

Issues to be considered when promoting job quality

1. The Institute for Employment Research (IER) was established by the University of Warwick over 30 years ago. It is one of Europe's leading centres for labour market research. It is a multi-disciplinary institute with over 30 staff and a network of around 30 associates in the UK and overseas. Using a socioeconomic approach, IER's fields of research include, broadly: labour market assessment and forecasting; education, training and skills; labour market classification and measurement; gender and work; work, welfare and public policy; careers; job quality; and employment policy. Major sources of funding are national governments, the EU, research councils and charitable bodies.
2. As part of its programme of research on job quality, IER is undertaking or has undertaken: pan-European research on the linkages between job quality, innovation and the creation of more and better jobs in Europe funded by the EU's Horizon 2020 programme; research on employment restructuring and job quality in Australia for the EU's Eurofound agency; the development of a job quality index for Australia; and is a partner in Oxfam Scotland's decent work research project. In addition it has published a number of books, journal articles and book chapters on job quality and is currently co-editing the forthcoming *Oxford Handbook of Job Quality* for Oxford University Press. It is from this body of work, that this evidence is drawn.
3. There is now a consensus, championed by government and civic bodies in Scotland, that job quality matters. It affects what might be broadly termed the 'well-being' of countries, companies and individuals and their families. Good job quality makes countries more competitive, companies more productive and workers and their families better off. Significantly, it can also underpin two important policy objectives in Scotland: leveraging better skill utilisation and more innovative workplaces.
4. There have been different routes to this point. For the EU it was the economic crisis and recognition that countries with better job quality have higher employment participation and lower unemployment rates. Amongst the Scandinavian countries it is recognition that good jobs underpin organisational learning cultures and company-level innovation. In Australia, it was recognition that more effective skill utilisation requires many of the working practices that characterise good jobs. Scotland has a long-standing concern with child poverty and one of its major causes – the working poor and jobs that pay too little to afford a decent life.
5. More recently, the Scottish Government's interest in job quality has turned to understanding the social, economic and health impacts of employment practices such as zero hours contracts. It has launched an inquiry into work, wages and well-being in Scotland, and which has job quality at its heart. This inquiry is welcome; it provides an opportunity not just to provide improved well-being for Scotland and its companies and citizens, but also for Scotland to become a world-leader in employment policy thinking.
6. Crucially, such governmental interest is no longer weighed down by the myth of a trade-off between job quality and job creation. Indeed research by French economist Christine Erhel and her colleagues shows a positive correlation between job quality and the level of employment in EU countries. The EU even namechecks this research in justifying its current 'more and better jobs' employment strategy.
7. Yet before governments can rush off to start developing policies to improve jobs quality and their countries', companies' and citizens' well-being, there are four big questions that need to be answered about job quality. These questions form the '4Ws'. Moreover underpinning these questions is a fifth 'W' which arguably drives the other four.

8. The first W is the most basic: **what** is job quality? Although it forms the focus of much conjecture and research internationally, a consistent, unifying definition of job quality remains elusive. Terms are used interchangeably though variously overlapping, complementary and distinct: 'work quality', 'quality of employment', 'fair work', 'decent work' and the 'quality of working life' for example. Moreover different disciplines typically focus on different measures – economists favour pay for example, psychologists job satisfaction. Moreover the meaning of 'good' and 'bad' jobs is not necessarily self-evident as workers' assessments of job quality vary. What is a bad job for one person, can be a good job for another – as Scottish research by John Sutherland shows. In addition, some measures of job quality favour a single indicator, pay for example is the focus of the EU's Eurofound agency for living and working conditions; others, such as the multi-disciplinary team led by Spanish researcher Rafael Munez de Bustillo, favour bundles of dimensions that can include pay but also skills, contractual arrangements, work-life balance and health & safety. Generating an effective and operationalisable definition of job quality requires drawing upon and encompassing these multi-disciplinary and multi-dimensional approaches. Perhaps Scotland can take the lead here and convene a multi-disciplinary convention that draws on international expertise to work with the country's policy-makers and practitioners (including trade unions) to develop an operationalisable model of job quality applicable to Scotland that allows measurement.
9. The second W focuses on **which** jobs need intervention. At the moment agreement on what comprises bad jobs is easier to achieve than agreement on good jobs. A job that doesn't pay a living wage cannot be said to be good. However deciding how much pay makes a good job is more tricky. And yet, it needs to be appreciated that whilst much of the drive for intervention centres on improving bad jobs, good jobs can go bad and bad jobs can get worse. In the US for example, Jeffrey Rothstein has noted how relatively good jobs in the car industry are going bad as wages and working hours are being undermined. In Scotland already poor quality cleaning jobs in hotels can get worse when workers are shifted into temporary work agency employment or retail workers put onto zero hours contracts. With colleagues in the US and Scotland, I've mapped seven possible scenarios for the trajectory of job quality based on the stock of good or bad jobs increasing or decreasing and the quality of existing jobs improving or diminishing. Using the model suggested flagged above, assessing and mapping the quality of jobs in Scotland, identifying 'hot spots' and 'cold spots' of good and bad job quality by occupation, industry, sector and region most obviously, though analysis by sex, race and age would be useful. This programme of work would allow scientists and policy-makers to identify key points and types of intervention to improve job quality. But it is important not just to map but also monitor the quality of jobs in Scotland over time and enable trends and developments to be identified.
10. The third W raises the tricky issue of **who** should act to improve job quality. Multiple options exist. If skill equilibrium theory is to be believed, a link exists between firms' product market strategies and skills and pay. By taking the 'high road' and moving into product markets based on quality or innovation rather than cost, firms should raise the pay and skill levels of employees – though this coupling of product and labour tends to be tighter in manufacturing than services. Research for the Joseph Rowntree Foundation however shows that firms also have and make choices, even within the same product market niche, with some firms deliberately taking this 'high road'. Unfortunately, the 'low road' of competing on cost remains attractive to many firms. The result is poor quality jobs with low pay and low skill.
11. Government can have role in blocking off the low road and paving the high road through the adoption and/or enforcement of regulation on labour standards, behaving as a model employer in the public sector, inserting job quality clauses into public procurement contracts for private and voluntary sector contractors, and by encouraging job quality-specific educational content in university and college curricula. What the UK lacks is a Ministry for Labour. The Department for Work and Pensions focuses on getting the unemployed into work and ignores what happens to workers once they're in jobs. That needs to change. Scotland could develop ministerial

responsibility for ensuring that its country's workplaces provide for company and worker well-being. Decent work delivers for all – workers, their employers and the host country.

12. Where governments fail to act, trade unions and community organisations often step in, sometimes working together, as London Citizens illustrated in its initial drive to make companies adopt a living wage in the city's cleaning industry. In 1950s and 1960s unions had a key role improving job quality in terms of pay and benefits, training, occupational health and safety, and employment security. It is notable that much of these gains are withering with the decline of trade unions. As union influence has declined, responsibility for having a better job has shifted onto the shoulders of individuals, with the lever into good jobs regarded as being education and training. Unfortunately, this approach runs upon against the reality of rising over-qualification for workers as the stock of graduate jobs, for example, fails to keep pace with the increasing number of graduates on the labour market – as Ewart Keep never stops telling Scottish policy-makers. Individuals improving their qualification levels through education is therefore important but not sufficient; employer demand for higher skilled workers is also required, which brings us back to the issue of employers making choices about job quality.
13. The fourth W signals the need to consider **where** intervention should occur to improve job quality. While some overlap exists, there are various options about where intervention should occur: prior to work, in the workplace or parallel to work. In terms of the first option, education and training is the most obvious point of intervention, and one pursued actively by many governments, including Scotland with its expansion of higher education. The problems of an over-qualified workforce cannot be easily dismissed but it still remains true that, generally, workers with higher level qualifications have better jobs. But it is not just about getting more individuals into universities and colleges; it is also about shaping what is taught in those institutions, particularly in respect to management and business education. The Scottish Government should commission a review of this education in its universities and colleges. Better management and business education might make the second option – intervention in the workplace – easier. Job design was once a key policy focus amongst European governments as they pursued improving the quality of working life. In recent years a similar focus has emerged with high performance working. The difference this time around is that, whilst the need for high performance working is recognised by governments there is no mechanism for its delivery as there was previously with the quality of working life movement and its promotion and implementation of socio-technical design that sought a better blend of technology, work design and worker capacities. If companies are to be encouraged to choose the high road and adopt high performance working, then help in converting those choices into workplace change would be useful. Scottish universities and the funding council should encourage more applied and action research so that evidence of what works can be translated into more extensive best practice in Scottish companies. In terms of the last option, interventions parallel to work, governmental regulation at national or supranational level (in the case of the EU) to establish and enforce employment protection legislation and labour standards is the most obvious mechanism. The growth of precarious employment is a particular problem and one facilitated by the UK Government but which the Scottish Government, for the meantime, might explore limiting through some of the mechanisms listed above – using the public sector as a model employer and spreading good practice through public procurement contracts.
14. Addressing these 4Ws is challenging. Doing so means being clear in answering an overarching fifth W – **why** does the Scottish Government want to improve job quality? There have been a number of calls to address job quality. One approach is to provide minimum work and employment standards. This approach informs the ILO's Decent Work Agenda and its call to abolish child labour for example. Linked to its Fair Work initiative, Australia has introduced National Employment Standards that provide ten minimum entitlements that have to be provided to all employees such as annual leave. (It should be appreciated that paid annual leave is not a statutory entitlement in some countries.) Another approach is to raise work and employment standards. For example, Paul Osterman, the MIT economist, has suggested 'bad

jobs can be made good', and with UK colleagues and in part based on research undertaken in Scotland, I have called for a 'new deal' for workers in bad jobs that would include raising the National Minimum Wage and increasing investment in training. These two approaches are not mutually exclusive. As the new Scottish Parliament was being established, I flagged the possibility of introducing 'employment enrichment' that recognises that in many cases employers can't or won't improve work (simplified work is cheaper and profitable) but the government can ensure better terms and conditions of employment with, for example, statutory rights to learning, and not just raising but also robustly enforcing minimum wage rates. Another approach is for job quality to be a lever to realise other goals. As noted above, there is evidence that particular job quality can boost workplace skill utilisation, companies' innovative capacity and the health of workers for example. The key point is that what Scotland wants to achieve in addressing job quality must be clearly defined. Having direction requires knowing the points of departure and arrival. In embarking on this journey the Scottish Government should also bear in mind that job quality is not a panacea. Whilst improving job quality can and will achieve much, it will not be and should not be regarded as a cure-all for the country's economic, social and health challenges. In this respect, what Scotland wants to achieve in improving job quality must also be clearly achievable.

15. If Scotland can address these five Ws and promote job quality, it will go some considerable way to improving the well-being of the country, its companies and citizens. It will put Scotland at the international leading edge of not just employment policy thinking, it will contribute to Scotland becoming a good place to live and work.

Useful Reading

Eikhof, D.R. and Warhurst, C. (2015) 'When good jobs go bad and bad jobs get worse: women's progression opportunities in a polarized labour market' in J. Bimrose, M. McMahan and M. Watson (eds) *Women's Career Development Throughout the Lifespan: An International Perspective*, London: Routledge.

Grimshaw, D., Lloyd, C. and Warhurst, C. (2008) 'Low Wage Work in the UK: A Synthesis of Findings, the Institutional Effects and Policy Responses' in C. Lloyd, G. Mason and K. Mayhew (eds) *Low Wage Work in the UK*, New York: Russell Sage Foundation.

Knox, A. and Warhurst, C. (eds) (2015) *Job Quality in Australia: Perspectives, Problems and Proposals*, Sydney: Federation Press [various chapters].

Knox, A., Warhurst, C., Nickson, D. and Dutton, E. (2015) 'More than a feeling: using hotel room attendants to improve understanding of job quality', *International Journal of Human Resource Management*, vol.26, no.12, pp.1547-1567.

Skills Australia (2012) *Better Use of Skills, Better Outcomes: A Research Report on Skills Utilisation in Australia*, Canberra: DEEWR.

Sutherland, J. (2011) 'Job Attribute Preferences in Scotland', *Centre for Public Policy for Regions Working Paper 27*, Centre for Public Policy for Regions, University of Glasgow.

Warhurst, C. (2002) 'Towards the "Better Job": Scottish Work and Employment in the "Knowledge Age"' in G. Hassan and C. Warhurst (eds) *Tomorrow's Scotland: New Policy Directions*, London: Lawrence & Wishart.

Warhurst, C. and Wright, S. (2014) 'If it's innovation you want, think about job quality' in BBVA (eds) *Reinventing the Company in the Digital Age*, Madrid: BBVA.

Warhurst, C., Carre, F., Findlay, F. and Tilly, C. (eds) (2012) *Are bad jobs inevitable? Trends, determinants and responses to job quality in the twenty-first century*, London: Palgrave [various chapters].

Useful resources

Making bad jobs better: <http://www.makingbadjobsbetter.org.uk/>

Quality of job and innovation generated employment outcomes: <http://quinne.eu/>

Professor Chris Warhurst, University of Warwick, August 2015