



## **IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED**

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### **INOUE SUBMISSION TO THE INTERDEPARTMENTAL GROUP ON THE RETAIL SECTOR**

#### **1. Introduction**

**1.1.** The INOU welcomes this opportunity to make a submission to and meet with the Interdepartmental Group on the Retail Sector. The Irish National Organisation of the Unemployed *“is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society”.* (Mission Statement)

#### **2. Context**

**2.1.** According to the official unemployment statistics there are 292,000 people unemployed. However, of this figure 180,500 people are long-term unemployed. The INOU believes that these figures are undercounting the extent of the current crisis as so many people have become discouraged looking for work. An interesting figure that the CSO now produces is called the ‘potential additional labour force’ and this figure stands at 60,000 according to the latest figures<sup>1</sup>.

**2.2.** According to the same data there has been 1.1% increase in employment to 1,845,600 people: all of this increase was in part-time employment as yet again full-time employment fell. Over the same period the numbers of people working in part-time employment who view themselves as underemployed also grew, by 12.2% to 155,900

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<sup>1</sup> Quarterly National Household Survey Q1 2013, published 30<sup>th</sup> May by the CSO.

people. The economic sector / NACE classification the retail sector is included in (G) grew overall by 1%. However, there are interesting gender differences as male employment grew by 3.1% to 143,100 men; while female employment fell by 1.1% to 131,000 women.

- 2.3.** The decline in full-time employment raises serious sustainability issues for Ireland: not only from an economic perspective but from a social one and where the two interconnect. Housing offers a good illustration of the nature of this challenge. Ireland's housing policy is based on owner occupation: how is such a model sustainable if increasingly work is part-time and precarious? The answer to this question may not be for this IDG to contemplate. However, the employment in the sector under its review is highly relevant as it is a sector noted for its part-time and precarious employment.

### **3. Retail Sector and Jobs**

- 3.1.** The Action Plan for Jobs 2013 notes that the retail sector *“plays a key role in stimulating entrepreneurial activities, and is employment intensive by its nature, providing significant employment opportunities for people at all levels of qualifications.”* (p127)
- 3.2.** The retail sector, though very diverse, is a sector that has the potential to offer employment growth opportunities right across the country. The labour intensive nature of this sector also makes it attractive in seeking to address an unemployment crisis. However, it is a sector that is very susceptible to the ups and downs of any economic cycle. The nature of Ireland most recent boom and bust economic cycle presents particular challenges, including:
- 3.2.1.** The over-supply of shopping units linked to the later excesses of the ‘Celtic Tiger’ economy. This in turn leads back to wider questions about sustainable economic development: there is much to be learnt from Ireland's recent negative experience of consumption lead economic growth.
- 3.2.2.** The adverse impact of austerity on consumption and the domestic economy which has further compounded the consequences of indebtedness experienced at the personal / family level since Ireland plunged into crisis. This interaction of personal and systemic debt presents on-going, contentious and interrelated challenges that are economic and social; fiscal and financial.
- 3.2.3.** A dynamic that impacts on credit / cash flow at all levels of Irish society from the banks out to business to inter-business activity to local and personal consumption. Add to this mix the fiscal crisis and the austerity focus to its resolution pursued by

Government and the level of credit flow and disposable income required to not only develop but maintain the retail sector is barely there.

**3.2.4.** This in turn raises serious questions about this sector's ability to play its part in the growth of badly needed jobs.

#### **4. Retail Sector and employment opportunities for unemployed people**

**4.1.** Unemployed people in receipt of a Jobseekers payment are expected to be 'Genuinely Seeking Work' and this work should be full-time. So the increasingly flexible and often precarious nature of much of the employment opportunities that are available, present particular difficulties for unemployed people. Recent changes to the social protection system have added additional layers of complexity to an already complex system. For example:

**4.1.1.** For some unemployed people they may be better off moving from the PRSI payment Jobseekers Benefit to the means tested payment Jobseekers Allowance if they secure part-time work. This is particularly true for unemployed people with adult and child dependents.

**4.1.2.** If an unemployed person secures ten hours work and this work is spread over five days they will lose their Jobseekers payment. However, if these hours are spread over two days, they would maintain 3/5<sup>th</sup> of their Jobseekers Benefit payment or if they were on the means tested payment Jobseekers Allowance, a daily disregard and an assessment of means kick-in<sup>2</sup>.

**4.1.3.** NESc has noted that *"It can be argued that this interpretation of what constitutes availability for work is based on the patterns in working hours of the economy in the past, and does not reflect the more service-based, customer-focused and globally engaged economy of today"*<sup>3</sup> (p142).

**4.1.4.** This interpretation of the labour market underpins much of the welfare-to-work employment supports as they are based on a full-time working week or part-time work that it not also short-term. Two examples of the former are Family Income Supplement and the new scheme JobsPlus and an example of the latter is the Part-time Jobs Incentive Scheme.

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<sup>2</sup> Examples available in Working for Work Chapter 4 available at [http://www.inou.ie/download/pdf/inou\\_working\\_for\\_work\\_2013.pdf](http://www.inou.ie/download/pdf/inou_working_for_work_2013.pdf)

<sup>3</sup> NESc Report no. 123 "Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession", published August 2011 and available at [www.nesc.ie](http://www.nesc.ie)

**4.1.5.** The introduction of a 'Fast-Track' system by the Department of Social Protection whereby an unemployed person can take-up to 8 weeks work and re-start their claim when the employment ends is a welcome development and ones that needs to be built on.

## **5. Actions the INOU recommends:**

- 5.1.** A sustainability focus to addressing the legacy of the Celtic Tiger left behind of inappropriate shopping centres or units left empty, many of which are open to dereliction.
- 5.2.** A sustainability focus to any employment creation strategy in this sector. Basically, not only do unemployed people need decent jobs but the retail sector needs consumers with a decent disposable income.
- 5.3.** On a practical level and given the part-time nature of much of the employment in the retail sector, the extension of the Fast-Track system to 3 months and its pro-active promotion.
- 5.4.** The introduction of an hours-based social welfare system and re-design the earnings disregard accordingly to facilitate retailers to fill positions and unemployed people to build their links in the labour market.
- 5.5.** To support such developments it is absolutely critical that frontline staff in the Department of Social Protection work with JB / JA recipients to inform them of the range of back-to-work supports that are available to them; how they can be accessed; and whether they should move to JA from JB to maximise their income.
- 5.6.** And that staff also work with employers to ensure that they are aware of the supports that are available to them to employ unemployed people and in particular the new scheme JobsPlus<sup>4</sup> which could support and encourage employers in this sector to take on employees for the longer term.

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<sup>4</sup> Further information available on [www.jobsplus.ie](http://www.jobsplus.ie)