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In-work poverty in the Republic of Ireland

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SUMMARY

The Survey on Income and Living Conditions (SILC) collects data on a selection of consumption-based indicators relating to the living standards of individuals as well as details related to the nature of their employment.

This research categorises employees by permanency of contract (permanent/temporary), by usual hours worked (full-time/part-time) and by the reasons for part-time employment. The analysis measures the in-work poverty of these groups between 2004 and 2017 using two consumption-based indicators: material deprivation and ability to afford an unexpected expense.

This *inBrief* shows that for all seven categories of worker set out in this analysis, deprivation rates are higher in 2017 than in the years leading up to the crisis, including for full-time, permanent staff. The analysis also shows that for all but one of the seven categories, Irish employees in 2017 were less likely to be able to meet an unexpected expense (of approximately €1,000) than before the financial crisis.

KEY POINTS

- The deprivation rate for full-time, permanent staff was 10.5% in 2017 compared to 5.6% in 2008. The share who could not meet an unexpected expense was 29.2% in 2017 compared to 26.9% in 2008.
- For permanent part-time staff at the low end of the risk-of-precariousness scale, the deprivation rate increased by almost 10 points from 3.5% in 2004 to 12.3% in 2017. For the underemployed (would like a full-time job but cannot find one), the deprivation rate in 2017 was 30.1% compared to 19.9% in 2004.
- The share of temporary workers, both full-time and part-time in material deprivation was significantly higher in 2017 than in 2004-6.2-13.8% and 17.8-24.2% respectively.
- For temporary part-time employees, the share of those unable to meet an unexpected expense fell from 52-50% between 2006 and 2017. This was the only employment category out of seven where the share of workers that would not be able to meet an unexpected expense was lower than before the financial crisis.

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Research for new economic policies

Table 1 Employment Contracts: 2004-2017

Contracts	2004	2006	2008	2010	2012	2014	2016	2017
Permanent FT	72.6	70.0	68.8	64.4	64.2	67.1	68.9	71.3
Permanent PT (involuntary; market barriers)	1.3	1.3	2.1	6.0	8.0	6.4	3.8	3.6
Permanent PT (involuntary; social barriers)	8.2	8.1	8.2	7.5	5.7	5.2	5.7	6.5
Permanent PT (low-risk)	6.8	8.5	9.2	9.5	8.3	7.5	8.4	7.9
Temporary FT	4.5	4.4	4.6	3.9	4.4	4.4	4.7	3.9
Temporary PT	3.0	3.8	4.0	5.0	5.0	5.9	4.7	3.7
Occasional no contract/other	3.7	4.0	3.2	3.6	4.3	3.6	3.8	3.1

Source: Survey on Income and Living Conditions 2004-2017 (2019) & author's calculations

Note: Rates refer only to those whose reported principal economic status is 'at work'

Introduction

The *Survey on Income and Living Conditions* (SILC) collects data on a selection of consumption-based indicators relating to the living standards of individuals as well as various information related to the nature of their employment.

Table 1 presents workers by the permanency of their contract (temporary or open-ended employment contract), by usual hours worked (full-time or part-time) and by reasons for part-time employment. The SILC asks part-time workers why they work part-time. Options include: *I want a full-time job but can't find one* (involuntary underemployment due to market barriers), *looking after children or others* (involuntary underemployment due to social barriers) and *I don't want to work full-time* (low-risk part-time work). The analysis focuses on individuals who identify as 'at work' only and excludes students, retirees and those on home duties.

SILC data show there have been some significant changes in the working arrangements of Irish workers. Although the share of employees in permanent full-time work had just about recovered from the financial crisis by 2017, the share of some high-risk categories of employment such as underemployment (involuntary part-time due to market barriers) and temporary part-time work are still higher than in 2004.

Consumption based indicators to measure living standards over time have certain advantages over income-based indicators. Income based indicators are indirect indicators of living standards and

comparison over time is difficult. The at-risk of poverty indicator for instance, does not factor in changes to services provided by government, which effect living standards.

Deprivation rates by employment type

According to *SILC*, an individual is in material deprivation if they cannot afford two or more of eleven everyday living expenses as set out in the survey. These include being able to afford a winter jacket, a night out every two weeks or replacing old furniture.

SILC data shows that material deprivation of every category of worker (including full-time staff with a permanent contract) was still higher in 2017 than in the years leading up to the financial crisis.

The share of full-time permanent staff living in deprivation in 2017 (10.5 percent) was almost twice the level in 2008 (5.6 percent). For the underemployed (but on secure open-ended contracts), the share of which has risen in Irish employment, the material deprivation rate is almost 1 in 3 or 30.9 percent (up from 19.8 percent in 2008).

Those categorised as involuntarily underemployed due to social barriers work part-time primarily due to caring responsibilities of children or elderly relatives (in this analysis this category only includes workers who have permanent and secure employment contracts). The share of this group in deprivation in 2017 was 20 percent compared to 12.2 percent in 2008. The deprivation rate for permanent part-

Table 2 Deprivation Rates by category of employee

Deprivation ('at work')	2004	2006	2008	2010	2012	2014	2016	2017
Permanent FT	6.9	5.9	5.6	9.6	12.9	16.7	10.7	10.5
Permanent PT (involuntary; market barriers)	19.9	6.0	39.6	19.8	25.9	43.1	26.9	30.9
Permanent PT (involuntary; social barriers)	12.8	12.8	12.2	22.5	19.6	24.9	17.5	20.0
Permanent PT (other)	3.5	3.7	4.0	10.1	14.7	17.9	13.3	12.3
Temporary FT	6.2	7.4	8.9	15.2	17.7	15.0	10.2	13.8
Temporary PT	17.8	20.7	8.2	23.2	33.6	37.9	26.7	24.2
Occasional no contract/other	8.3	11.3	9.3	30.9	39.4	36.4	25.7	21.0

Source: CSO (2017), Survey on Income and Living Conditions 2004-2016 & author's calculations

Note: Analysis only includes those who identify as 'at work' as their principal economic status.

time workers at low-risk (mostly made up of part-timers who do not want to work full-time) has also increased considerably in the same period from 4.0 percent to 12.3 percent.

For temporary part-time workers, one of the categories at highest-risk of precariousness, the deprivation rate had fallen as low as 8.2 percent in 2008. In 2017, almost one in four of these workers experienced multiple types of deprivation (24.2 percent).

Workers with no contract, occasional work or some 'other' arrangement made up 3.1 percent of workers in 2017. The share of this group who had difficulty affording basic items was 21.0 percent compared to 9.3 in 2008.

Inability to afford an unexpected expense by employment type

The *Survey on Income and Living Conditions* also collects data on individual's ability to

afford an unexpected expense. This indicator captures one fundamental aspect of precariousness: insecurity. An expense such as this could be emergency repairs on a car, a family funeral, a hike in insurance costs or the replacement of a fridge-freezer.

The level of the unexpected expense ranged from €875 in 2006 to €1,000 in 2017. The CSO calculate this figure by dividing the annual at-risk-of-poverty income threshold by 12 (or one month's income for individuals directly on the income poverty threshold) and rounding it up by no more than 5 percent.¹ As this figure was undefined in 2004, comparison over-time is more reliable starting in 2006. Though for most categories (except full-time, temporary workers) the trend has been steadily downward since 2012, the data clearly show a more insecure and precarious working environment for all but one category of worker in 2017 relative to 2006.

Table 3 Inability to meet unexpected expenses by category of employee

	2004 ¹	2006	2008	2010	2012	2014	2016	2017
Permanent FT	13.2	26.9	29.2	33.3	39.2	41.0	31.2	29.2
Permanent PT (involuntary; market barriers)	31.3	40.1	*	60.5	71.4	75.8	67.1	61.3
Permanent PT (involuntary; social barriers)	19.2	37.7	47.3	61.1	56.5	57.8	47.4	42.2
Permanent PT (other)	13.3	26.2	30.4	32.2	45.8	43.7	35.9	27.2
Temporary FT	15.8	34.8	31.2	39.2	51.4	43.9	31.2	37.5
Temporary PT	23.8	52.7	43.1	48.4	73.9	63.1	57.6	50.0
Occasional no contract/other	15.9	36.9	42.2	53.6	74.5	61.4	56.5	53.2

Source: CSO (2019), Survey on Income and Living Conditions 2004-2017 & author's calculations

Note: Analysis only includes those who identify as 'at work' as their principal economic status.

*= insufficient survey sample

¹=expense undefined. From 2006-2017 the expense cited was between €875 and €1,000

¹ The unexpected expense equals the annual at-risk of poverty threshold in year n-2/12.

Table 4 Inability to meet unexpected expenses, Ireland and the EU

	2003	2005	2007	2009	2011	2013	2015	2017
EU- 28	:	:	:	:	38.1	39.9	37.5	33.8
Eurozone	:	30.6	32.6	33	34.8	36.4	35.1	32.9
Belgium	29.8	23	20.9	23.8	26.1	24.2	25.7	25.3
Denmark	8.4	24.5	18.7	25.6	24.2	27	26.5	25.1
Germany	:	24.7	36.5	34.6	34.5	32.9	30.4	29.3
Ireland	19.2	22.5	39.1	48.6	54.4	55.3	50	41.6
Greece	44.8	38.8	29.6	26.6	34.4	47.1	53.4	52.7
Spain	:	34.7	30.8	36.5	37.7	42.1	39.8	36.6
Italy	:	28.2	32.2	33.4	38.2	40.2	39.9	38.3
Netherlands	:	25.6	21.3	18.7	21.7	23.4	22.9	20.7
Austria	8.8	26.6	28.7	24.4	23.6	23.2	22.6	20.6
Portugal	:	18.7	19.7	27.8	29.1	43.2	40.7	36.9
Sweden	:	14.1	18	21.3	19.4	21	19.8	19.7
United Kingdom	:	30.8	26.6	31.1	36.7	41.1	38.4	32.9

Source: Eurostat (2018), Survey on Income and Living Conditions 2004-2017 [[ilc_mdes04](#)]

In 2017, 29.2 percent of all full-time workers with secure open-ended contracts would be unable to meet an unexpected expense of approximately €1,000. For workers on permanent contracts but underemployed (would prefer to work full-time hours) this share rises to 61.3 percent (50 percent higher than in 2006). This group tends to be among the most precarious workers with similar trends in deprivation rates. The share of workers unable to meet unexpected expenses is also at least half in two other categories: part-time workers on temporary contracts and those in the 'occasional no contract/other' category.

Forty two percent of part-time workers that can't work full-time due to caring responsibilities but nevertheless have security of contract, would have been unable to meet an unexpected expense of €1,000 in 2017 (up from 37.5 percent in 2006).

For full-time workers with fixed-term or temporary contracts, the latest figures show that the share unable to meet an unexpected expense is 37.5 percent, up from 34.8 percent in 2006 and 31.2 percent in 2008.

Inability to afford an unexpected expense: Ireland and the EU

Although Eurostat do not compile this particular indicator by employment type for all EU countries, a comparison of Irish

households relative to the experience in other EU households is telling. In 2017, 41.6 percent of Irish households would not have been able to meet an unexpected expense of €1,000 compared to just 33.8 in the EU on average. The share of Irish households facing this type of insecurity is five points higher than in Spain (36.6 percent), almost nine ahead of the UK (32.9 percent) and over twice the share in Sweden (19.7 percent). The share of Irish households in this category was up by almost 1 in 5 in 2017 compared to 2005 (22.5 percent).

For single parents, Ireland is the worst performer out of 33 countries surveyed with 83.7 percent unable to meet an unexpected financial expense should one arise. This compares to 63.0 percent in 2005. The figure was 6.4 points higher than the second worst performer Bulgaria (77.3 percent).

References

CSO (2019), *Survey on Income and Living Conditions*, 2004-2017
Eurostat (2018), *European Union Survey on Income and Living Conditions*, 2003-2017 [[ilc_mdes04](#)]

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