

# ARE WE WORKING? SHIFTING PATTERNS OF EMPLOYMENT

## Introduction

The number of people in a society that are employed is often used as a measure of the functioning of that society. During the years of the conflict, and particularly in the 1980s, unemployment was high in Northern Ireland and the number of jobs low compared to other regions of the UK. However, the rate of employment and unemployment, and the number of jobs, in the Northern Irish economy were at that time similar to the Republic of Ireland.

The number of actual jobs in Northern Ireland's economy increased from 720,000 in 1998 to 842,000 in 2007 an increase of 12%. This was a faster rate of growth in jobs than any other UK region. Compared to the Republic of Ireland, of course, the increase was not so significant. Total employment in the Republic's economy rose from 1,670,700 in 2000 to 2,095,000 in 2007, an increase of over 20 percent.

In the decade from 1998 to the end of 2007, the number of people aged 16 and over in employment in Northern Ireland rose from 687,000 to 778,000, an increase of over 13 percent. The employment rate, the proportion of people of working age who are employed, rose to around 70 percent. Over the same period the number of people who were unemployed almost halved – from 53,000 in 1998 to 29,000 in 2007.

Since the number in employment includes those who are self-employed, the difference between the numbers in employment and the number of jobs suggests that about 64,000 jobs in the region are held by people who have more than one job.

However since January 2008 there has been a significant downturn in employment with the number of people claiming unemployment benefit increasing by 23,100, (+92.8%) in the year to May 2009, a bigger rise than the UK average (+88.7%). During the year up to March 2009, the number of jobs in construction declined by 12.9% (5,800 jobs), in manufacturing the decline was 5.7% (4,749 jobs) and in the service sector 8,230 jobs were lost (1.4%)<sup>1</sup>.

## Where Are the Jobs?

While the number of manufacturing jobs in Northern Ireland fell by over 13,500 (13.7 %) in the pre-recession period between 2001 and 2006, the ten year period from 1996 saw a 30% increase in the number of jobs in the service sector. The result was that in 2007, four out of every five jobs (79%) in Northern Ireland were in the service sector. Just over one in ten jobs (12%) was in manufacturing and 6% in construction. The rise in service jobs was greater than the total rise in employee jobs during the period.<sup>2</sup> Within the service sector the biggest

growth areas have been wholesale and retail and health and social care. The growth in this area of employment has been in predominantly low value, low wage and often part-time jobs and this has had a disproportionate impact on women. Between one in four and one in five service sector jobs was in sales, either wholesale or retail, and one in five was in health and social work.

Between 2001 and 2006 jobs in the public sector rose by 9% compared to 6.6% in the private sector. Eighty eight per cent of the increase in public sector employment has been in female employment while the rise in male jobs in the same period was mostly in the private sector.

In terms of geography, jobs generally, and in particular well-paid jobs, tend to be concentrated in the eastern part of Northern Ireland, or "East of the Bann". See Table 1 for details.

## Are We Working? Shifting Patterns of Employment

**Table 1: Employment by District Council area 2007**

District Council	Job Density Indicator* (2006)	Proportion of NI's population	Proportion of NI's jobs	Working age employment rate (%)	Median gross weekly earnings
Antrim	0.98	2.8	3.5	81.7	£301.90
Ards	0.45			70.5	£323.20
Armagh	0.69			70.9	£315.60
Ballymena	1.01			74.3	£319.60
Ballymoney	0.53	1.6	1.0	77.9	£322.40
Banbridge	0.50			72.1	£353.70
Belfast	1.37			65.5	£326.80
Carrickfergus	0.39			78.8	£339.60
Castlereagh	0.76			82.1	£383.70
Coleraine	0.83			65.8	£299.70
Cookstown	0.63			61.9	£283.90
Craigavon	0.82			69.1	£298.10
Derry	0.72	6.2	5.9	60.5	£300.40
Down	0.55			68.0	£310.60
Dungannon	0.77			68.0	£332.10
Fermanagh	0.73			57.4	£260.90
Larne	0.53			77.3	£307.30
Limavady	0.58			56.4	£300.20
Lisburn	0.70			71.7	£332.70
Magherafelt	0.67			70.7	£346.20
Moyle	0.49			**	**
Newry & Mourne	0.69			66.3	£341.20
Newtownabbey	0.73	4.7	4.4	71.2	£366.70
North Down	0.56			72.1	£347.60
Omagh	0.75			69.1	£344.40
Strabane	0.49	2.2	1.3	60.1	£278.30

\* The Jobs Density Indicator is an indicator of demand for labour; it is defined as the total jobs in an area divided by the resident working age population.

\*\* sample size too small for reliable estimate

## Are We Working? Shifting Patterns of Employment

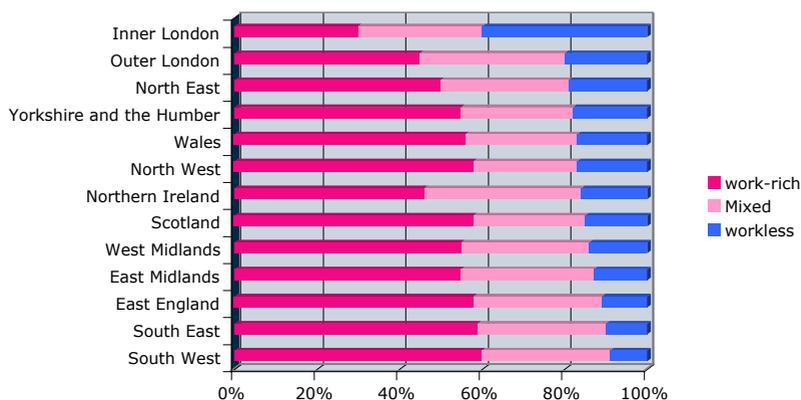
In the year to May 2009, the highest increases in unemployment within Northern Ireland were in Magherafelt (224.0%), Dungannon (204.2%) and Cookstown (190.9%) District Council areas. The highest rates of unemployment at January 2009 were in Derry (6.4%), Limavady (6.2%) and Strabane (6.2%).<sup>3</sup>

### Job-rich, Job-poor Households

Across Europe, the view has been accepted that employment is the best route out of poverty. However, there is a growing body of literature confirming that for a family to get out of, and stay out of, poverty more than one person in the household needs to be in full-time and sustained employment. At February 2009 over 50% of children living in poverty in the UK are living in a household where a parent is in employment.<sup>4</sup> Research in Britain also shows that poverty risks are less for individuals who maintain couple households and avoid separation, and who remain childless or do not increase their family size.<sup>5</sup>

Unfortunately, in Northern Ireland, the proportion of children in work-rich households is less than in any other part of the UK, outside London (see Figure 1 below) and when not all the adults in the household are employed the chances of escaping poverty are reduced.

**Figure 1: Children in workless, mixed and work-rich households, by region**



Source: Bivand, P. (2005), "Rising workless households threaten child poverty aim", CESI Working Brief 167, London

### Gender and Employment

While the number of women in the Northern Ireland labour market has increased by 10 percentage points since 1984 there are significantly fewer women in paid work than men. The economic activity rate for women of working age is 67%, compared to 79% for men.

## Are We Working? Shifting Patterns of Employment

Female economic activity rates are also lower than in Britain where the figure is 74%.

Women's economic activity rates are influenced by the number of children that they have and the age of the children. Seventy three percent of women with no children are in paid work compared to 64% for women with two children. Women with children under 10 years old are less likely to be in paid work than those with children in the 11-15 age group.<sup>6</sup> Women who are lone parents are much less likely than women in two parent families to work outside the home. The UK government target is to get 70% of lone parents into employment by 2010, a significant increase on the 45% employed in 1997. In 2008 in Northern Ireland 56.9% of lone parents were employed, compared to 56.3% of lone parents in Britain. It is worth noting that the definition of employment used in these figures is the International Labour Organisation's definition which regards as employed anyone who has done one hour's paid work in the week prior to interview. As research shows that lone parents are most likely to take up 'mini-jobs' that do not impact on their benefit disregard, these figures for lone parents' employment may not impact on the numbers of lone parents claiming benefits. Lone parents are less likely than other groups to remain in employment. Up to 15% of lone parents move into work each year, a rate similar to that of other non-employed individuals, but they have more than double the exit rate of non-lone parents.<sup>7</sup>

Women are less likely than men to be self employed, making up only 8% of the total self employed. They are however, much more likely than men to work part-time with 39% of female employees working part-time compared to just 7% of male employees. In Northern Ireland 57% of part-time working women are employed in the three lowest paid occupations. The service sector is the largest employer of women in Northern Ireland with 93% (98% for part-time workers) of female employees working in that sector, compared to 63% of male employees. This sector has a high proportion of low paid workers. In the hotel and restaurant sectors, in wholesale and in retail the majority of workers earn less than £7 per hour. Seventy five percent of hotel and restaurant workers earn less than this and three quarters of these are women. In wholesale half of the 65% who earn less than this are women.

The labour market continues to be characterised by a high degree of occupational segregation. This segregation is both in relation to occupational areas and to the position of men and women within organizations. Table 2 and Figure 2 show the proportion of women and men employed by industry section.

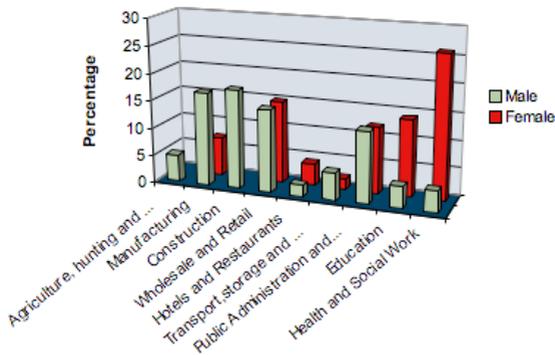
# Are We Working? Shifting Patterns of Employment

**Table 2: Industry Employment by Gender**

Industry	Male	Female
Agriculture, hunting and forestry	5%	*
Manufacturing	17%	7%
Construction	18%	*
Wholesale and Retail	15%	15%
Hotels and Restaurants	2%	4%
Transport, storage and communication	5%	2%
Public Administration and defence	13%	12%
Education	4%	14%
Health and Social Work	4%	26%

\* indicates number are too small to be estimated

**Figure 2: Industry Employment by Gender**



Analysis of employment by occupation shows men and women are employed in gender traditional occupational areas. For example, 28% of employed males are in skilled trades while the number of women in this occupational group is 2%.<sup>8</sup> The percentage of women working in administration and secretarial occupations is 21% compared to 6% of males. In health and social work 79% of employees are women, in education the figure is 73%.

As demonstrated, women's employment is highly concentrated in certain occupations. Occupations which are female dominated are often the lowest paid. Part-time work is also associated with lower rates of pay. In 2007, the ratio between full time male and female median hourly earnings was 97.2% which is better than the UK figure of 87.4%. In terms of annual earnings, men working full time earned 12% more than women. Significant gender

pay gaps exist in particular occupational and industrial groupings and have been identified by research to be the result of a range of factors including occupational segregation, the higher proportion of women in part-time work and the under-representation of women in senior and managerial positions. In its 2007 report the Low Pay Commission reported that two thirds of minimum wage jobs in the UK were held by women. It identifies the two low paying sectors with the largest proportion of employees paid at or below minimum wage as hairdressing and cleaning.

### Self Employment in Northern Ireland

Northern Ireland has the second highest self-employment rate amongst the UK regions. Self-employed numbers increased by 22,000 (22%) from 97,000 in 1998 to 119,000 in 2007. This compared to an 83,000 (15%) increase in employee numbers over the same period. While the growth in numbers of self-employed females was proportionately greater, increasing by 34% compared to a 20% increase in self-employed males, there are far more self-employed men (97,000) than women (22,000). While the overall numbers increased between 1998 and 2007, this increase has not been regular, with decreases in numbers being recorded for some yearly intervals. The number of self-employed persons has varied between 96,000 and a peak of 123,000 in April – June 2006. (see Table 3)

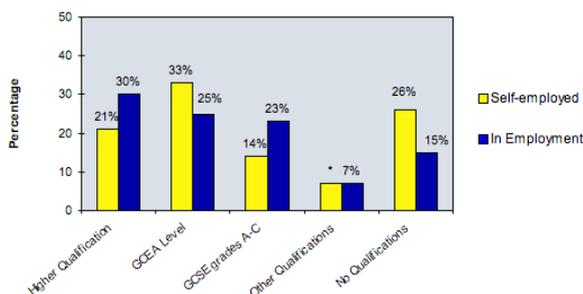
**Table 3: Self-employment 1998/2007**

	Numbers in Self-Employment		
	Males	Females	All
April - June 1998	81,000	16,000	97,000
April - June 2000	80,000	16,000	96,000
April - June 2002	83,000	18,000	101,000
April - June 2004	94,000	21,000	115,000
April - June 2005	98,000	18,000	116,000
April - June 2006	100,000	23,000	123,000
April - June 2007	97,000	22,000	119,000

Source: Labour Force Survey Quarterly Report August 2007

The stereotypical image of a self-employed person is someone running a small business and earning a good income. As is clear from Figure 3 and Table 4 the occupations and qualification levels of self-employed people in Northern Ireland indicate that most do not fit this stereotype. Over a quarter of self-employed people in Northern Ireland have no qualifications at all, with less than a quarter having a higher qualification. In 2007, a quarter of self-employed people were employed in the Construction industry, with Agriculture (20%), the Wholesale and Retail trade (14%) and Real estate/renting (13%), the other large areas for self-employment.

**Figure 3: Highest qualifications of self-employed and those in employment April – June 2007**



\*Cell size too small for a reliable estimate

Source: Labour Force Survey Quarterly Report August 2007

**Table 4: Occupations of self-employed people in Northern Ireland**

	% of Self-Employed
Managers and/or Senior Officials	21%
Professional Occupations	9%
Assoc. Professional and Technical	*
Administrative and Secretarial	*
Skilled Trade	43%
Personal Service	*
Sales and Customer Service	*
Process, Plant & Machine Operatives	7%
Elementary	*
All occupations <sup>1</sup> (100%)	119,000

\* Cell size too small for a reliable estimate

Percentages may not sum due to rounding

<sup>1</sup>Total excludes those on college based government training and employment programmes and those who did not state occupation

Source: Labour Force Survey Quarterly Report August 2007

Self-employed workers are more likely to work full-time than are employees. At April – June 2007 77% of employees were full-time and 23% part-time compared to 86% full-time and 14% part-time for the self-employed.

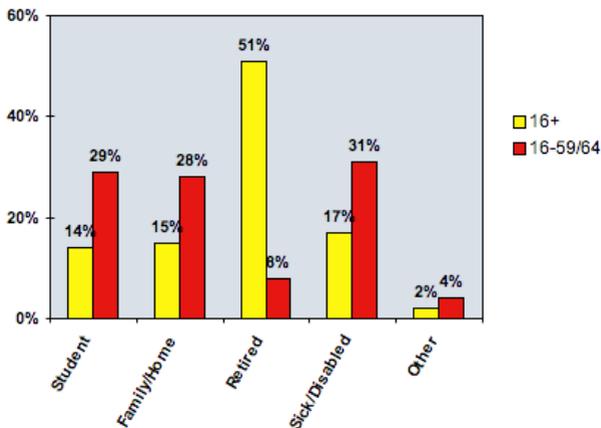
## Employment and Section 75 Groups

Section 75 of the Northern Ireland Act 1998 requires public bodies to 'ensure the equality' of policies, publish an Equality Impact Assessment (EQIA) of all decisions and consult with those likely to be affected by these decisions. The categories covered are: gender, marital status, disability, race, religious belief, political opinion, age, sexual orientation and those with or without dependents.

As a result of Fair Employment legislation, we have excellent figures for the religious composition of the workforce. The latest figures available are for 2006 and they show that, overall, a higher proportion of Protestants (72%) than Roman Catholics (64%) of working age were in employment. This gives an employment gap of 8 percentage points. Figures for the employment gap faced by Black and Minority Ethnic groups in England and Scotland show that in England this gap has persisted for over 15 years at around 16 percentage points. In Scotland, the gap is 19 percentage points.<sup>9</sup>

Around half of people in Northern Ireland aged 25 to retirement who are not working, are disabled. Thirty percent of those with a work-limiting disability are working. A further 15% lack, but want, paid work. By way of contrast, over half (55%) say they do not want paid work. The proportion of people who are both work-limiting disabled and lack, but want, paid work is lower in Northern Ireland than in any other region of the UK. The 2006 Northern Ireland Survey of Activity Limitation and Disability found that 67% of people of working age with a disability are economically inactive. Of the 33% who are economically active, 26% are employees, 4% are self-employed and 2% are unemployed and looking for work.

**Figure 4 Reasons for Economic Inactivity**



Source: Labour Force Survey Quarterly Report April 2007

Within the UK, Northern Ireland has the lowest employment rate for the youngest age group (16-24).<sup>10</sup> In part this can be attributed to the higher numbers of young people staying on at school or college (see chapter on education), but Northern Ireland also has a significant number of young people not in education or training. In Northern Ireland it is estimated that 15% of all 16-24 year olds are not in education or training and 12% of 16-18 year olds are not (NI Assembly Debates, 18/11/2008). Overall, in 2008, the UK ranked 23<sup>rd</sup> out of 28 in the OECD's league table of young people not in education, employment or training.

In the two older employment age groups (45-64 years and 55-64 years) the Northern Ireland employment rate is significantly lower than in the rest of the UK. In the 45-54 age group it is below the UK average by 8% and by 9% in the 55-64 years group. Less than half of those aged 55-64 (49%) were in employment in 2007. Economic activity rate data for Northern Ireland shows an overall decline in the number of people working over 'standard' retirement age – 65 for men and 60 for women (the age at which women can draw their state pensions is to be raised from 60 to 65, to match the age for men, by 2020). In 2005 9.4% of people over retirement age were in employment; in 2008 the figure was 8.5% - a drop of 1.1%. The drop was more marked for men (from 11.3% in 2005 to 8.9% in 2008) than women (8.4% to 8.3%).

### Skills and Qualification

The number of graduates of working-age in Northern Ireland almost doubled in the decade from 1995 to 2005: from 83,000 in 1995 to 155,000 in 2005. In contrast, the total working-age population only increased by 8% over the decade. As a result, the proportion of the working-age population who are graduates increased from 9% in 1995 to 15% in 2005.

In Autumn 2007, 18% of the working-age population in Northern Ireland were graduates, compared to 19.9% in the UK. However, the proportion who are graduates is similar to other disadvantaged regions of the UK (those outside of London and the South/South East) and considerably higher than the North East. The working age employment rate for Northern Ireland graduates in 2007 was 89.1%, almost 25 percentage points higher than the rate for Northern Ireland non-graduates 65.2%.<sup>11</sup>

Female graduates are considerably more likely to work full-time than female non-graduates, with almost four-fifths of graduates working full-time compared to three-fifths of non-graduates.

Less than half of Northern Ireland graduates (47%) worked in the private sector, compared to three-quarters of non-graduates. Over 90% of graduates were employed in the top four occupational groups, compared to 37% of non-graduates. Average weekly earnings of graduates are approximately 70% more than that of non-graduates.

**Table 5 Qualifications by Economic Activity**

Qualifications by Economic Activity (Working-age), April - June 2007

	In employment	Unemployed	Econ. Active	Econ. Inactive
Degree or higher	22%	*	21%	7%
Other higher below degree	8%	*	8%	5%
A Level or equivalent	25%	*	25%	21%
GCSE A-C or equivalent	23%	*	23%	22%
Other qualifications	7%	*	7%	7%
No Qualifications	15%	34%	15%	39%
	100%	100%	100%	100%
All	(744,000)	(28,000)	(772,000)	(284,000)

\* Cell size too small for reliable estimate.

Figures may not sum due to rounding.

Total excludes those who did not state their highest level of qualification.

Please refer to Technical Notes for full definition of educational attainment categories.

Only men and women of working-age, and those of any age with a job were asked the question on qualifications

As is clear from Table 5, a very large proportion of people of working age who are economically inactive have no qualifications. Over 230,000 people of working age have no qualifications and almost half of them (110,760) are economically inactive, with a further 11,000 unemployed. Thus, well over half of those without qualifications are not in employment.

## Pay in Northern Ireland

Figures for 2007<sup>12</sup> show that full-time male earnings in Northern Ireland continued to be the lowest of any UK region. Half of all men working full-time earned less than £424.80 per week. This compares with the UK-wide figure of £498.30 and is more than £15 a week less than the next lowest paid region of the UK, the North East of England.

Women fare considerably better with a median weekly wage for women working full-time in Northern Ireland of £372.60 per week, which is higher than in most of the other

disadvantaged regions of the UK. In fact, only full-time working women in London, the South East, East and Scotland have a higher median weekly wage. This sum amounts to 88% of the Northern Ireland male median weekly wage, although since men work shorter hours (in the workplace), in hourly terms, the gender pay gap at the bottom virtually disappears. Median hourly earnings for full-time working men in 2007 were £9.93, for women £9.65 (97% of men's earnings).

In April 2007 median full-time gross weekly earnings in the private sector were £364 which is 83% of the UK figure. Median full-time gross weekly earnings in the public sector were £484. There is a higher differential between public and private sector wages in Northern Ireland than in the UK as a whole (32 percentage points, compared to 14 in UK). Indeed, the differential between public and private sector wages for women is 55 percentage points.<sup>13</sup>

### Key Policy Challenges

From 1998 until 2008 employment figures show a significant growth in the number of people employed in Northern Ireland. The biggest increase in jobs was in the service sector. However, many of these were low value, low wage and often part-time jobs, many taken by women. Significant challenges have persisted including the problem of low pay, occupational segregation and unequal pay between men and women, the low number of people with disabilities in employment and the significant number of young people not in education or training. The recent economic downturn has impacted particularly on the service sector and manufacturing and construction sectors.

## References

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- <sup>2</sup> Department for Enterprise, Trade and Investment NI (2007) The Northern Ireland Economic Bulletin. Belfast: DETI
- <sup>3</sup> Department for Enterprise, Trade and Investment NI (2009) Monthly Labour Market Report, February 2009. Belfast: DETI
- <sup>4</sup> Hirsch, D (2009) Ending Child Poverty In a Changing Economy, York: Joseph Rowntree Foundation
- <sup>5</sup> Smith, N and Middleton, S (2007) A Review of Poverty Dynamics in the UK. York: Joseph Rowntree Foundation
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- <sup>9</sup> Wrench, J and Modood, T (2000) The Effectiveness of Employment Equality Policies in relation to Immigrants and Ethnic Minorities in the U. Geneva: International Labour Office ; Scottish Executive (2005) Progress report on the implementation of the Scottish Refugee Integration Forum Action Plan, originally published in 2003. Edinburgh: Scottish Executive
- <sup>10</sup> Department for Enterprise, Trade and Investment NI (2007) The Northern Ireland Economic Bulletin. Belfast: DETI
- <sup>11</sup> Department for Enterprise, Trade and Investment NI (2007) Labour Force Survey Quarterly Supplement: Special Feature on Graduates. Belfast: DETI
- <sup>12</sup> Department for Enterprise, Trade and Investment NI (2007) Annual Survey of Hours and Earnings. Belfast: DETI
- <sup>13</sup> Department for Enterprise, Trade and Investment NI (2007) Ibid