

RURAL AND URBAN UNEMPLOYMENT

Introduction

This paper explores the issues surrounding rural and urban unemployment including the additional barriers and challenges people face when taking up employment because of their geographic location. It also focuses on the current Government policies designed to address regional imbalances and highlights different initiatives in operation at a local level that have been successful in recruiting those in areas of high unemployment back into the labour market.

Extent of Rural and Urban Unemployment

Despite the ongoing commentary by many economists that Ireland has attained full employment the reality proves otherwise. Admittedly Ireland's unemployment rate is low by European standards at 4.4% or 82,400 people (using the ILO definition¹), but there are many areas throughout the country that experience a much higher than average unemployment rate.

Even when using this tight ILO definition of unemployment the broad regional differences are quite stark. Dublin and the Mid-East region are below the national average while the Border and Southeast regions have an unemployment rate of 5.9% and 6.2% respectively (see Fig 1).

Fig1: QNHS 2nd Quarter 2004 Regional Unemployment Figures



¹The QNHS/ILO defines the unemployed as only those people who, in the week before the survey, were unemployed and available to take up a job within two weeks and had taken specific steps in the preceding four weeks to find employment. Any person who was employed for at least one hour is classed as employed.

For a more localised picture of unemployment Census 2002 provides valuable information. It is based on people self identifying their Principal Economic Status whether they are in employment, unemployed, retired, home duties, in education or other. The figures reveal a national unemployment rate of 8.8%, twice the rate using the ILO definition. The Census statistics also identified 88 unemployment blackspots scattered throughout the country where the average unemployment rate is in excess of 24%. The table below show that these 'blackspots' are located in both rural and urban areas. Donegal has the highest number of blackspots, 18 out of the 88, followed closely by Dublin City which has 15 areas identified as unemployment blackspots. Interestingly all of Ireland's main cities have areas that are regarded as unemployment blackspots despite the overall county recording an average unemployment rate. The census revealed that the county with the highest unemployment rate of 17% is Donegal while the highest unemployment rate at Electoral Division level was recorded in Knocknalower (40%), and An Gheata Mhor Theas (37%) both in Co.Mayo. The region John's A in Limerick City also has a 37% unemployment rate.

Distribution of unemployment blackspots at Electoral Division level by county in 2002

County	No of Unemployment blackspots	Average unemployment rate %
Donegal	18	25.2
Dublin City	15	24.0
Other counties*	12	22.6
Limerick City	11	24.8
Cork City	11	24.7
Galway County	6	27.6
Waterford City	6	24.5
Mayo	5	29.9
Louth	4	22.1
Total	88	24.0

*Clare, Fingal, Kerry, Kildare, Limerick County, Longford, Monaghan, South Dublin, Tipperary South and Wexford.

Challenges facing those in unemployment blackspots

For individuals living in these areas of high unemployment, access to the labour market is more difficult. As well as overcoming the generic barriers to employment faced by many unemployed people including moving from welfare to work, these individuals face specific challenges too.

- The discrimination by employers on the basis of address restricts employment opportunities and can exacerbate the stigma already experienced as a result of living in an area of urban / rural disadvantage.
- Over the years the lack of investment and poor urban planning has resulted in residents in disadvantaged areas suffering from poor housing, high unemployment, low educational attainment and poorer health status. This continued experience of poverty and social exclusion has led to deep-seated social problems which can impact negatively on the individual and the community, thereby preventing individuals from accessing the labour market.
- The lack of adequate public transport in rural areas poses a serious barrier to individuals, restricting their geographic area for searching for employment or travelling to work. Having to rely on one's own private vehicle bears additional costs which many people reliant on an unemployment payment may not be able to afford.

- The decline of agriculture as an option for many farmers as a full time occupation has meant that many previous full time farmers are now underemployed and require part-time employment to top up their salaries. In fact, over 8,500 farmers claim the farm assist payment to sustain their income. This reduction of agriculture as a viable occupation is likely to continue leading to increased competition for the alternative job opportunities in that locality. In fact it is projected that the number of full time farmers will reduce from the current rate of 80,000 to 15,000 by 2015. Similarly the decline of traditional industries in certain localities such as textiles in the North West is having a devastating impact not only on the employees but also the community. The most recent casualties being the closure of the Fruit of the Loom and Unifi factories in Donegal with the loss of 940 jobs.
- Furthermore, the loss of large multi-national businesses and the decline of agriculture can result in many of these low-skilled redundant workers being faced with long-term unemployment unless viable alternative employment opportunities are set up in that area. Unfortunately the lack of telecommunication infrastructure, namely broadband technology and inadequate public rail / road infrastructure can compound the situation as such deficiencies makes it difficult in attracting companies to the locality. As a result, many low skilled redundant workers migrate to the urban centres particularly Dublin and the surrounding counties in search of employment leaving communities depopulated.

For those living in unemployment blackspots, participation on Active Labour Market Programmes has been central to encouraging and assisting individuals into the labour market. For some it is their first experience of employment and it has proved invaluable in providing the training, confidence and experience needed to progress these individuals into the mainstream labour market. However, the heavy reliance on ALMP's to provide essential social services makes the organisation and in turn the community very vulnerable should the funding to the project cease.

Government Policies to Address Regional Imbalances

There are a number of policies and initiatives in train aiming to combat the difficulties facing those in areas of high unemployment. While some are extremely broad in their remit others are more targeted.

The achievement of balanced regional growth underlies the National Spatial Strategy, which is a 20-year

planning framework. It was launched in November 2002 and divides the country into gateways and hubs. The identified gateways are already large urban areas with a critical mass while the hubs are medium sized towns strategically located so their population can be drawn on to support the economic activity of the gateways. It is the gateway / hub arrangement that is key to the Strategy to offer increased possibilities of employment, training and quality of life. The aim of the Strategy is to influence other regional plans, as it has no budget of its own.

Although this is a 20-year plan, the level of progress to date on its implementation is debatable. Admittedly improvements in road and rail corridors under the National Development Plan (2000-2006) are ongoing and welcomed but continuous investment in this area is needed if industry is to be attracted / flourish in smaller areas. Also to what extent this gateway / hub arrangement will impact positively on unemployment blackspots is unknown.

In fact, progress in implementing the National Spatial Strategy has been overshadowed by the Government's **decentralisation plan**. This plan aims to relocate 10,000 civil and public servant positions outside Dublin to designated towns throughout the country. Already the lack of interest by public sector employees in this plan hinders its progress although its full implementation may help stem the disproportionate growth of Dublin and its hinterland.

Previously, in recognition that rural areas were still at a disadvantage compared with major urban centres in attracting new investment, the Government issued a **White Paper on Rural Development; A Strategy for Rural Development in Ireland** in 1999. The implementation of this White Paper is the responsibility of the Department of Agriculture and Food and its policies aim to focus on the indigenous strengths of the rural economy. It also refers to measures to address educational disadvantage and encourages both FÁS and the Local Employment Service to work together with their respective target groups. Although work on implementing the White Paper is still ongoing, the majority of the strategies identified in this White Paper have now been subsumed into the National Development Plan. This is partially due to the cross-departmental nature of implementing many of the strategies proposed.

Under **Sustaining Progress**, taskforces under the auspices of FÁS are to be set up following the announcement of large scale redundancies. However the actions and outcomes of these taskforces needs to be improved.

Ireland's **National Employment Action Plan (NEAP)** 2004 reiterates the commitment to the National Anti-Poverty Strategy target of 'reducing the unemployment rate amongst vulnerable groups to the national average by 2007.' The NEAP under Guideline 10, namely addressing regional disparities reports on all the current services and agencies that currently work in this area. However, there is no mention of any specific actions designed to address the barriers facing those in unemployment blackspots.

The 2004 **Enterprise Strategy Group's** recommendations focus on increasing Ireland's competitiveness. It recommends increasing expenditure on research and development, attracting foreign investment as well as fostering entrepreneurship and increasing training for those in low skilled employment. It strives to achieve high-tech, knowledge based jobs and suggests that ALMP's should not be a priority. The implementation of

these recommendations could see those in unemployment blackspots pushed further away from the labour market. As previously mentioned, their participation in ALMP's have been vital to their progression into the labour market. Furthermore, investment in job creation should occur at all levels not just for those likely to attain high-tech knowledge based jobs.

Lastly, there have been a number of Governmental initiatives specifically designed to target areas of high disadvantage or deprivation, including the RAPID and CLAR programmes. The **RAPID** (Revitalising Areas by Planning, Investment and Development) Programme prioritises funding to 25 urban centres and 20 provincial towns that have been identified as having the greatest concentration of disadvantage. The programme involves all the local key stakeholders both statutory and non-statutory and their role is to identify and agree priority areas / projects for that locality which would help reduce the experience of poverty and social exclusion. The programme does not have its own budget but rather allocates State resources for that area to be spent on the agreed priorities. The implementation of RAPID is ongoing and its main criticism is the continued lack of integration among service providers operating at a local level. The **CLAR** (Ceantair Laga Ard-Riachtanais) programme is a targeted investment programme in rural areas. The investments support physical, community and social infrastructure across a variety of measures. The budget for 2004 was €13.49m.

Rural Job Creation

Policies must try to reduce the migration of people to areas where employment opportunities are, by creating a favourable climate for sustainable economic growth in the localities where people reside. Sectors of job creation and growth that are being developed or could be further explored include waste management, renewable energy, offshore fish farms and tourism including eco-tourism.

Targeting Unemployment Blackspots

The OECD in recognising the challenges faced by those in unemployment blackspots recommends preventative measures and policies that will create the conditions that will encourage investment and renewal. Governments have been slow in initiating policies to address the ongoing and changing difficulties associated with areas of disadvantage and such policies have been too rigid to cope effectively with such difficulties. Policies are needed that stress education, employment and training and economic development. The most effective measures to address the needs of those in areas of disadvantage are deemed to be area specific integrated programmes that combine local initiatives with external assistance. In Ireland, although there are a plethora of valuable programmes targeting and working with those in unemployment blackspots, only two initiatives will be highlighted, one is urban based while the other is rural based.

South East Employment Development Strategy (SEEDS)

The SEEDS project developed an integrated employment strategy specifically for the South-East region of the country, being cognisant of its strengths and weaknesses in terms of industry and personnel. The South East region has a higher than average unemployment rate and also has the lowest 2nd level school retention rate in the country. The project is funded by the European Social Fund. Initially the strategy began with the collection of baseline data which served as a tool in identifying problem areas and issues. This baseline data will also be used to benchmark performance against. The creation of the employment strategy involved all key national and local actors including FÁS, South East Regional Authority and employers.

The strategy was launched in August 2004 and its key actions cover specific areas that are assigned to a lead agency to implement. For example, under the area of employability one of the key actions is to consolidate services for the unemployed, which is assigned to FÁS to implement. Under the Equal Opportunities heading, the South East Regional Authority will continuously gather data to inform the extent of inequalities that exist preventing access and participation to the services. Under Adaptability, IBEC is to take responsibility for establishing an employers network. Finally, under Entrepreneurship, the County Enterprise Boards must increase entrepreneurship skills within the schools.

By engaging with all local actors it is envisaged that the implementation of the key actions will stimulate economic growth in the region, facilitate the re-entry of unemployed people back into the labour market and reduce early school leaving.

TESCO and the Northside Partnership

The Northside Partnership based in Dublin covers a geographic area which includes some suburbs suffering from severe urban disadvantage. The Northside Partnership works directly with unemployed people in assisting them back into the labour market while also engaging with the local employers to create further employment opportunities. The supermarket chain TESCO approached Northside Partnership to assist them in recruiting a number of staff for their new store. TESCO allocated up to 100 new employees to be from the ranks of the long-term unemployed residing in the area. The Northside Partnership worked closely with TESCO, FÁS and the trade union Mandate to recruit these individuals.

The process included a recruitment fair in the local area advertising the positions and that training would be given prior to the take up of employment. Eighty

trainees signed up. The vast majority of these individuals had been between 1 year and 5 years unemployed, although some were between 10-15 years unemployed. Most were in receipt of an unemployment payment with a smaller number being in receipt of a disability payment or One Parent Family Payment. The average age was between 40-49 years.

The training included a 4 week preparatory course, followed by a 20 week traineeship custom made for TESCO by FÁS and certified by FETAC. The trainees alternated between classroom based training and work placement training in the TESCO store thereby enabling them to put the learning into practice.

Fifty-seven trainees were offered employment contracts with TESCO. The Northside Partnership is still supporting these employees to ensure their continued employment and progression within the store.

The success of this initiative is due to the leadership of the Northside Partnership and its knowledge of the challenges in the local areas as well as the continued involvement of all the key actors, namely the employers, trade unions and FÁS. The Northside Partnership have operated similar initiatives with other local employers including Eircom, Keelings Distributors Limited, Freshways (Kerry Group) and Conduit.

Conclusion

There are a number of areas of high unemployment located in both rural and urban regions of the country. These residents experience specific challenges preventing them from entering the labour market. Current Government policies to address these challenges are inadequate and insufficient mainly because they are too broad in focus. The 'one size fits all' approach is unsuitable. Targeted initiatives involving all local actors familiar with the environment is recommended, as it is more beneficial to both the unemployed people and the community.

Bibliography

Central Statistics Office, Census 2002, CSO, Cork.

Central Statistics Office, Quarterly National Household Survey Quarter 3 2004, CSO, Cork.

OECD (1998) Integrating Distressed Urban Areas, OECD, Paris.

Enterprise Strategy Group (2004) Ahead of the Curve, Department of Enterprise, Trade and Employment, Dublin

South East Employment Development Strategy (2004) Entrepreneurship, Employability, Adaptability and Equal Opportunity,