



An Chomhairle Náisiúnta Eacnamaíoch agus Shóisialta
National Economic & Social Council

Jobless Households: An Exploration of the Issues

Executive Summary

No. 137 June 2014

Unemployment is one of the most devastating impacts of the economic crisis. While the focus of unemployment tends to be on individuals, there is a related concern: households where no one is working or has very limited access to work. There is a need to address the issue of household joblessness for a number of reasons: for the households themselves, especially for the future of their children; to reduce poverty; for the productive capacity of the economy; and for the common good and societal well-being.

Jobless households are defined in two ways. One is based on working adults living in a household where no one is at work. The other, and more commonly used definition, is based on low work intensity. A household is considered jobless if the total time in work over the last year by all the working-age adults (excluding students) is less than 20 per cent of their working time (very low work intensity).

Using the low work-intensity definition, Ireland has a high level of household joblessness compared to other European countries, with nearly one-quarter (23 per cent) of households in Ireland described as jobless (in 2010). The next-highest countries were UK and Belgium at 13 per cent, with an EU-15 average of 11 per cent. A distinguishing feature of Ireland's jobless households is the likelihood that they contain children. While fewer than 30 per cent of adults in jobless households live with children in other EU-15 countries, more than half do in Ireland at 56 per cent.

There was a sharp increase in jobless households in Ireland following the economic crash in 2008. A combination of factors has been attributed to this increase in household joblessness: the increase in unemployment, changes in household structure, and other characteristics such as having a disability or having caring responsibilities. For example, in Ireland jobless adults are less likely to live with at least one working adult than in many other European countries. The working patterns in couple households have changed in that there has been a decline in 'traditional male breadwinner' households. At the same time, there has been an increase in dual-earner households and a growth in households where neither partner is at work.

The complexity of jobless households is reflected in their composition. Children make up nearly one-third of those in jobless households. About one-fifth are unemployed, 18 per cent are in home duties, and 12 per cent are sick or disabled. A further 13 per cent are students over sixteen, or are adults who are otherwise inactive in the labour market. The risk of being in a jobless household is related to the employability of those in the household and the household structure. Thus, those who live in jobless households are more likely to have no educational

qualifications, to have never worked or to be in the unskilled social class. They are also more likely to be renting their accommodation, to be single or parenting alone, and to either have a disability or to live with someone with a disability.

There is a spatial dimension to household joblessness. Jobless households are not equally distributed throughout the State, reflecting variations in unemployment and participation in the labour market at regional and local level, and between and within counties and towns. The uneven distribution of unemployment may indicate persistent underlying structural differences. Jobs are required to address the issue of household joblessness, but jobs are not equally distributed throughout the State. They are not necessarily located where there are jobless households, nor do the job requirements necessarily match the skills and capacity of those seeking the jobs. Some towns and areas that have lost jobs may also be at risk of losing basic services, making jobless households even more vulnerable. Thus, responses will require a spatial dimension, with a role for local organisations and communities.

Various explanations have been put forward to explain the causes of household joblessness. These can be summarised as follow:

- The operation of the tax and welfare system;
- The state of the labour market; and
- The characteristics of jobless households (age, level of education, age and number of children, health status of adults and children).

Further to these explanations, a number of issues have been raised in relation to jobless households. These include:

- Risk of poverty—jobless households experience high levels of deprivation and economic stress, with a risk of an intergenerational transmission of poverty.
- Cost to the social welfare system—while the Irish social welfare system has been reasonably successful in ameliorating poverty, even in the face of a severe recession, there are questions about the overall financial sustainability of the social welfare system if the high level of household joblessness is not addressed.
- Barriers and traps (real and perceived)—the interactions between the social welfare system, the taxation system, and access to services and employment are complex and, depending on people's circumstances, can facilitate, or in some cases hinder, the transition from social welfare into employment.
- Understanding household decision-making—in making decisions about employment, individuals take into account the overall finances of the household as well as the needs of others in the household, especially children.

A number of responses have been made to address the problem of unemployment, if not specifically household joblessness. These include the *Pathways to Work*

programme and the *Action Plan for Jobs*, as well as the work of the Advisory Group on Tax and Social Welfare (AGTSW). Notable reforms include the transformation of the public employment and education and training services, as well as reconfiguration of the One Parent Family Payment (OPFP).

Given the diversity of household joblessness, however, the issue will not be resolved through single solutions, but through packages that reflect the complexity of the situation of jobless households and their needs. This means that the emphasis on participation and activation must extend beyond those on the Live Register and those classified as long-term unemployed. Responses must also include developing a capacity to provide tailored services that respond to people's real needs and circumstances. Such services include: adult literacy, child development, family supports, addiction services, disability services, housing, education and training, public employment, community employment, and so on, as well as engagement with employers. NESC intends to undertake further work in this area.

