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Executive Summary

Quantitative research findings (Economic Inactivity Report 1)

Quantitative research drew primarily on the Labour Force Survey, and described inactivity rates and numbers in Northern Ireland. These findings were compared with inactivity rates and attributes in the rest of the UK and the Republic of Ireland. Key findings are as follows.

- Using the LFS, economic inactivity was 25.8% in NI compared to 20.4%, 22.9% and 24.4% in England, Scotland, and Wales respectively. Not only do headline rates of inactivity differ but so does the makeup of inactivity across the UK countries. The proportion of people inactive due to sickness/disability is larger in NI compared to the other UK nations. It is also notably that those inactive due to sickness/disability amongst the working age population in NI increased more in the last decade than compared to the UK.
- Economic inactivity rates in NI are especially high compared to other UK constituent countries for those aged 16-24.
- NI also experienced a higher increase in the inactivity rate at the onset of the COVID-19 period; this was predominantly driven by a very large increase in inactivity amongst males. Overall, the inactivity rate for males increased over the period of the pandemic, while it fell for females. This was particularly the case for the youngest males and females. Over the course of the pandemic the proportion who were inactive and not looking but would like paid work also fell which may suggest reactions to changes with the labour market (e.g. working from home) or the ongoing tightness of the labour market.
- Recent data suggests that headline inactivity rates in NI have fallen back to pre-pandemic levels which cannot be said for England, Scotland or Wales which remain slightly elevated. The initial increase in inactivity in NI has not been sustained. NI remains with the highest rates of inactivity in the UK and the long-term structural issues at play here are more concerning than any potential pandemic effect.
- Looking in more detail at inactivity in NI there are substantial differences based on individual characteristics such as age, gender, educational attainment, and marital status. Econometric analysis shows age is highly correlated, after controlling for other variables, with inactivity. Females are more likely to be inactive as are those with lower levels of education. There are gender differences within this, with age and marital status stronger predictors for males while education is a strong predictor for females.

Qualitative research findings (Economic Inactivity Report 2)

Building on the above quantitative findings, qualitative research was conducted and this provided insights and first-hand perspectives from those experiencing inactivity. This aspect of the research was based on interviews with inactive people, as well as interviews (and one focus group) with stakeholders who both support and lobby for change in government policies deemed to contribute to inactivity rates. Main findings are summarised below:

- Widespread frustration at the labour market inequalities facing women, people with disabilities and care givers who receive minimal income from the state, whilst performing vital support services was found. All of these groups faced structural challenges which had resulted in disengagement from the labour market.
- For those claiming benefits as a means of survival, there remains a strong perception that the benefit system is inflexible, and claimants are wary of risking loss of their allowance on unpromising work which has a risk of not working out for various reasons (e.g. location, flexibility). There is a sense that the available jobs at the lower end of the labour market are unlikely to offer remote working options and this creates further risks and challenges for those with caring responsibilities and poor health.
- Families commonly play a mediating role influencing the job-seeking behaviours of inactive family members. There are many reasons for this, though it is notable that economically 'inactive' family members often play a vitally important role within the home (e.g. care giving, house support work). Alongside the absence of a family member, parents may have concerns over the logic of a financial risk taken in attaining work (and disrupting benefit payment patterns), while family members may also express fears over the nature and location of work for a vulnerable member of the family in particular.
- More generally, location is important in the job-seeking behaviour of many who are classed as inactive. This includes a sense that those in deprived areas have more localised outlooks on job opportunities and the training options around them (e.g. the role of tenants' associations and women's centres is important in shaping future skills and perceptions of work availability).
- Inactivity due to care provision (both caring for someone with a disability and also child care) in particular represents a significant problem requiring further policy development. In particular, important sectors of the NI economy such as retail/service roles and manufacturing are less likely to offer entry-level remote working opportunities for those balancing responsibilities in the home.
- A key overall conclusion from the research is the longstanding nature of the problems discussed in both quantitative and qualitative reports.