





ATYPICAL WORKING

A guide to successfully
implementing atypical
work in your organisation



The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 160,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.





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Guide

Atypical working: a guide to successfully implementing atypical work in your organisation

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1 Introduction

Increasing attention is being paid to the people occupying jobs that don't fit the traditional model of permanent, regular-hours employment. At the same time there's a clear appetite for well-managed atypical working arrangements from both employers and individuals. This guide aims to help organisations manage atypical workforces responsibly, and sets out practical steps to improve the quality of work so that atypical working benefits both individual and organisation.

The recommendations are based on the CIPD's review of current practice across a range of organisations to identify routes to good practice in this area. Further information on the current state of the labour market, with analysis of key trends from the *ONS Labour Force Survey*, can be found in the CIPD's *Has work become less secure?* report. It also offers recommendations for policy-makers on ways to improve job quality across all forms of working.

This guide is not intended to provide legal guidance, though organisations will of course need to take account of their legal obligations. For more information on these legal obligations, visit the [employment law pages on the CIPD website](#).

2 What is atypical work?

People who undertake paid work can currently have one of three employment statuses. They may be:

- employed
- self-employed
- have an intermediate status of 'worker'.

However, employment status does not determine whether an individual is classified as 'atypical'. The definition of atypical workers is also wider than that of 'contingent' workers.¹

'Atypical' or 'non-standard' work usually describes any work that is not full-time, open-ended employment with regular hours. The CIPD's recent report on whether work has become less secure explores this concept, making clear that there are many definitions of atypical/non-standard work. It also suggests that this language is problematic because, as the composition of the labour market changes, ways of working that were once atypical become typical.

This guide focuses on advice for managing those on non-permanent employment (including the self-employed). The 'atypical workers' category includes:

- **'limb (b) workers'**² with limited statutory rights (to minimum holidays and pay, for example), and who are often employed on a temporary and flexible basis (for example, on a zero-hours contract)
- workers who don't have a contract of indefinite duration but are employed for a **fixed term**
- some atypical workers who are **self-employed**, working for several organisations, or for a single organisation for a limited period
- those who are **'agency'** workers, assigned to an employer on a temporary basis by an employment agency, but not employed by that employer
- people on **zero, or variable, hours** contracts who are employees with full statutory protections, but don't have minimum, guaranteed or regular hours.



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Should employers use atypical workers?

Atypical working is not new, but it's attracted more attention in recent years as a result of concerns over the digitally enabled 'gig' economy which led to a government-commissioned review of modern working practices.³ The current UK Government also set out in the December 2019 Queen's Speech the ambition to '*build on existing employment law with measures to protect those in low-paid work and the gig economy*'. Specifically, it pledged to introduce the right to request a more predictable and stable contract. However, the pandemic has delayed this and we await to see if this new right will be introduced.

Employers have always looked to meet short-term fluctuations in demand by engaging temporary agency workers, or casuals, but this ongoing focus on employment status has raised questions about the use of atypical working and its effect on employees. More recently, the pandemic has shone a new light on employment security and rights, which will mean scrutiny of atypical working will remain high as the labour market recovers.

The focus on atypical working has led to a sometimes polarised debate about its impact on the quality of work. For example, the use of zero-hours contracts has attracted criticism because of the concern that the flexibility they offer is one-sided in favour of the employer. The issue of false self-employment, where people are wrongly categorised as self-employed (meaning they miss out on statutory employment rights), has also been highlighted through several employment tribunal cases.⁴

Criticisms - and benefits - of atypical working

Criticisms over atypical working practices include the following:

- The misuse of atypical working arrangements can create unpredictability, pay insecurity and a reluctance by workers to assert basic employment rights.
- Flexibility can be one-sided; for example, individuals may feel unable to turn down work when it's offered or be subjected to short-term changes in working patterns.
- People may not have enough hours to provide financial security, and may be uncertain over the hours they'll receive each week or month.
- Individuals working atypically may have difficulty knowing what their employment rights are.
- Individuals can be wrongly categorised as self-employed when, in reality, they are workers, eligible for certain statutory employment rights.
- Individuals can be wrongly categorised as workers when, in reality, they are employees, eligible for full employment rights, subject to length of service.

On the other hand, atypical working can have significant benefits for both employers and workers:

- Employers need flexibility to manage fluctuations in demand for their products or services.
- Atypical work provides opportunities for people to access the labour market when they might otherwise have difficulty doing so.
- Many individuals prefer atypical work because of the flexibility it gives them, allowing them to manage work around their other commitments.

The Taylor Review of Modern Working Practices⁵ acknowledged '*the UK's successful record in creating jobs, including flexible jobs which open up work to people with different needs and priorities and at different stages of life*'. While making a number of recommendations to the Government for changes in legislation and, in particular, to improve awareness of employment status and rights for atypical workers, Taylor concluded that '*employers have a major role to play in improving outcomes for workers through good workplace practice*'.



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How do atypical workers feel about their work?

CIPD research exploring the attitudes of workers found that the majority of individuals engaged in different forms of atypical working practices actively choose to work in this way, and are broadly satisfied with their work and working arrangements.

Overall satisfaction

Overall, there is little difference in job satisfaction between permanent employees (standard) and non-permanent (non-standard) workers (excluding the self-employed). The CIPD's *Good Work Index* shows that 66% of standard workers are satisfied with their jobs, compared with 62% of non-standard workers, with no difference between the two cohorts in the proportion who report being dissatisfied with their jobs (16%).

Zero-hours contracts

The CIPD's 2015 research report, *Zero-hours and Short-hours Contracts in the UK: Employer and employee perspectives*, found that workers on zero-hours contracts were slightly more likely to report they were satisfied with their job (65%) than regular employees (63%).

They're also less likely to feel that they're overloaded and under excessive pressure, on average reporting higher levels of satisfaction with their work-life balance than employees. However, as a whole, they're less likely to feel involved at work, seeing fewer opportunities to develop and improve their skills than employees.

Self-employment

CIPD Megatrends research into self-employment (*More Selfies? A picture of self-employment in the UK*) highlights that a very significant majority of self-employed people actively choose to work in this way. The research also cites data showing that self-employed people report higher levels of job satisfaction and greater satisfaction with working conditions than employees. Similar findings are also apparent in the *Has work become less secure?* report in Figure 20.

The digital gig economy

The CIPD's research report, *To Gig or Not to Gig? Stories from the modern economy*, found that just 14% of respondents said they did gig work because they could not find alternative employment. The most common reason for taking on gig work was to boost income (32%). Overall, gig economy workers are about as likely to be satisfied with their work as other workers, but more satisfied on measures such as flexibility and the levels of physical and mental wellbeing experienced through work. Gig workers are marginally less likely to be satisfied with the hours they work than other workers.

3 Identifying and implementing good atypical working practices

If managed effectively, atypical working offers potential advantages for employers and workers. Though no single 'good practice' formula emerged from the organisations we studied, employers need to adapt their approach to their specific circumstances, such as the business model and workforce demography.

This section of the guide focuses on the key aspects underpinning good, responsible management practices when it comes to atypical working. Understanding these can help you successfully implement atypical working in the workplace.



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3.1 Workforce planning

Atypical working arrangements of different types lend themselves to situations where the workload is irregular, there is not a constant need for staff, or staff needs are driven by external factors outside the employer's control.

The decision to use atypical workers needs to be taken after considering all options. Management guru Dave Ulrich uses a 'build, buy, borrow' approach to resourcing, depending on whether an organisation prefers to develop skills internally ('build'), recruit from outside the organisation ('buy'), or use contingent labour ('borrow').

Employers need to determine the level of resource required to meet forecast business volumes, including likely fluctuations in demands for goods and services. Consequently, employers need to:

- offer permanent employment contracts to meet the baseline minimum demand
- consider what types of workforce flexibility would help meet fluctuations in demands for goods or services.

As part of this, employers should look to maximise their use of flexible working arrangements among their **permanent workforce**. This will enhance their ability to design work that meets both the needs of the business and the individual, while reducing dependence on an atypical workforce. The CIPD is calling for the right to request flexible working to become a day one right, rather than one that applies after 26 weeks in employment, to support efforts to increase the provision and uptake of flexible working arrangements. Employers should consider:

- whether atypical working arrangements are appropriate for their business
- if there are alternative means of providing flexibility for the organisation by, for example, using annualised hours or other flexible working options.

Workforce planning can also help to reduce an organisation's reliance on atypical work. By improving job design and forecasting of service demand, employers can help eliminate some of the uncertainty around future demand for services. If fluctuations in business are built into work schedules, this will limit the degree of flexibility needed to be built into employment contracts.

Workforce planning tips for employers

- Consider the organisation's business strategy, the requirement to deliver goods/services, the type of workforce flexibility needed, and the extent to which flexibility is needed.
- Collect and analyse data on the organisation's permanent and contingent workforce.
- Think carefully about resourcing options, and how best to achieve the appropriate balance between direct and contingent workers.
- Consider how the different options will impact on the organisation's ability to address skills shortages and recruit, motivate and retain people. Also consider any impact on the employer brand and reputation.
- Consider demographic trends, national and local labour market conditions, the type of employment offer, and the conditions required to attract and retain staff.
- If the work is relatively predictable, consider if casual or temporary work can be consolidated into a permanent job.
- Seek to use atypical working arrangements only if the flexibility suits both the organisation and the individual.



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Further information

- Explore the guide and factsheet on the CIPD's [Organisational Design and Development topic page](#).
- Download the CIPD's [member-only workforce planning guide](#).
- Listen to the [podcast](#) on how workforce planning practices can deliver a higher return on investment and offer insights into the future of work.

3.2 Motivating workers

Relationships between organisation and worker, and between worker and customer, are fundamental to an organisation's ability to deliver, and meeting service/delivery standards is critical to performance. Employers need to ensure that atypical workers understand what their job involves, are properly trained, and perform to the required standard. In other words, good HR practice is equally as important when it comes to atypical workers as it is with typical employees. It cannot be assumed that simply specifying within the contract the work to be done will be enough to focus and motivate.

Good employers set out to motivate and engage their atypical workforce in similar ways to the approach they adopt towards typical employees. Where technology plays a central role in communications between an organisation and individuals – as in some parts of the gig economy – there may be less emphasis on the role of line management. However, to maintain an open organisational culture, all organisations should establish and communicate positive values and behaviours. It's particularly important to adopt mechanisms for listening to the workforce and take on board any concerns; voice and representation will need careful attention. The CIPD guide on [empowering employee voice](#) offers more advice in this area.

How Hermes motivates atypical workers

Hermes has a field school where managers are taught how to motivate and manage couriers while being taught skills in leadership and performance management. The company also sets expectations of behaviour throughout their workforce by means of a code of conduct and a clear set of values. You can read more about Hermes in the [case study](#) at the end of this guide.

Tips for motivating atypical workers

- Clarify the rights and responsibilities of both the organisation and any atypical workers to make sure there's a shared awareness and understanding of the basis of the relationship. It is [a legal requirement](#) for all employers to provide a written statement of the key terms and conditions of employment to all workers from day one of employment.
- Recognise that engagement is key to managing **any** workforce, including atypical workers.
- Establish and maintain trust-based relationships; for example, by clarifying managers' and workers' expectations of behaviour.
- Use the same broad approach to managing contractors and other atypical workers as you would when managing a directly employed workforce. This means ensuring the person responsible for supervising the individual engaged in the work provides clear objectives and communicates regularly and clearly; for example, through constructive feedback.



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Further information

- The [CIPD line manager support materials](#), particularly those on building and sustaining relationships, provide further information for line managers.
- Information on employee voice is available on the [Future of Employee Voice](#) topic page.
- Listen to the [CIPD podcast on trust in the workplace](#).
- Explore resources on employee engagement and motivation (including factsheets and guides) on the [CIPD's Employee Engagement topic page](#).

3.3 Choice of working patterns

Flexible working patterns can benefit both organisation and worker, producing a genuine 'win-win' scenario. But to achieve this, individuals need to have some choice over when and how they are going to work.

There's an increasing expectation that workers will be able to influence their working hours and other arrangements, and employers need to consider that individuals have differing circumstances and preferences when it comes to balancing flexibility and security in the employment relationship. Failing to offer people choice may simply reflect a lack of knowledge when it comes to how employers design jobs and arrange work scheduling.

UK to introduce right for workers to switch to more predictable work patterns

As stated above, the UK Government has announced it intends to legislate to introduce [a right for workers](#) to request a more stable or predictable contract as part of its forthcoming Employment Bill.

Working patterns tips for employers

- Give individuals as much choice as possible over the number of hours they work.
- Where appropriate, accept requests from atypical workers to regularise hours or move to a permanent contract.
- Provide managers with clear guidance on how to treat atypical workers. Don't make it a requirement for atypical workers to accept work, or penalise them for refusing an offer.
- Use effective work scheduling processes to balance both the organisation's and individual's needs.

Further information

- Read about the types of flexible working (including case studies) on the [CIPD's Flexible Working topic page](#).
- Learn about the changes to employment legislation through the [CIPD's recent and forthcoming legislation timetable](#).
- Find advice for line managers on the [Line Manager Support topic page](#).



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3.4 Clarity on employment status

The Taylor report highlighted that complex legal tests of employment status have contributed to a lack of clarity faced by individuals and organisations. This ambiguity is a problem for atypical workers in establishing whether they're entitled to earn at least the National Minimum Wage, or what holiday pay they may be entitled to.

Tackling poor practice

The UK Government introduced legislation to tackle areas of poor practice in relation to atypical work by requiring employers to provide a written statement of employment particulars to workers and employees. Legislation was also introduced to require employment businesses to provide agency workers with a 'Key Facts Page' to help them make informed choices about the work they accept. Both changes came into force in April 2020.

It's important that both parties understand the basis upon which the arrangements of atypical workers are designed to operate so that there's clarity over employment status and associated rights. Both organisation and individual need to establish a basis of trust by being clear about their expectations. Organisations should set out the employment status of those engaged on non-standard contracts in their contracts. They should also regularly review (at least once a year) the working arrangements in practice to ensure that the reality of the employment relationship reflects what's outlined in the contract. Reviews should include conversations with line managers and atypical workers.

Employment status tips for employers

- Set out in the contract the employment status of those engaged on non-standard employment contracts.
- Regularly review (at least once a year) the working arrangements in practice to ensure that the reality of the employment relationship reflects what's set out in the contract.
- Give all workers – not just employees – a written copy of their terms and conditions.
- Set out in atypical workers' contracts the notice required by either organisation or individual if they're unable to meet their contracted commitments.
- Give workers a right to request a more predictable or stable contract or working arrangements after 26 weeks.

Further information

- Access factsheets, Q&As and case law on employment status and different types of employee by visiting the CIPD's [Employees and Workers topic page](#).

3.5 Opportunities for training and progression

Many atypical workers are eligible for their organisation's training and development activities. This is part of encouraging workers to identify with the organisation and feel fairly treated. However, many workers have fairly negative views on the extent to which their organisation helps them learn and grow. CIPD research⁶ shows that atypical workers generally fare less well than standard workers in terms of the opportunities they receive to develop their skills and careers. This may be the result of employers regarding atypical workers as not 'part' of the organisation, and therefore not its responsibility.



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Do atypical workers get development opportunities?

Comparing different contract types, standard permanent employees fare better in both skills development and career development than those on temporary or zero-hours contracts:

- In terms of skills, a net 17% of regular employees agree that ‘My job offers good opportunities to develop my skills’ compared with a net 0% of those on temporary or zero-hours contracts.
- In response to the statement of whether ‘My job offers good prospects for career advancement’, the scores for both groups are more negative, but those for temporary and zero-hours workers are significantly less positive than those for standard workers (-32% compared with -14%).
- The picture appears especially polarised for the self-employed; their jobs tend to be very good at helping them develop skills (+35%), but very poor at helping them advance their careers (-24%).

These figures highlight the risk of atypical workers becoming trapped in unskilled and casual work.

(Data taken from the 2018 *UK Working Lives: The CIPD Job Quality Index*.)

Tips for managing atypical workers’ performance

- Clearly define goals and service standards for atypical workers, and provide detailed guidance on what’s required in a range of situations.
- Hold regular service-review meetings at least every six months to review individual workers’ performance against key measures. These can also be used to establish any development needs.
- Use feedback from customers to monitor whether standards are being met, and identify any failings in service delivery. Give workers visibility of customer feedback.
- Carry out ad hoc reviews where a particular service issue has been identified (for example, one arising from customer complaints). Provide constructive feedback to the individuals involved to address any issues.
- Incentivise good performance by offering additional payments to workers on top of their basic rate.
- Where workers are self-employed, field managers should perform many of the functions typically undertaken by line managers, including the provision of support for workers who have performance issues.
- If a worker has an employment contract, make sure any performance management arrangements mirror those of standard employees.
- If performance is measured online, routinely collect service data on all key areas of performance.

Tips for training and progressing atypical workers

- Ensure that atypical workers are eligible for training and development activities.
- Provide an induction programme to ensure that atypical workers are fully aware of regulations, working rules and practices. Induction ensures that recent recruits understand what’s expected of them and what support is available. In the same way as it would be offered to permanent employees, induction should be incorporated into the ‘on-boarding’ process typically used by gig economy organisations to recruit and induct workers.
- Set up performance management processes and give atypical workers regular feedback.



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Further information

- Access resources on training and development (regardless of employment status) by visiting the CIPD's [Developing Your People topic page](#).
- Read more about performance management by exploring our dedicated [topic page on performance management](#).

3.6 Voice

When organisations fail to account for employee 'voice', they risk building ineffective working relationships or missing information that may be fundamental to business performance. When it comes to atypical workers, voice emerged from the case studies as a key element of good practice.

Historically, the representation of employee voice has been undertaken largely through trade unions. With union membership now at historically low levels, organisations need to make effective alternative arrangements to ensure that workers feel confident their views and concerns can be made known to management and taken into account. This could be through informal chats with managers, employee representative groups or online feedback systems.

Employee voice at Hermes

At Hermes, an online forum offers self-employed couriers a valuable mechanism to discuss topics with the organisation before they become grievances, while the company has also concluded an agreement with the GMB trade union to support and represent the rights of couriers.

Tips for fostering employee voice

- Ensure that all staff, both permanent and atypical, know how to feed back comments and suggestions, either face-to-face or online.
- Promote regular, direct communication between managers and atypical workers through manager training and/or guidance.
- Establish representative forums for atypical workers as a way of ensuring they've an effective voice and can communicate their ideas, views and concerns to managers.

Further information

- Access our [factsheet on employee voice](#) and read up on the [future of employee voice](#) to learn how to effectively consider employee feedback and opinions.
- Read our guide on [establishing an employee network](#) or [setting up staff forums](#).

3.7 Fairness

In order to support fairness and trust in the workplace, it's good practice to ensure that there are comparable rates of pay for people doing the same job regardless of their differences in employment status. Almost two-thirds of employers using zero-hours workers report that hourly rates for these staff are about the same as employees performing the same roles on permanent contracts.



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Employers should provide zero-hours workers with reasonable compensation if pre-arranged work is cancelled without notice. In these circumstances, it's reasonable for employers to cover the minimum amount of any travel expenses incurred and the full value of the shift.

As part of their general duty of care, employers should also have regular conversations with non-standard workers about how many hours they're working in any second job to ensure that they're:

- not working excessive hours
- still capable of performing their duties safely and competently.

Compensation for cancelled shifts

In 2016, the New Zealand Government⁸ introduced legislation requiring employers to compensate workers whose shifts are cancelled without reasonable notice. Guidance emphasises that cancelling a shift or sending someone home early affects their ability to earn a living; employees need some certainty that the shifts they're asked to work will happen so that they can plan their lives and finances. The legislation provides that:

- employers must give workers reasonable notice of any cancelled shifts
- if employers don't give enough notice, they must pay the worker reasonable compensation
- details of the period of notice and compensation rate must go into workers' written employment agreements
- both must be reasonable
- if employers cancel work at the start of a shift or cut it short, workers are entitled to their full pay (including holiday pay accrual)
- employees can't be asked to agree to anything less than this.

Tips for ensuring fairness

- Be sure to offer atypical workers comparable pay and conditions with those of other workers.
- Minimise unexpected fluctuations in hours and earnings.
- Communicate pay practices clearly to provide clarity over what – and why – people are paid.
- Ensure that atypical workers know they're free to work for other employers if there's no work available.
- Maximise advance notice and work schedules to help people plan any arrangements they need to make, such as childcare.



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3.8 Support for managers

Policies need to be implemented by local managers, who should be trained and supported in their role. Atypical workers are less likely to have a manager or supervisor they report to, and less likely to be satisfied with their line manager when they do have one.

Organisations should therefore provide training or guidance for line managers to ensure they're managing and enabling atypical workers in line with their roles and functions.

Manager support at Hermes

Hermes has developed guidance for field managers on the kind of behaviour expected when, for example, delivery rounds must be covered at short notice or improvement notices issued. There's an emphasis on strengthening both engagement with couriers, and the support provided by field teams to couriers.

Tips for supporting managers

- Communicate policies to local managers and see that they are understood and applied.
- Ensure that line managers are given training or guidance on how to manage atypical workers in line with what's set out in the contract.
- Regularly review the contracts of atypical workers to ensure that they reflect the reality of the relationship.

Further information

- Listen to the [CIPD podcast on training line managers](#), and read the [factsheet on the role of line managers in HR and L&D](#).
- Use the [line manager support materials](#) to help managers develop behaviours to improve health, wellbeing and engagement in their team.

4 Conclusion

The issue of atypical working has attracted much debate in recent years, with often-polarised views on the benefits and disadvantages for workers. **Overall, the evidence suggests that atypical working arrangements, where they suit both the individual and the employer, can have benefits for both parties.**

The advice we've provided in this guide sets out how employers can achieve this 'win-win' proposition. The starting point is for organisations to consider carefully the business requirements for workforce flexibility and the different ways of achieving this. If atypical working arrangements are regarded as one of the appropriate ways of providing the flexibility required, the next step is to consider carefully how to implement and manage these arrangements fairly and effectively.

Key considerations include ensuring that both parties have complete clarity over the type of contract and associated employment rights, underpinned by a clear statement of employment particulars from day one (a legislative requirement since April 2020).



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Employers then need to ensure that atypical workers are treated fairly, understand what their job involves, and receive training (where required) to enable them to perform to the necessary standard. This will require organisations to make sure managers and supervisors manage atypical workers in a way that reflects their employment contract and status. Managers also need to provide atypical workers with well-defined objectives and communicate regularly and clearly by, for example, providing constructive feedback.

The guide also highlights the importance of atypical workers being able to exercise their own voice and raise any issues or concerns they have via staff forums or councils, or through union representation.

Another important issue is choice, and the extent to which individuals working atypically can choose the working pattern that suits them.

At the heart of managing atypical workers in an ethical manner is fairness. This means employers need to ensure that, for example, where atypical workers work alongside regular employees, employers treat them equally, providing comparable rates of pay or appropriate compensation if shifts are cancelled with little or no notice.

The core principles of good practice when managing an atypical workforce are not only important for the job satisfaction and wellbeing of individuals working in this way, but also to increase their motivation and customer service quality, and reduce staff turnover and recruitment costs.

5 Appendix

Correct at time of print.

Employment right	Employee	Worker	Self-employed
Guaranteed pay	✓	✗	✗
Protection from unfair dismissal	✓	✗	✗
Redundancy payments	✓	✗	✗
Right to notice and time off	✓	✗	✗
Protection under TUPE regulations	✓	✗	✗
Indemnity from their employers on the basis of vicarious liability	✓	✗	✗
Protection of wages in the event of the insolvency of the employer	✓	✗	✗
Protection of unlawful deductions from earnings	✓	✓	✗
Right to be accompanied at a grievance or disciplinary hearing and not to suffer a detriment for exercising that right	✓	✓	✗
Right to breaks at work on a daily and weekly basis and paid holidays	✓	✓	✗
Right to be paid no less than the National Minimum Wage	✓	✓	✗
Key protections under health and safety legislation	✓	✓	✓
Protection under equality law	✓	✓	✓ (in some cases)
Whistleblowing protection	✓	✓	✗



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6 Case study: Hermes

A 40-year-old employment model rooted in self-employment

Background

Hermes, Britain's second-biggest parcel company, delivers over 640 million parcels a year for John Lewis, M&S and other major retailers, and has 18,000 self-employed couriers who deliver parcels using their own vehicles. Hermes believes it's important for couriers to have the flexibility to provide services at times which suit them.

An internal survey conducted by Hermes in May 2018 showed that four out of five couriers preferred self-employment to 'worker' status. Hugo Martin (Director of Legal and Public Affairs) underlines that this self-employment model has been in place for over 40 years and has advantages for both Hermes and couriers:

'Hermes' self-employed model means people can access flexible work that attracts good rates of pay and can fit around other life commitments. The model also helps us achieve the highest standards of "first-time" delivery.'

Enhanced self-employment

In February 2019 Hermes reached a ground-breaking agreement with the GMB trade union to offer couriers 'self-employed-plus' status, with paid holiday, guaranteed minimum earnings equal to or above to the National Living Wage, as well as a strong collective voice through the GMB. It also includes payments to couriers for time spent on admin tasks. For Hermes, a key part of this agreement is that the company will continue to have individual negotiations with couriers on parcel rates, while the GMB has not been given collective bargaining rights. Hermes was the first gig economy company to work with a union to offer this type of contract; Uber has since followed.

Independent research carried out in 2020 showed that three-quarters of self-employed-plus couriers felt that paid holidays have improved their wellbeing.

In 2021, following annual negotiations, Hermes and the GMB announced further benefits for self-employed-plus couriers, including increased parcel rates, a doubling of daily admin payments couriers can claim, and increased flexibility when taking holiday. At September 2021, 70% of Hermes couriers are on self-employed-plus contracts.

Courier satisfaction

Hermes launched a project in 2021 to better understand the courier experience. It commissioned independent research of courier satisfaction, which found that the elements of the role couriers most valued were the ability to work flexibly and to work delivering in their local area. More than two-thirds of couriers (67%) said that delivering for Hermes allowed them to work around other commitments in their life, such as childcare, caring for relatives and studying. In addition, 80% of couriers said they felt motivated to do a good job for their customers.

Flexibility is key to Hermes couriers, and a May 2018 survey found that the majority (59%) of couriers said their current lifestyle and commitments would not allow them to undertake fixed shifts or a full-time role.

More than a third (37%) of Hermes couriers are women, which is unusual in the delivery and logistics field. This is largely to do with the flexibility to work around other commitments, such as childcare, as Hermes couriers set their own delivery times and work when they choose.



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Self-employed-plus couriers scored more highly in terms of satisfaction with their role and the company, compared with those on older, lifestyle contracts.

Hermes' payment model

Payments are modelled on a courier's individual round, including how many parcels are to be delivered, what fluctuations in parcel volumes may be encountered, and the appropriate rate of pay based on market conditions. The company then works out the individual's earnings potential. The aim is to deliver £9.10 per hour minimum, net of expenses. If there's an issue with the basis for this calculation, the manager may 'ride along' with the courier to check any local variations in geography. Martin says that managers negotiate within a range, and don't simply say, 'That's your rate.'

Average courier pay in 2021 is £15.61, before expenses, well above the National Living Wage.

Couriers are allocated a fixed round (or multiple rounds) in their local area. HR Director Jill Maples says, *'They know what their round is and what service they will provide for us, and they develop links to their local community.'*

Communication and support for managers

The majority of cases of courier dissatisfaction stemmed from situations where community delivery managers didn't respond well to couriers who:

- stated that they couldn't provide service on a particular day
- terminated services in a way that was viewed as being disrespectful.

The company has therefore developed standard operating procedures for community delivery managers to provide guidance on the kind of behaviours expected where, for example, delivery rounds have to be covered at short notice, or improvement notices issued.

In 2020, Hermes moved delivery managers from working in Hermes depots, to be based directly in delivery units so they could work alongside couriers collecting their parcels. This allows them to see first-hand any issues couriers might be experiencing and be on hand to answer questions or respond to concerns.

An online forum, the Lifestyle Couriers Forum, is open to all couriers to discuss any issues of concern. A number of couriers have made clear that this is a particularly valuable mechanism to discuss topics between themselves – as well as with Hermes – before they become grievances. The written contract couriers sign up to is short, transparent and easy to understand; an 'invoice' will say what the courier's earned and show how it was calculated. Community delivery managers interact daily with couriers, and a quarterly update booklet keeps them informed about new clients, as well as where the firm's going as a business.

Code of conduct

In 2016, Hermes introduced a code of conduct for its employees, suppliers and self-employed couriers. The code was communicated widely to employees, self-employed couriers and other suppliers, and attached to all relevant contracts. Hermes also ensures that a copy is displayed publicly at all depots and sub-depots. A simplified, 'easy to read' version of the code was published in 2019 and sent to all employees and couriers. It was widely publicised in all Hermes sites and on online forums to reconfirm the importance of the code and its principles. The code is being reviewed by an external law firm to ensure it remains fit for purpose.

There is also an internal complaints panel, independent of the operational side of the business, where couriers can raise complaints when it comes to a breach (or suspected breach) of the code. This can be done either through an independent whistleblower hotline (run by an external third party and available 24/7, 365 days a year) or through an internal escalation process.



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Compliance with the code is audited across the company's depot and delivery unit network. Interviews with couriers are conducted on a confidential basis with no Hermes management present, and auditors can report any issues or concerns raised.

Tips for employers drawn from the Hermes case study

- Ensure that field managers perform many of the functions typically undertaken by line managers in relation to employees.
- Establish and maintain trust-based relationships – for example, by clarifying managers' and workers' expectations of behaviour.
- Communicate policies to field managers and see that they're understood and applied.
- Ensure that line managers are given training or guidance on how to manage atypical workers in line with what's set out in the contract.
- Set out in these contracts the notice required by either the organisation or individual if they're unable to meet their contracted commitments.
- Recognise that engagement is key to managing any workforce.
- Establish representative forums for atypical workers to ensure that they can communicate their ideas, views and concerns to managers.
- Promote regular, direct communication between managers and atypical workers through manager training and/or guidance.

7 Endnotes

- 1 CIPD. (2013) *Zero-hours contracts: myth and reality*. Research report. London: Chartered Institute of Personnel and Development. Available at: www.cipd.co.uk/knowledge/fundamentals/emp-law/terms-conditions/zero-hours-reality-report
- 2 So-called 'limb (b)' workers are entitled to certain employment rights, including the National Minimum Wage and holiday rights.
- 3 Taylor, M. (2017) *Good work: the Taylor review of modern working practices*. London: Department for Business, Energy and Industrial Strategy. Available at: www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices
- 4 Russon, M. (2021) Uber drivers are workers not self-employed, Supreme Court rules. *BBC News*. 19 February. Available at: www.bbc.co.uk/news/business-56123668
- 5 Taylor (2017) (see note 3).
- 6 CIPD. (2018) *UK working lives: the CIPD Job Quality Index*. London: Chartered Institute of Personnel and Development. Available at: www.cipd.co.uk/Images/UK-working-lives-2_tcm18-40225.pdf
- 7 Ibid.
- 8 Section 67G, Employment Relations Act 2000 (NZ), inserted 1 April 2016.



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Issued: November 2021 Reference: 8174 © CIPD 2021