

# Labour market reform: Why skills matter

Written by: Joan Burton

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Joan Burton, Tánaiste (Deputy Prime Minister) and Minister for Social Protection

**Ireland's job market has improved markedly, thanks in no small part to strong policies for new skills to meet evolving demands and engagement with people out of work.**

Ireland's policies for recovery since 2011 have targeted employment creation through measures to promote enterprise and competitiveness. These have been set out in successive annual statements of our Action Plan for Jobs. The growth in employment of 140 000 since early 2012 suggests these policies have met with a great deal of success.

At the same time, Ireland has been implementing a series of labour market reforms under an overall strategy framework called [Pathways to Work](#). These reforms broadly aim to ensure that the supply side of the labour market is supportive of employment growth. In particular, the focus has been on ensuring that as many as possible of the jobs created during the recovery are taken up by

unemployed welfare recipients—particularly those people who were displaced in the employment collapse of 2008-09 and subsequently faced long periods out of work.

A major plank of the Pathways to Work strategy has been to reform our working-age benefits system and the way it interacts with the delivery of employment services. This has involved the creation of rebranded and revamped [Intreo](#) public service offices, which bring together the employment service with the payment system for jobseekers' welfare payments and the community welfare service that delivers basic safety-net payments. The objective has been to ensure that newly unemployed people are engaged as quickly as possible with employment-service support.


Within the overall Pathways to Work approach, and in response to the EU Recommendation on a Youth Guarantee, our engagement with the young unemployed happens on a faster schedule than the targets for older jobseekers. In designing our approach to youth labour market issues, we had the benefit of a study issued by the OECD in 2014.

Having concentrated initially on reforming procedures for engaging early in the unemployment spell, we moved on in 2015 to a major programme for people who are already long-term unemployed. This is being achieved through the deployment of third-party resources in employment-service delivery, specifically for people who have been receiving jobseekers' welfare payments for a year or more.

## Skills development

Pathways to Work is focused primarily on assistance in re-entering employment. However, for people who fail to find employment in a reasonable time, a range of opportunities is available to increase their employability. The importance we attach to skills development is shown by the types of opportunities offered. For the young unemployed, for example, almost three-quarters of the programme opportunities are in further education and training. (Others are in work experience and temporary employment programmes).

Vocational education and training provision for the unemployed form only a small part of Ireland's overall effort to ensure that our people have the skills and qualifications required in a modern economy, now and into the future. Ireland has been undertaking a steady process of reform and improvement to the education system in recent years—with a particular focus on vocational provision. Major recent milestones in this process include the establishment of [SOLAS](#), a new authority for further education and training, and an apprenticeship review that is leading to the establishment of 25 new apprenticeships in areas such as information technology, financial services, transport, tourism and hospitality.

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### Good job

The scale of Ireland's ambition in relation to upskilling is indicated by the strategic targets for education that we established as part of the EU 2020 process. We set out to reduce the proportion of young people classified as early school leavers from 11.4% in 2010 to 8% in 2020; by 2014 this figure had already fallen to 6.9%. We also set out to increase the share of 30-34 year-olds who have completed tertiary or equivalent education to at least 60% by 2020; this figure stood at over 52% in 2014, well above the EU average of 38%.

There is evidence that the strategy followed under Pathways to Work since 2011 has supported a flexible labour market that allows the unemployed to share in the economic recovery. This is suggested, for example, by the fact that employment growth of 140 000 since early 2012 has been accompanied by a decrease of almost 120 000 in unemployment. In addition, long-term unemployment has fallen even more rapidly than overall unemployment, down from a peak of 9.5% in early 2012 to 5.0% by the middle of 2015. The impact of employment growth on both overall and long-term unemployment has thus been relatively strong compared with past recoveries.

Our work will continue on the refinement and development of policy to address the changing needs of a modern economy and society, and we will be launching updates of both Pathways to Work and the National Skills Strategy in early 2016.

"Building More Resilient and Inclusive Labour Markets" is the title of the ministerial meeting held at the OECD Conference Centre on 15 January. A policy forum on the Future of Work precedes the meeting on 14 January. For more information on these events, see <http://oe.cd/future-of-work>

## References

OECD Economic Surveys: Ireland 2015 [http://dx.doi.org/10.1787/eco\\_surveys-irl-2015-en](http://dx.doi.org/10.1787/eco_surveys-irl-2015-en)

OECD (2014), "Options for an Irish Youth Guarantee", OECD Youth Action Plan <http://www.oecd.org/ireland/YouthActionPlan-IrishYouthGuarantee.pdf>