

'Good Work': Job Quality in a Changing Economy



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'The primary goal... today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.'

Juan Somavia, Director-General, International Labour Organisation

Executive Summary

Why does job quality matter?

- The quality of employment has an impact on health, life expectancy and life chances. While it is clear that unemployment has a corrosive effect on physical and mental health, there is equally strong evidence to show that a good job is better than a bad job. If we care about the capabilities of individuals to choose a life that they value then we should care about job quality.
- This helps to explain why the issue is rising up the public policy agenda, with recent interventions from the International Labour Organisation, the European Commission, the World Health Organisation and the UK government.
- There is a business case for concern about the issue too. At one level this is a matter of corporate social responsibility, but employers are also concerned about the impact of sickness absence on organisational performance and productivity. High levels of absence represent a waste of productive potential.
- Some important policy objectives also depend on the creation of more high quality employment in the UK. It is difficult to see how the 80 per cent employment rate target can be met if so many low skilled employees find themselves in a revolving door from unemployment to 'bad work', to unemployment. Moreover, the elimination of child poverty depends on more parents finding sustainable, decent jobs with opportunities for development and progression.
- For the purposes of this discussion good work embraces the following features:
 - Employment security;
 - Work that is not characterised by monotony and repetition;
 - Autonomy, control and task discretion;
 - A balance between the efforts workers make and the rewards that they receive;
 - Whether the workers have the skills they need to cope with periods of intense pressure;
 - Observance of the basic principles of procedural justice;
 - Strong workplace relationships (social capital).

How much 'good work' is there in the UK and Europe?

- There are two competing narratives about the trajectory of job quality: 'things can only get better' (the growth of the knowledge economy means that job quality is inexorably improving) versus 'we're all doomed' (globalisation is causing a race to the bottom). This is a very crude basis for understanding the determinants of job quality.

A better approach is to consider whether there is genuine convergence or whether the differences, if they exist, are best accounted for by either differences in the production regime (the varieties of capitalism story) or the nature and quality of workplace relationships, combined with the priority attached to job quality at workplace and national level (the employment regimes story).

- The varieties of capitalism story draws a distinction between 'liberal market' economies like the UK and Ireland and 'co-ordinated market' economies like Germany and the Nordic countries. The hypothesis for our purposes is that the latter will have higher job quality than the former.
- The data suggests that the employment regimes story may be a better explanatory framework because it can account for the differences in job quality *between* co-ordinated market economies. Job quality in Germany looks more like job quality in the UK than job quality in either Denmark or Sweden. Major national programmes of workplace reform have been highly influential in shaping experience in the Nordic countries.
- The UK performs well on some dimensions of job quality and poorly on others:
 - Job security is higher in the UK than many other EU15 member states – including France, Germany and Sweden.
 - Levels of autonomy and task discretion are around the EU average, but this conceals a significant reduction in autonomy and control in the UK over the last fifteen years.
 - The UK has a higher percentage of employees working more than 48 hours a week than most EU15 countries – only Spain is higher.
 - Work in the UK got much harder over the course of the 1990s, although the process has slowed down since the beginning of the decade.
 - Employees in the 'high autonomy' countries work at a higher intensity than employees in the UK. Sophisticated work organisation models (autonomous team working, job rotation, joint problem solving) are more widespread in those countries than in the UK.
 - There is some evidence to suggest widespread effort-reward imbalances in the UK. There is a high level of dissatisfaction with pay, even though workers report that they are well paid for the work that they do. The introduction of ICT-based

monitoring systems has enabled employers to elicit more effort from employees without having to pay higher wages.

- British workers seem to be undertaking more monotonous tasks than their counterparts in the Nordic countries and Germany.
 - On some measures social capital in UK workplaces seems to be strong, with a rising percentage of employees reporting that employment relations in their workplace are either good or very good. Conversely, recent research from the CIPD suggests that many British workplaces are characterised by low trust between employers and employees.
- The employment regimes story gives us a fourfold typology of systems: the Nordic (or inclusive) model, the liberal market model (UK and Ireland), the corporatist model (Germany, Benelux – and to some extent France) and the Southern model (Spain, Italy, etc). There are undoubted differences between countries within these clusters (Sweden and Denmark have real differences for example) and some countries (like the Netherlands) may sit between these groups (not quite Nordic and not quite corporatist), but there are enough similarities for us to be able to claim that the clustering of countries enables us to explain real phenomena.
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- On one view making progress in the UK demands some understanding of the necessity of regime change. There must be a transformation from a liberal to an inclusive employment regime. That is not the standpoint taken in this paper, which advocates a programme of piecemeal step-by-step reform described in the context of a wider narrative about the importance of job quality. A mix of regulatory and non-regulatory interventions will be required, simply because it is not possible to legislate for high quality employment or high trust workplace relationships
- So far as regulation is concerned, there are three areas where the government should act:
 - Removing the so-called ‘individual opt-out’ from the Working Time Regulations, with a phasing of implementation to allow employers time to adjust to a 48 hour limit on maximum working hours, measured over a twelve month reference period.
 - The expansion of the rights contained in the Information and Consultation regulations, so that workers’ representatives have the opportunity to discuss job quality with their employers.

**How can we
get more ‘good
work’ in the UK?**

- More rigorous requirements for companies to include *detailed* information about health and safety performance in annual reports, with a particular focus on job quality.
- Ministers should not underestimate the power of persuasion and should develop a coherent narrative explaining how job quality is related to wider policy objectives (the employment rate target and the elimination of child poverty) and how the quality of work is incorporated into a wider politics of the quality of life.
- Soft regulation is important too and more emphasis must be placed on the importance of the HSE's Stress Management Standards, the ACAS Good Employment relations model and IIP's healthy business assessment. Particular priority must be devoted to the development and implementation of the management competency framework recently developed to make the Management Standards more effective.
- The social partners can take some responsibility too by developing a dialogue at sectoral level. The intention would be to establish some voluntary minimum standards and develop networking, best practice and knowledge transfer activities. More specifically, employers and employees representatives should consider the establishment of sector forums to take responsibility for identifying best practice in:
 - Skills utilisation;
 - Teamwork;
 - Employee representation.
- Government should consider whether public procurement could be used creatively to improve the quality of employment across those organisations in the government's supply chain.
- Consideration should be given to the establishment of a Workplace Innovation Challenge Fund that would provide some pump-priming funding for employers wishing to make progress by introducing (inter alia):
 - Programmes of job enrichment to give employees a wider range of tasks and reduce boredom and monotony;
 - Genuine empowerment initiatives to enhance autonomy, control and task discretion;

- The implementation of 'new' forms of work organisation;
 - Other initiatives designed to improve productivity and organisational performance.
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- It is essential that rights already on the statute book are properly enforced. This is particularly true of the National Minimum Wage, which has done much to eliminate the most egregious effort-reward imbalances amongst the lowest paid. But there are other policy interventions where a change in the culture is needed – work-life balance and the right to request reduced hours is an obvious example. Operational managers can still get in the way of the proper application of organisational policies even if there is a very clear leadership commitment to more flexible working.
 - The government should implement the recommendations made by Dame Carol Black in her *'Review of the Health of the Working Age Population'*.

1. Why does job quality matter?

Introduction

This paper sets out to explain why the quality of employment should be a matter of profound concern for government, employers and employees. It makes clear that whether an employee enjoys 'good work' or not can affect health, life expectancy and life chances. It reviews the evidence from both the UK and the EU on recent trends in job quality. And it sets out a policy agenda for the future, with a clear description of the respective roles of government, trade unions and employers.

There can be little doubt that the relationship between work and health has been rising up the political agenda. The discussion in the last two years has moved beyond a conventional concern with health and safety at work to embrace a much wider range of very complex questions. Most importantly perhaps, the government has now recognised that work is a public health issue (DH 2004), has appointed a National Director of Health and Work, instituted a review of the health of the working age population (Black 2008) and developed a strategy bringing together health and employment policy (DH/DWP 2005).

Policy concern has been expressed at the EU level too, with the Council of Ministers adopting the objectives of 'more and better jobs' at the Lisbon summit in 2000. And at the global level the International Labour Organisation (ILO) has developed the notion of 'decent work' as an important ingredient in the policy mix for developing countries and as a set of principles that should be universally applied in the developed world. According to the ILO, decent work is defined by:

- Respect for fundamental rights at work and international labour standards;
- Employment and income opportunities for all;
- Social protection and social security;
- Social dialogue and tripartism. (Somavia 2004).

In a British context these goals may look either utopian or disconnected from the realities of a changing world of work where, for example, trade unions are conspicuous by their absence across much of the private sector. Yet we will see that all of these elements are important in ensuring that the working environment is healthy, safe and conducive to strong organisational performance.

Most recently, the World Health Organisation has published a comprehensive report on the social determinants of health, noting that health inequalities can be ameliorated by intelligent

policy intervention (WHO 2008). They are concerned about the wide variations in health and life expectancy both *between* developed and developing countries and *within* developed countries. The WHO refer to studies which show that temporary workers have shorter life expectancies than those with permanent contracts, that poor mental health outcomes are associated with precarious employment and that workers who believe their work is insecure experience significant adverse effects on their physical and mental health. Moreover, looking beyond these conditions of employment, there can be no doubt that the nature of the working environment can have an impact on both health and life expectancy:

'Stress at work is associated with a 50 per cent excess risk of coronary heart disease, and there is consistent evidence that high job demand, low control and effort-reward imbalance are risk factors for mental and physical health problems'

WHO 2008, p72-73

We should also record perhaps that there is increasing business interest in a rather similar complex of work-related issues. For example, employers consistently raise concerns about recruiting the best people, retaining the right people and motivating all their people. Moreover, as the CBI's annual absence survey confirms, employers pay close attention to the impact of sickness absence on their organisations and are keen to reduce absence rates to the lowest possible level (CBI 2008). Yet the concern about sickness is unlikely to be effectively addressed unless employers understand that the root causes are to be found in some fundamental features of the working environment. For progress to be made employers must refocus their attention on the organisation of work, the design of jobs and the performance of management.

It should therefore be clear that the quality of work ought to be a central issue in the national conversation about labour market policy. The purpose of this paper is to make a modest contribution to the discussion, record the progress that has been made and offer a description of the next steps in the journey towards higher quality employment.

Arguments of principle

Even though we have recognised the changing nature of the public discussion in the UK and internationally, it might still be useful to begin with a sceptical question: why should anyone care about the quality of work? Some might even argue that job quality is an inappropriate subject for analysis on the grounds that employees are willing to tolerate almost anything as long as they receive a fair day's pay for a fair day's work. Moreover, there are some jobs that are always going to be seen as less desirable than others. It is difficult to envisage a society in which bins

are not emptied, toilets not cleaned and burgers not flipped. Surely this means that any concern about job quality or even 'decent work' is just another form of liberal wishful thinking? Shouldn't we accommodate ourselves to the inevitable brutalities of the world of work and drop the pointless daydreaming?

We might offer three powerful objections to this line of argument. First, we could say that work has to be seen as a fully human activity, which engages all of our skills, talents capabilities and emotions (Budd 2004). We remain citizens once we have crossed our employer's threshold and enjoy the same rights at work that we enjoy more widely in society – most importantly, freedom of speech and freedom of association. In other words, we retain the rights to speak truth to power (in this case the power of the employer) and to collaborate with our colleagues to ensure that our voices can be heard.

Most markets are markets in things, but the labour market is a market in people and for that reason alone it cannot simply be seen as a market like any other; to take the contrary view assumes that people are simply objects to be manipulated in the service of business objectives. A natural consequence of this line of argument is the recognition that organisational effectiveness depends on the quality of relationships between colleagues and between employees and their managers. Once these two commonsense observations have been accepted it is impossible to view work as anything other than a social act. Indeed, there is more than a little wilful distortion involved in viewing the employment relationship as a purely economic transaction.

Second, we could point out that all democratic societies place a premium on the ability of individuals to choose a life that they value (Sen 1995). There are some powerful ideas being invoked here, which are deeply embedded in our culture, the most important of which is the principle of liberty. In other words, we should not sacrifice all of our capacities to make choices simply because we are subject to a contract of employment. We would do well to recognise of course that workplaces are inevitably characterised by hierarchy, subordination and control; but even though managers are responsible for making decisions and can be held accountable for their actions they should avoid behaving like autocrats. Decisions have to be justified and legitimised and the consent of the workforce has to be willingly given, otherwise managers will find that they are continually struggling against both formal and informal modes of resistance. 'Taking people with you' is a well understood principle, although it is sometimes honoured more in the breach than in the observance.

Why does job quality matter?

Both these arguments are founded on the principle that employers should never see the workforce as simply a means to achieve the goals of the business. Workers will have their own desires, aspirations and expectations which may sometimes coincide with business objectives and sometimes may not. Far from being a hallmark of failing human resource management, the presence of conflict in the workplace is a fact of life; the challenge for managers (and workers' representatives) is to handle these differences of interest with tact and sensitivity. This means too, of course, that it is important to be realistic about the potentialities of 'industrial democracy' as well as the practicality of complete alignment between individual aspirations and business goals:

'There are two sides to industry, whatever the pattern of ownership and management... These are harsh facts that cannot be spirited away by moral-rearmament touring troupes, or luncheons of progressive businessmen, or syndicalist castles in the air.'

Crosland 1962, p.219

These words may be almost fifty years old, but they still express a fundamental truth about the nature of work and offer us a more realistic assessment of the employment relationship than much of the contemporary rhetoric about employee engagement, shared values, shared goals and 'all being on the same side', formulations that were described by one commentator in the 1960s as 'an orgy of avuncular pontification' (McClelland 1963). A natural consequence of this line of argument is that people have to be managed as people rather than as commodities and that an individual's desire to exercise a degree of autonomy in their work is an essential ingredient of self-respect. Employers who fail to observe these principles are self-evidently treating work as less than a fully human activity.

Third, and trumping all the arguments we have made so far, is the robust epidemiological evidence that the quality of employment has an impact on health, life expectancy and opportunity (Marmot 2004, Layard 2005, WHO 2008). There is a 'social gradient' in health across all societies, with the rich enjoying better health and longer life expectancy than the poor. But what we can also see is that the steepness of the social gradient – the extent of the difference between one social group and another – is by no means fixed and varies considerably from one country to another. A particularly important factor appears to be the level of income inequality, with the poor in the most unequal developed countries having the lowest life expectancy and the highest risk of illness.

If this argument is accepted then both policymakers and society more generally ought to be concerned about the impact of social factors on both health and life expectancy. Whether we possess the capabilities to choose a life that we value depends critically on whether we enjoy good health or not (Sen 1995). Ill-health and lower life expectancy are serious forms of capability deprivation and should therefore be seen as serious constraints on our freedom. There is a compelling (perhaps even irresistible) case for tackling health inequalities and it is surprising, therefore, that we are some distance from a political consensus that recognises the importance of building the capabilities of the least advantaged.

A sceptical reader will say that this is all very well, but not entirely relevant. It may be right to use these arguments to justify the case for a strong welfare state and redistributive taxation, but how can they be applied to the world of work? And how can employers be held responsible for an employee's health when so many of the relevant factors are outside the employer's control? Both personal choices (unhealthy eating, an unwillingness to take exercise) and a genetic predisposition to certain conditions can have an adverse impact on a person's health (and therefore their capabilities). Surely it is unreasonable to hold employers to account for lifestyles and heredity?

It is hard to disagree with this conclusion, but it should not be used as a reason to absolve employers of *all* responsibility. The workplace environment is under the employer's control and to the extent that this is the case, it is entirely reasonable for the employer to be held to account. For example, the extent to which an employee has autonomy, control and decision latitude will depend largely on the organisation of work, the design of jobs and the quality of management. In Richard Layard's words:

'Perhaps the most important issue is the extent to which you have control over what you do. There is a creative spark in each of us, and if it finds a no outlet, we feel half-dead. This can be literally true: among British civil servants of any given grade, those who do the most routine work experience the most rapid clogging of the arteries.'

Layard 2005, p.68

It is hardly surprising then that people are increasingly seeking work that has meaning (Overell 2008), offers a degree of fulfilment, creates a sense of rootedness and stability in the world and allows individuals to develop their 'craftsmanship'. The sense that by engaging with the materials with which we work, whether the design of computer software, the manufacture of an

Why does job quality matter?

artefact or the playing of a musical instrument, we can aim for a sense of mastery, believing that we have achieved something worthwhile through trial, error and repetition leading to a job well done (Sennett 2008).

These are basic human needs, not implausible expectations or wishful thinking. Far from being rooted in an unrealistic liberalism, the notion of 'good work' goes right to the heart of what it means to be human. Without 'good work' we are deprived of many of the capabilities we require to choose a life that we value. 'Bad work' ought therefore to be seen as a significant restriction of individual liberty.

Is there a case for a 'business case'? Many readers may find these arguments persuasive, but others may be largely unconvinced. They may say, for example, that businesses are designed to make a profit and that 'bad work' is the reasonable price that we have to pay for prosperity. They may argue further that trying to raise the quality of employment is a fool's errand: higher quality jobs generate higher labour costs and there will be less employment available overall because businesses will become uncompetitive.

This may be a slight caricature of the view of a business sceptic, but it is not too distant from views that are widely expressed. In one sense this conservative position is a counsel of despair, because it assumes there is little or no possibility of change for the better. Yet both commonsense and labour economics teaches us that the quality of work in developed countries today is generally higher than was the case a century ago and, as we will see later in our discussion, the quality of employment varies widely across countries. We know that the nature and quality of employment are shaped by public policy and by institutional arrangements; and we know too that there are no irresistible forces preventing the UK from creating more high quality jobs.

Furthermore, few employers today are comfortable with the argument that competitive advantage depends on their being nastier to employees than their business rivals. The rhetoric is focused on empowerment, giving employees the authority to solve problems and take responsibility for product and service quality. It should be self-evident that none of these outcomes can be secured in a command and control organisational environment, although we will see in a moment that much of the empowerment story is little more than rhetoric and many organisations continue to be characterised by conventional 'do as I say' management models. Nonetheless, it is encouraging that employers feel a little reluctant to defend these approaches

in polite society, which creates some space for a rather different conversation about the employment relationship.

Having dealt with the counsel of despair, we may still be confronted by the objection from some employers that there is no reason why *their* organisation should take these issues seriously. If profits are good and sales are growing what possible incentive can there be for making a serious effort to offer more 'good jobs'?

The Work Foundation has explored the answer to this question over the last year through a series of regional focus groups with employers. We encountered a high degree of initial scepticism about the whole notion of 'job quality', but this began to disappear as the employers identified the critical challenges that they faced. Three themes emerging from the discussions were the need to recruit the right people, keep the right people and motivate all the people. A short period of reflection drove employers to the conclusion that recruitment, retention and motivation were influenced by corporate reputation (the extent to which the organisation was an employer of choice), the organisation of work, the design of jobs and the quality of management – especially the capability of operational managers to handle 'people related' issues confidently and effectively. It was also accepted that employees often 'join an organisation but leave a manager', so that effective retention policies depend on the strength of relationships between managers and their team. Trust was essential for effective workplace relationships.

That these discussions were replicated across the country is encouraging because it shows that most managers accept the argument that job quality ought to be a priority for them. A more sophisticated understanding of the relationships between management, job design and organisational performance could help employers develop more innovative responses to people management challenges. Of course, improving the competence of operational managers is a necessary but not a sufficient condition for progress to be made. Appropriate policies for recruitment, retention and motivation demand the attention of those in the boardroom, not least chief executives and finance directors. Strong, transparent and inclusive leadership is essential.

While a convincing business case is not essential to our argument for 'good work' it is still useful and may persuade some of the more sceptical employers. At the very least it is important to have a response to the objections about either wishful thinking or the impact of higher quality employment on competitiveness; and while it is difficult to draw a direct line of causation between job quality and productivity, there can be no doubt that sustainable high performance

is more likely to be delivered by organisations that get their people management policies right (Bevan et al 2006).

**Defining
'Good Work'**

At this point in our discussion it might be useful to offer a more developed definition of 'good work'. Can we say anything else about the factors that influence both health and life expectancy? After all, employers need to know *what* they should be trying to influence and *how* they might go about doing so. If we cannot answer this question then the case for 'good work' could prove to be little more than a nice idea without the intellectual heft needed to change behaviour.

To understand what is meant by 'good work', we need to spend a moment on the science, most of which is founded on the notion that *psycho-social* processes have physiological effects. Expressed in layman's terms, this means that our external environment has an impact on the way that we feel and the way that we feel has an impact on our body chemistry. Complex processes may be involved here, but they are widely understood at the intuitive level, with the commonsense understanding captured by phrases like 'this is bad for my blood pressure' or 'this is really stressing me out'. What matters most is the extent to which our 'fight or flight' reactions are stimulated, since this has an impact on whether we are likely to develop physical illnesses like coronary heart disease or gastro-intestinal disorders.

The idea of status is of real importance here. Status affects the frequency with which our fight or flight response is activated, and those with lower status are more frequently exposed to the stress hormones that produce negative physiological effects, in the words of Richard Wilkinson:

[T]he effects of chronic stress, which is a frequent concomitant of low social status and the lack of supportive social relations, appears to be something our bodies are not used to.

Wilkinson 1996, p.150

We can see from the inequality story that higher incomes are associated with better health and that a wider gap between rich and poor is associated with worse health outcomes for the least affluent. A more equitable distribution of income ameliorates some of the negative consequences of status, explaining why the egalitarian Swedes and Japanese have longer life expectancy and better health than the less equal Americans (even though the Americans have higher per capita incomes) (Marmot 2004).

Another important principle is that it isn't only money that matters. Other factors are important too. Obviously income tells us something about status, but it is far from being the whole story, hence our earlier observations about the importance of control.

Other features of the workplace that make a difference to health outcomes include (Marmot 2004, WHO 2008):

- The security of employment;
- Whether the work is characterised by monotony and repetition?
- Whether employees have autonomy, control and task discretion?
- The extent to which there is an appropriate balance between the efforts that workers make and the rewards that they receive;
- Whether employees possess the skills they need to cope with periods of intense pressure?
- Whether the workplace is seen to be fair? Do workers believe that the employer respects the principles of procedural justice? (Kivimaki et al 2007)
- The strength of workplace relationships – or what some researchers have described as 'social capital' (Putnam 2000).

Some of these characteristics deserve a little more elaboration. For example, one might say that it is absurd to talk about the importance of employment security when 'jobs for life' have disappeared and Generation Y are footloose, opportunistic and uncommitted to their employers.

Yet whether jobs for life have 'disappeared' is a moot point – the best evidence shows that average job tenures in the UK have been stable for around twenty years (Taylor 2002); and there is a strong case for saying that the classic job for life only ever existed in a small range of occupations. Moreover the supposed Generation Y phenomenon is best explained by the strong employment growth of the last fifteen years and a tight labour market for those with graduate level qualifications. Young people have always had short job tenures up to the age of 24 and this supposed new phenomenon may simply be a consequence of the long boom that some Western economies have enjoyed since the early 1990s. When unemployment begins to rise it will be difficult, if not impossible, for Generation Y to retain a value set that only makes sense during a period of low unemployment.

Why does job quality matter?

More importantly, perhaps, the notion of security described here has much more to do with a sense of belonging or rootedness in the workplace than with the formal length of job tenure. It captures the idea that employees are secure when they are participants in change rather than the victims of change. It embraces the idea, which will recur throughout this section, that job influence and collective voice are both critical contributory factors to the belief that employment is secure.

The importance of the effort-reward balance also requires some explanation. 'Reward' in this context includes all those elements in the employment relationship that contribute to an employee's belief that their efforts are being recognised. Pay is obviously an important factor, especially if a worker is low paid; but 'reward' also embraces the notion of praise for good performance, being treated with respect by your manager and receiving appropriate recognition from colleagues and those at the top of the organisational hierarchy.

Returning to the importance of high quality workplace relationships, social capital is the foundation stone of the trust that needs to exist between colleagues and between workers and their employer. In the jargon, what workplaces need is both *bonding* social capital (good relationships between colleagues) and *bridging* social capital (effective relationships between the employees and their employer) (Putnam 2000). Both collective and individual voice seem to be important here (Sisson 1997), with the evidence pointing conclusively to the positive impact of individual employee involvement running in parallel with good collective employment relations through a union or a works council.

Child poverty and the employment target

So far we have advanced some powerful arguments of principle and offered some compelling business arguments for the notion of 'good work'. But there is a political agenda here too. Simply put, the government will find it difficult to achieve some of their fundamental social objectives unless more attention is paid to the question of job quality.

For example, the recent Green Paper *In Work, Better Off* (DWP 2007), explains with great clarity why work is the best route to social inclusion. Most importantly, perhaps, we know that worklessness is bad for both physical and mental health:

'When a person becomes unemployed his welfare falls for two reasons – first the loss of income, and second the loss of self-respect and sense of significance (the psychic loss). The pain caused by the loss of self-respect is (we find) at least as great as the pain which a person would feel if he lost half his income. So unemployment hits with a double whammy – the loss of the income hurts, but so does the loss of self-respect. That is why it is so devastating and we would much prefer it if people were in work.'

Layard 2004

This provides us with a persuasive case for the pursuit of full employment and it helps to explain why the government has set a target that 80 per cent of the working age population should be in work (a five per cent increase on the current rate). Yet while we know that work is good for us (or at least better than worklessness), we also know that a good job is much better for us than a bad job (Waddell and Burton 2006). The case for full employment goes hand in hand with the case for 'good work'.

Alongside the employment rate target, the Green Paper reaffirmed the government's commitment to abolish child poverty. But this too will be difficult to achieve unless more parents (particularly lone parents) return to work and find sustainable jobs, since there is little value in putting more people through the revolving door from unemployment to short-term low quality jobs to unemployment again, in a perpetual vicious circle.

In this context it would be useful if we could say something practical about the characteristics of sustainable jobs – in other words, the kind of jobs that encourage people to stay in work and offer some prospects for advancement and progression. Guidance can be found in a very useful research paper published by the DWP, which highlights the factors that both encourage parents back to work and keep them in work (the paper is concerned with the role of work in low income families with children) (Graham et al 2005). A distinction needs to be drawn between re-entry factors (those that encourage people to return to work) and sustainability factors (those that keep people in work). A swift glance at the latter shows considerable overlap with the features of good work discussed earlier in this paper.

Table 1: Factors influencing a return to work and job sustainability

‘Re-entry’ Factors	‘Sustainability’ Factors
Financial gain	Financial gain
Better standard of living	Better standard of living
Psychological and emotional benefits	Psychological and emotional benefits
Strong motivation to work and escape benefits	Strong motivation to work and escape benefits
Childcare arrangements	Childcare arrangements
Support from family and friends	Support from family and friends
	Nature of the job and work activities
	Relationship with employer
	Relationship with colleagues
	Progression at work
	Fit of job with other commitments and aspirations

Source: Graham et al (2005)

‘Social capital’, defined as an individual’s relationships with their employer, colleagues and family, seems to be particularly important, as does the quality of the workplace environment. The ‘nature of the job’ embraces the idea that work is sustainable when it is ‘interesting’, ‘stimulating’, ‘challenging’ or just ‘varied’. We might reasonably say that this maps on to the ‘autonomy and control’ elements of work that we discussed earlier. Similarly, the quality of the relationship with the employer includes such features as whether the employee believes they are respected or treated as an individual. Again, we might link this to the concern with procedural justice that (if it is absent) can have a significant adverse impact on health. Pay appears as a critical factor for both re-entry and sustainability, suggesting that there is a commonsense understanding that effort and reward should be in balance. Taken together, these findings suggest that the government must put job quality at the heart of their quest for a higher employment rate.

Summary

The arguments advanced so far have been designed to show that we should care about job quality for reasons of both principle and practicality. We know that work is better for us than worklessness, but that work is only really good for us if it is also 'good work' (Waddell and Burton 2006). The notion of 'good work' is built on the foundation that work is a social act and a fully human activity; it is a distortion to see relationships regulated by the contract of employment as purely economic transactions. Moreover, for those who find the arguments of principle insufficient, there is equally strong evidence supporting the contention that employers are concerned about sickness absence, recruitment, retention and motivation. Strong organisational performance depends on the good management of all of these factors, which in turn demands that employers devote more time and effort to creating and sustaining high quality jobs.

Finally, some of the government's most treasured political goals can only be achieved if the workless make a successful transition from labour market inactivity to sustainable jobs. It is hard to see how the 80 per cent employment rate can be achieved or how child poverty can be abolished by 2020 unless and until the quality of so-called entry jobs is improved.

Readers may think that the case made so far has been a little abstract. And even if all these arguments are accepted, it may be wrong to believe that the UK has a 'job quality' problem. A swift glance at the job satisfaction data seems to confirm that this is the case, with British workers being the second most satisfied in the EU (only the Danes are more satisfied) (Fitzner et al 2007). But could these headline figures be concealing a more disturbing or complex story? Just how much bad work do we have in the UK, how do we compare with the rest of the EU and, if there are differences, how might they be explained? It is to these questions that we now turn.

2. How much ‘good work’ is there in the UK and Europe?

Introduction

How much ‘good work’ do we have in Britain today and how does the quality of British jobs compare with jobs elsewhere in the EU? And if there are differences across the EU27 then how might that phenomenon be explained?

We could begin by noting perhaps that there are two competing narratives about the changing world of work and the impact on job quality: ‘things can only get better’ versus ‘we’re all doomed’. On the one hand we have the argument that job quality is inexorably improving. After all, we know don’t we that skill levels are rising, that more jobs involve complex cognitive tasks and that job content is much more fulfilling than in the past? Equally, we know that the rise of knowledge work demands a different approach from both operational managers and HR professionals. In tight labour markets workers have plenty of bargaining power and can simply exit for a better job if they are dissatisfied with their present employer. The changes sweeping across the economies of developed countries help to explain why many if not most organisations have adopted a model of enlightened human resource management (HRM), which puts the employee back at the centre of the business. This account falls some steps short of the view that all is for the best in this best of all possible worlds, but it assumes that the sunlit uplands are well within reach. There can be no doubt that both employers and employees can look forward to a bright and prosperous future.

On the other hand, we have an equally widespread view that the quality of work is rapidly deteriorating. It is said that working conditions are being driven downwards under the irresistible pressure of globalisation, with its ‘race to the bottom’ of wages and conditions. Multinational corporations are engaging in regulatory arbitrage, compelling governments to weaken employment rights, impose restraints on union freedom of action and cut taxes to avoid capital flight. The supposed realities of the situation are captured by the words of Lord Jones of Birmingham, the UK’s trade promotion minister, that if the developed world is not lean, mean and deregulated then ‘China and India will eat our lunch’. The phrase is crude, but it packs a powerful ideological punch and confirms the left-populist case against globalisation – even though Lord Jones himself is an enthusiastic free trader and an advocate of open markets. Sometimes it seems that the proponents and opponents of globalisation deserve each other. Each has a tendency to make an extreme case using emotive language when there is more to be gained from a forensic inspection of the evidence.

Both views lack subtlety and we might benefit from developing a more sophisticated interpretive lens. For the purposes of our discussion we could summarise the possibilities as follows. First, there is a significant body of opinion that endorses the ‘anti-globalisation’ argument. If

this account were right we would expect to see a downward convergence of pay, conditions and job quality across the developed world. Globalisation on this definition is experienced in an undifferentiated way across all countries. National policy choices are irrelevant; indeed, globalisation means that such choices are rapidly disappearing, institutions are becoming more alike and there is an unavoidable deterioration towards the lowest common denominator.

Second, we have the argument that capitalism comes in two different varieties and that one kind delivers higher job quality than the other (Hall and Soskice 2001). In essence, the argument here is that a distinction can be drawn between liberal market economies (the UK, USA and Australia) and co-ordinated market economies (Germany, France and the Nordic countries). In the former, institutions are weak and most of the work of economic co-ordination is achieved through the market. In the latter, institutions are strong and mutually reinforcing: capital markets, corporate governance regimes, collective bargaining and the training system are all geared to delivering incremental innovation over the long term in product markets where quality rather than price is what counts. The skills system supplies well-qualified employees with a capacity for problem solving. Capital markets are characterised by long-term thinking rather than a demand for high returns over the short-term. Companies also make long-term commitments to their employees; their production strategies rely on a highly skilled labour force, which is given extensive autonomy 'to generate continuous improvement in product lines and production processes' (Hall and Soskice 2001, p.24). Employees are a source of innovation and have to be treated well. The hypothesis for our purposes is clear. Co-ordinated market economies ought to have higher job quality than liberal market economies. For ease of reference we might describe this account as the 'production regime' story.

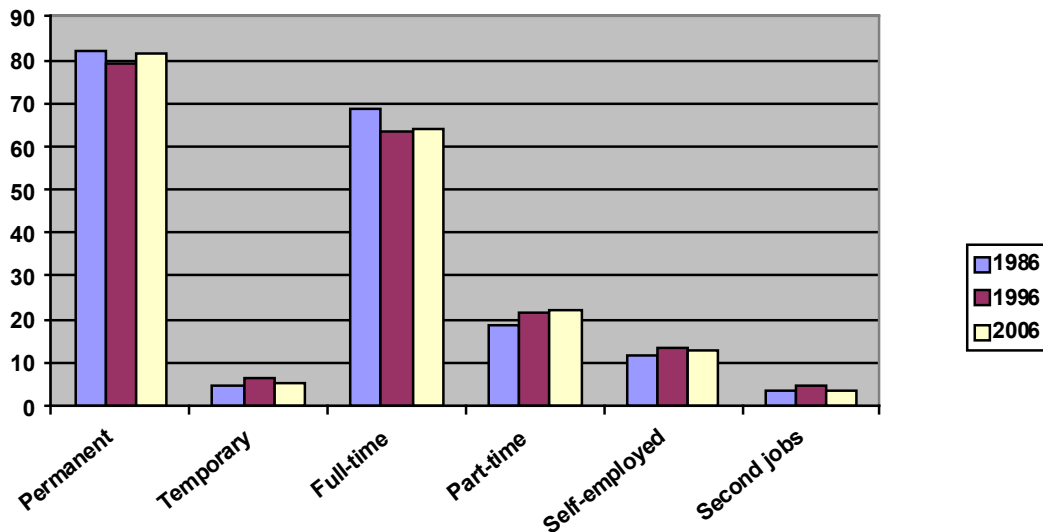
Third, we have an 'employment regimes' story that attributes differences in job quality between countries to the nature and quality of workplace relationships and the extent to which quality of working life is seen as a priority (Gallie 2007). The focus here is on the balance of power between employers and employees (and therefore on the strength of trade unions), the commitment to creating quality employment for all and the extent to which a focus on the quality of working life at the enterprise level translates into a national political conversation about the quality of work – often as part of a wider politics of the quality of life. We will test each of these explanatory frameworks against the data and consider the implications for public policy in Britain in Section 3. But before we do that, we should perhaps consider whether changes in the occupational structure support the case that we should be witnessing significant improvements in job quality.

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The changing occupational structure

An important initial point to make is that the structure of the UK's labour market has scarcely changed in 20 years if we take the categories of permanent, temporary, full-time and part-time employment as the basis of our analysis (see Figure 1).

Figure 1: Employment change in the UK labour market 1996–2006
(% share of total employment)

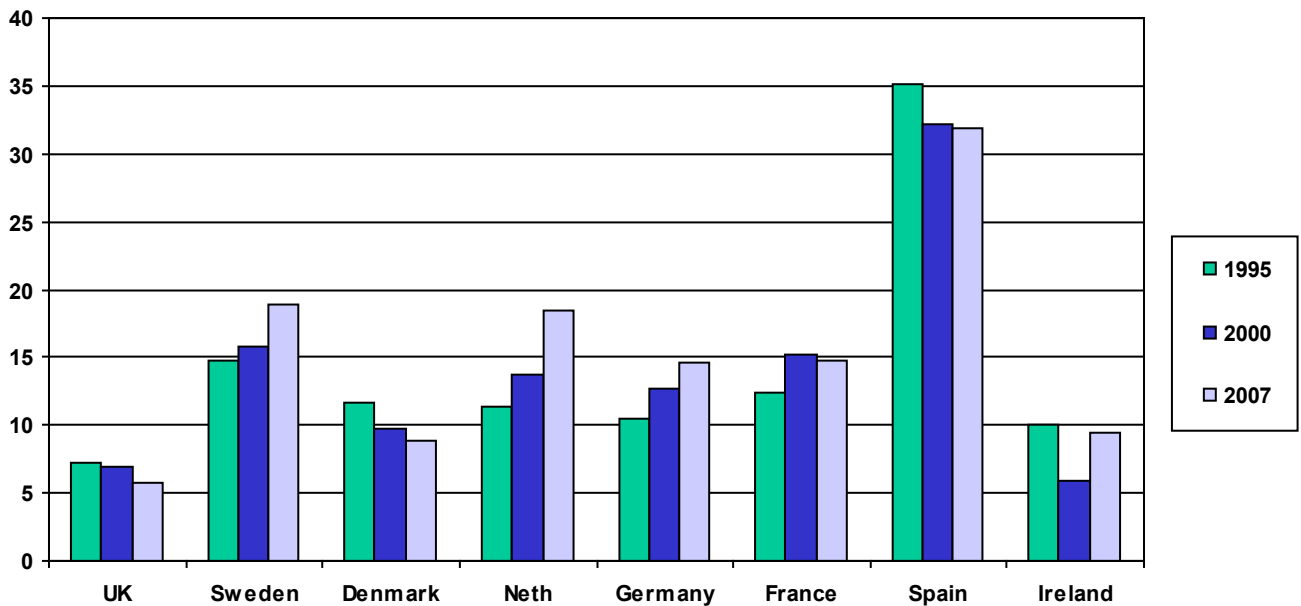


Source: LFS

There is no evidence of significant casualisation that might be undermining job quality, despite the rhetoric of rising job insecurity and the controversy about the regulation of agency work by the EU. Moreover, while recent research in the UK confirmed that temporary agency workers were open to exploitation, only 1.1 per cent of the employed population fell into the most vulnerable category (Forde 2008). This is a useful corrective to the view that poor quality temporary work is the predominant labour market problem facing the country.

When we look at the data from across the EU we find that different countries have rather different labour market structures with wide variations in the extent of temporary work (Figure 2). There appears to be an inverse relationship between the stringency of employment protection legislation (EPL) and the level of temporary work. Those countries with tighter labour laws may have created an incentive for employers to use contingent workers simply because such workers are significantly cheaper (and easier to dismiss) than employees with regular contracts.

Figure 2: Temporary work 1997-2007
(% of total employment)



Source: EU Labour Force Survey

On the other hand, weak labour market regulation could mean that much regular employment in the UK is just as bad as or even worse than contingent work elsewhere. Nonetheless, it would be wrong to conclude that 'flexibility' is automatically associated with bad work. For example, Denmark is generally seen to have a flexible labour market (OECD 2004) and has the second lowest level of contingent work amongst this selection of countries; but temporary workers in Denmark will almost certainly be covered by a collective agreement and are likely to be trade union members. As we shall see, the idea that even contingent work can still be decent work has a significant impact on the relationship between employment security and job quality; in Denmark a good job does not necessarily have to be a secure job.

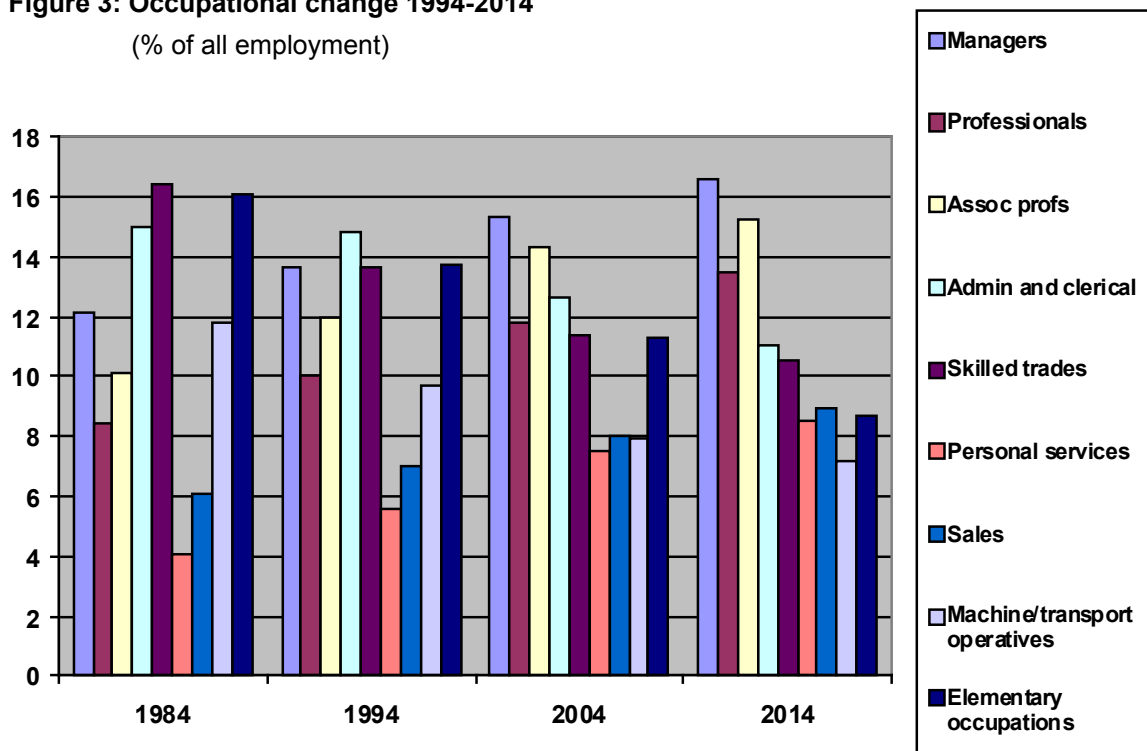
Another obvious observation to make about this data is that there is no pattern across the selected countries. At the very least this should give us pause for thought if we believe that globalisation is driving a process of convergence. Furthermore, it is difficult to interpret these data through the production regimes lens because co-ordinated market economies display highly differentiated patterns of temporary work, which are still generally *higher* than in more

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'flexible' liberal market economies (the UK and Ireland). This is hard to square with the view that motivated, committed and skilled employees are needed to produce continuous improvement in product lines and production processes.

Yet while on these dimensions the UK labour market has not changed for 20 years, the same cannot be said for the occupational structure (Figure 3). The most striking development is the decline in the number of elementary jobs and the growth of employment in the top three occupational groups (managers, professionals and associate professionals). According to the most recent projections, by 2014 around 45 per cent of the workforce will be in these higher skill occupations, although the story may be a little more complex than it first appears.

Figure 3: Occupational change 1994-2014
(% of all employment)



Source: SSDA, IER

For example, a manager could be the chief executive of a FTSE 100 company or the manager of a convenience store. Moreover, the raw data presented here tells us very little about the content of jobs that people are doing. While one could read this is an endorsement of the 'things can only get better' narrative (because rising skills means higher quality jobs), it could equally

be the case that 'grade inflation' is reclassifying some supervisors as managers and that the growth of personal service jobs has led to a reclassification of what hitherto might have been seen as elementary jobs.

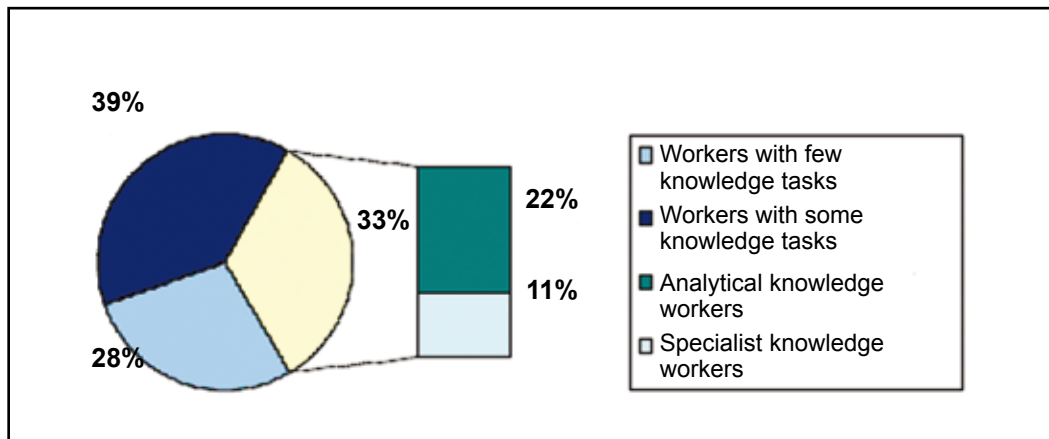
Nonetheless, this research points to a clear trend even if we cannot be precise about the extent of the transformation in job content. There can be little doubt that the number of jobs requiring complex cognitive skills has risen (witness, for example, the increase in professional and associate professional employment) and that the number of jobs requiring brawn alone has fallen. In this general sense, it is right to talk about a decisive shift in the direction of a knowledge economy, although we need to know a good deal more before we can say that the impact on job quality is positive (Brinkley 2008).

It was partly to answer this question that The Work Foundation sought to develop a more sophisticated understanding of the tasks performed in a representative sample of jobs across the labour market (Fauth et al 2008). We found that the labour market had a 30-40-30 structure, with 28 per cent of the workforce undertaking few 'knowledge tasks', 40 per cent undertaking knowledge tasks from time to time and 33 per cent falling into what we might describe as a broadly defined 'knowledge work' category. Yet within this third group, only a third were employed in jobs that involved a heavy concentration on cognitively complex work – employees who might quite properly be described as knowledge workers. In other words, only one in ten employees is working in the 'knowledge economy' strictly so called and this falls some distance short of the 45 per cent likely to be employed in the top three occupational groups by 2014 (Figure 4).

This analysis is a useful antidote to the over-optimism often associated with the knowledge economy rhetoric – that all workers can benefit, that job quality will inevitably improve – and reminds us that there will continue to be a large number of routine and unpleasant jobs to be done. At this point we should perhaps turn to the job quality evidence and make some assessment of whether these structural changes, which can be detected to varying degrees in all developed country economies (Brinkley 2008), are having a positive or negative impact on job quality.

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Figure 4: The 30-4-30 knowledge workforce
(% of all in employment)



Source: TWF Knowledge Workers' Survey 2008

Employment security

We have already noted that employment security is a particularly important component of 'good work'. This is almost certainly not a matter of having a job for life and much more a question of having a sense of rootedness in the workplace – being a participant in change rather than a passive recipient of invariably bad news. There are two preliminary points to make before we review the evidence. First, all the data analysed here was obviously collected at a time when the UK economy was performing well – as were some of the smaller economies of the EU15. Second, it is likely that unemployment will rise in the immediate future, that the perception of job (in)security is heavily influenced by the level of unemployment and that insecurity might therefore be predicted to rise. While we may give a generally positive account of recent developments in the UK it would be unrealistic to expect these benign conditions to prevail during a period of serious economic turbulence.

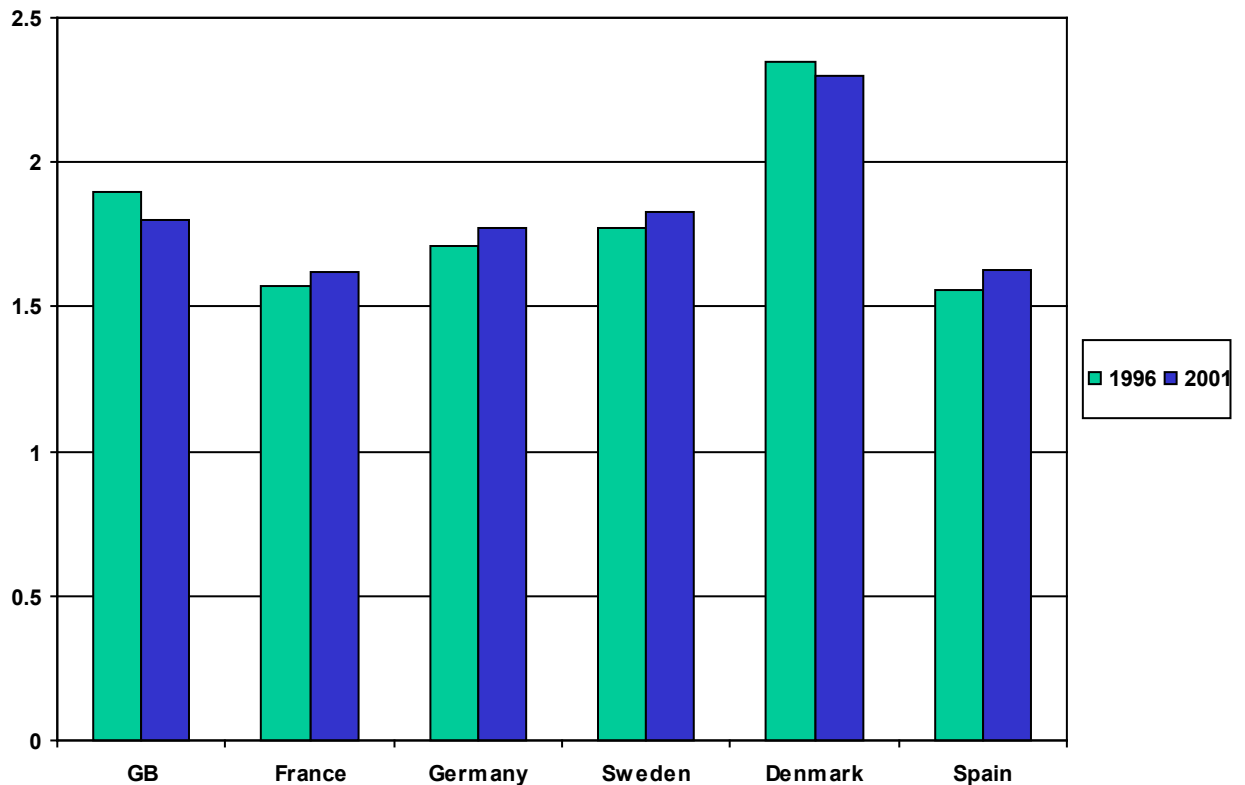
A swift glance at the headline data in the UK shows that employment security improved over the period 1998-2004. The fourth Workplace Employment Relations Survey showed that whereas in 1998 60 per cent of employees either agreed or strongly agreed with the statement that 'my job is secure in this workplace', by 2004 the figure had risen to almost 67 per cent (Brown et al 2006).

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A slightly different picture is revealed by two Eurobarometer surveys from 1996 and 2001, which show a fall in job security in the UK over that period, although relative performance is good when compared with a selection of other EU 15 countries (Figure 5)

Figure 5: Job security an international comparison

('My job is secure' ranked on a 0-3 scale. See Paugam and Zhou 2007)



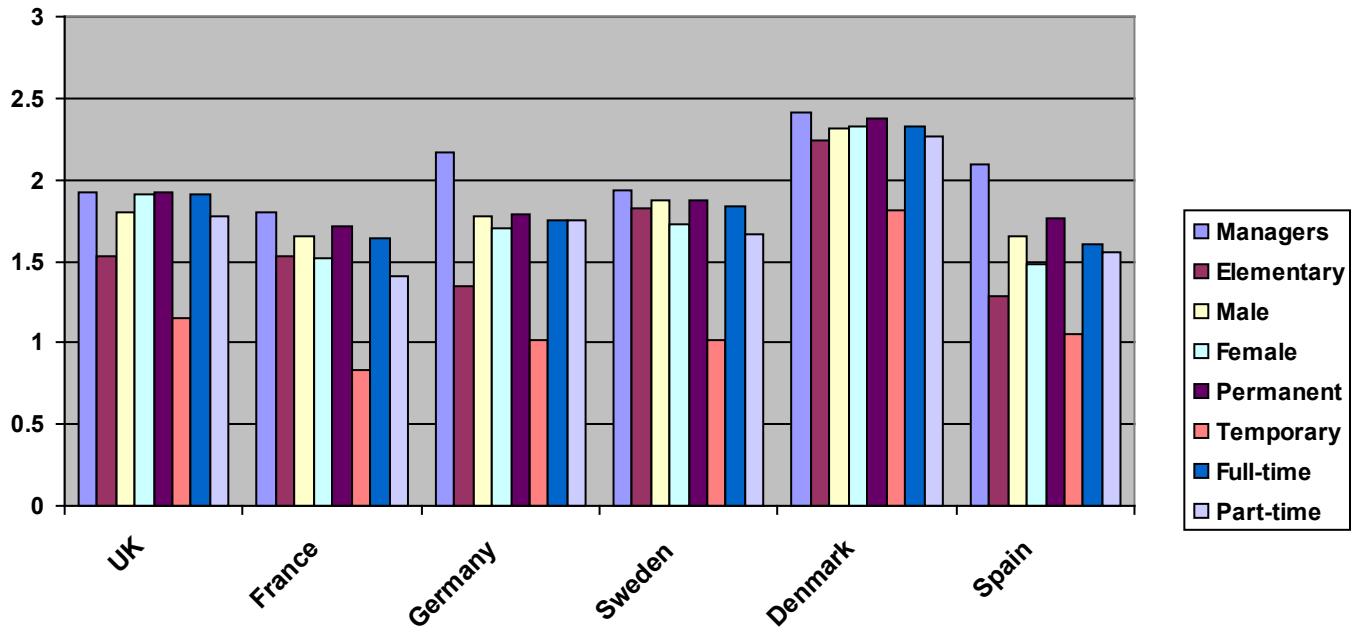
Source: Eurobarometer Surveys 44.3 (1996) and 56.1 (2001)

Of course, these headline figures can conceal some significant differences between occupational groups, sectors, men and women, or permanent and temporary employees (Paugam and Zhou 2007). The most significant factor, not surprisingly perhaps, is contractual status, with temporary workers generally feeling less secure than permanent employees. Yet once again, we can see that the patterns vary significantly between countries (Figure 6). For example, permanent employees in France are more than twice as secure as temporary workers, whereas Denmark has the narrowest gap between the reported employment security of permanent and temporary employees. Moreover, a high degree of polarisation can also

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be identified in the UK, Spain and Germany, confounding the predictions of the 'varieties of capitalism' story. So if the globalisation and production regimes stories are both flawed should we look to the employment regimes narrative for our explanation?

Figure 6: Average job security by type of employee
(0-3 scale 'my job is secure')



Source: Paugam and Zhou (2007), Eurobarometer

In principle, there could be five significant factors influencing the perception of employment security: the length of job tenure, the level of unemployment, the strength of employment protection legislation, the level of unemployment benefits and the application of active labour market policies like the UK's New Deal.

If the level of unemployment were the determining factor then one would expect to see a much closer match between the UK, Denmark and Sweden, all of which have enjoyed similar employment performance over the last decade. Equally, there are differences in job security between France and Germany that cannot be explained by the level of unemployment, because once again those countries have experienced comparable employment performance. As Paugam and Zhou suggest, the level of unemployment can affect different groups differently, managers may be at lower risk than those with lower level skills and, depending on the strength

of EPL, those on regular contracts will almost certainly be better protected than contingent workers.

So far as job tenures are concerned, the best evidence from the UK suggests that there has been no significant change over a long period. Burgess and Rees explored the period 1975-1992 and found that job tenure was counter-cyclical; in other words tenures decrease when the economy is growing and increase as the economy slows or slips into recession (Burgess and Rees 1998). The finding should not surprise us: there are more job opportunities available when times are good and workers may believe that it is worth taking the risk of trying something new. Given the strong economic growth of the last decade, we should be wary perhaps of over-interpreting recent trends in job tenure, which have shown a modest decline in recent years (Macaulay 2003) since on this argument a modest reduction in job tenures would be entirely predictable as the labour market becomes more fluid.

On the other hand, research in both the UK and across the OECD can find little evidence to support the view that employees have become footloose, self-serving and opportunistic in a world where jobs for life have disappeared (OECD 2003). A UK study looking at the period 1975-2000 confirmed the earlier findings of little overall change, although women's job tenures had increased (thanks to more generous maternity leave and more flexible working hours), whereas job tenures for men (especially men over 50) had fallen quite significantly – by around 20 per cent – largely as a result of the restructuring of the manufacturing sector (Gregg and Wadsworth 2002). A more recent analysis suggested that the percentage of employees with long job tenures (from 10 to 20 years) had been stable over the period 1996-2001 and that one in ten employees had been in their jobs for more than 20 years – and this percentage was stable too (Macaulay 2003).

It therefore seems that the evidence points to the following factors as having a more significant effect on employment security: the level of benefits, the strength of EPL and the use of active labour market instruments. For example, the OECD has found that unemployment benefits reassure workers, whereas strong EPL appears to raise the level of anxiety (OECD 2004). In other words, countries with higher unemployment benefits report higher levels of employment security because workers have less to fear from losing their jobs. According to this analysis, strong EPL may protect labour market insiders, but could also exacerbate the fear of unemployment if people believe that they will find it hard to return to work after losing their jobs, which we might describe as a classic 'insider-outsider' effect. On the other hand, high volume

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investment in active labour market programmes (to support the unemployed in their search for work) has the effect of boosting employment security; the Netherlands, Norway and Denmark have the highest expenditure on ALMPs *and* the highest reported levels of employment security.

This still leaves us with a series of questions about the relationship between employment security and the quality of job tasks. In other words are insecure jobs invariably low quality jobs when measured against the other dimensions of 'good work'? A swift glance at the data suggests that the answer, once again, is 'it depends' (Paugam and Zhou 2007). For example, the correlation between job quality and employment security is strongest in Germany, followed by the UK, Spain, France, Sweden and Denmark. The suggestion here is that even contingent jobs in Denmark offer decent job content and, despite the big differences in employment security with permanent employees, temporary workers in France have reasonable rather than rotten jobs.

An obvious observation is that the production regimes story cannot explain why Britain and Germany have so much in common on this measure given that they are supposed to be paradigmatic examples of liberal market and co-ordinated market economies. Nor can the globalisation story explain why there are such wide variations between Germany, where it seems only 'secure' jobs are decent jobs and Denmark, where even temporary work can be 'good work', or at least not very bad work. Paugam and Zhou have developed a typology of jobs that tries to capture the relationship between employment security and job quality (see Table 2).

Table 2: Percentage of employees in job quality/job security categories by country
(data from 1996 and 2001 combined)

	High quality secure	High quality insecure	Low quality Secure	Low quality insecure
Denmark	59.4	9.4	25.3	5.9
Sweden	37.1	16.2	25.7	21.0
UK	33.6	8.5	34.2	23.7
France	33.4	12.7	23.1	30.9
Germany	36.5	7.6	23.5	32.3
Spain	28.4	14.4	24.2	33.0

Source: Paugam and Zhou 2007, Eurobarometer

Both Denmark and Sweden have the highest percentages of high quality employment – 68.8 and 53.3 respectively, although Sweden has a much higher percentage of high quality insecure employment than any other country, a feature that the authors attribute to the significant restructuring of the Swedish economy in recent years. What is most striking perhaps is that the UK, France and Germany look remarkably similar on these measures, although the UK has *less* low quality *insecure* employment and *more* low quality *secure* employment than either of those countries.

British readers might find these results surprising, not least because it is often argued, especially by some leading trade unionists, that job security is lower in the UK than in continental European countries as a consequence of our 'flexible' labour market. Yet what this evidence proves is that tougher labour laws, as in France and Germany for example, do not always generate higher levels of employment security. Indeed, at the time this data was collected the UK had a higher level of employment security than all the other countries we have examined save Denmark.

Nevertheless, it would be wrong to conclude that the UK has demonstrated that the world is inevitably evolving in a progressive direction or that flexible labour markets are invariably superior. The British experience is characterised by too much low quality employment, even though France and Germany scarcely do any better. Cause for optimism can be found in the Danish experience, which proves that it is possible to achieve a golden mean where moderately strict EPL is combined with high quality active labour market programmes and high benefits, albeit subject to tight job search conditions, to create an inclusive labour market with decent work for the many. Moreover, if the EU 15 countries are analysed on the basis of their welfare state regimes it becomes clear that the Nordic model generates superior performance on the dimensions of both job security and job quality (Table 3) (Paugam and Zhou 2007)¹.

This analysis raises some questions about the extent to which regimes can be changed – or is the UK so wedded to a liberal market model that we simply have to live with the consequences? There may be some useful insights to be drawn from the Nordic experience, but as we shall see, the UK and other European countries have to find their own paths towards higher quality employment.

¹ The notion of 'welfare state regimes' was derived initially from Esping-Anderson's *The Three Worlds of Welfare Capitalism* (1990) and was subsequently expanded to capture the differences between the arrangements across the EU. The classifications used here are: Nordic, liberal (UK and Ireland), Continental (Germany, Austria, Benelux) and Southern (Italy, Spain, Portugal)

Table 3: Percentage of employees in job quality/job security categories by welfare state regime

	High Quality Secure	High Quality Insecure	Low Quality Secure	Low Quality Insecure
Nordic	48.3	11.9	25.9	13.9
Liberal	34.4	7.6	32.2	25.8
Continental	38.9	10.2	24.6	26.2
Southern	30.3	9.9	27.3	27.3

Source: Paugam and Zhou 2007, Eurobarometer

**Task discretion,
autonomy and
control**

So much then for the data dealing with employment security. But we have already observed that task discretion, autonomy and control are just as important in determining job quality – recall Richard Layard’s comment that there is a creative spark in each of us and if it is not nurtured then we can literally feel half-dead. One might say that the developments of the last two decades have made it more likely that creativity will be cultivated by employers. More highly skilled employees are better able to take responsibility for their work, exercise judgment and think innovatively about how a product or service can be improved. Indeed, employing more skilled staff ought to lead to a reduced requirement for supervision – if skilled workers cannot be trusted to get something right first time then who can?

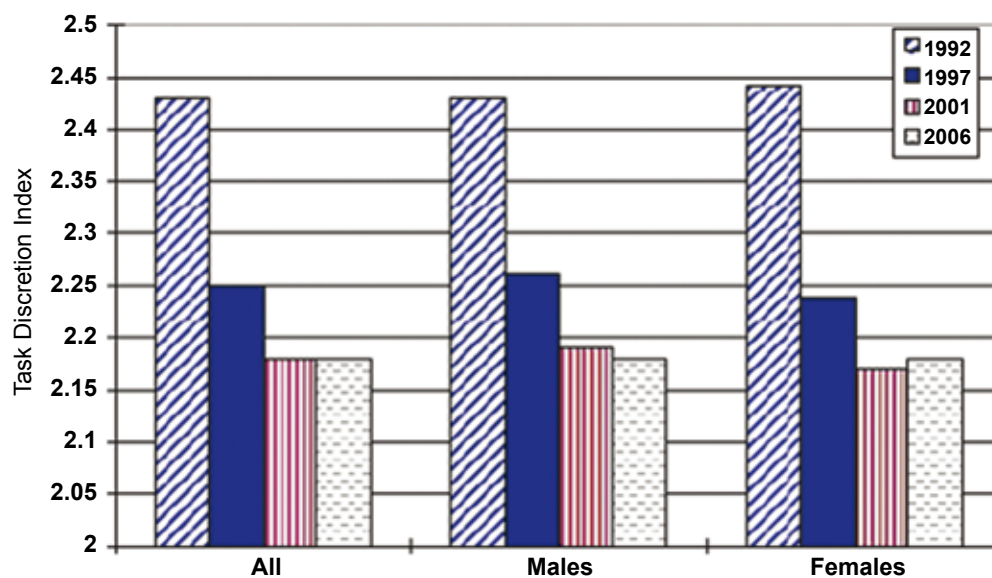
Despite what we have said about some of the myths surrounding the growth of the ‘knowledge economy’, it would still be reasonable to anticipate rising autonomy as the consequence of the emergence of a more qualified workforce. At one level the argument is hard to resist; employers have invested much time and effort to promote the notion of empowerment and HR professionals would argue with some conviction that empowerment is strongly correlated with employee engagement, productivity growth and improved organisational performance.

Despite the high volume rhetoric, workplace realities seem to fall some distance short of the empowerment aspiration. The most recent research in the UK suggests that over the 1990s there was a decline of around 14 per cent in the proportion of employees feeling that they had a great deal of influence over how they did their work (Felstead et al 2007). On the other hand, WERS 2004 shows that employee influence over both the pace of work and how employees did their work both increased over the period 1998-2004 (Brown et al 2006). Yet as the authors of that study admit, the headline findings may conceal a more complex story. In their view the

best conclusion may be that the trend towards reduced control had halted by the end of the 1990s and was getting no worse in the early part of this decade. Such a cautious interpretation is heavily influenced by the design of WERS itself – there are only two questions on control and task discretion – and the fact that other surveys containing richer data had produced very different results, more specifically, a clear finding that falling levels of control could be detected until the early part of this decade.

In particular, the UK Skills Survey gives a much better account of recent developments because it covers the period 1992-2006. It is clear that task discretion was on a consistent downward trajectory over the course of the 1990s but that the trend had been halted and to some extent reversed by 2006 (women saw a modest increase in discretion from 2001 to 2006) (Felstead et al 2007) (Figure 7).

Figure 7: Employee Task Discretion Index 1992-2006



Source: Skills Survey, Felstead et al (2007)

Those findings are based on a composite index of task discretion, which combines responses to the five questions in the Skills Survey about the source of external control over work performance, control over work effort, deciding the tasks to be done, deciding how to do the task and setting the quality standards with which employees must comply. The headline figures conceal some differences between occupational groups and those with different occupational

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status. According to Alan Felstead and his colleagues, between 1992 and 2006 the decline in job control could be observed across all occupational groups: those in skilled trades were least affected whereas associate professionals, those in 'elementary' jobs and personal service workers experienced the biggest reductions in task discretion.

A similar phenomenon could be observed across all sectors of the economy, although in that case it was education and financial services that saw the biggest reductions in task discretion. This is a quite remarkable finding given that workers in education had the *highest* level of task discretion of any group in 1992. It suggests that the introduction of targets and the associated bureaucracy across the whole of the education system has had the effect of diminishing the scope for the exercise of professional judgment. Of course, targets may have other valuable uses, but so far as job quality is concerned the effects seem to be largely negative.

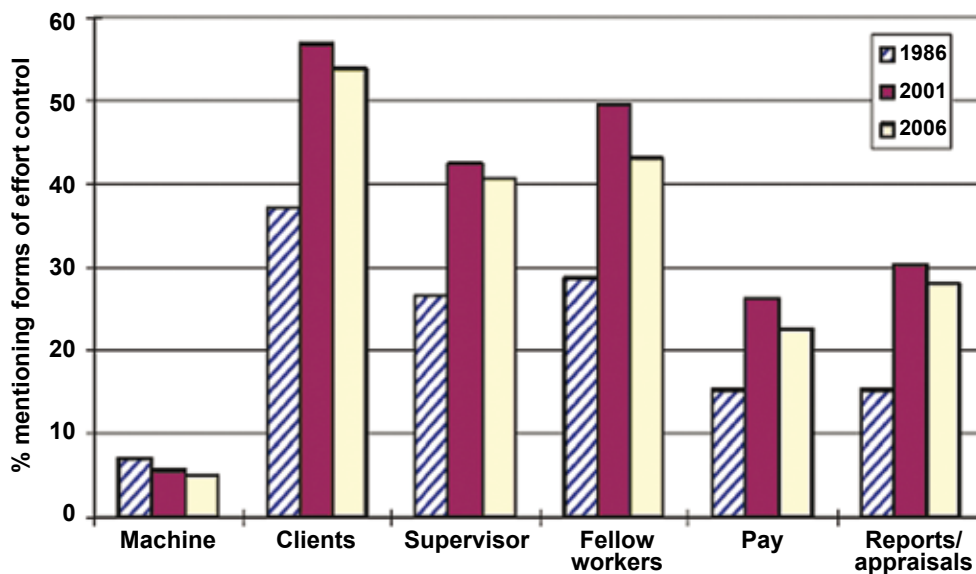
The ability to exercise judgment based on knowledge acquired through experience is the essence of what Richard Sennett describes as craftsmanship; it is part of what makes work fulfilling. Yet the data presented here is telling us that many employees have experienced a significant reduction in the scope they have to exercise judgment. Perhaps we should also observe that people often learn from their mistakes – they are more likely to get things right if they have first had the opportunity to get things wrong. Yet once again we can see that the acceptance of errors seems to be falling. This is not to suggest that employees should be allowed to produce shoddy products or offer poor service, but there has to be some scope for learning by doing and a willingness to tolerate some missteps, even if these errors are not visible to the customer. The Skills Survey confirms that the scope for personal judgment and control has been reduced, with employees reporting that they are increasingly subject to *external* sources of control over effort (Figure 8).

The conventional objection to Fordist production methods – that workers are compelled to operate at the speed of the production line – no longer seems to be a particular problem, with machine driven effort falling consistently over the 1992-2006 period. But there can be little doubt that employees are subject to closer supervision, more intense pressure from customers, peer pressure from colleagues, a closer relationship between pay and performance and more intrusive performance management systems.

What is most surprising perhaps is that 'clients' are now the most powerful source of external influence over work effort, surpassing managers and performance management systems. It

would be wise to handle this finding with care, not least because both the pay and performance management systems may be designed to incentivise a customer focus and both peer pressure and supervision may encourage a focus on customers. Moreover, this phenomenon may be a result of the rise and fall of industries; manufacturing workers are at the mercy of the machine (see for example Chaplin's *Modern Times*), whereas workers in a service oriented economy are at the mercy of their customers.

Figure 8: Sources of control over effort



Source: Skills Survey, Felstead et al 2007

Whatever the causes, there can be no doubt that an increasing percentage of employees experience an external locus of control. In other words, people can cast themselves justifiably as victims rather than participants; they may feel that they are unable to influence the course of events and cannot therefore be held responsible for the consequences. It is not difficult to see how this standpoint might have a damaging impact on organisations; employees may be disconnected (or alienated to use a more accurate expression), dissatisfied and uncommitted, which ought to be a more than slightly toxic cocktail in a business environment where competitive advantage is increasingly said to be located in the effective deployment of human capital, or indeed where the goal of the business is to offer good 'customer service'.

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So far we have offered a rather depressing account of falling autonomy over a 14 year period. Workers in Britain have less task discretion and control than was the case in 1992 but have seen no further deterioration since 2001. A comparison of the UK's position in the EU27 shows that workers have a level of autonomy that is slightly above average. For these purposes the level of autonomy is measured by five questions

- Can you choose or change the order of tasks?
- Are you able to choose or change methods of work?
- Are you able to choose or change the speed of work?
- Do you have any influence over the choice of working partners?
- Are you able to take a break when you wish?

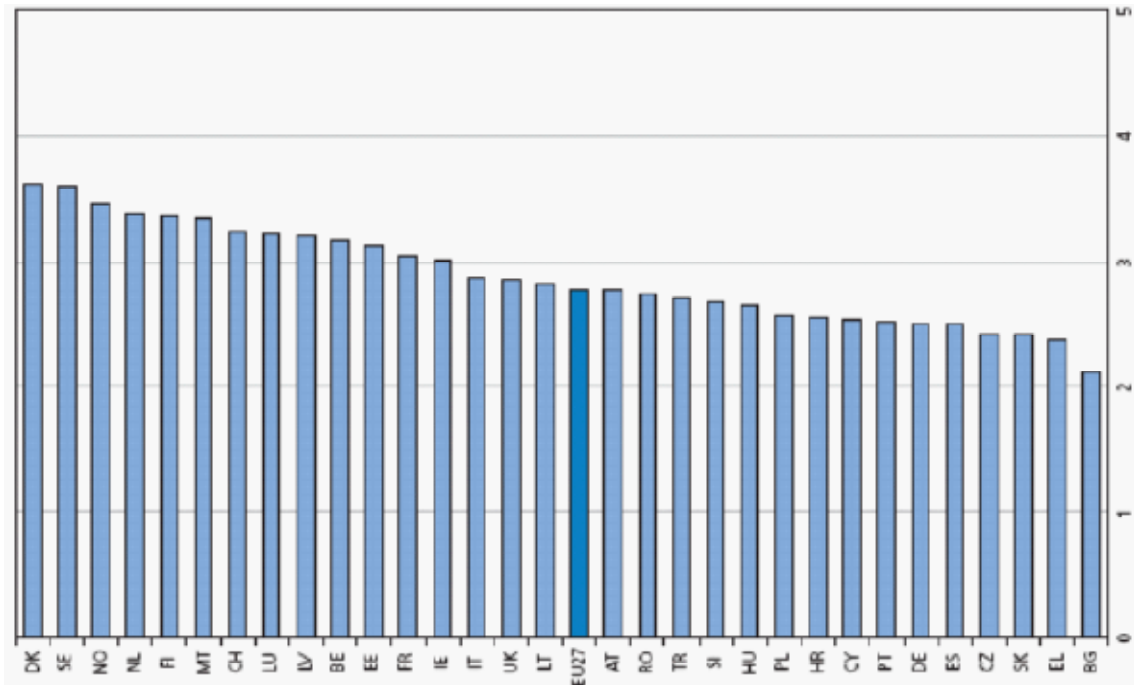
The questions are slightly different from those used in the Skills Survey but still offer a useful account of the extent to which employees have control over the way in which they work. If we match the EU 27 findings from the 2005 Working Conditions Survey against the Skills Survey results we can reasonably conclude that the UK's performance in earlier years would have been significantly better. Furthermore, we can conclude that the trend was by no means inevitable and reflected specific policy choices made by both governments and organisations. This hypothesis is confirmed by evidence that task discretion in Finland rose over the period 1984-1997 (Green 2006) and that Swedish employees saw no significant reduction in autonomy over the period 1986-2002 (Gallie 2007). Moreover, during the 1990s at a time when task discretion was falling for all occupational groups in the UK, Swedish retail and hotel workers saw their relative position *improve*.

What these differences reveal of course is that there is no process of globalisation driven convergence taking place. Nor can we conclude that the 'varieties of capitalism' story offers a convincing explanation, if only because task discretion in Germany is lower than might be expected. Indeed, a swift glance at the data shows that Germany and Spain are next to each other in the EU27 autonomy index and below the European average.

Duncan Gallie has suggested that the following factors might help to explain the cross-country differences in task discretion:

- Union workplace strength;
- Systems of skill formation;

Figure 9: Extent of autonomy in the workplace by country (0-5 scale)



Source: European Working Conditions Survey 2005

- Employment regulation;
- The structure of collective bargaining;
- National policies for working life reform (Gallie 2007).

We have already explored the third point in our discussion of temporary work and the possibility of an insider-outsider labour market. So, for example, an economy with a high level of temporary work and strong employment protection for 'regular' employees may have a wide gap between the discretion afforded to those in permanent jobs and their colleagues with short-term or agency contracts. This phenomenon can certainly be observed in Spain and to a lesser extent in Germany too.

The evidence is very strong that there is a direct correlation between the strength of unions in the workplace and the extent of task discretion afforded to workers. Denmark, Sweden and Finland have the highest levels of union density and the highest levels of task discretion with the UK in an intermediate position (confirming the data presented in Figure 9). An attentive reader

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will have noted that this still leaves something to be explained because France has a *higher* level of task discretion than the UK, despite the fact that trade union density in France is below 10 per cent and Germany has a *lower* level of task discretion than France, even though German trade unions are apparently stronger. Yet while all these observations are accurate, they do not necessarily refute the essence of the argument:

'In Germany union density is higher than in France, but it has had no equivalent to the Lois Auroux with respect to legislative intervention for work life reform. Its ongoing reform programme was of a relatively modest type that was unlikely to have had a significant impact on task discretion.'

Gallie 2007, p.112

Or, to put it another way, the architecture of the French works councils system gives workers' representatives the opportunity to put quality of working life issues on the agenda with the employer. These statutory guarantees, if acted upon by workers, help to compensate for the apparent weakness of organised labour in the French system. The substantive point is that workers have access to a source of countervailing power that reduces the scope for authoritarian management. Sometimes the law can be used to make a significant difference to the nature of workplace relationships and can improve the effectiveness of collective representation.

The argument about skill formation follows the same trajectory as the argument about employment regulation. Imagine, for example, that countries have a choice between a general skill formation system, where employers rely on the school system to produce a labour force with appropriate generic skills (like the UK) and an industry specific skill formation system, where young people develop their skills partly through employer-sponsored apprenticeships and partly through vocational schools (like Germany) or through a schools-based specific skills formation system (like Sweden and France).

According to Duncan Gallie, the third option will minimise the risks of labour market polarisation because it gives employees the most opportunities for independence. They enter the world of work with both marketable skills and a strong occupational identity, neither of which are dependent on the employer and, in the Swedish system, workers have extensive opportunities for further skill development.

When the second option is combined with relatively strict EPL, one can see that the 'insider-outsider' labour market phenomenon might be exacerbated. In other words, the protected regular employees, on whose commitment organisational performance depends, can be expected to enjoy a higher level of task discretion than employees with temporary contracts, who are dispensable and need to be subject to close supervision and control because they lack experience in the job. This is precisely what one finds in Germany, where the task discretion gap between permanent and temporary workers has widened significantly over time – and this also helps to explain why Germany performs so badly in the EU27 autonomy index.

But before anyone becomes too enthusiastic about the UK's performance vis-à-vis Germany, we should recall that the decline in task discretion over the 1990s was sharpest for lower skilled employees (Gallie 2007). In other words, the quality of work deteriorated more rapidly for those at the bottom of the occupational hierarchy who are most likely to be exposed to the adverse consequences of the status syndrome. On this measure it would be difficult to deny that a process of labour market polarisation was taking place, with a widening job quality gap between the more highly skilled and the lower skilled.

A similar phenomenon could be observed between permanent, full-time employees and those with almost any other kind of job tenure (temporary, part-time etc). Duncan Gallie explains this phenomenon by attributing it almost entirely to compositional change regarding occupations and industries; put slightly differently, the part-time or temporary workers with worse jobs at the end of the period were employed in different occupations and industries than those part-time or temporary employees who had more task discretion at the beginning of the period. On the other hand, the deterioration in the position of the lower skilled was *not* explained by compositional change, this was a genuine widening of the gap and might be seen as confirmation of the knowledge economy story that we outlined earlier, with those jobs at the bottom of the skills distribution co-existing with a growing number of cognitively complex activities amongst the more highly skilled.

In principle the structure of collective bargaining is important, because one might anticipate that strong, co-ordinated national bargaining delivers strong enforceable norms that have the effect of offering protection for weaker employees in a sector – in other words, those who, in a more decentralised system of company level bargaining, would have less bargaining power. For our purposes the conclusion is clear, the German system of collective bargaining should be more effective than the British at protecting the most vulnerable employees. Yet

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we have already observed that this hypothesis is incorrect to the extent that many temporary employees in Germany are *outside* the protection of the collective bargaining system and Germany has a higher level of temporary employment than the UK. The norms may be effective at setting decent conditions for those low skilled employees with permanent contracts, but these arrangements have failed to prevent a growing gap between the discretion available to temporary and permanent employees.

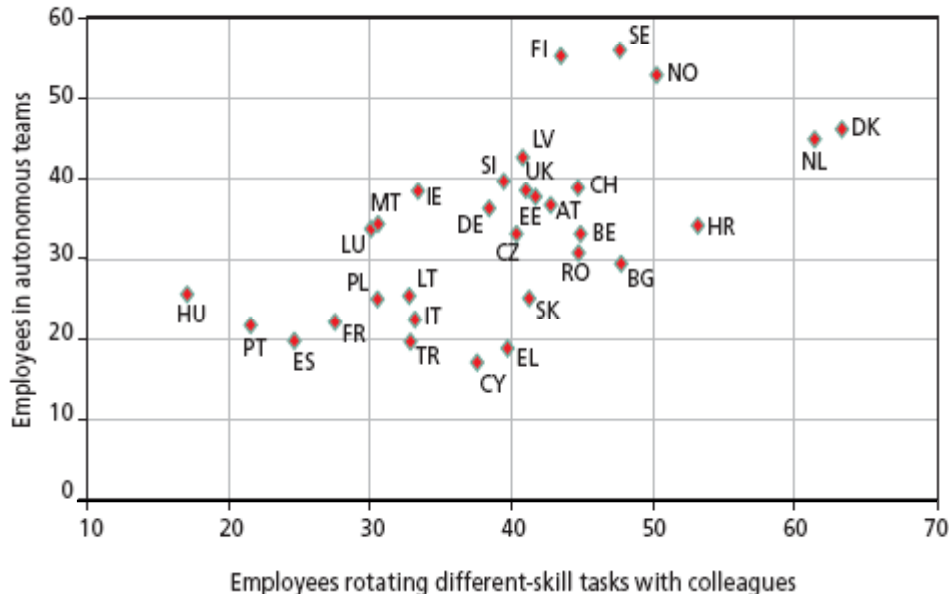
Finally, in this context, we have the presence (or absence) of national policies for work-life reform. This returns us directly to the employment regimes story and the extent to which the quality of working life is seen as both a workplace issue and more generally as a political priority. Whether or not work is taken seriously as a 'quality of life' issue will affect the level of resources available to programmes that focus on job enrichment and improvements in productivity or other aspects of organisational performance. It is difficult to draw a direct line of causation from the existence of such programmes to the level of task discretion, but it is probably more than a coincidence that those countries with the biggest investment in programmes of workplace reform (Denmark, Finland, the Netherlands, Norway and Sweden) also score well in the EU 'autonomy index' (Figure 9) (Gallie 2007).

So far we have focused exclusively on the scope for individuals to exercise control over their working environment – what Sennett might call the scope for employees to develop a sense of craft. But equally important is the extent to which *teams* of employees are able to share tasks with colleagues and make decisions in their own right. This is particularly important given our earlier observations about the importance of peer pressure as an external source of control. What we can see from the European Working Conditions Survey is that the same group of countries perform well on both the presence of autonomous team working and the rotation of skill-tasks with colleagues (Figure 10).

Whether such arrangements are effective in enhancing individual autonomy is a separate question. But again, it can be no coincidence that the countries with the highest level of individual autonomy (Denmark, Sweden, the Netherlands and Finland) also have the most extensive application of these advanced forms of flexibility.

How then might we summarise the UK's record on the task discretion dimension of job quality? Being better than the EU average is obviously an advantage, but the national level data from the Skills Survey suggests that the UK's position deteriorated during the 1990s at a time when task discretion was either stable or being enhanced elsewhere. The widening gap between the

Figure 10: Advanced functional flexibility by country
(% employees)



Source: European Working Conditions Survey 2005, Parent-Thirion 2007

skilled and the unskilled is a real cause for concern and, far from being a fact of life, is amenable to sensible policy intervention.

For example, the differences between the skilled and the unskilled in Sweden fell over the period 1976-2002 and have remained stable since that time. Moreover, the percentage of Swedish employees reporting a 'great deal of influence' over the planning of their work was on a consistent upward trajectory over the same period and the percentage reporting a great deal of influence over the pace of work was broadly stable (Gallie 2007, Table 4.9). This positive story is reinforced by data from Finland that confirms an increase in task discretion over a similar period (Green 2006).

The UK was different because our institutions and the workplace relationships they fostered were different. Trade unions were in decline, regulatory requirements were 'light touch' at best, collective bargaining was weak, decentralised and un-coordinated, the 'general' system of skill formation placed a good deal of power in the hands of employers (who would offer job specific training to employees) and there was no national debate about the impact of job quality on the quality of life. In these circumstances it is surprising perhaps that task discretion in the UK was

not lower and the speed of the deterioration was less rapid than might have been anticipated. Whether these trends can be halted and reversed through intelligent intervention by government and employers will be considered further in Section 3. We turn now to a series of questions directly related to our discussion of task discretion. Just how hard are people working today? Is work more 'intense' than was once the case and is more work effort required to get through the working day?

Work intensity

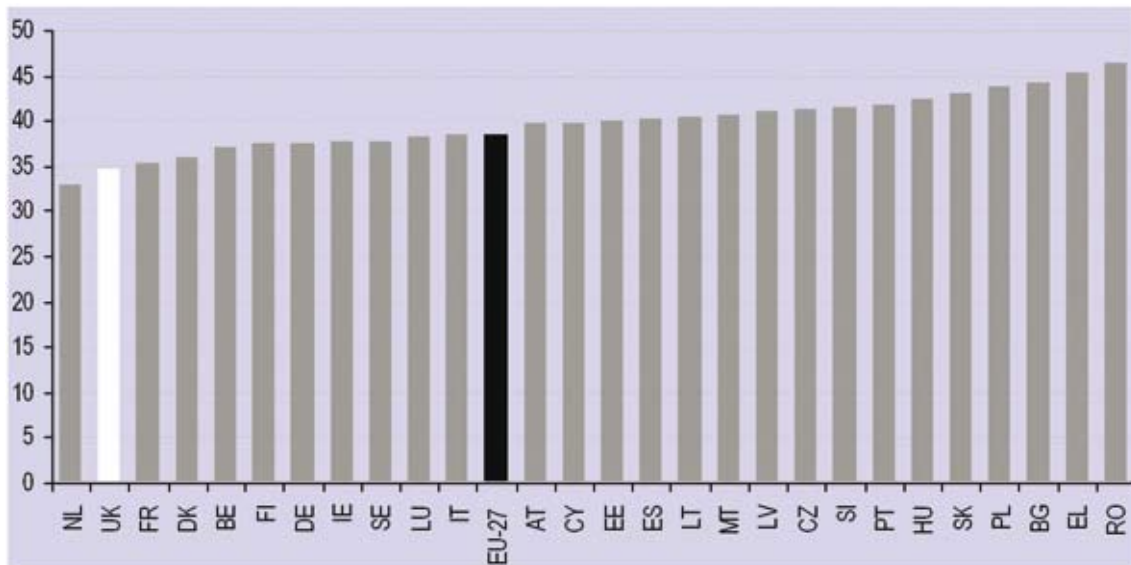
Our commonsense sceptic may answer this question with a resounding 'of course not'. Indeed, if there is anything in the knowledge economy story that we described earlier one would expect effort to be on a slow downward curve as the number of jobs requiring physical strength alone continues to fall. There is some force in this argument and there can be no doubt that physical effort has declined – not just over the last two decades but also over the last century. We would do well to remember, however, that there are other measures of intensity that capture more effectively the changing nature of the work that we do; such measures give us a better understanding of the extent to which our 'fight or flight' reflex is activated and therefore the extent to which we are under stress.

Another important indicator of work intensity is the number of hours worked, although this is a rather poor proxy for measuring just how hard people might be working during a 'standard' working day – seven hours a day and thirty-five hours a week for our purposes. Robert Taylor, writing in the early part of this decade, identified a significant fall in satisfaction with hours worked over the period 1992-2000 (Taylor 2002). In one sense this is a little surprising, simply because the average number pattern of hours worked in the UK is not significantly different from other countries in the EU 15 (Figure 11).

Nonetheless, we should interpret this data with some care – the UK's position (with the second lowest average working hours) reflects the high incidence of part-time work. France has the third lowest average working hours in the EU but this is best explained by the operation of the 35-hour week law.

While on this measure the UK seems to perform well, the concern about excessive hours of work is not entirely misplaced. The UK continues to have a very high percentage of employees working more than 48 hours a week as a normal course, with only Spain amongst the EU 15 being in a worse position (Figure 12). It is hardly surprising then that the UK is perceived to have a problem when so many other affluent countries seem to be doing significantly better.

Figure 11: Mean usual working hours in main paid job

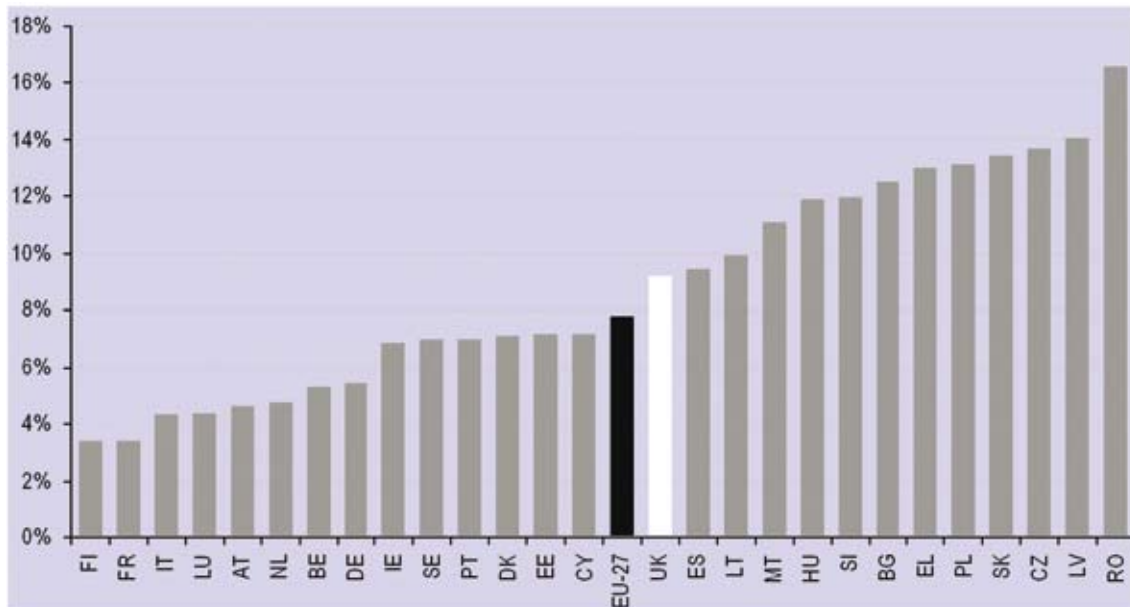


Source: EWCS 2005, Fitzner 2007

There is compelling evidence to suggest that 'excessive' working time can have an adverse impact on both physical and mental health and expose employees to the higher risk of workplace accidents (Spurgeon 2003). What is most surprising, perhaps, is that the UK government has been unwilling to accept that there is a working time 'problem' or that a regulatory solution might be appropriate. So, while much political capital has been invested in making the case for flexibility through the introduction and (planned) expansion of the right to request reduced hours of work, a similar level of energy has been expended in resisting the efforts of the European Commission to remove the so-called individual opt-out from the Working Time Directive. In part this may be a consequence of a crude political calculation that middle-class employees will welcome the right to request but 'white van man' will be resistant to any attempt by government to impose limits on overtime and thereby reduce the scope for enhanced earnings. There is almost certainly some truth in this account, but it does suggest a modest lack of political courage and an unwillingness to challenge the status quo, even if leaving current arrangements in place is inconsistent with the government's wider objectives.

We have already accepted that working time is not necessarily the best measure of work intensity. Hours may be long for some workers in the UK, but effort levels could be lower than for employees elsewhere who are required to work more 'productively' even if they are present in the workplace for fewer hours. What can we say about changes in the *intensity* of work?

Figure 12: Percentage of employees working more than 48 hours a week

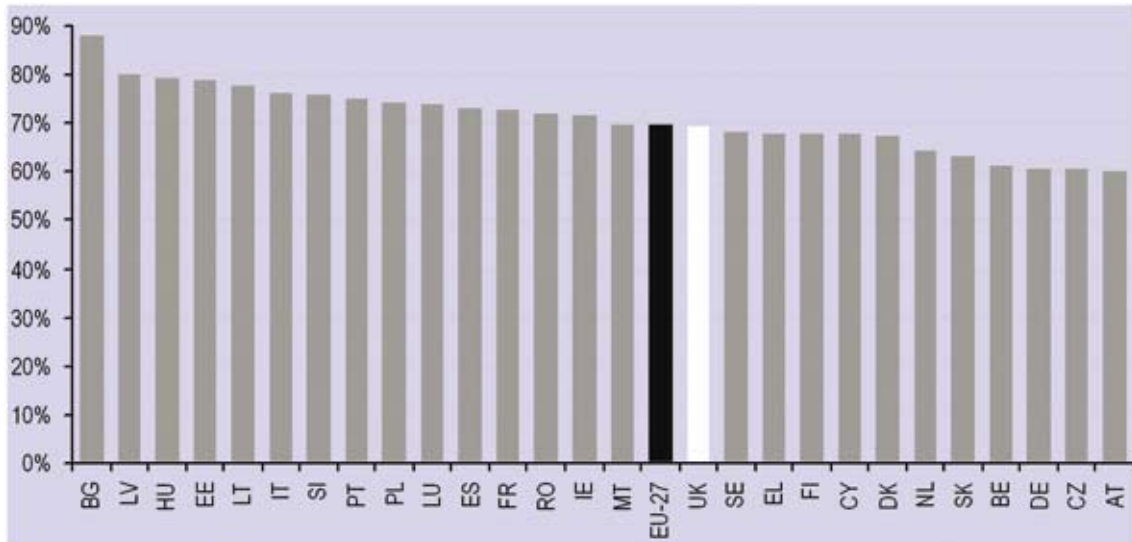


Source: EWCS 2005, Fitzner 2007

In his comprehensive review of the subject, Francis Green reports a process of work intensification in the UK over the course of the 1980s through to the middle 1990s (Green 2006). Evidence drawn from a series of surveys over the period told a consistent story. Employees reported significant increases in effort levels and a less striking, but nonetheless important, acceleration in the pace of work. In 1997 40 per cent of workers were employed in a job that required them to 'work very hard', compared with 32 per cent in 1992. The percentage of those who never worked 'at high speed' fell from 50 per cent to 24 per cent over the same period. Furthermore, a rising percentage of employees reported that they worked under 'a great deal of tension' all or most of the time (15 per cent in 1992, 21 per cent in 2001).

What is beginning to emerge here for the UK is a picture of harder work and falling autonomy for most workers, combined with very long hours for a small but significant minority. More recent studies have suggested that the process of work intensification came to an end at some point in the middle 1990s. WERS 1998 and 2004 contain a broadly similar range of responses to the questions 'my job requires me to work hard', 'I never seem to have enough time to get my work done' and 'I worry a lot about work outside working hours' (Brown 2006).

Figure 13: Often or almost always have enough time to get the job done
(% of employees)



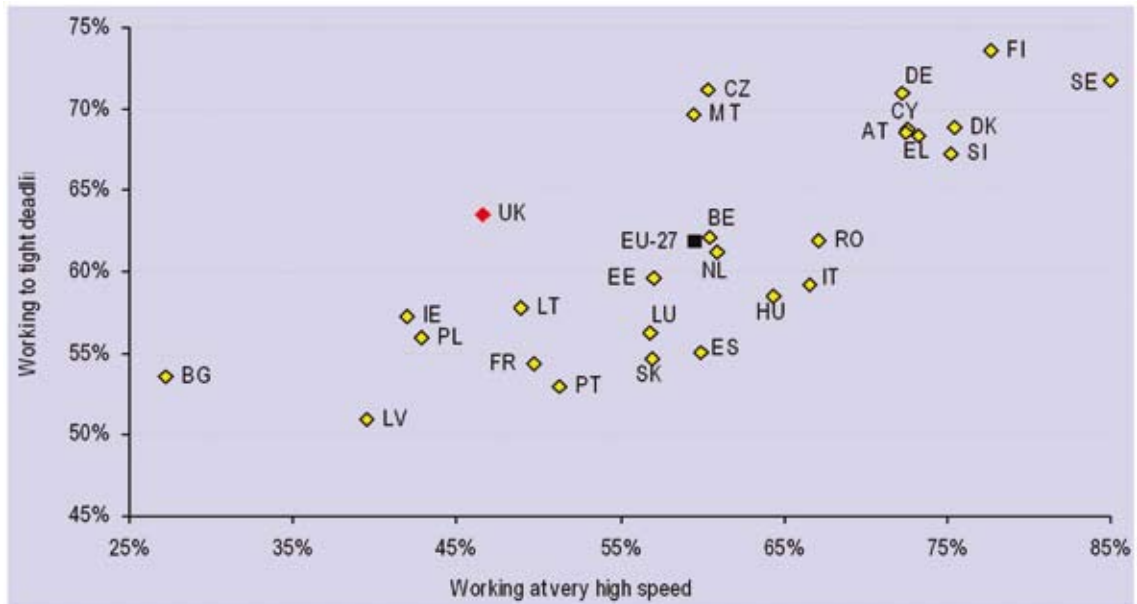
Source: EWCS 2005, Fitzner 2007

We also have data from the European Working Conditions Survey that enables us to compare the UK with the other 26 countries in the EU. On the measure of 'having enough time to get my work done' the UK is just below the EU average and, contrary to most of the measures we have considered so far, performs slightly better than Sweden, Finland, Denmark and the Netherlands (Figure 13). It is the countries who do badly on most other measures that perform well on this dimension – Bulgaria, Latvia, Hungary and other countries in Central and Eastern Europe. On the other hand, this could be a consequence of less efficient organisation, poorer management and a less intensive use of the techniques of advanced functional flexibility.

That hypothesis is confirmed if we assess the extent to which workers are operating to tight deadlines *and* the extent to which employees are operating at high speed (Figure 14). On these measures we can see that Bulgarians are least likely to work to tight deadlines or work at high speed and the Swedes are most likely to do both. Work intensity is also highest in those countries where employees report the most autonomy – Sweden, the Netherlands, Denmark and Finland. This might lead some readers to conclude that countries perform well on different dimensions of job quality and while the Bulgarians have time to get their work done, the Nordics

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Figure 14: Working to tight deadlines and at very high speed



Source: EWCS 2005, Fitzner 2007. 'Very high speed' is defined as high intensity for 'one quarter of the working day or more'

and the Dutch are chasing an accelerating pace. It might then be argued that these differences reflect national choices and that we would be wrong to prefer one outcome to the other.

Leaving aside the fact that Bulgaria has a significantly lower per capita income than the Nordic countries or the Netherlands, responding to this critique requires that we develop a rank ordering of the factors that are most likely to make a difference to health outcomes. It is here that we need to return to our earlier observation about the social gradient, status, inequality and control. What we know from the epidemiology is that the security guard on night duty will have worse health and lower life expectancy than the senior manager on the executive floor. Yet in common parlance we would often say that a senior manager is subject to more 'stress', has a more demanding job and possibly works longer hours than their lower status colleagues. The difference of course is that the manager has more *control* over their work than others in the organisation, is a participant in the process of change rather than a victim and has a job that offers variety, challenge and the opportunity for progression. If levels of control are high and workers are able to influence the course of events in their workplace (as is the case in the Nordic countries, through powerful workplace trade unions) then there is no necessary conflict between high intensity and 'good work'.

The worst of all possible worlds of course is a combination of low autonomy and high intensity. And even though most workplaces in the UK have avoided that unpalatable cocktail, it is undeniable that the phenomenon of work intensification took place alongside a significant decline in autonomy, especially for those in lower skilled groups. The views of the pessimists may have been confounded because work is not getting any worse, but there is little here to support the optimistic scenario either and there must be significant room for improvement in many British workplaces.

Perhaps most seriously, these findings add another important piece to the jigsaw of job quality in the UK; people are offered relatively secure employment with low control, high intensity, strong pressure from customers to deliver, fairly close supervision and limited opportunities to influence the process of workplace change (CIPD 2007, McGovern 2007).

Another important ingredient in the good work mix is the extent to which people find variety and challenge in their jobs. As the DWP's research has shown, having a job that is interesting or stimulating is more likely to keep people in the labour market. Good work is the foundation on which sustainable jobs can be built, which leads us to another interesting question: just how many jobs in the UK involve boring or monotonous tasks?

Boredom and monotony

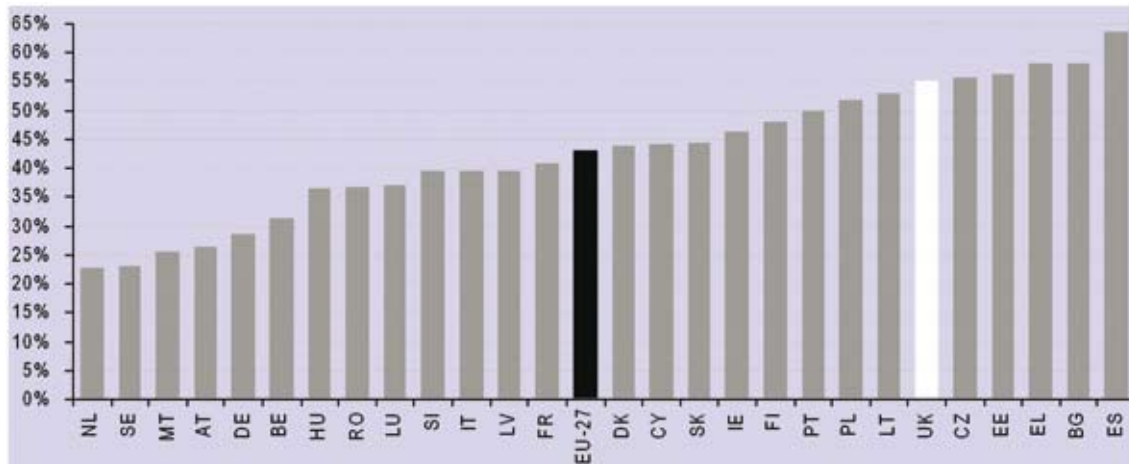
The European Working Conditions Survey suggests that the most obvious answer is 'too many'. Almost 55 per cent of British workers say that their jobs involve monotonous tasks, a level that is above the EU average and significantly higher than the reported levels in either the Netherlands or Sweden (both around 22 per cent). Only the Czechs, Estonians, Greeks, Bulgarians and Spanish are suffering from a more intense experience of ennui than the British.

These wide variations cannot be explained wholly by cultural factors and must to some extent reflect the strategic choices made by organisations about work organisation, job design, management style and culture. It cannot be reasonable to say that the Swedes just have a much higher boredom threshold than the Spanish. Moreover, countries that appear to be culturally close like Sweden, Denmark and to a lesser extent Finland report very different levels of monotony – 45 per cent of Danes and 48 per cent of Finns report that their jobs involve monotonous tasks, more than twice the level in Sweden.

Even if we conclude that *some* of the differences can be explained by different expectations, we should be wary of drawing hard and fast conclusions from the data. It would be wrong, for

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Figure 15: Percentage of employees with jobs involving monotonous tasks



Source: EWCS 2005, Fitzner 2007

example, to say that Swedish jobs are self-evidently better than Danish jobs because, after all, Danish workers report a lower level of work intensity than the Swedes, have the same level of autonomy, a higher level of employment security and an apparently a higher level of job satisfaction.

Perhaps the best conclusion we can reach is that none of these countries has yet to reach the sunlit uplands where work is more fun than fun. There is room for improvement on some dimension of job quality across all of these countries. But equally, it would be absurd to deny that some countries (the Nordics and the Netherlands) generally enjoy higher quality employment than most of the others. The UK may not be the worst performer, a title that might be ascribed to one of the recent EU members from Central or Eastern Europe, but nor is the UK the best. Public policy has to identify where the shoe pinches and determine whether regulatory or non-regulatory solutions, or perhaps a mix of both, are most likely to be successful in delivering progressive change.

Skills development and utilisation

At this point in our discussion an attentive reader may have noticed that something strange seems to be happening in the UK. It is hard to reconcile the data on monotony and falling autonomy with rising skill levels and the growth in the number of workers apparently undertaking cognitively complex tasks.

It may be of course that employers' demand for higher level skills has been rising, but that the skills of the workforce have been rising faster. This apparent mismatch between accredited skill and utilised skill may be fuelling a sense of dissatisfaction in the workplace. Certainly, there was some evidence by the beginning of the decade that an increasing percentage of employees were overqualified for the jobs that they did. Francis Green has suggested that around a third of employees fell into this group in 1986, with the position improving somewhat over the course of the 1990s before falling back again to the 1992 level by 2002 (Green 2006). In any event, there can be little doubt that under-utilisation of skills is a real problem for many employees and that what amounts to a failure of work organisation, job design and management imagination may be compounding the problems employers face with retention and motivation. Workers may feel that skills under-utilisation reflects the low esteem in which they are held by their employers and may become frustrated because they are unable to use the skills that they have acquired.

The paradox here is that the percentage of employees in the UK agreeing with the statement 'my job requires that I keep learning new things' has been on an upward trajectory since the 1990s rising from 26 per cent in 1992 to 30 per cent in 2001 to 35 per cent in 2006 (Felstead 2007). Similarly, there was a modest increase in the percentage of employees agreeing with the statement 'my job requires that I help my colleagues learn new things' – rising from 27 per cent in 2001 to 32 per cent in 2006. These results from the UK Skills Survey are to a degree reinforced by the European Working Conditions Survey, which finds a much higher percentage of British workers learning new things in the workplace (around 70 per cent of employees) but much higher levels of skill acquisition in Finland, Sweden, Denmark and the Netherlands – between 80 and 90 per cent according to the EWCS (Fitzner 2007).

Some commentators have taken a more pessimistic view of recent developments, with Ewart Keep commenting that if British employers had a workforce trained to German or Nordic standards they would not know how to make the best use of this high quality supply of human capital (Keep 2000). This may be an unduly downbeat assessment, but there must be some truth in the statement that British employers could do much more to offer their employees challenging and rewarding jobs. Further grounds for pessimism can be found in the European Working Conditions Survey, recent analysis of which suggests that overall job content in the UK is worse than one might expect (Fitzner 2007). These results were generated by aggregating the answers to the following four questions. Does your job involve monotonous tasks? Does your job involve learning new things? Do you solve unforeseen problems on your own? Does your job involve complex tasks?

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Against these benchmarks the UK seems to have more in common with the EU member states of Eastern and Central Europe than with the Nordic countries or the Netherlands. The UK's near neighbours on this index are Romania and Bulgaria, whereas the countries with the best rankings are Sweden, the Netherlands, Austria, Denmark and Finland. Given all that has been said so far this result may look surprising. After all, the UK does reasonably well on other elements of good work like employment security and offers workers a reasonable level of autonomy, even though the level of the latter is lower than in the past. Similarly, the UK performs moderately well on the 'sophisticated work organisation measure' and according to the EWCS has a relatively high level of semi-autonomous teamwork. Yet WERS 2004 shows that while team working may be widespread in the UK, in most cases this is not even close to the notion of semi-autonomous team working (Kersley 2006). Priorities are still set by managers and teams may have to look elsewhere for support or guidance if they confront a problem.

Another explanation for the UK's poor performance on the job content measure could be that while British workers are close to the European average for 'learning new things at work', the UK's performance is below average on all the other elements in the composite measure – monotonous tasks, solving problems and task complexity. Poor job content may help to explain why so many British workers report that their skills are under-utilised.

Effort-reward imbalances and social capital

There are two additional areas of good work that we need to explore before we attempt to summarise the determinants of job quality – effort-reward imbalances and social capital. We have already observed that 'reward' should be defined broadly in this context, that it is not just about pay, but that pay remains important nonetheless, especially for those on low incomes.

Robert Taylor, writing in 2002, identified a general reduction in satisfaction with pay, job prospects and access to training over the previous decade (Taylor 2002). Similarly, WERS 2004 revealed a fairly high level of dissatisfaction with pay, with 42 per cent of employees being either dissatisfied or very dissatisfied with their pay, 35 per cent claiming satisfaction and 28 per cent proclaiming that they were neutral about pay levels. One might say that employees will always express a preference for higher pay and reduced effort, but that is not quite how the WERS question was phrased and it is at least reasonable to infer that in 2004 there were widespread effort reward imbalances in British workplaces.

Of course there is some evidence to the contrary, with the EWCS showing that around 53 per cent of British workers believe that they are well paid for the work that they do. Germany, which

has performed badly on many of the other measures of job quality, performs well here (60 per cent believing that they are well paid for the work that they do). Denmark and the Netherlands are ranked more highly than the UK, whereas Sweden and Finland appear to be below the EU average (Fitzner 2007).

An optimist would point to the fact that incomes were rising for most British workers over the period 1996-2006 (Fitzner 2006). Substantial wage gains occurred across all major industries and women received higher pay rises than men (although this still left a large gender pay gap). Moreover, the relative wages of the least skilled *did not fall* over this period and those at the bottom of the earnings distribution saw quite rapid wage gains, although this is almost certainly a consequence of the rise in the UK's national minimum wage.

Can we conclude therefore that effort-reward imbalance is less of a problem in the UK than elsewhere? The answer is probably not, particularly given our earlier discussion of declining autonomy for the lower skilled and the emergence of labour market polarisation. Furthermore, we know that the UK has more low paid employees than the Netherlands and the Nordic countries and that, while the National Minimum Wage has had some impact, a more ambitious policy agenda is needed if the UK is to make more progress in reducing some employers' dependence on low wages (Coats 2007).

We should also recall that effort levels have risen and autonomy has fallen since the early 1990s – and there are new phenomena emerging that may have exacerbated the problem of effort-reward imbalance. Patrick McGovern and his colleagues refer to the growth of ICT based monitoring as a source of work intensification, which appears to increase work strain but have no impact on aggregate levels of pay. In other words, employers are being rewarded with a 'free lunch' (McGovern 2007). This should be contrasted with the use of appraisal and performance pay systems, where the employer generally had to pay *something* for the additional effort made by the employee, at least in the initial stages of a scheme's operation. For these purposes it is important to be clear about the type of ICT based monitoring used by employers and the types of employees affected, which include:

...employees connected to electronic point-of-sales systems at retail checkouts,...call centre operators on computer-controlled switchboards,...clerical staff updating online computer databases, and (potentially at least)...all kinds of staff, including professionals and managers, who use networked computing services including emails, intranets and the Internet.

McGovern 2007, p.169

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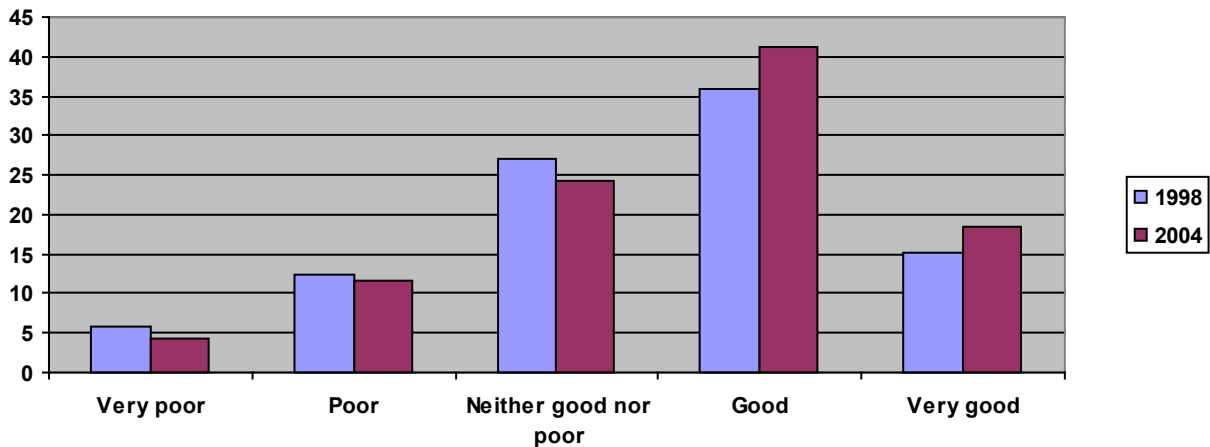
After a careful analysis of their data, the authors conclude that around half of all employees might be affected by these technologies with ICT being used to control the performance of one in four employees. This is very strong evidence that a wholly positive account of recent developments obscures much of the complexity below the headline findings of rising earnings and the belief amongst many employees that their pay is commensurate with their efforts. At the very least the UK has a significant minority of employees (with the precise proportion yet to be determined) who are suffering the consequence of an imbalance between effort and reward.

Perhaps our best conclusion is to say that more research is needed, developed specifically to test just how bad (or good) the UK's situation might be. There is a compelling case for more analysis of the extent of job polarisation and the use of intrusive systems of performance management to secure additional effort from employees without any improvement in pay. We might reasonably hypothesise that it is workers with low skills and limited bargaining power who, once again, find themselves in jobs that are likely to be detrimental to their health and life expectancy.

Our initial discussion noted the importance of workplace relationships as a source of individual resilience. If workers know that they can trust their employer and rely on their colleagues then they will be able to face the vicissitudes of working life with confidence (Marmot 2004). Moreover, social capital and employment seem to be linked to the extent that those individuals with access to rich social networks are more likely to experience shorter spells of unemployment, are more likely to make progress in their careers and much less likely to suffer the ill effects of low status or a lack of control or autonomy (Putnam 2000).

Can we say anything compelling about the strength of social capital in British workplaces and make an assessment of this dimension of job quality? Perhaps the first point to make is that there is no evidence available *directly* to answer this question. We could take a broad proxy measure like the level of industrial action and conclude that the relative absence of strikes in the UK (when judged against historical standards) suggests that workplace relationships are good. WERS 2004 reveals a general improvement in employment relations over the period 1998-2004 with 'a particularly marked improvement in the extremes of the distribution' (Brown 2006, p.39). In other words, fewer employees considered employment relations to be very bad and more employees considered employment relations to be 'very good', although the changes were quite small (Figure 16).

Figure 16: Changes in employee perception of employee relations 1998-2004
(% of employees)



Source: WERS 1998, 2004. Brown 2006

Yet this is rather an indirect way of assessing the texture and quality of workplace relationships. More detailed employee responses can be drawn from the CIPD's 2006 Employee Engagement Survey (CIPD 2007). Somewhat surprisingly, for the representative organisation of British HR professionals, the CIPD conclude that most British employees are 'generally unhappy with how they are managed'. This striking statement becomes somewhat more explicable once the following findings are taken into account:

- A third of employees never receive feedback from their managers.
- Only 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 organisation and just a third believe that their views will be taken seriously.
- Only a third of employees trust senior managers.
- Only a third of employees are 'engaged' in the sense that their values are aligned with the goals of the business.

At the very least this suggests that there is moderate cause for concern and these findings are note *entirely* inconsistent with the WERS results if we aggregate the negative and the neutral responses to the employment relations question. Almost 60 per cent of employees may believe that employment relations are good, but 40 per cent either have no opinion or believe that relationships are poor.

How much 'good work' is there in the UK and Europe?

How might we best characterise these developments? It certainly seems reasonable to conclude from the CIPD's work that enlightened human resource management (HRM) has failed to deliver its promise. After all, the HR profession has had a largely free hand over the last two decades (with trade unions either weak or of declining influence) and an increasing number of organisations have apparently internalised the mantra 'our employees are our greatest asset'. But despite all of these efforts the level of employee engagement remains woeful and the position of the HR profession increasingly marginal – exemplified by the fact that HR is more often viewed as a compliance function than as a strategic driver.

Perhaps the best way to describe recent history is to say that the 'old' system of industrial relations, based on strong trade unions, collective bargaining and national agreements was swept into the dustbin of history over the last thirty years of the twentieth century. Enlightened HR was supposed to be a superior replacement that could eliminate conflict from the workplace, boost employee involvement and guarantee good organisational performance with a strong customer focus. The tragedy of enlightened HR, despite its laudable aspirations, is that it has proved inadequate to the task of either motivating employees or ensuring that workers have some confidence that they will be fairly treated.

At this point we should perhaps recall our earlier discussion that the contract of employment is a legalistic veil that masks imbalances of power; it is an arena that is inherently conflictual, even though co-operation is essential too if a contract of employment is to work. The biggest weakness of enlightened HR is that it has failed to recognise that power in the workplace matters and that, in the words of Alan Fox:

'It is a necessary – though not sufficient – basis for recognising that co-operation is unlikely to be achieved in modern industry through the attempted manipulation of 'team spirit', 'high morale' and 'loyalty', but needs to be engineered by structural adaptations in work organisation, work rules and work practices, and that direct negotiation with work groups is an essential part of this process.'

Fox 1966

The language sounds a little archaic today, but it still expresses an essential truth, a truth that is reinforced by more recent research showing that a combination of both individual and collective voice is most likely to deliver a healthy workplace climate (measured as whether employment relations are good), high productivity and effective change management (Coats 2004). For example, Black and Lynch found that the implementation of high performance work

systems (essentially the sophisticated models of work organisation discussed above) alongside a high trust relationship with trade unions produced better outcomes than the same working practices with either individual employee involvement or no voice mechanisms at all (Black and Lynch 2000). In their 1999 Employment Outlook, the OECD found that the presence of a union or works council was positively associated with a higher number of high performance work practices and the more innovative use of ICT (OECD 1999). A study of the impact of information and consultation arrangements in European multinationals found that individual employee voice alone (direct participation) led to lower productivity growth than a mix of direct and representative participation (Wood and Fenton O'Creevy 1999). And a review of the impact of participation in the EU15 reached a similar conclusion:

'Far from being barriers to progress, it seems, employee representatives are the agents of change. The greater their involvement, in terms of both the form and the extent (and this applies particularly to negotiation and decisions making), the more the indicators of the effects were positive.'

Sisson et al 1997

A sceptical reader will no doubt argue that it is something of a conceptual leap to argue that good relationships are a necessary condition of good jobs, that representative participation is essential for the successful implementation of high performance work systems and that collective voice therefore has an impact on social capital and job quality. Yet this conclusion is entirely consistent with the evidence presented so far. The countries with the most widespread use of 'sophisticated' forms of work organisation are Denmark, Sweden, Finland and the Netherlands (Figure 10). These are also high intensity and high autonomy countries and they all, in different ways, guarantee workers the opportunity for individual participation *and* collective voice. The hypothesis for our purposes should be clear: these working practices depend on trust and both collective and individual voice work to lay the foundations on which trust can be built. Most importantly, perhaps, employees must be confident that they can identify problems, be heard with respect and suffer no penalty if they say something that managers would otherwise wish to ignore. A guarantee of fairness is the bedrock of mutuality.

One further piece of evidence may cement the argument that individual and collective voice are necessary conditions for the development of resilient social capital. In his work on employment relations climate, Alex Bryson found that a strong union, trusted by the members and respected by the employer, able to influence conditions of employment and solve practical problems by

working with managers, generated a better workplace climate than no union at all (Bryson 2001). The worst of all possible worlds was a weak union that raised expectations amongst a disgruntled minority but lacked the wherewithal to deliver effective change, leaving the employer with some employees spreading discontent in the workplace and inhibiting productive efficiency.

Unfortunately, none of these studies tell us as much as we would like to know about the quality of workplace relationships in the UK. We cannot say whether relationships between individual employees have deteriorated or improved and we have no fully effective measure of social capital in the workplace. These are both fruitful areas for future research.

Explaining the differences

At this point we should return to our three labour market stories to assess which of them, or indeed if any of them, can explain what has been happening to job quality in the EU over the last twenty years? Throughout this section we have observed that there are significant differences across the EU, not just between the old and new member states, but between countries with comparable levels of economic performance, similar industrial structures and GDP per head. An obvious conclusion is that there is no 'one right way' to full employment and prosperity; different countries will choose different paths that produce a range of distributional effects; but equally there is little in this account to endorse the view that globalisation is driving conditions of employment down to a lowest common denominator.

Some American commentators have attributed rising income inequality and stagnant wage growth in the USA to either globalisation or the introduction of new technologies. According to this account a combination of either offshoring or skill-biased technical change can explain why rising productivity has failed to benefit the least well off, or indeed the average worker. But what these commentators cannot explain is why the patterns of income inequality and wage growth vary so much across the developed world. It is better to be a low paid worker in Denmark or Sweden than in the United States, even though the Nordic countries have more open economies than the USA, are more exposed to international trade and therefore ought to be under stronger pressure from the allegedly irresistible forces of globalisation. And a recent assessment of patterns of income inequality across the developed world paints a picture of continued diversity rather than convergence (Esping-Anderson 2005)

Another supposed effect of globalisation is the rise of a class of so-called super-rich, those in the top 0.1 per cent of the income distribution who inhabit that strange land that Robert Frank describes as *Richistan* (Frank 2007). It is often assumed that the growth of this hyper-affluent

class is a universal phenomenon, affecting all countries in the developed world. But this, like the assumption that inequality is rising everywhere, is false. While it is undeniable that incomes of the super-rich in the UK and the USA have been racing away from the rest, the same cannot be said of France or Japan, where the share of national income consumed by the super-rich has not changed since 1975 (OECD 2007a). On all of these dimensions national policies matter and reflect sometimes inarticulate social, economic and political choices. But the important point is that nation states continue to have considerable room for manoeuvre, a conclusion that is reinforced by the data on job quality presented here.

So, if countries still have choices about economic and labour market policy, does the 'varieties of capitalism' frame of reference allow us to understand how differences in job quality arise? In one sense the varieties of capitalism literature continues to offer genuine explanatory insights. It highlights the significant differences between the Anglo-Saxon economies and the economies of 'old' Europe and enables us to understand how the various institutions of a co-ordinated market economy play a mutually reinforcing role. On the other hand, what the varieties of capitalism story cannot do is explain the differences *between* co-ordinated market economies. It cannot, for example, account for the fact that job quality in Germany appears to be closer to job quality in the UK than job quality in Denmark or Sweden.

This leaves us with the employment regimes story, which offers a subtler account of the determinants of job quality and enables us to develop a more textured understanding of how the balance of power between labour and capital, the skills formation system and institutional guarantees that workers have collective influence over questions affecting job quality all shape a workplace environment where the quality of employment is given high priority. Moreover, all these factors can be reinforced by the implementation of well-resourced government programmes to support the process of workplace reform, focused on both improved organisational performance and improvements in the quality of working life. Perhaps most importantly, the focus on quality of working life in the workplace leads to a very different conversation between employers and trade unions at national level and reshapes the political discussion so that the quality of work is integrated into a wider politics of the quality of life. In large measure this is a story that explains much of what is going on in the Nordic countries and the Netherlands. It would be wrong to neglect France too, if only because job quality there is higher than one might anticipate given the relative weakness of organised labour; it seems that policy intervention has made a difference by giving works councils the locus to put quality of work questions onto the workplace agenda.

How much 'good work' is there in the UK and Europe?

The employment regimes lens therefore gives us a fourfold typology of systems: the Nordic (or inclusive) model, the liberal market model (UK and Ireland), the corporatist model (Germany, Benelux – and to some extent France) and the southern model (Spain, Italy, etc). There are undoubted differences between countries within these clusters (Sweden and Denmark have real differences for example) and some countries (like the Netherlands) may sit between these groups (not quite Nordic and not quite corporatist), but there are enough similarities for us to be able to claim that the clustering of countries enables us to explain real phenomena.

Each of these frames of reference contains a degree of distortion and simplification, which is an inevitable consequence of looking for patterns in complex systems. What can be said with some confidence, however, is that the employment regimes lens offers a more clear-sighted view of the determinants of job quality than the apparently available alternatives.

Assessment

How then might we summarise our assessment of job quality in the UK? To begin with we might say that the situation is nowhere near as bad as some commentators have assumed. Contrary to the views of some trade unions, the UK has performed quite well on the job security measure. Levels of autonomy are slightly higher than the EU average and most workers report that they are paid well for the work that they do. Less positively, British workers have seen their levels of autonomy and control slip over the past twenty years (although the trend now seems to have been halted); there has been a process of work intensification and a significant minority of employees in the UK work very long hours. The combination of falling control and rising intensity is a toxic cocktail, which may help to explain some of the discontent in British workplaces. A particularly important factor in that story is the phenomenon of skills under-utilisation, with an increasing percentage of workers saying that they are unable to deploy their full range of skills. This might help to explain too why so many British employees report that their jobs involve monotonous tasks.

Our sceptical reader might conclude that the UK therefore has very little to worry about. The British performance may not be stellar, but it is by no means as bad as popular opinion would predict. A slightly different reading of the evidence would suggest that there is no room for complacency. For example, both the Nordic *and* continental/corporatist models deliver more high quality jobs than the liberal market model. These are real differences that set a benchmark for the UK. If other countries can create more and better jobs then so can we. Almost 60 per cent of employees in the Nordic countries have high quality jobs (whether secure or insecure), in the corporatist countries the figure is 49 per cent and in the liberal economies 42 per cent.

Only the southern economies perform worse, with 39 per cent of employees in high quality jobs (see Table 3).

Even if the analysis is accepted, our sceptic may still say that these comparisons are of limited usefulness. So much depends on national institutions and national cultures that the differences may be deep rooted and immovable. The Danes will continue to enjoy the highest job quality in the EU just because they are Danish and the British will have to accept that the dream of a place in the premier league is mere illusion. Making progress demands nothing less than a regime change and there is very little evidence to suggest that such a programme of reform is possible. Once again this sounds like a counsel of despair and a recipe for complacency. But is our sceptic right? Is reform a forlorn hope or can an intelligent programme be developed to change things for the better? It is to these questions that we now turn.

3. How can we get more 'good work' in the UK?

**Is regime change
necessary or
possible?**

To use the employment regimes frame of reference as an argument against the possibilities of change is to ignore the path of social development in those countries that offer more high quality employment than the UK does today. In the early 1930s Sweden was a small, relatively poor, agricultural economy on the fringes of Europe, yet a generation later significant progress had been made towards the social democracy for which Sweden is now renowned; the population had moved from the country to the city, the welfare state had become much more extensive and economic policy was oriented to the maintenance of full employment (Brown 2008). The change in the Swedish case was probably more rapid and more disruptive than anything that has been experienced in the UK – and the same may be true for the other Nordic countries too.

Of course, our sceptic will draw attention to the prolonged period over which these changes took place. While historians may view a 30 year period as a very short time, politicians and policy makers tend to operate on shorter electoral cycles. Essentially, the objection here is that a sustained political commitment will be required to a comprehensive programme of both workplace and welfare state reform (potentially with one party in power for a considerable time, as was the case in Sweden). British political realities make it very unlikely that these conditions will be met.

An obvious response is to argue that the UK is already a highly developed industrial nation and it should be much easier to take the steps necessary to create more high quality jobs. There is much less ground to cover and, as we recorded in Section 1, we can already detect a growing interest in issues that are broadly related to job quality.

No doubt this is true, says the sceptic, but if the employment regimes story is right then government, employers and other stakeholders will have to accept the necessity for a wide ranging programme with complex linkages between different elements of policy. The UK would need stronger unions, more effective workplace institutions (like powerful works councils) with the right to put job quality on the agenda with employers, a schools based vocational education system, higher benefits for the unemployed and increased spending on active labour market programmes. Once again, the UK's political culture makes it unlikely that any political party would advance such a programme and, in the absence of such a determined approach, a degree of muddling through is the inevitable consequence.

Presented in this way the objection is almost certainly correct and any government that made the effort to implement a radical programme of transformation would probably leave office

disappointed. Historical experience teaches us that it is not desirable to take the elements of one country's system and try to apply them in an entirely different national context. Unless, by some miraculous process, there is complete congruence between the cultures and institutions of the two countries then the policy will probably fail – and if such congruence existed then the reform programme would be unnecessary in the first place because the two countries would already have very similar arrangements in place.

This does not mean of course that policymakers can never learn anything from experience elsewhere. The important principle is that policymakers must be sensitive to their own national settings and be aware of the limits of the possible. If it were practical to do otherwise then there would already have been a convergence on the Nordic model under social democratic governments across the EU.

What is clear, of course is that countries *can* make very clear choices about their employment regimes. This was true of France when the lois Auroux were introduced and the durability of that settlement is a tribute to the popularity of the policy. In a similar vein, the UK made a decisive break with the past when the National Minimum Wage was introduced in 1999 and also moved the employment regime in a more 'inclusive' direction with the development of the New Deal active labour market programmes after 1997. Sometimes a series of piecemeal reforms can, over time, lead to a significant change in the fundamental nature of the employment regime. It is better to view the course of development in the Nordic countries in this light rather than adopt the mistaken belief that a comprehensive programme of reform was implemented overnight. That reform was both piecemeal and incremental helps to explain why the job enrichment and workplace productivity programmes only began to develop alongside the quality of working life movement in the 1960s and 70s, more than thirty years after social democratic governments were first elected in the Nordic countries.

The rest of this section is unashamedly advocating a process of gradual reform, testing and evaluating initiatives before major decisions are made about national programmes. All of the proposals outlined here are designed, in different ways, to ensure that the UK can create and sustain more high quality jobs. They are all derived from a clear narrative about the importance of decent work and the need to 'close the gap' with those countries that have apparently higher performance. What is not on offer here, however, is a big bang, comprehensive programme of workplace reform. There is a strong case for saying that this would be bad policy and bad politics too on the grounds that there is more to be gained by embedding change step-by-step rather than trying to do everything at once.

That still leaves open the question: what kind of change? If there is a problem then who is responsible for devising a solution? Can it be government's responsibility, when so much is under employers' control? And can it be left to employers when the evidence shows that the UK has too much 'bad work' and recent developments have been moving in the wrong direction? Most importantly, perhaps, where should the balance be struck between regulatory and non-regulatory solutions?

Regulation and voluntarism

Many of the questions discussed so far in this paper are beyond the reach a conventional regulatory fix. It is impossible to legislate for high trust in the workplace or decree by statute that all employees must have rewarding and interesting jobs. Perhaps the critical issue here is the extent to which regulation creates an environment that is conducive to the development of trust and offers encouragement to employers to create more interesting and rewarding jobs.

There should be no doubt that government has an important role to play in establishing some minimum standards in the labour market. The National Minimum Wage, basic health and safety standards and elementary safeguards against unfair dismissal are all important ingredients in the policy mix, protecting workers against the most egregious effort reward imbalances, exposure to hazardous substances and work systems or the risks of procedural injustice. Despite what some business representatives may argue, the UK remains a lightly regulated economy and there is no case for liberalisation on any of these dimensions; more precisely, the UK has the most lightly regulated labour and product markets in the developed world and it is difficult to see where 'burdensome' regulations might be found (OECD 2007b). Certainly, it is difficult to sustain the argument that the present level of regulation is adversely affecting the ability of British businesses to compete in international markets. Fluctuating exchange rates are a much more serious problem for business than a requirement to comply with some modest employment law obligations

Having said this, there is a case for *tougher* regulation in three specific areas with an impact on job quality. First, something has to be done about the reliance on excessive working hours. We have already observed that the UK has the second highest percentage of workers in the EU15 working more than 48 hours a week as a normal course. The evidence that long working hours can have an adverse effect on health is well established in the literature and a limit of 48 hours is a reasonable benchmark (Spurgeon 2003). Even though some employers (and employees) may resist the suggestion, there is a strong case for trying to reduce the percentage of employees working very long hours in the UK. A straightforward possibility would be to remove

the so-called 'individual opt-out' from the Working Time Regulations, which allows employees and employers to ignore the in principle limit on the maximum average working week. It might be necessary to introduce the effective 48-hour limit over a phasing period of (say) four years, with specific milestones specified in law for the extent of hours reduction over this period (say, 60 hours in year one, 55 hours in year two, 52 hours in year three and 48 hours in year four). The possibility of measuring average weekly hours over a twelve month reference period should be retained to allow for a degree of flexibility in the application of the law.

Second, we have also observed that the lois Auroux seem to have had a significant impact in France on whether or not job quality is on the agenda in the workplace. Given the decline of trade unions in the UK, it is reasonable to assume that the opportunities are limited at best for workers to have a developed collective dialogue with their employers about job quality. It is possible to go further and say that these issues have *never* been treated as a priority by trade unions in the UK. Real trade unionism was about collective bargaining, with pay as the most important item on the agenda. Consultation on strategic change or on the improvement of organisational performance was always seen as second best. And a focus on job design, work organisation or management standards was either seen as succumbing to the employer's agenda or as an inferior route to the removal of workplace grievances. Nevertheless, the UK has recently introduced an opportunity for workers to establish information and consultation committees if they so wish, but the rights established so far are generally regarded as weak and the legislation has not been widely used.

If the government is serious about taking action to improve job quality – or creating an environment where such initiatives are possible – then they should consider strengthening the information and consultation legislation to give workers' representatives explicit authority to address questions of workplace performance and the impact on the quality of employment. More than a change in the law is required. Government has to promote the new regulations with enthusiasm, should encourage workers to vindicate their rights to be informed and consulted, must find resources to support the identification, dissemination and application of best practice and must explain why an initiative of this kind to improve the quality of employment matters for the achievement of other critical policy objectives – most importantly, the delivery of the 80 per cent employment rate target and the elimination of child poverty by 2020. Put simply, government must make a compelling case that unless opportunities are created for a more sophisticated discussion of job quality and unless imbalances of power in the workplace are

corrected by legislative interventions then worklessness will remain a problem and too many children will grow up poor.

Even if government does all of this there is still no guarantee that the initiative will succeed. Experience in other EU member states proves that worker voice institutions are *most* effective where they have the enthusiastic support of the trade unions. To say that British unions have been indifferent about the Information and Consultation Regulations is something of an understatement. With some notable exceptions (the print workers section of Unite-The Union being the best example), organised labour in the UK has become increasingly hostile to universal rights based voice institutions, in part because non-union voice mechanisms are seen as a threat to collective bargaining.

Put another way, the government would be wasting valuable parliamentary time unless it could be confident that unions would use extended information and consultation rights. This means that unions must give serious thought to the priority that they attach to job quality. It is at least arguable that unions are no longer able to secure a large wage premium for their members, principally because of the international integration of product markets and the intensification of competition. Nor is it entirely clear that non-members in the private sector will be attracted to the trade union movement by an appeal for wage militancy. Trade unions are much more likely to be successful if they pay closer attention to enabling their members to 'get on' rather than just 'get even' (Coats 2005). Fair treatment remains important and unions continue to have a sword of justice effect where they are recognised for collective bargaining (Metcalf 2001), but an agenda to improve the working environment, to offer workers more control over their jobs, to encourage progression and career development is much more likely to prove attractive to a highly skilled and aspirational workforce.

Third, government might impose reporting requirements on listed companies to include *detailed* information about health and safety performance in their annual reports. This might include the numbers of fatal and other accidents, the incidence of serious physical illness and mild to moderate mental illness, the 'job satisfaction' data from the most recent staff survey or, if it is available, information about levels of autonomy and control. Most importantly, organisations could be required to report on whether their performance has improved or deteriorated and, if the latter, what remedial action has been taken.

No doubt some companies will complain about such 'burdens' on business, but limited liability is a privilege not a right, which must therefore be justified to the public and legitimised. Being willing to hold itself up to public scrutiny is how any corporation sustains its reputation and maintains its licence to operate. Moreover, investors ought to be interested in this data too since it affects an organisation's ability to recruit, retain and motivate the best people and create an environment where innovation can flourish.

The power of persuasion

These are three specific initiatives that the government might take to encourage employers, employees and their representatives to devote more attention to the quality of employment. But it is simply not enough for the government to introduce regulations on the grounds that they will address specific labour market problems. Policies of this kind are much more likely to be successful they are set in a wider narrative about good work and the importance of good work in the good society.

Theodore Roosevelt, US president from 1901-1909, recognised that the mere fact of incumbency offered him a 'bully pulpit' to reshape the national conversation on any issue of his choice. What was true in the first decade of the twentieth century remains true in the UK today. If ministers want to initiate a debate about the quality of work then they can do so. It is difficult to see how stakeholders could ignore a major series of ministerial speeches making the case that the quality of employment affects health, life expectancy and life chances, that work is a public health issue and that the quality of employment affects our capabilities to choose a life that we value.

Nor would this be an entirely new departure for the government. There are already elements of policy in place that would enable ministers to tell this story. Perhaps the most disappointing feature of the status quo is that ministers have, so far, made no real effort to explain how different policy initiatives (the elimination of child poverty, achieving an 80 per cent employment rate, raising skill levels, widening the employment rights of individuals, enhancing access to skills development and introducing new consultation requirements) are all designed to create an environment in which 'good work' can flourish.

The absence of a clear narrative may help to explain why so few political dividends have materialised from what is, by British standards, an extensive programme of labour market reform. The NMW, signing the social chapter, the strengthening of individual rights, the introduction of the right to request flexible working, the union recognition procedure and the

information and consultation architecture are all significant achievements. Perhaps the best the government has managed by way of justification is that these measures are required for reasons of 'fairness'. In itself this is not a bad argument, but it does less than justice to the richness of the agenda and offers a poor explanation of why 'fairness' matters. There is a compelling case for the development of a good work narrative nested within a bigger story about the good society and the quality of life. It is inevitable that different political parties will adopt different conceptions of the good society, but all should see themselves as under an obligation to explain where work fits into their vision.

Ministerial speeches offering a comprehensive overview of the world of work would be a good start, along with some specific challenges to both employers and trade unions that they must change their behaviour if progress is to be made.

Soft regulation

Hard regulation and exhortation are two obvious instruments available to policymakers. While both have advantages, regulatory solutions can sometimes be too rigid or awkward to solve subtle and complex problems – like the improvement of dysfunctional relationships, the re-organisation of work, the redesign of jobs and improvements in the performance of management. Exhortation has its place too, and is certainly very useful when ministers wish to initiate a debate about a new departure in policy. But *merely* relying on the power of persuasion will leave some organisations untouched – perhaps those most in need of some properly enforced standards.

Soft regulation, or standard setting by government or quasi-government agencies, offers a middle course between these extremes. It retains a high degree of flexibility but is of more than simply persuasive effect, since compliance with soft regulation can be used as evidence to judge whether there has been full compliance with legal obligations.

The most obvious example of effective soft regulation in this field is the HSE's management standards. In principle, the standards are wholly concerned with stress, although they call for a prevention strategy that recognises the adverse effects of the factors discussed so far in this paper. The focus is on the demands made on employees, the extent to which employers have control, whether employees work in a supportive social environment and have good relationships with their peers and whether the role of a particular worker is clear in the context of the organisation.

A careful reader will remember that there is a reasonably close match between these factors and the 'sustainability' factors identified in the first section of this paper. In other words, more widespread compliance with the management standards would improve the quality of jobs on offer in the UK labour market and make it more likely that the unemployed returning to work could find sustainable employment. The management standards have been subjected to review and the HSE has sponsored a research programme to identify the management competencies needed to apply the standards effectively (Yarker et al 2007). In general the design of the standards was endorsed, although some changes were suggested to recognise that 'managing conflict' and 'managing and expressing emotion' are critical skills for managers trying to manage stress effectively.

Moreover, it was argued that a competency approach would allow for the translation of the standards into a language that both line managers and HR professionals could understand and encourage more effective collaboration between HR, health and safety specialists and line managers. Perhaps the most important message from the review is that training and development are essential if managers are to handle stress effectively and that employers must integrate stress management into their wider competency frameworks. Moreover, this exercise must embrace the revision of recruitment and selection systems as well as performance management to create incentives for managers to manage people more effectively. Put most simply:

'A key message to line managers is that effective stress management does not have to be a separate activity: stress management is part of general management activities. It is about the way managers behave on a day-to-day basis towards those they manage.'

Yarker et al 2007, p.ix

The challenge of course is to make these admirable statements the reality in more British workplaces. But while the (soft) regulatory standards may be in place, it would be unwise to believe that an invisible hand will generate improvements in performance. It is all very well to call for improvements in management capability, but this will only be achieved if government works with trade associations, individual companies and educational institutions to ensure that management development programmes are consistent with these principles.

Soft regulation has to be supplemented by effective business support through Business Links and through informal as well as formal mechanisms for business networking and knowledge transfer – like chambers of commerce for example.

Similar arguments apply to the ACAS model of *Good Employment Relations* and the proposed Investors in People *Healthy Business Assessment*. In each of these cases, however, the organisations making use of the standards will have access to external assistance either from ACAS or from an IiP assessor. It is essential that organisations are supported to improve management performance. This cannot be an exercise in the allocation of praise or blame and it should be assumed that employers want to treat their employees well unless evidence emerges to the contrary.

Voluntary standard setting and best practice

So far we have looked at the importance of hard regulation, exhortation and soft regulation, with all regulatory interventions under the control of state sponsored bodies. Another possibility worth considering is that stakeholders might themselves want to set voluntary standards that are widely observed across a sector. This approach was considered by the government and given effect in the proposals for sector forums that appeared in the Labour Party's 2005 general election manifesto.

The purpose of sector forums, bringing together the social partners (employers and trade unions) in low wage industries is not to reinvent corporatism or develop 'industrial strategies' to meet major competitive challenges but to focus on best practice and knowledge transfer activities. Obviously there will need to be some assessment of strategic threats and opportunities for an industry – new markets, new products, new technologies and new competitors. But the core question for all sector forums could be 'what are we doing today, how can we do it better and how can we make this sector fit for the future?'. Paul Edwards, in a very helpful paper for The Work Foundation, has suggested that sector forums, far from being an attempt to resurrect the National Economic Development Council, are more appropriately seen as building on that myriad of formal and informal business networking activities that have burgeoned over recent years (Edwards 2007). It is important to ensure that these new bodies have clear and specific responsibilities that do not overlap with the well-established roles of other organisations. An obvious risk here is that the Sector Forums, in looking at issues like skills, will inevitably reproduce some of the activities of the Sector Skills Councils. The problem might be avoided though if it were made clear that Sector Forums were responsible for looking at the *deployment* rather than the *formation* of skills. SSC's can continue to develop the qualifications framework and identify employer skill needs, but Sector Forums would look at work organisation, job design and the utilisation of skills to achieve high performance.

Edwards suggests therefore that Sector Forums might initially be responsible for the following:

- **Utilisation of Skills:** What models of high performance exist within similar groups of firms? In this specific context, how should pay be linked to performance?
- **Teamwork:** What constitutes the appropriate model of teamwork in a specific sector? If a pattern of 'lean teams' seems to fit product market conditions then what are the disadvantages of this model and how might they be minimised? What conditions support the successful operation of teams and what factors retard the generalisation of team models?
- **Employee representation:** Are there cases where employee representation has contributed to improved efficiency? How can representatives be supported in their role through training? How can the opportunities for engaged discussion between employers and employee representatives be developed?

Each of these proposals has a direct impact on the quality of work and all of them are consistent with the argument made throughout this paper. Skills utilisation goes directly to the question of control, autonomy and boredom. Teamwork is relevant to any consideration of work intensification and the implementation of new forms of work organisation. Employee representation is essential for the development of social capital. But each of these proposals also speaks directly to the problems raised by employers in The Work Foundation's focus groups. Enabling employees to make full use of their capabilities, allowing colleagues to collaborate effectively and solve problems together and giving workers the confidence they need to raise questions about the management and future of the workplace are all likely to improve recruitment (because the organisation will be seen as an employer of choice), retention and motivation.

Responsible procurement

Increasing attention has been paid in recent years to the use of public procurement to achieve a range of policy objectives – particularly those concerned with the quality of employment. It is unwise to put too much weight on public purchasing policy as a panacea for all the problems of poor quality work, but there can be no doubt that by abandoning the 'lowest bid must be accepted' principle the government has ensured that it will no longer do business with the slightly disreputable.

It seems eminently sensible, for example, that public sector clients should (within the limits of EU public procurement legislation) ask challenging questions about a supplier's general health

and safety record, the levels of sickness absence and more specifically the incidence of serious physical illness or mild to moderate mental illness. Put in slightly different language, we might view this as a process of risk assessment. Will a public authority be exposed to risk if it does business with an organisation that fails to meet some elementary standards of fair treatment for workers? Is there a serious risk that the contractor will fail to deliver its contractual promise because it experiences problems with the recruitment, retention and motivation of staff? Will the organisation find it difficult to adapt to changing citizen expectations because staff are demotivated, alienated or resistant to change?

Encouraging innovation

A central feature of all the countries with an inclusive employment regime is the presence of a major national programme focused on workplace reform. While evaluation of these programmes has produced mixed results (Business Decisions Limited 2000) there can be no doubt that they have changed relationships between employers and employees *and* improved the quality of work. At this stage it may be impractical to develop a major national programme to be applied across the UK. There is rather more to be said for a process of piloting and testing, with opportunities for information exchange and the transfer of best practice.

One possibility worth considering would be to establish a Good Work Challenge Fund of around £5-7 million allocated over three years. The aim of the fund would be to encourage a process of workplace innovation focused on boosting productivity and improving the quality of working life. To avoid any deadweight effect or the misuse of public money it would be essential to establish rigorous criteria for the selection of projects. Decisions would be made by an independent panel of assessors, with some representation from both employers and trade unions. If an insufficient number of worthwhile projects had been submitted then the panel would be under no obligation to allocate all the monies available.

Either joint applications from employers and unions or sole applications from employers would be equally acceptable – this is a simple inevitability, given the relative weakness of organised labour in the private sector. Applications might cover the introduction of some new work process or system, an effort to redesign jobs to offer employees a richer (and less boring) experience at work, empowerment initiatives and the introduction of joint problem solving activity, the application of sophisticated forms of work organisation (team working or job rotation for example) or a series of interventions to boost productivity and performance, which might sail under the flag of a change programme. In deciding whether to fund an application the evaluation panel would need to consider such questions as:

- What is the purpose of this project?
- How are the parties proposing to make progress?
- Is there a focus on performance and job quality?
- How will they know if they have been successful?

The impact of these initiatives would need to be viewed through the job quality lens discussed in Section 2, which for these purposes can be expressed in the following summary questions:

- How have these changes affected the security of employment?
- Has control and autonomy been enhanced or reduced?
- Has work intensity increased, reduced or remained the same?
- Have working hours increased, reduced or remained the same?
- Have employees changed their views about whether they are fairly rewarded for the work that they do?
- Have workplace relationships and trust levels been weakened or strengthened by these initiatives?

In addition, some assessment might be made of the impact on recruitment (does the employer have enough choice in their labour supply?), retention (are the right employees staying with the organisation?) and motivation (does the staff survey show engagement or disengagement?). 'Hard' measures can sometimes be difficult to find, but if it is possible then some attempt should be made to assess the impact on labour productivity.

This means that each project must include an element of evidence gathering and research and should ideally run over the whole three year period so that some longitudinal data is available. Applications would need to be subject to an 'additionality' test – the project would not go ahead but for the allocation of public funds – and most of the resources would be used to fund the release of people inside the organisation to undertake work on the project, with a modest amount (no more than 10 per cent) of the allocation set aside for external advice and support.

Participating organisations would need to make a commitment to share the outcome of the project and to participate in other networking or knowledge transfer activities, as well as promotional work to raise awareness of the programme. Some might say that such initiatives have been tried before and have either had disappointing results or have simply enriched a growing class of management consultants. This is an unduly cynical view that misses the

successful experience with similar programmes elsewhere in the EU and simply condemns such interventions as worthless, without making the more positive argument that the remedy for disappointment is a more testing set of project criteria to make it clear that only ambitious projects will receive funding. Responding to this critique requires a willingness to take risks on the part of the evaluation panel, and an understanding that not all projects will succeed. That is why it is important to proceed cautiously, to discover what works and rule out some approaches before developing a more ambitious and better funded programme.

For the avoidance of doubt, it is not suggested that resources should be transferred from the bread and butter of health and safety enforcement to fund this programme and nor is it suggested that an initiative of this kind can ever be a substitute for risk assessment and enforcement. But even if the enforcement resources for the HSE were increased fivefold there is no guarantee at all that employers and trade unions would, without more, refocus their attention on the quality of employment. Experience tells us that the government may need to prime the pump before any significant progress can be made.

Enforcement

Of course, enforcement in this context is not simply a matter of health and safety regulation. Other instruments are of equal importance here including the NMW, the limits on working time and the right to request reduced hours/flexible working. Given our earlier comments about labour market polarisation and the deteriorating position of the lower skilled in the UK (especially on the autonomy measure) there can be no excuse for loosening the regulatory reins and an irresistible case for the effective enforcement of all these regulations. Even here, however, 'better enforcement' may not be the answer, particularly when it cannot be shown conclusively that an employer is in breach of the regulations. For example, The Work Foundation's research has shown that while the right to request flexible working has been a huge success, there are still too many organisations where employees are reluctant to ask for a different working pattern because they believe that they may be penalised by their line manager (Visser and Williams 2006). Policy at the top of the organisation may be exemplary, with strong leadership commitment, but unless execution by operational managers is in line with the policy then employees will continue to be frustrated.

Returning to our earlier discussion about soft regulation and the Management Standards, it is clear that some managers are uncomfortable dealing with more complex working patterns. If the management development programmes described above are effective, we might anticipate some improvements on this dimension too.

**Working for
a healthier
tomorrow:
Implementing
Carol Black's
recommendations**

Readers may have noted that very little has been said so far about Dame Carol Black's review of the health of the working age population (Black 2008). In part that is because her recommendations are very well known and in part because the government are about to respond to the proposals contained in her report. A more profound observation, however, is that the review is mostly concerned with getting people back to work after they have fallen ill (or at the point they present in a GPs surgery asking for a sick note), whereas this report is concerned with what happens *before* an individual develops a medical condition; the focus is on *prevention* rather than early intervention and rehabilitation.

That is not to say of course that there is anything wrong with the recommendations in Dame Carol's report. On the contrary, the proposals set out here and the recommendations made in *Working for a Healthier Tomorrow* are mutually reinforcing. Perhaps the answer is that Dame Carol was reporting to a cabinet minister and her inevitable focus was on the levers under the control of government. This is entirely as it should be. But we should not forget that the more difficult challenge is to reshape business strategy so that the health of the workforce becomes a priority for all organisations in the UK. A clear implication is that organisational leaders must understand why they should give high priority to job design, work organisation and management standards. This is not just a matter of guaranteeing that the workforce is healthy, motivated and productive but to ensure that individuals have real opportunities to choose a life that they value. Put another way, a society with an equitable distribution of income and more 'good work' is freer than a society with higher GDP per head, more inequality and more 'bad jobs'.

4. Summary and conclusion

This paper has had three purposes: to show that job quality matters, to assess the extent of 'good work' in the UK and across the EU and to outline a practical policy agenda that will help the UK to move forward.

There can be no doubt that the quality of work affects health, life expectancy and life chances, a finding drawn from a series of robust epidemiological studies and reinforced by the recent WHO report. All countries display a social gradient in health, with the poor experiencing worse health and lower life expectancy than the rich. What is striking on the other hand is that the extent of the social gradient, or the size of the gap between rich and poor is amenable to intelligent policy intervention. The level of income inequality is particularly important, with the most unequal countries displaying the steepest social gradient.

That this should be a concern for policy makers, employers and citizens ought to be self-evident. After all, one of the fundamental goals of a democratic society is to enable individuals to choose a life that they value and the scope to do so is severely constrained if individuals are both living in poverty and suffering from poor health. Moreover, the evidence tells us that the experience of work has a significant impact on the extent of the social gradient. Unemployment may have a corrosive effect on physical and mental health and work may always be better than worklessness, but it cannot be right to leave the most vulnerable workers in jobs that shorten their lives or make them ill.

The important workplace factors include:

- The security of employment;
- Whether the work is characterised by monotony and repetition?
- Whether employees have autonomy, control and task discretion?
- The extent to which there is an appropriate balance between the efforts that workers make and the rewards that they receive;
- Whether employees possess the skills they need to cope with periods of intense pressure?
- Whether the workplace is seen to be fair? Do workers believe that the employer respects the principles of procedural justice?
- The strength of workplace relationships – or what some researchers have described as 'social capital'.

We have also argued that creating more ‘good jobs’ is essential if the UK government is to achieve the twin objectives of an 80 per cent employment rate and the elimination of child poverty by 2020. A higher employment rate obviously requires that more people enter and remain in the labour market; the new jobs created must be sustainable jobs. Amongst the factors affecting sustainability are the strength of workplace relationships, the belief that work can offer a real financial reward (which is another way of saying that effort and reward should be in balance) and high quality job content (defined as interesting, stimulating, challenging or varied work).

The policy focus should therefore be on the ‘entry’ jobs taken by the previously unemployed. Unless these jobs meet the modest tests of sustainability that we have described, a significant minority of the most disadvantaged will find themselves in a revolving door from unemployment, to bad work, to unemployment.

It is often assumed that the UK performs badly on most of the job quality measures – that employment security is low, that a tsunami of casualisation, outsourcing and offshoring is sweeping away all the quality jobs and that the same forces are compelling more and more employees to work very long hours. This rather bleak picture, that all is for the worst in this worst of all possible worlds, remains more myth than reality. For example, the UK performs well on the job security measure (although this may change if unemployment begins to rise). And temporary work as a percentage of total employment is lower in the UK than in the other countries of the EU15, despite that usual characterisation of the UK as having a flexible labour market.

On the other hand, the UK’s performance offers room for improvement on other dimensions of job quality. Both the Nordic and continental or corporatist models seem to offer more high quality jobs than the liberal market economies of the UK and Ireland. While the UK performs moderately well on the EU autonomy index, employees have reported a significant reduction in control over their work over the last fifteen years. While skill levels are rising, employees also report that their skills are widely under-utilised and the UK falls short in the implementation of those sophisticated forms of work organisation (autonomous team working, joint problem solving, job rotation) that are associated elsewhere with high productivity. Moreover, falling control has been accompanied by a process of work intensification that accelerated rapidly in the 1990s but has remained stable since the early part of this decade. This may seem to offer encouragement that the situation is improving, but in fact it simply means that work is getting no worse.

The argument outlined here has broadly endorsed the analysis developed by Duncan Gallie and his colleagues that the nature of a country's *employment regime* is responsible, at least in part, for determining the quality of employment available to citizens. In other words, the process of globalisation, to the extent that it is taking place, has not led to a convergence in either pay or conditions of employment. There is no race to the bottom and no emergence of 'bad work' based on the lowest common denominator. Nation states continue to have considerable room for manoeuvre and have the capacity to make social, economic and political choices that lead to very different distributional outcomes. The United States and the Nordic countries are often seen as polar opposites, with very different institutions, levels of income inequality and political cultures. Yet all these countries are prosperous, they have all enjoyed strong economic growth, low inflation and low unemployment despite the fact that they display very different characteristics. The absence of any process of convergence is confirmed by the EU data, which shows continued differentiation across the continent.

This is not to say, of course, that globalisation is having no effect. There *are* processes of structural change sweeping across the economies of the developed world, restructuring industries, displacing workers and contributing to rising social tension. Perhaps the lesson to be drawn from our review of the job quality evidence is that countries can manage these processes either well or badly and that an 'enabling' welfare state is much better oriented to managing difficult transitions with a minimum of fuss.

If the employment regimes story is more compelling than the available alternatives then we are still left with the question whether it is necessary, possible or desirable to seek regime change? In other words, does the creation of better jobs in the UK demand a decisive and radical shift in the direction of the 'inclusive' employment regime found in the Nordic countries? The case we have made here is that labour market interventions ought to be developed through a process of experimentation, with proper piloting, testing and evaluation. A piecemeal and step-by-step approach to workplace reform is more likely to succeed than a comprehensive and ambitious programme, not least because so much depends on changes in organisational policy, strategy and management practice that are beyond the reach of conventional regulatory instruments. This is not to rule out regulation, but it is important to recognise the limitations of direct intervention of this kind. It simply is not possible to impose a statutory obligation on employers that they must offer high quality jobs in a high trust working environment.

Nonetheless, there are three areas where government should intervene to impose tougher obligations on employers: the establishment of binding (although flexible) limits on maximum working hours; a widening of the rights of workers' representatives to put job quality on the agenda in collective information and consultation processes; and more stringent requirements to include information about health and safety and job quality performance in company annual reports.

Looking beyond these regulatory changes, we have suggested that ministers should use their 'bully pulpit' to put job quality onto the agenda of the national conversation. Sometimes the power of persuasion can generate real changes in behaviour. Soft regulation also has an important role to play – improving the effectiveness of the HSE's management standards should be a priority. Trade unions and employers could be encouraged to develop a more sophisticated dialogue at sectoral level to address such questions as skills utilisation, the use of new forms of work organisation and the appropriate role of employee representation. Public procurement can be used to improve performance by ensuring that public sector clients only do business with the reputable. And the availability of pump priming funds could be used to encourage workplace innovation.

We have observed throughout this discussion that many countries have well developed and generously funded public programmes of workplace reform. It may be that at some point policy makers in the UK will feel confident enough to take a similar step, but for the time being a more modest approach could be more effective, not least so that policy makers and other stakeholders can discover 'what works' in the UK's national setting.

Our sceptical interlocutor may have saved their best objection to last – that all this talk of job quality and good work will disappear like mist as unemployment begins to rise. They would say too that the agenda outlined here only makes (rather weak) sense in good times and that in bad times what people want more than anything else is to stay in work and earn a decent living. To a degree this is true; there can be little doubt that at a time of economic uncertainty the focus of public concern may shift to a more conventional set of preoccupations with the quantity of jobs, pay and inflation. But in a more important sense it is false. We do not have to abandon the notion that work is a fully human activity, that job quality affects health, life expectancy and life chances or that the UK could do better on those measures of job quality where it currently performs poorly. At the heart of the argument is the notion of full and fulfilling employment, of decent work for all those who wish to work, of jobs that offer people interest, challenge and the

opportunity for progression. As Juan Somavia, Director-General of the International Labour Organisation has pointed out, if we do otherwise we will be abandoning the commitment to 'promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity'. Such principles are more even important in times of economic turbulence than in times of prosperity, they offer us an accurate compass to plot a course towards both full employment and 'good work'.

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Registered as a charity no: 290003

First published: September 2008

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