

# MATCHING PEOPLE TO JOBS AND FAIR WORK: DRIVERS AND IMPACTS OF UNDER-EMPLOYMENT AND INSIGHTS FOR BUILDING BACK WITHOUT UNDER-EMPLOYMENT

Professor Colin Lindsay, University of Strathclyde

Dr Robert Stewart, University of Strathclyde

Professor Donald Houston, University of Portsmouth

Dr George Byrne, University of Portsmouth



# Introduction and background



# Background and existing evidence

- Under-employment has been consistently high since the 2008-9 financial crisis: in June 2020 estimated more than 3.5 million UK workers were under-employed (approx. 9 per cent of workforce)
- Evidence points to inter-connected business model, organisational, labour market and individual factors associated with higher levels of under-employment risk: e.g. for women, young people, lower skilled and service sector employees
- Under-employment is unwanted, disempowering and has negative impacts on employees, businesses and society



# Defining our terms

Time-related under-employment exists when the hours of work of an employed person are insufficient in relation to an alternative employment situation in which the person is willing and able to engage.

ONS defines under-employed people are those who, during the reference period that is used to define employment:

- want to work more hours in their current job, or are looking for an additional job or a different job with more hours;
- are available to start working more hours within two weeks; and
- are currently working 48 hours or less per week (40 hours for those under the age of 18 years).

The under-employment rate is the number of under-employed people as a percentage of the total in employment.



# Aims and methods

- Our aims: To undertake quantitative data analysis to explore the spatial, employment and individual factors associated with risk of under-employment... and potential productivity implications
- To conduct in-depth research with 28 HR and business leaders in Scotland and South of England on workforce planning practices and challenges, and attitudes towards under-employment
- To identify insights and priorities for public policy
- Funded by ESRC Productivity Insights Network, supported by the Scottish TUC and Universities of Strathclyde and Portsmouth



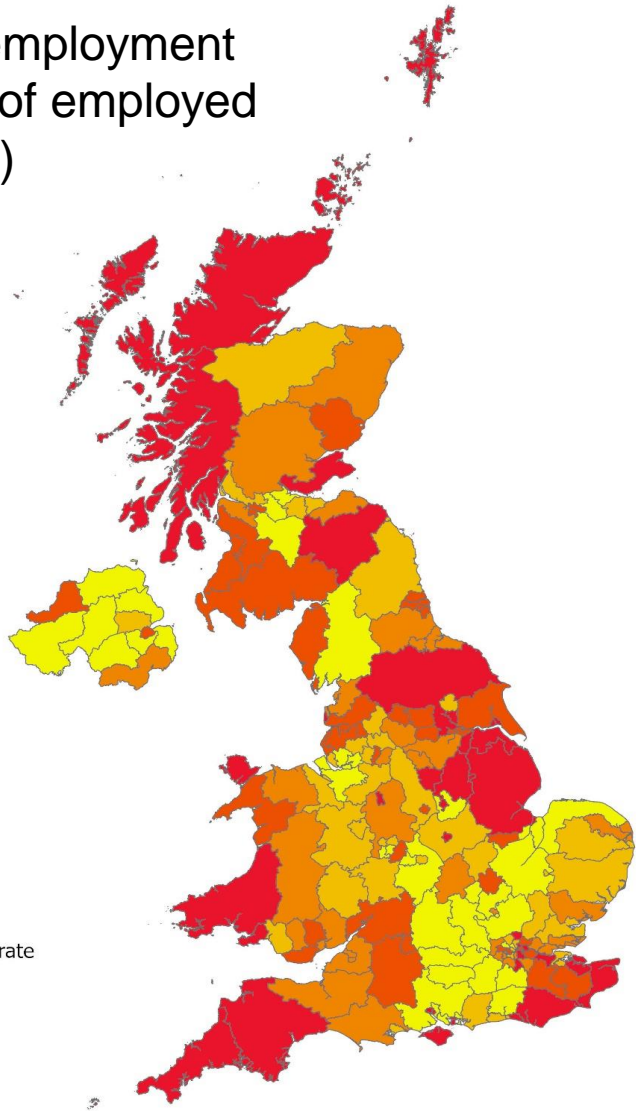
# Insights from quantitative data analysis



Under-employment  
rate (% of employed  
persons)

Underemployment rate

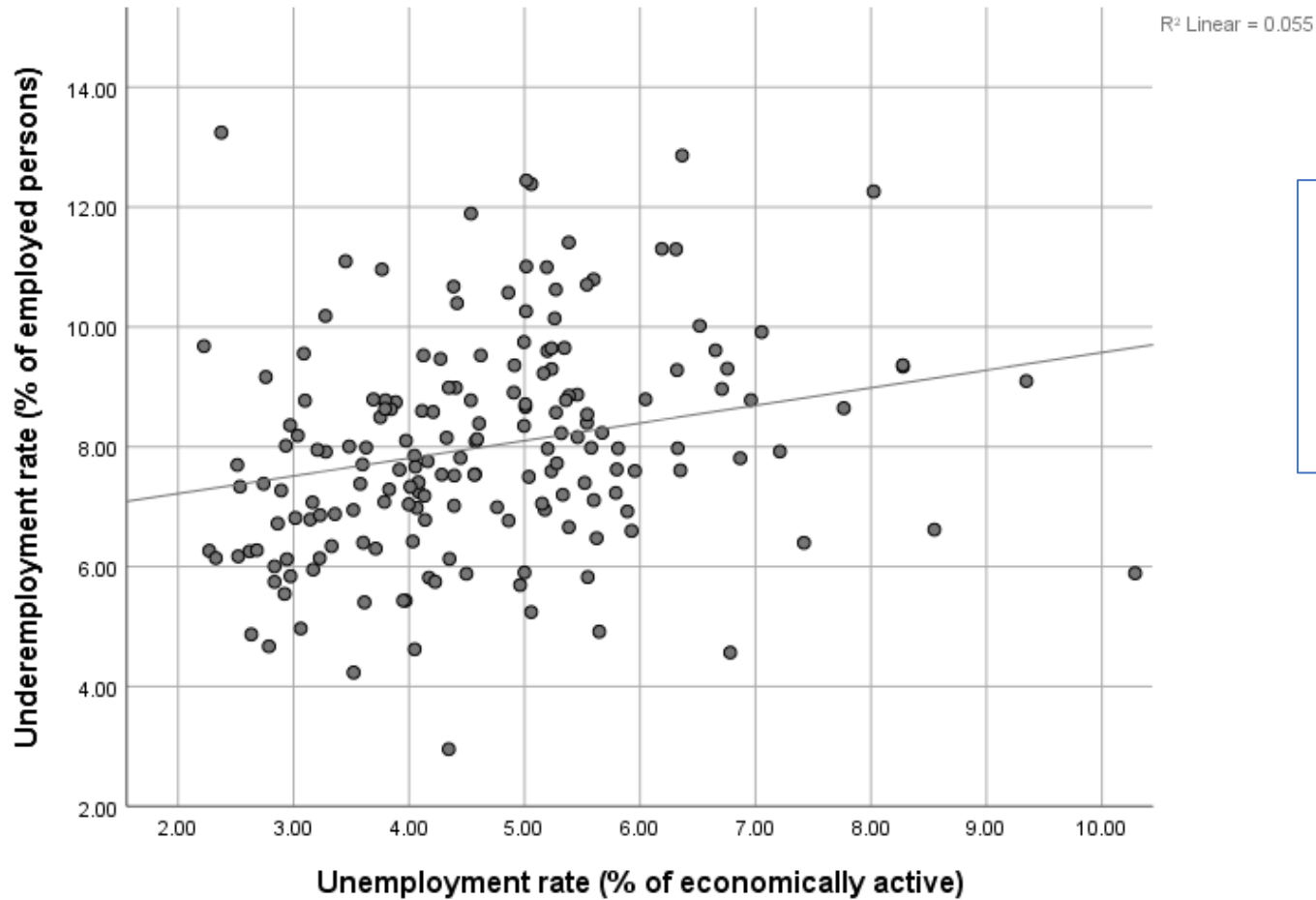
≤6.4
≤7.5
≤8.3
≤9.4
≤13.2



## Annual Population Survey/Labour Force Survey, 2016-18

- Own calculations and analysis under 'Safeguarded' license
- 307,711 persons of working age (16-64 yrs)
- 179 'NUTS3' regions (LADs or grouped LADs)
- Geography and local labour market conditions
- Gender, age, skills, occupation, industry
- New 'FTE' labour market metrics

# Under-employment and unemployment, NUTS3 regions, 2016-18



Under-employment is linked with local unemployment, but only weakly so ( $r=0.225$ )



# Hours worked and extra hours wanted: Gender and age

Gender and age categories	Hours worked (employed)	Hours worked (under-employed)	Extra hours wanted (under-employed)	Under-employment rate (% of employed)
All (age 16-64)	32.0	22.9	15.4	7.9%
Men	36.3	26.2	16.6	7.2%
Women	27.2	19.9	14.2	8.6%
Age 18-24	29.1	21.8	17.4	14.7%
Age 25-49	33.1	24.3	14.9	7.4%
Age 50-64	31.7	21.9	14.5	5.8%

# Hours worked and extra hours wanted: Industry groups (based on business/enterprise)

Industry	Hours worked (employed)	Hours worked (under-employed)	Extra hours wanted (under-employed)	Under-employment rate (% of employed)
All	32.0	22.9	15.4	7.9%
Agriculture, forestry and fishing	44.0	24.6	17.9	4.1%
Energy and water	36.7	30.9	13.4	4.7%
Manufacturing	36.4	31.0	14.4	5.3%
Construction	37.2	28.4	17.6	5.1%
Distribution, hotels and restaurants	29.4	21.4	15.8	13.0%
Transport and communication	35.5	27.2	17.0	6.1%
Banking and finance	33.3	23.3	16.2	6.3%
Public admin, education and health	29.3	21.3	13.1	7.2%
Other services	28.8	19.9	17.5	11.6%

# Hours worked and extra hours wanted: Occupational groups (based on jobs/tasks)

Occupational group	Hours worked (employed)	Hours worked (under-employed)	Extra hours wanted (under-employed)	Under-employment rate (% of employed)
All	32.0	22.9	15.4	7.9%
Managers, Directors and Senior Officials	38.0	26.3	14.2	2.8%
Professional Occupations	33.3	25.1	12.7	4.4%
Associate Professional and Technical	33.2	23.5	15.2	6.2%
Administrative and Secretarial	28.9	23.5	12.3	6.9%
Skilled Trades	37.1	27.7	17.0	6.5%
Caring, Leisure and Other Service	27.1	20.8	13.8	10.8%
Sales and Customer Service	25.8	20.8	16.7	15.1%
Process, Plant and Machine Operatives	36.4	28.6	18.3	7.5%
Elementary Occupations	26.7	20.0	16.7	17.0%

# New 'FTE' labour market metrics

Gender and age category	Full-Time Equivalent Employment			Full-Time Equivalent Unemployment		
	Rate	Employment Rate	Diff.	Rate	Unemployment Rate	Diff.
All (age 16-64)	63.6	74.6	-10.9	9.1	4.6	4.5
Men	76.8	79.3	-2.6	8.5	4.7	3.9
Women	50.7	69.9	-19.2	9.9	4.5	5.5
Age 18-24	47.7	61.5	-13.8	19.4	10.9	8.5
Age 25-49	73.6	83.5	-9.9	7.7	3.4	4.2
Age 50-64	59.8	70.8	-11.0	6.4	3.1	3.2

# Insights from quantitative analysis

- Underemployment is linked to underlying weak labour demand
- Underemployment strongly linked to certain service-sector industries and occupations
- Underemployment disproportionately affects young people and women
- New 'FTE' metrics help better reveal patterns in the overall balance between labour demand and supply
- Encouraging 'good' jobs (often, but by no means always, full-time) but also flexibility will be good for productivity and wellbeing

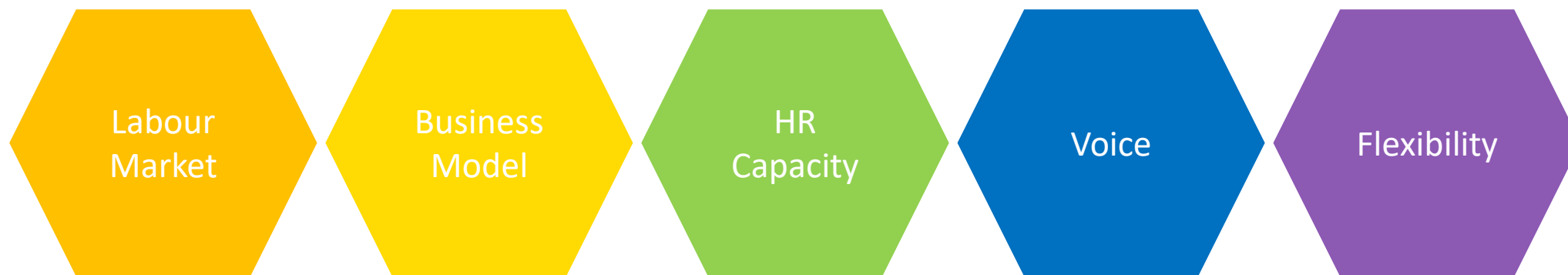




# Insights from qualitative data analysis



# Emerging Themes



# Labour Market Matters



*One of the things we do look for is people who are willing to be flexible. So, we're really flexible with them, but then we want people to be flexible. So, we try and give people opportunities to learn about as many different aspects of the businesses as possible.*

[Third Sector SE1]





# Labour Market Matters



- Tighter labour markets contribute to greater **employer** flexibility.
- High demand for jobs contributes to greater **employee** flexibility.
- **Students, women** with caring responsibilities, and **migrant workers** reduce challenges in recruitment for part-time/flexible hours.
- Uncertainty (particularly from **Brexit** and **COVID19**) has shifted the balance of power.

*...we just have to take who we can get until we come to a point where it's a more attractive job and then maybe we can be a bit more selective"*

[Leisure SE2]

*You've always got that student population that are quite happy, probably, just doing a reasonably low contract if they're trying to tie it in with uni, college, school, whatever the case may be. When those are off, yes, there's absolutely that appetite there for more.*

[Retail SCO1]

*I think people do not want to lose their jobs just now. The jobs market isn't buoyant. I think people are looking for stability. There is a lot of lay-offs just now. So, our turnover... we do have involuntary turnover as a result of the restructures that we've made. But, voluntary turnover is, I would say, at its lowest level that it's ever been.*

[FinServices SCO1]



UNIVERSITY OF  
PORTSMOUTH



Economic  
and Social  
Research Council

# Business Model Matters



*It definitely comes through loud and clear to me... that people would like more hours and to have larger contracts. Again, it is that agility and that kind of flexibility that we need them to do. More often than not, the hours are there. It's just if they're there when they want to do them.*

[Retail SCO1]



# Business Model Matters



- Some employers recognise that a substantial minority of employees are at risk of under-employment
- Some recognised that particular employees, especially those with **caring responsibilities**, might be more at risk.
- Expectation of **‘full flexibility’** and **split shifts** contribute to under-employment.
- (In)flexibility is rationalised on the basis of demand for services/client needs.
- Some employers believe that underemployment is a ‘choice’ or a lack of flexibility on the part of the employees.

*It's been heart-breaking. [...] you're talking to colleagues and they're like, "I'm on my way to my other job now." That actually really upsets me because I'm a bit like... In terms of being able to give people that job and... I think that's also had a knock-on effect in terms of development for people as well... I'm talking team manager, so a first level of management.*

[Retail SCO1]

*Although we offer a 30-hour a week contract, we expect full flexibility from them, which I think is, to a certain extent, a little bit unfair, because I think if you are only offering somebody 30 hours a week and no flexibility their second job has to fit round what you want...*

[Hospitality SC04]

*we need certain positions manned 24/7 [...] part time is not, flexible working is not an option. [...] it'd be nice, but it's not really an option [...] people tend to move on because, not so much, they want to progress or earn more money, but "I want to get a night shifts..."*

[Public Sector SE3]

# HR Capacity Matters



*It is quite challenging not having any HR leadership in the middle, if that makes sense, because you often get the asset manager saying, “This is what I want to happen.” Then [senior management] says, “Make it happen.”... That can be very, very frustrating, because although you are a well paid HR manager, you are doing a HR administrators job and moving spreadsheets about. I think it depends what you want in a job.*

[Hospitality SCO4]



# HR Capacity Matters



- **Sector and size** of organisation shape HR capacity and practices.
- Sufficient HR capacity and clearly defined roles increase awareness of underemployment.
- But ultimately, **business models and finances dominate decision making**.
- Devolution of financial responsibility means managers are under pressure to prioritise ‘cost containment’ or seek ‘**minimum survival cost minimisation**’.
- Smaller organisations have limited and/or informal HR capacity, while medium sized organisations sometimes have a ‘**mixed model**’.

*We had two onsite HR staff here [...] as well as the council's main HR, and they did a lot of stuff that HR probably did 20 years ago in most places. And now managers do things like ordering uniform, ordering PPE, and dealing with a lot of the absence stuff. Then we had a new director come in and say, "well, we're paying HR down at main council offices and paying HR here. Why?" And they got rid of that. And lots of managers got stuff coming their way. "That's not my job, that was HR's job". It might have been 20 years ago in a lot of places, but they are normal manager things these days*

[Public Sector SE3]

*...our HR function, not for recruitment but for HR issues, is outsourced to an organization called [---]. So they provide managers with all the HR support and, where necessary, we purchase in additional HR support internally where we secure funding for new projects [...] part of that bid would have included the staffing requirements. We would then tell the relevant manager who will be managing that project what their staffing resource is. They will go out to advertise and recruit via shortlisting and a panel interview.*

[Third Sector SE4]

# Employee Voice Matters



*...they're so in and out and tough to pin down. We do have a monthly [all staff] meeting but it's by no means the whole team that turn up, it's just whoever fancies coming in. You would like to think that having a meeting, an opportunity for people to come in and put some views on the table would attract them in. But I guess, unless we agree to pay them, they won't come in. So that gives you an indication of what they can be like, things like that don't get embraced.*

[Leisure SE3]



# Employee Voice Matters



- Mechanisms for employee voices to be heard (and how effective they are) vary depending on **size and sector**.
- **External stakeholders** can have both positive and negative impacts on underemployment (e.g., Unions, Funders/Donors, Employment Rights Campaigns).
- Smaller organisations tend to have **informal** mechanisms for employees to express their views/needs, while larger organisations have more **formal** processes.
- Organisations that have experienced growth expressed concern regarding **how to formalise effectively without losing the personal level of communication**.
- Ultimately, decision making and outcomes were still largely **financialised and driven from the top down**.

*...I still have one union rep. They'll retire in November. And we have [...] joint negotiating forum meetings, I think twice a year, where any contentious new processes, procedures, whatever are discussed [...] So yeah, the, those discussions go on, the unions are fairly constructive. They're to a degree, they're a useful check and balance on management, not doing anything silly, I suppose.*

[Public Sector Logistics SE1]

*...one of our problems is our contracts, particularly our condition contracts with the [funders]. Within those contracts, you have to provide cover for over certain core staffing hours. And that does prove difficult for those members of staff that have caring responsibilities. [...] the issue is that we can't, we struggle to accommodate staff who want to finish at three o'clock 'cause we are unable to go out and employ a worker to come in at 3-5.30 to cover that post.*

[Third Sector SE5]



UNIVERSITY OF  
PORTSMOUTH



Economic  
and Social  
Research Council

# Whose Flexibility?



*We will be as flexible as we possibly can... So, from our point of view, because we're much more flexible and accommodating with other things, we tend not to have any pushback from people doing extra hours. And if people want to reduce their hours, where we can, we will absolutely support that flexible working request. But we have such small teams that often what we have to do is go back to them to say, "We just can't agree to this now, but ask us again in another six months."*

[Social Care SCO3]





# Whose Flexibility?



- Some employers see a **lack of flexibility on the part of employees as a driver of under employment.**
- Some employers assumed that *their* flexibility was valued by employees.
- Third sector and social enterprise employers suggested that **lower pay and/or some precarity were accepted by employees who shared the ethos and aims of the organisation.**
- Though flexibility is understood by employers to be a two way street, the **employers ultimately have hard lines that they cannot (or will not) cross**, as well as the final say regarding which hours are available.

*...we wouldn't have full-time contracts for them [students etc.], because you wouldn't be able to work full-time across seven evenings, there wouldn't be enough hours to be able to do that and if they're not flexible enough to work mornings, afternoons and evenings, then that is why the contract has to be a part-time one.*

[Retail SCO1]

*We have a significant bank of casual workers who are so reliable and all work so many hours that they absolutely should theoretically be permanent staff but as soon as you say to them – as we do regularly – why not take a permanent contract? – they are like 'No'.*

[Social Care SCO1]

*What they do, they like the variety, that's why they're self-employed. They wouldn't want to be in one place for the whole time.*

[Health SCO1]



UNIVERSITY OF  
PORTSMOUTH



Economic  
and Social  
Research Council

# Reflections and insights for policy



# Insights for policy

- Economic development needs to focus sectoral diversification, fair work and sufficient hours – under-employment needs to be acknowledged as a key measure of labour market slack
- Tailored strategies for rural and disadvantaged urban areas
- Where under-employment key to business models... support more stakeholder-oriented models, or consider regulation?
- Acknowledging the unpaid domestic labour of women; and providing childcare that matches peaks in demand



# Insights for policy

- Support, demonstrate and train HR capabilities to challenge the financialisation of the HR function
- Upskilling for young people as a route to better jobs; multi-skilling within employers to access different job roles and hours
- Support employee voice and trade union organising
- COVID19 has forced radical changes to work organisation; and will impact under-employing sectors – an opportunity to build back without under-employment

