

Decent Work Country Report - United Kingdom*

by

**Damian Grimshaw
Marilyn Carroll
Jill Rubery
European Work and Environment Research Centre
Faculty of Humanities Research Centre
University of Manchester**

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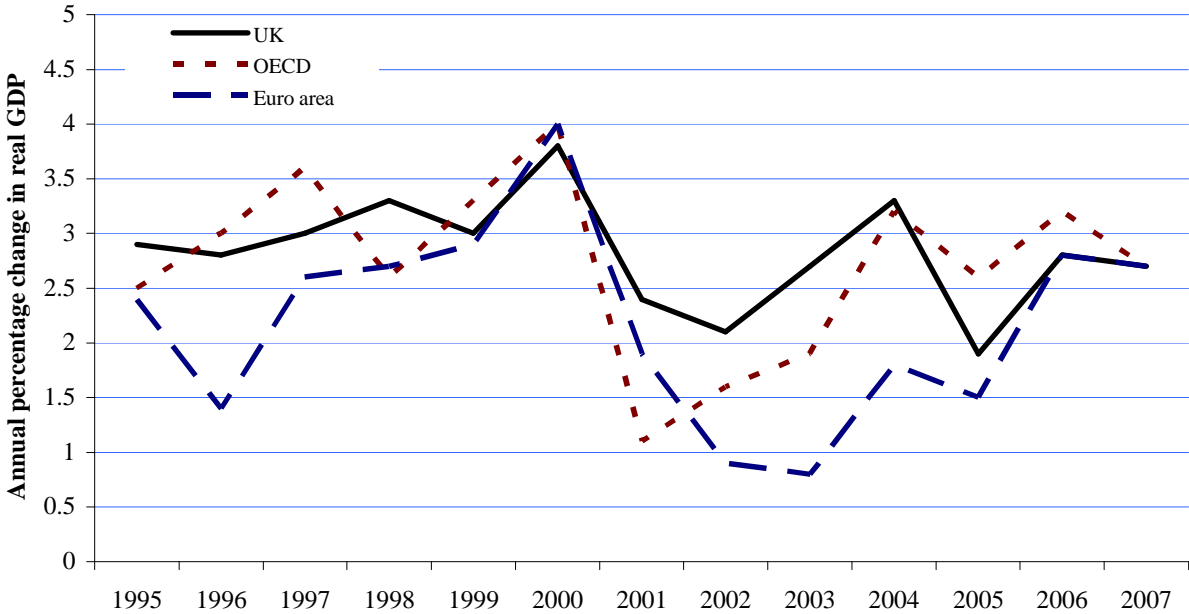
I. Trends in working and employment conditions

1.1 The economic and social context (1995-2007)¹

Trend growth in real GDP for the UK averaged at slightly above 3 percent during 1995-2000 and has been relatively stable at around 2.5 percent during 2001-2007. During both periods, as figure 1 shows, UK performance exceeded the average among countries in the Euro area (especially during the latter period). Compared to the OECD average, the UK performed equivalently well during 1995-2000 (average annual growth rates of 3.2 and 3.1, respectively), performed better during 2001-2004 and then dipped during 2005-2006.

Reflecting the relatively strong economic growth, key macroeconomic indicators improved and attained relative stability over the 12-year period. Long-term interest rates dropped from 8.2 percent in 1995 to 5.1 percent by 1999 and remained at or slightly below this figure until 2007 – between half and one percentage point higher than that for the Euro area during the more recent period 2003-2007. The Consumer Price Index, the UK government’s favoured inflation measure, was less than 2 percent during 1996-2004, but rose above this level during 2006 and 2007. The government’s target is 2 percent plus or minus one percent. When inflation peaked at 3.1% in March 2007, the Governor of the Bank of England was obliged in March 2007 to explain to the Chancellor the policy actions the Monetary Policy Committee was taking to deal with it.

Figure 1. Real GDP growth in the UK, OECD and Euro area



Source: OECD Economic Outlook (2007: annex table 1).

Government spending was reduced during the late 1990s, following a period during 1992-95 when the share of GDP dedicated to government spending was around 45 percent (a period that also saw high unemployment). By 2000, it had reached a low of 37.5 percent, as a

¹ The data reported in this section is sourced from HM Treasury publications and online data, as well as the *OECD Economic Outlook* (2007) and *Labour Market Trends* (various years).

percentage of GDP, but has since steadily risen back to its former level of 45 percent, although this time in the context of low unemployment. Tax and non-tax revenues have also increased, but insufficient to prevent a government deficit of just under 3 percent of GDP (compared to 1 percent for the Euro area economies).

Throughout the period, the UK has been notably successful at lowering the rate of unemployment. The late 1980s and early 1990s witnessed unemployment rates of between 7 and 10 percent. However, after peaking at 10.2 percent in 1993, unemployment was cut to 5 percent by 2001 and it has fluctuated around this level since. As well as bringing down unemployment, the UK has also seen a considerable reduction in the risk of long-term unemployment. The share of the unemployed in unemployment for more than 12 months dropped from 43 percent in 1995 to 27 percent by 2000, and further to 21 percent by 2002 where it has since stabilised (*Labour Market Trends*).

Table 1. Key macroeconomic indicators, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
Real GDP growth	3.8	2.4	2.1	2.7	3.3	1.9	2.8	2.7
Long-term interest rate	5.3	4.9	4.9	4.5	4.9	4.4	4.5	5.0
Consumer Price Index	0.9	1.2	1.3	1.4	1.3	2.0	2.3	2.4
General government spending ¹	37.5	40.9	42.0	43.4	43.7	44.7	45.1	44.9
General government tax and non-tax revenue ¹	41.5	41.8	40.2	40.1	40.4	41.5	42.2	42.2
General government financial balance ¹	4.0	0.9	-1.7	-3.4	-3.3	-3.3	-2.9	-2.7
Unemployment ²	5.4	5.0	5.1	4.9	4.7	4.8	5.5	5.5
Employment rate ³	74.4	74.5	74.5	74.8	74.7	74.7	74.6	74.4
Labour productivity growth	2.6	1.5	1.3	1.7	2.2	1.0	1.9	1.7
Share of imports in total consumption	21.4	21.8	22.2	22.1	22.6	23.5	25.1	24.4
Current account balance ¹	-2.6	-2.2	-1.6	-1.3	-1.6	-2.4	-3.4	-3.2
Trade balance (\$ billion)	-29.2	-38.6	-46.5	-48.3	-64.1	-80.7	-99.5	-109.6
Relative unit labour cost ⁴	100.0	97.4	100.2	96.7	102.4	106.3	110.5	

1. As a percentage of GDP

2. As a percentage of labour force

3. As a percentage of working-age population (age 15-64)

4. Competitiveness-weighted relative unit labour cost in the manufacturing sector.

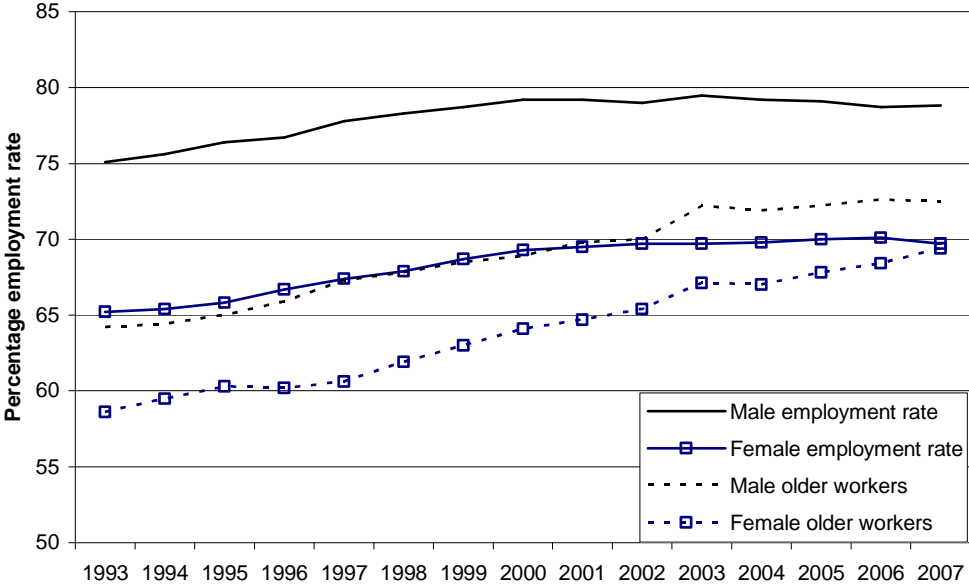
Source: OECD Economic Outlook (2007: Annex Tables).

In parallel with low unemployment rates, the UK has boosted employment rates in the last ten years, stabilising at just below 75 percent throughout 2000-07. The gender gap in employment rates has displayed rather limited movement, with a marginal narrowing from 10.6 percentage points in 1995 to 9.1 points in 2007, due in part to a dip in the male employment rate by close to 1 percentage point during 2003-06 (figure 2). In 2007, employment rates were 78.8 percent for men and 69.7 percent for women.

Employment rates for older workers – men (aged 50-64) and women (aged 50-59) – have increased relatively significantly during the recent period. The share of older men in employment increased from 65 to 73 percent during 1995-2007 and the share of older women from 60 to 69 percent. These increases mean that the age gap in employment rates has shrunk substantially, especially for women for whom the rates of employment for older workers and for all female workers were almost equal in 2007 at 69.7 and 69.4 percent, respectively (figure 2).

Figure 3 puts the situation of older workers in the more general context of the pattern of economic activity and inactivity for men and women of different ages in 2006. Among women, this shows that participation in full-time employment is at its highest for women aged 25-29 at 55 percent, after which the proportion falls to 39 percent for women aged 35-39, and then rises to 48 percent for 45-49 year olds. By contrast, the bulk of men in their 30s and 40s were in full-time employment (around 85 percent), but from the age of 50, there is a withdrawal into part-time work and inactivity. After state pension age (65 for men and 60 for women) around one in five men and one in three women worked full-time or part-time.

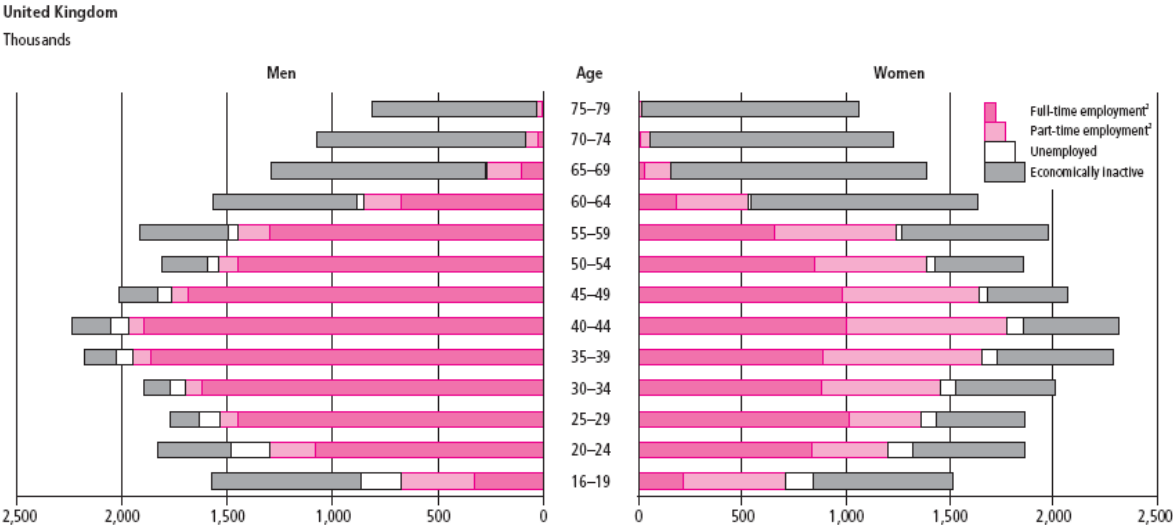
Figure 2. Employment rates for all workers and for older workers



Note: Employment to population ratio for the second quarter of each year, ages 16-59 (64) years for all workers and ages 50-59 (64) for older workers.

Source: Labour Market Trends.

Figure 3. Economic activity and inactivity status by sex and age, 2006



1 Data are at Q2 and are not seasonally adjusted. See Appendix, Part 4: Labour Force Survey.
 2 The Labour Force Survey asks people to classify themselves as either full time or part time, based on their own perceptions.
 Source: Social Trends (2006: Figure 4.2).

Finally, with respect to international trade, the UK economy's current account deficit deteriorated after 1997, following a short period when the deficit hovered at or below 1 percent of GDP. It has recently worsened to 3 percent of GDP, amounting to a trade deficit of some \$110 billion in 2007. Also, with the increasing dominance of international, rather than domestic, competition (note the rising share of imports in total consumption), it is notable that relative unit labour costs in the UK increased by around 10 percent since 2000, reflecting the strong value of sterling during this period. By comparison, relative unit labour costs in the US fell by more than 20 percent (table 1).

The continuing shift to services

The radical structural shift in the UK economy, from manufacturing to services, has continued to shape each of these key macroeconomic indicators. The employment share of manufacturing plummeted from 19 to 13 percent during 1997-2007 (from 25 to 18 percent among men and from 11 to 7 percent among women). This represented a drop from 4.5 million manufacturing jobs to 3.2 million in just ten years. Other historical studies show that in fact the decline in manufacturing continued at roughly the same pace during 1997-2005 as it did during the Thatcher period, 1979-1990 (Coutts et al. 2006). As Coutts and colleagues note, a remarkable feature of the contemporary period of restructuring is that it has occurred without a recession or even a major alteration in the growth pattern.

The areas of the service economy that witnessed the highest growth during 1995-2007 include the public sector, especially education and health (thanks to Gordon Brown's hikes in public spending after 1999), banking and finance, and business services. Table 2 shows that around 2 million additional jobs were created in the finance and business services sectors during 1995-2007, and 1.5 million more jobs in the public sectors of education, health and public administration. Employment in distribution, hotels and restaurants has also increased, but by a smaller number. It is important to note that the shrinkage of manufacturing has occurred at a time of substantial job expansion, with an additional 4.3 million jobs created during this 12 year period.

Table 2. Employment¹ in main areas of services and in manufacturing

(thousands; Standard Industrial Classification)

	Services:			Manufacturing	All Sectors
	Distribution, hotels & restaurants	Finance & business services	Education, health & public admin		
1995	6,306	4,565	6,405	4,392	27,363
1997	6,501	4,963	6,434	4,495	28,194
1999	6,680	5,332	6,574	4,347	28,870
2001	6,833	5,739	6,993	4,071	29,229
2003	6,980	5,885	7,422	3,682	30,283
2005	7,100	6,240	7,813	3,366	31,042
2007	7,123	6,552	8,017	3,236	31,689

Note: 1. Employment refers to the number of jobs held by employees, self-employed and public sector trainees. Source: Labour Market Trends.

The essential question to ask is, what are the implications of the radical shift to a service economy for the UK economy? Does it signify a new pattern of international specialisation with a sustainable comparative advantage? Or will it generate structural problems, especially related to skill development and inequality (Coutts et al. 2006; Rubery et al. 2008)?

A major concern is what happens to the balance of payments from trade. Since 2000, there has been a deficit of between 1.5 and 3.5 percent of GDP (table 1). However, the deficit in manufacturing trade – around 5 percent of GDP during 2002-06 - has been largely offset by a trade surplus in so-called ‘invisibles’, particularly financial services (a surplus of £23 billion in 2006) and business services such as legal and accounting consulting (£3 billion surplus), management consulting (£2.4 billion surplus), architectural and engineering services (£3 billion surplus), IT services (£3.8 billion surplus) and R&D (£2.6 billion surplus), as well as net investment income; traditional services, such as tourism, have generated a growing deficit in recent years (Coutts et al. 2006; ONS 2007).

There have also been unequal regional effects. The continued shift from manufacturing to services have been different for the North of Britain compared to the South, reflecting the greater dependence of the North on tradeable goods activities and the larger preponderance of finance and business services in the South. However, while loss of manufacturing jobs in the North during the 1980s was not compensated for by new jobs in financial and business services, this pattern changed during 2000-04 when more financial and business services jobs were generated in the North than in the South (Coutts et al. 2006). Nevertheless, the rise of offshoring puts many of the new jobs in this ‘new economy’ at risk. A study for the DTI investigated the nature of the call centre industry and showed that large centres, specialising in low value-added information processing, face a high risk of offshoring. It also found that large centres tended to be located in the North rather than the South, increasing the vulnerability of the region to loss of jobs (DTI 2004a). For example, of 59 centres employing more than 1000 operators, 19 were in the North East or North West, 12 were in Scotland and Wales and 16 were in Yorkshire (op. cit: table 9).

A further issue concerns the effect on job quality. Many jobs created in the service economy are ‘junk jobs’, associated with low pay and dead-end careers. During the 20 years between 1979 and 1999, net job growth for the whole UK economy clustered at the top and bottom ends of the pay spectrum, with a hollowing out of middle wage jobs (Goos and Manning 2003). Occupations contributing most to job growth at the bottom were in the service economy – sales assistants and check-out operators, and cooks, waiters and bar staff (op. cit.: table 5.1). While increased demand for such jobs ought to raise wages, the real world effect has been influenced by the weakening role of unions, increased immigration and indexation of welfare benefits to inflation not average earnings.

1.2. Ten dimensions of employment and working conditions

Headline indicators of the employment and unemployment rates and the changing structure of work across sectors of economic activity provide an important context to understanding the role of work in an economy. However, more detailed enquiry is needed to appreciate the nuanced character of work and employment. Here, we investigate in detail ten key dimensions of employment and working conditions, summarised in table 3.

Table 3. Summary table of dimensions of employment and working conditions and major trends, 1995-2007

	Employment trends (1995-2007)	Working conditions
<i>1. Employment contract</i>		
Part-time work	High share, stable (women) Low share, rising (men)	Multiple penalties, mainly affecting women, including low pay, low skill work, weak bargaining power, weak control over 'core hours', and undervaluation
Temporary work	Stable	Heterogeneous group. On average, relatively weak job insecurity, weak bridge to permanent work, pay penalty and low job satisfaction
Migrant labour	Rapid increase	Heterogeneous group. Evidence in agriculture and food sector that gangmaster agencies provide low pay, job insecurity and difficult work conditions
<i>2. Wages</i>		
Pay inequality	High and relatively stable	Marginal improvement in position of lowest decile, but persistent gender pay gap and major disparity between male full-time and female part-time pay
Low pay	High incidence especially for women. Steady decline during 2002-07	90% of low paid work in just four sectors. Large numbers still paid less than minimum wage. Problem of undervaluation of women's work
<i>3. Working time & work organisation</i>		
Long hours	High share, small fall (men) Medium share, stable (women)	Causes include results-based control of hours and employer-led flexible scheduling. Consequences include health risks, job dissatisfaction and erosion of temporal norms (home-work imbalance)
Shift work	Medium, stable	High use in certain sectors. Nightshift work involves long hours and carries twice the risk of illness or disability. Many workers do not enjoy proper rest breaks.
Work intensity	Strong increase (all occupations)	Evidence of health risks from overwork and negative spillovers from work to home
<i>4. Working rhythms and stress at work</i>		
Work intensification	Increased, then stabilised during late 1990s	Taylorised work organisation, little control over work (e.g. in call centres)
<i>5. Health and safety</i>		
Fatal and major injuries	No change (2002-07)	Higher risk among men than women. UK compares favourably with other EU countries
Work-related illnesses	Decline, then abrupt rise in 2006-07	Highest risk in health and social work; new risk of abuse and bullying
<i>6. Access to training</i>		
Vocational training provision	Continued problems of employer support Increased government regulation	High share of jobs with no or low skills required. Partial erosion of internal job ladders in large organisations. Weak employer demand for intermediate skills Encourages more training, for example, in the care sector, where 50% of employees have to have at least NVQ2 qualification
<i>7. Coverage by social security</i>		
Benefits	Welfare Reform	Range of unemployment, in-work and means tested benefits, 'New Deals' with emphasis on

Pensions	Pension Reform	‘work first’. Lack of individualisation of benefit entitlements reinforced by working tax credits Extension of means testing, gradual rises in State Pension age, reduction in number of qualifying years of National Insurance contributions required for basic state pension
National Insurance	Gaps in coverage	Part-time workers earning below the national insurance threshold do not build up a contribution record which affects their entitlement to state pension and contributions-based benefits. Large share of young people not in education, employment or training not reflected in unemployment statistics.
<i>8. Social dialogue and workers’ participation</i>		
Trade union representation	Low and falling (men) Low and stable (women)	Women now make up the majority of union members (52 percent). Overall, limited opportunities for collective representation and a higher risk of exclusion among the low paid and among Asian workers
Coverage by collective bargaining	Low and marginal decline	Majority of workers are not covered and depend on unilateral employer policy for their terms and conditions
Information and Consultation Regulations	Implemented 2005. To cover all organisations with over 50 employees by April 2008	Initial ambivalence from trade unions. Most agreements instigated by employers. Limited information about coverage or number of agreements
<i>9. Work and family</i>		
Childcare provision	Increased	Targets to increase take-up by low income families. Assistance through Child tax Credits.
Paid maternity/paternity leave	Increased	
Flexible working	Increased rights for parents and carers	Variations between sectors
<i>10. Child labour, forced labour</i>		
Child labour	High incidence of working among school age children	Regulations not enforced, Health and Safety issues, no minimum wage for children below school leaving age, some evidence of child trafficking, under-18s in armed forces
Forced labour	Evidence of exploitative work practices	Examples include withholding of wages, debt bondage, violence, poor living conditions for migrant workers.

i) Employment status/contracts of employment

Job security

Job insecurity has been one of the foremost issues of interest among public commentators and researchers of employment in the UK in recent years. Much work has been undertaken in an effort to understand the contradictory pressures on workplaces towards more flexibility and cost containment, on the one hand, and job insecurity and its implications for family stability, worker health, organisational efficiency, worker motivation and commitment on the other (eg. Burchell et al. 2002, Heery and Salmon 2000). The backdrop to the rise in perceptions of job insecurity among the UK workforce include increasing competition in product markets (technological change, globalisation and commercialisation of public services), the dominance of the shareholder value model in financial markets, a declining influence of trade unions and neo-liberal restrictions on welfare benefits (Ladipo and Wilkinson 2002).

Importantly, change in job security has not coincided with a similar degree of change in the number of people working in jobs for short periods of time, or with a wider number of different employers. 81% of workers had worked in the same job for more than 12 months in 2000, compared to 83% in 1992 (White et al. 2004). Moreover, the average job tenure over this period increased, from 74.3 months in a particular job to 87.7 months. However, there are important differences by occupational group, with average job tenure among higher management/professionals at 109.1 months, yet just 59.7 months among routine non-manual workers in 2000 (op. cit.). An important issue in interpreting this data is whether it reflects a) apparent restrictions on employer freedom to hire and fire, despite claims by politicians of flexibility; b) strong commitment to workers to their employers, reflecting career opportunities and/or good pay prospects; or c) worker discipline caused by limited availability of more attractive job offers (especially, perhaps, among female part-time workers).

Change in job security reflects a decline in the share of permanent, full-time employment contracts, although this is still the dominant type in the UK labour market. There has been a rise in the share of men in part-time jobs, to almost one in ten jobs by 2006 (table 4) reflecting in part the rising number of students who need to work part-time to pay newly imposed fees, as well as living costs, during the period of higher education. But there has been a slight fall since 1996 in the share of women in part-time jobs, 41% in 2006. Conditions of employment of part-time workers are discussed in detail in section 3 below.

Table 4 Proportion (%) of workers in full-time and part-time employment, 1996-2006

	Men				Women			
	1996	2000	2004	2006	1996	2000	2004	2006
Full-time employees	92.5	91.7	90.3	90.2	57.0	55.8	56.7	58.5
Part-time employees	7.5	8.3	9.7	9.8	43.0	44.2	43.3	41.5

Source: ONS (Labour Force Survey, March-May each year).

Temporary work

There were 1.9 million temporary workers in 1997. Since then numbers have dropped, and during 2000-06 have fluctuated around 1.5 million (LFS data, Historical Quarterly Supplement). Conley (2002) shows that use of temporary employment contracts is higher in the public sector than the private sector, accounting for around 9-11% of the public sector workforce during the period 1993-2000 (see, also, Morgan et al. 2000). What is notable,

however, is that since the 1990s the share of workers on temporary contracts working for an agency grew at a high rate. By contrast, the share of temporary workers in seasonal or casual work diminished. In 1992, agency employees made up 7% of all temporary workers and by 2000 this had risen to 16% (Forde and Slater 2005: table 1). Agency workers are mostly found in low-to-mid-level skilled occupations – clerks, secretarial staff, other routine operatives, numerical clerks and despatch workers; women are no more likely to be found in agency work than men (op. cit.: 257). Temporary work, whether as agency work, a fixed-term contract or other form, is an important form of labour market entry in the UK labour market: persons out of work in the previous year are three times more likely to be in agency work than those in other work, holding all other characteristics constant (op. cit.: table 2).

There is conflicting evidence from empirical research on the relative merits of temporary work. On the one hand, several recent studies have pointed to the rise of temporary agency work among public sector professionals (eg. nurses, teachers, social workers) as evidence that for a subset of people, temporary work offers certain advantages (de Ruyter, 2005; Purcell et al., 2005; Kirkpatrick and Hoque, 2007). Benefits include the ability to choose hours of work, to take time off, less stress and, in some cases, higher pay. However, other studies point to a net disadvantage compared to the employment conditions associated with permanent jobs. For example, Booth et al. (2002) show that compared to permanent workers, temporary workers in the UK have lower levels of job satisfaction, receive less training and are lower paid. Forde and Slater find significant differences in average pay among types of temporary workers: compared to the average permanent employee pay of £8.81 in 2000, agency workers earned £6.84, fixed term contract workers earned £9.37 and other temporary workers earned £5.99. Controlling for personal and job characteristics the wage gaps with permanent workers are smaller but still substantial - from 22% to 9% for agency workers and from a positive 6% gap to 0% for fixed term contract workers (op. cit.: table 3, own calculations).

Case-study evidence sheds further light on the conditions of work for temporary workers. Drawing on interviews with managers and workers in seven large organisations, Grimshaw et al. (2001) suggest employers during the late 1990s reduced the scope of their internal labour markets (with relatively secure and well paid jobs) and shifted many jobs to the secondary labour market, entailing, in many instances, the contracting of temporary workers from employment agencies. Further findings from the same project reported in Ward et al. (2001) revealed that some organisations had implemented a functional separation of job tasks undertaken by agency workers and permanent workers, such that prospects for skill development and career progression are segmented by employment status, making transition into permanent jobs difficult for agency workers.

The constraints faced by temporary agency workers are confirmed by statistical findings that the proportion of ‘involuntary’ agency temps was 50% in 2000, and just 48% of agency workers made the transition into permanent employment over a 12 month period (Forde and Slater 2005: 262-3) Moreover, employers may be able to introduce new (worse) ways of working because they face less resistance from agency workers. The following quote from an employee working in a call centre at a large telecommunications firm is illustrative:

No disrespect to them, I could not do that job! It's so boring ... They are agency workers probably because it is so mind-numbingly boring. ... Telecomco probably know they wouldn't be able to employ anybody on a permanent contract to do it. (cited in Ward et al. 2001: 15).

Self employment

The number of people in self employment has grown at a rapid pace in the last couple of years

– the result of changing economic conditions, the greater ease in setting up new businesses (through, for example, Internet sites which target agency workers as well as the self employed) and, to a lesser extent, changes in tax policy, including reform of capital gains tax and reduced corporation tax for small firms. Following a slow decline in numbers of self employed during 1995-2000, during 2003 and 2004, numbers of self employed increased at a far greater rate than the total number of employees – increases of 8.9% and 3.1%, during the two years (from a total 3.2 million in September 2002 to 3.5 million by September 2004). The main industry driving the rise in self employment was banking, finance and insurance Lindsay and Macaulay, 2004). Self-employment had risen to 3.7 million in 2006, accounting for 13 percent of all those in employment (Social Trends, 2007). Self employed people are more likely to work longer hours; 34 percent worked over 45 hours a week on a regular basis, compared with 19 percent of employees. Seventy-three percent of all self-employed people are men and there are considerable gender differences in the type of self-employed work undertaken by women and men. At most one third of self-employed men work in the construction industry, whereas almost a quarter of self-employed women worked in ‘other services’, such as community, social and personal services hairdressing and beauty treatments, and another quarter worked in public administration, education and health.

Studies of self employment continue to debate the extent to which it is the result of entrepreneurialism (or what is now referred to as the ‘portfolio worker’), or marginalisation, caused by organisational restructuring. A recent assessment of national survey data finds that while increasing numbers of self employed (without staff) are marginalised in the sense of having to change employment status at their employer’s behest and facing obstacles to return to employment, they are not necessarily a more exploited group than employees, with comparable average earnings and with 70 percent preferring to remain self employed (Smeaton, 2003).

Temporary staffing agencies and migrant workers

A final issue regarding employment status concerns the increased use of legal and illegal migrant labour in the UK (see also Section 2.10 for a discussion of forced labour). Government and trade union commissioned reports point to a dramatic increase in use of migrant labour and evidence of exploitative working conditions. The General Secretary of the TUC made the following statement in 2004:

Certain parts of our economy are now heavily dependent on migrant labour. ... Sadly, for many, working in the UK often means harsh treatment, poor wages, excessive hours and appalling living conditions ... If we want to end this immoral profiteering, we must find ways of cracking down on employers using undocumented workers, so this is no longer a viable business option (TUC Press release, 09.03.04).

A government commissioned survey of migrant workers in the food and farming sector carried out in 2004 found evidence of a dramatic increase in the number of foreign workers in the sector, largely in response to pressures from powerful retail firms to cut costs and to work more intensively (the more fragmented organisation of farm enterprises makes it difficult for them to negotiate with buyers). The report estimates between 420,000 and 611,000 casual workers employed to harvest and pack produce in farm factories in the UK, of which around one in three are non-EU nationals and one in four are EU nationals (non UK) (table 2). Use of temporary workers is distinguished between direct employment and supply from temporary labour providers (agencies or gangmasters - some of which are suspected to operate illegally). Table 5 shows clearly that non UK temporary workers are far more likely to be recruited by labour providers than directly by a farm enterprise. Altogether, around one in four temporary workers are directly employed and three in four are supplied by labour providers; the ratio of

men to women is around two to one (DEFRA 2005: 13-16). Notably, those farm enterprises with supermarkets as customers are far more likely than other farm enterprises to hire temporary workers from labour providers than through direct employment (op. cit.: 26). Use of labour providers is not explained as a response to seasonal demand since the changing nature of retailing has levelled the traditional peaks and troughs reflecting increased work throughout the year required in the packing of UK and imported produce (op. cit.: figure 2.2); the only explanation therefore is to meet stringent cost pressures imposed by the large retailers.

Table 5. Nationality of temporary workers in the food and farming sector, Spring 2004

	% directly employed by farm enterprises	% supplied by labour providers	% of all temporary workers in the sector
UK nationals	18.5	25.2	43.7
EU nationals (non UK)	2.3	21.2	23.5
Non EU nationals	5.3	27.2	32.5
Total	26%	74%	100%
(estimated numbers)	120-160,000	300-450,000	420-611,000

Note: the definition of the sector is agriculture, horticulture and co-located packhouses and primary food processing.

Source: DEFRA (2005: table 1.7).

The report found labour providers increasingly looking to recruit migrant workers because they were more willing to work for low wages than UK workers:

...foreign nationals are sought not just because it may be possible to pay them less, but also because they provide reliability, flexibility and compliance, and above all a 'hunger' which is not found among nationals of the 15 EU member countries ... Almost every company we interviewed spoke of the difficulty of sourcing the 'right kind of worker' from among UK nationals, or the reluctance of UK nationals to work at the pace required, and with the consistency of output, given the low rewards that have begun to characterise the sector. (DEFRA 2005: 28, 43-44).

Nearly half of all temporary workers in the sector (48 percent) stay for less than one month with the same labour provider. The UK has consistently opposed EU proposals for a directive on equal treatment for temporary and agency workers, despite these proposals being backed by the TUC. In October 2007 a private member's bill on temporary and agency workers (prevention of less favourable treatment) failed to get through parliament. There is evidence to suggest that employers are deliberately replacing permanent staff with agency workers (many of whom are migrants) on inferior wages, terms and conditions. The practice is not confined to the private sector. One local authority in the north of England uses an agency to supply street cleaners who are required to turn up at dawn each day to see if they are required for work (*The Guardian, 19 October 2007*).

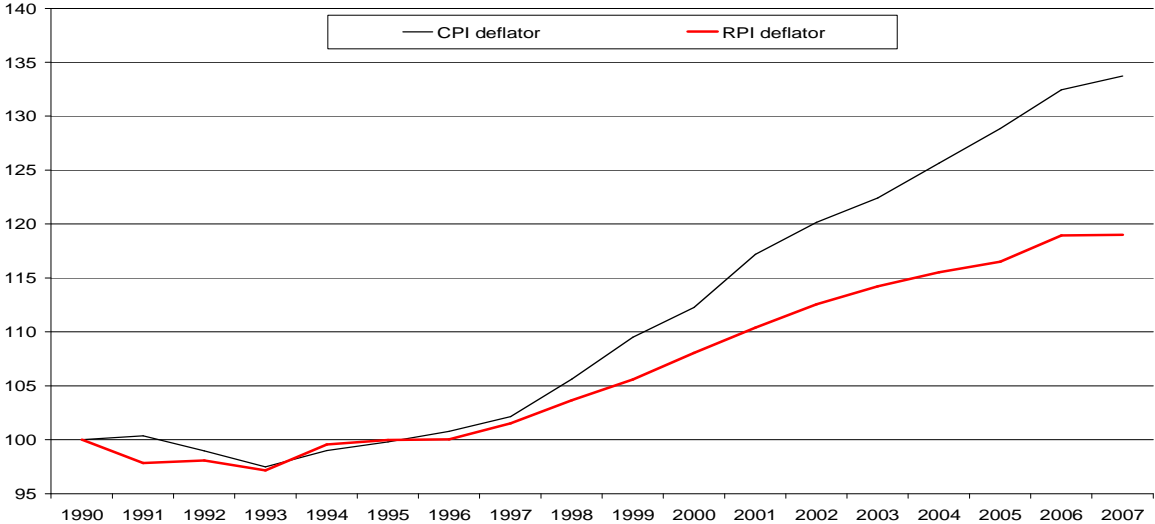
ii) Wages

Income from paid work is an important variable in determining decent work. Trends in average real earnings provide an indication of the capacity of an economy to distribute evenly the income from GDP growth. But average real wage trends may veil underlying shifts in the wage structure, between the high paid and the low paid, men and women, or between different sectors of an economy. Also, while basic pay is typically the main component of earnings from employment, other payments are increasingly used such as merit-related pay and employee share ownership schemes. This section reviews trends in seven key areas in order to characterise the main features of change over the last decade or so.

Trends in real wages

Growth in average real earnings has been strong since 1995 following the recession of the early 1990s (figure 4). Average earnings deflated by the Consumer Price Index (CPI) show that real earnings have grown by around one third since 1995. This is equivalent to an average of 2.3 percent real wage growth each year. Because mortgage interest payments are excluded from the CPI, it is a valuable exercise to estimate real wage growth deflated by the Retail Price Index, which does include housing costs. This alternative real wage trend shows substantially lower overall growth - of around 20 percent over the period 1995-2007, equivalent to an average increase of 1.4 percent each year

Figure 4. Growth in average real earnings

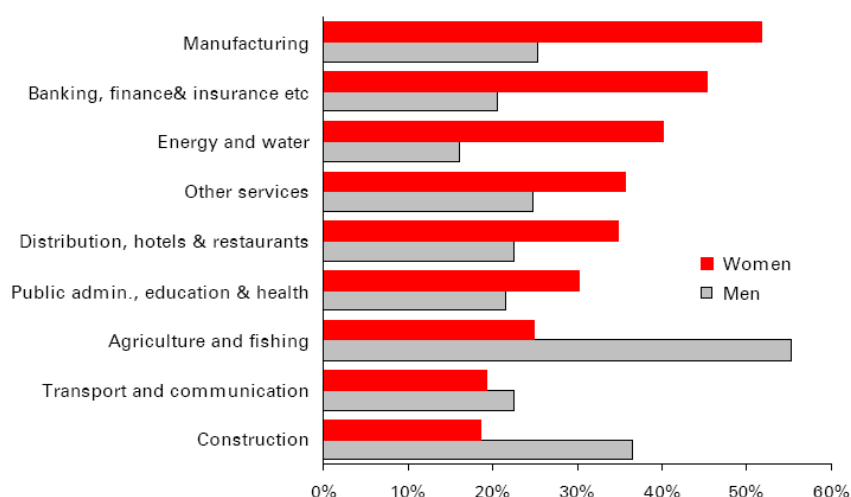


Notes: Real Earnings calculated from available data for average earnings including bonuses, Consumer Price Index and Retail Price Index. Own calculations.

Source: *Economic and Labour Market Review* (Oct. 2007) Data Tables, available at http://www.statistics.gov.uk/elmr/10_07/data_page.asp.

Trends in real wages were relatively evenly distributed across the public and private sectors – with growth of 30 percent and 35 percent, respectively, during 1995-2007. However, further disaggregation of the data by major industry and by gender reveals considerably greater heterogeneity (figure 5). The great diversity of real wage gains by sector is a likely result of the UK’s decentralised system of wage determination, with very little possibility of formal or informal coordination in wage-setting. Figure 5 also shows that in most sectors, for the period 1995-2005 women’s real average wage grew faster than men’s – in some sectors, such as banking, women gained more than twice the increase of men. Overall, women’s real wage increased by an average of 2.3 percent per year compared to 1.3 percent for men (DTI 2006: 11). The highest real wage gains were recorded for men in agriculture and fishing, followed by women in manufacturing – both in excess of 50 percent.

Figure 5. Real wage growth (deflated by CPI) by major industry and by gender, 1995-2005



Source: DTI (2006: figure 3).

Wage structure by region and by sector

2007 earnings data show average gross hourly pay of £13.37 for all employees in the UK. However, as figure 6 shows, there is a major north-south divide across the country. In London, average hourly wages spiral to £18.32, and in the South East to £14.15, compared to a relatively narrow range of £11.58 to £12.98 across the rest of the country. This is a significant structural feature of the UK economy, especially given that London and the South East are the regions with the largest number of jobs; ASHE data record 3.3 million jobs in each of the two regions, together constituting more than one quarter of the 24.9 million jobs in the UK as a whole.

Data for the last decade suggest this structural feature has tended to become reinforced. In 1997, average hourly pay in London was 36 percent higher than the national average, and in 2007 it was 37 percent higher. Similarly, the region with the lowest pay in 1997 (Northern Ireland) had average hourly pay 11 percent lower than the national average, and by 2007, the region with lowest pay (North East) had pay 13 percent lower. The gap between highest and lowest paid regions therefore widened from 34 to 37 percentage points.

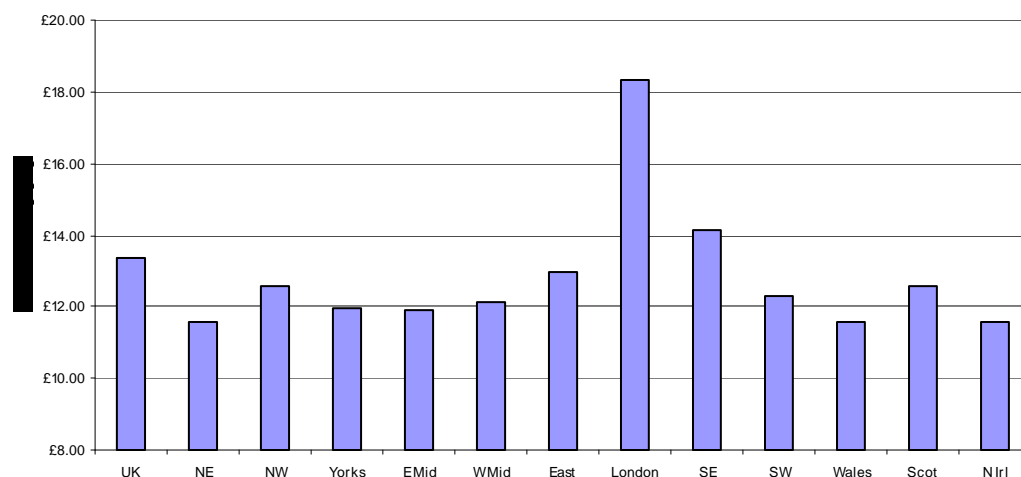
Part of the regional disparity in pay reflects differences in the geographical location of key sectors of economic activity and the wide divergence in pay across sectors. London is host to the bulk of jobs in finance and banking and thus benefits from the high average pay earned by employees in the broad sector of financial intermediation – some 51 percent higher than the mean wage for all sectors. Table 6 ranks the main sectors of economic activity in the UK by gross average hourly pay. High pay is registered for financial intermediation and low pay for hotels and restaurants - £20.23 and £7.87, respectively.

Gross hourly pay for jobs in the public services – education, public administration and health and social work - are close to the mean for all sectors. Over the last decade, pay settlements for public sector workers have reflected changing political goals. Settlements were generally held back during the late 1990s when public expenditures were frozen. This was followed by a period of catch-up. However, since 2006, the Treasury has made explicit its concerns that generous pay rises may overheat the economy. Treasury evidence to Pay Review Bodies for 2006 requested them, ‘to remain vigilant to the risk of higher pay settlements feeding into

higher service sector inflation'² – a position that reflected the 2006 budget statement, which ushered in the current period of belt-tightening:

*'And we will take no risks with inflation at home. The public sector pay settlements will show settlements averaging just 2.25 per cent – combining fairness in pay, with more for nurses, with vigilance and discipline in the fight against inflation'*³

Figure 6. Regional differences in average gross hourly pay



Notes: Gross hourly pay includes overtime. Data collected for each region according to place of work not residence.
Source: ASHE (2007).

Unsurprisingly, perhaps, the new pressure has met with alarm from trade unions and professional associations, especially because the pay target reflects projections of the Consumer Price Index rather than the Retail Price Index that, as we showed above, includes housing costs.

*'A spokesman for the six [Heads of Pay Review Bodies] said the request to only look at his [Gordon Brown's] chosen inflation rate would be ignored. "They are certain to look at other inflation indices that do take account of housing costs and higher fuel bills."*⁴

Table 6. Ranking of gross hourly pay for selected sectors, 2007

Description	Code	Number of jobs (thousand)	Mean
All Industries and Services		23899	£13.37
All Manufacturing		2959	£13.10
All Service Industries		19652	£13.44
Financial intermediation	J	1134	£20.23
Computer and related activities	72	452	£20.06
Manufacture of chemicals, chemical products and man-made fibres	DG	230	£15.87
Electricity, gas and water supply	E	143	£15.71
Manufacture of other transport equipment	35	149	£15.30
Publishing, printing and reproduction of recorded media	22	289	£14.89
Real estate activities	70	358	£14.75

² HM Treasury, 'Inflation evidence for Pay Review Body recommendations', 13/07/06.

³ Gordon Brown's 2006 Budget speech, 22/03/06.

⁴ David Hencke 'Public sector row over Brown's 2% pay limit' (*The Guardian*, 18/08/06).

Manufacture of motor vehicles, trailers and semi-trailers	34	177	£14.48
Education	M	3938	£14.37
Public administration and defence; compulsory social security	L	1355	£13.81
Post and telecommunications	64	518	£13.58
Construction	F	969	£13.15
Health and social work	N	2931	£13.08
Other community, social and personal service activities	O	946	£12.28
Manufacture of food products; beverages and tobacco	DA	434	£11.47
Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	52	2243	£9.05
Hotels and restaurants	H	985	£7.87

Notes: Gross hourly pay includes overtime.

Source: ASHE (2007).

Low wages

Low pay is a major issue in the UK. Adopting a measure of low pay as *gross hourly earnings less than two thirds of the median for all full-time employees*, data show that in 2007 some 29 percent, close to one in three adult employees (aged 22 and over) were low paid (table 7). Nevertheless, there is evidence of a trend decline over the last decade with up to 34 percent low paid in 1999.

Table 7. Share of employees low paid (2/3 of median hourly pay for all full-time employees)

	Median hourly pay for all full-time employees	Low pay threshold	Percentage low paid		
			ALL	MALE	FEMALE
1998	£8.16	£5.44	32%	22%	43%
1999	£8.50	£5.67	34%	23%	45%
2000	£8.76	£5.84	33%	22%	43%
2001	£9.21	£6.14	33%	23%	44%
2002	£9.63	£6.42	33%	23%	44%
2003	£9.96	£6.64	32%	22%	42%
2004	£10.35	£6.90	30%	21%	39%
2005	£10.67	£7.11	30%	22%	38%
2006	£11.03	£7.35	29%	22%	37%
2007	£11.34	£7.56	29%	21%	36%

Notes: Gross hourly pay for full-time and part-time employees, aged 22+ and excluding overtime and other bonuses; 1998-2003 data are partly based on LFS data; own estimates of percentage low paid are accurate only to the nearest one percentage point.

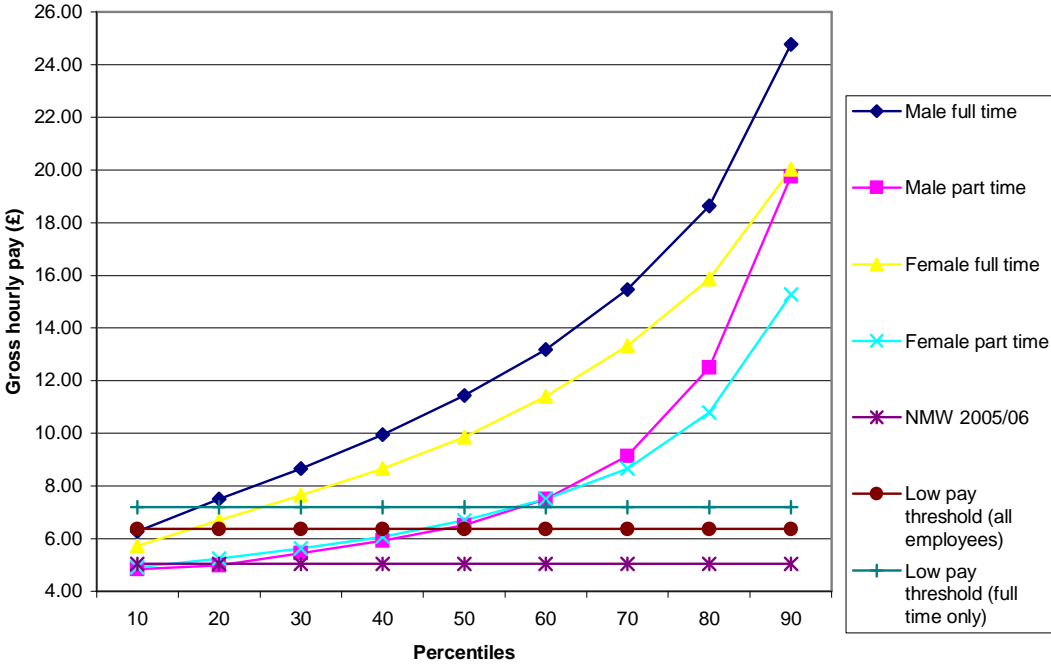
Source: All years based on ASHE data. 1998-2003 estimates from the Office for National Statistics (http://www.statistics.gov.uk/downloads/theme_labour/ASHE_1998_2004/Table1.xls); 2004-2007 own calculations of low pay derived from inter-decile earnings distribution.

Low wage jobs are unequally distributed among men and women. 36 percent of female employees were low paid in 2007, far greater than the proportion of male employees – slightly over one fifth. A key reason for this is the higher share of women than men in part-time jobs and the greater risk of low pay among part-time employees. Estimates by Howarth and Kenway (2004: figure 7) show that female part-time employees account for more than one third of all low paid employees. When data are restricted to full-time employees only, the share of low paid is roughly equivalent among men and women.⁵

⁵ Note that Howarth and Kenway (2004) define low pay as gross hourly earnings less than 60% of the full-time median wage.

Figure 7 further illustrates the segmented experience by gender and by full-time/part-time employment. This shows where the horizontal line marking the low wage threshold cuts across the inter-decile wage distribution for each group. The low wage threshold cuts the inter-decile distribution for male full-timers at below 20 percent and for female full-timers at between 20 and 30 percent. However, for both male and female part-time workers, the low wage threshold is close to the 60th percentile point in the wage distribution; in other words, a majority of part-timers are low paid.

Figure 7. The UK earnings distribution, 2005



Source: Mason et al. (2008: figure 2.1).

Low paid workers are concentrated in particular sectors. Estimates from the Low Pay Commission suggest that nine in ten low paid workers are employed in just four sectors: retail sector (46% of all low paid workers), hospitality (hotels and restaurants, 29%), residential social care (7%) and cleaning (7%). Other low paying sectors include agriculture, hairdressing, security and textiles, clothing and footwear (Low Pay Commission 2005: Figure 3.1).

A final issue concerns whether it is possible to estimate the share of low paid workers who may be considered to be ‘working poor’. In the UK, many low paid workers depend upon additional income from tax credits. Ignoring tax credits for the sake of our exercise, estimates of the level of hourly pay needed to escape poverty depend on the composition of the household (Howarth and Kenway 2004). For a single adult, estimates for mid-2004 suggest a gross hourly pay of £5.30 was required, compared to the minimum wage of £4.85 from October 2004 (op. cit.: figure 5). We can also see that 11% of all employees earned £5.30 or less in 2004 according to national earnings data (ASHE). However, the threshold figure is obviously higher for an adult supporting a non-working partner and two children; here, the estimated pay needed to escape poverty is close to £12 per hour, which is in fact higher than the median pay of £10.47 for 2004.

Minimum Wage

What is surprising about the trend in low wages is that the National Minimum Wage, introduced in 1999, has had less impact in reducing the incidence of low pay than anticipated. There certainly has been a decline in the share of low wage workers – most evident among women for whom the share dropped from 45 percent to 36 percent during 1999-2007 – but with 29 percent of the workforce still employed in low wage jobs it is valid to question why the minimum wage has not had a more substantial impact.

The main reason is its relatively low level. 2005 data cited in Immervoll (2007: table 2) place the UK at joint 15th (with Spain) out of 21 OECD countries, with a relative level of 35 percent. Ireland ranks number one with a relative level of 53 percent and Mexico bottom with 24 percent. Indeed, during the initial period following its introduction, the relative level of the minimum wage actually dropped, before assuming a path of annual increases higher than average wage growth (figure 8). The fall in relative level during the first two years, 1999-2001, from 37 percent to 34 percent of average pay, was largely due to the extremely cautious stance of the tri-partite Low Pay Commission with respect to the risk that the newly introduced minimum would slow job growth. It was only in 2003 that the Low Pay Commission explicitly sought to increase the relative level. This change of stance followed revelations that earnings data used to calculate the initial level of the minimum wage were flawed. Critically, while the initial level was justified at the time by the argument that it would cover two million workers (Bain 1999),⁶ the revised earnings data show that only between 850,000 (Dickens and Manning, 2003) and 1.2 million (LPC, 2003) workers were covered.

In its reports between 2003 and 2006, the Low Pay Commission argued for rises in the minimum in excess of projected average earnings growth. This is reflected in figure 8, which shows the minimum increasing from 36 percent to 39 percent of the average wage (or from 48 to 51 percent of the median wage). At first, the main lobby group representing employers (the CBI) supported an above-average rise in the minimum wage in light of the new earnings data.⁷ But since 2005, they have repeatedly called for alignment with average earnings growth, and in its 2006 report the Low Pay Commission changed its position with the following clear statement:

We do, however, consider that the phase in which the Commission is committed to increases in the minimum wage above average earnings is complete and looking forward, the Commission will start with no presumption that further increases above average earnings are required (2006: vi).

It is notable that in its website on the National Minimum Wage, the CBI claims that it was ‘instrumental’ in persuading the Commission to adopt this new position.⁸ Thus, while low wage workers have enjoyed a short period of relatively generous hikes in the minimum wage, it is very likely that the coming years will witness a levelling of the relative level, despite the fact that it only just registered at 40 percent of the average wage in 2007.

⁶ David Metcalfe subsequently claimed that had the LPC received accurate data it would have set the initial rate 30p higher.

⁷ The CBI had already signalled as acceptable the rise from the October 2002 rate of £4.20 to the October 2003 rate of £4.50 in November 2002 (*Financial Times*, 11.11.02).

⁸ See: <http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae/e2e02581056d0f128025721e0052a4d9?OpenDocument>, accessed November 2007.

Figure 8. Trends in the relative level of the minimum wage, 1999-2007



Note: average gross hourly earnings excluding overtime payments. Data for median and average pay cover all full-time and part-time employees.

Source: ASHE; own calculations.

The minimum wage has had a disproportional impact on certain workforce groups. First, because women are over-represented among the low paid (above), the minimum wage has been an important institution for raising their pay. Estimates at the time of the October 2006 rise, show that two thirds of beneficiaries were women – 19 percent of beneficiaries were female full-timers and 47 percent female part-timers (LPC 2007: figure 2.8). Second, workers from ethnic minorities are also more likely to work in low paying sectors of employment than other workers. An estimated 8.6 percent of ethnic minority workers were covered by the October 2006 uprating compared to 6.5 percent white employees; disaggregated data for ethnic minority groups shows the fraction covered is highest for Asian and Asian British at close to 11 percent (LPC 2007: figure 4.19).

There is a dual system for enforcing the minimum wage: workers can take their case to an employment tribunal or a civil court, or HMRC can take action either by responding to a worker's complaints or proactively investigating a suspect employer following a risk assessment. For example, in 2005-06 2,100 complaints of underpayment were made to HMRC and HMRC completed around 4,900 investigations into minimum wage underpayment; the incidence of non-compliance detected from investigations was 32 percent and the value of underpayments estimated at £3.3 million (LPC 2007: 220-221).

The government recognises its greatest challenge is to tackle non-compliance in the informal sectors of the economy. In 2005 it launched a 3-year pilot in the East Midlands to explore closer cooperation between the UK immigration service, HMRC, DTI, Department of Work and Pensions, HSE and the Gangmasters' Licensing Authority. Also, in an effort to tackle employers of migrant workers, each month HMRC selects a random sample of 15 employers from around the country using information from the Workers' Registration Scheme; between November 2004 and December 2006, 20 percent of employers were found to be non compliant, with arrears identified for 1,171 workers (LPC 2007: 224-5).

Wage inequality

International comparisons demonstrate that wage inequality is high in the UK. However, recent trends suggest a flattening of the trend increase witnessed during the 1980s and early

1990s. The inter-decile (D9/D1) measure has fluctuated around 4.00 during the ten-year period, 1997-2007 with no persuasive sign of a clear trend (table 8). However, the internal shape of the wage structure has continued to change. At the top, wages have continued to rise relative to the median, with the highest decile pay rising from 2.16 to 2.25 over the period. And at the bottom, the lowest decile has increased relative to the median, from 0.54 to 0.57. More detailed data confirm this picture. During 2000-04, earnings increases up to the 12th percentile were higher on average than the median increase, and so too were earnings increases from the 86th to 99th percentile (DTI 2005: figure 2.11).

Table 8. Inter-decile trends in wage inequality, 1997-2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
D9/D1	4.01	3.99	3.99	3.96	4.03	4.02	3.98	3.96	4.00	3.97	3.94
D9/Median	2.16	2.17	2.18	2.18	2.21	2.23	2.23	2.21	2.24	2.24	2.25
D1/Median	0.54	0.54	0.55	0.55	0.55	0.55	0.56	0.56	0.56	0.56	0.57

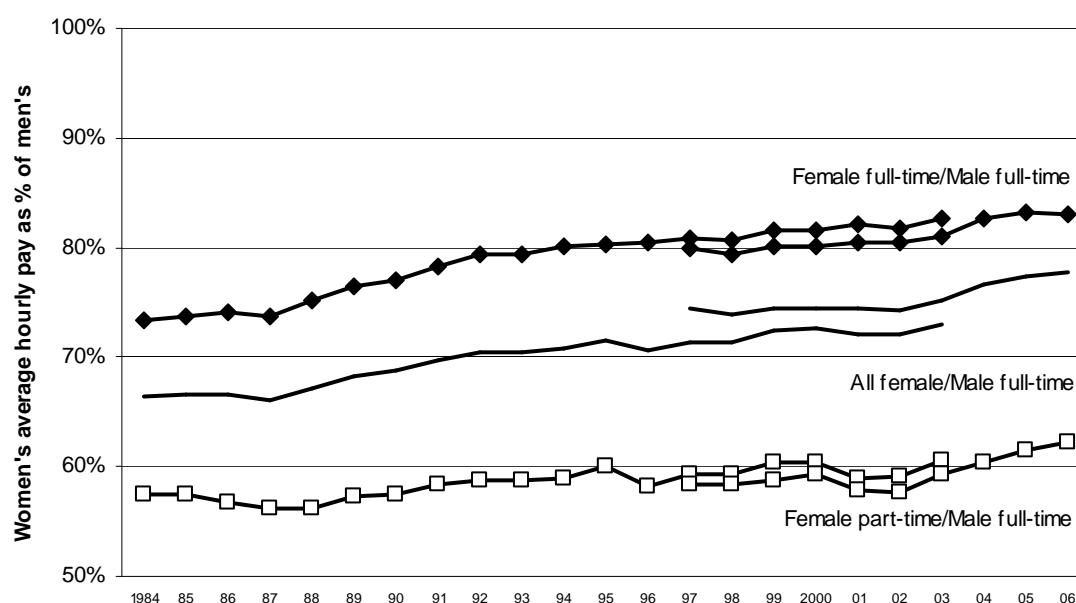
Note: Average gross hourly earnings, including overtime; own calculations.
Source: ASHE.

Wage discrimination

A strong characteristic of wage inequality in the UK is the difference in pay between male and female employees and the persistent low position of part-time workers, the majority of whom are women. The last two decades have seen a slow convergence of male and female employees' average pay. Relative to male full-timers' average hourly pay (overtime included), pay for all female employees (full-time and part-time) increased from 66 percent in 1984 to 78 percent in 2006. The trend has been rather unsteady and is marked by two periods of catch-up: 1987-1992 and 2002-2005. Indeed, during what we might call the lost decade of 1992-2002, women's average relative pay improved by just one and a half percentage points, from 70.5 percent to 72.0 percent. This process of slow and unsteady convergence mirrors that of the 1970s when, following the introduction of the Equal Pay and Sex Discrimination Acts (1970 and 1975), there was a rapid and significant improvement in women's earnings up to around 1977 and subsequently no or very little improvement until the late 1980s (Harkness 1996).

Trends in women's pay are quite distinctive for full-time and part-time workers. Comparing both groups to male full-timers (as a wage standard), women in full-time work experienced an increase in relative pay of close to ten percentage points, whereas women in part-time work saw an improvement of less than five percentage points (figure 9). What we see over this period, therefore, is a growing pay gap between women in full-time and part-time work. Average earnings for female part-timers were 78% of female full-timers in 1984, but dropped to 75% in 2006. This is largely the result of the greater concentration of female part-timers among low wage workers and the growth in wage inequality among all groups of workers during the last two decades.

Figure 9. Changes in the gender pay gap



Note: Average gross hourly earnings, including overtime, for employees on adult rates whose pay for the survey period was not affected by absence. Average pay for all female employees for 1984-2003 are calculated using employment figures for full-time and part-time employees from the Labour Force Survey to improve the accuracy of New Earnings Survey data which under-represent female part-time workers.

Source: New Earnings survey (1984 to 2003) and Annual Survey of Hours and Earnings (1997 to 2006).

Wage structure

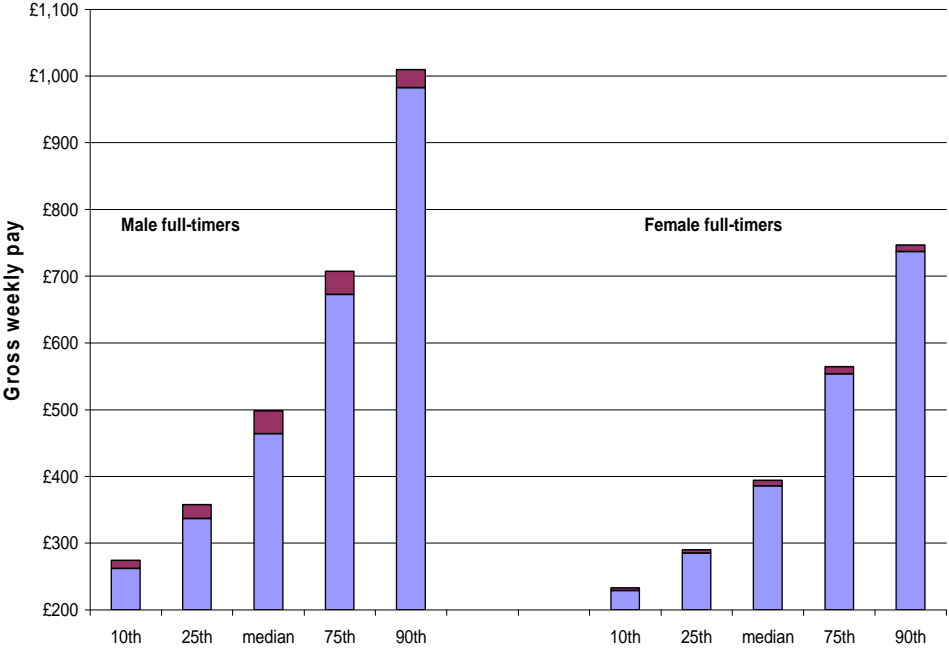
In addition to a standard rate of pay for the job, many employees in the UK receive forms of variable pay, predominantly as performance-related pay, profit-related pay or employee share schemes. 2004 data from the Workplace Employment Relations Survey suggest 40 percent of workplaces used performance-related pay schemes and in more than half of these, they were paid to both managerial and non-managerial employees (Kersley et al. 2006: 189-193). Such schemes were more common in private sector workplaces than in public sector workplaces and especially prevalent in the financial services sector where 82 percent of workplaces used some form of performance-related pay. Curiously, in manufacturing, performance-related pay was more common in unionised workplaces than in non unionised workplaces (51 and 33 percent, respectively) (op. cit.). Differences in survey questions make assessment of trends difficult, but it seems that there has been a fairly substantial increase in the use of incentive pay schemes, or performance-related pay. In 2004, 32 percent of continuing workplaces had PRP schemes, up from 20 percent in 1998 (op. cit.: 191).

Profit-related pay schemes were used in close to one third of UK workplaces (30 percent). In two thirds of cases, the schemes extended to non managerial employees. Again, the highest incidence is in financial services (67 percent of workplaces). Also, use is greater in foreign-owned workplaces than in domestic owned workplaces (50 and 34 percent). Again, it is difficult to assess changes over time, but the best estimates suggest little change since 1998.

Finally, one in five workplaces (21 percent) use some form of employee share ownership scheme (ESOS) and in four fifths of cases they covered non managerial employees; indeed, in three quarters of workplaces where an ESOS was used, the scheme covered all non managerial employees. Like profit-related pay schemes, there is no evidence of change in the incidence of use of ESOS during the period 1998-2004.

A further common source of additional income is overtime pay. There is a strong gender divide in access to overtime earnings. Among men in full-time work, overtime makes up close to 7 percent of the median level of gross weekly pay and among women just 2 percent (ASHE data, own calculations). Figure 10 shows the gross weekly wage with overtime pay for men and women at different points of the wage distribution. For male full-timers, the share of overtime pay is highest at the middle of the wage distribution and reduces to around 4 percent at the lowest decile and just 3 percent at the highest decile. Among female full-timers, overtime makes up only between 1 and 2 percent of the weekly wage at all points of the wage distribution.

Figure 10. Weekly pay, including overtime pay, for male and female full-time employees



Note: Gross weekly pay for full-time employees; own calculations.
 Source: ASHE.

iii) Working time and work organization

Issues of working time have been high on the UK political and policy agenda since around the mid-1990s. Discussions have focused on operating and opening hours, the expansion of part-time work, the need to balance work and life, and the gradual withdrawal of additional payments for working unsocial hours. Results from the widely quoted Working in Britain survey show that the greatest decline in job satisfaction during 1992-2000 occurred because of the hours people are now required to work (White et al. 2004); levels of satisfaction with hours worked dropped from 35 percent to 20 percent among men and from 51 percent to 29 percent among women (op. cit.). What is notable about these results is their commonality among all occupational groups, with highest levels of dissatisfaction occurring among higher level professionals and managers at one end and semi and unskilled manual workers at the other end (op. cit.).

Long hours

Part of the problem is the long hours of many British workers. Average working hours among full-time workers have actually fallen in recent years (from close to 39 hours per week in

1998 to 37.4 hours in 2004), but long hours persist for a sizeable share of the workforce. Table 9 points to a slight decline in the share of workers working more than 45 hours per week, but the number is still high compared to other countries, amounting to almost 30 percent of men and over 9 percent of women.

The Working in Britain survey reveals that of those working long hours, 83 percent did so because of pressures to meet deadlines and 75 percent because it was a job requirement, compared to just 39 percent who worked long hours to earn extra money. Such reasons differ by occupational group (table 10). As is well-known, the UK has retained its opt out from the European Directive on Working Time. A survey undertaken in 2001 of workers' experiences of the Working Time Regulations shows a significant share (13 percent) usually work more than 48 hours per week (Stevens et al., 2004). Three in four of these workers had signed a written agreement with their employer to opt out of the Directive and nearly 60% said they would be happy if their employer limited their hours to 48 per week. The same survey also revealed that where a long hours worker had experienced a problem with their hours, in 50% of cases this had not been resolved (op. cit.).

Table 9. Usual weekly hours worked, by percentage share of employees, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
<i>All persons</i>							
Less than 6	1.4	1.3	1.2	1.3	1.2	1.2	1.5
6-15	7.7	7.4	7.1	7.4	7.4	7.0	7.0
16-30	16.1	16.6	16.9	17.3	17.6	17.7	17.5
31-45	52.3	52.8	53.4	53.5	54.3	54.6	53.5
More than 45	22.5	22.0	21.3	20.5	19.5	19.4	20.6
<i>Men</i>							
Less than 6	0.6	0.5	0.5	0.7	0.5	0.6	0.7
6-15	3.0	3.0	3.2	3.2	3.2	3.3	3.3
16-30	4.9	5.2	5.3	6.1	6.2	6.5	7.3
31-45	56.8	57.8	58.7	58.8	60.4	60.4	58.7
More than 45	34.7	33.6	32.3	31.3	29.7	29.2	29.9
<i>Women</i>							
Less than 6	2.3	2.1	1.9	1.9	1.9	1.9	2.4
6-15	12.7	12.0	11.3	11.8	11.7	11.0	11.3
16-30	28.2	28.8	29.3	29.2	29.6	29.5	29.7
31-45	47.5	47.6	47.8	48.0	47.9	48.5	47.3
More than 45	9.3	9.5	9.7	9.1	8.9	9.2	9.6

Source: Labour Force Survey (March-May data for each year).

What these data reveal is the apparent weakening of the standard hours-based approach to full-time work (where employment is defined in relation to some known standard of working hours) towards a results-based definition of full-time work, where working time is whatever is required to complete the allocated tasks, or reach a target performance level. This increases the stresses and strains experienced by full-time workers, with potential health risks. Case studies show that employers are using time to secure greater effort from workers, either through the intensification of work (increasing the mix of 'active' to 'non active' periods) or prolonging hours of work by requiring staff to stay at work longer or work from home to get the job done (Rubery et al. 2005a). Five strategies can be identified:

1. Use of flexible scheduling to match hours worked with consumer demand
2. Remuneration of overtime with time off in lieu rather than additional payments, but difficult to exercise because of time pressures or staff shortages

3. Reduction of ‘core hours’ of part-time workers with additional hours directly linked to variation in consumer demand
4. Extension of operating hours with no increase in staff numbers
5. Linking of time schedules to tighter job specifications (op. cit.: 99).

Table 10. Reasons for working long hours, % of employees by occupational group

	Job requirement	Deadlines	Money	Work satisfaction
Higher level professionals/ managers	68	90	14	66
Lower level professionals/ managers	71	80	19	58
Higher admin/ clerical/ sales	58	81	42	58
Lower admin/ clerical/ sales	66	53	50	47
Technicians/ supervisors	76	77	47	45
Skilled manual	59	77	81	28
Semi and unskilled manual	66	65	70	43

Source: Employment in Britain survey 2000 (White et al. 2004)

The findings point to a growing disconnect between the temporal order of working life and family/social life (Dex 2003), as well as the intensification of effort levels at work. The removal of the temporal boundary between social and unsocial hours, or work and free time, is justified by managers in the case study evidence in terms of pressures to meet customer needs (Beynon et al. 2002). Intrusions into family and private life are experienced by many workers, but there appears to be a sense of inevitability about such changes towards more unsocial hours working and a diminishing ability to organise one’s private life. Thus, in a context of a radical weakening of the power of unions in the British workplace, managers appear relatively free to exercise their prerogative in the deployment of labour.

Shift work

Shift work is the means used most by UK employers to extend operating hours (Smith, Bosworth and Carroll, 2007). Data on shift work shows that while the proportion of workers who work shifts sometimes or most of the time has changed little (from 16 percent to 18 percent during 1993-2003), it has increased significantly in many industries (*Labour Market Trends*, Jan. 2004). The sector where shift work is most common is transport and communication, where more than one in four workers work shifts (30 percent of men and 19 percent of women in 2003, up from 14 percent of women in 1993). The sector where change has been greatest for both men and women is distribution, hotels and restaurants. The share of men working shifts increased from 11 percent to 17 percent over 1993-2003 and the share of women from 10 percent to 15 percent. Of the different types of shift working (eg. 3-shifts, 2-shifts, night shifts, weekend shifts, etc.), the most common type is the double day shift, with two shifts of eight hours each alternated between early (eg. 6am-2pm) and late (2pm-10pm) over weekly or longer periods. 29 percent of male shift workers worked this system and 31 percent of female shift workers.

A 2001 survey of night workers finds that they are disproportionately likely to be men and twice as likely as the general workforce to suffer from an illness or disability (DTI 2004b: figure 4.9). Working hours tend to be long for night workers, with 47 percent stating they worked on average 9 hours or more per shift, and 22 percent working 12-14 hours on average (op. cit.: figure 4.8). Unsurprisingly, therefore, 48 percent of night workers said they would prefer to work fewer hours at night and 39 percent said they would still be willing to work fewer hours even if this meant less money.

The same survey also finds that 15 percent of the workforce do not enjoy proper rest breaks,

whether defined as the lack of one day off work each week (3 percent), or the lack of a 20-minute break during a working day of more than six hours (8 percent), or the lack of at least 11 hours off work in every working day (that is, each 24 hour period) (6 percent) (DTI 2004: 41).

Part-time work

While all workers have experienced transformation in the way time is organised in the British workplace, it is perhaps the part-time worker who is in an especially vulnerable position. This is an area at the centre of major public and academic debate in the UK. There are 7.4 million workers in the UK, one in four of all workers (44 percent of women and 11 percent of men - 2005 data). Part-time work involves a range of hours: 30 percent of female part-timers and 38 percent of male part-timers work in 'mini-jobs' (1-15 hours) and the rest in 'half-time' jobs (16-30 hours) (table 9 above). Since 2000, the share of men in part-time work has risen, albeit from a low level, from 8.5 percent to 11.3 percent in 2006, and the share of women has remained relatively stable at the higher level of 43 percent.

Part-time work in Britain is concentrated among the low paid and low skill occupational groups, reflecting on the one hand problems of sex segregation and sex discrimination and, on the other hand, obstacles to the development of quality part-time jobs caused by general restructuring of time at work. The Equal Opportunities Commission has recently commissioned a number of studies to investigate the vulnerable position of part-time workers and reports the following findings (see EOC 2005 for a review):

- 1 Part-time workers receive 40 percent less training than their full-time counterparts (Francesconi and Gosling 2005)
- 2 For each year of part-time employment, hourly wages decrease by 1%, compared to annual increase of 3 percent for full-time workers (Olsen and Walby 2004)
- 3 There is a large penalty on lifetime earnings among women who always remain in part-time work, and even those who switch to full-time work after just one year in part-time work suffer a 10 percent earnings penalty after 15 years in employment compared to a similar worker in continuous full-time work (Francesconi and Gosling 2005)
- 4 Part-timers are more likely than full-timers to be hired on fixed-term, seasonal or casual contracts (Francesconi and Gosling 2005)
- 5 Part-time workers have less bargaining power than full-timers: 21 percent of part-timers are trade union members compared to 32 percent of full-timers (Hicks and Palmer 2004)
- 6 While white workers are over-represented among female part-timers, among male part-timers black, Pakistani and Bangladeshi workers are over-represented (Francesconi and Gosling 2005)
- 7 Case studies (Grant et al. 2005) and survey results (Darton and Hurrell 2005) suggest that four in five part-time workers are employed in jobs below their potential, either because they held previous jobs where required qualifications or skills were higher, or are employed in jobs that do not use their latent potential (table 11).

Table 11. Part-timers working below their potential

	Working below past potential	Not using latent potential	All part-timers working below potential	All part-time workers
Women	50% (2.7 million)	29% (1.6 million)	79% (4.3 million)	100% (5.4 million)
Men	54% (0.9 million)	33% (0.5 million)	87% (1.3 million)	100% (1.5 million)
Total	51% (3.6 million)	30% (2.1 million)	81% (5.6 million)	100% (6.9 million)

Source: Darton and Hurrell (2005: table 3.1).

The restructuring of organisations, and associated change in employment policies and practices, has contributed to the poor working conditions of part-timers. In particular, the undermining of the time-based numeraire impedes the development of quality part-time jobs. As Rubery et al. (2005b) argue:

‘The more that full-time or standard employees are required to work extra and unpredictable hours to meet results-based targets, the harder it is to integrate part-timers into the system of work organisation on an equal basis. The likely consequences may include restricted opportunities to work part-time, part-time jobs organised in different career structures to full-timers, or pressure on part-timers to work extra hours to meet results targets, thereby in part negating the purpose of the part-time contract as part-timers’ hours begin to approach those recorded by full-timers where hours-based contracts remain’.

iv) Working rhythms and stress at work

The tendency for UK employers to increase work intensity has been the object of much academic and media interest since the 1990s. Surveys find significant evidence of an increase in work intensification. Burchell’s data for 1998 shows that more than 60 percent of employees claimed to have experienced an increase in the speed of work and/or effort during the previous five years, compared to only 4-5 percent who reported a reduction (Burchell 2002). Using the results from national staff surveys carried out in 1992, 1997 and 2001⁹ Green (2004) suggests that although work intensification did increase over the whole of this period, the intensification actually took place during the early part of the 1990s up to 1997 and then stabilised. In the media, popular commentaries have focused on the ramifications of high job demands and work overload for a worker’s psychological health and wellbeing, following a great number of academic studies into the connections between work demands and health (including measures of fatigue, depression, psychological distress, emotional exhaustion, etc.). For example, drawing on a widely reported survey into job insecurity and work intensification, Wichert found a strongly significant relationship between work intensification and psychological wellbeing, as well as a negative relationship with hours of sleep (2002: table 5.2) – findings that are confirmed in the larger European Survey on Working Conditions where employees working at speed were more likely than other employees to suffer every single illness included in the survey. Also, Nolan (2002) finds a strong positive correlation between measures of work pressures (especially the ‘sheer quantity of work’) and job-related tensions experienced in the home (op. cit.: figure 6.3).

A notable aspect of much of the research into work intensification is the finding that this is experienced by a wide range of workers in both high and low skilled occupational groups. Qualitative data reveals work intensity among managers, such as the following:

⁹ Employment in Britain Survey, 1997 Skills Survey, 2001 Skills Survey

Jobs built up that I felt I had no control over completing and I wasn't able to – as hard as I worked and I worked all the hours under the sun – but every day things would be added to my list that would never get done. So I ended up, well, I got stressed (Account Manager in a utilities company, cited in Wichert 2002: 101).

My manager said last week. 'Don't take your work home with you'. I just thought that was the most stupid thing you could ever say ... because you do. I know I'm stressed and I kick it out on the wife, the kids, the cat and just about anything really (Manager in a financial services company, cited in Nolan 2002: 121).

While evidence has been found across a range of sectors of economic activity, it is perhaps the call centre workplace where the most research has been undertaken to try and identify the causes and consequences of intensive work effort (eg. Bain et al. 2002, Thompson et al. 2004). Studies show that work effort in call centres is characterised by limited control over the pace of work or the number and timing of breaks and an inability to plan work and to set targets. For example, Taylor et al. found 46 percent of employees surveyed in two call centres reported no control, or only a little, over their own pace of work, and 61 percent had no, or only a little, control over the timing of breaks (2002: table 2). Such forms of Taylorised work organisation have also been found to have been imitated in Indian workplaces providing offshored services to UK firms, especially given that it is typically the most standardised and least risk-laden processes that are offshored from the UK (Taylor and Bain 2005).

Research by work psychologists has identified intensified rhythms of working life as causing 'spillovers' of negative emotion from the workplace to the household. Conflict between work and family is caused by increasing time at work (reducing time and energy available for family life), work stressors (which cause psychological strain at home) and dysfunctional behavioural traits adopted at work (such as aggressive or political styles). Perhaps unsurprisingly, among employees facing high pressures from quantity of work, parents experience greater tensions in the home than non-parents (Nolan 2002: figure 6.6).

v) Health and safety

The central UK inspecting agency is the Health and Safety Executive, whose work is overseen by the Health and Safety Commission, a tripartite organisation with members from government, employers and trade unions. The Health and Safety Executive is responsible for enforcing health and safety law in more than 650,000 workplaces, particularly those considered to be 'high risk' such as factories, construction sites, quarries, hospitals, schools and universities, farms, mines, nuclear installations, offshore oil platforms and fairgrounds.

Local government Environmental Health Officers have responsibility for health and safety inspections and enforcing the law at 'low-risk' workplaces employing about 8.5 million people in total. These include shops, offices, hotels, restaurants, wholesale and retail distribution premises, residential care homes and the leisure industry.

Both HSE Inspectors and Environmental Health Officers have very wide powers to prosecute, issue notices halting dangerous work and demand improvements. They do not need a warrant to enter premises. However, routine inspections can be infrequent - a report by the Centre for Corporate Accountability found that only one in 20 workplaces was inspected in 2000/2001 (Labour Research, 2002).

The principal statute in the field of health and safety at work is the Health and Safety at Work Act (1974). Breach of the Act is a criminal offence and can lead to fines or imprisonment. Further EU derived regulations strengthening the existing legislation were adopted in 1993.

Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (1995), workplace accidents and injuries are required to be reported to the appropriate enforcing authority.

The reporting of trends for health and safety at work tends to distinguish between accidents and illness caused by work. There has been a bifurcation of trends over the last five years or so. While the risk of fatal and major injuries has remained relatively constant, the incidence of work-related illnesses steadily declined and then abruptly increased during 2006-07 for reasons that are unclear.

Fatal and major injuries

In its role in monitoring accidents at work, the Health and Safety Commission set a target to reduce the incidence rate of fatal and major injuries by 10 percent between 2000 and 2010, with half the progress (5 percent) achieved by 2005. This mid-term target was not met and the trend since then has been at a constant rate, fluctuating around 111-121 reported injuries per 100,000 employees (HSC 2005).

The British workforce experienced 241 deaths from work-related accidents in 2006-07, a rate of 0.8 per 100,000 workers. Causes included falling from heights and being struck by a moving object or vehicle. Some industries are far more risky than others. Construction accounted for almost one third of all fatalities (77 in 2006-07), and a high rate was also found in agriculture (34 deaths). The number of work-related deaths has fluctuated around 200-300 since 2001 (a rate of around 1.0 per 100,000 workers), but prior to this the trend was a slow decline from around 500 in 1981 (HSC 2005).¹⁰ Compared to other EU member states, the UK compares favourably with respect to the number of fatalities at work. Figure 11 shows that the average annual rate of fatalities in 15 member states in 2003 was 2.5 per 100,000 workers and that Britain has the lowest rate of 1.1 per 100,000.

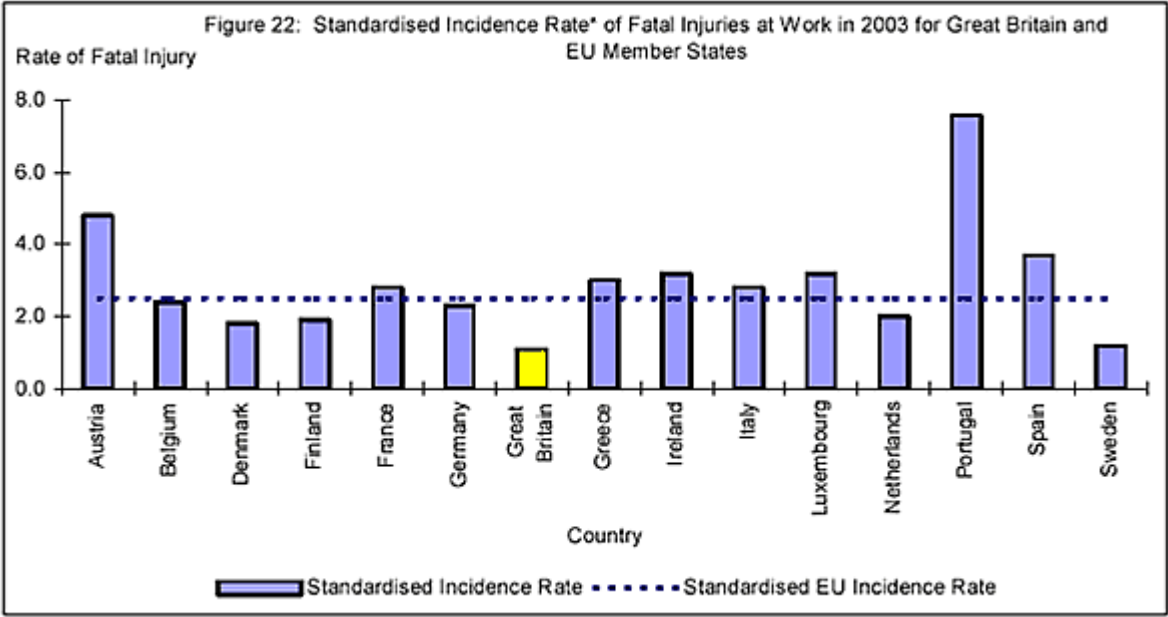
Major, non fatal injuries were reported by 29,450 workers in 2006-07, a rate of 97.1 per 100,000 workers. Mining is the riskiest industry with 803 major injuries per 100,000 workers.

The risk of fatal injuries has remained higher for self employed workers than for employees throughout the recent period; in 2006-07, this risk was twice as high (rates of 1.4 and 0.7, respectively, per 100,000 workers) presumably due to the high incidence of self-employment in the construction sector. However, the reverse pattern holds for the risk of major and over-3-day injuries. In 2006-07, there were 107 major injuries for every 100,000 employees compared to 30 injuries for every 100,000 self employed workers. Rates for over 3-day injuries were 428 and 29, respectively (HSC 2007).

Reflecting the differential composition of employment across sectors, men and women experience very different risks of work-related injuries. Men are more than twice as likely as women to experience injuries defined as 'major' or 'over-3-days'. Among men there were 167 cases of major injuries in 2004-05 compared to 66 among women, and 665 over-3-days injuries compared to 265 cases among women (Health and Safety Executive database). All age groups, from 16 to 64 years old, appear to be at a similar level of risk.

¹⁰ Data derive from ONS data (sourced from Health and Safety Executive), <http://www.hse.gov.uk/statistics/overpic.htm>.

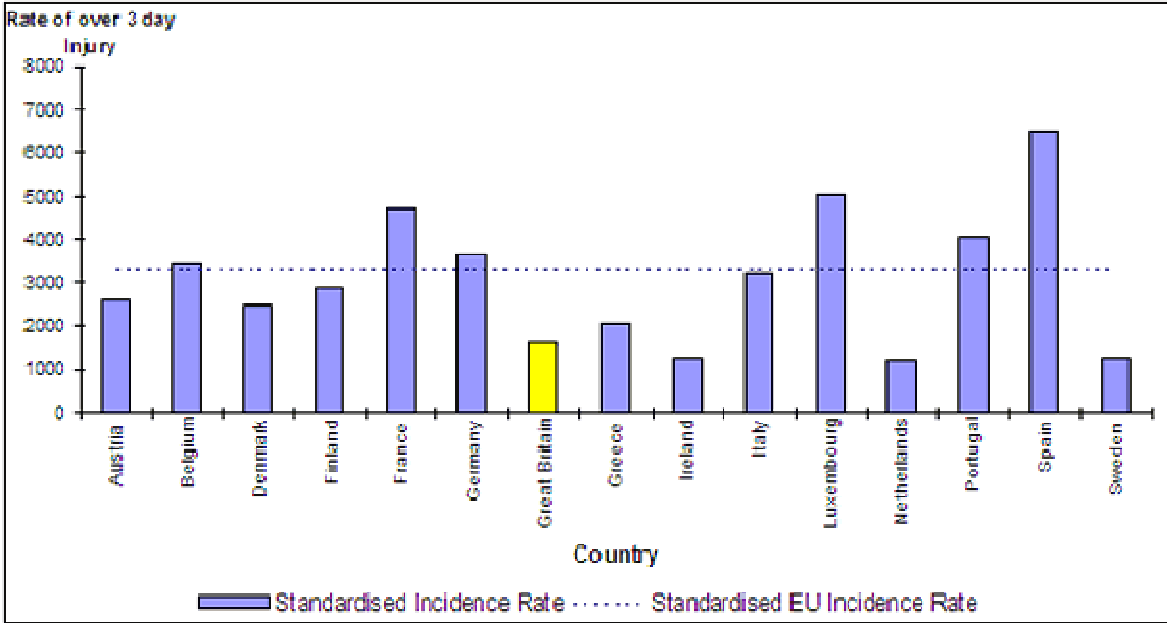
Figure 11. EU comparisons for rate of fatal injuries (2003)



Source: HSE press release accessed at <http://www.hse.gov.uk/press/2007/c07007.htm>

Again, the UK compares well with other EU member states on over-3-days injuries, with one of the lowest rates per 100,000 workers along with the Netherlands, Sweden and Ireland (figure 12).

Figure 12. Standardised Incidence Rate of over 3 day accidents at work in Europe by member state, 2003



Source: HSE, accessed at <http://www.hse.gov.uk/statistics/european/headline.htm>

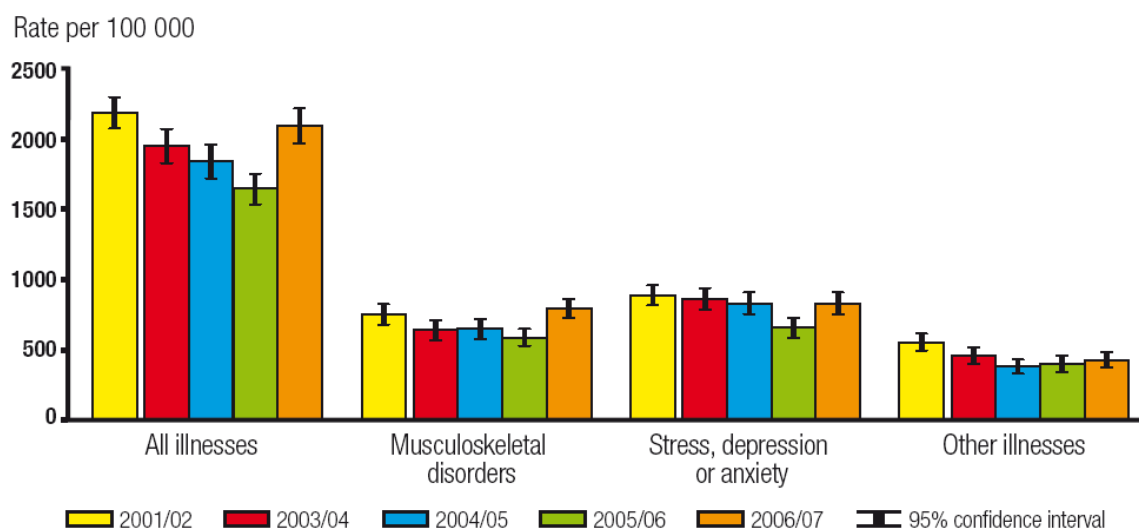
Work-related illnesses

Regarding work-related ill health, the HSC set a more ambitious target than that for accidents, aiming for a 20 percent reduction of the rate of work-related ill health between 2000 and 2010. However, data for 2006-07 show that the pro rata target of a 14 percent reduction by 2006-07 has not been achieved. Positive progress was made between 2001-02 and 2005-06 when the rate of cases of work-related ill health fell from 2,180 to around 1,600, but then a dramatic reversal was recorded for 2006-07 and the rate increased to 2,090 per 100,000 workers (figure 13).

2.2 million workers reported ill health due to work in 2006-07. Around three quarters of the complaints were related to musculoskeletal disorders (with 493,000 back-related problems, 426,000 problems with the upper limbs and neck and 224,000 problems with lower limbs). The second most common problem reported was stress, depression or anxiety, affecting more than half a million people (530,000) (HSC 2007).

Sectors with a high risk of work-related ill health look different to those where workplace accidents are most likely to occur. In 2004-05, the highest rates of ill health were reported for health and social work (4,800 cases per 100,000 workers), public administration (4,300 cases) and education (3,900) joint with construction (3,900) (HSC 2005: figure 8).

Figure 13. Estimated incidence rates of self-reported work-related illness among workers



Source: HSC (2007: figure 12).

Violence at work

A new focus of academic and policy attention in the UK has been directed at work-related violence – both physical and non physical (eg. abuse and bullying) – arising from colleagues, managers or customers. The UK Home Office recorded 655,000 incidents of work-related violence in England and Wales in 2004-05. The trend since 1995 is a decline in incidents, down from 1.3 million (table 12). Occupations most at risk include (in descending order) protective service occupations, managers and proprietors in agriculture and services, transport and mobile machine operators, leisure and personal service occupations, health and social welfare associate professionals and health professionals (Home Office 2005: Table A27). But physical violence occurs across a range of sectors. For example, in retail, incidents of physical violence increased by 14 percent between 2003 and 2004 and verbal abuse rose by 35 percent

(British Retail Consortium crime survey). Areas of public administration have had a great deal of media attention; PCS, the trade union representing workers in job centres, was quoted as saying some job centres were fast becoming like the ‘wild west’ because of the ‘alarming’ rise of violence – 329 cases of physical violence were recorded in 2004-05 compared to 203 in 2002. And in the airline and rail industries, a study by Boyd (2002) found high levels of physical and verbal abuse:

I was attacked on the train when I was on duty. The man who attacked me was arrested but I haven’t slept for six months since and I am afraid to go to work but I never speak about it (Railway Customer Operations Leader, male)

I have had a drink thrown over me. I have been spat at and pushed over (Cabin crew, male).

Quotes cited in Boyd (2002: 161).

Table 12. Number of incidents of violence at work, 1991-2004/05
(thousands)

	1991	1995	2000	2001/2	2002/3	2003/4	2004/5
Assaults	404	645	463	354	431	192	317
Threats	443	652	459	403	418	259	339
All violence at work	847	1310	922	757	849	451	655

Notes: based on adults of working age in employment
Source: Home Office, British Crime Survey (2005).

Non-physical forms of violence have received increasing attention in recent years (see, for example, Boyd 2002, Einarsen et al. 2003). The major UK trade unions all have dedicated advice and guidelines for members on how to deal with bullying at work, for example, and report figures of up to 2 million workers who have experienced violence or bullying, largely by their immediate supervisor or manager. And in November 2005, the TUC called for new legislation to outlaw bullying at work.

vi) Access to training

Given the UK’s poor record at generating high skill jobs, there is a strong case for encouraging and/or requiring high levels of access to well-resourced programmes of vocational training. All the evidence points to a persistence of what Finegold and Soskice in the late 1980s labelled a ‘low-skill equilibrium’. And survey data for the late 1990s illustrate the magnitude of the problem. Table 13 shows that across all UK workplaces, 50 percent of employers believed just 25 percent or less of their non managerial workforce could be said to be skilled and 19 percent of employers believed their workplace had *no* skilled employees. In wholesale and retail, 40 percent of employers believed none of the non-managerial workers were skilled, and in financial services this figure was 57 percent - both sectors notable for their high share of female workers.

The UK continues to have a poor record on provision of vocational training. However, some commentators are optimistic about the potential of recent reforms to improve the country’s skill base. The Sector Skills Councils (SSC) initiative was launched in 2001 and by 2006 the full raft of 25 SSCs were established across the country, covering an estimated 89 percent of the workforce. The Sector Skills Development Agency provides a network of development and support for each of the SSCs. Each SSC is led by employers to identify the skills needed in each sector to improve productivity and to improve the supply of skills through design of

apprenticeships, higher education and National Occupational Standards (Sector Skills Development Agency website¹¹).

Part of their remit is to solve the collective action problem by bringing employers together to agree priorities for skills and to draw up a 'Sector Skills Agreement'. All 25 SSCs are expected to draw up an Agreement by March 2008; nine had done so by the end of 2006-07 (SSDA 2007). For example, as part of their Sector Skills Agreements, employers in the film industry have agreed a collective training levy to fund technician training and the construction industry has established a 'license to operate' through its Sector Skills agency .

Table 13. Employer perceptions regarding the proportion of skilled employees among non-managerial workers, by sector, 1998

	% of workplaces with no skilled employees	% of workplaces with 1-25% skilled employees	% of workplaces with 26-50% skilled employees	% of workplaces with >50% skilled employees
Manufacturing	4	40	20	37
Electricity, gas and water	2	8	21	68
Construction	19	12	14	54
Wholesale and retail	40	38	10	12
Hotels and restaurants	21	61	9	8
Transport and communications	33	42	9	15
Financial services	57	23	13	7
Other business services	12	18	23	47
Public administration	27	31	13	29
Education	0	2	42	55
Health	22	33	23	22
Other community services	17	36	16	31
All workplaces	19	31	20	30

Source: adapted from Cully et al. (1999: table 3.4).

Also, a Skills White Paper released in March 2005 (op. cit.) outlined what appear at first sight to be a range of relatively innovative policies, including:

- a new National Employer Training Programme which will identify the training needs of firms through a network of brokers and establish the right, and funding, for every adult who does not have NVQ level 2 skills to acquire them (from Spring 2007);
- a commitment to provide Level 2 training to people out of work;
- a new network of 12 employer-led Skills Academies which will provide a centre of excellence in key sectors (following the model of the Fashion Retail Academy set up by the Arcadia retail group); and
- an increase in the number of trade union learning representatives (from 8,000 to 22,000) with funding for a Union Academy providing skills to trade unions.

¹¹ <http://www.ssda.org.uk/ssda/default.aspx?page=2> (accessed November 2007).

This was followed up by a widely publicised review of the skills need in a global economy – the Leitch Review (HM Treasury 2006). This report recommended a strengthening of the role of Sector Skills Councils (eg. by only allowing public funding for vocational qualifications where the content has been approved by the relevant Sector Skill Council), a new ‘pledge’ for employers to voluntarily commit to train all eligible employees up to NVQ Level 2 in the workplace, and to increase training investment up to levels 3 and 4 and increase apprenticeship volumes in the workplace (that is, to extend current ‘Train to Gain’ policy). Public procurement policies, changes to national minimum standards and increased regulation (for example, in the care sector) have also had the effect of encouraging more training. Employers providing residential or domiciliary care have to ensure that at least 50 percent of their employees are trained to a minimum of NVQ level 2, and similar standards apply in the childcare sector.

While it may be too early to comment on the results of current reforms, recent case studies find ongoing problems associated with a lack of policy levers to encourage employers to introduce innovative demand-side shifts (in work organization, product market strategy, etc.). First, studies of the impact of the minimum wage expected to find some evidence of employers responding to the need to raise wages by investing in skill development, but the bulk of firms in most surveys report no change (Arulampalam et al., 2002; Heyes and Gray, 2003; Miller et al., 2002) and there has been no discernible impact of the NMW on UK productivity (Forth and O’Mahony, 2003; LPC, 2003: 56-7).

Second, evidence from case studies of large organisations suggests a withdrawal by employers from providing the kind of training that used to equip employees with the knowledge required to move incrementally up the job ladder. Instead, employees are encouraged to access training programmes which often involve little more than a formalisation of informally acquired skills (Grimshaw et al. 2002). Such changes represent a weakening of internal labour market structures and present a serious challenge for new labour market entrants, especially those who lack graduate qualifications.

Third, evaluation of the Modern Apprenticeship suggest an emphasis by government on achieving volume over attention to training content and problems with the take-up of apprenticeships in service sectors where take-up is high but achievement is low – one in ten leavers completed a level 3 qualification compared to four in ten in engineering (Fuller and Unwin 2003). The problem reflects a disconnect between government policy and training needs; services firms in the UK do not, as yet, display a genuine demand for intermediate skills - they lack a tradition of apprenticeship programmes and often lack the required institutional infrastructure (op. cit.). Many jobs remain poorly designed with narrowly specified and repetitive tasks, close supervision and minimal discretion (Beynon et al. 2002, Brown et al. 2001).

vii) Coverage by social security

In 1997 the new Labour Government inherited a ‘welfare landscape not of its making – its pragmatic response was to accept or modify the reforms that appeared to work, and reject those that did not’ (Powell, 2000). This is illustrated in particular by two major areas of policy reform - welfare reform and pension reform.

Welfare Reform

Welfare reform policies are designed to provide ‘work for those who can and security for those who cannot’ (Department for Social Security, 1998). Central to the reforms have been the government’s welfare-to-work policies including New Deal programmes, the expansion of

means-tested benefits, and a range of in-work benefits for those of working age. Shortly after taking office the government merged the Employment Service and Benefits Agency to create a network of offices known as Jobcentre Plus. Through these offices unemployed people who are available for, and actively looking for work may claim Jobseeker's Allowance and obtain help in finding work. They also administer Incapacity Benefit for the long-term sick and disabled. In accordance with its stated aim of reducing the number of economically inactive claimants the Government has introduced a number of 'New Deal' initiatives targeted at specific groups: young people, people over 25, lone parents, the disabled, partners of unemployed people and people over 50. Joining the New Deal programme is mandatory for people in the first two groups who have been unemployed long term. The programme also seeks the support of employers by encouraging them to recruit from among the unemployed (Department for Work and Pensions, 2006). There is a range of initiatives open to new deal participants to help them find work, including access to a personal adviser.

Table 14 shows that there has been a steady fall in the claimant count during the period 1996 – 2006. However the UK still has one of the highest rates in the EU of young people aged 16-19 not in education, employment or training (NEETS) and they are outside the statistics and measures described above as they are not counted as being unemployed.

Table 14. Claimant Count – Unemployment Related Benefits

	All Persons (000s)	Rate (All)	Men (000s)	Rate (Men)	Women (000s)	Rate (Women)
1996	2122.2	7.0	1610.3	9.9	512.0	3.7
1997	1602.4	5.3	1225.1	7.5	377.3	2.7
1998	1362.3	4.5	1037.7	6.4	324.7	2.4
1999	1263.0	4.2	963.5	5.8	299.5	2.2
2000	1102.3	3.6	839.6	5.1	262.6	1.9
2001	983.0	3.2	746.8	4.5	236.2	1.7
2002	958.8	3.1	723.8	4.3	235.0	1.6
2003	945.9	3.0	707.4	4.2	238.5	1.7
2004	866.1	2.7	643.0	3.8	223.1	1.5
2005	874.4	2.7	646.5	3.8	227.9	1.5
2006	956.7	3.0	703.6	4.0	253.2	1.7

Source: Office for National Statistics

To complement measures aimed at getting people into work and off benefits, the Labour government also introduced measures for low paid workers, aimed at keeping them in work and on an adequate income. These include the National Minimum Wage and the National Childcare Strategy (discussed elsewhere in this report). A new means-tested benefit for low-paid families with children, the Working Families Tax Credit, has now been separated into the Child Tax Credit and Working Tax Credit, the latter also now available to single people and couples without children. These benefits are administered by HM Revenue and Customs and are paid immediately via the employer, ensuring that the transition from welfare to work pays straight away. This benefit may enable people to claim associated benefits such as Housing Benefit, Council Tax Benefits and help with health costs. However, one problem with tax credits is that in couple households they are jointly owned and assessed. Not only can this be seen as conflicting with the independent taxation system introduced in 1990 which finally recognised married women as having individual, independent incomes but it could be a disincentive to second earners (Bennett, 2005). But the Government's emphasis has been on reducing the number of workless households and, by extension, child poverty, rather than increasing the number of individuals in the labour market.

Evans (2001) acknowledges that the welfare reforms introduced by the Labour Government, including the New Deals, have 'fostered social and economic integration and have expanded active labour market programmes to the unemployed' (p265). They have also extended advice on employment to previously neglected groups. However, he questions the extent to which government policy encourages investment in human capital. He criticises the 'work first' approach and advises that

Future policy will have to balance work with education and training more carefully over a longer time horizon than one that merely focuses on leaving welfare and getting a job (Evans, 2001: 265).

In July 2007 the government published a Green Paper, 'In work, better off: next steps to full employment' (DWP 2007). It appears to address the issues raised by Evans (above) not just by introducing measures to help those who are most disadvantaged in the labour market to find work, but including a more integrated skills and employment agenda. Other measures include a 'jobs pledge' through Local Employment Partnerships in which major employers in both the public and private sectors will be expected to offer a quarter of a million job opportunities, an expectation that lone parents will eventually move into the labour market, new measures to help Incapacity Benefit claimants find work, and a requirement for people still on benefits after a defined period to undertake a period of full-time work experience. The Trades Union Congress has largely welcomed these measures, since they imply a move away from the 'work first' approach whereby participants are expected to take any job or risk losing benefits. It has, however, in its October 2007 response to the Green Paper, voiced a number of concerns. These include:

- Concerns about contracting out services for hard-to-help jobseekers to private and voluntary organisations, especially faith organisations;
- Despite legislation, employers' discriminatory attitudes towards certain groups could undermine the Jobs Pledge and make a harsher regime towards finding work unjustifiable;
- Making lone parents with older children claim Jobseekers Allowance rather than Income Support implies they are actively seeking work and could ultimately lead to suspension of benefit. Promises of suitable childcare may or may not be realised;
- Concerns about measures to reduce the number of incapacity benefit claimants. While the TUC welcomes measures to help people with disabilities find work on an equal basis, it is opposed to measures to force people whose physical or mental condition makes paid work difficult or painful.

But perhaps the TUC's harshest criticism is directed at the introduction of 'workfare' whereby after a 'defined period of time' claimants are required to undertake full-time work experience. While it does not oppose short-term voluntary work experience placements with a guaranteed job at the end, the TUC states its fundamental opposition to compulsory work experience on the grounds that 'it is an extreme form of exploitation to require someone to work without pay' (2007: 8). Furthermore:

- Jobs should be taken by employees paid the rate for the job;
- It discriminates against employers not benefiting from free labour vis-à-vis their competitors;
- It undercuts pay and conditions of existing workers; and
- If workers are only paid benefits, legislation will be needed to exclude them from the minimum wage.

The TUC report concludes:

The TUC supports the Government's objectives of fighting poverty and raising the employment rate, and we strongly support the decision to help disadvantaged jobseekers by making the New Deal more flexible. Unfortunately, we do not believe that the Green Paper plans achieve a fair balance of rights and responsibilities for lone parents or unemployed people, and we fear that contracting-out of provision will short-change those most in need of the system's support (op. cit: 13).

Pension Reform

A second major policy aim of the government has been pension reform. Retirement pensions in the UK can be made up of a complex combination of state provision based on qualifying years of National Insurance contributions providing a basic and second state pension (currently paid at age 60 for women and 65 for men¹²), means tested benefits and private or occupational pensions, contributions towards which qualify for tax relief.

Initial reforms of the Labour Government were aimed at raising retirement incomes of the poorest by extending means-testing via a minimum income guarantee. This was replaced by the pension credit in 2003. The proportion of pensioner households in receipt of pension credit is around 45 percent. If this system were to continue with current uprating policies it would be a disincentive for many people to contribute to occupational or private pensions as the income received would not be sufficient to offset the means-tested benefit. Indeed, the membership of occupational pension schemes has fallen from 10.7 million in 1991 to 9.6 million in 2006 (Government Actuary's Department, 2007). More recently, therefore, the government has looked at reforming the pension system as a whole. Of particular concern is the fact that women are particularly disadvantaged under the current system. Only one quarter of women pensioners qualify for the full state pension on retirement, compared with almost all men. This is because they do not have sufficient national insurance contributions, either because they took time out of paid employment to care for children or relatives, were in part-time work paid below the national insurance threshold (see below), or they paid the married women's national insurance contribution which does not count towards the state pension¹³, or a combination of these factors. Moreover, women are less likely to receive occupational or private pensions.

There has also been considerable concern about the long-term sustainability of the pension system. The fact that people of working age were not saving sufficient amounts to provide a decent income in retirement led the Government to set up the Pensions Commission in 2002 to review pension provision. The Commission produced three reports (Pensions Commission 2004, 2005, 2006). The reports recommend 'a restructuring of certain elements of state pension schemes, a gradual extension of retirement age and the creation of a nationwide private pension savings system in addition to the state pensions into which all eligible employees will automatically be enrolled (with the ability to opt out)' (Price, 2007: 563). Building on the Commission's reports and the Government-instigated public forum (the National Pensions Debate), two White Papers were produced: Security in Retirement (2006) and Personal Accounts: a new way to save (2006). The first White Paper preceded legislation (the Pensions Act, 2007) which largely follows the Pensions Commission's recommendations. The main provisions of the Act apply to people who reach State Pension age on or after 6

¹² The State Pension age for women born between certain dates will increase on a sliding scale from 2010, so that by 2020 it will be 65 for everybody.

¹³ This option was abolished in 1977 but it still affects women who have retired, or who are about to retire. The Government recently overturned a House of Lords decision to allow women affected to 'buy back' 9 years eligibility.

April 2010 and are:

- Parents and carers who take time out of paid employment will be able to build up National Insurance credits towards the Basic State Pension to compensate for a shortfall in their National Insurance contributions (replaces Home Responsibilities Protection);
- The number of qualifying years for the Basic State Pension through National Insurance contributions or credits will be reduced from 39 for women and 44 for men to 30 years for both;
- The State Pension will be increased with earnings rather than prices (will also apply to current pensioners and those who reach pension age before 6 April 2010 but not implemented till 2012 - 2015);
- People will be able to make contributions from earnings as well as National Insurance contributions towards the Second State Pension. (This will be on a flat-rate basis, rather than earnings-related from about 2030);
- The State Pension Age for both women and men will further increase in stages from 65 to 68 between 2024 and 2026; and
- Personal Accounts Delivery Authority created to advise on the Government's proposed Personal Accounts.

The Government claims that these measures will make the state system more generous, fairer to women and carers, more widely available and reflect increasing longevity. They have been welcomed by lobby groups (e.g. Age Concern, 2006; Help the Aged, 2006) even though they are less generous than the Pensions Commission's proposals (Price, 2007). And certainly many commentators had pointed to the gender inequalities inherent in the current system which does not take sufficient account of women's caring roles, the fact that women are more likely to be low paid and work part-time, not be in employment at State Pension age and more likely to be widowed (e.g. Warren, 2003; Arber and Ginn, 2004; DWP, 2005). The 2007 Act does go some way to rectifying this, but Price (2007) argues that the system is still very complex, and it is still difficult to predict whether improvements will come about because of the new measures or because women are expected to participate more fully in paid work and for higher wages in the future (op. cit.: 565).

Using a computer simulation devised by the Pensions Commission and Department for Work and Pensions, eight stylised individuals were created to ascertain whether the reforms would benefit women currently of working age if they continued to take time out of paid employment because of their caring roles. Price (2007) found that, even under the new system, none of them would reach an income of 45 percent of median earnings on retirement and even fewer would reach 45 percent of national average earnings. She concludes:

By proposing a complex system that retains means testing to prevent poverty in old age and relies heavily on income in retirement linked to income during the working life for replacement rates in old age, gender inequality in income in later life will continue to reflect the large disparities in men's and women's incomes during the working life (Price, 2007: 581).

Despite a move towards more means-tested benefits some welfare benefits and, importantly, the amount of state retirement pension received, depend upon an individual's record of national insurance contributions. Employees who earn below a certain amount per week (£87.00 in 2007-08) do not pay national insurance and, therefore, do not build up entitlement to contributions-based pensions and benefits. This affects low-paid, part-time workers, most

of whom are female. For example, the number of unemployed women (ILO definition) in the three months to November 2007 was 710,000 compared with just 215,900 women who claimed unemployment related benefits in the same period. The figures for men were 939,000 and 569,800 respectively which indicates that out-of-work women are less likely to be able to claim these benefits. The female shares of the ILO unemployed and the claimant count measure of unemployment were 43 percent and 27 percent, respectively. This effectively means that there is a blurring between legal and illegal, formal and informal types of work in the UK as employers do not have to register people earning below this limit with HM Revenue and Customs. Recent reforms that could improve the situation for those adversely affected are:

- The announcement of a reduction in the required contribution record to qualify for a full state retirement pension to 30 years for both women and men; and
- The introduction in 2001 of a ‘primary threshold’ for national insurance contributions (£100.00 per week in 2007-08). People earning between the lower earnings limit (£87.00) and the ‘primary threshold’ do not pay national insurance but their employers do, thus bringing them into the system by building up their contribution record (Bennett, 2005).

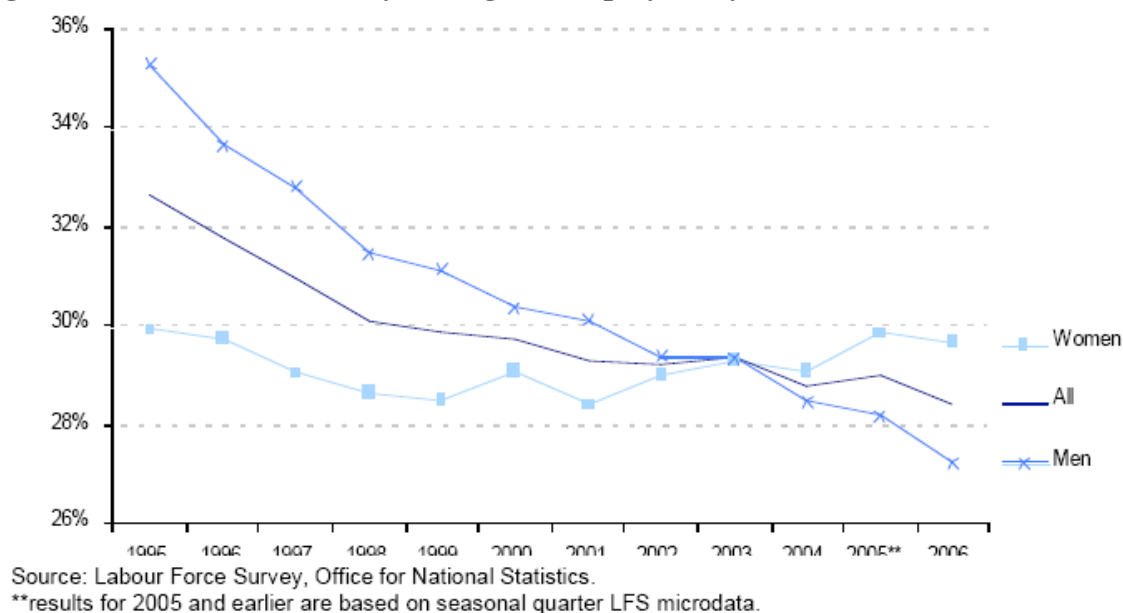
viii) Social dialogue and workers’ participation

Following the trends established in the early 1980s, the landscape of British industrial relations is now characterised by a much weakened trade union movement and restricted opportunities for worker voice within UK workplaces. The pattern of steady decline and weakening of the role of trade unions continued during the late 1990s, with a slower, but persistent, rate of decline evidence throughout the 2000s: during the period 1995-1999, total membership declined by an average of 0.7 percentage points per year. Then, during 2000-06, the average annual decline was 0.2 percentage points (figure 14). By autumn 2006, trade union density was 28.4 percent among employees (or 25.8 percent among all workers, including the self employed) (table 15).

However, as figure 14 makes clear, the trend is quite different among men and among women. Union density among male employees declined from 35.3 percent in 1995 to 27.2 percent in 2006. Among women, union density has remained relatively stable, fluctuating between 28.4 and 29.9 percent over the period. Strikingly, women’s density level drew level with men’s in 2003 and for the first time ever overtook men’s in 2004 (density levels of 29.1 percent and 28.5 percent, respectively (Grainger and Crowther 2007: table 1). By 2006, the gap had widened further with membership rates of 29.7 percent among women and 27.2 percent among men. There are now more women trade union members than men; in 2006, female employees accounted for 51.8 percent of all union members. The main reason is women’s over-representation in the heavily unionised public sector. Union density in 2006 was 58.8% in the public sector and just 16.6% in the private sector (op. cit.: table 16). Within each of the public and private sectors, women’s union density is lower than men’s, but taken together women’s aggregate density is higher because of the difference in employment weights.¹⁴

¹⁴ Union density figures for autumn 2006 are as follows: female employees in private sector – 13.1%; male employees in private sector – 19.3%; female employees in public sector – 57.6%; male employees in public sector – 61.3% (DTI 2007: table 11).

Figure 14. Trade union density among UK employees by sex, 1995-2006



Source: DTI (2007: chart 1), based on the Autumn Labour Force Survey.

Table 15. Trade union membership and coverage of collective agreements, UK

	<i>Union membership:</i>		<i>Coverage of collective agreements:</i>	
	No. of members ¹	Union density (%) All in employment	No. of employees whose pay is affected by collective agreements	% of employees whose pay is affected by collective agreements
2001	6.85 million	26.8	7.22 million	35.7
2002	6.84 million	26.6	7.27 million	35.7
2003	6.82 million	26.6	7.24 million	35.9
2004	6.78 million	26.0	7.22 million	34.9
2005	6.68 million	26.2		35.3
2006	6.57 million	25.8		33.5

Note: Data for autumn quarter reported for each year; 1. Data for all in employment excluding non responses to LFS question on union membership.

Source: Grainger and Crowther (2007: tables 1, 28 and B2).

The data for 1998 and 2004 from the Workplace Employment Relations Survey (WERS) confirm the pattern of change described by the Labour Force Survey. Moreover, the WERS data show that only slightly more than one in four workplaces (27 percent) recognised one or more unions in the negotiation of pay and conditions for some workers – a decline from 1998 when one in three (33 percent) workplaces recognised unions. The decline was strongest among small firms – from 28 to 18 percent, compared to a marginal change from 41 to 39 percent among workplaces with 25 or more employees.

Turning to the coverage of collective bargaining, the pattern of change depends upon the definition used in the alternative surveys. The Labour Force Survey shows only a marginal decline in the proportion of employees whose pay was affected by collective bargaining over the period 1996-2006, from 34.5 percent to 33.5 percent (Grainger and Crowther 2007: table

28). For the last five years, table 15 suggests collective bargaining coverage was stable during 2001-03, with abrupt falls in 2004 and again in 2006.

However, an alternative definition is operationalised in the WERS survey, whereby collective bargaining coverage refers to the proportion of workplaces that set pay for some workers through collective agreements. This measure shows a sharp decline from 30 percent in 1998 to just 22 percent in 2004. Mirroring the pattern of union density, use of collective bargaining is more common in larger workplaces – 40 percent -, and there are major differences between the public and private sectors, with nearly eight in ten public sector workplaces using collective bargaining (and 32 percent using the consultative, tri-partite pay review bodies), compared to just one in ten private sector workplaces. Table 16 shows clearly that the decline was much more dramatic in the private sector than in the public sector. In 2004, the most common form of wage setting – in seven out of ten workplaces - was unilateral determination by management, either at the workplace or at a higher level.

Table 16. Pay determination in UK workplaces, 1998-2004

	1998			2004		
	Public sector	Private sector	All	Public sector	Private sector	All
Any collective bargaining	79%	17%	30%	77%	11%	22%
Any set by management	21%	81%	69%	28%	79%	70%
Any individual negotiations	1%	16%	13%	2%	15%	13%
Any other methods	39%	8%	14%	32%	2%	7%
Pay Review Body	--	--	--	(32%)	(0)	(6%)

Note: Sample limited to workplaces with 10 or more employees.

Source: Report on early WERS findings by Janet Egan (2005: table 1).

Union membership is unevenly distributed across different workforce groups. Young workers of both sexes are much less likely to be union members: only 10 percent of employees aged 16 to 24 and 24 percent of those aged 25 to 34 are union members, compared to 34 percent among employees aged between 35 and 49, and 35 percent among older employees aged 50 plus (table 17). Also, part-time employees are less likely to be union members – only one in four female part-timers are union members compared to one in three female full-timers. A further distinction can be drawn between employees with temporary and permanent contracts, for whom the respective density rates are 17 percent and 29 percent (Grainger and Crowther 2007: table 5).

Table 17. Union membership rates among different workforce groups

	All	Full-time		Part-time	
		Male	Female	Male	Female
All employees	28.4	29.0	34.3	11.9	23.5
Age band					
16-24	10.1	14.3	13.0	3.3	4.7
25-34	23.5	21.3	28.9	11.1	20.6
35-49	33.9	32.7	40.2	22.2	29.6
50 plus	34.8	36.6	44.1	18.5	26.9
Sector					
Private	16.6	20.7	14.8	7.2	11.0
Public	58.8	64.4	65.7	33.7	46.0

Source: Grainger and Crowther (2007: table 6).

Union membership is especially weak among low wage workers. Estimates for 2004 show that among workers in the upper end of the wage distribution, earning £10-20 per hour, more than 40 percent were union members. By contrast, among workers earning less than £6 per hour, only 15 percent were members (Howarth and Kenway 2004: Figure 10).

Finally, union density among employees varies somewhat by ethnicity. Black or black British employees recorded the highest trade union membership rate with 33.1 percent in 2006. White employees had a union density of 28.7 percent and Asian or Asian British a rate of 24.3 percent. Union membership rates were lowest among employees with mixed backgrounds (23.6 percent) and Chinese or other ethnic groups (18.0 percent) (Grainger and Crowther 2007: 8).

The EU directive on establishing a European Works Council or a procedure in community-scale multi-national companies was agreed in 1994 and implemented in the UK in January 2000 through the Transnational Information and Consultation of Employee Regulations 1999 (TICER). In the UK TICER provides for financial penalties for non-compliance. Hall and Marginson (2004) report, however, that very few cases have been pursued under the regulations. There is no requirement under the UK legislation to register EWC agreements hence a precise figure of coverage is not known. However, using information from the ETUI, Hall and Marginson (op.cit) estimate that the number of agreements rose by three from 93 to 96 in UK-based companies between November 2002 and 2003.

Evidence on the UK experience of EWCs is rather mixed. Hall and Marginson report that EWCs have generated very little controversy, considering the extent of managerial opposition prior to their adoption. Indeed some case study evidence (e.g. Timming, 2007) suggests that managers have used them as a 'business-friendly instrument' and a means of exerting control (p248). The Department of Trade and Industry conducted a public consultation exercise in 2003 on the UK experience of EWCs. Results were mixed but suggested that they had, in some cases, a beneficial effect on communication at the trans-European level and were especially helpful in managing change. Others thought they had only symbolic effect and had not reached their full potential. According to the CIPD (2007) UK employers with an EWC in existence prefer to keep their domestic consultation arrangements separate although the ICR regulations (see below) could prompt some co-ordination between local/national and transnational arrangements.

A further regulatory change in recent years has been the introduction in April 2005 of the Information and Consultation of Employees (ICE) Regulations, which apply to organisations with more than 100 employees during 2007-08 and from April 2008 to all organisations with more than 50 employees. The Regulations give employees the right to request their employer to set up or change the arrangements to inform and consult them about issues in the organisation in which they work. There is no set method for consultation but the requirements are triggered by a formal written request for information and consultation by at least 10 percent of employees, or an employer may choose to start negotiations. An employer may continue with existing information and consultation arrangements provided that this has been agreed prior to the written request and certain conditions are met. Employees must be allowed to elect representatives to negotiate the agreement. The aim of the regulations is to ensure that employees are informed and consulted about issues within the organisation that are likely to affect them, such as changes in work organisation or contractual arrangements, firm performance and strategic planning (Gollan and Wilkinson, 2007).

So far there is mixed evidence concerning the number and coverage of such agreements (Hall et al., 2007). Early indications suggest that new agreements, or the formalisation of pre-

existing arrangements, are being driven by management, rather than employees (Hall, 2006; Hall et al., 2007). On the one hand, there is some evidence that management are using the new information and consultation arrangements for their own interests and, in some cases, to deflect pressure for union recognition. On the other hand, however, Hall et al. (op cit.) suggest that both managers and employee representatives are responding seriously to the new regulations and that, despite initial ambivalence, they are becoming more accepted by trade unions 'on the ground' (2007: 75).

ix) Work and family

While there are still considerable challenges affecting the balance of work and family life, recent years have seen increased attention to debates about the nature of the problem and possible remedies in political, media and academic spheres of UK society. Much current work concerns how to reconcile care responsibilities and employment over the lifecourse, involving attention to maternity and paternity leave, leave to care for sick children and other relatives, employee control over flexible working hours (including working from home) and, crucially in the case of the UK, the quality, availability and costs of care services for children and the elderly. Much of the debate reflects wider EU concerns about how to raise women's employment rate (especially among lone mothers), how to promote gender equality and how best to improve work-life balance. The UK debate is also strongly influenced by the current Prime Minister's individual commitment to reducing child poverty (also apparent when he was in charge of the Treasury). Of particular concern is the need to reduce the proportion of children living in households where neither parent works; the share peaked at 21 percent in 1994 and has since slowly declined to 15 percent by 2006 – associated with a drop in the proportion of workless households from 19 to 16 percent (Social Trends 2006: 43-44).

Regarding the position of working parents, the UK still suffers from relatively limited childcare (due to availability and costs) and imposes high penalties on interruptions to careers. Nevertheless, there have been important improvements in employment rights and labour market opportunities, especially affecting mothers returning to work.

In particular, the longstanding British norm that childcare ought to be seen as a private matter, associated with a dearth of public childcare (Brannen et al. 1997), has been overturned in favour of a relatively proactive policy stance. Since 1998, the UK government has increased childcare provision and introduced relatively generous childcare tax credits (claimable by around 90 percent of working parents), following the proposals of its National Childcare Strategy (Clarke 2007, Warren et al. 2008). Also, there is a government target to increase the take-up of formal childcare by low-income households, from 615,000 in 2005 to 738,000 by 2008.

Government has also increased women's labour market security in pregnancy and motherhood, extending paid maternity leave to six, then nine months, and up to 12 months by 2009, with options for sharing up to six months with fathers. Furthermore, in 2003 government introduced the right for fathers to take up to two weeks paid paternity leave. The statutory rate for maternity and paternity pay was £113 per week (or 90 percent of weekly earnings) in 2007.

As part of the Employment Act 2002, implementation of the Flexible Working Regulations 2002 (that amended section 80F of the 1996 Employment Rights Act) granted a new right to employees who are parents of children under age six (or disabled children under 18 years old) to request reduced working hours, albeit at the discretion of the employer. In April 2007, this right was extended to carers of adults, and in November 2007 the government commissioned

a review to assess the implications of extending the right to parents with older children and to recommend a new higher maximum age of child.

The full implications of these policy changes have not yet filtered through to transforming the employment conditions of mothers/returners. Nevertheless, change is already apparent in the increased share of mothers of young children (under 5 years old) now in work (54 percent in 2001, compared to 41 percent in 1990) and the lower share of women now changing employer at the point of return to work – from 41 percent in 2002 to 20 percent in 2005 (Smeaton and Marsh, 2006: 57).

The general pattern of participation in employment for persons of different age groups with and without dependent children is shown in table 18. In 2006, working-age mothers with dependent children were less likely to be in employment than women without dependent children (67 and 73 percent respectively), but among men the opposite is true (90 and 73 percent). Also, for both fathers and mothers, the status of lone parent reduced the employment rate considerably – although lone fathers had a higher employment rate than lone mothers (69 and 55 percent respectively).

More working parents work flexibly than before, thanks to the new ‘right to request’ legislation. In 2005, one third of working mothers (among full-time and among part-time working) with dependent children used some form of flexible working. For example, 17 percent of full-timers and 12 percent of part-timers worked flexible hours, and 9 percent and 14 percent, respectively, worked during school term time only (Social Trends 2007: table 4.13). Among fathers with dependent children, around one in five working full-time used flexible working – with one in ten working flexible hours (op. cit.).

Importantly, however, since legislation grants the right to request, not the right to obtain, flexible working, further progress depends on employer attitudes. A survey of employers in early 2007 reveals that while employers largely agree with the ideals of improving the work-life balance, they are also generally wary about the costs to business (Hayward et al. 2007). For example, while 92 percent agreed with the statement that ‘people work best when they can balance their work and the other aspects of their lives’, 73 percent also agreed that ‘employees should not expect to be able to change their working pattern if it would disrupt the business. Also, while 87 percent believed employers ought to make a special effort to accommodate the difficulties faced by employees with young and/or disabled children, some 67 percent agreed with the statement that ‘it is not easy trying to accommodate employees with different patterns of working’ (op. cit.).

Table 18. Employment rates of people – by age and sex - with and without dependent children, 2006

United Kingdom	Percentages				
	16–24	25–34	35–49	50–59/64	All
Mothers with dependent children	32	61	74	69	67
Married/cohabiting mothers	40	65	76	73	71
Lone mothers	23	49	66	56	55
Women without dependent children	60	88	82	69	73
Fathers with dependent children	71	90	92	85	90
Married/cohabiting fathers	72	91	93	86	91
Lone fathers	*	64	73	61	69
Men without dependent children	57	87	84	70	73
All parents with dependent children	39	71	82	79	77
Married/cohabiting parents	50	76	84	82	81
Lone parents	23	50	66	57	56
All people without dependent children	58	88	83	70	73

Note: Shaded cells indicate the estimates are unreliable due to small sample size and any analysis using these figures may be invalid. Any use of these shaded figures must be accompanied by this disclaimer.

1 Men aged 16 to 64 and women aged 16 to 59. Excludes people with unknown employment status.

2 Children aged under 16 and those aged 16 to 18 who have never been married and are in full-time education.

3 Data are at Q2 and are not seasonally adjusted. See Appendix, Part 4: Labour Force Survey.

Source: *Social Trends* (2006: table 4.6).

Studies that consider the wider raft of family-friendly policies provided in UK workplaces (including childcare, leave and flexible working provisions) point to a positive increase in the incidence and comprehensiveness of family-friendly provisions in UK workplaces in recent years. Table 19 presents 12 provisions, organised across three areas of childcare, leave and flexible working, ranked by high to low incidence.

Table 19. Incidence of family-friendly provisions for non-managerial employees, 1998-2004

	% of workplaces	
	1998	2004
Child care provisions		
Financial assistance for child care	5	8
Workplace nursery	4	7
Family leave provisions		
Paid paternity leave ^b	48	92
Parental leave	38	73
Special paid leave for family emergencies	24	31
Flexible working provisions		
Switching from full-time to part-time	46	64
Job sharing	31	41
Term-time only contracts	14	28
Working from home	16	28
Flexi-time	19	26
Annualised hours	8	13
9-day fortnight	3	7
Average number of provisions per workplace ^c (SE) ^d	2.6 (0.22)	4.3 (0.24)

Source: Whitehouse et al. (2007: table 1).

The largest changes occurred in provisions for paternity and parental leave, reflecting the need to comply with new legislation. By 2004, nine in ten workplaces provided paid paternity leave. Across different industries, the lowest incidence was in manufacturing with 81 percent of workplaces (Whitehouse et al.: table 2). Among flexible working provisions, many more

workplaces (around two thirds) now provide for a switch from full-time to part-time – a signal that the new ‘right to request’ legislation has had a significant effect. However, there is still a high degree of inter-industry variation, with only two in five workplaces in the hotel and restaurant sector and just one in three manufacturing workplaces (op. cit.: table 3). Other provisions for flexible working also increased markedly over the 1998-2004 period, including job sharing, term-time only contracts and working from home. The only area where there was limited change was in childcare provisions.

Other types of workplace practices have a negative impact on work-family balance. For example, an increasing proportion of workplaces use zero-hour contracts – 1 in 20 in 2004, with 1 in 8 in the healthcare sector (Whitehouse et al. 2007: 23). Also, more than one in five workplaces had arrangements for regular working in excess of 48 hours per week (op. cit.).

Use of formal childcare is still low by international standards. 2004 data show that only 30 percent of children aged 0-4 whose mothers were working were in formal childcare. Use of formal childcare varies with hours worked, with lone parent and couples who both work more likely to use formal childcare than other family types (Social Trends 2006: table 8.17).

Also, recent research evidence identifies a range of persistent inequities faced by mothers returning to work. Drawing on BHPS data for 2003, Warren et al. (2008) show that the contemporary returner model in the UK entrenches the gendering of domestic labour, especially for low waged women for whom male partners were least likely to be involved. Tomlinson et al. (2005: Figure 2.7) find that recent returners, especially those in part-time jobs, are, on average, overqualified in precisely those occupations where they are most concentrated, including administrative, secretarial and related jobs, caring, sales and personal service work. Women returners were thus found to be underutilising their previous training and skills. The same study also found that returners in part-time jobs face an additional penalty of a 16 percent loss of wages (per hour), after controlling for their characteristics. This penalty is said to reflect oversupply of labour; poorer opportunities for training and support; and pressure to choose an employer close to home.

x) Child labour and forced labour

Child labour

Although child labour is often seen as an issue mainly for the developing world, the UK does have some serious problems in this area. In a recent (2005) report, *Child Labour Today*, UNICEF UK devotes a chapter to child labour in this country. Its main concerns are: UK national children working in contravention of the regulations, children being trafficked into the country from abroad to work and the recruitment of under-18s into the armed forces.

UNICEF makes the distinction between ‘child labour’ which involves a child under the age of 18 engaging in harmful or illegal activities, and ‘youth employment’ which can be beneficial if the child is engaged in simple, light duties and being supervised and trained to operate in the adult world. In a 2004 survey of 2,200 young people aged between 12 and 16 working in England, Wales, Scotland and Northern Ireland respondents were asked what kind of work they did. Table 20 shows the main occupations.

Table 20. Main Occupations undertaken by young people aged 12 to 16

Occupation	Percentage of 12-16s surveyed
Shop work	20
Babysitting*	19
Waiting tables	19
Cleaning	6
Newspaper round	5
Farm work	4
Paid domestic*	4
Building	3
Other**	20

* Not covered by child employment laws

** includes hairdressing, garage work, working on a market stall, kitchen help, serving fast food, paperwork and filing, pet sitting and gardening

Source: UNICEF Working Children Survey, Spring 2004

UNICEF found that most of the young people questioned in their survey felt that work was valuable ‘both financially and socially’ (2005: 43). However, teachers expressed reservations. One said,

Work has just become another pressure on children. They already have a huge burden of work with GCSEs. Increasingly I find that children are more committed to their paid work than their education (UNICEF, 2005 p43).

At present the main points of the law covering the employment of children in the UK are:

- 1 Children may only work full-time after the mandatory school leaving age at 16 years old.
- 2 All children of compulsory school age who work must be registered by the local authority and issued with a work permit.
- 3 Children under 13 cannot be employed except as actors or models, in which case they must have a performance licence and be chaperoned.
- 4 Children may not work before 7 am or after 7 pm.
- 5 In term time children may not work for more than 2 hours a day or 12 hours in any week.
- 6 Children aged 14 and under may not work for more than 25 hours a week during the school holidays. Fifteen-year-olds are allowed to work up to 35 hours a week.

However, UNICEF believes that the laws are not adequately enforced and finds evidence that a proportion of working children in the UK are being exploited or exposed to dangerous situations. Hobbs et al. (2007) refer to the ‘invisibility’ of child employment in Britain. They point out that although the law tends to be enforced for child actors and entertainers because they are in the public eye, for the majority of child workers it is not. The 2004 UNICEF survey found that only 21 percent of working children in the UK were registered with the local authority as required by law. It further found that 5 percent of young people worked for more than twelve hours a week during term time and a quarter of respondents started work at age 11 or even younger. Hobbs et al. (op. cit.) refer to the limited and sporadic campaigns on the issue by the trade unions and the fact that most child workers are in service industries where union organisation is ‘relatively weak’ (p420). However, the TUC has recently set up a Commission on Vulnerable Employment (CoVE) which includes younger workers as one of the groups most at risk. A survey undertaken on its behalf found that

- 75 percent of young people aged 11-15 work at some time
- 30 percent of children with term-time jobs work more than the legal limit of two hours per day
- Around one third earn £2.50 per hour or less
- One in five working in term-time receive less than £2.00 per hour
- One in four children under 13 undertake paid work, even though this is illegal

Although local authorities employ child employment officers,

child employment is a very low priority for many local authorities ... it is unlikely that such a wide-scale breach of adult employment – or any other law – would be tolerated (UNICEF, 2005).

Another problem is that the law itself is confusing. Although the original legislation dates back to 1933 there have been a number of European Directives, national laws and local by-laws covering children and employment. The by-laws are inconsistent. For example, in one county children are allowed to work behind the counter in a butcher's shop, whereas in a neighbouring county this is prohibited. In fact, only 13 local authorities have by-laws that are entirely consistent with the national legislation. For example one third of local authorities in England allow children as young as ten to work. In 2004 the Better Regulation Task Force recommended that, instead of working children having to register with the local authority, employers of school-aged children should be licensed. However, to date, this recommendation has not been acted upon, since the then Minister for Children did not consider that the recommendations would make a 'significant contribution' (Hobbs et al., 2007 p416). More recently, when reviewing the proposals, another minister declared the Government 'mindful of the need not to impose unnecessary burdens on employers or local authorities' (written answer, Hansard, 19 December 2005, quoted in Hobbs et al. 2007 p424).

The employment of children raises Health and Safety issues, and employers are supposed to carry out an additional risk assessments taking into account the age and employment of the child worker. According to UNICEF very few do. Health and Safety experts report that hundreds of children working on farms, for example, are injured every year, although many accidents go unreported. Between 1993 and 2002 four children were killed while working on farms. Child protection is also an issue where inconsistencies arise. Currently adults working with children as, for example, football coaches or music teachers need to go through a Criminal Records Bureau check but a newsagent working on his own sorting papers with a 13 year old in the early hours of the morning before the shop opens does not.

A new National Minimum Wage for all workers under the age of 18 who are no longer of compulsory school age was introduced from 1 October 2004. The amount is currently £3.40 per hour. However, children below this age (that is, 16 years old) are not covered and there is concern that employers will take on even younger workers so that they can pay them less. Although the UNICEF survey found that the average wage for young workers was £4 per hour they found examples of children working for much less – 77p and 50p respectively in two cases.

A second area of concern is that in some sectors child labour is associated with trafficking, where children are deliberately brought into the UK to work in, for example, agriculture, restaurant kitchens and food processing plants. Much of the work is exploitative and many children do not attend school. UNICEF UK's position is:

Any child brought into this country to carry out exploitative work is trafficked, whether or not they have been deceived about their fate. This is partly because in these circumstances it

is considered impossible for children to give informed consent. They may, for example, simply be submitting to the authority of their parents who are handing over their sons or daughters, in desperation, to traffickers. (UNICEF, 2005 p36).

The report notes that some of the children are bonded workers, working to pay off the cost plus interest of their passage into the country and are 'in effect, slaves' (p36). Some of these young people are trafficked to take part in work which is itself illegal, for example, to be used as drug mules or prostitutes. Others work in domestic slavery. Because of the clandestine nature of these activities it is difficult to find statistics on the numbers of children involved. Social services departments are overstretched and, according to the UNICEF report, do not have the specialist knowledge to deal with this vulnerable group of people. However, some evidence has been gathered by a number of initiatives:

- 1 A police operation, Paladin Child over a three-month period in 2003 tracked the number of unaccompanied children entering Heathrow Airport as asylum seekers. Out of a total of 1,738 twelve could not be traced, seven of whom had come from countries where traffickers were known to operate.
- 2 A report by ECPAT UK (End Child Prostitution, Child Pornography and the Trafficking of Children for Sexual Purposes, a coalition of organisations including UNICEF UK) found a total of 35 cases of children trafficked to work in the sex industry in London in 2003.
- 3 In 2001 West Sussex Social Services reported that 66 children had disappeared while in its care since 1995. There was evidence that these children had been picked up by the same people who had trafficked them.
- 4 A 2003 study by UNICEF reported that 250 cases of child trafficking had been discovered since 1998. The report suggested that this was just the 'tip of the iceberg'.
- 5 In 2003 police at the Channel port of Dover started keeping record of children entering through the port in what they regarded as 'sinister' circumstances, including those with fake documents. They found 39 cases over the following 15 months.
- 6 In London 14 cases of child trafficking from Africa for domestic labour were found in 2003.

A third area of concern for UNICEF UK is the recruitment of under-18s into the armed forces. A UN optional protocol to the Convention of the Rights of the Child was passed in 2002 obliging state parties to ensure that under-18s do not take part in armed conflict. Despite ratifying the protocol in 2003 the UK reserved the right to recruit under-18s where there is a 'genuine military need' although they may not be deployed on operations until they reach 18. The UK still actively targets under-18s in its armed forces recruitment campaigns and has the lowest age of entry to the armed forces in any of the EU member states. It is estimated that between 6,000 and 7,000 under 18s are currently serving in the UK forces (UNICEF, 2005).

Forced labour

The use of migrant labour to fill vacancies in hard-to-recruit occupations has been explored earlier in this report. However, the term migrant labour is often linked with the terms immigration, asylum and trafficking. Instances of trafficking workers from abroad to work illegally in the UK have hit the headlines in recent years, most notably with the deaths of 20 Chinese cockle pickers who drowned in Morecambe Bay, Lancashire, in February 2004. Other media stories are concerned with the plight of women trafficked into the UK for sex work. The Home Office estimates that about 4,000 women have been trafficked into the UK

for prostitution (The Guardian, 8 October 2007). Both these situations are examples of forced labour according to the definition of the ILO and the European Court of Human Rights which is:

All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily (Art. 2 ILO C29 1930).

Recent changes to the immigration laws in have been aimed at tackling trafficking for sexual exploitation and labour exploitation. The Immigration, Nationality and Asylum Act (2002) created a new offence of trafficking in prostitution. The Gangmasters (Licensing) Act (2004) created a second new offence of trafficking people for exploitation and also includes a compulsory registration scheme for gangmasters prompted by the Morecambe Bay tragedy. A new Serious and Organised Crimes Agency (SOCA) has been set up with the powers to investigate human trafficking as well as other transnational offences.

However there is evidence that trafficking, exploitation and forced labour still exist in the UK even outside the industries with which it is normally associated, i.e. agriculture, sex work and private domestic work. A report commissioned by the TUC (Anderson and Rogaly, 2005) explores the issue of forced labour in four sectors in the UK – care, construction, agriculture and contract cleaning. Again it is difficult to quantify the extent of forced labour because of its covert nature, so the researchers used qualitative research methods, carrying out interviews with migrant workers, agencies, employers and experts in the field. Their research uncovered many examples of the type of practices identified by the ILO as indicative of forced labour including withholding of wages, threats of violence, debt bondage and threats of being reported to the authorities. Specific examples included:

- 1 Two Polish construction workers who were moved around the UK, made to work long hours, closely monitored and paid no money. They tried to escape but were badly beaten in an ensuing fight.
- 2 A group of Indian nurses who had to pay £2,000 if they left their employer.
- 3 A group of highly qualified Asian nurses who had to pay two agencies a total of £700 each for fees associated with recruitment and selection. They then had to raise one month's deposit and one month's rent in advance for accommodation in the UK. They were not told that the NHS Hospital Trust concerned had a policy of giving migrant workers £500 each on arrival. In desperation they took out large loans with a finance company, even though they knew they would have almost nothing left out of their wages 'we were caught between the fear of being sent home and the fear of not paying the debt'.
- 4 A Polish hotel worker who described seeing replacement workers sitting in an agent's car whilst he and his co-workers were taken away by immigration officials whom he believed had been called by the employer to avoid paying their wages.
- 5 Sixteen undocumented Chinese workers who worked 16 hour shifts in a factory for 20 days. The factory manager notified the authorities at the end of this period and the workers were deported, so the manager avoided paying both the workers and the agency.
- 6 A group of nurses who were informed they were not allowed to join a union, and that if they 'broke the rules' by doing so they would be deported.

The authors of the report say that they encountered 'a climate of insecurity and fear' when conducting their interviews (Anderson and Rogaly 2005 p.50). Workers were not aware of their legal status or their rights, and isolation and language difficulties meant that they were vulnerable to being misled by unscrupulous agents. If they found themselves working in

dangerous conditions they did not understand that Health and Safety officials were there to help them, but viewed them as just another group of officials with the power to deport them. Another problem was that the workers often found themselves at the end of complex subcontracting chains involving gangmasters, agencies and employers, so that it was unclear who their employer actually was. Whilst the TUC report acknowledges that advances have been made in tackling the problem, they point to ‘the balance which should be struck between enforcing immigration control and ensuring protection for the victims of forced and exploitative labour’ (p.57). The authors recommend that these issues are not seen as ‘two sides of a single coin’ (p.58) and that the enforcement of immigration control should be pursued separately from abuses of employment and criminal law, so that victims would be more likely to report abuses and assist the police and other regulatory authorities with their investigations.

II. Linkages between employment conditions and gaps in decent work

Given the particular character of the ten selected employment conditions described in section 1, what remains to be explored is the nature of linkages between these employment conditions. Linkages may take various forms, including: trade-offs – where relatively negative employment conditions (such as job insecurity or low pay) are offset, or neutralised, by positive employment conditions; positive complementarities – where relatively positive employment conditions are mutually attractive and self-reinforcing; and ‘vulnerability vectors’ (Eyraud and Vaughan-Whitehead 2007: 38) – where the risk of relatively adverse employment conditions tends to accumulate, generating vicious cycles and a potential clustering of risk among certain sub-groups (of people, jobs, regions, etc.).

Other studies have investigated the nature of such linkages using survey data and a narrower sub-set of variables in order to explore the character of ‘good’ and ‘bad’ jobs in the UK, as well as the risk of exposure to bad jobs among key groups of workers (McGovern et al. 2004; see, also, Kalleberg et al. for the US). The aim of this section of the report is to contribute to such debates by identifying the main ‘vulnerability vectors’ of employment conditions in the UK. This involves exploring the linkages between sub-sets of relatively negative employment conditions, the nature of welfare and employment institutions that condition these linkages, and the consequences for those groups of workers most at risk. This is followed by a brief review of gaps in decent work in the UK and suggested policy reforms.

2.1. Linkages between employment conditions

Rather than undertake a comprehensive analysis of possible sets of mutually reinforcing negative linkages, the following discussion identifies four key vulnerability vectors. The selection reflects, on the one hand, empirical evidence as reported in section 1 above, and, on the other hand, the focus of contemporary debates in academic and policy circles in the UK.

Vector 1

Low wage ↔ Care work dependency ↔ Part-time work trap

A first vulnerability vector concerns the accumulation of risks experienced by people who combine a low wage, part-time job with an unpaid caring role – caring either for a family member or a friend who is ill, disabled or frail, or for pre-school dependent children.

The 2001 Census of the UK population found that 3.9 million people of working age were caring for someone who was ill, disabled or frail (Buckner and Yeandle, 2003). Of these, around 58 percent of women carers and 59 percent of male carers were in employment or looking for paid work. There are significant numbers, therefore, in paid employment with approximately 650,000 women combining care work with a full-time job, 600,000 women in a part-time job, close to 900,000 men combining care work with full-time employment and another 80,000 or so male carers in part-time work (table 21).

What is particularly surprising is the number of people who commit a great deal of time to caring for their friend or family member and yet still find the time and energy to have a part-time, and even in many cases, a full-time, job. Table 21 shows that of the 671,000 carers of working age who provide, on average, 50 or more hours of unpaid care per week, one in three also work as a full-time or part-time employee (and indeed another 6 percent are self employed – Buckner and Yeandle 2006: table 4). A Carers’ Allowance is paid to people who provide care for at least 35 hours per week, provided their net earnings are less than £95, but at a relatively low level of just £49.

Table 21. Full-time and part-time employment status by weekly hours of caring

People of working age

	Hours of unpaid care work (per week):			
	None	1-19	20-49	50+
Women				
All of working age	13,089,000	1,534,000	256,000	408,000
Full-time employee	4,974,000	537,000	61,000	53,000
Part-time employee	3,011,000	460,000	61,000	73,000
Men				
All of working age	14,459,000	1,256,000	174,000	263,000
Full-time employee	8,531,000	728,000	80,000	87,000
Part-time employee	434,000	63,000	9,000	8,000

Source: adapted from Buckner and Yeandle (2006: table 4), own calculations.

Problems identified in a specially commissioned study on people providing care of this sort include lack of flexibility and sensitivity of services to assist care, problems of poor health and financial anxiety among long-term carers, difficulty of finding a job that is adaptable to personal circumstances, and problems in developing skills following a period outside the labour market (Yeandle et al., 2007). Moreover, female carers in part-time employment are likely to be especially exposed to the kinds of risks identified in section 1 above, including low pay, limited opportunity for collective worker representation, weak access to training and career development, the risk of non-entitlement to unemployment benefits where weekly earnings fall below the minimum threshold, wage penalties over time due to career interruptions, undervaluation of previous work experience or qualifications and a risk of being expected to conform to highly flexible working time schedules. Yeandle et al.’s research (2007: 16-17) dovetails with these results and provides evidence of the kinds of difficulties that female and male carers are faced with. In the words of the carers:

Actually they get more work out of me than they pay me for. ... That’s what I feel you’ve got to do to get the flexible hours you want (Female, part-time job).

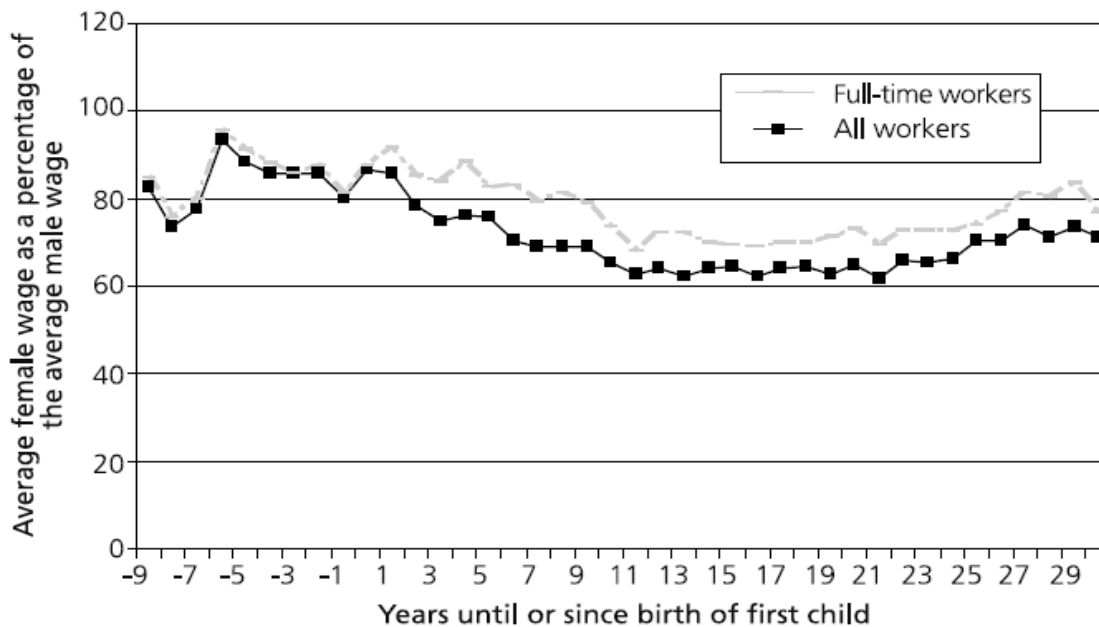
He's an old type boss. He phones me up at half-past six. So I turn my mobile off now. The pressure's on all the time. ... He's totally unsympathetic to anything like this (Male, full-time job).

I can't see any way me moving forward. I'd love to go into nursing or mental health ... But I can't see how I'm ever going to be able to do the training or anything I want to do anyway because I'm stuck (Female self-employed part-time).

Carers of dependent children - in this case predominantly women - face a similar range of risks when in employment, or seeking paid work, that add up to a 'vector' of interlinking vulnerabilities. Primarily, these involve low pay, the underutilisation of skills while working in a dead-end part-time job, and economic dependency over the life-cycle (associated with welfare dependency traps).

Survey data show that a majority of women in couple households with children younger than 10 years old are in employment (54 percent among those aged 20-59, Berthoud and Blekesaune 2007: table 2.1) and their status is strongly conditioned by the nature of the UK's work-life balance policies, associated with both welfare policy and workplace practices. For example, while women's average pay prior to having children is 91 percent of men's pay, it drops to just 67 percent for women with children at home (Brewer and Paull 2006: 87). Even after controlling for education, family background and other factors, 30 percent of the wage gap with men remains unexplained. Moreover, the large wage gap that appears when women have dependent children persists long after they have left home (op. cit.). As figure 15 shows, the birth of the first child marks the start of a gradual decline in women's relative pay, which persists for another ten years, with the start of a limited recovery only 20 years after the first child was born.

Figure 15. Women's average pay relative to men's before and after birth of the first child



Source: Brewer and Paull (2006: figure 6.1).

Combining motherhood with paid work is thus a major source of difficulties in the UK. And, as Fox et al. (2006: 5) argue, because it is women, not men, who 'bend' their employment patterns to fit around family responsibilities, the 'one and a half earner' model of many couple households in the UK 'creates opportunities for segregating women into marginalized sectors

of employment, and for indirect discrimination, with poor conditions and pay for workers with discontinuous work histories and part-time jobs.’

There has been a marked improvement in the government’s approach to work-life balance since the late 1990s, including a new right to paid paternity leave, improved maternity leave and a new commitment to publicly funded childcare (see section 1). However, as discussed above, there are limitations with recent reforms, especially when compared to progress in other EU member states (Plantenga and Siegel 2006). Part of the problem is the inevitable conflict with the parallel UK government agenda of employment flexibility (Perrons 2006). For example, several recent studies document the problems faced by mothers trying to accommodate part-time work with family responsibilities, even following the improvements in childcare provision and subsidised places (up to 2.5 hours per day for 3 and 4 year olds). In Fox et al.’s (2006) study, many interviewed working mothers of pre-school children were still constrained to work part-time in the evenings or at weekends since these were times their partner would be available for childcare. However, these choices often aggravated family time, reducing opportunities to share family and household tasks; in the words of one such woman:

I’m just tired all the while and (partner is) cause he’s like doing an eight-hour day and then he’s doing a four-hour night with the kids so, tired. It’s the only way we could do it really, other than like use childcare but it wasn’t worth a go (Angela, retail sales, low waged, part-time, cited in Fox et al. 2006: 36).

Constraints defining work are accentuated in the case of lone parents, due to particularly extreme incentive and disincentive effects related to the tax and benefit system. Recent research has focused on the particular case of ‘mini-jobs’ (less than 16 hours per week) and its role in facilitating access to employment for lone parents (Bell et al. 2007, Hales et al. 2007). Government has a special interest in light of its target of an employment rate of 70 percent among lone parents by 2010. The problem, however, is that just 5 percent of lone parents work in such jobs (Bell et al. 2007). The rules governing the tax/welfare system mean that participation in such jobs is not cost effective. First, the earnings disregard is set at a low level: a lone parent receiving income support can earn up to just £20 per week before it is removed pound for pound with additional earnings. Second, once the lone parent works 16 hours or more, they are entitled to a top-up to their wage in the form of tax credits. To illustrate, a lone parent with one child who is eligible for housing and council tax benefit and working in a minimum wage job would earn an additional £20 for four hours’ work, yet only £24 for 15 hours work because of the pound-for-pound reduction in income support. Working 16 hours would, however, make a significant difference because of entitlement to tax credits, adding up to an additional £44 (table 22). The marginal effective tax rates are therefore clearly obstructive to the proper exercise of choice of working hours to fit with childcare.

Table 22. Weekly income of a lone parent with one child working different hours in the 2007-08 tax/benefit system

	Working 0 hours (£)	Working 4 hours a week (£)	Working 15 hours a week (£)	Working 16 hours a week (£)
Earned income	0	22.08	82.80	88.32
Child Benefit	18.10	18.10	18.10	18.10
Tax credits (Child Tax Credit and Working Tax Credit)	45.96	45.96	45.96	111.92
Income Support	59.15	57.07	0	0
Housing Benefit	60.00	60.00	60.00	23.11
Council Tax Benefit	16.53	16.53	16.53	2.47
<i>Total</i>	<i>199.74</i>	<i>£219.74</i>	<i>223.39</i>	<i>243.92</i>
Total after deducting rent and council tax	123.21	143.21	146.86	167.39
<i>Gain to work</i>	<i>n/a</i>	<i>20</i>	<i>23.65</i>	<i>44.18</i>
<i>Gain to work if not eligible for HB and CTB</i>	<i>n/a</i>	<i>20</i>	<i>23.65</i>	<i>95.13</i>

Assumes rent of £60 a week, council tax of £859.56 a year (average Band C rate in East Midlands), no childcare costs nor maintenance payments.

Source: Bell et al. (2007: table 4).

Also, compared to longer part-time jobs or full-time jobs, the mini jobs available to lone parents tend to be of much lower job quality. Results for 2005-06 (Bell et al. tables A1.3 to A1.8) suggest that mini jobs:

- are less likely to involve managerial or supervisory responsibility (just 14 percent);
- more likely to be in elementary occupations (25 percent of all mini jobs);
- more likely to involve a temporary contract of some form (nearly one in five of all mini jobs); and
- less likely to have training offered.

Vector 2

Temporary agency work ↔ Job insecurity ↔ Limited progression

A second vulnerability vector that reflects current labour market conditions in the UK is the set of linkages between the employment status of temporary agency work, the risk of job insecurity faced by agency workers and the risk of exclusion from traditional forms of progression within an organisation associated with pay, promotion and training. Estimates are notoriously unreliable, but the number of temporary agency workers in the UK may account for up to 3 percent of the workforce. The review of empirical evidence in section 1 suggests when compared to workers employed directly by an organisation, temporary agency workers are paid less (on average, even after controlling for personal and job characteristics), at risk from not making the bridge to a permanent job, excluded from mainstream paths of career development and training and clustered into jobs characterised by narrow task specialisation.

The lack of equality in employment status and the risk of vulnerability is the result of the failed (or stalled) adoption of the EU Temporary Agency Workers Directive, first proposed in 2002, combined with the weak UK institutional protection – no parity, no license required and very few restrictions on use of temporary agency workers. The UK government has sought to defend this light regulatory approach and has led a small group of EU member states opposed to the draft Directive. In its defence, the government argues that temporary agency workers

are protected by working time legislation, minimum wage legislation and statutory entitlement to annual leave. At the same time, however, the government is publicly committed to abolishing exploitative agency practices, and launched a consultation exercise during February-May 2007 to debate how to resolve issues such as agencies making job offers conditional on paying for things such as transport services ('Success at Work', DTI 2007). The Employment Bill 2007-08 includes new powers to strengthen the enforcement of agency standards and had its first reading in December 2007. Improving social justice while preserving flexibility is the hallmark of the approach:

Our intention in this consultation is to address the bad practices highlighted in Success at Work that affect the most vulnerable agency workers, but without placing burdens on the majority of reputable agencies, who do not use these practices. Simultaneously we are seeking to reduce burdens on reputable agencies where we can do so without removing important protections for workers.

While welcome, the government focus on abolishing the most exploitative practices and weeding out those agencies operating on the fringes of the law leaves other features of agency workers' vulnerable employment status untouched. The scale and scope of problems is revealed in a recent survey (YouGov 2007) commissioned by the TUC of 2,500 agency workers. This found that:

- 22 percent disagreed with the statement, 'The employment agencies I have used have always treated me fairly';
- 56 percent did not enjoy the same rights to holiday entitlement as permanent staff doing the same job, and 61 percent did not enjoy similar rights to sick pay;
- 46 percent agreed that working through an agency makes it more difficult to complain if anything goes wrong with your job;
- 64 percent agreed that it ought to be illegal for an employer to pay agency workers less than permanent workers doing a similar job.

Evidence of exploitation is especially related to migrant workers, who access work in the UK through an employment agency, or gangmaster (see section 1). Exploitation is documented in several official reports and includes agencies charging migrants for finding them jobs, overcharging for transport to the UK, or between their home and the place of work, failing to provide a payslip, paying less than the minimum wage, and denying holiday entitlement. For example, interviews with migrant workers in the report by McKay and Winkelmann-Gleed (2005) found Chinese workers who had paid £12,000 in agency fees for the promise of a job, and an Indian worker who had paid £3,000 for a job as a care assistant. Their study also found a range of pay among migrant agency workers ranging as low as £4.00 at a time when the minimum wage was £4.85 (op. cit.: 146).

Vector 3

Long working hours ↔ Stress ↔ Work-family tensions

A third set of interlinkages that generates cumulative vulnerability concerns the risks associated with long working hours, especially the health risks associated with stress, as well as the family-related difficulties when workplace anxieties spill-over into the home. UK research suggests this third vulnerability vector applies to both high paid and low paid groups of workers. Both groups are over-represented among long hours workers. Crucially, while work in the past was exhausting because of physical hardship, contemporary long hours work exacts psychological hardships.

The position of government again chimes with its policy approach of light regulation with a public concern for discouraging poor workplace practices. For example, it published a report in partnership with the CBI and the TUC setting out lessons from case studies of firms that had reduced long working hours and benefited from improved productivity, greater employee participation in training and better employee relations (DTI 2005). At the same time, it continues to defend UK employers' right to the opt-out from the 48-hour limit.

One relatively high paying sector, where we find evidence of this vulnerability vector is IT. A government commissioned survey of IT employees (sample size, 1,001 employees) found that 11 percent worked more than 10 hours per day, with no gender difference in this pattern (George 2004). Advances in technologies make it possible for employees to be available to work 24 hours a day – the 'always on workforce' - but this puts harsh demands on those employees with less than full control over their working time. Unsurprisingly, those working longer hours tended to believe they exercised little control over hours worked – nearly three in four long hours workers said they did not have full control. Also, only 44 percent of the total sample of IT workers said they were satisfied with their work-life balance. Among those dissatisfied, only one in five felt in control of their working hours. However, the main finding of the report relates to evidence that long hours working inflicts damage on family relations. Half of the total sample said they did not get involved with their family as much as they would like (rising to three in four of those working long hours). And half felt they missed out on their children's development. The report concludes with the following warning to government:

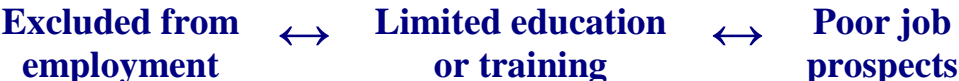
The costs of failing to meet these challenges will be severe – higher burnout rates, increased labour turnover and an inability to attract and retain the best talent will infect the sector. In particular the current cocktail of obstacles to better work life balance in the sector are likely to exacerbate the recruitment and retention difficulties the sector faces with regard to female staff

Among low wage workers, reasons for working long hours are more likely to include the need to earn a decent weekly wage, while for high paid workers unpaid overtime working may form part of a strategy for deferred reward in the form of promotion. In Toynbee's (2003) portrayal of low wage Britain, a care assistant earning a little above the minimum wage regularly worked more than 48 hours per week, with only a 15 minute break for each 6-hour shift during Monday-Friday and gruelling 12-hour shifts at weekends. The work was physically hard and low paid, but the care assistant stayed because it gave her the chance to earn extra money when she needed it. In Toynbee's words:

For reasons neither she nor I could understand, she got no overtime rate, no time-and-a-half or double-time for these terrible extra weekend hours. But at least here she could always work as many hours as she wanted when she needed to earn more, which is one reason some employers get away with low pay. [The care assistant] said she often thought of leaving, but the trouble was that many jobs that paid more per hour ... didn't offer enough hours' work to match her present total wage. (2003: 202).

For low wage workers, the negative spillovers of long hours work for family life are multiplied due to risks of poor health from hard work, the stress of managing on a low income, poor diet and poor housing.

Vector 4



A fourth key problem with the UK's employment model concerns the relatively high share of able bodied, working-age people who are classified as inactive, do not possess educational qualifications and face financial insecurity due to poor job prospects.

One segment of such people who have received government and media attention in recent years are young people, who do not ostensibly participate in society since they are not engaged in education, employment or training (so-called NEETs). What has surprised observers of the UK labour market is that during a period when job growth has been strong and investment in post-16 education has been relatively positive, the number of 16-24 year old NEETs has increased - from 1.08 million in 1997 to 1.24 in 2006, close to one in five 16-24 year olds (Prince's Trust 2007). Although the bulk of media attention has been on young men, in fact women make up a majority of young NEETs with a share of 54%. Compared to other countries, the UK ranks very poorly. The proportion of NEETs among 15-19 year olds in the UK is 9 percent (third highest out of 15 OECD countries), compared to 4-5 percent in Ireland, Germany, Sweden and the Netherlands (op. cit.).

For these young people, studies have calculated the cost to society – in terms of unemployment costs and risk of crime – as well as costs to the individual - financial as well as health-related. There is a strong positive association, for example, between education level and probability of depression; for a person aged 23 without educational qualifications the risk of depression is an alarming 17 percent for women and 7 percent for men (Chevalier and Feinstein 2005, cited in Prince's Trust 2007: 46).

Inactivity and lack of educational qualifications presents problems for older age groups also. A range of studies have documented what has happened to older men living in localities severely affected by loss of jobs in industry. Alcock et al. (2003) reported increasing numbers becoming 'detached' from the labour market, taking early retirement, entering long-term sickness or taking on new roles (such as caring) in the household. Inactivity among men aged 50-64 increased during the late 1980s and early 1990s to 29 percent in 1995 and subsequently fell slightly to 27 percent in 2001. Of these, more than half (55 percent) said they were inactive due to long-term sickness, and three in ten had taken early retirement. Analysis of the data identified two groups – a set of professional older men who had taken early retirement voluntarily and a second set of men who had lost their job, possibly experienced a spell of unemployment due to lack of transferable qualifications and then registered as long-term sick (Barham 2002). Comparisons of cohorts of men without qualifications also shows that the probability of inactivity has been increasing (op. cit.).

The cumulative effect of the clustering of inactivity is the well-known polarisation of work-rich and work-poor households. Around three in four households in the UK contain at least one person of working age, amounting to close to 19 million households in 2004 (Walling 2004). Of these, the share of workless households remained stable during 1999-2004 at around 16-17 percent, or 3 million households. Around one in three workless households contain working age adults with dependent children - one quarter of these couple households and three quarters lone parent households (op. cit.: table 2). So the potential costs are enormous and this issue deserves full policy attention.

2.2. Gaps in decent work

Following the above assessment of four vulnerability vectors, it remains to present a brief notation of the gaps in the UK policy framework regarding decent work.

i) Illegal segment

- Knowledge of the informal and illegal segments of the UK economy is limited and requires investment in resources, both to collect data and to root out illegal activities.
- Migrants are known to be over-represented in informal and illegal economic activities, but may not be in a sufficiently strong position to request change due to their uncertainty regarding residential or employment status
- Problems of illegal child labour and forced labour need to be addressed

ii) Large formal segment lacking decent work

- Many groups of workers, concentrated in particular sectors of economic activity, do not enjoy the basic features of decent work
- Large numbers of workers are employed on short part-time hours contracts and earn a weekly income lower than the minimum social security threshold
- Over-representation of women in low paid work reinforces norms and customary practices that undervalue certain jobs as ‘women’s work’
- Women in particular may still be forced into this segment at the point of childbirth due to limited access to, and availability of, childcare, as well as the impractical demands of long hours full-time work

iii) Problems of work-life balance, stress and worker voice

- Work-related stress is a widespread and growing feature of the UK 24/7, flexible employment model
- Demands by workers for improved work-life balance reflect the problems of coping with the negative spillover effects of work-related stress on family relationships

iv) Poor access to decent work

- Obstacles to employment among many young people reflect lack of qualifications and opportunities for vocational training
- Once in work, young people with few qualifications face limited prospects to advance out of a low pay-no work-low pay cycle of transitions

v) Restructuring and light touch regulation poses continuous threat to decent work

- Outsourcing and offshoring dismantle standard norms of job security and fragment traditional boundaries of workforce representation and identity
- Powerful role of temporary work agencies as recruitment, and often training, intermediary removes obligation of large firms to select and train a workforce capable of internal progression
- Flexible use of migrant workforce to ease labour demand problems rather than encourage redesign of jobs contributes to erosion of decent working conditions in some cases

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