

# Losing Control Again? Power and the quality of working life

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## Executive Summary

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- Talk of power and work seems passé, an unhelpful memory of battles that have long since been settled. This paper argues that far from having been superseded, we need a view of power to understand many prominent changes in work and working life. The imbalance of power remains a fact of life in the employment relationship in the 21<sup>st</sup> century, just as it was in the 19<sup>th</sup> and 20<sup>th</sup>. However, the responses society makes to it are radically different. For example, the solution to the power imbalance is no longer simply a matter of trade unions and collective bargaining, but is now seen as involving skills, individual employment rights, management practices that emphasise empowerment and autonomy, and, to a lesser extent, the implementation of technology in places of work. Our understanding of the circulations and exercise of power is more complex than it once was as a result.
- We define power as capability – the capacity to make choices and shape one’s circumstances. The employment relationship is a relationship of power and so agency is necessarily restricted in employment. However, power remains a central concept in improving the quality of work and also in efforts to nurture creativity and innovation among the workforce. Making progress towards positive employment relations does not rely on pretending issues of power have been removed: doing so tends to serve the interests of the dominant party. Rather, we argue we need a more realistic appraisal of where the interests of employees and employers diverge and converge and where control and responsibility practically lies.
- The promise of much management literature is that the traditional controls of work have been or are being loosened. ‘Command and control’ (hard power) styles of management are frowned upon. Leadership is persuasion, encouragement and granting staff responsibility (soft power). Furthermore, autonomy – the individual worker’s capacity to exert control over work – is both a boon for employees, in terms of their wellbeing, and employers, as increases in autonomy are associated with higher productivity. But the evidence indicates that in terms of peoples’ real experiences of work, they feel they have less power and control over their work than they used to. Autonomy has fallen dramatically in recent years across all occupations and sectors – by 14 per cent between 1992 and 2006 in total. Comparatively speaking, the collapse in autonomy is particularly acute in the UK in comparison to the rest of Europe.

- Enlightened people management practices are sometimes viewed as having removed some of the need for trade unions. Approaches such as 'employee engagement' and 'high performance work' aim at unifying the interests of employers and employees, thus reducing the power imbalance. However, on the most optimistic assessment, just 30 per cent of UK employees are 'engaged' in any meaningful sense of the term. Only 50 per cent of workers believe they will be dealt with fairly if they have a problem at work. And take-up of high-performance work practices is patchy, episodic and the rate progress is slow.
- Traditionally, we think of work as a two-way interaction between employers and employees. This picture is misleading. Consumers exert considerable pressure on work, working practices and working conditions. Workers themselves say that customers and clients are the most significant sources of control over work – more powerful, indeed, than managers, pay, appraisals, technology or peer pressure. The idea that power over work comes only from within the employment relationship is a gross over-simplification. The 'bi-polar' world of work of employees and employers appears to have been replaced by something akin to a 'multi-polar' world in which power shifts between different stakeholders both inside and outside organisations (eg customers, suppliers, investors). This creates a challenge for trade unions: control and responsibility may be dispersed more widely than conventional bargaining allows for.
- Unions have declined and coinciding with this decline have come a plethora of individual employment rights. Has conflict therefore been displaced from the political to the legal sphere and from the collective to the individual? We argue against the 'individualisation' narrative in employment relations. What has happened is that rights have supplemented rather than replaced collective bargaining. In practice, it often takes unions to help people take advantage of rights fully.
- Work is generally more skilful and workers better educated (or certainly more qualified) than before. This is often equated with the acquisition of labour market power – expressed most forcefully in debates about the knowledge economy. There is some truth in this assertion, but the connection is not as straightforward as is often assumed. There is evidence of 'polarisation' – high skill jobs growing alongside low skilled jobs with jobs requiring middling levels of skill declining. Even at the top levels of the labour market, work is not as skilful as many believe. Only the top 30 per cent of jobs can be

characterised as having high knowledge content and only 11 per cent of those jobs involve work that requires a heavy concentration of 'cognitively complex' work. Rising numbers of graduates (a third) are also 'overqualified' for the work they do – a sign also that employers may be missing a trick in not making full productive use of the skills they have at their disposal.

- As with skills, so too with technology. There is evidence to suggest that new technologies facilitate more skilful work and more progressive workplaces. Potentially, then, they enhance the capabilities of workers (eg flexible working and home working). However, once more the effect of technology regarding power is complex and multifaceted. New technologies help explain the polarisation of work that has occurred: they automate routine work, which disproportionately impacts upon semi-skilled but routine work in the middle of the occupational structure. Non-routine work at the bottom (eg retail, care and cleaning) and non-routine highly skilled work at the top (eg doctors, teachers, management consultants) are either less affected or enhanced by the introduction of new technology. New technologies also provide employers with the capacity to deskill complex forms of work through the 'standardisation' of work tasks (so-called 'digital Taylorism') as well as to monitor and control their employees (eg keystroke rate monitoring).

*'Power, n, the skill, physical ability, opportunity or authority to do something'*

Chambers Dictionary

When the eminent legal scholar Sir Otto Kahn-Freund surveyed the employment relationship in the early 1970s, his most-remembered conclusion concerned power. No matter how well-intentioned the employer nor how well-treated the employee, the imbalance of power was a fact of life inherent in a relationship in which one agreed to be directed to serve the ends of another in return for a wage.

*'The relation between an employer and an isolated employee or worker is typically a relation between a bearer of power and one who is not a bearer of power. In its inception it is an act of submission, in its operation it is a condition of subordination, however much the submission and the subordination may be concealed by that indispensable figment of the legal mind known as the contract of employment.'*<sup>1</sup>

It is possible to quarrel with this assertion on several different levels. It takes no account of what workers themselves may feel. The language of 'submission' rankles (although perhaps it becomes a little more understandable once it is remembered that as late as 1963 legal textbooks were still encouraging the use of the 'new' terminology of employer and employee in preference to 'master and servant'<sup>2</sup>). It appears to be rooted in a view of work as class conflict. It is indifferent to the context in which work is done: tedious, irksome work can take on a new meaning if done in a noble cause or in a spirit of care for others. And for power in a relationship to be asymmetrical (whatever the contract may say) is not to render one party powerless.

We know of no survey data that purports to measure 'power' directly to enable us to assay whether the imbalance has decreased or increased or stayed much the same among the generations of workers since Kahn Freund published his great work, hence the question in the title.<sup>3</sup> But in this paper we proceed from the assumption that Kahn-Freund was and is right: there is a fundamental imbalance of power at work embedded in the structure of the employment relationship. Neither good nor bad, it is simply a fact.

However, we argue the responses our age advances to it may be drastically different – indeed, that the responses to issues of power lend contemporary working culture much of its distinctive atmosphere and ethos. We pursue the question of power across five major workplace issues.

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<sup>1</sup> Otto Kahn Freund, *Labour and the Law*, Hamlyn Lectures, Stevens and Sons Ltd, 1972, p7

<sup>2</sup> Joellen Riley, *Employee Protection at Common Law*, Federation Press, 2005, p43

<sup>3</sup> There is, however, considerable material of great relevance to power, such as investigations of control over working time, the pace and nature of work, of fairness and job quality. These are important in what follows

They are:

- 1. Unions and employment rights.** The imbalance of power contains the logic of trade unionism. A measure of redress lay in collective organisation among workers, in the notion of 'two sides' of industry, dependent on each other, but defending their separate interests. There has always been more to collective bargaining than strikes, but today, despite the occasional flurry, strikes are historically rare (although there may be more to come as the coalition's cuts start to take effect), unions represent fewer people and collective bargaining has made way for an expansion of employment rights and the possibility of legal enforcement via tribunals. Has litigation (individual power) assumed a greater role as unions (collective power) have assumed a lesser one?
- 2. Consumers.** Consumers and clients are significant drivers of change at work and are a principal source of control over work. They are deemed more powerful a source of control by workers themselves even than managers, technology and colleagues.<sup>4</sup> Does the rise of consumer power indicate that the 'bi-polar' world of work, involving a two-way tussle between employers and employees, is being replaced by something more like a 'multi-polar' model, with power shifting dynamically between different actors?
- 3. Skills.** Skills are heralded as the solution to many problems – competitiveness, productivity, social mobility, self-esteem. They are also critically important to the imbalance of power at work. The acquisition of skill is widely seen as the acquisition of labour market power, which is a view most forcefully expressed in discussions of the knowledge economy. The argument runs that the employment relationship has historically favoured the employer over the employee because of the former's exclusive ownership of physical capital. In the knowledge economy, capital is increasingly 'intellectual capital' locked up in the heads of individuals, which can walk out the door to a better offer and cannot be claimed as the exclusive property of employers or shareholders.<sup>5</sup> Potentially, this checks the imbalance of power. Is work more complex and are employees more skilful (and hence, more powerful); or does the image of the skilful employee who is able to advance greater and greater demands vis-à-vis their employers capture only a minority of the knowledge elite?

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<sup>4</sup> Alan Felstead, Duncan Gallie, Francis Green, Ying Zhou, Skills at Work, 1986-2006, ESRC Centre for Skills, Knowledge and Organisational Performance, 2007, p124

<sup>5</sup> See John Knell, Most Wanted – The Quiet Birth of the Free Worker, Technical report, Industrial Society, 2000

- 4. Management practices.** Social expectations of how people should be managed and led are very different from Kahn-Freund's day. In general, working culture exalts 'soft power' (influence and persuasion) and questions 'hard power' (coercion and hierarchy). The argument that enlightened employers are driving out poor employment practices because the interests of employees and employers are more aligned than in previous generations is frequently encountered. According to the Chartered Institute of Personnel and Development (CIPD), the body that represents the UK's human resource managers, the search for 'engagement' has superseded the old discussion of the balance of power.<sup>6</sup> Have we entered a new era of progressive management and autonomous working practices; or does the rhetoric of engagement and empowerment obscure the reality of work?
- 5. Technology.** New technologies permeate the workplace. Their effects on work are complex and multifaceted and accounts are often conflicting (and politically charged): the liberated, electronically connected free agent is one vision; the call centre worker following computerised pre-scripts and having their keystroke rate monitored is another. Does technology free up or enslave workers?

Talk of power and work is apt to conjure ghostly presences: Bravermanian labour process theory; Foucauldian epistemological gymnastics; Baudrillardian de-centring. We, however, profess no theoretical axe to grind. We come at power from a 'political economy' angle concentrated on the issue of job quality.

Power has different definitions and manifestations. There is power as authority, power as domination, power as capability, to name but three. We concentrate on the third. Following the Nobel laureate Amartya Sen, power is the *capability* to do something – to achieve goals and purposes of one's choosing and to be as in control of one's life as is possible. Power is simultaneously the ability to shape one's circumstances and the resilience that offers a means of defence. As Sen put it: 'A capability is the power to do something...The success of an economy and a society cannot be separated from the lives that members of a society are able to lead...we not only value living well and satisfactorily, but also appreciate having control over our own lives'.<sup>7</sup>

In employment, of course, an individual is subject to a relationship of power that necessarily constrains their capacity to make meaningful choices: it would not be work if there was no

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<sup>6</sup> Mike Emmott, *What Is Employee Relations?*, Change Agenda, CIPD, 2006

<sup>7</sup> Amartya Sen, *Development as Freedom*, New York : Alfred A Knopf, 1999



necessity to it. Nevertheless, going to work should not imply individuals abandon all the normal expectations of liberty in a democratic society the moment they cross their employer's threshold. For example, individuals can enjoy a higher quality of work when they can exercise some discretion over how to do their job (the order of tasks, the speed at which they are done, the exercise of judgement and initiative), when they can co-operate with others in how work is done, and when they have the possibility to advance themselves professionally and personally while also being able to pay the bills.<sup>8</sup> To have power in the workplace is also partly to do with being able to withstand the inevitable setbacks and slights that come with work. A lack of autonomy and control amplifies the effects of workplace stress and has been clearly linked with exacerbating both physical and non-physical work-related illnesses.<sup>9</sup>

Contemporary workplaces even give rise to great excitement about 'fulfilling potential' and 'meaning'. Power lurks behind such notions. Many philosophers, from Immanuel Kant to Sen, have grounded their accounts of human flourishing in autonomy: humans are unlikely to flourish in situations where they lack power and are either told what to do by others or are forced by circumstances. Lord Acton famously warned of power's corrupting effects, but powerlessness may be just as corrosive for individual and social development. Power matters, then, for moral, for social and for health reasons.<sup>10</sup>

We begin our exploration of power and work with one of the most visible differences between 20<sup>th</sup> and 21<sup>st</sup> century workplaces: the retreat of trade unionism, both in cultural influence and numbers of members.

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<sup>8</sup> Francis Green, *Demanding Work: The Paradox of Job Quality in the Affluent Economy*, Woodstock : Princeton University Press, 2006

<sup>9</sup> See Robert Karasek, 'Job demands, job decision latitude, and mental strain: implication for job redesign', *Administrative Science Quarterly*, 24, pp. 285–308, 1979; and also, Michael Marmot et al, *Fair Society, Healthy Lives, The Strategic Review of Health Inequalities Post 2010*, The Marmot Review, 2010, p72

<sup>10</sup> See Daniel Leighton, 'The Power Gap: An Index of Everyday Power in Britain', *Demos*, 2009

## 1. Unions and employment rights

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*'Employers and government have a clear choice, either more negotiation or more litigation.'*

John Monks<sup>11</sup>

In Kahn-Freund's reference to the 'isolated' employee lay the logic of trade unionism. There was 'power in the union' as the old song has it. The power of unions has traditionally been twofold: to shape society through wielding the 'sword of justice' and through acting as a form of social insurance for their members. Arguably, at least in the UK, unions have been less concerned with power as we have defined it above – a 'good work' agenda focussed on the quality and experience of work and the capabilities of workers – and have devoted most attention to pay and conditions.

Yet today, despite less hostile employers<sup>12</sup> and a relatively benign public policy framework (the coalition has yet to announce plans to make it less so), working people are either choosing not to join unions or have never been asked. Almost half of the workforce has never had any contact with a trade union at any point in their working lives.<sup>13</sup> The very dramatic collapse of the collective traditions of British employment relations is arguably the single biggest change that has occurred at work. If the strength of 'labour' is synonymous with the strength of trade unions, it would seem easy to agree with the labour lawyer Lord Wedderburn: 'The balance of power between Labour and Capital arrived at in the course of the twentieth century has now been changed to the benefit of capital'.<sup>14</sup>

The system of employment relations that characterised the 20<sup>th</sup> century based around strong trade unions, collective bargaining and national agreements is clearly past. What is less clear is what model of the employment relationship should replace it. Perhaps surprisingly, such agreements still claim to cover almost a third of all workers in the UK (including six million in the public sector). However, over three quarters of workers work in the private sector, and here union representation has declined swiftly over the past 30 years. Today just 18 per cent of private sector employees are covered by collective agreements compared to more than 70 per cent of those working in the public sector; just 15 per cent of private sector workers are actually members (the difference being 'free-riders' – those who gain from collective agreements, but for whatever reason decide not to join a union). David Metcalf, professor of industrial relations at

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<sup>11</sup> John Monks, A Eurovision at Work, Warwick Papers in Industrial Relations, No 70, 2003, p5

<sup>12</sup> Paul Willman and Alex Bryson, Union Organization in Great Britain, Discussion Paper 774, Centre for Economic Performance, January 2007, p19

<sup>13</sup> Alex Bryson, A Perfect Union: What Workers Want from Unions, TUC, 2003, p35

<sup>14</sup> Bill Wedderburn, Labour Law, 2008: 40 years on, Industrial Law Society, 36 (4), 397-424, 2007, p404

the London School of Economics, predicts a 'steady state' of trade union density of about 20 per cent, with roughly 12 per cent in the private sector.<sup>15</sup>

Pay offers a particularly striking demonstration of the retreat of collective bargaining and the assertion of managerial power over wage-fixing. In 2004, 14 per cent of workplaces determined pay through collective bargaining (the figure was 39 per cent in 1984). Pay was set unilaterally by higher management (37 per cent of workplaces, up from 17 per cent in 1984) or by local management (46 per cent, up from 32 per cent in 1984).<sup>16</sup> Another example concerns communication. Aggregate levels of workplace communication – or 'voice' as industrial relations specialists prefer – has stayed constant since the 1980s. But underneath that picture of stability there has been a transformation in terms of the types of interaction that occur. Representative communication vehicles such as the Joint Consultative Committees and union-only communication channels of yore are an anachronism. Instead, less formal, more flexible direct individual or small-group communications are the new norm. Team briefings, 'catch-ups', town halls, open sessions: these are the common vehicles for governing the employment relationship in fast-moving organizational and market contexts. What they have in common is that they are generally initiated by employers and do not require representatives<sup>17</sup>.

With 7.1 million members it is quite wrong to assume unions are no longer a potent social force. It is also too early to assess the impact of laws such as the information and consultation regulations which aim to enable collective communication via representatives (though the appetite for it appears modest and take-up since coming into force among organisations with more than 50 employees in April 2008 has been low).<sup>18</sup> However, it is self-evident that social responses to issues of power, fairness and justice at work are no longer concerned with collective remedies and collective organisation alone. Another prominent set of changes to the employment relationship is the expansion of individual employment rights – a move with its roots in the late 1960s, but which gathered pace during the 1990s, shaped both by domestic and European law. The withdrawal of labour is a classic expression of conflict – so long-standing, in fact, that it enjoys the status of a 'fundamental human right'. The rise of individual employment rights and individual employment conflict, meanwhile, is a late twentieth century development (the same pattern exists to varying degrees in other developed countries). It ties in with a wider perception that risk is minimised through codification, written rules and procedures.

<sup>15</sup> David Metcalf, *British Unions: Resurgence or Perdition*, The Work Foundation, *Provocation* Vol 1, No 1, 2005, p15

<sup>16</sup> William Brown, Alex Bryson, John Forth, and Keith Whitfield (eds), *The Evolution of the Modern Workplace*, Cambridge, 2009, p34

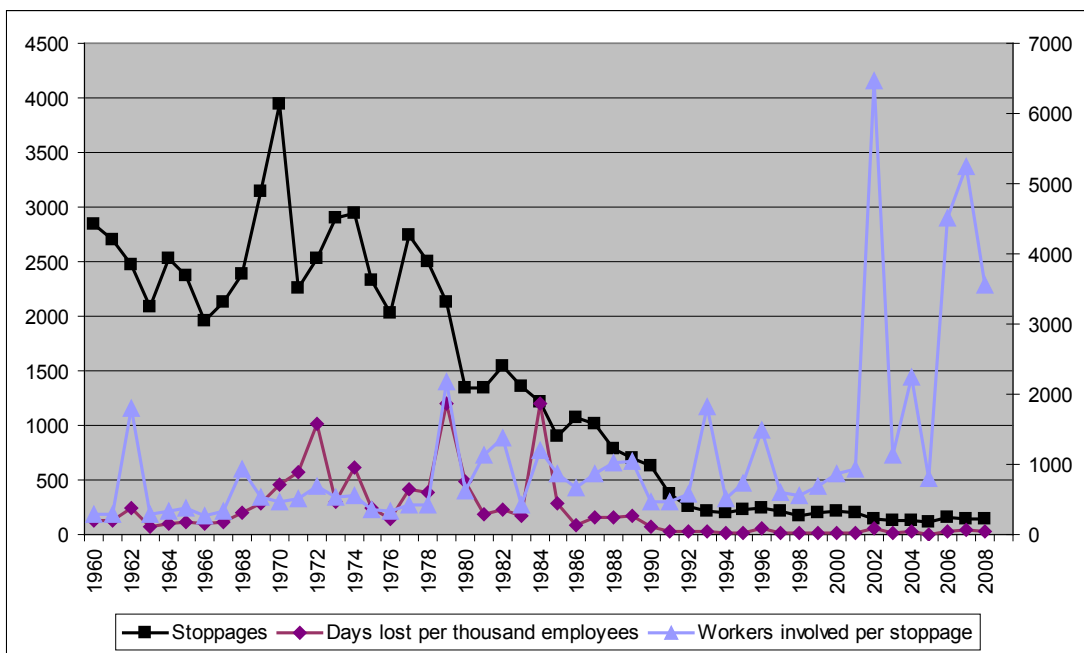
<sup>17</sup> For a fuller discussion on voice patterns, see Paul Willman, Rafael Gomez and Alex Bryson, 'Voice at the workplace: where do we find it, why is it there and where is it going?', *Ibid*, Chapter 3, pp97-120

<sup>18</sup> Other European Union derived initiatives aimed at reducing a perceived 'democratic deficit' at work and operate via collective representatives include the Fifth Directive, the European Company Statute and the European Works Council Directive

A system once described by Kahn-Freund as ‘collective laissez faire’, in which the state left governance of the employment relationship to unions and employers has made way for one where the state advances legal solutions to many workplace issues. As of 2008, there were in excess of 60 different laws under which employees could bring a tribunal claim against their employers. The old notion that workplace problems are best dealt with at work by workplace institutions before they escalate appears to have made way for an assumption that fairness is better served by legal avenues towards the resolution of problems, complaints and grievances.

The pattern is fundamental to our story of power. Set against each other, collective and individual conflict present a ‘mirror image’.

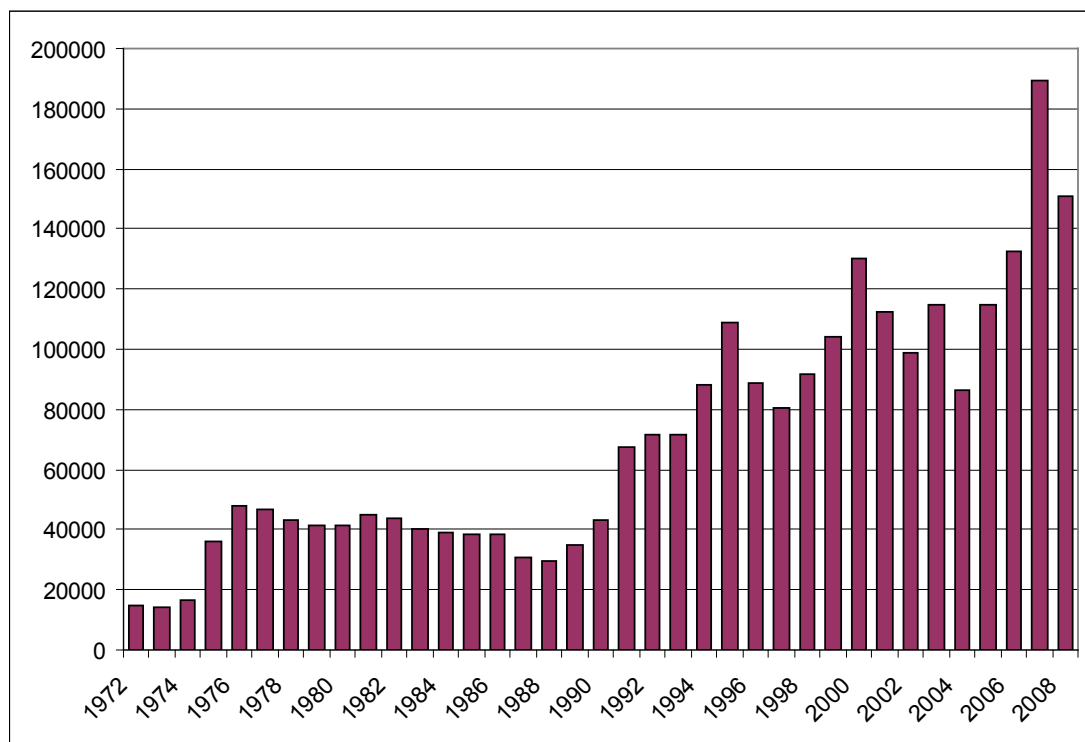
**Figure 1: Working days lost and work stoppages 1960-2006**



Source: Dix et al, 2009 (ACAS)<sup>19</sup>

<sup>19</sup> Gill Dix, John Forth and Keith Sisson, Conflict at Work: The Pattern of Disputes In Britain Since 1980, Acas, 2008

**Figure 2: Total number of employment tribunals claims registered 1972-2008**



Source: Dix et al, 2009 (ACAS)<sup>20</sup>

**How should the manifestations of conflict be interpreted?**

One important argument is that they embody the dynamic of individualisation in the employment relationship. unions and strikes are out; rights and tribunals are in, effectively substituting for one another. In effect, in legalising the employment relationship, society is choosing to address the power imbalance in a different way.

There is some merit to this argument. As the Figure 3 below demonstrates, unionised workplaces have a lower rate of applications to employment tribunals; where there is no union, more people seek legal redress. From the perspective of employers, meanwhile, increased litigation may be regarded as a price worth paying for being 'union free'.

However, the argument is also woefully imprecise and compares wholly different forms of conflict. There are three main reasons why.

<sup>20</sup> Ibid

**Figure 3: The union effect on employment tribunal claims**

	Any grievances	ET claims
	<i>Per cent of workplaces</i>	<i>Claims per 1,000 employees</i>
Union voice only	45	1.3
Union and non-union voice	44	2.1
Non-union voice only	40	2.7
No voice	31	2.9
All workplaces	38	2.4

Base: all workplaces with 5+ employees

Source: TUC, 2008<sup>21</sup>

1. The two forms of conflict involve not only different actors, but often different issues as well.<sup>22</sup> Except in the rare instance of spontaneous walkouts, collective grievance has generally been about pay, terms and conditions or redundancies. Employment tribunal claims are mostly about unfair selection for redundancy, underpayment (rather than levels) of wages and discrimination. What is more, strikes generally take place in the context of continuing employment; tribunal applications generally involve a break in the relationship.
2. The collective-individual shift struggles to handle a number of vital nuances in the debate. The tribunal system has seen a degree of ‘collectivisation’ – through trade unions bringing multiple claims on behalf of their members, such as on equal pay. Indeed, the proper enforcement of individual rights arguably demands collective organisation. Mick Waddington notes union officials spend more time wrestling with individual grievances than bargaining on pay and conditions.<sup>23</sup>
3. There is good evidence that there is something of an ‘unmet need’ for collective organisations in the workplace. Some 46 per cent of workers in non-unionised workplaces say it is either ‘quite’ or ‘very’ likely they would join a union if asked. There was also high approval for ‘trade union’ or ‘collective’ values whether or not a trade union operated at a workplace. Lack of contact with unions offers a powerful explanation of why people do not join – and for unions something of a ‘bargaining challenge’.<sup>24</sup>

<sup>21</sup> TUC, *The Road to Recovery, How Effective Unions Can Help Rebuild the Economy*, Touchstone Pamphlet 8, 2010, p9; see also Richard Freeman and James Medoff, *What Do Unions Do?* Basic Books, 1984

<sup>22</sup> Dix et al, op cit

<sup>23</sup> Emmott, op cit

<sup>24</sup> See Bryson, op cit

The response to the imbalance of power is a confusing mix of expanded individual rights (though significant further expansions are politically unlikely), a rump of collective provision in the public sector and mature private sector industries, and a sense that neither traditional collective solutions nor individual employment-rights related solutions quite map onto the problems and issues of modern working life. A better narrative than the collective-individual shift is that society is distributing power in 'multi-channel' forms: a supplementation story rather than a replacement story. As unions have retreated, there has been some attempt to increase the rights people hold as individual workers, but legalisation of the employment relationship has occurred on top of and alongside existing collective bargaining arrangements. In a paper for the Smith Institute, David Coats describes the current set-up as 'a mess' rather than 'a system'.<sup>25</sup> It is also important to note that overt manifestations of conflict, such as strikes or employment tribunal claims, reveal only part of the picture. In practice, there are many different ways to misbehave, embracing theft, sabotage, absence, resignation, or even uncooperativeness or lassitude. It has been claimed that absenteeism has cost up to 50 times as much as strikes during the 2000s.<sup>26</sup>

As mentioned previously, we know of no attempts to measure power. However, it is possible to gain some insight into two closely related issues which reflect on power. First, given that the first New Labour government promised 'fairness not favours' in its approach to workplace reform and its dealings with trade unions, is work now perceived to be more 'fair' as a result of its time in office? Second, have the changes explored here in identifying differing ways to check the power imbalance made the UK less 'business friendly'?

According to the government's Fairness at Work survey knowledge of employment rights rose and experience of problems at work fell sharply between 2005 and 2008.<sup>27</sup> The speed of the change over just three years means caution should be exercised regarding the finding, but on the face of it this would seem to be a very positive reflection on the state of the workplace. However, 34 per cent of employees reported they had experienced 'a problem' over the preceding two years, yet only a third of this group reported a specific problem related to employment rights. The authors of the survey contend that with the notable exception of pay, people were less likely to identify an employment rights problem than to indicate their main difficulties were with such issues as unfair treatment, bullying and harassment. They write: 'The important point to make here is that, pay problems apart, it was the problems which were less

<sup>25</sup> David Coats, *Time to Cut the Gordian Knot – the Case for Consensus and Reform of the UK's Employment Relations System*, Smith Institute, 2010

<sup>26</sup> Linda Clarke, Eddy Donnelly, Richard Hyman, John Kelly, Sonia McKay and Sian Moore, *What's the Point of Industrial Relations? A Statement by the British Universities Industrial Relations Association*, 2009, p4

<sup>27</sup> Ralph Fevre, Theo Nichols, Gillian Prior and Ian Rutherford, *The Fair Treatment at Work Report, Findings from the 2008 Survey*, Employment Relations Research Series No. 103, BIS, 2009

easily identified with specific employment rights that were the things that respondents were most likely to choose when they told us what their most serious problem looked like'.<sup>28</sup>

In other words, problems at work are less to do with specific breaches of legal obligations and more to do with workplace culture, relationships and the quality of management. The reported causes of perceived unfairness were: 'being ignored'; the type of work the employee was being asked to do; performance appraisal and assessment; pay and working hours. One in ten of those who reported unfair treatment referred to 'being excluded from social activities or not being part of a social group'.

It would be easy to shrug and declare such problems to be part of human society since time immemorial. In-groups, personal slights, undermining: thus is the way of the modern office. All managers can do is to be aware of the problem. A bolder point is that modern 'fairness' operates at a level of psychological specificity that does not lend itself easily either to the bargaining of trade unions nor to rights-based approaches. Such issues may be best addressed with a focus on job quality and management skills than the accumulation of rights.

The Office for Economic Co-operation and Development's (OECD) data on employment protection levels is the prominent source to help answer the second question. Its index of Employment Protection Legislation (EPL) 'strictness' compares the strength of the legal and regulatory frameworks affecting employers in different member countries – most directly the ease of making dismissals. Not all the recent rights affect the ability of employers to hire and fire (eg rights to paid holiday) and so are not fully captured by the index. Nevertheless, despite the increase in rights, across the OECD's member countries, the UK is close to the bottom of its league table of EPL strictness, behind only the US and Canada.

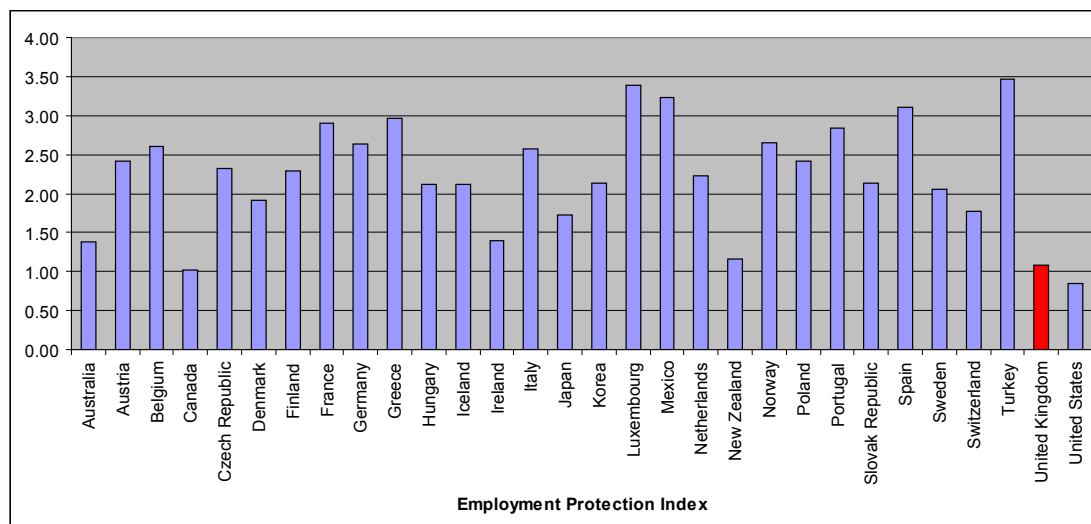
The often heard complaint that extensions of rights for employees place growing burdens on business that are chipping away at their willingness to recruit new people seems difficult to justify in this context. It is of course true that increasing regulation *can* deter hiring and reduce competitiveness (depending on how it is drafted and implemented). And it is also true that it frequently *does* place administrative obligations on employers. Policymakers and regulators need to be cautious that employment law does not become too onerous and complicated – or indeed difficult for people to understand and enforce. But on the basis of the available evidence, that point is some way off at present.

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<sup>28</sup> Ibid, p79



**Figure 4: Employment protection legislation strictness 2008**



Source: OECD<sup>29</sup>

Has there been a transfer of power in the form of new employment rights? In our judgment, the extension of employment rights may have helped people feel their workplaces are generally fairer and that there are avenues of redress that are open to them, given that unions are less present. But objectively speaking, if there has been a transfer it has been a very modest one that has worked with the grain of existing power relations rather than causing much disruption to them.

<sup>29</sup> Index constructed of three measures: the protection of permanent workers against (individual) dismissal; regulation on temporary forms of employment; and specific requirements for collective dismissal. All countries data relates to 2008, except France and Portugal, which comes from 2009. Data available at [http://www.oecd.org/document/11/0,3343,en\\_2649\\_33927\\_42695243\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/11/0,3343,en_2649_33927_42695243_1_1_1_1,00.html)

## 2. Consumers

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*'Ours is a consumer society'*

Zygmunt Bauman<sup>30</sup>

Work once stood at the centre of political and theoretical debate. Subscribers to the labour theory of value among the classical economists argued the value of a product depended on the labour required to produce it. Adam Smith sought to understand the motives and policies that rendered nations wealthy. He noticed the twofold character of work: on the one hand it focussed the mind, spurring discoveries and new inventions; but on the other the development of a highly specialised division of labour created jobs so simple it made men 'as stupid and ignorant as it is possible for an individual to become'.<sup>31</sup> Karl Marx founded his moral criticism of capitalism on the connection between work and human identity. Never solely a means to an end, work expressed and formed the nature of people and their relationships. 'What individuals are,' he wrote, 'depends on the material conditions of their production.'<sup>32</sup>

Today, however, work often appears to have retreated from the foreground of intellectual attention. In its place, the intellectual epicentre has drifted towards the act of consumption rather than that of production. The sociologist Zygmunt Bauman, following Baudrillard and the post-structuralists, has argued that today advanced economies such as that of the UK are fundamentally 'consumer societies' as opposed to the older 'producer societies' that characterised the 19<sup>th</sup> and most of the 20<sup>th</sup> centuries. The norm held up to people and the role society needed people to play was once that of a producer or worker. But the way present day 'post-industrial' or 'consumer society' 'shapes up its members is dictated first and foremost by the need to play the role of the consumer, and the norm our society holds up to its members is that of the ability and willingness to play it'.<sup>33</sup>

Naturally people still produce and work just as they have always consumed. But the distinction is one of a shift in emphasis: the act of consumption above the act of production provides the scaffolding around which the rest of life takes shape. However, the expressive, individualistic, consumer-oriented ethos of modern life does not make work less socially significant; what it means is that consumers drive work and the consumerist ethos permeates the workplace too.

The many ways that consumer culture affects work are beyond the scope of this paper, but it is worth briefly sketching two of them. Consumption shapes production by driving innovation around customer preferences. Vastly increased consumer choice and product differentiation

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<sup>30</sup> Zygmunt Bauman, *Work, Consumerism and the New Poor*, Open University Press, 1998, p21

<sup>31</sup> Adam Smith, *An inquiry in the Nature and Causes of the Wealth of Nations*, Oxford : Oxford University Press, 1981

<sup>32</sup> Karl Marx, *The German Ideology*, Prometheus Books, 1998, p37

<sup>33</sup> Bauman, *op cit*, p24

strategies among firms have meant greater segmentation, not just among consumers, but among workers too. The more segmented people become as consumers, the more work loses commonality. Researchers Rafael Gomez, Alex Bryson and Paul Willman claim that where once there were armies of ditch-diggers and typists doing more or less the same thing, today it is hard to find two people in a workplace doing exactly the same thing even if they share a job title.<sup>34</sup> Specialised products and services have brought more specialised work processes.

Consumers are also at the centre of a lively debate about job quality. On the one hand it has been argued that the imperative of better customer service brings with it far-reaching expectations around work – an argument we return to in the section on management practices. In particular, it points to flexibility and a willingness on the part of workers to contribute over and above what is specified in written rules. On the other, cost-conscious consumers drive employers to minimise their labour costs: some of the worst quality work in the country is reckoned to be in the supply chains of supermarkets competing primarily on price. Furthermore, those sectors most exposed to customers in all their fickle glory – retail, hospitality, care and personal services – have sometimes poor images as employers.

What is the evidence for consumer power at work? The strongest evidence that customers, clients and consumers are actually powerful presences in the workplace comes from the Skills Survey.<sup>35</sup> Asked which factors are 'important in determining how hard you work in your job' in surveys conducted between 1986 and 2006, workers themselves declare the single greatest source of control over work was not supervisors, technology, peer pressure from colleagues or fear of a bad report or appraisal. The factor highlighted most often by workers was customers and clients.

All forms of control (with the exception of machinery) over work rose between 1986 and 2001. In the case of clients, this jumped by some 20 percentage points. However, control seems to have diminished somewhat between 2001 and 2006. Using a longer run of Skills Surveys which repeat the same question about control over work, clients emerge as *the* most important source on every occasion except 1997 (when fellow workers are highlighted by most workers as a source of control). The authors of the Skills Survey link the rise in external control with a decline in employee 'task discretion' – the modest pleasures of bringing one's own judgement and initiative to the accomplishment of job tasks (we return to the subject of declining autonomy in the section on management practices to come).<sup>36</sup>

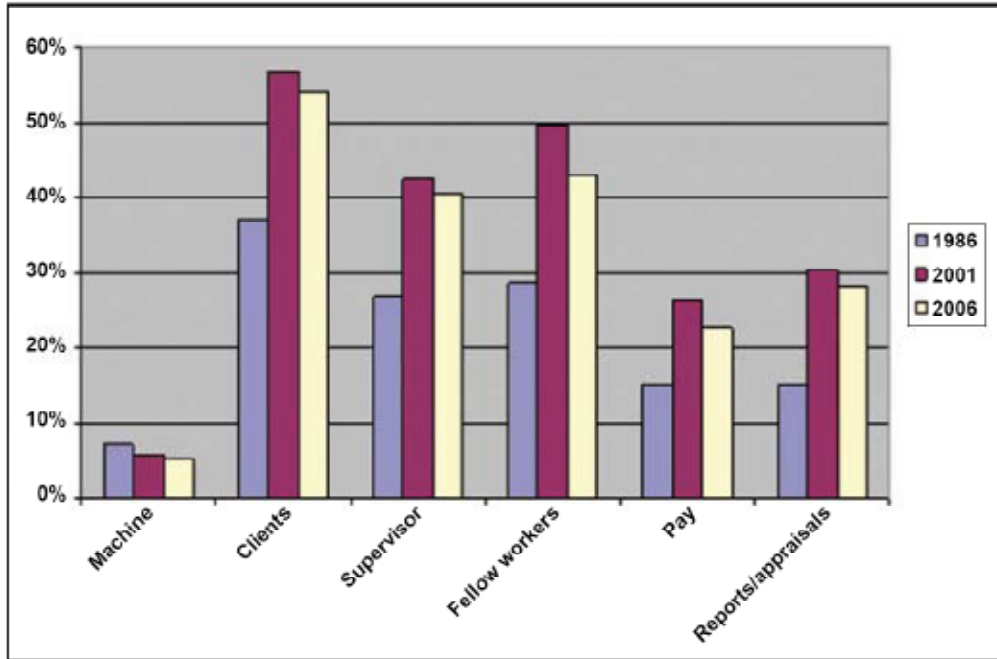
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<sup>34</sup> Rafael Gomez, Alex Bryson and Paul Willman, *From the Two Faces of Unionism to the Facebook Society: Union Voice in a Twenty-First-Century Context*, Labour and Employment, Labor and Employment Relations Association Series, Proceedings of the 60 Annual Meeting, 2008, p12

<sup>35</sup> Alan Felstead et al, *op cit*

<sup>36</sup> *Ibid*, p125

Figure 5: Sources of control over work (1)



Source: Felstead et al 2007

Figure 6: Sources of control over work (2)

Forms of control over work effort	1986 (%)	1992 (%)	1997 (%)	2001 (%)	2006 (%)
Machine	7.1	5.3	10.2	5.8	5.1
Clients	37.2	50.4	53.9	56.7	53.9
Supervisor	26.7	37.7	41.0	42.4	40.5
Fellow workers	28.7	36.1	57.0	49.6	43.1
Pay	15.3	19.4	29.8	26.3	22.6
Reports/appraisal	15.3	27.3	23.6	30.4	28.1

Thus, according to the survey, workers believe that the single most important source of control over work comes from outside the employment relationship. It might be said that workers serve more than one master, which places the employment relationship in an interesting new light vis-à-vis power. If it ever made much sense to see the employment relationship as a two-way

<sup>37</sup> Ibid, p124

dynamic of power between employers and employees (and their unions), it is almost certainly too narrow a perspective today. The 'bi-polar' world of work in which unions flourished appears to have been replaced by something akin to a multi-polar world today in which power shifts between different stakeholders in an organisation, both inside it and outside it, including employers and employees certainly, but also including, for example, suppliers, customers, investors (political paymasters in the public sector) and others. Employers often protest that they do not hold all the cards and point to the dominance of their clients and the turbulence and competitiveness of the markets they trade in. Workers' apparent acceptance of this point necessarily complicates the dynamics of the relationship. Who should be held responsible in situations where power is dispersed amongst a variety of actors?

Herein lies one of the bargaining challenges of trade unions. If power over work is being exercised from both inside and outside the employment relationship, trade unions logically may need to seek to extend their influence beyond an employer to that employer's clients. One example of where they have successfully done this is through the case of London Citizens. Working with faith-based and community organisations, unions have pressurised brand-sensitive firms in the City of London and major hospitals to insist the providers of their outsourced cleaning and catering services pay a 'living wage'.<sup>38</sup>

Particularly extreme versions of the dynamics involved in what we will call multi-polar work situations come from case studies of organisations which outsource contracts to other companies. In their book, *Fragmenting Work*, Mick Marchington, Damian Grimshaw, Jill Rubery and Hugh Willmott, provide eight case studies in which organisational boundaries have been 'blurred' by outsourcing, leaving staff operating multiple employment relationships and dealing with the ambiguity and uncertainty of where decisions affecting their future are ultimately taken. 'In practice it is often unclear where one organisation ends and another begins,' they write.<sup>39</sup>

'Every time one organisation chooses to outsource, another organisation accepts a new client and is placed under some pressure to meet that clients' demand for particular levels of service or product, often with specific requirements relating to how human resources are to be managed.'<sup>40</sup> They claim that simple considerations of efficiency are often a second-order issue in outsourcing decisions. However, issues of trust, power and risk tend to be paramount.

<sup>38</sup> Andrew Taylor, Union seeks to mop up better pay for cleaners, *The Financial Times*, 2005

<sup>39</sup> Mick Marchington, Damian Grimshaw Jill Ruberty and Hugh Willmott (Eds) *Fragmenting Work: Blurring Organisational Boundaries and Disordering Hierarchies*, Palgrave 2005, p2

<sup>40</sup> *Ibid*, p75

Outsourcing is a means of transferring employment-related risk: a classic distancing mechanism. 'Imbalances in power between clients and suppliers routinely re-emerge as increased risks for workers'.<sup>41</sup>

Employees find themselves as actors in the shifting psychodrama of client and employer. Single-employer traditions of thinking around employment rights, commitment and efficiency issues are 'becoming increasingly indefensible and inappropriate' as organisations become more embedded in multi-institutional working arrangements.<sup>42</sup> As the sociologist Manuel Castells has put it: 'Never was labour more central to the process of value-making. But never were the workers...more vulnerable to the organisation since they had become lean individuals, farmed out in a flexible network.'<sup>43</sup>

Outsourcing, whether domestic or offshore, is a particular manifestation of working arrangements where power over work becomes distributed between employers and their clients. It is easy to overstate its influence. The central point we wish to make in this section is that the general view of power held by workers indicates they view control over their work as coming from disparate sources – some inside the boundaries of the employing institution (eg pay and colleagues), some outside (clients). We need to modify our view of power at work accordingly. Power at work is a multi-polar phenomenon, not a two-way tussle. The consumer society is a notable presence in the contemporary world of work.

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<sup>41</sup> Ibid, p266

<sup>42</sup> Ibid, p285

<sup>43</sup> Manuel Castells, *The Information Age: Economy, Society and Culture, Volume 1: The Rise of the Network Society*, Wiley, 1996, p278-9

### 3. Skills

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*'Once, we worried about a global arms race. The challenge this century is a global skills race and that is why we need to push ahead faster with our reforms to extend education opportunities for all...In a globally competitive national economy, there will be almost no limits to aspirations for upward mobility. Globalisation dictates that the nations that succeed will be those that bring out the best in people and their potential.'*

Gordon Brown<sup>44</sup>

There are few empowerment narratives more influential than that of up-skilling: to acquire skill is to acquire power.

The equation is advanced on three different levels. For nations, their competitive position depends on their 'human capital'. According to the Leitch Review of Skills, inadequate skills account for much of the UK's productivity gap vis-à-vis its main competitors and the government should seek to improve the level of skills supply at all levels to ensure the UK does not begin to lag.<sup>45</sup> This is particularly urgent as global competition intensifies and transnational companies dominate production, triggering a new, global 'skills race'.<sup>46</sup> Developed countries will only be able to maintain their competitive position by supplying the globe with high-skill, high wage workers in order to attract high skill, high wage jobs.

Among employers, the path to compete in a 'knowledge-based' economy is through nurturing and developing the skills of employees. Skilled workers are important as they are able to adapt to, as well as utilise more effectively the rapidly evolving new technologies.<sup>47</sup> The new work demands not just expanded mental capacity, but a new understanding of 'skill', too. Skills are viewed less in terms of 'hard', technical expertise or mastery of a specific discipline, more as 'soft' personal and interpersonal capabilities that are universally endorsed across all lines of work. A range of personal attributes such as 'enthusiasm', 'motivation', 'commitment' and ability to 'think on one's feet', as well as the ability to work in a team and communicate well are included in this new conception.<sup>48</sup> In part, this reflects the fact that the knowledge and service sectors involve complex interactions between employees, colleagues, suppliers and customers.

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<sup>44</sup> Gordon Brown, We'll Use Our Schools to break Down Class Barriers, The Observer, February 10<sup>th</sup>, 2008

<sup>45</sup> Sandy Leitch, Prosperity For All in The Global Economy – World Class Skills, Leitch Review of Skills, HM Treasury, 2006, p2

<sup>46</sup> Robert Reich, The Work of Nations, London : Simon & Schuster, 1991

<sup>47</sup> Sandy Leitch, op cit, p8

<sup>48</sup> Ewart Keep and Ken Mayhew, The Assessment: Knowledge, Skills, and Competitiveness, Oxford Review of Economic Policy, Vol.15, No.1, 1999, p10

Last but not least, skills are at the centre of a new understanding of individual power. One of the effects of globalisation, it is often said, is to reduce the security of work<sup>49</sup>: no longer is it possible for companies to provide individuals with a job-for-life. Yet individuals can help themselves – with the assistance of companies and the government – by taking on board new skills so as to improve their standing in the (global) labour market. This is the essence of the ‘employability’ argument, according to which individuals will gain – and sustain – good employment if they acquire the right skills. Skills are offered as a win-win solution. In the Taylorist production paradigm, skills were centralised in the hands of managers who subdivided tasks for maximum efficiency and told workers precisely how to do them, thereby denying workers mastery of skill and expertise and leading to hierarchical and exploitative work practices. In the post-Taylorist workplace, both efficiency and fairness concerns come together in the need to expand skills. In acquiring skills, people can access better jobs. And possessing skills, they thereby equip themselves with the best defence against the vicissitudes of working life. The response to risk has, to some extent, been individualised: workers can self-help via skills, attitude and initiative.

In what follows in this section we explore the ramifications of the skills-power marriage.

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### Expanding skills supply

Given this background, the central thrust of skills policy makes compelling sense. The Labour government of 1997-2010 attempted to increase the supply of skills at all levels, but particularly at the graduate level, as graduates are believed to play a particularly important role in the knowledge economy. Despite a dramatic increase in supply, the returns to degrees remain high. According to the Department for Innovation, Universities and Skills (DIUS) the difference in gross hourly earnings for full-time workers with degrees and those educated at A-level or equivalent is 47 per cent – implying the demand for graduates generally remains robust.<sup>50</sup> Arguably, then, the expansion of higher education is a societal response to the growing demand for highly skilled workers.

The general trend towards the up-skilling of work can most clearly be seen from the Skills Survey. For example, 20 per cent of jobs required higher education (HE) qualifications in 1986; by 2006, the figure had risen to 30 per cent. At the bottom end of the skills spectrum, 38 per cent of jobs did not require any qualification in 1986; by 2006, the figure had decreased to 28 per cent. Likewise, the time taken to train for jobs has lengthened, as has the time it takes to learn to do a job well; and at the bottom end of the spectrum, there were fewer jobs demanding skills that can be picked up in less than a month (27 per cent in 1986 to 19 per cent in 2006).

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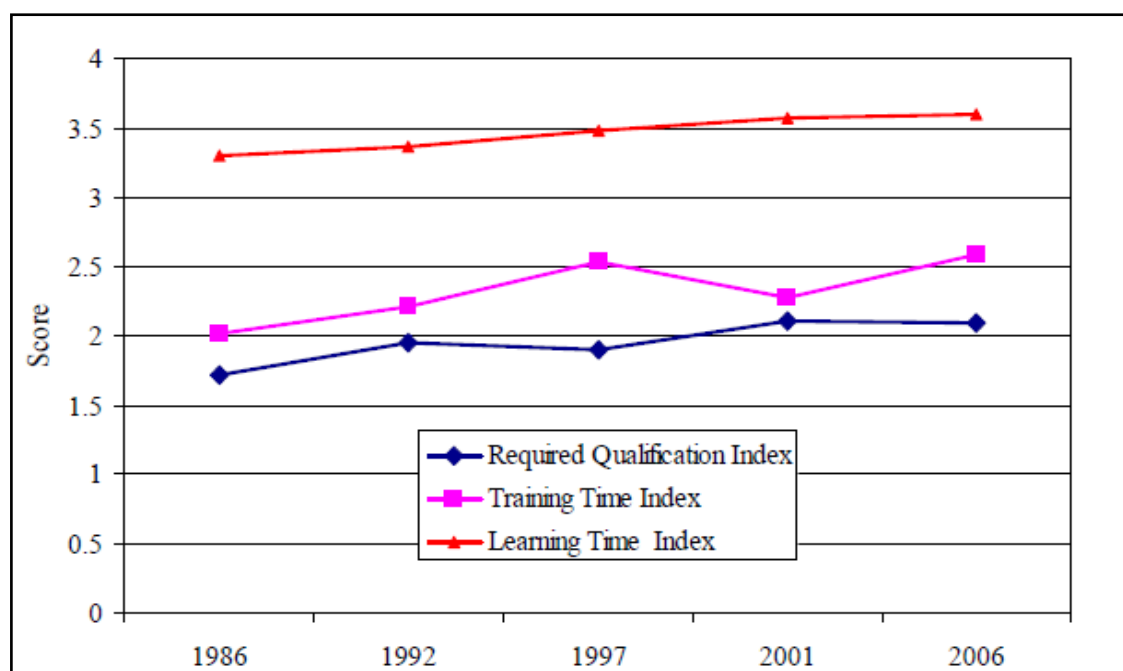
<sup>49</sup> Elsewhere we have questioned whether long-term job security is declining, see Stephen Overell, Tom Mills, Sam Roberts, Rohit Lekhi and Ricardo Blaug, *The Employment Relationship and the Quality of Work*, Provocation Paper 7, Good Work Commission, 2010

<sup>50</sup> Department for Business, Innovation and Skills, First Release, Department for Innovation, Universities and Skills, National Statistics, SFR, 01/2008, February, 2008



Figure 7 below illustrates the overall upward trajectory in skills between 1986 and 2006 in terms of three broad skills indices.<sup>51</sup>

**Figure 7: Trends in skills, 1986-2006**



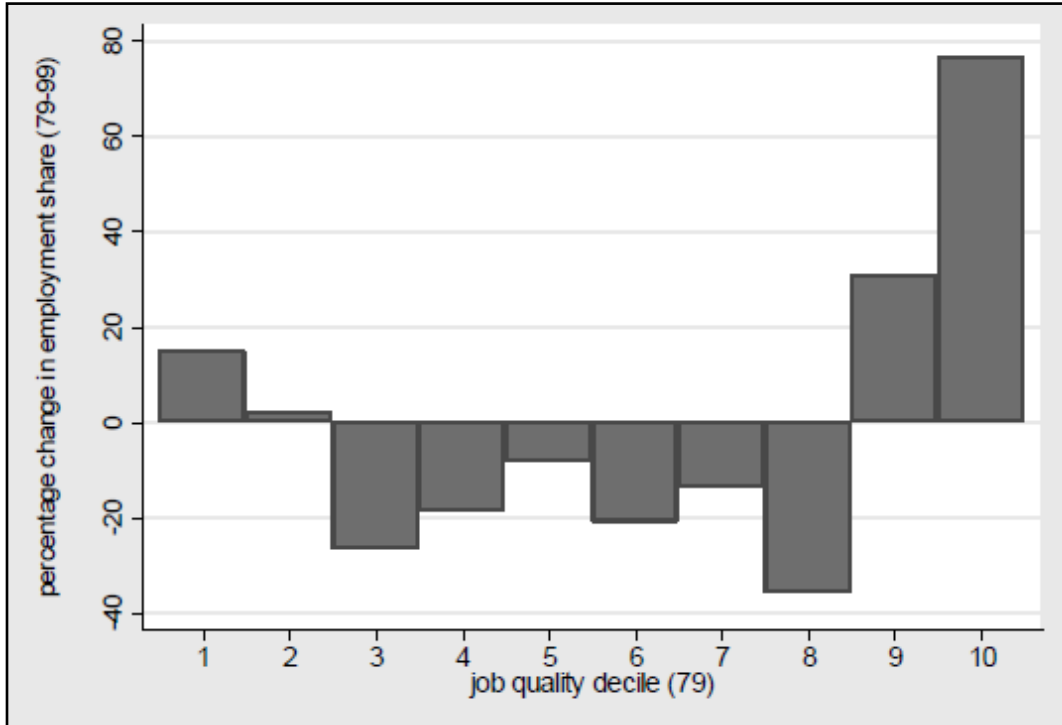
*Source: Felstead et al*

Yet although the broad pattern points to generalised up-skilling, the study of occupations suggests a more subtle analysis is necessary. In recent years the greatest increase in occupations has been in the top three occupational groups (professionals, managers and 'associate professionals, such as nurses, teaching assistants and technicians). This pattern offers some support for the 'knowledge economy' thesis. At the same time, however, Maarten Goos and Alan Manning provide evidence to suggest that alongside the growth of what they term 'lovely' jobs there has been a simultaneous growth of 'lousy' jobs. The chart below examines occupations at the lowest 10 per cent, the second-lowest 20 per cent, and so on up to the highest 10 per cent, from the mid-1970s to the late-1990s. Alongside the increase in jobs at the top, there has been an increase (albeit a smaller one) of jobs at the bottom and a decline of jobs in the middle, which indicates some job polarisation rather than universal upskilling.<sup>52</sup>

<sup>51</sup> Felstead et al, op cit, p57

<sup>52</sup> Maarten Goos and Alan Manning, Lousy and Lovely Jobs: the Rising Polarization of Work in Britain, Centre for Economic Performance, December, 2003

**Figure 8: Percentage change in employment share by job quality decile**



**Note:** Employment data are taken from the LFS using 3-digit SOC90 codes. Employment changes are taken between 1979 and 1999. Quality deciles are based on 3-digit SOC90 median wages in 1979 taken from NES

Research for The Work Foundation’s Good Work Commission indicates that this process of job polarisation continued into the 2000s<sup>53</sup> and a recent paper by economist David Autor in the US reports that the recession of 2008-2010 speeded it up. Between 2007 and 2009 there has been very little net change in total employment in ‘lovely’ and ‘lousy’ jobs, but employment losses have been far more severe in ‘middling’ jobs.<sup>54</sup>

The ‘middling’ jobs that have declined are those that require a medium amount of skill and pay a medium wage such as entry-level white collar jobs in offices and administration and semi-skilled blue collar jobs in warehouses and factories. The ‘lousy’ jobs, meanwhile, are the relatively low wage, service type jobs that have increased in recent years, including care, retail, hospitality, leisure and call centre work. Some are inextricably linked to the increase of jobs at the top: high-

<sup>53</sup> Diana Kasparova, Nick Wyatt, Thomas Mills and Sam Roberts, Pay: Who were the winners and losers of the New Labour era?, Provocation Paper 8, The Good Work Commission, 2010, p41

<sup>54</sup> David Autor, The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings, Centre for American Progress, The Hamilton Project, April, 2010, p2

end knowledge workers, for instance, are increasingly turning to personalised care services<sup>55</sup>, which increases the demand for low skilled workers who clean or look after children; and thus, perform something of a supportive role for the high fliers.

Analyses of these 'lousy' service-type jobs suggest that their 'quality' in the UK (and the US) compares relatively unfavourably with equivalent jobs elsewhere. For example, retail work accounts for 12 per cent of the UK working population. However, whilst jobs in this part of the labour market can be designed in a way that requires high levels of skill – for example, to demonstrate product knowledge, as with retail workers in France, or high skill levels, as with apprenticeship-trained retail workers in Germany<sup>56</sup> – the majority in the UK are not; they depend, in effect, on personnel strategies based on low competence, low qualifications, low training and minimal careers.<sup>57</sup>

Similarly, the call centre industry in the UK adopts a particular strategy towards managing its people that differs sharply from strategies deployed elsewhere. In Denmark, France and Germany call centre operators deal with a greater range of products and services and as a result are more functionally flexible and enjoy greater autonomy over their work. In the UK (and the US) by contrast: 'Employers are more likely to divide up the operations of the customer service or sales function into separate departments with work organised on the basis of standardised, Taylorist methods. Here, there is a greater emphasis on the use of scripts, electronic monitoring, and adherence to performance metrics'.<sup>58</sup>

The existence in the UK of a large number of 'lousy' jobs alongside those at the top does not sit entirely comfortably with the knowledge economy ideal. These jobs could be designed in a way that would utilise and develop the skills of the individuals who take them on, but for whatever reason UK employers are often adopting command and control management techniques rather than the more progressive approaches used in other countries. For employees working in these types of occupations, it is difficult to see how the arguments advanced around empowerment via skills are relevant to their situations. Power over work appears concentrated in the hands of managers.

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<sup>55</sup> Diane Perrons, *The new economy and earnings inequalities: explaining social, spatial and gender divisions in the UK and London*, LSE Gender Institute, Issue 17, October, 2005, p26

<sup>56</sup> Irena Grugulis, Ödül Bozkurt and Jeremy Clegg, 'No place to hide'? The realities of leadership in UK supermarkets, SKOPE Research Paper No. 91, May, 2010, p4

<sup>57</sup> J. Gadrey, *Working time configurations: theory, methods and assumptions for an international comparison*, in Christophe Baret, Steffen Lehndorff and Leigh Sparks, *Flexible Working Time in Food Retailing: a Comparison Between France, Germany the UK and Japan*, London and New York : Routledge, 2000

<sup>58</sup> Caroline Lloyd, Claudia Weinkopf, and Rosemary Batt, 'Restructuring Customer Service: Labor Market Institutions and Call Center Workers in Europe and the United States', in J. Gautié and J. Schmitt, *Low-Wage Work in the Wealthy World*, RSF, 2010, p3

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**Knowledge,  
power and  
tensions  
within the  
middle  
classes**

Further questions surrounding skills and power emerge when we consider knowledge work in more detail. In an extensive survey of the workforce, The Work Foundation examined the ‘cognitive complexity’ of contemporary work. The findings indicate that the UK has a 30-30-40 workforce – 30 per cent work in jobs with high knowledge content, 30 per cent in jobs with some knowledge content, and 40 per cent in jobs with little knowledge content. However, of the 30 per cent in jobs with high knowledge content, only 11 per cent were involved in work that required a heavy concentration of ‘cognitively complex’ work – typically combining sophisticated intellectual work with managerial responsibility:

*‘These high knowledge intensive jobs are, we suspect, what some of the more excitable accounts of knowledge work we have in mind. The reality is that even after 40 years uninterrupted growth in knowledge based industries and occupations, such jobs account for only one in ten of those in work today.’<sup>59</sup>*

Clearly, then, it is wise to look ‘inside’ the workplace before rushing to judgements about knowledge, skill and power in society at large. What is more, The Work Foundation reports that whilst a majority of those in jobs with high knowledge content hold a degree, many graduates work in jobs with some knowledge content, such as care and welfare, information handling, and servers and sellers, and about 20 per cent work in jobs with little knowledge content, such as assistants and clerks, and operators.<sup>60</sup> This raises the distinct possibility that government policies that have increased the supply of graduates have contributed to the amount of individuals with degrees working in jobs that do not require them – so-called ‘over-qualification’. Indeed, a report by Alan Felstead et al indicates that a third of graduates are currently overqualified, a figure that has increased by 50 per cent in the last 20 years, with three quarters of the increase taking place in the last five years.<sup>61</sup>

Yet what of the government’s claim that returns to degrees remain high and rising? The point here is that average returns may well be high, but averages tend to be distorted by the highs and the lows. There are graduates who work in the ‘loveliest’ of jobs, but so too are there graduates whose encounter with the real-world labour market means they do not do ‘graduate work’ because there are not enough ‘lovely’ jobs to go round. Indeed, Francis Green and Yu Zhu report increased dispersion amongst graduate pay, which they attribute to over-qualification.

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<sup>59</sup> Ian Brinkley, Rebecca Fauth, Michelle Mahdon and Sotiria Theodoropoulou, Knowledge Workers and Knowledge Work, The Work Foundation, 2009, p4

<sup>60</sup> Ibid, p7

<sup>61</sup> Felstead et al, op cit, p63

Research typically finds that overqualified graduates suffer a pay penalty of between 10 and 25 per cent; the authors find this range to be conservative.<sup>62</sup>

These considerations imply that a straightforward assumption that skills (and power) are greater than they once were is too crude. Even what we mean by 'skill' is contested. As discussed above, conceptions of skills have broadened in recent years to include a range of personal and interpersonal capabilities. However, whilst communication is certainly more central to production today than it once was, the attempt to re-label as 'skills' what are, in effect, a collection of personal attributes is not without its problems. Is communication ability really 'a skill'? To argue so is not obviously more persuasive than arguing that physical strength amounts to a skill for a miner or that 'looking good' or 'fitness' is a skill in a nightclub, gym or department store. Caroline Lloyd et al claim the inclusion of personal and interpersonal capabilities into our conception of skills fuels claims that 'we are witnessing a general trend towards universal up-skilling in a 'knowledge-driven economy', while also allowing a convenient veil to be drawn over the dull, monotonous reality of much service sector work'.<sup>63</sup>

Others go further and take the evidence of 'over-qualification' and the increasing dispersion of the pay of graduates to debunk the idea of progressive up-skilling even at the top end of the labour market. The argument runs that the increase in the supply of graduates has merely devalued their degrees, rather than created more 'lovely' jobs; even graduates can be interchangeable if there are more of them than is required. This strikes at the heart of 'employability' argument, according to which skills are a sure root to money – and power. Yet, whilst skills are unequivocally important, the labour market also has a major impact on the ability of many individuals to gain and sustain good employment:

*'If 30 suitably trained brain surgeons applied for ten vacancies it is inevitable that 20 surgeons would not get jobs. Does this mean that they are not employable? ...employability represents a classic example of 'blaming the victim.'*<sup>64</sup>

For those who do not get jobs suitable to their training, work is likely to be a frustrating affair. Indeed, there is mounting evidence to suggest that employers are increasingly differentiating between the valuable and the interchangeable graduate besides issues relating to pay. Recent work by Geoff Mason and Kate Bishop, for instance, reveals a curious anomaly: despite the

<sup>62</sup> Francis Green and Yu Zhu, *Overqualification, Job Dissatisfaction, and Increasing Dispersion in the Returns to Graduate Education*, University of Oxford, *Oxford Economic Papers*, 2010, p9

<sup>63</sup> Caroline Lloyd and Jonathan Payne, *What is a skilled job? Exploring worker perceptions of skill in two UK call centres*, SKOPE Research Paper No 81, July 2008, p21

<sup>64</sup> Phillip Brown, Anthony Hesketh and Sara Williams, *Employability in a Knowledge-Driven Economy*, Paper 26, Series Working Paper Series, 2002, p110

historical (and comparative) evidence to show that employers prefer to train up young graduates – because they are perceived to have high levels of ability; because they are more likely to co-invest in their training, due to fewer credit constraints; and because of the need of firms to retain the highest quality – average levels of job-related training of young graduates are significantly lower today than they were in the mid-1990s. This they attribute to ‘the widening dispersion of salaries and career prospects for the expanded supply of young graduates...since graduates entering jobs for which degrees are not required may be less highly regarded by their employers as candidates for job-related training than are other graduates’.<sup>65</sup>

Even graduates who enter traditional graduate career paths may sometimes find the work is not what is expected. In a study of two major retail organisations, for instance, the work carried out by ‘managers’ (typically graduates) was found to be heavily prescribed: stock levels, ordering, product ranges, store layouts, pricing, special offers and staff policies were all determined by head office. Managers were also monitored to ensure they met a number of demanding performance targets, which they had very little control over, if at all. Far from ‘entrepreneurial visionaries’, they were more like ‘links in a chain with little real influence over policies and procedures’ despite the fact that the retail organisations concerned stressed managerial leadership and ‘the importance of people’ as crucial factors in their competitive advantage.<sup>66</sup>

Are skills power? To some extent and for some people they certainly are. However, we think there are profound reasons to doubt the completeness of the answer. Increasing the supply of skills does not, in itself, necessarily imply that labour markets operate in such ways as to put skills to good use or that employers behave in such ways that people are able to realise the full power their skills theoretically hold in real workplaces. And the future is not as certain as many would have us believe. Phil Brown et al warn that degrees are set to be devalued further as the global pool of graduates increases. In 1995 there were 33.4 million graduates; in 2005, the figure had risen to 62.9 million. Since 1990, moreover, China, India and Russia have more than trebled their combined numbers of degree-level students from 13.9 to over 45 million students – the combined figure for the US and the UK is 19.8 million.<sup>67</sup> They warn that the prospect of a high skill, low wage economy in the UK is a possibility, as transnational corporations take advantage of cheap yet skilled labour in the developing world and graduates in the developed world increasingly confront downward pressures on their wages and working conditions as a result:

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<sup>65</sup> Geoff Mason and Kate Bishop, *Adult Training, Skills Updating and Recession in the UK: The Implications for Competitiveness and Social Inclusion*, LLakes Research Paper 10, 2010, p20

<sup>66</sup> Irena Grugulis, Ödül Bozkurt and Jeremy Clegg, *op cit*, p1

<sup>67</sup> Phil Brown, David Ashton, Hugh Lauder and Gerbrand Tholen, *Towards a High-Skilled, Low Waged Workforce? A Review of Global Trends in Education, Employment and the Labour Market*, SKOPE, Monograph No. 10, 2008

*'The globalisation of high-skilled work is not only a question of how far off-shoring will lead to a decline in demand for middle class managers, professionals, or technically trained workers in the West, but it is also likely to have an impact on job quality, including compensation packages. As differences in productivity narrow between operations in different parts of the world, the cost and working conditions of Western employees are no longer the global benchmark'.<sup>68</sup>*

Yet individuals 'vote with their feet' and increasing numbers continue to flock to university. The evidence of an increase in jobs at the top end of the occupational spectrum, as well as the fact that average returns to degrees remain high, does imply that something approaching the knowledge economy ideal is developing, even if its scope is smaller than its proponents care to admit. The higher quality of education in developed economies, moreover, and their generally higher standard of infrastructure and social and political stability in comparison to the developing world, could mean that the West's competitive edge remains in place for some time, even if the global supply of graduates is increasing exponentially. Nevertheless, the hopes invested in the consequences of increasing the supply of skills may be excessive. The term 'graduate job' is increasingly meaningless.

In our view, we need to look beyond a simple assumption that skills equates to power. While the skilled certainly can and do command better salaries and wield greater labour market power and the unskilled, it is essential to pay greater attention both to the demand side of the skills equation: the ways in which skills are used in real-world workplaces. Exploring demand necessarily adds a layer of complexity to the view that skills equate to power. As Ewart Keep puts it:

*'While it may seem a statement of the blindingly obvious that having upskilled the workforce it will be essential to ensure that their jobs are redesigned in order to allow their newfound skills to be deployed to maximum productive effect, the fact is that while there are numerous expensive public programmes aimed at enhancing the skills of the future and existing workforce, there is no parallel effort aimed at bringing about work organisation and job redesign. Despite much talk about the need to 'work smarter', a realization of what this might mean, and what might be needed to help make it a reality, seems absent.'<sup>69</sup>*

<sup>68</sup> Philip Brown, Hugh Lauder and David Ashton, Education, Globalisation and the Knowledge Economy, The Teaching and Learning Research Programme, September, 2008, p10

<sup>69</sup> Ewart Keep, Ken Mayhew, Jonathan Payne, From Skills Revolution to Productivity Miracle – Not as Easy as it Sounds?, Oxford Review of Economy Policy, Vol. 22, No. 4, 2006, pp539-559, p543

## 4. Management practices

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*'Engaging managers are at the heart of...organisational culture – they facilitate and empower rather than control or restrict their staff; they treat their staff with appreciation and respect and show commitment to developing, increasing and rewarding the capabilities of those they manage.'*

MacLeod Review of Employee Engagement<sup>70</sup>

Modern management literature frequently asks that we set aside old mindsets concerning the balance of power and focus attention on getting the best out of people. The CIPD has argued the 'industrial relations paradigm' that held sway in the late twentieth century with its old debates of 'unitarism' (goals shared) and 'pluralism' (goals separate) and its long-standing interest in questions of conflict, power and control has been superseded by the business of how employers can influence levels of 'engagement'.<sup>71</sup> In doing so, the path to a win-win arrangement of employment relations is laid out.

The mysterious effect of people on performance has been likened by one team of researchers to a 'black box'.<sup>72</sup> So mysterious is it, authors occasionally abandon words altogether and appeal to the senses. Employee engagement is sometimes rendered as 'buzz' – a kind of organisational X-factor. 'You sort of smell it', as the MacLeod Review puts it.

The message of the literature is that leadership and management involves a controlled distribution of power to responsible, autonomous and (as the previous chapter explained) better-skilled workers. By engaging staff and using 'high performance work practices' that elicit willing commitment, employers can access the discretionary effort of workers. Power enters this discourse not in the traditional, formal sense of the power of one party over another, but in generally more subtle ways. There is the power that people have to withhold their inner extra mile; the power of exit; and the implicit criticism of 'command and control' management styles. 'Talented workers may have a critical effect on business performance but won't hesitate to leave if they feel their contribution isn't recognised'.<sup>73</sup> The Macleod Review contains 14 references to 'empowerment', but only one to 'sharing power' (in a case study involving the John Lewis Partnership).

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<sup>70</sup> David and Nita Clarke, *Engaging for Success: enhancing performance through employee engagement*, Department for Business, 2009, p75

<sup>71</sup> Mike Emmott, *op cit*

<sup>72</sup> John Purcell, Nick Kinnie, Sue Hutchinson, Bruce Rayton and Juani Swart, *Understanding the People Performance Link: unlocking the black box*, CIPD, May, 2003

*Understanding the People and Performance Link: Unlocking the Black Box*, Research Report, CIPD, 2003

<sup>73</sup> Mike Emmott, *op cit*, p15



It is difficult not to like some of the ‘drivers’ of engagement that have been identified. According to a meta-analysis by the Conference Board, the US business organisation, engagement depends on:

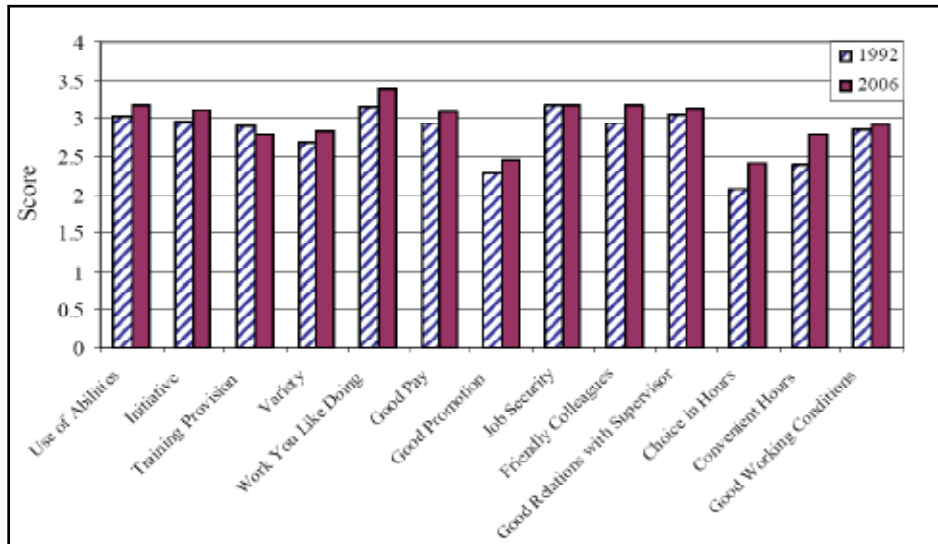
- **Trust and integrity:** The extent to which employees feel that management are concerned about their well-being, tell the truth, and demonstrate the espoused company goals through their own leadership and behaviour.
- **The nature of the job:** The extent to which the employee derives emotional and mental stimulation from their role, including levels of autonomy and the ability to participate in decision-making.
- **A link between company and individual goals:** How well the individual understands company goals, and his/her contribution to them.
- **Career growth opportunities:** The degree to which an employee feels there are opportunities for career growth and promotion within an organisation.
- **Employee development:** The degree to which the employee feels specific efforts are made to build their skills.
- **Pride:** The level of self esteem that the employee derives from being part of the company relates directly to the extent to which the employee would recommend the company to potential employees or customers.
- **Co-workers:** The influence that an employee’s colleagues have on his/her level of engagement – the ‘social connections’ people make.
- **The personal relationship with a manager:** The degree to which the employee values the relationship they have with their manager.

The same research argued that ‘meaning’ is an ‘emergent factor’ in engagement.<sup>74</sup> It is also noteworthy that the factors identified as driving engagement overlap quite well with the factors that workers *themselves* say are most important to them in the jobs that they do. The Skills Survey asks workers about what matters to them in their work.<sup>75</sup> The chart measures their responses. (In passing, it is interesting that workers do not appear to have a primarily instrumental orientation towards work when they think about their jobs; work is not just a means to an end.)

<sup>74</sup> John Gibbons, *Employee Engagement: A Review of Current Research and Its Implications*, The Conference Board, 2006

<sup>75</sup> Felstead et al, p147

**Figure 9: Job preference orientations 1992-2006**



Source: Table 8.1

The degree of agreement between the preferences of workers themselves and the drivers of engagement offers hope for positive employment relations. In the introduction we outlined a conception of power which emphasises *capability*: engagement aims to enhance the capacity of people to contribute. There is, however, a very significant caveat. It is capability to contribute within the parameters determined by managers. Workers do not engage with their employers as equal participants making choices and decisions; their role is shaped by their subordinate position in the labour market. The aspiration towards engagement, indubitably well-intentioned as it is, will always bear the imprimatur of a ‘pushed schema’ – a more or less clumsy attempt to make people think and behave in ways that serve the ends of the dominant party.<sup>76</sup> Far from superseding the balance of power, engagement represents a strategy that is, in practice, premised upon it. It empowers within the highly circumscribed limits of a power relationship. Confusions about power thus proliferate in engagement debates. On the one hand there is a strong urge to deny the existence of a power imbalance. On the other, there is an equally strong urge to empower workers – the assumption presumably being that employees previously lacked autonomy, control, voice and discretion which limited their motivation and commitment. Perhaps more insistent than either is the desire to *re-define* the nature of power as having less to do with structures and more to do with an attitude or a state of mind: the power of a switched-on, can-do, problem-solving mindset.

<sup>76</sup> The phrase is borrowed from Ricardo Blaug, *How Power Corrupts*, Palgrave, 2010, p85

It is arguable, though, that while there is a burgeoning literature testifying to the effects of engagement (variously defined)<sup>77</sup>, the clearest demonstrations come from organisations that have made *formal* changes to the allocation of power. The John Lewis Partnership and other companies such as Arup (owned by a trust for the benefit of past, current and future employees) are often cited as illustrations.<sup>78</sup> For example, where share options have been allocated, the motivational effect is reinforced if there are mechanisms to enable participation in decisions. Where people are included and involved by, say, information and consultation arrangements, there are gains for satisfaction and motivation.<sup>79</sup> Having a financial stake and having a voice *together* foster engagement and connecting these factors and outcomes is the notion of effective communication within the firm: 'Where governance structures exist that give employees a voice and allow them to participate in deciding organisational direction, the increase in motivation and commitment is pronounced. In short, we appear to be gazing upon the positive effects of democratising the workplace.'<sup>80</sup> Without some structural modification to the power relationship, engagement can be open to the challenge of vacuity.

Do the notions of engagement and high performance work practices have much purchase on the experience of the contemporary employment relationship in the UK? There are three questions we can ask to shed some light on this.

1. How 'engaged' is the British workforce?
2. How widespread is the use of 'high performance working practices'?
3. How much autonomy and control do people have over their work?

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## Engagement

The CIPD's 2006 Employee Engagement Survey<sup>81</sup>, a representative survey of 2,200 employees, offers a useful starting point for an analysis of engagement. Yet perhaps not in a way that throws a particularly flattering light on the abilities of Britain's people managers. The report opens with the statement that most British employees are 'generally unhappy with how they are managed'.

According to the survey:

- Only a third of employees are engaged in the sense that they display the attitudes and behaviours needed to deliver the organisation's mission;

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<sup>77</sup> For a summary of this evidence, see Wilson Wong, Alexandra Albert, Marianne Huggett and Jane Sullivan, *Quality People Management for Quality Outcomes*, The Work Foundation, 2009, p22

<sup>78</sup> For example, by the MacLeod Review, p94

<sup>79</sup> Rohit Lekhi and Ricardo Blaug, *Ownership and Good Work*, Provocation Paper for the Good Work Commission, 2010

<sup>80</sup> *Ibid*, p12

<sup>81</sup> Katie Truss, Emma Soane, Christine Yvonne L Edwards, Karen Wisdom, Andrew Croll and Jamie Burnett, *Working Life: Employee Attitudes and Engagement 2006*, Chartered Institute for Personnel and Development, 2007

- A third of employees never receive feedback from their managers;
- Half of all employees believe that they will be dealt with fairly if they have a problem at work;
- Two in five say that they are not informed about what is happening in their organisations;
- A third believe that their views will be taken seriously;
- A third of employees trust senior managers.

The assessment that a third of the workforce is engaged may also be towards the optimistic end. According to the consultancy Towers Perrin, at any given time in an organisation the numbers engaged may be as low as 20 per cent.<sup>82</sup>

These findings could be interpreted in a number of different ways. They could be viewed as a rallying cry. More and stronger medicine would help the patient get better. The gap between the organisations that are best at managing people and the others suggests there is considerable room for practices to spread. Alternatively, relatively low levels of engagement could just as easily point to a failure of an approach to the management of people. For our purposes in this paper we will limit ourselves to the observation that with relatively low levels of engagement and widespread unhappiness with management, there may be more going on in the employment relationship than a singular focus on engagement levels is able to capture. If there is a failure of engagement, it is in large part a failure to reckon with the nature of power.

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### High performance working

Engagement, especially in the context of a higher skilled, technologically adaptable workforce, is very closely related to the debate about management practices. According to proponents of the 'high performance work organisation' (HPWO), there are an identifiable set of workplace practices that are consistent with 'high performance' that seek to tap into the creativity and initiative of workers.<sup>83</sup> The UK Commission for Employment and Skills, a government skills quango, defines HPWO as 'a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment to achieve high levels of performance'.<sup>84</sup> The skills of a workforce are best used, so the argument goes, if working environments are set up to cope with them. Management skills and styles are the essential contextual factors that enable greater value to be derived from higher skills. In effect, the model of the 'enlightened' high performance firm has become the official ideology of the HR profession.

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<sup>82</sup> Towers Perrin, *Working Today: Understanding What Drives Employee Engagement*, Towers Perrin HR Services, 2003

<sup>83</sup> HPWOs use three groups of practices: high involvement (eg self-directed teams, quality circles and access to company information); HRM (eg job redesign, performance appraisal, sophisticated recruitment techniques, mentoring); and reward and commitment (various pay systems, often related to performance, family friendly hours, job rotation). Adoption of 'bundles' of such practices is thought to be most effective.

<sup>84</sup> UKCES, *High Performance Working: A Synthesis of Key Literature*, Evidence Report 4, 2009, p3

David Ashton and Johnny Sung pinpoint a number of attributes HPWOs. They are less hierarchical, with knowledge decentralised and employees constantly utilising and acquiring skills for the attainment of shared company goals. There is a culture of trust in which employers feel free to convey important information to their employees. Following trust, commitment is crucial because jobs are not clearly delineated and are in need of almost daily, collective negotiation. They therefore require a great deal of self- and collective- management and employee commitment to the company's aims and values. Finally, work design is all important, for it allows employees to acquire new skills and also design working practices that most suit their existing skills. Important features of job design include: job rotation; job enrichment (for example by integrating maintenance or quality control); enhanced responsibility and greater authority to make decisions; and collective discussion and learning sessions.<sup>85</sup> In theory, then, here is a recipe for modifying the power imbalance.

How widespread is the use of such practices in British workplaces? The best source on this question is the Workplace Employment Relations Survey (WERS). Early versions of the WERS survey contained few questions relating to specific management practices compared with more recent years. Overall, the data suggest that in general many practices linked with the 'High Involvement Management' (HIM) model (a close relative to the HPWO model; it is easy to get lost in the labels), have become slowly more common, albeit in an uneven way. Even so, it is doubtful they amount to a wholesale adoption. In practice, employers are probably more inclined to cherry pick the odd practice rather than introduce wholesale the 'bundles' of practices that are most closely linked with successful implementation of the model. The table on the next page includes data on HIM practices and also on related areas associated with quality, job enrichment and motivation.

According to the authors of the 2004 WERS, 'the diffusion of so-called high involvement management practices has been rather muted in recent years'.<sup>86</sup> There are several reasons why take up of HIM or HPWO practices has been slow in the UK. For the CIPD, John Philpott argues that the relatively low take up of HPWO amounts to something of an 'implementation gap' that has arisen because of a number of factors, including:

- Ignorance – ie employers are not aware of the potential of HPWO;
- Inertia – ie employers feel that the changes would be too costly;
- Inadequacy – ie lack of information and advice regarding HPWO;

<sup>85</sup> David Ashton and Johnny Sung, *Supporting Workplace Learning for High Performance Working*, International Labour Organization, 2002

<sup>86</sup> Barbara Kersley, Carmen Alpin, John Forth, Alex Bryson, Helen Bewley, Gill Dix, and Sarah Oxenbridge, *Inside the Workplace: Findings from the 2004 Workplace Employment Relations Survey*, Routledge, 2006, p107

**Figure 10: Incidence of high involvement practices in workplaces with 25 or more employees for the whole economy (%)**

	1980	1984	1990	1998	2004
<b>High involvement practices</b>					
<i>Work organisation practices</i>					
Teamworking				55	60
Functional flexibility				70	74
Quality circles			35	42	30
Suggestion schemes		25	28	32	35
<i>Skill and knowledge acquisition practices</i>					
Team briefings		36	48	52	72
Induction training				77	90
Training in human relations skills				53	62
Information disclosure about investment plans		27	41	53	49
Information disclosure about financial position		55	60	65	63
Information disclosure about staffing plans		67	60	60	66
Appraisals				47	66
<b>Work enrichment practices</b>					
Job variety				41	44
Method discretion				22	21
Time discretion				20	20
<b>Motivational practices</b>					
Motivation a major selection criteria				85	81
Internal recruitment				29	22
Job security guarantees				13	15
Single status				66	64
Profit-related pay			41	46	44
Share-ownership scheme	13	22	30	24	28
<b>Total quality management</b>					
Self-inspection				54	47
Records on faults and complaints				64	63
Customer surveys				49	55
Quality targets				42	57
Training in problem solving				24	25
Just-in-time production				29	27

Source: WIRS/WERS<sup>87</sup>

<sup>87</sup> Taken from Brown et al, op cit, p159

- Impediment – ie lack of necessary management or workplace skills or the existence of regulations that impede the implementation of HPWO.<sup>88</sup>

In its assessment, and using newer data than that in WERS, the UKCES conducted a survey of 13,000 employers and found that just under a third of employers could be considered HPWOs<sup>89</sup>, but, as it pointed out, measurement is hampered by a lack of agreed definitions.

However, critiques of the high performance work literature have also looked to more fundamental objections than lack of take-up. Both the quality of the social science on which it is founded and the nature of the benefits promised have been examined.

An example of the first comes from a study by Stephen Wood and Toby Wall, two researchers based at the University of Sheffield.<sup>90</sup> They undertook a meta-analysis of studies that reported statistically significant relationships between the adoption of HPWO practices and corporate performance. Of these, 19 out of 25 purported to make the link between people management practices and performance. However, they argued that only two of them<sup>91</sup> had ‘an authentic longitudinal basis’, meaning they could establish a link over time rather than as a static snapshot. This meant that drawing causal inferences between the relationship of HRM practices and performance had a more limited evidence base than is sometimes imagined. Furthermore, the two studies that did establish a valid link pointed to different conclusions.

The Canadian industrial relations academic John Godard offers an example of the second.<sup>92</sup> He argues that the HPWO paradigm fails to recognise the basic nature of the employment relationship which is founded on a power imbalance in which employees are subordinate. This gives rise to conditions of distrust – especially in liberal market regimes which lack formal ‘stakeholding’ type involvement mechanisms of the kind that exist in countries such as Germany (eg works councils). This distrust undermines commitment and therefore undermines the effectiveness of the practices. HPWO practices are ‘fragile’ to the extent that management is free to make decisions that are in violation of the implicit contract on which co-operation is

<sup>88</sup> John Philpott, High Performance Working: The Utilisation of Skills, in Skills and Economic Performance, edited by Sam Porter and Mike Campbell, SSDA, 2007

<sup>89</sup> UK Commission for Employment and Skills, Skills for the Workplace: Employer Perspectives, Evidence Report 1, 2008

<sup>90</sup> Toby Wall and Stephen Wood, The Romance of HRM and Business Performance and the Case for Big Science, Human Relations 58 (4), 2005, pp1-34

<sup>91</sup> Peter Cappelli and David Neumark, Do ‘high performance’ work practices improve establishment-level outcomes? Industrial and Labour Relations Review, 54, 737-775, 2001; and Casey Ichniowski Kathryn Shaw and Giovanna Prennushi, The Effects of Human Resource Management Practices on Productivity, American Economic Review, 87, 1997, pp291-313

<sup>92</sup> John Godard, A Critical Assessment of the High Performance Paradigm, British Journal of Industrial Relations, 42:2 0007–1080, 2004 pp. 349–378

based. Furthermore, because introducing the practices can be costly, it creates an incentive for employers to intensify work, thus potentially diminishing the advantages for employees. Costs attached to implementing such practices often outweigh the benefits – a possible explanation of why employers tend to adopt only low-to-moderate levels of these practices rather than the favoured bundles. And contextual factors, such as workplace size, technology and market relations also affect how appropriate the model is.

‘On average, the high-performance paradigm may not represent an improvement over, and may even be less effective than, traditional personnel practices (eg employment security, grievance systems, formal training, above-market pay, information sharing and good union-employer relations).’<sup>93</sup> In other words, modern high performance HRM, based on an assumption of largely power-free interactions between employers and employees, will fail to deliver the promised benefits because it is based on a false prospectus. Traditional personnel management had a more realistic view of the employment relationship based on an understanding of differing interests and interactions governed by power. Strategies to encourage commitment and motivation need to accommodate the power relationship.

There is, of course, a substantial body of evidence that makes the case for at the very least ‘persuasive associations’, and at best strong correlations, between management practices and business performance – and indeed for how such practices can serve the interests of both employers and employees.<sup>94</sup> This evidence has become substantial and in highlighting critiques of the model to further our exploration of power we are admittedly open to the charge of selectivity. However, the two points we wish to make in this section are that, as with engagement, there has been relatively slow, and as yet, relatively modest levels of adoption; and second, that the suitability of the model will depend on organisational and market factors. If the model of HPWO entails some renegotiation of power in workplaces, the great majority of workers have yet to experience it.

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### Autonomy

As will be clear by now, concepts such as engagement and high performance working often lay great emphasis on the autonomy – the ‘freedom to contribute’ – of workers. Yet autonomy matters not simply because it helps make organisations more effective. As citizens we are encouraged to see each other as equal participants in a process of collective self-management; extended into the workplace, this implies active participation rather than passive, uncritical subjugation to decisions taken on high. Individual control over the work task has long been viewed as the essential foundation for self-realisation since it provides the conditions for

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<sup>93</sup> Ibid, p370

<sup>94</sup> For an summary, see UKCES, op cit



creativity and self-development.<sup>95</sup> The scope to exercise judgement is fundamental to how fulfilling work can be. More recently, evidence has been accumulating that task discretion or 'decision latitude' matters for psychological and physical health. The 'psychosocial' school argues that work pressure is mediated by the ability of the individual to exert control; the higher the decision latitude, the more the risks of stress, blood pressure and even cardiovascular disease can be reduced.<sup>96</sup>

What is autonomy? According to the philosopher Adina Schwartz, people are autonomous 'to the extent that they rationally form and act on some overall conception of what they want in life'; 'people achieve autonomy to the extent that they lead lives of intelligence and initiative'.<sup>97</sup> In the specialised realm of employment, the pursuit of autonomy is obviously subject to the limitations inherent in the employment relationship. What is more, work that lacks autonomy can still be part of autonomously chosen goals. Nevertheless, for our purposes, an employment relationship that aims to enhance autonomy can be taken to refer to arrangements which advance the capability to frame, pursue and adjust plans during working time – an objective that is eminently compatible with engagement and the HPWO model.

Given the developments of recent decades, it would appear more likely that creativity would be cultivated by employers, so we may logically anticipate rising autonomy to be part of the development of a more skilled workforce. It is also one of those rare areas of work where it would seem both the interests of employers and employees *directly* converge on the centrality of autonomy.

Unsurprisingly, autonomy is viewed favourably by many employees. Indira Kandasamy and Sreekumar Ancheri found that a large number of respondents placed a premium on the freedom to act autonomously and to assume responsibility for the way they work. Many experienced a sense of fulfilment when they were able to use their own initiative to solve customer complaints – even in apparently modest ways. As one hotel worker put it: '...a guest was complaining about a dish that was served..., I decided to serve him a complementary dessert; he was taken by surprise and appreciated the gesture...I felt happy, that I had the freedom to take remedial measures by myself...'.<sup>98</sup>

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<sup>95</sup> Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*, New York : Monthly Review Press, 1974

<sup>96</sup> See, for example, Michael Marmot, *The Status Syndrome: How Social Standing Affects Our Health and Longevity*, Times Books, 2004; and Robert Karasek and Tores Theorell, *Healthy work: Stress, productivity, and the reconstruction of working life*, Basic Books, Inc., 1990

<sup>97</sup> Adina Schwarz, *Meaningful Work, Ethics*, Vol. 92, No. 4, pages 634-646, 1982, p635

<sup>98</sup> Indira Kandasamy and Sreekumar Ancheri, *Hotel employees' expectations of QWL: A qualitative study*, *International Journal of Hospitality Management*, Volume 28, Issue 3, 2009 pp328-337, p331

Studies have found that employees are more satisfied with their work the higher the level of (perceived) autonomy they experience. Anh Ngoc Nguyen, Jim Taylor and Steve Bradley identified four levels of autonomy: zero autonomy, limited autonomy (employees are told what to do but have some control over how they do it), a degree of autonomy (employees decide what to do on many issues), and complete autonomy (employees are basically their own boss). Autonomy was found to be positively related to satisfaction with pay, fringe benefits, promotion prospects, job security and the importance and challenge of work. Interestingly, the increase between no autonomy to limited autonomy led to the sharpest increase in satisfaction.<sup>99</sup>

Yet evidence also links autonomy with business performance. Research funded by Cornell University studied 320 firms, of which half were identified as relying on top-down, Taylorist management techniques; the other half granted autonomy to their employees. Autonomous firms grew at four times the rate and had one-third of the employee turnover in comparison to those firms that stuck to top-down management techniques.<sup>100</sup> Separate research at an investment bank in the US showed that employees were far more satisfied in their work when their bosses provided 'autonomous support' – defined as appreciating their employee's point of view, providing them with information and feedback, encouraging them to take on new projects and develop new skills, and, importantly, allowing them to have ample choice over what they do and how they do it. Job satisfaction went up, as did performance.<sup>101</sup> Lessening constraints on how work gets done is also seen as part of a wider ambition of facilitating commitment through enabling greater involvement of staff in the operations of a firm.<sup>102</sup>

The best data on autonomy derives from the Skills Surveys of 1992, 1997, 2001 and 2006. These contain four identical questions that ask people the following: 'How much influence do you personally have on...how hard you work; deciding what tasks you are to do; deciding how you are to do the task; deciding the quality standards to which you work?' The possible responses included: 'a great deal (of influence)'; 'a fair amount', 'not much' or 'none at all'. Putting these responses together into an overall 'task discretion index', it appears that task discretion was on a clear downward trend over the course of the 1990s. However, that trend was halted by 2006 (women saw a modest increase in discretion from 2001 to 2006).

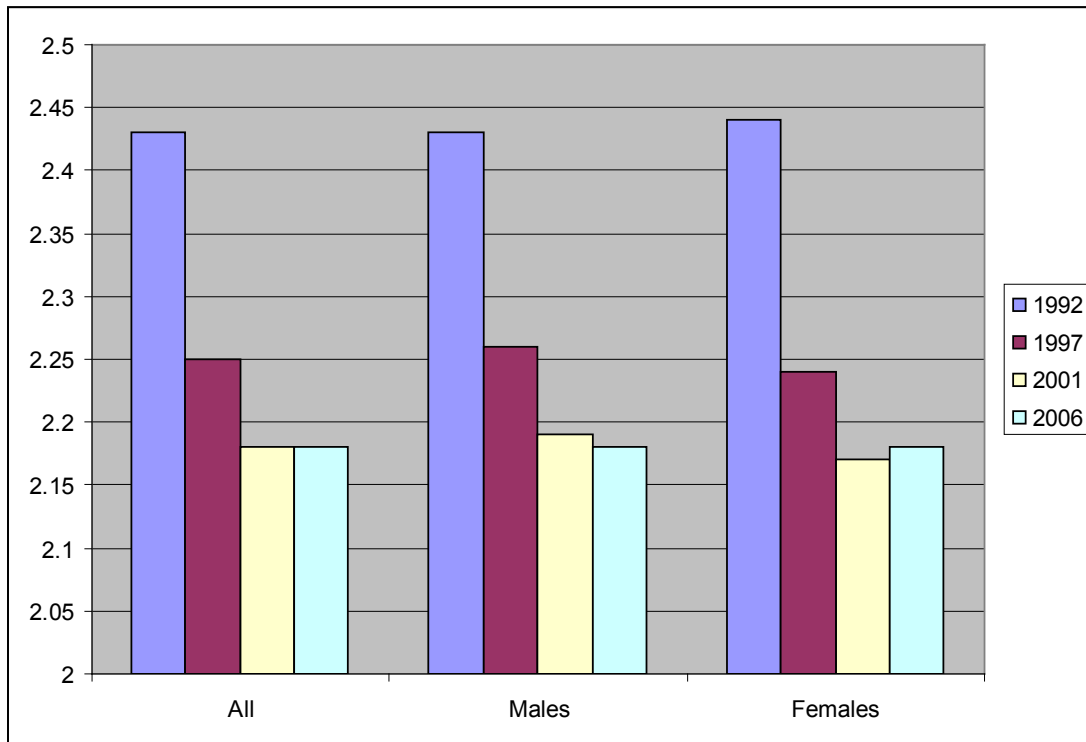
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<sup>99</sup> Anh Ngoc Nguyen, Jim Taylor and Steve Bradley, Job autonomy and job satisfaction: new evidence, Working Papers, Lancaster University Management School, Economics Department, 2003

<sup>100</sup> Daniel Pink, *The Surprising Truth About What Motivates Us*, Canongate Books Ltd, 2010

<sup>101</sup> Ibid

<sup>102</sup> Walton, R. E. Toward a strategy of eliciting employee commitment based on policies of mutuality, in Walton, R. E. and Lawrence, P. R. (Eds.), *Human resource management: Trends and challenges*, Boston : Harvard Business School Press, 1985

**Figure 11: Employee Task Discretion Index<sup>103</sup> 1992-2006**

Source: Felstead et al, 2007

As Figure 12 on the next page shows there has been a decline on all four indicators of task discretion over the period, with some very sharp declines. For example, respondents saying they had a great deal of influence over how they did a task declined from 56.9 per cent in 1992 down to 42.7 per cent in 2006, while those with a great deal of personal control over work effort has reduced from 70.7 per cent to 52.5 per cent. The decline in task discretion has affected all occupational groups between 1992 and 2001, but there have been variations in the extent to which it has occurred. Workers in skilled trades were relatively unaffected, while elementary workers, personal service workers and associate professionals saw particularly abrupt declines. These groups, together with managers, saw a further erosion in their task discretion between 2001 and 2006. Among other groups, it either stopped falling or increased slightly in the later period. Part-timers suffered particularly acute falls in job control, but the situation has improved somewhat in more recent years. The decline was also evident across all industries, but has been particularly notable in education and financial service categories; at the start of the period, education was the sector with the highest individual task discretion. Since 2001, the fastest decline occurred in finance, in hotels and restaurants and in health and social work occupations.

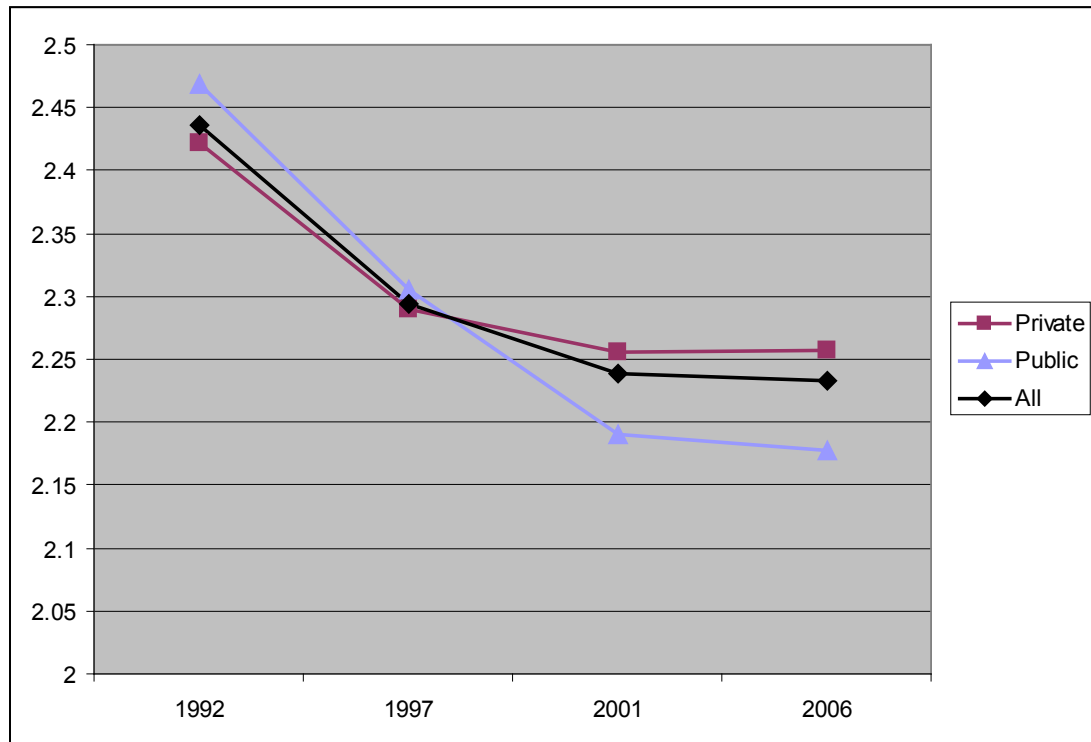
<sup>103</sup> Felstead, op cit, 2007, p121. The task discretion index is the summed average score of the four 'task influence' questions. The highest score is 3 and the lowest score is 0.

**Figure 12: Employee task discretion 1992-2006**

	1992 (%)	1997 (%)	2001 (%)	2006 (%)
<i>Influence over how hard to work</i>				
A Great Deal	70.7	64.4	50.6	52.5
A Fair Amount	23.2	28.8	39.2	38.2
Not much	4.9	4.7	8.6	7.2
None At All	1.2	2.0	1.6	2.1
<i>Influence over what tasks done</i>				
A Great Deal	42.4	33.1	30.5	28.7
A Fair Amount	33.5	36.2	35.7	37.2
Not much	15.4	20.6	22.1	23.4
None At All	8.7	10.0	11.7	10.6
<i>Influence over how to do task</i>				
A Great Deal	56.9	49.7	42.8	42.7
A Fair Amount	30.9	34.5	40.4	39.2
Not much	8.4	10.2	11.0	12.6
None At All	3.9	5.6	5.8	5.5
<i>Influence over quality standards</i>				
A Great Deal	69.6	51.1	51.7	51.1
A Fair Amount	23.1	28.4	32.0	30.7
Not much	4.8	12.6	10.4	11.8
None At All	2.6	7.9	5.9	6.4

Source: Felstead et al, 2007

It appears as if women and the public sector have suffered the most profound and precipitous declines in task discretion overall. In the public sector, it is possible to speculate that the regime of targets, marketisation and bureaucracy, whatever its other merits, may have impacted on the ability of workers to carry out their jobs in the way they see fit.

**Figure 13: Task Discretion by Sector 1992-2006**

Source: UK Skills Survey

That people have less freedom to do their jobs as they see fit is one of the most striking and counterintuitive aspects of the debate about power. In short, employees have less power over their work. There is the possibility that the collapse of individual autonomy has been offset by an increase in teamwork, as research does indicate that during the years in question there was an increase of collective forms of work. According to the same survey, team work increased by 47.1 per cent in 1992 to 58.9 per cent in 2006. Once again, the literature indicates a 'win-win' between employees and employers, with both the quality of work and business performance improving as a result of teamwork – provided that is, that the teams are autonomous. For example, Susan Cohen and Gerald Ledford analysed 80 autonomous teams at a telecommunications company in the US and found that they enjoyed significantly higher levels of job satisfaction and performed at a higher rate than traditional teams or departments.<sup>104</sup>

Has there been an increase in autonomous team working in the UK? According to Duncan Gallie, Ying Zhou, Alan Felstead and Francis Green the increase of collective forms of work in

<sup>104</sup> Susan Cohen and Gerald Ledford, The Effectiveness of Self Managing Teams, A Quasi Experiment, Human Relations, 47, 1994, pp13-43

the years in question was mostly down to teamwork that provides employees with little influence over decision-making. There was, in fact, a decrease in the prevalence of what they call 'self-directive teamwork'. They conclude: 'It is a paradox that, while teamworking indeed has been expanding rapidly in Britain, as many predicted, the type of teamwork that has grown most rapidly is that associated with the fewest advantages for either management or employees, while the forms of teamwork that are most beneficial have been declining'.<sup>105</sup>

According to the European Foundation's Working Conditions Survey<sup>106</sup>, the UK occupies an intermediate position on task discretion, with countries such as Denmark at the top end. However, the collapse in autonomy was most acute in the UK and in some other nations there were slight increases in autonomy.

**Figure 14: Task discretion in comparative perspective 1995-2005**

	1995	2005	Change
Denmark	2.47	2.46	-0.01
France	2.01	2.02	0.01
Finland	2.19	2.24	0.05
Germany	1.76	1.81	0.05
Ireland	1.87	2.05	0.18
Sweden	2.29	2.39	0.1
Spain	1.71	1.59	-0.12
UK	2.23	1.90	-0.33
EU 15	2.02	2.03	0.01

*Source: European Working Conditions Survey*

The Survey also indicates that the UK has extensive team working in comparison to other EU nations, but the share of non-autonomous teams is particularly high.

What is the explanation for declining autonomy? While we lack full answers to this question, some speculation is valid. It is entirely possible that many managers are stuck in outmoded management practices for the reason that they suit them. To the extent that autonomy renders supervision and control superfluous, there is likely to be a layer of management that is also

<sup>105</sup> Duncan Gallie, Ying Zhou, Alan Felstead and Francis Green, Teamwork, Skill Development and Employee Welfare, *British Journal of Industrial Relations*, 2010, p25

<sup>106</sup> Agnès Parent-Thirion, Enrique Fernández Macías, John Hurley, Greet Vermeylen, , *Fourth European Working Conditions Survey*, Eurofound, 2007

rendered superfluous. This layer would have vested interest in hierarchical employment relations. Interestingly, there has been a very substantial growth of managers in recent decades.<sup>107</sup> Although some of this growth can be explained by 'title inflation' (for example, yesterday's supervisors and foremen becoming today's team leaders and 'relationship managers') more managers could be linked to greater managerial control ('micro-management'). Yet, as the section of customers explored, employees indicate that pressure emanating from clients is a significant factor of control, which would suggest that at least part of the collapse in autonomy is due to developments outside the boundaries of the employing institution. In the public sector and elsewhere there has also been an 'audit explosion' in an effort to extend accountability. More workers face scrutiny, control and additional bureaucratic procedures that must be gone through. For example, when legislation is introduced it is often accompanied by guidance that can have the unintended consequence of limiting the scope of individual judgements.

As the philosopher Onora O'Neill has written: 'For those of us in the public sector the new accountability takes the form of detailed control. An unending stream of new legislation and regulation, memoranda and instructions, guidance and advice floods into public sector institutions. ... The new accountability culture aims at ever more perfect administrative control of institutional and professional life'.<sup>108</sup> Finally, technology can be used to codify and control, as we discuss in the next section. As technology proliferates, some workers come to follow software that effectively substitutes a code-writer's method of approaching a task for a workers own judgement. The rationale for each individual innovation in control may well be sound. However, the hidden consequences in diminishing, in a multitude of small ways, the scope of control of individual workers can be ultimately damaging.

The significant trend inside workplaces is not, then, towards a gradual, progressive rise in the power of workers over the process of production as skills have increased and organisations have become more competitive. In fact, a paradoxical development has occurred. Engagement, empowerment and high performance working have increased in theoretical appeal and in general popularity in managerial and policymaking rhetoric during a period of decades over which worker's autonomy has declined.

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<sup>107</sup> See Rob Wilson, R. Wilson, K. Homenidou and A. Dickerson, Working Futures, National Report, 2004-2014, UKCES, 2006, pp69-70

<sup>108</sup> Onora O'Neill, A Question of Trust, Called to Account, Reith Lectures 2002, Lecture 3

## 5. Technology

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*'The machine, or the workshop, after having degraded the labourer by giving him a master, completes his degeneracy by reducing him from the rank of artisan to that of common workman'*

Pierre-Joseph Proudhon<sup>109</sup>

The dispute is longstanding: does technology enhance or diminish the experience of work and the control of the worker? Many are those who have judged the former.<sup>110</sup> Many, also, are those who have judged the latter.<sup>111</sup> We have no plans to attempt to settle the row here. Our target is the deep-rooted tendency towards oversimplification driven by 'either/or' accounts of technology and work. Instead, in what follows, we concentrate on the Janus-faced nature of technological innovation concerning power and job quality: new opportunities accompanied by new challenges.

The first section – *Technology and the knowledge economy* – outlines the argument associated with the knowledge economy that new technologies recalibrate power in the workplace because they replace the routine aspects of work and upskill the work that remains. The second section – *The effects of technology on low and middling skill work* – demonstrates that these two processes are by no means universal. The impact of technology has contributed to the polarisation of jobs into 'lovely' and 'lousy' jobs (as explored in the section on skills) and new technologies can be introduced into the workplace in a way that deskills work and contributes to authoritarian management. The final section – *The effects of technology on high skilled work* – examines a number of tensions that are emerging within the middle classes as a result of technological change, including the deskilling of many forms of 'professional' work and the off-shoring of some forms of high-end knowledge work.

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### Technology and the knowledge economy

It is impossible to separate popular images of the knowledge economy from information technology: tech-savvy, youthful and gleaming people rendered omnipotent by equally gleaming gadgetry. Power is an implicit presence in this image. Since work is more skilful, employees are more fundamental to production and are therefore able to engage with their employers on a more equal footing. As Charles Leadbeater puts it, 'knowledge resides in people. People cannot be owned. Therefore companies do not own their most valuable assets'.<sup>112</sup>

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<sup>109</sup> Pierre-Joseph Proudhon, *The System of Economic Contradictions, or The Philosophy of Poverty*, Evergreen Review, 2008, p202

<sup>110</sup> For example, see Braverman, op cit

<sup>111</sup> For example, see Castells, op cit

<sup>112</sup> Charles Leadbeater, *A Piece of the Action: Employee ownership, equity pay and the rise of the knowledge economy*, London : Demos, 1997



The image may be something of a caricature, but its potency derives from the acknowledged tendency of technology to up-skill the workforce. On the one hand, new technologies replace the more routine aspects of work which can result in layoffs for the unskilled. Those who remain are able to produce the same amount of goods and services as before, if not more. On the other hand, the work that remains is more skilful, not only because the more routine aspects of work have been replaced, but because new technologies require a number of skills if they are to be effectively utilised, including basic skills (reading, writing and arithmetic); behavioural skills (such as taking responsibility for final products and interacting with customers); and employee specific skills (the tacit knowledge of how to get things done).<sup>113</sup> The result is more equitable employment relations and more benign forms of work organisation. There is less need for supervision and control and the skills commonly associated with management pass over to employees, including self-management skills, interpersonal and teamworking skills and problem solving skills.<sup>114</sup> Flatter organisations are also said to be more conducive to the effective utilisation of new technologies.

As the importance of employee-specific skills increases their position vis-à-vis their employers is also improved. With work increasingly complex, no longer can employees be directed and controlled from above since employers are unable to understand in full what they do. They are no longer interchangeable parts. Management strategies come to focus less on the process of work, more on the outputs – ie work is autonomous provided that employees produce the goods. Employees are able to advance greater claims relating to pay and other job quality issues, such as flexibility, time sovereignty and autonomy.

Once again, new technologies are important in this regard. They enable many employees to take control of the *where* and *when* of work: freed up by the internet, they are no longer shackled to their desks, but can choose to work from home or in any other location. Working hours can also be chosen so that they fit into broader life plans. Of course, this does not apply to all employees: shopworkers can hardly work at home at two in the morning if their shop opens between nine and six and is located in the centre of town. But flexibility is increasing rapidly, made possible by the expansion of technology.

Of course, the replacement of jobs with new technologies tends to be disruptive for less skilled workers. Their work and employment prospects are reduced as they do not possess the requisite skills to operate the new technologies effectively. This is broadly in keeping with

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<sup>113</sup> Anthony Carnevale, Liberal education and the new economy, *Liberal Education*, 82(2), 4-11, 1996

<sup>114</sup> Anthony Carnevale, Management training today and tomorrow, *Training and Development Journal*, 42(12), 18-29, 1988, p21

the theory of 'skill-biased technological change', according to which the *demand for* and the *wages of* educated employees increases to the detriment of the less well educated. However, according to proponents of the knowledge economy, replacing jobs with new technologies does not reduce the overall quantity of jobs, but allows the creation of other, more productive and skilful jobs.

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**The effects of technology on middling and lower skilled work**

Does this mean that technological advance is facilitating a new phase of capitalism; one that uniquely respects and attends to the interests of employees? Not necessarily. We have already seen that autonomy has declined in the years in question, which is puzzling given the situation discussed above. As for skills, we have also already seen that jobs have been polarising into 'lovely' and 'lousy' jobs. Technology is at least in part responsible for this pattern.

Technology is excellent at replacing routine forms of work, the kinds that involve following 'if-then-do' type instructions. This move facilitates and enhances non-routine forms of work, which require more skills and are more complex. However, not all low-skill, low-paying jobs are routine: jobs such as cleaning or care work may be relatively low-skilled, but they require human judgements and are not easily replaced by technology.

This effect is behind the increasingly well-recognised situation of job polarisation we touched on in the section on skills. Research by Autor et al in the US and Goos and Manning in the UK demonstrates that in recent decades non-routine work has been clustered at the bottom and the top of the wage distribution, whilst routine work was clustered in the middle – for example, semi-skilled manual jobs. Far from a universal upskilling, then, the replacement of routine work with new technologies contributed to job polarisation as 'middling jobs' were disproportionately affected and demand increased at the bottom and the top:

*'The non-routine tasks which are complementary to technology include 'skilled' professional and managerial jobs but also many of the most 'unskilled' jobs such as shelf filling that rely on handeye coordination that virtually all humans find easy but machines find enormously difficult.'*<sup>115</sup>

There is also evidence to suggest that new technologies are being incorporated into the workplace in a way that deskills work and actually contributes to authoritarian management: many forms of service and knowledge work are being captured and codified into computer

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<sup>115</sup> Maarten Goos and Alan Manning, Lousy and Lovely Jobs: the Rising Polarization of Work in Britain, Centre for Economic Performance, December, 2003, p1

programmes and databases, in effect entrenching greater power in the hands of employers. This phenomenon has been dubbed 'digital Taylorism'.<sup>116</sup> In call centres, computer algorithms restrict the autonomy of employees when they converse with customers: where once they may well have been able to bring judgement and initiative into the conversation, the conversation and even the manner deemed most productive by employers has been captured and codified into computer programmes that direct the call centre operator in their interactions. With task discretion reduced to a minimum, new technologies also enable employers to monitor and control their employees: they can 'measure employees by the number of calls answered, the amount of time callers have to wait, the number of callers in the queue, the length of each call, the time in-between calls, the time spent away from the work station, and the volume and value of sales, among other things'.<sup>117</sup> Employees can be disciplined, even dismissed if they do not meet targets.

There are some signs that similar processes are taking place in other industries. Take the 15 million people-strong US retail industry. Consultancy companies such as H. B. Maynard & Co., now a unit of Accenture, provide companies with software that enables clients to keep an eye on their workforces. Tasks are broken down and converted into quantifiable units. So, for example, working a cash register or welcoming and helping customers is broken down and assigned a standard time that must be kept – so-called 'engineered labour standards' – and the software checks whether employees keep up with that standard. Advocates of these 'workforce-management' systems argue they can boost productivity by 15 per cent and cut labour costs by 5 per cent. Research by Boston-based AMR Research, which advises businesses on IT, reported that the industry was worth \$7.2 billion in 2007 and was expected to increase by an annual 12 per cent until 2012.<sup>118</sup>

Retailers such as AnnTaylor Stores Corp., Limited Brands Inc., Gap Inc., Williams-Sonoma Inc., GameStop Corp. and Wal-Mart Stores Inc. have all installed them, with the latter completing a scheduling system for 1.3 million workers in 2008. Unsurprisingly, they have been met with controversy. An-ex employee of Ann Taylor spoke of 'a lot of animosity' toward the system: 'Computers aren't very forgiving when it comes to an individual's life'. For company director Scott Knaul, however, the concerns of employees are an 'ego hit': they have taken offense from what are necessary reforms. The system at Ann Taylor was given a nickname, Atlas (the Ann Taylor Labor Allocation System), which Knaul argues was important as 'it gave a personality to the system, so [employees] hate the system and not us'.<sup>119</sup>

<sup>116</sup> Philip Brown, Hugh Lauder and David Ashton, op cit, 2008

<sup>117</sup> Caroline Lloyd, Claudia Weinkopf, and Rosemary Batt, op cit, p18

<sup>118</sup> Vanessa O'Connell, Retailers Reprogram Workers in Efficiency Push, The Wall Street Journal, September, 2008

<sup>119</sup> Ibid

Such technology paves the way for business solutions based on low cost, mass production and enables businesses to compete on cost rather than quality – attractive propositions for firms seeking profits on a short-term basis no doubt; less attractive propositions for employees working in those firms, who confront downward pressures on wages and working conditions.

This may create a degree of tension between the imperatives of running low cost, low quality services and customer demands for high quality services. However, technology is helping reduce the tension. Call centres are developing complex divisions of labour based on sophisticated customer and product segmentation strategies, which are being pursued both within and between call centres: where customers and products are deemed to be high value, work will be organised in such a way that the quality of service they receive will be high. Firms benefit because they are able to adjust labour costs to the value of the customer and product segment.<sup>120</sup>

Clearly, then, new technologies do not pave the way for more skilful, autonomous and better paid work *for all* and the exact opposites – the debilitation of skill, authoritarian management and low pay – can be aided and abetted by them.

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**The effects of  
technology on  
high skilled  
work**

A rejoinder to arguments that highlight the detrimental impacts of technology on work is that the examples discussed above – call centre and retail work – are generally relatively low paying, low skill jobs which were always going to be on the receiving end of the negative impacts of new technologies and tougher management practices. However, there are some signs that technology is having similar affects on more middle class, 'professional' jobs.

This section draws upon the work of a team of researchers – Phil Brown and David Aston of Cardiff University and Hugh Lauder of the University of Bath – who have highlighted significant tensions in the middles classes which, although inchoate, are likely to develop further in the years ahead.

Phil Brown et al suggest that more and more jobs are being affected by 'digital Taylorism' than one might imagine. One example of this is provided by a British premier banking relations manager at a global retail bank who describes the loss of his discretion. Whereas before the size of customer loans could be determined by the manager, they are now determined by computer algorithms. In his own words the manager has become nothing more than a sales

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<sup>120</sup> Rosemary Batt, Explaining Intra-Occupational Wage Inequality in Telecommunications Services: Customer Segmentation, Human Resource Practices, and Union Decline, *Industrial and Labor Relations Review*, 54(2A): 425-49, 2001

person, the knowledge that he once exercised has been rendered redundant: 'a junior with a ready smile could now do my job'. Of course, not all knowledge can be captured and codified in this manner and the extent that 'digital Taylorism' can be an organising principle of the knowledge economy is doubtful. But there are signs that the classical professions such as medicine, finance and law are being affected and once the technologies required are advanced further more and more middle class jobs could be similarly deskilled.<sup>121</sup>

These processes take place amidst broader, technologically driven changes that pose some significant challenges to the middle class in the UK and the developed world more broadly. Phil Brown et al differentiate between two main waves of globalisation: in the first wave of globalisation during the 1980s and 1990s it was only the working classes who saw their wages and working conditions take a turn for the worse. During this first wave, it was mainly manufacturing jobs that were unsettled, with many outsourced; the more skilled jobs of the middle classes such as research and design were unaffected. In the second wave of globalisation, however, technological advance and upskilling in low-cost economies provide transnational corporations with much greater sourcing options.<sup>122</sup>

Technological advance is a key driver of this switch. As the former vice chairman of the Federal Reserve Alan Blinder notes, no longer is it only items that can be put into boxes and shipped (basically manufactured goods) that are globally tradable. The role played by boxes is now played by 'packets of digitized information' – the easy flow of information around the world has thus vastly expanded the scope of tradable services. The only distinction that matters is between services that can be delivered down a wire with little or no diminution in quality and those that cannot.<sup>123</sup> The rapidly increasing supplies of graduate skills in the developing world (discussed in the previous section on skills) make a quality gap increasingly less like – and the standardisation implicit in digital Taylorism also helps erode it. The capture and codification of knowledge could well be a prerequisite for companies to make the most out of globalisation: it enables them to exert property rights over knowledge and move it easily to wherever costs are lower.

In short, the power fault-line within the middle classes is between those whose position as 'knowledge workers' with 'permission to think' is assured and those whose knowledge is readily

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<sup>121</sup> Phillip Brown, Hugh Lauder and David Ashton, *The Global Auction: The Broken Promises of Education, Jobs and Incomes*, Oxford : Oxford University Press, p107

<sup>122</sup> Phillip Brown, Hugh Lauder and David Ashton, *Skills are not enough: the globalisation of knowledge and the future UK economy*, UKCES, Praxis, No.4, 2010, p12

<sup>123</sup> According to Blinder between 42 and 55 million US jobs are 'potentially off-shorable' or roughly 30 to 40 per cent of all US jobs – although he has subsequently revised that figure to 22 to 29 per cent 'within a decade or two'. Alan Blinder, *Offshoring: The Next Industrial Revolution*, Foreign Affairs, March/April, 2006

convertible to 'working knowledge' that can be boiled down to a set of instructions, incorporated into software and potentially forwarded on to someone who can do the same job for a cheaper price. Technology will always be at the centre of debates about control and power in the workplace. Here we have done no more than elaborate an 'anti-simplification' thesis: technology reshapes in multiple and complex ways the capabilities of workers and the balance of power within the employment relationship. Technology is neither necessarily the midwife of a generally higher quality of work. But nor is it the principal agent of the historical fear of universal de-skilling either.

*'A society in which all can achieve their complete good, or in which there are no conflicting demands and the wants of all fit together without coercion into a harmonious plan of activity, is a society in a certain sense beyond justice.'*

John Rawls<sup>124</sup>

In politics, a taste and feel for power is seen as a mark of political maturity. It sometimes appears as if debates about work have been regressing. Acknowledgement and respect for differing interests and perspectives, for the inevitable conflicts that differing interests entail, and for power as a perpetual and dynamic presence in workplaces is glossed over as an unhelpfully misanthropic *cul de sac*. Our culture has become squeamish about power. Noting the power imbalance itself *dis-empowers* workers, it is said. People need to be celebrated. Things have moved on.

We would counter that our insight into work is the feebleness for it. So much management literature – and indeed so much folk wisdom about life at work in general – has its heart in the right place, but lacks a relevance to people's real experience of work because it has no concept of power. We need a view of power in order to understand work and to adopt a realistic stance on its improvement. Work is an arena where different perspectives and interests borne out of the structures of the labour market need to be managed and reconciled, not swept under the carpet.

In this paper we have sought to make a series of arguments about the contemporary operation of power at work. To recap:

- Autonomy, the individual worker's capacity to exert control over work, has fallen since the early 1990s – something that has occurred among all occupational groups. In effect, more responsibility is being asked of people while greater external control is being exerted over them. Yet the ethos of modern management stresses the 'buzz' that comes from freeing people to contribute. An acute rhetoric-reality gap is in evidence.
- Power has traditionally been conceived as existing between the two parties to the employment relationship. However, workers themselves indicate control over their work comes from a wide range of sources – most importantly consumers and customers. In response we need to broaden our view of the operation of power. For trade unions, this represents a bargaining challenge. It implies attempts to exert influence need to reach beyond individual employers to encompass supply chains. There is some evidence of this happening.

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<sup>124</sup> John Rawls, *A Theory of Justice*, Revised Edition, Harvard University Press, 1999, p 249

- At first glance, societal responses to the imbalance of power have changed dramatically: individual rights have expanded as trade unions and collective bargaining have retreated. However, we argue individual rights and trade unions do not substitute for one another. The significant cultural response is that collective power has been *supplemented* (and not replaced) by individual forms of power. Debates about unions and rights have become somewhat separated from what working people understand by 'fairness'. Notions of 'fairness' have become increasingly complex, situation-specific and arguably beyond the reach of legal solutions.
- Neither skills nor technology offer straightforward empowerment narratives. Both can help extend the power of workers over work, yet the experience is by no means universal. How skills are used at work and how technology is implemented within workplaces can enhance and can diminish the experience of work. We need to counter the tendency to over-simplification.
- Modern management practices and rhetoric suggest a new frontier of employment relations. The overt use of power ('command and control') is making way for soft power systems that aim to elicit a willing contribution from staff. However, thus far, evidence about levels of 'engagement' and about the take-up of 'high performance work organisation' practices indicate modest adoption, while – as mentioned above – autonomy has been reduced. More fundamentally, the limitations of the high performance model relate specifically to a poor understanding of how power operates at work.

Our purpose in making these arguments has been twofold. The first was to examine the changing ways in which society responds to the power imbalance. The employment relationship is a relationship with power at its heart. However, the responses that are advanced to it are one of the most vivid testaments to changed cultural times. The conception of power is no longer primarily concerned with collective organisation, but has been recalibrated in skills, in employment rights, in technology and in debates about management practices and procedures. Instead of removing the question of power, the terms of the debate have shifted. Against the background of globalisation and deregulation, in broad terms the response has been to attempt to individualise power – to offer individuals some resources in their encounters with a rapidly changing labour market, but not in such ways as to offer serious challenge to the power of organisations or the operation of markets. As we have argued, power is not a zero sum game



with one side gaining as the other loses. Ultimately, however, Lord Wedderburn is right: the 21<sup>st</sup> century workplace settlement, with all the complex new cultural mechanics of power, has been amended to the benefit of capital.

The second purpose was to explain how power relates to the quality of work. Whether people experience their work as good or bad depends on many different subjective and objective factors. But few are as foundational and fundamental as power and control. In the workplace, an individual's power is necessarily restricted because they are subject to a relationship of power in the form of the employment relationship. But within that restriction, the ability of people to shape their circumstances in many different ways matters deeply. Exercising judgement and initiative, feeling in control, being trusted to get on with a task or to vary a routine, flexibility over working time, having a say in what happens at a workplace – all these are critical to the experience of work.

On the face of it, the need for innovation and creativity, combined with the increase in skills, ought to imply a loosening of the traditional controls of employment. There are plenty of symptoms of this loosening: the informality with which people interact at work; the expectation that work offers a degree of fun, interest and stimulation; the hopes invested in fulfilment and 'fit' between individuals and their work. However, as noted previously, one of the most significant and surprising trends in the workplace is that people generally feel they have considerably *less* task discretion and influence over their jobs than they used to thirty years ago (though there has been a slight improvement between 2001 and 2006). We can blame bureaucracy, micromanagement, the 'audit society', the need to standardise and the pressures imposed by demanding consumers. The story of modern work is one of (modestly) expanding rights, greater flexibility, increasing skills, the pervasive presence of information technology – and less freedom.



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