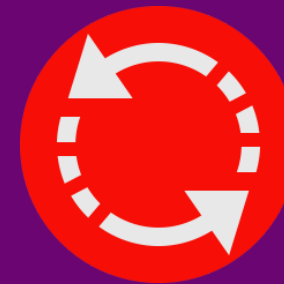


**FAIR WORK:
EMPLOYMENT
SECURITY &
INNOVATION**



Scottish Centre for Employment Research (SCER)

FITwork project
www.FITwork.org.uk

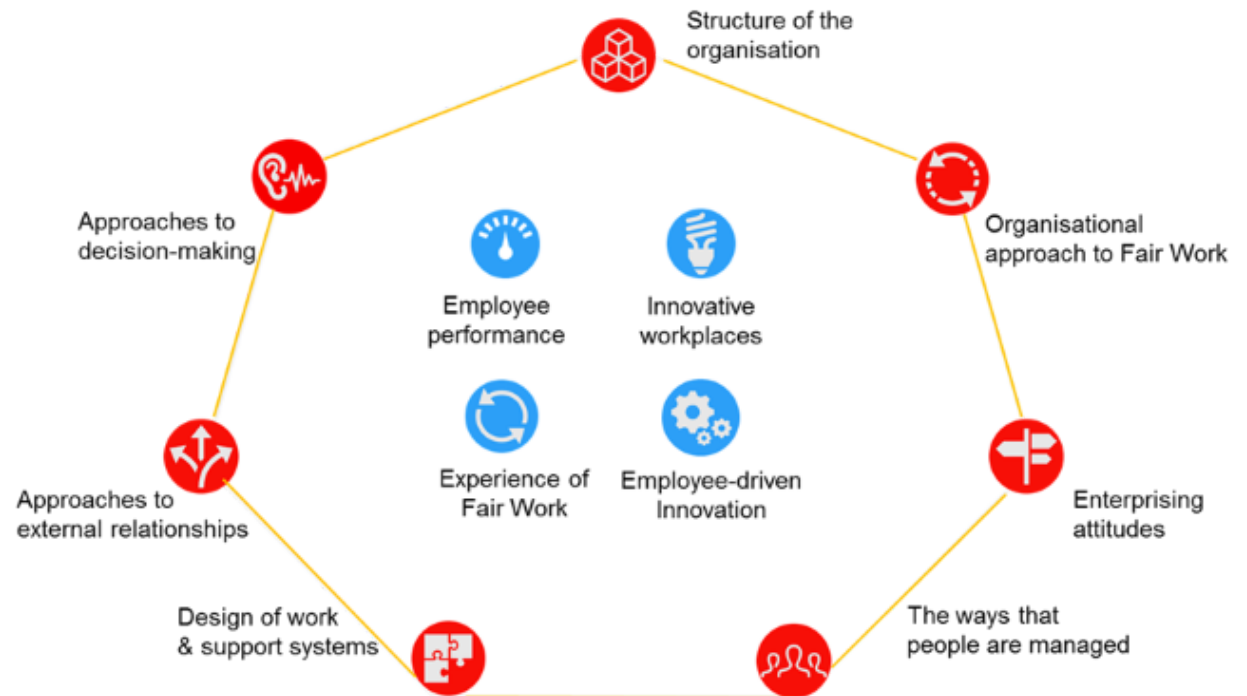


FITwork

The Fair, Innovative and Transformative work (FITwork) project focuses on workplace practices that enhance workers' ability, provide them with the opportunities to make an effective contribution at work, and that motivate them through the provision of fair work to deliver high performance, innovation and change.

Existing research points to key organisational features and workplace practices that are associated with higher levels of innovation. These features and practices span:

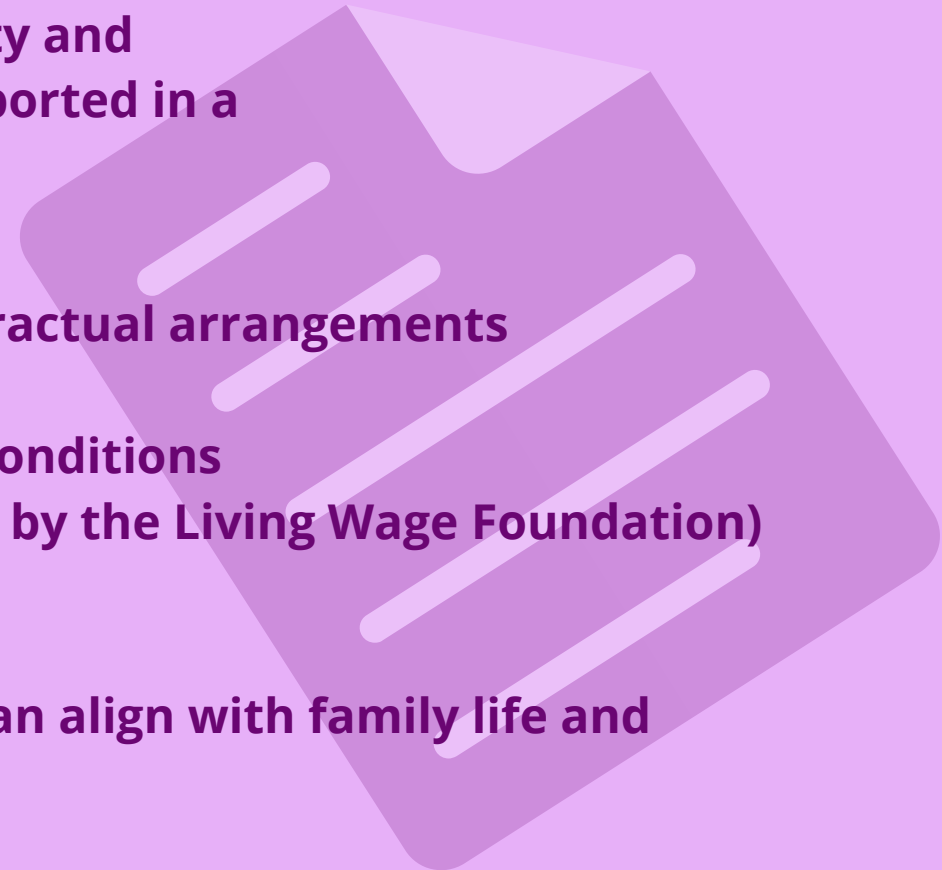
- How organisations are structured
- Approaches to decision-making
- How work and internal support systems are designed
- How people are managed
- Organisational approaches to fair work
- Organisational support for enterprising behaviours
- Approaches to external connections and networks



Why is fair work - in particular, employment security, important for innovation?

An important element of fair work is the security and predictability of employment which can be supported in a number of ways:

- Build employment & pay stability into contractual arrangements
- Employment security agreements
- Have collective arrangements for pay and conditions
- Pay at least the Living Wage (as established by the Living Wage Foundation)
- Fair opportunities for pay progression
- Sick pay and pension arrangements
- Give opportunities for hours of work that can align with family life and caring commitments



EMPLOYMENT SECURITY CAN SUPPORT OUTCOMES THAT BENEFIT ALL



SOCIETY

Where people have stable employment and sufficient income, public spending on the welfare system can be lower and more public revenues can be generated through taxation.

Conversely, low pay and employment insecurity lead to in-work poverty, child poverty and poverty beyond working life, all of which diminishes individuals and societies.



EMPLOYER

Employment security plays an important role in behaviours and attitudes within workplaces, generating important benefits for employers:

- Employees may be more willing to adapt, increase their commitment and 'go the extra mile'
- Employment security can also increase employer-worker trust
- Secure employees are more able to engage positively in organisational change
- Secure employment better facilitates employer investment in skills and capabilities that support innovation



INDIVIDUAL

How the organisation's policies and practices come together affect how individuals experience fair work.

Security of employment, work and income are important foundations of a successful life.

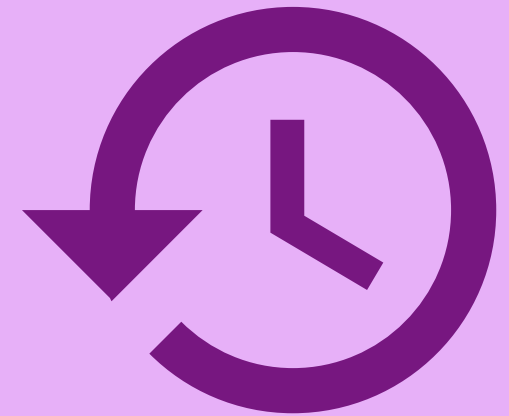
Security of income can contribute to greater individual family stability and promote more effective financial planning.

What do we know about employment security?

11%

of UK employees perceive that they are likely or very likely to lose their jobs

Temporary workers make up 5.6% of the total UK workforce



Underemployment

In 2017, around 8% of workers in Scotland report that they are underemployed - that is, they do not have enough hours of employment.

In 2017, 22.1% of part-time workers and 19.6% of young workers report underemployment.

Contractual arrangements and insecurity of tenure

Zero hours contracts

In 2017, 2.8% of people in employment in the UK were on zero hours contracts (ZHCs).

25.3% of people on a ZHC want more hours.

For others, constraints on their labour supply - for example, caring responsibilities or studying - can reduce opportunities to access more predictable employment.

Pay levels

Full-time

Part-time

£28,354

Gross median annual full-time pay in Scotland in 2017

£547

Gross median weekly full-time pay in Scotland in 2017

£10,474

Gross median annual part-time pay in Scotland in 2017

£189

Gross median weekly part-time pay in Scotland in 2017

Pay disparities

Certain groups in Scotland - women, young people, Black and Minority Ethnic (BME) workers and disabled workers - are worse off than others when it comes to pay and employment security.

Pay disparities also vary by industry: the finance/insurance sector has high earnings and widely unequal hourly earnings. The service sector has lower median wages and more concentrated pay ranges

In Scotland, the gender pay gap is higher (17.5%) in the private sector than in the public sector (11%)

24%

of women earn less than the living wage compared to...

15% of men



in 2016, gross median full-time hourly earnings for men were £13.85

in 2016, gross median part-time hourly earnings for men were £8.45



in 2016, gross median full-time hourly earnings for women were £13.00

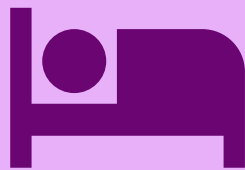
in 2016, gross median part-time hourly earnings for women were £9.26

Income insecurity



Income insecurity remains a key concern for lower-paid workers. It is estimated that there are 467,000 people earning less than the living wage in Scotland - or just over 20% of the workforce - an increase of 7000 on 2015.

'Accommodation and food services' and 'wholesale and retail trade' sectors have the highest proportion of people earning below the living wage.



29% OF PRIVATE SECTOR EMPLOYEES EARN LESS THAN THE LIVING WAGE

4% OF PUBLIC SECTOR EMPLOYEES EARN LESS THAN THE LIVING WAGE

Examples of practice

Guaranteed hours

A large food and drinks company has signed up to the Better Business Pledge with the aim of moving away from ZHCs. For those on ZHCs, staff with a minimum years' service will move onto permanent contracts. If there is a breakdown in the factory that impacts on production and staff have made the journey into work then they will get paid for the hours they were scheduled to work.



Job security

A small social enterprise company has improved job security by moving staff from 'seasonal' to permanent contracts. This has been made possible by multi-skilling team members so that they can be redeployed to different roles across the organisation, providing flexibility for the employer to respond to changing patterns of business demand, and greater job security for staff alongside opportunities for broader skills development.



Eliminating low pay

One small engineering business pays above the Living Wage for business and moral reasons. Most employees agree that they are fairly rewarded for their work resulting in a fairly high level of commitment to the organisation.

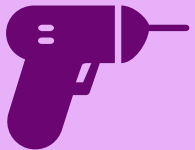


For some businesses, paying the Living Wage, and supporting workplace pensions, is a challenge. However, it delivers measurable business benefit. One SME in the food and drinks sector pay their staff above the Living Wage as they hire people on a long-term basis because this creates greater consistency and better customer service which in turn leads to more job security as the business prospers.



Examples of practice

Maximising earnings



An SME in the construction industry has operations and practices that are explicitly aimed at supporting their workers to maximise their earning potential. Apprentices receive age-related NMW not the lower apprenticeship rate, staff are supplied with mandatory personal protective equipment, work wear and the first set of tools and the company offers an interest free loan to learn to drive which is written off after three years' service. The company reports high levels of apprentice and staff retention. Innovating in organisational systems and investing in staff has produced a strong and successful company in the notoriously challenging context of the construction industry.

Flexible working



An SME specialising in mobility and assistance devices offers flexible working time that aligns to workers circumstances to enable employees with differing personal demands to access quality employment. Providing security for employees goes hand-in-hand with providing a quality service for customers - they do not use ZHCs and invest in training and development because of the knowledge required for the job.