

# The Low-Payed Worker

NOTES PREPARED  
BY TIM MASON  
IN 1973.

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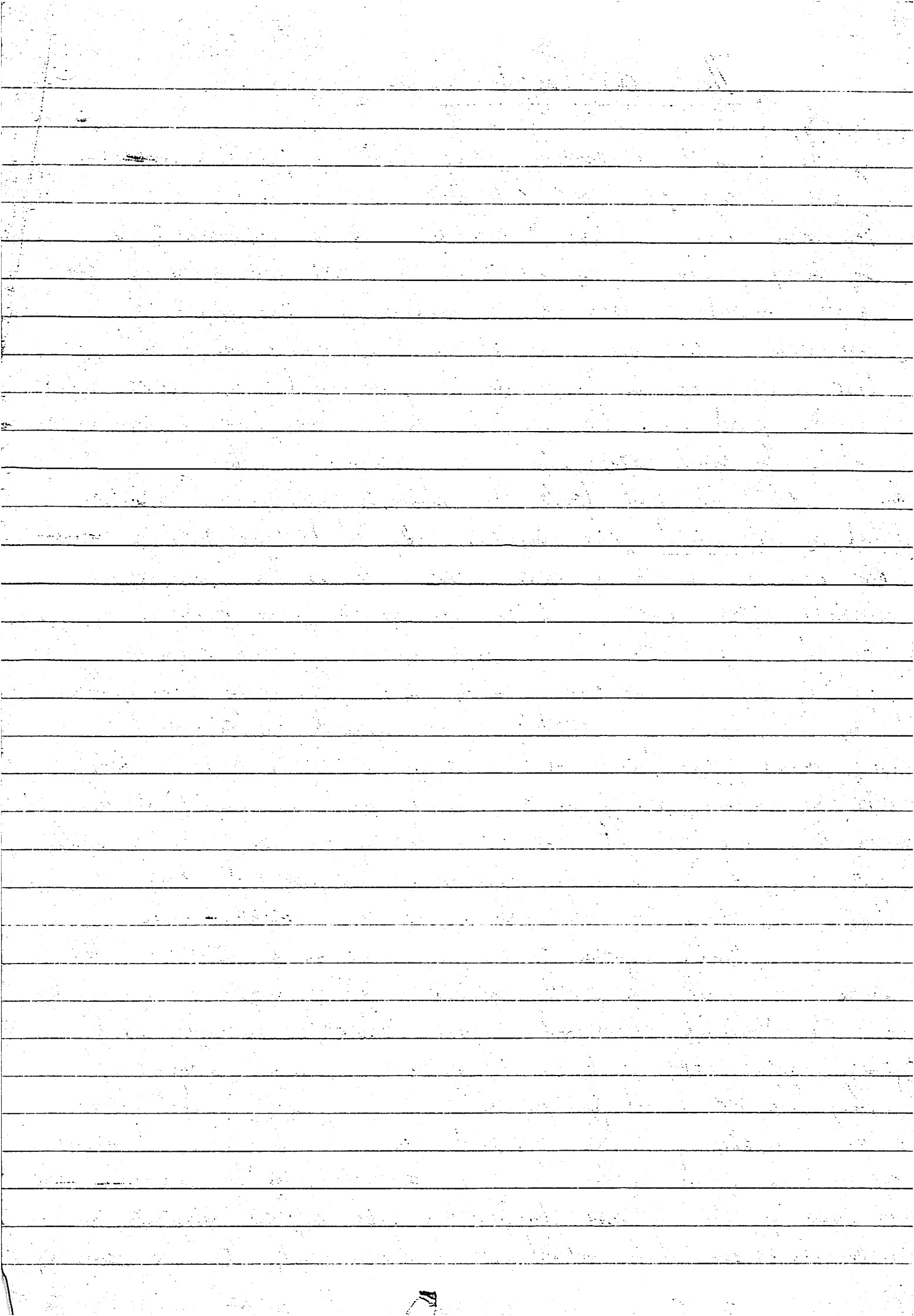
It is well recognised now that a ~~main~~<sup>part</sup> of the nations poor are full-time workers. T.U.C, C.B.I and Government have consulted together on what is recognised to be a continuing problem in our society, the low-paid worker. This chapter intends to look at the incidence of low pay as demonstrate in our survey to compare this with existing data from other sources and to look into the characteristics of those who are low paid and the way in which their various deprivations combine to create ~~their~~ style and patterns of life.

I. Firstly we must tackle the analysts problem of definition. What is low pay? The simplest solution to this question ~~would~~ be and one which is often used<sup>2</sup> is to take a fixed absolute wage over a certain time period as a basis for judgement. Thus the T.U.C. were for some years considering the possibility of a minimum weekly wage. Obviously this suffers from the problem of needing regular upward adjustment to cope with rising prices, and such changes are likely to be extremely arbitrary unless pegged to a reliable cost of living indicator or something similar. It has other drawbacks which are associated with some of the following definitions of low pay and which will therefore, be discussed later. ~~but we will not use~~

Another approach to low pay, one which ~~tries to~~ takes ~~more~~ notice of the overall distribution of earnings is that used by the National Prices and Incomes Board<sup>3</sup> as well as by private investigators such as Maynard<sup>4</sup> and Robinson<sup>5</sup>.

They take the lowest ten per cent of the earnings distribution under consideration as the low paid group. This has the advantage of enabling us to study low pay ~~relative to industry, sex, age etc.~~ in terms of the ~~internal~~ distributions with different industries, sexes, races etc because it is entirely a relative concept. It also means, of





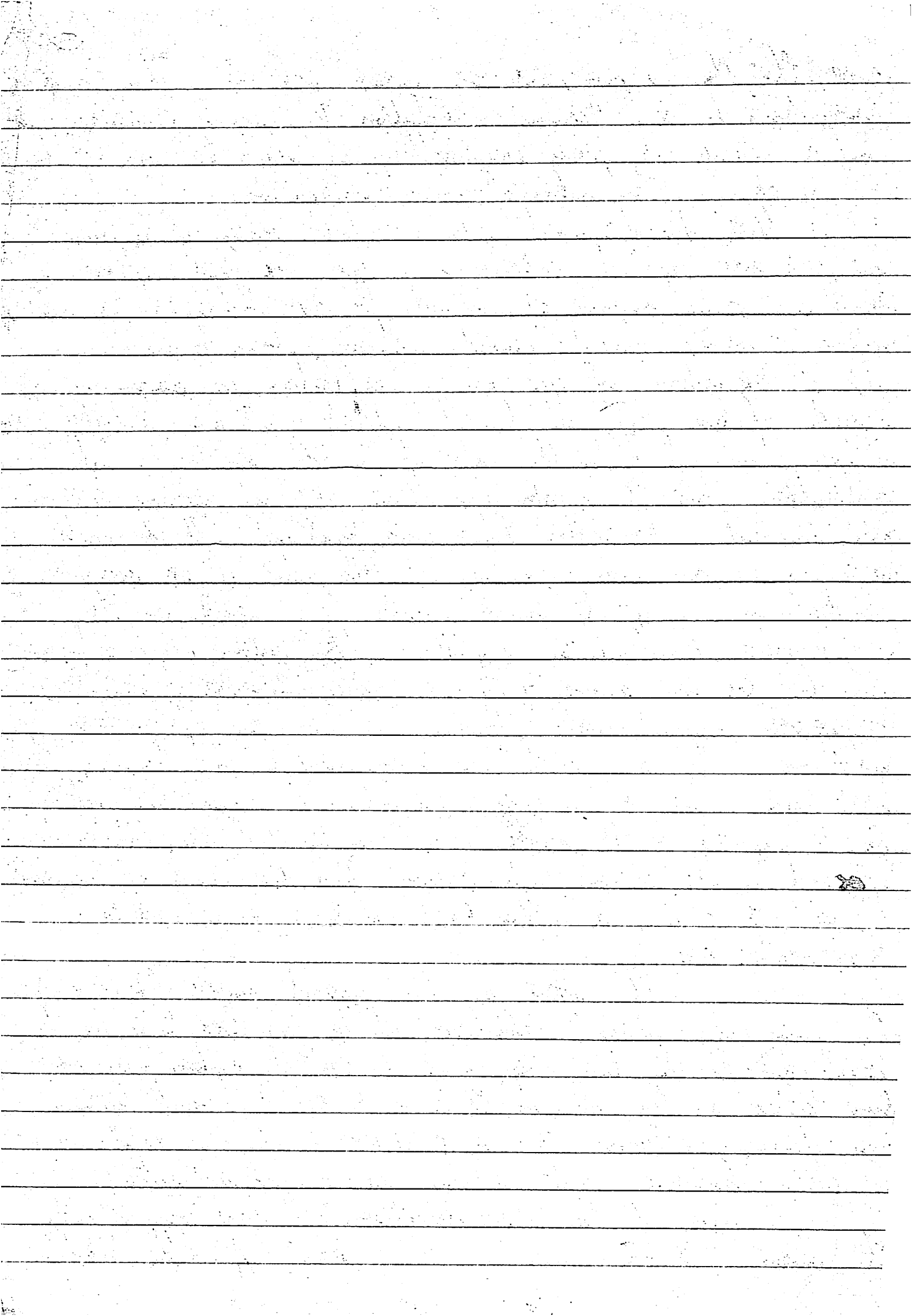
come, that the low ~~pay~~ paid are always with us. This is a lower device to every frequency distribution. We can then criticize such a measure as giving us nothing at which to aim if we wish to change the nature of earnings distributions.

A third alternative which gets around the problem of defining the low paid into perpetual existence is to take ~~a~~ fixed proportion of ~~the mean~~ some measure of centrality for our distribution (i.e. mean, median or mode). Thus for example we have chosen to use the 60% of ~~the~~ median of our earnings distribution as ~~our~~ our major measure of low pay. It has the advantage of being a truly relative concept it takes the nature of the whole distribution into consideration but it is also true that it is not necessary to have any individuals or households below this benchmark. It does enable us to say by how much an individual falls short of an acceptable standard in a way which is not possible if we relied on the more popular lowest decile definition. The median has been taken rather than the mean because of its well-known advantage of not being ~~so greatly~~ disproportionately effected by extremely high or low instances in the way which the mean average is. Because of the right hand skew of earnings distributions in general the ~~mean~~ <sup>mean</sup> can be expected to be ~~higher~~ <sup>higher</sup> than the median which is ~~less~~ <sup>less</sup> greatly effected by the extreme high values. Thus the number of low paid is less if we use a median based definition in preference to a mean based one.

The effect on the apparent number of low paid by using these various definitions will be considered later in the chapter but for the time being we are content to explain why we have picked on the measures that we have. All such indices are arbitrary creations this must always be born in mind and a choice based on their various secondary characteristics.

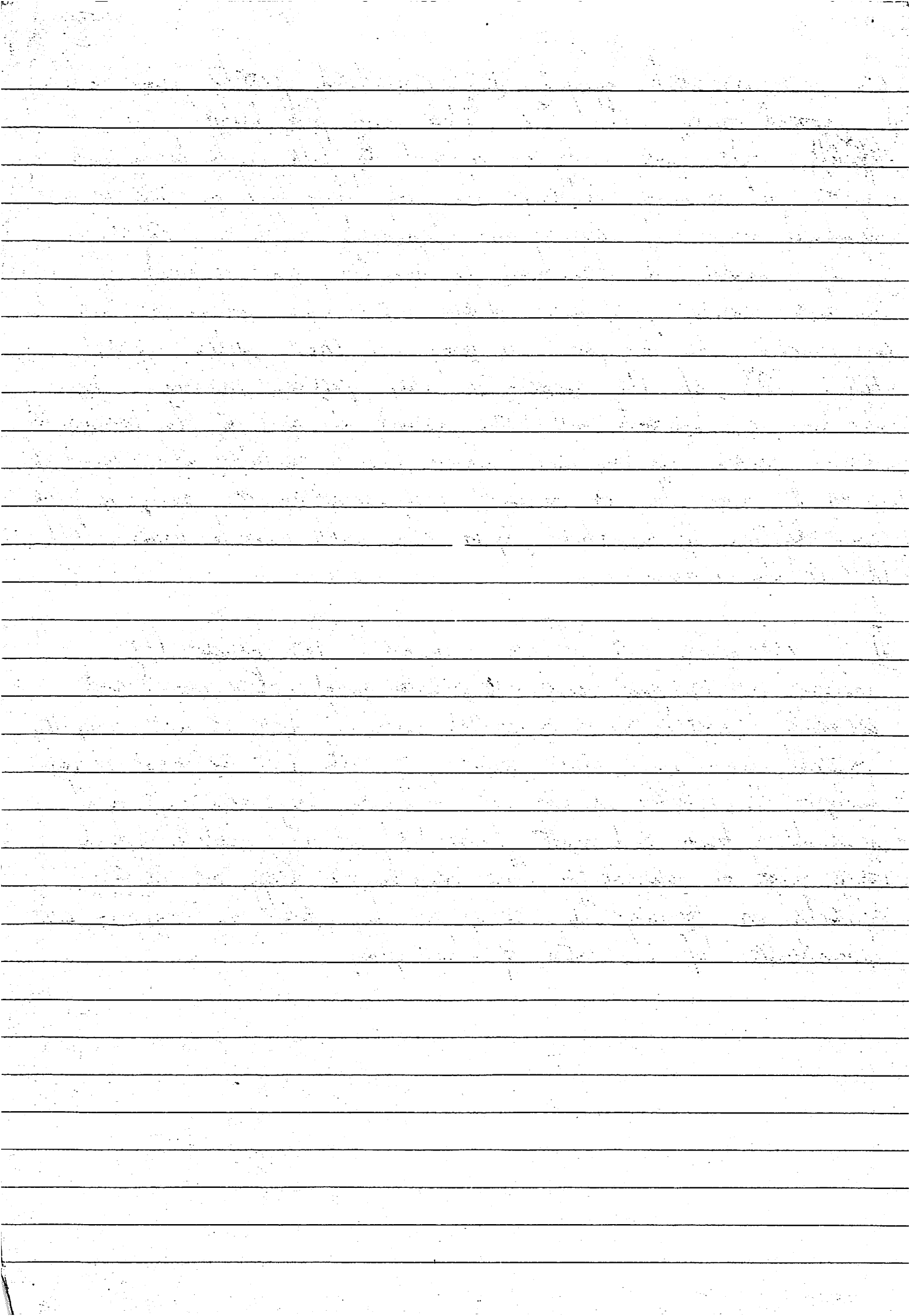
None of the above definitions of low pay consider the maxim "to each according to his need". A single but below





on £25 a week may not be considered poorly paid while a married man with four children may find things very difficult. We have made an attempt to take such background variables into account although they are likely to be so various and individual as to defy comprehensive treatment within one definition. If we consider the household as being the main recipient of any members earnings, not an entirely warrantable assumption, we can consider the 'low-paid' as being all those with earnings below 60% of the median for their particular household type. This kind of approach will take account of some of the 'background' social factors affecting need which should be taken into account if we are to come to a roughly just conception of low pay. The exact definition of household types etc. will have to wait till later in the discussion.

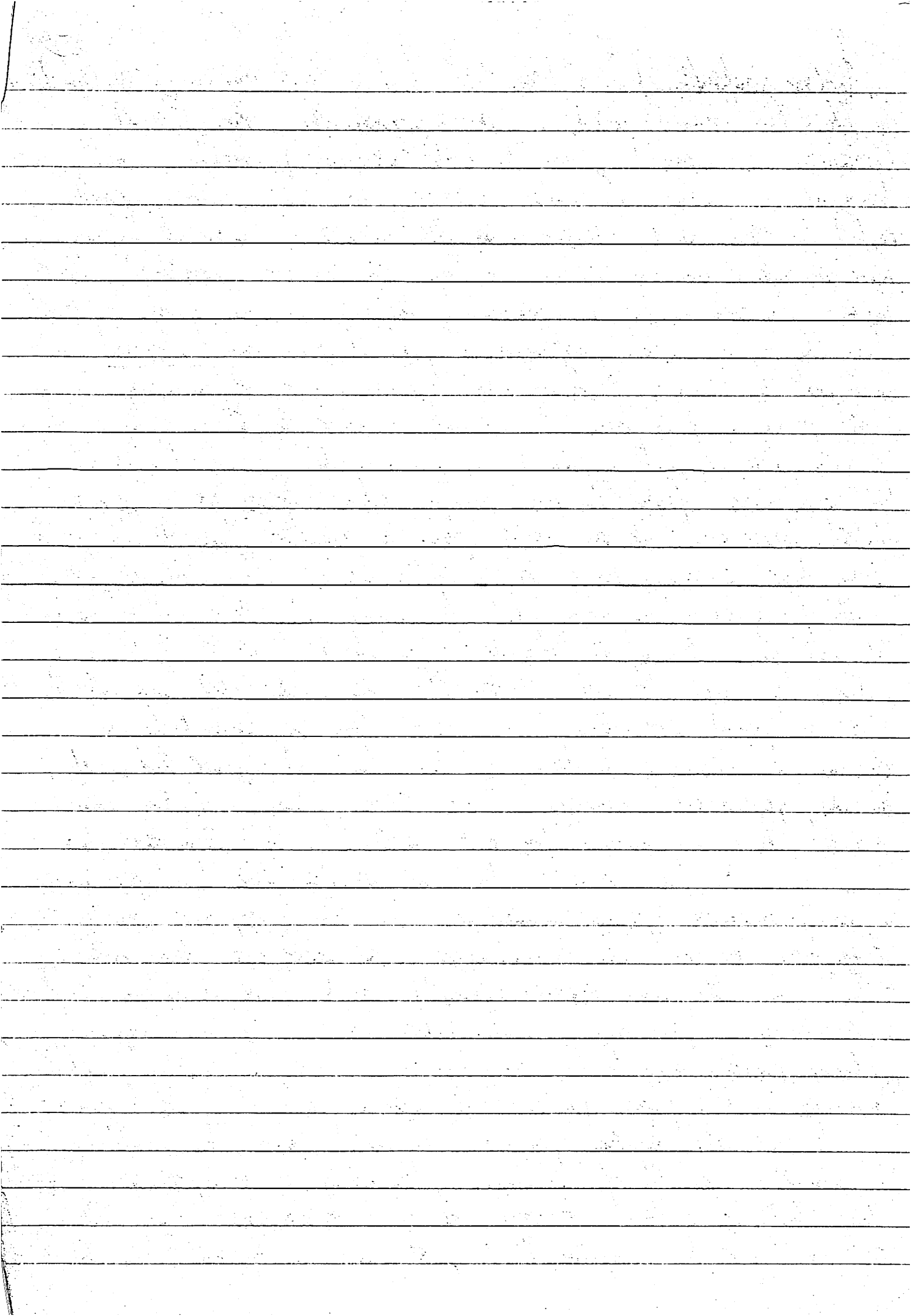
II. ~~The greater part of our job here is to consider the~~  
~~misuse of low pay and to consider what other social and~~  
~~economic characteristics are associated with it. We are not principally~~  
~~concerned with going much further, i.e. into the realms of causal~~  
~~analysis. Nevertheless we can not suddenly draw short of such~~  
~~considerations here and must take heed of the debates which~~  
~~have been or occurring in these areas because they are certainly~~  
~~influential in forming the conceptions by which we approach our~~  
~~consideration of the nature of low pay.~~





Another definitional problem in looking at earnings distribution is the time bases used in our measurements. Broadly speaking we could chose to look at hourly, weekly, monthly, annual or even life-times wage rates. Not all are equally useful for the same analyses and all individual bases are likely to have an effect on the shape of the distributions considered. Hourly figures are often useful in comparing different manual grades or jobs but their use with professional jobs becomes rather artificial. We will not be looking at hourly time-bases in our discussion. The most common time base for British statistics is the weekly earnings figure, however, its influence varies according to whether it is a one week figure or an average weekly wage over a period. In the former case we are more likely to consider chance fluctuations and thus our earnings range will be wider while with an average figure such fluctuations are more likely to cancel out. We will be looking at both here though it should be remembered that as last weeks wage figures do not all refer to the same week but were collected over a period approaching one year this is likely to be a decrease in chance fluctuations on the last weeks figure as well. Several government surveys use these 7 week figures which is one of the main reasons for our consideration of them ~~for~~ also.

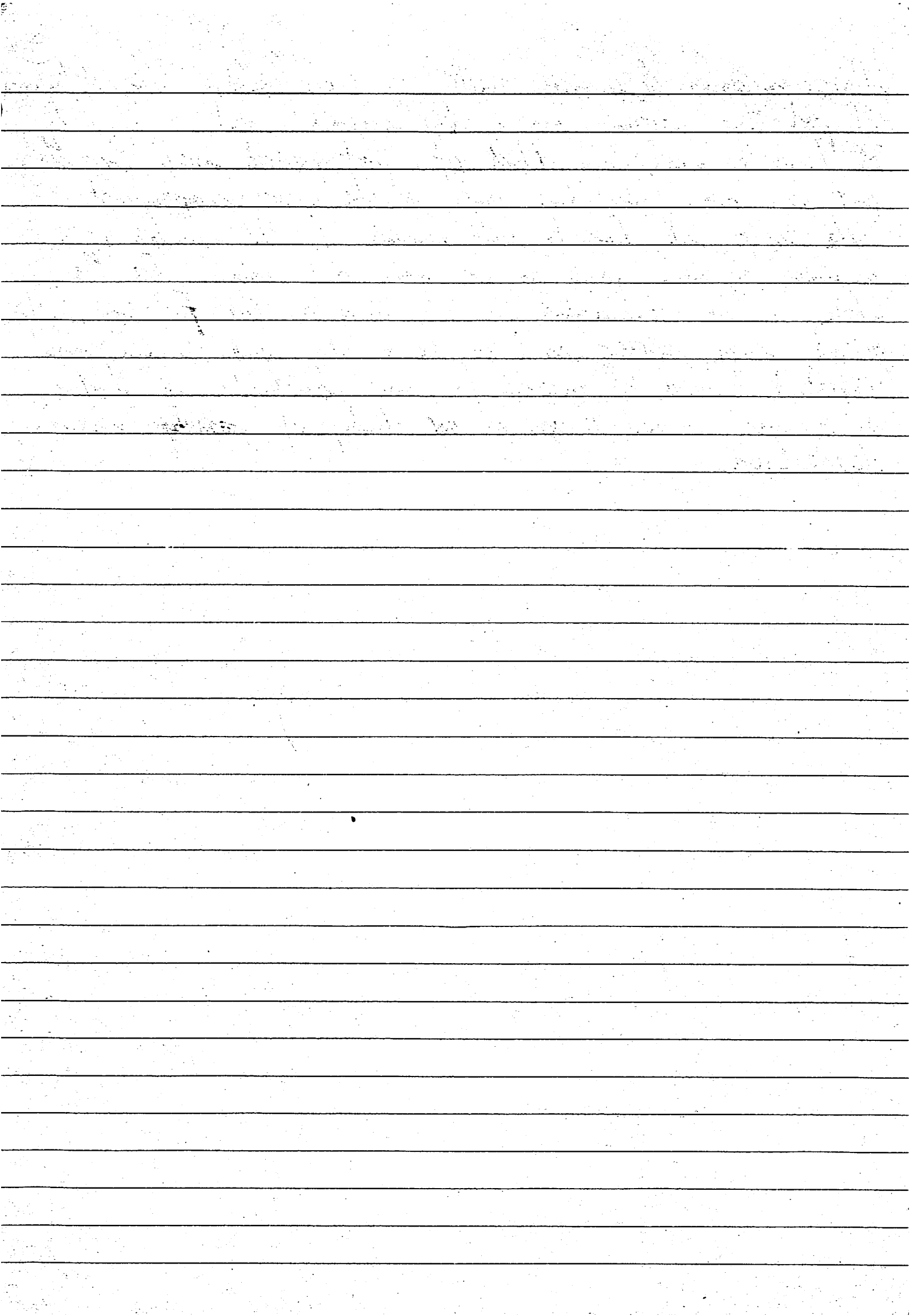
It was felt, however, that we should take the opportunity to use ~~more~~ ~~less~~ ~~popular~~ ~~measures~~ the less popular annual time base as well. The Americans are ~~one~~ ~~of~~ one nation that uses ~~the~~ such figures officially and there are certain important characteristics which make such figures useful. We may expect chance fluctuations to be cancelled out even more than with our average weekly figure (unless the latter is taken on the basis of a years or more ~~figures~~ per week figures) and also enable us to consider periods of sickness, holiday or unemployment as they effect a man's overall earnings. In doing so we have to take care to consider the part period and part-time workers





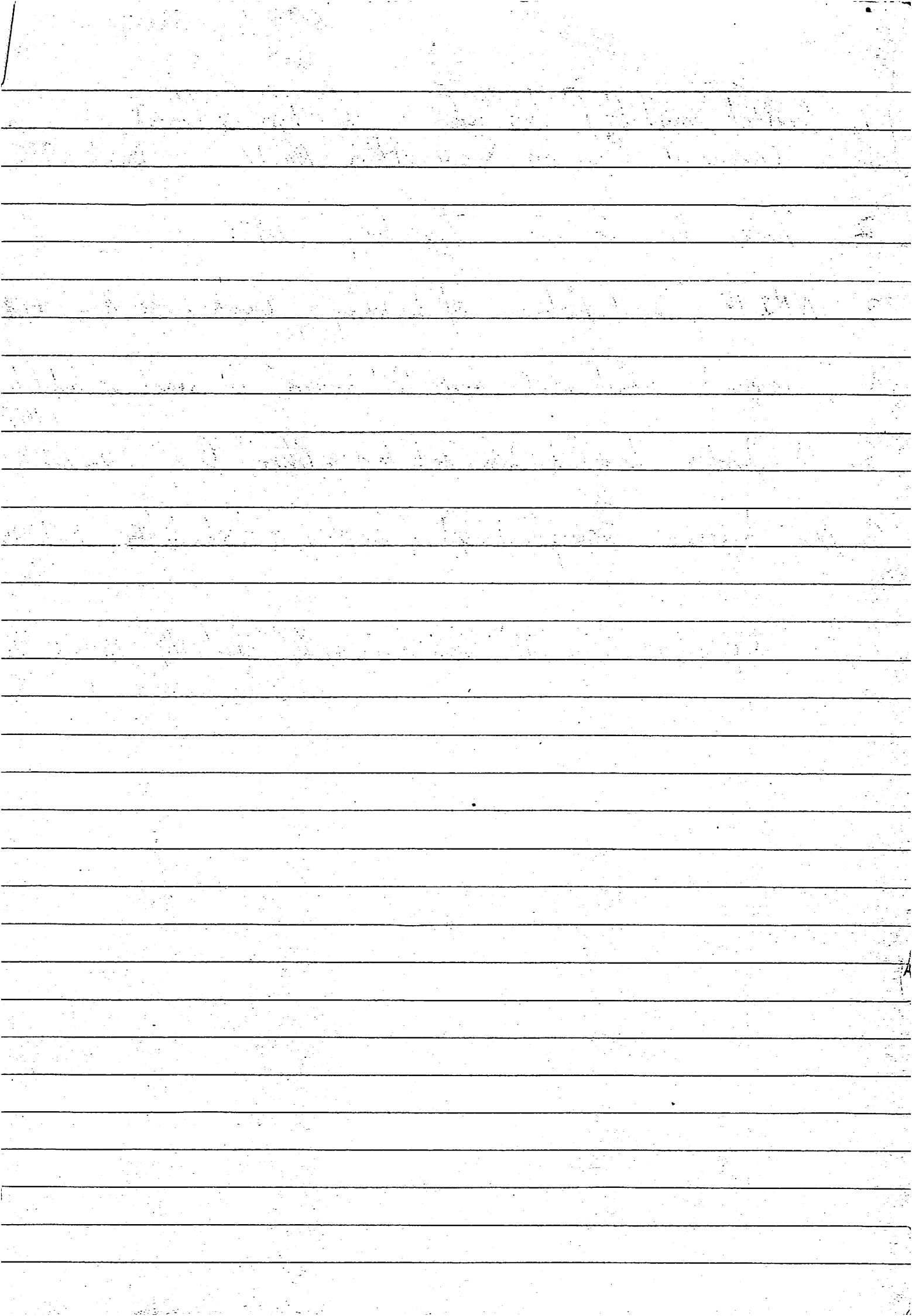
whose inclusion & exclusion will effect our findings. The definition of part-time working here is the generally used one of under 30 hours per week and that of part-period work for the year is more than two weeks in the year unemployment.

The reader will have to take account of the inclusion or exclusion of such groups as we make our analyses. On the whole we have concentrated our attentions on the full-time, full-period wage-earner as it is he or she who is the most important source of income for most households and therefore, is of most interest to us in our study of ~~poverty~~ income deprivation.





1. B. Abel-Smith & P. Townsend - The Poor & Poorest  
Occasional Paper on Social Admin. No. 17. Bell 1965
2. Trades Union Congress, "Low Pay", 1970.
3. NPIB, "General Problems of Low Pay", Cmd 4648, April 1971
4. J. Maquand "Which are the Lower Paid Workers" B. Journal of Ind. Rel.  
1967.
5. D. Robinson "Low Paid Workers and Income Policy" B. of O.U.I.E.S. '67
6. New Earnings Survey ('68) Dept. of Employ & Productivity. H.M.S.O.  
1970.
7. Family Expenditure Survey ('68) Dept. of Employ. & Productivity H.M.S.O. '69



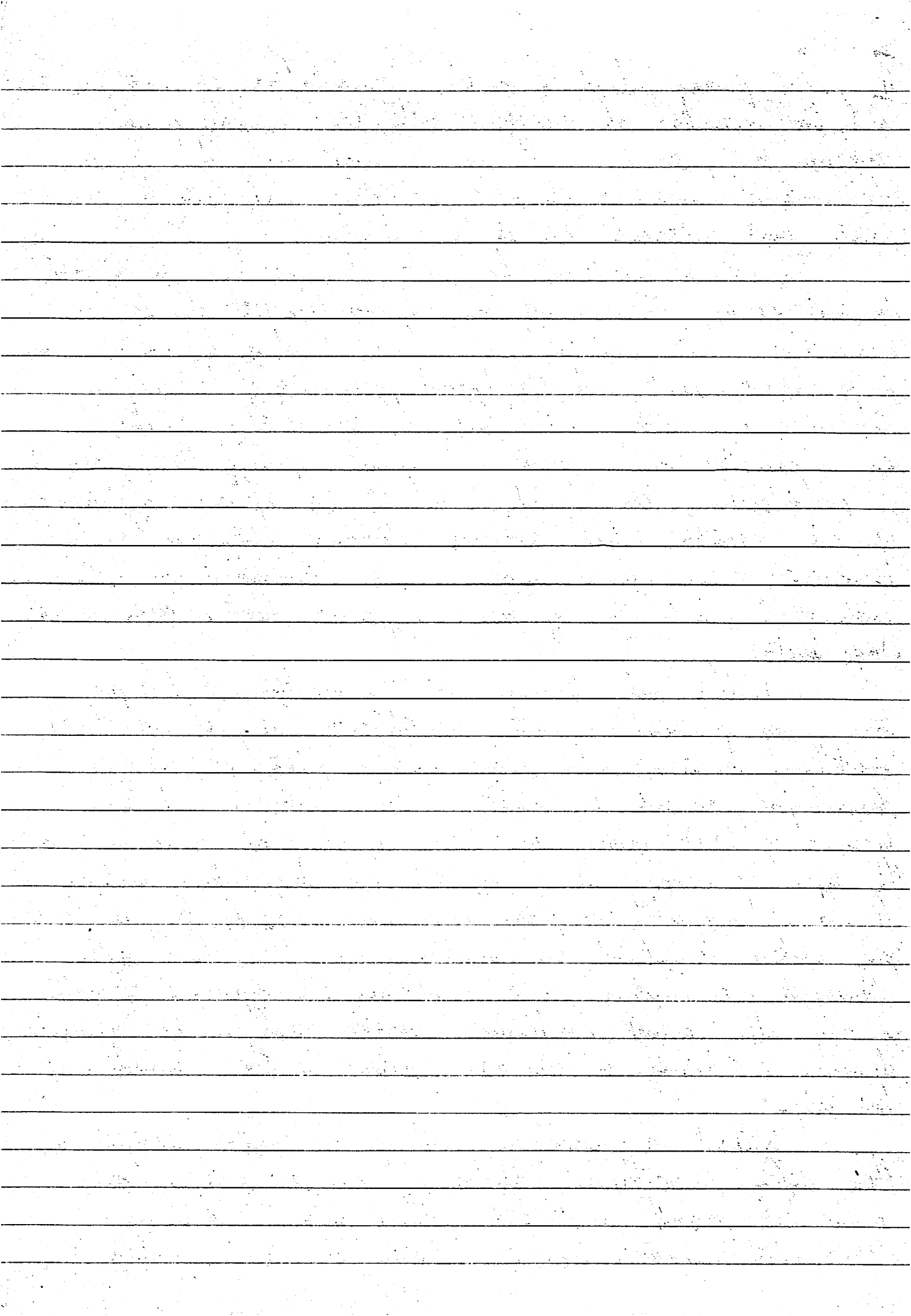


II Our primary interest is in the documentation of incidence and the association of variables rather than in any causal analysis but, even so, it will be worth our while if we take note of some of the work of other social scientists whose interests have extended further in that direction.

The classical economist has, not of course been so interested in contemporary problems as we are, and has thus felt able to make assumptions about availability of labour, knowledge of job opportunities in the labour market and the marginal productivity of labour in determining wage levels which have not been totally applicable to economic situations in the ground. It is not surprising that sociologists in particular have felt the need to look at the influence of 'non-economic' variables which influence individual choice or household behaviour or have layed more stress on ~~structural factors~~ influences such as the distribution of bargaining power that determine actual wage levels.

Within such discussions of the causation of low pay two groups of variables can be repeated out. Firstly the 'structural' or 'institutional' variables which include such as <sup>type</sup> ~~range~~ of industries, demand for goods and profitability of the industry, size of firm, influence of trade unions, characteristics of the labour market such as the degree of unemployment or competition from cheap labour such as females or immigrants. Mrs. Judith Marquand's<sup>2</sup> pioneering study of low pay workers concentrated on variables such as these. More recently Bonaguet and Stephens<sup>3</sup> have emphasised the importance of what we may call 'personal characteristics' variables such as age, education, disability or training as being more important in the determination of low pay.

Without a comprehensive test of the relative strengths of these different variables as predictors of low pay it is largely a matter of personal interest and political preference which one chooses to emphasise. We are certainly not in the position to





construct any such causal models here and do not intend to  
come down on any side of such discussions at the moment.  
Our first problem is to establish the existence of low pay.

1. H. Newby - 'The Low Earnings of Agricultural Workers: A  
Sociological Approach' . J. of Agri. Econ. Vol. XXIII No. 1. 1972
2. J. Marquand - "What are the Low paid Workers?"  
Brit. J. of Indust. Relations. Nov. '67.
3. Bosanquet & Stephens - "Another Look at Low Pay."  
J. of Social Policy(?) July 1972.

