what do we know and what should we do about...?

the future of work

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introduction

What is work?

Work is a far wider concept than simply paid employment. The focus of this book is mainly on paid employment, but there is a fuzzy line between concepts. Even paid employment is not as easy to define as we might at first think. It involves an exchange of labour for some kind of payment, but both parts of that definition are complex. Technically, what is offered by the worker is the capacity to work, rather than the work itself. Workers will make themselves available to the employer for a particular period of time. The job of the employer – usually through managers and control systems – is to ensure that the labour is directed at the activities required, and to an appropriate quality. Workers are people and, as such, have their own capacity to act. They may not do what the employer requires, or they may not do it to the quality needed. This process of overseeing and controlling what workers do as they work is the complex process of management.

The exchange for payment is also less simple than it may at first seem. Workers may exchange their capacity to work for a range of benefits including money, time off, holiday allowances, a pension (wages that will be returned in the future), discounted food in canteens, and a whole host of other possible perks. Most of these are additional benefits to the basic wage, but there is scope for less obviously beneficial exchanges. Many countries now have rules that require most of the payment to be in
the form of currency, but there are certainly plenty of examples around the world and from history where workers have been paid in tokens that, for example, can only be exchanged for goods in the company shop.

Both the capacity to work and the payment it is exchanged for are complex ideas. Things get even more blurred when we think about the boundaries between work and non-work activities. Should we include things like work travel as part of our work time that should be compensated? Even if we can sit back on an aeroplane, drink a gin and tonic and watch Netflix? What about time spent commuting to work? And what if we have to buy a uniform or special clothes to wear to work? Every job has fuzzy boundaries, which always introduces the idea that what we choose to define as ‘work’ or even as ‘paid employment’ is contested and always subject to negotiation and renegotiation both at the level of individuals and as a society.

Paid employment is at the centre of our interest here. Of course, there are many forms of work that are unpaid, and these are important to acknowledge. Slavery is an important example. Modern slavery exists in areas such as domestic labour where workers can be brought to the UK to do the childcare and household tasks for a large family, but the terms of the exchange are not freely chosen. Undoubtedly this is work – hard work. The lack of freedom to choose to enter or leave the employment relationship, plus the lack of clear payment for the work done, mean that it falls into a category beyond our consideration here. Private unpaid domestic labour within a family or household is also really important in keeping the lives of workers going. Someone has to wash the clothes and cook the dinner before workers can leave the house and move into the workplace. Even now, this work is mainly done by women, even in households where the women also undertake paid employment. A recent report by the Office for National Statistics (2016) showed that women do, on average, around 26 hours of unpaid domestic labour a week, compared with 16 hours done by men. It is crucially important work, but it is not usually done for a wage as part of an employment relationship, so it is not the focus here. Again, there are fuzzy boundaries.

What is viewed as legitimate labour can also change over time. There has recently been growing public concern about unpaid interns. These recruits are not paid, but they usually work in a workplace alongside paid staff and do similar tasks. In exchange for giving their labour, they gain
experience about the industry and/or about work in general. For a young person trying to break into a particular sector, this experience can be really important. But increasingly as a society, we have come to understand that this approach to work experience risks deepening social divides because often the only people who can afford to give up their time for free in this way already have a lot of resources, usually within their family. Those family resources help provide accommodation, food, travel, work clothes and all the other costs that are required to be able to go to work. So, in areas such as the creative industries, fashion, magazine writing and similar where unpaid internships are common, there have been growing voices warning that this risks perpetuating systems that mean only people with the privilege of family support can gain the kinds of work experience necessary to make it in these industries. While this raises important social questions to understand how unpaid internships help explain why particular professions and sectors struggle to recruit a more diverse workforce, it is not the main focus of this book because it takes us beyond the boundaries of paid employment.

This brings into focus another key concept: the employment relationship. This can be understood as the relationship between a paid worker or employee and the person or organisation that employs them. In exchange for the payment, the employer’s role is to try to make sure that the worker uses their skills and capacity for whatever objectives and quality are required. Central to understanding the employment relationship is the fact that it is constantly in a state of flux; the ‘give and take’ is always under negotiation from both sides. This idea that work is about social as well as economic relationships and exchanges is really important because it helps to remind us that it is always about people and not simply about the legal contract someone signs when they start work, or the economics of the decision to apply for a particular job. People have different understandings of the situations they find themselves in and they have different interests. As we shall see, generally speaking, individual workers usually have less power in the employment relationship than their employers. These features make the employment relationship between workers and their employers messy and requiring ongoing negotiation. So, negotiation – sometimes explicit, sometimes implicit – about what a worker is able and/or willing to do in exchange for the payment they receive is at the heart of the employment relationship.
Who works?

The focus of this book is paid employment in the UK. The Labour Force Survey tells us that just over 32.5 million people work in the UK from a total population of around 65.6 million. (Unless otherwise mentioned, all of the statistics in this section come from the UK Labour Force Survey which is explained in more detail in the further reading section at the end of the book). Of course, like all statistics about complex social issues, this hides a number of judgements about what is measured and how. The first point about measuring employment statistics is the idea of a working age population. In the UK, we tend to measure the proportion of people who work in the age group between 16 (when compulsory education ends) and 64. Around 75% of that population work. That figure is quite high when you consider the number of people who stay in education beyond the age of 16; the fact that a lot of people take time out of the labour market to provide care for children and other relatives; the number of people who are unable to work because of illness and other situations; and that many people reduce their engagement with the labour market before the age of 64. All of these can create complex patterns of employment and unemployment across someone’s life course.

Politicians are usually most worried about the unemployment level, which in 2018 in the UK was around 1.38 million. Unemployment is defined as being available for work, but not being in work. Most observers are not particularly worried about small levels of unemployment because it is normal for some people to have short periods of unemployment as they decide to move between jobs, or as they look for a different job if they lose their job. What is particularly concerning to policy makers are people who have extended periods of unemployment, which is usually taken as meaning six months or more. This is because people who are unemployed for a relatively long time can struggle to re-enter the labour market for a number of reasons, including the fact that their skills become out of date, and they lose confidence and experience. Around 573,000 people in the UK fall within this definition. This puts the unemployment rate for people aged 16 and over around 4.1%.

Academic commentators also point out that the definition of unemployment is not always helpful in understanding in detail what is happening in the labour market. Many people find themselves without work but are not
formally defined as unemployed. A good example here that has gained a lot of attention in recent debates is someone who is employed on a zero-hours contract (ZHC) but who is not allocated any work for a period of time. Zero-hours contracts are formally a contract of employment, but do not guarantee any particular hours being allocated in a particular week or month. So a worker may go for some time without being allocated any paid work. These workers are therefore formally employed but not given work. Another example is self-employed workers, which we will return to later.

Unemployment is also a very different measure from the number of people claiming various social security payments for unemployment. The latter is measured by a figure called the *claimant count*. Any government can put in place rules that people must adhere to in order to claim social security, and this inevitably means that there will be a gap between the number of people who are unemployed and the number who can claim unemployment payments. In recent years, the rules about claiming unemployment payments in the UK have become gradually stricter, so there is now a large gap between the number of people claiming out-of-work benefits (around 924,600) and the much higher figure of around 1.38 million who are counted as being unemployed.

A further group of people we need to think about are those people who are *economically inactive*. In other words, they could potentially work but are currently either not seeking work or not available to start work in the next two weeks. There are currently 8.66 million economically inactive people in the age range 16–64 in the UK. They include students, people whose main responsibility is household work or unpaid care, and people who have some other income not from employment (perhaps from having sold a company, from investments, or similar).

These measures about who ‘counts’ as employed, unemployed or economically inactive are really important in public debates about work and employment. Most governments are particularly concerned about measures of unemployment as the headline indicator of the state of the labour market. But we can see even from the brief discussion above that there are big societal changes that can easily influence those headline figures. One example is that it is now far more common than it was 50 years ago for young people to extend their time in education beyond the age of 16. This has changed the labour market in lots of complex ways. Even when students are working, most of them are classified as students – and
therefore economically inactive – for the purposes of official statistics. This has the effect of changing the data about the flows of young people into the labour market.

Similarly, it is now far more common for women to re-enter the labour market after they have had children. Even 50 years ago, this was quite difficult in many occupations, yet today is seen as perfectly normal, although we need to remember that those women often face challenges in progressing in their careers, especially if they work part-time. Again, this changes who is available for work, and how they want to work. Perhaps unsurprisingly, alongside this huge change in social norms a demand has arisen for work that better suits people who are caring for young families, namely part-time work, flexible work and similar. So, while employers now have a far larger pool of people in their 30s and 40s to recruit from, there have been gradual pressures to change some of the kinds of work offered.

This highlights a central point of this book: when we talk about work, employment and the labour market, we must never assume that it is fixed or static in any way. Employers, (potential) workers and governments make choices and respond to each other’s choices. The example above is a good one. As more women have entered the labour market, employers and governments have responded. Sometimes they have freely chosen to respond, at other times they have been forced to respond by changes to the law on equal pay or other laws giving women access to equal treatment at work. The three main actors in employment – the government, employers and workers – therefore interact in a constantly moving situation. As a result, the exchange between workers and employers is negotiated and renegotiated as the situation changes. Sometimes the negotiation is explicit (e.g. at the start of a job when a worker agrees to a set of terms and conditions of employment) and sometimes it is not actively noticed (e.g. an employer might decide to provide a training programme to help and encourage managers to make jobs more flexible). It is the negotiation and renegotiation of the future of employment relationships that is at the heart of this book.

We noted previously that there is another big group of workers we need to consider. In addition to the approximately 27 million people in the UK who are employees, there are a further 4.7 million who are classified as self-employed. This is a category that is surprisingly difficult to define. It includes some of the people we might typically think about when we think about self-employment: perhaps a plumber who runs a small
business; or an IT specialist who works on a range of different projects for different companies. But there has also been a growth in the number of self-employed workers who are more difficult to categorise as definitively self-employed. They may work for only one company and may even wear the company uniform, but for tax purposes they are considered to be self-employed. For example, a lot of delivery drivers fall into this group. They may own the vehicle that they use for deliveries, but it may often be branded with the company logo and the driver may well wear a uniform of that company. If they work for the company full-time and the company tells them whether or not they can have breaks, annual leave and similar, it is difficult to argue that the person is genuinely self-employed, although they may well fall into that category for statistical purposes. Because this is a small but growing group, we will pay attention to them in this book.

There is a clear benefit to a company in using bogus self-employed workers because it does not have to pay for costs such as the employers’ contributions to tax and National Insurance. These workers also do not have the same rights as standard employees. They have to arrange their own holiday and sick pay and are not usually covered by laws about maximum working time or minimum wages. There have been a number of high-profile legal cases recently where workers have argued – often successfully – that they should be covered by various employment rights that regular employees benefit from, such as paid sick leave. This kind of complexity arises because there are different measures used for employment data for the application of employment law and for tax purposes.

In general, then, we can see that there are always incentives to try to blur the boundaries between different groups of workers. In these cases, employers have tried to push the boundaries of what can be defined as self-employment, often in an effort to keep down costs and ensure that labour is as inexpensive and flexible as possible. This has generated a ‘pushback’ from individual workers and representative organisations such as trade unions who have presented legal cases to try to define these categories more clearly. This shows the negotiation and renegotiation of work and employment in action.

**What do we do at work?**

Official statistics measure in a number of ways the industries and sectors in which people work. One way is to look at the public and private
sctors. The private sector is run by individuals and companies, usually for profit. Around 27 million workers are employed in the private sector. The public sector is work that is supported by the government via taxation. Jobs in areas such as health and social work, education, public administration and the police all fall into this group. In December 2017, around 5.3 million people were employed in the public sector. Because of reductions in government spending after the Global Financial Crisis of 2007–8, there have been many job losses in the public sector over the past decade, so this figure is considerably lower than it has been in the recent past.

Another way to look at the data about the jobs we do is to use the Standard Industrial Classification. This pays less attention to whether work is in the public or private sector, but tells us about the kinds of industries people work in. The largest industries are shown in Figure 1.1.

The vast majority of workers (around 23.9 million from the total of 32.4 million) are working full-time and about 8.5 million part-time.
On average across all workers, people worked 32 hours per week in 2017. Of those who are classified as full-time, the average was 37 hours, while part-timers worked an average of around 16 hours per week. This fits what might be regarded as a ‘normal’ expectation of full-time and part-time work, but it hides some surprising figures. Returning to the previous point about self-employment being a varied category, we know that more than a quarter (30%) of self-employed workers are part-time. Zero-hours and low-hours contracts are also a form of part-time work where the employer does not guarantee any work beyond the minimum. Workers on these contracts often end up working a lot longer than their contracted hours in very flexible work patterns. This can sometimes be a benefit for the workers if they have the right to reject work when it is offered, but too often employers require them to accept the work, which means the flexibility of those contracts runs only one way.

While politicians are usually most worried about the headline unemployment rate, a different way to measure potential capacity in the labour market is to look at under-employment. The Labour Force Survey estimates that over 900,000 part-time workers say that they want and could take on a full-time job, but cannot not find one. This hints at a small, but important, minority of workers who can be considered as under-employed. In other words, they are in employment, but they are not working as much as they would like and are able. There has always been some level of under-employment in the labour force because part-time jobs can be used as a way for employers to screen people before hiring them for full-time roles. However, there is good evidence that this pool of under-employed workers has grown in the past two decades, and this phenomenon is part of what has become known as the ‘gig economy’.

**How much do we earn at work?**

Also important to consider is how much people earn when they are at work. The average regular pay for employees in February 2018 – excluding any bonuses – was £483 per week before tax and other deductions. The average total pay including bonuses but before tax and deductions was £513. (Data about wages published by the Office for National Statistics comes from two sources: the Annual Survey of Hours and Earnings and Average Weekly Earnings data. Again, more information about sources
is available in the further reading section.) So, the average annual salary excluding bonuses was £25,116 per year, and £26,676 including bonuses. Of course, salaries are not evenly spread across the population and wage data is always skewed by the fact that a very small number of high earners can push up the averages. This concern about the pay and bonuses earned by the top 1% has become a topic of considerable public debate, especially as such pay has increased much more quickly than for the majority of workers in recent years.

**Why does work matter?**

Work matters because it is integral to the ways in which we as human beings have structured our societies. In a highly influential book called *The Thought of Work*, Professor John Budd (2011) outlines some of the functions that work fulfils for individuals and society: as a curse, as a freedom, as a commodity, as providing occupational citizenship, as a disutility, as personal fulfilment, as a social relationship, as caring for others, as identity, and as service. Even this is probably not an exhaustive list, but it highlights the different social and economic functions that work can fulfil in our lives. These multiple functions of work and employment in our societies and lives are crucially important because they bring inevitable tensions and contradictions. It is not uncommon for people to report that they like particular parts of their jobs, while also feeling burdened or constrained by the fact that they cannot act entirely freely because their time is directed by their employer and manager. A job that I might find very boring or stressful may suit another person very well indeed. These tensions and contradictions emerge from the fact that paid employment performs these multiple functions in our societies, economies and personal lives.

If we focus on paid employment, most of us live in societies where work also creates and reinforces patterns of inequalities. There is no level playing field for access to the best jobs. Nor are there equal opportunities to use income to build up wealth by, for example, paying a mortgage to buy a house, or building up pensions assets. To make a broad generalisation, the more access to these forms of wealth your parents had or have, the more likely it is that you will be able to access them yourself. So, patterns of inequality can persist not only across an individual’s lifetime, but
also across generations. Even in the context of public debate about the increasing inequality between younger and older generations in the UK, there remains greater inequality between the richest and the poorest in any given generation. Although some of this inequality arises from differences in wealth that is passed between generations, at least some of it results from the differences in access to different kinds of paid work: specifically, who has access to high-paid and low-paid jobs?

One particularly important period in people’s lives is their transition from education to work. Opportunities for young people to find their first paid employment after education vary depending on the performance of the economy at particular moments in time. Young people who are unlucky enough to move into the labour market when there is a contraction or a recession in the economy can find their chances of finding work scarred for ever (Bell and Blanchflower, 2011). The reasons for this are complex and it is likely that there are three main effects happening. First, when the economy later picks up, these workers do not have the experience that employers would expect of someone several years after school or college. Second, a fresh batch of young people will have entered the labour market after them who are blank slates for employers to recruit. And third, the young people themselves may have been disheartened by their early experiences of no work or poor-quality work and may be less engaged with job seeking. What is well established is the effect of early experiences of (un)employment. As they get older, workers who experience early periods of unemployment will earn less than other cohorts, they will experience less good health, and they are more likely to die younger. All of these are proxy measures for being less wealthy and earning less across a lifetime. So, what is increasingly clear from research evidence is that early experiences of work continue to have ripple effects through someone’s life – and some of that is purely down to chance.

In that context, policy makers have become very keen to try to measure social mobility. Social mobility can be defined as the likelihood of someone moving from one class position to a different class position over their lifetime. The idea of class position can sometimes be controversial, but in this kind of research it really just means someone’s income and wealth which are typically measured by their occupation. In public debate, the idea of social mobility is usually regarded very positively. Many see it as shorthand for the ability of people with various kinds of disadvantage to improve their lives through
access to good-quality education and jobs. But we often forget that social mobility can also mean people moving down the occupational ladder, so the children of parents who have higher income and advantage may move into occupations that are less well paid. In short, whether we see social mobility as a good thing or not, it is clearly linked to the jobs that we do.

Thus, work matters. Someone’s occupational status is often the biggest influence on the amount of wealth and income they can accrue over their lifetime. This has an enormous influence on a whole range of life outcomes, including how healthy they are likely to be, how long they are likely to live, where they can live, and a range of other important life chances. The UK has relatively low levels of social mobility, so one of the most important influences on the occupation someone has is the occupational class of their parents. That is not to say that there is no social mobility – plenty of individuals move up and down the occupational groups during their working lives. But it does mean that we need to pay attention to all kinds of work and employment when we discuss the future of work because some groups have more advantages and resources than others to navigate changes. It also pushes us to pay attention to the choices that are made by employers and the state about work and how those decisions affect work and working people.