"Employability" and its Relevance for the Management of the Live Register

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EXECUTIVE SUMMARY

Introduction

In September 2000 there were over 140,000 people on the Live Register. At a time of full employment, the obvious question is why such a large number are still on the Register. One possible explanation is that many of the 140,000 have employability difficulties and our task in this study is to explore this. We do so under a number of headings that cover conceptualising employability, measuring its extent, identifying people with employability difficulties and discussing relevant policies.

Conceptualising Employability

The core point to emerge from our conceptual discussion is that employability is not a binary variable. Rather, it is important to think of employability in terms of degree and to understand that a range of characteristics and factors, and combinations thereof, can lead to individuals suffering greater or lesser degrees of reduced employability.

We outline a framework for thinking about employability that includes the following strands: (1) individual characteristics, both alterable and unalterable; (2) contextual factors such as family, location, social and institutional; (3) firm-level labour demand; (4) macro-level labour demand.

Characteristics Associated with Reduced Employability

We go on to explore what characteristics are associated with reduced employability, drawing on a number of data sources. The first source is the Labour Force Survey of 1997. We compare people on the Live Register who were searching for work with those who were at best marginally attached to the labour force. The second source is the Living in Ireland Survey (1994 and 1997). We compare those who left the Live Register between 1994 and 1997 and those who remained on the Register between these two dates. We also draw on the results of a survey of people on the Live Register in Galway City and County in 2000 and recent work by Layte and O'Connell (forthcoming).

The results reveal the following. People who suffer reduced levels of employability tend to be older, to have had limited previous attachment to the labour market and low levels of education and to live in rural areas. Our analysis of the Labour Force Survey also shows women to be more likely to suffer reduced employability but this appears to be largely related to the barrier to employment that results from childcare difficulties. From the Living in Ireland data, we do not find health to be a significant contributing factor and neither do we find the degree of fatalism to be associated with reduced employability. However, results from the Galway survey and the work by Layte and O'Connell (forthcoming) suggest that health is a factor in restricting moves from unemployment to employment.

Referring again to our analysis of the Living in Ireland data, reduced employability does appear to be associated with psychological distress. We interpret this as the effect of unemployment rather than the cause. People who had taken steps in 1994 to find jobs tended to be more likely to have left the Live Register by 1997. Urban local authority residents are seen to be more likely to suffer reduced employability than other urban residents. However, the pattern of results and earlier work in this area suggest that local authority tenure is not the cause of reduced employability but that people with reduced employability tend to be selected into local authority areas. Finally, the Galway study finds literacy to be another factor that reduces employability; 34 per cent of the long-term unemployed said they had literacy difficulties as opposed to 15 per cent of the short-term unemployed.

Measuring the Extent of Employability Difficulties for those on the Live Register

From our analysis of characteristics, we know that factors like age and labour market attachment are associated with reduced employability. Data from the Live Register that is produced by the Central Statistics Office provides information on the number of people on the Live Register that are over 45 and are long-term unemployed. This makes it possible to count how many people on the Live Register have one or both of these employability-reducing characteristics and in this way a very crude measure can be arrived at. Performing such an analysis, we found that 8.4 per cent of those on the Live Register in 2000 were over 45 and had been unemployed for three years or more.

A second avenue of measurement has been opened more recently by the National Employment Action Plan (NEAP). The Department of Social, Community and Family Affairs (DSCFA) have, since September 1998, been referring certain groups from the Live Register to be interviewed by FÁS personnel. A by-product of this process is that FÁS produce figures based on these interviews and categorise a group of interviewees as being "not progression ready". As this group suffer extreme employability difficulties, the NEAP process is in effect producing a measure of the extent of employability difficulties on the Live Register.

The "not progression ready" group tend to make up about 10 per cent of those referred, depending on the particular group in question. This is a relatively small number and suggests that the problem might be more manageable than would have been expected. However, it should be realised that some people with employability difficulties, such as poor literacy, are not included in this group and so a focus on the "not progression ready" may lead to an understatement of the extent of the problem.

Policy

Under policy, we return to the previously mentioned NEAP. Early indications are that the referral and interview process is showing success in getting people off the Live Register with around 70 per cent leaving the Register. The programme must still be evaluated in a rigorous manner because a proportion of those leaving the Live Register may have left even without a referral process. However, its apparent success would indicate that as a policy tool it is effective. Given our findings from the analysis of

the Living in Ireland Survey that more active searchers were more likely to leave the Live Register, it may not be entirely surprising that an activation/guidance and counselling process could be effective. Many on the Live Register may have lost job search skills or began to believe that there were no jobs available. In such a situation, guidance and counselling can be effective.

It should also be recalled that a significant number of individuals left the Live Register before showing up for interview. A number of interpretations can be placed on this but it is difficult to avoid the conclusion that at least some of these individuals were working while signing on or were not engaging in job search to any great degree. If the referral process prompted such individuals to leave the Register, this is another benefit of this programme.

The NEAP shows that a number of people can be helped off the Live Register without putting them on training schemes. But for others, training and employment schemes are still required and we discuss what has been shown to be effective and how progression paths should be designed for those with employability difficulties. But there remains a group who cannot be served immediately by training and employment programmes because of the severity of their employability difficulties. For them, assistance from agencies such as the Departments of Health and Education and the Health Boards is required. In addition, we would urge that continued attention be devoted to literacy issues under the National Adult Literacy Programme.

The interaction of FÁS and the Department of Social, Community and Family Affairs under the NEAP gives rise to another point. The co-ordination of activities across these agencies appears to have produced useful results. We see a need for increased co-ordination in this area because of the range of activities that are aimed, or should be aimed, at those with employability difficulties. Calls for increased co-ordination have been made elsewhere (Fitz Gerald *et al.,* 1999) but the success of the NEAP certainly strengthens the argument.

Identifying People with Employability Difficulties with a View to Intervention

Under identification strategies, we mention three possibilities: characteristic screening, profiling and interview. We looked at the advantages and disadvantages of each and outline how we think matters should proceed in this area.

In order to have good information on the characteristics of those on the Live Register, it is necessary that broadly based surveys of this group be taken. The Labour Force Survey filled this need to a degree but with the removal of the relevant question from the Quarterly National Household Survey, this is no longer a source of information. One possible proposal would be to re-instate the question on the QNHS but even this

would be of limited use. There was always a concern that people did not respond truthfully when asked if they were on the Live Register. In addition, the information from the QNHS can not be used to track people over time.

The question then arises of whether a survey of those on the Live Register should be conducted. If a survey is to be taken of those on the Register it would be possible to develop an accurate picture of the characteristics of the stock of people at present. This could be done on a sample survey basis and ideally should be done over a period of time rather than as a simple cross section. By keeping track of who enters and leaves the register before six or twelve months, and who enters and stays, it would be possible to estimate a statistical model of what characteristics lead people to remain on the Live Register. The model could subsequently be used in a profiling procedure. As individuals enter the Live Register, they would be asked the same questions as appeared on the original questionnaire. The model could then be used to estimate the probability of them becoming long-term unemployed and a decision on their immediate referral to training or employment schemes could be made. Their information would also be added to the data bank and used for subsequent updating of the statistical model.

We would suggest a movement in Ireland towards profiling through a pilot project. Through the implementation of a profiling system a proportion of those at risk can be identified before they become long-term unemployed and given immediate access to measures which, if correctly designed, can speed transition back to quality employment. For those who are missed by profiling but who begin to drift into long-term unemployment, a referral to FÁS along the lines of the current NEAP procedure can ensure that their drift does not go unnoticed. Through contact with FÁS, a re-integration strategy can be designed which may involve standard training and employment programmes, or other types of intervention when the employability difficulties are particularly severe.

1. INTRODUCTION

In recent years Ireland has experienced a remarkable drop in its unemployment rate. From a rate of 15.1 per cent in 1992, this has fallen to 4.3 per cent in 2000. While this is exceptional, the fall in the percentage of long-term unemployment is perhaps even more remarkable. In 1992, the rate of long-term unemployment was 8.5 per cent; by 2000, this had fallen to 1.4 per cent (CSO, 2000).

These rates of unemployment suggest that Ireland is now a "full-employment economy". But in spite of this, as of September 2000 there were still 144,932 people on the Live Register. Like the unemployment rate, the number of people on the Live Register has been falling quickly but the question remains as to why there are still so many receiving unemployment benefits and assistance at a time of near full employment. Part of the explanation relates to administrative rules and procedures whereby it is possible to work, for example part-time, and still receive benefits. It is also possible that another part of the explanation relates to fraud. But another part of the explanation relates to the topic of this study, namely, the employability of those on the Live Register.

Employability has become a core focus of labour market policy at a European level and is one of the four pillars of the European Employment Strategy. In spite of this prominence, the concept of employability remains somewhat elusive. As Gazier (1999) puts it, "employability is not often and not easily defined and is referred to more as a programme orientation than as a concept belonging to some theoretical body or even to some statistical representation set". Our goal in this study is to develop the concept of employability in the context of the current Live Register situation. We then want to explore the concept along a number of dimensions.

The study is structured as follows:

- In Chapter 2, we will begin by exploring the concept of employability and by developing a more precise formulation which we will use in the remainder of the study. Our goal in developing this formulation will be to provide a structure for our thinking as we discuss a number of issues later in the study. The central point that emerges from this section is the importance of seeing employability in terms of degrees rather than as a binary variable.
- In Chapter 3 we examine the characteristics that are associated with employability difficulties. We will draw on two data sets as we try to identify the individual characteristics, or contextual characteristics, that reduce a person's employability. These are the Labour Force Survey from 1997 and the Living in Ireland Survey (the 1994 and 1997 waves).

- In Chapter 4, we consider how to measure the level of employability of those on the Live Register in an aggregate sense. As the data sets used in exploring the characteristics associated with reduced employability are from 1997, they cannot be relied upon to give good current measures.[1] Hence, we look to other data sources, in particular the Central Statistics Office (CSO) analysis of the Live Register data and the information that has emerged from the referral process operated under the National Employment Action Plan (NEAP).

- In Chapter 5 we turn to policy issues and ask what interventions are needed to help those with employability difficulties. As part of this chapter we consider the issue of whether there should be an unemployability payment whereby those suffering reduced employability could be exempted from the Live Register conditions. We then discuss how training and employment schemes should be organised for those who can benefit. For those who cannot benefit from standard interventions, we look at their difficulties and suggest what can be done.

- In Chapter 6, we discuss how people with employability difficulties can be identified so that the appropriate interventions can be made. In particular, we discuss a technique called profiling whereby statistical models are used to predict which individuals are likely to become long-term unemployed. We suggest how profiling could be used in Ireland, in a way that supplements the referral process of the NEAP.

- In Chapter 7 we summarise and offer some conclusions and recommendations.

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[1] In the case of one of the data set, the Labour Force Survey (now called the Quarterly National Household Survey), a question asking whether or not the individual is on the Live Register is no longer included.

2. THE CONCEPT OF "EMPLOYABILITY"

A comprehensive discussion of the development of the employability concept has recently been provided by Gazier (1999) so we will draw on his discussion here. His portrayal follows a chronological route and he distils seven definitions of employability. It is not necessary for us to provide details on each definition as some of the seven are of limited relevance only to the specific issue under review. Instead, we will discuss three of the definitions and will then extract an employability framework for our own use.[2]

2.1 Dichotomous Employability

The first definition of employability is labelled "dichotomic employability" by Gazier and is traced by him to Britain and the USA in the earlier part of the last century. The use of the term "dichotomic" captures the point that this definition saw employability in terms of whether or not a person was able and available for work, or not. The definition was operationalised in relief programmes in the USA during the Great Depression – those who were deemed employable were eligible for federal employment programmes whereas those deemed unemployable were directed towards local relief programmes. Adults aged 15 to 64 were considered employable, once their working did not interfere with childrearing; all other adults were considered unemployable.

This is clearly a very simplistic view of employability but even so, it raises some points that can feed into our framework. In particular, the definition of people as employable with reference to family characteristics brings to light the point that employability is not a personal trait, independent of the individual's context. Rather, an individual's employability can be determined by wider contexts. The fact that anyone aged 15 to 64 who was able-bodied was generally deemed employable indicates that more modern notions of labour market disadvantage were not to the fore at the time. Such considerations form the core of the next definition of employability so we will turn to that now.

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[2] The four definitions that Gazier discusses but which we do not are as follows. 1. "Socio-medical employability": the issue considered under this definition is the rehabilitation of the physically or mentally disabled. 2. "Flow employability": rather than being concerned with the characteristics of individuals, this concept takes a labour market perspective and asks how quickly some groups can leave unemployment. 3. "Labour market performance employability": the focus of this definition is not simply on getting a job, but also on the quality of the job. 4. "Initiative employability": the main characteristic of this definition is the accumulation of skills over an individual's labour market history.

**2.2
Manpower
Policy
Employability**

The second definition of employability (Gazier's third) introduces the notion of labour market disadvantage and also moves from the dichotomous view of employability to consider degrees. Gazier labels it "manpower policy employability" and dates it between 1960 and 1985. He defines it as the distance between an individual's characteristics and circumstances and those that are required to get and keep a job. Under this view, people can be more or less employable and hence differing levels of intervention may be required to bring each individual to a threshold level of employability.

In order to measure degrees of employability, scales were developed. An example comes from Estes (1974). He developed a list of items that he considered relevant to assessing an individual's employability. We present the list here, partly to illustrate more fully the nature of manpower policy employability but also because the items are relevant to later discussions on the characteristics that are associated with reduced employability. The Estes items were as follows:

1. years of education;
2. language difficulties (reading, speaking, writing);
3. health limitations (physical, mental, alcoholism, drugs, family member health);
4. legal barriers (driver's licence, conviction record, citizenship);
5. military status;
6. age;
7. motivation (belief in work ethic, net earning capacity after job related expenditures, cultural, background, self-conception, work-shift preference, time on welfare assistance, ability to defer gratification, degree of perceived economic responsibility);
8. previous work history (years of employment, turnover rate, recency of employment, reasons for termination, availability and acceptability of experience, skill levels, work habits);
9. transportation (public or private);
10. childcare needs;
11. job market factors (unemployment rate in the skill area, seasonality and availability of jobs, union requirements, government job subsidies, wage requirements); and
12. miscellaneous (discrimination problems, appearance [dress, grooming, physical attractiveness], housing problems, job hunting skills, etc.).

By scoring individuals on each item, weighting the scores and summing across the items, it is possible to give someone an employability score. Those with employability difficulties can be identified and their particular deficiencies can be addressed once those deficiencies can be altered.

The approach is useful because it puts a clear formulation on the concept of employability and because it feeds directly into policy. However, it was criticised because of its lack of attention to demand-side details. "Job market factors" are included in the Estes' list but in operational terms such factors were played down. The view seemed to be that once an individual's labour market difficulties had been addressed through counselling or training, he or she could be employable. But, as

Gazier points out, if demand is sufficiently weak or employers' perceptions remain sufficiently negative, the individual may remain unemployable. The third definition of employability seeks to address this limitation.

2.3 Interactive Employability

The third and most comprehensive view of employability sees individual characteristics in the context of different dimensions of labour demand. Gazier draws on the definition used by the Canadian Labour Force Development (1994) which states that employability "is the relative capacity of an individual to achieve meaningful employment given the interaction between personal characteristics and the labour market".

Under the first two views, a person's employability is determined by their characteristics and circumstances. However, under this third view, a person's employability can change even when their characteristics remain constant. Alternatively, two people with the same characteristics may have different levels of employability due to their being in different contexts.

To see how these contextual issues operate, we will first consider levels of employability over the business cycle. Labour demand and hiring have been modelled in a number of ways but here we will draw on queuing theory to illustrate a point. If potential employees can be ranked from highest to lowest in terms of their productive capacities, firms will hire the most able first. They will continue to hire until they have hired the number of workers required. This will leave a group of less productive individuals unemployed and in a sense this group is unemployable given the level of labour demand. As employers will only hire a certain number and these individuals are less productive than those already employed, they can only become employable by increasing their productivity and competing with those currently employed. If demand in the economy increases because of an economic upturn, firms will hire more employees and so look to the ranks of the currently unemployed. In this way, those who were unemployable before the economic upturn become employable.

Apart from this macroeconomic dimension, labour demand and hiring can impact upon employability in other ways. For example, while an economy may grow at a national level, regional imbalances may leave labour demand weak in certain regions thereby reducing employability. Also, even if more jobs become available, people can only apply if they are aware of the jobs. As some jobs are filled through informal channels, an individual's employability can be reduced if they do not have access to social networks where job information is circulated. In addition, note that the definition used above refers to "the relative capacity of an individual". What is meant by this is that an individual may become less employable if those around become more employable.

2.4 Adding one More Dimension

In addition to the three views that Gazier highlights, Philpotts (1999) introduces another dimension. He draws a distinction between access employability and performance employability; the former refers to an individual's ability to get a job whereas the latter refers to an individual's ability to hold the job and to advance in it. This distinction is very important when attention turns to policy matters. If access employability is

the goal, this may have implications for the extent to which an individual's performance employability is enhanced; if performance employability is the goal, this will have budgetary implications because more intensive interventions will be required. In addition, if performance employability is to be achieved through these intensive programmes, this can have implications for the length of time an individual spends away from the labour market which can in turn reduce employability.

**2.5
A Framework
Underlying the
Concept of
Employability**

Having considered a range of issues surrounding the concept of employability, we now want to draw themes together and to suggest a framework that will guide the material to follow. We want the framework to compartmentalise employability into a number of elements so that our thinking can be clear as we consider employability in the context of the Live Register. The framework is made up of individual characteristics (both alterable and unalterable), contexts (family, regional, social and institutional) and labour demand at the firm and macroeconomic levels. We will list the elements in turn.

Individual Characteristics

a. Unalterable: There is a range of individual characteristics that reduce employability but that cannot be changed by policy. Among these are age, labour market history and criminal records. As they cannot be changed, the policy issue is whether or not the individual can be given other employability-enhancing treatments that will compensate for unalterable employability-reducing characteristics. Alternat- ively, policy-makers could think in terms of changing employer attitudes whereby the employability-reducing characteristics become less of a barrier to accessing jobs.

b. Alterable: Characteristics under this heading can, in principle, be changed. However, we stress the words "in principle" because it may be extremely difficult to alter some of the characteristics we list. Under this heading we would include levels of education and training and literacy and numeracy difficulties. We might also include health difficulties like drug addiction and alcoholism although these may be more appropriately placed in the unalterable category if the degree of addiction is sufficiently intense. To the degree that these characteristics can be altered, the policy challenge is to provide supports and mechanisms through which the difficulty (or combination of difficulties) is overcome. Another characteristic to be added here is motivation. To the extent that some individuals are discouraged or lacking in confidence, it may be possible to alter their views of their employment chances, especially in the current economic climate.

Immediate Context of the Individual

a. Family: The main issue under this heading is the extent to which care-giving duties restrict people's abilities to access jobs, or indeed employability-enhancing programmes. Whereas policies aimed at the above items relate to the individual, policies aimed at alleviating

family-based constraints must attempt to alter an individual's circumstances, such as through the provision of childcare.

b.   Location: As discussed above, if a person lives a distance from where jobs are available, they can be unemployable if transport is not available. A policy to address this difficulty must either provide transport to jobs or bring jobs closer to the individual. In either case, it is clear that labour market objectives may require the use of policies that are not explicitly in the labour arena but rather would be termed transport or regional development policies.[3]

c.   Social network: The ability to get a job will be influenced by the extent to which an individual is aware of vacancies. Both the Irish and international literature on job search tells us that many jobs are found through informal channels such as word- of-mouth advertising so exclusion from certain social networks can put an individual at an employability disadvantage.[4] Conversely, the argument has been made that inclusion in a social network that is dominated by people without jobs and, more importantly, people with negative expectations as to their prospects of getting jobs, can itself create negative feelings. In this way, employability is reduced. The nature of the policies required in these cases is the generation of greater belief plus exposure to job openings. Both of these are based on the assumption that jobs are available. If no jobs are available, the unrealistic raising of expectations may be damaging.

d.   Institutional factors: An important factor in the discussion of employability is the extent to which the interaction of the tax and welfare systems can reduce employability by making it uneconomic for some to take lower paid jobs. Policy developments in Ireland such as the Family Income Supplement and, in recent years, tax reductions and the Back to Work Allowance, have reduced the relevance of this concern. It may still exist however so again, we should be mindful. Another institutional factor relates to local authority housing. To the extent that tenancy arrangements reduce geographic mobility, such arrangements can create employability difficulties.

Firm Level Labour Demand

Our framework has so far considered the attributes or immediate circumstances of the individual. But as is made clear by the interactive definition of employability, an individual's employability has to be considered in the context of the demand side of the labour market. Under the item Macro-level Labour Demand, we consider the aggregate, economy-wide demand for labour but under this heading we consider firm-level issues.

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[3] This locational issue could be discussed under the heading of labour demand. As labour demand varies by region, we could have discussed issues such as regional infrastructure, distance from markets and local employment shocks such as the closure of large factories. We have chosen to look at it under individual characteristics because our later empirical work is individually oriented.

[4] Sexton *et al.* (1988) estimated that 40 per cent of jobs found by young workers were through personal or family contacts. Holzer (1989) provides figures for the USA.

Employability is determined by the degree to which an individual's characteristics match those required by a firm. If a firm has a particularly negative view of certain characteristics such as long-term unemployment or advanced age, an individual could be unemployable because they hold such characteristics. Above, we spoke about policies to change the individual but here our focus is on policies to alter the perception of firms. The policies could take the form of wage subsidies in respect of certain groups or information campaigns to refute perceptions of lower levels of productivity among certain groups. Anti-discrimination policies could also be considered under this heading.

Macro-level Labour Demand

The final element in our framework is the level of demand for labour in the macro-economy. We discussed the queuing theory of hiring above and the argument developed there applies here. An economy with higher labour demand will generally increase employability. It is possible that this may not occur if the increased demand for labour only occurs in relation to jobs above a certain skill level. In this case, structural unemployment will exist because the unemployed do not have the skills required to fill the vacancies.

Rather than being a theoretical concern, this is a very real issue because much of the developed world has experienced a relative increase in the demand for skilled labour in recent times. This is often explained in terms of skill-biased technical change and is manifest in increased returns to education. For many countries, this shift in relative demand has reduced employability because the number of lower skilled jobs has declined thereby putting jobs out of the reach of lower skill groups.

Ireland, too, has experienced a relative increase in the demand for skilled labour and an increase in the returns to education (Barrett, Callan and Nolan, 1999). However, the growth in the economy here has been of sufficient strength to generate an absolute increase in the demand for lower skilled workers. In this way, the Irish economy is, of itself, increasing employability. This raises some important operational issues. In particular, the reduction in the number with employability difficulties (i.e. those getting jobs) leaves a smaller group on whom greater efforts can be focused.

It is necessary to be mindful that the current rate of economic growth is unlikely to be sustained. When growth slows, it is likely that the number with employability problems will increase unless preventative systems are in place. While it is important not to exclude this entirely from current policy thinking, it appears that the economy will be sufficiently strong in the short-run for a focus to be placed on the supply-side of the labour market.

2.6 Summary and Concluding Points

We have reviewed the definitions of employability and have distilled a framework based on definitions. We will now proceed to use the framework in the following way. We will discuss what characteristics would be associated with reduced employability by drawing on our data sets. The framework will act as an organising device as we consider

characteristics and also as we move on to consider issues of measurement and policy.

3. CHARACTERISTICS ASSOCIATED WITH EMPLOYABILITY DIFFICULTIES

We now want to determine what characteristics are associated with reduced employability. In so doing, we will set aside firm-level and macro-level labour demand referred to in Section 2.5. We do this partly because the data that we use in this chapter relate to individual characteristics. Data on firm hiring practices or on the level of demand for different types of labour is not as readily available and is subject to a range of difficulties. Also, as we noted above, demand issues are of less immediate concern.

We begin by using the Labour Force Survey (LFS, details of which are given below) of 1997 to gain some insights into the characteristics of those on the Live Register. Given the changes in the labour market and the fall in the numbers on the Live Register between 1997 and now, it is somewhat unsatisfactory to be using data from 1997. However, it is the most recent national and large scale data set to which we have access and so it is the best we can do. In addition, we do not use the data to measure the employability difficulties of those on the Live Register. We use them only to compare the characteristics of those on the Live Register who were actively seeking work in 1997 with those who were not. Assuming that the relative characteristics of the two groups are similar at present, even if their relative sizes have changed, the LFS data can produce useful insights. We supplement the 1997 LFS data with information gathered in 2000 through a survey of those on the Live Register in Galway City and County.

We then go on to use the Living in Ireland Panel Survey data (LIPS, details given below) to derive further information on those on the Live Register. We use the data to analyse the characteristics that led people to exit the register between 1994 and 1997. As with the LFS analysis, we are able to supplement our analysis, this time drawing on recent work by Layte and O'Connell (forthcoming).

The first data set we will draw upon is the Labour Force Survey of 1997. As mentioned it would not be appropriate to use the data from 1997 to measure the current extent of employability difficulties. However, it is reasonable to believe that the type of characteristics that lead people to suffer reduced employability in 1997 are still relevant today. For this reason, we use the 1997 LFS to identify characteristics but look elsewhere when we consider measurement issues later in the report.

The Labour Force Surveys were conducted annually until 1997, when they were replaced by the Quarterly National Household Surveys. Information on about 150,000 people was collected in each survey, mostly relating to labour market issues. One of the questions asked if the respondent was on the Live Register and whether the respondent was in receipt of unemployment benefits (UB), unemployment assistance (UA) or if they were signing on for credits.[5] This question allows us to identify individuals who were on the Live Register and so we are able to analyse this group.

In the 1997 survey, 8,327 individuals indicated that they were on the Live Register. Using the weighting factors devised by the CSO, we can adjust the sample to reflect the numbers in the population. When we do this, we get an estimate of the population on the Live Register of 210,216. From the official Live Register statistics, which are published by the Central Statistics Office (1998), we know that there were in fact 255,463 people on the Live Register in April 1997. Hence, the 1997 LFS underestimated the true population on the Live Register by about 22 per cent. For this reason our first task is to look at the distribution of people who were on the Live Register, using both the LFS and the official statistics, to see if there is evidence of a systematic undercount in the LFS.

In Table 3.1, we present the breakdown of the Live Register by gender and type of claim for 1997. Looking first at gender, we can see that the true split between males and females was 62.1 per cent male and 37.9 per cent female. The LFS gives a split of 65 per cent and 35 per cent so although there is a small overestimate of the proportion of men, the LFS appeared to reflect adequately the true gender breakdown. Turning next to breakdown by benefit type, the true breakdown was 24.5 per cent on benefits, 68.6 per cent on assistance and 6.9 per cent on credits. Once again, the estimates of these proportions from the LFS are very close at 26.9, 67.7 and 5.3 per cent respectively. The only discrepancy to arise relates to the gender breakdown within the unemployment benefits group. The breakdown in the official statistics shows that 46 per cent of UB recipients were male; the LFS gives a male proportion in UB of 54.4 per cent.

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[5] People are eligible for unemployment benefits if they are unemployed, under 66, capable of work, available for and genuinely seeking work, are fully unemployed for at least three days in any period of six consecutive days and satisfy the PRSI contribution conditions. Eligibility for unemployment assistance is determined similarly, except that the PRSI condition is replaced by a means test condition.

Table 3.1: Distributions of Individuals on the Live Register by Gender and Benefit-type: Official Register Figures and the Labour Force Survey, 1997

		Male	Female	Total			Male	Female	Total
LFS					**Official**				
UB	Count	30,797	25,837	56,634	UB	Count	29,063	33,524	62,587
	Row %	54.4	45.6	100		Row %	46.4	53.6	100
	Col %	22.6	35.1	26.9		Col %	18.3	34.6	24.5
UA	Count	103,456	38,960	142,416	UA	Count	125,750	49,620	175,370
	Row %	72.6	27.4	100		Row %	71.7	28.3	100
	Col %	75.8	52.9	67.7		Col %	79.3	51.2	68.6
Credits	Count	2,303	8,863	11,166	Credits	Count	3,715	13,791	17,506
	Row %	20.6	79.4	100		Row %	21.2	78.8	100
	Col %	1.7	12.0	5.3		Col %	2.3	14.2	6.9
Total	Count	136,556	73,660	210,216	Total	Count	158,528	96,935	255,463
	Row %	65.0	35.0	100		Row %	62.1	37.9	100
	Col %	100	100	100		Col %	100	100	100

In Table 3.2, we present the age distribution from the official statistics and the LFS. The similarity in the proportions across the distributions is striking. This is in contrast to a finding of Murphy and Walsh (1996); they observed a significant over-representation for older people and a significant under-representation of younger people. Two possible explanations for the different observations is that we look at a different year (1997 as opposed to 1993) and we look at all individuals and not just men, as Murphy and Walsh did.

From Table 3.1 and 3.2, we can conclude that in spite of the underestimate of the number on the Live Register there is little evidence of a systematic bias in the undercount, at least in terms of age, gender and payment type.[6] As we are not using the data to measure the level of reduced employability, but rather are using them to compare the characteristics of individuals by job search activities, such concerns are not of greatest importance. Our greater concern is that individuals may not have responded truthfully to questions about job search activities, but there is little we can do except to be careful in interpretations.

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[6] Of course, it is possible that biases exist for other variables.

Table 3.2: Age Distribution by Gender of Individuals on the Live Register: Official Register Figures and the Labour Force Survey, 1997

		Under 20	20-24	25-34	35-44	45-54	55-60	60-64	Total
LFS									
Male	Count	7,355	19,597	32,277	31,828	30,783	7,064	6,206	135,110
	Row %	5.4	14.5	23.9	23.6	22.8	5.2	4.6	100.0
Female	Count	5,888	13,710	24,847	15,039	10,194	1,669	1,328	72,675
	Row %	8.1	18.9	34.2	20.7	14.0	2.3	1.8	100.0
Total	Count	13,243	33,307	57,124	46,867	40,977	8,733	7,534	207,785
	Row %	6.4	16.0	27.5	22.6	19.7	4.2	3.6	100.0
Official									
Male	Count	8,233	26,196	44,251	37,524	30,387	8,731	4,139	159,461
	Row %	5.2	16.4	27.8	23.5	19.1	5.5	2.6	100.0
Female	Count	6,470	18,979	30,250	22,025	13,779	4,092	1,800	97,395
	Row %	6.6	19.5	31.1	22.6	14.1	4.2	1.8	100.0
Total	Count	14,703	45,175	74,501	59,549	44,166	12,823	5,939	256,856
	Row %	5.7	17.6	29.0	23.2	17.2	5.0	2.3	100.0

3.1.1 THE ILO LABOUR FORCE STATUS OF THOSE ON THE LIVE REGISTER IN 1997

Through a series of questions, the LFS allows us to categorise individuals according to their ILO-based labour force status. In Table 3.3, we show the labour force status of those on UB, UA and credits.

Table 3.3: ILO Labour Force Status of Individuals on the LR (UB, UA and Credits), 1997

		Full-time	Part-time, not underemp.	Part-time underemp.	Unemployed seeking full-time work	Unemployed seeking part-time work	Marginally attached to the LF	Other not economically active	Total
UB	N	5,727	4,887	2,332	25,940	2,639	2,063	12,885	56,473
	%	10.1	8.7	4.1	45.9	4.7	3.7	22.8	100.0
UA	N	7,018	4,294	3,295	76,935	3,763	12,043	34,093	141,441
	%	5.0	3.0	2.3	54.4	2.7	8.5	24.1	100.0
C	N	643	902	224	1,750	1,921	241	5,462	11,143
	%	5.8	8.1	2.0	15.7	17.2	2.2	49	100.0
Total	N	13,388	10,083	5,851	104,625	8,323	14,347	52,440	209,057
	%	6.4	4.8	2.8	50.1	4.0	6.9	25.1	100.0

The first point to be made is that 6.4 per cent of those on the Live Register reported that they were working full-time. This might appear to indicate fraud and that interpretation cannot be dismissed. However, it is

possible that some of these are actually working part-time and eligible for payments. Other administrative explanations exist so we cannot take the figure as proof of the existence of fraud.

Another notable point from Table 3.3 concerns the proportion of those on the Live Register who are either "marginally attached to the labour force" or otherwise "not economically active". People in these categories are either not looking for work or say that are looking but are unable to specify which search methods they are using. Across the three Live Register categories, over 30 per cent fit into these two. As our concern here is to identify the characteristics of individuals which lead them to have employability difficulties, we will begin this process by making the following distinction. We group together those who are classified as "marginally attached to the labour force" or otherwise "not economically active". We will then compare this group of individuals on the Live Register with those who were also on the Register but who were either employed or unemployed in an ILO sense.

If those who are either marginally attached or not actively looking are also the people with employability difficulties, this distinction will allow us to identify the characteristics associated with reduced employability. However, it could be that some people who are not looking for work are perfectly employable while some who are looking are unemployable. For this reason, in this section we discuss the distinction between the two groups in terms of attachment to the labour market. Later, when we look at our LIPS analysis and the results of Layte and O'Connell (forthcoming), we will refer back to this LFS analysis and assess if the labour market attachment distinction does appear to reflect relative degrees of employability.

In Section 3.1.2 below we present the comparison of those on the Live Register in 1997 who were ILO-employed or unemployed (labelled "working or actively looking" in the tables) and those who were either marginally attached to the labour force or not economically active ("not actively looking"). In the Appendix to this report we also present a comparison of all on the Live Register, broken down by claim-type, relative to the employed. We do this in an effort to provide further information about those on the Live Register in 1997.

3.1.2 UNALTERABLE INDIVIDUAL CHARACTERISTICS

Following our framework, we will first consider unalterable individual characteristics. In Table 3.4, we look at the gender breakdown of those not actively looking for work and others on the Live Register. It can be seen that while 35 per cent of those on the Live Register in 1997 were women, 44.7 per cent of those who were not actively looking for work were women. This raises the question of why this should be so. As will be seen below, part of the reason relates to childcare but we will discuss this more fully when we consider the reasons given by people as to why they are not looking for work.

Table 3.4: Gender Breakdown of Individuals on the Live Register by Degree of Labour Market Attachment, 1997

		Male	Female	Total
Not actively looking	N	36,945	29,842	66,787
	%	55.3	44.7	100
Working or actively looking	N	98,780	43,490	142,270
	%	69.43	30.57	100
Total	N	135,725	73,332	209,057
	%	64.9	35.1	100

The next unalterable individual characteristic we consider is age. In Table 3.5, the age breakdown of the two groups is given. The Table shows 22.1 per cent of those on the Live Register in 1997 aged between 15 and 24. As only 15.2 per cent of those not actively looking for work are in this age group, we can say that younger people are relatively less likely to be in this category. Conversely, older people are more likely to be in the marginally attached/not economically active group.

Table 3.5: Age Breakdown of Individuals on the Live Register by Degree of Labour Market Attachment

		15-24	25-44	45-65	65+	Total
Not actively looking	N	10,153	30,491	24,091	2,052	66,787
	%	15.2	45.7	36.1	3.1	100
Working or actively looking	N	35,995	73,087	32,927	261	142,270
	%	25.3	51.4	23.1	0.2	100
Total	N	46,148	103,578	57,018	2,313	209,057
	%	22.1	49.5	27.3	1.1	100

As the Labour Force Survey contains information on social class, we can look at the breakdown of the two groups under this heading. Two points can be taken from Table 3.6. First, the distribution of social classes is somewhat similar across the two groups. However, and this is the second point, the proportion of individuals for whom social class is unknown in the data is substantially higher for those not actively looking for work. If the "unknowns" are actually concentrated in one of the social class categories, this could alter the view contained in the table. For this reason, we would be reluctant to conclude that the two groups are, in fact, similar in terms of class breakdown.

Table 3.6: Social Class Breakdown of Individuals on the Live Register by Degree of Labour Market Attachment

	Higher Profess/	Lower Profess/	Other Non-	Skilled Manual	Semi- Skilled	Unskilled Manual	Unknown	Total

		Manager Proprietors/ Farmers on 200+ Acres	Manager Proprietors/F armers on 100-199 Acres	Manual and Farmers on 50-99 Acres	and Farmers on 30-49 Acres	Manual and Farmers on < 30 Acres			
Not actively looking	N	2,325	3,908	5,784	13,663	12,565	14,173	14,369	66,787
	%	3.5	5.9	8.7	20.5	18.8	21.2	21.5	100
Working or actively looking	N	3,256	10,197	16,464	33,577	36,985	31,175	10,616	142,270
	%	2.3	7.2	11.6	23.6	26.0	21.9	7.5	100
Total	N	5,581	14,105	22,248	47,240	49,550	45,348	24,985	209,057
	%	2.7	6.7	10.6	22.6	23.7	21.7	12.0	100

The next unalterable individual characteristic we consider is number of dependent children. In Table 3.7, we see that people with no children are more likely to be in the marginally attached/not economically active group. However, this hides an important difference by gender. For men, those without children are more likely to be not actively looking; 20 per cent of the non-active men have no children as opposed to only 13.5 per cent of the active men. On the other hand, women with no children are more likely to be active; 17.5 per cent of active women have no children versus 13.8 per cent of non-active women. We will add some further remarks on this point below when we look at the reasons why people were not looking for jobs.

Table 3.7: Number of Children of Individuals on the Live Register by Degree of Labour Market Attachment, 1997

		0	1	2	3 to 5	6 or more	Total
Not actively looking	N	9,209	14,733	11,615	14,562	3,297	53,416
	%	17.2	27.6	21.7	27.3	6.2	100.0
Working or actively looking	N	16,966	31,252	28,709	34,369	4,079	115,375
	%	14.7	27.1	24.9	29.8	3.5	100.0
Total	N	26,175	45,985	40,324	48,931	7,376	168,791
	%	15.5	27.2	23.9	29.0	4.4	100.0

The final issue we consider under unalterable individual characteristics is labour market history. The Labour Force Survey asked respondents who were without jobs if they ever had a job and how long it was since they last had a job. In Table 3.8, we see the responses to the first of these issues. While 15.7 per cent of those on the Live Register had no previous experience, the proportion for those not actively looking for work was 19 per cent; hence there is some degree of over-representation in that category. In Table 3.9, we consider the second dimension of the individuals' labour market histories, the length of time since they last had a job. The differences across the two groups are more pronounced when viewed in this way. For the full group, 31.7 per cent had been without a job for over five years. The corresponding figure for those not actively looking is 44 per cent. This would suggest that individuals in this group did indeed suffer employability difficulties.

**Table 3.8: Previous Experience of Individuals on the Live Register
by Degree of Labour Market Attachment, 1997**

		With Previous Experience	Without Previous Experience	Total
Not actively looking	N	5,3012	12,462	65,474
	%	81.0	19.0	100.0
Working or actively looking	N	96,442	15,459	111,901
	%	86.2	13.8	100.0
Total	N	149,454	27,921	177,375
	%	84.3	15.7	100.0

**Table 3.9: Number of Months since Last Job of Individuals on the Live Register by Degree
of Labour Market Attachment, 1997**

		0-6	6-12	12-36	36-60	60+	Total
Not actively looking	N	7,640	3,591	9,400	4,875	20,690	46,196
	%	16.5	7.8	20.3	10.6	44.8	100
Working or actively looking	N	22,890	9,812	23,508	9,909	21,893	88,012
	%	26.0	11.1	26.7	11.3	24.9	100
Total	N	30,530	13,403	32,908	14,784	42,583	134,208
	%	22.7	10.0	24.5	11.0	31.7	100

3.1.3   ALTERABLE INDIVIDUAL CHARACTERISTICS

The one alterable characteristic that can be considered using the Labour Force Survey is education. In Table 3.10, we present the distribution of educational qualifications across the two groups of interest. A pattern is once again evident. Almost half of those not actively looking for work have either primary education or no formal education (46 + 2.5 per cent). The corresponding figure for the other group is 30.5 per cent. From this it is clear that the marginally attached/not economically active group were educationally disadvantaged relative to the ILO-unemployed on the Live Register in 1997.

**Table 3.10: Educational Breakdown of Individuals on the Live Register in 1997 by Degree of
Labour Market Attachment**

	Primary Education	Intermediate/ Group Cert	Leaving Cert/	Third-Level	Third-Level	Higher University	No Formal Education	Total

				"A" Level	Non-University	University	Degree Level		
Not actively looking	N	30,674	17,771	12,405	2,587	1,435	76	1,686	66,634
	%	46.0	26.7	18.6	3.9	2.2	0.1	2.5	100
Working or actively looking	N	42,895	51,120	34,019	8,992	3,942	859	360	142,187
	%	30.2	36.0	23.9	6.3	2.8	0.6	0.3	100
Total	N	73,569	68,891	46,424	11,579	5,377	935	2,046	208,821
	%	35.2	33.0	22.2	5.5	2.6	0.4	1.0	100

Summarising so far, for those on the Live Register in 1997, lesser degrees of labour market attachment arose for older workers who had been unemployed for a long time and who had low levels of education. Women also appeared to be less attached, although this is likely to be related to contextual issues such as family responsibilities.

3.1.4   IMMEDIATE CONTEXT OF THE INDIVIDUAL

Having looked at the characteristics of individuals which are associated with lower levels of labour market attachment, we now want to see if there is a link between certain contextual issues and reduced attachment. The Labour Force Survey allows us to consider three such issues and we look at the first in Table 3.11 which gives the regional breakdown of the two groups. What is most striking about this table is the similarity, rather than the difference, across the two groups. The same can be said of Table 3.12 in which we look at the urban/rural distributions.

Table 3.11: Regional Breakdown of Individuals on the Live Register in 1997 by Degree of Labour Market Attachment

		Dublin City & County	Rest of East & South-East	South-West & Mid-West	North-East, North-West & Donegal	Midlands and West	Total
Not actively looking	N	20,864	12,014	16,352	7,523	10,035	66,788
	%	31.2	18.0	24.5	11.3	15.0	100
Working or actively looking	N	44,513	27,454	31,401	17,087	21,816	142,271
	%	31.3	19.3	22.1	12.0	15.3	100
Total	N	65,377	39,468	47,753	24,610	31,851	209,059
	%	31.3	18.9	22.8	11.8	15.2	100

Table 3.12: Stratum Breakdown of Individuals on the Live Register in 1997 by Degree of Labour Market Attachment

		County Boroughs, their Suburbs and Fringes	Towns 5,000+ and Adjacent Mixed Urban/Rural	Towns 1,000 - 5,000	Mixed Urban/Rural	Rural Areas	Total

			Areas				
Not actively looking	N	27,633	11,388	6,079	7,658	14,029	66,787
	%	41.4	17.1	9.1	11.5	21.0	100
Working or actively looking	N	58,085	25,388	9,651	16,299	32,846	142,269
	%	40.8	17.8	6.8	11.5	23.1	100
Total	N	85,718	36,776	15,730	23,957	46,875	209,056
	%	41.0	17.6	7.5	11.5	22.4	100

The third context issue that we consider is the nature of the individuals' tenancy. As with the other contextual variables, there is significantly less variation across the two groups than there was with respect to individual characteristics. Local authority renters were somewhat more likely to be in the marginally attached/not economically active group although not to any great degree.

Table 3.13: Tenancy Breakdown of Individuals on the Live Register in 1997 by Degree of Labour Market Attachment

		Rented from Local Authority	Rented Unfurnished Other than from Local Authority	Rented Furnished or Part Furnished	Being Acquired from Local Authority	Owner Occupied With Mortgage	Owner Occupied Without Mortgage	Occupied Rent Free	Total
Not actively looking	N	16,617	1,793	6,101	4,106	13,749	21,584	715	64,665
	%	25.7	2.8	9.4	6.3	21.3	33.4	1.1	100
Working or actively looking	N	30,270	5,313	17,389	10,140	34,680	42,001	971	140,764
	%	21.5	3.8	12.4	7.2	24.6	29.8	0.7	100
Total	N	46,887	7,106	23,490	14,246	48,429	63,585	1,686	205,429
	%	22.8	3.5	11.4	6.9	23.6	31.0	0.8	100

3.1.5   A   MULTIVARIATE   ANALYSIS   OF   THE CHARACTERISTICS ASSOCIATED WITH REDUCED EMPLOYABILITY

While the cross-tabulations of the previous section give us insights into the characteristics that are associated with reduced labour market attachment, it is necessary to perform a multivariate analysis in order to estimate the effect of each variable controlling for the influence of the others. In Table 3.13 we present the results of such an analysis. In the analysis we estimate a logistic regression in which the dependent variable is equal to "1" if the individual is either marginally attached to the labour force or not economically active and zero otherwise. The independent variables follow the categories just discussed. "Aged 30-49" and "aged 50+" are self-explanatory; as the age category 15-29 is omitted, the two age variables are measured relative to the youngest category. "Male" is also self-explanatory. "Limited labour market attachment" is equal to "1" for those who have no previous labour market experience or who have been unemployed for more than five years; it is equal to zero for all others. "No qualifications" is equal to "1" for individuals with primary education or

less and zero otherwise.[7] "Unskilled manual" is equal to "1" for individuals in that social class group and zero otherwise. "Rural resident" is equal to 0 for individuals living in county boroughs, their suburbs and fringes; it is equal to "1" for all others. "Local authority tenants" are just that; the effect of this variable is measured relative to all other tenure-types.

The coefficients are presented in multiplicative form, that is, as odds ratios. The notion of an odds ratio is familiar to all gamblers. Suppose 20 per cent of the population are unemployed. Instead of saying that the probability of being unemployed is 0.2 and that of not being unemployed is 0.8, we can say that the odds on being unemployed is 0.25 (i.e., 0.2/0.8) and the odds on being non-unemployed is 4:1 (0.8/0.2). If 25 per cent of manual workers and 5 per cent of white collar workers are unemployed then the respective odds are 0.333 (0.25/0.75) and 0.052 (0.05/0.95) and the odds ratio is 6.4:1 (0.33/0.052). This odds-ratio summarises the disadvantage experienced by manual workers relative to white collar workers in avoiding unemployment.

Table 3.14: Logistic Regression Predicting Who Is Not Likely to be Looking for Work

	Odds Ratio	P
Aged 30-49	1.63	***
Aged 50 +	4.86	***
Male	.29	***
Limited Labour Market Attachment	2.06	***
No Qualifications	1.42	***
Unskilled Manual	1.07	
Rural Resident	1.14	*
Local Authority Tenant	.89	
Cox and Snell R^2 = .083	.14	

***, p<.001; **, p<.01. *p<.05

The results from the cross-tabulations are broadly repeated in the multivariate analysis. In particular, the importance of age, gender, labour market attachment and education in predicting employability difficulties remain. Rural residency also emerges as having an impact with those living outside the larger metropolitan areas more likely to be in the marginally attached/not economically active. Social class is not found to be significant but it should be remembered that a large proportion of individuals with a value of "1" for the dependent variable have an unknown social class.

3.1.6 FURTHER INFORMATION ON THOSE WHO ARE NOT LOOKING FOR WORK

Before leaving the information that can be derived from the Labour Force Survey, we can draw on two additional questions that provide further insights into the group which are not looking for work. They were first

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[7] It could be argued that both "no qualifications" and "Inter./Junior Certificate" should be included in the one group as the number of jobs available to either were very limited in the time period covered. However, we chose to separate out those with no qualifications, largely to be consistent with other work in this area. It is unlikely that a reclassification would significantly alter the coefficient anyway.

asked whether or not they wanted a job. In Table 3.15 we show the responses broken down by those on UA, UB and Credits. Across the three groups, almost 70 per cent say they do not want a job.

Table 3.15: For Those on the Live Register Not Looking for Work, Do they Want a Job, 1994 and 1997

		Wants a Regular Job	Does Not Want a Regular Job	Total
UB	Count	2,637	8,886	11,523
	%	22.88	77.12	100
UA	Count	12,083	23,923	36,006
	%	33.56	66.44	100
Credits	Count	1,188	4,089	5,277
	%	22.51	77.49	100
Total	Count	15,908	36,898	52,806
	%	30.13	69.87	100

Those who said they were not looking for a job, and yet also said they wanted a job, were asked to give a reason why they were not looking. The distribution of responses is given in Table 3.16. The single largest category in the table is "childcare and other family responsibilities". As over 80 per cent of the 4,441 individuals giving this answer were women, this may partly explain why gender emerged as a significant factor in predicting who was either marginally attached or not economically active. The second largest category in the table is made up of those who believe that no work is available. Ill health/physical disability is the third largest category.

Table 3.16: For Those Not Looking for Work but who Want a Job, Reasons for Not Looking, 1997

	Frequency	Per cent
In School or Other Training	802	5.04
Childcare or Other Family Responsibilities	4,441	27.92
Awaiting Results of Public Sector Competition	13	0.08
Ill Health/Physical Disablement	2,025	12.73
Lacking Necessary Education Skills & Experience	792	4.98
Employers Think Person is Too Young or Too Old	1,593	10.01
Looked but Couldn't Find Any Work	1,710	10.75
Believes No Work is Available	2,932	18.43
Retired	29	0.18
Other	1,571	9.87
Total	15,908	100.00

3.1.7. CONCLUDING ON THE LABOUR FORCE SURVEYS

From our analysis of the Labour Force Survey of 1997 we can conclude the following. Of those on the Live Register in that year, about 30 per cent

reported themselves as being either "marginally attached to the labour force" or "not economically active". We found that individual characteristics were generally more important determinants of marginal/non-attachment than contextual characteristics. In particular, age and education were both features of the marginally attached/not economically active group. In addition, poor labour market histories were a feature of this group, although this may be the effect of low levels of attachment rather than a cause. Of the contextual characteristics, living in a rural area made it more likely that an individual would be in the marginally/not attached group.

**3.2
Supplementary
Information
about People on
the Live Register
from the Galway
Survey**

In 2000, the Western Regional Office of the Department of Social, Community and Family Affairs conducted a survey of people on the Live Register in Galway City and County (DSCFA, 2000). Out of a population of 1,579 long-term unemployed people and 1,959 of the short-term unemployed people on the Register, data was collected on 1,066 long-term unemployed and 368 of the short-term unemployed. The long-term unemployed were deliberately over-sampled because they were the focus of the survey; the short-term unemployed were surveyed to provide a comparison group.

In comparing the long-term unemployed with the short-term unemployed, many of the findings with respect to labour market attachment are repeated. For example, the long-term unemployed were found to be older; while 50 per cent were 45 or older, only 23 per cent of the short-term unemployed were 45 or older. Similarly, among the long-term unemployed, 54 per cent had only a primary education or less whereas the corresponding figure for the short-term unemployed was 25 per cent.

Where the Galway study is of particular interest is in its findings on issues not available asked in LFS. Possibly the most important finding in this regard relates to literacy difficulties. The people being interviewed were asked if they had literacy difficulties in the context of a question about obstacles to getting a job. Of the long-term unemployed, 34 per cent said they had such a difficulty while the corresponding figure for the short-term unemployed was 15 per cent. On the assumption that the sensitive nature of this question may lead people to understate a difficulty, these figures may well be an under-estimate of the full extent of literacy difficulties for those on the Live Register. Among the long-term unemployed with literacy difficulties, 85 per cent have only primary education or less. The same relationship between education and literacy also appears to hold for the short-term unemployed. Of the short-term unemployed with literacy difficulties, 73 per cent have only a primary education or less. This finding on literacy mirrors results that have been reported upon by the OECD (2000). Drawing on information derived from the International Adult Literacy Survey of 1994-95, it was shown that in Ireland people with low levels of literacy were two and a half times more likely to be unemployed that those with higher levels. Given Ireland's poor overall performance in that survey with 25 per cent of adults aged 16-65 at the lowest literacy level, it is clear that this is an important issue.

A second issue that was considered in the Galway study but not in the LFS was access to transport. Of the long-term unemployed 24 per cent responded that they did not have a car and were not near a bus route; for the short-term unemployed, the figure was 13 per cent. This transport difficulty is particularly severe for the rural long-term unemployed; 51 per cent have no car and are not near a bus route. This finding on transport and the previously mentioned finding on literacy clearly require that both of these be added to the list of factors associated with labour market difficulties for those on the Live Register.

Additional interesting information arose through a question on the barriers that the unemployed perceived as preventing them from gaining employment. Four responses were allowed. For the long-term unemployed, the five most frequently mentioned responses were: lack of education, training or qualifications (46 per cent mentioned this as one of their four barriers); lack of transport or location/distance from jobs (33 per cent); age (32 per cent); length of time unemployed (32 per cent); health problems (20 per cent).

**3.3
Registered
Unemployment
and
Employability:
Evidence from
the Living in
Ireland Survey**

In this section we consider which characteristics are associated with reduced employability on the basis of the evidence available from the Living in Ireland Panel Survey (LIPS). The LIPS is the Irish component of the European Community Household Panel (ECHP) which in turn is an EU-wide panel survey whereby the same individuals have been interviewed annually since 1994. In 1994, individual questionnaires were completed by 9,905 people and we now have information up to 1997 on most of them. In this analysis we consider those who were present in both the 1994 and 1997 waves.

The information available in LIPS does not allow us to define "registered unemployment" in a manner which corresponds exactly to the official definition. We have information available on whether the respondent is currently in receipt of unemployment benefit or assistance. This information tells us rather less than one might imagine about an individual's employment situation, whether this is defined in terms of principal economic status or the ILO definition of unemployment. Only one in two of those in receipt of unemployment benefit or assistance fulfil the criteria required by the ILO definition. If we focus on principal economic status, the figure rises to 60 per cent. Almost 30 per cent are employees and 6 per cent are full-time carers. In order to pursue the issue of employability it appears that we need to combine the information relating to receipt of UA or UB with external information on employment status. Use of the ILO definition would involve building indicators of employability into our dependent variable and has therefore been avoided. Instead we combine the receipt of income information with that on

principal economic status. Farmers have been excluded from consideration. Our initial analysis therefore involves comparison of three mutually exclusive groups:

- Employees not in receipt of UA or UB of whom there are 1,952 in our sample;
- Non-Unemployed in receipt of UA or UB "other registered" of whom there are 274 in our sample. Over 75 per cent of these employees and 16 per cent are full-time carers. Consequently issues of employability are of little relevance. Furthermore the factors influencing their likelihood of continuing to receive UA or UB can hardly be understood within a framework of employability;
- Unemployed in receipt of UA or UB and the "registered "unemployed" of whom there are 424 in our sample. For this group we seek to understand the factors that lead some of them to remain in receipt of UA or UB in 1997 while others left the Live Register.

The approach in this section is as follows. We compare the three groups listed above based on their characteristics in 1994. While some of these will be similar to those considered using the Labour Force Survey, a range of additional information is available from the LIPS, in particular on matters of health and psychological distress. We will then go on to explore for the "registered unemployed" which individuals had ceased receiving UA or UB by 1997. Assuming that those who were in receipt were the ones to be suffering employability difficulties, an exploration of their characteristics can give us a second view of which characteristics are associated with employability difficulties. We should make clear that this constitutes a limited exercise in the analysis of change over time. A comprehensive panel analysis would deal with the full set of changes in labour market status using hazard rate models to allow for left and right hand censoring. Such an analysis while potentially extremely valuable goes beyond the scope of this study.

3.3.1 A SOCIO-DEMOGRAPHIC PROFILE OF THE REGISTERED UNEMPLOYED

How did the registered unemployed differ from employees and from the remainder of those in receipt of UA or UB in 1994? We consider this question in terms of three broad categories of variables.

Socio-Demographic Characteristics: Were the "registered unemployed" clearly distinguishable in terms of socio-demographic characteristics that we might expect to act as indicators of human capital or to be associated with the availability of employment opportunities or with incentives to seek such opportunities? The first wave of the LIPS conducted in 1994 allows us to consider the following characteristics. First, there are the unalterable individual characteristics:

- Gender;
- Age-Group;
- Marital Status; and
- Social Class.

There is also the alterable individual characteristic of educational qualification.

The characteristics of the individual's immediate contexts that we can explore are:

- Having Children;
- Urban-Rural Location with urban including all towns of 1,500 and above; and
- Housing tenure.

Using the LIPS, we can look at two additional characteristics that may be alterable although not necessarily easily so. These relate to health and psychological matters.

Current Health Status: Did the "registered unemployed" suffer from significantly worse health than the other groups which contribute to making them less employable? The LIPS provides us with the follow indicators:

- Self-Assessed Health: This measure is based on a question asking respondents to indicate how good their health is on a four point scale ranging from "very good to very bad";
- Existence of chronic physical health problem that hampers daily activities; and
- Existence of illness or injury that has imposed restriction on recent activities.

Current Psychological State: Did the "registered employed" differ from others in terms of their psychological profile in a manner that might reduce their ability to pursue employment opportunities successfully? The LIPS provides two relevant measures tapping psychological distress and locus of control or fatalism.

(i) Locus of Control or Fatalism*:* Did the registered unemployed feel less able to control their environment than others? Did they come to adopt a fatalistic attitude which might interfere with their ability to seek out employment opportunities?

In the LIPS we employ a set of items that have been fairly widely used in the psychological and sociological literature to measure locus of control or fatalism in the research literature (e.g. Pearlin *et al.,* 1981*).* Survey respondents were asked to react to the following items on a four-point scale running from "strongly agree" to "strongly disagree":

1. I can do just about anything I set my mind to.
2. I have little control over the things that happen to me.
3. What happens to me in the future depends on me.
4. I often feel helpless in dealing with the problems of life.
5. Sometimes I feel I am being pushed around in life.
6. There is a lot I can do to change my life if I want to.
7. There is really no way I can solve some of the problems I have.

Scoring on the items was carried out so as to take into account the direction of the items. The final scale has a potential range of scores running from 28, indicating the highest level of fatalism, to 7 indicating

the lowest level.[8] Thus low scores indicate high levels of fatalism and high scores a strong feeling that one is in control of one's destiny.

(ii) Psychological Distress: The measure employed in the LIPS survey is the twelve-item version of Goldberg's General Health Questionnaire (GHQ). It was first designed in 1972 as a screening test for detecting minor psychiatric disorders in the community. It has been used in a wide variety of studies and the full measure has been shown to predict clinically assessed non-psychotic morbidity. The items used in the measure are designed to give information about the respondent's current mental state. It is not a measure of long-standing personality attributes, nor is it a mere complaints inventory – the items have been carefully chosen to discriminate between respondent's likelihood of being assessed as a non-psychotic psychiatric case. The twelve-item version has been shown by longitudinal studies to reflect the impact of unemployment quite closely, with scores for psychological distress increasing during unemployment but decreasing when people return to work.

The instrument requires people to compare their current feelings on a range of items with how they usually feel. The items are:

A.   Been able to concentrate on whatever you are doing.
B.   Lost much sleep over worry.
C.   Felt that you are playing a useful part in things.
D.   Felt constantly under strain.
E.   Felt capable of making decisions.
F.   Felt you couldn't overcome your difficulties.
G.   Been able to enjoy your normal day-to day activities
H.   Been feeling unhappy and distressed
I.   Been able to face up to your problems.
J.   Been losing confidence in yourself.
K.   Been feeling reasonably happy all things considered.
L.   Been thinking of yourself as a worthless person

Items involving positive feelings (e.g. A, C, E etc.) generally have the response set: "much more than usual", "more than usual", "same as usual", "less than usual", "much less than usual". Those replying "less" or "much less than usual" are scored as experiencing some degree of distress. Items expressing negative feelings (e.g. B, D, F) have the response set: "not at all", "no more than usual", "rather more than usual", "much more than usual", and those replying "rather more" or "much more than usual" are scored as experiencing some degree of distress.

Each respondent's GHQ score then varies from 0 to 12. A score of 0 is recorded if respondents indicate no distress on any of the items; and 1 to 12 if they report some distress for every item.[9] If the results of a set of GHQ scores are compared with an independent psychiatric assessment, it is possible to state the number of symptoms at which the probability that an individual will be thought to be psychiatric cases exceeds one half. In the case of the twelve-item version the threshold score is 2 and all

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[8] The scale has a very satisfactory level of reliability with Cronbach's alpha reaching a value of .76

[9] This scale has a high level of reliability, with a Cronbach's alpha value of 0.89.

respondents scoring above this level may be classified as experiencing psychological distress. Since the conclusions we wish to draw remain true irrespective of whether the continuous or dichotomous measure is employed, in what follows we will present our results in terms of the latter.

In Table 3.17 we show in an abbreviated form how the three groups we identified differ in terms of this range of characteristics. This is a parallel discussion to that contained in the Appendix in which we compare employees and those on the Live Register in 1997 using the Labour Force Survey.

In terms of socio-demographic characteristics some clear differences emerge. The "registered unemployed" were significantly more likely to be male. Men make up four-fifths of this group compared to just under two-thirds of employees and just over half of other UA or UB recipients. Registered unemployed were less likely than employees to be married and living with a spouse or partner, the respective figures being 48 per cent and 61 per cent. The three groups were sharply distinguished in terms of the extent to which they lack educational qualifications. While this holds for only 15 per cent of employees, it rises to 30 per cent for the intermediate group and peaks at 53 per cent for the registered unemployed. Corresponding differences were observed in the percentage who are found in a white-collar social class on the basis of their current or previous occupation. The figure declines from 59 per cent for employees to 43 per cent for those in receipt of UA or UB but not unemployed and finally to 24 per cent for the registered unemployed. The most dramatic difference is in the probability of being a resident in a local authority tenancy. This condition held true for 44 per cent of registered unemployed but declined sharply to 18 per cent for other recipients and is as low as 4 per cent for employees.

In a number of respects these groups show little difference, including distribution by age group, urban rural location and having children. Thus the most important differences between these groups are those such as education and social class which provide indicators of human capital. Variation on demographic and household characteristics was a great deal more modest. In light of the results of previous research we are inclined to interpret the striking differences in local authority tenancy in a similar fashion (Nolan and Whelan, 2000). Rather than seeing these differences as reflecting the operation of causal contextual factors, we consider that they are much more likely to represent the selection of individuals into such tenancy on the basis of a range of characteristics, such as previous labour market experience.

In relation to health what is striking is just how little variation there is across the groups. Only one per cent of the registered unemployed considered their health to be "bad" or "very bad". They were somewhat more likely to consider their health "fair" but this and the fact that they are slightly more likely than employees to report chronic physical health problems marks the full extent of their health disadvantages. Even in the latter case it is important to note that only just over one in ten reported such a problem. Similarly less than 5 per cent report a restrictive injury or illness – a figure that is identical to that for employees. Thus contrary to what many might have hypothesised on a priori basis, the problems that

confront the registered unemployed have little to do with their physical health.

However, they were substantially more distinctive in terms of psychological profile. Taking our locus of control variable first we find that the registered unemployed reported scores that were lower than other groups to an extent that is statistically significantly. Thus they were a good deal more fatalistic about their ability to control their lives. They also experienced substantially higher levels of psychological distress. Just over one in eight employees was found above the GHQ distress threshold but this rises to one in five for those in receipt of UA or UB but not unemployed before doubling to in excess of one in three for the registered unemployed. As with local authority tenure, psychological distress may be a result of unemployment rather than a cause.

In summary, poor education, lower social class, local authority tenancy, high levels of fatalism and an exposure to remarkably high levels of psychological distress were the defining characteristics of the registered unemployed.

Table 3.17: A Comparative Profile of the Registered Unemployed

	Employees not in Receipt of UA or UB	Non-Unemployed in receipt of UA or UB	Registered Unemployed
Socio-Demographic Characteristics			
Percentage male	64.1	55.5	80.0
Percentage aged 25-44	53.8	50.4	54.0
Percentage married and living with spouse or partner	60.6	53.8	47.5
Percentage with children	55.9	54.7	60.5
Percentage with no educational qualifications	14.8	30.2	53.3
Percentage white collar	59.0	42.5	23.7
Percentage urban	63.9	58.0	65.1
Percentage local authority tenants	3.9	17.5	43.5
Physical Health			
Percentage self-assessed health "bad" or "very bad".	0.6	1.5	1.2
Percentage with chronic physical health problems	7.0	13.4	10.9
Percentage with restrictive injury or illness	4.3	5.8	4.5
Psychological State			
Locus of control score	19.9	19.2	18.3
Percentage above GHQ psychological distress threshold	13.2	19.8	36.7

3.3.2 HOW THE REGISTERED UNEMPLOYED IN 1994 VIEWED THEIR SITUATION

Before proceeding to consider how the situation of the registered unemployed had changed by 1997 we first give some brief consideration to how they viewed their situation in 1994. We do so not only because it is of interest in itself but also because we wish to make use of these variables in our subsequent analysis of 1997 outcomes. In Table 3.18 we report their views of their prospects of finding a job in the subsequent twelve months and whether they had taken steps to find a job in the previous four weeks. As a group they were generally pessimistic about their prospects of attaining employment. Three-quarters of them thought their chances were "bad" or "very bad". Notwithstanding such pessimism,

three-quarters of them reported job search efforts in the previous four weeks.

Table 3.18: Job Search and Perception of Employment Opportunities Among the Registered Unemployed in 1994

Percentage having taken steps in during the previous 4 weeks to find a job	68.8
Percentage who think that their chances of finding a job within the next12 months are bad or very bad	75.8

While some might be inclined to express a certain scepticism at the size of this figure, our subsequent analysis shows that it certainly captures a good deal more than the respondents desire to give the socially acceptable response.

3.3.3 PREDICTING RECEIPT OF UNEMPLOYMENT BENEFIT OR ASSISTANCE IN 1997 FROM 1994 CHARACTERISTICS

In this section we examine the extent to which the registered unemployed in 1994 were still found in that state in 1997. Just under three-quarters of the registered unemployed were still in this status in 1997. How did those who remained immobile differ from those who had exited? In addressing this question we must stress that we are not in a position to conduct a full-scale panel analysis. We do not know the outcomes for 1995 and 1996. Some of those who are registered unemployed in 1994 and 1997 may have exited that state in 1995 and 1996, while some of those who had exited in 1997 might have spent longer periods in registered unemployment than some of those currently in the category in 1997. In addition, we do not know from the data file used in this analysis if the exits from the Live Register were to employment or to inactivity. However, we are able to draw on recent work by Layte and O'Connell (forthcoming) which analyses the factors that lead to exits from unemployment to employment. Although that work does not focus on people on the Live Register, looking instead at self-declared employment status, the results are clearly relevant.

In Table 3.19 we present the results of a logistic regression predicting for the group that was registered unemployed in 1994 the likelihood of remaining in that state in 1997. In the table we report coefficients only for those variables that proved to be statistically significant. However, in our discussion we will consider a number of other factors whose failure to have an impact is of substantive interest.

The odds ratios reported in this section are partial coefficients, that is they show the impact of each variable when controlling for all others. The set of variables taken as a whole produces a pseudo R^2 of .20, indicating that persistence in registered unemployment is strongly structured by the set of variables under consideration. If we start by examining the most direct indicators of human capital, we find that manual class and the absence of qualifications increase the odds on continuity of status, as opposed to exit, by a factor of two. The risk of immobility increases with

age but the rate of increase gradually declines. The absence of children produces a highly significant increase in the likelihood of persistence as indicated by an odds ratio of 3.6:1. One possible explanation for this effect is that those with children have higher financial demands and so a greater incentive to leave the Live Register and get jobs.

Table 3.19: Logistic Regression Predicting Odds on Being in Receipt of Unemployment Benefit or Assistance in 1997 from 1994 Characteristics

	Odds Ratio	P
No educational qualifications	2.02	*
Manual	1.90	*
Age	1.39	***
Age Squared	0.99	***
No children	3.58	***
Rural	3.18	***
Local Authority Tenant	3.68	***
Rural*Local Authority Tenant	0.31	***
Have not taken steps to look for job in previous 4 weeks in 1994	2.33	**
Above GHQ Psychological Distress Threshold	1.91	*
Cox and Snell R^2	0.197	

*p<.1, ** p< .01, *** p<.001

Urban-rural location and local authority tenure combine in a highly significant fashion but in a manner that is not unexpected given previous work. Urban respondents outside local authority tenure form the reference category and thus have an odds ratio of one. Urban local authority tenants have an odds ratio that is 3.7 times higher, while for rural non-local authority tenants the corresponding figure is 3.68. For rural local authority tenants the outcome is 3.63:1.[10] Thus, in terms of likelihood of exit, the contrast is between urban non-local authority tenants and all others. Urban local authority tenants do not have outcomes that are inferior to their rural counterparts. However, it is true that while the impact of tenure is insignificant in rural areas, it makes a substantial difference in urban areas. Once again a variety of interpretations of this effect are possible.

Some further insight into the processes operating is offered by the impact of a couple of variables which are not included in the equation shown in Table 3.19. Neither fatalism nor perception in 1994 of one's chances of obtaining employment in the next twelve months, has any impact on likelihood of immobility. These findings would seem to weigh against explanations couched in terms of "culture of poverty" or the emergence of an "underclass". Neither generalised pessimism about ability to control one's own environment nor specific doubts about one's employment prospects predict one's status in 1997. On the other hand, both being above the GHQ psychological distress threshold and having taken steps in 1994 to look for a job in the previous four weeks are statistically significant. The respective odds ratios are 2.3 and 1.9. These results suggest the importance of the particular over the general. While fatalism is something that is strongly influenced by social class and longer-term experiences, psychological distress is strongly responsive to changes

[10] 3.18*3.68*0.31.

in specific circumstances and the experience of particular life events. Similarly it is the specific factor of seeking a job rather than one's general view of the state of the labour market that has an impact.

Whether one is successful or not in escaping from registered unemployment is therefore not distinguished by one's broad view of the world. Instead the relevant variables relate to specific orientations which are likely to be a consequence of particular biographical experiences rather than membership of broad social categories or location in particular geographical/housing contexts.

Had the respondent's general view of the labour market and fatalism been the significant factors, it would have suggested explanations in terms of longer-term cultural factors in which an accumulating set of experiences of failure lead to learned helplessness or, at its most extreme, a culture of poverty or underclass-type situation. In fact, the results suggest that the failure to exit is a consequence not of any overall life orientation of that sort but more of problems that increase levels of psychological distress and reduce job search. In light of this evidence and previous work on underclass issues, we are also inclined to interpret the strong impact of urban local authority tenure in a similar fashion. We are not inclined to assume that this contextual factor has an independent effect because it leads to a vicious circle in which individuals' levels of fatalism are compounded by a communal context characterised by "lower collective efficacy" or in terms of labour market discrimination. Instead, we feel it is more plausibly interpreted in terms of selection of respondents into such housing on the basis of a range of unmeasured variables that are negatively correlated with success in the labour market. However, we cannot rule out possible discrimination by employers against residents of certain areas. Finally, we should note that health variables and gender play no significant role in distinguishing the mobile from the immobile.

As mentioned above, Layte and O'Connell (forthcoming) have recently analysed Living in Ireland data and, in particular, have looked at the factors that impact upon the likelihood of movement between unemployment and employment. Broadly speaking, their results are similar to the results just presented with characteristics such as age and education being strong predictors of the likelihood of people exiting from unemployment to employment. Some differences, however, do emerge between their results and ours and this is not entirely unexpected because they do not look specifically at those on the Live Register, as we do.

While we find that not having children led to people remaining on the Live Register, Layte and O'Connell (forthcoming) found no effect of children for men and a negative effect on the likelihood of exiting unemployment for women. This contradiction in results would lead us to be cautious in arriving at a definitive conclusion on the effect of children. We argued above that the presence of children increases the needs of a family and so may stimulate people to leave the Live Register. Support for this view can be found in another result of Layte and O'Connell, namely, that for men the presence of a partner increases the rate of transition to employment. While we find no effect of health on the likelihood of exit from the Live Register, Layte and O'Connell find a negative effect of

chronic ill health on the probability of exit from unemployment to employment for men, although no such effect for women.[11] Once again, this contradictory finding on health leads us to be cautious and leaves open the possibility that health does indeed play a role in determining the employability of those on the Live Register.

3.4 Concluding Comments on the Characteristics Associated with Reduced Employability

We have used the Labour Force Survey of 1997, the Galway survey of 2000, our Living in Ireland Panel Survey and the LIPS analysis by Layte and O'Connell (forthcoming) to identify the characteristics that appear to be associated with reduced employability. For the Labour Force Survey analysis we made a distinction based on the level of attachment to the labour market, in an ILO sense, and suggested that this would be an indicator of employability difficulties. In our LIPS analysis, we made the more acceptable assumption that staying on the Live Register between 1994 and 1997 was an indicator of employability difficulties. Given the similarity in the effects of variables like age, education, labour market history and rural residency, it seems that the attachment distinction in the LFS analysis is indeed a good proxy for employability difficulties.

As just noted, from the Labour Force Survey analysis we discovered that age and previous labour market history were two unalterable individual characteristics that were associated with low levels of labour market attachment. Lack of educational qualification is an alterable characteristic that is also associated with reduced employability. Living in a rural location appears to be a contextual factor that reduces employability. Finally, for women, having children amounts to another contextual factor reducing employability.

From our LIPS analysis, age and education emerged as predictors of employability difficulties, as did rural residency. Also to emerge as predictors of difficulty was local authority tenure for urban dwellers. Those suffering from psychological distress were more likely to remain on the Live Register whereas those who had taken steps to look for a job in the previous four weeks were more likely to exit.

Health did not appear to be a factor limiting people's abilities to come off the Live Register in our LIPS analysis and neither did their degree of fatalism. However, health was found by Layte and O'Connell to reduce the likelihood of exits from unemployment to employment for men. It should be recalled that Layte and O'Connell were not focusing on people on the Live Register and so, while health may be an issue for the unemployed generally, it may not be so for those on the Register. The Galway survey raises a further question on this point because it found that for the long-term unemployed, 20 per cent put health problems as one of their four barriers to employment.

Two additional points to emerge from the Galway survey were the importance of literacy and access to transport. Of the long-term unemployed, 34 per cent said they had a literacy difficulty and 24 per cent

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[11] The different findings of Layte and O'Connell with respect to health could be partly explained by people on disability benefit stating that they are unemployed. It should be recalled that these people are not included in our analysis.

said they did not have a car and were not near a bus route. This latter finding may help explain the findings on rural residency in both the LFS and LIPS analysis.

Having identified the characteristics associated with reduced employability, we now want to consider how we might measure the extent of employability difficulties of those on the Live Register. As noted above, while our two data sources are of use in identifying characteristics, they are of less use in measurement due to the rapid change in the labour market between 1997 and 2000. Hence, we must look elsewhere, while using the information derived in this section.

4. MEASURING THE EXTENT OF EMPLOYABILITY DIFFICULTIES FOR THOSE ON THE LIVE REGISTER

We will begin our discussion of the measurement of employability by outlining how this would ideally be done. As the data required to operationalise this ideal measuring system is not currently available, we will not be able to implement our approach. However, the discussion is still of use because it points to how we can use existing data in a limited way and also because it points to the type of data that should be collected if the measurement of employability of those on the Live Register is to be undertaken.

One difficulty in measuring employability is that it is not an objective and observable characteristic. For this reason, a first step in the measurement process must be to decide what proxy, or combination of proxies, will be used as an indicator of employability difficulties. Through our conceptual discussion and the analysis of the Labour Force Survey and the Living in Ireland Panel Survey, we have been able to see what characteristics are associated with reduced employability. We know, for example, that age, low levels of education and rural residency are associated.

We could use this information in a very crude and simple manner and adopt a dichotomic approach to the measurement of employability. For example, if we believe that an individual suffers reduced employability if they are over 45, has only a primary education and lives in a rural area, we could simply count the number on the Live Register that fall into this four-way cell and view the number as a measure of those with reduced employability. This assumes, of course, that we have this information on people on the Live Register.

While this is clearly a very crude approach, it does introduce the notion of using the characteristics associated with reduced employability to identify, and count, those who are likely to face employability difficulties. Greater degrees of sophistication can be achieved by accounting for the degree of reduced employability, along the lines of the "manpower policy employability" concept discussed above. For example, measures of

"mildly-reduced" employability could be arrived at by counting those who have only one or two of the problematic characteristics; "severe" employability difficulties could be measured by counting those with all the problematic characteristics.

While this approach yields a certain amount of information, it remains crude and possibly misleading. One major difficulty can be illustrated if we compare two individuals who are identical in all respects except that one is over 55 and the other has a low level of education. The question arises as to which one faces greater employability difficulties? The counting approach we have outlined provides no guidance on the relative importance of the characteristics that reduce employability, or even a ranking.

In order to overcome this difficulty, and by way of suggesting a method through which employability can be measured in a more satisfactory way, we will draw on a technique that has been developed in the United States called "profiling" (Eberts, 1999). The approach has been used to identify people on unemployment insurance in the United States who are in danger of becoming long-term unemployed and so who could benefit from early intervention. Given the purpose of profiling, it will be of relevance when we discuss the issue of identifying those on the Live Register who face employability difficulties. But profiling can be used in measurement also so we will outline the technique here.

The basic method used in profiling can be most easily understood by referring back to the logistic regressions estimated in Chapter 3. Take the regression whose results are presented in Table 3.18. The estimated parameters tell us which characteristics were associated with individuals remaining on the Live Register between 1994 and 1997. But the parameters also tell us the relative importance of the characteristics in determining outcomes. Once a model of this type has been estimated, it is possible to predict for any individual what the probability of leaving the Live Register would be. The individual's characteristics are weighted by the estimated coefficients and summed. In this way, all individuals can be ranked in terms of their probability of leaving the Live Register.

Assume, as we did in Section 2.2, that remaining on the Live Register is an indicator of employability difficulties. The estimated probabilities of people remaining on the Live Register can then be taken as an indicator of the probability that the individual has employability difficulties. A measure of the employability of those on the Live Register could then be something like the proportion with a probability of remaining on the Live Register greater than 50 per cent.

To work most efficiently, the profiling approach to measuring employability requires detailed information on those on the Live Register. While the logistic regression in Table 3.18 gives us the parameter values associated with exits from the Live Register, we do not have the information on individuals on the Live Register that would allow us to estimate their probabilities of exit. A sample survey of those on the Live Register would be required. For now, we will continue this section on measurement by looking at data that is available, although we stress at this point that there are limits to its usefulness as regards measurement.

4.1 Measuring Employability Using CSO Data

The first source of information on which we will draw in exploring how to measure the extent of employability difficulties of those on the Live Register is the administrative data from the Register itself. Each October and April, the Central Statistics Office (CSO) produces a release called *Live Register Age and Duration Analysis*. The figures for April of each year are typically released in June of the same year so they are as current as can be reasonably expected. In addition to giving the numbers on the Register, the published information also includes breakdowns along a limited number of dimensions and here we will make use of two of these.

Our earlier analysis indicated that older workers and those who have been unemployed for longer are more likely to suffer reduced employability. By looking at the numbers and proportion of those on the Live Register who are (a) older, (b) long-term unemployed and (c) both older and long-term unemployed, an initial estimate can be given of the extent of employability difficulties on the Live Register. Clearly, such a broad brushstroke will miss some individuals who also suffer employability difficulties. And with only a two-way classification, we are unable to measure the extent of reduced employability with any degree of sophistication. Still, useful information can be derived.

In Table 4.1 we show the number on the Live Register in April of the years 1992 to 2000. We also show the number (and proportion) who had continuous claims for one year or more and three years or more. Looking firstly at the totals column, the well-known decline in the numbers is seen, especially since 1997. The columns showing the numbers who have been claiming for long continuous periods also show a decline. More revealing again are the columns that show the proportion of claimants that are long-term claimants. As the proportions have been falling since 1995, this suggests that the rate of decline in long-term claimants has been faster than the general rate of decline.[12] This is somewhat surprising as it might have been thought that those most closely connected with the labour market would exit from the Live Register most quickly, thereby leading to an increase in the proportion who are long-term claimants.

Table 4.1: Total Numbers on the Live Register and the Numbers with Long-term Continuous Claims

	Live Register Totals	Number LTU for 1 year +	Number LTU for 3 years +	% LTU for 1 year +	% LTU for 3 years +
2000	162,107	63,600	32,386	39.2	20.0
1999	198,076	87,630	44,940	44.2	22.7
1998	235,861	105,081	54,448	44.6	23.1
1997	256,856	124,458	61,870	48.5	24.1
1996	283,170	136,394	69,667	48.2	24.6
1995	278,279	133,996	67,955	48.2	24.4
1994	286,372	135,340	64,154	47.3	22.4
1993	297,958	132,102	58,312	44.3	19.6
1992	279,881	118,510	54,295	42.3	19.4

[12] We need to be careful on this point because the number of long-term unemployed can fall because either the long-term unemployed are exiting to employment or because the short-term unemployed are exiting before they become long-term unemployed. See Breen and Honohan (1991) for an analysis.

In Table 4.2, we look at the number of older workers on the Live Register for the years 1992 to 2000. Recall that age appeared to be associated with a lack of attachment to the labour market (from the Labour Force Survey analysis) and a reduced likelihood of leaving the Live Register (the Living in Ireland Panel analysis). While a decline in the numbers is seen from 1996 onwards, it can be deduced from the proportion column that the rate of decrease for this age category has been slower that the general rate of decrease. So while long-term claimant status may not have been the indicator of employability difficulty that we suspected, age is such an indicator.

Table 4.2: Number and Proportion of those Aged over 45 on the Live Register

	Number Aged 45+	% Aged 45+
2000	51,373	31.7
1999	56,004	28.3
1998	63,591	27.0
1997	62,928	24.5
1996	64,149	22.7
1995	62,160	22.3
1994	58,990	20.6
1993	59,219	19.9
1992	58,985	21.1

In Table 4.3, we combine age and duration of claim and look at the number of individuals over 45 who have been making continuous claims for at least one year and at least three years. The column showing the proportion of those on the Live Register that are over 45 and claiming for at least 1 year shows a rise from 10.6 per cent in 1993 to 15.5 per cent in 2000. The proportion who are over 45 and claiming for at least three years also increased over the period but has been essentially stable since 1995.

Table 4.3: Numbers Aged over 45 who are Long-term Claimants

	No. Aged 45+ and LTU 1+	% Aged 45+ and LTU 1+	No. Aged 45+ and LTU 3+	% Aged 45+ and LTU 3+
2000	25,125	15.5	13,579	8.4
1999	29,832	15.1	16,642	8.4
1998	32,567	13.8	19,591	8.3
1997	36,134	14.1	21,489	8.4
1996	37,533	13.3	23,150	8.2
1995	36,610	13.2	22,675	8.1
1994	33,748	11.8	19,615	6.8
1993	31,705	10.6	17,353	5.8
1992	31,459	11.2	18,077	6.5

The movement in the figures would seem to indicate that claim duration has not been a negative factor for individuals as they attempt to exit the Live Register. This may be related to specific programmes that have targeted long-term claimants and is a finding that requires further investigation. Age, however, remains an obstacle. With almost a third of

those on the Live Register in April 2000 over the age of 45 (51,373 out of a total of 162,107), this gives us one measure of the extent of employability difficulties on the Live Register. It also provides one indicator of where policy might be directed.

4.2 Data Generated through the National Employment Action Plan

Under the National Employment Action Plan (NEAP), certain groups from the Live Register have been referred by the Department of Social, Community and Family Affairs to FÁS for interview. The collection of data from this process, published in the Monthly Progress Reports, provides another source of data that can be used to a limited degree in measuring the extent of employability difficulties for those on the Live Register.

Under the NEAP young people under 25 are referred to FÁS for interview when they cross a threshold of six months on the Live Register; this element of the programme has been in operation since September 1998. In March 1999, this process was extended to include the same age group as they crossed a threshold of eighteen months on the Live Register. Since May 1999 people in the age group 25-34 have been referred as they cross the twelve-month period. And since February 2000, people aged 35 to 55 are referred as they cross the twelve-month threshold. In addition to these initiatives that focus on particular groups, two pilot schemes have been completed in Ballyfermot and Kilkenny where the stock of those on the Live Register has been referred. While the outcomes of all elements are of interest, the results from the two pilots schemes are of particular interest because of their broad coverage.

Some of the results from the Ballyfermot pilot can be seen in Table 4.4.[13] As of the end of May, 746 individuals had been referred by the Department of Social, Community and Family Affairs to FÁS for interview. Of these, 524, or 70 per cent, left the Live Register. This group of leavers was in turn made up of 170 who found work (32 per cent of the 524), 74 who went onto FÁS courses (14 per cent) and 71 who went into education (14 per cent). As 20 per cent left the Live Register for unknown reasons, it is possible that the numbers finding work or entering education or training were higher.

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[13] In the next chapter, where we discuss policy, we present national information on different age groups derived through the NEAP.

Table 4.4: Selected Results from the Ballyfermot Referral Pilot Project

Number Referred	**746**	
Number interviewed	547	73% of those referred
Number Leaving the Live Register	524	70 %
Reasons for Leaving the Live Register		
Work	170	32% of those leaving
FÁS	74	14%
Education	71	14%
Other benefits	45	9%
Not entitled	36	7%
Gone abroad	4	1%
Did not sign	17	3%
Other/unknown	107	20%
Interviewed who remained on Live Register		
Interviewees remaining	180	
Not progression ready	82	15% of those interviewed

Among those that did not leave the Live Register is a group labelled "not progression ready". These are people who, for a variety of reasons, are assessed by FÁS officials as having such severe difficulties that it is not possible to put them forward for work or training programmes. Among the reasons given for placing people into this category are drug abuse, serious illness and personal problems. In a sense, the numbers placed into this category represent the officials' assessments of those with severe employability problems. In the Ballyfermot pilot, the number classified as not progression ready was 82. This is 11 per cent of the 746 referrals and 15 per cent of the group actually interviewed by FÁS. The 82 who were classified as "not progression ready" give some measure of the extent of those with severe employability difficulties. While some individuals who did not show up for interview but remained on the Live Register, there were only 38 of them so even if they all suffered severe employability difficulties, the total number is still a small minority.

While the "not progression ready" category provides a measure of sorts, it too is limited. One limitation arises from the possibility that some individuals who are placed in training courses may also suffer reduced employability. While not as restricted as the "not progression ready" group, those just above the threshold may still face severe difficulties. The "not progression ready" category tells us something about the most disadvantaged but tells us nothing about lesser degrees of disadvantage. Also, of the 524 individuals who left the Live Register, 107 (20 per cent) left for unknown reasons. There may be a concern that some of these may have employability difficulties but left the Live Register for fear of violating availability and job search conditions, in spite of the constructive manner in which the referral system is operated. Even those leaving the Live Register who got jobs or were placed on FÁS programmes may also face employability difficulties. We do not know how sustainable the jobs were or if the courses were suitable. For all these reasons we would stress that while the "not progression ready" category gives us some indication of the number of people in the most disadvantaged category, this is not to say that there are not others with substantial difficulties.

With these limitations in mind, we can look at the figures from the Kilkenny pilot as shown in Table 4.5 which shows that 808 individuals had been referred as of the end of May. Of these, 603 left the Live Register

which is equal to 75 per cent; 185 of the 719 interviewees found work (31 per cent); 188 were placed on FÁS courses (31 per cent); 87 were placed in education (14 per cent). Only 11 per cent had left for what are classified as unknown reasons.

Table 4.5: Selected Results from the Kilkenny Referral Pilot Project

Number Referred	**808**	
Number interviewed	719	89% of those referred
Number Leaving the Live Register	603	75% of those referred
Reasons for Leaving the Live Register		
Work	185	31 of those interviewed
FÁS	188	31
Education	87	14
Other benefits	38	6
Not entitled	18	3
Gone abroad	4	1
Did not sign	14	2
Other/unknown	69	11
Interviewed who remained on Live Register		
Interviewees remaining	179	
Not progression ready	104	14% of those interviewed

As regards those "not progression ready", 104 people were so classified. This is 12.9 per cent of the 808 referral and 14 per cent of those actually interviewed (719). Eighteen people who did not attend for interview remained on the Live Register so, to the extent that those leaving the Live Register do not have severe employability problems, we have some estimate of the numbers with severe employability difficulties.

While the numbers of people classified as "not progression ready" may not be a precise measure of employability difficulties, the figures do point to the most severely disadvantaged being a small proportion of the total population on the Live Register. This is an important finding because it suggests that policy on employability should still broadly involve a combination of guidance and counselling along with training and employment programmes. It also suggests that the more complex, and hence expensive, interventions that will be required by the most disadvantaged will have more modest budgetary implications as only a minority of those on the Register will be in need. We will return to the NEAP in the next chapter when we discuss policy.

5. POLICY WITH REGARD TO EMPLOYABILITY

In this chapter, we will address the question of what policies should be adopted to assist people with employability difficulties. Our earlier discussion has highlighted the notion that employability is not a dichotomous characteristic but rather should be thought of as a spectrum. Following this notion, we will address the policy question from the perspective of those with greater and lesser degrees of employability difficulties.

We will draw on the results from the National Employment Action Plans in separating these two groups. Under the NEAP, those referred to FÁS are either directed towards jobs or existing schemes or are deemed to be "not progression ready". We interpret the former group as having a lesser degree of employability difficulty while the latter have the greater degree. Our policy discussion is then divided according to what is needed for each group. Although we use this distinction, we do not want to revert to a dichotomous view of the issue and so we do not want the reader to think that the two groups are homogeneous. Although FÁS determines that some people may be progression ready, they may still face serious employment-related problems. We will also discuss the NEAP as a policy in itself.

Before examining the details of the discussion, we want to address a preliminary issue. We want to consider the issues that arise with the application of the Live Register condition that a person is capable of, available for and genuinely seeking work in the case of individuals with employability difficulties. Following this, we look again at the NEAP to distil the groups for whom policy needs to be designed. We will then discuss the policy issues that arise.

5.1 An Unemployability Payment?

If we accept that some people on the Live Register have employability difficulties, we implicitly accept that the capability or availability of these same people is restricted. For this reason, there appears to be an inconsistency in a policy that seeks to address the employability difficulties of people on the Live Register while at the same time paying them either UA or UB on the basis that they satisfy the eligibility for receipt of UA and UB.

In order to restore consistency, it could be argued that those who suffer sufficiently severe employability difficulties be allowed an exemption from the Live Register conditions or that they be given a separate payment, such as an unemployability allowance. While this may

make sense in principle, difficulties arise when the practicalities are considered. In our earlier discussion, we have already noted that an individual's employability is not an objective or measurable characteristic. We need proxies or substitute identifiers if we are to say of someone that they have employability difficulties and so if an unemployability allowance were to be paid, some such identifier would have to be found. This is where the difficulties begin.

Consider the characteristics that we have identified as being associated with reduced employability. Low levels of education and age but, clearly, an unemployability allowance could not be paid to people because they are older and have lower levels of education. While these characteristics are associated with reduced employability, clearly there are many older and less educated people who do not suffer reduced employability. So any payment based on these broad characteristics might result in payments being made to substantial numbers who did not need them. In the case of education, a special payment for those with low levels of education could produce a perverse incentive not to acquire education. Referring back to our conceptual discussion in Chapter 2, any payment based on an alterable characteristic may create an incentive to maintain the employability-reducing characteristic.

If we consider less identifiable characteristics, further difficulties arise. Take, for example, literacy – it could be argued that those with severe literacy difficulties are not truly capable of work and so should be eligible for an unemployability allowance. But as this payment is "easier" to get, in the sense of softer conditions applying, there would be an incentive for people on the Live Register to exaggerate the degree of any literacy problems that they might have. This problem arises for any characteristic that requires a degree of self-reporting. If it is difficult to assess objectively the degree of an employability-reducing condition, any payment based on the condition will create an incentive for individuals to overstate the degree of their condition.

Some conditions that reduce employability are objectively identifiable, such as certain physical disabilities or lone parenthood, but these are already recognised in other social welfare payments. The issue that then arises is the extent to which people on such payments are entitled, and indeed encouraged, to participate in programmes that increase their employability. As eligibility for courses, and also notification of them, is often based on Live Register status, these people may be excluded. Clearly, this is an issue that should be addressed in the context of employability.

We can see no way of designing a specific employability payment that recognises a reduced capability to work and therefore does not enforce this condition of eligibility, while at the same time not creating an incentive for individuals to overstate their difficulties. Some people on the Live Register may be entitled to disability payments and it is preferable for a variety of reasons that such people be transferred to the relevant payment. But for those who do not qualify for other payments and who also suffer employability difficulties, we can see no alternative to the current situation of requiring a certain search effort while at the same time viewing a lack of success in the search sympathetically.

On a related point, it is important that people with employability difficulties be allowed to avail of benefits while participating in training

courses or employment schemes. The FÁS Action Plan for the Long-term Unemployed (1999) raised another issue which is whether a positive financial incentive should be given to entice people into programmes. In light of this recommendation, a £25 training bonus per week was introduced. We welcome this payment but would argue that it should perhaps be linked to performance on the training programme. For example, it could be made conditional on particular grades or other outcomes being achieved. This would create an incentive to participate actively on any course and would work against a situation in which people signed up simply for the payment.

**5.2
The National
Employment
Action Plan**

We have already introduced the idea behind the NEAP so we will not do so again here. In this section, our interest is in assessing, albeit in an unscientific manner, how the NEAP has performed as a policy tool in terms of getting people off the Live Register. We also want to use the information derived from the NEAP process to identify the groups with greater or lesser degrees of employability difficulties.

In Table 5.1, we take the information provided in the May 2000 *Employment Action Plan Monthly Progress Report* (Department of Enterprise, Trade and Employment, 2000) on the outcomes of those aged under 25 who were referred to FÁS as they crossed the threshold of six months on the Live Register.

Table 5.1: NEAP Referral Outcomes for those Aged Under 25, Reaching Six Months on the Live Register (figures relate to those referred to end December, 1999)

		% of Interviewees	% of all Referred
Number referred	16,390		
Number leaving the Live Register	12,805		78.1
Number interviewed	9,979		61
Of the 9,979 interviewed:			
Placed in jobs or training		5,312	53
Other interviewees leaving the LR		2,971	30
Interviewees still on LR*		1,696*	17
Number not interviewed who left the Live Register	4,522		27.6

* *Note*: Of these 1,696, 423 were described as "not progression ready"; this is 4 per cent of those interviewed.

The most striking point to emerge from Table 5.1 is that of the 16,390 people who were referred, 12,805 (78.1 per cent of those referred) left the Live Register. A large number (4,522) left the Register without even being interviewed. It could be that these people found jobs between the time of referral and the interview. It could also be that some were fearful of a penalty being imposed because they were not looking for work. This may have been because they suffered employability difficulties and so felt there were no jobs available. However, it could also be because they were not really available for work. Finally, the exit from the Live Register prior to interview could also have been because some people had jobs and were claiming fraudulently.

Of those who did show up for interview (9,979), 83 per cent left the Live Register. Of these 2,901 or almost 30 per cent of interviewees got

jobs (this number is not shown in the table); a similar proportion were referred to education or training programmes. The number who remained on the Live Register because they were classified as "not progression ready" by FÁS was only 423; this is equal to 4 per cent of those interviewed.[14]

The lessons from this exercise seem clear. For whatever reason, the simple process of contacting individuals and referring them for interview with FÁS led to a significant exit from the Live Register. Some of the 4,522 who left the Register without being interviewed might have left anyway but this rate of exit appears to be greater than for other age groups over the period or for this age group at other times. The interview itself led to further exits, again at a rate that would appear to be well above anything that could have been expected without it.

The result of the process is that a substantial group has been activated. While it might have been thought that a large proportion of this group would have suffered from employability difficulties, the results of the process indicate otherwise. Only the 423 who are deemed to be "not progression ready" can be thought of as having severe employability problems. So the benefits of the process are twofold. Firstly, a large proportion of those referred have been activated. Second, it has been possible to isolate those who are genuinely in need of employability-related programmes, above and beyond what is currently on offer. And as records are kept by FÁS on the precise difficulties of those who are "not progression ready", we can tell what types of programmes are needed and on what scale. We draw on that information below.

In Table 5.2, we look at the figures from the NEAP on those aged under 25 who were referred at eighteen months on the Live Register. As this group is on the Live Register for longer than those shown in Table 5.1, it would be expected that the extent of activation might be smaller. While this is somewhat true, it is also the case that the rate of exit from the Live Register is very high.

Table 5.2: NEAP Referral Outcomes for those Aged under 25, Reaching Eighteen Months on the Live Register (figures relate to those referred to end December, 1999)

			% of Interviewees	% of all Referred
Number referred	5,313			
Number leaving the Live Register	3,639			68.5
Number interviewed	3,054			57.5
Of the 3,054 interviewed:				
Placed in jobs or training		1,357	44.4	
Other interviewees leaving the LR		899	29.4	
Interviewees still on LR*		798*	26.1	
Number not interviewed who left the LR	1,383			26

* *Note*: Of these 798, 198 were described as "not progression ready"; this is 6 per cent of those interviewed.

As with the under 25s at six months on the Live Register, the exit rate of 68.5 per cent shows how successful the referral and guidance approach

[14] Many of those who are "progression ready" and yet still on the Live Register will be waiting to commence their programme.

can be. Again, the "not progression ready" group is a small proportion of the total.

In our earlier analysis, we have shown that older workers typically suffer greater levels of reduced employability than younger workers. For this reason, we would expect the referral process to have less of an impact in generating outflows from the Live Register. We can test this expectation by looking at the NEAP outcomes for those aged 45-54 who have reached twelve months on the Live Register. We do this in Table 5.3.

Table 5.3: NEAP Referral Outcomes for those Aged under 45-54, Reaching Twelve Months on the Live Register (figures relate to those referred to end of January, 2000)

		% of Interviewees	% of all Referred
Number referred	513		
Number leaving the Live Register	186		36.3
Number interviewed	363		71
Of the 363 interviewed:			
Placed in jobs or training		79	21.8
Other interviewees leaving the LR		54	14.9
Interviewees still on LR*		230*	63.4
Number not interviewed who left the LR	53		10.3

* *Note*: Of these 230, 52 were described as "not progression ready"; this is 14 per cent of those interviewed.

As expected, the outflow from the Live Register is indeed lower for this group; 36.3 per cent left, compared with around 70 per cent for the under 25s. Nonetheless, an outflow of over a third is still significant. Of the 230 who were interviewed and are still on the Live Register, only 52 are coded as "not progression ready", so again the process has allowed a focus to be placed on those most in need of intervention.

We have already mentioned in Chapter 4 that the referral process has been operated on a pilot basis for all those on the Live Register in two areas, Kilkenny and Ballyfermot. In Tables 5.4 and 5.5, we present the same information on number referred, etc. for these two pilot projects. Some of this information has been presented above but here we present it in the same format as Tables 5.1-5.3 for ease of comparison.

Table 5.4: Referral Outcomes for the Ballyfermot Full Engagement Pilot Project (figures relate to those referred to end of May, 2000)

		% of interviewees	% of all referred
Number referred	746		
Number leaving the Live Register	524		70
Number interviewed	547		73.3
Of the 547 interviewed:			
Placed in jobs or training		235	43
Other interviewees leaving the LR		132	24.1
Interviewees still on LR*		180*	32.9
Number not interviewed who left the LR	157		21

* *Note*: Of these 180, 82 were described as "not progression ready"; this is 15 per cent of those interviewed.

Table 5.5: Referral Outcomes for the Kilkenny Full Engagement Pilot Project (figures relate to those referred to end of May, 2000)

		% of interviewees	% of all referred
Number referred	808		
Number leaving the Live Register	603		74.6
Number interviewed	719		88.9
Of the 603 interviewed:			
Placed in jobs or training		423	58.8
Other interviewees leaving the LR		117	16.3
Interviewees still on LR*		179*	24.9
Number not interviewed who left the LR	63		7.8

*Note: Of these 179, 104 were described as "not progression ready"; this is 14 per cent of those interviewed.

The success in activating people is seen again in the pilot projects. The exit rate in both cases is 70+ per cent.

A number of conclusions can be drawn from the referral processes. First, the process of referral, guidance and counselling appears to be successful in moving people off the Live Register. We use the word "appears" because the programme has not been evaluated in a rigorous manner yet and it is possible that the outflow would have occurred even in the absence of the NEAP. But in advance of the evaluation which will be conducted in 2001, we will work on the assumption that at least some of the outflow was indeed related to the NEAP. We speculated above on the reasons for the success. From a positive perspective, the guidance and counselling component may have given people confidence to look for work or to enrol in courses. The process may also have raised concerns in those who were either working or not looking for work.

A second conclusion is that the proportion of those on the Live Register with employability difficulties which cannot be addressed within the current framework of guidance, counselling and training is smaller than may have been thought. This means that targeted interventions are possible and will not be as costly as if a large proportion of registrants were suffering employability difficulties.

The identification of the "not progression ready" group and the progression ready provides us with a framework in which to think about policy. In Section 5.3, we will discuss issues that relate to those with lesser degrees of employability, i.e. those who FÁS believe can be assisted within existing programmes. In Section 5.4 we will look at the "not progression ready" group. Given our discussion in the previous chapter on the limitations of using this "not progression ready" group as a measure of those with employability difficulties, the question arises of whether it is a useful category for the policy discussion. We think it is useful because it arises from FÁS's own assessment of the issues facing the individuals involved. As most individuals are considered "progression ready" by FÁS, it implies that they believe the existing framework of programmes can be used to help this group. For this reason, we assess how well the existing framework is operated before asking what needs to be added to the framework to help the "not progression ready".

**5.3
Labour Market
Policy**

An a priori concern at the outset of this study was that we would find a substantial core of people on the Live Register who would need interventions other than those traditionally offered by FÁS. In particular, it might have been thought that health or addiction difficulties would have been so widespread among those with employability difficulties that the discussion of policy would need to focus on programmes with a similar orientation. Our analysis of the Living in Ireland data and the results emerging from the Employment Action Plan show that this is not the case. From the EAP, we know that there is indeed a group who are "not progression ready", as discussed above, but by FÁS's own reckoning this group is small. For this reason it is still important that we discuss the standard labour interventions and assess whether they are being provided in an effective and efficient manner for those whose employability difficulties are not severe.

Systematic research on the effectiveness of active labour market policy in Ireland has appeared in O'Connell and McGinnity (1997), O'Connell (1999) and Denny, Harmon and O'Connell (2000) so we will draw on the lessons learned from these studies. The specific question of the appropriateness of existing programmes in tackling issues of employability in not directly addressed. However, two questions are explored that allow us to comment on the employability issue. First, O'Connell and McGinnity (1997) develop a four-way typology of active labour market programmes and assess the relative success of each type of intervention in allowing the unemployed to gain employment. This is done for those who participated in programmes in the early 1990s (O'Connell and McGinnity, 1997) and the mid-1990s (O'Connell, 1999). Second, for the early 1990s group, they assess the extent to which the long-term unemployed are represented on each of the four types of programmes. By combining the information on which types of schemes work best and the information on which schemes have higher representations of the long-term unemployed, we can get a sense of the extent to which policy is, or at least was in the early and mid-1990s, tackling the employability problem.

The four-way typology of O'Connell and McGinnity (1997) was devised in the following way. Active labour market policies are first broken down into training programmes and employment schemes. These two categories are then divided into two further subdivisions according to the degree of orientation to the labour market. The resulting four types of labour market intervention are then:

- general training: training of a basic or foundation level;
- specific skills training: more advanced training in skills that are readily applicable in the labour market;
- direct employment schemes: schemes through which employment is provided in the public or voluntary sectors, Community Employment being the best, and largest, example; and
- employment subsidies: schemes through which payments are made to hire people in the private sector, with the subsidy given to either the unemployed individual or the employer.

In the 1997 study, the relative effectiveness of each programme-type is assessed in two ways. First, programme participants are compared to each other and the different employment outcomes by programme-type are

calculated, controlling for the characteristics of the individuals on the programmes. Second, using the more robust treatment and control methodology, the post-programme employment experiences of participants aged under 23 are compared to the experiences of non-participants of the same age and over the same period. The results from both analyses show that programmes with a greater orientation to the labour market, i.e. specific skills training and employment subsidies, are more effective than the other two programme-types in leading to employment of the participants.

In the 1999 study, the treatment and control methodology is applied to all programme participants. In addition, a more sophisticated econometric technique is used which takes account of the self-selection of participants into the programmes. In spite of the enriched analysis, the results from the 1997 study are broadly confirmed. In particular, the relative success of those programmes with stronger labour market orientations was shown to still apply. The 1999 analysis did, however, produce an additional result that is relevant here. General training was found to have an impact on the employment chances of the long-term unemployed who participated although it continued to lack an effect for short-term unemployed participants. This result implies that the short-term unemployed could get jobs without general training; whatever was being taught was not adding to their stock of human capital, although it was adding to the human capital of the long-term unemployed. It should also be stated that while general training may have been effective for the long-term unemployed, the effect is smaller than the effects of the more market-oriented programmes. So while undergoing general training programmes was a benefit to the long-term unemployed, the benefit was not as great as that of specific skills training and employment subsidies.

If we focus on the differential impact of the market-oriented programmes (specific skills training and employment subsidies) as opposed to the non-market-oriented programmes (general training and direct employment schemes), our next question has to be whether the long-term unemployed are gaining access to the more effective programmes. If they are not, this points to a failure in terms of using active labour market policy to counter employability difficulties.

The 1997 study contains information on the relative representations of the long-term unemployed and short-term unemployed across the four programme types. As these data apply to the early 1990s, the information is now somewhat dated. Nonetheless, we present it as it points to a policy difficulty that should have been addressed and below we look at more recent policy statements from FÁS to see if that difficulty has been addressed.

Table 5.6 is taken from O'Connell and McGinnity (1997) and shows the numbers and proportions of long- and short-term unemployed people from their 1994 sample of people who had participated in FÁS programmes in the early 1990s.

Table 5.6: Proportion of Long- and Short-term Unemployed Participating in Each Programme-type (based on a 1994 sample)

Programme type	Prop. of LTUs	Prop. Of STUs	Total N	Ratio of proportions
Specific Skills Training	0.15	0.34	485	0.44
General Training	0.23	0.33	533	0.72
Employment subsidies	0.09	0.10	183	0.90
Direct Employment Schemes	0.53	0.23	681	2.30
	818	1,064	1,881	

The first point that O'Connell and McGinnity (1997) make about these numbers is that there was no evidence to suggest an under-representation of the long-term unemployed on programmes generally, relative to their number on the Live Register at that time. At the same time, there no was evidence of an "affirmative action" policy towards the long-term unemployed either. But what did concern O'Connell and McGinnity was the under-representation of the long-term unemployed on the relatively more successful programme-types. While 34 per cent of the short-term unemployed were on specific skills training, only 15 per cent of the long-term unemployed were on this programme type. By contrast, while only 23 per cent of the short-term unemployed were on direct employment schemes, over half of the long-term unemployed were on such schemes.

The policy point stressed by O'Connell and McGinnity was not that the less effective programmes should be dropped. Instead, they argued that it was important that progression paths were devised to ensure that the long-term unemployed, who could initially benefit from direct employment schemes and general training, be allowed to advance to the more effective schemes.

As regards the issue of tackling employability difficulties, the question raised by this work is the following. Given the results from the 1990s on the effectiveness of different training types and the under-representation of the long-term unemployed on the more effective programmes, has policy been re-focused on the needs of the long-term unemployed? The argument for this re-focusing can be made partly on an equity ground that those most in need of assistance should be given most. But an economic case can also be made as it was in Honohan (ed., 1997) in the ESRI's mid-term evaluation of the 1994-1999 Structural Funds. As many short-term unemployed people are likely to be well-positioned to gain employment in the absence of a FÁS intervention, the provision of training for them is likely to be characterised by substantial deadweight. On both equity and efficiency grounds, the case could have been made for a re-organisation of FÁS activities along the lines suggested by O'Connell and McGinnity and Honohan, i.e. more intensive interventions for those suffering employability difficulties.

In order to see if there is evidence of a move in this direction on FÁS's part, we can look at their Action Plan for the Long-Term Unemployed which was published in 1999. In the Action Plan, amongst other things, a target is set of increasing the participation of the long-term unemployed on mainline training programmes; in particular, the aim was for the long-term unemployed to make up 20 per cent of starters on such programmes. Additional places on bridging type courses for the long-term unemployed are also envisaged and a commitment is made with regard to the

development of literacy and numeracy skills. Over 1,000 additional training opportunities are also to be provided through special training initiatives in the Partnership areas.

All these initiatives are consistent with the type of recommendations made by O'Connell and McGinnity (1997). But in more recent work, Denny, Harmon and O'Connell (2000) continue to urge for more action with regard to ensuring the participation of the long-term unemployed on the more successful, market-oriented training and employment programmes. They note that the proportion of individuals on skills training programmes who are long-term unemployed increased from 11 per cent in 1998 to 22 per cent in 1999. However, when viewed in absolute numbers this translates into an increase from about 1,300 individuals in 1998 to 2,600 individuals in 1999. Relative to the total number of long-term unemployed, this increased number on the more successful programmes remains small.

Denny, Harmon and O'Connell go on to make the following recommendations. They call for a re-orientation of active labour market policy which would include the following elements:

1. "Development of re-integration paths for the long-term unemployed and other socially excluded groups leading to effective programmes with strong linkages to the labour market." This stresses the importance of viewing interventions for the long-term unemployed in terms of a process of re-integration rather than in terms of separate programmes. Part of the re-integration process would probably involve the development of intermediate-level skills training programmes; these would act as a bridge between, for example, Community Employment, and specific skills training. One obvious implication of such re-integration processes is that the cost per individual would be higher than the cost per individual per separate programme. One way of raising the required funds would be to divert resources away from FÁS programme participants who are short-term unemployed. A great advantage of the current strong labour market is that many individuals who may have previously required assistance in gaining employment no longer need that help.

2. "Continue the policy of gradually reducing numbers in Community Employment and use the freed resources to expand the provision of effective training programmes with strong market linkages." Denny, Harmon and O'Connell recognise the value of Community Employment in terms of providing an initial step back towards the labour market and in terms of the social value of the work done under the scheme. However, they also point to the poor performance of CE in getting people back to work. If the goal of active labour market policy is to get people back to work, then resources should be re-organised to ensure the achievement of that objective.

3. "Increase opportunities for the long-term unemployed to participate in specific skills training programmes." This recommendation is a logical extension of the first: a successful re-integration process must involve the participation of the long-term unemployed in those programmes that are most successful

in helping individuals gain employment. As demonstrated in O'Connell and McGinnity (1997), O'Connell (1999) and again in Denny, Harmon and O'Connell (2000), the most successful programmes are those with the closest links to the labour market.

Before leaving this discussion of labour market policy, we want to refer back to our conceptual discussion in Chapter 2 and to note the relevance of the Philpotts (1999) distinction between access and performance employability. As individuals move through different levels of training, it is likely that they will initially achieve access employability in the sense that they will be able to get a job of some sort. The question then arises of whether this is the goal of policy. Should policy aim higher and seek to enhance performance employability whereby an individual is set on a course they will not only get a job but also hold it and advance.

It could be argued that once a job is gained, performance employability can be achieved within the job, through on-the-job training or more simply through the re-integration into work culture. If this is so, policy may not have to concern itself with performance employability. One interesting piece of evidence on programme effectiveness that is relevant to this question comes from O'Connell (1999). He finds that only specific skills training is associated with higher wages for programme participants relative to non-participants, two years after completion of the programme. This would seem to indicate that specific skills training adds to performance employability relative to other forms of training. So again, we are back to the need to ensure that individuals progress to the more effective programmes not only for access employability but, more importantly, for performance employability.

5.4 Policy with Regard to the Most Disadvantaged

The individuals who are classified as "not progression ready" (NPR) by FÁS will require different types of interventions. By looking at the reasons given for their categorisation, we can point to the types of interventions that will be required. A sample of NPRs given to us by FÁS suggests that among the main reasons for the categorisation are: serious illness, drug abuse, personal/domestic problems, disability, childcare and ex-offender. We would make three general points in response to this list.

First, it appears from the NEAP exercise that the numbers with the most severe employability difficulties are not as large as might have been expected.[15] For this reason, even though the interventions required to overcome the employability difficulties of the individuals may be costly per person, the total cost may not be as prohibitive as once thought. In addition, the probability of deadweight arising is limited. Few would argue that the individuals involved would be in a position to gain employment without government assistance. For this reason any government money that produces a positive outcome could be assumed to have been fully

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[15] We would stress again that the "not progression ready" group should capture the *most* severely disadvantaged but that is not to say that others do not also face substantial employability difficulties. In particular, we note that those with literacy difficulties are not considered to be part of the NPR group.

effective. This cannot be said of interventions for the short-term unemployed.

Second, the appearance of reasons such as disability and serious illness raises the question of whether the individuals concerned should be on the Live Register. We spoke above of the difficulties involved in designing an unemployability payment but disability and serious illness are already catered for in the welfare code. Every effort should be made to ensure that people are paid the correct payment so that the numbers on the Live Register reflect labour supply potential to the strongest degree that is possible. But this should not lead to a situation where the disabled are excluded from employability enhancing programmes. This last point links in with our next general point.

Third, the list of reasons for categorisation as NPR points directly at the need for an approach that involves a co-ordination of effort across a range of Departments and agencies. While FÁS may have the initial contact with an individual under an expanded NEAP-type referral system, the merits of which we will discuss in our concluding chapter, it is clearly beyond the competence of FÁS to solve the complex set of problems faced by those with the most severe employability difficulties. In the case of drug abuse, it is imperative that FÁS can refer people to a treatment programme, presumably run by the Department of Health, and that the administrators of the programme can report back to FÁS on the progress of the individual concerned. It is also imperative that places are available on such treatment programmes. This may seem like an obvious point but it is nonetheless worth stating explicitly. Those suffering domestic or personal difficulties should have access to relevant counselling and again, it is important that counsellors can report back to FÁS. In the case of both drug abuse treatment and counselling, it is clear that interventions may not be successful. But when failure does occur, it would be desirable to see individual cases assessed and monitored in a client-oriented system.

Before leaving this policy discussion, two important points should be made. First, the Galway study and the work of the OECD have shown literacy to be an important factor in determining employability. Under the National Adult Literacy Programme, efforts are being made to assist people. Given the importance of literacy to any employability strategy, we would urge that careful evaluations of this programme be undertaken to ensure that it is delivering results.

Second, much of our discussion has focused on the education, training and work experience required to increase an individual's employability. However, it should be remembered from Table 3.15 and the results of the Galway study that obstacles exist to accessing employment for people who might otherwise be perfectly employable. From Table 3.15, we know that almost 30 per cent of those on the Live Register in 1997 who wanted a job but were not looking found themselves in that position because of child-care or other family-care responsibilities. And just as these factors act as barriers to employment, they can also act as barriers to training programmes. Attention to such obstacles should also form part of a comprehensive employability strategy.

6. Identifying Individuals for Participation in Programmes

We now want to turn to the practical consideration of how to identify individuals for participation in programmes designed to improve employability. We will begin by setting out in principle how this might be done. We will then look at examples from three countries in order to show how the principles are actually implemented.

There are three possible approaches.
1. characteristic screening;
2. profiling;
3. interview-based identification.

In addition to deciding who should be referred to employability-related programmes, the issue also arises of which programmes are most suitable for which individuals and how this should be determined. We will briefly address this below.

6.1.1 CHARACTERISTIC SCREENING

Much of our discussion in this section will reflect the considerations that arose in Chapter 4 on measurement. In that chapter, we described how an estimate of the number of people with employability difficulties could be generated by focusing on characteristics that are associated with reduced employability. By counting the numbers with any one, or a combination, of the relevant characteristics, it is possible to arrive at an estimate.

Characteristic screening identifies individuals for participation in a similar manner. Using information about individuals that is available as part of the registration process, people can be referred to programmes if they have certain characteristics that are known to be associated with reduced employability. For example, it is known that older workers who have been out of work for a long time are likely to suffer employability difficulties. This form of screening might then suggest that all those on the Live Register aged over 50 who have been out of work for more than two years should be assigned to a programme. Obviously, any characteristics

can be used in the screening process thereby providing a very clear and simple approach to identification.

While this approach may be clear and simple, it also suffers limitations. If a restricted number of characteristics are used in screening, it is possible that people with employability difficulties will be missed if they who do not have the characteristics being used for screening. The obvious way to overcome this difficulty is to increase the range of characteristics upon which screening is based. The opposite concern then arises; people who do not have employability difficulties may be placed on programmes, thereby wasting scarce resources. And again in the context of scarce resources, if there are a limited number of places on such programmes, characteristic screening provides little guidance on the ranking of employability difficulties.

6.1.2 PROFILING

We have already mentioned profiling in the context of measurement but we will briefly outline it here as a method of identifying individuals for participation in programmes. Unlike characteristic screening whereby equal weight is given to characteristics that are associated with reduced employability, profiling assigns weights to these characteristics in an effort to rank individuals in terms of their degree of reduced employability.

The process is as follows. By analysing a sample of individuals, some of whom are short-term unemployed and some of whom are long-term unemployed, it is possible to estimate the relative impacts of a range of characteristics on the probability of individuals becoming long-term unemployed. The analysis in Section 3.2 of those on the Live Register in 1994 is one such example. Through the use of regression techniques, one can estimate the extent to which the characteristics included contribute to the likelihood of an unemployed person becoming long-term unemployed. This part of the process can be undertaken at a national level and the resulting model sent out to local offices.

Using the estimated model, it is then possible for officers in local offices of the public employment service to estimate the likelihood of becoming long-term unemployed for any particular individual. This is done by combining the characteristics of the individual with the estimated coefficients from the model. Once the probabilities of becoming long-term unemployed have been estimated, it is possible to rank individuals and to assign them to programmes based on the ranking.

As already noted, the advantage of the profiling approach over characteristics screening is that it allows for a more comprehensive and sophisticated determination of those who might suffer from employability difficulties and so who might be in need of employability-related programmes. This advantage comes at the cost of the requirement for statistical modelling but the size of this cost should not be overstated. The skills and computer software to run the analysis are readily available. The data requirements would be a greater cost consideration, but again, this should not be overstated.

The other big advantage of profiling is that it allows administrators to control tightly the numbers going onto programmes when budgets are limited, without resorting to a first-come first-served approach or some

sort of lottery assignment. As individuals are ranked according to their probabilities of becoming long-term unemployed, eligibility for programmes can be determined by specifying a cut-off point on the distribution of these probabilities. By selecting from the top of the distribution the most needy are selected first, subject to the statistical model performing well. If the budget allows, the cut-off point can be lowered.

The main disadvantage of profiling, as of characteristic screening, is that it can lead to some individuals being assigned to programmes even though they may not need assistance, while others may be overlooked even though they do need assistance. The extent of this difficulty is lower under profiling than characteristic screening but it is nonetheless present. There are a number of reasons involved. The regression models on which profiling is based can be imprecise. For example, the regression reported in Table 3.18 only explains about 20 per cent of the variation in exits from the Live Register between 1994 and 1997 (Cox and Snell R^2). Hence, 80 per cent of the process leading individuals to exit or remain is not explained.

The proportion of the variation in the dependent variable that can be explained typically increases with the number of variables included in the model. However, the data sets used often do not contain the full range of variables that would ideally be needed. In the case of some variables this can be easily overcome by expanding the questionnaires that lead to the generation of the data. But in the case of some variables, it may not be possible to measure them (such as motivation or work ethic) or they may be measured with error (such as literacy, due to a reluctance to answer honestly). These data limitations restrict the predictive power of regression analysis and by extension, the power of profiling.

Apart from the statistical matters, some concerns about the use of profiling have arisen from the perspective of officers in the public employment services where it has been used (mostly, in the United States, but more on this below). When any workforce that has not previously used a statistical tool of this type is asked to do so there will generally be some reluctance. This arises partly from a lack of confidence in the tool and, as we have just discussed, is not without foundation. If assignment is based solely on the results of profiling, as is the case in many states in the United States, officers may be frustrated if they notice an individual being overlooked who they can see is in need of a programme.

6.1.3 INTERVIEW-BASED IDENTIFICATION

In contrast to the mechanical nature of both characteristic screening and profiling, interview-based identification involves the interaction of, typically, an official of the public employment service and unemployed individuals. It is the official, based on interaction with the unemployed and possibly some guidelines, who determines whether an individual is in need of an employability-related programme. This is essentially the approach being adopted in Ireland under the National Action Employment Plans that were discussed above.

Those who argue in favour of interviewing over profiling or characteristics screening maintain that incorrect judgements are

substantially reduced because of the individually focused nature of the interviewing process. It is possible that this is true but incorrect judgements can also be made by officials. In addition, there will be greater variability in the assignment process when interviewing is used. This can lead to unfairness and inefficiency when the number of places on programmes is restricted. If there are some officials with broad views of who suffers reduced employability, less deserving individuals may be placed on programmes.

The biggest disadvantage of interviewing relates to time, cost and inefficiency. If referral to employability-related programmes is to be done solely on the basis of interviewing, all those signing on must be interviewed. In many cases, the individuals being interviewed will not have employability difficulties and so the time of PES officials is taken up with individuals who do not need assistance. Without some element of focus as to who is interviewed, the level of deadweight is likely to be high.

6.2
Practice in the US, the UK and Australia[16]

None of these countries rely on characteristic screening for referring people to programmes. Characteristics such as age or unemployment duration are however used to isolate groups which are then profiled or interviewed.

The United States have gone furthest in their use of profiling. In 1993, the Congress enacted legislation requiring states to set up a profiling system. Under the system, each state has had to develop the type of statistical model that allows the employment service to predict the likelihood that an individual benefit claimant will become long-term unemployed. The models are allowed to vary from state to state but generally include factors such as education, length of time in the last job and the local unemployment rate. Each claimant is profiled when first registering for unemployment benefits. Claimants are then ranked and those with the greatest likelihood of remaining on the register are offered interventions. Job search assistance, as opposed to training, is normally offered because it is viewed as being more cost effective. It should be noted that referral to programmes is based solely on the outcomes of the profiling process. No staff judgements are involved at that stage although decisions on *which* programmes are most suitable for those selected by profiling are made by employment service officials.

Profiling is also being used in Australia although with a lower level of reliance than in the US. A system was introduced in 1994 as part of an early intervention system with the aim of identifying jobseekers with the greatest likelihood of becoming long-term unemployed. The statistical model uses the following variables: age, education, Aboriginal and Torres Strait Islander status, birth in a non-English speaking country, disability, English-speaking ability and geographical location. As in the US, claimants are ranked and those towards the top of the distribution are referred to programmes. Unlike the US, however, the outcomes of the profiling process are supplemented by judgements formed by employment service officials through interviews. The factors that are taken into account at this

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[16] Much of the discussion in this section is taken from OECD (1998).

stage are poor motivation, low self-esteem, poor numeracy and literacy skills and substantial time out of the workforce. In 1995, 5 per cent of screened registrants were identified by the profiling process with a further 10 per cent being identified on a judgemental basis.

Although the UK has experimented with profiling, its referral process is based on an interviewing approach. Under the Jobseeker Allowance, the UK authorities emphasise the need for all registrants to maintain active job search. Their efforts are monitored through two-weekly interviews with employment service officials so direct contact between the registered unemployed and the employment service is maintained at a frequent level. As individuals cross thresholds such as 13 or 26 weeks on the Register, reassessments are undertaken to see if more intensive interventions are required, such as training. All in all, decisions on how cases should be managed are based on the judgements of the employment service officials.

6.3 A Suggested Approach

Having considered the options, we will now suggest an approach.

As a first element in an identification strategy, we would suggest that the use of profiling be introduced on a pilot basis. By surveying those currently on the Live Register, it would be possible to generate quickly a statistical model of the characteristics that are associated with long-term unemployment. By taking additional time, a more precise model could be developed using information on individuals over time. By looking at a cross-section of those on the Live Register and comparing the short-term and long-term unemployed, the model would miss the fact that some of the short-term unemployed may become long-term unemployed. It is only by tracking individuals over time and noting when they leave the Register that a more accurate model of the short-term and long-term unemployed can be estimated.

Once the statistical model is developed, it will be possible to estimate an individual's likelihood of becoming long-term unemployed when he/she first signs-on. By ranking individuals according to the likelihood of becoming long-term unemployed, it will be possible to select a group for early intervention. In the light of the success of the NEAP, some might argue that all individuals should be interviewed when signing-on, and not just profiled. We would argue against this on the basis of the likely deadweight costs that would be involved. Many individuals will enter and leave the Live Register quickly and without intervention. Interviewing these people will simply tie up resources unnecessarily and so should be avoided. Once the individuals are identified through the profiling system, they would be contacted by the Department of Social, Community and Family Affairs and referred to FÁS. At this point, the NEAP-type process would be in operation.

In making this proposal, we are not suggesting that the current referral process under the Employment Action Plan be replaced; even if we were suggesting this it would be impossible because the referral process is now a requirement of the EAP and not discretionary. Instead, we would envisage profiling complementing the current referral process. Currently, some individuals must wait for six months while others must wait for twelve months before referral occurs. Profiling would allow for an earlier,

targeted intervention and thereby assist in preventing the slide into long-term unemployment.

It is perfectly possible and indeed likely, that some individuals who could benefit from intervention will be missed by the profiling system and so will drift into long-term unemployment. The statistical models developed for profiling are far from perfect predictors of exits from unemployment. However, a pilot could be used to examine the strength, or otherwise, of the model's prediction. It should be noted that people could also be missed using an interviewing procedure and as we have just mentioned, this interviewing would be costly. In addition, the profiling models do not need to predict precisely who will leave unemployment and when; all they are required to do is to give a ranking of individuals in terms of their probabilities of exit. But for those in need who are missed, we believe that the on-going operation of the NEAP procedures will ensure that any drift into long-term unemployment does not go unnoticed. For those under 25, referral at six months of unemployment will bring them into contact with FÁS and thereby to a re-integration strategy. As from July 2000, older individuals must pass a nine month threshold before a referral is made. We would suggest that this nine month threshold be reviewed. While there are obvious resource issues in bringing the referral threshold back, the question arises as to whether a spell of six months out of work in the current economic climate is a sufficiently strong indicator of employability difficulties.

7. SUMMARY AND CONCLUSIONS

As mentioned in Chapter 1, in September 2000 there were over 140,000 people on the Live Register. At a time of full employment, the obvious question is why such a large number is still on the Register. One possible explanation is that many of the 140,000 have employability difficulties and our task in this study has been to explore this thesis.

We began by developing a framework in which to think about employability and its relevance in the context of the Live Register. In so doing, we emphasised the important point that employability is not a binary variable. Rather, it is important to think of employability in terms of degree and to understand that a range of characteristics and factors, and combinations thereof, can lead to individuals suffering greater or lesser degrees of reduced employability.

Drawing on that broad theme, we outlined a framework for thinking about employability that included the following strands:

1. individual characteristics;
    – alterable
    – unalterable
2. contextual factors
    – family
    – location
    – social
    – institutional
3. firm-level labour demand; and
4. macro-level labour demand.

Using strands 1 and 2 of this framework, we went on to explore in two ways which characteristics are associated with reduced employability. First, using the Labour Force Survey of 1997, we compared those on the Live Register who were searching for work with those who were, at best, marginally attached to the labour force. Second, using two waves of the Living in Ireland Survey (1994 and 1997), we compared those who left the Live Register between 1994 and 1997 with those who remained on the Register between these two dates. We also drew on the results of a survey of people on the Live Register in Galway City and County in 2000 and recent work by Layte and O'Connell (forthcoming).

The results revealed the following. Those who suffered reduced levels of employability, as we had defined it, tended to be older, female, to have had limited previous attachment to the labour market and low levels of education and to live in rural areas. Drawing specifically on the Living in

Ireland data, we did not find health to be a significant contributing factor, neither did we find the individual's degree of fatalism to be associated with reduced employability. However, results from the Galway survey and the work by Layte and O'Connell suggest that health is a factor in restricting moves from unemployment to employment. While reduced employability did appear to be associated with psychological distress, we interpreted this as the effect of unemployment rather than the cause. Those who had taken steps in 1994 to find jobs tended to be more likely to have left the Live Register by 1997. Urban local authority residents were seen to be more likely to suffer reduced employability than other urban residents. However, the pattern of results and earlier work in this area suggests that local authority tenure is not the cause of reduced employability but that those with reduced employability tend to be selected into local authority areas. Finally, the Galway study found literacy to be another factor that reduces employability; 34 per cent of the long-term unemployed said they had literacy difficulties.

Our next task was to discuss how the employability of those on the Live Register could be measured on the basis of existing data. From our analysis of characteristics, we know that factors like age and labour market attachment are associated with reduced employability. Data from the Live Register that is produced by the Central Statistics Office provides information on the number of people on the Live Register over 45 and long-term unemployed. This makes it possible to count how many people on the Live Register have one or both of these employability-reducing characteristics and in this way, a very crude measure can be arrived at. Performing such an analysis, we found that 8.4 per cent of those on the Live Register in 2000 were over 45 and had been unemployed for three years or more.

A second avenue of measurement has been opened more recently by the National Employment Action Plan (NEAP). The Department of Social, Community and Family Affairs (DSCFA) has, since September 1998, been referring certain groups from the Live Register to be interviewed by FÁS personnel. A by-product of this process is that FÁS produces figures based on these interviews and categorise a group of interviewees as being "not progression ready". As this group suffers extreme employability difficulties, the NEAP process is in effect producing a measure of the extent of employability difficulties on the Live Register. For pilot projects in Kilkenny and Ballyfermot, the "not progression ready" made up about 11 per cent of those referred. This is a relatively small number but it should be realised that some people with employability difficulties, such as poor literacy, are not included in this group.

Having looked at measurement, we went on to consider policy interventions to tackle the problem of reduced employability. We began this section with a brief consideration of the possibility of paying those with employability difficulties a welfare payment which recognised the limits on their capability and availability for work. We concluded that such a payment would give rise to serious practical difficulties and so recommended that the status quo be maintained. We then went on to look at the previously mentioned NEAP. Early indications are that the referral and interview process is showing success in getting people off the Live

Register; in the Kilkenny and Ballyfermot cases, around 70 per cent left the Register. While the programme must still be evaluated in a rigorous manner, its apparent success would indicate that as a policy tool it is effective. Given our findings from the analysis of the Living in Ireland Survey that more active searchers were more likely to leave the Live Register, it may not be entirely surprising that an activation/guidance and counselling process could be effective. Many on the Live Register may have lost job search skills or have begun to believe that there were no jobs available. In such a situation, guidance and counselling can be effective.

It should also be recalled that a significant number of individuals left the Live Register before showing up for interview. A number of interpretations can be placed on this but it is difficult to avoid the conclusion that at least some of these individuals were working while signing on or were not engaging in job search to any great degree. If the referral process prompted such individuals to leave the Register, this is another benefit of this programme.

The NEAP shows that a number of people can be helped off the Live Register without being on training schemes. For others, however, training and employment schemes are still required and we discuss which have been shown to be effective and how progression paths should be designed for those with employability difficulties. But there remains a group who cannot be served immediately by training and employment programmes because of the severity of their employability difficulties. For them, assistance from agencies such as the Departments of Health and Education and the health boards is required. In addition, we would urge that continued attention be devoted to literacy issues under the National Adult Literacy Programme.

The interaction of FÁS and the Department of Social, Community and Family Affairs under the NEAP gives rise to another point. The co-ordination of activities across these agencies appears to have produced useful results. We see a need for increased co-ordination in this area because of the range of activities that are aimed, or should be aimed, at those with employability difficulties. Calls for increased co-ordination have been made elsewhere (Fitz Gerald *et al.*, 1999) but the success of the NEAP certainly strengthens the argument.

The final issue we discuss is how people on the Live Register can be identified as being in need of interventions. We mention three possibilities: characteristic screening, profiling and interview. In the Chapter 6, we looked at the advantages and disadvantages of each and outlined how we think matters should proceed in this area.

In order to have comprehensive information on the characteristics of those on the Live Register, it is necessary that broadly based surveys of this group be taken. The Labour Force Survey filled this need to a degree but, with the removal of the relevant question from the Quarterly National Household Survey (QNHS), this is no longer a source of information. One possible proposal would be to re-instate the question on the QNHS, but even this would be of limited use. There was always a concern that people did not respond truthfully when asked if they were on the Live Register. In addition, the information from the QNHS cannot be used to track people over time.

The question then arises of whether a survey of those on the Live Register should be conducted. If a survey were taken of those on the Register it would be possible to develop an accurate picture of the characteristics of the stock of people at present. This could be done on a sample survey basis and ideally should be done over a period of time rather than as a simple cross-section. By keeping track of those who enter and leave the register before six or twelve months, and those who enter and stay, it would be possible to estimate a statistical model of which characteristics lead people to remain on the Live Register. The model could subsequently be used in a profiling procedure. As individuals enter the Live Register, they would be asked the same questions as were used on the original questionnaire. The model could then be used to estimate the probability of these individuals becoming long-term unemployed and a decision on their immediate referral to training or employment schemes could be made. The information they supplied would also be added to the data bank and used for subsequent updating of the statistical model.

In this way, we would suggest a movement in Ireland towards profiling, through the use of a pilot project. One difficulty that arises with this system is that it may not give due weight to factors that are not easily identified through surveys, for example, literacy difficulties. We cannot see how this can be dealt with at the profiling stage, although when an individual is referred to FÁS, having been selected through profiling or when crossing some threshold of unemployment duration, a determination on literacy, or other difficulties, can then be made. Through the implementation of a profiling system, it would be hoped that those at risk can be identified before they become long-term unemployed and given immediate access to measures which, if correctly designed, can speed transition back to quality employment. For those who are missed by profiling but who begin to drift into long-term unemployment, a referral to FÁS along the lines of the current NEAP procedure can ensure that their drift does not go unnoticed. Through contact with FÁS, a re-integration strategy can be designed which may involve standard training and employment programmes, or other types of intervention when the employability difficulties are particularly severe.

All of these proposals will clearly place additional demands on the public employment service dimension of FÁS. There would be increased amounts of work arising through profiling and early referral, plus possible increases in workloads if referral thresholds are moved from twelve to six months. The policy actions that we envisage for those who suffer the greatest degree of reduced employability would require FÁS to play a co-ordinating role across agencies. And for those with slightly lesser degrees of reduced employability, we also envisage intensive interventions through the organisation of re-integration paths in place of the current programme-by-programme approach.

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APPENDIX – ADDITIONAL INFORMATION FROM THE LABOUR FORCE SURVEY

A.1
Those on the Live Register and Employees Compared, 1997

In Table A1, we to look at the educational qualifications of those on the Live Register by benefit type and employees in 1997. It can be seen that people on the Live Register generally had lower levels of education than the employed. Looking at the "primary education" column, it can be seen that while only 14 per cent of employees had this low level of education, 24.4 per cent of UB recipients and 41.3 per cent of UA recipients had only primary schooling. The low level of education among UA recipients is particularly striking; three-quarters had only a Junior Certificate (or equivalent) or less.

1: Education Levels of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		No Formal Education	Primary Education	Inter/ Group Cert	Leaving Cert/"A" Level	Third-Level Non-Uni	Third-Level Uni	Higher Uni Degree	Total
Emp	N	1,088	192,235	325,488	434,033	205,041	144,388	38,524	1,340,797
	%	0.08	14.34	24.28	32.37	15.29	10.77	2.87	100
UB	N	222	13,839	18,719	16817	4575	2,158	289	56,619
	%	0.39	24.44	33.06	29.70	8.08	3.81	0.51	100
UA	N	1,844	58,694	47,274	25,475	5,602	2,736	539	142,164
	%	1.30	41.29	33.25	17.92	3.94	1.92	0.38	100
C	N		1,602	3,284	4,233	1,429	511	107	11,166
	%		14.35	29.41	37.91	12.80	4.58	0.96	100
Total		3,154	266,370	394,765	480,558	216,647	149,793	39,459	1,550,746
	%	0.20	17.18	25.46	30.99	13.97	9.66	2.54	100

Table A2 documents the social class of those on the Live Register and employees. The lower social class concentration of those on the Live Register is apparent. And again, a difference within the Live Register group exists, with 26 per cent of UA recipients having been unskilled manual (of those for whom we know the social class) and 13 per cent of UB recipients coming from this social group.

Social Class of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		Higher Prof/ Man'ial Prop's/ Farmers on 200+ Acres	Lower Prof/ Man'ial Prop's/ Farmers on 100-199 Acres	Other Non-Manual and Farmers on 50-99 Acres	Skilled Manual and Farmers on 30-49 Acres	Semi-Skilled Manual and Farmers on < 30 Acres	Un'ed Manual	Un-Known	Total
Emp	N	177,767	242,290	257,457	233,499	325,142	95,511	10,389	1,342,055
	%	13.25	18.05	19.18	17.40	24.23	7.12	0.77	100
UB	N	2,193	5,382	8,606	13,714	16,108	7,689	2,943	56,635
	%	3.87	9.50	15.20	24.21	28.44	13.58	5.20	100
UA	N	2,096	7,189	11,763	31,022	31,142	37,153	22,050	142,415
	%	1.47	5.05	8.26	21.78	21.87	26.09	15.48	100
C	N	1,313	1,595	1,879	2,632	2,373	850	524	11,166
	%	11.76	14.28	16.83	23.57	21.25	7.61	4.69	100
Total	N	183,369	256,456	279,705	280,867	374,765	141,203	35,906	1,552,271
	%	11.81	16.52	18.02	18.09	24.14	9.10	2.31	100

The age distributions are reported in Table A3. While there was relatively little difference in age between UB recipients and employees, UA recipients were somewhat younger than employees. Whereas 17.8 per cent of employees were aged between 15 and 24, 24.4 per cent of UA recipients were in this age category. This difference in proportions in essentially reversed in the next age category where 53.3 per cent of employees and 47.2 per cent of UA recipients were aged 25-44.

Table A3: Age of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		15-24	25-44	45-65	65+	Total
Emp	Count	239,496	715,878	356,012	32,682	1,344,068
	%	17.82	53.26	26.49	2.43	100.00
UB	Count	11,351	30,004	13,831	1,448	56,634
	%	20.04	52.98	24.42	2.56	100.00
UA	Count	34,744	67,165	39,572	818	142,299
	%	24.42	47.20	27.81	0.57	100.00
Credits	Count	455	6,821	3,842	47	11,165
	%	4.08	61.09	34.41	0.42	100.00
Total	Count	286,046	819,868	413,257	34,995	1,554,166
	%	18.41	52.75	26.59	2.25	100

In Tables A4 through A8, we develop the profile of those on the Live Register in 1997 relative to those in employment. Some of the principle points to emerge are as follows:

- while there was little difference between UB recipients and employees in terms of marital status, UA recipients were less likely to be married; this is probably partly explained by their relative youth (Table A4);
- there was little difference in the regional distribution of employees and those on the Live Register (Table A5);

- UA recipients were more likely to live in county boroughs, their suburbs and fringes than either employees or UB recipients (Table A6); and
- both UB and UA recipients were more likely to be local authority tenants than employees, although in turn, UA recipients were more likely to be in this situation than UB recipients (Table A7).

Marital Status of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		Never Married	Widowed	Married or Remarried	Married but Separated	Total
Emp	Count	539,664	20,322	742,088	39,408	1,341,507
	%	40.23	1.51	55.32	2.94	100
UB	Count	23,958	909	29,332	2,412	56,611
	%	42.32	1.61	51.81	4.26	100
UA	Count	76,237	1,545	55,358	9,159	142,299
	%	53.58	1.09	38.90	6.44	100
Credits	Count	1,212	298	9,240	415	11,165
	%	10.86	2.67	82.76	3.72	100
Total	Count	641,071	23,074	836,018	51,394	1,551,582
	%	41.32	1.49	53.88	3.31	100

Region of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		Dublin City & County	Rest of East & South-East	South-West & Mid-West	North-East, North-West & Donegal	Midlands and West	Total
Emp	Count	420,641	276,425	305,378	137,493	202,119	1,342,056
	%	31.34	20.60	22.75	10.24	15.06	100
UB	Count	16,477	12,113	13,275	5,999	8,769	56,633
	%	29.09	21.39	23.44	10.59	15.48	100
UA	Count	46,731	24,788	31,777	17,890	21,230	142,416
	%	32.81	17.41	22.31	12.56	14.91	100
Credits	Count	2,539	2,809	3,076	830	1,910	11,164
	%	22.74	25.16	27.55	7.43	17.11	100
Total	Count	486,388	316,135	353,506	162,212	234,028	1,552,269
	%	31.33	20.37	22.77	10.45	15.08	100

Type of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		County Boroughs, their Suburbs and Fringes	Towns 5000+ and Adjacent Mixed Urban/ Rural Areas	Towns 1,000-5,000	Mixed Urban/Rural	Rural Areas	Total
Emp	N	519,780	243,913	78,569	178,048	321,746	1,342,056
	%	38.73	18.17	5.85	13.27	23.97	100
UB	N	21,166	11,091	4,375	7.454	12,548	56,634
	%	37.37	19.58	7.73	13.16	22.16	100
UA	N	61,721	23,246	10,627	15,206	31,615	142,415
	%	43.34	16.32	7.46	10.68	22.20	100
C	N	3,457	2,546	795	1,358	3,009	11,165
	%	30.96	22.80	7.12	12.16	26.95	100
Total	N	606,124	280,796	94,366	202,066	368,918	1,552,270
	%	39.05	18.09	6.08	13.02	23.77	100

ature of Occupancy of Individuals on the LR (UB, UA and Credits) and Employed Individuals (Emp), 1997

		Rented from Local Authority	Rented Unfurnished Other than from Local Authority	Rented Furnished or Part Furnished	Being Acquired from Local Authority	Owner Occupied With Mortgage	Owner Occupied Without Mortgage	Occupied Rent Free	Total
Emp	N	46,320	17,928	117,492	43,046	648,253	450,372	9,854	1,333,265
	%	3.47	1.34	8.81	3.23	48.62	33.78	0.74	100
UB	N	6,241	1,687	6,253	3,449	20,588	17,729	325	56,272
	%	11.09	3.00	11.11	6.13	36.59	31.51	0.58	100
UA	N	40,451	5,300	16,874	10,37	22,084	42,347	1,345	139,038
	%	29.09	3.81	12.14	7.65	15.88	30.46	0.97	100
C	N	676	151	463	160	5,961	3,717	16	11,144
	%	6.07	1.35	4.15	1.44	53.49	33.35	0.14	100
Total	N	93,688	25,066	141,082	57,292	696,886	514,165	11,540	1,539,719
	%	6.08	1.63	9.16	3.72	45.26	33.39	0.75	100

A.2 Comparison of Those on the Live Register in 1994 and 1997

In Table A8, we begin the comparison of those on the Live Register in 1994 and 1997.[17] Given the fall in the numbers on the Register between these two years, it is possible that the average characteristics may have changed. In particular, if individuals who are in some sense more "employable" were more likely to leave the Register between 1994 and 1997, the remaining group should reflect this selection process.

Table A8 shows the ILO labour force status by benefits types for the years 1994 and 1997. Care must be taken in interpreting these figures as they relate to the employed. While some individuals may report themselves as being "full-time", they may actually be working part-time and so their working while being on the Live Register may be legitimate. As noted above, 6.4 per cent of those

[17] Note that the remaining tables are included at the back of the report.

on the Register in 1997 said they were working full-time; this compares to a figure of 6.6 per cent in 1994. Given the likelihood that people on the Live Register who are working full-time will be reluctant to admit their employment status, these percentages are likely to be underestimates. What is striking is the stability in the number over the period.

Other figures of interest in Table A8 concern the proportion of those on the Live Register 1994 and 1997 who are not economically active. The proportion increased from 16.6 per cent in 1994 to 25 per cent in 1997. This latter figure is of interest in itself as it suggests that, when combined with the 6.9 per cent who are only marginally attached to the labour force, over 30 per cent of those on the Register are not fulfilling the requirement of actively seeking work. The rise in the proportion between 1994 and 1997 could reflect an exodus from the Register of those with closer attachment to the labour market.

We go on to look at educational attainment for both groups in Table A9. The figures reveal little difference between the two so whatever changes arose in the composition of those on the Live Register between 1994 and 1997 were not related to levels of education.

In Tables A10 and A11, we look at the labour market histories of those on the Live Register in 1994 and 1997. At this point, we are only looking at those without jobs. From Table A10, we can see a decline of 2 percentage points between 1994 and 1997 in the proportion who have worked before. For those who have worked at some point we can see an increase of 4.5 per centage points in the proportion who have not worked for five years, (A11). Both of these finding point to a lower degree of employability of the 1997 group although the differences are small.

In Table A12, we consider the job search activities of those on the Live Register who are without jobs. The most interesting figures are in the second last column. In 1997, almost 30 per cent said they were not looking for work. (This value reflects the proportion reported above who are not economically active.) As with those in full-time employment, it is likely that this is an understatement of the true proportion, given that an admission of not looking for work amounts to a violation of the job search condition for eligibility. Also of interest is the increase in this value between 1994 and 1997, again reflecting the greater degree of labour market detachment for the 1997 group.

From Table A13 and A14, we can see that those who were looking for work in both 1994 and 1997 were mainly looking for full-time work as employees rather than self-employment or part-time employment. From Table A15 we see that most were also available for work immediately. There was little change in any of these proportions over the 1994 to 1997 period. Similarly, from Table A16 we can see that the length of time searching is very similar across the two points in time. Table A17 shows the situation of those looking for work before they started looking for work. There appears to have been a substantial fall in the proportion of those who were working before looking for a job between 1994 and 1997. In addition, there appears to have been a substantial increase in the proportion reporting that they were unemployed before looking for work. The size of the shift in this latter category in particular strikes us as somewhat irregular and so there is a suspicion that this may have been driven by a definitional change. We will need to investigate this further.

Tables A20 and A21 tell us something about the search methods used by those looking for work. Table A20 reports the responses about duration since contact with FÁS. Little difference is seen between the groups over the period. Table A21 reports the responses to questions about the main search method used. Again, there is little difference across the groups except for a small increase in the proportion saying that their main search method was registration with FÁS; the increase was from 13.2 per cent in 1994 to 18.6 per cent in 1997.

In Table A22, we return to those who reported that they were not looking for work.[18] Recall that the proportion in 1994 was 20.3 per cent and in 1997 it was 29.3 per cent. In both 1994 and 1997, almost 70 per cent say that they do not want a job. The proportion giving this response is higher for UB recipients than for UA recipients, which is somewhat surprising if we assume that UB recipients

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[18] Note that the 1997 figures appeared in Section 3.1.

are more closely connected to the labour market. Were we looking at one point in time, we might conclude that untruthful answering was driving this finding but the stability in the difference between the UA and UB proportions in 1994 and 1997 suggests that this is a more robust finding.

TABLES FOR SECTION A2

Table A8: ILO Labour Force Status of Individuals on the LR, 1994 and 1997

		Full-time	Part-time, Not Underempl'd	Part-time Underempl'd	Unempl'd Seeking Full-time Work	Unempl'd Seeking Part-time Work	Marginally Attached to the LF	Other Not Econ Active	Total
1994									
UB	N	5,910	4,484	2,446	34,306	2,234	3,181	9,643	62,204
	%	9.50	7.21	3.93	55.15	3.59	5.11	15.50	100
UA	N	8,969	3,802	3,933	102,077	3,053	12,577	24,450	158,861
	%	5.65	2.39	2.48	64.26	1.92	7.92	15.39	100
Credits	N	425	558	373	2,764	1,884	427	4,302	10,733
	%	3.96	5.20	3.48	25.75	17.55	3.98	40.08	100
Total	N	15,304	8,844	6,752	139,147	7,171	16,185	38,395	231,798
	%	6.60	3.82	2.91	60.03	3.09	6.98	16.56	100
1997									
UB	N	5,727	4,887	2,332	25,940	2,639	2,063	12,885	56,473
	%	10.14	8.65	4.13	45.93	4.67	3.65	22.82	100
UA	N	7,018	4,294	3,295	76,935	3,763	12,043	34,093	141,441
	%	4.96	3.04	2.33	54.39	2.66	8.51	24.10	100
Credits	N	643	902	224	1,750	1,921	241	5,462	11,143
	%	5.77	8.09	2.01	15.70	17.24	2.16	49.02	100
Total	N	13,388	10,083	5,851	104,625	8,323	14,347	52,440	209,057
	%	6.40	4.82	2.80	50.05	3.98	6.86	25.08	100

Table A9: Education Levels of Individuals on the LR, 1994 and 1997

	No	Primary	Inter/	Leaving	Third-	Third-	Higher	Total

		Formal Education	Education	Group Cert	Cert/"A" Level	Level Non-Uni	Level Uni	Uni Degree Level	
1994									
UB	Count	106	13,871	21,991	18,692	5,405	2,043	220	62,328
	%	0.17	22.25	35.28	29.99	8.67	3.28	0.35	100
UA	Count	2,465	64,376	53,296	28,896	6,926	2,875	455	159,289
	%	1.55	40.41	33.46	18.14	4.35	1.80	0.29	100
Credits	Count	58	1,855	3,776	3,932	813	262	38	10,734
	%	0.54	17.28	35.18	36.63	7.57	2.44	0.35	100
Total	Count	2,629	80,102	79,063	51,520	13,144	5,180	713	232,351
	%	1.14	34.87	34.42	22.43	5.72	2.25	0.31	100
1997									
UB	Count	222	13,839	18,719	16,817	4,575	2,158	289	56,619
	%	0.39	24.44	33.06	29.70	8.08	3.81	0.51	100
UA	Count	1,844	58,694	47,274	25,475	5,602	2,736	539	142,164
	%	1.30	41.29	33.25	17.92	3.94	1.92	0.38	100
Credits	Count		1,602	3,284	4,233	1,429	511	107	11,166
	%		14.35	29.41	37.91	12.80	4.58	0.96	100
Total	Count	2,066	74,135	69,277	46,525	11,606	5,405	935	209,949
	%	0.98	35.31	33.00	22.16	5.53	2.57	0.45	100

Table A10: Previous Labour Market Experience of Individuals on the LR, 1994 and 1997

		With Previous Experience	Without Previous Experience	Total
1994				
UB	Count	47,552	41	47,593
	%	99.91	0.09	100
UA	Count	114,535	27,609	142,144
	%	80.58	19.42	100
Credits	Count	8,868	389	9,257
	%	95.80	4.20	100
Total	Count	170,955	28,039	198,994
	%	85.91	14.09	100
1997				
UB	Count	41,709	297	42,006
	%	99.29	0.71	100
UA	Count	98,855	28,099	126,954
	%	77.87	22.13	100
Credits	Count	9,235	161	9,396
	%	98.29	1.71	100
Total	Count	149,799	28,557	178,356
	%	83.99	16.01	100

Table A11: Number of Months since Last Job for Those with Previous Experience, 1994 and 1997

	0-6 Mths	6-12 Mths	12-36 Mths	36-60 Mths	60+ Mths	Total

1994

UB	Count	20,231	9,266	11,146	1,893	3,673	46,209
	%	43.78	20.05	24.12	4.10	7.95	100
UA	Count	12,519	5,419	30,576	16,825	35,583	100,922
	%	12.40	5.37	30.30	16.67	35.26	100
Credits	Count	1,166	226	2,100	1,897	2,943	8,332
	%	13.99	2.71	25.20	22.77	35.32	100
	Count	33,916	14,911	43,822	20,615	42,199	155,463
Total	%	21.82	9.59	28.19	13.26	27.14	100

1997

UB	Count	18,994	7,427	8,499	1,835	4,203	40,958
	%	46.37	18.13	20.75	4.48	10.26	100
UA	Count	10,741	5,405	21,421	11,645	35,451	84,663
	%	12.69	6.38	25.30	13.75	41.87	100
Credits	Count	888	601	3,010	1,365	2,946	8,810
	%	10.08	6.82	34.17	15.49	33.44	100
Total	Count	30,623	13,433	32,930	14,845	42,600	134,431
	%	22.78	9.99	24.50	11.04	31.69	100

Table A12: Searching Status for those Currently without Jobs and on the Live Register, 1994 and 1997

		Looking for Work	Not Looking as New Full-time Job has been Found	Not Looking as New Part-time Job has been Found	Not Looking as Awaiting Recall from Lay-Off	Not Looking for Work	Total
1994							
UB	Count	37,803	623	184	1,681	9,109	49,400
	%	76.52	1.26	0.37	3.40	18.44	100
UA	Count	113,528	448	362	457	27,735	142,530
	%	79.65	0.31	0.25	0.32	19.46	100
Credits	Count	5,024	72	18	77	4,185	9,376
	%	53.58	0.77	0.19	0.82	44.64	100
Total	Count	156,355	1,143	564	2,215	41,029	201,306
	%	77.67	0.57	0.28	1.10	20.38	100
1997							
UB	Count	29,873	733	257	1,254	11,553	43,670
	%	68.41	1.68	0.59	2.87	26.46	100
UA	Count	90,176	542	407	341	36,007	127,473
	%	70.74	0.43	0.32	0.27	28.25	100
Credits	Count	4,018	38	63		5,276	9,395
	%	42.77	0.40	0.67		56.16	100
Total	Count	124,067	1,313	727	1,595	52,836	180,538
	%	68.72	0.73	0.40	0.88	29.27	100

Table A13: Live Register Individuals Looking for Work, Employment Status Sought, 1994 and 1997

		Self-Employed	Employee	Total
1994				
UB	Count	1,312	36,428	37,740
	%	3.48	96.52	100
UA	Count	4,158	109,011	113,169
	%	3.67	96.33	100
Credits	Count	91	4,933	5,024
	%	1.81	98.19	100
Total	Count	5,561	150,372	155,933
	%	3.57	96.43	100
1997				
UB	Count	1,118	28,755	29,873
	%	3.74	96.26	100
UA	Count	3,240	86,524	89,764
	%	3.61	96.39	100
Credits	Count	137	3,860	3,997
	%	3.43	96.57	100
Total	Count	4,495	119,139	123,634
	%	3.64	96.36	100

**Table A14: Live Register Individuals Who Are Looking for Work,
Type of Job Sought, 1994 and 1994**

		Full-Time	Part-Time	Total
1994				
UB	Count	35,277	2,526	37,803
	%	93.32	6.68	100
UA	Count	109,497	3,825	113,322
	%	96.62	3.38	100
Credits	Count	2,797	2,227	5,024
	%	55.67	44.33	100
Total	Count	147,571	8,578	156,149
	%	94.51	5.49	100
1997				
UB	Count	26,560	3,293	29,853
	%	88.97	11.03	100
UA	Count	84,891	4,907	89,798
	%	94.54	5.46	100
Credits	Count	1,768	2,229	3,997
	%	44.23	55.77	100
Total	Count	113,219	10,429	123,648
	%	91.57	8.43	100

Table A15: Live Register Individuals Availability for Work, 1994 and 1994

		Immediately Available	Not Immediately Available	Total
1994				
UB	Count	37,158	580	37,738
	%	98.46	1.54	100
UA	Count	111,893	1,429	113,322
	%	98.74	1.26	100
Credits	Count	4,874	150	5,024
	%	97.01	2.99	100
Total	Count	153,925	2,159	156,084
	%	98.62	1.38	100
1997				
UB	Count	28,830	950	29,780
	%	96.81	3.19	100
UA	Count	88,047	1,630	89,677
	%	98.18	1.82	100
Credits	Count	3,724	273	3,997
	%	93.17	6.83	100
Total	Count	120,601	2,853	123,454
	%	97.69	2.31	100

Table A16: Length of Time Searching, 1994 and 1997

	0-6 Mths	6-12 Mths	12-24 Mths	24-36 Mths	36+ Mths	Total

1994							
UB	Count	15,187	8,658	5,979	1,445	6,534	37,803
	%	40.17	22.90	15.82	3.82	17.28	100
UA	Count	12,359	14,533	24,511	15,038	47,087	113,528
	%	10.89	12.80	21.59	13.25	41.48	100
Credits	Count	1,128	626	1,155	554	1,561	5,024
	%	22.45	12.46	22.99	11.03	31.07	100
Total	Count	28,674	23,817	31,645	17,037	55,182	156,355
	%	18.34	15.23	20.24	10.90	35.29	100
1997							
UB	Count	13,534	6,074	3,494	855	5,916	29,873
	%	45.31	20.33	11.70	2.86	19.80	100
UA	Count	12,554	13,268	17,106	9,504	37,744	90,176
	%	13.92	14.71	18.97	10.54	41.86	100
Credits	Count	1,033	755	800	311	1,120	4,019
	%	25.70	18.79	19.91	7.74	27.87	100
Total	Count	27,121	20,097	21,400	10,670	44,780	124,068
	%	21.86	16.20	17.25	8.60	36.09	100

Table A17: Situation Immediately Before Starting to Look For Work, 1994 and 1997

		Working	Attending Full-Time Education	On Home Duties	Retired	Unable to Work Due Sickness/Ill Health	Un-employed	Other	Total
1994									
UB	Count	24,773	211	1,734	45	757	9,821	426	37,767
	%	65.59	0.56	4.59	0.12	2.00	26.00	1.13	100
UA	Count	56,621	13,637	3,501		2,252	35,803	1,368	113,182
	%	50.03	12.05	3.09		1.99	31.63	1.21	100
Credits	Count	2,056	270	1,674	110	57	771	86	5,024
	%	40.92	5.37	33.32	2.19	1.13	15.35	1.71	100
Total	Count	83,450	14,118	6,909	155	3,066	46,395	1,880	155,973
	%	53.50	9.05	4.43	0.10	1.97	29.75	1.21	100
1997									
UB	Count	14,045	352	1,816	295	733	11,878	564	29,683
	%	47.32	1.19	6.12	0.99	2.47	40.02	1.90	100
UA	Count	28,697	8,005	4,145	356	1,151	44,692	2,403	89,449
	%	32.08	8.95	4.63	0.40	1.29	49.96	2.69	100
Credits	Count	1,188	67	1,421	114	123	986	98	3,997
	%	29.72	1.68	35.55	2.85	3.08	24.67	2.45	100
Total	Count	43,930	8,424	7,382	765	2,007	57,556	3,065	123,129
	%	35.68	6.84	6.00	0.62	1.63	46.74	2.49	100

Table A18: Number of Months Since Last Contact with FÁS, 1994 and 1997

	<1 month	1 - 2 months	2 - 3 months	3 - 4 months	4 - 5 months	5 - 6 months	6 or more months	No Contact	Total

1994										
UB	N	7,949	2,628	1,754	1,023	693	1,323	5,522	15,321	36,213
	%	21.95	7.26	4.84	2.82	1.91	3.65	15.25	42.31	100
UA	N	17,338	5,813	4,910	4,106	2,106	6,492	29,540	39,618	109,923
	%	15.77	5.29	4.47	3.74	1.92	5.91	26.87	36.04	100
C	N	861	312	85	311	26	167	1,224	1,889	4,875
	%	17.66	6.40	1.74	6.38	0.53	3.43	25.11	38.75	100
Total	N	26,148	8,753	6,749	5,440	2,825	7,982	36,286	56,828	151,011
	%	17.32	5.80	4.47	3.60	1.87	5.29	24.03	37.63	100
1997										
UB	N	7,694	2,559	1,266	761	578	852	2,850	11,373	27,933
	%	27.54	9.16	4.53	2.72	2.07	3.05	10.20	40.72	100
UA	N	16,368	6,354	4,785	3,453	1,833	4,157	18,234	30,138	85,322
	%	19.18	7.45	5.61	4.05	2.15	4.87	21.37	35.32	100
C	N	721	257	173	159	90	187	718	1,477	3,782
	%	19.06	6.80	4.57	4.20	2.38	4.94	18.98	39.05	100
Total	N	24,783	9,170	6,224	4,373	2,501	5,196	21,802	42,988	117,037
	%	21.18	7.84	5.32	3.74	2.14	4.44	18.63	36.73	100

Table A19: Search Methods Used by LR Individuals Looking for Work, 1994 and 1997

		Inserting Ads in News-papers	Answering Ads in News-papers	Applying Directly to Employers	Personal Contacts	Studying News-paper Ad's	Resistration with FÁS	Other Methods	No Methods Used	Total
1994										
UB	N	1,387	11,838	6,209	8,437	2,284	4,312	1,725	736	36,928
	%	3.76	32.06	16.81	22.85	6.19	11.68	4.67	1.99	100
UA	N	2,091	30,118	19,407	25,933	7,478	15,318	5,140	6,545	112,030
	%	1.87	26.88	17.32	23.15	6.67	13.67	4.59	5.84	100
C	N	124	1,367	663	933	506	709	326	248	4,876
	%	2.54	28.04	13.60	19.13	10.38	14.54	6.69	5.09	100
Total	N	3,602	43,323	26,279	35,303	10,268	20,339	7,191	7,529	153,834
	%	2.3	28.2	17.1	22.9	6.7	13.2	4.67	4.9	100
1997										
UB	N	1,018	8,403	4,589	5,702	1,720	5,073	1,479	588	28,572
	%	3.56	29.41	16.06	19.96	6.02	17.76	5.18	2.06	100
UA	N	2,338	21,242	11,767	17,731	7,479	16,367	3,918	5,389	86,231
	%	2.71	24.63	13.65	20.56	8.67	18.98	4.54	6.25	100
N	N	101	1,449	218	625	446	683	242	112	3,876
	%	2.61	37.38	5.62	16.12	11.51	17.62	6.24	2.89	100
Total	N	3,457	31,094	16,574	24,058	9,645	22,123	5,639	6,089	118,679
	%	2.91	26.20	13.97	20.27	8.13	18.64	4.75	5.13	100

Table A20: For those on the Live Register Not Looking for Work, Do they Want a Job, 1994 and 1997

	Wants a Regular Job	Does Not Want a Regular Job	Total

1994

UB	Count	2,166	6,943	9,109
	%	23.78	76.22	100
UA	Count	9,698	17,983	27,681
	%	35.03	64.97	100
Credits	Count	863	3,322	4,185
	%	20.62	79.38	100
Total	Count	12,727	28,248	40,975
	%	31.06	68.94	100
1997				
UB	Count	2,637	8,886	11,523
	%	22.88	77.12	100
UA	Count	12,083	23,923	36,006
	%	33.56	66.44	100
Credits	Count	1,188	4,089	5,277
	%	22.51	77.49	100
Total	Count	15,908	36,898	52,806
	%	30.13	69.87	100

**Table A21: For Those Not Looking for Work but Who Want a Job,
Reasons for Not Looking, 1994**

	Frequency	Per cent
In School or Other Training	690	5.42
Child Care or Other Family Responsibilities	3,038	23.87
Awaiting Results of Public Sector Competition	25	0.20
Ill Health/Physical Disablement	1,296	10.18
Lacking Necessary Education Skills & Experience	405	3.18
Employers Think Person is Too Young or Too Old	530	4.16
Looked but Couldn"t Find Any Work	2,175	17.09
Believes No Work is Available	3,292	25.87
Retired	52	0.41
Other	1,223	9.61
Total	12,727	100

**Table A22: For Those Not Looking for Work but Who Want a Job,
Reasons for Not Looking, 1997**

	Frequency	Per cent
In School or Other Training	802	5.04

Child Care or Other Family Responsibilities	4,441	27.92
Awaiting Results of Public Sector Competition	13	0.08
Ill Health/Physical Disablement	2,025	12.73
Lacking Necessary Education Skills & Experience	792	4.98
Employers Think Person is Too Young or Too Old	1,593	10.01
Looked but Couldn"t Find Any Work	1,710	10.75
Believes No Work is Available	2,932	18.43
Retired	29	0.18
Other	1,571	9.87
Total	15,907	100