



## RGDATA SUBMISSION

### RE: Consultation on Zero Hour and Low Hour contracts in Ireland

4 January 2016

RGDATA would like to respond to the Consultation Document on the University of Limerick Study on the prevalence of zero hour and low hour contracts in the Irish Economy. At the outset we note the welcome assurance in the Consultation Document that the Study does not represent Government Policy in this area.

RGDATA represents the owners of 4,000 independent retail grocery outlets in Ireland. Our members operate labour intensive businesses in a fiercely competitive environment – collectively RGDATA members employ close to 90,000 people in communities throughout the country.

The retail sector has suffered the worst effects of the sharp downturn as a consequence of the collapse in consumer spending between 2008 and 2015. While there is some added buoyancy in the economy, the retail grocery trade has not yet recovered from the challenges faced during the recession. Most retail grocery shops are operating on very low margins with a tight control on all operating costs a key to business survival and job retention. It is in this context that our members will assess any proposed changes to employment arrangements which have the potential to increase costs and threaten viability.

It is also important to recognise that the retail grocery sector is comprised of many different formats and types of operators. Our members compete with some of the largest international retail chains in Europe and for whom any additional costs associated with labour law changes can be easily absorbed. Independent family retailers do not have the same flexibility to absorb costs or meet the regulatory and compliance burden that any new labour law changes might herald.

The University of Limerick Study on the prevalence of Zero Hour Contracts takes no account nor makes any reference to the different size, scale and function of companies within the retail grocery sector – this is hardly surprising given that the authors of the Study did not interview RGDATA in relation to their work. Instead their views on the working arrangements in the retail sector are based on interviews with IBEC and Mandate, neither of whom would be representative of the independent retail grocery sector. This failure to engage with RGDATA renders some of the conclusions in the Report concerning the retail grocery sector as incomplete and partial.

### **Employment and the independent retail sector**

Local shops are major contributors to the employment market as the convenience/grocery retail business is extremely labour intensive. Shops source their staff locally and provide long term and flexible employment arrangements for staff. Research completed for RGDATA by economist Jim Power has established the following aspects concerning employment in the retail sector;

- Local grocery shops account for 90,000 FTE in the economy – this includes newsagents, convenience stores, garage forecourt outlets and supermarkets.
- The challenging conditions of the last five years have changed the employment profile in the sector – with the split between full time and part time staff now at 50/50.
- 89% of staff in the independent retail grocery sector are paid in excess of the National Minimum Wage with average earnings in the retail grocery sector at around €23,000 per annum ( this is reflective of the mix of full and part time employment).
- Continuity in employment is a key feature of the sector – 36% of employees have up to five years service, while 47% have between five and seven years service.
- 83 % of staff come from the shop's local catchment area.

### **The prevalence of Zero Hour contracts**

RGDATA is not surprised that the Study failed to establish the use of Zero Hour contracts in the retail sector – as an organisation RGDATA has constantly asserted that these contracts are not a feature of independent retail employment in Ireland.

The criticism levelled at the grocery sector for the purported widespread use of such arrangements was entirely misplaced and unfair. Regrettably much of the commentary on employment in the retail sector is based on inaccurate and misleading presumptions about employment practices in the trade. We equally contend that the designation of normal and functioning part time employment practices as so called “If and When” contracts is an attempt to classify and disparage perfectly normal and recognised part time working arrangements in the sector. There is no evidence in the Report to contend that such arrangements are problematical in the retail grocery trade or that they are creating any distortions in the employment market. They are a perfectly normal and reasonable form of employment arrangement within a retail grocery setting, which facilitate both the employer and the employee – they are also arrangements which are fully covered by existing labour law provisions and protections and do not require any specific legal treatment or recognition in any new enactment.

### **Recognising business realities**

Regrettably the Study is short on recognising the pressures facing businesses and the realities that they must address on a daily basis.

For a start, businesses want to have and retain good, happy and satisfied employees over the longest period - the longevity in employment among RGDATA members cited earlier highlights that the independent retail grocery sector achieves this objective, even during the toughest economic challenges.

Secondly businesses, particularly in the retail sector, are significant employers and require a range of different employment arrangements to provide their services to their communities. The current legal provisions governing these arrangements are working and do not need to be changed.

Thirdly, independent shopowners treat employees on a fair and equitable basis – there is no evidence presented in the Study that the current employment arrangements are giving rise to abuses or problems. Unfortunately it appears that the Study, having found that a much criticised practice is not prevalent in Ireland, has proceeded to create a new category of “problem” employment without providing any evidence of practical difficulties being experienced by staff engaged in such employment.

Finally, different businesses operate to different scales and have different employment models. Any regulatory system needs to recognise this and cannot impose a one size fits all approach which effectively penalises smaller more labour intensive businesses. As stated above a larger global retailer has a better capacity to absorb additional labour costs than a smaller family owned shop. The complexity of the operating structures within the Retail Grocery sector were not addressed in the Study at all.

### **Unsustainable solutions**

The proposals advanced in the Report for legal reforms concerning part time workers will have serious negative implications for my members. In particular the proposals will

- Add to business costs for a sector that is already operating on very tight, low margins.
- Act as a disincentive to new employment creation – the measures will increase the “hassle factor” involved in employment arrangements for part time staff or those required on a casual basis.
- Reduce service delivery to the public as a result of less people being employed in the sector
- Add to the regulatory burden of employers without any consequent benefit

### **Absence of evidence to justify intervention**

The study has not produced any evidence to justify any additional regulatory intervention in the labour market – the existing employment law arrangements contain sufficient protections for part time and casual workers. Introducing the recommendations outlined in the Report will have significant negative consequences for thousands of small retail businesses in Ireland and is not supported by the necessary evidence of a significant problem in labour practices to justify their introduction.

RGDATA urges the Department to reflect on these observations given the considerable concern that the recommendations in the Report have generated for independent shop owners. We would welcome an opportunity to meet with officials as policy is developed on this issue – the absence of engagement with RGDATA as the Study was prepared led to findings and recommendations for our sector which were not soundly based.

Engagement with RGDATA at this stage as the policy response to the Study is being determined will help to ensure that evidence based policy making is undertaken.

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