

Work in the West

The Western Region's Employment & Unemployment Challenge



December 2009

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Foreword

Over the last year and a half there have been huge changes in employment levels in the Western Region. Following a sustained period of growth and near full employment, high unemployment has re-emerged. The prospect of long term unemployment and emigration are again threatening people in our region. We are facing very significant employment challenges resulting from the recession: the need to adjust the regional economy to adapt to the dramatic fall in construction employment; the education and training challenges which arise from this; and the risk of a return of the brain drain.

What must be remembered however, is that the Western Region of today is very different to that of 20 years ago. If appropriate strategies are implemented in the region, it is far better placed to recover from the current recession than it was in the 1980s and early 1990s.

One of the most important aspects of this is the region's stronger human resource. Rates of participation in higher education have increased, we have experienced inward migration of well educated people from other parts of Ireland and overseas, as well as high levels of natural population increase. This has led to the Western Region's workforce growing very substantially and we now have a much more solid human resource foundation to build on.

The region's enterprise base has also developed in key sectors in recent years, importantly in those sectors which can stimulate job creation. A number of these including medical devices, the creative sector and software and international services are highlighted in this report as areas of future growth. New sectors are also emerging in response to changing needs and priorities in the region with the green economy holding significant potential for the West.

The region's infrastructure has been strengthened over the past decade with considerable investment in road, rail and air access as well as the infrastructure for the provision of energy and broadband services. While a lot still needs to be done to address remaining infrastructure constraints, recent investments have greatly improved the region's competitive position.

The Western Development Commission (WDC) has been operating on a statutory basis to promote the economic and social development of the Western Region for the past ten years. Over that time we have witnessed, and played a part in, some of these changes. We have now prepared this report to highlight the most critical new issue facing the region – employment levels.

Responding to this employment challenge will require private, public and community stakeholders in the region to come together to create jobs and position the region for the future. The WDC believes that *Work in the West: The Western Region's Employment & Unemployment Challenge* is the start of this process.

Michael Farrell
Chairperson

December 2009

Executive Summary and Recommendations

The Western Development Commission (WDC) has produced *Work in the West: The Western Region's Employment & Unemployment Challenge* to examine the current employment and unemployment situation in the Western Region,¹ analyse the key challenges which arise from this and make recommendations on what is needed to position the region for future growth.

Balanced Regional Development

Employment and other developments in the Western Region occur in the broader context of regional development policy in Ireland. In the current economic climate there is a risk that the government objective of balanced regional development² may be sidelined or no longer seen as a key priority. A tendency for current economic and regional policy to increasingly focus on the role and potential of the larger cities is an illustration of this.³ This focus results from a perception that balanced regional development is a redistribution of national resources, rather than being recognised as an integral element of national growth.

National growth and regional development are not an either/or choice. This applies in a positive sense (where national growth is the sum of growth which emanates from the regions), but also in a negative sense. If regions are not facilitated to grow they may suffer higher and longer term unemployment, requiring high levels of social transfers and creating very significant difficulties for the people and communities directly affected.

It is critical that strategies to position Ireland's regions for the future recognise the importance of widespread economic growth, including in the rural economy. Otherwise we will experience a situation where a high proportion of people live and work in smaller towns and rural areas, but where job creation strategies concentrate on gateways and hubs. This could lead to a situation of unsustainable and undesirable commuting patterns or even a return to rural depopulation and a shrinking of the region's labour force.

The Western Region's Labour Market

Increasing labour demand, resulting from the economic boom and coupled with population growth, strong inward migration and rising female labour force participation led to a 25.6% increase in the number of people at work in the region between 2000 and 2009 (from 272,300 to 342,000). The strongest employment growth was experienced in the construction, retail and wholesale, and public services sectors.

¹ Counties Donegal, Sligo, Leitrim, Mayo, Roscommon, Galway and Clare.

² This objective is included as a priority in the National Development Plan (NDP) 2007-2013 and the National Spatial Strategy (NSS).

³ National Competitiveness Council (2009), *Our Cities: Drivers of National Competitiveness*; National Economic and Social Council (2008), *The Irish Economy in the Early 21st Century*

In addition to expanding employment, there were considerable improvements in the education level of the region's workforce during the boom years. The share with a third level qualification rose from 18.9% to 28.2% (2002-2008), though the region still lags the rest of the state. There has, however, been a widening of the gap in education levels between men and women, influenced by the type of employment growth experienced over the period, in particular the strong influence of construction.

Since late 2007 there has been a notable change in labour force characteristics in the region and nationally, with falling employment levels, increased redundancies and rising unemployment. This trend has accelerated as the recession deepened and spread from the construction and finance sectors to the rest of the economy. The unemployment rate has risen in the Western Region from 5.0% (Q1 2008) to 10.8% (Q1 2009) in the course of a year.

The Western Region's Employment Profile

The nature of the region's employment and enterprise structure has implications for its ability to respond and adapt to the recession. In general the region (in particular north of Galway city) is not as well placed in the move towards an increasingly knowledge-based or 'smart economy'. It has a higher share of its employment in sectors which tend to be lower skilled, lower value-added and more vulnerable to the recession (e.g. construction, industry) and lower shares working in the higher skilled and high value-added sectors (e.g. financial services, information and communications services) than the rest of the state. However the region did experience faster growth than nationally in knowledge-intensive services employment in the 2004-2009 period and employment in these sectors has continued to increase even during the recession. The region is also home to a particularly strong high-tech cluster of medical device companies concentrated in Galway and Mayo.

The structure of employment in the region has changed over the past ten years. Despite overall employment growth, it should be recognised that those losing their jobs were not always the same people as those gaining the new jobs created, with employment in urban areas performing more strongly than in rural. For example, growth in medical devices manufacturing and ICT services in Galway city occurred alongside the decline of textiles in Donegal. As the traditional role of rural market towns as service centres for their agricultural hinterland and as sites of traditional manufacturing declined, it was largely construction and the public sector which emerged to support their economies and provide employment.

In the context of this employment profile, the WDC has identified three key employment challenges facing the Western Region.

- Adjusting to the decline in construction employment
- Return of the brain drain?
- Delivery of education and training in the region

Challenge 1: Adjusting to the Decline in Construction Employment

At the peak of the building boom in 2007, 1 in 4 men in the Western Region worked in construction, a higher share than in the rest of the state. Since then a third of the region's construction workforce (16,400 people) have lost their jobs. This has led to very substantial increases in unemployment among men in the region, especially in more rural counties and is associated with some significant changes:

- During the building boom the availability of relatively highly paid jobs in the construction sector led many young men to forego third level education and enter the labour market earlier. As many in this group are now becoming unemployed, they will find it particularly difficult to get other jobs because of their low level of qualifications.

- Rising unemployment among professionals from the construction sector, and the danger that this human resource could be lost to the region, is a cause for concern in terms of growing the region's knowledge economy.
- The loss of supplementary off-farm employment in the construction sector for part-time farmers in the region has implications for the viability of the region's already vulnerable agricultural sector.
- The level of reliance on construction employment in the region means that its dramatic decline necessitates that the region's economy adjust to a more sustainable basis.

Challenge 2: Return of the Brain Drain?

The Western Region has a long legacy of out-migration with movements to the east of the country and overseas. The reversal of this pattern and the substantial growth in the region's human resources can be considered one of the most important benefits of the boom years for the West. The challenge facing the region now is preventing the human resource gains of the past decade from being lost during the recession.

Nationally, 2009 represented the first time Ireland experienced net emigration since 1995. Anecdotal evidence from the region also indicates that the level of emigration is rising. This seems to be particularly the case for new graduates, recent immigrants and construction workers, including professionals. A particular concern is that as the recession continues, more highly skilled and experienced employees, as well as new graduates, may choose to emigrate as they will be unwilling to remain in the region in unemployment. A return to large scale emigration from the region would undermine its capacity to grow, or attract, new enterprises. The availability of a skilled workforce is a critical deciding factor in inward investment decisions and the location of business start-ups.

Challenge 3: Delivery of Education and Training in the Region

Job seekers are a highly diverse group in terms of occupation, education, age and location with a wide range of education and training needs. There has been an increase in unemployment across all education levels, including among those with a third level qualification. However those in lower skilled occupations and with lower education levels are experiencing the highest unemployment rates and are at greater risk of becoming unemployed. This group, who are at most risk, must be the target of improved labour market interventions to increase their education and training levels and enhance their employability. One particular issue for the region is the cohort of young men with relatively low education levels who are becoming unemployed, mainly from construction. This presents an immediate challenge for the region both economically and socially.

Some of the key issues for the delivery of education and training in the region are:

- Future employment growth is predicted to be concentrated in areas requiring third level qualifications, so the up-skilling and re-training of job seekers, as well as those currently employed, must be one of the region's top priorities.
- Investment in further education should be targeted on sectors where skill shortages exist or are forecast, and where future employment growth is predicted.
- The predominantly rural nature of the region creates issues for the delivery of education and training to rural residents and makes the development and expansion of distance education options and broadband services critical.
- Further education and training policies and systems for job seekers and the suitability of the training offered need to be examined in light of the needs of job seekers in today's labour market.

Positioning the Region for the Future

Concerted action will be required if the Western Region, particularly the more rural northern part, is to participate in the move towards a 'smart economy'. If this does not happen, the regional development gains of the past decade could be lost and the gap between the east and west of the country could widen even further with the Western Region less able to contribute to national growth.

Thus the region's future growth is not only critical for the region itself but for the country as a whole. A vibrant and thriving regional economy will contribute to national recovery. Each region differs in terms of its strengths and the most effective role it can play in the national economy. The identification of sectors which have future growth potential in the Western Region, based upon the current situation and the region's strengths and assets, is a fundamental aspect of tackling the current recession in the region. This must be followed by the development of policies and actions aimed at growing these sectors.

Eight sectors are identified in this report as having future growth potential for the region.⁴ These should be developed to create jobs in a competitive and sustainable western regional economy. They represent a mix of knowledge sectors, sectors which are a direct response to changing needs and priorities within the region, and sectors based on natural resources. They are as follows:

- **Medical devices:** the region is currently home to an internationally recognised cluster of medical devices firms, human resources and research capacity. This strength has considerable further growth potential.
- **Software, financial and international services:** employment in many of these services has continued to grow in the recession and they have significant export potential.
- **Creative sector:** the features of businesses which are based on creativity (such as design, digital media, fashion, crafts, visual arts) are compatible with the characteristics of the Western Region. They are often small scale with quality of life an important location factor.
- **Green economy:** the region has very considerable renewable energy resources (wind, ocean, biomass) and has the potential to become a net exporter of electricity. There is also potential demand for the retrofitting of older housing stock to enhance energy efficiency.
- **Caring sector:** the region has a higher share of its population in the older age categories and the demand for elder care will grow in future, as will the requirement for formal qualifications among those working in the sector.
- **Food:** opportunities in niche food areas such as organic agri-food, artisan food, marine food and functional food exist in the Western Region, both for small food producers and larger companies.
- **Tourism:** given changing tourism trends, the Western Region needs to target specific tourism markets suited to its offering. This would include capitalising on its natural amenities, cultural assets, and festivals and events. New markets in Europe also hold opportunities.
- **Marine:** the Western Region has significant and under-developed marine resources and there is potential to tap into these in the areas of ocean energy, water-based tourism, marine food and transport and shipping activities.

Some of the factors which can influence enterprise growth and future job creation in these, and indeed all economic sectors, in the region include:

- Enterprise support, including access to finance, for both exporting and locally-trading businesses.
- Strengthening the region's research and innovation capacity, focusing particularly on process (non-technological) innovation by micro-enterprises and small and medium-sized enterprises (SMEs) in more traditional and service sectors.
- Maximising the use of the region's existing infrastructure (telecommunications, road, rail and air transport, energy) and investing in further improvements to underpin business growth in the region.

⁴ The selection of these eight sectors does not imply that these are the only areas of potential future growth.

Summary of Recommendations

General Recommendations

1. The Western Region has the potential to contribute to national economic recovery. However to achieve this, national economic strategies must address the needs of the extensive areas beyond the large cities and incorporate **strategies to encourage the growth potential of smaller centres and rural areas**. A regionally unbalanced approach to economic recovery will not achieve the best results for the country and its people (page 58).
2. **Investment in critical infrastructure** including broadband, primary and secondary roads, direct international air access, rail services and energy infrastructure is necessary to underpin the region's economic growth. Cutbacks in public investment should not disproportionately affect peripheral regions (page 61).
3. Skilled people are a vital resource. **Retaining skilled people in the region** must be a priority. Initiatives including support for business start-ups, employment protection, education and training provision must be implemented to retain skilled workers in the Western Region, and prevent a return of the brain drain (page 36).

Education and Training Recommendations

4. The current education and training system is not fully meeting the needs of diverse learners or providing the workers needed for the future economy. The system, including training supports and incentives as well as education delivery methods, needs to be **revised in order to meet the needs of job seekers and those currently employed**. A new system needs to have the flexibility to recognise and respond to differing regional and local circumstances (page 42).
5. Multiple agencies and organisations are involved in the delivery of education and training. There must be a clear framework ensuring coordination between them. **Flexibility, joint actions and coordination at local level** are required to achieve the objective of up-skilling and re-training job seekers and those in employment. This needs to be facilitated and actively supported at national level (page 45).
6. **Workers with lower educational levels must be the focus of particular strategies** for re-training and up-skilling or they will be further disadvantaged in the drive for a higher skill economy and workforce. Given the close relationship between low skill levels and long term unemployment, this will be critical to avoiding a return to permanent long term unemployment in the region (page 40).
7. Workers from the construction sector, at all education levels, need to be re-skilled for alternative employment. Training agencies should work together to develop and implement a **coherent strategy for re-skilling construction workers**. The strategy must include targeted interventions for young men with low education levels, for older men including part-time farmers and include specific approaches for rural areas. It should include a **specific programme to raise the educational qualifications of young males in rural areas made unemployed from construction** and with low educational qualifications. The Western Region could be used as a pilot area for such a programme given its rural nature and the extent of this challenge in the region (page 29 and 30).

8. People living in rural areas must not be disadvantaged in accessing education and training. Existing and new methods and approaches to **distance education, to meet the re-training and up-skilling needs of rural residents**, must be expanded and developed. Education and training organisations and institutions including the Higher Education Institutions, VECs and FÁS should coordinate efforts to develop distance education provision in the Western Region, given its rural nature (page 43).
9. The expansion of the **availability and capacity of broadband provision in rural areas** must be a priority to facilitate delivery of distance education. Implementation of the National Broadband Scheme (NBS) should be completed in order to contribute to this (page 43).

Job Creation Recommendations

10. Identifying future growth sectors at a regional level provides a focus for economic recovery. The government should **identify priority growth sectors for the Western Region**. These should then be the focus of coordinated training provision, and investment should be prioritised for these sectors. Regional coalitions involving the private sector, enterprise support agencies, local authorities, education and training providers should drive the development of these sectors in the region (page 47).
11. The green sector has enormous potential in the Western Region. A strategy for ensuring this is realised is essential. It should cover areas such as **re-training construction workers for the green economy and investment in the development of the renewable energy resources** of the region. In this context initiatives such as the WDC's wood energy strategy should be supported (page 52).
12. Employment in the caring professions is likely to increase. Application of **best practice in the area of elder care** should be a priority. Given the older age profile of the Western Region's population, this is critical for the region. Training and education providers in the region should become leaders in the area of training, education and qualifications for the elder care sector (page 54).
13. Support for existing businesses and new entrepreneurs is central to job creation and reducing unemployment. **Locally-trading micro-enterprises in rural areas** must be included in enterprise support strategies given their role in job creation (page 59).
14. The focus of innovation policy has thus far been on science and technology. Process (non-technological) innovation is however more important for micro-enterprises and SMEs in more traditional sectors and service businesses. Innovation policy, supports and funding must recognise the value of and provide **support for process (non-technological) innovation as well as product innovation**. This is critical for areas with weaker research and innovation capacity (page 60).

1. Introduction

Declining economic activity combined with rising unemployment presents the most significant economic and social challenge that the Western Region (Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare), and indeed the country as a whole, has faced for some considerable time.

The current employment and enterprise structure of the region creates particular challenges in the current recession. These include greater reliance on more traditional sectors of employment such as agriculture and construction and fewer people employed in the growth sectors of knowledge-intensive international services and high-tech manufacturing.

This pattern is pronounced in smaller towns and rural areas of the Western Region, where the decline in construction employment has had a particularly big impact. At the same time, declining employment in local and public services as a result of reduced consumer spending and public expenditure cutbacks is also having a substantial impact, particularly for female employment.

The settlement pattern of the region, with relatively few large urban centres and a considerable number of small and medium-sized towns and villages may make economic recovery more difficult, particularly as the focus of national policy for recovery seems to be mainly concentrated on sectors which tend to favour larger urban centres. In addition, although there has been a significant improvement in the educational profile of the region's labour force it still lags the rest of the state in third level degree holders, while the gap between men and women in third level qualifications widened substantially during the boom years.

Some of these structural issues in the region predate the boom and were not fully addressed in the Celtic Tiger era, while others, in particular heavy dependence on construction employment, are directly associated with the boom.

This report is a follow up to *Employment and Unemployment in the Western Region 2000-2008*, a Western Development Commission (WDC) briefing paper which focused on employment and unemployment data and trends in the Western Region over the 2000 to 2008 period.⁵

Work in the West: The Western Region's Employment & Unemployment Challenge examines the current employment and unemployment situation in the Western Region and identifies the three employment challenges which the WDC considers to be the most critical for the region's future growth. These challenges are of particular relevance to the circumstances in the region and are:

⁵ This brief can be downloaded from <http://www.wdc.ie/publications/reports-and-papers/reports-2008/>

- Adjusting to the decline in construction employment
- Return of the brain drain?
- Delivery of education and training in the region

The report begins with an overview of the labour market conditions in the Western Region including the sectoral and gender patterns of employment, the recent rise in unemployment and the educational profile. The key points are given in Chapter 2 with a detailed analysis provided in the Annex. Chapter 3 examines the current employment profile of selected sectors and the role of the rural economy. The three key employment challenges for the region are then drawn out. The subsequent Chapters 4-6 examine each of these challenges in turn providing background and identifying the issues, policy implications and recommendations for the region. Chapter 7 then examines how the region can position itself for future development, including identifying a number of future growth areas.

This report has been produced by the WDC which is a statutory body whose purpose is to promote economic and social development in the Western Region of Ireland. The WDC operates under the aegis of DCRAGA⁶ and its main aim is to ensure the region maximises its full potential for economic and social development. This is done by:

- identifying and analysing the key social and economic issues for the region and making policy recommendations;
- supporting the sustainable development of the rural economy through strategic projects;
- promoting the benefits of living, working and doing business in the region through the LookWest.ie campaign; and
- providing risk capital to small and medium-sized enterprises (SMEs) through the WDC Investment Fund.

The WDC's experience in this work for the past ten years has informed this report.⁷ The current employment and economic challenges confronting the Western Region, as outlined over the following chapters, are fundamental to all aspects of the WDC's work programme, now and into the future.

The WDC believes that this report will be valuable to anyone with an interest in the current economic situation, employment and unemployment policy or development of the Western Region. In particular it will prove a constructive input for policymakers at both the national and regional level involved in the development and implementation of labour market, enterprise, education and training policy. The detailed analysis in the Annex will be particularly useful for future planning by regional stakeholders.

The WDC also believes that the identification of three key challenges for the region can help to build a consensus among regional stakeholders on priorities and that this consensus will facilitate coordination of action at the regional level.

⁶ Department of Community, Rural and Gaeltacht Affairs

⁷ Further details of this work can be found at www.wdc.ie

2. The Western Region's Labour Market: An Overview

Labour market conditions in the Western Region provide the background and context for the issues examined in the report. An overview of the labour market, employment and unemployment situation in the Western Region is presented here. A detailed analysis of the region's labour market is provided in the Annex. While the focus is on current labour market conditions in the region, trends over the course of the last decade are also examined. The data presented are the most recent available at the time of writing.⁸

2.1 Labour force and employment patterns

The Western Region's labour force (all those in employment or seeking employment) increased by a third between 2000 and 2009.⁹ This was the result of a natural increase in the population as well as high levels of inward migration (the region's population grew by 8.1% between 2002 and 2006). In addition the labour force participation rate¹⁰ grew substantially from 56.0% in 2000 to 60.3% in 2009, though the region still lags the rest of the state¹¹ (62.3%) in this regard. The rise in participation means that a greater share of the region's total population were either working or seeking work, and this was strongly driven by rising levels of female participation (43.7% to 52.0%).

Turning to those in the labour force who were at work; increasing labour demand resulting from the economic boom led to employment levels rising considerably over the past ten years. There was a 25.6% increase in the number of people at work in the region over the 2000-2009 period (from 272,300 to 342,000). This was a higher increase in numbers at work than the rest of the state (17.5%).

While the numbers in the labour force in the region have continued to increase since 2008 (by 19,400), the numbers at work have declined (by 3,700). This is due to job losses and the fact that not all new entrants to the labour market were able to find work.

Structure of employment

The structure of employment in the Western Region differs from that in the rest of the state, with higher shares employed in sectors that tend to be lower skilled, lower value-added and more vulnerable in the recession (e.g. construction, industry) and lower shares employed in the higher skilled and high value-added sectors (e.g. financial services, information and communications services). These differences will have implications for the region's ability to

⁸ October 2009

⁹ CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC. Unless otherwise stated, all data referred to in this chapter are drawn from this source.

¹⁰ The participation rate is the number of persons in the labour force, expressed as a percentage of the total population aged 15 years or over. The labour force comprises employed plus unemployed persons.

¹¹ Rest of the state refers to all of the counties in the Republic of Ireland excluding the seven counties of the Western Region. The rest of the state will be used as the main comparator for the Western Region throughout this report, as it is a more accurate comparator for the region than the state as a whole, given that the Western Region is included in state figures.

respond and adapt to the decline. The key sectoral characteristics are:

- The public sector is the biggest employment sector in the region: public administration, defence and social security; education; and health and social work activities¹² combined employ 26.1% of all workers in the region (89,200), compared with 24.0% in the rest of the state.
- Industry is the next biggest employer in the region with 14.2% of employment (48,700), one percentage point higher than in the rest of the state (13.2%).
- Wholesale and retail trade accounts for 13.0% of employment (44,500) in the region, lower than the share in the rest of the state (14.7%). The 2009 figure for the region represents a fall of 4,300 from its peak the previous year.
- The construction sector employs 10.3% of workers in the Western Region (35,200), a fall of 16,400 in the two years since its 2007 peak (51,600). At that time 1 in 6 of all workers in the region were employed in construction, and 1 in 4 of all men. The region remains more dependent on this sector than the rest of the state – 10.3% v 8.9%.
- Agriculture remains a more important employer in the region than elsewhere, accounting for 8.3% of employment (28,300) compared with 4.5% in the rest of the state. Total agricultural employment in the region declined by 16% (5,400) over the 2004-2009 period.
- The Western Region has a lower share of employment than the rest of the state in other market services,¹³ except for accommodation and food service (7.3% v 5.7%). The gap between the region and elsewhere is particularly noticeable for the high skill, knowledge economy sectors: financial, insurance and real estate activities (3.3% v 5.7%); professional, technical and scientific activities (3.9% v 5.6%); and information and communications (2.7% v 3.9%). Since 2004 the region experienced higher growth than the rest of the state in all market service sectors (except financial, insurance and real estate).

This employment profile means that the region (in particular the part of the region north of Galway city) is not as well placed in the move towards an increasingly knowledge-based or 'smart economy'. A tendency for current economic and regional policy to focus on the role and potential of the larger cities may further exacerbate the difficulties.¹⁴ The sectoral employment profile of the region is examined in more detail in Chapter 3.

Gender patterns of employment

The pattern of employment differs by gender with half of all men in the region working in the three sectors of industry (17.8%), construction (17.8%) and agriculture (14.2%). While there has been a decline in reliance on these three sectors in recent years, they remain more important to male employment in the region (49.8%) than the rest of the state (39.9%). The most notable feature of male employment in the region at present is that 16,600 men in the Western Region lost their jobs in construction in the two years 2007-2009. This represented a third of all construction employment in the region.

Female employment meanwhile is highly concentrated in public and local services, particularly health and social work (23.9%), wholesale and retail trade (15.1%) and education (12.5%). In the area of health and social work, the share of female employment in the region is notably higher than the rest of the state (20.2%).

¹² Not all employment in these categories is in the public sector, employment in private schools, nursing homes and hospitals would also be included in these figures. It is not possible to isolate the public sector share of this employment, but it can be assumed that the majority of employment in these three sectors is in the public service.

¹³ Other market services include the following categories: transportation and storage; accommodation and food service activities; information and communications; financial, insurance and real estate activities; professional, scientific and technical activities; administrative and support service activities; and other services.

¹⁴ National Competitiveness Council (2009), *Our Cities: Drivers of National Competitiveness*

State assisted employment

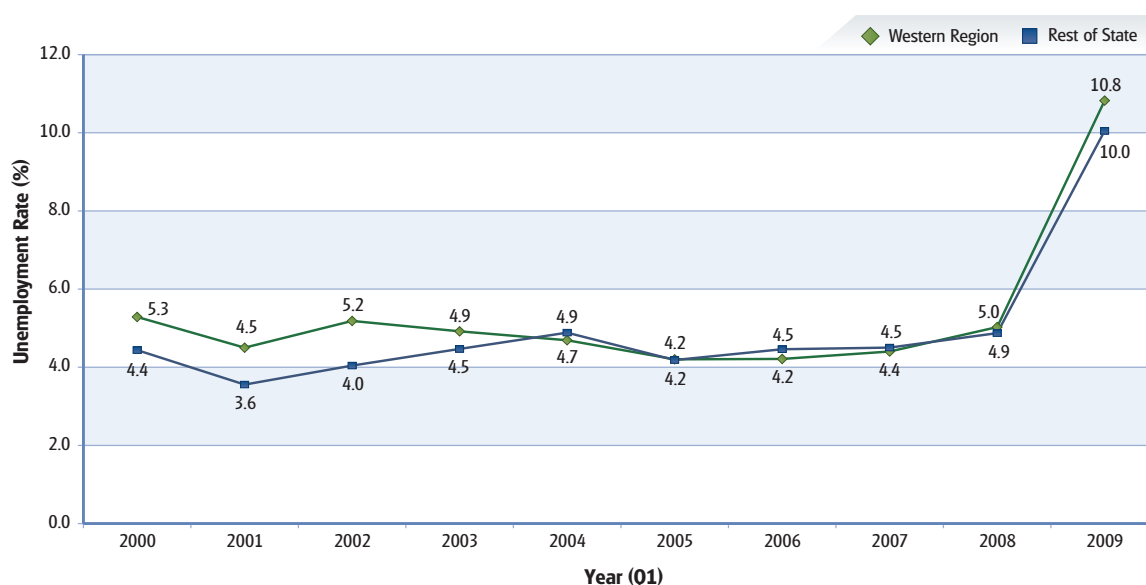
Examining employment in companies which receive assistance from the state development agencies, we find that in 2008 there were 50,934 permanent full-time jobs in state assisted companies in the Western Region, a decline of 7.2% since 2000.¹⁵ Of this employment, 53.5% was in foreign owned companies which was a slightly higher level than in the rest of the state (50.8%) increasing somewhat the region's vulnerability to losses of foreign investment.

The decline in state assisted employment since 2000 has resulted from declines in manufacturing employment (47,073 to 38,687), while employment in assisted companies in financial, business and ICT services has grown (7,808 to 12,247). The key feature of assisted employment is the level of churn in such employment, new jobs are not necessarily in the same sectors or locations as job losses, so those losing their jobs were often not the same people as those gaining the new jobs created. Declining assisted employment in textiles in Donegal with simultaneous growth in medical devices and ICT services in Galway is a good illustration of this.

2.2 Rising unemployment

Since late 2007, and accelerating in 2008 and 2009, there has been a notable change in labour force characteristics in the region and nationally, with falling employment levels, increased redundancies and rising unemployment. In early 2009 the unemployment rate in the Western Region (10.8%) was slightly higher than in the rest of the state (10.0%) and represented over a doubling of the unemployment rate from a year previously (5.0%). As can be seen from Fig 2.1 the region had a slightly higher unemployment rate than the rest of the state from 2000 to 2003, the two areas then had very similar rates until 2008, but with the rise in unemployment in 2009 the gap has begun to widen again.

Fig 2.1: Unemployment rate in the Western Region and rest of the state, 2000-2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

Within the overall unemployment rate there is a very considerable difference by gender, largely due to the impact of the decline in construction employment. The male unemployment rate in the region was 13.1% in 2009 compared with 7.9% for women. Another aspect of rising unemployment is the long term unemployment rate, which refers to people who have been unemployed for over a year. This rate has also increased in the region from 1.4% in 2008 to 2.3% in 2009 which is a return to the situation in 2000. As a period of long term unemployment can reduce a person's employability, as well as create social problems for individuals and communities, efforts to prevent a return to the high rate of long term unemployment that existed in the 1990s need to be a priority in the current recession.

¹⁵ Forfás (2009), Forfás Annual Employment Survey 2008, special data run for the WDC

Numbers on the live register

While the live register does not measure unemployment,¹⁶ it does provide an up to date indication of conditions in the labour market. There was a 69.8% increase in the number of people signing on the live register in the Western Region in the year between September 2008 and September 2009 to bring the total to 79,152.¹⁷ The increase in the numbers on the live register in the region was actually lower than in the rest of state where it rose by 77.9% over the same period.

The rise in the number of men on the live register in the region over the course of the period (73.9%) has exceeded that for women (62.5%), although the gender gap has narrowed as unemployment has spread from construction into other sectors such as retail and local services. In fact in Sligo the increase in the number of women on the live register (83.1%) actually exceeded that for men (68.1%) in the year from September 2008 to 2009. While the more rural counties in the region (Leitrim, Roscommon and Mayo) experienced the highest increases in the live register at the beginning of the downturn, this has changed as the recession has deepened with Galway and Sligo now experiencing considerable increases.

2.3 Education and skill levels of the labour force

The education and skill level of the Western Region's labour force improved during the boom years. The share of the working age population (15-64 years) with only a primary or lower secondary education fell considerably from 44.3% to 36.3% between 2002 and 2008.¹⁸ The region continues to have a slightly higher share at this education level than the rest of the state (32.5%) largely due to the older age profile.

At the other end of the education scale, the share of the region's workforce with a third level qualification has increased from 18.9% to 28.2% between 2002 and 2008. While this is still lower than the rest of the state (30.0%), the gap has shrunk over the period from 3.8 percentage points to 1.8. Within the category of third level qualifications it is at the higher end (third level degrees or higher) that the region (17.8%) continues to lag the rest of the state (19.7%).

The improvement in the educational qualification levels among women in the region has exceeded that for men over the period. The gap between the share of women in the region with a third level qualification and the share of men doubled over the 2002 to 2008 period. In 2008 33.4% of women in the region had a third level education compared with just 23.1% of men. It is particularly striking that the share of men in the Western Region with a third level education (23.1%) is considerably lower than in the rest of the state (27.3%).

The pattern of employment growth over the period, with the strong influence of construction, was one of the factors in this trend. Employment opportunities in the construction sector encouraged young men to enter the labour market earlier. Also a large share of the jobs which were available for third level graduates in the region were in sectors dominated by female employment, in particular health and education. This means that while there is an overall higher level of education across the region's labour force, there is also a distinct cohort of young men who are becoming unemployed, mainly from construction, with relatively low education levels.

The extent to which graduates from the Western Region have been able to find employment in the region influences the education and skill level of the region's workforce. Of 2007 graduates who came from the Western Region, 47.3% found their first job in the region, whereas for 1998 graduates it was only 34.2%.¹⁹ The pattern differs substantially across counties however with 60.0% of 2007 graduates who originally came from county Sligo and 58.2% from Galway able to find employment in the region, compared with 29.1% of graduates from Roscommon.

¹⁶ The live register includes part-time workers (those who work up to three days a week), seasonal and casual workers entitled to Unemployment Assistance or Benefit. It is estimated about approximately 60% of those on the live register are officially unemployed (FÁS Labour Market Review 2008).

¹⁷ CSO, Live Register September 2009

¹⁸ CSO, Quarterly National Household Survey Q2 2002-2008: Educational Attainment, special data run for the WDC

¹⁹ HEA, First Destination of Award Recipients in Higher Education, special data run for the WDC

2.4 Conclusion

Given the recent considerable increases in unemployment, particularly in more rural areas, if the Western Region cannot fully participate in the economic recovery there is a danger that long term unemployment and large scale emigration will again become features of the region. This will place further strains on public finances, long term growth and more importantly will create very significant difficulties for the people and communities directly affected.

The fact that in the Western Region only 23.1% of men have a third level qualification compared with 27.3% in the rest of the state is likely to be a contributing factor in rising long term unemployment, in the absence of significant policy interventions, as future employment growth is predicted to be dominated by jobs requiring higher education.²⁰ The education and training challenge which results from this is one of the issues explored in Chapter 6.

²⁰ FÁS and Expert Group on Future Skills Needs (2009), National Skills Bulletin 2009

3. Challenges Created by the Western Region's Employment Profile

The balance between and strength of individual employment sectors in the Western Region has implications for the regional and rural economy. The region's employment profile is examined here, and combined with the information from Chapter 2, is used to draw out the top three employment challenges currently facing the Western Region. These challenges are investigated in Chapters 4-6 of the report.

3.1 Current employment profile

The main features of the employment structure of the region were outlined in Chapter 2. In short, employment in the Western Region, particularly in rural areas, is highly dependent on the public sector, local services, construction and agriculture, while it has lower levels of employment in knowledge-intensive services and research-intensive high-tech manufacturing, with the notable exception of medical devices. Those sectors which are seen as central to national recovery are those in which the region is currently weak, in relative terms.

In this chapter the current sectoral profile of employment in the region is discussed by examining individual employment sectors. Fig 3.1 shows the current employment structure of the Western Region and the rest of the state. This graph will be referred to throughout the chapter.

Agricultural employment

In 2009 there were 28,300 people in the Western Region employed in agriculture, forestry and fishing. In 2006 (latest data available) the West²¹ region accounted for 11.4% of total Gross Value Added (GVA) produced by the agriculture, forestry and fishing sector in Ireland.²²

Employment in this sector is more important in the Western Region than the rest of the state (8.3% v 4.5%) (Fig 3.1), although the share in this sector is continuing to decline. In 1996 1 in 5 workers in the most rural counties of the region (Leitrim, Mayo and Roscommon) worked in agriculture, forestry and fishing but ten years later even in these most rural counties, less than 10% of the working labour force was involved in agriculture.

Farmers in the Western Region tend to have smaller landholdings and are more likely to be involved in livestock activities,²³ factors which have contributed to farming becoming predominantly part-time in the region. Farm incomes in the Border, Midlands and West (BMW) region also lag considerably behind those in the Southern and Eastern (S&E) region. In 2008 the Family Farm Income (FFI) in the BMW was €11,893, just over 52% of the FFI in the S&E region (€22,835).²⁴

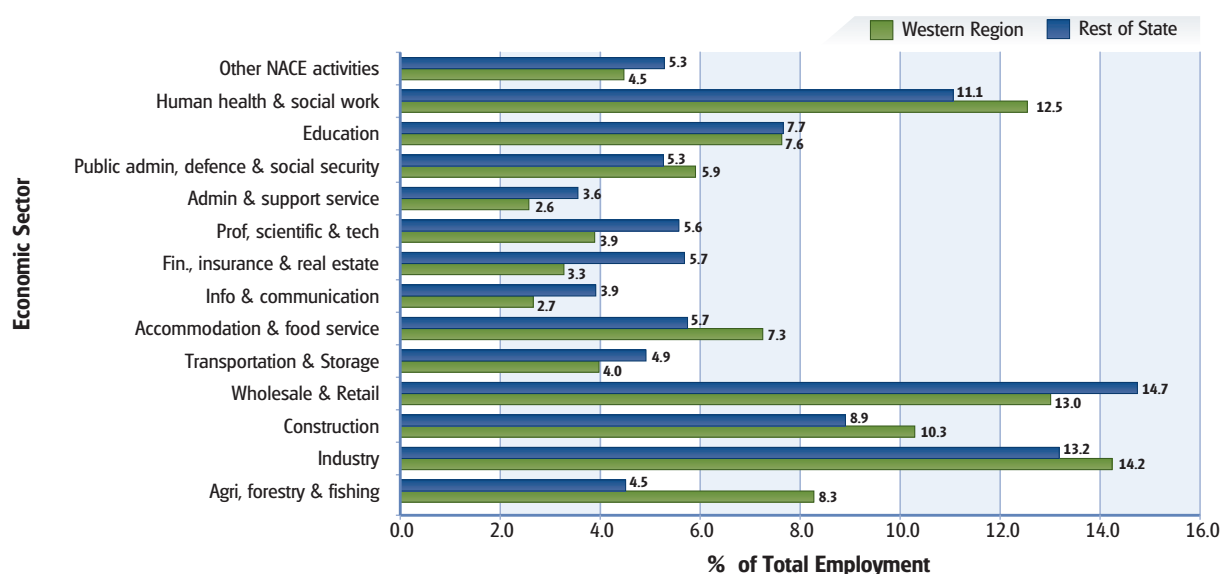
²¹ Galway, Mayo and Roscommon. GVA data is not available for the Western Region.

²² CSO (2009), County Incomes and Regional GDP 2006

²³ Teagasc (2008), National Farm Survey 2008

²⁴ ibid

Fig 3.1: Share of employment in the Western Region and rest of the state by industrial sector, Q1 2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

A recent study²⁵ has shown that participation in the off-farm labour market plays an important role in ensuring the sustainability of farm households. It found that farm operators who are employed off-farm most commonly work in the 'traditional' sectors of construction, traditional manufacturing and agriculture. In the West region 86% of Teagasc clients aged under 45 years had off-farm employment, while 60% in the Border region had.²⁶ The implications of declining construction employment options for part-time farmers on the viability of agriculture in the region and rising levels of under-employment among farmers are discussed in detail in Chapter 4.

The nature of rural employment has changed considerably with the reduction in the numbers directly involved in the primary production sector and the enormous changes which have occurred in agriculture. While agricultural employment is a less significant element of rural employment than before, it continues to be an important activity in the rural economy, along with the agri-food industry and the provision of ancillary services to farmers. The future of agricultural employment in the region will be closely linked to developments elsewhere in the economy, including opportunities for alternative off-farm employment. The other major determinant will be changes to the Common Agricultural Policy after 2013.²⁷

Industrial employment

The industrial sector as defined by the CSO is highly heterogeneous incorporating agri-food, textiles, engineering, chemicals, medical devices and computer equipment. Manufacturing continues to be a very important component of the Western Region's economy in terms of employment and particularly in terms of exports. Employment in industry is slightly more important for the region than the rest of the state (14.2% v 13.2%) (Fig 3.1). In the region industrial employment stood at 48,700 in 2009, slightly lower than in 2004 but actually higher than 2008. This increase in industrial employment in the region during a period of recession is difficult to explain, as the rest of the state experienced a decline. One possible explanation is that the strong cluster of medical device companies based in Galway and Mayo,²⁸ which do not appear to have been as severely affected by the recession as some other sectors, has insulated industrial employment in the region to some extent.

²⁵ O'Brien, M. and Hennessy, T. (eds) (2008), An examination of the contribution of off-farm income to the viability and sustainability of farm households and the productivity of farm businesses

²⁶ Teagasc (2008), National Farm Survey 2007, analysis presented at Teagasc Rural Development Conference, October 2009

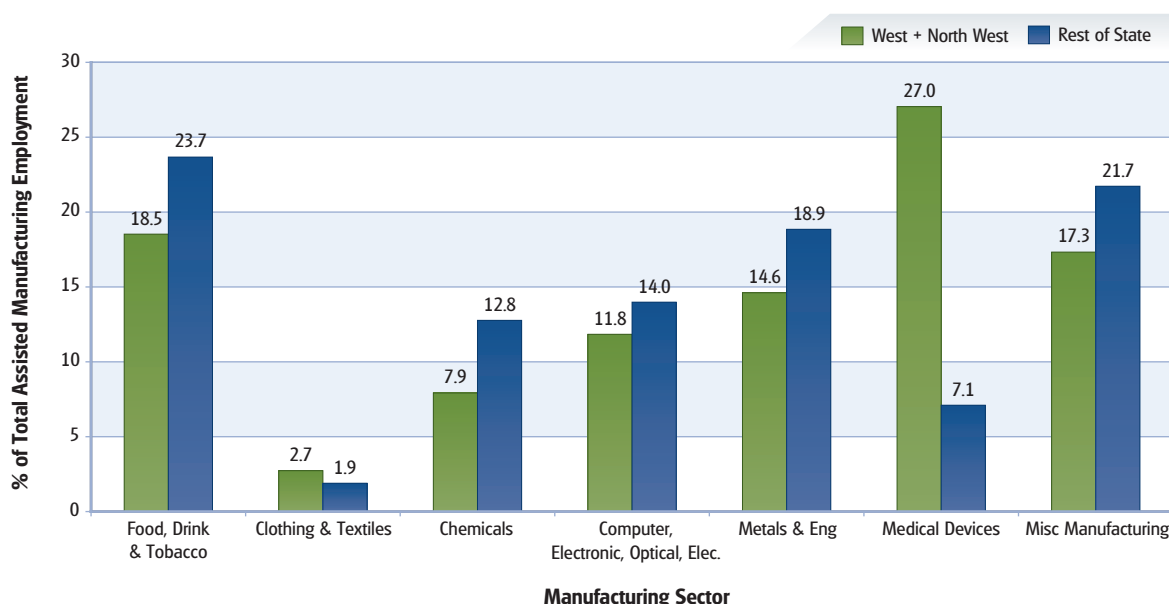
²⁷ WDC (2009), Public Consultation on the shape of the Common Agricultural Policy after 2013, submission from the Western Development Commission, September 2009

²⁸ Giblin, M (2008), Inward foreign investment and the clustering process: the case of the medical technology sector in Ireland, CISC Working Paper No. 29

Unfortunately, standard employment statistics cannot tell us what types of industry are the primary employers in the Western Region. However examining employment in manufacturing businesses which receive assistance from the main state development agencies²⁹ provides some insight into employment by individual manufacturing sectors. Total employment in state assisted manufacturing in the Western Region in 2008 was 38,687.³⁰ This represented 76.0% of all assisted employment in the region. Manufacturing accounted for a higher share of all assisted employment in the region than the rest of the state (65.5%). Manufacturing employment in 2008 was a drop of 178% in the region since 2000 (it fell 16.3% in the rest of the state).

Turning to individual manufacturing sectors, Fig 3.2 shows assisted employment in each manufacturing sector as a share of total assisted employment in manufacturing in the West and North West³¹ and the rest of the state in 2008. In total the traditional manufacturing sectors³² accounted for 53.2% of manufacturing employment in the West and North West, lower than in the rest of the state (66.1%). High-tech manufacturing³³ therefore accounted for a higher share of manufacturing employment in the West and North West (46.8% v 33.9%).

Fig 3.2: Share of all assisted manufacturing employment by manufacturing sector in the West + North West (combined) and rest of the state, 2008



Source: Forfás (2009), Forfás Annual Employment Survey 2008, special data run for the WDC

The reason for the higher share of high-tech manufacturing employment in the West and North West is the medical devices sector. This accounts for 27.0% of all assisted manufacturing employment in the West and North West or 8,234 jobs. In contrast it accounted for just 7.1% in the rest of the state. The region has a lower share of employment in the other two high-tech sectors of chemicals (7.9% v 12.8%) and computers and electronics (11.8% v 14.0%). While the existence of a strong cluster of medical devices companies in the region does represent an opportunity for future growth (Chapter 7), the fact that such a high share (27.0%) of all assisted manufacturing employment in the region is in a single sector may be a cause for concern. For example in the South West, which has a recognised strong cluster of pharmaceutical companies, the chemicals sector accounts for just 18.7% of assisted manufacturing employment.

²⁹ Enterprise Ireland, IDA Ireland and Udarás na Gaeltachta

³⁰ Forfás (2009), Annual Employment Survey 2008

³¹ Data for the West (Galway, Mayo, Roscommon) and North West (Donegal, Sligo, Leitrim) regions are used when discussing individual manufacturing sectors as Western Region data could not be calculated due to confidentiality considerations. Therefore county Clare is not included in the following figures. Clare accounted for 6,738 assisted manufacturing jobs in 2008.

³² Food, beverages and tobacco; clothing and textiles; metals and engineering; and miscellaneous manufacturing.

³³ Chemicals and chemical products; computer, electronic, optical products and electrical equipment; and medical devices.

Manufacturing employment in the West and North West has changed since 2000. Most dramatically, employment in clothing and textiles (predominantly in Donegal) fell by 76.1% between 2000 and 2008, dropping from 3,475 jobs to 832. For the computers and electronics sector employment fell by 36.7% and for chemicals it fell by 28.3%. The food, drink and tobacco sector, which is the second largest assisted manufacturing sector in the West and North West, experienced a relatively small decrease in employment of 7.6%.

Medical devices was the only assisted manufacturing sector in the West and North West that had an increase in employment over the 2000-2008 period (15.0%). In the rest of the state, while there was a relatively similar pattern across most sectors, in addition to medical devices the chemicals sector also experienced an increase in employment (18.5%).

Construction employment

The Western Region is more reliant on construction employment than the rest of the state with 10.3% (35,200) employed in the sector compared with 8.9% (Fig 3.1). This is particularly true of rural areas in the region. There has been a dramatic decline in construction employment in the Western Region, over the past two years (Q1 2007 to Q1 2009) there was a fall of 16,400 in the numbers working in the sector in the region. This has contributed to substantial increases in male unemployment in the region, especially in rural areas.

Given the role of the decline in the construction sector in the current recession, the need to adjust to declining construction employment has been identified as one of the top three challenges facing the Western Region. Therefore the region's reliance on construction employment, and the consequences of this, are examined in detail in Chapter 4.

Knowledge-intensive services employment

Knowledge-intensive services include activities such as research and development (R&D), management consulting, information and communications services, human resource management and employment services, legal services (including those related to intellectual property rights), accounting, financing, and marketing-related service activities. According to the OECD

They are seen as both sources and carriers of knowledge that influence and improve the performance of individual organisations, value chains and industry clusters across all sectors of the economy.³⁴

As such, they play a wider role in stimulating innovation, as well as providing high quality employment opportunities often for highly skilled staff.

The Western Region has a lower share of employment in such knowledge-intensive services. Information and communications, professional, technical and scientific, and financial, insurance and real estate services combined accounted for just 9.8% of employment in the region compared with 15.2% in the rest of the state (Fig 3.1). One element of this sector seen as key to future growth, despite recent events, is the financial services sector. In Ireland this is highly concentrated in the International Financial Services Centre (IFSC) and it only accounts for 3.3% of employment in the region (5.7% in the rest of the state).

The region's capacity to increase the share of employment in knowledge-intensive services will be important in its own right, as it will create high quality job opportunities, but more widely it will also facilitate innovation and growth across other sectors. While the region currently lags the rest of the state in terms of the share of its employment in these sectors, over the 2004-2009 period it experienced higher growth (17.9% v 16.0%), indicating that the region is catching up to some extent. Although part of this growth was likely driven by knowledge-intensive services delivered to the construction sector e.g. solicitors, architects, quantity surveyors.

An indication of the growth potential of knowledge-intensive services is that, despite the recession, there was an increase in employment in these sectors in the Western Region between Q1 2008 and Q1 2009. In total, employment in knowledge-intensive services in the region rose from 30,100 to 33,600 over the year.

³⁴ OECD (2006), Innovation and Knowledge-Intensive Service Activities

Creative employment

An employment sector which does not emerge clearly from standard employment statistics, but nonetheless plays an important role in the Western Region's knowledge economy, is the creative sector. This refers to industries centred on creativity which produce and distribute original goods and services. It includes music, visual and performing arts, digital media, design, architecture, publishing, radio and TV broadcasting and crafts among others.³⁵

Given the difficulty of identifying employment in this sector from standard statistics, the WDC commissioned baseline research published in *Creative West: The creative sector in the Western Region*. In total the creative sector employs approximately 11,000 people in the region (Table 3.1), in 4,779 businesses which are predominantly self-employment or micro-enterprises. Because the majority of creative businesses are based on an individual's creativity, personal factors are critical to location decisions and businesses tend to be quite 'rooted' in their location.

Table 3.1: Estimated employment and share of total employment in the creative sector in each western county, 2008

| County | Employment | Share of Total Employment |
|-----------------------|---------------|---------------------------|
| | No. | % |
| Galway | 3,878 | 3.4 |
| Donegal | 1,929 | 3.1 |
| Mayo | 1,536 | 2.7 |
| Clare | 1,303 | 2.3 |
| Sligo | 1,265 | 4.2 |
| Leitrim | 619 | 4.4 |
| Roscommon | 478 | 1.7 |
| Western Region | 11,000 | 3.0 |

Source: WDC (2009), *Creative West: The creative sector in the Western Region*, p. 48

It has been found that creative people often favour particular locations because of the quality of life available. Therefore this sector represents an important opportunity for sustainable, indigenous enterprise in the region. There are already a number of creative clusters in the region such as the audio-visual cluster in Connemara and the arts and crafts cluster in Leitrim. Indeed the county in the region with the highest share of its employment in the creative sector is the most rural – Leitrim (4.4%) (Table 3.1). The sector represents an important area of future employment growth.

Local service employment

The local services sector refers to those service businesses which depend on a local market e.g. shops, taxis, hairdressers, restaurants. Local services are important sources of employment. While it is difficult to exactly estimate employment in this sector, combining retail and wholesale, accommodation and food service, transport and storage and other service activities together they account for 28.7% of employment in the Western Region (98,200), slightly lower than in the rest of the state (30.7%) (Fig 3.1).³⁶

Local service businesses do not tend to be the focus of national enterprise development strategies and are not specifically referred to in the 'smart economy' framework. The 2004 report of the Enterprise Strategy Group³⁷ however did identify locally-trading businesses as a key enterprise growth opportunity for Ireland. It emphasised however that there needed to be a greater emphasis on innovation, market intelligence, sales and management capacity within

³⁵ WDC (2009), *Creative West: The creative sector in the Western Region*

³⁶ Note that a proportion of employment in these sectors is in internationally trading services companies.

³⁷ Enterprise Strategy Group (2004), *Ahead of the Curve: Ireland's Place in the Global Economy*

these businesses, as well as increased competition, if Irish businesses in this sector were to be able to compete effectively with the arrival of international competitors on the Irish domestic market.

Local service businesses in the region, and nationally, depend upon local demand and tourism. Rising unemployment in other sectors, such as construction, combined with declining tourism numbers as a result of the global recession, results in reduced purchasing power in the local economy, reduced demand for local services, consequent job losses and further increases in unemployment. There are already indications of contraction in the retail sector with employment in the region declining by 8.8% (4,300) over the past year. This is likely to increase as the recession leads to further reductions in consumer spending. The future prospects of local services employment largely depend on developments elsewhere in the economy.

Public service employment

As noted in Chapter 2, the Western Region is more reliant on public sector employment than the rest of the state with 26.1% of workers in the region (89,200) employed in the sector in 2009 (24.0% in the rest of the state). Meanwhile towns such as Letterkenny, Ballinasloe, Sligo and Castlebar had shares of public sector workers of 30% or more in 2006.³⁸ As employment in the private sector has declined over the past year the relative importance of the public sector as an employer has increased – from 23.3% of regional employment in 2008 to 26.1% in 2009 (21.5% to 24.0% in the rest of the state).

The higher share of public sector employment in the region is due to a number of factors. The settlement pattern in the region, dominated by small and medium-sized towns, villages and open countryside, means that public services must be delivered to a dispersed population. The delivery of local public services e.g. primary health care and schools, to more rural areas will require a relatively higher share of public service employees. In addition, for third level graduates in the region the more limited job opportunities in other sectors such as knowledge-intensive services may mean they are more likely to work in the public sector, while the lower share in these other sectors also raises the relative importance of public service employment in total employment numbers.

Employment in the public sector for one member of a household provides a degree of financial certainty, especially if other members work in more vulnerable sectors such as construction, traditional manufacturing or agriculture, or are self-employed. The public sector accounts for 42.6% of all female employment in the region and plays a vital role in household coping strategies. The large proportion of unemployed workers (predominantly women) from the textile industry in Donegal who found employment in the public sector is a good example of the importance of this role. Also a recent study found that farmers' spouses working off-farm are typically employed in teaching, nursing or clerical occupations with over 70% employed in the services sector (a significant share are likely to be in the public sector).³⁹

The level of public sector employment has a number of implications for the region. In the short term the public sector is less vulnerable to job losses than the private sector. The higher share of relatively more secure public sector jobs in the region may soften somewhat the impact of the recession. This can partly explain the lower increase in numbers on the live register in the region than elsewhere in the state. However it also makes the region more vulnerable to cutbacks in public sector expenditure, staff numbers and funding for community and voluntary organisations, particularly for people on short term contracts. Implementation of proposals contained in the report of the Special Group on Public Service Numbers and Expenditure Programmes (An Bord Snip Nua) would have a significant impact, not only on those directly employed in the public sector, but more widely across the region's economy.⁴⁰

³⁸ CSO, Census of Population 2006, Volume 7

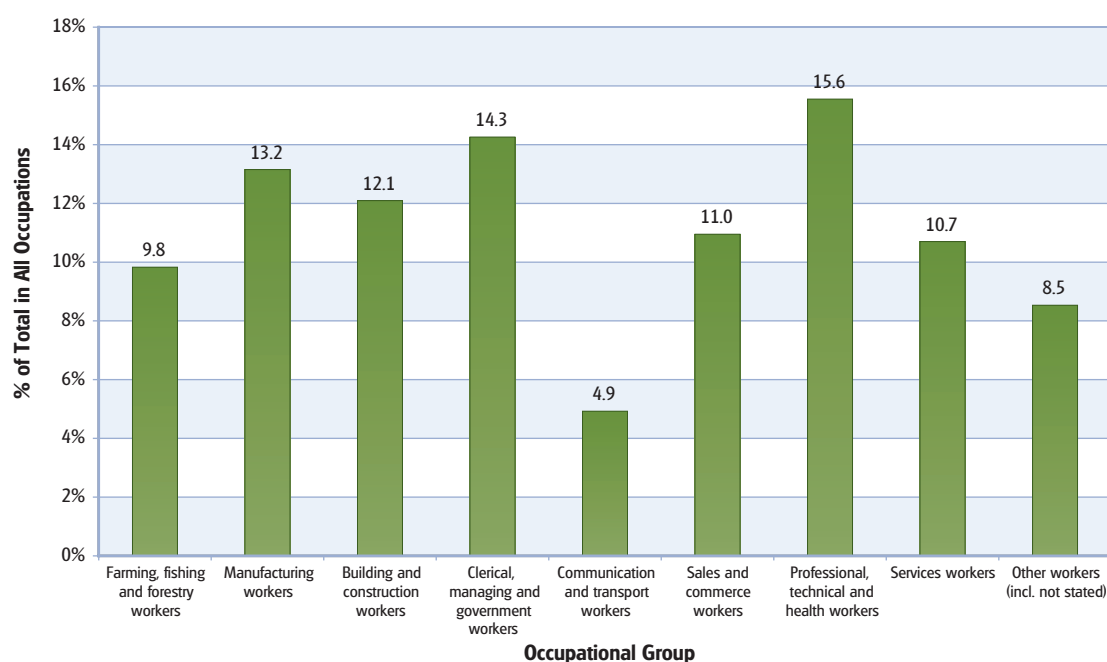
³⁹ O'Brien, M. and Hennessy, T. (eds) (2008), An examination of the contribution of off-farm income to the viability and sustainability of farm households and the productivity of farm businesses

⁴⁰ WDC (2009), Submission to the Joint Oireachtas Committee on Finance and the Public Service on the *Report of the Special Group on Public Service Numbers and Expenditure Programmes* from the Western Development Commission, September 2009

3.2 Role of the rural economy

The importance and role of the rural economy has already been referred to. As 67.8% of those living in the Western Region live in rural areas,⁴¹ developments within the rural economy are fundamental to the region's future. The first point that needs to be made is that rural residents work in a diverse range of sectors. In debates on the rural economy it has often been presented as being synonymous with agriculture, however in 2006 only 9.8% of workers who lived in rural areas in the Western Region had farming, fishing or forestry occupations (Fig 3.3). For rural residents professional, technical and health (e.g. teachers, nurses, solicitors) (15.6%), clerical, managing and government (14.3%), and manufacturing (13.2%) were the most important occupations. In fact agricultural occupations were only the seventh most important for rural residents.

Fig 3.3: Share of employment among residents of Aggregate Rural Areas in the Western Region by occupation, 2006



Source: CSO, Census of Population 2006, Vol 8, derived from Table 2 and Table 3

It is important to note that the above figures refer to people who live in rural areas, but they may actually work in either rural or urban areas. In order to consider the significance of rural areas themselves as locations for employment we must examine travel to work data. Analysis of travel to work data from Census 2006 commissioned by the WDC⁴² found that of all persons living in the Western Region and at work in 2006, 38.7% were working in rural locations (places outside of population centres of 1,000 persons).⁴³ In some labour catchments in the region it is much higher, with 61.8% of those living in the Carrick-on-Shannon labour catchment working in rural areas.

Analysis of travel to work data also supports the fact that the occupations of rural residents go beyond agriculture. For instance in the Ballinrobe, Killybegs and Castlerea labour catchments, the three most significant employment sectors are manufacturing; commerce; and education and health,⁴⁴ which combined accounted for between 60% and 66% of

⁴¹ The CSO defines rural areas as all areas outside of population centres of 1,500 persons.

⁴² Analysis of Place of Work Census of Anonymised Records (POWCAR) dataset from Census 2006 commissioned by the WDC.

⁴³ While rural areas are defined by the CSO as areas outside population centres of 1,500 persons, the definition used in the POWCAR analysis was areas outside centres of 1,000 persons.

⁴⁴ Note that travel to work data underestimates the contribution of the construction sector, as a large proportion of construction workers do not have a fixed place of work and therefore are not captured in Census travel to work data.

total employment. Rural towns tend to have particularly high shares of their employment in local services. Towns such as Bundoran, Newmarket-on-Fergus, Donegal town, Boyle and the larger centres of Westport and Shannon all had over 45% of their workers engaged in the local services sector in 2006.⁴⁵ These towns represent a mix of high tourist activity areas (e.g. Bundoran) and towns which are relatively distant from larger urban centres and therefore are important service locations for their rural hinterlands (e.g. Boyle).

The National Spatial Strategy (NSS) suggests that many of the strengths of smaller towns and villages lie in their capacity to accommodate employment, residential and other functions on the basis of their lower costs and quality of life. Rural areas may often be seen as residential locations from where workers commute to larger urban centres.

Recent publications relating to regional policy in Ireland⁴⁶ assume that the development of gateways and, to a lesser extent, hubs will lead to development of their rural hinterlands. However the assumption that growth of larger centres will stimulate smaller towns and rural areas is not evidence-based.⁴⁷ Travel to work patterns show that in reality rural towns and areas do not necessarily have strong interactions with their nearest gateway. For example, just 8.4% of those living in the Boyle labour catchment commute to work in Sligo, its nearest gateway, while for Carrick-on-Shannon it is just 3%. Meanwhile only 16.3% of workers from the Ballybofey/Stranorlar labour catchment worked in Letterkenny.⁴⁸

The findings from the WDC's [LookWest.ie](#) campaign, as well as the WDC's exploratory study on the relocation of public offices to rural towns,⁴⁹ illustrate that many people have specifically chosen to live and work in small towns and rural areas. The motivations for this vary between individuals, but quality of life emerges as the primary motivating factor. Also some people who grew up in a rural area and then moved to an urban centre wish to return home when they start a family. A situation where people want to, and do, live in smaller towns and rural areas, but where job creation strategies concentrate on gateways and hubs only, does not respond to what people are seeking and creates a situation of unsustainable and undesirable commuting patterns and/or a return to rural depopulation. Small and medium-sized provincial towns and their rural hinterlands have the capacity to develop and can be active and dynamic parts of the productive economy at their own scale, beyond just agriculture, tourism and natural resource development, which are often envisaged as the main sources of employment for rural dwellers.⁵⁰

The employment patterns of rural areas raise a number of challenges in the current downturn. The contraction of construction employment, declining traditional manufacturing activity, the knock-on impact on the local services sector and cutbacks in public sector expenditure and services will combine to put pressure on the rural economy. Because of the often smaller scale of employment in rural areas, job losses can occur gradually, one or two at a time, rather than at a larger scale. Therefore rising rural unemployment can often be less visible than in larger population centres. However, the 'at risk' of poverty rate⁵¹ in rural areas at 18.7%, is higher than in urban areas 11.9% and has consistently been so.⁵²

The sectors which are being targeted by national enterprise policy and support, mainly export oriented knowledge-intensive services and high-tech manufacturing tend to be attracted to large urban areas. It is likely that there will be a notable spatial impact of the move to a 'smart economy', with rural areas and small towns at risk of becoming primarily sources of labour, commuting to larger centres. Those sectors in which smaller towns and rural areas can be competitive must be supported within national enterprise policy to ensure a vibrant, sustainable and diversified rural economy contributing to the national economy into the future (Chapter 7).

⁴⁵ CSO, Census of Population 2006, Volume 7

⁴⁶ National Competitiveness Council (2009), *Our Cities: Drivers of National Competitiveness*; National Economic and Social Council (2008), *The Irish Economy in the Early 21st Century*

⁴⁷ OECD (2006), *Competitive Cities in the Global Economy*, OECD Territorial Reviews

⁴⁸ Analysis of Place of Work Census of Anonymised Records (POWCAR) dataset from Census 2006 commissioned by the WDC; WDC (2009), *Travel to Work and Labour Catchments in the Western Region: A Profile of Seven Town Labour Catchments*

⁴⁹ WDC (2008), *Moving West: An exploratory study of the social and economic effects of the relocation of public sector offices to towns in the Western Region*

⁵⁰ Department of Environment, Heritage and Local Government (2002), *National Spatial Strategy 2002-2020*, p. 51-53

⁵¹ The 'at risk' of poverty rate is the share of persons with an equivalised income below usually 60% of the national median income. Anyone with an equivalised income of less than 60% of the median is considered *at risk of poverty at a 60% level*.

⁵² CSO (2009), *Survey of Income and Living Conditions 2008*

3.3 Three challenges created by the employment profile

An examination of the current features of the Western Region's labour market (Chapter 2), as well as the region's employment profile given here, allows a number of key employment challenges facing the region to be identified. These are set out in Fig 3.4.

Fig 3.4: The Western Region's unemployment challenge

Challenge 1: Adjusting to the decline in construction employment

The Western Region is more reliant on the construction sector than other areas of the country. Previous expansion of construction employment helped sustain the rural economy in the face of declining agricultural and related activities. The severe contraction of construction employment in the past two years, and the likelihood that the sector will not regain the same levels of employment in the medium term, combined with continuing declines in agricultural employment, means that adjustments to the region's future economic and employment structure will be required.

Challenge 2: Return of the brain drain?

The Western Region has a long legacy of out-migration, both overseas and to the east of the country. This situation was reversed during the boom years and the region's human resource capacity increased substantially. Current indications are that there is a return to emigration. Future growth is predicted to be driven by high value, knowledge sectors requiring highly skilled staff. A return of the brain drain from the region could restrict the region's capacity to participate in this growth by reducing the skilled labour pool which is a critical enterprise location factor.

Challenge 3: Delivery of education and training in the region

The educational profile of the Western Region, though it has improved substantially in recent years, continues to lag the rest of the state, particularly in relation to third level degrees. In particular the share of men in the region with a third level qualification significantly lags the rest of the state. The fact that the region's future economic base is likely to differ from that of today, means that the up-skilling and re-training of those in employment, as well as the unemployed, will be a key challenge. In addition, although the Western Region has a high participation rate in third level education, many graduates do not return to the region to work. The rural nature of the region creates particular issues in relation to the delivery of education and training. It is also critical that provision in the region is tailored to both the region's needs and future growth areas.

The following three chapters examine each of these challenges in more detail. In each, a background to the challenge will be provided, as well as the key issues and policy implications for the region. Recommendations for action to address these are also made.

4. Challenge 1: Adjusting to the Decline in Construction Employment

The Western Region has been, and continues to be, more dependent on construction employment than the rest of the state. The substantial and rapid decline in employment in this sector has been a shock to the regional economy, and in particular to the region's rural economy. Given that this sector is not expected to return to recent levels of employment in the medium term, an adjustment in the structure of regional employment will be required to avoid a return to high rates of long term unemployment. This chapter examines the nature of the challenge created by the need for this adjustment in the Western Region.

4.1 Contraction of the construction sector

In the last two years (Q1 2007 to Q1 2009) there were 16,400 jobs lost in the construction sector in the Western Region. This represented a third of all jobs in the sector, falling from 51,600 down to 35,200. Over that period, total job losses in all sectors which experienced a decline in employment in the region⁵³ were 20,000, construction accounting for 82% of these losses. It should be noted that as certain sectors experienced an increase in employment over this period, the overall impact on employment levels was lessened.

While the relative decline in construction in the region was similar to that in the rest of the state, the fact that the sector accounts for a larger share of total employment in the region means its decline will have a more significant impact across the region's economy.

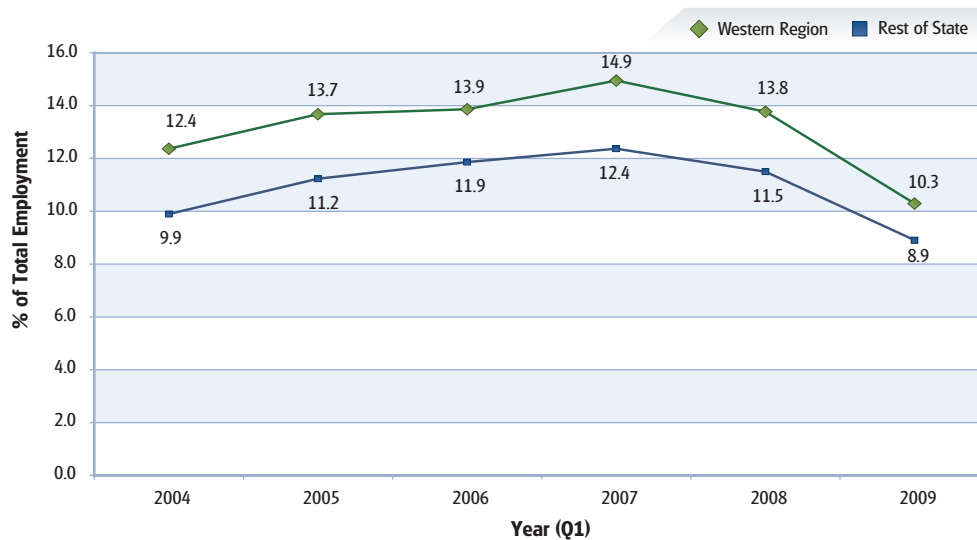
Fig 4.1 shows how construction's share of total employment in the region and rest of the state grew steadily from 2004 to 2007, when it reached 14.9% and 12.4% respectively. This was followed by a sharp decline to 2009, when it accounted for 10.3% in the Western Region and 8.9% in the rest of the state. The graph also shows that the region has had a higher share employed in the sector for the entire period, and that continues to be the case even in the decline.

The higher share employed in construction in the Western Region may partly be due to fewer employment options in other sectors. Also a slightly higher share of the total housing stock in the Western Region (31.5%) has been built since 1996 than in the rest of the state (28.5%) indicating a higher level of residential house construction in the region over that period.⁵⁴ Significantly, house building was the component of the construction sector which borne the initial brunt of employment declines.

⁵³ Agriculture, forestry and fishing; construction; wholesale and retail; and education.

⁵⁴ CSO, Census of Population 2006, Vol. 6

Fig 4.1: The construction sector as a percentage of total employment in the Western Region and rest of the state, Q1 2004 – Q1 2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

4.2 Unemployment issues from construction decline

There is a very close relationship between the rising levels of unemployment discussed in Chapter 2 and the decline in construction. As noted above it accounted for 82% of all job losses in the region over the 2007-2009 period. Falling construction employment was one of the first symptoms of the current recession and its impact has reverberated across the national and regional economy. The contraction of the sector has led to a number of distinct unemployment issues relating to gender, education levels, age, occupation and work location.

Given that 97.3% of those working in construction in the region in 2007 were men, significant male unemployment has resulted from the decline. This was reflected in far higher increases in the number of men on the live register in the region during the early period of the downturn, as well as the male unemployment rate in the region rising to 13.1% in 2009 compared with a female rate of 7.9%. As the downturn has deepened and spread more widely across the economy however, the gender gap has narrowed.

Rising unemployment has been paralleled by rising levels of long term unemployment which is one of the most serious outcomes of the current recession, for the region and nationally. The longer a person is unemployed the more difficult it is to re-enter the workforce. Educational attainment plays a key role in this, as long term unemployment is often associated with lower skill levels. For those made unemployed from the construction sector this represents a considerable obstacle. In 2006, 38% of people employed in Ireland's construction sector had only a primary or lower secondary education, meaning they did not have a Leaving Certificate or equivalent. This was a considerably higher share with such low education levels than the European average for the sector of 31%.⁵⁵

While the construction sector in Ireland has a lower general educational profile, the current contraction of the sector has also led to appreciable numbers of professionals e.g. architects, engineers, quantity surveyors, becoming unemployed.⁵⁶ Many of the professionals made unemployed by the construction decline may not in fact be counted in statistics for declining construction employment as they may be classified as working in business or financial services (e.g. estate agents, solicitors).

These individuals tend to have a high level of education and professional qualifications and as such represent an

⁵⁵ Expert Group on Future Skills Needs (2007), *Tomorrow's Skills: Towards a National Skills Strategy*

⁵⁶ The Royal Institute of Architects of Ireland (RIAI) has estimated that half of architects in Ireland have lost their jobs as a result of the contraction of the construction sector.

important component of the region's knowledge economy. Effective measures to assist such professionals to re-enter the workforce may differ from those needed by labourers or skilled manual workers from the sector. For example options involving support for business start-ups or fourth level education may be required. There is a particular concern about the impact on the region of the loss of these highly skilled professionals to emigration.

As the construction sector is not expected to regain the employment levels of the past few years, which are recognised as a 'bubble', there is the prospect that professionals, as well as labourers and skilled craftspersons, may face the prospect of long term unemployment. Re-skilling for employment in alternative sectors must therefore form a central part of the strategy for those made unemployed from the sector.

Recommendation

Workers from the construction sector, at all education levels, need to be re-skilled for alternative employment. Higher Education Institutions, VECs and FÁS should work together to develop and implement a **coherent strategy for re-skilling construction workers**. The strategy must include targeted interventions for young men with low education levels, for older men including part-time farmers and include specific approaches for rural areas.

4.3 Young males with lower educational attainment

The weaker performance of men, compared with women, in terms of third level education qualifications is very closely connected to the employment opportunities that were available in construction. One of the most important long term implications of the building boom is that the ready availability of relatively highly paid jobs in the construction sector led many young men to forego third level education and enter the labour market earlier.

This has contributed to the gap between the level of third level education among women and men in the region doubling over the 2002-2008 period. In 2008 33.4% of women (15-64 years) in the region had a third level qualification. For men the share was 10 percentage points lower at just 23.1% which was notably lower than for the rest of the state at 27.3%. The extent of the gender gap in third level qualifications in the region is considerably greater than the OECD average where in 2007 there was just one percentage point difference – 28% of women (25-64 years) and 27% of men. For the EU19 there was also just a one percentage point gap (25% v 24%).⁵⁷

Approximately 10-15% of the total school leaving cohort in recent years entered apprenticeships, almost exclusively in the construction sector.⁵⁸ In 2007 there were 7,000 new apprentices nationally.⁵⁹ In the first four months of 2009 the number of apprentice starts was down 63% year-on-year, to under 800, with the fastest decline occurring for construction-related trades (-73%).⁶⁰ Given the downturn, new apprentices are not being recruited and a large number of those previously undergoing apprenticeship have lost their jobs. National recognition of this problem led to specific measures being introduced in the Supplementary Budget of April 2009 to assist apprentices who lose their jobs to enter alternative third level education courses. The number of places available under the Redundant Apprentices IoT Scheme however, approximately 700 per annum nationally, is unlikely to fully address the scale of the problem.

The cohort of young men with low levels of formal qualifications who are now becoming unemployed, particularly in rural areas, presents an immediate challenge for the Western Region both economically and socially. A proportion of these young men may fall into a pattern of long term unemployment in the absence of intervention. Increasing the formal educational qualifications of this group and providing alternative paths for new school leavers who would previously have entered apprenticeships must be regional priorities. The provision of more practical education options

⁵⁷ OECD (2009), Education at a Glance 2009

⁵⁸ National Competitiveness Council (2009), Statement on Education and Training

⁵⁹ FÁS (2009), Irish Labour Market Review 2008

⁶⁰ FÁS (2009), FÁS Quarterly Labour Market Commentary Summer 2009

at second level for students who do not engage with academic education is also critical to reduce the number of new early school leavers joining this group.

Recommendation

The strategy for re-training construction workers should include a **specific programme to raise the educational qualifications of young males in rural areas made unemployed from construction** and with low (NFQ Level 1-5, Leaving Certificate or lower) educational qualifications. This programme should target raising their educational qualifications by at least two levels, with the aim of all participants achieving an NFQ Level 6. Progression to higher education (NFQ Level 7 or higher) should be incorporated within the programme. The Western Region could be used as a pilot area for such a programme given its rural nature and the extent of this challenge in the region.

One positive indication from the latest data is that the labour force participation rate⁶¹ among 15-19 year old males in the region is falling, indicating that a larger share of 15-19 year old males in the region is remaining in full-time education. In each year from 2000 to 2008 the participation rate among this group was above 25%, reaching a peak of 31.2% in 2007 which meant that almost 1 in 3 of all 15-19 year old males in the Western Region were either working or looking for work. In 2009 this declined to 19.3%. From a situation where the labour force participation rate for males in this age group was notably higher than for females, the rate for both sexes is now identical. A similar pattern can be seen in the 20-24 age category which likely means that more males are also pursuing third level education.

4.4 Construction and the rural economy

The level of construction employment during the years of the property boom helped to soften the impact on the rural economy of declining agricultural, fishing, meat and seafood processing, and low value-added manufacturing activity, particularly in the more marginal areas of the Western Region.⁶²

Rural areas in the region have consistently had a higher share of their employment in construction than larger urban centres.⁶³ For example in 2006 rural towns had higher shares of construction employment than larger centres. Over 20% of employment in the towns of Gort, Ballaghaderreen and Carndonagh was in construction, while none of the NSS gateways or hubs had such a high share. As the traditional role of rural market towns as service centres for their agricultural hinterland declined, it was largely construction, as well as the public sector, which emerged to support their economies and provide employment.

The higher dependence on construction in rural areas may be due to a number of factors. The more limited employment opportunities in other sectors, such as high-tech manufacturing, business services and retail may partly explain the higher dependence on the construction sector. For the Western Region, the Upper Shannon Rural Renewal Scheme initiated in 1998 in Leitrim, Longford and parts of Roscommon, Sligo and Cavan also played a role in the high level of construction employment in those rural areas. Towns in the area such as Ballaghaderreen, Carrick-on-Shannon and Castlerea all had high levels of construction employment. An evaluation of the scheme found that unemployment in the scheme area was around 12% lower than in the rest of the BMW region, controlling for other factors.⁶⁴

⁶¹ See footnote 10 for definition.

⁶² Meredith, D., Dillon, E. and Behan, J. (2009), The Rural Economy and Recession, presentation to Teagasc's Rural Development Conference, October 2009

⁶³ This has been a long standing phenomenon though it has intensified in recent years. In each census since 1991 none of the more urban areas of Galway city, Clare or Sligo have featured in the top three counties in the region in terms of share of employment in construction. In 2006 Leitrim, Mayo and county Galway were the counties in the region with the highest shares of construction employment, the same pattern as 2002. In 1996 there was a similar pattern but with Mayo replaced by Roscommon. CSO, Census of Population, 1991-2006

⁶⁴ Keane, M. and Garvey, E. (2006), Measuring the Employment Effects of the Rural Renewal Tax Scheme, Regional Studies, Vol. 40, Issue 3, May 2006

Another aspect of the construction sector's contribution to the rural economy is its role in providing supplementary employment opportunities for part-time farmers. Agriculture in the Western Region is already predominantly part-time, more marginal and less intensive than in the south and east of the country and predicted to become more so in the future.⁶⁵ In fact many part-time farmers actually worked full-time in construction. A recent study⁶⁶ has shown that the building and construction sector accounted for approximately 40% of all off-farm employment in the Border region in 2004. The study also found that the off-farm jobs most commonly held by farmers included building tradesmen, labourers, drivers or machine operators – relatively low skilled occupations. The decline in employment in the construction sector is likely leading to significant under-employment among farmers in the region.

The construction sector's impact in rural areas went beyond part-time farmers however. Young men with lower educational qualifications face a particular problem in rural areas where accessing further education or training can be more difficult (Chapter 6). In addition older men in rural areas with low levels of formal qualifications and limited experience in sectors outside of construction face significant problems in terms of their employability.

The collapse of the house building market in rural areas has undermined the economic structure of these areas. The most rural counties in the region experienced the most dramatic increases in the live register in the early days of the recession with the number on the live register in Leitrim and Roscommon doubling in the course of the year from May 2008 to May 2009. Males in these counties, in both the over and under 25 year age groups, experienced particularly high increases in unemployment. Rising unemployment levels in rural areas, including males from construction, and the need to provide future employment prospects for rural residents is a fundamental challenge for the region. The loss of supplementary employment opportunities in construction may also impact on the long term viability of the region's farming sector as well as increasing levels of under-employment in the sector.

4.5 Policy implications

The employment issues and challenges facing those becoming unemployed from construction differ according to gender, age, education level, occupation and work location. These issues along with the implications for rural areas have been examined in this chapter. Policy measures aimed at assisting the newly unemployed from this sector must be designed and tailored to meet the needs of distinct groups and areas. A 'one size fits all' approach will not resolve the fundamental problems created in the regional economy by the contraction of construction.

While some of the job losses experienced from the construction sector are transitory, and employment in this sector will rise with economic recovery, some of the job losses will be permanent. Construction employment is unlikely, in the medium term, to return to boom levels.⁶⁷ The creation of new employment opportunities in other economic sectors, essentially altering the region's employment profile, must therefore be a central approach to adjusting to the decline in the sector. This has particular implications for rural areas if those sectors targeted by national policy for future growth are more urban centred. This is explored in Chapter 7.

A wide range of policy decisions will impact on the capacity of the Western Region to adjust to the contraction in the construction sector and the needs of rural areas must be incorporated in these decisions. Policy decisions on the provision of broadband and other technology resources in rural areas would directly influence the location of knowledge-intensive services or high-tech manufacturing in more rural areas of the region, providing new employment opportunities. Policy decisions in the areas of planning and spatial development will be important, as of course will decisions on public investment in social and economic infrastructure, which will create direct employment in the construction sector.

⁶⁵ Report of the Agri-Vision 2015 Committee, November 2004

⁶⁶ O'Brien, M. and Hennessy, T. (eds) (2008), An examination of the contribution of off-farm income to the viability and sustainability of farm households and the productivity of farm businesses

⁶⁷ FÁS and Expert Group on Future Skill Needs (2009), National Skills Bulletin 2009

Policies relating to the green economy will also be very important. The green economy has been proposed as a sector where unemployed construction workers could find employment, given the similarity of the skills required.⁶⁸ Training in energy efficiency, retrofitting of homes, and renewable energy system installation is being offered to unemployed construction workers. National policy decisions on incentives or regulations in the area of renewable energy and home energy efficiency will directly impact on the demand for green economy services and products, and therefore on employment prospects for the sector.

⁶⁸ NCC (2009), Statement on Education and Training; Government of Ireland (2008), Building Ireland's Smart Economy; WDC (2007), Wood Energy Strategy for the Western Region

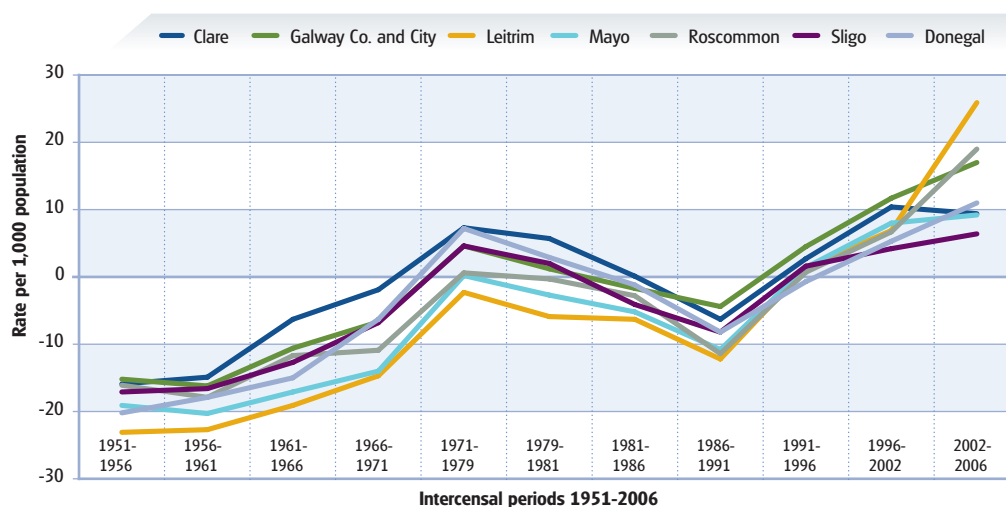
5. Challenge 2: Return of the Brain Drain?

The Western Region has a long legacy of out-migration. The loss of educated young people from the region was a factor in the evolution of the region's current employment and enterprise structure (Chapters 2 and 3). The recent boom has seen a reversal of this situation with the region successfully retaining and attracting well educated workers. The current recession seems likely to mark a return to outward migration from the region and this chapter examines the challenge that this creates.

5.1 The brain drain

The term brain drain has been coined to refer to the loss of human capital from an area, notably people with higher education, technical skills and knowledge. The loss of these young people from a region can make it less attractive for inward investment in high value, high skill sectors, and reduce the level of indigenous business start-ups. It thereby contributes to an economic structure which is older and more dependent on traditional activities; less on knowledge sectors. A brain drain also represents a loss of the investment made in the education and training of the region's young people. Perhaps most important are the social and personal impacts of large scale emigration for both those forced to emigrate and also their families and communities in the region.⁶⁹

Fig 5.1: Average annual rate of estimated net migration (inward less outward) per 1,000 of average population in western counties in each intercensal period, 1951-2006



Source: CSO, Census of Population 2006, Preliminary Report, Table 7

⁶⁹ Healy, J. (1968), No One Shouted Stop (The Death of an Irish Town)

The Western Region has a long legacy of out-migration, with the 1980s representing a period of particularly high emigration from the region (Fig 5.1). Counties in the region experienced net outward migration during the 1950s and 1960s. This was followed by a period of net inward migration during the 1970s, though the rural counties of Leitrim, Roscommon and Mayo did not experience this growth. The 1980s marked a return to out-migration from all counties. The region lost population to both overseas emigration and also migration to other parts of the state. The reversal in the trend since the mid-1990s has been dramatic, with significant levels of inward migration.

One important feature of periods of out-migration was that the majority of young people from the region who attended third level institutions in other areas did not return to the region to work. Of new graduates in 1998 who came from the Western Region, only 34.2% got their first job in the region, while 37.7% got their first job in Dublin.⁷⁰ This pattern both diminished the human resource available to the region – the brain drain – and also enhanced the quality of the workforce available in Dublin, improving the growth of its economy. As the WDC's report *State of the West* noted when referring to the situation in the 1990s, the Western Region had higher than average rates of admission to third level education but much of this human capital was lost because of a persistent brain drain to better jobs outside of the region. Insufficient numbers of attractive employment opportunities in the region contributed to a loss of human resources from the west to the east of the country.⁷¹

5.2 Improved human capital resources

Migration patterns began to change from 1996, accelerating from 2000. Since then, inward migration, combined with natural increase, has led to substantial population growth across the region. Between 1996 and 2006 the region's population grew by 16.0%, just below the rest of the state (17.1%). County Leitrim experienced population growth in 2002 for the first time since the pre-Famine Census of 1841.

Population growth, combined with a number of other factors meant that the region experienced a substantial improvement in its human capital resource, both in terms of numbers and education levels. The improved human resources available to enterprises in the Western Region could be viewed as one of the most significant benefits of the boom years for the region. Important factors included:

- The share of the region's population in the economically active age group (15-64 years) increased from 62.0% in 1996 to 66.6% in 2006. While the region still lags the rest of the state, the gap narrowed appreciably over the period, indicating a considerable improvement in the region's relative demographic position.
- Between 2000 and 2009 the labour force participation rate in the region rose from 56.0% to 60.3%, further expanding the region's labour force.
- Between 1996 and 2006 there was estimated net inward migration to the Western Region of 74,313 people which accounted for 70.7% of the region's total population increase over the period. Relative to population Leitrim, Galway county and Roscommon experienced the highest rates of net migration in the region. Nationally these rates were exceeded only in Dublin's commuter belt.
- Of the region's population in 2006, 16.1% had been born outside of the Republic of Ireland, a very substantial increase from 1996 when the figure stood at 9.3%. It is more difficult to estimate inward movements from other areas of Ireland however in 2006, 1.3% of the region's population had lived elsewhere in Ireland a year previously.
- The share of the region's workforce (15-64 years) with a third level education expanded substantially over these years rising from 18.9% to 28.2% (2002-2008), though the region still lags the rest of the state (30.0%). While data for the Western Region is not available for individual age categories, the pattern nationally shows that much of the improvement in education levels has occurred among younger age groups. This has been driven by rising levels of participation in third level education as well as inward migration of relatively young, well educated workers.

⁷⁰ WDC (2001), *The State of the West: Recent Trends and Future Prospects*

⁷¹ *ibid*

- Data collected as part of the WDC's [LookWest.ie](#) campaign, where visitors to the website were requested to register their interest in moving to the region and provide details of their skills, reveal that people who wish to live and work in the region are often relatively highly skilled and as such represent an important human resource in the context of the knowledge economy. For example 90% of the 3,900 people who have registered an interest in moving to the Western Region on [LookWest.ie](#) have a third level qualification, though persons with higher qualifications may have a higher propensity to engage with such a website.

5.3 Quality of life

One of the key attributes of the Western Region which has attracted inward migrants and returned emigrants, and also helped to retain people in the region, is the quality of life it offers. A study by the WDC of the creative sector in the Western Region found that quality of life and the natural environment were key factors in attracting creative talent to the region.⁷² Meanwhile results from the WDC's study on the relocation of public sector offices to the region⁷³ and its [LookWest.ie](#) campaign also support this finding. The region's quality of life strengths have been found to include its natural environment and landscape, generally shorter commuting times, a lower cost of living and a feeling that it is a good place to raise children.

Quality of life was an important attractor for both inward investment and migration during the economic boom, including returned emigrants, and also helped to retain graduates and skilled workers in the region. The question now arises as to its continuing relevance during the downturn. The relative weight given to quality of life in location decisions will likely be reduced in a situation of far fewer employment options.

It will play a key role in the region's economic recovery however, in generating and attracting new employment opportunities and retaining highly skilled, creative staff in the region. Such staff are vital if potential growth areas e.g. creative sector, medical devices, knowledge-intensive services, are to develop in the future. Maintenance and enhancement of the region's quality of life will be an important underlying factor in its long term recovery.

5.4 Return of the brain drain?

The challenge facing the region now is how to prevent the human resource gains of the past decade from being lost during the recession. Clearly, a certain level of out-migration from the region is not necessarily negative, especially if emigrants are in a position to return to the region when economic circumstances improve. Out-migration, including emigration, can provide an opportunity to gain valuable experience and income, and is one possible option for people in times of high unemployment. However, when it occurs on a large scale it undermines the region's human resource base and its capacity for economic recovery. The challenge involved in positioning the region for the future will be considerably greater in a situation of substantial emigration, particularly if it includes a large proportion of skilled workers.

Unfortunately data on migration in response to the recession is relatively limited to date, particularly data at a regional level. Though the CSO in their latest regional population projections included a scenario for a return to 'traditional' migration patterns (pre the mid-1990s) where all regions, apart from Dublin and the mid-East, would lose population to internal migration by 2026.⁷⁴

In terms of emigration, as can be seen from Fig 5.2 in the 2000-2005 period estimated emigration from Ireland was 20,000-30,000 a year. The number has been growing since then and in 2009 estimated emigration nationally reached 65,100.⁷⁵ Immigration meanwhile increased gradually from 1995 to 2002 then, after a slight dip, it rose substantially from 2004⁷⁶ to reach 109,500 in 2007. It is notable that emigration from Ireland continued throughout the boom years, but was masked by the level of immigration. It is likely that emigration during these years included a notable number of

⁷² WDC (2009), Creative West: The creative sector in the Western Region

⁷³ WDC (2008), Moving West: An exploratory study of the social and economic effects of the relocation of public sector offices to towns in the Western Region

⁷⁴ CSO (2008), Regional Population Projections 2011-2026

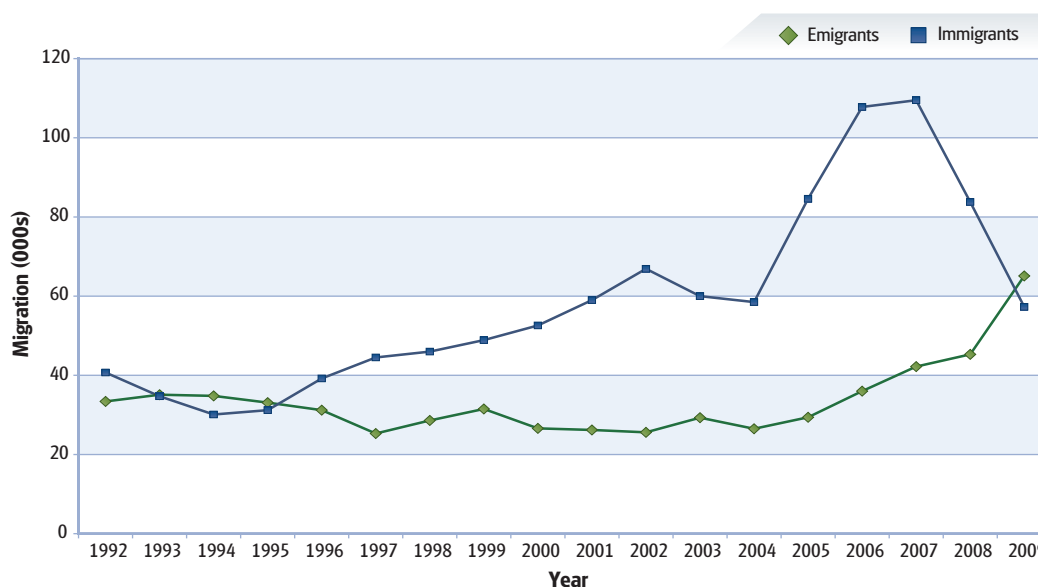
⁷⁵ The figures for 2007, 2008 and 2009 are preliminary estimates. CSO (2009), Population and Migration Estimates

⁷⁶ The year the former accession states joined the EU.

recent graduates and others taking the opportunity to travel and work abroad, as well as emigration by foreign nationals returning to their home country after a period of work in Ireland.

In 2009 immigration is estimated to have fallen to 57,300, resulting in net emigration of 7,800. This is the first time there has been net emigration from Ireland since 1995.

Fig 5.2: Estimated population migration to and from Ireland, 1992-2009



Source: CSO (2009), Population and Migration Estimates

Anecdotal evidence from the Western Region also indicates a growing level of emigration. This seems to be particularly the case for new graduates, recent immigrants and construction workers, including professionals. A particular concern is that as the recession continues more highly skilled and experienced employees will increasingly choose to emigrate as they will be unwilling to remain in the region in unemployment. The desire to retain skilled employees in Ireland seems to be one of the reasons why firms are choosing to adopt short time working practices rather than undertake redundancies (22% of firms nationally are expecting short time working with a further 45% considering it).⁷⁷

Recommendation

Skilled people are a vital resource. **Retaining skilled people in the region** must be a priority. Initiatives including support for business start-ups, employment protection, education and training provision must be implemented to retain skilled workers in the Western Region, and prevent a return of the brain drain.

⁷⁷ IBEC (2009), IBEC Business Sentiment Survey

5.5 Policy implications

The Western Region has a long legacy of emigration, as well as movements to the east of the country. The reversal of this pattern and the substantial increase in the region's human resources can be considered one of the most important benefits of the boom years for the West. The quality of life available in the region was an important factor in both attracting and retaining skilled workers during the period of high labour demand.

The current recession raises the prospect of a return of the brain drain from the Western Region with the loss of skilled and educated workers, particularly in younger age groups, overseas or to other parts of Ireland. The creation of employment, business and education opportunities for those made unemployed, as well as new graduates, is required to maintain the region's human capital and prevent a return of the brain drain. Efforts to prevent emigration from the Western Region returning to the levels of the 1980s must be a key priority.

Significant deepening and widening of the region's labour market e.g. encouraging companies to undertake more of their business functions in their regional location, would help reduce the brain drain from the region to Dublin and overseas. Policy intervention has the potential to directly influence such business decisions, such as occurred with the policy decision to establish and promote the IFSC in Dublin's docklands, the Digital Hub in Dublin and TG4 in Connemara.

Job creation, education, training and enterprise support policies will be the most critical in retaining the region's labour pool. Policies in the areas of education and training, as well as supporting job creation in future growth sectors are the subject of the following two chapters. These policies will be at the heart of efforts to prevent a return of the brain drain.

6. Challenge 3: Delivery of Education and Training in the Region

A skilled workforce is fundamental to economic recovery. The effective delivery of education and training is one of the most critical activities in the current recession. The Western Region faces some particular challenges in this regard because of its employment structure and the need to adjust to the decline in construction, as well as the predominantly rural nature of the region. This chapter aims to highlight the issues in relation to the delivery of education and training within the Western Region in the context of the current employment situation.

Box 6.1: Definition of terms related to education and training

- **National Framework of Qualifications (NFQ)** provides a common means of comparing educational qualifications from different certification bodies. It includes 10 qualification levels. See Appendix 1 for details.
- **Higher education** includes education and training which occurs after second level schooling through the third level system e.g. institutes of technology, universities (NFQ Levels 7-10).
- **Further education** includes education and training which occurs after second level schooling but falls outside the third level system (NFQ Levels 5-6).
- **Lifelong learning** is defined as all learning activity undertaken throughout life with the aim of improving knowledge, skills and competencies.

6.1 Skill and education level of the unemployed

When considering the issue of education and training during a period of high unemployment, an important first step is to look at the skill and education level of those becoming newly unemployed.

The *National Skills Bulletin 2009*⁷⁸ examines this question. Nationally, during the 18-month period from Q2 2007 to Q4 2008 there was a disproportionate increase in the numbers unemployed among those with lower education levels. Table 6.1 shows the national unemployment rate for those with differing education levels. While the unemployment rate increased substantially over the period across all education levels (those with third level non-degrees appear least affected) those with lower education continue to have a far higher unemployment rate. In 2008 for those with less than secondary level education the unemployment rate was 12% compared with 4% for those with a third level degree. This indicates that while all education levels are suffering as a result of the downturn, the lower educated remain more exposed.

⁷⁸ FÁS and Expert Group on Future Skills Needs (2009), *National Skills Bulletin 2009*

Table 6.1: Unemployment rate by education level, Q2 2007 and Q4 2008

| Education Level | Unemployment Rate | |
|--|-------------------|---------|
| | Q2 2007 | Q4 2008 |
| Less than Second Level | 7% | 12% |
| Second Level or Further Education & Training | 4% | 8% |
| Third Level Non-degree | 4% | 5% |
| Third Level Degree or higher | 2% | 4% |

Source: FÁS and Expert Group on Future Skills Needs (2009), National Skills Bulletin 2009, p. 97

Work by the ESRI on the occupation/sector of new people signing-on the live register for the period October 2008 to March 2009 supports this finding.⁷⁹ It found that 80% of new registrations were from five occupational groups: construction; general operatives; retail/sales; office admin/clerical; and domestic/catering. Most of these occupation groups would be considered relatively low skilled, dominated by manual skilled or unskilled, and clerical occupations.

While the above information is not provided at a regional level, Table 6.2 shows the individual occupations which experienced the largest job losses in the Q2 2007 to Q4 2008 period in the Border and West regions. The influence of the decline in construction is very obvious, as is the generally lower skill profile, dominated by manual skilled and unskilled occupations.

Table 6.2: Occupations with highest net job losses (net loss of 1,000+) in the Border and West regions, Q2 2007 – Q4 2008

| Border ⁸⁰ | West ⁸¹ |
|----------------------|--------------------|
| Building labourers | Bricklayers |
| Cleaners, domestics | Warehousemen/women |
| Carpenters | Drivers |
| Farmers | Metal fitters |
| General labourers | Building labourers |
| Plasterers | Plasterers |
| Nurses | Sales assistants |
| Builders | Clerks |

Source: FÁS and Expert Group on Future Skills Needs (2009), National Skills Bulletin 2009, Table 4.4

While only a sub-set of all those becoming unemployed, details on the education level of new registrants with FÁS in the North West⁸² region also gives some insight. Between January and August 2009 3,861 new people registered with FÁS in the North West and provided details of their education level. 37.6% of these had an education level of a Junior Certificate or lower, while only 23.2% had a third level qualification.⁸³ What this and the previous data show is that the rise in unemployment is dominated by those in lower skilled occupations and with lower education levels.

⁷⁹ O'Connell, P. (2009), What works? Applying lessons from the 1990s, ESRI Policy Conference April 2009 http://www.esri.ie/docs/What_works_300409.ppt

⁸⁰ The Border region refers to counties Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo.

⁸¹ The West region refers to counties Galway, Mayo and Roscommon.

⁸² The North West refers to counties Donegal, Sligo and Leitrim.

⁸³ Data provided by the FÁS Support Unit. In total 4,612 new people registered with FÁS North West over the period but 751 of these did not provide details of their education level.

Recommendation

Workers with lower educational levels must be the focus of particular strategies for re-training and up-skilling or they will be further disadvantaged in the drive for a higher skill economy and workforce. Given the close relationship between low skill levels and long term unemployment, this will be critical to avoiding a return to permanent long term unemployment in the region.

At the same time, the current recession has led to an increase in unemployment among higher educated groups. Table 6.1 above showed that nationally the unemployment rate among those with a third level degree doubled between Q2 2007 and Q4 2008 from 2% to 4%, while for those with a third level non-degree it increased from 4% to 5%. Over the same period the share of total unemployment accounted for by people with a third level qualification rose from 19.6% to 21.6%,⁸⁴ though they still account for a lower share of unemployment than of the labour force (37.2%). This increase in unemployment could be due to a number of factors including the increase in the share of the workforce with a third level qualification, high job losses among professionals from the construction sector (e.g. quantity surveyors, architects) and difficulties experienced by new graduates in entering the jobs market.

Therefore, while rising unemployment is dominated by lower skilled workers, job seekers are a highly diverse group in terms of occupation, education, age and location with a wide range of education and training needs and issues. For example highly educated professionals are likely to require third level education (NFQ Level 8-10, degree or higher) through a university or Institute of Technology (IoT), whereas lower skilled individuals may require vocational or further education options (NFQ Level 1-6) through FÁS or Vocational Education Committees (VECs).

In addition to job seekers, the education and training needs of those currently employed also present a significant challenge given that 1.4 million of the current national workforce will still be in the labour force in 2020.⁸⁵ Given the current employment profile of the Western Region the up-skilling and re-training of those currently in employment will be fundamental to the region's development of a higher value, higher skill economic base. It will also be highly beneficial for individuals in improving their employability, level of work satisfaction and confidence. National policy on education and training of the labour force provides the overarching context for delivery in the Western Region.

6.2 National skills and training policy

The fundamental importance of a skilled workforce has been widely accepted in policy responses to the recession, such as the *Building Ireland's Smart Economy*⁸⁶ framework, the actions to support those losing their jobs in the Supplementary Budget 2009 and the National Economic and Social Council's (NESC) analysis of the current crisis.⁸⁷

Government policy in relation to vocational training is the responsibility of the Department of Enterprise, Trade and Employment (DETE) and is developed in collaboration with the Department of Education and Science (DES). The main providers of vocational education and training are FÁS and the VECs. Higher Education Institutions (HEIs) also play a key role, and in a situation where the share of those unemployed with a third level qualification has increased, and where future employment growth is predicted to be in areas requiring third level qualifications, the role of HEIs is likely to become even more important.

The main national skills policy is *Tomorrow's Skills: Towards a National Skills Strategy*.⁸⁸ This however was developed prior to the current economic downturn and makes few specific references to the education or training needs of the

⁸⁴ FÁS and Expert Group on Future Skills Needs (2009), National Skills Bulletin 2009, p. 97

⁸⁵ Expert Group on Future Skills Needs (2007), *Tomorrow's Skills: Towards a National Skills Strategy*

⁸⁶ Government of Ireland (2008), *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*

⁸⁷ National Economic and Social Council (2009), *Ireland's Five-Part Crisis: An Integrated National Response*

⁸⁸ Expert Group on Future Skills Needs (2007), *Tomorrow's Skills: Towards a National Skills Strategy*

unemployed. The focus is very much on the up-skilling of those currently in employment and the role of employers in facilitating training. It identifies the main factors influencing future skills needs as:

- shifting sectoral profiles with rising employment in services;
- occupational shifts with a growth in knowledge jobs as well as low skilled service jobs;
- the changing nature and increasing importance of generic skills; and
- the changing skills needs within specific occupations, related to new technology and a greater emphasis on service provision within the manufacturing sector.

These factors point to the importance of generic and soft skills which are transferable between occupations and enhance people's employability. The Strategy states that the current arrangement of education and training programmes and schemes is not sufficient to meet future skills needs, and that significant changes to the system are required. An implementation plan for the National Skills Strategy is due for publication in 2009. While the National Skills Strategy does not include a spatial or regional approach to skills policy, it does state that an element of achieving balanced regional development is

... the balanced distribution of skills and qualifications; this involves ensuring that the public are granted equal access to education and training, regardless of geographic location. (p. 30)

There have been a number of recent policy statements on education, training and skills in the context of rising unemployment. The National Competitiveness Council's (NCC) *Statement on Education and Training*⁸⁹ set out recommendations aimed at enhancing Ireland's competitiveness. It identifies the key future skills required in Ireland as those which are applicable across sectors and occupations and which reflect both increased knowledge intensity across all occupations, and the objective of becoming a knowledge-based economy. Specifically they identified generic and soft skills (critical thinking, self-management, team working, communication, innovation etc.); language skills; ICT skills; and mathematics, science, technology and engineering skills as most important.

The NCC recommended that investment in further education should be targeted in sectors where skill shortages exist or are forecast, and where future employment growth is predicted e.g. for those losing jobs in construction there may be opportunities in environmental or energy-related sectors.

A National Strategy for Higher Education is currently being devised which will examine the role of Irish higher education and set a vision and objectives for the higher education system over the next 20 years. This will include the role of higher education institutions in the education and training of the unemployed.⁹⁰

The NESC report *Ireland's Five-Part Crisis: An Integrated National Response*⁹¹ states that the priority in terms of skills and training should be to support job seekers with weak formal educational attainments to access training and further education that is closely related to the market and of sufficient duration to offer fundamental up-skilling. It recommends an urgent exploration of new approaches by government Departments, agencies, employers, unions, third level colleges and others to assist jobless people to access training. A Jobs and Skills Summit, where labour market authorities and bodies with the capacity to deliver high quality, market-relevant training and education programmes would identify and implement a set of measures, is also recommended.

Meanwhile the framework for economic renewal, *Building Ireland's Smart Economy*,⁹² states that the government are

... reviewing current training programmes, including those provided by FÁS and Skillnets, in the context of current and future labour market challenges, including the goals of the National Skills Strategy. (p. 76)

⁸⁹ National Competitiveness Council (2009), *Statement on Education and Training*

⁹⁰ www.education.ie

⁹¹ National Economic and Social Council (2009), *Ireland's Five-Part Crisis: An Integrated National Response*

⁹² Government of Ireland (2008), *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*

While it is not stated who is undertaking this review or any timelines, a thorough review of the current training system is required if it is to adapt to respond to the changed unemployment situation. It is clear from current initiatives that there is a recognition that the further education and training system for job seekers needs to be reviewed and amended in order to address the skills and training issues emerging in the current downturn.

Current approaches to re-training and up-skilling for the unemployed were largely designed for previous periods of high unemployment, notably the late 1980s to mid-1990s. The characteristics and needs of job seekers in 2009 are not the same as in 1989 and the policy and system must be adapted to these differences. In particular the relative importance between soft skills e.g. team working, presentation, customer service, and hard skills e.g. technical skills, has changed with soft and generic skills increasingly critical to people's employability in a flexible labour market.

Recommendation

The current education and training system is not fully meeting the needs of diverse learners or providing the workers needed for the future economy. The system, including training supports and incentives as well as education delivery methods, needs to be **reviewed and revised in order to meet the needs of job seekers and those currently employed**. A new system needs to have the flexibility to recognise and respond to **differing regional and local circumstances**. Further education and training provision in a particular region must be tailored to its particular circumstances and future growth potential.

6.3 Skills and training issues in the Western Region

Several of the characteristics of the Western Region present particular issues for the design and delivery of education and training.

The predominantly rural nature of the region presents a challenge. Given the impacts of the current recession on rural employment, the need for training and education provision in rural areas is considerable. However those living in rural areas face constraints in accessing further and third level education opportunities. This is important for job seekers, particularly women, who have childcare or other personal responsibilities which reduce their ability to travel to undertake further education or training. This increases the need for the provision of part-time courses and flexibility in the timing of education and training provision.⁹³

The need for a certain amount of direct delivery in rural areas, as well as the need to provide job seekers with a wide range of options tailored to individual needs and future growth areas, means that effective delivery of education and training to rural residents will require a mix of approaches, including distance education through using information and communications technology (ICT). While distance education and training options have expanded in recent years, weaknesses in broadband services in many rural areas of the Western Region may exclude some rural residents from accessing such services. Also for certain types of education and training, such as that with a substantial practical component, distance education may not be feasible. Flexibility in timing will be particularly important in this context.

⁹³ Russell, H. et al (2009), A Woman's Place: Female Participation in the Irish Labour Market, Equality Authority and Economic and Social Research Institute

Recommendation

People living in rural areas must not be disadvantaged in accessing education and training. Existing and new methods and approaches to **distance education, to meet the re-training and up-skilling needs of rural residents**, must be expanded and developed. Education and training organisations and institutions including the Higher Education Institutions, VECs and FÁS should coordinate efforts to develop distance education provision in the Western Region, given its rural nature.

The expansion of the **availability and capacity of broadband provision in rural areas** must be a priority to facilitate delivery of distance education. Implementation of the National Broadband Scheme (NBS) should be completed in order to contribute to this.

The higher dependence on construction employment in the region means that it has a particularly strong need for the re-training of construction workers. Two groups of particular relevance in this regard are young men with low levels of education, and farmers who have lost their off-farm work. The significant number of young men who went directly into construction employment or apprenticeship from secondary school, and who lack a third level qualification, must be identified as a distinct and priority cohort within the region for active education and training intervention. This should primarily be targeted towards achievement of a third level qualification (NFQ Level 7 or higher), though for those with lower education, achievement of NFQ level 4-6 may also be required (see recommendation in section 4.3).

Meanwhile farmers tend to have lower educational profiles than the workforce average, in particular older farmers. A recent study found that farmers in the West region seem to have the poorest skill profiles nationally, as measured by education attainment and off-farm work experience.⁹⁴ The loss of supplementary income from construction in the marginal agricultural areas of the region will undermine the viability of farming and increase under-employment if part-time farmers are unable to secure alternative off-farm employment. Re-training will be critical to this. Vocational training and further education approaches (NFQ Level 5-6) may be more appropriate for this group, in addition to third level options.

While there have been substantial improvements in the share of the region's workforce with a third level qualification, the region still lags the rest of the state in the education profile of its workforce. The difference is largely due to a lower share with a third level degree or higher. Therefore interventions to promote re-training and up-skilling during the recession must not just focus on the provision of vocational training, but must also incorporate third level education provision leading to degree or higher qualifications (NFQ Level 8-10). Given that the strongest future employment growth is predicted to be in occupations requiring such qualifications, this will be critical to the future growth of the region.

Finally, there is also an issue of whether the long term benefits of training and education for the region's economy means there is a need to incentivise participation in training and education among job seekers. This could be done either through direct incentives to participate, increased choice of training offered or through penalties for non-participation in the form of penalties on welfare payments.⁹⁵

⁹⁴ O'Brien, M. and Hennessy, T. (eds) (2008), An examination of the contribution of off-farm income to the viability and sustainability of farm households and the productivity of farm businesses

⁹⁵ Grubb, D. et al (2009), Activation Policies in Ireland, OECD social, employment and migration working paper No. 75

6.4 Future skills needs

Any discussion of the training needs and issues of job seekers and those in employment in the Western Region inevitably raises the question of what the future skills needs of the region will be, and what areas people should be trained in. The main driving forces behind changing skill demand nationally were discussed in section 6.2. These included the move towards greater knowledge intensity across all jobs, the increasing role of technology, increasing demand for third level qualifications, the significance of generic and soft skills, and a parallel growth in low skilled service jobs.

At a national level the *National Skills Bulletin 2009*⁹⁶ identified a number of skill shortages which continue to exist even in the context of rising unemployment. Skill shortages refer to a situation where there are an insufficient number of trained individuals in the domestic market to meet the demand for a particular occupation. Such skill shortages point to future skill needs. They include experienced computer programmers, IT networking experts, computer system managers, web developers, hybrid technologists (e.g. finance and IT), research scientists, regulation compliance staff, lab technicians, renewable energy technicians and engineers, environmental impact assessment skills, design engineers for medical devices, experienced marketing managers, registered general nurses, dentists, vets and accountants with compliance and risk management experience.

At a regional level, published studies of skills needs in Ireland's regions date from several years ago, however do provide some indication of general trends. *Occupational Employment Forecasts by Region 2010*⁹⁷ predicted the highest employment growth sector across all regions would be public services, followed by private services. In occupational terms the strongest growth for all regions was forecast to be in the professional/associate professional and services/sales occupations, with the BMW region having the lowest forecasted increases in both these occupation groups. Overall the Dublin and mid-East region was predicted to experience stronger employment growth than the other regions. It was also predicted that the BMW region would continue to significantly lag the rest of the country in terms of the educational profile of its workforce.

Meanwhile the report *Skills at Regional Level in Ireland*⁹⁸ examined skills demand at regional level in six selected enterprise sectors. It made projections for skills demand by region to 2010, based upon the current regional distribution. It was found that regions had specialisations e.g. medical devices in the West region, and recommended that strategies involving HEIs and employers to supply the skills required by regional sector clusters should be adopted. It noted that regional labour market adjustment processes such as migration, commuting, higher participation levels and re-training should remove any skill shortages within particular regions. However it pointed out that in reality, infrastructure deficits such as road quality, public transport and educational provision can prevent such adjustments from taking place and can lead to persistent skills shortages in certain regions.

While these studies provide general indications of future skills needs at a broad sectoral and occupational level, it is important to consider more specific future growth areas for the Western Region in terms of sectors and skill needs. A number of sectors have been identified as having particular future growth potential for the region. If growth is to be achieved in these sectors then the necessary skill base will be required in the region. These growth sectors are examined in section 7.2 which also considers each sector's skill needs. The design and delivery of education and training in the Western Region should take account of these future growth areas, while also meeting the needs for generic and soft skills which are applicable across occupations and sectors.

⁹⁶ FÁS and Expert Group on Future Skills Needs (2009), *National Skills Bulletin 2009*

⁹⁷ FÁS/ESRI (2004), *Occupational Employment Forecasts by Region 2010*, Manpower Forecasting Studies, Report No. 11

⁹⁸ EGFSN (2006), *Skills at Regional Level in Ireland: A study of skills demand at regional level for specified enterprise sectors*. The six sectors are ICT hardware, ICT software, medical devices, engineering, pharmaceuticals/biotech and internationally traded business services.

6.5 Policy implications

Skills, education and training policies are critical for the Western Region in the current downturn. They are vital for retaining and strengthening the region's human capital, a resource which has been lost during previous recessions. Rising unemployment and a shift in the sectoral structure of employment, with the reduced importance of construction and traditional manufacturing and rising importance of services and knowledge jobs, means that significant up-skilling and re-training will be required.

For the Western Region, the last number of years has seen a marked improvement in the skills profile of the labour force. However rising unemployment has been concentrated among those in lower skilled occupations creating significant skills and training challenges. This is compounded by a parallel increase in unemployment among those with third level qualifications. This raises questions about the established further education and training policies and systems for job seekers and the suitability of the training offered.

As already noted, the 'smart economy' framework, as well as NESC and NCC, have stated that the training system needs to be reviewed. A review of the training system, followed by amendments which will increase its ability to differentiate and meet the needs of diverse learners, including on a regional basis, should be one of the main priorities in tackling the recession. Given the urgency of the situation, any such review would need to be undertaken quickly.

New approaches to labour market intervention are needed. For example more focus on entrepreneurship and the attainment of high level educational qualifications (NFQ Level 8 or higher) through the HEIs may be required. The fact that 16.9% of applicants to the CAO in 2009 were mature students (over 23 years) up from 13.4% in 2007 is a clear indication of the demand for third level education among job seekers.⁹⁹

In the Supplementary Budget in April 2009 the Back to Work Allowance (BTWA) was restricted in favour of the Back to Work Enterprise Allowance (BTWEA) which is aimed at assisting job seekers to establish their own business. Another useful example is the 'Intellectual Enterprise Zone' approach being adopted by South Dublin County Council to provide space and training for new live registrants with high levels of qualifications and an interest in establishing their own business.¹⁰⁰

The identification of the skill needs of future growth sectors for the region must be central to any education or training strategy for the region. Regionally differentiated education and training provision, targeted towards identified growth sectors, must form the central plank of national approaches to the up-skilling and re-training of both job seekers and those currently in employment.

There are a large number of stakeholders involved in the delivery of education and training across the Western Region e.g. VECs, FÁS, HEIs, private training providers. How these stakeholders work together to provide solutions to the education and training challenge facing the region will determine its effectiveness. There is a need for workable mechanisms which ensure that stakeholders can work together at local level to share information and resources, avoid duplication and devise interventions targeted to the needs of the local area.

Recommendation

Multiple agencies and organisations are involved in the delivery of education and training. There must be clarity around the distinct role of each, as well as a clear framework ensuring coordination between them.

Flexibility, joint actions and coordination at local level are required to achieve the objective of up-skilling and re-training job seekers and those in employment. This needs to be facilitated and actively supported at national level.

⁹⁹ Data provided by the CAO.

¹⁰⁰ For further information see http://connect.southdublin.ie/iez/index.php?option=com_frontpage&Itemid=6

7. Positioning the Region for the Future

The national framework for economic recovery involves a move to the 'smart economy'. Positioning a predominantly rural region such as the Western Region to participate in this recovery, in the context of the three challenges set out above, will be critical to creating jobs in a sustainable and competitive regional economy into the future. This chapter examines the potential of selected growth sectors for the region, as well as the region's enterprise environment including enterprise support, regional innovation capacity and infrastructure provision.

7.1 The 'smart economy' framework

Before looking at the specifics for the Western Region it is useful to consider the national framework for economic recovery within which the region will be operating. The Government's Framework for Sustainable Economic Renewal entitled *Building Ireland's Smart Economy*¹⁰¹ outlines an approach and actions for creating a 'smart economy'. The framework sets out the following vision:

To build a Smart Economy that exhibits economic security, high quality employment, strong environmental and social performance and secure energy supplies and is in the strongest possible position to benefit from the recovery of the global economy. (p. 41)

More specifically it sets the objective to

... drive economic growth through the enhancement of productivity per person by: securing fiscal stability; enhancing R&D intensive foreign direct investment; investing in human capital and research and development; incentivising innovation and commercialisation; investing in critical public infrastructure; and improving public sector performance, within a high-quality physical and social environment. (p. 41)

The framework covers a wide range of issues and sectors and while it is quite broad, the underlying emphasis is on innovation, world-class research, international competitiveness, high-tech manufacturing and knowledge-intensive services. It sets out actions under five principal objectives:

- Securing the enterprise economy and restoring competitiveness;
- Creating 'The Innovation Island';
- Enhancing the environment and securing energy supplies;
- Investing in critical infrastructure; and
- Providing efficient and effective public services and smart regulation.

¹⁰¹ Government of Ireland (2008), *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*

The Western Region's role in achieving this 'smart economy' must be based on a concept of what the region's future economy will, and should, look like based on the region's strengths and assets as well as the current situation. Higher reliance on construction, agriculture and traditional manufacturing, lower shares employed in high-tech manufacturing (with the exception of medical devices) and knowledge-intensive services, relatively weak research and innovation capacity, continuing infrastructure deficits and the region's relatively rural nature north of Galway city create challenges in the context of the national vision of a 'smart economy'.

The sectors which seem to be the primary focus of this vision tend to be located in large urban centres. The role envisaged for small and medium-sized towns and rural areas is not very clearly defined in the 'smart economy' framework, and seems to largely focus on rural funding programmes (CLÁR, Rural Development Programme) and green enterprise. While the green economy holds considerable potential for such areas (section 7.2.4), it cannot provide the sole employment solution for areas currently facing declining construction, manufacturing, local and public service and agricultural employment.

There is a risk that the direction of national recovery may mean large parts of the Western Region, primarily smaller urban centres and rural areas, could be left behind in the absence of tailored approaches. Future growth sectors for the Western Region, which build on the region's strengths, are compatible with the national framework and contribute to national growth, are the main subject of the remainder of this chapter. The factors which underpin the region's growth such as enterprise support, regional development policy, regional innovation capacity and infrastructure are also examined.

7.2 Selected growth sectors for the Western Region

It is useful to begin this consideration of the Western Region's economic future with an overall vision for the region. In its *Strategic Statement 2007-2009*¹⁰² the WDC set out the following vision for the region:

A confident and ambitious Western Region where excellence, innovation and creativity are rewarded, and the rich quality of life, clean environment and unique heritage are valued and safeguarded. (p. 3)

It is within the context of this vision of the region's future that we examine eight sectors which hold economic growth potential for the region, the skill needs of each sector are also considered. These sectors have been identified through the WDC's own experience operating in the region, the economic competitiveness reports for the relevant regions,¹⁰³ consultations with regional stakeholders and national growth priorities. The sectors represent a mix of knowledge sectors (medical devices, creative sector, software, financial and international services), sectors which are a direct response to changing priorities and needs within the region (green sector, caring sector) and sectors based upon natural resources (food, marine, tourism).

Clearly this is only a partial list of sectors which may grow in the region in the future and should not be taken as comprehensive. The overall objective is to create jobs in a competitive and sustainable western regional economy and these sectors have been identified as likely to play an important role in this.

Recommendation

Identifying future growth sectors at a regional level provides a focus for economic recovery. The government should **identify priority growth sectors for the Western Region**. These should then be the focus of coordinated training provision, and investment should be prioritised for these sectors. Regional coalitions involving the private sector, enterprise support agencies, local authorities, education and training providers should drive the development of these sectors in the region.

¹⁰² WDC (2007), *Strategic Statement 2007-2009*

¹⁰³ As part of the review of the Regional Planning Guidelines, regional economic competitiveness reports have been prepared for each of the regional authority areas. These are due to be published by Forfás before the end of 2009 at www.forfas.ie

7.2.1 Medical devices

The medical devices sector holds particular growth potential for the Western Region. The DETE report *Knowledge and Enterprise Clusters in Ireland*¹⁰⁴ recognised that the region, and in particular Galway city and Mayo, is home to a strong cluster of medical device companies. This began with the arrival of a number of large multinational companies which initially led to the development of an indigenous sub-supply base. This has now grown into a cluster including a large number of Irish medical device start-ups which are not involved in sub-supply, but are highly research-intensive and involved in new product development. Some of these have now become international players.¹⁰⁵

In total the medical devices sector employed 19,724 people in Ireland in 2008, with 8,234 or 41.7% of the total employed in the region.¹⁰⁶ Medical devices represent one of the region's most important exporting industrial sectors and the sector accounted for 20.1% of all assisted employment in the region in 2008. In contrast it only accounted for 4.6% of assisted employment in the rest of the state. The human resources in medical devices which now exist in the region has made it an attractive location for start-up medical device companies regardless of the origin of the promoters. The region has also built up a strong research infrastructure to support the sector with the National Centre for Biomedical Engineering Science and the Regenerative Medicine Institute at NUI Galway being particular examples.

As has already been noted, it seems that the strength of this sector in the region has helped to insulate the region somewhat from the current downturn, as employment in this sector does not appear to have been as affected as other sectors. The demand for medical devices is not directly related to economic conditions, and the ageing of populations in the developed world creates increasing demand for medical devices, particularly in the area of degenerative diseases. In addition the very strict quality control and regulatory environment for medical devices means that production is currently less susceptible to being outsourced to low wage economies. Though rising educational and skill levels in many of these economies may mean this will change in the future.

It is for this reason that the future of the sector in the Western Region will depend heavily on high levels of research and development and new product development, by both the multinational operations in the region and indigenous medical devices companies. There are currently skill shortages within the medical devices sector, education and training provision to ensure a supply of suitably qualified staff for medical devices will also be key to its future in the region, as will raising awareness of the opportunities in the sector among secondary school students.

Skill needs: Medical devices

Skills related to medical devices such as R&D scientists, regulation compliance staff, lab technicians, junior chemists, process engineers and biomedical engineers, are required to sustain and grow the existing cluster. Several of these areas have been identified as having current skill shortages.¹⁰⁷

¹⁰⁴ Department of Enterprise, Trade and Employment (2008), *Knowledge and Enterprise Clusters in Ireland: An overview*

¹⁰⁵ Forfás (2009), *Health LifeSciences in Ireland – An Enterprise Outlook*; Giblin, M (2008), *Inward foreign investment and the clustering process: the case of the medical technology sector in Ireland*, CISC Working Paper No. 29

¹⁰⁶ These figures only refer to employment in state assisted medical device companies. Given the nature of the sector and enterprise agency priorities it is likely that this covers the vast majority of companies in the sector. The figure for the region used here only refers to the West and North West regions, so excludes county Clare. Forfás (2009), *Forfás Annual Employment Survey 2008*, special data run for the WDC

¹⁰⁷ FÁS and Expert Group on Future Skills Needs (2009), *National Skills Bulletin 2009*

7.2.2 Creative sector

As noted previously the creative sector is a broad sector which the WDC defined in *Creative West: The creative sector in the Western Region*¹⁰⁸ as:

Occupations and industries centred on creativity, for the production and distribution of original goods and services. (p. 27)

In specific terms it includes 12 creative industries: arts and antique trade; architecture; fashion; publishing; advertising; crafts; music, visual and performing arts; radio and TV broadcasting; video, film and photography; internet and software; digital media; and design. This sector was estimated to have employed 11,000 people, or 3% of total employment, in the Western Region in 2008. Businesses in this sector tend to be micro-enterprises or self-employed people and quality of life is a key location factor for creative talent.

The creative industries have strong international growth potential¹⁰⁹ and also provide high quality employment; 46.8% of those working in the sector in Europe have at least a university degree whereas the average across the workforce is 25.7%.¹¹⁰ It has also been found that interactions between creative industries and other sectors lead to higher levels of innovation in those other sectors, bringing wider benefits to the economy.¹¹¹ Stronger growing rural districts in the UK and the US have also been found to have higher shares of creative sector employment,¹¹² while this sector also plays an important role in enhancing the attractiveness of an area for investors and skilled workers from other sectors.

The creative sector can play an important role in the Western Region's future economic success. The characteristics of enterprises in this sector are compatible with the region's quality of life attributes, as well as the region's urban/rural mix. Galway city clearly has particular strengths for the creative sector, while smaller urban centres and rural areas are also attractive locations for this sector with Leitrim having the highest share of total employment in this sector at 4.4% (see Table 3.1).

While there is considerable policy focus on the creative sector internationally, notably in the UK, at present there is no national policy in Ireland for the sector as a whole. However *Building Ireland's Smart Economy* has identified the arts, culture and creative sectors as future growth areas. As a follow up to this, the Department of Arts, Sport and Tourism has commissioned an economic impact study of the cultural sector in Ireland, which incorporates the creative sector as well as cultural activities and cultural tourism.

The WDC has made a number of recommendations for actions which would support and develop the Western Region's creative sector as an integral element of the region's knowledge economy. Most importantly would be the development of a coherent national policy and strategy for the growth of this sector in Ireland. The WDC has also recommended actions to: stimulate networks of practice within the sector to promote growth and expand exports; promote and market a *Creative West* brand for the sector; develop the region's creative talent; and provide cost effective working environments which encourage interaction and creativity both within the sector and also with the wider business community. Improvements in infrastructure, most notably broadband capacity, and the built environment are also critical. A coalition of interests will be required to drive this sector forward given the range of sectors covered.

Skill needs: Creative sector

Given the range of activities involved, the skill needs are wide ranging from art and design skills to computer programming and film-making. The essential element of the skill needs of the sector however is the development and encouragement of creativity and individual thinking throughout the education and training system.¹¹³

¹⁰⁸ WDC (2009), *Creative West: The creative sector in the Western Region*

¹⁰⁹ United Nations (2008), *Creative Economy Report 2008*

¹¹⁰ European Commission (2006), *The Economy of Culture in Europe*

¹¹¹ Bakshi, H., McVittie, E. and Simmie, J. (2008), *Do creative industries support innovation in the wider economy*, NESTA

¹¹² Experian and BOP Consulting (2006), *Creative Countryside – Creative Industries Driving New Rural Economies*, A Multi-Client Study; McGranahan, D. and Wojan, T. (2007), *Recasting the Creative Class to Examine Growth Processes in Rural and Urban Counties*, *Regional Studies*, Vol. 41, Issue 2, p. 197-216

¹¹³ WDC (2009), *Creative West: The creative sector in the Western Region*; EGFSN (2009), *Skills in Creativity, Design and Innovation*

7.2.3 Software, financial and international services

The software, financial and international services sectors employ highly educated, skilled professionals – knowledge workers – as well as administration and support staff. They are a central focus of national economic strategies and enterprise development agencies. Of the top six growth industries in Ireland at the moment, three are in this sector: IT services/computer software; accounting and auditing; and business services.¹¹⁴ As noted in Chapter 3, the Western Region currently has a lower share of employment in these sectors, but has experienced faster employment growth than the rest of the state over the past five years. In fact employment in these sectors has continued to increase in the region even during the recession.

Two factors are considered most important for the growth of these sectors – a highly skilled labour pool and the existence of networks that facilitate personal interactions. As noted previously, the educational profile of the regional workforce still lags the rest of the state, particularly with regard to third level degree holders. The direction of causation however is complex. Are fewer businesses in these sectors operating in the region because of the lower educational profile of the workforce, or is the lower educational profile due to the lower number of job opportunities in these sectors? It is likely that reality sits somewhere between the two.

However what is certain is that a return of the brain drain will undermine the region's capacity to grow or attract such knowledge-intensive service businesses as a labour pool with the required skills is critical. From the WDC's [LookWest.ie](#) campaign it is clear that there is a considerable appetite among skilled workers in these sectors to move to the region, if the jobs are available.

The central role of personal interactions and networks in these sectors means that the tendency towards agglomeration is particularly strong.¹¹⁵ This has led to a situation where large urban centres, and rural areas in close proximity to large urban centres, have tended to take the lead.¹¹⁶ In Ireland this has contributed to the very strong concentration of this sector in Dublin and the mid-East.¹¹⁷ Indeed some have argued that the move to a knowledge economy may result in peripheral areas falling further behind as they cannot provide the personal interactions necessary to grow these knowledge-intensive services.¹¹⁸

Given the importance of a highly skilled labour pool and the facilitation of personal interactions, larger urban centres in the region, and in particular Galway city, are the areas most likely to experience strong future growth in these sectors. While recent employment data for these sectors at county level are not available, for state assisted companies Galway accounts for a third of regional employment in the international and financial services sectors.¹¹⁹

However, there is also the view that the development of ICT allows interactions across a much wider geographic area, as well as allowing other economic sectors to operate more effectively from rural areas, and that in fact physical distance is becoming less of a constraint.¹²⁰ Rural areas in the region tend to have lower levels of employment in knowledge-intensive services with only 8.0% of all assisted employment in Roscommon being in the services sector and 14.0% in Mayo. This is compared with an average of 24.0% for the region.¹²¹ Over the 2000 to 2008 period however Leitrim, Donegal, Sligo, Roscommon and Mayo experienced higher growth rates in services employment than Galway.¹²² This may be an indication of future growth potential of this sector across the region, including in rural areas.

¹¹⁴ Irish Independent, 25 August 2009, The six top growth industries in Ireland today

¹¹⁵ Cooke, P. and Leydesdorff, L. (2006), Regional Development in the Knowledge-Based Economy: The Construction of Advantage, *Journal of Technology Transfer*, 31(1), p. 5-15

¹¹⁶ Hepworth et al. (2004), The Knowledge Economy in Rural England: A report for Defra; Henderson, J. and Abraham, B. (2004), Can Rural America Support a Knowledge Economy?

¹¹⁷ Collins, P. (2007), Information Age Ireland: The Attraction, the Reality and the Never-ending Geography, *European Planning Studies*, 15(1)

¹¹⁸ *ibid*; Cooke, P. and Leydesdorff, L. (2006), Regional Development in the Knowledge-Based Economy: The Construction of Advantage, *Journal of Technology Transfer*, 31(1), p. 5-15

¹¹⁹ Forfás (2009), Forfás Annual Employment Survey 2008, special data run for the WDC

¹²⁰ David, P. and Foray, D. (2002), Economic Fundamentals of the Knowledge Society

¹²¹ It should be noted that Leitrim is an exception to this where 52% of all assisted employment is in services, this is largely due to a single large FDI investment in the international services sector. It experienced a 2,864.5% increase in services employment between 2000 and 2008.

¹²² Forfás (2009), Forfás Annual Employment Survey 2008, special data run for the WDC

In other countries it has been found that those rural areas which have been most successful in attracting knowledge-intensive services have tended to be the most accessible, in the UK for example rural areas in the South East. For smaller centres and more rural areas in the Western Region the provision of improved transport and broadband infrastructure will be fundamental for any growth in these sectors. It must also be acknowledged that these sectors may not be among the main drivers of growth for such areas, which may need to give more focus to growth sectors more suited to local circumstances.

Skill needs: Software, financial and international services

Skill shortages for a wide range of IT occupations including computer programmers, computer systems managers, software engineers, telecommunications experts, research and design professionals were identified in the *National Skills Bulletin 2009*. Skill shortages in financial services include compliance experts, risk experts, financial reporting and actuaries.

7.2.4 Green economy

The green economy can be considered to be enterprises involved in the sustainable use of natural resources in the agriculture, forestry, fisheries, tourism and energy sectors, all of which are primarily located in rural areas. The 'smart economy' approach puts considerable emphasis on green enterprise and 'green-collar' jobs. However estimates on its national job creation potential vary considerably, anywhere from 55,000 to 100,000¹²³ and what is included in the sector in these estimates also varies.

Renewable energy

The Western Region has considerable natural resources, notably in renewable energy production such as wind, ocean and biomass, which should position it to take advantage of growth in this sector. This has been recognised by the WDC, Sustainable Energy Ireland (SEI) and the Marine Institute. Developing this potential should be a key priority for the region, while at the same time it needs to be recognised that the green sector alone cannot provide a solution to the region's unemployment problem.

The WDC has examined in detail the potential of the wood heat¹²⁴ and wind energy¹²⁵ sectors for the region. In the case of wood heat, it is a labour-intensive activity and the WDC has estimated that its development in the region would generate 887 full-time equivalent jobs in rural areas by 2020, largely among those rural residents most affected by the downturn in construction. A critical characteristic of many bioenergy fuels, including wood energy is that the market consists of 'local loops' of demand and supply in defined geographic areas. These 'local loops' are typically characterised by indigenous SMEs employing engineers, plumbers, forestry contractors etc. so a high percentage of the income is retained in the local and regional economy. They are also firmly embedded and tied to the regional economy in which the natural resource (wood fuel) and market is located.

The skill sets required for wood energy are relatively compatible with those in construction and agriculture and therefore are particularly suitable for the region's rural areas. It is expected that at least some of the jobs will be part-time and will provide additional employment for farmers to supplement farming activity, thereby contributing to the viability of agricultural activity. Jobs created in the areas of operation and maintenance, and wood supply will be ongoing, whereas installation jobs are temporary and will decline as the installed capacity increases.

The region is also recognised as having considerable wind and ocean energy resources. The Irish Wind Energy Association (IWEA) has estimated that the wind energy sector could support 10,760 jobs in Ireland up to 2020, with 3,036 or 28.2% of the total in the Western Region. The further development of this sector, as well as ocean energy (see

¹²³ Comhar Sustainable Development Council (2009), Towards a Green New Deal for Ireland; Irish Examiner, 1 June 2009, Green sector creates 50% of jobs

¹²⁴ WDC (2008), Wood Energy Strategy for the Western Region

¹²⁵ WDC (2004), To Catch the Wind: The potential for community ownership of wind farms in Ireland

section 7.2.8), raises issues in relation to the current electricity grid in the Western Region and its transmission capacity to export electricity. Eirgrid's *Grid 25*¹²⁶ plan for electricity transmission investment to 2025 takes this into account and plans to invest €1bn in the electricity infrastructure of the region. The potential of the region to become an electricity exporter from renewable sources is a key driving factor in these investment plans. It is important that this investment take place if the region's potential in renewable energy generation is to be realised.

Energy efficiency

Another aspect of the green economy is the retrofitting of buildings to improve energy efficiency. Ireland experienced phenomenal housing growth over the last two decades with 38.5% of the Western Region's housing stock having been built since 1991 (35.1% for the rest of the state).¹²⁷

Despite such a significant proportion of our housing stock being built in recent decades, Ireland's housing stock remains predominantly pre-building regulations as mandatory energy efficiency regulations were not introduced into Ireland until 1991 (effective in 1992).¹²⁸ There is no definitive current estimate regarding the extent of pre-building regulation houses in Ireland, however in 2006 almost 61.5% (155,578) of the houses in the Western Region were built before 1991.¹²⁹ This represents a significant number of houses which potentially need to be brought up to the energy efficiency standards enforced in 1992, creating significant growth potential in the area of retrofitting and energy efficiency. Again this is an element of the green economy which can utilise existing construction skills, with a certain degree of re-training.

Skill needs: Green economy

Skill needs for the green economy include civil, chemical and structural engineering, plant maintenance and operation, research and development, retrofitting of buildings, system installation, supply chain logistics, quality control, forest management and timber processing.¹³⁰ FÁS has increased its training courses and apprenticeship options in areas related to the green economy in response to the current recession.

Recommendation

The green sector has enormous potential in the Western Region. A strategy for ensuring this is realised is essential. It should cover areas such as **re-training construction workers for the green economy and investment in the development of the renewable energy resources** of the region. In this context initiatives such as the WDC's wood energy strategy should be supported.

¹²⁶ Eirgrid (2009), *Grid 25: A Strategy for the Development of Ireland's Electricity Grid for a Sustainable and Competitive Future*

¹²⁷ CSO, *Census of Population 2006*, Vol. 6

¹²⁸ <http://constructireland.ie/Vol-3-Issue-7/Articles/Energy-Performance-of-Buildings-Directive/Is-most-Irish-housing-worse-than-a-G-energy-rating.html>

¹²⁹ The first building regulations were introduced in 1979 but only applied to state funded housing. It is not possible to differentiate houses in the CSO which were state funded so some of these will have been built to the regulation standard, and some private houses may also have been built to that standard prior to 1991.

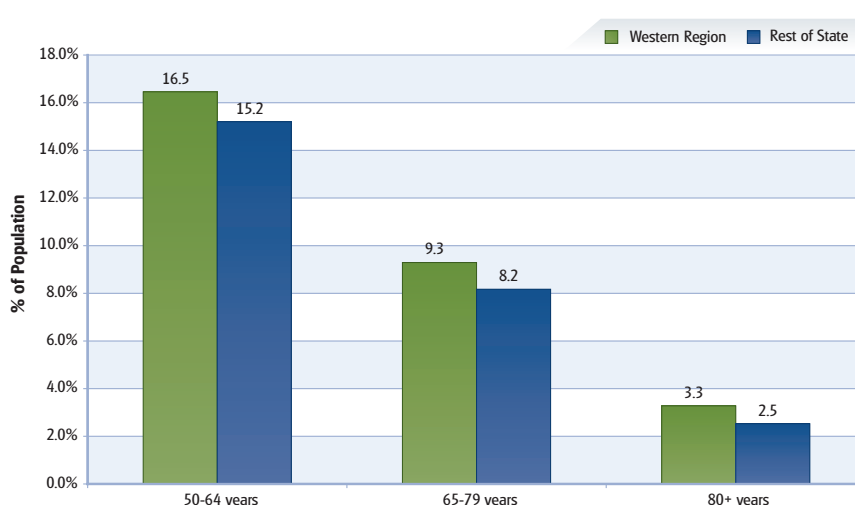
¹³⁰ Comhar Sustainable Development Council (2009), *Towards a Green New Deal for Ireland*

7.2.5 Caring sector

The caring sector, including child care, health care and elder care, is a future growth area. In particular the ageing of the population makes elder care a national priority. An Irish man of 65 years has a life expectancy of 16.6 more years, while for females it is 19.8 years.¹³¹ The life expectancy of this age group is increasing all the time, and while many of these years will be healthy there is likely to be an increasing need for additional care for older people in the future, both because of increasing numbers in the older age category, and also because of their increased life expectancy.

This is particularly important for the Western Region where the share of older people is higher than in the rest of the state (Fig 7.1). The region has a higher share of its population in the 65-79 year old category (9.3%) as well as the 80 years and over category (3.3%) than the rest of the state (8.2% and 2.5% respectively). In terms of future demand the region also has a higher share in the 50-64 age group. On average in Ireland 28.7% of people over 65 are living alone, for the Western Region it is 30% and in the case of Leitrim 35%.¹³²

Fig 7.1: Share of the population in the Western Region and rest of the state in older age categories, 2006



Source: CSO, Census of Population 2006, Vol. 2, Table 3

The demand for services for older people in the Western Region is therefore likely to be higher than in other areas of the state. As the share of the population in older age categories increases it is likely that care options which allow people to remain in their own home, or for assisted living, will become more popular. The need for respite services for home carers will also increase. A recent study by NESF examined this subject and found that changes to the policy and implementation of home care provision were required to adequately meet demand and needs.¹³³ The *National Skills Bulletin 2009*¹³⁴ notes that demand for care workers, in particular health care assistants, will increase considerably above the current level as the share of the population in older age categories increases.

The provision of elder care services through both the public and private sector represents an important future growth area for the Western Region, not only for economic but for very important social reasons. It is also one of the future growth areas that can be quite accurately predicted and planned for by examining current demographic trends. The region's demographic profile makes this a particularly important issue for more rural counties in the region.

¹³¹ CSO (2009), CSO Irish Life Tables No. 15, 2005-2007

¹³² CSO, Census of Population 2006, Vol. 2

¹³³ National Economic and Social Forum (2009), Implementation of the Home Care Package Scheme, NESF Report No. 38

¹³⁴ FÁS and Expert Group on Future Skills Needs (2009), National Skills Bulletin 2009

Skill needs: Caring sector

Carers are one of the occupations with the strongest predicted demand in the future. At present there is no mandatory qualification requirement for health care assistants, one of the occupations most involved in elder care. However it is planned to introduce regulations for mandatory qualifications for those involved in elder care. This will require additional provision of education and training in this area.

Recommendation

Employment in the caring professions is likely to increase. Application of **best practice in the area of elder care** should be a priority. Given the older age profile of the Western Region's population, this is critical for the region. Training and education providers in the region should become leaders in the area of training, education and qualifications for the elder care sector.

7.2.6 Food

Nationally the food and drink sector accounts for 3.8% of GDP, employs 50,000 people and accounts for about half of all exports by indigenous manufacturing industry.¹³⁵ The sector has a more even regional distribution than manufacturing in general. Dublin is less dominant in this sector, while the South West is particularly strong. The share of food and drink manufacturing in the West region is the same as the share of total manufacturing, indicating that the West does not have a particular advantage in this sector. This relates to the type of agriculture carried out in the West which is dominated by livestock activities. Meanwhile the Border region has a higher share of food and drink manufacturing than total manufacturing, this is likely influenced by the tillage areas of Louth as well as considerable pig and poultry production in Cavan and Monaghan.

The food and drink sector accounted for 13.8% of all assisted employment in the West and North West in 2008. This was a slightly lower share than in the rest of the state, 15.2%. The share in the West and North West in 2008 was the same as 2000.¹³⁶ The food sector in the Western Region has relied heavily on meat processing and often in quite low value-added activities. This is particularly the case in more rural counties such as Roscommon.

Agriculture and the food sector in stronger farming areas are becoming increasingly large scale and commercial. What part the more marginal farming in areas such as the Western Region can play in the future of Irish agri-food will be important for the economic viability of the region. The current structure of agriculture in the Western Region (significant number of part-time farmers, less intensive, primarily livestock) means that its capacity to exploit new opportunities in agri-food may be more limited, particularly at a larger scale.

The identification of small scale, high value niche food markets in which the region can develop an advantage, such as organic agri-food production, artisan food, marine food and functional foods, may be the best approach. There have been some successful examples of support for small food producers within the region such as Atlantic Organics, the Food Hub at Drumshanbo and St Angela's Food Technology Centre.¹³⁷ Such efforts should continue to be supported to assist small food producers in the region to take advantage of these new opportunities. Alongside this, research and

¹³⁵ Department of Agriculture, Fisheries and Food (2009), Annual Review and Outlook for Agriculture, Fisheries and Food 2008-2009

¹³⁶ Forfás (2009), Annual Employment Survey 2008

¹³⁷ WDC (2006), The Western Development Commission's Model of Rural Development; BMW Regional Assembly (2009), Evaluation of the BMW Regional Programme of Innovative Actions

development in areas such as new product development and functional foods in larger food companies is critical if the region's food sector is to diversify to higher value food products and away from low value primary meat processing.

Skill needs: Food

Skills in the areas of food technology, food safety, Hazard Analysis and Critical Control Point (HACCP) systems, new product development, biotechnology, research, horticulture and agriculture will be required in the region if its agri-food sector is to develop. Entrepreneurial and marketing skills are also critical for the identification and exploitation of niche opportunities in food.

7.2.7 Tourism

Tourism is one of Ireland's largest indigenous industries, generating revenues of €6.3bn in 2008.¹³⁸ It is an important component of the international services sector and is highly exposed, facing intense competition from other tourism destinations as well as difficulties during periods of economic decline and currency fluctuations. 2009 has seen declines in visitors from the US and continental Europe, as well as severe declines in the British market.

Tourism has been identified as having growth potential for the Western Region in various strategies, for example the NSS identified it as a key sector for the West and Border regions. Though the region has considerable tourism assets, the trend towards more frequent, shorter holidays and city breaks, has contributed to the region's share of national overseas tourism revenue falling from 21.4% to 19.5% between 2003 and 2008. Every county in the Western Region, except Mayo, experienced a decline in their number of overseas visits between 2007 and 2008, the largest declines in Clare (11.4%), Sligo (10.3%) and Galway (8.8%).¹³⁹ The WDC has identified a number of opportunities for the Western Region to target specific tourism markets:

- **Natural amenities:** the region is renowned for its landscape and natural amenities. It is home to four of the country's six National Parks as well as the Shannon river, has numerous walking (way-marked ways as well as looped) and cycling routes, a necklace of links golf courses along the Atlantic coast and internationally renowned surfing and diving conditions. These natural amenities provide an opportunity to target the sight-seeing, culture seeking, green tourism and adventure/sport markets.
- **Cultural assets:** opportunities exist in the area of the Irish language. In particular study trips from the language departments of universities in the US and continental Europe could be particularly beneficial for the region's Gaeltacht areas, primarily for language tuition providers and rural suppliers of accommodation and entertainment. Other cultural assets such as the Céide Fields and Christian heritage also provide opportunities.
- **Festivals and events:** there are a large number of festivals and events occurring in the region which vary considerably in terms of their ability to attract tourists to an area. Future opportunities have been identified in the growing popularity of events such as triathlons, which attract not only participants but also friends and family. The attraction of world events to the region is another area of focus after the success of the Volvo Ocean Race stopover in Galway in June 2009 which had an economic impact of €55.8m.¹⁴⁰
- **New markets:** the share of total tourist visits from continental Europe has increased in recent years. In 2001 Galway was the county in the region with the highest share of continental European visitors at 31.6% of all overseas visits to the county, in 2008 it was still the highest and the share had increased to 41.6%. All other counties also experienced an increase, with Sligo and Donegal growing particularly strongly.¹⁴¹ Increased low cost air access from Europe, inward migration (increasing visits to friends and relatives) and the fact that many of the countries are in the Eurozone has contributed to this growth. Increased marketing of the Western Region in Europe, as well as new markets in East Asia, UAE and Brazil, will be critical to tap into these new and growing

¹³⁸ Fáilte Ireland, Tourism Facts 2008

¹³⁹ Fáilte Ireland, Tourism Facts 2008: Regions, WDC analysis

¹⁴⁰ Fáilte Ireland (2009), Let's Do It Global Economic Impact & Media Report: Volvo Ocean Race 2008-2009

¹⁴¹ Fáilte Ireland, Tourism Facts 2008: Regions, WDC analysis

markets. Currently there is limited direct international air access into the region from Europe particularly into the northern part of the region, while the number of direct European flights into Shannon airport is declining. Route development at the region's airports, in particular Ireland West Airport Knock, Shannon and Galway will be critical to tapping into these new tourism markets.

- **Religious tourism:** the region is home to a number of notable religious sites including Croagh Patrick, Knock Shrine and Lough Derg. There is an opportunity to attract more international visitors to these sites and to tap into the international religious and pilgrimage market.

Skill needs: Tourism

Skills which allow specific markets such as adventure, language, marine, Christian heritage, festivals and events to be identified and accessed, such as heritage training and marketing will be critical to the future. In addition general tourism and hospitality skills and training will be needed to maintain and raise tourism standards in the region.

7.2.8 Marine

The marine economy is composed of a range of activities including shipping and transport, water-based tourism, fishing, seafood processing, offshore energy and marine technology/biotechnology. It represents an important source of employment in coastal, peripheral and rural areas where alternative employment may be limited. In 2005 it was estimated to be worth €3bn to the national economy,¹⁴² while seaweed as a carbon sink, which is important from the perspective of greenhouse gas reductions, might also be developed to capture economic benefits. There are four aspects of the marine sector of particular relevance to the region:

- **Renewable energy** opportunities in the marine sector include ocean energy (wave and marine current tidal), offshore wind energy and marine biomass. The ocean energy resources of the Western Region are vast, however the technology is still not fully developed with a number of research and development projects ongoing at present in Galway Bay and off the coast of Belmullet at the marine test site. Ocean energy is unlikely to make a major contribution to renewable energy before 2020 but has substantial potential for future growth.¹⁴³ The opportunities for ocean energy, offshore wind and other renewable energies (e.g. onshore wind, biomass), alongside the natural gas resource, are being explored in North West Mayo. An 'energy hub' has been proposed for the area,¹⁴⁴ to promote the development of these technologies and make the most of the substantial natural resources available there.
- **Marine tourism and leisure** includes beaches, diving, marinas, sailing centres, angling, coastal walkways, whale and dolphin watching, and inland cruising. Several aspects of this have already been highlighted in relation to tourism. The *Water-Based Tourism and Leisure Product Audit*¹⁴⁵ identified Donegal, Galway, Clare and Mayo as having the resources to quickly take advantage of opportunities in marine tourism, while Sligo was identified as requiring strengthening of its resources. The existence of marine tourism resources is not sufficient however to ensure growth of this sector and the considerable number of public bodies at national, regional and local level with responsibilities in this area means that coordination will be particularly important for the future growth of this sector in the region. A major re-development of Galway port to accommodate cruise liners is planned which could provide a boost to water-based tourism in the region.

¹⁴² Shields, Y., O'Connor, J. and O'Leary, J. (2005), Ireland's ocean economy & resources, Marine Institute

¹⁴³ Marine Institute and Sustainable Energy in Ireland (2005), Ocean Energy in Ireland

¹⁴⁴ <http://www.dcenr.gov.ie/Press+Releases/2008/Inaugural+meeting+of+North+West+Forum+held+in+Belmullet.htm>

¹⁴⁵ Marine Institute (2006), Marine-Based Tourism and Leisure Product Audit 2006

- **Marine food** encompasses fishing, aquaculture, seafood processing and seaweed. The performance of the fishing and aquaculture industries will have important implications for employment in coastal communities. In terms of future opportunities, marine functional foods, in particular seaweed, is an area being explored by the Marine Institute among others. Higher value seafood processing and organic production are other potential growth areas.
- **Shipping and transport activities** represent the largest proportion of the marine sector's total value nationally (€1.2bn in 2005). However ports in the Western Region only handled 2.0% of the total tonnage of goods passing through Irish ports in 2008.¹⁴⁶ There may be potential to increase shipping and transport activities through the region's ports. Sligo port has a commercial licence and a rail link, while Killybegs has potential due to its depth, though road connections to the port need to be improved to fully take advantage of this. The development of wind turbine maintenance facilities on the west coast, as well as growth in ocean energy and offshore wind generation, is likely to require enhanced port facilities, while servicing offshore exploration and drilling may be an important opportunity.

Skill needs: Marine

Given the wide range of activities included in this sector, the skills needs are quite broad. Skills in marine biology and biotechnology will be required as well as fish stock management, new food product development, research and development and marine engineering. Training and knowledge of water-based leisure activities among employees in the tourism industry in coastal counties also needs to be enhanced.

7.3 Regional development policy

Employment and other developments in the Western Region occur in the broader context of regional development policy in Ireland. In the current economic climate there is a risk that the government objective of balanced regional development, included in the NDP 2007-2013 and the NSS, may be sidelined or viewed as a 'luxury' that can no longer be afforded. A tendency for current economic and regional policy to increasingly focus on the role and potential of the larger cities may exacerbate the difficulties.¹⁴⁷ This focus results from a perception that balanced regional development is a redistribution of national resources rather than an integral element of national growth.

National growth and regional development are not an either/or choice. This applies in a positive sense (where national growth is the sum of growth which emanates from the regions), but also in a negative sense. If regions are not facilitated to grow they may suffer higher and longer term unemployment, requiring high levels of social transfers and creating very significant difficulties for the people and communities directly affected.

In 2008 the WDC set out what it believes should be the objectives of regional policy in Ireland. These objectives are as relevant, if not more so, in the context of the current recession and efforts to bring about economic recovery. Regional policy should aim to achieve:

- Future population growth distributed more evenly across Ireland.
- Gateway centres in all regions with sufficient critical mass to serve as drivers for their regions.
- Population increase in hubs and in small and medium-sized towns across the regions based on inward investment and indigenous economic activity.
- The natural resources of rural areas utilised in a sustainable manner and such areas well linked to local centres.
- An infrastructure base that enables all regions to optimise their participation in, and contribution to, the knowledge economy.

¹⁴⁶ CSO (2009), Transport 2008

¹⁴⁷ National Competitiveness Council (2009), Our Cities: Drivers of National Competitiveness; National Economic and Social Council (2008), The Irish Economy in the Early 21st Century

- Quality social provision at local level and efficient access to services in other centres so that location does not contribute to social exclusion.
- Careful planning and management of the environment, including landscape, cultural and heritage resources.¹⁴⁸

Regional development is fundamental to Ireland's economic recovery. Each region differs in terms of its strengths and the most effective role it can play in the national economy. Regional economic strategies tailored to regional strengths are therefore required. As part of the process to review the Regional Planning Guidelines regional economic competitiveness reports are being prepared for each of Ireland's regions.¹⁴⁹ This is a positive step in ensuring that regions are positioned for economic recovery and that a 'one size fits all' approach is not taken to economic growth. Regional differences and the objective of regional development must be central to national economic strategies and to Ireland's next phase of growth. The Western Region has the potential to play a key role in that growth.

Recommendation

The Western Region has the potential to contribute to national economic recovery. However to achieve this, national economic strategies must address the needs of the extensive areas beyond the large cities and incorporate **strategies to encourage the growth potential of smaller centres and rural areas**. An unbalanced regional approach to economic recovery will not achieve the best results for the country and its people.

7.4 Enterprise support

The ultimate means by which the unemployment problem in the Western Region will be resolved is job creation. The creation of jobs by enterprises, indigenous and foreign, in the region is the key objective. The issue of support for enterprises and job creation has been central to debates on the current recession and there is no need to go into them in detail here, however there are a number of critical issues in relation to enterprise support which are of particular relevance to the Western Region.

Access to finance has become the primary concern of businesses. Difficulties encountered by businesses, particularly small businesses, in accessing bank finance are having severe impacts on enterprise and employment levels. Government initiatives such as the Enterprise Stabilisation Fund and the Employment Subsidy Scheme do not appear to be achieving what was expected and their eligibility criteria are being reviewed. The restoration of a flow of finance to enterprise from the banking system is a major priority for job creation, in the region and nationally.

In addition to the current financial crisis, enterprises in the Western Region have traditionally experienced a market failure in accessing risk capital (seed and venture capital and loans). This market failure continues to persist as evidenced by Enterprise Ireland's 2008 Seed and Venture Capital Programme report; less than 10% of the money invested by private sector venture capital (VC) funds supported by this Programme was in the West/Border area, while 18.5% was invested overseas.¹⁵⁰ The WDC's Investment Fund was established in 2000 to address this market failure and it has invested €34.6m in the region to date. An increase in VC availability in the region will be critical for enterprise growth.

The enterprise development agencies, including IDA Ireland, Enterprise Ireland, County Enterprise Boards (CEBs), Udarás na Gaeltachta, WDC Investment Fund, Leader and sectoral agencies play an important role in supporting job creation. They support entrepreneurs through the provision of grant aid or equity investments and also through soft supports including business mentoring, advice and 'start your own business' courses. In the current climate, advice on debt

¹⁴⁸ O'Hara, P., Frost, D., McHenry, H. and White, P. (2008), Balanced Regional Development: A Western Region Perspective in Conference Proceedings, WDC Policy Conference, Balanced Regional Development: A Challenge for Policy, May 2008

¹⁴⁹ These reports are due to be published on www.forfas.ie before the end of 2009.

¹⁵⁰ Enterprise Ireland (2009), Seed and Venture Capital Programme 2008 Report

management, risk assessment and short time working options is particularly important, as is the provision of advice and training for job seekers who wish to start their own business. CEBs have reported significant increases in attendance at their 'start your own business' courses. It is critical that support for entrepreneurship is central to strategies aimed at reducing unemployment.

The change in the economic situation also means that in addition to export oriented businesses, which are the main focus of the enterprise development agencies, that the importance of locally-trading micro-enterprises as sources of job creation must be acknowledged and supported. This is particularly important for rural enterprises.¹⁵¹ The sectoral limitations of some enterprise supports may need to be reviewed in this new context. Indeed, similar to the training and education system, the suitability of the current enterprise support structure to meet the changed needs of clients is an issue that must be considered. The urgency of the need to provide direct assistance to enterprises must be borne in mind however if fundamental restructuring of the system led to disruption in services.

Recommendation

Support for existing businesses and new entrepreneurs is central to job creation and reducing unemployment. **Locally-trading micro-enterprises in rural areas** must be included in enterprise support strategies given their role in job creation.

7.5 Regional innovation capacity

One of the most important underlying factors in the region's future growth is its innovation capacity. The push for the 'smart economy' is strongly focused on world-class R&D undertaken in centres of excellence, with innovation being perceived as being almost exclusively science and technology based. For the Western Region this raises concerns in relation to its research and innovation capacity. Businesses and HEIs in the Western Region (particularly north of Galway city) generally have lower levels of innovation activity than other areas.¹⁵²

The BMW region accounts for approximately a quarter of all industrial and service businesses in the state, but in 2007 expenditure on R&D by businesses in the region was just 18.6% of the national total.¹⁵³ This indicates that the region was under-represented in terms of R&D expenditure. The relative weakness of the Western Region's research and innovation capacity is also illustrated by research funding allocations. In 2008 of the 143 proposals funded under SFI's Research Frontiers Programme, just 16 were in the Western Region, all at NUI Galway.¹⁵⁴

The above figures relate to research, whereas innovation is a far wider concept involving new ways of doing something, whether it is new ways of thinking, new products, processes or organisation. Non-technological or process innovation can be as important, if not more so, than R&D and product innovation for many micro-enterprises and SMEs, particularly in more traditional manufacturing and the services sector.¹⁵⁵

Efforts to streamline and focus science, technology and innovation funding as part of the 'smart economy' approach, as well as due to public expenditure cutbacks, could mean that regions and businesses with lower innovation capacity would lose out. Resources aimed at strengthening capacity in weaker areas could be reduced or lost, thereby widening existing regional innovation gaps. It is also likely to lead to an even greater focus on science and technology research, with process innovation being relegated even further in importance.

¹⁵¹ WDC (2007), Rural Businesses at Work: case studies of rural enterprises in the Western Region

¹⁵² WDC (2006), Western Development for Ireland's Future: Submission to the Consultation on Ireland's National Development Plan 2007-2013; BMW (2004), Audit of Innovation in the BMW Region

¹⁵³ CSO (2009), Business Expenditure on Research and Development 2007/2008

¹⁵⁴ http://www.sfi.ie/uploads/documents/upload/RFP2008_Key_Statistics.ppt#1

¹⁵⁵ Forfás (2006), Services Innovation in Ireland: Options for innovation policy; Enterprise Strategy Group (2004), Ahead of the Curve: Ireland's Place in the Global Economy

The working groups established under the Innovation Task Force,¹⁵⁶ established in July 2009, seem to indicate that the concerns and reality of innovation in regions such as the Western Region and in smaller companies, are not fully recognised in national innovation policy. The focus is very much on science and technology based innovation, rather than process or non-technological innovation. The Task Force is considering the following issues: incentives, intellectual property and venture capital; commercialisation, technology transfer and converging technologies; achieving the Innovation Island through promoting Ireland to attract inward investment; and the International Innovation Development Hub (the Trinity College/UCD research alliance). The relevance of the resulting recommendations of the Task Force for smaller companies, and regions with weaker research and innovation capacity, are likely to be limited. They may even result in greater targeting of innovation support on science and technology.

The Western Region's higher education infrastructure is fundamental to its innovation capacity. The *Strategy for Science, Technology and Innovation*¹⁵⁷ highlighted the role of the IOTs in driving and facilitating research and innovation within their respective regions. As the Western Region has only one university, the innovation capacity of the northern part of the region is particularly dependent on its IOTs (Letterkenny, Sligo, Galway-Mayo).

While considerable progress has been made, particularly in relation to the establishment of campus incubation and innovation centres, a number of constraints to increased cooperation between enterprises and IOTs have been identified.¹⁵⁸ These relate to the priority given to research and engagement with enterprises within the IOTs, intellectual property, differing perspectives and timescales between enterprise and education. The terms of reference of the current review of the higher education system in Ireland¹⁵⁹ includes examining these obstacles, but the likely timeframe for changes to the current situation is a cause for concern when considering the region's urgent need to stimulate innovation and job creation.

As outlined above the employment structure in the region, particularly in smaller centres and rural areas, is characterised by generally lower value sectors and relative weaknesses in the knowledge-intensive sectors. For the regional economy to progress to the next stage of its development, strengthening research and innovation activity will be critical. National innovation policy must take account of the specific needs of enterprises in regions with weaker innovation structures if it is not to further reinforce the current uneven pattern of regional innovation activity.

Recommendation

The focus of innovation policy has thus far been on science and technology. Process innovation is however more important for micro-enterprises and SMEs in more traditional sectors and service businesses. Innovation policy, supports and funding must recognise the value of and provide **support for process (non-technological) innovation as well as product innovation**. This is critical for areas with weaker research and innovation capacity. Their needs must be recognised and incorporated in national innovation policy.

¹⁵⁶ http://www.taoiseach.gov.ie/eng/Innovation_Taskforce/

¹⁵⁷ Government of Ireland (2006), *Strategy for Science, Technology and Innovation*

¹⁵⁸ BMW Regional Assembly (2009), *Evaluation of the BMW Regional Programme of Innovative Actions*

¹⁵⁹ www.education.ie

7.6 Critical infrastructure

The quality of the infrastructure within the Western Region provides the environment within which job creation will have to take place. High quality transport, telecommunications and energy infrastructure is fundamental to economic and social development and will underpin the region's ability to respond to the current downturn. This will require both maximising the use of existing infrastructure and also making critical investments to address deficiencies. The WDC has written extensively on the key infrastructure priorities for the Western Region,¹⁶⁰ some of which are:

1. **Telecommunications:** the provision of high capacity broadband across the entire Western Region, including all rural areas, to facilitate, among other things, enterprise development, home working and public service and distance education delivery.
2. **Transport:**
 - A high quality road network providing both inter and intra-regional linkages. Main priorities are dual-carriageway for the entire length of the Atlantic Road Corridor from Letterkenny to Waterford, upgrading of the N5 linking Mayo and Roscommon to Dublin, completion of the remaining sections of the N4 to Sligo and upgrading of the N16 from Sligo to Enniskillen.
 - Improved direct international air access to/from the region's airports, as well as improved surface linkages between these entry points and the rest of the region.
 - Improved rail services for the region, including support for the expansion of rail freight.
3. **Energy:** enhanced electricity grid capacity in parts of the Western Region, both to support industry and also to facilitate the export of renewable energy generated within the region. Expansion of the natural gas transmission grid to areas of the Western Region which cannot currently access this energy source.

Recommendation

Investment in critical infrastructure including broadband, primary and secondary roads, direct international air access, rail services and energy infrastructure is necessary to underpin the region's economic growth. Cutbacks in public investment should not disproportionately affect peripheral regions.

7.7 Conclusion

Concerted policy and action will be required if the region, and specifically the more rural northern part of the region, is to participate in the move towards a 'smart economy'. If this does not happen, the regional development gains of the past decade could be lost and the gap between the east and west of the country widen even further, increasing the burden on public finances in the form of social transfers and rising levels of long term unemployment. The Western Region's future growth is therefore not only critical for the region itself but for the country as a whole. A vibrant and thriving regional economy will make a major contribution to national recovery.

The identification of sectors which have future growth potential in the region, based upon the current situation and the region's strengths and assets, and the development of policies aimed at facilitating their growth will be an important aspect of tackling the current recession in the region. Eight sectors have been identified here as having future growth potential for the region. These represent a mix of knowledge sectors (medical devices, software, financial and international services, creative sector), sectors which are a direct response to changing needs and priorities within the region (green sector, elder care) and sectors based upon natural resources (food, marine, tourism).

¹⁶⁰ WDC (2009), Submissions to the Consultation on the Regional Planning Guidelines (West, Border, Mid-West); WDC (2007), Rural Businesses at Work; WDC (2006), Western Development for Ireland's Future; WDC (2002), Update on Telecommunications in the Western Region

This is not to imply that these are the only areas with growth potential. The local services sector (e.g. retail, hairdressers, solicitors) has not been identified here as a growth area even though it is a highly significant employer, as demand for this sector is mainly derived from economic activity in other sectors of the economy. Other growth areas may emerge in time, but for the moment it is important to strategically develop the identified key sectors in terms of investment, training and support for job creation.

In addition to policies directly targeted towards facilitating growth of these sectors, policies which impact more widely on the enterprise environment will also be key. The policy approach to regional development in the context of the recession will provide the overall framework for development of the region, while sectoral policies in the areas of enterprise support, innovation and infrastructure investment will be particularly relevant to the circumstances and constraints in the Western Region.

Annex: Detailed Analysis of the Labour Market in the Western Region

The information and data contained below is intended to provide a context for the discussion and analysis contained in this report. Chapter 2 of the report contains a summary of the main points.

Expansion of the labour force and numbers at work

Between 2002 and 2006 the population of the Western Region increased by 8.1% to reach 762,335 persons. There was both natural increase (more births than deaths) and strong inward migration, which made a major contribution to population growth in more rural counties in particular. While the average annual net migration rate per 1,000 population was 11.7 for the state, it was 26.9 in Leitrim, 19.7 in county Galway and 19.3 in Roscommon. The only counties in the country which exceeded these rates were those in Dublin's expanding commuter belt.¹⁶¹

The growing population, plus increasing participation rates meant that the Western Region's labour force (those in employment plus those unemployed) expanded by a third between 2000 and 2009. The labour force participation rate¹⁶² in the region was 56.0% in 2000 (Table 1). This increased steadily over the following years to reach 61.2% in 2008, still slightly lower than in the rest of the state¹⁶³ (63.9%). While the participation rate increased for both males and females, the increase was greatest for women, from 43.7% (2000) to 51.4% (2008). Despite the increase in female participation, the region (51.4%) still lags the rest of the state in this regard (54.8%). The older age profile of the region is likely to be a factor here, as women in older age categories are less likely to participate in the labour force.

Table 1: Male, female and total labour force participation rates in the Western Region and rest of state, Q1 2000-2009

| Year | Western Region | | | Rest of State | | |
|------|----------------|--------|-------------|---------------|--------|-------------|
| | Male | Female | All persons | Male | Female | All persons |
| 2000 | 68.3 | 43.7 | 56.0 | 71.6 | 47.3 | 59.2 |
| 2001 | 68.4 | 44.5 | 56.5 | 71.3 | 48.0 | 59.5 |
| 2002 | 68.9 | 45.7 | 57.3 | 71.2 | 49.3 | 60.1 |
| 2003 | 68.2 | 46.7 | 57.4 | 71.0 | 49.3 | 59.9 |
| 2004 | 69.0 | 46.9 | 57.9 | 71.5 | 50.1 | 60.6 |
| 2005 | 69.4 | 48.3 | 58.8 | 72.1 | 51.6 | 61.7 |
| 2006 | 71.1 | 49.3 | 60.2 | 73.2 | 53.0 | 63.0 |
| 2007 | 71.6 | 50.6 | 61.1 | 73.8 | 54.3 | 64.0 |
| 2008 | 70.9 | 51.4 | 61.2 | 73.2 | 54.8 | 63.9 |
| 2009 | 68.8 | 52.0 | 60.3 | 71.3 | 53.6 | 62.3 |

Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC.

¹⁶¹ Meath, Fingal, Cavan, Laois and Wexford. CSO, Census of Population, Volume 4

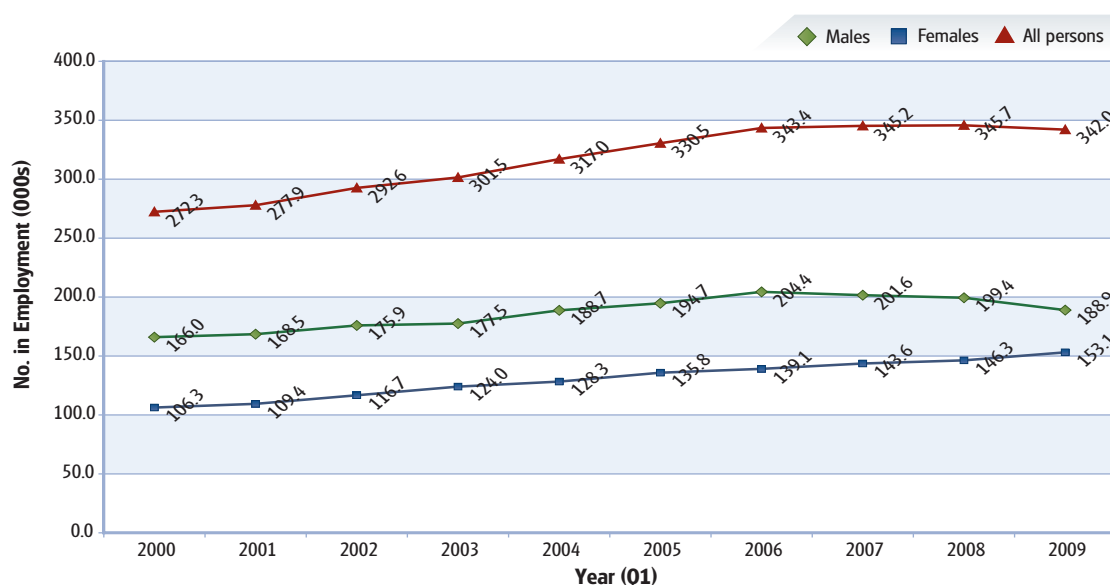
¹⁶² The participation rate is the number of persons in the labour force, expressed as a percentage of the total population aged 15 years or over. The labour force comprises employed plus unemployed persons.

¹⁶³ Rest of the state refers to all of the counties in the Republic of Ireland excluding the seven counties of the Western Region. The rest of the state will be used as the main comparator for the Western Region throughout this report, as it is a more accurate comparator for the region than the state as a whole, given that the Western Region is included in state figures.

It must also be noted that these labour force figures may in fact underestimate the number of people available for work. A proportion of those outside of the labour force may in fact wish to return to work but are not counted as such, for example a woman who wishes to return to work when her children reach a certain age may not be captured in these figures if she continues to classify herself as engaged in home duties in household surveys.

During the ten year period 2000-2009 there was a 25.6% increase in the number of people at work in the Western Region (from 272,300 to 342,000) (Fig 1). This compared favourably with a 17.5% increase in the rest of the state over the same period. The expansion was driven by increasing labour demand, particularly from the services and construction sectors and was met through population growth, inward migration and increased labour force participation, particularly among women.

Fig 1: Number of persons, males and females in employment in the Western Region, Q1 2000-2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

As the economy began to decline, the number of people in the labour force in the region continued to increase between 2008 and 2009, while the number of persons at work declined. This meant that in addition to job losses among workers, many new entrants to the labour force were not able to find jobs. There was a fall of 3,700 in the number of people at work in the region between Q1 2008 and Q1 2009 (Fig 1), while the number in the labour force increased by 19,400 over the same period contributing to rising unemployment.

Underlying the fall in the numbers at work between 2008 and 2009 is an important gender difference, with the number of men at work declining by 10,500 which was partly offset by a 6,800 increase in employment for women over the same period.

The recession has also led to a decline in participation rates in 2009, falling from 61.2% to 60.3% in the region and from 63.9% to 62.3% in the rest of the state (Table 1). This drop in participation mainly occurred in the younger age group (15-24 year olds) who are probably choosing to remain in full time education. For example for 15-19 year olds in the region the labour force participation rate fell from 22.6% to 19.3% between 2008 and 2009.

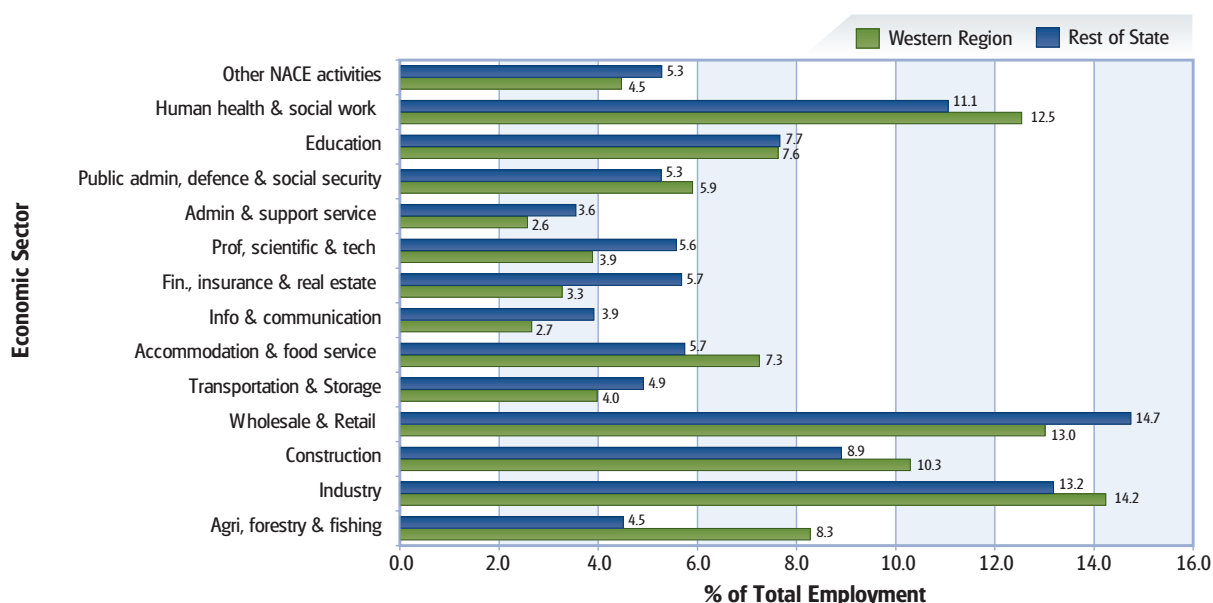
The structure of employment by sector

Examining the structure of employment in the Western Region provides an insight into the nature of economic activity in the region. It highlights the sectors which are most important for employment creation, how the situation in the region compares with that in the rest of the state and what implications this structure may have in terms of the impact and response of the regional economy to the economic downturn.

Fig 2 illustrates the share of total employment in each industrial sector for the Western Region and rest of state in Q1 2009, comparing the situation in the region with the rest of the state.¹⁶⁴ Fig 3 meanwhile illustrates the number of persons employed in each industrial sector in the Western Region in Q1 2004 and Q1 2009, showing changes over time. The main features and trends of the region's employment structure which emerge are:

- The **public sector** is the largest employment sector in the region – which is also more dependent on this sector than elsewhere. Public administration, defence and social security; education; and health and social work activities¹⁶⁵ combined employ 26.1% of all workers in the region (89,200), compared with 24.0% in the rest of the state (389,500). Employment in the public sector has expanded considerably in recent years, by almost a third in the region between 2004 and 2009 (it increased by a quarter in the rest of the state).
- **Industry** is the next biggest employer in the region with 14.2% of employment (48,700), one percentage point higher than in the rest of the state (13.2%). Industry has historically been the largest private sector employer in the region, however in 2007 and 2008 the construction sector surpassed it, a position that was reversed in 2009. While there has been an overall decline in the number employed in industry over the 2004-2009 period (3.8%), the 2009 figure actually represents an increase of 2,400 persons from the previous year.

Fig 2: Share of employment in the Western Region and rest of state by industrial sector, Q1 2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

- **Wholesale and retail trade** is currently the third largest sector accounting for 13.0% of employment (44,500) in the region, lower than the share in the rest of the state (14.7%). The 2009 figure for the region represents a fall of 4,300 from its peak the previous year when it actually exceeded construction in employment terms. The substantial decline in employment in this sector is the result of the contraction of the economy which has

¹⁶⁴ Fig 2 is the same graph as Fig 3.1 in Chapter 3.

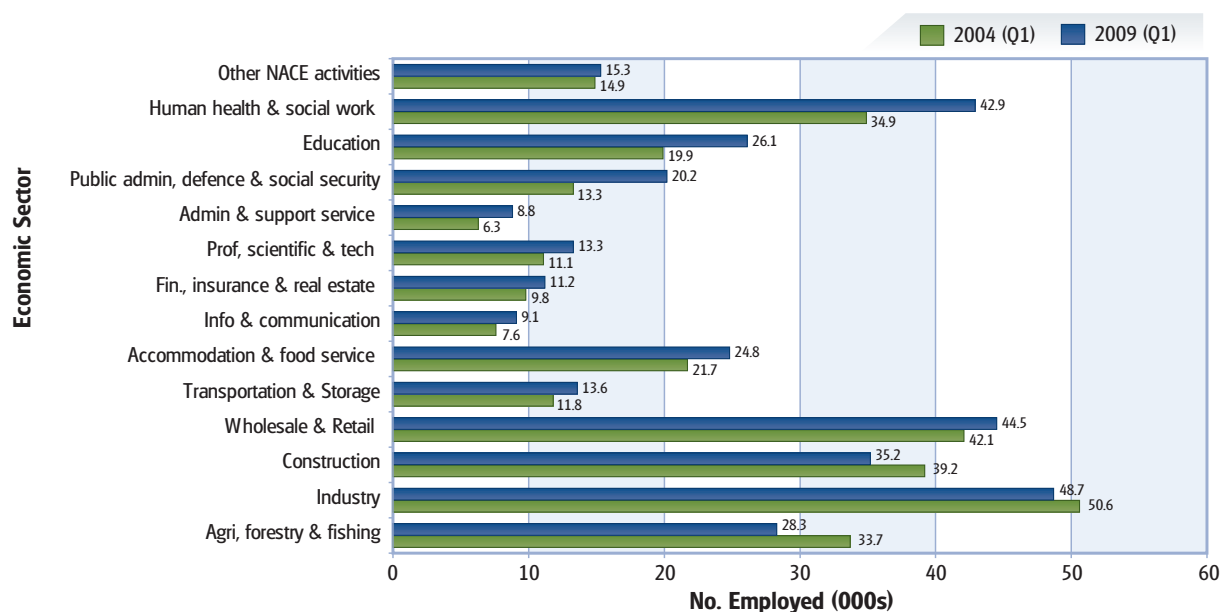
¹⁶⁵ Not all employment in these categories is in the public sector, employment in private schools, hospitals and nursing homes would also be included in these figures. It is not possible to isolate the public sector share of this employment, but it can be assumed that the majority of employment in these sectors is in the public sector.

reduced consumer spending, as well as a rise in cross-border shopping which has particularly affected the retail sector in the border counties of the region.

- The **construction** sector employs 10.3% of workers in the Western Region (35,200), a fall of 16,400 in the two years since its 2007 peak (51,600). At that time 1 in 6 of all workers in the region were employed in construction, and 1 in 4 of all men. Despite the recent decline, the region remains more dependent on this sector than the rest of the state – 10.3% v 8.9%.
- **Agriculture** remains a more important employer in the region than elsewhere, accounting for 8.3% of employment (28,300) compared with 4.5% in the rest of the state. The long term decline in numbers was reversed temporarily in 2008 when there was an increase in the numbers employed in agriculture in the Western Region. This likely reflected part-time farmers moving back into full-time farming after losing work in construction. The fact that the downward trend resumed in 2009 indicates that they have not found farming viable on a full-time basis. Total agricultural employment in the region declined by 16.0% (5,400) over the 2004-2009 period.
- Considering **other market services**,¹⁶⁶ the Western Region has a lower share of employment than the rest of the state in all these sectors, except for accommodation and food service (7.3% v 5.7%). This sector can include a relatively high degree of lower paid occupations. The gap between the region and elsewhere is most pronounced for the high skill, knowledge economy elements such as financial, insurance and real estate activities (3.3% v 5.7%), professional, technical and scientific activities (3.9% v 5.6%), and information and communications (2.7% v 3.9%).

There has been an increase in employment in all market services sectors in the Western Region between 2004 and 2009. The largest growth was in administration and support services (39.7%) with all other sectors experiencing growth of between 14% and 20%. The region experienced higher growth than the rest of the state in all these sectors (except financial, insurance and real estate).

Fig 3: Employment (number) in the Western Region by industrial sector, Q1 2004 and Q1 2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

¹⁶⁶ Other market services include the following categories: transportation and storage; accommodation and food service activities; information and communications; financial, insurance and real estate activities; professional, scientific and technical activities; and administrative and support service activities.

Gender patterns of employment

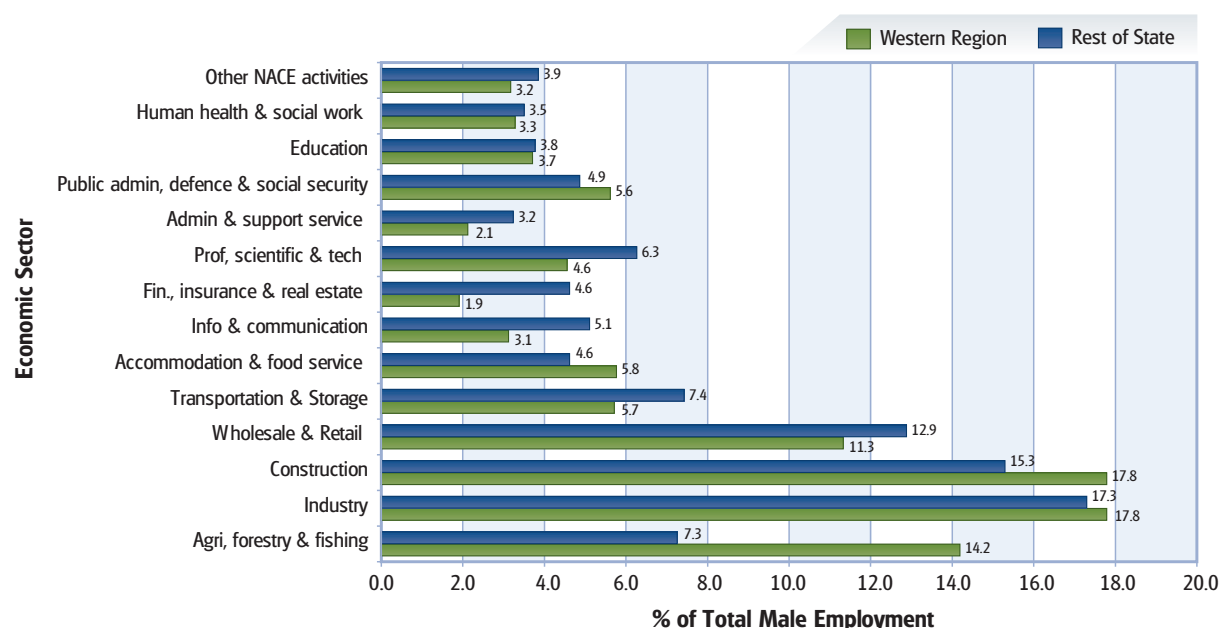
The structure of employment for men and women differs quite considerably. The current recession and the sectors most affected have had differential gender impacts. This has implications for household coping strategies, education and training provision and the design of strategies for economic recovery.

In 2009, half of all men in the Western Region worked in three sectors – industry (17.8%), construction (17.8%) and agriculture (14.2%) (Fig 4) – all of which can be seen as quite traditional forms of employment. The share of total male employment in these sectors has declined somewhat since 2004 and the balance between them has shifted with the relative share in industry and particularly agriculture declining. Despite the declines in these sectors, they are still significantly more important sectors for male employment in the region (49.8%) than the rest of the state (39.9%). This is largely as a result of the significant role of agriculture, which is not surprising in such a rural region.

While male employment in construction expanded massively, accounting for a quarter of all male employment in the region in 2007, there has been a drop of 16,600 in the number of men working in construction in the two years 2007-2009. A third of the region's male construction workforce lost their jobs over the last two years.

The high skill, knowledge-intensive services sectors account for a relatively low share of male employment in the Western Region. Information and communications, financial, insurance and real estate, and professional, scientific and technical activities combined account for just 9.6% of all male employment in the region (16.0% in the rest of the state).

Fig 4: Share of male employment in the Western Region and rest of state by industrial sector, Q1 2009

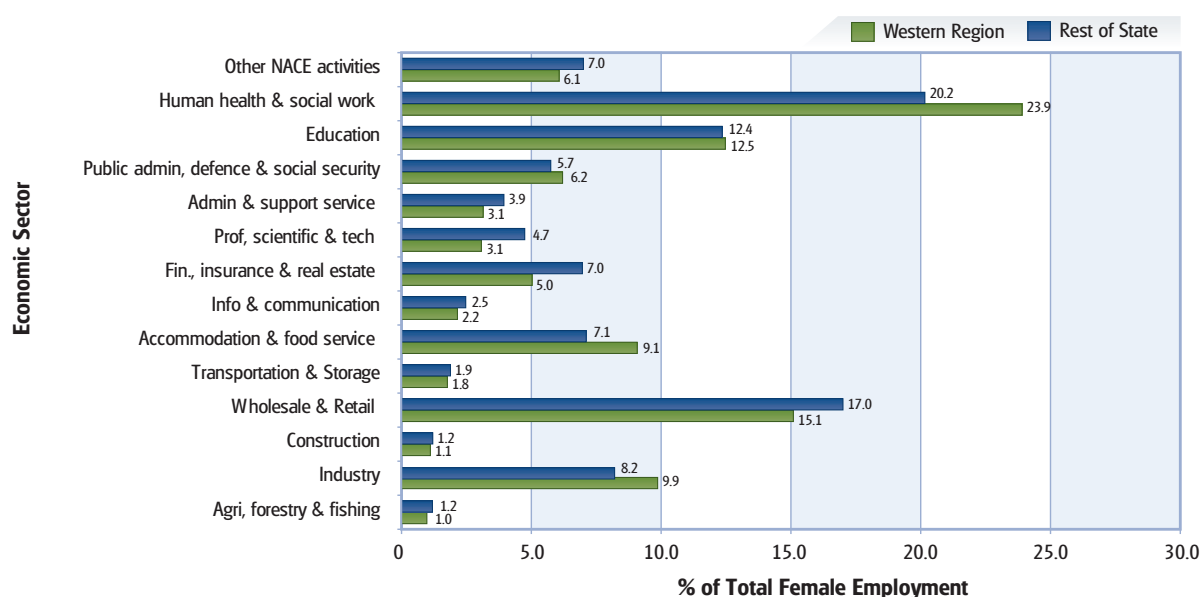


Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

Female employment shows a very different pattern to that of men (Fig 5). Considerably more women were employed in health and social work (23.9%) than in any other sector in the region. There has been strong growth in this sector with a 28.9% (8,200) increase in female employment in the sector over the 2004-2009 period. Health and social work is also a more important employer in the region than in the rest of the state, accounting for 20.2% of female employment there.

The next largest sectors for women were wholesale and retail trade (15.1%), education (12.5%), industry (9.9%), and accommodation and food service (9.1%). Clearly female employment is highly concentrated in public and local services. Indeed 42.6% of all women in the Western Region work in the public sector, appreciably higher than the rest of the state (38.3%). The lack of alternative job opportunities in the private sector e.g. financial services, professional, technical and scientific activities, could be one explanation for the higher reliance on the public sector in the region. In addition the need to provide public services to a quite dispersed population would increase employment levels.

Fig 5: Share of female employment in the Western Region and rest of state by industrial sector, Q1 2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

Similarly to men, the high skill, knowledge-intensive services sectors account for a relatively low share of female employment in the region, though the gap with the rest of the state is smaller for women than for men. Information and communications, financial, insurance and real estate, and professional, scientific and technical activities combined account for 10.3% of all female employment in the region (14.2% in the rest of the state).

State assisted employment

Up to now we have examined all employment in the region. However examining employment in those businesses which receive assistance from the main state development agencies¹⁶⁷ is also useful, as they represent the main focus of enterprise policy intervention and data is also available for more detailed manufacturing sectors. The firms which receive assistance are primarily exporting businesses, both Irish and foreign owned, in the manufacturing or international services sectors. These are seen as the drivers of recovery.

In 2008 there were 50,934 permanent full-time jobs in state assisted companies in the Western Region (Fig 6),¹⁶⁸ which represented a 7.2% decline since 2000 (for the rest of the state the decline was lower at 5.5%). However the region's share of total state assisted employment nationally (17.1%) remained relatively unchanged.¹⁶⁹ The fall in assisted employment over the 2000-2008 period was accounted for by a decline in manufacturing employment (47,073 to 38,687). The number employed in assisted services firms e.g. ICT services, financial services, business services, in the region increased over the period from 7,808 to 12,247, with increases in both foreign and Irish companies.

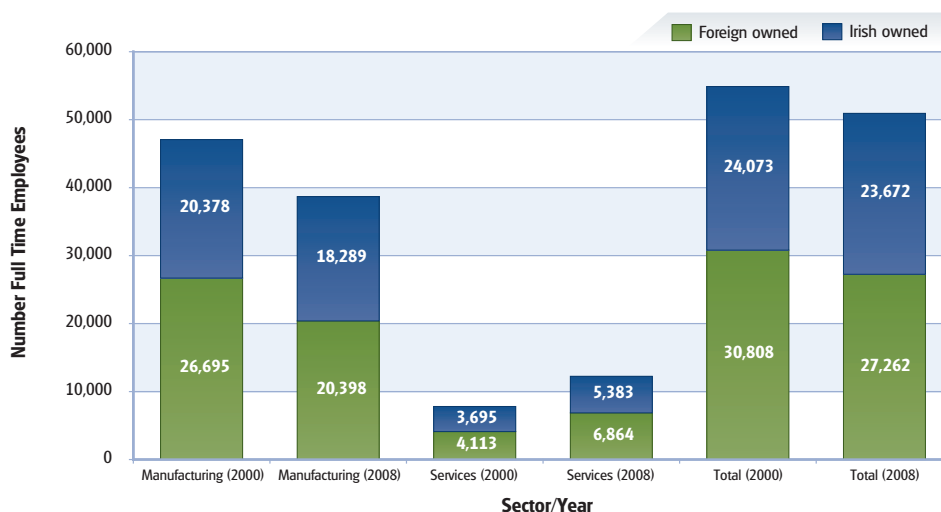
Foreign owned companies accounted for 53.5% of all assisted employment in the region in 2008 (50.8% in the rest of the state) meaning that there is a slightly higher reliance on foreign investment in the region than elsewhere. This could mean the region would be more affected by withdrawals of foreign investment. However in 2008 the region was less reliant on foreign owned companies than in 2000, when they accounted for 56.1% of assisted employment. The decline in foreign owned employment over the period was greater than the decline in Irish owned employment.

¹⁶⁷ Enterprise Ireland, IDA Ireland and Udarás na Gaeltachta

¹⁶⁸ In the same year total employment in the region was 345,700 (CSO, 2008).

¹⁶⁹ Forfás (2009), Forfás Annual Employment Survey 2008, special data run for the WDC

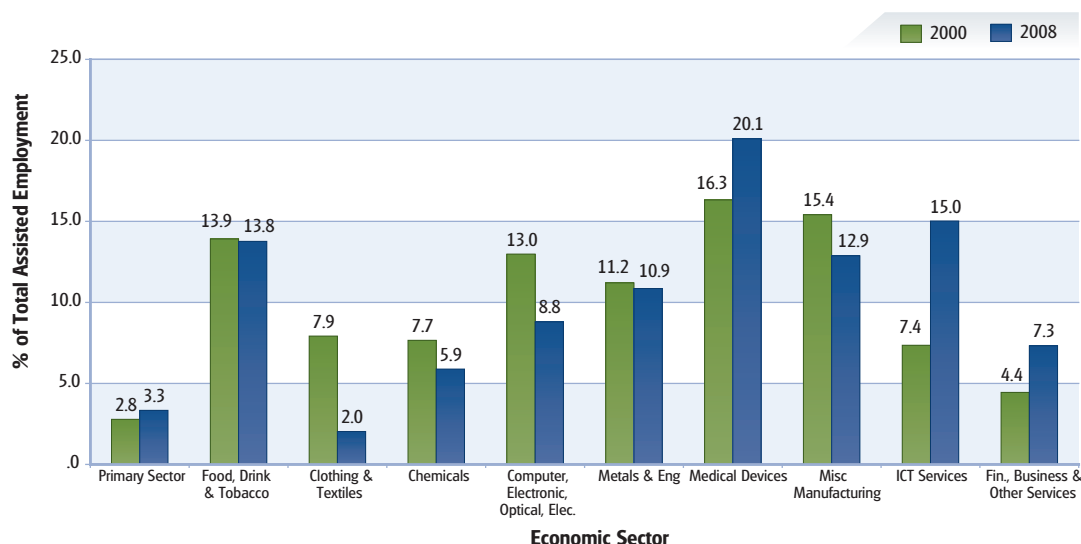
Fig 6: Permanent full-time employment in state-assisted firms in the Western Region by sector and ownership, 2000 and 2008



Source: Forfás (2009), Forfás Annual Employment Survey 2008, special data run for WDC

While the total decline in state assisted employment in the region between 2000 and 2008 was relatively small (7.2%) this hides a high level of churn in such employment. During the nine year period there were 42,355 job gains in assisted employment in the Western Region and 43,553 job losses. Fig 7 shows the share of total assisted employment in the West and North West¹⁷⁰ by sector in 2000 and 2008. It is clear that the job gains were often not in the same sectors or locations as the job losses, with growth in medical devices and ICT services in Galway for example occurring simultaneously with the decline of textiles in Donegal. In many cases those losing their jobs were not the same people as those gaining the new jobs created, with urban areas performing more strongly than rural. In the case of Donegal a substantial proportion of those who lost jobs in textiles found employment in the public or community sector, however these may be on short term contracts raising the risk of unemployment in the face of public expenditure cutbacks.

Fig 7: Share of assisted employment in the West and North West (combined) by sector, 2000 and 2008



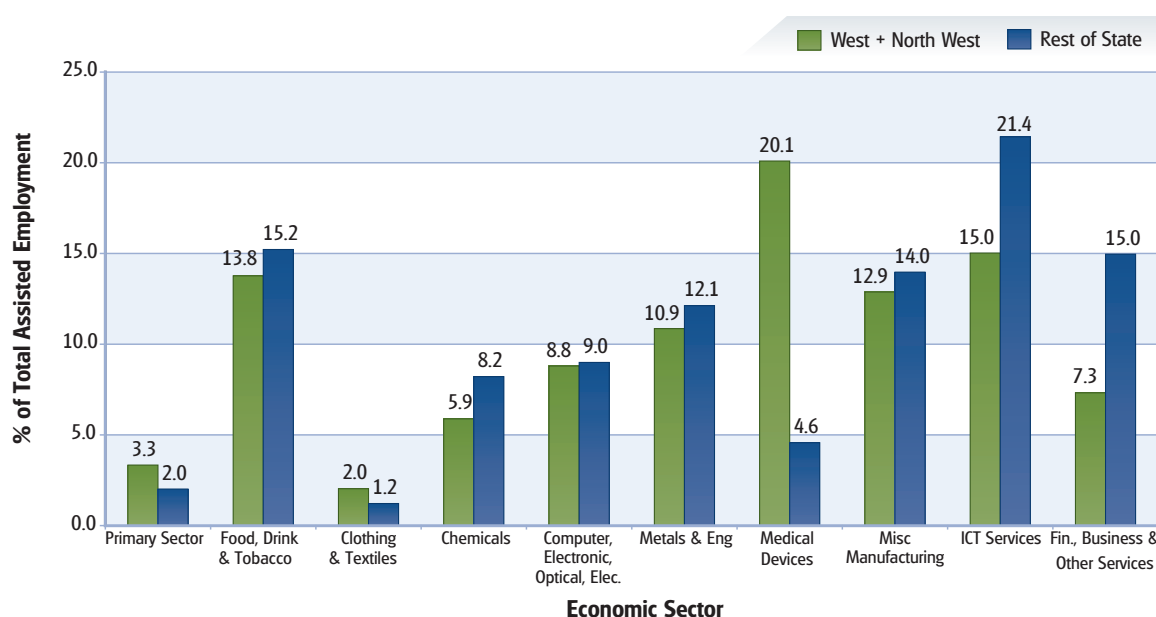
Source: Forfás (2009), Forfás Annual Employment Survey 2008, special data run for WDC

¹⁷⁰ These figures do not refer to the entire Western Region. Due to confidentiality concerns detailed sectoral data was not available for all counties, therefore figures for the Western Region could not be calculated. The West and North West regions combined are used here, which is all of the counties of the Western Region, excluding Clare.

The shift in the sectoral profile of assisted employment in the region, and indeed nationally, from more traditional manufacturing to high-tech manufacturing and services has profound implications for employment, skill requirements, education and training provision. The difference in the profile of assisted employment in the region compared with elsewhere (Fig 8) creates particular challenges in this regard.

The most striking feature of Fig 8 is the share of total assisted employment in the West and North West which is in the medical devices sector – 20.1% compared with just 4.6% in the rest of the state. The strong cluster of medical device companies in the Western Region represents an important opportunity, but there is always a concern when one sector is so dominant in the employment profile. The region has a notably lower share of its assisted employment in the growth areas of information and communications services, and business and financial services, as well as the high-tech manufacturing sector of chemicals.

Fig 8: Share of assisted employment in the West and North West (combined) and rest of state by sector, 2008



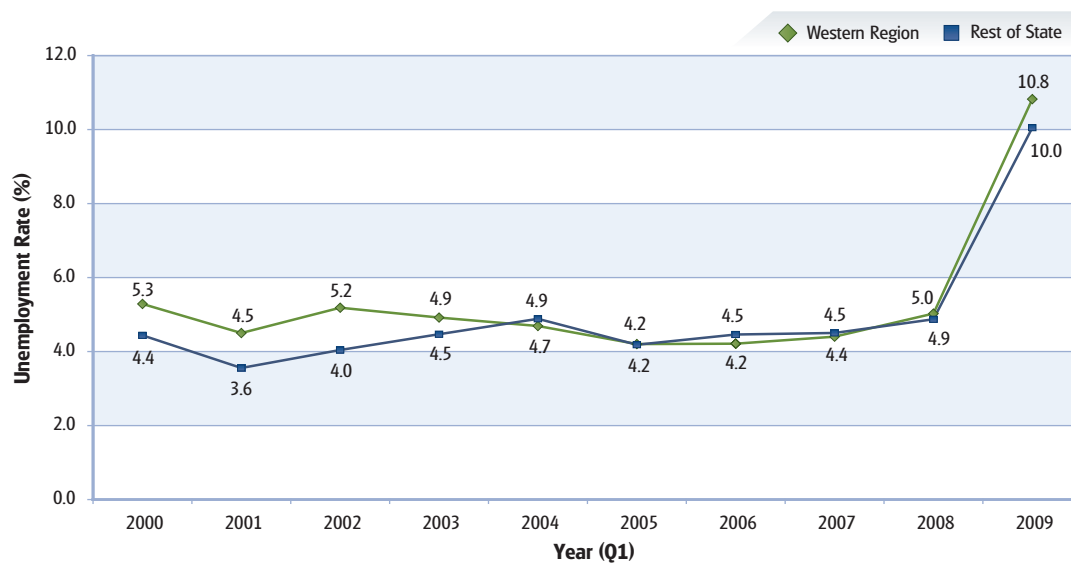
Source: Forfás (2009), Forfás Annual Employment Survey 2008, special data run for WDC

Move from full employment to high unemployment

Latest data show that the Western Region has unemployment rates above the national average. In Q1 2009, the unemployment rate in the Western Region was 10.8% compared with 10.0% in the rest of the state. As can be seen from Fig 9,¹⁷¹ the region had a higher unemployment rate than the rest of the state from 2000 to 2003, this was followed by a period when the region converged with the rest of the state at close to full unemployment. However in 2009 the gap between the two areas has re-emerged. The unemployment rates in 2009 represent a very dramatic increase from a year previously, when they were 5.0% and 4.9% respectively. The fact that even with economic recovery employment in the construction sector is not expected to return to boom levels, as well as the planned overall reduction in public service employment, means that higher levels of unemployment will persist even when recovery begins.

¹⁷¹ Fig 9 is the same as Fig 2.1 in Chapter 2.

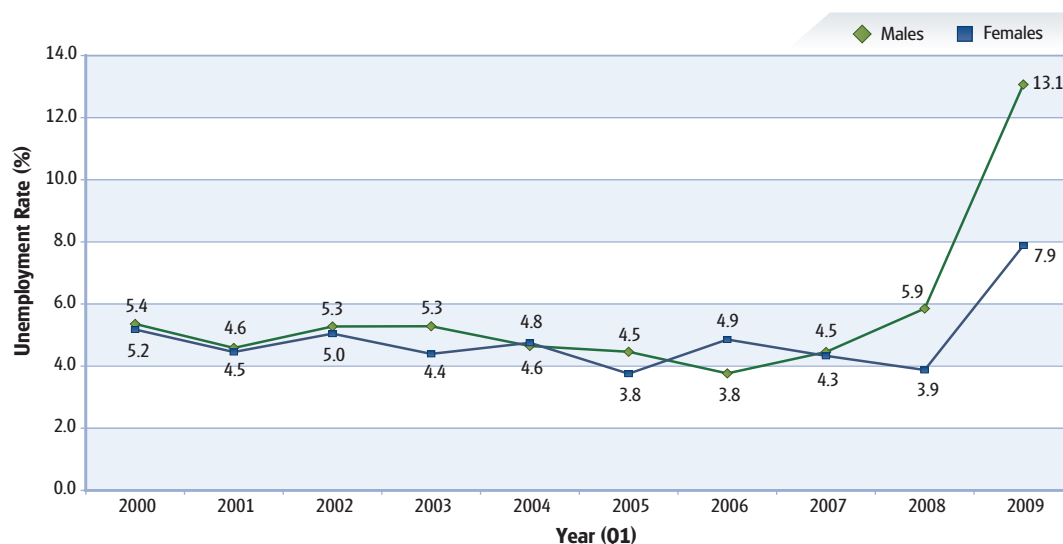
Fig 9: Unemployment rate in the Western Region and rest of state, 2000-2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

The unemployment rate differs by gender (Fig 10). Between 2000 and 2007 the male and female unemployment rates in the region were fairly similar, with the male rate slightly higher for most of the period. Since 2007, when the unemployment rate began to rise, the gap between males and females has opened dramatically. In 2009 the unemployment rate for men in the Western Region was 13.1% compared with 7.9% for women.

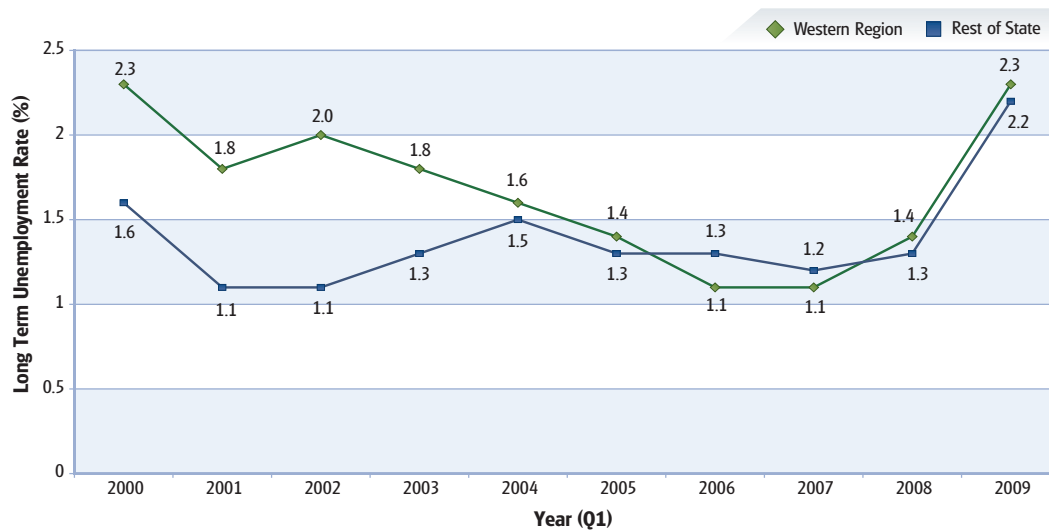
Fig 10: Male and female unemployment rate in the Western Region, 2000-2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

The general rise in unemployment has been accompanied by an increasing rate of long term unemployment. Long term unemployment refers to a situation where a person remains unemployed for over a year. As can be seen from Fig 11 the long term unemployment rate in the region in 2000 was 2.3%, compared with 1.6% in the rest of the state. The gap between the region and elsewhere narrowed in the following years until in 2006-2007 the long term unemployment rate in the region (1.1%) was in fact lower than the rest of the state. The situation has changed in 2009 with the rate returning to 2.3% in the region, marginally above the rest of the state.

Fig 11: Long term unemployment rate in the Western Region and rest of the state, Q1 2000 – Q1 2009



Source: CSO, Quarterly National Household Survey, Quarter 1 (Jan-Mar) 2009, special data run for the WDC

Long term unemployment initially emerges as a result of a lack of jobs in the economy, however even when circumstances improve and jobs become available, long term unemployment may persist if those who have been unemployed for over a year have become detached from the labour market or lack the skills required by the new jobs created and therefore have reduced employability. A return to permanent long term unemployment is one of the greatest risks in the current recession as it would create substantial social problems for individuals and communities trapped in long term unemployment, require continuing high levels of public expenditure for social welfare payments, require greater state intervention to enable reintegration into employment and lengthen the recession's duration.

Rise in numbers on the live register

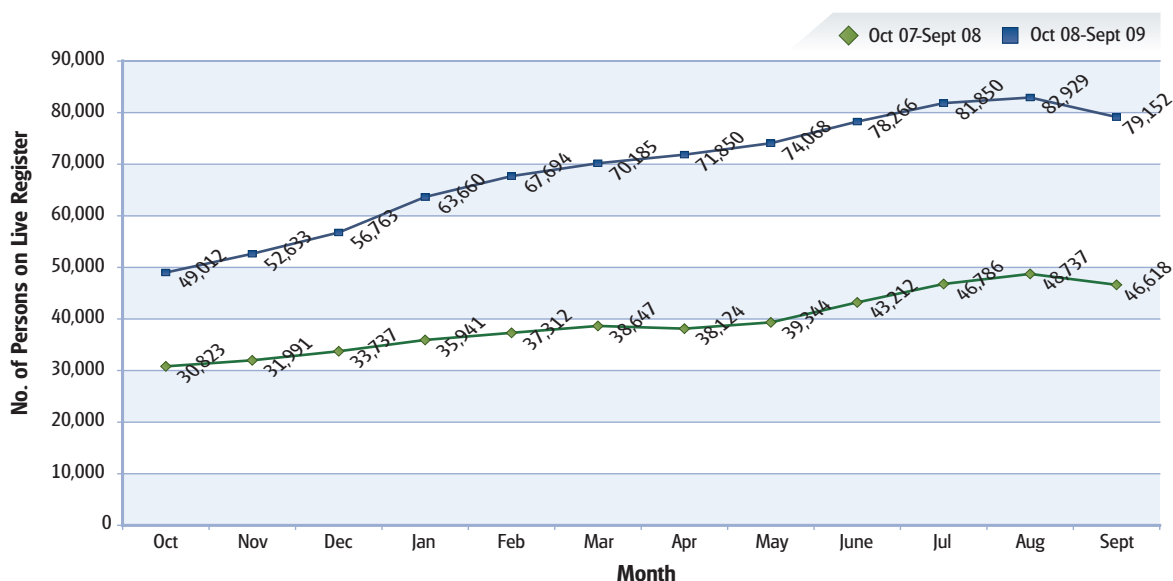
While the live register does not measure unemployment,¹⁷² it does give a very up to date picture of the current labour market. Nationally there was a 76.4% increase in the numbers on the live register in the year between September 2008 and September 2009. This meant that in September 2009 there were 423,639 people on the live register in Ireland.¹⁷³

The Western Region experienced a lower increase in the live register – 69.8% in the same period. This was an additional 32,534 people signing on the live register in the region in the course of a year, bringing the total to 79,152. Fig 12 illustrates the rise in numbers on the live register in the region over the past two years. It can be seen that September represented a decline in numbers from August, this is partly a seasonal adjustment which includes students returning to or starting college.

¹⁷² The Live Register includes part-time workers (those who work up to three days a week), seasonal and casual workers entitled to Unemployment Assistance or Benefit. It is estimated about approximately 60% of those on the live register are officially unemployed (FÁS Labour Market Review 2008).

¹⁷³ CSO, Live Register September 2009

Fig 12: Number of persons on the Live Register in the period Oct-Sept (2007-2008 and 2008-2009) in the Western Region



Source: CSO, Live Register, database direct

The impact of the decline in construction employment is shown by the higher increases in the number of men on the live register (Table 2). In the region, there was a 73.9% increase in the number of men compared with a 62.5% increase for women in the Sept 2008-2009 period. This is a far narrower gender gap than existed in the early part of the recession as unemployment has spread beyond construction to other sectors such as retail, industry and local services. Indeed in county Sligo the increase in the number of women on the live register between Sept 2008 and 2009, which was 83.1%, exceeded that for men (68.1%). It is likely that declining retail activity and unemployment from short term contracts in the public sector are influencing this trend in Sligo.

The percentage increase in the number of young people (under 25 years) on the live register in the region over the past year has been slightly less than for people aged over 25 years. There was a 68.5% increase in the number of under 25s and a 70.2% increase for those over, during the year to September 2009. In the more rural counties of Leitrim (82.7%), Sligo (80.3%), Roscommon (79.9%) and Mayo (74.9%) however the pattern was reversed with greater increases among the younger age group.

In September 2009, 22.6% of all those on the live register in the Western Region were under 25 years of age, just above the share in the rest of the state (21.2%). The fact that almost 1 in 4 of those signing on the live register in the Western Region are young, and the long term problems this could generate, is an indication of the need to target education, training and job creation initiatives towards younger age groups. In gender terms 63.1% of people under 25 who are signing on in the region are male, the same as in the rest of the state.

Table 2: Number of persons on the live register in September 2009 and percentage increase by age group and sex, Sept 2008-Sept 2009

| | Sept 2009 | Percentage increase Sept 2008-Sept 2009 | | | | |
|-----------------------|----------------|---|----------------|------------------|-------------|-------------|
| | | Total | Age Group | | Sex | |
| County | Total | | Under 25 years | 25 years or over | Male | Female |
| | No. | % | % | % | % | % |
| Donegal | 20,067 | 59.9 | 58.8 | 60.3 | 64.2 | 52.0 |
| Leitrim | 3,590 | 74.4 | 82.7 | 72.4 | 82.1 | 60.7 |
| Sligo | 5,201 | 73.1 | 80.3 | 70.8 | 68.1 | 83.1 |
| Galway | 24,206 | 76.5 | 70.0 | 78.4 | 79.3 | 71.7 |
| Mayo | 12,114 | 70.6 | 74.9 | 69.4 | 77.6 | 58.0 |
| Roscommon | 3,758 | 72.9 | 79.9 | 70.9 | 77.2 | 64.8 |
| Clare | 10,216 | 69.9 | 65.9 | 70.9 | 77.2 | 58.0 |
| Western Region | 79,152 | 69.8 | 68.5 | 70.2 | 73.9 | 62.5 |
| Rest of State | 344,487 | 77.9 | 69.2 | 80.4 | 81.0 | 72.2 |

Source: CSO, Live Register September 2009

During the initial increases on the live register the most rural of the western counties experienced the highest increases with Leitrim and Roscommon experiencing a doubling of the numbers on the live register earlier in 2009. As can be seen from Table 2 in September 2009 it was Galway county which had the highest yearly increase (76.5%) followed by Leitrim (74.4%) and Sligo (73.1%). Considering all of the groups in Table 2 it is clear that: younger people in counties Leitrim, Sligo and Roscommon; men in Leitrim and Galway; and women in Sligo have experienced the largest increases in unemployment.

Increasing redundancies

Notified redundancies only represent a fraction of total job losses as they only include job losses where an employee's job ceases to exist, they have had two years continuous service and are in fully insurable employment. In the period January to October 2009, there have been 7,862 notified redundancies in the Western Region.¹⁷⁴ When redundancy figures are compared with live register increases (there were 12,938 additional people on the live register over the same period), the difference is clear. The extent of self-employment in the construction sector and the fact that they are not entitled to redundancy could contribute to the difference, as could the trend towards more flexible labour market practices and more frequent job changes.

Redundancies in the Western Region represented 11.6% of redundancies nationally, with the region experiencing a lower share of all notified redundancies than its share of total employment (in Q1 2009 the region had 17.4% of total national employment). The region's relatively low share may be linked to the fact that the region has a higher share of small or micro-enterprises compared with elsewhere, so each individual business closure may result in a lower number of redundancies.¹⁷⁵ The extent of self-employment in the construction sector in the region is also likely a factor.

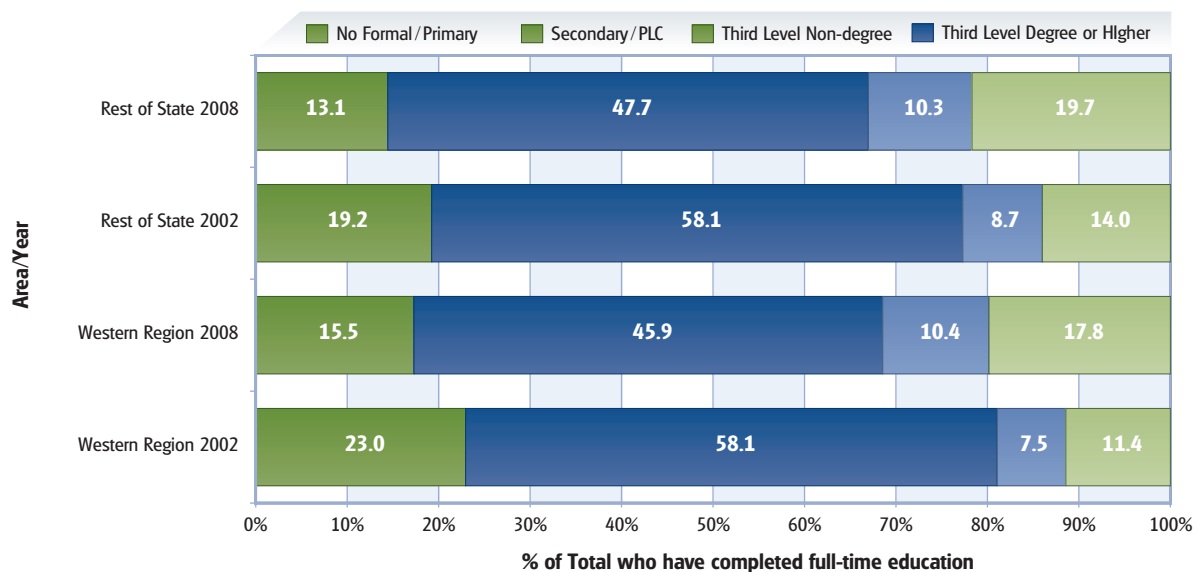
¹⁷⁴ Department of Enterprise, Trade and Employment, Actual Redundancy Statistics

¹⁷⁵ Data on employers registered with the Revenue Commissioners in 2007

Improved education and skill level of region's workforce

In general, the educational attainment levels of the Western Region's population are improving. The share of the region's population aged 15-64 years with only primary education has declined considerably from 23.0% to 15.5% (2002-2008) (Fig 13). This reduction may partly be due to inward migration by higher educated, younger age groups as well as the retirement of people whose education predates the introduction of universal secondary education. Despite the decline, the region (15.5%) continues to have a higher share of workers with such low education levels than the rest of the state (13.1%).¹⁷⁶

Fig 13: Percentage of persons (15-64 years) who have completed full-time education in the Western Region and rest of state classified by highest level of education completed, 2002 and 2008



Source: CSO, Quarterly National Household Survey Q2 2002-2008: Educational Attainment, special data run for WDC

Meanwhile the share of the workforce with a third level education¹⁷⁷ rose from 18.9% to 28.2% (2002-2008). While the region continues to lag the rest of the state slightly (30.0%) with regard to third level education, the gap between the two areas has narrowed since 2002, from 3.8 percentage points to only 1.8 points in 2008. As can be seen from Fig 13 the gap that does continue to exist is due entirely to a lower share with a third level degree or higher (17.8% v 19.7%), as the share of the workforce with a third level non-degree is the same in the region and rest of state. As predicted future employment growth will be in those occupations requiring a third level qualification, the continuing gap at the higher end of third level education could reduce the region's ability to grow and attract higher quality employment opportunities.

The improvement in the educational attainment levels in the Western Region in recent years has mainly been driven by the younger age groups. Unfortunately data on education levels by age group for the region are not available, however nationally the share of those aged 25-34 with a third level qualification increased from 36% to 45% between 2002 and 2008, compared with an increase from 14% to 19% for the 55-64 age group.¹⁷⁸

The educational performance for males and females differs considerably (Fig 14). While there was a higher share of working women in the Western Region with a third level qualification than men in 2002, this pattern intensified over the boom years. The gap between the share of women and men with a third level qualification doubled between

¹⁷⁶ CSO, Quarterly National Household Survey Q2 2002-2008: Educational Attainment, special data run for WDC

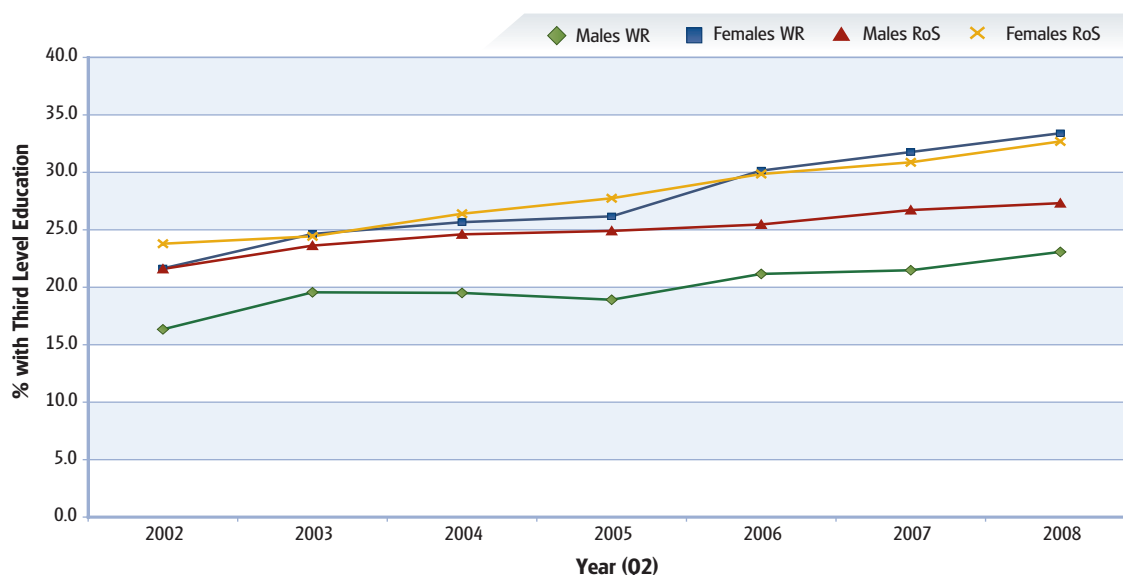
¹⁷⁷ This refers to both third level non-degree qualifications and third level degree and higher qualifications.

¹⁷⁸ CSO, Quarterly National Household Survey Q2 2002-2008: Educational Attainment

2002 and 2008 and now stands at ten percentage points (33.4% for women v 23.1% for men). The improvement for women was largely driven by younger women; nationally the level of third level education for women aged 25-34 increased from 39% to 52%.

The improvement in the educational attainment of working women in the Western Region means that the rate for women is now almost the same as the rest of the state. For men however the region (23.1%) lags considerably behind the rest of the state (27.3%).

Fig 14: Percentage of males and females (15-64 years) with a third level qualification in the Western Region and rest of state, 2002-2008



Source: CSO, Quarterly National Household Survey Q2 2002-2008: Educational Attainment, special data run for WDC

In terms of the level of graduate employment within the region, Galway is the only county that employed more graduates in 2006 than it produced i.e. more graduates found their first employment in Galway than the number of graduates whose home county was Galway. In fact, Galway is the only county nationally, besides Dublin, where this is the case. Galway clearly has the ability to attract considerable numbers of skilled graduates from elsewhere in the country.¹⁷⁹

Of new 2007 graduates (Table 3), 47.3% of those originally from the counties of the Western Region gained their first employment in the region. This varied considerably across the counties, with a higher share from Sligo (60.0%), Galway (58.2%) and Mayo (47.3%) finding their first job in the region. For Galway this was mainly driven by graduates finding a job in their home county (51.1%), while in the case of graduates from Mayo, finding a job in Galway also played an important role in retaining them in the region.

In contrast, only 8.9% of graduates from Roscommon got their first job in their home county with 29.1% finding it in the region. Likewise for Leitrim, 17.1% found their first employment in their home county and 36.6% in the region.

¹⁷⁹ HEA (2008), What Do Graduates Do? The Class of 2006

Table 3: Percentage of 2007 graduates of full-time honours bachelor degrees from each county and the Western Region classified by destination of first employment

| County/ Region of First Employment 2007 | County of Origin (%) 2007 | | | | | | | Total WR Sample |
|--|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|
| | Clare | Donegal | Galway | Leitrim | Mayo | Roscommon | Sligo | |
| Clare | 25.1 | 1.7 | 1.5 | 2.4 | 0.5 | - | - | 5.8 |
| Donegal | 0.4 | 28.0 | 0.3 | - | 0.5 | 2.5 | 1.2 | 3.4 |
| Galway | 9.4 | 6.8 | 51.1 | 2.4 | 16.3 | 10.1 | 4.7 | 24.3 |
| Leitrim | - | 0.8 | - | 17.1 | - | 1.3 | 1.2 | 0.9 |
| Mayo | 0.9 | 0.8 | 3.5 | - | 26.1 | 5.1 | 5.9 | 6.9 |
| Roscommon | - | - | 1.0 | - | - | 8.9 | - | 1.0 |
| Sligo | - | 0.8 | 0.8 | 14.6 | 3.9 | 1.3 | 47.1 | 5.1 |
| Dublin | 21.5 | 41.5 | 19.1 | 43.9 | 36.0 | 40.5 | 34.1 | 28.4 |
| Western Region | 35.9 | 39.0 | 58.2 | 36.6 | 47.3 | 29.1 | 60.0 | 47.3 |
| Other Irl (incl NI) | 35.9 | 13.6 | 12.1 | 14.6 | 8.4 | 21.5 | 4.7 | 16.4 |
| Overseas | 6.7 | 5.9 | 10.6 | 4.9 | 8.4 | 8.9 | 1.2 | 7.9 |
| Total All | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

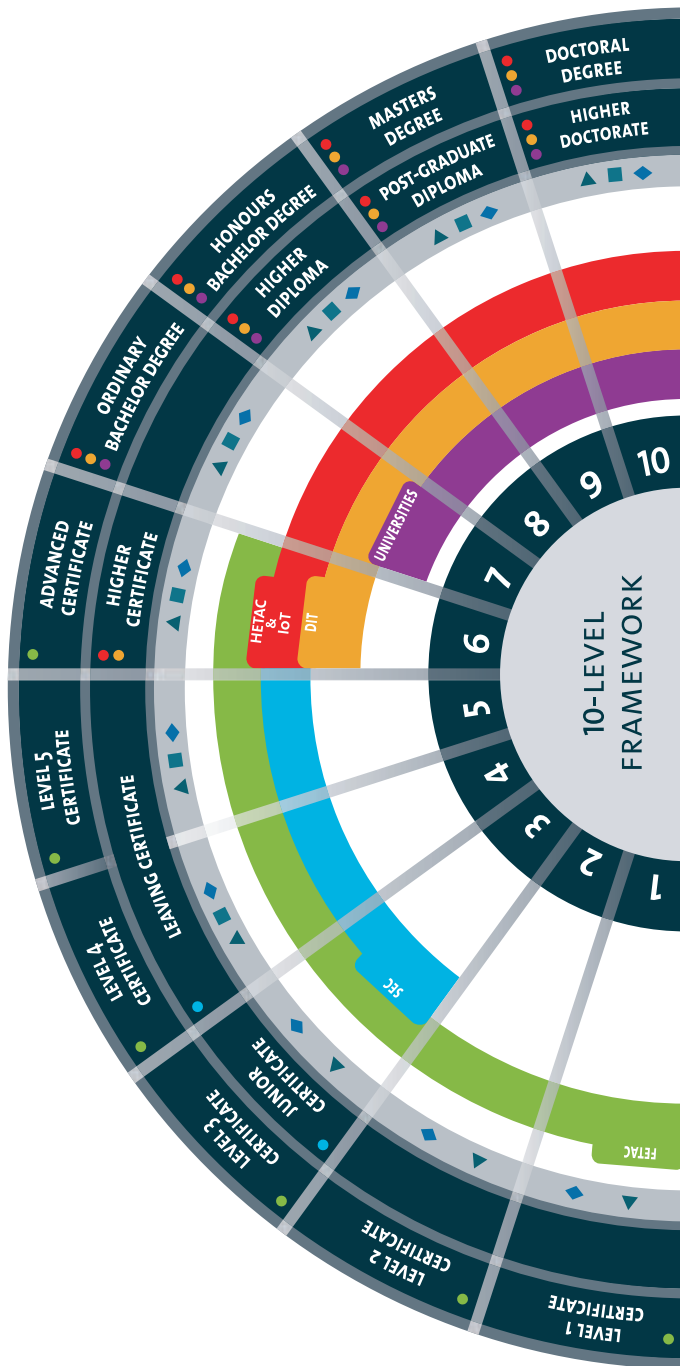
Source: HEA, First Destination of Award Recipients in Higher Education (WDC analysis of HEA data)

Appendix 1: National Framework of Qualifications



Údarás Náisiúnta
Cáilíochtaí na hÉireann
National Qualifications
Authority of Ireland

NATIONAL FRAMEWORK OF QUALIFICATIONS



AWARDING BODIES

- FETAC - Further Education and Training Awards Council
- SEC - State Examinations Commission (Department of Education & Science)
- HETAC - Higher Education and Training Awards Council
- IoT - Institutes of Technology (make their own awards at specified levels under Delegated Authority from HETAC)
- DIT - Dublin Institute of Technology
- Universities

AWARDS IN THE FRAMEWORK

There are four types of award in the National Framework of Qualifications:

- Major Awards: are the principal class of awards made at a level
- Minor Awards: are for partial completion of the outcomes for a Major Award
- Supplemental Awards: are for learning that is additional to a Major Award
- Special Purpose Awards: are for relatively narrow or purpose-specific achievement

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