Independent Review of Employment Practices in the Modern Economy

Focusing on job quality and how policy might improve it within the UK, this submission cuts across the themes of the Review. It is written evidence submitted by **Professor Chris Warhurst**, Director of the Institute for Employment Research, University of Warwick:

Summary

Job quality has become regarded as a potential cure-all for poor productivity, low innovation, skill under-utilisation, social exclusion and inequality, and political disaffection. As a consequence, job quality is back on the UK policy agenda. However, before governments can start to develop policies to improve jobs quality and boost their countries', companies' and citizens' wellbeing, there are a number of challenges to address. This written evidence draws on a body of work on job quality undertaken by the Institute for Employment Research at the University of Warwick. It highlights four main challenges to creating effective policy to improve job quality in the UK: defining job quality; deciding which jobs require intervention; determining who should act to improve job quality; and identifying where intervention should best occur

Introduction

1. Job quality is back on the UK policy agenda. As part of the G20, the UK government signed the 2015 Ankara Declaration that committed the UK and the other member countries to improving job quality with the aim of promoting inclusive growth, creating sustainable growth and reducing inequalities.[1]

2. The road back to job quality as a policy concern in the UK has been a long one, stretching back to the 1970s. From the late 1950s to the early 1970s, the UK was a leading player in the Quality of Working Life movement. Since then a belief in government that job quality had to be traded for job creation has held. However concerns in the UK about in-work poverty, labour market polarisation, growing non-standard employment, including zero-hours contracts, widening social inequalities and, more recently, recognition by the current UK government, of problems with the gig economy and that a bad jobs trap for UK workers played a part in the populist revolt that led to Brexit.

3. The Institute for Employment Research (IER) has been researching these and related issues. IER was established by the University of Warwick over 30 years ago. It is one of Europe's leading centres for labour market research. It is a multi-disciplinary institute with over 30 staff and a network of around 30 associates in the UK and overseas. Using a socioeconomic approach, IER's fields of research include, broadly: labour market assessment and forecasting; education, training and skills; labour market classification and measurement; gender and work; work, welfare and public policy; careers; job quality; and employment policy. Major sources of funding are national governments, the EU, research councils and charitable bodies.

4. As part of its programme of research on job quality, IER is undertaking two research projects: first, pan-European research (named QuInnE) on the links between job quality, innovation and

the creation of more and better jobs, funded by the EU's Horizon 2020 programme and, second, development for the CIPD on indicators of good work in the UK. It also recently completed a third project with Oxfam Scotland on developing decent work for low-skill, low-wage workers. Other staff are also creating job quality indexes for Australia and China.

5. Crucially, a key barrier to governmental interest has been surmounted: the belief in a trade-off between job quality and job creation has been debunked. Job quality does not have be sacrificed in the pursuit of job creation. Research now provides evidence that there is no trade-off between employment participation and job quality. The EU uses this research in justifying its 'more and better jobs' employment strategy. The Ankara Declaration also accepts that there can be policies that both boost employment growth and strengthen job quality.

6. However, before governments can start developing policies to improve jobs quality and boost their countries', companies' and citizens' wellbeing, there are a number of challenges to address. Indeed, it is instructive that the Ankara Declaration, while strong in its call for governmental focus on job quality, is weak in its prescription as to how governments might improve it.

7. This written evidence draws on IER's body of work on job quality. It highlights the challenges in creating effective policy on job quality. Key IER-related relevant publications are listed at the end of this evidence.

The challenges to creating effective policy

8. There are four main challenges to creating effective policy to improve job quality in the UK:

   - Defining job quality
   - Deciding which jobs require intervention
   - Determining who should act to improve job quality
   - Identifying where intervention should best occur

   This evidence now discusses each of the challenges in turn.

What is job quality?

9. The first challenge is defining job quality. A consistent, unifying definition of job quality remains elusive. Terms are used interchangeably in research and policy, variously overlapping, complementary and distinct: 'work quality', 'quality of employment', 'fair work', 'decent work' and the 'quality of working life', for example. Decent work has become something of a shorthand for job quality, though its use by the ILO and more recently Oxfam Scotland in the UK is driven by a concern to alleviate poverty amongst the most vulnerable workers rather than a desire to enable across-the-labour market assessment of and improvements in job quality.

10. Moreover, different disciplines typically focus on different indicators – economists favour pay, psychologists job satisfaction, sociologists skill. Moreover, the meaning of 'good' and 'bad' jobs is not necessarily self-evident, as workers' subjective assessments of job quality vary. Research

shows that women are more likely than men to prefer convenient working hours, workers with dependent children tend to focus on good pay, and highly skilled workers are more likely to favour work that allows them to use their initiative. Picking up the implicit lifecycle issue here, what can seem like a good job can quickly become a bad job as workers' circumstances change, for example for women who become mothers whilst working in the creative industries. Moreover, even objectively bad jobs can be perceived positively. Polish migrants may work in bad jobs in Ireland, for example, but prefer these jobs to those available in Poland, finding them attractive because, in part, they are a temporary expediency to finance a transient lifestyle.

11. In addition, the measurement of job quality varies. Some measures of job quality favour a single indicator – pay, for example, is often the sole indictors of job quality and job quality trends. Others measures favour multiple indices including wages, employment status, working time, work-life balance, skills and career development, job security and collective interest epresentation. Generating an agreed and operationalisable definition of job quality requires drawing upon and encompassing these multi-disciplinary and multi-dimensional approaches, and which reports job quality using an easy to understand method, possibly with a job quality index.

12. An attempt to address these issues has led the QuInnE research team have developed the following model of job quality. It is derived from analyses of existing models and approaches. It has six dimensions, each with several indicators.

Table 1: QuInnE's model of job quality

Dimension	13. Indicator
Wages	14.
	15. Pay level relative to national minimum pay and average for required qualifications
	16. Pay variability
Employment Quality	17.
	18. Permanent/Temporary Status
	19. Job Security
	20. Internal Progression Opportunities
	21. Predictability of Weekly Hours (Overtime – Zero Hours)
	22. Presence/Absence Involuntary Long Hour Work (40 +)
	23. Presence/Absence Involuntary Part-Time Work (<30)
Education & Training	24.
	25. Learning Opportunities on the Job
	26. Training Incidence
	27. Training Quality
	28. Opportunities for General vs Specific Skill Acquisition (Transferability)
Working Conditions	29.
	30. Individual Task Discretion/ Autonomy
	31. Semi-Autonomous Teamwork
	32. Job Variety
	33. Work Intensity
	34. Health and Safety (Physical and Psychosocial)
	35. Supervisory Social Support
	36. Peer Group Social Support
Work Life Balance	37.
	38. Work Time Scheduling (Unsocial Hours)
	39. Hours of Work (Duration)
	40. Working Time Flexibility – Personal Control of Work Hours
	41. Working Time Flexibility – Provisions for Time Off for Personal Needs
Consultative Participation & Collective Representation	42.
	43. Direct Participation re Organisational Decisions
	44. Consultative Committees-Works Councils
	45. Union Presence
	46. Union Decision-Making Involvement

13. Importantly, data exists that allows this model to be operationalised for the UK and which enables comparison with other EU countries – see http://tools.quinne.eu/quinnemap/.

Which jobs need intervention?

14. The second challenge is deciding which jobs need intervention. Agreement on what comprises bad jobs is easier to achieve than agreement on good jobs. A job that does not pay a living wage cannot be said to be good. However, deciding how much pay makes a good job is trickier. While much of drive for intervention centres on improving bad jobs, it needs to be appreciated that job quality is dynamic: good jobs can go bad and bad jobs get worse. In the US, for example, relatively good jobs in the car industry are going bad as wages and working hours are being undermined. Already poor quality cleaning jobs in hotels can get worse when workers are shifted into temporary work agency employment or retail workers put onto zero-hour contracts. One of the developments in the aftermath of the global financial crisis has been the rise in 'involuntary non-standard employment' in the UK, meaning increases in temporary and part-time employment when permanent, full-time employment is preferred. In this respect research by Oxfam Scotland finds remarkable consistency across all types of vulnerable workers about

what they regard as decent work: a decent hourly pay rate, job security and paid leave for example.

Who should intervene?

15. The third challenge is the tricky issue of who should act to improve job quality. Multiple actors exist. If skill equilibrium theory is to be believed, a link exists between firms' product market strategies and skills and pay. By taking the 'high road' and moving into product markets based on quality or innovation rather than cost, firms should raise the pay and skill levels of employees – though this coupling of product and labour tends to be tighter in manufacturing than services. Research clearly shows that employers make choices. Even within the same product markets, some firms deliberately take this high road, others the 'low road' – in this case, offering insecure jobs. Unfortunately, the low road of competing on cost remains attractive to many firms. The result is poor quality jobs with low pay and low skill, and employers are unlikely to make changes of their own violation.

16. In this respect, the government can have a role in blocking off the low road and paving the high road through the adoption and/or enforcement of regulation on labour standards, behaving as a model employer in the public sector and inserting job quality clauses into public procurement contracts for private and voluntary sector contractors. What the UK lacks is a Ministry for Labour. The Department for Work and Pensions focuses on getting the unemployed into jobs and ignores what happens to workers once they are in jobs and what happens inside companies that might affect job quality. Indeed, governments of all political colours in the UK have assiduously avoided looking inside workplaces. This needs to change. The UK government – and other governments within the UK – should develop ministerial responsibility for job quality. Decent work delivers for all – workers, their employers and countries. This ministry could sponsor job quality-specific educational content in university and college curricula. This pedagogical approach was adopted around the Quality of Working Life movement as it expanded into the Scandinavian countries in the 1960s and 1970s.

17. Where governments fail to act, trade unions and community organisations often step in, sometimes working together, as London Citizens illustrated in its initial drive to make companies adopt a living wage in the city's cleaning industry. These community interventions are more common in the US but scope exists in the UK and in conjunction with trade unions. In the 1950s and 1960s, unions had a key role in improving job quality in terms of pay and benefits, training, occupational health and safety, and employment security. It is notable that some of these gains are withering with the decline of trade unions, although some unions in the UK are still able to resist attempts to weaken job quality.

18. As union influence has declined, responsibility for having a better job has shifted onto the shoulders of individuals, with the lever into good jobs regarded as being education and training. Unfortunately, this approach runs against the reality of rising over-qualification of workers, as the stock of appropriate jobs fails to keep pace with the increasing number of better qualified workers in the labour market. Individuals improving their qualifications through education is important but not sufficient; employer demand for higher skilled workers is also required, which brings the issue back to the choices made by employers.

Where should intervention happen?

19. The fourth challenge is determining where intervention should best occur to improve job quality: prior to work, in the workplace or parallel to work. In terms of the first option, education and training is the most obvious point of intervention, and one pursued actively by a succession of UK governments over the past 25 years. The problems of an over-qualified workforce, signalled above, cannot be easily dismissed but it remains true that, generally, workers with higher level qualifications have better jobs. But it is not just about getting more individuals into universities and colleges; it is also about shaping what is taught in those institutions, particularly in respect to management and business education. A review of the content, purpose and outcomes of business and management education should be commissioned by the government.

20. Better management and business education might make the second option – intervention in the workplace – easier. Job design was once a key policy focus among European governments as they pursued improving the quality of working life. In recent years, a similar focus has emerged with high performance working. The difference this time around is that, while the need for high-performance working is recognised by governments, there is no mechanism for its delivery as there was previously with the Quality of Working Life movement and its promotion and implementation of socio-technical design that sought a better blend of technology, work design and worker capacities by, for example, advocating the use of autonomous work teams. If companies are to be encouraged to choose the high road, then help in converting those choices into workplace change would be useful. In this respect, university and college funding councils should encourage more applied and action research so that evidence of what works can be translated into more extensive best practice in UK companies.

21. In terms of interventions parallel to work, governmental regulation at national or supranational level (in the case of the EU) to establish and enforce employment protection legislation and labour standards is the most obvious mechanism. Governments intervening to set minimum standards in workplaces is important. Reflecting on Anglo-Saxon countries, Jill Murray and Andrew Stewart note that 'labour law is based on the idea that if working conditions are left to the "higgling of the market", then social undesirable and unjust outcomes will result'. Statutory minimum standards already exist to provide, for example, minimum wage requirements, working time restrictions, and health and safety regulation. As a first step in mainstreaming job quality in business activity, companies could be required to undertake job quality audits and made public in their annual reports.

Concluding remarks

22. Addressing these challenges is doable. A useful starting point is first deciding why job quality should be improved; in other words, agreeing what the problem is. The gig economy is a pressing problem currently and public policy is needed to prevent a deterioration the quality of working life for workers in this economy. However job quality concerns extend beyond the gig economy in the UK.

23. It should be noted that the cure-all expectation of job quality can be a hindrance as much as a help. There is a danger of problem overload and in-built policy failure. While improving job

quality can and will achieve much, it will not be and should not be regarded as a cure-all for the country's economic, social and political problems. Whether driven by inter-governmental organisations, such as the G20, or by individual national governments, such as that of the UK, what policy wants to achieve by improving job quality must be achievable.

24. A more targeted approach is required. If the problem is the existence of too many bad jobs that are detrimental to workers and their families then solid 'floors' need to be put in place, most obviously, through the provision of minimum work and employment standards. Australia has introduced national employment standards that provide 10 minimum entitlements that have to be provided to all employees, such as paid annual leave.[2] If the problem is weak country and company productivity and innovation for example, then 'springboards' need to be created that raise work and employment standards. With colleagues, I have called for a 'new deal' for workers in bad jobs that would include companies increasing their investment in training for example. These two approaches are not mutually exclusive and might be progressed through what I have termed a policy of 'employment enrichment'. This approach recognises that some employers cannot or will not improve working conditions but that government can ensure better terms and conditions of employment with, for example, statutory rights to learning, and not just raising but also robustly enforcing minimum wage rates.

25. Research also has a role. Researchers need to work with government and other actors to derive a definition and measurement of job quality. Research is then needed that assesses and maps the quality of jobs, identifying 'hot spots' and 'cold spots' of good and bad job quality by occupation, industry, sector and region, most obviously – though analysis by sex, race, age and disability would be useful too. This research would allow policymakers to develop more effective interventions to improve job quality where they are needed most. Thereafter, job quality should be monitored to enable trends, developments and any necessary further interventions to be identified.

26. The aspiration that the Taylor Review should pursue in developing employment practices for a modern UK economy is to shift from remedial to developmental interventions to create workplaces that take job quality and its benefits seriously.

Key publications

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Warhurst, C. (2017) Developing effective policy to improve job quality', *Poverty*, Issue 156, pp14-17.

Endnotes

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[1] www.dol.gov/ilab/media/pdf/2015-G20-Ministerial-Declaration.pdf

[2] Fair Work Australia, *National Employment Standards*, www.fairwork.gov.au/employee-entitlements/national-employment-standards.