Stuck at the start

Young workers' experiences of pay and progression
Foreword from Frances O’Grady, TUC General Secretary

This important report exposes the widening generational pay gap. In the last 20 years, the gap between what younger and older workers earn has increased by more than half. That’s because young workers are concentrated in jobs where they struggle to get the skills they need to get on in life. And because of a massive growth in insecure work patterns among young people – with too many concentrated in sectors where zero hours contracts and agency and temporary work are common.

The report sets out how we think life at work should be better for younger workers. Lots of what we call for here would benefit older workers too – but will make the biggest difference to those in the earliest stages of their working lives.

But as well as making demands of government and employers, unions must also step up to meet this challenge.

Today’s young workers need the support of trade unions. Unionised workplaces offer better pay, fairer treatment and safer working conditions, negotiated by working people themselves. But far too few young people are seeing these benefits, because they’re in workplaces without unions.

To solve the problem of low union density among young workers, we must listen to young workers themselves. Not just the ones who are already in unions – also those who don’t even know what we’re about.

So that’s what the TUC has done. For 18 months, we listened to young private sector workers. They shared their lives and their aspirations with us. They challenged our assumptions time and time again.

We collected what they told us together, and we used those insights to build a new trade union offer for young workers - WorkSmart. Over the coming months, we’ll be running a pilot of WorkSmart to see whether it can engage young workers with trade unions. And if it works, we’ll roll it out in 2019 – to try to get the benefits of collective bargaining and workplace organisation to thousands more young workers.

This report sets out why the trade union movement must put young workers at its heart. It gives us the evidence we need to challenge governments and employers. But it also reminds trade union activists that our priority is transforming the union movement, so we are inclusive, adaptable and ready to welcome a new generation of workers.
Executive summary

Young people are getting a raw deal at work. Low pay, few opportunities to progress and a feeling that nothing will change often dominate their working lives. But this is through no fault of their own. Many of the barriers facing young workers are structural and outside of their control.

This report identifies five issues that young workers face in getting ahead at work and makes recommendations to help. Young workers are:

- Disproportionately affected by wage stagnation
- Concentrated in low paying jobs
- Lacking access to the skills development to get on in work
- Especially vulnerable to insecure work
- In need of a voice at work

A perfect storm of wage stagnation, insecure jobs in low paid sectors and few training opportunities impact disproportionately on young workers. The average young worker is only £42 a week better off than young workers were 20 years ago. Yet the average older worker is £95 a week better off – more than double the rate of younger workers. Given the rapid rise in living costs over this period, young workers are suffering the brunt of insecure work, weak employment rights and low pay.

Jobs growth has been slower for younger workers than for older workers in the past two decades. The growth that has occurred for young workers has been heavily concentrated in five major sectors – education, health and social care, hotels and hospitality, real estate, renting and business activities, and wholesale and retail. Many of these are low paid, and four out of five have seen the lowest real terms increase of median hourly pay over the past two decades. These sectors employ over three-fifths of 21 to 30-year olds in work. There’s been a 46 per cent increase in these sectors in the last two decades, far outstripping the overall 15 per cent growth in jobs for all young employees in this period. And last year’s figures show that over one-third of younger workers are currently in caring, sales or elementary roles compared with just over a quarter of older workers. These are traditionally low paid roles, and zero-hours, agency contracts and temporary work are increasingly common in these sectors.

There are still very few opportunities for young workers to gain skills and access training in work, with a third of employers admitting that they don’t offer any training to their staff. The figure is even higher in some of the sectors where young workers are found. We spoke to nearly 1500 young workers aged 21 to 30, and 17 per cent had not been offered any training in their current job. This rises to 34 per cent for those on part-time contracts, and 37 per cent for workers on zero-hours contracts. Less than one-third felt that their current job makes the most of their skills, experiences and qualifications – and this drops to a mere 16 per cent for part-time workers.
Being stuck in low paid jobs without opportunities to progress has significant impacts. In the last year alone, 41 per cent of the young workers had to ask their family or friends for financial help due to a shortage of money. Twenty per cent had skipped a main meal, nearly one quarter have pawned or sold something, and 22 per cent went without heating when it was cold because of a shortage of money. Over one-fifth had put off starting a family, and over a quarter had put off changing careers due to a shortage of money.

We need urgent action from government and employers to help today’s young workers progress in work. This includes:

- raising the rate of the national minimum wage for over-25s and making all 21-24-year-olds eligible for this rate
- a strengthening of employment rights
- increased spending on public services that pay poorly, such as social care
- a renewed focus on low paid sectors
- employers investing in high quality in-work training and apprenticeships and creating genuinely flexible part-time work at all levels of an organisation

These changes won’t just help young workers, but all working people. Our recommendations will ensure better jobs and a more prosperous economy for all.

Trade unions must think of innovative new ways to meet the challenges presented in this report. This means adapting to better meet the needs of today’s young workers and trying different initiatives to engage young workers, such as the TUC’s WorkSmart pilot, which is profiled at the end of the report. Whatever we do must be rooted in our values of a strong, collective voice - showing today’s young workers that things can be better, that other people share their problems at work, and that these problems can be solved when they come together.
Introduction

Work is no longer a guaranteed route out of poverty and unemployment is low. So, increasing pay, security and progression in work is the priority to help people enjoy a decent standard of living. While the growth of in-work poverty affects many workers, achieving and sustaining an adequate income is a particular struggle for younger workers, who on average are paid less and are making less progress in the labour market than previous generations.

This report tackles five key themes that prevent young workers from getting on in work:

- wage stagnation
- overrepresentation in low-paying jobs
- lack of access to the skills to progress
- insecure work
- a lack of voice in the workplace

It builds on previous reports from the TUC looking at the experiences of young workers and the role of trade unions in helping them in the workplace.

This report presents new findings from the TUC, using analysis of Labour Force Survey data to compare the pay and labour market position of young workers across two decades (1998-2017). It also sets out responses to a survey of 1,422 young workers aged 21-30 who are in work but not self-employed nor in full-time education, conducted by YouGov for the TUC in May 2018. All findings are from these sources unless otherwise cited. The report also includes qualitative findings from TUC research with a group we have called “Britain’s young core workers”, in 2017. This group are young workers aged 21-30, earning low to median wages, working either full- or part-time, but not in full-time education.

The issues set out in this report disproportionately impact on younger workers (aged 21-30 for the purposes of this report). But the solutions may well make life at work better for all workers. The TUC’s mission is to seek a better deal for working people. And more good jobs mean a more productive and prosperous economy for everyone.

This report analyses the position of young workers at work and sets out the TUC’s recommendations for tackling low pay, access to skills and increasing security at work. Crucially, it also outlines the urgent need for trade unions to change to engage young workers in the movement so that they can benefit from strong trade unions in their workplaces.

---

1 TUC, March 2018. Working people in poverty need a new deal.
2 ONS, May 2018. “UK Labour market survey”.
3 https://yougov.co.uk/publicopinion/archive/
Issue 1: young workers are disproportionately affected by wage stagnation

Young people do not enjoy the same progression in work as previous generations. This has a negative impact on young workers’ earnings and living standards. Despite some improvement in employment outcomes - 79 per cent of today’s 21-30-year olds are in work, compared with 76 per cent of the 21-30-year olds of two decades ago - today’s young workers have entered the labour market at a time of wage stagnation and low economic growth. The UK is experiencing the longest squeeze on earnings since Victorian times, and the UK’s recovery from the 2008 crash remains weak, with average earnings still £1000 below their pre-crisis levels.

The current generation of young people have entered the labour market at a time when productivity and GDP growth are exceptionally weak. UK productivity grew by just 0.2 per cent a year between 2007 to 2017 - the lowest productivity growth figure since the decade to 1817. TUC analysis shows that workers who entered the workforce in the post-war years, or who retired in the 1990s and early 2000s, experienced GDP growth per capita 50 per cent higher than younger workers who started work from 1996. The same group experienced GDP per capita growth around six times greater than those who started out around the time of the financial crisis.

For those entering the labour market during this period, exceptionally low wage growth and productivity is all they have known at work. Workers born between 1981 and 2000 are the first generation to experience lower income gains than previous generations when entering the labour market since records began.

23 per cent of the 21 to 30-year-olds we spoke to told us that they had struggled to earn enough to afford their basic living costs in the last five years.

---

5 TUC. January 2018. Living on the Edge: Experiencing workplace insecurity in the UK.
6 Tily, G. April 2018. Don’t get too excited about the latest productivity figures, we’re in the worst decade of growth for two centuries. TUC.
7 TUC, April 2017. “I feel like I can’t change anything”: Britain’s young core workers speak out about work.
Pay gaps between younger and older workers have widened

Real hourly pay has increased faster for 31 to 64-year-old employees than for 21 to 30-year-old employees over the past two decades. Older workers have seen hourly pay rise by £2.37 in real terms since 1998, compared to only £1.07 for younger workers.

In most industries, older workers have pulled away from younger workers, with larger real pay increases. While the average 21 to 30-year-old employee saw an improvement of £1.07 an hour in 2017 compared with 1998 in terms of real spending power (equating to £42.80 a week or £2,226 a year), the average 31 to 64-year-old employee is £2.37 an hour better off in terms of real spending power (£95 a week, or £4,930 a year).

Over half (55 per cent) of young workers said they would have to use a credit card, an overdraft or borrow from family and friends if they were landed with an unexpected bill of £500.

This means that by 2017 the average 21 to 30-year-old is £1.30 further behind the average 31 to 64-year-old, compared with the young worker cohort of 1998. Over an average 40-hour week, young workers in 2017 are £52 a week, or £2,704 a year, further behind older workers than in 1998.
### Table A: Real pay growth for 21 to 30-year-old employees compared to 31 to 64-year-old employees by industry 1998-2017

<table>
<thead>
<tr>
<th>Industry</th>
<th>21-30s median hourly pay 1998</th>
<th>21-30s median hourly pay 2017</th>
<th>Real pay per hour increase 1998-2017</th>
<th>31-64s median hourly pay 1998</th>
<th>31-64s median hourly pay 2017</th>
<th>Real pay per hour increase 1998-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, hunting, forestry and fishing</td>
<td>£4.43</td>
<td>£9.25</td>
<td>£2.82</td>
<td>£5.57</td>
<td>£9.60</td>
<td>£1.51</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>£6.25</td>
<td>£10.51</td>
<td>£1.43</td>
<td>£7.43</td>
<td>£13.78</td>
<td>£2.35</td>
</tr>
<tr>
<td>Electricity gas &amp; water supply</td>
<td>£6.81</td>
<td>£12.16</td>
<td>£2.27</td>
<td>£10.22</td>
<td>£16.62</td>
<td>£1.78</td>
</tr>
<tr>
<td>Construction</td>
<td>£6.64</td>
<td>£11.55</td>
<td>£1.91</td>
<td>£7.69</td>
<td>£14.43</td>
<td>£3.26</td>
</tr>
<tr>
<td>Wholesale, retail &amp; motor trade</td>
<td>£5.00</td>
<td>£8.33</td>
<td>£1.07</td>
<td>£5.21</td>
<td>£9.18</td>
<td>£1.61</td>
</tr>
<tr>
<td>Hotels &amp; restaurants</td>
<td>£4.17</td>
<td>£7.90</td>
<td>£1.84</td>
<td>£4.00</td>
<td>£8.13</td>
<td>£2.22</td>
</tr>
<tr>
<td>Transport, storage &amp; communication</td>
<td>£5.90</td>
<td>£10.42</td>
<td>£1.85</td>
<td>£7.25</td>
<td>£12.02</td>
<td>£1.77</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>£7.29</td>
<td>£12.16</td>
<td>£1.57</td>
<td>£10.14</td>
<td>£19.23</td>
<td>£4.05</td>
</tr>
<tr>
<td>Real estate, renting &amp; business activities</td>
<td>£7.84</td>
<td>£11.54</td>
<td>£0.15</td>
<td>£8.05</td>
<td>£16.02</td>
<td>£4.33</td>
</tr>
<tr>
<td>Public administration &amp; defence</td>
<td>£6.93</td>
<td>£12.05</td>
<td>£1.99</td>
<td>£9.13</td>
<td>£14.62</td>
<td>£1.36</td>
</tr>
<tr>
<td>Education</td>
<td>£7.87</td>
<td>£11.54</td>
<td>£0.11</td>
<td>£9.40</td>
<td>£13.84</td>
<td>£0.19</td>
</tr>
<tr>
<td>Health &amp; social work</td>
<td>£6.17</td>
<td>£9.67</td>
<td>£0.43</td>
<td>£6.67</td>
<td>£12.00</td>
<td>£2.34</td>
</tr>
<tr>
<td>Other community, social &amp; personal</td>
<td>£5.50</td>
<td>£8.61</td>
<td>£1.07</td>
<td>£6.27</td>
<td>£12.19</td>
<td>£3.08</td>
</tr>
<tr>
<td>Total</td>
<td>£6.15</td>
<td>£10.00</td>
<td>£1.07</td>
<td>£7.19</td>
<td>£12.81</td>
<td>£2.37</td>
</tr>
</tbody>
</table>

Labour Force Survey whole year average, median pay

Note: Table deflates for CPI increase using current prices

Looking at the wage differentials by industry sector, the real estate, renting and business sector shows the largest disparity, with older workers getting an increase of £4.33 per hour whilst younger workers only saw real average pay rise by 15 pence. The jobs in this industry are varied, and include accounting and tax services, engineering, advertising, market research, call centres, travel agents, private security and cleaners. This sector, broadly defined, is more likely to be characterised by high levels of wage inequality. Young workers
are more likely to be concentrated in elementary occupations than older workers\(^9\) and are therefore likely to be concentrated in the low paid jobs in this industry.

In the education sector, real pay has been squeezed for both age groups. This may be caused by the increasing casualisation of higher education\(^{10}\) and the inclusion of early years and nursery education in the category. After 20 years, average real pay is up by 19 pence for older workers and by 11 pence for 21 to 30-year olds. The larger growth in the age pay gap in health and social care probably reflects the larger concentration of younger workers in lower paid areas of privatised social care.\(^{11}\)

Six per cent of young workers who are parents would resort to using a payday lender if they were landed with an unexpected bill of £500 – compared with two per cent of all young workers.

Although the hotels and restaurants industry has experienced higher than average hourly pay growth for 21 to 30-year olds compared to the £1.07 average, this is likely driven by the national minimum wage, providing a statutory minimum hourly wage for the low pay sectors. The average hourly pay itself remains very low. It is a similar story for the wholesale, retail and motor trade industry, with average hourly pay the second lowest for 21 to 30-year-olds after hotels and restaurants.

20 per cent of young workers – and 27 per cent of young workers who are parents - skipped a main meal in the last year because of a shortage of money.

There are four sectors where average pay has risen faster for younger workers: agriculture, electricity, gas and water supply, transport storage and communications, public administration and defence. In these sectors, the rising national minimum wage and collective bargaining may have had a relatively stronger impact, and the role of wages boards are likely to have been a factor in agriculture. There will also have been compositional effects to these industries, with the nature and mix of jobs changing over time – for example, the communications sector has largely been digitised during the past two decades.

Nearly a quarter of young workers have pawned or sold something, and 22 per cent went without heating when it was cold in the last year.

Slower wage growth for younger workers has meant that the pay gap between those aged 21-30 and older workers has widened significantly over the past two decades. In 1998, the median pay gap between workers aged 21 to 30 and those aged 31 to 64 was 14.5 per cent nationally; this figure increased by 50 per cent over the next two decades, to 21.9 per cent in 2017.

\(^{9}\) See Table 4 in Appendix

\(^{10}\) University and College Union, April 2016. Precarious work in higher education: A snapshot of insecure contracts and institutional attitudes.

\(^{11}\) TUC, September 2016. Living for the weekend: understanding Britain’s young core workers.
**Table B: The real age pay gap for 21 to 30-year-old employees compared to 31 to 64-year-old employees 1998 – 2017**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK</strong></td>
<td>£6.15</td>
<td>£7.19</td>
<td>14.5</td>
<td>£10.00</td>
<td>£12.81</td>
<td>21.9</td>
</tr>
</tbody>
</table>

Labour Force Survey whole year average, median pay

41 per cent of young workers have had to ask their family or friends for financial help. Over one-fifth have put off starting a family and over a quarter have put off changing careers due to money worries.
Issue 2: young workers are concentrated in low-paying jobs

The increase in the age wage gap comes at a time of rapidly increasing living costs, and a proliferation of insecurity at work. To understand these trends further, consider the changes in the labour market. Analysis of the sectors young workers are employed in can help explain their low pay growth over the past twenty years. The graph below provides a comparison of the young worker cohorts in 1998 and 2017 showing the shifting percentage share of employees by industry over this time.\(^\text{13}\)

\(^{12}\) Collinson, A. September 2017. *Working people are struggling to pay for food- Britain needs a pay rise.* TUC.

\(^{13}\) See Table 1 in Appendix for data
Employee jobs growth has been slower for workers aged 21 to 30 than for 31-64-year-olds since 1998 (15 per cent compared with 18.9 per cent).

Manufacturing constitutes the biggest change over this time, halving in its share of young employees since 1998, mirroring the decline in this industry over this period.

Growth has been heavily concentrated in five major sectors for young employees - wholesale and retail, real estate and business services, hotels and restaurants, health and social care, and education – bringing in one a quarter of a million young employees since 1998, equating to a 46.2 per cent increase. This far outstrips the overall 15 per cent growth in employee jobs for all young employees.

The past two decades reveals an increase of more than half a million more 21-30-year-old employees working in education, health and social services (+576,000). However, the table also shows that around half of this increase was in the private sector (+298,000). Private sector social care has greatly expanded during the past 20 years and is generally low paid. Support services have tended to be privatised, whereas professional occupations are generally kept in-house, so the growth of young people’s employment in these sectors is more likely to be in lower paying occupations.14

14 See Table 4 in the Appendix
Real estate, renting and business services has seen an increase of nearly 300,000 employees aged 21 to 30 (+298,000). Young workers are more likely to be concentrated in elementary occupations than older workers,\textsuperscript{15} suggesting that the growth in this industry may be concentrated in the low paid occupations within it, such as call centre workers and cleaners.

The hotel and restaurant industry has seen an increase of 80.6 per cent in the number of young employees (+235,000). This is the lowest paying sector for all workers in 2017 when assessing average hourly earnings.\textsuperscript{16}

Although growth was slightly lower than average in the wholesale and retail sector, it is included in our analysis because it accounts for nearly one in six employees in this age group (16.8 per cent), compared with one in eight jobs for all workers, and is therefore the largest industry employer of this age group. Retail accounts for over 10 per cent of the country’s economic output but it is an industry suffering from high staff turnover, low pay and traditionally limited investment in staff progression routes.\textsuperscript{17}

A report commissioned by the TUC looking at workers’ experiences in the retail sector found that it is the worst performing industry for workers’ pay and progression, and has developed a reputation as a place where people get stuck rather than get on.\textsuperscript{18} More than a quarter (27 per cent) of retail employees aged under 30 who were in low-paid work in 2001-2004 were in the same situation in 2014-2016, compared to only 1 in 10 across the economy as a whole.\textsuperscript{19}

Only 31 per cent of young workers feel that their current job makes the most of their skills, experiences and qualifications – and this drops to only 16 per cent for part-time workers.

\textsuperscript{15} See Table 4 in the Appendix
\textsuperscript{16} See Table 1 in the Appendix
\textsuperscript{17} Devins, D et al. February 2014. \textit{Improving progression in low-paid, low-skilled retail, catering and care jobs}. Joseph Rowntree Foundation.
\textsuperscript{19} Ibid.
**Issue 3: young workers do not have access to the skills development to get on at work**

Last year, the TUC spoke to over 200 workers aged 21 to 30 who were on low to median wages – overwhelmingly in retail, hospitality and health and social care.\(^\text{20}\) They wanted more in-work training, but often felt their employer didn’t want to or could not offer it to them:

“They present a career path (when you start). But then many make false promises.”

“I’m on the technical team but received no training. You ask your colleagues questions and pick it up.”

“[There are] promises for progression but it never happens.”

“We also don’t get enough training...it can be frustrating for those of us that want to develop our skills.”

Additionally, it is less apparent today that higher levels of education lead to improved labour market outcomes. Today’s young workers are the most qualified generation in the labour market, continuing the trend of increased educational attainment through the generations – the proportion of young workers with a degree has increased from 27 per cent in 1998 to 44 per cent in 2017.\(^\text{21}\) However, young graduates today do not receive as significant an uplift in their earnings as those in 1998, with a real terms loss in median hourly wages for those with a degree or higher education qualification than two decades ago.

The wages return to degrees and higher education qualifications such as diplomas has fallen since 1998. This may be partly due to public sector pay restraint since the 2008 recession (public sector jobs like doctors and teachers have a high percentage of graduates and tend to remain in-house). However, pay for those with no qualifications has risen slightly faster for younger workers, where it is likely that the national minimum wage has pushed up low pay.

\(^{20}\) TUC, April 2017. “I feel like I can’t change anything”: Britain’s young core workers speak out about work.

\(^{21}\) Labour Force Survey, autumn quarters 1998 - 2017
With acquiring higher qualifications not necessarily paying off for today’s young workers as much as for previous cohorts, it is more important than ever that employers invest in their workforce, offering the skills and training workers need to progress into secure, well-paid work. However, one third (33 per cent) of employers admitted to not providing any sort of training for their staff in 2015.\textsuperscript{22} This rises to 37 per cent for employers in the hotels and restaurant industry, and 40 per cent in wholesale and retail. Employer investment in continuing vocational training UK per employee is half the EU average and fell by 13.6 per cent in real terms per employee between 2007 and 2015.\textsuperscript{23}

17 per cent of young workers have not been offered any training in their current workplace. This rises to over one quarter (26 per cent) for young workers earning less than £20,000 a year.

Additionally, the type of contract or hours that are available to workers often dictates the training and career opportunities they are offered. Workers on lower level jobs and on part-time and temporary contracts are less likely to get training or opportunities to progress.\textsuperscript{24}

\textsuperscript{22} UK Commission for Employment and Skills (UKCES) \textit{Employers skills survey} (91,000 employers) 2015
\textsuperscript{23} Dromey, J. et al. IPPR, 2017. \textit{Another Lost Decade: building a skills system for the economy of the 2030s}.
37 per cent for young workers on zero-hour contracts, and 34 per cent for those on part-time contracts, have not been offered any training opportunities in their current workplace.

The government cut its adult skills budget by 41 per cent between 2010-2011 and 2015-2016, further reducing learning and skills opportunities for young workers and adult learners. Apprenticeships do not always offer good quality training, with one in seven (14 per cent) of apprentices not receiving any formal training in 2017, despite regulations stipulating all apprentices are entitled to one fifth of their working time for off-the-job training.

In today’s labour market, those most in need of support to access the skills and learning required to progress in work are the least likely to receive it.

---


Issue 4: young workers are especially vulnerable to insecure work

One in nine workers in the UK are in insecure jobs. That’s approximately 3.8 million people who work in either agency, casual and seasonal work, on zero-hours contracts or in low paid self-employment. The TUC has found that 40 per cent of workers on agency contracts or in casual work are aged 16-24, and 36 per cent of workers on zero-hours contracts are aged under 25. Median pay for a zero-hours contract worker is a third (£3.50) less an hour than for an average employee.

Labour Force Survey figures show that 36.1 per cent of younger workers are in caring, sales or elementary roles compared to 25.8 per cent of 31 to 64-year-olds.

---

27 TUC. May 2018. 1 in 9 workers are in insecure work.
28 TUC. January 2018. Living on the Edge: Experiencing workplace insecurity in the UK.
30 TUC, March 2017. Zero-hours contracts allows bosses to treat workers like “disposable labour”, says TUC.
While it is to be expected that older workers are in higher occupational groups due to the time they have spent in the labour market, workers in caring, sales or elementary roles have higher levels of insecurity in their contract type and employment rights,\(^{31}\) and experience lower pay and progression rates\(^{32}\) – both of which affect younger workers disproportionately.

In the last five years, 28 per cent of young workers have had shifts offered to them with less than 24 hours' notice. This increases to 42 per cent of young workers earning less than £20,000 a year. And 14 per cent of young workers have had work cancelled with less than 24 hours' notice – increasing to 22 per cent of young workers earning less than £20,000 a year.

Anxiety tends to be higher among workers who don’t have regular working times. TUC research found that casual workers were significantly more likely to find themselves out of work than those with a permanent contract,\(^{33}\) undermining the perception that that casual work serves as a stepping stone into permanent or better paid roles.

Over a fifth (21 per cent) of young workers have worked on a zero-hours contract in the last five years. This rises to nearly one third (32 per cent) of young workers earning less than £20,000 a year.

According to the young workers on low to median earnings we spoke to last year, pay and its interaction with short contracts and/or shift work is a big issue for them in work:

“[We] get paid 4-weekly so the date changes every month.”

“Pay is low for the work... get shares in [the company] but that won’t help with getting mortgage.”

“Money is taken away if [our] feedback scores aren’t 9 or 10.”

“Sometimes I have to stay extra without being paid.”

---


\(^{33}\) TUC, January 2018. *Living on the Edge: Experiencing workplace insecurity in the UK.*
Issue 5: young workers have no voice at work

Feeling that you have a voice on how you are treated at work is a fundamental workplace right, and a key way to raise productivity and morale. Strong trade unions that can protect and enhance pay, security and conditions could mitigate the impact of the worsening labour market position of young workers.

A recent study of generational labour market inequality across a number of countries showed that young workers’ prospects of moving out of low-paid, low-skilled jobs correlates with trade union membership and collective bargaining coverage, with lower levels of union membership and collective bargaining making transitioning out of low-paid work less likely.

It follows that the decline in trade union membership and coverage has likely had a particularly detrimental impact on young workers. Trade union coverage has declined significantly during young workers’ lifetimes, with over 10 million trade union members dropping to 7 million between 1989 and 2013, marking a 14.2 percentage point decline in union membership density. Only 16.2 per cent of young workers are trade union members, compared with 24.6 per cent nationally. Fewer than a quarter have a union presence at their place of work.

Fewer than two thirds (62 per cent) of young people feel positive about their career prospects. This falls to under half (47 per cent) of young workers earning less than £20,000 a year.

Last year, we asked the 21 to 30-year-olds in retail, hospitality and care what their ideal job would be like – and it is clear that they would benefit from the support of unions:

“[I want to] be judged by my own effort... and really see a difference at the end of the job I do.”

“Most importantly, [I] want a job that feels worthy.”

“Great boss, growth opportunities, good work environment.”

“Flexibility... training and development... progression; recognition for hard work... team spirit [and] support.”

In addition to improving security, conditions and pay, unions help workers gain the skills and access the training they need to progress into roles with higher pay. Unions’ learning

36 TUC, April 2017. “I feel like I can’t change anything”: Britain’s young core workers speak out about work.
37 TUC, September 2016. Living for the weekend: Understanding Britain’s young core workers.
offer, built over generations, would meet many of the needs that young workers have identified and support their desire to get on in life.

Unions can also broker learning opportunities for employees. The union learning fund (ULF) has demonstrated significant outcomes for low-qualified workers accessing learning, skills and training in the workplace.38 Between 2012-2013 and 2015-2016, over two-thirds of workers with no previous qualifications gained a qualification as a result of ULF support. Nearly one fifth (19 per cent) gained a promotion and 11 per cent received a pay rise thanks to the ULF. And union members are three to five per cent more likely to have accessed off-the-job training in the last 12 months than non-members.39

It is clear that young workers have much to gain from a strong, independent, collective voice at work.

39 Ibid.
Recommendations: how to make life at work better for young workers

The government must:

- Increase the national minimum wage to £10 per hour as quickly as possible, and include 21- to 24-year-olds in the over 25s rate. Alongside this, they should also increase the national minimum wage for under 21-year olds quickly, and raise the national minimum wage for apprentices. And government should prioritise enforcing the national minimum wage.
- Develop a strategy to improve wages, productivity, skills development and conditions in low-paid industries, by setting up modern wages councils that can require employers to act.
- Give all workers – including young workers – the right to time off for training. Make sure all apprenticeships include higher quality learning components, and increase the participation of underrepresented groups in those apprenticeships that lead to secure, decently-paid careers.
- Introduce a package of rights to significantly reduce insecure work. The government should close the loophole that means agency staff can be paid less than employees doing the same job, and ban the regular use of zero-hours contracts.
- Introduce the right to a premium for working any non-contracted hours and compensation when shifts are cancelled at short notice – for all workers. And all workers should have access to the same rights from day one in their jobs, including family friendly rights.
- Raise the level of spending on public services per capita so it is in line with other European countries – enabling increased funding for low-paid sectors such as social care.
- Use public commissioning and procurement powers to secure better jobs which pay the real Living Wage, are part of relevant national collective agreements and have job security. An example of how to do this is the Unison ethical care charter.

Employers must:

- Invest in high quality in-work training and skills development. Training and promotion opportunities should be designed so that they are transferable to other employers, and are a real option for part-time workers.
- Create genuinely flexible, well-paid, part-time work at all levels of an organisation, particularly for supervisory and managerial roles, so that parents do not have to give up spending quality time with family just to make ends meet.
How trade unions are responding to the challenge of organising young workers

The missing generation of young members – and the impact this missing generation will have on the future world at work – is the most pressing challenge facing the UK trade union movement. Whilst young members still join many public-sector unions, the level of union density in the private sector is just 13.9 per cent - and just 6.3 per cent amongst those young private sector workers on low to median wages.\(^{40}\) Over generations, unions have had a pronounced impact for the better on the nature of work in the UK – but this model is at risk if younger workers no longer choose to join.

In 2016, the UK’s trade unions made organising young workers a priority for the TUC. We recognise that we need to renew the model of membership and organisation that trade unions operate in, so we can find a model that works for younger workers.

This is a major undertaking. So with the support of five key private sector unions and the backing of the whole movement, the TUC has undertaken 18 months of research, development and structured innovation, alongside young core workers.

We ran WhatsApp diaries with more than 50 young workers and conducted paired interviews with more than 100 young workers. In addition, we spoke to trade union leaders, and ran workshops with young workers and trade union officers. And we built an online feedback panel of more than 300 young workers, who helped us design and refine the proposed model.

This research identified the barriers that prevent many young workers from collectively organising in work or joining a trade union. These include:

- A sense that unions are for another time, another place (eg. public sector workplaces) or are for other people (eg. older people more established in their careers)
- Low expectations among workers about work, and a lack of understanding that young workers are often not treated fairly
- A sense of futility and resignation - the belief that nothing will change even if they raise concerns at work
- A lack of trust between colleagues, which stops workers from identifying with one another and discussing shared problems

Overall, the key message from the research is that unions need meet young workers where they are, rather than expecting them to encounter unions and decide to join as their grandparents did. This means making an offer that appeals to them and meets the needs they identify – and that is expressed in language that resonates with them, through

\(^{40}\) TUC, September 2016. *Living for the weekend: understanding Britain’s young core workers.*
 mediums they are already familiar with. We encourage member unions to test and experiment with an open mind.

**Piloting a new model of trade unionism for young workers: WorkSmart**

In June, the TUC launches a pilot of our new offer to reach out to young workers, WorkSmart.

Our research showed that approaching young workers with a trade union offer immediately did not have enough appeal to a wide enough number of young workers. But many young workers were very concerned about how to get on in life – and that offers an opportunity to trade unions to engage with young workers about something they are interested in and where trade unions have demonstrated expertise and a track record.

WorkSmart aims to help young workers get ahead at work. It is a digital service that will help young workers discover what they would like to do next in work, plan how to get there and identify what they need to reach their goals.

We have developed every element of the offer and how it is delivered with young workers themselves. Young workers are under a lot of time pressure, so we will offer activities that are bitesize, so they can fit them in whenever they have a spare moment. This will also help users feel like they’re making progress and keep them motivated to engage with WorkSmart.

Throughout, we will weave in tools and content to help young workers realise if they are not being treated fairly at work. Young workers have told us that clear information about their rights at work is surprisingly hard to find, so we will provide it. We might buddy up small groups of workers with similar concerns to share tips on dealing with it, for example, care workers on night shifts combating loneliness, or new dads working away from home who need advice on juggling commitments. And we will offer a salary compare tool to help young workers understand if they could earn more working in a different company.

Our hypothesis is that building engagement with young workers will offer the opportunity to present workplace organisation as the logical next step for young workers who participate in WorkSmart. We will then offer union membership as a benefit to WorkSmart participants. We plan to work with our member unions to build new digital branches within each union, making sure that we thoroughly curate the experience of joining and being a member so as to retain as many new members as possible, and learn how to recruit and retain younger workers to unions.

Of course, the transformational benefits of trade unionism comes not from individual membership, but from membership alongside a critical mass of colleagues in an organised workplace where workers can bargain for a better deal with their employer. So we will devote organising resource from the movement to support new nascent branches in workplaces around the UK, identifying emerging leaders and supporting them to recruit others.

Following the launch of the pilot, we will begin to learn how young workers interact with WorkSmart and what the demand is. The purpose of the pilot is to prove whether the
concept works, and for trade unions to learn what we need in order to expand the offer. If the WorkSmart pilot is a success, we will roll it out at scale in 2019. There are no guarantees this will succeed this first time round. But taking an evidence-led approach and continually testing responses is giving ourselves the best chance of building a trade union offer that works for young workers.
## Appendix

### Table 1: share of 21 to 30-year-old employees by industry 1998-2017 (top 10)

<table>
<thead>
<tr>
<th>Industries ranked by share 1998</th>
<th>% of 21-30-year-old employees 1998</th>
<th>Industries ranked by share 2017</th>
<th>% of 21-30-year-old employees 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>19.7</td>
<td>Wholesale, retail and motor trade</td>
<td>16.9</td>
</tr>
<tr>
<td>Wholesale, retail and motor trade</td>
<td>17.4</td>
<td>Real estate, renting and business activities</td>
<td>15.3</td>
</tr>
<tr>
<td>Real estate, renting and business activities</td>
<td>12.0</td>
<td>Education</td>
<td>12.9</td>
</tr>
<tr>
<td>Health and social work</td>
<td>9.0</td>
<td>Manufacturing</td>
<td>9.6</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>7.0</td>
<td>Health and social work</td>
<td>8.7</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>6.7</td>
<td>Hotels and restaurants</td>
<td>8.4</td>
</tr>
<tr>
<td>Public administration and defence</td>
<td>5.5</td>
<td>Other community, social and personal services</td>
<td>6.4</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>5.3</td>
<td>Public administration and defence</td>
<td>5.6</td>
</tr>
<tr>
<td>Construction</td>
<td>5.2</td>
<td>Financial intermediation</td>
<td>4.8</td>
</tr>
<tr>
<td>Education</td>
<td>4.8</td>
<td>Transport storage and communication</td>
<td>4.7</td>
</tr>
<tr>
<td>Other community, social and personal services</td>
<td>4.8</td>
<td>Construction</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Labour Force Survey autumn quarters
Table 2: Key growth industries for 21 to 30-year-old employees by industry 1998 to 2017

<table>
<thead>
<tr>
<th>Industry</th>
<th>1998 (000s)</th>
<th>2017 (000s)</th>
<th>Growth in employees (000s)</th>
<th>% growth in employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education (private sector)</td>
<td>39</td>
<td>138</td>
<td>+99</td>
<td>+253.8</td>
</tr>
<tr>
<td>Education (public sector)</td>
<td>225</td>
<td>407</td>
<td>+182</td>
<td>+80.9</td>
</tr>
<tr>
<td>Health and social care private sector</td>
<td>209</td>
<td>428</td>
<td>+199</td>
<td>+104.8</td>
</tr>
<tr>
<td>Health and social work (public sector)</td>
<td>288</td>
<td>384</td>
<td>+96</td>
<td>+33.3</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>292</td>
<td>527</td>
<td>+235</td>
<td>+80.5</td>
</tr>
<tr>
<td>Real estate renting and business services</td>
<td>663</td>
<td>961</td>
<td>+298</td>
<td>+44.9</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>957</td>
<td>1,064</td>
<td>+107</td>
<td>+11.2</td>
</tr>
<tr>
<td>5 key growth industries for 21-30-year olds</td>
<td>2,673</td>
<td>3,909</td>
<td>+1,236</td>
<td>+46.2</td>
</tr>
<tr>
<td>All young people aged 21-30</td>
<td>5,510</td>
<td>6,336</td>
<td>+826</td>
<td>+15.0</td>
</tr>
<tr>
<td>All 31-64-year olds</td>
<td>15,835</td>
<td>18,834</td>
<td>+2,999</td>
<td>+18.9</td>
</tr>
</tbody>
</table>

Labour Force Survey autumn quarters
Table 3: Wages returns to educational and vocational qualifications for 21 to 30-year-olds compared to 31 to 64-year-olds, 1998 - 2017

Real change in median hourly pay by highest qualification 21-30-year-olds

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>2017</th>
<th>Real increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree or equivalent</td>
<td>£8.64</td>
<td>£12.30</td>
<td>-25p</td>
</tr>
<tr>
<td>Higher Education</td>
<td>£7.08</td>
<td>£9.60</td>
<td>-68p</td>
</tr>
<tr>
<td>A level or equivalent</td>
<td>£6.02</td>
<td>£9.10</td>
<td>+36p</td>
</tr>
<tr>
<td>GCSE grades A to C or equivalent</td>
<td>£5.54</td>
<td>£8.60</td>
<td>+55p</td>
</tr>
<tr>
<td>Other qualifications</td>
<td>£5.13</td>
<td>£8.00</td>
<td>+55p</td>
</tr>
<tr>
<td>No qualifications</td>
<td>£4.31</td>
<td>£7.80</td>
<td>+1.54p</td>
</tr>
<tr>
<td>All employees</td>
<td>£6.15</td>
<td>£10.00</td>
<td>+1.07p</td>
</tr>
</tbody>
</table>

Labour Force Survey whole year average, median pay
Table 4: Current occupations by age, 21 to 30 compared to 31 to 64-year olds, 2017

<table>
<thead>
<tr>
<th>Major occupation group (main job)</th>
<th>21 to 30-year-old employees (thousands)</th>
<th>21-30-year-old employees (%)</th>
<th>31 to 64-year-old employees (thousands)</th>
<th>31-64-year-old employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers, Directors and Senior Officials</td>
<td>312</td>
<td>4.9</td>
<td>2,195</td>
<td>11.7</td>
</tr>
<tr>
<td>Professional Occupations</td>
<td>1,197</td>
<td>18.9</td>
<td>4,325</td>
<td>23.0</td>
</tr>
<tr>
<td>Associate Professional and Technical Occupations</td>
<td>1,075</td>
<td>17.0</td>
<td>2,624</td>
<td>13.9</td>
</tr>
<tr>
<td>Administrative and Secretarial Occupations</td>
<td>738</td>
<td>11.7</td>
<td>2,205</td>
<td>11.7</td>
</tr>
<tr>
<td>Skilled Trades Occupations</td>
<td>546</td>
<td>8.6</td>
<td>1,392</td>
<td>7.4</td>
</tr>
<tr>
<td>Caring, Leisure and Other Service Occupations</td>
<td>656</td>
<td>10.4</td>
<td>1,764</td>
<td>9.4</td>
</tr>
<tr>
<td>Sales and Customer Service Occupations</td>
<td>777</td>
<td>12.3</td>
<td>1,251</td>
<td>6.6</td>
</tr>
<tr>
<td>Process, Plant and Machine Operatives</td>
<td>302</td>
<td>4.8</td>
<td>1,285</td>
<td>6.8</td>
</tr>
<tr>
<td>Elementary Occupations</td>
<td>718</td>
<td>11.4</td>
<td>1,781</td>
<td>9.5</td>
</tr>
<tr>
<td>Total</td>
<td>6,337</td>
<td>100.0</td>
<td>18,835</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Labour Force Survey autumn 2017