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**EMPLOYMENT RELATIONS  
RESEARCH SERIES 112**

Vulnerability and adverse treatment in  
the workplace

HELEN BEWLEY AND JOHN  
FORTH, NIESR

SEPTEMBER 2010

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Employment Market Analysis and Research (EMAR) is a multi-disciplinary team of economists, social researchers and statisticians based in the Employment Relations Directorate of the Department for Business, Innovation and Skills (BIS).

Our role is to provide the evidence base for good policy making in employment relations, labour market and equality and discrimination at work. We do this through:

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- commissioning external research reports
- conducting in-house research and analysis
- assessing the regulatory impact of new employment laws
- monitoring and evaluating the impact of government policies

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## About this publication

The project manager for this report was Ian Rutherford, Statistical Advisor in the EMAR branch. This report can be viewed online.

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The views expressed in this report are the authors' and do not necessarily reflect those of the Department or the Government.

# Foreword

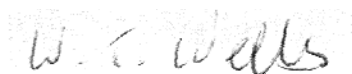
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As part of that work the Employment Market Analysis and Research (EMAR) branch of the Department manages an extensive research programme to inform policy making and promote better regulation on employment relations, labour market and equality and discrimination at work issues.

This report uses the Fair Treatment at Work Survey 2008 to investigate the characteristics which make employees more or less vulnerable to adverse treatment in the workplace. The report finds that certain features of the external labour market, the product market, the employing organisation and the job, as well as characteristics of the employee themselves, each serve to increase the likelihood of adverse treatment.

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Bill Wells

Director, Employment Market Analysis and Research

# Acknowledgements

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Thanks are also due to TNS-BMRB, who were responsible for fieldwork on the Fair Treatment at Work Survey 2008, and to Ralph Fevre and Theo Nichols (Cardiff University) who led the extremely informative primary analysis of the survey. Finally, we also express our gratitude to the survey respondents, without whom this report would not have been possible.

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# Executive summary

*This report uses the Fair Treatment at Work Survey 2008 to investigate the characteristics which make employees more or less vulnerable to adverse treatment in the workplace. The report finds that certain features of the external labour market, the product market, the employing organisation and the job, as well as characteristics of the employee themselves, each serve to increase the likelihood of adverse treatment. It is proposed that they do so by influencing the balance of power in the employment relationship. The report proposes that attention should be given to supporting specific groups of workers, including young people, those with long-standing health problems and gay/lesbian or bisexual workers. Support should also be given to raising awareness of Acas.*

## Aims and objectives

This report sought to investigate the characteristics which make employees more or less vulnerable to adverse treatment in the workplace. The patterns of adverse treatment, and the factors which increase employees' vulnerability to it, were explored using the Fair Treatment at Work Survey 2008 (FTWS 2008).

The descriptive and multivariate analysis investigated the extent to which employees' reported experience of adverse treatment varied according to a range of characteristics relating to the external labour market, the product market, their job, their employing organisation and their own personal characteristics. The analysis was built upon a conceptual approach which viewed adverse treatment as one possible (although not inevitable) consequence of the power imbalances which may exist within the employment relationship.

## Background

FTWS 2008 was a face-to-face survey conducted between September and December 2008 among a representative sample of people aged 16 or over who were living in Great Britain at the time and who had been in a paid job at any time in the two years prior to the survey. A total of 4,010 individuals were interviewed, representing a response rate of 57 per cent among those eligible to participate.

The respondents to FTWS 2008 were asked, amongst other things, about problems they had experienced at work. Such problems encompassed issues covered by employment rights legislation and more generalised perceptions of unfair treatment. The current report seeks to extend the primary analysis of the survey<sup>i</sup> in order to obtain a richer understanding of the characteristics of employees, jobs and workplaces which either increase or decrease the likelihood of adverse treatment at work.

## The conceptual framework

Adverse treatment can be defined as a breach of statutory employment rights; company rules and entitlements; custom and practice; or social norms.

Employment laws established through a democratic process set minimum standards which all employers are obliged to meet. Therefore, an employee who works for an employer that fails to comply with employment legislation can be regarded as being subject to adverse treatment. In addition, many organisations have written rules which detail particular aspects of the employment relationship, both in terms of rights and responsibilities for their employees. Again, a breach of these rules by the employer can be regarded by the employee as adverse treatment. As well as rules and entitlements which are codified, the employer may adhere to informal practices which have developed over time within the organisation. Whilst these cannot be considered rights, deviating from the normal practice can result in employees feeling that they have experienced adverse treatment. Finally, there are social norms about acceptable behaviour which mean that even treatment which is permitted by statute could be generally regarded as unfair.

The report contends that the experience of adverse treatment is not random, nor can it be explained by reference to a small number of characteristics, such as an employee's level of education or the availability of union representation. Instead, the report argues that an employee's vulnerability to adverse treatment is determined by the wide range of factors which affect the balance of bargaining power between the employee and their employer. If the balance of power is in favour of the employee, there is a lower likelihood that they will be subject to adverse treatment, since the costs to the employer of treating employees in a way which reduces their productivity or causes them to seek alternative employment is greater. Conversely, where the balance of power favours the employer, there may be less incentive for them to protect their employees against adverse treatment. The report proposes a range of factors which may affect the balance of power, including the employee's productivity, their ease of finding another job and the degree of competition faced by the employer in the product market.

## **Headline Findings**

Adverse treatment was found to be more commonly experienced, all other things equal, by those with limited options in the external labour market. It was also found to be more commonly experienced by those without a written contract of employment, those without colleagues with whom they can discuss work-related problems, those working in organisations with a poor climate of employment relations and those who consider that their employer discriminates in favour of certain types of worker. Adverse treatment was also found to be more common among younger workers, among those with long-standing health problems and those with some/deep financial difficulties. On some indicators, adverse treatment was also more common among employees in industries where labour's share of value-added has been squeezed over the past decade. The absence of a threat of unionisation, not being heterosexual and a lack of awareness of Acas were also found to be important in some of the analyses, but not all.

Overall, the results of the analysis supported the notion that vulnerability to adverse treatment is a function of a variety of characteristics. Some of these concern the specific nature of the job that an employee may be doing, but others

affect the employment relationship from a distance. There is also considerable support for the notion that it is those factors which most affect the balance of power within the employment relationship which most readily indicate the degree of vulnerability to adverse treatment.

## Conclusions

These results have a number of implications. First, they suggest that the prevalence of adverse treatment may have a cyclical component since vulnerability was found to be related to an employee's ease of re-employment. The precise nature of the relationship is difficult to estimate without a longer run of data. However, the results suggest that the prevalence of adverse treatment may be expected to be greater when employers' demand for labour is reduced such that employees have fewer outside options.

The results also suggest that adverse treatment may have a sectoral component related to the decline in the importance of labour costs within certain industries. The prevalence of automation, outsourcing and downsizing more generally may thus provide a useful signal of rising employee vulnerability within certain sectors. This further suggests that employee vulnerability to adverse treatment in Britain may link in to broader competitive processes of demand reallocation and globalisation.

Employees who report that they were experiencing financial difficulties, and who might therefore be expected to be particularly dependent upon the continuation of their current employment, are more likely to report having experienced adverse treatment at work. Policy making therefore needs to include an appreciation that factors outside of the employment relationship can influence upon how that relationship functions. Younger workers, those with disabilities and non-heterosexuals are also each more vulnerable to adverse treatment than their counterparts after controlling for other factors. These results suggest that policy initiatives could usefully be targeted at groups which have been brought more recently under the coverage of anti-discrimination legislation. Initiatives which seek to increase employers' awareness of the ways in which these groups may be adversely treated, and initiatives which increase such workers' capacity to protect themselves from adverse treatment – for example by increasing their awareness of sources of information and advice such as Acas, are likely to reduce the extent of their vulnerability in the future.

The preceding discussion serves to highlight a further point, which is that vulnerability cannot be defined by reference only to a small number of characteristics. By highlighting a wide range of factors which influence an employee's vulnerability to adverse treatment at work, the findings serve to emphasise that vulnerability is both complex in its make-up and also continuous in its nature. It is (in our view) an over-simplification to seek to categorise one group of workers who are vulnerable to adverse treatment (implying that the remainder are not). Vulnerability is instead a matter of degree. Furthermore, the factors which make an employee more vulnerable are wide and varied.

It is not possible to reach firm conclusions about the direction of causality within a cross-sectional dataset such as the Fair Treatment at Work Survey. Also, the

reliance on self-reported data by employees means that whether they report adverse treatment partly depends on their expectations about how they should be treated. However, many of the results do fit the a priori expectations. For this reason, it is argued that the analysis and findings provide a valuable insight into understanding the correlates of adverse treatment in the workplace.

### **About the author(s)**

Helen Bewley is a Research Fellow at the National Institute of Economic and Social Research (NIESR). She is experienced in using robust quantitative evaluation techniques to establish the impact of labour market programmes. Helen has also worked on a number of projects in the field of employment relations, including those on information disclosure, the role of trade unions in promoting gender equality and the primary analysis of the 2004 Workplace Employment Relations Survey.

John Forth is also a Research Fellow at NIESR. His work covers a range of labour market issues but he has a particular interest in the study of employment relations. Previous work has included studies of equal opportunities practices, pay determination and job quality.

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<sup>i</sup> Fevre, R., Nichols, T., Prior, G. and Rutherford, I. (2009) *Fair Treatment at Work Report: Findings from the 2008 Survey*, Employment Relations Research Report No. 103, London: Department for Business Innovation and Skills.

# 1. Introduction

This report seeks to investigate the characteristics which make employees more or less vulnerable to adverse treatment in the workplace. It is beyond doubt that some employees in Britain are adversely treated by their employers. Between April 2008 and March 2009 the Employment Tribunals Service ruled in favour of the employee in around 22,500 claims, whilst a further 55,000 cases were settled via conciliation (Tribunals Service, 2009). Many more cases of adverse treatment do not reach an Employment Tribunal.

The patterns of adverse treatment, and the factors which increase employees' vulnerability to it, are explored using the Fair Treatment at Work Survey 2008 (hereafter FTWS 2008). FTWS 2008 was a face-to-face survey conducted between September and December 2008 among a representative sample of people aged 16 or over who were living in Great Britain at the time and who had been in a paid job at any time in the two years prior to the survey. A total of 4,010 individuals were interviewed, representing a response rate of 57 per cent among those eligible to participate.

The respondents to FTWS 2008 were asked, amongst other things, about problems they had experienced at work. Such problems encompassed issues covered by employment rights legislation, such as entitlements to rest breaks or parental leave, procedural problems relating to the handling of grievances or disciplinary matters, and more generalised perceptions of unfair treatment. Just over one quarter (29 per cent) of respondents to the survey reported that they had experienced a problem at work in the two years prior to the survey interview. The current report seeks to extend the primary analysis of the survey (Fevre et al., 2009) in order to obtain a richer understanding of the characteristics of employees, jobs and workplaces which either increase or decrease the likelihood of perceived adverse treatment.

The analysis is built upon a conceptual approach which views adverse treatment as one possible (although not inevitable) consequence of the power imbalances which may exist within the employment relationship. The central hypothesis is that there are certain features of the employment relationship, and of the wider product and labour markets within which it is constructed, which tilt the balance of power more in the favour of the employer or the employee. Those factors which tilt the balance more in the favour of the employer increase the likelihood of adverse treatment whilst those factors which tilt the balance more in the favour of the employee decrease it. The report proposes a number of such factors through reference to the wider literature encompassing economics, industrial relations and economic sociology. It then seeks to examine their importance through statistical analysis of the data from FTWS 2008.

# 2. Adverse treatment and vulnerability

## 2.1 The concept of adverse treatment

The research project is concerned to investigate patterns of adverse treatment that occur within British workplaces<sup>1</sup>. One must therefore begin with some concept of how adverse treatment might be defined. This has both objective and subjective elements and can be considered under four headings: statutory employment rights; company rules and entitlements; custom and practice; and social norms.

One objective benchmark can be set, within any country, by reference to its specific (and often detailed) system of employment rights. In the UK, this system of rights includes laws governing such issues as working time, rates of pay, equal treatment and grounds for dismissal. Typically, these rights set minimum standards to which all employers are bound to adhere. Within the UK, these statutory rights originate in Parliament as a product of the normal democratic process by which laws are established, and so can reasonably be considered to specify objective boundaries beyond which employer behaviour can only be judged negatively.

Further objective benchmarks exist within individual organisations. Many organisations have written rules and entitlements, typically contained in an employee handbook, which codify certain aspects of the employment relationship. These might cover the exact nature of any extra-statutory benefits to which employees are entitled, such as the level and duration of any extra-statutory maternity pay. Alternatively, they might specify the procedural rules which must be adhered to, or the criteria which must be applied, for example when considering an employee's suitability for promotion. Edwards (1993: 34-5) uses the term 'enterprise rights' to describe such codified, organisation-specific rules. Since they set explicit expectations about the way in which the employment relationship is to be conducted, any infringements of these rules by the employer can reasonably be considered by the employee to constitute adverse treatment.

A third category of rules comprises those which arise from custom and practice. These constitute informal (but shared) understandings which have developed over time within the organisation. Such understandings are based upon an acknowledgement of how things have been done in the past, but they form a frame of reference which shapes how the employment relationship operates - or can be expected to operate - in the present. As Edwards (1993: 34) points out,

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<sup>1</sup> Adverse treatment may also occur in the wider labour market if employees are unfairly denied access to employment. However, forms of ill treatment which take place outside of an existing relationship between an employer and a worker are outside the scope of this research.

such informal rules are not codified and so do not necessarily have the status of 'rights', yet they still frame the boundaries of acceptable behaviour and conduct. They might govern employees expectations about how annual leave will be allocated over Christmas, or whether someone who takes time off at short notice to care for a sick child can expect to be paid for those hours<sup>2</sup>. Because rules which rely on past custom and practice are not written down, they may be subject to differing interpretations. Whether an infringement (and thus adverse treatment) has occurred may thus be more of a subjective judgement than in the case of statutory rights or enterprise rights. However, employer behaviour which is considered to contravene existing custom and practice in the organisation may be considered unfair by the recipient.

The fourth and final category of rules comprises those which arise from the application of wider social norms. These are typically concerned with issues of fairness and mutual respect, whereby infringements ("workplace incivilities" in the language of Roscigno et al., 2009) may be considered to breach certain widely-held tenets of appropriate behaviour. Of course, many such issues are covered by statutory rights or enterprise-based rules: some organisations will have explicit policies on bullying, for example. In other organisations, the acceptability of such behaviours may be governed by social norms. They often precede statute. For instance, there was, until 2006, no law against discrimination on basis of age, sexual orientation or religion. However, prior to the introduction of this legislation many would nevertheless have seen any such discrimination which took place as unfair and thus constituting adverse treatment under moral grounds, even in organisations without an equal opportunities policy.

Adverse treatment may thus be defined by reference to a variety of different rules. These are not all common. As a consequence, what constitutes adverse treatment for one person whose employment relationship operates within a highly-codified set of company rules, or is shaped by a mutually-accepted set of high moral standards, may not necessarily constitute adverse treatment for someone else whose employment relationship operates largely with reference only to statutory rights. It would be possible to adopt a narrow definition of adverse treatment which was concerned only with infringements of statutory employment rights. However, this would ignore the fact that most employees enter into an employment relationship on the understanding that a broader set of rules will apply, and who can thus reasonably consider that they have been unfairly treated when those rules are not followed. Our preferred perspective on the concept of 'adverse treatment' is thus broader than statute and encompasses any contravention of the explicit or implicit rules of engagement under which the employment relationship has either been conceived or has developed.

One consequence of adopting this broader perspective is that the occurrence of adverse treatment can only be fully determined by the parties to the employment contract. This places the emphasis firmly on self-reporting, which brings its own limits. First some employees may be unaware of their rights or entitlements. On the one hand this may lead to a situation in which they are unaware that they have been adversely treated. Fevre et al. (2009, p.20) show that some

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<sup>2</sup> This assumes that the firm does not have codified rules which cover such situations.

employees are unaware of certain statutory employment rights, something which could lead to the under-measurement of adverse treatment in survey-based studies. On the other hand, a lack of awareness (particularly of the detail of company rules) may lead to a situation in which individuals consider that they have been adversely treated when they have not. In practice, however, there is little that can be done to adjust for such biases.

A second limitation is that an employer and his/her employee may differ in their opinion of whether an infringement has occurred, particularly when the behaviour is governed by uncodified rules (i.e. custom and practice or social norms). Specifically, they may have varied interpretations of the 'unwritten rules' which exist in the organisation. Again, there is little that can be done in a survey-based study to address this limitation: one must simply accept the respondent's version of events. The only feasible alternative (within the constraints of a quantitative approach) is to restrict one's attention to data sources containing objective judgements. However, this limits one to an analysis of Employment Tribunal judgements, which brings its own biases because of various factors which serve to dissuade some employees with valid claims from pursuing them via this route.

## 2.2 The concept of vulnerability

Having considered the notion of 'adverse treatment', the discussion now turns to the concept of 'vulnerability'.

The classical discourse on labour market outcomes is dominated by the notion of efficiency. If employers and workers can interact as equals in perfectly competitive markets, pursuit of their own self-interest will generate socially optimal outcomes. In other words, perfect competition is assumed to prevent adverse treatment from persisting since employers will be unable to hire or retain employees in the long run under conditions which workers consider undesirable, all things considered. However, as Kaufman (1989), Budd (2004: 15-18) and many others have noted, there are imperfections in product and labour markets which interfere with the equality of bargaining power which might otherwise exist between employers and workers. These imperfections include: barriers to entry into product and labour markets; restrictions on firm and worker mobility; rigidities in price-setting and wage-fixing; and information asymmetries. Such factors affect the balance of power because they affect the extent to which an employer depends upon an employee and vice versa.

The 'power-dependence' approach (Martin, 1977; Bacharach and Lawler, 1981), which originates from a sociological perspective, seeks to explain the distribution of power in terms of such patterns of interdependence between parties. As Martin (1992: 26) points out:

- an increase in the dependence of A on B increases B's *absolute* bargaining power; whilst
- an increase in the ratio of A's dependence on B to B's dependence on A increases B's *relative* bargaining power.

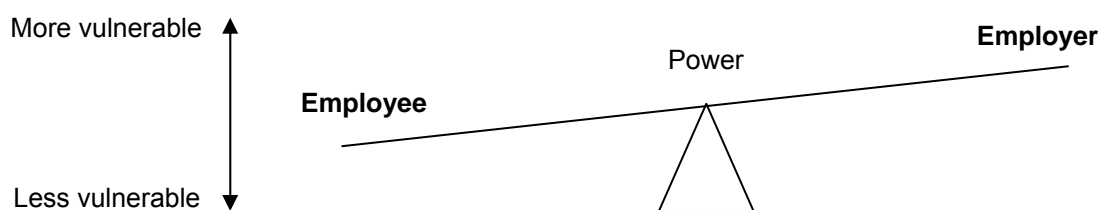
It has long been argued that labour is more dependent upon management than the reverse. Marshall (1920: 471), for example, highlighted the dependence of workers on continuous employment, due to the perishable nature of their labour power and the typical absence of a source of alternative income. However, whilst this may be the case on average, Martin (1992: 27) rightly notes that, in practice, “the pattern of dependencies is variable, being influenced by product and labour-market conditions, and a range of other economic, political, social and cultural factors”. The degree of an employer’s dependence upon an employee, for instance, will be influenced by the employee’s productivity, whilst the employee’s dependence upon their employer will be influenced by the availability of alternative employment. Section 2.3 provides a more extensive discussion.

If the imbalance of power tips in the favour of the employer, this creates an opportunity for the employer to shape the employment relationship in their favour. This may usually be done with the employee’s explicit approval (i.e. through negotiation) or with the employee’s implicit consent if the outcome is seen as reasonable in the circumstances. However, employers may sometimes act unilaterally in ways which do not meet with the employee’s approval. The opportunities for the employer to do so are accentuated by the indeterminacy of the labour contract, which typically fails to specify in full the rights and responsibilities of either party, thereby creating uncertainties over the precise behaviours and outcomes which are expected on either side.

Patterns of dependence which increase the bargaining power of the employer can thus be expected to increase the likelihood of adverse treatment and thus increase an employee’s vulnerability, whilst patterns of dependence which increase the bargaining power of the employee can be expected to reduce it (see Figure 1)<sup>3</sup>.

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**Figure 1: The balance of power and vulnerability to adverse treatment in the employment relationship**




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The importance of the distribution of power has been acknowledged in some parts of the previous literature on vulnerability (see for example: Hudson, 2006: 6; TUC Commission on Vulnerable Employment, 2008: 12; Pollert and Charlwood, 2009: 344). However, this literature has not tended to consider the wide range of factors which can affect power or dependence. Specifically, it has

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<sup>3</sup> It is important to emphasise that the outcome is not pre-determined. An employer or employee may not seek to exercise the power that they hold; nor will they inevitably seek to exercise it in their own self-interest to the detriment of the other (see Edwards and Wajcman, 2005: 118-120).

tended to characterise vulnerability by referring only to a restricted set of job characteristics. Hudson (2006), for example, characterised ‘vulnerable workers’ as those earning below one third of the median hourly wage and who do not have their terms and conditions negotiated by a trade union, whilst Pollert and Charlwood (2009) adopted a similar approach, identifying the vulnerable as those earning below median hourly earnings and without the support of a trade union<sup>4</sup>. The TUC’s Commission on Vulnerable Employment (2008) characterised those ‘at high risk of being in vulnerable work’ as those who are paid less than £6.50 per hour and who either have no academic qualifications, have non-permanent contracts or work at home, plus all undocumented migrant workers and those working in the informal economy.

Such categorisations, which appeal only to a small set of factors, lend themselves helpfully to the quantification of so-called ‘vulnerable employment’. However, their simplistic nature (arising, it could be argued, from their largely atheoretic origins) ultimately undermine their usefulness. In contrast to these previous attempts to characterise vulnerability, the preceding discussion hopefully makes it clear not only that vulnerability should be considered strictly as a continuum, rather than as a discrete state, but also that an individual’s position on that continuum is likely to be determined by a wide range of factors, both within and outside the workplace.

This more comprehensive and nuanced approach does, however, have much in common with existing work by O’Regan et al. (2005) and Taylor (2008) which focuses on the notions of risk and capacity. ‘Risk’ is considered to relate to the likelihood that an individual is exposed to adverse treatment, whilst ‘capacity’ is considered to relate to their ability to protect themselves from it. Within this framework, an employee is considered to be ‘vulnerable’ when their risk of exposure is high and their capacity to protect themselves is low. O’Regan et al. (2005: 12-35) and Taylor (2007: 24-27) seek to identify sets of risk factors and capacities which may be relevant in understand patterns of adverse treatment. In practice, however, many characteristics of workers, jobs or firms contribute to both aspects of this schema. Difficulties with the English language, for instance, may be expected both to raise the risk of adverse treatment (by limiting the worker’s outside job options and thus increasing their reliance on their present employer) and also simultaneously to lower the employee’s capacity to protect themselves (by limiting their access to advice and information). It is therefore arguably more helpful, and conceptually more valid, to consider risk factors as those which increase the relative bargaining power of the employer and capacities as those which increase the relative bargaining power of the employee. It is this notion of power which seems fundamental to a proper conceptualisation of vulnerability.

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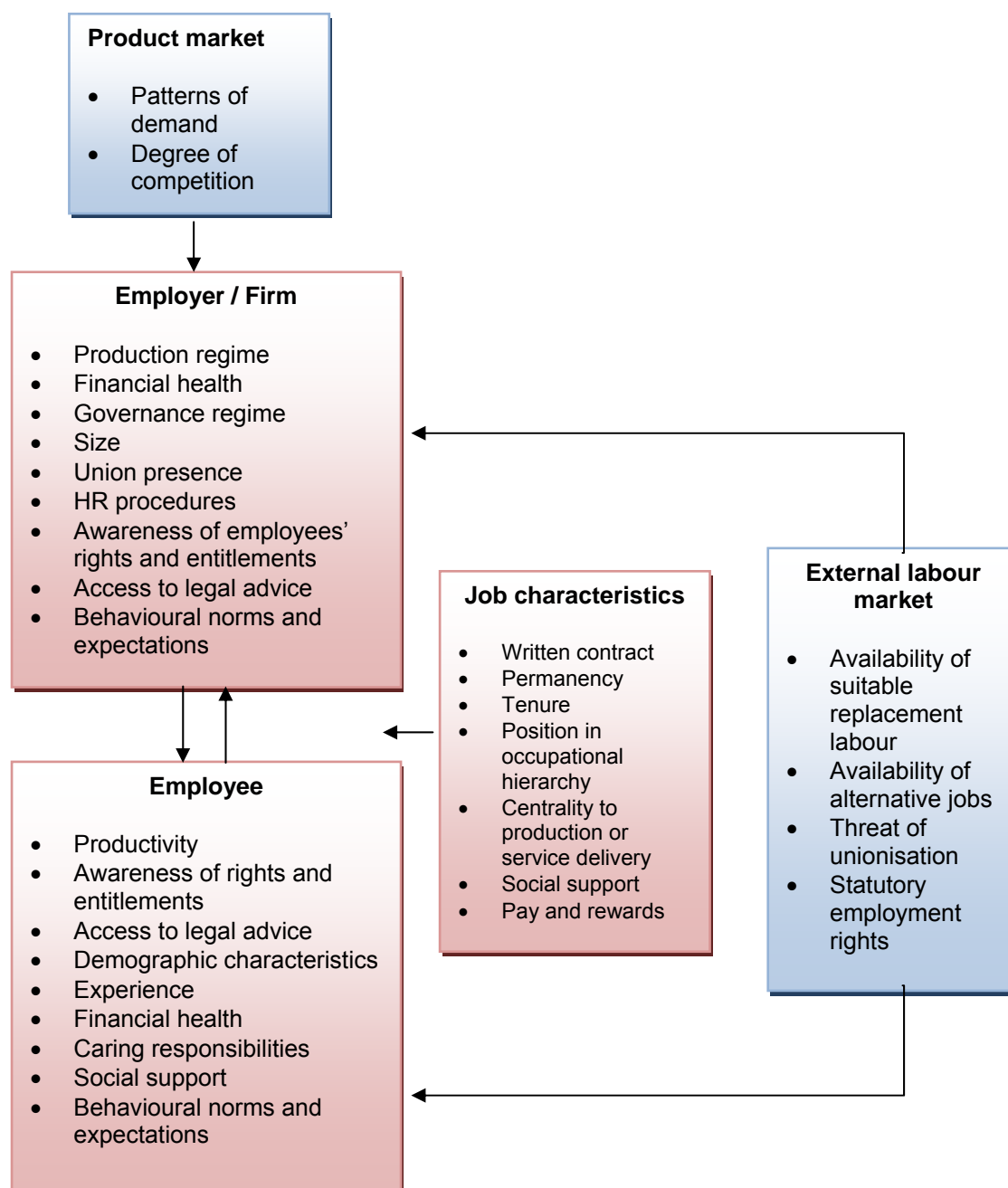
<sup>4</sup> Hudson and Pollert and Charlwood did, however acknowledge that the degree of vulnerability would be accentuated among certain subsets such as those in non-standard jobs and those without legal immigration status.

## **2.3 Factors affecting the balance of power in the employment relationship**

The preceding section has put forward the hypothesis that the extent of an employee's vulnerability to adverse treatment by the employer may be explicable by reference to certain characteristics of their employment relationship, rather than arising primarily as the outcome of random, and thus unpredictable, events. The present section proposes a range of specific features of jobs and employment which may be expected to make the adverse treatment of employees by their employers either more or less likely. This section therefore puts forward the hypotheses to be tested in the empirical analysis.

The characteristics are discussed under five headings: the external labour market; the external product market; the employer or firm; the job; and the employee. The full range of factors considered here is presented in

**Figure 2: Factors affecting the conduct of the employment relationship**



### **Characteristics of the external labour market**

In a perfectly competitive labour market, if the employer worsens the conditions of employment, the worker is likely to leave the firm, being able to find an employer elsewhere who is willing to reward them in line with the worker's marginal product. In practice there are often frictions in the labour market – as noted above – which mean that, if an employer and employee are forced to part, they will not immediately find new partners. These frictions lead to a situation of co-dependence and the balance of bargaining power will rest in favour of the party who has the more readily-available outside options. As pointed out in Section 2.2, this is typically considered to be the employer, who thus enjoys

some monopsony power over their employees (see Manning, 2003, for an extensive discussion).

The employee's reported ease of re-employment, were they to lose their job, thus provides an indicator of where the balance of power lies in respect of the influence of the external labour market. Aggregate measures of the state of the external labour market may be complementary. One often cited measure is the ratio of unemployed persons to vacancies, which can be constructed for the travel-to-work area within which a worker resides. High ratios would indicate greater power on the part of employers, as they would be assumed to have a greater stock of unemployed workers from which to recruit if a vacancy were to arise. However, this measure has the considerable limitation that it assumes that any unemployed person is a qualified substitute for any incumbent worker. Manning (2003: 44-49) thus proposes an alternative which measures the fraction of new recruits hired from non-employment. He shows that those groups who tend to do badly in the labour market in terms of wages also tend to be those more frequently hired from non-employment (p.49), thus providing support for the notion that the measure provides an indicator of employer power. One could expect that, in aggregate, this may be best measured across occupations in order to capture the specificity of skill.

### **Characteristics of the external product market**

The degree of power that an employer holds in their product market will necessarily shape their approach to the employment relationship as it will determine their freedom of movement in respect of labour costs. Features of the external product market can therefore be expected to affect the balance of power within the employment relationship and thus to affect the probability of adverse treatment.

An employer will have more power in their product market when the level of demand for their product or service is high and the degree of competition from other firms is low. In this situation, the employer will command greater control over prices than if demand were low or competition high. Labour costs need not pose a significant constraint to the generation of profits when an employer possesses such 'discretionary pricing power' (Mishel, 1986, cited by Martin, 1992), and so employees are afforded a degree of power themselves when seeking to maintain or raise the standards of employment. There are limits of course but the key point is that, when an employer faces external pressure in their product market, this is likely to raise their bargaining power in relation to their workers since labour costs must be constrained if the firm is to remain profitable and, ultimately, if jobs are to survive.

The degree of discretionary pricing power held by the employer is difficult to measure directly. It would be indicated by the overall level of demand and the degree of competition in the product market (see Mahajan, 2005, for one measure of the latter). However, it would also be proxied by levels of profitability, which have been shown to be correlated with the generosity of pay settlements (Blanchflower et al., 1990; Forth and Millward, 2000). One might also expect rising employer power to be indicated by a squeeze on labour costs, which could be the product either of downsizing or of lower-than-average wage increases. In

a meta-analysis of over 200 workplace ethnographies, Roscigno et al. (2009) found that downsizing and workplace restructuring were positively associated with the probability of supervisory bullying.

### **Characteristics of the employer or firm**

Characteristics of the employer which may affect the balance of power *vis a vis* employees include the production regime, the financial health of the firm and the governance regime. The financial health of the firm has already been discussed indirectly in the preceding paragraphs.

The nature of production may be relevant to the balance of power in so far as different production regimes rely more or less on the consent and active engagement of employees. Lean production, with its emphasis on production efficiency, and high-involvement management, with its focus on employee initiative and flexibility, both afford employees a degree of power through such avenues. Indeed, high-involvement management has been shown in some studies to be positively associated with employee wages (Forth and Millward, 2004). In practice, however, the production regime is likely to be difficult to measure in a survey with no matched employer component.

Size of firm is likely to serve as a proxy for a relative lack of power in product markets, since many small firms are constrained by their dependence on large firms (e.g. Moule, 1998). However, whilst some would suggest that employment outcomes in small firms are then necessarily bad (Rainnie, 1989), others would contend that the informal approach to employment relations which tends to characterise smaller firms can lead to a variety of outcomes. Indeed, analysis of the 2004 Workplace Employment Relations Survey (Forth et al., 2006) showed employees' perceptions of the quality of employment relations to be most favourable in small firms. It could be that a less professional approach to HR management and a lower degree of proceduralisation, which might otherwise be expected to provide protections against adverse treatment, are compensated by a less rigid and more consensual management style. Roscigno et al. (2009) also suggest that the alienating or anonymous nature of work in large organisations may encourage uncivil behaviour. Finally, it has been proposed that, in particularly small firms, family ties to the owner may reduce the likelihood of conflict (Ram and Edwards, 2010: 247), although it seems equally plausible that the absence of formal boundaries in family relationships may increase it.

At the other extreme of the size distribution, many public sector organisations – which tend to be very large – set out to be 'model employers', thus providing good examples to the private sector by practicing fairness and equity in the treatment of their workforces (Fredman and Morris, 1989). Average conditions in the public sector may be contrasted with those in the 'third sector' (e.g. charities), although it is not clear whether organisation size or the nature of the governance regime may be the defining characteristic, or whether it is in fact the differing market conditions which such organisations face. Public sector organisations have traditionally been less exposed to competitive market forces, whereas the market for funds in the third sector is often very competitive.

Unionisation is a further characteristic of the employer or firm which can be expected to indicate the degree of worker vulnerability to adverse treatment, since one would expect – all other things equal – that those employees who are represented by trade unions are less vulnerable to unilateral action by their employer. Although the power of trade unions has declined in aggregate over the past quarter century, unions are still found to have a positive impact on employment conditions such as wages (Bryson and Forth, 2010a). They may also increase the likelihood that problems can be worked through, by helping to ensure that problems are addressed within the workplace rather than resulting in the dismissal or resignation of the employee (Bryson and Forth, 2010b). Further, there may be spill-over effects on employees in non-union firms, since non-union employers may avoid treating their employees adversely for fear that it will raise the probability that their firm becomes a target for union organisation. Non-union employees are likely to have greater bargaining power *vis a vis* their employer if the unionisation rate elsewhere in their industry is high (see Belfield and Heywood, 2001, for evidence in respect of wage rates)<sup>5</sup>.

Worker vulnerability to adverse treatment may necessarily be greater in cases where the employer is unaware of certain features of the statutory framework of employment rights. The 2004 Workplace Employment Relations Survey indicated that two-fifths (42 per cent) of workplaces with 5 or more employees had no personnel specialist available either on-site or at a higher level within the organisation (Kersley et al., 2006: 41). In the absence of a knowledgeable insider, employers may obtain advice from HR service centres, professional legal firms and from providers of free information such as Acas and Business Link. However, WERS 2004 showed that external sources of advice tend to be used more where specialists are present than where they are absent (p.53). Some managers may therefore operate on a less than complete understanding of the statutory minima, which may raise the risk of mistakes.

Finally, employers' behaviour towards their workforce will be shaped, not only by their knowledge, but also by norms and expectations about how the employment relationship should be conducted and how the wider firm should be run. One dimension is the extent to which an employer prefers autocracy to democracy, in other words their preference for enforcing management prerogative by coercion rather than consensus (Bacon, 2008). The autocratic employer attempts to force the balance of power in their favour by restricting the scope of what may be contested by the employee. Adverse treatment may then be more likely if other determinants are present, whilst problems may also prove more difficult to resolve. Management styles are themselves difficult to measure, but a more autocratic approach may be expected to lead to a less favourable climate of employment relations than a more democratic approach, and so the general climate that exists within the whole firm may be a valuable proxy.

Another dimension of the employer's approach which has the clear potential to affect the likelihood of adverse treatment is whether the employer adopts a wholly meritocratic approach within the employment relationship. Some

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<sup>5</sup> The threat of unionisation to non-union firms could equally be considered a characteristic of the external labour market.

employers, given leeway by imperfections in product and labour markets, may discriminate against certain groups of employees on grounds other than productivity. Such actions may arise directly as a result of 'tastes', or indirectly as the result of mis-placed assumptions or through the imposition of unnecessary requirements (Dean and Liff, 2010). Three per cent of successful Employment Tribunal Claims in 2008/9 concerned discrimination on at least one of the statutory grounds (Tribunals Service, 2009), indicating that a non-meritocratic approach continues to affect some employers' decisions.

### **Characteristics of the job**

Many characteristics of the job held by an employee provide an indication of the likely balance of power between employer and employee at the time of recruitment. However, many such characteristics can also be expected to affect the balance of power as the employment relationship develops, and thus to affect the probability of adverse treatment.

The presence or absence of a written contract of employment can be expected to affect the balance of power within the employment relationship since the existence of a written contract is an important factor in helping to determine whether a worker has the status of an employee and is thus eligible to take advantage of statutory employment rights. Workers without a written contract may find it more difficult to prove their status and this may accentuate their vulnerability to adverse treatment.

Similarly, whether an employment relationship is intended to be temporary or permanent (that is, without an agreed end date) may be relevant. Employers may be expected to have a greater degree of power in relation to temporary workers than in relation to employees on permanent contracts, since temporary workers are dependent upon the employer to renew their contract at the end of its term.

Employees with low tenure may be more vulnerable to adverse treatment because a minimum of one year's service is required in order to make a claim for unfair dismissal to an Employment Tribunal<sup>6</sup>. The exclusion of many low-tenure workers from the statutory protections against unfair dismissal thus shifts the balance of power in favour of the employer in such situations. Longer tenure may also afford further protections, however, since longer service can be expected to result in the acquisition of firm-specific skills and experience which make the worker more productive and more difficult to replace.

Employers are also likely to be more dependent upon workers at higher positions in the occupational hierarchy, as they may rely on them to assist in the supervision of employees in lower grades and to participate in the management of the workplace more generally. Similarly, an employer is also likely to be more dependent on those occupations who are most central to the process of production or service delivery than on those occupations which relate to 'backroom' activities, all other things equal. These 'core' groups may not necessarily be those at the top of the hierarchy.

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<sup>6</sup> The exception concerns dismissals which are considered automatically unfair because they are related to issues such as union membership or pregnancy.

Centrality to the production process may also be indicated by the scale of an individual's labour inputs, however, with employers likely to have a greater degree of dependence upon full-time employees than upon those on part-time contracts. The importance of replacing a full-time worker will necessarily be greater than replacing someone who works only one day per week, since the production process is likely to suffer more in the absence of the full-time worker if their jobs are otherwise similar. This would suggest that full-time workers may be less vulnerable to adverse treatment. It is also the case that some part-time workers depend upon their employer for a particular working pattern which fits in with caring responsibilities and which may be difficult to replicate elsewhere (Grimshaw and Rubery, 2010: 370). On the other hand, it may also be noted that the full-time worker may be more reliant on their job to sustain their household income than may be the case for the part-time worker, thus creating a greater financial dependence on the continuation of the employment relationship and hence opening up a point of vulnerability.

A final job characteristic which may be associated with the degree of vulnerability to adverse treatment is the extent of social support available to an employee from work colleagues within the organisation. Such social support is necessarily less formal than trade union representation. However, it indicates a collective aspect to the job which is nonetheless likely to afford some degree of power to the employee in both resisting and addressing adverse treatment. Those employees who have colleagues with whom they can discuss their work-related experiences, and from whom they can obtain advice and encouragement, may thus be considered less vulnerable to adverse treatment, whilst more isolated employees, on the other hand, may be considered more vulnerable.

### **Characteristics of the employee**

The final set of characteristics considered here concern the individual employee themselves. The principal among these is the individual's productivity which, as already mentioned, plays an important role in shaping the extent of the employer's dependence upon the individual worker. The productivity of individual workers is difficult to measure, but is proxied (albeit imperfectly) by their academic qualifications and their age.

Academic ability and age may also indicate a worker's self-confidence, which may affect their ability to obtain a satisfactory resolution to any problem which may arise. Age is, however, one demographic characteristic – along with gender, ethnicity, disability, sexual orientation and so on – which may also make an individual more likely to experience adverse treatment, if their employer does not take a fully meritocratic approach to their workforce. As noted above, some employers discriminate unfairly against members of certain demographic groups. Membership of a group which has traditionally been disadvantaged in the labour market can thus be expected to raise the chances of adverse treatment.

As noted earlier, those with caring responsibilities may rely upon their employer for a certain pattern of working hours or for a degree of understanding and flexibility in allowing them to react to emergencies outside of work. To the extent that this creates a dependence upon the goodwill of the employer, it is likely to shift the balance of power in the employment relationship in favour of the

employer and thus to increase the employee's likelihood of being adversely treated under the framework proposed here. It should also be acknowledged, however, that the presence of caring responsibilities may also create specific opportunities for tension to arise between work and non-work responsibilities, and thus create a space for problems to arise which may otherwise have remained absent.

The financial health of the worker's household is also likely to affect the balance of power in the employment relationship since, as Marshall noted (1920: 471), workers who have no other source of income are inevitably dependent upon the continued availability of work in order to sustain their standard of living. Workers who are struggling to manage financially will be heavily dependent upon their employer. Equally, employees will be more dependent upon their employer if their job provides them with accommodation or transport. Those employees who have no financial difficulties and who manage easily can thus be expected to be less vulnerable to ill-treatment.

Finally, an individual's vulnerability to adverse treatment can be expected to be reduced by the availability of social support, in the form of family or friends, although the benefit might be expected to be less than that provided by support from work colleagues (see earlier). The probability of adverse treatment can also be expected to be reduced by a greater awareness of employment rights or, at least, by awareness of where information and advice can be obtained. Many individuals may not know the detail of some statutory employment protections until they become salient to their specific situation. The more important factor may then be whether the employee is aware of the various sources of information and advice, such as Acas and the network of Citizens Advice Bureaux.

## **2.4 Summary**

This section has thus discussed a wide range of factors which may be expected to affect the balance of power or the pattern of dependence in the employment relationship, and which may therefore be expected to either increase or reduce the likelihood that an employee will be adversely treated. These characteristics range from features of the external labour and product markets, to characteristics of the job, employer and the employee themselves. Many of these characteristics are observed in FTWS 2008. The next chapter of the report goes on to discuss how their relationships with the probability of adverse treatment will be investigated empirically.

# 3. Data and methods

## 3.1 Data

FTWS 2008 was conducted face-to-face between September and December 2008 among a representative sample of people aged 16 or over living who were living in Great Britain at the time and who had been in a paid job at any time in the two years prior to the survey. FTWS 2008 combined questions that focused on individuals' awareness of statutory employment rights and sources of advice (previously covered by the 2005 Employment Rights at Work Survey) with questions which focused on employees' perceptions of unfair treatment at work (previously covered in FTWS 2005).

The sample was drawn from the small-user Postcode Address File using a multi-stage random probability design. The population of addresses was first stratified by Government Office Region (GOR) and, within each GOR, geographic areas (defined using Super Output Areas (SOA) in England and Wales and pairs of Data Zones in Scotland) were ordered by the percentage of non-manual workers. Some 440 geographic areas were then selected with probability proportional to the size of the employee population in the GOR; these served as primary sampling units. The use of a fixed sampling interval with a randomly-allocated starting point ensured that the selected PSUs were representative in respect of the share of non-manual workers. Thirty three addresses were then issued at random within each SOA.

All sampled addresses were sent a letter in advance of the interviewer's first visit, giving a brief introduction to the survey. Upon arrival at the address, the interviewer first sought to identify all eligible persons in the household and one eligible person was then selected at random to be invited to take part in the survey<sup>7</sup>. A total of 4,010 individuals were successfully interviewed, with an estimated response rate of 57 per cent<sup>8</sup>.

Weights were derived by TNS-BMRB for each respondent. These consisted of a design weight to correct for unequal probabilities of selection (see above) multiplied by a non-response weight derived through post-stratification of the design-weighted sample to the Labour Force Survey using a matrix combining age, gender and Government Office Region. All estimates presented in this report have been produced using weighted data. The impact of the complex

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<sup>7</sup> In instances where an address contained more than one household, one household was selected at random and eligibility was then determined among the individuals within that household.

<sup>8</sup> The response rate is estimated by dividing the total number of successful interviews (4,010) by the total number of adults estimated to be eligible for the survey (comprising 5,903 adults confirmed to be eligible plus 1,092 estimated to be eligible among those whose eligibility was unknown). The figure of 1,092 is computed by applying the eligibility rate among those cases where eligibility was established (48.5%) to those 2,252 unproductive cases where eligibility was not established (typically cases in which no contact was made with the household or in which contact was made but the household refused to participate in the eligibility screening exercise).

sample design in inflating standard errors is captured through the use of a linearized variance estimator.

A more detailed discussion of the methodology of FTWS 2008 is provided by Prior et al. (2009).

### 3.2 Measures of adverse treatment

Two measures of adverse treatment were compiled from the survey. The construction of the indicators is described below, whilst the wording of each survey question that was used in their compilation is provided in full in Annex A.

A generalised measure of perceived adverse treatment is created from questions which ask whether, in the two years prior to the survey interview, the respondent had experienced any of the following:

- a problem to do with their “rights at work” in any of a set of specified areas (question 5.2);
- unfair treatment in comparison to others at their workplace (question 5.4);
- discrimination at work (question 5.5);
- sex-based harassment (question 5.6);
- other forms of bullying and harassment that create a hostile working environment (question 5.7).

The list of possible areas for ‘rights at work’ was broadly targeted at issues in which there are statutory provisions, including pay, working time, time off for the care of dependants and the resolution of disputes. However, whilst the list included specific statutory rights, such as the right to unpaid parental leave and the right to a written contract, it also included issues that were described in more general terms, such as ‘taking rest breaks’. Problems reported in these areas may not necessarily have related to the statutory provisions<sup>9</sup>. Those ‘problems’ which were reported on this item are thus not considered to be restricted to perceived infringements of statutory rights, which is helpful given the discussion in Section 2.1.

However, there are two potential limitations to the question about ‘rights at work’. The first concerns the use of the term ‘problems’. Pollert and Charlwood (2009: 345-6) contend – on the basis of cognitive testing for their Unrepresented Worker Survey (URWS) – that workers at the lower end of the labour market (for example, those in lower-paid job) may be less likely to describe a particular experience as a ‘problem’ than those who are used to better working conditions.

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<sup>9</sup> In the case of rest breaks, for example, the problem experienced by the respondent may have related to the statutory right to at least 20 minutes rest in every six-hour block of working time, but it may equally have related to the receipt of an extra-statutory benefit (if their employer typically provided rest breaks in excess of the statutory minimum) or something non-statutory (such as where the employee may be permitted to go within the workplace during their break).

In other words, those who are most likely to experience adverse treatment may come to regard it as a normal feature of working life; this could lead to the under-reporting of adverse treatment in FTWS. The URWS thus adopted terms such as 'difficulty', 'concern' or 'worry' and then used prompts to exclude more trivial concerns. However, there is no reliable way of knowing the extent to which this approach may have elicited a different pattern of responses in FTWS. The second limitation concerns the use of the phrase 'rights of work' which, as Pollert and Charlwood also note (2009: 346), requires some awareness of these rights. However, FTWS does at least obtain measures of the respondent's awareness of certain statutory provisions and these are included in our models as controls in an attempt to correct for biases<sup>10</sup>.

Those adopting a pluralist perspective on the employment relationship might separately take issue with the general measure of perceived adverse treatment, however, contending that problems will often occur as some degree of conflict between management and labour is inevitable, given the indeterminacy of the employment contract and the contested nature of the wage/effort bargain. One might therefore reasonably expect problems or disputes to arise at work, but equally expect that many of these are resolved to the mutual satisfaction of both parties. This may be the case, for example, if a problem arises through an individual's misunderstanding about the nature of their entitlements. Such instances do not constitute conclusive evidence of adverse treatment. A more restricted indicator of adverse treatment might then focus on the manner in which problems are addressed. If a problem or dispute can be successfully resolved, this would be indicative of a transient issue to which a mutually-agreeable solution has been found.

Respondents to the survey were asked whether the problem or dispute they had reported as having occurred in the two years prior to the survey was over or whether it was still ongoing<sup>11</sup>. If the problem or dispute was over, they were asked how it was resolved. The different forms of resolution can be categorised into those which may, on the face of it, reasonably be considered 'restorative' and those which may be considered 'non-restorative'. If the respondent reports that they reached a compromise with their employer, this may be considered a restorative solution since it seemingly permits both parties to put the problem behind them and to continue their employment relationship as before. On the other hand, if the respondent reports that nothing changed or that they left their job, this may be considered a 'non-restorative' solution since the problem was not resolved in any meaningful way (see Table 1). It then follows from the argument put forward in the previous paragraph that the notion of 'adverse treatment' may be reserved for the subset of all individuals who have experienced problems or disputes which end in non-restorative resolutions (with

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<sup>10</sup> Awareness of employment rights was measured on a 30-item scale, with the score for each individual determined by the number of employment rights that they managed to identify correctly. As one-third of respondents were not asked the block of questions on employment rights, they were assigned to the median score on this variable (24).

<sup>11</sup> Those reporting multiple problems in the past two years were asked to focus on "the most serious problem".

those who experienced restorative solutions placed alongside those with no problems as not having experienced adverse treatment).

The categorisation of outcomes into restorative and non-restorative solutions is very similar to that adopted by Fevre et al. (2009: 120), who distinguish between positive and negative forms of resolution. However, the categorisation in Table 1 differs in two respects. In contrast to Fevre et al., the current schema takes “I moved jobs within the organisation” to be a ‘non-restorative’ outcome, as it implies that it was not possible for the prior employment relationship to be restored and thus to continue. Similarly, “Someone else resigned / was dismissed” is considered here to be a ‘restorative’ solution as it implies that the source of the problem was removed.

**Table 1: Restorative and non-restorative resolutions to problems or disputes**

Restorative resolutions	Non-restorative resolutions
My employer took action to address my problem / complaint	I left my employer as a direct result
My employer and I came to a compromise	Nothing / just went on as before / forgot about it
I took action to address my employer’s problem	I moved jobs within the organisation
Someone else resigned / was dismissed	

One difficulty with this approach, nevertheless, is that FTWS 2008 provides a window on the experiences of a random sample of individuals, some of whose problems or disputes are ongoing at the time of the survey interview. Specifically, 39 per cent of employees who had experienced a problem at work in the past two years said that their most serious problem was ongoing. Given that the problem may have arisen any time in the two years prior to interview, it is possible that in some cases, the difficulty may have only arisen relatively recently and could be resolved at a later date. However, in other cases, the fact that the dispute is unresolved may indicate that it is more serious than average, as a resolution would then be more difficult to come by. It is therefore necessary to investigate the sensitivity of the results to differing assumptions about the proportion of these (as yet) unresolved disputes which are likely to be concluded in a restorative or non-restorative fashion.

One approach is to assume that any unresolved disputes are a random sample of all disputes and to exclude them from the analysis. This approach, which seems reasonable in abstract, was the one adopted by Fevre et al. (2009: 118). However, an examination of the duration of resolved and unresolved disputes observed in the survey clearly indicates that those disputes which remained unresolved at the time of the survey interview had gone on considerably longer than the average (the median duration was 12 months, compared with a median duration of just three months among resolved disputes)<sup>12</sup>. Excluding the

<sup>12</sup> For those whose most serious problem was ongoing at some point within the two years before interview this was calculated as the number of months between the month and year that the most

unresolved cases thus risks introducing a bias into the estimation sample in favour of less serious (or more easily resolved) cases. Accordingly, the analysis is repeated under the assumption that all unresolved disputes will ultimately be resolved in a non-restorative manner and the sensitivity of the results to this alternative assumption are examined.

### 3.3 Measures of power or dependence

Measures are available within FTWS 2008 for many of the factors which are hypothesised to affect the balance of power or dependence between the employer and employee. Specifically, the survey interview collects a number of data items which describe the characteristics of the employee, their job and their employing organisation. In respect of the employee, this includes demographic characteristics as well as measures of their caring responsibilities and financial circumstances. In respect of the job, it includes indicators of the presence of a written employment contract, occupational status and the presence of supportive work colleagues, and in respect of the employer it includes measures of firm size, the presence of recognised unions and whether the employee considers that the employer discriminates in favour of certain demographic groups.

In order to accurately identify the association between job and employer characteristics and unfair treatment, one requires information on the employment circumstances of the employee when the problem arose. As Fevre et al. note (2009: 118), a substantial minority of problems lead to a cessation of the employment relationship. FTWS 2008 addresses this issue for those who have not yet found a new job by asking them about their most recent employer and job. However, there remains a subset of employees who are in employment, but are no longer with the employer with whom they experienced the problem that is reported in the survey. In these cases, no information is provided on the characteristics of the job or employer that they left. Table 2 shows that 288 (25 per cent) of those 1,150 respondents who reported some adverse treatment by an employer in the two years prior to the survey were working for a different employer at the time of interview. The characteristics of the job and employer which are relevant to the problems reported by these individuals are not collected in FTWS 2008.

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serious problem started and the month and year that the most serious problem ended (respondents were not asked to specify the day of the month). For those whose most serious problem in the past 2 years was ongoing or at an early stage, the duration was calculated as the number of months between the month and year that the most serious problem started and the month and year of the interview.

**Table 2 : Whether adverse treatment occurred with current/recent or previous employer, by whether respondent is currently in employment**

	<b>Problem with current/recent employer</b>	<b>Problem only with previous employer</b>	<b>No problems in past two years</b>	<b>Total</b>
In employment	713	288	2,648	3,649
Not in employment	105	44	202	351
<b>Total</b>	<b>818</b>	<b>332</b>	<b>2,850</b>	<b>4,000</b>

Fevre et al. (2009: 87) address this issue by restricting their analysis to those workers whose problems arose with their current employer (or if not currently employed, their most recent employer). However, there is a risk that this may exclude from the sample those problems which are most difficult to resolve, if employees who encounter the most serious difficulties have a higher probability of changing employer. The issue is addressed in this report by including respondents whose problem was only with a previous employer, thus allowing their individual characteristics to be incorporated into the multivariate analysis when estimating the probability of adverse treatment. The characteristics of the present job and employer are then used as proxies for those of the previous job and employer. In fact, the results of the analysis are largely invariant to the approach taken.

Although the FTWS 2008 is comprehensive there are, nonetheless, some potentially important characteristics which are not observed in the survey. Some of these characteristics could be matched onto the dataset from external sources. Data were matched on from EUKLEMS at SIC(2007) Section-level to indicate average profitability in the industry sector (measured by the rate of return on capital employed in 2005) and to indicate whether the importance of labour inputs appeared to have risen or fallen in recent years (measured by the change in labour's share of value-added over the period 1998-2007)<sup>13</sup>. Data were matched on from the Quarterly Labour Force Survey 2008 to indicate the likely threat of unionisation to non-union organisations (measured by the density of union membership among employees within the organisation's SIC(2007) Section and Government Office Region). Finally, data were matched on from the Annual Population Survey 2008 to indicate the degree of monopsony power held by the employer in the external labour market (measured by the percentage of new hires in the employee's SOC Minor Group that were recruited from non-employment – see Manning (2003: 44-49)).

Characteristics which could be expected to shape the likelihood that employees reported adverse treatment but which were not observed, even by proxy, comprised: the nature of the production regime in the organisation; the

<sup>13</sup> These observation points were the latest available in EUKLEMS at the time of writing. See [www.euklems.net](http://www.euklems.net).

employer's awareness of employment rights; the employee's behavioural norms and expectations; and the personalities of individual employees and managers.

### 3.3 Analytical methods

The analysis begins in a descriptive manner by looking at the bivariate correlation between each of the factors observed from (see page 8) and the probability of adverse treatment. In other words, the analysis first examines the simple incidence of adverse treatment among employees with different characteristics. This serves to indicate the broad patterns of adverse treatment for employees with particular characteristics, in specific types of job or working for particular types of employer.

The descriptive analysis takes no account, however, of the inter-relationships between these various characteristics. It may be, for example, that employees in firms of a particular size are more likely to experience adverse treatment because the employees in such firms are less likely than the average employee to be given a written contract, with the latter characteristic being the more important determinant. Multivariate analysis is therefore conducted in order to take account of such inter-relationships and to identify the independent impact of each characteristic on the likelihood of adverse treatment.

Both of the measures of adverse treatment that are utilised in the analysis are binary variables, taking the value of one when the respondent has reported adverse treatment and zero when they have not. The relationships between each measure of adverse treatment and the factors observed from (page 8) are thus estimated using probit regression models (Long, 1997: 34-84). These probit regressions take the following form:

$$\text{Pr}(\text{adverse treatment} = 1) = \Phi (\beta_0 + \beta_1 L + \beta_2 P + \beta_3 J + \beta_4 F + \beta_5 E)$$

where:

$L$  is a vector of characteristics of the external labour market

$P$  is a vector of characteristics of the product market

$J$  is a vector of characteristics of the job

$F$  is a vector of characteristics of the firm (the employer)

$E$  is a vector of characteristics of the employee

As the survey data is cross-sectional, it is important to be cautious about attributing causality in the associations found in the analysis. Furthermore, one must also be cautious about the possibility of reverse causality and seek to include within the regression analysis only those characteristics which are exogenous to (i.e. are not themselves determined by) the experience of adverse treatment. If reverse causality is present, it is likely to bias the estimated coefficients and so will not indicate the likely independent causal effect of the specified characteristics in determining the probability of adverse treatment. A

principal example is union membership, since it is likely that an employee who perceives ill treatment at the hands of their employer may seek to join a union as a means of protection. The potential role of unions in reducing the likelihood of adverse treatment is thus indicated instead by a measure of whether the employer recognises a trade union for pay bargaining, since union recognition tends to be a long-standing characteristic which rarely changes (Kersley et al., 2006: 120-122). Job tenure is another example of a characteristic which is potentially endogenous, since adverse treatment on the part of an employer is likely to curtail the employment relationship in some cases. Age, occupation and academic qualifications are thus used as the preferred indicator of skills and abilities.

It may be argued that the climate of employment relations within the organisation and the financial health of the employee's household may also come within this category of variables liable to reverse causality. The arguments are not considered to be as strong as for union membership and job tenure, since a wide range of factors serve to determine the collective climate in a firm, and the financial health of an employee's household is only likely to be adversely affected if the problem with their employer leads to unemployment. Consequently these indicators are retained in the analysis. However, the sensitivity of the results to their exclusion is reported in the text.

The tables of results from the probit estimations, presented later in the report, indicate the estimated change in the probability of adverse treatment that arises from a one-unit change in the independent variable under consideration, when all other control variables are held at their mean values. In the case of categorical variables, it indicates the change in the probability of adverse treatment that arises from moving from the reference category to the category of interest. This is termed the 'marginal effect' of the characteristic on the probability of adverse treatment. Tables of results indicating the raw coefficients (the impact on the probit index) are available on request.

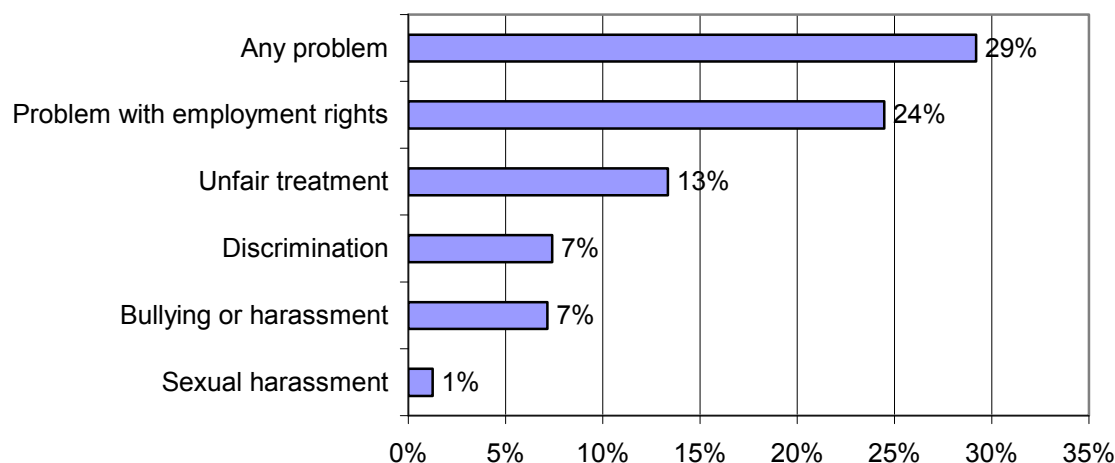
As noted above, all estimates presented in this report have been produced using weighted data. The impact of the complex sample design in inflating standard errors is captured through the use of a linearized variance estimator. In the discussion we focus only on those associations which are statistically significant from zero at the five per cent level or better.

# 4. Analysis and results

## 4.1 Descriptive analysis

As noted in Section 3.2, the first indicator of adverse treatment employed in the analysis is a generalised measure of whether the employee perceived themselves to have been subject to problems with their 'rights' at work, unfair treatment, discrimination, harassment or bullying in the two years prior to the survey. Twenty nine per cent of those employed at some point in the two years prior to the survey interview were adversely treated according to this measure (Figure 3). Twenty four per cent reported a problem relating to their 'rights' at work, 13 per cent reported unfair treatment, seven per cent discrimination, one per cent sex-based harassment and seven per cent other forms of bullying and harassment. Accordingly, some reported adverse treatment along more than one dimension.

**Figure 3: Incidence of perceived adverse treatment in past two years (general measure)**



Sou

Source: Fair Treatment at Work Survey 2008.

\*Weighted and based on 4,000 responses.

The simple variations in perceptions of adverse treatment on this general measure are indicated in Table 3. It is apparent that a number of the hypotheses raised in Section 2.3 receive initial support in this bivariate analysis. For example, it is apparent that adverse treatment is more commonly experienced by those who would find it more difficult to find a similar or better job (i.e. those with limited options in the external labour market) than those who would find it easy. It is also more commonly experienced by those without a written contract of employment (44 per cent), those without colleagues with whom they can discuss work-related problems (52 per cent) and those who consider that their employer discriminates in favour of certain types of worker (58 per cent). Adverse treatment is also more common among younger workers, among those with long-standing health problems (44 per cent), those who are not heterosexual (46 per cent) and those with some/deep financial difficulties (56 per cent). The incidence of these various characteristics within the population is indicated in Annex B.

**Table 3: Incidence of perceived adverse treatment (general measure), by characteristics of the labour market, product market, employer, job and employee**

Characteristics	Any problem		
	Mean	Standard error	Number of responses
<b>External labour market</b>			
Ease of finding similar/better job:			
Not currently in work	0.431	0.030	351
Fairly/very easy	0.252	0.012	1758
Fairly difficult	0.290	0.016	1135
Very difficult	0.369	0.022	615
<b>Product market</b>			
Internal rate of return:			
Less than 1.9%	0.288	0.018	887
1.9-5.0%	0.336	0.017	1000
5.1-13.0%	0.275	0.016	1073
13.0% or more	0.270	0.016	1018
Change in labour's share of value-added:			
Increase of 4% or more	0.277	0.016	1035
Increase of 0.6-2.3%	0.274	0.014	1349
Increase of 0.1-0.5%	0.316	0.022	610
Decrease	0.317	0.017	987
<b>Job characteristics</b>			
No written contract of employment	0.436	0.025	495
In temporary job	0.358	0.032	300
Agency worker	0.322	0.052	113
Occupation:			
Managerial, intermediate and own-account	0.273	0.010	2339
Lower supervisory/technical/semi-routine	0.324	0.016	1097
Routine	0.298	0.023	515
Earnings in current/most recent job:			
Refused / Don't know	0.196	0.024	341
Earn less than £25,000	0.334	0.011	2388
Earn £25,000 or more	0.237	0.013	1271
Work less than 4 days a week	0.325	0.024	556
No-one at work to discuss work-related problems with	0.524	0.029	385

*Table 3 continued on next page*

*Table 3 continued*

Characteristics	Any problem		
	Mean	Standard error	Number of responses
<b>Employer/firm characteristics</b>			
Family-owned/Charity	0.306	0.020	697
Organisation size:			
Less than 10 employees	0.214	0.025	366
10-49 employees	0.266	0.023	431
50-249 employees	0.287	0.027	394
250+ employees	0.308	0.011	2347
Don't know	0.297	0.025	462
Union threat:			
Union recognition	0.297	0.013	1538
No recognition, industry union density 42% or more	0.306	0.027	394
No recognition, union density 22-42%	0.286	0.021	594
No recognition, union density 10-21%	0.291	0.021	661
No recognition, union density less than 10%	0.278	0.020	677
No HR department	0.305	0.018	943
Relationship between managers and employees:			
Very good	0.190	0.011	1805
Quite good	0.304	0.013	1710
Not very good	0.627	0.030	353
Not at all good	0.820	0.043	102
Employer thought to prefer certain types of workers	0.583	0.035	246
<b>Employee characteristics</b>			
Highest educational qualification:			
Higher degree or post-graduate	0.272	0.022	519
Degree (undergraduate)	0.301	0.021	603
Diplomas in higher education	0.285	0.024	497
A-/AS-levels/SCE higher	0.345	0.021	697
O-level/GCSE grades A-C	0.276	0.018	748
O level/GCSE grades D-G	0.271	0.028	344
Other	0.244	0.036	180
None	0.282	0.026	396
Number of days off sick in past year:			
5 or less	0.261	0.009	3217
6-10 days	0.359	0.030	318
11 days or more	0.499	0.029	389

*Table 3 continued on next page*

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*Table 3 continued*

<b>Characteristics</b>	<b>Any problem</b>		
	<b>Mean</b>	<b>Standard error</b>	<b>Number of responses</b>
Age:			
16-24	0.349	0.026	454
25-32	0.301	0.019	683
33-40	0.289	0.018	795
41-49	0.285	0.016	917
50 or more	0.259	0.015	1151
Not asked questions on awareness of employment rights	0.280	0.014	1340
Would go to Acas for information on rights at work	0.221	0.022	514
Not asked questions on places would seek advice on rights	0.303	0.014	1384
Not competent in spoken English	0.308	0.051	119
Female	0.321	0.012	2051
Black or Asian (ref. White or mixed race)	0.262	0.028	340
Long-standing health problem	0.443	0.025	505
Not heterosexual	0.459	0.070	70
Non-migrant	0.296	0.009	3512
EU migrant	0.268	0.043	137
Non-EU migrant	0.264	0.027	341
Financial position:			
Manage very/quite well	0.247	0.011	2283
Get by alright	0.322	0.014	1358
Don't manage very well	0.486	0.047	145
Have some/deep financial difficulties	0.563	0.040	184
Not living with someone as a couple	0.325	0.014	1527
Dependent children under 18 in household	0.299	0.013	1595
Cares for ill or disabled family or friends	0.400	0.025	520
Don't have someone close to talk about personal things	0.357	0.042	165

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*Table 3 continued on next page*

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Table 3 continued

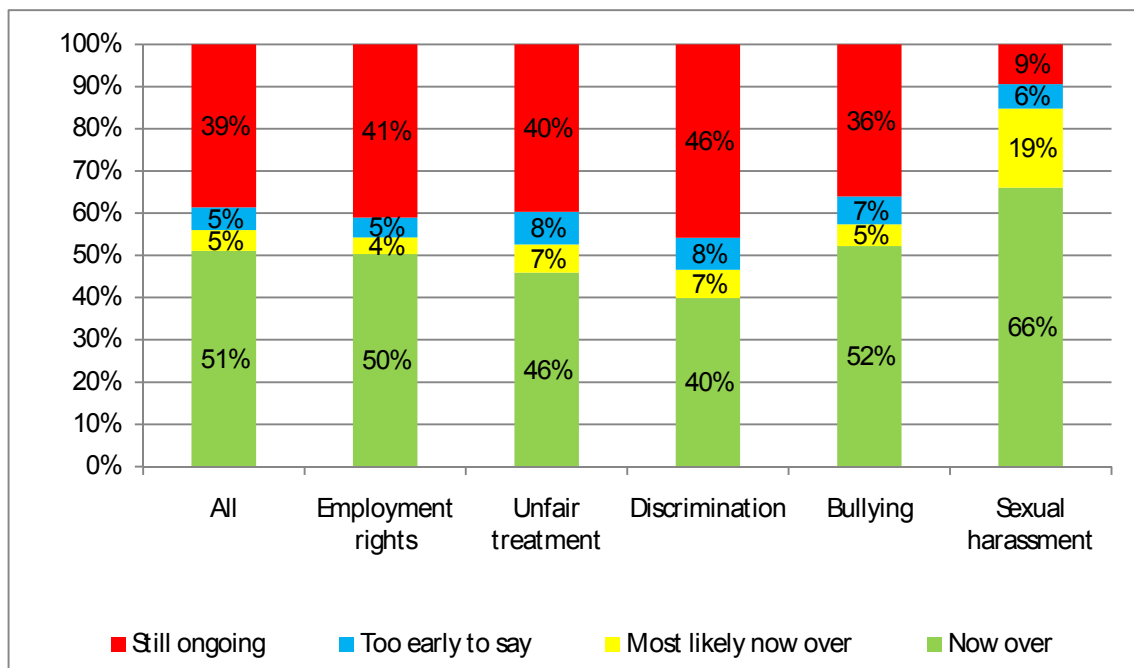
Characteristics	Any problem		
	Mean	Standard error	Number of responses
<b>Personal relationship</b>			
Related to manager or employer	0.271	0.042	160

Source: Fair Treatment at Work Survey 2008

\* Weighted responses. Awareness of employment rights was measured on a 30-item scale and so it is omitted from this table.

As discussed in Section 3.2, the second indicator of adverse treatment focuses on those whose most serious problem in the last two years was not resolved in a 'restorative' manner. Thirty nine per cent of cases of adverse treatment were considered to be ongoing (see Figure 4). If those individuals who reported an ongoing problem (12 per cent of all individuals covered by the survey) are excluded, then 7 per cent of individuals experienced a problem with a non-restorative solution. If ongoing problems are assumed to end non-restoratively, the figure increases to 18 per cent (see Table 4).

Figure 4: Status of dispute at time of interview by nature of most serious problem (in two years before interview)



Source: Fair Treatment at Work Survey 2008

Weighted and based on 4,010 observations.

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**Table 4: Outcome from most serious problem in past 2 years**

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	<b>Restorative</b>	<b>Non-restorative</b>	<b>Ongoing</b>
Problem in past 2 years	7% (250)	6% (235)	12% (447)
No problem in past 2 years	75% (2,850)		

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Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 3,782 responses

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Table 5 indicates how the prevalence of adverse treatment varies on these two alternative measures. The first set of columns show the incidence of ‘problems with non-restorative outcomes’ when individuals with ongoing problems have been excluded from the base (with the overall incidence of adverse treatment then standing at 0.07, i.e. 7 per cent). The second set of columns show the incidence if these ongoing problems are assumed to reach non-restorative conclusions (when the overall incidence is then 0.18, i.e. 18 per cent). A number of the factors highlighted from Table 3 are shown to be relevant here also. Non-restorative solutions are thus more common among those with fewer alternative options in the external labour market, those without a written contract of employment, those without social support in the workplace, those with discriminating employers, young workers, those with long-standing health conditions and those who are not heterosexual.

**Table 5: Incidence of adverse treatment with non-restorative outcomes, by characteristics of the labour market, product market, employer, job and employee**

Characteristics	Non-restorative			Non-restorative (assuming ongoing do not reach restorative conclusion)		
	Mean	Standard error	N	Mean	Standard error	N
<b>External labour market</b>						
Ease of finding similar/better job:						
Not currently in work	0.222	0.028	305	0.308	0.029	340
Fairly/very easy	0.056	0.007	1552	0.143	0.010	1713
Fairly difficult	0.061	0.009	982	0.183	0.013	1116
Very difficult	0.090	0.015	491	0.246	0.020	602
<b>Product market</b>						
Internal rate of return:						
Less than 1.9%	0.101	0.012	774	0.208	0.016	872
1.9-5.0%	0.070	0.010	842	0.201	0.014	977
5.1-13.0%	0.066	0.009	935	0.159	0.013	1042
13.0% or more	0.065	0.010	891	0.162	0.013	997
Change in labour's share of value-added:						
Increase of 4% or more	0.100	0.012	897	0.193	0.014	1010
Increase of 0.6-2.3%	0.065	0.008	1181	0.164	0.012	1317
Increase of 0.1-0.5%	0.052	0.011	520	0.188	0.018	599
Decrease	0.074	0.010	846	0.188	0.014	965
<b>Job characteristics</b>						
No written contract of employment	0.169	0.022	393	0.324	0.024	481
In temporary job	0.117	0.022	261	0.198	0.025	291
Agency worker	0.082	0.027	100	0.137	0.033	109
Occupation:						
Managerial, intermediate and own-account	0.064	0.006	2057	0.159	0.009	2291
Lower supervisory/technical/semi-routine	0.085	0.010	923	0.214	0.014	1071
Routine	0.101	0.016	441	0.206	0.021	502

*Table 5 continued on next page*

Table 5 continued

Characteristics	Non-restorative			Non-restorative (assuming ongoing do not reach restorative conclusion)		
	Mean	Standard error	N	Mean	Standard error	N
Earnings in current/most recent job:						
Refused / Don't know	0.043	0.013	308	0.115	0.019	334
Earn less than £25,000	0.094	0.007	2023	0.216	0.010	2329
Earn £25,000 or more	0.047	0.007	1129	0.132	0.011	1245
Work less than 4 days a week	0.088	0.015	476	0.197	0.020	544
No-one at work to discuss work-related problems with	0.203	0.029	276	0.404	0.029	375
<b>Employer/firm characteristics</b>						
Family-owned/Charity	0.093	0.014	599	0.203	0.018	681
Organisation size:						
Less than 10 employees	0.098	0.018	334	0.177	0.024	363
10-49 employees	0.086	0.017	379	0.171	0.021	420
50-249 employees	0.060	0.015	338	0.164	0.021	385
250+ employees	0.071	0.006	2012	0.186	0.009	2294
Don't know	0.074	0.015	397	0.183	0.021	446
Union threat:						
Union recognition	0.052	0.007	1314	0.174	0.011	1504
No recognition, industry union density 42% or more	0.089	0.017	333	0.220	0.024	383
No recognition, union density 22-42%	0.093	0.016	523	0.179	0.019	581
No recognition, union density 10-21%	0.097	0.014	578	0.187	0.017	647
No recognition, union density less than 10%	0.072	0.012	596	0.162	0.016	660
No HR department	0.109	0.013	800	0.216	0.016	917
Relationship between managers and employees:						
Very good	0.057	0.007	1696	0.097	0.008	1768
Quite good	0.065	0.007	1458	0.184	0.011	1676
Not very good	0.186	0.028	223	0.486	0.032	340
Not at all good	0.454	0.074	60	0.667	0.053	96
Employer thought to prefer certain types of workers	0.198	0.036	175	0.433	0.037	240

Table 5 continued on next page

Table 5 continued

Characteristics	Non-restorative			Non-restorative (assuming ongoing do not reach restorative conclusion)		
	Mean	Standard error	N	Mean	Standard error	N
<b>Employee characteristics</b>						
Highest educational qualification:						
Higher degree or post-graduate	0.069	0.013	463	0.149	0.017	508
Degree (undergraduate)	0.065	0.012	520	0.178	0.017	594
Diplomas in higher education	0.059	0.014	424	0.175	0.020	481
A-/AS-levels/SCE higher	0.093	0.014	585	0.213	0.018	677
O-level/GCSE grades A-C	0.071	0.011	647	0.172	0.016	732
O level/GCSE grades D-G	0.077	0.017	301	0.172	0.023	338
Other	0.066	0.026	161	0.179	0.035	178
None	0.089	0.016	346	0.196	0.025	384
Number of days off sick in past year:						
5 or less	0.070	0.006	2838	0.163	0.007	3153
6-10 days	0.096	0.020	264	0.228	0.026	313
11 days or more	0.107	0.021	292	0.303	0.027	371
Age:						
16-24	0.119	0.018	393	0.214	0.022	439
25-32	0.078	0.012	585	0.179	0.016	664
33-40	0.076	0.011	691	0.172	0.014	774
41-49	0.067	0.010	782	0.187	0.014	896
50 or more	0.052	0.008	1009	0.164	0.013	1135
Not asked questions on awareness of employment rights	0.071	0.008	1176	0.168	0.012	1317
Would go to Acas for information on rights at work	0.052	0.012	470	0.127	0.017	509
Not asked questions on places would seek advice on rights	0.069	0.008	1179	0.194	0.012	1352
Not competent in spoken English	0.078	0.027	104	0.187	0.042	117
Female	0.093	0.008	1771	0.202	0.010	2008
Black or Asian (ref. White or mixed race)	0.062	0.016	302	0.155	0.022	333
Long-standing health problem	0.133	0.019	389	0.304	0.023	491
Not heterosexual	0.121	0.044	56	0.282	0.061	68

Table 5 continued on next page

Table 5 continued

Characteristics	Non-restorative			Non-restorative (assuming ongoing do not reach restorative conclusion)		
		Standard			Standard	
	Mean	error	N	Mean	error	N
Non-migrant	0.077	0.006	3031	0.183	0.008	3430
EU migrant	0.059	0.019	120	0.172	0.037	134
Non-EU migrant	0.054	0.014	300	0.160	0.023	334
Financial position:						
Manage very/quite well	0.045	0.005	2038	0.131	0.008	2231
Get by alright	0.099	0.010	1159	0.212	0.013	1329
Don't manage very well	0.203	0.043	110	0.391	0.047	140
Have some/deep financial difficulties	0.262	0.045	126	0.472	0.041	179
Not living with someone as a couple	0.093	0.010	1299	0.198	0.012	1486
Dependent children under 18 in household	0.076	0.008	1377	0.184	0.011	1557
Cares for ill or disabled family or friends	0.077	0.014	426	0.231	0.021	505
Don't have someone close to talk about personal things	0.093	0.032	132	0.245	0.039	162
<b>Personal relationship</b>						
Related to manager or employer	0.131	0.035	145	0.193	0.038	155

Source: Fair Treatment at Work Survey 2008

\* Weighted responses. Awareness of employment rights was measured on a 30-item scale and so it is omitted from this table.

## 4.2 Multivariate analysis of problems at work

The various factors included in the preceding tables were entered into multivariate analyses in order to identify the independent impact of each characteristic on the likelihood of adverse treatment. Table 6 shows the results from the multivariate analysis of the more generalised measure of perceived adverse treatment, as previously introduced in Table 3. As noted in Section 3.3, the table presents marginal effects. In the case of continuous variables, the marginal effect indicates the estimated change in the probability of adverse treatment that arises from a one-unit change in the variable when all other variables are held at their mean values. In the case of categorical variables, it indicates the effect of moving from the reference category to the category of interest.

**Table 6: Marginal effects of various characteristics on the probability of adverse treatment (general measure)**

<b>Any problem in 2 years before interview</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
<b>External labour market</b>				
Ease of finding similar or better job (ref. fairly/very easy):				
Not currently in work	0.049	0.030	1.64	0.107
Fairly difficult	0.037	0.019	1.88	0.065
Very difficult	0.078	0.024	3.29	0.002
<b>Product market</b>				
Internal rate of return	-0.103	0.076	-1.35	0.183
Change in labour's share of value-added (ref. Increase of 4% or more):				
Increase of 0.6-2.3%	0.051	0.024	2.08	0.041
Increase of 0.1-0.5%	0.086	0.030	2.89	0.005
Decrease	0.108	0.027	3.98	0.000
<b>Job characteristics</b>				
No written contract of employment	0.140	0.026	5.30	0.000
In temporary job	0.015	0.033	0.44	0.663
Agency worker	-0.018	0.055	-0.33	0.739
Occupation (ref. Managerial, intermediate and own-account):				
Lower supervisory/technical/semi-routine	0.022	0.022	1.00	0.323
Routine	0.023	0.030	0.77	0.442
Earnings in current / most recent job (ref. £25,000 or more):				
Refused / Don't know	0.003	0.037	0.09	0.929
Earn less than £25,000	0.051	0.021	2.42	0.019
Work less than 4 days a week	0.027	0.025	1.07	0.288
No-one at work to discuss work-related problems with	0.134	0.029	4.63	0.000
<b>Employer/firm characteristics</b>				
Family-owned/Charity	0.053	0.025	2.16	0.035

*Table 6 continued on next page*

*Table 6 continued*

<b>Any problem in 2 years before interview</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Organisation size (ref. 250+ employees):				
Less than 10 employees	-0.120	0.039	-3.06	0.003
10-49 employees	-0.082	0.031	-2.69	0.009
50-249 employees	-0.010	0.028	-0.34	0.735
Don't know	-0.046	0.030	-1.49	0.140
Union threat (ref. Union recognition):				
No recognition, industry union density 42% or more	-0.078	0.030	-2.60	0.012
No recognition, union density 22-42%	-0.020	0.027	-0.73	0.469
No recognition, union density 10-21%	0.026	0.027	0.94	0.349
No recognition, union density less than 10%	0.007	0.027	0.28	0.781
No HR department	0.000	0.025	-0.01	0.996
Relationship between managers and employees (ref. Very good):				
Quite good	0.094	0.017	5.52	0.000
Not very good	0.284	0.030	9.52	0.000
Not at all good	0.421	0.056	7.58	0.000
Employer thought to prefer certain types of workers	0.165	0.033	5.05	0.000
<b>Employee characteristics</b>				
Highest educational qualification (ref. None):				
Higher degree or post-graduate	0.039	0.042	0.93	0.356
Degree (undergraduate)	0.054	0.039	1.39	0.170
Diplomas in higher education	0.022	0.038	0.57	0.574
A-/AS-levels/SCE higher	0.044	0.036	1.22	0.228
O-level/GCSE grades A-C	-0.024	0.036	-0.67	0.506
O level/GCSE grades D-G	-0.066	0.040	-1.66	0.102
Other	0.024	0.049	0.50	0.621
Number of days off sick in past year (ref. 5 or less):				
6-10 days	0.032	0.027	1.17	0.247
11 days or more	0.153	0.025	6.10	0.000

*Table 6 continued on next page*

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*Table 6 continued*

<b>Any problem in 2 years before interview</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Age (ref. 50 and over):				
16-24	0.150	0.032	4.68	0.000
25-32	0.095	0.026	3.60	0.001
33-40	0.073	0.026	2.77	0.007
41-49	0.037	0.025	1.49	0.141
Awareness of employment rights	0.004	0.003	1.21	0.230
Not asked questions on awareness of employment rights	-0.026	0.020	-1.30	0.197
Would go to Acas for information on rights at work	-0.062	0.027	-2.34	0.023
Not asked questions on places would seek advice on rights	-0.013	0.020	-0.67	0.506
Not competent in spoken English	-0.057	0.062	-0.92	0.361
Female	0.027	0.018	1.49	0.141
Black or Asian (ref. White or mixed race)	-0.082	0.040	-2.04	0.046
Long-standing health problem	0.066	0.025	2.67	0.010
Not heterosexual	0.096	0.058	1.65	0.104
Whether migrant (ref. Non-migrant):				
EU migrant	-0.073	0.050	-1.46	0.149
Non-EU migrant	-0.011	0.039	-0.29	0.776
Financial position (ref. Manage very/quite well):				
Get by alright	0.035	0.018	1.97	0.054
Don't manage very well	0.062	0.046	1.35	0.183
Have some/deep financial difficulties	0.138	0.042	3.27	0.002
Not living with someone as a couple	0.016	0.018	0.89	0.379
Dependent children under 18 in household	0.021	0.019	1.10	0.277
Cares for ill or disabled family or friends	0.073	0.023	3.16	0.002

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*Table 6 continued on next page*

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Table 6 continued

Any problem in 2 years before interview	Marginal Effect	Standard Error	T-statistic	P-value
Don't have someone close to talk about personal things	-0.025	0.042	-0.60	0.549
<b>Personal relationship</b>				
Related to manager or employer	-0.027	0.042	-0.65	0.549

Source: Fair Treatment at Work Survey 2008

\*F=8.04; Weighted and based on 3,250 responses.

Considering first the influence of the external labour market, it is clear that those individuals with fewer outside options remain more likely to experience adverse treatment after controlling for all other observed factors. When compared with those who report that it would be 'fairly easy' or 'very easy' to find a similar or better job, those who report that it would be 'very difficult' are 7.8 percentage points more likely to report adverse treatment. The other potential indicator of the state of the external labour market mentioned in Section 3.2, namely the fraction of employees in the SOC group hired from non-employment, was not statistically significant and so was dropped from the final specification. It seems likely that the indicator arising from the survey itself was sufficient to identify employers' monopsony power.

Turning to the influence of the product market, the indicator of the sectoral rate of profitability – used as a proxy for product market power – was negatively signed, in line with the hypothesis outlined in Section 2.3. However, the coefficient was not precisely estimated and so was not significantly different from zero. The change in labour's share of value-added, on the other hand, did show a statistically significant association with the probability of adverse treatment. In line with expectations, individuals working in sectors where labour had been squeezed were more likely to experience adverse treatment than those working in sectors where labour had prospered. Those individuals working in sectors where labour's share of value added had declined over the period 1998-2007 (e.g. Mining and quarrying; Electricity, gas and water supply; and Financial intermediation) were 10.8 percentage points more likely to have experienced adverse treatment than those individuals working in sectors where labour's share had risen by 4 percentage points or more (e.g. Manufacturing; and Other community, social and personal services).

Some job characteristics were also found to be independently related to the probability of adverse treatment. The absence of a written contract of employment raised the probability of adverse treatment by 14.0 percentage points, whilst the absence of a social support structure among work colleagues raised it by 13.4 percentage points. The probability of adverse treatment was 5.1 percentage points higher among those earning less than £25,000 than it was among higher paid workers, although this association may arguably reflect productivity differentials (strictly an employee characteristic, rather than a job characteristic). Having a temporary contract, being in a routine or semi-routine occupation and working fewer than four days per week were each positively associated with the probability of

adverse treatment but the magnitude of the estimated effects was too small to render them statistically significant.

The set of employer/firm characteristics provided further determinants of adverse treatment. Individuals working for family-owned firms or charities were 5.3 percentage points more likely to experience adverse treatment than those working for private companies or the public sector, even after controlling for product market characteristics and organisation size. The relationship between organisation size and adverse treatment was particularly notable since, in contradiction to many stereotypes, adverse treatment was least likely in micro and small firms. Employees in firms with fewer than 10 employees were 12.0 percentage points less likely to report adverse treatment than employees in large firms (those with 250 or more employees), whilst employees in firms with 10-49 employees were 8.2 percentage points less likely to do so. Whilst this may reflect the less codified nature of employment in small firms (see Section 2.3 for a discussion), it is also notable that the pattern accords with that seen in respect of a broader set of perceptions of job quality, observed in WERS 2004 (Forth et al., 2006).

Union status also provides considerable interest since employees working in organisations which recognise trade unions are no less likely to be adversely treated than employees working in non-union organisations, after controlling for other factors. In contrast, adverse treatment is least likely in those non-union organisations that are operating in sectors and regions where unionisation is relatively common. It can be surmised that the union threat may be working to dissuade such employers from treating their employees adversely, in case such treatment should stimulate an organising campaign.

The presence of an HR department is not found to affect the probability of adverse treatment. However, if the respondent considered that their employer preferred certain types of worker (with such a non-meritocratic approach arguably being more likely in the absence of a specialist HR function), then the likelihood of adverse treatment was increased. Working for a 'discriminating' employer raised the probability of adverse treatment by 16.5 percentage points on average. The effect remained even after those whose reported problem related specifically to perceived discrimination were removed from the analysis. It would seem, therefore, that employers who favour certain groups are more likely to treat employees adversely in other ways as well.

Finally in the section of employer characteristics, the likelihood of adverse treatment was found to be very strongly associated with the general climate of employment relations at the establishment. When compared with individuals working in organisations where the climate was considered (by the respondent) to be 'very good', those in organisations where the climate was considered only 'quite good' were 9.4 percentage points more likely to report adverse treatment. The few in organisations where the climate was 'not very good' were 28.4 per cent more likely to report adverse treatment, whilst the small minority in organisations where the climate was 'not at all good' were 42.1 per cent more likely. These are very large effects

indeed. However, only around one in ten employees worked in organisations where the climate was considered either ‘not very good’ or ‘not at all good’<sup>14</sup>.

The final set of characteristics concerns the employee themselves. Their academic qualifications were not found to be associated with the probability of adverse treatment. This perhaps indicates that employee productivity was picked up elsewhere in the model.

Health and age are two factors which may be related to productivity (among other things), and both showed statistically significant associations with the probability of adverse treatment. Employees who had recorded 11 days or more of sick leave in the year prior to the interview were 15.3 percentage points more likely to report adverse treatment by their employer than employees who had recorded 5 days or less. Younger workers were also more likely to report adverse treatment than older workers. A worker aged 16-24 years old was 15.0 percentage points more likely to report adverse treatment than a worker aged 50 or over.

The employee’s level of awareness of specific employment rights was, surprisingly, not found to reduce the probability of adverse treatment. However those who mentioned Acas when asked to list bodies which they might go to for information on rights at work were 6.2 percentage points less likely to report adverse treatment than those who did not mention this organisation<sup>15</sup>. This suggests that an awareness of where to obtain information on employment rights – and awareness of Acas in particular – can help to protect against adverse treatment. A similar variable indicating awareness of Citizens Advice Bureaux was not statistically significant.

Language ability was not a statistically significant predictor of adverse treatment; nor was an indicator of whether the employee was a migrant. However, those factors which are typically associated with disadvantage among migrants in the labour market, such as low skills, low wages and the absence of written contracts were controlled for elsewhere<sup>16</sup>. Some other demographic characteristics were related to the probability of adverse treatment, however, with individuals that had a long-standing health problem or disability 6.6 percentage points more likely to report adverse treatment than those without, and gay/lesbian/bisexual workers 9.6 percentage points more likely to report adverse treatment than non-heterosexuals, after controlling for other factors. Gender, in contrast, was not independently associated with the probability of adverse treatment, whilst members of Black or Asian ethnic minority groups were actually less likely to report adverse treatment than members of White or Mixed Race groups.

Among the remaining employee characteristics, the financial position of the employee’s household and the presence of caring responsibilities were both found to be associated with the probability of adverse treatment. Following the hypotheses set

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<sup>14</sup> The sensitivity of the other estimated effects in the model to the inclusion of the climate variable was tested, in view of concerns about its potential endogeneity (see Section 3.3). However, the other effects were found to be largely unaffected.

<sup>15</sup> Respondents were not prompted with possible sources of advice.

<sup>16</sup> The survey did not seek to determine whether they were legally resident or permitted to work.

out in Section 2.3, employees who were struggling to manage financially were more likely to be vulnerable to adverse treatment than those who were managing well, whilst those who cared for an ill or disabled family-member or friend were more likely to be vulnerable to adverse treatment than those without such responsibilities. These factors thus indicate clearly that factors external to the job may affect an employee's vulnerability to adverse treatment within employment.

Finally, it can be noted that the multivariate analysis reported here has included a number of characteristics that were not included in the comparable analysis of perceived adverse treatment reported by Fevre et al. (2009: Table B7.3). A number of these have proved to be statistically significant determinants of adverse treatment and this is reflected in the improved fit of the model when compared with Fevre et al.'s specification. A pseudo- $R^2$  of 0.33 is obtained from the specification presented in Table 6, compared with a pseudo- $R^2$  of 0.13 under Fevre et al.'s specification<sup>17</sup>. Whilst pseudo- $R^2$  values cannot be interpreted in a meaningful way in isolation, they are a valid way of comparing models predicting the same outcome using the same dataset. To complement these general indicators, Table 7 provides a comparison of predicted and actual outcomes using Fevre et al.'s specification, which can be examined alongside Table 8, which shows predicted and actual outcomes for the specification shown in Table 6. The comparison indicates that the Fevre et al. specification was less successful in correctly predicting whether respondents experienced a problem than was the specification presented in this report (the former correctly predicted 13 per cent of cases of adverse treatment whilst the latter correctly predicted 39 per cent). Consequently, overall the Fevre et al. model predicted a lower proportion of outcomes correctly than the model presented in Table 6 (73 per cent, compared with 78 per cent).

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<sup>17</sup> The pseudo- $R^2$  are obtained using McEvley and Zavoina's approach. Although the analysis reported by Fevre et al in Table B7.3 focuses on the experience of problems in any of the five years preceding the survey, we conduct an otherwise equivalent analysis on the experience of problems in the two years preceding the survey so as to ensure strict comparability with the dependent variable reported in Table 6.

**Table 7: Any problem in 2 years before interview, classification table based on the model used in Table B7.3 of Fevre et al. 2009**

<b>Observed</b>	<b>Predicted</b>		<b>Total</b>	<b>Correct (row %)</b>
	<b>No</b>	<b>Yes</b>		
No	2,075	89	2164	95.9
Yes	735	108	843	12.8
Total	2810	197	3007	
<b>Total correct (%)</b>				72.6
<b>Pseudo R<sup>2</sup></b>				0.130

Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 3,007 responses

**Table 8: Any problem in 2 years before interview, classification table based on the model used in Table 6**

<b>Observed</b>	<b>Predicted</b>		<b>Total</b>	<b>Correct (row %)</b>
	<b>No</b>	<b>Yes</b>		
No	2,011	153	2164	92.9
Yes	517	326	843	38.7
Total	2528	479	3007	
<b>Total correct (%)</b>				77.7
<b>Pseudo R<sup>2</sup></b>				0.331

Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 3,007 responses

### 4.3 Multivariate analysis of problems with non-restorative outcomes

The multivariate analysis was repeated for the two alternative indicators of non-restorative outcomes: that from which those with ongoing problems were excluded; and that in which all ongoing problems were assumed to lead to non-restorative outcomes. The results are presented in Table 9 and Table 12 respectively.

The process of refining the model specification identified no additional covariates that were significantly related to the probability of adverse treatment on these measures, other than those which are reported in Table 6. Consequently, the models reported in Table 9 and Table 12 were estimated with this same set of covariates. It can immediately be noted, however, that fewer of the covariates are statistically significant in these models. Those which are statistically significant in Table 9 and Table 12 are typically those which exhibited the strongest associations with the probability of adverse treatment in Table 6.

Focusing first on Table 9, one finds that neither the external labour market nor the product market appear to have an influence on the incidence of problems with non-restorative outcomes. The first characteristic found to be associated with such problems is the absence of a written contract of employment. Employees without a written contract were 3.5 percentage points more likely to report a problem which ended in a non-restorative solution. The second job characteristic associated with non-restorative outcomes was the absence of social support within the workplace. Employees without a social support structure at work were 3.4 percentage points more likely to report a problem which ended in a non-restorative solution.

Turning to employer characteristics, the climate of employment relations was found to be an important predictor of outcomes, as it had been of the more general measure of adverse treatment. The minority of employees in organisations where the climate was either 'not very good' or 'not at all good' were at least 5 percentage points more likely to report a non-restorative outcome than employees in organisations with more favourable climates. Those employees in organisations where the employer was considered to discriminate in favour of certain groups were 5.7 percentage points more likely to report problems with non-restorative outcomes than other workers.

In terms of employee characteristics, younger workers and those with long-standing health problems were more likely to report problems with non-restorative outcomes than were their comparators. Finally, in keeping with the analysis of the more general measure of adverse treatment, employees with financial difficulties were more likely to report problems with non-restorative outcomes than were employees whose households were in better financial health. Those employees in households with some/deep financial difficulties were 7.3 percentage points more likely to report such problems than were employees who considered that they were managing quite well or very well.

**Table 9: Marginal effect of various characteristics on likelihood of having experienced a non-restorative outcome in the 2 years before interview**

<b>Non-restorative outcome from most serious problem in past 2 years</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
<b>External labour market</b>				
Ease of finding similar or better job (ref. fairly/very easy):				
Not currently in work	0.051	0.016	3.25	0.002
Fairly difficult	0.015	0.011	1.35	0.181
Very difficult	0.022	0.015	1.48	0.143
<b>Product market</b>				
Internal rate of return				
	-0.068	0.044	-1.56	0.123
Change in labour's share of value-added (ref. Increase of 4% or more):				
Increase of 0.6-2.3%	-0.026	0.014	-1.82	0.074
Increase of 0.1-0.5%	-0.028	0.018	-1.58	0.118
Decrease	-0.001	0.017	-0.04	0.971
<b>Job characteristics</b>				
No written contract of employment				
	0.035	0.014	2.52	0.014
In temporary job				
	0.001	0.020	0.07	0.943
Agency worker				
	-0.011	0.030	-0.36	0.723
Occupation (ref. Managerial, intermediate and own-account):				
Lower supervisory/technical/semi-routine				
	-0.013	0.013	-1.05	0.300
Routine				
	0.005	0.016	0.31	0.761
Earnings in current / most recent job (ref. £25,000 or more):				
Refused / Don't know				
	0.009	0.021	0.40	0.689
Earn less than £25,000				
	0.010	0.013	0.78	0.437
Work less than 4 days a week				
	-0.001	0.015	-0.05	0.963
No-one at work to discuss work-related problems with				
	0.034	0.016	2.04	0.045

*Table 9 continued on next page*

*Table 9 continued*

<b>Non-restorative outcome from most serious problem in past 2 years</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
<b>Employer/firm characteristics</b>				
Family-owned/Charity	0.006	0.014	0.41	0.685
Organisation size (ref. 250+ employees):				
Less than 10 employees	-0.017	0.020	-0.88	0.383
10-49 employees	-0.007	0.017	-0.41	0.681
50-249 employees	-0.031	0.019	-1.64	0.105
Don't know	-0.033	0.019	-1.76	0.084
Union threat (ref. Union recognition):				
No recognition, industry union density 42% or more	0.001	0.019	0.05	0.961
No recognition, union density 22-42%	0.012	0.015	0.77	0.444
No recognition, union density 10-21%	0.015	0.016	0.96	0.343
No recognition, union density less than 10%	0.014	0.014	0.95	0.346
No HR department	0.009	0.014	0.63	0.529
Relationship between managers and employees (ref. Very good):				
Quite good	0.014	0.010	1.36	0.180
Not very good	0.053	0.015	3.42	0.001
Not at all good	0.134	0.027	4.97	0.000
Employer thought to prefer certain types of workers	0.057	0.018	3.13	0.003
<b>Employee characteristics</b>				
Highest educational qualification (ref. None):				
Higher degree or post-graduate	0.022	0.023	0.96	0.340
Degree (undergraduate)	-0.002	0.021	-0.07	0.942
Diplomas in higher education	0.005	0.022	0.23	0.815
A-/AS-levels/SCE higher	0.001	0.020	0.06	0.951
O-level/GCSE grades A-C	-0.011	0.020	-0.55	0.583
O level/GCSE grades D-G	-0.020	0.022	-0.89	0.378
Other	-0.021	0.029	-0.74	0.462

*Table 9 continued on next page*

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*Table 9 continued*

<b>Non-restorative outcome from most serious problem in past 2 years</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Number of days off sick in past year (ref. 5 or less):				
6-10 days	0.002	0.016	0.11	0.910
11 days or more	0.018	0.017	1.09	0.282
Age (ref. 50 and over):				
16-24	0.067	0.017	3.87	0.000
25-32	0.036	0.016	2.19	0.032
33-40	0.028	0.017	1.70	0.095
41-49	0.017	0.016	1.03	0.305
Awareness of employment rights	0.000	0.002	0.02	0.982
Not asked questions on awareness of employment rights	-0.011	0.011	-1.01	0.317
Would go to Acas for information on rights at work	-0.012	0.016	-0.76	0.452
Not asked questions on places would seek advice on rights	-0.018	0.012	-1.49	0.142
Not competent in spoken English	-0.100	0.052	-1.92	0.059
Female	0.020	0.011	1.82	0.073
Black or Asian (ref. White or mixed race)	0.000	0.022	0.00	0.998
Long-standing health problem	0.035	0.015	2.35	0.022
Not heterosexual	0.044	0.031	1.39	0.169
Whether migrant (ref. Non-migrant):				
EU migrant	-0.063	0.037	-1.72	0.090
Non-EU migrant	-0.033	0.023	-1.48	0.143
Financial position (ref. Manage very/quite well):				
Get by alright	0.032	0.010	3.08	0.003
Don't manage very well	0.042	0.025	1.69	0.095
Have some/deep financial difficulties	0.073	0.022	3.41	0.001
Not living with someone as a couple	-0.009	0.012	-0.73	0.467

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*Table 9 continued on next page*

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Table 9 continued

<b>Non-restorative outcome from most serious problem in past 2 years</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Dependent children under 18 in household	0.000	0.013	0.03	0.976
Cares for ill or disabled family or friends	-0.010	0.015	-0.67	0.503
Don't have someone close to talk about personal things	-0.020	0.035	-0.57	0.573
<b>Personal relationship</b>				
Related to manager or employer	0.024	0.022	1.11	0.272

Source: Fair Treatment at Work Survey 2008

\*F=3.77; Weighted and based on 2,821 responses.

Table 10 and Table 11 show that the pseudo  $R^2$  from the Fevre et al. model specification for non-restorative outcomes was slightly higher than that obtained from the model presented in Table 9. However, the model used in this report did manage to predict the proportion of respondents who experienced a non-restorative outcomes slightly more accurately, so that overall the proportion of predictions which proved to be correct was the same as the model used in Fevre et al. A comparison with Tables 7 and 8 confirms that the occurrence of problems with non-restorative solutions (or negative resolutions in the language of Fevre et al.) was more difficult to predict than the occurrence of problems more generally.

**Table 10: Non-restorative outcome in the 2 years before interview, classification table based on the model used in Table B10.3 of Fevre et al. 2009**

<b>Observed</b>	<b>Predicted</b>		<b>Total</b>	<b>Correct (row %)</b>
	<b>No</b>	<b>Yes</b>		
No	2,419	8	2,427	99.7
Yes	149	17	166	10.2
Total	2,568	25	2,593	
<b>Total correct (%)</b>				93.9
<b>Pseudo <math>R^2</math></b>				0.278

Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 2,593 responses

**Table 11: Non-restorative outcome in the 2 years before interview, classification table based on the model used in Table 12**

Observed	Predicted		Total	Correct (row %)
	No	Yes		
No	2,417	10	2,427	99.6
Yes	147	19	166	11.4
Total	2,564	29	2,593	
<b>Total correct (%)</b>				93.9
<b>Pseudo R<sup>2</sup></b>				0.260

Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 2,593 responses

In Table 12, where all ongoing problems are assumed to end in non-restorative outcomes, the broad pattern is similar to that seen in Table 9. However, those marginal effects which are statistically significant from zero in both tables are typically larger in Table 12 than they are in Table 9. For instance, in Table 12, employees without a written contract are 9.8 percentage points more likely to report a problem with a non-restorative outcome (the equivalent marginal effect in Table 9 was 3.5 percentage points).

Some additional factors which were not significantly associated with the incidence of problems with non-restorative solutions in Table 9 also appear statistically significant from zero in Table 12. The influence of the external labour market is apparent for example, whereby employees who report that it would be 'very difficult' to find a similar or better job are 5.7 percentage points more likely to report a problem with a non-restorative outcome than otherwise similar employees who would find it 'fairly easy' or 'very easy'. Low earnings, high levels of sickness absence and not being heterosexual are also positively associated with such outcomes under the specification reported in Table 12.

**Table 12: Marginal effect of various characteristics on likelihood of having experienced a non-restorative outcome in the 2 years before interview (assuming ongoing problems reach a non-restorative solution)**

<b>Non-restorative outcome to most serious problem in past 2 years (assuming ongoing reach non-restorative conclusion)</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
<b>External labour market</b>				
Ease of finding similar or better job (ref. fairly/very easy):				
Not currently in work	0.033	0.024	1.36	0.177
Fairly difficult	0.037	0.016	2.26	0.028
Very difficult	0.057	0.020	2.88	0.005
<b>Product market</b>				
Internal rate of return	-0.080	0.065	-1.23	0.222
Change in labour's share of value-added (ref. Increase of 4% or more):				
Increase of 0.6-2.3%	-0.006	0.020	-0.32	0.747
Increase of 0.1-0.5%	0.026	0.024	1.05	0.296
Decrease	0.029	0.023	1.25	0.216
Job characteristics				
No written contract of employment	0.092	0.021	4.47	0.000
In temporary job	-0.016	0.028	-0.57	0.573
Agency worker	-0.084	0.051	-1.64	0.107
Occupation (ref. Managerial, intermediate and own-account):				
Lower supervisory/technical/semi-routine	0.008	0.018	0.43	0.669
Routine	0.013	0.025	0.52	0.602
Earnings in current / most recent job (ref. £25,000 or more):				
Refused / Don't know	0.020	0.030	0.69	0.494
Earn less than £25,000	0.043	0.018	2.42	0.019
Work less than 4 days a week	0.000	0.021	-0.02	0.983
No-one at work to discuss work-related problems with	0.089	0.022	4.08	0.000
<b>Employer/firm characteristics</b>				
Family-owned/Charity	0.030	0.019	1.57	0.122

*Table 12 continued on next page*

Table 12 continued

<b>Non-restorative outcome to most serious problem in past 2 years (assuming ongoing reach non-restorative conclusion)</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Organisation size (ref. 250+ employees):				
Less than 10 employees	-0.036	0.030	-1.18	0.241
10-49 employees	-0.045	0.024	-1.85	0.069
50-249 employees	-0.023	0.024	-0.96	0.339
Don't know	-0.041	0.026	-1.54	0.128
Union threat (ref. Union recognition):				
No recognition, industry union density 42% or more	-0.021	0.025	-0.82	0.415
No recognition, union density 22-42%	-0.008	0.023	-0.36	0.719
No recognition, union density 10-21%	0.009	0.023	0.40	0.688
No recognition, union density less than 10%	-0.001	0.022	-0.06	0.955
No HR department	0.015	0.020	0.74	0.464
Relationship between managers and employees (ref. Very good):				
Quite good	0.081	0.015	5.55	0.000
Not very good	0.228	0.023	9.87	0.000
Not at all good	0.282	0.038	7.47	0.000
Employer thought to prefer certain types of workers	0.110	0.024	4.64	0.000
<b>Employee characteristics</b>				
Highest educational qualification (ref. None):				
Higher degree or post-graduate	0.009	0.034	0.26	0.798
Degree (undergraduate)	0.033	0.032	1.03	0.307
Diplomas in higher education	0.021	0.031	0.66	0.511
A-/AS-levels/SCE higher	0.030	0.029	1.04	0.304
O-level/GCSE grades A-C	-0.020	0.030	-0.67	0.507
O level/GCSE grades D-G	-0.042	0.033	-1.29	0.200
Other	0.030	0.041	0.73	0.469
Number of days off sick in past year (ref. 5 or less):				
6-10 days	0.020	0.021	0.94	0.350
11 days or more	0.054	0.022	2.43	0.018

Table 12 continued on next page

*Table 12 continued*

<b>Non-restorative outcome to most serious problem in past 2 years (assuming ongoing reach non-restorative conclusion)</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Age (ref. 50 and over):				
16-24	0.080	0.027	3.00	0.004
25-32	0.044	0.022	1.99	0.051
33-40	0.029	0.022	1.30	0.198
41-49	0.031	0.021	1.49	0.142
Awareness of employment rights	0.002	0.003	0.76	0.453
Not asked questions on awareness of employment rights	-0.014	0.016	-0.83	0.411
Would go to Acas for information on rights at work	-0.012	0.022	-0.55	0.584
Not asked questions on places would seek advice on rights	0.008	0.017	0.50	0.618
Not competent in spoken English	-0.089	0.059	-1.49	0.141
Female	0.029	0.015	1.92	0.059
Black or Asian (ref. White or mixed race)	-0.025	0.034	-0.73	0.466
Long-standing health problem	0.050	0.021	2.44	0.018
Not heterosexual	0.117	0.044	2.66	0.010
Whether migrant (ref. Non-migrant):				
EU migrant	-0.034	0.044	-0.77	0.442
Non-EU migrant	-0.026	0.033	-0.81	0.420
Financial position (ref. Manage very/quite well):				
Get by alright	0.043	0.015	2.96	0.004
Don't manage very well	0.099	0.034	2.90	0.005
Have some/deep financial difficulties	0.155	0.031	4.95	0.000
Not living with someone as a couple	-0.013	0.016	-0.81	0.422
Dependent children under 18 in household	-0.010	0.017	-0.59	0.556
Cares for ill or disabled family or friends	0.014	0.019	0.71	0.478

*Table 12 continued on next page*

Table 12 continued

<b>Non-restorative outcome to most serious problem in past 2 years (assuming ongoing reach non-restorative conclusion)</b>	<b>Marginal Effect</b>	<b>Standard Error</b>	<b>T-statistic</b>	<b>P-value</b>
Don't have someone close to talk about personal things	-0.023	0.033	-0.68	0.500
<b>Personal relationship</b>				
Related to manager or employer	0.006	0.033	0.18	0.855

Source: Fair Treatment at Work Survey 2008

\*F=6.98; Weighted and based on 3,181 responses.

Table 13 and Table 14 show that the pseudo  $R^2$  of the model presented in Table 12 represented an improvement over that used in Fevre et al. (from 0.236 to 0.312) when it was assumed that ongoing outcomes reached a negative resolution. The classification tables show that the model used in Table 12 predicted a greater proportion of non-restorative outcomes correctly compared to the model used by Fevre et al.

**Table 13 : Non-restorative outcome in the 2 years before interview (assuming ongoing problems reach a non-restorative solution), classification table based on the model used in Table B10.3 of Fevre et al. 2009**

<b>Observed</b>	<b>Predicted</b>		<b>% Correct</b>
	<b>No</b>	<b>Yes</b>	
No	2,347	80	96.7
Yes	383	116	23.2
Overall percentage	93.3	6.7	84.2
Pseudo $R^2$			0.236

Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 2,926 responses

**Table 14: Non-restorative outcome in the 2 years before interview (assuming ongoing problems reach a non-restorative solution), classification table based on the model used in Table 12**

Observed	Predicted		% Correct
	No	Yes	
No	2,347	80	96.7
Yes	372	127	25.5
Overall percentage	92.9	7.1	84.6
Pseudo R <sup>2</sup>			0.312

Source: Fair Treatment at Work Survey 2008

\*Weighted and based on 2,926 responses

## 4.4 Summary

The descriptive and multivariate analysis investigated the extent to which employees' reported experience of adverse treatment varied according to a range of characteristics relating to the external labour market, the product market, their job, their employing organisation and their own personal characteristics.

A number of the hypotheses raised in Section 2.3 received support from the analysis. In particular, adverse treatment was found to be more commonly experienced, all other things equal, by those with limited options in the external labour market. It was also found to be more commonly experienced by those without a written contract of employment, those without colleagues with whom they can discuss work-related problems, those working in organisations with a poor climate of employment relations and those who consider that their employer discriminates in favour of certain types of worker. Adverse treatment was also found to be more common among younger workers, among those with long-standing health problems and those with some/deep financial difficulties. Other factors, such as the nature of the external product market, the threat of unionisation, awareness of Acas and not being heterosexual were found to be important in some of the analyses, but not all.

Overall, the results of the analysis support the notion that vulnerability to adverse treatment is a function of a variety of characteristics. Some of these concern the specific nature of the job that an employee may be doing, but others affect the employment relationship from a distance. There is also considerable support for the notion that it is those factors which most affect the balance of power within the employment relationship which most readily indicate the degree of vulnerability to adverse treatment.

It is, nevertheless, the case that a reasonable degree of the variation in the experience of employees remains unexplained by our specifications. Clearly the predictive power of the models could be improved if more explanatory variables were observed in the Fair Treatment at Work Survey. We noted in Section 3.3 that some characteristics which could be expected to help explain the occurrence (or absence) of adverse treatment were not observed; these included the nature of the production regime in the organisation and the employer's awareness of employment rights. But equally, there are some features of the interaction between a manager and an employee that are arguably unobservable in a simple survey enquiry. For example,

one cannot expect to be able to observe all of the pressures acting upon a manager, nor to observe the way in which the employment relationship between manager and employee has developed over time. For this reason, it is necessarily the case that a portion of an employee's vulnerability to adverse treatment will remain unexplained in such investigations.

Having said this, we consider that the models we have discussed in this chapter go some considerable way to improving our understanding of vulnerability to adverse treatment in the workplace. We have proposed a number of factors which prove to be statistically associated the experience of adverse treatment at work. Furthermore, we would argue that the fact that many of these factors are grounded in theoretical propositions about the origins of power in the labour market adds further weight to the findings.

# 5. Conclusions

This report has sought to investigate the characteristics which make employees more or less vulnerable to adverse treatment in the workplace. The patterns of adverse treatment, and the factors which increase employees' vulnerability to it, were explored using the Fair Treatment at Work Survey 2008 (FTWS 2008) which asked respondents, among other things, about problems they had experienced at work. Such problems encompassed issues covered by employment rights legislation and more generalised perceptions of unfair treatment.

The descriptive and multivariate analysis investigated the extent to which employees' reported experience of adverse treatment varied according to a range of characteristics relating to the external labour market, the product market, their job, their employing organisation and their own personal characteristics. The analysis was built upon a conceptual approach which viewed adverse treatment as one possible (although not inevitable) consequence of the power imbalances which may exist within the employment relationship.

Adverse treatment was found to be more commonly experienced, all other things equal, by those with limited options in the external labour market. It was also found to be more commonly experienced by those without a written contract of employment, those without colleagues with whom they can discuss work-related problems, those working in organisations with a poor climate of employment relations and those who consider that their employer discriminates in favour of certain types of worker. Adverse treatment was also found to be more common among younger workers, among those with long-standing health problems and those with some/deep financial difficulties. Other factors, such as the nature of the product market, the absence of a threat of unionisation and a lack of awareness of Acas and not being heterosexual were found to be important in some of the analyses, but not all.

These results have a number of implications. First, they suggest that the prevalence of adverse treatment may have a cyclical component since vulnerability was found to be related to an employee's ease of re-employment. The precise nature of the relationship is difficult to estimate without a longer run of data. However, the results suggest that the prevalence of adverse treatment may be expected to be greater when employers' demand for labour is reduced such that employees have fewer outside options.

The results also suggest that adverse treatment may have a sectoral component related to the decline in the importance of labour costs within certain industries. The prevalence of automation, outsourcing and downsizing more generally may thus provide a useful signal of rising employee vulnerability within certain sectors. This further suggests that employee vulnerability to adverse treatment in Britain may link in to broader competitive processes of demand reallocation and globalisation.

The results provide only limited support for the notion that vulnerability to adverse treatment is primarily indicated by the characteristics of the jobs which individuals hold. In particular, the wage on offer in the job, the availability of union representation and the permanency of the employment contract – typically used in other work to identify ‘vulnerable workers’ – were not found to be particularly informative in this analysis. The prevalence of adverse treatment did not vary greatly with such characteristics in the bivariate analysis, and they were not typically found to be statistically significant predictors of vulnerability in the multivariate analysis. More informative among the job and employer characteristics considered in the analysis were the presence of a written contract of employment, the availability of social support from work colleagues and the general climate of employment relations within the workplace. These are, however, factors which are less amenable to policy intervention.

There was strong support for the notion that certain types of individual are more vulnerable than others. Employees who report that they were experiencing financial difficulties, and who might therefore be expected to be particularly dependent upon the continuation of their current employment, are more likely to report having experienced adverse treatment at work. Policy making therefore needs to include an appreciation that factors outside of the employment relationship can influence upon how that relationship functions. Younger workers, those with disabilities and non-heterosexuals are also each more vulnerable to adverse treatment than their counterparts after controlling for other factors. These results suggest that policy initiatives could usefully be targeted at groups which have been brought more recently under the coverage of anti-discrimination legislation. Initiatives which seek to increase employers’ awareness of the ways in which these groups may be adversely treated, and initiatives which increase such workers’ capacity to protect themselves from adverse treatment – for example by increasing their awareness of sources of information and advice such as Acas, are likely to reduce the extent of their vulnerability in the future.

The preceding discussion serves to highlight a further point, which is that vulnerability cannot be defined by reference only to a small number of characteristics. By highlighting a wide range of factors which influence an employee’s vulnerability to adverse treatment at work, the findings serve to emphasise that vulnerability is both complex in its make-up and also continuous in its nature. It is (in our view) an over-simplification to seek to categorise one group of workers who are vulnerable to adverse treatment (implying that the remainder are not). Vulnerability is instead a matter of degree. Furthermore, the factors which make an employee more vulnerable are wide and varied.

As we sum up, it must be noted that the nature of the data makes it necessary to exercise some caution in the interpretation of the findings. Firstly, it is not possible to reach any firm conclusions about the direction of causation within a cross-sectional dataset. Secondly, the reliance on self-reported data by employees means that whether they report adverse treatment partly depends on their expectations about how they should be treated. If there is variation between particular groups of employees (for example, younger and older workers) in whether they regard a given type of behaviour as adverse treatment, this would affect the interpretation of results. However, confidence in the findings is increased by the fact that many of the results do fit the a priori theoretical

expectations set out in Section 2.3. For this reason, it can be argued that the analysis and findings provide a valuable insight into understanding the correlates of adverse treatment in the workplace.

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# Annex A: Questions used to derive indicators of adverse treatment

## General indicator of perceived adverse treatment

5.2

Which of these problems have you experienced in the last TWO years, that is, since MONTH 2006? MULTICODE

- ...Taking parental leave – that is taking a set amount of unpaid time off work to spend with your children
- ...Taking time off to look after a dependent child or relative in an emergency
- ...Maternity or paternity leave/pay
- ...Adoption leave or pay
- ...Holiday entitlement/holiday pay
- ...Taking rest breaks at work
- ...The number of hours or days you were required to work
- ...Problems to do with pay
- ...Your rights as an agency worker/temp
- ...Your rights as a part-time worker
- ...Receiving a contract or written statement of the terms and conditions of your job
- ...Your employer not following a set procedure when dealing with a complaint against you or a problem with your performance at work
- ...Your employer not following a set procedure when dealing with a grievance or other work related problem which you had
- ...Being unfairly dismissed
- ...Problems to do with Health and Safety at work
- ...Problems to do with taking time off sick or sick pay
- ...Problems to do with retirement

Yes – with current / most recent employer

Yes – with a PREVIOUS employer

No

5.4

And now, I'd like to ask you about other problems at work. In the last TWO years, have you ever been treated unfairly compared to others in your workplace?

Yes – with current / most recent employer

Yes – with a PREVIOUS employer

No

5.5

In the last TWO years, do you think you have experienced discrimination at work?

Yes – with current / most recent employer

Yes – with a PREVIOUS employer

No

5.6

Sex-based harassment at work is any unwelcome sex or gender related behaviour that creates a hostile working environment. In the last TWO years, have you experienced sex-based harassment at work? This could be sexual in nature or be related to the fact you are a man/woman. CODE ALL THAT APPLY

Yes – it was sexual in nature

Yes – it was related to being a man/woman

No

DK

5.7

Now I would like you to think about other forms of bullying and harassment (not sexual harassment) that create a hostile working environment. In the last TWO years, have you experienced bullying or harassment at work?

Yes – with current / most recent employer

Yes – with a PREVIOUS employer

No

### **Restorative and non-restorative solutions**

6.35a

Did you leave your employer as a direct result of this problem or dispute?

Yes

No

DK

*If 'No' at 6.35a:*

6.35c

Which of these best describes how this problem or dispute was resolved? SHOW SCREEN

My employer took action to address my problem/complaint

I took action to address my employer's problem/complaint

My employer and I came to a compromise

I moved jobs within the organisation

Nothing/just went on as before/forgot about it

Someone else resigned/was dismissed

Other (please specify)

DK

# Annex B: Estimated incidence of characteristics

**Table B1: Estimated incidence of characteristics included in the descriptive and multivariate analysis**

Characteristics	Mean	Standard error	Number of responses
<b>Dependent variables</b>			
Any problem in last 2 years	0.292	0.008	4000
Non-restorative outcome to most serious problem	0.075	0.005	3460
Non-restorative outcome to most serious problem (assuming ongoing reach non-restorative solution)	0.181	0.007	3908
<b>External labour market</b>			
Ease of finding similar/better job:			
Not currently in work	0.082	0.005	3869
Fairly/very easy	0.465	0.009	3869
Fairly difficult	0.301	0.008	3869
Very difficult	0.153	0.006	3869
<b>Product market</b>			
Internal rate of return:			
Less than 1.9%	0.228	0.008	3988
1.9-5.0%	0.236	0.007	3988
5.1-13.0%	0.273	0.008	3988
13.0% or more	0.263	0.008	3988

*Table B1 continued on next page*

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*Table B1 continued*

<b>Characteristics</b>	<b>Mean</b>	<b>Standard error</b>	<b>Number of responses</b>
Change in labour's share of value-added:			
Increase of 4% or more	0.262	0.008	3991
Increase of 0.6-2.3%	0.349	0.009	3991
Increase of 0.1-0.5%	0.145	0.006	3991
Decrease	0.245	0.008	3991
<b>Job characteristics</b>			
No written contract of employment	0.122	0.006	3978
In temporary job	0.083	0.005	4005
Agency worker	0.032	0.003	4010
Occupation:			
Managerial, intermediate and own-account	0.584	0.009	3961
Lower supervisory/technical/semi-routine	0.283	0.008	3961
Routine	0.134	0.006	3961
Earnings in current / most recent job:			
Refused / Don't know	0.080	0.005	4010
Earn less than £25,000	0.602	0.009	4010
Earn £25,000 or more	0.318	0.008	4010
Work less than 4 days a week	0.143	0.007	4010
No-one at work to discuss work-related problems with	0.096	0.005	3979
<b>Employer/firm characteristics</b>			
Family-owned/Charity	0.178	0.007	3950
Organisation size:			
Less than 10 employees	0.092	0.005	4010
10-49 employees	0.102	0.005	4010
50-249 employees	0.098	0.005	4010
250+ employees	0.588	0.009	4010
Don't know	0.119	0.006	4010

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*Table B1 continued on next page*

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*Table B1 continued*

<b>Characteristics</b>	<b>Mean</b>	<b>Standard error</b>	<b>Number of responses</b>
Union threat:			
Union recognition	0.391	0.009	3873
No recognition, industry union density 42% or more	0.103	0.006	3873
No recognition, union density 22-42%	0.152	0.007	3873
No recognition, union density 10-21%	0.179	0.007	3873
No recognition, union density less than 10%	0.174	0.007	3873
No HR department	0.245	0.008	3903
Relationship between managers and employees:			
Very good	0.458	0.009	3980
Quite good	0.432	0.009	3980
Not very good	0.084	0.005	3980
Not at all good	0.026	0.003	3980
Employer thought to prefer certain types of workers	0.062	0.004	3890
<b>Employee characteristics</b>			
Highest educational qualification:			
Higher degree or post-graduate	0.125	0.006	3994
Degree (undergraduate)	0.154	0.006	3994
Diplomas in higher education	0.118	0.006	3994
A-/AS-levels/SCE higher	0.189	0.007	3994
O-level/GCSE grades A-C	0.190	0.007	3994
O level/GCSE grades D-G	0.086	0.005	3994
Other	0.046	0.004	3994
None	0.091	0.005	3994
Number of days off sick in past year:			
5 or less	0.822	0.007	3934
6-10 days	0.081	0.005	3934
11 days or more	0.097	0.005	3934
Age:			
16-24	0.153	0.007	4010
25-32	0.185	0.007	4010
33-40	0.185	0.007	4010
41-49	0.223	0.007	4010
50 or more	0.254	0.008	4010

*Table B1 continued on next page*

Table B1 continued

Characteristics	Mean	Standard error	Number of responses
Awareness of employment rights (mean on 30-items scale)	23.2	0.059	4010
Not asked questions on awareness of employment rights	0.329	0.008	4010
Would go to Acas for information on rights at work	0.124	0.006	3958
Not asked questions on places would seek advice on rights	0.348	0.009	4010
Not competent in spoken English	0.033	0.003	4010
Female	0.489	0.009	4010
Black or Asian (ref. White or mixed race)	0.093	0.005	4001
Long-standing health problem	0.118	0.006	4001
Not heterosexual	0.020	0.003	3947
Non-migrant	0.870	0.006	4000
EU migrant	0.041	0.004	4000
Non-EU migrant	0.089	0.005	4000
Financial position:			
Manage very/quite well	0.590	0.009	3979
Get by alright	0.332	0.008	3979
Don't manage very well	0.035	0.003	3979
Have some/deep financial difficulties	0.043	0.003	3979
Not living with someone as a couple	0.355	0.009	3996
Dependent children under 18 in household	0.390	0.009	4001
Cares for ill or disabled family or friends	0.119	0.006	4007
Don't have someone close to talk about personal things	0.036	0.003	4002
<b>Personal relationship</b>			
Related to manager or employer	0.040	0.003	4007

Source: Fair Treatment at Work Survey 2008  
Weighted responses.

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