

An ESRC Future of Work Programme Seminar Series



Managing Workplace Change

by Robert Taylor



Future of Work

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Understanding the reasons for the failure of British businesses to match the productivity levels of their counterparts overseas is a key contemporary priority of British policymakers. Many commentators suggest that the quality of management, and the quality of people management in particular, hold the key to this enduring problem. This report, based on the most up-to-date nationally representative survey data on the practices of British employers in the workplace, highlights continuing difficulties in our employment relations that must be addressed if we are to move from a low trust, low productivity employment system and successfully engage with the challenges of competing in international markets.

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Future of Work Commentary Series:

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Publication Two - The Future of Work-Life Balance

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Publication Four - Diversity in Britain's Labour Market

Foreword



THE PERFORMANCE OF UK BUSINESSES, MEASURED BY THEIR relative productivity, has attracted increasing attention, particularly as the Chancellor of the Exchequer, Gordon Brown, placed productivity improvements at the top of his policy agenda to lift living standards, employment prospects and economic prosperity. What are the obstacles that prevent UK employees from achieving rates of per capita output growth in line with their counterparts in, for example, France, Sweden, Germany and the United States?

In the past many commentators alleged that the central difficulty was Britain's system of adversarial industrial relations. Some went further in claiming that the real obstacle was the allegedly entrenched power of trade unions in the workplace that allowed their members to block change and inhibit managerial initiatives in respect of innovation and change. After twenty years of declining trade union membership and influence, this argument retains little credibility. Other commentators, however, reversed the arrow of causality and argued that the poor quality of management was at the root of Britain's productivity deficit.

Until recently there has been a dearth of systematic evidence that allowed these competing perspectives to be properly tested. The ESRC launched the Future of Work Programme in 1998 to help close the gaps in our understanding of the changing world of work, including this highly contentious issue of the weaknesses of Britain's productivity record. The Programme has supported twenty-seven projects and the research activities of more than one hundred researchers at twenty-two UK universities.

Topics under investigation include the nature, significance and economic implications of flexible labour markets, the changing role of trade unions in the workplace, the significance of new partnership arrangement for employee relations, and the nature, scope and impact of new management human resource practices. Other projects are examining the representation by trade unions of female ethnic minority workers, the changing employment prospects of young Asian women, and the employment choices of mothers of pre-school children.

Key findings from the Programme are brought to the attention of policy makers and practitioners through an extensive series of publications, seminars, workshops and conferences. The aim is to help improve the quality of information available to all parties with a direct interest in shaping the future

of paid work and its implications for other aspects of social life.

To assist in the dissemination of the findings from the research projects, the ESRC commissioned a series of reports by Robert Taylor, the internationally renowned expert on work and employment. The fifth report in the series examines the management of workplace change in Britain with reference to the important new findings from the *Change in Employer Practices* survey. Complementing the findings from the ESRC *Working in Britain 2000* survey, the latest survey was conducted by a team of researchers based at the London School of Economics, Royal Holloway College, and the Policy Studies Institute at the University of Westminster.

Based on a nationally representative survey of more than 2000 human resource managers, the findings examine, among other things, developments in employment status, the durability of careers and permanent, full-time jobs, the growth of management labour, and the role of new information technologies in the workplace. The report highlights the impact and limits of new employment regulations, the diffusion of family-friendly policies, and the changing role of the trade unions and the law in the regulation of the employment relationship.

Mobilising the new evidence, Robert Taylor highlights evidence of both significant change and continuity in the management of British workplaces. The research points to a dramatic increase in the diffusion of new information and communication technologies in a wide range of jobs and occupations, but less dramatic advances in the management of people which might ultimately hold the key to the performance gains that so many companies wish to achieve.

The aspirations of women, and other employees with responsibilities for young children, for more flexible working arrangements are not being met by more than a small minority of organisations. The provision of benefits, such as sick pay and decent pension arrangements, is also revealed to be very uneven and out of line with other countries in continental Europe. With careful glances to the changing labour market regulations of other European economies, Robert Taylor sets out a stimulating policy agenda to advance the quality of management and the performance of companies in Britain in the future.

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Professor Peter Nolan Montague Burton Professor of Industrial Relations
Director, ESRC Future of Work Programme

Commentary

by **Rita Donaghy** Chairman of the Advisory, Conciliation and Arbitration Service (ACAS)



WINNING EMPLOYEES' COMMITMENT TO INNOVATION AND CHANGE in the workplace is a key challenge for management. The restructuring and modernisation of work organisations in both private and public sectors provide the dynamic backdrop to the management of contemporary employment relations and remain vital to the efforts of UK businesses to lift their relative performance in increasingly global product markets.

Despite their efforts not all organisations have achieved sufficiently high levels of performance and as a whole UK productivity compares unfavourably with many other western nations. There is no single answer to improving competitiveness but at ACAS our experience with thousands of organisations convinces us that a major contribution comes from employees. For this reason it is worrying to see the latest results from the ESRC Future of Work Programme that highlight the gaps in the provision of, for example, family-friendly arrangements, including maternity pay, child-care assistance, and parental leave.

The preliminary findings of the new survey on the *Change in Employer Practices*, as presented in Robert Taylor's report, highlight evidence of both good and bad practices in British workplaces. With clear evidence of the stability of permanent, full-time jobs, particularly in finance and business services, the findings contradict the all too common sweeping assertions that are made about the rise of more precarious forms of employment in the new world of work.

But the findings also highlight serious lapses in the progress that has been made by management in respect of involving and consulting with employees to ensure success in the change management process. In short, there is evidently some way to go before we can expect to lift the average performance of our businesses and ensure that we are able to compete with the best.

The best way to improve our employee relations is for both employers and employees to identify and acknowledge the obstacles to change and deal with them through discussion and negotiation. In some organisations this may be facilitated through collective discussion with trade unions; in others it may be dealt with through arrangements to support joint consultation, involvement and participation. There is no substitute for talking – no software, no management guru, no political philosophy can replace the joint talk and agreed implementation procedures that are crucial to building commitment and trust in organisations. The implementation of the new European Directive on Information and Consultation provides a new opportunity for advancing this cause.

ACAS is well placed to assist organisations to build trust and commitment. Through our experience in dispute resolution of both collective and individual concerns, our telephone help-line, and our joint problem solving exercises ACAS has a detailed understanding of what happens when things go wrong in the workplace. ACAS works with employers and employees and their representatives to turn round the situation by promoting good practice at work and developing an environment in which managers can work with their employees to achieve business success.

The research presented in this new report will assist ACAS, policymakers and practitioners to better identify the continuing sources of inertia to change and the areas in which organisations should direct their resources to secure improved performance in the future.

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Managing Workplace Change

by Robert Taylor



The Importance of Workplace Management

THE MANAGEMENT OF BRITAIN'S WORKPLACES STILL REMAINS A relatively under developed subject for independent and impartial evidence-based research. But now at last such comparative neglect is being seriously addressed. A number of important research projects commissioned under the Economic and Social Research Council's (ESRC) Future of Work Programme are beginning to provide us with a more accurate picture of just how the country's establishments are responding or not responding to the adoption of new managerial and employment practices in the changing world of paid work.

These comprehensive findings are of enormous relevance to policymakers in both Government and the corporate community. The up-to-date material covers a wide range of establishments employing five or more workers and in every sector of the economy. The often surprising realities that the survey reveals are often far removed from much of the conventional wisdom and over-blown rhetoric that is prevalent among too many experts in the fields of human resource management and organisational behaviour.

It is widely acknowledged that Britain's employees are regarded by their managers not only as essential human capital but vital assets in the achievement of better corporate performance. Their value to companies is invariably assessed in purely business or financial terms for the individual as well as collective capacity they provide to improve a company's commercial success and output in the face of often fiercely competitive product markets. The social importance of employees who share mutual obligations of both rights and responsibilities in the workplace and wider loyalties of trust and commitment to family networks and the wider society of friends and communities does not seem to enjoy a high priority of concern from a management perspective.

This commentary - the latest in an ongoing series which seeks to present some of the more significant empirical findings from the ESRC's Future of Work Programme - not only sets out current management attitudes on a diverse range of employment issues but also examines and questions the extent to which we are seeing the growing emergence of a more professional human resource management approach to our understanding of work organisation and its necessary modernisation. It is focused in particular on the first results coming from a newly carried out and substantial survey of human resource or industrial relations managers in Britain. The survey was carried out between July and September 2002. The evidence is taken from telephone interviews lasting about 30 minutes with around 2,000 human resource or industrial relations managers in a nationally representative stratified random sample. All sectors of the economy were covered and the sample was constructed so as to give good coverage to both large and small establishments. There was a 65 per cent response rate from the managers approached, which is in line with other comparable survey response rates. The work on the *Change in Employer Practices* survey is being carried out under the general direction of Professor Stephen Hill, now Principal of Royal Holloway, University of London with former colleagues - Colin Mills and Patrick McGovern at the London School of Economics and Political Science and Dr Michael White and Deborah Smeaton from the independent Policy Studies Institute, part of the University of Westminster. The interviews were undertaken by IFF Research Ltd, the independent polling organisation. All the data will eventually be deposited in the

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ESRC's archive at the University of Essex by the spring of 2003 when it will be open to other scholars for their further investigation. The survey complements an earlier one that covered employee attitudes, which was the subject of the previous ESRC commentary in this series.

In the final section of this commentary additional empirical material will be used from another ESRC-funded project on management which is being carried out under the direction of Professors David Guest at King's College and Jonathan Michie at Birkbeck College. A substantial set of interim findings from the University of London project have already been published by the Chartered Institute for Personnel Development to its affiliated members. These are contained in *Effective People Management* which appeared in 2000 and *Voices From The Boardroom* that was released earlier this year. When we take all of these reports together they provide us with an impressive picture of how employees in Britain's establishments are being managed today.

Continuity and Change in Managing Establishments

WORKPLACES ARE DYNAMIC AND THEY ALWAYS HAVE BEEN. Those who like to view the past as a time of static business organisations are mistaken although of course the pace of change increases and declines and is not always the same. Modernisation has become an awful word in the corrosive language of public discourse. But any enterprise that has ever wanted to survive and prosper has always needed to restructure and innovate. The fundamental question is where the balance lies in the crucial relationship in what is an interactive process between continuity and change. The *Change in Employer Practices* survey provides us with substantial evidence which suggests we have been experiencing more continuity with past practice than change over the past three years in establishments than is often generally appreciated.

Many of the key findings in the new survey complement and reinforce the attitudes that were found among employees in the earlier LSE/PSI survey. The overwhelming majority of paid jobs remain full-time and permanent and physically located in a specific place of work. Over the past three years in a tightening labour market companies, in both manufacturing and business and financial services, have recruited a substantial number of employees onto their direct payrolls. We have been living through a period characterised across the labour market by employment expansion and not a time of large-scale redundancies or plant and office closures. When asked whether the number of workers in their establishments had grown in the past three years as many as 43 per cent of managers said they had experienced an increase in net recruitment and only 22 per cent said there had been a net reduction in the size of their workforces. As many as 56 per cent of the largest establishments (those employing 500 or more workers) recorded such a net increase, with the most substantial growth taking place in public administration and finance and business services. But even in manufacturing 41 per cent of managers said their establishments had increased their workforces since 1999. There is also every expectation of further expansion in full-time paid employment over the next twelve months. Managers in as many as a third of establishments in August and September 2002 said their own labour forces would be larger in a year's time than they are now.

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Today's world of work seems to suggest we are experiencing a concerted drive in the recruitment of more managers.

On the other hand, it is also true that nine per cent of managers said some of their employees had changed their contractual status at work over the past three years from that of being an employee to becoming self-employed even though they continued to work for the same establishment. A shift of some workers in status to that of self-employment in as many as one in ten establishments does look significantly high and appears to point to an apparent flexibility inside establishments on the way work is being organised.

Further evidence in the *Change in Employer Practices* survey also points to other significant changes taking place in many establishments. The greater use of part-time employees is most apparent in the largest establishments that employ 500 or more workers, where 45 per cent of managers pointed to a net increase in part-time employment. The largest growth in part-time employment took place in the public administration sector during the past three years (including the health service and education) with a 37 per cent increase in organisations that reported an increase in part-time employment. This was followed by 30 per cent in wholesale and retailing and 30 per cent in finance and business services. In manufacturing the rise was much less, coming out at only 15 per cent.

More proof of genuine change in many establishments can also be found in the net growth recorded in the number of managers being recruited in most enterprises since 1999. British establishments are employing far more managers than they did during the last decade. This does not suggest that managers in recent years have become victims of delayering, downsizing and work reorganisation. It is possible that it indicates a reversal of a previous trend or that down-sizing has bottomed out and the numbers of full-time managers are bouncing back. As many as 22 per cent of the sample of managers surveyed said that the proportion of managerial and professional staff had risen over the past three years in their establishments, compared with eight per cent who said there had been an actual decline and a further 69 per cent who thought the proportion of managers to employees had remained about the same. There may be widespread official anxieties in Government that Britain suffers from too much 'mediocre management'. But today's world of work seems to suggest we are experiencing a concerted drive in the recruitment of more managers. It looks as though establishments believe they need more and not fewer managers in order to function more effectively. This significant trend can be found across every sector of the economy. The reasons for this upsurge in management must remain speculative for the moment. But clearly many modern workplaces - for all the emphasis on teamwork, individual employee empowerment and flatter hierarchies in the management literature - require more and not fewer managers. As we shall see in this report, the demands being placed on the shoulders of those with authority in establishments appear to be growing more intense and complex. From the introduction of information technology to the handling of employee grievances, from administering a growing amount of regulation to devising forms of employee consultation, the tasks required of managers are becoming excessive. Instead of more devolution of decision-making and control to employees, it appears many firms are reluctant to either lessen or widen much responsibility to include everybody who works in their establishments. Whether the onward rise of managers reflects greater business efficiency and resulting success is more debatable.

Table One - The Expansion in the Ranks of Managers

<i>Thinking about the proportion of managerial or professional staff at your establishment over the last three years has this proportion increased, decreased or stayed about the same?</i>			
<i>%</i>	<i>Increased</i>	<i>Decreased</i>	<i>Stayed about the same</i>
<i>Manufacturing/Construction</i>	22.0	8.9	68.8
<i>Wholesale/Retail</i>	19.4	11.2	68.8
<i>Transport, Storage, Communication</i>	11.1	4.3	83.3
<i>Financial and Business Services</i>	25.5	5.9	67.8
<i>Public Administration, Government, Health, Education</i>	24.7	7.4	67.6

In fact, other, different shifts in employment patterns in establishments revealed in the survey point to greater complexity than those signs of obvious change might indicate. Some significant evidence seems to point in a quite different direction. There have been many predictions that we are experiencing the growth of so-called atypical work and the decline of full-time, permanent jobs. The changing pattern of employment in this respect, however, cannot be reduced to any simple generalisations. Just under 30 per cent of managers surveyed said they used employees who were not on their direct payroll such as sub-contractors and agency workers. In the largest establishments surveyed that figure rose as high as 78 per cent but fell to 24 per cent in the smallest ones that employ five to ten workers. Contrary to much speculation, the use of outworking by establishments remains uncommon. Only 13 per cent of managers said their establishments had used homeworkers over the past three years. When asked if their use of those different forms of labour had risen or declined over the period, managers did not suggest any dramatic upsurge had taken place.

While it is true 60 per cent of managers said they had used some agency staff in their establishments over the past three years, with 30 per cent of them saying that they had increased their use of such workers in that time, as many as a quarter said they had actually cut back on their use of agency workers. In the manufacturing and transport sectors an actual decline in the use of agency labour was recorded but this contrasts with a significant net growth in such employment in wholesale and retail and financial and business services.

The smallest establishments reported a 11 per cent growth in the use of temporary contract workers but in larger organisations a decrease in their use was actually recorded. The use of such temporary staff fell more than it increased over the past three years in financial and business services and manufacturing/construction. On the other hand there was a significant growth in the use of temporary workers in the public services, with 38 per cent of establishments saying this had occurred compared with ten per cent who said there had been a decline. In addition, fewer establishments reported a growth in the use of casual workers than a decrease. It is true a quarter of the managers said they had

Contrary to much speculation, the use of outworking by establishments remains uncommon.

increased the hiring of workers on temporary contracts but 19 per cent said this practice of using temps had actually declined. The proportion of establishments using casual labour fell slightly more than it increased over the three years - 19 per cent compared with 18 per cent. Moreover, only 11 per cent of managers said any so-called teleworking had been introduced over the same period of time and 78 per cent recorded none had been. Home working is hardly being used at all. A mere ten per cent of managers said a policy had been adopted to encourage staff to work more from home than at the workplace. Just over three quarters said there had been no such encouragement of the practice in their establishments. These important statistics should heavily qualify the sweeping and familiar assertions that are often made about the new world of work being characterised by a decline in the full-time, permanent job and rise in the virtual business organisation and new forms of flexible working in a so-called 'new economy'.

Assertions about the emergence of a more flexible new world of work does not correspond to all the realities revealed in the survey about the contemporary nature of paid employment.

Nor are there any signs that this overall picture is about to change significantly in 2003. Most managers said their establishments did not intend to increase their use of non-standard forms of paid employment during the next twelve months. Only 12 per cent of managers said they planned to employ further workers on temporary contracts in that time period, eight per cent home or out workers and five per cent freelancers. In addition, a mere 11 per cent said they expected to increase their use of agency staff over the next twelve months, while nine per cent said they were planning to increase or extend their use of teleworking during the same period of time. Only nine per cent added they planned to encourage more staff to work from home during the next twelve months. Such relatively low figures do not suggest we are experiencing any radical transformation in the way in which employees are being organised by management with a move away from full-time and permanent employment to one based on different forms of contingency or so-called atypical work. The more sweeping assertions about the emergence of a more flexible new world of work does not correspond to all the realities revealed in the survey about the contemporary nature of paid employment.

In fact, the prospect of an increase in the overall numbers employed in full-time, permanent jobs looks promising over the next twelve months. Just over a third of establishments reported that they expected the total number of their employees who would be working for them in twelve month's time to have increased, with only five per cent pointing to a decline in their number. The promised net expansion in full-time, paid employment is expected to be highest in finance and business services, followed by the manufacturing/construction and wholesale and retail sectors.

The survey also provides convincing evidence that most establishments are not abandoning jobs that are only directly concerned with their primary functions in order to save costs and reduce their overheads. The suggestion that most firms are concentrating on core functions and sub-contracting out the rest of their activities to others is not borne out by the evidence. Surprisingly few activities within establishments are actually being contracted out to companies or self-employed workers beyond the place where they are directly employed. As many as 71 per cent of managers said their establishments did not contract out their security activities to independent contractors, nor the administration of the payroll (only 22 per cent did so) or even catering services (ten per cent did so). As many as 55 per cent said they even employed their own cleaning staff

and even 47 per cent added they did not contract out building maintenance to other firms. As many as 63 per cent of managers said they did not use outside contracting companies to transport their goods and documents for them. Nearly three quarters said they also held their computer service activities in-house while 81 per cent said they did not use outside agencies when it came to their staff recruitment. Most establishments (58 per cent) carry out the training of their own employees and do not contract out that service either. Such startling findings do not suggest we are experiencing either the collapse of the full-time, permanent job or the rapid growth of a sub-contract employment culture.

Of course, these statistics are open to an alternative interpretation as evidence that many establishments are at least contracting out some of their non-core functions. It may come down to a matter of degree. But what is surprising is the extent to which large establishments in particular remain keen to retain many of their organisational needs within their own direct control despite the costs incurred by doing so. What looks incontrovertible is that there does not appear to be any likelihood of an accelerating trend towards substantial sub-contracting and out-sourcing of work in the foreseeable future. In fact, the picture does not look set to change very sharply over the next twelve months. When asked whether they planned to increase or extend outsourcing of any of their establishment's activities which are at present being done in house during that period of time, only seven per cent of managers said they would do so but a massive 84 per cent said they had no plans to do so, although it is true that 20 per cent of managers in the largest establishments agreed they would be doing more out-sourcing within the next twelve months. Most establishments, however, remain committed to the maintenance of a permanent directly employed workforce to meet their organisational and business requirements. There is no evidence at all that indicates workplaces are being restructured in such a way as to reduce the size of their staff who are employed on only so-called core activities.

Indeed, an opposite trend appears to be detectable. Much management attention is now being focussed on ways of nurturing their existing directly employed staff. Findings in the survey suggest that a clear majority of managers are still keen to recruit and maintain full-time, permanent employees. Only 14 per cent of them said that there had been an increase in the replacement of full-time by part-time employees over the past three years. As many as three quarters of the managers said there had been no change at all in the balance between full-time and part-time employees in their establishments. This should come as no surprise when we learn that management say they want to develop a more versatile and trained workforce than they have enjoyed in the past. The evidence does not suggest we are moving into a new world of work where managers adopt a here today/gone tomorrow attitude towards their employees and relish the flexibility to hire and fire at will. Almost half of the managers covered in the survey said the amount of training of their employees to cover jobs other than their own had gone up over the past three years. In addition, just under a quarter of them noted an increase in the amount of job rotation being done during that same period of time. It is also significant that as many as 48 per cent of managers said their establishment had a written or unwritten employment policy to allow their employees to transfer from working part-time to full-time hours, with as many as 71 per cent of the largest establishments saying this was so.

What is surprising is the extent to which large establishments in particular remain keen to retain many of their organisational needs within their own direct control despite the costs incurred by doing so.



The desire to try and retain permanent staff as long as possible and improve advancement opportunities for existing employees is treated as a high priority in most establishment employment strategies.

What is also striking is the extent to which a high proportion of establishments seek to provide all of their employees with a sense that their specific job whatever it is should be seen as part of a career progression. As many as 52 per cent of managers said their establishment had either well-defined career ladders or a sequence of jobs that all employees who performed well could be promoted to doing. Over three quarters of the largest establishments said they had such an approach to work compared with only 45 per cent of the smallest ones. Only a third of manufacturing establishments recorded a career structure for all employees but 54 per cent of managers in financial and business services and 60 per cent in the public services recorded this. Moreover, it is also clear from the evidence that the concept of having a career at work is not confined to those employed in management or professional grades. As many as 90 per cent said that career ladders existed in their establishments for all of their employees and not just the select few at management level. This finding was confirmed by the surprising degree to which establishments practice internal job promotion. A total of 68 per cent of managers added that their establishment said they sought usually to try and fill their managerial and professional job vacancies from within the existing workforce before they advertised externally or used a recruitment agency to head hunt. Such findings do not suggest most enterprises want to encourage greater mobility of employees across the labour market between establishments. On the contrary, the desire to try and retain permanent staff as long as possible and improve advancement opportunities for existing employees is treated as a high priority in most establishment employment strategies.

The obsession with novelty has also led to a tendency to exaggerate the degree of job mobility that is actually going on in the labour market. Given the favourable bargaining position for many employees during a time of falling unemployment and increased job vacancies, the level of staff turnover is not as high as might have been expected in the tight labour market of recent years. While 27 per cent of managers reported an increase in turnover had taken place in their establishments over the past three years, 13 per cent said there had actually been a fall in turnover and 59 per cent that turnover levels had remained about the same throughout the period. This is a surprisingly low level of labour mobility between establishments at a time when the demand for employees has been rising across most sectors and labour markets.

But it would be wrong to draw the conclusion from these findings that on balance nothing of much significance is happening in the way that paid work is being organised in many establishments. It is not all continuity and relative stability and no change. On the contrary, a significant number of managers point to a number of changes that are helping to transform the workplace. We are going through a radical transformation in the physical shape of offices and plants. It is true that only eight per cent of them said they intended to extend or increase the use of open plan offices during the next twelve months and a mere six per cent that they intended to make more use of hot desking over the same period. However, as many as 22 per cent said they planned to extend or increase the reorganisation of equipment in order to release more space inside the office. But what is particularly significant in the findings is that an impressive number of establishments have already carried through profound upheavals in the way their workspaces are being organised. As many as 35 per cent of managers said that equipment and machines had

been reorganised in their establishments over the past three years in order to release more space. A total of 17 per cent said there had been an increase in the use of open plan offices during the past three years. Perhaps surprisingly as many as 16 per cent added that hot desking had been used in their establishment over that same period of time. In part, this change may reflect a management response to the arrival of new technology in the workplace but it could also underline their need to reduce costs by a better utilisation of establishment space.

The most dramatic change inside establishments during the past decade has actually come from the arrival of computers and other forms of information technology among all workers and not just a privileged few. It may be that the physical restructuring in offices and plants is a necessary organisational response to the impressive advance of such innovation in the content and way in which a substantial number of employees now work. This is the real revolution that has been going on in Britain's world of work in recent years. It is technologically-driven change that is reshaping the ways in which employment is being organised. And what is quite clear from the evidence on display in the survey is that the existence of a permanent, full-time, adaptable and trained staff is vital for the successful utilisation of information technology in achieving better corporate performance. This is not leading to the replacement of one form of economy by another. On the contrary, the new technology is becoming a familiar ingredient in most jobs right across all sectors and labour markets. Computers and other forms of information technology are now commonplace in most of Britain's establishments whatever their size. As many as 52 per cent of managers in the survey acknowledged that the proportion of employees in their establishment now using a personal computer or other computerised equipment in their job had either increased a lot (18 per cent) or somewhat (22 per cent) over the past three years. In 36 per cent of cases managers said that all their employees were now using such computerised equipment in their work, with a further 31 per cent saying a quarter of their staff did so, nine per cent half of them and 12 per cent three quarters. Only 11 per cent of managers said that none of their employees were using computers in their jobs.

It is technologically-driven change that is reshaping the ways in which employment is being organised.

Table Two - Almost All of Us Work With Computers Now

<i>Which of the following comes closest to the proportion of employees at your establishment that you estimate are using a personal computer or other computerised equipment in their job?</i>					
%	All	3/4	1/2	1/4	None
<i>Manufacturing/Construction</i>	22.6	11.7	13.0	44.7	7.9
<i>Wholesale/Retail</i>	27.5	10.4	9.0	36.2	16.8
<i>Transport, Storage, Communication</i>	20.2	6.7	12.6	52.9	5.0
<i>Finance and Business Services</i>	74.0	9.5	4.0	10.3	1.6
<i>Public Administration</i>	34.3	17.8	8.5	25.3	13.8
<i>All Establishments</i>	36.3	12.3	9.0	31.2	10.8

Today computers have become essential tools in the work of most establishments. As many as 79 per cent of managers surveyed said they now used computer database systems in the administration of their business operations. This was even true of three quarters of those managers who are employed in the very smallest establishments covered. Moreover, such operational systems are commonplace now across all sectors of the economy. Just over three quarters of manufacturing establishments are using them along with 78 per cent of those in the public services, 70 per cent in wholesale and retailing and 94 per cent in business and financial services.

There is still a long way to go in the use of computers in some key areas of managing establishments.

On the other hand, further findings contained in the survey suggest there is still a long way to go in the use of computers in some key areas of managing establishments. Only 30 per cent of managers said electronic point-of-sales systems were being used, even in the largest establishments. A mere 11 per cent of manufacturing organisations and 18 per cent of those in business and financial services said they did so and only 60 per cent in wholesale and retailing establishments. Computers still remain under-used in stock taking and purchasing activities, with only 34 per cent using them for such purposes although 60 per cent of the largest establishments said they did so. Surprisingly as many as 61 per cent of manufacturing establishments did not use computers for stock taking and purchasing. Electronic time recording and time management systems still remain relatively uncommon, with only 16 per cent of all establishments using them and less than half of the larger ones doing so. In manufacturing 19 per cent said they used computers in time management and even only just under a quarter of those in business and financial services. In addition, 60 per cent of all establishments said they did not use either a computer system or automatic data recording to keep a continuous record of the work that was being done by employees. Only just over half of those in business and financial services did so while the substantial majority of responses in manufacturing, wholesale and retail and public services said they did not.

Nor do companies appear willing - at least not up until now - to use their computer networks in order to provide employees with information about the business they are working for. Nearly half the establishments said they did not do so. As many as 56 per cent of manufacturing organisations said they did not use such networks to keep employees informed on the business they worked for and 53 per cent in wholesale and retail. On the other hand, a majority (60 per cent) of all establishments allow their staff to communicate with each other through e-mails. Only a minority of establishments (48 per cent) said they used the information gained from their computer networks to evaluate individual employee performance. And even only half those establishments employing 500 or more workers said they did so. In manufacturing and even financial and business services a significant proportion said they did not use such information to assess individual employee performance. Nor do most establishments use the internet or similar forms of electronic media in order to recruit employees. As many as 68 per cent said they did not. The sector with the highest number of managers saying they used electronic means to recruit was business and financial services but even this was as low as 46 per cent. Nor are there any signs that this proportion will increase significantly over the next twelve months. On the other hand, there is strong evidence that suggests a growing number of establishments are using the information gathered through the use of

computers to control the progress of an employee's work. An overwhelming majority in both the private and public sectors said that it was very or quite important for them.

The overall picture of the impact of information technology on the workplace is therefore a complex one. The findings confirm those revealed by the *Employment in Britain* survey. The ability to use computers is now regarded as an essential part of the work that people are expected to do. But on the other hand, only a small proportion of establishments are yet integrating the use of the new information technology into many of their key business activities. It is going to take time before the majority of firms have created well integrated systems of information technology and shown an ability to use the information compiled in an intelligent and effective way to improve their business performance. However, the impressive speed with which establishments have embraced technological innovation so far suggests it will not be very long before many of them will have extended their use of computerised systems to improve overall performance.

There is one other interesting revelation in management responses to the restructuring of work. We have some positive evidence that suggests an increasing number of establishments are seriously addressing the problem that increased work pressures are having on workers. When asked if they had reviewed working practices to avoid problems of work-related stress or were currently reviewing them, as many as 38 per cent of the managers answered in the affirmative with just over half those in the public services sector saying yes but only about a third of those employed in manufacturing/construction doing so. An impressive 74 per cent of managers in the largest establishments said they had either or were currently reviewing ways of avoiding work stress for their employees. Such findings may reflect a belated but welcome response to the long working hours culture. It suggests hopefully that the issue of the quality of working life may be starting to move up the employment public policy agenda. Clearly the rapid introduction of modern technology into many workplaces is forcing a reappraisal by management of what this all means for the physical and mental well-being of employees. Whether this in turn will stimulate a new focus on ergonomics among managers after generations of relative neglect is, however, quite another question.

The Impact of New Employment Regulations and Their Limitations

BRITAIN'S ESTABLISHMENTS ARE BEING COMPELLED TO COME TO terms with a new range of legally enforceable employment regulations, mainly emanating from the European Union as a result of the Government's decision to sign up to the social chapter of the 1991 Maastricht treaty in 1997 that brought an end the country's opt-out from its provisions. The Brussels-based social affairs agenda seeks to introduce a wide range of uniform and minimum legally enforceable labour standards across mainly large and medium-sized establishments in all European Union member states. In addition, Britain has seen the introduction of further regulation affecting employee relations. This has included a law on trade union recognition, the creation of a national minimum wage and the introduction of rights for disabled workers. Many companies complain this sudden plethora of legal regulation has added an unnecessary cost burden to their current business operations. They have lobbied the Government intensively and with some success in attempts to

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divert or at the very least limit the impact of such legal requirements on the way they manage their workplaces.

The *Change in Employer Practices* survey provides us with some clear evidence of the impact new regulation is having on establishments as seen from the management perspective. A specific focus of public policy concern has been given to the introduction of legal rights in what is loosely called the 'family friendly' agenda. These regulations seek to assist women employees in particular who also face responsibilities outside their paid work as mothers with babies or dependent children or family members. Women now account for nearly half the paid labour force in Britain and over 55 per cent of those in paid work are employed in full-time, permanent jobs. Clearly women play an increasingly important role in many establishments and they have become the understandable subject of considerable official attention. But despite this, the *Change in Employer Practices* survey has found surprisingly little evidence that suggests most workplaces in Britain are responding in a generous manner to the needs and aspirations of women with family responsibilities who are also in paid employment.

At a first glance, it might look as though such an observation is mistaken and that management is indeed sensitive to the needs of women in paid work with school-age children. When asked whether their establishments made working hour arrangements designed for the 'convenience' of women employees, as many as 47 per cent of the managers said they did so. Up to 70 per cent of those in the largest establishments said they provided flexible working time arrangements with women in mind. But only a third of manufacturing establishments said they did so, compared with 63 per cent of those in the public services and 48 per cent in the wholesale and retailing sectors.

Table Three - With Women Workers in Mind

<i>Are any of your arrangements for working hours designed to be especially convenient for women with school age children?</i>			
<i>%</i>	<i>Yes</i>	<i>No</i>	<i>Don't Know</i>
<i>Manufacturing/Construction</i>	33.1	64.2	2.7
<i>Wholesale/Retail</i>	48.3	50.1	1.6
<i>Transport, Storage, Communication</i>	33.9	65.3	0.8
<i>Finance and Business Services</i>	46.4	52.3	1.3
<i>Public Administration, Health, Education</i>	62.8	37.0	0.3

However, on a range of questions outside the amount of working time being carried out the overwhelming majority of managers reported that their establishments did nothing specific to assist women in their employment who had young children. Only three per cent of establishments provided any day care programme for the children of their employees either on site or anywhere else, with a mere two per cent doing so in manufacturing. Clearly the provision of crèches is not seen as an essential part of the British workplace culture.

Only 40 per cent of managers said their establishments made some maternity pay available above the minimum basic government scheme levels if employees required it. This compared with 48 per cent who did not and nine per cent who did not know whether their establishments did so or not. But only eight per cent said they offered any financial assistance to their employees to cover the costs of day care facilities for their children and as many as 81 per cent said they did not. A mere 12 per cent of establishments bothered to provide information to their employees on what day care services were available to them in the locality. It is interesting to note that nearly a quarter of public service establishments did this but only 5 per cent of those in manufacturing and eight per cent in business and financial services. Companies do not appear to believe they are under any special obligation to assist women employees with their child care arrangements.

Nor is there much sign of any enlightened attitude being shown by most establishments to the pressures imposed on employees with responsibilities for small children. Just over two thirds of management said they did not allow any paid parental leave to employees beyond what was their legal minimum entitlement. While 64 per cent did allow employees to take unpaid parental leave as many as 67 per cent said they did not offer any opportunities for their employees to take a career break. Only 22 per cent of managers said their establishments provided term time working for any of their employees and 70 per cent said they did not. It seems that despite widespread exhortation by the Government and women's interest groups only a small minority of establishments have introduced employment strategies that recognise the specific needs of many women workers who are mothers with babies or small children other than to offer them lower paid part-time employment instead of working in full-time jobs.

There are precious few signs either that most employers in Britain are planning in the near future to improve benefits for employees with specific family responsibilities beyond the bare minimum legal requirement. Only five per cent said their establishments intended to provide maternity pay in addition to the basic Government scheme over the next twelve months while 87 per cent said they would not be doing so. A mere two per cent said they were going to introduce any assistance at all to meet the costs of child care over the next twelve months and 89 per cent said they were not. In addition, only four per cent said they were going to bring in any parental leave schemes beyond the legal minimum over the next twelve months compared with 90 per cent who disclosed they had no such intentions. A mere four per cent said they were going to introduce term time working during that same period. Less than one in ten said they planned to allow employees to take unpaid parental leave over the next twelve months. There were similar, niggardly responses from management to any proposal to introduce career breaks for employees over the next twelve months. We have a very long way to go before 'family friendly' employment policies go beyond the minimum required by law in most of the country's establishments.

Only one set of statistics indicates a more positive response by management to the needs of women in paid work. When asked, the majority of managers said their establishments did make arrangements for existing employees to move from full-time to part-time

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working hours if they expressed a wish that this was needed. Such provision is of obvious benefit to women who hold family responsibilities. As many as 44 per cent of all establishments claim to have an explicit policy - either written or unwritten - of allowing employees to change from working full-time to part-time hours. In the largest establishments just over three quarters of managers said this was the case in their organisations. But it is in the public services sector where such an arrangement was the most common, where 55 per cent of managers said staff were allowed to move from full-time to short-time employment. This was less apparent in finance and business services where only 38 per cent of establishments provided this flexibility and in manufacturing/construction where the proportion was only 31 per cent of establishments.

But such apparent if limited sensitivity is perhaps acceptable to companies because it reduces rather than increases their overall labour costs. It may be true that many women are ready to accept this and indeed welcome it. However, it means women must expect to pay for their absence from their job by receiving lower wages and benefits if they want to juggle their work and family obligations. This does not reflect an imaginative response among most managers to the problems they believe exist from employing women with babies and small children.

Management responses to the newly introduced European Union-based working time regulations also reveals only a limited advance is occurring in easing the intensifying pressures being experienced in paid employment. While 18 per cent of managers of all establishments surveyed said they had asked staff to opt out of those regulations which limit working time without voluntary agreement to a maximum of 48 hours a week, as many as 40 per cent of the larger establishments had done so. The existing right to opt-out from the working hours provision of the new law is clearly being exercised by many firms. What is not clear from the evidence is just how much of this is being achieved through cooperation with individual employees or as a result of management insistence. But clearly the dangers are that the working time regulations are being bypassed in order to perpetuate Britain's notorious long hours work culture and ensure many establishments maximise their performance.

Companies are keen to work with and not against the demands being imposed on them by the existing law on working time.

On the other hand, establishments do seem to be taking the working time regulations seriously. As many as 65 per cent of managers said they were monitoring their employees' working hours in order to avoid infringing the regulations. This might suggest companies are keen to work with and not against the demands being imposed on them by the existing law on working time. But it is also notable that only nine per cent of establishments said they had needed to change their working time arrangements in order to comply with the introduction of the 48-hour working week limit. However, 30 per cent of the largest establishments said they had been required to change their working arrangements in order to comply with the regulations but only eight per cent of those had to do so in the manufacturing/construction sector. The extension of legal entitlement to paid holidays under the same regulations has also made little impact on most establishments because they were already providing the requisite amount of time off. Only 14 per cent of managers said they had needed to increase the number of paid days away from work as a result of the working time regulations.

However, there is incontrovertible evidence that employment regulation - some of it dating back thirty years - is becoming an increasingly time-consuming preoccupation for Britain's managers. A growing number of their employees are becoming much more aware of their legal rights in work and more ready than in the past to seek to uphold them. A dramatic increase has occurred in the importance of employment issues in the workplace for management to deal with. Over the twelve months to September 2002, as many as 40 per cent of managers in the largest establishments employing 500 or more workers said some of their employees had taken their organisation before an employment tribunal with a complaint alleging unfair dismissal. Managers in 42 per cent of establishments said that the number of unfair dismissal cases in their organisation had grown in the past twelve months and only nine per cent said that the number had decreased. As many as 46 per cent of manufacturing establishments said the number of unfair dismissal cases they had experienced had risen over the past twelve months compared with 54 per cent in business and financial services and only 29 per cent in wholesale and retailing and 36 per cent in public services. In addition, 29 per cent reported that the number of out of court settlements reached with disgruntled employees had increased during the past twelve months. This contrasts with eight per cent who said the number had decreased and 47 per cent that they had remained about the same. As many as 41 per cent of manufacturing establishments said there had been an increase in such out of court deals.

There is clear evidence of an increase in the amount of litigation coming from employees that is being experienced by managers in their workplaces. As many as 16 per cent said that their companies had had to spend more money on legal advice over employment issues over the past three years compared with only six per cent who said they had spent less and 67 per cent about the same. Managers are also having to devote much more of their time to dealing with employment matters than before. As many as 49 per cent in the survey said the amount of time spent on such issues had risen over the past three years compared with a mere two per cent who said it had grown less. Clearly most managers may have stayed close to the minimum of what is legally required with new workplace rights but the rise in problems with employees that managers are having to face has grown much more substantial.

Employment regulation, some of it dating back thirty years, is becoming an increasingly time-consuming preoccupation for Britain's managers.

Table Four - The Rising Importance of Employment Issues

<i>In general over the last three years would you say that the amount of management time devoted to employment matters has increased, decreased or remained about the same?</i>			
%	Increased	Decreased	Remained about the same
<i>Manufacturing/Construction</i>	45.3	1.9	52.3
<i>Wholesale/Retail</i>	43.5	2.6	52.5
<i>Transport, Storage, Communication</i>	62.4	2.6	31.6
<i>Financial and Business Services</i>	53.1	3.2	41.6
<i>Public Services</i>	57.1	1.9	40.3

Table Five - Rising Recourse to the Law

<i>In the last 12 months have any of your employees taken your organisation to an employment tribunal alleging unfair dismissal?</i>			
<i>%</i>	Yes	No	Don't know
<i>Manufacturing/Construction</i>	7.9	91.1	1.1
<i>Wholesale/Retail</i>	4.9	93.2	1.9
<i>Transport, Storage, Communication</i>	5.9	94.1	00
<i>Finance and Business Services</i>	5.9	91.2	2.9
<i>Public Administration</i>	7.7	90.7	1.6
<i>All</i>	6.1	92.1	1.8

Where a trade union is present, an employee is less rather than more likely to take legal action because existing bargaining or consultation procedures may offer a credible alternative.

The reasons for such a significant upsurge in the resort to litigation may be little to do with any growth in trade union assertiveness in establishments. Indeed, the evidence suggests that the desire by individuals to seek such redress is greater in firms who do not recognise trade unions than those that do. It might be suggested that where a trade union is present, an employee is less rather than more likely to take legal action because existing bargaining or consultation procedures may offer a credible alternative. The more favourable labour market climate has clearly strengthened the position of individual employees while well-publicised generous legal settlements for those claiming to suffer from unfair dismissal or discrimination at work may have encouraged some workers to test their grievance through the law. Whatever the cause, it is of deep concern to many managers. The sheer complexity and opaqueness of much employment regulation may be an added factor that is encouraging litigation. The lack of knowledge among managers about what is required to comply with the law cannot be overlooked either as a problem.

However, it is also evident that many establishments remain reluctant to develop a range of benefits for their staff that might help to encourage greater loyalty and commitment from them. There has been a relatively limited advance in benefit levels for most employees that go beyond any minimum legal provisions. Only 54 per cent of all establishments offer sick pay to all of their employees beyond the level of the basic Government scheme while 15 per cent provide it for some but not every employee. Here, the larger establishments are more generous with 89 per cent saying they offer all employees more than the statutory minimum in sick pay. Under a third of the smallest establishments offer none of their employees any additional sick pay entitlement at all. Only just over half of establishments provide occupational pension schemes for all employees beyond the basic state scheme and a further 16 per cent said this was available to only some of those working for them. Again, the smaller establishments are far less likely to provide any occupational pension scheme at all to their employees. As many as 39 per cent of those employing five to ten workers do so and 26 per cent of establishments with 11 to 24 employees. Most establishments do not provide subsidised or free meals, nor assistance in the cost of travelling to work or financial help or loans in house purchase. This may be surprising in the tight labour markets of the south east of England and London where labour shortages in key posts are substantial and lower paid

workers like nurses, police and bus drivers find it hard to survive with a reasonable standard of living. As many as 64 per cent of establishments do not make any private health insurance available to any of their employees. Even 40 per cent of managers in the larger establishments did not do so. But 22 per cent of all establishments said some but not all of their staff enjoyed access to private health insurance.

Table Six - The Limits of Occupational Pensions

<i>Is an occupational pension scheme beyond the basic state scheme available to all employees, only to some or not available at all?</i>						
<i>Establishment Size</i>						
<i>%</i>	<i>5-10</i>	<i>11-24</i>	<i>25-99</i>	<i>100-499</i>	<i>500-1000+</i>	<i>Total</i>
<i>All</i>	43.2	52.7	61.0	77.8	90.0	50.8
<i>Some</i>	15.1	19.3	15.7	12.3	10.0	16.4
<i>Nobody</i>	39.7	26.5	22.2	8.6	00	31.2

The limited, restrictive and uneven range of benefit entitlements to employees on display in the *Change in Employer Practices* survey does not suggest establishments are encouraging staff retention and promotion by making their non-financial benefits on offer either more generous or more available to all employees. By the standards of continental Europe where social rights for employees have been entrenched in laws and codes as well as collective agreements for a long time, the vast majority of Britain's workplaces are not responding voluntarily to the needs of their employees by introducing enlightened human resource management practices in the form of generous benefits or positive flexibility that is in the interests of employees and more productive workplaces. What modest progress has been made in recent years may owe a great deal to the introduction of European Union inspired regulations but we are far away from seeing the emergence of more enlightened establishments who believe they can improve their employees' productivity and business performance through the pursuit of a social rights agenda. Managers are pragmatic enough to adapt to change in the way they treat their employees when it is required of them but few seem willing to take any positive initiative to introduce workplace reform to meet worker demands or aspirations.

The Extent and Limits of Workplace Voice

IT IS WIDELY BELIEVED THAT BRITAIN'S TRADE UNIONS are finding it increasingly difficult to reverse the remorseless net decline in membership that many of them have suffered from for almost twenty years. But the *Change in Employer Practices* survey suggests that the trade union recognition provisions of the 1999 Employment Relations Act are making some impact. As many as five per cent of all establishments surveyed said they had carried out some trade union recognition over the past twelve months. Moreover, 24 per cent of all unionised establishments said they had granted some trade union recognition to some employees during the past twelve months. A quarter of the largest said this had happened but even a third of those employing between 11 and 24 workers reported a

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similar trend. Even more surprisingly 31 per cent of unionised establishments in the wholesale and retail sector said they had granted some trade union recognition within the past twelve months, compared with 21 per cent of those in manufacturing, 17 per cent in business and financial services and a quarter of establishments in the public services.

It is possible that some of the managers surveyed misunderstood the nature of the question they were being asked and unfortunately no supplementary one can provide us with additional data with which to develop some sensible explanations for what looks like a high level of union recognition. There is also a margin of error of around two per cent. But if the overall figures appears to be an over-estimate of the extent of union recognition, they may nonetheless give some trade unions unexpected encouragement. They seem to suggest that quietly and without much fuss some pragmatic managements are coming to terms with the new legal regulations on trade union recognition that were introduced in 2000. Early empirical evidence from the *National Labour Force Survey*, the *Certification Office Annual Returns* and the *Trades Union Congress* have all pointed to only modest signs of any trade union net advance by means of formalised recognition agreements. But the latest data suggest the pace of change on trade union recognition may have improved a little during the course of 2002. It is true that the TUC's own figures are not strictly comparable to those contained in the survey. They count only the number of recognition agreements. But the new survey is concerned with the number of establishments subject to such agreements. One possible explanation for the growth in recognition may be that an increasing number of companies accept that the recognition provisions are here to stay on the statute book for the foreseeable future with no prospect of any change of Government and so it makes pragmatic sense for managers to accommodate the new law rather than try to resist or bypass the recognition provisions. However, other explanations are also worth considering. Trade union recognition, as understood by the human resource managers in the survey, could include a variety of changes such as an extension of existing recognition arrangements to an additional group of workers as well as the use of recognition to cover grievance/disciplinary procedures and not necessarily wage bargaining. But these findings need to be tested and treated with care. They might suggest that some trade unions are in a better strategic position than most have yet appreciated to take the organisational offensive with a real chance of success.

Table Seven - The Extent of Trade Union Recognition

<i>Have you granted trade union recognition in the last twelve months as a percentage of all establishments?</i>			
<i>%</i>	No	Yes	Don't Know
<i>Manufacturing/Construction</i>	94.8	4.3	8.0
<i>Wholesale/Retail</i>	94.1	3.9	2.0
<i>Transport, Storage and Communication</i>	98.3	1.7	00
<i>Finance and Business Services</i>	96.5	2.4	1.1
<i>Public Administration</i>	86.2	11.4	2.4

<i>Establishment Size</i>			
<i>%</i>	No	Yes	Don't Know
<i>5-10 employees</i>	97.3	1.6	1.1
<i>11-24</i>	92.8	5.8	1.3
<i>25-99</i>	86.9	10.2	2.8
<i>100-499</i>	82.7	14.8	2.5
<i>500-1000+</i>	80.0	20.0	00

What the survey does not indicate, however, is what kind of role trade unions are playing in the workplaces where they have gained recognition and whether it has led to any serious advance in the extent of the bargaining agenda. This question is, however, addressed by other research under the Future of Work Programme as reported in my first report on the *Future of Employment Relations*, published in September 2001. The earlier evidence we have seen on the uneven and limited impact of family friendly policies and other recent social regulations as well as the lack of much managerial generosity or innovation in developing benefit packages does not reveal any sign of a positive trade union impact on most workplaces.

Moreover, other significant evidence in the *Change of Employer Practices* survey on the levels of wage determination as well as control and surveillance of employees point to an increasingly limited role being open to independent trade unions in many establishments. One of the most important developments recorded is the increasing use that is being made of appraisals on a regular basis by management to measure the performance of individual employees. As many as 75 per cent of managers said this method was now in operation in their establishments. In the public services sector the proportion was a high 89 per cent, while in finance and business services it came out at 82 per cent and in wholesale and retail 74 per cent. The lowest resort to individual performance appraisal was in manufacturing and construction at 63 per cent. It is also clear from the survey that just under 90 per cent of managers said that all employees in their establishments that used appraisals were regularly appraised and not just specific groups in the workforce. Nearly a third of managers said there were plans to extend or introduce such appraisal to other grades over the next twelve months. Regular individual employee appraisal is now apparently a commonplace reality in most of Britain's establishments.

On the other hand, individual appraisals are not automatically being used in the determination of the level of an employee's pay or their wider remuneration package. As many as 46 per cent of managers said decisions on an employee's specific wages did not depend on the outcome of their individual appraisal. Two thirds of those in the public services sector said it did not do so and 49 per cent in wholesale and retailing. It seems that while appraisals have become commonplace in the public sector, they are not being used by management there to improve individual pay. Many may well ask what the point of accumulating so much data on performance is if it does not have any relevance to

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A remarkably large proportion of establishments do not provide their employees with even the most modest access to information about their activities.

remuneration. However, there was a much greater relationship between individual appraisal and pay in manufacturing/construction where 61 per cent of managers said this applied in their establishments and 62 per cent in finance and business services.

But if we are witnessing more appraisal, surveillance and control over individual employees by management in establishments, other evidence in the survey indicates only modest advance in the extension of worker voice. There does appear to be a wide if limited variety of consultation and information arrangements for employees in a growing number of establishments. But whether this amounts to any improvement in the general level of worker participation is quite another matter. Only 26 per cent of managers in all establishments said they had either a staff committee or works council where management consulted with employee representatives. But the proportion was more substantial in the public services, where as many as 46 per cent said they had such arrangements, than anywhere in the private sector. The proportion fell as low as 17 per cent in manufacturing/construction. But it seems more information and consultation by management with employees was going on in establishments in wholesale and retailing (24 per cent) and finance and business services (23 per cent). Just under a third of publicly listed companies operated formalised staff committees or works councils with their employees.

The extent of employee suggestion schemes was also not noticeably widespread. Only 52 per cent of all establishments reported such arrangements, with 44 per cent doing so in manufacturing, 59 per cent in wholesale and retailing and 50 per cent in finance and business services. The proportion was highest in the public services at 52 per cent. It is true as many as 87 per cent of managers in the survey said their establishments provided employees with briefing meetings but over a quarter of manufacturing establishments did not do so, nor 20 per cent of those in wholesale and retailing and 19 per cent in finance and business services. Such findings indicate a remarkably large proportion of establishments do not provide their employees with even the most modest access to information about their activities. The forthcoming regulation on the provision of information and consultation systems for employees required under European Union law may make some impact. But as in so many other areas of workplace life, Britain's establishments still have a long way to go before they can enable their employees to enjoy access to any meaningful sense of participation in the workplace of even the most limited kind.

Britain's Management Problem

OTHER RESEARCH BEING CARRIED OUT UNDER THE ESRC's Future of Work Programme has been examining the extent to which establishments are utilising new human resource management techniques to improve corporate performance. A survey carried out in July 1999 by Birkbeck College management school of 610 managers responsible for human resource management and 462 chief executive officers from a cross-section of 835 organisations provides us with a bleak picture of what is going on. In its first report, published in 2000, it suggested that 'most managers pay only lip service to the idea that most people are their most important assets.' (*Effective People Management*, Chartered Institute of Personnel and Development 2000, p ix). Only one in ten of them strongly agreed that 'people issues are a top priority ahead of financial or marketing issues.'

Professor David Guest and colleagues drew up a check list of what they regard as 18 typical human resource management practices but they found that only one per cent of companies had more than three quarters of them in operation and only just over a quarter even applied more than half of them.

The Birkbeck research project has suggested that most company senior executives are 'at best only dimly aware of recent research on people management and performance.' (*Voices from the Boardroom* CIPD 2001) Apparently few firms are bothering to make use of either outside consultants or management gurus in determining their human resource management priorities and hardly any of those interviewed even mentioned anything they had read that had influenced their way of thinking on how employees should be managed. While apparently many employers acknowledge that it might make business sense to invest in people management techniques, most of them think it is preferable to improve the quality of leadership and management rather than adopt piecemeal or as a package human resource practices. It is line managers who are regarded in companies as of the most strategic importance in the improvement of workplace performance and not any specific human resource practice. Moreover, few companies believe human resource managers really have a valuable supportive role to play among their boardroom colleagues. Executives tend to trust their own practical experience rather than look to research findings on what is best to motivate their employees. As the 2001 Birkbeck report concluded, "While endorsing the view that investment in people management might improve corporate performance they believe they are already doing fairly well in this respect, do not see this as a top priority and also see barriers to significant improvements."

But the study also argues that the evidence supports the view that there is a 'positive association' between an establishment's performance and the greater use of human resource practices across the workforce. This was seen to be particularly true in the manufacturing sector. Despite the tentative nature of many of these findings, the research suggests establishments that introduce a bundle of human resource techniques rather than separate ones in an ad hoc fashion are more likely to prove successful. However, the empirical evidence of interviews with chief executives underlines just how far we still need to go before human resource questions rate a high priority in overall corporate strategy. "The most commonly held view was that human resource management should play a supporting role for line management," it argues. "There was little expectation that beyond the human resource director, the human resource function could or should play a strategic role or be active in shaping the people component of business strategy." The overall conclusion is somewhat pessimistic. As it argues: "Executives seem to think about human resource management as a set of piecemeal initiatives, intended to maximise the contribution of each individual for the duration of their stay in the organisation, rather than as a coherent set of mutually supporting practices. On this basis, we cannot necessarily expect to see a wholesale implementation of high performance human resource management practices in UK organisations - unless such initiatives, individually or collectively are very clearly perceived to be of value in improving the way managers manage."

It is line managers who are regarded in companies as of the most strategic importance in the improvement of workplace performance and not any specific human resource practice

The new range of research coming from the Future of Work Programme provides convincing evidence that amply justifies the Government's increasing concern about the condition of British management. It is true there is a good deal of change going on in establishments across every sector of the economy but it does not look as though many managers are yet addressing the specific concerns and immediate needs of their employees who are experiencing both continuity and change. Ministers believe much of the explanation for the country's relatively low productivity performance stems from a systemic failure by management. Most establishments are not introducing human resource management techniques nor developing imaginative and generous benefit packages designed to encourage staff retention and training and reduce labour turnover. The new employment regulations, derived mainly from European Union practice, are still making only a limited impact on establishments. However, there are clear signs of a rising culture of litigation among many discontented employees. Most establishments seem uncertain about applying the fashionable idea that they should sub-contract or franchise out many or most of their current non-core functions to other establishments. Instead they appear to favour the encouragement of more internal mobility of labour within their own enterprise and in-house recruitment through means of promotion and regular employee appraisal. There is much less emphasis on a hire and fire approach to labour among managers and a keener concern to attract and retain existing employees more by offering the inducements of greater cash remuneration packages than from adopting family-friendly employment strategies and developing more humane workplaces. Information technology is certainly in widespread use across most establishments but managers are not yet exploiting its full potentialities in their organisations as much as might have been expected. No doubt, this will happen in the next few years.

Managers in Britain remain much more pragmatic than ideological in their attitude to work organisation.

On the other hand, the abiding impression left from the evidence emerging from the views of management is that we are experiencing far more continuity in corporate attitudes on employment issues than modernizers may appreciate. However, some pointers to the future suggest this attitude is starting to change, if only slowly and usually under the combined external pressures of increasing competition, more regulation and a tight labour market for skilled and professional staff. Managers in Britain remain much more pragmatic than ideological in their attitude to work organisation, ready to adapt or accommodate themselves to workplace reform if required to do so by the law. The evidence may suggest that companies are prepared to change positively when they are compelled to do so by regulations that are applicable to all of them.

Another conclusion to draw from this report, however, is that we need to be very careful that we do not simply replace one exclusive model of looking at the development of workplace change by another. It may be unpalatable to some but the non-union establishment is far more common now than the unionised in the private sector. Non-unionism is likely to grow in importance in the way in which paid work is being organised. But the research findings from the Future of Work Programme do not suggest this unquestionable development is going to usher in a new age of enlightened, progressive management ready to transform well-meaning rhetoric into practical action in the workplace. The alternative model to trade union/company collective bargaining and negotiated and formalised rules and procedures still remains unclear and problematic. The dangers of a return to the master-servant relationship of pre-industrial societies are

real enough. The research findings of the *Workplace Relations Survey* in 1998 may suggest high performance workplaces are those which have recognised trade unions and established forms of collective agreement to ensure change is reached through consent and not by imposition. The evidence does not indicate this is a generally agreed way forward for companies that are responding to the ceaseless challenges imposed upon them by intensifying competition.

However, a more fundamental problem for employment research is becoming increasingly clear from the management findings of these ESRC-funded surveys. We are going to need to place the study of the future of paid work into the much wider context of the political economy as a whole. Work cannot stand alone in relative isolation. It is intricately linked to the complex structure of companies, to the distribution of capital's power and authority, to the activities of volatile financial as well as more competitive product markets, and to the substance and enforcement of both national and international regulations and laws by the state and other public bodies that govern the way in which business is conducted in the modern world. The important findings contained in this report provide us with vital evidence that can help to point us in the right direction. But one thing is clear. We still have a long way to travel before we can really begin to understand how paid work can and will be organised in the future.

The intellectual challenge for future research in the world of work is therefore to reach beyond the narrow, often inhibiting self-imposed constraints of so much social analysis that too often limits our understanding of what is actually going on inside companies and among their employees in advanced market economies. This means drawing upon a more diverse range of recognised academic disciplines - economics, sociology, law, psychology, geography and above all history - in a more holistic approach to the complexities of workplace continuity and change. The interim findings coming from the *Change in Employer Practices* survey, coupled with the research being carried out at Birkbeck, suggest we are just at the beginning and not near the end of a more expansive and rigorous approach to the study of the way in which human beings are being managed at work in contemporary Britain.

Robert Taylor is media fellow on the Future of Work Programme of the Economic and Social Research Council. He is also a research associate on the Leverhulme-funded Future of The Trade Unions Project at the ESRC Centre for Economic Performance in the London School of Economics and Political Science.

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Contacts

For further information on the Future of Work Programme please contact:

Programme Director

Professor Peter Nolan

Montague Burton Professor of Industrial Relations
Western Campus
University of Leeds
Leeds LS2 9JT

Telephone: 0113 343 4460
Fax: 0113 278 8922
Email: P.J.Nolan@Leeds.ac.uk

Programme Administrator

Glenda Smith

Western Campus
University of Leeds
Leeds LS2 9JT

Telephone: 0113 343 4504
Fax: 0113 278 8922
Email: G.Smith@Leeds.ac.uk

Website:

www.leeds.ac.uk/esrcfutureofwork

Specific details on Managing Workplace Change can be obtained from the following investigators:

Dr Michael White

SENIOR FELLOW
Policy Studies Institute
100 Park Village East
London NW1 3SR

Telephone: 020 7468 0468
Fax: 020 7388 0914
Email: m.white@psi.org.uk

Professor Stephen Hill

PRINCIPAL
Royal Holloway College
University of London
Egham, Surrey TW20 0EX

Telephone: 01784 443033
Fax: 01784 472005
Email: stephen.hill@rhul.ac.uk

Professor Jonathan Michie

SAINSBURY PROFESSOR OF MANAGEMENT
Clare Management Centre
Birkbeck College
University of London
Malet street
London WC1E 7HX

Telephone: 020 7631 6761
Fax: 020 7631 6769
Email: j.michie@bbk.ac.uk

Professor David Guest

PROFESSOR OF HUMAN RESOURCE
MANAGEMENT AND
ORGANISATIONAL PSYCHOLOGY
The Management Centre
King's College, London
150 Stamford Street
London SE1 9NN

Telephone: 020 7848 3723
Fax: 020 7848 3723
Email: david.guest@kcl.ac.uk



Future of Work

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Economic and Social Research Council
Polaris House
North Star Avenue
Swindon SN2 1UJ

Telephone: 01793 413000
Facsimile: 01793 413001
Email: exrel@esrc.ac.uk

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