



## Submission to the Low Pay Commission

### The Preponderance of Women on the Minimum Wage

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Unions

Irish Congress of Trade  
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[www.ictu.ie](http://www.ictu.ie)

## Congress Submission to the Low Pay Commission on new Round of Work

### The preponderance of women on the minimum wage

Congress welcomes this opportunity to comment to the Low Pay Commission on the preponderance of women on the minimum wage. This submission should be read in conjunction with our overall submission on the Review of the National Minimum Hourly Rate of Pay.

That submission draws attention to Nevin Economic Research Institute (NERI) research which shows that low pay is more common among:

- Female workers;
- those in the retail, hospitality, food and security sectors;
- lone parents; and
- those on temporary contracts.

Women are overrepresented in the latter three groups above and of the 75,000 workers on the minimum wage, 65% (48,750) are women<sup>1</sup>.

The call in the Congress submission to gradually align the minimum wage with the living wage culminating in a minimum wage of €11.50 following the 2017 review would have a disproportionately favourable effect on women's earnings. While this would be an important development from a gender perspective, this submission will go on to assert that it is problematic that

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<sup>1</sup> Collins, October 2015: <http://www.nerinstitute.net/research/who-gains-from-a-minimum-wage-increase/>

women continue to be overrepresented among people on low pay and the minimum wage, examine the causes of this and make recommendations as to how it might be addressed.

The reasons for a preponderance of women on low pay and the minimum wage are many and complex and require more research into broad social, educational and industrial relation issues. However, we set out a range of contributory factors below.

### **1. Gender occupational segregation at both horizontal and vertical level.**

Structural issues such as vertical and horizontal occupational segregation are major contributory factors to the preponderance of women on low pay and the minimum wage. Horizontal segregation refers to specific industries or sectors of the labour market that are mostly made up of one gender. Vertical segregation on the other hand takes place where opportunities for career progression for a particular gender are narrowed. Vertical segregation is still widespread in all sectors

Trade unions across Europe used the recent International Women's Day, 8 March 2016, to call for a breaking down of the glass walls that segregate the sexes in different occupations at work – and reach more gender equality in the labour market. Right across Europe, Women continue to be held back not only by glass ceilings that stop them rising up the work hierarchy, but also

by glass walls that segregate women into particular jobs and shut them out of others. The figures<sup>2</sup> are stark:

- 4% of drivers, building workers and mechanics are women;
- 18% of engineering and computing professionals are women;
- 80% of teaching and healthcare professionals are women;
- women outnumber men in the so-called "5Cs" occupations: catering, cleaning, caring, clerical and cashiering;
- 4% of CEOs of listed companies are women and only around 22% of supervisory boards members are women.

In the five years from 2005–2010 gender segregation of jobs actually increased across Europe. Women continue to be overrepresented in occupations that offer lower wages than jobs predominantly carried out by men, which largely explains the average 16% gender pay gap across Europe.

The concentration of women in low-paid sectors in Ireland displays similar characteristics. 45.9 percent of women working in the market economy do so in the traditionally low-paid sectors of hospitality and distribution. The figure for men is 16.5 percent. The high levels of all workers in these sectors on the minimum wage (one-fifth or more), results in the pressures of living on such a low wage being disproportionately felt by women<sup>3</sup>.

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<sup>2</sup> ETUC: <https://www.etuc.org/press/breaking-glass-walls-march-8-international-womens-day#.VuLGRPmLS72>

<sup>3</sup> Eurostat: Full-time and part-time employment by sex and economic activity (from 2008 onwards, NACE Rev. 2) - 1 000 (Ifsa\_epgan2)

It is not just the nature of the sector (low-value added) that puts downward pressure but the nature of work contracts as well. Part-time employees make up 23.5 percent of all employment. Women part-time workers make up 35.0 percent of all women working. However, in the wholesale/retail and hospitality sectors, women part-time workers make up 49.4 to 50.1 percent of all women working. This creates a two-fold downward effect.

No country in Europe is free from this gender segregation at work and it makes no economic or social sense. Women here are more likely to have a third-level qualification, with over half (55.3%) of women aged 25–34 having a third-level qualification in 2013 compared to just 42.7% of men in this age group. However, statistics also show how horizontal segregation begins at an early age. In 2013 more girls than boys sat higher level papers in the Leaving Certificate exams in English, French, Irish, Biology, Chemistry, Art, Home Economics and Music. However, more boys than girls took the higher level papers in Mathematics, Physics, Construction studies, Design and communication graphics and Engineering. The vast majority (85%) of graduates in engineering, manufacturing and construction in 2012 were male while over three-quarters of graduates in the education, health and welfare sectors were female. The performance of women and girls in education<sup>4</sup> illustrates how talent is being wasted. For example, the majority of public sector workers are women but they tend to populate the lower to middle income grades and are underrepresented at senior grades at 33%.

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<sup>4</sup> CSO:  
<http://www.cso.ie/en/newsandevents/pressreleases/2014pressreleases/pressreleasewomenandmeninireland2013/>

Under representation is also a strong feature in the 3rd level education system where over 80% of senior posts are held by men.

More should be done to enable women to enter, stay and progress in occupations that are male-dominated. At the same time wages and conditions need to be improved in female dominated sectors. Ending both vertical and horizontal gender segregation at work should be one of the priorities of a new EU Strategy on gender equality and in any new National Women's Strategy in Ireland.

## 2. Gender Pay Gap

The gender pay gap continues to be a factor in the high levels of minimum-wage pay levels among women. European Commission reports illustrate the ongoing pay gap between women and men in the European Union. Ireland's gender pay gap stands at 14.4%, below the EU average of 16.4%, but up from 13.9% since 2013<sup>5</sup>. The complex reasons that give rise to the gender pay gap are well documented. Temporary, insecure, part-time employment together with poor levels of maternity pay, the low status and value given to women's job roles and the tendency for women to be clustered at the bottom of grading structures in low paying sectors of the economy, are all major factors. As a result of the gap, women's incomes tend to be the secondary income in a household, thereby contributing to more attachment to household roles and an acceptance of lower paid jobs

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<sup>5</sup> [http://ec.europa.eu/justice/gender-equality/gender-pay-gap/index\\_en.htm](http://ec.europa.eu/justice/gender-equality/gender-pay-gap/index_en.htm)

Congress is disappointed at the lack of ambition from the Government and European Commission, and their unwillingness to undertake concrete measures to fight the gender pay gap. The light touch, voluntary approach favoured by governments and employers is not working. Now is the time to move beyond pay gap rhetoric towards effective, practical solutions.

Congress notes the recent legislation in the UK<sup>6</sup> which requires that from 2018 companies with more than 250 employees will have to disclose how much they are paying in salaries and bonuses to their male and female staff. If we are serious about tackling the problem here, we should be considering similar initiatives that require companies to reveal their salary rates, explain reasons for any existing gaps and outline what action they will take to narrow them.

### **3. Social Infrastructure deficits**

#### **a. Early Years Care**

One of our largest infrastructural deficits lies is the lack of an affordable, accessible, quality early years care system. As a result of our market model, parents across this island face some of the highest childcare costs in Europe. More than 98% of those who were looking after home/family in 2013 were women, with close to half a million women looking after home/family compared to only 8,700 men. This deficit clearly has a disproportionate

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<sup>6</sup> [http://theconversation.com/through-the-looking-glass-on-gender-pay-gap-transparency-54989?utm\\_medium=email&utm\\_campaign=Latest%20from%20The%20Conversation%20for%20February%2024%202016%20-%204360&utm\\_content=Latest%20from%20The%20Conversation%20for%20February%2024%202016%20-%204360+CID\\_2736fe1663004d7612c59c766e73a859&utm\\_source=campaign\\_monitor\\_uk&utm\\_term=Throug%20the%20looking%20glass%20on%20gender%20pay%20gap%20transparency](http://theconversation.com/through-the-looking-glass-on-gender-pay-gap-transparency-54989?utm_medium=email&utm_campaign=Latest%20from%20The%20Conversation%20for%20February%2024%202016%20-%204360&utm_content=Latest%20from%20The%20Conversation%20for%20February%2024%202016%20-%204360+CID_2736fe1663004d7612c59c766e73a859&utm_source=campaign_monitor_uk&utm_term=Throug%20the%20looking%20glass%20on%20gender%20pay%20gap%20transparency)

impact on women's participation and advancement in the labour market. Following a comprehensive survey of workers, Congress is demanding that the incoming Government urgently invest in a properly resourced childcare system. Such investment also makes economic sense. A recent study<sup>7</sup> by the International Trade Union Confederation shows that investment into the care economy of 2% of GDP in just 7 countries would create over 21 million jobs and help countries overcome the twin challenges of ageing populations and economic stagnation.

### **b. Family Leaves**

Ireland lags behind Europe on Family Leave, comparing poorly to other European countries on issues such as maternity leave, paternity leave and work life balance policies. Congress welcomes the proposals put forward by the Interdepartmental Working Group on Future Investment in Early Years and School Age Care and Education Services to introduce a paid parental leave scheme for parents of children aged under one. If implemented, this proposal has the potential to greatly enhance parental choice to remain as the primary care-giver of their child in the first year of life – something all the evidence shows is of great benefit to the child.

We also welcome the proposal to consider the introduction of statutory entitlements to request more flexible patterns of working for parents of children aged 1–12 years and urge its speedy implementation.

In January 2016 the Government introduced the necessary legislative amendments to family leave legislation to allow for the introduction of 2

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<sup>7</sup> ITUC: <http://www.ituc-csi.org/investing-in-the-care-economy-a>



weeks paternity leave, as from September 2016. Evidence from countries such as Norway shows that paternity leave – aside from its social benefits and positive impact on fatherhood – promotes equality for women and supports higher levels of female participation in the labour force.

Improvements of our family leave system would contribute greatly towards more gender equality in our labour market and relieve the downward pressure on women’s earnings imposed by motherhood<sup>8</sup>.

#### **4. Industrial Relations and Labour Protection**

Congress has welcomed the signing into law of two new Employment Regulation Orders (EROs) which marked a significant advance in the trade union campaign against low pay and precarious employment. The restoration of the Joint Labour Committee (JLCs) system and the signing of the orders meant an immediate and very welcome pay rise for some 50,000 workers in the security and contract cleaning sectors, but also marked a reversal of the downward trends of recent years. However, JLCs do not cover all low-paid sectors or occupations and grades that are at risk of minimum wage and low-pay. This could be addressed by extending JLCs to not only sectors but to occupations and grades in non-covered sectors. However, it is necessary to strengthen the current powers of JLCs so as not to allow any party to operate a veto over negotiations.

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<sup>8</sup> <http://business.financialpost.com/personal-finance/the-childhood-penalty-how-motherhood-affects-your-money>

A particular example of this is the conduct of the employer representatives in the hospitality sectors. The JLCs were re-established with unanimous support of the Oireachtas. JLCs are a crucial mechanism to provide representation to workers in low-paid sectors; in particular, to raise wages above the minimum wage level. However, employer representatives in the hospitality sector, despite rising profits, are effectively boycotting the system. It can reasonably be deduced that this is being done to suppress wage levels.

The low levels of labour protection can be considered a major contributor to high levels of minimum-wage and low-pay in Ireland and tend to be in sectors where women are over represented.

The growth of low hour and precarious work has also been a feature of our economy in recent years, with the economic crisis providing fertile ground for the spread of such abusive practices. Trade unions have consistently argued that the prevalence of these practices meant the state had to formulate stronger legislation to protect workers – the majority of them female and low paid – and stop their corrosive impact on wider employment standards. The Low Pay Commission commissioned a study, carried out by the University of Limerick (UL) expert group, to discover just how deep and widespread these problems were. The Dunne's Stores dispute graphically illustrated a key element of this new employment culture: the use of low hour rosters on an industrial scale, as a means of cutting employer costs and a none-too-subtle 'control' mechanism for staff. The new UL study confirmed our worst fears, as it brings to light many of the despicable

practices carried out by employers in both the Public and Private sectors in relation to precarious work. It outlines how 'If and When' contracts are prevalent across key areas of the economy, from: accommodation/ food and retail and key areas of the health and education sectors. They undermine existing employment protections and threaten peoples' security of income. It was partly to address these obvious concerns, that Congress launched the Charter for Fair Conditions at Work, which aims build a national conversation about the importance of decent work across this island (explained in more detail in our submission on the hourly rate of pay). Although the UL study<sup>9</sup> does paint a somewhat grim picture, it also presents us with a critical opportunity to address it. In that respect, the report's key – and very positive– recommendations need to be acted on with urgency. This particularly applies to proposals for an 'hours floor', along with a deterrent in the case of employer abuse of the 72 hour notice period and a wider review of the entire 'If and When' culture.

Finally, Congress notes the recent landmark decision by the Workplace Relations Commission which found that a family employing a Spanish au pair breached employment laws. Au pairs are predominantly women and it is now clear that they should be categorised as workers and that any family employing an au pair must abide by employment laws – including the National Minimum Wage Act. The International Labour Organisation's Domestic Workers Convention, 2011 (No. 189) states that each member should "take measures to ensure that domestic workers enjoy minimum wage coverage, where such coverage exists". Congress recommends that au

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<sup>9</sup> <https://www.djei.ie/en/Publications/Publication-files/Study-on-the-Prevalence-of-Zero-Hours-Contracts.pdf>

pair industry recruitment agencies be made aware and comply with the law in this regard.

## Conclusion

This submission has not attempted to cover all the complex and inter-related issues that contribute to the phenomena of women on minimum-wage or low-pay levels. Based on the issues raised above we recommend that the Low Pay Commission take consideration of the following issues in seeking to address the preponderance of Women on the minimum wage:

- More should be done to enable women to enter, stay and progress in occupations that are male-dominated. Ending both vertical and horizontal gender segregation at work should be of one the priorities of a new EU Strategy on gender equality and in any new National Women's Strategy in Ireland.
- Move beyond pay gap rhetoric towards effective, practical solutions, such as that provided in recent legislation in the UK which requires that from 2018 companies with more than 250 employees will have to disclose how much they are paying in salaries and bonuses to their male and female staff. Legislation that requires companies to reveal their salary rates, explain reasons for any existing gaps and outline what action they will take to narrow them should be introduced.

- Government should urgently invest in a properly resourced childcare system.
- Improvements of our family leave system would contribute greatly towards more gender equality in our labour market and relieve the downward pressure on women's earnings imposed by motherhood.
- Extend JLCs to not only sectors but to occupations and grades in non-covered sectors. Strengthen the current powers of JLCs so as not to allow any party to operate a veto over negotiations.
- Implement the UL report's key – and very positive– recommendations, in particular proposals for an 'hours floor', along with a deterrent in the case of employer abuse of the 72 hour notice period and a wider review of the entire 'If and When' culture.
- In line with the recent landmark decision by the Workplace Relations Commission in relation to Au pairs, it is now clear that they should be categorised as workers and that any family employing an au pair must abide by employment laws – including the National Minimum Wage Act.

**Irish Congress of Trade Unions**

**March 2016**