

The Earnings Distribution in the Republic of Ireland

IGESS
June 25th 2015

Dr Micheál Collins
NERI (Nevin Economic Research Institute)
Dublin
mcollins@NERInstitute.net
 @MLGCollins
www.NERInstitute.net



Research for new economic policies

Outline

- 1. Context**
- 2. Data and Methods**
- 3. The Earnings Distribution**
- 4. Low Pay and the Earnings Distribution**
- 5. The Characteristics of the Low Paid**

1. Context

- Forthcoming NERI working paper
- Income model and income data
- Limited understanding of earnings (of all types)

2. Data and Methods

- CSO SILC 2013 (released January 2015)
 - Sample of 4,922 households and 12,663 individuals
 - Detailed income data (direct, gross, disposable)
 - Income data cross checked with tax and welfare records
 - Detailed socio-economic characteristics
 - Weights for non-response etc
 - Never perfect, but...
 - Earnings:
 - 4,449 earners (3,825 employees and 654 Self Employed)

Table 4.1 Representativeness of SILC Labour Market Estimates

Indicator	CSO Labour Market Data	SILC Analysis
Annual average earnings	€35,830	€35,487
Average hourly earnings	€20.75	€20.63
Average weekly hours	31.55hrs	33.22hrs
Employees / Any Employee Income	1,555,775	1,530,624
Employees % male	49.0%	47.5%
Employees % female	51.0%	52.5%

Notes: CSO labour market data is for 2013 and where data is quarterly it is averaged over the four quarters to provide an annual figure. Average annual earnings is from the *Earnings and Labour Costs Annual 2013*. Hourly earnings and hours worked data is from the *Earnings and Labour Costs Quarterly Survey*. Employee estimates are from the *Quarterly National Household Survey*.

3. The Earnings Distribution.

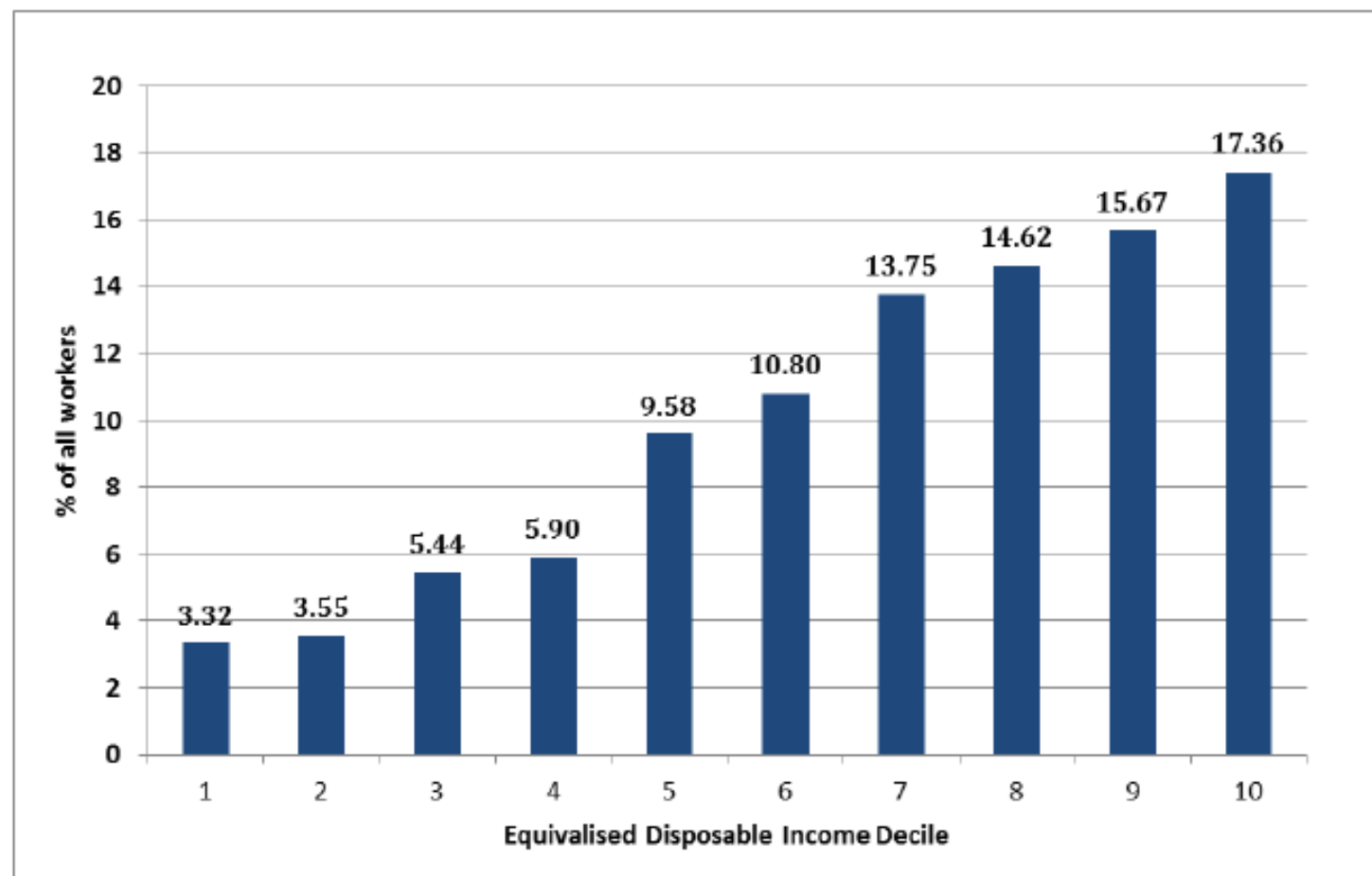
- Sources of earnings (17yrs+)
 - Employee cash and non-cash income
 - Self employment income (profit)

Table 4.2 Source of Earnings – all workers, 2013

	Individuals		Households	
No earnings	1,704,638		605,953	
Employee income	1,504,798	86.09%	860,287	77.94%
Self employed income	217,271	12.43%	108,869	9.86%
Both employee and SE	25,871	1.48%	134,603	12.19%
Total	3,452,578		1,709,712	
Total earners	1,747,940		1,103,759	

Notes: Individual data excludes those aged less than 17 years.

Chart 2: Location of those whose Principal Economic Status is 'at work' across the Income Distribution, 2013



Note: The distribution of all PES categories is outlined in table A2 of the appendix.

Chart 3: Distribution of Employee Income, individuals in 2013

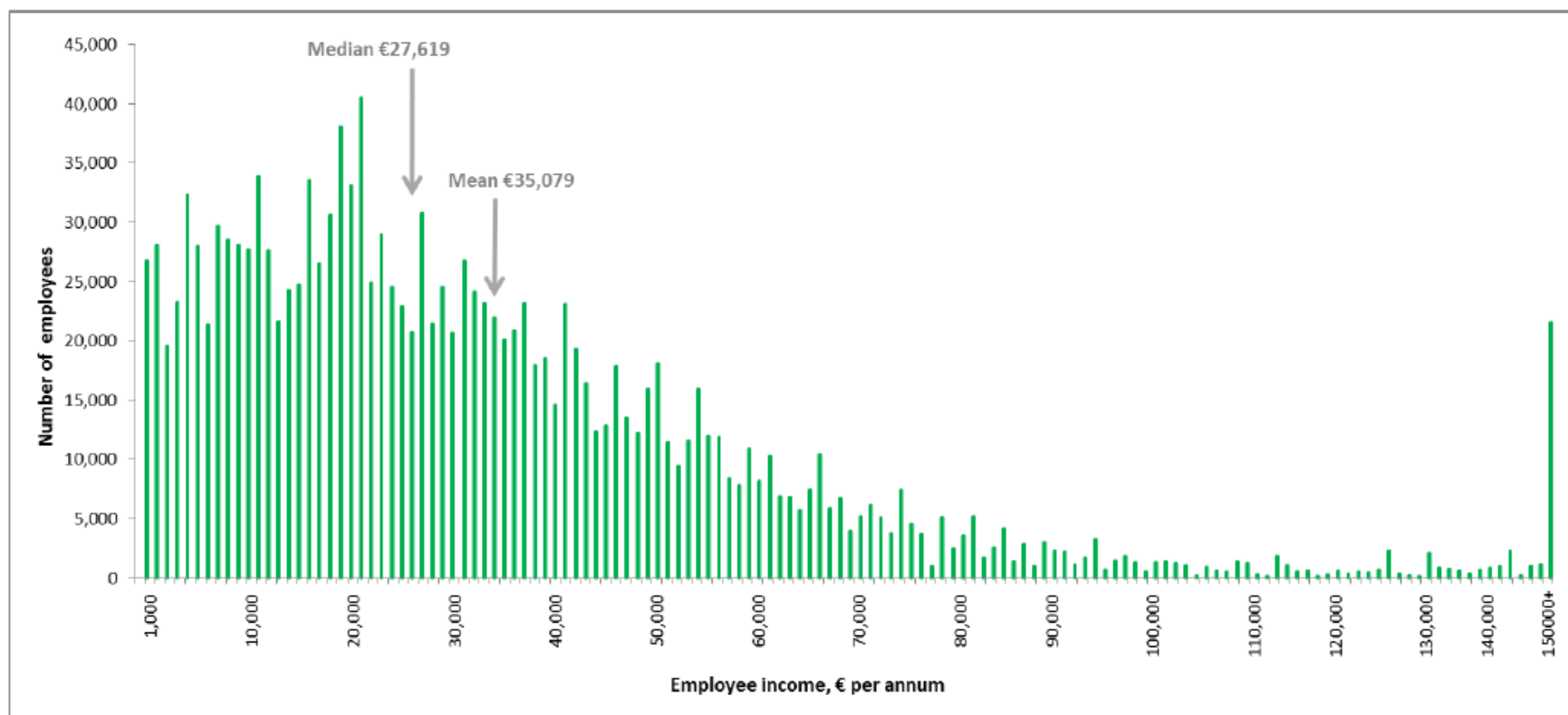


Table 4: Summary of Ireland's Employee Income Distribution, 2013

<i>Employee Income Range</i>		% of those with Employee income	Cumulative % of those with employee income
From	To		
€1	€5,000	8.5%	8.5%
€5,000	€10,000	8.9%	17.3%
€10,000	€15,000	8.8%	26.2%
€15,000	€20,000	10.0%	36.2%
€20,000	€25,000	9.9%	46.1%
€25,000	€30,000	7.9%	54.0%
€30,000	€35,000	7.6%	61.6%
€35,000	€40,000	6.6%	68.2%
€40,000	€45,000	5.6%	73.8%
€45,000	€50,000	4.7%	78.5%
€50,000	€55,000	4.3%	82.9%
€55,000	€60,000	3.3%	86.2%
€60,000	€65,000	2.5%	88.6%
€65,000	€70,000	2.2%	90.9%
€70,000	€75,000	1.8%	92.7%
€75,000	€80,000	1.1%	93.8%
€80,000	€85,000	0.9%	94.6%
€85,000	€90,000	0.8%	95.4%
€90,000	€95,000	0.7%	96.1%
€95,000	€100,000	0.4%	96.5%
€100,000 +		3.5%	100.0%
		100.0%	

Chart 4: Distribution of Self-Employment Income, individuals in 2013

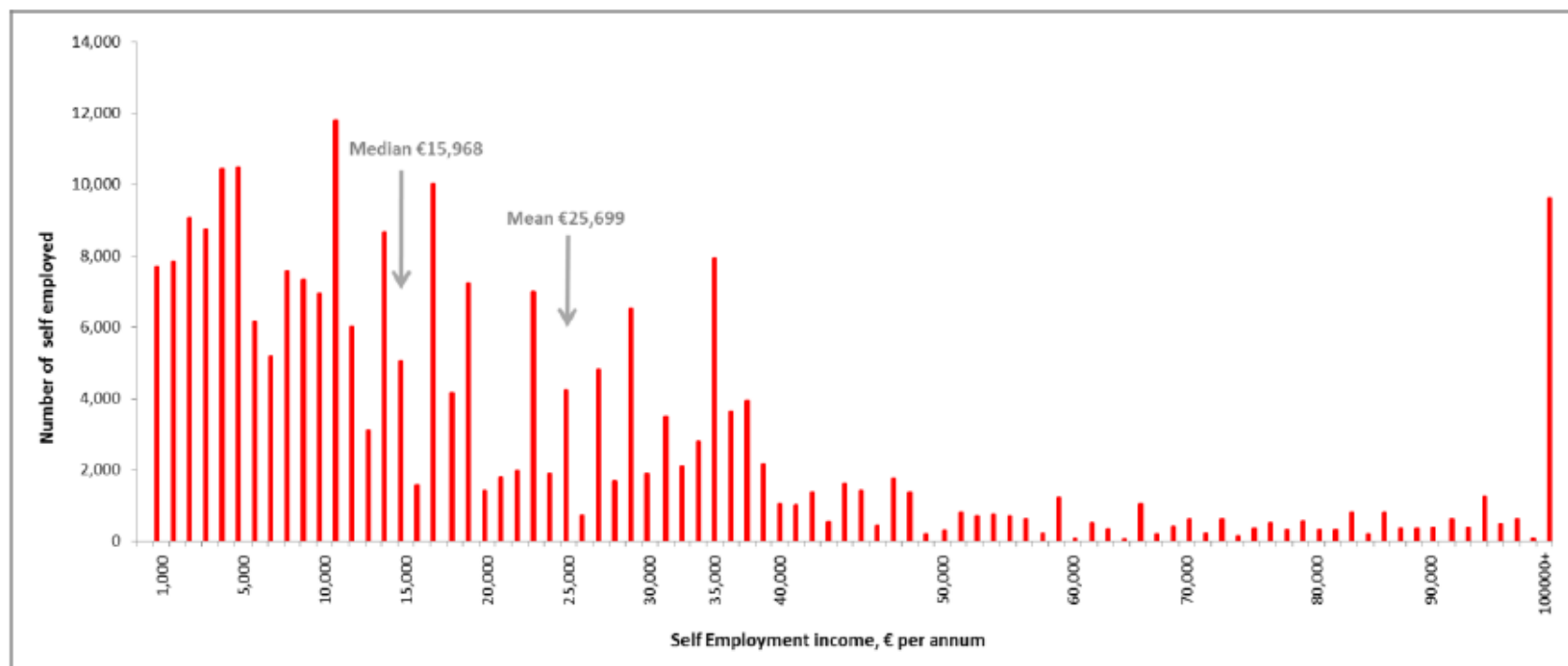


Table 5: Summary of Ireland’s Self-Employment (SE) Income Distribution, 2013

<i>Self-Employment Income Range</i>		% of those with SE income	Cumulative % of those with SE income
From	To		
€1	€5,000	18.0%	18.0%
€5,000	€10,000	15.1%	33.1%
€10,000	€15,000	15.0%	48.1%
€15,000	€20,000	11.5%	59.6%
€20,000	€25,000	5.8%	65.4%
€25,000	€30,000	7.4%	72.8%
€30,000	€35,000	4.2%	77.0%
€35,000	€40,000	7.3%	84.3%
€40,000	€50,000	4.4%	88.7%
€50,000	€75,000	3.8%	92.5%
€75,000	€100,000	4.6%	97.1%
€100,000	plus	2.9%	100.0%
		100.0%	

4. Low Pay & the Earnings Dist

- Looking at hourly earnings data for employees
- Data:
 - PES = at work and who are employees
 - gross monthly earnings & no. of hours usually worked
 - main job
- Three thresholds:
 - Minimum wage of **€8.65** per hour (2013)
 - Living Wage of **€11.45** per hour (2014)
 - Low Pay Threshold **€12.20** per hour (2010)

Chart 4.1: Distribution of Hourly Earnings and Selected Pay Thresholds, Ireland 2013 (% employees)

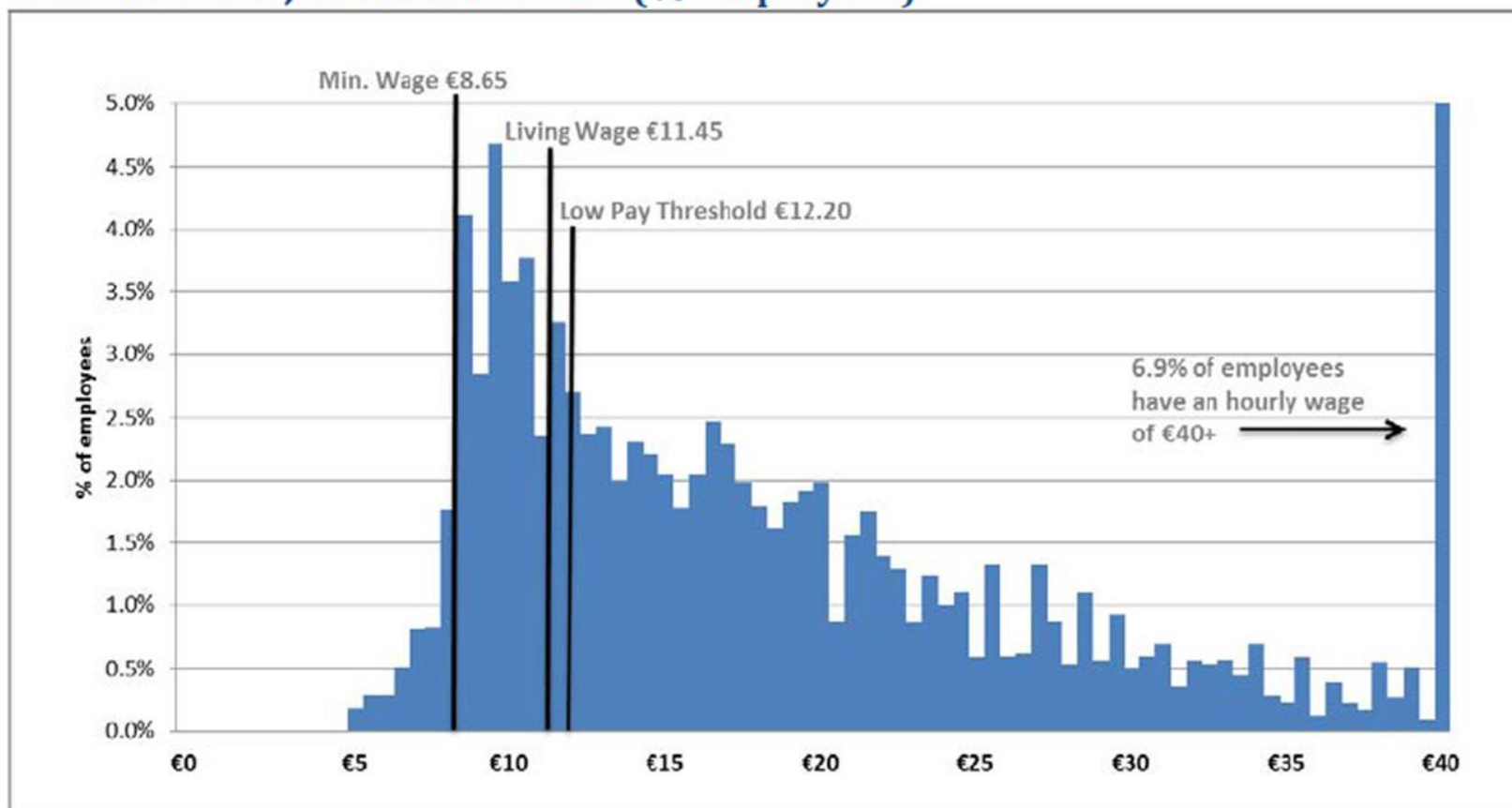


Table 4.3 Distribution of Hourly Earnings by Selected Pay Thresholds, Ireland 2013 (% employees)

Threshold	% above	% below
Below €8.65	94.4%	5.5%
Below €10.00	86.2%	13.8%
Below €11.45	74.3%	25.6%
Below €12.20	69.7%	30.3%

Notes: See notes to Chart 4.1

Approximately:

- 345,000 employees below €11.45
- 400,000 employees below €12.20

Who are the low paid?

- Of all those who are low paid:
 - 60% women
 - 34% aged 18-29; 28% 30-39yrs; 20% 40-49yrs...
 - 25% in wholesale and retail sector
 - 17% in accommodation and food sector
 - 44% work 35hrs+ ; 25% work less than 20hrs
 - 84% permanent workers
 - 50%/50% split across full-time and part-time

Who is most likely to be low paid?

- Of all employees who are:
 - male 25% are low paid; female 34%
 - aged 18-29 = 60%; 60yrs+ = 32%
 - Sectors:
 - Agri, forestry, fishing = 74%
 - Accommodation and Food = 68%
 - Admin and Support Services = 60%
 - Wholesale and retail = 51%
 - low hours = 55%
 - Temporary contract = 53%
 - In poverty = 65% are low paid

5. The Characteristics of the Low Paid

- Using more formal multivariate methods to isolate the effects of various characteristics (if any) on the probability of being low paid
 - Logit with binary dependent variable where 1 = earning less than €12.20 per hour
 - Independent variables:
 - low hours, part-time work, contract type, children in household, firm size
 - Others: gender, age, completed education level, NACE sector, occupation, public/private sector, region

Overall, the model found that, when controlling for all other modelled variables:

- low hours: no significant effect
 - part-time: - effect
 - temp contract: + effect
 - Children in hh: - effect
 - firm size of >10: - effect
-
- more in the paper...

The Earnings Distribution in the Republic of Ireland

IGESS
June 25th 2015

Dr Micheál Collins
NERI (Nevin Economic Research Institute)
Dublin
mcollins@NERInstitute.net
 @MLGCollins
www.NERInstitute.net



Research for new economic policies