



**Quality of Work and
a New Politics of the Quality of Life**

A progressive agenda for the workplace

**David Coats
Associate Director
The Work Foundation**

June 2008

About the author

David Coats has been Associate Director of Policy at the UK's Work Foundation since February 2004. He is responsible for the Work Foundation's engagement with the public policy world, seeking to influence the national conversation about the world of work. He is recognised as an expert commentator on employment relations and quality of working life issues.

David was a member of the UK's Low Pay Commission from 2000-2004 and was appointed to the Central Arbitration Committee in 2005. He also serves on the Executive Committee of the Involvement and Participation Association, a number of academic advisory panels and the steering committee of Unions 21.

About Per Capita

Per Capita is an independent think tank dedicated to building a new progressive vision for Australia. Our research is rigorous, evidence-based and long-term in its outlook, considering the national challenges of the next decade rather than the next election cycle. We seek to ask fresh questions and offer fresh answers, drawing on new thinking in science, economics and public policy. Our audience is the interested public, not just experts and practitioners.

The views expressed in this paper are the personal views of the author and do not necessarily reflect the views of Per Capita.

© Per Capita Australia Limited, 2008

Quality of Work and a New Politics of the Quality of Life

A progressive agenda for the workplace

Introduction

The goal of this short paper is to explain why labour parties must rethink their approach to the place that work has in all our lives – and in a wider progressive narrative. Of course, the focus of the Australian conversation in recent times has been on the legal rights of individuals and the regulation of trade union activities. But the case I want to outline here is that progressives should have more to say about the world of work beyond the arguments for a modest extension of employment protection legislation.

Our starting point has to be that the contract of employment is more than a merely economic relationship. After all, work is where we spend much of our adult lives and where we find fulfilment, stimulation, friendship and even romance. Building on this commonsense insight, the American scholar John Budd describes work as a “fully human activity” and the British commentator Will Hutton argues that work is unavoidably a “social act”.

For the same reasons, it would be wrong for either progressive parties or trade unions to view work as a “disutility”; as an activity from which individuals are inevitably alienated, involving as it does a sacrifice of liberty that is tolerable only because it offers access to those resources that keep body and soul together. We would be well advised to follow the American social theorist Richard Sennett, who has suggested that we need

Labour parties must rethink their approach to the place that work has in all our lives – and in a wider progressive narrative.

to reinstate the notion of work as “craftsmanship”, where we can take pleasure in our engagement with the materials and derive satisfaction from the experience of a job that is done well¹.

The principal goal of progressive politics is to create a society in which people have the capabilities to choose a life that they value. Allied to this of course is the profound conviction that unless certain goods are provided collectively – education, healthcare, infrastructure and physical security for example – then some citizens, generally the poorest and most vulnerable, will fall by the wayside. The opportunity to choose a life that one values is inevitably diminished if an employee is condemned to insecure poorly paid work with limited opportunities for progression. “Bad work” in this sense is a significant constraint on individual liberty.

¹ Sennett, *The Craftsman* (2008)

Health, status and job quality

Readers with a practical cast of mind may say that this is all very interesting but not entirely relevant. You may argue that theory is a suitable topic for an academic seminar but rarely gives rise to a worthwhile political agenda. Often this is a reasonable objection; building academic castles in the air can be intellectually rewarding but disengaged from everyday realities. Fortunately, we have some robust empirical evidence to help us convince the sceptics that the extent of our opportunities and capabilities are profoundly shaped by our working environment².

To understand this argument requires that we start again (I'm afraid) with some theory. It seems, for example, that human beings are hard-wired to seek and to value status. Moreover, those at the bottom of a status hierarchy are more likely to experience ill-health and have shorter life expectancies than their higher status colleagues. At the level of a society it is the extent of income inequality and the invidious nature of interpersonal comparisons that seem to make a difference, which helps to explain why the more egalitarian Swedes and Japanese enjoy better health and longer lives than the less equal Americans. In other words, the distribution of income has a particularly significant impact on life expectancy once a country has made the "epidemiological transition" from the diseases of poverty like cholera and typhus to the afflictions of affluence like obesity and coronary heart disease.

It is easy to see how these arguments can be used to justify a redistributive welfare state and they are obviously important considerations in the design of tax and benefit policies. But some readers may struggle to see

John Budd describes work as a "fully human activity" and British writer Will Hutton argues that work is unavoidably a "social act".

² See, for example, Marmot, *Status Syndrome* (2004), Wilkinson, *The Impact of Inequality* (2005)

the relevance to the workplace. What grounds do we have for saying that the quality of work matters for life chances and life expectancy?

The best-known study in this field examined the health and life expectancy of British civil servants working in central government departments. As with the national level studies, this research uncovered a “social gradient” in health that was related to status – those in low status employment were sicker and died younger than those with higher status jobs. But what is most interesting for our purposes is that the steepness of the social gradient (the extent of the *difference* between high and low status employees) was to a large extent determined by the nature of the work being done. In other words, in a comparison between two low status officials with rather similar jobs, the individual with more *control* over their work was much less likely to be sick than the individual with less control.

Other features of the working environment also make a big difference to health outcomes, including³:

- Employment security.
- Whether the work is interesting or rewarding (an absence of monotony and repetition).
- The extent to which effort and reward are in balance – this is not just about pay, but embraces the idea that employees should be praised for good performance and treated with respect by their employers.
- The extent to which an employee has autonomy, control and task discretion – this includes being able to choose the order of tasks, the way in which tasks are completed and the colleagues with whom an individual wishes to work.

In a comparison between two low status officials with rather similar jobs, the individual with more control over their work was much less likely to be sick than the individual with less control.

³ Marmot op cit

- Whether there are strong relationships between employees and between the employees and the employer – a phenomenon that is sometimes described as social capital. Trade unions have a role to play here as institutions that can build trust and therefore individual resilience in the workplace.
- Whether employees believe that they are fairly treated, particularly if they get into trouble at work. “Procedural justice” is an important factor in limiting the extent of the “status syndrome” in the workplace⁴.

At this point it is important to explain that, in general, work is good for both health and life expectancy and is certainly better than worklessness.

As the British economist Richard Layard has pointed out:

When a person becomes unemployed his welfare falls for two reasons – first the loss of income, and second the loss of self-respect and sense of significance (the psychic loss). The pain caused by the loss of self-respect is (we find) at least as great as the pain which a person would feel if he lost half his income. So unemployment hits with a double whammy – the loss of the income hurts, but so does the loss of self-respect. That is why it is so devastating and we would much prefer it if people were in work.⁵

Perhaps we can summarise the argument in the phrase “work is good for us, but only if it is good work”. We have here a powerful ideological justification for both the pursuit of full employment and a commitment to high quality jobs.

⁴ On procedural justice see Kivimaki, Mika et al, *Effort-reward imbalance, procedural injustice and relational injustice as psychosocial predictors of health: complementary or redundant models?*, Occupational and Environmental Medicine, 64, pp659-665 (2007)

⁵ Layard, *Good Jobs and Bad Jobs*, CEP Occasional Paper (2004)

“Good Work” and Productivity

The great advantage of being a sceptic is that once one argument has been lost you simply move on to the next objection. So, if the relationship between health and job quality is robust, our critic might say that there are other reasons why we should focus our attention elsewhere.

You could argue, for example, that the most important indicator in this context is the level of productivity growth. If there is a trade-off between job quality and productivity (that is, if better jobs lead to lower productivity) then we should perhaps choose higher incomes over a slightly “nicer” working life. In one sense this argument looks compelling, but in another it is wholly counter-intuitive. Few employers make the case that they achieve high productivity because they are nastier to their employees than their competitors. Indeed, the commonsense amongst employers today is that they can only achieve high performance if they have a skilled, motivated and committed workforce. This hardly sounds like a recipe for low quality employment. The surprise perhaps is that so many low quality jobs still exist and so many businesses still find “low road” models a rational business choice.

Moreover, developed countries have achieved similar levels of income through very different policies. Some apparently depend on low quality, insecure jobs, weak welfare states and weak trade unions (the UK, USA and increasingly in Australia) whereas others have achieved very similar results (high employment, good growth, low inflation) by following almost diametrically opposed policies (the Nordic countries and the Netherlands). What this proves of course is that there is no “one right way” to prosperity – economic and social outcomes are not determined by impersonal global forces but depend on *political* choices⁶.

Work is good for us, but only if it is good work.

Few employers make the case that they achieve high productivity because they are nasty to their employees.

⁶ See for example Zartaloudis, *Equality: A Political Choice*, Policy Network (2008)

We need to know more about what is going on

Perhaps the first task in Australia is to develop a sophisticated understanding of recent developments in the labour market. Some things have the status of incontrovertible facts: growth has been strong (largely on the back of a global resource boom); unemployment has been falling and, at least for a time, it appeared that many of the new jobs were short-term, temporary or otherwise contingent. This suggests, given our earlier observations, that the number of “bad jobs” may have grown as the labour market expanded, a story that is, to some extent paralleled in the UK, although with a much lower level of contingent work.

Nonetheless, there is a strong case for some government-sponsored research to investigate these developments in more detail. How do employers strike a balance between regular and contingent employment? Just how “good” are these new jobs? Is there significant variation by firm size and sector? How might these differences be explained?

Furthermore, given what we know about the characteristics of good jobs, government might ask a wider set of questions to assess the quality of employment across the Australian economy. Developing a progressive politics depends on understanding these dynamics and framing an appropriate public policy response. Sometimes this may require more rigorous regulation (for example by expanding the rights to flexible working for working parents); sometimes it may involve the development of non-statutory standards (as with the British Health and Safety Executive’s approach to stress management) and sometimes the provision of advice, guidance or direct funds.

Given that these labour market questions have been so highly contested in recent years, there can be no substitute for assembling an extensive

There can be no substitute for assembling an extensive evidence base as a counter to the purely ideological arguments advanced by the centre-right.

evidence base as a counterweight to the purely ideological (and therefore dogmatic) arguments advanced by the centre-right.

To give readers a flavour of what is needed, it may be helpful to look at recent developments in the UK and in the EU. There has been so much research in recent years that we now have a comprehensive picture of what has been happening across the European Union and in the UK⁷. Most importantly, these data show significant variations between the 27 members of the European Union, not just between East-Central and Western Europe, but also between the 15 members of what Donald Rumsfeld pejoratively labelled “old Europe” – of which more in a moment.

So far as the UK is concerned, the last fifteen years has witnessed an intensification of work (people say they are working harder), a decline in autonomy and control (largely as a consequence of targets and intrusive performance management), more “lousy” jobs and more “lovely” jobs (with more of the latter than the former, suggesting that, on average, job quality has risen⁸) and no significant expansion of contingent employment.

What is striking of course is that these developments are by no means universal. Some EU member states have much larger percentages of contingent employment (Spain is the most obvious example) and, while many countries report an intensification of work, not all countries report a decline in autonomy and control; for example, the Nordic countries report high intensity (people say they are working harder) and high control

There is significant room for manoeuvre, and the very different outcomes reflect different countries' willingness to tolerate inequality and “bad work”.

⁷ See for example the European Working Conditions Survey compiled by the European Foundation for the Improvement of living and Working Conditions. In the UK we have: the Workplace Employment Relations Survey, a series that has been running since 1980; the Skills Survey conducted intermittently since the early 1990s; and, the Working in Britain Survey (1991 and 2001).

⁸ Goos and Manning, MacJobs and McJobs: the growing polarisation of jobs in the UK (2003)

(workers are subject to fairly light supervision, can choose the order of their tasks and vary the pace of their work so long as targets are met)⁹.

A natural conclusion therefore is that the quality of work is to a large extent under the control of national policies. There is significant room for manoeuvre, and the very different outcomes reflect different countries' willingness to tolerate inequality and "bad work". Despite the rhetoric of globalization, political, social and economic choices continue to matter, including the commitment to redistributive policies, the strength, scale and scope of the welfare state, the nature of capital markets (particularly ownership structures and the role of mergers and acquisitions), the strength of trade unions as a countervailing force to employer power and the extent of norms of self-restraint (perhaps more accurately social embarrassment) imposing de facto limits on the growth of executive pay.

⁹ Fitzner, Grant, Williams, Nigel and Grainger, Heidi, *Job Quality in Europe and the UK: results from the 2005 European Working Conditions Survey*, DTI (2007)

Determinants of job quality

Are there any useful conclusions to be drawn from this beyond the fact that every country is different and that there is considerable room for manoeuvre? This latter point is certainly worth some attention, since it undermines the “globalization = labour market convergence” thesis: the belief that all nations are now involved in some race to the bottom because multi-national firms are engaging in regulatory arbitrage. Indeed, the Nordic countries are more open to international trade than the USA, have generally higher labour standards and have liberalized their markets more aggressively over the last decade, yet it is in the United States that we see the greatest concern about downward pressure as a result of international competition.

Perhaps the best explanation for this phenomenon is the Nordics have strong welfare states that protect the unemployed when they lose their jobs. Most importantly, this is an enabling welfare state that equips people with the skills they need to succeed in a changing world of work – a springboard as well as a safety net. In the United States, in contrast, unemployment benefits are low and the unemployed are left to their own devices. Whether you sink or swim is a matter of luck, there is no safety net to protect you and American workers therefore have much more to lose than their Nordic counterparts when they lose their jobs, including their healthcare benefits. We might conclude that social democratic policies are better oriented to success in a more integrated world economy than the laissez-faire of the market fundamentalists.

This takes us some way forward, but not very far, since it still fails to offer us an interpretive lens through which to view recent developments in the global economy and the impact on job quality. If we want to learn more from those countries that are performing well then we need to

Most importantly, this is an enabling welfare state that equips people with the skills they need to succeed in a changing world of work – a springboard as well as a safety net.

understand both the sources of their relative success and derive some generalisable conclusions from these experiences.

One possibility is to return to the “varieties of capitalism” story developed by Peter Hall and David Soskice at the end of the 1990s¹⁰, although critics have reasonably pointed out that the sharp distinctions drawn here between groups of countries are based on very broad and slightly misleading categories.

Central to their analysis is the distinction between “liberal market economies” (they say, USA, UK, Australia) and “co-ordinated market economies” (they say, Germany, France, the Nordic Countries). On this view, in the former institutions are weak and most of the work of economic co-ordination is achieved through the market.

In the latter institutions are strong and mutually reinforcing: capital markets, corporate governance regimes, collective bargaining and the training system are all geared to delivering incremental innovation over the long term in product markets where quality rather than price is what counts. The skills system supplies well-qualified employees with a capacity for problem solving. Capital markets are characterized by long-term thinking rather than a demand for high returns over the short-term. Companies also make long-term commitments to their employees; their production strategies rely on a highly skilled labour force, which is given extensive autonomy “to generate continuous improvement in product lines and production processes”¹¹. Employees are a source of innovation and have to be treated well.

For our purposes, the hypothesis is clear. Co-ordinated market economies ought to have higher job quality than liberal market economies.

¹⁰ Hall and Soskice (ed), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (2001)

¹¹ *Ibid*, p.24

Unfortunately, more recent work suggests that the “varieties of capitalism” approach, whilst retaining some explanatory power, fails to account for the differences in job quality *between* co-ordinated market economies. According to Duncan Gallie and his colleagues, jobs in Germany are not very different (or not as different as you might expect) from jobs in the UK¹². Jobs in Sweden and Denmark are less like jobs in Germany than you might expect too. A subtler analysis is needed to understand why these variations exist.

A better approach perhaps is to look at the *employment* regime in each of these countries rather than the *production* regime (which is what the varieties of capitalism story amounts to) as the source of the differences in job quality. The employment regime focuses on the nature and quality of workplace relationships, on the balance or power between employers and employees (and therefore the strength of trade unions), on the commitment to creating quality employment for all and on the extent to which a focus on the quality of working life at the enterprise level translates into a national political conversation about the quality of work – often as part of a wider politics of the quality of life.

In Sweden, for example, trade unions are both strong and responsible, placing a high value on job quality and making a determined effort to keep these issues on the agenda with employers. Perhaps we should add that the consequence of union power is that employers have understood the importance of quality of working life issues too. And the strong views of these social actors influence the behaviour of the major political parties; even though Sweden has a centre-right government today it is inconceivable that they would implement a program of extensive labour market deregulation or a determined assault on the bastions of union power, unless of course they wished to commit political suicide.

The differences in job quality across countries are therefore not best understood as determined by whether a country is a liberal market or a coordinated market economy.

¹² Gallie (ed) *Employment Regimes and the Quality of Work* (2007)

The differences in job quality across countries are therefore not best understood as determined by whether a country is a liberal market or a co-ordinated market economy. Instead, we should direct our attention to whether the employment regime is liberal (the UK and the USA), corporatist (Germany and the Rhenish countries) or inclusive (the Nordic countries).

It would be absurd to suggest that Australia, or the UK or the USA could suddenly decide to adopt the Swedish or Danish models and witness a sudden improvement in job quality. On the other hand, there are some elements in the model from which we can all learn. Most obviously, perhaps, the role of trade unions as legitimate institutions is not in question; but the corollary here is that unions are committed to the success of the enterprise *and* recognize their responsibility to protect their members and contribute to productivity enhancing innovations. The workplace agenda is not just about distribution or cutting the cake, but also about making the cake bigger *and* ensuring a fair distribution. The contrast with Germany is striking in that while German unions, despite the institutional architecture of works councils and board level co-determination, now represent fewer than one in five workers, the Swedish unions are holding their position in a challenging political environment. It seems, therefore, that an apparently worker friendly legal regime is no guarantee of trade union success, otherwise German unions would be in a much happier position than they are today.

unions are committed to the success of the enterprise and contribute to productivity enhancing innovations

Developing a political agenda

So far this paper has been largely descriptive, but how might the features of the world of work described here be developed into a political agenda? Some Labour modernizers have viewed this as a dangerous question. What right do politicians have, even fair minded progressive ones, to look inside the “black box” of the firm? When has anybody ever won an election with the slogan: “vote for us and your boss will be nicer to you”?

The most obvious answer perhaps is that politics already intrudes into the world of work – whether through unfair dismissal protection, redundancy regulations, maternity or paternity provisions, limits on working time or the regulation of health and safety. Moreover, many governments have been perfectly willing to use the law to restrict the freedoms of trade unions; limited liability corporations are creatures of statute and the corporate governance regime is largely in the government’s hands. The question is not so much *whether* the government should intervene but *how* government should intervene. It should be self-evident that governments cannot legislate high quality secure jobs into existence. Nor can the law be used to ensure that employees and employers trust each other or to guarantee that employers and trade unions will develop a relationship characterized by the pursuit of mutual gains.

On the other hand, government can set some minimum standards for procedural fairness (by requiring all employers to have a disciplinary or grievance procedure), eliminate the most egregious effort/reward imbalances (through a national minimum wage or sectoral labour market floors) and create the conditions for the development of social capital through worker voice institutions (by establishing a union recognition procedure or works councils). Beyond that there is a role for standard setting, the identification and dissemination of best practice as well as exhortation. Government, according to the Theodore Roosevelt, has a

How might the features of the world of work described here be developed into a political agenda?

“bully pulpit”; saying that an issue is important, in this case that job quality matters, can help to inspire a national conversation and elicit a response from both employers and trade unions.

So far as standard setting is concerned this is better left to expert bodies than to politicians. In the UK for example, the Health and Safety Executive have developed a comprehensive set of stress management standards for employers to apply on a voluntary basis. A swift glance at the standards will confirm that they are focused as much on job quality generally as they are on stress¹³. The Advisory, Conciliation and Arbitration Service have developed a model of “good employment relations”, with job quality at its heart. And the Investors in People standard, an accreditation scheme that confirms the quality of people management practices, will soon include a healthy workplaces element.

One might say that these initiatives have been piecemeal, small-scale and low key but they are nonetheless important and are beginning to have some impact on how government, employers and trade unions discuss workplace issues.

Other countries have made rather more progress in developing wide-ranging national programs to promote higher quality employment, often with public funds being used to offer direct support to innovative work by both trade unions and employers. These initiatives can be found in countries as diverse as Denmark, Finland, Germany, Ireland, Italy, Norway, Poland and Sweden embracing all models of production and employment regime. The focus here is often as much on productivity as it is on the quality of working life although there is usually an explicit linkage between high performance and good jobs. There is at least a case for considering whether a similar program might be developed in Australia.

¹³ See <http://www.hse.gov.uk/stress/standards/index.htm>

If all this sounds a little dull and technocratic then I would offer four compelling political reasons for putting job quality at the centre of a progressive agenda for the workplace.

First, if the centre-left does not do so then the right will try and colonise the territory.

This may look odd from an Australian perspective, but it is precisely what the Conservative Party has done in the UK. David Cameron has tried to develop a politics of “general well being” as a counterpoint to what he describes as Labour’s Gradgrindian, economic focus on growth at all costs. “General well-being” embraces other concerns about the quality of life too – community fragmentation (“our broken society”), the erosion of family life (to appease the socially conservative) and the “commercialization of childhood”. My own sense is that the British centre-right have nothing substantial to offer on this agenda; they remain wedded to the Conservative convention that only improvements in personal behaviour can reduce poverty, for example by ensuring that couples with children do not divorce. But there is no doubt that the Conservatives have succeeded in wrong-footing the Labour government and sometimes even stand to the government’s left on issues such as the rights of working parents.

David Cameron has tried to develop a politics of “general well being” as a counter to what he describes as Labour’s focus on growth at all costs.

Second, as I have pointed out in my companion paper, labour governments need a constructive agenda that they can pursue in partnership with the trade unions¹⁴.

Developing a politics of job quality and the quality of working life could move beyond sterile debates about employment law reform and also allow the unions to develop a more compelling offer for potential members.

¹⁴ *Union Futures: Why progressives should care about the future of organised labour*, Per Capita (2008)

Third, quality of working life could offer government the opportunity for a more sophisticated conversation with employers.

After all, we have already recognized the limits of regulation here and a clear articulation of this case could defuse much employer hostility to government looking inside the black box of the firm.

Finally, the quality of work matters because it allows progressives to achieve some of our most cherished goals.

We know that workplace experiences can influence health, life expectancy and life chances. We know too that “bad jobs” are a constraint on individual liberty. Moreover, there is a strong link between job quality and the sustainability of employment. Some people find themselves stuck in a revolving door from low wage, low quality employment to unemployment and back again. Offering access to decent jobs with the possibility of progression is the best route out of poverty.

In other words, progressives cannot create a society with wider opportunities and more equal life chances unless there are more high quality jobs too. Nobody should underestimate the scale of the challenge, but the strength of progressive politics lies in its relentless commitment to steady but significant advances in the struggle against avoidable suffering.

The quality of work matters ... we cannot create a society with wider opportunity and more equal life chances unless there are more high quality jobs too.