

## **Low Pay Commission**

**Submission on the underlying reasons for the preponderance of  
women on minimum wage**



**March 2016**

## Summary

- With few exceptions, women workers have a higher incidence of low pay than do men across the OECD countries. This holds true in the case of Ireland, where 29% of female workers are in low paid jobs, in comparison to 19 per cent of male workers.<sup>1</sup>
- Women represent almost two-thirds (64.7%) of all those on the minimum wage. Of all male employees 4.2% earn the minimum wage whereas the risk is higher for female employees with almost 7% at that rate.<sup>2</sup>
- 46% of low paid women are the main earners in their household.<sup>3</sup>
- A significant explanatory factor for the predominance of women in lower paid work is the inequality in the burden of caring responsibilities (with women providing 66% of all unpaid care hours and a third of carers looking after someone who needs care due to old age<sup>4</sup>) and parental responsibilities (with the associated issue of a lack of affordable and flexible childcare).
- Childcare costs in Ireland are the second highest in the OECD for couples and the highest in the OECD for lone parents<sup>5</sup>, which results in some couples being forced to decide whether or not one (often lower paid and female) parent should stay at home or move to part time work, or it results in forcing a single parent to refuse full or part time paid employment.
- The issue of lower hours worked and higher rates of part time work (as these are lower paid than full time work<sup>6</sup>) is also a significant explanatory factor for the lower rates of wages received by women. The evidence suggests that women in general are more affected by low hours work than men.
- The higher rates of part time and precarious work amongst women has serious long term knock on effects for pension entitlements and a consequent higher risk of poverty for women later in life.

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<sup>1</sup> OECD, 'Economic Survey of Ireland', September 2015.

<sup>2</sup> Michéal Collins, 'A profile of those on the minimum wage', NERI Working Paper, 2015.

<sup>3</sup> NERI, 'Quarterly Economic Observer', Spring 2016.

<sup>4</sup> CSO, 'Our Bill of Health', 2012.

<sup>5</sup> OECD, 'Ireland Economic Survey of Ireland', September 2015.

<sup>6</sup> CSO, 'Earnings Hours and Employment Costs Survey Quarterly', Q4 2015.

## Women, low pay and the minimum wage

With few exceptions, women workers have a higher incidence of low pay than do men across the OECD countries. This holds true in the case of Ireland, where 29% of female workers are in low paid jobs, in comparison to 19% of male workers (see Chart 1).

### Incidence of low pay by gender in OECD countries

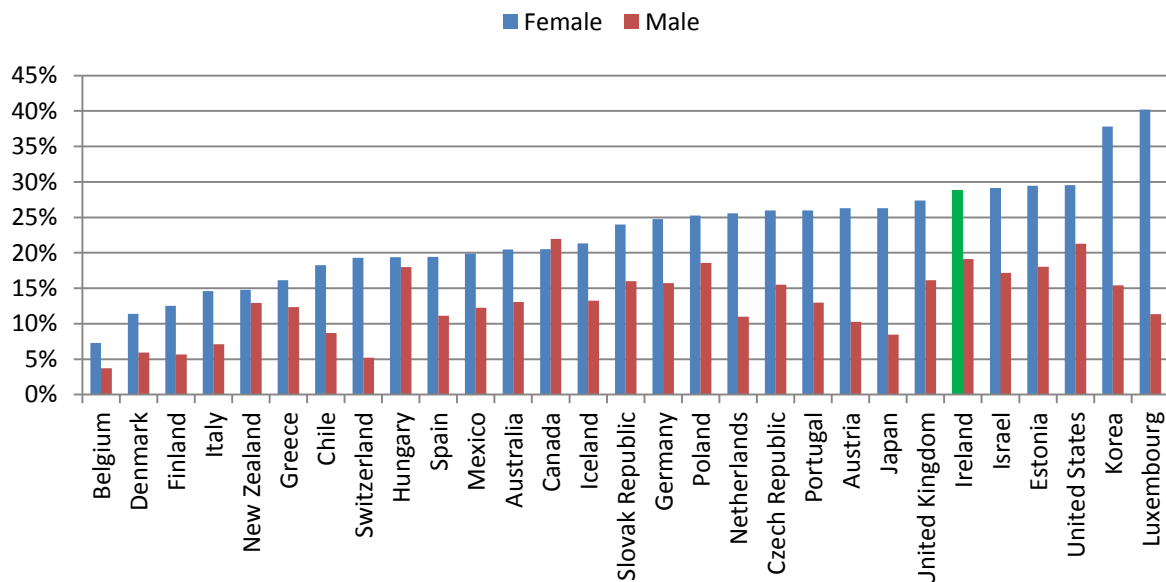


Chart 1: Gendered low pay incidence (Source: OECD Stat)

## Sectoral analysis

In regard to low pay we can see that there is an overrepresentation of women working in the lowest paid sector of 'Accommodation and Food Service Activities' which has 54.2% women workers in contrast to the average for all economic sectors where women make up 45.9% of employees across all sectors.

Just over 60% of low paid women work in three sectors of employment ('Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles', 'Accommodation and Food Service Activities', and 'Human Health and Social Work Activities').

## Low hours and low pay

The evidence also suggests that women in general are more affected by low hours work than men. According to the 2015 data, 33.4 % of women (across all sectors) worked for less than 30 hours per week while 8.7% worked between 30-34 hours per week by contrast, only 13.3% of men worked for less than 35 hours per week. The National Employment Survey from 2009 also shows the lower hours of paid work by women.

The 2009 data shown in Table 1 also shows the substantially lower average weekly earnings for women across the sectors including the lowest paid sectors.

## Earnings by sector

<b>All NACE economic sectors</b>		
	<b>MEN</b>	<b>WOMEN</b>
Earnings per hour (Euro)	23.63	20.61
Earnings per week (Euro)	822.57	598.42
Weekly paid hours (Euro)	35.4	29.4
<b>Wholesale and retail trade; repair of motor vehicles and motorcycles (G)</b>		
	<b>MEN</b>	<b>WOMEN</b>
Earnings per hour (Euro)	18.51	15.07
Earnings per week (Euro)	638.52	417.84
Weekly paid hours (Euro)	34.4	28.1
<b>Accommodation and food service activities (I)</b>		
	<b>MEN</b>	<b>WOMEN</b>
Earnings per hour (Euro)	14.7	13.15
Earnings per week (Euro)	456.36	356.39
Weekly paid hours (Euro)	30.8	27.4
<b>Administrative and support service activities (N)</b>		
	<b>MEN</b>	<b>WOMEN</b>
Earnings per hour (Euro)	18.71	15.85
Earnings per week (Euro)	681.13	472.53
Weekly paid hours (Euro)	36.7	29.2
<b>Arts, entertainment, recreation and other service activities (R,S)</b>		
	<b>MEN</b>	<b>WOMEN</b>
Earnings per hour (Euro)	20.56	16.32
Earnings per week (Euro)	635.58	455.99
Weekly paid hours (Euro)	32.2	28.7

**Table 1: Earnings by sector (Source: CSO, 2009)**

We can see therefore that the issue of lower hours worked and higher rates of part-time work (as these are lower paid than full time work) is a significant explanatory factor for the lower wages received by women, and therefore, the higher numbers of women on the minimum wage. 35% of women worked part time in Ireland during 2014, more than double the rate of men. Clearly if part time work was higher paid then women would not fare as badly.

However, the principal factor for the predominance of women on lower paid work is the inequality in the burden of unpaid care and parental responsibilities between men and women and the associated issue of a lack of affordable and flexible childcare.

In cases where a couple has to choose between one parent staying at home in order to look after children or to move to part time work (due to childcare costs or choice), it is likely to be based on who is earning the least (and with a higher proportion of women low paid this is more likely to be a woman earner) or on the patriarchal cultural bias that leaves women with the caring roles (70% of family care work is undertaken by women). The lack of equal responsibility for parental care of children and general care roles results in women facing barriers to taking up full time employment.

In terms of unpaid carers, women provided almost two-thirds (66.1%) of all the care hours provided by Ireland's 187,000 carers in 2011. Of these carers, 114,113 (61%) were women and 72,999 (39%) were men. A third of carers are caring for someone who needs care due to old age and 38% of carers who looked after someone in the same household reported feeling completely overwhelmed by their caring responsibilities.<sup>7</sup>

In particular, the lack of public provision and related high cost of childcare in Ireland stand as structural barriers to women entering higher paid full time employment and leaves them restricted to low paid and precarious work. Furthermore the lack of significant and equal paternity leave for fathers results in women taking the career 'hit' in terms of loss of career development through maternity leave and this is extenuated as women take time out of the workforce to look after their children. The lack of general care support also exacerbates the restriction of women's ability to work full-time. Therefore, given that the situation remains where women are left as primary carers for children this is a large factor mitigating against full time work (and consequent career development and higher wage positions).

If we look at one parent families, for example, 90% are women and 58% of lone parents now suffer material deprivation yet 43% of lone parents are in employment. The issues associated with women and low paid work are amplified for one parent families. This is a significant number with over 215,000 one parent families in Ireland today.

### ***Childcare***

The OECD has found for Ireland that for households with children, the additional costs associated with childcare can represent the largest additional costs associated with taking up either part-time or full-time employment. Figure 1 shows that childcare costs in Ireland are the second highest in the OECD for couples and Figure 2 shows that they are the highest in the OECD for lone parents, and are not offset, as in some other countries, by benefits in the form of subsidies and direct payments. These figures are for couples where the first earner earns 100% of the average wage and the second earns 67% of the average wage with lone parents earning 67% of the average wage.

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<sup>7</sup> CSO, 'Our Bill of Health', 2012.

## Net childcare cost for couples in Ireland 2012

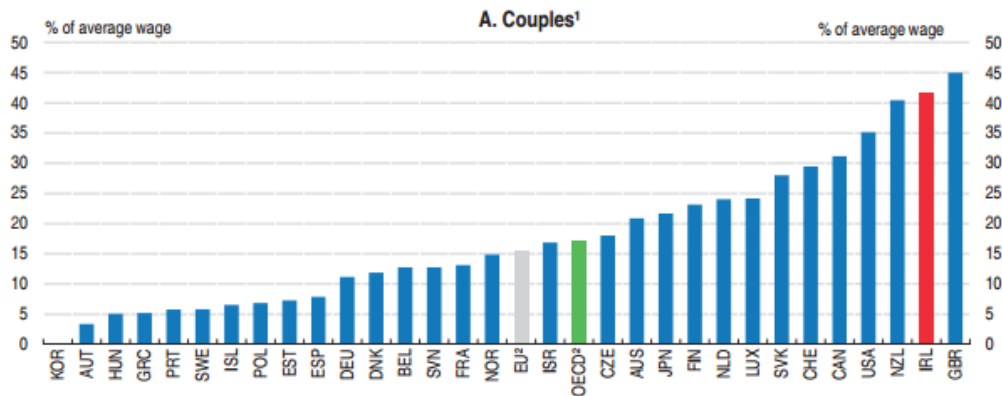


Figure 1 Childcare cost for couples (Source: OECD, 2015)

## Net childcare cost for lone parents in Ireland 2012

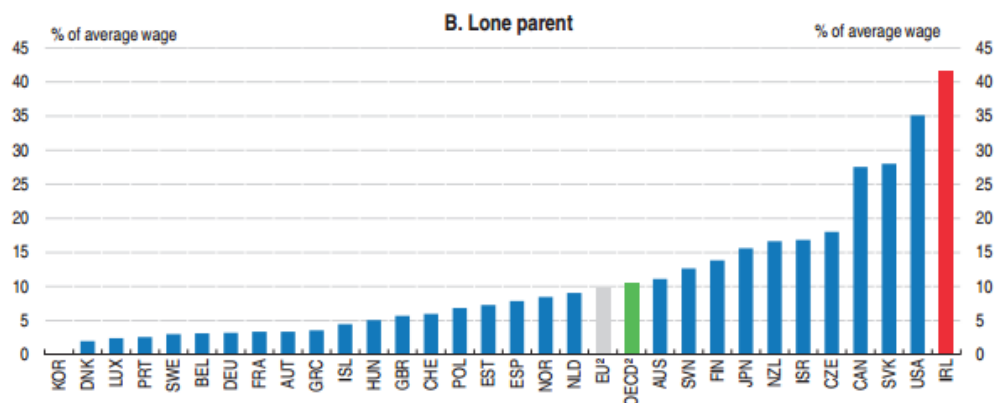


Figure 2 Childcare cost for lone parents (Source: OECD, 2015)

The high cost of childcare has a greater impact on lower income households and women in particular. For example, evidence from the Growing up in Ireland study (see Chart 2 below) highlights the impact of inadequate childcare on lower income groups. Those in the lowest decile are five times more likely to have been prevented from looking for a job because of childcare difficulties.

### Difficulty in arranging childcare by income decile

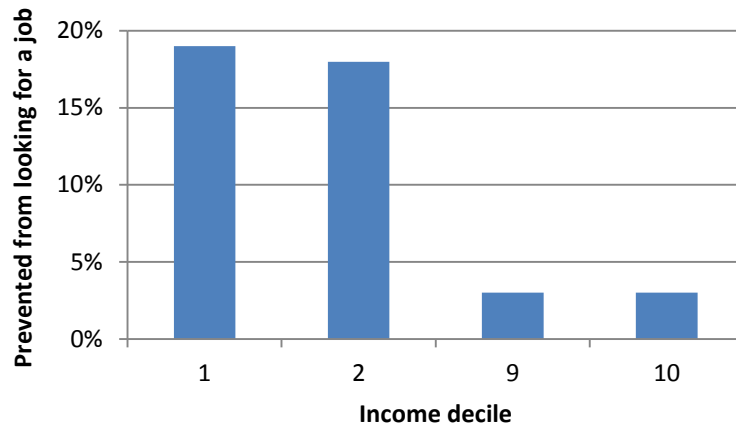


Chart 2: Access to childcare (Source: 'Growing up in Ireland')

The provision of affordable child care has many benefits such as paying for its own costs over time; making for greater equality between genders; it will increase labour force participation (which is low) and will better utilise all the skills available in society; while also addressing the future pension crisis by improving demographics.