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Flexible employment and households in the UK: discourses and changes

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Abstract

This paper considers the discourse and debates on flexible work in the UK and the impact of changes in the nature and distribution of such work on households. Recent researchers have argued that the shift to a flexible labour market is overstated and that the permanent job remains the overwhelming norm. However, this paper argues that this perspective ignores the increased use of numerical flexibility in both public and private sectors, more aggressive employer tactics to pass costs onto core employees together with constant rounds of restructuring of internal labour markets within organisations. The paper shows that in considering the impact of flexible employment on the household, account must be taken of the uneven distribution of work, the importance of part-time work and its gendered nature, the extent of low paid work, and the nature of entry level jobs.

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Flexible employment and households in the UK: discourses and changes

A recent TUC report challenges the view that we are witnessing the end of permanent employment in the UK and suggests that the growth of flexible employment is overstated (TUC 2000). For example, this report points out that the share of permanent jobs (this excludes temporary and self employment) fell only 1 per cent between 1984 and 1999 (that is, from 83 to 82 per cent). This view is also put forward by an ESRC Future of Work survey which also states that the 'shift away from permanent and full-time jobs to temporary or ... part-time work is exaggerated' (Taylor 2002:7). This survey found that 92 per cent of workers held permanent employment in 2000, up from 88 per cent eight years ago. With respect to the decline of the modern workplace, these reports find little evidence that we are moving towards home or teleworking. Only 4 per cent of the sample worked at home or partially at home in the Future of Work survey. Both reports, though, do find evidence of long-working hours and the TUC report states that over the past 15 years almost all the growth in employment has been in either long hour jobs or shorter hour jobs.

It is correct to state that permanent work is the dominant form of work in the UK as the proportion of temporary work is low in comparison to other European countries. However, as Robinson (1999) has pointed out it is precisely because the regulation of standard employment is relatively modest that we have such a low incidence of temporary employment. We could also argue that flexibility of time (for example, working short hours or long hours) is more important in the UK than either flexibilisation of contracts (for example fixed-term contracts) or flexibilisation of space (for example, working at home). However, the aim of this paper is to present evidence from recent studies, which suggests that the impact of flexible employment in the UK is far more wide-ranging than the above studies imply. This is done first, through an examination of recent debates on the UK's flexible employment in the UK, and secondly, through a consideration of the impact of changes in the nature and distribution of such work on households. The paper draws on work carried out for an EU Framework Programme 5 project entitled 'Households, Work and Flexibility'.²

THE DISCOURSE ON FLEXIBILITY IN THE UK

After two decades the nature of the UK's flexible labour market is still the subject of extensive academic debate. Recent studies, for example, have been concerned to examine the pressures for increased flexibility (Burchell *et al.* 1999, Cousins 1999, DTI 2001), the costs and benefits of flexible work (Purcell *et al.* 1999), whether flexible work leads to pathways out of unemployment (White and Forth 1998), the insecure worker thesis (Heery *et al.* 2000, Burchell *et al.* 1999) and the core/periphery workforce thesis (Gallie *et al.* 1998, Conley 2000). On the policy agenda too, the new Labour government remains committed to a flexible labour market as the basis of the country's economic competitiveness.³ In this first section of the paper we document some key changes in the labour market through an examination of recent debates and discourses on flexible employment.

Earlier debate on 'non-standard' work in the UK focused on the flexible firm thesis, employers' labour strategies and the extent to which increases in 'non-standard' work reflect new departures or are innovative. Later studies refuted the strong version of the flexible firm thesis, that is, that employers have systematically organized their workforce in terms of a core and periphery and have argued that traditional rationales for the use of 'non-standard' workers have remained important (for example, Hunter *et al.* 1993, Heather *et al.* 1996). However, if a weaker version of employer's strategy is used not as a 'plan' but as 'patterns' of decision making (Proctor *et al.* (1994) changes in the 1990s, including restructuring in the public sector, produces more evidence of changing strategies. Recent research by Purcell *et al.* (1999) found that that in most of their case study establishments there was definite evidence of core-periphery employment practices and an awareness by employers of the advantages of segmented recruitment and fragmentation of the less highly skilled jobs. The authors conclude that where this can be done without damage to productive or service quality there is likely to be an increase in flexible working and a decrease in job opportunities which provide for the full subsistence needs of incumbents.

Evidence from the Workplace Employee Relations Survey (Cully *et al.* 1999) also indicates widespread use of flexible employment, nine out of ten workplaces sub-contract activities, eight out of ten use part-timers (over a quarter with a majority of part-timers), over half employ people on fixed-term contracts and over a quarter use agency workers. In their view a more fined-tuned approach to flexibility was being used in which the use of non-

standard forms of labour within the core workforce was identified. Other assessments, however, suggest that the model of the core - periphery model is simplistic and misleading. Gallie *et al.* (1998) argue, for example, that it is far from clear that part-timers can meaningfully be classified as part of a peripheral workforce although those on short-term contracts come close to the model.

A more recent debate which is emerging is that of the insecure workforce. This shifts the emphasis away from an employer's agenda and the extent to which both supply and the use of labour have become more flexible and places the interests of employees centre stage (Heery and Salmon 2000). The insecurity thesis asserts that economic risk is being transferred increasingly from employers to employees, through shortened job tenure and contingent employment and remuneration, that insecurity is damaging to long-term economic performance, through its promotion of an employment relationship founded on opportunism, mistrust and low commitment, and that the emergence of an insecure workforce imposes severe costs on individuals, their families and the wider society (Heery and Salmon 2000, Burchell *et al.* 1999, Sennet 1998).

Burchell *et al.* (1999) also found that it was the core workforce which took the primary responsibility for achieving flexibility. This occurred through an expansion of their workload, work intensification, increased variation in their working hours and location of work and the erosion of their traditional job demarcations. In many cases the increased organisational flexibility is achieved by reducing direct employment through redundancies, by contracting out and by redesigning the way work is carried out. There has, therefore, been a significant increase in functional flexibility of workforces over recent years including multi-skilling, multi-tasking, multi-functioning, delayering and the erosion of job demarcations. In addition organisations have pursued temporal flexibility by changing working hours regimes as well as locational flexibility.

However, not all these forms of flexible working may benefit employers. Recent research has stressed the importance of the 'pyschological contract', that is, the implicit commitments made between the employer and employees. The restructuring of work and an increase in the tenuous commitment of employers may result in a reduction of employees' motivation, loyalty, commitment and performance, as well as high turnover rates, absenteeism and difficulties of recruitment (Guest 2000, Burchell *et al.* 1999, Purcell

et al. 1999).

The expansion of part-time work in the UK - from 3.3 million in 1971 to 5.2 million in 2001 - has also fuelled considerable controversy and debate about the role and nature of part-time work in the British labour market. This debate can be considered from the demand side or from the supply side. Explanations which focus on the demand side posit that employers construct part-time jobs in particular ways, for example, to lower costs, to cover for variable customer demand or to increase competitiveness of the organisation (Rubery and Tarling, 1988, Dex and McCulloch 1995, Purcell *et al.* 1999).

On the other hand, those explanations from the supply side focus on lack of investment in human capital of those who take part-time employment as well as the need for women to take part-time jobs to reconcile domestic commitments and childcare with work. More recently women part-timers' lack of commitment to employment and the view that they give priority to family and home making has been put forward by Hakim (1991, 1996). In Hakim's view the growth of part-time work reflects women's own preferences about working hours and a concern to find jobs which enable them to reconcile work and family life. She argues that there are two qualitatively different types of working women, the committed 'self-made' women who work full-time and are career-oriented, and the uncommitted 'grateful slaves' who are satisfied with part-time work and give priority to their domestic commitments.

This is a view which resonates with popular discourse, in that, part-time work in the UK is widely viewed as 'not proper work'. The term is often used in a derogatory way to indicate a lack of commitment to work, for example, leaving work early or arriving late at work. The term may also be used to refer to a secondary tier of support jobs in an organisation for example, secretaries or administrative support staff (Gregson *et al.* 1999). This discourse confirms the (mainly male) full-timers identity and position in contrast with the overwhelmingly female part-timer's less privileged position

Critiques of Hakim's work have also noted the negative and stereotypical image of parttime female workers embodied in her work (for example, Breugel 1996). While it is the case that the vast majority of female part-timers say that they prefer to have a part-time rather than a full-time job⁴ critics of Hakim have pointed out that she does not take into account the structural constraints which surround their job choices. These constraints include the presence of children and childcare problems, the long-hours culture for those in full-time work and the persistence of the traditional domestic division of labour. The gendered distribution of time also constrains the degrees of freedom that women have to make choices about work and mothering (Scheibl 1999).

Supply and demand factors, however, do overlap. Employers have perceptions of what kind of work is appropriate for women with domestic responsibilities and have found that the restricted job choice of mothers who need hours to fit in with domestic work and child care is a ready source of recruitment for part-time hours (Beechey and Perkins, 1987).

A further debate has centred on the costs and benefits of flexible work to employers and individual workers (Burchell *et al.* 1999, Purcell *et al.* 1999, Perrons 1999, White and Forth 1998). Purcell *et al.* (1999) stress that the costs and benefits for employers depend on the sector, the nature of the product market and customer demand, as well as the size of the firm and location. For individual workers, whether benefits outweigh costs depends on gender, age, family responsibilities, and other status (for example, student or retired) as well as occupation, degree of skill and labour market power. For both employers and individual workers the costs and benefits also depend on the type of flexible working arrangement.

Of concern too is the extent to which flexible employment enables individuals to escape unemployment in an effective way. White and Forth's (1998) research found that flexible employment did indeed dominate the job market for a sample of unemployed people, constituting three quarters of all jobs obtained by them between 1990 and 1995. However, there was little evidence of these jobs providing pathways to improved jobs, most part-timers and self-employed people remained in these forms of work over the five-year period. The conclusion reached by the authors though is that if flexible work is not available for the unemployed there is a risk of administering a damaging shock to the British labour market and raising long-term unemployment.

A further debate relates to the extent to which part-time work for women may assist in reconciling paid work with family life and may provide a bridge which facilitates entry into work and possibly a full-time job. This has been evident in north European countries

especially in Sweden (in the public sector) and the Netherlands where part-time employment has been the major engine of growth for women's employment. As is well known the configurations of Swedish employment and welfare state policies have enabled women to combine work and family, attain financial independence and continuous lifetime employment.

Nevertheless, part-time work can also contribute to the segregation of women into low waged parts of the economy with less entitlement to unemployment benefits or pensions, less possibility of promotion or training and wages which do not endow financial independence. One view is that even if a common floor of employment rights for full-time and part-time work exist as in the current EU directive on part-time working these 'will not compensate for the part-time worker's more limited earnings and career prospects' (Ostner and Lewis 1995:183). Further, flexible work often does not provide an independent income so that women remain dependent on the male breadwinner, with caring responsibilities and the gender division of labour within the home largely unchanged (Perrons 1999). Finally, part-time work 'is essentially a gender compromise' (Fagan and O'Reilly 1998:23). It has provided a 'space' for women to enter the labour market but it does not challenge the male-work model or the long-hours culture and does not disrupt men's traditional breadwinner status at the workplace or in the home.

THE RELATIONSHIP BETWEEN FAMILY AND WORK

This section focuses on how changes in the nature and distribution of employment have affected households differently and unequally in the past two decades. One of the most important changes has been in the composition of employment. Britain has shown one of the sharpest declines in manufacturing jobs of the advanced nations, falling by 40 per cent between 1978 and 1998. This has lead to a reduction in employment opportunities for men (and especially less skilled men) and in their chances to earn wages on which families can be established or indeed prosper (McRae 1999). Although male unemployment rates have decreased since the recession of the early 1990s, in 2000 there were some 2.3 million men of working age, excluding students, who were economically inactive (Dickens et al. 2000). This is twice the number of unemployed men. Twenty years ago just 400,000 men were economically inactive. Male inactivity is also highly

geographically concentrated in depressed labour market areas, higher among less skilled men and those living in social housing.⁵ While inactivity is high among those over 50 (some 28 per cent of such men are inactive) it nevertheless is found in all working age groups. Such high levels of inactivity for men represent a movement of unemployed people into other statuses, such as sickness and early retirement. For those who do work, there has been a shift in low pay to older men. One in 6 male workers over the age of 24 is now low paid compared to one in 30 in 1968 (Stewart 1999).

There has also been a deterioration in the position of young men in the labour market, especially those who are low skilled and have low educational qualifications. For young men entering work the stock of jobs now is very different to that in the 1970s with full-time manufacturing jobs being replaced with part-time, service jobs. Many young men do not want to take the low paid, part-time service sector jobs on offer and/or employers do not see them as appropriate workers for these jobs. Young men are, therefore, more likely to enter the labour market as unemployed and the likelihood of experiencing subsequent unemployment has increased (see Stafford *et al.* 1999). Wages in new jobs have declined because of the rise in the proportion of part-time jobs and because hourly wages are failing to grow at the same pace as the rest of the economy (Gregg *et al.* 1999a). The inability of those with limited educational qualifications to obtain anything other than low paid work may, in turn reduce their prospects of forming and supporting a family and may be contributing to the rise in lone motherhood (Burghes *et al.*1997, Kiernan 1995).

The loss of manufacturing employment has been associated with a process of deurbanisation. This has had severe regional consequences although these are not reflected in the official unemployment statistics, nor are commented upon in the official discussions of labour market trends. De-urbanisation has being on-going since the 1960s and has involved a shift of the locus of economic activity from the larger conurbations to small towns and rural areas.⁶

As a result, in many inner city areas of the large conurbations there is now acute deprivation with large clusters of poverty and unemployment affecting hundreds of thousands of households. There is also the problem of abandoned properties as chronic job loss and the cumulative impact of urban deprivation have led to unwanted

empty properties. Sometimes whole streets are abandoned. Schools have been seriously affected, there are disrupted communities with weak social controls and crime and disturbance are major problems (Power and Mumford 1999).⁷

It is male manual full-time workers who have been hardest hit by job loss. In most northern regions around 40 per cent of prime age men in the lowest educational quartile are not in formal employment (Rowthorn 2000). However, women's position in the old industrial areas has also not improved significantly. As Rowthorn argues '(women's) relative position compared with that of men may have got better, but this is only because men have done so badly' (2000:13). For women in the lowest educational quartile 20-40 per cent are not in formal employment in the depressed areas. These trends are reflected in the distribution of workless households which ranges from 23 per cent in the North East to 10.5 per cent in the South East (ONS 2001) (see below).

Other women, however, have not fared so badly and one of the most profound changes in employment to impact on the household has been the increasing participation of women in the labour market. This has been associated with the rapid growth of the service sector and part-time jobs. The major change took place in the period 1983 –1992 when women took 80 per cent of the 2.3 million new jobs, around two-thirds of which were part-time (Rubery and Smith 1995). Much of this rise is accounted for by women with dependent children, a trend which has intensified since the extension of maternity leave in 1993. Yeandle (1997) has estimated that by 1995 approximately 30 per cent of women workers were in relatively high status jobs. The latter development, however, has contributed significantly to a growing polarisation between women workers, between those with continuous full-time jobs and those women with discontinuous careers and in lower paid part-time jobs (Dex and McCulloch 1997, Bruegel and Perrons 1996).

However, there has also been a tendency for new jobs (especially part-time jobs) to be taken up by women married to men who are already employed; for example, 73 per cent of mothers with dependent children and whose partners are employed are in paid work compared 32 per cent where the partner is not employed (DTI 2000). Dependants of the unemployed or the unemployed themselves are effectively prevented from taking low paid or part-time jobs work by loss of benefit or the 'poverty trap'. It is precisely these groups which have been targeted by new Labour's welfare to work policies, measures which aim to increase the returns from paid work.

The picture which emerges is therefore one of polarisation between households in the distribution of jobs, the 'work-rich – work-poor' society. The most common mode now is that of dual income households at about 62 per cent of households (Gregg *et al.* 1999). Not all such households are affluent, however, the dominant pattern is one full-time worker and one part-time female worker with female earnings essential for the household in the context of falling male wages.⁸

The proportion of no-earner working age households was 17 per cent in 1999, containing 4 million adults and 2.6 million children (Dickens *et al.* 2000). In 60 per cent of such households no adult had worked in the last 3 years. As with male inactivity rates, there are high geographical concentrations, 48 per cent of working age households in social housing were workless in 1999 compared to 8 per cent in owner –occupation (Dickens *et al.* 2000). Compared to all other OECD countries the UK has disproportionately more workless households especially those with children, despite a relatively high employment rate. There is particular concern with the high proportion of children in poverty, and the effects of deprivation. In 1997/8 one third of all children were living in households below half average income. Recent evidence suggests that childhood deprivation reduces educational attainment and future earnings and increases the risks of youth unemployment and teenage pregnancy (Gregg *et al.* 1999b).

The pace of the increase in wage and income inequality in the UK in the past twenty years has been unique in Europe (Rowntree Foundation 1995). The severe and prolonged decline of manufacturing jobs since the early 1980s, together with an increase in service sector jobs has meant there has been an increase in both higher and lower earning service jobs which has contributed to growing income inequality. Other factors include a tendency

for the earnings of the higher paid to grow more rapidly than those of the low paid and the decline or abolition of labour market institutions such as trade unions or wages councils. In comparison with other EU countries Britain is a country with a high incidence of low pay for full-time and part-time workers (Rubery *et al.* 1997, Stewart 1999). There is also evidence of a low-pay – no-pay cycle, that is those who are low paid are more likely to leave employment than those higher up the pay distribution and those who enter work are more likely to enter low paying jobs (Dickens *et al.* 2000). In addition, these authors report a lack of upward mobility from low paid work and an increase in the costs of job loss with respect to future earnings.

Inequalities between wage earners and those in receipt of benefits have also widened since benefit increases have been in line with prices rather wage levels at a time when many of those in work have seen their real wages increase. Fifteen per cent of the population were in households dependent on means-tested social assistance benefits in 1992, an increase of nearly 7 percentage points since 1980, the largest increase of the OECD countries (Gough *et al.* 1997). For those who are dependent on means-tested benefits, low waged and insecure jobs do not provide opportunities to re-enter employment.

Among those disproportionately reliant on means-tested benefits are lone parents. As McRae (1999) has observed the UK now leads western Europe in at least three examples of family change, a high proportion of teenage births, a high divorce rate and an increasing and high proportion of lone parents. Each of these family outcomes is associated with economic disadvantage. The UK has the highest number of lone mother families in the EU, 22 per cent of all families with dependent children, a proportion that has more than doubled since 1980 (Kilkey and Bradshaw 1999). However, the UK also has one of the lowest employment rates for lone mothers at 42 per cent compared with 63 per cent for all other mothers (only the Netherlands and Ireland have lower employment rates). Not surprisingly, lone mothers in Britain are vulnerable to poverty, 66 per cent and 28 per cent of lone mothers not in work and in work respectively live in poverty (that is, where their equivalent disposable income is less than 50 per cent of the average disposable income) (Kilkey and Bradshaw 1999). Again this is the highest in the EU. One reason suggested for the difficulties in gaining paid work is that many lone mothers have few chances of obtaining other than low paid work, because of lower qualifications. They, therefore,

cannot earn sufficient to pay for the high costs of childcare nor do they have a partner who can look after children while they are at work.

Finally, high on the current policy and research agenda are families and parenting. Here there has been a shift from a concern with women in the labour market and equal opportunities to one in which the family has come to the forefront as a research issue, especially families' relationship to the labour market (Dex *et al.* 1999). This research agenda has also been stimulated by the policy agenda of new Labour with its commitment to promote family-friendly policies and extend childcare provision. Recent research has, therefore, been concerned to investigate the stress imposed on family life by intensified workloads, long and unsocial hours, as well as the difficulties of parenting in the context of lack of child care and elderly care (for example, Ferri and Smith 1996, EOC, Burchell *et al.* 1999, DTI 2000, Burghes 1997).

Conclusion

While critics are right to question 'the death of the permanent job for life', the focus on the aggregate statistic of permanent jobs masks important features of the nature and distribution of employment in the UK and its differential impact on households. As this paper has shown, account must be taken of the uneven distribution of work, the importance of part-time work and its gendered nature, the extent of low paid work, and the nature of entry-level jobs. Furthermore, in assessing the nature of the UK's labour market we also need to take into account the constant rounds of restructuring of internal labour markets within organisations, more aggressive employer tactics to pass costs onto core employees together with evidence of increased use of numerical flexibility in both public and private sectors (see, for example, Cully *et al.* 1999, Purcell *et al.* 1999, Burchell *et al.* 1999 and Walsh 1997).

It can be argued that a part-time or temporary job is better than no job and the nature of flexible employment in the UK does provide a pathway out of unemployment as well as enabling most mothers to combine work and family life. However, the nature of part-time work in the UK has a detrimental effect on lifetime earnings, career prospects, employment protection and financial independence. Such work does little to change the gender division of labour at work or in the home. For some (especially unskilled men) the low paid flexible

jobs on offer have affected their ability to establish or maintain a household. For increasing numbers of lone parents there also remains strong barriers to paid employment. The fact that low paid flexible work has been taken by those with partners already in employment has exacerbated the growing polarisation between households and their division into work rich and work poor households.

The high level of part-time working for women in the UK reflects the lack of support for parents, for example, maternity and parental leave as well as child care provision are among the lowest in Europe. Where parents are in paid work (and this is the majority of parents) there are now concerns that long and unsocial hours and intensified workloads are beginning to impact on family life and especially parenting. At the other end of the spectrum, the uneven distribution of paid work, the expansion of flexible employment and dependence on benefits have restricted opportunities for some to participate in paid work. A particular anxiety concerns the geographical concentration of deprivation and social exclusion, which means that many children will grow up in households and neighbourhoods in which paid work is almost unknown.

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Notes

¹ These terms are used in the EU research project on which this paper is based. See footnote 2

- ² The paper is based on a report for a EU Framework Programme 5 project 'Households, Work and Flexibility' (HWF)². The aim of this EU project is to look comparatively at the impact of patterns of flexible employment, including the flexibilisation of time, place and conditions, upon household organisation and quality of life. Further details of this research project and related papers can be found at: http://www.hwf.at
- ³ See the DTI White Paper *Fairness at Work* 1998. In November 2001 the Prime Minister also emphasized that there would be no dilution of the UK's flexible labour market, 'there will be no new ramp of employment legislation taking us back to the 1970s. The basic settlement of the last parliament will remain' (EIRO Dec. 2001).
- ⁴ In the Spring 1998 LFS, 78 per cent of women and over 90 per cent of mothers currently working part-time said that they did not want a full-time job (Thair and Risdon 1999).
- ⁵ The rate of inactivity among men living in social housing is 30 per cent and only 54 per cent are in work (Dickens *et al.* 2000).
- ⁶ For example, in six large conurbations (greater London, West Midlands, Manchester, Newcastle, Merseyside and Glasgow) there was a loss of over 2 million jobs in the period 1975 to 1998 (Martin and Tyler 2000). Martin and Tyler (2000) also show that the UK is unique in Europe in the strong association between employment decline and de-urbanisation. It is cheaper to locate in new green field sites and the rise of car use and new technologies has reduced the advantages of location in cities. The increase in service sector employment has also been almost entirely in towns and rural areas.

⁷ Many of these areas were traditional working class areas linked to heavy manufacturing or their earlier growth eras. Some inner city areas, but not all, have high proportions of ethnic minority groups. However, ethnicity is not a cause of acute urban decline, although

it may become part of the process where large numbers of ethnic minorities live (Power and Mumford 1999).

- The proportion of households with one full-timer and one part-time earner at 35 per cent is much higher than the 20 per cent of households with two full-timer earners. (Crieghton 1999). At the same time men's contribution to family income has fallen from nearly 73 per cent in 1979-81 to 61 in 1989-91 and that of women rose from 15 –21 per cent (Harkness *et al.* 1996).
- ⁹ In 1997, around 1.5 million, one in every 14 workers earned below £3 (4.7 euros) an hour, 3 million earned below £3.50 (5.6 euros) an hour, and 6 million, one in every four, earned below £4 (6.3 euros) an hour (Stewart 1999).