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Economic Insecurity:

The case for a 21st century safety net

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About the RSA

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes in a world where everyone is able to participate in creating a better future. Through our ideas, research and a 30,000-strong Fellowship we are a global community of proactive problem solvers, sharing powerful ideas, carrying out cutting-edge research and building networks and opportunities for people to collaborate, influence and demonstrate practical solutions to realise change. The RSA Action and Research Centre combines practical experimentation with rigorous research to achieve these goals.

About the Economic Security Impact Accelerator

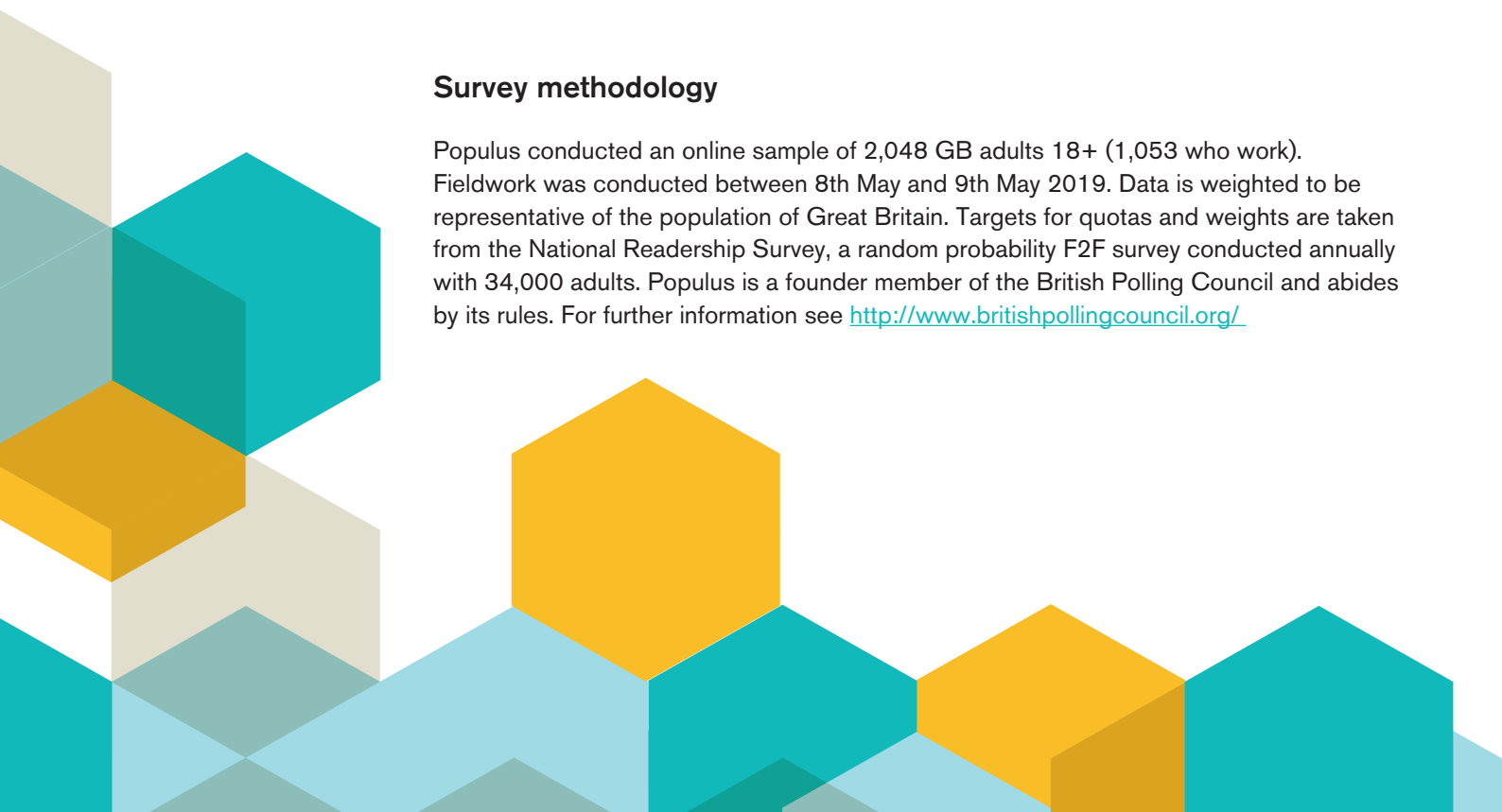
The RSA has partnered with Mastercard Center for Inclusive Growth to pilot an Economic Security Impact Accelerator over the summer and autumn of 2019. This accelerator is supporting a cohort of 12 changemakers to have greater individual and collective impact on the economic security of UK workers, through an intensive programme of learning, networking, reflection and development, augmented by the RSA's leading-edge research on the future of work.

Acknowledgements

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Survey methodology

Populus conducted an online sample of 2,048 GB adults 18+ (1,053 who work). Fieldwork was conducted between 8th May and 9th May 2019. Data is weighted to be representative of the population of Great Britain. Targets for quotas and weights are taken from the National Readership Survey, a random probability F2F survey conducted annually with 34,000 adults. Populus is a founder member of the British Polling Council and abides by its rules. For further information see <http://www.britishpollingcouncil.org/>



1. Insecure times

Employment in the UK recently reached a record high of 32.75 million.¹ Despite this fact, there is growing evidence that British workers are economically insecure. From rising relative poverty, stagnant wages and rampant regional inequality, the signals of insecurity are clear. But what statistical debates sometimes miss is the lived experience that comes from existing at the sharp end of these trends – and how those personal experiences can shape an individual's ability to cope. For example, it is not just income levels that affect a person's capacity to thrive in the economy but also the degree of certainty and control they enjoy over their hours, the stability of that income and their ability to keep up with the rising cost of living.

The RSA defines economic security as “the degree of confidence that a person can have in maintaining a decent quality of life, now and in the future, given their economic and financial circumstances”.²

And few social trends better highlight both the systemic and personal aspects of economic security than the profound shifts we have seen emerge in the British labour market in recent years. Stories like Kafui's (a low paid worker in the retail sector) capture both these changes and the myriad ways our labour market can drive modern insecurity (see [Box 1](#)).

However, the economic security challenge is much broader than zero-hours contracts or gig economy jobs. It impacts a wide range of people, including middle-income workers experiencing financial strain, indebtedness, or the risk that their job may become obsolete in the future because of new technologies.

This paper aims to deepen understanding of how economic insecurity is experienced by workers, including those in non-standard employment arrangements such as zero-hours contracts. To this end, we commissioned a survey, in partnership with Populus, building on a similar survey we ran two years ago. Our findings suggest that economic insecurity is increasingly widespread.

- ◆ Workers increasingly feel that their income from work does not provide them with enough to maintain a decent standard of living (30 percent, up from 26 percent in 2017).
- ◆ Workers increasingly experience problems with income volatility (24 percent, up from 19 percent).
- ◆ Many workers, including those in steady jobs, lack the resources needed to protect themselves against financial shocks. 36 percent would struggle to pay an unexpected bill of £100; 59 percent would struggle to pay an unexpected bill of £500.

We conclude by taking a view on what policy and practice reforms will be needed to develop a new social contract that can tackle rising economic insecurity. But before going into more detail on these findings, we first revisit the broader labour market trends relating to economic insecurity that motivated this enquiry.

¹ ONS. (2019) *Labour Market Overview*, UK: July 2019 [Article] ONS. Available at: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/july2019

² Shafique, A. (2018) *Addressing economic insecurity*. London: RSA.

Box 1: Kafui's story

Kafui works for a clothing and jewellery store in one of London's busy train stations. She has been a sales associate at the store for the past six years but has worked in retail for much longer. She first started working in retail while studying for a degree in pharmaceutical science, as the job was easy to balance with her studies.

When she graduated in 2009, the UK was in a recession and she found it difficult to find a job in her field because of her immigration status. Next year she will be entitled to indefinite leave to remain and is considering pursuing a master's degree so that she can revive her employment prospects in the pharmaceutical industry. Kafui is paid an hourly wage of £8.30.

Kafui has been working part-time so that she could continue searching for other work and, in recent years, care for her two young children. She was offered a management position but turned it down to maintain flexibility. After the birth of her second child, five months ago, she reduced her hours to an average of 12 per week but has struggled with some volatility in her income. "Sometimes they call you when you cannot work, like when I'm looking after my kids. Sometimes if you say you are not supposed to do it, then they say they won't give you extra work shifts and that they'll give it to someone else. It's stressful when you're not getting the pay you expected to because you aren't getting the hours".

Sometimes Kafui wonders how she will be able to pay her bills. Her partner is self-employed and is running a catering business that also has its ups and downs. "At the moment, I don't think I can turn to someone for help [with financial hardship]". She finds the cost of living, and particularly housing, to be expensive, but for now they're finding ways of managing.³



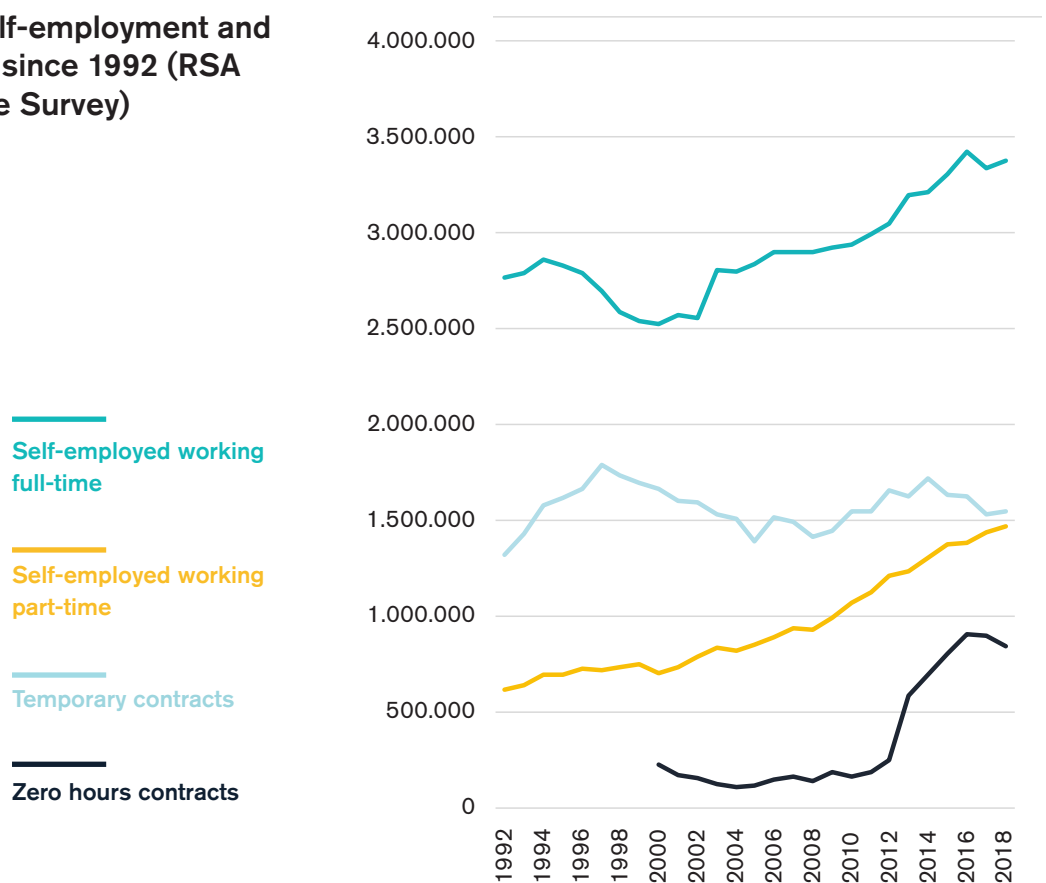
2. The unbundling of jobs

For generations, paid employment with a regular employer was the norm, a social contract between employee and employer that exchanged labour for pay and protection, what Laetitia Vitaud calls ‘the bundle’. Today, while paid employment is still a reality for many, there is a growing population in atypical work for whom this bundle is fundamentally changed. As Vitaud states:⁴

“In the mass economy, each job used to be a bundle. With that job came money, health care, a pension, provable solvency to purchase a house and a car, the promise of stability and constant enrichment, and more. Each worker accepted a ‘bargain’: division of labour in exchange for a ‘bundle’ of benefits and security. Work wasn’t necessarily fulfilling and interesting. But the bargain made the relative alienation perfectly acceptable.

For at least four decades now, jobs have been progressively unbundled. With globalisation, deindustrialisation, the rise of automation, and the decline of labour unions, jobs are less and less coupled with the traditional benefits of the industrial age. Wages have declined. The financialisation of the economy has stopped corporations from offering workers job security. The old ‘bargain’ is gone”.

Figure 1: Changes in self-employment and non-standard contracts since 1992 (RSA analysis of Labour Force Survey)



³ Balam, B. and Wallace-Stephens, F. (2018) *Thriving, striving or just about surviving? Seven portraits of economic security and modern work in the UK*. London: RSA.

⁴ Vitaud, L. (2018) *The Unbundling of Jobs and What it Means for the Future of Work* [Article] Medium. Available at: medium.com/blockchain-and-the-distributed-workforce/the-unbundling-of-jobs-and-what-it-means-for-the-future-of-work-9d04a50767bc

Despite the fact employment rates are currently the highest since records began, there is a growing concern that the labour market is fragmenting into low paying, poorly protected jobs. Many of the jobs that have been created in recent years have been 'atypical' in nature with self-employment, zero-hours and temporary contract arrangements all growing rapidly. Today just under one million workers are employed on zero-hours and 1.5 million on temporary contracts, while the number of self-employed workers has been growing steadily since the 2000s, with 4.8 million people (one in seven workers) now working for themselves.⁵

It is more difficult to put an exact figure on the number of people working in the gig economy. Although piece work 'gigs' are nothing new, the rise of large online platforms able to match tasks to workers 'on demand' is a recent development, with Uber, arguably the most high-profile example, not launching in the UK until 2012. This makes assessing the size of this economy difficult and newer forms of gig work are still not captured well by official statistics.

In 2017, the RSA estimated that 1.1 million people worked in the gig economy (2.1 percent of the workforce).⁶ More recent estimates point to a rapid expansion. A study conducted by NatCen for BEIS (December 2018) indicated that 2.8 million people had used gig platforms to find work in the previous 12 months (4.4 percent).⁷ Meanwhile research recently published by the TUC, University of Hertfordshire and Ipsos Mori (June 2019) suggests that nearly one in 10 workers use these platforms at least once a week.⁸

One-sided flexibility

These employment arrangements can offer people more freedom and control over their working hours alongside the flexibility to fit work around other commitments such as caring responsibilities. But there is a growing concern that such flexibility is 'one-sided' with employers seeking "to transfer all risk onto the shoulders of workers in ways which make people more insecure and make their lives harder to manage".⁹

The Taylor Review was commissioned in 2016 by former Prime Minister Theresa May to consider how employment practices need to change in response to a changing labour market. It put forward a package of measures that start to address 'one-sided flexibility' including a right to request permanent contracts and guaranteed hours and a higher minimum wage for non-guaranteed hours.¹⁰ In recent months we have also seen a spate of court rulings on 'bogus self-employment'. These frequent news stories remind us that millions of self-employed workers miss out on important protections such as sick pay, parental leave and pension contributions that others may take for granted.

But traditional employment contracts are far from a panacea. Many people in these arrangements are also stuck in low paid, poor quality jobs. Six million people (23 percent of all employees) are paid less than the real living wage, set at £8.75 per hour by the Living Wage Foundation (2018) and based on a calculation of what is needed to maintain a decent standard of living.¹¹



Understanding economic insecurity

A key finding from the RSA's Seven portraits of economic security and modern work in the UK – a segmentation of the labour market (2017) – was that there is more than one type of precarious worker in modern Britain. We argued here that contract type is both too broad and too narrow to use as a proxy for economic insecurity. Too narrow, because it fails to include full time permanent employees who struggle to make ends meet because of persistent low pay. Too broad, because it includes some people in non-standard arrangements who are economically secure in virtue of their wider financial circumstances (see [Box 2](#)).

This report argued that economic insecurity is both a personal and systemic phenomenon. People's feelings, perceptions and lived experiences matter alongside objective measures. This means that it is possible for two people to be in the same job but have very different experiences. For example, a hospitality worker on a zero hours contract who is a single parent might feel economic insecurity much more acutely than a student working to supplement their income while at university, even though both may experience similar fluctuations in their weekly earnings.

At the system level, a full understanding of this problem requires us to see the interaction of labour market conditions, welfare rules and educational opportunities. Wider forces such as the cost of housing and the impact of new technologies may reassure some and aggravate others.

Box 2: Portraits of insecure work¹²

The RSA's Seven Portraits identified different but widely shared experiences of economic security. Three stand out as groups of workers in need of particular support.

Acutely precarious workers are the ones who usually make headlines. Many are in non-standard employment arrangements, in the gig economy or on zero hours contracts, and have unpredictable working hours. They lack job security and are worried about being treated unfairly at work. They often struggle to make ends meet due to income volatility.

Chronically precarious workers are mostly employed on typical contracts and thus have certainty over their working hours. But they still worry about losing their jobs, partly because of wider trends in the labour market such as automation or austerity. Their work experience is negative in many respects. They have persistent problems with low pay and a lack of opportunities for progression.

Flexi-workers are often found in more traditional forms of self-employment. While their job does not offer much security, they value autonomy and flexibility more than this. For many, their wider household or financial circumstances (e.g. savings in the bank or a wealthy spouse) enable them to take on work that pays less but which they find more rewarding. Many lack access to training opportunities and employment protections such as sick pay or pension contributions.

⁵ RSA analysis of Labour Force Survey.

⁶ Balam, B., Warden, J. and Wallace-Stephens, F. (2018) *Good Gigs: A fairer future for the UK's gig economy*. London: RSA.

⁷ Department for Business, Energy and Industrial Strategy. (2018) *The characteristics of individuals in the gig economy*. London: BEIS.

⁸ Statistical Services and Consultancy Unit, University of Hertfordshire and Hertfordshire Business School. (2019) *Platform Work in the UK 2016-2019*. Hertfordshire: University of Hertfordshire.

⁹ Taylor, M. (2017) *Taylor Review of Modern Working Practices* [Blog] The RSA.

¹⁰ HM Government (2018). *The Good Work Plan*. London: OGL.

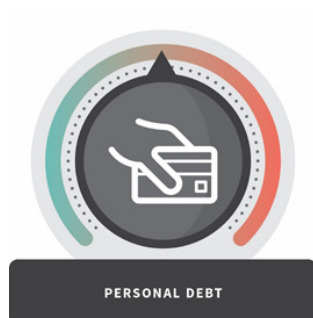
¹¹ ONS (2018). *Annual Survey of Hours and Earnings (ASHE) – proportion of employee jobs with hourly pay below the living wage (by place of residence) and by industry by specified geographies (by place of work), UK, 2017 and 2018* [User requested data] ONS. Available at: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/adhoc/009439annualsurveyofhoursandearningsasheproportionofemployee-jobswithhourlypaybelowthelivingwagebyplaceofresidenceandbyindustrybyspecifiedgeographiesbyplaceofworkuk2017and2018

¹² Balam, B. and Wallace-Stephens, F. (2018) *Thriving, striving or just about surviving? Seven portraits of economic security and modern work in the UK*. London: RSA.

3. Economic insecurity in 2019

We commissioned a survey in partnership with Populus to get a wider sense of experiences of economic security, which we define as “the degree of confidence that a person can have in maintaining a decent quality of life, now and in the future”.¹³ This survey builds on the conceptual framework for measuring economic insecurity developed in previous RSA reports.¹⁴ Here, we focus on the following dimensions of insecurity.

- ◆ **Wages:** A worker's pay level, as well as pay variability.
- ◆ **Savings, assets and other forms of capital:** How much a worker has accrued in wealth and has available to withstand economic shocks.
- ◆ **Personal debt:** How much debt a worker is in and the extent to which their debt concerns them.
- ◆ **Perceived ability to make ends meet:** The extent to which a person feels like they are able to make a decent living, however they interpret this.
- ◆ **Job security:** The extent to which a worker is protected in their job (ie safeguarded from job loss).
- ◆ **Perceived agency:** The extent to which a worker feels free to enter or exit the labour market and change jobs or careers as opposed to feeling restricted in their circumstances.

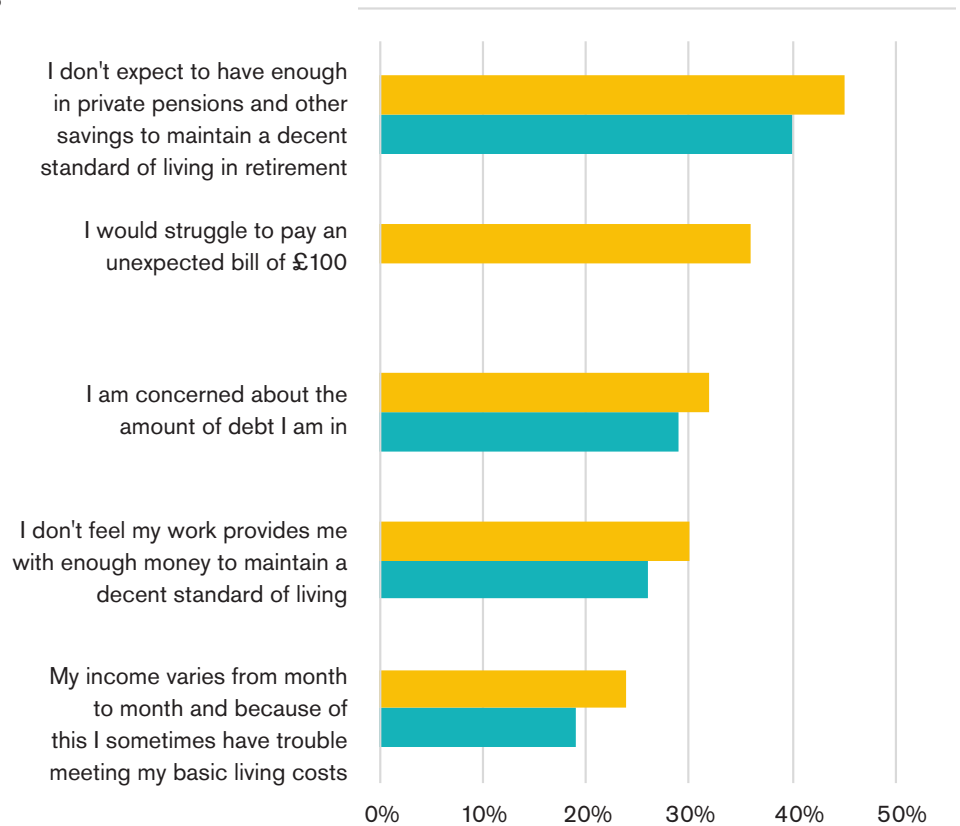


We uncovered some acute problems across the workforce.

- ◆ 30 percent of workers don't feel like they earn enough to maintain a decent standard of living (up from 26 percent in 2017).
- ◆ Almost one in four workers sometimes have trouble meeting their basic living costs because of income volatility (24 percent, up from 19 percent in 2017).
- ◆ Moreover, a significant number of workers lack financial resilience – 36 percent would struggle to pay an unexpected bill of £100; 59% would struggle to pay an unexpected bill of £500.
- ◆ A further 45 percent don't expect to have enough in savings and pensions to maintain a decent living of living in retirement.
- ◆ While 32 percent are concerned about their levels of debt.

Notably, the proportion of workers reporting that they experience these challenges in May 2019 has edged upwards since the last time RSA commissioned a similar survey with Populus two years prior in May 2017 (see [Figure 2](#)).

Figure 2: Percent of workers reporting problems relating to their financial circumstances¹⁵ (RSA / Populus Survey 2017/2019)



2017 RSA/Populus Survey

2019 RSA/Populus Survey

¹³ Populus conducted an online sample of 2,048 GB adults 18+ (1,053 who work). Fieldwork was conducted between 8th May and 9th May 2019. Data is weighted to be representative of the population of Great Britain. Targets for quotas and weights are taken from the National Readership Survey, a random probability F2F survey conducted annually with 34,000 adults. Populus is a founder member of the British Polling Council and abides by its rules. For further information see <http://www.britishpollingcouncil.org/>

¹⁴ Balam, B. and Wallace-Stephens, F. (2018) *Thriving, striving or just about surviving? Seven portraits of economic security and modern work in the UK*. London: RSA.

¹⁵ Figures for wages and retirement savings are net disagree; all other figures are net agree.

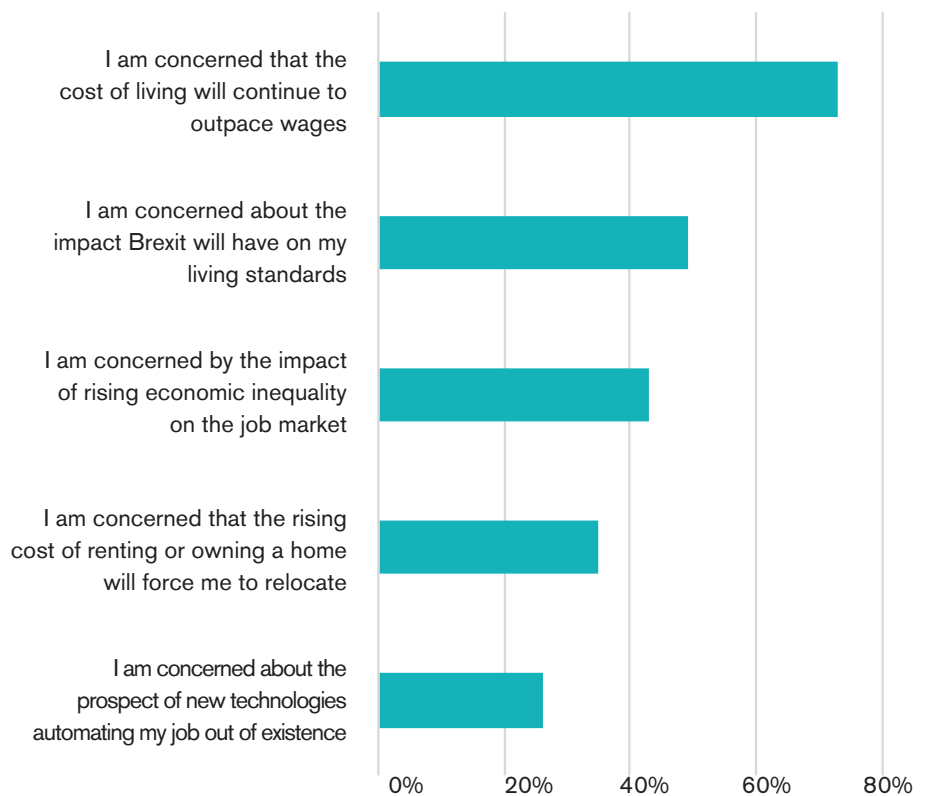
A lack of job security

In addition to these problems with their financial circumstances, many workers report a lack of job security and scope for career progression. Some 21 percent of workers experience problems with job security, reporting there is a high likelihood they will experience unemployment in the next two years. Meanwhile 29 percent say they feel less secure in their jobs than they did five years ago. Just 35 percent of workers report that they feel they have good scope for progressing within their career (down from 40 percent in 2017).

Anxiety about the future

A significant proportion are also experiencing 'automation anxiety' - 26 percent report that they are concerned about the prospect of new technologies automating their jobs out of existence. Workers are also worried about changes to their job that will reduce their pay (31 percent) or reduce their guaranteed working hours (29 percent).

Figure 3: Percent of workers concerned about social and economic trends impacting their economic security (RSA / Populus Survey 2019)



A multitude of drivers are contributing to this growing sense of economic insecurity. When we asked workers what they were most worried about, inflation was the most widely shared concern. Average real weekly earnings are still yet to return to their pre-crisis levels, representing a decade of lost wage growth.¹⁶ And as many as 73 percent of our sample reported that they were concerned that the cost of living will continue to outpace wages. Almost half (49 percent) were concerned about the impact that Brexit will have on living standards, while more than a third (35 percent) of workers are worried that the rising cost of housing could force them to have to relocate to a different part of the country.

The demographic divide

Clearly, these aggregate figures should merit concern. Our findings show that issues such as poor savings and income volatility are not contained to 'atypical' corners of the labour market; rather they appear to be widespread. However, as important as it is to see the overall picture, we are also interested in how economic insecurity is felt by different demographic groups. In this survey, we have found that it is more widely felt by women and young people.

Looking at gender, 38 percent of women don't feel their job provides them with enough to maintain a decent standard of living (compared to 24 percent of men). However, women are slightly less likely to experience problems with income volatility (22 percent, compared to 27 percent of men).

Women are also more likely to lack both short and long-term savings - 43 percent report that they would struggle to pay an unexpected bill of £100 (compared to 30 percent of men), while 54 percent don't feel they will have enough in savings to maintain a decent standard of living in retirement (compared to 37 percent of men).

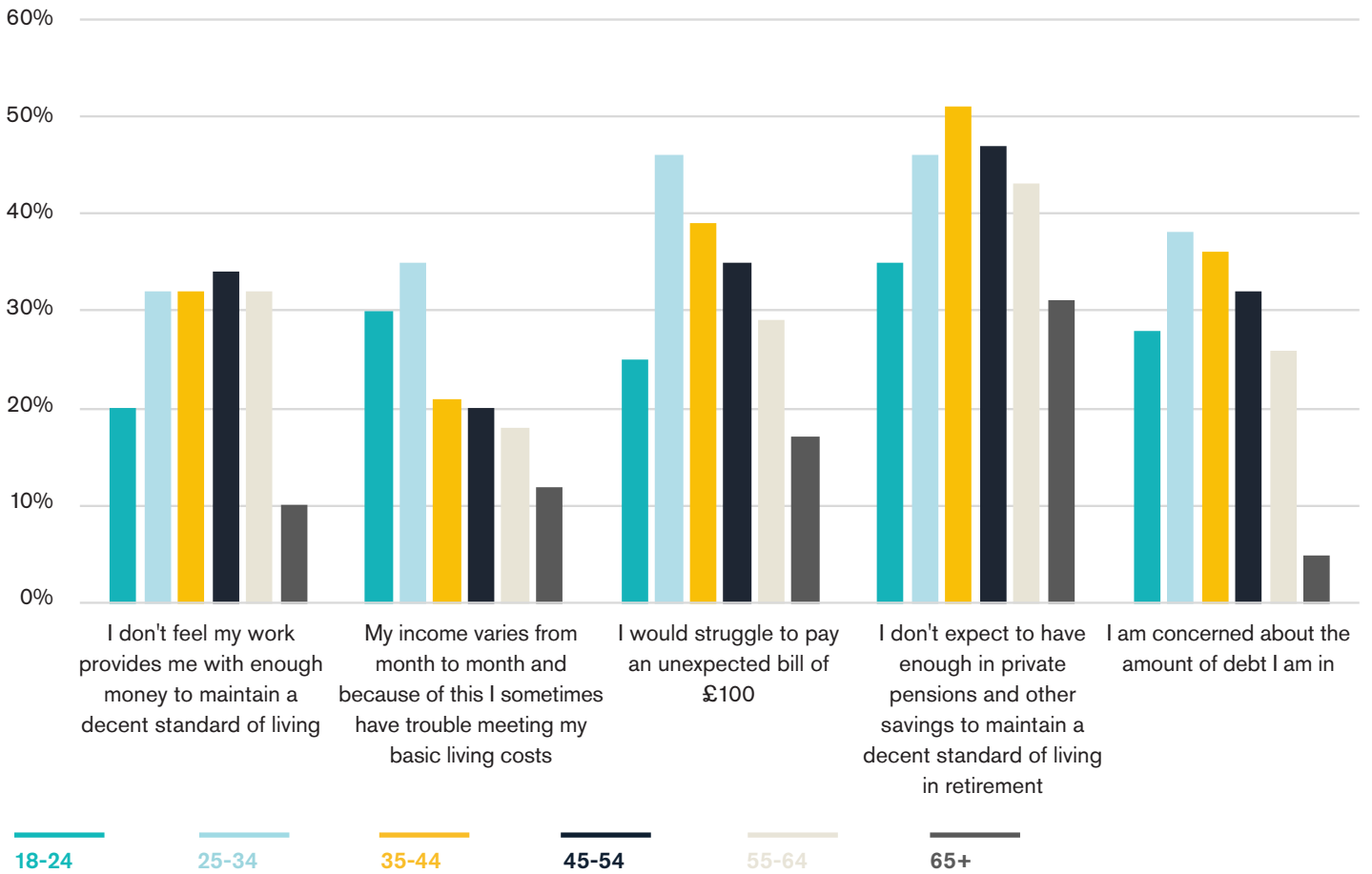
Men and women are equally likely to be worried about becoming unemployed, but women are more likely to feel that they don't have scope to progress in their careers (42 percent, compared to 34 percent of men).

Younger workers are generally more likely to experience problems relating to economic security than older workers, across a range of dimensions. Insecurity seems to be particularly acutely felt by workers in the 25-34 age group (see Figure 4). While workers in the youngest age group (18-24) may appear more secure than other groups, this is likely because they are able to depend on other people in their household to support them financially.¹⁷

¹⁶ ONS. (2019) *Average weekly earnings in Great Britain: March 2019* [article] ONS. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/march2019>

¹⁷ 67 percent of workers in this age group said that they were able to depend on others in their household to support them financially, compared to 44 percent of workers aged 25-34.

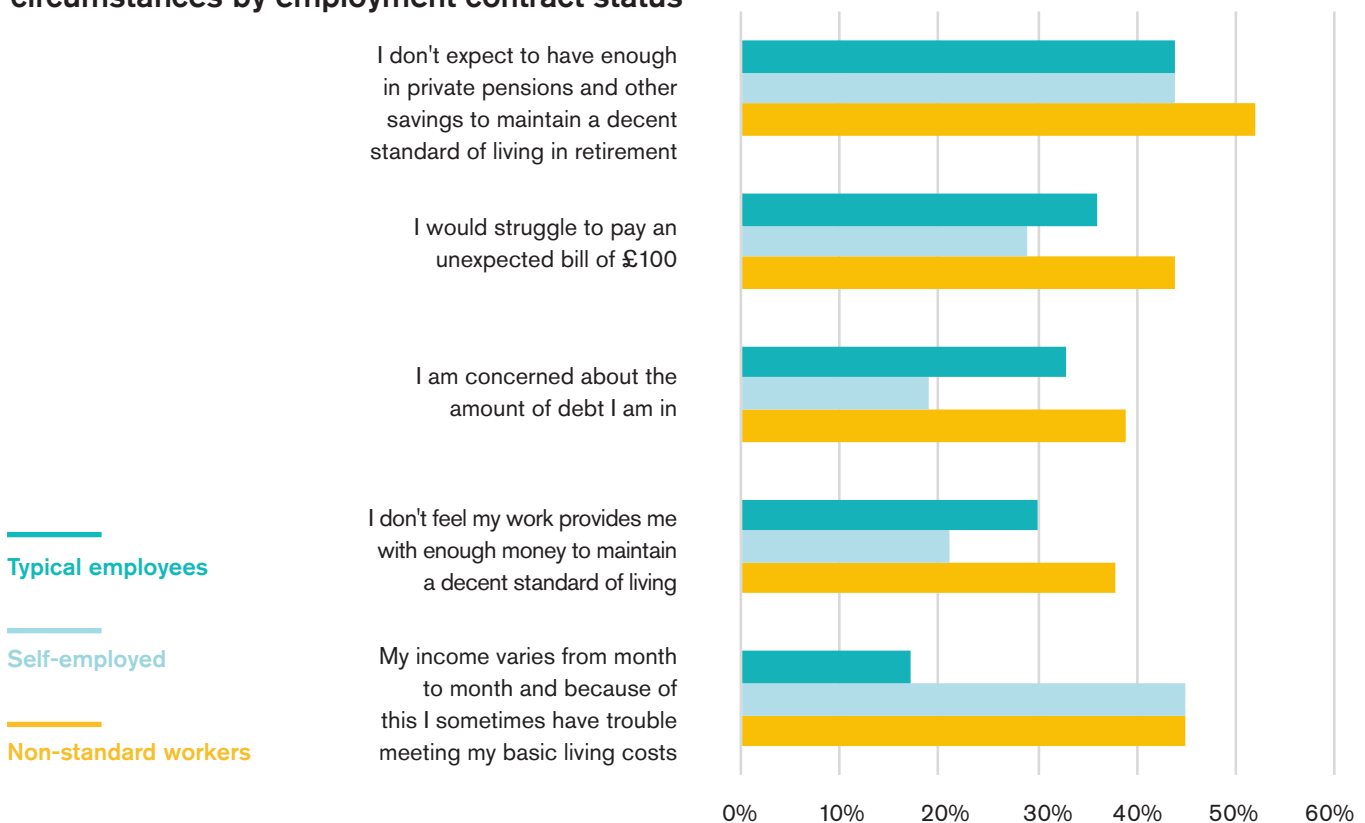
Figure 4: Percent of workers reporting problems with their financial circumstances by age group



4. The new precariat

We also wanted to understand just how much more acutely economic insecurity is felt by workers in non-standard contracts and the extent to which these characteristics of insecurity are also felt by employees in more traditional arrangements. In our survey we asked workers whether they were employed on a zero-hours contract, a temporary contract, or whether they found work through an employment agency or an online gig economy platform. Here we define non-standard workers as those in any of these employment arrangements. We contrast these workers with typical employees and the self-employed. In 2019, most workers are still typical employees (73 percent of our sample).¹⁸ 14 percent of our sample reported being in a non-standard arrangement and 13 percent that they were self-employed.¹⁹

Figure 5: Percent of workers reporting problems relating to their financial circumstances by employment contract status



¹⁸ We define typical employees negatively, as workers who are neither self-employed or in any of the aforementioned non-standard employment arrangements.

¹⁹ From our sample of 1,053 workers, 150 were self-employed, 165 had non-standard contracts. There is a small overlap between these groups. 8 percent of self-employed workers reported that they were also in at least one non-standard employment arrangement

Non-standard workers like self-employed workers, experience problems with income volatility. However, their insecurity is amplified by their lack of financial resilience. As many as 45 percent of both groups have problems with income volatility. But non-standard workers (39 percent) are twice as likely to be concerned about debt than self-employed workers (19 percent). Non-standard workers (44 percent) are also more likely to report that they would struggle to pay an unexpected bill of £100 than self-employed workers (29 percent). Previous RSA research has indicated that self-employed people are income poor but asset rich, meaning many have high levels of savings that help buffer against income volatility and financial shocks.²⁰

This 'new precariat' is also considerably more likely to think they will experience a period of unemployment in the next two years (41 percent) than self-employed workers (25 percent) and typical employees (16 percent). They are typically younger (more likely to be aged 18-34) than other workers and are particularly concerned about the rising cost of housing forcing them to relocate.²¹

It may come as a surprise that 17 percent of 'typical' employees also experience problems with income volatility. Typical employees account for a much larger share of total employment, meaning that more than half of all workers with fluctuating earnings (51 percent) are actually in traditional employment arrangements.

This may be because many part-time workers are in arrangements where their contract does guarantee some hours but where the individual often works many more. For example, individuals might be contracted to work seven hours per week but regularly work 20 hours. A recent report by the Low Pay Commission refers to these as 'short-hours contracts' and notes that there is a key evidence gap in terms of understanding their prevalence.²²

Many typical employees also have problems with both their short and long-term savings. Some 36 percent would struggle to pay an unexpected bill of £100 and 33 percent are concerned about debt, while 44 percent don't expect to have enough in savings and pensions to maintain a decent standard of living in retirement.

Non-standard jobs and 'one-sided flexibility'

A concept closely related to economic security is good work. The recommendations the Taylor Review made for a changing labour market were all based on the ambition that "all work in the UK economy should be fair and decent with realistic scope for development and fulfilment".²³ Many aspects of good work overlap with dimensions of economic security. Good jobs can provide workers with decent pay, security of contract tenure, and stability around working hours, as well as scope to develop new skills, which helps build confidence to navigate the labour market and resilience against future shocks.

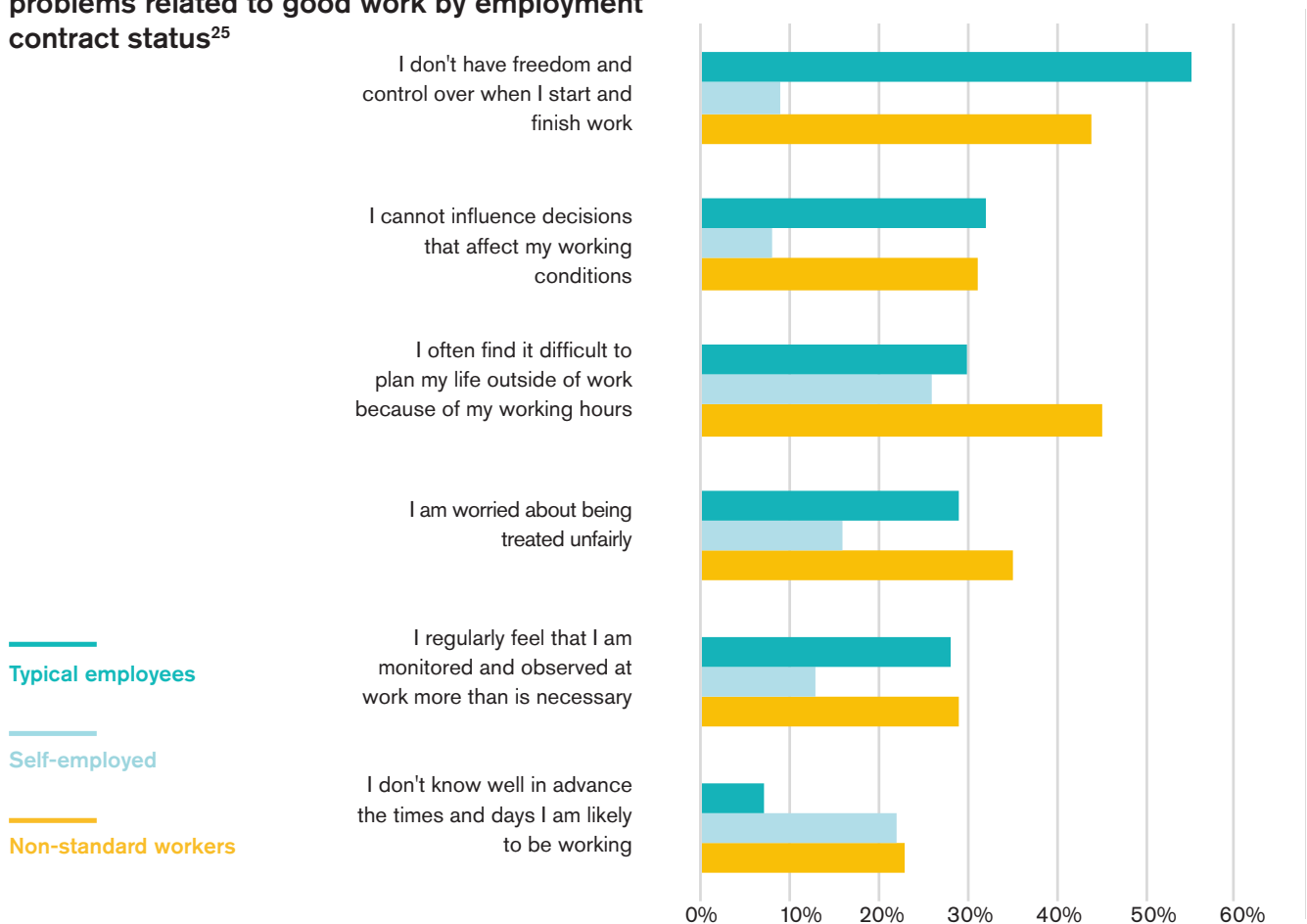
But good work is also broader than economic security. We asked workers about additional aspects of good work, including autonomy or task discretion, work-life balance and worker voice. When trying to understand how workers experience non-standard employment arrangements, we find that these metrics can help gauge the extent of 'one-sided flexibility' in the UK labour market.

The Taylor Review described 'one-sided flexibility' as where employers "seek to transfer all risk onto the shoulders of workers in ways which make people more insecure and make their lives harder to manage".²⁴ Genuine two-way flexibility, on the other hand, enables people to work the way they want, when they want, across their working life.

Our survey suggests that a significant proportion of non-standard workers experience 'one-sided flexibility' for they experience similar problems relating to economic insecurity as the self-employed while lacking many of the benefits.

- ◆ Just 34 percent of non-standard workers have freedom and control over when they start and finish work, compared to 77 percent of self-employed people and 29 percent of typical employees.
- ◆ 23 percent have erratic shift schedules, reporting that they don't know well in advance the times they start and finish work, compared to 7 percent of typical employees.
- ◆ 45 percent often find it difficult to plan their lives outside of work, compared to 26 percent of self-employed people and 30 percent of typical employees.
- ◆ 29 percent feel excessively monitored, compared to 13 percent of self-employed.
- ◆ 31 percent don't feel they are able to influence decisions that affect their working conditions, compared to 8 percent of self-employed workers.

Figure 6: Percent of workers reporting problems related to good work by employment contract status²⁵



²⁰ Dellot, B. and Wallace-Stephens, F. (2018) *Venturing to Retire: Boosting long-term savings and retirement security for the self-employed*. London: RSA.
²¹ More than half of all non-standard workers are aged 18-34 (55 percent). 59 percent are concerned about the rising cost of housing, compared to 35 percent of all workers.
²² Low Pay Commission. (2019) *A Response to Government on 'One-sided Flexibility'*. London: OGL
²³ Taylor, M. (2017) *Taylor Review of Modern Working Practices* [Blog] The RSA.
²⁴ *Ibid*
²⁵ Freedom and control over working hours, influence over decisions that affect working conditions and advance knowledge of shift scheduling are all net disagree; all other questions are net agree.

5. A 21st century safety net

In addition to trying to understand the extent of economic insecurity in the UK labour market in 2019, we wanted to consider what policy and practice reforms could help to alleviate it.

The existing welfare system needs reform. It is structurally designed to move people into any jobs, even if they are insecure, low paid and offer little scope for progression. But to address this challenge, we argue we must also look beyond top-down policy reforms.

The RSA Future Work Awards demonstrated that a range of innovative platforms, products and services are emerging to help address this challenge, from trade unions in the US developing solutions to provide sick pay for domestic cleaners, to tech training programs that teach women from underserved communities in Peru how to code. And several initiatives uncovered in the research and nomination process for the Future Work Awards have now been inducted on our Economic Security Impact Accelerator (see [Box 3](#)).

Faced with dramatic technological-driven change, we see a need for new kinds of supportive infrastructure that enable workers to have confidence in their current and future economic circumstances. Workers will need better support to navigate a changing labour market, more avenues for worker voice, new financial services, better lifelong learning opportunities, protections against 'one-sided flexibility' and a radically overhauled social safety net fit for the 21st century.

Here we aim to better understand demand for different types of support by asking workers to select three forms of practical support they currently lack that they feel would best improve their economic security.²⁶

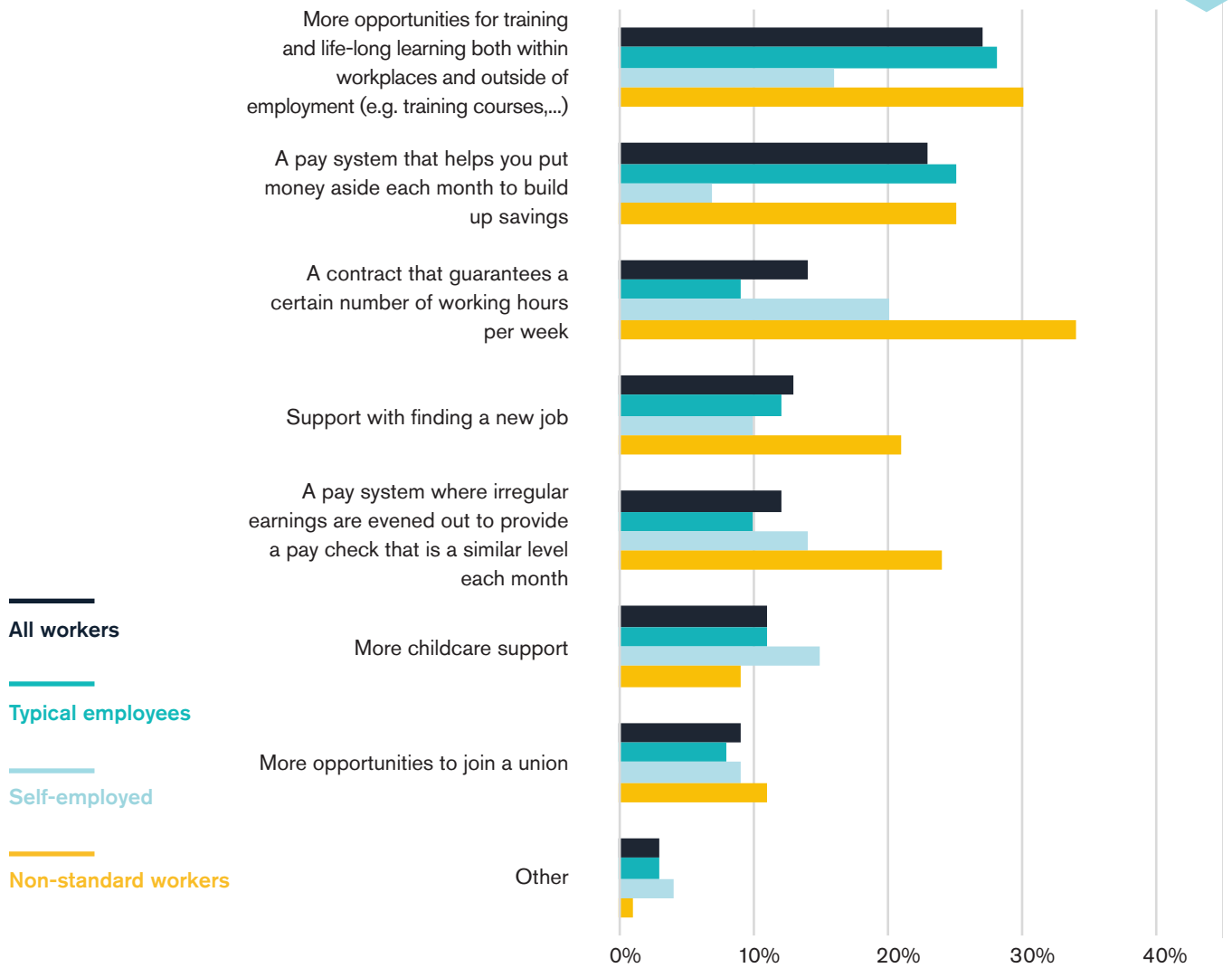
Box 3: The Economic Security Impact Accelerator

Entrepreneurs can contribute to systems change by demonstrating new approaches, defining new markets and proving demand, configuring resources and actors in new ways, and amplifying the efforts of others. But new systems come about not through the efforts of entrepreneurs working alone but through the activities of many players forming the field.

The RSA has partnered with Mastercard Center for Inclusive Growth to pilot an Economic Security Impact Accelerator. This accelerator seeks not only to help participants deepen their social impact and grow healthy, sustainable business models. It ultimately aims to enable 12 changemakers to take their place in a movement building a new system for economic security.



Figure 7: Percent of workers reporting that support would improve economic security by contract and employment status



Workers need support to navigate a changing labour market

The option most frequently selected by workers (27 percent) was more opportunities for training and lifelong learning, both within workplaces and outside of employment (eg training courses, seminars).

²⁶ Most workers reported that they felt they would benefit from at least one form of practical support but around 1 in 3 (32 percent) did not think that anything in particular would improve their economic security. Non-standard workers were considerably less likely to be in this position (15 percent), suggesting that they are in the greatest need of support (15 percent) but a significant number of self-employed reported that nothing in particular would improve their economic security.

Work related training has waned in recent years. In 2004, 30 percent of workers had received job-related training in the last three months. In 2017, this figure dipped below 25 percent.²⁷ More concerning, job-related training remains the privilege of professionals, or those with graduate level qualifications.²⁸ Meanwhile, a recent OECD study warns that low-skilled workers at risk of automation are three times less likely to participate than those in jobs more resilient to technological change.²⁹ Without adequate opportunities for lifelong learning, these workers will be 'left behind'.

Accelerator case study: Enrol Yourself

Enrol Yourself hosts local peer groups that support adults at times of transition by building their personal and professional resilience over 6 months. Participants set their own learning questions that they pursue as a part of a mutually supporting cohort (aided by resources such as MOOCs). Enrol Yourself provides motivation and different perspectives, without the need for enrolling at an educational institution.

Governments around the world are starting to recognise this. Both France and Singapore are piloting personal learning accounts, which give all workers, including the self-employed, annual training credits that they can spend on accredited courses. Personal learning accounts are a portable benefit. They are independent from employment arrangements, meaning the credits accrued are retained by workers even if they move jobs or become unemployed.

In our survey, 13 percent of workers reported that support with finding a new job was one of the best ways to improve their economic security. These workers may be underemployed, looking to work more hours, or stuck in a job that does not make good use of their skills. Or they may just be worried about how technology will impact their current occupation. Alongside more opportunities for lifelong learning, workers will need support with finding a new job to effectively navigate a labour market in flux.

In Sweden, for example, employers pay into funds to provide workers with transitional support, following collective redundancies. Organisations known as job security councils provide displaced workers with labour market information, job coaching, financial compensation and training. Job security councils make Sweden's economy more dynamic. Businesses can more easily shed unproductive labour because unions are less worried about job cuts, knowing that workers will be supported.³⁰

Accelerator case study: Bob

Bayes Impact have developed Bob, an AI employment advisor that draws on labour market data to offer tailored coaching and support to individuals who are, or will be, at risk of unemployment and underemployment. In just a few clicks, Bob offers a complete review of a jobseeker's profile, target market and search techniques. It then gives a personalised advice, including key next steps to move forward. Bob is available free, online from a smartphone or computer.³¹

Workers need pay systems that build financial resilience

The second most frequently selected option (23 percent), a pay system that helps you put aside money each month to build up savings, could be one essential antidote to the widely felt lack of financial resilience.

The market is now rife with new FinTech start-ups such as Plum and Moneybox that use new technologies to help people build up short-term savings more efficiently. But these products are rarely designed around the needs of insecure workers and often don't help build up long-term savings. This is a particular problem for self-employed and gig workers that miss out on employer pension contributions.³²

Previously, the RSA has recommended that pension providers should consider launching a sidecar pension product. This idea was originally developed by the Aspen Institute in the US and is currently being piloted by NEST Insight in the UK. Sidecar pensions work by wrapping two savings products within one: a short-term 'liquid' rainy-day account and a standard pension account.

While savings and other assets can provide a buffer against income volatility, workers may need a different type of pay system in the short-term. Twelve percent of workers reported that a pay system where irregular earnings are evened out to provide a similar pay check each month was one of the best ways to improve their economic security. Ten percent of all typical employees selected this option, along with 14 percent of self-employed workers and as many as one in four (24 percent) of non-standard workers.

Accelerator case study: Trezeo

Trezeo is an income smoothing account that saves excess earnings in busy periods and tops up earnings during quiet periods, interest-free, to ensure a consistent pay cheque. It works by leveraging open banking and machine learning to understand income patterns, financial behaviour, and model risk. Trezeo's ultimate aim is to strengthen the financial security of the self-employed by enabling access to financial products that traditional employees take for granted like insurance protection, pensions and affordable credit, including mortgages.

Workers need more stable employment arrangements

This was the most frequently selected option by both non-standard (34 percent) and self-employed workers (20 percent), providing further evidence that flexible employment arrangements are not currently working for significant number of workers.

One of the recommendations put forward in the Taylor Review to tackle 'one-sided flexibility' was a right to request a contract that reflects your normal working hours. The Low Pay Commission has since argued that a stronger 'right to switch' is necessary because since many of these workers are worried about employer retaliation they are unlikely to raise a request. In this situation, the burden would be on employers to justify any refusals according to conditions clearly defined in legislation such as the reference period for determining normal working hours.³³

²⁷ Wallace-Stephens, F. (2018) Sizing up the good work gap [Blog] RSA.

²⁸ In 2017, 30 percent of workers with NVQ level 4 or equivalent qualifications engaged in job-related training in the previous three months, compared to less than percent 20 of those with NVQ level 3 or equivalent.

²⁹ OECD. (2018) Automation, skills use and training. Paris: OECD.

³⁰ Eurofound. (2019). Job Security Councils [Article] Eurofound. Available at: <https://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/job-security-councils>

³¹ Bob is currently based in France but looking to launch in several countries including Belgium and the UK.

³² Dellot, B. and Wallace-Stephens, F. (2018) Venturing to Retire: Boosting long-term savings and retirement security for the self-employed. London: RSA.

³³ Low Pay Commission. (2019) A Response to Government on 'One-sided Flexibility'. London: OGL

Accelerator case study: Workerbird

Workerbird is developing an app that enables workers to collect data on their working conditions (including working hours, travel time, breaks and pay) and reflect on their experience of work as a whole. The app will display insights in a way that helps workers see their working patterns in a broader context. It will also help workers report problems such as minimum wage violations and access further support. Workers on zero hours contracts could use this data to advocate for more stable hours.

Workers need more avenues for worker voice

Trade union membership was the least frequently selected option. Only 9 percent of workers reported that they felt this was one of the best ways to improve their economic security, a statistic which itself tells a story of declining union strength.

In the 1970s, half of UK workers were signed up to a union. Today the figure is just a fifth. Today, members are more likely to be older, middle to higher earners, and public-sector workers. Low paid workers are much less well represented, meaning unions are often not serving those who need them the most.³⁴

But some unions are stepping up to this challenge. The National Domestic Workers Alliance Labs in the US is experimenting with new solutions such as Alia, an online portable benefits platform for domestic cleaners. Alia works by enabling different clients to contribute to a single pot (\$5 per job in lieu of regular gratuity), which can be drawn down to cover sick pay, life insurance and paid time off.


New forms of digital organising are also emerging. Originating from campaign group OUR Walmart in the US, WorkIt leverages AI to augment the expertise of trained advisors and provide low wage workers with information on their workplace rights. With over 15,000 users, WorkIt became a key tool in a campaign that resulted in Walmart now paying family leave for over 500,000 women.

Accelerator case study: Earwig

Earwig, is a reviews platform for construction workers on temporary contracts. Akin to Glassdoor, Earwig provides relevant detailed and worker-led intelligence about how recruiters and employers treat workers so that they can give each other a heads-up a feel secure when choosing jobs.

We need a new system for economic security

Our research shows that workers increasingly feel that they don't earn enough to maintain a decent standard of living. Workers also increasingly experience income volatility. Many workers, including those in steady jobs, lack the resources needed to protect themselves against financial shocks. Other workers meanwhile, experience the problems with job quality that are typical of one-sided flexibility. Some workers are also worried about the future - about inflation, about Brexit, inequality, housing costs and the impact of technology on jobs.



To address this growing sense of economic insecurity we need to think systemically about how to enable workers to have confidence in their current and future economic circumstances. To thrive in the present economy, let alone a future one reshaped by powerful technological forces, workers will need better support to navigate a changing labour market, more avenues for worker voice, new financial services, better lifelong learning opportunities, protections against one-sided flexibility and a radically overhauled social safety net fit for the 21st century.

Addressing all this is not just about major social reforms such as UBI or personal learning accounts. The Economic Security Impact Accelerator aims to support a cohort of social entrepreneurs, as they demonstrate new approaches, defining new markets and proving demand, configuring resources and actors in new ways. Yet many of these projects are no more than start-ups. For them to go mainstream, we need to shift the system conditions to create appropriate regulatory and funding environments. We need to open the minds of potential users, unions, businesses and consumers alike.

It will take all this, and more, to modernise our social contract and build a 21st century safety net for economic security.



³⁴ Wallace-Stephens, F. (2018) *Sizing up the good work gap* [Blog] RSA.



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