

Educational Attainment and Skill Utilisation in the Irish Labour Market: An EU Comparison

DATE

Tuesday, 22nd of May, 2018

EVENT

6th Annual NERI Labour Market
Conference

VENUE

NUI Galway

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Key Questions?

In recent years, the Irish economy has experienced strong economic growth, accompanied by significant improvements in the labour market

- What are some of the issues arising **now** with respect to the current workforce?
- What are the potential **future** sources of labour supply for a growing economy?

The Current Labour Market

- What are some of the issues arising *now* with respect to the current workforce in Ireland?
 - How skill intensive are Irish jobs relative to the EU average?
 - How well aligned are the skill levels of workers in Ireland to job requirements?
 - How well aligned are the education levels of workers in Ireland to job requirements?

The Future Labour Market



- What are the potential *future* sources of labour supply for a growing economy in Ireland?
 - **Migration:** How dependant are we on migrants? How good are we at attracting the most skilled and educated migrants?
 - **Labour market participation:** How do the patterns for Ireland compare with the EU average and what is the composition of inactive people?
 - **Unemployment:** What is the composition of the unemployed?

Data

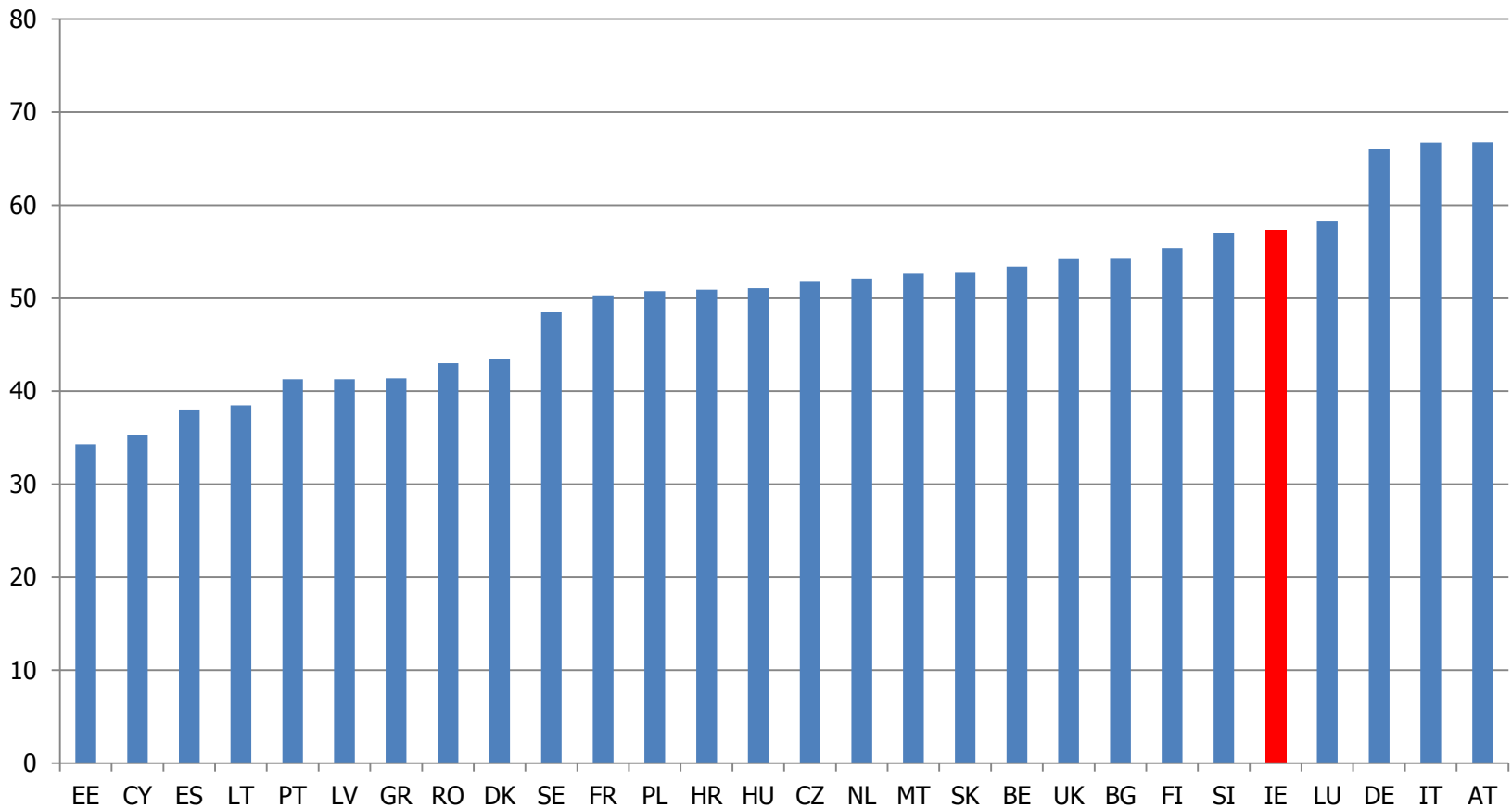


- **Quarterly National Household Survey (QNHS)**
- **European Skill and Jobs Survey (ESJS)**

The Current Labour Market

Skill Content of Jobs I

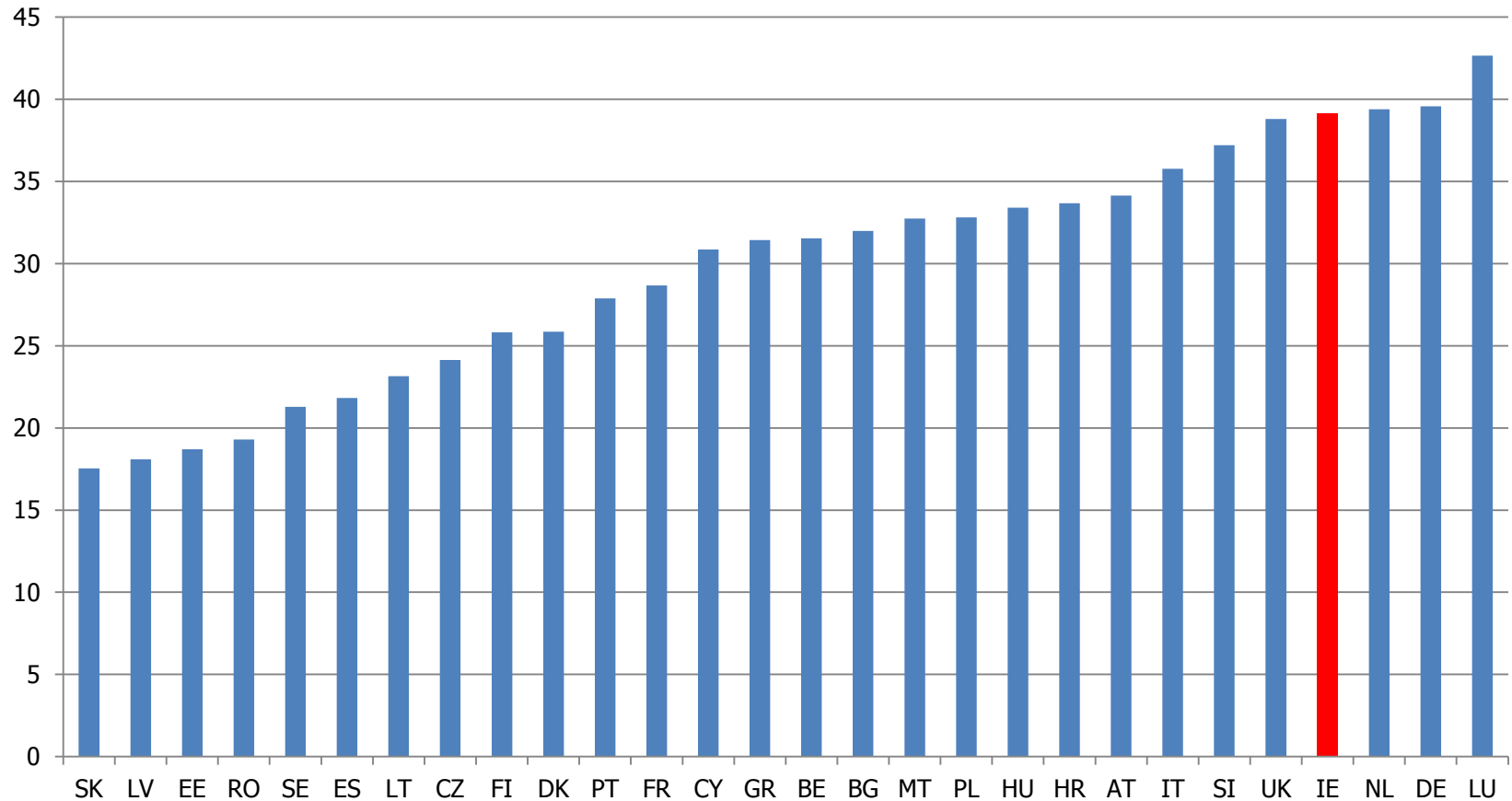
Employees reporting that their job requires advanced literacy skills (%)



Source: Cedefop European Skills and Jobs Survey, 2014

Skill Content of Jobs II

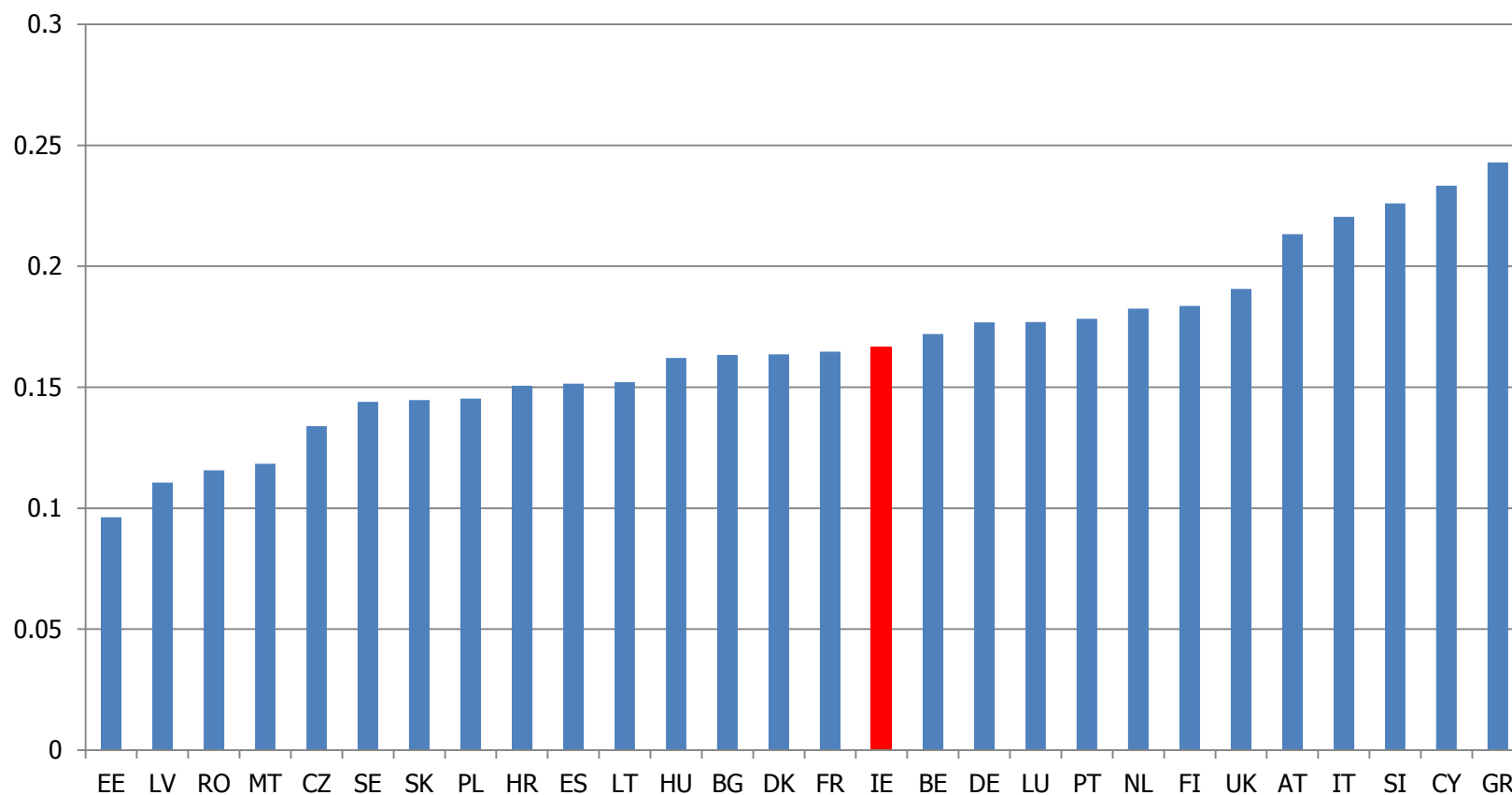
Employees reporting that their job requires advanced numeracy skills (%)



Source: Cedefop European Skills and Jobs Survey, 2014

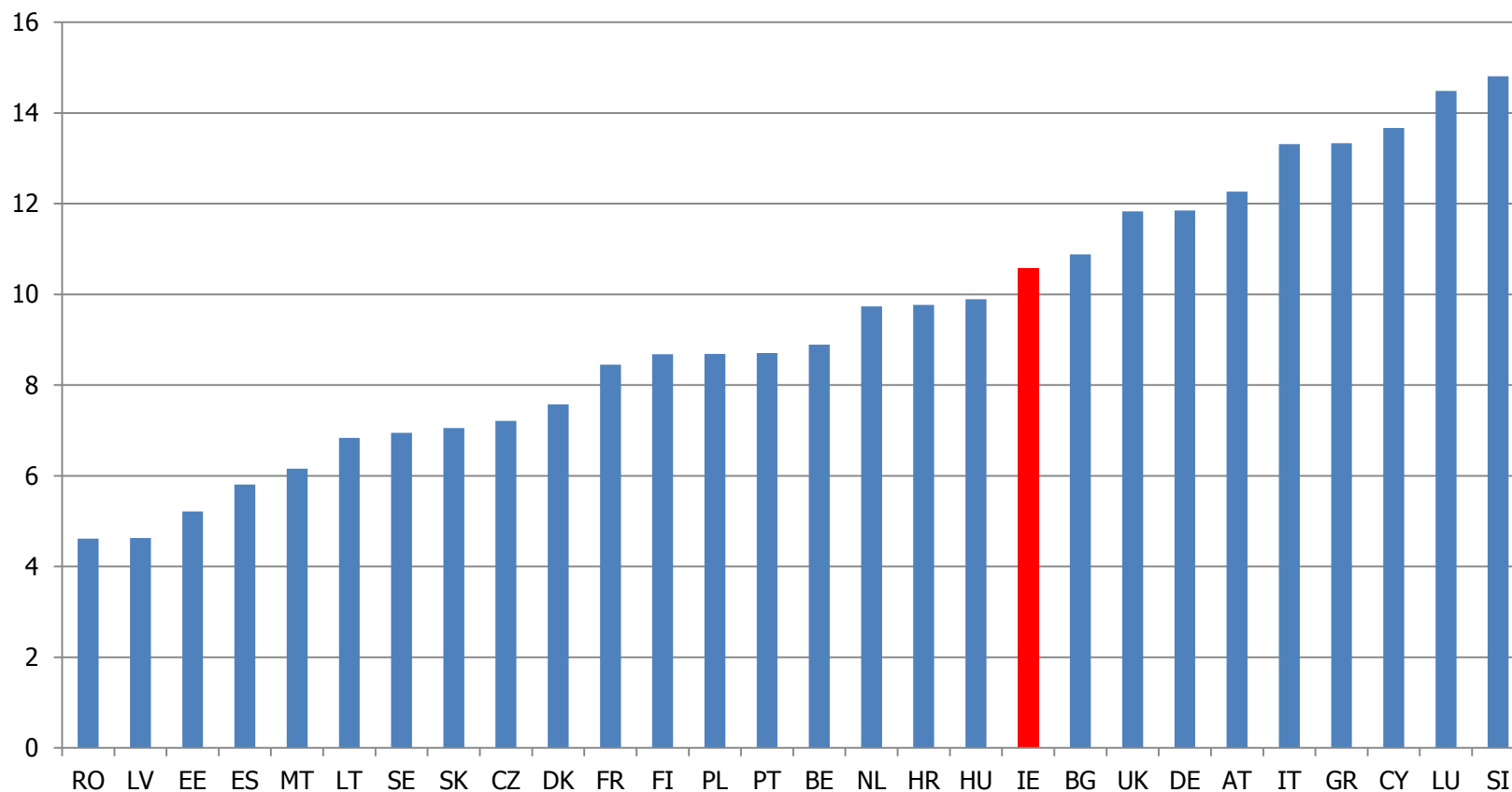
Skill Content of Jobs III

Employees reporting that their job requires advanced ICT skills (%)



Skill Content of Jobs IV

Employees reporting that their job requires advanced numeracy, literacy & ICT (%)

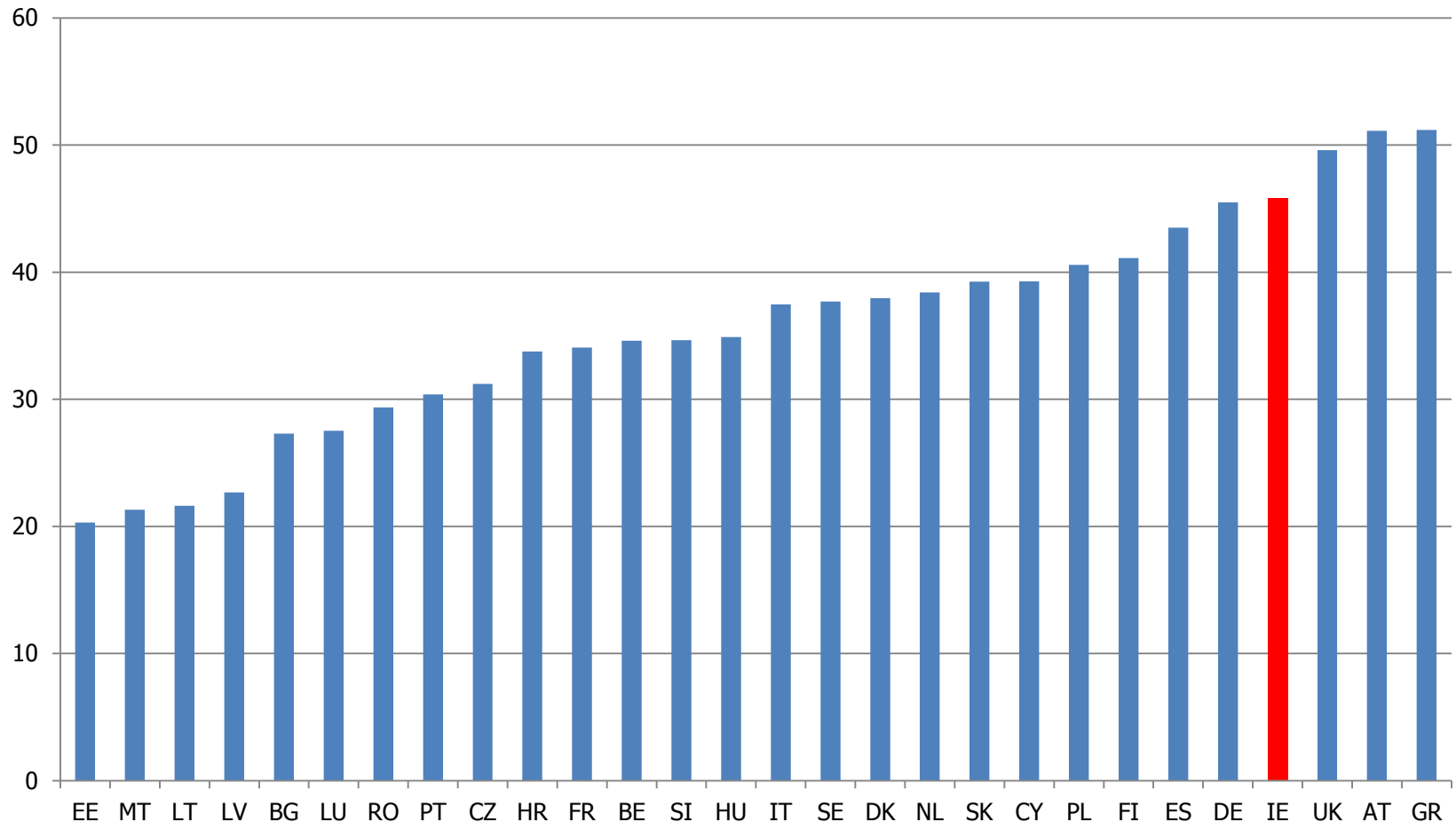


Source: Cedefop European Skills and Jobs Survey, 2014

Skill Match Between Workers and Jobs I



Overskilled (%)

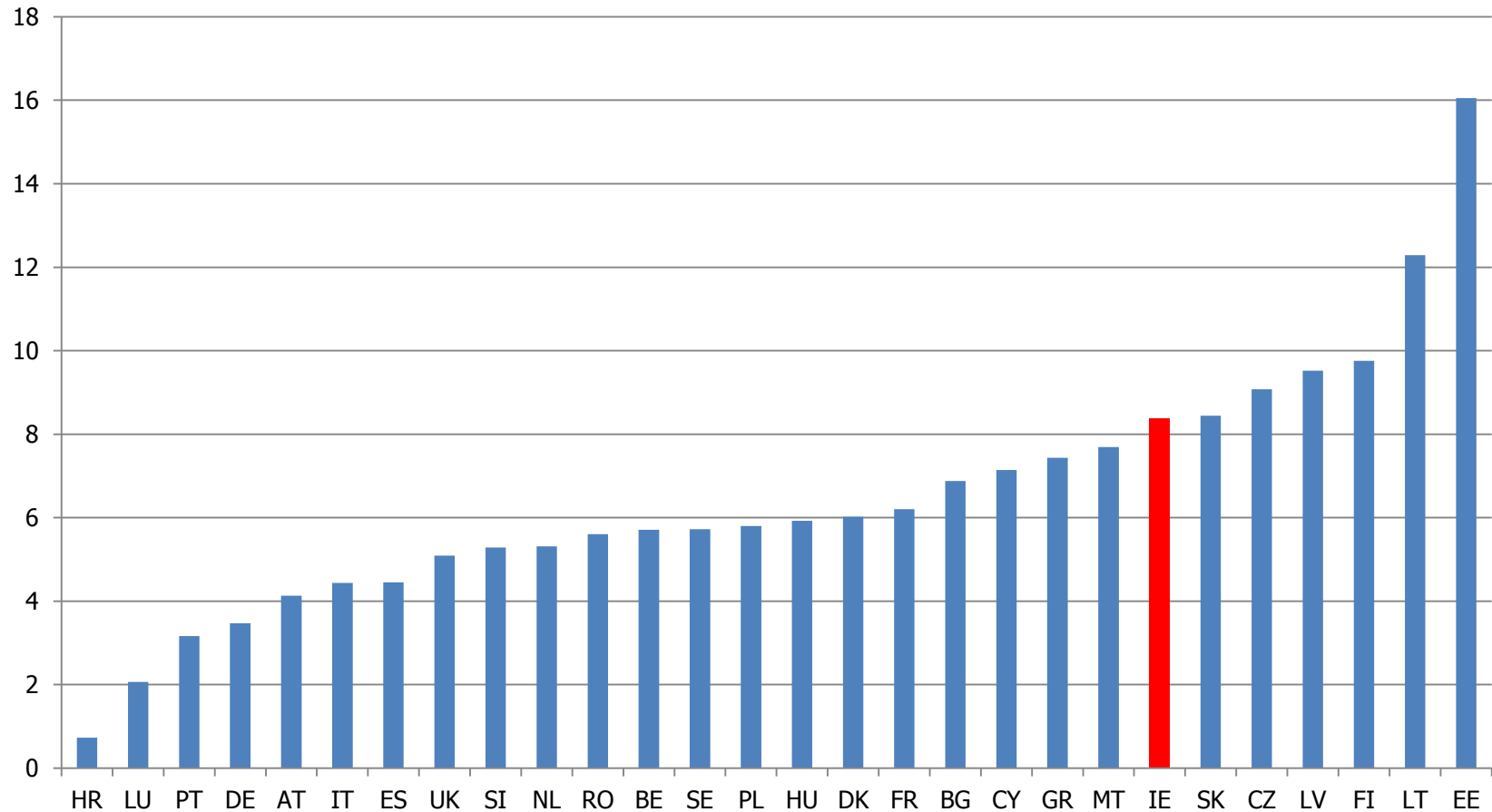


Source: Cedefop European Skills and Jobs Survey, 2014

Skill Match Between Workers and Jobs II



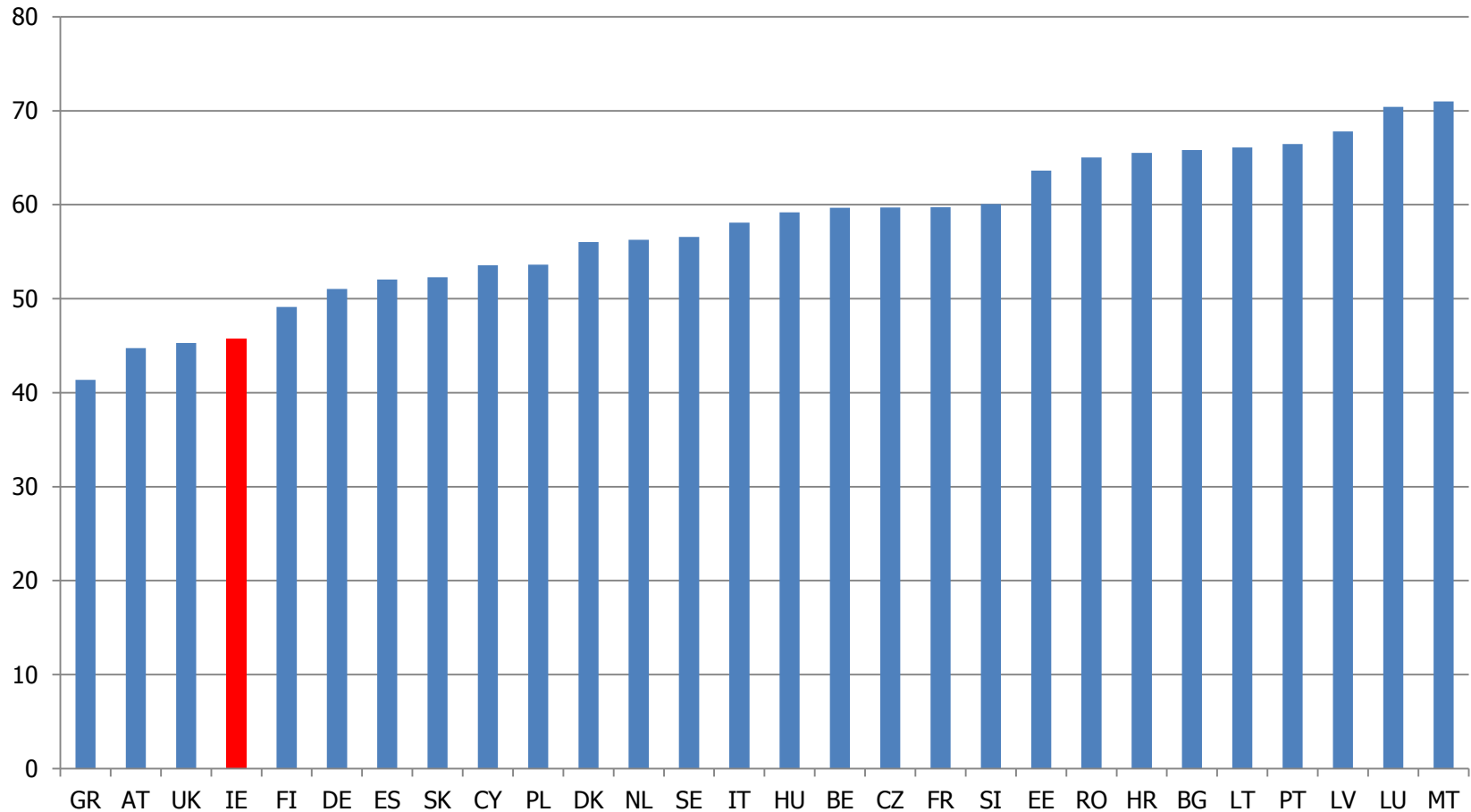
Underskilled (%)



Source: Cedefop European Skills and Jobs Survey, 2014

Skill Match Between Workers and Jobs III

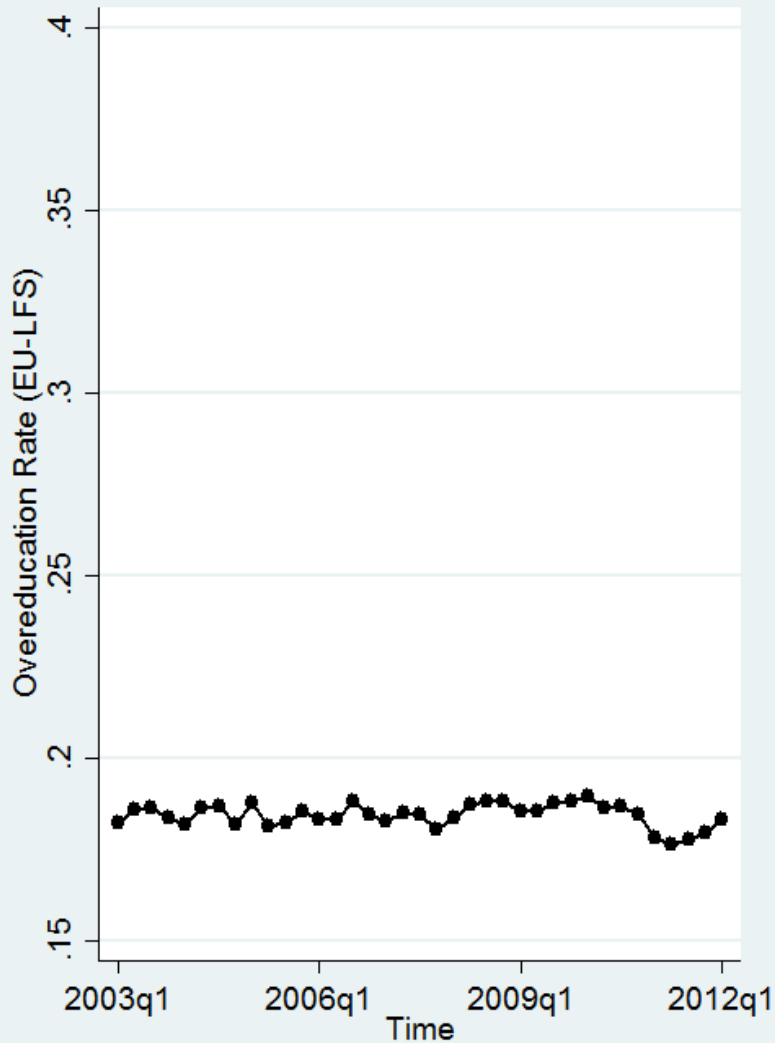
Matched (%)



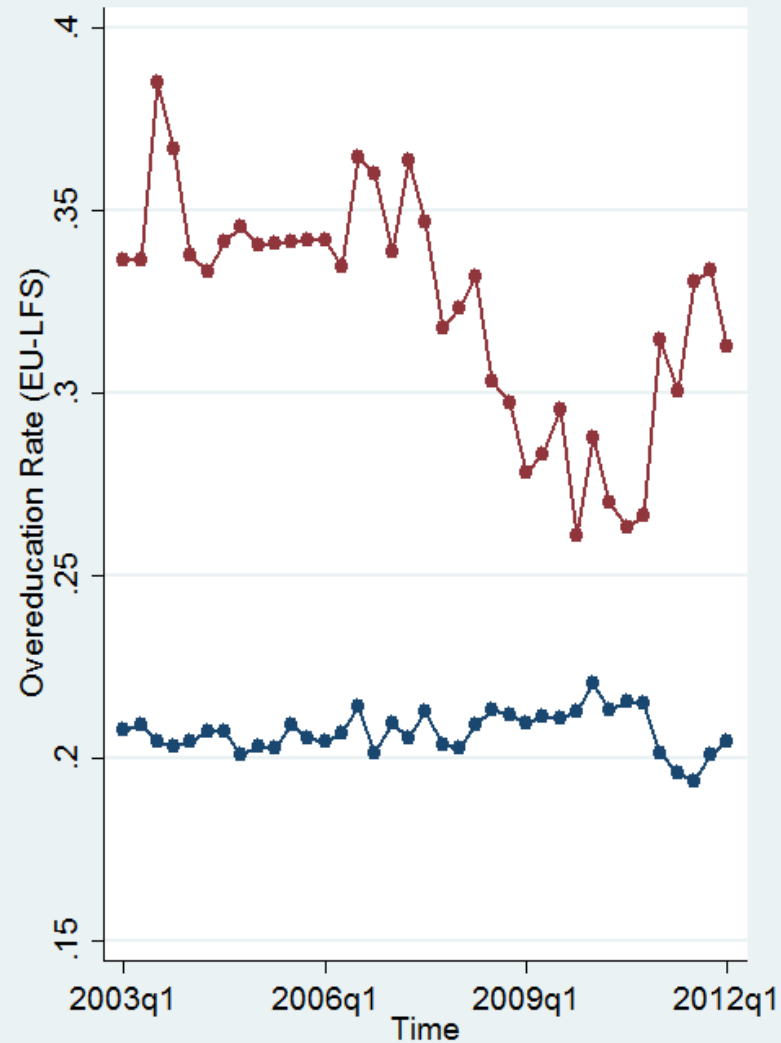
Source: Cedefop European Skills and Jobs Survey, 2014

Overeducation Rates (EU-LFS)

All Countries (28)



Ireland and EU-14



Legend:
All (Black)
Ireland (Red)
EU-14 (Blue)

What we know from Existing Research I

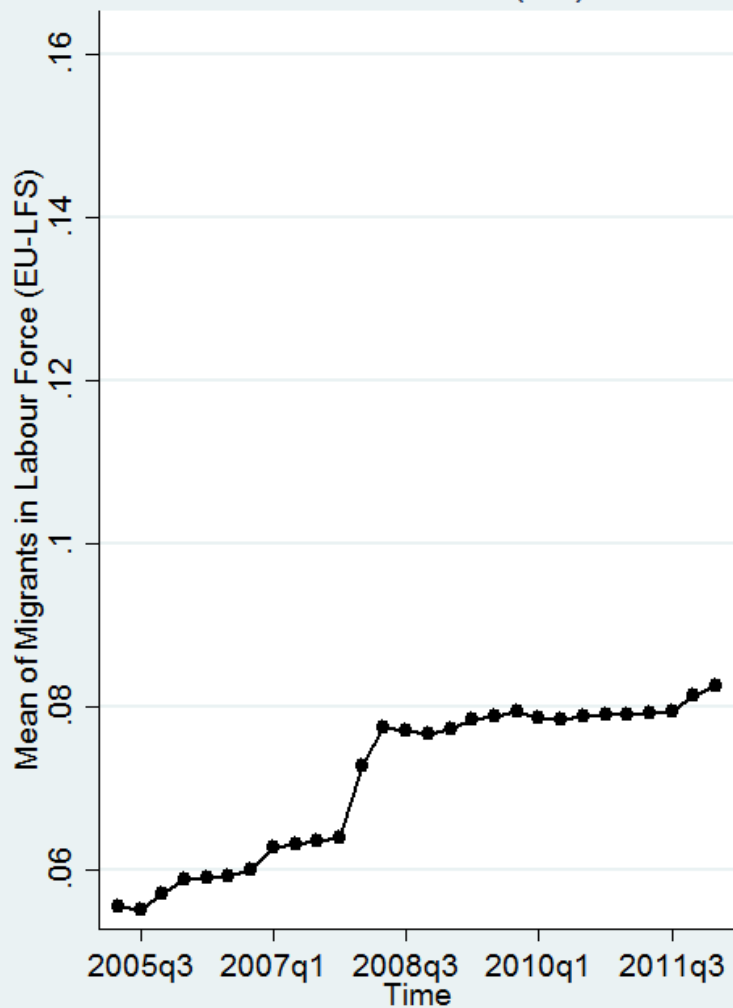


- Mismatch is problematic both for workers and firms
 - Both overskilling and overeducation are generally associated with lower levels of pay and job satisfaction among workers which is consistent with lost productivity (Quintini, 2011).
 - Underskilling is an alternative measure of skill gaps which have also been shown to be harmful to firm level productivity and labour costs (McGuinness & Ortiz, 2016).
 - Recent studies have shown that Ireland has consistently been a poor performer in terms of mismatch between workers and jobs (Pouliakas, 2014; McGuinness et al., 2016; McGuinness et al., *forthcoming*).

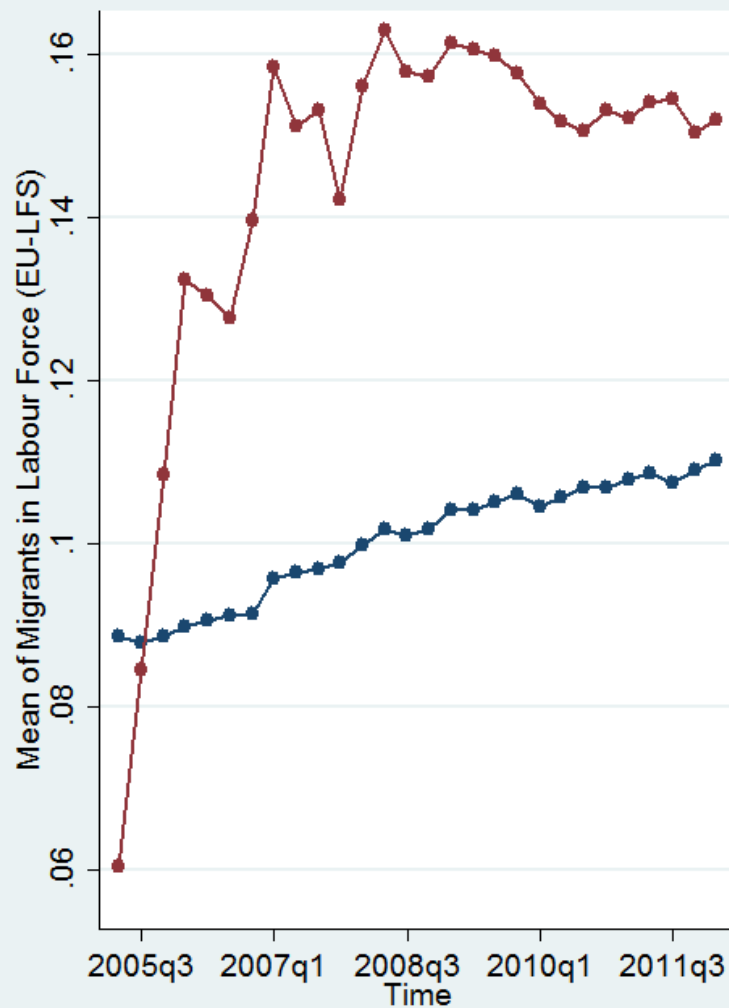
The Future Labour Market

Future Labour Supply: Migrants I (EU-LFS)

All Countries (28)



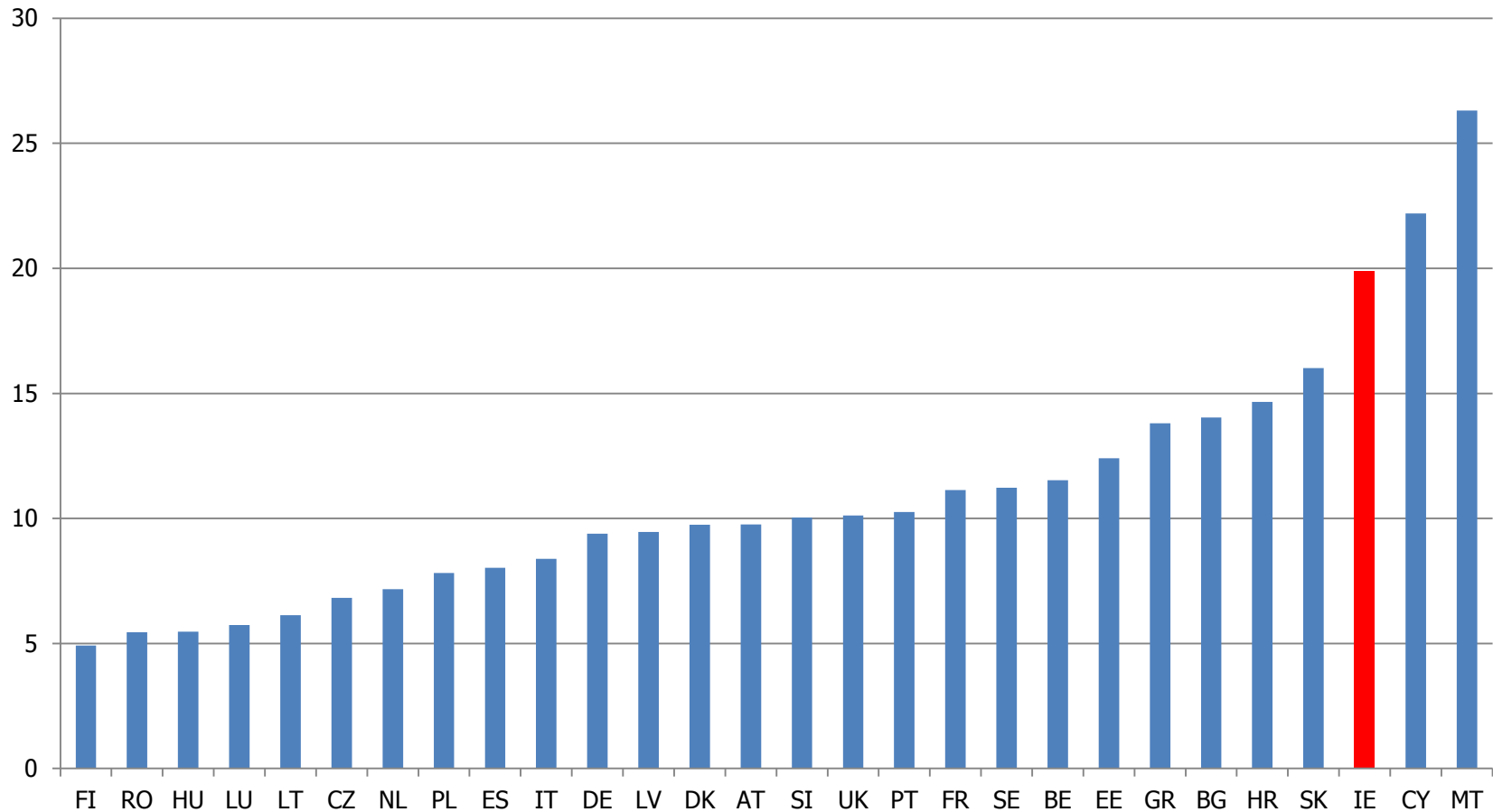
Ireland and EU-14



Legend:
All (Black)
Ireland (Red)
EU-14 (Blue)

Future Labour Supply: Migrants II

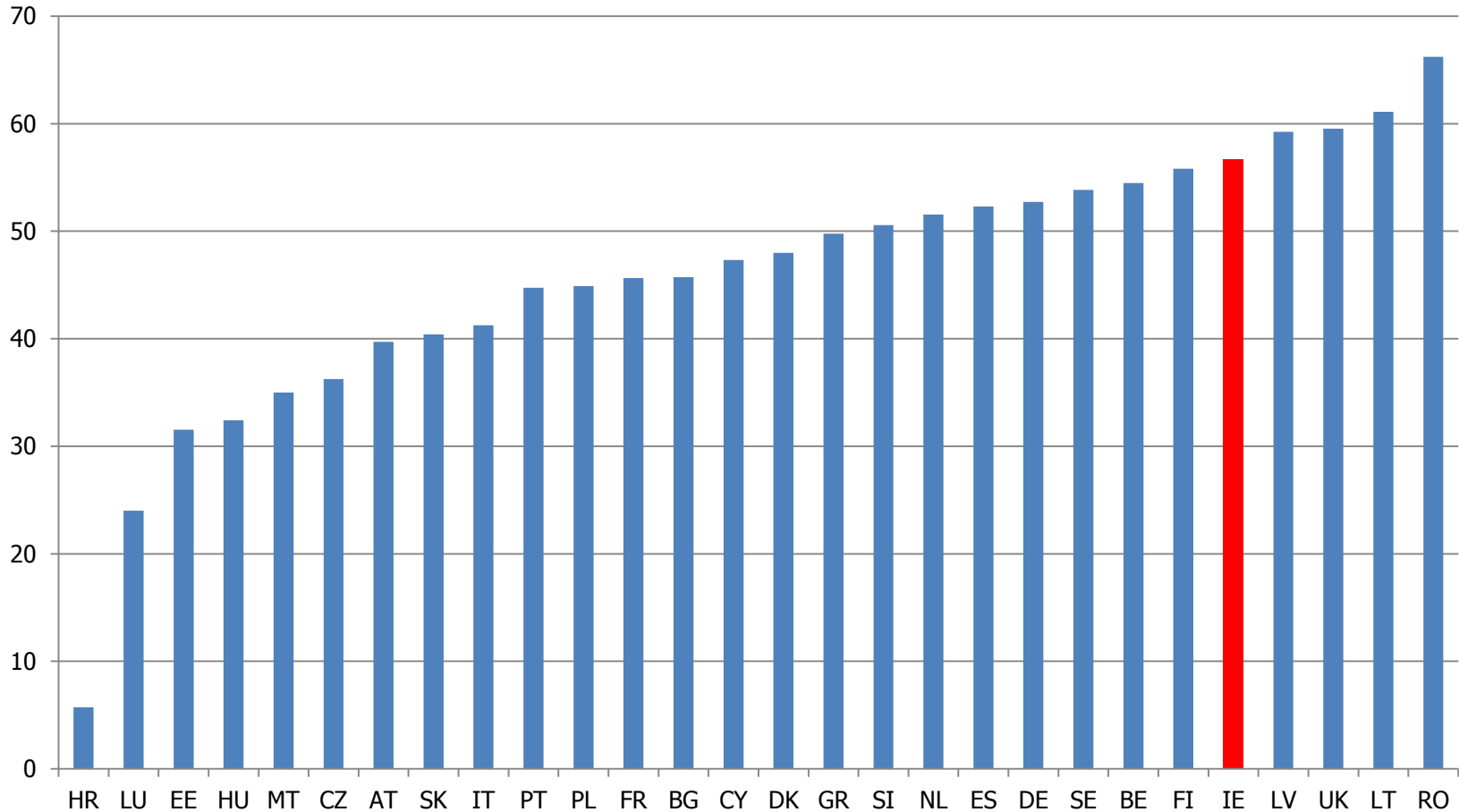
Share of migrants in employment, 2014 (%)



Source: Cedefop European Skills and Jobs Survey, 2014

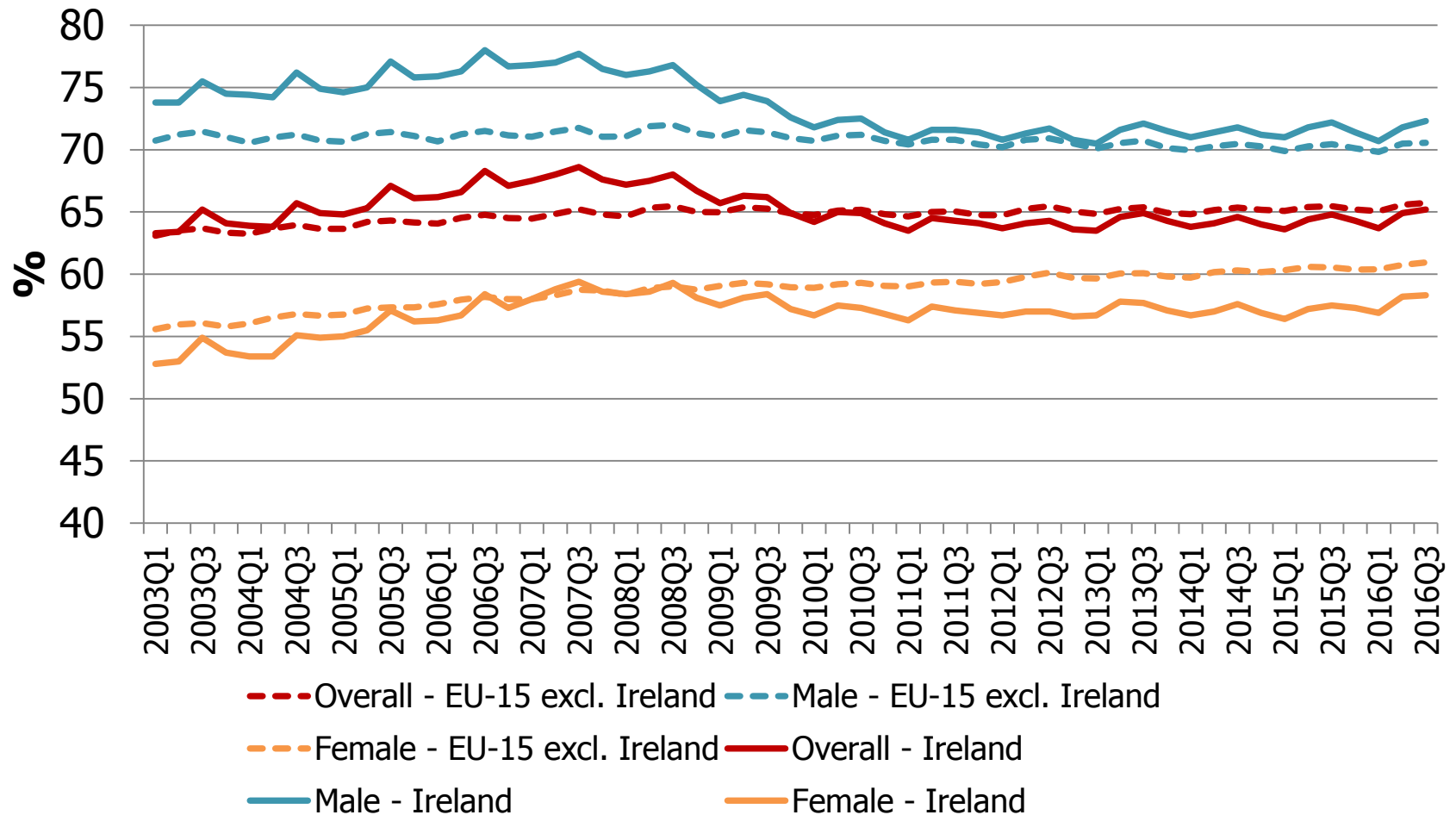
Future Labour Supply: Migrants III

% of migrants with tertiary education



Source: Cedefop European Skills and Jobs Survey, 2014

Future Labour Supply: Participation Rates



Note: expressed as a % of the population aged 15-74.

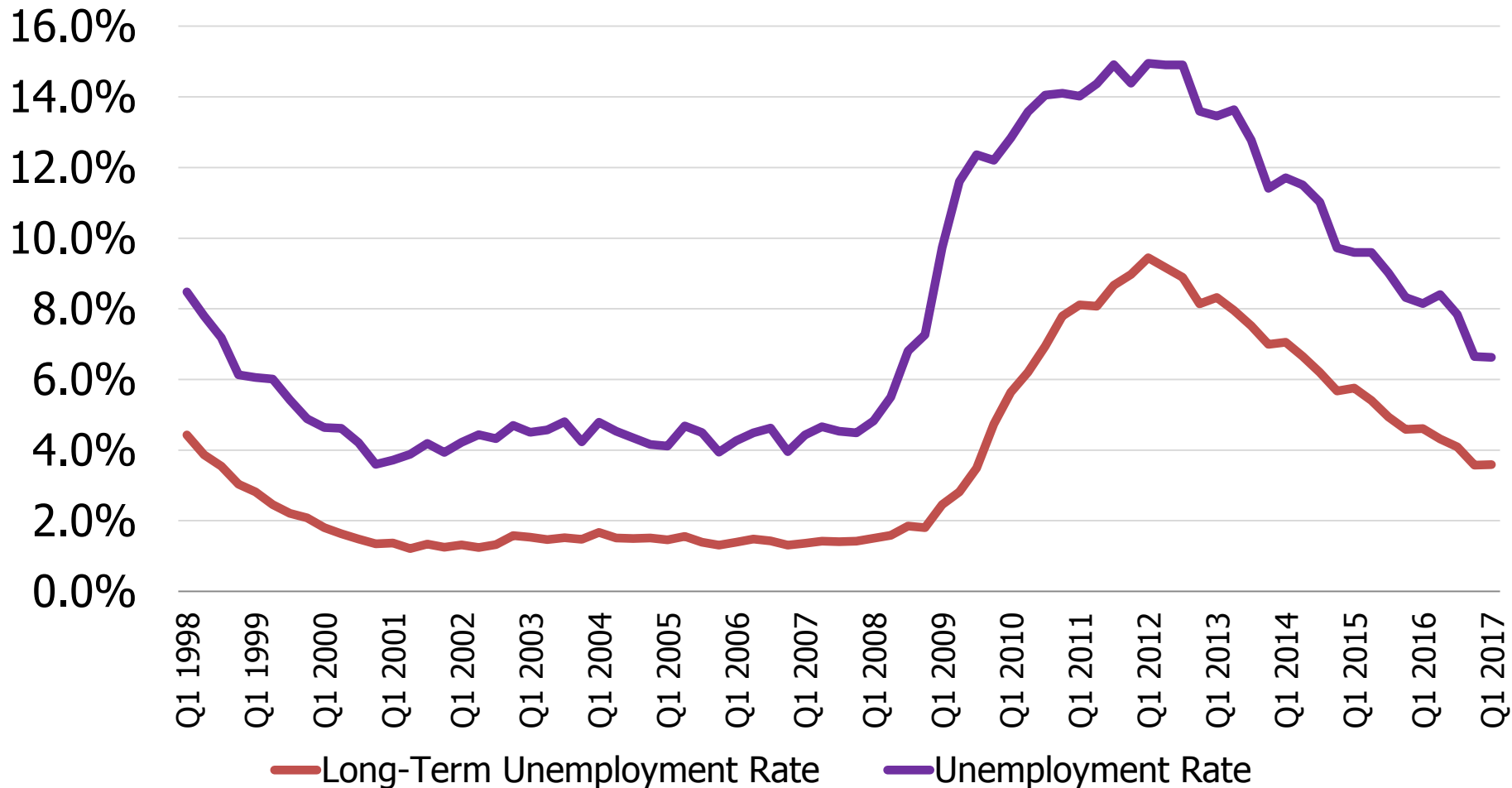
Source: EU Labour Force Survey.

Future Labour Supply: Composition of the Inactive



	%
By Age	
15-19	20.3
20-24	7.3
25-34	7.4
35-44	9.6
45-54	10.5
55-64	16.0
64-74	29.0
By Gender	
Male	41.2
Female	58.8
By Education Level	
Lower Secondary (& below)	50.7
Upper Secondary	24.1
Post Secondary	8.4
Tertiary	16.8

Future Labour Supply: Unemployment Rates



Note: expressed as a % of the Labour Force aged 15-74
Source: Quarterly National Household Survey



Future Labour Supply: Composition of the Unemployed

	All (%)	Short-Term Unemployed (%)	Long-Term Unemployed (%)
By Age			
15-19	9.3	14.1	
20-24	16.2	20.1	14.9*
25-34	23.5	24.2	23.0
35-44	20.2	19.6	21.8
45-54	17.7	12.0	23.3
55-74	13.2	10.1	17.0
By Gender			
Male	62.4	54.5	69.3
Female	37.6	45.5	30.7
By Education Level			
Lower Secondary (& below)	28.2	21.8	33.4
Upper Secondary	32.7	34.5	30.1
Post Secondary	14.2	12.0	17.2
Tertiary	24.9	31.8	19.3

Source: Quarterly National Household Survey, 2017 Q2. Notes: the 65-74 age category is omitted because of the small sample size; * Two age categories, 15-19 and 20-24, are combined due to small sample sizes.

What we know from Existing Research II



- Evidence shows that migrants face both a pay gap and an occupational gap, suggesting their skills are not being fully utilised within the Irish labour market (Barrett et al., 2012; Barrett et al., 2016).
- In terms of the ability of activation programmes to reintegrate the unemployed into the labour market, recommendations have been made for strengthening policy in this area (McGuinness et al., 2010; Kelly et al., 2015; Martin, 2014). Activation services have been overhauled with the introduction of the Intreo services but the evidence has yet to emerge with respect to how effective these changes have been.
- The main factors shaping women's participation at the individual level are wage levels, education, family status (i.e. number and age of children) and age. The effect of wage on participation is stronger for women with low qualifications (Russell et al., 2009). Issues related to affordable childcare are an important factor in this area.

Outstanding Questions



- What are the potential explanations for Ireland's poor performance in terms of skill matching?
- What are the implications of Brexit for migration?
- Are there strategies that could potentially reintegrate the unemployed and inactive, particularly those with high skills, back into employment?
- Going forward, is the pressure on the labour market more likely to come from skill shortages or labour shortages?