

## Work and Equalities Institute Research Briefing

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# Making work less precarious: International lessons in supporting people in non-standard work

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## Summary

The growth of various forms of precarious work, from the gig economy to zero hours contracts, has increased the number of people without access to employment rights and the social protection associated with full-time permanent employment.

In this context of changing working practices in the global economy, we call for efforts to extend the rights currently mainly enjoyed by those in standard employment relationships to people in non-standard work, and to improve access to standard employment for those who want to work flexibly or restart their careers.

Using examples from six European countries, we argue that now is the time to learn from others and develop a set of best practice guidelines for policymakers. We call for radical reforms of the social protection system and a rebalancing of the role of governments and employers in support of people in precarious work.

## Introduction: change, but for the better?

The world of work is changing. The standard employment relationship characterised by full-time, permanent work, has traditionally operated as an important contributor to secure and rising living standards. It has delivered security of income and access to social protection, including pensions, sick pay, maternity pay, and redundancy pay, and ensured security is extended to periods when workers were not able to work. However even in its heyday this type of employment was unattainable for many, particularly women, but as young people set out on their career paths now they face even more difficulty in accessing regular employment.

Globalisation, labour market deregulation and the development of a mobile, connected workforce have given rise to new and often more precarious forms of work. These range from agency work and zero hours contracts, to platform work in the gig economy, where contracts are limited to individual tasks or projects. This emerging transformation of employment arrangements has provided new income streams and opportunities for portfolio careers. But in reality many people experience a shortage of regular work or difficulties combining a standard full-time job with other commitments, including childcare or caring for the elderly, thereby leaving them little option but to take up alternative forms of employment. A key problem is that in these non-standard employment arrangements they cannot access the same level of social or employment protection as their full-time colleagues.

This research briefing explores how the trend towards precarious work can be offset by making social and employment protection more accessible for those who are marginalised or at risk of being excluded.

Our research paper *Challenges and Contradictions in the 'Normalising' of Precarious Work* looks at examples across Europe to help policymakers and governments understand how to support people as the economy evolves and opportunities fragment. While there are myriad challenges in balancing the role of the state and employers in providing protection, we offer some best practice principles for policymakers to adopt to support workers in non-standard forms of employment and those looking to access these protections.

"There has been a growth in precarious work, both in the UK and internationally, and that is likely to continue with the growth of the gig economy," says Jill Rubery, Director of the Work and Equalities Institute at Alliance Manchester Business School. "This research focuses on those who get excluded because the standard employment relationship is very unforgiving. A lot of employers only recruit people who have been on a linear track. Sometimes people take non-standard forms of employment because they may be prioritising other things in their life, such as care, and they can't get back into the system."

## Background: getting into (precarious) work

The UK has witnessed an increase in the number of workers facing low wage and insecure employment. Many jobs provide limited, or no guaranteed, hours to be worked in a given period - the so-called zero hours contract. Unions and workers have campaigned against these jobs, which keep workers hanging around without being paid, and often fail to guarantee enough work for a decent living. A key issue is the growth of the gig economy. While it still only accounts for a small percentage of the country's labour force, recent figures from the TUC suggest it has more than doubled in the past three years to include 4.7 million people who have worked for an online platform at least once a week.

The UK's extensive system of support for people in work but on low incomes was developed initially to reduce the number of households without anyone in employment and reliant on unemployment benefits. As most jobs available in recent decades did not offer enough income to be attractive to 'breadwinners' receiving means-tested benefits, a decision was taken by the Labour government to extend benefits to households with at least one person in work but on low pay or short hours. This policy was aimed at incentivising people to enter work, but since 2010 this carrot approach has given way to sanctions, as the generosity of these benefits has begun to be reduced. Since 2017 a new system called Universal Credit has been gradually introduced to integrate the support for people in and out of work by removing the need for unemployed people to find a job with a minimum number of hours.

Professor Rubery adds: "In the past, if you were unemployed, you had to have a job that guaranteed 16 hours if you had care responsibilities, or 30 hours for others, before you could make the transition to in-work benefits. Now we are blurring that transition. There is no requirement for any minimum guarantee of hours and you are required to take a zero hours job and that makes it easier for employers to offer them. In addition, because Universal Credit provides a more variable subsidy, employers can vary the hours they offer even to their regular employees. The way in which social protection is *supporting* precarious work is as important as the way in which it is *failing* to protect people in these jobs."

She says that the focus in the UK has been on motivating employees to get into work, not on restricting the type of contracts employers offer. The problem, she believes, is that businesses are seeing an opportunity for the state to take over providing security of income to workers. This is why the government in 2015 introduced a significantly higher minimum wage while at the same time cutting Universal Credit benefits because it had been concerned that the state might be bearing too much of a burden. "The result of all this is that the burden has fallen on the worker, not the employer," she adds.

## Moving forward: meeting the needs of people in work

There are four things people can be said to need from their working lives: security, opportunity, fair treatment, and a life beyond work (SOFL). Many of these needs are provided by a standard employment relationship, but not in all respects. In an ideal world this framework provides protection for workers by providing security of income at an adequate level through work and non-work periods. This is achieved by guaranteed wages, hours of work, open-ended contracts and access to social protection. It also provides; access to opportunity through a platform for mutual investment in training, skills and careers by employers and workers; fair treatment, through access to employment rights and mechanisms for workers' voices to be heard; and a recognition of life beyond work through regular hours and a clear division between work and non-work time.

However, those who need a break from employment or want more flexible hours often find themselves excluded from a standard employment relationship and end up in precarious work. Such exclusion comes at a high cost because, when we use the SOFL framework to consider non-standard forms of employment, there are major gaps in provision. People are largely excluded from security of income because of limited access to guaranteed hours. Their opportunities are limited because employers do not invest in training workers in non-standard jobs. Fair treatment is called into question because they may be working on a client's premises with limited opportunities for voicing grievances. And those seeking some flexibility or reduced working hours may find themselves subject to changing shift patterns to meet employer demands, which can adversely impact life beyond work.

What follows are examples from six European countries – Denmark, France, Germany, Slovenia, Spain and the UK – which provide pointers as to how the rights embedded in the standard employment relationship can be extended for workers in other forms of employment, or how access to this kind of working relationship can be improved for those needing to work more flexibly or not following a continuous career in full-time work. These insights are presented under the SOFL framework headings.

### **Increasing security, widening the net**

To mitigate the risks of non-standard forms of employment various approaches are possible. The first is to provide longer and more secure employment through increasing or guaranteeing hours, or the length of contracts. For example France sets a legal minimum of 24 hours (except for those claiming benefits, under the age of 26, or those who choose to opt out) and most Danish and some German collective agreements also specify minimum hours.

The second is to guarantee a high minimum wage. Again France stands out for having a high minimum wage that is uprated in line with earnings and prices to ensure a 'decent living wage'.

The third is to improve security in non-work periods such as unemployment, maternity leave and retirement. This may be done by extending coverage to those in non-standard employment. For example, although unemployment benefit is usually restricted to those with immediate past records of paid work as employees, Slovenia has made it compulsory for those self-employed with registered businesses to make contributions, and Denmark and Spain offer an opportunity to opt in for those who are self-employed. Three countries also extend paid maternity leave to the self-employed (France, Slovenia and Denmark). Spain has also made it easier for those under 26 to qualify for maternity leave as high unemployment and temporary contracts make it difficult for them to achieve sufficient work credits.

Coverage can also be increased by making it easier for people in non-standard forms of employment to make contributions towards benefit entitlements. For example France has reduced the minimum number of working hours needed for contribution credits and Spain has revalued part-time workers' contributions to give more 'credit days'. In Slovenia those working reduced hours for care reasons are still insured on a full-time basis.

### **Limited opportunities in non-standard work, good practice is hard to find**

Opportunities for training and career development tend to be much greater for those employed in standard employment relationships.

One way of improving opportunities is to enable people to retain access to such employment relationships when they need to take breaks or work flexibly. Maternity leave has helped women retain standard jobs across Europe, with maternity leave mandatory in the EU for employees. But such leave also needs to be combined with opportunities for flexible working at particular points in the life cycle, for example when employees have care responsibilities. To avoid this resulting in people being forced to quit their job and being pushed into precarious work where there are fewer chances to progress, four of the six countries have given rights to work flexibly and in the UK and Denmark there are rights to request flexible working.

A second way of improving opportunities is to help people regain access to standard employment relationships. This could include, for example, measures to improve protection against age discrimination to help those who have taken a break or been made redundant get back into regular work with career advancement opportunities. Likewise more rights to move from temporary to permanent employment are needed (for example by giving priority to temporary employees when permanent vacancies arise). Most countries impose stiff sanctions, such as long term withholding of unemployment benefits, on those who quit poor quality jobs. This may trap people in poor quality precarious work. Among the countries considered, only Denmark did not impose heavy benefit sanctions on those who quit.

A third way is to improve training for those in non-standard employment. For example France imposes a higher training levy for non-standard forms of employment to recognise the higher training costs in firms using short contracts.

### **Fair treatment matters**

Extending access to fair treatment requires inclusive coverage of employment rights and standards. Fixed-term, part-time and agency workers have been able to gain rights under EU directives but their implementation varies across countries. While agency workers have to wait up to 12 weeks for equal treatment in the UK, these rights are immediately available in France, Slovenia and Spain.

Fair treatment also requires compensation for, or mitigation of, the risks faced by people in non-standard forms of employment. Examples include earlier access to employment protection (Spain, for temporary workers) or compensation at the end of contracts (in the case of France, for some fixed-term and agency workers) and higher than pro rata pay (for part-time public sector workers in France).

It is also important to provide a mechanism for workers to access fair procedures and have a voice. This is limited, particularly when people are working for a subcontractor or an agency. Enforcement of legal rights is also an issue. For this reason, the main client is responsible for making sure the national minimum wage and workers' rights are observed through the supply chain in Germany.

### **Life beyond work: gaining some control**

Workers may end up in non-standard forms of employment because they need some flexibility in their working lives but, paradoxically, as a result they may find themselves having to fit in with 'flexible' schedules imposed by employers. Examples of helping workers to gain control over their schedules include: minimum hours for part-time work (mainly in France and Denmark); notice requirements when the schedule changes (France, Germany and Spain); requirements for employers to negotiate with trade unions on scheduling and additional hours (France); or minimum hours for on-call workers (in Germany and in most collective agreements in Denmark).

## Conclusions

These examples from Europe suggest that some progress can be made towards more inclusive labour markets by extending existing protections to people in non-standard forms of employment. Although the initiatives identified are limited and partial, there is still scope to build up a set of good practice principles and examples from which policymakers could learn and take steps to balance the responsibility of the state and employers in providing essential protections.

Professor Rubery acknowledges that pursuing reform for a more progressive standard employment relationship might be considered "utopian in the current political context". However, this agenda would still be easier to fulfil and more beneficial than setting up a universal basic income that would provide everyone with unconditional support, whether they were in work or not. This latter option, she says, is not only difficult to fund but also highly risky, as there is no guarantee benefits would be maintained if the government changed.

It is therefore timely, she believes, to develop a renewed defence of the standard employment relationship-type system, based on the principles of extending it and making it more flexible. To counter the arguments that nothing can be done, we conclude in our paper that "this negative perspective not only fosters an undue focus on universal basic income but also plays into the hands of those simply keen to deregulate the employment system".

In the UK, where the government tends to consider a flexible labour market to be a source of strength, some concerns have emerged over the growth of one-sided flexibility which favours employers. In 2017, the government commissioned the Taylor review to come up with proposals to limit the extremes of flexibility. Some reforms are being implemented and, at the time of writing, a consultation is out with plans to compensate workers for shifts cancelled at short notice. The Living Wage Foundation is also actively campaigning for 'living hours', alongside the living wage, by getting firms to guarantee a minimum of 16 hours a week for workers and at least four-weeks' notice of their shifts.

In April 2019, the European Parliament approved new rules to protect workers in the gig economy, in an effort to stamp down on what they called abusive practices. The new rules, which will have to be introduced by firms in the next three years, include rights to compensation for cancelled work and a ban on exclusivity clauses (allowing employees to have other jobs).

There is still a very long way to go, but as Professor Rubery says: "People think we can do nothing, but that's because we take our current system as a given. You can find good practice examples and start to talk about the principles and which kinds of protections are right. It's a case of taking from other countries and other systems to see what we can do differently."

## References

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