



An insight into the labour market from 2019-2022

Key Messages:

- The unemployment rate was lower in December 2022 than it was in December 2019 (pre-pandemic).
- The sectors most affected by the Covid-19 pandemic were hospitality, retail, and construction.
- There are almost 5% less people working in the hospitality sector now (Q4 2022) compared to pre-pandemic.
- The retail sector's resilience throughout the pandemic was supplemented by the rise in E-Commerce, growing by 75% from 2019 to the end of 2022.
- An estimated 900,000 people received the Pandemic Unemployment Payment (PUP), costing c. €9.2bn
- 1.4m people were kept in employment through the Temporary Wage subsidy scheme (TWSS) and the Employment wage subsidy scheme (EWSS), with an estimated further cost of €9.7bn
- The financial uncertainty of being a PUP recipient rather than earning a wage (TWSS) caused many workers to leave their industry and seek more reliable employment elsewhere.
- Only a third of people who worked in accommodation in Q1 2020 were still working with the same employer by Q2 2022.
- More than 30% of persons working in the accommodation sector in Q1 2020 were in a different economic sector by Q2 2022.
- Approximately 80% of young PUP recipients were back at work by October 2021.
- Only 52% of all PUP recipients aged 55+ were back in employment by August 2021.
- 200,00 more people were working in Q3 2022 compared to pre-pandemic levels.
- The Job Vacancy Rate¹ for Education, professional activities, and construction have increased the most since 2019.
- Remote working has been linked to reduced CO₂ emissions, a better work-life balance, and allowing workers to relocate.
- There were 2.67m persons aged 15-89 years in the labour force in Q3 2022, an increase of 53,100 (2%) over the year.
- The participation rate has remained relatively steady since Q3 2021 at an average rate of 65%.

¹ The Job Vacancy Rate: Number of available jobs as a percentage of the total number of jobs in an industry. It is calculated as follows: number of job vacancies / (number of occupied posts + number of job vacancies) * 100



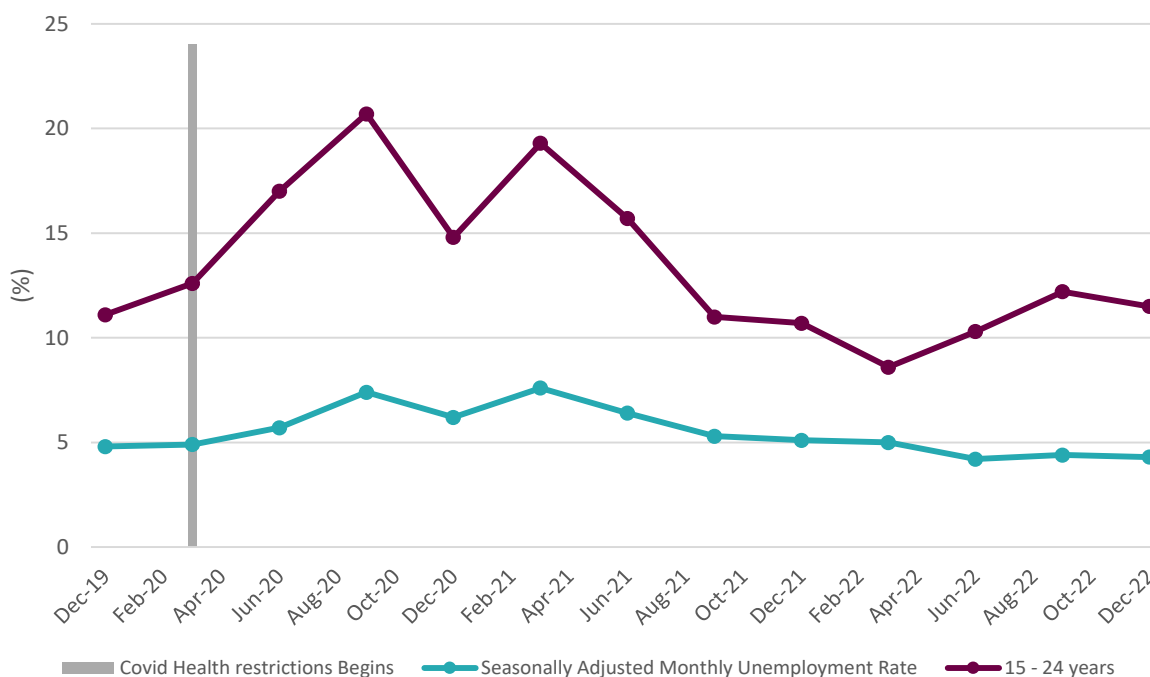
Introduction

The focus of this paper is to compare the pre-pandemic labour market (Q4 2019) to the current labour market (Q4 2022). The report begins by looking at the unemployment rate and reviewing the industries most affected by government health restrictions over the last two years. The document then compares the net employment effect across different industries. Following on from this, the report looks at the role of Covid Supports and the impact they had on employment. Next, the report examines the employment transition made by those who lost their jobs and how this affects the job vacancy rate. A tight labour market caused the job vacancy rate to increase, leading to a rise in wages. Remote working was prominent during the lockdown and is still widely implemented through a hybrid model today. The paper looks at the benefits of remote working and its impact. The paper ends by looking at the participation rate and how all the factors mentioned above have culminated in it reaching its highest point in years.

Unemployment

Figure 1 shows the seasonally adjusted² monthly unemployment rate from December 2019 to December 2022. In Q4 2019, the seasonally adjusted unemployment rate for 15–74-year-old was 4.8%³ and 11.1% for youth unemployment (15-24 years old). The introduction of health restrictions caused the unemployment rate to rise to 7.4% in September 2020 and peak⁴ at 7.6% in March 2021. Youth unemployment peaked in September 2020 at 20.7%⁵ then declined in December before rising again in March 2021. Youth unemployment in December 2022 was 11.5%, slightly higher than its pre-pandemic level. **The monthly unemployment rate was 4.3% as of December 2022⁶, 0.5 percentage points lower than before the pandemic.**

Figure 1: Unemployment Rate (%)



Source: CSO, Seasonally Adjusted Monthly Unemployment, Table *MUM01*

² A seasonally adjusted time series is a monthly or quarterly time series that has been modified to eliminate the effect of seasonal and calendar influences.

³ CSO (2020) *Monthly Unemployment*

⁴ Note this unemployment rate is not the Covid-19 Adjusted Monthly Unemployment. The Covid-19 Adjusted Monthly Unemployment peaked at 31.5% in April 2020.

⁵ CSO (2022) MUM01 - *Seasonally Adjusted Monthly Unemployment*

⁶ Ibid

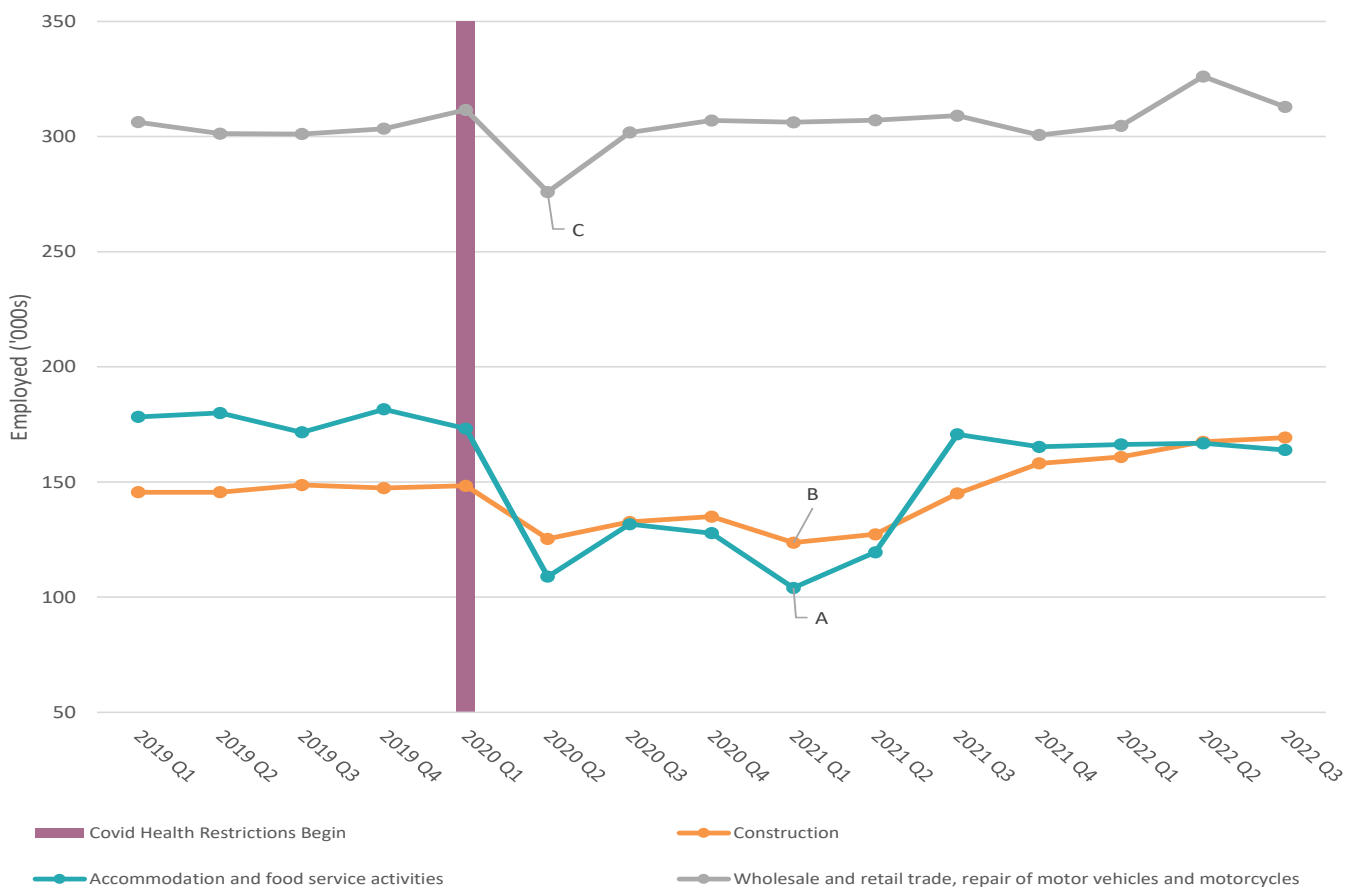


Industries most affected by Covid-19

The sectors most directly affected by the Covid-19 pandemic were hospitality, retail, and construction⁷. Figure 2 shows the level of employment in each sector from Q1 2019 to Q3 2022. Each sector had a relatively stable level of employment in 2019. In March 2020, the government implemented health restrictions (e.g., lockdown) in response to the Covid-19 pandemic. The Covid-19 health guidelines had a big impact on all industries but most directly on contact-intensive jobs, e.g., bartenders.

Figure 2 shows that from Q1 2020 to Q1 2021, **employment in accommodation and food dropped by 40% (point A), while employment in construction dropped by 16.5% (point B). However, retail hit its employment trough in Q2 2020, falling by 11.5% (point C).** This shows that the retail sector was able to adapt quicker than the other two sectors. The rise in online sales could have facilitated this. E-commerce revenue grew by €11bn⁸ between 2020 and 2022. To put this into context, from 2017 until 2019 E-commerce revenue grew by only €6.2bn⁹. Overall, E-commerce expenditure increased €16.5bn (75%) between 2019 (pre-pandemic) and 2022. There has been an incredible resurgence in employment in the Accommodation and food, and construction sectors since their trough, growing by 57.6% and 36.9%, respectively¹⁰. While wholesale and retail trade has increased employment in the sector by 13.4% since its lowest point in Q2 2020.

Figure 2: Employment by sector



Source: CSO, Labour Force Survey Quarter 4 2022, QLF03

7 PBO (2021) Labour Market Scarring

8 PBO Calculation based on Central Bank of Ireland (2023) Credit and Debit Card Statistics

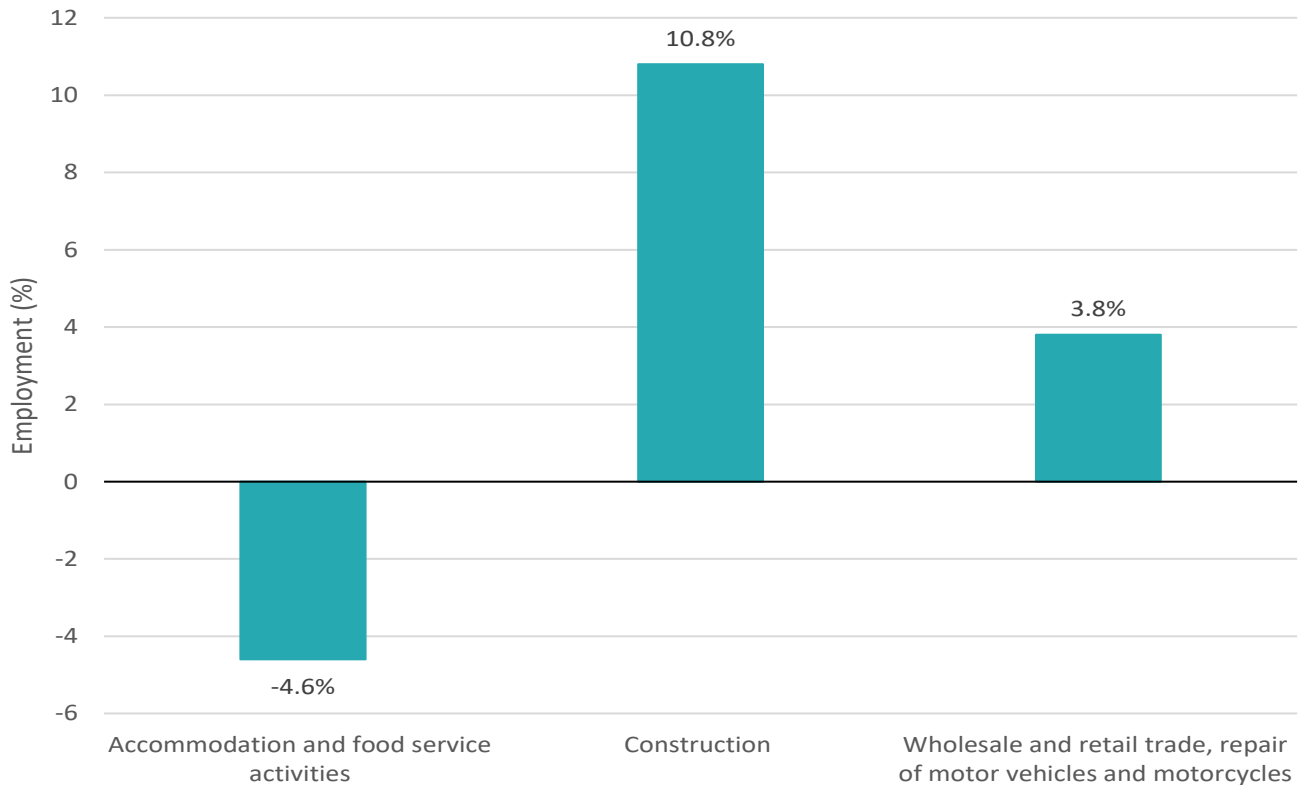
9 Ibid

10 CSO (2022) Labour Force Survey Quarter 3 2022



Figure 3 shows the overall change in employment for the three sectors, comparing pre-pandemic (Q4 2019) with today (Q4 2022). **There is 8,400 (4.6%) fewer people working in the accommodation and food sector in Q4 2022 compared to Q4 2019.** In contrast, the construction industry has almost 15,900 (10.8%) more people employed in Q4 2022 than it did pre-pandemic. While the wholesale and retail trade industry has also responded positively, hiring an additional 11,600 (3.8%) since Q4 2019.

Figure 3: Overall employment change from Q4 2019 - Q4 2022



Source: CSO, Labour Force Survey Quarter 4 2022, [QLF03](#)

The rise in employment, particularly in the construction industry can be attributed to the severe housing shortage and growing wages in the sector. Employment in construction declined due to lockdown restrictions, but since their removal in Q2 2021, construction workers have become increasingly sought after. The job vacancy rate¹¹ almost quadrupled from 0.4% in 2019 to 1.5% in 2022¹². In September 2021, the government announced its "*Housing for All*" plan, outlining plans to provide over 300,000 new homes by 2030. This equates to an annual average of at least 33,000 homes from the public and private sectors. To meet this target, there has been a big recruitment drive in the sector. Between 2021 and 2025, an additional 27,500¹³ workers are needed specifically in the housing construction sector; this is a 68.75% increase from the 2019/2020 employment level.

11 The Job vacancy rate is the percentage of jobs available in the market

12 CSO (2023) *Earnings and Labour Costs Q2 2022 (Final) Q3 2022 (Preliminary Estimates)*

13 Department of Social Protection (2022) *Ministers Heather Humphreys and Simon Harris launch new drive to recruit construction workers*

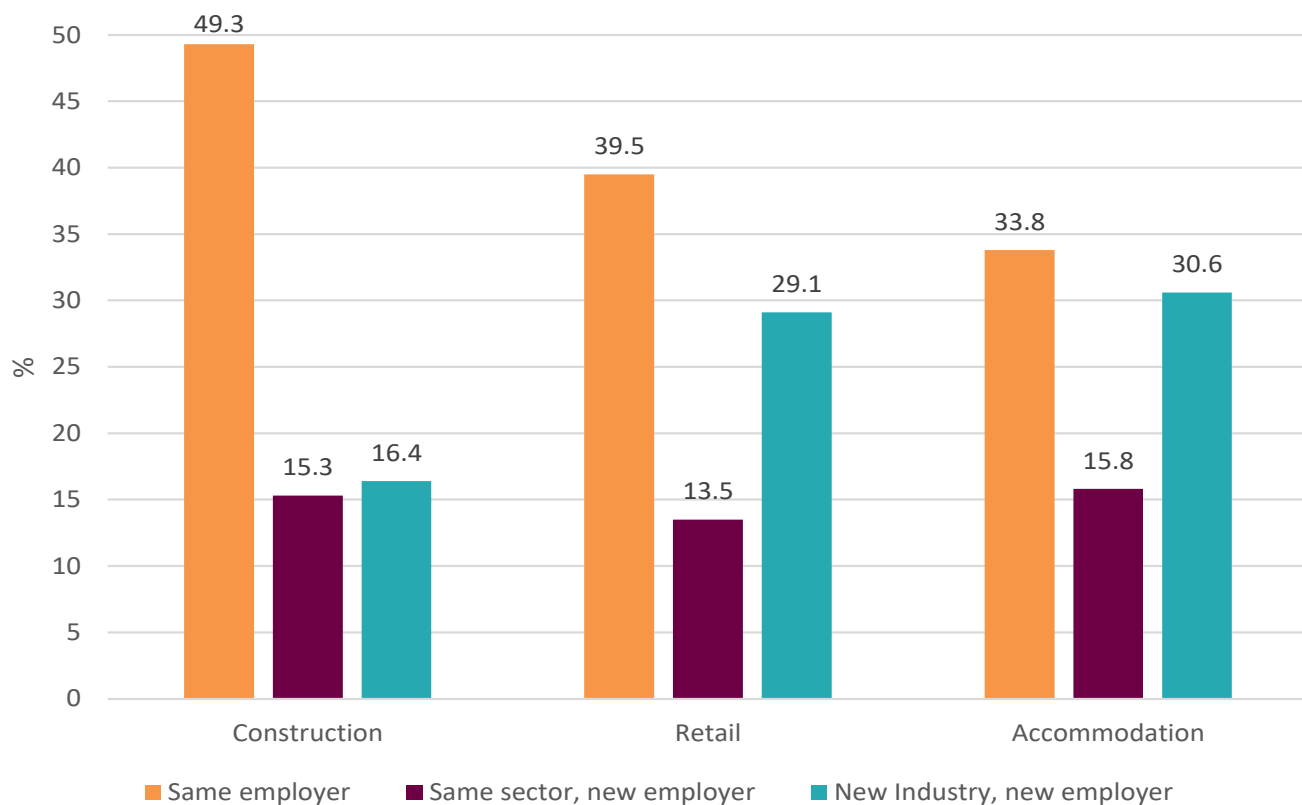


Covid Supports

The Covid-19 pandemic created turmoil in the Irish economy and prompted the government to enact large support packages. These supports mainly came in the form of the Pandemic Unemployment Payment (PUP) or/ and the Temporary Wage Subsidy Scheme (TWSS)¹⁴/Employment Wage Subsidy Scheme (EWSS). Both the PUP and EWSS schemes ended in Q2 2022. The PUP payment provided an income to those who lost their jobs, while the TWSS/EWSS kept people employed by subsidising their wages. **An estimated 900,000¹⁵ people received a PUP payment, at an estimated cost of €9.2bn¹⁶. While 1.4m¹⁷ people were supported by the TWSS/EWSS scheme, estimated to have cost an additional €9.7bn.** The onset of the pandemic meant that for many people, their career/employment prospects froze while they availed of the State's income support.

The type of support a person received had a strong impact on whether an individual was in the same job in Q2 2022 as they were at the start of the pandemic. The service industry was the most dependent sector on the PUP and is now the industry that has seen the biggest decline in its workforce since the pandemic began. **The uncertainty¹⁸ of being dependent on PUP rather than earning a wage could have caused some workers to leave the Service industry and seek more reliable employment elsewhere.**

Figure 4: PUP Recipients by economic sector



Source: CSO, *Employment churn for Payroll Employees in receipt of PUP by NACE Economic Sector, table 1.2*

14 The TWSS ended on 31 August 2020 and was replaced by the Employment Wage Subsidy Scheme.

15 Department of Social Protection (2022) *Social Welfare Statistics*

16 Ibid

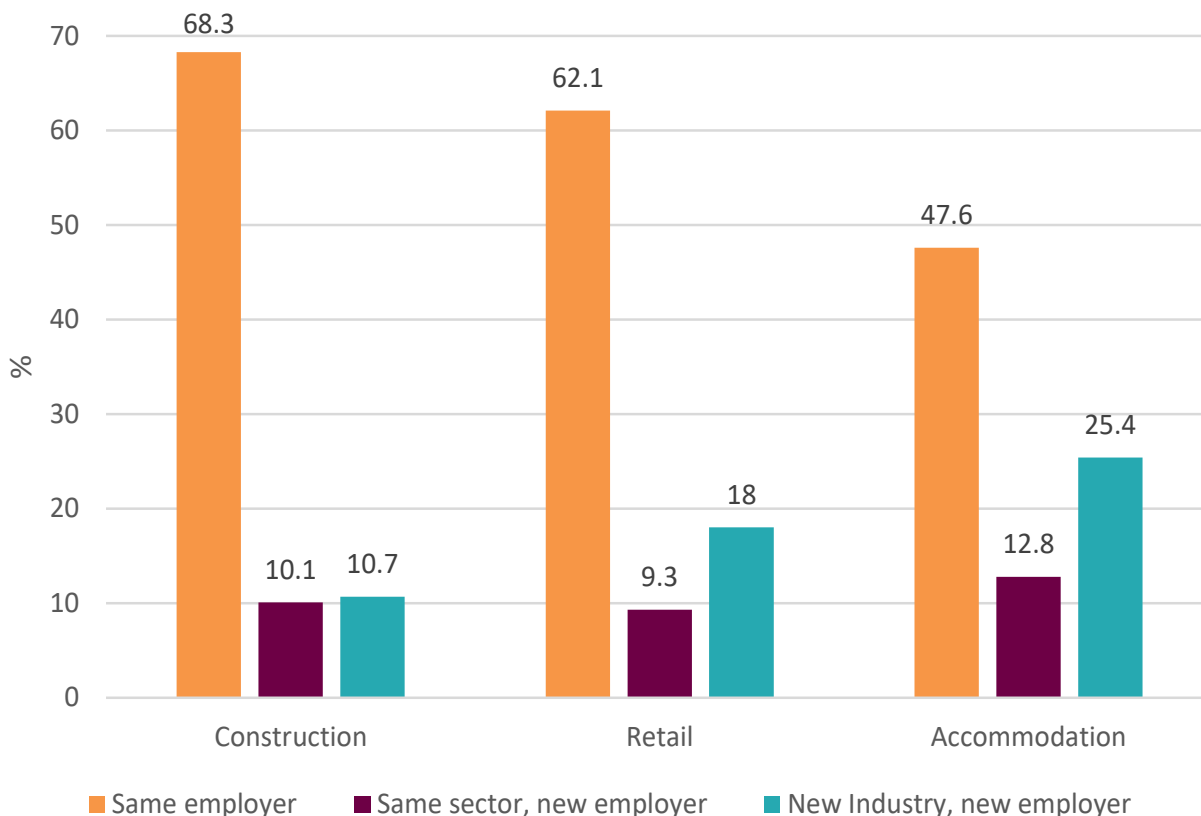
17 Revenue (2022) *COVID-19 Support Schemes statistics*

18 Eurofound (2021) *The pandemic aggravated labour shortages in some sectors; the problem is now emerging in others*



Accommodation & Food Service Activities had the largest proportion of employees in receipt of PUP (23.3% of total recipients)¹⁹. Figure 4 shows the PUP recipient’s employment status by sector by the end of Q2 2022. The accommodation sector had the worst job retention among its employees. **Only 33.8% of people who worked in accommodation in Q1 2020 were still working the same job by Q2 2022**²⁰. More than 30% of persons working in the accommodation sector in Q1 2020 were in a different economic sector by Q2 2022²¹. At the same time, nearly 16% had changed employers but were still working in the same industry.

Figure 5: Employment churn for Payroll Employees in receipt of Wage Subsidy Schemes



Source: CSO, *Impact of COVID-19 on Business and the Labour Market Q2 2022, table 1.3*

Retail and accommodation made up 40% of those in receipt of the total recipients of the EWSS. Figure 5 shows the EWSS recipient’s employment status by sector from Q1 2020 to the end of Q2 2022. **Nearly 70% of those in the construction industry were still working with the same employer in Q2 2022 as they were in Q1 2020.** Only 10% had changed employers within the industry, and 10.7% had changed industry altogether. **It is interesting to note the correlation between employment and PUP/TWSS recipients.** The data shows how effectively the EWSS scheme kept people in their jobs. The financial uncertainty caused by the lockdown forced many to search for alternative employment. This is backed up by hospitality industry reports that uncertainty about business closures and reopening had led some workers to change jobs permanently²².

19 CSO (2022) *Impact of COVID-19 on Business and the Labour Market Q2 2022*

20 Ibid

21 Ibid

22 Eurofound (2021) *The pandemic aggravated labour shortages in some sectors; the problem is now emerging in others*



Employment transition

As society reopened and people returned to work, many began to change jobs and take up new opportunities. However, it is important to recognise the impact of the pandemic on natural labour market churn. In normal circumstances, an element of continuous labour market movement would be expected as individuals transition between different jobs throughout their careers. In some instances, people may have changed careers out of financial necessity, as public support (e.g., PUP) may not have been enough to fully meet their needs. During the lockdown, many low-paying sectors were forced to close, while other better-paying industries needed staff. The data shows that **the ICT sector hired heavily throughout the pandemic, increasing its workforce by almost 30%²³ since Q4 2019.**

By Q2 2022, only 39.8%²⁴ of PUP recipients continued working for the same employer as they were before the pandemic. This figure rises to almost 62%²⁵ for those who benefited from the EWSS/TWSS scheme. Those working in the accommodation industry made up the largest number (46,836)²⁶ to change job and move into a new industry. The service industry PUP recipients mainly transitioned into two main industries: Wholesale & Retail trade and Admin & Support Services. Findings from a 2022 IGEES report²⁷ suggest that **the labour market is seeing a significant level of transition activity, this at least partly, explains some of the difficulties reported by employers in recruiting.**

While younger people (under 25) in employment are typically the most vulnerable to labour market disruptions, they are usually the fastest to bounce back in times of recovery. In May 2021, young adults were responsible for 26% of all PUP claimants²⁸ but **by Q2 2022 approximately 82%²⁹ of young PUP recipients were back working.** The number of young people working has increased by 25% from Q2 2021³⁰ to Q3 2022. In contrast, older workers (aged 55+) have been the least likely to return to work, only **75%³¹ of all older PUP recipients were back in employment by Q2 2022.** Early retirements among some older PUP recipients or hesitancy over health concerns may also be explanatory factors for the lower share returning to work. While it is too early to say, this may point towards evidence of possible labour market scarring.

23 PBO calculation based off CSO data [QLF07](#)

24 CSO (2022) [Impact of COVID-19 on Business and the Labour Market Q2 2022](#)

25 Ibid

26 Ibid

27 IGEES (2022) [Trends in Post-PUP Employment: Examining the employment transitions of those closing their Pandemic Unemployment Payment claims.](#)

28 Parliamentary Budget Office (2021) [Labour market scarring](#)

29 CSO (2022) [Impact of COVID-19 on Business and the Labour Market Q2 2022, Table 1.7](#)

30 PBO calculation based on CSO data, [QLF18](#)

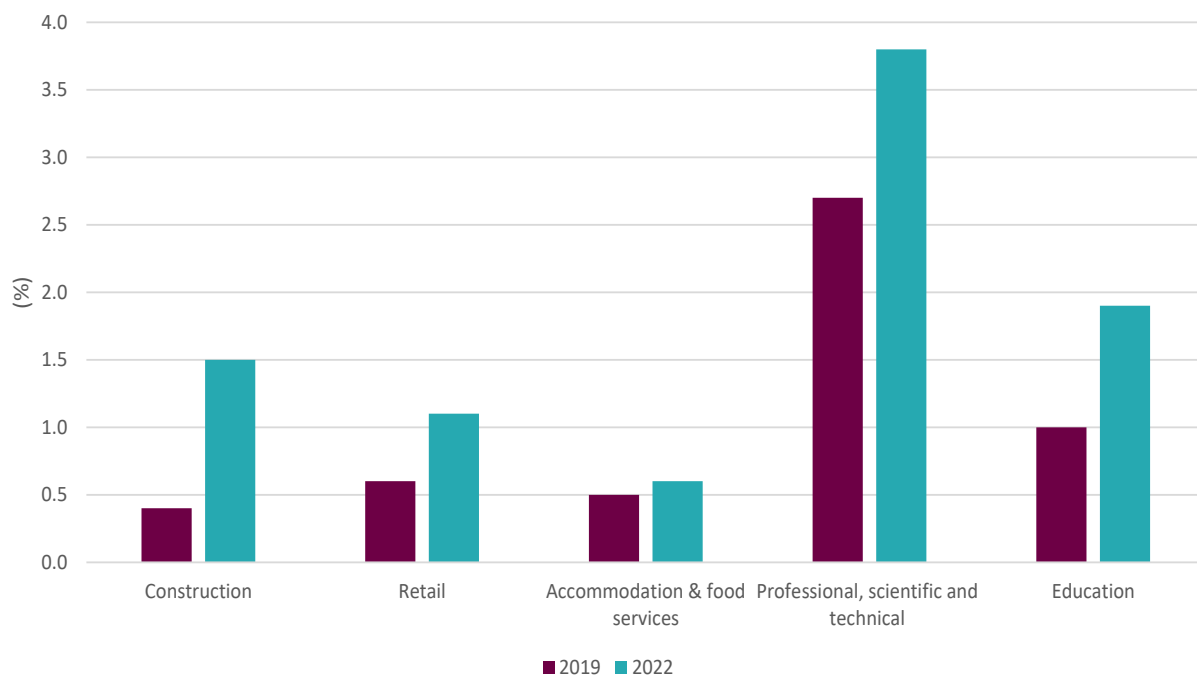
31 CSO (2022) [Impact of COVID-19 on Business and the Labour Market Q2 2022, Table 1.7](#)



Job Vacancy Rate

Fiscal stimulus and lower consumer spending during lockdowns left household balance sheets unusually healthy and created a saving glut³². This fuelled consumer demand for goods and services, which in turn created a demand for workers, which laid the foundation for a very strong labour market. **There were 215,000³³ more people working in Q4 2022 compared to pre-pandemic levels.** However, despite the surge in people working, businesses are finding it hard to recruit workers. The Job Vacancy Rate (JVR) measures the proportion of total jobs that are unoccupied. The average JVR in the labour market was 1.5% in Q3 2022³⁴. Figure 6 compares **the JVR from Q3 2019 to Q3 2022 across all industries and shows it increased by 0.6 percentage points over the period.** However, not all industries have been equally affected. The JVR for Education, professional, and construction have increased the most since 2019. This is reflected in issues like the growing shortage of teachers³⁵, lab workers³⁶, and builders³⁷.

Figure 6: Job vacancy rate by economic sector



Source: CSO, *Job vacancy rate by economic sector and other characteristics and quarter, Table 7c*

During expansionary economic periods (as seen from Q2 2021- Q3 2022), it is common for job vacancies to rise and the unemployment rate to fall³⁸. It indicates that labour markets recovered quickly from the Covid-19 crisis. From Q3 2021 onwards, there has been an increase in job vacancy rates. **The tight labour market has benefited workers, making it easier to find or switch jobs while leading to higher wage growth.** This is reflected in the rise in wages across all economic sectors.

32 Central Bank of Ireland (2021) *Savings and Consumption in the Post-Pandemic Economy*

33 PBO calculation based on CSO data: *QLF01*

34 CSO (2022) *Earnings and Labour Costs Q2 2022 (Final) Q3 2022 (Preliminary Estimates)*

35 Irish Examiner (2022) *Demand for teachers is soaring (irishexaminer.com)*

36 The Irish Times (2021) *Boom in life sciences sector opening up a myriad of career options*

37 Irish Tech News (2022) *Irish Construction Companies Struggle to Find Skilled Workers*

38 Eurostat (2022) *Job vacancy and unemployment rates - Beveridge curve*



Wage growth accelerated sharply in the first half of 2022 before easing slightly in the third quarter³⁹. In a CBI study of six-euro area countries⁴⁰, wage growth reached 5.2% year-on-year by October (more than three times the pre-pandemic rate)⁴¹. In Q4 2022, Irish hourly wages were 4.2%⁴² higher than the same period in 2021. However, inflation was significantly higher over the period and as a result **real wages fell by 4%**. While rising wages benefit workers in the short term, it can create inflation and even hinder economic growth if firms cannot find workers and deliver the same level of output.

Another reason likely contributing to labour market tightness is the lower availability of European and International workers⁴³. This is due to the **reduced labour mobility across borders since the onset of Covid-19**. International workers represent an important source of talent supply for many sectors of the Irish economy, particularly hospitality⁴⁴. CSO estimates show that **inward migration to Ireland declined by almost 25% from April 2020–April 2021 relative to April 2019–April 2020**⁴⁵. However, immigration rose by 85% (55,000) between April 2021 and April 2022. While this surge in immigration is the highest since 2007⁴⁶, a large portion of this increase (50%) can be attributed to Ukrainian refugees.

Remote working

The implementation of the lockdown in March 2020 forced businesses to adapt how they operated, which changed the labour market. The traditional model of working in the office five days a week was not possible. Instead, working remotely became the “New Norm”. However, since the introduction of vaccines and the loosening of health restrictions in 2021, many employers have chosen to continue remote working through a hybrid model⁴⁷. In a 2019 report, 82.7%⁴⁸ of employees wanted to be able to work remotely, in 2022 this increased to 95%⁴⁹. **Remote working has been shown to improve work life-balance, reduce stress, and allow workers to relocate**⁵⁰ to regions where they otherwise would not have.

In January 2021, the government published its *National Remote Work Strategy*⁵¹, confirming its support for remote work given its positive benefits. A 2022 evaluation estimates that **remote working cuts down on commuting and has the potential to save 164,407 tonnes of CO2 a year**⁵². Remote working could potentially lead to a cooling of the residential real estate market in urban centres, accompanied by a relative rise in property values in suburbs and rural areas⁵³. While it is challenging to establish the causal effect of remote working on house prices, survey evidence suggests that remote workers are looking to move outside cities and into less densely populated counties⁵⁴.

39 Central Bank of Ireland (2022) *Central Bank and Indeed research indicates wage growth increased sharply in early 2022*

40 France, Germany, Ireland, Italy, the Netherlands, and Spain

41 Central Bank of Ireland (2022) *Central Bank and Indeed research indicates wage growth increased sharply in early 2022*

42 CSO (2023) *Earnings and Labour Costs Q3 2022 (Final) Q4 2022 (Preliminary Estimates)*

43 IGEEES (2022) *Trends in Post-PUP Employment: Examining the employment transitions of those closing their Pandemic Unemployment Payment claims.*

44 Ibid

45 CSO (2022) *Population and Migration Estimates, April 2022*

46 Ibid

47 This involves both working remotely and in the office. The number of days spent on each varies by workplace.

48 Department of Business, Enterprise and Innovation (2019) *Remote Work in Ireland Future Jobs 2019*

49 Department of Enterprise, Trade and Employment (2022) *An Evaluation of the Impacts of Remote Working*

50 Ibid

51 Department of Enterprise, Trade and Employment (2021) *Making Remote Work: National Remote Work Strategy*

52 Department of Enterprise, Trade and Employment (2022) *An Evaluation of the Impacts of Remote Working*

53 OECD (2020) *Productivity gains from teleworking in the post COVID-19 era: How can public policies make it happen?*

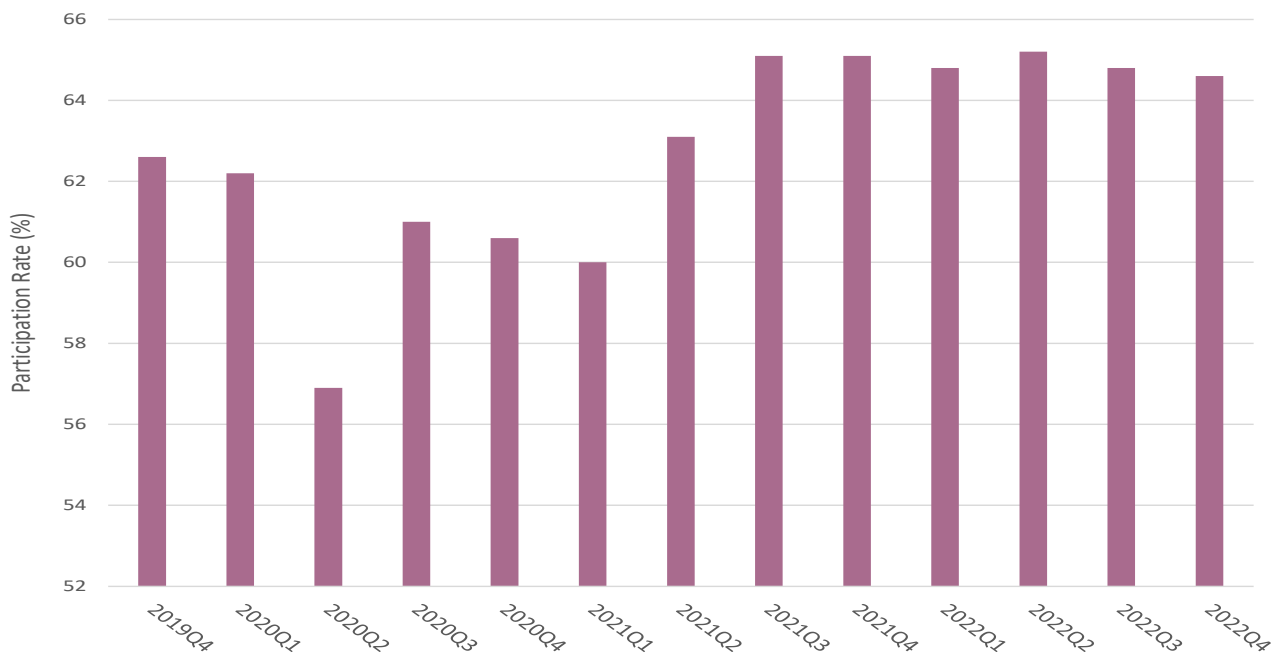
54 Department of Enterprise, Trade and Employment (2022) *An Evaluation of the Impacts of Remote Working*



Participation rate

Figure 7 shows the labour force participation rate⁵⁵ from Q4 2019- Q4 2022. **There were 2,673,400 persons aged 15-89 years in the labour force in Q3 2022, an increase of 53,100 (2%) since Q3 2021⁵⁶.** The participation rate in Q3 2022 was 64.8%, up from 62.6% in Q4 2019. Having initially dipped due to Covid-19, the participation rate has since increased from its lowest point (56.9%) in Q2 2020. The rise in the participation rate may be linked to the availability of remote working. In a 2021 survey, 69%⁵⁷ of respondents “who were unable to work due to longstanding health problems would consider employment if they could work remotely”.

Figure 7: Participation Rate



Source: CSO, ILO Participation and Unemployment Rates, Table [QLF02](#)

Ireland has experienced strong growth in employment following the introduction of vaccines in Q1/Q2 2021. **The participation rate has remained relatively steady since Q3 2021 at an average rate of 65%.** This means that as demand for talent grows and the labour market becomes tighter, workers can negotiate higher wages. Businesses are placing greater focus on attracting and retaining highly skilled workers⁵⁸. To entice workers, firms are now starting to offer higher wages and other benefits such as remote working. The adoption of remote working can remove some of the barriers to work for people with caring responsibilities, and people with disabilities, by removing the need to travel into an employer’s premises to work every day⁵⁹.

55 The labour force participation rate is an estimate of an economy’s active workforce.

56 CSO (2022) [Labour Force Survey Quarter 3 2022](#)

57 CSO (2021) [Pulse Survey - Our Lives Online - Remote Work November 2021](#)

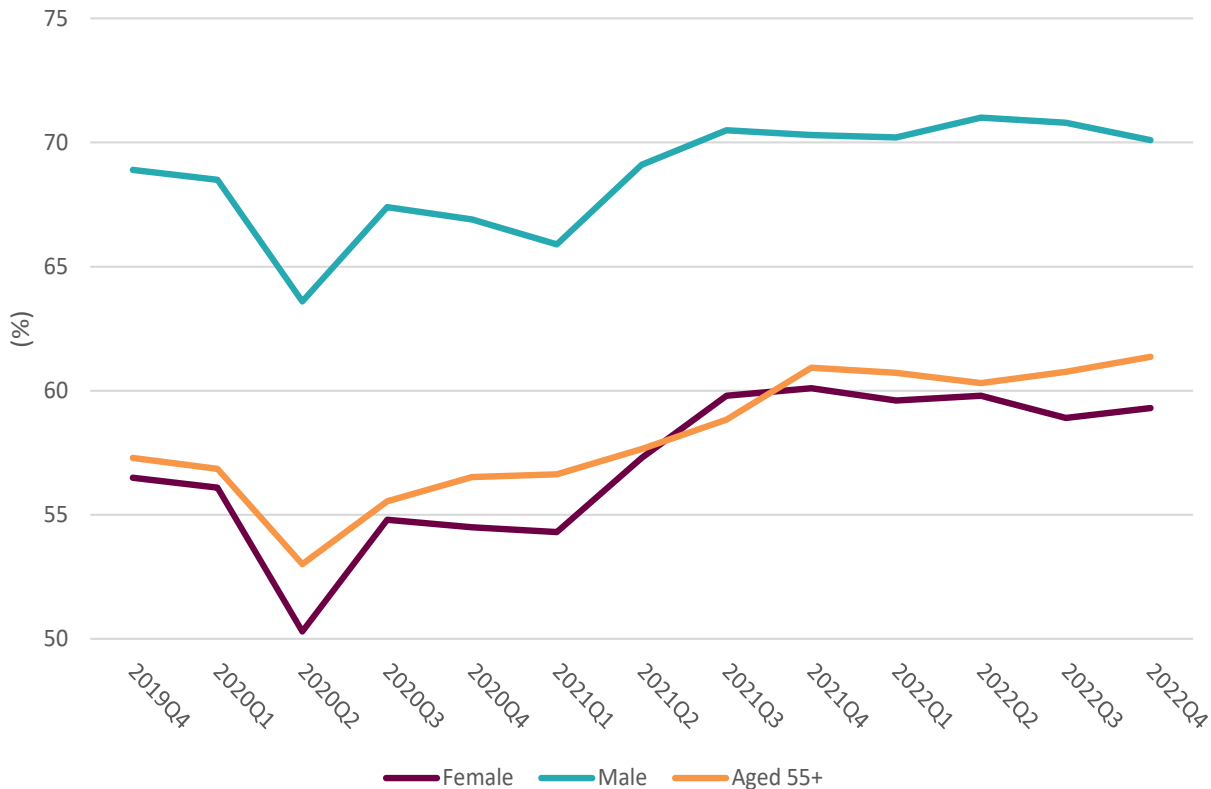
58 Department of Business, Enterprise, and Innovation (2019) [Remote Work in Ireland Future Jobs 2019](#)

59 Ibid



Figure 8 shows the participation rate for both male and female workers and employees aged 55+⁶⁰. **From Q2 2020 to Q3 2022, the participation rate rose 6.5 percentage points for males and 9 percentage points for females.** For those aged 55+, the participation rate has risen by 8.4 percentage points since Q2 2020. These positive figures show that these groups have bounced back effectively since the onset of the Covid-19 pandemic and are engaging in the workforce.

Figure 8: Participation rate by Age/Gender



Source: CSO, ILO Participation and Unemployment Rates, QLF02, QLF18

60 This represents employees aged 55+ regardless of gender