

THE IRISH LABOUR MARKET

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1. Principal Developments in the Labour Market

The decade of the 1980s was particularly severe for the Irish economy, but this was followed in the 1990s by exceptionally strong performance. Table 1 shows how the numbers at work declined over the first half of the 1980s while the size of the labour force increased, due both to natural population growth and increasing labour force participation by women. Contraction in employment combined with labour force growth resulted in an increase in the unemployment rate from just under 10% of the labour force in 1981 to over 17% in 1986. Since then economic performance has fluctuated: 1988/89 was a period of expansion in GNP and employment, but this was followed by a period of sluggish growth in both. More recent years have seen very rapid growth in output, of the order of 7 to 9% per annum, and this exceptionally strong performance has resulted in unprecedented employment growth - total employment grew by 136,000, or 12%, between 1993 and 1996. Under these conditions unemployment fluctuated between 13% and 18% of the labour force during the 1980s, and stood at 15.5% in 1991, increased to almost 17% in 1993 and fell to less than 13% in 1996.

Table 1
Numbers at work, and unemployed, 1971-1996.

| Year | At Work | Unemployed | Labour Force | Unemployment Rate |
|------|---------|------------|--------------|-------------------|
| | | (000) | | (%) |
| 1971 | 1,049.4 | 60.7 | 1,110.1 | 5.5 |
| 1976 | 1,063.8 | 105.0 | 1,168.8 | 9.0 |
| 1981 | 1,145.9 | 125.7 | 1,271.6 | 9.9 |
| 1986 | 1,080.9 | 227.5 | 1,308.4 | 17.4 |
| 1991 | 1,134.0 | 208.0 | 1,342.0 | 15.5 |
| 1992 | 1,139.0 | 221.0 | 1,360.0 | 16.3 |
| 1993 | 1,148.0 | 230.0 | 1,378.0 | 16.7 |
| 1994 | 1,182.0 | 218.0 | 1,400.0 | 15.6 |
| 1995 | 1,239.0 | 191.0 | 1,430.0 | 13.3 |
| 1996 | 1,284.0 | 190.0 | 1,474.0 | 12.9 |

Sources: Censuses of Population and Labour Force Surveys.

Emigration has fluctuated in accordance with demand in both domestic and external labour markets. It rose dramatically in the late eighties and peaked in 1989, when net emigration (in-migration minus out-migration) rose to 44,000 individuals, representing almost 3.5% of the labour force in that year. Net emigration subsequently fell - to about 2,000 per annum in 1995. The demographic structure is skewed towards

the younger age groups, with the result that, in the absence of emigration, the labour force has the capacity to expand by up to 25,000 each year (i.e. by 1.5% to 2%).

O'Connell (1996) reviewing the transformation of the Irish labour market during the period of rapid industrialisation over the thirty-year period from 1961-1991 argues that five overarching trends can be observed:

1. A secular contraction in agriculture, and more generally, a substantial decline in the importance of positions deriving income from property ownership, and consequently, an increase in the importance of wage and salary dependent employment;
2. A marked expansion in public sector employment;
3. A general upgrading of the quality of positions in the labour market, with well over half of all those at work occupying middle class positions by 1991;
4. A substantial increase in the number of women at work; and
5. A marked increase in unemployment - itself entailing a further augmentation of the numbers dependent on the state for their income.

Table 2
Persons at Work by Sector 1981-1995

| | 1981 | 1986 | 1991 | 1993 | 1995 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| | | | (000) | | |
| Agriculture | 196.0 | 168.0 | 155.0 | 143.0 | 140.0 |
| Manufacturing | 262.0 | 234.0 | 246.0 | 241.0 | 261.0 |
| Building | 101.0 | 72.0 | 78.0 | 71.0 | 82.0 |
| Transport | 70.0 | 65.0 | 66.0 | 71.0 | 76.0 |
| Distribution | 167.0 | 163.7 | 171.8 | 184.0 | 184.8 |
| Other Market Services | 155.2 | 167.8 | 202.9 | 214.1 | 484.8 |
| Non-Market Services | 194.8 | 210.3 | 213.3 | 221.9 | |
| Total | 1145.9 | 1080.9 | 1134.0 | 1146.0 | 1233.6 |

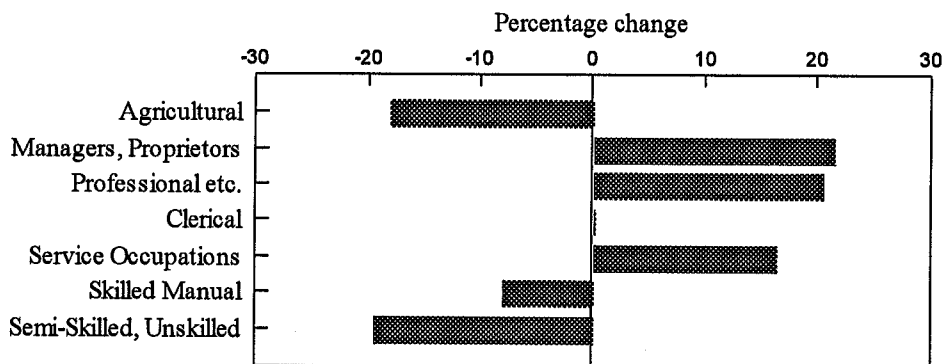
Sources: Censuses of Population and Labour Force Surveys.

Table 2 shows the transformation of the structure of employment between 1981 and 1995. The number at work in agriculture continued its secular decline, from 196,000 in 1981 to 140,000 in 1995, representing about 11% of total employment in the latter year. Manufacturing employment underwent a severe decline in the early 1980s, the total numbers at work falling by an estimated 28,000 between 1981 and 1986. There followed a modest recovery in the late 1980s, followed by a further slight dip in the early 1990s when recession re-emerged. Recent years have seen significant job gains in this sector, with numbers currently employed similar to 1981. Currently manufacturing accounts for about 21% of total employment. Employment in the building sector has grown significantly in recent years, but has still not recovered to the level which prevailed in 1981. Employment increased strongly

across a broad range of service activities during the period 1981-1995. Table 2 shows that in 1981 total employment in services was 587,000; by 1995 this had risen to over 750,000, a 28 per cent increase. Most of this expansion is attributable to non-market services, mainly public sector activities. By 1986 employment in public services accounted for almost 20% of total employment, and although the share of public sector employment in total employment contracted somewhat following austerity measures introduced to cope with the public debt crisis in 1987, expansion of employment in the public sector has resumed in recent years.

Figure 1 shows the percentage change in the numbers at work within each occupational group between 1981 and 1991. Different industries have significantly different occupational profiles, and occupational profiles themselves have been evolving within industries over time, with the result that the structural movements in recent decades have given rise to fundamental changes in the occupational/skill mix of the employed workforce. This is particularly true of managerial and professional activities at all levels; the proportions of managers and proprietors and professionals increased significantly. Service activities have also become more important, accounting for over 17% of total employment in 1991. Figure 1 indicates a decrease in the proportion in agricultural occupations. There was also a significant decline in the share of manual workers, both skilled and non-skilled.

Figure 1
Persons at Work classified by Occupational Group,
Percentage Change 1981-1991.



Sources: Canny, Hughes and Sexton, 1995

These changes in occupational structure represent both a general upgrading of available positions, but also, the closing off of opportunities in manual occupations. Changes in the demand for labour have thus had far reaching implications for the distribution of work opportunities. Those hit hardest by structural change have been older workers in manual positions displaced by structural change, as well as new entrants to the labour market lacking the educational qualifications to compete for the new positions.

Table 3
Numbers At Work, Unemployed and Labour Force
Participation Rates by Gender, selected years 1971-1996

| | At Work | Unemployed | Labour Force | Labour Force Part. Rate |
|----------------|---------|------------|--------------|----------------------------|
| | (000) | | | % |
| Men | | | | |
| 1971 | 774 | 50 | 824 | 80.7 |
| 1981 | 809 | 104 | 913 | 76.4 |
| 1986 | 741 | 174 | 915 | 73.6 |
| 1991 | 747 | 156 | 903 | 71.0 |
| 1993 | 738 | 170 | 908 | 69.6 |
| 1996 | 796 | 138 | 934 | 69.0 |
| Women | | | | |
| 1971 | 276 | 11 | 287 | 27.9 |
| 1981 | 337 | 22 | 359 | 29.8 |
| 1986 | 339 | 54 | 393 | 30.9 |
| 1991 | 387 | 52 | 439 | 33.4 |
| 1993 | 410 | 60 | 470 | 34.9 |
| 1996 | 488 | 52 | 541 | 38.6 |
| Persons | | | | |
| 1971 | 1,049 | 61 | 1,110 | 54.2 |
| 1981 | 1,146 | 126 | 1,272 | 53.0 |
| 1986 | 1,081 | 227 | 1,308 | 52.0 |
| 1991 | 1,134 | 208 | 1,342 | 51.9 |
| 1993 | 1,148 | 230 | 1,378 | 52.0 |
| 1996 | 1,284 | 190 | 1,474 | 53.5 |

Sources: Censuses of Population and Labour Force Surveys.

At the outset of industrialisation women's labour force participation was well below the European average, and the increase in women's labour force participation which might have been expected to result from industrialisation or modernisation did not in fact materialise in the first two decades of the process (roughly, between 1960 and 1980) (Pyle, 1990). It has, however, increased rapidly since the mid-1980s. Table 3 shows the numbers of men and women at work, unemployed and in the labour force, and labour force participation rates by gender for the period 1971-1996. The total labour force increased steadily over the twenty-five year period, and the overall labour force participation rate fluctuated between 52% and 54%. This stability in the labour force participation rate, however, resulted from very different trends for men and women. The number of men at work traces the dominant trends in the economy and labour market over the period: it increased over the 1970s, fell dramatically in the early 1980s, rose slightly in 1991, fell again in 1993 and increased in 1996, but at 796,000 was still lower

than its level in 1981. In contrast, the number of women at work increased steadily throughout the period, in spite of the economic downturns, from 276,000 in 1971 to 488,000 in 1996. There was an overall net increase in unemployment between 1981 and 1996 for both men and women, and although the number of men at work fell in the period, the number of men in the labour force showed a net increase.

The number of women participating in the labour force increased by almost 90%, from 287,000 in 1971 to 541,000 in 1996. This trend for increased female participation in the labour force is confirmed by the labour force participation rate for women, which rose from just under 28% in 1971 to 30% in 1981, and to 38.6% in 1995.¹ Over the same period the labour force participation rate for men fell from 81% in 1971 to 69% in 1996.

Trends in Part-Time Working

The incidence of part-time working has increased significantly since the mid 1980s. Table 4 shows that the share of part-time workers in total employment rose from 5% in 1983 to over 10% in 1995, or in absolute terms from 56,000 to 124,000. For men the proportion of part-timers rose from 2% to 4.5%, while for women the increase was from 11.5% to nearly 20%. The large majority of part-time workers are women and in 1995 they accounted for 72% of all part-time work. Women's labour force participation has thus partly increased in response to an increase in the demand for part-time workers, an arrangement which allows women to greater scope to combine working with child rearing and other domestic work - a particularly important factor in Ireland, given the absence of public provision of, or even support for, child-care services.

Part-time work accounted for all of the modest increase in total employment that occurred between 1983 and 1993; in fact the numbers in full-time employment declined during this time. Part-time employment rose by some 43,000 but this was partially offset by a fall of 21,000 in the numbers in full-time jobs, leaving a net overall rise of 22,000. However the balance between growth in full- *versus* part-time work has altered again with the recent surge in employment: Total employment increased by 87,000 between 1993 and 1995. Men's employment increased by 43,000, of which only 7,000 were part-time jobs. Women's employment increased by 45,000 over the same two years, but 18,000 were part-time jobs. Nevertheless, part-time work continues to expand more rapidly than full-time, particularly so for women.

¹ Women's labour force participation rates actually declined from 32.5% in 1936 to 28.6% in 1961, and albeit slightly, between 1961-71, the first decade of rapid industrialisation the decline continued, to 28% in 1971.

Table 4
Total Employment, Part- and Full-time, 1983-1995

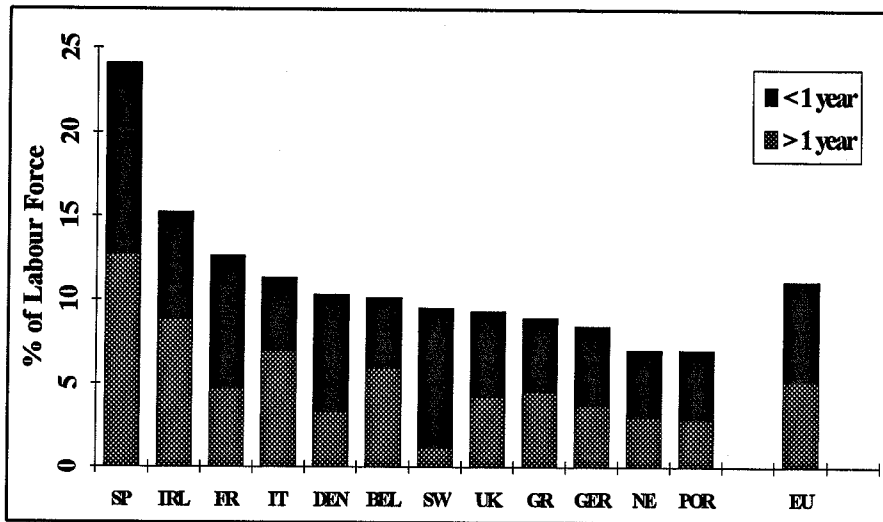
| Year | Total | Full-time | Part-time | Part-time Share % |
|----------------|---------|-----------|-----------|-------------------------|
| Men | | | | |
| 1983 | 777.6 | 761.3 | 16.3 | 2.1 |
| 1986 | 741.4 | 725.8 | 15.6 | 2.1 |
| 1991 | 747.0 | 726.5 | 20.5 | 2.7 |
| 1992 | 739.9 | 717.2 | 22.7 | 3.1 |
| 1993 | 736.0 | 708.2 | 27.8 | 3.8 |
| 1994 | 751.7 | 720.7 | 31.0 | 4.1 |
| 1995 | 778.8 | 743.8 | 35.0 | 4.5 |
| Women | | | | |
| 1983 | 346.4 | 306.6 | 39.8 | 11.5 |
| 1986 | 339.5 | 301.8 | 37.7 | 11.1 |
| 1991 | 387.0 | 331.6 | 55.4 | 14.3 |
| 1992 | 399.4 | 338.2 | 61.2 | 15.3 |
| 1993 | 410.2 | 339.2 | 71.0 | 17.3 |
| 1994 | 429.9 | 353.8 | 76.1 | 17.7 |
| 1995 | 454.8 | 365.6 | 89.2 | 19.6 |
| Persons | | | | |
| 1983 | 1,124.0 | 1067.9 | 56.1 | 5.0 |
| 1986 | 1,080.9 | 1027.6 | 53.3 | 4.9 |
| 1991 | 1,134.0 | 1058.1 | 75.9 | 6.7 |
| 1992 | 1,139.3 | 1055.4 | 83.9 | 7.4 |
| 1993 | 1,146.2 | 1047.4 | 98.8 | 8.6 |
| 1994 | 1,181.6 | 1074.5 | 107.1 | 9.1 |
| 1995 | 1,233.6 | 1,109.4 | 124.2 | 10.1 |

Source: Sexton and O'Connell, 1997, *Labour Market Study: Ireland*.
Luxembourg: Commission of the European Union

2. Unemployment Trends

Ireland has suffered from mass unemployment over a prolonged period. We have seen in Table 1 above that unemployment climbed steadily since the 1970s and accelerated over the 1980s. Empirical studies of the sharp increase in unemployment in the early 1980s suggest a complex of factors, including external economic conditions, domestic fiscal policies, and, to a lesser extent, demographic growth (Barry and Bradley, 1991).

Figure 2
Unemployment Rates in Selected EU Countries, 1994



Source: European Commission, *Employment in Europe, 1996*

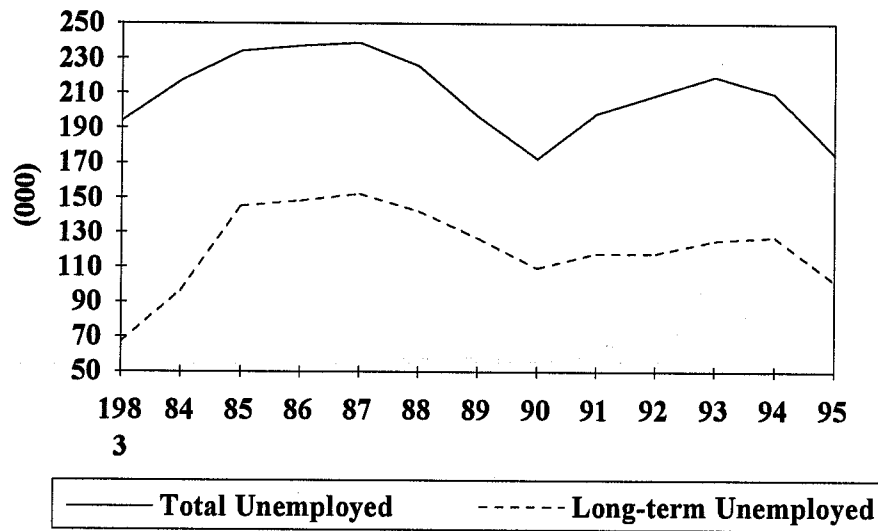
Ireland also suffers from an exceptionally high level of long-term unemployment: the proportion of the unemployed who have been out to work for a year or more is one of the highest in the European Union. Figure 2 shows total and long-term unemployment, expressed as a proportion of the labour force for selected EU countries in 1994. Spain, had the highest unemployment rate (24%) of any EU country, and it was also the country with the highest rate of long-term unemployment - 13% of the labour force. The unemployment rate in Ireland was 15% of the labour force, with 9% unemployed for one year or more. This compared with an EU average of 12% unemployment and almost 7% long-term unemployment.² Estimates from the 1994 Labour Force Survey indicate that the share of long-term in total unemployment in Ireland was nearly 63 per cent, compared with an EU average of 48 per cent.

Figure 3 shows total unemployment and long-term unemployment in Ireland for the period 1983-1995. Total unemployment increased from 194,000 in 1983 to 239,000 in 1987. Over the same period, long-term unemployment increased rapidly from 67,000 to 152,000, with the result that the proportion of the unemployed who were long-term unemployed increased from 35% of the total in 1983 to almost 64% in 1987. Thereafter, however, the numbers of long-term unemployed declined, particularly after 1988 when economic conditions improved. By 1990 the number of long-term unemployed had fallen to just under 110,000, even though this still constituted 64 per cent of total unemployment due to a concomitant decline in the overall numbers out of work.

² EU average unemployment rates relate to the 15 EU countries, not just to those displayed Figure 1.

However with the economic downturn of the early nineties, there was a corresponding increase in both total and long-term unemployment, and the latter increased to 127,000 in 1994. The rapid expansion of the economy since 1993, however, gave rise to a substantial decrease in long-term unemployment in 1995, the numbers falling to 102,000, or just over 58 per cent of total unemployment.³

Figure 3
Total and Long-Term Unemployment, 1983-1995



Sources: (a) Special tabulations from the Annual Series of *Labour Force Surveys*
(b) EUROSTAT (1993). *Labour Force Survey 1983-1991*.

The trend data thus indicate that long-term unemployment is much more significantly affected by cyclical changes in the economy than had heretofore been thought. Previous analyses of trends in long-term unemployment, which were based on the Live Register of unemployment, suggested that the total number long-term unemployed tends to increase following recessionary periods, but that the number does not fall to any significant degree when economic conditions improve (O'Connell and Sexton, 1994; Breen and Honohan, 1991).⁴ The data based on the *Labour Force Survey* data presented in Figure 3 would

³ These estimates are based on ILO definitions, and are not available prior to 1983. It should be noted that the trend in long-term unemployment can be affected by the numbers on state employment schemes, as many participants in such schemes are recruited from among the long-term unemployed. Total participation in such schemes rose from 17,000 in 1993 to 41,000 in 1995. This suggests that long-term unemployment would have been even higher in 1994 were it not for these schemes, and that some of the decline in long-term unemployment observed between 1994 and 1995 is attributable to this source.

⁴ Most labour market analysts have now ceased to use the Live Register as a basis for measuring either total unemployment or unemployment duration, both because of the growing discrepancy between Live Register and *Labour Force Survey* based estimates, which suggests that the former is a better measure of the numbers claiming unemployment-related social welfare payments than of the true incidence of unemployment, and

suggest that such a hysteresis effect may have been operative during the early part of the 1980s, when the number of long-term unemployed increased from 67,000 in 1983 to 145,000 in 1985, and the incidence of long-term unemployed increased from 35% to 62% of total unemployment. Since then, however, the trend in long-term unemployment has been much closer to the trend in total unemployment, and more responsive to fluctuations in prevailing macro-economic conditions. Cyclical responsiveness notwithstanding, long-term unemployment still represents a formidable problem with a significant structural dimension, and total long-term unemployment has never fallen below 100,000 since the mid 1980s. Furthermore, since it is the best equipped along the long-term unemployed who tend to find work first, it may be increasingly difficult to achieve further reductions as the remaining body of long-term unemployed persons will tend to have an increasingly disadvantageous education and skills profile. There will, therefore, be a need for continuing intervention on the part of the State, if the persons concerned are to be reintegrated into employment.

3. The Youth Labour Market

As total unemployment soared over the course of the 1980s and again in the 1990s, so also did unemployment among young people. In 1981 almost 15% of labour force participants in the 15-24 year age group were unemployed, compared to about 9% of those aged over 25. The unemployment rate among young people reached its peak in 1993, when at over 27% of the young labour force, it was almost double the unemployment rate among older labour force participants (14%) (O'Connell and Sexton, 1994). This sharp increase in youth unemployment occurred despite a fall in the numbers of young people participating in the labour force.

Table 5 shows labour force and population data for young people in 1983 and 1996. The total population aged 15-24 increased only slightly over the period, due largely to high rates of emigration which peaked in the late 1980s.⁵ Over the same period, however, the number of young people participating in the labour force declined by one-quarter, from 359,000 in 1983 to 268,000 in 1996. This decline in the labour force participation rate - from 59% to 42% of the population age group, was due to a dramatic increase in educational participation - from 36% of the population age group in 1983 to almost 55% in 1995.

because of a recent study conducted by the Central Statistics Office (1996) which revealed that substantial numbers of people who are not classified as unemployed in the *Labour Force Survey* are nevertheless included in the Live Register total.

⁵ Net outward migration amounted to over 200,000 between 1983 and 1995. Net migration is emigration less inward migration. The former tends to be concentrated among the younger age groups, while inward migration is more evenly spread across age groups, so net migration data is likely to underestimate the extent of out-migration among young people.

Over the entire period from 1983-1996, the number of young people at work fell by one quarter, from 287,000 to 212,000, representing 47% of the population age group in 1983, but only 34% in 1996. While the absolute number of young people who were unemployed fell between 1983 and 1996, the decline in labour force participation meant that the unemployment *rate* among young people remained unchanged slightly between 1983 and 1996, although in 1996 the rate was substantially lower at 20% than it had been at its peak level of 27% in 1993.

Table 5
Labour Force and Population Trends among those aged 15-24, 1983 & 1996

| Principal Economic Status | 1983 | | 1996 | |
|---|-------|-------|-------|-------|
| | (000) | % | (000) | % |
| At Work | 286.6 | 47.0 | 213.5 | 33.6 |
| Unemployed | 71.9 | 11.8 | 54.8 | 8.6 |
| Labour Force | 358.5 | 58.8 | 268.3 | 42.2 |
| Education | 219.9 | 36.0 | 346.2 | 54.5 |
| Other Non-Active | 31.8 | 5.2 | 20.8 | 3.3 |
| Population 15-24 | 610.2 | 100.0 | 612.7 | 100.0 |
| <hr/> | | | | |
| Unemployment Rate | | 20.1 | | 20.4 |
| Youth Employment as a Percentage of Total Employment | | 25.5 | | 16.6 |

Source: Labour Force Surveys, 1983 and 1995

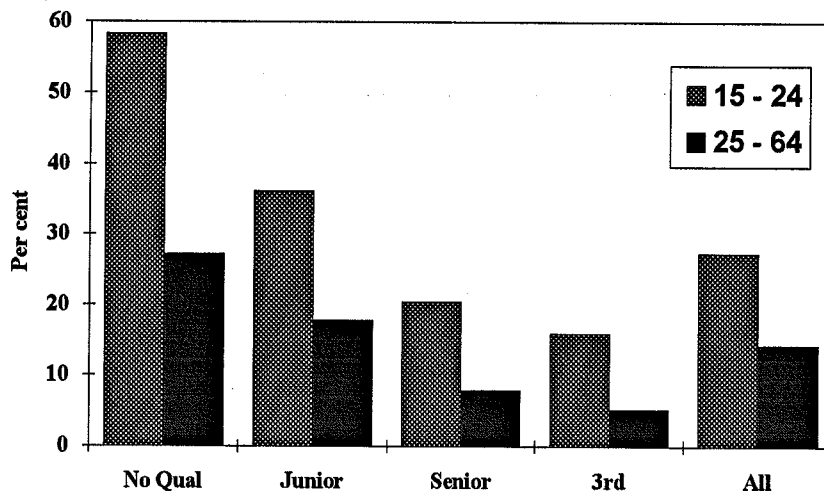
The decline in the number of young people at work, and the continuation of relatively high rates of unemployment among the 15-24 year age group, despite falling labour force participation, suggests that over time young people have found it increasingly difficult to find a foothold in the world of work. In 1983, workers aged 15-24 accounted for over 25% of total employment, but by 1996, their share of total employment had fallen to less than 17%. This fall in youth employment was mainly due to a closing off of the traditional ports of entry for young people, particularly in the case of clerical and junior professional openings, and skilled and semi-skilled work. O'Connell and Sexton (1994) show that young people benefited little from the employment surge of the late 1980s: between 1989 and 1991 youth employment actually fell while employment among those aged over 25 increased by 57,000. Young people have benefited more from the more recent expansion since 1993, although not to the same extent as older workers: employment of those aged 15-24 increased by 5.7% between 1993 and 1995, while employment among those aged over 25 increased by 13.5%. In this respect Ireland differs from other countries, such as the United Kingdom and the

United States, where young people have been recruited in disproportionately greater numbers than adults during economic upturns (Freeman and Wise, 1982; Makeham, 1980).

The marked growth in participation in education among the younger age groups has meant that the supply of well qualified candidates for jobs has increased. In a crowded labour market, young people with low or intermediate levels of qualification compete for jobs with somewhat older candidates who have higher levels of qualification, or work experience, or both. The problems confronting young labour force participants are very evident from Figure 4 which compares the proportion unemployed in each educational group for the younger age group (15-24) and those aged 25-64.

The figure shows that at each level of educational attainment, young people were at very substantially higher risk of unemployment than their older counterparts. Those most at risk were young people with no qualifications, 58% of whom were unemployed, compared to 27% of the older age group. Young people with the Junior Certificate faced a higher risk of unemployment than older people with no qualifications whatsoever. The unemployment rate of young people who had completed senior cycle secondary education (20%) was well over twice that of the older group with a similar level of qualification (8%), and the unemployment rate of young people who had attended third level was over three times the corresponding rate for the older age group.

Figure 4
The Risk of Unemployment by Age Group
and Educational Attainment in 1993



Source: Labour Force Survey, 1993 (Special tabulation)

Table 6 shows the economic status of second level school leavers about one year after they left school for those who left in the academic years 1989-90 and 1993-94. In 1994,

almost 55% of the 67,500 second level school leavers entered the labour market. These 37,000 new entrants represented about 2.5% of the labour force in that year.

The table shows that about 40% of school leavers were employed in Ireland in both years. In fact, both 1991 and 1995 were relatively good years for school leavers, and the 1995 employment figures reflect the general improvement in labour market conditions in that year: the percentage of second-level school leavers employed in both 1993 and 1994 was about 5 percentage points lower than in 1995. Over 14% of school leavers were unemployed in 1995, representing 25% of those who entered the Irish labour market, and this again was a substantial improvement over the previous two years, when the proportion unemployed was over 20% of the school leaving cohort. The proportion progressing to further education increased from 35% to almost 42% over the period, reflecting the continuation in the long-term towards increased participation at third level discussed above. While male and female unemployment rates differed little in 1995, a greater proportion of young men than women were at work, while young women were more likely to continue with further education. Emigration declined very substantially, from 10% of those who left in 1989-90 to 1.4% of the 1993-94 cohort.

The aggregate figures, however, conceal important variations by educational attainment both in the impact of education on labour market success. We must note first, that most of those who leave school with poor qualifications do so to enter the labour market. Almost 85% of those who left with either no qualifications or with the Junior Certificate in 1992-93 were either at work or unemployed one year later in 1995. In contrast, almost half of those who left with the Leaving Certificate were in full time education the next year. Of those who left school without any qualifications in 1989-90 over 42% were unemployed one year later in 1991, and 53% of the 1993-94 school-leaving cohort were unemployed in 1995. Thirty per cent of those who left without qualifications in 1989-90 were still seeking a first job one year later, and this proportion increased to 45% of the 1993-94 cohort. There was a marked rise over the period in the proportion of those with no qualifications who participated in active labour market programmes, up from 12% of the 1989-90 leavers to a quarter of the 1993-94 cohort.

Those with the Junior Certificate fared rather better than those with no qualifications: in both years a substantially greater proportion were at work and substantially less were unemployed. Nevertheless, while labour market conditions improved significantly over the years 1994 and 1995, the proportion of those with Junior Certificate or less employed declined between 1991 and 1994 while the proportion unemployed increased.

The pattern of activity of those who left school with a Leaving Certificate was markedly different from those with no qualifications or the Junior Certificate. As noted above, 46% or more of each cohort went on to further education. The percentage of the Leaving Certificate cohort at work increased from 33% to 38%, reversing the trend observed for the two less-educated categories. Unemployment also increased for this group, from 8.5% of the 1989-90 cohort to 10.% of the 1993-94 cohort. Given the differences in participation in further education by educational attainment, if we wish to compare unemployment across the educational categories it is best to do so on the basis of unemployment *rates* - expressed as a

percentage of the labour force, rather than the cohort. On this basis, unemployment among those who left school in 1993-94 with the Leaving Certificate was 21% of those who entered the labour force, compared to a rate of over 60% of those with no qualifications and 36% of those with a Group or Intermediate Certificate.

The disaggregation of the destinations of school leavers by attainments for 1989-90 and 1993-94 suggests not only that educational attainment is strongly related to labour market success, but also that it was mainly those who completed senior cycle secondary education who were able to take advantage of the improvement in labour conditions in 1994 and 1995.

It should be noted that the numbers leaving school with no qualifications have declined steadily, from 6,800 in 1980/81 to 4,600 in 1989/90 and 2,200 in 1993/94, as a result of efforts by the Department of Education to increase participation in senior cycle secondary education. One recent report on early school leaving in Ireland (European Social Fund Programme Evaluation Unit, 1996) claims that almost 30 per cent of those leaving school each year do so with "inadequate qualifications". This estimate, however, includes some who have completed the senior cycle of secondary education, and the data on the labour market experience of school leavers presented in Table 6 suggests that the employment prospects of those who complete the senior, or even the junior, cycle are markedly better than those who leave with no qualifications. If we restrict the definition of early school leavers to those who left prior to the Junior Certificate, or who left having fared poorly in that exam, the proportion of early school leavers falls to less than one-third of that estimate - which is still, of course unacceptably high. Labour market training programmes targeted on early school leavers have also increased over the 1990s, and this is reflected in the marked rise in the proportion of those with no qualifications who participated in active labour market programmes, up from 12 per cent of 1989-90 leavers to a quarter of the 1993-94 cohort. Nevertheless, there remains substantial under-provision of vocational education and training to early school leavers to equip them to compete in today's labour market (ESF Programme Evaluation Unit, 1996), and as we have seen, their employment prospects in the absence of intervention on the part of the state are particularly poor. Current and historical under-provision of training has, moreover, led to the build-up of a substantial backlog of relatively young people with inadequate educational qualifications who have not had the opportunity to participate in post-school education or training, who face severe difficulties in the labour market and are at a very high risk of entering the ranks of the long-term unemployed. Breen (1989) shows that the disadvantages associated with early school leaving are enduring and increase over time, since "poor qualifications lead a poor labour market record leading to long periods of unemployment and to employment in unstable jobs, both of which further worsen a young person's labour market record." (Breen, 1991, p. 3).

Table 6
Economic Status of 1989/90 and 1993/94 Leavers by Level of Education at which they left School

| | No Qualifications | | | | Junior Certificate | | | | Leaving Certificate | | | | Total | |
|---|-------------------|----------------|---------------|---------------|--------------------|--------------|--------------|--------------|---------------------|---------|---------|---------|---------|---------|
| | 1989/90 | 1993/94 | 1989/90 | 1993/94 | 1989/90 | 1993/94 | 1989/90 | 1993/94 | 1989/90 | 1993/94 | 1989/90 | 1993/94 | 1989/90 | 1993/94 |
| Year Left School | | | | | | | | | | | | | | |
| Year of Interview | 1991 | 1995 | 1991 | 1995 | 1991 | 1995 | 1991 | 1995 | 1991 | 1995 | 1991 | 1995 | 1991 | 1995 |
| Employed | 45.0 | 33.8 | 60.9 | 53.7 | 33.4 | 38.3 | 39.4 | 40.4 | | | | | | |
| Unemployed - after loss of job (on Schemes) | 12.4 (1.8) | 7.9 (3.1) | 6.7 (1.3) | 8.7 (1.3) | 2.7 (0.6) | 3.7 (0.5) | 4.2 (0.9) | 4.5 (0.7) | | | | | | |
| Unemployed - seeking 1st job (on Schemes) | 30.0 (10.8) | 45.1 (20.3) | 16.9 (3.8) | 21.4 (6.8) | 5.8 (1.0) | 6.5 (1.1) | 9.5 (2.2) | 9.9 (2.5) | | | | | | |
| Student | 1.5 | 1.4 | 3.6 | 11.4 | 46.4 | 49.0 | 35.2 | 41.9 | | | | | | |
| Unavailable for Work | 6.4 | 11.6 | 1.9 | 3.5 | 1.4 | 1.2 | 1.8 | 1.9 | | | | | | |
| Emigrated | 4.6 | 0.2 | 9.9 | 1.4 | 10.4 | 1.4 | 9.9 | 1.4 | | | | | | |
| TOTAL N | 4,600 | 2,200 | 12,800 | 10,000 | 49,900 | 55,400 | 67,300 | 67,500 | | | | | | |

Sources: Department of Labour, 1991: *Economic Status of School-Leavers 1990*. Dublin: Department of Labour.
McCoy, S. and Whelan, B.J. *The Economic Status of School Leavers 1993 - 1995*. Dublin: ESRI.

Conclusions

The Irish economy has performed exceptionally well in recent years, resulting in increased prosperity and living standards, and, assuming appropriate domestic policies and a continuation of moderate growth in the international economy, these trends are forecast to continue over the short- to medium-term. The recent ESRI *Quarterly Economic Commentary* forecasts that the Irish economy will grow by about 6 per cent in 1996, a slight deceleration from 1994 and 1995 but still well above the likely EU growth of less than 2 per cent. This exceptionally strong performance has resulted in phenomenal employment growth. Total employment increased by 12 per cent between 1993 and 1996, and the ESRI forecast is for a further 4 per cent increase in employment between 1996 and 1998. Accordingly, while demographic factors continue to increase the labour force, the rate of unemployment nevertheless declined from almost 17 per cent in 1993 to just over 12 per cent in 1996 and is forecast to fall to just over 11 per cent by 1998.

The marked improvement in the economic situation and in labour market conditions represents a new opportunity to maximise sustainable employment and to ensure that it is shared more equally throughout society.

Clearly the most disadvantaged young people in the labour market are those who leave school with no qualifications, although these are followed closely by those leaving on completion of the junior cycle of secondary education. The educational system produces an unacceptable number of poorly qualified early school leavers, ill equipped to compete in the labour market, although it should be acknowledged that the numbers of such poorly qualified school leavers have fallen substantially over the past decade. Both educational attainment and early school leaving are closely related to social class and children from lower socio-economic groups face a much greater risk of leaving school with inadequate qualifications than the children of higher socio-economic groups (Breen, Hannan, Rottman and Whelan, 1990; ESF Programme Evaluation Unit, 1996). Thus, despite the dramatic expansion of educational participation achieved in recent decades, class inequalities continue to be reproduced in the educational system, thus generating inequalities which then determine the distribution of opportunities in the labour market.

Breen and Whelan (1996) show that unemployment is very strongly related to social class. They found that the incidence of unemployment among the professional and managerial class is close to zero and is relatively modest among non-manual workers. Among skilled manual workers, however, the risk of unemployment at a given point in time increases to 20%, and this increases to over 40% among the unskilled manual group. Focusing on the duration of unemployment, they found that the average number of weeks of unemployment over the previous year was less than 1 week in the case of the professional and managerial group, but that this increased to 19 weeks in the case of the skilled manual group and to over 9 weeks in the case of the unskilled manual group. Both the risk of unemployment and the incidence of long-term unemployment is thus heavily concentrated toward the lower end of the social class hierarchy.

Given changes over time in the demand for labour, resulting in a general upgrading of available positions, as well as extended educational participation among the

younger age groups, educational attainment has become the most significant labour market currency. Under these conditions, and in an overcrowded labour market, young people entering the labour market with inadequate qualifications are marginalised, as are older displaced workers with skills rendered obsolete by structural change.

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