About this report

As the pandemic impacts precarious workers across the country this report sets out to explore how precarious work has changed – and what it might look like in the future.
Summary

Precarious work isn’t new.

There have probably been people in insecure jobs, or workers with unguaranteed hours, for as long as there have been, well, jobs.

Even the more modern understanding of precarious work, with its zero hours contracts, certain types of self-employment, and the portfolio careers of the 21st century isn’t especially new either. It’s been a growing part of how people talk about work, business, and the economy in Western societies – entering the common lexicon in the UK in the aftermath of the Great Recession as it became a more and more common part of the employment landscape as a whole.

The gig economy had arrived, and it was here to stay.

It’s been something we’ve explored before here at Trajectory, but with the tumultuous impact of the last 18 months it’s something we’re now looking at exploring again. It’s growth over the last decade, how it’s been impacted by the COVID-19 pandemic, and what the future of precarious work might look like.

In the past it’s come under criticism for the way in which precarious work can impact workers. At its worst it can leave workers unsure of their earnings or their jobs and place too much power in the hands of sometimes unscrupulous employers.

Yet it’s not all bad. For some, zero hours contracts and self-employment offer flexibility and control over how and when they work – the university student delivering Uber Eats meals to make a bit of extra cash in their free time, or the web-designer gone solo to pursue a portfolio career.
Precarious work is a complex subject – and it’s one that’s remained in headlines throughout the last 18 months.

The COVID-19 pandemic, with its own impacts on the economy, on employers and employees, has impacted people in precarious work especially hard. Low earners on unstable contracts have faced earnings and job losses or have found themselves working in high-Covid-risk jobs. The self-employed have faced their own issues getting access to financial and state support during the pandemic. In the rest of Britain’s economy, job losses in more secure work could in turn result in more people having to turn to precarious forms of employment.

At the same time, though, the pandemic has driven new types of self-organisation and regulation in the world of precarious work – whilst worker shortages in some British industries are giving workers more power to decide how and where they want to work. For many, the ways in which precarious work has been particularly hard hit during the pandemic may see workers turn away from the opportunities it might provide in favour of more secure employment – if it can be found.

The relationship between workers and businesses across the British economy looks set to be changed by the pandemic, and precarious work is no different. Looking ahead, the trends emerging out of the pandemic look set to drive higher rates of precarious work – but with new protections for workers and new expectations of businesses.

One thing seems for certain. For better or for worse, precarious work isn’t going anywhere.
Implications

For Workers

• **More Precarious Work.** Pandemic impacts and the growing jobs crisis looks set to drive more people into precarious work.

• **Organised Labour?** The last 18 months have spawned new efforts to organise from amongst precarious workers with the aim of securing better jobs and support. There are signs it might be working.

• **Chances for Security.** New technologies may offer a way for those in precarious work to find a little more stability.

• **A Three-Tiered Workforce?** Looking ahead, shifts in precarious work promise to bring new job security and support to many – but also risk leaving behind those in the most insecure jobs.

For Businesses

• **New Expectations.** Staff in precarious jobs will look for better circumstances in their jobs wherever they can. During a jobs crisis the temptation for some businesses may be to ignore them – but there could be benefits to listening.

• **New Scrutiny.** New public scrutiny and government regulations around precarious work, especially in well-known parts of the economy, mean how businesses treat their employees will be under more focus than ever.

• **A Chance to Help.** Financial institutions and broader business have a chance to help those in precarious work by expanding their services to better suit those with insecure hours or wages.

For Government

• **The ‘Burden’ of Precarious Work.** As the pandemic drives an increase in rates of precarious work, the government risks being left to pull up the slack for supporting those insecure work through in-work benefits and support – the bill for which could rise rapidly.

• **The Need for Regulation.** The government is in a unique position to support those in precarious work through greater regulation – giving workers access to better in-work support and rights. This would not only help those in insecure work but could also reduce the need for state support.
A Precarious History

The real explosion in the numbers of people engaged in precarious work in the UK arrived in the aftermath of the Great Recession of 2007/08. A prolonged jobs crisis that dragged on well into the 2010s saw employment in traditional parts of the economy fall. In its place came increasing numbers of people engaged in precarious work. It was less a case of there being less jobs. Instead, it was more a case of the jobs that were left being lower quality – insecure and precarious.

Driving this increase was the expansion of zero-hours contracts throughout the economy. The number of people working in these jobs, which involve contracts in which the employer is not obliged to provide a minimum number of working hours to an employee, rose from less than 200,000 in 2011 to 585,000 by just 2013. The in the following years the number of zero-hours contracts rose even further, reaching a peak of 974,000 in 2019 – just before the COVID-19 pandemic hit.

These figures are, if anything, an underestimate – with zero hours work often harder to keep track of compared to more clearly defined contracted roles. The Chartered Institute of Personnel and Development has repeatedly claimed that the Office of National Statistics (ONS) figures on the trend undershoot the reality by as much as a fifth and as the numbers of zero-hours contracts rise so does the difficulty in keeping track of them.
Other forms of employment also fall under the umbrella of precarious work.

Any job with low-pay, irregular hours, or with insecure long-term prospects has come to fall within the definition. Temp and agency work, many jobs within the arts, and seasonal jobs have always been precarious – but have become all the more so over the last decade.

Self-employment, which saw an increase from just under four million self-employed in 2008 to just under five million by 2019, isn’t always a case of precariousness – it can offer a chance for the kind of self-fulfilment and flexibility that can be hard to find in other work. Yet for some of the roughly one in six working Britons who are self-employed it can be anything but secure. Sole traders, in particular, face the risks of business collapses and bankruptcy - the Institute of Fiscal Studies (IFS) reported in 2019 that a fifth of sole trader businesses don’t survive their first year.

By 2019, it was estimated that around 1 in 10 Britons – roughly 3.2 million people – worked in some form of precarious employment. This wasn’t uniformly spread across the population. Instead, it was centred around particular sectors and amongst particular demographics. Over half of businesses in the hospitality sector use zero-hours contracts, whilst almost a fifth of the total number of self-employed in the UK work in the construction industry.

Age and other demographics have also played a key role in who’s engaged in precarious work.

The number of younger workers (16-24) in zero hours contracts over the last decade has been consistently around twice that of either 25-34 year olds or 35-49 year olds – and it’s also worth noting after the youngest cohort its actually older workers (50-64) who make up the next largest group in zero-hours work. Women were also more likely to be on zero-hours work, as were those from non-white ethnic backgrounds.

Source: Office for National Statistics, 2021
Several factors were behind the overall increase in rates of precarious work throughout Britain. The most obvious, and the factor with the greatest impact, was the jobs crisis itself and its spill over effects into the rest of the UK economy.

Unemployment rates rose with the initial impact of the Great Recession and failed to return to pre-recession levels for a decade – with the UK’s employment rate only returning to its pre-2007 level in 2017. Yet despite this slow recovery, unemployment remained at relatively low levels compared to other recessions. Instead, the crisis was one of precariousness, with insecure jobs replacing secure work across the economy.

The lack of available traditional contracted jobs and the rising number of unemployed coincided with the rise of the gig economy – driven by companies such as Uber and Deliveroo but rapidly expanding into a whole slew of business and brands across the breadth and width of the UK’s economy. New technologies and consumer expectations, especially around quick deliveries and the rise in online takeaway apps, saw these types of businesses expand and their workforce with it. For workers desperate for a job, even the negatives of precarious work likely seemed better than no work at all.

For all the problems inherent to precarious work, the opportunities it can provide also boosted its adoption. Not all precarious work is inherently bad – zero-hours contracts can offer people in particular circumstances, students or shift workers, a chance to earn extra money without being tied into a contract or set hours.

The rise of so-called ‘hustle culture’ - a US cultural export that extols the benefits of hard (and near-constant) work – also worked to boost the place precarious work in society.

At the same time, not all contracted work is inherently good for employees – some studies have even indicated that those on zero-hours contracts in the years following the Great Recession were actually happier than their contracted peers.

Whatever the case for or against precarious work, whether it takes advantage of workers or offers them new opportunities, making them happier or harming their mental health, as the UK headed into the COVID-19 pandemic it was more common than ever.
Pandemic Insecurity

Precarious workers are most at risk from shocks to the market or the economy. Those in the gig economy or on zero-hours contracts rely on week-to-week and even day-to-day demand for their services – whilst the precariously self-employed aren’t able to rely on the benefits and economies of scale that come with working as an employee at a larger business.

The COVID-19 pandemic has been just such a shock. Precarious workers have been hit especially hard.

They’ve sometimes found themselves working in non-COVID safe roles. Seen job insecurity rise and often faced job losses. Some have struggled to gain access to government support more easily available to non-precarious workers.

Despite the adversity, the pandemic has also seen more positive changes to precarious work. New forms of labour organisation have begun to spring up – alongside signs that new regulation around the protection of people in precarious work may be on their way.

Precarious workers have been especially hard hit by job losses during the pandemic, with the lack of security and long-term contracts often leaving them as prime candidates for initial layoffs. By 2021 the number of people in zero-hours contracts had fallen by around 110,000 compared to pre-pandemic levels.

Those working in food & drink and hospitality were at particularly high-risk of lay-offs. Lockdowns and enforced closures hit those sectors particularly hard – causing brands like Wetherspoons to lay off thousands of staff on insecure contracts in the opening months of the pandemic.
The pandemic also had wider impacts on precarious work.

Those in low-paid, insecure work often found themselves working in places with higher-risks of COVID infection – whether that be in pubs and bars or on delivery warehouse floors. Not only did they face the risk of catching COVID, but TUC research also shows that insecure workers faced greater difficulties in accessing sick pay – being 10 times more likely to have received no sick pay when unwell during the pandemic compared to workers in secure employment.

Precarious workers in the hospitality sector have faced squeezes on their income – with the national push towards cashlessness during the pandemic resulting in a reduction in the amount of tips being left for staff in many establishments.

As with precarious work itself, impacts have been predominantly felt by the young and the low-paid.

More broadly, employees in precarious work have faced issues accessing (or being given access to) government support schemes during the pandemic. Agency workers and those on zero-hours contracts have in some cases been denied furlough – with companies preferring just to drop precarious workers entirely until the economy began to open back up.

"My job is more insecure than it was before the pandemic…"; Total Agreement

Source: Trajectory Optimism Index, July 2021
The precariously self-employed have also struggled during the pandemic.

Government support for the self-employed was slow off the mark compared to its support for contracted employees – with the Self-Employment Income Support Scheme (SEISS) introduction initially lagging behind other forms of support.

Even with its introduction the stringent rules around how much support the self-employed were entitled to, alongside its provision that only those who’d been in self-employment for longer than three months could claim it, meant that only 62% of self-employed Britons were able to claim support. 18 months later and some self-employed who’d claimed government support are now struggling to access mortgages and loans from private banks – with their credit scores unprotected from the impact of government grants and loans.

Yet despite the negative impacts – the pandemic has also brought signs that some more positive changes may be on the horizon for those in precarious work.

The pandemic has at times made the plight of precarious workers during the pandemic frontpage news. In turn, new regulation and protection for those in insecure employment has begun to spring up. Workers themselves have also begun to turn to unionisation and labour organisation in ways previously unheard of in precarious work – with the impact of both Brexit and the pandemic on particular sectors having their own odd effect on the power of labour.

The UK Supreme Courts’ ruling that Uber drivers, previously classified by the company as nominally self-employed, are entitled to full workers’ rights including sick pay and a minimum wage was the headline regulatory change. Further state regulation, this time for zero-hours contracts, is slated for the end of 2021.

Businesses that are overly reliant on precarious workers are facing an uncertain future. Investors are noticing to – just look to Deliveroo’s failed IPO earlier this year.
Workers themselves have been organising, spurred by the impact of the pandemic. Though the movement is strongest across the Atlantic in America, unionisation amongst precarious workers in gaining ground here in the UK.

Delivery drivers, cleaners, and couriers have been joining the Independent Workers’ Union of Great Britain (IWGB) in never-before-seen numbers, whilst employees from the food & hospitality have begun to organise around unions like the Bakers, Food and Allied Workers Union (BFAWU) – which recently organised the UK’s first strike amongst McDonald’s workers in British history.

These new forms of organisation amongst precarious workers have partly been borne out of necessity but have been buoyed in some sectors by a growing jobs crisis – but not one resulting from a lack of jobs, but instead a lack of workers.

In a shift that looks set to have long-term implications for many of the UK’s sectors, the dual combination of Brexit and the pandemic have led to worker shortages in sectors including (but not limited to) manufacturing and hospitality. Power has begun to shift towards remaining workers in those sectors – bolstering hopes for better pay and support for precarious workers.

Yet with the pandemic not yet over, and the negative impacts of COVID-19 on precarious workers impossible to ignore, the future of precarious work remains anything but simple.
Looking at trends from the last recession, it seems inevitable that overall rates of precarious work will increase – with the decrease in total numbers of people in precarious work in 2021 a momentary blip caused more by overall reductions in total employment rather than a shift away from precariousness.

Unemployment crises have always led to a rise in the number of people engaged in precarious work and it seems unlikely that a COVID recession will be any different.

Even if programmes like the furlough scheme have reduced the immediate impact of the pandemic on employment, the eventual end of government support schemes for both employers and employees will result in a decline in employment– driving people towards whatever work is available. Precarious work will be increasingly common.

At the same time, both the pandemic and other external forces look set to change the attractiveness of precarious work for British workers. For some, the pandemic will have laid bare the dangers of insecure work – the lack of employee benefits, the difficulty of accessing support when self-employed, and the sheer unpredictability of zero-hours work during the pandemic. The flexibility that made precarious work so attractive to some people may now be seen as a weakness. The security of a contracted role in a large business may be an enticing prospect.

Whether that’s a choice people will be able to make during a recession is another matter entirely.
Pushing from the other side, proposed changes to national insurance have their own impact on the attractiveness of one part of precarious work – self-employment. A rise in the rate of national insurance, which would affect tax rates for employees but likely not impact the voluntary contributions of self-employed workers, could serve to incentivise self-employment – even precarious self-employment.

Looking beyond the numbers of people in the precariat, what precarious work actually looks like may also change. New regulations and labour organisation could serve to blunt the sharpest edges of precarious employment.

New technologies, including income trackers and new forms of online banking, can help the precariat better support themselves and handle their income. As part of a concerted push to shift the material circumstances of precarious work, these two factors could see precarious work become less insecure more some workers – with better support and protections.

These changes look set to have implications for both businesses and workers across the UK.
For businesses who may look to increase the role of precarious employment in their future plans, they should anticipate it will come with both new expectations from staff and new scrutiny from both the public and from government.

Employees, even ones in precarious work, will be looking for greater support and scrutiny – especially in sectors in which the lower numbers of available staff is shifting power back towards labour.

Even in industries in which the balance of power lies squarely with the employer, especially in light of what could still become a pandemic fostered unemployment crisis once government support ends, businesses may need to find new ways of supporting precarious workers if they want to maintain public relations and meet the requirements of government regulation.

Looking to broader business, companies could help those in precarious work by offering flexible payment plans and even payment holidays to those in insecure work. Taking into account the seasonality of work for many of Britain’s precarious workers, especially those in agriculture and tourism, could be especially helpful – offering payment plans tailored around when particular sectors are most regularly at work might be one way in which businesses could help.

For the UK government, ignoring changes in precarious work risks leaving the state footing the bill for supporting those in insecure jobs through in-work benefits and support. Rising numbers of precarious workers would see the cost of such support rise – making the case for new state regulation of precarious work all the stronger.
There’s a risk that without a change in approach to precarious work could result in a three-tiered workforce appearing in the UK’s near-future.

At the top, secure and contracted workers with access to all the support and protections that entails alongside the higher-paid and secure self-employed.

In the middle, a growing group of precarious workers – but precarious workers with higher levels of support and regulatory protection compared to before the pandemic.

At the bottom though, there risks remaining a left-behind group, made up of the lowest-paid precarious workers in less regulated sectors and those in precarious self-employment.

It’s this final group who may suffer the most from the impact of the COVID-19 pandemic on precarious workers. The precariously self-employed are especially lacking in support – whilst an unemployment crisis would hit unprotected precarious workers particularly hard.

As we move beyond the pandemic, precarious work might just become that little bit less precarious for many.

For the left-behind, though, it could remain as insecure as ever.
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You can contact us at the following places:

Online: www.trajectorypartnership.com
info@trajectorypartnership.com

Twitter: @TrajectoryTweet