The Commission on Good Work

Shaping the agenda in a modern UK economy

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The UK is going through turbulent times – economically, socially, and politically - with significant implications for the world of work. Over recent decades we have seen huge changes driven by technology and the globalisation of markets, which are challenging traditional ways of working, resulting in major effects on long term economic and social prosperity. This is raising questions about whether we need a new vision for work to maximise opportunities for all in future?

The global financial crisis in 2008, and the recession that followed, left a lasting impression on the labour market, with stagnation in UK productivity, resulting in ongoing pressures on wages growth, increases in the levels of in-work poverty growth and, in turn, a decline in living standards. The European referendum has shone the spotlight on some significant and persistent economic and social divisions across the UK. Dramatic headlines, capturing widespread media coverage, paint bleak and gloomy futures for many, with ideas of machines replacing people and the spread of precarious work, as employment opportunities polarise. But, do we fully understand these developments?

Research findings repeatedly show the role of work as a vital mechanism in an individual’s social identity and Good Work has been advocated as a critical way not only to enhance business performance but to drive social prosperity. Significant complex forces are shaping the world of work in the UK today with new and distinct developments. Yet, labour market evidence also suggests traditional working patterns are more persistent and evolutionary than the revolutionary changes implied by media headlines and topical debates. To guide our understanding of the characteristics of Good Work for the future, therefore, we must not only examine how the forces of change are impacting in novel and different ways across the labour market, and at a varying pace, but establish where there are core underlying elements too. At its heart, this is about understanding “work” in all its multiplicity of forms; reviewing its core purpose; and its many different categorisations.

The Work Foundation, through high quality research and analysis, has sought over time to understand and influence change in working practices to create Good Work for the benefit of workers and employers.

In recognising the factors that are shaping such change, and the consequences of these for all, we can begin to consider how to optimise benefits for individuals and businesses alike. In times of uncertainty it is important we do not leave things to chance but seek to understand what is happening and consider how best to act. Good businesses create Good Work, where they enable people to work in intelligent ways alongside technology; to find ways to work smarter together and to make sure people are still happy and engaged when they are doing it. The Work Foundation has, over many years, sought to promote the value of people-centred approaches to managing businesses and the achievement of Good Work in ways that truly value the contributions that people make. This is not solely as a philanthropic good or part of corporate social responsibility but because of its positive impact not only for individuals but business performance too and the wider society. This is all the more important to meet the needs of an ageing and more diverse population and workforce.

We live in a time where the latest technological developments in automation, sensor technology and tools such as 3D printing and the Internet of Things are disrupting traditional business models and working environments; where terms such as the “4th industrial revolution” or the “second machine age” predict apparent dystopian futures. But such change does not mean an

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automatic race to the bottom with work being dehumanised, job losses and people investments cut. Businesses need people to unlock the real potential of innovation and technology. How do we do that and retain the intrinsic human value of Good Work?

In December 2016, the Work Foundation launches a new Commission on Good Work. The Commission will demonstrate Good Work’s ongoing importance in driving benefits for more businesses, individuals, and society as a whole within a modern world (see Annex 1). Whilst we have no crystal ball to precisely predict the future, it is important that we systematically make sense of the potential directions of travel, assess and debate the key uncertainties that we know exist, and start to position ourselves to anticipate and prepare more effectively for what is to come, rather than simply waiting to react. This means actively shaping the quality of work and new employment as businesses develop. Examining not only the volume of jobs created but the nature and quality of work too is important to maximise the benefits for all. The Commission will guide a programme of work over the next two years to understand the type of current changes indicated here and develop a range of proposals to steer the nature of them. As the Commission commences it is imperative to engage a range of stakeholders in business, trade unions, professional bodies, Government, and, from different sectors, to shape how we will work and the issues we need to tackle. We start with a series of questions that usefully set the terms for ongoing inquiry and debate:

- Why is a focus on Good Work so important now?
- What does Good Work mean in a modern economy?
- How do we achieve Good Work in a way that unlocks the mutual benefits for business, individuals and the wider economy?

It is important that the Commission starts from a strong basis of clearly defining what we mean by Good Work. As such we need this to be an early part of the debate. We are developing our definition from a high level framework which identifies the influences on work. This goes beyond the traditional employment contract, and explicit “deal”, to wider aspects of working, and including issues of culture and “custom and practice”. Central to this is the power of belief - the belief that the work being undertaken is fulfilling, meaningful and valuable, not only for the individual, but their organisation and wider society. It’s about recognising that work has important social and psychological benefits as well as economic. For the individual this will connect to feelings of purpose and pride. For an employer the worker will be a crucial asset to the business, but they will also care for their welfare. The importance of making work more meaningful is not new. But, as new global forces and megatrends continually transform work, and evolve the relationship between employers and workers, there is an increasing risk that this central element of Good Work is lost. There are, clearly, huge costs in wasting human talent.
Why is a focus on Good Work so important now?

If we are to unlock the full benefits of Good Work in a modern world, it’s important we understand what factors are shaping change, as well as the nature and scale of opportunities and risks.

In broad terms, currently, we are neither optimising the returns for work to businesses or workers. We have a productivity paradox in business; uneven technological change and a growing inequality for many workers.

There are ongoing concerns about the performance of the UK economy. The financial crisis in 2008 and the recession that followed, have left significant lasting effects on industry in the UK. Productivity growth has been very slow since the crisis hit, bucking the patterns of recovery seen in previous recessions. Whilst the UK is not the only country to have experienced this slowdown, it has been amongst the most affected. Slow growth is an increasing constraint on the economy’s ability to secure higher profits and wages, stronger public finances and is squeezing living standards.

Powerful future forces for change, including ongoing innovation, technological advancements and growing workplace and lifestyle flexibility are adding to the business pressures. Fortunately, we have seen a long term shift to more high-value activities and more high-skill jobs at the top of the career ladder. This is a trend which has continued during the recession and puts the UK on a strong footing with its European counterparts. This is undoubtedly a response to wider global developments. Huge advances in technology, transport and communications have ‘shrunk’ the globe, and are facilitating international trade which is raising global competition. Populous countries (such as China and India), which are pushing forward ambitious strategies for growth, supported by heavy investments in industry, technology and education, are able to play an increasing role in higher value markets, now too, which a generation ago would have been considered the exclusive preserve of the mature advanced economies. Successful, frontier businesses in the UK are responding with a greater focus on:

- unlocking the business value from external networks as well as internal capability
- collaboration across value chains through crowd-working, and outsourced “virtual” project teams, involving core employees, international workers and outsourced external freelancers
- working across disciplines, as boundaries blur, supporting cross fertilisation and hybrid functions
- leaner, flatter management structures and more agile distributive leadership
- smarter, technologically-driven operations
- dealing with complexity, uncertainty and shorter innovation cycles
- securing performance improvements through teams that are more virtual, multi-generational and culturally diverse.

Technological developments are enabling businesses and individuals to operate in very different ways. For example, increasing parts of the economy are being connected and managed by a complex digital network, in a continuing push to meet customers’ specific and personal requirements on demand. The “Internet of Things” offers growing opportunities as virtual and human activities are integrated. The digital network, driven by sensors, big data and rapidly increasing intelligent computer processing, operating through factory production lines, logistic

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1. HMT (2016) Autumn Statement
2. See the initiative led by Sir Charlie Mayfield, www.HowGoodisYourBusinessReally.co.uk?
centres, retail outlets, transport networks and road systems, is seeking out productivity improvements through “smarter” working. Clearly, these new forms of working potentially offer many life-style benefits, enhancing individuals’ ability and freedom to flex their working patterns and workloads around their personal lives, as well as in different “life-phases” during their careers. People increasingly work anywhere. However, not everyone is benefiting from these changes. With slow productivity growth affecting many UK businesses, and characterising businesses of different sizes and sectors, this clearly requires new thinking about what can be done to make more businesses competitive and to tackle the long tail of businesses under-performing. So, where are we seeing problems?

- Studies suggest many UK businesses management practices are at best average in international league tables and only one in ten businesses are deploying High Performance Working (HPW) approaches.
- Moving to a knowledge intensive high value economy will require significant investment in people and their skills. The UK continues to have considerable skills deficiencies and is still only treading water with its international counterparts, especially at lower and intermediate skill levels. Skills shortages are especially persistent in key middle and high skilled roles, such as within STEM roles and among managers. The UK has also seen a growth in under-employment and skills under-utilisation.
- The UK is a leader in innovation, with some of the world’s best universities and businesses. However, international evidence suggests that fewer UK businesses are innovating relative to their overseas competitors. Those that do innovate are the larger, more established businesses.
- The UK is also a world leader in digital consumption and these technologies are clearly transforming businesses and work, but rates of digitisation are around the EU average and businesses as a whole are not pioneers in terms of adopting the latest technologies.

We are also seeing a more polarised labour market, facing threats as well as opportunities. At the same time, as we have seen a shift to high skilled work, there has been growth in less well-paid and lower skilled jobs in services such as retail, hospitality and social care at the bottom of the ladder too. As jobs have been hollowed out in the middle, this limits opportunities to progress and, consequently, people can feel stuck. As a result, we have something like an hour-glass structure in the labour market developing overall. There are also growing concerns around workplace practices which do not guarantee regular income and working hours, and threaten job security and employee wellbeing – recent attention around practices of Uber and Deliveroo highlight such concerns. There is an increasing prevalence of mental health problems connected to stress, anxiety and depression, and these conditions are reported to account for 15.2 million workdays lost in 2013; an increase of 24 per cent since 2009. At the same time, we have seen an increasing growth of in-work poverty, where some people are juggling more than one job which challenges more peoples’ ability to meet rising costs of living. Indeed, a growing number of people are dependent on a national living wage to preserve their baseline

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10 http://worldmanagementssurvey.org/ 
11 UKCES (2015) UK skill levels and international competitiveness.

14 Eurostat 8th Community Innovation Survey 2012. 
15 Eurostat Information Security Statistics 2015 
17 IFS (2016) Autumn statement analysis
income. These effects have not been evenly felt, impacting disproportionally on particular groups such as women, younger and older people, and those living in certain areas. Each of these problems viewed in isolation is significant for those concerned, but taken together they are even more considerable and, with ongoing uncertainty, we must fear them growing worse. It is therefore vital that we understand these developments and their effects so that they can be tackled.

Questions for Debate:

- What are the most important factors driving the evolution in the world of work today? Do we fully understand their effects? Do we need to reimagine work?
- Do we have a common view of the opportunities and threats associated with the changing composition of the labour market and the implications for different individuals, businesses, and wider stakeholders?
- What are the key components of a 4th industrial revolution? Do they vary in different parts of the economy e.g. different sectors/areas of work?
- Is the current evolution in work threatening the future purpose and value of work?
- What are the biggest risks?
- Why is Good Work so important now in current times?
- Do we have a common understanding of Careers of the Future?

What does Good Work mean in a modern economy?

As global forces continue to evolve business operations and shape new ecosystems, business success will come from seeing more improvements in how businesses engage their people.

This means more businesses pursuing a smarter people-centred approach which secures HPW and Good Work and really seeks to value and unlock the “human” contribution.

HPW practices that support Good Work create happier more motivated and engaged employees, and foster greater innovation and productivity\(^{19}\). The features of Good Work have been part of the world of work for more than a hundred years and have been central to the core mission of the Work Foundation and its forerunner The Industrial Society since 1918 (Annex 3).

Good Work is shaped by working practices that benefit employees through good reward schemes and terms and conditions, having a secure position, better training and development, good communication and ways of working that support task discretion and involve employees in securing business improvements. Practices therefore seek to make appropriate demands whilst at the same time allowing room to have control. \(^{20}\)

The critical issue here is how employers create the conditions for fulfilling work which is meaningful to individual workers and can create a sense of pride and interest in what they do. Nine out of ten people want interesting work, so how do we unlock this potential? \(^{21}\) This is more than pay and the formal terms set out as an explicit deal in any employment contract. It also involves more subtle influences from the working environment stemming from the culture and value of the business and which support a positive frame of mind and a good general health and well-being. \(^{22}\) It also requires businesses to support individuals to adapt their working patterns around their life styles and different life phases.

The UK is not alone in realising the value of Good Work. International developments have also sought to understand and support improvements for some time, recognising the benefits of doing so socially as well as economically.\(^{23}\) The international think tank the Organisation for Economic Co-operation and Development (OECD) has called for an increasing number of better jobs to create additional competitive and sustainable economies. Furthermore, both the European Union and International Labour Organisation (ILO) champion “decent work” as essential to securing a better economy and the “glue” that binds societies.

If more employers in the future are to be supported in adopting better practices that create more Good Work, there is no single course of action that will be effective. That being said, one important component is the need to improve our ability to assess and understand Good Work in a way that is fit for future ways of working and clarifies the positive outcomes we are seeking. We need to reinvent what Good Work stands for in a modern, digital world. We also need to refresh our measurement, and diagnostic tools. This is not simply about “navel-gazing” or a force for good. It is about “good business”, involving regular assessment and benchmarking of performance. Businesses can deploy measurement to understand how they are doing, how their practices compare to their competitors and how far they are from where they need to go. Most importantly, they can identify performance problems, and where they need to get better.


Questions for Debate:

- Do we fully understand Good Work in modern times and what Good Work means? Does this vary for different sectors/types of work? Are new forms of work sufficiently “humanised”, unlocking social as well as economic benefits?
- Do we need to refresh our definition and to improve the indicators we have to measure the distribution of Good Work across the economy and its benefits? What key indicators can and should we use? Where are there gaps? How can we build a consensus internationally?
- Once we have identified Good Work opportunities does this change our perspective of Careers of the future with important future prospects?
- Will close co-operation between humans and machines lead to different notions of personal identity? How will this affect the meaning of work?
- Are new modern practices such as flexibility creating a revolution in new ways of working? What hard proof is there of a revolution?

24 UKCES (2104) Careers of the Future
How do we achieve Good Work in a way that unlocks mutual benefits for business, individuals and the wider economy?

A race to the bottom which treats the management of people as a cost is neither inevitable nor desirable for anyone.

As the modern economy evolves, and we “revision” work, we need a new formula for Good Work that recognises different types of work, but is supported by multiple stakeholders to secure mutual benefits.

Action by Government: The complexities of the modern world, combined with the pace of change, are challenging traditional policies. Constraints on public resources will continue to limit the opportunity to invest directly through grants and subsidies. It will therefore be crucial for Government to facilitate an employer-led ‘engine’ of business improvements and to effectively align public and private investment around this to support co-investment and greater partnership working. There’s certainly a lot that Government can do create the right conditions to support more businesses to improve. Actions it takes on regulation, taxation, infrastructure, industrial policy and economic development, health, innovation and science and education, are all critical to improving prospects for business performance.

Targeted business initiatives such as How Good Is Your Business Really? are vital to raising the ambition of more businesses through sectors, supply chains and local communities. To generate real impact in a more connected economy this kind of initiative is exploring ways to support more collaborative approaches that encourage businesses to share good practice within “real” active communities that they are already operating within. Through ambitious business-leadership it is encouraging businesses to work together to seek improvements in how they are managed and to better identify what works. Not only is this connecting individual businesses, but wider respected industry partners, trade associations, professional bodies and universities, who can pool expertise and resources and share the risks developing better working solutions. Through a suite of business tools and products developed by businesses for their own communities, with expert advice, it is inspiring more innovation and action. Such programmes in future are likely to play a more crucial role encouraging businesses to face future challenges and modernise their working practices in a way that also makes better use of their workers. Government’s role is also vital in incentivising businesses to act and spreading good practice more widely.

A further vital role for Government will be around challenging inequality and countering social divisions, and targeting public investment to those at risk of the greatest disadvantage. Clearly, Government must play a key role encouraging employers to adopt good practice through the legal and policy framework. Practically this means supporting areas such as rights at work, and health and social protection and progression through access to high quality skills programmes such as apprenticeships.

Action by Businesses and individuals: Businesses and individual workers must also assume more responsibility themselves to act. Research conducted by the Work Foundation has identified businesses and individuals that are seeing the benefits of developing solutions that support Good Work. From business this demands strong business leadership and a

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25 Fixing the Foundations: Creating a more prosperous nation. HMT. July. 2015.
26 https://howgoodisyourbusinessreally.co.uk/

review of local management practices to create a working culture where employers and workers recognise the value of creating “meaningful work” from all types of workers. It also means building sustainable working relationships that: provide security in the workplace; social protection for families; better prospects for personal development and social integration; freedom for people to express their concerns, organise and participate in business decisions; and, therefore, secure motivation and loyalty as an essential part of satisfying customers and delivering lasting results. Businesses also need to recognise how Good Work can support workers wellbeing and improve the health of the working age population.\textsuperscript{28}

For individuals, as employment relationships evolve, and career pathways become more diverse they will need to take greater responsibility for their own development, progression and personal welfare. This is especially where careers cross in and out of self-employment. In the face of pressures on investment from Government and employers, this will mean assuming more responsibility for acquiring and constantly updating skills throughout their careers. Personal development is also likely to broaden, capturing softer capabilities too, such as personal agility, resilience and abilities to “unlearn and relearn” and adapt to change. Where people have health conditions it will also mean encouraging individuals speaking to employers and raising awareness of their conditions.

New remote and virtual forms of working, which fragment working, will also require modern mechanisms to provide advice, and support collaboration, in a way that counters isolation, provides a collective “voice” and challenges poor practice. Businesses, unions and professional bodies should be encouraged to collaborate across their sectors, building on a “sense of community”, around shared concerns, to facilitate the dissemination of better, more-tailored solutions and advice\textsuperscript{29}.

Questions for Debate:

- Are Government and industry investing enough to enhance the long term competitiveness of UK industry to rival other countries? How can our industrial strategy help?
- In what ways can employers be supported to develop viable new forms of organising work that consider workers interests as well as the business?
- What workplace, technological and social innovations might help?
- How do we achieve the right balance between protection, security, and care for workers as well as flexibility?
- What might a modern formula for Good Work look like that makes best use of and develops talent in businesses to drive performance but also adjusts for individuals’ different working choices and life phases?
- Given the growth in flexible working what should a “standard” employment relationship look like in the future? Do flexible workers need additional “rights” to support them in adjusting their types of employment through different life phases?
- How can we support more collaborative working between Government and industry and between business communities? Can this be done in a way that encourages more businesses to face future challenges and modernise their working practices so that they make better use of their staff?
- How can we ensure fair access to workplace progression activities?
- How can we better organise work so we are clearer about Good Work career pathways for All?


\textsuperscript{29} Carolyn Downs (2015) Inclusive Entrepreneurship.. Lancaster University.
Annex 1

A Commission on Good Work

The Work Foundation is launching a Commission on Good Work as an important strategic project to form an independent and objective review.

The Commission’s objective is to consider how to ensure “Good Work” is at the heart of rebuilding the economy in the UK post Brexit, following the financial crisis and recession. Good Work is a vital to securing sustainable improvements in productivity and social prosperity in the future and the Commission needs to demonstrate how. It will seek to understand businesses that are profitable through their people and Good Work and what contributes to their success. It will seek to explore Careers of the Future that provide opportunities for Good Work in different sectors. It will seek to address the challenges that prevent us achieving Good Work more generally and to develop a range of proposals and solutions to overcome them, seeking to incentivise better practices moving forward.

If the Commission is to have an impact then strong partnership working, collaboration and engagement will need to be central to our approach. Therefore the work supporting the Commission will be taken forward through a variety of collaborative strands including not only research and analysis but also securing the inputs of a range of partners through: working papers and think pieces; discussions and debates through key consultations and a series of events; insights drawn from practical projects; and formal reporting (i.e. reports at key stages and a final over-arching report at the end of the project). It is essential that the work connects to experts working in this area and other key programmes so that the study does not unnecessarily duplicate efforts and considers what individual projects contribute to the whole. This will include working with other policy makers and experts in different countries who are also wrestling with the same issues and connecting to critical international partners such as the OECD.

To ensure the report is not the final word the work will be led by a taskforce of the most senior leaders in business, trade unions, professional bodies and public and voluntary sector who will act senior advisors as well as helping us promote and share the findings of the work with key stakeholders, partners and practitioners and encouraging take up.

This is a medium to long term programme which will work towards a significant report in 2018. The Commission will therefore also drive the Work Foundation’s strategy for the next two years as it prepares to celebrate its centenary in 2018 – this will mark 100 years of the Work Foundation championing the Good Work Agenda.
Annex 2

Key contributors to this work to whom we are very thankful:

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Sean Taggart (Albatross – small business perspective)
Mark Huddleston (JHE solutions – small business perspective and Northern Ireland)
Julie Kenny (Small business owner)
Ben Wilmot (Chartered Institute of Personnel and Development)
Kate Bell (TUC)
Paul Sparrow (Lancaster University Management School)
Annex 3

What can the Work Foundation do?

The Work Foundation is well placed to make a significant contribution to advancing this agenda. With over 100 years’ experience, championing the importance of Good Work with a wide range of different stakeholders, it has a wealth of insight and expertise to draw upon. By working in partnership with Lancaster University, it can combine a reputation for research excellence and leading intellectual thinking to enhance understanding of Good Work, with a track record in using insights to determine what action is best required to secure it.

The Work Foundation’s mission is to ensure that Good Work can benefit all: individuals; organisations, communities and economies. It seeks to achieve this through 3 core functions:

- **Insight**: To improve knowledge and understanding of Good Work through rigorous evidenced-based research and evaluation. To set out a clear case for why we need to take action.
- **Inspire**: To incentivise action about what needs to be done, and provide practical solutions based on assessments of what works (and what does not) to tackle today’s and tomorrow’s work-based challenges.
- **Impact**: To showcase how actions can be successfully taken forward, and champion good practice. To encourage networking to share ideas and partnering with organisations to support their adoption of Good Work policies and practices to secure economic and social benefits.

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