



# ESRI Research Bulletin

## *Impact of the Great Recession on Unemployed Youth and NEET Individuals*

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Elish Kelly, Seamus McGuinness,  
Philip J. O'Connell, David Haugh  
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# Impact of the Great Recession on Unemployed Youth and NEET Individuals<sup>1\*</sup>

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Elish Kelly, Seamus McGuinness, Philip J. O'Connell,<sup>2</sup> David Haugh<sup>3</sup> and Alberto González Pandiella<sup>3</sup>

## INTRODUCTION

The impact that the Great Recession had on Ireland's labour market is well documented, with the country's unemployment rate increasing from 4.6 per cent in 2006 to 15 per cent in 2012. Young people were particularly hard hit by the downturn: their unemployment rate increased from 9.9 per cent to 33 per cent over the same time period. With this, the proportion of unemployed youths with no formal education increased over the recessionary period, as did the percentage that were long-term unemployed and those not in employment, education or training (NEET).

While policymakers are aware of the unemployment rate of young people, little is known about this group's profile or their labour market transitions, specifically into employment, pre and post the Great Recession. The same is true for NEET individuals. Given the importance of this information in the design of effective activation measures to assist unemployed youths and NEET individuals, ESRI researchers were involved in a number of studies examining unemployed and NEET youths: some of this work was undertaken in collaboration with the OECD. The results from this research are summarised in this Research Bulletin.

## THE DATA

Data from the Central Statistics Office's (CSO) Quarterly National Household Survey (QNHS) Longitudinal data file was used to examine the labour market

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<sup>1</sup> This research bulletin summarises the findings from two pieces of research:

- Kelly, Elish; McGuinness, Seamus; O'Connell, Philip J., Haugh, David; Alberto González Pandiella (2014), Transitions In and Out of Unemployment among Young People in the Irish Recession, *Comparative Economic Studies*, 56: 616-634. <http://dx.doi.org/10.1057/ces.2014.23>
- Kelly, Elish, McGuinness, (2014, online), Impact of the Great Recession on Unemployed and NEET Individuals' Labour Market Transitions in Ireland, *Economic Systems*. <http://dx.doi.org/10.1016/j.ecosys.2014.06.004>

<sup>2</sup> UCD Geary Institute, Dublin.

<sup>3</sup> OECD, Paris.

\* Elish.Kelly@esri.ie; Seamus.McGuinness@esri.ie; Philip.oconnell@ucd.ie; David.Haugh@oecd.org; Alberto.GonzalezPandiella@oecd.org.

transition patterns of unemployed youths and NEET individuals in both 2006 and 2011.

## **RESULTS**

One of the first questions addressed by the research was to examine how the profile of unemployed and NEET youths changed pre and post the recession. Before the downturn (2006), young females were more likely to be unemployed; however, post recession the risk was higher for young males. Non-Irish national youths have a higher likelihood of becoming unemployed since the economic downturn as well. The importance of having a Leaving Certificate or higher level of education in reducing the risk of a young person becoming either unemployed or NEET has become stronger since the economic crisis. Apart from their age profile, the characteristics associated with being a NEET youth pre and post the recession was similar to unemployed youths: NEET individuals were more likely to be aged 20-24, whereas unemployed youths were aged 15-19.

In examining their rates of transition to employment, the research found that there was a dramatic reduction in the percentage of both unemployed and NEET youths who moved into employment between 2006 and 2011: from 38 per cent to 17.4 per cent for unemployed youths and from 21.4 per cent to 13.6 per cent for NEET individuals.

The analysis revealed that unemployed females were more likely to find a job during both the boom and after the recession. On the other hand, NEET males were more likely than females to find work during 2006, but this was no longer the case in 2011. For both groups, the negative effect of having low levels of educational attainment (Junior Certificate or less) on finding a job has become stronger since the recession; while a Post-Leaving Cert (PLC) level qualification (which includes apprenticeships) is no longer important for unemployed youths in securing employment. This reduction in the impact of a PLC qualification is most likely due to the substantial fall in the demand for vocationally qualified labour in construction and related sectors that took place during the recession years.

Overall, the employment transition analysis revealed that the reduction in the number of unemployed and NEET youths finding work between 2006 and 2011 was not driven by changes in the population structure of either group (e.g., a greater proportion with low levels of educational attainment). Instead, the decline was driven by changes in the external environment that changed the value of the characteristics that such individuals possessed (e.g., a PLC qualification).