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Defining and describing employment precarity in the UK context

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Overview

- This brief summarises findings from secondary analysis of a UK survey of adults, exploring differences in employment precarity by socio-economic characteristics.
- We consider people to be facing employment precarity if they are work-ready but have low-moderate household income, and do not have a permanent contract.
- Descriptive statistics show variations in work status by age, income, housing tenure, ethnicity, limiting health conditions, household size and number of children.
- Multivariate analysis focusing on those with a precarious contract suggests that they are more likely to be under 35 or over 65; have income slightly above the minimum; live in households with three or more children; and not identify as White. Holding other things constant, precarious contracts are less likely amongst people who are renting or paying a mortgage than those who own their home outright.
- These findings highlight a possible association between precarious contracts and child poverty, and also indicate the need to better understand and address the health challenges of people who are unemployed and seeking work.

Employment precarity is often defined in terms of the objective condition of workers, and there is an argument that it is best measured quantitively through the growth of easily terminable, temporary work and length of job tenure (Choonara, 2019, 2022). Additional measurable conditions are sometimes taken into account, including low-paid self-employment, hour and pay volatility, and underemployment (Richardson, 2023). Some observers have also argued that employment precarity can be defined by factors beyond working conditions, such as governance and markets (Lorey, 2017; Vosko et al., 2009).

Whilst broad conceptualisations recognise the interconnected nature of precarity, they cannot easily be operationalised in a way that facilitates deeper quantitative exploration. We argue that someone is **facing employment precarity if they are work-ready but have a low-moderate income and do not have a permanent contract**. Our data enables comparison between different types of work status, providing a more nuanced interpretation of precarity.

Our study is based on secondary analysis of the 2023 UK Debt Need Survey, a survey developed by the Money and Pensions Service to better understand the debt advice needs of the UK population. We use a subset of the entire dataset comprising adults who are work-ready and have a low-moderate household income (below £3,332 a month), resulting in a sample of 7,947 individuals (unweighted).

Our descriptive analyses separate out work-ready adults into four categories: working on precarious contracts[1] – representing 16% of the sample; not-working but looking for work (8%); self-employed (9%); and working on a permanent contract (67%). Whilst the phrase 'gig worker' is often used synonymously with the term precarious worker, only 4% of those on non-permanent contracts described themselves as gig workers, whilst the majority (57%) were fixed term[2]. Furthermore, precarious contracts were not over-represented in any industry. The largest proportions of people on precarious contracts were in the public sector (including NHS and national government) (23%), services (22%) and retail (17%), whilst the self-employed were concentrated in services (38%), retail (18%) and construction (14%).

Existing research suggests that young people are more likely than others to face employment precarity (Choonara, 2019, 2022). Other vulnerable members of the workforce have also been found to be over-represented, such as migrants, working mothers, and older workers (Alberti, 2014; Fuzi, 2023; Lain et al., 2021). In this study, we consider the characteristics of people in precarious employment in two ways. First, using bivariate analyses we explore differences in the work status of low-moderate income adults by income, age, gender, education, ethnicity, housing tenure, household characteristics, region and the presence of limiting health conditions. Reflecting the narrower definition of employment precarity that focuses on easily terminated employment (Choonara, 2019, 2022), we then turn our attention specifically to those on precarious contracts, using logistic regression to look at variations in the likelihood of being on such a contract by key characteristics.

How is precarity related to income?

There are clear differences in income by work status (Figure 1). Those who were not working were far more likely than others to be in the lowest category of household incomes (27% were in this category) and those on precarious contracts were significantly more likely than others to be earning between £375 and £624 a month. Conversely, those with permanent contracts were more likely to be in the four highest income categories. The graph indicates a clustering across all types of work status around minimum wage[3]. This sorting highlights how unemployment and precarious contracts are associated with low income but that moving from unemployment to a precarious contract may lead to a modest increase in income[4].

For many low-moderate income households, total household income comprises a combination of earned income and some form of financial support from government (Table 1). Compared with all other categories, the unemployed were significantly more likely to receive some form of benefit (68%), and in particular those related to income and employment (46%) or disability (16%). A quarter of those on precarious contracts (25%) reported receiving child-related benefits, statistically higher than the self-employed (20%). The self-employed were more likely than other groups to be receiving benefits related to retirement (8%, compared with only 2% of those on permanent contracts and 4% amongst those who were on precarious contracts or not working).

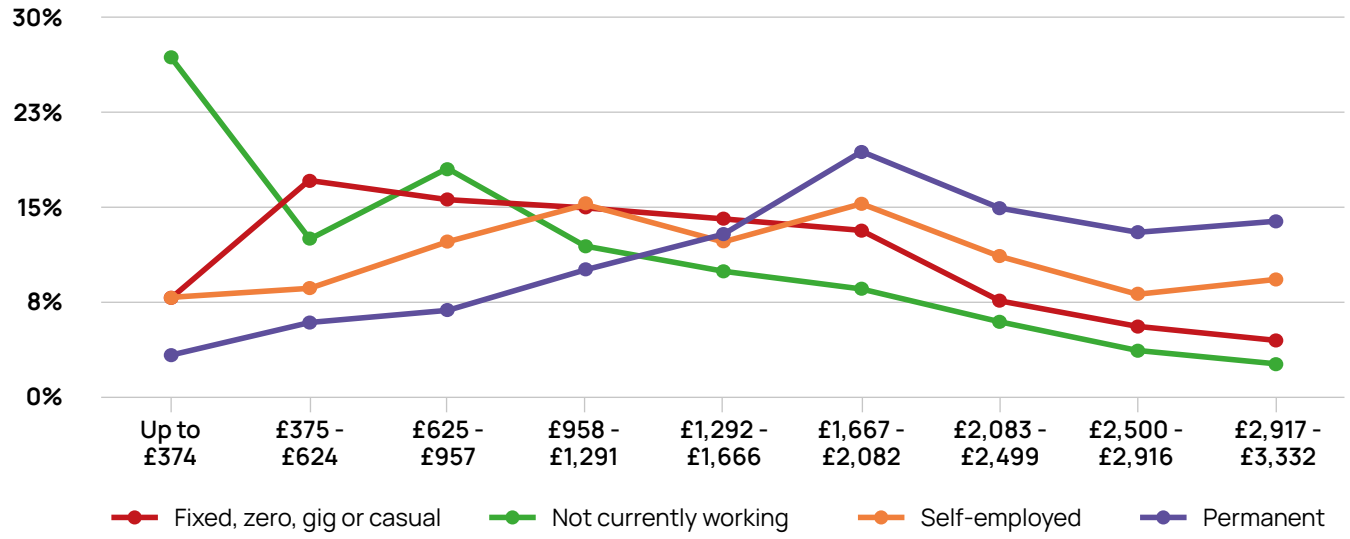
[1] Temporary, zero-hours, gig work or fixed term contracts, which we collectively term 'precarious contracts'.

[2] This question clarifies: "you work for a set period of time or until a particular task is finished".

[3] Minimum wage equated to approximately £1,800 a month in 2023.

[4] Assumption based on the proportions in each income category.

Figure 1 Monthly household income by work status



Which band [..] does your/yours and your partner's total gross income from all sources fall into?
Unweighted n=7947.

Table 1 Receipt of benefits by work status (cell percentages)

	Fixed/ zero/ Gig/ Casual	Not currently working	Self-employed	Permanent	n
In receipt of:					
Attendance allowance, disability living allowance, ESA[1], PIP[2] or incapacity benefit	14.2%	16.0%	14.4%	8.1%	597
*	a	a	a	b	
Child benefit, child tax credit, carers or guardians allowance	25.1%	19.8%	19.6%	23.0%	1509
*	a	a, b	b	a, b	
Council tax benefit, or housing benefit	14.9%	22.7%	11.0%	7.7%	585
*	a	b	a	c	
Pension credit and/or state pension	4.4%	4.3%	8.1%	2.3%	175
*	a	a	b	c	
Income support, jobseekers allowance, universal credit or working tax credit	22.5%	46.0%	27.3%	16.7%	1150
*	a	b	a	c	
In receipt of any benefit	50.9%	67.5%	53.4%	39.4%	2684
*	a	b	a	c	
Respondent did not provide information about benefits	12.9%	5.6%	8.9%	8.9%	625
*	a	b	b, c	c	

* Each letter denotes a subset of categories whose column proportions do not differ significantly from each other at the 0.05 level.

[1] Employment and Support Allowance, [2] Personal Independence Payment

How is precarity related to socio-demographics?

Age profile varies by work status. Most of those with precarious contracts (61%) were aged 18-34, whilst 46% of permanent employees were aged 35-54 (Figure 2). A significantly larger proportion of the self-employed were aged 66+ (13%, compared with 3% of those on permanent contracts).

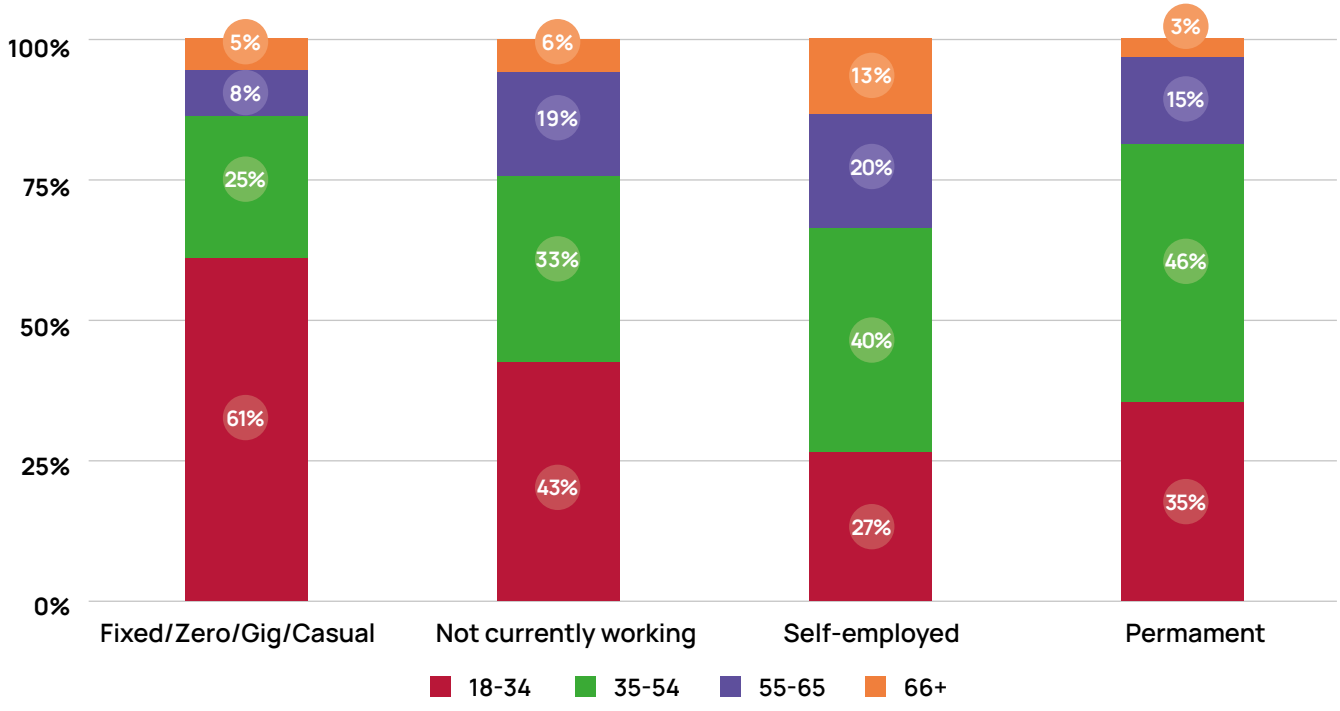
There is no significant difference in the proportions of men and women who were unemployed, on precarious contracts or permanent contracts. However, 57% of the self-employed were men.

Just 35% of the unemployed had a qualification at degree level or above. In contrast, half of all self-employed had such qualifications (50%), and similar proportions were observed amongst those on precarious contracts (48%) or permanent contracts (46%).

There are significant differences in work status by ethnicity. Two thirds (67%) of people on precarious contracts identified as White, compared with 75% of the unemployed, and 84% of both self-employed and permanent employees. They were more likely (8%) than the self-employed (3%) or those on permanent contracts (3%) to identify as Black, and more likely (6%) than the self-employed (2%) and those on permanent contracts (1%) to identify as Mixed Race. They were also more likely (6%) than those on permanent contracts (3%) to identify as Asian.

Four in ten people on permanent contracts owned their home with a mortgage (40%), significantly more than any other group. More than a quarter of the self-employed owned their home outright (28%) compared with 16% of the unemployed and 15% of those on precarious or permanent contracts. 17% of the unemployed lived in social housing, significantly more than the 11% of those on precarious contracts, 9% of those on permanent contracts and 8% of the

Figure 2 **Percentage in each age band, by work status**



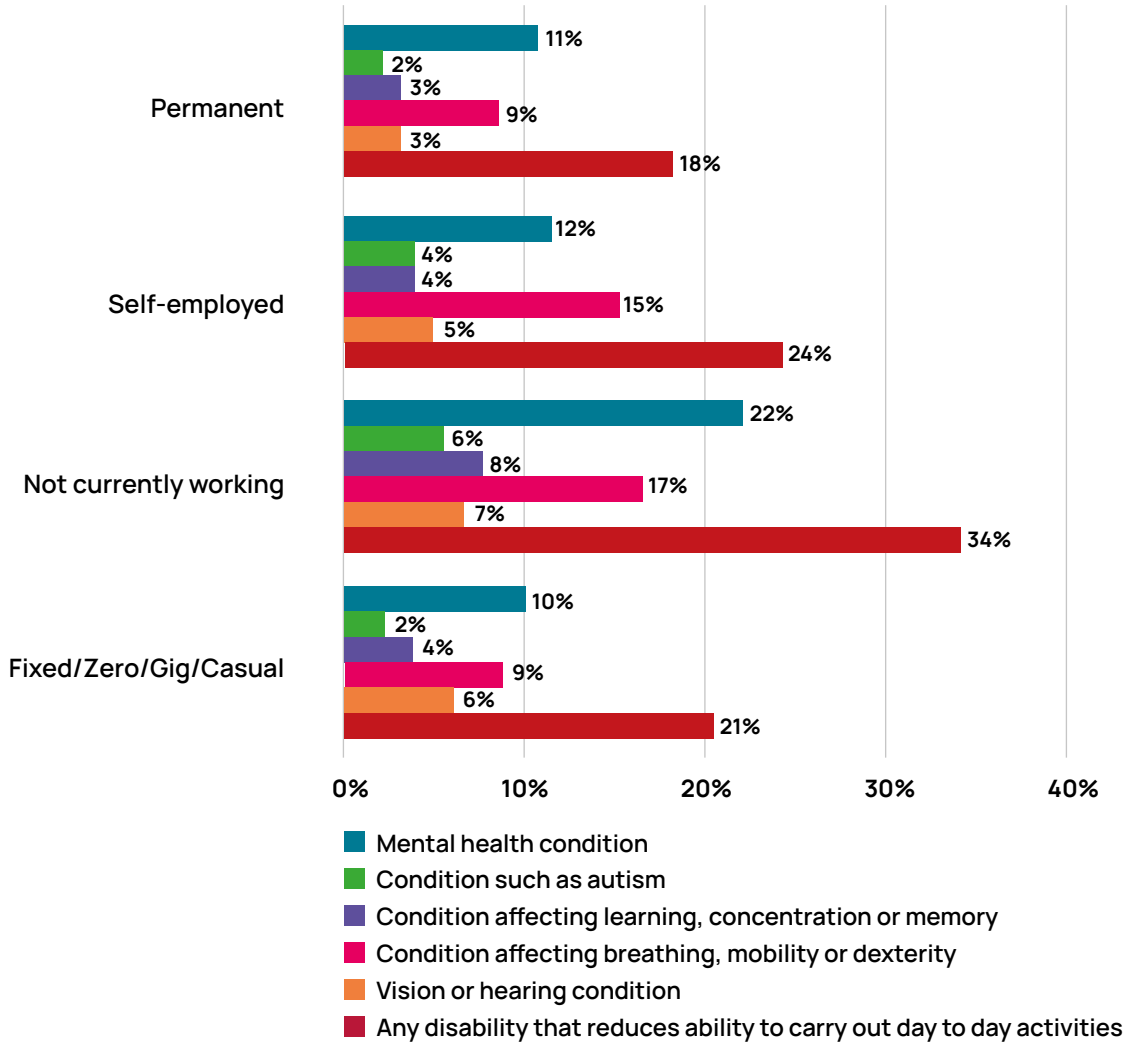
Unweighted n=7947

self-employed. There were smaller differences in the proportions renting privately (ranging from 28% of those on precarious contracts to 23% of the self-employed). Significantly more of the unemployed lived with family members or provided some other response (8%), compared with the self-employed (2%) and those on permanent contracts (2%).

Workers on precarious contracts were significantly less likely than other groups to be in single adult households, and more likely to have children and/or be expecting a child. Importantly, 11% had three or more children, significantly more than in any other category. 89% were living in England, compared with 84% of those on permanent contracts.

More than a third of the unemployed (34%) reported a disability that reduces their ability to carry out day to day activities, and 22% had mental health issues, significantly more than in other categories (Figure 4). They were also significantly more likely than at least one other group to report each of the health conditions. Even so, there is considerable variation in the proportions of people reporting each kind of condition by work status. Noticeably, for example, 17% of the unemployed and 15% of the self-employed reported breathing or mobility challenges, compared with 9% of those on precarious and permanent contracts.

Figure 4 **Percentage reporting health conditions, by work status**



Derived variable - conditions combined for reporting. Unweighted n=7947.

Holding other things constant, who is most likely to be on a precarious contract?

Logistic regression[5] shows that (after controlling for other factors) compared with people in the other three categories, being on a precarious contract is:

- More likely amongst those with income between £375 and £957 a month than those with incomes under £374; and less likely amongst those with monthly incomes over £1666.
- Less than half as likely amongst people aged 35-65 as those aged 18-34.
- Almost 2.5 times more likely amongst people identifying as mixed race, and significantly more likely amongst those identifying as 'Asian', 'Black' or 'other/non-disclosed' race as amongst those identifying as White.
- Less likely for people owning a home with a mortgage or renting a home, compared with owning a home outright[6].
- Less likely in Northern Ireland than England.
- More likely in households with three or more children[7].

Once other factors are controlled for, there are no significant differences in the likelihood of being on a precarious contract by gender, higher education, expecting a baby, or the presence of limiting health conditions. Benefits were not included.

Implications

Employment precarity is not unique to any particular group in the UK population, but different forms of precarious employment are associated with different groups. And whilst state benefits are providing some additional financial support across all categories of work status, unemployment and precarious contracts are associated with relatively low household income, exacerbating the precarity caused by the lack of employment security. There are also signs that child poverty may be an issue amongst those with precarious contracts, since they are more likely than others to have relatively low household incomes and several children.

Those who are unemployed and seeking work are more likely than others to report limitations caused by health and disability, suggesting that more support may be required to help this group to find employment. Whilst we do not know about the direction of causality, it is possible that such support could also help to reduce some of the mental health issues faced in this group.

[5] n=7885; Nagelkerke R2 = 0.193. Significance reported at the 0.05 level.

[6] Outright ownership was high amongst older precarious workers.

[7] Since the number of people in the household and the number of children are correlated we have only controlled for number of children in this regression.

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