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Zero Hours Contracts, Job Quality and Impacts on Workers

Duncan McVicar

NERI Conference, 12th May 2017,
Maynooth



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theguardian

More than 900,000 UK workers now on zero-hours contracts

Belfast Telegraph

Northern Ireland has smallest rate of zero-hours contracts

theguardian

Number of zero-hours contracts reaches 1.4m

THE IRISH NEWS

16,000 people in north employed on zero hours contracts

theguardian

Number of workers on zero-hours contracts up by 19%

FINANCIAL TIMES

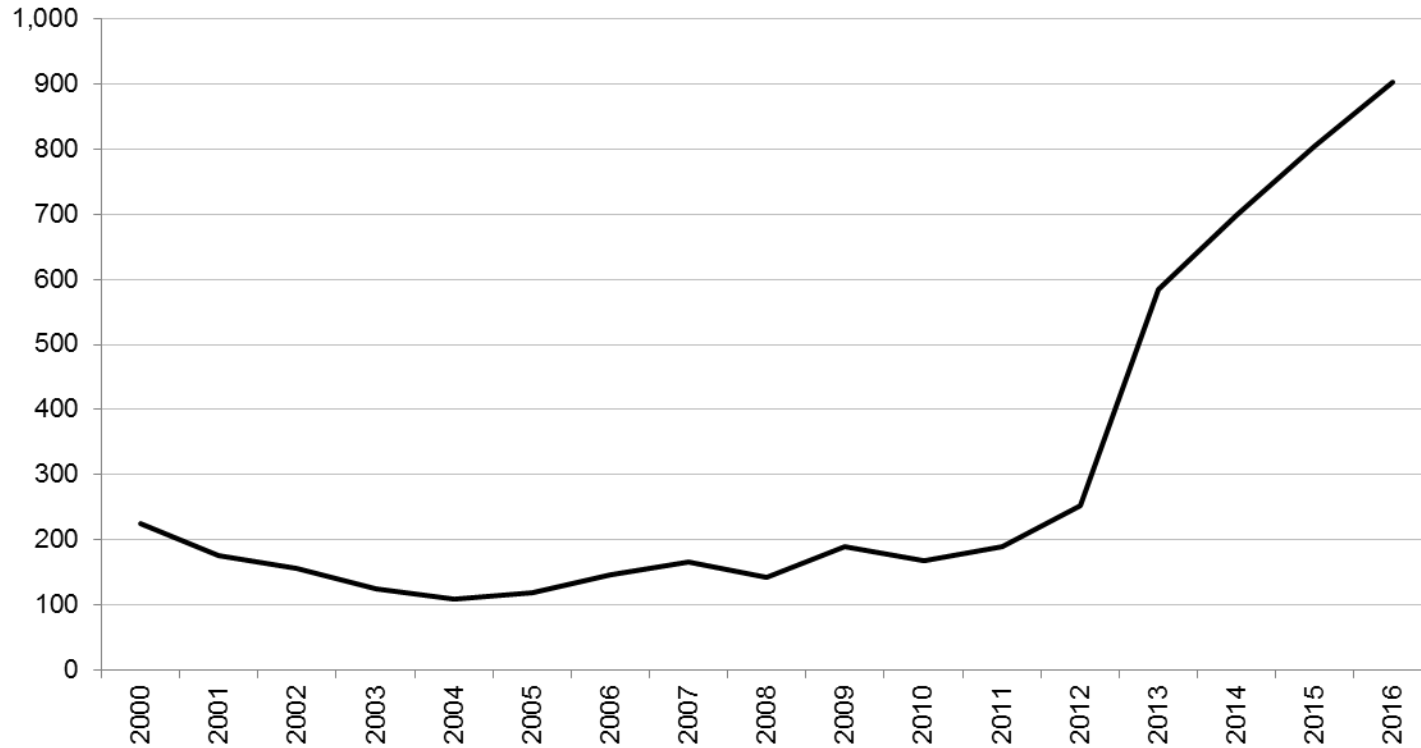
Zero-hours workers suffer £1,000 'precariousness penalty'

Outline / Questions

- What do we know about the *prevalence* of ZHCs?
 - What do we (really) know about ZHC growth?
 - Who are the ZHC workers and where do they work?
 - What do we know about ZHC prevalence in NI?
- What do we know about the *quality* of ZHC jobs?
 - Is there a wage penalty / premium for ZHC jobs?
 - Do ZHC workers report lower job satisfaction?

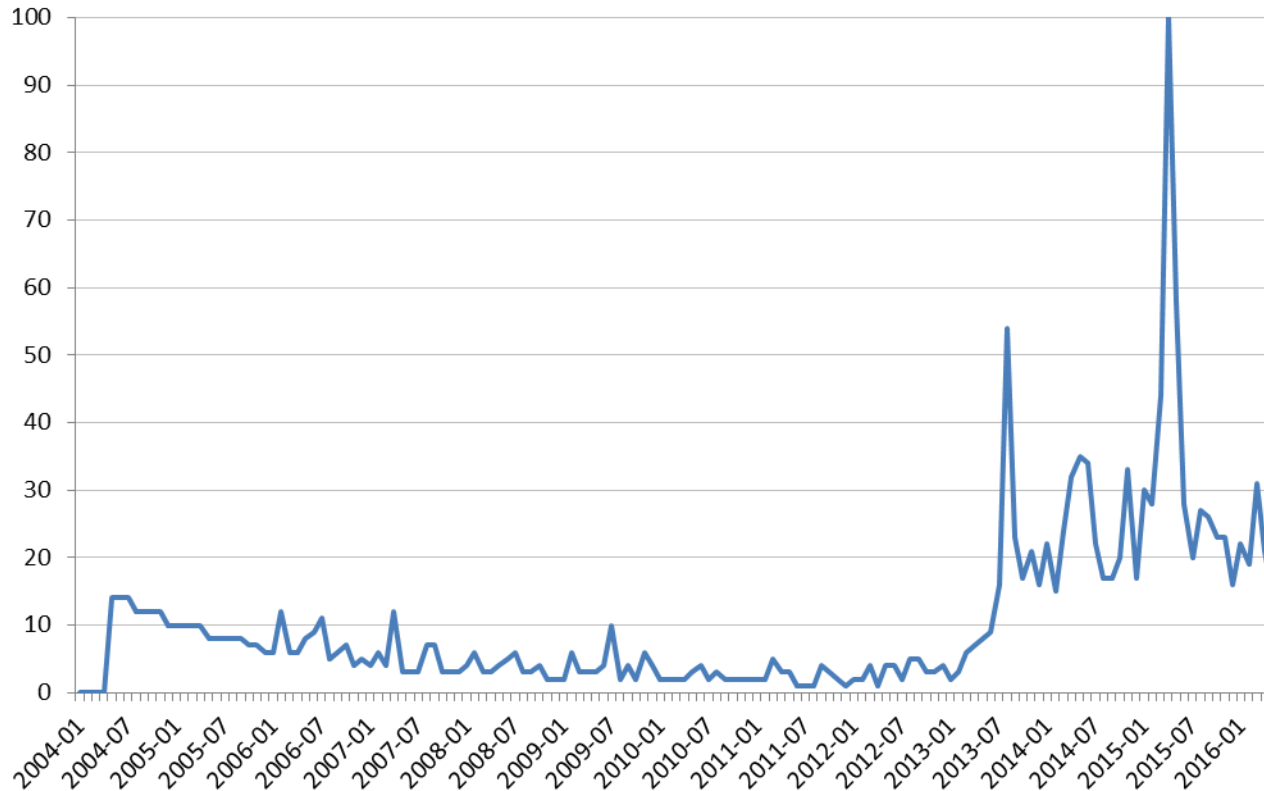
Growth of ZHCs, UK (Source: ONS)

**In employment on a zero hours contract
(thousands)**

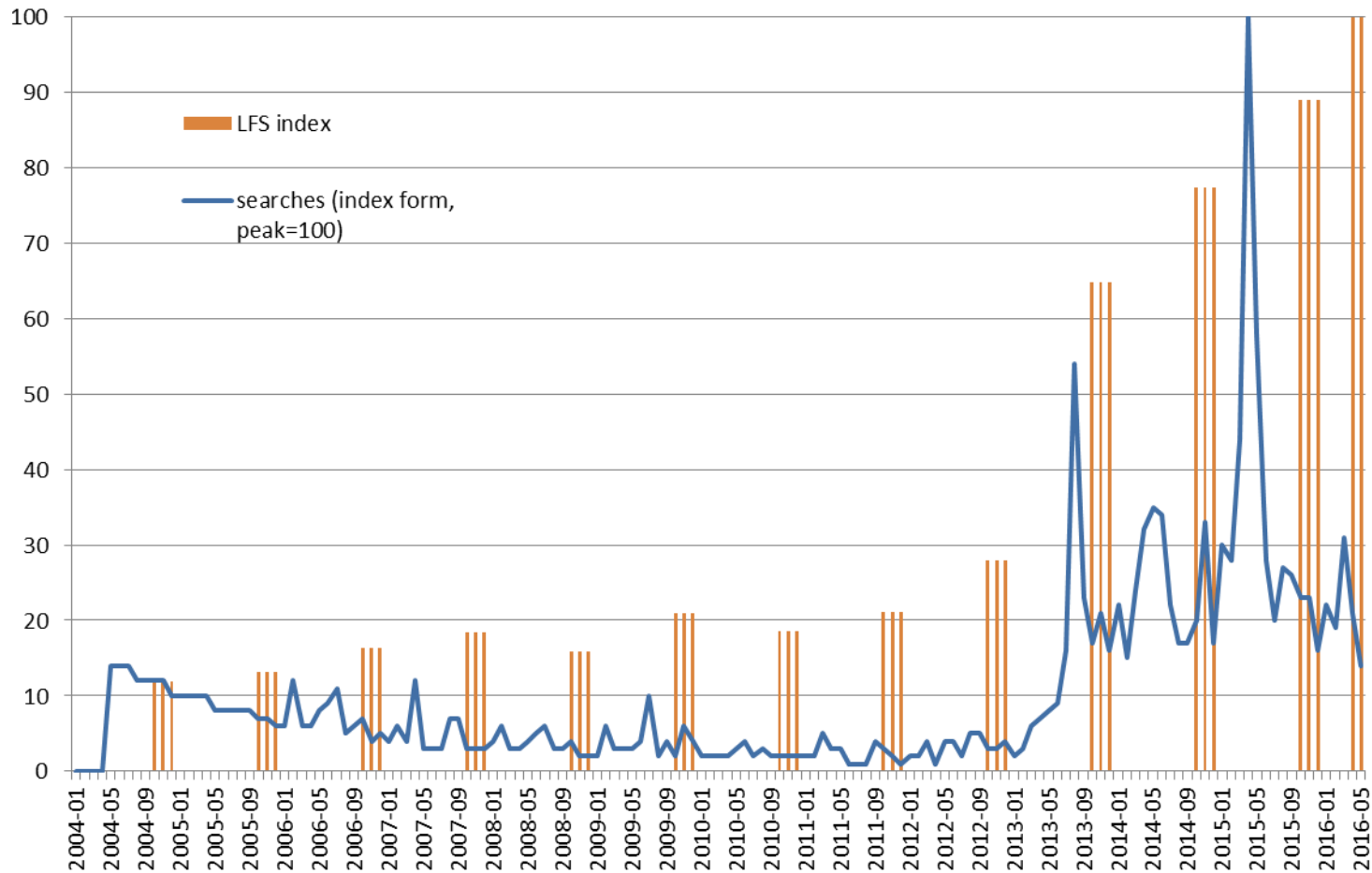


Awareness of ZHCs: Google Trends

Searches for 'zero hours contracts' (index form,
peak=100)

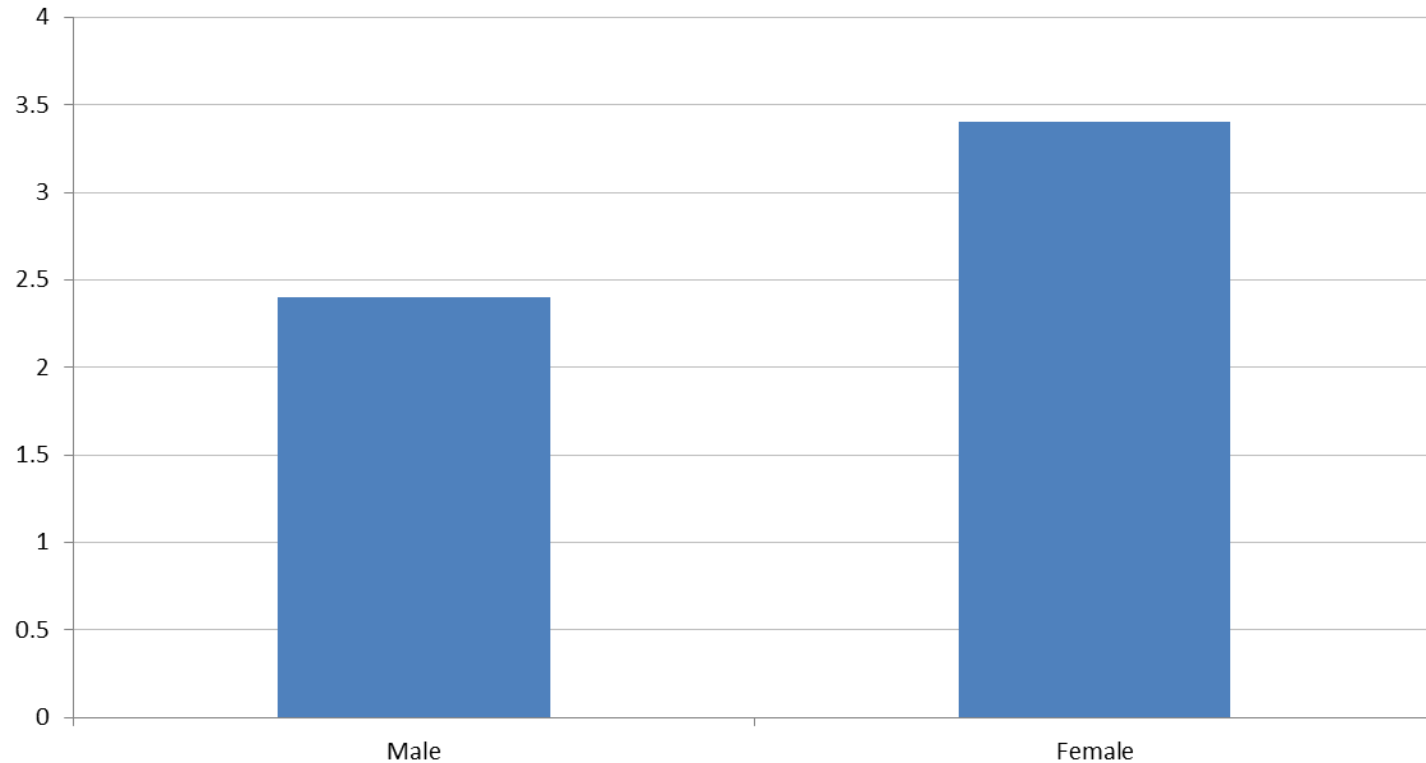


Which came first? ZHCs or media?



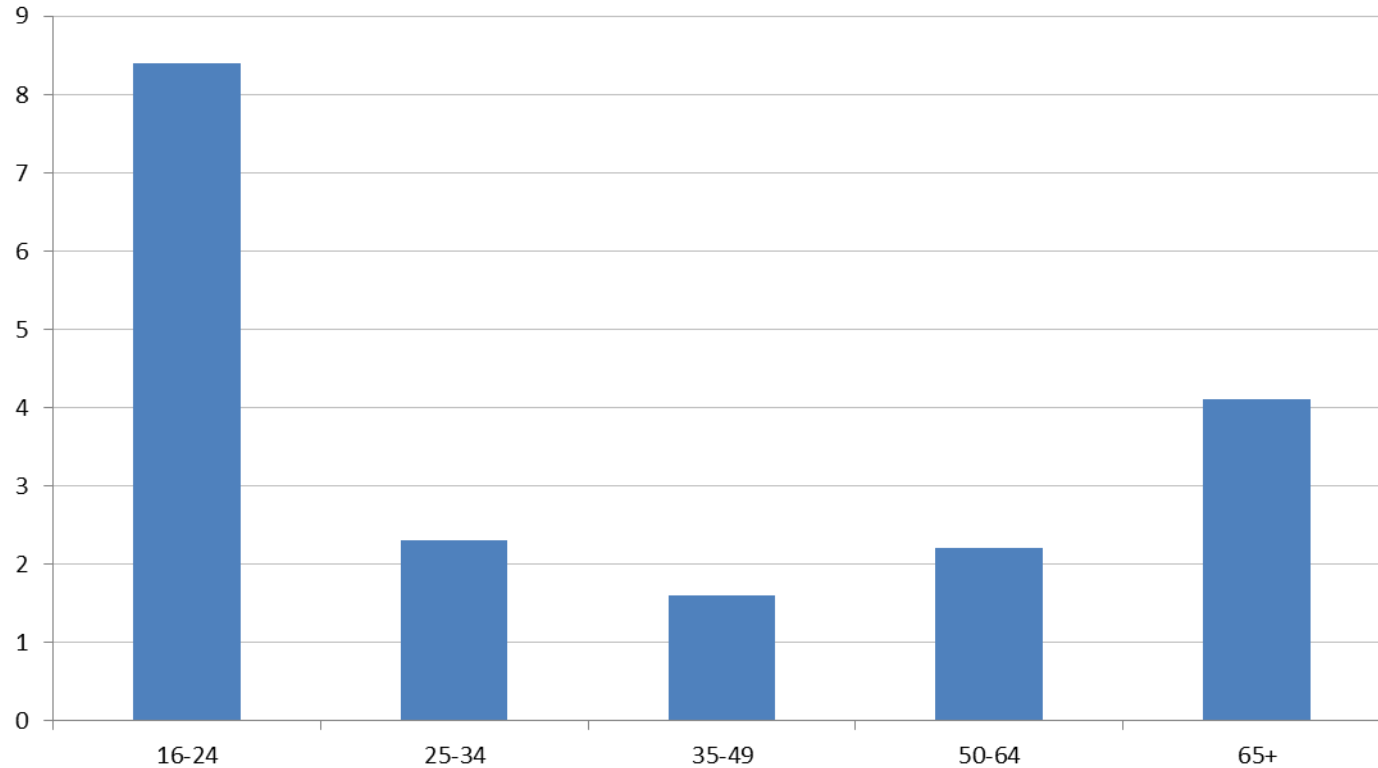
Who are the ZHC workers?

per cent of those in employment who are on a zero hours contract (Source: ONS)



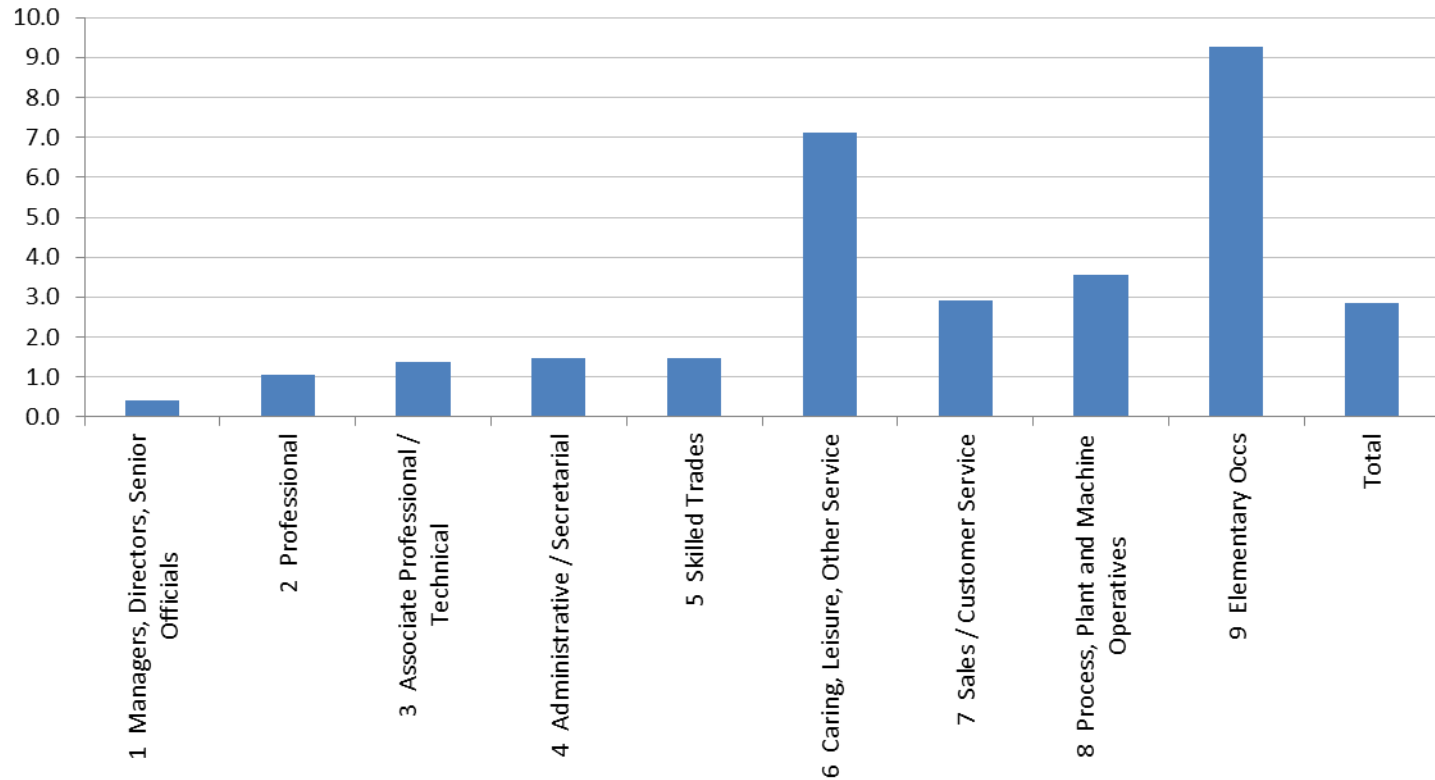
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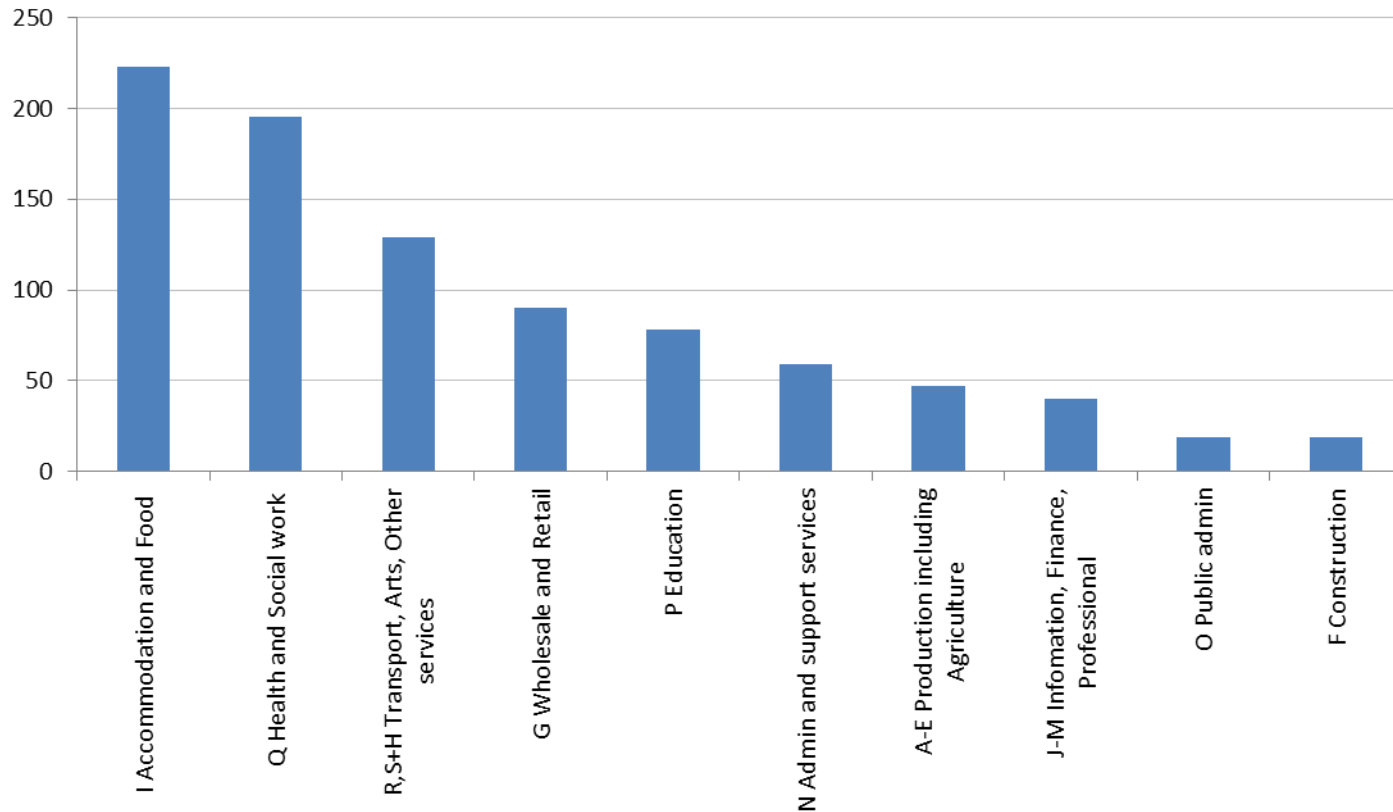
Who are the ZHC workers?

Per cent of people in employment who are on a zero hours contract (Source: ONS)



Which industries use ZHCs most?

In employment on a zero hours contract (thousands)



ZHC Prevalence in Northern Ireland, 2015Q2 (Source: ONS)

	In employment on a zero hours contract (thousands)	Per cent of people in employment who are on a zero hours contract	Statistical Reliability
UK	747	2.4	*
England	648	2.5	*
North East	31	2.7	****
North West	88	2.7	***
Yorkshire and The Humber	53	2.1	***
East Midlands	65	2.9	***
West Midlands	79	3.1	***
East of England	65	2.2	***
London	96	2.2	***
South East	96	2.2	***
South West	75	2.8	***
Wales	40	2.8	***
Scotland	51	1.9	***
Northern Ireland	-	-	

ZHC Prevalence in Northern Ireland, 2016Q2 (Source: ONS)

	In employment on a zero hours contract (thousands)	Per cent of people in employment who are on a zero hours contract	Statistical Reliability
UK	903	2.9	*
England	768	2.9	*
North East	34	2.8	****
North West	102	3.0	***
Yorkshire and The Humber	87	3.4	***
East Midlands	83	3.6	***
West Midlands	79	3.0	***
East of England	72	2.3	***
London	95	2.1	***
South East	127	2.8	***
South West	90	3.3	***
Wales	42	2.9	***
Scotland	78	3.0	***
Northern Ireland	16	1.9	****

ZHCs in NI: Extrapolated by Industry, 2016Q2

Sector	NI employees	UK ZHC proportion	Implied number of ZHC workers in NI
A-E: Production & Agri	103,310	0.012	1239.72
F: Construction	30,090	0.008	240.72
G: Wholesale & Retail	125,860	0.022	2768.92
RSH: Transport, Arts & Other Services	55,580	0.037	2056.46
I: Accommodation & Food	45,310	0.13	5890.3
J-M: Info, Fin & Prof	73,480	0.008	587.84
N: Admin & Support	52,310	0.038	1987.78
O: Public Admin	49,810	0.009	448.29
P: Education	70,160	0.023	1613.68
Q: Health & Social Work	126,530	0.045	5693.85
Total	732,440		<u>22,528</u>

ZHCs and wages (Source: TUC 2014)

	Average gross weekly pay	Average gross hourly pay	Median hourly pay
All employees	£467.30	£13.23	£10.60
Permanent workers	£478.51	£13.39	£10.78
Temporary workers	£290.98	£10.77	£8.14
Agency workers	£387.42	£10.93	£8.33
ZHC workers	£247.15	£8.83	£6.86

ZHCs and wages

- Recent Resolution Foundation research for the UK shows:
 - ZHC workers earn 38% less per hour than permanent employees
 - Four fifths of this gap is explained by factors such as age, gender, experience, education, occupation, industry and tenure
 - But one fifth of this gap – 6.6%, or 93p per hour – is not explained by these factors
 - For a typical ZHC worker, working 21 hours per week, this wage penalty amounts to £1000 per year



ZHCs and job satisfaction

- Do ZHC workers trade-off lower pay and job insecurity for greater flexibility or a foot on the ladder?
- If so we'd expect ZHC workers to be no less satisfied in their jobs than other (similar) workers
- Internationally, research evidence suggests workers in casual-type jobs are less happy with their jobs
- UK studies also suggest workers in casual and seasonal jobs report lower levels of job satisfaction
- The only published estimate of job satisfaction for ZHC workers vs. others suggests no difference (CIPD 2013)

Conclusions

- These questions about ZHCs matter for employers, for workers, for government
 - E.g. consider Taylor review, draft PfG
- Bottom line: we know enough about ZHCs to know that we don't know enough about ZHCs
- How to move forward in NI?
 - Can we make better use of existing data?
 - Can we add question(s) about ZHCs and other non-standard job types to existing surveys?
 - Can we learn more about the quality of ZHC jobs and their impacts on workers (to build an evidence base)?



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Thank you

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"...and the winner of this week's "Race to the Bottom" is..."