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THE ADECCO GROUP

# MarketWatch

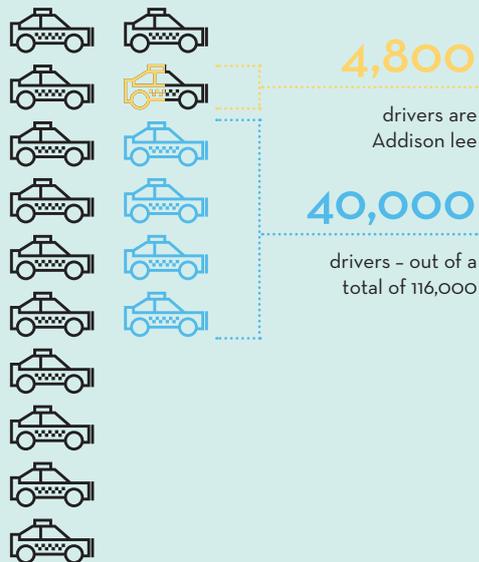
## Q4 2017

This report looks at the most important topics in the labour market from the last quarter. It draws together relevant research, facts media coverage and opinion then provides some context and explanation.

[adeccogroup.co.uk](http://adeccogroup.co.uk)

# Uber & the gig economy

## Uber in London



## London licensing charge



Following on from the Matthew Taylor Review earlier in 2017 the gig economy continued to be a topic of conversation and debate within both the recruitment industry and society at large. The revocation of Uber's licence by Transport for London (TfL) was probably the highest profile headline, but the gig economy also received political attention in light of a number of key legal decisions.

## The problem with Uber

One of the chief reasons given by TfL for refusing renewal of Uber's license centered on employment practices: it was claimed that 13,000 Uber drivers did not have sufficient background checks. This follows an investigation by The Sun newspaper in 2016, which claimed drivers had been obtaining falsified medical certificates.

There was also a feeling that Uber often demonstrated a lack of Corporate Social Responsibility, while the Metropolitan Police believes the company was selective when it came to reporting crimes committed by drivers: reporting only those that did not damage its reputation. The recent high-profile resignation of co-founder Travis Kalanick from his position as CEO, and the ongoing battle to remove him from the company's board, does little to help the company's image.

New Chief Executive Dara Khosrowshahi also ran a review of Uber's own hiring practices, which did nothing to dissipate concerns over whether their drivers should be viewed as employees.

At the time of writing Uber was still operating in the capital with conciliatory noises being made by both sides - suggesting that a solution may yet be reached. Uber's Head of Public Policy Andrew Byrne told the House of Commons' Business, Energy and Industrial Strategy committee (BEIS) that the company was 'ready to change its attitude'.

Prime Minister Theresa May has said the decision not to renew the licence was 'disproportionate' and risked 40,000 jobs; Uber accounts for more than one-third of all licenced taxi drivers in London.

## Legal status

Last quarter saw Uber appeal an employment tribunal ruling that classed two of its drivers as workers rather than self-employed. The change in the drivers' statuses would mean they were entitled to minimum wage, sick pay and paid holiday.

And Uber was not the only company impacted by such a debate. Addison Lee suffered defeats on two fronts with rulings that both their drivers and cycle couriers should be classed as workers rather than independent contractors; this follows similar verdicts in cases involving City Sprint, Excel and eCourier.

During its appeal, Uber's QC Dinah Rose claimed that there was a tendency to 'lump' the firm in with the gig economy when it viewed its business model similarly to local taxi firms.

Jason Moyer, General Secretary of the Independent Workers' Union of Great Britain, who supported a number of these cases said: "The law is clear, and employers in the so-called gig economy have been choosing to unlawfully deprive their workers of rights. Yet another domino has fallen with regard to the inevitable conclusion that people in the so-called gig economy are workers."

At the same time, the UK Supreme Court has granted Pimlico Plumbers permission to appeal a case which would see the country's highest court hear a case on the modern gig economy for the first time.

"The ramifications of this case will impact upon many thousands of companies

# Uber & the gig economy (cont'd)

## Only one in four Uber drivers in London works more than 40 hours a week

(Source: Andrew Byrne, Head of Public Policy, Uber - Submission to the House of Commons Business, Energy and Industrial Strategy Committee)



in the building industry and beyond, and potentially affect the lives of hundreds of thousands, if not millions, of UK workers," said [Pimlico's Chief Executive, Charlie Mullins](#).

### Workers' rights

The reason for these legal challenges is the worry that firms such as Uber will take advantage of vulnerable workers who have no other options.

Labour Leader Jeremy Corbyn used his speech at the Trades Union Congress (TUC) conference to address the issue directly: suggesting that workers should join a union in order to seek protection of their rights.

BEIS heard first hand from employees from Uber, Amazon and courier company Hermes about the negatives of their current employment status; these included earnings which equate to below minimum wage levels, and even no time off for the premature birth of a child. [Mick Rix, National Officer for the GMB union](#), went on to speak of the stress and mental health issues suffered from 'so-called' flexible working.

In a further blow, Uber is also facing a gender discrimination claim in London: a female driver has alleged that, as drivers cannot see the destination before the passenger gets in, women are not able to avoid dangerous areas.

Director of Legal Affairs for Hermes admitted to the committee that the company had been shocked by the latter case. The company was also accused of colluding with Sports Direct to deliberately mislabel packages which would short-change the couriers.

The committee heard from [UK Managing Director of Deliveroo Dan Warne](#), who asserted that 50% of the company's 15,000 self-employed riders were students who actually preferred the flexibility they were offered. He said the company would be prepared to offer increased benefits if the flexibility of the current system was retained. They might very well be watching carefully as the NHS trials an app of its own to allow nurses to take on additional work on a flexible basis.

During his submission, Andrew Byrne stated that only a quarter of drivers work more than 40 hours a week at the moment, but that Uber will be capping the number of hours a single driver can work to between 10 and 12 in a single 24 hour period.

The European Commission produced a consultation document which set out a desire for more social protection and rights for workers on short-term and non-standard contracts, such as Uber drivers. These protections would not cover self-employed contractors - which only serves to increase the importance of the current legal challenges.

### What this means

The one certainty of the Uber licencing debate is that it highlights the sheer vulnerability of the gig economy and the jobs it creates. It is possible that 40,000 London jobs could be taken away in a matter of weeks with no recourse to the people who were working them, no safety net. By being classed as workers rather than employees, Uber's drivers are not entitled to a redundancy payment - nor is there any obligation to consult them.

"Whatever the Uber appeal result, there will be plenty more battles ahead for people working in the gig economy. Each case will depend on its facts, and the law in this area is far from clear," said [Matt Gingell, a Partner at law firm Gannons, specialising in employment law](#).

There is likely to be changes in UK legislation surrounding the hiring of workers in the gig economy - the question will be how much regulation will be enacted, and whether it will retain enough of the flexibility that made the model so attractive to those that used it, or whether businesses will return to more standard methods of employment.

That said, with Ikea recently acquiring gig economy odd-jobs company TaskRabbit, it certainly doesn't look like the gig economy will die imminently.

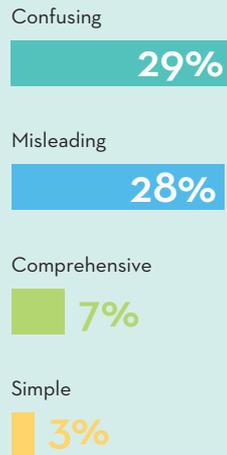
For his part, Matthew Taylor told BEIS that workplace culture had to change but advocated a 'nudge' approach rather than a 'shove': incremental change is better than a big stick, he said. He believes that gig economy companies would be prepared to offer rights to workers, as long as everyone else does the same.

However, one important element is whether consumers would be prepared to pay the additional costs. Deliveroo has suggested it would add £1 to every delivery; Andrew Byrne says it would cost Uber tens of millions of pounds, and Hermes have even put a specific number on it - £58.8 million annually.

# Fighting the gender pay gap

## What do you think of the Gender Pay Gap reporting process?

(Source: 2017 Gender Pay Gap reporting survey, Mercer)



## Male FTSE 100 Chief Executives earn 77% more than female ones

(Source: High pay centre and CIPD, 2017)

Average earnings for FTSE100 chief executives



As the deadline for gender pay gap reporting edges closer, conversations about women in the workforce were always going to become more frequent. All companies in the UK employing 250 people or more should have started collecting data and must publish it on their website no later than 4th April 2018.

## Gender pay gap

At the time of writing the number of employers who had reported their gender pay information was less than 150, but this is a sharp rise from just 62 at the end of August. That said, the number of companies affected is around 9,000, so there is still a long way to go.

A study by Mercer suggested that part of the reason for the slow take up was that companies found the process complex: of the 165 companies they surveyed, only 3% found the process simple, while 7% found it comprehensive.

The BBC was one of the companies that published data during the last few months. The broadcaster faced controversy previously when it revealed that only 35% of its high earners (more than £150,000) were female, with the highest paid male (Chris Evans, £2.2m) earning more than four times as much as the highest paid female (Claudia Winkleman, £500k). This led to 40 leading female stars writing to Director-General Tony Hall to insist upon action to close this gap.

Overall the corporation announced a pay gap of 9.3%, which while significant is far below the 18% UK average. That said, [Gerry Morrissey](#), Head of Bectu – a trade union representing BBC workers – pointed out that the BBC cannot rest on its laurels.

One BBC star who does not agree with the publication of this data is Lord

Alan Sugar. He believes the issue is a private one and that it could be solved by women pushing for higher pay.

An argument against Lord Sugar's idea may come from research by the High Pay Centre and CIPD, which found that even among business elites there is a gap. Male FTSE 100 Chief Executives earn 77% more than female ones: an average of £4.7m, compared to just £2.6m. The one caveat here is that there are only six females in the list.

The Equality and Human Rights Commission believes that advertising all jobs with flexible working and giving fathers additional paternity leave would help to tackle the existing gap.

## The legal battle for equal pay

The third quarter of 2017 also saw the latest hearing in the largest ever private sector equal pay claim, as Asda again tried to appeal a ruling made in October 2016. The original ruling found that workers in store were paid less than those in distribution centres despite the jobs being comparable. The claim comes from the fact that store workers tend to be predominantly female whilst those in the distribution centre are male which was viewed as discrimination on the grounds of gender.

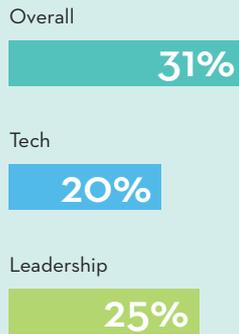
The case involves 15,000 current and former employees, but there is no clear timeline set out at present. [Linda Wong](#), a Lawyer in the employment team for [Leigh Day](#) who are representing them said: "There is pervasive gender stereotyping across the retail sector and still a huge amount of ignorance on the matter," she said. "However long this case goes on, one thing that it is doing is raising awareness."

In the United States Google has been accused of systematically segregating women into lower paying roles and denying them promotions and career

# Fighting the gender pay gap (cont'd)

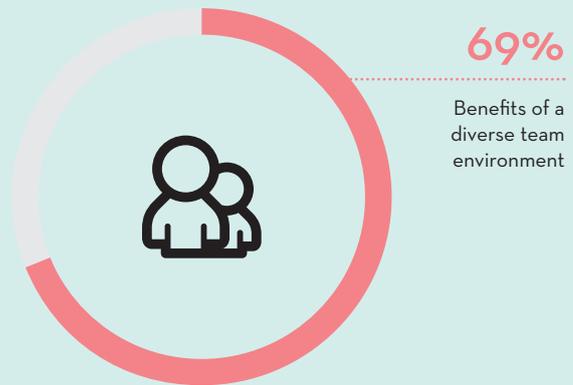
## Women in Google's global workforce

(Source: Diversity report 2017, Google)



The Adecco Group UK&I's own research suggests the benefits of a diverse team environment with more than two-thirds of employers (69%) from our 2012 Unlocking Britain's Potential research that diverse workforces are best placed to succeed.

(Source: Unlocking Britain's Potential, The Adecco Group UK&I, 2012)



opportunities. Unfortunately, this was not the only gender problem that the tech giant faced during the last three months.

## Women in the tech industry

The tech industry has long been accused of a lack of diversity and of not doing enough to combat it. Google made headlines in August when it fired a male software engineer who wrote an internal memo claiming that the lack of women at the top of the industry was due to biological differences. The memo, entitled 'Google's Ideological Echo Chamber', suggests that these differences explain the unequal representation of 'women in tech and leadership' and that these gaps don't imply sexism.

Although Google fired the employee responsible, that was not the end of the problem. James Damore, the employee in question, has filed a labour relations complaint claiming he was entitled to voice his concerns over workplace conditions. Furthermore, the company was forced to cancel a company-wide meeting to address issues around gender diversity following fears over staff harassment.

Chief Executive Sundar Pichai responded by saying that while much of the memo was 'fair to debate, regardless of whether a vast majority of Google disagree with it, it was not OK to suggest that a section of the workforce was less biologically suited to work.

The company has subsequently been sued by three women who claim they were paid less than their male counterparts for comparative work.

According to their own diversity report, nearly one in three (31%) worldwide employees are female; however, only one in five of those are in 'tech' roles, and only one in four are in leadership roles.

## What this means

Gender equality has been a significant point of discussion in the UK for some years now, but many of the key metrics do not show significant improvement.

According to Deloitte, the UK gender pay gap won't close until 2069 on its current trajectory, and the Gender Equality Index published by the European Institute for Gender Equality (EIGE) suggested that not a lot changed in the EU between 2005 and 2015. While the UK ranked 4th for gender equality at work, behind only Sweden, Denmark and the Netherlands, we fell to 6th in overall gender equality.

Closing that gap is about more than just fairness. The McKinsey Global Institute suggested that if all women earned the same as men, the global GDP could increase by 26% - whilst data compiled by the Financial Times within the last few months suggested that hedge funds run by women were currently outperforming those run by men.

The Adecco Group UK&I's own research uncovered significant benefits of a diverse team environment, with more than two-thirds of employers (69%) from our 2012 Unlocking Britain's Potential research agreeing that diverse workforces are best placed to succeed.