

# **SMOKE & MIRRORS**

## **THE FACTS ABOUT RETAIL WORKERS' INCOMES IN IRELAND**

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# Introduction

**Mandate Trade Union is at an important juncture in its history and it needs to make evidence based decisions. We need to be the experts in our own industries from the macro industry-wide perspective, to the micro company-specific perspective. We also need to understand better the living conditions of members as a result of external forces.**

By using existing data and conducting new research, this report will establish what the current conditions of employment are in the sectors we organise in as well as the costs of living facing our members. Crucially, we will also plan for the future.

Previous research including *End Low Pay* (2008), *Milking the Recession* (2010), *Decent Work: the impact of the recession on low paid workers* (2012), and *Decent Work: what needs to be done* (2013), which all raised awareness amongst Mandate members, Mandate staff, political representatives and the general public of the difficulties facing retail workers.

However, it is now almost 10 years since Mandate has conducted its own research on these issues. Since then we have seen an unbalanced recovery; Brexit; a global pandemic; a housing, healthcare, and cost of living crisis; and now war once again in Europe. It is time to take stock and reflect on where we are as a union and a movement, and where we need to go in order to better serve and protect our members and their communities in these turbulent times. We need to ensure that our union can: a) better inform the strategic direction of Mandate Trade Union across all of its core functions; b) improve the living standards of our members.

It is envisaged that the research in this document will serve as a training and development tool for the union for many years to come. It will emphasise the importance of members organising workers in their own company, sector and class and will produce strong recommendations which will help Mandate to both grow its membership base, but also improve living conditions for those members.

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# Key points

## Industrial and sectoral knowledge

- Retail accounts for around 10% of all direct employment in the state.
- The number of retail enterprises has fallen since 2008, but the number of employees has risen.
- The decline in enterprises has not been uniform across retail.
- From 2008 to 2019, employment in cultural and media retail (books, music, sport, games, toys) saw a marked decline, while employment in supermarkets, department stores, clothes, footwear, and pharmacies saw a net gain of 3.3% over 2008 levels.
- In terms of online sales, it appears that specialist stores (music, books, games, sports) are much more affected than core retail elements of supermarkets, department stores, footwear, clothes stores and pharmacies.
- The average gross weekly wage in retail is €484 across all grades (including management), with an average hourly rate of €17.94 and an average working week of 27 hours.
- Retail has the fifth-lowest average working week of all employment sectors.

## Members

- Mandate membership density within the retail sector is around 13%.
- The membership is concentrated in core retail (supermarkets, department stores, and pharmacies) with a union density in those sectors of around 17%.
- Among Mandate members, the median hourly rate is €13.88p/h, with an average rate of €14.50.
- In terms of the weekly wage, around 64% of members surveyed for this report earn below €451 a week, with only 21% earning more than the current cost of living wage of €502p/w.
- Thirty-two percent of those surveyed are working more hours than their banded hour contract.
- It appears that there is capacity with retail for such hours to be met on a contractual basis if the managerial will was there.
- Just over 92% of all those surveyed are affected by the cost of living crisis.
- The main issues raised were grocery bills, utility bills, rent, transport, and childcare.

## Recommendations

- Legislate to allow workers to increase their working hours where hours are available.
- Legislate to allow trade unions shopfloor access to meet with members and workers.
- Legislate to ensure trade unions are recognised by employers, in order to represent their members for industrial relations and collective bargaining purposes.
- Amend the 1990 Industrial Relations Act by removing the bar on collective industrial action for individual members.
- Declare a housing emergency and implement key *Raise the Roof* policies.
- Reduce childcare fees begin the process towards universal childcare.
- Remove sub-minimum rates of the minimum wage.
- Replace the minimum wage with a genuine Cost of Living Wage (€14p/h at 2022 cost-of-living levels).

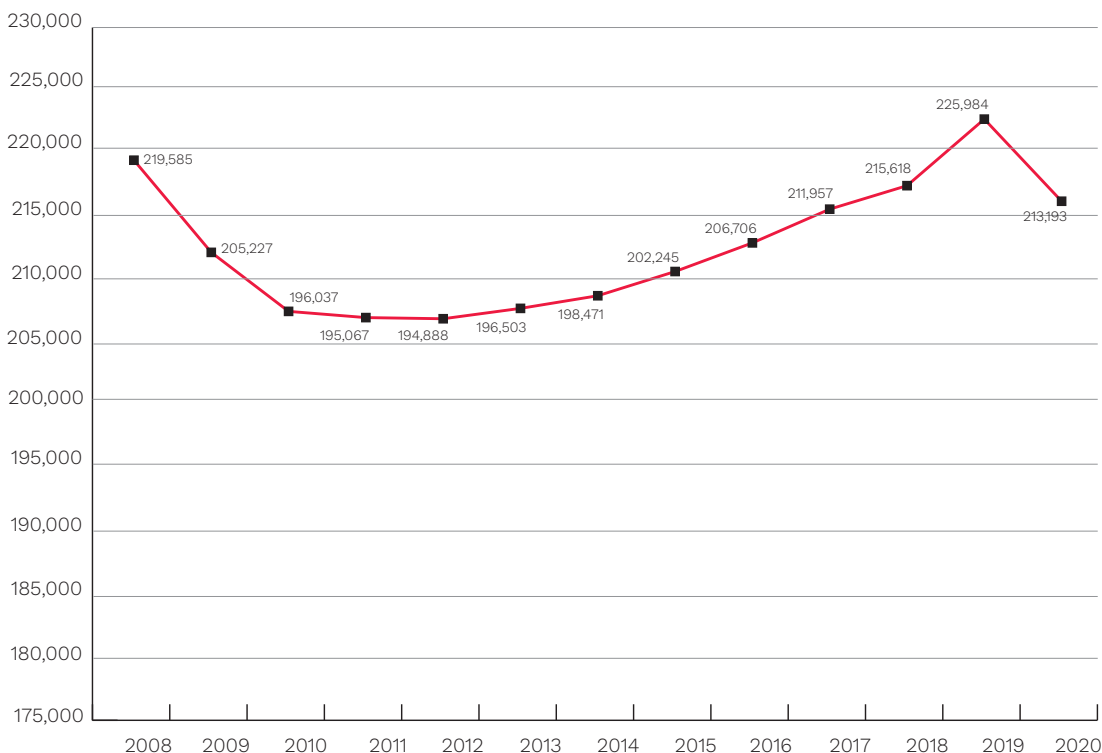
# Industrial and sectoral knowledge

There were 23,709 active retail enterprises in Ireland in 2020, the most recent year for which figures are available.<sup>1</sup> There were 213,193 people directly employed in the sector, with an additional 11,741 people listed as working proprietors (including family members).<sup>2</sup>

The number of active retail enterprises fell by 7% from 2008 to 2020 – a drop of 1,798 from the 2008 figure of 25,507. The number of employees fell only by 3% during the same period. When we look at the figures for 2019 – i.e. pre-Covid – retail employment had actually risen by 3% since 2008, despite a net loss of 1,633 retail enterprises.

The Covid pandemic saw a loss in employment of 12,791 in 2020 – the greatest single drop in any year since the 2008 crash. However, there had been significant retail employment growth over the previous seven years, from a low of 194,888 in 2012, to 225,984 in 2019 – a net growth of 31,096 employees. The medium-term trend that emerges, (once Covid is seen as an exceptional event), is one of less enterprises, but more employees. Overall, retail accounts for around 10% of employment.<sup>3</sup>

## Number of retail employees 2008-2020

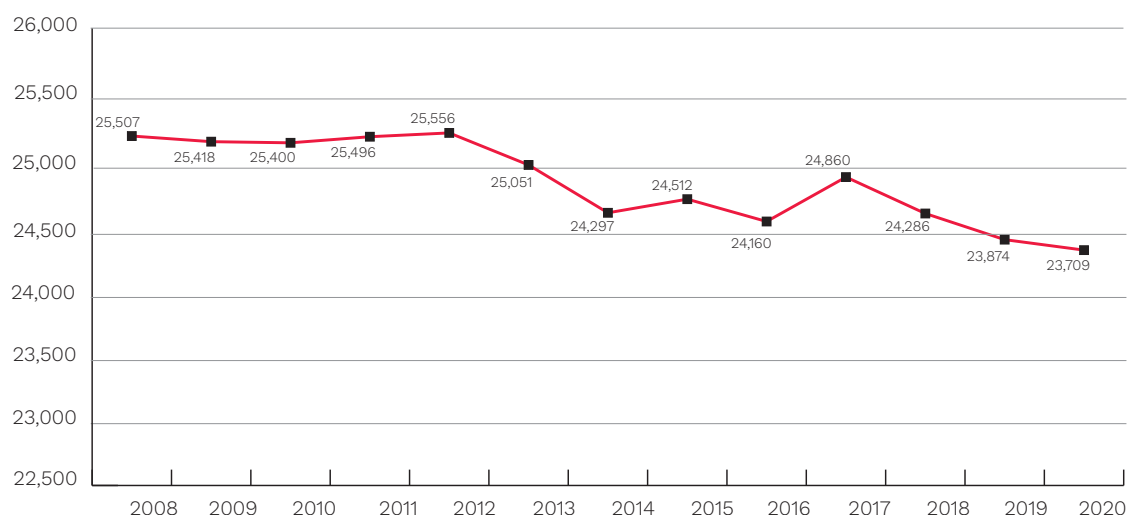


<sup>1</sup> CSO, Business Demography NACE Rev 2, Table BRA12, 'Active Enterprises'. <https://data.cso.ie/table/BRA12>

<sup>2</sup> CSO, Table BRA12, "Employees in Active Enterprises" and "Persons Engaged in Active Enterprises". For definition of 'Persons Engaged' see CSO, Business Demography Background Notes, <https://www.cso.ie/en/methods/surveybackgroundnotes/business-demography/>

<sup>3</sup> This figure is based on a total employment figure of 2,322,500 in 2019 across all sectors, calculated from the quarterly Labour Force Surveys for 2019.

## Number of retail enterprises 2008-2020



The CSO also provides a breakdown of retail enterprise by speciality, based on the NACE system of codes for economic activity.<sup>4</sup> These are:

### **Non-specialised stores**

The retail sale of a variety of product lines in the same unit (non-specialised stores), such as supermarkets or department stores.

### **Food, beverages and tobacco in specialised stores**

Retail sale of a large variety of goods of which, however, food products, beverages or tobacco should be predominant.

### **Automotive fuel in specialised stores**

Where main activity is the retail sale of fuel for motor vehicles and motorcycles.

### **Information and communication equipment in specialised stores**

Retail sale of information and communications technology (ICT) equipment, such as computers and peripheral equipment, telecommunications equipment, and consumer electronics.

### **Other household equipment in specialised stores**

Retail sale of household equipment, such as textiles, hardware, carpets, electrical appliances or furniture, in specialised stores.

### **Cultural and recreation goods in specialised stores**

Retail sale in specialised stores of cultural and recreation goods, such as books, newspapers, music and video recordings, sporting equipment, games and toys.

### **Other goods in specialised stores**

This group includes sale in specialised stores carrying a particular line of products not included in other parts of the classification, such as clothing, footwear and leather articles, pharmaceutical and medical goods, watches, souvenirs, cleaning materials, weapons, flowers and pets and others. Also included is the retail sale of used goods in specialised stores.

### **Stalls and markets**

Retail sale of any kind of new or second-hand product in a usually movable stall either along a public road or at a fixed marketplace.

### **Retail trade not in stores, stalls or markets**

Retail sale activities by mail order, over the Internet, through door-to-door sales, vending machines, etc.

<sup>4</sup> All definitions of categories and sub-categories are taken from Office for National Statistics, *UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007): Structure and explanatory notes* (2009). Retail subdivisions are available online here - <http://www.siccodesupport.co.uk/sic-division.php?division=47>

The following analysis, for the most part, will use figures from 2019. This is to avoid any possible distortions caused by Covid in 2020. The purpose is to try to capture the medium-to-long term trends in Irish retail. While it is not unreasonable to assume that Covid will undoubtedly have an effect on that dynamic, it is not possible at this time to quantify it. For that reason, the period 2008-2019 will be the primary focus.

Similarly, the analysis will use 'employees' rather than the wider category of 'persons engaged' for employment, as 'persons engaged' includes proprietors and family members. The employee figures give a working baseline for potential union membership – although even here it should be noted that managers and executives are also included.

The figures show that while non-specialist stores (supermarkets and department stores) account for around 18% of enterprises, they employ 41% of the retail workforce. The next largest employment group is 'other goods in specialist stores' which includes footwear, specialist clothes, and pharmacies. These stores account for around 36% of enterprises and 30% of employees.

Taken together, these two categories (essentially supermarkets, department stores, footwear, clothes stores, and pharmacies) make up 54% of retail enterprises (12,903) and account for 71% of employees (161,001). Collectively these two sections grew by 3.3% from 2008 to 2019 while maintaining their overall share of total retail employment.

Activity	2008	2019	Net change in employees +/-	% Change
Non-specialised stores	91,327	93,200	1,873	2.1%
Other goods in specialised stores	64,490	67,801	3,311	5.1%
Employees	155,817	161,001	5,184	3.3%
As a % of all retail employees	71%	71%		

The next two largest categories in terms of employees are 'other household equipment' and 'automotive fuel' (essentially textiles, hardware, carpets, electrical appliances, furniture, and service stations). They account for around 15% of retail enterprises (3,748) and 17% of employees (38,428).

Not surprisingly, the enterprises with the lowest percentage of employees – essentially stalls and markets, online enterprises, and local/corner stores – also have the largest proportion of working proprietors.

Activity	Number of retail enterprises by main activity: 2019	Percentage of total
Other goods in specialised stores	8,516	35.7%
Non-specialised stores	4,387	18.4%
Food, beverages and tobacco in specialised stores	2,870	12.0%
Other household equipment in specialised stores	2,755	11.5%
Retail trade not in stores, stalls or markets	1,737	7.3%
Cultural and recreation goods in specialised stores	1,357	5.7%
Automotive fuel in specialised stores	993	4.2%
ICT in specialised stores	894	3.7%
Stalls and markets	365	1.5%



Activity	Employees 2019	Employees as % of total employees
Non-specialised stores	93,200	41.2%
Other goods in specialised stores	67,801	30.0%
Other household equipment in specialised stores	20,437	9.0%
Automotive fuel in specialised stores	17,991	8.0%
Food, beverages and tobacco in specialised stores	11,455	5.1%
Cultural and recreation goods in specialised stores	7,716	3.4%
ICT equipment in specialised stores	4,265	1.9%
Retail trade not in stores, stalls or markets	2,687	1.2%
Stalls and markets	432	0.2%

In terms of employees, as noted above, by 2019 the retail sector had not only recovered from the deep recession of the 2010s but had even surpassed the previous employment high of 2008.

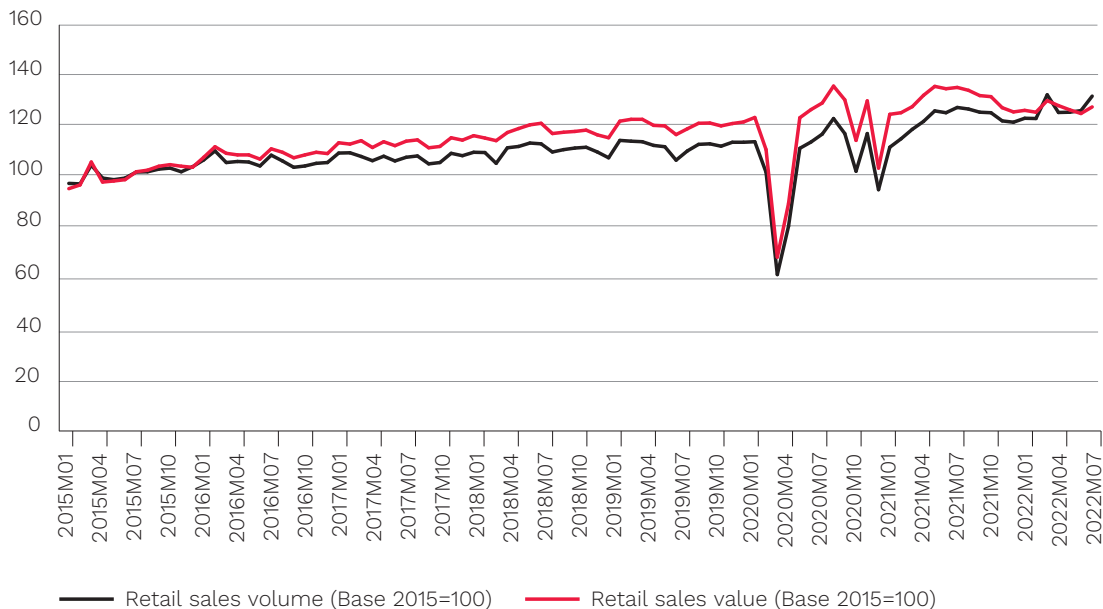
The largest growth in terms of numbers was in automotive fuel stores, which saw a net increase of 6,470 employees from 2008 to 2019. The largest employment reduction was in cultural and recreational goods stores, which suffered a net loss of 5,097 employees over the same period. Hardware and other household stores saw a -13% drop in employees, a net loss of 3,047 positions. Retail trade outside of stores, stalls or markets (essentially online-only stores) saw a 85.1% growth in employees, a net increase of 1,235 positions. Stalls and markets saw the largest percentage increase at 544.8%, although the net increase was rather modest 365 positions since 2008.

Activity	2008	2019	Net change in employees +/-	% Change
Non-specialised stores	91,327	93,200	1,873	2.1%
Food, beverages and tobacco in specialised stores	9,729	11,455	1,726	17.7%
Automotive fuel in specialised stores	11,521	17,991	6,470	56.2%
ICT equipment in specialised stores	4,702	4,265	-437	-9.3%
Other household equipment in specialised stores	23,484	20,437	-3,047	-13.0%
Cultural and recreation goods in specialised stores	12,813	7,716	-5,097	-39.8%
Other goods in specialised stores	64,490	67,801	3,311	5.1%
Stalls and markets	67	432	365	544.8%
Retail trade not in stores, stalls or markets	1,452	2,687	1,235	85.1%
<b>Total employees</b>	<b>219,585</b>	<b>225,984</b>	<b>6,399</b>	<b>2.9%</b>

The volume of retail sales appears to have recovered from the Covid lockdown and is currently 25% above 2015 levels.<sup>5</sup> The total value of retail sales is also up, almost 30% higher than 2015.<sup>6</sup>

<sup>5</sup> CSO, Retail Sales Index (NACE Rev 2), Table RSM05. <https://data.cso.ie/table/RSM05>.

<sup>6</sup> CSO, Table RSM05.



## Online sales

In February 2020, just before the onset of the Covid pandemic, around 3.5% of retail sales by turnover was generated via online activity.<sup>7</sup> Two months later it reached an all-time high of 15.3%.<sup>8</sup> The most recent figures for 2022 show an average of 5% of retail sales are generated online – although this almost doubles to around 9.7% at Christmas time.

There is evidence of a link in the decline in employment in cultural and recreational goods stores and the rise in online shopping. For example, in December 2021, 17.5% of all retail sale turnover of books, newspapers, stationary and other such goods was generated online, while online retail sale of food accounted for only 3.1% of sales. It appears that specialist stores are much more affected by online sale than the core retail elements of supermarkets, department stores, footwear, clothes stores, and pharmacies.

## Key employers

The most comprehensive source of public information on retail businesses in terms of employment and turnover is the Irish Times publication, *Top 1000 Companies*.<sup>9</sup> It comes, however, with a number of caveats.

Firstly, the figures for employment are for all grades (including management) and cover the entire company regardless of jurisdiction. Dunnes Stores Ireland, for example, is listed as having an estimated 14,800 employees in 2020, making it on paper at least the 14th largest private sector employer in the state.<sup>10</sup> However, it appears that these figures include the 28 stores across England, Scotland, Spain and Northern Ireland.<sup>11</sup> Similarly, the figure listed for annual turnover – an estimated €4 billion in 2020 – appears to be for the entire group in all jurisdictions. The Irish Times says there are 145 stores in the group, while the Dunne Stores website says it is 142, with 114 branches in the Republic of Ireland. Nevertheless, if we treat the figures as *indicative* of employment and turnover, in the absence of other sources they are of use to give a sketch of the sector.

With these caveats in mind, here is the list of fifty of the largest store retail employers in the state, according to the Irish Times' Top 1000 Companies website.

<sup>7</sup> CSO, Turnover generated by Online Sales, Table RSM07. <https://data.cso.ie/table/RSM07>.

<sup>8</sup> CSO, Table RSM05.

<sup>9</sup> <https://www.top1000.ie/>

<sup>10</sup> <https://www.top1000.ie/dunnes-stores-ireland> accessed 17 Mar 2022.

<sup>11</sup> Dunnes Stores. *Our Story*. <https://www.dunnesstores.com/content/our-story> accessed 17 Mar 2022.

Company	Employees	Turnover (millions)	Company	Employees	Turnover (millions)
Dunnes Stores Ireland	14,800	€4,000	Elverys	633	€77
Tesco	13,000	€3,000	Easons	633	€129
Applegreen	9,966	€2,300	Euro General Retail	619	€67
Grafton	8,717	€2,300	B&Q	575	€90
Musgraves	8,026	€4,500	McCabes Pharmacy	500	€67
Smyths	5,803	€1,300	Blarney Wollen Mills Group	481	€41
Pennys	5,000	€3,600	Lifestyle Sports	466	€112
Lidl	4,800	€1,600	Specsavers	440	€43
Aldi	4,500	€2,000	Homestore+More	400	€122
Henderson Group	4,171	€1,100	Griffin Central (Londis)	400	€48
Big Group	3,110	€1,600	Hickeys Pharmacies	375	€60
Circle K Ireland	2,300	€2,700	Zara	374	€108
Marks & Spencer	2,300	€468	Homebase	362	€47
Boylesports	2,100	€1,400	Joyces Supermarket	360	€18
Next	1,800	€156	Kellihers Electrical	348	€169
Dealz	1,700	€136	Windsor Motors	310	€200
Boots	1,603	€399	Europcar	272	€50
TK Maxx	1,343	€240	Kilkenny Group	256	€16
Harvey Norman	982	€236	Power City	244	€100
Aer Rianta International	938	€251	John Rushe	220	€31
Argos	911	€179	Caulfield McCarthy Group	217	€57
Ikea	699	€203	Cara Pharmacy	150	€20
H&M	675	€90	Golden Discs	107	€13
Sam McCauley Chemists	674	€94	Pamela Scott/Arzac	80	€15
River Island	664	€64			
Ladbroke's	656	€45			

Source: Irish Times' Top 1000 Companies 2020

Together these companies have around 110,000 employees, which is comparable to around 50% of the total amount of employment in retail. Again, to restate, these figures include every person listed as employed by each company – from shopfloor staff to board of management and, as with Dunnes Stores Ireland, there is no guarantee that each person is actually working within the state. It is likely that a certain small percentage are employed in other jurisdictions. However, the table is still a good indication of the largest employers in retail in Ireland. The numbers may not be completely accurate, but the *imprint* in terms of employment is reasonably certain.

## Hours and earnings

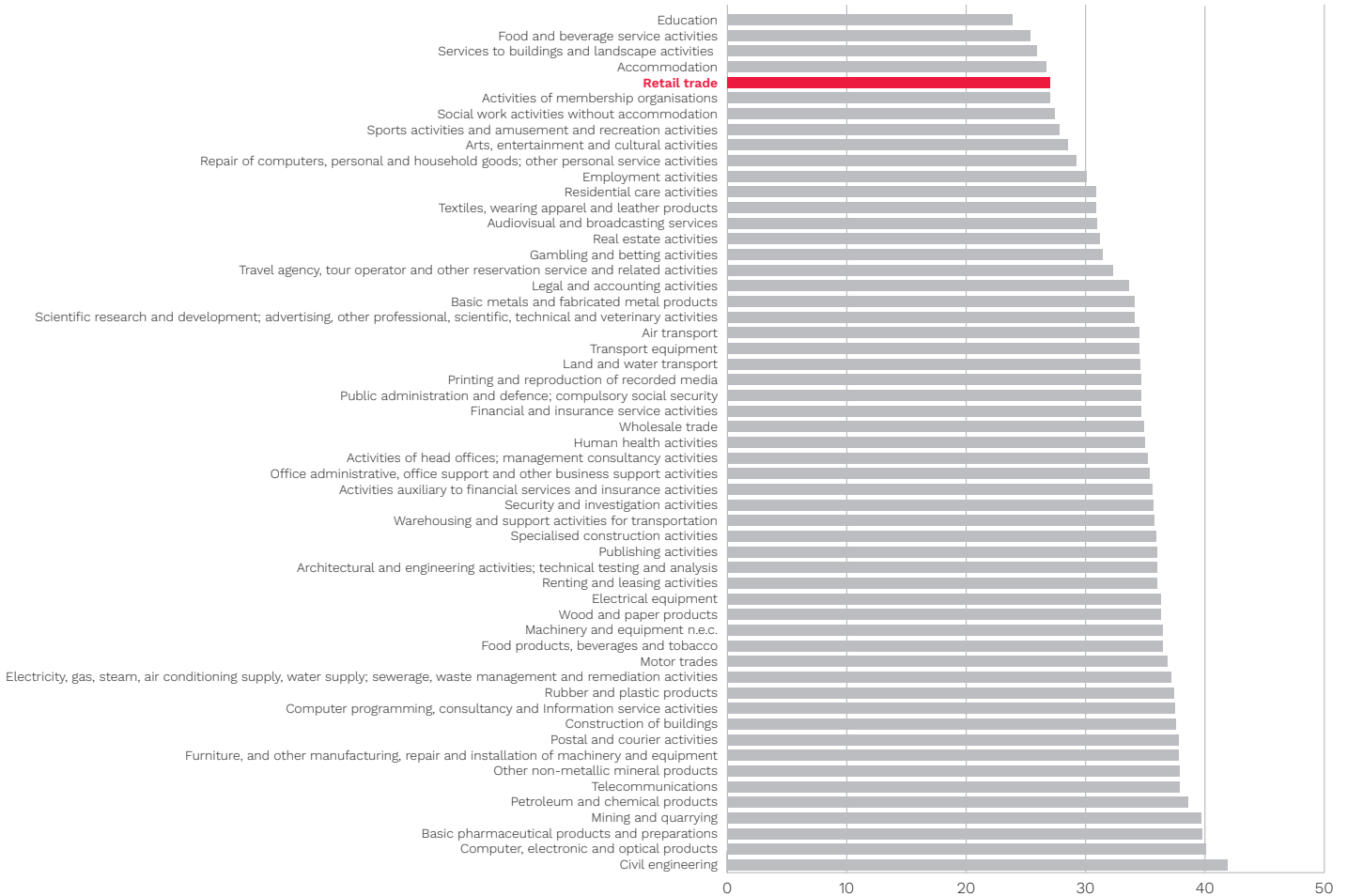
According to the CSO's *Earnings Hours and Employment Costs Survey*, the average gross weekly wage in retail was €484 in the first quarter of 2022.<sup>12</sup> This figure is the average of all employees, including managers. The average hourly rate was €17.94, with an average working week of 27 hours.<sup>13</sup> It should be noted that the wholesale sector had an average weekly wage of €983.84 in the first quarter of 2022. The average hourly rate was €28.19, with an average working week of 34.9 hours. This shows the distorting effect of treating wholesale and retail as a single entity. Wages are, on average, 103% higher in wholesale than in retail.

Retail has the fifth-lowest average working week of all sectors in the CSO's *Costs Survey*. Nationally, the average working week is 34.7 hours. This puts the average working week in retail at about 72% of the national average. This has implications for calculations for a living wage, as will be discussed later on.

<sup>12</sup> CSO, Average Weekly, Hourly Earnings and Weekly Paid Hour of All Employees, table EHQ15. <https://data.cso.ie/table/EHQ15>.

<sup>13</sup> CSO, table EHQ15.

## Average weekly hours (CSO table EHQ15)



## Cost of living

The cost of living is typically defined as the amount of money needed to cover basic expenses such as housing, food, clothing, utilities, transport, health, and services. The fluctuation in the price of these expenses is measured by the CSO via the Consumer Price Index (CPI) and is usually referred to as inflation.

It needs to be noted that inflation, while an important measurement in itself, does not tell us whether goods, utilities and services were affordable in the first place, nor does it tell us if they are affordable now. For that we need to look at the relationship between the cost of living and personal or household income, and the starting point for that in Ireland is the Survey of Income and Living Conditions (SILC) which is produced once a year.

Definitions and criteria are important when it comes to social analysis. What gets measured, and how, is key to the nature of any report, although there is often a reluctance on the part of journalists, politicians, and policy makers to take this on board. Instead, there is a rush to make claims of statistical objectivity about such reports as if statistics are not produced through the application of assumptions and by people with a certain viewpoint of the world. When dealing with numbers we need to be both respectful and cautious, and it is always good to have more than one source when dealing with reality.

With that in mind, this section will look at the latest CSO report on income and living conditions in Ireland. The purpose is to try to get a sense of the possible cost of living pressures that are being faced by members of Mandate Trade Union.

## Household incomes

In December 2021, the CSO published its annual *Survey of Income and Living Conditions* (SILC).<sup>14</sup> It said that 13.2% of the population were either living below the poverty line or were at risk of poverty. It also said that 15.6% of the population were living in enforced deprivation, i.e. they experienced two or more types of deprivation on a regular basis.

The most common forms of deprivation included: unable to afford to replace any worn out furniture (17.6%); unable to afford to have family or friends for a drink or meal once a month (11.4%); and going without heating at some stage in the last year (9.3%). Just over 30% of the population experienced at least one form of deprivation in 2020. The percentage of those in consistent poverty – i.e. who were both at risk of poverty and experienced two or more types of enforced deprivation – was 5%.

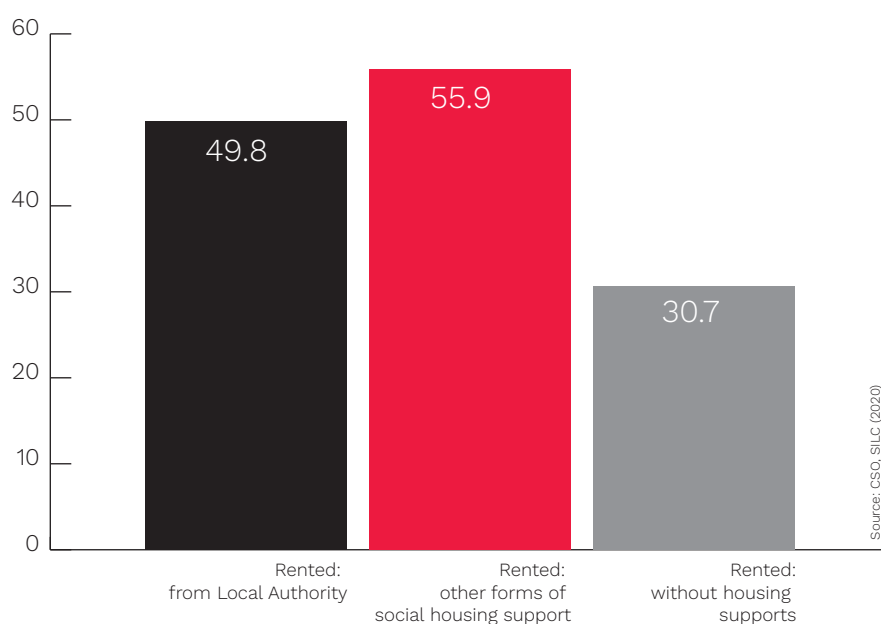
The CSO found that 6.3% of those at work – around 148,000 people – were at risk of poverty. There was also a deprivation rate of 9.9% among the working population, or just over 233,343 people based on an employed workforce of 2.357 million.<sup>15</sup> Consistent deprivation for this group came to 1.7%.

The SILC defines ‘at risk of poverty’ as 60% of the median nominal equivalised disposable income. In 2020 this was €14,205 (based on a disposable income of €23,675). All its poverty rate figures are based on this calculation and cut-off point. However, this is a calculation of poverty based on income alone. When certain non-discretionary outgoings are factored in, the number of people at risk of poverty rises dramatically.

In 2020, for the first time, the CSO calculated the number of renters who fell below the poverty line once their rent, or mortgage repayment, was deducted from their ‘disposable’ income. It found that when it factored in these payments, the at risk of poverty rate for the entire population rose to 19.0%, almost 44% higher than without the deductions.

Among renters alone the rates are even higher. For those in local authority housing, the rate is 49.8%; for those in receipt of rental payments or in alternative social housing the rate is 55.9%; and for renters in the private sector with no public rental supports the rate is 30.7%.

### At risk of poverty, renters % (2020)

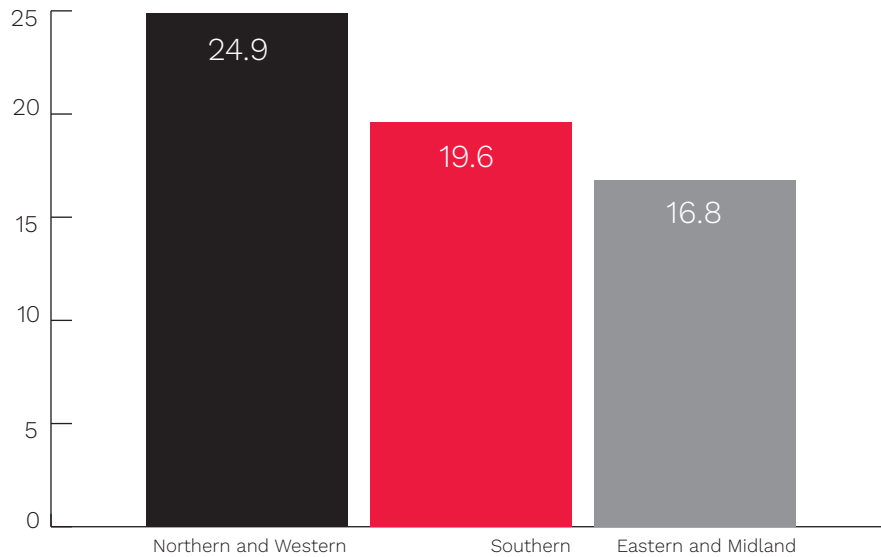


<sup>14</sup> CSO. *Survey on Income and Living Conditions (SILC) 2020*. 17 Dec 2021. [<https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2020/>] accessed 15 Mar 2022. All subsequent quotes relating to this publication are from this source.

<sup>15</sup> CSO. *Labour Force Survey Quarter 4 2021*. [<https://www.cso.ie/en/releasesandpublications/ep/p-lfs/labourforcesurveyquarter42021/>] accessed 15 Mar 2022.

There is also a strong regional variance when it comes to poverty rates. Again, once rent and mortgage payments are factored in, the number of people at risk of poverty in the northern and western region is 24.9% – that is, one in four of the entire population of the area – almost 50% higher than the corresponding figure for the eastern and midland region.

### At risk of poverty, (after rent and mortgage payments) 2020 %



The year 2020 was the first time that the CSO calculated the at-risk of poverty rate for renters and mortgage holders once those payments had been made from each person's respective income. A similar exercise for other non-discretionary payments such as utility bills and transport would undoubtedly push more people into the 'at risk' category. This is before we factor in other costs such as heating, childcare, and education. It is clear even from the cost of rent exercise alone that Ireland not only has a poverty issue, but a poverty wage one as well.

There is one other issue that needs to be addressed before we move on from SILC 2020. The CSO's calculation of what constitutes an 'at risk of poverty' income is based on a figure derived from the median income. It is *not* based on the actual cost of living and whether people can meet their household expenses on their present income without falling into poverty.

The CSO's assumption that a disposable income below €14,205 constitutes a poverty risk, while an income about that does not, is just that: an assumption. There is no evidence whatsoever presented to justify this particular cut-off point. It is simply a statistical calculation derived from a statistical assumption. And yet so much of government policy is driven by this arbitrary figure.

## Inflation

The latest figure for inflation shows that prices on average, as measured by the Consumer Price Index, were 8.7% higher in August 2022 when compared with August 2021.<sup>16</sup>

In theory, an inflation rate of 8.7% means that a basket of goods and services that cost €300 last year would now cost €326.10. Yet different income groups experience inflation in different ways. The focus on the percentage increase as opposed to the actual rise in costs can sometimes give rise to a misleading analysis.

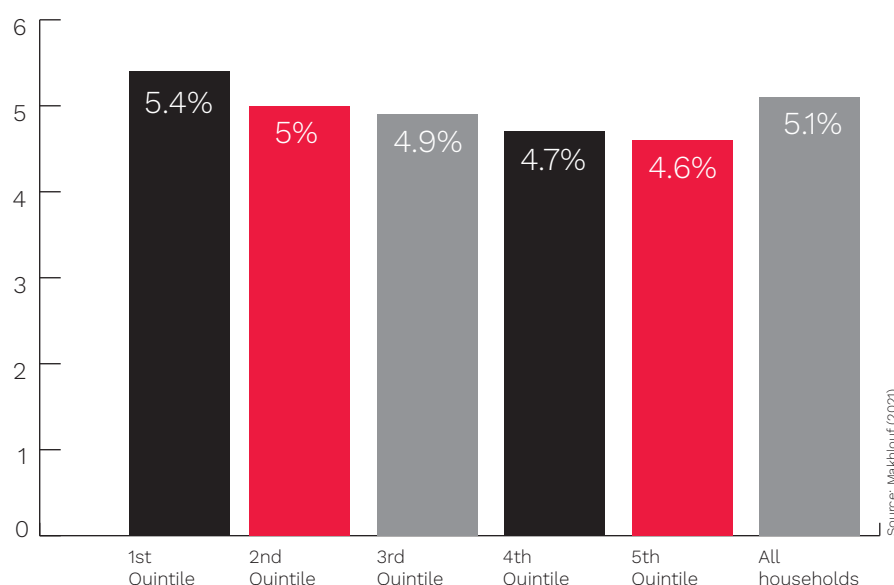
For example, for someone who earns €500 a week, a rise of €26.10 in the cost of goods and services amounts to 5.2% of their income. For someone on €700 a week, that drops to 3.7%, and for someone on €1,000 a week, it amounts to 2.6%.

In other words, three people on three different incomes experience the same inflation rate in three different ways. While there are multiple variables at play, we can say with some certainty that the effects of inflation are greater for those on low incomes than for those on medium to high incomes.

A similar point was made recently by the governor of the Central Bank, Gabriel Makhoulf. He said in November 2021 that inflation in the Eurozone was being driven by three factors: 'higher energy prices, a rebound in prices for some goods and services that fell sharply during the pandemic, and a rebound in demand which is meeting global supply bottlenecks in both inputs and transportation.'<sup>17</sup> However, while the causes were more or less the same, the experience of inflation was not being felt equally by all sections of Irish society. He pointed out that 'inflation measures 'are designed to represent an "average" consumption basket in an economy [but that] inflation affects people in different ways and not everyone in the community will experience price increases in the same way.'<sup>18</sup>

By way of example, he calculated that while inflation in Ireland stood at 5.1% in October 2021, the rate of inflation for the bottom 20% of households (1st quintile) was higher at 5.4%, while for the top 20% of households (5th quintile) it was lower at 4.6%.

## Inflation October 2021



<sup>16</sup> CSO Press Release, 'Consumer prices rise by 8.7% in the year to August 2022', 8 Sep 2022. <https://www.cso.ie/en/releasesand-publications/ep/p-cpi/consumerpriceindexaugust2022/>

<sup>17</sup> Gabriel Makhoulf, 'Inflation dynamics in a pandemic: maintaining vigilance and optionality', 23 Nov 2021. [<https://www.central-bank.ie/news/article/speech-inflation-dynamics-in-a-pandemic-maintaining-vigilance-and-optionality-gabriel-makhoulf-23-november-2021>] accessed 13 Mar 2022.

<sup>18</sup> Makhoulf, 23 Nov 2021.

Makhlouf also made the point that there are regional and age variations here as well. However, his calculations on spending patterns were based on the CSO Household Budget Survey from seven years ago and on energy prices. This means that while we can say with certainty that inflation affects lower income groups more than others, we are still lacking the type of detailed data and analysis needed to really get a sense of by how much, and in what ways, this occurs.

The CSO has somewhat conceded in recent months that it needs to address its current 'one size fits all' approach to inflation. This was in response to a high profile campaign in the UK by British food activist Jack Monroe who highlighted the problems with inflation measurements and the realities of low-income households. She was able to get the Office for National Statistics to commit to publishing statistics that are reflective of everyday experience. The story became a news item in Ireland and St. Vincent de Paul were asked to comment. It said that in January of this year it 'had calls from people who literally have to make a choice between putting petrol in the car to get to the shop or to get the kids to school.'<sup>19</sup> It added that 'if the CSO could reflect the impact of inflation on those with lower incomes, it may lead to appropriate policy responses to mitigate poverty'. The CSO in response said that it will address this demand for quintile-based inflation figures.

In conclusion, the real-world effect of inflation is not only in the increase in prices, but also in the relationship between that increase and your weekly or monthly income. For that reason it is essential that any discussion on a living wage is predicated on this relationship between income and the cost of basic and essential goods and services.

## The living wage

Every year the Vincentian Partnership for Social Justice (VPSJ) produces a living wage document that is by far the most detailed and comprehensive survey of the relationship between the cost of living and household income.<sup>20</sup> It is done in partnership with a number of organisations, including (from a trade union perspective) the Nevin Institute, SIPTU, and Unite the Union.

The living wage is 'the average gross salary which will enable full-time employed adults (without dependents) across Ireland afford a socially acceptable minimum standard of living'.<sup>21</sup> It is calculated via research conducted by the VPSJ and aims to give financial expression 'to a standard of living which meets physical, psychological and social needs, at a minimum but acceptable level'. It is based on needs, not wants, and the current (2021/22) rate is €12.90 per hour and it applies to a single person in permanent employment working 39 hours a week.

*The Living Wage* campaign has the advantage of being based on actual cost of living requirements – a huge improvement over the CSO's calculation of 60% of the equivalised median income. Despite the fact that the figures from *The Living Wage* campaign are empirically grounded, the CSO's calculation is used to measure the official 'at risk of poverty' rate in the country.

From a trade union perspective, the usefulness of the living wage figures is that they give a sense of the level of income that is needed to avoid poverty in Ireland today. Does this mean that the living wage should set the minimum wage demands of trade unions? In short yes, although the reasons are not as straight-forward as they may appear, and can only have a short-term 'catch-up' effect if undertaken in the absence of a wider (and deeper) social and public investment strategy.

By way of example, in 2014 the Living Wage Technical Team calculated the hourly rate at €11.45. Then, as now, it was based upon a strongly empirical analysis of the costs and challenges facing people and the level of financial payment needed to address them. Since then the rate has risen by €1.45 p/h which works out at €2,948 per year.

19 Stephen McDermott, 'CSO examining how to show 'disproportionate' impact of soaring inflation on poorer families'. *Thejournal.ie*, 30 Jan 2022 [<https://www.thejournal.ie/cso-inflation-lower-income-households-5666829-Jan2022/>] accessed 13 Mar 2022.

20 <https://www.livingwage.ie/>

21 Living Wage Technical Group. *Calculating a Living Wage for the Republic of Ireland*. Sep 2021. [[https://www.livingwage.ie/download/pdf/living\\_wage\\_technical\\_document\\_-\\_2021.pdf](https://www.livingwage.ie/download/pdf/living_wage_technical_document_-_2021.pdf)] accessed 16 Mar 2022.



In other words, the yearly cost of avoiding poverty in Ireland for a single, fully-employed person has increased by almost €3,000 in seven years. None of this is to cover additional items or services of any kind – it is simply needed to have access to the absolute minimum standard of living needed to function as a person in Ireland today.

In the absence of effective government curbs on housing, health, childcare, transport, and heating costs, ordinary people have no other recourse but to demand higher wages. But the vast bulk of these increases are going not into the pockets of those workers but into the hands of landlords and other essential service providers *via* those workers. It is not too much of an exaggeration to say that people are not working for themselves but for their landlord and/or crèche provider. The living wage rate from 2014 to 2021 reflects this as it is based not so much on increasing the income of people, but maintaining the financial safety net that is needed to avoid poverty because Irish society has such a weakened approach to shared services and investment. The prioritisation of private, profit-seeking operators for essential public services and social structure means that the social wage is but a pale shadow of what it needs to be in a stable and self-reproducing society.

This has implications for wage campaigns and demands. There is only so much work a wage can do in helping someone not only avoid poverty but lead a flourishing life. It is by far the most important element, but it is not the only one.

We can see this in the underlying assumptions of the Living Wage Technical Group. The living wage rate is predicated on full-time, year-round, 39 hours a week work. Already we can see that there are problems here when applied to the retail sector where 27hrs a week is the industry average.

## Mandate Trade Union survey

In July 2022, Mandate Trade Union surveyed almost 3,000 of its members on wages, hours, workplace concerns, and cost of living issues. Mandate has around 27,000 members.<sup>22</sup> The survey participants represent around 11% of the membership and around 1.5% of all retail employees. However, it should be noted that this was an online survey where the participants self-selected themselves. It was not weighted by geography, age, gender, employer, or position.

It is also worth noting that Mandate's membership is concentrated primarily in two of the nine sub-sections used by the CSO in its business demography survey: namely, *non-specialist stores* (supermarkets and department stores), and *other goods in specialist stores* (footwear, specialist clothes, and pharmacies). While it has members in all sections of the retail and bar industries, statistically speaking its presence is mostly observable in these two sub-sections.

This means that while Mandate has an overall membership density within the retail industry of somewhere around 13%, its density within these two sub-sections is somewhere around 17%. As a result, the survey findings are relatable mainly to retail workers in supermarkets, department stores, pharmacies, and footwear and clothing stores. The survey captures around 2% of all employees in those two sub-sections. In all probability its findings are relatable to workers in other retail sections – especially given the industry-wide data on wages and hours that this report has drawn from the CSO – but it will require a separate survey of non-union retail workers in the other seven sub-sections in order to arrive at a truly definitive statement in this regard.

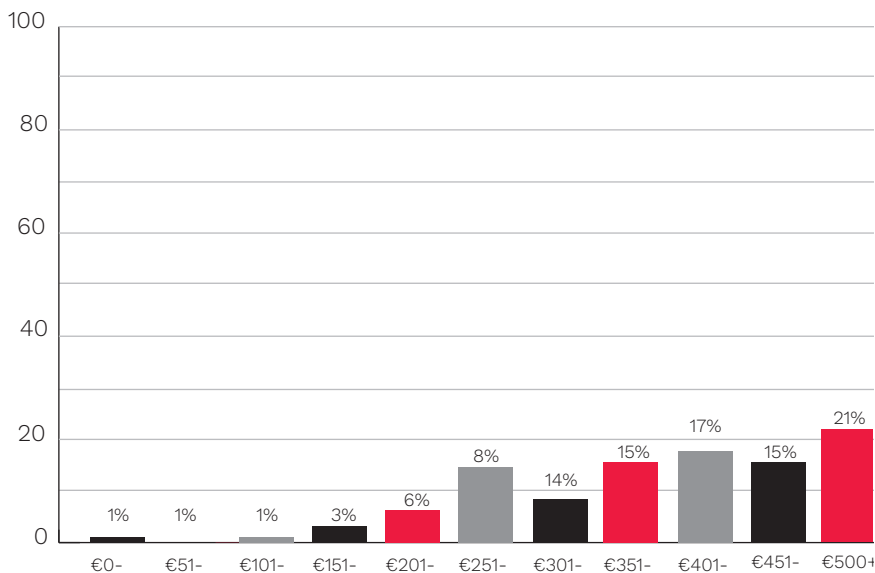
<sup>22</sup> Jonathan Hogan opening address to the Joint Committee on Enterprise, Trade and Employment debate on Cost of Living, Minimum Wage Increases and Report of Low Pay Commission, 28 Sep 2022. [https://www.oireachtas.ie/en/debates/debate/joint\\_committee\\_on\\_enterprise\\_trade\\_and\\_employment/2022-09-28/2/](https://www.oireachtas.ie/en/debates/debate/joint_committee_on_enterprise_trade_and_employment/2022-09-28/2/)

## Hourly rate and weekly wage

The rates of pay of those surveyed ranged from €10.50p/h to €18.70p/h. The median rate was €13.88 – i.e. 50% of those surveyed received less than this per hour, while 50% received more than this per hour. Overall, the average rate worked out at €14.50p/h.

In terms of weekly wage, the survey found that 64% of all respondents earn below €451 a week, with only 21% earning more than the living wage of €502 a week.

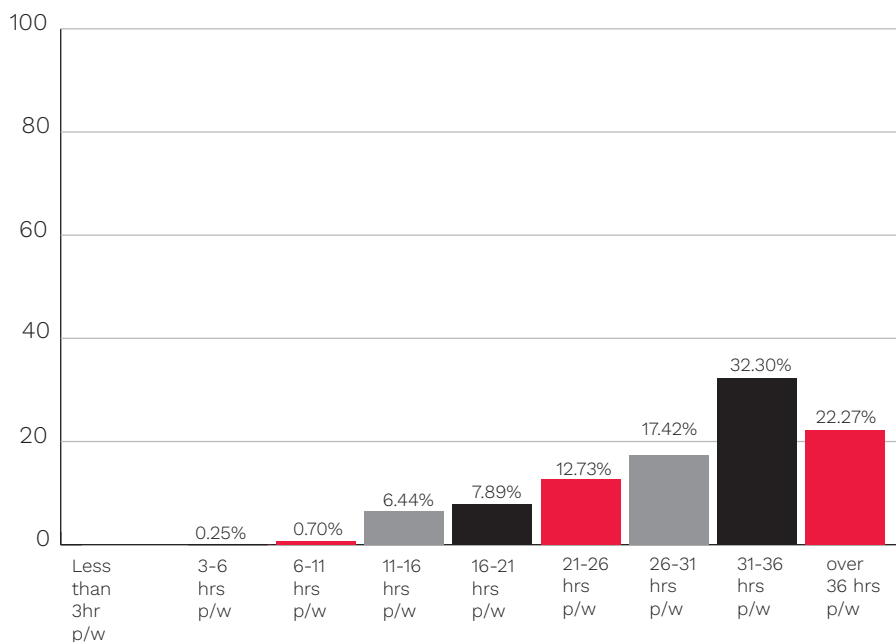
## What is your current weekly wage band?



## Hours received

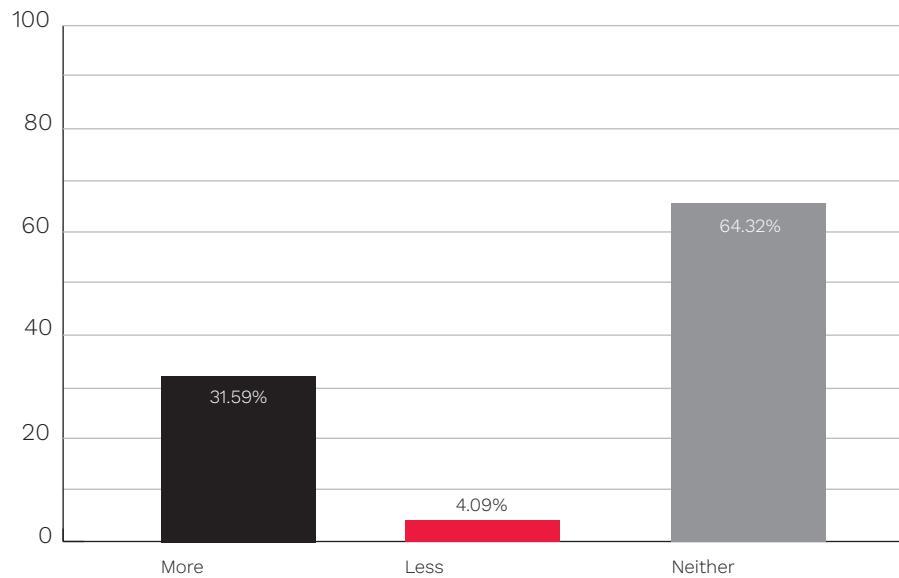
Seventy-five percent of those surveyed said that they were on a banded-hour contract. Twenty-five percent said that they were not on one. Of those who said yes, just over 50% were on a contract of 31 hours or more a week. Less than 1% of those surveyed were on a contract of less than eleven hours per week.

## Banded hour contract



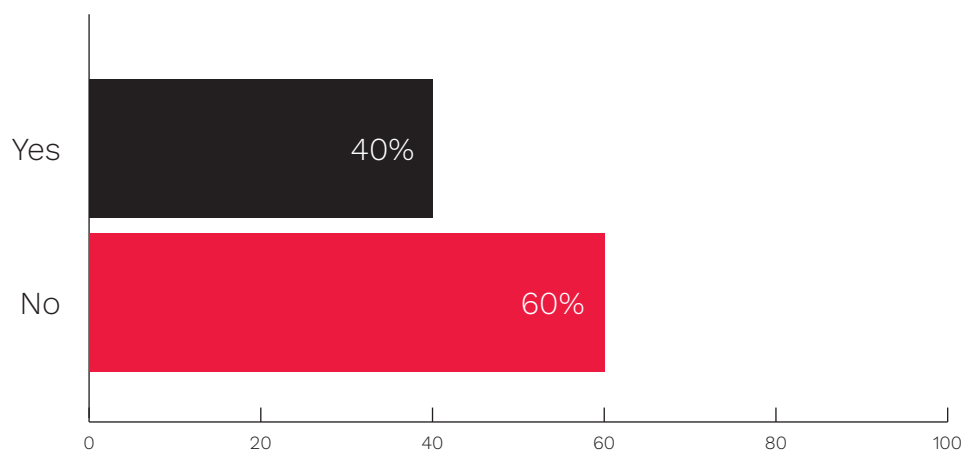
The participants were then asked if they had recently worked more or less hours than those contained in their banded contract. While around 65% said that they did not, just under a third – 32% – said that they worked more hours, while 4% said that they worked less hours. It appears that those within the higher bands – from 21hrs onwards – were working more hours than their contract band.

### Over the last four weeks, have you worked more or less hours than your band?



The survey also asked if people wanted to work more hours than their banded contract. It found that 40% did so, while 60% did not. Given the fact that almost 32% of respondents are already working more hours than their contract, it would appear that there is capacity within the system for such demands to be met on a contractual basis if the managerial will was there.

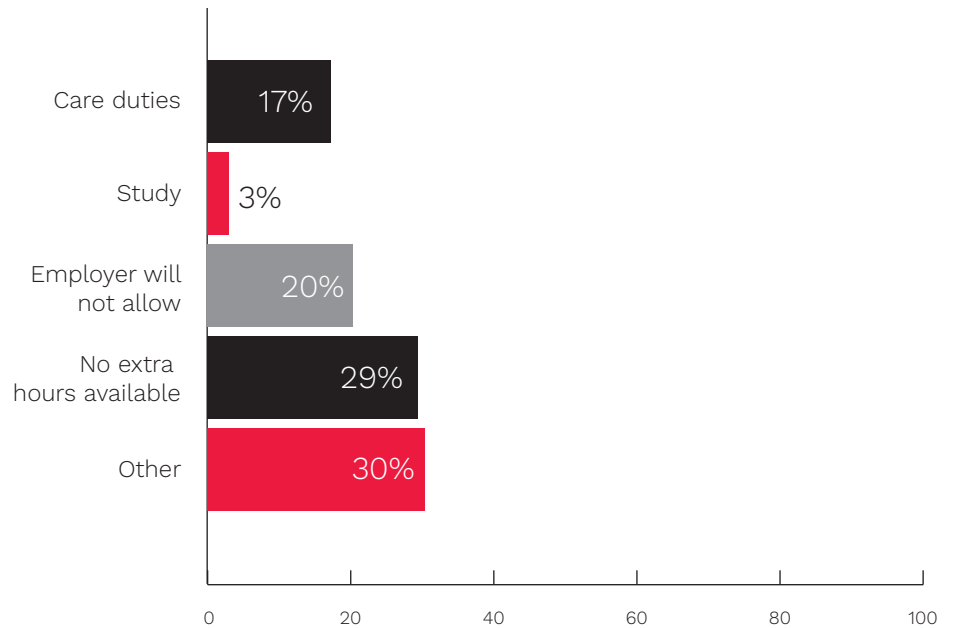
### Do you want to work additional hours?



When asked what was preventing them from working additional hours, only 29% of respondents said it was because there were no hours available. One in five of the respondents said it was because their manager would not allow them to work outside of their contract hours. Around 17% said it was because of caring responsibilities, while another 30% said it was for reasons outside of those already mentioned. Only 3% said it was for reasons of education/study.

The picture that emerges from this section of the survey, while tentative, does seem to point to a mix of management intransigence, care responsibilities outside of the workplace, and other various reasons for retail workers not being able to avail of extra hours where those hours are available.

If you want to work additional hours but you cannot avail of the extra hours, please indicate the main reason(s) that are preventing you from working additional hours?



## Cost of living

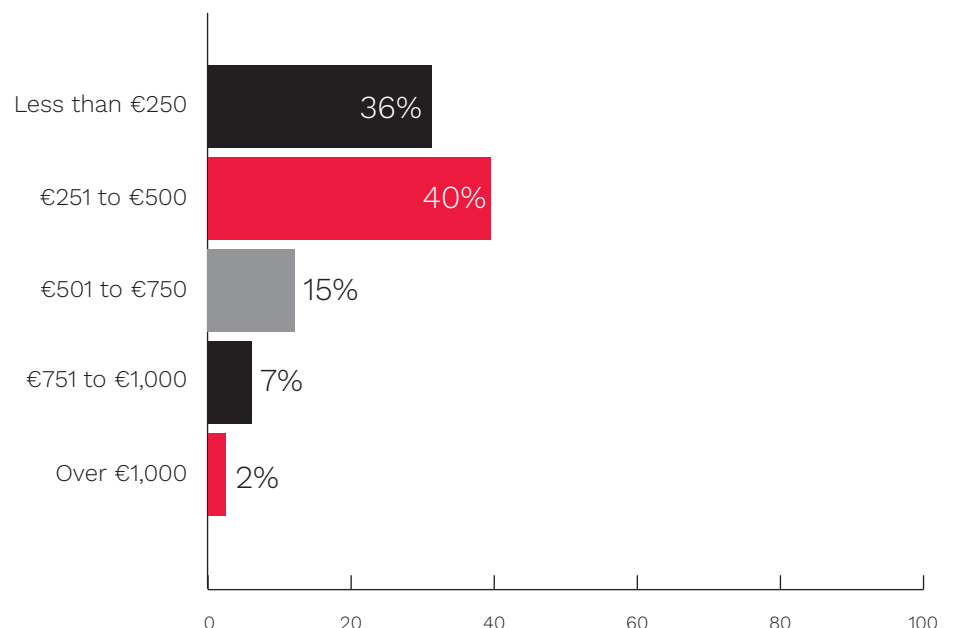
Just over 92% of all respondents said that they are currently affected by cost of living issues. Issues raised included rent, transport, energy costs, education, childcare, and a combination of all of the above.

Around 33% of respondents said that they are currently renting. The average rent for the entire apartment/house/flat in question was €944 per month, with around 17% paying more than €1,250 per month.

Of those that were sharing – around 12% of all respondents – the average rent paid was just short of €500 per month.

Fifteen percent of respondents said that they paid for childcare. Of those, 76% spent less than €500 per month on the service. It should be noted that the question only applies to paid childcare and not unpaid childcare undertaken by relatives, friends, or neighbours.

## Monthly childcare costs



# Recommendations

## Introduction

A series of legislative reforms is required in order to help trade unions to increase membership, fight for better and stronger collective bargaining agreements that will raise wages, along with the ability to apply for more hours where they are available. The minimum wage also needs to be raised to a genuine cost of living wage with no discrimination on the basis of age, as is currently the situation.

Key recommendations:

- Remove sub-minimum rates of the minimum wage.
- Replace the minimum wage with a genuine Cost of Living Wage (€14p/h at 2022 levels).
- Legislate to allow workers to increase their working hours where hours are available.
- Legislate to allow trade unions shopfloor access to meet with members and workers.
- Legislate to ensure trade unions are recognised by employers in order to represent their members for industrial relations and collective bargaining purposes.
- Amend the 1990 Industrial Relations Act by removing the bar on collective industrial action for individual members.
- Declare a housing emergency and implement key *Raise the Roof* policies.
- Reduce childcare fees begin the process towards universal childcare.

## A cost of living wage

### *'Remove sub-minimum rates of the minimum wage'*

There are tens of thousands of workers in Ireland who are being paid less than the minimum wage simply because of age. Mandate knows of many cases where the law as it stands today is used to exploit young people. The government needs to end sub-minimum rates of pay for those who have attained the age of 16.

### *'Replace the minimum wage with a cost of living wage'*

With inflation now running at 8.9 percent, the cost of living rate needs to be at least €14 p/h in order to have the same impact of the 2021 rate of €12.90p/h. This necessary rise in such a short time is a stark illustration of the scale of the cost of living crisis and the enormous pressures that households are facing when it comes to simply paying the bills. Now, more than ever, a cost of living strategy is needed that goes beyond wages and starts to tackle the core issues in housing, fuel, energy, heating, childcare, transport, and food at a state investment level.

## Housing for all

### *'Declare a housing emergency and implement key Raise the Roof policies'*

Mandate is a key supporter of *Raise the Roof*. This is a broad-based campaign dedicated to tackling the housing crisis by lowering rents, dramatically increasing the supply of public and affordable housing, and ensuring that housing is treated as a human right under the Constitution. It is supported by trade unions, housing and homeless agencies, women's groups, political parties, representatives of older people, children's advocacy groups, community organisations, student unions, Traveller groups, housing academics and experts.

High rents and lack of housing directly affect members. Around 33% are renting, while others talked of the frustration of trying to apply for a loan only to be rejected due to the variance in hours. Where members do receive a mortgage quote, it is often too low to buy anything on the market. This leaves a significant number of members in a poverty trap where they earn too much to apply for social housing measures, but not enough to afford private rent or purchase options. The following policy objectives of *Raise the Roof* should be followed:

- Declare a housing emergency to free up resources and legislative instruments.
- Double investment to support a major State-led housing programme for provision of public, affordable and cost rental homes for all.
- Ensure affordability is the key target of all housing policy, with prices and rents linked to people's incomes.
- Introduce a rent freeze, new rent controls to deliver affordable rents and secure, long-term tenancies for renters.
- Retain all public and state-owned land in public control for the provision of housing and act immediately on the scandal of vacant homes.
- Create a new, legally enforceable, right to housing.

## Reduce childcare fees

### *'Reduce childcare fees by 50% and begin the process towards universal childcare'*

Childcare costs in Ireland are the second-highest in the OECD.<sup>23</sup> Measures are needed to tackle this crisis of affordability. These costs are a barrier to women taking up employment or applying for more hours, particularly for women in lower-income households. Time and again, members cite childcare and the lack of it as a reason why they are in involuntary underemployment. There are an estimated 31,000 childcare professionals employed in Ireland who receive an average hourly wage of €12.60 p/h. The extortionate cost of childcare in Ireland is not down to wages but because it is a privatised model where profit is subsidised with public funds, not the actual service.

There is a strong need for a public model of childcare. This will require significant increases in investment to address both chronic low pay in the sector and unaffordable costs for parents. Going forward, childcare needs to be fully publicly funded; to encompass early years care, pre-school, school-age and care for teenagers; of a high-quality, built around the needs and wishes of children rather than being treated like a 'storage system'; and supported by adequate paid parental leave.

In the short-term, the government could subsidise childcare wage costs as a first step towards a public service model. It needs to bring the workforce into the public sector while it builds the infrastructure in the medium to long term.

23 <https://www.thejournal.ie/childcare-crossroads-part-one-5669360-Feb2022/>

## Working hours and existing staff

*'Legislate to allow workers to increase their working hours where hours are available'*

In 1997, the EU introduced a directive that explicitly allowed workers to have more control over their workplace hours, and in the 25 years since it has yet to be transposed into Irish law.<sup>24</sup>

In group interview sessions conducted for this report, members said that employers use rosters to discipline staff. 'Extra hours are not given out fairly' said one, adding that 'they don't even have the decency to tell you when they are cutting your hours'. Others talked of 'last-minute hours, unpredictable hours, constant change of hours, hours going from one extreme to the other'. Given all of this, 'it is very difficult to have any work-life balance.' One member made the point that 'only getting four-hour shifts throughout the week is a waste of petrol when those hours could easily be put together to work longer days.'

International studies have shown that the rostering of hours is often used as a weapon in the hands of retail managers. In his 2020 study of the issue, *Despotism on Demand*, Alex J. Wood said:

*"precarious scheduling enables "flexible discipline" by providing managers with the arbitrary power to wreak havoc with workers' lives and incomes. Moreover, workers must actively seek to maintain the favour of their manager in order to ensure that they receive enough hours to make ends meet, and to avoid being scheduled at times that clash with their home life. This leads workers to work hard for their managers but also to beg them for changes to their scheduled hours. When managers accommodate a worker's request, this creates a sense of obligation to repay the manager's kindness in granting this "schedule gift." In this way, flexible despotism ensures workplace control by both securing exploitation via coercion and simultaneously obscuring that coercive exploitation through the misrecognition of schedule gifts."<sup>25</sup>*

It is a situation that is recognisable to the majority of retail workers in Ireland, and was highlighted by Mandate at an Oireachtas hearing in 2013. The union's communications officer, David Gibney, gave evidence to the Joint Committee on jobs, enterprise, and innovation on the way rostering is used against workers who speak out in retail.

*"In the past six months or so, I have met with many non-union workers and talked to them. They are not necessarily getting zero hour contracts but they are getting low hour contracts. I offer one example. The individual is on a ten-hour contract but he had been working for between 40 and 50 hours for the past two years. Then, in February he made a health and safety complaint about a fire door being locked. Subsequently, he was brought down to his contractual ten hours contract. He was obviously intimidated and now he is behaving very reasonably for the employer but he will not put his head above the parapet."<sup>26</sup>*

The arbitrary rostering of hours, and the unpredictability of the working week, makes a work-life balance a constant struggle for retail workers. Members talked of the strain of trying to organise child and home care duties around work when the balance should be the other way round. The 1997 EU directive was put forward to encourage and allow 'employees and employers to organise working time in a way which suits both parties' needs.' Despite the rhetoric put forward by employers' organisations, this balance is often the exception rather than the norm.

<sup>24</sup> Council Directive 97/81/EC of 15 December 1997. <https://eur-lex.europa.eu/EN/legal-content/summary/part-time-work.html>

<sup>25</sup> Alex J. Wood. *Despotism on Demand : How Power Operates in the Flexible Workplace*. Ithaca: Cornell University Press, 2020: 5.

<sup>26</sup> Joint Committee on Jobs, Enterprise and Innovation debate - Tuesday, 17 Sep 2013.

In 2017 and 2018, Mandate lobbied to have inserted into the Employment Miscellaneous Act the ability for existing staff to apply for extra hours where those hours are available but it was rejected by the Minister at the time who promised a review which never happened. It is now time to return to this issue to tackle forced underemployment and to help workers achieve a working week that is reflective of their needs where possible.

This report makes clear that while an hourly living wage rate is important, the amount of hours a person works is also important, and the best way for workers to improve their work and wage conditions is through collective bargaining agreements. For this to happen, trade unions need the proper legislative supports to allow them to their job. This means giving union the right to access to the workplace, the right to be heard, and the right to defend individual members through industrial action where necessary. While employment law is hugely important, it is trade union membership and collective bargaining that gives real effect to it. Employers know this, which is why they support individual arbitration structures (which can take years to traverse) over collective agreements each and every time. Given the huge cost of living crisis we are in at the moment, this needs to change.

The following legislative recommendations came out of a group session held with Mandate officials and organisers in the Spring of 2022. They highlighted these measures as essential to aid them in their efforts to represent and protect members' interests, as well as to grow the union and increase levels of union density in retail.

## The right to access to the workplace

### *'Legislate to allow trade unions shopfloor access to meet with members and workers'*

The current voluntarist system of industrial relations in Ireland gives an enormous advantage to employers over unions when it comes to issues of collective bargaining. The right to meet with members in the workplace is entirely dependent on the permission of businesses. It can be withdrawn at a moment's notice, even in terms of disciplinary matters. There is a race to the bottom and the erosion of workers' rights over recent years is clear. Low-hour contracts, intimidation, blacklisting, punishment for union activities and bogus self-employment contracts are just a few examples of daily attacks on the rights of workers to organise.

Trade unions need access to the workplace in order to work effectively as trade unions. The law as it stands today must be changed to allow officials and representatives to meet with members – and potential members – in order to strengthen the collective bargaining system. Successive governments have said that this is their objective, but the absence of a balance of rights between trade unions and employers means that the owners of a premises have more rights than the workers in that premises. This has played no small part in the low-wage, low services society we have today.

The Oireachtas needs to legislate to allow trade unions to do their job. Every employer should be obliged by law to allow, so far as is reasonably practicable, a representative or representatives of an authorised trade union to enter a workplace where sufficient notice has been given to the employer to deal with the following:

- to monitor compliance with the operation of a collective agreement.
- to consult with their members on any matters of concern.
- to inform and advise workers of their right to join a trade union and the benefits of membership and other related matters.

This right – which is a basic trade union right in many countries across Europe and the rest of the world – would help to bring balance to Ireland's system of industrial relations.



## The right to be heard

*'Legislate to ensure trade unions are recognised by employers in order to represent their members for industrial relations and collective bargaining purposes'*

There has been a significant increase in non-recognition of trade unions by employers in recent years. It is a sign that the voluntarist system is ever more being replaced with a more aggressive union-busting approach. We need to level the playing pitch, and this means ensuring that employers do not get to choose who they will or will not speak to when it comes to the representation of workers.

It is the right of a worker to decide who will represent them in industrial relations and collective bargaining matters, not anyone else, and certainly not their employer. The right to choose one's lawyer in a court case is a recognised right – yet at the moment the same cannot be said of collective bargaining processes and procedures. Even though trade unions must hold a negotiating licence from the Minister for Enterprise in order to operate as a trade union, that licence can be ignored by a business owner or board of management if they so choose. This needs to end. It is seriously affecting the ability of trade unions to negotiate wages and work conditions for their members.

In the group session with Mandate officials and organisers, the consensus view was that legislation is needed to allow trade unions to negotiate on behalf of their members where that is the expressed wish of those members.

- Employers must be required by law to recognise the right of an authorised trade union to represent its members for the purposes of collective bargaining, including grievance and disciplinary issues, where collective bargaining processes and structures are already undertaken in the workplace.
- Where an employer does not engage in any collective bargaining procedures, that they will be required by law required to do so with an authorised trade union where a percentage of the shopfloor/workplace are members of that union.

## Amendment of the 1990 Industrial Relations Act

*'Amend the 1990 Industrial Relations Act by removing the bar on collective industrial action for individual members'*

It is Mandate policy to lobby for the repeal of the 1990 Industrial Relations Act. As a first step in that process, subsections (2), (3), and (4) of Section 9 of the Act should be removed. These subsections effectively disbar trade unions from engaging in industrial action in relation to the work and employment conditions of an individual member until the processes of the Workplace Relations Commission (WRC) and the Labour Court have been exhausted.

According to Mandate officials and organisers, this section has become a victimisation charter for employers, who are often willing to intimidate or unfairly dismiss a trade union member knowing that the WRC process can take years, and usually results in a fine which they see as an acceptable price to pay to rid themselves of staff that either question management or attempt to organise their workplace.

Indeed, a recent survey undertaken by Financial Services Union (FSU) found that strong protections against victimisation for union activity was the top legislative request among union activists.<sup>27</sup> It is clear that the lack of effective support via industrial action is thwarting the ability of trade unions to organise and expand in the workplace.

- Delete subsections (2), (3), and (4) of section 9 of the 1990 Industrial Relations Act and allow trade unions to protect individual members through industrial action if necessary.

Taken together, these legislative requests would strengthen both wages and the ability of trade unions to fight for better wages and work conditions. They would also serve to address the upcoming EU Directive on collective bargaining which will mandate all EU states to have an action plan to bring collective bargaining coverage up to 80 percent of the workforce.<sup>28</sup>

<sup>27</sup> Gareth Murphy, 'Legislation to support organising: could this renew the trade union movement?' *International Union Rights*, Vo.29, No.2 (2022): 5.

<sup>28</sup> <https://presidence-francaise.consilium.europa.eu/en/news/minimum-wages-council-and-european-parliament-reach-provisional-agreement-on-new-eu-law/>



