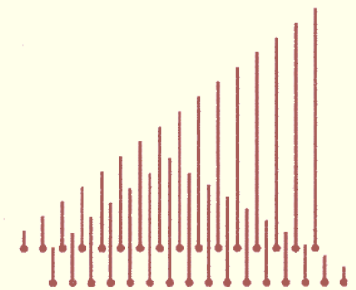


# niesr

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## **Reducing employers' use of low paid, insecure employment: institutional pressures and policy responses**

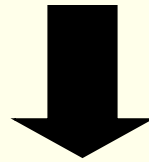
Hilary Metcalf and Amar Dhudwar



National Institute  
of Economic and  
Social Research

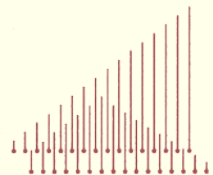
# Aims

Poverty:  
low paid, intermittent employment



persistent poverty

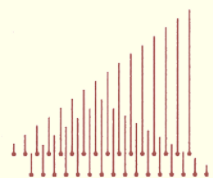
Could insecurity be addressed?



# Aims

To identify ways in which employers might shift their low paid, insecure employment towards more secure employment:

- what factors lead to insecurity in low paid jobs;
- what are the alternatives
- what are the barriers to change
- policy implications



# Factors affecting insecurity

## Competitive pressures

- Technological innovation
- Trade globalisation
- Commercialisation of the public sector
- Stock market

## External labour market

- Supply
- Power
- Legislation: employment protection

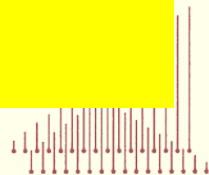
**Insecurity**

## Product specific pressures

- Product
- Demand fluctuations
- Production methods

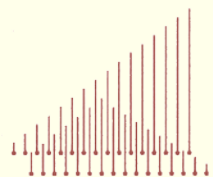
## Organisational decisions

- Human resource approach
- Organisational structure
- Product mix
- Sales policy



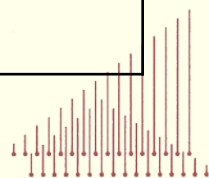
# Data

- **26 employers with low-paid workers**
  - Mix of jobs (gender, skill, manual and non-manual), organisation size and sector:
    - Teaching assistants
    - Childcare workers
    - Sports and leisure assistants
    - Cleaners
    - Operatives in waste management, food processing and packing
- **Four employment agencies**
- **Four trade unions**
- **Seven major purchaser organisations**



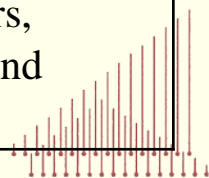
# External pressures

	<b>Variations in labour demand</b>	<b>Other pressures</b>
<b>cleaning</b>	Seasonality (small company only). Winning/losing contracts Low demand fluctuations	Competiveness; absence cover; London Living Wage
<b>food processing</b>	Seasonality Purchaser demands	Competiveness; product quality
<b>packing</b>	Seasonality Winning/losing contracts Low demand fluctuations	Competiveness
<b>waste management</b>	Low demand fluctuations	Competiveness
<b>sports and leisure facilities workers</b>	Seasonal, weekly, daily variations; fairly predictable	Competiveness
<b>childcare workers</b>	Seasonality Low and predictable demand fluctuations	Competiveness; absence cover
<b>teaching assistants</b>	Pupil numbers and needs	External budget changes

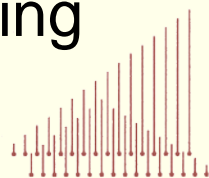


# Employment models

	core-periphery	non-core-periphery
cleaning	<b>Public sector: large</b>	<b>Private, large:</b> multi-skilling; productivity <b>Private small:</b> hours variations
food processing	<b>Large:</b> permanent minimised	<b>Large:</b> flexible tasking.
packing	<b>Large:</b> agency temps	<b>Small:</b> overtime <b>Small:</b> multi-tasking and overtime <b>Medium:</b> no temps due to cost
waste management	<b>Large</b>	<b>Large:</b> multi-skilling; overtime and flexible hours. <b>Small:</b> multi-skill, redeploy
sports and leisure	<b>Public sector, medium</b> In-house bank <b>Private small:</b> Regular casuals plus multi-skilling, flexible hours	<b>Private large:</b> part-time increase hours.
childcare workers	<b>Private sector (small and large)</b>	<b>Public sector:</b> flexible hours
teaching assistants (special needs)	<b>Public sector:</b> none permanent	<b>Public sector:</b> flexible: hours, deployment across schools and deployment within school



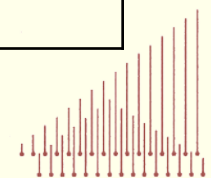
- *Occasionally we carry more staff than we need, but, rather than dismiss staff, we redeploy workers to other functions and maintain the staffing level, which allows flexibility in taking on short-notice opportunities within the market. (Small cleaning company)*
- *The fluctuations have no effect on the numbers, which are pretty stable. Instead we increase the length of day to up to a twelve-hour day. You cannot bring in temporary staff, especially when it takes weeks to train people up and then a few weeks later let them go. We work on the proviso that we can increase the productivity of current staff. (Small packing company)*
- *Where the business has lost contracts the first move has been to redeploy staff. I learnt at [previous company] to multi-skill staff, so the window cleaners are also trained to carry out pest control, etc. (Large waste and cleaning company)*





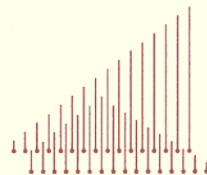
# Views on temporary workers

	<b>core-periphery</b>	<b>non-core-periphery</b>
<b>cleaning</b>	cheaper	permanent: greater control and higher quality
<b>food processing</b>	cheaper	ethos more expensive
<b>packing</b>	cheaper	more expensive
<b>waste management</b>	cheaper	training costs ethos
<b>sports and leisure</b>	cheaper	more expensive
<b>childcare workers</b>	use agency, but less reliable, less commitment	more expensive greater uncertainty over quality and reliability
<b>teaching assistants</b>		



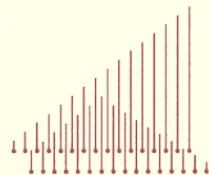
# Findings

- Drivers of insecure employment:
  - competitive pressures; demand fluctuations; low skill requirements and a ready labour supply
- But economic pressures do not wholly determine employment organisation - employers' responses differ
  - difference in ethos and perceptions of costs
- Dominant purchaser power may exacerbate fluctuations and cost pressures on suppliers
- Emphasis on cost in public sector purchasing has encouraged temporary/insecure employment
- 'Living wage' policies may change production techniques, leading to more secure employment



# Policy implications

- Some employers could offer greater job security without jeopardising their business
  - but the state, trade unions and consumers need to take action
- Public sector as employer - good practice approaches
- Public sector as purchaser:
  - reduce price pressures
  - ‘fair wage’ and permanent contracts for suppliers’ employees
  - the legality of the ‘fair wage’ approach for public-sector purchasing needs clarification
- Fair competition policy to address major purchaser power
- Employment legislation:
  - employment protection
  - minimum wage: level, location



# Employer case studies

	<b>Case study employers</b>	<b>Variations in labour demand</b>
<b>cleaning</b>	3 companies (1 small, 2 large) 1 hospital	Seasonal (small company only). Winning/losing contracts
<b>food processing</b>	3 large companies	Seasonal; Unpredictable supermarket demands.
<b>packing</b>	4 companies (2 small, 1 medium, 1 large)	Seasonal. Winning/losing contracts
<b>waste management</b>	3 companies: (1 small, 2 large)	Fairly stable
<b>teaching assistants</b>	4 schools	Pupil needs; External budget changes
<b>childcare workers</b>	2 companies (1 small, 1 large) 1 school	Seasonal (small fluctuations)
<b>sports and leisure facilities workers</b>	2 companies (1 small, 1 large) 1 public sector	Seasonal, weekly and daily

