

# Lost in Transition?

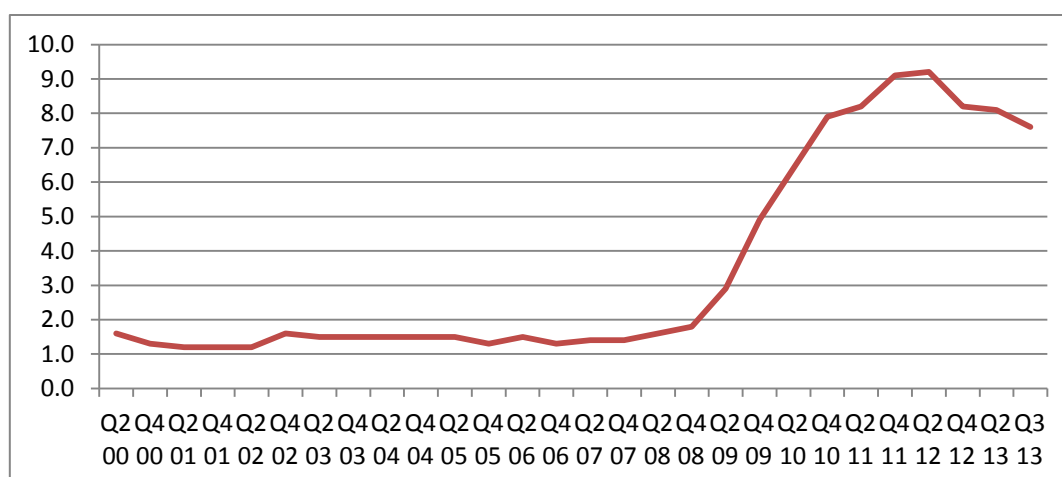
## The Labour Market Pathways of Long-term Unemployed Individuals in Ireland Pre and Post the Great Recession

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### 1. Introduction

During the Celtic Tiger era, the long-term unemployment rate in Ireland fell to as low as 1.2 per cent (see Figure 1). In 2007, just prior to the onset of the Recession, the rate averaged 1.4 per cent. When the economy contracted between 2008 and 2010, and again in 2011, both unemployment and long-term unemployment increased considerably. During this period, the unemployment rate peaked at 15.1 per cent in Quarter 3 2011, while the long-term unemployment rate reached its highest level of 9.5 per cent in Quarter 1 2012. At that time, more than 204,300 people were classified as being out of work for one year or more, 148,900 of whom were male (73 per cent) and 55,400 female (27 per cent). Since then, the unemployment and long-term unemployment rates have declined to 12.8 and 7.6 per cent respectively (Central Statistics Office, 2013).<sup>1</sup> While these reductions are to be welcomed, both rates continue to be high by international standards and long-term unemployment still accounts for 58.4 per cent of total unemployment.

FIGURE 1 Long-term Unemployment Rate in Ireland: 2000 - 2013



Source: Constructed with data from the published *Quarterly National Household Survey*.<sup>2</sup>

<sup>1</sup> Central Statistics Office, (2013). *Quarterly National Household Survey Quarter 3 2013*. Cork: Central Statistics Office.

<sup>2</sup> <http://www.cso.ie/en/qnhs/releasesandpublications/qnhs-calendarquarters/>

In order to tackle the problem of long-term unemployment, for both the individual (e.g., scarring effects) and society at large (e.g., productivity losses), the Government published an updated *Pathways to Work* strategy in July 2013. This document contains a 50-point action plan to combat long-term unemployment, and some of the objectives of the actions set out in it include:

- provision of additional employment and training places for long-term unemployed individuals,
- improved progression from State-provided employment and training schemes into employment,
- provision of more attractive incentives for employers to recruit long-term unemployed individuals,
- greater engagement by the private, community, voluntary and non-for-profit sectors in the delivery of employment services,
- a faster roll-out of the full *Intreo* work activation service nationwide,
- a more effective interplay between welfare payments, tax and in-work payments to reduce welfare traps and make work pay,
- a new Housing Assistance Payment to replace payment of rent supplements via the welfare system to people with a long-term requirement for subsidised accommodation,
- a staged roll-out of a Youth Guarantee so young unemployed people will, when the guarantee is fully rolled out, receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education.<sup>3</sup>

The various actions are to be administered by the Departments and Agencies with responsibility for assisting unemployed individuals.

In addition, prior to the publication of the updated *Pathways to Work* document, the Government also introduced a new education and training initiative specifically for long-term unemployed individuals called *Momentum*. The objective of this programme, which was launched in December 2012, is to assist long-term unemployed people to develop the skills required to access work in those sectors of the economy where there are job opportunities. All of the education and training projects that are provided under *Momentum* are free and can be conducted on a full-time or part-time basis. In addition, *Momentum* projects are from Levels 3 to 5 on the National Framework of Qualifications (NFQ) or to an industry-required certification.

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<sup>3</sup> Department of the Taoiseach (2013). *Pathways to Work 2013. 50 Point Action Plan to Target Long-term Unemployment*. Dublin: The Department of the Taoiseach (<http://www.welfare.ie/en/downloads/Pathways-to-Work-2013.pdf>)

Finally, the Government is currently piloting a new employer incentive scheme called *JobsPlus* that is designed to encourage employers to hire long-term unemployed people. Under this scheme, which replaced the *Revenue Job Assist and Employer Job (PRSI) Exemption Scheme* in July 2013, the Department of Social Protection (DSP) pays participating employers monthly in arrears over a 24 month period. There are two incentive options:

- a payment of €7,500 for each person recruited who has been unemployed for more than 12 but less than 24 months, or
- a payment of €10,000 for each person recruited who has been unemployed for more than 24 months.

While all of these measures are to be welcomed, little is known about the underlying profile of long-term unemployed individuals, or information on the factors associated with a successful transition from their current labour market state to employment. Such information is likely to be useful in the design of more targeted initiatives aimed at specific sub-groups of the long-term unemployed population. This Special Article attempts to fill this information gap by:

1. examining the profile of long-term unemployed individuals during the Celtic Tiger era (2006) and as the economy emerged from recession (2011), and
2. identifying the characteristics associated with a successful transition from long-term unemployment to employment over the same time periods.

The remainder of this Special Article is structured as follows. Section 2 describes the data and methodology that we used to conduct our analysis. Section 3 presents a descriptive profile of long-term unemployed people in Ireland in 2006, 2011 and 2013, while the results from our labour market transition analysis are presented in Section 4. Finally, we conclude by summarising our findings in Section 5.

## **2. Data and Methodology**

The data used in this study come from the *Quarterly National Household Survey (QNHS)* longitudinal data file, which is compiled by the Central Statistics Office (CSO).<sup>4</sup> The *QNHS* provides quarterly labour force data (e.g. employment and unemployment rates, etc.). The survey is continuous and targets all private households. Each quarter, approximately 26,000 households are sampled.<sup>5</sup> Households are asked to take part in the survey for five consecutive quarters. In each quarter, one-fifth of the households surveyed are replaced and the *QNHS*

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<sup>4</sup> The CSO is Ireland's national statistical office. We would like to thank the CSO for making the *QNHS* longitudinal data available to us, and also to Brian Ring (CSO) for providing valuable comments on this Special Article.

<sup>5</sup> The CSO introduced a new sample in Quarter 4 2012 as a result of the 2011 Census of Population. The new sample is being introduced on an incremental basis across each quarter from Quarter 4 2012 to Quarter 4 2013. Thus, the new sample will not be fully effective until Quarter 4 2013.

sample involves an overlap of 80 per cent between consecutive quarters and 20 per cent between the same quarters in consecutive years. While participation in the *QNHS* is voluntary, the response rate is high (approximately 85 per cent).<sup>6</sup> One of the main benefits of the *QNHS* longitudinal data is that it allows researchers to track individuals for up to 5 consecutive quarters.

In this study, we examine the labour market status of long-term unemployed individuals<sup>7</sup> both pre the Great recession and at the latter stages of the economic downturn. Specifically, we selected Quarter 2 2006 as the starting point for our analysis, which was during Ireland's Celtic Tiger era, and Quarter 2 2011, which is the year that the economy began to emerge from the recession (see Barrett and McGuinness, 2012)<sup>8</sup>. We drew a balanced panel by focussing on individuals that were long-term unemployed on entering the survey and who remained in the survey for the next quarter<sup>9</sup>: we were not able to use additional quarters of data to examine exits at 6, 9 and 12 months as the number of long-term unemployed individuals in 2006 was too small. Thus, we focussed on long-term unemployed individuals' transition patterns over a three-month time period, concentrating specifically on their transitions from long-term unemployment into employment. Once we drew our balanced panel, we transformed the panel into a cross-sectional dataset based on the characteristics of individuals observed in Quarter 2 2006 and Quarter 2 2011 respectively, and incorporated their transition behaviours in Quarter 3 for each of the years examined. Although migration has been a feature of Ireland's recession, and it can be expected that a certain proportion of long-term unemployed people will have emigrated in the last few years, it is not feasible to study the impacts of emigration with the *QNHS* longitudinal data.

In terms of methodology, we estimated a binary probit model for each time point to identify the characteristics associated with the successful transition from long-term unemployment to employment over a three-month period. The characteristics examined included gender, age, educational attainment, geographic location, nationality, previous sector of employment and methods of job search. In the estimated models, the dependent variable equalled one if a long-term unemployed individual transitioned to employment during the observation period and zero otherwise.

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<sup>6</sup> Information provided by the CSO.

<sup>7</sup> The official ILO measure that is in the *QNHS* data and the unemployment duration information were used to create our long-term unemployment sample, which consists of individuals unemployed for 12 months and above.

<sup>8</sup> Barrett, A. and S. McGuinness. (2012). "The Irish Labour Market and the Great Recession", CESifo DICE Report 2/2012, pp.27-33.

<sup>9</sup> A balanced panel is constructed by retaining only individuals that were selected in the first quarter of a researcher's analysis who remain in the data continuously for each subsequent quarter of data examined.

### 3. Descriptive Statistics

Table 1 presents characteristic information for those that were long-term unemployed in Quarter 2 2006 and 2011, the time-points for which our transition analysis relates to, along with the most recent available data point (Quarter 2 2013).<sup>10</sup>

**TABLE 1** Profile of Long-term Unemployed Individuals (Per Cent)

	Q2 2006	Q2 2011	Q2 2013
<b>Gender</b>			
Male	71.2	73.2	70.4
Female	28.8	26.8	29.6
<b>Age</b>			
15-24	23.5	16.3	12.7
25-34	27.3	33.1	28.3
35-44	21.3	24.5	26.3
45-54	19.9	17.9	19.8
55 and Above	8.0	8.1	12.7
<b>Nationality</b>			
Irish	86.2	81.5	82.4
Non-Irish	13.8	18.5	17.6
<b>Total</b>	<b>32,038</b>	<b>178,139</b>	<b>175,045</b>

*Source:* Constructed using data from the Quarterly National Household Survey longitudinal dataset, CSO.

In terms of gender, over 70 per cent of long-term unemployed people in Ireland are male, which is a feature that has remained relatively stable over the time period analysed.

With respect to the age distribution of long-term unemployed individuals, there have been some marked changes between Quarter 2 2006 and 2011, with some further adjustments for some age groups between Quarter 2 2011 and 2013. Since 2006, the share of long-term unemployed aged 15 to 24 has declined steadily and currently stands at 13 per cent. Interestingly, the proportion aged 25 to 34 increased between Quarter 2 2006 and 2011, but there has been a decline in this age category between 2011 and 2013. On the other hand, the percentage of long-term unemployed people aged 35 to 44 has increased continuously since 2006, as has the share aged 55 and above, with a particularly large increase in this age category between Quarter 2 2011 and 2013. The proportion of long-term unemployed individuals aged 45 to 54 declined slightly between Quarter 2 2006

<sup>10</sup> Due to resource constraints, we were not in a position to link the most recently available QNHS data - Q3 2013, with our existing longitudinal dataset.

and 2011, but increased again between Quarter 2 2011 and 2013. Emigration of young people over the recession is likely to have contributed to this change in the age profile of long-term unemployed people between 2006 and 2013.

In relation to nationality, the proportion of long-term unemployed that are non-Irish has increased slightly since 2006, and the figure currently stands at 18 per cent.

The educational distribution of long-term unemployed individuals in Quarter 2 2006, 2011 and 2013 is shown in Table 2. The proportions with a Lower Secondary or less qualification have fallen since 2006, with particularly large declines in the share with a Primary or less education. On the other hand, there have been increases in the percentages holding Upper Secondary and Post-Secondary qualifications. There were increases in the proportions holding a third-level education over this time period as well. In Quarter 2 2006, very few long-term unemployed people held an Ordinary or Higher Degree qualification, but now over 16 per cent of long-term have one of these third-level degrees.

**TABLE 2** Educational Attainment of Long-term Unemployed Individuals (Per Cent)

	Q2 2006	Q2 2011	Q2 2013
Educational Attainment			
Primary	29.5	12.2	12.7
Lower Secondary	27.0	22.6	19.7
Upper Secondary	20.6	29.0	27.9
Post Secondary	8.8	16.3	18.7
Ordinary Degree	-	8.4	8.2
Higher Degree and Above	-	8.0	9.6
Unknown	-	3.5	3.1
<b>Total</b>	<b>32,038</b>	<b>178,139</b>	<b>175,045</b>

*Note:* Estimates considered unreliable due to the education category containing less than 30 long-term unemployed individuals.  
*Source:* Constructed using data from the *Quarterly National Household Survey* longitudinal dataset, CSO.

Table 3 presents the previous employment sector distribution of long-term unemployed individuals in Quarter 2 2006, 2011 and 2013. Reflecting the collapse in the housing sector, the share of long-term unemployed people formally employed in the construction sector doubled between 2006 and 2011, while there has been a slight decline between 2011 and 2013. There were also increases in the proportions of long-term unemployed individuals formally employed in the Education and Health sectors between 2006 and 2011, which most likely reflects the Government's commitment to reduce public sector

numbers to 282,500 by the end of 2015.<sup>11</sup> The share of long-term unemployed people that were formally employed in the Agriculture, Transport, Professional and Other Services sectors increased between 2006 and 2011 as well.

**TABLE 3** Previous Sector of Employment of Long-term Unemployed Individuals (Per Cent)

Sector	Q2 2006	Q2 2011	Q2 2013
8 Years Plus Since Person Last Worked <sup>1</sup>	28.2	19.9	24.8
Agriculture, Forestry and Fishing	-	1.3	-
Industry	16.3	11.2	10.5
Construction	15.0	30.2	23.7
Wholesale and Retail	10.6	11.2	11.2
Transportation and Storage	-	3.4	4.1
Accommodation and Food Services	5.5	5.3	5.3
Information and Communication	-	-	-
Financial, Insurance and Real Estate	-	-	1.8
Professional, Scientific and Technical	-	2.8	2.6
Administrative and Support Services	4.8	3.8	3.1
Public Administration and Defence	-	-	-
Education	-	1.4	1.6
Health and Social Work	-	2.6	4.0
Arts and Entertainment	-	-	1.7
Other Services	-	2.0	1.6
Other NACE Activities	-	-	-
<b>Total</b>	<b>32,038</b>	<b>178,139</b>	<b>175,045</b>

*Note:*<sup>1</sup> Previous sector of employment information is not made available by the CSO for individuals that have been unemployed for a period of 8 years or more. In addition, this information is not available for respondents that indicated that they had no previous work experience.

Estimates considered unreliable due to the sector containing less than 30 long-term unemployed individuals.

*Source:* Constructed using data from the *Quarterly National Household Survey* longitudinal dataset, CSO.

Table 4 provides unemployment duration information for those that were long-term unemployed in Quarter 2 2006, 2011 and 2013. Quite worryingly, the relative share of individuals with durations of below 18 months fell between 2006 and 2011 with a corresponding rise in the shares with unemployment durations of 18 to 23 and 24 to 47 months. The share of long-term unemployed people with unemployment durations of less than 18 months fell further between 2011 and 2013, with a considerable increase in the share with a four-year-plus unemployment duration.

<sup>11</sup> <http://per.gov.ie/2012/03/08/statements-in-dail-on-public-sector-numbers-thursday-8-march-minister-brendan-howlin-td/>

**TABLE 4** Unemployment Duration of Long-term Unemployed Individuals (Per Cent)

	Q2 2006	Q2 2011	Q2 2013
UE Duration			
12-17 Months	31.0	24.8	16.4
18-23 Months	14.9	21.3	12.0
24-47 Months	33.9	39.1	37.5
4 Years Plus	20.2	14.8	34.1
<b>Total</b>	<b>32,038</b>	<b>178,139</b>	<b>175,045</b>

Source: Constructed using data from the *Quarterly National Household Survey* longitudinal dataset, CSO.

Finally, in terms of our descriptives we present information on the job search methods that were used by long-term unemployed individuals in Quarter 2 2006, 2011 and 2013 in Table 5. The job search categories are not mutually exclusive, which means that respondents could have selected more than one job search option in the QNHS questionnaire. Between 2006 and 2011, the proportion of long-term unemployed individuals that contacted a public employment office when searching for a job declined, as did the percentages waiting for a call from a public employment office. The use of these job search methods decreased further between 2011 and 2013. The methods of searching for work that increased the most in usage between 2006 and 2011 included: contacting a private employment agency, asking friends/relatives/trade unions, inserting an advert into a newspaper, studying newspaper job adverts, looking for permits/

**TABLE 5** Methods used to Search for Employment by Long-term Unemployed Individuals (Per Cent)

	Q2 2006	Q2 2011	Q2 2013
Search Method:			
Contacted public employment office	61.9	56.1	46.0
Contacted private employment agency	25.5	32.7	27.3
Applied directly to employers	80.3	77.3	72.9
Asked friends, relatives, Trade Unions	85.5	89.7	88.2
Inserted/answered newspaper adverts	26.8	32.6	30.3
Studied newspaper adverts	92.0	94.8	92.6
Took a test/interview/exam	33.2	20.2	14.8
Looked for land/premises/equipment	-	-	-
Looked for permits/licences/financial resources	-	1.6	-
Awaiting results from job application	31.1	20.0	18.9
Waiting for a call from public employment office	40.6	26.9	21.4
Awaiting results from public sector recruitment competition	-	1.9	-
Other method used	*	*	12.4

Note: Estimates considered unreliable due to the job search method being used by less than 30 long-term unemployed individuals.  
\* Not applicable for this year.

Source: Constructed using data from the *Quarterly National Household Survey* longitudinal dataset, CSO.



financial resources and awaiting results from a public sector recruitment competition. On the other hand, the job search techniques that declined in use were: applying directly to an employer, taking a job test/interview and awaiting the results from a job application. Over both time periods, the main job search methods used by long-term unemployed individuals were: studying newspaper adverts, asking friends/relatives/trade unions and applying directly to an employer. The internet is another job search method that is likely to have increased in usage since the recession. However, we do not have information on this as this job search method is not listed as an option in the QNHS questionnaire.

#### 4. Results

Before going on to discuss the characteristics associated with transitioning from long-term unemployment to employment, Table 6 shows the labour market transition patterns of individuals that were long-term unemployed in Quarter 2 2006 and 2011 over the next three-month period. Unsurprisingly, the proportion remaining continuously unemployed increased over the two periods from 67 per cent (2006) to 80 per cent (2011), while the proportion that transitioned into employment fell from 8.4 per cent to 5.9 per cent over the period. There was also a substantial decline in the percentage of long-term unemployed individuals that moved into economic inactivity<sup>12</sup> between 2006 and 2011, which fell from 24.6 per cent to 14.1 per cent.

**TABLE 6** Labour Market Transition Rates of Long-Term Unemployed Individuals

	Continuously Unemployed	Into Employment	Into Inactivity
Q2 2006	67.0	8.4	24.6
Q2 2011	80.0	5.9	14.1

Source: Constructed using data from the *Quarterly National Household Survey* longitudinal dataset, CSO.

Table 7 presents the results from our probit models that measured the impact of various characteristics on the likelihood of a long-term unemployed individual transitioning to employment within the following three months after Quarter 2 2006 and 2011 respectively. A number of notable changes occurred with respect to the marginal impact of certain observable characteristics over the period.

The impact of age changed markedly. During 2006, long-term unemployed individuals aged between 20 and 34 tended to have the highest probability of

<sup>12</sup> The economically inactive are people that are not in employment or unemployment (e.g. people that are studying, looking after family or sick relatives, etc.).

exiting to employment. However, by 2011 all long-term unemployed individuals aged 20 and above were less likely to find jobs relative to those aged 15 to 19.

Between 2006 and 2011 the relative importance of education on the probability of exiting long-term unemployment into employment fell. For instance, relative to those with a Primary or less education (the reference category), the marginal impact of holding a Leaving Certificate fell from 7 per cent in 2006 to 2 per cent in 2011, while the positive impact of having a Third-level Degree or higher qualification declined from 30 per cent to 7 per cent. It must be noted, however, that the magnitude of the fall in the impact of education between 2006 and 2011 needs to be interpreted with caution. This is due to a change in the educational attainment question asked in the *QNHS*, which means that data from Quarter 2 2009 is not directly comparable with previous quarters. Nevertheless, the results still suggest that there has been a fall in the impact of education on a long-term unemployed person's likelihood of transitioning to employment between 2006 and 2011.

Regarding previous sector of employment, relative to the Construction sector, long-term unemployed individuals who were previously employed in Wholesale and Retail, Administrative and Support Services and Education, and Information and Communication (to a lesser extent), were more likely to find jobs over a three-month period in 2006. In 2011, however, former Wholesale and Retail workers were less likely to transition to employment compared to former Construction sector workers. The same is true for former Industry, Other Activity and Health and Social Work Activity employees.

**TABLE 7** Probability of Transitioning from Long-term Unemployment to Employment

	2006	2011
<b>Gender (Ref = Female)</b>		
Male	-0.020**	-0.005***
	(0.008)	(0.002)
<b>Age (Ref = Age 15-19)</b>		
Age 20-24	0.108***	-0.032***
	(0.026)	(0.003)
Age 25-34	0.063***	-0.050***
	(0.021)	(0.004)
Age 35-44	-0.053***	-0.048***
	(0.010)	(0.003)
Age 45-54	0.028	-0.048***
	(0.018)	(0.002)
Age 55plus	0.004	-0.047***
	(0.017)	(0.002)
<b>Educational Attainment (Ref = Primary or Less)</b>		
Leaving Certificate	0.072***	0.019***
	(0.009)	(0.002)

**TABLE 7 Continued**

	2006	2011
Post Leaving Cert Level (includes apprenticeships)	-	0.060***
	-	(0.003)
Third-level Non-Degree	0.157***	0.003
	(0.027)	(0.003)
Third-level Degree or Higher	0.296***	0.072***
	(0.043)	(0.005)
Geographic Location (Ref = Dublin)		
Border	-0.069***	-0.016***
	(0.005)	(0.002)
Mid-East	0.082***	-0.000
	(0.016)	(0.003)
Midlands	-0.046***	-0.023***
	(0.007)	(0.002)
Mid-West	0.038***	0.024***
	(0.013)	(0.003)
South-East	0.088***	-0.006***
	(0.013)	(0.002)
South-West	0.038***	0.023***
	(0.012)	(0.003)
West	-	0.032***
	-	(0.003)
Nationality (Ref = Non-Irish)		
Irish	0.047***	0.020***
	(0.006)	(0.002)
Job Search Methods		
Contacted Public Employment Office	-0.054***	-0.017***
	(0.009)	(0.002)
Contact private Employment Agency	-0.020***	0.001
	(0.006)	(0.002)
Applied Directly to Employers	0.045***	0.007***
	(0.006)	(0.002)
Asked Friends/Relatives/Trade Unions	-0.111***	-0.025***
	(0.015)	(0.003)
Studied Adverts in Newspapers	0.038***	-0.045***
	(0.006)	(0.004)
Inserted/Answered Adverts in Newspapers	-0.036***	-0.005***
	(0.005)	(0.002)
Undertook Test/Interview/Exam	0.000	0.015***
	(0.006)	(0.002)
Waiting for a Call from Public Employment Office	-0.014**	0.021***
	(0.006)	(0.002)
Waiting Results of a Public Sector Recruitment Competition	0.073***	0.014***
	(0.009)	(0.002)
Waiting Results of a Job Application	-0.046***	0.064***
	(0.007)	(0.007)
Previous Employment Sector (Ref = Construction)		
Agriculture	-	0.006
	-	(0.005)
Industry	-0.001	-0.020***
	(0.008)	(0.002)
Wholesale and Retail	0.072***	-0.012***
	(0.014)	(0.002)

TABLE 7 Continued

	2006	2011
Transportation and Storage	-	0.016***
		(0.004)
Accommodation and Food Services	-0.018	0.012***
	(0.011)	(0.004)
Information and Communication	0.069*	0.100***
	(0.038)	(0.009)
Financial, Insurance and Real Estate Activities	-	0.060***
	-	(0.008)
Professional, Scientific and Technical Activities	-	0.011***
	-	(0.004)
Administrative and Support Service Activities	0.194***	0.017***
	(0.031)	(0.004)
Public Administration and Defence	-	-0.004
	-	(0.006)
Education	0.391***	-
	(0.067)	-
Human Health and Social Work Activities	-	-0.007*
	-	(0.004)
Other Activities	-0.001	-0.018***
	(0.015)	(0.003)
No Sector Information Available	-0.027***	0.009***
	(0.008)	(0.003)
Observations	9,885	104,705
Pseudo R-squared	0.202	0.0874
Education	0.391***	-
	(0.067)	-
Human Health and Social Work Activities	-	-0.007*
	-	(0.004)
Other Activities	-0.001	-0.018***
	(0.015)	(0.003)
Previous Employment Sector (Ref = Construction)		
Education	0.391***	-
	(0.067)	-
Human Health and Social Work Activities	-	-0.007*
	-	(0.004)
Other Activities	-0.001	-0.018***
	(0.015)	(0.003)
No Sector Information Available	-0.027***	0.009***
	(0.008)	(0.003)
Observations	9,885	104,705
Pseudo R-squared	0.202	0.0874

Note: Standard errors in parentheses;  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1  
 Indicates that observations with such characteristics were dropped from the analysis as the characteristic perfectly predicted a non-transition from long-term unemployment to employment.

In terms of job search methods, in 2006 long-term unemployed individuals who had applied directly to employers, studied adverts in newspapers or were waiting the result of a public sector recruitment competition were all more likely to find employment within a three-month period. Conversely, long-term unemployed

individuals who had been in contact with or were awaiting a call from a public employment office, who had been in touch with private employment consultants, inserted adverts in newspapers, relied more on friends and relatives for job opportunities or were awaiting the results of a job application were less likely to exit to employment in 2006. It should be noted that the negative effect observed for the public employment service measures should not necessarily be interpreted as evidence of ineffective activation given that in many instances claimants may be awaiting places on training courses, etc., which can also lead to lower rates of transitions to employment. In 2011, the positive employment transition impacts associated with contacting employers directly and awaiting the results of a public sector recruitment exercise remained positive, although the marginal effects fell somewhat. In 2011 long-term unemployed individuals awaiting a call from a public employment office were now more likely to exit. Finally, those long-term unemployed individuals who had sat some form of job entry test/undertook an interview and who were awaiting the results of a job application were more likely to find employment in 2011.

## **5. Conclusions**

The structure of the long-term unemployed population changed considerably between 2006 and 2011, particularly in terms of its age profile, levels of educational attainment, previous employment sector and unemployment durations.

Relative to 2006, the share of long-term unemployed individuals aged below 25 declined substantially. With respect to education, there has been a general increase in the share of individuals who have been unemployed for 12 months or more with Leaving Certificate and above qualifications.

In relation to previous sector of employment, the share of long-term unemployed who were formally employed in the Construction sector doubled between 2006 and 2011, increasing from 15 per cent to 32 per cent. This sectoral shift clearly reflects the collapse in the housing market. There were increases in the proportions that were formally employed in the Education and Health sectors between 2006 and 2011 as well, which most likely reflects the Government's commitment to reduce public-sector numbers to 282,500 by the end of 2015.

When we examined the unemployment durations of long-term unemployed people, we found that the share with less than 18 month durations fell between 2006 and 2011, with corresponding increases in the proportions with unemployment periods of 18 to 23 and 24 to 47 months. The numbers with unemployment durations of less than 18 months have continued to fall between

2011 and 2013, with, unfortunately, quite significant increases in the shares with four year plus unemployment periods.

The main job search methods used by long-term unemployed individuals have not changed since the recession. In both 2006 and 2011, studying newspaper adverts, asking friends/relatives/trade unions and applying directly to employers were the main techniques used. There has been a decline in the use of certain methods over the time period analysed (e.g., contacting a public employment office, applying directly to an employer, taking a job interview and awaiting the results of a public sector recruitment competition), while other job search methods increased in usage (e.g., contacting a private employment agency, inserting an advert in a newspaper, asking friends/relatives/trade unions).

Not unexpectedly, the study found that the rate of transition from long-term unemployment to employment over a three-month period fell from 8.4 per cent in 2006 to 5.9 per cent in 2011, while the proportions that remained continuously unemployed increased from 67 per cent to 80 per cent.

Our probit analysis showed that a number of notable changes took place between 2006 and 2011 with respect to the marginal impact of various individual characteristics on a long-term unemployed person's likelihood of transition to employment. In 2006, long-term unemployed individuals aged between 20 and 34 had the highest probability of exiting to employment, but by 2011 all long-term unemployed individuals aged 20 and above were less likely to find work relative to those aged 15 to 19. Between 2006 and 2011, the positive marginal impact of education on finding a job declined for the long-term unemployed.

In relation to job search methods, the positive employment transition effect associated with applying directly to an employer for a job fell between 2006 and 2011, as did the positive impact associated with waiting for the results from a public sector recruitment competition. Studying job adverts in newspapers assisted long-term unemployed people to find jobs in 2006, but this job search activity reduced their likelihood of finding work in 2011, as did contact with a public employment office, asking friends/relatives/trade unions and answering adverts in newspapers: these latter job search methods had a negative effect in 2006 as well. On the other hand, undertaking a job test/interview, waiting for a call from a public employment office and waiting the results from a job application all had a positive effect on a long-term unemployed person's likelihood of transitioning to work in 2011.

Based on these findings, the substantial change in the profile of long-term unemployed individuals between 2006 and 2011 should be born in mind when designing schemes to assist the long-term unemployed to re-integrate into the labour market. In particular, it would appear that the age and education profile allows for a greater use of programmes with a higher skill orientation. Furthermore, the high share of long-term unemployed formally employed within the Construction provides a basis for specific re-training programmes centred around enhancing the considerable and transferable skills of such long-term unemployed individuals, in a way that improves their employability.

In terms of job search methods, the evidence suggests that job search assistance should emphasise the importance of employer engagement, and actively encourage claimants to apply directly to employers for jobs, as opposed to relying on contacts made through family or friends as such direct contact with employers tends to lead to more successful exits to employment for the long-term unemployed.