

## Trends in Employment and Unemployment: An Incomplete Recovery

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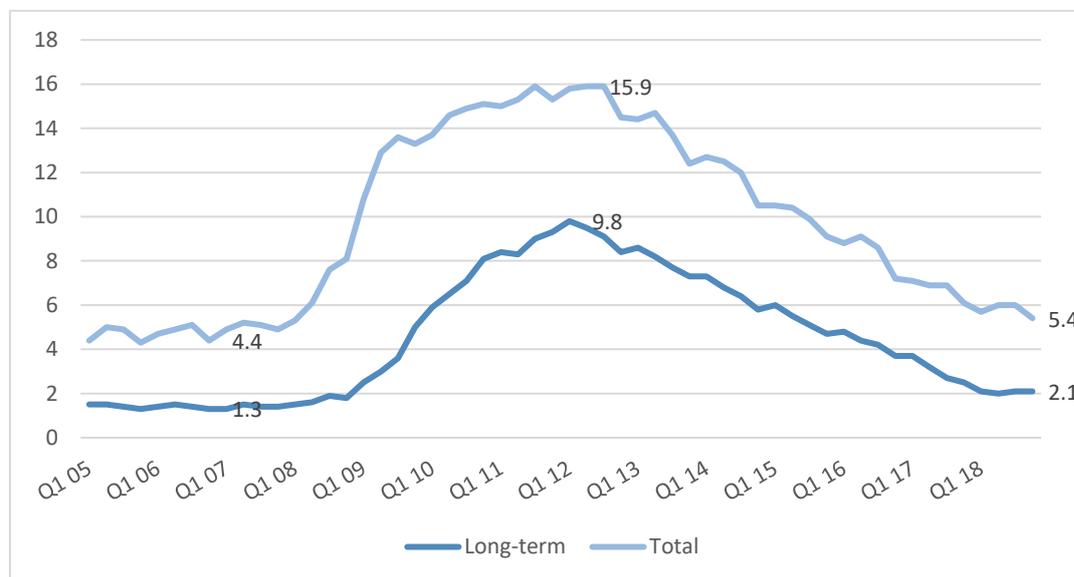
### Key Point

At the end of 2018 employment had increased to over 2,281,300, its highest level ever, and the unemployment is the lowest recorded in a decade. However, recovery in the labour market remains incomplete: the employment rate is lower than before the Great Recession, youth employment remains low while youth unemployment is more than twice the adult rate. Employment growth has been widespread but unevenly distributed across the regions.

### Main Trends in Employment and Unemployment

The *Labour Force Survey*, released in February 2019, relating to the final quarter of 2018<sup>1</sup>, provides a useful opportunity to assess the state of the labour market in the context of the economic recovery. By the end of 2018, total employment had increased to 2,281,300, its highest level ever, 29,000 higher than the peak in employment achieved in the 2007 just before the Great Recession, and fully 418,000, or 22% higher than its lowest point at the beginning of 2012.

**Figure 1: Total and Long-term Unemployment, Q1 2005 to Q4 2018**

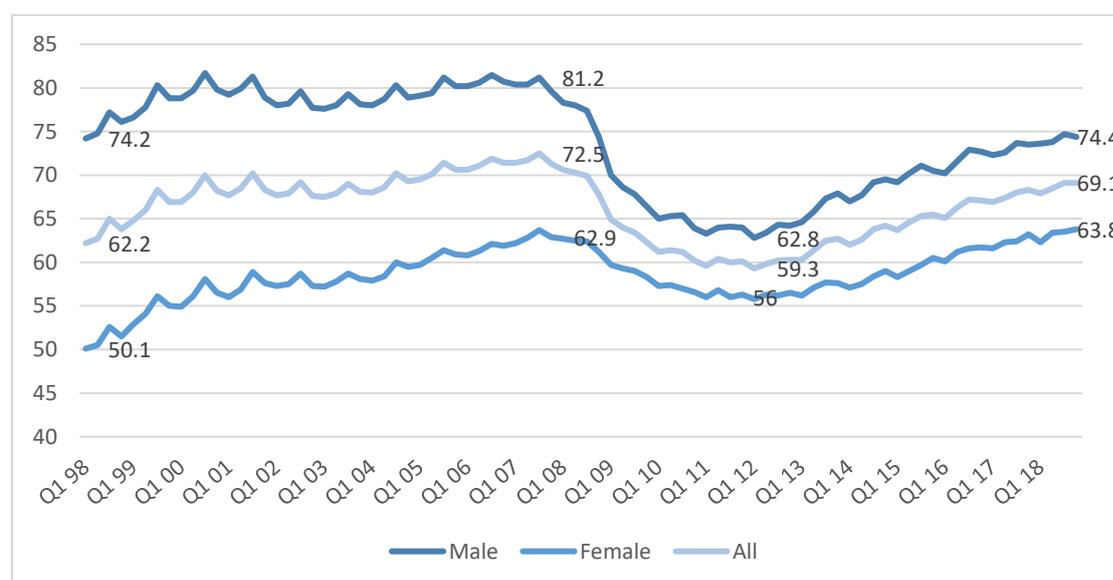


Recent years have also seen a very welcome fall in unemployment, from 15.9% of the labour force in mid-2012 to 5.4% at the end of 2018. Long-term unemployment, referring to those who have been continuously unemployed for 1 year or more, has also fallen sharply, from just under 10% in 2012 to just over 2% at the end of 2018. Long-term unemployment fell more rapidly than overall unemployment, an impressive policy achievement: in previous recessions in Ireland and

internationally, long-term unemployment has been persistent and difficult to bring down when the economy picks up.

Notwithstanding these positive trends, the data indicate that the recovery remains incomplete. Figure 2 shows the employment rate for the 15-64 year age group over the two decades 1998-2018. Overall, the employment rate for those aged 15-64 increased steadily from 62% in 1998 to a peak of 72.5 in Q3 in 2007. The rate then dropped sharply during the Recession, to a low of 59.3 in Q1 2012. With economic recovery the rate has increased to 69.1 at the end of 2018, however, that remains almost 3.5 percentage points lower than the pre-recession peak.

**Figure 2: Employment rates by Gender, 1998 to 2018**



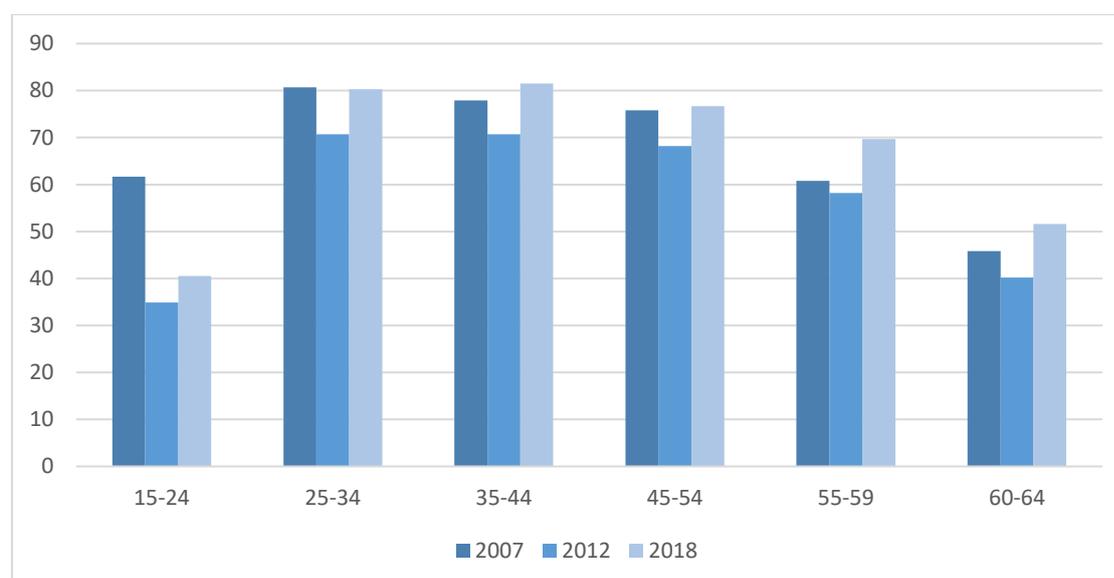
The fall in the employment rate is mainly accounted for by a decline in the male employment rate, which hovered around 80% during the early 2000s, dropped sharply by 18 percentage points to 63% in 2012 and increased to just 74.4% at the end of 2018, about 7 percentage points lower than the pre-crisis level. The female employment rate increased from 50 in 1998 to almost 63 in 2012 before declining during the recession to 56. This was a much smaller decline in the employment rate than in the case of males and reflected the fact that the recession hit male employment in the bloated construction sector much more severely. By the end of 2018 the female employment rate, at almost 64, exceeded the previous pre-recession peak.

The employment rate in Ireland is similar to the EU-28 average – both were 68% of the 15-64 year age group in Q2 2018. However, Ireland lags well behind the leading countries in Europe, including Denmark, Czechia, Denmark, Estonia, Germany, the Netherlands, Norway and Sweden and the UK, all of whom had rates of 74% or higher at the time.<sup>2</sup>

Figure 3 shows employment rates by age group. Employment rates fell among all age groups between 2007 and 2012, but the decline was precipitous for the 15-24 year age group, among whom the employment rate fell from almost 62 to less than 35. Employment of those aged 15-24 contracted by over 50% during the Recession, an extraordinary closing off of opportunities and labour market entry points for young people. Unemployment among young people reached over

33% in the depths of the Recession in 2012, and about 10% of the young cohort are estimated to have emigrated during that period. With recovery, employment rates for most age groups have exceeded employment rates observed before the crisis. This is not the case for young people: the youth employment rate at the end of 2018, at just over 40%, is about two-thirds its pre-crisis level. Part of this is due to increased retention of young people in education, which should be regarded as a positive development as this is likely to enhance the prospects of the younger cohort when they enter the labour market. But youth unemployment remains high: 12% of those aged 15-24 who were in the labour force were unemployed at the end of 2018, and this was true of almost 14% of young men.

**Figure 3 Employment rates by age group, 2007, 2012 and 2018, Quarter 4**



**Table 1: Total Employment by Region, 2012 and 2018, Q4**

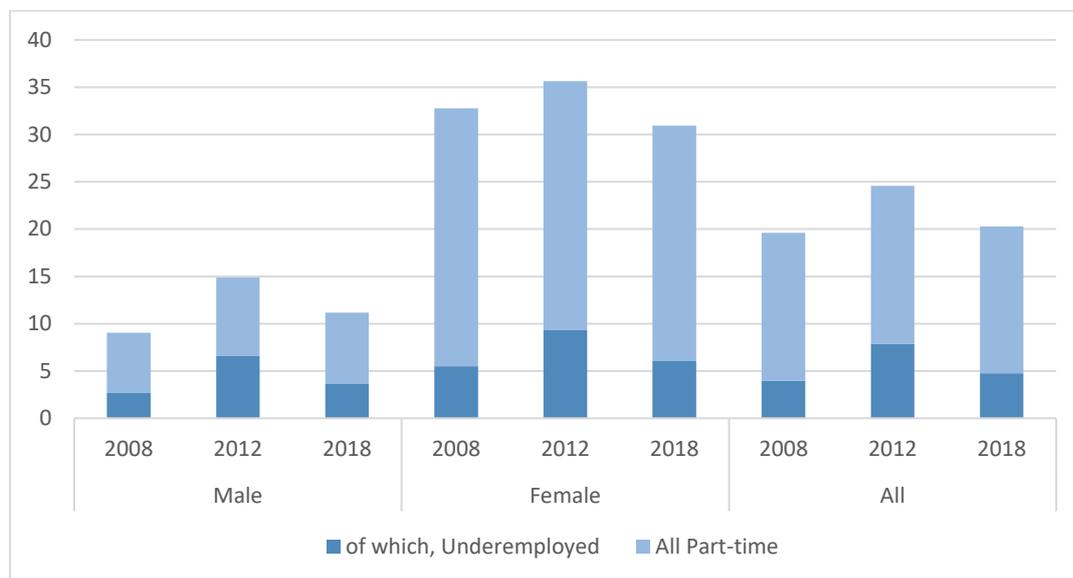
	2012	2018	Change, 2012-18	
	1,000s	1,000s	1,000s	%
<b>Border</b>	147.7	177.7	30.0	20.3
<b>West</b>	179.8	213.1	33.3	18.5
<b>Mid-West</b>	188.4	211.2	22.8	12.1
<b>South-East</b>	155.3	187.7	32.4	20.9
<b>South-West</b>	287.6	324.8	37.2	12.9
<b>Dublin</b>	560.6	701.4	140.8	25.1
<b>Mid-East</b>	274.7	337.3	62.6	22.8
<b>Midland</b>	99.5	128.1	28.6	28.7
<b>State</b>	1893.6	2281.3	387.7	20.5

Employment growth has been widely distributed across the country. Table 1 shows changes in total employment by region (NUTS 3) between the end of 2012 and 2018. Total employment increased

by 20% over the six years. While every region experienced growth, the greatest increases were recorded in the Midland (29%) and Dublin (25%) regions. The slowest growth was found in the Mid-West (12%) and the South-West (13%) regions.

Figure 4 shows the percentage employed part-time and underemployed by sex in 2008, 2012 and 2018. Part-time working increased in Ireland during the Recession from a little under 20% in 2008 to 25% in 2012 and returned to about its pre-Recession level in 2018. Underemployment refers to part-timers who indicate that they are willing and available to work additional hours. Such involuntary part-time working increased from less than 4% of total employment in 2008 to almost 8% in 2012, although it too declined, to 4.8%, in 2018.

**Figure 4: Total Part-time and Involuntary Part-time Employment, 2008, 2012 and 2018, Quarter 4**



The majority of part-time workers are women: part-time working among women increased from 33% in 2008 to 36% in 2012, and at that point in time almost 1 in ten women reported that they were underemployed. With the recovery, part-time working among women has fallen to 30%, below the pre-Recession level although underemployment remained slightly elevated, at over 6% of the total, in 2018. Among men, the increase in part-time working was more marked: increasing from 9% in 2008 to 15% in 2012, while the rate of involuntary part-time working increased from 2.7% to 6.6%. Part-time working among men has fallen in the recovery, although it remains higher, at 11%, in 2018 than in 2008. The incidence of involuntary part-time working has also fallen, although it also remained higher in 2018 (3.7%) than in 2008 (2.7%).

<sup>1</sup> The *Labour Force Survey 2018 Q4* is published by the Central Statistics Office and available online at <https://www.cso.ie/en/statistics/labourmarket/labourforcesurvey/>.

<sup>2</sup> Eurostat database [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsg\\_ergan&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsg_ergan&lang=en).