



# The Western Region's Labour Market 2004-2014: Executive Summary

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Quarterly National Household  
Survey

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*Western Development Commission  
(WDC) Report  
March 2015*

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## The Western Region's Labour Market 2004-2014

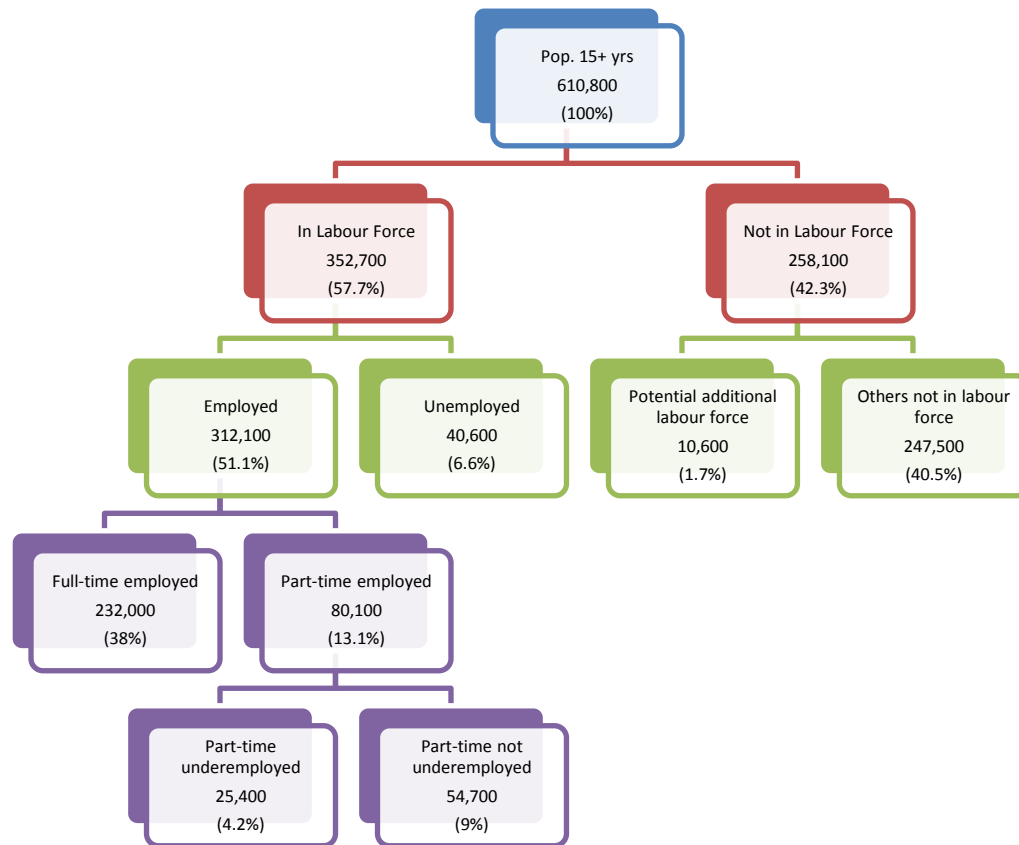
### Executive Summary

This Western Development Commission (WDC) report examines the labour market in the Western Region of Ireland (counties Donegal, Sligo, Roscommon, Leitrim, Mayo, Galway and Clare) during 2004-2014, focusing on the most recent period. A thorough understanding of the region's labour market is essential to developing effective policy for the region across a wide range of areas, including job creation, enterprise and skills. The data analysed is from the CSO's *Quarterly National Household Survey* (QNHS) and is based on a special data run for the seven county Western Region. QNHS data for the Western Region should be taken as indicative of the relative position of the region rather than as accurate absolute figures.

### Population and economic status

In Quarter 1 2014 there were an estimated 610,800 people aged 15+ years living in the seven county Western Region. The region's adult population declined by 4.9% between 2012 and 2014. Over the same period in the rest of the state, it grew by 1.2%. The decline in the region's population is due to emigration, as well as internal migration to other areas of Ireland.

Fig. I shows the economic status of the Western Region's adult population. The labour force refers to those who are working or seeking work and is the focus of the rest of this report. About 42% of the population aged 15+ years are not in the labour force, including those who are retired, students, on home duties, disabled and discouraged workers. Although they are currently outside of the labour force, it is estimated about 10,600 would (re)join the labour force if job prospects improved.

**Fig. I: Economic status of Western Region's population aged 15 years and over, Q1 2014**

*Note: The percentages refer to the share of the adult population in each category. Therefore the percentage unemployed is not the same as the unemployment rate which refers to the number unemployed as a percentage of those in the labour force and not the entire adult population.*

*Source: CSO, Quarterly National Household Survey, Q1 2014, Table 1. Special run.*

### Labour force and participation rates

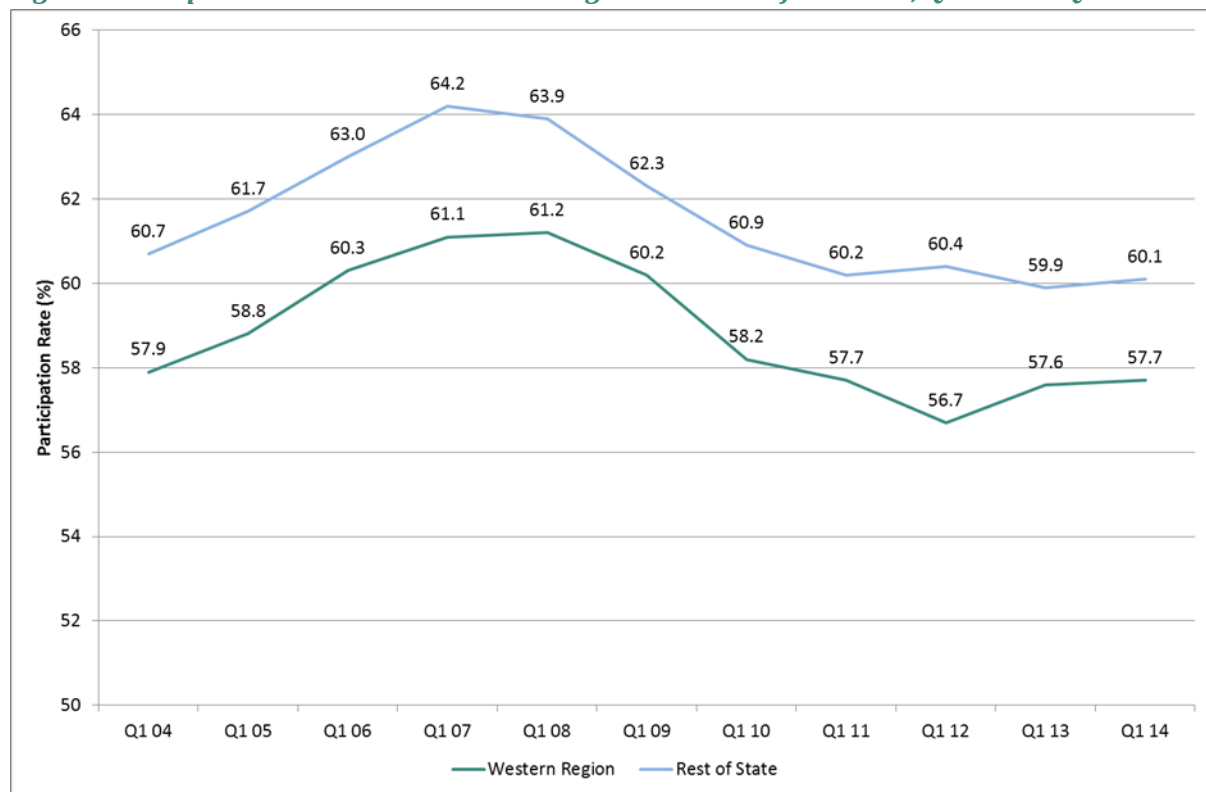
In 2014 the Western Region's labour force was 352,700. Its labour force grew strongly from 2004 to 2009, caused by an increase in the population of working age as well as increasing participation in the labour force by those of working age. The region's labour force declined by 3.2% between 2012 and 2014, in contrast to slight growth (0.6%) in the rest of the state. The decline in the region was caused by a fall in the working age population, as labour force participation rates actually increased over the period. As the available labour supply is a key determining factor in regional growth, this decline has implications for the region's capacity for economic growth, especially as out-migration is most common among those in the economically active age groups.

The labour force participation rate measures the share of everyone aged 15+ years that is working or seeking work. A higher participation rate indicates more of the population are economically active. In 2014 in the Western Region, 57.7% of those aged 15+ years were participating in the labour force (Fig. II). This was lower than the 60.1% participation rate in the rest of the state. The region's labour force participation rate has consistently been below that elsewhere.

Participation rates depend on a wide range of factors including a region's age profile. In the case of the Western Region its older age profile is a factor in its lower participation, as is less jobs availability. Participation rates rose strongly from 2004 in response to growing job opportunities, reaching a peak of 61.2% in the region in 2008. The recession led to declining participation, as some

people withdrew from the labour market, but improved job prospects have led to some increase since 2012.

**Fig. II: Participation rates in the Western Region and rest of the state, Q1 2004 – Q1 2014**



Note: For ease of interpretation of the chart the vertical axis begins at 50%.

Source: CSO, Quarterly National Household Survey, Q1 2014, Table 1. Special run.

### Participation rates by gender and age

Participation rates vary between men and women. In 2014 in the Western Region they were 65.2% and 50.4% respectively. Male participation increased at the start of the 2004-2014 period, reaching a peak of 71.7% in 2008, and then declined to a low of 63.3% in 2012. There has been slight recovery since, but the male participation rate remains below its 2004 level. For women, participation increased steadily from 2004 to 2009 when it reached 52% and has remained quite steady since, though declining somewhat in 2014. Both male and female participation rates in the region are below those in the rest of the state.

Participation rates also vary by age group with 25-34 and 35-44 year olds having the highest (over 80%). The lowest rates are among the oldest and youngest age groups. The Western Region has lower participation rates than the rest of the state across almost all age groups. Over 2004-2014, participation rates changed most dramatically among the youngest age group (15-24 years). Labour force participation among young men increased rapidly and by 2007, 57.4% of men aged 15-24 years in the Western Region were in the labour force. Well-paid jobs in construction encouraged young men to enter the labour market early. In this period, male participation in education was considerably lower than female.

Youth labour force participation has changed dramatically since, declining to 36.1% for young men in 2012. Cuts to social welfare payments for younger jobseekers was a factor and male participation in

education increased. Female youth labour force participation rates were considerably lower than male and have declined since 2008. Youth labour force participation rates are now almost identical for both sexes.

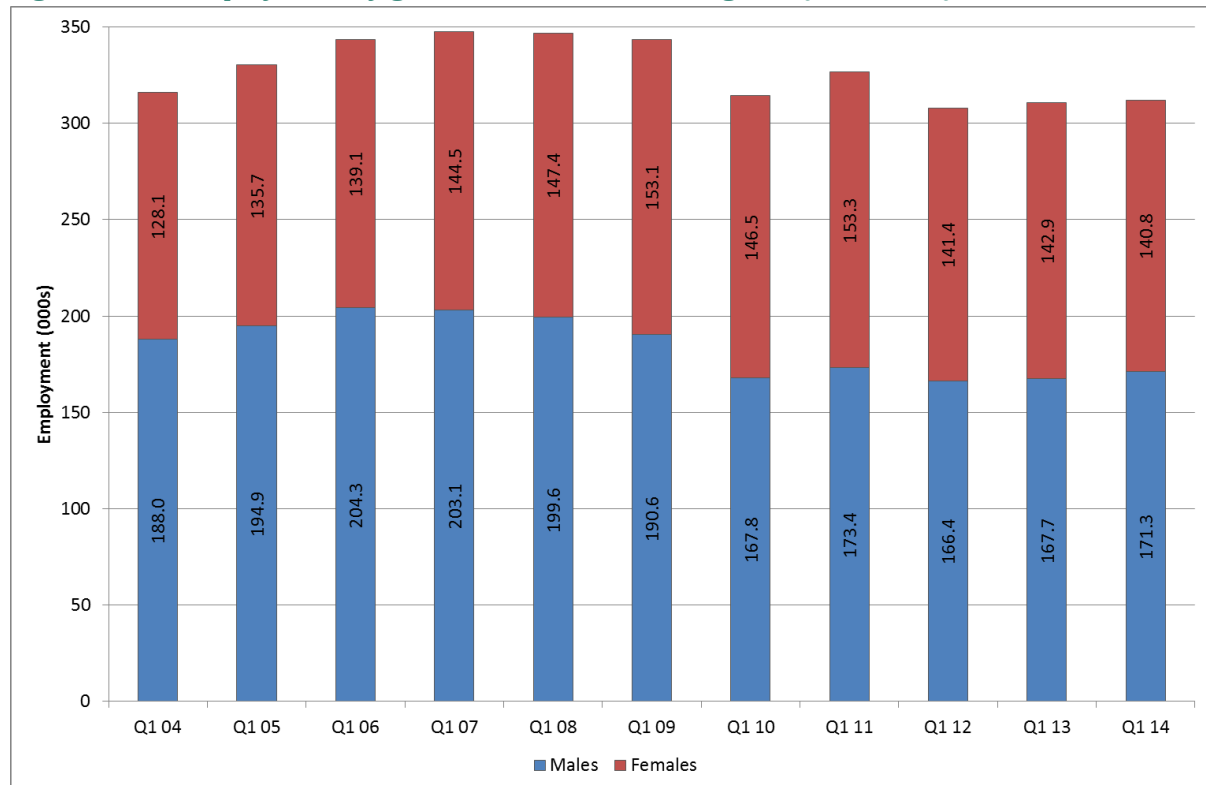
Declining youth labour force participation is generally a positive development as it reflects increased participation in education and training, with the long-term benefits of improved job prospects and regional skills base. If declining participation is due to other causes than education however, there can be negative implications as young people become detached from the jobs market.

### Total employment

In 2014 there were 312,100 people in employment in the Western Region. Employment in the region expanded very strongly up to 2007, peaking at 350,000 (Fig. III). Following massive job losses it fell to a low of 307,500 in 2012. There has been a small return to growth since, increasing by 1.4% in 2012-2014. However the increase in the region was considerably lower than in the rest of the state (3.9%).

Male employment varied more substantially than female, with a massive decline between 2007 and 2010 driven by the collapse in construction and construction-supplying manufacturing. Male employment increased by 2.9% between 2012 and 2014, as the male dominated Skilled Trades occupational group had the strongest growth. There was less fluctuation in female jobs over the period, though they also declined substantially after 2009. Employment decline in Health and Education in the region since 2012 has contributed to the overall recent decline in female employment.

**Fig. III: Total employment by gender in the Western Region, Q1 2004 – Q1 2014**



Source: CSO, Quarterly National Household Survey, Q1 2014, Table 1. Special run.

### *Part-time employment*

The share of total employment that is part-time changed radically in response to the recession, rising in the region from 18.1% in 2007 to 25.7% in 2014 (80,000 people). In some cases this was due to previously full-time jobs becoming part-time e.g. moving to a three day week, as well as the growth of low or zero hour contracts. The Western Region has consistently had a higher share of part-time working than the rest of the state and in 2014 the shares were 25.7% and 23.5% respectively. Between 2012 and 2014, there was 0.5% growth in full-time jobs but 4% growth in part-time in the Western Region. In the rest of the state growth of part-time and full-time jobs was more similar. Recent jobs growth in the Western Region was more likely to be part-time than in the rest of the state.

Part-time working is more common among women than men. While 16.1% of employed men in the Western Region were working part-time in 2014 it was 37.4% of working women.

An important question is the extent to which those working part-time choose to do so or if the person would prefer to work full-time if a full-time job were available (is underemployed). Part-time underemployment peaked in 2013 when the share of all part-time workers who were underemployed was 38.1% in the region and 33.5% in the rest of the state. It declined in 2014 but remains at around 31% in both areas.

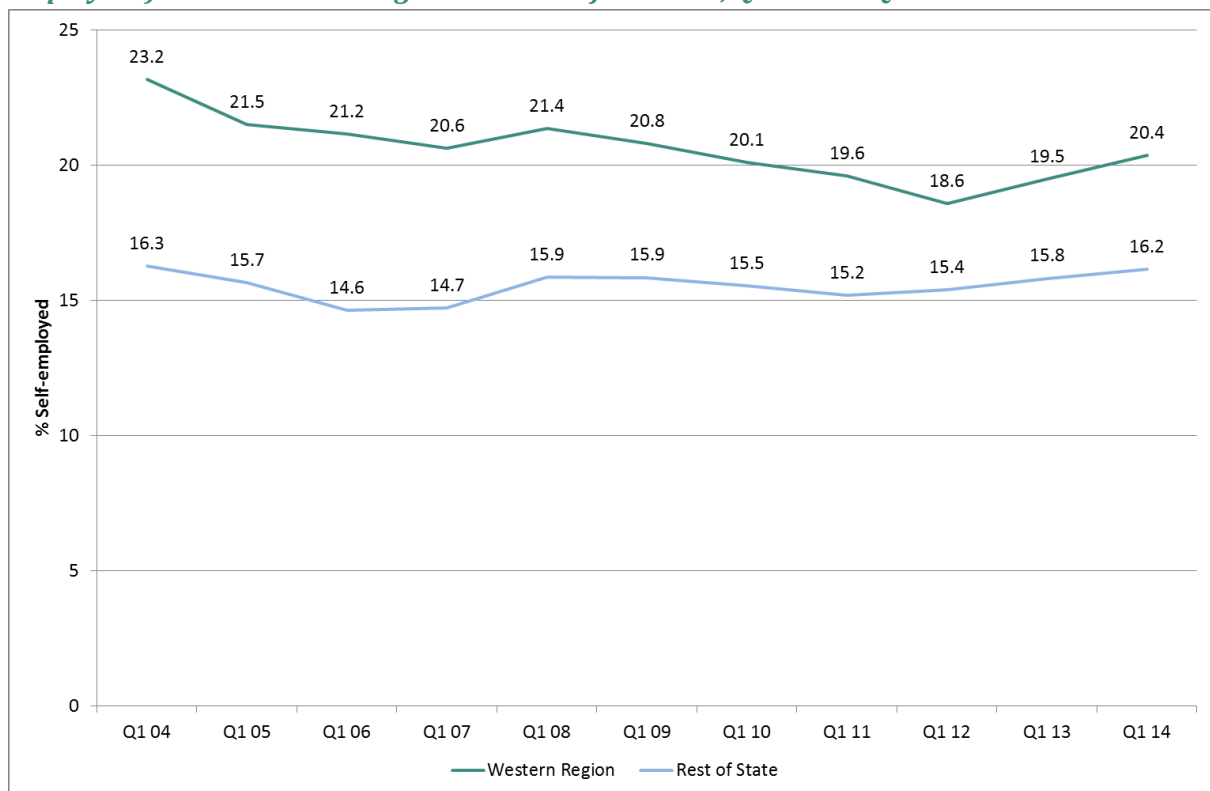
### *Self-employment*

The vast majority of people in employment are employees, though this share is smaller in the Western Region at 79.1% compared with 83% in the rest of the country. The Western Region has a higher share of self-employment. Combining both types of self-employment (with and without employees), 20.4% of employed people in the region are self-employed, compared with 16.1% in the rest of the state. This differs between the types of self-employment however with the region having a considerably higher share of those without paid employees (16.3% in the region compared with 11.4%), and a lower share of those with paid employees (4.0% compared with 4.7%).

In the Western Region there are 51,000 people self-employed without employees. This would include farmers, tradespeople and providers of personal and professional services. Particularly in smaller urban centres and rural areas, this form of self-employment can be a means for a person and their family to continue living and working in an area which offers limited suitable job opportunities, helping to sustain such areas' economic viability.

The Western Region has always had higher total self-employment (with and without employees) than the rest of the state but this gap narrowed due to a steady decline in the region up to 2012 (Fig. IV). Since 2012 there has been an increase in self-employment however and in the region it has returned to a similar level to 2007. This increase is linked to high self-employment in the sectors which have shown the strongest recent growth (Agriculture and Professional services).

**Fig. IV: Percentage of those at work who are self-employed (with and without paid employees) in the Western Region and rest of the state, Q1 2004 – Q1 2014**



Source: CSO, Quarterly National Household Survey, Q1 2014, Table 5. Special run.

Males in the Western Region have consistently had the highest rate of self-employment and in 2014 30.5% of men in the region were self-employed compared with 23.6% in the rest of the state. The Skilled Trades occupational group, which includes farmers and construction trades, who are often self-employed, is the largest occupational group for males in the region. Self-employment among women in the Western Region (8%) is also higher than in the rest of the state (7.3%) indicating other factors also influence the region's higher self-employment.

### Sector of employment

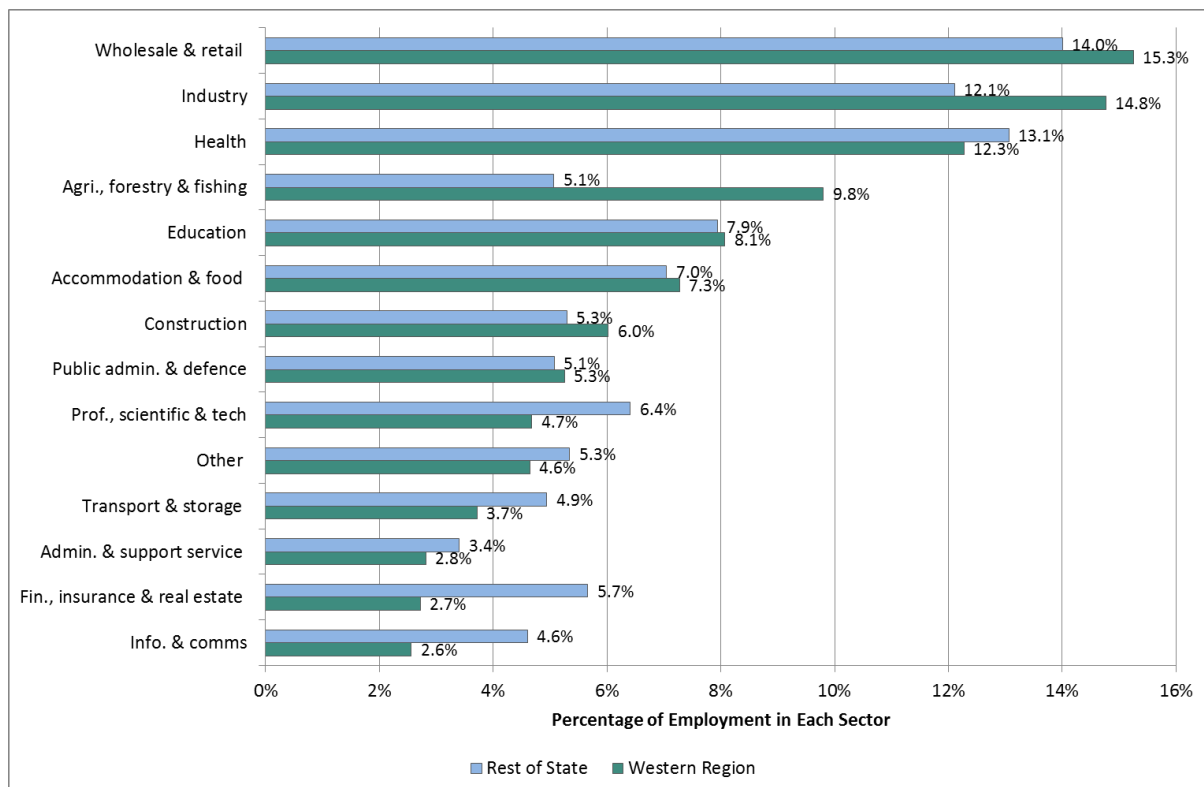
The two largest employment sectors in the Western Region are Wholesale and Retail, and Industry with around 30% of jobs (Fig. V). Health and Agriculture<sup>1</sup> are next most important. Of the region's top seven sectors, all (except Health) account for a greater share of jobs in the region than the rest of the state. Agriculture and Industry (manufacturing) are considerably more important in the region. Among the region's smaller sectors, including the knowledge intensive service sectors, the share working in them in the region is considerably below that in the rest of the state.

About a quarter of the region's employment is in the predominantly public sectors of Health, Education and Public Administration combined.<sup>2</sup> The share working in these sectors in the region (25.6%) was below that in the rest of the state (26.3%) for the first time in the 2004-2014 period.

<sup>1</sup> Note that the CSO has expressed some concerns about the impact of the introduction of the new sample structure on data for the Agriculture, Forestry and Fishing sector. Some caution is required in interpreting data on this sector.

<sup>2</sup> Not all employment in the Health and Education sectors is in the public sector.



**Fig. V: Percentage of employment by sector in the Western Region and rest of the state, Q1 2014**

Source: CSO, Quarterly National Household Survey, Q1 2014, Table 2. Special run.

There are gender differences in the region's jobs profile with female jobs very dominated by Health (22%), with 41.1% of working women in the region working in the predominantly public sectors,<sup>3</sup> for men it is just 12.9%. Accommodation and Food Service, 'Other NACE Activities', Financial, Insurance and Real Estate, and Administrative and Support Services are also more important to women's jobs than men's. Public and local services are the main areas of employment for women.

Industry, Agriculture, Construction, and Transport and Storage are the most male dominated, as is the knowledge services sector of Information and Communication. Employment in the region's largest sector, Wholesale and Retail, is equally important to men's and women's employment.

In general the Western Region's jobs profile relies more heavily than the rest of the state on the traditional sectors (Industry, Agriculture and Construction) and local services (Wholesale and Retail, and Accommodation and Food Service) which depend on domestic spending and tourism. The region's sectoral jobs pattern is influenced by its largely rural nature.

This jobs pattern can also be seen in the region's share of national total jobs in each sector. In total 16.5% of all jobs in the state are located in the Western Region. Agriculture (27.7%), Industry (19.5%) and Construction (18.4%) are the sectors where the region makes its largest contribution to national jobs. The region's share of all Industry employment nationally has increased very strongly in recent years from 16% in 2007 to its current 19.5%. This is due to the sector's relatively stable jobs performance in the region compared with more substantial declines elsewhere in the country.

<sup>3</sup> Health, Education and Public Administration. Not all employment in Health and Education is in the public sector.

The three knowledge intensive services sectors are where the region accounts for its lowest shares of national jobs. Less than 10% of all Information and Communication, and Financial, Insurance and Real Estate jobs are based in the region and the region's share of both has declined since 2012. Not only does the region have low shares in these sectors but it is losing ground.

### *Recent changes in employment by sector*

Between 2012 and 2014 half of sectors (7 of 14) experienced jobs growth in the Western Region (Fig. VI). Agriculture grew most strongly<sup>4</sup> with Professional, Scientific and Technical activities next highest. Growth in these sectors contributed to the increasing share of self-employment. Wholesale and Retail also grew, in contrast to the rest of the state where employment fell over the same period. The other main local service, Accommodation and Food Service, also grew as this period coincided with an increase in overseas visitor numbers as well as consumer spending.

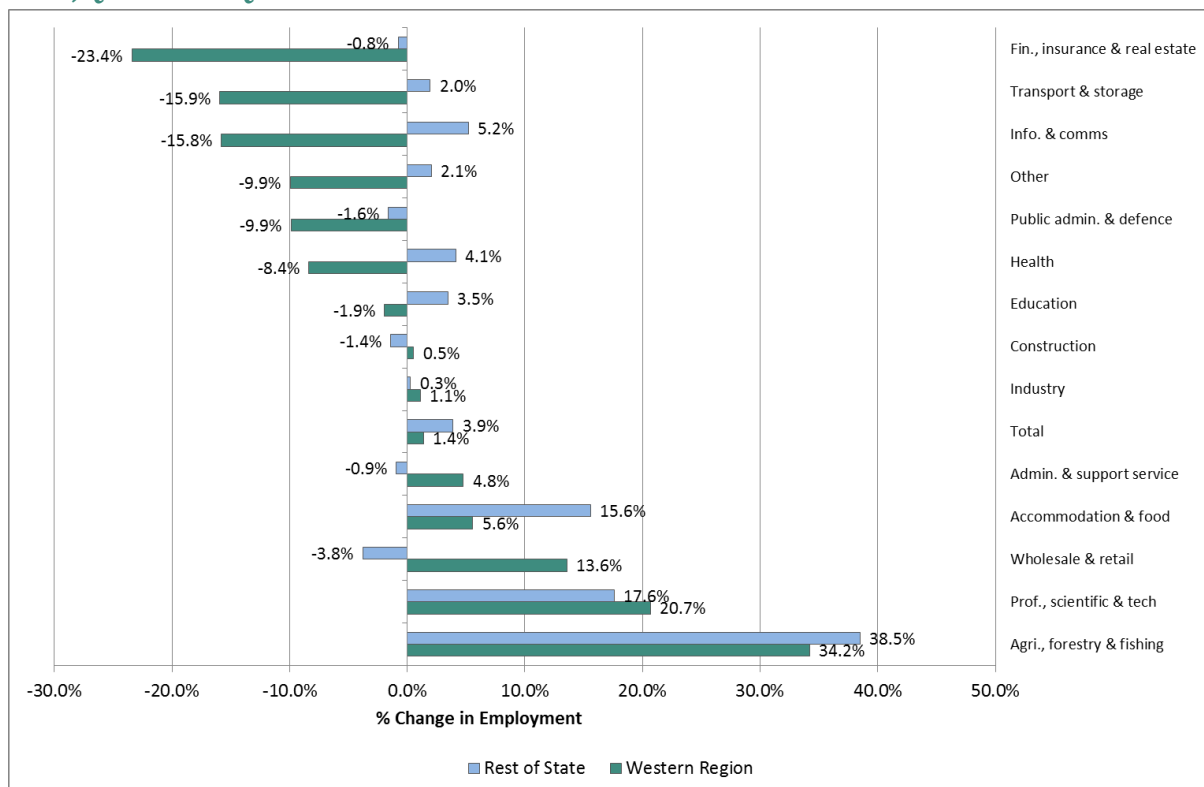
The Western Region experienced a far greater jobs decline than the rest of the state across many sectors, including knowledge intensive services and the public sector. In the case of Information and Communication, employment fell by nearly 16% in the region but it had the fourth largest growth in the rest of the country (5.2%). The reasons for the Western's Region poor, and weakening, jobs performance in this high growth potential sector need to be investigated.

Employment in Health and Education rose in the rest of the state but declined in the region, which also experienced a greater decline in Public Administration. This has impacted on women's jobs which declined by 0.4% between 2012 and 2014 compared with 2.9% growth for men. The impact on women's jobs would be particularly important in more rural areas which have a higher dependence on public sector jobs.

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<sup>4</sup> The CSO has noted concerns over the impact of the new sampling structure on the employment figures for Agriculture. However it does seem that employment is growing to some extent in the sector.

**Fig. VI: Percentage change in employment by sector in the Western Region and rest of the state, Q1 2012 to Q1 2014**



Source: CSO, Quarterly National Household Survey, Q1 2014, Table 2. Special run.

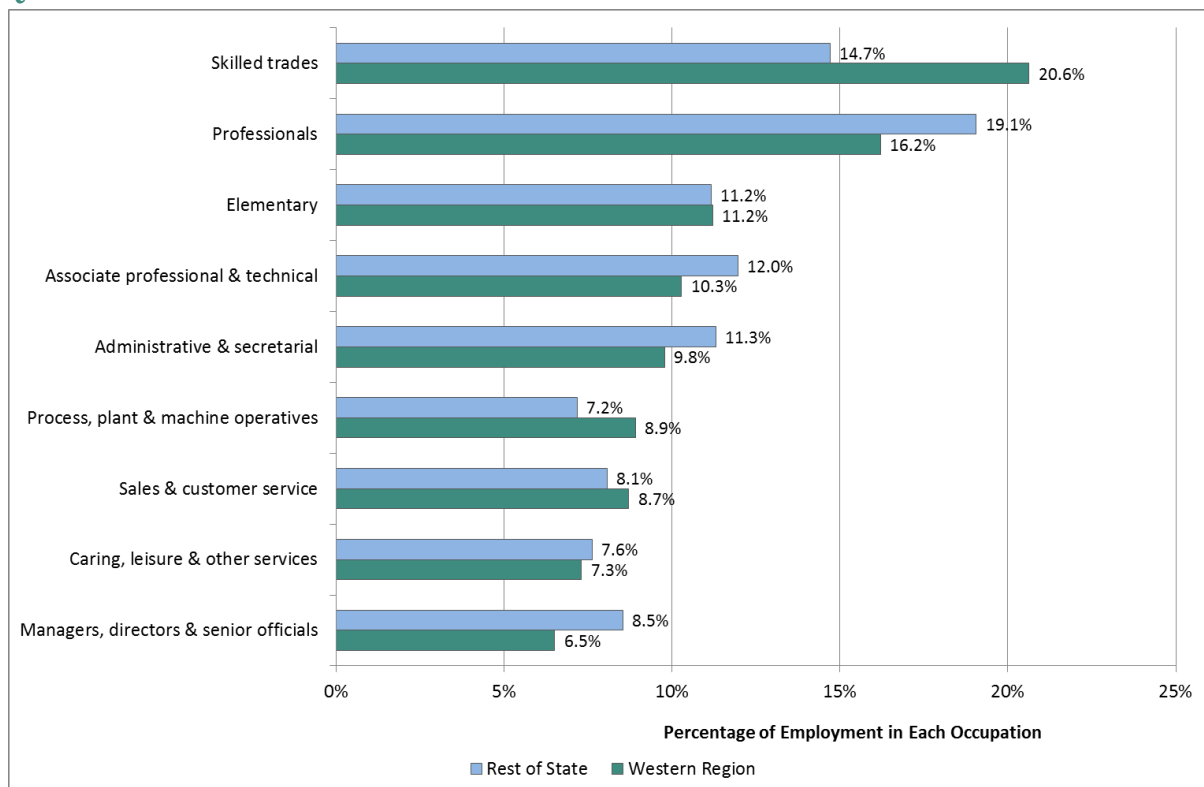
### Employment by occupation

Employment is classified across nine occupational groups. Skilled Trades<sup>5</sup> is the largest in the Western Region accounting for 1 in 5 jobs (Fig. VII). The share in the region is considerably higher than in the rest of the state where it is only the second largest group after Professionals. In addition to Skilled Trades, the region has a higher share working as Operatives (mainly in manufacturing) and Sales and Customer Service. These are among the lower paid occupational groups.

As well as Professionals, the region has a lower share working as Managers, Directors and Senior Officials, and Associate Professionals and Technical. These are the three highest paid occupational groups. The Western Region's occupational profile points to a lower paid jobs structure than the rest of the state.

<sup>5</sup> The Skilled Trades occupational group includes farmers as well as construction trades.

**Fig. VII: Employment by occupational group in the Western Region and the rest of the state, Q1 2014**



Source: CSO, Quarterly National Household Survey, Q1 2014, Table 4. Special run.

The biggest difference in occupation by gender is in Skilled Trades which employ 34.5% of working men but only 3.8% of women. This is the largest occupational group for men by some distance, with Operatives, Associate Professionals and Technical, and Professionals next largest. The female occupational profile is not as dominated by a single grouping. Professionals is the largest, employing 21.5% of women including many in Health and Education. The next largest occupational groups for women are Administrative and Secretarial, and Caring, Leisure and Other Services.

Between 2012 and 2014, Skilled Trades was the occupational group that performed most strongly increasing by 18.2%. This was considerably greater than the 12.3% increase in the rest of the state. Sales and Customer Service occupations had the second highest growth in the Western Region, in contrast to decline in the rest of the state. This is consistent with the performance of the Wholesale and Retail sector.

The region had a decline in four occupational groups (Caring and Leisure, Operatives, Administrative, and Professionals) and it performed worse than the rest of the state in all of them. Of the four, all but Operatives are very important to women's jobs. This contributed to the overall decline in female employment in the region. The increase in male jobs was mainly due to the growth in Skilled Trades.

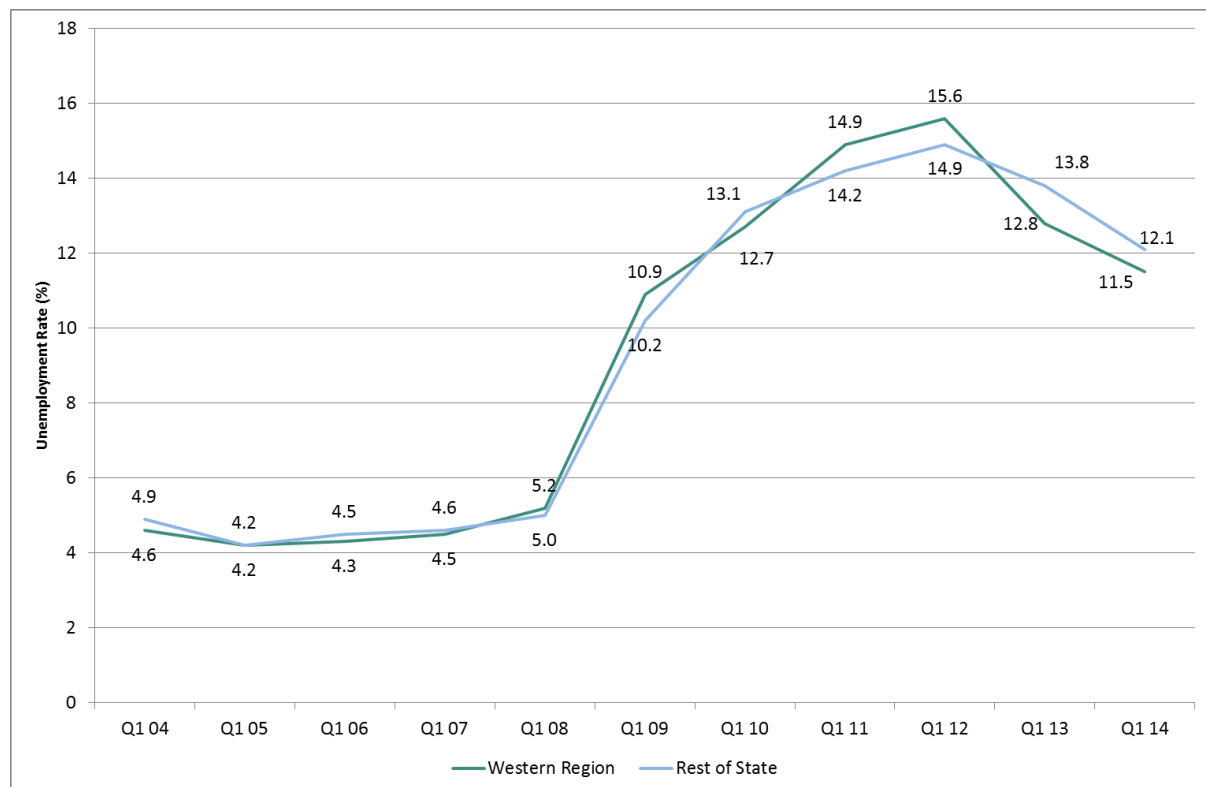
### Unemployment

Unemployment has changed radically over 2004-2014. The unemployment rate held steady at just above 4% in the region and rest of the state until 2008 (Fig. VIII). By 2009 it had more than doubled and was higher in the Western Region. The collapse of the building sector and its suppliers was the initial cause, followed by job losses across other sectors, in particular local services relying on

domestic demand. This led to rising female unemployment. The unemployment rate peaked in 2012 at 15.6% in the region and 14.9% in the rest of the state. Since then rates have declined and in 2013 the unemployment rate in the region dropped below that elsewhere.

In 2014 the Western Region had an 11.5% unemployment rate, with over 40,000 people unemployed. The number of people unemployed in the region declined by 28.4% between 2012 and 2014. This was caused by two main factors: an increase in employment, but even more so by a fall in the adult population. It is likely that movement out of the region would have been more common among those who are unemployed, contributing to the reduction in the number of unemployed people living in the region.

**Fig. VIII: Unemployment rate in the Western Region and rest of the state, Q1 2004 – Q1 2014**



Source: CSO, Quarterly National Household Survey, Q1 2014, Table 1. Special run.

### Unemployment rate by gender and age

The number of unemployed men is considerably higher than women, leading to a higher unemployment rate. The male unemployment rate peaked at 18.2% in 2011 but has declined very sharply since to 13.3% in 2014. The female unemployment rate followed a similar trend but at a lower level and lagging about a year behind. The female rate has also declined since 2012 but more slowly than the male, narrowing the gender gap. In 2014 the female unemployment rate was 9.3%.

Unemployment rates are highest among the younger age groups. While the total unemployment rate in the Western Region is below that in the rest of the state, the region has a higher rate among 25-34 year olds, one of the most economically active age groups. It also has a higher youth (15-24 year olds) unemployment rate, one of the most serious consequences of the recession and a major long-term challenge. The youth unemployment rate peaked at 31.1% in the Western Region in

2011, declining only slightly since to 29.2% in 2014. It has declined far more strongly in the rest of the country and in 2014 was 24.6%. This is the opposite to what occurred to the total unemployment rate, showing that youth unemployment is an even greater challenge in the region than elsewhere.

### *Long-term unemployment*

Since 2011 there have been more people long-term unemployed than short-term and in 2014 there were 15,200 short-term unemployed in the region and 24,600 people who had been unemployed for over a year. The long-term unemployment rate held steady at under 1.5% from 2005 to 2008 before increasing dramatically to over 9% in 2012. It has dropped since, with the region (7%) having a lower rate than elsewhere (7.3%) in 2014.

Between 2012 and 2014 long-term jobseekers as a share of total unemployment declined more in the rest of the state than in the region. Reducing the share of jobseekers who are long-term unemployed is a key labour market objective, as the longer a person is unemployed the more difficult it is to find work.

### *Ten Key Findings*

Ten key aspects of the Western Region's labour market emerging from this analysis are:

1. Lower labour force participation
2. Higher share of self-employment
3. Higher share of part-time working and recent jobs growth more likely to be part-time
4. Greater reliance on traditional sectors and local services
5. Small and declining share working in knowledge services
6. Large contribution by Western Region to Industry
7. Lower employment growth
8. Recent jobs growth in agriculture, professional and local services; jobs declining in knowledge intensive and public services
9. Lower paid occupational profile
10. Higher youth unemployment rate

### *Conclusions*

The Western Region's labour force has contracted since 2012, largely because of outward migration. As a region's available human resource is a key determining factor in regional growth, this has implications for the Western Region's capacity for economic growth and viability. The region has consistently had lower labour force participation rates than the rest of state, reflecting the smaller share of its population that is economically active.

The youth labour force participation rate has changed most dramatically in recent years, particularly among young men, with declining labour force participation coinciding with increasing educational participation. Young people who remain in the labour force however, face a higher risk of unemployment in the region than the rest of the state. Given that the region's total unemployment rate is lower, this indicates that youth unemployment is a particularly serious challenge for the region.

The Western Region's labour market is characterised by higher part-time, under- and self-employment, for both men and women. This reflects distinct differences in the nature of the region's labour market and may point to certain weaknesses which need to be addressed by tailored job creation actions for the region. There has been a small return to jobs growth since 2012 but this is lower in the region than the rest of the state and the region's recent jobs growth was more likely to be part-time.

The percentage of all employment that is self-employment has risen since 2012 indicating that it has played an important role in overall jobs growth. The region has a far higher degree of self-employment (without paid employees) than the rest of the state and the role of such employment in sustaining the viability of rural economies requires further investigation and policy focus.

The Western Region's jobs profile relies more heavily on traditional sectors and local services, which depend on domestic spending and tourism. Knowledge intensive services play a substantially smaller role and indeed the region's national role has declined further in recent years. The reasons for the region's deteriorating position in these high growth sectors need to be investigated. The opposite is the case in Industry however, as the region's relatively more stable recent performance in manufacturing has greatly increased its national role. The region's manufacturing strength is a key national asset. In recent years agriculture, professional and local services have grown most strongly in the region leading to increases in Skilled Trades, Sales, Elementary, and Associate Professional occupations.

The region's occupational profile points to a lower paid labour market with lower shares working in the highest paid occupational groups and higher shares in several of the lower paid; a situation that contributes to lower disposable income in the region.

Unemployment has declined since 2012 but this has only partially been caused by jobs growth. The greater part is due to the loss of unemployed people from the region, either overseas or to other parts of Ireland. The decline in unemployment in the region has been stronger than elsewhere, leading to its unemployment rate dropping below that in the rest of the state, reflecting the significant impact of out-migration on the region's labour market.

These key aspects of the Western Region's labour market should inform the development of the upcoming *Action Plan for Jobs* for the West, Border and Mid-West regions. The region's labour market characteristics should influence which policies are prioritised for the region and the sectors of focus for job creation strategies.