

3 Labour Market and Skills Context

3.1 Introduction

Similar to the previous chapter, this chapter's primary purpose is as a 'scene setter' for the skill demand chapter next. It covers:

- North-South and all-island total employment trends and international comparisons of recent employment growth;
- trends in working-age employment rates, unemployment and rates of economic inactivity;
- North-South and all-island trends in the highest education attainment/qualification level of the working-age population (based on the ISCED classification framework used in the OECD 'Education at a glance' reports) and international comparisons of skill levels;
- North-South comparisons of wages by sector and starting graduate salaries;
- North-South and international comparisons of PISA scores for reading, maths and science; and
- comparison of the most recent highest educational attainment and destinations of school leavers (the data only part-matches so aggregated all-island data are not presented on this).

3.2 All-Island Facts

As expected given the impressive growth record described in the previous chapter, the all-island economy has also registered some notable labour market success. Employment levels have risen North and South and despite strong growth in working-age population, partly fuelled by migration, the all-island working-age employment rate has been rising and is approaching the Lisbon Agenda target rate. Unemployment has also fallen sharply though has recently risen. Much credit for this success must go to the improving skills profile of the Island's working-age population. The number and share of university qualified persons has risen rapidly. Upskilling has two effects that boost employment levels. First on the demand-side, upskilling attracts FDI and is correlated with higher entrepreneurial activity as explained in the introduction chapter. Secondly, on the supply-side upskilling at all levels increases participation in the labour market.

Economic Activity Status

- 2.9m persons in employment in 2007, up from 2.0m in 1996.
- Recent rate of employment growth faster than all international comparators – more than three times the rate of employment growth in the UK.
- Just under three-quarters of all-island jobs are in the South in 2007 (2.1m).
- Working-age employment rate of 68 per cent in 2007, close to the Lisbon Agenda 2010 target of 70 per cent.
- Unemployment rate halved from 8.0 per cent in 1996 to 4.3 per cent in Q2 2007. 126,000 persons were unemployed based on ILO definition in Q2 2007 though unemployment has increased sharply in 2008 in the South according to the monthly live register (QNHS) and to a lesser extent in the North in terms of claimant count data (NI).
- The number of economically inactive working-age persons was 1.1m in 2007 or 28 per cent of working-age population. Although the all-island inactivity rate has fallen, the stock has changed little since the mid 1990s (1.1m in 1996.)

Skills Stock

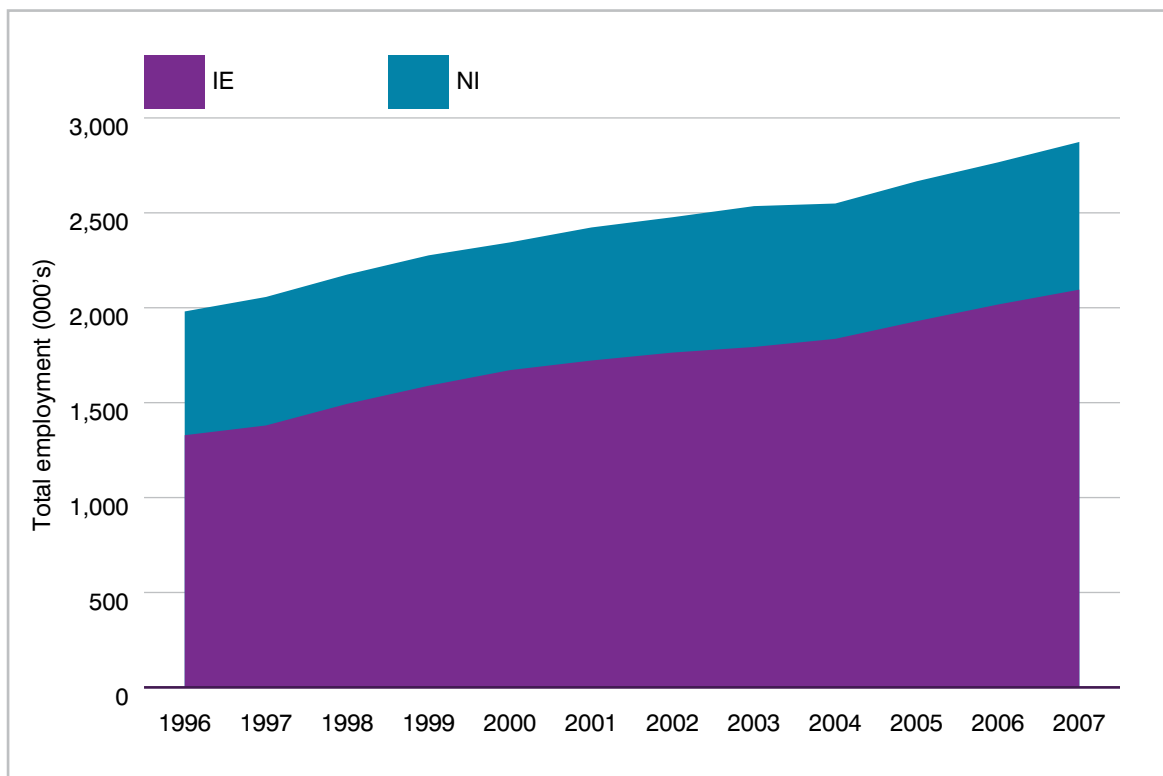
- Current working-age skills stock – 1.3m with low qualifications (31 per cent), 1.7m with medium qualifications (42 per cent) and 1.1m with higher qualifications (27 per cent).
- Share of working-age with low qualifications has fallen from 40 per cent in 1999 (1.4m).
- Share of working-age with third level qualifications is up from 18 per cent in 1999 (0.6m).
- In international terms the Island has a high share of working-age persons with low qualifications and a low – but significantly improving – share of third level qualified working-age persons.
- The Island's skill structure (share of third level qualified working-age persons) is improving faster than each of the international comparators presented in the report and qualifications amongst the Island's young working-age are on a par with international comparators.

3.3 Labour Market Trends

3.3.1 Employment

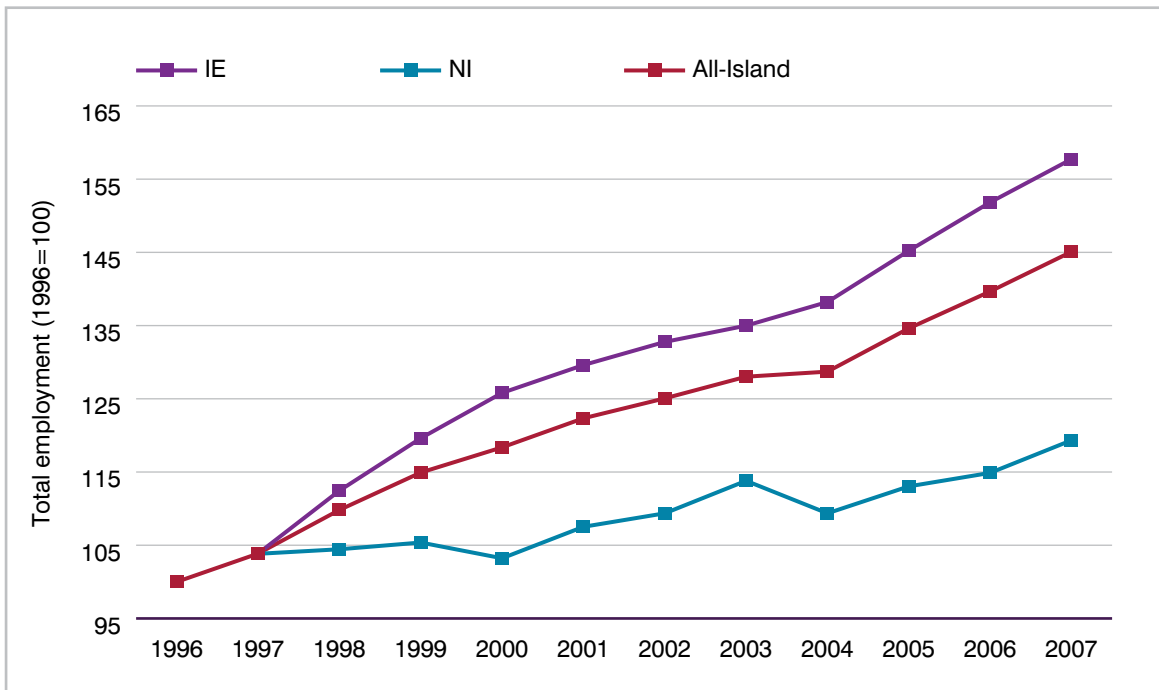
Both economies North and South have registered impressive rates of employment growth over the last decade (Figure 3.1). The number of persons employed in NI has grown by 19 per cent between 1996 and 2007 (Figure 3.2) according to the LFS (over 125,000 net additional people in work). The rate of employment growth in the South has been even more impressive (Figure 3.2) and not surprising given the 'tiger' rates of economic growth in the mid to late-90s presented in the economic context analysis. The number of persons employed in the South has increased by over 55 per cent between 1996 and 2007, equivalent to almost 770,000 more people in work on a net basis. Overall total all-island employment has increased from 2.0m in 1996 to 2.9m in 2007 (Figure 3.1). As a result of faster employment growth in the South, its share of total all-island employment has risen from two-thirds in the mid-1990s to just below three-quarters in the latest year's data (Figure 3.3).

Figure 3.1: All-Island total employment trends (absolute numbers)



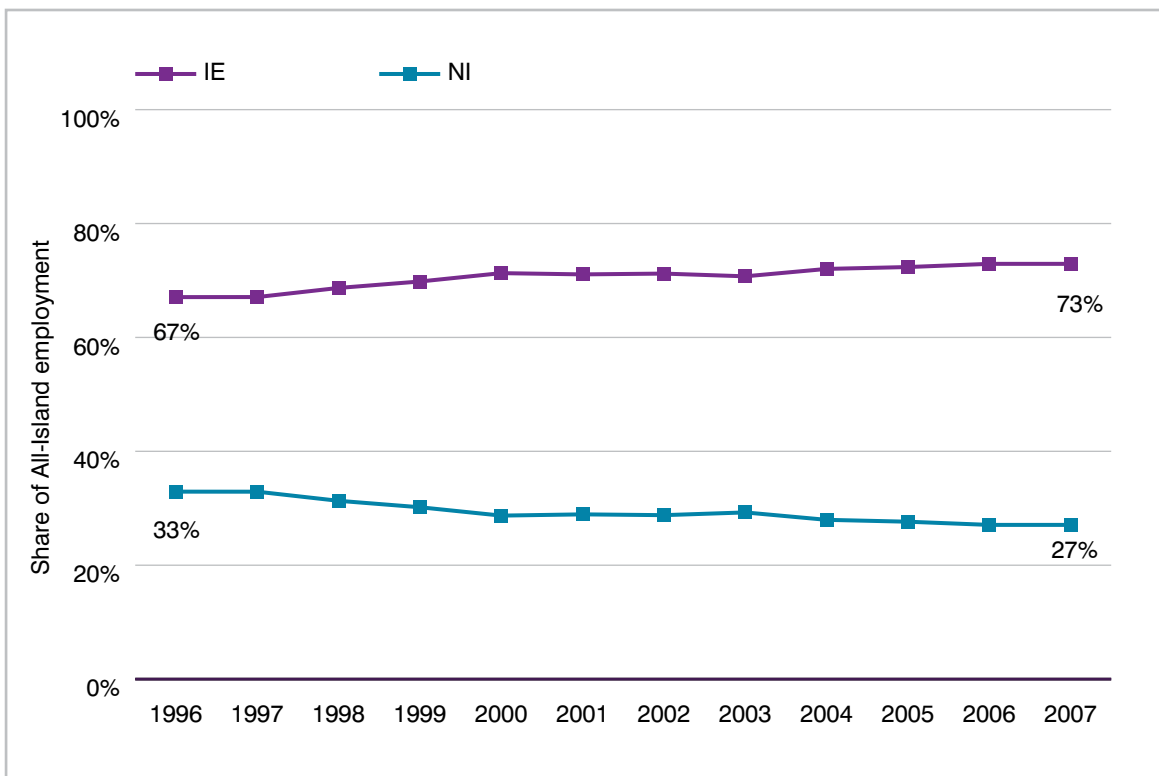
Source: CSO QNHS and DETI LFS.

Figure 3.2: All-Island total employment trends (index 1996=100)



Source: CSO QNHS and DETI LFS.

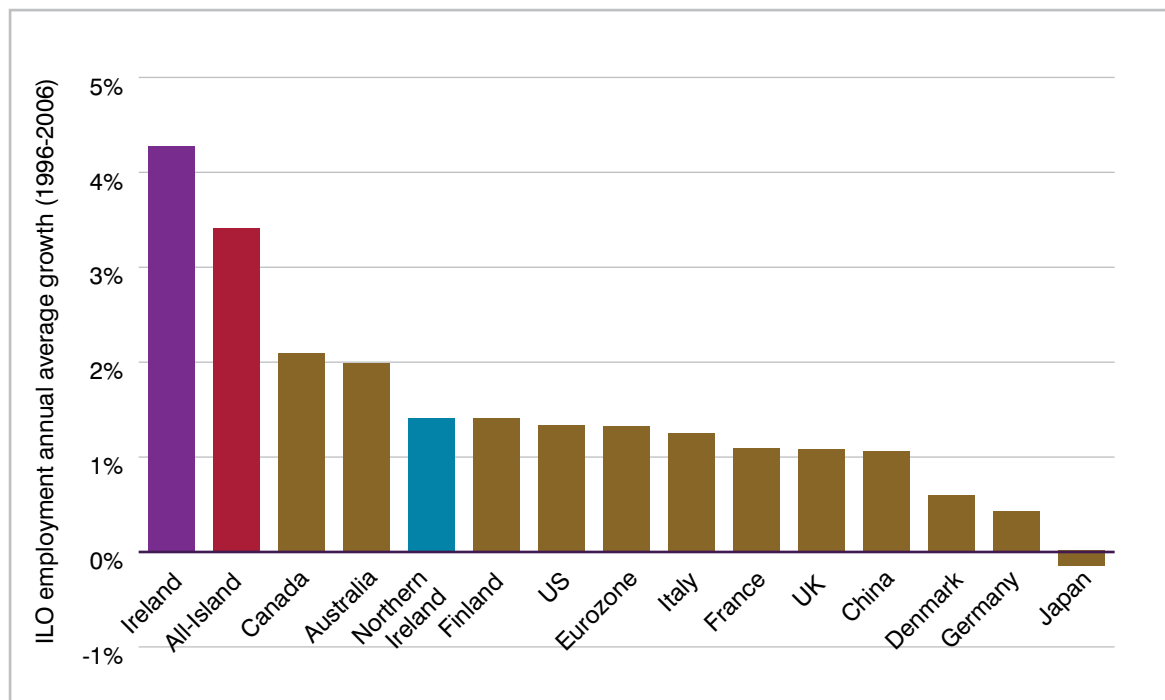
Figure 3.3: All-Island total employment trends (share of All-Island total)



Source: CSO QNHS and DETI LFS.

Internationally the all-island economy's employment growth performance, very much like its economic growth performance, has been amongst the highest of the selected choice of industrialised and emerging economies (Figure 3.4). NI's recent employment record, while somewhat overshadowed by that in the South, is nevertheless still more impressive than several other of the major European economies such as France and Germany.

Figure 3.4: International comparison of recent employment growth 1996-2006

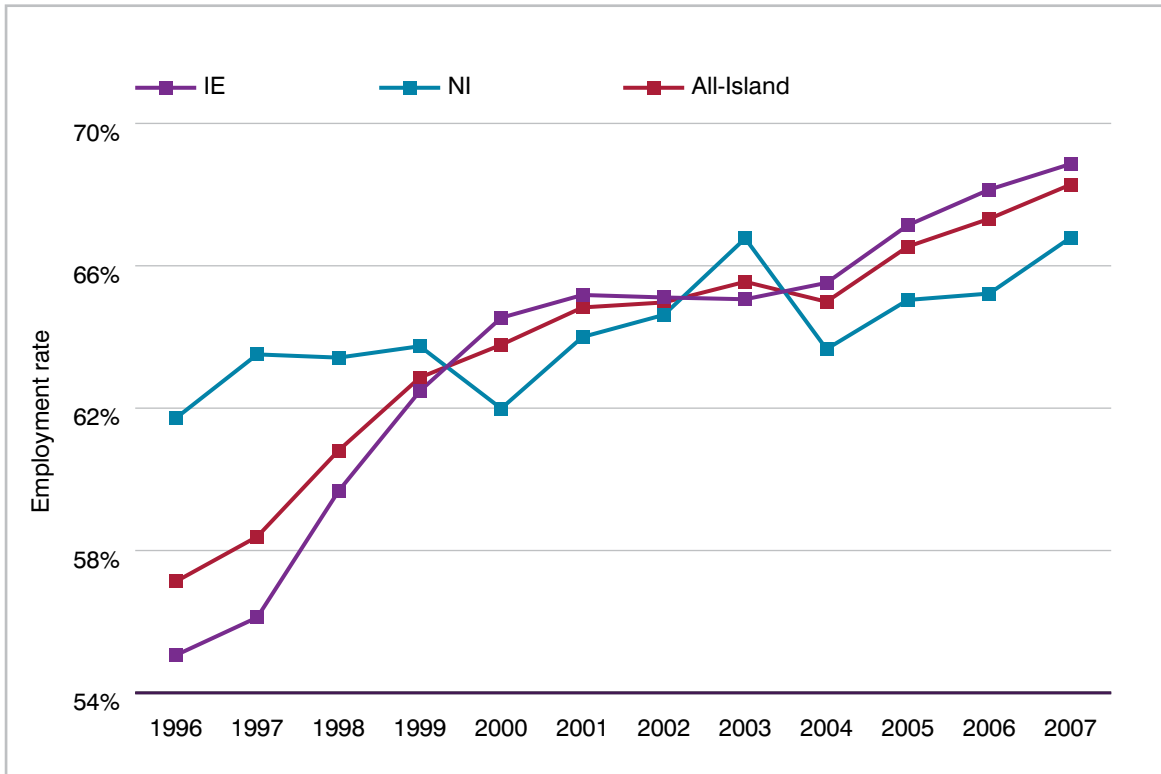


Source: CSO QNHS, DETI LFS and Haver Analytics.

Despite growing working-age populations, partly fuelled by migration, both the North and the South economies have created sufficient new jobs to get people into employment at a faster rate than the growth in working-age population. This has meant employment rates have risen across both jurisdictions and by implication for the all-island economy as a whole (Figure 3.5).

The uplift has been more striking for the South though it did start from a lower employment rate in the mid-1990s before rising above NI in 2004 (Figure 3.5). The all-island employment rate is now moving towards 70 per cent – the Lisbon Agenda target for 2010, which is significantly higher than countries such as Italy and Australia. Rising education attainment has helped here as rates of participation are positively correlated with attainment. Meeting the Lisbon Agenda target in the coming years will however depend on the extent and duration of the economic slowdown and the extent to which migrants may either remain, return home or move elsewhere. Migrants are a sizeable element of the employment rate denominator and if a large majority became unemployed and remained in the South and the North (or if non-migrant workers became unemployed), employment rates could fall in the short-term as there would be fewer jobs (numerator) for the same working-age population (denominator).

Figure 3.5: All-Island working-age employment rate trends 1996-2007



Source: CSO QNHS, DETI LFS and Oxford Economics.

Note: Working-age employment rate equal to working-age persons in employment divided by working-age population. Based on Eurostat working-age definition (15-64 male and female) for both jurisdictions. Annual data refers to Q2 for Ireland and spring for NI.

Table 3.1: International comparison of working-age employment rate trends

	1996	2007	Change pp
Australia	58%	62%	3.8
Denmark	74%	77%	3.3
Eurozone	58%	66%	7.5
Finland	62%	70%	7.9
France	60%	65%	5.1
Germany	64%	69%	5.3
Italy	51%	59%	7.5
UK	69%	71%	2.3
US	73%	72%	-0.9
Ireland	55%	69%	13.8
Northern Ireland	62%	67%	5.1
All-Island	57%	68%	11.2

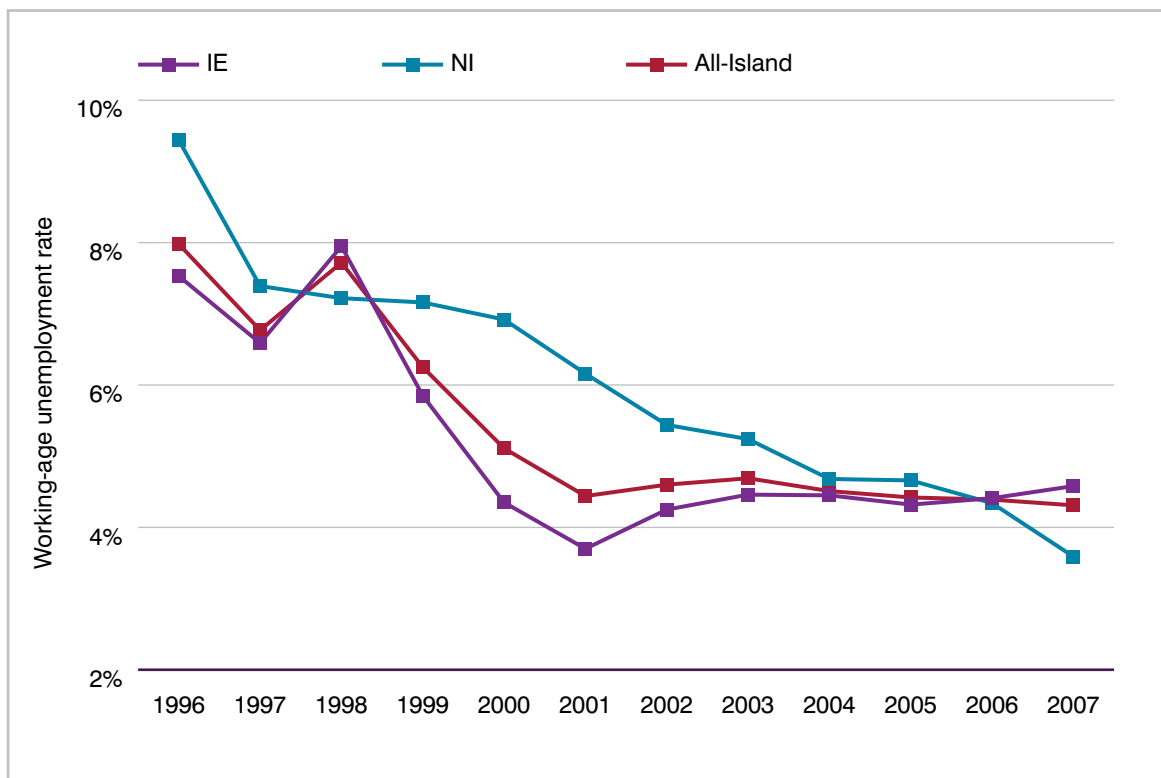
Source: CSO QNHS, DETI LFS and Eurostat.

Note: Working-age employment rate equal to working-age persons in employment divided by working-age population. Based on Eurostat working-age definition 15-64 male and female (including for Northern Ireland). US employment rate is for 2006.

3.3.2 Unemployment and Inactivity

The spill over of all-island economic growth has benefited not only in-coming migrants but also previously unemployed residents as evident by Figure 3.6 below. ILO unemployment rates North and likewise the South have followed a similar declining path and are now converging to historic low rates of less than 5 per cent. With only the UK, Japan and Denmark from the list of comparisons having an unemployment rate less than 4 per cent (Table 3.2), this relative ‘tightness’ in the labour market has important implications for future labour supply and wage inflation and helps somewhat to explain the skills and labour shortage issues identified in the next chapter.

Figure 3.6: All-Island ILO unemployment rate trends 1996-2007

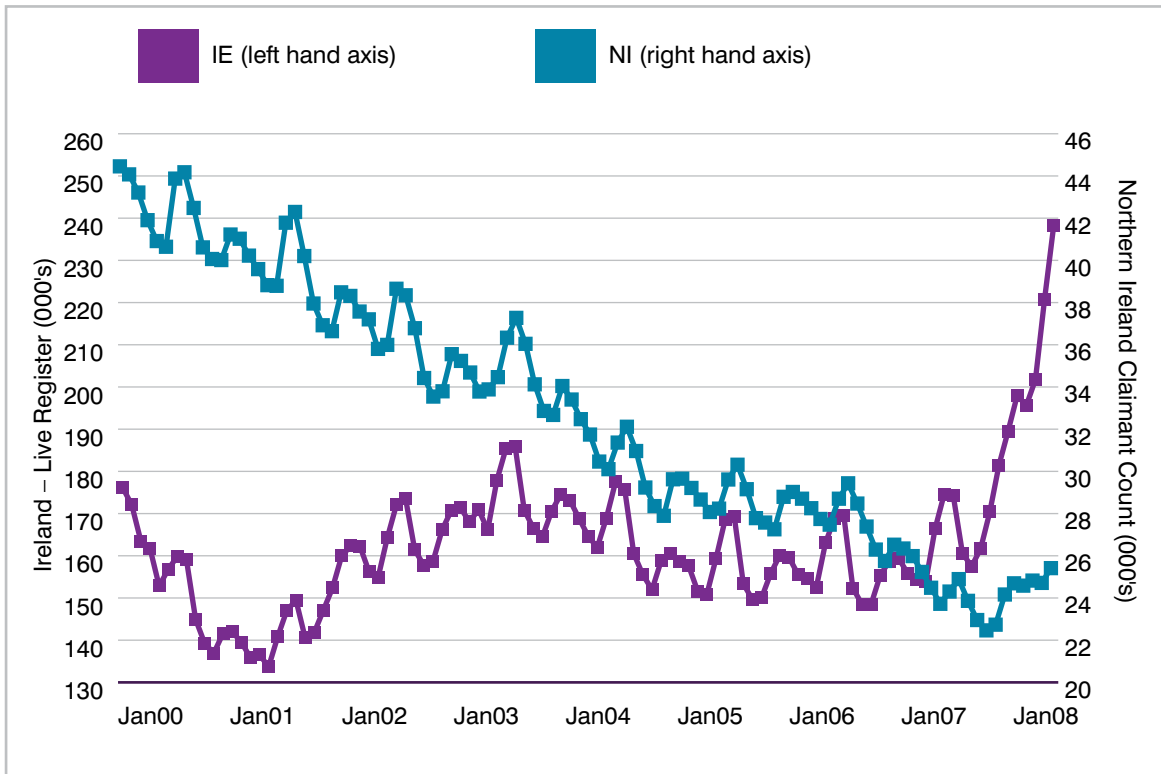


Source: CSO QNHS and DETI LFS.

Note: Working-age ILO unemployed divided by working-age economically active. ILO definition of unemployment – all persons above a specified age who during the reference period were: without work, that is, were not in paid employment or self employment during the reference period; currently available for work, that is, were available for paid employment or self-employment during the reference period; and seeking work, that is, had taken specific steps in a specified recent period to seek paid employment or self-employment. Based on Eurostat working-age definition (15-64 male and female) for both jurisdictions. Annual data refers to Q2 for Ireland and spring for NI.

The long-term trend of declining all-island unemployment has however reversed since the turn of 2008 in response to weakening economic conditions, in particular job losses in construction (Figure 3.7). The number claiming jobseekers' and other allowances in the South jumped by half in the space of just seven months, from 160,000 to 240,000, according to the live register. Note the live register⁵ is not the official definition of unemployment in the South – the QNHS ILO unemployed figure is. While not as marked, the number claiming jobseekers' benefits in NI has risen by 3,000, up from 22,000 in November 2007.

Figure 3.7: All-Island recent unemployment trends (live register and claimant count)



Source: CSO and NOMIS.

Note: The live register is not designed to measure unemployment in the South. Unemployment in Ireland is measured by the QNHS.

⁵ The live register includes part-time, seasonal and casual workers entitled to Jobseekers Benefit or Allowances.

Table 3.2: International comparison of ILO unemployment rate trends

	1996	2007	Change pp
Australia	8.2%	4.4%	-3.9
Canada	9.6%	6.0%	-3.6
China	3.0%	4.0%	1.0
Denmark	8.9%	2.8%	-6.1
Eurozone	10.6%	7.4%	-3.2
Finland	14.6%	6.9%	-7.7
France	10.6%	7.9%	-2.6
Germany	10.4%	9.0%	-1.4
Italy	11.2%	6.2%	-5.0
Japan	3.4%	3.9%	0.5
UK	6.9%	2.7%	-4.2
US	5.4%	4.6%	-0.8
Ireland	7.5%	4.6%	-3.0
Northern Ireland	9.4%	3.6%	-5.9
All-Island	8.0%	4.3%	-3.7

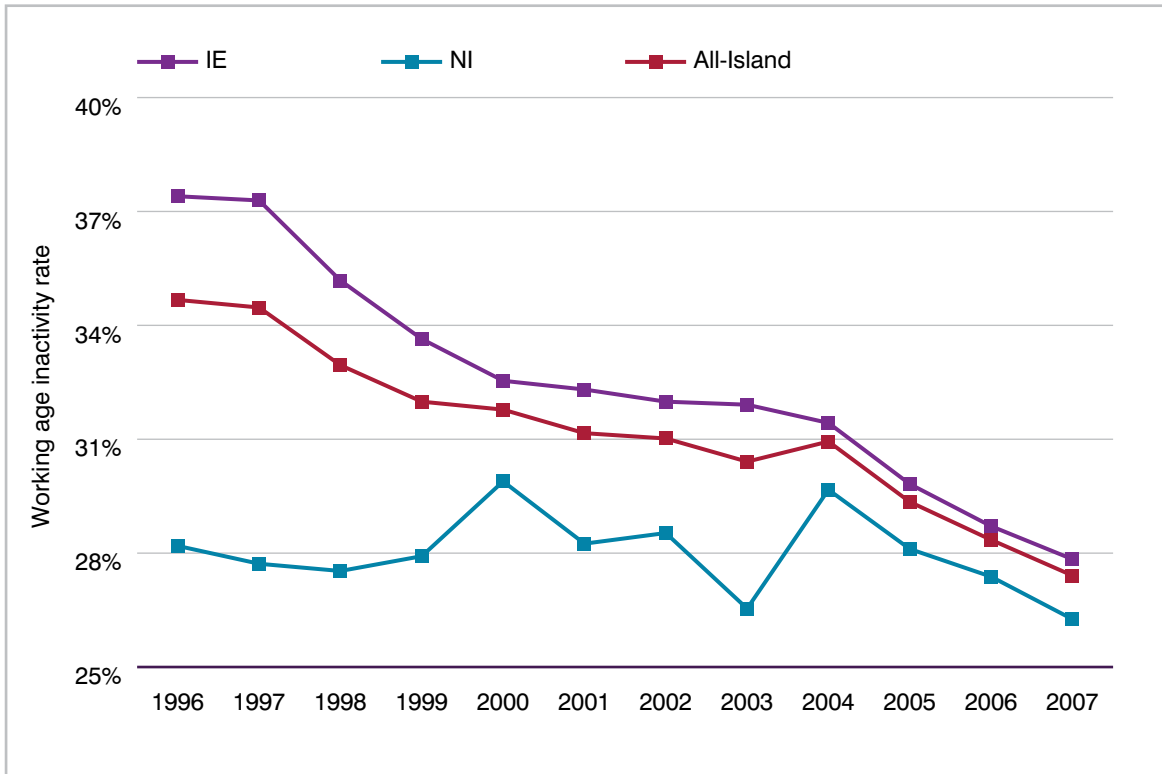
Source: CSO QNHS, DETI LFS and Haver Analytics.

Note: Working-age ILO unemployed divided by working-age economically active. Based on Eurostat working-age definition 15-64 male and female (including for Northern Ireland).

The one important difference in labour market trends between the North and the South has been the trends in rates of economic inactivity. The South's economic inactivity rate, which in the mid-1990s was almost 10 per cent higher, has fallen sharply and is now just above the NI rate – although the number of inactive in the South has fallen by much less than the stock of unemployment. Despite NI's impressive employment creation record, its rate of economic inactivity has remained relatively unchanged (Figure 3.8).

This may be explained by 'benefit trap' issues and the financial trade off between working and earning and not working and living off benefits, which may have been exacerbated by the recent record house prices and rental costs. Analysis later in the report shows that wages are higher in the South when measured in a common currency, indicating a potential for greater financial reward from working in the South. In addition the divergent trends in manufacturing employment – the South's decline has been less severe- has potentially left NI with a larger pool of labour with skills that do match the needs of many of the new service economy jobs.

Figure 3.8: All-Island economic inactivity rate trends



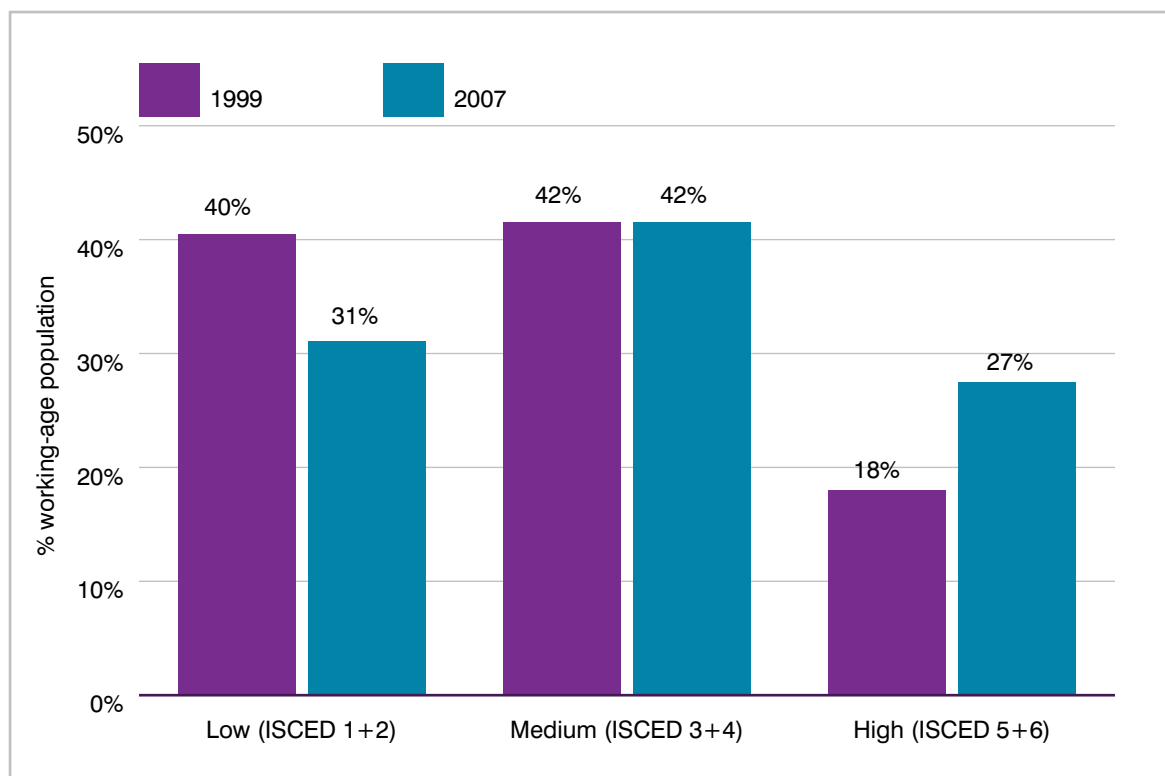
Source: CSO QNHS and DETI LFS.

Note: Working-age economically inactive divided by working-age population. NI inactivity rate based on official definition of working-age population (male 16-64; female 16-59). Including inactive females aged 60-64 for would, in the authors' view, over-estimate economic inactivity in NI. Annual data refers to Q2 for Ireland and spring for NI.

3.4 Skills Profile of Working-Age Population

As set out in the introduction, it has been possible to align QNHS and LFS education/qualification categories into the internationally recognised and comparable ISCED categories devised by UNESCO and used in the OECD 'Education at a Glance' reports. North-South and aggregated all-island skill profiles are presented next for the working-age population and in the next chapter for persons in employment. Figure 3.9 provides a summary of recent trends which are commented on in more detail next.

Figure 3.9: All-Island working-age skill trends – share of total



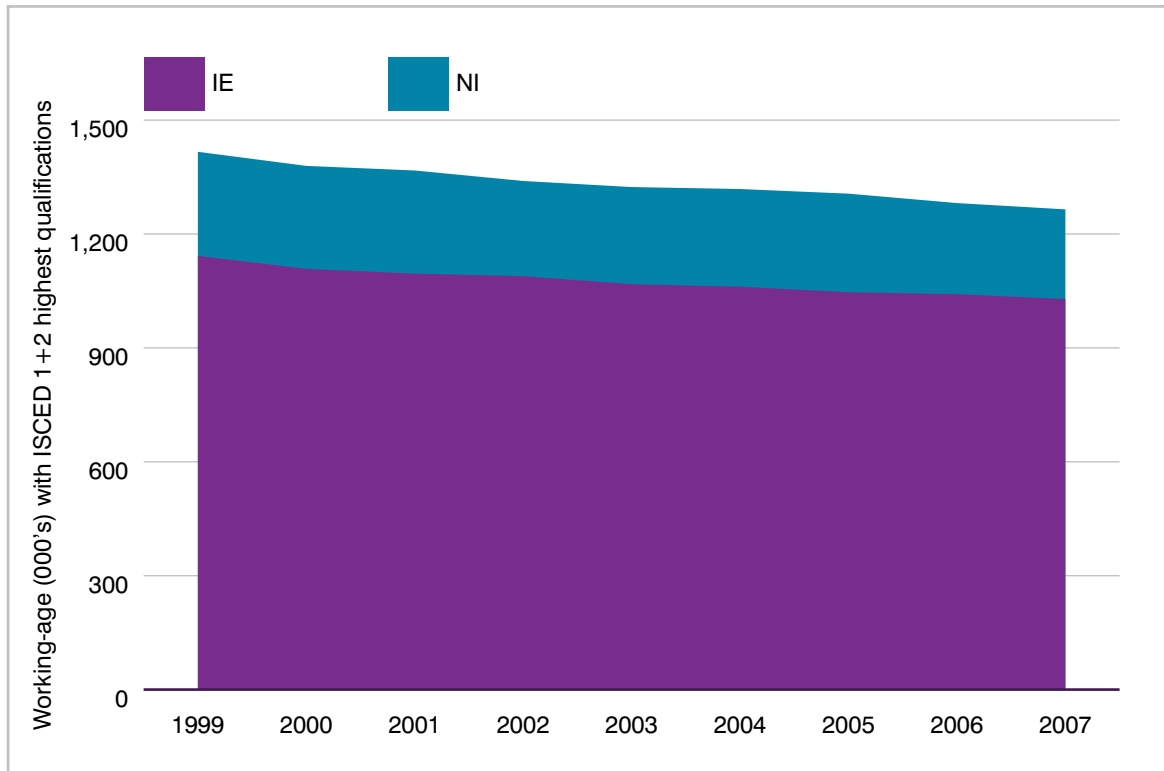
Source: CSO QNHS, DETI LFS and Oxford Economics.

Note: See Annex A for the approach to align of QNHS and LFS qualification/attainment levels to the UNESCO International Standard Classification of Education 1997 (ISCED 1997) and for the definition and description of ISCED categories. Annual data refers to Q2 for Ireland and spring for NI.

The number of working-age adults with low qualifications has fallen in absolute and share terms across both jurisdictions (Figure 3.10 and 3.11). The decline is even more dramatic when extending the analysis back further in time. This reflects the effect of older, poorly qualified age cohorts retiring and being replaced by a younger, better qualified cohort with rising rates of staying on at school and entering further and higher education.

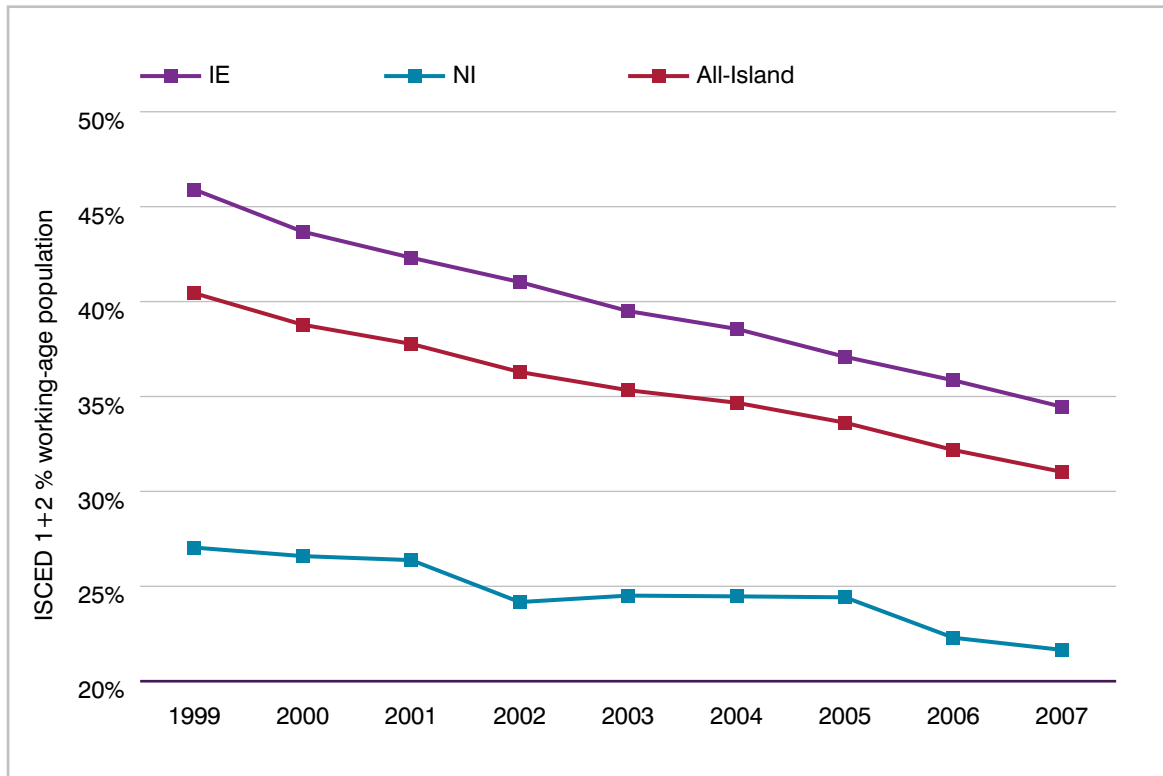
Despite this improvement, Ireland (and consequently all-island) still has a significantly higher share of working-age population with low qualifications compared to NI and international comparators (Table 3.9). Part of the reason for this dates back to Ireland's relatively late education expansion with for example, free post-primary education not being introduced to the late 1960s. One implication of this is that qualification levels among Ireland's older adult age cohorts are particularly low. For example just under half of the 60-64 population have no formal or primary education according to the QNHS Q2 2007.

Figure 3.10: All-Island working-age skill trends – low qualifications – absolute numbers



Source: CSO QNHS, DETI LFS and Oxford Economics.

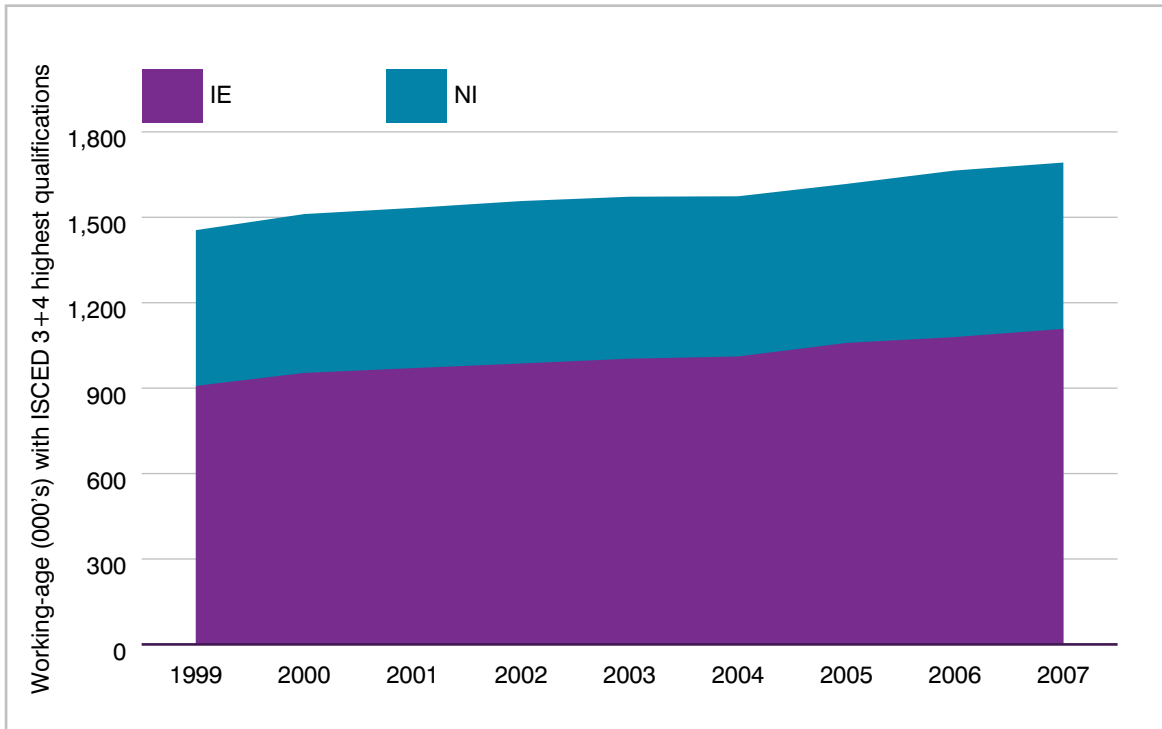
Figure 3.11: All-Island working-age skills trends – low qualifications – share of working-age population



Source: CSO QNHS, DETI LFS and Oxford Economics.

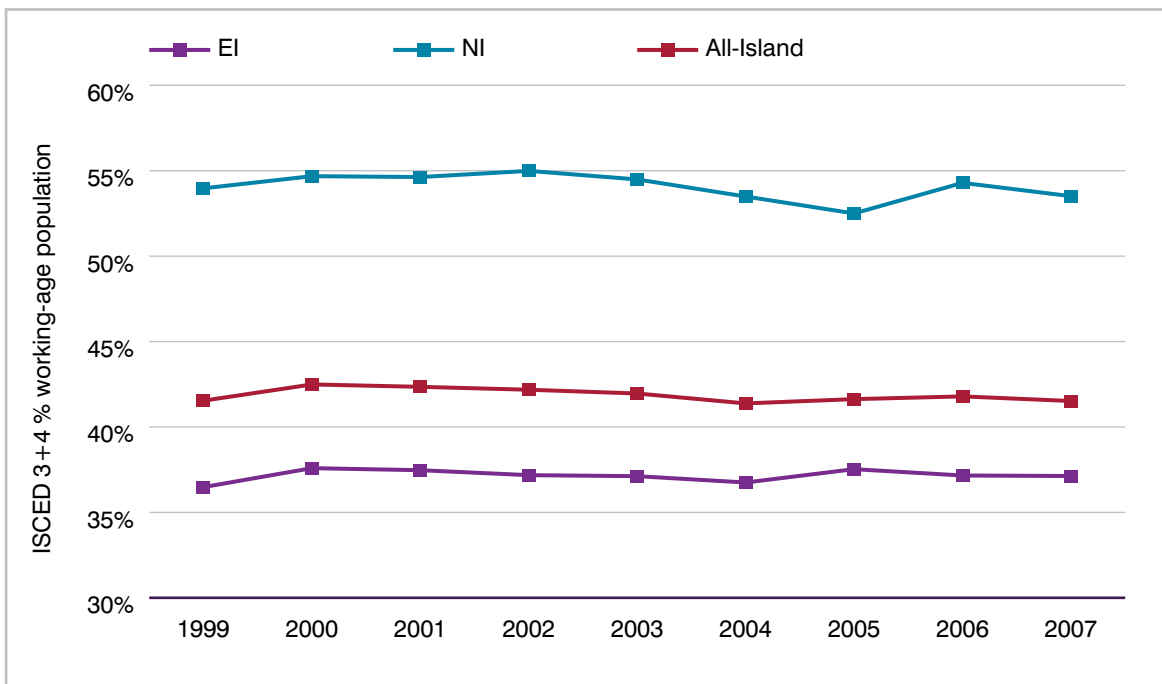
The share of working-age population with medium qualifications has remained relatively flat in both NI and Ireland (Figure 3.13). As the working-age population moves up the 'education hierarchy' more people move from having only primary or lower secondary qualifications into this category, while at the same time more school leavers increasingly go on to higher education and migrants arrive with university qualifications.

Figure 3.12: All-Island working-age skills trends – medium qualifications – absolute numbers



Source: CSO QNHS, DETI LFS and Oxford Economics.

Figure 3.13: All-Island working-age skills trends – medium qualifications – share of working-age population

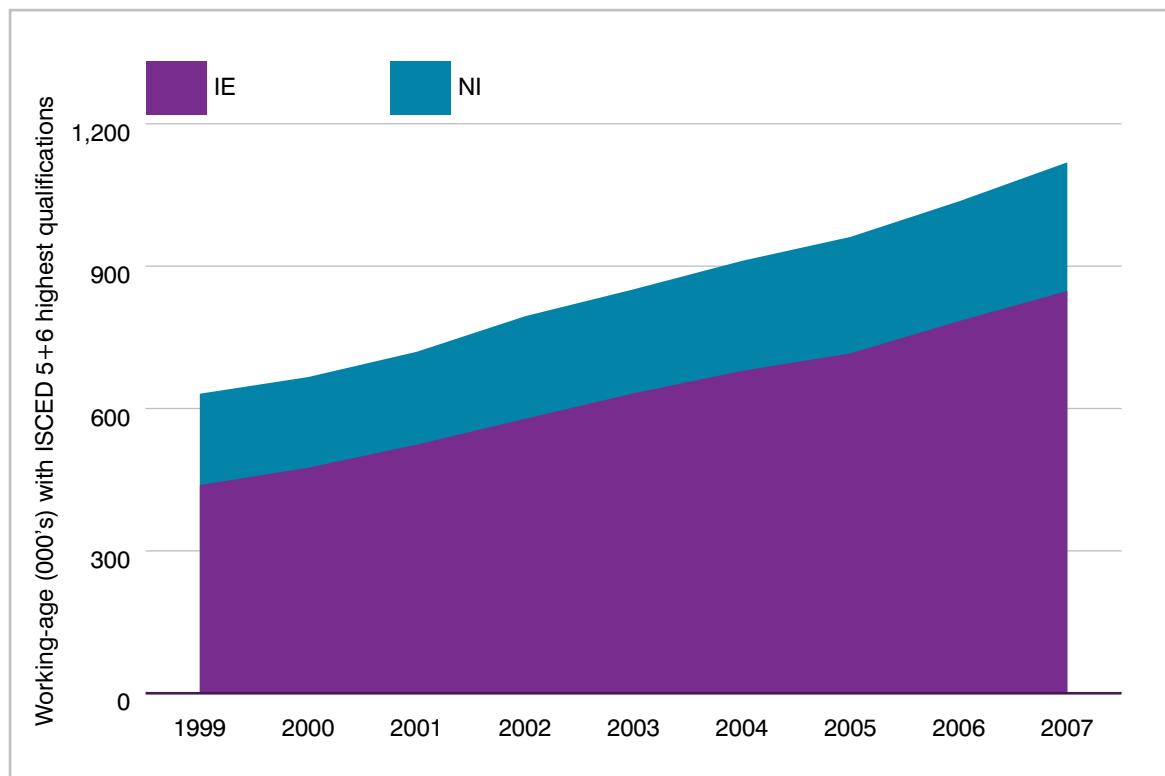


Source: CSO QNHS, DETI LFS and Oxford Economics.

The effect of (1) older, poorly qualified age cohorts retiring and (2) being replaced by a younger, better qualified cohort with rising rates of staying on at school, along with (3) expanded tertiary provision and (4) record numbers of migrants with many having third level qualifications, is a rapid rise in the share and number of working-age persons with third level qualifications. Both North and South’s share of university qualified working-age population has moved in parallel with NI now having 80,000 more higher qualified adults and Ireland 410,000 more since 1999 (Figure 3.14). The qualifications of migrants has also played an important role here.

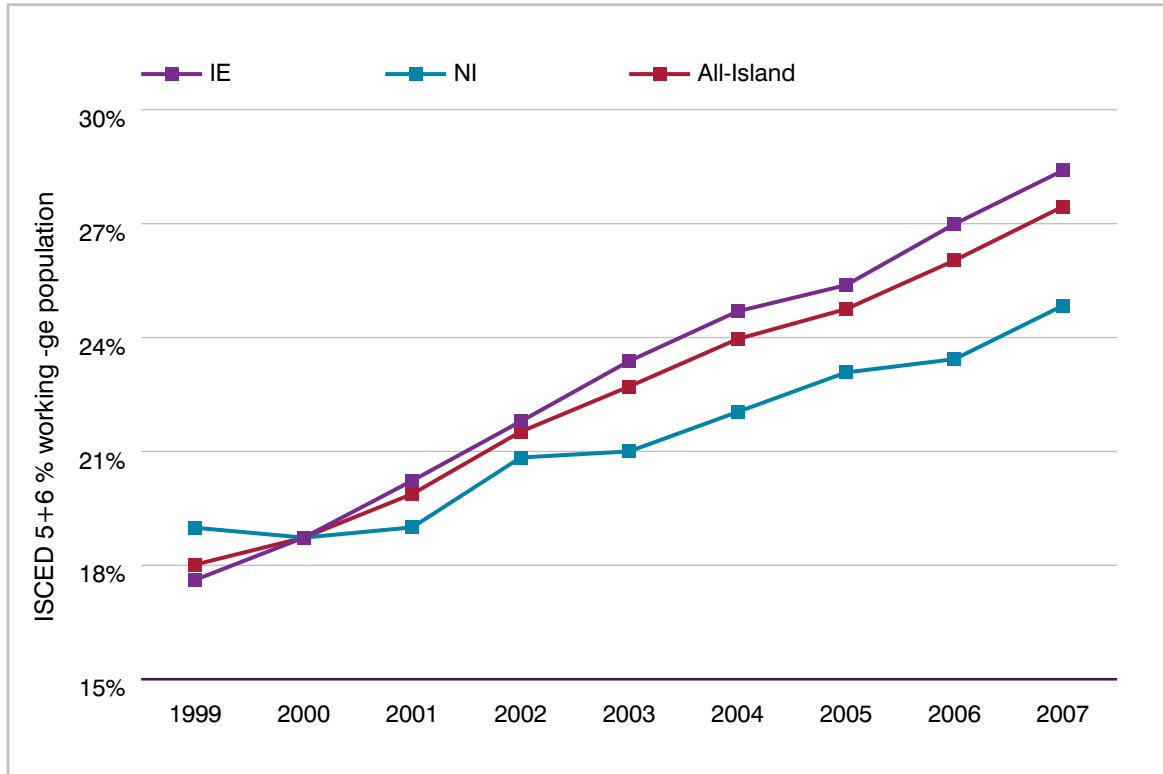
This expansion of third level qualified adults has been a critical factor behind the economic success in both jurisdictions and indeed a pre-requisite for the transition to a service-led knowledge-based economy. ‘Tomorrow’s Skills – Towards a National Skills Strategy’ describes how increases in labour quality (due to higher levels of education attainment) have been estimated to contribute almost one-fifth of total economic growth in Ireland during the ‘tiger’ economy years.

Figure 3.14: All-Island working-age skills trends – high qualifications – absolute numbers



Source: CSO QNHS, DETI LFS and Oxford Economics.

Figure 3.15: All-Island working-age skills trends – high qualifications – share of working-age population



Source: CSO QNHS, DETI LFS and Oxford Economics.

In an international context, Ireland and consequently the all-island economy, stand out as having high shares of their adult population with low qualifications (see Table 3.3 below). Ireland's share (35 per cent) is for example three times the US' share. At the higher end of the skills spectrum Ireland rates better (and has improved significantly) though the all-island economy as a whole still has some way to go before catching up with Canada, US and Japan in terms of the share of adults with higher qualifications.

Table 3.3: International comparison of adult 25-64 qualifications (2005)

	Low (ISCED 1+2)	Medium (ISCED 3+4)	High (ISCED 5+6)
Australia	35%	33%	32%
Canada	15%	39%	46%
Denmark	17%	49%	33%
Finland	21%	44%	35%
France	34%	41%	25%
Germany	17%	59%	25%
Italy	49%	38%	12%
Japan	0%	60%	40%
UK	14%	56%	30%
US	12%	49%	39%
Ireland	35%	36%	29%
Northern Ireland	26%	48%	26%
All-Island	33%	39%	28%

Source: Oxford Economics and OECD.

Note: Ireland figures are based on authors' estimates and are not taken directly from the OECD Education at a Glance report though the figures match closely.

Table 3.4: International comparison of change in adult 25-64 higher qualification level

	ISCED 5+6 (1999)	ISCED 5+6 (2005)	Change pp
Australia	30%	32%	1.6
Canada	43%	46%	3.2
Denmark	29%	33%	3.9
Finland	35%	35%	-0.1
France	24%	25%	0.6
Germany	26%	25%	-1.9
Italy	13%	12%	-0.4
Japan	33%	40%	6.5
UK	28%	30%	1.8
US	39%	39%	0.2
Ireland	20%	29%	8.7
Northern Ireland	21%	26%	4.9
All-Island	21%	28%	7.6

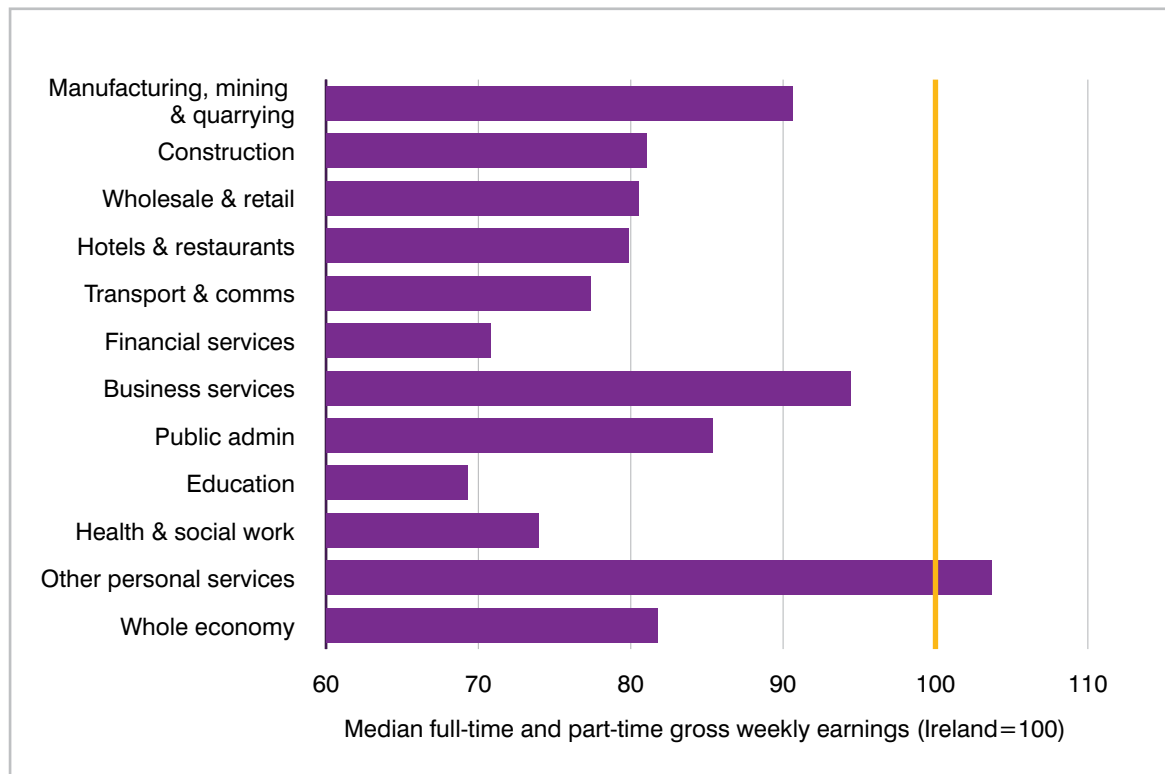
Source: Oxford Economics and OECD.

Note: See note for Table 3.3.

3.5 Earnings

North-South data on average full-time wages are available from the CSO National Employment Survey and DETI's ASHE for a comparable set of sectors. As Figure 3.16 shows, wage levels in the South are higher than NI across each sector when measured in a common currency, except for other personal services. The gap ranges from less than 10 per cent for manufacturing and business services to over 30 per cent in education. For the whole economy average, wages in NI are approximately 20 per cent lower. Note while part of the difference may be explained by differences in full/part-time working shares, it is also important to highlight that the cost of living in NI is generally considered to be lower. A recent report from the National Consumer Agency in the South revealed that a basket of goods is 30 per cent cheaper in Northern Ireland. It is also worth highlighting again that North-South monetary comparisons depend on the exchange rate at the time of comparison.

Figure 3.16: All-Island average wages by sector (2006, Ireland=100)



Source: CSO National Employment Survey, DETI ASHE and Oxford Economics.

Starting graduate wages, while still marginally lower in NI, are more comparable (Table 3.5). Note NI graduate salaries refer to graduates from NI institutions working in NI. One reason for NI's relatively high starting graduate wages is the large number of graduates entering employment in the civil service which tends to offer higher initial salaries than most other sectors. Again as a caveat comparisons are affected by prevailing exchange rates and differences in costs of living should be considered.

Table 3.5: All-Island graduate salaries (2005)

Ireland		Northern Ireland	
Level	Euro	Level	Euro
Certificate level 6	23,000		
National diploma level 7	24,000		
Bachelors degree level 8	26,000	Undergraduate	24,000
Graduate/postgraduate diploma level 9	29,000	Postgraduate	28,000
Masters degree – taught level 9	27,000	Masters	27,000
Masters degree – research level 9	29,000		
Doctorate level 10	33,000	PhD	34,000

Source: HEA 'What do graduates do? Class of 2005', HESA and Oxford Economics.

Note: NI salaries converted to Euro using ECB average year exchange rate for 2005. Ireland graduate salary data calculated as weighted average from salary band mid-points and frequency shares and rounded to the nearest thousand. HEA Graduate Survey undertaken 9 months after graduation; HESA First Destination Leaver Survey undertaken 6 months after graduation. This is not considered by the authors to pose a serious data matching problem as a high proportion of pay rises are unlikely between months 6 and 9 of the first year of graduate employment.

3.6 Education Qualifications and Destinations

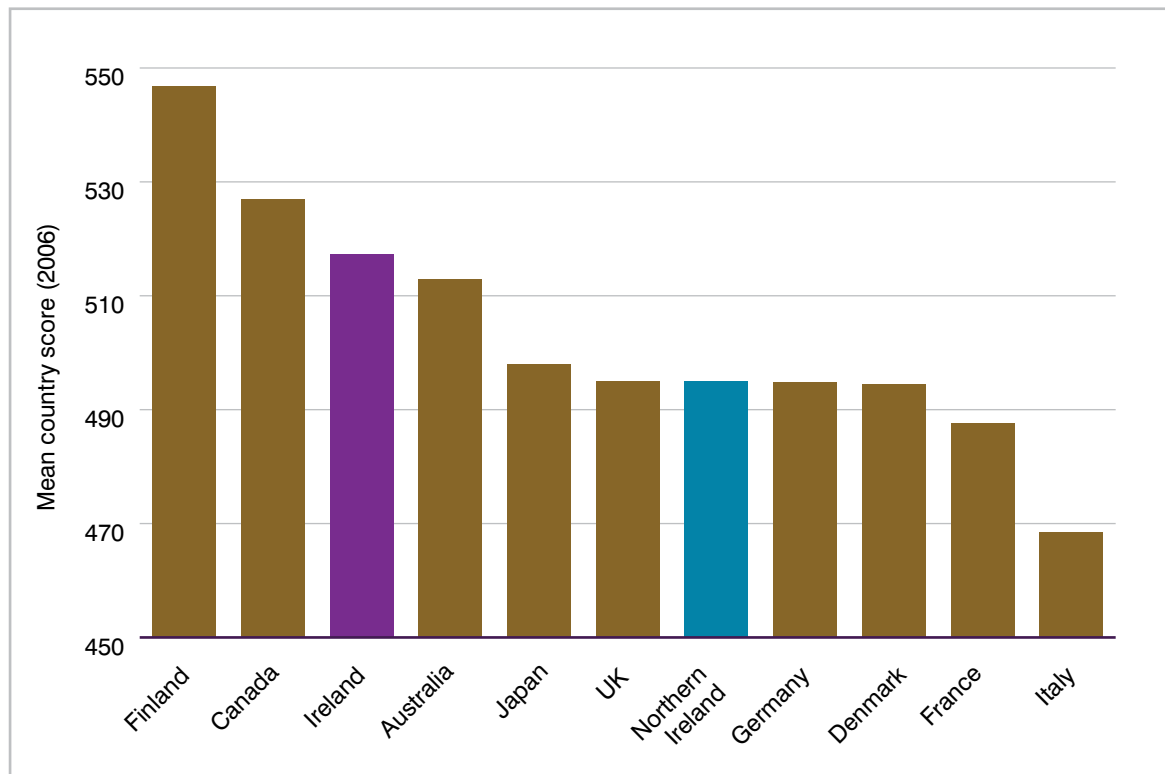
3.6.1 PISA Assessment⁶

The most recent PISA survey was undertaken in 2006 across OECD member and a selection of non-member countries (the next survey is due to be undertaken in 2009). Both Ireland and NI (part of the UK survey) were covered by the 2006 PISA survey.

Generally 15-year olds in the South slightly outperform students in NI with the South performing particularly strongly in reading (Figure 3.17). However it should be borne in mind that due to sample sizes, not all differences are statistically significant such as the difference in between NI's and Ireland's mathematics scores. Canada and Finland perform well above the OECD average across all domains.

It should also be noted within country mean scores there can be wide disparities in attainment. For example for science, as well as high achievers, NI has a substantial 'tail' of low-scoring students whereas in the South, the spread of attainment was much narrower and was close to the average for OECD countries.

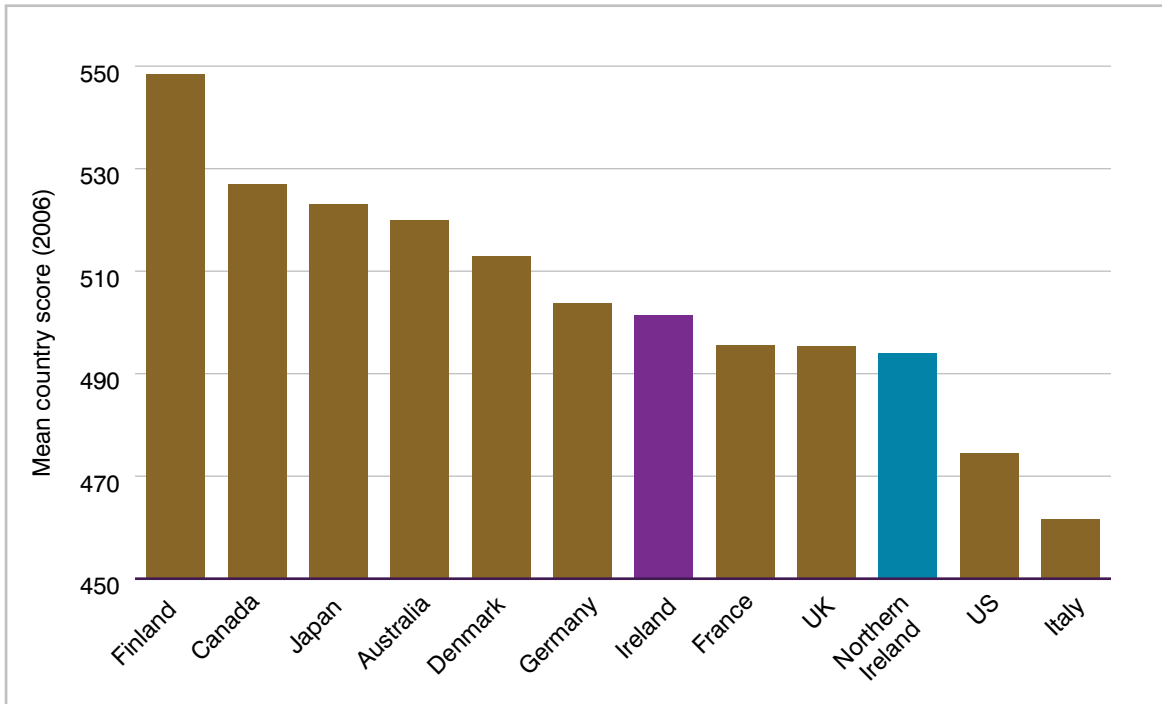
Figure 3.17: PISA mean score – Reading (2006)



Source: OECD PISA.

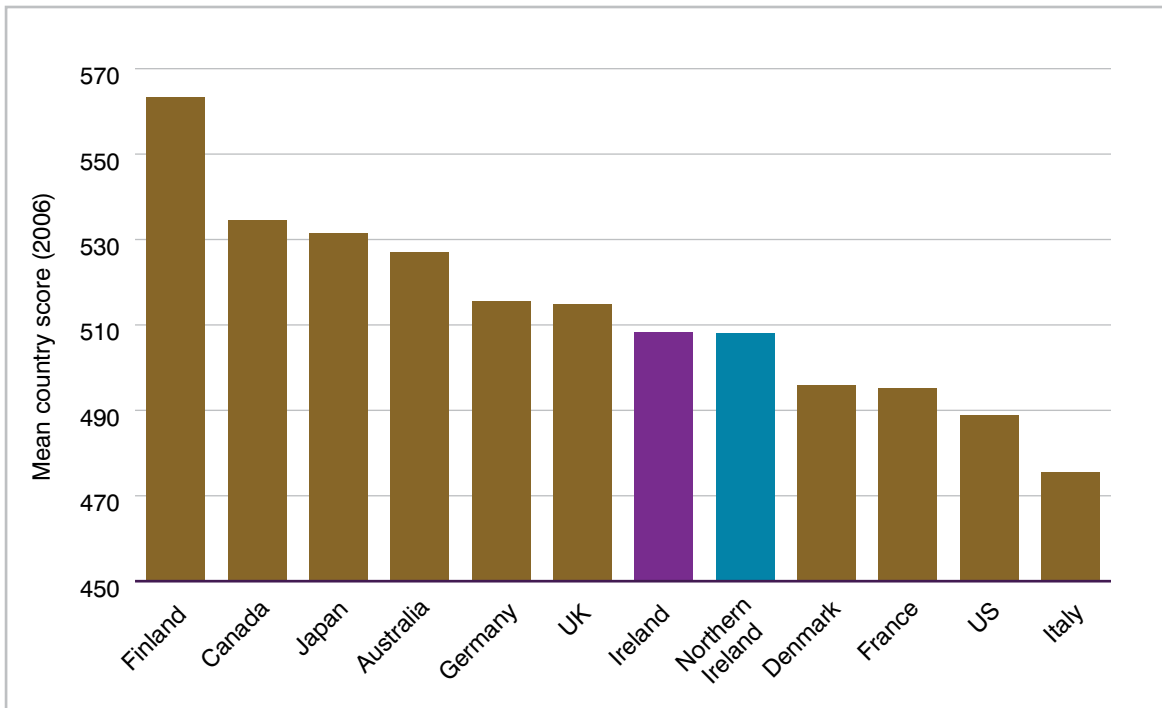
⁶ The Programme for International Student Assessment (PISA) is an internationally standardised assessment that was jointly developed by participating countries. It is administered to 15-year-olds in schools every three years. PISA assesses the degree to which students near the end of compulsory education have the skills needed for society in terms of how well equipped they are to analyse, reason and communicate effectively and their capacity to continue learning throughout life. Students are assessed on their competence to address real life challenges involving reading, mathematical and scientific literacy. This aim differentiates PISA from other student assessments which measure their mastery of school subjects.

Figure 3.18: PISA mean score – Maths (2006)



Source: OECD PISA.

Figure 3.19: PISA mean score – Science (2006)



Source: OECD PISA.

3.6.2 School Leaver Qualifications and Destinations⁷

Though useful to present, it is important to note that North-South levels of highest education attainment are not directly comparable due to differences in the education systems. While the shares obtaining no qualifications or no GCSEs are almost identical, the shares sitting the Leaving Cert and A-Levels are quite different (Table 3.6)⁸. Note there have been significant improvements in school leaver qualifications over time. For example in NI the share of leavers gaining more than 3 A-Levels has increased from 23 per cent in 1992 to 40 per cent in 2006.

Table 3.6: Highest education attainment of school leavers (2005)

Ireland		Northern Ireland	
Education attainment level	% total	Education attainment level	% total
No qualifications	4%	No GCSEs	5%
Junior Certificate	14%	GCSEs	49%
		1-4 GCSE A*-G or equivalent	9%
		5+ GCSE A*-G or equivalent	40%
Leaving Certificate (including plus PLC)	82%	A-Level	46%
		1 A-Level	2%
		2 A-Levels or equivalent	5%
		3+ A-Levels or equivalent	39%

Source: ESRI School Leavers' Survey and DENI Annual School Leavers' Survey.

Note: North-South education attainment levels are not wholly comparable at the level of detail provided.

Destination data also have a significant comparability issue in relation to the timing of school leaver surveys. The school leaver survey in Ireland is normally undertaken 12-18 months after students leave school (though the most recent one was undertaken 20-24 months after). The NI school leaver survey is undertaken 6 months after students leave. It is critical to bear this timing difference in mind when interpreting the Table 3.7 below. NI data are more likely to indicate initial destination on leaving school as it takes place soon after the start of the academic year following leaving. The data from Ireland capture longer-term destinations. For example those who entered training or further education after leaving school but have subsequently started a job will be recorded as being in work. This may explain why the surveys show that Ireland records a higher share of leavers in employment.

⁷ The Department of Education collects data annually on the highest qualification and destination of Northern Ireland grammar and secondary school leavers. In addition to the qualifications and destination data, other information such as year group, sex, ethnicity, religion, free school meal entitlement, special educational needs and the pupil's home postcode are also collected.

ESRI, on behalf of the Department of Education and Science, also undertakes a similar school leaver survey. The survey, which includes the Post Leaving Certificate (PLC) sector, provides an insight into the position, experiences, and attitudes of school leavers approximately one year after leaving second-level education.

⁸ This is partly because the NI grammar school system caters for only two-fifths of the school population (where most students study for A-Levels and have aspirations for higher education). In Ireland secondary schools cater for a much higher share of the school population which means that a higher proportion of students sit the Leaving Cert, which is the main entry examination test for proceeding to higher education.

The share of school leavers going on to higher education in both jurisdictions is broadly the same at approximately 40 per cent. Note this figure is different to the official higher education age participation rate figures which are calculated on different bases and are not directly comparable North and South⁹.

Table 3.7: Destination of school leavers (2005)

Ireland		Northern Ireland	
Destination	% total	Destination	% total
Further study	42%	Further study	38%
		Higher education institutions	
		Further education institutions (including HE courses)	
Employment	42%	Employment	10%
Unemployment	7%	Unemployment	4%
Training	4%	Training	18%
Other	6%	Unknown	2%

Source: ESRI School Leavers' Survey Report and DENI Annual School Leavers' Survey.

Note: Although North-South destinations are broadly comparable, the difference in timing of the respective surveys mean that destination results are not directly comparable.

3.7 Summary

The key skills and labour market points to note on the all-island economy from this chapter can be summarised as:

- All-Island employment has grown at an impressive rate over the last decade with 0.9m more in employment in 2007 compared to 1996;
- Even with strong expansion in the size of the Island's working-age population, the working-age employment has risen and is moving towards the Lisbon Agenda goal of 70 per cent before the 2010 target date;
- With strong employment growth, the all-island unemployment rate has halved from 8.0 per cent in 1996 to 4.3 per cent in 2007. However, there has been a very noticeable increase in the live register in the South and the claimant count in NI in the first of 2008;
- The Island's working-age skills structure has improved markedly with a fall in the share with lower level qualifications and a sharp rise in the share with higher level qualifications;

⁹ For the South Higher Education participation rates are calculated using the number of students entering Leaving Certificate examinations as the denominator. In the North the official Higher Education participation rate reflects the number of young people from NI (aged under 21) entering full-time undergraduate higher education as a percentage of the NI 18 year-old population. It should be noted that Table 3.7 uses all school leavers as the denominator, which include school leavers at earlier stages of education.

- Despite these improvements, the Island's skills structure still lags behind international comparators, but it is catching up; and
- Wage levels are higher in the South though differences in the cost of living and volatility of exchange rates complicates direct comparisons.

The analysis has also highlighted some key similarities and differences between the North and South economies. These are presented below.

North-South similarities/differences in employment trends, economic activity status, working-age skills and education

North-South similarities	North-South differences
<ul style="list-style-type: none"> ■ Both economies have experienced impressive rates of employment growth (although growth in the South, as for GDP growth, has been noticeably faster). ■ North-South employment rates moving towards 70 per cent (Lisbon Agenda 2010 target), though NI has a slightly lower employment rate. ■ Unemployment rates falling though recently rising. ■ Similar trends in skill levels of the working-age population – falling proportion with low qualifications and rising proportion with high qualifications. ■ Scores for PISA assessment of mathematics and science similar (not statistically different). 	<ul style="list-style-type: none"> ■ The South's inactivity rate has fallen sharply but there has been little or no improvement in NI's economic inactivity rate despite impressive employment growth (the South's inactivity rate however is still slightly higher). ■ The South has a particularly high share of working-age population with low qualifications, which is partly a legacy impact of the late introduction of free post-primary education. ■ The South scores better for PISA assessment of reading. ■ Earnings are higher in the South across most sectors (though cost of living and exchange rate caveats).