

# Activation in Ireland: Are we on the Right Path?

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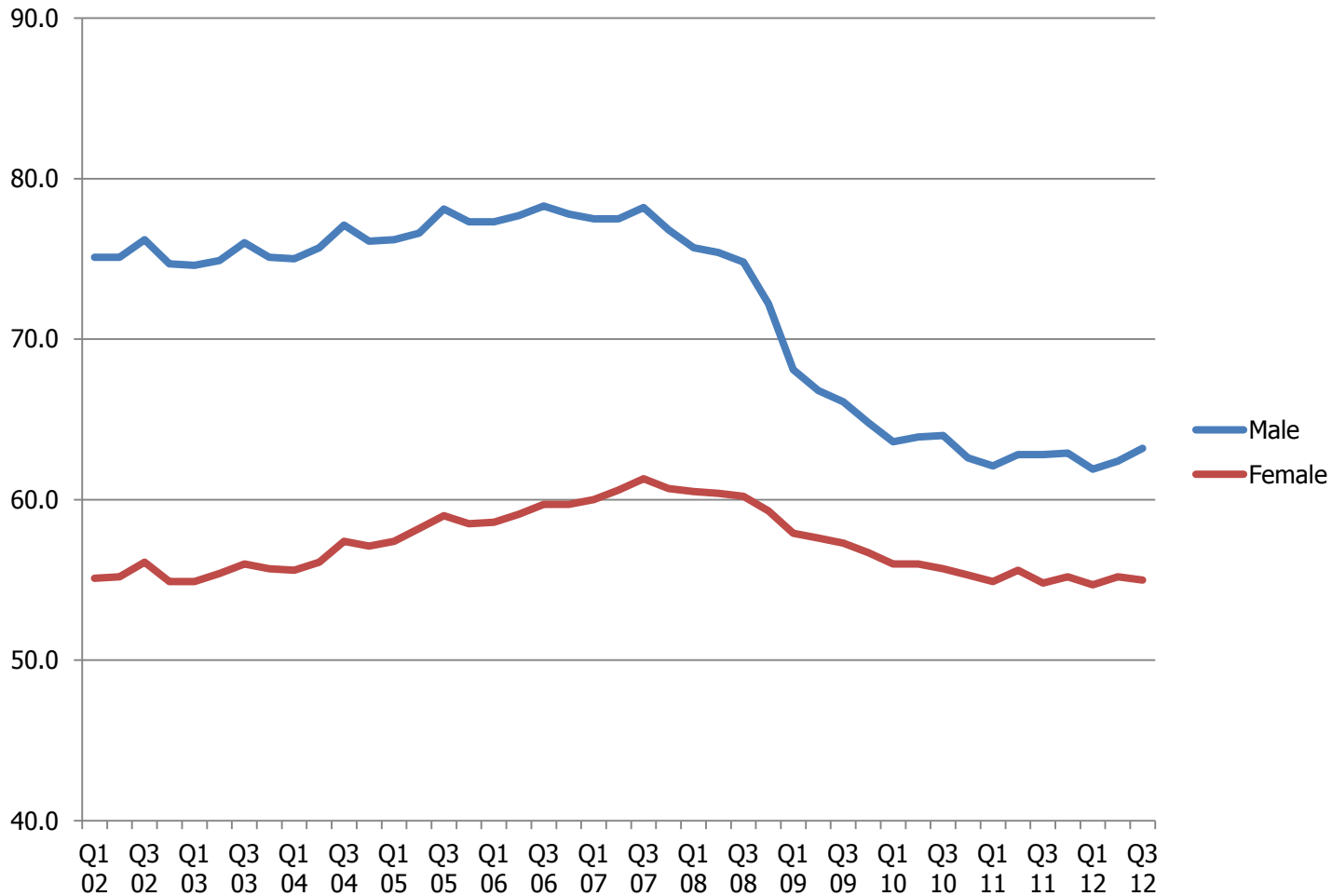


*Work and Poverty: National and EU Perspectives  
Dublin, December 11<sup>th</sup>, 2012*

# Overview

- The unemployment crisis
  - Employment and unemployment
  - The composition of unemployment
- Key research findings on activation policies
- Pathways to Work
  - Strengths and weaknesses

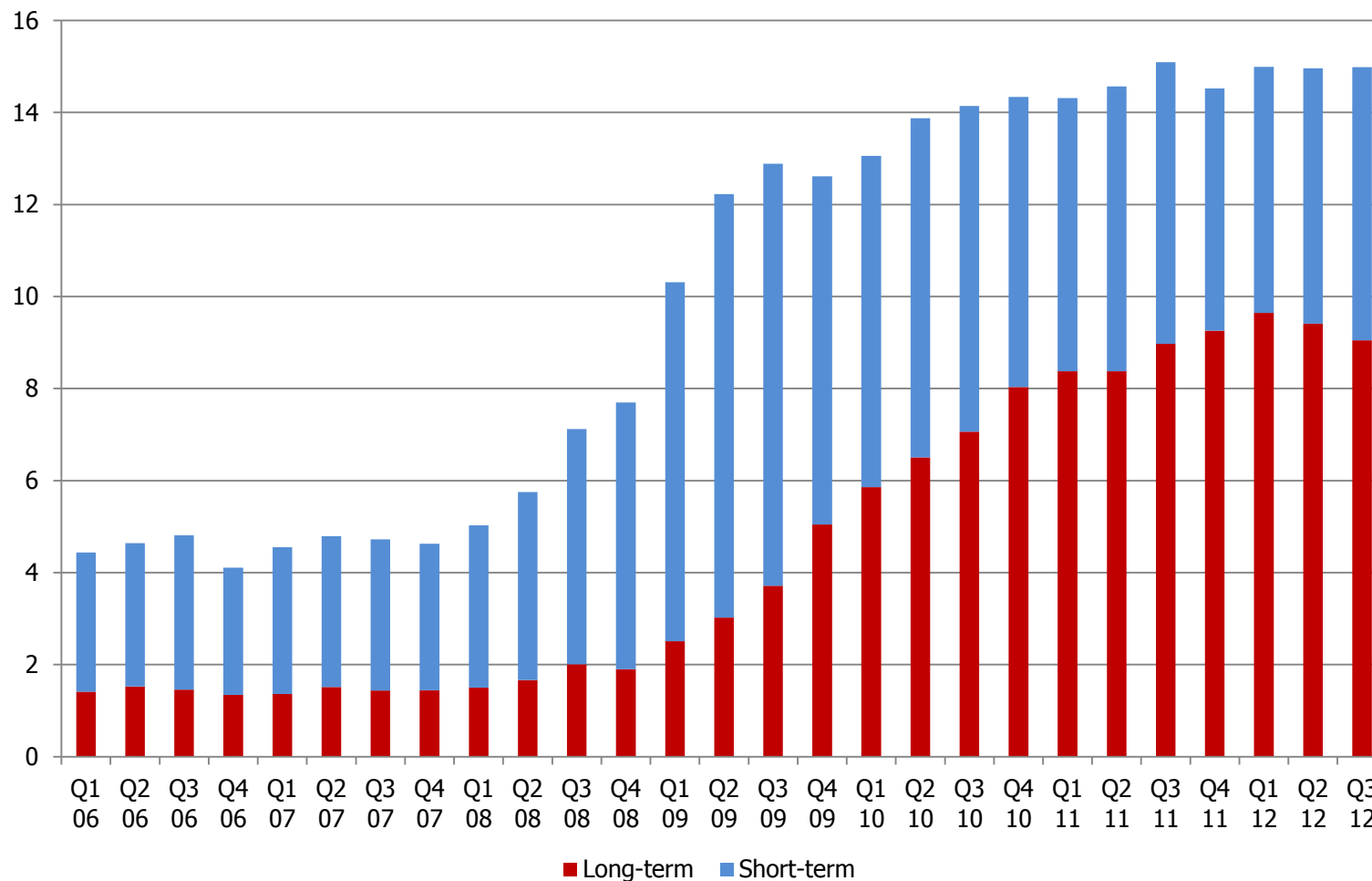
Since mid-2007: Male employment rate has fallen from 78% to 63%,  
Female from 61% to 55%



Long-term Unemployment has risen steadily during crisis.

It now stands at 60% of total unemployment

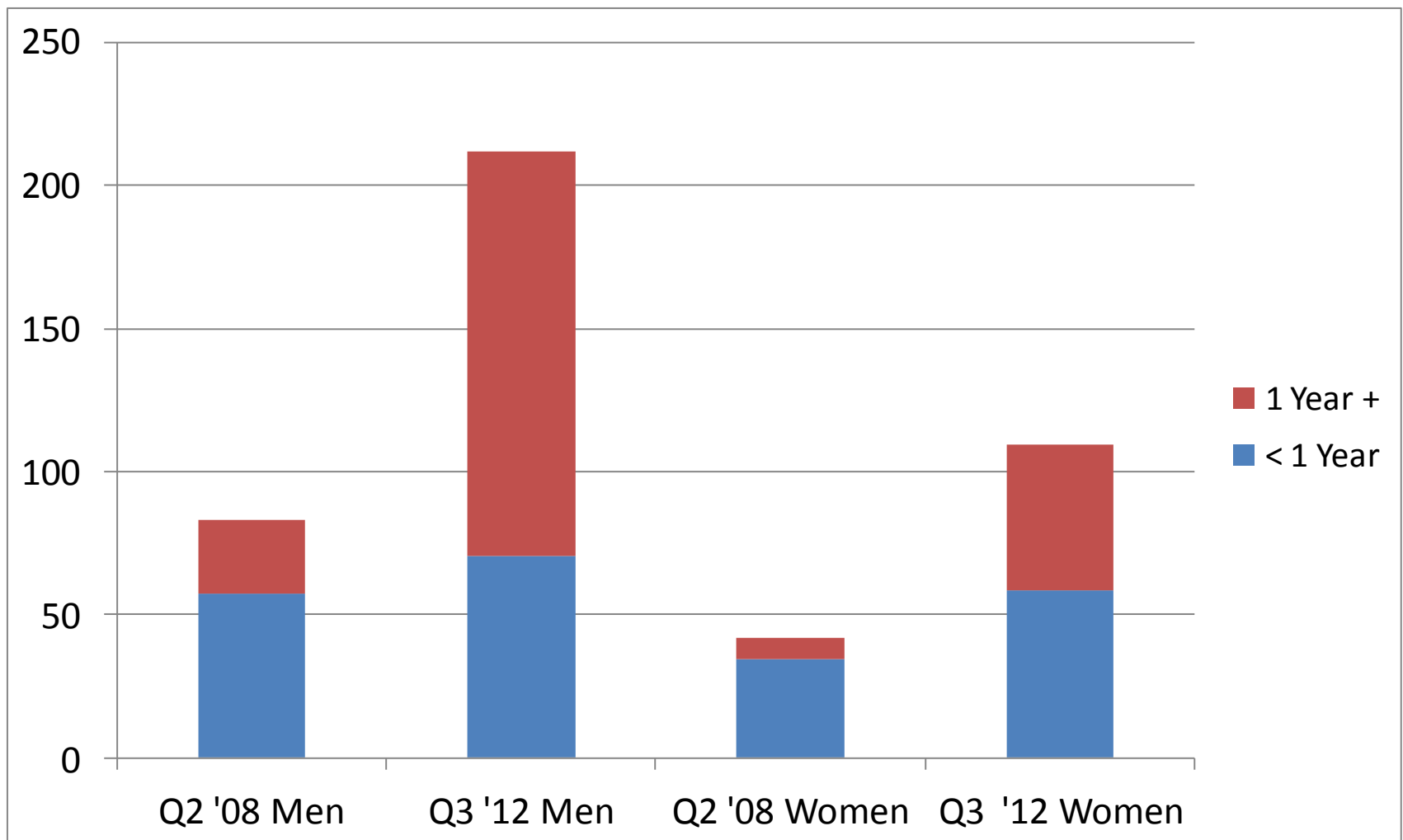
Reducing LTU should be a key objective of labour market policy



Source: Constructed from the Quarterly National Household Survey, Central Statistics Office

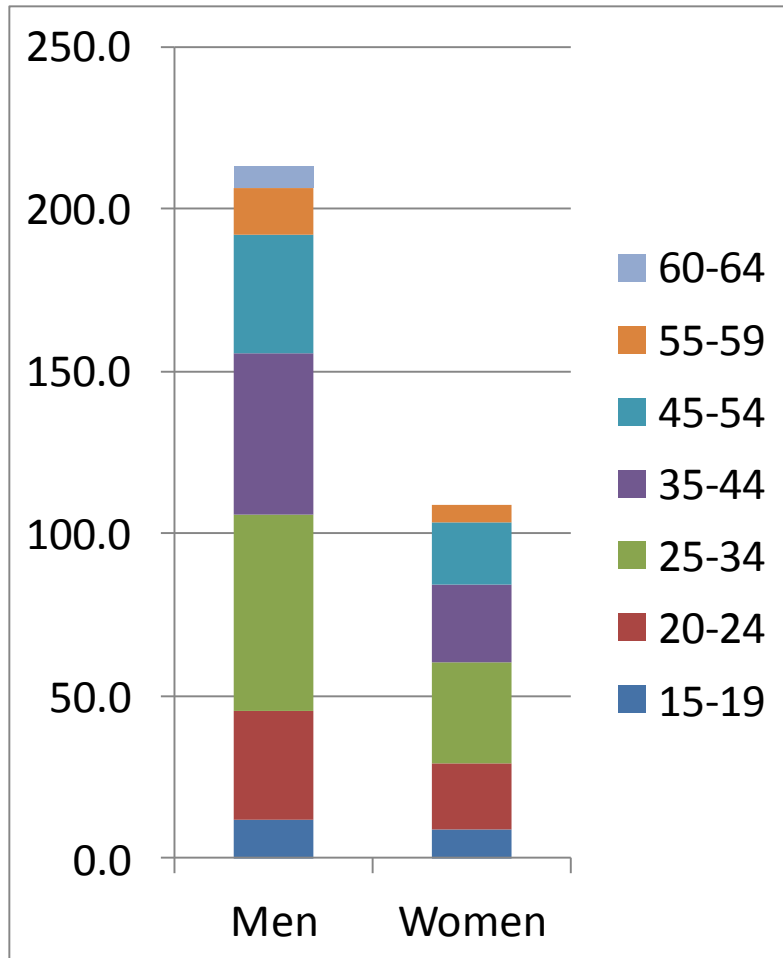
# Short and Long-term Unemployment, 2008 & 2012 (1,000s)

*2/3rds of unemployed males are unemployed for more than 1 year*

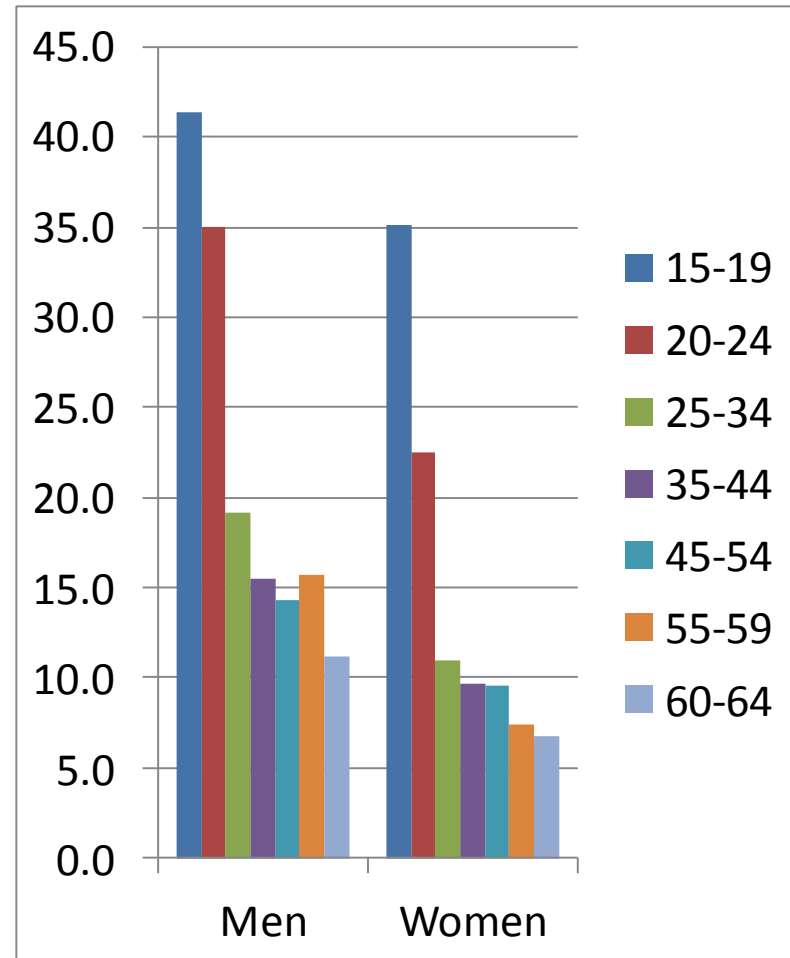


# Unemployment by Age Group, 2012

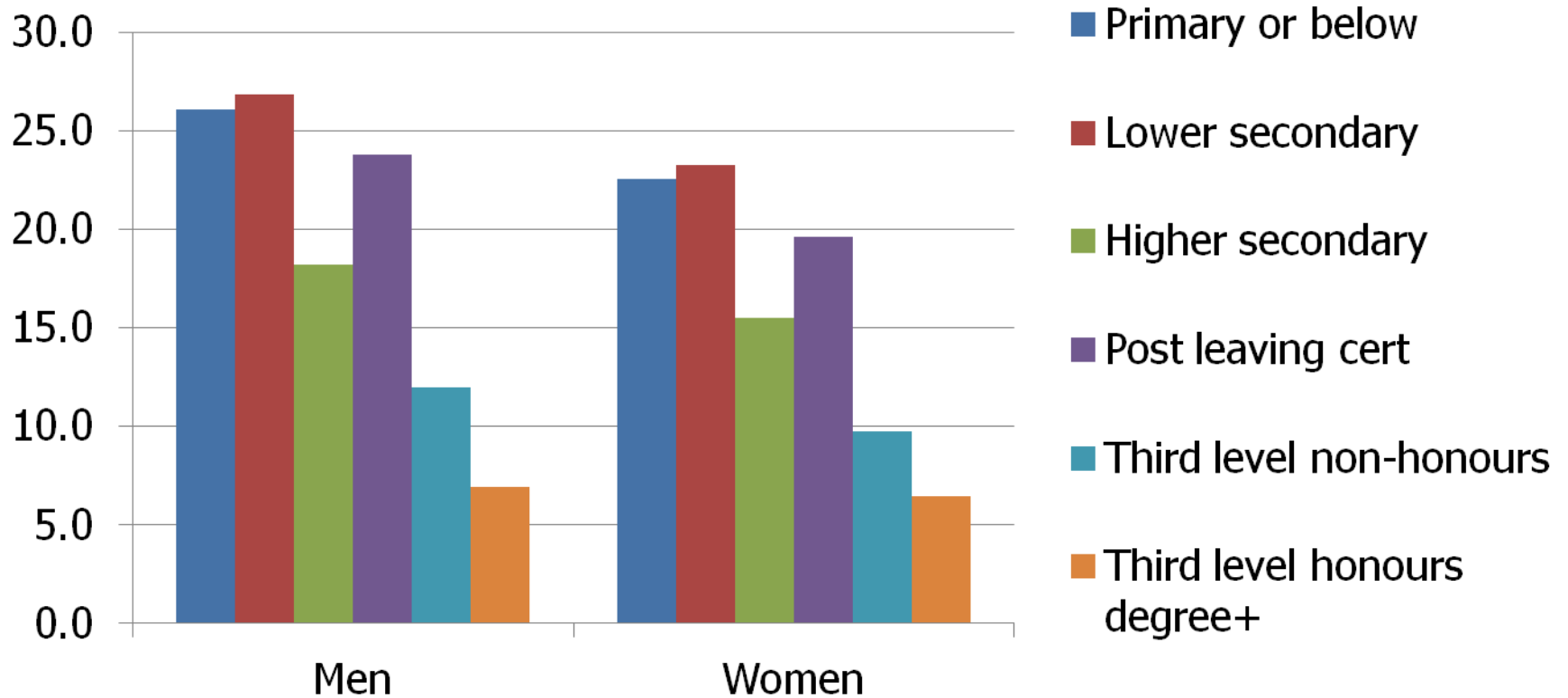
*Number*



*Unemployment rate (%)*



# Unemployment rates by Education and Sex, Q1 2011



- Unemployment rates fall with higher education
  - but PLCs are higher than Leaving Cert

## Education...

- Educational composition of unemployed has shifted upward in recession
  - in 2011 35% of men and 45% of women have  $\geq$  Post Leaving Cert qualification
- Educational profile of long-term unemployed is much less favourable than 'short-term' unemployed



# Active Labour Market Programmes

- Supply side
  - Job Search Assistance/Encouragement
    - Interviews/counselling, job placement services, etc
    - Increase effectiveness of job search + monitoring & sanctions
  - Training
    - Enhance skills and employment prospects
- Demand Side
  - Public-sector Employment schemes
    - Retain contact with labour market
  - Incentives to employers or self-employment
    - Encourage employers to create new jobs or retain existing jobs

# The Impact of Job Search Assistance

- Job Search Assistance – *International evidence*
  - Effective for many groups
  - Low cost
  - More effective with regular monitoring and sanctions
- Previous research (OECD and ESRI):
  - Ireland has had a poor record in the past
  - Lack of regular monitoring, assistance or sanctions
  - Impact of reforms?

# Key Principles for effective labour market activation



- Labour market activation to assist and encourage the individual to return to work should be initiated as soon as he or she makes a claim
- Effective job search advice and assistance should be delivered to all non-employed
- Job search activity should be monitored on a regular and ongoing basis.
- An effective activation strategy needs to be backed up with appropriate sanctions for non-compliance with job search and activation requirements.

## Research Findings:

Programmes with strong market linkages show strong positive effects on employment (1990s, 2006-8)



<i>Market Orientation</i>		
<i>Labour Market Leverage</i>	<b>Weak</b>	<b>Strong</b>
<b>Supply – Training</b>	<p><i>General Training (e.g. ECDL)</i></p> <p><b>Generally Weak</b></p>	<p><i>Specific Skills (e.g. Computer Assisted Design)</i></p> <p><b>Strong Positive</b></p> <ul style="list-style-type: none"> <li>- Job search training</li> <li>- Medium &amp; High level skills</li> <li>- <i>Employment and wages</i></li> </ul>
<b>Demand – Employment</b>	<p><i>Public Employment (e.g. Community Employment)</i></p> <p><b>No Impact on Employment</b></p>	<p><i>Employment Incentives (e.g. JobBridge)</i></p> <p><b>Strong Positive</b></p> <ul style="list-style-type: none"> <li>-In the 1990s</li> <li>- Now??</li> </ul>

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# Content and quality of education & training is vital



- Education and training programmes should be demand led
  - driven by the needs of growth sectors
  - strongly connected with real jobs
- Content of training should be driven by needs of enterprises
  - need to develop up-to-date intelligence of skill needs.
- Training initiatives should broadly reflect the education profile of the unemployed.
  - In the current crisis, the educational and skills profile of the unemployed has increased: training programmes should reflect that.
- Training providers should be chosen on the basis of their ability to deliver high quality effective and relevant training.

# Pathways to Work/Intreo

Many positive features:

- Battle against unemployment as top priority
- Commitment to reducing Long-term Unemployment
  - Integration of income support with activation
    - One-stop-shop in Intreo offices
  - Additional training places
  - Statistical profiling to target those most at risk
  - Extension of employer PRSI scheme
  - Greater emphasis on training in CE

# Moving in the right direction, but:

- **Pace of change:**

- Intreo roll out over 2 years
- Client profiling still incomplete
  - Needs to be adapted to new clients and new conditions

- **Immediate activation for all clients?**

- New unemployed
  - Only in Intreo offices - Non-Intreo, wait 3 months
- Current unemployed
  - Too little too late – insufficient activation
- Others not economically active

- **Capacity?**

- OECD: insufficient staff to implement activation system before crisis
- Live Register has grown from 290,000 in 2009, to 440,000 in 2012
- Skills?



# The Way Forward: Demand and Supply

## Demand

- *Pathways* recognises the importance of programmes to match labour market needs
  - Can Expert Group on Future Skill Needs + FAS Skills and Labour Market Research Unit meet that challenge?
  - Need for ongoing and up-to-date information
  - Specific sector skills councils
  - Ensure nature and content of education and skills are market relevant
- Training programmes should include job placement component

## Supply

- Respond to upward shift in educational profile of unemployed
- Provide intensive retraining to tackle structural unemployment among former construction workers

# The Way Forward: Providers

- Education and Training is excessively provider driven
  - Not designed to meet training needs of unemployed or skill needs of employers
- Can SOLAS + Local Education and Training Boards meet training needs?
  - Experience, expertise, priority focus?
  - DSP as broker/coordinator of training?
- Providers should be chosen on the basis of their ability to deliver quality training
  - Provision could be incentivised according to results (job placements)
- All education, training and employment schemes should be subject to rigorous evaluation to identify effective interventions and enable timely restructuring/closure of ineffective interventions

# Concluding Remarks

- Research on profiling shows that unemployed with working partners are less likely to become long-term unemployed
  - Need to target jobless households
- Budget 2013
  - ☑ 6,000 after-school care places could ease access to work
    - 10,000 additional ‘work activation’ places
      - 7,500 in direct employment schemes (CE, TÚS, Social Employment Scheme) that, on average, do not improve job chances
      - 2,500 on JobBridge, whose effectiveness remains untested