ESRC Seminar Series: Making Bad Jobs Better

Notes from Seminar 4: What policy interventions might make bad jobs better?

Church House Conference Centre, London, 20 September 2011

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The Context

Seminar four aimed to draw together the findings and discussions of the previous three seminars to consider policy interventions which might help make bad jobs better. A key point raised was the necessity of ensuring that the problem was recognised. Research presented by Kayte Lawton and Tess Lanning (IPPR) showed that many people underestimate pay at the higher end and over-estimate the pay of those towards the middle and lower end. There was a questioning of the link between pay and productivity which is rarely challenged within existing policy documents.

There was little evidence of the expected 'trickling down' of improvements in pay for those at the lower end during periods of growth. Paul Osterman (MIT) showed evidence from the US that full employment, and increasing levels of skills and training, had not been sufficient to deal with low pay. James Plunkett from the Resolution Foundation pointed out that median pay in the UK was declining even before the recession. While there was general agreement that growth is not enough to deal with poor job quality, it was widely recognised that lack of growth and high unemployment typically leads to a policy (and public) interest in 'any job' as opposed to 'good jobs'. Ewart Keep argued that the absence of job quality from the policy agenda was compounded by other existing and on-going labour market issues, namely the over-supply of graduates/skills, an influx of migrant workers and the lack of a dedicated department within government. Indeed no individual or group of departments could be identified as owning the problem. He stressed, however, the timeliness of recognising the bad jobs problem with income inequality, social mobility and skills utilisation all likely to worsen over the coming years.

Policy Options

There was a wide-ranging discussion about potential policy options, who they were targeted at and at which particular level. A key role, as Paul Osterman insisted, was required from government to impose standards on firms, to promote forms of behaviour and to help organisations to improve the jobs they offer. Kayte Lawton and Tess Lanning emphasised fairness in driving change, while Paul Osterman and Francesca Froy from the OECD stressed the need to promote fairness alongside economic performance.

The type of standards required were around a higher minimum wage, access to training and progression, stronger enforcement bodies and issues of hours/security. Despite concerns about the introduction of the NMW in the UK leading to widespread unemployment, there was no evidence that this had been the case. It has been used primarily as a means to avoid abuses in relation to the lowest pay rather than as a 'beneficial constraint' which might encourage organisations to compete on factors other than costs. Mechanisms are also required to encourage firms to develop career structures out of low wage work, to shift to more participatory and transparent corporate governance structures, as well as seek improvements to product and service quality, alongside training, to enable firms to pay more.

Delivering Change

While local initiatives could be developed by local actors, such as community groups, local authorities/states, trade unions etc., to impact more broadly would require action by national governments. A key issue was how to push the agenda onto a reluctant government. There was some discussion about the requirement to shift the political balance of power to ensure that changes in policy take place at national level, local level and within organisations.

The main mechanisms identified were:

- Collective power: trade unions, living wage coalitions, community groups

- Consumer power: ethical purchasing, public purchasing/ procurement policies, consumer boycotts, etc.

Paul Osterman stressed that it was not enough to have standards but firms also need help in improving jobs and absorbing additional costs. Programmes utilising intermediaries at the sectoral level, eg. training programmes, mechanisms to build jobs ladders, help to change industry structure, were also emphasised by Francesca Froy. Gaining employer engagement was considered a key problem, particularly with SMEs, but also with sub-contractors who may have limited room for manoeuvre. Appeal to 'self-interest', e.g. labour shortage, retention issues, improve workforce commitment, may be more relevant for larger organisations. The use of community colleges in the US (and FE colleges in the UK) may be a way to more directly link into smaller, local employers.

There was a need to overcome the reluctance from policy makers about intervening or advising firms on what they do, e.g. in improving productivity, technological transfer, management training and work organisation. The department for Business, Innovation and Skills (BIS) has a range of tools that could be used to encourage employers to make better use of their employees and their skills but there has been a predominant focus on 'best practice' examples that have little impact. Most of the speakers (and contributions from the audience) emphasised the role that the public sector could play in developing career ladders and ensuring good quality jobs for their own employees but also for subcontractors and suppliers. Whilst there was a concern to recognise sector and regional specificities and the limitations of a 'one size fits all' approach, it was agreed that initiatives were needed that improved job quality in the UK.