Federation of Small Businesses

For support
For protection
For business

Empowering Employers
Turning recruitment barriers into opportunities

EPIC FUTURES NI

FSB Northern Ireland
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Contents

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This report was prepared by the Federation of Small Businesses Northern Ireland (FSB NI), authored by Rachel McCorriston, Sophie Johnston, Hannah Marshall and Lorna Muldoon.

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Who we are

The Federation of Small Businesses (FSB) is the UK's grassroots business organisation. We are a cross-party non-profit body that represents small businesses and self-employed members in every nation and region.

For over 50 years, we have been the authoritative voice on policy issues affecting the UK's 5.5 million small businesses, micro businesses and the self-employed. FSB is the UK's largest business group and leading business campaigner, focused on achieving change which supports smaller businesses to grow and succeed.

We also provide our members with a wide range of vital business services, helping them to start, run, and grow successful businesses through high quality protection and support. This includes 24/7 legal support, financial expertise, training and events, debt recovery and employment/HR advice – alongside a powerful voice heard by governments at all levels.

Our local, national and international campaigning helps shape policy decisions that have a direct impact on the day-to-day running of smaller businesses. We work for their interests through research and engagement with our members and by effective campaigning – influencing those in power through policy analysis, government affairs, and media and public relations activity.

Our policy and advocacy work starts with our expert team in Westminster, which focuses on UK and England policy issues, the UK Government, Parliament and the media. Further to this, our teams in Glasgow, Cardiff and Belfast work with governments, elected representatives and media in Scotland, Wales and Northern Ireland.

Foreword

Small businesses are the backbone of Northern Ireland's economy, driving innovation and creating jobs. This report shows they are facing growing challenges in finding and retaining the people they need. At a time when economic inactivity remains one of Northern Ireland's most pressing labour market issues, understanding how small firms engage with potential workers outside of the labour force has never been more important.

This research brings together the experiences of nearly one hundred SMEs, alongside insight from policymakers, third sector organisations and wider stakeholders. It offers a timely and detailed picture of the barriers and opportunities surrounding the recruitment of economically inactive individuals.

The findings are clear; while small firms recognise the value of widening participation, too many face obstacles that prevent them from doing so. Costs, capacity and confidence are major factors, compounded by fragmented support systems and wider structural challenges such as childcare, transport and health. Encouragingly however, there is a real willingness among employers to play their part. With the right incentives, information and coordination across government, Northern Ireland's SMEs can help more people re-enter and thrive in work.

FSB is grateful to the businesses, policymakers and third sector representatives who contributed to this research and to the many members who continue to share their insights with us. Their input is essential in shaping practical, evidence-based policy that reflects the realities of running a small business.

We hope this report provides a contrastive basis for renewed collaboration between government, employers and third sector organisations, one that recognises the key role small businesses can play in addressing economic inactivity and ensuring that everyone who wants to work has the opportunity to do so.

Alan Lowry
Chair, FSB Northern Ireland

Executive Summary

Introduction

This report examines the financial and non-financial barriers faced by small and medium-sized enterprises (SMEs) in Northern Ireland when recruiting individuals who are economically inactive. This research seeks to understand employer attitudes, the practical and structural challenges that constrain recruitment and the types of interventions that would help unlock greater participation in the labour market.

The research combined a quantitative survey of SMEs across Northern Ireland with qualitative interviews involving businesses, third sector organisations and policymakers, alongside two stakeholder workshops to test and refine the findings. This mixed method approach provides a comprehensive picture of both the realities faced by employers and the wider policy environment shaping economic inactivity in Northern Ireland.

Quantitative Findings

The online survey captured detailed insight into how SMEs approach recruitment and their experiences of engaging with economically inactive individuals. The sample was broadly reflective of Northern Ireland's business landscape with strong representation from micro and small businesses and coverage across all 11 council areas.

In general, recruitment among SMEs remains largely informal and ad hoc, with word-of-mouth referrals (60%) and direct applications (52%) reported as the most common hiring routes. While this reflects the strength of local networks within Northern Ireland's business community, it also demonstrates a reliance on informal channels that can inadvertently exclude underrepresented groups including those who are economically inactive. The survey results indicated that most businesses recruit infrequently, and the majority reported encountering barriers when doing so.

The most common challenges were skills shortages, attendance and reliability concerns and the cost of training or workplace adjustments. These issues were particularly pronounced among smaller firms, many of which lack dedicated HR capacity or formal recruitment processes. Employers frequently highlighted that recruiting and onboarding individuals after a long period outside of the labour market requires additional time, support and financial investment that smaller businesses may struggle to absorb.

Awareness of the term 'economically inactive' was relatively high, 82% of respondents had awareness of the term, however 48% stated that, to their knowledge, they had never recruited from this group. Among those who had successfully recruited, recruitment most often involved individuals with caring responsibilities (44%), disabilities (30%), long-term illness (26%) or early retirement (22%). Successful recruitment was concentrated among larger, more established firms, especially in the manufacturing, professional, scientific and technical sectors, suggesting that scale, stability and available resources play a key role in enabling inclusive hiring.

When asked what would encourage them to recruit from this group, employers identified a clear set of priorities. Financial incentives (65%), training for new hires (44%) and tax relief (44%) were the most frequently cited supports. Respondents also emphasised the importance of clearer recruitment pathways, HR guidance and practical examples of success to build confidence in engaging with individuals who have been out of work for an extended period.

Despite the challenges, there is notable openness among employers to doing more. Nearly half of survey respondents (49%) stated that they would consider recruiting from the economically inactive in the future and a further 34% stated that they might. This demonstrates a genuine willingness among SMEs to widen participation provided that financial and structural barriers are addressed and that employers are equipped with the right tools and information to do so confidently.

Qualitative Insights

The qualitative evidence provided further insights that complement the survey results, helping to explain why barriers persist and what might be needed to overcome them.

Businesses described recruitment of economically inactive individuals as both a challenge and an opportunity. Costs, limited HR capacity and uncertainty around legal obligations were among the main deterrents. Smaller firms expressed concern about their ability to manage adjustments or flexible arrangements. However, those who had recruited successfully spoke positively about the outcomes, highlighting loyalty, reliability and motivation among new employees once initial support needs were met.

Third sector representatives reinforced these points, suggesting that employer hesitancy often stems from perception rather than reality. They described a 'fear of the unknown' driven by limited understanding of equality and employment law, lack of awareness of available supports and concerns about reputational or legal risk. These organisations emphasised the critical role of intermediaries such as charities, employment officers and community partners in bridging the gap between employers and those who are economically inactive by providing reassurance, practical advice and ongoing support to both parties.

Policymakers recognised that many of these issues are systemic rather than new. Economic inactivity is a cross-cutting issue spanning the responsibilities of Health, Education, Communities and the Economy, yet coordination between departments remains limited. Interviewees highlighted the need for a more joined up and long-term approach, noting that current schemes are often fragmented, short-term and administratively complex. Interviewees called for stronger co-design with SMEs and economically inactive individuals themselves to ensure programmes are relevant and accessible, as well as a single point of contact or 'one-stop shop' to help employers navigate available supports.

Stakeholder Workshop Findings

To test and refine the research findings, two stakeholder workshops were held, bringing together representatives from business, government, academia and the voluntary sector.

Participants broadly validated the earlier findings and emphasised the need for simpler, more coherent support systems for employers. The workshops highlighted low awareness of existing programmes such as JobStart and Skills Academies and called for better communication and promotion to improve uptake. There was strong support for developing a centralised online portal where employers could access information on recruitment schemes, funding opportunities and practical advice.

Stakeholders also discussed the need for longer-term, sustainable funding to replace short-term or pilot-based schemes, which can undermine confidence among employers and participants alike. Employers were seen as more likely to engage with initiatives that offer stability and clear outcomes.

Beyond employment interventions, participants identified structural barriers, including the high cost of childcare, limited transport in rural areas and long healthcare waiting lists, as persistent constraints on labour market participation. These issues were viewed as critical to addressing the root causes of economic inactivity, alongside targeted action on education and skills pathways for individuals furthest from the labour market.

Recommendations

The evidence gathered through this research demonstrates that reducing economic inactivity will require both practical action and strategic reform. The following section sets out a series of policy recommendations designed to translate these findings into deliverable solutions. These recommendations aim to strengthen coordination across government, support SMEs to recruit with confidence and enable more individuals to move from inactivity into meaningful, sustainable employment.

The recommendations have been developed to address the financial and non-financial barriers that came to light throughout this research process and were done so with small and micro businesses in mind. To ensure ease of implementation, the recommendations have been split into three groups: businesses/employers, policy/government and third sector/delivery bodies and were sense checked through a series of workshops to ensure they are realistic and deliverable.

Recommendations for SMEs

1. **Alternative recruitment processes:** When recruiting, businesses should, first and foremost, be open to hiring economically inactive individuals, whether through existing schemes or direct recruitment. Employers could engage with government schemes, community groups and third sector organisations, which are well connected with potential candidates and understand the local economic inactivity landscape.

2. **Review job descriptions and advertisements to ensure language is appropriate and inclusive:** This could be stating in a job advertisement an openness to hiring candidates who are not currently in employment. Alongside this, employers could, where possible, proactively offer reasonable adjustments during the recruitment process.

3. **Share success stories** via social media or business networks to encourage peer-to-peer learning.

Recommendations for Policymakers & Government

4. **Expand financial incentives** for employers to counteract risk and incentivise more to hire from the economically inactive sector.

5. **Embed HR support, training, and advisory services into economic inactivity schemes** to provide wrap-around assistance for both employers and employees throughout recruitment and integration.

6. **Schemes should embed short training programmes for economically inactive** individuals to help them become 'work ready' through developing soft skills such as basic computer competence, time management and communication skills, particularly for customer facing roles.

7. **Co-design future support schemes with employers:** This can help ensure that limited resources are used effectively for optimum impact and gain buy-in from employers.

8. **Monitor and evaluate scheme outcomes beyond their duration to identify interventions that lead to long-term employment and improved employability.** Success measures should go beyond immediate job outcomes to include progression towards work, skills development and qualifications gained, with feedback from both employers and participants gathered to inform and enhance future initiatives.

9. **Create an accessible one-stop portal** with information on all relevant existing schemes.

10. **Facilitate collaboration** between education, industry and third sector organisations to increase awareness of available career options.

11. **Adopt a cross-departmental approach to tackle economic inactivity:** This is a cross-departmental issue and requires a joined up, strategic approach across relevant departments including Economy, Education, Health and Communities to avoid siloes and potential duplication of resources.

12. **Reform the benefits system:** It is essential that this work is prioritised and brought forward as soon as possible, accompanied by appropriate campaigns to increase awareness and improve the confidence of economically inactive individuals to encourage more to consider (re)entering the workforce.

13. **Run education campaigns to address misconceptions about people receiving benefits:** Education is needed to increase awareness of the great number of reasons why someone may receive benefits, and that this does not necessarily mean that they are not capable of working.

14. **Provide better-off calculations to help people understand the impact of working on their overall income:** To increase confidence and encourage more people to (re)enter the labour force, it is essential that they are able to quickly and easily determine how earnings from work may impact any benefits they receive, so that they can accurately calculate what their overall income will be.

Recommendations for Third Sector & Delivery Bodies

15. **The role of 'local employment officers' or 'SME advisors':** New and existing schemes should ensure that they always have dedicated employment officers to bridge the gap between the economically inactive and employers.

16. **Match employee work expectations and skillsets to specific businesses or roles** to increase the likelihood of longer-term employment and retention.

Implications for Policy and Practice

These findings point to both the appetite and obstacles for SMEs in recruiting economically inactive individuals. Employers recognise the benefits of a wider labour pool, but may lack the resources, knowledge and confidence to engage without greater support. To translate willingness into action, interventions should prioritise:

- **Simplification and coordination:** Strengthen cross-departmental collaboration and establish a single, easily accessible platform for employer information and support.

- **Confidence building:** Promote success stories, develop peer learning networks and provide practical, light touch HR guidance to help SMEs engage confidently.

- **Sustainable delivery:** Move beyond short-term pilot schemes toward long-term, stable funding models that allow businesses to plan and invest in inclusive recruitment.

- **Structural reform:** Address wider enablers of participation, including childcare, transport, health and skills provision to ensure individuals are able and ready to take up work.

By improving coordination across government, building employer confidence and ensuring individuals have the right support to (re)enter the workforce, Northern Ireland can make meaningful progress in reducing economic inactivity and enabling more inclusive growth across the economy.

Empowering Employers
Introduction

Background and Context

In October 2024, EPIC Futures NI – a Local Policy Innovation Partnership (LPIP) hub led by Ulster University – launched Phase 1 of its Policy Commissioning Call for research proposals addressing issues related to economic inactivity in Northern Ireland. The aim of this call was to explore challenges in the skills and employability landscape, and to build a robust evidence-base to inform solutions to help reduce levels of economic inactivity.[1]

FSB Northern Ireland submitted a successful proposal through this competitive process to conduct a research project on the role of small businesses in addressing economic inactivity. The aim of this research was to identify real and perceived financial and non-financial barriers to recruitment from the economically inactive sector in Northern Ireland – from an employer perspective.

The findings from this research helped shape the recommendations on how small businesses could be better supported to enable them to engage with and recruit from the economically inactive sector and contribute towards a more inclusive and sustainable labour market in Northern Ireland.

Aims and Objectives

The primary aim of this research is to explore and understand any potential challenges that small and medium-sized employers may face when attempting to recruit from the economically inactive sector. The project seeks to identify financial and non-financial barriers, and to inform possible interventions that could help reduce these barriers and enhance labour market inclusion within this group.

The key objectives of this research project include:

1. **Explore the extent to which small and medium-sized employers already engage with the economically inactive sector** and understand how employers view this group as a potential labour source.
2. **Identify the key barriers faced by small and medium-sized employers when attempting to recruit from the economically inactive sector,** including financial (cost of training, workplace adjustments etc.) and non-financial barriers (regulatory burden, lack of confidence, attitudes etc.).
3. **Engage with key stakeholders** including businesses, policymakers, third sector organisations and others who have knowledge and/or experience of the economically inactive sector in Northern Ireland to understand the current support landscape and identify any opportunities for improvement.
4. **Provide actionable recommendations** to help improve engagement between small and medium-sized employers and the economically inactive sector and encourage and support more employers to access this potential labour pool to achieve more inclusive employment.

[1] Ulster University, 2024. **EPIC Futures NI Phase 1 Commissioning Call**

Scope and Limitations

This research focuses specifically on the recruitment practices of small and medium-sized employers and the challenges they face when attempting to engage with and recruit from the economically inactive sector in Northern Ireland. Economically inactive refers to individuals who are of working age but are not currently working, nor seeking work. Common reasons for being economically inactive include ill health or disability, caring responsibilities and early retirement.

Although, by definition, an economically inactive individual is not looking for employment, they instead can be engaged through targeted programmes, referrals or tailored recruitment practices that may help enable them to return to the workforce. This project focuses on identifying the barriers that exist for small employers when recruiting from this sector and assessing the effectiveness of the existing support to identify gaps and provide possible solutions.

This research was conducted in Northern Ireland and includes insights from a range of different stakeholders: policymakers, government officials, third sector organisations, delivery bodies, the five main political parties and businesses of all sizes, covering all 11 council areas in Northern Ireland and the majority of sectors. Engagement with stakeholders was conducted via a quantitative survey, qualitative interviews and workshops. This mixed approach ensured a broad and deep understanding of the key issues.

While this research offers valuable insights, there are several limitations to be aware of:

- **Sample limitations** – due to the timing of this research project, the quantitative survey was carried out during the summer of 2025, resulting in a response rate that was lower than anticipated. Additional qualitative interviews were conducted to mitigate this, and the survey results have been used to set the context of the more in-depth data collected from the interviews. Additionally, although every effort was made to ensure that a representative sample of participants engaged with the research, the sample may not be fully representative of all small businesses across sectors and/or regions. Businesses that chose to participate may have had a particular interest in the topic, thus potentially skewing perspectives.
- **Time and resource constraints** – this research project was conducted within a given timeframe and budget which may have restricted the number of stakeholders engaged, thus limiting the findings.
- **Definition of economically inactive** – this definition is broad and covers diverse subgroups with varying needs and therefore barriers to recruitment. Since the aim of this research was to identify barriers to recruitment for small and medium-sized employers from the economically inactive sector as a whole, it does not differentiate between the different groups covered by this definition and provides more general recommendations. Furthermore, engagement with businesses throughout this study found that, in some cases, there was a misunderstanding of this definition which may have caused bias or inaccuracies that affected the findings.
- **Sensitivity** – some of the issues explored with stakeholders throughout this research may be viewed as sensitive, such as attitudes towards the economically inactive population which includes groups with protected characteristics, for example those with a disability. This may have caused stakeholders to moderate their responses on these issues due to bias or discomfort if they felt their views may be seen as controversial. Consequently, some barriers to recruitment identified in this research, such as negative perceptions, may be more widespread than this report suggests.
- **Dynamic labour market conditions** – it is important to keep in mind that this research, while useful, captures a snapshot in time and factors such as economic shifts or policy changes may affect the significance or relevance of findings and recommendations over time.

Methodology

The data collection and analysis associated with this research were conducted in four distinct stages.

Stage One

Stage one involved gathering context and identifying key themes for investigation. This was achieved through desk-based research, including a review of existing academic literature, policy reports, and programme evaluations. This approach laid a solid foundation for the project by exploring existing knowledge on economic inactivity and employer engagement, and by identifying gaps where our research could add new insights.

The literature review focused on identifying known financial barriers, such as training expenses, insurance and workplace adaptation, and non-financial barriers, such as skills gaps, health concerns and stigma, that may deter employers from hiring from the economically inactive sector. Evidence was sought of any distinctions already made between recruitment challenges faced by SMEs compared to larger businesses. Finally, past and current initiatives to address recruitment from the economically inactive sector were reviewed to give an insight into what has been most effective to date.

As part of the literature review, existing data and statistics were used to contextualise this research, including data from the Labour Force Survey[2] to gain insights on the scale and demographics of economic inactivity in Northern Ireland.

Stage Two

Stage two consisted of a quantitative survey targeted at businesses of all sizes across Northern Ireland. This survey sought to investigate any challenges faced by employers when recruiting, particularly from the economically inactive sector, and to identify any differences in the challenges faced by small businesses compared to larger firms.

The survey design and research questions were informed by knowledge and evidence gaps identified during the literature review process, ensuring that this study is positioned to contribute new findings and insights. A draft version of the survey was submitted to the Ulster University Research Ethics Committee for ethical approval before being released publicly. The survey included a participant information sheet and consent form to be completed before submitting a response.

The survey was distributed online through multiple channels including social media, email and news articles between 17 June and 4 September 2025. A total of 97 complete responses were collected. The survey questions are available in Annex A of this report.

Once the survey closed, the data was cleaned and anonymised before performing statistical analysis on the responses, including cross-tabulations to compare responses by business size, sector and location.

Stage Three

Stage three involved qualitative discussions with stakeholders to gain a deeper understanding of the challenges associated with recruiting from the economically inactive sector. These discussions involved a diverse range of stakeholders including businesses of all sizes, government officials, charities and other arm's-length bodies, varying by sector, size and location to provide a representative sample of Northern Ireland as a whole.

Recruitment for interviews was based on a purposive sampling approach to engage with key informants whose insights could enrich the qualitative data. Additionally, respondents from the quantitative survey who indicated that they would be happy to participate further in this research were also contacted and invited to take part in an interview.

All interview participants received a formal invitation including an information sheet explaining the purpose of the research and a consent form to be completed before participating in an interview.

A total of 29 interviews were conducted either in person or via online video conferencing during July and August 2025. The interview questions are available in Annex B of this report.

Following these interviews, transcripts and notes were systematically analysed using qualitative coding techniques. Data was categorised into key themes and common recruitment barriers were identified.

[2] NISRA, 2025. **Labour Force Survey**

Stage Four

The final stage of data collection for this research project involved hosting stakeholder workshops to discuss and sense-check some of the key initial findings from the survey and interviews. These workshops included a range of stakeholders with an interest in and/or knowledge of recruitment and/or economic inactivity in a Northern Ireland context, such as business owners/managers, third sector representatives, Ulster University/EPIC Futures representatives, policymakers and support programme providers.

During the discussions, key points of consensus and dissent regarding the preliminary findings were recorded, as well as any additional insights or recommendations that had not been raised during the primary data collection.

Two stakeholder workshops were held in August and September 2025, in FSB NI's Belfast office boardroom, with the option of joining online. Participants received an information sheet and consent form prior to the workshop sessions. The agenda/discussion points for the workshop are available in Annex C of this report.

Following separate analysis of quantitative and qualitative data, all findings were compared and combined to form a cohesive narrative. A summary of these findings were presented to EPIC Futures NI for review in September 2025. Based on feedback from this review, a final report was developed, presenting a comprehensive analysis of both quantitative and qualitative findings.

Ethical Considerations

FSB is fully committed to upholding the highest ethical standards in all our work. FSB undertook a formal process, receiving ethical approval for this research project from the Ulster University Research Ethics Committee before any data collection or stakeholder engagement took place. This involved preparing a detailed ethics application (including research instruments and consent forms) and ensuring that a suitable privacy policy, data governance framework and broader research ethics protocols were in place.

Key ethical measures included:

- **Informed consent:** All participants (survey respondents, interviewees, and workshop attendees) received clear information about the study's purpose, what their participation entailed and their rights. Written informed consent was obtained, with the emphasis that participation was voluntary and that individuals could withdraw at any time.
- **Confidentiality and anonymity:** Participant confidentiality was rigorously maintained. Personal identifiers have been removed or pseudonymised in analysis and reporting. No individuals or businesses have been named in findings without explicit permission. This approach ensured participant anonymity and privacy in line with ethical research protocols.
- **Data protection and security measures:** Stringent data protection measures were implemented in compliance with the UK General Data Protection Regulation (GDPR) and the Data Protection Act 2018. This included: secure data storage, access controls, secure data transfer and encryption, anonymisation and a clear data retention policy.
- **Respect and welfare:** The research team conducted all interactions with professionalism and cultural sensitivity. Whilst participants were primarily business representatives (rather than vulnerable individuals), no one was caused distress or inconvenienced by the research. Interviews were scheduled at convenient times, and it was made clear that any questions deemed sensitive may be skipped if the participant preferred.
- **Oversight and accountability:** FSB NI's project lead served as the ethics and data protection coordinator, monitoring compliance with approved protocols. Ulster University's ethical guidelines and any conditions set by the ethics approval were adhered to.

These measures ensured that this research project was conducted with integrity and respect for all participants.

Empowering Employers Literature Review

Introduction

Northern Ireland continues to battle with a persistently high rate of economic inactivity, which refers to people of working age who are neither in employment nor actively seeking work.[3] It has long been recognised as a persistent structural challenge in Northern Ireland. Historically, the region has reported the highest economic inactivity rates in the UK, largely driven by high levels of long-term sickness within the working age population.[4] As of June 2025, the economic inactivity rate in Northern Ireland stood at 26.9%, equivalent to around 320,000 working age individuals and notably higher than the UK average of 22%.[5] This long standing gap (often between 4-8 percentage points) between NI and the UK average, signals deep rooted structural challenges. High economic inactivity not only limits Northern Ireland's labour force and economic output, but it also has social implications, from curtailed incomes for families to increased pressure on public services via welfare costs.[6]

Crucially, today's context of historically low unemployment amplifies the importance of reengaging the economically inactive. Employers, especially small and medium-sized enterprises (SMEs) that form the backbone of NI's economy, face acute labour shortages even as tens of thousands of individuals remain outside of the workforce[7]. SMEs account for approximately 75% of all jobs and around 80% of output in NI[8], meaning their recruitment practices and constraints are pivotal to improving labour market participation. However, SMEs often encounter unique financial and non-financial barriers when attempting to recruit individuals from economically inactive groups. Understanding these barriers and how they intersect with the profiles of NI's inactive population is essential for creating effective policy responses and support mechanisms.

This chapter provides a comprehensive literature review of economic inactivity in Northern Ireland with a focus on the financial and non-financial barriers faced by SMEs in recruiting economically inactive individuals. We begin by analysing trends and patterns of inactivity in Northern Ireland over time, comparing them with the UK overall and other regions. We then identify key subgroups among the inactive (such as the long-term sick, disabled, carers, early retirees and full-time students), examining their characteristics and reasons for inactivity. The role of NI's SMEs in the economy and their typical recruitment constraints are explored to set context. Against this backdrop, we delve into the specific financial costs and disincentives as well as the attitudinal and practical challenges that hinder SMEs from hiring those not currently in the labour force. Current policies and initiatives, including employment support programmes like 'Access to Work'[9], emerging efforts such as 'Labour Market Partnerships'[10] and steps towards a Childcare Strategy[11] in Northern Ireland, are reviewed to assess how they address these issues. Finally, we highlight gaps in existing literature and draw out key implications for policymakers and for SMEs.

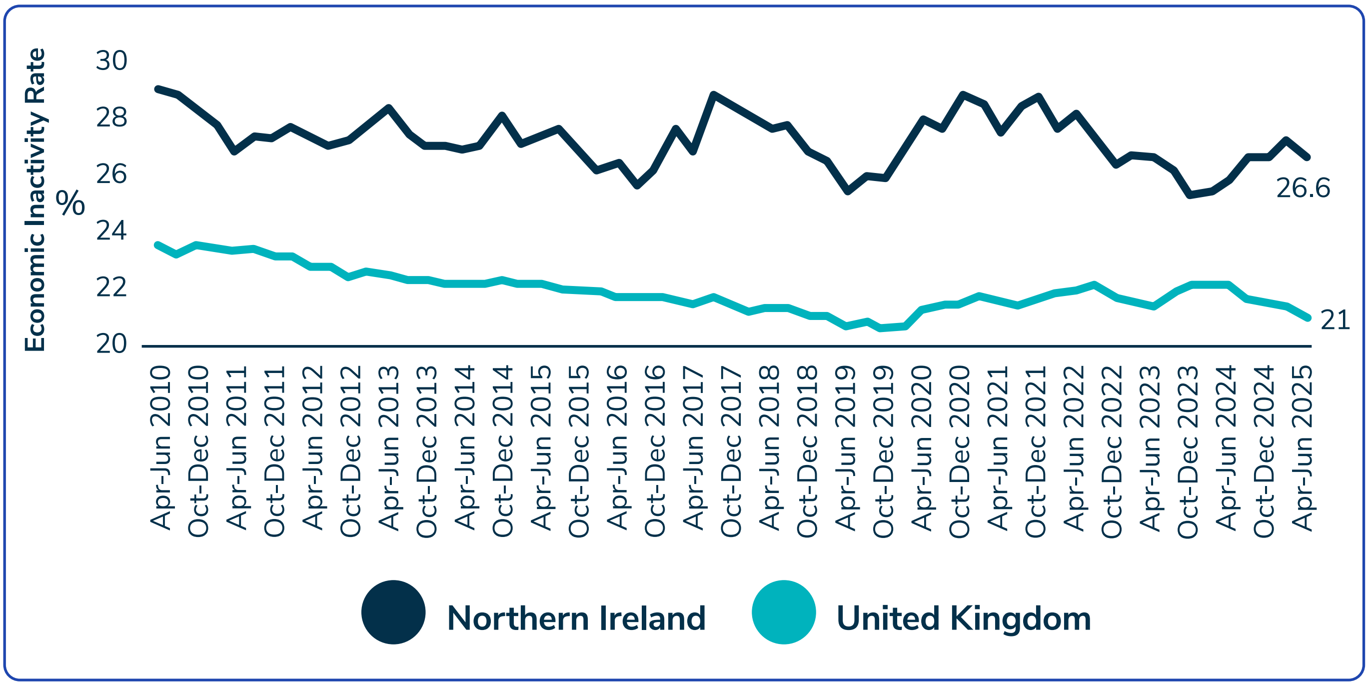
3 *Working age population refers to anyone between the age of 16-64
4 Pivotal, 2024. **Economic Inactivity in Northern Ireland**
5 NISRA, 2025. **Labour Market Report**
6 Pivotal, 2024. **Economic Inactivity in Northern Ireland**
7 Pivotal, 2024. **Economic Inactivity in Northern Ireland**
8 OECD, 2019. **Engaging Employers and Developing Skills at the Local Level in Northern Ireland**
9 Gov.uk. **Access to Work**
10 NI Direct. **Employment and Training Opportunities in Your Area**
11 Department of Education, 2022. **Written Ministerial Statement - Update on Executive Childcare Strategy**

Trends in Economic Inactivity: Northern Ireland vs UK

Historical Trends

Over the past few decades, NI's economic inactivity rates have remained stubbornly high by UK standards, even as both NI and the UK saw gradual declines in inactivity from the 1990s into the 2010s. In 1994, for example, NI's inactivity rate hovered above 32% compared to 24% UK-wide. By the late 2010s, NI's rate had fallen to around 26%, a significant improvement yet still well above the UK's 20-22% range. This persistent gap is illustrated in Figure 1, which tracks inactivity rates in NI and the UK since 2005. NI's rate has oscillated in the high 20's, even exceeding 30% during recessions, whereas the UK steadily declined to below 21% before a slight increase post 2020.

Figure 1: Economic Inactivity Rate (% of working age population), Northern Ireland versus UK, 2005-2025[12]



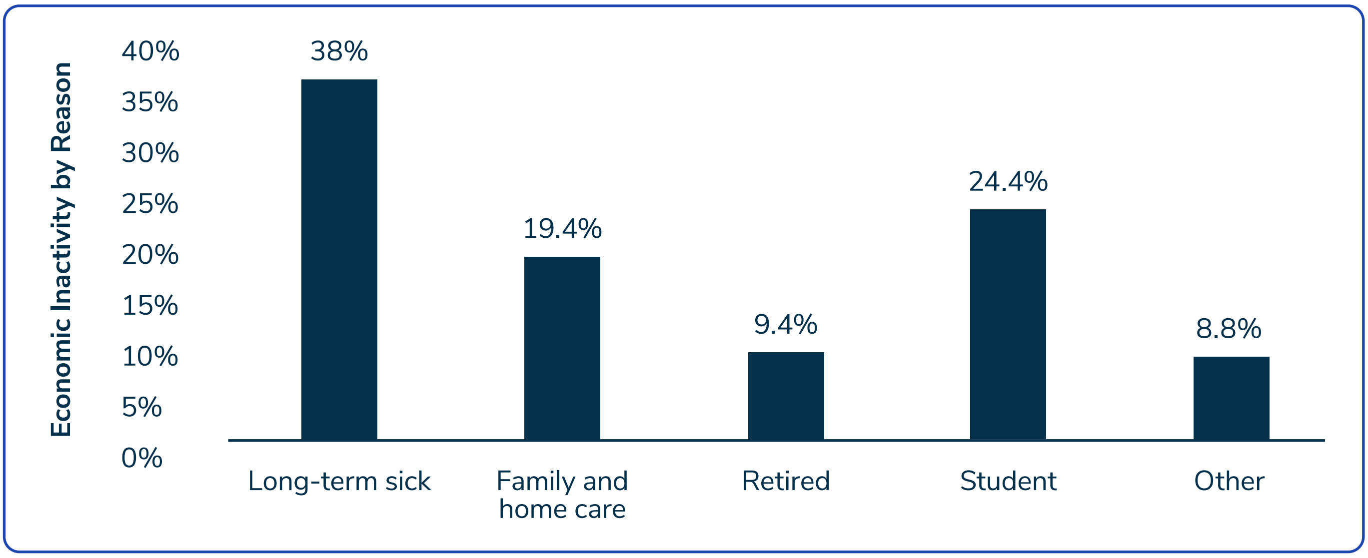
[12] ONS, 2025. **Economic inactivity data**

Several long-term dynamics underline these trends. One has been the increasing labour market participation of women, which contributes to a gradual decline in overall inactivity prior to 2020.[13] Female inactivity rates in NI dropped markedly as policies (like improved maternity rights and flexible work arrangements) enabled more women to work. Conversely, male economic inactivity in NI has trended upward over time, driven largely by rises in long-term sickness and disability among men.[14] This pattern reflects broader UK trends.

From the onset of the COVID pandemic, both UK and NI economic inactivity rates increased. Since early 2021 however, the trends have varied; whilst the UK rate has trended upwards until early 2024 with a downward trend since, the NI rate trended downwards until the start of 2024 with a general upward trend since. Over the last year, the economic inactivity rate in NI has seen an increase of 0.7 percentage points (pps) whilst the UK rate has seen a decrease of 1.1pps. The most recent economic inactivity rates for NI (26.6%) and the UK (21.0%) were 0.8pps and 0.4pps above their pre-pandemic equivalents in October-December 2019. Compared to the pre-pandemic figures in October-December 2019, there has been an increase in the number of 'long-term sick' (by 16,000) and 'student' (by 9,000), however the totals for 'family and home care' and 'retired' have decreased by 5,000 and 2,000 respectively.[15]

[13] Pivotal, 2024. **Economic Inactivity in Northern Ireland**
[14] Pivotal, 2024. **Economic Inactivity in Northern Ireland**
[15] NISRA, 2025: **Labour Market Report**

Figure 2: Economic Inactivity Rate (% of working age population) by reason, Northern Ireland, April-June 2025[16]



Long-term Sickness and Disability

As of June 2025, the most common reason for economic inactivity among the working age population was 'long-term sick'.[17] There were 120,000 'long-term sick', accounting for 38% of the total economically inactive.[18] The UK as a whole has had higher economic inactivity since the pandemic and Northern Ireland saw a particularly marked increase in the number of 'long-term sick' which has risen by 16,000 compared to the pre-pandemic figures in October-December 2019.

However, inactivity due to sickness had been on an upward trend in Northern Ireland since around 2013. The literature posits that the current high rate in Northern Ireland is therefore not simply a post-Covid issue, but may be a continuation, or worsening of a long-term issue.[19]

Alongside long-term sickness, there has also been a consistent disability employment gap. In Northern Ireland, over one-fifth of the working age population is disabled with just over one in three disabled people in work. This is compared to over half of disabled people in the UK. Northern Ireland has not only the lowest disability employment rate, but it also has the largest employment gap between disabled and non-disabled persons.

Research shows that over the past two decades progress on reducing the disability employment gap has been, and remains, slow despite numerous government interventions in recent decades.[20] Which again shows a potential talent pool being underutilised as almost one in four disabled people who are currently economically inactive would like a job.[21] With a higher proportion of the population expected to develop long-term health conditions over the coming decades, action needs to be taken to address this.[22]

16 ONS, 2025. **Economic inactivity data**

17 *Long-term sick and disability refer to health problems or disabilities lasting, or expected to last, at least 12 months and which limit daily activities. This can include poor mental health such as self-reported emotional, psychological or mental health condition or neurodivergence including Autism, Asperger syndrome, or a learning difficulty (e.g. dyslexia).

18 NISRA, 2025: **Labour Market Report**

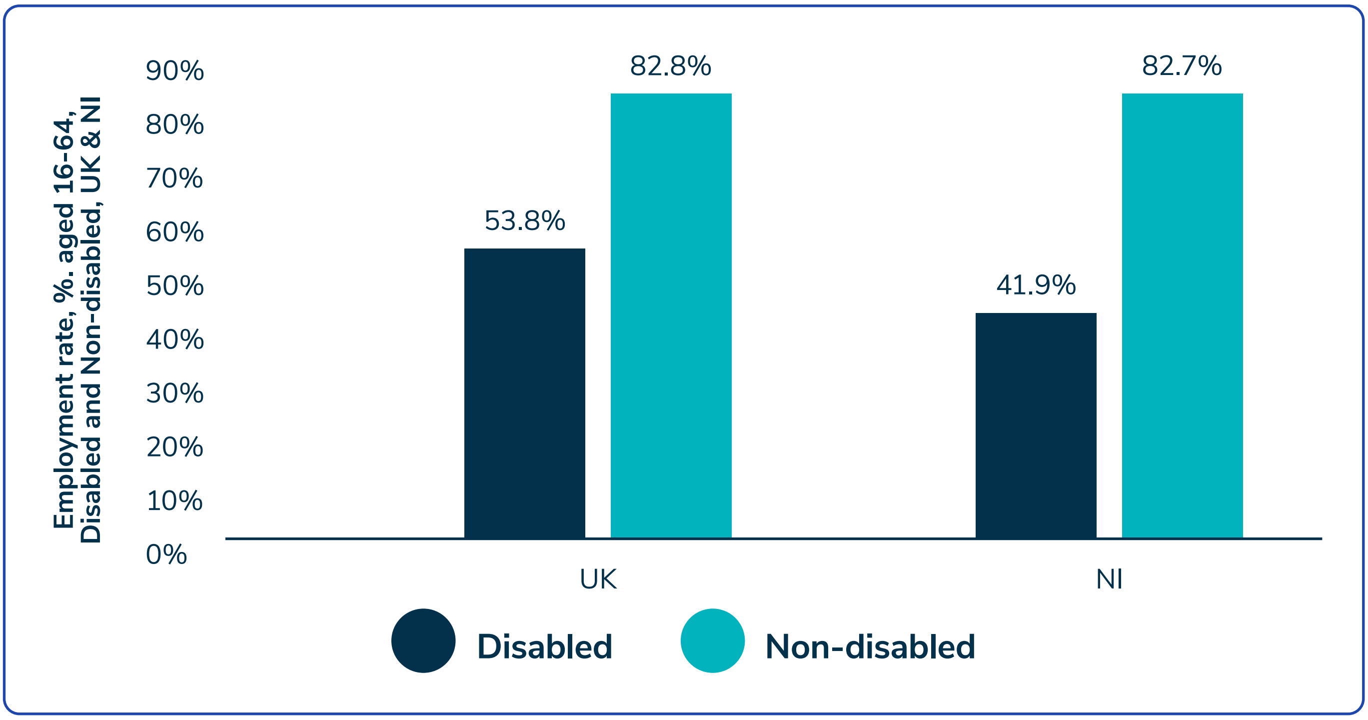
19 Pivotal, 2024. **Economic Inactivity in Northern Ireland**

20 Northern Ireland Union of Supported Employment, 2025. Mind the Gap (Unpublished)

21 Ulster University Economic Policy Centre, 2022: **Maximising Potential: A review of labour market outcomes for people with disabilities in Northern Ireland**

22 Ulster University Economic Policy Centre, 2022: **Maximising Potential: A review of labour market outcomes for people with disabilities in Northern Ireland**

Figure 3: Employment rate (% of working age population) by disabled and non-disabled, UK and NI, April-June 2025[23]



Looking after Family and Home

Historically in Northern Ireland and the United Kingdom, the inactivity rate due to looking after family and home was high but has begun to fall in recent years. In 2001, 30% of economic inactivity was due to looking after family and home, however, as of early 2024, it was just under 15%. This downward trend is indicative of significant changes in family life, women's participation in the workforce and gender roles in our society. The increased educational attainment and labour force participation of women was vital in expanding the size of the labour force during the 1990s and 2000s.[24]

However, this reason for inactivity still portrays traditional gendered patterns, with women maintaining relatively higher inactivity rates due to looking after the family/home. Almost a quarter of women who were unavailable for work gave the reason for inactivity as 'family/home commitments' whereas this is the least common reason given for male economic inactivity.[25] Such gendered norms have been reinforced by the lack of state structures when it comes to caring. For example, Northern Ireland still has the worst provision of childcare in the UK, with a strategy yet to be published and has no carers leave available to those who have caring responsibilities and want to work.[26]

To be clear, the literature points out that describing those who are looking after family and home as economically inactive is not the most accurate term as those with caring responsibilities contribute hugely to society and the economy,[27] with Carers NI stating that unpaid care in Northern Ireland alone is worth £4.6 billion per year.[28]

[23] ONS, 2025. **Economic inactivity data**

[24] NI Assembly, 2024. **Economic inactivity, key employment barriers and childcare costs potentially impacting those barriers: initial considerations for Northern Ireland**

[25] Women's Regional Consortium, 2024. **Women, Skills & Barriers to Work**

[26] ibid

[27] Pivotal, 2024. **Economic Inactivity in Northern Ireland**

[28] Carers NI, 2022. **Unpaid carers, poverty and the cost of living crisis in Northern Ireland**

Early Retirement and Students

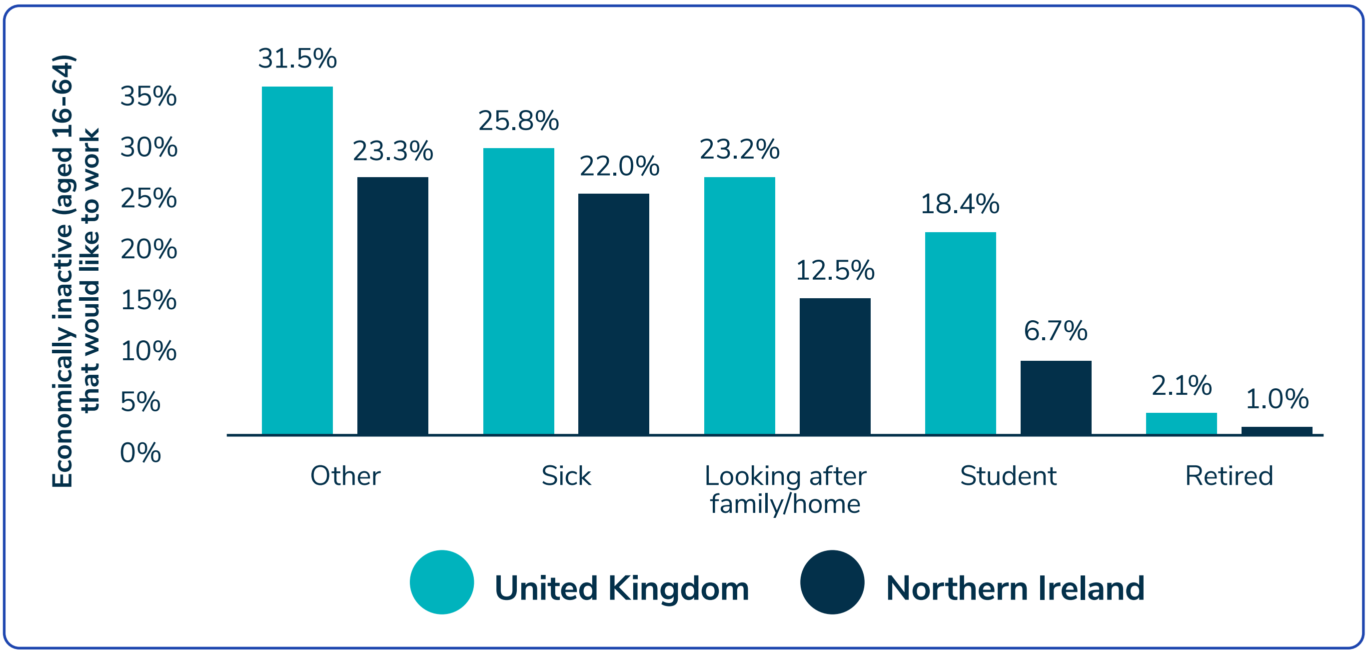
In Northern Ireland there has been an upward trend of older people (50-64) making up a larger proportion of the economically inactive.[29] Additionally, the literature states that early retirees are amongst the 'hardest to reach' of the inactive as those able to retire early are not easily encouraged back to work. Therefore, if older people are willing to embrace the opportunity to continue working or cannot yet afford to retire, it places an importance on flexibility in working conditions and increasing opportunities to re-skill. Both are important policy tools when considering older workers who may be open to returning to work.[30] However, all the focus should not be on older people as in Belfast there is a worrying 13% of young people (16-24) who are economically inactive (excluding students). At the end of 2023, Northern Ireland ranked second in inactivity in the UK when looking at the 16-24 age group.[31] For those young people who are not in employment, education or training there is a real concern that becoming economically inactive so young hampers their long-term labour market prospects.[32] While we acknowledge that not everyone can work and everyone should have the choice, there are widely accepted benefits of employment, beyond purely financial. Work can bring a sense of purpose and achievement to one's life and help create structure and motivation.[33]

Other Inactive and Hidden Unemployment

The remainder of NI's inactive (8.8%) fall into 'other' reasons, this includes discouraged workers (those who want a job but are not actively looking because they believe there are no jobs available) as well as those not working for miscellaneous personal reasons. In the UK, discouraged workers are a very small fraction (0.3% of working age), and NI is similar.[34] However, NI has a notable number of inactive people who say they would like to work despite not job searching. As of June 2025, 14.7% of inactive people in NI indicated they want to work, (a slightly lower proportion than the UK's 21.4%).[35] These individuals represent a 'hidden pool'; they have labour market aspirations but for various reasons (lack of opportunities, discouragement or constraints) are not counted in official unemployment statistics.[36]

[29] NISRA, 2025. **Labour Market Report**
[30] Pivotal, 2024. **Economic Inactivity in Northern Ireland**
[31] Pivotal, 2024. **Economic Inactivity in Northern Ireland**
[32] Pivotal, 2024. **Economic Inactivity in Northern Ireland**
[33] Psychology Today, 2025. **The Three C's of Meaningful Work**
[34] ONS, 2025. **Economic Inactivity by reason (seasonally adjusted)**
[35] UUEPC, 2025. **Labour Market Intelligence Portal**
[36] Pivotal, 2024. **Economic Inactivity in Northern Ireland**

Figure 4: Economically inactive (aged 16-64) that would like to work (%) by reason, NI and UK[37]



These figures underscore that within the inactive population, a sizeable minority is quite close to the labour market in attitude. They are arguably low-hanging fruit for reengagement if the right support is provided. SMEs and policymakers should pay special attention to this subgroup as a talent pipeline that could be activated.

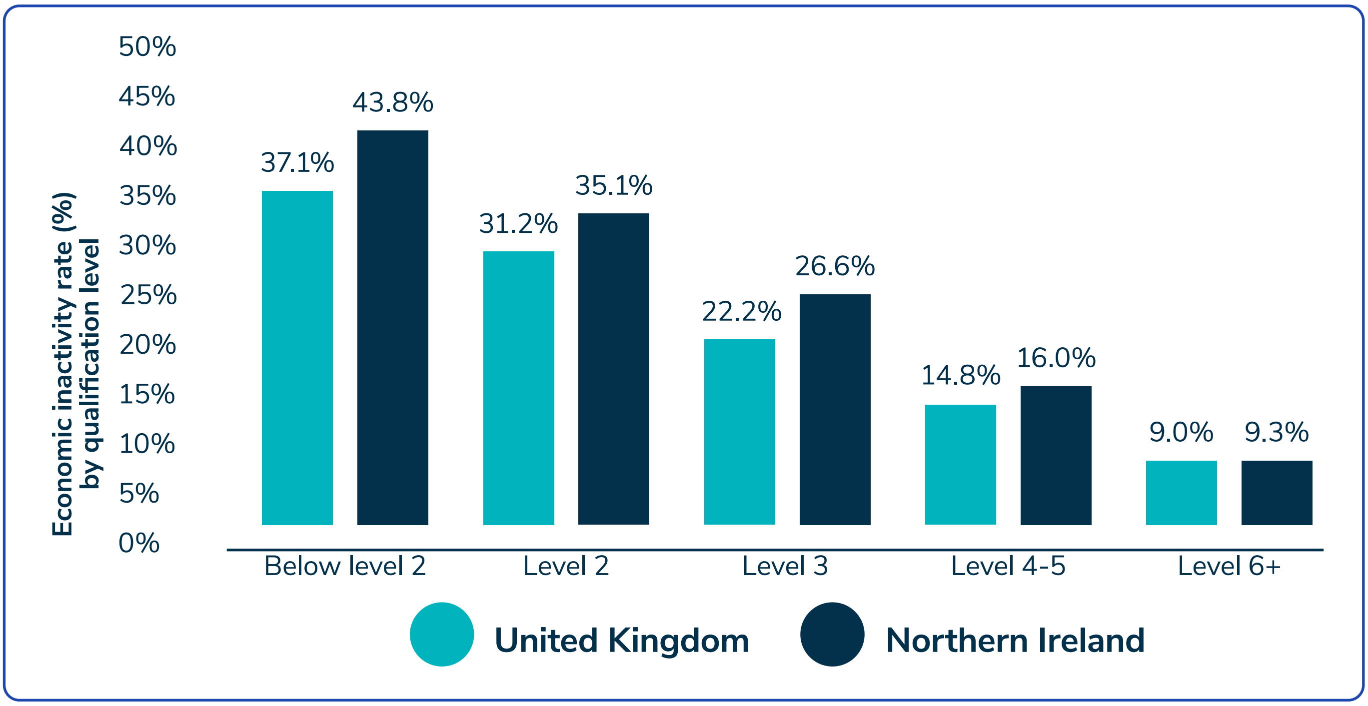
Educational and Skill Profile

One common thread among many inactive individuals in NI is low skill and qualification levels, which directly affects employability. Inactive people are more likely to have little or no formal qualifications compared to those in work. The literature suggests that to bring these individuals into work, substantial upskilling or reskilling is required. Many will need entry level training tailored to current industry needs, along with basic employability skills. It is also noted that simply training the inactive may not be enough, flexible and non-traditional opportunities (e.g. part time roles, supported employment models) may be necessary to accommodate those with complex barriers.[38] For SMEs, this implies that hiring from the inactive pool might often entail investing in training new hires from a low base of skills.

[37] UUEPC, 2025. **Labour Market Intelligence Portal**

[38] UUEPC, 2024. **Economic Inactivity: Who, What, Where, why?**

Figure 5: Economic inactivity rate (%) by qualification level (RQF), NI and UK[39]



In summary, NI's economically inactive population is largely made up of people with long-term health conditions or disabilities, and people with caring responsibilities, followed by students and a minority of early retirees. Women are disproportionately represented due to caregiving while men dominate the ill health category. Many inactive individuals have low level qualifications and would need skill upgrades to meet labour market needs. Importantly, a proportion of individuals would work if their barriers can be removed, representing a potential workforce for Northern Ireland's employers. These characteristics shape the challenge. Any effort to mobilise the inactive will have to address health rehabilitation, disability inclusion, childcare and social care support and training, often in combination. SMEs seeking to recruit from this population face both cost and capacity issues in providing such supports.

The Role of Small and Medium-sized Enterprises (SMEs) in the Northern Ireland Economy and Labour Market

SMEs are typically defined as firms with fewer than 250 employees[40] and are often referred to as the engine of Northern Ireland's economy, making up an estimated 99% of all private sector businesses.[41]

As of December 2024, the private sector accounted for 73% of all employee jobs in Northern Ireland, with the public sector making up the remaining 27%.[42] Given that the majority of private sector businesses in Northern Ireland are SMEs, they play a vital role in economic growth and resilience through job creation.

Due to their smaller size, many SMEs have fewer resources than their larger counterparts and therefore can experience different and more challenging barriers in many different aspects of their business, including recruitment. For example, SMEs often lack their own internal Human Resources (HR) departments and so the time, cost and administrative burden of recruiting

[39] UUEPC, 2025. **Labour Market Intelligence Portal**
[40] Gov.uk, 2025. Supplementary information: **Small and Medium-sized Enterprises definition (HTML)**
[41] Ulster University, 2022. **Unlocking Potential in Small Businesses**
[42] NISRA, 2024. **QES Statistical Bulletin Q4 2024**

staff often falls to the business owner. This is on top of an already difficult climate for recruiting. Especially since the pandemic, employers of all sizes are having a hard time recruiting and retaining staff. A recent survey from the Chamber of Commerce suggested two thirds of its members in the service sector faced recruitment difficulties and for the manufacturing sector it was almost 80%.[43] More work needs to be done to match these businesses who are looking for staff with the potential talent pool that, with the correct adjustments, could fill the gap.

Financial Barriers to SME Recruitment of Inactive Individuals

Recruitment always entails costs however for SMEs with limited capacity, these costs can be prohibitive, especially when hiring candidates who may need extra training or accommodations. The literature identifies several key financial barriers that disproportionately affect SMEs. While some of these barriers apply to hiring generally, they are exacerbated for SMEs and particularly pertinent when considering individuals who have been out of the workforce.

Direct recruitment costs: Advertising job openings, using recruitment agencies or simply spending management time on hiring can put a strain on SME's resources. Hiring a new employee can cost far more than just their wage, one estimate by the British Business Bank put the first-year cost of a new hire on a £27,600 salary at about £62,900 once recruitment, onboarding and employer taxes are considered.[44] SMEs often lack internal HR and must either divert an owner/manager's time or pay external recruiters. Agencies typically charge 20-30% of the starting salary as a fee.[45] For a small firm on a tight budget, such outlays are daunting. If the candidate in question is economically inactive, an SME might feel the risk of a failed hire is higher, making them reluctant to invest heavily in recruitment. For SMEs operating on a tight budget, costs for recruitment consultancies, job advertisements and salaries represent a barrier, particularly when recruiting from a section of society that may be harder to reach and support.[46]

Training and development costs: Beyond initial recruitment, bringing an inactive individual up to speed often requires additional training. Someone out of work for a long period may have skills gaps or outdated qualifications that need addressing.[47] SMEs may have limited training infrastructure in comparison to larger firms who may have dedicated training budgets. Many SMEs rely on informal, on-the-job training which still incurs time and productivity costs. If an SME hires a person who has been a family carer for a long time or has a long-term health condition, that individual may need a slower onboarding or re-skilling in certain tasks. This translates into staff time spent supervising and coaching them or paying for external courses. Without government support, these training costs fall on the employer. This could result in under-investment in training new hires from inactive backgrounds.

Lack of access to funding and incentives: With many employers struggling to recruit staff, research shows that policies making skills, training and employment support more accessible and effective for people who are currently inactive will be key.[48] However, without sufficient incentives or funding in place, SMEs may not be able to afford to do this. There are schemes like 'Access to Work' which help towards the cost of 'reasonable adjustments' when hiring a disabled person, but this acts as an aid, not an incentive.[49] What the literature suggests would be more effective is an incentive such as a tax break. Research shows that there is strong support from the public and the business community for an employer's National Insurance Contribution (NIC) holiday to be offered to tackle economic inactivity.[50]

In summary, financial barriers place SMEs at a disadvantage in recruiting economically inactive individuals compared to larger firms who can invest in recruitment and training systems. SMEs are competing with larger firms who can often offer higher salaries, more benefits and tailored recruitment processes for those who need structured support.[51] There is evidence that some of these financial barriers are more perceived than real. For example, the actual costs of accommodations might be minor if Access to Work covers most of it, however the employer might overestimate these costs due to lack of information. Addressing these financial barriers may require a mix of better information (so SMEs know help is available), simplification and enhancement of subsidies and creative incentives (like tax credits for hiring from target groups).

[43] Chamber of Commerce, 2024. **Quarterly Recruitment Outlook: Hiring Difficulties Easing but Significant Concerns Persist**
[44] British Business Bank. **Tips on Hiring New Employees**
[45] British Business Bank. **Tips on Hiring New Employees**
[46] British Business Bank. **Tips on Hiring New Employees**
[47] UUEPC, 2024. **Economic Inactivity: Who, What, Where, why?**
[48] Pivotal, 2024. **Economic Inactivity in Northern Ireland**
[49] NI Direct. **Access to Work**
[50] Good Growth Foundation, 2025. **Employer NICs Holiday to tackle economic inactivity crisis could save up to £1.1 billion per year**
[51] EY Foundation, 2024. **Insights into small businesses and youth employment prospects**

Non-financial Barriers to SME Recruitment of Inactive Individuals

Beyond pure costs, a range of non-financial barriers and challenges make employers hesitant or ill-equipped to recruit economically inactive individuals. The literature conveys multiple non-financial barriers which, at the core, could also be linked to financial barriers, as these may be due to the limited resources of SMEs compared to larger firms. It is also important to note that the barrier of attitude and stigma represents a perceived skills gap; both a perceived skills gap and a real skills gap are barriers.

Employer attitudes and stigma: Research from PWC suggests that there can be employer bias against economically inactive candidates, with over half (57%) of businesses expressing worry about recruiting someone who has been inactive.[52] The literature asserts that this is often due to the human capital theory. This theory suggests that there can be a perceived skills gap because employers believe periods of non-employment diminish an individual's job-related training and skills, as work provides opportunities to gain and retain knowledge.[53] This helps explain why recruiters may perceive economically inactive individuals as higher risk hires, despite potentially having the necessary skills. For example, the recent Mind the Gap research discussed how a lack of understanding about different types of disabilities can lead to employers being fearful about recruiting disabled people. This lack of disability awareness may lead to inaccessible recruitment processes, rigid work environments that don't allow for flexibility or accommodation, and inconsistency in approach across employers.[54]

Skills gaps/labour shortages: The literature also shows that a real skills gap can be a barrier. The Skills Barometer from the Ulster University Economic Policy Centre (UUEPC) states that economically inactive individuals "face a range of labour market barriers and have a qualification profile increasingly weighted towards low-level qualifications. As such, a significant proportion of this group would be required to upskill to align with labour market demand".[55] This is supported by other research which also states that many people who are inactive will need considerable tailored support to access employment as they tend to have much lower levels of qualifications.[56] Addressing the real skills gap is something SMEs cannot solely be responsible for, especially considering the cost of training and upskilling.

Limited HR capacity: SMEs typically operate with limited HR capabilities. Research from EY indicates that 65% of UK SMEs have no dedicated HR person to manage recruitment.[57] This lack of professional HR support limits their ability to provide the necessary support for economically inactive individuals. For example, this same research found that 50% of SMEs felt their recruitment practices inadvertently discouraged or prevented people, particularly young people from low-income backgrounds from applying.[58]

Information and navigation gaps: SMEs often do not know how to reach inactive individuals or what support programmes exist. If an SME does not regularly engage with public employment services, they might miss out on candidates.

[52] PWC, 2025. **Business deeply concerned about economic inactivity but wary of recruiting the inactive**

[53] Institute of Labour Economics, 2024. **Unemployment, Inactivity, and Hiring Chances: A Systematic Review and Meta-Analysis**

[54] Northern Ireland Union of Supported Employment, 2025. Mind the Gap (Unpublished)

[55] UUEPC, 2020. **Skills Barometer 2023-33**

[56] Pivotal, 2024. **Economic Inactivity in Northern Ireland**

[57] EY Foundation, 2024. **Insights into small businesses and youth employment prospects**

[58] EY Foundation, 2024. **Insights into small businesses and youth employment prospects**

Regulatory and compliance concerns: Research indicates that employers often lack understanding of regulations and legislation surrounding the reasons cited for economic inactivity. For example, employers recruiting a disabled economically inactive individual would need to understand disability legislation, the support available and the complexities of the benefits system (if applicable).[59] This information would aid the hiring of individuals with a disability, however, for SMEs often without dedicated HR departments, this is a lot for the business owner to understand.

Beyond these specific barriers to recruitment, it would be an incomplete picture if wider barriers to employment were not discussed. UUEPC research stated that when asked, the most common barriers cited for inactivity included household finances, qualifications, access to childcare, age, the benefits system, local opportunities and access to healthcare.[60] Expanding on that, other literature also discusses lack of rural public transport, lack of confidence and inaccessible buildings.[61] This shows just how wide ranging the issue is, spanning across different departments and varying depending on an area being rural or urban. This research will focus on the recruitment barriers for employers, but these wider causes of economic inactivity which act as barriers by reducing the number of individuals who are able to (re)enter work should be kept in mind to ensure the full picture of economic inactivity is considered.

Policy Landscape and Support Strategies

Addressing economic inactivity has been declared a priority of both the UK Government and Northern Ireland Executive for many years. A variety of policies, programmes and pilots exist or have been proposed to help inactive individuals into work and support employers in hiring them. This section reviews the major policies and interventions relevant to Northern Ireland, assessing their focus and limitations, especially regarding SME involvement.

The literature discusses interventions to tackle economic inactivity; these can be broken down into three groups. The person-centred group focuses on the person, with interventions often including counselling, treatment and training. Whereas workplace-focused interventions concentrate on environmental changes and reintegration support. The last group of interventions is structural, this is often what the state can do via tax, pensions and social security frameworks.[62]

To know where we can effect change and where policies can be affected, we need to know where the power lies and who is responsible for economic inactivity interventions. Firstly, economic inactivity is something that the UK Government is trying to address UK-wide. Therefore, through the UK Shared Prosperity Fund, they are responsible for interventions across the UK. However, this issue is also devolved. The Department for the Economy (DfE) and Department for Communities (DfC) cover the main elements of economic inactivity. In their respective departments, they are working on different interventions. DfC is developing a new Disability and Work Strategy which is out for consultation until January 2026[63]. DfE previously published 'Enabling Success', their strategy to reduce economic inactivity and more recently has set out their economic vision which includes promoting 'good jobs' and increasing productivity.[64] This vision includes making changes to flexible working and carer's leave, addressing some of the barriers to employment for economically inactive individuals.

However, as previously discussed, economic inactivity is interwoven with a wide range of other issues, therefore, there is not one single entity responsible for interventions and most government departments have a role to play. With long-term sick an increasing reason for economic inactivity and still no childcare strategy, the Department of Health and Department of Education also have a part to play.

[59] UUEPC, 2024. **Economic Inactivity: Who, What, Where, why?**

[60] UUEPC, 2024. **Economic Inactivity: Who, What, Where, why?**

[61] Northern Ireland Union of Supported Employment, 2025. Mind the Gap (Unpublished)

[62] International Public Policy Observatory, 2024. **What Policy Interventions Are Needed to Reduce Economic Inactivity for People with Poor Health and Older People?**

[63] Department for Communities, 2025. **Disability and Work Strategy Consultation**

[64] Department for the Economy, 2024. **Minister sets out his vision for the economy**

Breakdown of NI's Economic Inactivity Interventions

Supporting the transition from economic inactivity to employment is the NI Executive's flagship strategy, launched in 2015, specifically to tackle inactivity.[65] It was a comprehensive plan developed jointly by the Department for Employment and Learning and other agencies, recognising NI's inactivity rate was 'higher than anywhere else in the UK'.[66] The strategy identified two primary target groups: individuals with work-limiting health conditions or disabilities, and those with caring commitments (including lone parents). It set ambitious long-term goals including a 25% reduction in inactivity due to health/disability by 2030 and a 25% reduction in inactivity due to family commitments by 2030. It also aimed to raise NI's working age employment rate to 70% by 2020. Enabling Success comprised six themes and 11 projects, spanning health interventions, employability skills, employer engagement, and policy coordination. Notably, it emphasised incentivising employers to take on inactive individuals and working with the health sector on issues like mental health and musculoskeletal conditions which drive inactivity.[67]

However, a major issue with Enabling Success was its implementation. Shortly after its approval, budget cuts left no funding to roll it out.[68] It became a strategy in waiting, well-conceived on paper but not backed by resources in the following years due to wider fiscal constraints and political instability. As a result, while some elements proceeded under existing programmes, there wasn't the concerted push originally envisioned. The lack of dedicated funding meant, for example, employer incentives and new support projects did not materialise at scale. A NI Assembly briefing in 2021 confirmed that Enabling Success remained the last formal strategy but noted the Executive 'has not yet implemented a successor' and that inactivity remained stubborn.[69]

Enabling Success signalled strong intent, correctly diagnosed key groups and needed actions (like cross-departmental cooperation between economy, health and communities). Its hiatus represents a gap, although many underlying programmes (Skills Strategy, health reforms) continue. Revitalising or updating this strategy, with funding, could provide an overarching framework to coordinate the various siloed efforts currently ongoing.

Jobcentre Support and Welfare-to-Work Programme

For those on benefits (like Universal Credit, Employment and Support Allowance (ESA), or Income Support), the Public Employment Service is a main channel of support. In NI, the Department for Communities (DfC) delivers these services (Jobs & Benefits Offices, analogous to Jobcentre Plus in GB). Programmes include the Work Coach system, which gives unemployed and certain inactive benefit claimants personalised advice. There are also specific programmes e.g. Steps 2 Success (2014–2021) was a back-to-work programme that inactive benefit clients could volunteer for; it has been succeeded by the Work Ready Employment Programme. Additionally, DfC introduced schemes like JobStart and others with some relevance. However, for economically inactive individuals, participation in such programmes is often voluntary (since by definition they're not mandated to seek work). This means engagement is low among some inactive groups. For example, a long-term sick person on disability benefits may have no requirement to attend job programmes, and many do not due to health barriers. Lone parents with very young children similarly may not be actively engaged by the system.

While Jobcentres do assist those who are closer to the labour market (e.g. those who say they want work), the most disadvantaged inactive can be 'left alone' until they signal readiness. Some analysts argue for more proactive outreach to invite inactive people into employability support well before they might seek it on their own. From the SME side, Jobcentres do help with matching, an employer can list vacancies or use sector-based Work Academies to train and place benefit claimants. But feedback from NI businesses suggests this system isn't fully meeting their needs or that they don't fully utilise it.[70] The UK Government 's new initiative of 'Universal Support' (announced in 2023) is set to provide wrap-around help for 50,000 individuals with disabilities to move into work, essentially matching them with open jobs and funding training/support.[71] If implemented in NI (likely through DfC), this could directly connect SMEs with willing inactive candidates, subsidising initial costs. It remains to be seen how this will roll out.

65 Department for Employment and Learning & Department for Enterprise, Trade and Investment, 2015. Supporting the transition from economic inactivity to employment: **A strategy to tackle economic inactivity in Northern Ireland**

66 NICVA, 2015. **Economic Inactivity Strategy**

67 AdgendaNI, 2015. **Economic Inactivity Strategy**

68 AdgendaNI, 2015. **Economic Inactivity Strategy**

69 NI Assembly, 2017. **To ask the Minister for Communities for an update on the Executive's Economic Inactivity Strategy entitled Enabling Success**

70 New Futures et al, 2025. **New Futures Four Nations Northern Ireland briefing paper**

71 Gov.uk, 2023. **Back to Work Plan**

Access to Work (ATW)

This is a UK-wide Department for Work and Pensions (DWP) scheme that provides practical support for people with disabilities or health conditions to start or stay in work. It can pay for special equipment, support workers, transport to work, mental health support services, and more, above what an employer is legally obliged to provide as reasonable adjustments. In NI, Access to Work is available and many disabled employees have benefited. However, awareness among small employers about ATW is not universal. Studies have found that Access to Work is underutilised relative to the potential eligible population, and processes can be slow[72]. Moreover, as mentioned, ATW is an aid to the individual (and indirectly the employer) but not an incentive for the employer.[73] It reimburses costs, which is crucial, but SMEs still must handle the admin and wait for reimbursement. The Good Growth Foundation report noted that DWP is 'reforming Access to Work to put more responsibility on employers to manage workplace adjustments'[74], which some employers might interpret as more burden on them. However, its existence means no SME should be out-of-pocket for accommodating a disabled new hire, if they navigate the system properly. NI also has the Workable NI Programme (run by Disability Action) which complements ATW by providing a job coach and employment support for disabled workers; this has had success with SMEs by effectively outsourcing the support role to specialists.

Access to Work is a valuable tool to overcome one barrier (cost of adjustments), but it doesn't address employer attitudes. Efforts to increase SME awareness and streamline application processes (perhaps through an intermediary handling the paperwork) would enhance its impact. A potential gap in NI is that while ATW covers individuals, there isn't a broader disability employment campaign or one-stop service for employers. The "Mind the Gap" summit in 2025 urged more joined-up investment in Supported Employment services.[75] Filling this gap would mean scaling programmes that actively connect disabled inactive people with willing employers and support both through the transition, essentially making ATW easier to use in practice for SMEs.

NI Childcare Strategy

Childcare has been named 'the elephant in the room' for tackling inactivity among parents in NI.[76] Stakeholders have called for a comprehensive childcare strategy akin to the rest of the UK. While parents in England, Scotland and Wales enjoy 15–30 hours per week of free childcare for 3–4-year-olds (and now expanding to younger ages), NI has had only limited pre-school hours and targeted programmes.[77] NI's Department of Education had drafted a Childcare Strategy as far back as 2015, but it stalled. This policy void has real impacts; as noted, childcare cost and availability is a major barrier, especially for women, to take up employment. NI Assembly research highlights that many low-income families cannot afford upfront childcare fees required before subsidies reimburse them, effectively pricing them out of work.[78] Addressing this requires not just more subsidy but also structural changes (e.g. increasing the number of childcare providers, extending school hours).

A robust childcare strategy is a critical piece of the inactivity puzzle. It would directly reduce one of the largest inactive subgroups. For SMEs, better childcare provision means a larger pool of potential female employees and less pressure on them to accommodate unpredictable care gaps. Some SMEs in NI have themselves called for improvements here because they lose staff (mostly women) due to childcare issues. While the childcare strategy mostly involves government investment and isn't an employer programme as such, its absence has left a gap that indirectly maintains higher inactivity. Therefore, the coming years' developments on this front (including any NI Executive action or UK intervention) will be key.

72 Work Foundation, 2024. **Stemming the Tide: Healthier Jobs to Tackle Economic Inactivity.**

73 OECD, 2024. **Connecting People with Jobs: Activation Policies in the United Kingdom.**

74 Good Growth Foundation, 2025. **Employer NICs Holiday to tackle economic inactivity crisis could save up to £1.1 billion per year.**

75 Alliance Party NI, 2025. **Lack of synchronisation threatens the future of people with disabilities, says Armstrong.**

76 NI Assembly, 2024. **Economic inactivity, key employment barriers and childcare costs potentially impacting those barriers: initial considerations for Northern Ireland.**

77 NI Assembly, 2024. **Economic inactivity, key employment barriers and childcare costs potentially impacting those barriers: initial considerations for Northern Ireland**

78 NI Assembly, 2024. **Economic inactivity, key employment barriers and childcare costs potentially impacting those barriers: initial considerations for Northern Ireland**

Labour Market Partnerships (LMPs)

Starting in 2021–2022, NI established Labour Market Partnerships in each of the 11 local council areas, funded by DfC.[79] These LMPs bring together councils, local employers, colleges, and community groups to plan and deliver employment solutions tailored to local needs. Essentially, they decentralise employability efforts, aiming to be more responsive. The LMP model explicitly targets improving coordination to help those furthest from the labour market. For example, an LMP might run a sector-specific training academy linked with local SMEs, or a confidence-building programme for people out of work long-term, with guaranteed interviews at the end. Importantly, LMPs are expected to build effective links between employers and potential staff.[80] They have flexibility to use funding for wage subsidies, transportation support, or other innovations.

Early evidence suggests LMPs have had successes (for instance, Belfast LMP's Employability NI initiatives) but also face challenges such as limited capacity and the need for sustained funding. Councils noted they lack resources to fulfil the role as fully as envisioned.[81] Nonetheless, LMPs are a positive development; they create a local forum where SMEs can voice their needs and get involved in solutions. A Learning & Work Institute paper mentions LMPs as a 'successful local mechanism' to connect employers with those seeking jobs/training.[82] The partnerships have, for instance, organised job fairs targeting inactive people and bespoke upskilling courses (often short 'bootcamps' or traineeships) that guarantee interviews with participating SMEs.

If strengthened, LMPs can address several non-financial barriers; they can educate SMEs about available supports, simplify engagement by acting as a one-stop shop, and build trusted networks. They exemplify the kind of collaborative approach needed. The gap or risk is that if funding is cut or if there isn't buy-in from all stakeholders, their momentum could wane. Also, coverage and effectiveness might vary by council. Ensuring consistency and sharing best practices among LMPs will be important. Policymakers should note that LMPs are one of the few initiatives directly helping SMEs to recruit disadvantaged jobseekers on the ground in NI right now.

[79] And Business, 2024. **Ards and North Down Labour Market Partnership.**

[80] Department for Communities, 2021. **Labour Market Partnerships.**

[81] Learning and Work Institute, 2024. **New Futures: Four nations policy recommendations.**

[82] UK Parliament Committees, 2022. **Written evidence from the Labour Market Partnerships. 76 NI Assembly, 2024. Economic inactivity, key employment barriers and childcare costs potentially impacting those barriers: initial considerations for Northern Ireland.**

Other Programmes and Interventions

A few additional efforts merit mention. The Condition Management Programme (CMP) is a joint initiative between health and employment services in NI that helps people with health conditions (physical or mental) better manage their issues with the aim of moving toward work. CMP has been a component of back-to-work support for ESA (disability benefit) claimants and has had positive outcomes in improving confidence and readiness. It doesn't directly involve employers but prepares individuals, indirectly easing an employer's task. The Not in Education, Employment or Training (NEET) Strategy and youth training (e.g. Skills for Life & Work, apprenticeships) address young inactive people – NI's youth unemployment/inactivity has been helped by investment in these, although more could be done to engage the sizable proportion of 16–24s not in education or work. Skills programmes more broadly (like the Skills Strategy 'Skills for a 10x Economy') aim to upskill the population; if they can include more flexible, bite-sized learning for inactive adults, that would help bridge skill gaps. Some charitable and community projects (often funded by EU or UK schemes in the past) target inactive subgroups. For example, the Employability South Belfast project or Women Returners programmes. These often work intimately with SMEs willing to offer placements or trial employment.

When looking at previous and current incentives, the literature tells us that there is a need for a multi-faceted approach to address economic inactivity: "proposed solutions need to engage with the multi-faceted reasons for inactivity, including its complex relationship with the economy, the labour market, inequalities and public services."[83] Therefore, solutions should consider all three groups of intervention.

The literature gives a few points to consider when it comes to interventions. Firstly, it is important that the intervention is thought through from start to finish; focusing on upskilling alone for example would not solve the problem of connecting the potential talent pool that wants to work with SMEs who are looking to recruit.[84]

The next point to consider is that financial incentives could work in practice, as previously discussed. However, it would be even more effective if this was in conjunction with targeted support for SMEs to develop inclusive recruitment practices that link employers up to the individuals that want to work. This is where the important role of intermediary organisations that facilitate the connection between employers and economically inactive individuals comes in.[85]

Lastly, all this support must be available in one place. Locating and accessing the help that is available can be challenging for SMEs and often, more than one type of support may be needed. For example, if hiring someone with a disability, the employer may need assistance with updating the accessibility of the workplace, as well as skills or training programmes. Therefore, it is important that all schemes are accessible and available in one place to reduce burden on SMEs and increase their ability and desire to recruit from the economically inactive sector.

[83] Pivotal, 2024. **Economic Inactivity in Northern Ireland.**

[84] Pivotal, 2024. **Economic Inactivity in Northern Ireland.**

[85] Good Growth Foundation, 2025. **Employer NICs Holiday to tackle economic inactivity crisis could save up to £1.1 billion per year.**

Gaps and Limitations

Despite the array of initiatives, there remain clear gaps:

Integration and Scale: Many programmes are siloed (health vs economy vs communities) and small-scale. NI lacks a joined-up, large-scale initiative explicitly matching inactive people to jobs with proper support. The disability employment gap, for instance, remains huge, partly due to the limited scale of supported employment projects relative to need.[86] A more synchronised cross-departmental approach (as Enabling Success aspired to) is still missing in action.

Employer Engagement: Not all SMEs know about or engage with programmes like LMPs, or Jobcentre offers. There's no single employer-facing portal or campaign in NI focused on inclusive hiring. Scaling up employer-facing interventions (like awareness campaigns or an "Inactivity Toolkit" for SMEs) could fill this gap.

Monitoring and Evaluation: It's not entirely clear which interventions are yielding the best results in NI, due to limited published evaluation. For example, how much has each LMP reduced inactivity locally? Are the outcomes sustained? Better data would help channel resources into what works (and away from what doesn't).

In conclusion, Northern Ireland has pieces of the puzzle on the table but has yet to fully assemble them into a coherent, well-resourced picture. The current mix of strategies and programmes address many relevant aspects: health, skills, employer incentives and local coordination, however, gaps in execution, scale, and connectivity undermine their collective impact.

Gaps in the Literature

While there is substantial research on economic inactivity in NI and on general barriers to employment, specific literature focusing on barriers to recruitment from the economically inactive sector from the employer's perspective is sparse. Pivotal's research into economic inactivity states that "more studies and discussions are needed regarding how employment practices and different sectors can better respond to these challenges."[87] This literature review has explored wider research on economic inactivity, but this is seldom from the point of view of employers, especially SMEs.

There is also an insufficient understanding in the literature of the different approaches to recruitment for SMEs specific to the different groups of economically inactive. For example, making accommodations for someone with a disability requires different resources and adjustments to offering flexible working for those looking after family/home.

Another gap in the literature is an in-depth analysis of all the current, local interventions and schemes on how they are working and, more specifically, how they have been received from an employer's point of view.

This research project will consider the SME perspective and what support or other interventions might help to mitigate these challenges.

[86]Alliance Party NI, 2025. **Lack of synchronisation threatens the future of people with disabilities, says Armstrong.**
[87]Pivotal, 2024. **Economic Inactivity in Northern Ireland.**

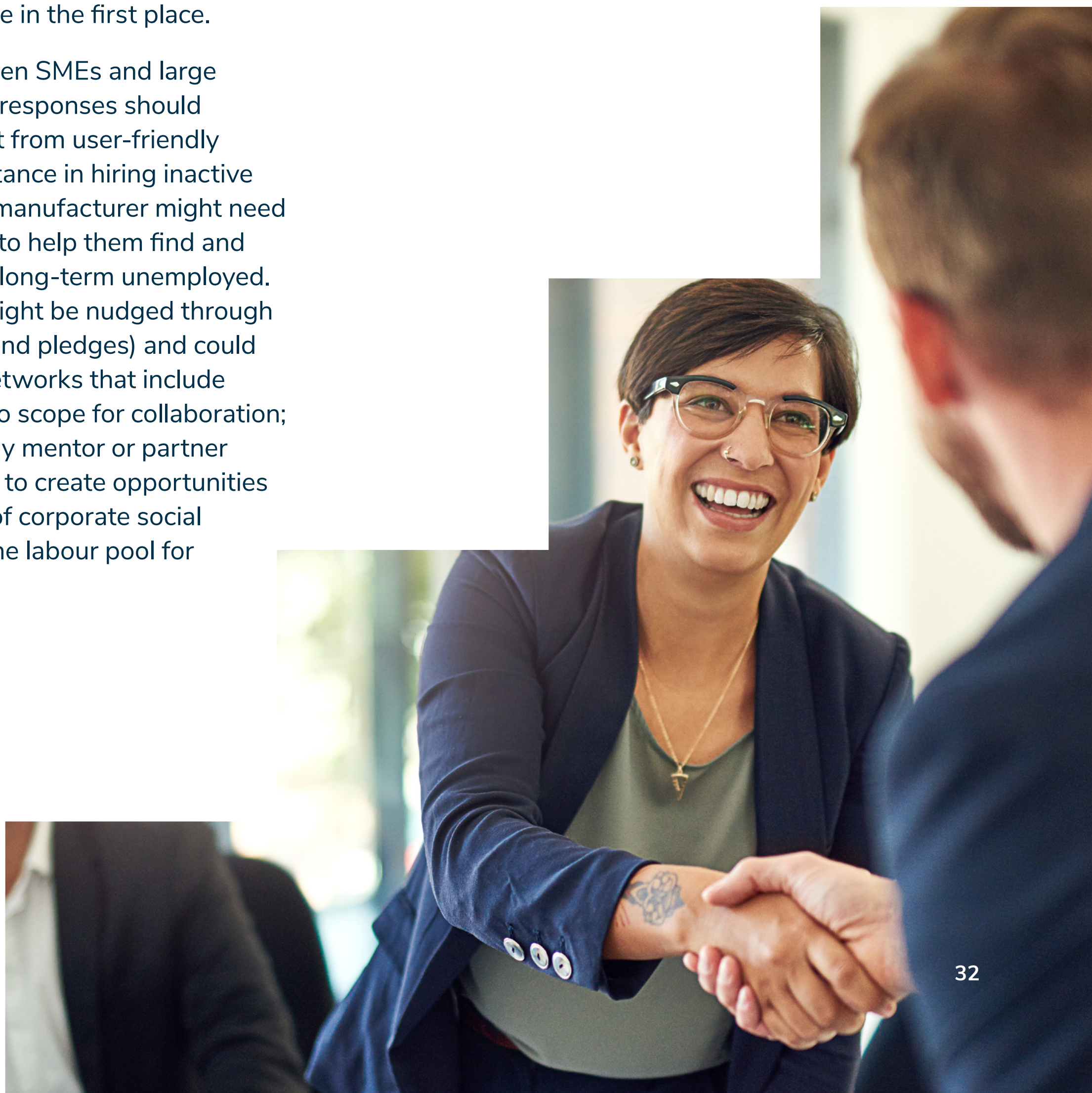
Conclusion

The challenge of recruiting economically inactive people into the workforce is multi-faceted, especially in the Northern Ireland context where historical, social, and economic factors have kept inactivity rates high. Financial barriers, such as the cost of accommodations, training, and providing flexibility, often weigh more heavily on SMEs which operate with thinner margins and reduced HR infrastructure compared to larger enterprises. Non-financial barriers, including stigma, lack of know-how, and engagement gaps are pervasive across organisations of all sizes, but their manifestations differ. Large firms have resources to create formal programmes for inactive groups yet may be hampered by impersonal systems or hidden biases; small firms may offer personal understanding and community integration, but they frequently lack formal strategies and can be risk-averse without proper support.

The literature makes clear that no single intervention will solve economic inactivity, but progress can be made through concerted efforts on several fronts: cultivating inclusive attitudes among employers, enhancing support and incentives (especially for SMEs) to offset costs, improving the interface between inactive individuals and potential employers (through targeted outreach, supported placements and mentoring), and tackling the structural issues (health, childcare, skills) that underlie why so many people are inactive in the first place.

Crucially, the differences between SMEs and large enterprises suggest that policy responses should be tailored. SMEs would benefit from user-friendly guidance and one-to-one assistance in hiring inactive workers – for example, a small manufacturer might need a regional job coach or scheme to help them find and support an employee who was long-term unemployed. Large employers, conversely, might be nudged through public commitments (charters and pledges) and could share best practices through networks that include smaller businesses. There is also scope for collaboration; large firms in NI could potentially mentor or partner with SMEs in their supply chain to create opportunities for inactive individuals (a form of corporate social responsibility that also grows the labour pool for everyone).

In Northern Ireland's case, reviving and updating the strategic focus on economic inactivity with input from business communities, including SMEs, will be vital. The demographic and economic pressures (an ageing population, widespread skills shortages, and the drive for inclusive growth) make it more important than ever to bring those on the economic margins into gainful employment. As this review has shown, the barriers are significant but not insurmountable. With a mix of financial support, policy facilitation, and changes in employer practice, both small and large employers can play a role in reducing economic inactivity. Ultimately, addressing these barriers is not just about filling vacancies in a tight labour market, it is about extending opportunity to those who have been left behind and ensuring the economy benefits from the talents of all its people. The literature provides many pointers, the task is to translate this knowledge into action on the ground, tailoring solutions to Northern Ireland's unique context because until such knowledge and financial gaps are addressed, the financial risk aversion among small businesses remains a significant barrier to engaging economically inactive individuals.



Empowering Employers Quantitative Analysis

Quantitative Analysis

To inform this research, an online survey was conducted with employers across Northern Ireland to capture their experiences and perspectives on recruiting individuals from the economically inactive population. The survey aimed to explore both the profile of participating organisations and the barriers and enablers they encounter in engaging with the economically inactive group.

A total of 97 organisations responded, providing a dataset that is broadly reflective of the Northern Ireland SME base in terms of business size, sector and geographical spread. While the survey is not based on a random sample, care was taken to secure participation across different council areas, business types and turnover levels, ensuring a diverse range of voices was represented. The following section sets out the key findings from the survey. It begins by outlining the characteristics of the respondent businesses, before examining employer awareness, recruitment experiences and the specific challenges and supports identified in engaging with the economically inactive. Together, these findings provide an important evidence base to inform subsequent qualitative interviews, workshops and policy recommendations.

Business Size and Turnover

Responses were broadly representative of the SME community in NI, with a notable concentration among micro and small firms. Of the respondents, 87% had less than 50 employees, including 45% classified as micro businesses. Turnover levels varied widely, with 22% reporting annual turnover below £100,000 and 35% exceeding £1million, highlighting a diverse financial profile among participants.

Sectoral Distribution

Respondents represented a wide range of sectors, the largest being professional services (18%), manufacturing (10%), other services (9%) and accommodation and food services (8%). More than half of businesses (59%) have been established for over ten years, reflecting the long-standing presence of many SMEs in the Northern Ireland economy, while only 5% have been operating for less than one year.

Legal Form

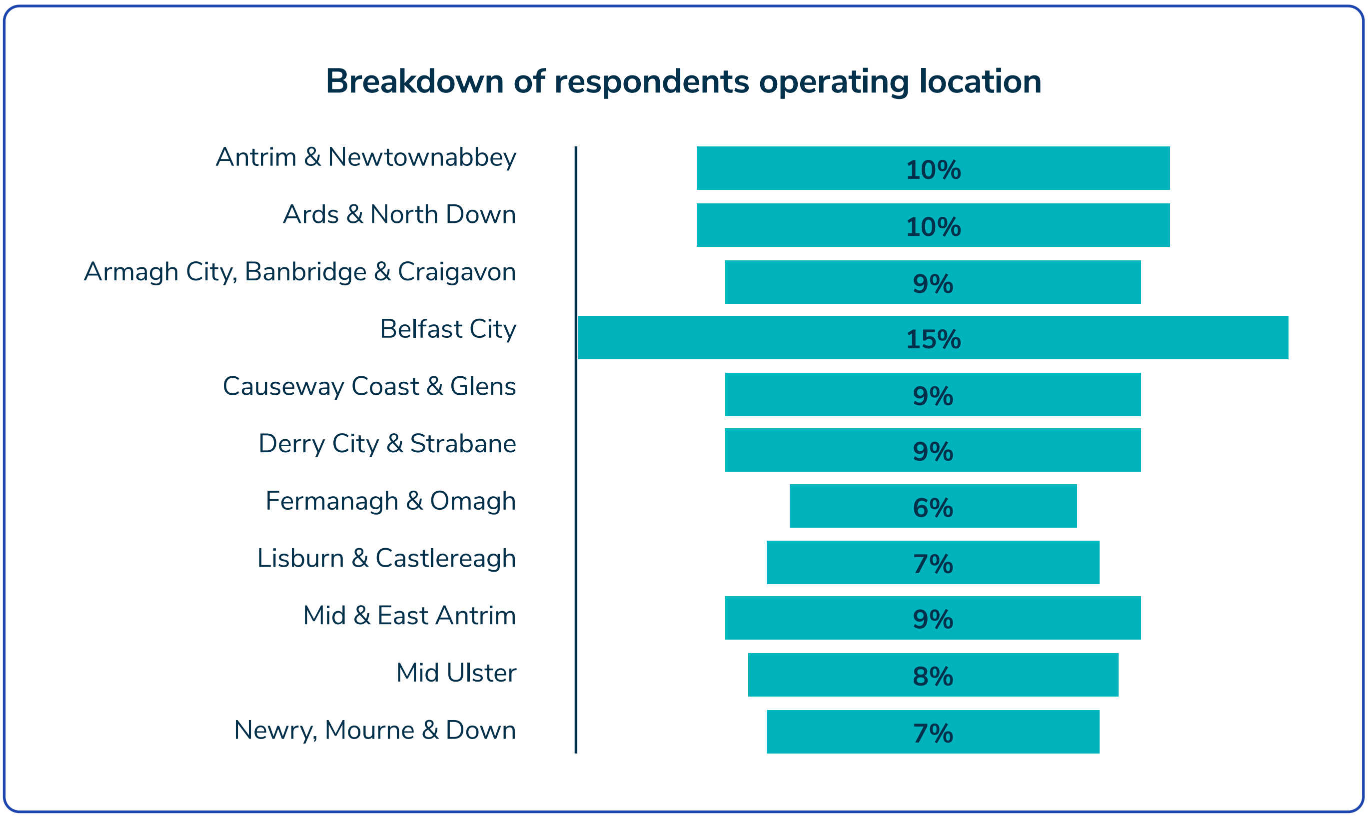
Most respondents were private companies (63%) with additional representation from sole traders (19%), charities (10%) and social enterprises (7%).

Geographical Spread

The geographical distribution of the survey respondents is broadly reflective of the business landscape across Northern Ireland. Belfast was the most common council area cited by businesses in terms of a location in which they operate at 15%, followed by Antrim and Newtownabbey (10%) and Ards and North Down (10%). The remainder of council areas were relatively evenly spread. It should be noted that respondents were able to select multiple council areas in terms of operation. These figures align closely with the spread of businesses recorded in the Inter-Departmental Business Register[88] (IDBR), which highlights Belfast as having the highest concentration of firms, with other urban council areas also well represented. While the survey is not based on a random sample, the spread of responses indicates a distribution that mirrors the Northern Ireland business base and avoids over-representation of any single area.

[88] ONS, 2025. **Inter-Departmental Business Register.**

Figure 6: Geographical spread of survey respondents



Please note that not all charts/ tables will round to 100% as for many questions, respondents were able to choose one or more answers.

Recruitment Practices and Challenges

Types of Employment Offered

The survey findings show that most businesses provide a mix of employment options, reflecting the diverse needs of SMEs and their workforce. The most common form of employment was full-time contracts (81%), followed by part-time positions (66%), highlighting the prevalence of more traditional, stable employment models. At the same time, a notable proportion of firms also rely on more flexible arrangements, with 37% offering temporary or contract work and 29% providing apprenticeships or internships. This indicates that while most businesses prioritise long-term roles, there is recognition of the need to accommodate shorter-term labour requirements and skills development opportunities.

Figure 7: Types of employment offered by survey respondents

Types of employment offered	
Full-time	81%
Part-time	66%
Temporary/contract	37%
Apprenticeships/internships	29%

Flexible Working Arrangements

Alongside contract types, the survey also explored the availability of flexible working practices. More than half of businesses (57%) reported offering flexible working hours, demonstrating how employers are adapting to workforce expectations around work-life balance. Hybrid working (a mix of onsite and remote) was also common, offered by 47% of respondents. However, fully remote working was less widespread, reported by only 19% of businesses. These findings suggest that while flexibility is increasingly embedded within workplace practices, SMEs in Northern Ireland tend to favour hybrid and flexible scheduling models over fully remote arrangements.

Figure 8: Types of employee flexibility offered by survey respondents

Flexibility offered	
Flexible working hours	57%
Hybrid working (mix of remote and onsite)	47%
Remote working	19%
None	10%

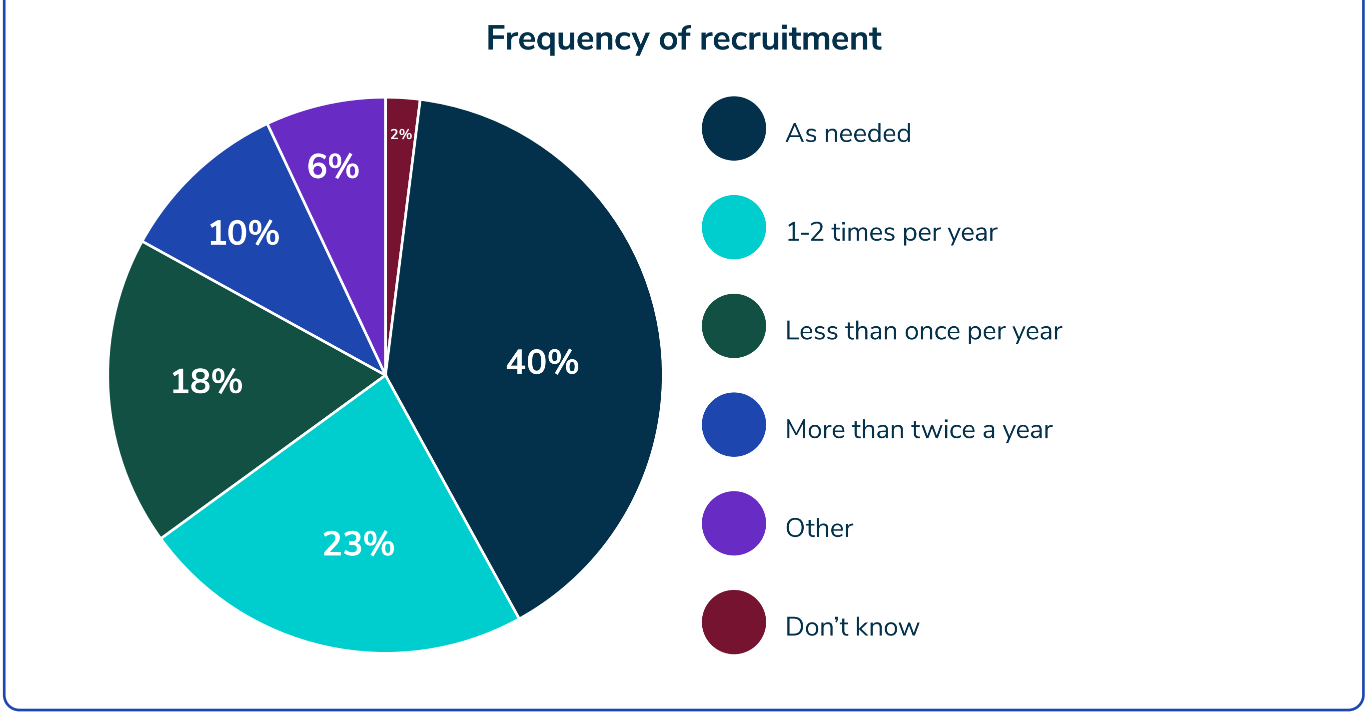
Together, these findings highlight that SMEs are evolving their employment practices to offer both stability and flexibility. This combination may make them better positioned to attract economically inactive individuals, particularly those with caring responsibilities, health conditions or other needs that require adaptable working arrangements.

Recruitment Frequency

When asked about how often they recruit staff, businesses most reported hiring on an ad hoc or 'as needed' basis (40%), reflecting the flexible and reactive nature of recruitment among SMEs. Around 23% of respondents stated that they recruit one to two times per year, while 18% reported recruiting less than once per year. A smaller proportion (10%) recruited more than twice per year.

This highlights that while a minority of businesses maintain regular recruitment cycles, the majority adopt a more demand driven approach. Such practices are consistent with the limited HR capacity often found in small and micro businesses, where formal workforce planning can be less common. The findings suggest that any interventions to widen participation in the labour market, particularly engaging economically inactive individuals will need to accommodate the irregular reactive recruitment behaviours of SMEs.

Figure 9: Frequency of recruitment within survey respondents' businesses



When asked how they typically recruit staff, respondents highlighted a range of approaches, reflecting the variable nature of SME recruitment. The most common method reported was word of mouth and referrals (60%), demonstrating the importance of informal networks in Northern Ireland's business community. This was followed by direct applications (52%) and the use of online jobs boards (42%), showing that while traditional recruitment routes remain significant, digital platforms are increasingly used to access candidates. More formal channels such as recruitment agencies (34%) and apprenticeships/ training programmes (26%) were less widely used, with Jobcentres and government employment schemes (14%) playing a relatively limited role.

Figure 10: Recruitment methods used by survey respondents

How does your business usually recruit staff?	
Word of mouth/referrals	60%
Direct applications	52%
Online job boards (e.g. Indeed, LinkedIn etc.)	42%
Recruitment agencies	34%
Apprenticeship/training programme	26%
Jobcentres or government employment schemes	14%

This pattern suggests that SMEs continue to rely heavily on trusted, relationship-based recruitment methods, while larger scale government led schemes are less frequently engaged with. This reliance on informal mechanisms may present a barrier to reaching economically inactive individuals, who may not be connected to existing business networks.

In terms of recruitment challenges, most employers (88%) reported experiencing some form of difficulty when attempting to fill vacancies. The most frequently cited issue was skills shortages (34%), reflecting the long-standing concerns in the Northern Ireland labour market about mismatches between employer needs and available talent. Other key barriers included low applicant numbers and lack of interest in advertised roles (28%), alongside the cost of recruitment (22%).

These findings underline the dual challenge facing SMEs; on one hand, recruitment pipelines are often dependent on limited networks and on the other, even when positions are advertised more broadly, businesses face persistent shortages of candidates with the right skills or sufficient interest in the roles available. Together, these factors reinforce the importance of exploring alternative and inclusive engagement with underutilised groups such as the economically inactive.

Economic Inactivity

When asked about their awareness of the term 'economically inactive', most respondents (82%) indicated that they were familiar with the term prior to completing the survey. This suggests that awareness itself is not the key barrier to engagement with this group.

Recruitment of Economically Inactive Individuals

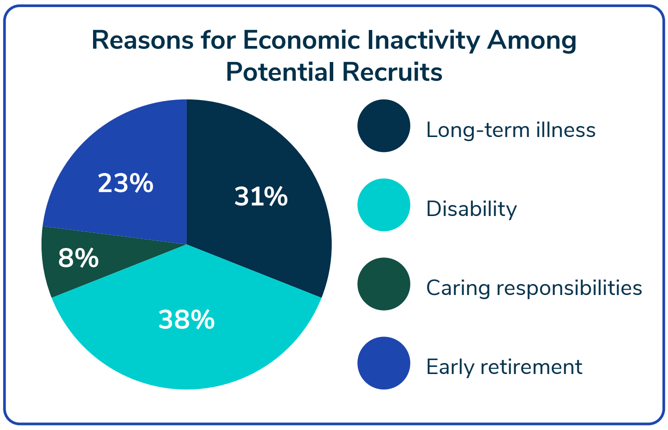
In terms of recruitment, almost half of businesses (48%), reported that they had never recruited anyone from the economically inactive group. A further 46% indicated that they had engaged in recruitment attempts; 12% had begun the process but did not ultimately hire, while **34% had successfully recruited individuals from this cohort**. Only 7% of respondents were unsure.

Figure 11: Survey respondents' experience of recruiting economically inactive

Barriers to Recruiting Economically Inactive Individuals (those who have engaged with but not recruited from this group)

Those employers who had experience in engaging with economically inactive individuals, when asked about the reasons why individuals were classified as economically inactive, employers most frequently cited disability (38%) and long-term illness (31%). Smaller proportions were associated with early retirement (23%) and caring responsibilities (8%). This breakdown highlights that health related barriers are the most common factor underlying economic inactivity among those considered for recruitment. This prevalence of disability and long-term illness reinforces the importance of workplace adjustments, accessible recruitment practices and targeted support schemes to enable greater labour market participation. These findings underline the diversity within the economically inactive population and the need for tailored interventions. A one size fits all approach is unlikely to address the varied reasons why individuals are outside of the labour market and bespoke solutions from health-related adjustments to flexible hours will be key in helping SMEs to engage effectively with this group.

Figure 12: Reasons for economic inactivity among unsuccessful recruits



Barriers to Recruiting Economically Inactive Individuals

Whilst survey findings indicated that awareness of the term 'economically inactive' was high among employers (82%), the data also highlights that awareness alone does not translate into recruitment success. Businesses reported a number of barriers that hindered efforts to engage with this group.

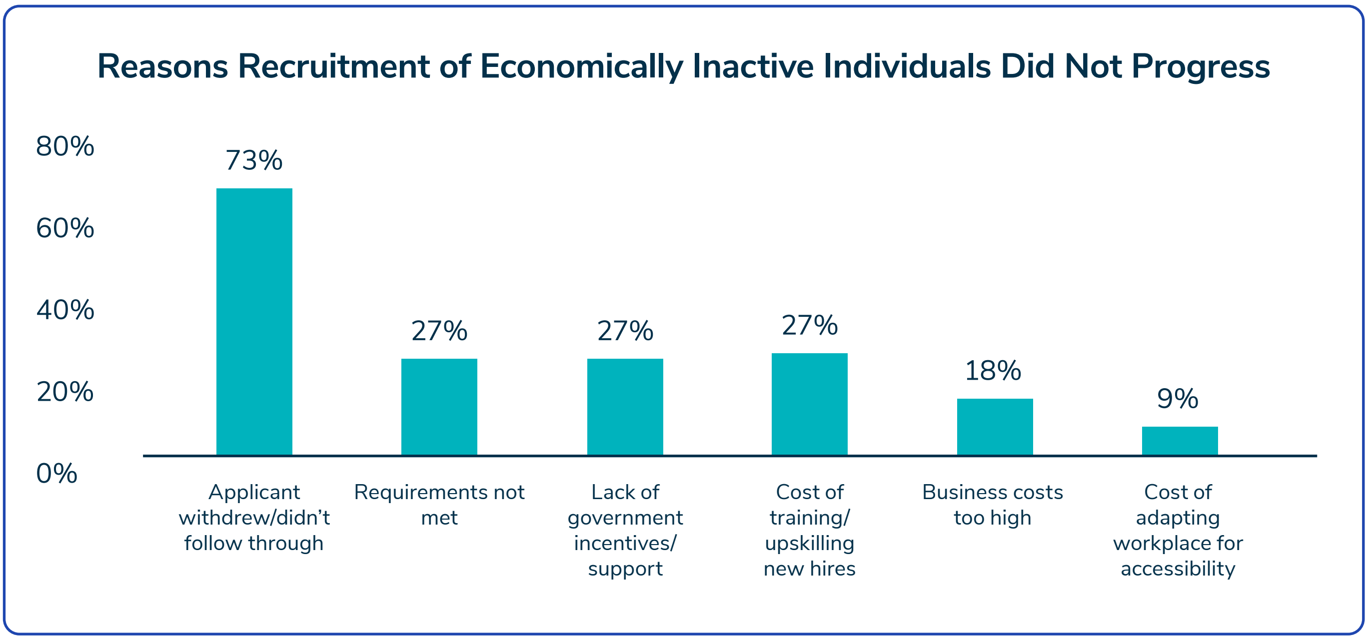
Among those who had begun the process of recruiting an economically inactive individual but did not proceed to hire, the most common challenge was applicants withdrawing or not following through (73%).
This suggests difficulties in sustaining candidate engagement and points to wider issues around readiness for work and support during the recruitment journey.

A further set of barriers were cited equally, each by 27% of respondents: role requirements not being met, lack of government incentives or support, and the cost of training or upskilling new hires. These findings underline the importance of alignment between candidates' skills and employers' needs, as well as the role of supportive policy and financial measures to reduce risks for SMEs.

Less commonly reported but still significant were business costs being too high (18%), and the cost of adapting workplaces for accessibility (9%). While cited less often, these reflect financial pressures that may disproportionately affect SMEs with limited resources.

Taken together, the results reinforce that while employers recognise the potential of this group, practical, financial and structural barriers continue to limit engagement. Addressing these will require a combination of candidate focused interventions (e.g. training and sustained support) and employer facing measures (e.g. incentives and guidance on workplace adjustments).

Figure 13: Reasons why recruitment of economically inactive was unsuccessful



Barriers to Recruiting Economically Inactive Individuals (those who have not engaged with this group)

For employers who had not recruited from the economically inactive group, the most frequently cited reason was a skills and experience mismatch (51%). This highlights the ongoing challenge of aligning the capabilities of economically inactive individuals with the skills demanded by employers, reinforcing earlier findings on recruitment difficulties more generally.

A further 26% of respondents stated there was a lack of interest among candidates for suitable roles, while 35% reported being unsure how to reach these individuals. This suggests both a demand side (employer) and a supply side (economically inactive) disconnect, where businesses may not know how to access this potential labour pool and those who are economically inactive may not view available opportunities as attractive or attainable.

Other barriers include a lack of awareness of relevant programmes (33%), a lack of government or financial incentives (21%) and the cost of training/upskilling new hires (16%). While less prominent, these findings underline the importance of support mechanisms that can lower perceived risks for employers when engaging with underutilised groups.

Practical concerns were also noted, albeit by smaller proportions of businesses; costs of adapting workplaces for accessibility (9%) and simply not having had suitable vacancies recently (19%). The latter reflects the fact that many SMEs recruit infrequently and therefore may not see opportunities to engage with the economically inactive even if willing.

Figure 14: Reasons for not recruiting economically inactive

"There needs to be clearer pathways for employers trying to resource from this pool - both on how to tap into this cohort of people but also what assistance is available in terms of in-work support, financial help and information around reasonable adjustments for those with disabilities."

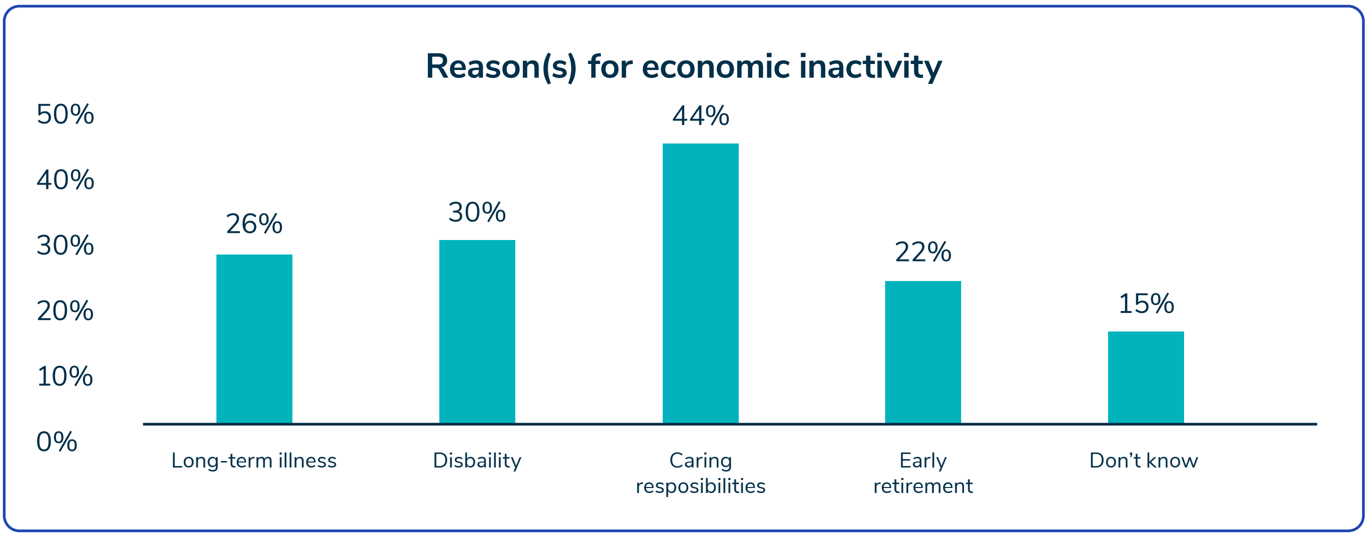
Together, these responses reinforce that employer hesitancy is driven by a combination of skills gaps, limited awareness of support pathways and financial concerns. Addressing these barriers will require targeted interventions that both improve candidate readiness and build employer confidence in engaging with this group.

Successful Recruitment

Of those who had successfully recruited economically inactive individuals, private companies accounted for the majority (71%). Notably, the firms that had recruited from this group were more likely to be long established, with 65% in operation for over 10 years.

Among those who reported successfully recruiting someone who was economically inactive, the most common reasons for inactivity were: caring responsibilities (44%), followed by disability (30%), long-term illness (26%) and early retirement (22%). A smaller share of respondents (15%) were unsure of the specific reason. This reflects the diverse circumstances behind economic inactivity, with health-related barriers and caring roles particularly prominent in Northern Ireland's labour market.

Figure 15: Reasons for economic inactivity among successful recruits

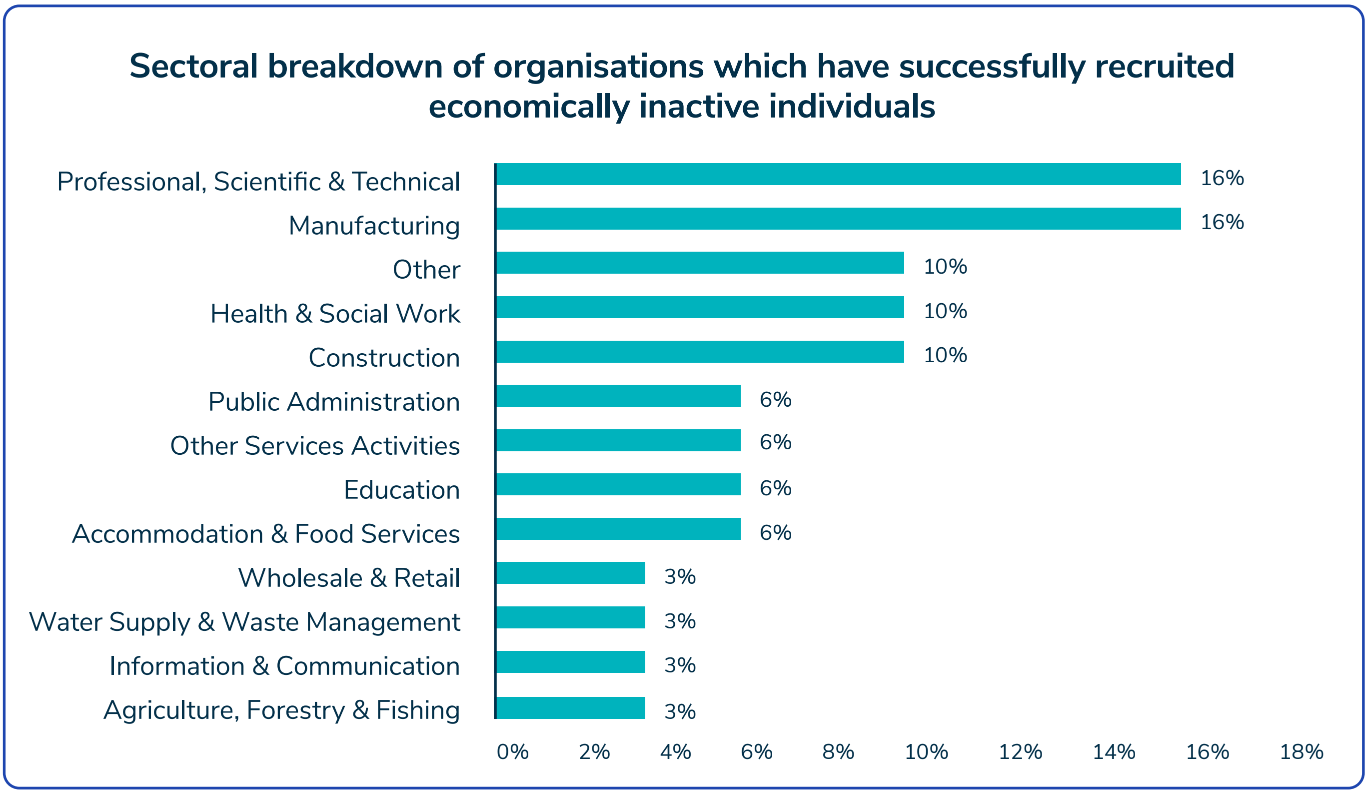


The sectoral breakdown of organisations that had successfully recruited economically inactive individuals shows that professional, scientific and technical services (16%) and manufacturing (16%) were the most represented sectors.

Recruitment was also notable in health and social work (10%), construction (10%) and a variety of smaller sectors such as public administration, education, accommodation and food services, and other services (all 6%). This indicates that while recruitment from the economically inactive population is taking place across a broad range of industries, it is more common in sectors with ongoing labour shortages and where practical adjustments or flexible working patterns may be easier to implement.

Taken together, these findings suggest that caring responsibilities and health related challenges remain the most common barriers to workforce participation and that support schemes or employer incentives may be the most impactful in sectors already making progress in engaging with these groups.

Figure 16: Sectoral breakdown of successful recruitment from economically inactive



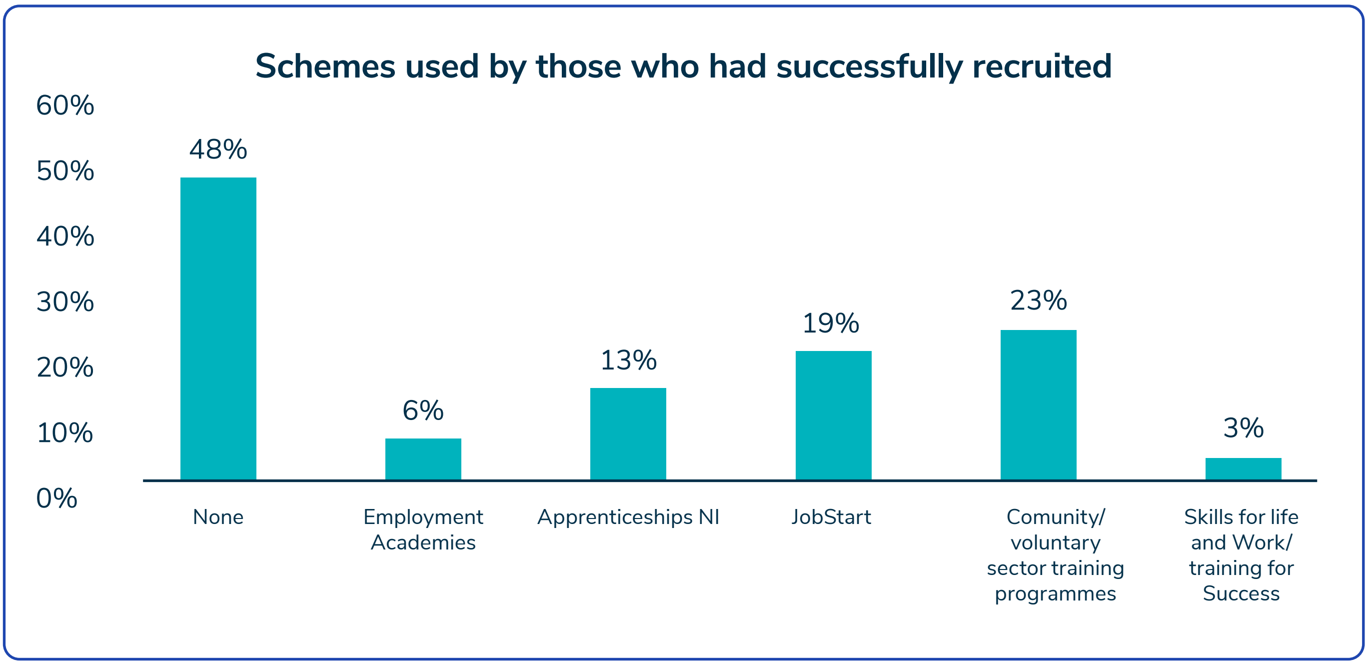
Schemes Used by Employers

When asked about the schemes or programmes used to support the recruitment of economically inactive individuals, responses highlighted limited uptake of formal interventions. Nearly half of employers (48%) reported that they had not used any scheme at all when recruiting from this group.

Among those who had engaged, the most used programme was JobStart (19%), followed by community/voluntary sector training or referrals (23%) and Apprenticeships NI (13%). Uptake of Employment Academies (6%) and Skills for Life and Work (3%) was comparatively low.

This finding suggests that awareness, accessibility or perceived relevance of available schemes may be limited among SMEs, with many instead relying on their own resources to facilitate recruitment.

Figure 17: Schemes used by businesses who successfully recruited economically inactive

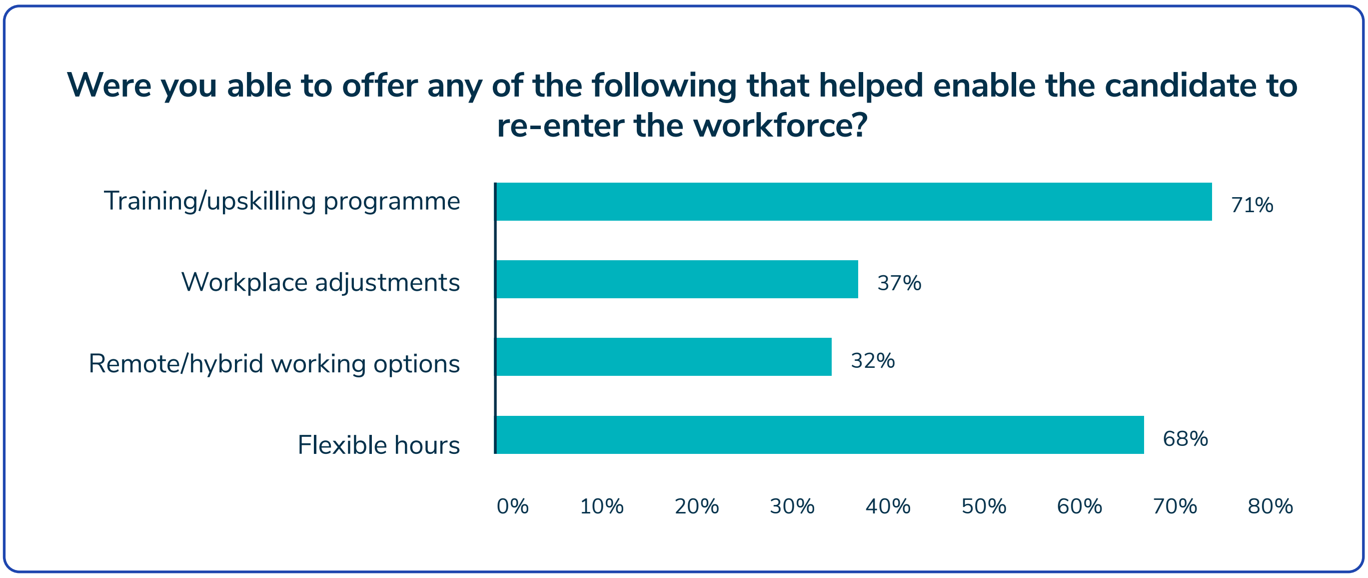


"JobStart was a fantastic initiative and should be brought back and it should be open to all."

Employer Supports Provided to Candidates

Employers were also asked about the measures they put in place to help economically inactive individuals transition back into the workforce. The most common supports were training or upskilling programmes (71%) and flexible working hours (68%), both of which directly address key barriers to labour market re-entry. Around a third of businesses also reported offering workplace adjustments (37%) or remote hybrid working options (32%), reflecting an increasing emphasis on inclusive and adaptable working practices. Interestingly, 34% of employers noted a skills or qualification gap as a challenge they needed to address when bringing individuals into work. This indicates that while many SMEs are willing to make practical adjustments, financial or resource constraints may limit the extent to which such measures can be applied consistently.

Figure 18: Accommodations offered to successful recruits



Challenges in the Recruitment Process

When asked about the challenges they encountered during the recruitment process, most employers (61%) highlighted attendance and reliability concerns as the most significant issue. This was followed by wage expectations (41%) and a lack of interest in the advertised role (39%), both of which suggest difficulties in aligning candidate expectations with the opportunities available.

A notable proportion of employers (34%) also pointed to skills or qualification gaps, underlying the persistent challenge of ensuring candidates are appropriately equipped for the roles on offer. Meanwhile, 27% cited a lack of government support or incentives as a barrier, indicating that some employers feel additional policy or financial assistance is needed to make recruitment from the economically inactive group more feasible.

Interestingly, 12% of respondents reported that they did not encounter any challenges, showing that although barriers are widespread, successful recruitment can occur where the right supports and circumstances are in place.

These findings emphasise that challenges are multi-dimensional, spanning both individual level factors (such as skills, reliability and interest in roles) and systemic issues (such as wage alignment and the availability of external support). Addressing these barriers may therefore require a combined approach of employer-led initiatives (e.g. training and flexible working arrangements) alongside policy interventions to support SMEs in navigating the complexities of this recruitment process.

Figure 19: Challenges experienced throughout the recruitment process

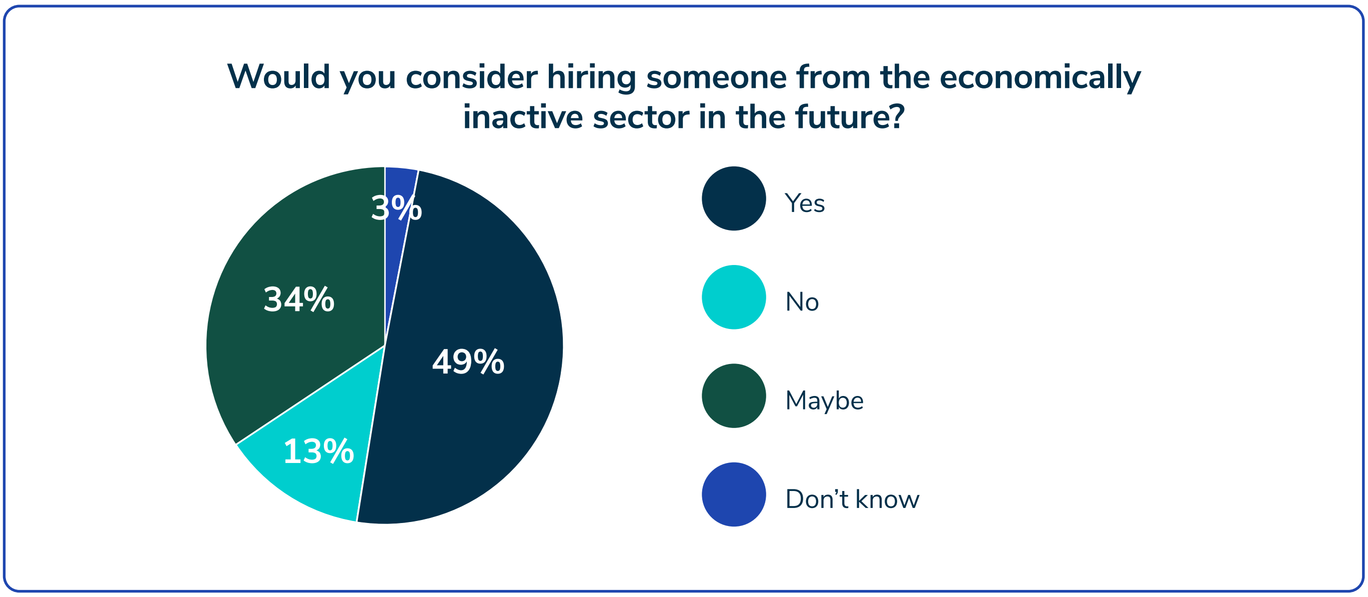
Taken together, these findings highlight a disconnect between the availability of formal government or third-party schemes and the supports that employers provide in practice.

While relatively few SMEs make use of structured programmes such as JobStart or Employment Academies, many independently offer flexible working arrangements, training opportunities and workplace adjustments to facilitate recruitment from the economically inactive group. This suggests that employers recognise the need for support but may perceive existing schemes as either inaccessible, insufficiently tailored or lacking awareness within the business community. Addressing this gap could help to better align policy interventions with practical adjustments already being made by SMEs, maximising the potential to bring more economically inactive individuals into the workforce.

Future Considerations for Recruitment of Economically Inactive

When asked about the likelihood of hiring from the economically inactive sector in the future, almost half of respondents (49%) indicated they would be open to doing so. A further 34% said they might consider it, suggesting a level of uncertainty that could potentially be addressed through better information, guidance or targeted support. Only 13% of respondents stated outright that they would not consider recruiting from this group, while 3% were unsure.

Figure 20: Attitudes towards hiring from economically inactive in future



Among businesses that had already recruited economically inactive individuals, 68% reported that they would be willing to do so again, while a further 23% noted that they would maybe consider it. This reinforces the finding that prior positive experiences can increase openness to engaging with this group.

Overall, the data indicates significant potential for future recruitment from the economically inactive cohort, provided barriers are addressed and appropriate support is made available. The large proportion of 'maybes' highlights an opportunity for targeted policy interventions and awareness raising to shift employers from hesitancy towards action.

"I think it would be helpful for the person to have some external support to help them adjust to working."

The word cloud below illustrates the most common themes used by respondents when asked open-ended questions about recruiting from the economically inactive group. Key recurring themes include the importance of 'skills', 'experience' and 'training', alongside references to 'attitude' and 'support'. The prominence of words such as 'need' and 'work' reflects employer emphasis on readiness and capability to contribute effectively. This reinforces earlier survey findings that practical barriers such as skills gaps remain central to employer concerns.

Figure 21: Key words/themes associated with survey responses

Support Measures to Encourage Recruitment

When asked what measures would encourage them to recruit more from the economically inactive population, **employers placed the greatest emphasis on financial incentives such as wage subsidies (65%)**. This highlights that cost remains the most significant barrier and that direct financial support is viewed as the most effective lever.

"As a micro enterprise, each hire is critical - financially, culturally, and otherwise. A strong 'fit' is required. For someone 'economically inactive' lacking experience or confidence, there is at least 6 months of a 'bedding in' process for them to become financially viable. If this is not supported/funded by government, micro businesses are unable to bear this cost."

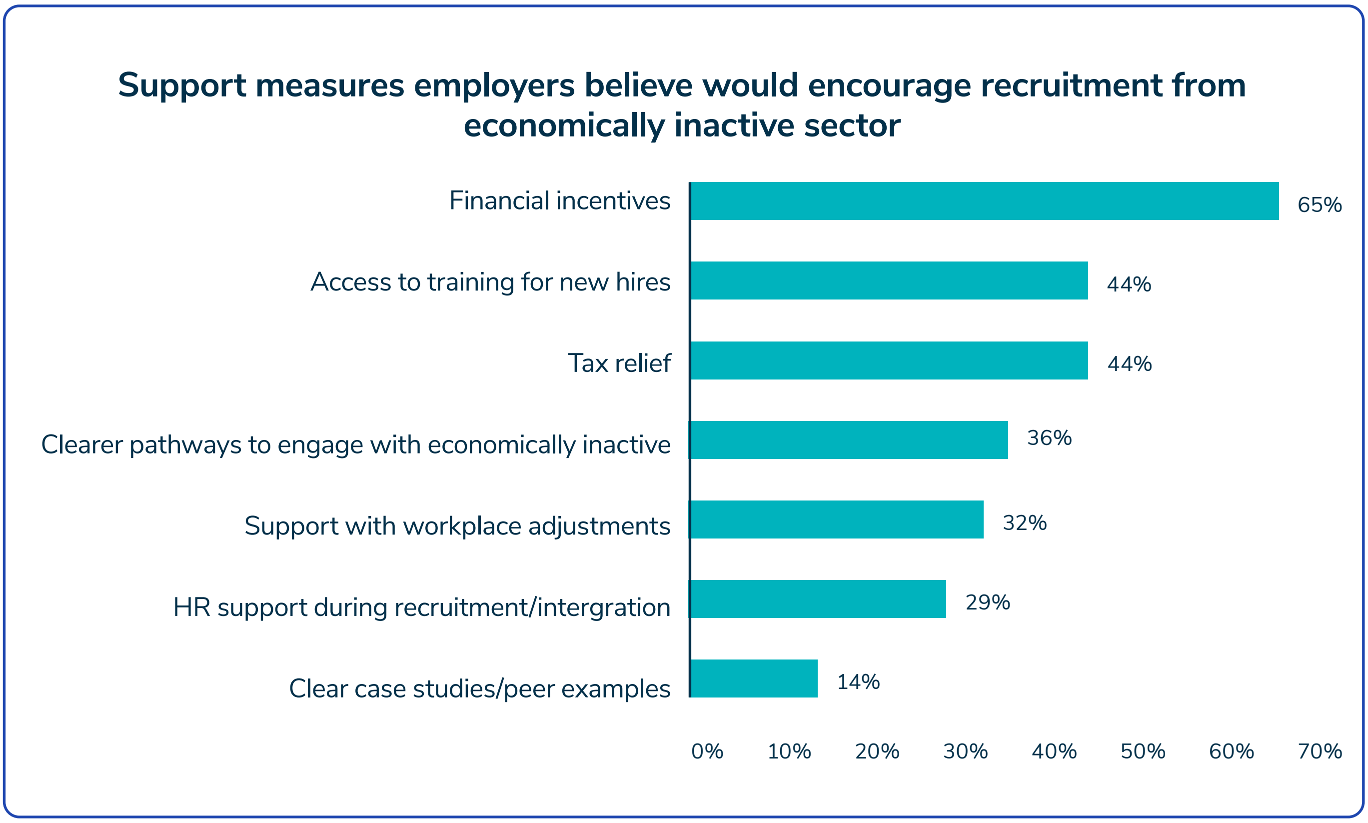
Alongside this, around 44% of respondents identified both access to training for new hires and tax relief as important measures, underlining the dual importance of reducing costs while also addressing skills gaps.

A further 36% stressed the need for clearer pathways to engage with economically inactive individuals, suggesting that employers often struggle to navigate existing schemes or connect with potential candidates. Practical supports were also recognised, with 32% citing workplace adjustments for health/disability and 29% highlighting HR support during recruitment and integration.

"The real challenge is identifying economically inactive individuals. We can advertise for 'graduates', or people with 'x' or 'y' experience - but we aren't aware of how to go about finding economically inactive, without running the risk of offending somebody or leaving ourselves open to a charge of some sort of discrimination."

Interestingly, only 14% of respondents considered case studies or peer examples to be of value. This suggests that while showcasing success stories may raise awareness, employers prioritise tangible financial and operational supports over information sharing alone.

Figure 22: Possible employer support to encourage recruitment of economically inactive



Summary and Conclusion

The survey findings provide a comprehensive picture of how SMEs in Northern Ireland currently approach recruitment, the challenges they face and their perspectives on engaging with economically inactive individuals. Recruitment among SMEs is typically informal and reactive, with word of mouth and direct applications remaining the most common routes to hiring. While this reflects the close-knit nature of Northern Ireland's business community, it also highlights a reliance on networks that may inadvertently exclude harder to reach groups, including the economically inactive.

Awareness of the term 'economically inactive' is high (82%) but engagement with this group remains limited. Nearly half of respondents reported never recruiting from this cohort and where recruitment had taken place, it was most often linked to individuals with disabilities, long-term illness or caring responsibilities. Successful recruitment was more common among larger, established firms, particularly in manufacturing and professional services, suggesting that resources and stability play an important role in enabling inclusion.

Employers also identified a range of supports that would encourage greater engagement. Financial incentives, such as wage subsidies alongside access to training for new hires and tax relief, were most frequently cited. Calls for clearer pathways, case studies, and HR support demonstrate that businesses not only need resources but also guidance and confidence to navigate recruitment from this group effectively.

Looking ahead, there is cautious optimism, almost half of businesses indicated they would consider recruiting from the economically inactive group in the future, with a further third open to the possibility. This signals clear potential to unlock a labour pool, provided that structural and financial barriers are addressed.

In conclusion, the survey highlights both the appetite and the challenges for SMEs in recruiting economically inactive individuals. While employers recognise the value of widening participation in the labour market, they require targeted supports - financial, practical and informational - to make this viable. These findings underline the importance of policy interventions that reduce risk, share costs, and provide employers with the tools to engage confidently with this diverse group.

Empowering Employers
Qualitative Insights

To complement the survey findings, a series of qualitative interviews were conducted to provide deeper insights into the barriers and opportunities facing SMEs in the recruitment of economically inactive individuals. In total, 29 interviews were completed across three groups: businesses (12), third sector organisations (7) and policymakers (10), including representatives from the five main political parties in Northern Ireland. These interviews allowed participants to share their experiences, perceptions and recommendations in their own words, offering rich context that cannot be captured through quantitative analysis alone. The qualitative evidence therefore adds nuance and depth to the statistical findings, highlighting not only the practical and structural challenges encountered but also the attitudes, assumptions and areas of good practice that shape how employers engage with this group.

Insights from Business Interviews

The 12 businesses interviewed cover a wide range of sectors and are based all over NI. These sectors included hospitality, retail, engineering, construction, manufacturing, recruitment, food production, property, software and the public sector. Of the 12 businesses, two were large employers and the remaining were small or micro businesses. This was to ensure we had the perspective of all sizes of employers to compare their experiences recruiting the economically inactive. These businesses were selected for an interview because either they responded to our survey and said they wished to talk more about their experience in an interview, or they responded to a member call out asking if they had ever recruited or attempted to recruit economically inactive individuals.

Recruitment Experiences

Most businesses interviewed had attempted to recruit from economically inactive groups, with the majority reporting some success. A small number had started the recruitment process but were not successful and one business had not attempted to recruit from this group. Where recruitment was successful, employers often drew on schemes such as JobStart, which received broadly positive feedback. However, some businesses had not accessed any formal schemes, relying instead on their own recruitment practices.

Key Barriers and Costs

Employers identified the cost of recruitment and training as a recurring challenge. This sentiment was echoed in the survey findings, where 16% of respondents who had not attempted to recruit from the economically inactive group had not done so due to the cost of training/upskilling new hires.

Employers noted that individuals returning from periods of inactivity often required extra time, effort, and resources to get up to speed, which could be onerous for businesses without dedicated HR or training functions. One interviewee in particular mentioned apprenticeships as an example, with their business having to pay the employee for both their working days and training days. **Several interviewees pointed out that before even factoring in the cost of onboarding, there can be a higher initial recruitment cost to identify economically inactive candidates, as by definition, they are not looking for work. They pointed out that this is where schemes act as a vital bridging of this gap.**

Workplace and Practical Barriers

Interviewees also highlighted practical workplace barriers, especially those operating in production environments, noting that they had limited flexibility to accommodate non-standard working hours. Others pointed to physical barriers such as inaccessible buildings and the cost of changing this, and some admitted they lacked the knowledge or confidence to make reasonable adjustments for staff with disabilities or health conditions. **Even when adjustments were relatively minor, the uncertainty around what is required could discourage employers from moving forward.**

Rising employment costs also factored into recruitment decisions. Interviewees explained that the recent increases in the minimum wage and national insurance contributions have contributed to making recruitment more challenging[89].

Whilst not directly related to the challenges the employer faces when recruiting, most interviewees did acknowledge the wider societal barriers that contribute to economic inactivity, including the cost of childcare and lack of rural transport. Some interviewees were also aware of the ‘benefits trap’, whereby individuals risk losing financial entitlements - such as housing support

[89] Gov.uk, 2024. **Autumn Budget 2024**

or disability-related payments - if they accept insecure or low-wage jobs. This created hesitation for candidates who were reluctant to jeopardise their financial stability, and for employers who feared employees might drop out quickly if the risks outweighed the rewards.

"You need to get to a really high salary before you can replace those benefits."

Additionally, several interviewees drew attention to a widening skills gap, noting that schools and universities often prioritise academic qualifications rather than aligning training with industry needs. This is not specific to recruiting economically inactive individuals but was cited as a general recruitment challenge across the board.

Resources and Internal Capacity

Interviewees were then asked if they felt their business had the resources to recruit and retain economically inactive individuals, to which there were mixed responses. **Larger organisations tended to feel more confident providing the necessary support and running their own schemes. However, for small or micro businesses, a few said they would have the resources, but most felt that without the help of a scheme, they would not have the full range of training, HR support or resources necessary to accommodate additional needs.**

Importantly, most interviewees acknowledged that there exist preconceptions about hiring from economically inactive groups. Concerns were raised about potential reliability issues, increased sickness absence, or lower levels of work-readiness. While several businesses who had successfully recruited from economically inactive groups challenged these assumptions, stressing that individuals often became loyal and hardworking staff, there was still a prevailing sense that it takes extra effort and resources to bring such employees up to speed. For example, some interviewees admitted to having preconceptions about disability, neurodiversity, or mental health, but were aware that this came from a fear of the unknown or a lack of understanding of how to implement relevant reasonable adjustments.

"Employer briefing sessions on reasonable adjustments and adapting are a drop in the ocean compared to the real sea change that is needed on attitudes."

Interviewees highlighted that to combat this fear of the unknown, **the availability of external advice, mentoring, and tailored HR support would be crucial in giving them the confidence to recruit and retain economically inactive individuals.**

Engagement with Government or Third-Party Programmes

Those with experience of government or third-party schemes generally reported positive impacts, but with caveats. Several employers highlighted that funding delays slowed down the recruitment process. Even when they had been approved for a scheme, bureaucratic processes meant that businesses had to wait before bringing someone on board, which reduced momentum and created uncertainty. One interviewee reported being approved for a scheme but then experiencing a delay in receiving funding for putting a stairlift into their building.

Another concern was the short-term nature of many schemes. **Programmes that lasted six to nine months were seen as offering temporary solutions rather than long-term pathways, with a real risk that employees would leave once subsidies ended or that a financial cliff edge would emerge at the end of the scheme and the employer would have to take on all the costs the scheme had covered.**

Lack of awareness of schemes emerged as one of the most common issues for interviewees. They were either unaware of what support existed or found the information difficult to navigate.

"We would be open to hiring economically inactive people, but it is up to the government schemes to make themselves known."

Even when businesses did engage, the administrative burden, from eligibility checks to reporting requirements, was often too heavy for small firms without dedicated HR teams. Employers also admitted they knew little about specific support programmes such as 'Access to Work', underscoring the communication gap present.

In general, interviewees appeared to trust official government schemes, as there is a level of reliability and legitimacy associated with these. However, several interviewees still had a fear of inadvertently committing to permanent arrangements without a trial period. Employers consistently stressed the importance of probationary periods, which allowed both them and the employee to assess the fit.

Success Stories

Despite the challenges, employers who had successfully recruited from economically inactive groups highlighted significant rewards. These employees were often described as loyal, hardworking and motivated when provided with the right support. Such accounts demonstrate the potential benefits of recruiting from this group while also illustrating the need for targeted support to help businesses overcome any barriers they may face.

Conclusion

The perspectives of businesses highlight both the opportunities and the challenges in recruiting from economically inactive groups. While many employers had made attempts to engage with this group, often with positive outcomes, the process was frequently described as resource intensive and uncertain, particularly for smaller firms without dedicated HR capacity. Costs of recruitment and training, limited flexibility in working arrangements and uncertainty around reasonable adjustments emerged as significant deterrents.

Beyond immediate business constraints, wider structural issues such as childcare, transport and the operation of the welfare system reinforce employer hesitation. Awareness and accessibility of government and third-party schemes also remain limited, with bureaucratic delays and short-term programme design reducing their impact.

The interviews also demonstrated that when recruitment is successful, employers can experience real benefits. This suggests that the barriers lie less in the capabilities of economically inactive individuals and more in the systems, perceptions and resources available to employers.

Addressing these challenges, through clearer information, simplified support schemes and confidence building measures for SMEs, could unlock significant potential within this group.

Insights from Third Sector Interviews

A total of seven qualitative interviews were conducted with representatives from the third sector and delivery bodies. These organisations work to support economically inactive individuals, including those with disabilities, neurodiverse conditions, long-term illnesses or those returning to work after an extended period of absence. They typically connect with their client base through referrals from hospitals, Jobs and Benefits offices and word-of-mouth networks. Often these organisations work directly with employers to place individuals into employment, advise employers on navigating this landscape or help lay the foundations with a business interested in employing someone economically inactive in the future.

Case Study:

Specialisterne

Specialisterne (meaning "The Specialists") is part of an international social enterprise founded in Denmark in 2004 that harnesses the strengths of autistic and neurodivergent individuals to support them into meaningful employment. Specialisterne Northern Ireland launched in April 2014, operating as a not-for-profit consultancy that supports autistic and neurodivergent adults across all council areas in Northern Ireland.[90] Only 21.7% of autistic adults in NI are in some form of employment. Within that challenging landscape, Specialisterne represents a more proactive supported employment option.[91]

Elements include:

- A team who have all studied autism to Masters level and have worked with over 200 adults on the autistic spectrum, to help them prepare for, secure and sustain job roles.
- Innovative training which they deliver to managers, in both public and private sectors, and to senior management level, on how to create environments in which autistic people can thrive.
- Facilitating training workshops which aim to give participants the confidence to work with employees or clients who are on the autistic spectrum, or who have related social communication differences.
- Ongoing coaching to autistic employees and their employers to help maintain employment and resolve workplace challenges, often funded via Access to Work.[92]

Since its establishment in 2004, Specialisterne Global has supported more than 10,000 individuals into meaningful employment worldwide, achieving an employment success rate exceeding 90%. Operating across 26 countries, the organisation has become a recognised leader in harnessing the talents of autistic and neurodivergent people, working in close partnership with employers to create inclusive and sustainable career opportunities.[93]

Its pioneering approach to accessibility and inclusion has earned global recognition, with Forbes naming Specialisterne as one of the 100 leading innovators and impact-makers in the field of accessibility for 2025 - a testament to its influence, effectiveness, and ongoing commitment to transforming workplaces around the world.[94]

[90] Didrichsen, 2021. **Specialisterne NI | CommunityNI**
[91] Autism NI, 2017. **Statistics | Autism NI**
[92] Didrichsen, 2021. **Specialisterne NI | CommunityNI**
[93] Platūkytė, 2021. **Building Lego robots for job interview – helping people with autism find employment - LRT**
[94] Specialisterne, 2025. **Specialisterne Global**

Limited HR Capacity and Flexibility in SMEs

The experience of interviewees was that often when SMEs approach the recruitment of economically inactive individuals they do so with a degree of uncertainty, shaped by preconceptions, misconceptions and what was described as a "fear of the unknown." A lack of knowledge about legal obligations under equality and discrimination legislation, combined with a limited awareness of available support schemes can foster the perception that hiring someone with additional needs will be administratively complex or a legal risk which can deter employers from recruiting someone from this cohort.

Interviewees were generally sympathetic in this regard, acknowledging that without information and support readily available in one place this landscape can appear incredibly ambiguous to any employer. For SMEs, particularly those without dedicated HR functions, this can present a significant challenge. Employers can therefore adopt a reluctance to tap into this potential labour pool for fear that they cannot accommodate the needs of an economically inactive person or that an incorrect attempt to do so could result in offending the employee or in worst cases, legal disputes.

From the perspective of the third sector, one commonly heard barrier to recruitment was an unwillingness from employers to explore the possibility of part-time contracts or other accommodations differing from their usual schedule patterns. For an economically inactive person, this may be the deciding factor for their return/entrance to the workplace, many of whom only require minor facilitation. One interviewee shared their experience working with a neurodiverse person who was not comfortable using public transport during busy hours, which would typically fall either side of 9am and 5pm. Another raised the issue of a disabled person needing to work 4-hour shifts rather than 8 hours, as the toll of a longer shift was too much for them. However, preconceptions persist that part-time workers are less committed or wouldn't be able to obtain knowledge of the business in reduced hours. For an SME, facilitating what could be perceived by some as a small adjustment could require an excess amount of change to their business in comparison to a larger firm. For example, an organisation with only 3 members of staff in a café who are needed always may have to restructure the opening times of their business to accommodate different working hours.

Whilst those interviewed from the third sector were largely appreciative of this, they believed that if business owners and managers were open to having the conversation around flexible working, it would make many economically inactive individuals much more likely to consider (re)entering the workplace. Moreover, interviewees felt that some employers were open to facilitation, but this only became apparent when the previously economically inactive person had been fully recruited and integrated into the workplace, for example after a probationary period. **Third sector representatives felt that it was pertinent to their clients that employers were transparent on the extent of their flexibility.** For example, if an employer. is content to offer an employee reduced hours after 3 months, it would be helpful to offer this at the recruitment stage to avoid those who are eager to (re) enter the workplace from withdrawing their application on these grounds.

Research from PWC suggests that there can be employer bias against economically inactive candidates, with over half (57%) of businesses expressing worry about recruiting someone who has been inactive.[95] This could derive from the preconception that employing an economically inactive person automatically comes with a request for unreasonable or large adjustments, leading to an apprehension to facilitate such adjustments and a fear of the unknown when it comes to the legality of their decision making. These assumptions, however, are often misplaced. **Interviewees suggested that most reasonable adjustments requested of employers are typically minor.** Moreover, research contends that providing the option for employees to work part-time can bring a 2% increase in firm-level labour productivity and see fewer sick days per year.[96]

In this sense, the challenge is less about the actual capabilities or requirements of economically inactive individuals and more about employer perceptions, which highlights the importance of awareness raising, relationship building, and ongoing third-party support in reducing stigma and increasing confidence among SMEs.

"Employers often associate disability with unemployability"

[95] PWC, 2025. **Business deeply concerned about economic inactivity but wary of recruiting the inactive**

[96] Neckbrouke, J. 2023. **Part-time work has a positive impact on productivity**

Knowledge Gaps and Support Schemes

Interviewees reported that there is a knowledge gap among employers and are sympathetic to the limitation of an SME to grow their knowledge base on a topic like economic inactivity, but therefore turn to government to question why awareness of schemes remains low. Many support schemes mentioned by third sector interviewees were praised, such as 'Access to Work' and 'Workable', for their ability to eliminate much of the perceived risk for an employer hiring someone who was inactive. This involves dedicated HR support, financial support with adjustments, a point of contact for queries and many other elements which could be a barrier to recruitment.

However, interviewees consistently asserted that businesses are generally not aware of these schemes, contending that it is frequently the case that the first instance a business becomes aware of a scheme is via third sector organisations or their employment officers. **FSB's research would support this sentiment, given that over half (52%) of respondents who had attempted to employ someone from the economically inactive cohort did so without government support schemes. When paired with qualitative findings, evidence points to the likelihood that this is due to unawareness, rather than unavailability. Therefore, with promotion often left to under-resourced providers, employers do not know where to access reliable information, which perpetuates a lack of engagement with available opportunities.**

Third sector interviewees noted that while a wide range of schemes and programmes exist to support employers in recruiting from economically inactive groups, **the sheer volume and fragmented nature of these initiatives can itself act as a deterrent for SMEs.** Many schemes overlap or duplicate efforts, yet are delivered in isolation by different actors, including the Department for Communities, UK Government departments, Labour Market Partnerships (LMPs), and third sector organisations. This siloed approach, coupled with the absence of a single, accessible point of entry, such as a centralised webpage or portal, was seen to discourage SMEs who often lack the time and capacity to navigate a complex landscape. In addition, participants questioned the accessibility and effectiveness of existing schemes, citing restrictive eligibility criteria, lengthy application processes, and delays in funding disbursement as barriers that undermine their intended impact. **While the provision of support is valued, interviewees emphasised that schemes need to be streamlined, clearly signposted, and made readily accessible to SMEs, with practical advice on application processes and transparent timelines for approval and delivery.**

"Access to Work is the best kept secret"

The Role of Intermediaries

When asked what makes recruitment and retention of economically inactive people a success, one commonly reported factor was having an employment officer who works to bridge the gap between employers and economically inactive candidates, via third sector organisations or LMPs. **Interviewees emphasised that effective engagement often depends upon the presence of this consistent, trusted intermediary who possesses local knowledge and can provide tailored support to both employers and candidates.** Employment officers not only facilitate placements and provide reassurance during initial inductions but often also maintain ongoing dialogue with employers and employees, thereby helping to address emerging challenges. Their role is particularly significant in counteracting the knowledge gap among employers.

Case Study:

The Netherland's 'Going Dutch' model

This case study examines the Dutch model for combating economic inactivity which has been used in the Netherlands since the 2010's. The model is centred around employment support and adult learning needs being devolved to a municipal level, such as to local councils for policymakers to routinely engage with grassroots organisations who understand their communities best.[97] It has been commended by the UK's Centre for Social Justice as a mature and demonstrably effective decentralised system, with strong participation outcomes and rapid progress on inactivity.

The model involves a tiered system of responsibility:

- At a state level the overall framework and insurance structures are held.
- At a national level, distribution of funding, monitoring of labour market trends and segmenting clients are held.
- Provinces hold the responsibility of ensuring cooperation, partnership and critical friend functions as well as citizen advisory, geographic mobility and emergency management services.
- Most other responsibilities happen at the municipal level. This includes managing and incentivising clients back into work, and focusing on the vulnerable and programmes for them, using and spreading best practice, and developing a co-located service hub.

As well as this tiered system, the Netherlands uses a more holistic approach with tailored support for individuals, especially the long-term sick, rather than one-size-fits-all solutions.[98] When coupled with devolved employment support, this enables better relationships between jobseekers and supporters as well as partnership with community actors, which in turn leads to better outcomes. CJS research amplifies this sentiment, stating that the same job coaches administering the important stick of a conditional welfare system are not always best placed to be the people who provide the carrot – the employment support.

During the period between 2011 and 2022, the Netherlands experienced a great impact among its economically inactive population. Workforce participation rates for this group increased by nearly three times as many percentage points as in the UK over the same eleven-year period. Moreover, the Dutch system also allowed for a quick recovery from COVID-19 due to their "Regional Mobility Teams" which were introduced in response to the pandemic. Within these teams, municipalities, the Public Employment Services (PES), educational institutions and social partners cooperated and provided services to workers that are at risk of unemployment and support jobseekers in finding new employment.[99] The Netherlands has maintained their low economic inactivity rate, sitting at 14.4% in 2024, ranking them second out of the European Union countries, behind only Iceland.[100]

While the Netherlands is often cited as having a more effective system for addressing economic inactivity, its comparatively low inactivity rates may also reflect broader structural advantages, such as better workers' rights, more supportive working conditions, and a lower prevalence of long-term sickness. These factors can contribute to higher workforce participation independently of specific activation policies. For example, strong employment protections, flexible working arrangements, and robust occupational health support may help individuals remain in work or return more quickly after illness. Therefore, lower economic inactivity in the Netherlands may not solely be the result of targeted interventions, but also of a healthier and more secure labour market environment overall.

[97] The Centre for Social Justice, 2024. **Going Dutch: Devolving employment support and adult education to tackle economic inactivity**
[98] Kotecha, 2025. **What the Dutch can teach us about economic inactivity.**
[99] OECD, 2023. **Policy Options for Labour Market Challenges in Amsterdam and Other Dutch Cities | OECD**
[100] Statistica, 2025. **Share of population economically inactive in European countries in 2024.**

Broader Structural and Welfare Barriers

Whilst this research aims to identify the financial and non-financial barriers to SMEs recruiting economically inactive persons, third sector interviewees repeatedly raised the need to also situate any discussion of economic inactivity within its broader structural and societal context. Interviewees cautioned against viewing the economically inactive as a homogenous category, noting that the reasons for inactivity vary considerably across groups. Accordingly, this makes it difficult to find one single or uniform solution.

Wider structural issues, such as the high cost of childcare, limited workplace accessibility, and entrenched health inequalities were identified as fundamental drivers of inactivity. Many participants stressed that while business plays an important role in offering opportunities, there needs to be support from government to create conditions in which work is both feasible and worthwhile for those who are currently economically inactive. Without sustained commitment and structural reform, current interventions risk remaining piecemeal and reactive, tied to short-term economic pressures rather than to a long-term strategy for addressing Northern Ireland's persistently high rates of economic inactivity.

"There are as many barriers as there are people"

The interviews revealed that one of the most significant barriers to employment for economically inactive individuals is the interplay between work and the welfare system. Participants consistently highlighted the fear of losing benefits, particularly housing support and Personal Independence Payments (PIP)[101], when taking up forms of employment that are temporary, part-time, or otherwise insecure. The so-called 'benefits trap' was seen to deter individuals from entering training or the workplace for fear of losing entitlement. Often the financial incentive of welfare payments outweighs the potential gains of (re)entering the labour market. Moreover, if individuals are required to return to benefits following a period of employment or training, it is usually the case that they re-enter the system from the beginning, rather than returning to their accustomed level of payments.

Case Study:

Denmark

In recent decades, Denmark's labour market has performed strongly in comparison to other countries, characterised by low unemployment, growing employment levels, and high job mobility throughout changing economic conditions. This performance is frequently credited to the Danish flexicurity model[102]. The concept of 'flexicurity', is the combination of flexibility and security in the labour market, which effectively promises the best of two worlds, and emphasises that flexibility and security do not necessarily have to be chosen between - they can be combined.[103] One of the aims of Dutch legislation introduced in the mid-1990s was to provide part-time and temporary employees with greater security of employment, which would in turn incentivise those who are economically inactive to return to the labour market, in a system which can accommodate their needs.[104]

Key elements of the Danish 'Flexicurity' model:

- Liberal redundancy regulations: Danish employers' benefit from a highly flexible hiring and dismissal framework, with minimal costs and limited litigation associated with termination. This flexibility encourages employers to take chances on individuals who might otherwise face barriers to employment, helping to reduce economic inactivity and support labour market inclusion.[105]
- High unemployment benefits: This means that Danes feel comfortable changing jobs to advance their careers or find a better work-life balance. Each year, about 25% of the Danes who work in private industry change jobs. Within the UK there is a common sentiment that those economically inactive and on benefits are deterred from working

[101] Personal Independence Payment information | Department for Communities
[102] Ilsøe and Larsen, 2023. **Flexicurity and the future of work: Lessons from Denmark**
[103] Wilthagen, 1998. **The Flexicurity Model**
[104] Bekker and Mailand, 2018. **The European flexicurity concept and the Dutch and Danish flexicurity models**
[105] Denmark DK. **Working in Denmark | The famous Danish labour market model**

or attempting to work as their financial benefits will be taken from them if they did. The promise of security in the form of short-term continued benefits could act as a safety net for those economically inactive in Northern Ireland.

- Active labour market policies: The model focuses on prevention rather than cure, meaning support is offered early—before people slip into long-term economic inactivity due to illness, redundancy, or outdated skills. Due to this belief, Denmark ensures that no person remains unemployed for more than six months at a time before being offered a new job or training.[106] Flexicurity places a strong emphasis on lifelong learning, enabling workers to access government-funded retraining and upskilling programmes. These initiatives help individuals remain competitive in a rapidly changing labour market and transition smoothly into employment or a new role.[107]
- Long tradition of dialogue between employer associations and labour unions: Employers, unions, and the government work collaboratively on labour market policy, ensuring that reforms and initiatives have broad support.[108] This promotes labour market stability and reduces the likelihood of industrial conflict.

Industrial action in the form of strikes is rare in Denmark as both employers and unions share a commitment and common understanding to reach agreements that serve the broader interests of society. Wages and working conditions are based on collectively negotiated agreements, and the government rarely interferes. With approximately 67% of workers unionised, this system supports relatively high wage levels.[109]

Inspired by the success of the Danish labour market, the European Commission has integrated Flexicurity into its employment strategies, implementing a set of "common flexicurity principles" in December 2007. One of the Commission's aims at the time was to counteract segmentation and thus they used the flexicurity model to move focus from job security to employment security, as being active in the labour market looks different to everyone – especially those who were previously economically inactive.[110]

The financial demands of the Danish model are often underestimated. Denmark maintains a relatively high tax burden to support its substantial investment in labour market programmes and unemployment benefits. For countries considering adopting this approach - particularly those starting from a position of high unemployment - the initial transition would likely involve a significant increase in spending on benefits and activation measures. In the short term, this would widen the tax wedge, potentially discouraging employment and creating additional pressure on the labour market.[111] These high costs place long-term pressure on public finances, requiring sustained political and societal commitment, which may be difficult in less cohesive societies.

Conclusion

The insights from the third sector interviews underscore that the barriers facing SMEs in recruiting economically inactive individuals are complex. While practical obstacles such as limited HR capacity, lack of awareness of legal obligations and difficulties navigating fragmented support schemes play a role, these are reinforced by wider structural challenges including stigma, childcare costs, health inequalities and the operation of the welfare system. The evidence suggests that the challenge lies in employer perceptions, confidence and access to clear guidance. SMEs often lack the time, resources and reassurance needed to engage with the economically inactive.

Third sector organisations play a key role in bridging this gap, offering tailored advice, building employer confidence and facilitating flexible solutions. However, systemic change through simplified schemes, awareness raising and long-term policy support is required to enable SMEs to fully access this potential workforce.

106 International Monetary Fund, 2006. **Danish Flexicurity Model Holds Lessons for Rest of Europe. IMF Survey Volume 35 Issue 020**
107 Swapp Agency, 2025. Hiring in Denmark. **How 'Flexicurity' is Benefiting Employers and Employees**
108 Denmark DK 2025. **Working in Denmark | The famous Danish labour market model**
109 ibid
110 Bekker, Mailand, 2018. **The European flexicurity concept and the Dutch and Danish flexicurity models**
111 IMF, 2006. **Danish Flexicurity Model Holds Lessons for Rest of Europe**

Insights from Policy and Government Interviews

To complement the perspectives of businesses and third sector organisations, interviews were also conducted with policymakers and political representatives. In total, 10 interviews were carried out with Members of the Legislative Assembly (MLAs) from the five main political parties in NI, alongside officials involved in relevant council or departmental work.

The aim of these interviews was to capture political and policy level perspectives on the barriers SMEs face when recruiting from economically inactive groups, as well as the role of government in shaping solutions. Policymakers offered insight into the effectiveness of current schemes, the structural barriers that persist and the degree of cross-departmental coordination. They also reflected on how SMEs and economically inactive individuals could be more effectively involved in the design of programmes and policies.

These insights provide an important complement to the experience of employers and support organisations, highlighting where systemic change may be required to improve coherence, reduce stigma and create conditions in which SMEs can confidently engage with this under-represented workforce.

Coordination Between Government Departments

When asked how effectively government departments and delivery bodies supported SME engagement with economically inactive individuals, **most interviewees, not just in this group but across business and third sector, acknowledged a disjointed and siloed system.** As one MLA put it: “The lack of engagement between departments forces a siloed mentality”. Interviewees repeatedly described departments working in isolation, without an overarching strategy or shared commitment. Matters concerning and related to economic inactivity do span across different departments, therefore, several interviewees pointed out that while committees scrutinise individual Ministers’ briefs, when looking at economic inactivity it needs to be scrutinised collectively across those departments with some interest in the area, such as: Department of Health, Department of Education, Department of Communities, and Department for the Economy.

Involving SMEs and Economically Inactive Individuals in Programme Design

When reflecting on how SMEs and economically inactive individuals were involved in shaping programmes, one MLA stressed that “SMEs need to be at the heart and start of the design process of anything that concerns them, so that there is buy-in.” Most interviewees agreed with this sentiment but did not think that was currently happening. Policymakers stressed that more co-design and buy-in was needed if businesses simply did not know about existing schemes, with another MLA commenting: “Schemes have not been well advertised in my constituency.” However, one interviewee believed that the lack of awareness of schemes was because of a lack of funding. They explained that with limited funding and a capped number of places on schemes, the promotion of schemes was also limited, to avoid the risk of oversubscription.

Examples of Effective Initiatives

Several interviewees pointed to Labour Market Partnerships when asked about what was working well. **They were praised for tailoring interventions to local labour and skills shortages and for their ability to reflect specific regional challenges.**

Case Study:

Labour Market Partnerships (LMPs)

There are 11 LMPs across Northern Ireland, each aligned with a council area. Looking specifically at Ards and North Down LMP:

"Since its inception, the Ards and North Down LMP has supported 520 residents through various employability academies, including:

- Transport Academy
- Academy for People with Disabilities
- Classroom Assistant Employability Academies
- Classroom Assistant Upskilling Academy
- SIA Academy (Security Industry Authority)
- Childminding Academy
- Childcare Academy
- Work Ready Programme
- Business Support Services Academy

These initiatives have successfully enabled over 253 residents to secure employment, with ongoing recruitment promising even more job outcomes.

In addition to supporting individuals, the Ards and North Down LMP has helped 78 employers since 2021, contributing to the upskilling and training of over 200 employees within the Borough through the Employer-Led Upskilling Programme, which offers grants to employers for staff development.[112]

The LMP has also developed two Employability and Skills Registers, one for employers and one for individuals, detailing available support and resources. These registers are available for download on the LMP website.

The following testimonial from a participant on the LMP's Work Ready Programme further illustrates the vital work of LMPs in addressing economic inactivity:

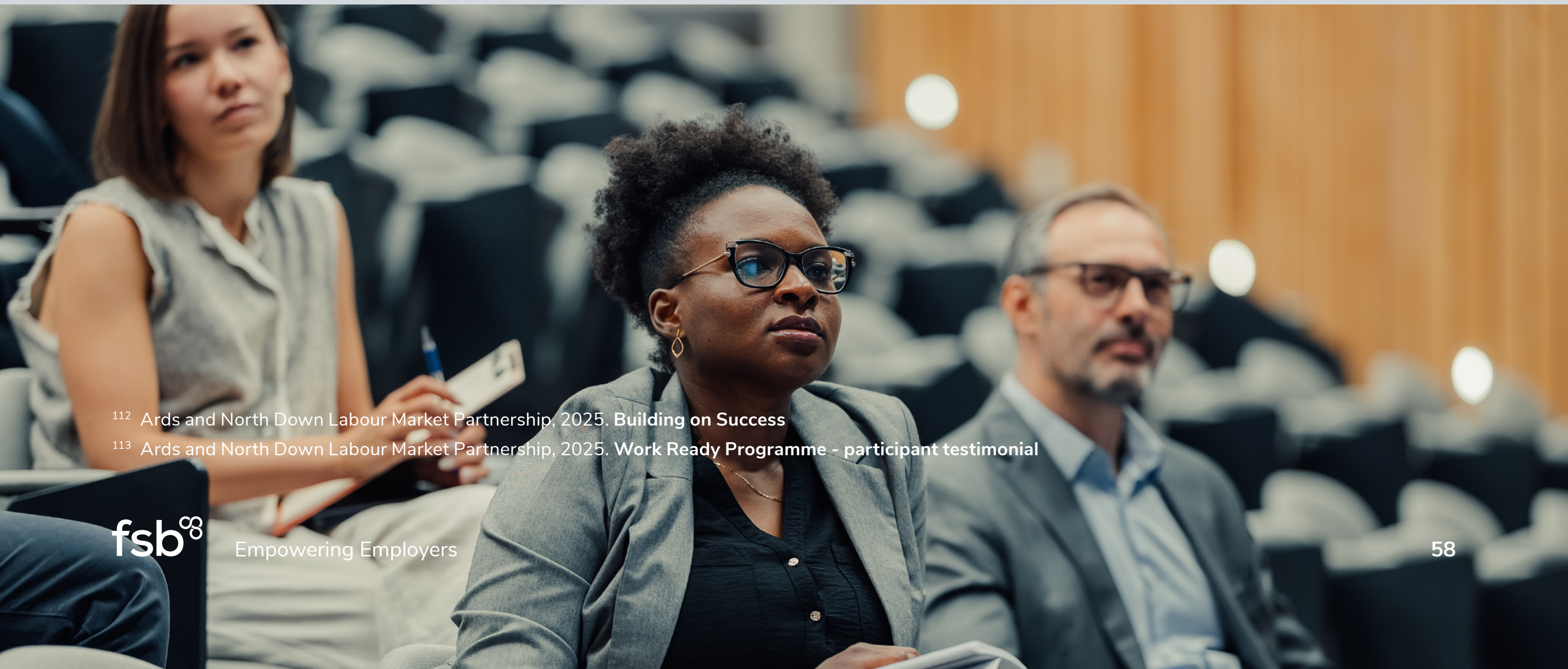
"I came to the course trying to get back into employment after a three-year gap, still wrestling with the residual challenges of prolonged ill health and chronic fatigue. Aged 63, my confidence was rock bottom, and I was feeling really de-skilled, especially as I had not used a computer in the three years I had been out of work. As the course was being delivered online that was a challenge in itself!

Frankie was extremely patient and helpful and before the course even started went above and beyond to talk me through what I needed to do to access the course on Microsoft Teams.

Her delivery of the course was very personable and engaging and she promoted a camaraderie within the group that was supportive and informative. The course content was excellent. From what I learned, I was able to revamp and improve my CV and get to grips with preparing for interviews. The 1:1 mock interview was both nerve wracking and hugely beneficial and proved useful when I secured an actual interview.

I have no doubt that my participation in this course and Frankie's support and mentoring have played a huge part in restoring my confidence and in my securing an offer of employment.

I have no hesitation in recommending this course."[113]



[112] Ards and North Down Labour Market Partnership, 2025. **Building on Success**

[113] Ards and North Down Labour Market Partnership, 2025. **Work Ready Programme - participant testimonial**

Regulatory, Structural or Institutional Barriers

From policymakers' point of view, there was recognition that there are still structural barriers impeding the recruitment of economically inactive groups. Several interviewees were aware of the 'benefits trap' with both MLAs and officials highlighting that fear of losing housing or disability-related support discourages many economically inactive people from applying for jobs. Beyond the 'benefits trap', the most common barriers highlighted by policymakers were summarised by one government official: "Tends to be three barriers for employers – lack of awareness, confidence and resources." This is combined with a wealth of complex information which was identified as a barrier. One policymaker described the current system as a "labyrinth of information – the smaller the business, the more difficult it is to navigate."

Practical Changes

When asked what single practical change they would implement, interviewees' suggestions focused on designing schemes that match economically inactive individuals with roles and employers that suit them and their skillset. Others stressed the importance of interventions tailored to individual circumstances rather than designed around broad categories, as the needs of an economically inactive individual with a physical disability and another who is a carer, can vary greatly. **Another priority raised was the need to shift how the outcomes of schemes are measured.** At present, success is too often judged solely on whether someone moves into permanent employment. Several interviewees argued that progression measures such as training, improved wellbeing, and increased confidence should also be valued. One interviewee explained that an individual who works for six months on a scheme may not only be closer to sustainable employment but also less reliant on their GP or mental health services, creating wider social benefits.

All parties and policymakers agreed that more needed to be done. In general, political representatives recognised the need to challenge misconceptions about economically inactive individuals, particularly the perception that they are unwilling or unmotivated to work. **They argued that tackling stigma must be part of any future policy approach if SMEs are to feel more confident in engaging with this potential labour pool.**

Conclusion

Interviews with policymakers and political representatives highlighted that, while there is recognition of the level of importance of tackling economic inactivity, current approaches remain fragmented and constrained. The lack of coordination between government departments was repeatedly identified as a major weakness, resulting in siloed interventions and inconsistent support for SMEs and individuals alike.

Policymakers also emphasised the need for greater involvement of SMEs and economically inactive individuals in programme design, ensuring initiatives are relevant, accessible and deliver long-term outcomes rather than short-term fixes. While initiatives such as Labour Market Partnerships were praised for tailoring support to local needs, overall awareness of schemes remains limited, with many employers unclear on what is available or how to access it.

Overall, the evidence suggests that policy solutions will need to be more joined up, collaborative, and outcomes focused, measuring success not only in terms of permanent employment but also in improvements to wellbeing, confidence and reduced reliance on health services.

Summary of Qualitative Interviews

Taken together, the interviews with businesses, third sector organisations and policymakers provide a comprehensive picture of the barriers and opportunities involved in the recruitment of economically inactive individuals.

Across all groups, a number of common themes emerged. Businesses frequently described recruitment as resource intensive and uncertain, with costs and training, limited HR capacity and lack of clarity around legal obligations acting as deterrents. Third sector organisations echoed these concerns, highlighting that employer hesitation often stems less from the actual needs of economically inactive individuals and more from perceptions, stigma and lack of confidence. Policymakers similarly acknowledged that awareness, confidence and resources remain critical barriers, compounded by structural challenges such as childcare costs, transport and the welfare system.

There was broad agreement that existing support schemes are underutilised, largely due to limited awareness, fragmented delivery and administrative complexity. While some initiatives such as Labour Market Partnerships and JobStart, received positive feedback.

Case Study:

Department for Communities & the JobStart Scheme

JobStart is a government scheme designed to help people who are unemployed or economically inactive to get into work and build experience. It also gives support and incentives to employers who sign up to it. Since the roll out of the first JobStart scheme in 2021, 96% of employers who were signed up were satisfied with the scheme, with many having found excellent employees. Additionally, from published statistics of the first iteration of the scheme, we know that 77% went on to secure full-time employment and later iterations' outcomes have consistently been over 70%.[114]

When the new expansion of the JobStart scheme was announced at the start of October 2025, the Communities Minister shared some success stories of previous JobStart participants:

"A 16-year-old who was not in education, employment or training was placed in a local GP surgery, supporting the team in an administrative role. She told us that JobStart helped her find a job that she truly loves. It uncovered skills and qualities that she did not know that she had and gave her the confidence to come out of her shell. She said that the belief that was shown in her gave her hope in herself. Her employer was so impressed by her performance that she secured a permanent role on the team two months before her placement was due to end."

"Another participant was a new mother. Following her involvement in the JobStart scheme, she shared how it gave her access to a wide range of training, built her confidence and provided her with the experience that she needed to apply for future roles. She also told us that JobStart had not just helped her professionally but helped her become a financially stable new mother."

The Department for Communities also shared their own experience of JobStart, having recruited nine young people during the first round of the scheme. When the participants started, they stated that they did not have the confidence to find employment on their own; saying that they thought they would never get a job in the Civil Service. When those young people arrived, their confidence was low. However, with a training plan, a patient line manager and a supportive team, two years later, they are thriving in their roles. The Minister shared that one participant has already secured a promotion; an individual with autism who is thriving in his data input job. The Minister stated that this individual secured the promotion due to his talent, ability and potential.[115]

[114] NIfHA, 2023. **JobStart Scheme Launch.**

[115] NI Assembly, 2025. **Official Report Monday 6 October 2025.**

The same schemes, however, were often described as too short-term or too bureaucratic to deliver lasting impact. All groups stressed the importance of clearer signposting, simplification and greater coordination across government departments.

Importantly, interviewees across sectors highlighted that successful recruitment does deliver significant rewards. Economically inactive individuals were described as loyal, motivated and valuable employees when supported appropriately, offering clear evidence that this group represents a potential workforce, as the case study below illustrates. However, to unlock this potential, businesses require reassurance, tailored advice and accessible support while policymakers must work to design schemes that are practical, joined up and shaped in partnership with both SMEs and economically inactive individuals.

Case Study:

Oireachtas Work Learning (OWL) Programme – Tackling Economic Inactivity among People with Intellectual Disabilities

The Oireachtas Work Learning (OWL) programme in Ireland is the first parliamentary initiative in the world to use a supported-employment model to move young adults with intellectual disabilities from economic inactivity into paid work. Since the programme's launch in 2018 it has achieved high job-conversion rates and has prompted wider civil service recruitment channels for people with disabilities. Yet, OWL remains small-scale (ten trainees a year), resource-intensive and dependent on a handful of participating departments. This project is a great example of good practice which should be used for future projects that could scale up this model. Currently in Ireland only 17.3% of Irish adults with an intellectual disability are in work, with the Comprehensive Employment Strategy for People with Disabilities (CES) having set a 6% public service disability employment target by 2024; OWL was designed to help achieve it.[116]

Programme Design

The programme is facilitated by the House of Oireachtas Service, which provides a workplace setting where these adults can learn and develop their skills to be 'work ready'. This is done in collaboration with KARE and WALK supported employment programmes, City of Dublin Education and Training Board, Department of Agriculture, Food and the Marine and the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media.[117] The programme has run every year since 2018 and each year is an eleven-month traineeship combining three workplace rotations inside Leinster House and partner departments, plus a QQI Level 3 classroom component and there are two full-time on-site co-ordinators/job coaches for support.[118]

The intended aim of the programme is for the trainees to "find meaningful and viable part-time permanent employment in the wider civil and public service."[119]

[116] Supporting People with Disabilities, 2020. **Guide to Promoting Inclusive Employment**
[117] House of the Oireachtas, 2023. **Annual Report**
[118] Supporting People with Disabilities, 2020. **Guide to Promoting Inclusive Employment**
[119] House of the Oireachtas, 2023. **Annual Report**

Quantitative Outcomes

Cohort	Graduates	Employed (civil/ public service)	Employed (private sector)	Further Education/Other	Unplaced
2018-19	10	6	1	1	2
2019-2022*	10	6	1	0	3
2022-23	10	6	2	2	0
2023-24	7	Pending	Pending	Pending	Pending

*Lengthened by Covid pandemic disruption

Across the first two full cycles, 14 of 20 graduates (70%) secured employment across the public and private sector.[120] [121] The graduates and staff themselves noted the following impacts that it had on them:

- Graduates report the programme giving them independence they did not have before and increased confidence and communication skills, with one graduate saying "It made me more independent travelling to work. It made me more confident in my job and my wellbeing as well. I think it gave me a lot of confidence."[122]
- Staff cite "heightened disability awareness, improved morale and enhanced teamwork" after hosting OWL trainees, with one Oireachtas Section Manager saying they would recommend it to anyone and encouraged all departments to take part.[123]

Successes

- Partnering with KARE and WALK shows the benefits of using organisations that are well known and established in the disability community. Those partaking in the programme had to be KARE or WALK service users aged 18-25, and every year they can provide the ten trainees.[124] Partnering with organisations who already have a relationship and a route in with those furthest from the labour market is key to a programme's success.
- The high number of trainees which ended up employed was in part due to the programme laying out a clear progression route. Graduates had access to a confined civil service competition for part-time permanent posts at Clerical Officer or Service Officer level.
- Participants and staff report the blended learning model as a success, with work placement and the QQI Level 3 classroom component building both hard and soft skills.
- The success of this programme saw some real policy influence, with OWL's confined competitions having become a template for other departments aiming to meet the National Disability Authority and the Government's 6% disability quota.[125]

Ongoing Challenges and Shortcomings

- While the programme has been regarded a success, this is on a small scale. There has been progress with the programme continuing to expand and develop in partnership with other public sector bodies including the Department of Public Expenditure and the Public Appointments Service. However, ten trainees per year is not going to make a huge dent in the national inactivity rate affecting adults with disabilities.
- Related to scalability, whilst the two full-time job coaches were a necessary part of the programme[126], it is resource intensive and could create a potential barrier for smaller, less resourced public bodies wanting to adopt the OWL programme themselves. The programme could potentially look at having dedicated coaching through a permanent, in-house disability liaison officer to reduce external costs.
- This programme is currently operating in Dublin, therefore, creating an extra barrier for those who live in rural communities or outside of Dublin. Perhaps if this programme continues to expand it could also devolve to local authorities, so that it reaches a wider inactive population and everyone has a chance to partake across Ireland.

[120] First Oireachtas Work Learning, 2019. **(OWL) participants graduate**
[121] Second OWL Group, 2022. **(OWL) trainees graduate**
[122] Supporting People with Disabilities, 2020. **Guide to Promoting Inclusive Employment**
[123] ibid
[124] Ibid
[125] Third OWL group, 2023. **Trainees graduate from Oireachtas Work Learning Programme**
[126] Supporting People with Disabilities, 2020. **Guide to Promoting Inclusive Employment**

- There has been an uneven departmental uptake, with only seven government bodies working with OWL to date.[127] It is not clear the reason why other departments have not participated, but ideally it would be government wide.

OWL has demonstrated that intensive, practical work-learning can convert a majority of economically inactive young adults with intellectual disabilities into paid employees. This is a successful start in tackling economic inactivity amongst disabled people. Looking ahead, a plan is needed to pave the way forward for this programme and outline the steps to scale it up. Without the public service adopting shared ownership of this programme and a continued effort to publish yearly data, justifying the success, long-term benefits and need for scaling up, the programme will struggle to be mainstreamed.

Overall, the qualitative evidence reinforces that the barriers are not insurmountable but are deeply interconnected. Addressing them will require tackling misconceptions, building employer confidence, simplifying support structures and embedding a more coordinated, long-term policy approach.

[127] Third OWL group, 2023. **Trainees graduate from Oireachtas Work Learning Programme**

Workshop Findings

Purpose and Approach

To build on the findings from the qualitative and quantitative stages, two stakeholder workshops were held to test, refine, and validate the emerging evidence and recommendations. A total of 20 stakeholders took part in these workshops, including representatives from business, academia, local government, policy, and the third sector. Workshops involved a presentation of the research project to date, followed by an open discussion to sense-check the key findings and recommendations.

Participant Reflections on Survey and Interview Findings

With regards to the survey, workshop participants were broadly unsurprised by the main findings, including that almost a fifth of respondents were unfamiliar with the term 'economic inactivity', leading some to question the value of the term. One result that was slightly more surprising was that, of those who had successfully hired someone who was previously economically inactive, the most common reason for that person being economically inactive was due to caring responsibilities. This caused some surprise given that the most common reason for economic inactivity in Northern Ireland in general is long-term illness[128]. Discussion of this point amongst participants led to the suggestion that those with caring responsibilities may be more flexible and more likely to be able to work, given the correct conditions, than those with a long-term illness. Participants highlighted the importance of acknowledging that the circumstances as to why someone is economically inactive will vary depending on the individual, so understanding who within this group wants to and is able to work is crucial to addressing the issue; this echoes similar findings in the literature review and qualitative data collection.

In general, feedback from workshop participants also affirmed the findings of the qualitative data collected and discussion arose on a number of key points. Participants from all groups agreed that it is fair to say that some employers may have preconceptions about someone who has been out of work, usually involving concerns around reliability and availability to work. Some employer representatives stated the importance of probationary periods, noting that these concerns may be exacerbated by increasing day one rights for employees. This in turn may lead to increased perceived risk for employers, making them less likely to hire an economically inactive candidate. Discussion of this point led to the recommendation of highlighting positive employer experiences to encourage peer-to-peer learning.

The qualitative interviews included some employers who reported both a personal and professional satisfaction after hiring someone who was previously economically inactive and watching them grow and flourish within their business; workshop participants indicated that advertising these case studies would be a key method of addressing employer attitudes towards those who have been out of work. Participants also pointed out that preconceptions can work both ways, with many economically inactive candidates suffering from a lack of confidence after having been out of work; taster days were suggested as a possible solution to easing concerns of both employers and prospective employees.

All participants agreed with the finding that there is a general lack of awareness amongst employers of the support schemes that exist to help recruit from the economically inactive sector. There was praise for some existing initiatives including Skills Academies and JobStart by some previous users of these schemes, but an overarching agreement that delivery bodies require more funding to proactively engage with the business community to increase awareness.

Feedback on Recommendations

There was unanimous support for the recommendation of creating a one-stop-shop to house all information relating to support schemes on one accessible portal to enable employers to learn what support exists and to more easily engage with initiatives. Discussion of what this one-stop-shop might look like led to a number of suggestions, including that the portal could be tailored geographically to target areas with the highest levels of economic inactivity, and that the portal could be used to house case studies/success stories from employers who had availed of the schemes previously. It was also suggested that the portal could be merged with a careers portal and used by employers to advertise jobs which have been pre-approved to receive support from relevant schemes. Representatives from Belfast City Council shared that they have previously advocated for the creation of such a portal and have begun exploring how Artificial Intelligence could be used in its design

[128] NISRA, 2025. **Northern Ireland Labour Market Report**

and development. A small business conference was also suggested as a method of increasing awareness of existing support and facilitating engagement between employers and delivery bodies.

Participants, including government representatives, also admitted that, although economic inactivity is a cross-departmental issue, a lot of the work being carried out is siloed between departments, resulting in a lack of strategic approach to address the issue. Participants agreed that adopting a more joined-up approach would help to tackle the issue more effectively and reduce the risk of duplication of effort and limited resources.

There was unanimous agreement between participants on the need to co-design future schemes with employers to gain buy-in and address local skills and labour shortages. Employers in particular highlighted the importance of matching specific candidates and skillsets to specific roles, as well as the need for schemes to include incentives to balance the risk to the employer of taking on an employee who was previously economically inactive. Participants also agreed that employers often value soft skills such as communication and basic digital skills, proposing that short training programmes for economically inactive individuals to gain these skills may help prepare them to (re)enter the workforce and improve employer and employee confidence. Another key element noted by participants to consider for future schemes was avoiding a cliff edge once the official scheme comes to an end. It was suggested that continued light touch support should be made available to both employers and employees to build confidence by having a constant point of contact if and when further advice or guidance is required.

Another point of discussion at both stakeholder workshops was the impact of wider societal issues on economic inactivity. Participants confirmed that a common source of worry among economically inactive individuals is in relation to their benefits and how they may be impacted if they return to the workforce. Representatives from the Department for Communities noted that the implementation of Universal Credit is changing the benefits landscape to avoid this kind of cliff edge and suggested that an education piece may be required to increase awareness of the new system and alleviate these concerns. There may also be concern that if circumstances change and individuals need to leave work again, they may need to reapply for benefits and start back at the beginning of the process. During this discussion, officials noted that this was recognised as a potential barrier to economically inactive individuals returning to work in the UK Government's 'Pathways to Work' Green Paper published in March 2025, and that plans are underway to extend the existing right to return scheme whereby an employee whose circumstances have changed and who can no longer be supported by their employer may re-enter the benefits system at their previous level. Participants also agreed that there is a role for government to address challenges such as a lack of affordable childcare and social care to reduce the number of people who are economically inactive due to caring responsibilities. The same is true for healthcare waiting lists to reduce the number of people who are currently out of work due to illness. Participants agreed that there is also a role for the education sector to promote alternative career routes to traditional academia to prevent individuals becoming economically inactive in the first place, and to help reduce local skills gaps and labour shortages.

Implications for Policy and Practice

The stakeholder workshops reinforced that addressing economic inactivity will require a coordinated long-term approach that includes policy, delivery and employer practice. Participants emphasised that while many of the challenges identified in the research are well understood, progress will depend on improving the clarity, accessibility and joined-up delivery of support for both employers and economically inactive individuals.

At a policy level, there was consensus that government departments must work more collaboratively to tackle economic inactivity as a cross-cutting issue, with shared objectives across departments. Greater alignment would enable more coherent programme design and reduce duplication between initiatives. Policymakers were also encouraged to consider co-designing schemes with SMEs and economically inactive individuals to ensure interventions are relevant, practical and responsive to local labour market needs.

From a delivery perspective, stakeholders stressed the importance of simplifying access to support. A single online portal or 'one-stop-shop' for information on schemes was viewed as a priority alongside better promotion of existing initiatives and consistent communication with employers. Participants also highlighted the need for longer-term, sustainable funding models to replace short-term or pilot-based approaches that risk undermining employer confidence.

For employers, the workshops underlined the value of practical, peer to peer learning and visibility of success stories to challenge stigma and misconceptions about economically inactive individuals. Incentives and light touch guidance could help smaller firms overcome perceived risks around hiring, while short training programmes focused on confidence, digital and communication skills could support individuals transitioning back into work.

Finally, participants reiterated that reducing economic inactivity cannot be achieved through employment interventions alone. Structural barriers such as affordable childcare, access to transport and healthcare waiting times must also be addressed to enable genuine participation. Education and skills policy likewise have a role to play in widening pathways into employment, particularly for those not following traditional academic routes.

By improving coordination across government, strengthening employer confidence and ensuring individuals have the right support to enter work, Northern Ireland can make meaningful progress in reducing economic inactivity and widening participation in the labour market.

Empowering Employers Recommendations

These recommendations are informed by the findings gathered throughout our research, including a survey and one-to-one interviews. Through a series of workshops held with representatives from key sectors, these recommendations were sense-checked to ensure they are realistic and deliverable. The recommendations have been developed to address the financial and non-financial barriers that came to light throughout this research process and were done so with small and micro businesses in mind, as it is more difficult for them to recruit due to limited resources and time to seek out schemes and carry out the recruitment process. To ensure ease of implementation, the following recommendations have been split into three groups: business, policy/government and third sector/delivery bodies.

Recommendations for SMEs

1. **Alternative recruitment processes:** When recruiting, businesses should, first and foremost, be **open to hiring economically inactive individuals**, whether through existing schemes or direct recruitment. Employers could **engage with government schemes, community groups and third sector organisations** such as the NOW Group[129] or Disability Action[130], which are well connected with potential candidates and understand the local economic inactivity landscape. Partnering with these organisations could help bridge the gap between employers and economically inactive individuals, identify suitable candidates, and address local labour shortages while providing support throughout the recruitment process.

2. **Review job descriptions and advertisements to ensure language is appropriate and inclusive:** This could be stating in a job advertisement an openness to hiring candidates who are not currently in employment. Alongside this, employers could, where possible, **proactively offer reasonable adjustments during the recruitment process.** These may vary depending on the individual, and often they are minor and inexpensive but can make a huge difference in recruitment and retention. For example, a neurodivergent candidate may want to adjust their working hours if they feel overwhelmed on public transport at busy times. Or, if the employee is a carer, an employer may proactively offer flexible working to accommodate this.

3. **Share success stories via social media or business networks to encourage peer-to-peer learning:** During the qualitative interviews, employers reported both a personal and professional satisfaction after hiring someone who was previously economically inactive and watching them grow and flourish within their business. Advertising these good news stories from the employer themselves would be a key method of addressing misconceptions towards those who have been out of work.

Recommendations for Policymakers & Government

Support for Employers and Economically Inactive Candidates:

4. **Expand financial incentives for employers to counteract risk and incentivise more to hire from the economically inactive sector:** It is essential that the Executive identifies a new, long-term source of funding to support economic inactivity initiatives that will replace the UK Shared Prosperity Fund, which is due to come to an end on 31 March 2026[131]. We welcome the recent announcement of a £12.4 million investment into the expansion of the JobStart Scheme which aims to build connections between employers and potential candidates via training and development opportunities for those who are economically inactive and wage subsidies for employers.[132]

5. **Embed HR support, training, and advisory services into economic inactivity schemes:** Providing wrap-around assistance for both employers and employees throughout recruitment and integration is essential. Third sector organisations could play a key role in delivering this support. Providing access to professional HR advice and training would **help smaller employers feel more confident** in recruiting and supporting individuals with additional needs, while early-stage integration support could **reduce the likelihood of drop-out.**

[129] **NowGroup**
[130] **Disability Action Northern Ireland**
[131] GOV. UK, 2025. **UK Shared Prosperity Fund.**
[132] BBC, 2025. **Minister launches new employment strategies.**

6. **'Work ready' training for economically inactive candidates:** As well as training for employers, **schemes should also embed short training programmes for economically inactive individuals to help them become 'work ready'** by developing soft skills such as basic computer competence, time management and communication skills, particularly for customer facing roles. Such programmes could help to reintroduce individuals who have been out of work back into the labour force and demonstrate to potential employers their work ethic and professional skills. During the interview phase of this research, employers stated that for many roles, they **value these soft skills and evidence of a good attitude towards work when recruiting,** with a view to providing on-the-job training once the employee is in post.

7. **Co-design future support schemes with employers:** This can help ensure that **limited resources are used effectively for optimum impact,** gain **buy-in from employers** and target initiatives to address local skills and labour shortages, for example through Skills Academies.

8. **Redefine success:** Monitor and evaluate scheme outcomes beyond their duration to identify interventions that lead to long-term employment and improved employability. Success measures should go beyond immediate job outcomes to include progression towards work, skills development and qualifications gained, with **feedback from both employers and participants** gathered to inform and enhance future initiatives.

Awareness Campaigns:

9. **Create an accessible one-stop portal with information on all relevant existing schemes:** This recommendation was unanimously supported in all interviews and workshops conducted as part of this research. Participants suggested that this portal could be geographically tailored to **target areas with the highest levels of economic inactivity,** and that the portal could be used to house successful case studies from employers who had availed of the schemes previously. This could encourage peer-to-peer learning and give more employers the **confidence to engage with initiatives and recruit from the economically inactive sector.** The portal could also be merged with a careers portal and used by employers to advertise jobs which have been pre-approved to receive support from relevant schemes. The Department for Communities draft Disability and Work Strategy, which is out for consultation until January 2026, proposes a similar idea in its recommendation for additional and accessible support for employers[133]. Belfast City Council has already begun exploring options for such a portal to support employers navigate the complex and ever-changing employability and skills ecosystem. Having commissioned a report on an Employer Navigation Service, work is ongoing to investigate if an AI-based solution could be developed, and what funding may be available to achieve this[134].

10. **Facilitate collaboration between education, industry and third sector organisations to increase awareness of available career options:** Job fairs, work experience opportunities and careers advice should promote **alternative career options** outside of the traditional academic route, such as apprenticeships. This could help address local skills and labour shortages and **reduce the likelihood of individuals becoming economically inactive** after leaving school. Some work has already started on this and we welcome the commitment to collaboration between industry and education announced in the Economy Minister's new skills action plan[135].

[133] Department for Communities, 2025. **Disability and Work: A Strategy for Northern Ireland.**
[134] Belfast City Council, 2025. **Employer Navigation Service: Connecting employers with skills programmes.**
[135] Department for the Economy, 2025. **Economy Minister's Skills Action Plan 2025**

Policy and Strategy:

11. **Adopt a cross-departmental approach to tackle economic inactivity:** This is a cross-departmental issue and requires a joined-up, strategic approach across relevant departments including Economy, Education, Health and Communities to **avoid siloes and potential duplication of resources.** There is already a patchwork of strategies, all of which affect economic inactivity, such the Disability and Work Strategy[136], the Anti-Poverty Strategy[137] and the upcoming Early Years and Childcare Strategy[138]. Adopting a cross-departmental approach would ensure that measures to address economic inactivity are embedded in all relevant strategies across the Northern Ireland Executive and that **they interact symbiotically to tackle the wider issue.**

Address Root Causes of Economic Inactivity:

12. **Reform the benefits system:** A common theme raised throughout this research was the existence of economically inactive candidates who may be able to work but are put off from doing so for fear of losing their benefits and being in a less financially stable position, particularly if they are not working full time and/or are only earning minimum wage. There are also concerns that if an individual's circumstances change and they can no longer work that they will have to be reassessed and re-enter the benefits system back at the beginning of the process. The UK Government addressed these issues in their Pathways to Work Green Paper published in March 2025[139]. It states that rules are already in place for those entitled to Universal Credit (UC) and/or Employment and Support Allowance (ESA) to return to their previous benefit rate within a period of six months if their employment is discontinued. There are also proposals to extend this return scheme to those receiving PIP (Personal Independence Payment) for ill health or disability by legislating that trialling employment will not be considered a relevant change of circumstance that would trigger a PIP review or a Work Capability Assessment reassessment[140]. It is essential that this work is prioritised and brought forward as soon as possible, accompanied by appropriate campaigns to increase awareness and **improve the confidence of economically inactive individuals** and encourage more to consider (re)entering the workforce.

13. **Run education campaigns to address misconceptions about people receiving benefits:** Education is needed to increase awareness of the great number of reasons **why someone may receive benefits**, and that this does not necessarily mean that they are not capable of working.

14. **Provide better-off calculations to help people understand the impact of working on their overall income:** Many individuals worry that they may lose their benefits if they go back to work, and, depending on their circumstances, may be financially worse off. To **increase confidence and encourage more people to (re)enter the labour force,** it is essential that they are able to **quickly and easily** determine how earnings from work may impact any benefits they receive, so that they can accurately calculate what their overall income will be.

Recommendations for Third Sector & Delivery Bodies

15. **The role of local employment officers or SME advisors:** New and existing schemes should ensure that they have dedicated employment officers to **bridge the gap between the economically inactive and employers.** This is an element which is already working successfully for some third sector organisations and LMPs and therefore, should be expanded to all schemes. A local employment officer could engage with employers to raise awareness about the help and support available and continue to act as a **constant point of contact** throughout the process.

16. **Match employee work expectations and skillsets to specific businesses or roles:** This may help to increase the likelihood of longer-term employment and retention.

[136] Department for Communities, 2025. **Disability and Work: A Strategy for Northern Ireland.**

[137] Department for Communities, 2025. **The Executive's Anti-Poverty Strategy (2025-2035).**

[138] Department of Education, 2025. **Executive Early Learning and Childcare Strategy.**

[139] GOV. UK, 2025. **Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper.**

[140] GOV. UK, 2025. **Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper.**

Case Study:

Disability Action & McDonald's Employment Academy Success in Coleraine

This case study highlights Disability Action's Empower Programme, delivered through the McDonald's Academy in Coleraine, and the critical role of Workable (NI) in supporting participants to retain and progress in employment.

McDonald's prides itself in being an equal opportunities employer, actively recruiting candidates who identify as having a disability through both agencies and their own recruitment processes.[141] The company recognises the importance of being an inclusive employer and makes recruitment decisions based on qualities, not qualifications and holding strong partnerships with specialist employment support for disabled people.[142] Designed to equip participants with core employability skills - including interview techniques, confidence building, and workplace readiness - their Academy culminates in a guaranteed job interview with McDonald's.

McDonald's Coleraine and Disability Action collaborated to empower each other to speak up about individual issues and fostered a culture of mutual support. For example, when McDonalds recognised that there was an increasing prevalence of mental health issues amongst their staff, they proactively sought additional training for their management and support teams, reaching out to Disability Action.[143] Disability Action then rolled out training to all managers and support staff, leading to a better understanding of the challenges individuals with disabilities face and how best to assist them in the workplace, as well as enhancing emotional resilience and wellbeing.[144]

Following successful recruitment, participants transitioned into the Workable (NI) Programme, which provides ongoing in-work support tailored to individual needs. Workable (NI) helps ensure job retention and progression by providing:

- One-to-one support from a job coach to help the employee and their colleagues adapt to the needs of the job.
- Extra training for the employer from Employment Support Officers.
- Disability awareness training for the employer and work colleagues.
- Assessment and tracking of development using their 'WORKS' assessment model.[145]

The Empower-supported McDonald's Academy delivered exceptional results, with both completed programmes achieving a 100% employment rate. All seven participants who engaged in these academies have secured employment at McDonald's Coleraine, with each position tailored to their specific requirements.[146]

[141] McDonald's, 2024. **How many people with disabilities or special needs do McDonald's permanently employ?**
[142] McDonald's, 2024. **How many people with disabilities or special needs do McDonald's permanently employ?**
[143] Disability Action, 2024. **Partnership working in the Causeway Coast | Disability Action Northern Ireland.**
[144] Disability Action, 2024. **Partnership working in the Causeway Coast | Disability Action Northern Ireland.**
[145] NI Direct, 2006. **Workable (NI).**
[146] Disability Action, 2024. **Partnership working in the Causeway Coast | Disability Action Northern Ireland.**

Case Study:

The European Social Fund

The European Social Fund (ESF) Programme officially ran between 2014-2020 and aimed to contribute to local growth by increasing labour market participation, promoting social inclusion and developing the skills of the potential and existing workforce.[147] At the end of August 2020, £2.3 billion of EU funding had been allocated, which has helped around 1.5 million people. ESF funding and projects ceased in 2023 due to the United Kingdom leaving the European Union in 2016.[148]

ESF was delivered collaboratively with a range of partners, including government departments and bodies across public, private and third sectors. EU funds require national Co-Financing Organisations (CFOs) from either public or private sources.

There are some local CFOs and organisations that can bid directly for funding, sourcing their own match funding for a project. One of these projects was the 'Community Connections South' initiative which operated mainly across Cambridgeshire. The project offered flexible support to people who are not in work, including those who are socially isolated to help build the skills and confidence needed to make the step into work.[149]

Key elements include:

- Targeted support for those furthest from the labour market, providing specialist, tailored support for groups including women affected by domestic abuse, people with physical disabilities, learning difficulties, or mental health conditions.
- Access to and encouragement to attend community events, volunteering opportunities, and employment-focused education and training, such as accredited courses, work-based learning, and community learning.
- To ensure holistic support, the initiative also offered one-to-one coaching, counselling, and referrals to mainstream employability services.[150]

By addressing the personal and structural barriers to work, the programme contributed to tackling economic inactivity in the region by re-engaging participants in economic and social life. The project had supported a total of 345 people by the end of June 2020. Of these, 81 individuals progressed into employment, while a further 107 moved closer to the labour market through participation in training, education, or improved job search activity.[151]

There is a very limited amount of information on the success of the project beyond the initial June 2020 findings. Despite public-facing materials describing the programme, a publicly accessible outcomes report including successful case studies, qualification rates and long-term impact is not available. Moreover, out of the 345 participants of the scheme, 157 are unaccounted for within the outcome's evaluation. In order for a scheme to effectively tackle economic inactivity, it must be clear on long-term impacts to prevent statistics reflecting a temporary return to the labour market which does not surpass a four-week gain.

[147] GOV. UK, 2023. **European Social Fund 2014 to 2020 Programme: case study booklet 2020.**
[148] GOV. UK, 2023. **European Social Fund 2014 to 2020 Programme: case study booklet 2020.**
[149] GOV. UK, 2023. **European Social Fund 2014 to 2020 Programme: case study booklet 2020.**
[150] Papworth Trust, 2023. **Community Connections South 2023.**
[151] GOV. UK, 2023. **European Social Fund 2014 to 2020 Programme: case study booklet 2020.**

Future Research Priorities

The literature review identified gaps regarding the lack of research on economic inactivity from the perspective of employers, especially of small and medium-sized businesses. This piece of research has begun to address this gap, and we would welcome any future research on economic inactivity that includes the employer's perspective. If further research was to be done, we recommend that it specifically focuses on the development of a one-stop-shop and our other recommendations. Beyond this, future efforts and resources could be more effectively directed toward implementing and scaling practical interventions.

Conclusion

The recommendations outlined above provide a practical and evidence-based framework to help address the financial and non-financial barriers identified throughout this report. Developed collaboratively with stakeholders across these three groups, they aim to reduce the barriers and create more inclusive recruitment practices, enhance employer confidence and strengthen support systems for those furthest from the labour market. By implementing these changes, Northern Ireland can make meaningful progress towards addressing the barriers to recruitment in the small business sector.

Conclusion

This report was commissioned by EPIC Futures to address a key gap in existing research on economic inactivity — specifically, the role that SMEs play as employers within this landscape. The study set out to identify both the real and perceived financial and non-financial barriers that SMEs face when recruiting from the economically inactive population in Northern Ireland.

Throughout the research process, several clear themes emerged. Firstly, survey data and qualitative interviews revealed that SMEs often operate without dedicated HR or recruitment teams and tend to rely on word of mouth or personal referrals. A lack of awareness among SMEs about existing schemes was a particularly significant finding as they are one of the main bridges between employers and those furthest from the labour market. If better promoted, they could help alleviate employer concerns about recruitment and training costs, especially when financial incentives (such as those in the JobStart scheme[152]) are available. This lack of awareness also links to a broader fear of the unknown, with many SMEs expressing uncertainty around issues such as reasonable adjustments. Providing training and myth-busting information could help employers understand that such accommodations are often minor and low-cost, potentially encouraging greater engagement with economically inactive candidates.

However, another common theme was that employers found it hard to engage with schemes because of the lack of awareness surrounding schemes. To encourage more SMEs to participate, such schemes must be made as simple and accessible as possible.

Our research found that across all sectors - business, third sector, and government - there was recognition of the wider societal factors contributing to economic inactivity, including childcare barriers, the benefits trap, and long healthcare waiting lists. Alongside this, employers also reported growing labour shortages while the number of economically inactive individuals continues to rise, a paradox that highlights the untapped potential amongst the economically inactive.

A commonality across all sectors was criticism of the siloed approach across government departments, which often leads to ineffective policy interventions. Because economic inactivity cuts across multiple policy areas, it must be tackled collectively, with departments working cohesively to align their pre-existing strategies and ensure interventions are coordinated and effective. The consensus across business, policy, and the third sector on this issue suggests a clear understanding of where current systems fall short, and what is needed to improve them.

The findings from this research have directly informed the recommendations for how small businesses can be better supported to engage with and recruit from the economically inactive sector. There are roles for businesses, policymakers, and the third sector to play.

Businesses, particularly SMEs, can implement practical, low-cost actions such as ensuring job adverts are inclusive and that reasonable adjustments are proactively offered. With so much value placed on our business networks in NI, sharing successful recruitment stories within business networks can also make an impact and help challenge misconceptions.

Policymakers and government, with the help of the third sector, must ensure that schemes include financial incentives and embed training and support for SMEs that lack in-house HR capacity. They should also collaborate with the third sector, who have expertise in this area, to act as local employment partners. To increase uptake of the available support, accessibility of these schemes must be improved. A one-stop-shop for employers should be developed, offering clear information, guidance, and support in one place. Finally, a cross-departmental approach is essential to address underlying issues such as benefits reform and childcare provision.

Overall, this report provides valuable insight into employer perspectives on recruiting economically inactive individuals. Their concerns can be summarised as a lack of awareness of available support, a lack of confidence to recruit those furthest from the labour market, and a lack of resources to do so. With this new insight, work can begin to bridge the gap between employers who are actively seeking to recruit and economically inactive individuals seeking opportunities for work.

[152] Department for Communities, 2025. **JobStart Scheme.**

Annex A: Survey Questionnaire

1. **Which of the following best describes your organisation?**
- Sole trader/self-employed
- Private company
- Charity
- Social enterprise
- Other (please specify)

2. **How many employees does your organisation have?**
- 0 (sole trader)
- 1-9
- 10-49
- 50-100
- 101-150
- 151-200
- 201-249
- 250+

3. **What was your business turnover in the last financial year?**
- Less than £100,000
- £100,001-£250,000
- £250,001-£500,000
- £500,001-£1,000,000
- £1,000,001-£2,000,000
- Over £2,000,000
- Don’t know/prefer not to say

4. **What sector does your business operate in?**
- Agriculture, Forestry & Fishing
- Mining & Quarrying
- Manufacturing
- Electricity, Gas, Steam & Air Conditioning Supply
- Water Supply, Sewerage & Waste Management
- Construction
- Wholesale, Retail, Trade & Repair of Motor Vehicles & Motorcycles
- Transportation & Storage
- Accommodation & Food Services
- Information & Communication
- Finance & Insurance
- Real Estate
- Professional, Scientific & Technical
- Administrative Services
- Public Administration
- Education
- Health & Social Work
- Arts & Entertainment
- Recreation & Tourism
- Other Service Activities
- Other (please specify)

5. **How long has your business been established?**
- Less than one year
- 1-5 years
- 6-10 years
- Over 10 years
- Don’t know

6. **What council areas does your business operate in? (Select all that apply)**
- Antrim & Newtownabbey
- Ards & North Down
- Armagh City, Banbridge & Craigavon
- Belfast City
- Causeway Coast & Glens
- Derry City & Strabane
- Fermanagh & Omagh
- Lisburn & Castlereagh
- Mid & East Antrim
- Mid Ulster
- Newry, Mourne & Down

7. **What is the postcode of your main business location?**

8. **What types of employment does your business offer? (Select all that apply)**
- Full-time
- Part-time
- Temporary/contract
- Apprenticeships/internships
- Other (please specify)

9. **Does your business offer any flexible working arrangements? (Select all that apply)**
- Hybrid working (mix of remote and onsite)
- Remote working
- Flexible working hours
- Other (please specify)

10. **How often does your business typically recruit?**
- Less than once per year
- 1-2 times per year
- More than twice per year
- As needed
- Don't know
- Other (please specify)

11. **How does your business usually recruit staff? (Select all that apply)**
- Recruitment agencies
- Online job boards (e.g. Indeed, LinkedIn etc.)
- Direct applications
- Apprenticeship/training programmes
- Jobcentres/government employment schemes
- Word of mouth/referrals
- Other (please specify)

12. **Has your business experienced any recruitment challenges? (Select all that apply)**
- Time/resource burden
- Skills shortages
- Low applicant numbers/lack of interest in roles
- Cost of recruitment
- I haven't faced any challenges with regards to recruitment
- Other (please specify)

13. **Economically inactive individuals are those who are not currently in work, nor seeking work. Were you familiar with the term "economically inactive" before this survey?**
- Yes
- No
- Don't know

14. **Have you ever recruited anyone who, to your knowledge, was considered economically inactive when you hired them?**
- Yes – successfully recruited (go to question 18)
- Yes – began process but did not hire (go to question 15)
- No (go to question 17)
- Don't know

15. **You said you began the process of recruiting someone who was economically inactive – for what reason(s) was this person economically inactive? (Select all that apply)**
- Long-term illness
- Disability
- Caring responsibilities
- Early retirement
- Don't know
- Other (please specify)

16. **Why was the recruitment process not completed? (Select all that apply)**
- Applicant withdrew/didn't follow through (go to question 23)
- Role requirements not met (go to question 23)
- Business costs too high (go to question 23)
- Lack of government incentives/support (go to question 23)
- Cost of training/upskilling new hires (go to question 23)
- Cost of adapting workplace for accessibility (go to question 23)
- Other (please specify) (go to question 23)

17. You said you have not recruited anyone who was previously economically inactive – why not? (Select all that apply)

- Not aware of relevant programmes (go to question 23)
- Unsure how to reach these candidates (go to question 23)
- Lack of interest for suitable roles (go to question 23)
- Skills/experience mismatch (go to question 23)
- Cost of training/upskilling new hires (go to question 23)
- Cost of adapting workplace for accessibility (go to question 23)
- Lack of government and/or financial incentives (go to question 23)
- Have not had any available vacancies recently (go to question 23)
- Other (please specify) (go to question 23)

18. You said you have recruited someone who was economically inactive when you hired them – for what reason(s) was this person economically inactive? (Select all that apply)

- Long-term illness
- Disability
- Caring responsibilities
- Early retirement
- Don't know
- Other (please specify)

19. Did you make use of any support programmes or schemes during the recruitment process? (Select all that apply)

- Skills for Life and Work/Training for Success (go to question 21)
- Apprenticeships NI (go to question 21)
- Higher Level Apprenticeships (go to question 21)
- JobStart (go to question 21)
- Employment Academies (go to question 20)
- Community/voluntary sector training programme (go to question 20)
- I didn't use any schemes – I advertised the role myself (go to question 21)
- Other (please specify) (go to question 21)

20. Please specify which programme(s)/scheme(s) you used.

21. Were you able to offer any of the following that helped enable the candidate to re-enter the workforce? (Select all that apply)

- Flexible hours
- Remote/hybrid working options
- Workplace adjustments
- Training/upskilling programme
- Other (please specify)

22. Did you experience any challenges throughout this recruitment process? (Select all that apply)

- Skills/qualification gaps
- Attendance/reliability concerns
- Lack of government support/incentives
- Lack of interest in advertised role
- Wage expectations
- I didn't experience any challenges throughout this recruitment process
- Other (please specify)

23. Would you consider hiring someone from the economically inactive sector in the future?

- Yes
- No
- Maybe
- Don't know

24. Please explain your previous answer.

25. What would help or encourage you to hire from the economically inactive sector in the future? (Select all that apply)

- Financial incentives (e.g. wage subsidies)
- Tax relief
- HR support during recruitment and/or integration processes
- Access to training for new hires
- Clear case studies/peer examples
- Support with workplace adjustments for health concerns/disabilities
- Clearer pathways to engage with economically inactive individuals to advertise available roles (e.g. job fairs, partnerships etc.)
- Other (please specify)
- None of the above

26. Is there anything else that you would like to share about recruiting from economically inactive groups?

27. Would you be willing to be contacted again for follow-up research?

28. Where did you hear about this survey?

- Email
- X/Twitter
- LinkedIn
- Facebook
- Event
- Other (please specify)

Annex B: Interview Guide

Interviews were conducted with three cohorts: employers, government officials/policymakers, and third sector organisations/delivery bodies. Prior to interview, participants were provided with information on the research project and a list of topic questions that were used to guide the discussion; these are listed below.

Employers:

1. Please briefly describe your business – its size, sector, location and workforce profile.
2. Have you previously attempted to recruit individuals who were economically inactive (e.g. long-term unemployed, carers, people with disabilities, early retirees)? If so, what prompted this?
3. If so, what challenges (financial or otherwise) have you encountered when trying to recruit from this group?
4. Do you feel that your business has the internal resources (e.g. time, expertise, budget) to support the recruitment and retention of economically inactive individuals?
5. Have you engaged with any government or third-party programmes (e.g. employability schemes, wage subsidies etc.) aimed at encouraging inclusive recruitment? If yes, please describe your experience.
6. Have you had any success stories in hiring individuals from the economically inactive group? If so, please describe the circumstances and what made it work. If not, please explain why you did not consider the recruitment to be a success.
7. What policy changes or types of support (financial and practical) do you believe would have the most impact in reducing barriers for organisations like yours and encourage more employers to consider recruiting from the economically inactive sector?

Policymakers:

1. Please briefly describe the party/organisation/department you are involved with and your work on the issue of economic inactivity.
2. How effectively do you think government departments and delivery bodies coordinate to support SME engagement with economically inactive individuals?
3. How can policymakers better involve SMEs and economically inactive individuals in the design of future labour market interventions?
4. Are there examples of policy initiatives or pilots that you believe have worked well in addressing economic inactivity? If so, what made them successful? Have you received any feedback from employers? Equally, are there any examples of initiatives that did not work well for a particular reason?

5. Are there any regulatory, structural, or institutional barriers that may unintentionally disadvantage SMEs who attempt to recruit from the economically inactive sector?
6. If you could implement one initiative to improve SME access to this underutilised labour pool, what would it be?
7. Is there any other information you would like to share regarding economic inactivity or recruitment and retention in general?

Third Sector:

1. Please briefly describe the organisation you are involved with and your work on the issue of economic inactivity.
2. What are the main financial and non-financial barriers that your economically inactive clients face when returning to work?
3. Have you worked directly with any businesses or organisations to help place individuals into employment? If so, please describe this experience.
4. What do businesses typically do well to recruit and retain economically inactive individuals? Where do they often fall short?
5. Are there any common misconceptions or concerns among employers that may affect their willingness to recruit from the economically inactive sector?
6. Are current government schemes and funding opportunities (e.g. Access to Work, JobStart etc.) accessible and effective for small employers? Are there any barriers that may prevent employers from accessing this support? If so, how could these barriers be addressed?

Annex C: Workshop Materials

Workshops were conducted with representatives from the same three cohorts as the interviews (employers, policymakers and third sector) to sense-check the initial findings of the primary research to identify barriers to recruitment for small employers and facilitate discussion of some possible solutions. Prior to the workshops, participants were provided with information on the research project and the following agenda which was used to help structure the sessions.

Agenda:

- Summary of initial research findings – presentation by FSB
- Discussion of initial findings – are there any that are surprising or unexpected?
- Routes to engagement – how can employers better engage with economically inactive candidates?
- Barriers and perceptions – what challenges exist for small employers when recruiting from the economically inactive sector?
- Support mechanisms – what initiatives/interventions may help reduce these barriers to encourage and support more employers to recruit from this group?
- Final thoughts and roundup

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