

# Report on the use of Zero Hour Contracts

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## Background

The ONS (2015) estimates that the number of employees on zero hour contracts (ZHC) is about 1.5 million<sup>1</sup> or even 2.7 million if you include 1.3 million contracts that did not provide work over a two-week period<sup>2</sup>. Unite the Union estimates the even higher number of 5 million workers<sup>3</sup> on ZHC and the numbers are increasing<sup>4</sup> according to ONS. The term zero hours contracts describes a “multiplicity of work arrangements<sup>5</sup>” covering casual work, part-time work, homework, bank work and even agency work. These arrangements can give rise to employment status<sup>6</sup>, worker status<sup>7</sup> or “fall completely outside the scope of protective norms”<sup>8</sup> with no employment protection<sup>9</sup>. There has been no statutory definition of zero hour contracts until the Small Business Enterprise and Employment Act 2015 inserted s27A (1) into the Employment rights Act (ERA) 1996. However, it is not dissimilar to the definition of an employee under s230 ERA which has been criticised for its vagueness and ambiguity.

In addition to the lack of employment status workers face many other uncertainties including financial ones – Barlow and Mason, ‘A Poor Fit’ (2015) 165 (7668) NLJ 8-9. Employers like the flexibility of zero hour’s contracts as it helps them manage fluctuations in demand,<sup>10</sup> but there is no doubt that some employers may abuse workers on zero hour’s contracts. Limited research exists in this area and past studies presents contradictory conclusions concerning job satisfaction of worker on zero hour contracts.

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<sup>1</sup> <http://www.ons.gov.uk/ons/rel/lmac/contracts-with-no-guaranteed-hours/employee-contracts-that-do-not-guarantee-a-minimum-number-of-hours--2015-update-/index.html>

<sup>2</sup> <http://www.resolutionfoundation.org/media/blog/looking-past-headlines-zero-hours-contracts/> accessed 16/10/15

<sup>3</sup> Evidence given by Steve Turner assistant general secretary, in evidence to Public Bill Committee 14/10 /2014

<sup>4</sup> <http://www.resolutionfoundation.org/media/blog/the-rise-and-rise-of-zero-hours-contracts/> accessed 16/10/15

<sup>5</sup> The ‘Zero-hours Contract’: Regulating Casual Work or Legitimizing Precarity? Adams, Freedland and Prassal University of Oxford Legal Research Papers no 00/2015.

<sup>6</sup> ( s230 (1)Employment Rights Act 1996(ERA)

<sup>7</sup> s230(3) ERA 1996

<sup>8</sup> As above<sup>1</sup>

<sup>9</sup> *O’Kelly v Trusthouse Forte PLC*<sup>9</sup>, *Carmichael v National Power Plc*<sup>9</sup> and *Shaha v Viewpoint Field Services Ltd* UK/EAT/0116/13/DM

<sup>10</sup> Sarah Veale giving evidence to Public Bill Committee 14/10/2014.

There is little systematic research on the legal aspects of zero hours contracts that documents the spectrum of employment contracts within a particular sector and the factors that determine the co-existence of such a mixture of work arrangements.

## Aims of study

- To investigate the profile of workers on Zero Hours Contracts
- To examine the nature of contracts in terms of length and permanency
- To identify the impacts of ZHC materially in terms of access to accommodation and the health effects.
- To explore attitudes to and experiences of ZHC

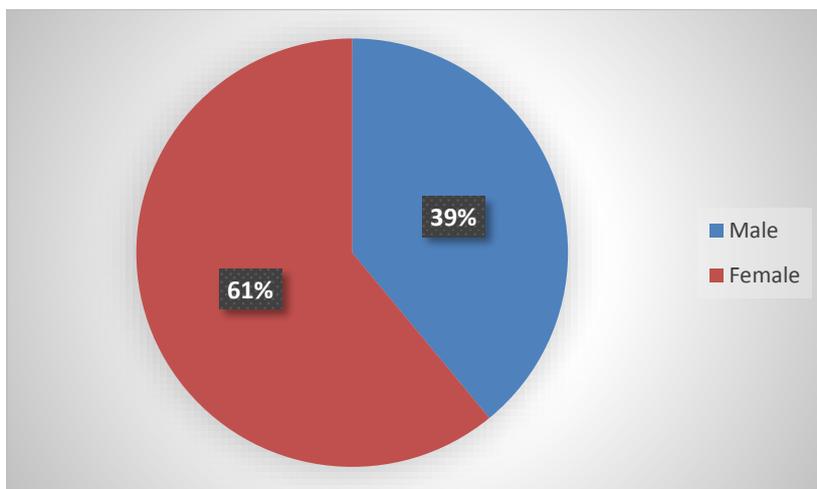
## Methodology

An online survey was set up to capture data to answer the research questions. Unite the Union (trade union), GMB and Scottish Union Learning facilitated the dissemination of the survey link to potential participants. Ethics approval for the study was obtained from the University of Hertfordshire. There was an excellent response rate of 356 which form the basis of this preliminary report.

## Profile of respondents

The respondents were a majority of women – this is likely to reflect the dominance of the care and hospitality sectors (Figure 1).

**Figure 1 Gender of respondents**



The age range of respondents is interesting (see Figure 2). As expected that these contracts were more dominant among younger workers, but a 18% response rate from age group 26-

35 suggest that zero hour contract is spread over all age groups. Apart from the age groups already mentioned, the rest of the age groups represented 8% each. This result suggest that age is no protection against poor contracts.

**Figure 2 Age of respondents**

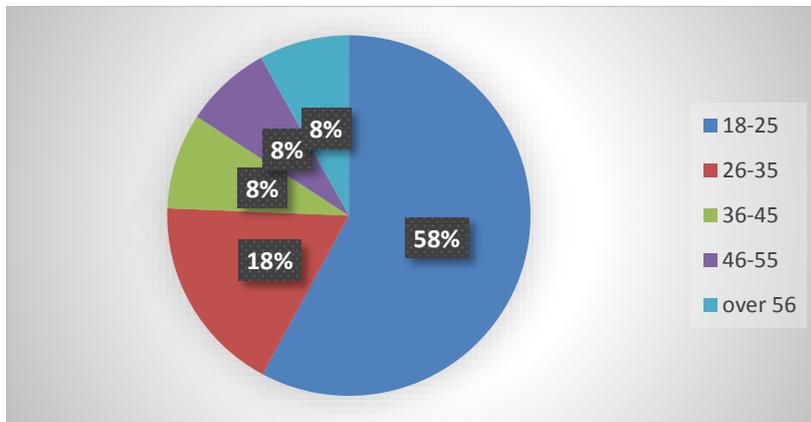
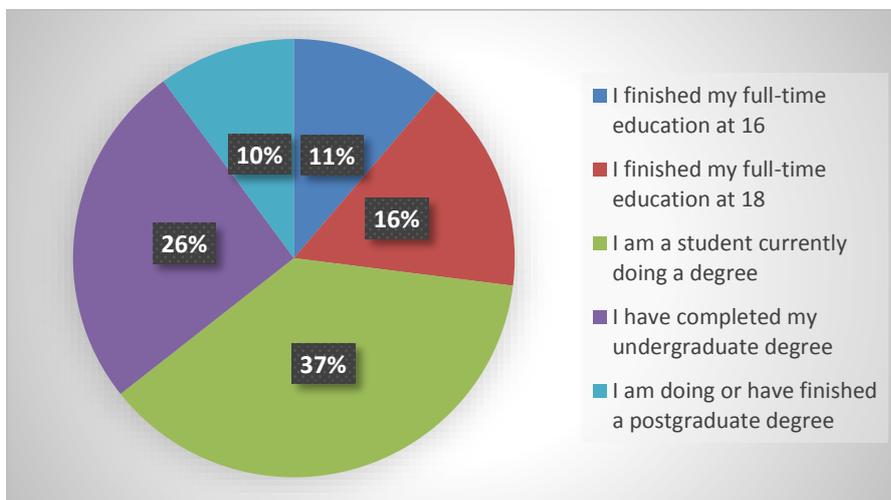


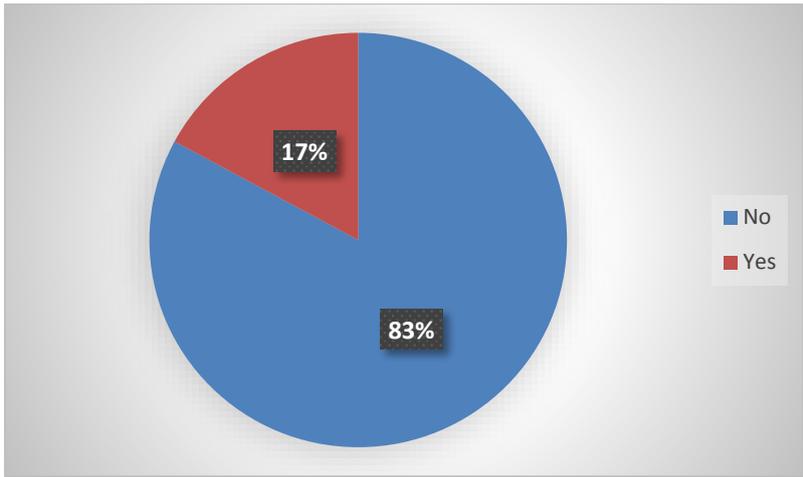
Figure 3 shows the educational background of respondents. It might have been expected that the majority of workers on ZHC had completed their education at an early stage, but this accounts for only 11 per cent of respondents. 37 per cent of respondents were students studying for a degree, followed by the second highest proportion (26 per cent) had already completed their degree.

**Figure 3 Educational level of respondents**



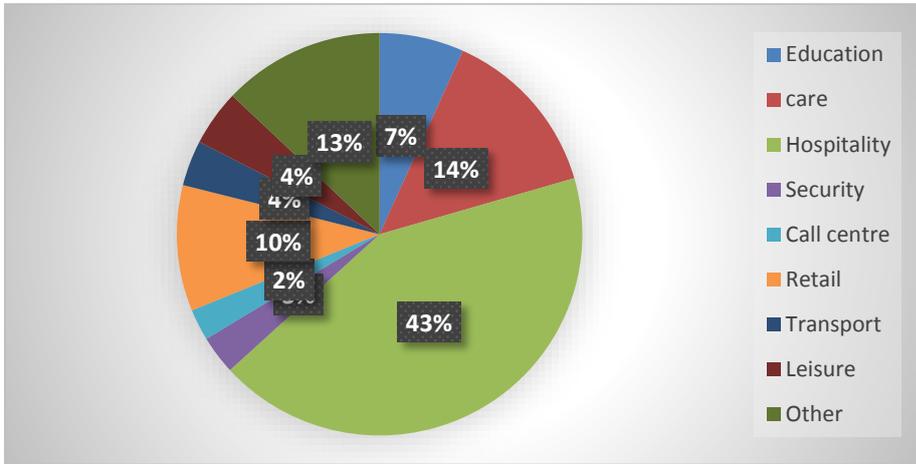
The responses as to whether or not workers had dependents seem to mirror the respondents age groups (see Figure 4). It might be expected that workers under 25 and over 55, who comprise 66 per cent of respondents, are less likely to have dependents, which explain the 83 per cent of respondents who had no dependents.

**Figure 4 Percentage of respondents with dependents**



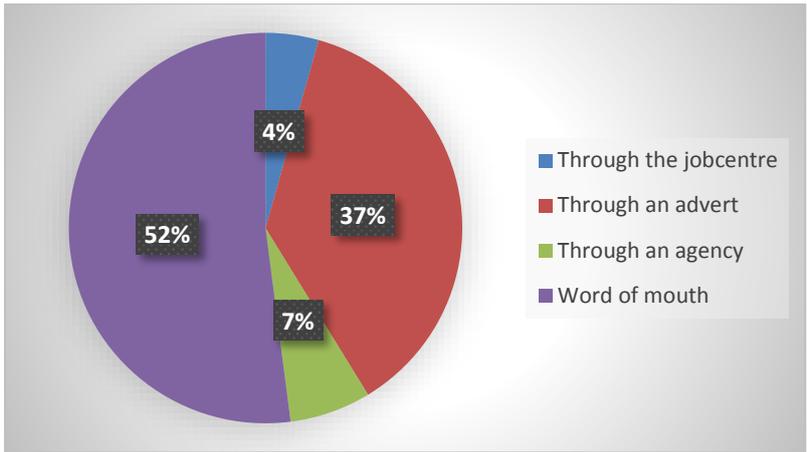
In Figure 5 the high percentage (13%) of respondents who gave 'Other' as the answer to the sector that they worked in suggests that ZHC are used across a wide range of sectors. The three largest groups of workers were; care (14 per cent), hospitality (43 per cent) and retail (10 per cent). Together these accounted for 67 per cent of respondents.

**Figure 5 Respondents by sector of work**



52% the respondents cited the source of information about the job was through word of mouth, 37 per cent had answered to adverts while only 7 per cent had got into the job through an employment agency (see Figure 6).

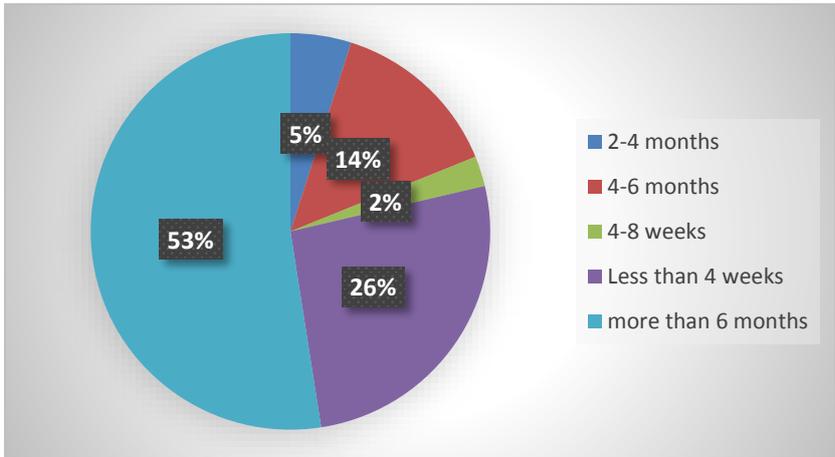
**Figure 6 Source of information about job**



**Nature of contract**

The responses to the question on length of time in the job (see Figure 7) showed that the majority of respondents had been in their job for over six months (53 per cent). This suggests that they are being used by employers on a longer term basis rather than as a response to short term labour fluctuations.

**Figure 7 Length of time in job**



The findings that ZHC are long term solutions used by employers is corroborated by Figure 8 which shows that 52 per cent of workers were on these contracts permanently. It is of concern that 22 per cent of respondents were not able to say whether their contract was permanent.

**Figure 8 Nature of the contract**

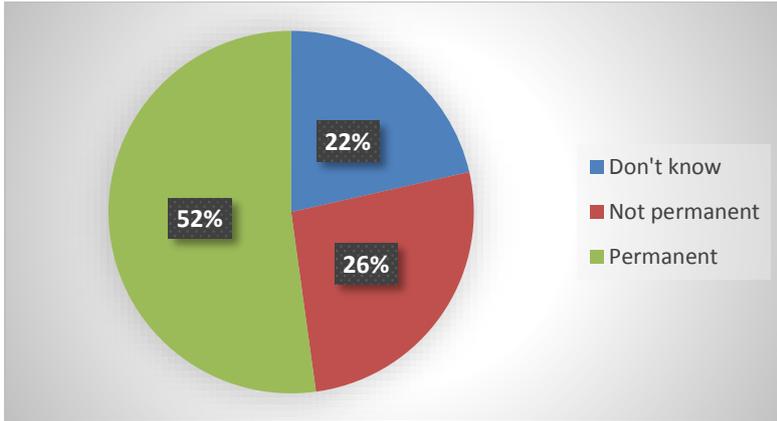
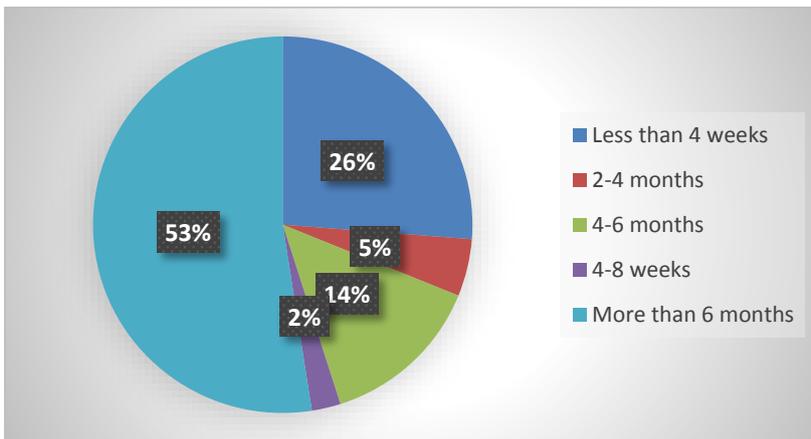


Figure 9 on the length of the contract when the job is not permanent corroborates the findings shown in Figures 7 and 8. Although some contracts were very short term (less than 4 weeks) 53 per cent of contracts were more than 6 months suggesting the longer term use of these flexible contracts.

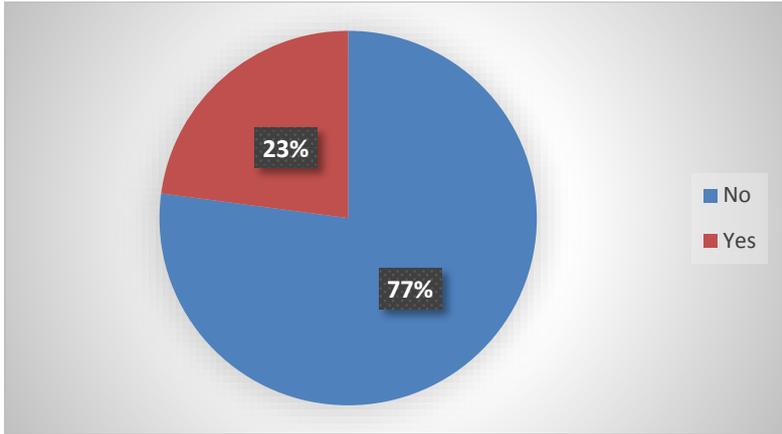
**Figure 9 Length of contract (where job is not permanent)**



Figures 10 and 11 underline the flexibility that is required of workers. Figure 10 shows that only a small percentage of workers (23 per cent) had set hours of work and Figure 11 shows that only 20 per cent of workers were guaranteed a minimum number of hours.

This underlines the flexibility that is demanded of workers.

**Figure 10 Set hours of work in contract**



**Figure 11 Guarantee of minimum hours of work**

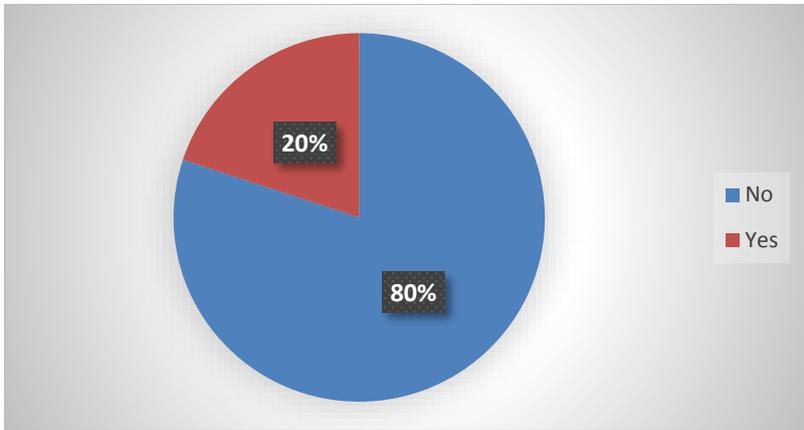


Figure 12 shows that short periods of notice were given for work. Only 14 per cent of workers were given a months notice while the majority were given a weeks notice (67 per cent) or notified of the requirement to work on a daily basis.

**Figure 12 Period of notice for work**

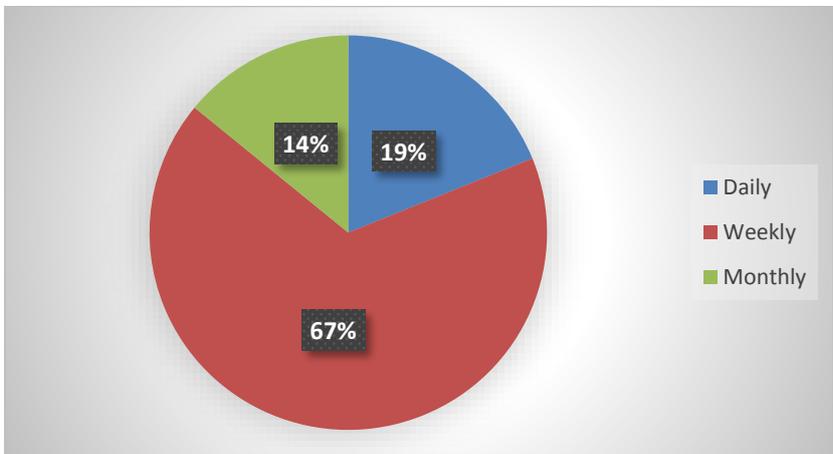
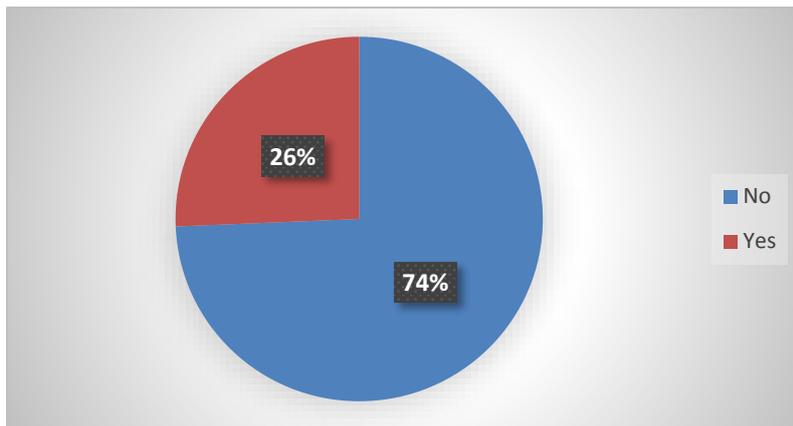


Figure 13 shows that there has been little change on contracts with 74 per cent reporting no change. This is not surprising as employers have a great deal of flexibility from workers on these contracts and therefore there is no incentive to change them.

**Figure 13 Change in contract since start of job**



### **Effects on Zero Hours Contracts**

This section explores how far being on a ZHC contract has materially affected respondents in relations to their ability to get rented accommodation, take a bank loan or a mortgage. The second part of the discussion focuses on the reported health affects and impacts of the respondents.

#### ***Material effects***

Figure 14 shows that only 22 per cent of respondents suggested that it had affected their ability to get accommodation. The remainder answered either that it had not affected their ability or that it was not applicable.

**Figure 14 Effect of contract on ability to get accommodation**

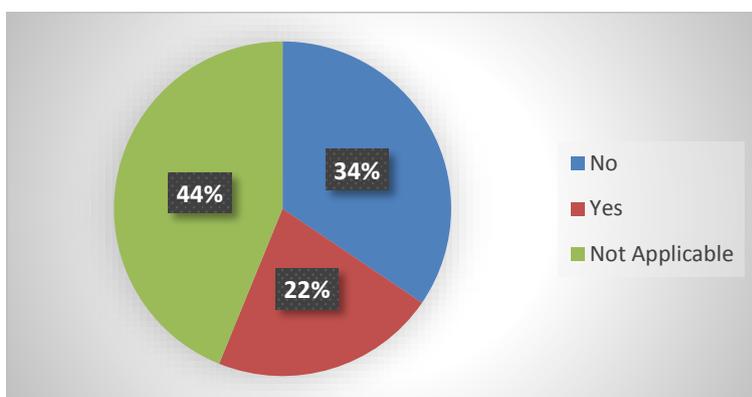
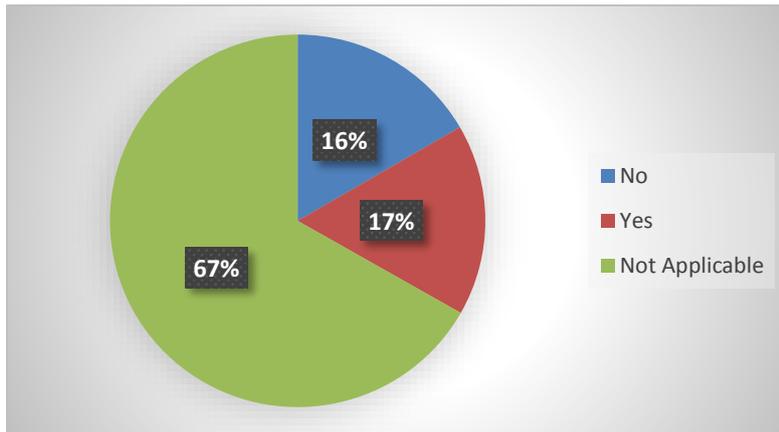
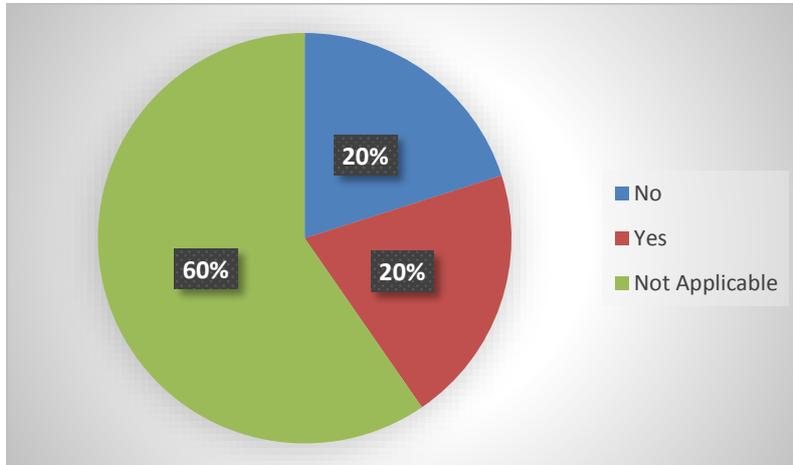


Figure 15 and 16 similarly shows that the contract had only affected the ability of 17 per cent and 20% of respondents to get a mortgage or a bank loan respectively. 67 per cent and 60% respectively, reported that this was not applicable suggesting that property ownership or bank loan was not under consideration or that workers had already had secured mortgages.

**Figure 15 Effect of contract on ability to get mortgage**

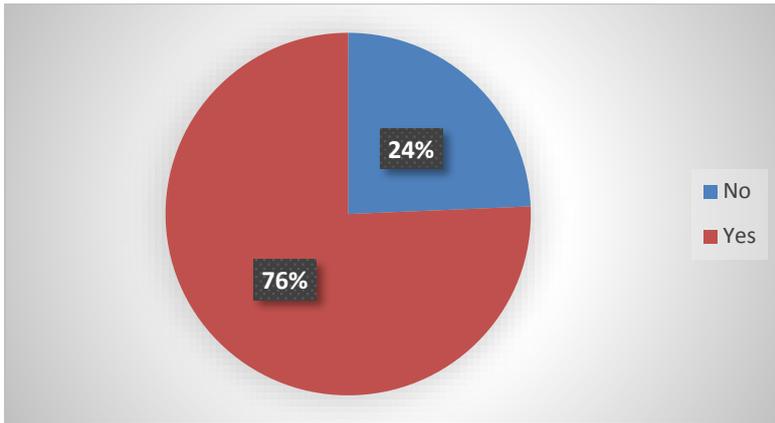


**Figure 16 Effect of contract on ability to get a bank loan**

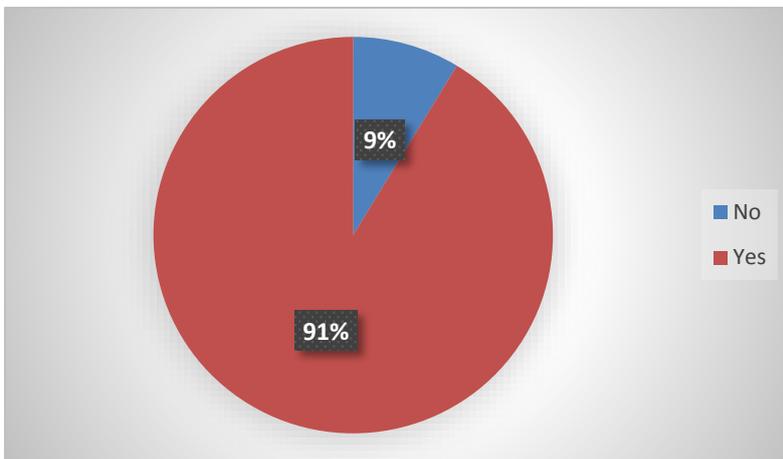


### ***Health effects***

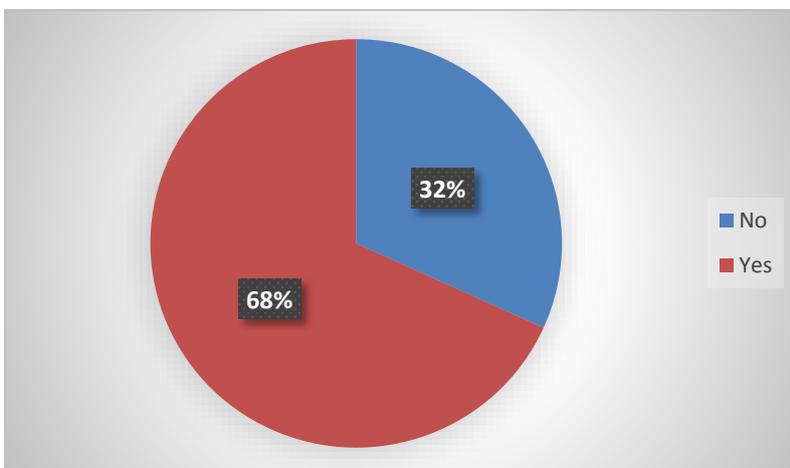
**Figure 17 Experience of anxiety**



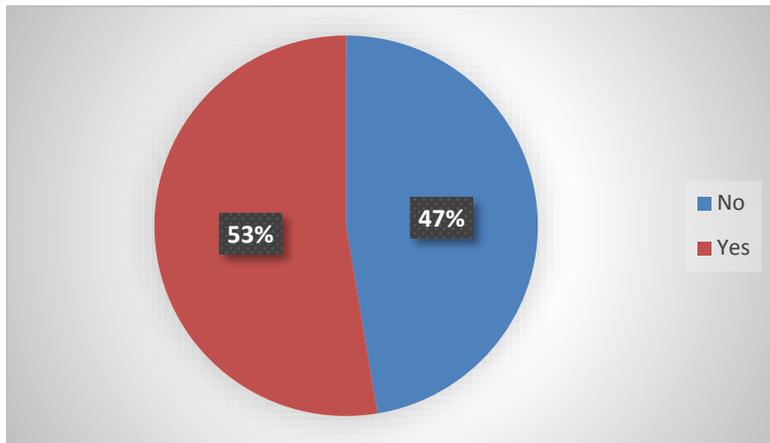
**Figure 18 Experience of stress**



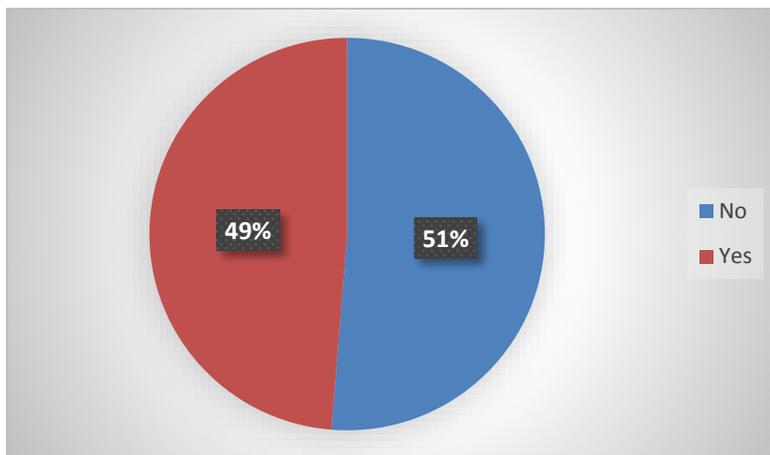
**Figure 19 Experience of depression**



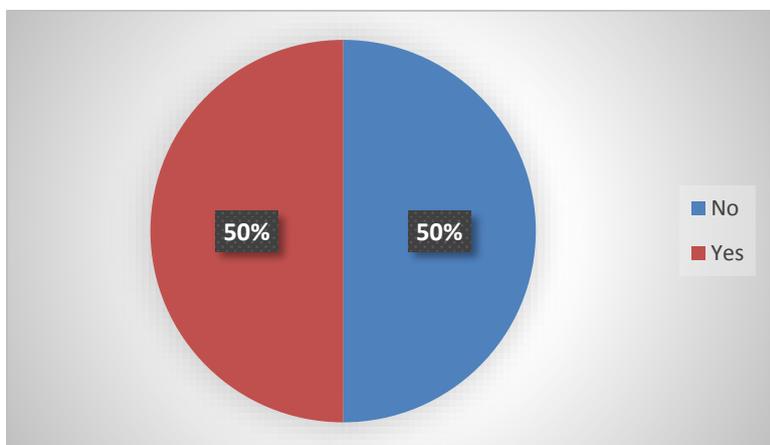
**Figure 20 Experience of on-going illnesses**



**Figure 21 Is there a relationship between poor health and nature of contract you have?**



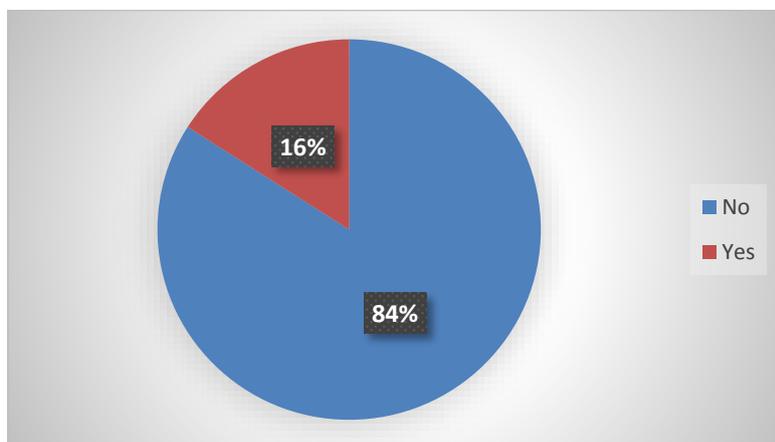
**Figure 22 Is there a relationship between poor health and the type of work you do?**



## Membership of trade union

Interestingly, 80% of the respondents were not members of a trade union

**Figure 23 Membership of a trade union**



## Preferences

Preferences and attitudes to ZHC were explored by asking respondents to choose between two mutually exclusive statements. The results of these are reported in Table 1.

**Table 1 Preferences**

	%
I have some control/choice over the hours that I work	67
I have no control over the hours that I work	28
I would prefer a job with guaranteed hours	61
I am happy doing a job with no guaranteed hours	15
I prefer a job with full time hours	43
I prefer a job with less than full time hours	9
I like working on a variable contract because it is more flexible	33
I do not like the uncertainty of working on a flexible contract	49
The job gives me time to do other things	49
I can't do other things because work might become available	26

It is difficult to budget because my income is unpredictable	67
I do not have a problem budgeting	16

The majority of workers had some control over the hours that they worked (67 per cent). However, 61 per cent indicated a preference for a job with guaranteed hours. A small majority (43 per cent) said that they would prefer a job with full-time hours. A positive response was that 33 per cent said that they liked the flexibility of a variable contract and this was supported by some of the comments.

*Zero hours gives me the flexibility to be able to do other things-it works both ways but everyone should be given the choice between zero hours or proper part time contracts*

*I like my zero hours contract, mainly due to the flexibility it affords me. If anything, the contract I currently have is preferable to the full time.*

In another case a respondent claimed that it reduced stress;

*Having time flexibility reduces my stress levels so it is good for me.*

26 per cent of respondents, however said that they were unable to do other things in case work became available. The following quote suggests specifically that one worker felt s/he could not take up the opportunity to upgrade skills.

*No work/life balance. Cannot do courses or training because cannot fully commit. If I say no to hours one week, I don't get them for a few weeks.*

In the case of a migrant workers is disrupted their ability to visit family.

*The unpredictability of the job makes it harder for me to visit my family back home.*

The vast majority of workers agreed that it was difficult to budget because income was unpredictable.

*Flexible' working means three time sheets every month, three work email addresses and still having to apply for housing benefit because three 'flexible' wages are not enough to cover living expenses. It means having family members forced to act as guarantor for letting agents so you can find a new home when the landlord sells your current one because you are not deemed a suitable 'risk' despite having a very good 10+ year track record as a tenant.*

## Experience of Zero Hours Contracts

Respondents were invited to make open ended comments and there were four themes that emerged; an awareness of the exploitative nature of the contracts; not receiving payment for missing work in circumstances where workers on other contracts might be paid; incurring costs that employers should absorb; and fear and lack of status.

First, several workers articulated a sharp awareness of the exploitative nature of the contracts. This is reflected in the following three comments;

*I am believe zero hour contract to be a an absolute con for the worker, plain and simple its exploitation, big business is making millions out of a work force that it calls up every once in a while. I have been temping and doing zero contracts for the last 10 years and its depressing and has cause me many health problems.*

*The organisation keeps people on zero hour contracts so that they can get rid of them easily without much aggravation. You just check the rota one day and have no more hours, then like a year later you get a P45 in the post.*

*Flexible working is a trap designed to garner a cheap disposable workforce and fudge the books regarding staffing levels.*

A second theme that emerged was that workers did not receive pay for missing work in circumstances where workers on other contracts might be paid. Two comments are indicative of this complaint.

*I have to attend court tomorrow as a witness due to an incident which occurred during one of my shifts at work. I have been told I will not be eligible for payment from my employers for my time spent in court on their behalf.*

*No sick pay when not well and no understanding when my kids are sick*

Thirdly, workers were forced to incur costs that employers should absorb. The comments below show that this applied to a wide range of costs.

*Zero hours exploit people and you are expected to subsidise them, there is a lot of unpaid travelling involved. They only suit retired people who don't need an income but find the money useful. On balance, they should be banned.*

*My employers imposes accident damage costs to drivers if they feel fit, charge for CRB checks, medicals, driving assessments if they feel needed.*

The fourth theme to emerge was that workers feared that if they complained or joined a union they would be punished with fewer or no hours.

*There was talk of getting a union together a couple of years ago, but not enough people were interested as they believed they would all be immediately replaced if they started making demands. Everyone is striving to get on a full time contract and hope that by being a good worker they will get taken off zero hours one day. However, there are people who have been working 40 hour weeks on zero hour contracts that have been working there for the last 6 years, so that doesn't always happen.*

Other workers referred to the lack of status and the lack of opportunity for promotion. This is reflected in the following two comments.

*When you are on zero hours the employers treat you like your nothing*

*The only problem I see in the job is that there is no room for promotion. So that a cleaner is programmed to remain a cleaner for life. No internal vacancies advertised!*

## Summary of main points

- The majority respondents were in the care and hospitality.
- Information on the length of time in the job and the duration of the contract suggests that employers were using ZHC for long periods rather than to cover short term fluctuations.
- Contracts were used to get flexibility from workers; hours were not set in 77 per cent of contracts; 80 per cent of workers were not guaranteed minimum hours of work; and the period of notice given for work daily or weekly in 88 per cent of cases.
- The effects on the ability of respondents to get rented accommodation or a bank loan or a mortgage was small (approximately between 17-22 per cent of respondents in all three cases).
- The contracts had a detrimental effect on the health of workers with about half of the respondents reporting health problems as a result of the contract and the nature of work.
- A high proportion (61 per cent) would have preferred a job with guaranteed hours and 43 per cent would have preferred a full-time contract.
- There were some positive comments about the flexibility afforded by ZHC, although 49 per cent reported not liking the uncertainty of working on a flexible contract.
- 67 per cent of respondents experienced difficulties in budgeting due to the unpredictability of their incomes.
- Negative comments related to; an awareness of the exploitative nature of the contracts; not receiving payment for missing work in circumstances where workers on other contracts might be paid; incurring costs that employers should absorb; and fear and lack of status.

## Background on researchers

Ernestine Ndzi is a lecturer in the School of Law, Criminology and Political Science at the University of Hertfordshire. She has written and published on the impact of company law on zero hour contracts, precarious work and director's remuneration in particular.

Janet Barlow is a senior lecturer in the School of Law, Criminology and Political Science at the University of Hertfordshire. She is a qualified solicitor (non-practicing). She has written and published a paper on zero hour contracts. She is the module leader for Employment Law within the law school.

Steve Shelley is Principal Lecturer in Human Resource Management and Senior School Research Tutor in the Hertfordshire Business School, University of Hertfordshire. He has research and

published in the areas of organisation sociology and the external environment, particularly in matters of control, power and autonomy, and his research has explored this through studies of union learning, skill and career development, work in higher education, managerialism, and worker mobility.

Jane Hardy is Professor of Political Economy in the Business School at the University of Hertfordshire. She has written and published on work and the relationship between migrant workers and trade unions in particular. Jane has undertaken research for the Communication Workers Union and for the European Public and Service Union.