



Impact of Sectors on Western Region's Jobs Recovery

Recovery in employment in the Western Region is slower than elsewhere. Between 2012 and 2015 the total number of people at work in the region grew by 2.8%, less than half the growth in the rest of the state (6.3%). This *WDC Insights* examines the role of sectors in recent jobs trends. All data is from a special run of the CSO's *Quarterly National Household Survey* for Quarter 1 2015.

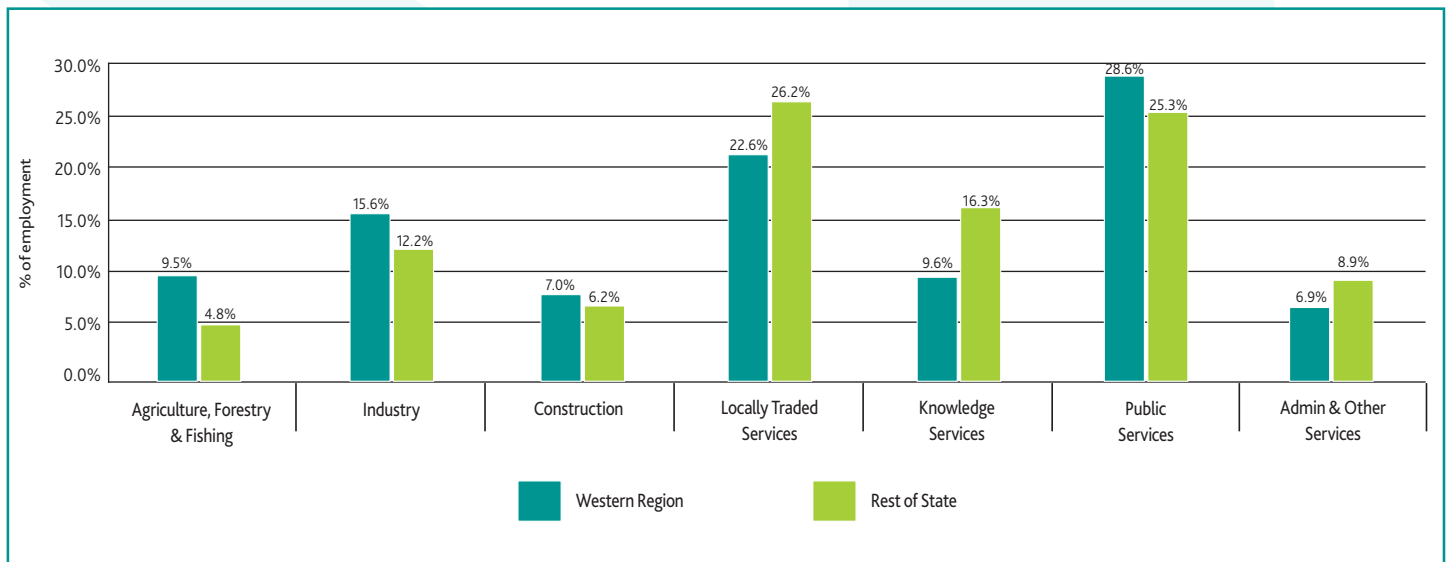
Less jobs diversity

Employing almost 50,000 people, Industry was the largest single employment sector in the Western Region in Q1 2015. This was followed by Health (47,000) and Wholesale & Retail (42,000). The region's jobs profile is quite concentrated in a few sectors, with 62.2% of all jobs in the five largest sectors.¹ In contrast, only 53.6% of jobs were in the top five sectors in the rest of the state.² Greater economic and employment diversity is a key factor in regional growth and resilience.³

Higher employment in traditional sectors and public services; lower in knowledge and locally traded services

In terms of broad sectors, in Q1 2015 the largest in the Western Region was Public Services (Health, Education and Public Administration) (Fig. 1). It accounted for a notably higher share of all jobs in the region than elsewhere, reflecting the key role of the public sector as an employer. Locally Traded Services (Retail, Accommodation and Transport) was next largest but in this case accounted for a lower share of jobs in the region than in the rest of Ireland. These are very reliant on consumer spending and the lower share in the region may be influenced by lower incomes than in much of the rest of the state.⁴

Fig. 1: Percentage of employment by broad sector, Western Region and Rest of State, Q1 2015



Source: CSO, *Quarterly National Household Survey, Q1 2012-2015, special run*

1. These three plus Agriculture, Forestry & Fishing and Education.
2. Wholesale & Retail, Health, Industry, Education and Accommodation & Food Service.
3. OECD (2011), *OECD Regional Outlook 2011: Building Resilient Regions for Stronger Economies*
4. <http://wdcinsights.wordpress.com/2016/03/07/county-incomes-feeling-the-recovery/>

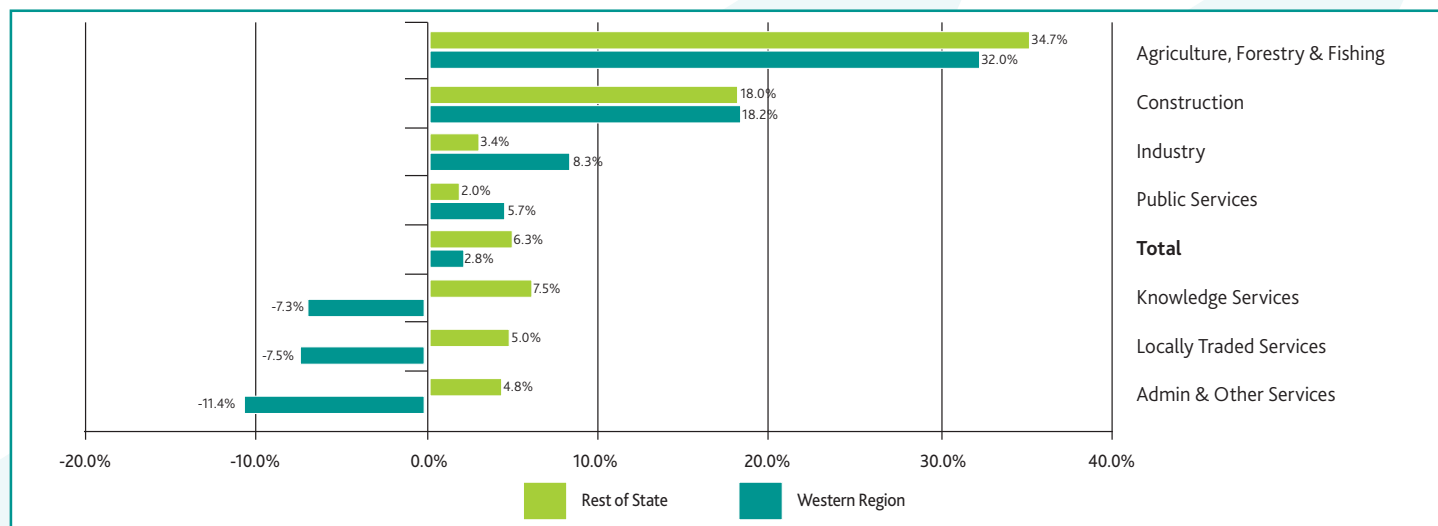


The traditional sectors of Agriculture, Industry and Construction all play a larger role in the region's jobs profile than nationally. Its manufacturing strength was a key reason for the West region's relatively strong recovery in Gross Value Added (GVA).⁵ The high value Knowledge Services sector (Information and Communications, Professional Activities and Finance) is where the region lags the rest of the state most significantly.

Jobs decline in services sectors

Fig. 2 shows a very clear difference in recent jobs trends between the region and the rest of the state. While growth occurred in every broad sector in the rest of the state, the region experienced decline in the market services sectors of Administration and Other Services (-11.4%), Locally Traded Services (-7.5%) and Knowledge Services (-7.3%). This contributed to the lower shares working in these sectors in the region. Declines in sectors where young people often find work, such as retail and hospitality, also helps to explain the region's higher youth unemployment rate.⁶

Fig. 2: Percentage change in employment by broad sector, Western Region and Rest of State, Q1 2012 – Q1 2015



Source: CSO, Quarterly National Household Survey, Q1 2012-2015, special run

Industry and Public Services was where the region outperformed the rest of the state. The contrast in the recent fortunes of the region's manufacturing and market services sectors illustrates both the international competitiveness of its industry and that it is not benefitting from the current growth in Ireland's services sectors.

Agriculture and Construction grew most strongly, contributing to strong growth in self-employment.⁷ In the case of Construction this growth reflects some recovery from a very low base. The strength of Irish agri-food exports is driving growth in agricultural jobs and the slightly lower increase in the region is probably because its farming tends to be in lower value activities.

Conclusions

Slower jobs recovery in the Western Region is mainly due to contraction in market services sectors, in contrast with growth elsewhere. In every year since 2011, the numbers working in the Western Region in both Knowledge Services and in Administration and Other Services has declined. This was during a time of recovery nationally. While the region's strong manufacturing base and Public Services employment have compensated to some extent, it has not been enough to allow the region to enjoy a similar rate of jobs recovery as elsewhere. Optimising growth across all sectors, and addressing challenges in the market services sectors in particular, will be required for a healthier and more resilient regional labour market.

Download this *WDC Insights* from <http://www.wdc.ie/publications/reports-and-papers/>

The WDC would like to acknowledge the assistance of Brian Ring of the Central Statistics Office. Source: CSO, Quarterly National Household Survey, www.cso.ie

5. <http://www.wdc.ie/wp-content/uploads/Regional-Income-and-Output-2012-PDF-1.5MB.pdf>

6. WDC (2016), *WDC Insights: Jobs Recovery and the Western Region*

7. WDC (2016), *WDC Insights: Jobs Recovery and the Western Region*