

# Healthy work: productive workplaces

Why the UK needs more “good jobs”

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*“Real progress cannot be measured by money alone. We must ensure that economic growth contributes to our quality of life, rather than degrading it.”*

*Rt Hon Tony Blair MP*

*Foreword to A Better Quality of Life, the UK’s first Sustainable Development Strategy (1999)*

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For further information about the London Health Commission, see [www.londonshealth.gov.uk](http://www.londonshealth.gov.uk)

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## Foreword

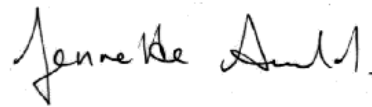
The Work Foundation and London Health Commission believe that employment is one of the key determinants of health. There is an economic and a public health case for higher quality employment – and employers and businesses alike have important and distinctive roles in promoting health and wellbeing, and in tackling health inequalities.

As part of our shared commitment to engaging employers and other stakeholders, we hosted a joint seminar series during 2004 and 2005 to address the questions: What can employers do to make employment healthy? What can policy-makers do to support this? This built on work we have been undertaking separately, such as the Commission's *London Works for Better Health* programme and the Work Foundation's input to the *Choosing Health* White Paper consultation.

Our discussion paper *Healthy Work, Productive Workplaces* brings together our thinking on the relationship between health, work and productivity. It is a challenge to government, employers and the unions to rethink their whole approach to management, job design, skills development and skills utilisation. Our call is for a more sophisticated public conversation about the linkages between work and health – we look forward to taking this forward together and hope you will join us in debating the issues and putting “good jobs” at the heart of the UK economy.



Will Hutton  
Chief Executive  
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## Executive Summary

### Health, Work and Inequality

- Work is better than worklessness and a good job is better than a bad job. The extent of illness across a population is manifested as a “social gradient” where the poor have worse health and lower life expectancy than the more affluent. The steepness of the social gradient reflects the degree of income inequality in a society – which is why the egalitarian Swedes live longer and enjoy better health than the less equal but richer Americans.
- Bad jobs are characterised by the following factors:
  - Insecure employment
  - Monotonous and repetitive work
  - A lack of autonomy, control and task discretion
  - An imbalance between a worker’s effort and the rewards they receive
  - An absence of procedural justice in the workplace

All these are important contributory factors to the “status syndrome”.

- Control is a particularly important factor. Low control consistently leads to more disease. Access to dense networks of social capital (or positive social relations) can make individuals more resilient in the face of crises.
- Promoting healthier workplaces is not just a matter of more effective health promotion policies. Employers and other stakeholders must address the root causes of ill-health in the workplace - they must launch a determined attack on the “status syndrome”.

### More Good Jobs, More Bad Jobs: The “Hour Glass” Labour Market

- Wage inequality has grown in all developed countries in the last twenty years. The phenomenon can be explained in part by technological change and an intensification of trade, but the widely differing experiences of developed countries suggest that we have considerable choice about the degree of inequality we are willing to tolerate.
- Growing inequality is also reflected in the emergence of an “hour glass labour market”, with more good jobs at the top of the earnings distribution, more bad jobs at

the bottom and a shrinking middle. This phenomenon is likely to continue for the foreseeable future.

- Nevertheless, the evidence is clear: both institutions and public policy can have a positive impact on the extent of inequality and can help to make more bad jobs into good jobs. Even though there is persuasive evidence to show that there are more “good jobs” in the UK economy than was the case 30 years ago, there is also strong evidence to show that quality of working life is declining.

### **What’s Happened to Job Satisfaction? Is Work Getting Worse?**

- It is reasonable to say that the declining level of job satisfaction can be explained as a consequence of intensifying competition, with shorter product cycles, just in time production systems and the permanent revolution of endless organisational restructuring. However, it is wrong to be relentlessly negative and important to understand that the experience of work remains positive for the majority of people. On the other hand, it would be wrong too to neglect the findings that workers have less autonomy and decision latitude than was the case fifteen years ago, that performance management has sometimes strayed into surveillance and that there remains a high level of dissatisfaction with:

- pay;
- the level of involvement in decision making; and
- employment security

All these factors are associated with the experience of the “status syndrome”.

- Employers’ skill requirements may be rising fast, but workers’ levels of formal qualification have risen faster so that an increasing proportion of employees are overqualified for the jobs that they do. This feeds lower levels of job satisfaction. Employees who are overqualified and underutilised are likely to have a keen appreciation of their status.
- It is often assumed that new forms of work organisation – multi-skilling, flatter hierarchies, more team working and joint problem solving - are all associated with higher levels of job satisfaction and better health. Recent research shows that this is not necessarily the case. Equally, while “networked” organisations may be the organisational form of the future, there is evidence to suggest that employers can only

reap the significant productivity gains available if they pay close attention to building social capital in the workplace.

### **The Public Policy Response: Is It Sufficient?**

- The government has begun to give the question of work and health some real priority. Work was a central feature of the *Choosing Health* White Paper and the Department of Health and DWP have recently published a joint strategy for health and well-being. However, many of the initiatives currently in train appear disconnected and sometimes random. In particular, the DTI is not sufficiently engaged in the agenda and there is insufficient linkage between the case for healthier work and the government's desire to improve the productivity of UK business.
- Our intention is not to be unduly critical of government, but to recognise that their public health objectives will not be achieved unless they give much closer attention to the need for more effective collaboration between government departments. At the moment policy looks like a group of lively characters desperately in search of a plot.

### **Conclusion: What More Needs to Be Done?**

- We make recommendations for action on the following fronts:
  - The need for clear political leadership, with the identification of a Cabinet Minister who can take responsibility for the full range of initiatives relating to work and health
  - An appropriate balance between labour market regulation, which can act as a catalyst for change in employer behaviour, alongside voluntary action through formal and informal business networks
  - A better-developed portfolio of business support products, delivered by the DTI through *Business Links* to equip SMEs in particular with the capacity to make complex judgments about work organisation and job design
  - More effective co-ordination across government departments and more explicit linkages between the work of ACAS and the HSE

- Regional Development Agencies must consider the promotion of high quality, healthier work as part of their strategies for sustainable economic development.
- The government should consider whether public procurement can be used to improve health at work. Public authorities ought not to do business with organisations that operate unsafe or unhealthy working practices. Moving beyond compliance, we suggest that public sector organisations should be asking suppliers about progress towards the proposed *Healthy Workplaces* standard, sponsored by Investors' in People.

## 1 Introduction

Health and work are both high on the political agenda. Since 1997, the government has undertaken a series of initiatives, sometimes related but often apparently disconnected. These policies have tended to focus on ill health and worklessness rather than their opposites - good health and good jobs – although there are promising signs of a more positive approach; for example, the proposed ‘Investors in Health’ dimension to Investors in People heralded in the *Choosing Health* White Paper and the DTI’s emerging ideas about the “high performance workplace” where productivity and fulfilling employment go hand in hand. The Department of Health and DWP have also recently issued a joint strategy *Health, Work and Well-being – Caring for our Future*. Employers too are concerned about health, or at least about sickness absence, simply because this represents a significant cost to business.

*Healthy Work: Productive Workplaces* is the culmination of research and development activity by the Work Foundation and the London Health Commission focusing on the nature of good jobs, productivity, and the role of work in improving health. In particular, it draws on ideas and insights shared via our joint seminar series *Working for Health and Wellbeing*, which ran between December 2004 and July 2005. This series was distinctive in bringing together employers (from all sectors), policy-makers and trade unions. Central to our discussions were two questions: “what can employers do to make work healthy?” and “what can policy-makers do to support this?”. Most importantly, we were looking to move the debates beyond traditional conceptions of health and safety or sickness absence, and to formulate a new agenda for health and work. As such, we explored

- The government’s developing public health agenda and the link to the world of work.
- The evidence demonstrating that “bad work” leads to “bad health”.
- The action that has already been taken by employers and unions to create healthier workplaces – and the action that is needed in the future to take the programme forward.
- The role of public institutions (government departments, NDPBs like the Health and Safety Executive and regional development agencies) in creating a supportive public policy environment to create and sustain healthier workplaces.

In this paper we offer a brief review of how and why work can have a positive and negative impact on health. Some attention is then given to emerging trends in the UK labour market and the evidence which suggests that there has been a decline in the quality of working life in the UK over the last decade. An account is given of the developing public policy agenda on work and health and we outline the further action we believe is needed to create more workplaces in the UK that are both healthy and productive – where workers find their jobs fulfilling and where employers are making the best possible use of both human and physical capital.

Our message to government and employers alike is clear:

- Employment and population health are inextricably linked.
- The case for “healthy work, productive workplaces” is proven.
- Government and employers share both the responsibility and the benefits.
- We can *choose* to promote a progressive employment agenda and healthier work.

## 2 Health, work and inequality

*When a person becomes unemployed his welfare falls for two reasons – first the loss of income, and second the loss of self-respect and sense of significance (the psychic loss). The pain caused by the loss of self-respect is (we find) at least as great as the pain which a person would feel if he lost half his income. So unemployment hits with a double whammy – the loss of the income hurts, but so does the loss of self-respect. That is why it is so devastating and we would much prefer it if people were in work.<sup>1</sup>*

*Richard Layard*

### Introduction

Most adults spend a high proportion of their lives at work. As well as income, the workplace is where many of us find friendship, fulfilment and the emotional interactions that enrich our lives. Policy makers insist with some vigour that unemployment has a corrosive effect on well-being and overall happiness. The association of worklessness with poor physical and mental health is now endorsed by a weight of unquestionable evidence<sup>2</sup>. “Work first” is a policy that is deemed to lift people out of poverty, restore their sense of self-respect and enhance social cohesion. These principles underpin the design and delivery of the various New Deals, all of which are intended to help the most disadvantaged back into the labour market. An obvious conclusion is that any government concerned about public health ought to adopt full employment as an explicit objective of public policy. Everything that follows flows from this fundamental principle, although it is not our intention here to consider those elements of economic policy conducive to the achievement of full employment.

What we also know, of course, is that there are significant differences between a “good job” and a “bad job”. Poor quality work is associated with low levels of well-being, a higher incidence of physical or mental illness, low levels of self-esteem and a sense of powerlessness. In other words bad jobs are more likely to make you ill. “Work first” may be the right objective, but both policy makers and employers should be concerned about the quality as well as the quantity of

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<sup>1</sup> Layard, *Good Jobs and Bad Jobs*, CEP Occasional Paper No 19 (2004)

<sup>2</sup> See Layard, *Happiness: Lessons from a New Science* (2005) 67-68, Marmot, *Status Syndrome* (2004) 133-139, Layard et al, *Unemployment: Macroeconomic Performance and the Labour Market* (2005)

work available in the economy. Not just full employment but full and fulfilling employment must be the goal.

An economic case for government and employers alike complements the public health case. An economy characterised by a large number of “bad jobs” will generate significant health problems that, ultimately, will fall to the NHS to address. Taxpayers pick up the bill for employers’ failure to recognise that poor work organisation and job design have an adverse impact on the health of individual employees and on organisational performance.

Indeed, employers themselves consistently complain about the number of days lost to sickness absence, reflecting the fact that this is a significant cost to the economy and one that the UK can ill afford. The CBI estimates that sickness absence represents a cost of £11.6 billion annually. It is easy to blame the phenomenon on a “sick note” culture, where malingerers feel free to take time off as and when they choose, but this ignores the underlying problems that may be driving high levels of absence<sup>3</sup>. Much of the employer response has focused on improving attendance management through better information systems, return to work interviews and increasing senior management attention on the problem. All of this is sensible and necessary but treats the symptoms rather than the causes.

### Health, the social gradient and the “status syndrome”

*Stop people smoking, substitute some lettuce and tomatoes for the fries and hamburgers and everybody would be healthy. The job would be done. Indeed, some people think that is all there is to it. Rid the world of smoking and concerns about people's place in the social hierarchy would have little to do with health. The problem with this approach is that the evidence is against it... These differences in lifestyle provide only a modest explanation of the social gradient in health.*

*Professor Sir Michael Marmot<sup>4</sup>*

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<sup>3</sup> *Sicknote Britain*, TUC (2005)

<sup>4</sup> Marmot, *op cit* 44

Most of the insights presented here are drawn from the discipline of epidemiology – the study of illness across populations and between groups in the population. It is important to understand that the explanations for *individual* illness may be different from the explanation of differences in morbidity (sickness) and mortality (life expectancy) between different *groups*. Our concern here is with work as a public health issue and we are therefore by definition concerned with collectivities rather than individuals. This means that we must explore those factors that drive differences in health outcomes between different groups in developed countries.

Workers in lower status jobs enjoy worse health and lower life expectancy than workers in higher status jobs. This is often described as the “social gradient” in health. The argument can be summarised quite simply. Workers in lower status jobs are exposed to more stressors than their more highly paid and highly qualified colleagues, which, in turn, increases the risk of mental illness, gastro-intestinal conditions and coronary heart disease (CHD). Contrary to the popular misconception, the security guard in the entrance lobby is a more likely heart attack victim than the archetypal “highly stressed” senior manager on the executive floor. Of course, workers in these lower status jobs are more likely to be affected by other negative social factors such as poor housing or unalleviated caring responsibilities. However, studies which have controlled for these elements point strongly to the significance for health of work organisation, job design and organisational culture.

We should make clear at this point what we mean by status. Drawing most especially on the research of Michael Marmot and his colleagues, we look to the importance of where someone stands relative to others in the social hierarchy and how this may be more significant for health than absolute level of resources<sup>5</sup>. Marmot’s evidence shows us that the causes of the social gradient lie in the ways we organise our lives and especially our work. In particular, for people in countries such as our own - living above a threshold of material wellbeing - social arrangements are of paramount importance. Autonomy, and a person’s opportunities for full social engagement and participation, directly impact on their health, wellbeing and, quite literally, their life expectancy. Crucially, it is inequality in these factors that determines the steepness of the social gradient in health.

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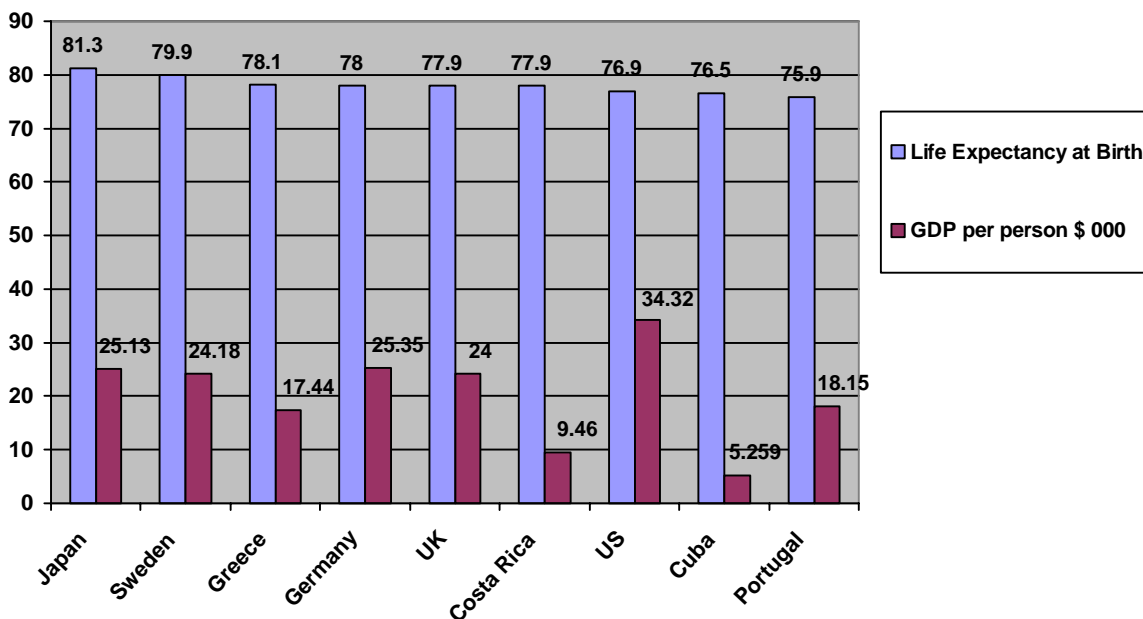
<sup>5</sup> Ibid

Given that the social gradient can be observed in every country where good data are collected, one might have thought that we simply have to accept it as a rather unpalatable fact of life. Poverty and poor health will always be with us because the poor are always with us. Yet all is not quite as it seems. Although the social gradient is ubiquitous, the steepness of the gradient varies quite significantly from one country to another. In other words, it seems that public policy and institutions can have a significant impact on the severity of the social gradient: the application of appropriate policies can make people healthier and offer them longer lives. However, because many of the phenomena driving the social gradient are to be found in the workplace, attention must be focused on employers' policies as well as the policies of government.

### Income inequality

Income inequality is a particularly important factor, which explains why the egalitarian Japanese and Swedes live somewhat longer than the apparently richer but less equal Americans (see table 1). Similarly, life expectancy is slightly higher in Costa Rica than in the US even though incomes are significantly lower. Life expectancy in Cuba is only marginally below that for the US even though the country is much poorer.

**Figure 1: Life expectancy at birth and GDP in \$US 2001, adjusted for purchasing power**



Source: UN Development Programme (2003)

It is easy enough to assert that inequality causes ill-health, but how exactly does the one cause the other? Understanding the phenomenon requires us to develop an appreciation of human needs and how the satisfaction of these needs contributes to human happiness, which, as Layard argues, is associated with better physical and mental health<sup>6</sup>. A good place to start is with Maslow's hierarchy of needs<sup>7</sup>. Essentially, the argument here is that human beings seek to satisfy basic needs first, for food and physical security for example, before going on to satisfy higher needs for love, self-esteem, respect and ultimately "self-actualisation", which essentially means the development of one's capabilities so that one can become "more and more what one is, to become everything that one is capable of becoming".

The evidence from the selection of countries above is persuasive. Once basic needs have been satisfied, how much money you have is much less important than how much you have relative to others in society. The countries with large income differences between rich and poor tend to have worse health than countries in which the differences are smaller. It is the most egalitarian rather than the richest developed countries which have the best health<sup>8</sup>.

The situation is different in countries that have yet to make the epidemiological transition from infectious diseases as the principal causes of death to the degenerative diseases, which are now the predominant causes of death in developed countries. Poverty is a killer and rising prosperity is essential if more countries in the developing world are to make the transition. This is further confirmed by the experience of developed countries and their changing patterns of disease. In early twentieth century Britain CHD was an affliction of the affluent, now it is a disease of the poor.

It is here that the argument about status becomes important. At the centre of the analysis is the idea that human beings are adapted to seek and respond to status – one finds hierarchies in almost all communities of higher primates and it would be surprising if humans were different. It seems we can be acutely aware of the psychological pain associated with losing status and will be concerned if others have too much – in other words if we have a perceived sense of unfairness. Moreover, the relevant comparators are not those at the very top of the income

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<sup>6</sup> Layard, *Happiness; Lessons From a New Science* (2005)

<sup>7</sup> Maslow, *Motivation and Personality* (Longmans edition) (1987)

<sup>8</sup> Wilkinson, *Unhealthy Societies: The Afflictions of Inequality* (1996) 75

distribution, but people whose wealth and income has a more direct effect upon us. As Marmot has suggested:

*[W]hen we are confronted with inequality in the most direct way, we can tolerate it up to a point, but then we say no more.<sup>9</sup>*

He also argues with some conviction that only *relative* income differences can explain why Black men in the US have a life expectancy of 71.4 years, below that for both Costa Rica (77.9) and Cuba (76.5). The three principal cause of early death for Black men in the USA are HIV related illness, homicide and CHD <sup>10</sup>. Material deprivation cannot explain why CHD should be a significant cause of death since it is unrelated to poor housing, malnutrition and poor sanitation. If this is right then it is reasonable to say that psychosocial factors are responsible for the higher incidence of CHD amongst Black men in the USA. In other words, the external environment produces psychological effects that activate biological stress pathways and produce physiological consequences. Being stuck at the bottom of a status hierarchy can be a harrowing experience.

This helps to explain why Japan and Sweden have a less acute experience of the social gradient and longer life expectancy than countries that are equally wealthy. The dispersion of earnings in both countries is relatively narrow and there is a strong sense of social solidarity. It is important to understand that this is not necessarily a matter of formal redistribution and a large welfare state. Sweden has the most extensive welfare state and one of the most redistributive tax systems in the developed world whereas Japan has a relatively small state and limited formal redistribution – although strong social norms limiting income inequality. Both countries demonstrate the importance of greater equality and both show that very different policies can be adopted to secure this result. What cannot be denied however is the very clear finding that greater equality is good for health and life expectancy.

We should also recall that relative position is important for happiness as well as health – and the two are obviously related. As Layard has noted, happy people have more robust immune systems, lower levels of stress hormones, recover from flu more quickly if they are artificially

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<sup>9</sup> Marmot, op cit, 99

<sup>10</sup> Marmot, op cit, 69

exposed to the virus and are more likely to recover from major surgery<sup>11</sup>. The process of social comparison is an important element which affects an individual's level of overall happiness, as is the process of habituation (you get used to whatever level of income you have) which puts all of us on a "hedonic treadmill" (we all want more than we have got):

*When we are at home, most of us like to live in roughly the same style as our friends or neighbours, or better. If our friends start giving more elaborate parties, we feel we should do the same. Likewise if they have bigger houses or bigger cars. When most people drove small Fords, you could feel fine about yours. But when some people have a BMW others think they should have one too. The first person to get a BMW feels really good. But when everybody has one, they may all feel much the same as when they had Fords.<sup>12</sup>*

This is not the place to explore in detail all the arguments for a much narrower distribution of income and a more egalitarian society. Suffice to say that even if some progress is made in reducing relative poverty, through a higher minimum wage or the tax credits system, the continuation of wide income inequalities will mean that society is condemning some citizens to unhappier lives, poorer health and more limited life chances.

Some employers may object that this is all very interesting but well beyond the scope of their influence. They can determine what happens in their own organisation but can have little direct effect on the extent of social and economic inequality. Even if this is true, we can nonetheless identify a range of workplace factors that shape status (and the experience of it) and influence health outcomes for lower status groups. This is where we will now direct our attention.

### Good Jobs and Bad Jobs

So what are the features of good jobs and bad jobs and what part do they play in health and health inequalities? Can we be precise about the distinction between good work and bad work? The preceding discussion outlined how *status* as well as income plays its part in

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<sup>11</sup> Layard, op cit, 24

<sup>12</sup> Ibid, 43

determining health. What workplace factors might contribute to health or the absence of health? Once again, the evidence is strong. Employees will experience worse health if:<sup>13</sup>

- Employment is insecure
- Work is monotonous and repetitive
- Workers have little or no autonomy, control and task discretion
- There is an imbalance between effort and reward so that workers feel exploited or “taken for granted” – this is not just about money, but also embraces the idea that workers should be praised for good performance and treated with respect by their employer and their colleagues
- There is an absence of procedural justice in the workplace. Workers cannot be confident that they will be fairly treated by their employer.

### Stress and job control

“Control” in the working environment is especially significant. As Layard has commented:

*Perhaps the most important issue is the extent to which you have control over what you do. There is a creative spark in each of us, and if it finds no outlet, we feel half-dead. This can be literally true: among British civil servants of any given grade, those who do the most routine work experience the most rapid clogging of the arteries.<sup>14</sup>*

The underlying factor here is *stress*, not in its everyday conception, but as a term which embraces the relationship between the working environment, individual perception, changes in body chemistry and the physiological consequences. As Richard Wilkinson has pointed out:

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<sup>13</sup> The key findings are summarised in Marmot, op cit, Ch 4, *Who's in Charge?*

<sup>14</sup> Layard, op cit, 68

*[T]he effects of chronic stress, which is a frequent concomitant of low social status and the lack of supportive social relations, appears to be something our bodies are not used to.*<sup>15</sup>

But how can we be certain that “control” is the critical factor? A simple way to test this hypothesis is to look at whether low control influences rates of disease *within* employment grades. Once again the results are compelling: people at the same level in an occupational hierarchy with differing amounts of control have markedly different rates of disease – low control consistently leads to more disease<sup>16</sup>.

Taking these findings seriously demands a real effort to improve the quality of employment, particularly for those at the bottom of status hierarchies, not all of whom will be low paid and exploited. Marmot’s work is based on differences in health and life expectancy amongst Whitehall civil servants, none of whom will be minimum wage workers and many of whom will enjoy conditions of employment that are superior to those available to similar employees in the private sector.

### **Social capital and voice**

Another important factor in the equation is the extent to which people have access to social support networks – or social capital as it is sometimes known. Positive social relations can protect people from the worst effects of the status syndrome. The reasons for this are reasonably clear: positive social relations help to make people more resilient in the face of crises. Social capital and employment appear to be linked to the extent that those individuals with access to rich social networks are more likely to experience shorter spells of unemployment, are more likely to make progress in their careers and much less likely to experience the ill effects of the status syndrome<sup>17</sup>.

Voice institutions in the workplace, whether trade unions, works councils or consultative committees, can be valuable sources of social capital. Voice is important in building trust and helps to establish norms of reciprocity where workers know that they can rely on each other –

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<sup>15</sup> Wilkinson, op cit, 150

<sup>16</sup> Marmot, op cit, 127

and know that they can trust their employer. In the technical jargon, collective voice is a source of both *bonding* and *bridging* social capital, forging stronger ties between workers (bonding – or what used to be described as solidarity) and between workers and the employer (bridging). There is strong evidence to show that voice is also associated with procedural fairness and a narrower dispersion of earnings<sup>18</sup>.

There are two further points that demand particular attention. First, it should be clear that most of these elements are beyond the scope of regulatory intervention. Governments cannot legislate secure jobs into existence. Nor can they guarantee that all organisations will be well managed, that employees will always be treated with respect, that they will have control over their destinies or that jobs are fulfilling.

On the other hand, it is possible to establish some standards for workplace dispute resolution to guarantee a modicum of procedural justice and set a minimum wage to eliminate the worst “effort-reward” imbalances in the labour market – both areas where the government has taken action. Equally, government can identify, disseminate and apply best practice or provide advice and support to business through the Department of Trade and Industry or other agencies.

Nevertheless, even though government has a critical role in creating a supportive public policy environment, one can only conclude that the principal responsibility remains with employers and, where they are present, with trade unions. For the most part, however, the issues outlined here rarely feature on employers’ agendas and trade unions remain wedded to a rather traditional model of health and safety management. Yet tackling these underlying causes of ill-health is essential if we are to have more “good jobs” and healthier workplaces in the UK.

Second, this means that employers need to go beyond thinking about work and health in the context of either sickness absence or health promotion in the workplace. Of course, one should not underestimate the priority attached to workplace safety or undervalue employers’ efforts to do more than comply with health and safety regulations. There are many examples of successful prevention policies, effective occupational health provision and successful rehabilitation programmes.

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<sup>17</sup> Putnam, *Bowling Alone* (2000), Ch 19 Economic Prosperity.

<sup>18</sup> Metcalf et al, *Unions and the Sword of Justice*, CEP (2001)

But more and more organisations are focused on an agenda designed to generate changes in individuals' behaviour (which is notoriously difficult) rather than address the systemic causes of illness. It is also where the emphasis seems to lie in the *Choosing Health* White Paper. So, for example, employers may offer healthier food in workplace restaurants, reduced gym membership fees, regular medical checks and a well-designed physical environment. All of this is welcome, valuable and a significant improvement on the mindset that employers have no responsibility for these issues. Nevertheless if this is all that employers do to develop “healthier work” then their expectations will be disappointed. There may be some improvement in employee commitment and morale, but this is no substitute for a laser like focus on the factors that shape the underlying determinants of health and health inequalities.

It would of course be absurd to deny that “wellness” programmes can have *some* effect. Obviously, if an employee reduces their consumption of fatty foods and plays tennis twice a week they will reduce the risk of coronary heart disease – and there is evidence too that employment itself encourages healthier lifestyles. But it would be equally wrong to ignore the epidemiological evidence that these policies are inadequate in addressing the detrimental impact of bad jobs on health. As Michael Marmot has said, improving the health of the population demands something more radical and profound than the substitution of burgers and chips with lettuce and tomatoes.

At a practical level, employers may need to take care that their interventions are not seen as intrusive, paternalistic or at worst “nannyish”. Many people object to efforts by the state to change aspects of behaviour that belong to the realm of private life. It seems likely that workers will react similarly if their employers say, “you must lose weight” or “you must change your diet”. This is not to suggest that employers should cease all attempts at health promotion in the workplace, but the tone of these interventions is important and an over zealous effort to encourage healthier behaviours could be counter productive. Indeed, some commentators have reached rather more sceptical conclusions:

*[I]n the absence of any compelling evidence of success, workplace health promotion activities remain largely an act of faith.<sup>19</sup>*

Despite the growing focus on health promotion, it can still be said with confidence that employers are devoting less attention to the *causes* of workplace related ill-health than they should. The tendency is to see sickness as a phenomenon affecting individual employees even though the biggest and most positive effects may flow from an effort to reduce the risks of poor health amongst lower status employees as a group. In most organisations the extent of work-related illness is, fundamentally, a management problem rather than a medical problem.

This is not an exercise in the allocation of guilt and it would be wrong to lay the blame exclusively at the door of employers. The issues are difficult and often poorly understood. Many enterprises, particularly SMEs, lack the experience or expertise to address the questions of work organisation, job design and management standards that are the root causes of work related ill health. Plenty are still struggling with the basics of health and safety regulation or compliance with the Disability Discrimination Act. Indeed, as we shall see, intensifying competition and an accelerating pace of change are probably making it more rather than less difficult for employers to respond effectively. The evidence we present in Section 4 suggests that quality of working life may be falling even though the government's declared public health objectives can only be delivered if we have more and better jobs.

This then brings us to a consideration of recent developments in the UK labour market. We know for example that income inequality has increased over the last two decades and that we have more bad jobs as well as more good jobs. We need to ask then whether these are inevitable and irresistible trends or whether policy makers still have some discretion to intervene and modify the outcome? Put more crudely, does globalisation mean that we will have more inequality, more bad jobs and a more acute experience of the social gradient in the future? And what can governments, on the one hand, and employers, on the other, do to at least mitigate its worst effects?

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<sup>19</sup> Bevan, *Attendance Management*, TWF (2003)

### 3 More Good Jobs, More Bad Jobs: The “Hour Glass” Labour Market

#### Growing Wage Inequality

We have already seen that the extent of income inequality appears to have a significant impact on health outcomes. We also know that wage inequality has grown in all developed countries over the last twenty-five years – even in a country like Sweden with a relatively narrow distribution of earnings<sup>20</sup>. Quite why this has happened has been a subject of intense debate between economists. Some have argued that “skill biased technical change” has increased the premium available to skilled workers. Others have suggested that “globalisation” defined as an intensification of trade, particularly with low wage economies in the developing world, has depressed the wages of low paid, low skill workers in developed countries.

Both analyses can account for *some* of the change but leave much to be explained. For example, there is evidence to suggest that domestic institutional factors are more important than either trade or technology in explaining growing wage inequality<sup>21</sup>. Furthermore, Andrew Glyn has pointed out that the extent of the growth in inequality has varied significantly between countries operating at a similar level of economic development and with similar exposure to international trade<sup>22</sup>. Gosta Esping-Anderson makes a similar point in noting that one can observe a general increase in pre-tax income inequality across the OECD, but widely varied patterns of post-tax income inequality<sup>23</sup>.

One conclusion that might be drawn therefore is that the level of inequality associated with either technological change or international trade is by no means given. Institutions matter. Significant factors include the nature of the wage determination system, the strength of actors like trade unions and the scale and scope of the welfare state<sup>24</sup>. This helps to explain why wage

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<sup>20</sup> Esping-Anderson, *Inequality of Incomes and Opportunities* in Giddens and Diamond (ed), *The New Egalitarianism* (2005) 8

<sup>21</sup> Berman, Bound and Machin, *Implications of Skill Biased Technological Change: International Evidence*, CEP (1997). Machin and Van Reenen, *Technology and Changes in Skill Structure – Evidence for Seven OECD countries*, *Quarterly Journal of Economics* (1998)

<sup>22</sup> Glyn, *Unemployment and Inequality*, in Jenkinson (ed) *Macroeconomics* (2000)

<sup>23</sup> Esping-Anderson, *op cit*

<sup>24</sup> On the role of trade unions see Metcalf et al, *op cit*

inequality increased little in Norway, Denmark, Sweden and Finland at the same time as it increased significantly in the UK and the USA<sup>25</sup>.

In other words, the degree of wage inequality that a country experiences is, to some extent, a matter of social and political choice. We should not believe that rising skill levels or the increasing integration of markets inevitably lead to effects that make it harder to achieve better health outcomes.

### The Hollowing Out of the Labour Market

Nevertheless, there are some disturbing trends detectable in the UK labour market that could place significant obstacles on the road towards healthier and more fulfilling work. Maarten Goos and Alan Manning have identified that something new has happened in the UK since the late 1970s<sup>26</sup>. In the past a rise in the demand for skills, consequent on technological development, was matched by an increase in the supply of skills. Most jobs created in the economy were “good jobs” in that they paid better wages and offered higher quality work. There were more “good jobs” and fewer “bad jobs”. The matching of skills demand to skills supply also meant that not much happened to income inequality.

What we have witnessed in the recent past is an increase in “good jobs”, which demand higher skills and offer higher wages, alongside an increase in the number of “bad jobs” at the bottom of the earnings distribution. At the same time, wage inequality has increased significantly.

*Whichever way we look at it, there is a growing polarisation of jobs in the UK; there are more good ‘MacJobs’ and more bad ‘McJobs’. The data show that there have been strong increases in the number of high paid jobs but also significant increases in the number of low paid jobs over the last 25 years. Craft and clerical occupations in non-service industries are disappearing while the importance of low and high paid service jobs has increased<sup>27</sup>.*

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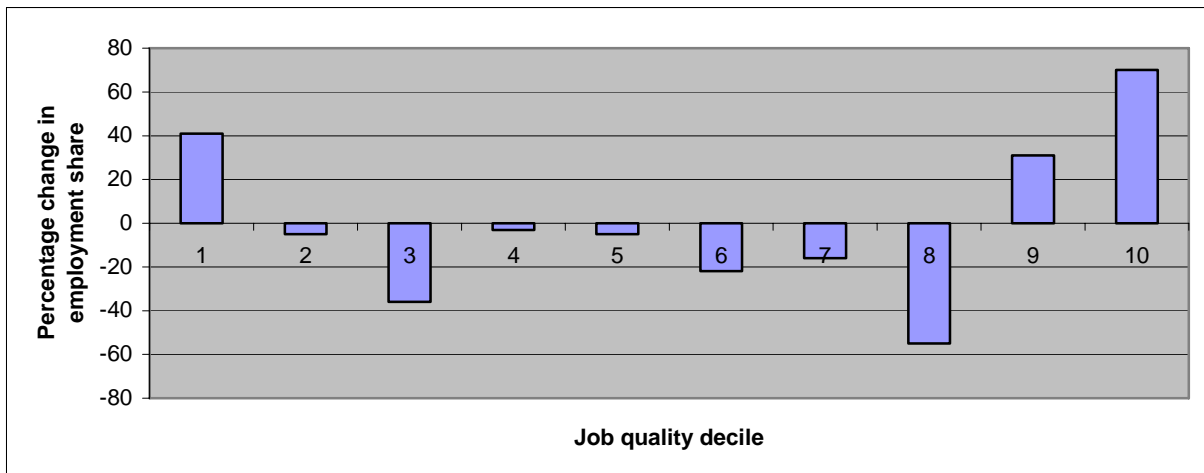
<sup>25</sup> Glyn, op cit

<sup>26</sup> Goos and Manning, *McJobs and MacJobs* in Dickens et al, *The Labour Market Under New Labour* (2003)

<sup>27</sup> *Ibid.*, 77

In other words, the labour market now has an “hour glass” shape, with growth at the top (“MacJobs” in the knowledge economy), growth at the bottom (“McJobs” in the service economy) and a shrinking middle.

**Figure 2: The “Hour Glass” Labour Market: Job Change by Income Decile 1979-99** (Source: Goos and Manning, *McJobs and MacJobs* in Dickens et al (ed) *The Labour Under New Labour* [2003])



As Goos and Manning suggest, some of the change can be explained by the impact of technology on manufacturing productivity. In other words, the course of technological development leads employers to substitute capital for labour, removing low skill jobs and leaving the remaining employees in jobs that are of relatively higher quality. This process has also driven the long run trend across the developed world from employment in manufacturing to employment in services, with service employment concentrated in both “good” professional and managerial jobs and “bad” personal service jobs in shops, restaurants and care homes. Indeed, Andre Gorz<sup>28</sup> suggests a further dimension, which is that high paid professional and managerial workers can only hold down their jobs because they can buy household services (childcare, cleaning, gardening etc) which comprise low paid and low esteem jobs – although the phenomenon is not universal and highly skilled workers in Sweden still do their own household chores<sup>29</sup>.

### What next?

This analysis is historical, explaining what happened in the period 1979-99, but projections for the next seven years reinforce the argument. We know that the number of skilled workers in the

<sup>28</sup> Andre Gorz, *Critique of Economic Reason* (Verso 1989)

UK economy is set to increase, that service sector employment will grow and that manufacturing employment will decline<sup>30</sup>.

Significant growth in the following occupational groups is predicted to 2012:

- Managers and professional occupations, with growth rates of around 20% over the period.
- Associate professional and technical occupations, with the science/technical group, protective services and the culture, media and sport occupations projected to grow the fastest.
- Personal service occupations – especially caring occupations.

Equally, employment in the following groups is expected to decline:

- Administrative, clerical and secretarial occupations, where the increasing use of ICT will lead to job losses rather than the growth witnessed in the last decade.
- Skilled trades – where job losses are expected to be in the region of 500,000.
- Transport and machine operatives are expected to continue to fall, confirming the trend of the last decade.
- “Elementary” occupations are expected to decline by 400,000 jobs, with losses concentrated in those unskilled occupations related to clerical and other routine service jobs, again reflecting the impact of ICT.

The suggestion now is that some service sector jobs are about to be affected by technological change through a process analogous to that we have seen in manufacturing. If capital can be substituted for labour in those occupations characterised by the routine processing of information or data then polarisation looks set to continue for the foreseeable future.

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<sup>29</sup> Gershuny, *Changing Times* (OUP 2000)

<sup>30</sup> *Working Futures 2003-04*, SSSA (2004)

Even so, it is important not to overestimate the extent of the problem. As Goos and Manning point out, there can be little doubt that *average* job quality is increasing. Nevertheless, one should be concerned about the situation of those at the bottom of the labour market for all the reasons outlined in the previous section. In particular, we know that low pay is not just a matter of income but also affects respect, status and personal worth. An increase in the number of low paid jobs will accentuate the experience of low status amongst the working poor: low paid jobs are bad jobs and more likely to make you ill.

### **More Bad Jobs: An Irresistible Force?**

So will we all have to get used to a situation where there is more good work and more bad work? Are these simply facts of life or are they amenable to policy intervention? Even if it is impossible to make bad jobs good jobs, can we at least make them less bad?

What this means for public policy is considered in the final section of this paper, so at this point in the discussion it is necessary to do no more than recall our earlier observation that the level of inequality in developed countries is by no means given. Certainly, there will always be some “bad jobs” in the sense of repetitive or not obviously appealing occupations. But this does not mean that the experience of work at the bottom of the labour market should be relentlessly awful. The most obvious way in which these jobs are bad is that they are low paid and there is no reason in principle why a more determined effort should not be made to improve the wages of the working poor. Once again, institutions seem to be important:

*Evidence from the US suggests that the evolution of unionisation and the minimum wage can explain a lot of what is happening to the bottom half of the wage distribution there. The UK has seen a marked decline in unionisation, a decline in minimum wages and the indexation of welfare benefits to prices not to wages. Perhaps these changes can account for the rise in wage inequality in the bottom half of the distribution.<sup>31</sup>*

There is one final piece of evidence that is relevant in this context: people in Britain appear to be expressing a desire for more income equality, with 75% saying they favour more fairness in

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<sup>31</sup> Goos and Manning, *op cit*, 83

outcomes<sup>32</sup>. There are quite significant differences by gender, ethnicity and region, with women favouring more equality than men, black and Asian people more than the white population and the Scots, Welsh and Northern Irish more than the English. It is also possible to detect an income and education effect: those earning more than £50,000 or with higher level qualifications are much less likely to favour a more equitable distribution of income. Nevertheless, there is some support here for the idea that most citizens have a commonsense understanding that inequality threatens social cohesion, that poverty reduces life chances and that both lead to poorer health.

### Can “Good Jobs” be “Bad Work”?

Goos and Manning’s typology of good and bad jobs is slightly crude in that it assumes that the quality of employment is directly related to the level of wages. But it is plausible to conceive a situation where workers are skilled, relatively well paid but still find themselves at the bottom of an organisational hierarchy. In this sense a “good job” defined only in terms of income can still generate “bad work”. Even those organisations operating at the technological frontier, investing heavily in research and development and making the best possible use of a skilled workforce are not immune to the adverse effects of status on health. In one sense this is a natural conclusion of Marmot’s work – status will affect health wherever it is found. But it is valuable in another sense too since it makes the concern with status of relevance to all organisations, not just those offering bad jobs as conventionally conceived. This conclusion brings us to the next part of our discussion. If the UK has more “good jobs” than in the past, why is it that the perceived quality of working life is declining generally rather than simply amongst the marginal, low paid and exploited?

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<sup>32</sup> Cowling and Harding, *The Desire for Income Equality Amongst the UK Adult Population*, TWF (2004)

## 4 What's happened to job satisfaction? Is work getting worse?

### Insecurity and declining satisfaction

Despite the widespread rhetoric that “employees are the greatest asset of a business”, there is ample evidence to show that there has been a decline in job satisfaction over the last decade. Robert Taylor argues persuasively that employee satisfaction since 1992 has declined on almost every dimension, with significant falls in happiness with pay, job prospects and training – and this seems to affect all groups in the labour market. Perhaps the most striking phenomenon is the decline in satisfaction with working time and an increase in the intensity of work. People say that they have more work to do and that they have to work harder to do it<sup>33</sup>.

Similarly, there is an increase in perceived employment insecurity despite the fact that job tenures (the length of time that people spend in a job) have scarcely changed in the last fifteen years<sup>34</sup>. A survey commissioned by the Organisation for Economic Co-operation and Development (OECD) in 2001 showed that the UK had the second highest level of perceived employment insecurity in the developed world – lying just behind South Korea, which at least had the excuse of the Asian crisis, job losses and macro-economic instability<sup>35</sup>. The findings for the UK are surprising, not least because economic conditions were benign, the labour market was expanding, unemployment was falling and long-term unemployment had virtually disappeared.

How might this be explained? A reasonable hypothesis is that intensifying competition is accelerating the pace of change inside organisations, with shorter product cycles, just in time production systems and the “permanent revolution” of endless reorganisation and restructuring. Of course, there is a strong argument that this process is inevitable and that, other things being equal, it leads to higher productivity, higher levels of output, more economic growth and more prosperity. On the other hand, one might say that all these positive outcomes have been achieved at the cost of a “dehumanisation” of the workplace over the last decade, with fewer

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<sup>33</sup> Taylor, *Britain's World of Work – Myths and Realities*, ESRC (2002)

<sup>34</sup> Ibid

<sup>35</sup> See *Employment Outlook*, OECD (2001)

opportunities for workers to express their views and exercise some influence over those events that affect their working lives most directly.

This manifests itself in a paradox. Even though a cumulative body of research shows that giving employees more autonomy and control leads to productivity growth, the trend in the last decade has been in the opposite direction. Duncan Gallie and his colleagues find strong evidence of declining “task discretion” and a significant reduction in autonomy<sup>36</sup>. Michael White and Stephen Hill suggest that while employees may have more freedom to decide how they deliver their targets, employers now operate more rigorous regimes of accountability through sophisticated performance management systems and extensive surveillance – “we don’t care how you get the job done, but you have to get it done or suffer the consequences”<sup>37</sup>. Both studies show workers have less effective control than was the case a decade ago. If this is right then one aspect of the status syndrome has become much sharper over the last ten years.

#### Findings from the 2004 Workplace Employment Relations Survey (WERS 2004)

Even so, it would be wrong to be relentlessly gloomy about changing levels of jobs satisfaction. The best recent evidence can be found in the 2004 Workplace Employment Relations Survey (WERS 2004), which reveals a reasonable degree of overall happiness. Nevertheless, on some measures (pay and involvement in decision making) around two-thirds of workers are neutral, dissatisfied or very dissatisfied with their experience of work (see Table 1)<sup>38</sup>.

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<sup>36</sup> Gallie et al, *Changing Patterns of Task Discretion in Britain*, Work Employment and Society (2004)

<sup>37</sup> White and Hill, *Managing to Change* (2004).

<sup>38</sup> The first findings from WERS 2004 are published in Kersley et al, *Inside the Workplace*, DTI (2005)

**Table 1: Job satisfaction (% of employees)**

	Very satisfied	Satisfied	Neither	Dissatisfied	Very dissatisfied
Sense of achievement	18	52	19	8	3
Scope for using initiative	20	52	18	8	3
Job influence	12	45	28	11	3
Training	11	40	26	16	7
Pay	4	31	24	28	13
Job security	13	50	22	11	5
Work itself	17	55	19	7	3
Involvement in decision making	8	30	39	17	6

Source: WERS 2004

In this context perhaps the most important result is that only 38% of employees are satisfied with their level of involvement in decision making in the workplace. These findings confirm the argument advanced by the TUC and others that there is a representation gap in many British workplaces – people want collective voice but at present have no means of expressing their views effectively<sup>39</sup>. Equally, while 57% of employees say that they are happy with their level of job influence this means that 43% are not, with 14% either dissatisfied or very dissatisfied. This suggests that the decline of task discretion and autonomy has been combined with a loss of “voice”. One might infer too that there has been a decline in social capital in many workplaces that could make employees less resilient when confronted with crises in their working lives.

<sup>39</sup> *A Perfect Union?*, TUC (2003). Coats, *Speaking Up!*, TWF (2004). Towers, *The Representation Gap: Change and Reform in the British and American Workplace* (1997)

We should recall too the importance attached by Marmot to employment security, yet WERS shows that around one in six are (16%) are dissatisfied or very dissatisfied with employment security and more than one in five of the remainder (22%) are neutral on the question – which broadly endorses the findings of the OECD survey. Declining voice, the erosion of social capital and growing insecurity all pose serious challenges for policy makers concerned about the social gradient and wider questions of employee well-being.

There is also a high level of dissatisfaction with pay. Of course, one could argue that employees will always say that they should earn more, but this is to dispose of the argument too easily. There is an equally strong case that this finding reflects widespread “effort-reward imbalances” in many British workplaces – another important contributory factor to the status syndrome. This cumulative body of evidence goes a long way towards explaining why many employees have reported a deterioration in the quality of working life<sup>40</sup>.

WERS also explored a range of job-related well-being measures, which produced a similar picture of general satisfaction combined with some very disturbing findings. For example, one in five employees reports that their job makes them feel tense all or most of the time and 47% say that their job makes them worried all, most or some of the time (see Table 2).

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<sup>40</sup> Taylor, *op cit.* See also Bunting, *Willing Slaves* (2004)

**Table 2: Job-related well-being (% of employees)**

<i>Job makes you feel</i>	<b>All of the time</b>	<b>Most of the time</b>	<b>Some of the time</b>	<b>Occasionally</b>	<b>Never</b>
Tense	4	15	42	27	12
Calm	3	30	29	27	11
Relaxed	3	23	27	29	18
Worried	2	10	35	32	21
Uneasy	2	8	28	33	29
Content	5	33	30	22	11

Source: WERS 2004

On the other hand, 38% say that their job makes them feel content all or most of the time and 26% that their job makes them feel relaxed. Even if these findings fail to give a picture of unmitigated misery, they do suggest that there are serious problems that both government and employers would be foolish to ignore.

### **Work Organisation, Rising Skill Levels and Work Intensification**

Michael White has explored the impact of so-called high performance work systems and the implementation of family friendly policies and finds evidence of both work intensification and declining flexibility<sup>41</sup>. In some ways this is surprising because it has often been assumed that

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<sup>41</sup> White et al, *High Performance Work Practices, Working Hours and Work Life Balance*, BJIR (2004) 175

“high performance work systems” are in their very nature better for employees. It is said that multi-skilling, multi-tasking, flatter hierarchies, more team working and more joint problem solving are all associated with better health and higher levels of job satisfaction. “High performance jobs” are by definition richer and more fulfilling jobs and the quality of employment will inevitably improve as the knowledge economy develops and as market forces push more jobs up the value chain. Certainly, this is the view implicit in the DTI’s narrative about high performance workplaces.

These studies are important because they make clear that this process is *not* automatic. New forms of work organisation can be associated with a deterioration of the working environment as well as improvement. Confirming Taylor’s argument, Francis Green has suggested that rising skill levels have also been matched by a process of work intensification, with an increasing number of workers saying that they are “working under a great deal of tension” and agreeing strongly with the statement that “my job requires me to work very hard” (see Table 3). However, he notes that the phenomenon seems to have peaked in 1997 and there has been no deterioration since that time<sup>42</sup>. Nevertheless, it is reasonable to conclude the employees really do believe that they are working harder than they were fifteen years ago. Furthermore, there is some evidence that the pace of work and the rate of change have accelerated. Combined with Gallie’s findings on declining task discretion it also seems reasonable to infer a significant decline in control in the workplace.

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<sup>42</sup> Green, *The Demands of Work* in Dickens et al, op cit, 137

**Table 3: The intensification of work and job satisfaction 1992-2001**

	1992	1997	2001
<i>% who strongly agree that "my job requires me to work very hard"</i>			
Public sector	31.7	38.3	36.7
Private sector	31.9	44.4	43.2
All	31.6	39.9	38.3
 <i>% whose job involves working at high speed all or almost all of the time</i>			
Private sector	18.7		25.2
Public sector	13.8		26.3
All	17.3		25.6
 <i>% who strongly agree that they "work under a great deal of tension"</i>			
Private sector	45.8		56.9
Public Sector	54.0		62.7
All	47.7		57.4
 <i>% who often or always "come home from work exhausted"</i>			
Private sector		20.1	16.1
Public Sector		18.6	17.6
All		19.8	16.5

Source: 1992 Employment in Britain Survey, 1997 Skills Survey, 2001 Skills Survey

Green has located some of the rising dissatisfaction with work in a mismatch between employee skill and the nature of the jobs they are doing. While employers' skill requirements may have risen, workers' levels of formal qualification have risen faster so that an increasing proportion of employees are overqualified for the jobs that they do. Inevitably this feeds through into lower levels of job satisfaction. Employees get frustrated that they are unable fully to deploy their skills<sup>43</sup>. Boredom is of course one of the factors that produces adverse health effects and it is reasonable to suggest that employees who are both overqualified and underutilised will have a profound sense of their status.

This raises some interesting questions about the ability of employers to make the best use of a highly skilled workforce. In other words, Green's phenomenon of skills mismatching could intensify as levels of formal education rise and employers continue to offer routine and rather unrewarding jobs. Ewart Keep and Ken Mayhew have suggested that little will change until regulation forces employers to adopt "high road" rather than "low road" product market strategies<sup>44</sup>. In other words, only government intervention can require employers to think innovatively about how they unlock the talents of all their employees. If nothing is done then employers will be able to continue to make the otherwise rational choice that good profits can be made from low quality, undifferentiated, mass-market products, produced by a low productivity workforce – and such organisations will be offering the kind of "bad jobs" associated with the deepest experience of the "status syndrome". These are important considerations as we examine the role of public policy in creating an environment that enables employers in their turn to create and sustain more "good jobs"

### **New Organisational Forms: The Benefits of Hierarchy?**

Other studies have suggested that it is new organisational forms rather than simply new forms of work organisation that are important in shaping the environment. Indeed, it has been argued that recent developments have a corrosive effect on "character" - defined as those personal traits that we value in ourselves and for which we seek to be valued by others. Richard Sennett has phrased the question well:

*How do we decide what is of lasting value in ourselves in a society which is impatient, which focuses on the immediate moment? How can mutual loyalties*

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<sup>43</sup> Ibid, 146

<sup>44</sup> Keep and Mayhew, *Globalisation, Models of Competitive Advantage and Skills*, SKOPE (2001)

*and commitments be sustained in institutions that are constantly breaking apart or continually being redesigned?*<sup>45</sup>

Sennett argues that there is something to be said for hierarchy in a traditional “command and control” organisation, principally because employees know where they stand and they know who to blame when things go wrong. Organisational structure and job design work together to create a sense of certainty; workers are secure to the extent that they know what they have done today will be much like what they will do tomorrow, or next week, or next year.

It is often said that many large organisations have moved away from hierarchical structures and have adopted a decentralised or networked model. As Sennett suggests, the modern corporation looks more like an archipelago than a pyramid. However, this can create an environment characterised by change and discontinuity. Workers never reach a point of stability, they may have to reapply for their jobs each time the organisation restructures and experience continuous disruption in their working lives. In the absence of rich reserves of social capital it is hardly surprising that workers feel powerless in the face of the impersonal forces of organisational change. If left to themselves workers are likely to feel uncertain about their place in the world and will have only a weak belief in the continuity of the social order<sup>46</sup>.

If all this is right then it presents us with an apparent conundrum. We know that autonomy and control are related to both health and happiness, but Sennett seems to be suggesting that traditional “command and control” hierarchies may be better for employees than new organisational forms like the flexible, networked firm. How might this be explained? First, one might say that a Fordist organisation is characterised by predictability and stability. Second, tasks are clearly delineated, workers know what they have to do and have the opportunity to build strong relationships with colleagues that endure over time. Third, in the past workers employed in mass production environments would probably have been union members with access to effective workplace voice institutions. Simply put, in a Fordist organisation workers are secure about their own position, they know who to go to if they have a problem, they know they can make themselves heard and they know that they will be dealt with fairly. To return to our earlier analysis, many of these jobs sound like the “middling jobs” that are rapidly

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<sup>45</sup> Sennett, *The Corrosion of Character* (1998) 10

<sup>46</sup> Coats, *Speaking Up!*, TWF (2004) 15. Giddens, *Modernity and Self-Identity* (1991)

disappearing from the landscape. To that extent Sennett's argument is entirely consistent with our story about labour market polarisation.

However, it would be wrong to conclude from this discussion that the best approach to improving health at work is a return to command and control. Flexible working in a flexible organisation does not necessarily lead to poorer quality work. For example, an extensive Europe-wide study shows that new forms of work organisation deliver the best productivity and performance gains where there are effective institutions for both individual and collective employee voice. In other words, where individual employee involvement is a priority and effective trade unions or works councils are in place to articulate employees concerns<sup>47</sup>.

In fact a stronger conclusion can be drawn. There is no doubt that organisations are subject to increasing competitive pressure. Conventional business models may prove insufficiently agile and employers may be compelled to move towards Sennett's "archipelago" structure. But these organisational forms can only be made to work effectively if high trust relationships are established between workers and their employer. Well-established norms of trust and reciprocity both encourage information flows and build individual resilience. Individuals are more likely to feel a sense of mastery over their work, they will experience less stress and their health will improve. With a higher degree of industrial democracy employees can be confident that they will be consulted before major change takes place, that they will have a voice in the process and may be able to shape the outcome. Organisations with a high level of social capital are most likely to reap the significant productivity gains available. And, in this context, high performance really does run alongside job enrichment and higher levels of employee well-being.

Our conclusion once again is that institutions matter. It is the setting in which change takes place that affects the impact on perceived security, well-being and health. Employer strategies can be shaped by institutional actors like trade unions and, as we shall see, by public policy. Good work organisation and job design, combined with effective employee voice institutions can prove a powerful antidote to the seemingly irresistible trends sweeping across the world of work. We are not all victims of circumstance, helpless in the face of the awesome power of events.

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<sup>47</sup> Sisson et al, *New Forms of Work Organisation: Can Europe Realise its Potential?*, European Foundation (1997)

To a degree this has already been recognised in public policy, but the question remains whether the initiatives taken so far are adequate to the task or whether a more comprehensive approach is needed which recognises the linkages between different areas of policy – employment, public health, productivity and organisational performance? Are those with their hands on the levers of power doing enough to make a real difference?

## 5 The Public Policy Response: Is It Sufficient?

### Introduction

When the government's public health White Paper, *Choosing Health*, was published in November 2004, it was particularly welcome that work and the *nature* of work were both given serious attention as a public health issue, and the future seemed to promise determined action to improve the quality of working life<sup>48</sup>. Some progress has been made since the White Paper's publication, but implementation has been patchy. Our central argument here is that government needs to revive their commitment, putting work at the heart of the public health agenda.

Of course this is easier said than done, partly for the reasons that have already been discussed – the issues are complex and policy makers, employers and trade unions are not quite sure where to begin. But despite these difficulties, the evidence presented so far in this paper suggests that some effort must be made otherwise government will fail to achieve the objective of improved health outcomes.

So far, much attention has focused on obesity and smoking. The Department of Health has developed action plans on food, health and promoting exercise. They have also made proposals for the prohibition of smoking in workplaces. All of these initiatives are welcome and address real problems, but as Michael Marmot has suggested, they are not sufficient to make a big impact on the steepness of the social gradient.

Equally, it is clear that tackling work-related causes of ill-health demands effective co-ordination across government departments, particularly DH, DTI and the DWP. Policies to get the inactive back to work must be matched by an effort to encourage business to focus on the systemic factors that drive ill-health and absenteeism. The Health and Safety Executive's *Stress Management Standards* offer a useful starting point for the discussion. This initiative should be linked to the DTI's drive to create more high performance workplaces to improve the UK's productivity. It has already been noted that progress depends on the implementation of those new forms of work organisation that can often be associated with work intensification and more

stress. This is not to suggest that the DTI are pursuing the wrong agenda, but there has, so far, been an uncritical acceptance of the view that high performance work systems are an unqualified good for both employers and employees. Michael White's work shows that this is not necessarily true<sup>49</sup>. Indeed, the critical research finding is that sustainable productivity gains depend on the development of a higher level of social capital in the workplace.

The remainder of this section reviews the progress that has been made to date, briefly outlines the initiatives that are likely to have the biggest impact on the social gradient in health and makes some suggestions for the future direction of policy.

### Choosing Health: The Government's Commitments

The principles that underpin the government's approach to work are exemplary: work is better than worklessness; good jobs are better than bad jobs; the best option for those with physical or mental illness is a return to work since this will speed their recovery; more effort is needed to promote healthy behaviour in the workplace; and, the NHS must be a model for the rest of the economy. The adoption of these principles followed an extensive period of consultation and reflected the consensus reached by the ad hoc working group on *Choosing Health: Opportunities in Employment*, established to assist the government in developing their approach before the publication of the White Paper<sup>50</sup>.

#### Choosing Health: Work and Health

##### Key commitments

##### Employment for Health

- Ensure that benefits of full employment are felt in every region
- Develop the new deal so that it is more focused on individuals' needs
- Promote recruitment and retention of older workers
- Work to ensure that those with mental illness are helped to return to work.

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<sup>48</sup> *Choosing Health* Chapter 7, *Work and Health*, TSO (2004)

<sup>49</sup> White et al, op cit

<sup>50</sup> See Hutton et al, *Choosing Health: Opportunities in Employment*, Chairs' Report, mimeo (2004)

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- Encourage return to work after sickness as the best route to recovery
- Encourage employers to use temporary job modifications to help people return to work
- Build on the success of the *Pathways to Work* pilots that have assisted Incapacity benefit recipients to return to work.
- Challenge discrimination against those with mental health problems
- Ensure that those with mental health problems have access to an employment adviser – provision of vocational and social support to be included in treatment plans
- Implement the *Framework for Vocational Rehabilitation*.

#### Improving Working Conditions

- Some initiatives already in train like the HSE's *Constructing Better Health*. Implement HSE *Strategy for Workplace Health and Safety in Great Britain to 2010 and Beyond*.
- Implement HSE *Stress Management Standards*.
- Develop evidence-based guidelines on occupational health. Make SHAs responsible for taking this forward.
- NHS will support a wider OH approach based on partnership between health professionals, individuals and employers. The Royal Colleges are working to put this into practice in primary and secondary care.

#### Promoting Health in the Workplace

- Sport England to provide a free consultancy to government departments on how they can encourage and support staff to be more active in the workplace.
- DoT to work with cycle industry to produce user-friendly guidance on the tax efficient bike purchase scheme to increase the use of the scheme and promote cycling.
- Develop pilots to identify “what works” in promoting health in the workplace.
- IIP to develop a new “healthy business assessment” identifying the advantages for business and employees in investing in staff health. To be incorporated in the IIP standard by 2007.

Government and the Public Sector: Leading by Example

- End all smoking in enclosed workplaces by 2006. HDA to publish guidance for the NHS on provision of smoke free buildings. Support for NHS staff who want to quit smoking.
- Set out how NHS can and will become an exemplar. Will develop employment policies to make a better healthier NHS.
- Will work with the Healthcare Commission and the NHS Employers' Organisation to develop annual NHS staff survey better to assess current practice and encourage more organisations to become healthier workplaces.
- Develop NHS OH provision
- Develop guidelines on management of mild to moderate mental ill health in the workplace – to be published in 2006

But how do these commitments match up to the challenges that have been identified in the preceding discussion? There is much here that is helpful, for example, the determination to promote a return to work for those who have experienced mental illness. Equally, there is a dedication to improve the performance of the NHS itself, which is intended to have a demonstration effect for employers across the economy. Nonetheless, there is little recognition, beyond a reference to the *Stress Management Standards*, of the issues that have been given detailed attention in this paper. Nor is there any reference to the perceived decline in the quality of working life, work intensification and the reduction in autonomy and control. These are all issues that demand attention if British workplaces are to be healthier in the future.

It is not our intention to suggest that the government is heading in the wrong direction, but that they need to do much more if they are to reach their destination within a reasonable period. Of course it is now almost a year since the White Paper was published and the agenda has moved on, so are there any initiatives now in train that are likely to be more effective in tackling the roots of work related ill-health?

### Pathways to Work: The Government's Strategy on Incapacity Benefit

The starting point for our discussion was the importance of full employment. Labour market performance in the UK has been strong over the last eight years and, assuming that the economy remains stable, there is a strong case for tackling the problems of "inactivity" – in other

words, to encourage those back into the labour market who would like to have a job if they could find one but have simply given up the active search for work.

Some of these people will be older workers, made redundant in their 50s, unable to find comparable employment and living on their occupational pension, others may be lone parents, but by far the largest group are the recipients of Incapacity Benefit (IB). IB recipients are more than half of all Jobcentre Plus clients, although only one in six of new clients, as 70% have been claiming for more than three years. The largest group receiving IB have a mental health condition, accounting for two out of every five claims. Indeed, the number with mental health conditions has increased by 40% since 1997. Age is not so closely related to mental health conditions, although older people are more likely to claim for other conditions. Significantly, multiple claims are usual, as IB is not sufficient in itself to support dependants and/or the additional costs of disability. For example, 50% of IB claimants also claim Income Support.<sup>51</sup>

The Pathways to Work pilots, aimed at helping IB claimants back into work, are delivering better results than the government expected, with evidence that new IB claimants in Pathways areas are more likely to find a job than elsewhere. Although new claimants can be mandated onto Pathways, a significant percentage are existing claimants who have signed up voluntarily.

Given this, it seems clear that Pathways should be extended across the country and it is hoped that proposals for this will be included in the soon to be published Green Paper on welfare reform. Failing that, it must set out alternative policies for those people denied access to the opportunities presented by this initiative.

It is important that the government's strategy of getting those who can work and want to work back into employment should not be allowed to have the perverse effect of forcing people into "bad jobs". Indeed, much of the public conversation has focused on the risk that disabled people will be compelled to accept low paid, low quality jobs and find themselves unable to return to IB if their condition makes it difficult to carry on working. These are real concerns and should not be ignored. It is likely, although by no means inevitable, that IB recipients will find themselves in low quality entry jobs when they return to work. There is a risk of exploitation: making those

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<sup>51</sup> Centre for Economic and Social Inclusion, *Working Brief 168 pp12-13*, October 2005.

with physical or mental illness do the jobs that others have rejected. The test will lie in whether and how objectives around employment are integrated with the other policies, considered below, all of which have the goal of improving the quality of employment at the bottom end of the labour market.

There is also a strong case for saying that flexible active labour market programmes are precisely what IB recipients need. Access to the services of a JobCentre Plus personal adviser, well designed rehabilitation initiatives and a benefits structure that “makes work pay” are all critical elements in good policy design. It is not simply a matter of forcing IB recipients to take any job and then letting them sink or swim. More carrot than stick is needed to make the policy effective. If implementation takes a coercive turn then the government will lay themselves open to justifiable criticism.

#### **Case Study**

London Workforce Futures Partnership: Making Health Work for Business

Ill health and disability are retention issues as much as ones of reintegration. With funding under the ESF EQUAL programme (focusing on inequalities in the labour market), the London Workforce Futures Partnership is piloting services to support SMEs and their employees in retaining employment. As a member of the partnership, the London Health Commission led the research task group whose recommendations included: for employers, demand-led services, both reactive and preventative and active brokering of services via tried and trusted mainstream services rather than simply signposting; for employees, specialist job retention information and advice, and ongoing support.<sup>52</sup> The pilot services will link directly and from the outset to key government initiatives including the HSE’s Workplace Connect, DH’s health trainers, and the new Investors in People standard.

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<sup>52</sup> Trinova Ltd., *Making Health Work for Business: Business Support Strategies for Improving Retention and Reintegration of Disabled Employees in SMEs*, London Workforce Futures Partnership (2005).

### The HSE Stress Management Standards

The HSE's Stress Management Standards were published in November 2004, shortly before the *Choosing Health* White Paper. Although the standards are explicitly focused on stress there is a strong case for saying that their effective application could have an impact on other work related medical conditions too. The standards deal with: workload, responding directly to the phenomenon of work intensification; control, defined as employees having a say in how their work is done; support from line managers and colleagues; appropriate behaviours in the workplace; clarity about roles and responsibilities; and employee engagement in organisational change.

#### HSE Stress Management Standards

**Demands**

Employees indicate that they are able to cope with the demands of their jobs.

**Control**

Employees indicate that they are able to have a say about the way they do their work.

**Support**

Employees indicate that they receive adequate information and support from their colleagues and superiors

**Relationship**

Employees indicate that they are not subject to unacceptable behaviours, eg. bullying at work

**Role**

Employees indicate that they understand their role and responsibilities.

**Change**

Employees indicate that the organisation engages them frequently when undergoing an organisational change

In each case the employer must be able to demonstrate that systems are in place to allow for an appropriate response to concerns raised by individual employees

It is clear that, in principle, each of these standards is directed at factors that drive the status syndrome. Indeed, one might anticipate a significant reduction in the steepness of the social gradient if employers take this approach to heart so that it becomes encoded in the DNA of most British workplaces. However, the challenge will be in implementation and, once one looks below the headline standards, the recommendations for employers are somewhat less clear. So, for example, organisations should ensure “adequate” employee consultation and “where possible” employees should have control over their pace of work. The difficulty here of course

is that these judgments are subjective. Employers and employees may reach rather different views about what is “adequate” and when control is “possible”. Nevertheless, the mere fact that these standards have been adopted marks a significant departure for policy. There can be little doubt that the process of implementation will influence the tenor of the debate about work organisation, job design and employee consultation.

As will become clear in our further discussion, it is essential that this initiative dovetails with other policy interventions – particularly by the DTI. There is an obvious link with the narrative around high performance workplaces and productivity as well as a connection with the new regulations for informing and consulting employees. Unless all these initiatives are brought together there is a real risk of confusion, duplication and incoherence. Somebody in government has to assume this responsibility and identifying a cabinet minister to take the lead would be an important step forward.

#### **Case Study**

##### *The EEF's Work Organisation Assessment*

An interesting example of the employer response to the HSE standards is the EEF's *Work Organisation Assessment*. While not entirely coterminous with the HSE model, the EEF approach addresses a similar complex of issues and addresses a series of questions under the following broad headings:

- Relationships with management
- Being valued
- The physical environment
- Workload
- Relationships

A questionnaire is administered to the workforce and the employer then goes through a five step approach of identifying the hazards, evaluating the risks, deciding on the appropriate control strategies, implementing an action plan and reviewing/evaluating effectiveness. This is an exemplary approach that could usefully be adopted by other employers' organisations looking to improve the performance of their sector.

### **A New Approach to Occupational Health and The Worker Safety Adviser Challenge Fund**

The HSE already has pilots in train exploring new models for the delivery of occupational health. In construction, employers are being offered free on-site risk assessments and screening for employees. The service is also focused on rehabilitation and the promotion of early return to work. We believe that these arrangements should be applied more generally at the earliest possible opportunity.

*Workplace Health Connect* is another important development, focused on the provision of advice to small firms through an easily accessible helpline. The HSE are offering tailored advice to small firms on workplace health, safety and return to work issues, delivered by problem solving “pathfinders” (in five regions initially) who will carry out workplace visits and signposting to specialists who can help with more complex problems. Given that small firms often find it hard to handle the basics it is obviously welcome that the government is seeking to make compliance and prevention much simpler processes and the provision of advice in the workplace is a major departure from past practice.

We also welcome the creation of the Worker Safety Adviser Challenge Fund. This provides a valuable opportunity to assess the approaches that work most effectively – principally through a team of advisers who will offer advice on health and safety issues.

However, while these are all valuable initiatives, the *Choosing Health: Opportunities in Employment* Task group also suggested that the effective delivery of occupational health depends on improving the ability of GPs to handle these issues. In particular, the Task Group highlighted the role of training and the contribution that might be made by the Joint Committee on Postgraduate Training for General Practitioners. We endorse the Task Group’s recommendation that GPs must be confident in asking questions about an employee’s work situation and willing to make contact with the employer if they believe the symptoms the individual has presented suggest that there might be a wider problem. A possibility worth pursuing would be for GPs to issue an “employee care certificate” to the employer, setting out the nature of the problem, potential sources of help and the adjustments that need to be made to the working environment.

### **Health, Work and Well-being – Caring for our Future: A Strategy for the Health and Well-being of Working Age People.**

In October 2005, the DWP, DH and the HSE jointly issued a strategy document in which they announced the creation of a new national Director for Occupational Health and a National Charter for Health, Work and Wellbeing. The strategy reflects a positive working relationship between DWP and DH, as evidenced also by their joint sponsorship of the National Employment and Health Innovations Network. The focus on occupational health chimes well enough with shared concerns around growing numbers of IB claimants and responds to calls for a renewed status for occupational health in the health sector.

All this is to be welcomed, as is a vision of society where “work is recognised by all as important and beneficial, and institutional barriers to starting, returning to, or remaining in work are removed.” What is disappointing, however, is the lack of any discussion of the nature of work and how this is – as we have seen – a prime cause of ill health and health inequalities. None of the measures offered here will have a significant impact on the social gradient or the status syndrome.

Furthermore, despite making the link with productivity, there is no indication of how the DTI will be involved in developing and implementing the strategy – although proposals for national and local stakeholder networks and councils presumably will include the participation of employers.

As a result, there is a risk that the government will miss an opportunity to root out those workplace factors that increase the risks to employees’ health. Nonetheless, the mere fact that the government has begun to talk about the work/health relationship is an important development that creates the space for a wider discussion. Now that the issue is part of the public conversation, the task must be to persuade the government to address more systematically the relationships between the nature of work, health and organisational performance. Equally, the collaboration between the DWP and DH suggests that the need for a more “joined up” approach is now lodged in ministers’ minds.

### The liP “Healthy Business Assessment”

The proposal for a “Healthy Business Assessment” under the umbrella of the Investors in People standard is drawn directly from the *Choosing Health* White Paper. It is worth quoting the relevant passage in full, not least because this gives some clues to the government’s thinking:

*We have agreed with liP that they will develop a new healthy business assessment....identifying the advantages for business and employees in investing in staff health and building on mechanisms already available to businesses from liP covering issues such as work-life balance. This work will be incorporated into the liP standard when it is next reviewed in 2007.*<sup>53</sup>

At first glance this appears to be concerned only with health promotion in the workplace and there is a risk that the standard could develop in that way. On the other hand, however, there is a clear suggestion that this new element of liP should be consistent with the approach already adopted in the standard and should build on that experience.

It would be a missed opportunity if the “Healthy Business Assessment” does no more than evaluate the menus in staff restaurants, the availability of reduced gym membership and other health promotion activities. Our strong view is that liP should make a comprehensive assessment of whether an employer has considered the health implications of work organisation, job design, organisational structure and management behaviours. In particular, following the recommendations of the *Choosing Health: Opportunities in Employment* Task Group, we believe that employers should only qualify for accreditation if they can demonstrate that they have systems and processes in place to minimise risks to health alongside a range of health promotion policies and practices and effective policies and procedures for absence management and rehabilitation. Initial indications are that liP are adopting precisely this approach to the development of the standard but some effort will be required to ensure that these good intentions are reflected in the final outcome.

### The Standard of Good Employment Practice

The government is also committed to the development of a voluntary and comprehensive “good employment practice standard”<sup>54</sup>. For the time being the best that can be said for this is that it

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<sup>53</sup> *Work and Health*, Chapter 7 in *Choosing Health*, TSO (2004) 166

<sup>54</sup> See Warwick Policy Forum Document, *Section 3: Full Employment and Working in Modern Britain*, The Labour Party (2004)

remains an idea in gestation, although it has potential implications for both the stress management standards and the healthy workplace assessment, most obviously because the government has suggested that compliance could be linked to liP accreditation. Simply put, that standard would be used to provide employers with information and advice on their legal obligations. It would be developed by the “social partners”, which in this context means the TUC and the CBI. A link to liP would be the most logical route to follow, simply because by the time this standard is fully developed significant progress will have been made with the healthy workplace assessment. It is difficult to see how a good practice standard could be developed without reference to health in the workplace. The case for a comprehensive and consistent approach is irresistible.

### ***The Well Managed Organisation and Public Sector Absence***

Absence in the public sector has risen up the political agenda, largely because absence represents a significant cost that reduces the resources available to front line services. Government has taken the issue seriously and has outlined a new approach to managing absence through the report of the *Ministerial Task Force on Health Safety and Productivity*. While much of this would have looked familiar to managers in the private sector, the Task Force did draw upon the results of the Whitehall II study, conducted by Michael Marmot, and noted that:

*It is clear that a lack of control at work, for example due to inflexible work content and patterns and rigid hierarchies can increase general morbidity as well as constituting poor management practice. There is also significant evidence that poor workplace design can have a detrimental effect on health.<sup>55</sup>*

This is a welcome recognition that dealing with sickness demands more than effective attendance management – essential though that may be. Most importantly perhaps, as with the HSE *Stress Management Standards*, the report is a fine example of evidence-based policy, which seeks to address the causes of a problem rather than the symptoms.

The Work Foundation is collaborating with the HSE to develop a model of the “well managed organisation” to reduce the level of sickness absence, ensure that senior managers are

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<sup>55</sup> *Managing Sickness Absence in the Public Sector*, Cabinet Office, DWP and HSE (2004) para 6.2

committed to addressing the issue and equip operational managers with the skills they need to address systemic problems.

One might also say that this approach in the public sector is of direct relevance to the development of the wider *Standard of Good Employment Practice*. It would be odd, to say the least, if these initiatives were pursued entirely independently, with no exchange of information between one and the other. An organisation offering “good employment” will almost certainly be “well managed” – if this proves not to be the case then one or other of the standards must be fundamentally flawed.

### **Moving Beyond the National Minimum Wage: Sectoral Forums**

In our earlier discussion we posed the simple question: if we are always going to have some bad jobs then what can policy makers do to make these jobs better? Obviously there are some natural limits to what can be done. Shelves need to be stacked, burgers must be flipped and toilets must be cleaned. But, as Goos and Manning point out, the principal reason why these jobs are bad is because they are low paid<sup>56</sup>. A rising national minimum wage can help, but the principal function of the NMW is to put a floor under wages and prevent exploitation, not to eliminate low pay from the economy. It is also clear that those employers most affected by the NMW may lack the immediate skills to do more than accommodate increased costs through either higher prices or lower profits. So far it has been hard to detect any productivity enhancing investment consequent on an increase in the NMW. Yet this is what employers will need to do if they are to accommodate a rising NMW in the future. Increasingly, employers at the bottom end of the economy will find it hard to pay the minimum wage without a corresponding effort to increase productivity.

In other words, while the NMW can make some impression on effort-reward imbalances for the lowest paid and lowest status employees, it will never be enough to get to the root of the social gradient. Once again, the government appears to be alert to this concern and are considering whether a more sophisticated approach can be adopted to tackling low pay, looking beyond the role of the NMW. The commitment is clear:

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<sup>56</sup> *McJobs and MacJobs*, op cit

*The Labour government, for its part, will bring together social partners for sectoral forums in some of those sectors where low pay and low skills are most concentrated, for example some parts of the service sector, to discuss strategies for raising productivity, health and safety standards, as well as employee pay, skills and pensions. We look forward to the social partners bringing proposals forward in this area.<sup>57</sup>*

This suggests that the government has recognised the limits of existing policy, has some appreciation of the causes of low pay in particular parts of the economy and understands that the quality of employment cannot be improved unless the level of organisational performance is also improved. This desire to “raise the game” of the underperformers can be detected in many of the initiatives discussed so far: the stress management standards, the new approach to occupational health and the proposed new elements in liP. Viewed as whole, they have the potential to be a formidable array of practical instruments to improve the quality of working life *and* improve health at work. One should not be too optimistic however. At present these are somewhat random and disconnected initiatives – a potentially great novel with lively characters that lacks nothing more than a plot. Developing the linkages between these different initiatives must be a priority.

### **High Performance Workplaces: Information and Consultation**

The linking narrative with the greatest potential for coherence must be “healthy work: productive workplaces”. By this we mean an approach that unites high quality and fulfilling work with the important objective of increasing productivity so that organisations make the best possible use of both human and physical capital. This principle has been at the heart of the argument set out in this paper and it should resonate with the government’s desire to create more “high performance workplaces”.

Hitherto, this notion of high performance has been somewhat opaque even though it is central to the DTI’s approach to productivity improvement across the UK economy. The definition preferred by the government is that high performance workplaces are characterised by high trust and high levels of employee involvement<sup>58</sup>. People who are well informed about the need

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<sup>57</sup> The Labour Party, op cit

<sup>58</sup> DTI, *High Performance Workplaces: The Role of Employee Involvement in a Modern Economy* (2002)

for change are most likely to implement that change effectively. Other contributory factors are therefore said to be:

- A joint approach to solving business problems, involving everyone employed by the firm.
- A recognition of the rights and responsibilities of employers and employees
- The implementation of change through informing, consulting and involving all employees.
- Improvements in work-life balance.
- In some cases the conclusion of agreements where the employer guarantees a degree of employment security and the employees in their turn agree to be “flexible”.

This story about high performance has now become inextricably linked with the implementation of the new regulations on the information and consultation of employees. Indeed, one might say that making an explicit link with performance was a not so subtle ploy by the DTI to render information and consultation more palatable to employers.

Other commentators have adopted rather different definitions, which are more widely used in the literature<sup>59</sup>. The focus here is on new forms of work organisation and new organisational structures: multi-skilling, multi-tasking, team working, joint problem solving, flatter hierarchies and the more intensive use of information and communications technologies.

What unites these two narratives is that they both tell a story about the importance of voice. As we have seen already, social capital, generated by strong workplace institutions seems to have a powerful effect on organisational performance. Equally, we know that in the absence of social capital these practices are associated with work intensification, a loss of control and a deterioration in the quality of working life.

For our purposes the importance of voice institutions is that they help employees to exercise control, narrow earnings differentials and promote procedural justice – all factors that drive the

status syndrome. There is a strong case for saying that government should do rather more to promote the importance of information and consultation, not just as a route to higher productivity but also as a route to healthier workplaces. It is here that the need for interdepartmental co-operation becomes particularly important. The DTI, DH and DWP must have a shared diagnosis, a shared agenda and a common programme. Similarly, this strong national focus must be reflected in regional delivery. In particular, creating and sustaining healthier workplaces must be a central objective of Regional Development Agencies in their economic development strategies. Developing a supportive public policy environment is a national *and* regional responsibility.

### The Public Sector as an Employer

One of the most encouraging commitments in *Choosing Health* is the dedication to make the NHS a “model employer and contribute to the health of communities through the provision of local employment. The NHS is therefore committed to the development of a workforce strategy that gives the highest priority to employees’ health. Perhaps most importantly, there is an expressed willingness to learn from the experience of other sectors. It is to be hoped that such best practice will be applied across the public sector as a whole rather than just the NHS.

Even though this principle has been accepted, to some extent, in *Choosing Health* it is important that public sector organisations respond to recent developments and those that are in prospect. It is not unreasonable for example, to expect widespread public sector implementation of the *Stress Management Standards* and a commitment to make progress with the *Healthy Business Assessment* once the standard is in the public domain.

In its London Project Report<sup>60</sup>, the Prime Minister’s Strategy Unit urged that “constructive working between Jobcentre Plus and the public sector, London’s major employer, is critical to find sustainable jobs for London’s workless.” The public sector is London’s largest employer, employing 1 in 5 people, but is also a heavy user of temporary contracts and recruits from abroad where it perceives there to be a lack of local skills. There is every reason to believe that this characterises public sector employment across the regions. The report recommends the development of workforce pay and recruitment plans, which will “establish quality and stability in

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<sup>59</sup> See Sisson et al, op cit and OECD, *Employment Outlook*, Ch 4 *New Enterprise Work Practices and Their Labour Market Implications* (1999)

<sup>60</sup> Prime Minister’s Strategy Unit, *London Project Report* (Cabinet Office, July 2004)

the leadership and staffing of London's public services, especially in the services and localities of greatest need." This strategic and integrated approach is to be endorsed, especially as the public sector's track record in employing and retaining people from disadvantaged groups has considerable room for improvement. For example, although the numbers of disabled people working in the public sector have increased in recent years, the proportion of disabled people in the public sector is still less than that of non-disabled people and the differences show no clear tendency to decrease (or increase, it should be added). People with mental health problems or learning difficulties are least likely to have public sector jobs.<sup>61</sup>

### **Case Study**

#### *Disability Equality in London*

In advance of the new public sector duty to promote disability equality on a par with race equality (Disability Discrimination Act 2005), the Greater London Authority established a Disability Equality Scheme *Moving Towards Equality for Disabled and Deaf Londoners* (GLA, January 2005). In response to an extensive survey, the scheme has the following priorities:

- Highlighting discrimination faced by disabled and deaf Londoners;
- Effectively championing disability equality and the promotion of the social model within the GLA and GLA group;
- Ensuring the involvement of disabled people at all levels;
- Ensuring appropriate and effective disability equality training delivered by disabled people;
- Recognising and taking action about hate crime faced by disabled Londoners;
- Ensuring effective access to services within the GLA and GLA group, including access to information and City Hall.

This is a scheme which recognises the impact of status and the importance of voice in the workplace.

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<sup>61</sup> Hirst and Thornton, *Disabled People in Public Sector Employment, 1998-2004*, Office for National Statistics, *Labour Market Trends* May 2005 Vol 113 (5).

### The Role of Regional Institutions

At a regional level, effective intervention by the Regional Development Agencies (sponsored by DTI) and the Regional Skills Partnerships is critical in driving sustainable and health promoting economic development – and health is a crosscutting theme for RDAs although they do not, at this point in time, receive direct funding from DH. There are some good examples around the country of incorporating health considerations into economic development activity. The North West Development Agency has long had a senior position with responsibility for embedding health as well as social inclusion in its policies and programmes and for engaging with the health economy. They have worked with regional partners, including the NHS, to build the capacity of regional and local businesses to improve health and safety and respond to public sector tendering exercises.

The London Development Agency (LDA) is designated the national lead RDA for health. As a functional body of the GLA, the LDA is also required by statute to have regard to health, sustainable development and equalities in all that it does<sup>62</sup>. Reflecting the fact that this is a shared, cross-sectoral agenda, the LDA looks to the London Health Commission and London Sustainable Development Commission – it is a member of both – to help shape healthy and sustainable policies, conduct or support impact assessments and build its capacity around health. The London Health Commission has carried out health impact assessments (HIAs) on all of the Mayor's major strategies, including the regional Economic Development Strategy, and has input to revised strategies. The LHC is represented on the London Skills Commission. The LDA is also now appointing a Head of Health and Sustainability and is putting resources into mainstreaming pilots and good practice such as the Sustainable Local Economies for Health planning tool developed by the LHC. With the Regional Public Health Group and Strategic Health Authorities, the LDA co-funds the London NHS Healthy Urban Planning Unit, which supports NHS colleagues engage with planners and build dialogue between the public sector and private developers to promote public health through urban development and major capital projects.

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<sup>62</sup> Greater London Authority Act 1999

**Case study**

*Sustainable Local Economies for Health Project – London Health Commission*

Policy increasingly acknowledges that there are links between health and sustainability. In practice, however, these links can be hard to pin down, and practical steps to promote health *and* sustainability are often difficult to devise – particularly in relation to economic development. The London Health Commission's *Sustainable Local Economies for Health* project (SLEHP) has explored what a healthy, sustainable local economy could look like by identifying the aspects of employment that shape health, the factors that make a place more sustainable and the connections between them. This evidence underpins a matrix-based tool to guide users through the links between health, sustainability and employment, and a strategic framework for joint planning and implementation. SLEHP is being adopted by the London Development Agency and has been incorporated into the London Thames Gateway Social Infrastructure Framework. It has also formed the basis of a regeneration strategy, including local employment initiatives, for the Barts & the London NHS Trust's redevelopment under PFI.

## 6 Conclusion: What more needs to be done?

It is easy to say that the government needs to be telling a clear story about health and work and much more difficult to construct this narrative so that it appeals to all stakeholders. “Healthy work: productive workplaces” could easily become a cliché with as much purchase on the public conversation as “tough on crime, tough on the causes of crime”.

Yet, as we have seen, there is much in what the government is already doing that promises well for the future. In particular, there are some real opportunities for policy makers to intervene intelligently and deliver the “quality employment” side of the full and fulfilling employment equation.

### Political leadership

First of all, there must be clear *political* leadership. A **cabinet minister** must take responsibility for initiatives to improve the quality of working life, deliver better health and secure higher productivity and performance. Achieving each of these objectives depends on achieving all of the others, and an arbitrary division of responsibilities across DH, DWP and DTI must not be allowed to get in the way. The interdependencies are clear and must be recognised by ministers not least because current policies to improve labour market participation, employees’ health and productivity seem to be random and disconnected initiatives - a pudding without a theme or a novel without a plot indeed.

### Regulation *and* voluntarism

Regulation can make a contribution to the process of improving employees’ health but it is a necessary rather than sufficient condition. So, for example, a higher minimum wage can help to improve the quality of employment at the rough end of the labour market but it is an inadequate tool for the elimination of low pay from the economy. Similarly, tax credits can help to “make work pay”, improve labour market participation and reduce the extent of in-work poverty, but they are an inadequate instrument if the objective is to reduce reliance on state intervention and ensure that employers can pay wages well above the NMW.

The information and consultation regulations are also an important instrument too. If implemented effectively they can give employees more influence over the course of events and can build social capital in the workplace.

Returning to our theme of job satisfaction and skills utilisation, we should recall Keep and Mayhew's argument that regulation is essential if "low road" business models are to be gradually eliminated from the UK economy. Their case is that unless the UK labour market is regulated more rigorously, with much higher minimum standards, then employers will have no incentive to improve their performance. Exhortation is nothing more than wasted breath and unregulated markets will always deliver a large number of low quality, low skill, low productivity jobs.

No doubt there is some truth in this and it remains the case that the UK has the second least regulated labour market in the developed world. Nevertheless, regulation is only part of the answer. Government cannot legislate for high quality employment, high trust relationships or high productivity. Regulation may be a catalyst for change and can create incentives to which employers must respond. But substantial progress, beyond compliance with more rigorous regulatory requirements, will still depend to a significant extent on voluntary action.

That is why the sectoral forum model is so encouraging. It has some clear objectives – improving the quality of work and organisational performance – but relies entirely on the willingness of employers and unions to make progress. This is an advantage, because it commits the parties to whatever agreement has been reached, but also a potential flaw. Perhaps the biggest difficulty will be in translating the recommendations of the sectoral forums into reality – **there must be processes to guarantee that voluntary agreements at sector level are matched by delivery on the ground.**

### Business networks and business support

This means that the role of government must be reinforced by the activities of both formal and informal business networks. The Engineering Employers' Federation's (EEF) approach to stress management is a model of what can be achieved and it would be a huge step forward if other employers' associations adopted a similar approach. So far as government is concerned, there is a need to ensure that business support activities like Business Link are able to provide

advice and support to organisations that want to improve the quality of working life and organisational performance. SMEs in particular are unlikely to have the expertise to make complex judgements about the changes to work organisation or job design that reduce monotony and enhance control. Indeed, they are unlikely to respond to an offer phrased in terms of “let us work with you to make your workplace healthier”. On the other hand, it is reasonably certain that businesses will be attracted by any advice or support that leads to better attendance management, lower absence rates and better performance. **Policy makers need to start from the premise that they must understand how business perceives the issues – and tailor business support accordingly.** Only then can real progress be made.

### **Better co-ordination across government and an enhanced role for public institutions**

There are significant challenges here for the DTI and the DH in particular. Both departments must develop a sharper appreciation of how their objectives are linked. **Improving health and job satisfaction must be integrated into the DTI’s policies for the development of high performance workplaces. Equally, the DH must develop a better understanding of the impact work can have on health.** Of course, improving the health of the workforce depends on improved occupational health and more effective health promotion, but unless a real effort is made to improve the quality of work then the goal of better health will retain the status of pious aspiration rather than practical reality.

**Government should also consider whether ACAS can be given a clearer role in policy development and implementation.** For much of its history ACAS devoted real energy to improving the quality of working life through the activities of their Work Research Unit. Any effort to drive forward an agenda for healthy work: productive workplaces could draw on this experience and might also recognise ACAS’s record of improving consultation arrangements to deliver high trust relationships, better job satisfaction and performance. Indeed, it would be possible to reframe ACAS’s statutory objectives to include the promotion of higher quality and healthier employment.

There is an obvious linkage between the work of ACAS and the HSE, whose Stress Management Standards have already been recognised to have wider application. Questions of control, autonomy, workload and voice are all shaped by the employment relations environment where ACAS has a well-established role. Once again there is a powerful case for effective

collaboration between institutions, driven by a well-articulated national policy agenda subject to clear ministerial accountability.

**Linking national and regional agendas is essential and RDAs (not just the LDA) should all be required and enabled to address health and sustainability as they develop and implement their economic development strategies.** Promoting high quality and healthier work must be a core objective for RDAs and they should be supported by central government in making this a reality, which may well mean a refocus of funding. The LDA's leadership role will be critical if progress is to be made.

### Public procurement and the role of the public sector

**A further question worth considering is whether government should do business with organisations offering low quality employment.** To a degree this question has already been answered through the proposed “compact” on employment standards, which will require all those supplying services to government to meet some minimum conditions on training, skills and trade union recognition<sup>63</sup>. There are also national and regional initiatives promoting ‘green’ and/or sustainable procurement and drives in the NHS to employ more local people, thus promoting health through employment. We suggest that public sector organisations should be asking suppliers about progress made towards accreditation as a “healthy workplace”, the extent of information and consultation arrangements, the provision of occupational health and compliance with the HSE's stress management standards. Procurement can be a powerful weapon in changing the behaviour of organisations in the government's supply chain – not least to safeguard the government and other public authorities from the accusation that taxpayers' money is being used to sustain poor employment practice.

### Training and Skills

Finally, there is clear evidence to show that the possession of appropriate skills makes it easier for workers to cope with periods of acute pressure. The government's desire to upgrade the skills of the UK workforce cannot be disentangled from the objectives of more “good jobs”, higher productivity and better health. We have seen from the projections of labour market change to 2012 that demand for higher-level skills is set to increase. Equally, we know that improving productivity in lower paid sectors – which is implicit in the sectoral forum model – will

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<sup>63</sup> The Labour Party, *op cit*

demand some substitution of capital for labour *and* an improvement in average skill levels for each sector. It may seem strange to promote skills development using the slogan that “training can make you healthier - and you’ll live longer too”, but this is what the evidence tells us. Returning to our theme of effective policy co-ordination, the DfES must be part of the cross-departmental coalition driving forward the agenda. Of course they have a direct interest here too as the sponsoring department for liP.

### Conclusion

Our purpose in this paper has been to outline an ambitious agenda for the improvement of working life in the UK and enable the government to achieve their objective of better health for all citizens. We have explored the social gradient and the status syndrome, assessed the impact of labour market trends, examined whether working life is getting worse and evaluated the public policy response.

Perhaps the best assessment of the government’s approach so far is that much has been promised, the policy instruments are beginning to be put in place but much remains to be done. In particular, we need a more sophisticated – and co-ordinated - public conversation about the linkages between work and health. Employers and to some extent trade unions have a relatively limited understanding of the pathways through which bad work leads to poorer health and lower life expectancy. As a first step a more intensive effort is needed across government to improve what, for want of a better term, might be described as stakeholder engagement.

It seems self-evident that employers will only be convinced by a business case for action but the evidence is robust and the argument compelling. Unless employers begin to tackle the factors that influence the steepness of the social gradient then they will never make as much progress as they could in either improving productivity or in reducing the costs of absence. In other words there is a strong economic case for higher quality employment in the UK.

Of course some may say that this is a counsel of perfection in the face of the irresistible forces of globalisation. But the evidence presented here suggests that these pessimists are wrong. Policy makers, employers and society as a whole have some real choices to make. We can *choose* whether we wish to have more or less income inequality. Employers can *choose* to operate either high road or low road business models. But perhaps most importantly, we can *choose* whether we want more high quality jobs and more productive workplaces. As a nation

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we can, if we wish, *choose* to be healthier and potentially happier. It is simply a matter of determination and political will.

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