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# LOW PAID OLDER WORKERS

A QUANTITATIVE AND QUALITATIVE PROFILE  
OF LOW PAY AMONG WORKERS AGED OVER 50

Micheál L. Collins and Catherine Elliott O'Dare

November 2022

Study Funded by the Low Pay Commission of Ireland Research Bursary Scheme

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# EXECUTIVE SUMMARY

Research on the topic of low pay has experienced a revival in Ireland over recent years triggered by a greater policy shift towards understanding and addressing low pay, growing interest in the challenges of employment precarity, and greater research and policy engagement on the relationship between earnings and living standards. While the overall scale and composition of low paid employment is now much better understood, there has been less focus on the nature and experiences of low pay among specific cohorts of the labour force.

This research report examines one heretofore underexplored group, older workers in low pay and aims to establish insights into the scale and experience of low pay among employees aged 50 years and older. It brings together themes of ageing populations, labour market earnings and living conditions to explore the following questions:

	<b>WHAT</b> is the scale and profile of low pay among older workers?
	<b>DOES</b> low pay differ between older workers and the low paid in general, and if so, how?
	<b>DOES</b> the household and financial situation of older workers differ from that of the low paid in general, and if so, how?
	<b>WHAT</b> are the reasons behind why older workers become and remain low paid?
	<b>HOW</b> do these workers evaluate their rate of pay given the work that they do?

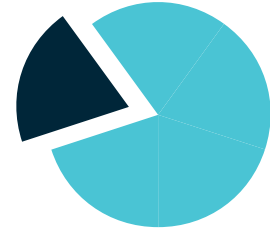
The study takes a mixed-methods approach using both quantitative and qualitative methods to explore these questions. While either of these methodological approaches could be taken by themselves to examine this issue, there are benefits associated with combining both so that the research analysis and findings offer a more comprehensive understanding of the nature, scale, contexts and experiences of low pay among older workers in Ireland.

## KEY FINDINGS - QUANTITATIVE ANALYSIS



In the Irish labour market almost  
**ONE IN EVERY SIX WORKERS**  
aged over 50 are in low pay, a group  
totalling approximately 80,000 individuals

Older workers  
comprise  
**ONE-FIFTH**  
of the total  
low paid  
population



In general, older low paid workers share a number of the attributes of the low paid population, including having lower levels of completed education, holding permanent positions of employment and working in smaller firms (less than 50 employees).



Relative to all employees, older workers carry a lower risk of being low paid with one in six earning less than the hourly low pay threshold (€11.65 per hour in 2018) compared to one in four of all employees.



Older workers have a different sectoral profile compared with all those in low pay. They are more likely to be working in administrative and health/caring roles and less likely to be in the retail, accommodation and food sectors. They are also more likely to work less than 20 hours per week or to be part-time employees.

In household terms older low paid workers are more likely to live in 1-2 adult households, be the only worker in their household and own the property they live in. More than half own their property mortgage free. By contrast, most low paid workers live in multi-adult and multi-worker households and are twice as likely to be renters.



Older low paid workers record a higher rate of in-work poverty than the low paid in general, but are found to be better able to manage the challenges of life on low earnings and experience lower rates of deprivation and a greater ability to cope with lump-sum expenses. The explanation to this paradox may be related to the lower depth of low pay experienced by these older workers and their lower exposure to recurring housing costs.



These findings suggest that for older low paid workers the household context, and in particular a household tenure related wealth effect, buffers against some of the experiences of economic hardship despite the inevitable challenges of life on low earnings.



Although there is little difference between the depth of low pay (distance hourly earnings are below the low pay threshold) experienced by full-time and part-time older workers, those with a permanent employment contract have hourly earnings further below the low pay threshold than those workers on temporary contracts. This suggests that there is a cohort of low paid older workers permanently employed on earnings that sit about 50 cent per hour above the minimum wage.



## KEY FINDINGS - QUALITATIVE ANALYSIS



The older workers in low pay interviewed for this research all identified financial needs and concerns as an important driver for them to enter, return to, or remain in the labour market.

The inadequacy of pension income was also a factor influencing older workers to take-up or remain-in low pay.



Participants highlighted a number of other reasons, beyond financial needs, that influenced their decision to take-up or remain-in low pay. These reflect a fit with their skills, location, family context and expectations of work alongside accommodating a desire for flexibility given individual and family circumstances.



These finance, fit and flexibility reasons did not emerge as mutually exclusive factors motivating taking up, and/or remaining in, low pay but rather appeared in various combinations across the research participants narratives. Although financial reasons were common to all, the research reveals a need to understand low pay participation in a more nuanced way and that while some older workers are trapped in low pay others are voluntarily there.



When interview participants were asked if they received a fair wage for the work that they do, they all indicated that they perceived their pay as inadequate. Taking into account the type of work undertaken and the context of that work (hours, mode etc) most indicated that an hourly wage of

**€15 WOULD BE A FAIR HOURLY RATE**



# POLICY IMPLICATIONS



Nationally and internationally, there is limited research examining older workers in low pay. Given the size of this group, and the possibility of its growth in the decades to come, an ability to understand the socio-economic and labour market composition of this group is important. Based on the quantitative and qualitative findings, a number of policy relevant implications arise for an understanding and approach to the issues of low pay and older workers:

- Older workers in low pay have a **different sectoral profile** to low paid workers in general with the analysis finding that older low paid workers are more likely to be working in administrative and healthcare/caring roles and less likely to be in the retail, accommodation and food sectors.
- Understanding **the household context of older low paid workers is important** when considering their ability to live life on a low income. While these workers record a lower depth of low pay (distance hourly earnings are below the low pay threshold), they are more likely to be living in poverty than low paid workers in general. The wealth effect of household ownership, and the ability to better absorb one-off expenses, differentiates this group of employees from those on similar rates of pay lower down the age spectrum. Although this financial buffer remains important for many current older low paid workers, declining rates of home ownership suggest that it will play a reduced role for future generations.
- While earning income to meet financial needs is an important consideration for this group, their continued labour market participation is also driven by factors including social interaction, work ethic, pension inadequacy and a desire for a less stressful and more convenient lifestyle which better balances work and non-

paid work commitments. Overall, the research suggests the **need to understand low pay participation in a more nuanced way** and that while some older workers are trapped in low pay others are voluntarily there.

- On average, low paid older workers earned 40c to 60c per hour above the minimum wage hourly threshold in 2018. All interviewed **workers indicated that they regarded their hourly pay as inadequate** for the work that they undertook; a rate of €15 per hour was identified as fair. This rate stands at €2.50 above the low pay threshold at the time of the interviews, approximately 80 per cent of median hourly earnings. Given the education, skills, household and lifestyle profile of older low paid workers, it is predominantly via increasing low pay earnings, rather than retraining and upskilling initiatives, that the living standards of this group will be increased.
- The established labour market **gender divides persist for older low paid workers**. Women comprise 54 per cent of the total low paid employee population and this proportion does not change for those over 50 years. Older female low paid workers are found to earn 5.5 per cent less than older male low paid workers. Motherhood was also identified as a significant driver into lower paid employment, reflecting the constraints some women faced given the need to juggle work, care and financial needs.
- Policies to encourage longer working lifetimes, active ageing and generate opportunities for retaining and reskilling sit alongside other public policies around low pay, living wages and both income and earnings adequacy. Consequently, understanding the scale of this group, their probable growth over time, and the set of influences that determine their participation in low paid employment carries important implications for future policies for older workers in general and policies around active ageing and extended working lives. This research underscores a need to understand the participation of older workers in the labour market beyond the perspectives of earnings and productivity. While income is important for this group, their participation and continued participation as workers is also linked to other objectives including better lifestyle balance and social interaction. These findings carry **implications for employers, employee representatives and policy makers as modes to facilitate extended working lives** are further developed.





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