Work ... can only get better?

Equality, opportunity and the future of work

Written by John Knell, Max Nathan and Richard Reeves
Futures, The Industrial Society

Introduction

Work is in vogue. Debates about work dominate the public conversation:

- welfare to work dominates our discussion of how to move individuals from poverty to independence and social inclusion
- full employment is back on the agenda
- there is growing concern about the increasing degree of segmentation in the labour market: research has identified gaps on pay, power and job satisfaction.

How will things play out, and what do these debates tell us about the future of work? The speed and complexity of developments in the economy and society make predictions more difficult and dangerous: the life-cycle of stupid predictions is getting shorter. Jeremy Rifkin was proclaiming the 'End of Work' as recently as 1995! (*Rifkin, 1995*) This paper (*Knell & Reeves, 2000*) sets out some key assumptions and predictions about how work and the labour market will develop.

Assumptions on the future of work

1. There will be jobs

In simple terms, Rifkin was wrong. Even if we believe factories are going to consist of a couple of people and a lot of machines, the labour market is not. One enduring feature of capitalism is that it does keep creating demand that creates jobs. For example, US consumption has increased six-fold in the last 30 years, and experience tells us that light regulation plus economic growth = jobs.

Established trends in employment growth are likely to continue in this respect (decline of manual employment both skilled and unskilled, increases in managerial, professional and technical jobs, and personal and protective services).

2. Wage inequality will remain about where it is now. However we will see higher return to skills

The fact that wage inequality will stay where it is now or worsen slightly, should leave us mightily concerned, even if we limit our consideration of such inequalities within developed countries. In Britain, income inequality has risen faster in the past twenty years than in any other industrialised nation (*Coyle, 1997*)

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The continued driver of inequality will be the changing source of value creation. In this context, the growing value of intangible assets as a source of value creation, which are largely made up of human capital assets, shifts the bargaining power between some highly skilled segments of the labour market and their employers/ contracting points. There is some tentative evidence that individuals are becoming more adept at exploiting their idiosyncratic skills and newly powerful bargaining positions (*Knell, 2000*).

In a tight labour market, nearly everyone can do this. As Westwood notes, the emergence of people as a key source of labour market value 'can be as relevant to the part time worker stacking shelves in a supermarket as it is to the new economy 'portfolio worker'' (*Westwood, 2000*).

3. The labour market will get riskier, especially for those on its margins

For many working people, the insecurities of the 'new' economy have long been reality. But insecurity is now spreading across classes in new ways: and making work even riskier for those already most vulnerable.

Traditional employment contracts are on the point of collapse (*Evans & Kazis, 1999*). Employers are increasingly willing to use flexible labour market regulation to hire and fire. As outsourcing has increased, so traditional routes of advancement have disappeared. Contingent work arrangements are becoming more common, as are external sources of recruitment (*Meadows, 1996*). Service employment is now the dominant sector, with smaller firms, less unionisation and shorter career ladders. There is also a well-documented increase in the demand for skilled employees, and in the sorts of skills required (*For example, Green, Ashton, Burchell, Davies & Felstead, 1999*).

Many people now find themselves at the sharp end of the employment bargain. Firms are feeling increasingly unhappy about making risky hires. Those with non-existent or very patchy work histories find themselves unattractive to potential employers (*Atkinson, Giles & Meager, 1996*).

The consequences for income and career mobility are stark. Increasingly, the labour market promotes and cements stratification (*McKnight, 2000/Dickens, 1997*). The unemployed are most likely to get work in the lowest paid jobs; conversely, those with the lowest paid jobs are the most likely to lose those jobs (*McKnight, 2000*). As Gershuny notes, this reflects the wider hollowing out of the labour market, making career structures more rigid (*Gershuny, 1993*).

4. The firm will remain the main organising unit of work

It has been argued for some time that the shape of firms is changing, with the emergence of more networked based organising structures, and partnership based business alliances. We have also all read and heard a lot about the transforming power of networks and the network economy (*Castells, 1996*).

However, these changes are evolving and are not unleashing immediate sudden change. While networks have always been important and will remain so, we do not believe they about to supplant the firm as the main organising unit of work (*Rifkin, 2000*).

That is not to underestimate their growing impact and importance – at both ends of the labour market. Most people who leave the dole queue do so by word of mouth. At the other end of the scale, the 'free workers' of the new economy operate in networks, sourcing work and information, and publicising their success through web-based intermediaries and brokerage organisations. If these workers were offered a choice between losing their job or giving up their network, they would keep their networks and walk out of their jobs.

5. Networks become an ever more important way of accessing opportunity

Given that networks will become an ever more important gateway to access opportunity, the growing power of networks has huge implications for exclusion. As soft skills, and networks, become more important, the incentive to hire on the grapevine will increase – and for good reasons. Technical skills are a necessary but not a sufficient condition for success in the labour market. They need to be combined with less quantifiable skills, such as social, aesthetic, and inter-personal capabilities (*Warhurst & Nickson, 2001*). These will increase in importance, and so too will their validation through networks and third parties.

What does this mean for equal opportunities? We need to accept the growing importance of the grapevine as a filter through which work is accessed. The key question is: how do we democratise it? How do we plug into richer and more diverse networks?

6. The extent of globalisation increases or remains the same

The increasing weightlessness of economic activity and output merely serves to increase the possibilities for globalisation. According to the Organisation for Economic Co-operation and Development, the average weight of a real dollar of US exports halved between 1990 and 1996 (*Coyle, 1997*).

7. Trade unions stand still or decline in numbers, influence and power

The obstacles currently hindering trade union renewal – globalisation, insecurity, the erosion of the old social contract between employer and employee, the growth of knowledge work de-coupled from time and space, the individualisation of the employment contract, the emergence of competitor organisations (the new workers' guilds and brokerage houses) – will intensify their assault on the organising basis of trade unions.

For a more optimistic scenario to emerge, trade unions will have to adopt more effective mechanisms to recruit younger, individualised workers, particularly among professional groups, and become more effective campaigners for issues which unite diverse sets of individuals. If successful, trade unions could become a key engine for social cohesion, reinventing their historic

mission to bind the powerful and disenfranchised together.

Predictions on the future of work

1. Work will increase in importance

Identification with work is complex; why people work and what they expect from work varies from person to person. But in a recent Futures report, Judith Doyle presents some general trends suggesting that more and more individuals searching for a sense of belonging are finding it at work. For them, 'work is where life is' (*Orbach, 1999*): it provides appreciation, recognition, some control, some self-expression, and often a real sense of community. We believe these trends will intensify as other ties, – place, faith, and blood – loosen their grip on our lives (*Doyle, 2000*). The thirst for independence is increasing (especially amongst women), and as the key source of independence is success in the labour market, work becomes more important for this reason as well.

Exclusion from work has always fractured identities and isolated individuals. The blurring of work and life, and the growing importance of work as an access point to social capital and wider meaning, is likely to further degrade the welfare of the excluded and unemployed.

Commentators on the future of careers talk of the emergence of the 'protean career', driven by individual rather than organisational need. Under this future scenario, discretion, choice, growth and personal satisfaction become the key drivers of labour market behaviour. As Linda Holbeche describes: '*The ingredients for success change from know-how to learn-how, from job security to employability, from organisational careers to protean careers, from 'work self' to 'whole self'.*' (*Holbeche, 2000*)

Under this vision, an increasing number of individuals will secure greater control over their work – and more control over their careers. As they do so, work will inevitably become more important to them.

2. Work will get better

This is true of both extrinsic and intrinsic benefits and rewards. For example, median and high wages in particular have grown considerably over the last two decades. More broadly, workplaces have tended to become safer and cleaner, and employers have incrementally improved their maternity leave provisions, holiday provisions, and flexible working practices. This is part enlightened self-interest, part legislative prompting, and partly a response to (at the time of writing) a tightening labour market which is leading to the rise of the show casing employers, who attempt to become destinations of choice (*Knell, 2000*).

There is a strong ratchet effect for these sorts of workplace benefits, and we expect them to improve incrementally over the next twenty years.

The research evidence increasingly reveals that employees display a healthy scepticism towards employers, and are less trusting and more demanding. The inexorable rise of individual tribunal cases, the trend towards more litigious behaviour within the UK, and the emergence of a range of powerful stakeholder movements and campaigns (environmental and corporate social responsibility), all stand testimony to the emergence of more vocal and demanding voices in the workplace and the labour market (*Hutton, 2000).* We predict that these developments will intensify, and if coupled with improvement in the 'representation gap' in many UK workplaces (*Burns, 2000*), they will exert considerable pressure to improve work, and working conditions.

Not everyone has such high expectations. Research with low paid and entry-level workers suggests that not only do most have low expectations of work, but that the language of work-life balance and the demanding employee cuts very little ice with them (*Burkitt & Edwards, 2000*). Among other things, raising expectations among these groups is critical to making working better overall.

There is a potential upside to greater uncertainty in the labour market. It conditions people to take responsibility for managing their careers and learning, enabling those with employable skills and capacities to become more effective at selling themselves and sourcing opportunities, forcing employers to break out of traditional recruitment criteria such as consistent periods of employment with one employer.

There is already evidence that we are becoming more accommodated to the idea that stable, long-term career paths are dying out. Recent research by Kelly Services, asked respondents 'if you had the offer of a very attractive job with the security of contract, how long would you sign it for?' Over 50 per cent of the sample would only be prepared to sign the contract for a period of three years or less (*Leach, 2000*). A recent research project for the Economic and Social Research Council found that 'people in work perceive the labour market as increasingly 'risky'' (*ESRC, 2000*). Moreover, the people who are most acutely aware of the possible implications of losing their job were single earners, and low-income, dual-earner households with dependent children. Those with most to lose are most sensitive to the new climate of risk (*Doyle, 2000*). It's vital to ensure they can deal with it.

3. Work will fit us better

We predict the further individualisation of the employment contract, particularly with regard to working time. A key dividing line in the labour market of the future will be whether you are time sovereign, and control your working hours, or time subject, in which they are set for you. For those with control, the benefits are obvious, fostering feelings of discretion, trust and control (*Doyle & Reeves, 2001*). Leading edge employers already understand these developments, devolving decisions about working hours and holiday cover down to the level of individual teams to determine, rather than imposing one-size-fits-all policies uniformly to their workforces (*Knell, 1999*).

In a recent survey of almost 1500 UK workers, nearly a third believed that the freedom to work any time of day or night would define their ideal job.

A further 50 per cent indicated that the ability to work flexible hours between 07.30 a.m. and 19.30 p.m. constituted their definition of work heaven (*Leach, 2000*). However, demand for this type of flexible working currently outstrips supply. It will not be easy to ensure that required levels of workplace trust develop, particularly where labour market bargaining power is in the hands of employers.

Some jobs (office work, management, most professional jobs) are more obviously amenable to time sovereignty than others (front line service work, some administrative positions, some professional service work, emergency services, teaching). We could restructure the latter through through minimum 'response times', remote working mechanisms and mobiles/pagers and so on. We also need to think about different forms of time autonomy – limited time sovereignty, lifetime autonomy and sabbaticals, and maximum working years (*Doyle & Reeves, 2001*).

In general and specific terms, research on the psychological contract (*CIPD*) and pay levels continue to reveal a reasonably satisfied UK workforce. None of the trends we have described are likely to fundamentally alter that general picture – although an important exception to this is the pattern of low expectations among lower paid workers outlined above.

A few large employers – responding to high turnover in their operating sectors and acting out of enlightened self-interest – are starting to change the options for those at the margins of the labour market, recasting low-paid jobs as the first steps on well-remunerated internal career ladders. These companies include Tesco and MacDonalds, which offer two of the most maligned jobs in the labour market, shelf stackers and burger flippers (*Westwood, 2000*).

Against this background, some predictions about the rise of more employee friendly workplaces, seem less fanciful. Indeed, commentators such as Robert Reich, Clinton's former labour adviser, predict that companies of the future will succeed by creating a more humane workplace, which offer 'flexibility in how, when, and where you work; compensation linked to what you contribute; and freedom to move from project to project' (*Reich, 1998*).

Unfortunately, these firms are still the exception. Many firms at the lower end of the labour market seem content to continue on a low-quality, low-wage, hi-turnover model (*Brown, Dickens, Gregg, Machin & Manning, 2001*). Given the general increase in labour market risk, many of those in search of work will have to deal with employment instability as well as the more obvious barriers getting a job.

Conclusions and policy challenges

Our analysis suggests we should be concerned for, and focus policy on five overlapping groups of people:

Older people

There is a positive and negative story here. Unskilled men in their late forties and fifties, particularly those in ex-industrial areas, have been very hard hit by structural economic change and are among the most detached members of society (*Beatty & Fothergill, 1999*). However, women are more and more likely to be in work with each successive generation. And older workers – with experience, networks and wisdom – are very well placed to provide the high touch skills at a premium in many growth sectors (*Thorne, 2000*).

Women

Gender inequalities continue to lie at the heart of inequities in the distribution of paid employment. Men are still paid, promoted and trained more than women. The pay gap is stuck resolutely at around 20 per cent. The double burden persists: women do the lion's share of domestic work, plus the majority of paid and unpaid overtime. We certainly will not see women competing more equally in the workplace unless attitudes to unpaid labour change (*Reeves, 2000*).

Those at the margins of the labour market

We need to develop the current policy focus on hard-to-help places and people by introducing new systems of enabling architecture. In particular, we need ongoing systems of labour market navigation to keep people in work and guide them through the employment landscape (*Nathan, 2000*). Policymakers should also be rethinking and broadening work, allowing people to patch paid employment with other social capital-building activities (*Nathan & Westwood, 2001*).

The immobile

Practical and psychological transport barriers affect between 25 per cent and 52 per cent of jobseekers. Against a background of ever-growing mobility – Britons now travel five times further and faster than in the 1950s – this kind of immobility is a good proxy for social exclusion (*Nathan & Doyle, 2001*). The fate of the immobile may resemble the scenario of J G Ballard's *Concrete Island*: trapped between motorways after a traffic accident, a lone protagonist is rendered literally invisible to those passing in their cars, left to his fate as the world speeds past (*Ballard, 1974*).

The disenchanted

A further source of inequity is between those who find meaning and enrichment in their work, and those who do not. This is not the same as having a well-paid job: dinner ladies are the most satisfied group in the labour market. Above all, we must not lose the sense that to hope for fulfilling work is whimsical, which cannot be grounded in the popular experience of employment.

Conclusions

This paper has described a recognisable work future, in which there will be jobs, in which work will become more important – and for many, qualitatively better. We could either move to a 'high road' outcome – of gender equality, a more or less time sovereign workforce, skills and mobility for all, and for many, work as a valuable community. Or alternatively, a 'low road' outcome may transpire – of backlash and retreat on gender, time-tethered workers, a two-speed, two tier world and for most, drudgery at work. The key challenge is, of course, to ensure that our work future more closely resembles the high road vision.