An Roinn Airgeadais
Department of Finance

Continuity and Change: Examining recent trends in the Irish labour market

NERI Labour Market Conference

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Overview

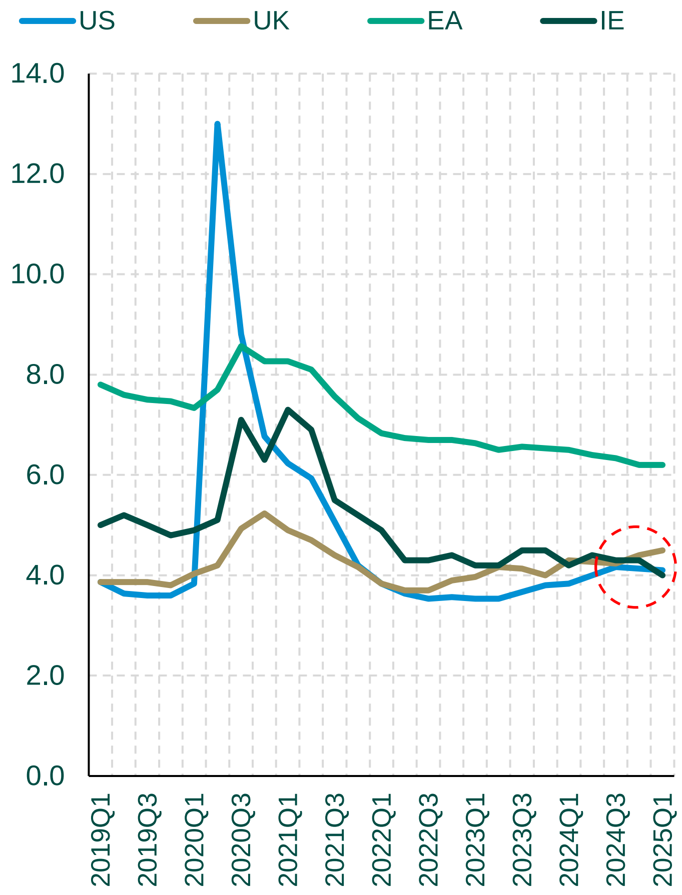
- Pandemic caused severe disruption to the labour market
  - 1.2 million (1/2 the labour force) dependent on State for income or job support in 2020Q2

- Labour market has proved resilient
  - Employment grew by 18 per cent from 2019 to 2024
  - Unemployment at or below 4½ per cent since 2022Q2 – consistent with full employment

- Explore key features of post-pandemic labour market
  1. Increased labour force participation
  2. Increased inward migration flows
  3. Decline in average hours worked
  4. Persistent gap between domestic and MNC sector labour productivity

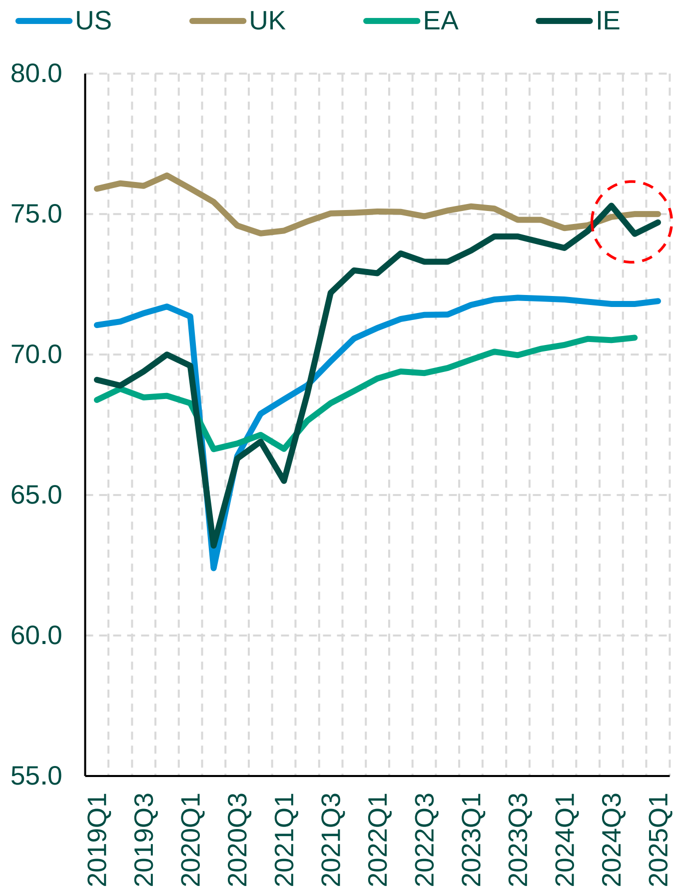
Irish recovery impressive compared to main trading partners

Unemployment rate



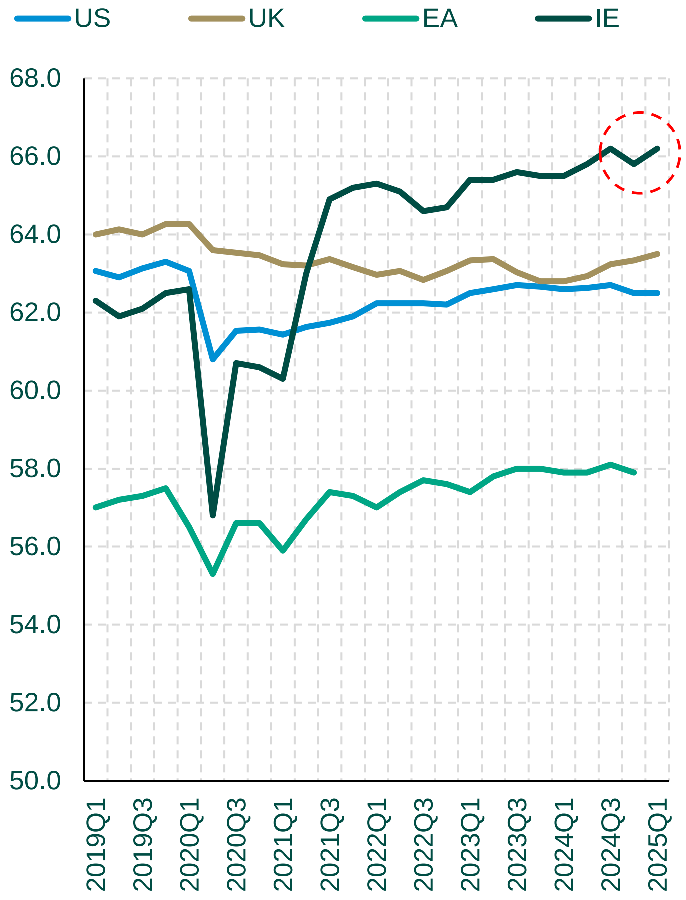
Note - US and UK aged 16+ EA and IE aged 15+

Employment rate



Note – US, UK, EA and IE aged 15-64

Participation rate

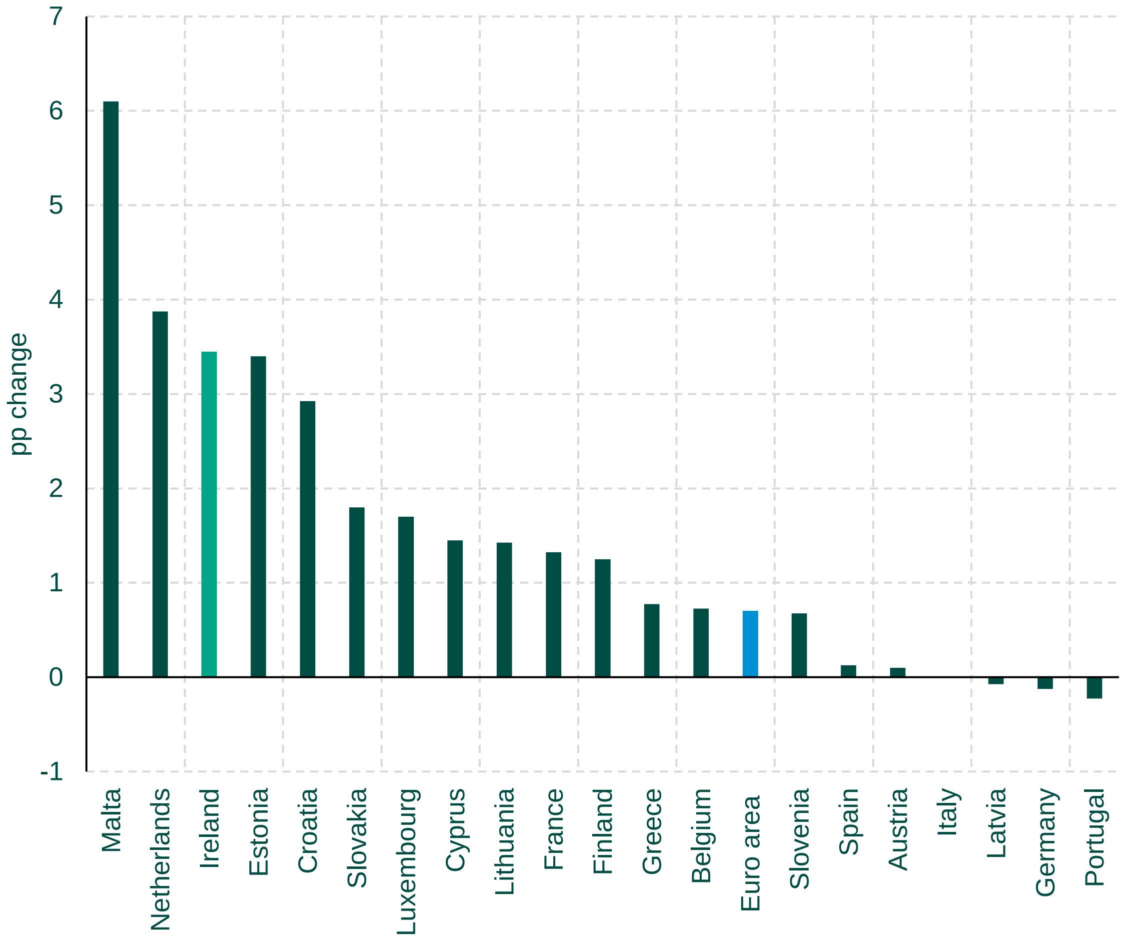


Note - US and UK aged 16+ EA and IE aged 15+

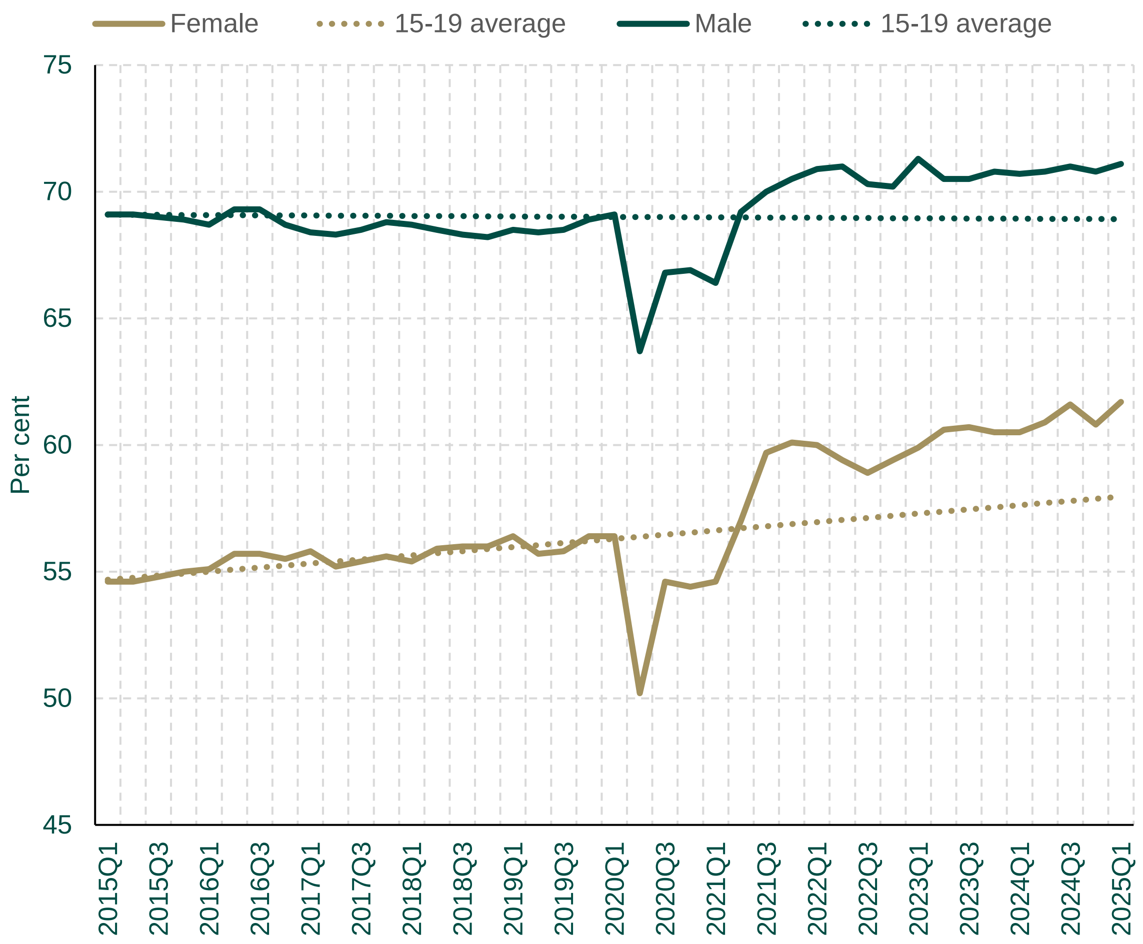
Source: OECD, CSO, Macrobond

1. Increased labour force participation primarily among female workers

Participation rate change, 2024 vs 2019



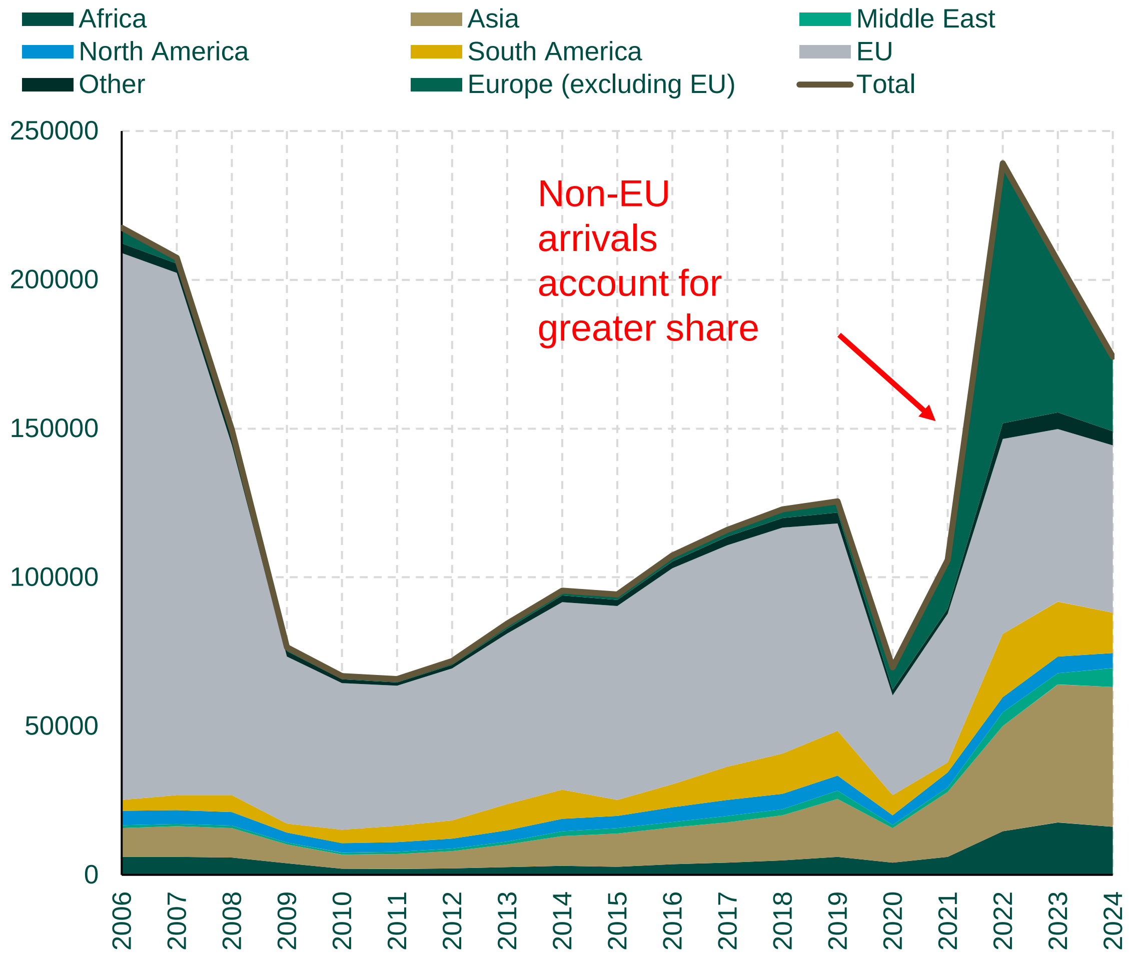
Female participation ahead of pre-pandemic trend



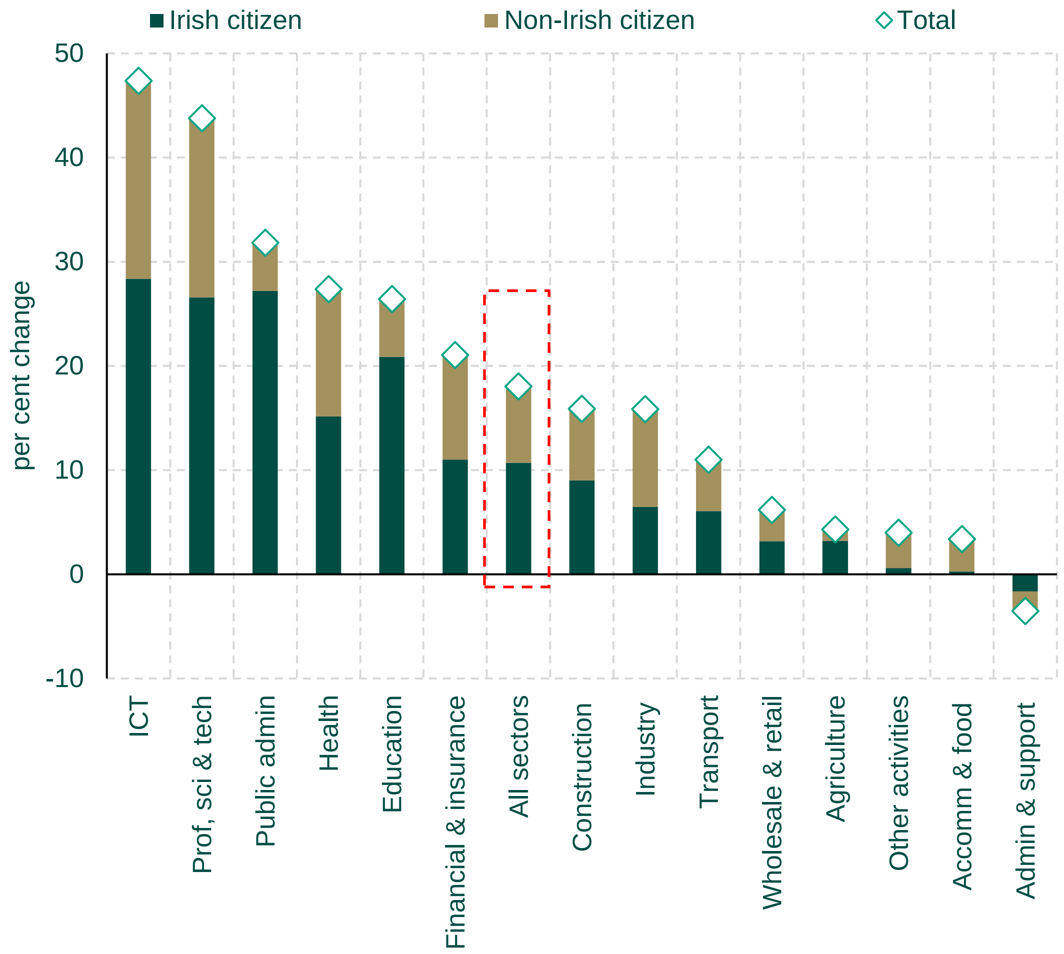
Source: CSO, Eurostat

2. Inward migration supported expansion of labour force

Non-Irish PPSN issuances



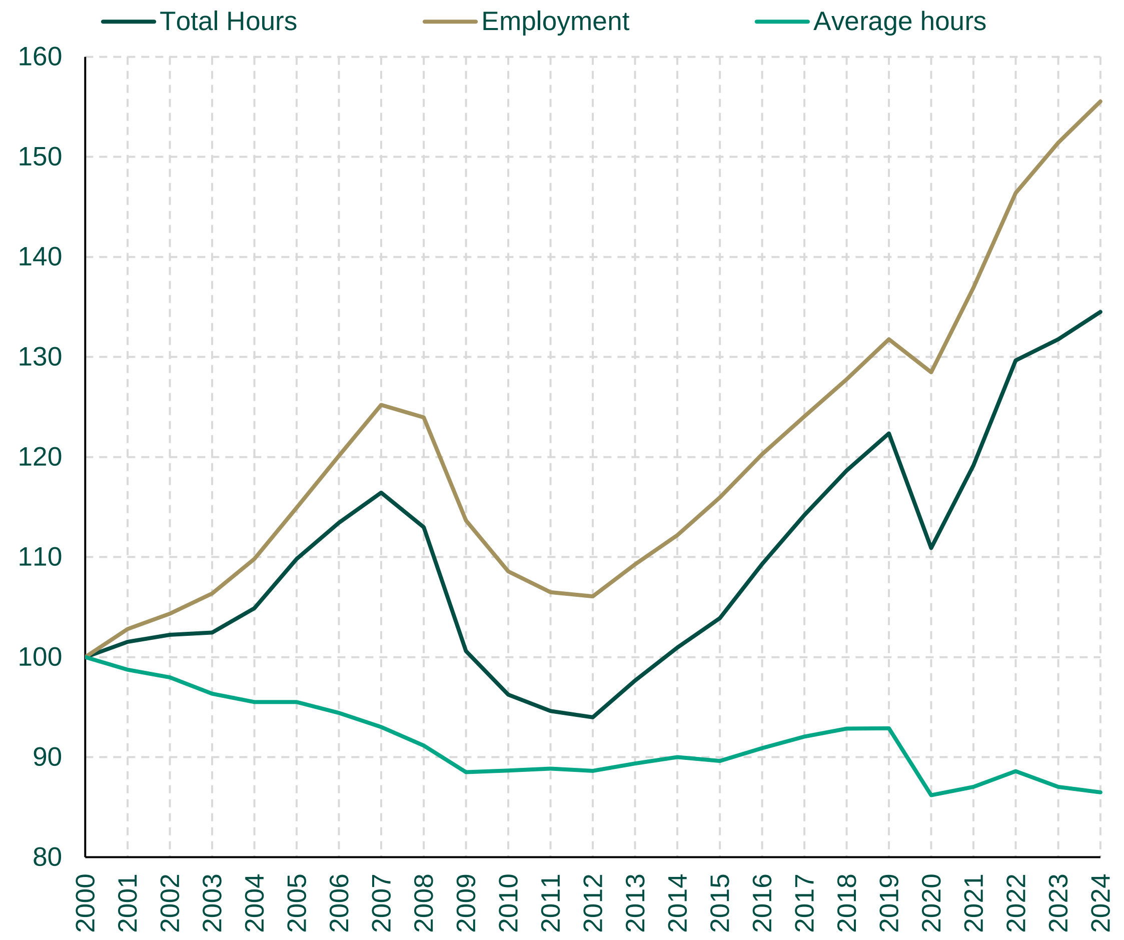
Employment growth, 2024 vs 2019



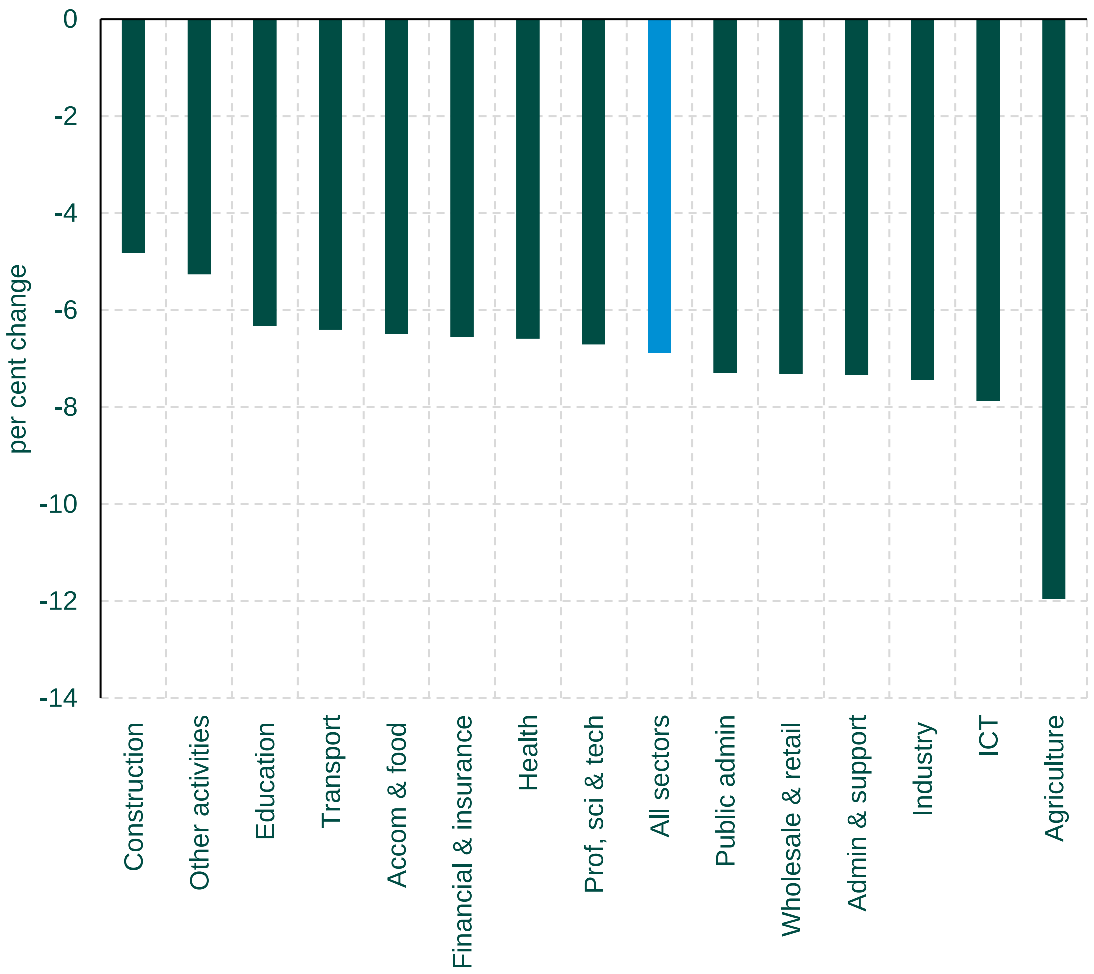
Source: DSP, Eurostat

3. Decline in average hours worked per week since pandemic

Fall in average hours worked, index 2000 = 100



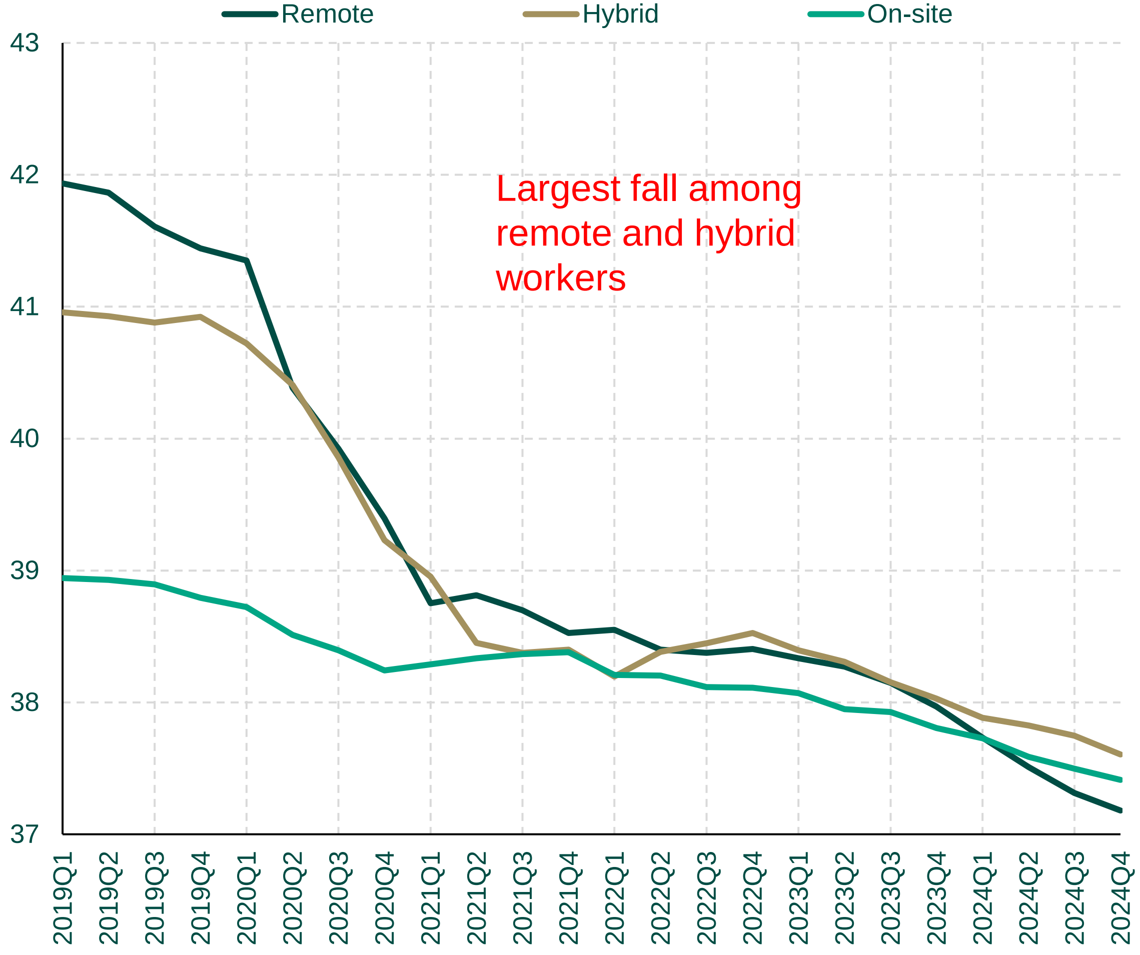
Broad-based decline in average hours worked



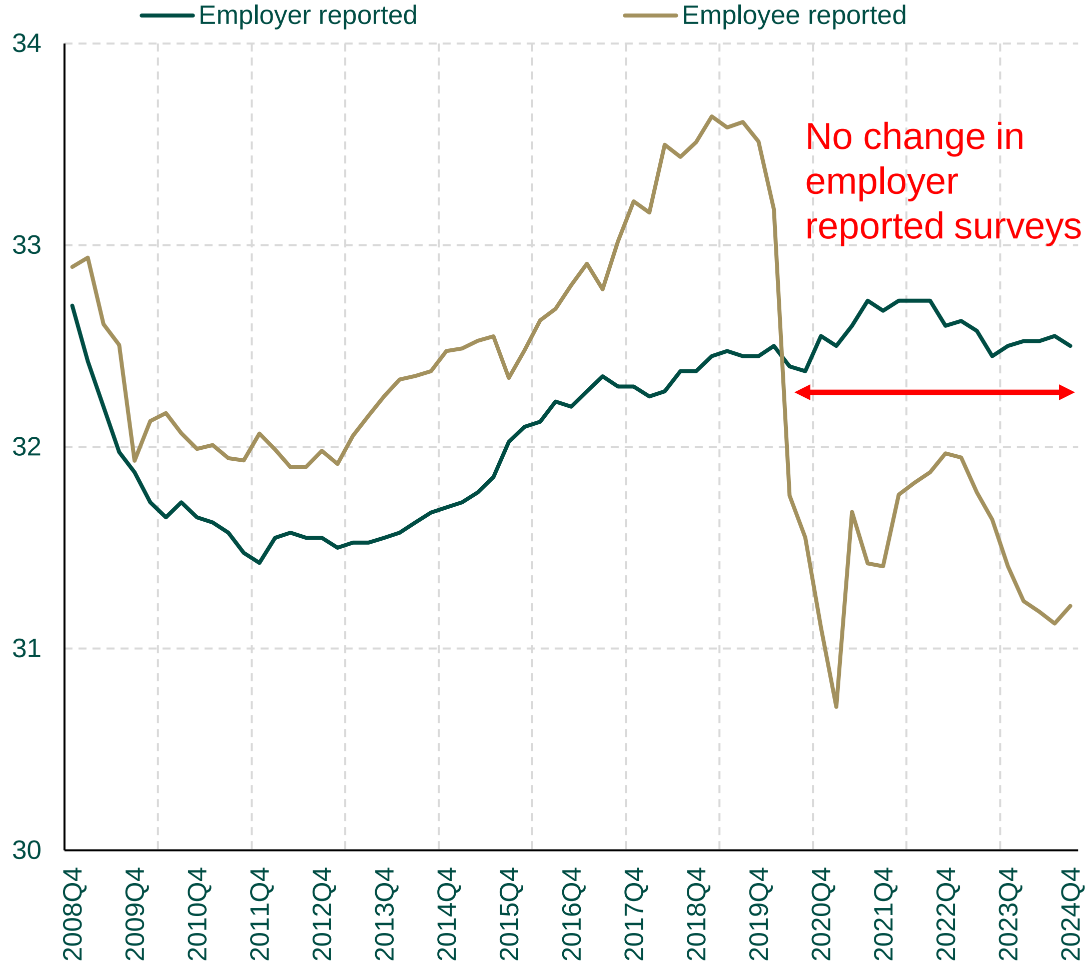
Source: CSO

Increased incidence of remote working may explain part of the decline

Average hours worked per week, 4QMA



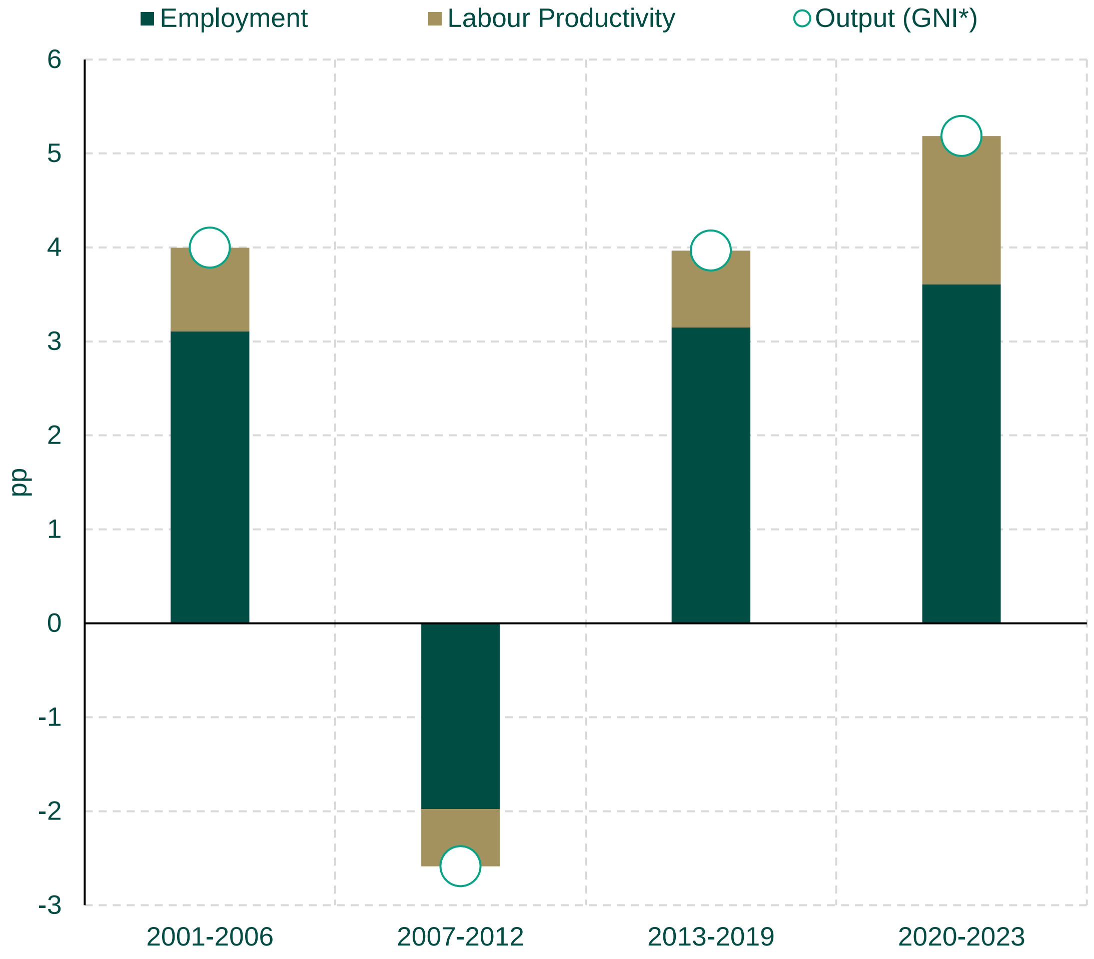
Average hours worked per week



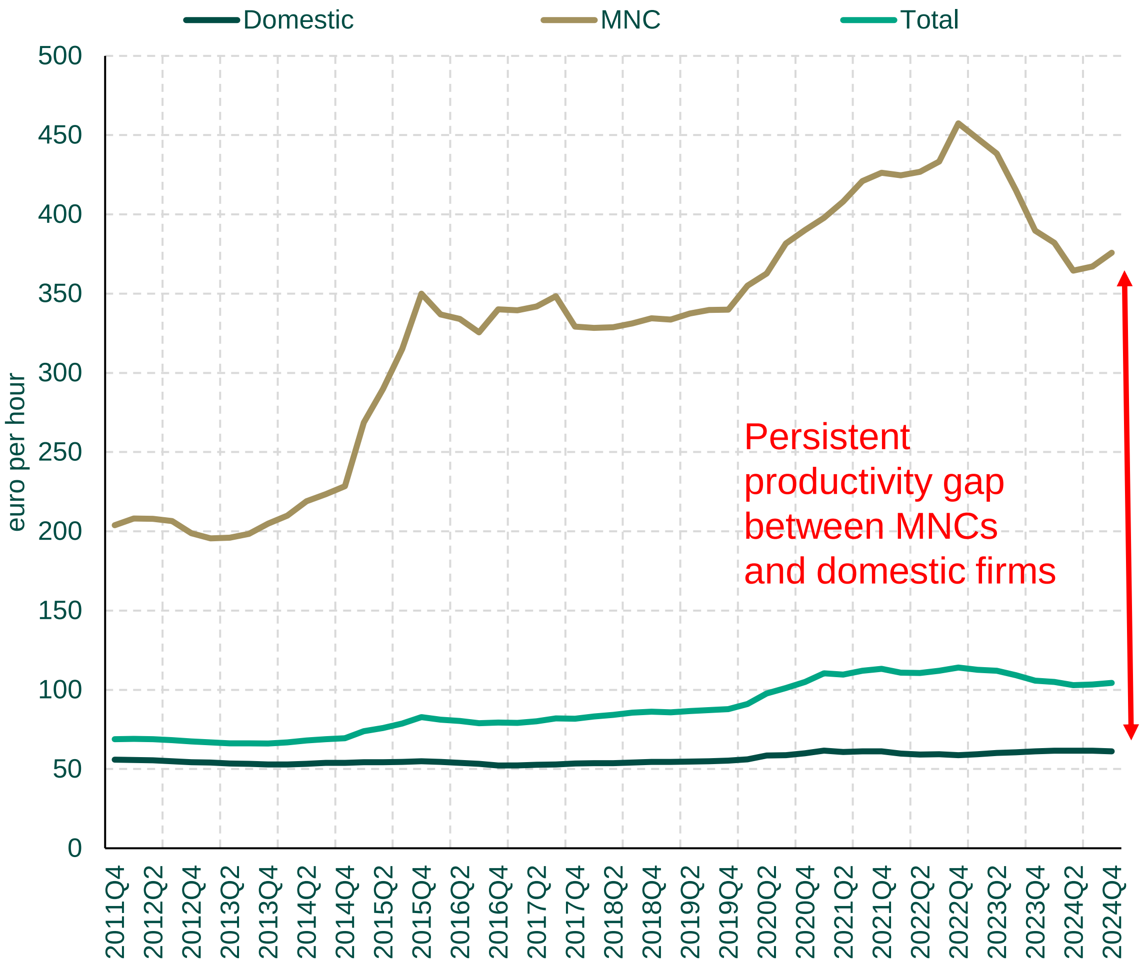
Source: CSO, Department of Finance

4. Job creation rather than productivity driving growth

Contribution to GNI* growth, average annual contribution



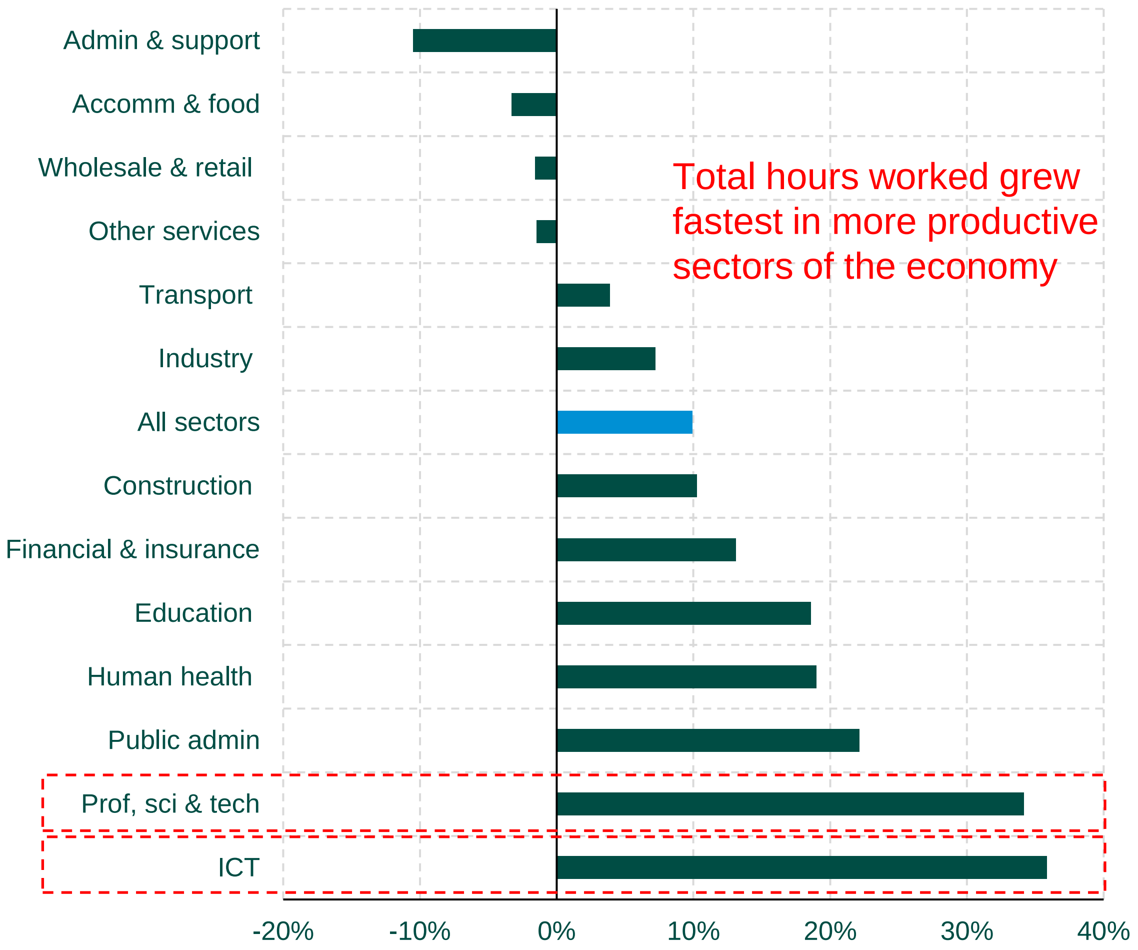
Labour productivity, 4QMA



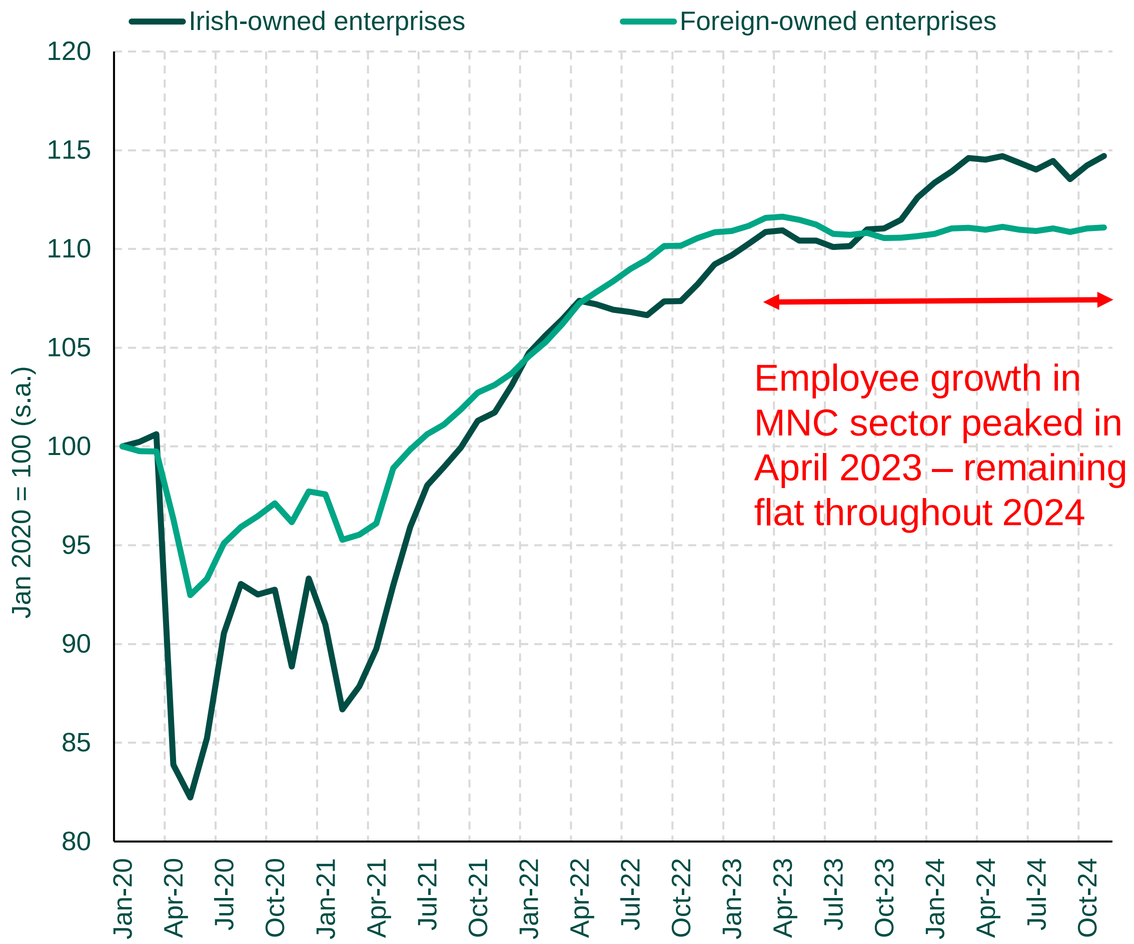
Source: CSO, Department of Finance

Productivity growth driven in part by changing composition of employment

Change in total hours worked, 2019 vs 2024



More recent flatlining of MNC sector employment



Source: CSO

Conclusion

- Job creation rather than productivity has driven post-pandemic recovery
- Driven by additions to labour supply - increased migration and participation
- Labour supply set to moderate with population ageing and slowing migration
- Productivity will become the key determinant of growth and living standards
- Persistent productivity gap exists between MNC and domestic sectors