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Economic Inactivity in Northern Ireland:

A focus on why male economic inactivity has been rising

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SUMMARY

In recent times the Northern Ireland labour market has been performing strongly. This is evidenced by continued and sustained increases in the rate of employment and decreases in the rate of both unemployment and economic inactivity in the decade following the economic crisis.

Although the considerable decline in the rate of economic inactivity over the decade since 2009 are encouraging, this *Research InBrief* shows that trends in economic inactivity over the period 2009 to 2019 have been somewhat different for males and females. Specifically, in recent years we have seen a continuation of a decline in female economic inactivity, but a substantial increase in the rate of male economic inactivity.

This *Research InBrief* seeks to understand some of the reasons behind this increase in male economic inactivity. To do this we look at the reported reasons for male economic inactivity and to changes in these reasons over time. We also look at changes within the labour market and in particular to changes in employment arrangements and conditions of employment that might help explain this trend. In doing so, we are led to the conclusion that for an increasing proportion of males, work does not pay and this may well explain the increase in male economic inactivity.

KEY POINTS

- In Q1 2009 the rate of economic inactivity for females was 37.1% and 23% for males - a gap of 14 percentage points. By Q1 2019 the gap between male and female economic inactivity had declined to 7%.
- It is important to note that not all of the closing of the gap between male and female economic inactivity has been driven by the decline in female economic inactivity, but rather by a concurrent increase in the rate of male economic inactivity.
- We suggest that the reason for the increase in the rate of male economic inactivity is related to changes in the nature and quality of male employment.
- Within the labour market there has been quite a substantial increase in the proportion of male workers who are employed on a part-time basis. In Q1 2009 11.4% of males were employed on a part-time basis. By Q1 2019 this had increased to 15.7%.
- Male part-time employment has some of the lowest earnings of all work. In 2018 median hourly earnings of part-time male workers was £8.50. This compares to £9.03 for part-time female workers and £11.40 for all workers.
- The fact that the labour market is increasingly skewed toward the worst paying jobs for males leads us to the conclusion that for these workers - work just might not pay.

The structure of the Northern Irish labour market

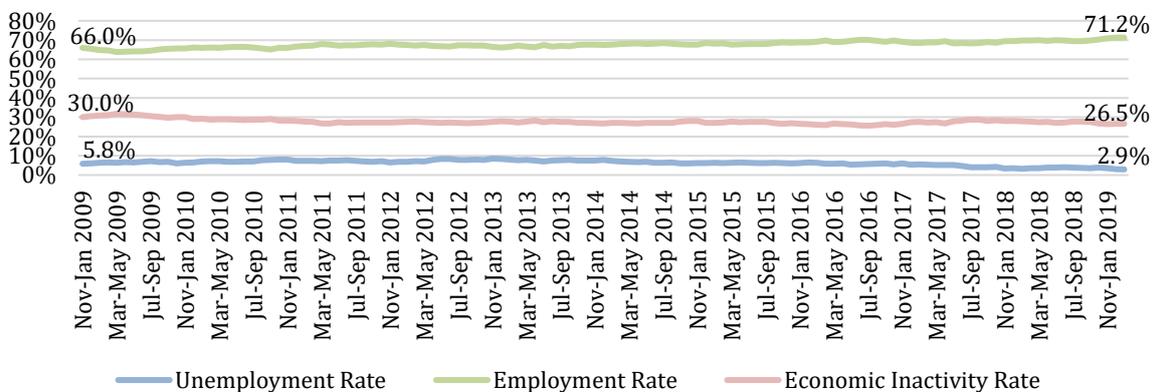
In recent times the Northern Ireland labour market has been performing strongly. This is evidenced by continued and sustained increases in the rate of employment and decreases in the rate of both unemployment and economic inactivity in the decade following the economic crisis. As shown in Figure 1 below, by Q1 2019 the employment rate hit a record high of 71.3%, the unemployment rate hit a record low of 2.9%, and at 26.5% the rate of economic inactivity is amongst the lowest on record.

Northern Ireland in Q1 2019 was below that of the UK rate (3.8%), the rate of employment was the second lowest among the twelve UK regions and the rate of economic inactivity the highest of any region.

Economic inactivity rates by gender

The considerable decline in the rate of economic inactivity over the decade since 2009 is encouraging. However, to further understand this decline however it is worth looking at changes in the rate of economic inactivity by gender. In doing so, it becomes

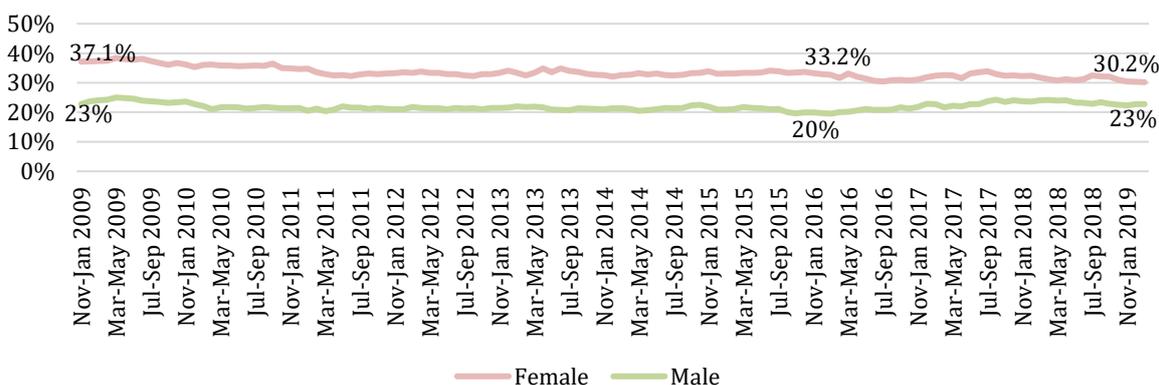
Figure 1: An overview of the structure of the labour market and changes over 2009-2019



These improvements in the Northern Ireland labour market are consistent with the performance of the UK labour market, which has also seen some of the highest employment rates and lowest unemployment rates on record in recent quarters. In effect, however, this has meant that the Northern Ireland labour market has not done much catching-up in terms of its relative performance to the UK which it continues to lag considerably. For example, whilst the unemployment rate (2.9%) in

clear that the story over the period 2009 to 2019 has been somewhat different for males and females. As shown in Figure 2 there has been a substantial decline in the rate of female economic inactivity. This decline has led to a reduction in the gap between the male and female economic inactivity rate. In Q1 2009 the rate of economic inactivity for females was 37.1% and 23% for males - a gap of 14 percentage points. By Q1 2019 the gap between males and females had halved to 7%. It is important to note however that

Figure 2: Rate of economic inactivity by gender and changes over 2009-2019



not all of the closing of the gap between male and female economic inactivity has been driven by the decline in female economic inactivity, but rather by a concurrent increase in the rate of male economic inactivity. Specifically, as clear from Figure 2 above, whilst the rate of male economic inactivity had been on a general downward trend from 2009 through to 2016, there has been a reversal of this trend in more recent years. Between Q1 2016 and Q1 2019 the rate of male economic inactivity increased by 3 percentage points.

This increase in the rate of male economic inactivity is curious because it comes in spite of the overall increase in the rate of employment and the decrease in the rate of unemployment and economic inactivity. What is more, this increase is in spite of the upward trend over the last decade in the proportion of males (and females) who are economically inactive but say they would like to work. In Q1 2009 13% of males and 10% of females who were economically inactive said they would like to work. By Q1 2019 these percentages had increased to 21% and 20% respectively.

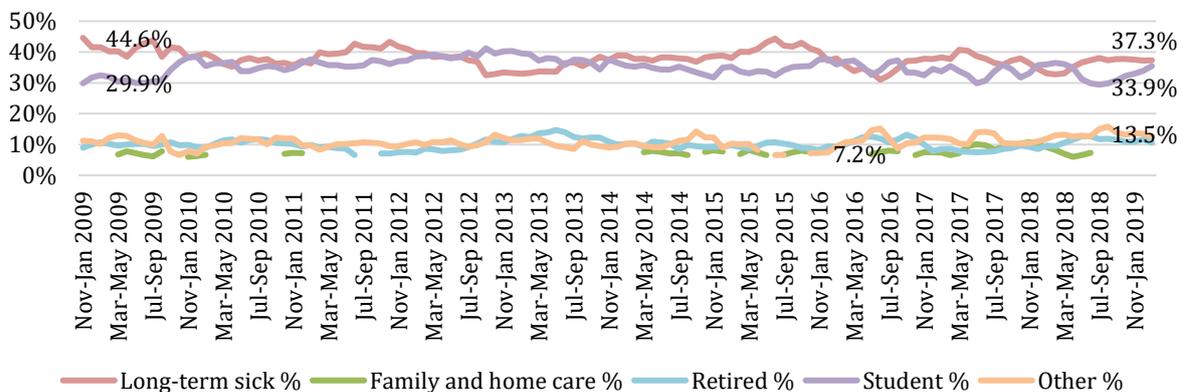
labour market and in particular to changes in employment arrangements that might help explain this trend.

Reasons for Male Economic Inactivity

The Labour Force Survey categorises five main reasons for economic inactivity - the inactive person is either a student, is caring for family or the home, is long-term sick or disabled, is retired or is inactive for some 'other reason'. Other includes discouraged workers, workers waiting for a reply to a job application or workers who want a job but are not yet looking for work. The latest figures show long-term sickness is the most common reason for male economic inactivity and accounts for 37.3%. A further 35.5% of economically inactive males are students, a further 10.6% are retired and 12.7% reported their reason for being economically inactive as 'other'. Owing to sample size there is no reliable estimate of the proportion of males economically inactive owing to family or care responsibilities.

Whilst on first glance it might appear as though the relative contributions of each reason is approximately the same over-time;

Figure 3: Reported reasons for male economic inactivity, 2009-2019



Northern Ireland appears to be in an employment surge. 'There's work if you want it' as one recent newspaper headline suggests (The Irish News, 2019). Why then are males increasingly either choosing not to enter the labour market or are exiting the labour market? To attempt to understand the factors driving these trends we turn next to look at the reported reasons behind male economic inactivity and to changes overtime. We also look at changes within the

a closer inspection shows that there have been some noteworthy changes. Figure 3 shows trends in reported reasons for male economic inactivity since 2009. From this we see that there has been a substantial decline in the proportion of males who are economically inactive owing to long-term sickness. In Q1 2009 this reason accounted for 44.6% of male economic inactivity. In Q1 2019 it accounted for 37.3%. There has been a 3-percentage point increase in males who

are economically inactive because they are students over the period 2009-2019. Moreover, although there had been a downward trend over the period 2009-2016 in the proportion of males who reported 'other reasons' for their being economically inactive there has been a 6-percentage point increase in this as a reason between 2016 and 2019.

An increasing number and proportion of males are either not entering or are exiting the labour market to become students or for 'other reasons' such as they are discouraged workers. In an attempt to understand further why we need to look at what is going on inside the labour market.

Inside the labour market

One of the most notable changes within the labour market in recent years has been to changes in the nature of employment and the increase in non-standard forms of employment (Mac Flynn, 2019; Wilson, 2017). Specifically, there has been quite a substantial increase in the proportion of male workers who are employed on a part-time basis. In Q1 2009 11.4% of males were employed on a part-time basis. By Q1 2019 this had increased to 15.7%.

This, in and of itself, is not necessarily bad and indeed some argue that it illustrates that many workers are opting for more flexible working arrangements. The problem however is that part-time jobs are lower paid, tend to offer less security and have little opportunities for skills development or career progression (Wilson, 2017). What is more, men are more than twice as likely as females to be employed part-time because they 'could not find a full-time job'. In addition to this, male part-time employment has some of the lowest earnings of all work. In 2018 median hourly earnings of part-time male workers was £8.50. This compares to £9.03 for part-time female workers and £11.40 for all workers. Looking at weekly earnings, the median weekly earnings of part-time male workers was £168, compared to £192 for females. Furthermore, over the year 2017-2018 the lowest paid part-time male workers experienced substantial declines in their real earnings.

The lowest paid 10% of part-time male workers seen a decline of 10% in their inflation adjusted hourly earnings. Taking these findings together would lead to the conclusion that for an increasing proportion of males the labour market is not providing a solution.

Policy Implications

The fact that the labour market is increasingly creating and structured of more of the worst paying jobs for males' points to a significant policy issue. For these workers, work just might not pay and may be explaining the increase in male economic inactivity. This conclusion is supported by the data showing males to increasingly cite their reason for economic inactivity as owing to their being 'students' or for 'other reasons'. We often hear economic inactivity owing to student status cited as a 'positive' reason for not being in the labour market as workers are developing their skills or adapting their skills to a changing labour market. However, no amount of upskilling or reskilling is going to correct for the fact that the structure of the labour market is shifting toward an increased reliance on part-time work which is of poorer quality. A focus on skills in public policy is undoubtedly necessary, but it is not the be all and end all. If males are increasingly exiting or not entering the labour market because the work available no longer pays, we need to question why work no longer pays. This leads us back to the inevitable need for policy to focus on the quality of employment in Northern Ireland.

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