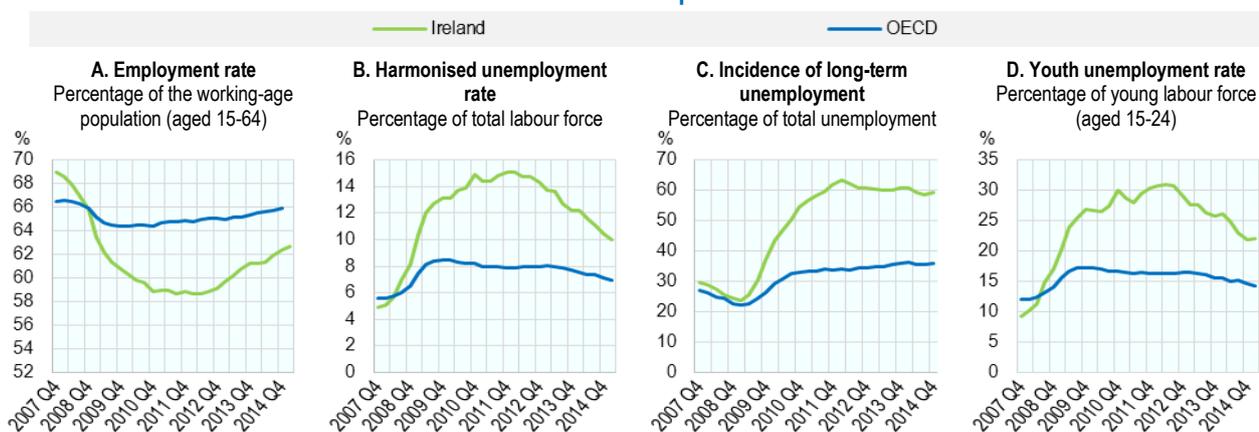


The 2015 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects with a special focus on statutory minimum wages. It also contains chapters on: skills and wage inequality; the role of activation policies to connect people with jobs; earnings mobility, labour market risk and long-term inequality; and job quality in major emerging economies.

[DOI: 10.1787/19991266](https://doi.org/10.1787/19991266)

### Labour market developments in Ireland



Source: OECD Short-Term Labour Market Statistics database, <http://dx.doi.org/10.1787/data-00046-en>.

### RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions are improving in many OECD countries but the recovery from the recent economic crisis remains very uneven. Employment is still growing too slowly in the OECD area to close the jobs gap induced by the crisis, even by the end of 2016.

- Ireland was hit hard by the financial crisis and the labour market has yet to fully mend. The unemployment rate more than tripled from 4.6% in Q1 2007 to its peak of 15.1% in Q4 2011. It had shrunk to 9.9% in the first quarter of 2015, still well above its pre-crisis level and the 7% OECD average. The OECD projects that this downward trend will continue.
- The employment rate is slowly increasing in Ireland, but still below the OECD average. The jobs gap with respect to the pre-crisis period is still large at 9.6 percentage points but should gradually close since economic growth is projected to be robust in 2015 and 2016.

- Long-term unemployment is very high, having doubled from Q1 2007 (30%) to Q1 2012 (63.3%) and only subsided slightly since to 59.2%. The long-term unemployed risk becoming permanently disengaged from the labour market unless they are helped to move into suitable jobs. Ireland spends 0.88% of GDP for active labour market policies compared to an OECD average of 0.53%.
- Youth unemployment has gone down by 1/3 since its peak level (30.8% in 2012 Q3), but it is still much higher than the pre-crisis level (9.4% in 2007 Q4) and the OECD average (14.2%).
- Of particular concern, 18% of 15-29-year-old youth are neither in employment nor in education or training (the so-called NEETs), an increase of around 30% relative to the pre-crisis period.

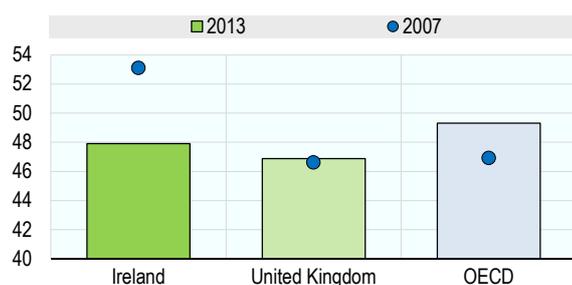
## MINIMUM WAGES

A growing majority of countries use minimum wages as a tool to raise wages at the bottom of the wage distribution and to prevent workers' families from falling into poverty. The effectiveness of these policies depends upon the level of the minimum wage, which could lead to job losses if set too high, and how much minimum-wage workers receive after taxes and benefits.

- Ireland has a statutory minimum wage since 2000 but its real value relative to median wages has fallen considerably over the crisis period (there was also a very short-lived cut in the nominal value of the minimum wage in February 2011 reversed in July 2011). The value of minimum wage in Ireland is now just above the United Kingdom value and just below the OECD average.

### Minimum wage

Minimum wage as a percent of full-time median earnings



Source: OECD Employment Outlook 2015, Chapter 1.

- In Ireland, the tax wedge on minimum wage earners (i.e. the difference between the amount employers pay and the net wage workers receive) is relatively small.
- However, attention should be paid to a better co-ordination with social policies. In Ireland, without any accompanying measures such as raising means-tested benefits in line with the minimum wage, less than a tenth of a minimum wage increase would end up in the pockets of single-parent minimum wage earners.

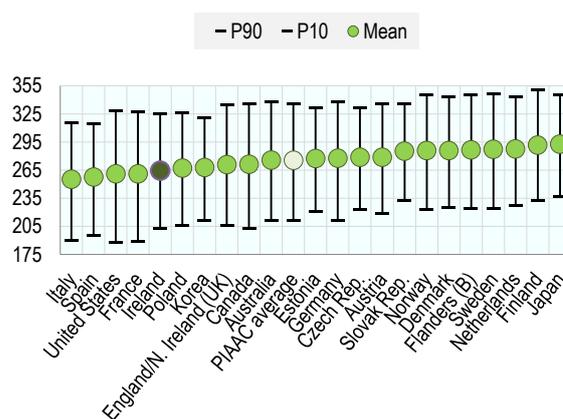
## SKILLS AND WAGE INEQUALITY

The results of the OECD's international Survey of Adult Skills show that differences in skills inequality and the returns to skills in terms of higher pay explain a substantial part of cross-country differences in wage inequality. Differences in how extensively workers use their skills on the job also play an important role in determining the level of wage inequality, implying a need for policies that assist workers both to acquire and fully employ their skills at work.

- Wage inequality in Ireland is slightly above OECD average: wages of workers at the 9th decile are 3.6 higher than those of workers at the 1st decile compared to an average of 3.4.
- Ireland combines both relatively low skills levels with relatively high skills inequality and returns to skills that are slightly above the average. These three elements raise wage inequality.
- In all countries, there are workers with more skills than are required by their job, resulting in many skills not being fully used at work. Ireland is particularly weak in this respect and could lower wage inequality and increase productivity by making better use of the skills possessed by its workforce.

### Skill levels and dispersion in selected PIAAC countries and regions, 2012

Mean, 1st and 9th deciles of numeracy scores, all employees



Source: OECD Employment Outlook 2015, Chapter 3.

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