

# FLEXIBLE CONTRACTS: BEHIND THE HEADLINES



THE DEBATE ON ZERO HOURS CONTRACTS HAS BEEN CONTENTIOUS AND LARGELY DRIVEN BY THE MEDIA, BUT WHAT DO WE REALLY KNOW ABOUT ZERO HOURS AND OTHER FLEXIBLE EMPLOYMENT? TO ENCOURAGE A MORE BALANCED DEBATE, UKCES COMMISSIONED A SHORT SURVEY OF 2,000 UK WORKERS AND HOSTED A DISCUSSION WITH ITS HR LEADERS ADVISORY PANEL.

## FORMS OF FLEXIBLE CONTRACTS

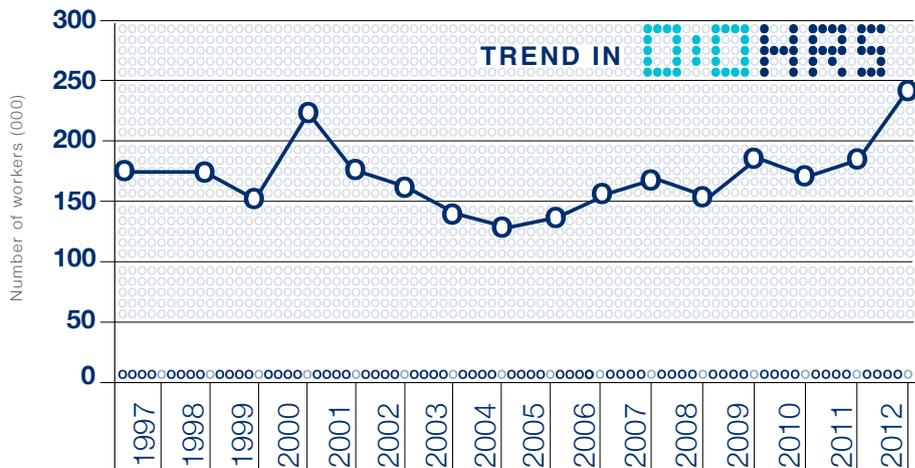


## 1 > MYTH BUSTERS

**MYTH 1:**  
PERMANENT 9-5 JOBS  
ARE A THING OF THE PAST.

While a fifth of the workforce have flexible contracts, most people work in what we might think of as 'normal' jobs. Zero hours contracts specifically, which have attracted a lot of media attention, remain a tiny proportion of all jobs (under 1 per cent). However, their popularity has waxed and waned since 2000, and there was a surge in 2012.

Source: The Work Foundation, based on the Labour Force Survey, 2013



**MYTH 2:**  
FLEXIBLE CONTRACTS  
ARE CONCENTRATED  
IN CERTAIN SECTORS  
SUCH AS RETAIL,  
RESTAURANTS AND  
BARS, AND HOTELS.

Our research shows that flexible contracts are used across the economy.

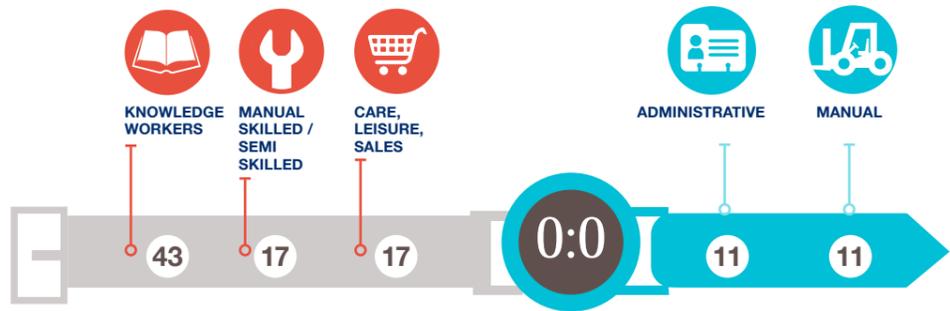


Note: national average is 20%

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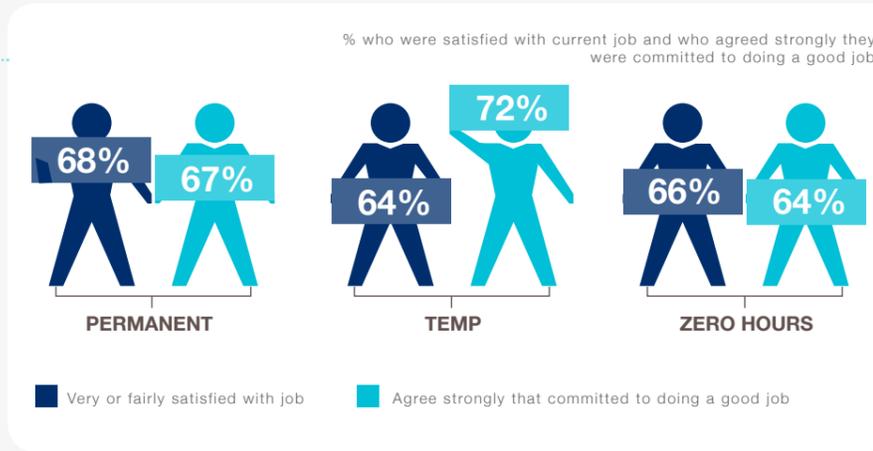
**MYTH 3:**  
ONLY LOW-SKILLED WORKERS HOLD ZERO HOURS CONTRACTS.

Our research shows that flexible contracts are used across a range of occupations and especially by knowledge workers.



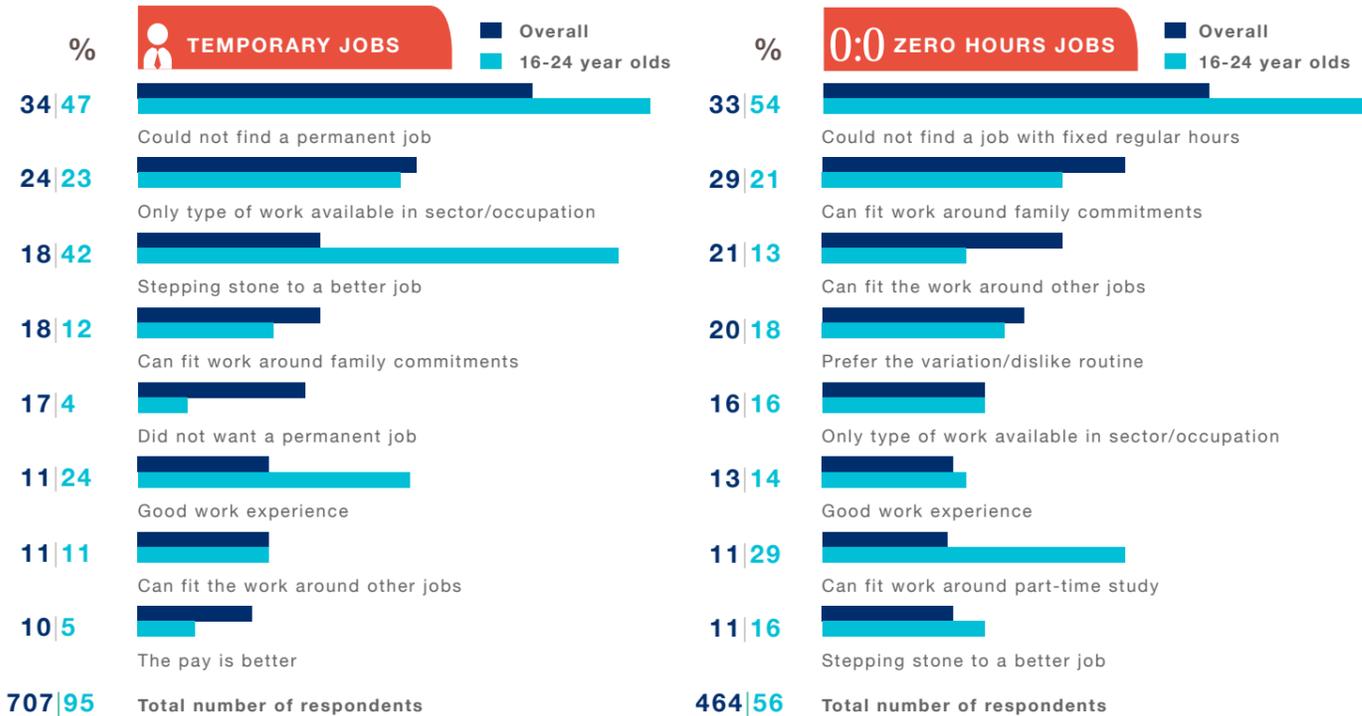
**MYTH 4:**  
THOSE ON FLEXIBLE CONTRACTS ARE NOT HAPPY IN THEIR JOBS OR NOT AS COMMITTED TO DOING A GOOD JOB.

Our research suggests the majority of people on flexible contracts are satisfied and committed.



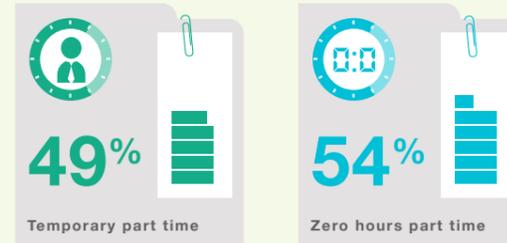
## 2 > IMPOSED FLEXIBILITY OR POSITIVE CHOICE?

WE FOUND THAT PEOPLE CHOOSE FLEXIBLE CONTRACTS FOR A VARIETY OF REASONS. FOR SOME IT'S A POSITIVE CHOICE - FOR EXAMPLE, A BETTER WORK-LIFE BALANCE. BUT FOR OTHERS IT'S THE ONLY OPTION AVAILABLE. THIS IS PARTICULARLY THE CASE AMONG YOUNG PEOPLE.

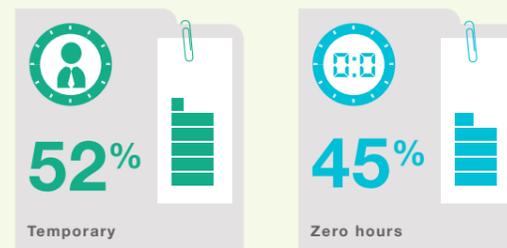


## 2 > IMPOSED FLEXIBILITY OR POSITIVE CHOICE?

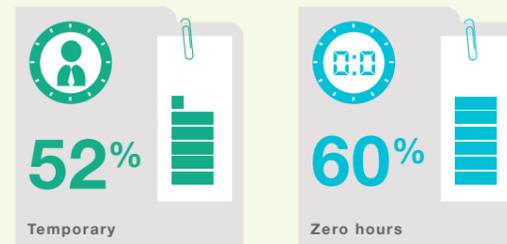
% OF PART-TIME STAFF WHO WANT TO WORK MORE HOURS



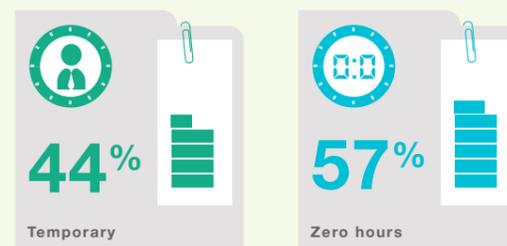
% WHO SAY THEY HAVE A LITTLE, NOT VERY MUCH OR NO CONTROL OVER HOW MANY HOURS THEY WORK



% WHO FEEL THEY HAVE TO ACCEPT WORK IF THEIR EMPLOYER ASKS

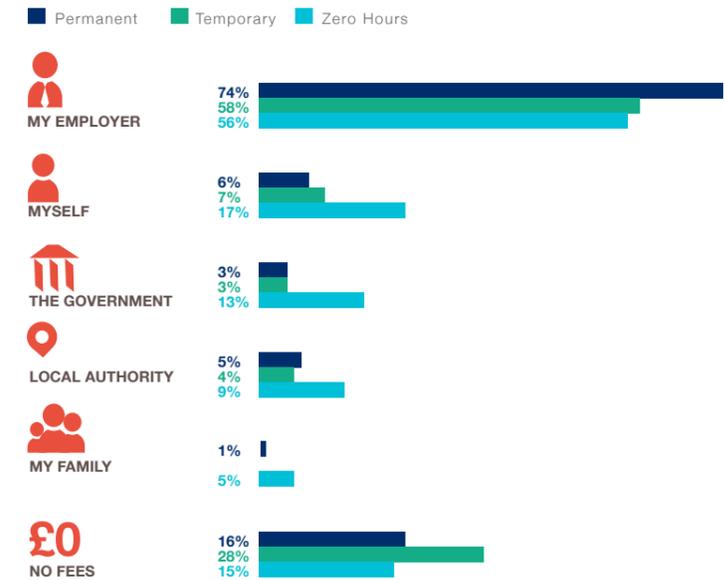


% WHO FIND IT DIFFICULT TO BUDGET FROM MONTH TO MONTH



Our research found that workers on flexible contracts may not receive as much training as those on 'normal' contracts (40% vs 49%) and they are more likely to pay for their own training – potentially hampering progression if they are using these jobs as a stepping stone.

% WHO PAID FOR TRAINING BY CONTRACT TYPE



On the employer side, among our HR panel members, some saw training as part of their business' role, regardless of the employee's contract. This is often a reputation issue: they need their business to be an attractive place to work.

**WE ARE OFTEN DRAWING FROM THE SAME LABOUR POOL SO YOU NEED A GOOD REPUTATION AS AN EMPLOYER TO ATTRACT THE BEST PEOPLE. WE ALSO HAVE TO RETAIN PEOPLE'S LOYALTY TO US. TRAINING AND DEVELOPMENT IS A CRITICAL PART OF THE EMPLOYER BRAND.**

Others took on highly skilled, flexible workers precisely because of their expertise and therefore did not expect to offer training, beyond basics such as health and safety and induction. Developing that expertise was up to the individual.

**THERE IS A SPLIT BETWEEN TRAINING AND DEVELOPMENT FOR US VERSUS DEVELOPMENT FOR YOUR CAREER.**

What emerges is a nuanced picture, and one in which all flexible workers are not equal. Some people are happy with flexibility (likely the most skilled), whilst others less so (likely the least skilled and, therefore, most vulnerable in the labour market). For young people this is a particular concern – with fewer skills and experience to offer, they may struggle to make flexible contracts work for them. It comes down to a power balance in the labour market, where skills are the primary bargaining factor.

## 3 > IMPLICATIONS FOR THE FUTURE



**FLEXIBLE CONTRACTS ARE ESSENTIAL FOR A 24/7 ECONOMY AND THEY MEET THE NEEDS OF MANY WORKERS TOO. BUT FOR SOME THE MATCH IS FAR FROM PERFECT. OUR RESEARCH SHOWS THERE IS DEMAND AMONGST FLEXIBLE WORKERS FOR PERMANENT WORK – ESPECIALLY AMONGST YOUNG PEOPLE.**

Our HR panel members also raised concerns about how young people or those with fewer skills on flexible contracts can access training and opportunities to progress. Do these contracts form a stepping stone or do people become stuck in a cycle of insecure and low-paid work?

**“ WE SHOULD CHALLENGE OURSELVES NOW TO GET YOUNG PEOPLE ON THE LADDER. ”**

HR panel members thought any recovery could shift the balance between flexible contract workers and employers. It is likely that those who have taken flexible contracts because little else was available will find other opportunities as growth translates into jobs.

**AS GROWTH TAKES ROOT, THE QUESTION CHANGES FROM HOW DO BUSINESSES MAINTAIN EMPLOYMENT LEVELS TO HOW DO BUSINESSES RETAIN THE TALENT THEY NEED?**

**AT THE MACRO LEVEL, HOW DO WE ENSURE PEOPLE ON FLEXIBLE CONTRACTS HAVE THE SKILLS THAT BUSINESSES AND THE ECONOMY NEED TO GROW? PANEL MEMBERS RECOGNISED THE ROLE BUSINESSES HAVE TO PLAY IN ENSURING BEST PRACTICE, ESPECIALLY THOSE AT THE TOP OF THE SUPPLY CHAIN.**

**“ THOSE AT THE TOP OF THE FOOD CHAIN CAN HELP THOSE BELOW – WE NEED TO INVEST IN THE SUSTAINABILITY OF THE SECTOR. ”**

However, our latest Employer Skills Survey shows that over one in five vacancies aren't filled because employers can't find the skills they need, a sharp rise from two years ago. If flexible workers are receiving less training, and having to pay for their own, are we storing up skills problems for the future?

**WHAT MORE CAN BE DONE TO ENCOURAGE COLLABORATION AND SHARE BEST PRACTICE SO THAT FLEXIBLE CONTRACTS CAN WORK FOR EVERYONE?**

As the myths are debunked, more questions arise. The debate continues.

## > NOTES

The UK Commission for Employment and Skills is a publicly funded, industry led organisation providing strategic leadership on skills and employment issues across the UK. For more information, visit our website: <http://www.ukces.org.uk/>

The data:

UKCES commissioned Ipsos MORI to survey 2,000 individuals across the UK from their online panel. Fieldwork: 6 – 18 December 2013.

UKCES conducted a seminar with its HR Leaders Advisory Panel on 23 January 2013.

Brinkley, 2013, Flexibility or insecurity? Exploring the rise in zero hours contracts, The Work Foundation.

The Employer Skills Survey is a survey of over 90,000 employers, interviewed March – July 2013. More information can be found here: <http://www.ukces.org.uk/ourwork/employer-skills-survey>