

Self-employment is precarious work

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The Surviving Work in the UK series is produced by [Surviving Work](#).

Coming from a trade union and mental health background, I'm familiar with the drill of being wheeled out to deliver bad news. Last week I was invited to join a discussion about the sharing economy for the BBC's [Talking Business](#). Is the 'new' [sharing economy](#) of Uber, Airbnb and TaskRabbit – the love children of social enterprise and digital entrepreneurs – going to replace traditional employment relations? Discuss.

My first thought was what do I wear so that I don't end up looking like a caveman compared to these shiny positive people? (Answer: black, not fancy dress). Second thought: how to say this without looking like I'm just raining on the panelists' parade of positivity? (Answer: no punching or spitting; wheel out some actual facts).

Virtual Employers

One of the problems about the debates about a sharing economy is that it encourages fairy stories about work. There is a conflation between virtual exchange – such as Airbnb – where people exchange assets, and the use of virtual employment – such as Deliveroo and Uber – where the employers attempt to evade costs and duties. Despite attempts to present a shiny new virtual reality of working life where everyone is free from labour protections and wage slavery to innovate, in the real world it remains that if you don't have any capital all you have is your labour to sell. An increasingly smaller number of people have assets to exploit, but most of us are actually dependent on selling our labour to live. It's called capitalism for a reason. The rise of these virtual employers is not a new story of technological innovation, it's actually a story about the spread of precarious work.

It is the ideological mantra of neoliberalism to reduce the restrictions on trade – the promotion of flexible labour and loss of labour protections a key part of this. The global increase in contract and agency labour – with the hundreds of different contracts of employment used – has created both an [acceptance of precarious work](#) and an organised corporate resistance to improving working conditions.

The UK is a low wage economy; 1.4 million UK people live in [extreme debt](#), 1.5 million officially in minimum wage

jobs and 5 million working people earning [less than a living wage](#). The use of virtual employment is just another way of keeping labour costs down.

What is new is that the battle line for precarious work has just shifted to the use and abuse of 'self-employment'. After years of campaigning [against zero-hour contracts](#), it turns out this was just the warm up act to a form of virtual employment where the contract isn't just bad, it's non-existent, allowing certain evasions such as minimum wage legislation, sick pay and pensions.

Half of the new jobs created since the recession are 'self-employed' and of the [4.6 million self-employed](#) in the UK most work as taxi drivers, transportation and construction workers. Despite the hype, self-employment is low-wage insecure work but without the gaffer to blame. The [ONS reports](#) that the self-employed have earned 22 per cent less than in 2008 and average earnings are £207 per week – less than half the average income of their employed equivalents.

Yes, you read that correctly. Self-employed people on average earn half the wage of people with a contract of employment. Hardly [Dragons' Den](#) then.

This is not a benign anomaly in the law; only using 'self-employed' labour is an attempt to avoid employers costs and duties. Uber is currently on the [litigious front line](#) with workers in the US and UK, challenging the claim that they don't employ anyone. These workers do have a legal case, because when a worker is dependent on one company for providing work then, legally speaking, that is the employer. The \$62.5 billion company has, unsurprisingly, managed to fight off the individual legal cases bought by precarious workers against them. This doesn't mean that Uber is right: it just means that generally precarious workers don't have the money to argue it in court.

The recent scuffles in Sports Direct are part of this same problem of precarity. There are now 900,000 people on zero-hour contracts in the UK, with a massive rise since 2012. The conditions under which they work has become media fodder – we know that 60 per cent are on less than a living wage and 38 per cent are aged 16-24. A large chunk of zero-hour contracts relate to private employment agencies – a €224 billion business, dominated by ten multinational companies. They are not going anywhere and in fact are looking to expand into new sectors – education and health top of the list – and new regions such as Eastern Europe .

A Tipping Point

One in six UK workers are self employed and many millions working under precarious conditions so the realities of a dysfunctional labour market are getting harder to evade.

One of the consequences of the lack of regulation is that levels of discrimination creep back into the workplace. Bluntly, [most precarious workers](#) are young, black, migrant workers, old or women. The Equalities and Human Rights Commission published a [a shameful report](#) last month on discrimination at work. It included the data that BAME (Black, Asian, and Minority Ethnic) workers are twice as likely to be precarious as white workers. Part of the reason for this might be that a higher percentage of BAME workers are underemployed – either involuntarily working part time or just not able to make up the hours. Many are highly skilled – in fact precarious groups like women or BAME workers have a long history of being overqualified for downgraded jobs because of the belief that we have to work ten times as hard in order to survive.

The UK has gone backwards in terms of social mobility, and [social class matters](#) more now than it did 30 years ago. If you are born into a rich family with a father in a senior position you are twenty times more likely to have a senior job.

Precarious work has up until this point made people compliant for fear of losing work. It is this insecurity that silences the millions of people working under these conditions and one explanation why the public debates about self-employment are often at best ill informed and at worst a fiction. But it is possible now that we are seeing a tipping point, where such large numbers of people are living under precarious conditions they see no way out other

than to self-organise.

The Deliveroo strike action didn't happen by accident. The workers self-organised but with the long term support of the [Independent Workers of Great Britain](#) – a network of seasoned activists, the current leadership coming out of the cleaners' campaigns in London's universities, many of whom are migrant workers. Precarity is their trade.

The Deliveroo strike is a sign of things to come. Precarious workers are organising all over the world – they do this because they need to. Two things stop precarious workers joining unions. One is that as a precarious worker you don't want to raise your chances of not working by becoming Che Guevara – probably the number one reason for not joining a union is fear of victimisation and job loss. Also the traditional industrial unions continue to struggle to organise atypical workers – it's hard won and low recruitment gains. However, necessity drives innovation and with hundreds of thousands of seasoned organisers in the UK, as the demand for collective support goes up so will supply. We're going to see much more of this.

Cutting out the middle men, virtual management of people, financialisation of non-financial companies and externalising the employment relationship isn't new. It has been going on for the last three decades. All that's changed is that the current battle line is the use and abuse of 'self-employment' to maintain this precarious model of work.

Whatever the fictions about the sharing and gig economies, you can't actually spin yourself out of in-work poverty. So that leaves us with a genuine problem: how our society will respond to the inevitable social consequences of inequality and the downgrading of working life.

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