Workless households – an overview

The concept of workless households has come to us courtesy of Eurostat. It is a metric on which Ireland does not perform particularly well in an international context, for reasons which are not entirely clear, but which are pointed to in a recent ESRI report. There is some confusion and indeed overlap between workless households and very low work intensity households.

We would caution however against devising policy measures which focus exclusively on workless households. A recent ESRI study shows that VLWI households are inextricably linked with the problem of working poor.

In or view there are two priority areas among the unemployed – those are the long term unemployed and NEETS,

The proportion living in low work intensity households (including workless ones) in 2009 varied from 26% in Ireland, far large than in any other EU country, and over 16% in both Belgium and the UK to only 7% in Sweden to just 6% in Cyprus[[1]](#endnote-1) In Ireland, which was also hit hard but earlier than most other countries, the increase occurred mainly between 2007 and 2008 (the proportion rising by 9 percentage points)

It is worth noting that according to a recent study the proportion of those living in a workless households who had an income from work in Ireland was 1.2% in 2006 but had risen spectacularly to 20% by 2009. In the same year the comparative figure for EU 12 was 12.7%

Those in VLWI households have a more disadvantaged educational and social class profile, which means that human capital investment will be needed to enable them to take an active part in the labour force. In addition, they are more likely to be lone parents or to have a larger number of children. Childcare, and its costs is a key issue in addressing labour market participation in workless and VLWI households.

Thereare many similarities between the risk factors or being an adult in a jobless household and long-term unemployment. Profiling models indicate that the risk of long-term unemployment is greater for those with low levels of education, larger numbers of children and for older age groups. In addition, unemployed men who have a spouse in employment are less likely to become long term unemployed (O’Connell et al., 2009). If access to active labour market programmes were allocated on the basis of the probability of becoming (or remaining) long-term unemployed, this would already go some of the way towards targeting resources towards adults in jobless households.

The ESRI hoes on to makes the following observation about jobless households :

Personal life-course decisions on living arrangements and family formation, on the other hand, are less amenable to policy intervention. However, designing policies requires an understanding of the full range of factors that are important, even if not all of them are amenable to policy intervention.

There is no quick or easy solution to this new problem which Europe has brought to our attention. The high level in Ireland is linked to a mix of factors, of which the following are prominent.

1 **cost of childcare**. Ireland is one of the costliest countries in the EU for childcare. This will tend to lock women – especially those who are lone parents- out of the labour market.

2 **Household means testing**. People on low incomes will be less likely to take risks. If the perceived best way of protecting household income is through having the same welfare status as the rest of the household people will react in an economically rational way.

3 **Access to job information**. We are suffering here from the weakness of our public employment service – now being addressed in intreo. However we are also reaping the long term effects of policies on public housing specifically the infamous surrender grant of the eighties which cleared much public housing of most of those who worked.

In the view of congress the new emphasis on workless and VLWI households is welcome and should direct us towards further action in three broad areas:

Long term unemployment

NEETS

Cost of childcare and the possibility of support for cost targeted at VLWI households

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1. <http://www.centrumvoorsociaalbeleid.be/ImPRovE/Working%20Papers/ImPRovE%20WP%201309_1.pdf> [↑](#endnote-ref-1)