive group, where 19.8 per cent had never had a paid job. There is likely to be a link with life stages, as older people are much more likely to have had a job, and these older inactive people could be in the long-term sick group.

Comparison with other LFS questions on economic inactivity

Before the introduction of these new questions, analysts only had the LFS question ‘would you like to work at the

moment’ to try and gauge an inactive person’s intention to work in the future. This question is asked only to the inactive not seeking a job, as it is assumed that all those who are seeking a job (but are not able to start) would like to work at the moment. Approximately 74 per cent of the economically inactive said that they would not like a job at the moment. There is an apparent contradiction between the results of this question and the future work question. This is likely to be due to the clause ‘at the moment’. From **Figure 6**, it can be seen that a large number of people replied that they would definitely work in the future, despite answering no to the question ‘would you like work at

the moment’. This suggests that the future work question is a better way of catching those individuals who are likely to work in the future, perhaps when their personal circumstances change.

Table 7 shows further analysis of the supposed contradictory group (the largest bar in **Figure 6**), those who do not want a job at the moment but definitely intend to work in the future. The figures are displayed as percentages that represent the proportion of a particular age/sex group who are inactive: for example, 56.7 per cent of the 16 and 17 year old inactive men answered the questions in this way. A large proportion of the men are in the two youngest age groups. This is also true for women, although there are a lot more women intending to work in the future in the age groups up to 39 as well.

For those who think they will work, when in the future do they think this will be

The two new questions can be combined into subgroups. These responses are summarised in **Table 8**. The percentages in the lower part of the table represent the number in each subgroup as a proportion of the total number who answered the question. There, the total is just the overall breakdown of the responses to the second inactivity question, when in the future they think they will work.

The largest individual subgroups are ‘definitely won’t work in the future’ accounting for 22.6 per cent and ‘definitely will work in the future – between one and

Table 5
Economically inactive people of working age: by highest qualification, 2007¹

United Kingdom							Percentages ²
	Degree or equivalent	Higher education	GCE A level or equivalent	GCSE grades A-C or equivalent	Other qualifications	No qualification	Total
Economically inactive people who think they will definitely work in the Future							
Students	7.8	2.9	36.7	30.7	6.8	15.0	100.0
Looking after family/home	10.8	5.1	15.3	31.8	17.2	19.8	100.0
Temporary/long-term sick	6.4	6.2	19.9	27.7	16.5	23.2	100.0
Other	16.7	4.9	19.4	23.7	16.5	18.7	100.0
Total	9.6	4.1	27.0	30.1	11.8	17.5	100.0
Total excluding students	11.4	5.2	16.8	29.5	16.9	20.1	100.0
All economically inactive people							
Students	7.8	2.9	36.0	30.5	7.3	15.5	100.0
Looking after family/home	8.9	4.7	12.8	26.9	17.0	29.7	100.0
Temporary/long-term sick	4.5	4.9	15.8	16.1	14.4	44.3	100.0
Other	18.6	8.4	20.2	19.4	12.1	21.3	100.0
Total	9.1	5.0	20.5	23.3	13.1	29.1	100.0
Total excluding students	9.5	5.6	15.7	21.1	14.9	33.2	100.0

Note:

1 Average of 12 months ending June 2007.

2 Base excludes people who did not know their qualifications.

Source: Labour Force Survey

Table 6
Economically inactive people: by time since last paid job, 2007¹

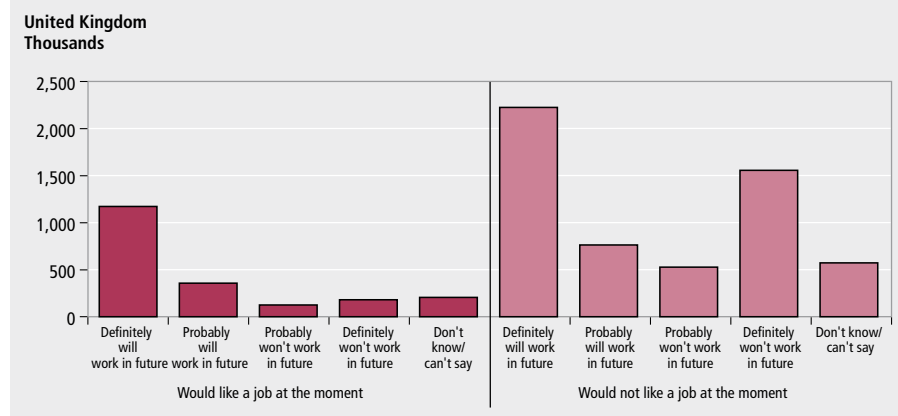
United Kingdom					Percentages
	Less than 1 year	1 year but less than 5 years	5 years or more	Never had a paid job	Total
Economically inactive people who think they will definitely work in the future					
Students	10.0	7.3	1.9	80.8	100.0
Looking after family/home	12.6	41.2	31.3	15.0	100.0
Temporary/long-term sick	23.5	40.0	24.4	12.1	100.0
Other	35.7	25.3	10.9	28.0	100.0
Total	14.4	22.2	13.7	49.8	100.0
Total excluding students	19.0	37.6	26.0	17.3	100.0
All economically inactive people					
Students	9.7	7.4	2.1	80.8	100.0
Looking after family/home	8.5	30.4	41.3	19.8	100.0
Temporary/long-term sick	6.3	22.4	57.8	13.5	100.0
Other	20.5	33.6	30.2	15.7	100.0
Total	10.4	23.3	34.8	31.5	100.0
Total excluding students	10.6	28.2	44.8	16.5	100.0

Note:

1 Average of 12 months ending June 2007.

Source: Labour Force Survey

Figure 6
Economically inactive people and likelihood to work split: by whether they would like work at the moment, 2007¹

**Note:**

1 Average of 12 months ending June.

Source: Labour Force Survey

five years', at 22.5 per cent.

Again, these responses can be combined with the reason given for inactivity. Displayed in **Table 9** are the additional time periods for when those who think they will definitely work in the future think this is likely to be. Unsurprisingly, a large proportion of students fall into either the 'definitely – within the next year' or 'definitely – more than one year but less than five years' categories. Of the other category, 19.2 per cent think they will definitely work within the next year. Of those looking after the family/home, 25.7 per cent said they thought they would definitely work in one to five years' time.

Conclusion

This article has highlighted the potential of two new LFS questions to assess an inactive person's likelihood of becoming

Table 7
Economically inactive people of working age, who don't want work at the moment but think they will definitely work in the future: by age and sex, 2007¹

United Kingdom	Thousands and percentages										
	16–19	20–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–64	All aged 16–59/64
Thousands											
Men	449	188	47	25	26	22	16	8	8	4	792
Women	443	292	187	181	171	94	36	19	9	--	1,432
Total	891	480	234	206	197	117	51	27	17	4	2,224
Percentages											
Men	56.7	23.7	6.0	3.1	3.2	2.8	2.0	1.0	1.0	0.5	100.0
Women	30.9	20.4	13.0	12.7	12.0	6.6	2.5	1.3	0.6	--	100.0
Total	40.1	21.6	10.5	9.3	8.9	5.3	2.3	1.2	0.8	0.2	100.0

Note:

1 Average of 12 months ending June 2007.

Source: Labour Force Survey

Table 8

Economically inactive people of working age: by whether they think they will work in the future, 2007¹

United Kingdom		Thousands and percentages			
	Within the next year	More than 1 year but less than 5 years	More than 5 years	Don't know	Total ¹
Thousands					
Definitely will work in future	1,121	1,730	307	237	3,396
Probably will work in future	206	510	173	230	1,119
Probably won't work in future	--	--	--	--	652
Definitely won't work in future	--	--	--	--	1,736
Don't know/can't say	--	--	--	--	778
Total¹	1,342	2,283	508	1,156	7,789
Percentages²					
Definitely will work in future	14.6	22.5	4.0	3.1	44.2
Probably will work in future	2.7	6.6	2.3	3.0	14.6
Probably won't work in future	--	--	--	--	8.5
Definitely won't work in future	--	--	--	--	22.6
Don't know/can't say	--	--	--	--	10.1
Total	25.4	43.2	9.6	21.9	100.0

Notes:

1 Average of 12 months ending June 2007.

2 Includes people who did not state whether and/or when they think they will work in the future.

3 Base excludes people who did not state whether and/or when they think they will work in the future.

Source: Labour Force Survey

Table 9

Economically inactive people of working age: by reason for inactivity and whether they think they will work in the future, 2007¹

United Kingdom		Percentages			
	Student	Looking after family/home	Temporary/long-term sick	Other reason	Total
Definitely will work in future	95.3	46.5	10.6	26.7	44.2
Within the next year	24.2	12.4	6.2	19.2	14.6
More than 1 year but less than 5 years	55.8	25.7	2.8	4.7	22.5
More than 5 years	10.1	5.0	0.2	0.4	4.0
Don't know	5.2	3.4	1.4	2.4	3.1
Probably will work in future	3.4	25.1	14.8	11.2	14.6
Probably won't work in future	0.2	7.2	13.6	13.5	8.5
Definitely won't work in future	0.3	10.5	43.3	39.2	22.6
Don't know/can't say	0.7	10.7	17.7	9.3	10.1
Total	100.0	100.0	100.0	100.0	100.0

Note:

1 Average of 12 months ending June 2007.

Source: Labour Force Survey

economically active in the future. As well as asking for their likelihood to work in the future, for the first time responses have a time element to uncover when in the future this is likely to be.

The main findings include:

- a large proportion (72 per cent) of people looking after the family/home think they will work in the future
- for the looking after family/home group, 26 per cent said they thought they would definitely work in the future in between one and five years' time
- of those economically inactive who

think they will definitely work in the future, approximately 80 per cent have some qualifications

- with respect to years since last paid job, for all economically inactive, 39 per cent have had a paid job in the last five years compared with 57 per cent of those who think they will definitely work in the future

Future work

The new questions on inactivity introduced in the LFS in 2005 summarise people's intentions to work in the future. Work is planned to investigate using the longitudinal LFS questions as to whether

these intentions are matched by actual labour market behaviour. Analysis will include looking at inactive individuals who said they expected to work within a year, and see how many are economically active a year later, and conduct further analysis on their characteristics.

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