

# HOW FLEXIBLE HIRING COULD IMPROVE BUSINESS PERFORMANCE AND LIVING STANDARDS

To raise family living standards in the UK, the number of 'quality' part-time and flexible jobs needs to be increased. This study quantifies the impact such an increase might have. It also analyses supply versus demand, and suggests that businesses are currently under-utilising a proportion of the skilled candidate market.

## Key points

- Parents, older people and disabled people (the three groups under study) need to earn at least £10.63 an hour to meet minimum income standards. This rate establishes the pay threshold for a 'quality' job and equates to a full-time equivalent salary of £19,500 a year.
- 1.9 million people could benefit from getting a quality flexible job and hold the necessary qualification levels to attain one. Of these, over 1.5 million people are currently in part-time work below the pay rate for a quality job. A further 154,000 people are workless.
- There are 202,300 well-qualified people in the groups who are living in poverty.
- Only 6.2 per cent of quality job vacancies are advertised with options to work flexibly. This compares poorly with the high demand for flexible work (47 per cent of the workforce want to work flexibly).
- There are 8.1 people in poverty for each quality flexible vacancy, of whom 7.4 people are workless. For quality full-time jobs, the demand is only 0.9 workless people per vacancy.
- An eight-fold increase in the number of flexible job vacancies would be needed, for supply versus demand to match that for quality full-time jobs.

## The research

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# BACKGROUND

There is increased recognition within government policy of the need to increase the number of quality jobs that can be done on a part-time or flexible basis, as a way to support those who need flexibility to enter the job market and/or to progress in work. Yet the employment, skills and welfare-to-work systems still focus on supporting jobseekers to become ready for work.

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There is much less investment in working with employers to develop the kind of flexible jobs that parents, other carers and some disabled people need. Without this, reforms such as Universal Credit will have limited impact.

At the same time, there is a gap in our knowledge about the availability of jobs that offer part-time or flexible working options. The Office for National Statistics does not collect information on part-time vacancies outside of Jobcentre Plus and does not have a procedure for analysing the flexible vacancy market.

This research aims to:

- explore the difference in pay rates between part-time and full-time work
- establish a pay threshold for a 'quality' flexible job in order to meet minimum income standards
- build new insight into the number of quality jobs advertised with part-time or flexible working options
- identify the numbers of parents, older people and disabled people who are currently workless or working part-time below their appropriate pay rate, and who could benefit from a greater supply of quality flexible jobs
- understand the potential impact on living standards of opening up more quality roles to flexibility
- provide evidence that will influence employers and the Government to act.

## Summary of findings

Part-time workers earn less per hour than their full-time counterparts at every level of qualification. A part-time worker qualified to National Qualifications Framework (NQF) Level 4 and above earns £3.51 less, those with trade apprenticeships earn £3.42 less and NQF Level 3 workers earn £2.64 less. The differences in pay levels between part-time and full-time workers are mainly due to the fact that they work in different occupations. For example, while 77 per cent of full-time workers with NQF Level 4 and above work in managerial, professional and associate professional jobs, only 56 per cent of part-time workers with this level of qualification work in these groups of jobs.

To meet minimum income standards, the three groups under study need to earn at least £10.63 an hour. This is the target pay threshold used in this research to mean a 'quality' job, for which the full-time equivalent salary is approximately £19,500 a year.

Of the quality job vacancies, 6.2 per cent are advertised with options to work flexibly (around 24,290 jobs a month). Demand for quality flexible jobs (47 per cent across all salary levels) far exceeds this supply.

There are 8.1 people in poverty for each quality flexible vacancy, of whom 7.4 people are workless. For quality full-time jobs, the demand is only 0.9 workless people for each vacancy. An eight-fold increase in the number of quality flexible job vacancies would be needed for supply versus demand to match that of quality full-time jobs.

There are 87,000 people qualified to NQF Level 2 who could benefit from increased earnings if there was an increase in quality part-time and flexible vacancies, because of the availability of flexible jobs with a salary below £19,500 that are currently taken by over-qualified people.

The availability of quality flexible jobs varies significantly depending on the field of work. They are scarce, for example, in engineering and management and more common in health and education. Availability also varies by region: people looking for flexible job vacancies in Scotland, Northern Ireland and the north-east of England will find three times as many vacancies, as a proportion of all jobs, as candidates in London. Salary also has an effect: as salary rises, availability declines.

Among the three groups, 5.8 million people are either working part-time and do not want full-time work, or are currently not working and want to work part-time or flexibly.

1.9 million people (predominantly people within the three groups) who could benefit from a quality flexible job hold the necessary qualification levels to attain one (NQF Level 3 or above, or a trade apprenticeship). A large majority – over 1.5 million people – are currently in part-time work below the pay rate for a quality job. A further 154,000 people are not working but seeking part-time work.

Where a well-qualified part-time worker is paid below the quality job pay threshold, their total household income is in excess of £20,000 a year less than a family where the part-time worker is paid above the target pay rate.

There are 202,300 well-qualified people in the three groups who are in poverty and could benefit from quality part-time work. Of these, 25,200 would move out of poverty if they got such work.

## Conclusions and implications for employers

There is a large gap between flexible working (which is now widely accessible to employees) and flexible hiring (which is relatively rare). By restricting opportunities to work flexibly at the point of hire, employers are cutting themselves off from a proportion of the candidate market. Particularly for fields of work that are known to have skills shortage problems (for example, information technology and engineering), there are clear benefits in accessing the wider talent pool that is available to work flexibly.

Without a quality flexible jobs market they can go to, many employees will be getting 'stuck' in their current inflexible jobs, or even trading down to get the flexibility they need. Businesses lose out because people's skills are not being used to the full, and they may even lose valuable employees completely.

Unlocking more quality roles to flexibility will have a positive impact on earnings, career progression and job mobility, particularly for parents, carers and disabled people.

## Recommendations for the UK Government

To help the 202,300 parents, older people and disabled people who are in poverty and could benefit from a quality flexible job, the government should:

- make sure that people falling under 'conditionality' within Universal Credit who have restrictions on the hours they can work (due to caring responsibilities or disability) are supported to increase their earnings through better-quality, part-time work, not just by working more hours;
- increase regional commissioning and action by employers by encouraging local enterprise partnerships to raise awareness of the business benefits of flexible hiring;
- require providers of Work Programme contracts to report on placement salaries as well as job entry targets.

To improve the wider social mobility of the 1.9 million people who are not achieving their full earning potential and could benefit from a quality flexible job, the Government should:

- improve prompts in Universal Jobmatch to encourage employers to offer flexible options when they advertise jobs;
- pilot a career advancement service that includes a support service for employers around flexible job design.

To improve knowledge about flexible working, the Government could:

- expand national employer surveys by the Office for National Statistics to include analysis of part-time vacancies;
- ask larger employers to report on the pay gap between full-time and part-time earnings by occupational grouping and pay grade for existing employees (this could initially be on a voluntary basis through the Government Equalities Office's Think, Act, Report initiative).

The Government can also demonstrate leadership as an employer in its own right. It could:

- routinely advertise its own quality vacancies as 'open to flexibility' at national, devolved, regional and local levels – and so champion the benefits of flexible hiring from experience;
- look at the proportion of quality flexible vacancies advertised, across all departments, and set an internal target to increase this proportion;
- encourage more local authorities to become 'Timewise Councils' as a way to increase efficiencies and bring benefits to local communities through an increased use of flexible hiring and working.

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## About the project

Timewise worked with the Centre for Economic and Social Inclusion (*Inclusion*) and vacancy analysis experts Talent Cube to produce this research. The analysis was based on data from the Labour Force Survey (2014), minimum income research by the Centre for Research in Social Policy for JRF (2014) and the Family Resources Survey (2012/13). The project also involved an analysis of over 3.5 million job advertisements on UK jobs boards (July to December 2014).

## FOR FURTHER INFORMATION

The full report, **How flexible hiring could improve business performance and living standards** by Emma Stewart of the Timewise Foundation and Paul Bivand of Inclusion, is published by the Joseph Rowntree Foundation. It is available as a free PDF at [www.jrf.org.uk](http://www.jrf.org.uk)

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