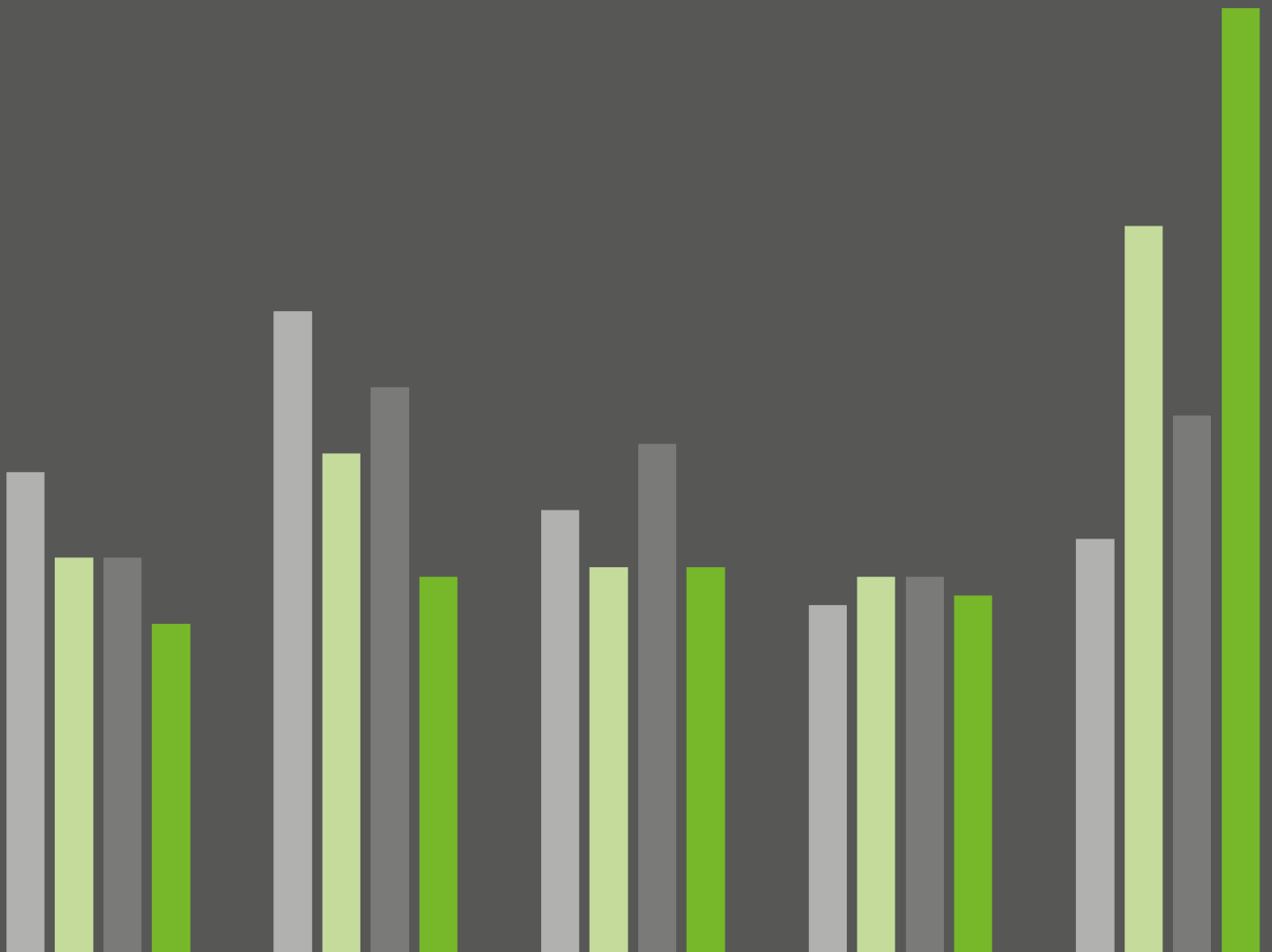


JULY 2019

# MEGATRENDS

IS WORK IN THE UK REALLY BECOMING LESS SECURE?



The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

# MEGATRENDS

## The trends shaping work and working lives

### IS WORK IN THE UK REALLY BECOMING LESS SECURE?

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# 1 Introduction

There is a popular view that work is becoming more insecure, associated with the rise of atypical forms of work such as the gig economy, zero-hours working, and agency work. For many years it has been said that the ‘job for life’ enjoyed by some was over, and it is often thought that job stability has declined, especially for the young. A common portrayal of the UK labour market is one where weaker legal protection and the decline of trade unions has left many employees in a much weaker bargaining position than before.

This view has given renewed impetus to calls to give all employees better protections and to make it easier for trade unions to organise. In addition, it is likely new legislation to deal with new forms of potential exploitation, such as in the gig economy, will be enacted by the current government following the Taylor Review. The TUC and the Labour Party have in recent years changed their position and are calling for an outright ban on zero-hours contracts. There have also been concerns that when the UK leaves the EU, workers’ rights may be under threat in years to come, notwithstanding the current government’s commitment to protecting existing rights.

In this report we look at the evidence to test the proposition that the UK labour market has become more insecure over the past 20 years. The report is divided into three sections. The first looks at aggregate labour market indicators, such as unemployment, the structure of employment, job stability, hours and wages. The second section looks at perceptions of insecurity among the workforce and the preferences and choices expressed by those who are in non-permanent work. The third section looks at how the UK compares on both these objective and more subjective indicators.

But to begin, we set out some common definitions of insecurity and the different ways in which it can be measured.

## Defining insecurity

There is no one single definition of labour market insecurity and no single measure that can capture all potential aspects of job insecurity. Below are the more commonly used definitions and measures used in this report.

- **Job insecurity:** frequently measured by share of workers who fear losing their current job, often asked as fear of job loss over a specific period or asking workers how satisfied they are with their current job security.
- **Employment insecurity:** often expressed as confidence about whether people think they can get another job at least as good as the current one. Some academics have constructed composite employment security indicators based on worker perceptions.
- **Non-permanent, atypical, contingent or precarious work:** there is no fixed definition and consequently estimates can vary widely. In this report we focus on non-permanent employment, to include the self-employed, temporary employees, unpaid family workers, and those on government training schemes. We would also include zero-hours workers on permanent contracts, subject to data limitations.
- **Wage insecurity:** we include here the share of low-paid jobs in the economy and changes to wage inequality, on the grounds that a high and rising share of low-wage jobs and greater inequality is likely to make workers more concerned about their financial position and discontented with their pay. We also have some survey evidence on fear of wage cuts.

- **Hours insecurity:** we would include measures of under-employment and involuntary part-time employment as indicators of hours insecurity. Some surveys have asked about whether workers are worried about cuts in their hours. Zero-hours workers are said to suffer from an extreme form of hours insecurity.
- **Other non-wage indicators:** some surveys and researchers have looked at other measures, for example, fears of victimisation and discrimination, and (in the US) worries about cuts in employer-provided benefits.

The distinction between these different ways of understanding insecurity at work are not always clear-cut – for example, perceived high levels of under-employment may make some people in jobs where they have enough hours more anxious about what would happen to them if they lost their current job. Some can be interpreted in different ways – for example, we tend to associate longer-term employment relationships with greater job security, but it is older workers in long-tenure jobs who worry most about their prospects if they should be made redundant because they have more to lose.

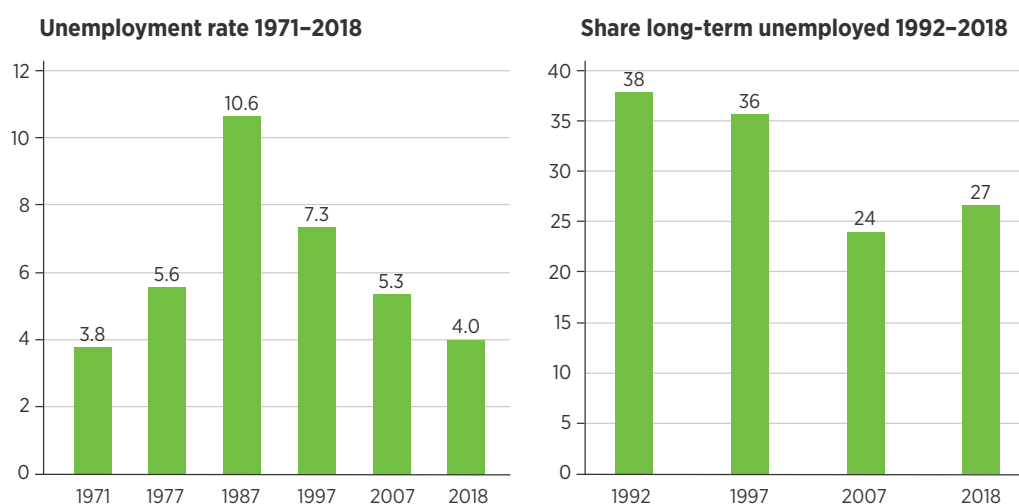
## 2 Insecurity in the wider labour market

In this section we look at some of the major features of the UK labour market which might influence security. People are likely to feel more insecure at times of high unemployment when the chances of losing a job increase and the chances of re-employment fall. They are also likely to be influenced by the duration of unemployment – the longer the time it takes to find work, the greater the fear of becoming unemployed in the first place – and by the relative cost of being unemployed in terms of lost earnings.

### Unemployment

Unemployment in the UK has been trending downward since the end of the 1990s recession. At the time of writing the unemployment rate was close to 4%, a rate last seen in the 1970s and not far above that historically associated with periods of ‘full employment’. The share of long-term unemployed – those out of work for more than 12 months – was at the time of writing just under 27%. The current share is slightly higher than that in spring 2007 at 24%, and well below that of 36% in spring 1997.

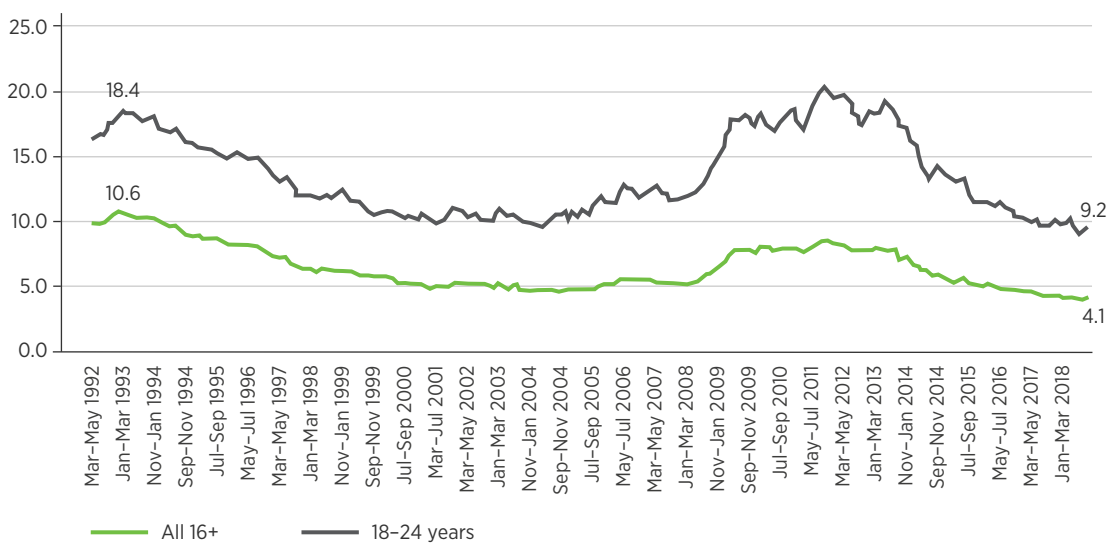
Figure 1: Unemployment in the UK (%)



Source: ONS, July–Sept each year

Unemployment among the young is of special concern because it can have long-term ‘scarring’ effects which blight future employment prospects. Unemployment among the 18–24 age group not in full-time education was at the time of writing just over 9% compared with 4% for all ages. Before the recession, unemployment among the 18–24 age group not in full-time education fell steadily from a peak of 18% in 1994 to just under 10% in the mid-2000s before rising slightly to 12% in 2007. In the recession young people’s unemployment rocketed to reach 20%, in excess of the 1994 peak, and in sharp contrast to the rise in unemployment for older age groups, which was subdued. However, unemployment among this group also fell rapidly in the recovery and by 2018 was below its pre-recession rate. Even so, unemployment fell even more rapidly among older age groups.

**Figure 2: Unemployment among the young, 1992–2018**

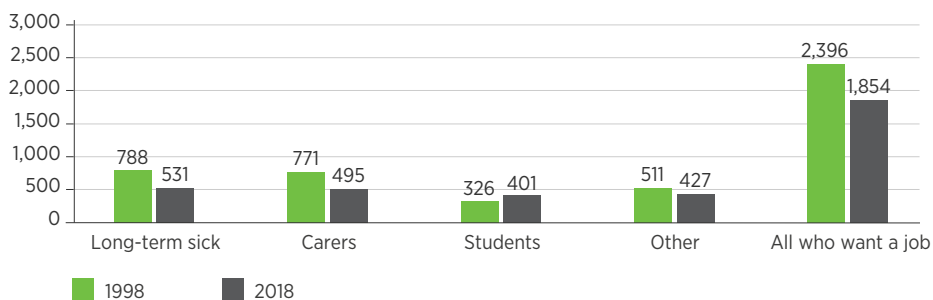


Note: 18-24-year-olds not in full-time education, seasonally adjusted.  
 Source: ONS Labour Market Bulletin January 2019

**Economically inactive who would like a job**

Some people not in work are classified as ‘economically inactive’ rather than unemployed because they do not fall within the ILO definition of having looked for work in the past four weeks and being able to start a job in two weeks’ time. In 2018, the share of the economically inactive who said they wanted a job was 22%, or just under 1.9 million people. This compares with 28% or 2.4 million in 1998. The composition has changed somewhat, with more students and fewer people with care responsibilities.

**Figure 3: Inactives who would like a job, 1998–2018 (‘000s)**

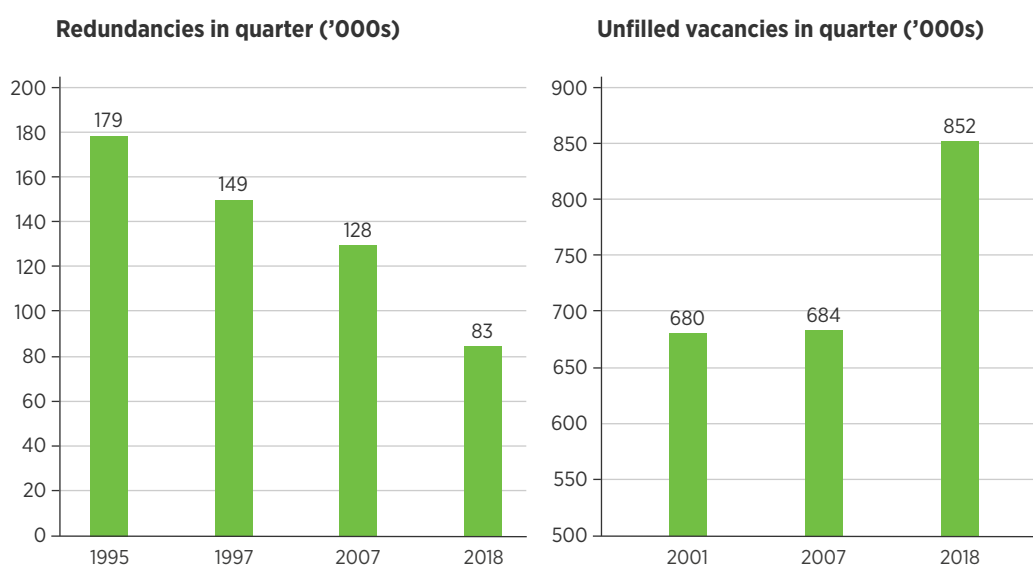


Note: All figures seasonally adjusted Sep-Nov. Other includes temporary sick (115,000 and 94,000 respectively), discouraged workers (74,000 and 19,000), and other reasons (322,000 and 312,000).  
 Source: ONS Labour Market Bulletin January 2019

## Redundancies and vacancies

Another indicator of insecurity is the numbers being made redundant. Latest figures show the numbers being made redundant in any quarter today are comparatively small – just 84,000 in July–September 2018 compared with just under 130,000 in the same quarter in 2007 and over 300,000 at the height of the last recession. The number of unfilled vacancies also serves to indicate whether jobs are plentiful. Between 2001 (when the current measure started) and 2007, the number of unfilled vacancies changed very little, at 680,000 in each quarter, but this has climbed since 2007 to reach 848,000 in 2018. The ONS estimates the ratio between the number of unemployed people and unfilled vacancies: this increased slightly from 2.2 to 2.7 between 2001 and 2007, but by 2018 had dropped to 1.6.

**Figure 4: Redundancies and unfilled vacancies**



Note: All quarters Aug–Oct in each year.

Source: ONS Labour Market Bulletin January 2019

## The structure of employment

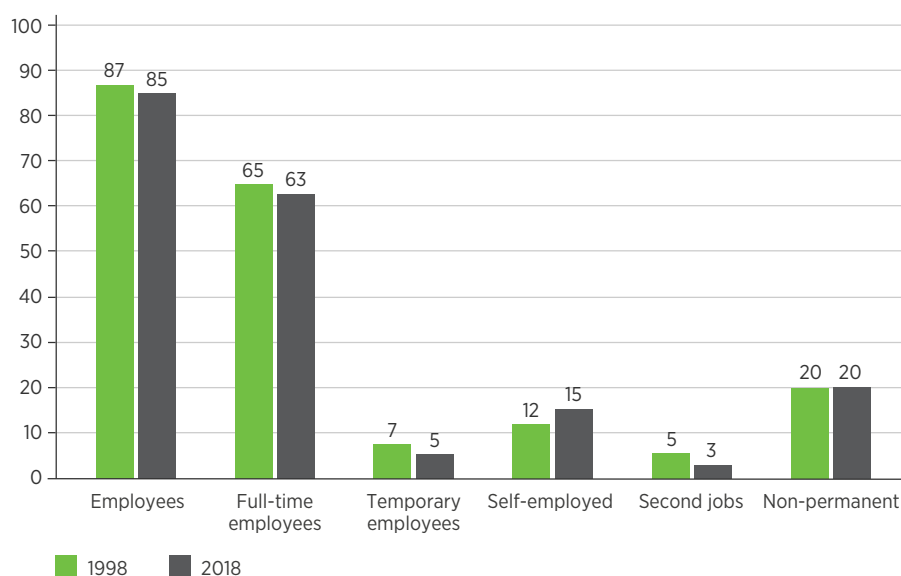
Insecurity might also increase when employment structures change in ways that mean fewer permanent jobs, more jobs in forms of employment that offer fewer employment rights and entitlements, and more jobs that are less stable than in the past. It is sometimes said that such jobs lead to an imbalance of power, allowing some employers to exploit those who lack workplace bargaining power.

Overall, most of the workforce consists of employment at just under 85% in 2018 compared with just under 87% in 1998. The share of full-time employees has also fallen slightly, from just under 65% to just over 63%. Both trends reflect the growth of self-employment, which has increased from just under 13% to just under 15% of employment. There has been little change in the balance between full-time and part-time work for employees.

In the UK the share of non-permanent work – made up of the self-employed, temporary employees (including temporary zero-hours contract workers), unpaid family workers, and those on government employment schemes who did some work in the week of the survey – has changed little over time, varying between 19% and 22% of the workforce between 1992 and 2018. The share in 2018 was about 20%, the same as in 1998.

Many of those on zero-hours contracts do not fit neatly into the permanent-contingent distinction, as over two-thirds of zero-hours employees report they have a permanent contract. However, as zero-hours is not a legal term and seldom appears explicitly in contracts, it has proved problematic to measure them accurately based on responses from individuals to the Labour Force Survey.<sup>1</sup> The ONS has suggested that a significant part of the very rapid increase from 2012 onwards was due to greater awareness and better reporting. The share of people on zero-hours contracts was reported at less than 1% between 2000 and 2012, peaked at just under 3% of the workforce in 2016, and has since fallen to 2.4% of the workforce in 2018.

**Figure 5: Structure of employment, 1998–2018 (%)**

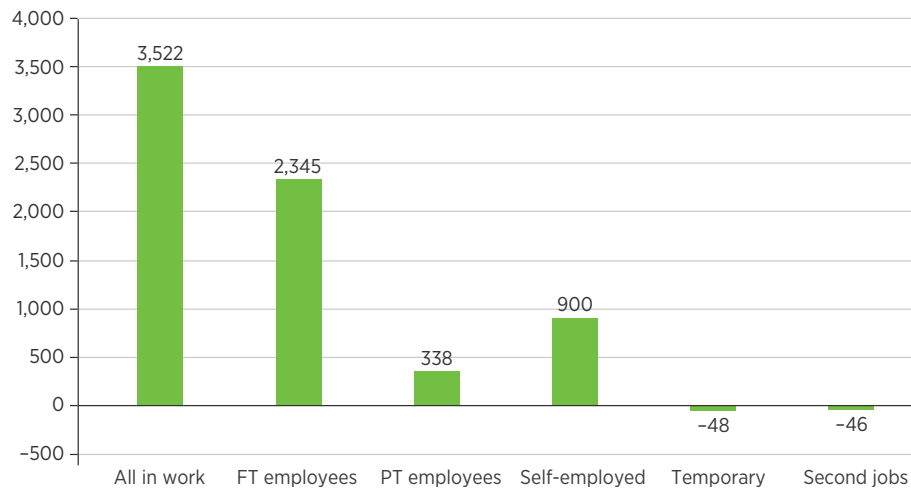


Note: All figures Sept–Nov, seasonally adjusted. Second jobs include self-employed and were 4.6% in 1998 and 3.4% in 2018. Non-permanent total includes temporary employees, self-employed, unpaid family workers and those on a government training scheme. Unpaid family workers and those on government schemes were 0.9% in 1998 and 0.5% in 2018. Zero-hours were 0.8% in 2000 and 2.4% in 2018, but some of the change is due to better reporting rather than increased use.

Source: Author's estimates, ONS statistics: [People by full-time, part-time and temporary workers \(seasonally adjusted\)](#), June 2019

The recession saw significant falls in permanent and full-time employee jobs and a rise in temporary and self-employment. Since employment began to grow again, in the first quarter of 2010, all the full-time and permanent jobs have been restored. Between 2010 and 2018 the economy created just over 3.5 million jobs, of which just over 2.3 million, or two-thirds (67%) of the total, were for permanent full-time employees. Self-employment also grew by 0.9 million or 25% of overall employment growth. In contrast, both temporary work and second job holding have declined.



**Figure 6: Job growth in the recovery, 2010–18 ('000s)**

Note: All figures Sept–Nov, seasonally adjusted. Second jobs include self-employed and were 4.6% in 1998 and 3.4% in 2018. Non-permanent total includes temporary employees, self-employed, unpaid family workers and those on a government training scheme. Unpaid family workers and those on government schemes were 0.9% in 1998 and 0.5% in 2018. Zero-hours were 0.8% in 2000 and 2.4% in 2018, but some of the change is due to better reporting rather than increased use.

Source: Author's estimates, ONS statistics: *People by full-time, part-time and temporary workers (seasonally adjusted)*, June 2019

### Agencies and the changing nature of temporary work

Some analyses have drawn attention to the growth in agency work, although agency temping represents a very small share of overall employment, around 1% in 2018, and that share has not changed since 1998. Agency work has increased as a share of all those in temporary work, from 15% to 21% between 1998 and 2018, partly because some other forms of temporary work such as seasonal and casual employment and fixed-period contracts have declined significantly.

### Non-permanent work and the young

A [recent report](#) by the Resolution Foundation's Intergenerational Commission also suggests that young people have seen some shift towards insecure work.<sup>2</sup> Although self-employment has increased as a share of their total employment, temporary work has decreased. Between Q3 1999 and Q3 2018, the share of young people between the ages of 15 and 24 in self-employment or temporary work did not change very much, from just over 17% to just under 18% according to Eurostat data. Young people are also more likely to be in zero-hours contracts than older workers, but the share of young people reported to be on these contracts does not seem to have greatly changed in recent years. The share in April–June 2014 was just over 6% compared with just under 7% in April–June 2018, according to the ONS. Overall, most young people still find work as permanent employees.

### Job stability

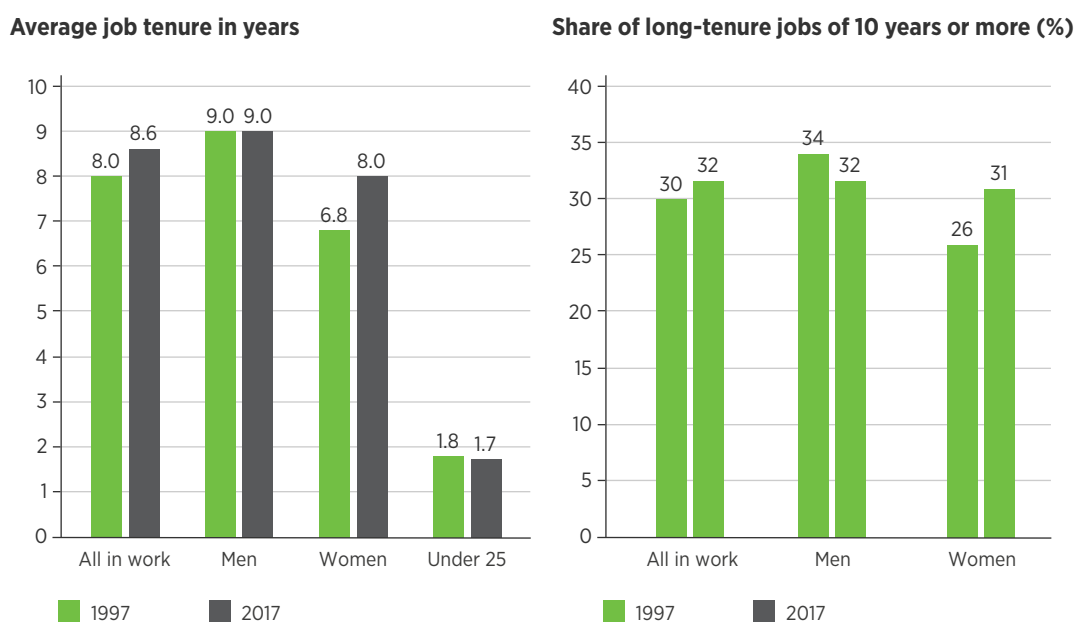
A commonly held view is that jobs have become less stable, reflecting the growth of more insecure forms of employment and the inability and unwillingness of some organisations to provide long-term employment (the end of 'jobs for life'). The relationship between job tenure and employment security is, however, complex, as a [CIPD report](#) published in 2015 pointed out.<sup>3</sup> While we often assume that an increase in average job tenures is a good thing, with workers gaining more experience and skills and firms being more willing to invest in stable employment relationships, it can also be a sign that the labour market is becoming less efficient. A rise in tenure may mean more people stuck in sub-optimal employment while expanding firms and sectors are constrained.

Job tenure measures tend to be cyclical. Job tenures fall in booms as more new jobs are created and more people have the confidence to move jobs. They increase in downturns as some employers offer more temporary and fewer permanent jobs, redundancy schemes are often made more attractive to workers with longer tenures, and people are more likely to stay in their current job until better times arrive.

In 2017, the average tenure for someone in a job in the UK was just under nine years, a figure unchanged since 1997, according to the OECD. The share of long-tenure jobs – defined as jobs with a tenure of ten years or more – was just under 32% in 2017 compared with 30% in 1997. Some research looking at earlier periods by Simon Burgess has suggested that there has not been that much change in average tenures since the mid-1970s.<sup>4</sup>

There has been much more long-term movement below the surface, with male tenures falling significantly from the mid-1970s to the mid-1990s, while women’s job tenures have consistently increased. However, over the past 20 years there has been little change in job tenures for men, but continued growth in women’s tenures, most likely driven by more women moving into higher-skill occupations. Over the same period the share of long-tenure jobs held by men has declined slightly, from just under 34% to just over 32%, while the share for women has increased from 26% to 31%. The average job tenure of under-25s has fallen slightly, from 1.8 years to 1.7 years, which might reflect an increase in students entering the labour market to combine work and study.

Figure 7: Job tenure comparison: 1997 vs 2017



Source: [OECD job tenure database](#)

### Wage insecurity

Much of the debate has focused on employment insecurity, but an aspect that has taken on more importance since the crash has been wage insecurity. This greater saliency has been prompted in part by the rise of zero-hours contracts, where earnings can be highly variable from week to week, and the general background of an unprecedented period of weak wage growth, with real wages measured by regular weekly earnings still below their pre-crash level.

**Figure 8: UK regular weekly earning in real terms, 2005-18 (2015=100)**

Source: ONS, [Analysis of real earnings and contributions to nominal earnings growth, Great Britain: September 2018](#)

### Wages and the young

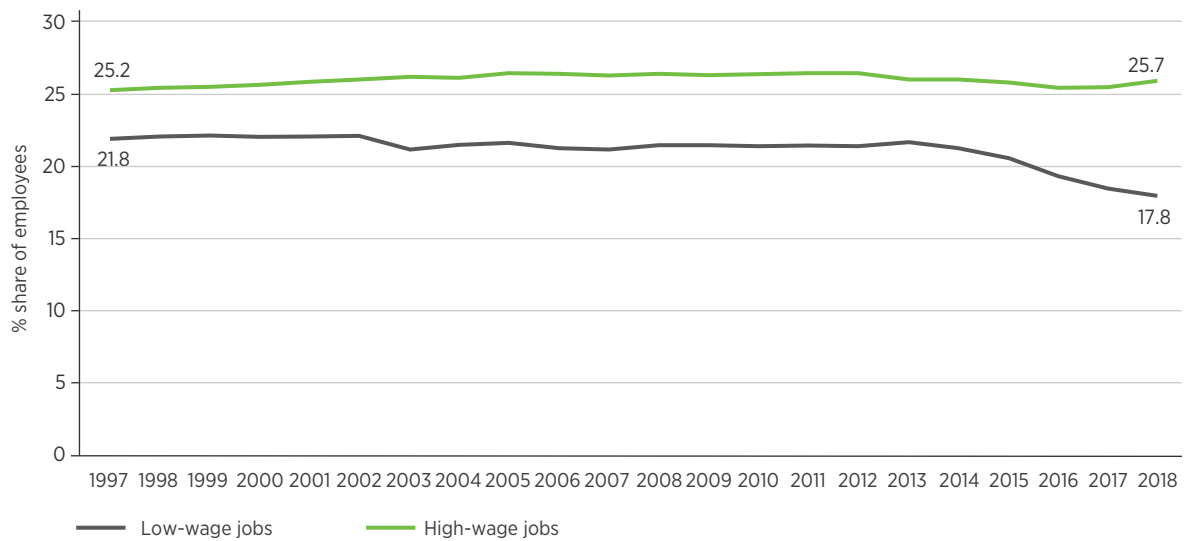
However, the [Resolution Foundation Intergenerational Commission report](#), cited above, does find clear evidence that wage prospects for the current generation have deteriorated significantly compared with previous generations. The Resolution Foundation suggests that while some of this will reflect the impact of the recession and an exceptionally slow and weak recovery in productivity, there may also be some underlying structural factors in the wider labour market that have held back wage growth for young people. These include a slower rate of expansion in the share of graduates coupled with more entries by young people into lower-paying jobs and fewer entries into better-paying jobs. In addition, job movements have been unusually weak in this recovery, weakening the impact of job moves on wage growth.

### Wage and skill polarisation in the labour market

Many accounts of the labour market have shown that 'mid-skill' jobs measured by occupational categories including skilled manual and administrative work have been squeezed, with more jobs at the top for managers, professionals and associate and technical occupations, and more jobs for care and retail workers, semi-skilled operatives, and the unskilled at the bottom. This change has been memorably described as more lousy and more lovely jobs.<sup>5</sup> However, a persistent puzzle was that while it was easy to show occupational polarisation, it was much harder to show there had been much wage polarisation, which logically should have flowed from the former.

A [recent analysis](#) by the Office for National Statistics<sup>6</sup> shows that the share of low-paid jobs measured by OECD definitions of hourly full-time earnings has fallen from 22% in 1997 to just under 18% in 2018. The share of high-paid jobs also using OECD definitions has not significantly changed since 1997, at just over 25% of all jobs. It must therefore follow that on these measures the share of 'middle wage' jobs has not fallen over this period.

**Figure 9: Incidence of high- and low-pay full-time jobs in the economy, 1997–2018**



Note: The ONS uses OECD definitions of high and low pay. Low pay is defined as two-thirds of the median, high pay as 1.5 times the median. In 2017 this gave hourly rates of £9.33 or less for low-paid full-time employee jobs and £21 for full-time employee high-pay jobs.  
 Source: ONS, [Low and high pay in the UK: 2018](#)

Many analysts have concluded that the middle has not contracted in terms of the wage distribution because the ‘old’ middle of skilled trades and administrative jobs has been replaced by a ‘new middle’ which includes managers in low-pay industries and some professional associate and technical jobs.<sup>7</sup> The old middle offered jobs paying in 2017 median hourly wages of roughly between £10 and £15 an hour and has been partially replaced by a new middle of jobs paying similar rates. Of course, these ‘new’ jobs have always been in the middle of the wage distribution – it is just that employment in them has expanded to offset the contraction in skilled manual and administrative jobs.

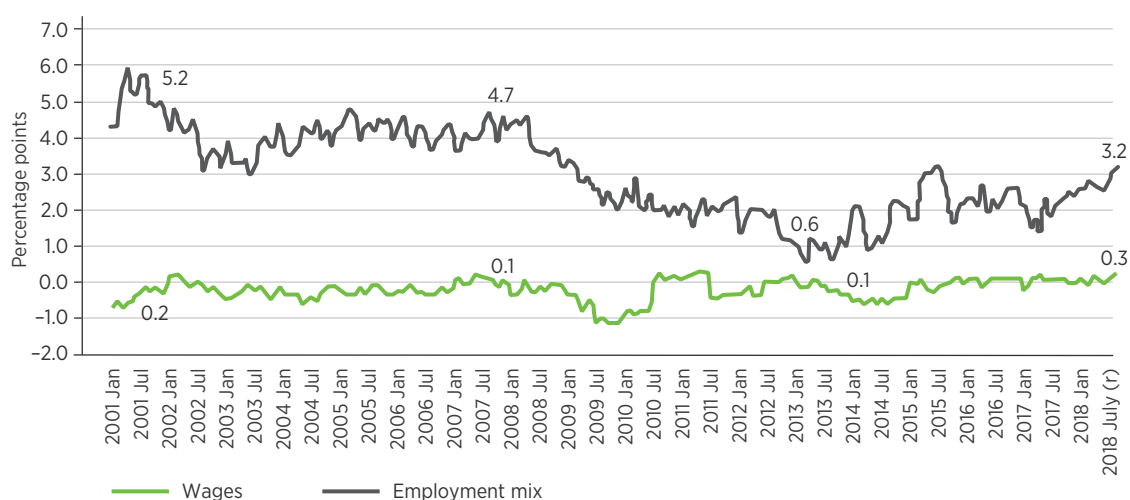
**Table 1: Examples of the ‘old’ and ‘new’ middle occupations in 2017**

Old middle	£ per hour	New middle	£ per hour
Skilled agriculture	9.60	Bar and pub managers	10.41
Secretarial and related	10.00	Restaurant and catering managers	10.58
Administrative occupations	11.07	Managers and proprietors in retail	12.70
Construction trades	12.49	Building and civil engineering	12.93
Metal, fitting instruments	13.80	Science, engineering technicians	13.20
Electrical and electronic trades	14.62	Managers in warehousing	13.60
Office managers and supervisors	14.68	Culture, media and sports associates	13.63
Skilled trades supervisors	16.09	Health and social care associates	14.55

Note: All figures hourly median earnings without overtime.  
 Source: ONS, [Annual Survey of Hours and Earnings \(ASHE\) in the UK: provisional 2017 and revised 2016](#)

It is sometimes argued that compositional change has had a significant impact on wage growth, with the economy generating more low-wage jobs in the recovery. Compositional changes can have an impact from year to year and during recessions and recoveries when big shifts in employment take place. However, as shown above, the share of low-paid jobs has fallen and the share of high-paid jobs has remained stable. Moreover, the ONS publishes an estimate of how much weekly earnings is influenced by changes in the composition of employment from 2001 onwards – for example, a shift towards more jobs offering lower wages and fewer hours would tend to depress wage growth and vice versa. Overall, the impact has been quite small and in recent years compositional growth has supported rather than depressed the overall growth of wages. This is shown in Figure 10.

**Figure 10: How much changes in job mix impact on wage growth, 2001-18**



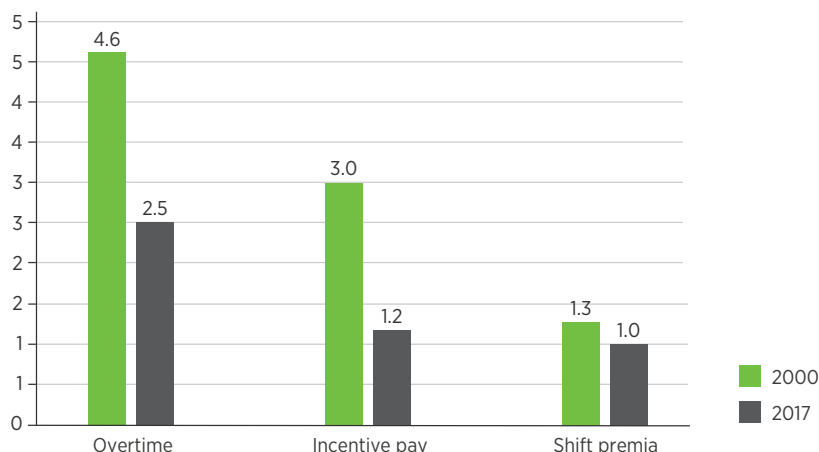
Note: The upper line shows the growth in weekly earnings excluding bonuses before taking account of employment change. The bottom line shows the change in wages in percentage points attributed to changes in the job mix. Estimates are approximate and rounded and are not seasonally adjusted. Labels are for August 2001, 2007 and 2018.

Source: ONS, [Labour Market Bulletin October 2018](#)

### The structure of pay

Another indicator of wage insecurity would be if pay had become more variable over time. For employees, this is most obvious in zero-hours contracts, where pay is significantly less predictable from week to week than for those with regular jobs. In May 2018, about 25% of people on zero-hours contracts said they wanted more hours compared with 7% of those in regular work. A [CIPD survey](#) conducted in 2015<sup>8</sup> found that while on average zero-hours workers were as likely to say they were satisfied with their job than workers on regular contracts, this was less true for those on zero-hours contracts who wanted more hours.

However, overall some elements of variable pay have become less important over the past 20 years. An ONS analysis of the ASHE data<sup>9</sup> shows that as a share of earnings, the importance of overtime, shift pay, bonuses, and incentive pay has fallen since 2000, although much of this decline seems to have happened pre-crash and in more recent years the shares have been relatively stable. They are also quite low – premium shift pay accounted for about 1% of full-time earnings in 2017, incentive payments just over 1%, and paid overtime 2.5%.

**Figure 11: Overtime, incentive pay and shift premia, 2000–2017 (%)**

Note: Figures should be used with caution because of changes in survey methodologies since 2000, and there may be under-reporting of some of these types of payments.

Source: ONS, *Annual Survey of Hours and Earnings: 2017 provisional and 2016 revised results*

## Regulation and institutions

It is sometimes contended that the UK has become a ‘deregulated’ labour market, especially in the 1980s. This is not true. Overall, labour markets are much more strongly regulated than they were in the 1970s. We now have stricter anti-discrimination legislation by gender, race, disability, and age; stronger and more comprehensive health and safety regulation; regulation of wages and working hours has been extended and strengthened; new regulations cover specific groups such as agency workers; and firms are now obliged to offer a pension and ensure that their employees have the right to work in the UK. The UK is likely to introduce further regulation for other specific groups such as gig economy workers and possibly workers on zero-hours contracts following the recent [Taylor Report](#).<sup>10</sup>

The impact of regulation on the labour market and worker employment security depends in part on the effectiveness of enforcement. This has become stronger in specific areas with the creation of new bodies including the Low Pay Commission (working through HRMC) and the Gangmaster Licensing Authority, and more recently the Labour Market Inspectorate. However, over time there has been a reduction in resources for workplace inspection and in most areas the chance of a workplace visit is both remote and has decreased. The Coalition Government (2010–2015) drastically reduced access to the tribunal system by imposing new charges, though these have since been deemed unlawful with a reversion to the status quo.

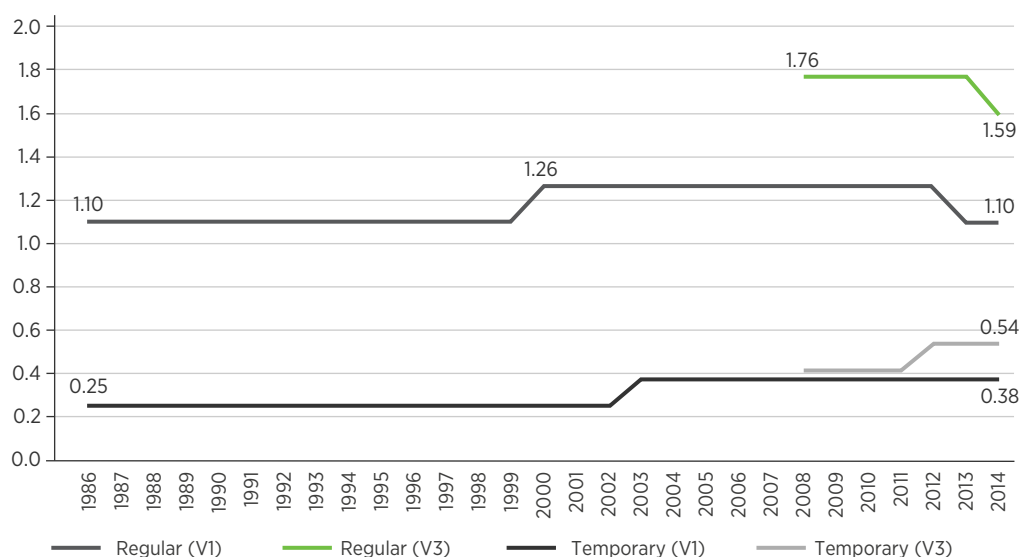
However, the link between regulation, especially employment protection regulation, and insecurity is not straightforward. The CIPD’s 2015 report<sup>11</sup> noted that while stricter employment protection as used in other EU countries could make some workers more secure, the exact relationship was complex. The UK (along with Ireland) is unusual in having what the OECD terms a ‘unified’ approach which seeks to apply the same basic rights across different forms of employee contract. In contrast, most EU states differentiate, applying for example stricter employment protections for permanent jobs, which help create ‘insider–outsider’ labour markets. Workers in these high-protection areas of the labour market (‘insiders’) might feel safer in the current job but more fearful of getting another job that is at least as good and instead becoming ‘outsiders’.

Employment protection in the UK has never been very strong. The OECD has produced a series of indices showing employment protection for regular individual contracts. Between

1985 and 1998 there was no change, followed by an increase in protection under Labour (1997–2010), and a return to the pre-1998 levels in 2014 by the Coalition Government. As there was no significant legislation on employment protection between 1980 and 1984, we can conclude that current levels for regular workers are also like those that prevailed in the late 1970s. Protection for temporary workers was also unchanged between 1985 and 2002 and then increased for agency workers in 2003. The OECD has updated the index for more recent years to take account of a wider range of factors, such as the time taken to process claims. The revised index suggests effective protection for temporary workers increased further in 2012.

Figure 12 shows the index for regular and temporary workers for both the original version (V1) from 1985 onwards and the latest version (V3) from 2008 onwards.

**Figure 12: Index of strictness of employment protection in the UK, 1985–2014**



Note: Index scale is 0 to 5, where 0 is no protection. V1 is first version of the index released by the OECD. V3 is the third version with a wider range of variables.

Source: [OECD Indicators of Employment Protection](#)

### Unionisation and collective bargaining

Some commentators have suggested that the long-run decline of trade unions in the UK has increased insecurity by changing the balance of power in most workplaces between workers and managers. Employees have been forced to accept changes in terms and conditions, it is argued, which means the modern-day labour market works more in the interest of employers than employees. It is also claimed that some broader changes, such as greater wage inequality and the long-run decline in the share of labour in national income, can also be traced back to this decline.<sup>12</sup> This is however a contested area and not for this report to resolve. What is undoubtedly true is that there has been a huge change in the role of trade unions in the UK labour market over the past 40 years.

Conservative governments of the 1980s and 1990s introduced extensive legislation designed to improve the governance of trade unions and tightened the definition of the century-old legal protection trade unions have against being sued for breach of contract for legitimate industrial action. The closed shop, which restricted employment in some workplaces unless the individual was a trade union member, was abolished. The Labour governments of 1997–2010 made it easier for unions to secure access to workplaces and

to gain recognition. The Coalition Government introduced further restrictions on industrial action in 2014.

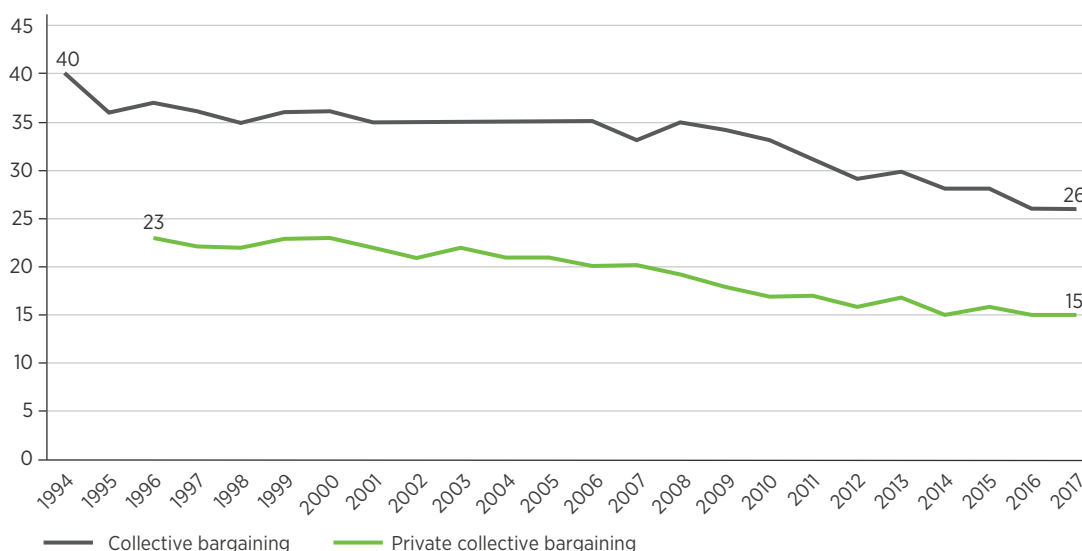
How much the legislation contributed to the decline of trade unions in terms of membership and collective bargaining coverage is contested. Some have also suggested a generational shift, with younger age groups less receptive to the collective approach embodied by trade unions, though that too is contested. Other factors such as the structural decline of previously better organised sectors, the inability of secure recognition in new workplaces and the shift towards smaller workplaces in new service industries and the growth of self-employment may all have been much more important.

Equally significantly, collective bargaining in the UK never enjoyed the legal framework that in many European states encouraged centralised bargaining and automatically extended agreements to the rest of the relevant workforce, whether they were unionised or not. In effect, the collective bargaining system in the UK was fully exposed to the impact of economic, social, and legislative changes since 1980 in ways which collective bargaining systems in many EU countries were not.

In the UK the share of employees covered by collective bargaining fell from 69% in 1980 to 47% in 1990 and then to 36% by 1995, according to the OECD. Between 1995 and 2008 the share remained stable, but since 2008 has fallen to reach 26% in 2017. Trade union membership has followed a similar path, falling from 50% in 1980 to 32% in 1995 and then to 23% in 2017. The most recent figures suggest levels of union membership have now stabilised and even increased slightly in 2017, but the share still declined because the employee workforce grew much more quickly.

The decline has affected both the public and private sector, with membership and bargaining coverage much lower in the private sector. By 2017 just 13% of employees in the private sector were members and 15% were covered by collective bargaining compared with membership of 52% and collective bargaining coverage of 58% in the public sector. In other words, in the private sector some 85% of employees have their wages and conditions determined by some other mechanism than collective bargaining.

**Figure 13: Collective bargaining coverage, 1994–2016 (%)**



Note: All figures share of employee workforce.

Source: [OECD database on trade unions and collective bargaining](#) and BEIS [Trade union membership 2017 statistical bulletin](#)<sup>13</sup>



Trade unions have always exercised influence by participating in ‘social partnership’ bodies, including Acas and the Health and Safety Commission and more recently in the Low Pay Commission. Some of these bodies are, however, relatively under-developed in the UK compared with many European countries, especially in areas such as training.

Overall, the UK has moved towards greater regulation of the labour market, not less. Employment protection has been weakened for those in permanent work in recent years but appears to be little changed from the late 1970s and has increased for temporary workers. However, over time we have moved from a labour market where collective bargaining was the norm and union membership common, to one, at least in the private sector, where both membership and collective bargaining are relatively rare.

### Conclusions

The underlying labour market story over the past 20 years has been structural stability against a background of rising demand for labour. Unemployment and redundancies are at historic lows, unfilled vacancies at record highs. The permanent employee remains the norm for most people and jobs are just as stable as they were 20 years ago. The middle of the labour market has not been squeezed – the mid-wage jobs of the past have been replaced by the mid-wage jobs of the present. The share of low-wage jobs has fallen, wage inequality is starting to edge down, and variable pay may have declined. The biggest adverse change by far has been the unprecedented slump in real wage growth over the past decade.

Regulation of the UK labour market has increased significantly over the past 20 years, notably in areas such as minimum wages, working time, pensions, anti-discrimination legislation, and employment of migrants. It is not clear that overall enforcement has kept pace. The UK has never had strong employment protections: recent changes have returned levels to their long-run average before 1997, while protections for temporary workers have increased. The big long-term change has been in the role of collective bargaining, with less than one in six employees in the private sector covered by a collective agreement.

## 3 Perceptions of insecurity, preferences and choice

### Perceptions of insecurity

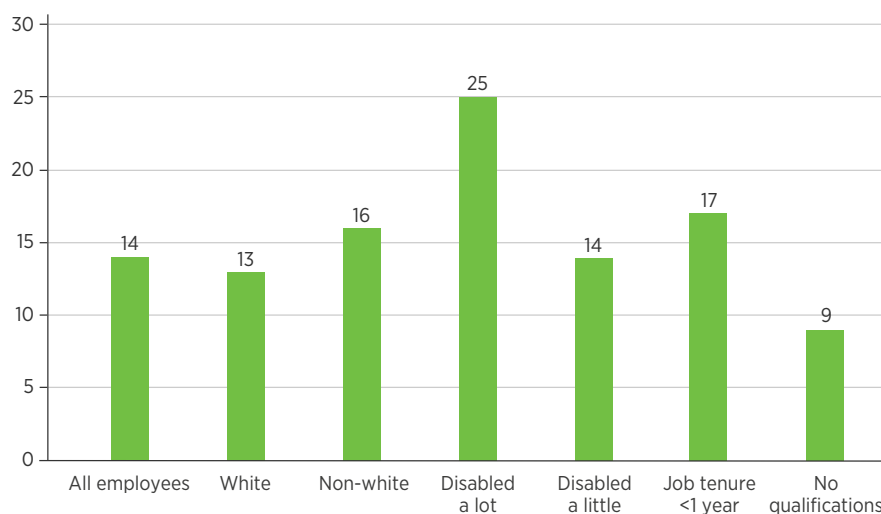
In this section we look at perceptions of job and employment insecurity, measured by fear of job loss and concern about getting another job, as well as other indicators such as fear of wage cuts and fear of discrimination and victimisation. We also look at preferences on hours, including under-employment, and why people decide to take part-time work. We focus on how far people are entering non-permanent employment such as temporary work, self-employment, gig economy and zero-hours contracts because no regular jobs are available.

### Fear of job loss today

The largest survey to date on job quality is the CIPD’s *UK Working Lives 2018*.<sup>14</sup> This asked two questions on job insecurity. Overall, about 14% said they feared they might lose their current job in the next 12 months, broadly in line with similar surveys.<sup>15</sup> There were relatively few differences by gender, age, tenure, full- or part-time, or by qualification level, industry, or public or private sector. Non-white workers were somewhat more likely to say they

feared job loss than white (16% and 13% respectively). Those who reported their disabilities affected them a lot at work were more likely to say they feared job loss (22%) compared with other disabled workers and non-disabled employees (both 14%). Those with the shortest job tenures, less than 12 months, also reported greater fears (just under 17%) than those in longer job tenures, but otherwise fear of job loss was no higher among those in a job for between one and two years and those who had been in a job for 20 years or more. Although fear of job loss with those with qualifications was no higher than the average for all employees, it was below average for those with no qualifications, at 9%.

**Figure 14: Fear of job loss across groups in 2018 (%)**



Note: All figures share who said they feared they might lose job in the next 12 months. Disabled workers who reported their disability affected them a lot at work and disabled workers who reported their disability affected them a little at work.

Source: CIPD. (2018) *UK Working Lives: The CIPD Job Quality Index*.

There was, however, a strong association between job satisfaction and fear of job loss. Those who were dissatisfied or very dissatisfied with their job were much more likely to report they were in danger of losing it (22% and 43% respectively) than those who were satisfied or very satisfied (10% and 8% respectively). This may be partly because some precarious jobs are unsatisfactory, but also because job security may be an important element in influencing job satisfaction.

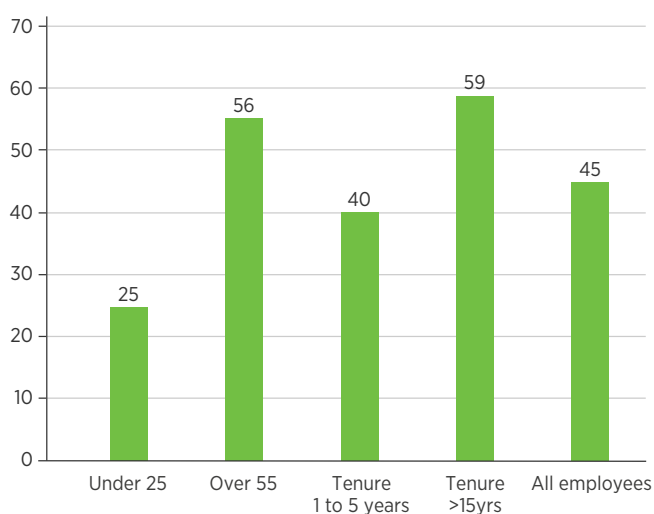
### **Employment insecurity – finding another job that is at least as good**

Overall, the *UK Working Lives 2018* survey found 46% of employees said they disagreed with the statement that they could find another job with similar conditions easily. This is a little higher than in some other recent surveys, reflecting differences in size, sampling and wording. The [analysis](#) of the Skills and Employment Survey (SES) for 2017 looked at just those who say they are *very* worried about not getting another job (17%), suggesting that while concerns about employment insecurity are widespread, they may not always be acute.

There was much more variation in response to this question by age and tenure (the two are obviously closely related as most older workers are going to be in longer-tenure jobs). Older workers and those in long-tenure jobs were most likely to say they disagreed with the statement. For example, 56% of workers aged over 55 disagreed with the statement compared with 25% of those under 25. Similarly, 60% of those who had been in a job for more than 15 years disagreed compared with around 40% of those who had been in their job for between one and five years.

It is likely these findings reflect the fact that many older workers will have accrued employer-specific benefits that would be hard to replicate in a new job. For example, those with defined benefit schemes were more likely to disagree (51%) than those in defined contribution schemes (43%), as the former have become less common and are seldom open to new members. Many may also perceive significant labour market barriers to re-employment on similar terms, perhaps because they think employers will be reluctant to hire them compared with younger workers; or they may be in declining sectors and occupations where job openings that could make good use of their experience and skills are comparatively rare. It is also possible that some new jobs they think they have the experience to do now demand qualifications that effectively lock them out.

**Figure 15: Employment insecurity, by age and tenure (2018) (%)**



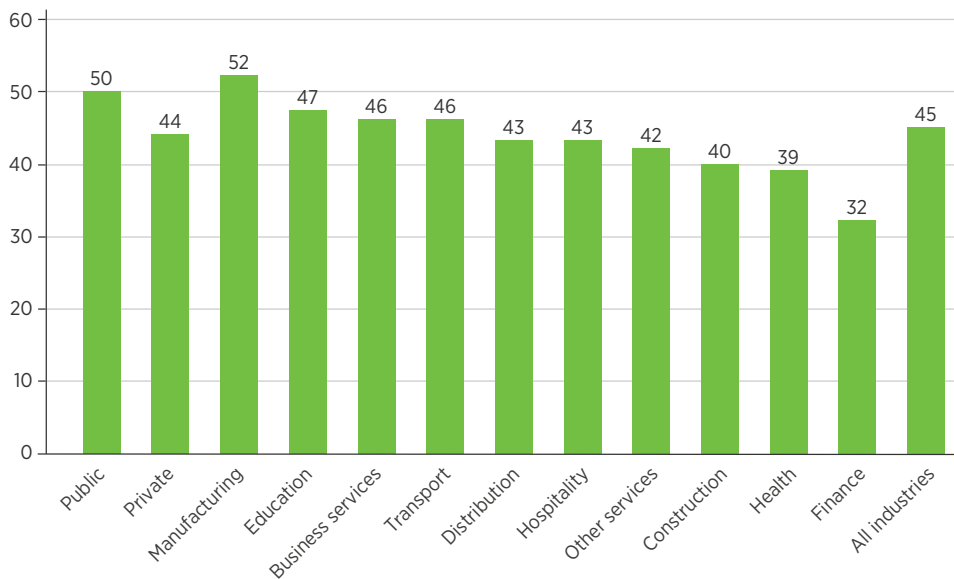
Note: All figures share who disagree with the statement, 'it would be easy to find another job with similar conditions'.

Source: CIPD. (2018) *UK Working Lives: The CIPD Job Quality Index*.

For some vulnerable groups, the relationship between fear of job loss and fear of not getting another job at least as good can be complex. For example, non-white workers are more likely to report fear of job loss than white workers but are less fearful they will not get a job that is as good. One possible explanation is that on average white workers are in better jobs with more accumulated benefits than non-white workers, and so on average will be more concerned about finding another job than non-white workers.

There were also some significant sector variations. Those in the public sector were more likely to say they would find it harder to find a job at least as good than the private (50% and 44% respectively). Employees in manufacturing (57%) were significantly more likely to say they would find it hard (57%) than employees in construction (40%), the health sector (39%) and financial services (37%).

Figure 16: Employment insecurity, by sector (2018) (%)



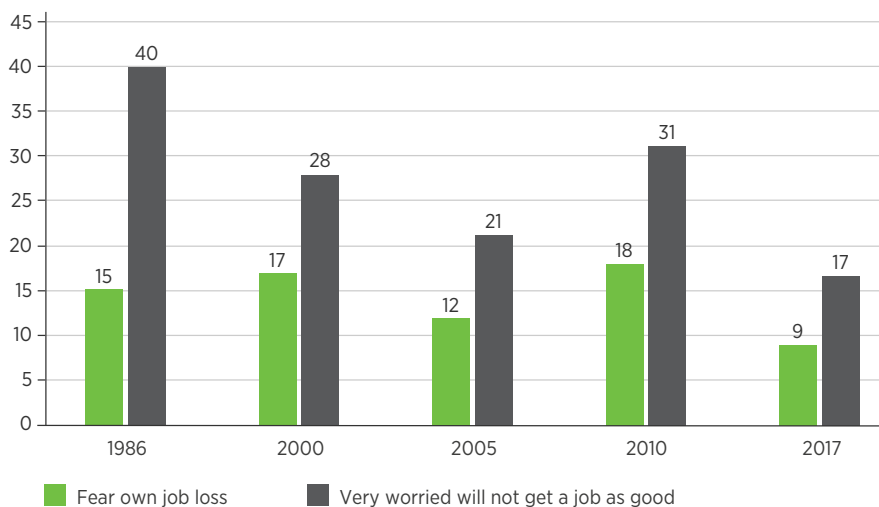
Note: All figures share who disagree with the statement, 'it would be easy to find another job with similar conditions'.

Source: CIPD. (2018) *UK Working Lives: The CIPD Job Quality Index*.

### How job and employment security changed over time

The evidence suggests that underlying perceptions of insecurity have remained remarkably stable over time and are highly responsive to the economic cycle. In other words, worker perceptions seem to be much more influenced by the overall state of the economy and the availability of jobs than by the media. The most consistent UK data over time comes from the SES. The analysis of the SES by Felstead et al<sup>16</sup> shows that the share of the workforce fearful of losing their jobs and the share who think finding another job as good as their current one goes up and down with the economic cycle, but there has been little underlying change since the mid-1980s. The share of workers fearful of losing their job or very worried about finding another job at least as good in 2017 were lower than in the mid-2000s.

Figure 17: Job and employment insecurity, 1986–2017 (%)



Source: Felstead et al (2017)

A summary of a selection of surveys measuring job security and/or employment security covering the period 1986 to 2018 is shown in Table 2, together with some non-pay indicators from the SES. The latter are discussed in more detail below. They all show a similar pattern, with no sign that job insecurity has increased over time once allowance is made for the economic cycle.

**Table 2: Perceptions of job insecurity in the UK, 1986–2018 (or nearest year)**

Survey	Measure	1986	2000	2005	2010	2017
<b>Job security indicators (%)</b>						
SES (1986–2012)	Anxious over job loss (% very/some)	30	24	23	32	–
BSAS (2015)	Worry over job loss (% great extent/some)	–	–	–	–	26
BSAS (2005–15)	Feel secure in current job (% agree)	–	–	66	–	65
WERS (1998–2011)	Jobs in workplace secure (% disagree)	–	20	15	18	–
EWCS (2005–15)	Likely to lose job in next 6 months	–	–	7	13	13
CIPD WL (2018)	Likely to lose job in next 12 months	–	–	–	–	13
CIPD EO (2010–15)	Likely to lose job (% very likely/likely)	–	–	–	20	15
SES (1986–2017)	Likely to lose job in next year	15	17	12	18	9
<b>Employment security indicators (%)</b>						
SES (1986–2017)	Very worried getting equivalent job	40	28	21	31	17
EWCS (2010–15)	Easy find job same wages (% disagree)	–	–	–	41	35
BSAS (2015)	Find job as good as current (% disagree)	–	–	–	–	39
CIPD WL (2018)	Find job as good as current (% disagree)	–	–	–	–	45
<b>Job security indices</b>						
SES (1986–2012)	Insecurity – lower more secure	1.3	1.2	1.2	1.3	–
BSAS (1989–2015)	Security – higher more secure	3.5	3.3	3.7	–	3.9
OECD (2007–14)	Insecurity – lower more secure	–	–	3.1	4.7	3.3
<b>Non-pay insecurity indicators (%)</b>						
SES (2012–2017)	Worried about pay cuts	–	–	–	37	28
	Fear of arbitrary dismissal		23	–	24	21
	Victimisation		19	–	18	16
	Discrimination		18		19	17

Notes: BSAS = *British Social Attitudes Survey*, 1989, 1997, 2005, 2015; CIPD WL = *UK Working Lives 2018* survey; CIPD EO = *Employee Outlook*; EWCS = *European Working Conditions Survey* 2005, 2010, 2015; OECD = *Job Security Index* 2007, 2010, 2014; SES = *Skills and Employment Survey*, 1986, 2001, 2006, 2012;<sup>17</sup> WERS = *Workplace Employment Relations Survey* 1998, 2004, 2011.

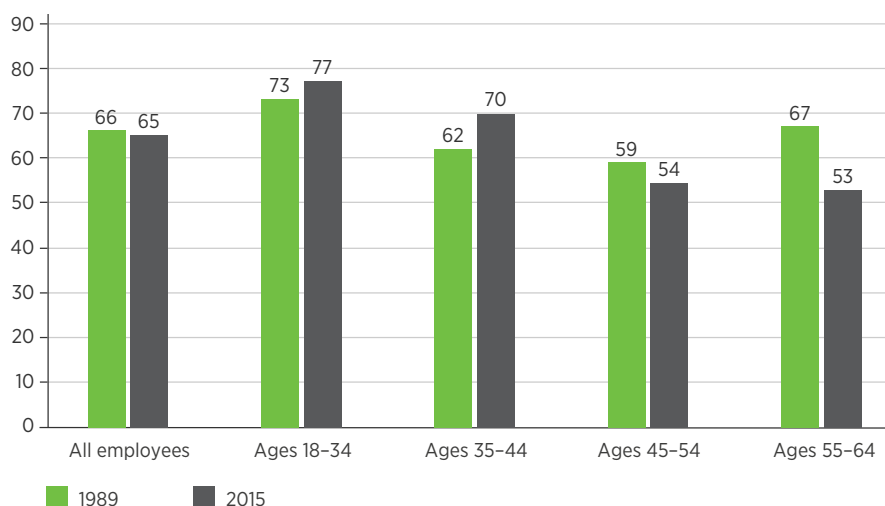
### Changing perceptions of insecurity by age and social class

A recent analysis of the British Social Attitudes Survey for 2015<sup>18</sup> shows the young (ages 18 to 34) were more likely to say they had job security (77%) than older age groups, especially those between the ages of 45 and 64, where less than 54% said they had job security. The analysis also looked at economic and social class, and not surprisingly found that those classified as professional and managerial were more likely to say they had job security (67%) than those in routine and semi-routine jobs (60%).

The analysis also found that while overall there had been no significant change between 1989 and 2015 for all those in work, there were some big changes for particular groups. Those between the ages of 18 and 34 saw an increase from 70% to 77% in the share who thought they had job security, while those between the ages of 55 and 64 saw a decline from 67% to 53%. There was also a modest increase in perceived job security for those on professional and managerial jobs, up from 65% to 67%, and a substantial fall for those in routine and semi-routine jobs, down from 71% to 60%.

It looks very much as if older workers in jobs most under threat from automation have experienced a big increase in their perceptions of insecurity, while younger workers and those in less vulnerable areas of work have either seen little change or some improvement over the past 30 years or so.

**Figure 18: Job security, by age (1989–2015) (%)**

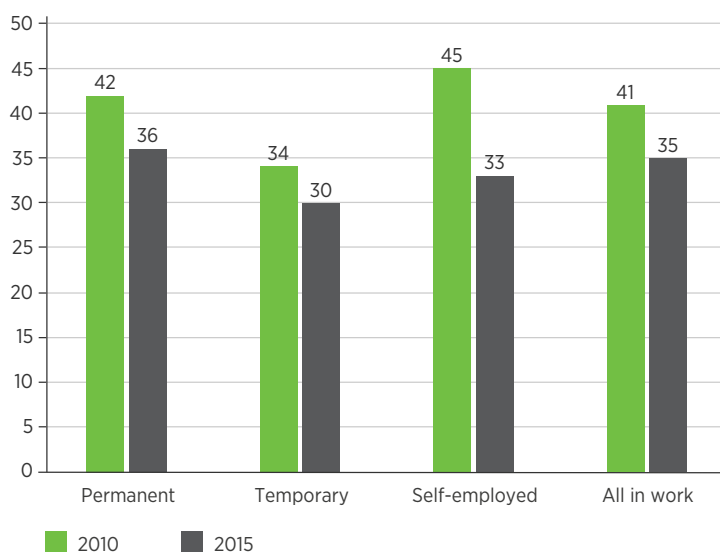


Note: All figures employees, share who said they had job security.

Source: McKay and Simpson (2016), [Work Chapter in British Social Attitudes Survey 33, 2015](#)

The [European Working Conditions Survey \(EWCS\)](#) found that in 2015 the self-employed were somewhat more likely to say they feared loss of work in the next six months than permanent employees (15% and 13% respectively), but much less than temporary employees at 27%. However, the self-employed were slightly more optimistic about getting another job with similar rewards than either permanent or temporary employees (33% of the self-employed disagreed that it would be easy compared with 36% of permanent employees and 35% of temporary employees).

The EWCS shows that between 2010 and 2015 the share who said they might lose their job increased a little for the self-employed, from 13% to 15%, while it declined slightly for permanent employees. In contrast, fear of not getting another job at least as good declined for all three groups, but the decline for the self-employed was much greater, falling from 45% to 33%, compared with a fall for permanent employees from 42% to 36%. This suggests that self-employment is more sensitive to the economic cycle, with higher insecurity in bad times and lower insecurity in good times than permanent employee employment.

**Figure 19: Employment insecurity, by job status (2010–15) (%)**

Note: Share who disagreed that it would be easy to find another job at same wage.

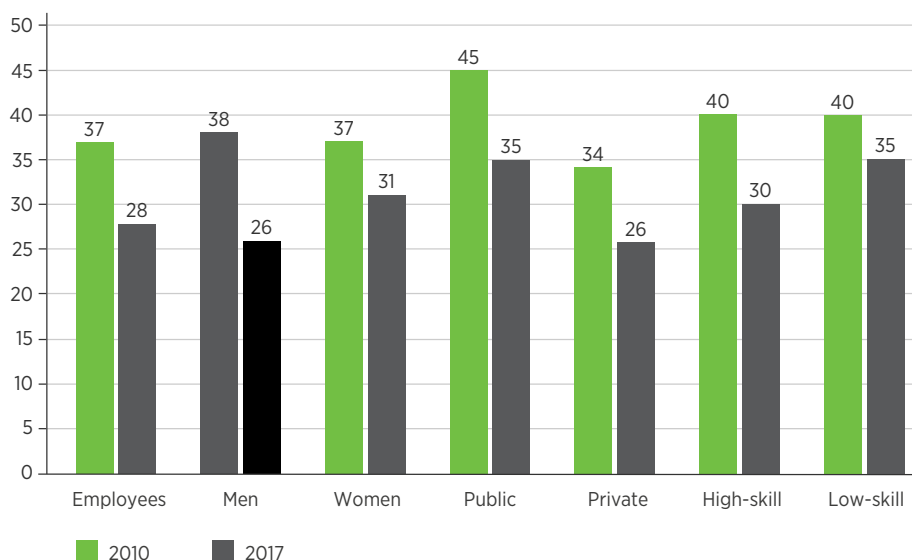
### Fear of wage cuts

Insecurity at work can also be driven by fears that wages might be cut. The SES shows that fears of a wage cut in 2017 were still affecting nearly 30% of the workforce. Not surprisingly, this was still much higher in the public sector (35%) than the private and voluntary sectors (26% and 25% respectively). This may explain why women were more fearful of a wage cut (31%) than men (26%), as the share of women in the public sector workforce is higher than in the private sector. Those in low-skill jobs were more fearful (35%) than those in high- or mid-skill jobs (30%).

Even though the current share is quite high, it has nonetheless fallen significantly since 2012 for all employees, from 37% to 26%. Although public sector fear remains higher than private sector fear, it has fallen by more – down from 45% to 35% compared with a decline in the private sector from 34% to 26%. Fear of a wage cut has declined by more for high- and mid-skill workers than low-skill workers. Low-skill workers saw a fall from 40% to 35% compared with a fall from 40% to 30% for high-skill workers.

These numbers seem especially high at a time when reported settlements that cut or froze pay are relatively low – the CIPD *Labour Market Outlook – Autumn 2018* found only 14% of organisations were anticipating a freeze in basic pay awards and just 1% a cut.<sup>19</sup> It may be that we are picking up more general concerns about wages in a period when real wage growth has been close to zero. Pay can also fall for other reasons, such as reduced hours or premium payments or through restructuring, where some workers lose out by being downgraded. Moreover, WERS showed that many employers responded to the recession by freezing or cutting wages rather than jobs.<sup>20</sup> For some workers who took a wage cut over the recession and have seen little increase over the past five years, it is not surprising that fear that the bad days of wage deductions could return at any time has persisted.

**Figure 20: Share of employees who fear a wage cut, 2012-17 (%)**

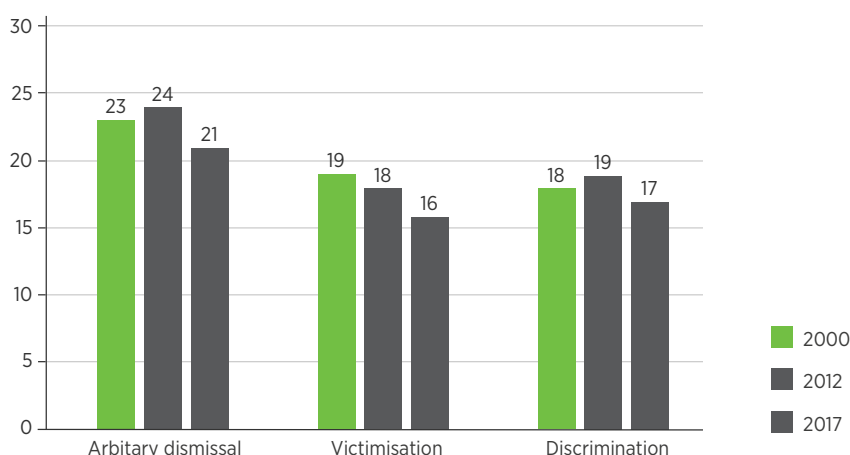


Source: Felstead et al (2017) *Insecurity at Work in Britain: First Findings from the Skills and Employment Survey 2017*

### Fear of unfair treatment

Some researchers have looked at wider measures than just job security to include fear of arbitrary dismissal, victimisation and discrimination. The [latest analysis of the SES](#) shows that there has been relatively little overall change comparing 2000 and 2017, with slight falls in the shares reporting fear of arbitrary dismissal (23% and 21% respectively), the share who fear being victimised (19% and 16% respectively) and the share who fear discrimination (18% and 17% respectively). In contrast to the job and employment insecurity measures, these indicators do not seem very responsive to the economic cycle, with results for 2012 not very different from those for later and earlier years. It appears that improvements in the general state of the labour market since 2012 have done little to address these concerns among a substantial minority of the workforce.

**Figure 21: Fear of unfair treatment, 2000-17 (%)**



Source: Felstead et al (2017) *Insecurity at Work in Britain: First Findings from the Skills and Employment Survey 2017*



## Employment status, choice and preferences

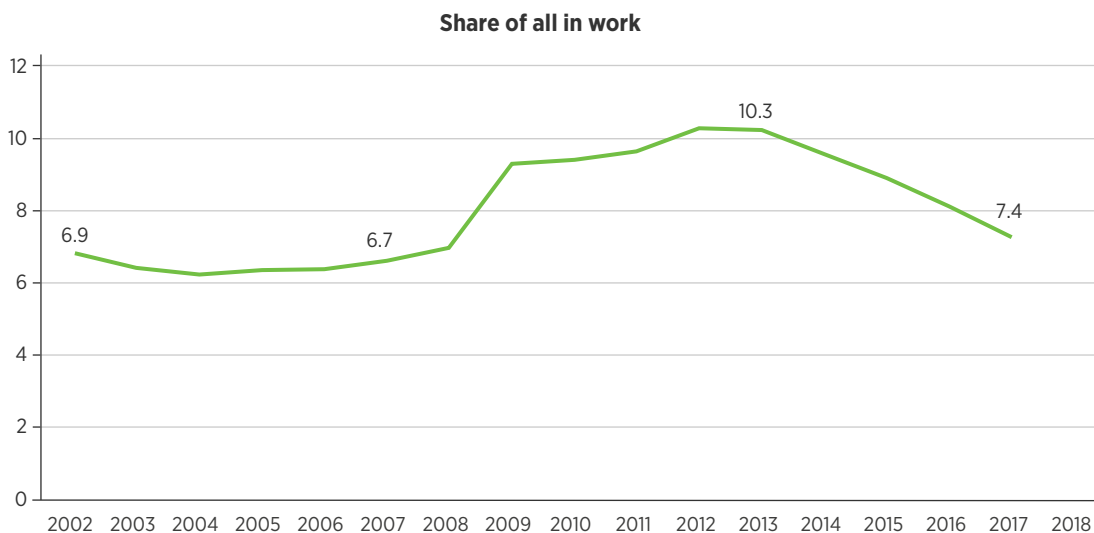
It is a common assumption that most people will want more secure employment and therefore those who are in insecure forms of work are doing it involuntarily. For some this is true, but for many others it is not. Insecurity is only one dimension of work quality and for some it may be of less importance than other qualities such as flexibility and independence. Moreover, not everyone in non-permanent employment will feel insecure – for example, some self-employed will have stable and long-term employment relationships with their main clients.

### Under-employment

Many commentators have drawn attention to under-employment, when people have fewer hours than they would like. Though often seen as an indicator of insecurity, the relationship is not straightforward, as some of those who would like more hours will be in secure jobs. The ONS defines under-employment as all those in work who would like more hours, who could take on extra hours within two weeks, and who worked 48 or fewer hours a week. The extra hours could be in the current jobs, an additional job or a different job.

In April–June 2018 there were just under 3.2 million people who would like extra hours, but only 2.4 million (7.4% of all employees) who fall within the ONS definition. The ONS data only covers the period from 2002, but so far, the under-employment rate appears to be cyclical and tracks the unemployment rate, albeit imperfectly. Between 2002 and 2007 the under-employment rate remained stable, at just under 7% of all those in work, peaked at just over 10% in 2011, and then fell to just over 7% in 2018. In other words, under-employment had at the time of writing almost returned to its pre-recession level.

**Figure 22: Under-employment in the UK, 2002–18 (%)**



Notes: All figures Apr–Jun quarter. Labels are for 2002, 2007, 2013 (the peak year), and latest quarter in 2018. Under-employment defined by ONS as all those who say they want more hours in current job, an additional job, or another job; can take on those hours in two weeks' time; and who currently work 48 hours or less if 18 or over (40 hours or less if under 18). Involuntary part-time is those who say they are in a part-time job because they could not get a full-time job.

Source: Office for National Statistics<sup>21</sup>

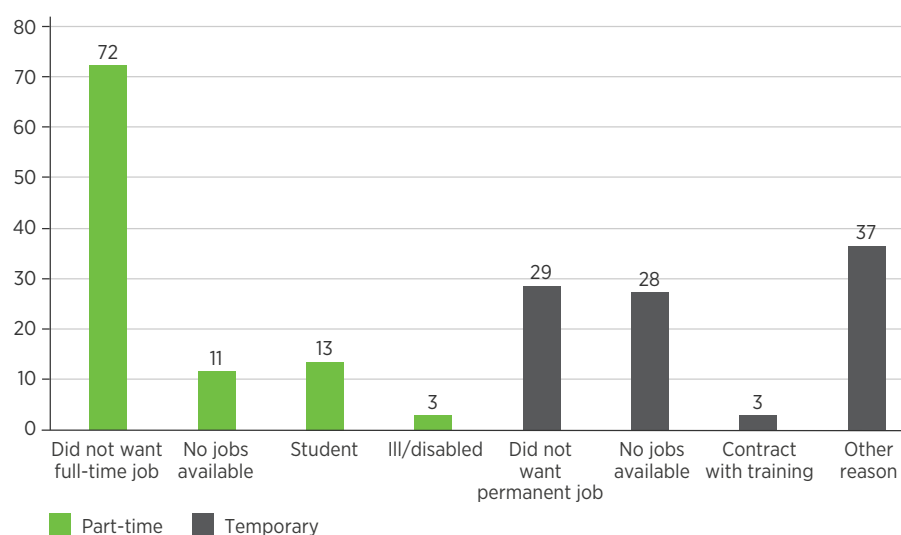
The official statistics give us two measures of involuntary working, one for part-time workers who said they took a part-time job because a full-time job was not available (involuntary part-time) and those in temporary work who said they took a temporary job because no regular work was available. Involuntary part-time working is not, strictly

speaking, a measure of insecurity, but high levels of involuntary part-time working tell us there is a significant labour market mismatch between what people want and what the labour market is delivering, and it may be an indicator of insecurity driven by lack of hours.

The latest figures for September–November 2018 show that just under 11% of part-time workers – including the self-employed – said they could not find a full-time job, or just under 3% of total employment. Just over 72% said they did not want a full-time job. Another 13% said they took part-time work because they were a student or at school, and just over 3% said they were ill or disabled.

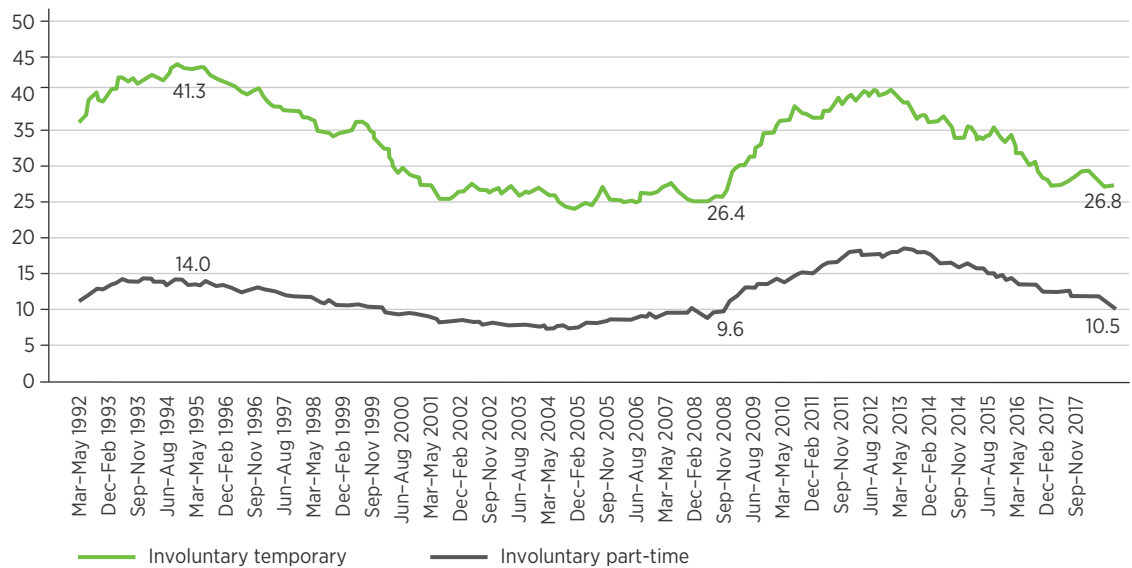
For temporary workers just under 28% said they took temporary work because no permanent jobs were available, or just over 1% of total employment. Another 29% said they did not want a permanent job. Just under 8% said they had a training contract. However, the largest single group, some 37%, gave ‘some other reason’. This suggests that the reasons for taking temporary work are complex.

**Figure 23: Why people said they worked in part-time and temporary jobs in 2018 (%)**



Both these measures are highly cyclical. In the same three months in 2007, the share of part-time workers who said they could not find a full-time job was just under 10%, peaked at 18% in 2013, and, as shown in Figure 24, has dropped back towards pre-recession levels. Similarly, the share of temporary employees who said they could not find a permanent job was just under 26% in 2007, peaked at 40% in 2013 and then also declined towards pre-recession rates. Looking at longer-term changes, the share of part-time workers who said they could not find a full-time job has not changed much since 1997, while the share of temporary workers who said they could not find a permanent job is significantly lower than in 1997.

Figure 24: Share of involuntary part-time and temporary work, 1992–2018



Source: ONS, Full-time, part-time and temporary workers (seasonally adjusted) dataset

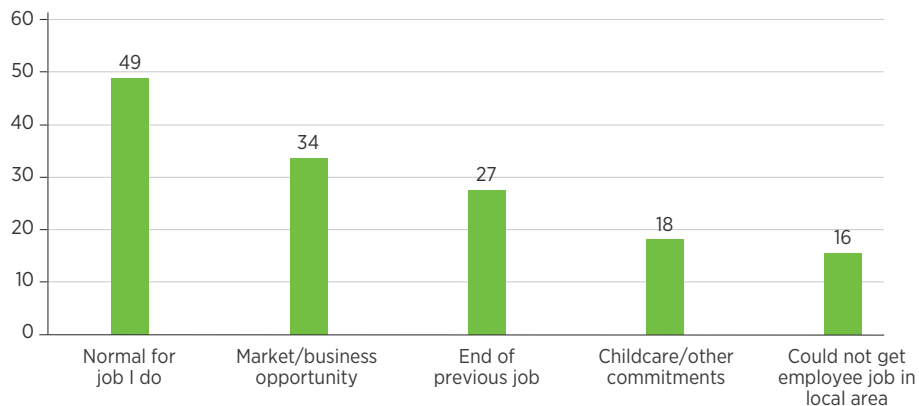
For all other forms of non-permanent employment, we are reliant on one-off surveys that ask similar questions about why people have taken these sorts of jobs. We look at three areas of non-permanent employment in more detail below – the self-employed, those in the gig economy, and zero-hours workers. Although the last two categories account for a very small share of total employment, they have nonetheless attracted a great deal of attention in the public debate and amongst policy-makers and analysts.

### The self-employed

The self-employed today make up just under 15% of the workforce. In 2018 the CIPD published an extensive analysis of self-employment,<sup>22</sup> which concluded that *‘the self-employed continue to have higher levels of job satisfaction than employees: they derive greater value from the nature of their work and appear to find it easier to manage work pressures and reconcile their business with other aspects of their lives.’*

The most recent survey to ask if self-employment was about choice was from BIS in 2016<sup>23</sup> and this found that just 16% of the self-employed said they had entered self-employment because there were no suitable employee jobs in the local area.

Figure 25: Why people went into self-employment in 2016 (%)



Note: Other responses: family business (8%), employer wanted me to move into self-employment (6%), work around a health issue (6%), none of these (9%). Respondents could pick more than one reason.

Source: BIS. (2016) Understanding self-employment.

## Gig economy

The gig economy has proved hard to nail down, but the most widely accepted definition of gig economy work is that it is done either in person or online with an app or computer. Gig economy workers cover a very wide range of occupations, from taxi-driving, delivery and cleaning services to the delivery of more technical and professional services. While there are a growing number of surveys on the gig economy, the questions asked are not entirely consistent and gaining an adequate sample size has proved challenging.

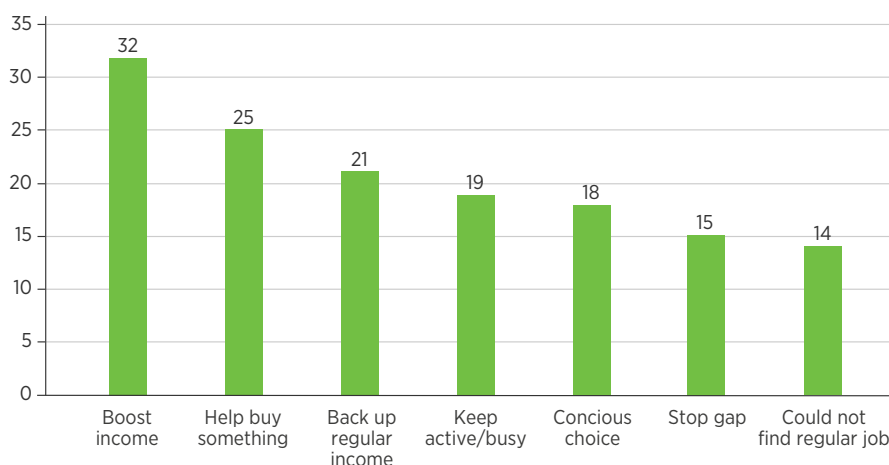
The best and only official measure of employment in the gig economy was carried out by the US Bureau of Labor Statistics (BLS) in 2018,<sup>24</sup> which found that less than 1% of employment was accounted for by gig economy workers in the week of the survey. The BLS also found that the concept was often not well understood and led to frequent over-reporting by individuals.

UK surveys have reported higher figures, but that is usually because they have measured any activity over a 12-month period in order to get a reasonable sample and this approach typically generates figures of between 2% and 4% of the working-age population. Some other surveys have included any activity the respondent can recall in all previous years, which gives a higher if less meaningful number. The CIPD and some other surveys also confirm that many move in and out of the gig economy, with some using gig work as an occasional supplement to their main income to achieve specific goals.

Relatively few surveys have asked about choice, a surprising omission given the importance in the current debate about gig work and the employment status of gig workers. The gig economy survey by the CIPD published in 2017<sup>25</sup> found just 14% said they had taken the work because they could not get another job. Provisional results from a slightly more recent survey by the LSE-CEP in 2018<sup>26</sup> found a similar figure who said they took gig economy work because they had no option.

The CIPD survey found gig economy workers were either at least as satisfied or more satisfied on a range of job quality indicators than employees in regular work, but not on income security and hours. Although they were more likely to say they had independence than employees, a large minority said they did not feel they were their own boss – suggesting considerable ambiguity around issues such as employment status for some. The BLS survey in the US also found that a significant minority of gig economy workers reported they were working as employees.

**Figure 26: Why people did gig economy work in 2017 (%)**



Source: CIPD (2017) To gig or not to gig? Stories from the modern economy.

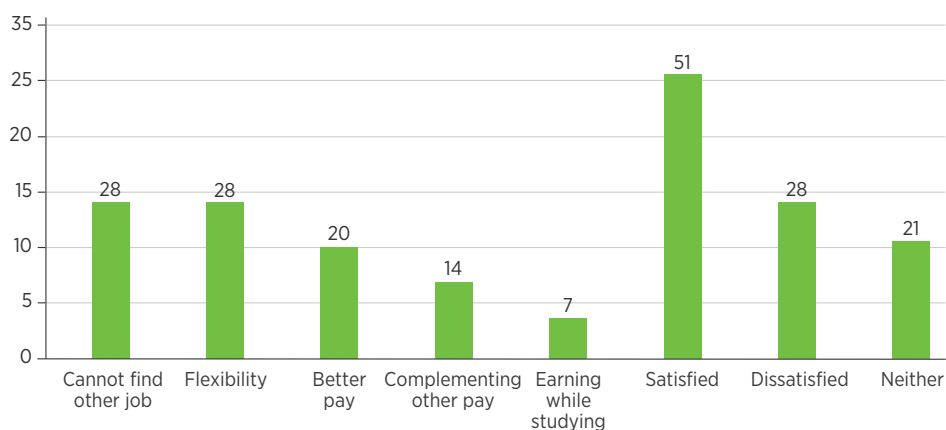
## Zero-hours contracts

Few forms of employment have attracted so much attention in recent years, in part because of the very rapid apparent increase between 2011 and 2013 (discussed earlier in this report) and partly because they seem to have become symbolic of wider concerns about the state of the labour market and particularly the belief that less secure forms of employment were becoming much more commonplace. Opposition to zero-hours as a form of employment has increased in some quarters, with both the TUC and the Labour Party moving their position in recent years to call for a complete ban.

We now have five surveys carried out between 2013 and 2018, four of which show the share of people who took zero-hours contracts because they had no option was just under a third (two from the CIPD,<sup>27</sup> one from the now defunct UKCES,<sup>28</sup> and one from the LSE<sup>29</sup>). The fifth, from the TUC,<sup>30</sup> gives a higher figure with a somewhat different question of 45%.

The most recent and largest to date from the international LSE-CEP [survey of alternative working arrangements](#) shows that just under 30% reported they had taken a zero-hours contract because they could not find a job with guaranteed hours. The same share said it was for flexibility, just under 20% said it was for better pay, about 15% said it provided complementary income, and under 10% said it allowed them to earn and study. The same survey looked at how satisfied people were with being on zero-hour contracts. Just over half (51%) said they were either satisfied or very satisfied, 28% were dissatisfied or very dissatisfied, and 21% were neither satisfied nor dissatisfied. This is similar to the level of satisfaction amongst zero-hours workers reported in the 2013 CIPD report [Zero-hours contracts: myth and reality](#).<sup>31</sup>

**Figure 27: Why people took zero-hours jobs and how satisfied they were in 2018 (%)**



Source: LSE-CEP, [Zero Hours Contracts and Labour Market Policy](#).

## Conclusions

Most people feel secure in work. Significant minorities – many in permanent jobs – do fear not getting another job at least as good, cuts in wages, or being discriminated against in the workplace. Some of these problems are especially acute for older workers, and for older workers whose jobs are under threat from automation insecurity, has increased significantly.

Most people enter part-time and non-permanent work with a degree of choice. This is especially true for part-time work, self-employment, and gig economy, but significant minorities in temporary work and zero-hours contracts would like a permanent or regular job. Other measures also suggest a significant minority of people who would like more hours.

Perceptions of job insecurity and involuntary working in non-permanent jobs go up in bad times and down in good times with little underlying change. Most people are entering non-permanent work today out of choice rather than necessity. The labour market today is no more insecure, in terms of both perception and choice, than it was 20 years ago.

## 4 How the UK compares

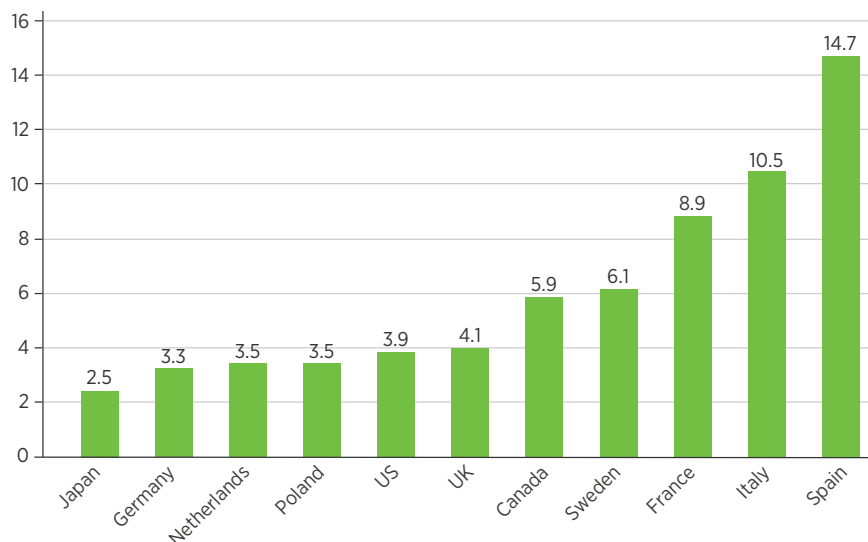
In this section we look at how the UK compares with other countries, drawing on a similar range of indicators to those used to explore measures and perceptions of insecurity in the UK. This section updates and builds on the earlier [CIPD report](#) published in 2015.<sup>32</sup> To make those comparisons manageable, we focus on comparisons with the major G7 economies (US, Japan, Canada, Germany, France, and Italy) plus the two next biggest European labour markets (Spain and Poland) and two smaller 'high end' labour markets of Sweden and the Netherlands.

### Labour market indicators

#### Unemployment

The UK's unemployment rate in 2018 was, on the latest figures available, just over 4%. Unemployment was even lower in the US, Germany, Japan, Poland and the Netherlands but higher in Canada and Sweden (around 6%) and much higher in France and Italy (9–11%) and Spain (15%). The UK can lay claim to being a low unemployment economy, albeit one of several in the OECD.

**Figure 28: Unemployment compared in 2018 (%)**



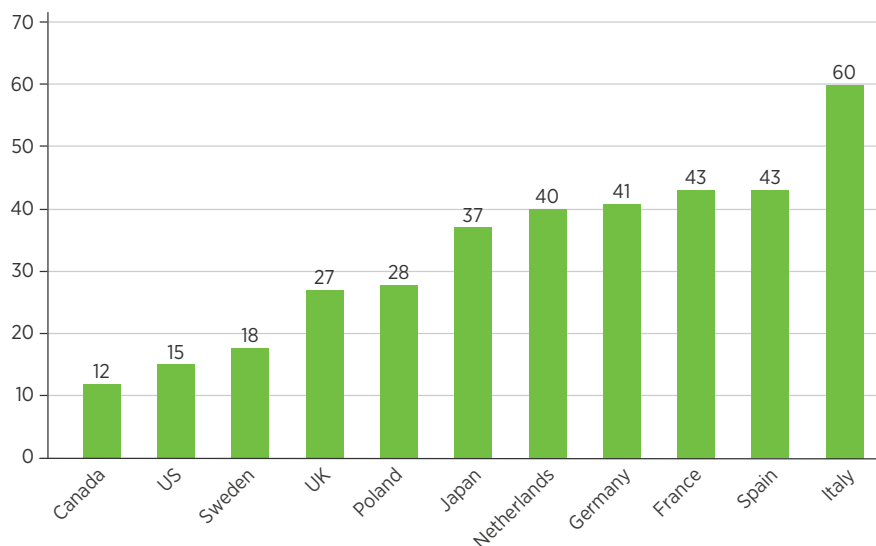
Note: All figures ILO definitions. Germany, the Netherlands, Poland, Sweden, France, Italy, Spain, UK are as published by Eurostat. Japan, US, Canada are national statistical office. All figures are for Nov except UK (Sep) and US and Canada (Dec).

Source: ONS Labour Market Bulletin, January 2018, Table 17

The UK also has a relatively low share of long-term unemployed (defined as out of work for a year or more) at 27% of the unemployed. Long-term unemployment was much less prevalent in the US, Canada, and Sweden (between 12% and 18% of the unemployed), about the same as in Poland (28%) but much lower than in Japan, Germany, France, the Netherlands and Spain, where it was around 40%, and Italy at 60%. The share of long-term

unemployed will be shaped by the overall availability of jobs, the severity of structural factors such as lack of skills or regional imbalances, and the generosity and operation of the unemployment-related benefit system. Thus, although the UK, US and Germany have similar low unemployment rates, the share of long-term unemployed in Germany is much higher than in the UK, while the share of long-term unemployed in the US is much lower.

**Figure 29: Share of unemployed out of work for over a year (%)**

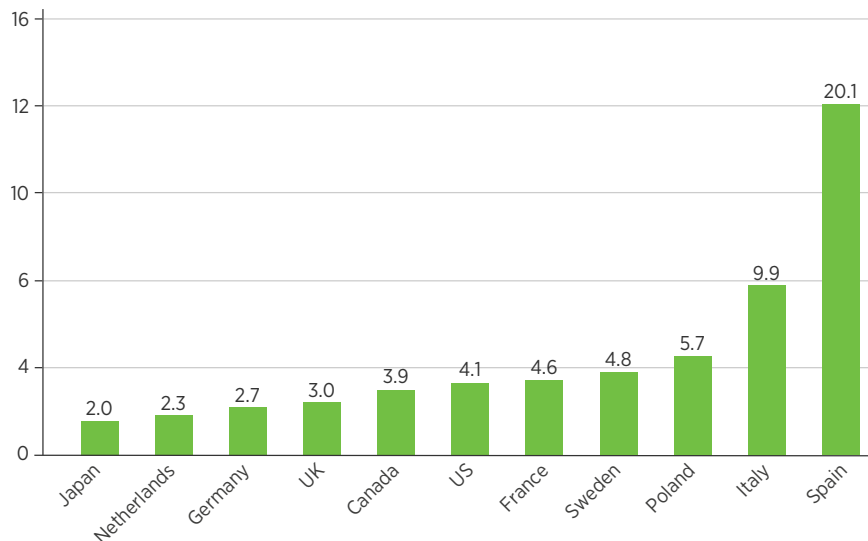


Note: All figures Q2 2018 except Japan, US, and Canada, which are 2017 annual average.

Sources: Eurostat and OECD databases.

As part of wider work on the quality of work, the OECD publishes some estimates of labour market insecurity measured by the loss of earnings associated with unemployment, which considers the probability of becoming unemployed, the length of time people are likely to remain unemployed, and the relative generosity of unemployment-related benefits compared with previous earnings. Some of these factors will work in opposite directions, so for example a generous social benefit system will reduce the costs, but a high risk of job loss and long-term unemployment will increase them. The OECD argues that people will feel more insecure if the costs of unemployment in terms of lost earnings are high.

By this measure, the costs of unemployment in the UK in 2015 were relatively low. It was lower in Japan, the Netherlands, and Germany but higher in Canada, the US, France, Sweden, Poland, Italy and Spain. The OECD also provides separate estimates for the young (under 30 years) and those with lower educational attainment, both vulnerable groups with above-average unemployment rates. The UK does less well for young people, with lower unemployment costs in Japan, the Netherlands, Germany, and Sweden but higher costs in Canada, the US, France, Poland, Italy and Spain. In contrast, the UK had the lowest loss of earnings for those with low education of all the countries in our comparison (though we have no data on this measure for Japan).

**Figure 30: Loss of earnings associated with unemployment in 2015 (%)**

Note: All figures average losses associated with unemployment as share of previous earnings. Germany is 2013.

Source: OECD, [Quality of Work database](#), labour market insecurity.

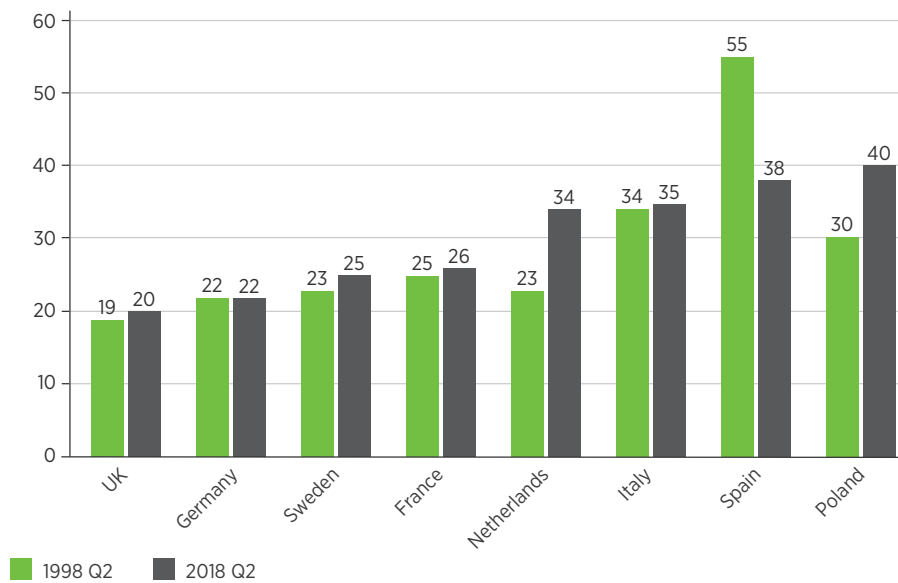
## The structure of employment

In a previous section we looked at changes in the structure of employment, including the growth of non-permanent work and the stability of jobs. In this section we look at the same indicators for those countries for which we have readily accessible data. Some international definitions vary a little from those used in the national statistics and may not be as timely, and for some forms of employment – such as zero-hours contracts – there are no international statistics at all. Some of the figures quoted in this section may therefore vary somewhat in the earlier parts of the report.

In 2018 the UK had a relatively low level of non-permanent work (defined as all those who were self-employed, temporary employees, or unpaid family workers) compared with most other EU countries at 20%; this compares with an EU average of 28%, 22% in Germany, 25% in Sweden, 26% in France and between 34% and 40% in the Netherlands, Italy, Spain and Poland. The US has its own unique statistical definition of ‘alternative work arrangements’ which covers independent labour contractors and some forms of temporary and on-call work. These groups made up just over 10% of the US workforce in 2017.<sup>33</sup>

There has been relatively little change since 1998 for most countries in our comparison in the share of non-permanent work, with no change in Germany and growth of between 1 and 2 percentage points in the UK, France, Italy, and Sweden. There has been very strong growth in some countries, notably the Netherlands (from 23% to 34%) and Poland (from 30% to 40%) driven by a big expansion in the share of temporary work. There has also been a big fall in Spain over this period, from 55% to 38%, though since the 2008 crash temporary work has been increasing again. In the US, the share of those in alternative working arrangements has not changed between 1997 and 2017.



**Figure 31: Non-permanent work across the EU, 1998–2018 (%)**

Note: France is 2000 Q1. Non-permanent work is self-employment, temporary workers, and contributing family workers as defined by Eurostat. All figures age 15 and over.

Source: Eurostat.

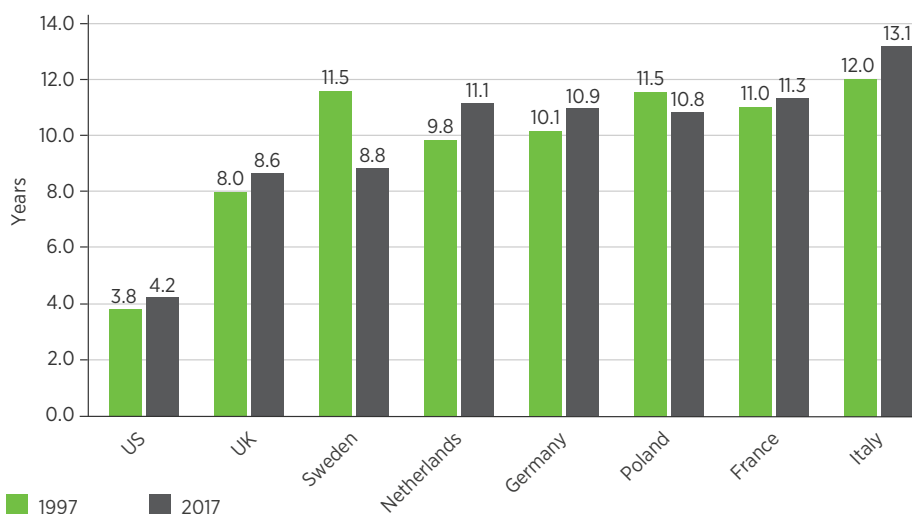
### Job stability

In the previous section we looked at job stability measured by job tenure – the average time that people stay in a job. As we noted in the introduction, the relationship between job tenure and security can be ambiguous. It is the case, however, that job tenure is lower in the UK than in many other OECD countries. In 2017 the average employment relationship in the UK was just under 9 years, about the same as in Sweden, and lower than the Netherlands at 10 years, 11 years in Germany, Poland, and France, and 13 years in Italy. US national estimates based on median tenure for 2016 was just over 4 years.

Overall, average tenures increased slightly in most countries over the period 1997 to 2017, but with a significant fall in Sweden and a slight decline in Poland. Several academic studies<sup>34</sup> for the UK, Canada, Finland and Norway suggest that job tenures on average may not have changed very much since the 1970s. US national statistics also show no fall in median tenures since the mid-1980s.<sup>35</sup>

Although the average tenure may not have changed very much, it is sometimes said that people are nonetheless less likely to stay in jobs for very long periods, as was supposedly the case in the past. In the UK in 2017 about 32% of all those in work had been in their job for ten years or more, according to the OECD. This was higher than in the US, at 29%, and about the same as in Sweden, but lower than in the other countries in our comparison, which varied from 38% in the Netherlands to 50% in Italy. In all countries except Sweden, these shares increased between 1997 and 2017, sometimes significantly. In the UK the share increased modestly from 30% to 32%, but Germany saw an increase from 36% to 40% and Spain a rise from 35% to 43% (the latter likely to be linked to the big fall in temporary work noted above).

**Figure 32: Job stability across the EU and the US, 1997–2017**



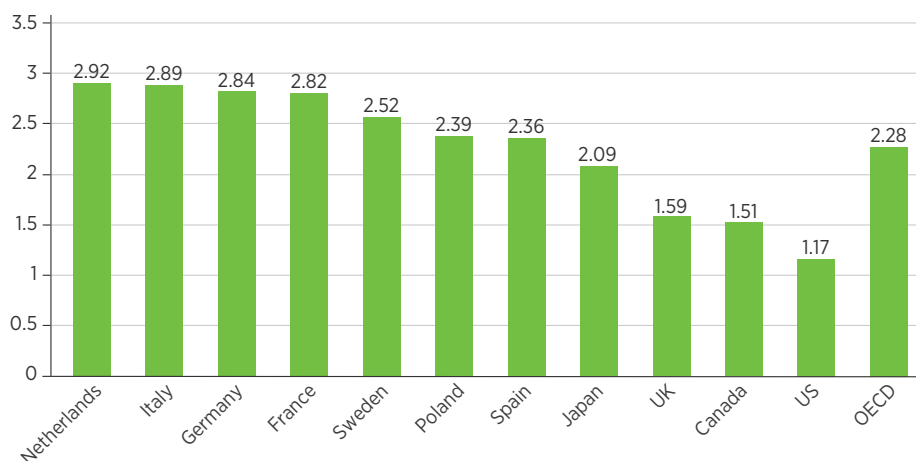
Note: all figures average time people said they had spent in their current job in years. US is median tenure 1996–2016.  
Sources: [OECD database](#) and US Bureau of Labor Statistics.<sup>36</sup>

The average can, however, conceal different experiences for some groups of workers. Historically, there have been significant falls in the tenures of men in countries such as the UK and the US, partly reflecting deindustrialisation in the 1980s. But over the last 20 years in most countries the average tenure of men has stabilised. In contrast, average tenures for women have increased (though not everywhere, with falls in Sweden and Poland).

### Institutions and regulation

The UK has less strict employment protection legislation than most other OECD countries, apart from the US, Canada and New Zealand. The OECD index covering employment protection for permanent and temporary workers facing collective or individual dismissal for 2013–14 show that on a scale of 1 to 5, the UK scored 1.6 against an OECD average of 2.3. Employment protection was lower in the US and Canada but higher in Japan and most other EU countries, ranging from 2.4 in Spain and Poland and 2.5 in Sweden to between 2.8 and 2.9 in Germany, France, Italy, and the Netherlands.

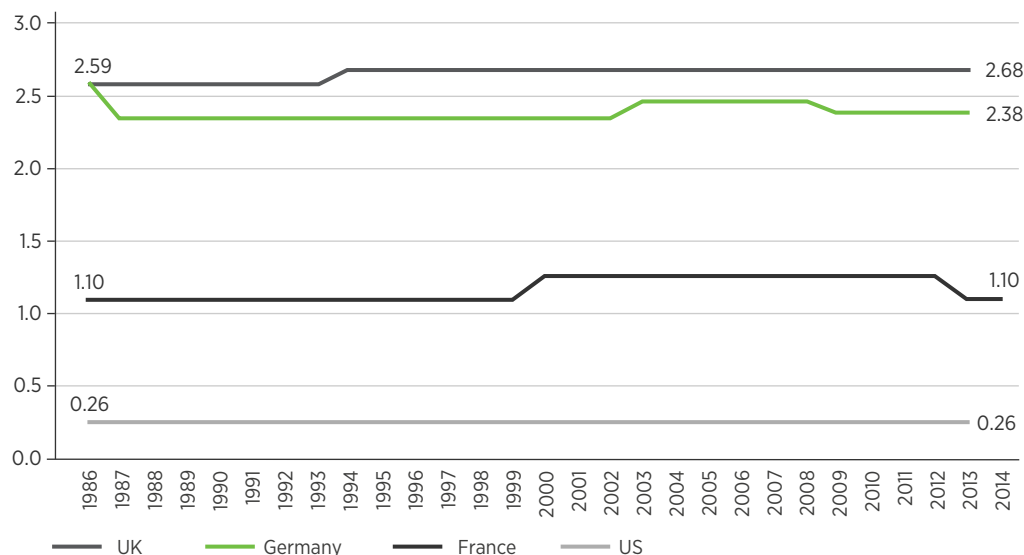
**Figure 33: Index of Employment Protection 2013–14 (version 3)**



Note: Latest version covering individual and collective dismissals and regulation of temporary contracts.  
All figures 2013 except UK, which is 2014. Numbers on the vertical axis indicate the strictness of employment protection legislation on a scale of 1 to 5, with 1 being the least strict.  
Source: OECD, [Indicators of Employment Protection](#).

As we showed in section 2, the UK has always had relatively low levels of employment protection and similarly there has been relatively little change in strictness since the mid-1980s for most OECD economies for regular workers, though some have eased restrictions on temporary workers. As Figure 34 shows, there has been little change in the relative position of the UK compared with Germany, France or the US.

**Figure 34: Index of Strictness of Employment Protection 1985–2014 (version 1)**

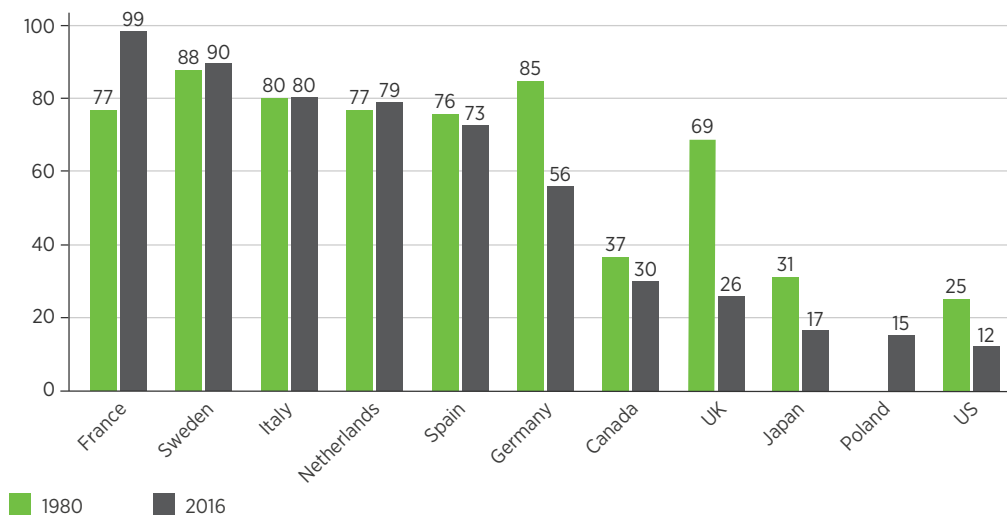


Note: Version 1 of the index. Version 2 (1998–2013) and version 3 (2008–13) include more variables and show different, usually higher, levels, but the trend is the same on all three measures. Numbers on the vertical axis indicate the strictness of employment protection legislation on a scale of 1 to 5, with 1 being the least strict.

Source: OECD, *Indicators of Employment Protection*.

In 2017 about 24% of the UK workforce was unionised, higher than in Germany, the Netherlands and Japan (all around 17%), Spain (14%), Poland (12%), the US (10%) and France (8%). It was, however, lower than in Canada (29%), Italy (34%) and Sweden (67%). The share of employees covered by collective bargaining in the UK in 2016 was 26%, and while this was higher than in the US (12%), Poland (15%) and Japan (17%), it was lower than in Canada (30%) and many other European economies such as Germany (56%), Spain, the Netherlands and Italy (70–80%), and Sweden and France (90% or more).

Since 1980 unionisation has fallen in most OECD economies, with an above-average fall in the UK from around 50% to 24% of employees. The fall in collective bargaining has also been exceptionally large in the UK, down from 69% to 26% of employees. There has been a significant divergence within the OECD, with many European economies retaining extensive collective bargaining coverage despite falling membership, mainly because of supportive legal underpinning of agreements. Indeed, collective bargaining coverage today is higher in France than it was in 1980. Other countries have seen a significant decline, for example, in the US from 25% to 12% and Japan from 31% to 17%. However, some European economies have also seen significant declines – in Germany from 85% in 1980 to 56% today.

**Figure 35: Collective bargaining coverage, 1980–2016 (%)**

Note: All figures share of employees covered by collective bargaining. 2015 for Sweden, Italy, and Spain; 2014 for France; 2012 for Poland.

Source: [OECD database](#).

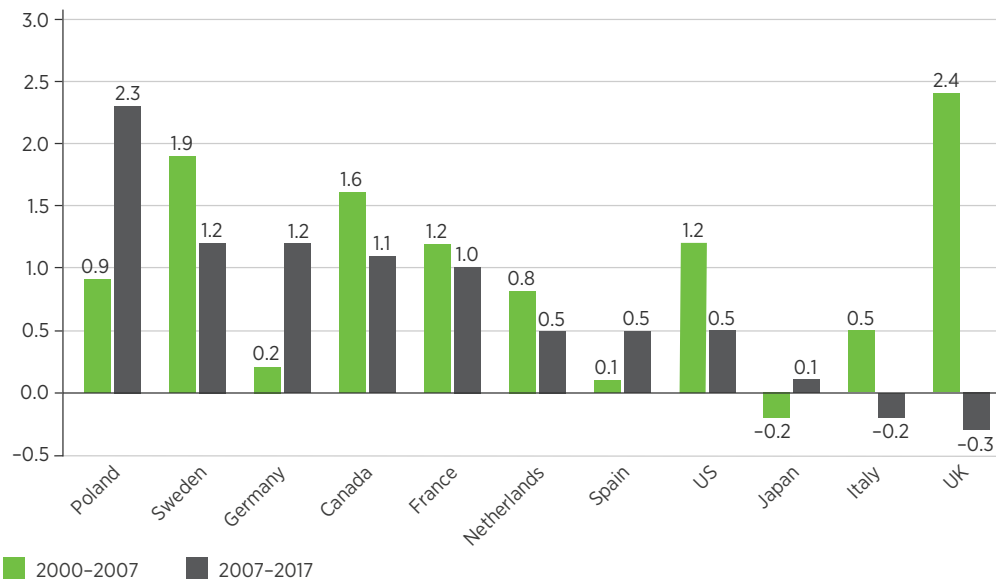
### Employer organisations

Less well documented is the coverage of employer organisations, albeit they typically act as lobbying organisations and as social partner bodies but do not often directly bargain in the UK. The extent of coverage, according to OECD figures, tends to mirror that for collective bargaining at least across the EU. In 2013 the average across those EU states for which estimates are available was 51% of all employers, with the UK on 35%. Since 2000 the coverage has remained relatively stable in most countries, with modest falls in the UK. So at least on these measures, there is little indication that employers are becoming better organised, and UK employers appear less organised than some of their European counterparts, perhaps because they have less incentive to do so.

### Wage insecurity

Many OECD economies have seen a fall in real wage growth since the crash, but the change in the UK has been exceptional. Between 2000 and 2007 real wages grew by 2.4% per annum, but between 2007 and 2017 average annual earnings in real terms fell on average by 0.3%.<sup>37</sup> Not all economies have experienced a wage slowdown, with significantly stronger wage growth post-crash in Germany and Poland. Over the past decade real wages in Poland have grown by 2.3% per annum in real terms and by 1.2% in Germany. Note that these estimates are based on a different measure of real wage growth than those published each month by the ONS.

Figure 36: Real wage growth across the OECD, 2000-17 (%)

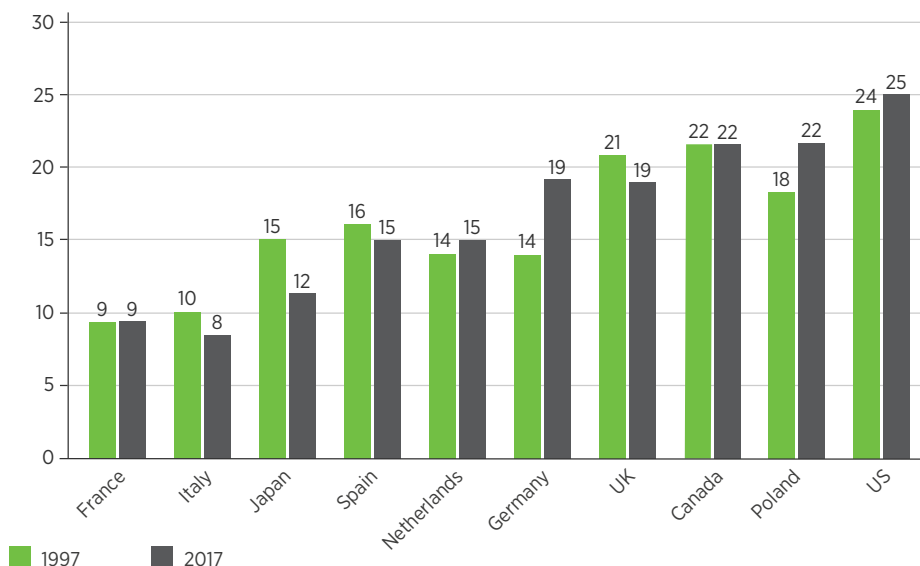


Note: All figures annual full-time equivalent earnings based on national account wage bill divided by employees and multiplied by the ratio of weekly usual hours of full-time employees to all employees. No comparable data for Sweden.  
 Source: [OECD Employment Outlook 2018, Table N.](#)

### Incidence of low pay

The UK has historically had an above-average share of low-paid jobs compared with most European economies and Japan, but less than in the US, using the OECD definition of less than two-thirds of gross median earnings of full-time employees. In 2017 the share of low-paid jobs in the UK was about the same as in Germany at 19% and lower than in Poland and Canada (22%) and the US (25%). However, low-paid employment was significantly lower in France and Italy (8-9%), Japan (12%) and Spain and the Netherlands (both 15%). Over the last 20 years the share of low-paid jobs has fallen in some economies, including the UK, and increased in others.

Figure 37: Share of low-paid jobs, 1997-2017 (%)



Note: All figures share of jobs paying less than two-thirds of gross median earnings for full-time employees. No data for Sweden.  
 Source: [OECD database.](#)

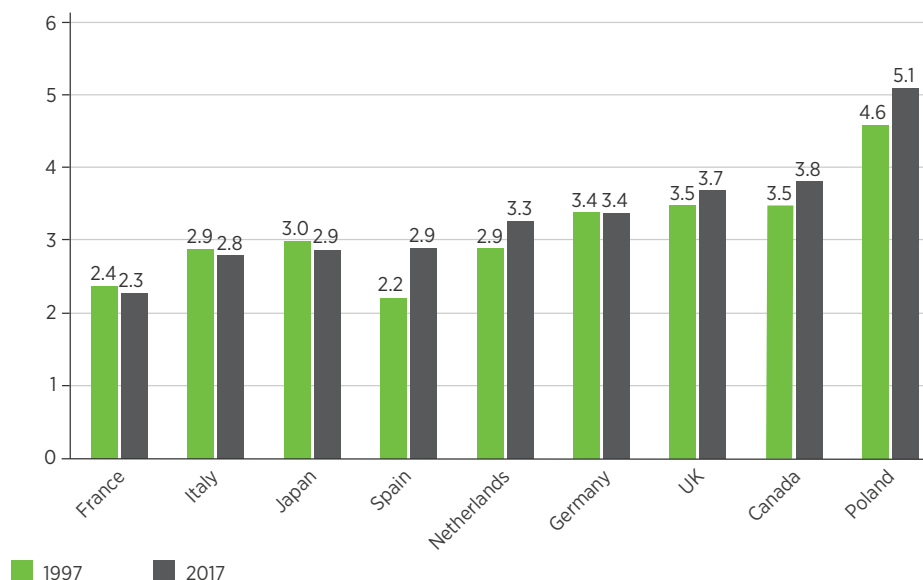
### Variable pay

Variable pay appears just as common across the EU as in the UK, according to a recent [Eurofound report](#), although this uses a slightly different set of definitions from those reported in the previous sections.<sup>38</sup> In 2016 about 63% of UK firms offered some form of variable pay compared with 62% across the EU28 – the UK share is roughly the same as in Sweden and Germany, lower than in France, Poland and the Netherlands, and higher than in Spain and Italy.

### Wage inequality

Wage inequality is often measured by comparing the bottom tenth with the top tenth (the 90/10 decile ratio). The OECD provides estimates for full-time employees and in 2017 the ratio between the top and the bottom was 3.4 in the UK, the same as the OECD average. Pay ratios were lower in Italy (2.3), France and Japan (2.8), and Sweden, the Netherlands, and Spain (2.9 to 3.1). Germany was slightly lower at 3.3. In contrast, wage inequality was higher in Poland and Canada (3.7 and 3.8 respectively) and well behind the US at 5.1. Over the past 20 years wage inequality has remained stable across the OECD. It has fallen in some countries (Italy, France, Spain, Japan) but risen in others (Germany, Sweden, Canada, the US, Poland). The UK shows no change over this period, but wage inequality has been edging down in recent years driven by above-average increases in the NMW. The US stands out as having an exceptionally high level of wage inequality by OECD standards.

**Figure 38: Wage inequality, 1997–2017 (90/10 decile ratio)**



Note: All figures full-time employees, ratio of top tenth in the wage distribution to the bottom tenth of the wage distribution. Japan, the US, Canada 1997–2017; France, Netherlands, Spain 2002–14; Italy 1998–2016; UK, Poland, Germany 1997–2016.

Source: [OECD database](#).

### Perceptions of insecurity

In any international comparison on worker perceptions, a word of caution is in order. Responses to surveys can be shaped by regulatory, institutional and workplace practices, and what is regarded as the ‘norm’ – so the way that, say, UK or US workers view the workplace may be quite different in some respects from, say, German or French workers. A credibility test always needs to be applied – for example, some survey results taken at face value would make Swedish workplaces some of the most dangerous in the EU. This is more likely to reflect higher expectations among Swedish workers of workplace practice than a

genuine difference in workplace safety. There are few international surveys available, but one which has asked some job-security-related questions is the [EWCS](#). We also draw on data from the US provided by the Gallup polling company.<sup>39</sup>

In 2015 fear of job loss in the next six months in the UK at 13% was lower than the EU average of 16%. It was higher than in Germany (10%), slightly lower than in France and Sweden (14–15%), but significantly lower than in Italy (21%) and Spain, Poland and the Netherlands (24–26%). In the US a [Gallup survey](#) in 2018 found that 11% of US workers feared job loss, though the question asked about a 12-month period.

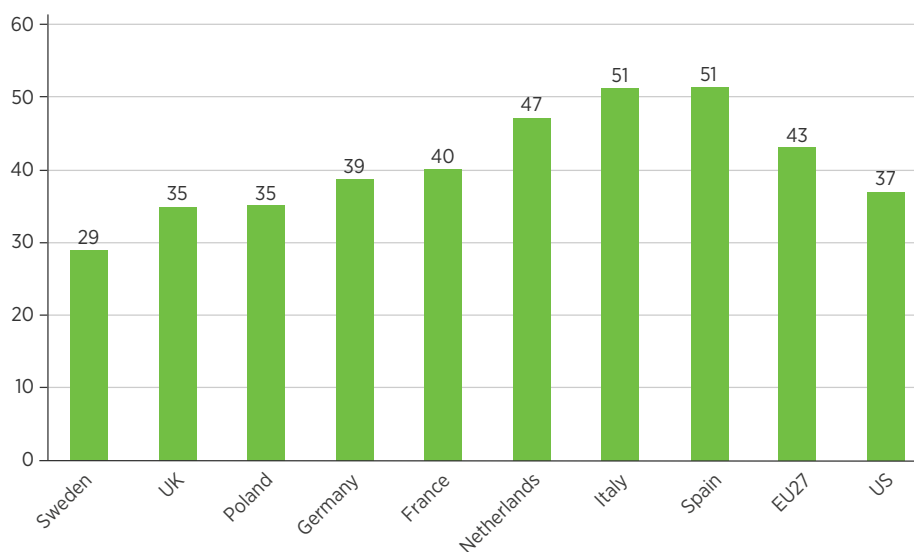
There has been little overall change in the share of workers who feared job loss across the EU since 2010, and overall job loss fears remain higher in 2015 at 16% than they did in 2005 at 13%. There has been some diversity in trends between countries, with some showing higher job insecurity comparing 2010 and 2015, while in others there has been no change or a fall. In the UK just 7% of workers feared job loss in 2005 over the next six months compared with 13% in 2015.

The US Gallup surveys were carried out over much longer periods and show a cyclical pattern with little underlying change. In 1979 some 11% of US workers said it was very likely or likely they would be laid off in the next 12 months, and in 2017 the share was 8%. Another question asking about people’s satisfaction with their job security from 1993 onwards shows a similar pattern.

### Employment insecurity

Employment insecurity is relatively low in the UK and the US compared with the rest of the EU. The EWCS survey also asked how easy people thought it would be to get another job on a similar wage. In the UK some 35% disagreed it would be easy compared with the EU average of 43% in 2015. In the US, Gallup asked a similar but slightly different question in 2017, when 37% of US workers said they worried they would not get another job at least as good. However, even in the US and the UK, a large minority of workers remain worried about their job prospects even though overall labour market conditions appear favourable.

**Figure 39: Employment insecurity across the EU and the US in 2015–17 (%)**



Note: EU is share of people who disagreed with statement that it would be easy to get a job at a similar wage in 2015. US is share who said they were worried that they would not get a job as good in 2017.

Sources: [European Working Conditions Survey](#) and [Gallup](#).

Employment insecurity improved somewhat between 2010 and 2015 across the EU, with the share who disagreed that it would be easy to get another job falling from 48% to 43%. In the UK there was a similar decline, from 41% to 35%. Employment insecurity also improved in Germany, Sweden and Poland, but either changed little or went up in France, Spain, Italy and the Netherlands. The Gallup surveys again show a strong cyclical pattern for the US, with 36% of US workers saying they were worried about getting a job as good in 2007. This increased to 57% in 2010 before going back to pre-recession share in 2017.

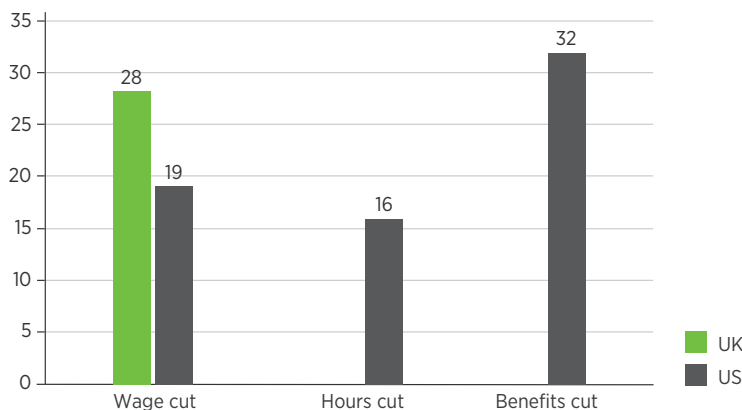
**Figure 40: Job/employment insecurity in the US (%)**



Source: Gallup.

Both the UK [SES](#) and US Gallup asked about concerns about wage cuts in 2017, with some 28% of UK workers concerned compared with 19% of US workers. There are differences in survey and question asked, so we must be careful about making direct comparisons. Nonetheless, on the face of it UK workers may be more worried about cuts in wages than their US counterparts. The Gallup survey also asked about fear of cuts in hours (16% of US workers) and cuts in benefits (32%) – the latter likely to reflect the important role of employer-provided benefits in the US health care system. None of these US indicators show much change over time comparing 1997 and 2017. US workers are no more likely to be worried about wage, hour or benefit cuts than they were 20 years ago.

**Figure 41: Non-wage insecurity in 2017 in the UK and the US (%)**



Note: Wage cut concerns based on different surveys with different questions, so cannot be directly compared.

Source: Felstead et al (2017) [Insecurity at Work in Britain: First Findings from the Skills and Employment Survey 2017](#) and Gallup.



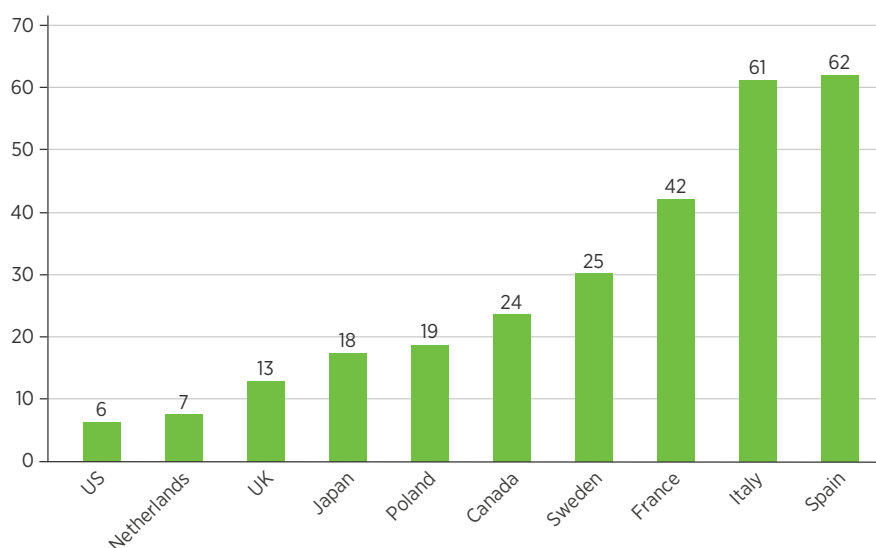
## Choice and preferences

In this section we look at two indicators on people's choices and preferences where we have international statistical measures: the share of people in part-time jobs who would like a full-time job and the share of people in temporary employment who would like permanent work. On both indicators, the UK has a lower incidence of involuntary working than most other OECD countries.

In 2017 about 13% of all those in part-time work (including the self-employed) said they could not find full-time work in the UK. This was higher than in the US (6%), the Netherlands (7%) and Germany (11%). It was, however, lower than in most other countries – in Japan it was 18%, in Poland 19%, in Sweden 24% and in Canada 25%, and much lower than in France (42%) or Spain and Italy (60% and 62%).

There has been little consistency in recent trends – some, like the UK, have changed little compared with 2007, others have seen a decrease and others an increase. The UK's relative position against our comparator countries has not changed since 1997.

**Figure 42: Involuntary part-time working across the OECD in 2017 (%)**

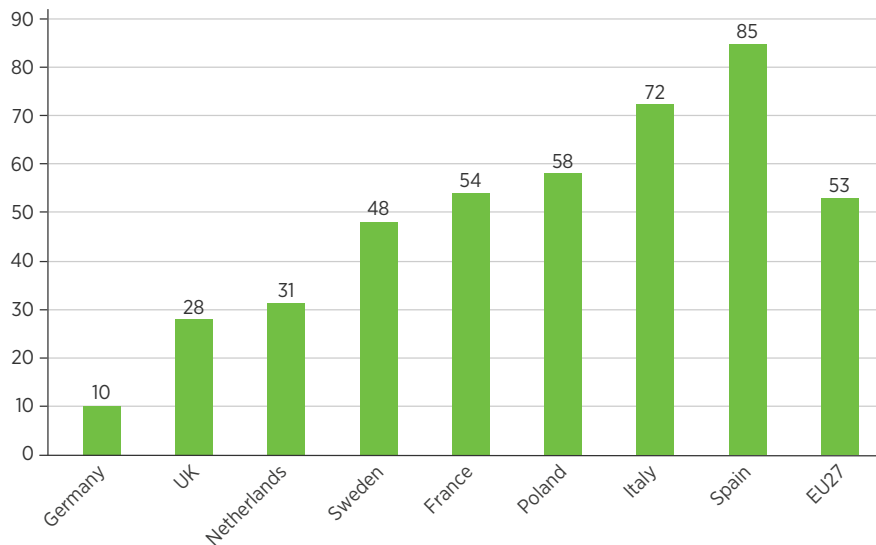


Note: Includes self-employed.

Source: OECD database.

## Temporary involuntary working

In the UK in 2017 about 28% of temporary employees said they could not find a permanent job, compared with the average across the EU27 of 53% (we only have comparable data from Eurostat). This was higher than in Germany (10%), but lower than in the rest of our comparator countries – 31% in the Netherlands, 48% in Sweden, 54% in France, 58% in Poland, 72% in Italy, and 85% in Spain. As with involuntary part-time workers, trends have been mixed with little change for some, including the UK since 2007, declines for others and increases for the rest. Again, the UK's relative position has not changed.

**Figure 43: Involuntary temporary working across the EU in 2017 (%)**

Note: all figures for ages 15 or older.

Source: Eurostat.

## Conclusions

The story of the UK labour market over the past 20 years is in some respects not that exceptional. Many other major economies have also experienced an underlying stability in their employment structure and the duration of jobs, while unemployment has in some cases fallen even lower. The UK stands out as having an exceptionally low share of non-permanent employment, but also has a more unequal wage structure and a higher share of low-paid jobs than most EU states. These features were equally true 20 years ago.

The evolution of labour market regulation has also followed a similar pattern, with relatively little change in protections for permanent employees in most OECD countries over the past 20 years. The shift away from collective bargaining is more mixed, with coverage remaining high in most EU states but falling elsewhere, including the UK.

Perceived insecurity in the UK is relatively low when compared with other EU states and (probably) on a par with the US. It may be that UK (and US) workers have learned to live with a greater degree of insecurity than some of their European counterparts, but the incidence of involuntary part-time or temporary working is also comparatively low. In some countries, regulatory and institutional rigidities were clearly having an impact before the crash – for example, involuntary part-time and temporary working in Spain and Italy were already very high before the 2008 crash.

## 5 Insecurity in the UK – policy implications

The evidence presented in this report challenges the notion championed by some that insecurity in the UK labour market is rife and has been getting worse over the past two decades. This divergence between reality and perception is not shared by the workforce, who appear to be making more soundly based judgements based on current labour market conditions. By international standards a case could be made that on some but not all measures the UK is towards the high employment, high security end of the spectrum, though still some way behind the best performers in the OECD.

Yet the evidence also shows that however favourable the overall position, insecurity is still being faced by many millions of employees, many of them in permanent jobs. The CIPD [UK Working Lives survey](#) found that 46% of employees disagreed with the statement that it would be easy to find another job with similar conditions. That translates into 13 million employees with some concern about their future employment, albeit the degree of concern will vary. The obsessive focus on marginal forms of employment such as the gig economy, zero-hours contracts, and agency working is in danger of obscuring the bigger picture about improving the quality of employment for all of those in work.

### **Sustaining full employment**

It is easy to take the current low rates of unemployment and high rates of employment for granted, but given that insecurity responds strongly to the overall state of the labour market, it is essential that not only are these outcomes sustained, but further progress is made to match the performance in some other OECD economies. In the UK these outcomes have in part been secured by sustaining a flexible labour market that strikes a reasonable balance between individuals' rights and protections at work and employers' needs for workforce flexibility.

### **Towards a national quality of work strategy**

The Taylor Review set out detailed recommendations on gig economy and other workers in vulnerable positions, which the Government is committed to implementing. However, even more importantly, Taylor also argued for a much wider and more ambitious strategy on the quality of work. Putting that wider agenda into practice through a national strategy to improve work quality is essential if we are to improve insecurity at work, including those driven by concerns over hours and wages and the wider issues of fears of unfair treatment. The Government's [Good Work Plan](#)<sup>40</sup> is a welcome start but needs to go beyond the detailed recommendations of the Taylor Review. The Government has accepted in principle that the BEIS and the industrial strategy should also look at quality of work issues, but needs to be more specific about how this should be taken forward, especially through mechanisms such as the sector deals and enhanced locally delivered business support for small firms.

### **Promoting choice in the workplace**

Choice is often overlooked in the debate on insecurity, yet it should be at the heart of what we want a good labour market to look like. The broad aim should be creating labour markets and promoting workplace practices that provide the best match between what people want at different stages in their life and the employment options available. Some employers have moved in that direction – for example, McDonald's has given staff on zero-hours contracts the option of moving to regular contracts if they want to. This approach [is being encouraged by the Government](#), which has announced its intention to legislate to introduce a right for workers to shift to a more predictable work pattern.

### **Supporting small firms to do the right thing**

More complex employment models can be managed by larger companies but are more challenging for smaller firms. The CIPD has found in a project supported by JP Morgan that many small firms lack even basic HR capacity and capability. In a series of pilots the project showed how the provision of even a limited amount of good-quality flexible HR support via local, specialist consultants could make significant improvements and put firms on a sounder foundation for growth.<sup>41</sup> Without such investment, any quality of work strategy will simply bypass a large part of the workforce because many small firms will be unable to engage. This may be especially important in addressing issues such as fear of unfair treatment at work when these stem from poor practice and compliance

rather than deliberate intent. The CIPD has argued for a national rollout of the scheme, People Skills, across the Local Enterprise Partnership network, building on work in the initial pilots in Hackney, Glasgow and Stoke. This approach is being further tested in Birmingham through a pilot run by the CIPD and the Greater Birmingham Chambers of Commerce. The project is funded by the Government's Business Basics Fund for testing new approaches to boosting firm-level management capability and productivity.

### **Lifelong learning and older workers**

We endorse the call in the Taylor Review that *'the Government should use its convening power to bring together employers and the education sector to develop a consistent strategic approach to employability and lifelong learning.'* We would especially highlight the position facing older workers, as this is the demographic that fears insecurity the most and which includes many for whom insecurity has increased significantly as a result of automation. For many older workers there is to date little in the way of support for training and new skill acquisition, and the concept of lifelong learning remains for some no more than a vague aspiration. The Government has announced funding for a National Retraining Scheme, which, while limited in scope, is welcome. However, public policy development on lifelong learning needs to be much more ambitious in terms of innovation and scale.

### **Enforcement and co-ordination**

Whatever changes are made through regulation and laws will be ineffective if they are not properly enforced. Moreover, lack of enforcement means that some employers trying to do the right thing will feel undercut by rivals who are less principled. The Government has made some welcome steps to improve regulation and enforcement in some areas of the labour market and improved the co-ordination of enforcement through the Director of Labour Market Enforcement and the publication of a Labour Market Enforcement Plan. It has built on this by announcing and subsequently consulting on plans for a single labour market enforcement body covering the work of the Employment Agency Standards Inspectorate, the Gangmasters and Labour Abuse Authority as well as the HMRC's enforcement of the National Minimum Wage and National Living Wage.

However, increasing the number of inspections beyond those announced in the Good Work Plan will still be required if the protections we have are to achieve what they were intended for and good employers are to be properly supported. In addition, the new single labour market enforcement body as proposed does not cover key bodies such as the Health and Safety Executive and the Equality and Human Rights Commission, meaning issues such as harassment, discrimination and stress at work would fall outside its remit.

There is also a need to improve the link between the enforcement system and the provision of HR support to enable particularly smaller employers – who often fall foul of the law through ignorance or lack of resources rather than malicious intent – to improve their people management practices rather than simply fining them. As stated above, there is a strong case for a much better business support offer on HR and people management, accessible for small firms and delivered at a local level, which could dovetail with a more progressive approach to enforcing employment rights in the UK.

### **Trade unions**

Trade unions can have an important role, both as social partner bodies and in delivering change through collective agreements – both in existing workplaces and in new areas of employment, such as the gig economy. Some unions have provided collective services for the self-employed for many years and this approach could be built on and expanded.

## Zero-hours

There have been calls to ban some forms of work, such as zero-hours contracts, on the grounds that some people would prefer regular work. This is a crude response that would, on the evidence to date, make life more difficult for more people than it satisfied. A ban would not conjure up more hours of work or induce employers to convert temporary contracts into permanent ones (indeed, it might have the opposite effect if employers need to find another way to restore flexibility). As stated previously, the Government has announced it is to legislate to introduce a right for workers to switch to a more predictable work pattern. This is a more proportionate and appropriate public policy response to tackling the negative aspects of zero-hours contract work than a ban. The Government is also consulting on introducing a right for workers to have reasonable notice of work schedules and compensation when shifts are cancelled without reasonable notice, both of which should help address the problem of one-sided flexibility, which benefits employers at the expense of workers.

The CIPD's [guidance to employers](#) is that they should only use zero-hours contracts where there is a clear business need and where the flexibility in these arrangements suit both the organisation and the individual. Public authorities can also work directly with employers to reduce the use of zero-hours contracts in areas such as social care and higher education, where there is evidence that these arrangements are detrimental to workers.

## 6 Notes

- 1 The ONS has also published estimates based on an employer survey which measured contracts issued, but this has since been discontinued on grounds of reliability and cost.
- 2 Resolution Foundation. (2018) *A new generational contract: the final report of the Intergenerational Commission*.
- 3 CIPD. (2015) *Employment regulation and the labour market*.
- 4 Burgess, S. and Rees, H. (1996) *Job tenure in Britain 1975 to 1992*.
- 5 Goos, M. and Manning, A. (2002) *Lousy and lovely jobs: the rising polarization of work in Britain*.
- 6 ONS. (2018) *Low and high pay in the UK: 2018*.
- 7 BIS. (2014) *Hollowing out and the future of the labour market*.
- 8 CIPD. (2015) *Zero-hours and short-hours contracts in the UK: employer and employee perspectives*.
- 9 ONS. (2017) *Annual survey of hours and earnings: 2017 provisional and 2016 revised results*.
- 10 BEIS. (2017) *Good work: the Taylor review of modern working practices*.
- 11 CIPD. (2015) *Zero-hours and short-hours contracts in the UK: employer and employee perspectives*.
- 12 However, the labour share has not fallen in the UK since the mid-1990s according to the OECD and the ONS, despite the continued decline in union collective coverage, but has fallen in some EU countries where collective bargaining coverage remains extensive.
- 13 BEIS. (2018) *Trade union membership 2017 statistical bulletin*.
- 14 CIPD. (2018) *UK working lives: the CIPD Job Quality Index*.

- 15 Felstead, A., Gallie, D., Green, F. and Henseke G. (2017) *Insecurity at work in Britain: first findings from the Skills and Employment Survey 2017* and Gallup Work and Workplace poll.
- 16 Ibid.
- 17 Gallie, D., Felstead, A., Green, F. and Inanc, H. (2015) *The hidden face of job insecurity*; and Felstead et al (2017) *Insecurity at work in Britain: first findings from the Skills and Employment Survey 2017*.
- 18 McKay, S. and Simpson, I. (2016) *Work chapter in British Social Attitudes Survey 33, 2015*.
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- 20 BIS. (2013) *The 2011 Workplace Employment Relations Study*.
- 21 ONS. *Underemployment and overemployment* and *Full-time, part-time and temporary workers* (seasonally adjusted) datasets.
- 22 CIPD. (2018) *Megatrends: more selfies? Self-employment in the UK*.
- 23 BIS. (2016) *Understanding self-employment*.
- 24 BLS. (2018) *Contingent and alternative employment arrangements survey*.
- 25 CIPD. (2017) *To gig or not to gig? Stories from the modern economy*.
- 26 Datta, N., Giupponi, G. and Machin, S. (2018) *Zero hours contracts and labour market policy*.
- 27 CIPD. (2017) (see note 25); CIPD. (2015) *Employer/employee views of zero-hours contracts*.
- 28 UKCES. (2014) *Employee views on flexible contracts*.
- 29 Datta et al. (2018) (see note 26).
- 30 TUC. (2017) *Great jobs with guaranteed hours*.
- 31 CIPD. (2013) *Zero-hours contracts: myth and reality*.
- 32 CIPD. (2015) (see note 27).
- 33 BLS. (2018) (see note 24).
- 34 Burgess, S. and Rees, H. (1996) (see note 4). Wadsworth, J. and Gregg, P. (2005) *Job tenure in Britain 1975–2000*. Oxford: Oxford University Press; Rokkanen, M. and Uusitalo, R. (2010) *Changes in job stability: evidence from lifetime job histories*. IZA Discussion Paper 4721; Heisz, A. (2005) Evolution of job stability in Canada. *Canadian Journal of Economics*. Vol 38, No 1. pp105–27.
- 35 However, some US studies have suggested a long-term decline. Farber, H.S. (2008) *Employment insecurity: the decline in worker-firm attachment in the United States*. Working Papers 1068, Princeton University, Department of Economics, Industrial Relations Section.
- 36 BLS. (1997) *Employee tenure in the mid-1990s*, and BLS (2018) *Employee tenure in 2018*.
- 37 OECD. (2018) *OECD employment outlook 2018*.
- 38 Payment by results, individual and group performance pay, profit shares, and share ownership schemes. Eurofound. (2018) *Salary-setting mechanisms across the EU*.
- 39 Gallup *Work and Workplace poll*.
- 40 BEIS. (2018) *Good work plan*.
- 41 CIPD. (2017) *Building HR capability in small UK firms*.



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Issued: July 2019 Reference: 7904 © CIPD 2019