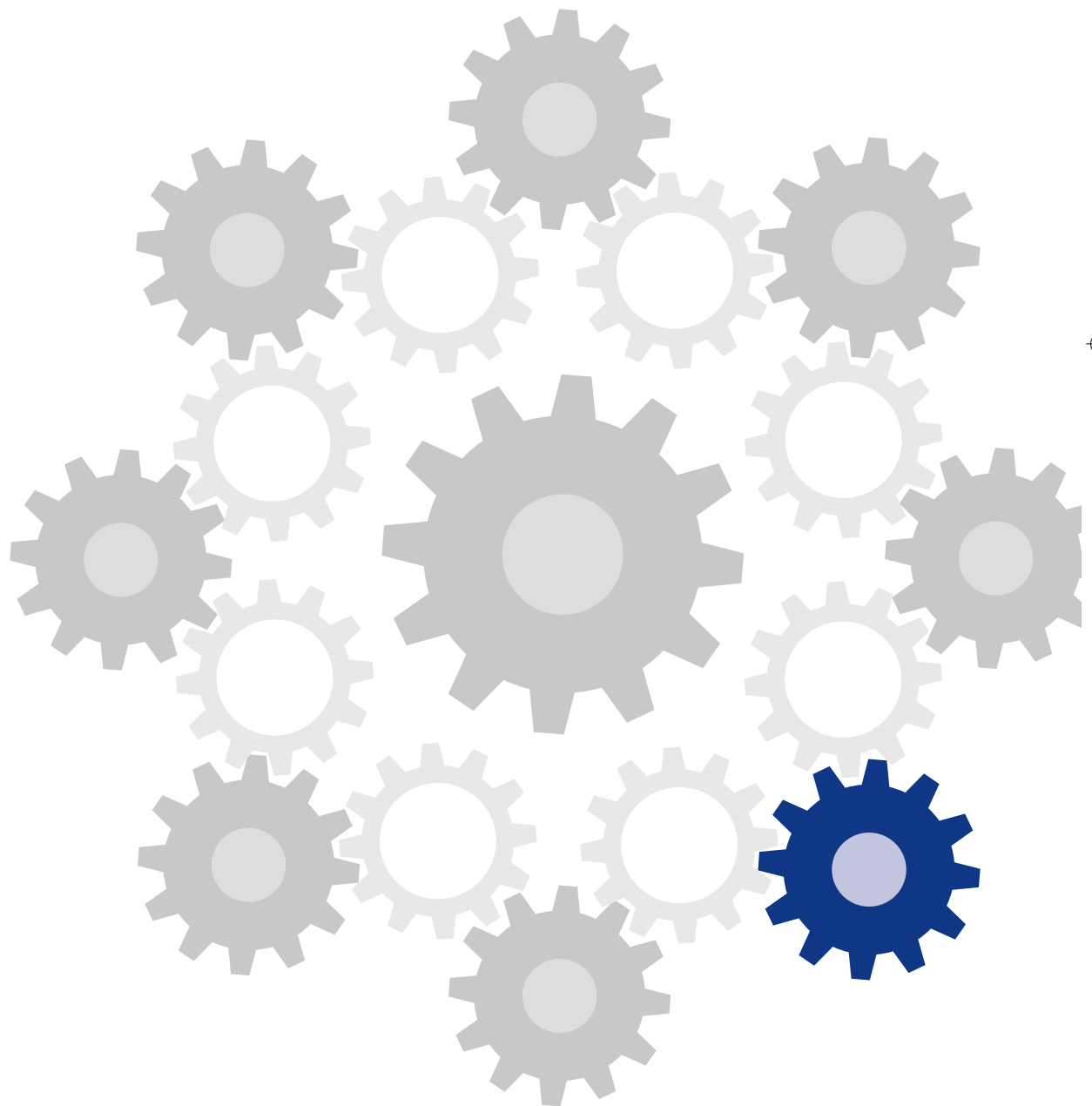




Uncertain times: the need for new thinking on workplace relations in Britain



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The IPA exists to promote the involvement and participation of employees in their places of work, and through doing so improve the quality of working lives. The IPA is Britain's leading organisation delivering partnership, consultation and employee engagement in the workplace. Through our research and practice we develop new ways of working, based on trust and collaboration that deliver better workplaces and better outcomes – employee wellbeing, increased productivity and improved services.

The IPA is a not-for-profit organisation, funded by membership subscriptions and fee income from consultancy, training and research services. We are one of the few 'open spaces' in the UK where employers, trade unionists and other workplace representatives, academics, legal experts, human resource and employment specialists can come together with politicians and policy makers to discuss and debate employment issues and policy.

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Through our national and regional events and regular publications, we seek to promote open debate and discussion of progressive ideas and policies.

Progress is chaired by Alison McGovern MP. Progress has an elected strategy board representing Progress members, Labour councillors and parliamentarians.



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1. Introduction

In 2016, the UK workforce stands at a critical juncture in its history. Earlier this year the UK overall employment rate reached 74% - the highest since comparable records began in the early 1970s.ⁱ Yet the composition and experiences of the workforce today are radically different from that of 1970s workers and on a trajectory that could soon transform the workplace beyond recognition.

In the 1970s, full time employment, on location, for a single employer was the norm and trade union density was high across almost all major industries. The first desktop computers were just beginning to arrive in the workplace and the internet was non-existent as a workplace technology. This was also the time when the UK first joined the European Community, starting the introduction of new and expanded working rights for many British workers.

In 2016, as we debate the terms of our withdrawal from the EU, these other facts of daily life for UK workers have already changed dramatically. Today computers in the workplace has become the norm and new communications technology has allowed

opportunities for new working arrangements to multiply. Home working rates have increased by more than a fifth over the past decadeⁱⁱ. Self-employment now makes up a larger share of the UK workforce than ever before, accounting for most of the increase in employment since 2008ⁱⁱⁱ. Part time work too has risen – to a record high of 28% in 2012 from which it has hardly fallen and is today among the highest in the OECD^{iv}. Trade union membership, meanwhile, has collapsed to half of its 1980 peak^v.

Some of these trends, such as the decline in union membership, could perhaps be reversed with different policies and adaptations to the new environment. Others, such as the spread of new technology in the workplace, will only intensify and accelerate over the next decade. Brexit too looks certain to have far reaching impacts on UK workers for years to come. Overall it is clear that the UK urgently needs to explore new models of workplace relations to ensure that what we value most in the workplace – voice, engagement, productivity and dignity in work – are not lost to the changing tides.

2. New Technology: Automation & Augmentation

UK businesses are currently investing more in IT and new technology than any other assets,^{vi} including an increasingly wide array of technologies that have the potential to transform the world of work. Back office services are starting to see the introduction of robotic process automation (RPA) and cognitive intelligence (CI) which have the potential to replace many human functions, from processing utility meter readings and generating corporate earnings reports to assisting oncologists with cancer diagnosis as is being pioneered by IBM's Watson supercomputer.^{vii}

Many of these technologies clearly have the potential to greatly increase productivity and quality of human work. Employee engagement could also be increased by freeing workers to focus on the more human elements of their work – shop staff spending less time scanning items or restocking shelves could spend more time engaging with customers, HR professionals spending less time updating employee records or tracking attendance can spend more time engaging with employees. Some forms of technology are specifically designed to directly address employee engagement: collaborative tools such as Yammer for instance, have already been explored in the IPA's "Going Digital" report,^{viii} while attempts to improve engagement via big data, gamification of work and the provision of instant tangible rewards are also being increasingly looked at.^{ix}

On the other hand, the introduction of new technology could also be profoundly dehumanising for some – look for instance to recent examples of warehouse workers who's every movement is dictated by an endless stream of digital instructions. The already existing levels of tracking and productivity monitoring technologies employed in some workplaces raise serious ethical questions and the future holds vast potential for development of ever more invasive and controlling versions. Even relatively mundane forms of workplace technology could lead to workforce disengagement if it is imposed on workers without proper information, consultation and respect for employee voice and autonomy.

A different type of technology altogether is that of automation – robots or software which completely replaces human labour. The latter could ultimately lead to the loss of entire sectors of human employment – the looming threat of driverless cars

to the estimated one million hauliers, taxi, bus or delivery drivers in the UK being only among the most prominent examples. In the long run this trend will pose serious policy challenges of its own, around how to distribute the fruits of production and maintain human dignity and fulfilment for all in a largely automated economy.

We are not there yet, however, and given recent rises in UK employment figures we do not seem likely to see the disappearance of the human worker any time soon. Indeed, technology has brought new jobs, not only in the designing, producing and servicing the new hardware and software but also as automated manufacturing leads to the reshoring of jobs that had previously been relocated to lower cost countries, for example the manufacturing of Raspberry Pi computers which was originally outsourced to China on cost grounds until it reached a scale where it could be returned under more automated production to the UK.^{xi}

However, in many cases these workplaces that are re-shored, which may once have employed thousands of workers, now typically employ only a small fraction. This again raises questions as to how engaging and fulfilling they find their work and how much collective voice the workforce has when they are so few compared with the machines they manage.

A final type of workplace technology is the communications technology which has begun to decentralise and re-structure the workplace, as well as to blur the boundaries between work and personal spaces. Mobility, cloud computing, web conferencing and telepresence technologies allow workers to work at home, on the road, or in different offices and increasingly collaborate and communicate as if they were in the same room. This allows workers significant flexibility and potentially could greatly increase their ability to structure their working lives in ways that suits them. On the other hand, such communications technology also allows increasing intrusion of work into traditionally personal spaces – the stereotype of the worker harangued by their email-enabled smartphone, unable to relax in the evenings or at weekends, is an increasing reality for many in the 21st century. These communication technologies have also enabled the rise of the 'gig economy' as described in the following section.



3. Non-traditional Working and the Rise of the ‘Gig Economy’

Remote working, self-employment, part-time employment – all these forms of ‘non-traditional working’ are at or close to record highs in 2016. Zero-hours contracts and the use of agency staff rather than direct employees are also seen at ever increasing levels. The rate of change that we are seeing is also accelerating – the proportion of the workforce which is self-employed rose more in the past eight years than in the three previous decades combined. The number of self-employed workers in the UK may well overtake the size of the entire public sector before the end of the decade.

The most radical of these new employment status can be found in the rise of the ‘gig economy’ – a term which first started to appear in the USA around the onset of the recession but has become widespread since 2015. This is the environment where many independent contractors move between a series of short-term engagements for work, be they taxi drivers, web developers, call-centre workers or journalists.

Whilst to some extent such arrangements have existed for a long time, new technology has enabled a significant growth in the ability of individuals to find and arrange these short-term contracts, with major platforms such as Uber and Airbnb being the most prominent examples, along with examples of even more micro-work such as TaskRabbit. Unlike the casual worker of the past, the modern ‘gig economy’ worker is often highly dependent on these intermediary platforms to find work, in a more formalised relationship that makes them more of a pseudo-employee or agency worker than truly independently self-employed.

These alternative work arrangements are often touted as providing greater flexibility and freedom. The question arises, however, ‘freedom for whom?’ This trend certainly brings with it certain advantages; more flexible working and autonomy allows workers to be more creative and innovative. Low barriers to entry makes it easier for new workers to enter the market and find work. And the highly competitive market allows consumers more choice, lower prices and the ability to share information and customer reviews to feel confident they are choosing a capable provider.

On the other hand, this poses major challenges for the traditional model of employment relations. In particular the transition from being an employee to a contractor means the loss of many employment rights, including sick pay, holiday pay and job security. Contractors are responsible for their own training and skills and largely for their own legal compliance in many fields. They are not unionised and benefit from no collective bargaining arrangements. They also do not receive the same HR

support and efforts to improve employee engagement that are available to employees in more socially responsible organisations. Service users too face the challenge of uncertainty over who is responsible when problems arise – Uber’s recent experience demonstrates the tendency for the intermediary platforms to disown responsibility when disputes arise and complaints are made.

The growth in flexible and remote working also poses challenges as well as opportunities, even when employees are still on full time permanent contracts. Being physically disconnected from colleagues and management can leave workers feeling disengaged and facing communications barriers. Many workplaces are also physically shrinking as unneeded office space is reduced when workers are often working from elsewhere, which can have negative impacts on those workers left behind by these trends, even while it offers other benefits in terms of cost savings, reduced CO2 emissions and more flexibility.

Providing meaningful voice and engagement for these non-traditional worker groups is a real and pressing challenge for UK employers and legislators. How can temporary contractors living in the ‘gig economy’ feel the same level of engagement and emotional connection with their work as permanent employees? Of the four key enablers of engagement, often none will be readily available to workers in such situations. They are usually not close enough to the organisation they are currently working for to buy into its strategic narrative. When they have the status of a contractor they may work too independently to benefit from engaging managers. They may move on too quickly before they have built up a relationship of trust to benefit from an environment of integrity. And providing structures that allow meaningful voice to contractors still eludes employers in the vast majority of industries.

From a legal perspective, the rights of such workers are often in doubt – disputes are ongoing over the legal status of Uber drivers and other workers classified as self-employed but reliant on a single provider of work who often exerts considerable control over their working lives. Many workers who find themselves in such situations currently have no access to paid holidays or even a guaranteed minimum wage income. Whilst court and tribunal rulings will clarify the current legal situation for some, it is clear that this is an area where legislation has fallen behind the emerging workplace trends and serious thought needs to be given by MPs to what rights they think such workers *ought* to enjoy, what practices are and ultimately aren’t acceptable and what models of work the UK should be promoting, supporting or discouraging.

4. Brexit and Workplace Rights

To further complicate the situation, the legal foundation of many of the workplace rights enjoyed today – EU law – is currently in limbo. While no plans have been outlined as yet regarding the repeal of EU employment rights, there is certainly an appetite in some parts of the Conservative Party to do away with what is seen as ‘red tape’. Liam Fox, the new International Trade Secretary, has been a firm past advocate of “deregulating the labour market”, though David Davis, the Secretary of State for Exiting the EU has put on record that he is not inclined to support such moves. Some fundamental rights, certainly, ought to be beyond doubt – it is hard to imagine the Government repealing those workplace protections which pre-date the UK joining the EU, such as protection against discrimination or equal pay guarantees.

Other areas such as the Agency Workers Regulations or Transfer of Undertakings (Protection of Employment) Regulations, however, might be less safe. Arising directly from EU law these rights could be automatically lost during

Brexit unless explicitly protected. According to one legal opinion, “If the Government simply repealed the European Communities Act, those regulations passed under it like TUPE would probably fall away. In contrast, the freestanding acts of Parliament, such as the Equality Act, would remain in force.”^{xii} Adding to the confusion is the uncertainty over the applicability of EU case law and European Court of Justice Rulings in UK law after the UK has left the EU, in relation to those rights that we do chose to retain.

For these reasons if nothing else, the government and Parliament will need to give proper thought to what they want the employment rights landscape to look like post-Brexit, rather than simply assuming that nothing will change. The Agency Workers Regulations are considered among the most likely rules to be scrapped, but it would be a serious mistake given the workplace trends described above

if this meant that agency workers were left completely unregulated and with no rights whatsoever. Similarly if the Information and Consultation of Employees Regulations are repealed it is vital that the government take other steps to ensure that employee voice in the UK is still supported and broadened rather than compromised. Recent discussion of ways to put employee representatives on company boards would be one potential avenue, one that we can only hope is genuinely realised during the next few years.

At the same time as considering the importance of employment rights, however, it should not be forgotten that Brexit will have other effects on the UK workforce. In the short-term, at least, there is a broad consensus that the uncertainty of the next couple of years will put considerable economic pressure on many UK businesses. This in turn could lead to an acceleration in the trends described above, as happened during the 2008 recession – an increased push towards the use of atypical workers as firms seek to reduce overheads and increase their flexibility to deal with an uncertain future. Brexit should therefore not distract attention from, but rather bring a new urgency to the search for new models of employment relations, better suited to this workforce of the future. Brexit is likely not the immediate threat to most employment rights that some have feared but it should be seen as an opportunity to redefine a new model of workers’ rights that are fit for the 21st century workplace and which take proper consideration of the range of new patterns of non-traditional working already described above. Given the many competing demands for time, attention and resources that the many areas of complex Brexit disentanglement will place on UK policymakers for several years to come, the biggest danger is that this opportunity to look properly at employment rights is lost at the bottom of a towering government in-tray.



5. Conclusions

This paper's introduction outlined some of the things we most value and seek to promote in employment - employee voice, engagement, productivity and dignity in work. These are mutually enhancing, not mutually exclusive goals. The three major trends discussed in this paper all offer real opportunities to expand these values, but also real and serious threats to them. If legislators, trade union and business leaders cannot keep up with these emerging trends, the consequences could be dire. A world where more and more workers become detached from their workplaces, both physically and emotionally, drifting from one short term contract to the next and where the manager-employee relationship is replaced with a set of automated instructions, where employment relations is reduced to productivity monitoring technology – this would provide neither dignity for employees nor, ultimately, productivity for employers.

Without adequate voice and influence given to workers in the future economy, there is also a risk that these disruptive trends result in increasingly unequal distribution of rewards. Many of the academic analyses see the growth of technology in the workplace as a prime driver of the diminishing share of national income awarded to labour vs capital owners^{xiii}. Self-employed contractors and part-time workers in the 'gig economy' also currently mostly lack the collective bargaining rights that employees have traditionally relied on to defend their financial interests. Unless some way is found to redress this balance and restore meaningful voice to

these new and growing groups of workers, social and economic divisions could be greatly exacerbated in the years ahead.

On the other hand, with the right approaches to employment relations put in place today there could be a bright future for UK workers over the next few decades. The greater flexibility offered by new technology could, providing necessary rights are protected and mutually-beneficial approaches promoted, be a great help to workers in maintaining a desirable work-life balance. New and innovative forms of employee voice, supported by greater communications technology and properly encompassing atypical workers could allow a more meaningful and better informed voice than the workforce of most organisations has previously been able to enjoy.

Overall, we believe serious attention needs to be paid to these questions today, by policymakers, trade unionists, business leaders and all those with an interest in ensuring a healthy and engaged workforce in 21st century Britain. It is in no-one's interests for our models of employment relations to fall further behind the curve of these emerging trends, or to allow Brexit to turn the clock back on employment rights when we need so urgently to be looking to the future.

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