


HAS WORK BECOME LESS SECURE?

Examining the evidence on
employment security



The CIPD is the professional body for HR and people development. The registered charity 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 more than 160,000 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.



Report

Has work become less secure? Examining the evidence on employment security

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1 Introduction

There is an oft-cited view that work in the UK is becoming less secure.¹ There's a perception that the golden days of a job for life with ample benefits are gone, replaced by the rise of insecure forms of work, typified by the zero-hours contract. [Recent cases](#) have also highlighted ongoing uncertainty over employment status and rights in the UK.

This report analyses the evidence and challenges the view that work has become less secure over the last decade. The evidence shows that employment insecurity, while not increasing, remains a problem for many people in the labour market across both the permanent and non-permanent workforce. It also suggests that most non-permanent workers are choosing this type of employment because it suits their lives or working preferences; one person's insecurity may be another person's flexibility.

The report does not use one metric of insecurity, but uses a variety to give a rounded picture. What is revealed is that choice should be at the heart of discussions about different ways of working rather than focusing on marginal forms of employment such as the gig economy. After examining the evidence (sections 2–9), this report outlines the CIPD's recommendations for policy-makers and employers to improve the quality of employment for everyone, in all forms of work (pp28–31).

Approach

This report focuses on those in non-permanent employment, including the self-employed, drawing primarily on key trends from the ONS Labour Force Survey.² It exposes the reality of the current state of atypical and insecure work and presents an accurate picture so that more suitable policies can be developed.

The report takes 2010 as its base year for various reasons. This year coincides neatly with the beginning of the decade, a new Conservative Government and programme of austerity. The 2010s saw a dramatic recovery of the labour market after the financial crash of 2007/08. A jobs boom brought unemployment to record lows and improved key aspects of work security across the workforce. As the decade wore on, workers were less likely to be made redundant and faced less competition for jobs. They were more likely to get the hours they wanted and saw real pay rise, especially at the bottom end of the distribution.

In the final months of this decade COVID-19 threatened to undo some of the positive effects of the jobs boom. However, the pandemic's impact on insecurity now appears to be a blip.

The fault lines the pandemic exposed highlight the need for policy-makers and employers to focus support for the most vulnerable across both the permanent and non-permanent workforce. The report's conclusion considers the changes required to key policy areas to achieve this. Chief among them is the need for improved labour market enforcement, but this report also offers suggestions for how changes to skills policy can support improved job quality and progression opportunities, particularly for lower-skilled and lower-paid workers.



2 There is no single definition of insecurity

Much of the debate about the degree of insecurity in the labour market rests on the difficulty of evaluating and quantifying the concept. Table 1 shows the more commonly used definitions and measures used in this report.

Table 1: Common definitions and measures of insecure work

Non-permanent, atypical, contingent or precarious work	There are many definitions of atypical/non-standard work, but this report uses non-permanent work as a synonym and focuses on non-permanent employment. The report does not create a definition of precarious or insecure work as other researchers sometimes do. These definitions usually amalgamate various aspects of work such as pay and contract type, but we have focused on these aspects individually. The section below goes into more detail about various ways of defining atypical or non-standard work.
Job insecurity	The report considers objective measures, such as the likelihood of losing one's job and the ease with which one can find another job.
Hours insecurity	The report includes measures of underemployment (people who want more hours) and involuntary part-time employment as indicators of hours insecurity. It also considers the proportion of workers whose hours vary, and the extent to which workers must react to unforeseen demands to changed working times. The report also looks at trends in zero-hours contracts.
Pay insecurity	The report considers the share of low-paid jobs in the economy and workers whose pay varies.

Atypical and non-standard work – an unhelpful descriptor

'Atypical' or 'non-standard' work usually describes any work that is not full-time, open-ended employment with regular hours. This language is problematic because, as the composition of the labour market changes, ways of working that were once atypical become typical. The idea of what is 'typical' is old-fashioned and reflects a bygone labour market dominated by male full-time employees.

For example, as female participation in the workforce has increased, so has the proportion of part-time workers and therefore the proportion of 'atypical' workers. A more contemporary example is that of homeworkers. These are included in Eurofound's (an EU agency that surveys extensively on working conditions) [definition of atypical workers](#), but since the pandemic, the rate of homeworking has increased dramatically. It is expected to fall back as the economy reopens but will settle at a higher level and may soon come to be seen as a fairly typical way of working. Even pre-COVID, homeworking was increasing.³

Defining the parameters differently changes our quantification of the concept. The most liberal definitions of atypical workers that include part-time workers and homeworkers give us a figure of 42.4% of the workforce working atypically. Excluding part-time and homeworkers and looking only at those who are not permanent employees (that is, self-employed or employees on temporary contracts) more than halves the proportion of the workforce working atypically to 18.6%.⁴ Trying to ascertain whether atypical working has increased risks a tautological paradox. The higher the proportion of atypical workers, the more typical this form of working is. However, using our narrower definition of atypical workers as those in non-permanent employment and the self-employed, the proportion of atypical workers has decreased slightly from 19.2% in 2010⁵ to 18.6% cited above.



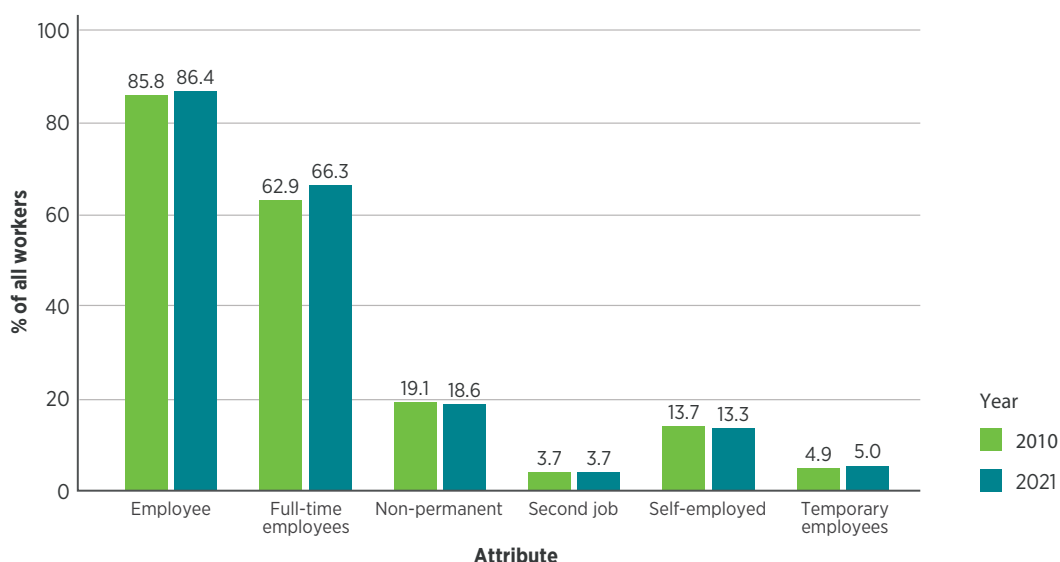
3 The structure of employment has changed little in the past decade

Changing workforce composition can affect the quantification of insecure/atypical work (depending on how it is defined). This section considers compositional change since 2010 on a range of workforce attributes (see Figure 1). If there is an increase in employment structures with fewer permanent jobs, with fewer employment rights and entitlements, and more jobs that are less stable, we expect insecurity to increase. This would lead to a power imbalance, allowing some employers to exploit those who lack workplace bargaining power.

As a proportion of the workforce, the figures for 2010 and 2021 are similar on all of these metrics, and where some movement has occurred, it has generally been in a positive direction to more secure forms of work:

- The vast majority of working people are employees (86.4%).
- Two-thirds are full-time employees (66.3%).
- 13.3% of the workforce are self-employed.
- Temporary employees account for 5% of the workforce.
- Overall non-permanent employment – made up of the self-employed and temporary employees – accounts for less than one in five workers (18.6%).

Figure 1: Change in the structure of employment, 2010 to 2021, % of all workers



CIPD analysis of LFS Jan-Mar 2010 and Apr-Jun 2021

Notes: Non-permanent total includes temporary employees (including temporary zero-hours workers), self-employed, unpaid family workers and those on a government training scheme.

The majority of people on zero-hours contracts are permanent employees and thus qualify for full employment rights, subject to length of service.

Source: Labour Force Survey⁶



4 Quantity of work

Definitions of insecurity in the UK tend to focus on those already employed and their employment terms and conditions. Much of the discussion is driven by unions, so employment is the starting point and improving terms and conditions is the aim.

This means that discourse focuses on labour market insiders. However, the most significant aspect of insecurity for most is whether one has a job in the first place. Labour market outsiders – those without jobs – are important too.

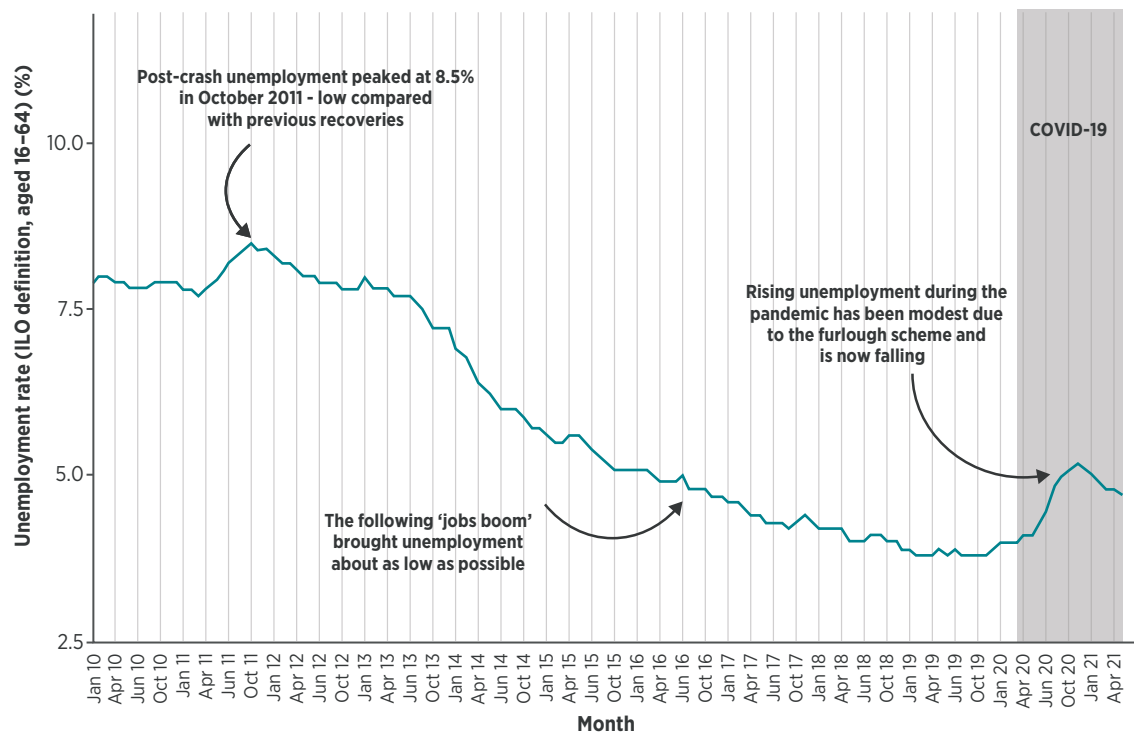
The OECD defines ‘insecurity’ as the risk of becoming unemployed and its expected cost as a share of previous earnings.⁵ Countries with high employment rates where workers made redundant can easily pick up another job, and where social safety nets protect incomes, have high security. This section looks at this fundamental tenet of security by considering the quantity of work that was available in the 2010s and the prospects for labour market outsiders. This will help us answer the main question of this report: whether work has become less secure.

Unemployment

On this key indicator, there is good news. The post-financial crash jobs boom brought unemployment down to historically low levels. Although unemployment started to pick up since the start of COVID-19, the real story is just how resilient employment has been, as shown in Figure 2. This is because of the furlough scheme. Forecasts suggest that the relatively low unemployment experienced pre-COVID will continue in the coming years.

Figure 2: Unemployment rate since Jan 2010 (%)

The post-crash jobs boom brought unemployment about as low as is possible.



Source: CIPD analysis of ONS Labour Force Survey data⁷

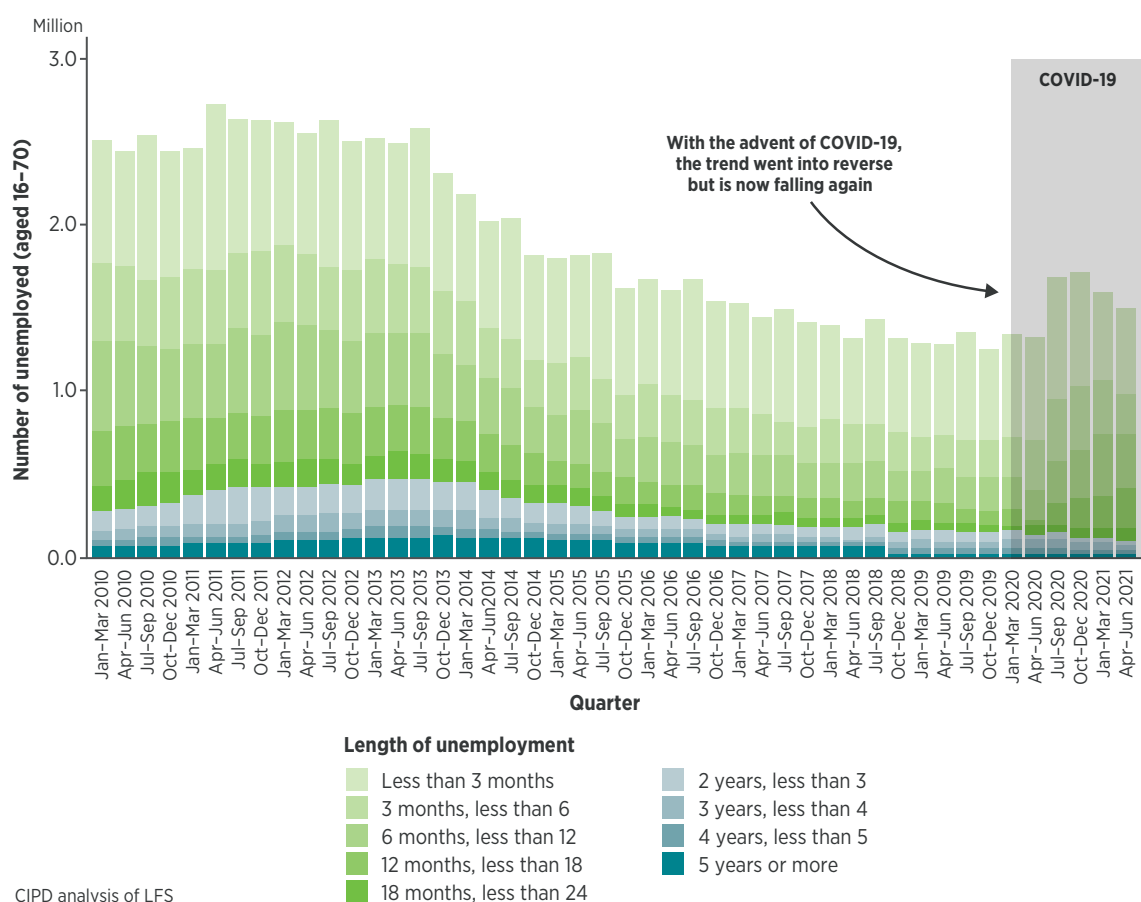


Long-term unemployment

Some unemployment is part of a well-functioning labour market: as workers try to match with jobs, they may not take the first thing available. Unemployment becomes problematic when the duration increases. The longer someone is out of work, the more difficult it can be to get back in. Figure 3 breaks down unemployment (in absolute numbers) by its duration. Encouragingly, the jobs boom of the 2010s helped bring down long-term unemployment. This trend was briefly interrupted by the pandemic but is now continuing.

Figure 3: Longer-term unemployment since 2010

There has been a decrease in the number of people unemployed for longer periods.



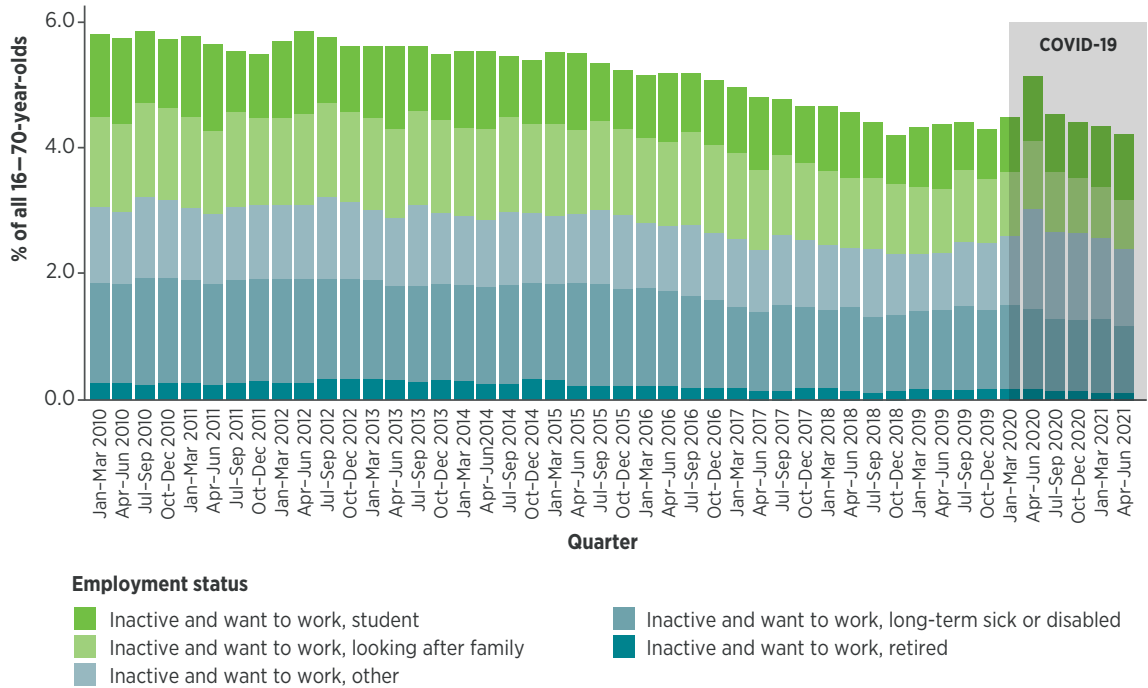
Not quite unemployed – inactive but would like to work

The technical definition of unemployed is seeking and being available to work. Plenty of people would like to work but don't fit the definition of unemployment. In fact, more people are 'inactive and would like to work' than are unemployed. Figure 4 charts those inactive but who would like to work, broken down by their reason for inactivity. Again, we see reducing numbers before a rise and fall due to COVID-19.

Has work become less secure?

Figure 4: Inactive but want to work, since 2010, ages 16–70, % of all in the age range

There has been a reduction in those classed as inactive but would like to work.



CIPD analysis of LFS

Source: Labour Force Survey¹⁰

Likelihood of being made redundant and competition for jobs

A tight labour market not only benefits new hires but incumbents too. The redundancy rate slowly fell during the post-crash era before shooting up with the onset of COVID-19. Thankfully, it shot down again in a dramatic rebound (Figure 5).

Figure 5: Redundancy rate since 2010

Redundancies spiked during COVID-19 but have returned to pre-pandemic levels.

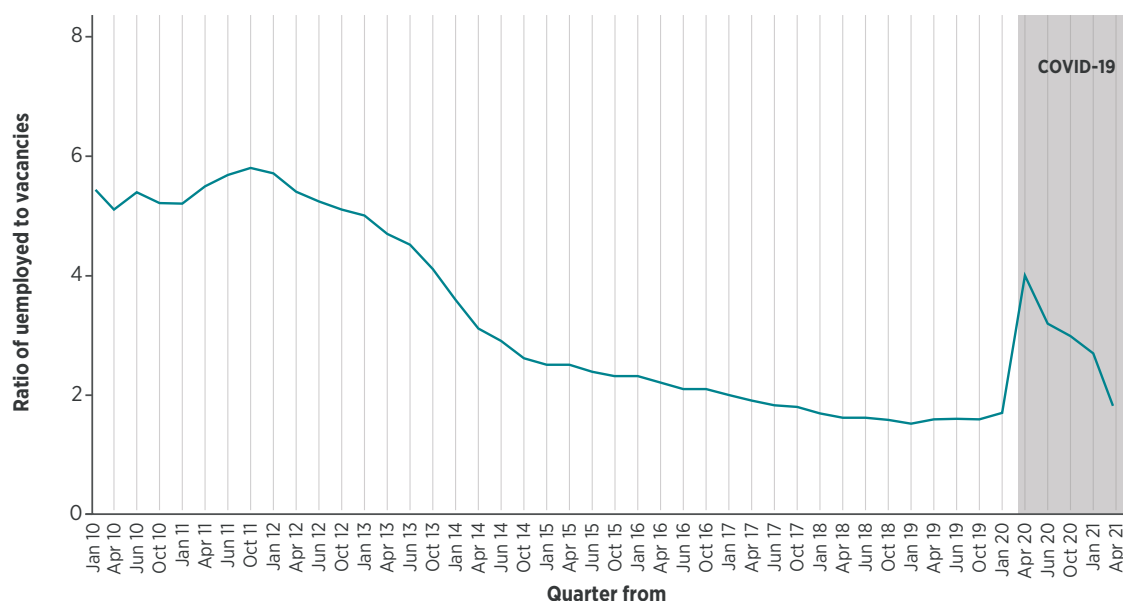


Source: ONS¹¹



Figure 6: Ratio of unemployed to vacancies since 2010

Competition for jobs decreased throughout the 2010s and is back to pre-pandemic levels.



Source: ONS vacancy survey/LFS¹²

Not only were workers less likely to be made redundant, but competition for the next job was less intense as the ratio of unemployed to vacancies fell throughout the 2010s (Figure 6).

The job insecurity trend over the last decade has been encouraging. Despite the blip during the pandemic, the labour market is fast starting to resemble the pre-pandemic era of low unemployment. The jobs boom led to a tight labour market, which decreased unemployment, long-term unemployment, and those classed as inactive but would like to work. Workers were less likely to be made redundant, and those searching for jobs faced less competition.

This all suggests that job security increased over the 2010s.

5 Contract insecurity

In addition to the quantity of work available, terms of employment can also be examined to ascertain whether work has become less secure. Since the mid-2010s, the proportion of employees who said their job was ‘not permanent in some way’ declined (Figure 7). This decline has reversed with the onset of COVID-19 and is not yet returning to the trend. It could be that labour shortages during the economy’s reopening are leading employers to seek more temporary staff to bridge the gap in demand.

Currently, 5.8% of employees are temporary. There is a clear pattern to the distribution of temporary employees by age, with younger workers over-represented.

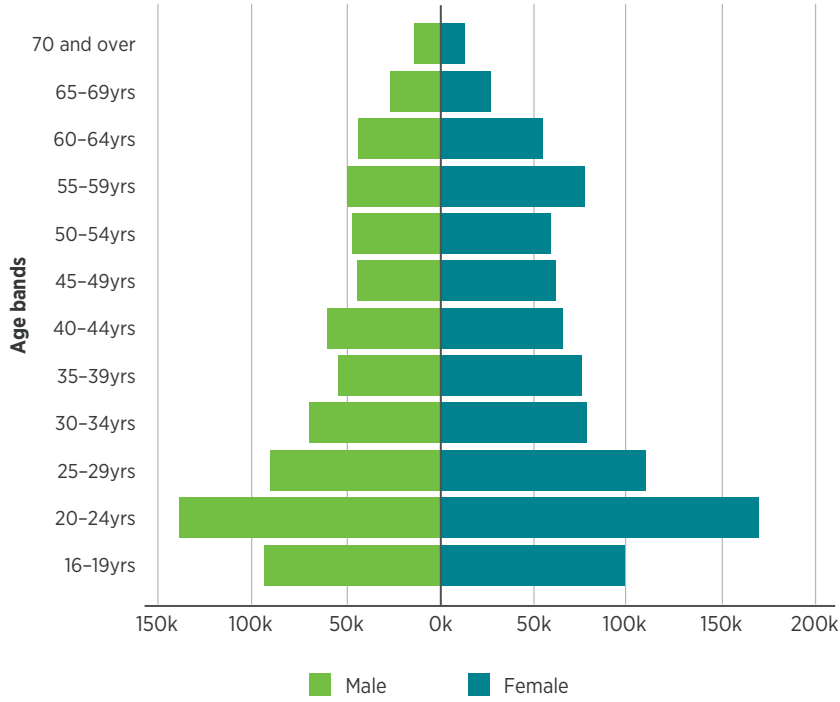
About a third (32.6%) of temporary employees would like a permanent job but cannot find one (Figure 8). This represents 1.9% of all employees. As with all temporary employees, this proportion remains elevated as a result of the pandemic. The distribution is heavily skewed towards younger people (Panel A), much more so than the general population of temporary employees in Figure 7.

Has work become less secure?

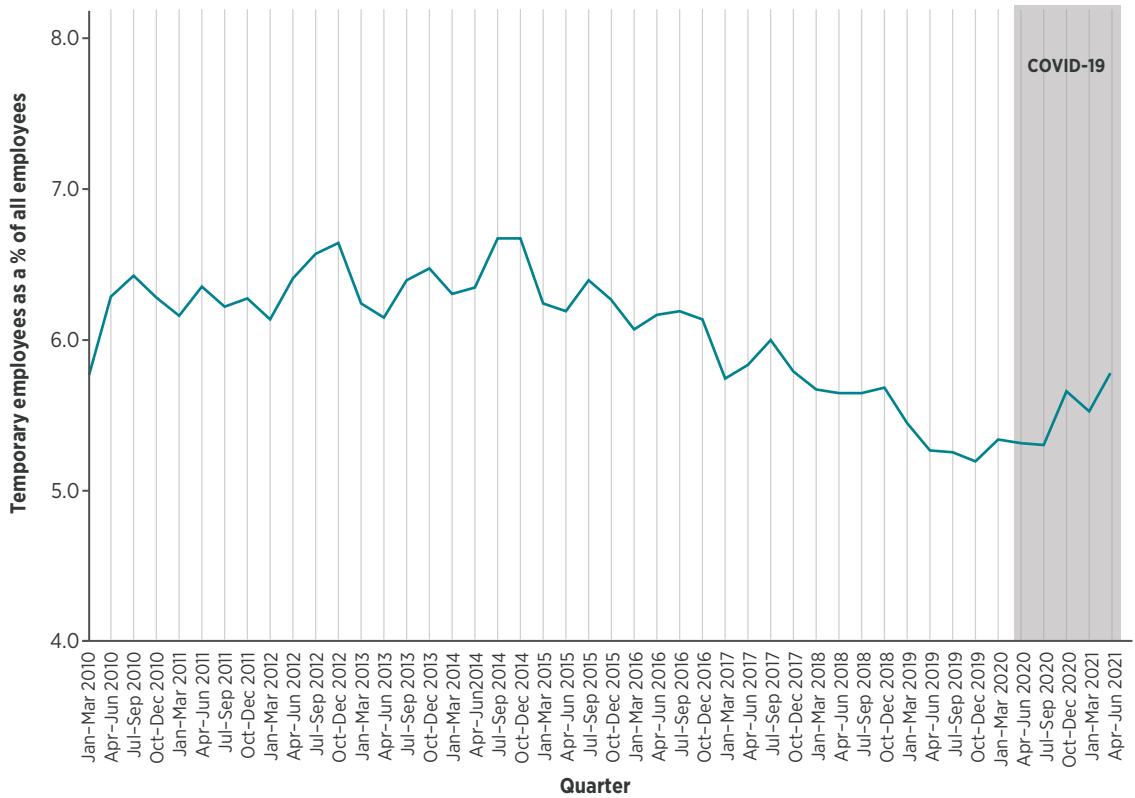
Figure 7: Temporary employees

5.8% of employees say their job is not permanent in some way.

Panel A: Age and sex breakdown of temporary employees



Panel B: Temporary employees time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid

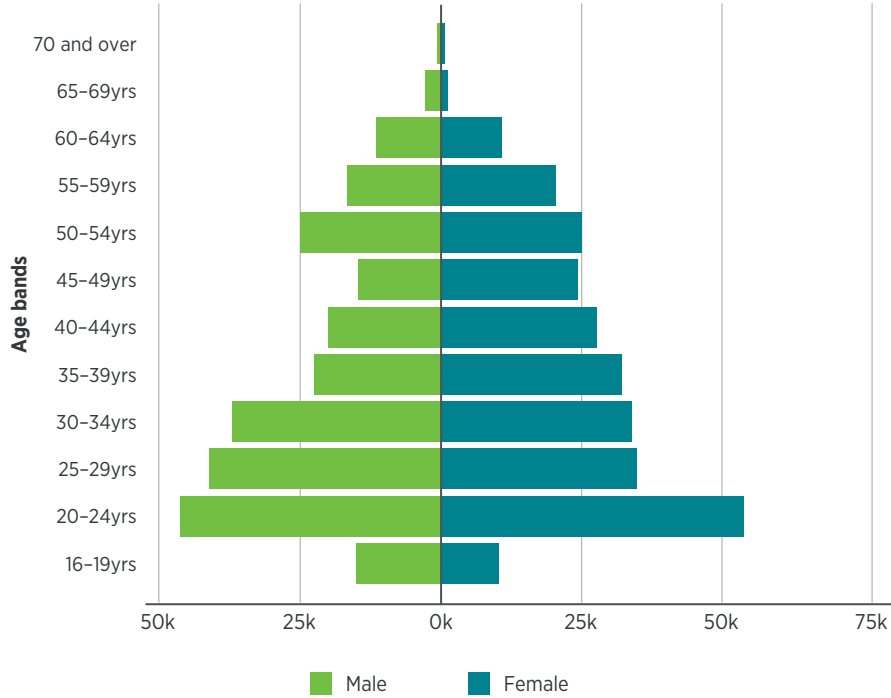
Source: Labour Force Survey¹³



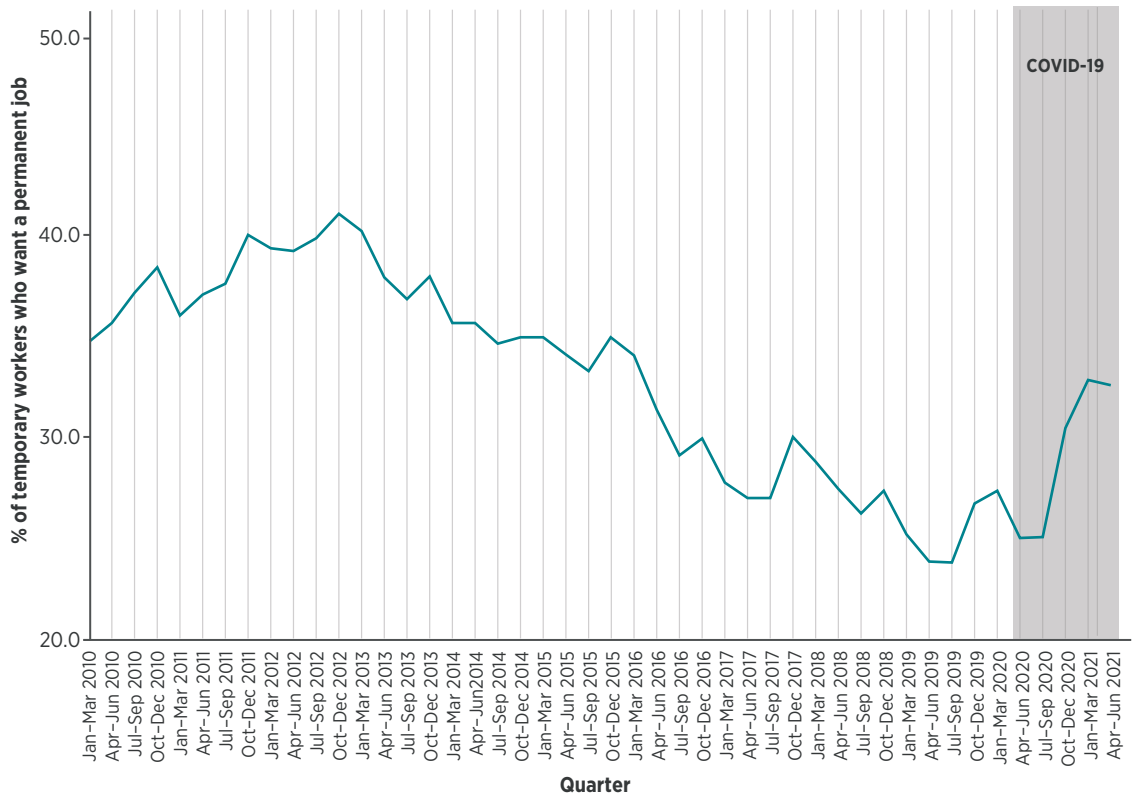
Figure 8: Temporary employees who would like a permanent job

32.6% of temporary employees are temporary because they could not find a permanent job. This represents 1.9% of all employees.

Panel A: Temp but wants perm, by age and sex



Panel B: Temp but wants perm time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid

Source: Labour Force Survey¹⁴



6 Hours insecurity

Hours insecurity is perhaps the most discussed aspect of insecurity, with zero-hours contracts – an extreme form of hours insecurity – a totemic issue for campaigners. Hours are linked to pay for some but not all workers. In high-status jobs, incomes are shielded from the effects of variable hours by a regular salary. At the bottom of the labour market, employees bear the income risk of irregular hours.¹⁵ The Living Wage Foundation – which traditionally focused on the wage rate – has recently developed a new Living Hours standard in recognition that for many, income depends on the wage rate multiplied by the hours they are given. It is not just the quantity and variability of hours that matter for security but the disruptive effect of last-minute scheduling. This section looks at hours variability and unexpected changes to work schedules as part of the examination of overall labour market security.

Hours that vary

Figure 9 considers workers whose hours vary. Panel A shows the age and sex breakdown of workers with variable hours, which is similar to the general workforce. Panel B shows that hours that vary have declined over time and continue to decline through the pandemic.

Involuntary part-time

Those who work part-time because they could not find a full-time job are shown in Figure 10. Panel A shows the breakdown of these workers by age and sex, which skews strongly towards younger workers and female workers. Panel B shows the time series. There is a strong cyclical element to involuntary part-time workers, and the peak coincides with the post-financial crash peak in unemployment. The proportion has been trending down since, with a blip during the pandemic.

Underemployment

Figure 11 considers underemployment (people who would like to work more hours). The trend is naturally like involuntary part-time workers with a strong cyclical element.

Go to [Figure 9](#)

Go to [Figure 10](#)

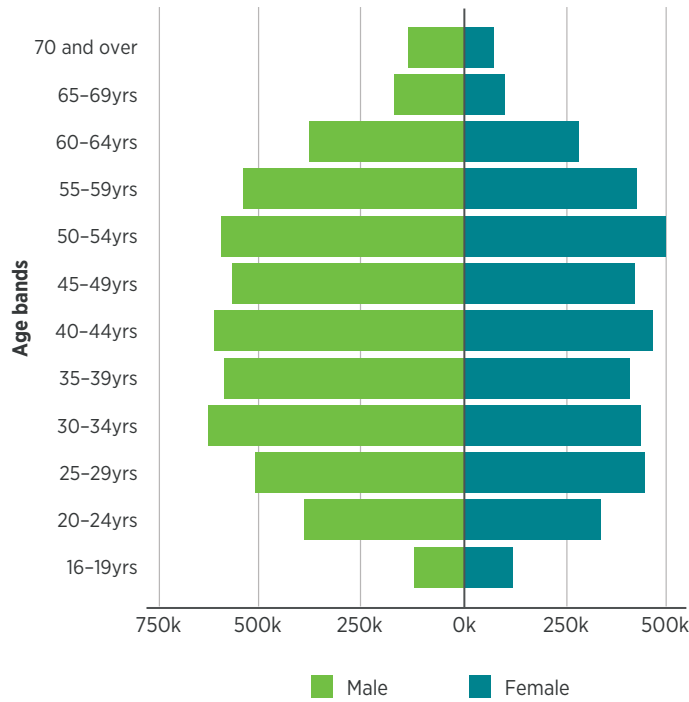
Go to [Figure 11](#)



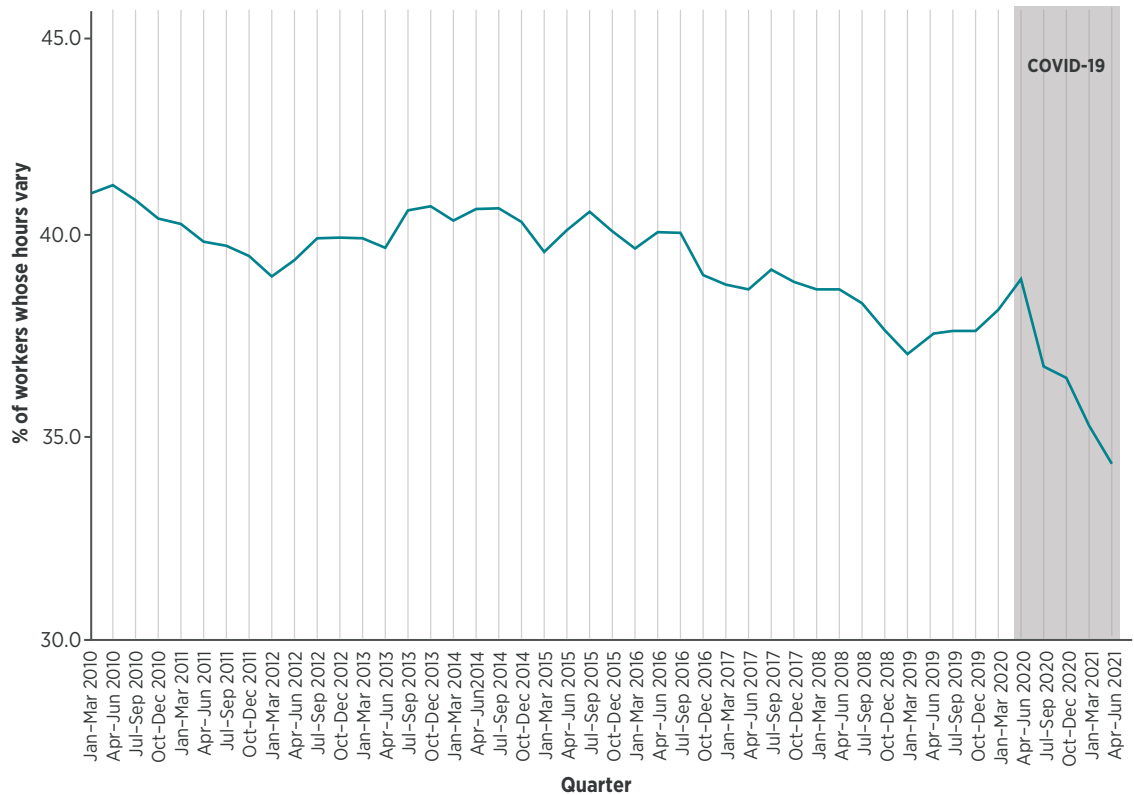
Figure 9: Hours that vary

34.2% of workers say their weekly hours tend to vary.

Panel A: Hours that vary by age and sex



Panel B: Hours that vary time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid

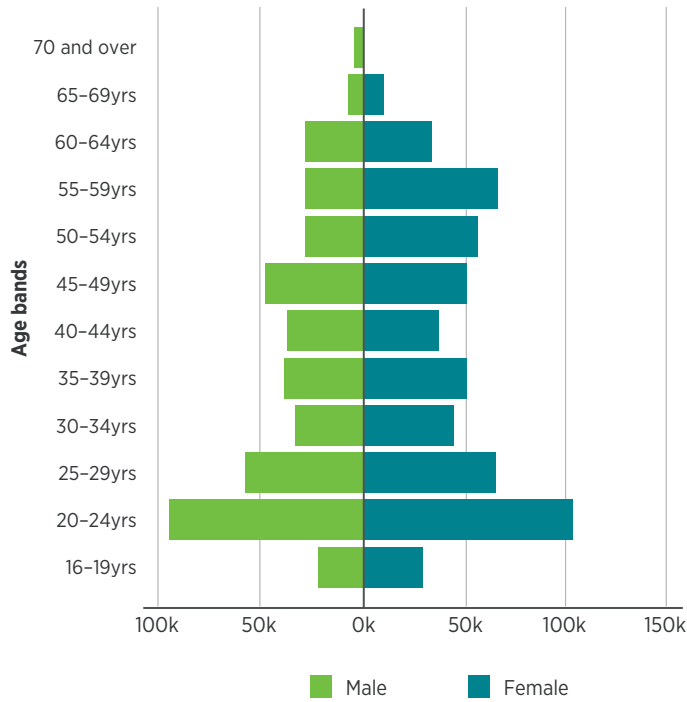
Source: Labour Force Survey¹⁶



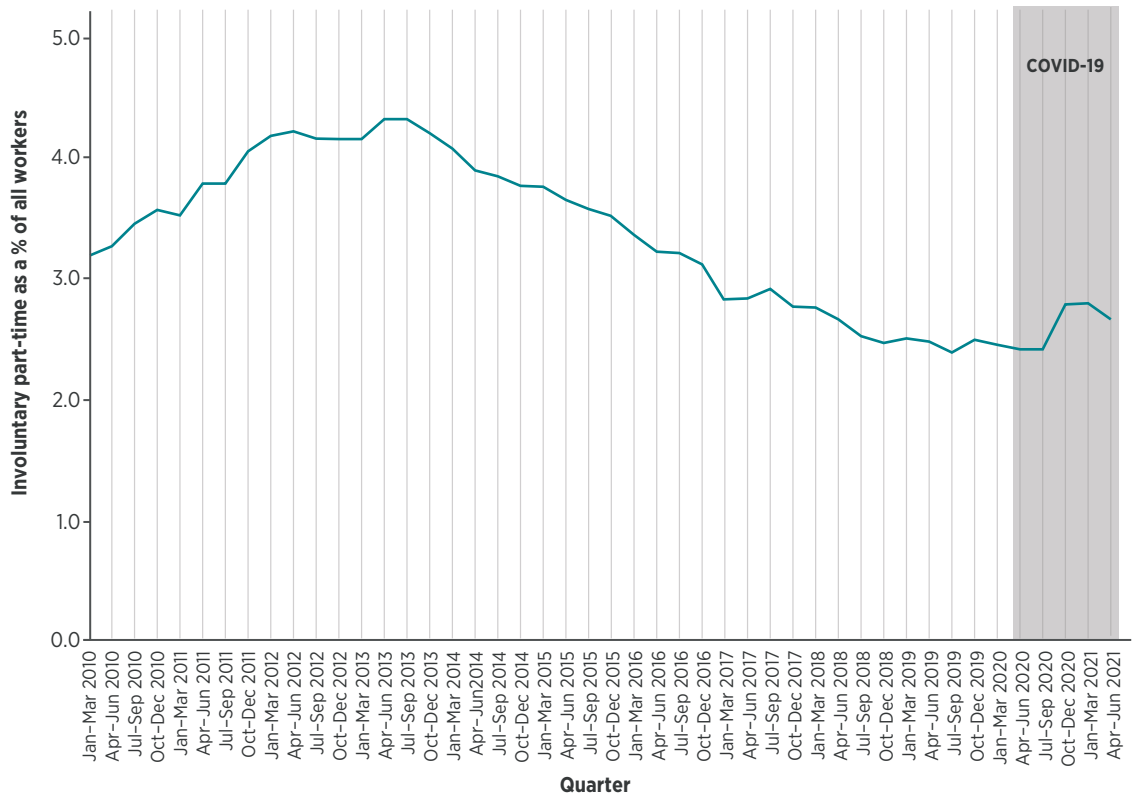
Figure 10: Involuntary part-time

2.7% of workers are involuntary part-time workers.

Panel A: Involuntary part-time workers, by age and sex



Panel B: Involuntary part-time workers time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid

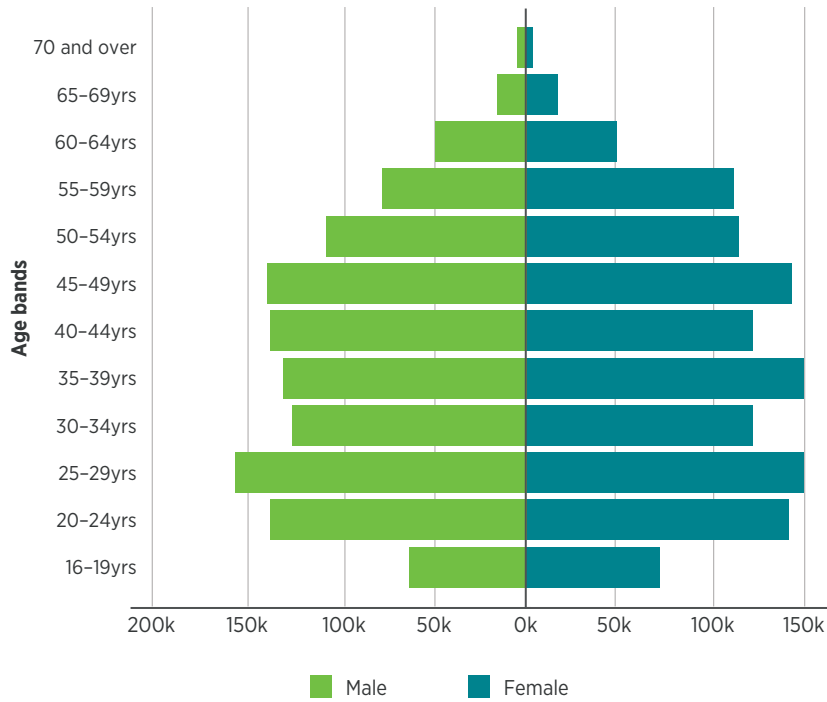
Source: Labour Force Survey¹⁷



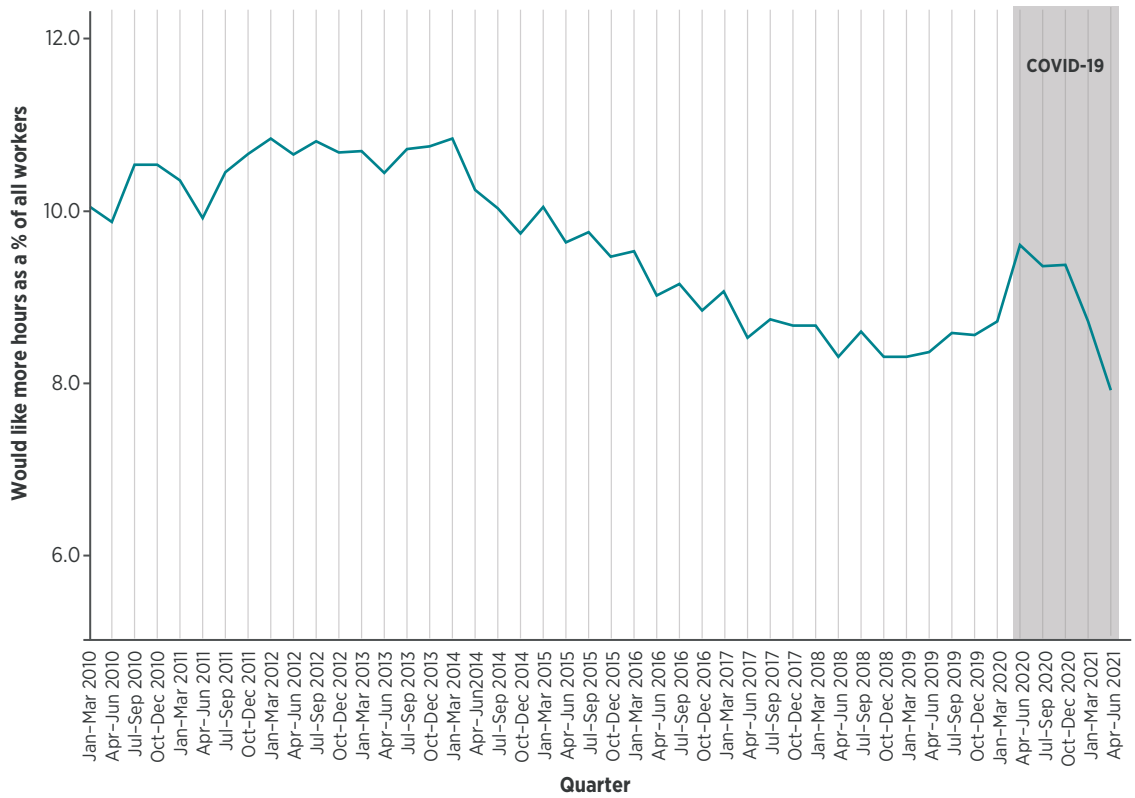
Figure 11: Underemployment

7.8% of workers are underemployed (want more hours).

Panel A: Underemployed, by age and sex



Panel B: Underemployment time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid

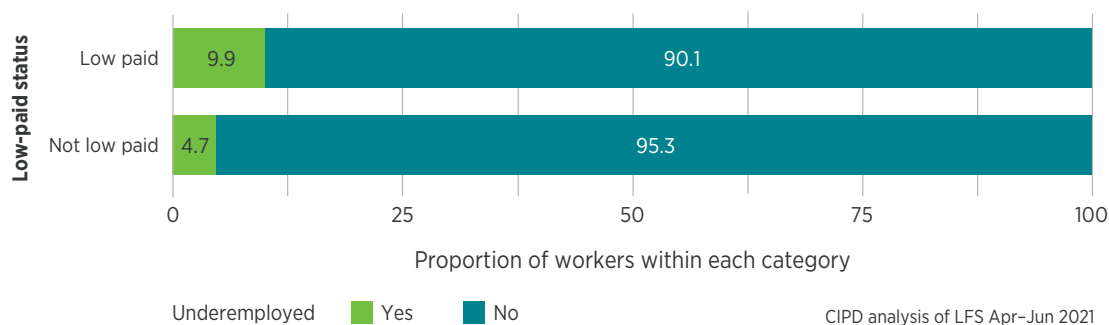
Source: Labour Force Survey®

Has work become less secure?

Underemployment affects some groups more than others. More than twice the proportion of low-paid workers say they are underemployed than those not considered 'low paid' – 9.9% compared with 4.7% (Figure 12). However, nine out of ten low-paid workers are not seeking more hours. Workers who are in some way not permanent are also more likely to be underemployed, although the difference is not marked – 11.0% compared with 7.1% (Figure 13).

Figure 12: Underemployment, by low pay (%)

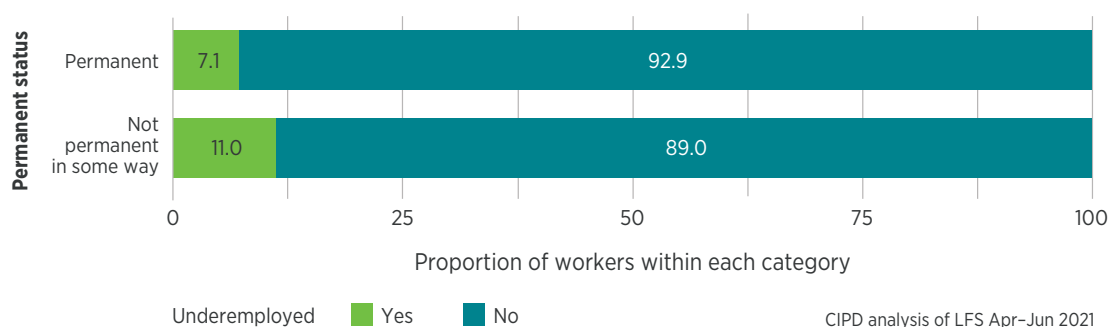
Whether underemployed by low pay status.



Source: Labour Force Survey¹⁹

Figure 13: Underemployment, by permanent status (%)

Whether underemployed by permanent status.



Source: Labour Force Survey²⁰

Unforeseen demands

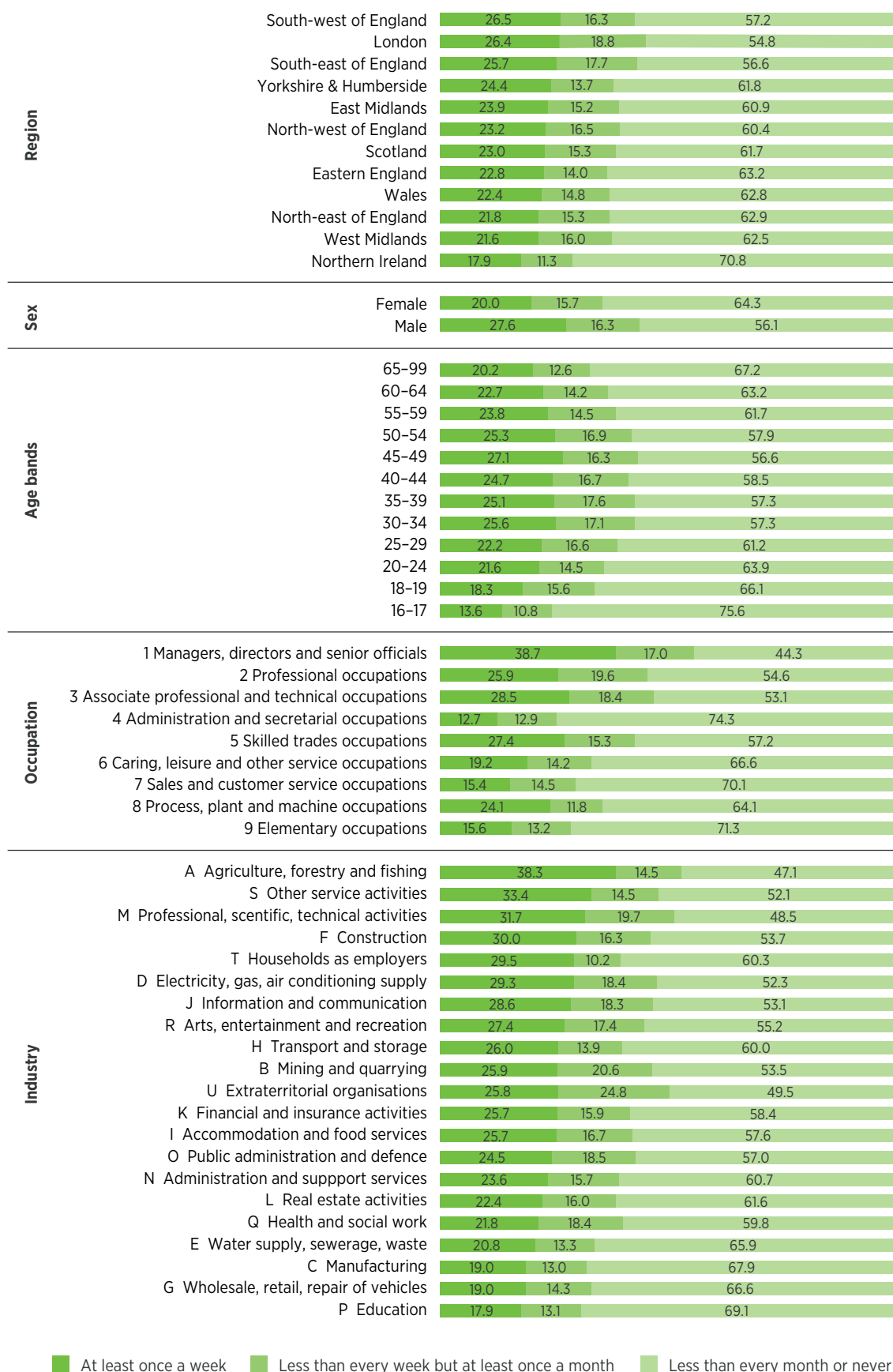
Hours may vary, but this does not always result in insecurity. People could be turning down or picking up shifts to suit their preferences and attain work–life balance. Another metric to consider is the extent to which working patterns change last minute. Every year an ad hoc module of questions is inserted into the ONS Labour Force Survey. The 2019 module looked at 'work organisation and working time arrangements'. As the data is 'ad hoc' we do not have any time series, but it does give us some insights into the types of workers and roles that frequently face unforeseen demands.

Higher-status jobs such as managerial, professional, and associate professional are more likely to face unforeseen demands (Figure 14). These jobs are largely salaried and well remunerated, which suggests that this form of hours insecurity is traded against other aspects of job quality.

This evidence shows that there has been a decrease in hours that vary, underemployment, and involuntary part-time work. People are generally more able to get the hours that they want, and regular hours, than at the beginning of the 2010s.

Has work become less secure?

Figure 14: Frequency with which worker faces unforeseen demands, by selected characteristics (%)



■ At least once a week ■ Less than every week but at least once a month ■ Less than every month or never

Source: Annual Population Survey Jan-Dec 2019²¹



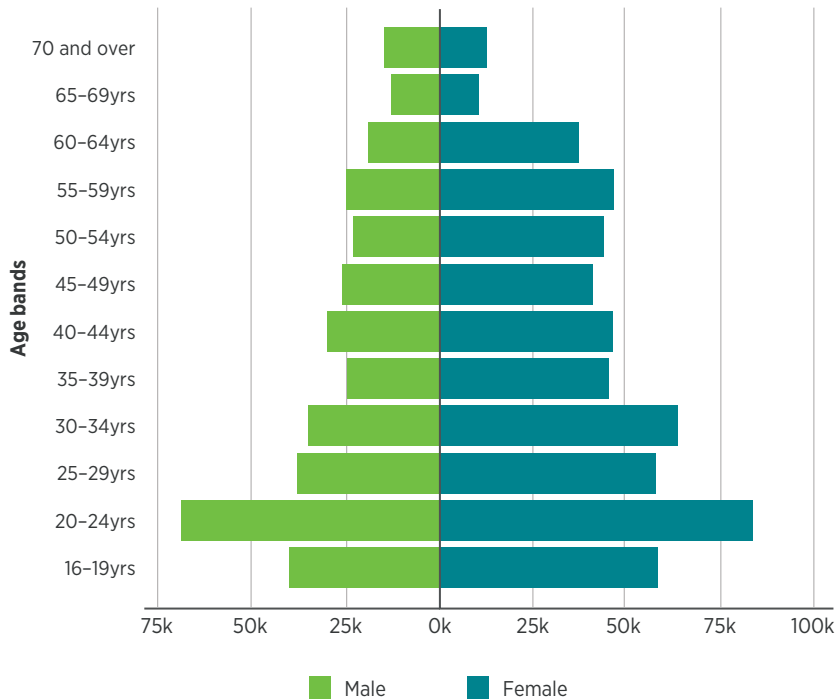
7 Pay insecurity

Figure 15 looks more closely at low-paid workers. It uses a standard definition of low pay – those making less than 60% of the hourly median figure. Panel A shows an hourglass distribution to the low paid, with a heavier emphasis on younger workers and female workers. The shape is to be expected and is the inverse of Figure 16, which shows that earnings peak around middle age and are higher for men.

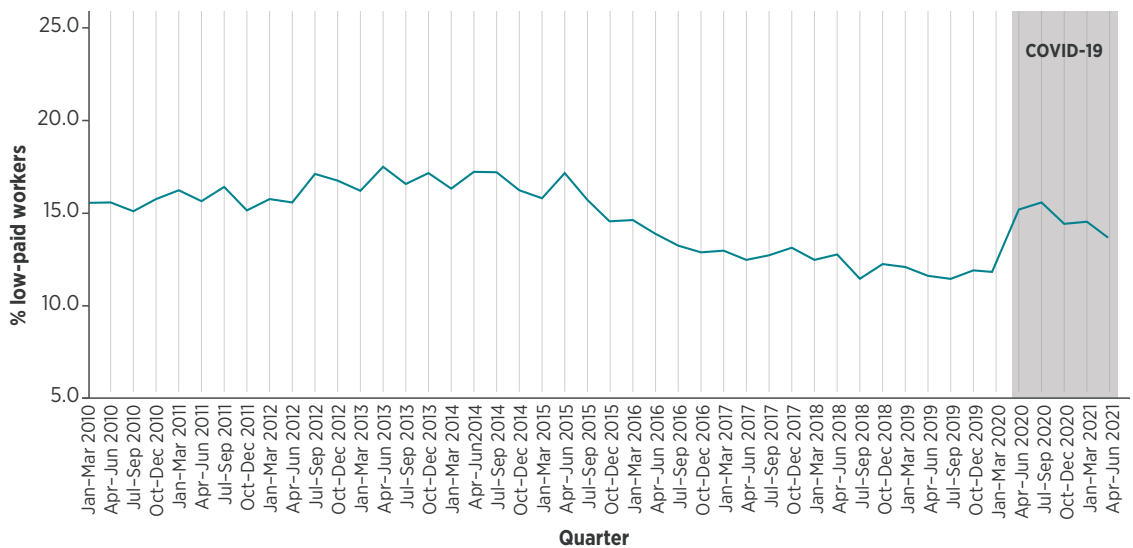
Figure 15: Low-paid workers

13.5% of workers earn less than 60% of the median hourly earnings.

Panel A: Low-paid workers



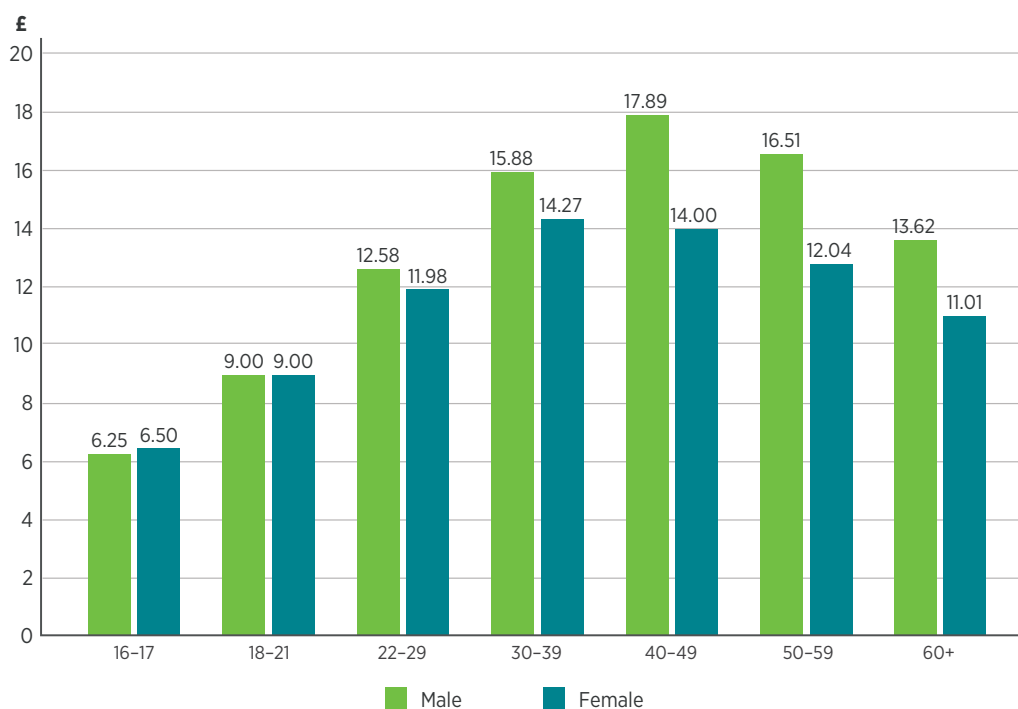
Panel B: Low-paid workers time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid
 Source: Labour Force Survey²²



Figure 16: Median gross hourly pay, by age and sex



Source: Annual Survey of Hours and Earnings, Table 6²³

The proportion of low-paid workers has been gradually falling since the mid-2010s (Figure 15, Panel B). This has been an explicit goal of UK government policy, and the National Minimum Wage has grown at a faster rate than general earnings. Figure 17 shows that after the pay squeeze that characterised much of the post-financial crash era, earnings started to grow from the mid-2010s and grew at the fastest rate for the bottom 10% of earners.

Figure 17: Real gross weekly earnings since 2008, by position in the pay distribution



Source: Annual Survey of Hours and Earnings selected estimates,²⁴ CPIH indexed to March 2021 prices



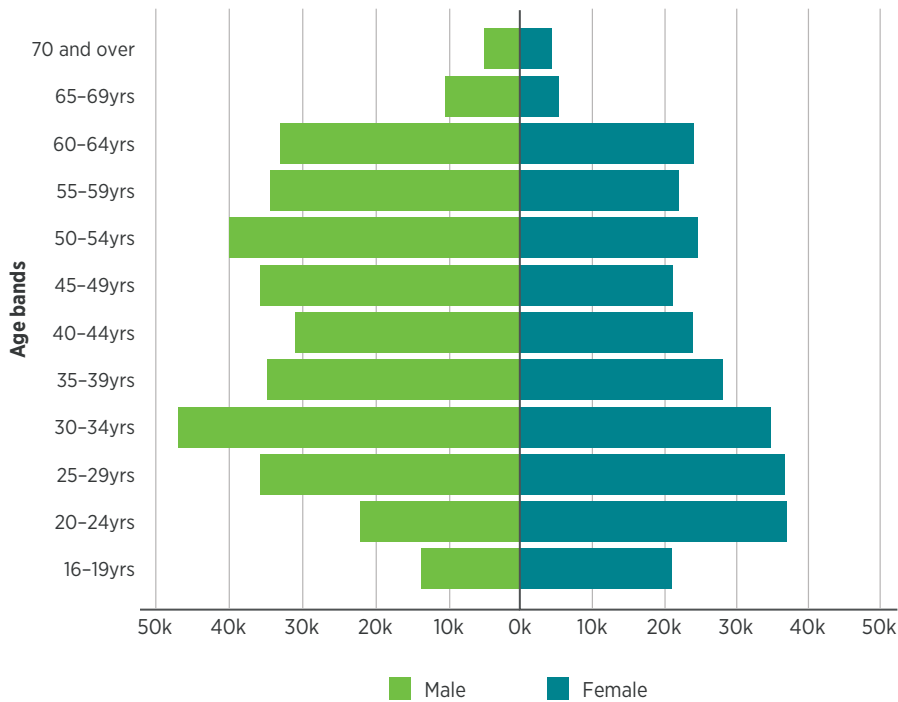
Pay that varies

This section of the report examines pay that varies, focusing on employees and excluding the self-employed for two pragmatic reasons. First, the data sources are limited to employees. Second, those in self-employment tend to control their own hours/pay, whereas employees' variable hours/pay tend to be controlled by their employer.

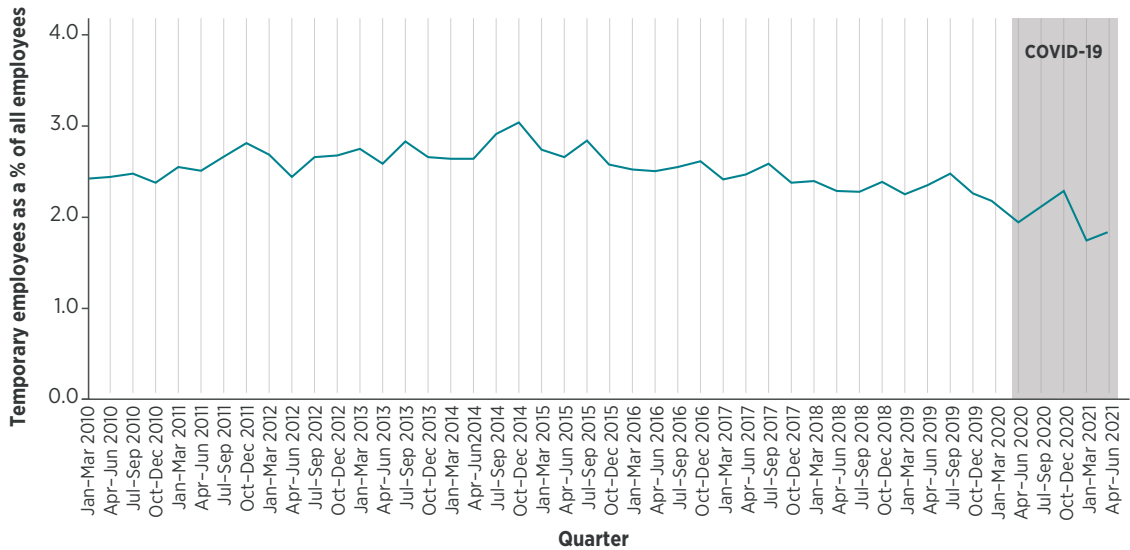
Figure 18: Variable pay

1.8% of employees have pay that varies.

Panel A: Employees whose pay varies, by age and sex



Panel B: Employees with variable pay time series



CIPD analysis of LFS time series and Apr-Jun 2021 for population pyramid

Notes: Based on the YVARY99 variable. Answers in the Labour Force Survey are self-reported.

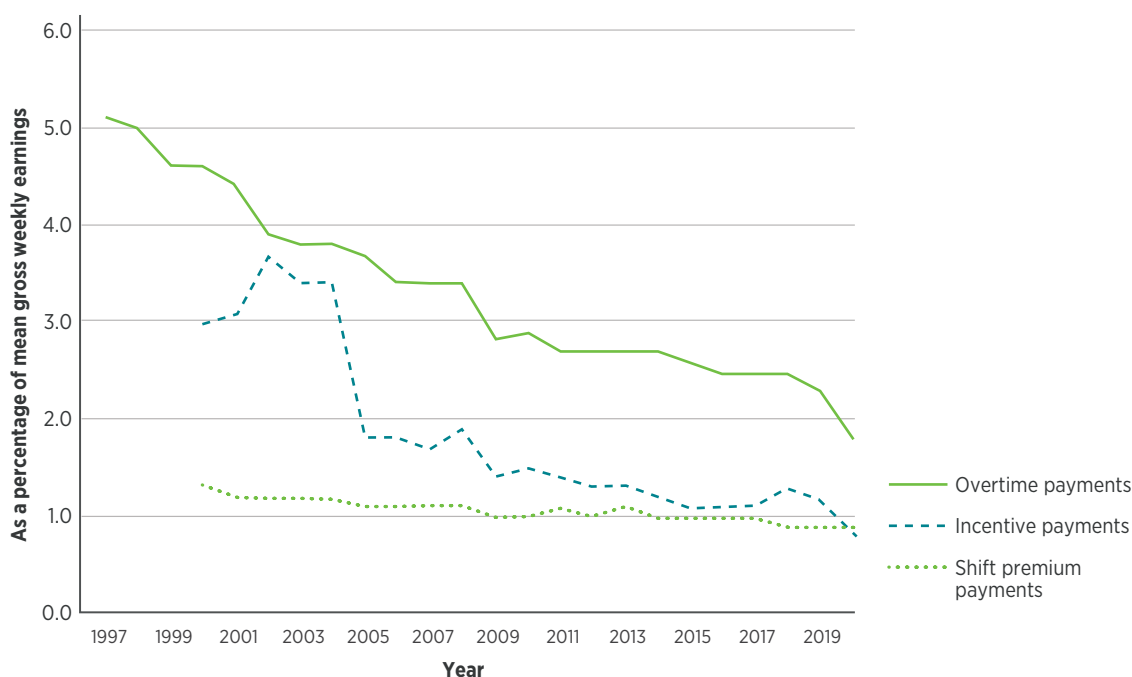
Source: Labour Force Survey²⁵



Data from the [Annual Survey of Hours and Earnings](#) shows that overtime and incentive payments have gradually made up a smaller proportion of pay over the long term (Figure 19), which may explain the decrease in the proportion of employees whose pay varies.

It is not clear that a reduction in pay that varies is good for all employees. On the one hand, while insecurity in variable pay has been reduced, possibly due to less overtime and more efficient scheduling, the opportunity to earn more may also have been reduced.

Figure 19: Composition of pay, time series



Source: Annual Survey of Hours and Earnings selected estimates²⁶

8 Choosing atypical employment

Attempts to quantify atypical and insecure work usually suggest that these forms of work are bad, often making the logical jump that these forms of work are harmful to workers. The problem is that one person's insecurity may be another person's flexibility and the only way in which they can make a living. Different ways of working match different preferences. A case in point is self-employed work. If a company uses self-employed contractors to avoid providing the benefits that an employee would get, it is negative. But many other people see being their own boss as a route to better work-life balance.

Regular surveying finds that 43.6% of self-employed workers work in this way for better work conditions or job satisfaction. Around a third (31.2%) do it to maintain or increase their income. Just 7.6% are self-employed because they could not find regular employment (Figure 20). On balance, the reasons given for self-employment are overwhelmingly positive.



Figure 20: Reasons for self-employment in the UK (%)



CIPD analysis of LFS Oct-Dec 2020
 Source: Annual Survey of Hours and Earnings selected estimates²⁷

Zero-hours contracts

A discussion on work insecurity in the UK would not be complete without a closer look at zero-hours contracts. Zero-hours contracts frequently gain headlines and attract attention from campaigning organisations. YouGov polling shows that most (57%) of the public would be in favour of a ban.²⁸ This section looks more closely at zero-hours contracts, first quantifying them and the workers that use them. It then considers data that can help indicate the extent to which people choose to work on a zero-hours contract and how satisfied they are with them.

Figure 21 shows that zero-hours contracts account for just 2.8% of the workforce. However, they are disproportionately concentrated among certain groups and industries, and they have grown from virtually nothing during the 2010s (though this may also be because the term is now widely known, panel C). Younger workers are over-represented (panel A). Hospitality has both the highest number (213,719, panel B) and the largest percentage of its workforce on zero-hours contracts (14%, panel D). There are also large numbers in the health and social work sectors, though less as a proportion of this workforce.

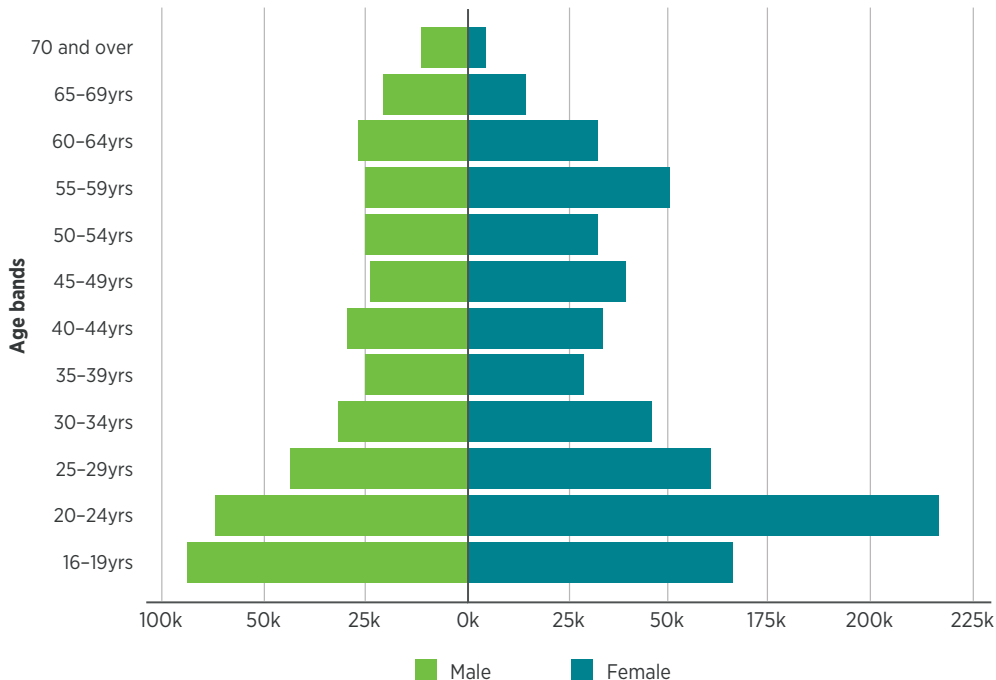


Figure 21: Zero-hours contracts

Though only 2.8% of the total workforce are on zero-hours contracts, in some industries it's as high as 14%.

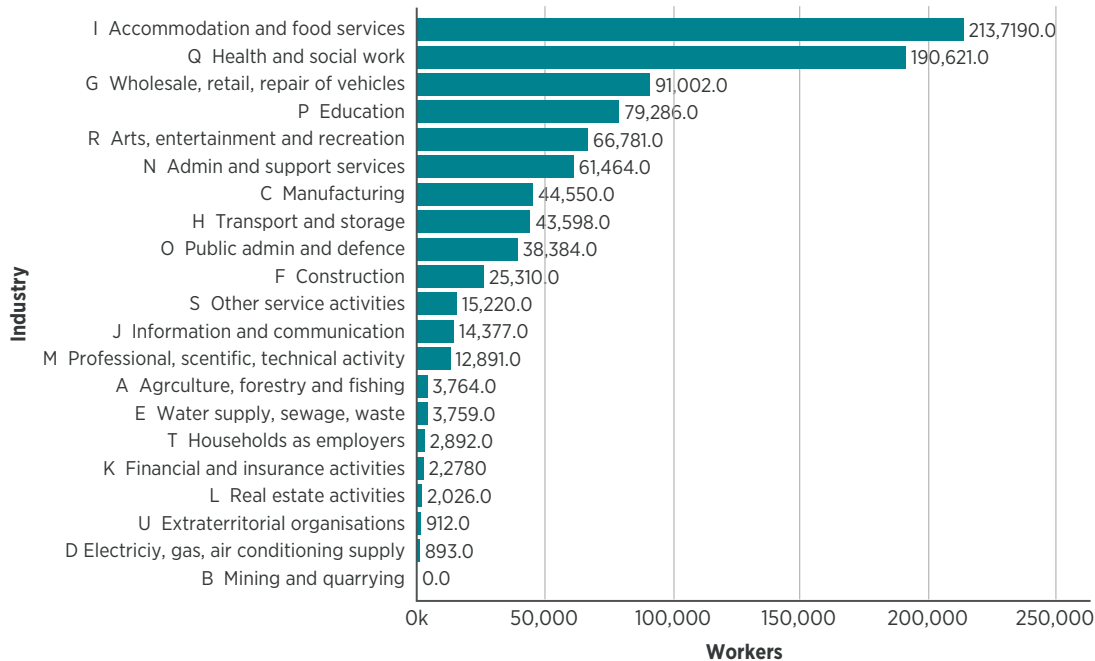
Panel A: Zero-hours contract workers

Younger workers are the largest group on zero-hours contracts.



Panel B: Number of workers on zero-hours contracts

Hospitality has the highest number of workers on zero-hours contracts.



CIPD analysis of LFS time series and Apr-Jun 2021 for cross-sectional
Source: Labour Force Survey²⁹

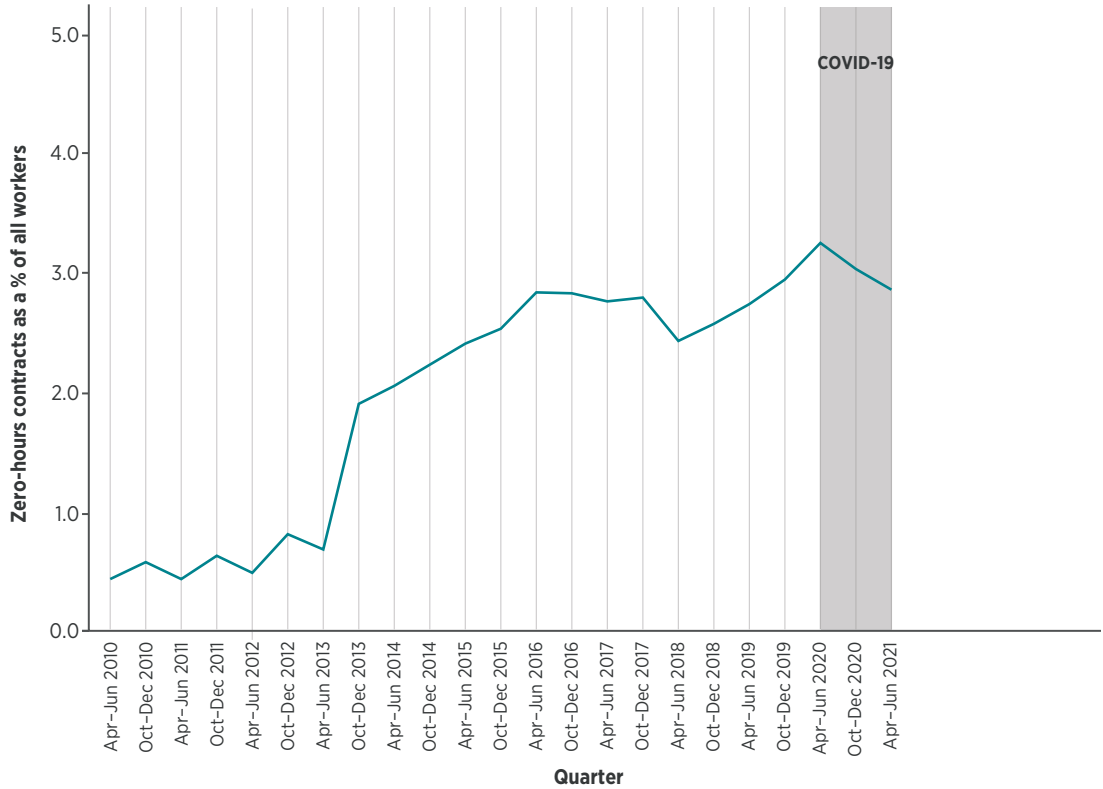


Figure 21: Zero-hours contracts (cont'd)

Though only 2.8% of the total workforce are on zero-hours contracts, in some industries its as high as 14%.

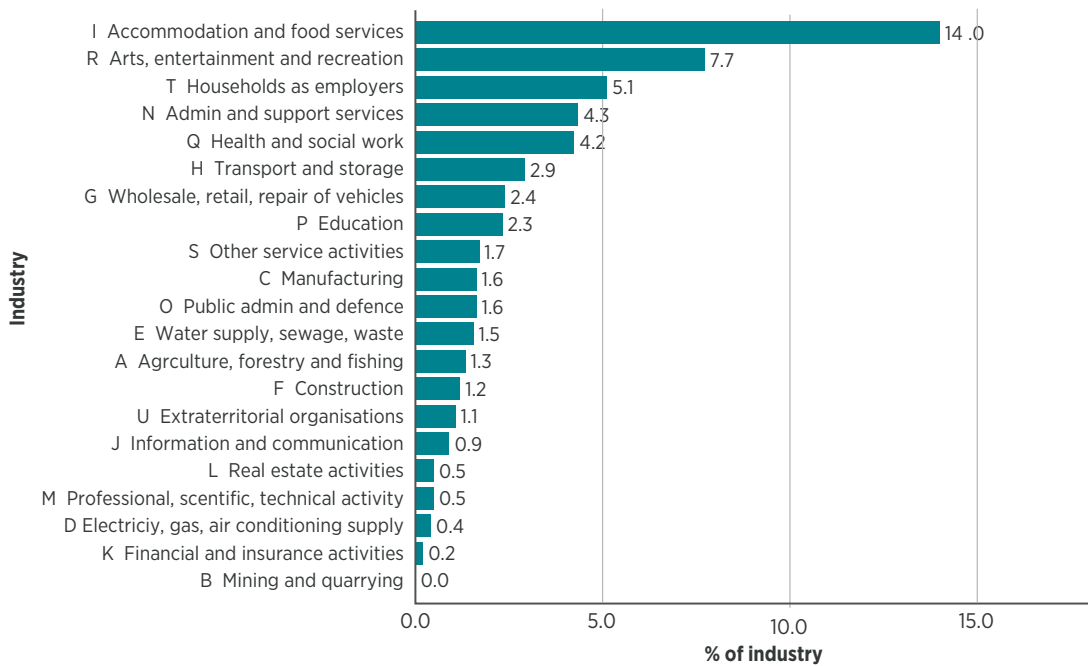
Panel C: Zero-hours contracts time series

Use of zero-hours contracts has not increased during the pandemic.



Panel D: Proportion of workers on zero-hours contracts

Hospitality has the highest proportion of zero-hours contract workers.



CIPD analysis of LFS time series and Apr-Jun 2021 for cross-sectional
Source: Labour Force Survey²⁹



Do zero-hours contracts work for people?

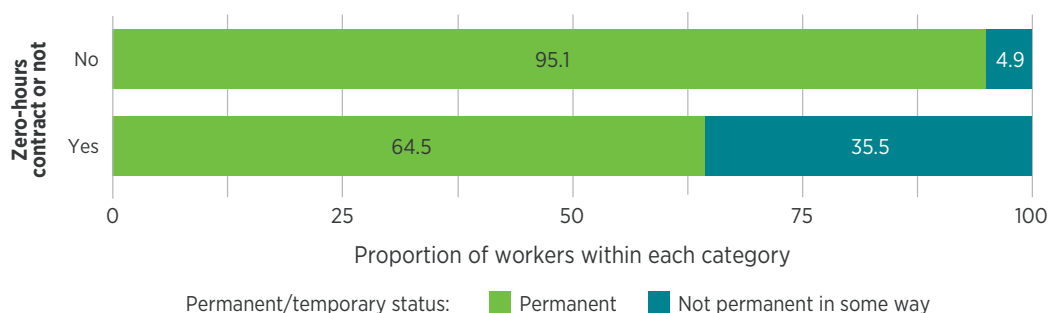
Almost two-thirds (64.5%) of people on zero-hours contracts have a permanent role and so will have full employment rights, subject to length of service (Figure 22).

The vast majority (84.6%) of people on zero-hours contracts are not looking for a new job; 11.5% of people are looking for a new job and 3.9% are looking for an additional job (Figure 23).

The majority of those on zero-hours contracts (75.5%) do not want more hours (Figure 24).

Figure 22: Zero-hours contracts and permanent roles

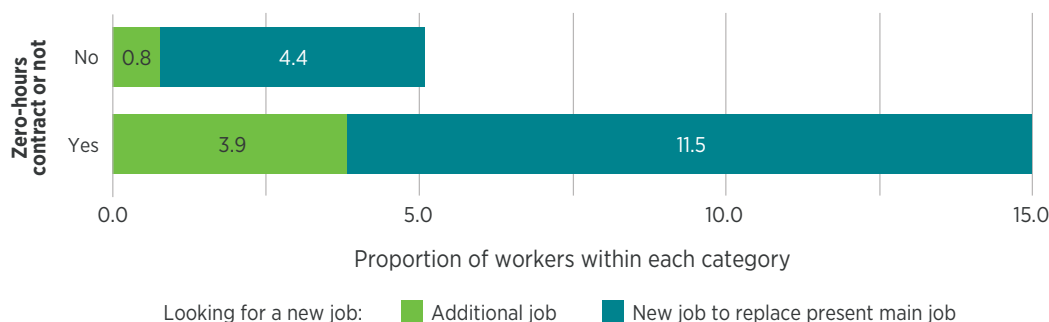
64.5% of zero-hours contract workers have a permanent role.



CIPD analysis of LFS time series and Apr–Jun 2021
 Source: Labour Force Survey³⁰

Figure 23: Zero-hours contracts and looking for a new or additional role (%)

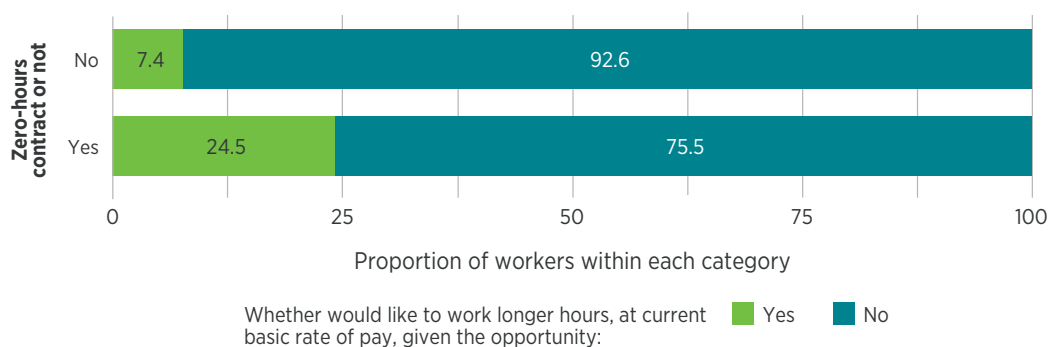
The vast majority of zero-hours contract workers (84.6%) are not looking for a new or additional job.



CIPD analysis of LFS time series and Apr–Jun 2021
 Source: Labour Force Survey³¹

Figure 24: Zero-hours contracts and seeking additional hours

Three-quarters (75.5%) of zero-hours contract workers do not want additional hours.



CIPD analysis of LFS time series and Apr–Jun 2021
 Source: Labour Force Survey³²



Overall, the evidence suggests most people on zero-hours contracts have a permanent role with substantial job security and are not seeking a new job or additional hours. The data does show a minority of people on these working arrangements are not satisfied and want more hours, but, given this evidence, the policy response should be proportionate and avoid penalising people for whom zero-hours contracts provide a good fit for their lives. These working arrangements can work well for students, people with caring responsibilities, those with fluctuating health conditions and older workers seeking to downshift and fit work around other life priorities. They don't work so well for anyone who requires regular hours and a consistent income.

A ban on zero-hours contracts might seem an attractive and simple solution to some, but risks doing more harm than good as it could deprive people of an important flexible employment opportunity, thus replacing one aspect of insecurity (hours insecurity) with another (job insecurity).

It would also not solve the problem as employers would be likely to respond to such a ban to achieve the same flexibility by using more temporary workers or using very short-hours contracts, neither of which provide more economic or wage security for workers.

Rather than a ban or narrowing focus on specific types of atypical work, we would urge employers to keep choice at the heart of discussions about different ways of working, with a focus on improving the quality of employment, as examined in the [Recommendations](#) section.

Job satisfaction for permanent vs non-permanent workers

While some of the above data on underemployment and whether people are looking for a new job can provide some indications on the job quality of atypical workers, the absence of a question on job satisfaction within the ONS official statistics means there is little official data on the issue.

However, the CIPD's annual [Good Work Index](#), the UK's largest regular survey on job quality, provides some useful insights.

Overall, there is little difference in job satisfaction between permanent employees (standard) and non-permanent (non-standard) workers (excluding the self-employed). In all, 66% of standard workers are satisfied with their jobs, compared with 62% of non-standard workers, with no difference between the two cohorts in the proportion who report being dissatisfied with their jobs (16%) (Table 2).

Table 2: Proportion of people in employment who are either satisfied or dissatisfied with their current job (%)

	Permanent	Self-employed	Non-standard	All respondents
Very satisfied	19.0	27.4	19.0	19.4
Satisfied	46.9	42.7	43.3	46.4
Neither satisfied nor dissatisfied	17.7	19.3	21.5	18.0
Dissatisfied	12.0	7.6	10.4	11.7
Very dissatisfied	4.3	2.3	5.5	4.3

Source: CIPD/YouGov UK *Working Lives* surveys, 2019–21³³

Base: permanent (n=10,775); self-employed (n=549); non-standard (n=686); all (n=12,010)

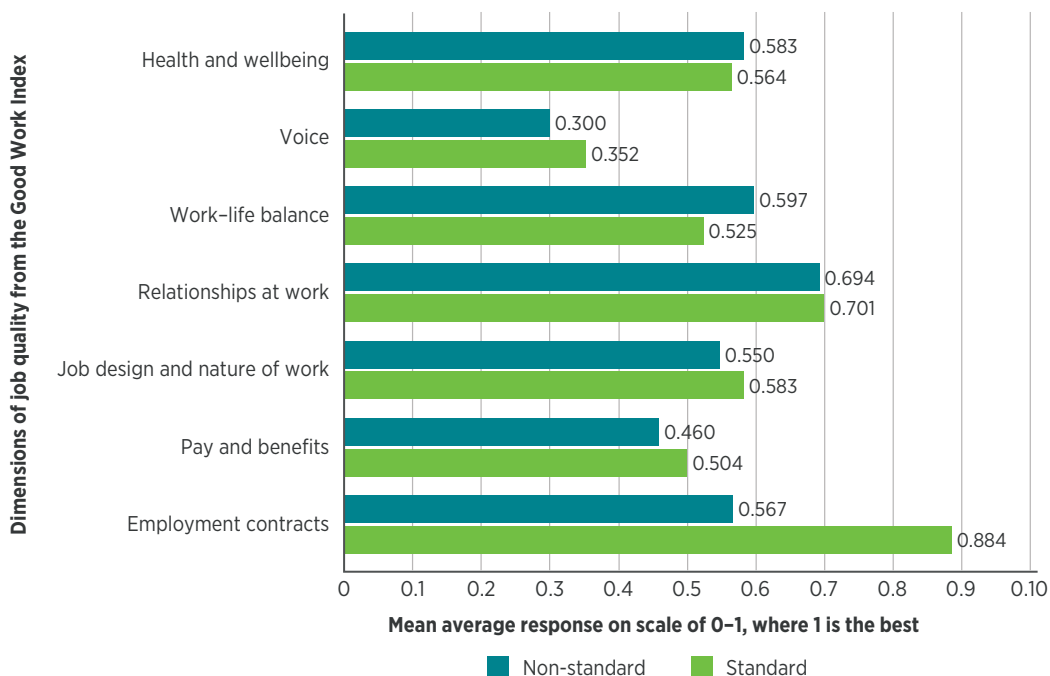


However, while overall levels of job satisfaction are fairly comparable, further analysis suggests that there are different reasons why standard and non-standard workers are either satisfied or dissatisfied.

Figure 25 shows scores on the CIPD Good Work Index attributes for standard and non-standard workers and suggests a trade-off between material security and other aspects, particularly work-life balance.

Permanent workers are more likely to be satisfied with their employment contracts, pay and benefits, and their ability to progress than non-permanent workers. In contrast, non-permanent workers are more satisfied with their work-life balance and wellbeing. This tells us that policy-makers and employers would be best to focus on choice when it comes to different ways of working, with a focus on improving the quality of employment for all.

Figure 25: Job quality dimensions for standard and non-standard workers



Source: CIPD UK Working Lives pooled data 2018-2021

Note: 'Standard' are in permanent employment (full- and part-time). 'Non-standard' are mainly temporary workers, agency workers and zero-hours workers.

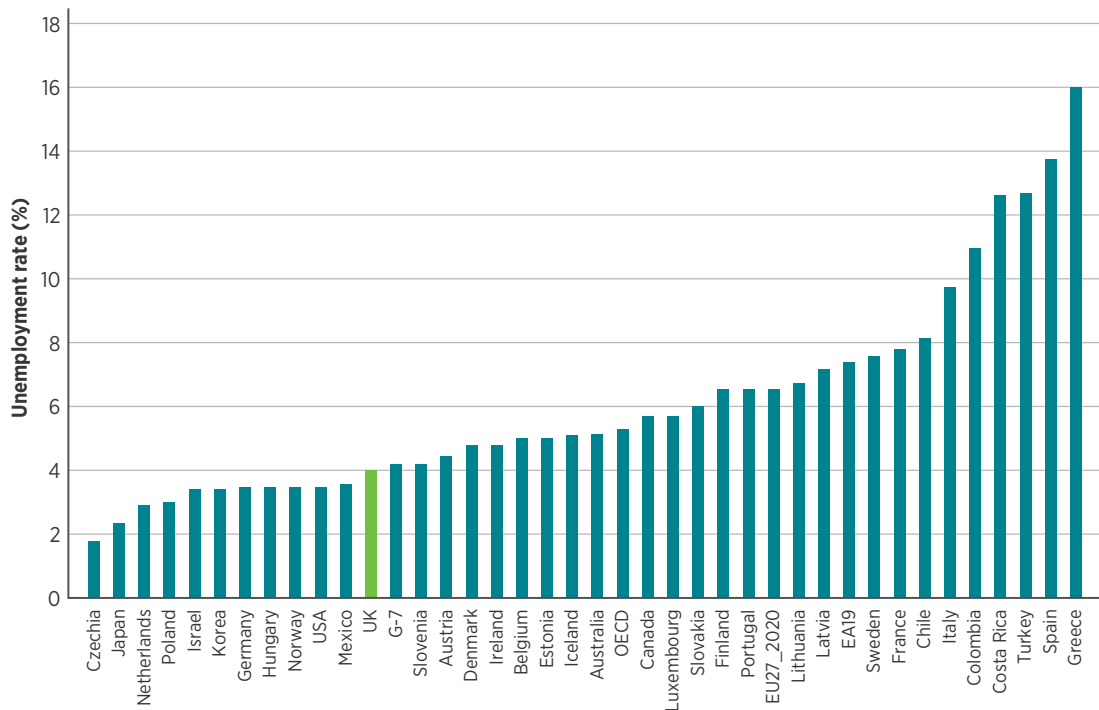


9 How the UK compares

Unemployment

Unemployment rates have varied widely due to differing responses to the pandemic. The US enhanced its unemployment benefit, which meant a sharp increase in unemployment. In the UK and much of Europe, furlough schemes maintained the link between workers and their jobs, meaning that unemployment stayed relatively low. For this reason the February 2020 data is used to compare unemployment rates. The UK, like much of the developed world, had a very low rate of unemployment (4.0%) pre-pandemic (and indeed post-pandemic). This compared with 6.6% in the EU (Figure 26).

Figure 26: International unemployment rates, February 2020 (%)

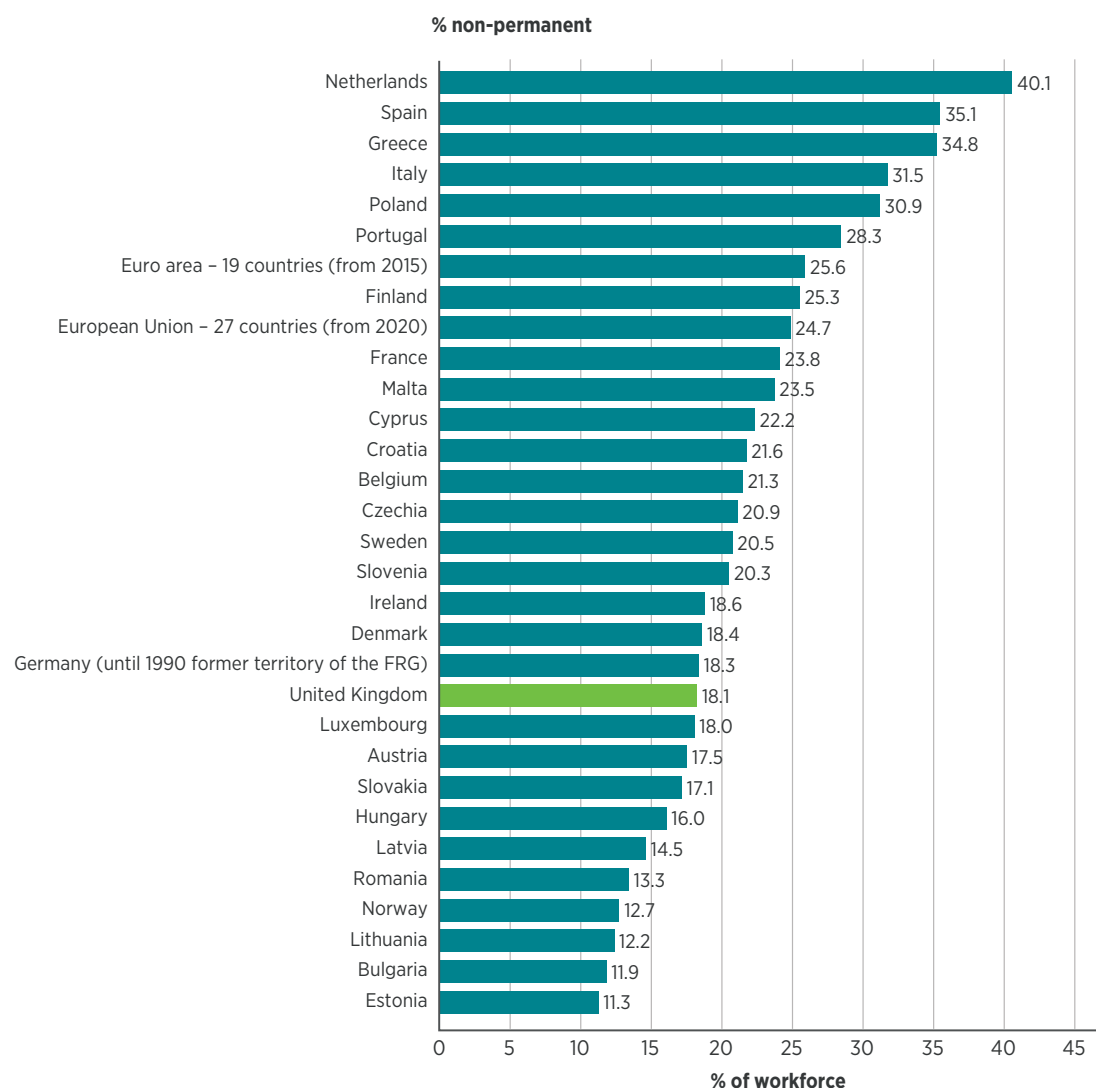


Source: OECD³⁵

Non-permanent

In 2021 the UK had a relatively low level of non-permanent work (defined as all those who were self-employed, temporary employees) compared with most other EU countries at 18.1%; this compares with an EU average of 24.7% (Figure 27).

Figure 27: International comparison of non-permanent workers – Q1 2021



Notes: The latest available data is from Q1 2021. As the UK is no longer part of Eurostat, data is from the LFS Jan-Mar 2021. Non-permanent includes the self-employed and temporary employees. We have excluded a small number of non-permanent employees who are family workers or on government training programmes.

Source: Eurostat³⁶

10 Recommendations

This report challenges the view that insecurity in the UK labour market has increased since the 2010s. The evidence shows that unemployment, long-term unemployment, and inactivity all decreased, as did redundancies and competition for jobs. Fewer workers had variable hours, worked part-time involuntarily, or were underemployed. Low pay and variable pay both declined.

Although COVID-19 put many positive trends into reverse, the latest data shows this to be a blip, with the labour market fast resembling its pre-pandemic shape. Most of the time series charts in this report exhibit an uncanny similarity: a gradual improvement throughout the 2010s before a short, sharp disruption caused by the pandemic, followed by a return to the previous pre-pandemic trend. The similarity is no coincidence; a common factor, the ever-tighter labour market, underlies them all.



This report does find substantial pockets of insecurity in the labour market, for example the 18.6% of working people who are in some way not permanent. However, the proportion of non-permanent workers has not grown over the last decade. Indeed, it has remained broadly stable over the previous 25 years.³⁷

This report shows there has not been an increase in insecurity and that most of those in this non-permanent category, which includes the self-employed, are choosing non-permanent employment because it suits their lives or working preferences.

This means choice should be at the heart of discussions about different ways of working. Attempts to limit choice risk eroding worker welfare or even access to employment by working against their preferences, preventing them from finding work that fits with their lives.

Indeed, ways of working that were at one time seen as atypical, including part-time, self-employed and homeworking, have facilitated much wider entry into the labour market of traditionally underrepresented groups such as women, older workers, and workers with a disability.

A labour market with more choice will include diverse ways of working, including some forms of work that are less secure, but which suit individual preferences or are traded off/compensated for.

Taken together, the data suggests that concerns over employment security and quality should not be disproportionately focused on non-permanent, atypical workers, but should have a broader scope across the labour market, and a broader focus on job quality.

Too narrow a focus on marginal forms of employment such as the gig economy and zero-hours contracts risks obscuring the bigger picture about improving the quality of employment for everyone. There is also the danger that narrow policies that seek to address employment insecurity, such as banning zero-hours contracts, would penalise the majority who genuinely opt in and benefit from these working arrangements.

To enable the focus to remain on broader job quality, the CIPD recommends policy change in three key areas:

- enforcement
- skills and progression
- measuring job quality.

Enforcement

The most effective mechanism for protecting people's employment rights across the economy, regardless of their contract type, is through the labour market enforcement system. CIPD research³⁸ suggests that, overall, the UK's labour market strikes the right balance between providing flexibility for employers and protections for individuals. However, it is undermined by inadequate enforcement of existing employment rights and a lack of support, particularly for small employers, to help them comply with regulation through improved people management capability

Our report, *Revamping Labour Market Enforcement in the UK*, found that the 'odds are stacked against people' enforcing their employment rights through the employment tribunal system. For example, government-commissioned research found that in England and Wales, 34% of tribunal awards remained unpaid. The report also found that state enforcement is lacking, due in large part to resource constraints of enforcement bodies.



That report calls for a strengthening of state and individual enforcement of employment rights as part of the forthcoming establishment of a new single enforcement body (SEB) that should include a much stronger focus on supporting employer compliance and raising employment standards. Its main recommendations include:

- Increase the number of labour market enforcement inspectors to one per 10,000 workers.
- The UK Government should take full responsibility for compensating employees and taking action against employers for non-payment of employment tribunal awards.
- Double Acas's budget to boost its ability to advise small employers and individuals on people management, workplace conflict and employment rights.
- Allocate SEB inspectors on a regional as well as sectoral basis to work locally with Acas and local business advisers, for example, accountants, to ensure local employers and their staff are made fully aware of relevant employment legislation and rights and are supported to deliver them effectively.
- Ensure the SEB is adequately resourced and has the power to make decisions on a range of areas such as employment status where this is in dispute, with Acas tasked to mediate between parties where required.
- Invest £13 million a year in England to provide high-quality HR support to small firms via the Growth Hub network to support efforts to improve compliance and boost job quality and workplace productivity at a local level. There would also need to be consequential funding to Scotland, Wales and Northern Ireland to improve the availability of accessible HR support for small firms across the UK.

Skills and progression

This report shows that with a few exceptions, such as the frequency of unforeseen demands at work, it is lower-skilled and lower-paid workers, particularly young people, that suffer the most from insecurity.

While improved labour market enforcement can help ensure people's employment rights are protected, it won't help them develop the skills they need to find higher-paid, better-quality work.

Opportunities to gain skills and progress at work mitigate against low pay and insecure work. After years of declining investment in employer training³⁹ and growing evidence of the inadequacy of the Apprenticeship Levy,⁴⁰ policy-makers need to do more to support employers to invest in their workforce.

As a first step, employers need more flexibility from the levy to enable them to invest in other forms of accredited training and development which are often better suited to business and learner needs. A wider training levy would help businesses invest both in apprenticeships and other, more flexible and cost-effective forms of training, and would boost efforts to meet the UK Government's ambition of putting employers at the heart of the further education system.

The CIPD also believes there is a strong case for Individual Learning Accounts (ILAs). CIPD research⁴¹ suggests that, designed in the right way, ILAs offer flexibility and individualisation that gives support to learners throughout their working lives and through challenges on multiple fronts. This may be as a tool to support early-career progression, an opportunity to learn to work with new technologies, or as a means of accessing retraining that can support a smooth transition from high- to low-carbon industries.

There is also the need for more substantive reforms to the skills system, including tackling the issue of how to encourage and incentivise more employers, particularly small firms, to invest in improving their people management and development capability. This is key to boosting employer investment in skills and creating more productive workplaces and better-quality jobs.



Measuring job quality

It is very difficult to know how happy someone is with their job using variables in the Labour Force Survey. It is possible to use proxies that paint a picture of job quality such as pay, hours, or looking for another job, but these are quite different from subjective measures of job satisfaction. The inclusion of a subjective job satisfaction question in the Labour Force Survey would help researchers better understand the effects of insecurity on individuals, as well as a host of other important research questions on the world of work.

Wider policy considerations

This report has focused on insecurity in the labour market. The labour market is important because it is the primary means through which resources are allocated. However, other factors are also important. Benefits and the cost of living also play a large role and changes to these will affect a person's perception of security. Approximately a third of employees have their incomes topped up by Universal Credit, for example.⁴² Housing and childcare costs are also considerable drains on disposable incomes. These factors are significant and perhaps pivotal in people's perception of increasing insecurity, but beyond the scope of this report.

11 Conclusion

While employment insecurity is not increasing, it remains a problem for many people in the labour market and, rather than narrowing focus on specific working arrangements, more will be achieved by supporting a labour market with more choice. This choice will include diverse ways of working, including some forms of work that are less secure, but which suit individual preferences or are traded off/compensated for.

Employers looking to improve job quality and fairness across their workforce can refer to our guide *Atypical Working: A guide to successfully implementing atypical work in your organisation* for practical advice on ways employers can ensure, as much as possible, that flexibility is not one-sided, but works for both parties.

12 Endnotes

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- ⁴ Both figures were derived from the Labour Force Survey April to June 2021.
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- ⁶ See note 2.
- ⁷ OECD. (2016) *Job quality*. Available at: www.oecd.org/statistics/job-quality.htm
- ⁸ ONS. (2021) *Unemployment rate (aged 16 and over, seasonally adjusted)*. Available at: www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsx/lms
- ⁹ See note 2.
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- ¹¹ ONS. (2021) *LFS: ILO redundancy rate: UK: All: SA*. Available at: www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/redundancies/timeseries/beir/lms
- ¹² ONS. (2021) *VACS01: Vacancies and unemployment*. Available at: www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/vacanciesandunemploymentvacs01
- ¹³ See note 2.
- ¹⁴ See note 2.
- ¹⁵ Adams-Prassl, A., Balgova, M. and Qian, M. (2020) *Flexible work arrangements in low wage jobs: evidence from job vacancy data*. IZA Discussion Papers 13691. Institute of Labor Economics (IZA). Available at: www.iza.org/publications/dp/13691/flexible-work-arrangements-in-low-wage-jobs-evidence-from-job-vacancy-data
- ¹⁶ See note 2.
- ¹⁷ See note 2.
- ¹⁸ See note 2.
- ¹⁹ See note 2.
- ²⁰ See note 2.
- ²¹ Office for National Statistics, Social Survey Division, 2020, Annual Population Survey, January–December 2019 [data collection], UK Data Service, 4th edition, Accessed 25 August 2021. SN: 8632, <http://doi.org/10.5255/UKDA-SN-8632-4> – with thanks to the ONS social surveys team for pulling out the numbers for us.
- ²² See note 2.
- ²³ ASHE Table 6 2020 provisional. Available at: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupashetable6
- ²⁴ ASHE time series of selected estimates. Available at: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/ashes1997to2015selectedestimates
- ²⁵ See note 2.
- ²⁶ See note 24.
- ²⁷ See note 2.
- ²⁸ YouGov. (2020) *Support for a ban zero-hour contracts*. Available at: <https://yougov.co.uk/topics/legal/trackers/support-for-a-ban-zero-hour-contracts>
- ²⁹ See note 2.
- ³⁰ See note 2.
- ³¹ See note 2.
- ³² See note 2.
- ³³ CIPD/YouGov *UK Working Lives* surveys, 2019–21.
- ³⁴ CIPD *UK Working Lives* pooled data 2018–21.
- ³⁵ OECD – unemployment rate. Available at: <https://data.oecd.org/unemp/unemployment-rate.htm>
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CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

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