

SUBMISSION FROM OXFAM SCOTLAND

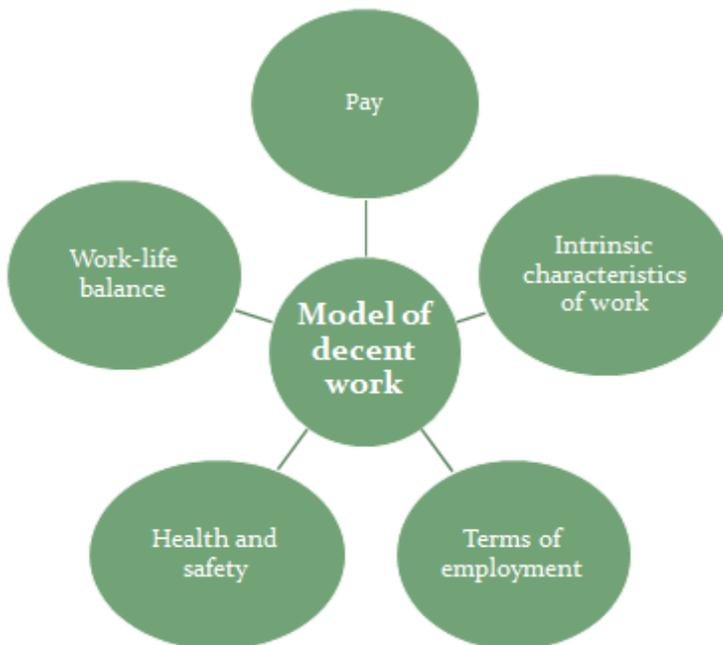
Oxfam Scotland welcomes the opportunity to submit evidence to this important inquiry. For decades the political consensus has held that work is the best route out of poverty. Scotland's Economic Strategy states: *"Bringing more people into the labour market is key to tackling poverty, inequality and social deprivation and improving health and wellbeing"*.¹ This is true for many people. However, Oxfam's programme work in Scotland, over many years, suggests that for a worrying number of people the labour market does not offer a reliable and long-lasting route out of poverty.

After housing costs are accounted for 50% of working age adults and 56% of children in poverty in Scotland were living in households where at least someone was in work in 2013/14.² An estimated 414,000 workers – almost a fifth of the workforce – are paid below the living wage.³ Women are estimated to make up 64% of low paid workers.⁴ Many of those in low-paid work also struggle with issues of underemployment and job security.⁵

We need to improve work, wages and wellbeing for low-paid workers and those out with the labour market if we are to effectively tackle poverty. This Inquiry will focus on Scotland, however Oxfam's global programme highlights that we cannot improve the quality of work in Scotland at the expense of the world's poorest people.

What makes a good or a bad job?

While there are various conceptual frameworks and indices about job quality, based on the work of Anton et al (2012)⁶, job quality factors can be grouped into 5 dimensions. These are: pay, intrinsic characteristics of work, terms of employment, health and safety, and work-life balance.



[Sally Wright, Institute for Employment Research, diagram based on Anton, et al (2012) in 'Decent Work: A review of the literature' – report for Oxfam (Aug 2015)]

Within each of these dimensions are a number of factors that make up a good or bad job. For example, intrinsic characteristics may include feelings of control over day-to-day tasks and relationships with colleagues. These factors are likely to be context specific – different people in different jobs will value different things.

The Oxfam Humankind Index suggests that Scots value *'satisfying work'* (whether paid or unpaid), *'secure and suitable work'* as well as a *'sufficient income'*⁷. Other evidence suggests men are less likely than women to value job attributes such as *'convenient hours'* and *'choice of hours'*⁸; while recent research from the Joseph Rowntree Foundation (JRF) suggests that care, hospitality and retail workers rank different aspects of their job differently.⁹

While context is important, there is a correlation between low-paid work, non-financial factors such as job security or number of hours worked, and the likelihood of an individual being in poverty.¹⁰ While wider literature provides a solid foundation, there is a need therefore to establish what low-paid workers in Scotland think makes up good and bad jobs.

Oxfam is contributing evidence to this area by undertaking a participatory research project in partnership with the University of West of Scotland (UWS) and with input from the Institute for Employment Research at Warwick University. Through individual interviews, focus groups, street stalls, and an online survey we are asking people with experience of low-paid jobs: 'what are the things you need from your work in order for it to be decent work?'. By then asking participants to weight or prioritise the factors that stem from this question we hope to shed light on the things that matter to low-paid employees in Scotland today. This could assist in determining some minimum benchmarks for job quality in Scotland. We would be happy to share our findings with the Committee, although these are unlikely before January-March 2016.

Our research will deliberately focus on low-paid workers. This is because poverty is about more than money, it's also about a poverty – and an inequality – of power and influence. Globally, Oxfam believes the concentration of wealth in the hands of the few is leading to the capture of political power.¹¹ A concerted effort is therefore required to ensure the views of people with experience of living in poverty are gathered when developing policy. In designing our participatory research project we have learned from the experience of the Oxfam Humankind Index, which made an effort to reach seldom-heard groups. The Committee must also ensure it hears from people living in poverty in this Inquiry.

Have jobs become better or worse since 2008?

The labour market has changed significantly since 2008 with increases in insecure work such as zero hour and temporary contracts, part-time work and underemployment, and low-paid self-employment. While there is a lack of reliable data on zero-hour contracts, Office for National Statistics (ONS) figures show large increases in recent years (this may be due to increased awareness)¹² while the Scottish Trade Union Congress estimated 120,000 people in Scotland were on zero-hour contracts in 2014.¹³ Temporary contracts have also increased by 25,000 since 2008 to 133,000.¹⁴ Women are more likely to be affected by zero-hour and temporary contracts.

Meanwhile, underemployment in Scotland currently sits at 216,500.¹⁵ This represents 8.6% of the workforce compared to 7% in 2008. Although there was a fall in 2014 there was also an uneven picture with men seeing significant falls in underemployment but women not seeing significant changes. Moreover underemployment increased for 16-24 year olds in 2014, suggesting some of the post recession trends in underemployment risk becoming entrenched.

ONS data for the UK suggests of the 1.1 million increase in total employment between 2008-2014, 732,000 were self-employed and 339,000 were employees. While men make up two thirds of the self-employed, the rate of increase between 2009-2014 was 34% for women and 15% for men. Median incomes for the self-employed fell 22% to £207 per week during this period.¹⁶

There is also evidence to suggest inequality within the labour market is increasing with the pre-tax incomes of the richest 1-2% increasing sharply between the 1990s and 2013.¹⁷ However, we should recognise many of these polarising trends between what has been described as 'lousy' and 'lovely' jobs were exacerbated rather than caused by the 2008 crisis.¹⁸

While there is clearly enough evidence to build up some kind of understanding, it should also be noted that there is a lack of quality data at a Scottish level. For example, there is a lack of reliable information on zero-hour contracts and a gap in our broader understanding of some of the more intrinsic, or subjective, job quality dimensions. There appears to be a growing desire in Scotland to improve the quality of work in Scotland, though the focus – to date – has been largely on pay levels. Pay is clearly an important factor and we welcome work to promote uptake of the Living

Wage by employers, as defined by the Living Wage Foundation. However, we must look beyond pay to the wider elements of decent work, and hope the launch of the Scottish Government's Fair Work Convention will help widen our collective focus.¹⁹ However, to succeed, there is a need to invest in a new workplace survey for Scotland – similar to the Workplace and Employment Relations Survey (WERS)²⁰ but undertaken on a regular basis at a Scottish or regional level. This could help form a baseline upon which we can measure progress. This could also assist in driving a culture change among policy makers, the media, and others, recognising that headline figures of employment are an insufficient measure of the health of the Scottish labour market.

What are the health impacts of low quality jobs?

There is a strong body of evidence that unemployment is bad for health.²¹ Yet there is also increasing recognition that low-paid, poor quality employment also undermines health. Poor quality jobs are associated with similar or worse health than unemployment.²² There is also evidence to suggest that moving from unemployment to a low quality job results in a decline in an individual's mental health.²³ As the Marmot Review stated: 'insecure and poor-quality employment is... associated with increased risks of poor physical and mental health'.²⁴ This concerning finding should be actively addressed by policy-makers.

It should also be noted that there is a relationship between low-paid, poor quality work and unemployment. JRF research from 2013 suggests that half of men and a third of women who claim Job Seekers Allowance do so within six months of a previous claim ending.²⁵ A significant section of these individuals will have moved into and then out of work during this time. Improving the quality of jobs at the bottom of the labour market is likely to help break this churn and improve sustainable employment and participation. This should also help improve the health outcomes for those cycling between low-pay and no-pay.

What effect might low quality/low pay jobs have on the economy?

Low paid poor quality jobs can reduce economic productivity and innovation, increase staff turnover and sick leave, limit aggregate demand in the economy, limit tax revenues, increase social protection and health spending, perpetuate gender inequalities and constrain social mobility.²⁶ Poor quality work is therefore bad for business, the wider economy and society.

This may not be a big a problem as it seems should low-paid, poor quality jobs be transitional with workers progressing into better jobs over time. However this is too often not the case. Glasgow University's Nick Bailey estimates that a third of those in 'exclusionary employment' have made no progress in the previous five years²⁷ while the Resolution foundation estimate that almost three quarters of those who were low paid in 2002 had not managed to escape low pay by 2012.²⁸

Positively, a number of studies suggest that interventions to improve job quality have benefits for the wider economy.²⁹ For example there is a significant correlation between employment rates and components of job quality, suggesting that there is no trade-off between job quantity and job quality.³⁰ Improving job quality should be an economic priority for all policy makers.

What can the Scottish Government and public policy makers do to improve job quality in Scotland

A number of the regulatory powers to improve job quality – such as employment legislation and control over the minimum wage – operate at a UK level, but there are a number of interventions the Scottish Government could undertake at a Scottish level.

First and foremost the Scottish Government should support the development of **minimum standards for decent work**. These should be identified following a participatory exercise that reaches out to people in low-paid and insecure work – as well as those who are out of work or undertaking unpaid work, including care. This exercise should build on the findings of our current research. Having established some minimum standards, Government should then promote them

and set a **stretching compliance target**. Employers should be encouraged and supported through the creation of a new **employer's initiative** which could operate as a second plank to the Living-Wage accreditation initiative.³¹

Where possible, devolved powers should be used to compel employers to deliver the standards, including through **public-procurement**. This is of crucial importance given the significance of public procurement within the social care sector, which has significant levels of low pay and poor job quality. As well as delivering on minimum standards we should consider how procurement rules can help address pay inequalities by giving preference to firms with a pay ratio between CEO and average pay of 20:1 or less.³²

We should explore how **planning powers** can be used to maximise job quality. New large retail outlets for example could be required to deliver decent jobs paying a living wage. The concept of the '**foundational economy**' may be helpful in this regard with businesses providing goods and services such as food and energy being required to provide decent jobs.³³

The distribution of job opportunities across different parts of Scotland and in different sectors of the economy is also hugely important. Analysis by NHS Health Scotland shows that job opportunities in Ayrshire is significantly less than in Aberdeen, while opportunities for those seeking elementary jobs is significantly less than for those seeking professional jobs.³⁴ There is a need for better and greater **regional economic development policies and assistance** to address inequalities across Scotland's labour market. There are also likely to be opportunities created by the devolution of **employability powers** to create active labour market policies which do more to support unemployed men and women into decent, sustainable jobs.

There is also a need to recognise that contextual factors outside of the workplace can have a huge impact on people's access to work and experience of employment. **Available, affordable, quality childcare** provision can increase opportunities for parents to access the labour market while greater **public transport** provision can ensure commuting is less of an obstacle.

Finally, in relation to the Scottish Government, we need better measures of job quality to be embedded within decision making frameworks. Having identified minimum standards for decent work there is a need to establish appropriate indicators so that progress can be transparently monitored. This could take the form of a **new work quality index within the National Performance Framework** although this may require a new work-place survey for Scotland to ensure enhanced data is available.

But it is not just Government that has a role to play. Employers, Trade Unions and campaigning organisations can all help improve job quality. **Employers can sign up to the living wage whilst also improving policies on flexible-working, union recognition and a range of other areas**. Oxfam's partnership with Unilever demonstrates one way in which non-governmental organisations can work with and challenge businesses to ensure transparency and **improve labour standards in global supply chains**. Our research found that despite some good policies, on the ground at a factory in Vietnam: wages were insufficient to live on; terms and conditions differed among employees; and workers were scared to raise grievances or engage in a Trade Union.³⁵ Unilever have since taken steps to improve labour standards.³⁶ Meanwhile, Oxfam's Behind the Brand campaign – whilst not specifically focused on work quality – shows how transparency over business practices can be used to publicly encourage improved practice.³⁷

Finally, we must ensure companies operating in Scotland provide decent work at home and abroad. In this context, the Inquiry should consider the **United Nations' Framework on Business and Human Rights**.³⁸ This makes clear that companies must look at the number of 'low road' jobs in their supply chain, and what it would take to move to a 'higher road'.³⁹

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