

## **Consultation on the underlying reasons for the preponderance of women on minimum wage**

### ***Submission by the Citizens Information Board (March 2016)***

#### **Introduction**

The Citizens Information Board (CIB) welcomes the opportunity to make a submission on the underlying reasons for the preponderance of women on the minimum wage. Addressing ongoing gender-based inequalities throughout the whole of society requires a fuller understanding of the reasons why women are significantly over-represented in low-paid employment. The current engagement by the Low Pay Commission with this issue is, therefore, important. It is also important to take cognisance of the fact that, while the National Minimum Wage provides a necessary and important floor for all workers, the reality is that “many cluster just above it”(Collins 2015).<sup>1</sup> The changing labour market which has resulted in a move away from more traditional work patterns has meant that there is a growing number of persons employed for less than a full week.

Previous CIB Submissions have referred to the structural complexities of the social protection system and difficulties in responding to new (and often precarious) working situations which require flexible working age supports to incentivise work. This is a matter particularly relevant to women seeking to combine work with child care responsibilities.

The linkages between inequality and the nature of labour market participation is a core consideration. The 2015 NERI study<sup>2</sup> highlighted the need for a more robust evidence base for our understanding of the nature and shape of low pay. The CIB is of the view that the question of the preponderance of women on minimum wage needs to be understood in the broader context of the historically low status and related pay afforded to services-related employment, - catering, retail, contract cleaning, leisure and social care - where women predominate.

A key consideration in exploring the question of women and low paid employment is the link between child care responsibilities and the availability of women with children, particularly lone parents, for full-time, more secure and better paid employment. This limited availability at a particular point in the life-cycle almost certainly has a knock-on effect on many women’s ability in the longer term to move up the ‘ladder of paid work’. Feedback from CIB delivery partner services<sup>3</sup> points to the significant challenge many

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<sup>1</sup> Collins, M. (2016), Earnings and Low Pay in the Republic of Ireland, NERI, [http://www.ssi.ie/SSIS/Earnings\\_and\\_Low\\_Pay.pdf](http://www.ssi.ie/SSIS/Earnings_and_Low_Pay.pdf)

<sup>2</sup> *Ibid.*

<sup>3</sup> CIB supports a national network of Citizens Information Services (CISs), the Money Advice and Budgeting Service (MABS) and the Citizens information Phone Service. CISs deal with over 600,000 callers and almost a million queries annually. Over 70,000 employment rights related queries were addressed by the network in 2015.

parents with children, particularly lone parents, face in taking up employment because of the poor availability and cost of child care. Difficulties referenced in queries to Citizens Information Services (CISs) and the Citizens Information Phone Service (CIPS) by or on behalf of women include welfare to work traps, difficulties in meeting the costs of child care and related household financial strain. The interaction between the tax and social welfare system, the difficulty in transitioning from welfare to work, the type of jobs available and whether the skills of those seeking work match the requirements of these jobs emerge as relevant factors.

### **Key factors that need to be taken into account**

The low pay for women issue in Ireland is part of a more systemic problem relating to women that has been referenced and elaborated on in both international literature and in Irish research. Key findings from Irish research<sup>4</sup> indicate that:

- 1) A quarter of employees earn an hourly wage of less than the Living Wage threshold of €11.45 per hour (approximately 345,000 employees) while 30% of employees earn below the Eurostat low pay threshold of €12.20 per hour (approximately 400,000 employees);
- 2) Low pay is most common among women, it is concentrated in specific sectors of the economy including wholesale and retail, accommodation and food, administration and support services, and in the agricultural, forestry and fishing sector;
- 3) Low pay extends across age groups, reflecting the fact that low-pay is not a transitory phase experienced principally by young employees starting out;
- 4) The risk of being low paid is much greater for employees on low hours (less than 20 hours per week) and also higher for employees who work part-time, for those on temporary contracts and those living in rural areas -- there is a clear association between temporary contracts and low pay;
- 5) There is a prevalence of low pay among workers in small firms (less than 10 employees).

While the NERI study did not disaggregate this data on gender grounds, it can be reasonably hypothesised that gender may be a significant factor in that the lower rates of pay associated with certain work – service and retail sectors and casual or part-time employment – apply more to women than to men in that the former constitute the highest proportion of employees in these areas of work.

The NERI research refers to a growing body of literature which points to an increasing segmentation and polarisation of the labour market internationally which is reflected in the Irish context. International research findings likely to be relevant to Ireland include the

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<sup>4</sup> Collins, M. (2016), Earnings and Low Pay in the Republic of Ireland, NERI, [http://www.ssi.ie/SSIS/Earnings\\_and\\_Low\\_Pay.pdf](http://www.ssi.ie/SSIS/Earnings_and_Low_Pay.pdf)

following:

- While women on low pay work both full-time and part-time, in the low paid part-time sector, women predominate – the latter is a key contributory factor to women’s low income and related economic insecurity;
- In many instances women on low pay are the only wage earners in the household;
- Many women on low pay support children;
- Women seeking to work on a part-time or flexible basis are often restricted to low-level and low-paid positions that do not make the most of their skills;
- There is frequently little investment in training and upskilling for people in lower paid employment and, as a result, people get trapped in low paid situations even though they want to progress.

The NERI study identified the household characteristics of the low paid. The tenure status of the low paid notably differs from employees generally, with 42% of the low paid living in rented accommodation including almost 15% who rent at below the market rate, e.g., in social housing and other state supported housing. The NERI research data shows that the risk of low pay in households consisting of one adult with children was just over 50% - this is likely to apply to women to a greater extent than men given that lone parents are predominantly women and that low pay is most prevalent in specific sectors of the labour market where there is a preponderance of women.

### *Young Women*

The National Youth Council of Ireland (NYCI)<sup>5</sup> has voiced concern about the changing nature of the labour market, with a significant growth in precarious employment and has noted that young workers are having the traditional entry into well-paid and secure employment postponed or frustrated by the growth of internships and temporary jobs on minimum and low wages.

The Young Women’s Trust in the UK<sup>6</sup> has highlighted issues in respect of young women which are likely to be also relevant to Ireland:

- There are almost twice the number of young women than men currently on low pay and they are more likely to get stuck on low pay;
- Low youth rates of national minimum wage prevent young people from working;

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<sup>5</sup> <http://www.youth.ie/nyci/Living-Wage-forum-welcome-increase-temporary-contracts-and-precarious-work-needs-be-tackled>

<sup>6</sup> [http://www.youngwomenstrust.org/what\\_we\\_do/campaigning/low\\_pay](http://www.youngwomenstrust.org/what_we_do/campaigning/low_pay)

- Low pay keeps young women trapped in precarious employment;
- There is a negative impact of living in low income households on children’s health, educational attainment and future job prospects

In our Submission on the appropriateness of the sub-minima wage rates for young people,<sup>7</sup> we highlighted the fact that some 18% of young people in Ireland are in the category ‘not in education, employment and training’ (the 4<sup>th</sup> highest in the EU) as a cause for ongoing concern generally. It is one that is likely to be relevant to young women having reduced employment options. The relatively slow pace of implementation of the Youth Guarantee is also likely to be a factor.

### *Contracting Out of Services*

Contemporary work restructuring involving the contracting out of public services (in particular, health services) and the deregulation of the employment market have contributed to the destabilisation of work sectors traditionally occupied by women. The outsourcing of services traditionally carried out by women to private contractors who operate a business model that requires a maximisation of profits results in driving down pay and terms and conditions of employment. This has been supported by the privatisation of large sections of the public services. Mechanisms such as zero hour contracts and ‘if-and-when’ hours arrangements have further undermined the position of women in the lowest paid sectors of employment.

### *‘Casualisation’ of Work*

Reference has been made to the ‘aggressive casualisation’ and related precariousness of employment<sup>8</sup> in work areas where women predominate. This has a significant impact on the types of jobs available to women who have child care responsibilities and/or who are seeking to return to the workplace or to take up employment for the first time. While the growing focus internationally on micro-jobs and the idea of ‘bundling’ ‘slivers of time’ to create a working week may be attractive to some professionals and freelance workers, it is likely to be a contributory factor to the entrapment of low skilled workers in low-paid employment. “The wrong part-time jobs can cause a triple trap locking women into precarity, poverty and domesticity”<sup>9</sup>

### **Addressing the Issue**

The concentration of low pay within specific sectors of the labour market is an issue that requires more detailed consideration. The situation of people in low paid employment on a long-term basis needs to be addressed in the context of the principles of social inclusion and

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<sup>7</sup> [http://www.citizensinformationboard.ie/downloads/social\\_policy/submissions2016/Sub-minima\\_wage\\_rates\\_for\\_young\\_people.pdf](http://www.citizensinformationboard.ie/downloads/social_policy/submissions2016/Sub-minima_wage_rates_for_young_people.pdf)

<sup>8</sup>

[http://www.nwci.ie/index.php/learn/article/implementation\\_of\\_minimum\\_wage\\_increase\\_essential\\_for\\_women\\_workers#sthash.tGRTIKLy.dpuf](http://www.nwci.ie/index.php/learn/article/implementation_of_minimum_wage_increase_essential_for_women_workers#sthash.tGRTIKLy.dpuf)

<sup>9</sup> Murphy, M. (2014), Ireland’s lone parents, social welfare and recession, [http://www.communitylawandmediation.ie/fileupload/The%20Journal/CLM-eJournal-Issue-2-Volume-3%20\(December%202014\).pdf](http://www.communitylawandmediation.ie/fileupload/The%20Journal/CLM-eJournal-Issue-2-Volume-3%20(December%202014).pdf)

equity.

- Additional and targeted research is required to get more comprehensive gender disaggregated data relating to low-paid employment;
- Activation policies need to take more cognisance of the gender aspects of both part-time work (which is frequently precarious and inflexible) and full time work which impacts on people's ability to carry out their child care responsibilities without undue stress;
- There is a need for more research and analysis in relation to possible linkages between under-investment in public child care and women in low paid employment;
- There should be better integration between job creation strategies and activation programmes in order to ensure that skills and qualifications are related to available high quality employment;
- The low pay employment sector requires further regulation with particular reference to zero hours contracts;
- More consideration needs to be given to the role of Family Income Supplement (FIS), family tax credits and access to affordable child care;
- Innovative pathways need to be developed to provide opportunities for women workers who are on low pay long-term to enhance their skills and pursue developmental opportunities;
- There should be targeted provision for further education and training in areas where there are quality jobs available in local areas;
- People should be supported to access courses at a level at which they are already qualified in order to enhance their ability to seek alternative and better paid employment.