Job Insecurity and Work Intensification

Edited by Brendan Burchell,
David Ladipo and
Frank Wilkinson

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Job Insecurity and Work Intensification

Based on the findings of the recently published Joseph Rowntree Report, this book provides an up-to-the-minute review of current research on flexibility, job insecurity and work intensification. It examines the impact of these developments on individuals, their families, the workplace and the long-term health of the British economy, as well as providing an analysis of the impact across a wide range of other countries including the United States, France, Germany, Sweden and Japan. Key questions addressed include:

- How are jobs more insecure?
- Does 'just-in-time' labour mean more flexible contracts or more flexible workers?
- How does workplace stress affect individual health and family relationships?
- What are the business costs of stress and insecurity?

Timely and thought-provoking, *Job Insecurity and Work Intensification* is essential reading for all those involved in the fields of employment relations, human resource management (HRM) and the sociology of work.

Brendan Burchell is Senior Lecturer in the Faculty of Social and Political Sciences, University of Cambridge. **David Ladipo** is Lecturer in Sociology and Social Policy, University of Nottingham. **Frank Wilkinson** is Reader in Applied Economics, University of Cambridge.

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Introduction

The research upon which this book is based was initiated at a time of unprecedented interest in job insecurity. By 1997, it was widely assumed that job insecurity had increased rapidly over the past decade.[1] There was also an emerging understanding that job insecurity was not only unpleasant for individuals (in terms of their psychological well-being), but that it raised serious problems for family stability and for organisational efficiency by lowering the commitment and motivation of employees. But while the popular press began to pay more attention to the negative consequences of job insecurity, the need for a flexible workforce that could compete in global markets was becoming the top priority for managers and policy makers alike.

In light of this contradiction between the fear of insecurity and the demand for flexibility, we embarked on a year-long survey of the British workforce. Brendan Burchell and Frank Wilkinson raised the funds for the project and steered it through the initial planning stages. Maria Hudson, David Ladipo and Hannah Reed were appointed as research fellows on the project. Roy Mankelow, a Research Associate of the Centre for Business Research, joined the project for its duration. And Jane Nolan and Ines Wichert took up PhD places, funded by the Economic and Social Research Council, to work alongside the project as full members of the research team. The addition of so many members of the team, many of them unplanned, gave the project a far wider remit than initially planned. Between us we brought expertise from Economics, Economic History, Labour Law, Social and Organisational Psychology and Sociology.

As this book demonstrates, our research interests were not limited to one specific labour market phenomenon. On the contrary, we sought to examine the complex set of relationships through which macroeconomic pressures, such as the globalisation of product and capital markets, are passed via the workplace onto individuals and their families. To do this, we needed a methodology that would reflect the 'big picture' and still enable us to conduct detailed analyses of the microeconomic effects of job insecurity and work intensification. This simultaneous requirement for depth and breadth was achieved by a combination of qualitative and quantitative data collection and analysis.

During the course of our survey, we interviewed dozens of managers and hundreds of employees. As the fieldwork progressed, our ideas and prior assumptions were constantly challenged and, in some areas, our final conclusions differ quite markedly from the ideas we held at the beginning of the project. And perhaps the most significant change in our conception of the phenomena we observed was that we needed to broaden our notions of job insecurity. To start with, we had to recognise the distinction between job *stability* (as measured by the length of time individuals spend with their employer) and job *insecurity* (as measured by the fear of job loss). But the results of our work quickly indicated to us that feelings of insecurity are not restricted to the fear of job loss. Debilitating anxieties can also be triggered by workplace changes which threaten to deprive workers of their control over the pace and flow of work, and the enjoyment of reasonable working hours.

Our findings also suggested that the *intensification* of work could prove an even greater problem – in terms of stress, psychological health and family tension – than the prevalence of job insecurity. Hence the range of topics addressed within this volume. Over the following chapters, we will describe the pressures on organisations and show how they have responded to these pressures by reorganising their workforce. We will analyse the implications of these changes for workforce insecurity and indicate the extent to which the working lives of employees have been changed for the better or worse. We will also consider the ways in which these changes have affected their trust in management and the related need for effective representation. And, towards the end of the book, we examine the extent to which job insecurity and work intensification are affected by the laws and institutions which regulate the market economy.

The JIWIS sample

The twenty workplaces included in the Job Insecurity and Work Intensification Survey (JIWIS) were not a random sample of UK workplaces, but were chosen to reflect a diverse set of industries, sectors and sizes. The majority were, for convenience, based in East Anglia, but in order to obtain some of the specific cases we were after, we also went as far afield as Wales and Scotland. Two were chosen because they had been widely reported in the media as having zero-compulsory-redundancy policies. We often sampled organisations in pairs, to look at different reactions to similar external pressures: we interviewed in two financial services organisations, two Further Education colleges, two privatised utilities and two employment agencies. Some of the organisations were very profitable, others were declining. Because of our special interests in midwifery, we included six birthing units in our sample. The public and private sectors were both represented.

In some cases we were unable to access certain types of employers. For instance, dozens of security and cleaning sectors (renowned for their poor employment conditions) were approached, but none of them would agree to take part in the research. But overall we were confident that we saw a very heterogeneous range of employment practices. A full list of these organisations is given in Appendix A.

The fieldwork

In order to collect data from the organisations, we interviewed at three levels in all of the organisations: senior managers, line managers and employees.

In each organisation a senior manager was interviewed, usually by two members of the research team. In some cases, in order to get an authoritative response to the complete range of questions, more than one senior manager was interviewed – typically one in the personnel or human resources department, and one with more general responsibilities. These interviews typically lasted about two hours, and covered a wide range of topics from employment practices and policies to product markets and profits. Both qualitative and quantitative data were collected, and a detailed case study for each of the organisations was written soon after the interviews.

Employees were also interviewed in the workplace (with the exception of some of the agency workers, who were interviewed in their own homes). A total of 340 employee interviews were conducted, each lasting an average of just over an hour. Employees were also asked to fill in a self-completion questionnaire, usually before they met the researcher: this took an average of about thirty minutes. (The more straightforward closed questions were typically included in the self-completion questionnaire, and the more complex sections with multiple skips and open-ended questions were administered face-to-face.) Occasionally the self-completion questionnaire was also administered face-to-face, for instance in cases where the respondent had poor literacy skills.

The number of employees interviewed in each establishment was roughly proportional to the size of their organisation. These interviews were conducted over a period of approximately twelve months, from late 1997 to late 1998. Eighty-four of the 340 employees were midwives; the rest of them formed a fairly representative cross-section of the population (where the results are substantially different with and without the sub-sample of midwives, this is made clear in the presentation of results). Where possible, line managers were also asked to comment (in a self-completion questionnaire) on the security of the jobs performed by the employee respondents and the relative scarcity of their skills.

The quality of the employee data differs from that of more conventional cross-sectional surveys. For instance, although the employees in our sample did seem to be fairly representative of the UK workforce (when we compared some of the important demographic and attitudinal data to the results of other surveys) this was perhaps more by luck than design. On the other hand, because we achieved close to a 100 per cent response rate from the employees we selected to interview, other biases were minimised (many postal questionnaires achieve response rates below 10 per cent). Our data has its limits – in terms of size and diversity – but it is more than adequate for the statistical analyses included in the empirical chapters in this book.

The selection of employees was done in collaboration with managers, to get a wide cross-section of employees at all levels within the organisation. In some cases we were able to timetable the interviews to spread them evenly through the day. In other cases, where employees had to be prepared to respond to unpredictable demands (such as on birthing units) the researchers often had to wait around in the workplace, interviewing the selected respondents as the opportunities arose.

An unusual feature of the research was that the employee interviews were not conducted by a market research organisation, or by junior research assistants. Everyone in the research team took part in these interviews. Although this was a very time-consuming task, we are of the opinion that by immersing ourselves so fully in the data we got a more detailed feel of the workplaces and the lives of the employees than if we had subcontracted out the data-collection phase of the research. When several of us had spent several days each in a workplace we felt that we understood the phenomena that we were studying in a way that one never achieves in secondary data analysis.

Finally, twenty-six of the employees were re-interviewed, usually in their own homes. This interview was considerably less structured than the initial interviews. A wide variety of employees was again selected for re-interview, but with a moderate over-sampling of the less secure employees. The topics covered in these interviews included empowerment, representation, work, family life and social support. These interviews also gave the researchers (usually the same one who conducted the initial structured interview) a chance to explore changes over the time-period between interviews, which ranged from over a year to just a few months. These interviews were tape-recorded and transcribed for later analyses using ATLAS, a qualitative data analysis package.

The scope of our analysis

The scope of our analysis has widened considerably since the publication of our report to the Joseph Rowntree Foundation in September 1999 (Burchell *et al.* 1999). The main thrust of that first phase of dissemination was to put our findings and conclusions into the public domain, and bring them to the attention of as many policy makers as possible. Satisfyingly, the conclusions of the research quickly found their way into trade union newsletters, government reports and academic articles. Our findings were also widely reported on UK television and radio broadcasts, and in scores of articles published by the broadsheet and tabloid newspapers. The reactions to our research have been overwhelmingly positive, with both employees and employers resonating to our findings, although we also had a few fierce critics.[2]

This book builds upon those early findings but we have used the intervening period to analyse the data in more detail and set our research in the context of wider academic and policy debates. Where possible, we have compared the information contained in the JIWIS data with the evidence obtained from larger, more representative, surveys such as the British Household Panel Survey, the Workplace Industrial Relations Survey, the British Social Attitudes Survey and the various surveys conducted by the Institute for Personnel and Development. Our analysis of job insecurity and work intensification has also been extended to include other countries besides the UK. We have conducted a broad review of the international literature on job insecurity and occupational stress together with a more detailed analysis of the data contained in the European Survey of Working Conditions and the US General Social Survey.

The contents of the book

We have arranged and edited the chapters so that the book can be read in a linear narrative fashion. But because each chapter addresses a particular aspect of job insecurity and work intensification, the reader is free to engage with our analyses in a thematic (non-sequential) fashion.

In Chapter 1, David Ladipo and Frank Wilkinson examine the competitive pressures imposed upon employing organisations by technological innovations, trade globalisation, and the growth (and deregulation) of the capital markets. They show how these pressures are passed on to the labour force through the demand for increased 'flexibility' and they chart the erosion of some of the laws and institutions which had traditionally protected workers from the threat of unfair dismissal or excessive workloads.

In Chapter 2, Maria Hudson investigates the measures adopted by employers in response to the demand for flexibility. She shows how redundancies, lay-offs, natural wastage and other forms of 'downsizing' are viewed – by even the most secure and profitable companies – as an opportunity to reorganise traditional working practices and transform the attitudes, values and organisational culture of the core workforce. But she also reveals that, for many organisations, the impact on productivity, costs and managerial control has proved less favourable than initially anticipated. The stress and insecurity generated by these initiatives has damaged the psychological contract between employers and employees and made it increasingly difficult for managers to retain the goodwill and cooperation of their workforce.

In Chapter 3, Brendan Burchell examines the rise in job insecurity in the UK and the US and identifies the groups that have been most affected. He also charts the growth in the proportion of workers, in each of the EU member states, who spend ‘most’ or ‘all’ of their time working at speed or to tight deadlines. For some countries (e.g. Greece and Luxembourg) this growth has been negligible. But, for other countries – and the UK in particular – the past ten years have witnessed a worrying increase in the percentage of the labour force employed under intense working conditions.

In Chapter 4, Maria Hudson suggests that the anxieties triggered by the drive towards flexibility are not restricted to the fear of job loss or the intensification of work. Citing evidence from both the UK and the US, she argues that many employees are worried not because they might lose their jobs *per se* but because they are threatened with the loss of valued job features. Faced with the de-layering of occupational hierarchies, they are scared of losing their promotion opportunities. And, confronted with a rapid growth in wage disparities, they are anxious about their pay relativities and frustrated at the emergence of inequalities which they perceive as unjust and unmerited.

In Chapter 5, Ines Wichert explores the impact of job insecurity and work intensification on the individual’s psychological health and well-being. Her analysis suggests that it is not just the *transition* from secure to insecure work (and from challenging to overtaxing workloads) that employees find stressful. Having made the transition, our minds and bodies do not ‘adjust’ to higher levels of job insecurity and work pressure. On the contrary, the longer we remain subject to these phenomena, the more we exhaust our capacity to cope with stress. This is not to say that insecurity and pressure affects everybody in the same way and to the same extent. Each of us is subject to a range of personal, social and environmental ‘moderators’ that influence our resilience and vulnerability, and thus our susceptibility to the adverse effects of job insecurity and work.[3] And, in considering the role of these moderators, this chapter pays particular attention to the moderating role of social support, that is, the help received from ‘significant others’.

In Chapter 6, Jane Nolan shows how the stress associated with job insecurity and work intensification spills over into people’s family lives. She examines the various factors which moderate (or exacerbate) this process, for example, the gender of the respondent and their responsibility for young children. Her analysis suggests that the achievement of an equitable ‘work–life’ balance depends upon the willingness of organisations to offer clearly defined family-friendly policies and the active support of managers and colleagues. But her research also indicates just how difficult it can be to secure this support when managers are, themselves, under intense performance pressure.

In Chapter 7, Roy Mankelow considers the impact of job insecurity and work intensification not on individuals (or their families) but on the health and efficiency of the organisations by whom they are employed. His analysis suggests that the costs of workplace stress are not restricted to sickness and absenteeism. Excessive work pressures, as with job insecurity, damage one of the principal sources of profitability and competitive advantage, namely the goodwill of the workforce.

In Chapter 8, Ines Wichert describes some of the steps which employers can take in order to tackle the stress caused by overwork and job insecurity. She argues that managers and supervisors need to lead by example. If they themselves accept high levels of stress (and suffer from them) they will have neither the time nor the emotional resources with which to support their staff. Her analysis also suggests that a genuine commitment to reducing workplace stress must involve a widespread acceptance that stress is real, that it needs to be monitored and managed systematically and that it must not be ignored and written off as a sign of personal weakness.

In Chapter 9, Frank Wilkinson and David Ladipo endorse the claim that managers can do a great deal to improve the working lives of their employees. But they also recognise there are limits to the extent to which the individual organisation can provide a credible, and long-term, commitment to the health and security of its employees. They argue that the employer's 'duty to care' needs to be supported by the statutory protection of social rights. And they point to the vital role played by government regulation in protecting, not just the health of the individual worker, but the effective operation of the economy as a whole.

1 More pressure, less protection

David Ladipo and Frank Wilkinson

Much of this book is concerned with the impact of job insecurity and work intensification on the health and well-being of workers and their families. But in this chapter our attention will focus on the causes, rather than the effects, of stress and insecurity. In the product markets, we look at the competitive demands imposed on firms by technological innovations, trade globalisation and the commercialisation of the public sector.[1] In the capital markets, we witness the pressures exerted by dominant stakeholders, anxious for a quick and profitable return on their investments. We watch these pressures being passed on to the labour force through the demand for increased 'flexibility' and the acceleration of the pace and flow of work. We observe how the supply of labour continues to outstrip the availability of jobs, long after the economy has recovered from the recession of the late 1980s and early 1990s. We chart the erosion of some of the laws and institutions which had traditionally protected workers from the insecurities of the market; and we note, in particular, the declining power of trade unions, the weakening of employment laws and the reduction in unemployment benefits.

Technological innovation

> The world is changing very fast. We are moving from an old model economy to a new one, and every business has to find a way of transforming itself for this new economy which is coming upon us with lightning speed. Big will not beat small any more. It will be the fast beating the slow.
>
> (Rupert Murdoch, 1 July 1999)[2]

Over the past twenty years the new technologies of information and communication have accelerated the speed at which goods and services are produced. More importantly, they have increased the flexibility with which organisations source, produce and distribute their products. For example, in manufacturing industries the flexibility of electronically controlled technology means that far-reaching changes in the process of production are no longer dependent upon the increased scale of production. On the contrary, one of the major results of the new electronic and computer-aided production technology is that it permits rapid switching from one part of a process to another and allows 'the tailoring of production to the requirements of individual customers'.[3] In the Job Insecurity and Work Intensification Survey (JIWIS) sample this effect was particularly noticeable in the organisation which manufactured components for the telecommunications and IT markets. As described to us by one of the senior managers, the introduction of flexibile automation had led to a 'a dramatic change in lead times, from thirteen days to one or two days'. And in the food and drinks sector, the managing director of a large production plant told us how the introduction of computer-controlled technology was helping them to 'build to orders . . . so that we can replenish stocks as we get the signals from the retailers'.

Meanwhile, in the financial and insurance sectors the introduction of new data-processing technologies has enabled firms to automate the lower end of clerical jobs where the routine tasks 'because they can be reduced to a number of standard steps' can be easily programmed.[4] In the JIWIS sample, the two companies which worked in this sector had used these technologies to de-layer their occupational hierarchies. In both cases they had centralised and automated much of their data-processing activities and had reduced the need for middle-management supervision by introducing computerised decision-making with respect to loan agreements, underwriting and other 'risk assessments'.[5] As one of their senior managers put it: 'the new technologies give lower level staff increased autonomy so they can make decisions on the spot, on lending limits for example'.

And, across all industries, the introduction of electronic point of sale (EPOS) technology has enabled firms to produce instant updates to their stock records.[6] The result is a product market in which daily and hourly fluctuations in customer demand can be instantly fed down the supply chain thereby making it much easier for firms to operate just-in-time supply systems. In the JIWIS sample, the company most dependent on such systems was the large retailer of food and household products whose operations relied upon 'the use of information technology to feed back information so facilitating the constant flow of goods'.

Since the JIWIS survey was completed the rapid expansion of 'business-to-business' e-commerce will have accelerated the move towards just-in-time inventory management. At the time we conducted the interviews few of the companies we visited had started managing their supply chain over the Internet. But figures published by the *Financial Times*[7] suggest that by the start of the year 2000, one in four British firms were already using the Internet in their 'business-to-business' transactions, cutting the average cost per transaction from £50 to £5. As the paper dryly observes, 'using the internet for purchasing and supply enables better inventory control, and sharpens competition between suppliers'.[8]

Besides their impact on business-to-business transactions, the new technologies have also transformed the relationship between businesses and consumers. Among the JIWIS sample, several firms suggested that their customers were better informed as a result of the new information technologies and were, as a result, much more demanding. In a large financial services organisation, one of the senior managers told us that: 'our ability to control the pricing of services has to a considerable extent been eroded by competition and the ease with which customers can avail themselves of information about the products and prices of our competitors in this market'. He also noted that 'competition has come increasingly from direct tele-sales services'. Of course, the impact of telephone and Internet sales is not restricted to financial and insurance services but is noticeable across a range of different sectors. For example, when we visited a large retailer of financial and insurance services, we were told that:

> Our customers now require 'just-in-time' delivery from us in as much as they want real-time access to the booking system. People want to get it sorted out right away – a large proportion of our customers want to book when they come in . . . and customers have started to flex their muscles a little bit because they've become more savvy about the supply procedures of the operators.

But, as we discuss in Chapter 2, the organisational flexibility demanded by the new information technologies calls for a corresponding flexibility in the workforce. For when competitiveness increasingly requires higher quality, better design *and* more frequent changes in products, senior managers require more involvement and cooperation from their employees. The emphasis then, is on a combination of measures to increase the range of tasks individuals perform, improve their skills and increase their involvement by making them more responsible for quality control, coordination and management. Hence, the pressure is on to modify one or all of: the task content of jobs, the intensity of work, the number of hours worked and the timing of these hours. Or, as Castells puts it:

> Because the value-making potential of labour and organisations is highly dependent upon the autonomy of informed labour to make decisions in real time, traditional disciplinary management of labour does not fit the new production system. Instead, skilled labour is required to manage its own time in a flexible manner, sometimes adding more work time, at other times adjusting to flexible schedules, in some instances reducing working hours, and thus pay. This new time-oriented management of labour could be called 'just-in-time labour'.[9]

Globalisation

As Standing reminds us, 'globalisation is not something that suddenly happened'.[10] Many commodities have had an international character for centuries and the acceleration of international trade relative to national consumption was visible in both the 1890s and the 1990s. But, as Kitson and Michie have shown, the 'disintegration' of the world economy triggered by the Great Depression and the Second World War ensured that it was not until 1968 that the openness of the world economy returned to the level achieved in 1913. The OPEC shock of 1973 and the collapse of the Bretton Woods system temporarily slowed down the move towards a more open world economy, as did the 'monetarist' shock that introduced the deflationary policies of the early 1980s. But, unlike the 1930s, the growth in world trade continued to outpace the growth in output, albeit at a slower rate than in the 'golden era' of 1950–73. And by the last decade of the century, the globalisation of the world's product markets was accelerating faster than ever before (see Figures 1.1 and 1.2).

To a large extent the globalisation of the world's economy has been driven by the international trade in manufactured products. Indeed, the share of manufactures in world merchandise trade has increased dramatically,[11] from 52 per cent of the total in 1963 to 77 per cent in 1997. And, as a result of this globalisation of trade, the UK's manufacturers – alongside most of their OECD counterparts – found that their fortunes were increasingly dependent upon the export market. But, of course, the growth of

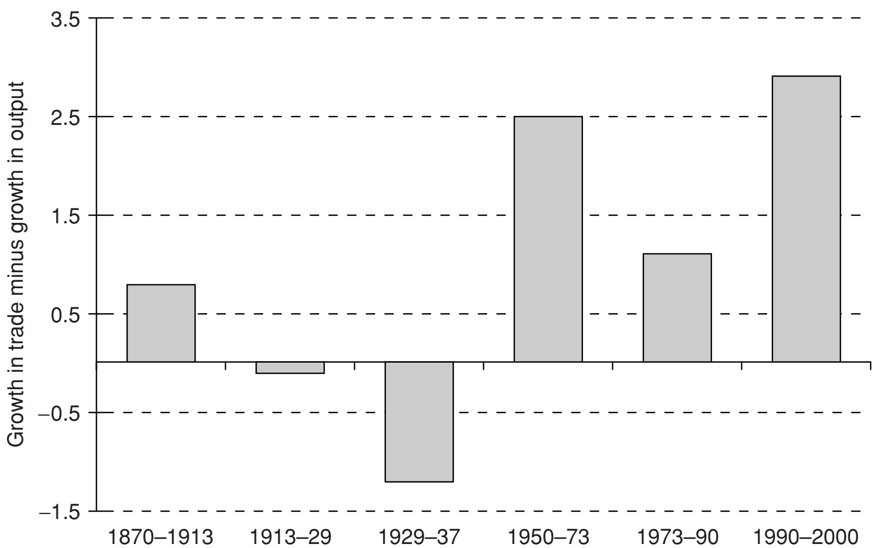

Figure 1.1 The globalisation of trade, 1870–2000

Sources: Kitson and Michie (1995, Table 1.1) and IMF (1999)