

The Realities of Work

Experiencing work and employment
in contemporary society

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The changing context of work

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Key concepts

political context
deregulation
privatisation
economic context
globalisation
competitive strategies
industrial structure

workforce composition
part-time employment
self-employment
location of employment
job insecurity
redundancy
unemployment

Chapter aim

To examine how the political and economic contexts of work are changing, and consider the main trends in the composition of the labour force.

Learning outcomes

After reading and thinking about the material in this chapter, you will be able to:

1. Identify the main developments in the international political environment that affect the world of work, particularly trade liberalisation and the growth of supranational alliances.
2. Recognise the influence of developments in national political contexts for the nature of work and employment.
3. Develop an understanding of the main changes in the overall economic context, particularly the spread of economic globalisation.
4. Identify the main changes in the industrial structure, particularly the shift from manufacturing to services.
5. Assess the main changes taking place in workforce composition.
6. Consider the changing experience of work in terms of changes in levels of unemployment, redundancies, temporary work and job insecurity.

Introduction

The comment is often made that the world of work has undergone dramatic changes over the past 20 to 30 years. Some commentators have gone so far as to characterise these changes as representing a fundamental shift in the nature of capitalism itself: a shift from 'Fordist' to 'post-Fordist' forms of production, from mass production systems to flexible specialisation, from industrial to post-industrial society, or from modern to post-modern forms of organisation (see also the discussion in Chapters 6 and 8). Such broad characterisations usefully signal the breadth and depth of changes taking place and also the ways in which myriad individual changes can be interpreted as part of much broader trajectories. At the same time, it is important to explore the specific changes themselves because such shorthand categorisations constantly run the danger of obscuring as much as (or more than) they reveal. Not only do they encourage (over)generalisations about the direction in which society is heading, they also (and often more implicitly) embody sweeping assumptions about where it has been.

In this chapter, it is necessary to cover a lot of ground fairly quickly. Its purpose is to present an overview of how the context of work has been and is changing, and in so doing offer a broad landscape within which to locate the more specific experiences of work that are discussed in later chapters. Even an overview must be selective, however, since contexts can be defined at several levels – an individual worker is located in a particular work setting, but in turn that workplace is situated within a local economy, which itself is embedded in regional, national and international economic contexts. Further, these economic contexts are interrelated with, and influenced by, political contexts that also operate at each of these levels. Thus, in this chapter it is necessary to note some of the main changes that have been taking place in the political context of work over the past two decades, as well as both broad changes occurring within the economic context, and changing patterns of employment. Many of the issues raised in this chapter feed directly into more specific arguments covered in more detail later. For the moment though, the task is to capture a sense of the breadth of change occurring at the different levels. To this end, the chapter is divided into three main sections:

1. The broad changes occurring in the political context of work over approximately the last two decades are reviewed.
2. A similar examination is made of the central (and often closely related) changes occurring within the economic context, together with some of the main responses to those changes.
3. The major developments occurring in the structure and patterns of employment are explored. To illustrate this discussion we draw on Organisation for Economic Cooperation and Development (OECD) data relating to industrialised countries and on data for single countries where this allows us to explore developments in more detail.

Learning outcome 1
Identify the main
developments in the
international political
environment that
affect the world of
work, particularly
trade liberalisation
and the growth of
supranational
alliances

Changes in the political context

It is impossible to analyse work without giving some consideration to the political context within which it is located. More accurately, work organisations are embedded within a series of political contexts: the international political environment, the national political context and regional and local politics. These are considered briefly below in an attempt to apply some broad brush strokes on the political backcloth against which the realities of work may be examined. The discussion is confined to the aspects of the political context that have impacted upon the workplace.

The international political environment

Of the various international political developments that have been taking place over the recent period that impact upon the world of work, two are particularly notable:

- the gradual extension of trade liberalisation measures
- the creation of supranational alliances in Europe, North America and Asia.

Extension of trade liberalisation

Political intervention over trade is subject to competing pressures as nation states seek to promote trade openness where it enhances economic growth, while at the same time seeking to protect more vulnerable domestic industries and markets. The influence of the latter means that many sectors (most notably agriculture but also various manufacturing activities) continue to maintain considerable tariff barriers (duties or charges on particular classes of goods) which have restricted the development of international trade. Nevertheless, since the founding of the General Agreement on Tariffs and Trade (GATT) in 1946, the overall trend both through GATT negotiations and through regional agreements has been towards a gradually more liberalised trading regime. The signing of the Uruguay Round Agreement of GATT in 1994, for example, committed developed economies to further tariff reductions on imports, though many such tariff barriers remain (Milberg, 1998).

The sector in which trading has become most liberalised is that of financial markets, through the removal of restrictions on international movements of capital (Milberg, 1998: 83). This has acted as a key driver influencing the growth of economic globalisation (see below). Other sectors have also experienced a significant degree of market liberalisation in recent years. Entry into the long-distance telecommunications industry, for example, has been widely liberalised, as has access to local and mobile telecommunications in most industrial countries (OECD, 2000a: 152). Similarly, international air passenger transport has also experienced a degree of market liberalisation in recent years, though market restrictions remain in this, as in many other sectors (see Excerpt 2.1). Where international markets have become noticeably more liberalised is within three major regional groupings of countries in North America, South East Asia, and particularly Europe. We examine these separately below.

Excerpt 2.1*Market liberalisation in the international civil aviation industry*

Traditionally, the air transport market has been subject to a high degree of state regulation covering market entry, capacity and prices. State ownership was the norm for the majority of the world's major airlines. These carriers enjoyed national 'flag carrier' status and preferential access to international markets through bilateral agreements between national governments.

Pressure for a relaxation in state regulation has come from a variety of sources, most notably growing political support for 'free market' capitalism within a more liberalised and privatised economic regime (many flag carriers have been privatised in recent years).

Following the deregulation of the US airline industry in the late 1970s, the most significant liberalisation has been in Europe, where a single market for aviation came into being in 1997, with any EU-registered carrier gaining the right to operate services within and between any of the EU member states.

This reduction in state control, particularly over the entry of new carriers, operations, pricing and capacity, has had certain immediate effects, most notably the growth of independent low-cost carriers, many operating from second-tier and regional airports. However, relaxation of state regulation over the passenger airline market remains partial. It remains the case that outside regional agreements such as the European Union, the majority of international routes are operated by the two countries involved, and protected by highly restrictive bilateral air service agreements.

Sources: Blyton, Martinez Lucio, McGurk and Turnbull (2001), OECD (2000a).

The growth of supranational alliances

Just as much of the world's trade takes place within and between the three regional areas of North America, Europe and East Asia, so too the main political steps to create regional free markets have also occurred in these regions, through the formation of the North America Free Trade Agreement (NAFTA), the Association of South East Asian Nations (ASEAN), and the European Union (EU). While NAFTA and ASEAN have remained largely economic alliances, the EU has taken integration considerably further, with an expanding number of member states establishing a widespread political and social agenda, though primarily to support the EU's economic programme.

It is the breadth of this integration in Europe that has made it particularly significant in terms of its impact on work and employment. For example, member states are subject to a growing body of European law which is increasingly impacting upon work organisations by obliging employers (and countries as a whole) to comply with European legislation, even where individual national governments are reluctant. For example, the European Court of Justice (ECJ) has in the past forced the British government to enact additional equal pay provisions to take into account the

European legislation covering work of equal value (Rubinstein, 1984). Likewise, in the mid-1990s, the UK government was required to change the law on employment protection to give part-time workers the same qualifying period as their full-time counterparts in respect of statutory employment rights concerning, for example, redundancy, pay and unfair dismissal compensation (Dickens, 1995: 209). More recently, ECJ rulings in 2005 affecting employment in the UK included a decision that the hours that doctors and other healthcare workers spent 'on call' must be included as working time and thus form part of the calculation of hours specified in the Working Time Directive (Tait and Taylor, 2005).

In the process of enshrining European-wide employment rights and better conditions, a key development was the establishment of the European Community Charter of the Fundamental Social Rights of Workers (known as the Social Charter). In 1989 it was accepted by 11 of the then 12 member states (the UK being the exception) as a political proclamation, with no formal legal status. However, it established the direction in which social policy was to develop, and by 1992 the 11 member states acted to begin the process of implementing the Social Charter through the EU institutions by signing a Protocol on Social Policy as part of the Maastricht Treaty (the social chapter). Again the then Conservative government in Britain refused to be a signatory, and it was not until the incoming 1997 Labour government that this opt-out decision was reversed.

The main vehicle for developing the work and employment aspects of the Social Charter has been through the introduction of European directives, on such issues as working time, part-time workers, parental leave, sex discrimination and the rights of employees in European multinationals to works councils (Bach and Sisson, 2000). Once such directives have been issued, they are then implemented via legislative changes at the national levels (see below).

A key political logic behind introducing EU-wide legislation has been to harmonise conditions and rights of employees across national boundaries. This is seen to be particularly important by the more prosperous states such as Germany which might otherwise fall victim to 'social dumping' – a process whereby companies transfer aspects of production to countries within the EU that maintain lower wages, less employment protection and fewer employment rights, thus decreasing the costs and overheads of labour. Such differentials exert considerable pressure on those member states with favourable employment terms and conditions to lower them in order to provide a competitive environment for the companies located there. The logical consequence of such differentials is a spiralling down or 'race to the bottom' on employment protection, with Europe becoming a domain of decreasing employment rights and increasing insecurity and exploitation – a politically and morally undesirable outcome within most member states.

The national political context

The growing significance of international agreements over trade, and the development of supranational political alliances notwithstanding, the national political context continues to represent a major source of influence affecting the world of

Learning outcome 2:
Recognise the
influence of
developments in
national political
contexts for the
nature of work and
employment

work and developing patterns of employment. As an economic manager, employer and legislator, the state has a major bearing on the experience of work (Blyton and Turnbull, 2004: 170–213). Indeed, as noted above, even key supranational developments such as the implementation of EU directives are carried out via changes in national legislation (see Bach and Sisson, 2000: 31–3; Gennard and Judge, 2005). Similarly, a central aspect of the move towards greater market liberalisation has been the deregulation of individual national economic sectors. This deregulatory activity has been given a particular impetus by widespread privatisation of former state-owned monopolies. Indeed, in the national political context affecting the nature of work and employment, it is privatisation activity that is among the most prominent national level political developments worldwide over the past generation.

Privatisation activity

The 1980s and particularly the 1990s witnessed a substantial growth in privatisation throughout the world, and widespread privatisation activity has continued into the present century. Factors encouraging privatisation have included government desires to raise revenues and avoid new investment costs, and the widespread decline in the power of left-wing parties which in the past have been more in favour of state ownership (Toninelli, 2000).

One estimate is that the overall size of the public enterprise sector in industrial countries halved between the beginning of the 1980s and the end of the 1990s (OECD, 2000a: 154). In 1990, the total proceeds from privatisation were just under US\$30,000 million, of which the UK accounted for over 43 per cent. By 1997, however, the total global proceeds from privatisation during that year were over US\$153,000 million – an increase of over 500 per cent from the 1990 level (OECD, 1999: 130). In the late 1990s, the most active countries pursuing large-scale privatisation programmes were Australia, France, Germany, Italy, Japan and Spain, and several countries in Latin America, notably Chile and Mexico. Privatisation activity has also become increasingly prominent in Russia and the former Soviet bloc countries in central and eastern Europe, and also to a growing extent in China (Megginson and Netter, 2001; Parker and Kirkpatrick, 2005). Around the world, the main sectors subject to privatisation in the recent period have been manufacturing, telecommunications, financial services, public utilities and transport (OECD, 1999: 135–8).

Labour market deregulation

The UK stood in the vanguard of privatisation activity, and for Conservative governments of the 1980s and 1990s in the UK, privatisation represented a major plank in a broader project of deregulating economic activity. This was particularly marked in relation to the labour market with the objective of allowing employers greater freedom of operation. This policy of labour market deregulation was underpinned by theories of neo-classical economics which hold that economic revival and success is dependent on allowing market forces to operate free from any 'artificial' constraint or government intervention. It was argued that competitiveness had been hampered

in the past by high labour costs caused by the restrictions and rigidities imposed on employers by employment protection legislation, and the power and influence of trade unions. On the basis of this reasoning, successive Conservative governments from 1979 onwards embarked on a series of incremental changes that sought to deregulate employment and restrict the influence of trade unions. While some aspects of these policies were reversed or curtailed by the incoming New Labour government elected in 1997 (by for example, the introduction of a national minimum wage and the establishment of rights for trade unions to pursue membership representation cases, as well as the implementation of European directives – see above), many of the broader labour market policies have remained in place.

Deregulating employment – by such means as extending the period that employees had to work before qualifying for employment protection rights, by abolishing wage-setting mechanisms for the least organised groups, and by restricting the operations of trade unions (see Blyton and Turnbull, 2004 for details) – had the effect of shifting the balance away from employment protection towards employment flexibility. This greater flexibility carries a number of consequences for those both in and out of work (see discussion of job insecurity below). However, in identifying the full extent and implications of labour market deregulation in the UK, care needs to be taken, for it is something of a misnomer to talk of UK governments ‘deregulating’ the relations between capital and labour. Relative to many other economies, the labour market and employment relationships in the UK have never been highly regulated.

In the UK, for example, legislation on such basic employment issues as the maximum hours a worker is permitted to work, or the minimum number of days holiday a person is entitled to, has until recently been notable by its absence. The same holds for the type of employment contracts that an employer can offer – for example, unlike various other countries there is no requirement for employers in the UK to justify the offering of temporary rather than permanent contracts. In this respect, the deregulation of labour markets which took place in the UK in the 1980s and 1990s is all the more significant: it removed and reduced regulations in a context *already characterised* by a low degree of regulation. In a country where labour market regulation is in any event only modest, the further diminution of that basis of regulation has considerable symbolic significance regarding the perceived relations between capital and labour and the lack of any need to protect the latter against the powers of the former.

One of the significant aspects of the UK privatisation for patterns of work and employment is that in the past, an important way that the state regulated employment within and around the public sector was via the practice of Fair Wages resolutions. These were based on the principle that when a private sector firm was awarded a government contract, its employees should be paid at a level commensurate with equivalent work being undertaken by public sector workers. This was part of a broader state approach to acting as a ‘good employer’, and disseminating its practices more widely. The good employer approach also extended to its encouragement of trade union representation, leading to very high levels of union organisation throughout most of the public sector. However, the shrinking of the public sector

through privatisation (a reduction that has only partially been offset by expansion in employment in the health and education sectors in recent years: see Hicks, 2005) coupled with the commercialisation of those activities remaining within the public sector, was accompanied by the abandonment of Fair Wages resolutions. Moreover, the growth in 'competitive tendering' across the public sector in the 1980s and 1990s resulted in most tenders being won on the basis of least cost, with low wage levels being an important means of keeping costs down when tendering. Thus the increase in competitive tendering and the ending of the concept of 'fair wages' acted to remove further 'rigidities' from the labour market concerning wage rates for employees working on government contracts.

Regional and local political environments

As states such as the UK also move to more devolved political arrangements, political activity at regional and local levels becomes more significant. One of the most vivid examples of how sub-national politics can have an impact on work is the extent to which it encourages (or inhibits) capital investment in an area, through such programmes as the creation of local enterprise zones to stimulate economic growth and employment (OECD, 2005b: 107–8). In terms of encouraging capital investment, a UK example from the 1980s of local politics playing a key role relates to the location of the Nissan car company in the north-east of England. In this instance, various parts of the local state (the local authority, the county council and the local development corporation) acted to purchase land in sufficient quantity (over 900 acres) as to attract the car-maker, with the prospect of being able to expand its operations on the site much above its originally stated plans (Crowther and Garrahan, 1988). More recently in the UK and Europe, an important focus of regional policy and development has been the growth of regional airport facilities (and surrounding infrastructures). Much of this growth is closely linked to the rapid expansion in low-cost airline traffic over the past decade (Buyck, 2005).

In the UK the local political context has also proved to be a site where an alternative political agenda can be orchestrated from that prevailing at national level. The elections for a Mayor of London in 2000, for example, created a rallying point for opposition to the national government's policy of privatising the London Underground. Such examples must be treated with caution, however, for while they illustrate the potential importance of local politics in the UK, the influence of the latter remains highly circumscribed, both by the increasing power of Whitehall (Hoggett, 1996) and by the general inability of sub-national political mechanisms such as the Scottish and Welsh Assemblies successfully to challenge the decisions of powerful multinationals. For example, when the Anglo-Dutch steelmaker Corus announced in early 2001 its decision to close substantial parts of its steelmaking and plating facilities in south Wales with the loss of approximately 3000 jobs in Wales (and 6000 in the UK as a whole), this decision could not be modified by the Welsh Assembly, despite the latter's efforts of persuasion and financial incentives (*Financial Times*, 17 January 2001, p. 6; see also Excerpt 2.3 on page 44).

To sum up

The nature of work is influenced by political factors operating at various levels from the international political arena to local political contexts. Many of the political projects being pursued at the different levels are interconnected, including the search for further privatisation, greater labour market deregulation and broader trade liberalisation.

Learning outcome 3:
Demonstrate an understanding of the main changes in the overall economic context, particularly the spread of economic globalisation.

Changes in the economic context**Globalisation and competition**

One of the most marked economic developments over the recent period has been the progressive globalisation of economic activity. Just as earlier periods of industrial development witnessed a gradual shift in the extent to which enterprises were oriented towards national rather than local markets, the last quarter-century has seen a marked increase in the cross-national nature of goods and service production. It needs to be recognised that the term 'globalisation' is problematic. Many different meanings have been applied to it, and some commentators have criticised the term for its implication that what is currently occurring is fundamentally different from previous patterns of development rather than an extension of those patterns (see for example Hirst and Thompson, 1996; Kleinknecht and ter Wengel, 1998).

Although the term 'globalisation' has often lacked precision, we concur with the view that there is now compelling evidence that global activity is increasing, that national economies are becoming increasingly integrated into global trading relations, and that large companies increasingly make decisions on a global basis, not least as a result of the trade and capital liberalisation measures that political negotiations have brought about (see above). Furthermore, globalisation reflects the growing number of countries figuring in an increasingly industrialised world, with countries such as Korea, Taiwan, Singapore, Brazil, Mexico and recently Malaysia, Thailand, India and China becoming prominent industrial producers and major international traders.

A workable definition of economic globalisation is 'the integration of spatially separate locations into a single international market' (Blyton, Martinez Lucio, McGurk and Turnbull, 2001: 447). The principal economic dimension to this is simply the reduction in the costs incurred when conducting business on an international basis. This includes, in particular, transport and transaction costs, such as travel time, freight rates and the cost, speed and ease of communication.

Nowhere is the spread of globalisation more clearly illustrated than in the accelerated growth in world trade in recent years. During the 1990s and the early years

of the present century, world trade has grown at a considerably faster rate than total output of goods and services. On average, world trade grew by 6.4 per cent per annum during the 1990s (Bank of England, 2000: 234). Throughout that decade, this represented a much higher rate of growth than total output (GDP); indeed in a number of those years (1994/5/7/8) world trade grew at over twice the rate of world GDP. Similarly in the 2000–04 period world trade continued to grow at twice the rate of growth in world GDP (WTO, 2005; see also *National Institute Economic Review*, 2005). Data from the OECD underlines the growing prominence of China in world trade. Between 1991 and 2004 for example, China's trade growth exceeded 20 per cent in seven of those years, and in only two years during that period was trade growth below 10 per cent (OECD, 2005a: 194).

Exercise 2.1

What do you think?

The focus of the discussion here is economic globalisation. However, globalisation also has social, cultural and political dimensions which may be said to reinforce the spread of economic globalisation.

Identify an example of social, cultural and cultural globalisation taking place. (If you wish to develop your knowledge further on these aspects of globalisation, a good starting point is Waters, M. (1995) *Globalisation*, London: Routledge).

Multinational firms

Within this overall expansion in trade, multinational firms play a very large and increasing role, and as such represent the principal carriers of economic globalisation. Driven by such factors as the differential cost and availability of labour, favourable exchange rates and the importance of being situated within, rather than outside, multicountry free trade areas (such as the European Single Market) the scale of multinational activity has continued to grow (Stopford and Turner, 1985). For example, US multinationals accounted for over four-fifths (83 per cent) of the value of US exports in 1994. A substantial part of this (36 per cent) involved trade between multinational parents and their affiliates, while the remainder (47 per cent) involved trade between multinationals and others (Clausing, 2000: 190).

The overall effect of globalisation, the spread of industrialism, and the increased dominance of multinationals has been to intensify competition in many markets. A growing number of local and domestic markets have become exposed to wider competition, either as a result of international trade or through activities of multinationals producing for the 'host' country market. So much so that a worker in the UK Midlands, for example, could work at the (Japanese owned) Toyota plant, travel to and from work in a British manufactured Ford or Vauxhall car (both US multinationals in the UK), shop at lunchtime in the local (German

owned) Aldi supermarket, and travel into Birmingham at the weekend to purchase household goods at the local (Swedish owned) Ikea superstore, before returning home to watch a UK manufactured (in a Japanese owned factory) Sony television, picking up a burger from the local (American owned) McDonald's on the way.

Intensification of competition

Besides the pervasiveness of multinationals, other factors too can be seen to have fuelled the intensification of competition, not least an accelerated diffusion of new technologies, generally resulting in more restricted technological advantage being enjoyed by individual companies for a more limited time. Related to this, technological advances in telecommunications have accelerated the speed with which companies can effectively operate in geographically dispersed markets, thereby undermining any advantage of proximity and exclusivity from which local producers might previously have benefited.

The effects of intensified competition on work and workers can manifest themselves in a variety of ways depending on how employers respond to the competitive pressure. Decisions such as positioning in markets through acquisition, divestment or change in location, which markets to operate in, which products to develop or abandon and which technologies to employ, are all likely to be influenced by the nature and intensity of competition. At the same time, however, in the search for competitive advantage and efficiencies, labour and labour costs frequently play a central role. This is often true not only where labour costs represent a high proportion of total costs, but also where labour costs form a much smaller proportion, but are more open to manipulation (at least in the shorter term) than other, more fixed costs.

In the international air passenger transport industry, for example, labour costs represent only between 25 and 35 per cent of total operating costs (Doganis, 1994: 18); however, many other costs (for example, aircraft and fuel prices) are less open to manipulation, thus making labour one of the few 'variable' elements of cost, at least in the short term. As a result, in the face of deregulation and growing competition in the industry, there has been strong pressure on airline managements to improve competitiveness via cuts in their overall labour costs (Blyton, Martinez Lucio, McGurk and Turnbull, 2001).

There are essentially two contrasting strategies that employers may adopt towards labour in the search for competitive advantage: on the one hand, by increasing the output that labour achieves, or on the other, by reducing its cost. In practice, of course, these two strategies do not represent the sole choice available. Rather, they are located at each end of a continuum of responses, with employers likely to seek improvements in their competitive position by a mixture of responses designed to increase performance and reduce costs. Variation, therefore, is likely to be not between one extreme and the other but rather between the relative priorities given to performance improvement and cost reduction. Yet, it will nevertheless be helpful to delineate the two ends of the continuum in a little more detail, for they indicate how broad economic (and political) strategies have important ramifications for labour.

- One end of the continuum entails seeking competitiveness through improved performance and presupposes the creation of a highly trained and competent workforce, capable of utilising a high level of skill to yield increased levels of output.
- The other end of the continuum, involving a labour strategy based on lowest cost, is likely to entail minimising expenditure on training, resulting in a low-skill, low-productivity, low-cost workforce.

The choice between these strategies (or the relative weight given to each within more complex strategies) is not only an economic choice but also reflects political policies and constraints. An important reason, for example, that employers in Germany have generally pursued a 'high-skill, high-performance' strategy is partly because state policies on training and vocational education have resulted in an extensive training infrastructure, and a comparatively high level of skill development among the labour force. Added to this, alternative strategies such as minimising labour costs by hiring in workers when demand is strong, then firing them when demand drops, are less readily available to German employers, because of statutory restrictions governing redundancy and dismissal. This contrasts with the UK where there is little regulatory constraint on employers' ability to hire and fire. Given this, and the comparatively low development of national training and vocational education provision in the UK, it is evident how political policies in the two countries have influenced markedly different labour strategies (Boyer, 1988; Brunhes, 1989).

It has been widely argued that the UK has been in the vanguard of those countries pursuing a low-cost competitive strategy, with consequences for levels of investment in skills, wage levels (including non-wage labour costs such as sick pay and pension contributions) and the (low value-added) nature of much of the productive activity taking place (for a discussion, see Blyton and Turnbull, 2004). The low wage levels and widespread availability of labour (caused partly by high levels of unemployment for much of the 1980s and 1990s; see below) have been important factors encouraging a high level of foreign direct investment into the UK compared, for example, with other EU countries. Much of this investment has required only low or modest levels of skill development, with many activities (for example, in the motor components sector and consumer durables manufacture) involving assembly operations of one form or another. The paucity of the education and training structure in the UK compared, for example, with many of its western European counterparts, has been well documented (see, for example, Keep and Rainbird, 2005) as has the UK's level of productivity and performance (see Blyton and Turnbull, 2004: 49–55). The broader point for our present discussion, however, is that many of the salient aspects of work – types of jobs available, levels of income, extent of training and skill development, and degree of job security – can only be fully understood within the broader context of overall competitive strategies and the political and economic milieux within which those strategies are formulated and pursued.

Exercise 2.2*What do you think?*

Assume that you are a senior human resources manager in an organisation that in the past has competed on the basis of producing high-volume goods to cater for the low-cost end of a consumer market (selling fixed-focus 'point and shoot' cameras).

Because of a change in consumer behaviour to favour higher specification and better quality digital equipment, your company has taken the decision to switch its strategy, get out of the low-cost end of the market, change its brand name, and compete by producing very high specification, and much more high-cost, equipment.

1. In terms of the workforce, what are the main changes that you anticipate will need to be made? List these and rank them in order of importance.
2. Now rank these again in terms of which change you would begin with (followed by second and third in order of priority for introduction), and explain the reasons for your decisions.
3. In addition to meeting the objective of successfully switching production to the higher quality output, what other consequences would you foresee arising from the changes you have listed?

Organising production

Aside from the question of overall strategies aimed at higher performance or lower cost, in other ways too, greater competition and the search for more efficient operations have led to significant changes in how organisations approach the tasks of goods and service production. For example, the twin factors of advances in technological capability and the search for greater efficiency have stimulated the development of more advanced forms of production control, with production processes being 're-engineered' or 're-configured' to improve the sequencing and integration of different stages of productive activity within organisations and the efficiency with which production 'flows' through an organisation with the minimum of bottlenecks. Partly this involves the supply of materials and the timing of manufacturing processes being matched more closely to customer orders, so that goods are produced 'just-in-time' to meet delivery requirements, thereby reducing the amount of capital tied up in stocks of raw materials, work in progress and finished goods. In terms of the possible impact on people's experience of work (and as discussed further in Chapter 4) one effect of just-in-time operations could be an increase in work intensity, or at least a reduced ability to create greater control over work pace by building up 'banks' of part-finished items, which can be drawn upon to ease work pressures at a later point.

Quality

Closely associated with these changes in production processes has been an increased emphasis on output quality, with Japanese manufacturers such as Toyota leading the way in making the management of quality a key component in overall production and competitive strategy. The increased emphasis on quality has manifested itself in a variety of management initiatives such as quality assurance, quality circles and Total Quality Management (TQM) (Deming, 1982; Hill, 1991; Juran, 1979; Oakland, 1989; Strang and Kim, 2005), and has given rise to additional phrases in the management lexicon such as 'continuous improvement', 'zero defects', 'internal customers', 'world best practice' and the more commonplace 'right first time'. Much emphasis has come to be given to assuring quality at the point of production rather than at final inspection, in an attempt not only to ensure a better quality product, but in particular to avoid the cost of reworking defective output. As discussed in more detail in a later chapter, among the effects of these changes for the experience of work has been an increased emphasis on quality assurance and a requirement for workers to take greater responsibility for inspecting their own work and that of their work colleagues.

To sum up

A major development in the economic context of work is increasing economic globalisation, driven primarily by the expansion of multinational firms. Choices between different competitive strategies impact significantly on the nature of work and employment. Other key changes influencing the experience of work include the increased emphasis on more efficient organisation of production and higher quality output.

Learning outcome 4:
Identify the main changes in the industrial structure, particularly the shift from manufacturing to services

Changes in industrial structure and employment

The structure of employment is never static but reflects and delineates patterns of change in particular industries and broader sectors of activity. The pace and some of the contours of change vary from one industrial society to another; nevertheless a number of broad developments are evident, reflected in the changing structure of employment. Measurement of the structure and location of economic activity, the characteristics of the workforce, the nature of employment contracts and patterns of unemployment, redundancy and insecurity indicate the aggregate nature of employment and the ways this is changing over time. A number of measures are interconnected: the simultaneous growth in service sector, female and part-time employment, for example. Also, some of the trends that can be identified are influenced not only by structural shifts in the economy but also by cyclical factors which act to accelerate or inhibit certain longer-term changes at particular periods. At the same time, what is revealing is the robust nature of many of the structural changes.

Cyclical effects such as economic recession have in many cases had only a modest influence on several of the aspects of employment change (for example, the growth in part-time working), temporarily slowing some of the trends but rarely causing even a short-term reversal in longer-term developments. This is true even of those aspects of the employment experience, such as redundancy, unemployment and job insecurity, that in the past were closely associated with recession conditions, but in more recent times have seemingly become rather more loosely tied to overall economic conditions (see discussion of job insecurity, and Excerpt 2.4 on page 46).

Employment in service and manufacturing industries

Throughout the industrial world, a progressive shift in employment from primary and secondary sectors to the tertiary, service sector has been pronounced (Blyton, 1989: 31–8). In the OECD, almost seven out of ten employees (69 per cent) were working in the service sector in 2004, with Canada, the United States and several European countries registering a level of three-quarters or more of their employees located in services (OECD, 2005c: 17). This contrasts with earlier decades when in 1971, the corresponding proportion of employees working in the service sector in OECD countries was five out of ten, and in 1961 just over four out of ten (Blyton, 1989: 37).

Looking at the UK in more detail, in the period between 1971 and 2005, the number employed in manufacturing in the UK fell by over 4.75 million, or three-fifths (Table 2.1). In the same period, the number employed in services rose by more than 10.5 million, an increase of over 90 per cent. As a consequence, by 2005 almost seven times as many people were employed in the service sector in the UK as worked in manufacturing. When all industries are taken into account (agriculture, forestry and fishing; mining; electricity, gas and water supply, and construction, as well as manufacturing and services) the proportion of total employees engaged in the service sector in the UK stood at over four-fifths (82.2 per cent) by June 2005, up from just over half (52.6 per cent) of the total employees in employment who worked in services in 1971. In contrast, manufacturing employment by 2005 had fallen to less than one in eight (11.8 per cent) of the total in employment.

Table 2.1 Changes in employment in UK manufacturing and services, 1971–2005 (thousands)

	Manufacturing	Services
1971	7,890	11,388
1981	6,107	13,102
1990	4,756	16,643
2001	3,802	20,524
2005	3,131	21,884
Actual change 1971–2005	–4,759	+10,496
% change 1971–2005	–60.3%	+92.2%

Source: adapted from *Employment Gazette* (Historical Supplement 4) October 1994 and *Labour Market Trends*, January 2006.

Within the service sector, employment in some industries has grown far more rapidly than in others in recent years. For example, while employment in the UK real-estate sector grew by 52 per cent between 1995 and 2005, and the numbers employed in education and health rose by 24 per cent and 22 per cent respectively, employment in other sectors registered much smaller increases over that period, including financial services (3.7 per cent increase) and public administration (8.2 per cent increase). Similarly, the continuing decline in employment in production industries in the 1995–2005 period was also unevenly distributed, with the rate of decline in some sectors (for example, clothing manufacture) much more marked than elsewhere (for example, food production and paper manufacture).

Leading women's
have the main
change-taking place
in workforce
composition

Male and female workers

This increasing predominance of service sector employment has also been reflected in other changes occurring in the nature of the employed workforce, particularly the proportions of male and female, and full and part-time workers in the workforce. The period since the 1970s has witnessed a marked growth in the proportion of the workforce that is female. Several factors are important in accounting for this change, reflecting changes in both the demand for, and supply of, labour. Demand-side factors, however, are dominated by the shift to service sector employment and the increased opportunities for employment among women in service industries. This has been a key factor behind the increase in women's overall share in the workforce over the past generation. As Table 2.2 indicates, in the late 1950s, women comprised just over one-third of the total employed in Britain. By 2005, this proportion stood at almost one-half: of the 25.9 million employees in employment in Britain in September 2005, 12.88 million (49.6 per cent) were women. As the participation rate of women continues to rise, the realisation of a feminised workforce, where a majority of the employees in employment are women, is likely in the foreseeable future. A workforce where the majority are female is already a reality in several regions in Britain and in various industries, particularly in the service sector.

Table 2.2 Change in numbers of males and females in employment in Britain (thousands), 1959–2005

	1959	1979	1999	2005*
Females	7,174	9,435	11,477	12,877
Males	13,817	13,176	10,967	13,072
Total	20,991	22,611	22,444	25,949
Proportion of females in total	34.2%	41.7%	49.0%	49.6%

*September

Sources: *Employment Gazette* and *Labour Market Trends*, various dates.

Exercise 2.3

What do you think?

The discussion of the growth in female employment has concentrated on labour demand factors, particularly the expansion of the service sector. In addition, however, there are important labour supply factors which help to explain why a greater proportion of women – particularly those with children – are returning to the labour market than previously.

1. List the main factors that you think account for why a higher proportion of women are now returning to the labour market.
2. Rank these factors in order of importance and give reasons for your choice of the most important.

Part-time employment

Within the overall changes in employment towards a greater proportion of jobs being held by women (the majority in the service sector), there has been a particular growth in the number of people working part-time. Across the OECD as a whole, over one in six employees work part-time. However, among the members of the OECD this proportion varies considerably, with eight countries in 2004 showing a part-time proportion greater than one in five of total employees, while seven other countries recorded a level of less than one in ten employees working part-time (Table 2.3).

Exercise 2.4

What do you think?

Look at the data in the fourth column of Table 2.3 dealing with women's share of total part-time employment. In around half the countries (14) women's share of part-time employment fell between 1990 and 2004. What factors can you think of that might account for this decline?

In the OECD countries as a whole, over seven out of ten part-time jobs are held by women (in the EU countries the proportion is nearer eight out of ten). Overall, around nine out of ten part-time jobs are located in the service sector. (See Naylor, 1994 for a detailed historical examination of the growth of part-time working.)

Self-employment

In addition to the portion of the labour force who are employees, there is also a significant minority who are self-employed. Among industrial countries in the

Table 2.3 Incidence and composition of part-time employment in OECD countries,^a 1990–2004

	Men		Women		Part-time employment as a proportion of total employment		Women's share in part-time employment	
	1990	2004	1990	2004	1990	2004	1990	2004
Australia	11.3	16.1	38.5	40.8	22.6	27.1	70.8	67.1
Austria	..	3.7	..	29.6	..	15.5	..	86.9
Belgium	4.4	6.3	28.8	34.1	13.5	18.3	79.8	80.6
Canada	9.2	10.9	26.8	27.2	17.0	18.5	69.9	68.8
Czech Republic	..	1.5	..	5.2	..	3.1	..	72.9
Denmark	10.2	11.6	29.7	24.3	19.2	17.5	71.1	64.5
Finland	4.8	7.9	10.6	15.0	7.6	11.3	67.0	63.5
France	4.5	4.8	22.5	23.6	12.2	13.4	78.6	80.6
Germany	2.3	6.3	29.8	37.0	13.4	20.1	89.7	82.8
Greece	4.0	3.1	11.6	10.9	6.7	6.0	60.8	68.6
Hungary	..	2.2	..	5.1	..	3.6	..	67.7
Iceland ^b	7.5	10.2	39.7	31.2	22.2	21.2	81.6	73.1
Ireland	4.4	6.9	21.2	35.1	10.0	18.7	70.3	78.8
Italy	4.0	5.9	18.4	28.8	8.9	14.9	70.5	76.1
Japan	9.5	14.2	33.4	41.7	19.2	25.5	70.5	67.4
Korea	3.1	5.9	6.5	11.9	4.5	8.4	58.7	59.0
Luxemburg	1.6	1.7	19.1	33.3	7.6	14.6	86.6	93.0
Mexico	..	8.1	..	27.6	..	15.1	..	65.1
Netherlands	13.4	15.1	52.5	60.2	28.2	35.0	70.4	76.0
New Zealand	7.9	10.7	34.8	35.4	19.7	22.0	77.4	73.6
Norway	6.9	10.3	39.8	33.2	21.8	21.1	82.7	74.1
Poland	..	7.5	..	17.5	..	12.0	..	65.7
Portugal	3.9	5.8	12.8	14.0	7.6	9.6	70.3	67.0
Spain	1.4	2.6	11.5	17.2	4.6	8.3	79.2	81.0
Sweden	5.3	8.5	24.5	20.8	14.5	14.4	81.1	69.5
Switzerland	6.8	8.1	42.6	45.3	22.1	24.9	82.4	82.1
Turkey	4.9	3.7	18.8	14.8	9.2	6.6	62.6	59.5
United Kingdom	5.3	10.0	39.5	40.4	20.1	24.1	85.1	77.8
United States ^c	8.6	8.1	20.2	18.8	14.1	13.2	68.2	68.3

Notes

a) Part-time employment refers to persons who usually work less than 30 hours per week in their main job.

b) Data in 2004 column is for 2002.

c) Estimates are for wage and salary workers only.

.. not available

Source: adapted from OECD (2005b).

OECD, levels of self-employment are highest where agriculture and small family businesses remain major sectors of activity: for example in Greece, Italy, Korea, Mexico, Portugal and Turkey.

In the UK, self-employment increased substantially (by almost half) during the 1980s, primarily because of the twin forces of, on the one hand, high levels of unemployment and limited job vacancies, and on the other hand, state financial support for those moving from being unemployed to self-employment. In addition, as part of their efforts to cut direct labour costs, many companies from the 1980s onwards abandoned employment contracts in favour of commercial contracts by requiring some of their workers to alter their status from being employees to being self-employed. This occurred, for example, among workers operating outside the main workplace, such as service engineers and milk deliverers, and particularly in the construction sector (see Evans, 1990). Where self-employed individuals are simply selling their skills to an organisation they are sometimes referred to as 'labour only subcontractors', and these comprise a high proportion of the 2.5 million enterprises with no employees in existence operating in the UK (Dale and Kerr, 1995: 462).

The growth in self-employment was heralded by UK governments in the 1980s as a mark of success and testimony to an emerging 'enterprise culture'. In practice, however, much of this newly created self-employment involves low remuneration and long hours. In 1993, for example, the full-time self-employed worked, on average, around 7 hours per week more than employees (Butcher and Hart, 1995: 218). Small businesses are also prone to high rates of business failure, and probably attest more to a lack of employment prospects and firms accepting only self-employed status, rather than any significant desire for autonomy within an enterprise culture.

In recent years in the UK, the proportion of the total workforce who are self-employed has fallen slightly (13.1 per cent of the overall workforce were self-employed in 1997, 12.7 per cent in 2005). This reflects the growth in the number of employees being faster during this period than the growth in the number of self-employed.

The location of employment

Size of employing organisation

While it is commonplace to think of a 'typical' employing organisation as one that is fairly or very large, in fact of the 992,000 enterprises with employees operating in Britain in the early 1990s, four out of five employed less than ten people while only 17,000 (1.7 per cent of the total) employed more than 100 employees. Of these, 14,000 were medium-sized (100–499 employees) and just 3000 were large (500 or more employees) (Dale and Kerr, 1995: 462). However, these 3000 largest businesses accounted for over one-third (37 per cent) of total non-government employment. Large-scale enterprises predominate in the energy and water sector, mining and quarrying, chemicals and parts of the financial sector. Small firms on the other hand are particularly numerous in parts of the manufacturing sector (including printing and publishing, furniture and fabricated metal products) as well as in agriculture, construction

and most service industries (including business services, entertainment, catering, and vehicle maintenance and repair) (ibid: 463).

In terms of trends in firm size, there is some indication that average firm size is declining and that the proportion of total employees working for smaller firms is gradually increasing. In part, this reflects the shift from manufacturing to service activities (smaller firms being more prevalent in service industries), the closure of many formerly very large establishments (such as steel plants and shipyards) over the past 25 years, and the increase in outsourcing activity by larger firms. Restricted longitudinal data (covering the period 1988 to 1991) collected by the OECD suggests a modest trend throughout the main industrialised countries towards a larger share of employment being concentrated in smaller firms. In the UK between these dates, for example, the share of total employment located in firms with less than 100 workers rose from 47 to 49 per cent (OECD, 1995: 124). Smaller firms also figure prominently in statistics on employment creation. As the OECD (1995: 128) notes, however, 'volatility in employment levels ... appears to be an intrinsic characteristic of small businesses'. In other words, smaller firms figure prominently in statistics of gross job gains and gross job losses (see also Shutt and Whittington, 1987).

Location of work

As employment in production industries, particularly traditional industries such as coal, steel and shipbuilding, has declined, so too has the proportion of total employment located in the main industrial conurbations. There has been a growing tendency to establish and expand service activities and new manufacturing projects on 'greenfield' sites, often in semi-rural areas (Massey 1988: 61; see also Sayer and Walker, 1992). Further, for a significant minority of workers, their work is located in their own homes. One of the areas of growth in homeworking in recent years has been the expansion of teleworking – see Excerpt 2.2; also, Sullivan and Lewis (2001) for a discussion of gender and telework. For a thorough analysis of different forms of working from home, see Felstead, Jewson and Walters (2005a).

Teleworking doubled in size

According to the Labour Force Survey (LFS) analysed by Ruiz and Walling (2005), by spring 2005 there were just over 2.4 million teleworkers in the UK – that is, workers using both a telephone and a computer to carry out their work, either at home or in different places using home as a base. This total represents a doubling in the proportion of teleworkers in the UK workforce between 1997 and 2005: by 2005 over 8 per cent of the workforce in the UK were teleworkers compared with 4 per cent in 1997.

The LFS tracks two different kinds of teleworker: those working mainly in their own homes, and those working in different places (such as clients' premises, on

the train, or in cars) while at the same time using home as a base. In 2005, most teleworkers (1.8 million out of the 2.4 million total) worked in different places using their homes as a base; the remainder (0.6 million) worked mainly in their own homes.

In terms of the characteristics of teleworkers, a majority (62 per cent) were self-employed in 2005. Almost two-thirds (65 per cent) of teleworkers were men, and it is male teleworkers who are particularly likely to telework in different places. Ruiz and Walling's analysis of the LFS also shows that teleworking is more common, and growing at a faster rate, among older workers (50 years and over) than among younger age groups (particularly 16–24 year olds).

In terms of occupation, nine out of ten teleworkers work in managerial, professional, technical and skilled trades occupations. The occupational groups that are most likely to work in their own homes as teleworkers (rather than working in different places) are administrative and secretarial occupations. The rate of teleworking is highest in skilled trades. Among skilled workers, those employed in the building trade are particularly prominent among the teleworking population. The self-employed builder using a computer and telephone to conduct his/her business is a very different picture of a 'typical' teleworker than past stereotypes of white-collar workers being remotely connected to their organisation and using the telephone and computer to undertake tasks at home.

Learning Outcome 2
Consider the
changing context of
work in terms of
changes in levels
of unemployment,
redundancies,
temporary work and
job insecurity.

Unemployment, redundancy, temporary work and job insecurity

Unemployment

Just as it is difficult to compare unemployment rates between countries because of different definitions of unemployment, so too seeking to draw an accurate comparison of present-day rates of unemployment with those of earlier periods is complicated by the many changes made to the basis on which unemployment statistics are calculated. In the UK since the late 1970s, for example, there have been over 30 such changes (see Blyton and Turnbull, 2004: 75; also Denman and McDonald, 1996: 18; and Department for Education and Employment, 1995a: 398–400).

Despite these difficulties, however, important long-term trends in the rate of unemployment remain evident. The principal one is that levels of unemployment have risen from around 2 per cent in the 1950s and 1960s to a peak of over 11 per cent in the mid-1980s. Even during periods of strong economic growth, unemployment rates have tended to remain higher than the rates prevailing during growth periods a generation ago. Table 2.4 shows a comparative picture among industrial countries for the period 1994–2004, which indicates that while unemployment rates fell in many countries between these dates, the levels of unemployment in many countries remained at comparatively high levels.

As well as the variation between countries, unemployment rates vary considerably between different groups. For example, while the OECD average unemployment

Table 2.4 Unemployment rates in 25 industrial countries, selected years 1994–2005 (rate as proportion of civilian labour force)

	1994	2004
Australia	9.2	5.4
Austria	3.6	5.0
Belgium	13.1	12.0
Canada	10.4	7.2
Czech Republic	4.4	8.3
Denmark	8.1	5.7
Finland	16.6	8.8
France	12.3	10.1
Germany	8.5	9.9
Greece	9.6	10.2
Hungary	11.0	6.2
Ireland	14.8	4.4
Italy	11.2	8.1
Japan	2.9	4.7
Luxemburg	2.1	2.8
Netherlands	6.9	5.0
New Zealand	8.1	3.9
Norway	5.5	4.5
Poland	14.4	19.0
Portugal	6.8	6.7
Spain	24.2	11.0
Sweden	9.8	6.6
Switzerland	3.7	4.2
United Kingdom	9.6	4.7
United States	6.1	5.5

Source: adapted from OECD (2005c).

rate in 2004 was 6.8 per cent, among people under 25 years the average rate was double this figure (13.5 per cent) (OECD, 2005c: 21). In some countries this difference was even more evident. In Italy in 2004, for example, while the general unemployment rate stood at 8.1 per cent, among those under 25 years the unemployment rate was 23.5 per cent. In Poland, a higher general rate of unemployment in 2004 of 19 per cent was again far exceeded by the rate among those under 25 years, among whom the unemployment rate exceeded 40 per cent (*ibid*).

Alongside this trend of gradually rising unemployment over the past four decades, the proportion of the total workforce that has experienced a period of unemployment in recent years is considerable. The prevailing level of unemployment at any particular time comprises the difference between those coming onto the unemployed register

and those leaving it. These unemployment 'flows' are far greater than changes in the unemployment level might suggest. Taking the example of an unexceptional month (we have chosen May 2005 to illustrate the point), the level of registered unemployed in that month was down by 4600 compared with the previous month. This figure, however, is the product of an inflow of new unemployment registrations of almost 40 times that amount (202,300) during the month, and an outflow of 206,900. In a proportion of cases, the same individuals become unemployed (and re-employed) more than once in any given year, thus figuring several times in the inflow and outflow statistics: studies have shown that between one-third and two-fifths of new registrations are likely to have previously been unemployed during the same year (DfEE, 1995b: 355). What the magnitude of the flows also underlines, however, is the breadth of experience of unemployment within the workforce as a whole. It is also a reflection of a widespread lack of employment security (see also, below).

The level of unemployment does not reflect the total picture of job shortage, however. In addition to those officially counted as unable to find work, there are millions more who have become prematurely (and involuntarily) retired or otherwise dropped out of the labour market because of a perceived lack of prospects of finding work. Changes in the participation rates of men in the labour market indicate the scale of this discouragement effect. The proportions of males of working age who are active in the labour market (in work or registered unemployed) has fallen in several industrial countries over the past two decades, to a point where in the UK for example, approaching one in five males of working age, and not in full-time education, are not active in the labour market – a degree of inactivity which Hutton (1995: 1) identifies as having 'incalculable consequences' for overall well-being and social cohesion in the country.

While men's economic activity rate has declined, women's overall activity rate has increased. As a result, the gap in men's and women's activity rates narrowed from 16 to 10 percentage points between 1992 and 2004 (the male activity rate in 2004 standing at 83 per cent, the female rate at 73 per cent) (Ashton et al, 2004: 30).

Two further points are worth making in regard to unemployment. First, the level of unemployment and the extent to which people have been made unemployed impacts both materially and psychologically not only on those directly affected. In addition, the impact is extended by a general heightening of awareness of job insecurity and the perceived difficulties that can be experienced in gaining employment once unemployed – difficulties clearly expressed in the scale of long-term unemployment. For example, in 2004 almost one-third of those unemployed in OECD countries had been unemployed for at least a year (OECD, 2005b: 258). Furthermore, there is a disproportionate presence of some groups (such as younger and older workers and ethnic minorities) among the long-term unemployed.

The effect on people's attitudes to work and job insecurity of high levels of unemployment still prevailing in several countries, was vividly summed up in the UK in the 1980s by Ron Todd (then chief negotiator at the Ford Motor Company and later general secretary of the T&GWU), who commented that 'we've got 3 million on the dole and another 23 million scared to death' (quoted by Bratton, 1992: 70). The second point is that the rate of flow of individuals

onto unemployed registers has been affected by the amount and circumstances under which redundancies have been declared over the recent period. It is to a more detailed consideration of redundancies that we now turn.

Redundancies

Labour Force Surveys in the UK indicate that in between spring 1996 and spring 2005, over 1.5 million redundancies took place. Redundancies are nothing new, of course. What is new in the recent period, however, are the causes of redundancy. In the past, redundancies have been a consequence of economic difficulty, as Cappelli (1995: 577) comments: 'Firms clearly laid off workers because of cyclical downturns or other situations where their business declined, but reductions in other situations were extremely uncommon.' However, increasingly common is the tendency for employers to announce redundancies as a cost-cutting measure even at times when the business and the economic outlook are buoyant. Quoting Cappelli (1995: 577) again, 'workforce reductions are increasingly "strategic or structural in nature" as opposed to a response to short-term economic conditions'. The experience in the UK over the past decade is very similar: firms announce redundancies when they are doing badly and when they are doing well, with the constant shaving of workforce totals being used as a method of cost control. A key reason for this, Cappelli argues, is that outside the organisation – and particularly among shareholders and investment markets – cutting workforce levels has come to be taken as a sign of restructuring, efficiency-saving and likely improvement in profitability. The upshot is that redundancy announcements can improve share prices. Cappelli (1995: 571) quotes one US study, for example (by Worrell, Davidson and Sharma, 1991), which found that stock prices rose on average by about 4 per cent in the days following layoff announcements that were part of general restructurings (see also Excerpt 2.3).

Excerpt 2.3

Redundancies at Corus

On Thursday 1 February 2001, the Anglo-Dutch steelmaker Corus announced 6050 redundancies in the UK – more than a fifth of its UK workforce. This followed 4500 job losses made the previous year by the company, which was formed in 1999 following the merger of British Steel and the Dutch firm Hoogovens.

The job cuts announced in 2001 involved the ending of iron and steel-making at its large Llanwern plant in south Wales, the closing of two finishing plants also in south Wales, and reductions in workforce totals at several other plants elsewhere in the UK.

On the day of the job cuts announcement, the company's share price, which had been falling in the previous period, immediately jumped by almost a tenth (9.7 per cent) in its value, rising from 74.75 pence on the close of business on 31 January to 82 pence at close on 1 February.

Temporary work

There are a number of categories of work that are temporary in nature, in that they are limited in duration. These include jobs that are casual (the work available only on an ad hoc basis) or seasonal, and those which involve fixed-term contracts and temporary work acquired through agencies. This variety of forms that temporary work can take makes cross-national comparisons of trends in temporary work difficult. The general picture, however, appears to be a mixed one. While some countries (including Australia, France, the Netherlands and Spain) recorded increases in the relative size of their temporary workforces in the 1980s and 1990s, others (for example Belgium, Greece, Luxemburg and Portugal) recorded decreases, and still others (for example, Japan, Denmark and Italy) had levels of temporary work that stayed fairly constant (OECD, 2002).

In the UK, temporary workers represented around 6 per cent of the total employed population in 2004 – a decline from the levels prevailing in the late 1990s (Table 2.5).

Of the 1.7 million temporary employees in the UK in 2000, slightly more than half were women (Ashton et al, 2004: 45). The temporary workforce are distributed across a range of industries, though amongst women a significant proportion of temporary workers are located in teaching, childcare and related occupations, and sales.

Job insecurity

Higher average levels of unemployment over the past two decades, the continuing level of redundancies and (in some countries at least) a higher level of temporary working have made job insecurity a more prominent concern to many workers in contemporary workplaces than it was to a majority of their counterparts a generation ago (Burchell et al., 1999). The level of insecurity has also been fuelled by a tendency for more jobs to be offered on the basis of fixed term contracts, rather than as indefinite employment contracts. As Allen and Henry (1996: 66) point out, the growth of subcontracting in the private sector and the move towards contracting out of public services has led to a growth in 'precarious employment', where jobs are secure only for the length of the contract. The effect is the creation of 'an atmosphere of pervasive insecurity' (Allen and Henry, 1996: 67; see also Heery and Salmon, 2000). Heightened levels of corporate merger and acquisition activity have also added to this feeling of job precariousness.

At the same time, it should be noted that many employees continue to spend a significant part of their career with a single employer. In 2000, for example, approaching half (46 per cent) of employees in the UK had at least five years' service with their employer.

Table 2.5 Temporary employment in the UK, 1992–2004

	1992	1996	2000	2004
Temporary employees (thousands)	1304	1671	1696	1496
Proportion of total employees (%)	5.9	7.4	7.1	6.1

Source: *Labour Market Trends*, December 2000 and January 2006.

and over one in ten of these had worked for the same employer for 20 years or more – a figure slightly higher than the proportion (9 per cent) registering at least 20 years' service with their present employer in 1986 and 1991 (ONS, 2001: 88; see also Doogan, 2001). Thus, a significant proportion of those in employment build up long service with a single employer. For others, however, work is a much more precarious affair, with insecurity, redundancy, temporary contracts and unemployment contributing to an overall experience of a fragmented, rather than a unified, working life. This is an experience which Sennett (1998) argues is highly damaging to personal integrity and individual financial solvency, as well as to the degree of societal polarisation between employment-rich and employment-poor households (see Excerpt 2.4).

Excerpt 2.4

The end of career?

In the United States in 1999, the *California Management Review* (CMR) published a debate over the end of long-term jobs. One of the leading proponents on 'the end of career' thesis, Peter Cappelli (1999), argues that factors such as competitive pressures, volatile markets, more demanding shareholders, the need for flexibility, weaker trade unions, changing skill requirements and technological advances have combined to bring the 'jobs for life' era to an end. His thesis is that a prolonged period of widespread permanent, full-time employment with predictable advancement is over, and is being progressively replaced by shorter-term employment relationships. Richard Sennett (1998: 22) argues a similar point, commenting that the motto of contemporary capitalism is 'no long term'.

The alternative viewpoint in the CMR debate is put by Sanford Jacoby (1999), who argues that this portrayal of contemporary industrial society is not adequately supported by labour market evidence, and is thus an inaccurate one. Jacoby argues that measures such as average job tenure, and more generally the continuing experience of work in many public and private sector industries, indicates that long-term employment relationships remain widespread, and the notion of long-term careers is far from over. This counter-argument agrees that there are changes occurring, both in the overall labour market and within individual organisations, but that currently these do not amount to support for an 'end of career' thesis.

Exercise 2.5

What do you think?

1. Which of the arguments described in Excerpt 2.4 do you find the more convincing? What are your reasons for this?
2. If we take Cappelli's argument to be at least partially correct – or if we assume it will become correct – what do you think are the main implications for employees and those managing them?