

Job Creation and Job Quality in Ireland: an Exploration of the Policy Issues

A Paper Prepared for the National Youth Council of Ireland

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Introduction

This paper on job quality has been prepared at the request of the National Youth Council of Ireland at a key moment in Ireland's return to more normal economic management. There are still significant legacy effects from the economic crash but enough has already been achieved by way of recovery to enable solidly established, long-term objectives for Ireland's economy and labour market to shape current policies rather than crisis-management. A new government has the responsibility to build on and, where necessary, correct initiatives and reforms adopted when Ireland was a 'programme country'. With the cushion of the degree of recovery that has been achieved, it is as important now to ensure policies are informed by a clear vision of the future that is wanted as well as by lessons, sometimes bitter, from the past.

The core question the paper addresses is whether, in the drive to replace the large number of jobs lost between 2008 and 2012 and advance to full employment by 2020, the issue of their quality is being sufficiently focussed and protected. A high level of employment can be accompanied by – and even achieved partially at the expense of – weak productivity growth, minimal improvement in living standards, growing inequality in earnings and growth in either in-work poverty or public expenditure on in-work benefits. When national level indicators flash amber or red like this, it is usually because a dual labour market has developed with decent jobs for a majority large enough to ensure political support for current policies but poor quality jobs for a minority that is, at once, significant enough to impact on the national indicators but not large enough to impact on policy-making.

The paper is based on desktop research. It draws on data that is publicly available, the extensive literature on job quality in advanced countries and core Irish policy documents. A first section summarily outlines how the Irish labour market has performed since 2012, paying particular attention to the experience of young people. A second section seeks to bring together the different grounds for concern that job quality in Ireland is far from satisfactory, identifying particular instances and issues where there is salient evidence in support of the concern. It also reviews evidence on Ireland's overall performance with regard to job quality in an international comparative context. A third section discusses policy responses that seek to address directly instances of poor working conditions or clear threats with a potential to undermine the quality of employment. The paper terms these policies from 'the top down'. A fourth section examines the extent to which a commitment to ensure the quality of employment is present in the state's national and regional economic development strategies (4.1), sufficiently addressed and likely to be supported in the national and regional skills strategies (4.2), and being aided or thwarted by the state's unemployment and activation policies (4.3). These policies are termed from 'the bottom up'. A fifth section concludes.

1. Recent labour market performance

A brief golden period

For a period that was all too brief, the Irish labour market performed as never before. More than 2 million people were in employment during the 3 year period, 2006-2008, the unemployment rate dropped below 5 per cent and the employment rate reached nearly 70%.¹

The achievements proved short lived. The construction and banking crises exposed the unsustainability of a large number of the jobs that had been created. From peak (2008) to trough (2012), total employment fell by 15% with the bulk of the job loss occurring in construction, indigenous industry and the retail sector. Even though 4% of the working age population withdrew from the labour force, the unemployment rate rose to over 15%. The combined result was that the employment rate plunged by 10 percentage points to below 60% and remained there from 2010 to 2012.

The recovery in employment

Recovery began in 2012. By 2015, net employment growth in three years had compensated for just over 40% of the net employment lost in the five years to 2012. The recovery has been spread across a wide range of sectors (Table 1).

Table 1: Employment Changes by Sector, Recession and Recovery

Sector	Employment Change	
	Recession (2008-12)	Recovery (2013-15)
	'000s	'000s
Agriculture, forestry & fishing	-27.9	17.1
Industry	-51.8	11.4
Construction	-155.3	23.8
Wholesale & retail trade, motor repairs	-46.4	3.7
Transportation & storage	-5.3	3.8
Accommodation & food services	-15.0	24.0
Information & communication	10.4	1.5
Financial, insurance & real estate	-3.1	-4.7
Professional, scientific & technical	-9.6	16.9
Administrative & support services	-20.9	3.4
Public administration & defence	-8.1	3.6
Education	5.6	8.2
Human health & social work	21.3	7.8
All above, net	-306.1	120.5

Source: QNHS (via CSO online)

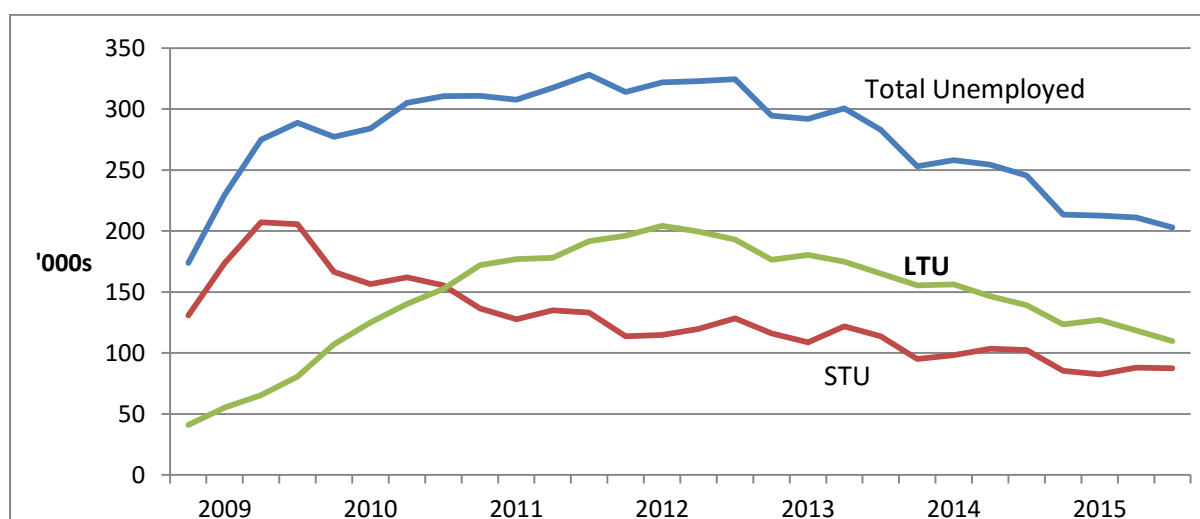
¹ 15-64 year olds. A high employment rate reflects both a high participation rate and a low unemployment rate.

Employment has continued to fall in only one sector (Financial Services). It has stabilised in the large retail sector and continued to grow in sectors that had recorded no fall during the recession (ICT where exports proved resilient and in the Health and Education sectors where demand was fuelled by the recession itself). In every other sector, a pronounced and sometimes dramatic reversal of previous losses by gains has occurred (particularly strongly in Accommodation & Food and in Professional Services).

The fall in unemployment

The recovery in employment enabled a sharp reduction to take place in unemployment. The unemployment rate was below 9% by the end of 2015, a six percentage point drop in four years. It had taken ten years, from 1988 to 1997, for a similar drop in percentage points to occur after the fiscal crisis of the 1980s.² The long-term unemployment (LTU) rate peaked at 9.5% in 2012 and was 5% at the end of 2015. In absolute numbers, there were 110,000 people LTU and 87,000 short-term unemployed (STU) towards the end of 2015 (QNHS Q3), numbers that had each peaked at over 200,000 during the recession (the STU peaking two and a half years before the LTU) (Chart 1).

Chart 1: Numbers Unemployed and Duration, by Quarter, 2008 (Q4) -2015 (Q3).



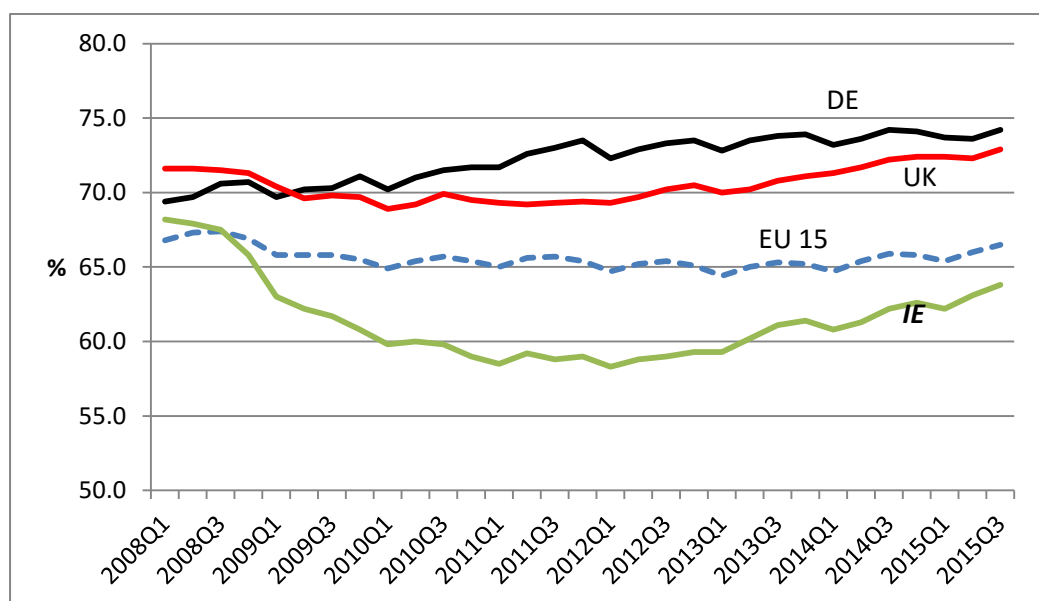
Source: QNHS

The employment rate

The recovery in employment and fall in unemployment have enabled the employment rate to stem its steep fall and begin to recover. The employment rate can be regarded as the best single indicator of labour market performance, as it can only be high if unemployment and non-participation are each at low levels. From being above the EU 15 average and within sight of the better performing Member States (e.g., Germany and the UK) in 2007, Ireland's employment rate plunged beneath them between 2010 and 2012 but has since recovered to 64% at the end of 2015 (Chart 2).

² Tansey, P. (1998), *Ireland at Work. Economic Growth and the Labour Market, 1987-1997*. Oak Tree Press.

Chart 2: Employment Rate, Ireland and Selected EU Comparisons, 2008-2015



Source: Eurostat (15-64 year olds: lfsq_ergan)

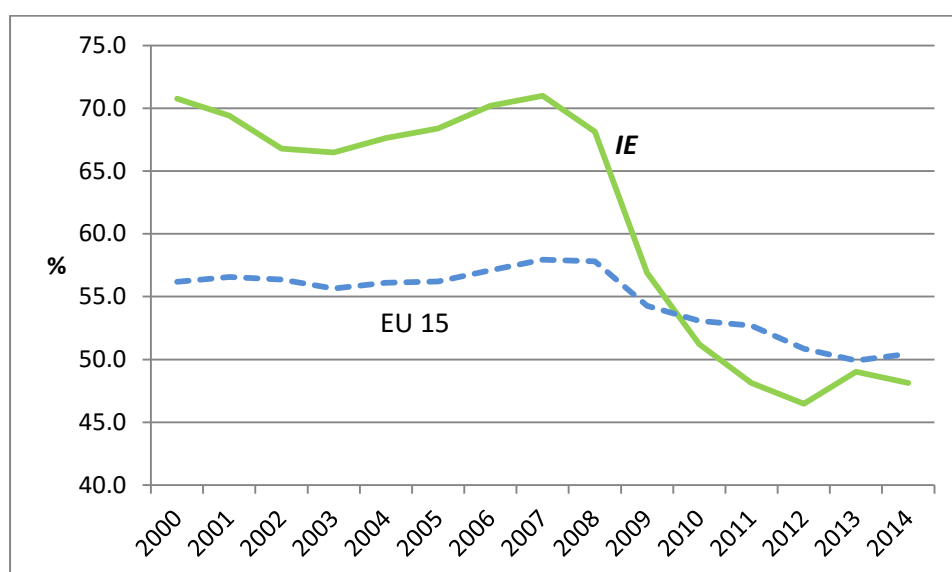
The particular experience of youth

As a group, young people have had very distinct experiences of the recession and the recovery to date. They withdrew from the workforce in larger numbers than other age groups, with many returning to education or training to upskill for better jobs later or simply to ‘sit out’ the recession; the participation rate of 20-24 year olds, for example, fell from 75% to 62% between 2008 and 2015, while it was stable for the prime age groups. Despite the large numbers quitting the workforce, the unemployment rate still rose sharply among those remaining and the youth unemployment rate was still 2.5 times the national average at the end of 2015.

The combined result was that the employment rate of young people collapsed further and faster than those of other age groups and has been the last to show signs of improvement– it fell by a massive 24 percentage points from 68% to 44% (20-24 year olds) between 2008 and 2013 before recovering to 50% by the end of 2015. By contrast, the employment rate of prime age workers (25-54) fell by 8 percentage points during the recession and has since recovered half the ground lost.

This exceptionally heavy incidence of the recession in Ireland on young people emerges particularly clearly in the EU context. During the boom years, 20-24 year olds in Ireland were highly employed by comparison with their EU peers – they had, for example, an employment rate in 2007 of 71%, which was 13 percentage points above the EU15 average (Chart 3). The recession saw this plummet to 46% and to below the EU 15 average that itself dropped from 58% to 50%. While the recession dealt harshly with the employment prospects of young people across the EU, it was particularly severe on them in Ireland.

Chart 3: Employment rates¹ of 20-24 year olds: Ireland and EU 15, 2000-2014.



Source: OECD online database, 20-24 year olds; termed the 'employment/population ratio'

The elusive combination of high employment and labour productivity

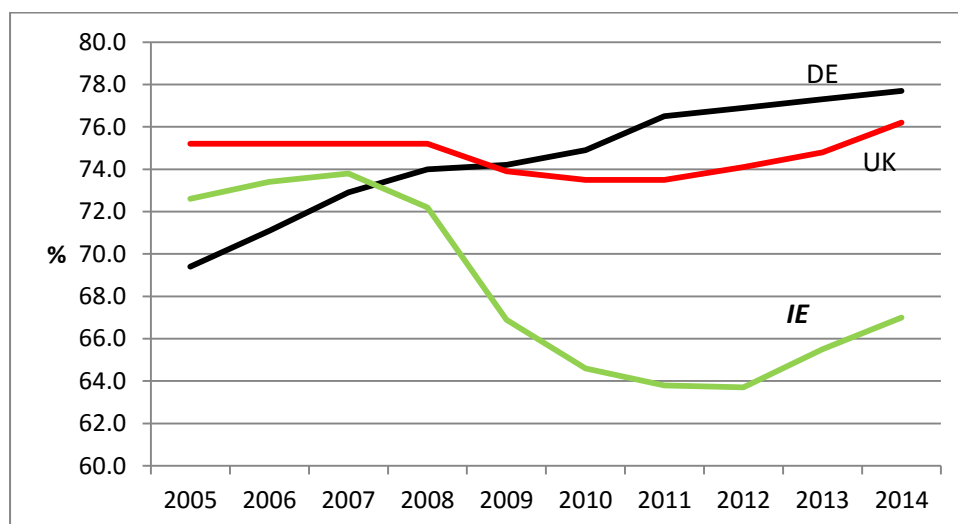
As this paper will emphasise, a strong performance in growing employment will be at the expense of job quality unless the jobs created are productive. In other words, *ensuring labour productivity also improves as the employment rate climbs* is the condition of possibility of being able to protect job quality as employment expands (it is also the condition of possibility for restraining inequality in earnings, achieving social inclusion and being able to fund good public services). Charts 4 and 5 present the experiences of Ireland, Germany and the UK in this regard during the recession; the three cases illustrate the principal types of trade-off that can occur, and have, between employment growth and productivity.

Germany and the UK each succeeded in maintaining high employment rates during the recession and, by 2014, were already above the 75% target the EU has adopted for 2020 (Chart 4). By contrast, Ireland's employment rate collapsed by ten percentage points and only began to recover from 2013 onwards. At 67% in 2014, it still needs to improve by 8 percentage points if it is to reach the EU target in 2020.

A curious feature of the fall in Ireland's employment rate, however, is that the country simultaneously recorded an impressive growth in labour productivity (Chart 5) - the growth of over 17 percentage points was one of the strongest recorded in the OECD. It was, of course, largely the statistical effect of the fact that higher productivity jobs survived the recession better than lower productivity ones. This makes the contrasting productivity experiences of the UK and Germany the more interesting comparison in Chart 5. Neither country had the large shake-out of jobs that occurred in Ireland. In the UK, however, its path to an employment rate of 76% in 2014 entailed zero productivity growth (with reference to 2007) whereas, in Germany, productivity grew by more than 5 percentage points as its employment rate rose 78%. Behind this contrast in performances are major contextual factors such as the skill levels of their populations and the consistency and success

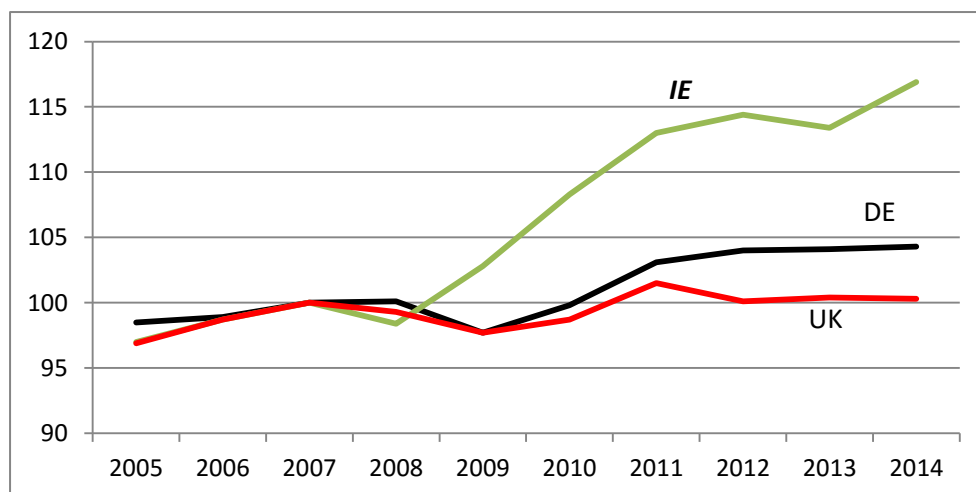
with which skills policies have been pursued over the decades. The UK, for example, has a much 'longer tail' of adults with low skills than Germany - 26% of British adults have less than a completed upper secondary education as against 14% in Germany.³ In Ireland, the proportion of low skilled adults is 27%, suggesting that the commitment to skills policies and their effectiveness will determine here also the extent to which there is a trade-off between higher employment and productivity over the coming years.

Chart 4: Employment Rates - Ireland, Germany and UK, 2005-2014.



Source: Eurostat online [lfsi_emp_a] 20-64 year olds .

Chart 5: Labour Productivity¹ - Ireland, Germany and UK, 2005-2014 (2007= 100)



Source: ONS (2016), *International comparisons of productivity - final estimates, 2014*.

1. Constant price GDP per hour worked. 2007=100.

Legend: IE (green line); DE (black line); UK (red line)

³ Porter and Simmons, 2015, *Higher, Further, Faster, More: Improving Higher Level Technical and Professional Education*, Policy Exchange, UK.

2. Job Creation and Job Quality: what is the problem?

This Section reviews the evidence as to whether Ireland has a particular problem with the quality of the jobs its economy is creating. The underlying concern is that a long established emphasis on the quantity of jobs, understandably reinforced during the recession, may have made policy overly 'soft' on what is happening to their quality. A first sub-section reviews specific issues or 'hurting points' in the Irish labour market and where there is evidence that some workers at least have jobs that are of poor quality. A second sub-section presents a key example of what is involved in seeking to conceptualise 'job quality' for policy purposes and reviews its findings for Ireland.

2.1 Grounds for concern

Earnings

- The proportion of employees who are low paid in Ireland is high by EU standards – it was 21% in 2010 when the Euro Area average was just under 15%.⁴ The high incidence of low pay in Ireland affects workers who are tertiary educated too - the proportion of them who are low-waged in Ireland is more than four times the Euro Area average (13% as against 3%).⁵

Table 2: Low-wage earners in 2010 – Euro Area and Selected Countries

	All employees	Tertiary educated employees
	%	%
<i>Euro Area (17)</i>	14.7	3.2
Belgium	6.4	0.2
Denmark	7.7	2.9
Germany	22.2	2.1
<i>Ireland</i>	20.7	12.9
Greece	12.8	4.3
Spain	14.7	5.0
France	6.1	2.8
Italy	12.4	2.6
Netherlands	18.1	3.8
Austria	15.0	3.2
Portugal	16.1	1.0
Finland	5.9	1.7
Sweden	2.5	2.1
United Kingdom	22.1	11.4

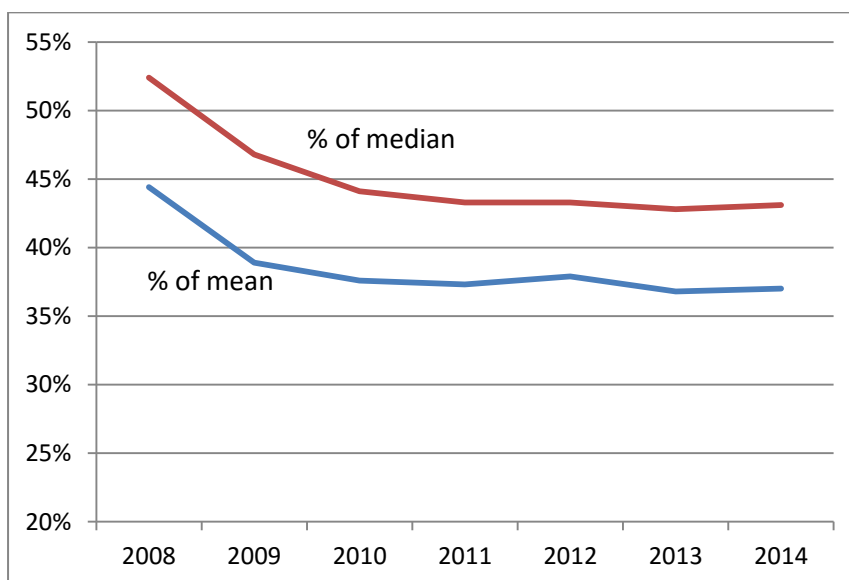
Source: Eurostat

⁴ Low-pay defined as earning two-thirds or less of the national hourly median. Earnings adjusted for purchasing power. See Eurostat *Statistics in Focus*, 48/2012 and 3/2010.

⁵ In a similar vein, the OECD finds that the distribution of earnings among the tertiary educated in Ireland is highly unequal with the numbers earning at the two extremes - more than twice median income and half or less median income – both being relatively high in Ireland (*OECD Education At a Glance 2014* on differences in relative earnings of 25-64 year old workers by educational attainment, 2012).

- Earnings at the level of the NMW fell from 52% of the median earnings of full-time workers in 2008 to 43% by 2014, and as a proportion of average earnings from 44% to 37% (Chart 6). Of the 22 EU countries that have a statutory national minimum wage, this was the 13th lowest (expressed as a percentage of each country's average gross monthly earnings). At the end of 2014, 4.4% of all employees in Ireland were at or below this level (some 70,400 workers). While earnings at the NMW deteriorated relative to general earnings within Ireland, they remain attractive if the alternative is to earn the statutory minimum in many other EU Member States. In 2015, adjusted for PPS, Ireland's national wage was still the 6th highest of the 22 EU countries that had a statutory national minimum wage.⁶ How workers in Ireland in receipt of the NMW experience their jobs have much to do with their nationality.

Chart 6: National Minimum Wage as Per Cent of Mean and Median Earnings of Full-Time Workers, Ireland 2008-2014



Source: OECD online

- In the wake of the crisis, earnings equality deteriorated. Labour market earnings decreased in aggregate by 14% in real terms (2007-2012) but the fall was greatest in the lowest income groups.⁷ It is not clear yet whether and to what extent the pattern of job creation in the recovery will reverse this deterioration and improve earnings equality. More than one-third of the net employment growth during the recovery to date has occurred in two sectors, the largely export-focussed Professional, Scientific and Technical sector and the largely domestic Food & Accommodation sector (Table 1 above). Earnings per hour grew by 13% in the former since 2011 to reach €30.15 in 2015, whereas in the latter they marginally declined (by 0.7%)

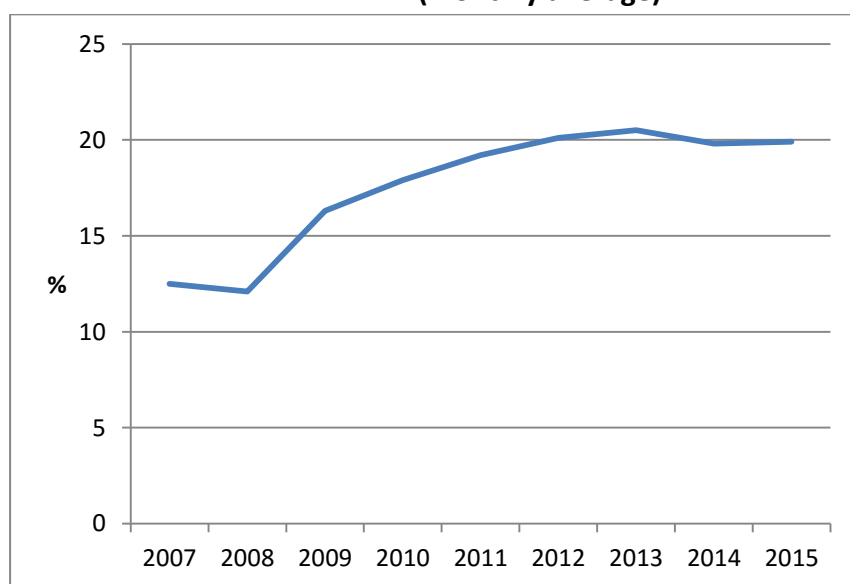
⁶ Eurostat News Release, 35/2015-26 February 2015

⁷ Kennedy, S. *et al.* (2015), "Taxes, income and economic mobility in Ireland: New evidence from tax records data", *OECD Economics Department Working Papers*, No. 1269.

to €12.28.⁸ If jobs continue to grow fastest at the higher and lower ends of the earnings ladder respectively, an already large gap between high-skilled, well paid jobs in exporting sectors and low-skilled, low paid jobs in domestic service activities may widen further. If, however, the balance in job creation that occurred during the strong growth of 1997-2002 (the ‘Celtic Tiger’ period) can be replicated, the distribution of earnings –as happened then⁹ – may remain relatively stable (albeit, a ‘stable inequality’).

- Two significant groups in work have earnings so insufficient to support themselves and their households that they receive social welfare support along with their earnings. Over 50,000 workers receive Family Income Supplement on behalf of 111,600 children in 2014 (at a cost of €298m).¹⁰ Another 65,000 receive a partial Jobseeker’s Allowance payment because their hours of work are low (and fall only on 3 days) and they are available for and seeking work on other working days (Chart 7). The rationale for such support is that people are accessing at least *some* paid work who, otherwise, would be wholly unemployed and in receipt of larger social welfare payments. The concern, however, is that the State is using the social welfare system to subsidise employers who are providing low hours and paying low wages.

Chart 7: Casual and Part-Time Workers on the Live Register as % of Total LR, 2007-2015
(monthly average)



Source: CSO online database

⁸ The first report of the Low Pay Commission, July 2015

⁹ Kennedy *et al.* (2015), op. cit.

¹⁰ To avail of FIS, a person must have at least one child and be employed for at least 19 hours work a week (or 38 hours a fortnight) in a job expected to last at least 3 months.

Hours

- The incidence of involuntary part-time working (workers who are part-time because they cannot get a full-time job) now accounts for 9.3% of all employees and 38% of all part-time workers. It had fallen to as low as 2% of all employees in 2007.¹¹
- There has been a major move away from the standard working week towards working evenings, night shifts, Saturdays and Sundays. For a larger number of employees, regular working patterns are now spread over seven days and evenings (e.g. the proportion regularly working evenings increased from 9% in 2001 to almost 14% in 2014, of those doing Saturday work from 19% to 28% and Sunday work from 10% to over 17%). In most of these instances, no over-time payments attach to working non-standard hours. The trends began before 2007 but appear to have been accelerated by the high levels of unemployment and increase in part-time work after 2007 (op. cit.).
- Just over 5% of employees in Ireland now have constantly variable working hours. The largest numbers work in the Retail & Wholesale, Food & Accommodation, and Health & Social Work sectors. The hours in question are disproportionately likely to be non-standard hours (compared to workers with regular hours) and to be few, even extremely low. There is no agreed definition of what constitutes low working hours in Ireland but 2% of all employees regularly work only 1-8 hours per week, a further 6% work 9-18 hours, while 24% work 19-35 hours per week (op. cit.).
- Employment contracts containing 'If and When' hours have become prevalent (op. cit.). These are hours of work that both an employer and worker are free to, respectively, offer and supply only when it suits them. A worker with an exclusively If and When Contract, therefore, does not have any guaranteed hours or income from work; they are only paid for the hours offered which they then accept. The contracts are particularly used in the Food & Accommodation and Retail sectors and in certain occupations in education and health.¹² 'If and When' hours can allow some high skilled workers to function as quasi-self-employed (e.g., ICT at-home workers) but for lower skilled workers in particular they can constitute an extreme casualization of their work. ('If and When' hours are chosen for discussion in 3.2 below)

Access to employment

- Large numbers of tertiary educated people in Ireland are in jobs that do not require their level of qualification. For example, 29% of those working in Service and Sales Occupations and 15% in Elementary Occupations were tertiary educated, when the corresponding figures for the EU 15 were 15% and 6% (Table 3).¹³ These proportions were already high in 2007 but

¹¹ Kemmy Business School, University of Limerick (2015), *A Study on the Prevalence of Zero Hours Contracts among Irish Employers and their Impact on Employees*.

¹² Community care work, so called 'bank' nursing, general practice nursing, university/institute of technology lecturing, adult education tutoring, school substitution, caretaking, and secretarial and cleaning work.

¹³ Eurostat online (Ifsa_egised). Similar information is available in the annual National Skills Bulletin. For example, 31% cent of waiters and waitresses had a third level qualification in 2014 and 23% of sales assistants (the 2015 edition).

rose much higher during the recession. For some graduates, ‘bundling in’ to non-graduate jobs is a temporary expedient before they resume career paths appropriate to their degrees but others do not recover and have significantly lower *lifetime* earnings as a result.¹⁴ More sophisticated measures of the extent to which workers are over-skilled for their jobs show relatively large numbers in Ireland are in jobs not commensurate with their skill levels and qualifications.¹⁵

Table 3: Percentage of Employment by Occupation held by Graduates: 2007 and 2013

	2007 %	2013 %
ALL OCCUPATIONS		
EU 15	27	33
Ireland	34	46
Germany	25	29
United Kingdom	33	41
Elementary occupations		
EU 15	5	6
Ireland	9	15
Germany	4	5
United Kingdom	7	10
Service and Sales workers		
EU 15	11	15
Ireland	21	29
Germany	9	10
United Kingdom	15	24

Source: Eurostat online (lfsa_egised)

- While having a third level degree is less of a guarantee of a quality job than many think, young people in jobs without one are hugely likely to be in jobs that are low earning and which offer only very limited prospects of advancement (Table 4).
- The terms and conditions of employment in some areas of the public sector are contributing to high levels of turnover and attrition, poor health, absenteeism, vacancies that are hard to fill and an expensive reliance on agency workers. The impacts of the Employment Control Framework, the Financial Emergency Measures in the Public Interest Act, reduced budgets and rigidities in grading and remuneration have been uneven across occupations such as

¹⁴ See Cedefop Briefing Note, March 2014.

¹⁵ Quintini, G. (2014), *Skills at Work: How Skills and their Use Matter in the Labour Market*. OECD Social, Employment and Migration Working Papers, No. 158

nursing, junior hospital doctors, social work, general practice, the Garda Siochana and teaching.¹⁶

Table 4: Jobs Held by Young People without a Third Level Degree¹, 2012

Detailed Occupation	2012
	%
Sales & Retail assistants, cashiers & checkout operators	29.8
Waiters & waitresses	11.8
Childminders & related occupations	5.7
Bar staff	4.6
Cleaners & domestics	3.7
Kitchen & catering assistants	3.3
Hairdressers, barbers, beauticians, etc.	3.2
Shelf-fillers	2.4
<i>Sub-total</i>	<i>64.5</i>

Source: QNHS

1. Individuals aged 15-24, qualified in 2011/12 with less than third-level and began job with current employer in 2011 or 2012.

- A growing number of workers are self-employed not through choice but out of desperation to escape unemployment ('reluctant entrepreneurs'). In some cases, employees were put under pressure to reclassify as self-employed in order to be sure of continuing to work for the same employer.¹⁷ In doing so, workers' entitlement to unemployment benefit is lost while employers save significantly on employers' PRSI and occupational pension contributions.
- A significant group in the workforce make frequent transitions between periods of unemployment and periods of low waged employment and appear to be trapped in a 'low pay, no pay' cycle.¹⁸ Some live in localities or regions where concentrations of households with low incomes generate a demand for cheap products and services whose provision, in turn, provides primarily low skilled and low paid work that serves to perpetuate the initial problem of low household incomes ('low skilled equilibria' in OECD parlance).¹⁹
- In response to their poor employment prospects during the recession, large numbers of jobseekers returned to education and training or participated on already established or newly introduced activation programmes. Relatively few of these programmes have been shown by robust evaluation to significantly enhance the prospects of gaining quality employment, while

¹⁶ To take just one example, general practitioners(family doctors): more than one-half display symptoms of burnout, two thirds would not recommend general practice to their children, 31% of those currently working intend to retire or quit in the next 5 years and only 25% of those in training intend to stay in Ireland.

¹⁷ *False Economy The Growth of 'Bogus Self-Employment' in the Construction Industry* (ICTU, 2015).

¹⁸ See the analyses of labour market transitions that are a feature of the annual National Skills Bulletin since 2014, e.g. 'Labour Market Transitions', Section 5, *National Skills Bulletin 2014*

¹⁹ OECD (2014), *Employment and Skills Strategies in Ireland*.

the evidence on some leans the other way suggesting that any jobs entered are more likely to be low paying. Generally, the evidence suggests that the majority of participants on ALMPs in Ireland are likely to enter low quality rather than high quality employment if any at all.

- Under the new Job Path programme, some 60,000 people on the LR who are LTU or at risk of becoming so will be referred to private employment service providers during 2016. The number will rise to closer to 100,000 a year over the following three years, 2017-2019. The main incentive the contractors face is to place those referred to them in immediate employment. It is neither intended that many Job Path participants will extensively upskill before entering employment nor directly rewarded. The potential of a significant increase in competition for the least skilled vacancies in the economy to impact negatively on the quality of those jobs, particularly at the local level, has received no serious scrutiny. The large increase in in-work benefits, weak labour market productivity and minimal revenue buoyancy associated with the otherwise impressive recovery in employment (and the employment rate) in the UK (its Work Programme influenced JobPath, are further grounds for concern). (Job Path is chosen for discussion in 4.3 below)

Each of the concerns outlined above points to a situation in which a group of people are being, or are in danger of being, negatively impacted by the poor quality of their jobs. It is apparent that the surge in unemployment after 2008 accentuated several of the concerns highlighted - for example, the extent of involuntary part-time working, the share of low waged employment held by graduates and the proportion on the LR who are casual or part-time workers, each of which rose sharply after 2008. Where this has been the case, it is reasonable to expect the reversal, albeit with a lag, of the deterioration in job quality as the labour market improves.

2.2 The overall picture

It is still not possible to conclude, even from the large number of concerns identified above, that Ireland has a particular problem with the quality of the jobs its economy is creating.

The OECD's Job Quality Framework

A good example of what is involved in trying to monitor job quality as such in order to identify areas or aspects suitable for policy intervention is the OECD's Job Quality Framework.²⁰ Other international organisations and bodies also study and monitor job quality (listed and examined in the OECD research). For example, the ILO promotes what it describes as Decent Work and has adopted a range of indicators to guide governments and the social partners in achieving it. However, the OECD framework is the more rigorous and, arguably, offers the most independent and reliable basis at the current time for assessing whether, in an international comparative perspective, Ireland's economy poses a particular challenge in the quality of the employment it is generating.

²⁰ *OECD Employment Outlook 2014*; Cazes, S., et al. (2015), "Measuring and Assessing Job Quality: The OECD Job Quality Framework", *OECD Social, Employment and Migration Working Papers*, No. 174. The framework is described as still under development.

The OECD framework set itself the goal of advancing in three ways on previous approaches to comparing job quality across countries.

- It focusses on outcomes that workers experience. This is not because what a country has in place by way of employment legislation and regulation, and then does to ensure compliance, are unimportant. It is because such measures and activities still do not guarantee outcomes, and outcomes are what ultimately matter to workers and policy makers.
- It is as interested in how outcomes are distributed across the members of a country's employed workforce as in country averages. This means as much use as possible is made of micro-data.
- It privileges outcomes that are objective, i.e, those that can be observed by a third party and are not wholly reliant on individuals' own self-assessment. This is an attempt to minimise the influence of cultural differences in how people in different countries might respond to the same question.

The most fundamental step the OECD framework takes, however, is to conceptualise job quality. It specifies three dimensions to job quality as of key importance to workers themselves and relevant to public policy. It then selects specific indicators as the best currently available for monitoring them.

- **Earnings quality:** the extent to which jobs enable workers and their families to have an acceptable standard of living. The metrics adopted are data on the average level of earnings and on their distribution; these are combined to form a synthetic index of earnings quality.
- **Labour market security:** the extent to which members of the workforce are likely to be in employment and, when they are not, how well social protection compensates them for the earnings they lose through being unemployed. A second synthetic index is formed that combines the risk of becoming unemployed, the expected duration of unemployment when it occurs, and the coverage and generosity of unemployment payments while unemployed.
- **Quality of the working environment:** this seeks to capture the hugely important non-economic aspects of job quality. To do this, the OECD framework uses 19 non-monetary indicators taken from seven separate international surveys in which workers are asked about aspects of their current job.²¹ They include what respondents say about the nature and content of the work tasks they perform, their working-time arrangements and workplace relationships. The framework, here, is at its most ambitious. It uses the data supplied by the 19 indicators to identify workers whose jobs make high demands of them but without providing them with the necessary resources to handle the demands. It then computes a third synthetic index, 'job strain', to capture the severity of the imbalance

²¹ European Working Conditions Survey (EWCS); European Social Survey; International Social Survey Programme (ISSP); European Quality of Life Survey; Eurobarometer; EU Labour Force Survey Ad-Hoc Modules; Gallup World Poll. Many of the variables used do not meet the desire to feature only objective outcomes and are based purely on respondents' own assessments. However, the framework is notable for **not** including the oft used but extremely subjective judgement of "job satisfaction".

between the level of job demands, on the one hand, and the resources and supports workers are provided in their jobs to cope with them, on the other.²²

Ireland's relative position

When the OECD assembles its data and applies its model, Ireland is found, overall, to be a 'moderate' performer where job quality is concerned. It is in a group of 15 countries that perform similarly²³ but behind a group of 10 high performers that include the Nordics, Germany and the Netherlands. (A third group of 8 low performers includes several whose economic circumstances make them inappropriate compactors for Ireland.) In more detail:

- Earnings quality in Ireland (2010) is ranked very highly (5th out of 38). This is because Ireland had the single highest level of average earnings of the countries studied (2010 data) and despite the fact that these earnings were poorly distributed (ranking the 10th lowest for equality in earnings distribution).
- Job security, by contrast, has a weak ranking. Ireland is the 10th lowest of 34 countries for which there was data. This is because workers both face a relatively high risk of becoming unemployed and get relatively poor unemployment insurance when they do.
- The quality of the working environment is ranked very highly in Ireland (4th out of 32). This is because relatively few jobs make high demands of workers is low and, when they do, they are more likely to provide the resources that enable workers to meet the demands..

The overall finding, however, that the quality of jobs in Ireland does not place it in the high performing group should probably be considered disappointing. It is a reminder that the majority of people at work in Ireland are not employed in the knowledge-intensive, high value-added exporting enterprises for which its economy is best known on the international stage but in indigenous companies serving the domestic market or supplying locally traded services. While the educational profile of those in employment in Ireland is very high by EU standards, the profile to job quality in Ireland is only mediocre.

There are other findings from the first application of the OECD's framework also important for Ireland.

- i. The quantity and quality of employment can grow together; no 'iron law' makes a trade-off inevitable. Their reconciliation hinges on the commitment and effectiveness with which the various stakeholders at the national level work together and on the institutional framework through which they work.
- ii. For this reason, job quality varies substantially among advanced countries. The variation is influenced significantly by each country's current economic performance but also by their

²² This involves distinguishing between (i) *job demands* (time pressure, physical health risks, workplace intimidation) and (ii) *job resources* (work autonomy & learning, good relationships with colleagues, good management practices) before computing the incidence of (iii) job strain, an imbalance between job demands and its job resources that is sufficiently severe as to impair the worker's health.

²³ Australia, Austria, Belgium, Canada, the Czech Republic, France, Ireland, Israel, Italy, Japan, Korea, Mexico, Slovenia, the UK and the US.

welfare state traditions, without either being wholly predictive. For example, all the Nordic countries are high performers; all English-speaking countries including Ireland perform only 'moderately' with the exception of New Zealand which performs highly.

- iii. Almost everywhere, two groups stand out as particularly likely to have relatively low employment rates and, when in employment, relatively poor job quality – namely, young people and individuals who are low-skilled. The strongest individual socio-economic characteristics associated with good job quality are level of education (the higher the better) and being of prime working age (30-49).
- iv. Across all countries, non-standard work tends to be associated with weaker job quality outcomes, particularly being in temporary work.

3. Job Creation and Job Quality: policy from the ‘top down’

The consolidation of economic recovery with its welcome reversal of the developments specific to the recession that undermined job quality will not mean the issue of a trade-off between the number of jobs created and their quality loses its significance. If anything, as the legacy effects of the recession fade, longer term, non-cyclical factors that threaten the quality of employment in all advanced countries will come into clearer focus and require greater and more systematic attention from economic stakeholders and policy makers in Ireland.

These factors include the uneven impacts on groups of workers of:

- the digitisation of production and distribution;
- the formation and management of global supply chains;
- the high levels of high- and low-skilled migration;
- the speed with which technologies are automating routine cognitive as well as routine manual tasks;
- the demands of local as well as global markets that ‘do no sleep’ and which reward businesses that supply a 24*7 service;
- the spread of temporary contracts and other working arrangements that facilitate uncertain and highly varying working hours;
- the declining presence and influence of trade unions and organised labour generally, particularly in emerging new occupations and industries; and
- the extent to which employment legislation and regulations are revised, applied and complied with.

Each of these factors has a potential for good as well as harm in how it impacts the availability and quality of employment in an advanced economy. In almost all cases, ‘the jury is still out’ as far as labour market research and expert opinion are concerned. Even listing the factors, however, is a reminder that, while it is important to redress the negative impacts of the last recession on job quality, the real challenge may be to understand and monitor the deeper secular trends that are a potential threat to job quality in all high income countries.

Young people, in particular, are at risk almost everywhere and finding their transition from ‘school to work’ longer, more complex and – for a significant minority – hugely unsuccessful. Across the OECD, some 30-40% of school-leavers are described as ‘poorly integrated new entrants’ because they face barriers to find stable employment or as ‘left behind youth’ because they have accumulated multiple disadvantages.²⁴ It is typical for them to be the last to be hired and the first to be dismissed, to have jobs that are not stable when they do find work, to be overrepresented in temporary and part-time work, for many to hold formal qualifications above those required by their job (underemployment) and to have skills that are not the right ones for their jobs (poorly matched) more than older workers. In some countries, ineffective labour market regulation and/or poorly functioning

²⁴ Scarpetta et al. (2010), ‘Rising Youth Unemployment During the Crisis: How to Prevent Negative Long-Term Consequences on a Generation. *OECD Social, Employment and Migration Papers*. No. 106.

institutions compound young people's difficulties in finding stable jobs as, for example, when overly strict employment protection legislation prevents temporary jobs serving as a stepping stone to permanent employment. In sombre terms, an EU study observes that 'resignation among young people is an increasing concern' with a growing number wanting to work but no longer searching for employment.²⁵

3.1 A national responsibility

The heterogeneity of job quality across advanced countries, which the findings from the OECD Job Quality Framework illustrate, shows, however, that the threats posed by broad and deep global trends can be powerfully mediated at the national level. The degree of shared values and common purpose among national actors and the effectiveness of the national institutions and procedures through which they work together play a powerful role. As Ireland drives forward to achieve full employment in a way that, this time, can be sustained, specific institutional developments and policy choices will be needed to protect and improve the quality of employment as job creation targets are being met.

At the best of times, job quality is difficult to define and measure in a way that commands a wide consensus, and consensus is difficult to build. It requires a core of shared values and respect for, and openness to, the empirical evidence. On the one hand, enforcing standards that are not widely supported and for which there is not a reliable evidence base risks choking off labour market developments that, otherwise, would create jobs, widen access to employment and offer new opportunities for work-life balance. On the other hand, not having national standards, or setting them too low, risks allowing a two-tier labour market to develop with insider groups of workers fighting for and obtaining a high quality to their jobs, while outsider groups are admonished that 'any job is better than none' and that expecting 'job quality' risks leaving them without any jobs at all.

Logically what should happen is clear, even deceptively so. Government, employers and workers arrive at a clear understanding of what constitutes 'job quality' for policy purposes, the metrics that enable it to be monitored and the minimum thresholds below which a policy intervention or other stance is triggered. The clearest current examples of this are health and safety regulations and the statutory minimum national wage. They are powerful statements that no individual's work in Ireland today should occasion her or him physical or mental harm or be paid below an hourly minimum. They are also instruments with the potential to effectively eradicate the supply of such jobs in the economy. It is much more difficult, however, to acquire similarly strong reasoning, evidence and social consensus to – for example – decide that new types of employment contracts or the indefinite receipt of in-work benefits are pushing the quality of jobs below the threshold of what should be accepted.

²⁵ European Commission, *Moving Youth into Employment*, SWD(2012) 406 final

In Ireland, as in every advanced country, extensive employment legislation covers specific moments and aspects of the employment relationship in general and protects specific groups of workers in particular. As importantly, each advanced country has its own unique set of institutions and procedures that influence the emergence and adoption of legislation, set minimum standards to the terms and conditions of employment and then monitor and ensure compliance with them. They also, with varying degrees of ambition, push for improved pay and working conditions through non-statutory means, including through collective bargaining and other voluntary arrangements. When they are most adequate and work best, they anticipate new threats to job quality and prevent workers from having the terms and conditions of their employment eroded. Minimally, they are capable of recognising where serious harm is being done and of being mobilised to take remedial action.

In Ireland, the principal bodies include the Workplace Relations Commission (WRC²⁶), the Labour Court, the Low Pay Commission and Joint Labour Market Committees.²⁷ The principal procedures and instruments include the National Minimum Wage (introduced in 2000), passage by the Oireachtas of Employment Acts, ratification by the Irish government of ILO or other international conventions specifying particular employment standards, ministerial enactment of Employment Regulation Orders, departmental administration of the employment permits regime, and the registering by employers and unions of Registered Employment Agreements. This list is incomplete but illustrates the multiple ways job quality is protected ‘from the top down’ and why each country’s institutions, laws, regulations and procedures for doing so constitute a unique set. It can be fairly said that these bodies and procedures have a low profile and that the majority of Irish people consider them ‘specialist’ (which they are) and as not directly affecting them. It is through them, however, that threats posed to job quality in Ireland by a wide set of trends are anticipated, national norms or standards are adopted and instances of clear abuse are identified and tackled.²⁸

This ‘top down’ machinery functions under the aegis of the Department of Jobs, Enterprise and Innovation. As the Department notes: ‘The key objective in a successful employment regulatory framework is striking the right balance between protecting the quality of the working life for individual workers while at the same time ensuring optimum labour market responsiveness and flexibility, the fruits of which can create a virtuous cycle for both employers and workers’ (Enterprise 2025: 62). The specialist bodies and procedures are there to ensure that a floor is set to the quality of jobs in Ireland’s economy but without interfering with the wider processes through which new forms and types of jobs, and jobs in greater numbers, emerge.

²⁶ Formed in 2015, it subsumed the roles and functions of the National Employment Rights Authority, the Equality Tribunal, the Labour Relations Commission, the Rights Commissioners Service and first-instance functions of the Employment Appeals Tribunal.

²⁷ Currently there are eight: two in the Catering sector (Dublin and Dun Laoghaire, and the Rest of the Country) and one each for Agricultural Workers, Contract Cleaning, Hairdressing, Hotels, the Security Industry, and the Retail Grocery and Allied Trades.

²⁸ A recent example of the relatively unglamorous, laborious yet hugely important work they carry out is the ‘Scheme for Employment of non-EEA Workers in the Fishing Industry’ (2016). It was triggered by cases of extreme exploitation on some Irish trawlers of low skilled workers from outside the EEA and is a Memorandum of Understanding between five government departments and six public bodies all of whom have a responsibility (An Garda Síochána, BIM, the Health & Safety Authority, Revenue, the Sea Fisheries Protection Agency and the WRC).

3.2 An example of ‘top down’ working

A good example of what is involved in seeking to protect job quality ‘from the top down’ is the study by the University of Limerick’s Kemmy Business School of the prevalence and impact of ‘zero hours’ contracts in the Irish labour market.²⁹ In effect, it exemplifies what is entailed in keeping abreast of threats to job quality and shaping responses with a high likelihood of being effective because based on evidence and wide inquiry.

The DJEI set three objectives for the study: (i) to fill the gap that existed in terms of ‘hard data and information’ on the prevalence of zero hours contracts in the Irish economy and how they are being used; (ii) to assess their impacts on employees; and (iii) to enable the Minister to make any evidence-based policy recommendations to Government considered necessary. The report that materialised is detailed and comprehensive, as befitted the issue under study, and it is beyond the scope of this paper to examine it fully but the tenor and thrust of its findings are important to note. For example:

1. Zero hours contracts in the pure sense are, in fact, not common in the Irish economy.

In the pure sense, a zero hours contract is one in which an individual commits to being available to an employer for a specified number of hours a week but the employer does not commit to actually providing them. Under current employment legislation, however, the individual is formally an employee and entitled to compensation amounting to 25% of the time they were required to be available or to 15 hours pay, whichever is the lesser.³⁰ This appears to have operated as a disincentive to employers and zero hours contracts are not extensive in Ireland

2. The real issue is with what are termed ‘If and When’ working hours and the contracts that feature them.

‘If and When’ hours are those which an employer offers only if and when it suits their business to do *and* which an individual is free to accept or decline if and when it suits them to do so. ‘If and When’ hours’ in a contract, therefore, place no obligation on the employer to provide the hours in question or on the individual to perform them. Some employment contracts offer only ‘If and When’ hours and some are hybrid with a minimum of hours guaranteed and additional hours offered on an If and When basis.³¹ The employment status of individuals who work only ‘If and When’ hours is not clear. There is even a strong likelihood that they are not defined as employees and, consequently, not covered by employment legislation.

²⁹ Kemmy Business School, University of Limerick (2015), *A Study on the Prevalence of Zero Hours Contracts among Irish Employers and their Impact on Employees*. 165pp.

³⁰ Under Section 18 of the Organisation of Working Time Act 1997 (OWTA).

³¹ Uncertain, variable hours are seldom an issue within contracts that state the worker *is to be available* and the employer *is to provide* work. When employment contracts do this they are covered by a 1997 Act that specifies the worker must be paid for 25% of whatever hours s/he has agreed to be available for even if not called on (up to a max of 15 hours).³¹ Because of this, ‘zero hours’ contracts in the strict sense are not extensively used in Ireland. The obligation to compensate for up to 15 hours appears to have worked as a deterrent to employers.

3. 'If and When' hours are having significant negative impacts on some workers. Some individuals are clearly being exploited and some employers undermined by unfair competition.

'If and When' hours are often accepted reluctantly as the only option available, it is not the they are being preferred to working longer and more regular hours. Working on this basis, no matter for how long, brings no entitlement to and sick pay or paid holidays. Outside of some occupations like third-level lecturers, adult education tutors and nurses, those working 'If and When' hours have lower skill levels than regular full-time workers. People on 'In and When' hours can have little say in how they rostered and be 'stood down' at short notice having already turned up for work. The unpredictability of their working hours involved makes it difficult to manage and plan other activities. Young people find it difficult to become more independent on the basis of 'if and when' working. All workers on these contracts can find it difficult to access a range of social welfare benefits or financial credit. Individuals' employment status can be unclear. If and When' hours may take business from better quality employers and support low-cost product/ service strategies that are not in the longer term interest of the local, regional, national economy.

4. Contracts with 'If and When' hours and the variation in hours they facilitate also have some positive consequences. Banning them altogether could choke off new opportunities they offer both individuals and employers.

'If and When' hours give employers the flexibility to increase or decrease staff numbers in line with the level and timing of client/customer demand. More of that demand is now for services to be supplied during non-standard hours and some of it has seasonal troughs and peaks. Contracts with 'If and When' hours enable employers meet demand without being required to pay overtime, double time, sick pay, etc. and to save on paying for hours when there are no customers. They have also enabled them to access more people for whom hours of work are secondary to their main status (students, people in retirement, people with significant responsibilities in the home e.g. dependent children/adults, etc.). 'If and When' hours have enabled some service levels, particularly in the public sector, that were under acute budget constraints to be maintained at higher levels than would otherwise have happened (e.g. childcare and some education and health services). 'If and When' hours suit people who have other major interests outside of a job (study, volunteering, sport, family and caring roles, etc.) and no pressing need to increase their individual incomes. They are convenient for individuals who are seeking additional income rather than a primary income. They can also be used by people as a 'foot in the door' or stepping stone to securing a more substantial offer of employment later (e.g., substitute teaching, lecturing).

The report concludes that existing employment legislation should be amended and new legislation introduced to protect the potential in the new developments and minimise the risks. It makes fourteen specific recommendations (not reviewed here) to ensure that 'business requirements for flexibility' are reconciled with the need to ensure 'non-exploitative employment activity' (LRC, cited p 16) and that a development with a clear potential to casualise existing regular employment is brought under better control without, at the same time, closing off earnings opportunities that some people value and responsible employers are offering. It will be revealing to note the length of time it takes to respond to the report, the priority accorded doing so by a new minister, the degree to

which key stakeholders press for its recommendations or be implemented or, alternatively, seek to dilute or resist them. In short, what happens to such a report is a good test of the priority that is currently accorded the protection of job quality in Ireland.

4. Job Creation and Job Quality: policy from the ‘bottom up’

4.1 Job quality and the state’s economic development strategies

As noted, the Department of Jobs, Enterprise and Innovation is responsible for employment legislation and the specialist bodies that define, monitor and redress what is unacceptable by way of job quality in Ireland. The Department, however, exercises a much greater influence on job quality, and for a much greater number of people, in the emphasis it places on job quality when framing the state’s national and regional economic development strategies.

Traditionally, the quality of job creation in Ireland has not been a major issue, and for good reasons. Policies focussed on expanding the economy’s internationally trading sectors, on knowledge-intensity and innovation as the most reliable bases for their competitiveness, and on multinational companies as major conduits of R&D and innovation to the economy. As a direct result, there has, generally, been a high quality to the jobs created in Ireland’s exporting sectors.

Typically, few concerns are expressed when employers in these sectors, almost all of them client companies of IDA Ireland or Enterprise Ireland, provide internships or work placements, offer temporary contracts or employ agency workers, or take part in apprenticeships and other types of dual education programmes (in higher education or further education & training). A significant proportion of the individuals concerned, in fact, go on to enter permanent employment with the companies in question, while many of the rest realise they gained experience and acquired skills with a clear market relevance and improved their prospects of being employed elsewhere. In these companies the conditions can be said to be ‘right’ for work placements, internships, temporary employment, and the like, etc. to support progression to quality employment. This is because the companies in question are clear they want skills, know the skills they want, ensure it is someone’s job to observe the qualities and performance of those who are temporarily with them with a view to onward recruitment, and have the HR resources for all this. Internships and work placements tend, typically, to be well organised with support, mentoring and clear assessment and feedback being provided.³²

³² This growth of employment in the internationally trading sectors, in ways that have not been particularly well documented or analysed in Ireland, is widely considered to have enabled and contributed to improvements in pay and conditions in the economy’s large domestic sectors and on the part of indigenous employers (including the public sector). The extent to which this actually happens and through what mechanisms has not been well established. A good example of the type of study needed is Moretti’s study of the indirect employment associated with clusters of high-skilled workers in metropolitan areas of the US - Moretti. E. (2014), *The New Geography of Jobs*. Mariner Books: NY.

Recovery after the economic collapse has brought a major new emphasis on the need for ‘balanced growth’. This has been most evident in the process the coalition Government of 2011-2016 developed known as the *Action Plan for Jobs* and which the DJEI has led.

The Action Plan for Jobs and Job Quality

The Action Plan for Jobs process was developed to ensure the government of the time delivered on what it identified as the single most pressing national need in the wake of the economic collapse, namely, the creation of jobs. The process was designed to enlist every branch and level of government and the public sector in contributing appropriately and proportionately to its achievement. It was an important innovation in Irish governance described by the OECD as ‘a coordination mechanism that ensures high-level political buy-in and oversight, whole-of-government engagement and the establishment of quarterly targets underpinned by a robust monitoring system’ (OECD, 2015). By the time of its fifth iteration, the process was identifying 304 discrete ‘actions’ for which 16 government departments and over 60 public agencies shared the responsibility (Action Plan for Jobs 2016). While the ‘actions’ differ hugely in their substantial content and almost all every were announced and committed to prior to the publication of the annual APJ, the process gave heightened visibility to the breadth and diversity of measures in support of job creation that are the responsibility of central and local government and the public sector. Each successive re-iteration of the APJ was the result of a deep trawl through strategies and policies across government and the public sector for their significance to the overarching goal of job creation. Frequently, the annual APJ occasioned the creative re-expression of the significance and connectedness of existing policies and measures, sometimes to the point of developing and deepening them (especially by articulating ‘disruptive reforms’).

While the primary focus of the APJ from its first iteration onwards has been on the number of jobs that must be created, the issue of their quality was never wholly absent. This was largely because it was clear from the outset that job creation on the scale required could not - and would not - be forthcoming from success in growing Ireland’s exporting sectors alone, where jobs are typically well-paid and of good quality. Even turbo-charged growth in the knowledge-intensive export sectors would generate, directly and indirectly,³³ less than one-half of the total employment growth needed. As major employment growth had to occur in the economy’s large domestic sectors and on the part of the very large number of small businesses trading at the local level, the issue of job quality was always present as, traditionally, in these sectors the quality of jobs is hugely diverse. By the time the APJ for 2016 appeared, it was being accompanied by recognition that the productivity and quality of job creation should be such that employers can provide them and people can hold them without either needing on-going subsidies from the state (i.e., without either wage subsidies or in-work benefits).

Enterprise 2025 and Job Quality

The fact that employment growth which is ‘balanced’ and ‘sustainable’ requires proportionate contributions to be forthcoming from exporting and domestic sectors, from multinational and indigenous enterprise, and from large and SME employers, is particularly well illustrated in

³³ The APJ 2016 and *Enterprise 2025* assume a 1:1 ratio of direct to indirect job creation where client companies of IDA Ireland and EI are concerned.

Enterprise 2025, the long-term strategy for the enterprise sector published in late 2015. It is an advanced summary and exploration of what implementing the state's current economic development strategies will entail and of their cumulative employment impact. As Table 5 shows, it anticipates that one-half of all the new jobs created by private sector enterprise to 2020 will be in the large domestic sectors of the economy and a further 10 per cent in locally traded services. The high profile knowledge -intensive exporting sectors, therefore, though growing the fastest at 22% over the seven year period 2014-2020, are expected to account for 28% of total private sector job creation but the employment-intensive domestic sectors and locally traded services between them for 63%. This is what balanced growth entails.

Table 5: Private Sector Employment Growth to 2020

Groups of Sectors	2014 (benchmark)	2020 (est.)	Jobs Created	
			% growth	% of total
Established Knowledge-Intensive Exporting Sectors ICT, Business Services, Financial Services, Bio-Pharma, Agri-Food, etc. Primarily export oriented, contributing ca 81 percent to total exports; the bulk of the enterprise agency client base; both foreign and Irish owned entities, from small to large scale multinationals.	283,100	345,000	22%	28%
Employment-intensive Domestic Sectors Retail, Construction, Transport, Tourism, Primary Production, etc. Primarily serving domestic market; high proportion Irish owned, but increasing foreign owned presence (esp. hospitality and retail); from micro to large scale.	893,800	1,000,000	12%	49%
Emerging 'new' sectors A wide range of diverse sub-segments, including creative industries, green technologies, environmental services, marine and maritime, and for-profit and internationalised education and health services; generally small scale, Irish owned and regionally dispersed.	213,300	243,300	14%	14%
Locally traded services Primarily professional, business and personal services trading locally; high proportion of micro enterprises; some larger scale providers with potential to deliver services internationally; considerable potential to enhance competitiveness.	187,000	208,000	11%	10%

Source: *Enterprise 2025*, Table 5

The corollary is that the issue of job quality has to receive more systematic and expert attention. As already noted, while job creation arising from inward investment was the principal focus of attention the issue had a low profile as the jobs created are typically of good quality. The enterprises in question have a strong self-interest in attracting and retaining mobile workers who, if the quality of their employment is not good, will choose higher quality employment elsewhere. However, among

indigenous companies and SMEs serving the domestic market, the likelihood has to be entertained that competition may erode job quality rather than drive it up if employers compete purely on the basis of low costs. Some will operate business models that rely specifically on low wage costs and the ability to replace staff quickly from a ready pool of applicants for the low skilled jobs they offer. In mixes that depend on the regional context, the applicants will include people leaving social welfare, students, retired people, people with significant home duties for whom the hours they work is secondary to their main status, and migrants valuing opportunities that are superior to those available to them in their home countries.

Some of the most solid grounds, therefore, for believing that implementing *Enterprise 2025* will be central to raising the standards and quality of employment across the economy is that it reinforces the ambition of policies to transform Ireland's employment intensive domestic sectors and enhance the competitiveness of locally traded services, the very areas in the economy where the quality of employment can be most at risk. In effect, it suggests that the thrust of the state's core economic development strategies should leave little room or encouragement for the continuation in the economy, let alone expansion, of jobs that are routine and low-skilled. Furthermore, *Enterprise 2025* not only targets a full employment economy by 2020 but, crucially, wants to sustain it for a generation. This, also, leads its analyses and prescriptions to include, to a greater degree than hitherto in the state's job creation strategies, the issue of the quality of jobs along with their quantity. For example: 'Our policies will facilitate the creation of quality employment, taking into account the multidimensional aspects that define quality including: ensuring opportunities for advancement that involves workplace learning and development; ensuring that people are educated and trained to meet the needs of industry; recognising the opportunities presented by entrepreneurship as an alternative career path; and ensuring a system that facilitates *flexibility without exploitation*' (xiii. Italics added).

Increasing the demand for skills

The OECD has argued for some time that national skills strategies must include an awareness of the causes and consequences of a weak demand for skills and incorporate measures that encourage employers to redesign jobs so that improved skills are needed and rewarded. In its 2012 Skills Strategy, for example, it supports the argument of the UK Commission for Employment and Skills (UKCES) that an employment and skills system adequate to the emerging challenges must 'invest as much effort on raising employer ambition, on stimulating demand, as it does on enhancing skills supply' (OECD, 2012: 24). The OECD highlights Queensland, Australia, as an instance of best practice in this regard. In Queensland, skills shortages were seen to be as much about work organisation and turnover as about shortcomings in the responsiveness of regional education and training institutions. Rather than responding automatically to labour shortages by creating new training courses, therefore, Queensland seeks first to assess whether the shortages arise from a lack of training in the region or because local jobs are unattractive and cannot retain staff.

In a similar fashion and more recently, the European Centre for the Development of Vocational Training (Cedefop) has explored the extent to which skill shortages reported by employers in Europe are due to shortcomings in skills supply or arise for other reasons. It analysed two Eurobarometer surveys covering important segments of the European business world, namely, SMEs and companies recruiting higher education graduates. It concludes that the majority that claim to have difficulties related to the lack of skilled labour face the problem for reasons other than a lack of skills, including

unattractive job offers, their unwillingness or inability to offer a competitive market wage, poor job quality, precarious employment contracts, and lack of employer commitment to talent management.³⁴ By contrast, genuine skill shortages, Cedefop finds, are where firms are unable to find job applicants with the right skills, despite their willingness to pay the price for the skills sought. These shortages are an indicator of positive business outcomes (rising sales, increased profitability) and typically arise in organisations with business strategies reliant on a skilled workforce and a focus on quality improvements and product differentiation.

Enterprise 2025 and dynamic regions

During the APJ process, the importance of resilient and dynamic regional economies to job creation and the attainment of full employment in Ireland also grew in attention. In 2015, 'Delivering Regional Potential' was identified as a Disruptive Reform and individual action plans for each of Ireland's regions have since been developed. The particular significance of dynamic regional growth for young people has also been highlighted: 'Growing the economic base of regions supports social cohesion and *provides opportunities for young people in particular to continue to live and work in their local communities* (APJ 2016: 21. Italics added)

Enterprise 2025 takes significant steps in further outlining what dynamic resilient regional economies look like and entail. It is clear they are the antithesis of what are sometimes termed 'low-skilled equilibria' at a regional level.³⁵ In low-skills equilibria, people are matched with their jobs, but at a low level. Employers have business models based on price-competition and, to ensure cheap products or services operate in ways that require only low-level skills from the majority of their employees. Most of their employees, accordingly, have a low productivity and low earnings. They also have few incentives to remain in education or participate in training because local employers are neither seeking, nor are they willing to reward, higher levels of skills. For their part, employers have little incentive to upgrade production processes or workers' skills since this can undermine their price-based competition strategy. Households in the region become part of the equilibrium. Low earnings contribute to keeping household incomes low which reinforces families' preference for the cheapest products and services. A further refinement is that a region may begin to experience simultaneously an outflow of its most educated young and a parallel inflow of migrants to fill the low-skilled jobs. This is because the better educated in the region choose to move outside the region to find more appropriate employment, while local people – particularly those with family and other commitments – are less willing and less able to take the low-skilled jobs on offer leading cost-sensitive employers to rely on immigrants.

By contrast, *Enterprise 2025* underlines the 'interdependence between place-making (ensuring an attractive environment) and enterprise development' and encourages regions to exploit it. For example, unless consumer and household services have a wide diversity and are to standards that make working and living in a region the clear choice of high-skilled workers for whom there is strong competition from employers in other locations, the regional economy and its urban pole (s) will be

³⁴ Cedefop (2015), *Shortages and Gaps in European Enterprises. Striking a balance between vocational education and training and the labour market*.

³⁵ The concept is part of the core hermeneutic developed by the OECD's Local Employment and Economic Development (LEED) Division. It was applied in its 2014 study of Ireland, *Employment and Skills Strategies in Ireland* (2014), OECD.

neither dynamic nor resilient. This implies there must be a major focus on the **quality** of local jobs, e.g., in child care, retail, restaurants, bars and hotels, sports and leisure amenities, hairdressing and home care, etc.³⁶ An upward spiral can get underway with the quality of local jobs contributing to attracting inward investment to a region and being pulled up by that investment.³⁷ In an insightful formulation, dynamic regions have been described as those which avoid a ‘bifurcation of their labour markets between a relatively low-skilled, relatively low-paid, customer-facing leisure sector’, on the one hand, that is ‘disconnected from a relatively professionalised...high-skilled internationally trading economy’, on the other, outcome that is ‘fundamentally unhealthy’ for the local economy and society.³⁸

4.2 Job quality and the new national skills strategy

Close in the wake of *Enterprise 2025*, the *National Skills Strategy 2025* appeared in January 2016 and the two strategies are well aligned. Arguably, the new National Skills Strategy, in its analyses and intentions, is even more important to underpinning the quality of employment in the economy than *Enterprise 2025*. This is because, in the final analysis, jobs are only sustainable if they ‘pay’ for employers in the first instance. This means that measures seeking to improve pay and conditions directly (from the ‘top down’) can only be sure of doing no harm to employment levels if the productivity and skills of the workers in question enable employers to absorb the costs of compliance without endangering their businesses.

The introduction to the *National Skills Strategy 2025* (p.7) contains the strong sense of a ‘then and now’ - a ‘then’ in the wake of the economic collapse when the focus had to be principally on job creation and which the APJ process drove successfully, and a ‘now’ when the economy is ‘within striking distance of full employment’ and the focus needs to shift to ‘making sure Irish workers have the skills that enterprise needs’. The document is presented as the ‘keystone of Ireland’s [overall] strategy to deliver long-term sustainable growth’. As noted of the enterprise strategy, the vision and ambition of the new skills strategy imply there will be no place in the future Irish economy for poor quality employment. For example, the strategy is to ‘ensure that Ireland’s people develop and use their skills to their maximum potential through sustainable employment [and that] employers in Ireland, both private and public, will recognise their staff as ...their key asset’ (p. 12; it is to help make Ireland ‘renowned at home and abroad’ for ‘the quality of [its] workforce’ and ‘the effective use of skills to support economic and social prosperity’.

The potential of the *National Skills Strategy 2025* to drive up the quality of employment across the economy, particularly in those occupations and sectors where it is most threatened and most often

³⁶ The OECD 2012 Skills Strategy gives the example of childcare. It notes how differently the skills challenge involved in ensuring adequate childcare in a region will be depending on whether early childhood education and care services are understood as the provision of day care keeping children safe while parents work, or as pre-schools and kindergartens committed to children’s educational development (op. cit. p.96).

³⁷ In dynamic regions, the numbers, earnings and conditions of employment of workers in local services are higher the greater are the concentrations of high-skilled ‘innovation workers’ finding employment and choosing to live there. E. Moretti (2010), ‘Local Multipliers’, *American Economic Review* 100, No. 2; (2014), *The New Geography of Jobs..*

³⁸ The words of John Cridland, then director general of the UK’s CBI, *The Financial Times*, 25/11/14.

found wanting, lies more in the substance of its analysis and the specific directions it sets for policy, however, than in its high level vision and ambition. To give just four examples:

- i. It emphasises repeatedly the need for higher skills at *all levels*. It is conscious that improved skills are needed to boost productivity and pay in entry-level jobs as well as, for example, that more STEM graduates are needed to support the expansion of high value-added exports. It embraces the need to raise the skills of people already in employment through drawing up and implementing a workforce development strategy as well as of all those seeking a first entry to employment. The Strategy is, in effect, acknowledging that few occupations will remain, or be wanted, in the Irish economy that are ‘low skilled’ by the standards of the past.³⁹
- ii. Its awareness of the significance of employer demand and the need for skills at all levels leads it to give real and not just token recognition to the role of the FET sector and it corrects a traditional over-emphasis in Ireland on higher education as the only route to decent employment. It is committed to ensuring the FET sector develops the programmes (apprenticeships, traineeships and other forms of dual education) that will ensure the 40% of young people who do not transfer directly to third level can enter jobs of good quality and not jobs which are routine, require no skills and are low paid. The strategy features the strong inclusion of the FET sector and emphasises the need for enhanced integration, partnerships and synergy between FET and HE. This will be highly significant in reducing the exposure of the large minority of young people without a higher education to poor quality employment.
- iii. The Strategy has a strong focus on seeking inclusion of the economically disadvantaged by up-skilling them. As its introduction states, ‘Ireland is a small country [that] cannot afford untapped talent [and does not] intend to leave any of its people locked out of participating in the workforce through a lack of skills.’ This extends centrally to unemployed jobseekers, who it pledges to help ‘find the *best possible job*’ (Action 5.2). ‘Quality jobs’, it notes, ‘*are being created*’ and ‘training and upskilling of those on the LR *can lead to quality employment when regional education providers, employers and the enterprise agencies link up in the design of bespoke courses that are directly linked to the needs of companies*’ (italics added, pp 102-3).
- iv. The Strategy puts huge emphasis on ‘the strength of relationships and transfer of knowledge’ that needs to take place ‘between employers, education and training providers, and all sections of society’ if people are to be adequately prepared for life and work in the society and economy that Ireland will have by 2025. It prominently endorses and supports the new Regional Skills Fora that developed out of the APJ process. These fora offer particular potential for employers, FET providers and other stakeholders who are on the

³⁹ The spirit of this is well conveyed by a European study which speaks of the ‘surprisingly demanding nature of “low skilled” jobs’ after a forensic analysis of what employers were looking for. It found responsibility, flexibility, skills with customers, the ability to communicate and even language abilities were required by employers for *room staff in their hotels*. Beblavy *et al.*(2014), ‘Future of Skills in Europe – Convergence or Polarisation?’ *NEUJOBS Policy Brief No. D4.6*

‘front line’ where low pay, temporary and part-time working, etc., are concerned, i.e., in locally traded services and domestic economic sectors, to dialogue and collaborate in protecting the quality of the employment being created in their regions.

Particular issues arising for young people

There are some strong messages in the new national skills strategy that need to be communicated particularly to young people. One is that skills are the real currency in the Irish labour market (as in other advanced countries) and that educational attainment, level on the NFQ and formal qualifications function chiefly as signals or proxies that individuals have skills that are applicable and valued in the world of work. Several deep secular trends – principally, the extent to which a third level education has become a majority rather than minority accomplishment and the speed with which technologies are changing the skill sets at the market rewards – are making patterns based on what people with given educational attainments achieved in the recent past unreliable guides to what lies ahead. A second major message, therefore, is that young people need to inquire, much more carefully than before, into the particular course they choose to study, where and to what level if they are to meet their employment aspirations, and to do this – of course – they need to be able to rely on career information and guidance that is comprehensive, up-to-date and accessible.

A third major message is that young people should place less automatic faith in the power of a third level qualification to guarantee a satisfying labour market career. There are many reasons why, backed by their parents, they currently have an exceptionally strong preference to transfer immediately to higher education on completing the Leaving Certificate. For example:

- The employment rate advantage, the ‘graduate premium’ in earnings and the private financial returns to a tertiary education in Ireland are among the highest in the OECD⁴⁰;
- It is easy to form the impression that, within a decade more, most jobs in Ireland will be for graduates. This is because of the high profile given to job expansion in the economy’s exporting sectors and to the skills requirements for those jobs;
- Alternative FET routes have been poorly developed until recently. There were few apprenticeships and they were overly concentrated on traditional ‘crafts’. Where it is clear that quality employers are seeking primarily intermediate skills, there has still been a preference to meet them through higher education institutions rather than through the further education and training system;⁴¹
- FET alternatives at the time CAO applications are made are poorly presented and communicated. Not just in Ireland but in other countries too, young people not seeking immediate entry to third level enter what the OECD describes as the ‘hidden’ and ‘less well understood world of post-secondary vocational education and training’.⁴² The careers information and guidance they need is of poor quality and in limited supply, and they are at high risk of making poor choices that they regret later.

⁴⁰ OECD *Education At a Glance 2014*.

⁴¹ For example, while some 170,000 were employed in the retail, health and hospitality sectors in the Dublin region in 2011, there were only 5,000 Post Leaving Certificate (PLC) course enrolments in those fields that year; three times that number were enrolled at undergraduate and postgraduate level in the same fields (OECD, 2013).

⁴² OECD (2014), *Skills beyond School. Synthesis Report*. OECD Reviews of Vocational Education and Training.

Less adverted to than the above, however, are significant indicators that a growing number of graduates are being disappointed by what their higher education achieves for them. Some of these indicators were outlined above - the large number of graduates in non-graduate jobs, and the international evidence that significant “scarring effects” can attend poor starts in the labour market by graduates; the large proportion of people at work who are over-qualified for their jobs; the wide inequality in earnings among those with a tertiary education in Ireland (Table 6).

Table 6. Proportions of Tertiary Educated in Employment by Earnings Levels (2012)

	More than twice the median income	At or below half of the median income
	%	%
Austria	36.24	15.59
Greece	44.15	15.33
Ireland	37.16	13.81
Finland	18.32	13.17
Denmark	11.96	12.75
Italy	25.34	12.49
France	24.27	11.50
Germany	27.10	11.38
Netherlands	22.12	11.32
Sweden	13.62	10.46
Spain	28.90	9.57
United Kingdom	27.10	8.90
Belgium	6.23	1.14
United States	30.77	12.77
<i>OECD average</i>	<i>27.65</i>	<i>9.35</i>

Source: *OECD Education at a Glance 2014*

Other warning indicators include:

- The job-readiness of some graduates has always been an issue but it has become a greater one as the overall participation rate in higher education and the absolute numbers on third level campuses have increased. For example, large numbers of those who complete honours degrees in Arts & Humanities ‘progress’ to further study or training in a **different** field or, if employed, describe their degree as irrelevant to their job. A growing number of employers are introducing or lengthening graduate placement programmes of sometimes a year or two to get graduates to the point where they are ‘job-ready’;
- The HEA itself now believes there are students enrolling in third level who would be better served by quality FET programmes if they were available. It is troubled by the relatively high non-completion rates in parts of its sector – particularly amongst those studying at Levels 6 and 7 in the Institutes of Technology;⁴³

⁴³ HEA (2015), *A Study of Progression in Irish Higher Education 2012/13 to 2013/14*.

- When third level becomes regarded as the best option to which every properly ambitious young person should aspire, it is potentially not in the best interests of universities themselves. The standards of their courses, in many instances, need to be set by the drive to put students at the research frontiers of their disciplines and to select them accordingly on the basis of their cognitive ability, an objective that can be made more difficult if accommodating larger student numbers is the major imperative.⁴⁴

The possibility, even probability, that ‘past performance is no guarantee of future returns’ where a higher education is concerned is being openly discussed in other countries, notably by the City and Guilds Group/Industry Support Board in the UK:

Poor guidance [is affecting] young people of all abilities, whatever their likely route. The young have been led to believe that because most graduates secured high skilled training/work in the past (when there were far fewer graduates) and because the average pay of graduates later on is significantly higher than average pay (skewed by very high earnings in certain occupations) they would be foolish not to take a degree. ...But evidence indicates the low-level employment prospects of many graduates, with many more likely to end up in non-graduate employment.⁴⁵

The new Skills Strategy should serve to lessen the pressure on young people to seek entry to HE immediately after completing the Leaving Certificate FET, while not prejudicing but facilitating their ability to do so at a later age. It supports the determination of the FET Strategy 2014-2019 to widen and strengthen alternative routes to good employment through FET in its own right by – among other measures – achieving scale as soon as possible in the spread of apprenticeships, traineeships and other new dual education programmes, ensuring that work placements and work experience with a clear purpose and of a high quality become a widespread – even standard – feature of FET, and promoting the provision and position of internships by quality employers, including those in the public sector.

In short, the quality of the jobs that a lot of young people will enter over the coming years will hinge on the successful implementation of the *National Skills Strategy 2025*.

4.3 Job quality and unemployment policies

Pathways to Work

In 2012, *Pathways to Work* (PtW) was introduced as Ireland’s first ever activation strategy, intended to ensure the surge in unemployment during the recession did not bequeath a legacy of structural or

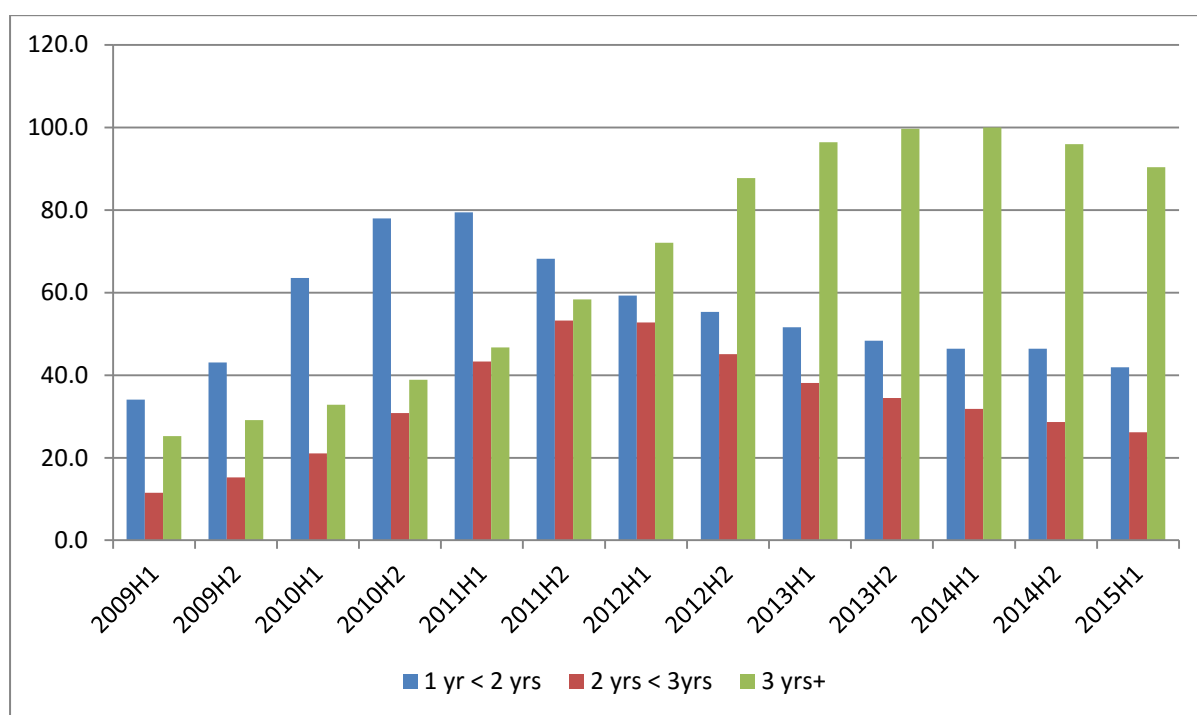
⁴⁴ ‘University teachers, however vocational their speciality, are making their careers as academics and researchers, not as practitioners not as practitioners of whatever profession, trade or calling they teach...what this underscores is that universities will always be an imperfect place for acquiring certain vocationally related skills, and the further removed these skills are from the print-based interactions and the research values of academics, the worse the problem will be’ (Alison Wolf, 2015, “Heading for the precipice: Can further and higher education funding policies be sustained?” p. 75).

⁴⁵ City & Guild/Industry Support Board (2015), *Making Apprenticeships Work: the Employers’ Perspective*, p.28.

long-term unemployment. In successive annual reiterations, PtW has been presented as an integral complement to the APJ ensuring that those who lost jobs during the recession or had the misfortune to seek their first entry to the workforce during it should benefit from the recovery in employment. Its core elements have featured ensuring more regular and ongoing engagement on the part of a reformed Public Employment Service (Intreo) with individuals on the Live Register, incentivising them to take job opportunities and employers to offer them, and developing and using capacity on a set of active labour market programmes (ALMPs) where appropriate.

As noted above (Chart 1), unemployment, including long-term, has declined significantly from its peak over the four years since PtW was introduced. The extent to which the major reforms undertaken as part of PtW have contributed this has still to be established (research that the Labour Market Council is committed to ensuring - significant reform programmes can inhibit service delivery in the short-term at least), but the challenge PtW was introduced to address, i.e., the potential drift into chronic unemployment of a significant proportion of the unemployed, remains very real as Chart 8 illustrates.

Chart 8: Those on the Live Register for 1-2 years, 2-3 years, and 3 or more years: 2009-2015



Source: CSO

The numbers on the Live Register (LR) for 3 or more years continued to grow steadily up to 2014 and only began to decline in the second half of that year, with the presence of males aged over 35 years

becoming more prominent.⁴⁶ While *Pathways to Work 2016-2020* commits to going beyond those on the LR to serve those in receipt of lone parent and disability allowance payments as well, the more than 80,000 who have been on the LR for more than 3 years on the LR illustrate particularly well the type of challenges it sets out to address.

This context helps explain why *Pathways to Work 2016-2020* adopts a quite different perspective on the presence of low-skilled jobs in the economy to those of *Enterprise 2025* and of the *National Skills Strategy 2025*. In agreement with the other two strategies, it notes that the “...movement back towards ‘normality’ will involve an increased role for domestic demand and for construction [and that] this will imply that some of the largest increases in employment in the recovery should continue to come in the building, clerical and sales occupations that were most affected by the recession.” However, unlike the other two strategies, it sees opportunity in the fact that ‘a large proportion of the opportunities that arise each year [in employment intensive domestic demand] will be in the kinds of jobs for which most of the unemployed are reasonably qualified – *routine service jobs* and skilled *and unskilled manual jobs*’ (pp. 12-13, italics added). If, in fact, the most likely outcomes for individuals currently three years in receipt of JA are that they begin a fourth year (or are placed on expensive direct employment programmes with questionable merit in preparing them for ordinary employment), then a strong case can be made that holding jobs - even for periods that may be short-lived - is in their long-term interest and better for society; contact with the world of work is established and individuals are given the opportunity to experience themselves in a wholly new setting. The stark alternatives, however, of either periods in dead-end jobs or indefinite welfare receipt reflect extremely pessimistic underlying assumptions, about the capabilities of the individuals who are LTU and of the FET system to help them achieve anything substantial by way of up-skilling.

In *Pathways to Work 2016-2020*, therefore, it can appear that the state is adopting a ‘work first’ approach on the basis that ‘any job as better than none’ in its unemployment policies at the same time as it is undertaking a ‘train first’ approach on the basis that upskilling is the default option most in keeping with the long-term interests of the state as well as of the LTU themselves in its economic development and skills policies. While ‘work first’ may be appropriate at a particular moment for particular individuals, it can run directly counter to the attainment of upskilling and reskilling objectives. It can even result in recipients of Jobseekers’ Assistance being refused permission to participate in FET or obliged to withdraw from courses they have begun to take immediate jobs

The assumption that prompt entry to low-skilled jobs is in the long-term national interest as well as of the LTU themselves needs transparent scrutiny and supporting evidence in the Irish context. For example:

- The issue of low skills does not go away once individuals enter employment. There is little evidence that their low-skills are more effectively addressed in employment than if they had remained unemployed. This may happen but hinges crucially on the same employers who were willing to recruit them as low skilled in the first place to subsequently become supportive of raising their skill levels. In practice, doing so may only threaten business models relying on low wages to be successful. In addition, the hours and conditions of low

⁴⁶ *Pathways to Work 2016-2020*: p. 20.

skilled workers can make their participation in training hugely difficult. If anything, the evidence runs in the contrary direction - skills not used deteriorate and dead-end jobs can contribute to *deskilling*.⁴⁷

- Targeting jobs in which there is a high degree of churn risks pushing individuals who wish and need to be primary earners into competition with secondary earners, young people and migrants from countries with much lower earnings levels. Low skilled unemployed with families are likely to need FIS or other in-work benefits to be guaranteed adequate incomes for their households if they take employment. The withdrawal of these benefits if their earnings rise can undermine one of the chief purposes to undertaking training. If high replacement rates have significant behavioural effects, they are particularly likely to be dissuading low skilled workers with families to support from seeking to 'train their way out' of a reliance on welfare.⁴⁸
- Instead of regarding the level of churn as an indicator of poorly managed businesses, the 'work first' approach may even support the businesses in question. For example, sales assistants continue to be by far the largest single occupation in the economy. Combined with a high level of turnover, this makes job offers from the retail sector a valuable resource in pursuing a 'work first' approach. But the sector contains a wide diversity of operators that deal with the same routine and low skilled tasks required in different ways and offer different pay and contracts accordingly. At one extreme, employers 'slice and dice' the hours entailed and have a large recourse to 'if and when' working; at the other, employers invest in intelligent equipment to carry out what is routine.; in between are employers who mix routine tasks into job descriptions in different ways to make jobs more varied and promote closeness to customers and a sense of solidarity and team work across their workforces. Large retailers are already planning for a near future with smaller, more skilled and better paid workforces in response to the rising expectations of customers and social expectations of higher minimum and 'living' wages.⁴⁹
- Finally, supporting the continuing presence in local and regional economies of routine service jobs and unskilled manual jobs risks trapping, not just individuals, but local and regional economies in low skilled equilibria that will constrain their potential to develop greater dynamism and resilience (discussed above).

In short, if a 'work first' approach becomes dominant in *Pathways to Work*, a short-term horizon and low level of ambition for those on the LR will be reinforced which is not aligned with - and even runs counter to - the 'train first' approach shared by *Enterprise 2025* and the *National Skills Strategy*. The 'train first' approach, in particular for men aged over 35 and a long time out of work who are key

⁴⁷ Windisch, H.C. (2015), "Adults with low literacy and numeracy skills: a literature review on policy intervention", *OECD Education Working Papers*, No. 123

⁴⁸ NESO (2011) *Supports and Services to Unemployed Jobseekers; Challenges and Opportunities in a Time of Recession*. Report No. 123.

⁴⁹ 'Retailing will be more productive, powered by better jobs that offer the chance to develop a wide array of skills and greater earnings. [This will come about] not because of the National Living Wage, but because differentiation between competing retailers will depend on it.' *Retail in 2020: Fewer but Better Jobs* (February, 2016). A report carried out for the British Retail Consortium.

clients of *Pathways to Work*, of course, poses huge challenges -some of same difficulties the LTU have in accessing jobs also make it difficult for them to access and benefit from training.⁵⁰ But adopting a 'work first' approach over a reskilling agenda may prove a short-term expedient and is likely to entail greater public social spending on individuals over the course of their lifetimes. The relative effectiveness of public spending on one or the other approach hinges hugely on the time horizon chosen over which the comparison is made⁵¹ as well as on the breadth of social spending that is considered (notably health but housing, justice and other headings as well).

With the significant and welcome fall in LTU that has occurred to date, the upskilling challenge facing those who remain LTU, however, has become more, not less, formidable. The need to embrace the growing complexity of what is now required to accelerate progress in reducing LTU has been articulated well by the European Commission:

Upskilling the low-skilled long-term unemployed is a complex long-term project for which *their period of unemployment can be put to good use*. The process builds on the assessment of each individual's skills and skills needs, can include validation and accreditation of existing skills and follows up with referral to a training course/ adult education, preferably including on-the-job training, supported by counselling and guidance throughout the path to stable employment. An essential ingredient for such a complex process is cooperation between employment services and private or public adult education services.⁵²

The Youth Guarantee was conceived - and is still presented - as just such a multi-faceted, collaborative approach on the part of multiple stakeholders to the complex situations of disadvantaged young people. Applying learning from its pilot in 2014 is, however, disruptive and demanding of how DSP/Intreo and DES/ETB currently deliver their mainstream services to young people. While a significant improvement in outcomes for young people is possible, it does not come cheap or materialise in the short-term. Yet the initially high cost per participant and small reduction in the Live Register should not cause deep changes in participants' self-perception and ambition to be overlooked that time will prove to underpin substantial outcomes and major long-term savings to the state.⁵³ This message needs to be taken to heart by the DSP and Intreo, on the one hand, and the DES, SOLAS and the ETBs, on the other. The argument of this paper is that the two sides should be united in regarding 'train first' and a high level of ambition for the LTU as the default option most in keeping with individuals' long-term interests and national objectives.

In particular, the unfolding of the huge JobPath programme should not be allowed to weaken commitment to, and collaboration in, reskilling the long-term unemployed. The design of the JobPath contract draws to a significant extent on the Work Programme in the UK. The UK Work Programme⁵⁴ intentionally adopted a 'work first' approach. Its limited recourse to training was

⁵⁰ NESC (2013), *Further Education and Training in Ireland and the Long-Term Unemployed*.

⁵¹ Card, Kluve and Weber (2015), *What Works? A Meta-Analysis of Recent Active Labor Market Program Evaluations*. IZA DP No.9236

⁵² European Commission, SWD (2015) 176 final, p. 21. Italics added).

⁵³ O. O'Reilly (2015), *Ballymun Youth Guarantee Pilot Scheme. Evaluation.*; M. Devlin (2015), *Key Learning from the Ballymun Youth Guarantee Project*. Policy and Practice Report. DSP; and NYCI (2016), *Meeting with the European Court of Auditors on the implementation of the European Youth Guarantee*.

⁵⁴ The Work Programme has had, at best, modest success in placing participants in employment. A July 2014 Report by the UK's National Audit Office (NAO) concludes it has helped people get into and stay in work 'at

noted in the design of the JobPath contract. This led to the incorporation in the contract of the option for contractors to ‘stop the clock’ for any one individual for up to x months if s/he enrolls for training. This is a passive and accommodating approach, however, and not a direct incentive to contractors to give priority to upskilling people wherever possible. In practice, the large majority of the employment advisers they are assembling are starting with little background knowledge of Ireland’s FET sector and programmes. These are grounds for concern and there is a great need to monitor the extent to which, and the effectiveness with which, clients of the two contractors will access training in the numbers needed and of the duration/quality that are in their long-term interest and that of the economy.

Maintaining adequate and effective income support

Finally, in an exploration of job quality in the Irish economy, the role of social welfare payments should not be overlooked. The most basic support when someone is unemployed is for an income in the absence of earnings so they have the breathing space to address the cause of the absence of earnings and are not forced into short term actions to ‘make ends meet’ that squeeze out more effective measures with a longer term perspective. Income support then has to function as a genuine platform neither overly cushioning them to the extent that the importance, responsibility and necessity of becoming independent through work is postponed or lost sight of nor plunging them into a cycle of need, debt and emergency short-term actions from which exit becomes increasingly difficult.

The first report of the Low Pay Commission succinctly summarises the overall importance of State tax and social welfare policies in redistributing income in Ireland: ‘While the pre-tax and transfer distribution of income in Ireland is one of the most unequal in the OECD, our tax and transfer system is one of the most progressive. As a result, the post-tax and transfer distribution of income is around the OECD average’ (2015: 14).⁵⁵

The collapse in employment and surge in unemployment threw a massive challenge at Ireland’s social welfare system. Many workers who had previously made net contributions to the public finances became wholly reliant on social transfers. Reductions in basic payment rates were made (most notably in Jobseeker’s Allowance for the under 25s), eligibility requirements for JB and JA were restricted (entitlement to JB for qualifying unemployed was reduced from 15 to 9 months bringing forward people’s entry into means-testing) and stricter policing and new sanctions were introduced. These changes were justified not primarily on the grounds of their quantitative contribution to social welfare savings (small) but on the basis that Ireland’s unemployment compensation regime had become overly generous and relaxed at the time recession struck.

Many other factors affect the amounts of money unemployed individuals actually live on, of course, other than the amount of their individual unemployment payments, principally the composition of their households, the incomes of other members, their households’ running costs and welfare

about the same rate as previous welfare-to-work schemes’. It is clearer still that it did not intend, and did not achieve, any significant upskilling of the LTU, with training of at most 8 weeks in length allowed in any 12 month period and only when skills needs were clearly identified as a barrier in securing employment (e.g., House of Commons Work and Pensions Committee, January 2014). The NAO notes that the Department of Work and Pensions is to stop making referrals to the WP after March 2016 and that it is ‘is looking at a range of options for its welfare-to-work provision from April 2016’ onwards.

⁵⁵ Low Pay Commission (2015), *Recommendations for the National Minimum Wage*. July 2015.

supports triggered by household rather than individual circumstances. The net impact of all these factors is captured in the CSO's annual *Survey of Income and Living Conditions* (SILC). Its data traces the quite dramatic deterioration in the financial position of unemployed people relative to people at work over the last seven years (Table 7). While the disposable income of the average worker deteriorated by 8% between 2008 and 2014 that of the average unemployed person fell by 24%. The incidence of hardship ('consistent poverty') among unemployed people has more than doubled, from under 10% to nearly 23%, and their risk of falling below the relative income poverty line rose from 23% to 36%.

This sharp absolute and relative deterioration in the financial circumstances of the unemployed is far greater than what the changes to JB and JA can be held responsible for but they serve to illustrate how unfavourable were the time for any reductions at all to occur in welfare payments important to households headed by unemployed persons.

Table 7: Income¹ Levels and Poverty Rates of Unemployed Persons, 2008-2014

	2008	2009	2010	2011	2012	2013	2014
<i>At work (SILC)</i>							
Disposable Income (€)	29,240	28,732	27,565	26,907	25,930	26,682	26,964
At Risk of Poverty Rate (%)	6.7	5.5	5.7	6.5	5.9	5.0	6.1
Consistent Poverty Rate (%)	1.0	1.1	1.3	2.1	1.9	2.0	2.4
<i>Unemployed (SILC)</i>							
Disposable Income (€)	18,692	18,239	16,265	15,383	14,304	13,296	14,284
At Risk of Poverty Rate (%)	23.0	24.8	27.3	30.6	34.7	36.7	35.9
Consistent Poverty Rate (%)	9.7	11.5	16.0	16.5	19.2	23.9	22.6

Source: CSO SILC

1. Mean equivalised nominal disposable income.

It needs also to be appreciated that, but for the high level which unemployment payments had reached in relative terms on the eve of the recession, the poverty and hardship associated with the economic collapse would have been far worse. This is clear when Ireland's performance is viewed in a European context as illustrated in Table 8 and Chart 9. In 2008, the at-risk-of-poverty-rate associated with unemployment in Ireland was about one-half of that in the UK and 17 percentage points below the average for the EU 15 - it was, in fact, the EU's lowest. This was, largely because of dramatic progress made in 2006 and 2007 (Chart 9) when there was a high level of support for the country's anti-poverty strategies. Even in 2014, therefore, though Ireland's at-risk-of-poverty rate for the unemployed had risen by more than 6 percentage points, it was still approximately one-half the UK rate, 13 points below the average for the EU 15 and still the 3rd lowest in the EU.

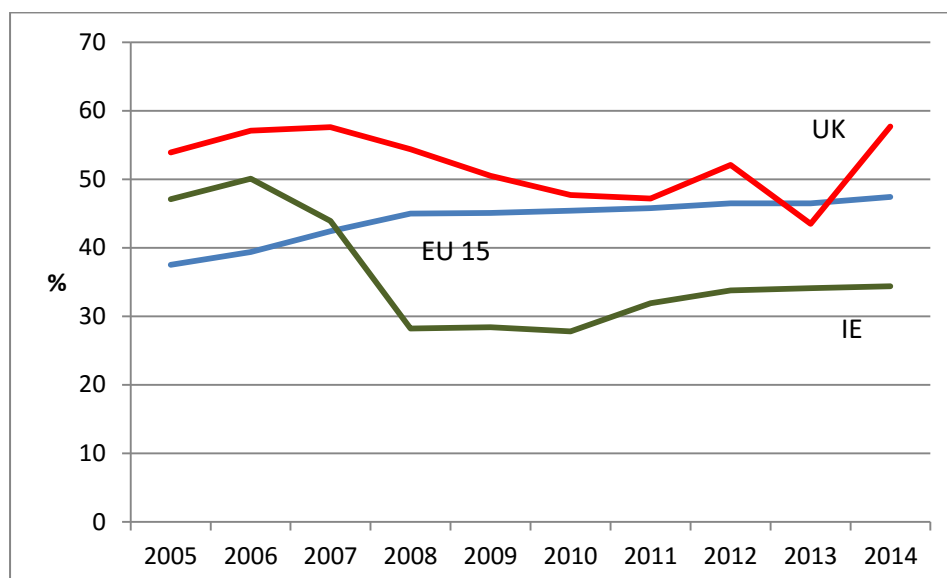
Table 8: At Risk of Poverty Rate¹ of Unemployed People: Ireland, UK and EU 15, 2008-2014

Country/Area	2008	2009	2010	2011	2012	2013	2014
	%	%	%	%	%	%	%
Ireland	28.2	28.4	27.8	31.9	33.8	34.1	34.4
United Kingdom	54.4	50.5	47.7	47.2	52.1	43.5	57.7
EU 15	45.0	45.1	45.4	45.8	46.5	46.5	47.4

Source: Eurostat

1. Poverty line 60% of median

Chart 9: Evolution in the Risk of Poverty Rate of Unemployed Persons (%): Ireland, UK and EU 15, 2005-2014.



Source: Eurostat

When Ireland was a 'programme country', the relatively high level and long duration of Jobseeker's Allowance payments were frequently presented as endangering people's incentive to take employment and the intensity of their job search. Troika reports referred several times to the 'flat structure of Ireland's unemployment payments,' suggesting they should decline with the duration of claims to increase the incentive to take work. This is far from the full picture. The 'flatness' in question is largely due to the low level of payment formerly insured workers receive from day one of their claim in Ireland. In most EU countries, contribution-based unemployment compensation is paid at a higher rate in recognition of people's contributions records – and sometimes much higher when a pay-related element to cushion accustomed living standards is included – than when it is means tested. In Ireland, the payments of both a higher rate in the short-term and of a pay-related element had been discontinued well before the recession struck. Quite unusually, then, comparison with many other EU MS, individuals losing good jobs they have held continuously for a long time

receive the same basic payment from day one of their claim in Ireland as unemployed persons who have not yet held a job or paid a single contribution. Secondary benefits can be added to the primary payment that increase the amount quite substantially but not automatically; they depend on household composition and address particular needs and only small proportions of JA claimants typically are eligible for large additions to their primary payments. It should also be noted that it has yet to be established that the outflow to employment is increased when households are left to fall below the poverty line.⁵⁶ A final significant aspect to unemployment payments and their duration that is frequently overlooked is their role in maintaining domestic demand, particularly in weak local labour markets.

The thrust of these observations is that viewing the level of Ireland's basic unemployment payment in 2007 only as a 'problem' that resolute action had to address was far from the full picture. The relatively high level the basic unemployment payment had reached before the recession, in fact, enabled Ireland to keep the risk of income poverty associated with unemployment at a low level by EU standards, even after rate reductions, restrictions in eligibility and stricter monitoring of unemployment payments. **Not** proceeding further with such measures may even have contributed to the rapidity with which unemployment subsequently began to come down.

Particular issues arising for young people

The first line of defence is to ensure that young people have income that is adequate to their needs and which is genuinely supportive of their best efforts either to find employment as soon as possible, acquire the skills that will bring them more and better job offers, or engage in an ALMP or in community/voluntary work. Parity of support across these alternatives is important to ensuring that individuals are able to choose the courses most appropriate for them and from which they will genuinely benefit and be able to progress. This makes their access to comprehensive and relevant information and expert guidance hugely important. There is wide consensus that young people are more vulnerable than older age groups to having their life goals and sense of personal agency undermined by experiences of rejection and failure. This includes poverty.

At the end of June 2015, there 42,300 people aged under 25 on the Live Register, 45% of them for 12 months or longer (LTU) and 24% for more than 2 years.⁵⁷ Nearly all of them depended on the means-tested Jobseeker's Allowance and 10,000 had been doing so continuously for longer than two years (Chart 9). While their absolute numbers are small compared to older age groups (see Chart 8), the risk is much higher that a life-long dependency on social welfare is beginning for some of them.

The ability of public service providers to communicate a consistent message and implement a consistent approach to these young people is, therefore, exceptionally important. Income support has to build on and foster their belief in the worthwhileness of good employment and their ambition and capabilities to become self-reliant through work. The language of 'mutual obligations' where they are concerned is both exceptionally important and requires careful communication and application, ideally carried out in the context of a career counselling and guidance process which has gained their trust.

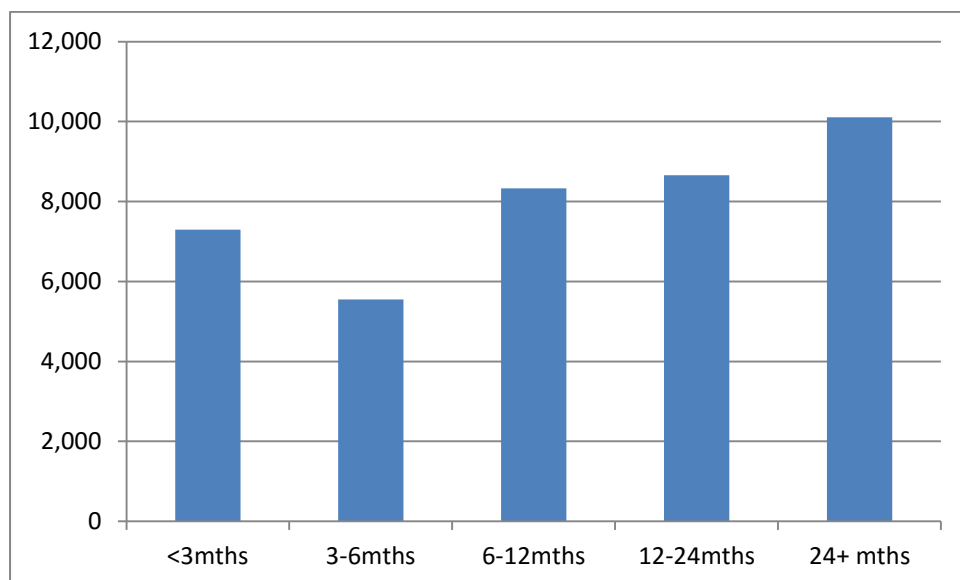
⁵⁶ The literature and evidence surrounding these issues are reviewed in NESC (2011), *Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession*. Report No.123.

⁵⁷ Response to Parliamentary Question, Dáil Éireann, 7 July 2015.

In many respects, this is what the EU-backed Youth Guarantee (begun in 2013) is attempting to achieve for disadvantaged young people. In addition, there is a wide range of active labour market programmes that make specific provisions to attract young people (First Steps, Experience Your Europe (EYE) and Jobs Plus; Tús, Gateway and Community Employment; Job Bridge/the National Internship Programme and the Back to Education Allowance; and a large set of FET programmes ranging from formal apprenticeships to short-term training courses.

Some of the overriding concerns must be that a significant complexity now surrounds how activation measures seek to influence unemployed young people and that reliable – thus, independent and impartial – evidence on the impacts of the different measures cannot be provided immediately, even when its importance is acknowledged and resources are devoted to the necessary research. For example, it is ideally *now* that policy makers need to know what impacts the reduction in JA rates for those under 25 have had on their exposure to poverty, participation in ALMPs and entry to employment, which FET programmes achieve the best long-term outcomes for participants and for which types of participant, whether programmes exclusive to disadvantaged youth achieve more for them than when they are included in programmes along with others, and the conditions under which a ‘work first’ approach for young people could be better in some instances than the more obvious ‘train first’ approach that their age and potential suggests. In this as in other areas, policy making in Ireland is hampered by a historic under-appreciation of and under-investment in the role of evidence.

Chart 10: Young People (under 25) in Receipt of Jobseeker’s Allowance, by Duration – June 2015.



Source: Parliamentary Questions: Dáil Éireann, 7 July 2015

Summary and Conclusions

There are still significant legacy effects from the economic crash but enough has already been achieved by way of recovery to enable solidly established, long-term objectives for Ireland's economy and labour market to shape current policies rather than crisis-management. The new government has the responsibility to build on and, where necessary, correct initiatives and reforms adopted when Ireland was a 'programme country'. With the cushion of the degree of recovery that has been achieved, it is as important now to ensure policies are informed by a clear vision of the future that is wanted as well as by lessons, sometimes bitter, from the past.

A significant reduction in unemployment, including long-term, has accompanied the recovery to date. In the four years to the end of 2015, the unemployment rate dropped by six percentage points. It had taken ten years in the wake of the fiscal crisis of the 1980s, from 1988 to 1997, for a similar drop to occur. While the unemployment rate remains unacceptably high, an acute emergency is past and the emphasis should now shift to ensuring that further reductions in unemployment are qualitative – i.e., lasting – and not just as large and speedy as possible.

The employment rate is a better indicator of labour market performance than the unemployment rate -it can only be high if the unemployment rate and the non-participation rate are each low. From being above the EU 15 average and within sight of the better performing Member States before the crisis, Ireland's employment rate plunged beneath them. It has partially recovered but is far below the best performing member states. It collapsed most for young people 25 and has yet to register any significant improvement for them.

The recent recession saw not only employment fall and unemployment rise but the quality of employment deteriorate in specific ways and for specific groups of workers. It is reasonable to expect some of this deterioration in job quality to be reversed as the labour market continues to improve. However, as the legacy effects of the recession fade and full employment comes 'within striking distance' (*National Skills Strategy 2025*), longer term, non-cyclical factors that threaten the quality of employment in all advanced countries and not just in Ireland will come more to the fore. They need greater and more systematic attention now from economic stakeholders and policy makers in Ireland.

In an international comparative perspective, Ireland does not have a particular problem with the quality of employment but its performance is mediocre and places the country outside a high performing group of OECD countries (*OECD Job Quality Framework*). This is not in keeping with the knowledge-intensive, high value-added exporting enterprises for which the Irish economy is known internationally or with the exceptionally high educational profile of those in employment in Ireland by EU standards. It can be considered disappointing.

In regaining a high employment rate, it is essential that it is not achieved at the expense of labour productivity. The jobs that need to be created must also pay, and pay for both workers and employers. Only more jobs that are productive will prevent earnings inequality from widening, allow median earnings to rise, boost tax revenues, support social inclusion, avoid rising social expenditure on in-work benefits and make it easier to fund more and better public services. Full employment will

not be sustained, nor will Irish society become more attractive, if a higher employment is achieved on the back of weak productivity growth.

The combination of high employment with good labour productivity eludes some advanced countries but not others. All advanced countries and not just Ireland are experiencing a set of deep technological, organisational and demographic changes that, unless addressed by resolute actions at the national level, threaten the quality of employment for groups of workers impacted disproportionately by the changes. Two groups stand out particularly in this regard—young people and individuals who are low-skilled.

The quantity and quality of employment can grow together - no 'iron law' makes a trade-off inevitable. Their reconciliation hinges on the commitment and effectiveness with which the different stakeholders work together at the national level and the effectiveness of the institutional framework through which they work. For this reason, job quality varies substantially among advanced countries. Vigilant and competent national institutions, policies and instruments prevent the emergence of dual labour markets. In dual labour markets, the majorities at work enjoy good quality jobs but minorities made up of diverse sub-groups have pay, hours and conditions that make their employment a damaging experience only entered because the alternatives are worse.

As Ireland drives forward to achieve full employment in a way that, this time, is sustained, reinforced measures and institutions will be needed to protect and improve the quality of employment as job creation targets are being met. This will be a major test of the extent to which shared values, solidarity and a common purpose characterise Ireland's national actors and of the effectiveness of the national institutions and procedures through which they work together. On the one hand, enforcing standards that are not widely supported and for which there is not a reliable evidence base will risk choking off labour market developments with the potential to create jobs, widen access to employment and offer new opportunities for work-life balance. On the other hand, not having national standards, or setting them too low, will risk allowing a two-tier labour market to develop with insider groups of workers securing a high quality to their jobs, while outsider groups are admonished that 'any job is better than none' and that expecting 'job quality' risks leaving them without any jobs at all.

In ensuring that employment legislation and regulation keeps pace with the challenges, it is important that independent voices provide evidence of what is actually happening and of what is most likely 'to work' in the Irish context. To this end, research and specialist bodies (e.g., the Low Pay Commission) need to be adequately resourced to consult widely and repeatedly, communicate their findings and formulate recommendations that are issue-specific and considered feasible for all affected parties. The University of Limerick's study of zero-hours contracts is a recent example. The length of time it takes to respond to the report, the priority accorded doing so by a new minister and the degree to which key stakeholders either press for its recommendations or be implemented or seek to dilute or resist them will be a good test of the priority currently accorded the protection of job quality in Ireland.

The State and public policy exercise their greatest influence on job quality, and for a much greater number of people, in the extent to which it is articulated as an objective and the effectiveness with which it is pursued in three core areas –national and regional economic development strategies, skills development, and unemployment and activation policies. The level of ambition that is held for

the productivity and quality of employment, particularly on the lower rungs of the labour ladder, across these three areas of policy, and the extent to which they align and are effectively implemented, will achieve more and for a greater number than legislation and regulation directly targeting job quality.

The implementation of *Enterprise 2025* will be central to raising the standards and quality of employment because it reinforces the ambition of policies to transform Ireland's employment intensive domestic sectors and to enhance the competitiveness of locally traded services. These are the areas in the economy where the quality of employment is most frequently at risk. The issue has had a low profile while job creation arising from inward investment was the principal focus of attention, as the jobs created were typically of good quality. As the *Action Plan for Jobs* (APJ) process unfolded, it brought into greater relief that, for recovery in employment to be on the scale required and sustainable, major contributions had to come from indigenous industry, SMEs and from within regions. *Enterprise 2025* can be regarded as the culmination of the APJ process. It anticipates that one-half of all the new jobs created by private sector enterprise to 2020 will be in the large employment-intensive domestic sectors of the economy and a further 10 per cent in locally traded services. It is in these sectors that employers are most likely to compete purely on the basis of low costs and where competition can erode job quality as well as drive it up. In this context, it is to be welcomed that *Enterprise 2025* leaves little room or encouragement for the continuation in the economy, let alone expansion, of jobs that are routine and low-skilled. Its depiction of what will make regional economies dynamic and resilient is of major significance to ensuring job creation and job quality are attained together.

For similar reasons, the implementation of *Ireland's National Skills Strategy 2025* will be instrumental in raising the quality of employment across the economy. In the final analysis, jobs are only sustainable if they 'pay' for employers in the first instance. Measures that seek to improve pay and conditions directly (from the 'top down') can only be sure of doing no harm to employment levels if the productivity and skills of workers enable employers to absorb the costs of compliance without endangering their businesses. Similar to *Enterprise 2025*, the ambition, analyses and intentions of the new national skills strategy can be interpreted as leaving no place in the future Irish economy for poor quality employment. It seeks to raise skills at all levels. It commits to supporting the Further Education and Training sector to develop the apprenticeships, traineeships and other forms of dual education programmes that will ensure the 40% of young people not transferring directly to third level enter jobs of good quality. It commits to securing inclusion of the economically disadvantaged by up-skilling them and to helping unemployed job seekers find the 'best possible job'. The new Regional Skills Fora it supports are to play a key role in creating strong relationships and an effective transfer of knowledge between employers, education and training providers. This includes ETBs working with SMEs and small businesses ways to see how they can raise their demand for skills and so improve the quality of the employment they provide, and with their regional counterparts in DSP/Intreo to route individuals from the LR through 'bespoke courses ...directly linked to the needs of companies' to 'quality employment' (op. cit., 103).

The approach being taken to job quality in unemployment and activation policies is more challenging and problematic than in policies for economic development and skills, and for several reasons the tension is inevitable. A 'train first' approach for many of the principal clients of *Pathways to Work 2016-2020* poses huge challenges; some of same difficulties the LTU have in accessing jobs make it

difficult for them to access and benefit from training also. *Pathways to Work 2016-2020* adopts a different perspective on the presence of low-skilled jobs in the economy to those of *Enterprise 2025* and the *National Skills Strategy 2025*. It sees them as an opportunity to interrupt long periods on the Live Register for people in danger of losing all contact with the world of work and low skilled jobs as potential stepping stones to more rewarding employment later. Significant risks attend this strategy, however, and the long-term returns to the state of pursuing it rather than greater effectiveness in reskilling people have not been established for Ireland. It is far from ideal that a 'work first' approach on the basis that 'any job is better than none' would become dominant in the state's unemployment and activation policies while its economic development and skills strategies pursue a 'train first' approach that regards upskilling as default option most in keeping with the long-term interests of the state as well as of the LTU themselves.

For the drive to full employment not to endanger job quality, employment legislation, regulation and voluntary agreements have a major role to play. This 'the top down' approach sets standards, supports norms, redresses violations and anticipates threats with the potential to undermine the quality of employment. Ireland appears to be neither a laggard nor a leader in this approach by international standards but significantly cautious because of its major need to keep employment expanding. Ireland, however, has a notably greater ambition and potential to improve job quality from 'the bottom up' through its national and regional economic development strategies, and national and regional skills strategies. The alignment of unemployment and activation policies with enterprise and skills policies is a work in progress.