



Part III

Work and employment

This part of the handbook is concerned with the factors affecting employment in organizations. It explores the nature of work, the employment relationship and the important concept of the psychological contract.

The nature of work

In this chapter the nature of work is explored – what it is, the various theories about work, the organizational factors that affect it and attitudes towards work.

WHAT IS WORK?

Work is the exertion of effort and the application of knowledge and skills to achieve a purpose. Most people work to earn a living – to make money. But they also work because of the other satisfactions it brings, such as doing something worthwhile, a sense of achievement, prestige, recognition, the opportunity to use and develop abilities, the scope to exercise power, and companionship. Within organizations, the nature of the work carried out by individuals and what they feel about it are governed by the employment relationship as discussed in Chapter 15 and the psychological contract as considered in Chapter 16.

In this chapter the various theories of work are summarized in the first section. The following sections deal with the organizational factors that affect work such as the 'lean' and 'flexible' organization, changes in the pattern of working, unemployment, careers and attitudes to work.

THEORIES ABOUT WORK

The theories about work described in this section consist of labour process theory, agency theory and exchange theory. The concept of the pluralist and unitarist frame of reference is also considered.

Labour process theory

Labour process theory was originally formulated by Karl Marx (translated in 1976). His thesis was that surplus is appropriated from labour by paying it less than the value it adds to the labour process. Capitalists therefore design the labour process to secure the extraction of surplus value. The human capacity to produce is subordinated to the exploitative demands of the capitalist, which is an alien power confronting the worker who becomes a 'crippled monstrosity by furthering his skill as if in a forcing house through the suppression of a whole world of productive drives and inclinations'.

Considerably later, a version of labour process theory was set out by Braverman (1974). His view was that the application of modern management techniques, in combination with mechanization and automation, secures the real subordination of labour and de-skilling of work in the office as well as the shop-floor. He stated that the removal of all forms of control from the worker is 'the ideal towards which management tends, and in pursuit of which it uses every productive innovation shaped by science'. He saw this as essentially the application of 'Taylorism' (ie F. W. Taylor's concept of scientific management, meaning the use of systematic observation and measurement, task specialism and, in effect, the reduction of workers to the level of efficiently functioning machines).

Braverman's notion of labour process theory has been criticized as being simplistic by subsequent commentators such as Littler and Salaman (1982) who argue that there are numerous determinants in the control of the labour process. And Friedman (1977) believes that Braverman's version neglects the diverse and sophisticated character of management control as it responds not only to technological advances but also to changes in the degree and intensity of worker resistance and new product and labour market conditions. Storey (1995) has commented that 'the labour process bandwagon... is now holed and patched beyond repair'.

But more recent commentators such as Newton and Findlay (1996) believe that labour process theory explains how managements have at their disposal a range of mechanisms through which control is exercised: 'Job performance and its assessment is at the heart of the labour process.' Managements, according to Newton and Findlay, are constantly seeking ways to improve the effectiveness of control

mechanisms to achieve compliance. They 'try to squeeze the last drop of surplus value' out of their labour.

Agency theory

Agency or principal agent theory indicates that principals (owners and managers) have to develop ways of monitoring and controlling the activities of their agents (staff). Agency theory suggests that principals may have problems in ensuring that agents do what they are told. It is necessary to clear up ambiguities by setting objectives and monitoring performance to ensure that objectives are achieved.

Agency theory has been criticized by Gomez-Mejia and Balkin (1992) as 'managerialist'. As Armstrong (1996) wrote: 'It looks at the employment relationship purely from management's point of view and regards employees as objects to be motivated by the carrot and stick. It is a dismal theory, which suggests that people cannot be trusted.'

Exchange theory

Exchange theory sets out to explain organizational behaviour in terms of the rewards and costs incurred in the interaction between employers and employees. There are four concepts:

- *Rewards* – payoffs that satisfy needs emerging from the interactions between individuals and their organizations.
- *Costs* – fatigue, stress, anxiety, punishments and the value of rewards that people have lost because of lack of opportunity.
- *Outcomes* – rewards minus costs: if positive, the interaction yields a 'profit' and this is satisfactory as long as it exceeds the minimum level of expectation.
- *Level of comparisons* – people evaluate the outcome of an interaction against the profit they are foregoing elsewhere.

Unitary and pluralist frames of reference

One of the often expressed aims of human resource management is to increase the commitment of people to the organization by getting them to share its views and values and integrate their own work objectives with those of the organization. This concept adopts a unitary frame of reference; in other words, as expressed by Gennard and Judge (1997), organizations are assumed to be 'harmonious and integrated, all employees sharing the organisational goals and working as members of one team'.

Alternatively, the pluralist perspective as expressed by Cyert and March (1963) sees organizations as coalitions of interest groups and recognizes the legitimacy of different interests and values. Organizational development programmes, which, amongst other things, aim to increase commitment and teamwork, adopt a unitary framework. But it can be argued that this is a managerialist assumption and that the legitimate interests of the other members of a pluralist society – the stakeholders – will have their own interests, which should be respected.

ORGANIZATIONAL FACTORS AFFECTING WORK

The nature of work changes as organizations change in response to new demands and environmental pressures. Business-process engineering, downsizing and delaying all have significant effects on the type of work carried out, on feelings of security and on the career opportunities available in organizations. Three of the most important factors – the ‘lean’ organization, the changing role of the process worker and the flexible firm – are discussed below.

The lean organization

The term ‘lean production’ was popularized by Womack and Jones (1970) in *The Machine That Changed the World*. But the drive for leaner methods of working was confined initially to the car industry. In the classic case of Toyota, one of the pioneers of lean production, or more loosely, ‘world class manufacturing’, seven forms of waste were identified, which had to be eliminated. These were overproduction, waiting, transporting, over-processing, inventories, moving, and making defective parts or products. Lean production aims to add value by minimizing waste in terms of materials, time, space and people. Production systems associated with leanness include just-in-time, supply chain management, material resources planning and zero defects/right first time. Business process re-engineering programmes often accompany drives for leaner methods of working and total quality management approaches are used to support drives for greater levels of customer satisfaction and service.

The concept of ‘leanness’ has since been extended to non-manufacturing organizations. This can often be number driven and is implemented by means of a reduction in headcounts (downsizing) and a reduction in the number of levels of management and supervision (delaying). But there is no standard model of what a lean organization looks like. According to the report on the research conducted by the Institute of Personnel and Development (IPD) on lean and responsive organizations (IPD,

1998b), firms select from a menu the methods that meet their particular business needs. These include, other than delayering or the negative approach of downsizing, positive steps such as:

- team-based work organizations;
- shop-floor empowerment and problem-solving practices;
- quality built in, not inspected in;
- emphasis on horizontal business processes rather than vertical structures;
- partnership relationships with suppliers;
- cross-functional management and development teams;
- responsiveness to customer demand;
- human resource management policies aimed at high motivation and commitment and including communication programmes and participation in decision-making.

The IPD report emphasizes that qualitative change through people is a major feature of lean working but that the issue is not just that of launching change. The key requirement is to sustain it. The report also noted that HR practitioners can play a number of important roles in the process of managing change. These include that of supporter, interpreter, champion, monitor, resourcer, and anticipator of potential problems.

A question posed by Purcell *et al* (1998) was: 'Are lean organizations usually mean organizations?' But they commented that the IPD research did not indicate that leaner methods of work have positive implications for employees. The evidence suggested that the impact on people is often negative, particularly when restructuring means downsizing and re-engineering. Employees work longer hours, stress rises, career opportunities are reduced and morale and motivation fall. They also made the point that it is clear that many initiatives fail because they do not take into account the people implications, and that the first and most significant barrier was middle management resistance.

The changing role of the process worker

A report published on a research project into process working by the Institute of Employment Studies (Giles *et al* 1997) revealed that management structures designed in response to technological advances and competitive pressures are transforming the role of process workers.

Increasing automation and the application of new technologies to the production process mean that low-skilled manual jobs continue to disappear, and that process

workers are becoming progressively less involved in manual operating tasks. Instead, they are being given more responsibility for the processes they work on, while being expected to become more customer and business oriented and, in many cases, to carry out simple engineering and maintenance tasks.

The flexible firm

The concept of the 'flexible firm' was originated by Atkinson (1984) who claimed that there is a growing trend for firms to seek various forms of structural and operational flexibility. The three kinds of flexibility areas follow:

- *Functional flexibility* is sought so that employees can be redeployed quickly and smoothly between activities and tasks. Functional flexibility may require multi-skilling – craft workers who possess and can apply a number of skills covering, for example, both mechanical and electrical engineering, or manufacturing and maintenance activities.
- *Numerical flexibility* is sought so that the number of employees can be quickly and easily increased or decreased in line with even short-term changes in the level of demand for labour.
- *Financial flexibility* provides for pay levels to reflect the state of supply and demand in the external labour market and also means the use of flexible pay systems that facilitate either functional or numerical flexibility.

The new structure in the flexible firm involves the break-up of the labour force into increasingly peripheral, and therefore numerically flexible, groups of workers clustered around a numerically stable core group that will conduct the organization's key, firm-specific activities. At the core, the focus is on functional flexibility. Shifting to the periphery, numerical flexibility becomes more important. As the market grows, the periphery expands to take up slack; as growth slows, the periphery contracts. At the core, only tasks and responsibilities change; the workers here are insulated from medium-term fluctuations in the market and can therefore enjoy job security, whereas those in the periphery are exposed to them.

CHANGING PATTERNS OF WORK

The most important developments over the past decade have been a considerable increase in the use of part-timers, a marked propensity for organizations to subcontract work and to outsource services, and a greater requirement for specialists (knowledge workers) and professionals in organizations. Teleworking has increased

(working at home with a computer terminal link to the firm) and call centre work has expanded.

Under the pressures to be competitive and to achieve 'cost leadership', organizations are not only 'downsizing' but are also engaging people on short-term contracts and make no pretence that they are there to provide careers. They want specific contributions to achieving organizational goals now and, so far as people are concerned, they may let the future take care of itself, believing that they can purchase the talent required as and when necessary. This may be short-sighted, but it is the way many businesses now operate.

When preparing and implementing human resource plans, HR practitioners need to be aware of these factors and trends within the context of their internal and external environments. A further factor that affects the way in which the labour market operates, and therefore human resource planning decisions, is unemployment.

In general there is far less security in employment today, and the old tradition of the life-long career is no longer so much in evidence. Employers are less likely to be committed to their employees. At the same time, employees tend to be less committed to their employers and more committed to their careers, which they may perceive are likely to progress better if they change jobs rather than remain with their present employer. They are concerned with their employability, and are determined to extract as much value as possible from their present employment to provide for their future elsewhere.

The Economic and Social Research Council and the Tomorrow Project (2005) reported that, today, more than 5 million people, almost a fifth of employees, spend some time working at home or on the move. The report predicts the rise of the 'mobile worker', moving – laptop and mobile in tow – between office, home, airport lounge or motorway service station as the needs of a job demand. As stated in the report:

Individuals at work will not necessarily see themselves as working from home. They could equally be working from the office. But they will be on the move from place to place... There will be a shift from personalized space to personalized time and the boundaries between work and leisure time will be less distinct.

The report says that managers will have to find new ways to control these mobile workers, possibly based on capturing workers' hearts and minds to create a culture of hard work even at a distance.

UNEMPLOYMENT

Economists are unable to agree on the causes of or cures for unemployment (or anything else, it seems). The essence of the Keynesian explanation is that firms demand too little labour because individuals demand too few goods. The classical view was that unemployment was voluntary and could be cleared by natural market forces. The neo-classical theory is that there is a natural rate of unemployment, which reflects a given rate of technology, individual preferences and endowments. With flexible wages in a competitive labour market, wages adjust to clear the market and any unemployment that remains is voluntary. The latter view was that held by Milton Friedman and strongly influenced government policy in the early 1980s, but without success. There is, of course, no simple explanation of unemployment and no simple solution.

ATTITUDES TO WORK

The IPD research into employee motivation and the psychological contract (Guest *et al*, 1996; Guest and Conway, 1997) obtained the following responses from the people they surveyed:

- Work remains a central interest in the lives of most people.
- If they won the lottery, 39 per cent would quit work, but most of the others would continue working.
- Asked to cite the three most important things they look for in a job, 70 per cent of respondents cited pay, 62 per cent wanted interesting and varied work and only 22 per cent were looking for job security.
- 35 per cent claimed that they were putting in so much effort that they could not work any harder and a further 34 per cent claimed they were working very hard.

JOB-RELATED WELL-BEING

The 2004 Workplace Employee Relations Survey (WERS, 2005) covering 700,000 workplaces and 22.5 million employees surveyed 21,624 employees in workplaces employing more than 10 people on how they felt at work. The results are summarized in Table 14.1.

This does not present an unduly gloomy picture. The percentage of people feeling either tense or calm some, more or all of the time was much the same. An equal

Table 14.1 Feelings at work (WERS, 2005)

The job makes you feel:	All of the time %	Most of the time %	Some of the time %	Occasionally %	Never %
Tense	4	15	42	27	12
Calm	3	30	29	27	11
Relaxed	2	10	35	32	21
Worried	2	10	35	32	21
Uneasy	2	8	28	33	29
Content	5	33	30	22	11

number of people were never relaxed or worried, and rather more were never uneasy. Sixty-nine per cent were content all, most or part of the time. The WERS survey also revealed that job-related well-being was higher in small organizations and workplaces than in large ones, higher among union members, fell with increased education and is U-shaped with regard to age (ie higher amongst younger and older employees than amongst the middle-aged).