Precarious work and labour market abuses: mapping the UK landscape

A new study into the scale and nature of labour market non-compliance in the UK will generate the first representative assessment of the extent of labour market abuses faced by people in precarious work in the UK. **Ella Cockbain** and **Krisztián Pósch** write that the study will provide in-depth insights into workers' and employers' lived experiences.

Recent decades have seen considerable changes to the nature of work, with a combination of longer-term structural shifts, such as the proliferation of gig economy work, and more dramatic schisms wrought by events such as the financial crisis of 2007-8, Brexit, and COVID. For example, since Brexit day (31 January 2020), an estimated half a million EU workers have left the UK. Combined with the rupture to the steady inflow of EU workers on whom businesses have come to rely, it is unsurprising to see record labour shortages now reported.

Some early studies indicate that the pandemic's economic effects have reinforced existing inequalities in people's exposure to precarious work. For example, ONS data show that young people were especially hard hit during COVID, as they were more likely to work in sectors (e.g., retail) and job types (e.g., zero hours contracts) that left them particularly exposed. A recent report by the Resolution Foundation suggests that disproportionately high numbers of young people returning to work are doing so on an insecure basis, raising questions about the *quality* of work that are masked by better-than-expected youth unemployment statistics.

In law, workers are entitled to various rights and protections to ensure their safe and fair treatment at work. In reality, however, surprisingly little is known about the extent to which these rights are breached, let alone how abuses may concentrate in different demographic groups, communities, industries, contract types and so on.

Established in 2016, the UK's Director of Labour Market Enforcement must report annually on the scale and nature of labour market non-compliance in the UK: a complex, broad and <u>under-researched</u> spectrum of breaches that runs from accidental, low-level infringements to serious crimes. Predictably enough, the hidden nature of non-compliance, the limited and fragmented evidence base and suspected issues with under-reporting have made it difficult for successive directors to <u>provide</u> a comprehensive and accurate assessment. The absence of reliable, nuanced evidence in turn poses fundamental challenges to already <u>under-resourced</u> enforcement bodies, impeding prioritisation and leaving them overly reliant on responding reactively to worker complaints. Yet, complaints provide only <u>an imperfect reflection</u> of the true conditions in workplaces, especially given <u>widespread concerns</u> about underreporting. Notably too, many issues that might naturally be understood as labour market abuses are not actually within the Director's scope, for example 'fire and rehire' practices like those seen in the recent <u>P&O Ferries scandal</u>.

To address the pressing evidence gaps, the Director of Labour Market Enforcement has commissioned our team from UCL and the University of Gloucestershire to conduct a novel, mixed-methods study into the scale, nature, and correlates of labour market non-compliance among people in precarious work. This project is an associated study of the Understanding Society Survey.

Our approach and methodology

Although we expect instances of labour market abuse to occur across the workforce, our study focuses specifically on precarious workers. Precariousness is itself a complex concept that can be variously defined. In <u>our previous research</u>, taking a pragmatic approach well-suited to statistical analysis, we defined workers as precarious when they fit two or more of the following criteria: (1) having an income at or below 60% of the median; (2) having a non-traditional employment status (e.g. in the gig economy, multiple jobs, self-employed, *etc.*); and/or (3) coming from an immigrant/ethnic minority background *and* working for a small employer. Applying that definition to data from the Understanding Society Survey, we estimated that in 2019-20 around one in ten (9.7%) of the UK's working population could be considered precarious workers.

There are three main reasons for limiting our study to people in precarious work. First, both UK and international literatures suggest that precarious workers are particularly vulnerable to labour abuses, since they tend to have far less social and geographical mobility and collective bargaining power. Second, we expect that at least some labour market abuses are quite rare for most UK workers, so targeting the survey to a likely high-risk population is a better use of the available resources. Finally, this tailored focus will enable better insights into certain sub-populations, thanks to the larger sample size it permits.

Building on our earlier scoping study, we set out a fully integrated mixed-methods design as the best approach to scrutinise the breadth and depth of labour market non-compliance among precarious workers in the UK. First, we will use the Understanding Society Survey to identify people in precarious work and their household members. Then, we will ask these precarious workers to refer others they know who are also in precarious work. This method is called respondent-driven sampling (RDS) and is commonly used to map hard-to-reach populations.

Traditional RDS approaches tend to rely on limited numbers of initial participants ('nodes') with unknown sampling weights and achieve representativity by recruiting large networks. In contrast, we will have a large number of initial participants with known sampling probabilities and small networks (recruits will be maximum three times removed from initial participants). This methodological innovation will permit us to gain a sample that can be utilised both as a 'boost' sample, providing more accurate estimates for certain cross sections of interest (e.g., women working in agriculture in Scotland), while also allowing us to use network-based inference deriving within- and betweennetwork estimates. We expect to be able to recruit 6,000-8,000 participants overall.

To add depth and nuance, the project will also include qualitative interviews and focus groups. Thanks to the study's fully-integrated nature, our purposive sampling will be finely targeted, with participants selected based on their survey responses. In total, we will conduct 30-40 in-depth interviews with people in precarious work and run six focus groups with workers and employers. The qualitative work will explore and expand upon the survey findings, providing the rich detail of lived experiences and examining practical implications for attempts to reduce labour market non-compliance, improve access to justice and respond more effectively to breaches.

Future steps

Generating a reliable and nuanced understanding of the current landscape of labour market non-compliance is a vital step towards ensuring that responses can be far more strategic, targeted, and effective. This new project will provide much-needed empirical evidence to inform policy and practice around labour market regulation and enforcement in the UK.

New data, however, are only as good as our ability to interpret the results and understand their implications. To strengthen our understanding of the findings, we will work closely with key stakeholders on various advisory groups (e.g., employer and worker representatives, policy makers, legal experts, etc.) to help assure quality and maximise the study's real-world relevance and impact. Crucially, we will involve precarious workers themselves, with the help of Focus on Labour Exploitation (FLEX).

We hope that the findings will also influence the design and delivery of a new single enforcement body, something to which the government has previously committed but progress has <u>yet to be made</u>. Finally, the project will establish a baseline assessment and the tools for further such survey research, enabling a more fine-grained understanding of how the landscape of labour market non-compliance shifts over time and amid changes in policy, practical interventions, or broader external events. For further news from the study, please visit our project website.

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Notes:

- This blog post is based on a <u>study</u> commissioned by the Director of Labour Market Enforcement.
- The post represents the views of its author(s), not the position of LSE Business Review or the London School of Economics.

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