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Precarious work at odds with corporate social responsibility

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There are two current trends in employment. The first is the use of contingent and often precarious work arrangements. This is efficient and convenient for employers, but often unsatisfactory for workers. The second is an increasing emphasis on employer branding and corporate social responsibility (CSR) reflected in discussion about triple bottom line reporting, international standard-setting and other ethical and brand management initiatives. The two different approaches of US companies, Cotsco and Sam's Clubs illustrate the benefits of extending corporate social responsibility to your employees.

> ### Genuine CSR win-win for Costco and employees
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> *A comparison of two large US retail chains – Costco and Sam's Club, a Walmart subsidiary – illustrates the practical value in providing alternatives to precarious work. Both are large employers of low-paid retail workers. Drawing on principles of stakeholder theory, retail giant Costco looks beyond its responsibility to serve its shareholders and acknowledges its ethical responsibilities to other stakeholders, primarily employees and customers (Cascio, 2006a; Simmons, 2008).*
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> *Costco compensates its employees at a rate 48 percent higher than Sam's Club, one of its strongest competitors (Carré, Tilly & Denham, 2011). As well as fairer remuneration, Costco recognises 'the value of its employees and makes their welfare a priority' (MMR, 2014). Over 86 percent of its top positions are filled through internal promotions, and long-term employees cannot be fired without senior-level approval (Cascio, 2006a). These considerations pay off. The organisation's turnover is low, less than half the industry average (Lower-Basch, 2007; Cascio, 2006b). Costco's workforce is also very productive. Its employees have generated approximately $5 billion more in sales than Sam's Club in 2005, with 38 percent fewer workers (Cascio, 2006a).*
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> *Costco focuses extensively on training sales staff, which pays off in lower turnover and better performance. In contrast, Sam's Club's low-wage strategy results in high turnover and low productivity levels. As a market-leading company, this approach has wide societal effects. As well as reducing living standards, it transfers costs to taxpayers and other companies (Cascio, 2006b).*

CSR reporting frameworks do not pay much attention to non-standard, or contingent work, and its potentially harmful effects. Contingent work is not always harmful, but at its worst, can be very precarious. It increases employer flexibility and keeps wage costs low and workforces controllable and malleable. But, for workers, it often means uncertain work hours and incomes (Conley, 2006). Their capacity to 'control their working conditions and maintain a stable wage' is limited, which in turn makes it harder to plan for the future, secure long-term accommodation and have access to basic employment protections (Lopes & Dewan, 2014; Tweedie, 2013, p. 298).

Workers managed 'on demand' are susceptible to both underemployment and overwork. Many want a regular 40-hour work week that is hard to find, so their productive capacity is underused (Feldman, 1996; Khan & Morrow, 1991). They are also at risk of being overworked. In precarious arrangements, they are sometimes pressured to agree to all work offered because it is financially better than having no work at all (Underhill & Quinlan, 2011). This in turn raises the risk of burnout, injury and fatigue.

Precarious, or contingent, work usually has limited health and wellbeing entitlements, limited training and development opportunities, and weak health and safety measures (Marín, 2013; NZCTU, 2013). These conditions can trap employees on the margins of the labour market, giving them little opportunity to move into more secure, skilled work.

Recent claims that concerns about precarious work have been addressed require close scrutiny. An attempt has been made through legislation to mitigate uncertainty around guaranteed hours, for instance. Guaranteed hours of work must now be 'agreed' upon by both parties and written into an employment agreement (MBIE, 2016). This change may give employees more agency and power but ignores subtle pressures on them (likely to be driven by power imbalances) to accept proposals made by employers (Bacharach & Lawler, 1976). This forces us to consider other ways to address precariousness. CSR is one of those avenues.

In principle, precarious work runs in stark contrast to corporate socially responsible employment practices because of the harm it can cause workers, a primary stakeholder group. CSR practices are 'company activities demonstrating the inclusion of social and environmental concerns in business operations, and in interactions with stakeholders' (van Marrewijk, 2003). Employment activities of CSR organisations should be consistent with this, and concerned with maintaining responsible and productive relationships with workers (Dahlsrud, 2008; Pedersen, 2015; Schwartz, 2011). In reality, this is unlikely to be the case. However, there are alternatives to contingent work that retain competitiveness and that employers might want to consider. They could then claim CSR with more legitimacy.

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