

Employment Relations Comment

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Job insecurity in the wake of a recession

Stephen Overell

Writer and consultant on work and organisations

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Are we in a new era of insecurity at work? A quarter of respondents to the Skills and Employment Survey said they feared losing their job and becoming unemployed in 2012 – more than in any other year of the survey, including in 1986 when unemployment rates were much higher.

But it is not just about feelings. The prevalence of non-standard – some say “precarious” – employment has grown. The number of workplaces reporting the use of zero hours contracts, in which employees are expected to be available for work but are not entitled to any set number of hours, has doubled between 2004 and 2011. Some 8% of the workplaces now employ people on such contracts, according to the Workplace Employment Relations Survey (WERS). There is some doubt about the numbers. The Labour Force survey estimates 250,000 workers were on a zero hours contract at the end of 2012 (ONS, 2013a) – itself a revision of a previous estimate of 208,000. Yet this figure is reckoned to be extremely conservative; there are 150,000 domiciliary care workers alone who are on zero hours contracts¹.

Importantly, zero hours contracts do not appear to be being used as a substitute for temporary staff, following the introduction of the Agency Workers Regulations in 2011, which were aimed at improving the security of temps. Demand for temporary workers has also increased in the recession, as indeed has self-employment (ONS, 2013b). Employment relationships have taken a turn towards the casual.

One response to the rise of insecurity is that it is unsurprising. The years since 2008 have seen increases in unemployment and falling wages in real terms. Moreover, it is logical that employers respond to a unpredictable economic climate and increasing competition by managing their workforces to maximise labour flexibility.

WERS for instance found that workplaces using fixed term contracts were more likely in 2011 to say this stemmed from a freeze on permanent staff numbers, than was the case in 2004 (11% compared with 4%). Government policy has sought to encourage business confidence in ways that some commentators have seen as extending insecurity, such as doubling the qualification period before employees are entitled to legal protection against unfair dismissal and the new employee shareholder status. But in order to understand the character, and particularly the likely longevity of this period of workplace insecurity, the question that really needs asking is: to what extent insecurity is a by-product of recession or a reflection of a more fundamental change in the nature of work? If the former, it can be anticipated that when (and if) the recovery asserts itself more vigorously, perceptions of insecurity will recede as well. If, however, insecurity is borne of deeper forces than the economic cycle, then growth alone is unlikely to address its causes.

Before attempting an answer it is worth making two brief preliminary points. First, job security matters to individual workers, to employment relations and to social wellbeing. Security is one of the most important features of work in the eyes of workers themselves – more important even than pay on some measures (Felstead et al, 2007). Occasionally, writers eulogise the

romance of the free-agent work-style. Very extensive evidence contradicts them. Security remains an enduring aspiration for workers: a good job is a secure job. It follows that when security is diminished, so too is wellbeing both for the individuals and the workplace. According to some studies, anxiety about job loss can be as psychologically devastating as unemployment – and may last for longer (Burchell, 2011). Insecurity is a hidden public health threat.

Second, debates about insecurity typically involve definitional disputes about whether it is subjective or objective and which type counts more. Such arguments can detract from how seriously insecurity is taken (“it’s just a feeling”). The simplest version of insecurity is the imminent threat of losing a job. This places the employee’s subjective perceptions in the foreground: insecurity is the loss of welfare that comes from employment uncertainty. Many things can destabilise a person’s rootedness in a place of work – relationships turning sour, failure to win a pitch, competition, outsourcing, loss of status, being marginalised and many more. But the perceived threat of job loss remains the aspect that is most life-altering and consequential. From an employment relations perspective, meanwhile, insecurity may pose a threat to the aspiration for employee engagement: is employee engagement a meaningful approach to improving productivity when a quarter of the workforce fears losing their jobs²?

Yet subjective perceptions are unreliable indicators of economic change. Much of the literature of insecurity therefore relies on “objective” indicators, such as the rate of redundancy, the longevity of

employment or the preponderance of freelancing, temporary work, contract working and so on. The challenge here, however, is how to link the indicator to a calculation of how the individual perceives risk. In practice, any serious attempt to understand insecurity has to deal both with what people think and with labour market change – with feeling and with fact.

So is the answer to insecurity – both subjective and objective formulations – more and better economic growth?

It is certainly true that careful studies of the relationship between unemployment and insecurity do suggest there is a very strong correlation between them (Green, 2006; see also OECD, 2002). On this basis, writers such as Francis Green reject the notion that contemporary work is inherently less secure than in some putative golden age. "One cannot scientifically sustain proclamations of a decline in the quality of work life on account of a secular upward shift in insecurity," he writes in his book, 'Demanding Work'.

But there are grave caveats. According to WERS, what affects insecurity is not the general economic climate, but the direct personal experience of workplace change brought on by recession. In workplaces that experienced no change as a result of the recession, 72% felt their job was secure in 2011 – a surprisingly high number given the mood of the time. The proportion who felt secure in workplaces that had undergone four or more changes in the wake of the recession toppled to 32% – almost by half. In workplaces jolted by a "strong adverse impact" from the recession it more than halved again, to just 14% who felt secure. Is it then workplaces that generate insecurity rather than labour markets?

The relationship is complex. For example, the 1990s was a decade in the latter half of which employment grew strongly in the UK. Yet public concern about insecurity was also high. In 1996 there were 2,778 stories about insecurity in general in British national newspapers and 977 about job insecurity in particular, whereas in 1986 (when unemployment was far higher) the figures were 234 and 10 respectively (Smith, 1997).

The 1990s was something of a boom-time for doom-laden predictions about work. It was argued that the nature of work was being remade with secure employment falling as employer demands for flexibility grew and there was an expansion of the contingent workforce. "Before very long, having a proper job inside an organisation will be a minority occupation", wrote Charles Handy in his 1994 book 'The Empty Raincoat'. "What was a way of life for most of us will have disappeared. Organisations will still be critically important in the world, but as organisers not employers." Yet this was a decade when employment – including permanent employment – expanded in the UK, if not elsewhere³. The explanation that has been offered is that some forms of insecure work (self-employment and temporary work) did rise in the early-to-mid 1990s, as permanent work dipped and many organisations downsized, but that these were temporary phenomena, not changes in the nature of capitalism (Fevre, 2007).

However, it would be wholly misleading to believe employment becomes less secure only when the economic news darkens. Consider zero-hours contracts once more. It is clear that use of such contracts rose in 2006-7 before the financial crisis, fell slightly, then increased sharply after 2010 (ONS, 2013a). Sectors which are likely to use them (hospitality, care,

retail, education, etc) are characterised by staff having to interact directly with customers and clients and by the youth of their workforces (20-24 is the typical age to sign a zero-hours contract). Such contracts appear to be seen, in part, as mechanisms to manage fluctuating customer demand, while minimising labour costs in often extremely competitive industries. This type of employment relations strategy may have become more attractive to more employers in the wake of the recession, but some adopted it earlier.

If the recovery continues it is legitimate to expect a substantial amount of the current anxiety about insecurity to recede. But the roots of the insecurity problem may lie deeper than the ebb and flow of the economic cycle. The UK's flexible labour market is a source of national pride. Many argue that flexibility has enabled a better labour market performance than could have been anticipated given the depth of the fall of output; the UK has been demonstrably more successful at maintaining employment than some other comparator nations. After all, the very essence of a flexible labour market is to facilitate quick adaptation of employment to economic conditions. Yet is it possible to enjoy the benefits of flexibility without paying a price in greater insecurity at work? For most of the last decade, the answer appeared to be yes: the UK showed how relatively flexible and relatively secure work could go hand-in-hand, a virtuous circle of high employment rates and positive workplace relations. Today, it is difficult to be so confident. Longstanding

doubts about the relationship between the quantity of work in the UK and its quality – of which security is a critical dimension – have begun to emerge and look set to be a feature of work debates in the years ahead.

Notes

1 For a discussion about prevalence, see Resolution Foundation, 2013

2 Job security does not appear to be a significant issue in some of the literature of engagement. For example, in the government-backed report *Engaging for Success* (Macleod and Clarke, 2006), there is no discussion of security.

3 The 1990s witnessed intense debates about a perceived "crisis" of work with job security at its heart. Writers who saw fundamental change included Giddens, Castells, Beck, Bridges, and Sennett. Those who rejected this thesis, arguing for cyclical insecurity, included Fevre, Doogan, Fitzner, Gregg and Wadsworth.

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