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Edited by William Brown, Alex Bryson, John Forth and Keith Whitfield

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# 1 Researching the changing workplace

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## **Introduction**

Let us imagine, by courtesy of a time machine, that we have been able to introduce a well-informed young worker of 2004 to their counterpart in the closest comparable job back in 1980. We then suggest that the two of them discuss the way their work is managed. In most walks of life they would quickly bewilder each other. It is not just that information and control technologies have changed beyond recognition. They would probably have different experiences of how they have been trained, paid and motivated. They would almost certainly have radically different perceptions of the significance of trade unions. There would be a sharp contrast in any notions they might have of legal rights at work. There would probably be big differences in their accounts of the skills and styles of their managers, and of the extent of monitoring and appraisal. They are likely to report contrasting experience of the intensity of their work, and of the flexibility expected of them. And when they come to compare mundane matters like tea breaks, overtime opportunities, and weekend working, voices would probably rise in mutual incomprehension.

Few readers under the age of fifty will have direct experience of work back in 1980. The sharpness of these contrasts may not be self-evident. For it is not just that individual workplaces have altered, but also that structural change has altered the sorts of places where people work. This chapter will set the changing workplaces in context, and discuss the challenge of researching them. The following chapters will explore the many aspects of the changing workplace in greater detail. They will describe what has happened and, so far as is possible, discuss why it has happened.

Throughout the developed world, the management of work has changed radically over the past quarter century. Britain is not remarkable in the broad nature of this change. But few developed countries can match the pace and extent of the upheaval in Britain. Most obviously, the crumbling of trade union influence, under both market and political

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pressures, started earlier and has gone further in Britain than in most countries; apart, it should be said, from the United States, where union decline had begun earlier, in the 1950s, and has proceeded further. In Britain, in 1980, unions were a dominating presence throughout much of the private sector and all of the public sector. Twenty years later, their influence had faded from all but a few private sector niches. It had even diminished substantially in the shrunken public sector. Britain's experience of the collapse of collectivism in employment is, in many ways, the experience of the wider world writ large. The analysis of this book thus has implications for the understanding of changing practice of employment far beyond Britain.

No other country can chart its recent experience of workplace change with anything remotely as comprehensive as the data we use here. The British workplace surveys are internationally unique as high-quality sources, chronicling this period of unprecedented institutional change. They were initially called the Workplace Industrial Relations Surveys (WIRS), and are now called the Employment Relations Surveys (WERS).<sup>1</sup>

The first survey, in 1980, was conducted, as it turned out, at the high tide mark of trade union influence in Britain. The survey was a direct consequence of the extent to which employment-related problems cluttered the political agenda. Strikes, incomes policies, questions about industrial efficiency, and doubts about the management of the public sector had become central issues in British politics. The 1980 survey informed the first, tentative restrictions that the Thatcher government placed on trade unions. Subsequent governments' concern to legislate on employment issues ensured that it was followed up. There were further surveys, of broadly comparable focus but increasing sophistication, in 1984, 1990, 1998 and 2004.

Cross-sectional surveys were carried out on each of these five occasions and have been the main focal point of the series. However, any series of separate cross-sections faces a problem in explaining change. Is a difference between one survey and the next due to a change in practice in continuing workplaces, or to differences in practice between workplaces that have closed down and those that have been newly established? WERS has been alive to this issue and has supplemented the cross-section surveys with a set of panel surveys covering the periods 1984–90, 1990–8 and 1998–2004 (Millward *et al.*, 2000: 248–55). Further detail on the WERS series is provided in a Technical Appendix at the end of this book.

<sup>1</sup> The 1998 survey was called 'employee' relations, although the broader term 'employment' was the intended label, and this was used in 2004.

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These surveys did not spring up out of nothing. Their immediate predecessor was the Warwick Survey of 1977–8, which was the first British workplace survey based on a reasonably broad sample, although it was restricted to manufacturing workplaces with at least fifty employees (Brown, 1981). Before that had been a survey of pay bargaining, based again on manufacturing, but covering only relatively large workplaces of at least two hundred employees (Daniel, 1976). Nor was WERS unique in the development of representative surveys; its development owed much to other contemporary research. We touch below on some of these other surveys conducted since 1980, but shall not go back before 1980 in terms of survey design (for which, see Marginson, 1998).

Rich though this series of surveys is as a research resource, it has its limitations. Any attempt to chart continuity and change is unavoidably challenged by the inherent uncertainty of the future. WERS progressed from one version to another by repeating some questions and introducing new ones. They did this in response to changing circumstances and policy needs. They did so by drawing on a wide range of academic expertise. As a result, every attempt was made to incorporate newly emerging phenomena into successive stages of the survey, perhaps first evidenced by case studies or by unexpected developments, which appeared at the time to be significant for the future. Other issues that were fading from the academic or policy makers' radar could be shed. Questions, for example, about career planning and trust were introduced; questions about shop steward meetings and closed shops were dropped. As the years passed, many pathways of change opened up in unexpected directions.

The WERS data provide the basis for most of the empirical discussion in each of the chapters in this study. The authors of many chapters will be aware of questions that they wished had been asked in earlier surveys because the phenomena to which they relate gained unexpected significance later. Analysis would indeed be easier if we had a complete set of data items over the whole twenty-five year period, but that luxury is denied by the natural rise and fall of particular issues. Indeed, part of the task for the authors is a historiographic one – to reflect on how this salience has shifted, and how issues best tackled in one way in one version of the survey have to be tackled differently in its successor. The surveys have evolved because the world of work that they seek to measure has evolved. The overriding task of this book is to tell the story of the evolution of British employment relations over the past twenty-five years. Consequently, where WERS falls silent, our authors will call upon other sources of robust research evidence to guide their accounts.

In this introductory chapter, we provide the backdrop for the thirteen studies that follow. We start with a summary account of the state

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of employment practices and labour relations at the end of the 1970s. How were things when our story begins? It is then useful to reflect on what informed opinion at that time was expecting of the future. How far were the developments we are going to analyse unexpected? The features that emerged were shaped by a rapidly changing political and economic climate. What environment shaped this evolution? We outline some of the main changes in the structure of workplaces that can be identified. Finally, we turn to comment on the WERS series itself, as the principal research method on which our analyses are based. The way is then open for the separate expositions of how the nature of employment has evolved.

#### **The management of employment in 1980**

There is never a perfect point to break into a constantly unfolding story but, for British employment relations, the end of the 1970s is as good as one can get. It was the brink, as we shall show, of a major turning point, both in terms of the economy and of political life. It also came at a time by which it was generally evident that a once comprehensive and even acclaimed national structure of employment regulation had so degenerated as to be severely dysfunctional.

There had been a general acceptance, as the first half of the twentieth century had progressed, that employment relations were best regulated by arrangements between employers and trade unions with minimal legal intervention. Governments were largely content to encourage these so-called voluntary arrangements and to go along with established legal arrangements that, in effect, provided trade unions with rights to strike. A system of collective bargaining had developed under which, by 1950, almost all employment in the public sector, and the great bulk of it in the private sector, was covered by a patchwork of collective agreements, mostly specific to industrial sectors. Agreed between industry-defined employers' associations and the appropriate trade unions, these set out minimum wage rates, standard hours of work, holiday entitlements and in some cases grievance procedures, incentive pay schemes and much else besides. Although trade unions had only 45 per cent of employees in membership in 1950, almost all of the British workforce benefited from their agreements, or from the quasi-bargained safety-net arrangements offered by statutory wages councils.

This overtly settled system fell apart during the course of the 1960s and 1970s. A combination of tight labour markets and increasing competitive pressure in the employers' own product markets made industrial agreements increasingly ineffective in the private sector. Individual employers

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in many industries kicked against the restraints of agreements serving all employers, preferring to act alone in order to pay more to retain and motivate their workers. For a trade union movement with strong traditions of local activism, uninhibited by legal restraints, this encouraged informal bargaining at the workplace. It also often provoked unofficial strike activity. An accompanying feature was the exercise of considerable influence over the conduct of work by shop stewards – the elected union representatives from among the firms' own employees. We shall discuss the pattern of conflict in Chapter 8. Employers who got to grips with these problems generally did so by breaking with the industrial agreements altogether, and concluding formal agreements, specific to the firm or workplace, with their shop stewards.

By the late 1970s, more and more areas of the private sector were being affected by fragmented, strike-prone bargaining. This is not to say that such bargaining was universal or constant. Some employers, for example in the chemicals industry, were able to manage local bargaining with little overt conflict. This reflected their relatively strong product market positions, and also the comparative sophistication of their approach to industrial relations. In the car industry, by contrast, slack production and employment controls created by previously easier product markets were faced with growing competitive pressures that forced firms to contain costs. In a context of the employers' weak and fragmented approach to industrial relations, this contributed to recurrent shop floor confrontation. Chapter 2 will investigate the relationship between competition and collective bargaining.

Although employment in private manufacturing was starting to contract, the density of unionisation in the sector was rising – to 70 per cent in 1979 (Bain and Price, 1983: 11). Unionisation was increasing also amongst managerial and other 'white-collar' workers. Although unionisation was still relatively low in private services – 17 per cent in 1979 – there were sectors such as entertainment and finance where it offered a strong challenge to management. This boom-time for trade union activity in the private sector was not characterised by increased solidarity. Because bargaining was becoming increasingly fragmented, most unions were seeing their internal authority become decentralised and diffused (Undy *et al.*, 1981: 336). Indeed, with relatively low union subscription rates, as is discussed in Chapter 4, local activists were increasingly dependent upon employers rather than trade union headquarters for their organisational resources as well as for their recognition.

The public sector had also changed substantially. In the 1950s, although highly unionised, it had been largely strike free, with the notable exception of the recently nationalised coal industry. But by the late 1970s,

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with public sector union density rising to 82 per cent, this had changed substantially. In part, it was because many newly nationalised industries – steel, shipbuilding, aircraft and motor vehicles, for example – brought their own traditions of turbulent workplace bargaining. But more remarkable was the new-found propensity for striking in public services, where it had hitherto been almost unknown. Local government, the health service, the civil service, teachers, postal workers and firefighters all saw substantial strike action in the 1970s. Whether this change was in response to incomes policies, or to attempts to improve efficiency, as Chapter 13 explains, the net effect was an increase in workplace activism that made public sector management altogether more challenging.

The distinctive character of workplace relations in the late 1970s is of importance to an understanding of that time. Because employment relations had become more conflictual, the welfare-related traditions of personnel management had tended to be replaced by the bargaining ethos of industrial relations management. Day-to-day labour problems were left to line managers with little or no specialist training, often selected on the basis that they had previous experience as shop stewards. When things got out of hand, efforts at resolution were often handed over to employer association officials outside the firm (Gospel, 1992: 178). It was a very combative, male, culture, metaphorically firefighting rather than fire avoiding, with little strategic thinking. By the late 1970s there had been partial reform of some of the more grotesquely dysfunctional incentive pay schemes that, a decade earlier, had caused the bulk of disputes in, for example, the docks, car assembly, shipbuilding, newspapers, and coal mining. But pay was usually still handled in a very short-term way with, for example, job evaluation used more to prevent disputes than to provide a positive basis of motivation. In both private and public sectors, the phrase ‘human resource management’ had not yet been heard. Its more holistic and strategic approaches to the management of employees which, as Chapters 6 and 7 describe, became routinely advocated by the twenty-first century, were largely unknown.

It is hard to exaggerate the extent to which the threat of industrial disputes dominated the management of employment. The average annual number of strikes in the 1970s – about 2,600 – was not substantially higher than for most of the previous post-war period, although the average annual number of working days lost – nearly thirteen million – was. What made a difference was that strikes were no longer concentrated in coal mining and heavy engineering, but had become a feature of manufacturing and public services more generally. At a time when much overtime working was institutionalised for manual workers, overtime bans and other non-strike sanctions were as common as strikes (Brown, 1981:

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83). It should not be forgotten that the occurrence of a single strike or other sanction has far greater leverage and endurance in terms of attitudes beyond the incident itself. It is the subsequent credibility of threatened action that influences management behaviour in the longer term.

By the end of the 1970s, management attitudes were, from a twenty-first century point of view, extraordinarily defensive. Major reforms of, for example, payment systems, were perceived to be risky, expensive, and, in the case of industries such as newspapers, shipbuilding, commercial television, theatre, docks and prisons, probably impossible in the face of trade union mistrust and potential sanctions. In the great majority of workplaces where unions were recognised in the manufacturing industry, over two-thirds of managers said they negotiated with them over internal redeployment of labour, manning levels, redundancy and major changes in production methods (Daniel and Millward, 1983: 199). Substantial proportions reported the same from other sectors. For example, redeployment was a negotiable issue for at least a half of managers in unionised workplaces in government, nationalised industries, construction and services. It reflected a degree of routine local union influence over the conduct of work that is beyond the dreams of most twenty-first century trade union activists.

Another remarkable feature of the world of employment of the late 1970s in retrospect was the role of government. This was, as will be discussed in Chapter 14, both interventionist and abstentionist in ways that have become alien to more recent governments. The most conspicuous intervention had been that of the sequence of incomes policies that all governments had felt obliged to impose throughout the 1960s and 1970s. Routine bargaining over pay was heavily constrained by one-off government interventions almost every year. By the end of the 1970s, there was widespread discussion of this becoming institutionalised in some sort of 'social contract', with both the TUC and CBI cautiously discussing the possibility of an overarching procedure for deciding what pay levels the country could afford.

There was, on the other hand, little alteration to the distinctive abstention of British collective employment law. The Conservative attempt in 1971 to introduce a fundamentally new structure, including substantial rights for trade union security, had been effectively rebuffed by trade union opposition. In repealing it in 1974, Labour deliberately reverted to the status quo ante – with the important exception of the retention of protections against unfair dismissal. It thereby turned down the opportunity to retain any significant statutory protections for trade unions, should fortune ever turn against them. The most enduring and possibly most important part of an otherwise ineffective hotchpotch of Labour

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legislation in the later 1970s had been the creation of the Advisory, Conciliation and Arbitration Service (Acas).

It was Acas that came to play a central role in the delivery of a relatively new feature of British employment law, individual employment rights. These had started with rights to have written contracts of employment in the 1960s, followed by rights for equal pay for men and women, for health and safety protections, against unfair dismissal and against sex and racial discrimination. Chapter 8 will describe how these new rights were taken up and Chapter 10 the consequences for diversity of employment. Britain's recent membership of the (then) European Economic Community provided stimulus for these new protections. But trade unions were nervous of too much being provided by the state that they felt was best achieved through collective bargaining. They were, for example, ambivalent about wages councils and generally hostile to a national minimum wage. And there was no proposal for any proactive enforcement of individual employment rights by the sort of labour inspectorate that is normal in other countries. From the perspective of the twenty-first century, it is remarkable how little significance those involved in the late 1970s attached to the emerging array of statutory individual employment rights.

**What was expected of the future?**

We have the benefit of hindsight. This gives a possibly dull inevitability to our understanding of how employment relations were to develop over the next quarter century. But what happened is actually far more exciting than that. To some 1980 observers, the trip forward to 2004 in our time machine would have revealed a miraculous and desirable transformation of the British industrial scene; to others, it would have revealed an unimaginable tragedy of lost hopes and the ruins of broken institutions.

We can emphasise the extraordinary nature of the developments that this book analyses by recalling what informed observers were predicting at the time. In doing this, we should bear in mind that social scientists are not primarily concerned with prediction. Their first ambition is to shed light on current social processes and relationships. Predicting how these might change is an altogether more risky pursuit. Nonetheless, the tumultuous state of British industrial relations was so central to the concerns of politicians and business people around 1980 that there is ample evidence of what was expected. And at least as interesting is what they did not expect.

Writers of that time, whether academics or journalists, appear to have taken for granted that trade unions were firmly embedded in British



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industrial governance. Whether it was Daniel advocating more imaginative work organisation (Daniel and McIntosh, 1972), or Hyman (1972) urging mass mobilisation, or McCarthy and Ellis (1973) arguing for more industrial democracy, or Purcell (1981) analysing strategies for building trust, or Milligan (1976) berating union power, or Taylor (1978) sympathetically urging its reform, trade unions were seen as a linchpin, not just of employment relations but of national economic life. Wherever analysts were coming from in terms of ideology (and the list, and the range of sympathy and antipathy, could be extended greatly), they appear to have been in agreement on the continued strength of unions. If there was anything else on which they appeared to be in substantial agreement, it was pessimism. They could see no end to strikes, confrontations, workplace mistrust and acrimonious incomes policies. The prospects for employers and unions of agreeing long-term strategies for reform were seen as wholly bleak.

Informed opinion was surprisingly unchanged even at the start of the 1980s, with a major recession under way and a Conservative government in power which was making its hostility to trade unions increasingly clear. In 1982 the (then) Department of Employment commissioned three independent studies of likely developments in British industrial relations over the following decade (Poole *et al.*, 1984). Poole approached the issue from industrial sociology, Brown and Sisson took an institutional approach, and Rubery, Tarling and Wilkinson adopted an economic perspective. Their predictions were much influenced by the contemporary recession, not least because they shared a view that high levels of unemployment were likely to endure indefinitely. Nonetheless, they expected trade union membership to be broadly sustained, perhaps growing at a slower rate than it had in recent years. They appreciated that the new government would legislate to inhibit trade union power, but were sceptical whether it would have substantial impact on behaviour, at any rate for many strategically important sectors. On past experience, they doubted whether employers would be willing to take advantage of new legal powers.

The three reports were agreed that levels of industrial conflict were likely to remain high for the foreseeable future. But they differed over the extent to which new forms of work organisation, worker participation, more consultative management styles, and what at the time was being called the 'new realism' of unions, might mitigate this. A contrary view was that the pressure to force down wages and to make labour more flexible would raise worker militancy to politically challenging levels. But unions were sufficiently embedded, it was agreed, that sooner or later there would have to be a return to a stronger form of corporatism

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than was tried in the 1970s. Indeed, since inflation was still running at relatively high levels, there was support for Clegg's view that some form of continuous, permanent incomes policy, perhaps built around a 'social contract', was unavoidable (Clegg, 1979: 381).

Whatever these forecasts got right, what is more important from the twenty-first century perspective is how much they got wrong. Within a decade of 1980, trade union membership was to fall by 20 per cent, and within two decades by 40 per cent. Working days lost through strikes per year, which had averaged 460 per thousand employees in the 1970s, were to fall to an average of only 30 per thousand employees in the 1990s. Incomes policies never reappeared on the political agenda. It was to be seventeen years before the TUC and CBI were invited back into Downing Street for policy discussions, and then it was to deal with problems arising from the weakness of collective bargaining, rather than its strength. At the workplace, as Chapter 6 shows, the management of employment became the preserve of an increasingly feminised profession of specialist human resource managers. The trouble-shooting industrial relations enthusiasts of the 1970s had long since departed. The dogs that started barking after 1980 had hitherto lain silent and unobserved. What woke them was a changed economic and political environment.

### The changed environment of the 1980s

To separate out the economic from the political forces that were to tear collective bargaining apart after 1980 would be a mistake. The Conservative government returned in 1979 brought with it a cautious and piecemeal initial package of industrial relations reforms, with nothing to cause trade unions much concern. But it had arrived just when North Sea oil production was about to make Britain self-sufficient. This had two consequences of far-reaching significance. First, it stopped the recurrent balance-of-payments deficits and consequent sterling crises that had dogged governments for the previous twenty or more years, not least because of the consequence that major strikes in export-related industry tended to provoke adverse currency speculation. Freed from this handicap, the Conservative government could engage with and call the bluff of industrial confrontations.

Second, North Sea oil's forcing up of the exchange rate, combined with the new government's tight fiscal policy, provoked a serious recession, which hit the manufacturing industry particularly hard. Unemployment doubled to 10 per cent and, as Figure 1.1 shows, was not to fall below it for nearly ten years, seriously damaging the confidence of unions dealing with the private sector. To the surprise of many, rising unemployment