

Employment Inequalities in an Economic Downturn



Research Summary

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FOR NORTHERN IRELAND

EMPLOYMENT INEQUALITIES IN AN ECONOMIC DOWNTURN

SUMMARY

The Equality Commission for Northern Ireland commissioned the Employment Research Institute at Edinburgh Napier University to carry out research on the impact of the economic downturn on the employment status and prospects across equality grounds in Northern Ireland. This document provides a summary of the key findings.

INTRODUCTION

The main aim of the research was to update understanding on the effects of the economic downturn on the employment status and prospects of relevant groups across the relevant equality grounds (age, gender, disability, BME and migrant workers, dependents, community background, sexual orientation and marital status) in Northern Ireland (NI).

The research methods used included an examination of the key literature relating to the employment impacts of the economic downturn in NI and the rest of the UK; an analysis of labour market statistics across relevant equality grounds for both the over 16 population and the working age population (for clarity and consistency the over 16 population is referred to in this summary); and interviews with key stakeholder organisations in Northern Ireland.

EMPLOYMENT IMPACT OF THE RECESSION IN NORTHERN IRELAND

In the 15 years before the current economic downturn, NI experienced a sustained period of economic growth resulting in increased employment and declining unemployment. However, the UK economy was officially declared to be in recession in January 2009 and since then there has been increasing unemployment and a decline in employment and recruitment in NI and the rest of the UK. Although the UK emerged from recession in quarter 4 of 2009, unemployment is likely to continue to grow, as it is often seen as a 'lagging indicator' that grows even after the end of a recession.

- Data from the Labour Force Survey (LFS) from 2006 to 2009 show that employment rates have fallen in NI, and ILO unemployment rates have increased.
- Rates of inactivity have remained more stable but it should be remembered that NI had pre-existing high levels of inactivity when compared to the rest of the UK.

- Similar to the rest of the UK, employment in the construction, manufacturing and retail sectors has been most affected by the recession.
- NI's reliance on the public sector may have temporarily lessened the impact of the recession but this is likely to change in the near future due to public spending cuts.
- Limavady, Dungannon and Moyle have been most affected by the recession in terms of increases in the claimant count. The impact on already deprived areas, such as West Belfast, has been less due to pre-existing high rates of unemployment or inactivity.

The increase in the numbers unemployed has also led to an increase in the demand for employment programmes, employment services and benefits services. This has put a strain on existing services and there is some indication that the long term unemployed and other vulnerable groups in the labour market are being disadvantaged by this.

IMPACT OF THE ECONOMIC DOWNTURN ACROSS EQUALITY GROUNDS AND OTHER DISADVANTAGED GROUPS

Age

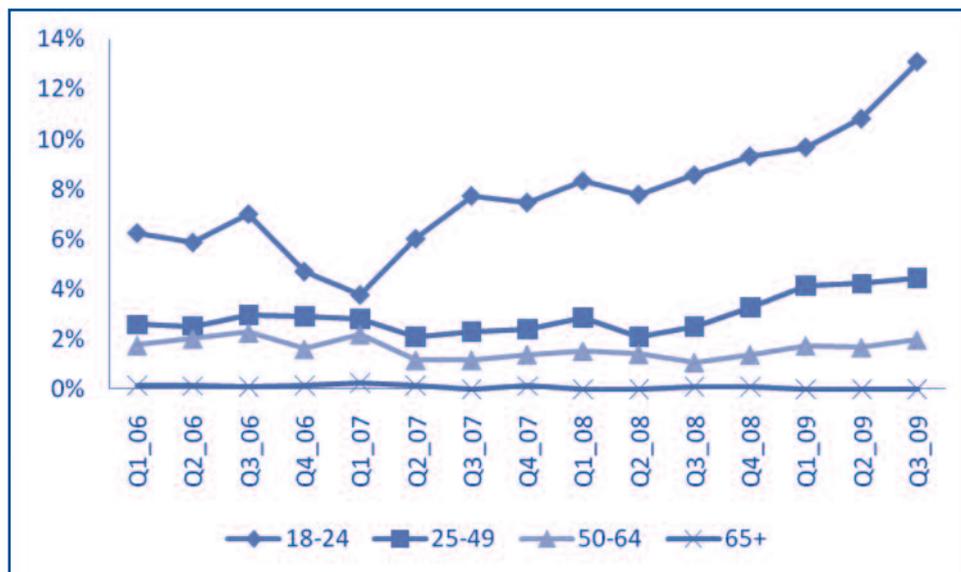
One of the key features of the economic downturn is the differential impact across the age groups with younger people far more affected than any other age group in both GB and NI.

Data analysis showed that in NI, young people have experienced the greatest negative employment impacts as a result of the economic downturn, as shown by decreasing employment and increasing unemployment in the 18-24 age group (Figure 1). Inactivity has also increased for this age group, but this may be due to more young people staying on in higher education and fewer students working.

Between (Quarter 3) 2006 and (Quarter 3) 2009 unemployment:

- increased for those aged 18-24 from 7.0% to 13.1%;
- increased for those age 25-49 from 3.0% to 4.5%;
- decreased for those aged 50-64 from 2.3% to 2.0%.

Figure 1 Unemployment Rates by Age in NI 2006-2009



The negative impact of the recession on young people was seen as an area of particular concern, especially where it leads to the deep 'scarring' of their future careers and/or leads to long term unemployment.

There was also concern around the impact of the recession on older workers particularly for those who are trying to re-enter, or remain in, the labour market and for those who have passed 65 and wish to remain in work but have limited legislative protection.

Gender

Previous recessions have tended to have a greater impact on men than women, and it seems to be the case in this recession that men currently account for the greatest proportion of job losses.

From 2006 to 2009 in NI:

- male unemployment increased from 3.8% to 6.4%, while female unemployment increased from 2.2% to 2.3%;
- for the 18-24 age group unemployment increased from 8.7% to 19.0% for men and from 5.3% to 6.9% for women;
- for the 25 to 49 age group unemployment increased from 3.3% to 6.6% for men and decreased slightly from 2.6% to 2.4% for women;
- for the 50 to 64 age group unemployment decreased slightly from 3.5% to 2.8% for men and increased slightly from 1.1% to 1.2% for women.

For NI, the economic downturn shows that men have been disproportionately affected, especially those in the younger age groups. There is then a risk that certain groups of young men will become a vulnerable group in the labour market. There was also a far higher proportion of young women affected by unemployment compared to other age groups of women.

However, it remains the case that many women are in vulnerable positions in the job market in low paid, low skilled and part time work and that the effects of future public expenditure cuts may affect sectors with relatively large numbers of female employees.

Disability

People with disabilities, both in NI and the rest of the UK, are disadvantaged in the labour market with employment rates far below that of the non disabled population. At the UK level, there is little evidence that indicates that people with disabilities have been disproportionately affected by the current recession.

Figures for Northern Ireland indicate that there have been small declines in employment and increases in ILO unemployment for people with disabilities, but not significantly different than for the rest of the population. However, those with a self declared work limiting disability (but not registered under the Disability Discrimination Act) have seen significant falls in employment rates during (and immediately prior to) the recession.

It was generally indicated that a number of gains in terms of employment have been made for people with disabilities in NI over the last ten years. There were, however, some indications that there has been a decline in opportunities for work placements for people with disabilities due to the economic downturn and an increasing feeling of insecurity for those in work. The main concern with the employment of people with disabilities in NI was that the economic downturn might mean the loss of the gains that had been made in the last ten years.

Dependents

For GB and NI the last ten years have seen a significant improvement in the employment prospects for lone parents.

LFS data indicate that for lone parents in NI there has been little change in employment rates, but a small decline in unemployment and an increase in inactivity. This suggests that the economic downturn has only had a small impact on lone parents so far.

Throughout the stakeholder interviews lone parents were seen as a group who were already vulnerable in the labour market and whose situation might be made worse by the economic downturn. It was reported that many lone parents in NI rely on low paid and part-time work and a lack of childcare means that they have to rely on school hours for childcare; and have to depend on in work benefits to supplement their income.

The feedback from the interviews was that lone parents were not being adversely affected by the recession. However, there was an indication that there had been a decline in lone parents being able to access employment programmes.

Community background

The general trend in terms of employment has been one of convergence between Protestant and Roman Catholic communities. The data indicate that there are differences in employment outcomes for both communities during the period of the recession.

In terms of the impact of the recession on community background there has been a decline in employment and a rise in ILO unemployment for both communities, although the increase in ILO unemployment for the Roman Catholic community has been slightly greater.

Further analysis by age group highlighted additional differences by community background. This was particularly the case for the younger (18-24 year old) age groups where there were significant declines in the employment rates and increased inactivity for the Roman Catholic community. This may to be a considerable extent explained by an increase in the number of students and/or students not working.

BME and migrant workers

There is little information available on the BME population in NI largely due to its small size. However, NI has experienced a significant increase in the number of migrant workers in the last 5 years, such that flows of migrant workers to NI, mostly from eastern European A8 states, now account for the largest proportion of the BME community in NI.

The economic downturn appears to have had an impact on migrant workers in NI with reports of many being made redundant or dismissed, mainly due to being on casual or temporary contracts. However, there is little evidence of migrant workers returning home because of the recession, although the number arriving in NI has declined.

Sexual orientation

There is very little labour market data on employment rates and sexual orientation in the UK and there was very little evidence of the employment position of LGBT (Lesbian, Gay, Bisexual and Transsexual) groups in NI.

However, a number of important points were raised during the research which highlighted the need for greater information in relation to employment of LGBT groups in NI. In particular it was felt that improved monitoring by employers and other organisations would help identify the employment needs of LGBT groups in NI.

Marital status

The data analysis showed that the greatest impact of the recession has been on those who are single or separated. The impact on those that are single is likely to be explained by the fact that this group is likely to be made up of large numbers of younger people.

Ex-offenders

Although ex-offenders are not included as one of the equality grounds, they have been included in this research as the authors felt that they represent a vulnerable group in the labour market. Overall, there is a lack of evidence on the impact of the economic downturn on ex-offenders in NI and the rest of the UK.

At the NI level it was indicated by some interviewees that due to the recession ex-offenders were finding it increasingly difficult not only to find work, but also to enter employment programmes. Much of this could be explained by extra competition in the job market.

POLICY RESPONSES

It was widely indicated that effective and targeted policy responses are essential in lessening any employment impacts of the recession. Indeed it was suggested that active labour market policies and other initiatives implemented by government have so far lessened the impact of the recession.

The responses in NI were viewed as being largely positive and the policy response was seen as reacting quickly to the issues. However, expected future public spending reductions are likely to have a significant impact on different groups.

There was, however, widespread recognition across the stakeholder interviews that current policy may not be addressing those from vulnerable groups who are at the most risk of falling into long term unemployment or inactivity. It was felt that more should be done to target these groups to ensure that they are not left behind by focusing on the newly unemployed and/or those who are easier to place in jobs.

CONCLUSIONS

- Overall the recession has had a significant impact on employment in NI with declines in employment and increasing unemployment and inactivity. The extent to which these changes have impacted on groups according to equalities grounds has varied with some groups being more affected than others.
- It was particularly apparent that young people have been affected by the current recession as reflected in the high levels of unemployment among this group. Although the declining employment rates of young people can perhaps to some degree be explained by students no longer working, it still remains that there has been an increase in the number of young people who are unemployed.
- The research has also shown that although the employment prospects of many vulnerable groups has improved in recent years, there are still those who are in a disadvantaged position in the labour market (for example lone parents, people with disabilities, migrant workers and ex-offenders) and this research has highlighted that there is a possibility that the economic downturn may exacerbate their position by moving them further back in the 'employment queue'.

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