



# Living on the margins

Black workers and casualisation

## Introduction

In Britain there is more poverty in every ethnic minority group than among the white British population.<sup>1</sup> The TUC believes that a major cause of this poverty is race discrimination faced by black workers in the UK labour market. The lack of access to employment and to training and promotion opportunities has also consistently undermined the financial well-being of black communities in the UK.

The 2008 recession led to lower levels of unemployment than many have been anticipated given the experiences of previous economic downturns of the 1980s and 1980s. However, it is clear that not all communities have benefitted from the recovery. As this report highlights, in the UK today Black and Minority Ethnic workers continue to experience high levels of unemployment. Recent research reveals that since 2010 the UK has witnessed a 50 per cent increase in the numbers of young people from BME communities in long-term unemployment.<sup>2</sup>

The 2008 recession also heralded an increase in insecure and casual working in the UK. In the aftermath of the recession, as employment levels have risen, so too have the numbers of individuals working in part-time, temporary and insecure forms of employment.

The growth in precarious work has been epitomised by the increased use in zero-hours contracts. Official statistics confirm that by 2014, there were 1.8 million zero-hours contracts in use in the UK.<sup>3</sup> Findings from the Labour Force Survey (LFS) also suggested that the number of agency temps has grown in the aftermath of the recession.<sup>4</sup>

Whilst atypical employment continues to represent a minority of overall employment – there is growing concern that the UK labour market is moving towards more low-paid, less secure and more exploitative forms of employment.

TUC research published in December 2014 highlighted the human cost associated with the growth in casual work, including low pay, under-employment, and heightened financial insecurity. Those in precarious employment are more vulnerable to exploitation. Their working patterns and hours are largely dictated by their employer and they have very little flexibility or autonomy over their lives.

Due to their uncertain employment status, the transient nature of their work and their low level of weekly pay, many zero-hours contract workers, agency workers and others in insecure jobs lose out on basic rights at work. Being in such a

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<sup>1</sup> <http://www.jrf.org.uk/sites/files/jrf/2057.pdf>

<sup>2</sup> <http://www.theguardian.com/society/2015/mar/10/50-rise-in-long-term-unemployed-youngsters-from-uk-ethnic-minorities>

<sup>3</sup> <http://www.ons.gov.uk/ons/rel/lmac/contracts-with-no-guaranteed-hours/zero-hour-contracts--2014/index.html>

<sup>4</sup> TUC (2014), *The Decent Jobs Deficit: The Human Cost of zero-hours working in the UK*.

Available at: <https://www.tuc.org.uk/workplace-issues/employment-rights/decent-jobs-week/decent-jobs-deficit-human-cost-zero-hours>

precarious situation means it is very difficult for workers to complain if they are treated badly. As a result they risk having the few rights they do have disregarded.

This report highlights how BME workers have been disproportionately affected by the growth in part-time, insecure and low-paid employment. It illustrates the ways in which changes in working patterns and in the contractual relationship between employer and employees have had a negative effect on BME workers resulting in many living on the margins of the labour market.

The findings outlined in this report are based on an analysis of the Office for National Statistics (ONS) Quarterly Labour Force Survey (LFS). The case studies and quotes scattered throughout the report are largely drawn from an online survey carried out by the TUC in April/May 2014. This survey received 3,244 responses. The vast majority of respondents were members of trade unions. One in three were employed in temporary work, including agency work, zero-hours contracts or fixed term contracts. Given the precarious nature of their employment, the identities of the individuals have been anonymised.

### Precarious employment and BME workers

Official statistics indicate that temporary and casual forms of employment, as well as part-time employment, have increased steadily in the aftermath of the recession.<sup>5</sup> As shown in Table 1, by October to December 2014 more than 1.7 million employees in the UK were employed in some form of temporary work, an increase of more than 300,000 since the start of the recession. Temporary working for these purposes includes agency working, employment on a fixed term contract, in casual work and other non-permanent employment than is temporary in some other way.

The proportion of the overall workforce employed in some form of temporary work also increased from 5.5 per cent in 2008 to 6.5 per cent in 2014.<sup>6</sup>

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<sup>5</sup> TUC (2014), *The Decent Jobs Deficit: The Human Cost of zero-hours working in the UK*.

Available at: <https://www.tuc.org.uk/workplace-issues/employment-rights/decent-jobs-week/decent-jobs-deficit-human-cost-zero-hours>

<sup>6</sup> Statistics from ONS LFS from April–June 2008 and July–September 2014

**Table 1: Temporary employees as a proportion of the workforce**

	Temporary employees (000s)	Total as % of all employees
2008 (Apr–Jun)	1395	5.5
2009 (Apr–Jun)	1435	5.8
2010 (Apr–Jun)	1582	6.4
2011 (Apr–Jun)	1591	6.3
2012 (Apr–Jun)	1580	6.3
2012 (Apr–Jun)	1615	6.4
2012 (Apr–Jun)	1660	6.6
2013 (Apr–Jun)	1617	6.4
2013 (Apr–Jun)	1547	6.1
2013 (July–Sep)	1628	6.4
2013 (Oct–Dec)	1621	6.3
2014 (Jan–Mar)	1655	6.4
2014 (Apr–Jun)	1651	6.4
2014 (July–Sep)	1701	6.5
2014 (Oct–Dec)	1704	6.5

Source: ONS Labour Market Statistical Bulletins drawing on Labour Force Survey<sup>7</sup>

Recent TUC research reveals that BME workers have been disproportionately affected by the growth in precarious forms of work following the recession.

Analysis of the Quarterly Labour Force Survey reveals that between 2011 and 2014 temporary working increased by 25.4 per cent amongst BME employees. During the same period, temporary working increased by 10.9 per cent amongst white employees. By autumn 2014, nearly 300,000 or 10.6 per cent of BME workers were employed in some form of temporary employment, an increase of more than 60,000 since 2011.

**Table 2: BME and white workers in temporary work**

	White Employees 2011	BME Employees 2011	White Employees 2014	BME Employees 2014	White employees per cent increase 2011-14	BME employees per cent increase 2011-2014
Temporary employment	1,336,892 (5.5%)	238,451 (9.4%)	1,451,873 (6.2%)	299,013 (10.6%)	+10.9%	+25.4%

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

<sup>7</sup> ONS Labour Market Statistical Bulletins available at: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>.

### BME workers and agency working

TUC research also indicates that workers from ethnic minority groups have been disproportionately engaged in agency work in the UK following the recession. While just 11 per cent of UK employees are from black and ethnic minorities, they hold 17 per cent of temporary jobs and 21 per cent of agency jobs.<sup>8</sup>

According to the Labour Force Survey, in October to December 2014, nearly 78,000 BME employees were employed as agency workers, an increase of more than 20,000 as compared with 2011 (Table 3). This figure may however be an under-estimate.<sup>9</sup>

**Table 3: BME and white workers in temporary agency work**

	White Employees 2011	BME Employees 2011	White Employees 2014	BME Employees 2014	White employees per cent increase 2011-14	BME employees per cent increase 2011-2014
Agency Work	245,936	56,463	286,004	77,752	+16.3%	+37.8%

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

What is striking about Table 3 is the marked increase in BME workers employed through agencies in the aftermath of the recession. Between 2011 and 2013 there has been a 37 per cent increase in BME workers employed through agencies. This compares with a 16 per cent increase in white employees working through agencies. These findings suggest that workers from BME communities may be at greater risk of remaining trapped in temporary, insecure employment as the wider jobs market improves.

<sup>8</sup> Quarterly Labour Force Survey, October–December 2014.

<sup>9</sup> The quarterly LFS indicated that in the period April–June 2013, just below 300,000 workers were agency temps. However these figures differ substantially from those presented by REC. In 2012 both the government and REC jointly estimated the number of agency workers at the much higher level of 1.1 m. For an overview of discrepancy in the figures, see Voss, E. Vitols, K. Farvaque, N. Broughton, A. Behling, F. Dota, F. Leonardi, A. and Naedenoen, F. (2013) The Role of Temporary Agency Work and Labour Market Transitions in Europe: Institutional frameworks, empirical evidence, good practice and the impact of social dialogue Final Report for the Joint Eurociett / UNI Europa Project: “Temporary Agency Work and Transitions in the Labour Market”. Available at: [http://www.ciett.org/fileadmin/templates/eurociett/docs/Social\\_dialogue/Transitions\\_project/Report/2013.02.08\\_-\\_Full\\_report\\_on\\_the\\_role\\_of\\_TAW\\_and\\_labour\\_market\\_transitions.pdf](http://www.ciett.org/fileadmin/templates/eurociett/docs/Social_dialogue/Transitions_project/Report/2013.02.08_-_Full_report_on_the_role_of_TAW_and_labour_market_transitions.pdf). See also Department for Business Enterprise Regulatory Reform (2008) Agency working in the UK: a review of the evidence. Employment Relations Research Series No43. Available at: <http://www.berr.gov.uk/files/file48720.pdf>.

**Case study:**

Amin, who is a FE college tutor, told the TUC that he has been registered and employed by various agencies since 2012. Amin is often given fixed hour contracts for a few months or weeks by agencies. Sometimes he is sent home during his fixed term contract by the college and is then not paid.

As an agency worker it is only possible for Amin to get work for 30 weeks in a year whilst a permanent worker is paid for 52 weeks a year. Amin sometimes has to turn down work offered due to the distance. He needs to travel for 2 hours to get to work.

Amin told us that he struggles to manage his bills due to the irregular hours he is given by the agencies. He has an 18 month old son to care for and struggles to manage care when he and his wife work. “I am unable to get a mortgage or go on holiday” he said. “My whole life is a shambles, everyone’s life is affected”.

**Whose flexibility?**

Employers argue that the growth in flexible work patterns benefits both employers and workers. The advantages for employers in using temporary workers are clear. It can assist employers to manage peaks and troughs in demand. Employers can achieve significant cost efficiencies by retaining a pool of flexible workers, who are familiar with their business practices and who can be called on at short notice. The use of contingent workers can be part of a broader strategy to keep wage costs down. Employers are only required to pay zero-hour contract and agency workers for the time they actually work. They are under no obligation to pay an individual who turns up for the start of a shift but is not offered any work.

Employers also use agencies to ‘outsource’ employment law obligations; whilst others see agency worker and casual contracts as a means of evading such rights altogether. Employers are therefore able to reduce costs for example by laying off staff at short notice whilst avoiding redundancy pay.

A minority of workers are attracted by the flexibility offered by zero-hours contracts and agency working. For example, some nurses choose to top up their hours and take home pay by working additional hours through ‘in-house banks’.

However, analysis of the Labour Force Survey suggests that too often working on a temporary basis or via an employment agency is not a positive choice for BME workers.

Since 2011, there has been a 20 per cent increase in the proportion of BME employees reporting they are only in temporary work because they cannot find a permanent job, with 40 per cent of BME workers only doing temporary work in 2014 because they could not find a permanent job (Table 4). The percentage of individuals in temporary work or employed through agencies because they cannot find a permanent job has also been higher amongst BME employees than for white workers in 2011 and 2014.

**Table 4: Dissatisfaction with temporary work and agency work by BME and white workers**

	White Employees 2011	BME Employees 2011	White Employees 2014	BME Employees 2014
Individuals doing temporary work because they could not find permanent job	529,782	100,889	489,175	120,931
Individuals doing agency work because they could not find permanent job	165,802	31,386	164,002	36,793

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

Such findings are perhaps unsurprising given the growing evidence that the use of temporary work and agency working is a conduit for exploitation and abuse.<sup>10</sup> The imbalance of power which exists in such employment relationships means that whilst the employer reaps the benefits of flexibility, whilst all the risks and associated insecurity are transferred to the worker.

### Under-employment and short hours working

One of the hallmarks of the recession has been the record numbers of working people in the UK affected by under-employment, peaking at nearly 3.4 million people in late 2013. Since 2013 the numbers of workers seeking additional hours have been slowly falling, however under-employment still remains higher than before the recession.<sup>11</sup> It continues to be one of the main problems faced by BME workers.

According to TUC research, in 2014, nearly half a million BME employees experience under-employment. Under-employment amongst BME workers has also continued to rise (Table 5).

**Table 5 - Number of underemployed workers by ethnic group**

	2011	2014	Change (%)
White employees	2,649,890 (11.8%)	2,553,623 (10.9%)	- 3.4
BME employees	459,778 (14.8%)	470,689 (15.6%)	+ 2.4

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

<sup>10</sup> TUC (2014), *The Decent Jobs Deficit: The Human Cost of zero-hours working in the UK*.

Available at: <https://www.tuc.org.uk/workplace-issues/employment-rights/decent-jobs-week/decent-jobs-deficit-human-cost-zero-hours>

<sup>11</sup> <https://www.tuc.org.uk/economic-issues/labour-market/britain-needs-pay-rise/under-employment-won%E2%80%99t-return-pre-crisis-levels>

Analysis of the Labour Force Survey reveals that BME workers have disproportionately experienced a rise in the short hours working since 2011. BME employees working less than 15 hours a week has risen by 16 per cent between 2011 and 2014 (Table 6). In contrast, short hours working has fallen by 1 per cent amongst white employees.

**Table 6: Profile of BME and white workers and short hours working**

	White 2011	BME 2011	White 2014	BME 2014	Change white 2011-14	Change BME 2011-14
Less than 15 hours per week	1,830,247	225,803	1,815,245	260,709	-15,002	+34,906
15 or more, less than 30 hours	3,965,502	523,862	3,837,551	570,078	-127,951	46,216
30 hours and above	16,744,995	1,788,950	17,779,944	1,986,676	+1,034,949	+197,726

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

Those in precarious low-paid, part-time employment are not able to secure enough paid hours to earn a decent wage. The problems associated with under-employment were highlighted by a retail worker who told the TUC, *“I have been working for almost 2 years for the company and I’m still a part time employee. I am unable to take up another job because the time might conflict with my current job as I could be called at any time to do part time.”*

BME employees who are under-employed not only suffer because of a lack of income but experience other problems as a result of their lack of hours.

#### **Case study**

Amanda who currently works as an hourly paid lecturer for a London University told the TUC, *“I’m employed on a one year contract and earn £42 per hour for six hours a week but have been informed by my manager my contract includes admin, preparation, marking, moderation and individual tutorial. I’m only paid for my contact time with students. I have experienced problems receiving sick pay and was recently told that I would have to make up any time that I am off sick by scheduling make up classes”*.

In the past, Amanda worked two jobs to try to boost her income but would like to have a full time job working 35 to 40 hours a week.

#### **BME Employees working in low paid sectors**

Despite the increase of the numbers in employment, black workers tend to be concentrated in sectors of the labour market which are traditionally low paid.

In 2014, 37.4 per cent of BME employees worked in low paid sectors (as defined by the Low Pay Commission) compared with 29 per cent of white employees.



Whilst in recent years employment has risen, following the recession TUC research suggests that there has been an increase in the numbers of BME workers employed in low paid jobs, particularly in the service and social care sectors (Table 7). Within these sectors, black workers tend to be concentrated in lower graded occupations.

**Table 7: BME employees in low paid sectors**

Sector	2011	2014
Textiles and clothing manufacturing	13,879 (17.1%)	10,445 (12.7%)
Retail	343,843 (11.5%)	374,390 (12.4%)
Hospitality	214,973 (16.0%)	242,649 (16.7%)
Cleaning	59,854 (15.5%)	71,731 (15.8%)
Hairdressing	10,743 (7.2%)	18,882 (12.1%)
Agriculture	2,601 (1.6%)	7,337 (5.2%)
Food processing	32,743 (10.1%)	36,970 (10.9%)
Leisure, travel, sport	28,703 (6.4%)	33,528 (7.5%)
Employment agencies	9,297 (14.7%)	14,490 (18.3%)
Residential care	129,516 (15.9%)	148,270 (19.7%)
Domiciliary care, childcare	87,425 (9.6%)	93,780 (11.3%)

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

Between 2011 and 2014, the number of BME workers employed in low pay industries increased by 12.7 per cent but by only 1.8 per cent amongst white employees (Table 8).

**Table 8 - Number of employees in low-paying sectors by ethnic group**

	2011	2014	Change (%)
White employees	6,681,962 (29.6%)	6,801,803 (29.0%)	+1.8
BME employees	933,577 (36.8%)	1,052,472 (37.4%)	+12.7

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

Even when BME workers are employed full-time in low-paid sectors they struggle to make ends meet.

#### Case study

Natasha who is a night shift replenishing assistant for a supermarket chain told the TUC

*“I have worked in this job since 2002 on a full time 39 hours contract and earn £14,000 a year. I sometimes struggle to make ends meet. Recently I was having problems with the thermostat and had to take out a payday loan of £200 plus £20 interest fee to fix it.*

*I experienced bullying in the workplace. I took time off sick and when I complained [about my treatment] I was suspended. There was an investigation and in the end the manager left the company due to other issues. I believe that I was targeted by that manager because I had been with the company for so long and they wanted to get rid of me”.*

## Young Black Workers and Precarious Work

Figures from the Office for National Statistics reveal that the number of Black, Asian and Minority Ethnic (BAME) young people aged 18-24 out of work for over a year has risen by 49 per cent since 2010. At the same time, there was a fall of 1 per cent in overall long-term youth unemployment and a 2 per cent fall among young white people.

Young people from BME backgrounds have been particularly affected by unemployment. Recent figures published in the Guardian from the Office of National Statistics revealed that the situation for young BME workers is getting worse with 41,000 16 to 24 year olds from BME communities facing long-term unemployment – a 49 per cent rise from 2010. This represents a rise of almost 50 per cent who have been unemployed for more than a year since 2010.<sup>12</sup>

The problems of young BME workers in the labour market are not confined to the lack of access to jobs.

Recent TUC analysis of the Labour Force Survey also found that casualisation was disproportionately affecting young BME workers with 15.2 per cent of young BME workers in non-permanent jobs compared to 8.4 per cent amongst young white workers (Table 9). Young workers aged 20-29 from BME backgrounds are almost twice as likely to be working on a temporary basis as their white counterparts.

**Table 9: Young white and BME employees in permanent and temporary employment**

	White employees aged 20 - 29	BME employees aged 20 - 29
Permanent	4,572,435.0 (91.6%)	572,824.0 (84.8%)
Not permanent	417,992.(8.4%)	102,946.0(15.2)

Source: Quarterly Labour Force Survey, October-December 2011 and 2014

<sup>12</sup> <http://www.theguardian.com/society/2015/mar/10/50-rise-in-long-term-unemployed-youngsters-from-uk-ethnic-minorities>

### Case study

The reality of life for young workers was explained to the TUC by a young Black restaurant worker on a zero-hours contract who told the TUC

*“I am bullied because I am fairly new and young, I am given all the worse jobs to do like unblocking toilets even though it’s not in my job description and I am poorly paid. I am given unsociable hours which put my safety at risk finishing at 2am and 4am and no transport is provided to get me home safely, communication is poor, and I am often not given wage slips for weeks”.*

### Conclusion

This report has exposed how in the aftermath of the recession, BME workers continues to face high levels of unemployment. They have also been disproportionately affected by the growth in low-paid, part-time and precarious jobs.

The report highlights the need for concerted and co-ordinated action to address the increasing marginalisation of BME workers in the labour market.

The TUC believes that access to and progress within employment is central to the participation of black and minority communities in society. Without employment, people from black and minority ethnic communities suffer from social exclusion, poverty and an insurmountable barrier to social mobility.

The TUC believes that endemic poor treatment at work should not be tolerated. There is an urgent need to challenge precarious employment and to introduce a framework of policies designed to encourage the creation of decent jobs, offering decent hours and pay. Failure to do so will result in further entrenchment of racial inequality in the labour market.

This report also highlights the need for a concerted and co-ordinated action by the government to eliminate racial discrimination in the labour market and to tackle the increasing exploitation and exclusion from employment rights faced disproportionately by black workers as a result of the increase in the use of non-permanent working arrangements.

The TUC is concerned that government policy on race relations and employment has mainly been aimed at creating good practice in the public sector on the premise that this will filter through to the private sector. We have argued that this is a false premise and that if race equality in employment is to be achieved then discriminatory practice in the private sector, which makes up two thirds of the labour market, must be tackled directly.

### Recommendations

The TUC believes that measures need to be taken to tackle the employment crisis faced by BME workers and is therefore calling for the following:

- That government should tackle the exploitation faced by BME workers in non-permanent work by improving the rights for individuals on zero-hours contract

and agency workers.

- That government should reform the rules on employment status to ensure that all workers to benefit from the same employment rights, including statutory redundancy pay, protection from unfair dismissal and family friendly rights. To this end, employment status law should be modernised, putting an end to the current two tier workforce.
- That government should abandon the philosophy of voluntarism being adequate to address the race discrimination that exists in the private sector and as matter of urgency introduce legislation that places all employers under a duty to promote racial equality and to monitor the impact of such measures.
- That the government should take positive action measures to tackle structural racism caused by job segregation and segmentation in the labour market by properly resourcing the Equality and Human Rights Commission to conduct two sector-based reviews each year to result in an agreed action plan with employers for improving performance in ethnic minority recruitment, retention and promotion.
- That government should use public procurement as a lever to improve the employment of black workers by explicitly including the promotion of racial equality in contract criteria and ensuring that the promotion of race equality forms part of the value for money consideration for all government contracts.
- That government should support better enforcement of employment rights by abolishing employment tribunal fees that are creating barriers for BME workers to be able to seek redress when faced with exploitation and discrimination at work.
- That the government should promote permanent and secure employment by taking measures to reduce the use of agency workers and temporary, fixed term and zero hours contracts in national and local government services.
- The government should take action to address the under-representation of young BME workers on apprenticeships and ensure that young black women are able to access the full range of apprenticeships and do not suffer labour market segmentation in relation to access to training on the basis of their gender.
- That government should take action to ensure that there is better access for all workers to union representation and collective bargaining.