

## Briefing Paper 28

### The growing workforce in the voluntary and community sectors: analysis of the Labour Force Survey, 1993-2009

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#### Introduction: Background and aims

There are various difficulties in measuring the size and value of the third sector. One means of measuring activity is by considering the number of paid employees within many third sector organisations – as conducted previously by Kendall (2003, chapter 2). This paper therefore analyses the paid labour force of the third sector. There are limitations to taking this approach. First, that it excludes the important role of volunteers within the sector, and, second, that it puts the focus on *inputs* to the sector rather than its outputs. These are limitations that TSRC is addressing in other areas of its work programme.

#### Methods

Data for this paper is drawn from the quarterly Labour Force Survey (QLFS), which takes place across the UK. In each calendar quarter around 120,000 individuals are interviewed. Each respondent is 'weighted' to ensure that the results are closely representative for the UK as a whole. The data is regarded as robust and of good quality. It is, for instance, used to produce estimates of the number of people who are unemployed and seeking work in the UK.

The LFS asks employees to define the sector that their employer is in. First, respondents are asked if they work for "a private firm or business or a limited company" or "some other kind of organisation". For those who choose the latter the next question asks them to choose between various codes, including a "charity, voluntary organisation or trust". Those answering with that response we classify as belonging to the VCS. The 'private sector' may be defined as those working for a private firm, or for a public limited company, with the remainder classified as 'public sector'.

The first questions about membership of different sectors were asked in Autumn 1993, with similar questions asked in every survey since then. Among particular limitations of this approach, the LFS does not ask about the sector of any second jobs – so any estimates may be regarded as slightly conservative.

#### Results

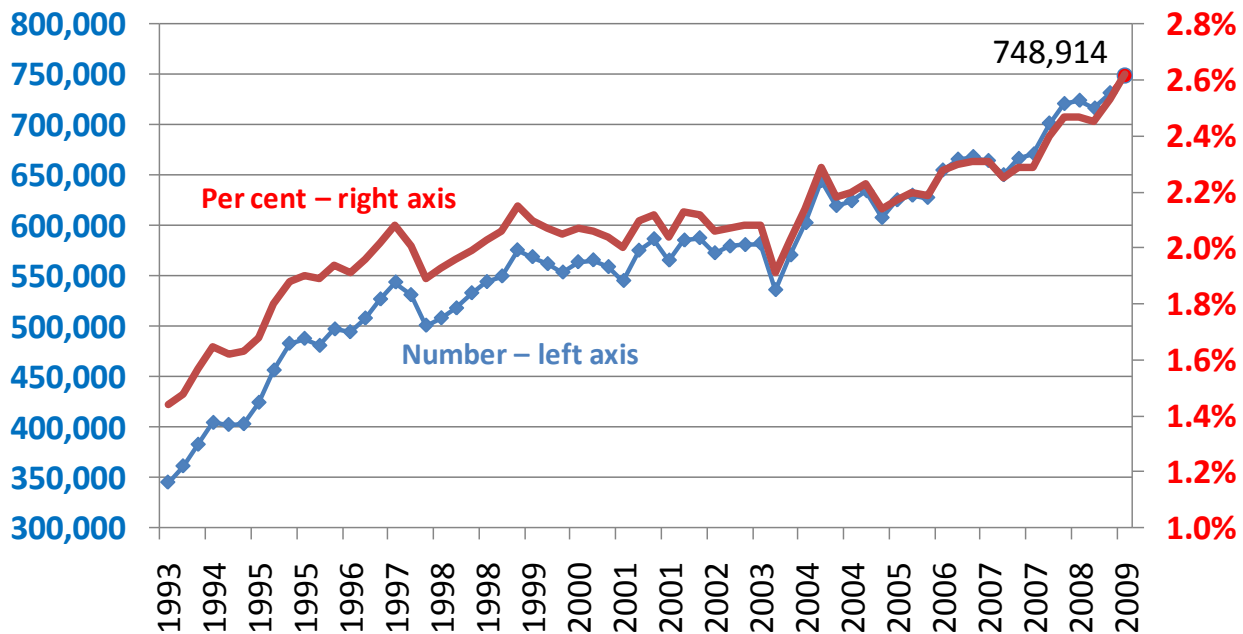
##### The growth of the sector

The number of employees working for the VCS grew from around 350,000 in 1993 to reach 750,000 by June 2009 – more than doubling in 16 years [see Figure 1.] We may

trace a period of growing employment from 1993 until the late 1990s, followed by a period of relative stability between 1999 and 2004, and then a renewed period of expansion from 2004 onwards. Separate

analyses shows that there is a similar pattern in the British Household Panel Study (BHPS), providing corroboration of these results.

Figure 1: Number of VCS employees, and as percentage of all UK employees



In terms of numbers of paid employees, the VCS has grown proportionately faster than the other two sectors. From 1993 to 2009, the size of the VCS workforce grew from 1.4 per cent of all employment, to reach 2.6 per cent by June 2009.

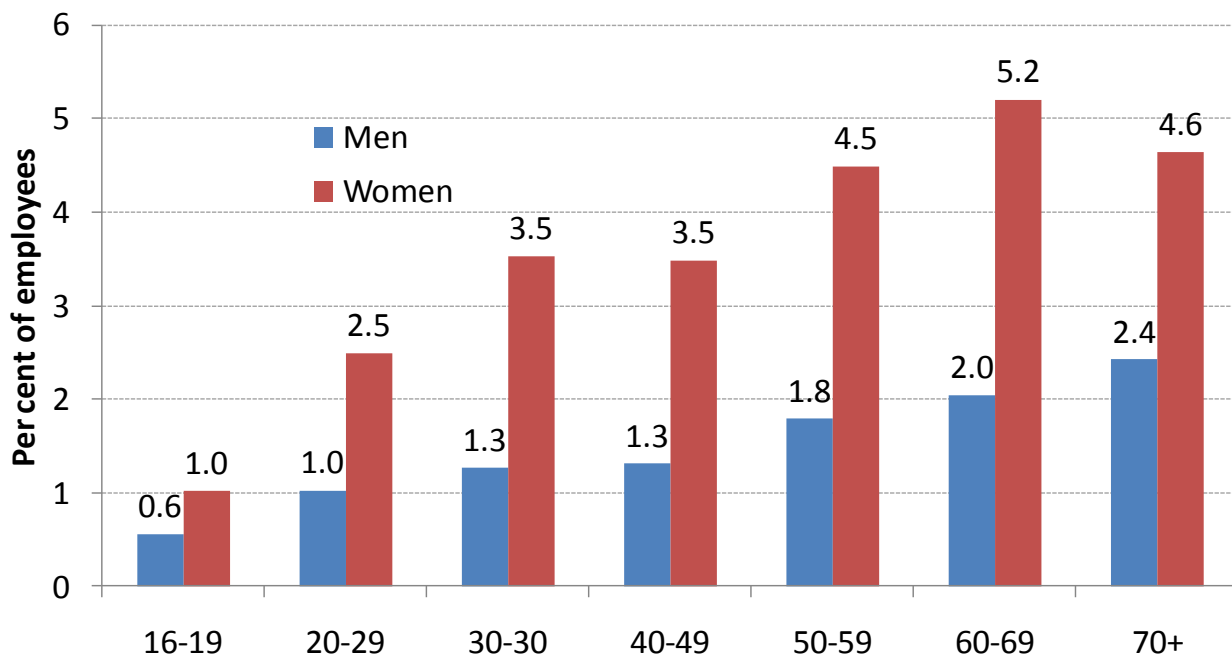
In 2008-2009 the UK economy is experiencing a significant recession. Gross domestic product is expected to decrease by 4.4 per cent in 2009 and unemployment is currently at 7.9 per cent. From Q1 2008 to Q2 2009, the private sector (as defined in LFS) shrank by more than 1.4 million jobs. Despite this huge contraction in the numbers employed in the private, for-profit sector, the VCS is still showing a strong positive trend in numbers employed. So far the recession has not slowed the rise in employment within the third sector, at least until June 2009.

### Who works for the VCS?

Figure 2 shows the proportion of employees who work within the VCS, shown separately by gender and age. The probability of both men and women working in the VCS rises with age, and is considerably higher for women than for men.

The proportion of employees working for the VCS was somewhat higher than average in Scotland (3%) and in Wales (2.6%), compared to the UK average (2.3%). At least in 2008, the proportion of employees working for the VCS in Northern Ireland was similar to that of the UK as a whole (and similar to the level in England).

**Figure 2: Proportions of employees of different ages and genders working in the VCS**



**The composition of the VCS workforce**

We look at a number of differences in the composition of the VCS workforce, compared to those working for either the public sector or in for-profit organisations.

**Industry:** Like the public and private sectors, the VCS is characterised by a huge variety of organisational types, structures and activities. One helpful way of capturing these diversities is to break

down the VCS sector according to the field of activity or industry. Our analysis provides comparative empirical evidence on what is widely assumed to be one of the sector’s most significant characteristics (see Bacchiega & Borzaga 2003). It is clear from Table 1 that the VCS includes a high proportion of staff working in the personal and community care services. Other key areas of importance are education and social housing.

**Table 1: Distribution of paid employment by “Industry” in 2008 – the proportion of each sector working in the industries shown**

Column percentages

Industry	VCS	Public	Private
Health & social work	62%	28%	6%
Other community social & personal	13%	6%	6%
Education	10%	30%	2%
Real estate, renting & business activity.	8%	3%	15%
Total: these 4 industries	93%	67%	29%

**Working hours:** There were clear differences in the hours worked by those employed across the different sectors. Over one third (37%) of those in the VCS were working part-time, compared with around one quarter (23%) of employees as a whole.

**Qualifications:** Table 2 shows the distribution of educational qualifications

within the different sectors. We find relatively similar patterns in the public and the third sectors, with close to four in ten holding a degree (or higher). For those working in the private sector, the figure is about half that. Those working in the private sector were also around twice as likely to state no educational qualifications than those working for the VCS or public sector.

**Table 2: The qualifications of employees working in different sectors (in 2008)**

Education	VCS	Public	Private
Degree or equivalent	38%	37%	19%
Higher education	14%	14%	8%
GCE A Level or equiv	19%	18%	25%
GCSE grades A-C or equiv	17%	18%	23%
Other qualifications	7%	8%	14%
No qualification	4%	5%	11%
Total	100%	100%	100%

## Conclusions

The QLFS provides an invaluable resource for analysing the paid labour force working in the voluntary and community sector. This briefing paper illustrates how it has been possible to examine data on employment in the VCS, and to make comparisons with the public and private sectors. The very large sample size means that we can have confidence in the reliability of the figures reported here.

Based on the data currently available, the VCS does not seem as adversely affected by the recession as the economy as a whole. The number of people working in the VCS was still growing, reaching 2.6 per cent of overall employment by the second quarter of 2009. Employment in the VCS is heavily concentrated in a small number of industries: social services, education, health and housing. There is also a high concentration

of female and part-time workers.

We have been working with the National Council of Voluntary Organisations (NCVO) to provide further details on characteristics of the labour force for their annual almanac, which will provide an extensive evidence base on analysis of the QLFS. The almanac will cover other areas of labour market interest, including levels of union recognition, and results presented by other socio-economic characteristics.

## References

- Bacchiaga, A. and Borzaga, C. (2003) 'The economics of the third sector: towards a more comprehensive approach' chapter 2 in Anheier, H. and Ben-Ner, A. (editors) *The study of the nonprofit enterprise: Theories and approaches* New York: Kluwer Academic and Plenum
- Kendall (2003) *The Voluntary Sector* London: Routledge

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