

# Quarterly Skills Bulletin no.3 2019

Unemployment



# AFTER A PERIOD OF HIGH UNEMPLOYMENT, IRELAND HAS SEEN A RETURN TO PRE-RECESSION LEVELS

## How does unemployment compare pre and post-recession?

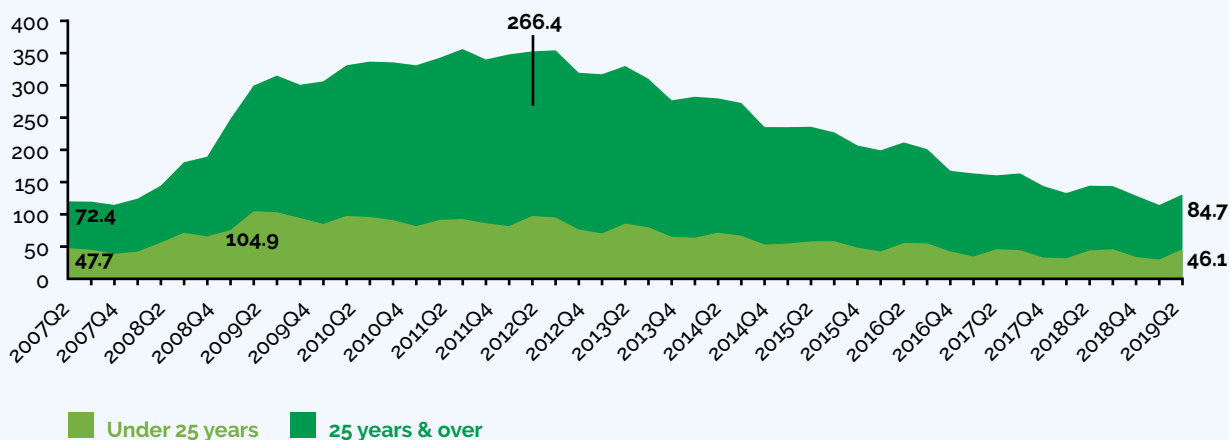
Over the last 12 years, unemployment has moved through considerable change going from 120,000 unemployed persons in quarter 2 2007, to a high of 356,000 unemployed persons in quarter 3 2011 and returning close to pre-recession numbers of 131,000 in quarter 2 2019.

Between quarter 2 2007 and quarter 2 2019, the number of persons under 25 years has returned to that of pre-recession levels, whereas there are 12,000 more unemployed persons aged 25 years and over than in quarter 2 2007.

### Unemployment peaked for young people much earlier than for older people

While unemployment peaked in quarter 2 2009 for those aged under 25 years (at 104,900), it wasn't until quarter 1 2012 that unemployment for those aged over 25 years reached its highest level (266,400).

Unemployment (000s) by Age Q2 2007 - Q2 2019



Source: CSO LFS data

### The unemployment rate has returned to pre-recession levels...

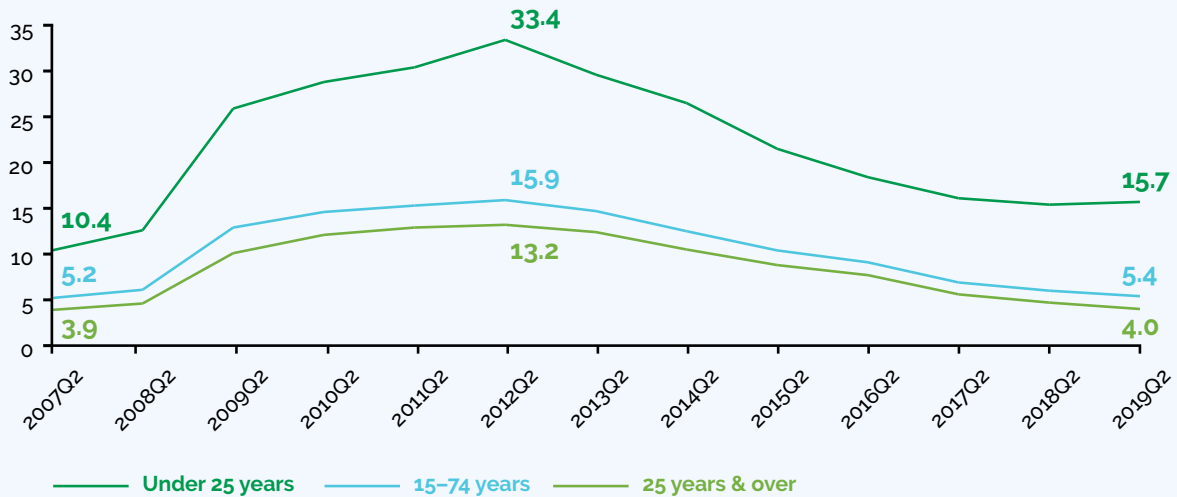
In quarter 2 2019, the unemployment rate for all persons aged 15-74 years was 5.4%, almost on a par with that observed in quarter 2 2007 (5.2%). In particular, at 4% in quarter 2 2019, the rate for those aged 25 years and over was back to the level at the beginning of the period examined.

### ...but not for youths

By quarter 2 2019, the youth (i.e. under 25 years) unemployment rate, at 15.7%, while considerably lower than the 33.4% observed in quarter 2 2012, had not yet returned to its pre-recession level of 10.4%. Indeed, the youth unemployment rate was more than five percentage points higher than the rate observed in quarter 2 2007.

The youth unemployment rate (i.e. under 25 years) was consistently higher than the overall rate (for 15-74 year-olds) over the 12-year period. However, while the rate for youths was at least double the overall rate in quarter 2 2007 and in quarter 2 2012, by quarter 2 2019 it was almost triple the overall unemployment rate.

UE Rate (%) by Age Group Q2 2007 – Q2 2019



Source: CSO LFS data

## How does Ireland compare to the EU?

The EU-28 unemployment rate for quarter 2 2019 was 6.2%, a slightly higher rate than observed in Ireland for the same quarter in 2019 (5.4%). Ireland’s youth unemployment rate, however, was slightly higher at 15.7% when compared to the EU-28 rate of 14.1% in quarter 2 2019. (Source: Eurostat)

### Why are youth unemployment rates so high?

Firstly, it is important to understand how the unemployment rate is measured;

*the unemployment rate is defined by the International Labour Organisation (ILO), as the number of persons who are unemployed as a percentage of the total number of **employed and unemployed persons** (i.e. the labour force).*

Across most labour markets in the EU, youth unemployment rates (15-24-year-olds) are higher than total unemployment rates. This is because, when compared to the older age cohorts, a much larger share of young people tend to be in full-time education rather than in the labour force.

When compared to quarter 2 2007, the number of under 25-year olds in employment in Ireland in quarter 2 2019 declined by 165,000<sup>1</sup>; however, since the number of unemployed in this age cohort remained the same, the youth unemployment rate was much higher.

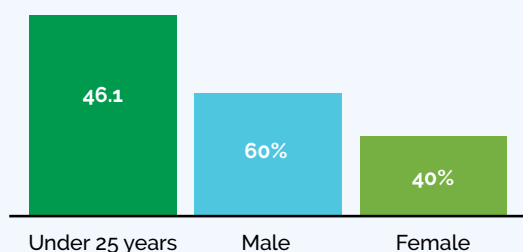
<sup>1</sup> This decline was due to a drop in the overall population in this age cohort (due to demographic factors including migration) and more people in this age cohort engaged in education and training.

## What is the profile of the unemployed when examined by age (under 25 years versus over 25 years)?

### The gender gap is larger for those aged under 25 years

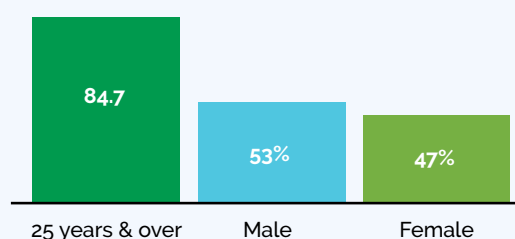
In quarter 2 2019, males accounted for a higher share of unemployed persons in both age groups.

**UE Under 25 Years by Gender Q2 2019**



Source: CSO LFS data

**UE 25 Years and Over by Gender Q2 2019**

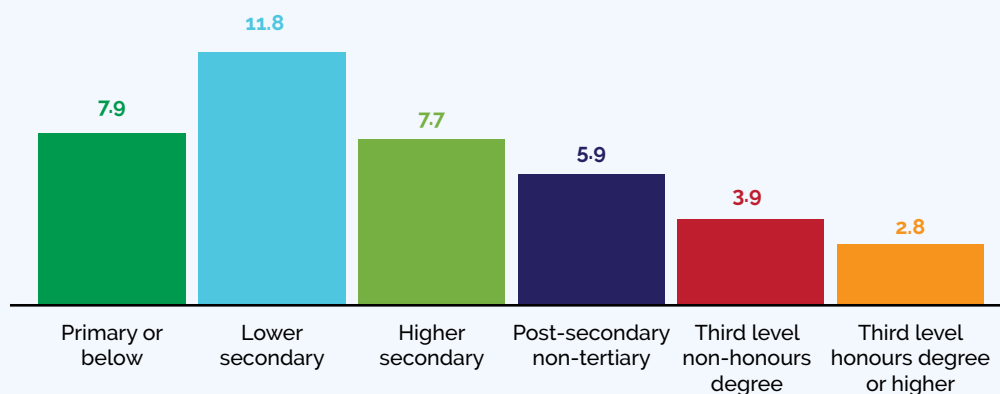


Source: CSO LFS data

### Unemployment rates mostly declined with greater educational attainment

In quarter 2 2019, the unemployment rate for all persons with a higher secondary level education or below was more than double the unemployment rate for persons with a third level education.

**UE Rate(%) by Education Level Q2 2019**



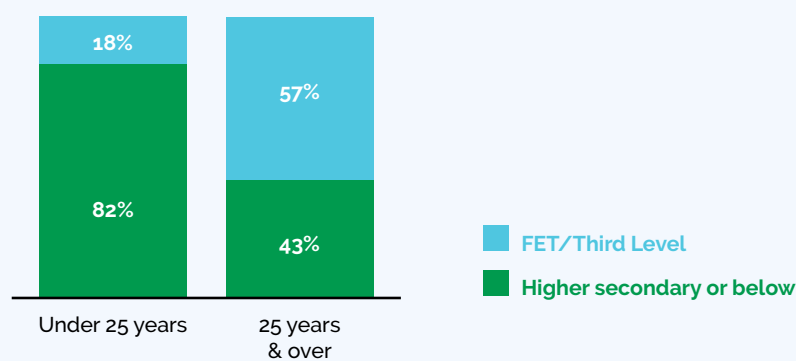
Source: CSO LFS data

### Those unemployed aged under 25 years had a much lower educational attainment than their older counterparts

In quarter 2 2019, 82% of all those unemployed aged under 25 years had at most higher secondary education; indeed, a third of these have attained only lower secondary education.

In terms of those unemployed aged 25 years and over, 43% had a further education and training (FET) or third level qualification.

#### UE by Educational Attainment & Age Q2 2019



Source: CSO LFS data

### Early leavers from education have a much higher unemployment rate than their counterparts

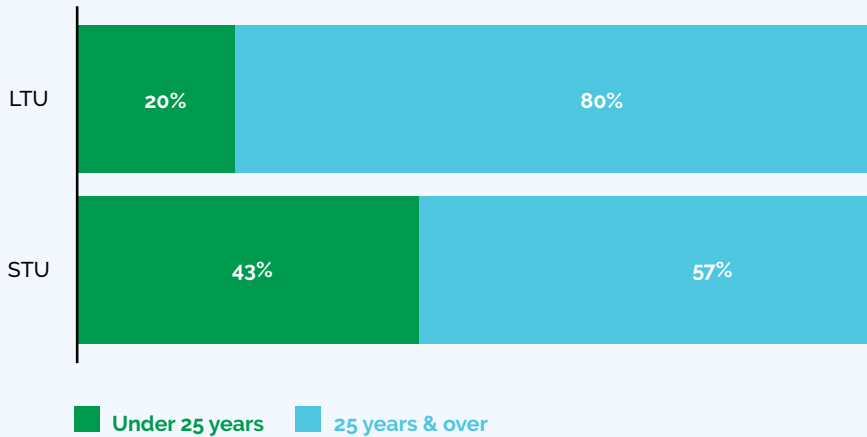
Early leavers from education are described as persons aged 18-24 years who have attained at most Junior Cert (or equivalent) education and who have not participated in education or training activities in the preceding four weeks. As such, they form a subset of the under 25 years of age cohort in the population.

In quarter 2 2019, 26% of Ireland's early leavers from education were unemployed; this compares to all other 18-24 year-olds in the population (with greater than Junior Cert education), where just 9% were unemployed (Source: CSO LFS data).

### 80% of long term unemployed are aged 25 years and over

In quarter 2 2019, the age profile of long term unemployed (LTU) (i.e. one year and above) and short term unemployed (STU) persons differed considerably. Those aged 25 years and over accounted for the highest share of both short term and long term unemployed, but this was particularly the case for those classified as long term unemployed at 80%.

#### Duration of Unemployment by Age Q2 2019

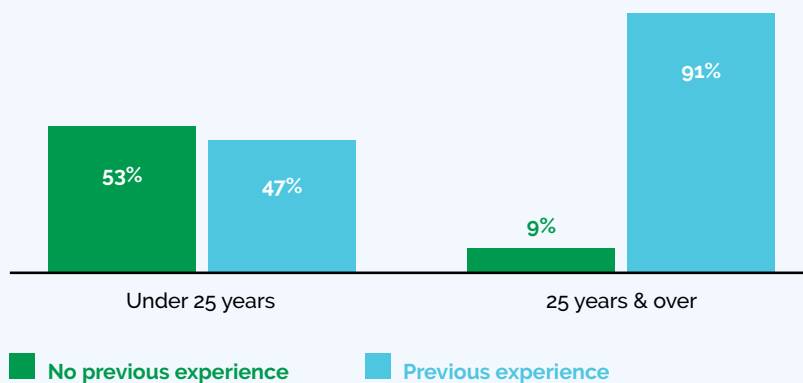


Source: CSO LFS data

### Over half of those unemployed aged under 25 years had no previous work experience

In quarter 2 2019, 53% of all unemployed persons aged under 25 years had no previous work experience compared to 9% for those aged 25 years and over.

#### Previous Work Experience by Age Q2 2019



Source: CSO LFS data

## Does the profile of the unemployed differ pre- and post-recession?<sup>2</sup>

### There was a rise in the number of those aged 25 years and over who were LTU

The increase of 12,000 unemployed persons aged 25 years and over when compared to quarter 2 2007 resulted in a higher volume of persons who were long term unemployed. There were 8,000 more persons aged 25 years or over who were long term unemployed in quarter 2 2019 when compared to the same quarter in 2007. The increase in long term unemployed occurred for both males and females; however males had the higher share in both quarter 2 2019 (63% share) and quarter 2 2007 (65% share).

### Otherwise, the profile has changed little

The profile of the unemployed has changed little over the period (quarter 2 2007 and quarter 2 2019). For those aged under 25 years, few changes were observed across many variables (in terms of volume of unemployment, gender and duration unemployed). There was an increase in the number who had no previous work experience, although this should be treated with caution.

Overall the profile\* of persons aged under 25 years and over 25 years are almost replicating each other for the two time periods.

	Q2 2007	Q2 2019	Q2 2007	Q2 2019
(000s)	Under 25 yrs	Under 25 yrs	25 yrs & over	25 yrs & over
All persons UE	47.7	46.1	72.4	84.7
Male	27.6	27.7	39.1	45.3
Female	20.1	18.4	33.3	39.4
STU	37.2	37.2	46.6	49.9
LTU	9.1	8.2	24.9	32.6
No previous work experience	24.7	30.7	7.2	9.9
Previous work experience	23.1	15.4	64.8	74.5

Source: CSO LFS data & SLMRU analysis of CSO LFS data

\*A breakdown by education level is not available before quarter 1 2014.

<sup>2</sup> Due to the restructuring of the LFS in 2017, comparisons over years should be treated with caution.

**SOLAS**

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