

Employment Services Market Share 2008

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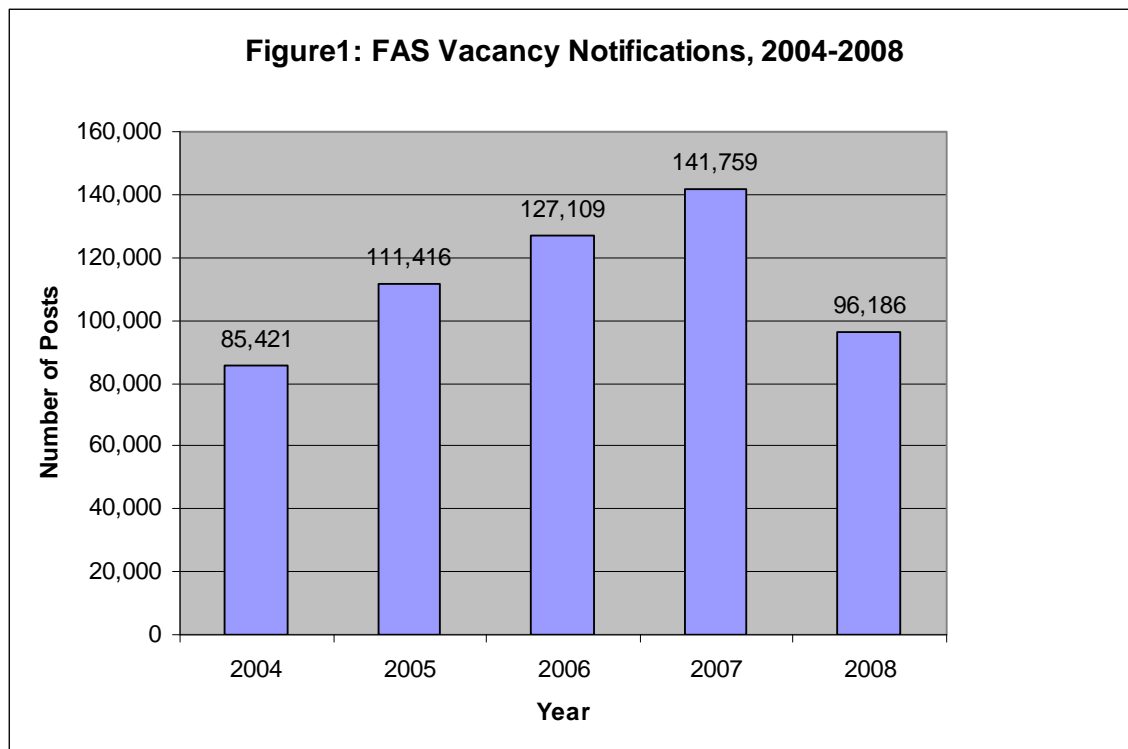
1. Introduction

Since 2004, Planning and Research has produced annual estimates of FÁS Employment Services' market share. This report provides estimates of FÁS Employment Services' market share in 2008.

FÁS Employment Services' market share can be considered from two main aspects – the share of vacancies and the share of unemployed job-seekers. The share of vacancies can relate to the number of companies or the number of vacancies. It can also relate to either the notification or the filling of vacancies. Using information from commissioned research, in-house surveys, FÁS data and CSO data, estimates for each of these measures are presented in this report.

2. Trends in Vacancy Notification

The trends in vacancy notifications to FÁS are presented in Figure 1. The number of posts notified to FÁS increased steadily from 85,421 in 2004 to 141,759 in 2007. However, there was a decline of nearly one third to 96,186 in 2008.



Source: FÁS.

3. Measure of Company Shares

In this section, we consider two measures of the share of companies that utilise FÁS for vacancy filling. We estimate (i) the percentage of companies that notify FÁS of vacancies and (ii) the percentage of companies that fill their vacancies through FÁS. (As noted in previous years, it is not expected or desirable that all companies would seek to notify and fill their vacancies through FÁS.)

According to FÁS data, FÁS received notifications from approximately 16,285 companies in 2008, compared to 21,200 in 2007, which is a 23% decrease. There were 180,891 companies on the Companies Register in 2007 (the latest figures available), of which 35,294 were sole traders ("single member companies"). These latter would not employ anyone, and therefore would not recruit. Assuming that the number of companies in 2008 is roughly the same as in 2007 gives an estimate of about 145,600 companies excluding sole traders. Thus, by this estimate, the percentage of companies that notified FÁS of vacancies in 2008 was 11% (16,285/145,600), which is a fall compared to the estimate for 2007 of 15%.

FÁS commissioned Red C Research and Marketing Limited to conduct a survey of employers' usage of FÁS services (hereafter referred to as the Employer Survey¹). The survey included questions on employers' vacancy notification and filling over the previous twelve months, and was carried out in January and February 2007. The results refer mainly to 2006. However, it is the most recent such survey available.

The Employer Survey found that, of the companies that had notified FÁS of vacancies that they filled externally, 53% had filled at least one of their posts through FÁS. From this we can estimate that 6% (11% x 53%) of all companies had had a vacancy filled through FÁS.

Thus, two measures of company share can be constructed for 2008:

11%: The percentage of all private sector companies that notified FÁS of vacancies.

6%: The percentage of all private sector companies that filled a vacancy through FÁS.

¹ See S. Conway and R. Fox, *Survey of Employers' Usage of FÁS Services - 2007*

4. Measures of Vacancy Share

There are two measures of vacancy share (as opposed to company share) that can be estimated; i.e. the share of vacancies notified to FÁS, and the share of vacancies filled by FÁS.

Share of Vacancies Notified to FÁS

The number of vacancies notified to FÁS in 2008 fell by nearly one third. Excluding recruitment for schemes, FÁS received notifications in relation to 96,186 posts. These notifications included all sectors, public and private, but were mainly private.

In order to calculate FÁS' share in overall vacancy notifications, we need to determine the total number of vacancy notifications in the economy, which is unknown. We therefore have to estimate the number using various sources of data. The methodology used in previous years' reports is repeated. The first step is to calculate the number of private sector employees (see Table 1). This is calculated as total employment, minus the three sectors of public administration, health and education, and minus self-employed. In 2008, this was 1.242 million and in 2007 1.330 million.

Table 1: 2008 Employment Estimates (Millions)

Total Employment	2.052
- Less Public Admin, Education, Health	.476
Total Private Sector Employment	1.576
-Less Self-Employed (excl. Public)	.334
Private Sector Employees	1.242

Source: CSO QNHS data (Table 2B and Table 6); Public Sector Self-Employed data from SLMRU's National Skills Database

The number of private sector vacancies in Ireland is unknown and has to be estimated. Vacancies arise due to increases in employment and labour turnover. Previous reports have used an estimated labour turnover rate of 17%, combined with whatever net employment change applied during the year.² However, it is clear that labour turnover rates decline in a recession as employees 'hold onto' their jobs where possible and there are fewer opportunities for them to move to newly created jobs. To try to estimate how much labour turnover may have fallen in Ireland we have examined US data on voluntary quits and job openings from the US Bureau of Labor Statistic's JOLT survey.³ This

² See, for example, Employment Services Market Share 2007, R. Sen, Page 3.

³ www.bls.gov/jlt

survey is conducted monthly and shows that the number of both voluntary quits and job openings declined sharply (by about 30%) between the beginning of 2008 and the beginning of 2009.

We also examined the CIPD's annual survey of recruitment in the UK, but the latest results for that survey relate to 2007. That survey showed a small reduction in labour turnover rates of 4.5% between 2006 and 2007. However, the slowdown in the UK economy did not become significant until 2008 so the UK figures are likely to understate the more recent impact.

For the last few years, the FÁS Skills and Labour Market Research Unit has obtained data on vacancies advertised by employers on IrishJobs.ie. It is possible to compare data for nine of the months in 2007 and 2008 (data for three of the months is not comparable). This data shows a fall of 24% between 2007 and 2008. (The fall was 40% comparing solely the last five months of both years.)

The web-based job-site Monster monitors on-line vacancy notifications from a selection of corporate career sites and job boards across Europe, including Monster. The Monster Employment Index Europe is published monthly and showed a fall of 15% between December 2007 and December 2008. (The latest figures show a fall of 33% between April 2008 and April 2009.)⁴

Overall, there must be great uncertainty over the correct labour turnover and total vacancy figures for Ireland in 2008. In the absence of reliable data, it is assumed that the Irish rate fell at a similar rate to the US rate (i.e. by 30%, from 17% in 2007 to 11.9% in 2008). This would imply labour turnover of 148,000 among private sector employees in 2008.⁵ This is the figure for total filled vacancies used in this report.

We know, however, that not all notified vacancies are filled. According to the NCC customer surveys⁶, eight weeks after notifying their vacancies to FÁS, 85% of companies had filled their vacancy. Thus, notification of vacancies exceeded filled vacancies by 16.9%. If we assume that this rate can be applied to the estimated 148,000 filled private

⁴ www.corporate.monster.com

⁵ Given the uncertainty of this estimate, we do not subtract an allowance for net employment loss.

⁶ R. Sen, *National Contact Centre Employer Customer Survey*, Jan – June 2008 & July – Dec 2008.

sector vacancies in 2008, then companies would have generated approximately 173,012 vacancy notifications in 2008. Comparing this with the FÁS notification figure of 96,186 in 2008 gives a figure of 56%. Thus, market share, measured as a percentage of vacancies notified to FÁS is estimated at 56% in 2008.

Share of Vacancies Filled by FÁS

In relation to filling vacancies, the NCC figures showed that of those filled vacancies notified to FÁS, 64% were filled by FÁS⁷. FÁS received 96,186 notifications in 2008. Eighty-five percent (i.e. 81,758) of these notifications were filled within eight weeks. Taking the NCC figure (as was done in previous reports), FÁS fills 64% of these 81,758 filled vacancies. This provides a figure of 52,325 FÁS-notified vacancies filled with FÁS-referred candidates. As a percentage of the 148,000 filled private sector vacancies in 2008, FÁS filled 35% of them. Thus, market share, defined as the percentage of filled private sector vacancies filled by FÁS, was 35%. A summary of the data is presented in Table 2.

Table 2: Estimated Vacancies 2008

Total Vacancies	173,000
Filled Vacancies	148,000
FÁS Notified Vacancies	96,200
FÁS Filled Vacancies	52,300

The two measures of vacancy share are therefore:

% Vacancies Notified to FÁS	$96,200/173,000 = 56\%$
% Filled Vacancies Filled by FÁS	$52,300/148,000 = 35\%$

⁷ This is a conservative estimate based on 2008 *National Contact Centre Employer Customer Survey* figures, and assumes that none of the companies that stated “don’t know” (i.e. approximately one in six companies) filled their vacancy with a FÁS-referred candidate.

5. FÁS Share of Job-Seekers

It is FÁS' policy to interact with unemployed persons who need its assistance, but to allow short-term unemployed to first seek employment directly themselves. This section examines FÁS' penetration rate for job-seekers. Three sources, based on official information, can be used to measure different aspects of this:

- 1) Percentage of EAP referrals who have contact with FÁS
- 2) Percentage of unemployed persons who contact FÁS
- 3) Percentage of Live Registrants who register with FÁS

Measure 1: Percentage of EAP referrals who have contact with FÁS

Under the EAP process, certain Live Register job-seekers are told to make contact with FÁS Employment Services. The proportion that, in fact, present for interview, is shown in Table 3 below. There was an increase in this proportion in 2008, rising from 62% to 68%. The rate for long-term unemployed NEAP referrals' participation also increased from 2007 (66% up to 71% last year).

It should be noted that the number of clients referred under the EAP in 2008 was 17% higher than the number referred in 2007. In addition, because the percentage of referred clients who attended for interview by FÁS increased in 2008, the number of clients interviewed actually increased by 27%, from 32,124 in 2007 to 40,933 in 2008.

Table 3: Percentage of EAP referrals Interviewed by FÁS

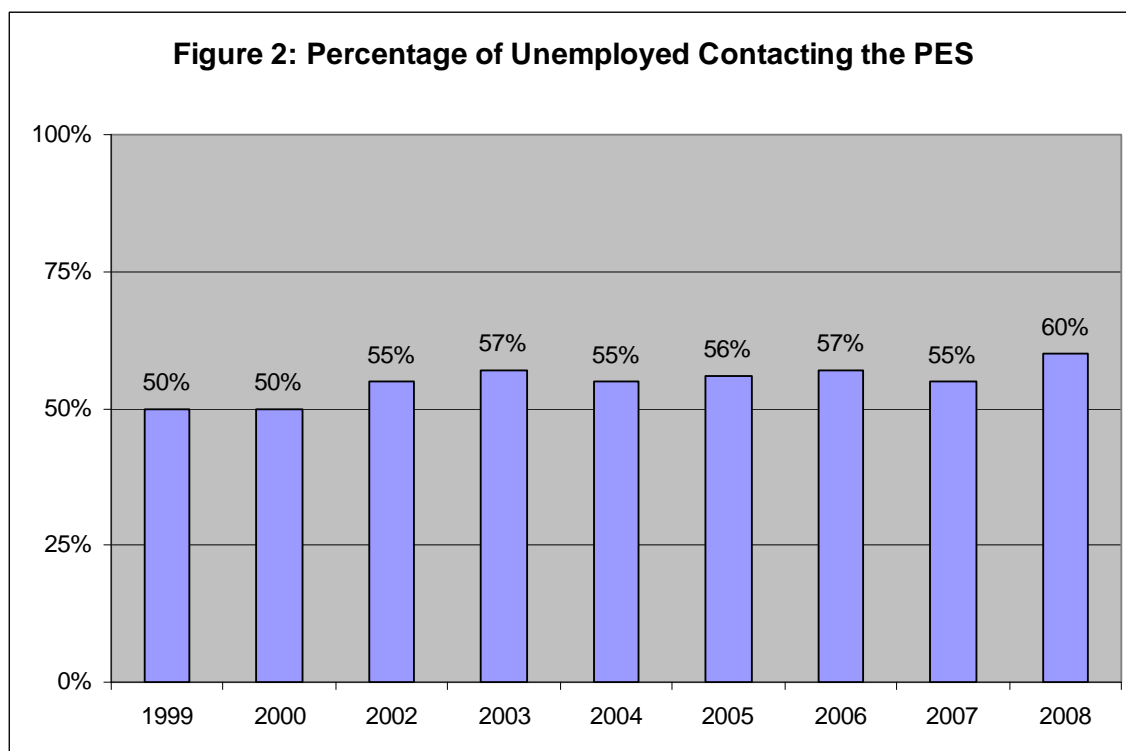
Year	ALL EAP	LTU-EAP
2000	68	-
2001	64	-
2002	66	-
2003	65	68
2004	66	67
2005	70	72
2006	66	67
2007	62	66
2008	68	71

Source: *Employment Action Plan, Monthly Progress Report January*

Measure 2: % of Unemployed Contacting the Public Employment Service (PES)

An alternative measure considers all unemployed persons as recorded in the CSO's QNHS survey. This survey establishes if the persons are unemployed (ILO-defined) and, if so, how they have been looking for work. One of the options presented to unemployed

persons is “contacted the public employment service”. From this, it is possible to calculate the percentage of unemployed persons that did so. The results for the second quarter of the last nine years are presented in Figure 2 below. It can be seen that between 50% and 60% of unemployed persons contacted the PES over the period. The highest percentage (60%) was in 2008.



Source: CSO Quarterly National Household Survey, National Skills Database, SLMRU, FÁS

Measure 3: Percentage of Live Registrants Registered with FÁS

The FÁS Management Information System (MIS) records the number of persons registered with FÁS, what their DSW-status is, and whether they are DSFA open or closed. Thus, we can determine how many Live Registrants were registered with FÁS and compare that with the total number of Live Registrants. This is done in Table 4.

Table 4: Number of Live Registrants Registered with FÁS, December 2002 – 2008

Year	Total Live Registrants	Number Registered with FÁS/LES/Other	Percent	Number Registered with FÁS	Percent
2002	166,100	79,532	48	76,932	46
2003	170,600	102,550	60	91,843	54
2004	158,800	95,166	60	83,158	52
2005	155,800	114,348	73	96,995	62
2006	155,400	118,297	76	100,978	65
2007	170,400	131,203	77	114,496	67
2008	291,400	185,772	64	166,509	57

Source: CSO Live Register figures; FÁS MIS

Two out of three persons on the Live Register (64%) were registered with the National Employment Service in December 2008. This was a sharp fall compared with 2007 and the two preceding years. The percentage registered with FÁS also fell to 57%, from 67% in December 2007. This may be due to the rapid influx onto the Live Register at the end of the year.⁸

⁸ There are two aspects to this. First, there may be a lag between a person applying for welfare payments and registering with FÁS. In addition, persons are only treated as open Live Registrants in FÁS data when they are actually awarded a payment by DSFA; the rise in the LR in 2008 saw an increase in the proportion of the LR made up of persons awaiting a decision on payment. Both these factors would tend to depress the reported percentage of the LR who were also reported as registered with FÁS.

6. Summary and Conclusions

Employment Services' market share can be considered from two main perspectives – the share of vacancies and the share of unemployed job-seekers. Within these broad groupings a number of specific measures can be defined as shown in this report. There is a mixture of sources of information, some more reliable than others, to calculate the measures of market share.

The downturn in the Irish economy in 2008 led to a fall in employment, a sharp rise in unemployment, and a decline in recruitment. The number of vacancies notified to FÁS fell by 30%. Accurate figures of the number of vacancies in the economy as a whole in 2008 are not available. However, based on trends in the US, an estimate of the situation in Ireland is made in the report. Drawing on FÁS data and the national estimate of vacancies, it is concluded that FÁS increased its market share of vacancies in 2008. It is estimated that in 2008 FÁS was notified of about 56% of vacancies and that it filled 35% of filled vacancies.

FÁS' market share of companies (i.e. the proportion of companies that notified FÁS of vacancies) fell in 2008. This reflected the fall in companies that wished to recruit during the year. Eleven percent of companies notified FÁS of vacancies and six percent of companies had a vacancy filled by FÁS.

In terms of the market share of the unemployed, more than half of unemployed job-seekers (60%) contacted the Public Employment Service in 2008. The percentage was 64% of Live Registrants and 71% of long-term unemployed NEAP clients.

Compared to 2006 and 2007, the percentage of EAP referrals attending for interview rose in 2008. This presumably reflected the lack of employment opportunities, together with the increased effort jointly by FÁS and DSFA to improve attendance at interview. The percentage of the unemployed who contacted the Public Employment Service also rose during the year. However, the percentage of Live Registrants reported as registered with FÁS declined, though the actual number increased by just over 52,000 (45% increase over the number in the previous year). This is likely to reflect the rapid influx onto the Live Register at the end of the year.

Table 5 presents a summary of the estimates of market share presented in this and earlier reports.

Table 5: Summary Estimates of FÁS Employment Services Market Share, 2005-2008

Market Share Measures	2005	2006	2007	2008
FÁS Share of Vacancies				
% of Companies who notified FÁS of vacancies	13	15	15	11
% of Companies who filled through FÁS	10	8	8	6
% of Total Vacancies notified to FÁS	32	37	49	56
% of Total Filled Vacancies filled by FÁS	18	21	28	35
FÁS Share of Job-Seekers				
% of EAP referrals interviewed by FÁS	70	66	62	68
% of LTU EAP referrals interviewed by FÁS	72	67	66	71
% of unemployed who contact the PES	56	57	55	60
% of Live Registrants who are registered with FÁS	62	65	67	57