

Job quality and the economics of New Labour: a critical appraisal using subjective survey data

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This paper assesses the record on job quality during the early term of office of the New Labour government by interpreting, from a political economy perspective, changes in a variety of subjective measures of job quality taken from several different data sources. We find some improvements in job quality over the period 1998–2004; however we argue that these improvements have arisen not because of New Labour's policies towards the workplace but because of low and falling rates of unemployment. Despite recent improvements, a large number of workers in Britain remain in low quality jobs and, without a radical change of policy direction, sustained and substantial progress in the quality of work will remain elusive.

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1. Introduction

New Labour's employment policies have been centred on the implementation of the New Deal for the unemployed. Drawing direct inspiration from the work of Layard, Nickell, and Jackman (1991), these policies have aimed to improve employability, increase job search effectiveness and reduce levels of long-term unemployment. Since 1997, employment levels have increased. Until relatively recently, the rate of unemployment had been in decline, and despite some recent increases it remains well below the European Union average. These favourable outcomes have lent support to the employability and flexibility agenda promoted by New Labour. Critics, however, have raised concerns regarding the quality of work. Thus, it is argued that increases in flexibility have come at the expense of reduced job security, and that the New Deal has increased 'churning' in the labour market, with regressive effects on the well-being of workers (Gregg *et al.*, 2000; Peck and Theodore,

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2000). These concerns arise in a context where, despite the improving economic conditions, the level of work intensity increased and influence over work fell for many British workers during the 1990s (e.g., Green, 2006). Taking a long run perspective, in an era when material wealth has continued to rise, workers in Britain have paradoxically come to find no more satisfaction in their work than they did in the past (Green, 2006; Layard, 2005).

This paper aims to provide a theoretical as well as empirical assessment of the job quality debate in the context of the record in office of the New Labour government. It makes two key contributions. Firstly, at the level of theory, it offers a critique of the ‘economics of happiness’ approach to job quality, a purportedly ‘revolutionary’ approach within academic economics, which has begun to impact on policy debates in Britain (Layard, 2005). Despite apparently embracing the importance of social relations, the economics of happiness effectively resurrects the inherently individualistic concept of cardinal utility. In doing so, the economics of happiness is at odds not only with previous (and equally individualistic) economic orthodoxy but also with the tradition of ‘political economy’ (Dreze and Sen, 1990, pp. 2–3; Fine, 2002). Several approaches within the latter tradition offer an alternative, objective conception of well-being centred on the role and importance of needs. We draw on this tradition in order to develop an objective definition of job quality, bringing together multiple overlapping dimensions, including the creative content of work, pay prospects, the interest of work itself, relations with colleagues, position within organisational and class hierarchy, influence and discretion over work, skill and effort levels. Our contribution develops Green’s (2006) insight that self-assessed job quality in nationally representative surveys (i.e., ‘subjective’ measures of job quality) help to reveal true changes in *objective* job quality through time (only) when the norms and expectations of respondents are properly accounted for.

Secondly, we offer an empirical assessment of New Labour’s record on job quality, examining primarily subjective measures of job quality taken from the 1998 and 2004 Work and Employment Relations Surveys (WERS), supplemented by analysis of changing job satisfaction from the British Household Panel Survey (BHPS) and changing occupational structure from the Labour Force Survey (LFS). The evidence shows that some aspects of job quality improved between 1998 and 2004, an improvement that we attribute to low and falling rates of unemployment. We also uncover evidence of a robust u-shaped relationship of reported overall job satisfaction (and of several other facets of subjectively reported job quality) in earnings. When properly interpreted, in particular by considering the low norms and expectations of low earners, the observed u-shape suggests that, in spite of recent improvements, there still persist a great many workers in Britain who are in poor quality jobs. This evidence casts doubt upon the success of New Labour’s policies towards the workplace, in particular its ‘pro-business’ orientation, and supports our theoretical critique of the economics of happiness.

The paper is structured as follows. Section 2 reviews the debate surrounding job quality in Britain and New Labour policies, before examining the approach of the ‘economics of happiness’ towards measuring job quality. Section 3 develops an alternative approach, drawing upon the political economy tradition. Section 4 presents and interprets the evidence on job quality in Britain for the 1998–2004 period. Section 5 concludes.

2. The job quality debate in context

In recent years, attention has been paid to the quality of employment rather than just its quantity. This switch of attention is in part due to the achievement and maintenance of low

rates of unemployment in Britain. But it can also be attributed to a confluence of more deeply rooted factors. The key factors, policy initiatives and debates regarding job quality are discussed below, focusing on the British context. Underlying issues of method and economic theory, in particular as addressed by the new economics of happiness, are then taken up.

2.1 New Labour policy and the job quality debate

A first set of factors that have put the issue of job quality into the foreground broadly concern the idea of the 'knowledge economy'. The argument has been frequently made, by the New Labour government and across the industrialised world, that for advanced economies to remain competitive they must seek to raise skill and knowledge levels among the workforce, in order to take advantage of recent technological changes and promote high quality jobs (Green, 2006). This notion has been at the heart of the EU Employment Strategy that aims to create 'more and better jobs' (see European Council, 2000). Within Britain, the major investment in education made by the New Labour government has been justified in terms of raising the number of high quality, 'knowledge' jobs (Department for Education and Skills, 2003). A second set of factors concerns the idea that flexible forms of work and family friendly policies are central to enhancing the quality of work and non-work life. In Britain, and elsewhere, the emergence of the issue of work-life balance reflects a structural shift whereby there are now many more dual-earner households (Green, 2006, pp. 46–7). Finally, a number of other policy initiatives implemented by New Labour have been justified, in part at least, in terms of raising job quality. Some of these policies, such as the National Minimum Wage, have sought to improve employment rights and protection, whilst others, such as the 'partnership' agenda have attempted to shape the industrial relations system in Britain and promote 'mutual gain-sharing' between employers and workers (Department of Trade and Industry, 2004).

These policies have enabled New Labour to claim to be at the vanguard of the job quality agenda (Blair, 2007). However, critics argue that New Labour's policy imperative of 'flexible' product and labour markets, an imperative held in common with the previous Conservative government, has led in practice to a pervasive pro-market, and more particularly pro-business policy stance, according to which wider economic and social interests are assumed to be in alignment with business interests. Yet, in the view of critics, global competitive pressure, and the long-standing dominance of short term financial interests in Britain, entail that it is not always in the immediate interests of businesses to undertake the long term investment required to enhance job quality (Kitson *et al.*, 2000). New Labour's favourable stance to business has, according to the analysis of its critics, impeded the effectiveness of employment policy as a means to improve the quality of work (Crompton, 2006; Dickens and Hall, 2006; Smith and Morton, 2006; Terry, 2003). The 30-year period of decline in union membership and coverage can be argued to have exacerbated the problem, reducing the opportunities for workers to use their voice and leaving unions in a less powerful position to maintain job quality standards.

Indeed, from the mid to late 1990s, there was increasing criticism that the 'flexibility' agenda of successive British governments, in the context of wider economic developments, harmed job quality, leading to an insecure, stressed and overworked workforce (Green, 2006). Within economics and related disciplines, a strand of literature began to debate the extensive subjective measures of job quality that became available on a nationally representative scale in the 1990s. The available evidence for Britain does suggest a decline in overall job satisfaction and a marked increase in stress and effort at work over the 1990s

(Green, 2004, 2006; Green and Tsitsianis, 2005). However, this evidence does not suggest a large increase in job insecurity. How, then, does the literature explain declining job quality in 1990s Britain? There is no consensus and the issues are complex (Rose, 2005) but some of the most prominent hypotheses can be briefly summarised:

- A popular, yet anecdotal, hypothesis is that manufacturing jobs which are ‘good’ have been replaced by ‘bad’ service jobs (see Ashley, 2003).
- Changes in technology, and accompanying organisational change, may have increased the pace and stress of work (Green, 2006). Such changes could also help explain the decline in the discretion of workers over their tasks, evident since the mid 1980s.
- Alternatively, technological change may not be solely ‘skills biased’ as some have argued (Machin, 2001), but may tend to reduce only the number of ‘middle’ quality jobs that are easily automated or computerised leading to a polarisation of the labour market into ‘good’ jobs and ‘bad’ jobs. This argument has supporting evidence for the period 1979–1999 (Goos and Manning, 2007).

The latest evidence, provided below, is required in order to assess the impact of New Labour’s policies towards job quality, and contribute to the ongoing debate in this important area. Before the evidence can be properly interpreted, the notion of job quality must be adequately theorised. Recent developments within mainstream economics address this issue head on, as will be discussed below.

2.2 Job quality and the new ‘economics of happiness’

Mainstream economics has traditionally eschewed direct analysis of the quality of life, including job quality. Rather, consideration has been given to income per capita, at best an indirect and imperfect measure of well-being (Layard, 2005). In the case of work, it has been considered that the jobs which people do are the ones that best meet their preferences. Hence job quality has been assumed to be accurately represented by the wages attached to particular jobs and subjective data on job satisfaction has been largely ignored in mainstream labour economics (see Green, 2006, pp. 8–11; Spencer, 2004).

In more recent years, however, with the emergence of the ‘economics of happiness’, new interest has been shown in issues regarding the quality of life, inclusive of working life. Layard (2005), one of the main architects of New Labour’s employment policies, proclaims the ‘new science’ of happiness as requiring a ‘revolution’ in economics, in academia more broadly and in policy goals. Important contributions have also been made by Blanchflower and Oswald (2004), Clark and Oswald (1994), Frey and Stutzer (2002) and Graham (2005) (see also the recent collection in Bruni and Porta, 2005). A key specific characteristic of this literature is that, of the many variables that are deemed to causally influence well-being, work income and work itself are identified as two of the most influential variables. Thus, Layard (2005, pp. 55–75) reviews the relevant evidence showing that income and work rank second and third respectively in causal influence upon well-being (the top ranked variable being denoted ‘family relationships’).

The method within the economics of happiness argues that ‘happiness’ is a scientifically measurable property of individuals. This argument is a spill over from a new approach within psychology (‘positive’ or ‘hedonic’ psychology) according to which well-being is a trait of individuals that may be evidenced by their brain states, as well as by sophisticated surveys, and other techniques (see Kahneman *et al.*, 1999). Thus by drawing upon developments in psychology and neurophysiology, the economics of happiness effectively aims to resurrect the concept of cardinal utility. Once having postulated the existence of

‘happiness’ as a property of individuals, proponents of the economics of happiness attempt empirically to unearth the variables that causally affect it (e.g., by regression analysis). Only in this guise, as separate variables subject to quantitative investigation, do the factors perennially focused upon within the political economy tradition, fundamentally ‘social relations’, enter into the analysis of ‘happiness’ or well-being made by this approach.

The economics of happiness has arisen in tandem with the advent in Britain, and elsewhere, of nationally representative survey data subjectively measuring different aspects of the quality of life, inclusive of job quality, on a consistent basis through time. For example, the BHPS contains several questions regarding the satisfaction of respondents with facets of their job, including a question on ‘overall job satisfaction’ answered on a seven-point Likert scale from ‘1, completely dissatisfied’ to ‘7, completely satisfied’. As discussed above, there is an observed decline of overall job satisfaction on this measure through the 1990s (from a mean of 5.53 in 1992 to one of 5.34 in 1999). But how are such changes in subjective measures to be interpreted?

The majority of proponents of the new economics of happiness interpret such measures as directly measuring underlying (cardinal) utility (Frey and Stutzer, 2002). Other contributors to this literature, though retaining faith with the idea that underlying cardinal utility truly exists, take a different stance. They argue that survey data does not directly tap into this underlying construct because of the differing norms and expectations of respondents (Hammermesh, 2001; Levy-Garboua and Montmarquette, 2004). According to this view, then, it would be incorrect to interpret an aggregation across very different groups as tapping into the absolute value of true underlying job quality, given that it is implausible to argue that, for example, factory workers and merchant bankers have identical respective norms and expectations regarding work.

A stress on norms and expectations is also important for alternative approaches to the issue of well-being at work, located within the tradition of political economy, as will be discussed in Section 3, below. However, unlike these alternative approaches, recognition of the importance of norms does not necessarily lead to any questioning of the *existence* of cardinal utility within the new economics of happiness. Instead it may lead to questions regarding the *measurement* of cardinal utility through social surveys (Hammermesh, 2001) or norms may be considered as a causal factor in determining the *magnitude* of cardinal utility (Layard, 2005). It is this latter causal conception that underpins the idea of a so-called ‘hedonic treadmill’ (see Kahneman, 1999). The belief in the existence and direct importance of cardinal utility, as a quantitative entity capable of being summed over different individuals, is, in our view, the key general characteristic of the new economics of happiness. While the latter differs from economic orthodoxy in its embrace of a cardinal concept of utility, it continues to employ, in common with orthodox economics, a formal and individualistic method.

3. A political economy perspective on job quality

Several approaches to well-being explicitly position themselves under the umbrella of ‘political economy’: Sen’s (e.g., 1999) capabilities approach; Fine’s (e.g., 2004) Marxian assessment of Sen; Lawson’s (e.g., 2003), and others’, developments of ‘critical realism’; and ‘activity theory’ inspired by Vygotsky (e.g., 1978) and Leontyev (e.g., 1978).¹ These

¹ ‘Activity theory’ may be the least well-known approach within economics but is prominent in other fields such as social psychology, and is itself highly variegated—see Brown (2007) for a recent application to Marxian political economy.

approaches are not equally well known, being unevenly spread across a range of disciplines, and there are areas of actual or potential dispute between them—for example, there is debate as to whether Sen's approach is actually mainstream or non-mainstream (see Fine, 2004). What, in our view, unites these approaches is a broad understanding of 'political economy' as connoting a distancing from mainstream economics, a blurring of disciplinary boundaries (e.g., of politics and economics) and, accordingly, a recognition of the continuing relevance of classical and Marxian political economy (Dreze and Sen, 1990, pp. 2–3; Fine, 2004, p. 161; Lawson, 2003, pp. 141–64; Sawchuk *et al.*, 2006). The aim of this section is to draw on these approaches, and other consonant approaches (in particular that of Green, 2006), in order to develop a political economy perspective on job quality that is specifically tailored to challenge the new economics of happiness. Of course, ours is not the only possible 'political economy' approach and, as will become clear, our theoretical approach is most strongly influenced by the work of Fine whereas our methodological approach draws heavily on Green (2006).

3.1 *Objective well-being and job quality*

The various approaches to well-being from within political economy are broadly similar (remarkably so, considering their diverse disciplinary and geographical origins) in their respective conceptions of well-being. These approaches focus on (i) objective needs, as opposed to subjective preferences; (ii) the ongoing development of social individuals (and so their needs) through free creative activity (Lawson 2003, pp. 218–44; Sen, 1999). The Marxian approaches of Fine and of Vygotsky stress, in particular, the importance of labouring activity. Thus, the various political economy approaches eschew a Cartesian dualism of mind and body, in favour of the view that human nature, human activity and human need are intimately connected and continually developing. Human well-being is not an eternally and qualitatively fixed entity (termed 'utility') that is located in the heads of atomistic individuals. Rather, well-being is multifaceted and develops *qualitatively* as well as quantitatively in socially and culturally specific ways (Cole, 1996). Aristotle's vision of 'eudemonia' offers a classic philosophical statement of this objective approach to human well-being.

The philosophical stress on the creative development of needs implies, in our view, that well-being can always be viewed from multiple angles. Accordingly, the usefulness of any index of well-being depends upon its specific context and purpose. In line with this approach, 'job quality' (taken here to be synonymous with 'well-being at work') comprises multiple dimensions such as the creative content of work, pay prospects, the interest of work itself, relations with colleagues, position within organisational and class hierarchy, influence and discretion over work, skill and effort levels. In Sen's terms, multiple objective 'capabilities', i.e., abilities and potentials afforded to job holders, are defined within these dimensions (see Green, 2006, pp. 13–15). Well-being at work is thus defined by the nature and extent of the objective capabilities afforded by the particular job that a worker is required to undertake. Of course, jobs display great diversity, varying with abstract class differences and with concrete idiosyncrasies associated with different trades and professions, and this diversity impacts on job quality. Thus, having rejected utility as a common standard of measurement, proponents of a political economy perspective are faced with the difficult task of finding a way to assess empirically the quality of work. Several critics of Sen's general approach have argued that this is an insurmountable difficulty (e.g., Roemer, 1996; Sugden, 1993), but we argue below that a political economy perspective offers methodological and theoretical resources that facilitate the measurement of objectively defined job quality.

3.2 Methodology for the use of subjective survey data

There are various ways of assessing job quality. One approach is to undertake case studies of particular groups of workers. Another (potentially complementary) approach, which allows for the consideration of system-wide processes and effects, is to employ objective measures of job quality such as injury rates, exposure to chemicals, lifting heavy loads, etc. A classic example of this second approach in radical economics is the use by Bowles, Gordon and Weisskopf (1984, p. 290) of (the inverse of) the accident rate as a proxy for the 'quality of working conditions'. However, it is well known that such proxies are of limited usefulness (Green, 2006, p. 50). The advent of carefully constructed and nationally representative social surveys offers a different and potentially more insightful way of capturing the system-wide development of job quality. Indeed, the clear patterns present in such surveys demand an explanation. Green (2006) has developed what he terms an 'interdisciplinary' interpretation of subjective survey data on job quality that is consonant with a political economy perspective and which we draw on below.

On Green's interpretation, subjective survey data on any given facet of job quality reflect two broad factors: firstly, the facet of job quality itself; secondly, the norms and expectations regarding this facet of job quality held by respondents—for example, responses to a question regarding effort levels will be made against a perceived effort norm or expectation. An increase in norms and expectations will tend to lead, holding the true level of job quality constant, to a fall in subjectively measured job quality. Conversely, an increase in true job quality will lead, holding norms and expectations constant, to a rise in subjectively measured job quality. To return to the example of effort levels, then an increase in the effort norm of a respondent, where true effort levels are constant, will lead to a fall in subjectively reported effort levels. On the other hand, an increase in true effort levels, with an unchanged effort norm, will lead to an increase in subjectively measured effort levels. Notably, Green includes job satisfaction as a facet of job quality within his approach. Thus, in stark contrast to the predominant approach within the economics of happiness (see Section 2, above), subjective measures of job satisfaction are considered to reflect norms and expectations regarding job satisfaction on the one hand, and true underlying job satisfaction on the other. Job satisfaction is thereby treated as a distinct aspect of the quality of work that is internally related to objective features of the work process, not a purely subjective entity termed 'cardinal utility' (see Brown, 2007, p. 10, for a critique of the latter concept).

The influence of norms and expectations implies that the *level* of any given facet of job quality cannot be directly read off from its subjective measure. However, there are two cases in which the direction of *change* in a facet of job quality can be directly discerned from change in its subjective measure: first, the case in which norms and expectations are relatively stable; second, the case in which norms and expectations change in the same direction as subjectively measured job quality (though in this case, account must be taken of the downward bias on the measured change in job quality due to the simultaneous change in norms and expectations). In terms of the above two cases, Green suggests that—subject to consideration of any major changes in the social, political, economic and cultural environment—norms and expectations may not change dramatically over a medium term period of 10 years or so (Green, 2006, p. 153). To the extent that norms and expectations are deeply rooted in enduring social structures, such as the class structure, we would agree that Green's suggestion is intuitively plausible. For example, the norms and expectations of the working class regarding job quality seem likely, in general, to be consistently below those of the middle and upper classes.

Thus, it is a reasonable initial hypothesis that subjective survey data may reveal the direction of *changes* in facets of job quality over a medium-term period. However, the possibility of major short run change in norms and expectations due to contingent circumstances, or to the economic cycle, cannot be ruled out (as Green himself accepts). Explanations based on social survey data must give due consideration to this possibility. More generally, norms, expectations and job quality are complex social phenomena so that both adequate theory and detailed qualitative research will be necessary to develop and substantiate any such explanations. Such an integrated approach will also be necessary in order to gauge the overall *level* of job quality. The sub-section below argues that the requisite theoretical framework is to be found within political economy.

3.3 Theory

All proponents who identify themselves with political economy recognise that this tradition is primarily associated with theorising the economy, in particular the capitalist economy, in a way that differs from mainstream economics. However, Fine (2004, 2006) points out that two key political economy approaches to well-being, that of Sen and that of critical realism, both neglect to relate directly their respective philosophical frameworks to the theory of capitalism. This same criticism can be levelled at many contemporary proponents of activity theory (see Sawchuk *et al.*, 2006). In our view, Fine is right to regard the political economy of well-being and the political economy of capitalism as inseparable from one another. Below, we review what we take to be core propositions that are shared across several approaches to the political economy of capitalism, and that bear directly on the question of job quality within capitalist society.

It has long been stressed within the political economy tradition that the sale by wage-labourers of their creative potential (labour-power) is a peculiar relationship that predominates only within capitalist society.¹ As a central aspect of human well-being, labour-power (the ability to creatively produce) is no ordinary commodity, and the role of wage-labourer is likely to be filled only by individuals who lack any alternative means of fulfilling their needs. This analysis casts doubt on the mainstream economic analysis of labour supply, according to which the hours and conditions of work are chosen (within certain constraints) by the worker (Spencer, 2006). In this objective sense the general nature of work under capitalism can be said to be ‘alienating’. In our view, this is the most general dimension through which job quality within capitalist society can be viewed—concerning the very constitution of ‘jobs’ as the sale of labour-power. More complex and concrete dimensions do not abolish (rather they develop) the salience of this dimension.

A second key proposition, developed furthest within the political economy of the capitalist labour process, is that the theorisation of capitalist work requires a nuanced comprehension of the complex balance of conflict and consent at the workplace, where it cannot be assumed that workers’ and employers’ respective interests are always aligned (Edwards, 1990; see also Spencer, 2000). The way in which this balance plays out is context specific, in part depending on the type and quality of work that is undertaken by workers. A third key proposition addresses the location of the capitalist workplace within the wider economic system. A host of approaches within the political economy tradition (including Marxian and Post Keynesian approaches) argue, in contrast to mainstream

¹ The emphasis on the peculiarity of the labour exchange in capitalism is a theme common to not only Marxian economics but also radical (Bowles and Gintis, 1990), as well as institutional economics (Hodgson, 1999). Outside of economics, approaches in the labour process debate have sought to highlight this theme (Spencer, 2000).

economics, that periodic crises are endemic to the capitalist system such that there will be a variable rate of unemployment through time and corresponding fluctuations in the relative tightness of labour markets. We would argue that these fluctuations have an influence on the balance of power within the workplace, and on the corresponding direction of job quality. The greater is the bargaining strength of the working class, the greater in general is the pressure on employers to raise the quality of work.¹ Thus, in our view, there may be a common element of change in job quality across all jobs, linked to the business cycle. Fluctuations in labour market conditions may lead, in short, to general or system-wide shifts in job quality.

3.4 Summary

Recasting the concept of job quality from a political economy perspective we have offered an objective approach to job quality. The approach stresses the importance of norms and expectations in the interpretation of subjective survey data. Furthermore, we have reviewed several key theoretical propositions regarding capitalistic work that bear directly on the assessment of job quality. Given this alternative to a utility approach, rooted in the political economy tradition, we will, in Section 4, engage the evidence that informs the 'evidence based' policy approach that is characteristic of New Labour in general and of the literature on job quality in particular.

4. Changes in subjective measures of job quality in Britain 1998–2004

This section will examine the change in subjective measures of job quality in Britain from 1998 to 2004, assessing the impact of New Labour policy. It will draw upon and develop our critique of, and alternative to, the economics of happiness approach to job quality.

4.1 Overall change in job quality

Table 1 summarises the evidence available in the two most recent WERS, conducted in 1998 and 2004 (see Appendix A for information on data sources used).² There are ten questions relating to job quality that are identical in WERS 1998 and WERS 2004. The questions each use a five (or in some cases, four) point Likert scale, for example, ranging from 'very dissatisfied' to 'very satisfied.' We have coded the responses from 1 to 5, where, for example, 1 = 'very dissatisfied' and 5 = 'very satisfied' and reported the mean response to each question, in order to convey succinctly the overall changes.

The results in Table 1 show that out of the ten measures used only one fell by a statistically significant amount, whereas five measures recorded a statistically significant improvement and four showed no statistically significant change. Thus, barring the use of an unjustifiably imbalanced set of weights, any index of overall job quality composed of these measures will indicate an improvement in job quality.³ This improvement is particularly striking in light of the general fall in job quality that was evident in the

¹ We refer here to a structural tendency, not an 'iron law'—see Fine, Lapavistas and Milonakis (1999) for a discussion of the highly complex and contradictory relationships, inclusive of class-power relationships, that constitute the economic cycle, and that are subject to ongoing debate within Marxian crisis theory.

² A full presentation of the results can be found in Brown *et al.* (2006).

³ The results show that the problem of weighting different facets of job quality (see Section 3) is largely mitigated in this case due to the degree of comovement amongst the facets.

Table 1. *Changes in job quality in Great Britain, 1998–2004*

	Satisfaction with sense of achievement	Satisfaction with influence	Satisfaction with pay	Climate of employment relations	Job security: I feel my job is secure in this workplace	Effort: my job requires that I work hard	Stress: I never seem to have enough time to get my work done	Stress: I worry a lot about work outside of work hours	Influence over: The pace with which you work	Influence over: How you do your work
Scale used in responses	1=very dissatisfied, 5=very satisfied	1=very dissatisfied, 5=very satisfied	1=very dissatisfied, 5=very satisfied	1=very poor, 5=very good	1=strongly disagree, 5=strongly agree	1=strongly agree, 5=strongly disagree	1=strongly agree, 5=strongly disagree	1=strongly agree, 5=strongly disagree	1=None, 4=A lot	1=None, 4=A lot
1998	3.59	3.52	2.86	3.46	3.48	2.03	2.77	3.44	2.91	3.25
2004	3.74	3.53	2.86	3.58	3.65	2.02	2.78	3.33	2.98	3.29
Change 1998–2004	0.15	0.01	0.00	0.12	0.17	−0.01	0.01	−0.11	0.07	0.04
P value from Wald test	0.00***	0.63	0.89	0.00***	0.00***	0.57	0.60	0.00***	0.00***	0.00***
Weighted base 1998	27,889	27,650	27,889	27,691	26,474	27,735	27,449	27,402	27,648	27,636
Weighted base 2004	21,483	21,236	21,336	21,278	20,764	21,317	21,114	21,001	21,249	21,309

Source: 1998 and 2004 Workplace Employment Relations Surveys (WERS). Figures calculated using the ‘svy’ commands in STATA to account for the complex survey design of WERS, particularly the clustering of individuals in workplaces. For each measure, a higher score represents a higher level of job quality. A positive number in the change row therefore represents an improvement in job quality. P value is from a Wald test comparing mean values in 1998 and 2004. ***Significant at 1% level; **significant at 5% level; *significant at 10% level.

1990s. Three measures in particular show marked improvement: satisfaction with sense of achievement, the climate of employment relations and job security. Put in numerical terms, somewhere between 600,000 and 1.85 million more employees reported that they were satisfied with the sense of achievement that they got from work in 2004 than in 1998. There is also some evidence of an improvement in discretion over work, halting the decline in this measure observed over the 1990s. The picture is not uniformly positive, however. There is no sign of any decrease in the high levels of effort recorded in the late 1990s and stress levels as measured by whether workers worry about work outside work hours have increased.

Several hypotheses can be put forward to explain the observed improvements in job quality and these in turn can be linked to the policies of New Labour (see Section 2, above). Consider, first, the hypothesis that the rise in job quality is associated with an increase in skill levels consonant with the move to a 'knowledge economy'. Table 2 highlights the fastest growing and fastest declining occupations during the 1998–2004 period. Occupations involving certain routine tasks have been in rapid decline (e.g., process, plant and machine operatives fell by nearly a third over this period—manufacturing occupations, in general, suffered under the effects of deindustrialisation). Occupations with tasks that are not easily replaced by computerised technology, in contrast, have increased in number (culture, media and sports, as a high skill example, and customer services—such as call centres—as a low skill example). Health and education occupations have also risen, reflecting the impact of increased public expenditure. Thus, there appears to be a continuation of the trend of job polarisation identified by Goos and Manning (2007): not only skilled 'knowledge jobs' are growing in number, but also low skilled jobs, which have nothing to do with a 'knowledge economy'.¹

Table 3 returns to subjective data, comparing the subjectively measured quality of jobs created by the establishment of new workplaces subsequent to 1998, with jobs lost through workplace closure between 1998 and 2004. These data should be interpreted cautiously because, in general, the norms and expectations of individuals in new workplaces need not be the same as those in now defunct workplaces. On the assumption of similar aggregate norms and expectations across the two groups, the results suggest that, notwithstanding their diverse skill content, jobs in new workplaces are of significantly higher quality than jobs in old workplaces, and that the improvement in quality of jobs in new workplaces relative to jobs in old workplaces is greater than the overall increase reported in Table 1. Given some overlap between the category of 'jobs in new workplaces' and 'new jobs', and between 'jobs in old workplaces' and 'old jobs', these results cast doubt on the popular hypothesis that new jobs are worse than old jobs (see Section 2). However, owing to their relatively small proportion, the improvement in the reported quality of jobs in new workplaces over jobs in old workplaces accounts for approximately just one sixth of the reported overall improvement in Table 1 (regardless of any assumption made about norms and expectations). Therefore, the overall increase in reported job quality is not merely confined to new workplaces but is apparent across all workplaces. Table 4 confirms the system-wide nature of the overall improvement in job quality. It reports a disaggregate analysis of the three variables that increased the most between 1998 and 2004. The

¹ Drawing upon earnings data, Fitzner (2006) has claimed that, during the 1998–2005 period, the process of job polarisation depicted by Goos and Manning (2007) for the previous 1979–1999 period did not continue. However, our review of the debate in Section 2 implies that it is not *earnings* but *skills* that should be focused upon. For example, it is skills growth and not earnings growth that ultimately justifies investment in education, according to the logic of the 'knowledge economy' thesis.

Table 2. *Change in employment by occupation^a, UK 1998–2004*

	1998 (‘000s)	2004 (‘000s)	Growth per cent
<i>Top five occupations by employment growth</i>			
Customer service occupations	241	385	59.8
Health & social welfare associate professionals	779	952	22.2
Teaching & research professionals	1,071	1,304	21.8
Caring personal service occupations	1,250	1,516	21.3
Culture, media & sports occupations	247	297	20.2
<i>Bottom five occupations by employment growth</i>			
Secretarial related occupations	943	852	–9.7
Elementary trades, plant & storage related	1,001	879	–12.2
Skilled metal & electrical trades	1,195	1,014	–15.1
Textiles, printing & other skilled trades	556	459	–17.5
Process, plant & machine operatives	1,479	992	–32.9
<i>Total employee employment^b</i>	23,554	24,215	2.8

Notes: ^aTwo-digit occupation data based on SOC2000 definition from Spring Labour Force Surveys. Consistent data for 1998 were obtained from ONS SOC2000 Backcasting web-site. ^bIncludes people who did not state their occupation.

Source: Derived from Office for National Statistics data.

improvement in these variables was broadly consistent across all income groups, across males and females, across private and public sector, and across occupations.¹ Brown *et al.* (2006) show that the changes in the other variables reported in Table 1 were of a similar system-wide character. Overall, the evidence suggests a general increase in job quality across jobs, requiring a correspondingly general explanation.

A second hypothesis is that New Labour’s policies towards the workplace lie behind the rise in job quality. However, the evidence and analysis offered by critics of New Labour, discussed in Section 2, clearly suggests that the impact of New Labour’s legislation has been so diluted by a pro-business stance as to significantly weaken its effectiveness. New Labour, for example, has offered employers an effective ‘opt out’ from the 48-hour working week maximum and has taken advantage of other derogations in the Working Time Directive (see Adnett and Hardy, 2001, p. 121). New Labour has also legislated to ensure that working parents have the right to ‘request’ but not to receive flexible work hours. Combined with the lack of child care facilities, the lack of compliance, and a competitive economic environment, recent employment policies enacted by New Labour have not seriously tackled the structural roots of the problem of work–life balance. An increasing amount of qualitative and quantitative evidence supports such a conclusion (see Manning and Petrongolo, 2004; Crompton, 2006). New Labour’s ‘partnership’ agenda, on the other hand, has failed to have a transforming influence on industrial relations in Britain. The (limited) empirical evidence suggests that partnership has not taken a deep root in British workplaces (Guest and Peccei, 2001) and that it is unlikely to do so without significant legislative support from government (Terry, 2003),

¹ The conclusion regarding occupations must be treated cautiously, both because of a change in the classification of occupations between 1998 and 2004, and the fact that occupation is self-reported in WERS 1998. Thus it is difficult to be sure as to the reason for the exceptional case of sales occupations, which apparently shows a decline in job quality from 1998 to 2004.

Table 3. *Job quality in disappearing and new workplaces, 1998–2004*

Scale used in responses	Satisfaction with sense of achievement	Satisfaction with influence	Satisfaction with pay	Climate of employment relations	Job security: I feel my job is secure in this workplace	Effort: my job requires that I work hard	Stress: I never seem to have enough time to get my work done	Stress: I worry a lot about work outside of work hours	Influence: the pace with which you work	Influence: how you do your work
	1=very dissatisfied, 5=very satisfied	1=very dissatisfied, 5=very satisfied	1=very dissatisfied, 5=very satisfied	1=very poor 5=very good	1=strongly disagree 5=strongly agree	1=strongly agree 5=strongly disagree	1=strongly agree 5=strongly disagree	1=strongly agree 5=strongly disagree	1=None 4=A lot	1=None 4=A lot
Workplaces that shut between 1998–2004 (job quality in 1998)	3.59	3.51	2.84	3.44	3.41	1.98	2.82	3.49	2.87	3.24
New workplaces formed between 1998 and 2004 (job quality in 2004)	3.75	3.58	2.94	3.68	3.63	2.03	2.80	3.33	3.02	3.32
Change 1998–2004	0.16	0.07	0.10	0.24	0.22	0.05	-0.02	-0.16	0.15	0.08
P value from Wald test	0.00***	0.09*	0.09*	0.00***	0.00***	0.26	0.62	0.00***	0.00***	0.02**
Weighted base 1998	3,284	3,262	3,298	3,283	3,083	3,289	3,250	3,242	3,269	3,263
Weighted base 2004	2,777	2,759	2,775	2,761	2,706	2,765	2,750	2,729	2,760	2,773

Source: 1998 and 2004 Workplace Employment Relations Surveys (WERS). Figures calculated using the ‘svy’ commands in STATA to account for the complex survey design of WERS, particularly the clustering of individuals in workplaces. For each measure, a higher score represents a higher level of job quality. A positive number in the change row therefore represents an improvement in job quality. P value is from a Wald test comparing mean values in 1998 and 2004. ***Significant at 1% level; **significant at 5% level; *significant at 10% level.

Table 4. Changes in job quality within various groups, 1998–2004

Variable	Year	Satisfaction with sense of achievement	Climate of employment relations	Job security
<i>Gender</i>				
Male	1998	3.51	3.32	3.41
	2004	3.69	3.47	3.58
		$P = 0.00^{***}$	$P = 0.00^{***}$	$P = 0.00^{***}$
Female	1998	3.68	3.66	3.56
	2004	3.80	3.68	3.72
		$P = 0.00^{***}$	$P = 0.00^{***}$	$P = 0.00^{***}$
<i>Sector</i>				
Public	1998	3.67	3.45	3.38
	2004	3.80	3.53	3.66
		$P = 0.00^{***}$	$P = 0.04^{**}$	$P = 0.00^{***}$
Private	1998	3.56	3.46	3.53
	2004	3.72	3.60	3.65
		$P = 0.00^{***}$	$P = 0.00^{***}$	$P = 0.00^{***}$
<i>Earnings</i>				
Quintile 1 (lowest)	1998	3.62	3.72	3.74
	2004	3.73	3.72	3.87
		$P = 0.00^{***}$	$P = 0.90$	$P = 0.00^{***}$
Quintile 2	1998	3.54	3.38	3.53
	2004	3.66	3.47	3.66
		$P = 0.00^{***}$	$P = 0.08^*$	$P = 0.00^{***}$
Quintile 3	1998	3.47	3.24	3.37
	2004	3.71	3.50	3.54
		$P = 0.00^{***}$	$P = 0.00^{***}$	$P = 0.00^{***}$
Quintile 4	1998	3.60	3.37	3.40
	2004	3.77	3.56	3.60
		$P = 0.00^{***}$	$P = 0.00^{***}$	$P = 0.00^{***}$
Quintile 5 (highest)	1998	3.68	3.47	3.34
	2004	3.82	3.61	3.57
		$P = 0.00^{***}$	$P = 0.00^{***}$	$P = 0.00^{***}$
<i>Occupation</i>				
	1998 (SOC90)			
Managerial		3.83	3.75	3.46
Professional		3.73	3.50	3.41
Associate professional		3.60	3.39	3.36
Clerical & secretarial		3.47	3.50	3.41
Craft		3.65	3.16	3.33
Personal and protective		3.86	3.64	3.61
Sales		3.53	3.70	3.79
Operatives		3.23	3.04	3.43
Others		3.59	3.54	3.61
	2004 (SOC2000)			
Managers and senior officials		3.91	3.84	3.64
Professional		3.85	3.60	3.66
Associate professional and technical		3.79	3.54	3.57
Administrative and secretarial		3.65	3.67	3.62
Skilled trades		3.72	3.25	3.46
Personal service		4.06	3.76	3.77
Sales and customer service		3.54	3.60	3.74
Process, plant and machine		3.54	3.24	3.62
Elementary		3.66	3.57	3.80

Source: 1998 and 2004 Workplace Employment Relations Surveys (WERS).

Wald test not calculated for changes in job quality by occupation due to changes in occupational classification between 1998 and 2004.

P value is from a Wald test comparing mean values in 1998 and 2004. ***Significant at 1% level; **significant at 5% level; *significant at 10% level.

support inconceivable so long as immediate business interests are prioritised (Martinez Lucio and Stuart, 2004, pp. 419–20). Overall, the existing evidence and analysis do not offer strong support for the hypothesis that the recent rise in job quality has been due to changes in government policy.

Thus far, relative stability of norms and expectations of respondents has been assumed, in line with the arguments of Section 3. However, it could be argued that the improvements in reported job quality are linked to changes in norms and expectations rather than to changes in true job quality. If this were the case, as argued in Section 3, it would present difficulties in interpreting the change in reported job quality. One argument might be that the norms and expectations of workers have risen, due to low and falling unemployment (reflected in the improved perceptions of job security). However, if norms and expectations have risen, it would be expected that reported job quality would, other things being equal, have *fallen*. The fact that reported job quality has actually improved, thus suggests that there have been genuine improvements in job quality rather than a mere shift in norms and expectations. In order to cast doubt on the view that underlying job quality has improved, it would be necessary to argue that workers' norms and expectations have actually fallen over the 1998–2004 period. Given the aforementioned improvement in labour market conditions for workers over this period, and the lack of any obvious system-wide downward influence on norms and expectations, such a fall in norms and expectations would seem unlikely.

But how, otherwise, can the reported improvements in job quality be explained? In fact, these improvements can be viewed as an elementary illustration of the political economy approach developed in Section 3. Thus, a key argument in Section 3 was that capitalist workplaces are affected by the business cycle. Accordingly, in order to explain the general improvements in job quality for British workers between 1998 and 2004, it is important to consider further the impact of low and falling unemployment over this period. This feature of the labour market is likely to have enhanced the bargaining power of workers. In the period under review, employers may therefore have needed to make concessions in order to retain or recruit valued workers. The achievement as well as maintenance of low unemployment, in short, may have placed greater pressure on employers to improve the quality of work, precipitating the observed improvements in job quality. This explanation in terms of the relative tightness of the labour market may also help to explain why effort levels remain high and stress levels have increased. As Green (2006) has argued, the increases in stress and effort at work evident in Britain and some other countries over recent years are attributable to technological and organisational changes that employers cannot reverse, whatever the labour market conditions—for example, an increased and externally directed work flow is the basis of call centre technology and organisation.

One obvious implication of our suggested explanation is that system-wide covariation of our measures of job security, employment relations and job satisfaction should be apparent, given that job security is closely related to labour market conditions and is a key influence on the balance of power in the workplace and hence the direction of reported job quality. This implication is borne out through econometric analysis: hence, in estimations based on ordered probit techniques, we find that improvements in job security and in the climate of employment relations, together, account for nearly half of the increase in British employees' satisfaction with the sense of achievement with work between 1998 and 2004 (see Brown *et al.*, 2006). However, it should be stated that this offers only an indirect assessment of the impact of unemployment on subjectively measured job quality.

Further work is needed to uncover the relationship between changes in unemployment and changes in reported job quality. The little evidence that exists on this relationship supports our hypothesis; hence Clark (2005, p. 392) finds in multivariate analysis that '[j]ob quality, as measured in the BHPS, is largely pro-cyclical: better jobs are found in tighter labour markets'.¹ In short, the explanation of the observed rise in job quality in terms of low and falling unemployment is firmly theoretically grounded in a political economy approach to the study of power in the workplace and is supported by econometric analysis, though further evidence and evaluation is required.

In one positive respect, the focus on the impact of unemployment on job quality endorses New Labour's economic policy commitment to full employment by underlining how important the movement to and achievement of full employment is to progress in the quality of work. It is outside the scope of this paper to address the actual policies that have been pursued in the name of this commitment (in particular, the New Deal) though we would point to the work of writers such as Coutts, Glyn and Rowthorn (2007) who emphasise the role of demand side factors (including higher government spending) in driving the recent falls in unemployment, contrary to the actual supply side rhetoric of New Labour. What the existing evidence and our interpretation cast doubt upon is the claim that New Labour's policies *towards the workplace* are responsible for the recorded rise in job quality. This is very important given the *prima facie* impression of support for the policy agenda of New Labour offered by the increase in subjectively measured job quality (see Darling, 2007). In fact, the implication of the above interpretation is that improvements in job quality over the period 1998–2004 may be eliminated by a future increase in unemployment, whether due to a downturn in the business cycle, or to a failure of demand side policy. The critical arguments reviewed in Section 2 and in this section are thus not contradicted by the observed rise in job quality: it remains vital to stress that the type of regulatory change which might prompt employers to rethink the way they manage would be bitterly opposed by the business lobby.

4.2 *Assessing the quality of jobs in Britain*

In order to offer a context for interpreting the observed improvement in job quality, some assessment of the actual *level* of job quality must be made. What is the base against which improvements must be measured? As argued in Section 3, the level of job quality is not directly ascertainable from subjective measures, owing to the different norms and expectations of respondents. However, where patterns in the data are evident, subjective measures can prove useful in understanding the level of job quality, as well as its change through time, if properly interpreted. Figure 1 plots selected facets of job quality, subjectively measured in WERS, and in the BHPS, by earnings quintile, both in 1998 and 2004. A clear 'u-shaped' relationship is revealed for these selected cases.² The inclusion of the BHPS variables on job satisfaction (there is no employment relations variable in the BHPS) shows that the u-shape is not linked solely to the WERS variables,

¹ We undertook a preliminary ordered probit analysis based on WERS 1998 and 2004 which provides support for Clark's finding, in terms of job satisfaction. Hence we found that satisfaction with sense of achievement is negatively and significantly associated with regional unemployment. However, further work is needed in order to confirm this preliminary result.

² A u-shape pattern is evident for other measures of job satisfaction in WERS (see Brown *et al.*, 2006). However, subjective measures of some facets of job quality do not display a u-shape in earnings, as will be discussed further below.

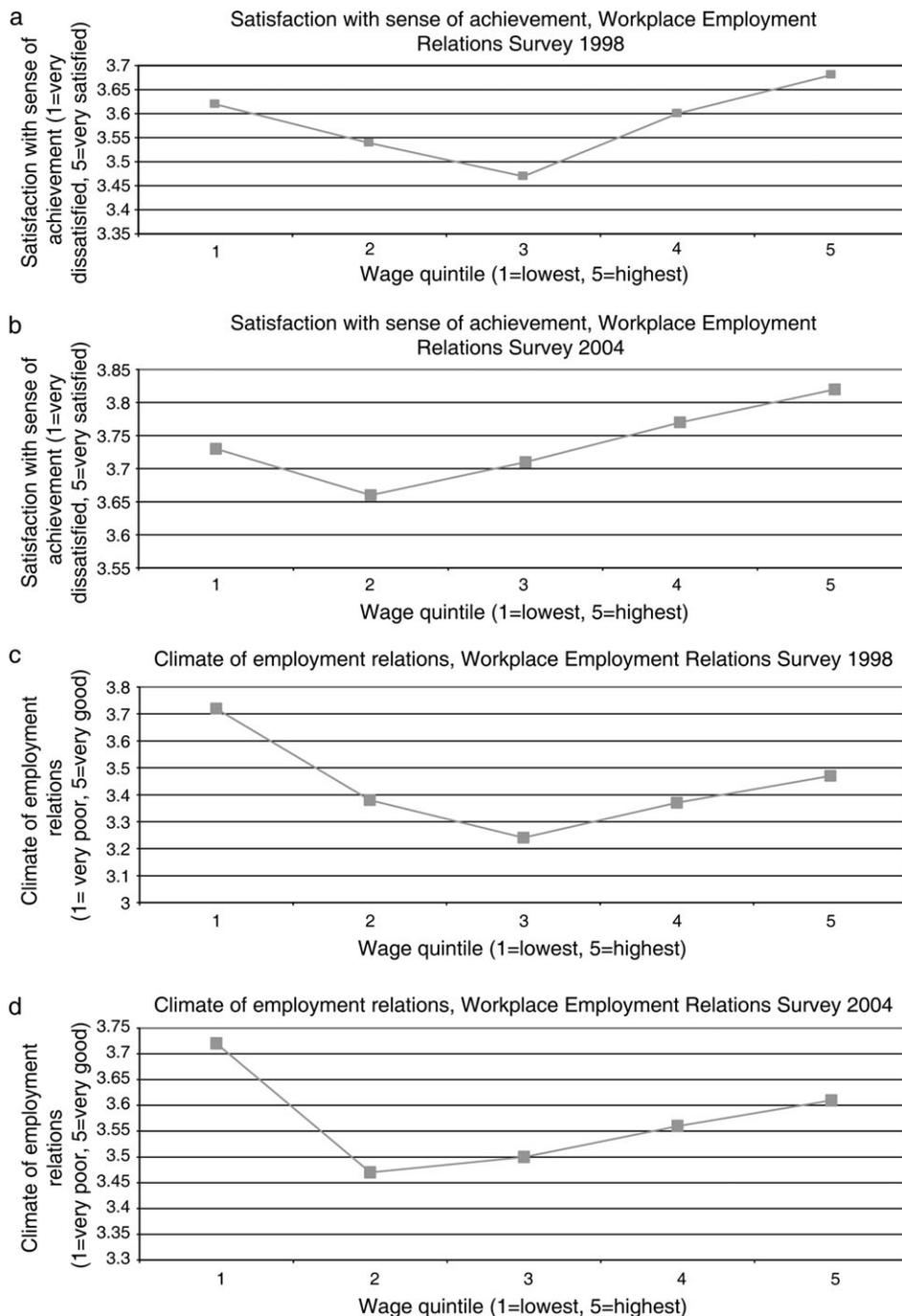


Fig. 1. Wages and job quality, 1998 and 2004. **(A)** Satisfaction with sense of achievement (WERS, 1998) and **(B)** WERS (2004); **(C)** climate of employment relations (WERS, 1998) and **(D)** WERS (2004); **(E)** overall satisfaction (BHPS, 1998) and **(F)** BHPS (2004); **(G)** satisfaction with work itself (BHPS, 1998) and **(H)** BHPS (2004).

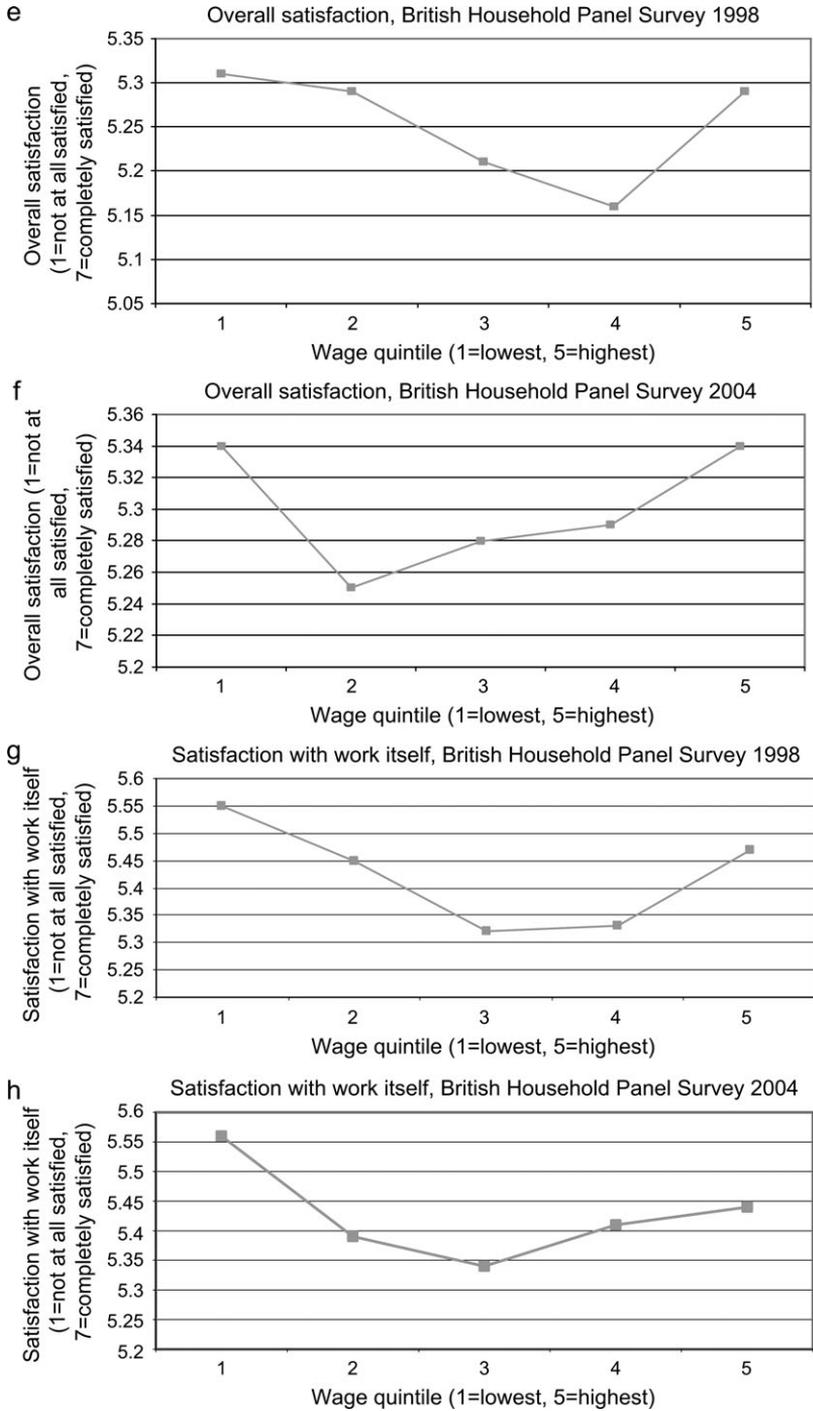


Fig. 1. (Continued)

nor solely to WERS data as such, but is robust across the two data sets. Appendix B confirms the robustness of the observed u-shape of the selected variables through multivariate econometrics, including analysis of the last 13 waves of the BHPS. Further analysis can also be found in Brown *et al.* (2007). The search for an explanation of the observed u-shape will serve to substantiate our critique of the economics of happiness, as well as to offer some insight into the *level* of the selected facets that display this shape.

Gender differences may provide one clue to help explain the observed u-shaped patterns. It is well known that (i) women have, in general, higher reported job satisfaction than men (see Table 4) and (ii) women are disproportionately located towards the bottom of the income distribution. Could the u-shape of job satisfaction in earnings (and perhaps also the u-shape of employment relations in earnings) simply be a matter of gender? If so, then we would expect that splitting the sample by gender should remove any trace of a u-shape, in either the male or the female distribution. If, however, the u-shape is unrelated to gender, then we would expect a skewed u-shape to be evident in both the male and female distributions but with the female distribution skewed to the left (i.e., having a lower right hand side) and the male distribution skewed to the right (i.e., having a lower left hand side), given the disproportional location of women at the left hand side (and so of men at the right hand side) of the overall u-shaped distribution. The graphs shown in Figures 2 and 3 do not fully correspond to either of the two extreme expectations outlined above but overall there is a better correspondence to the second extreme than the first. In general, there is a u-shape for men, though the height of the left-hand side of the u-shape is greatly reduced for the case of some of the graphs. There is little discernable common pattern to the graphs for women, save that several of the graphs display a downward trend (a few of the graphs display a u-shape but most do not). We conclude, therefore, that the overall u-shape is partly, but in no case entirely, gender related.

The predominant perspective within the economics of happiness, as shown above, suggests that subjective measures of job satisfaction *directly* reflect the subjectively defined well-being ('cardinal utility') of workers. This perspective, however, leads to perverse results when relied upon to interpret the observed u-shape of job satisfaction in earnings. Hence, for those who believe that purely subjective 'cardinal utility' exists, and that it can be simply read off from reported job satisfaction, then the observed u-shape means that the lowest earners have, together with the highest earners, gained the greatest utility from work. It seems, from this point of view, that the easiest route to 'happiness' at work is merely to find the lowest paid job available. Indeed, the very few studies to consider the policy implications of the observed high job satisfaction of low paid workers effectively reach this very conclusion (Leontaridi and Sloane, 2004; Diaz-Serrano and Vieira, 2005). Such an absurd policy conclusion serves to uncover the counterintuitive and potentially regressive nature of the cardinal utility approach to the concept and measurement of job satisfaction, and of job quality, that is favoured by the new economics of happiness.

From our political economy perspective, the observed u-shape can be explained by reference to norms and expectations in a way that has the opposite policy conclusions to those suggested by the economics of happiness. Quite simply, those who report high job satisfaction, but who are at the bottom of the earnings distribution, are likely to have vastly different, and much lower, norms and expectations regarding work than those at the top of the earnings distribution. By the same token, they are likely to have very different and, on

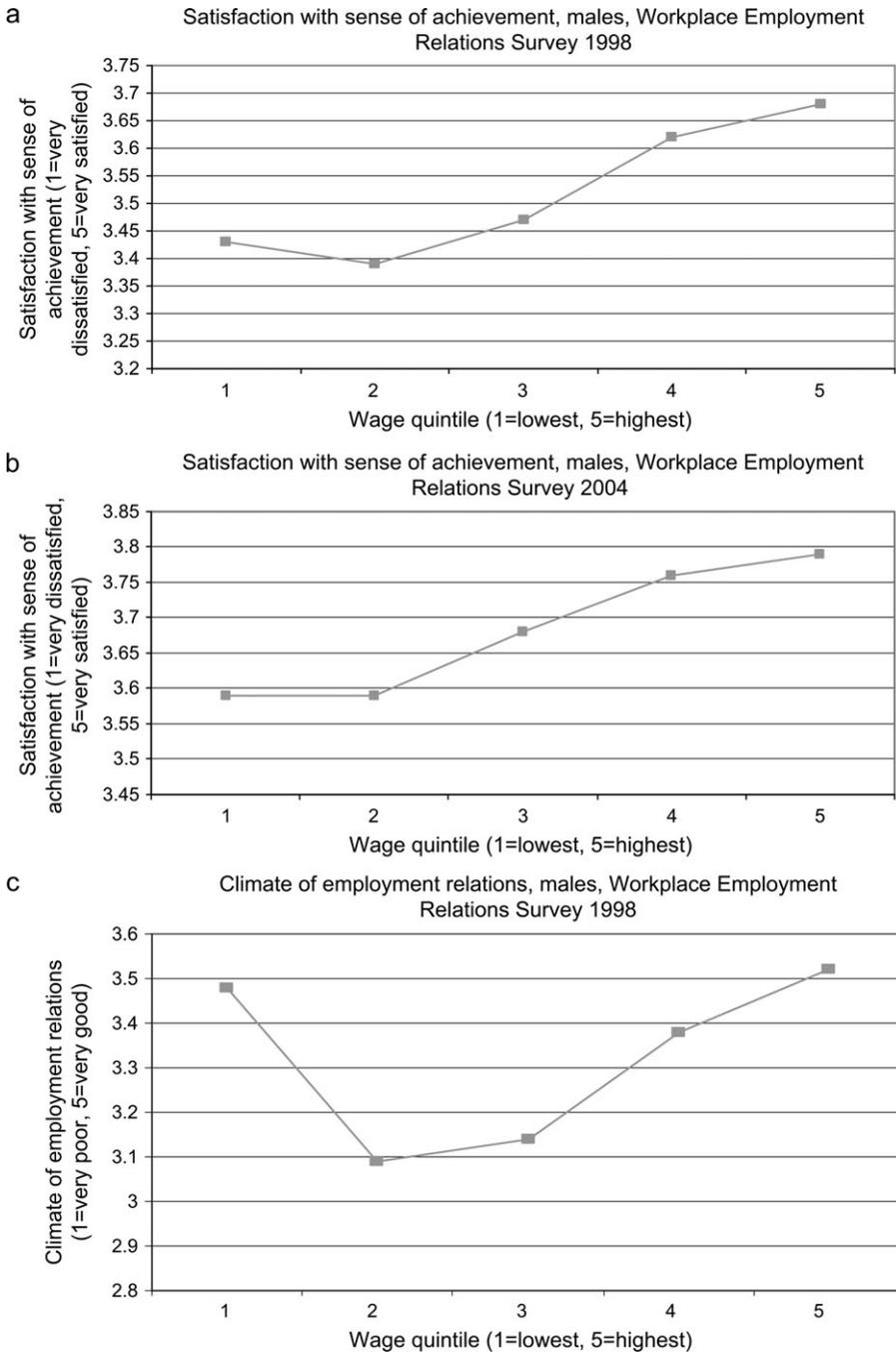


Fig. 2. Wages and job quality: males, 1998 and 2004. (A) Satisfaction with sense of achievement (WERS, 1998) and (B) WERS (2004); (C) climate of employment relations (WERS, 1998) and (D) WERS (2004); (E) overall satisfaction (BHPS, 1998) and (F) BHPS (2004); (G) satisfaction with work itself (BHPS, 1998) and (H) BHPS (2004).

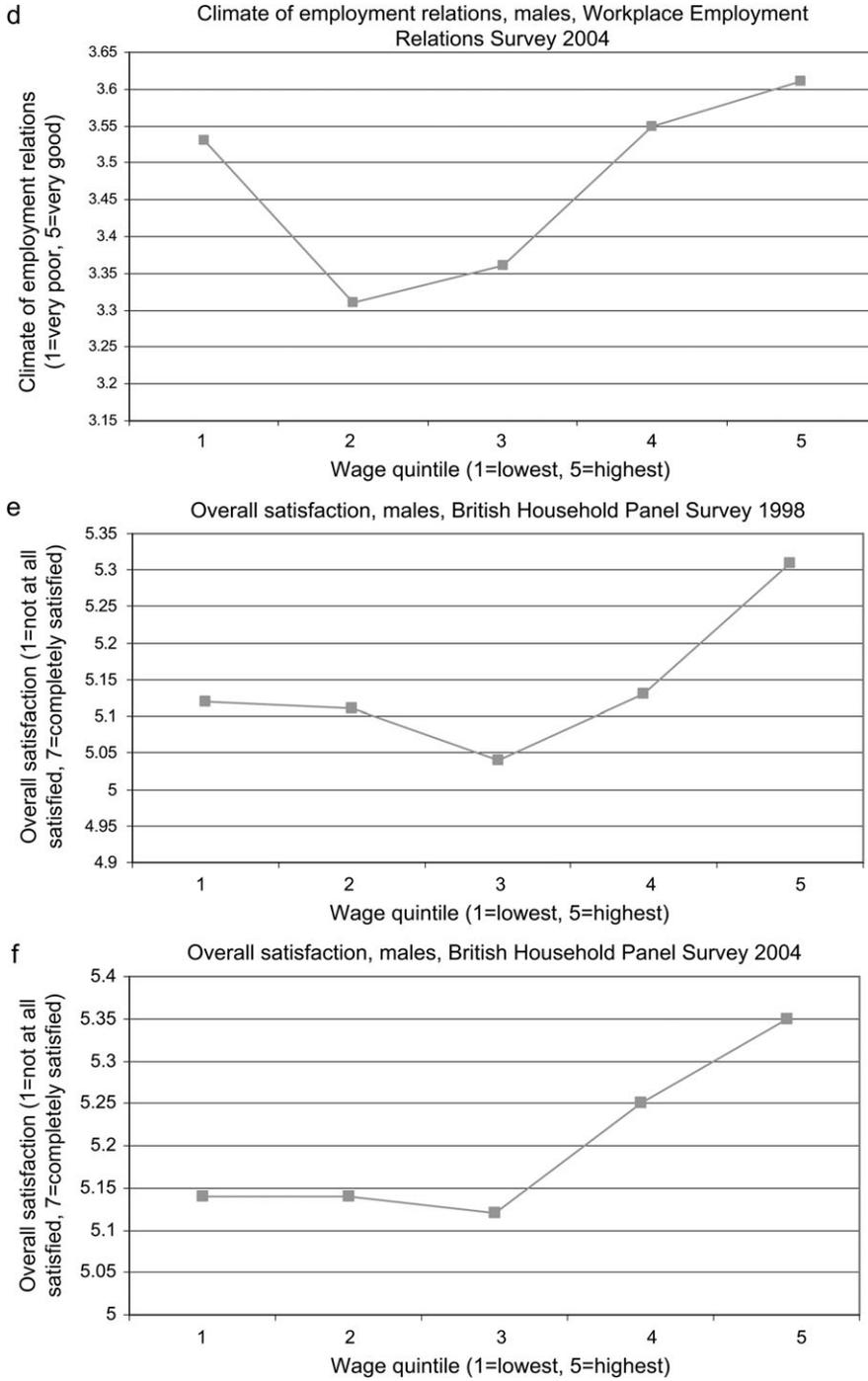


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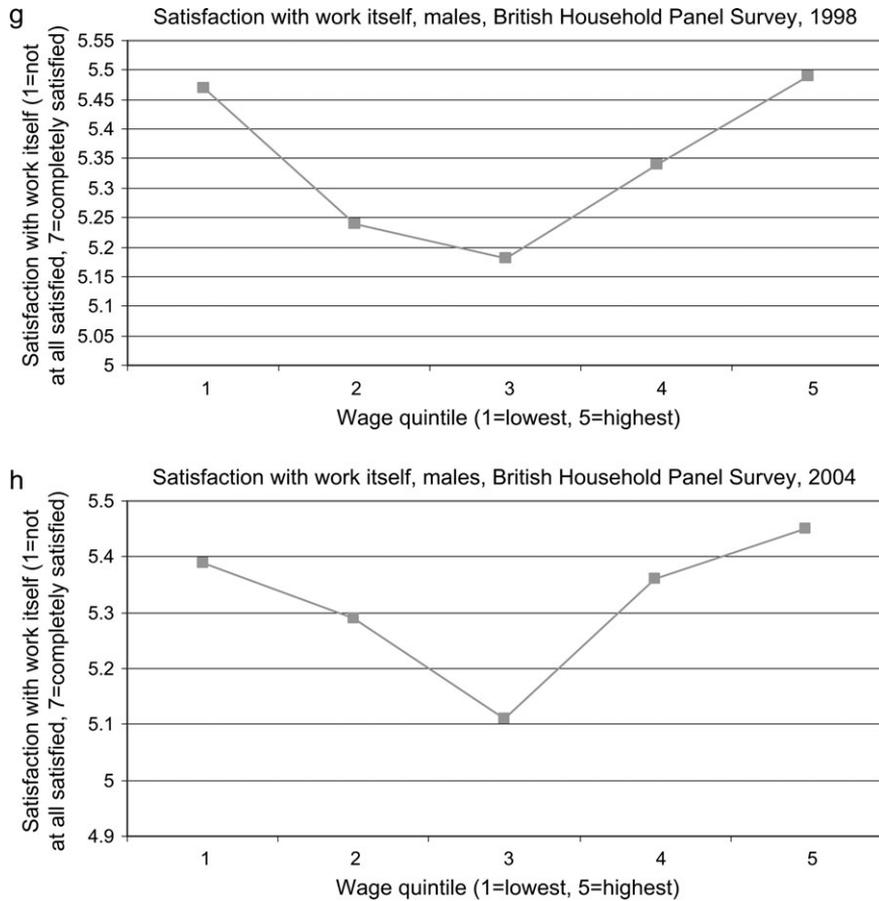


Fig. 2. (Continued)

objective grounds, much lower job quality. Thus there is a wide objective gulf between high earners and low earners not only in terms of pay but also in other aspects of job quality such as pay prospects, promotion prospects, perks, position in social hierarchy, position in organisational hierarchy, degree of influence over people and resources, potential alternative jobs available and so on. Low earners may *report* being ‘satisfied’ in their jobs only because they have a low benchmark level of norms and expectations. Indeed, their low norms and expectations may conceal that they are *dissatisfied* in their jobs—to this extent, the results of social surveys for the low earners need to be interpreted carefully. Those at the middle of the earnings distribution, on the other hand, may have norms and expectations that are unmatched by their jobs, leading them to report relatively low levels of job satisfaction. Only at the higher end of the earnings distribution can it plausibly be argued that high norms and expectations are both held and actually met by the jobs that individuals do.

Our interpretation implies that the *level* of job satisfaction in Britain may be far lower than the raw figures suggest. To give a numerical example, whereas the aggregate figures from WERS 2004 suggest that around 7.5 million employees are, to a greater or lesser

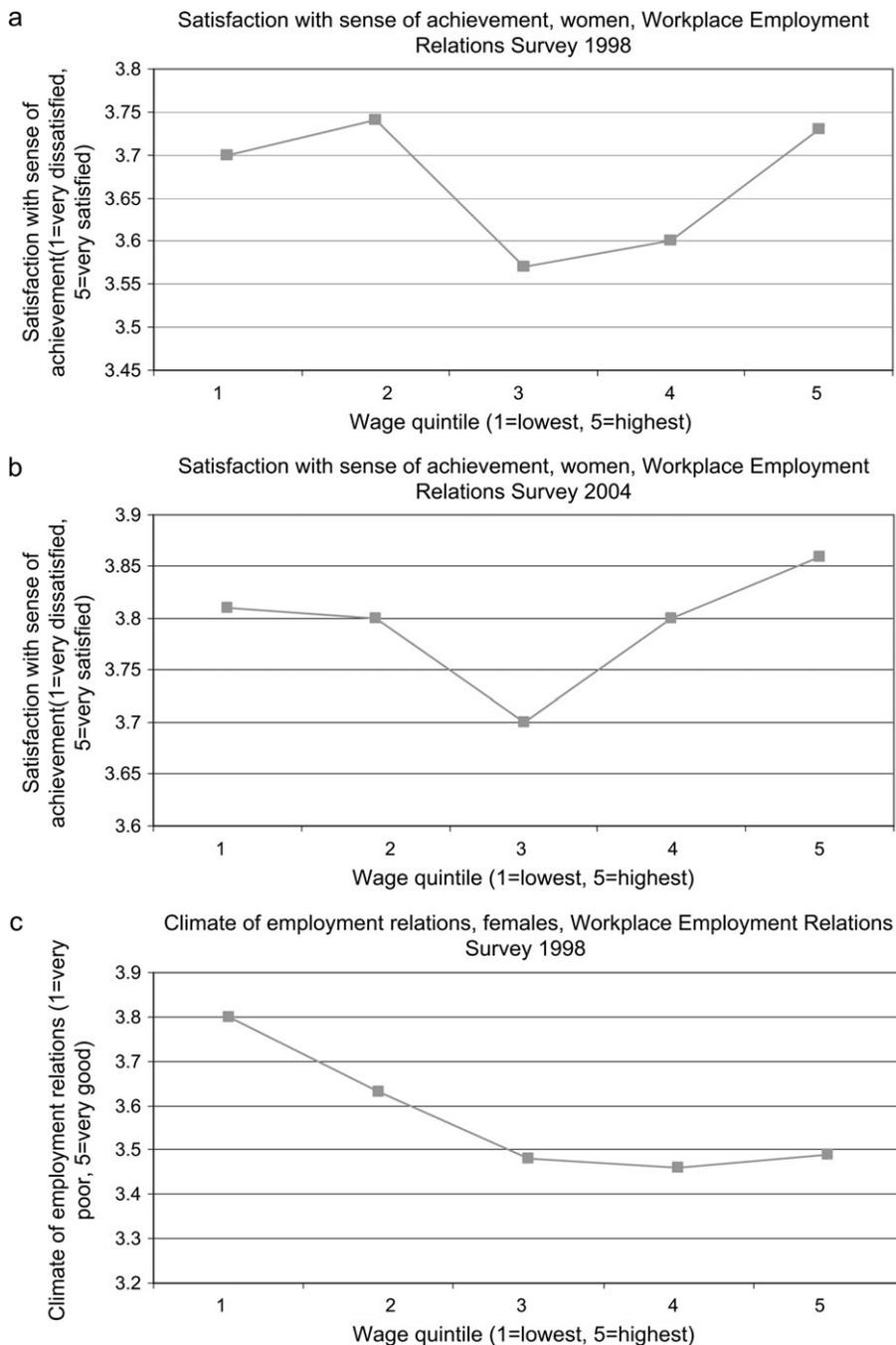


Fig. 3. Wages and job quality: females, 1998 and 2004. (A) Satisfaction with sense of achievement (WERS, 1998) and (B) WERS (2004); (C) climate of employment relations (WERS, 1998) and (D) WERS (2004); (E) overall satisfaction (BHPS, 1998) and (F) BHPS (2004); (G) satisfaction with work itself (BHPS, 1998) and (H) BHPS (2004).

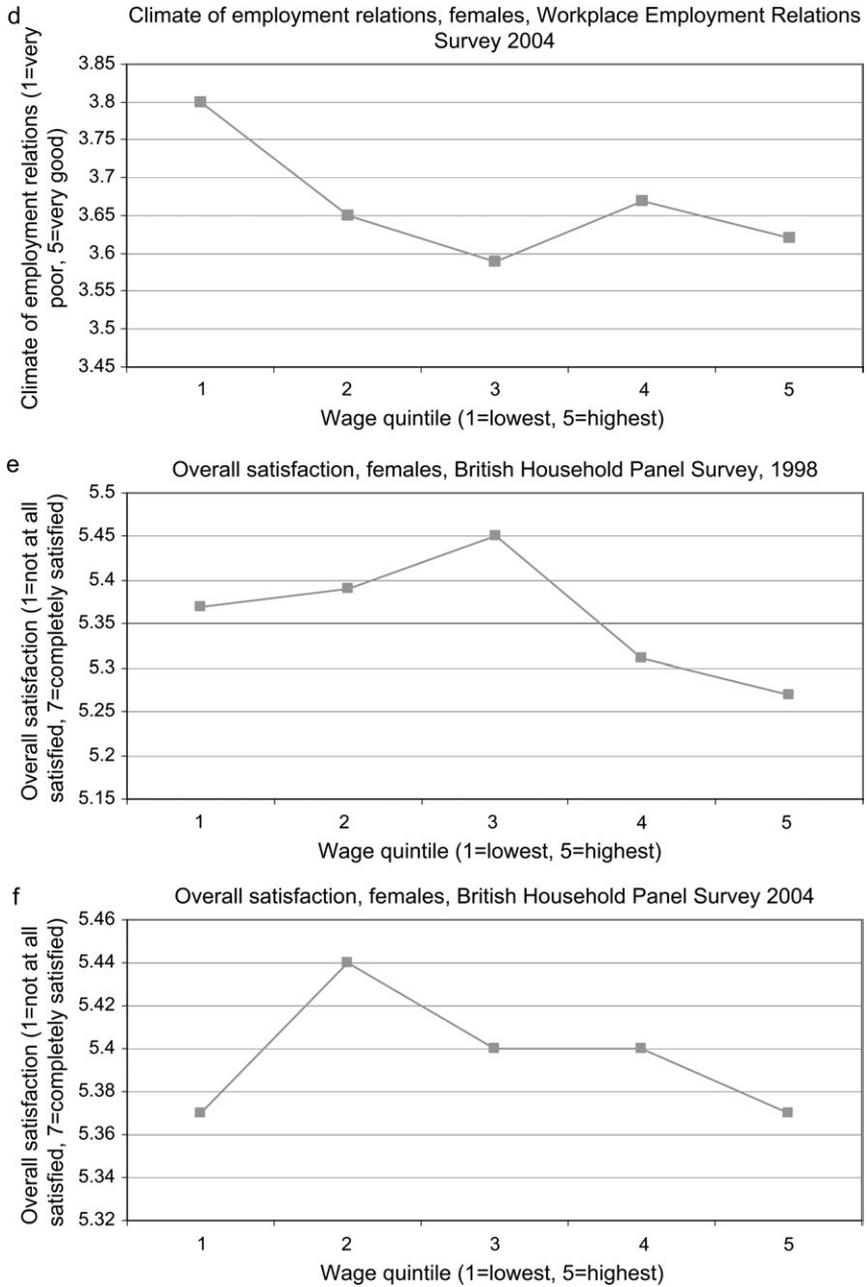


Fig. 3. (Continued)

extent, not satisfied with the sense of achievement that they get from work (see Brown *et al.*, 2006), our interpretation of the observed u-shape implies that a majority of workers, 15 million or more, may not be truly satisfied with this facet of their work. The case of the

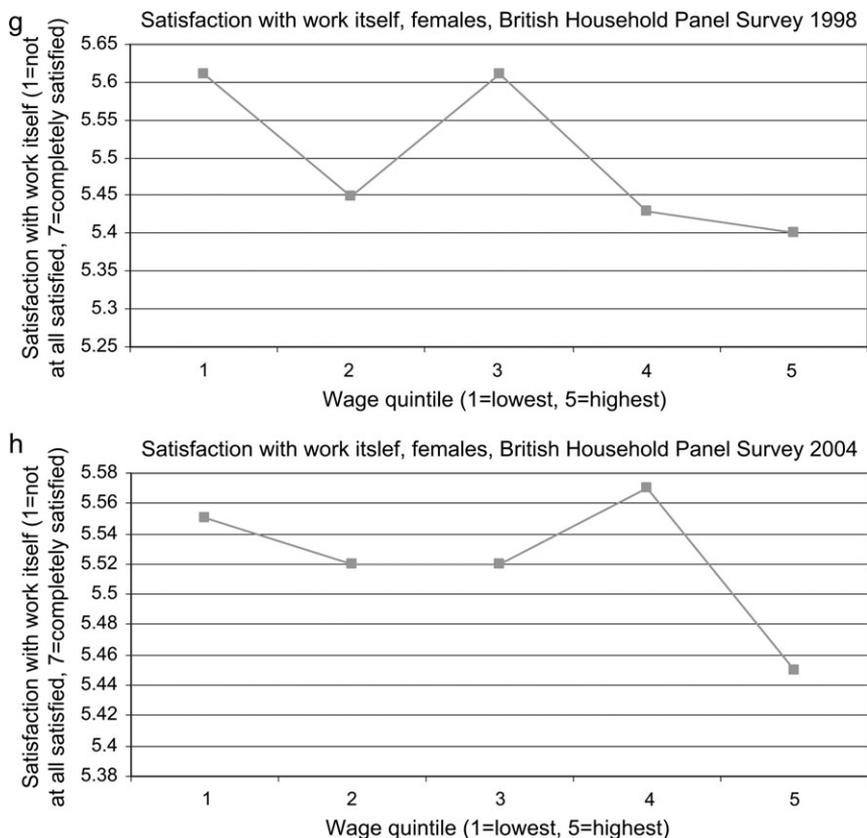


Fig. 3. (Continued)

observed u-shape of employment relations in earnings may be explained by a similar pattern of norms and expectations as for the case of job satisfaction. Thus, in our view, the raw figures on reported perceptions of employment relations are likely to vastly overstate the true extent of good employment relations in British workplaces, for the same reason as the raw figures for job satisfaction. Conversely, there seems little reason to suppose that norms and expectations regarding job security, effort or stress should be especially low in the lowest earnings quintile, and we do not find a u-shape in these cases (see Brown *et al.*, 2006).

Qualitative evidence, especially regarding low paid workers, is necessary in order to substantiate and further develop our explanation. Unfortunately there are few qualitative studies into the job quality, and norms and expectations, of low paid workers. However, the studies that do exist support our interpretation of the quantitative data. The qualitative research of Edwards and Burkitt (2001) (who carried out focus groups of low paid workers), and of Tomlinson (2005) and Walters (2005) (both using in depth semi-structured interviews of low paid part-time female employees), reveal that low paid workers have extremely low norms and expectations about work. Walters and Tomlinson explicitly consider the issue of job satisfaction and job quality. In opposition to the influential arguments of Hakim (2000), they stress how a low benchmark of comparison is

the reason for the high job satisfaction scores of part-time, low paid women. Many such workers, Walters (2005) surmises, are simply 'making the best of a bad job', or 'satisficing', in the face of severe economic and social constraints on the formation of their preferences and their ability to act upon preferences once formed. Thus these studies not only support our interpretation of the u-shape but they also affirm that norms and expectations are complex social phenomena, rather than biologically determined properties of supposedly atomistic individuals. More qualitative studies of low paid workers are, in our view, urgently required.

5. Conclusion

Subjective measures of job quality showed improvements during the early period of office of New Labour. Between 1998 and 2004, improvements occurred across a range of indicators, including satisfaction with the sense of achievement with work, the climate of employment relations and perceptions of job security. Such improvements were seen across the wage distribution, and reported job quality on average was higher in new workplaces created between 1998 and 2004 than in those that disappeared over the same period. However, in terms of subjective measures relating to effort and stress, there was little or no improvement in job quality. Further, by the end of the period, there remained a significant minority of workers who did not report high job quality.

How should these empirical results be interpreted? Against the economics of happiness view of job quality, based on the notion of cardinal utility, we have set out a political economy perspective that seeks to address the importance of human needs, as well as the specificities of work under capitalism. From this perspective, we have argued that the results do indicate an increase in job quality under New Labour but that the increase is essentially linked to falling unemployment. The fact that unemployment has fallen and remained low, in general, has placed greater pressure on employers to raise the quality of work. Whether the upward trend in job quality can be sustained will depend on the maintenance of low unemployment in Britain.

Our empirical analysis also revealed that two of the subjective measures of job quality that increased most over the period under review—satisfaction with sense of achievement and the climate of employment relations—display a u-shape in earnings. Thus, it was argued that many of those who *do* report high job satisfaction and good employment relations are, on objective grounds, in low quality jobs, and express 'satisfaction' only against a low benchmark level of norms and expectations. These workers are not irrationally expressing satisfaction, but rather are making the most of a disadvantaged socio-economic position, where the extrinsic and intrinsic rewards from available work are low. In consequence, the route out of the problem of low job quality does not lie merely in focus upon the isolated individual, as policy resting upon the individualistic notion of cardinal utility ultimately implies (consider, for example, Layard's, 2005, promotion of cognitive and drug therapy). The underlying problem is the low quality of jobs that are realistically available to workers.

We would argue that New Labour's policies towards the workplace have not, in general, helped to deliver significantly better quality jobs and, in particular, the pro-business stance of New Labour's employment policy has made the achievement of higher job quality more difficult. Government policy *could* have been an important catalyst for improvement in job quality, on a range of objective dimensions, had it not been diluted in the perceived

interests of business. For example, significant progress might have been made in curbing long working hours if New Labour had transposed the Working Time Directive into UK law without offering employers an effective opt out from the legislation. Thus, in our view, workplace policy needs to be fundamentally refocused around a more interventionist stance. This would require a change in thinking, away from the notions that business interests are naturally aligned with wider social interests and that wider social and economic forces lead inexorably to high skill, high quality jobs. While the improvement in job quality brought about by a sustained period of low unemployment and rising employment is to be welcomed, we would conclude that in the absence of governmental action to promote deep-rooted change in the nature of jobs in Britain, genuine progress in the quality of work will not be possible.

Appendix A

WERS is a nationally representative survey of British workplaces, and has been conducted in 1980, 1984, 1990, 1998 and 2004. The core of the survey is an interview with the senior manager responsible for employment relations matters, covering a wide range of topics related to employee relations. In 1998 and 2004, an employee questionnaire was included as part of the survey, distributed to 25 randomly selected employees in each workplace that participated in the survey (and to all employees in workplaces with fewer than 25 employees). In 1998 employee questionnaires were successfully distributed in 86% of workplaces that participated in the WERS survey and were returned by 64% of employees to whom they were distributed. The equivalent figures for 2004 were 76% and 61%, respectively. Data have been weighted to account for non-response bias.

Additional data on job satisfaction was taken from the BHPS. The BHPS is an annual survey of the occupants of a panel of around 5000 households. Data from wave eight (1998) and wave 14 (2004) of the BHPS were analysed. BHPS respondents who are in employment were asked to rate on a seven point scale how satisfied they were with their job, overall, and with four specific aspects of their job: (i) the work itself, (ii) job security, (iii) hours worked and (iv) pay.

Appendix B

We used ordered probit estimation and, where appropriate, linear regression to test the existence of the u-shape of selected facets of job quality in earnings, and to see if it is explained by workplace and individual characteristics (see Table A.1). The basic estimations revealed a u-shape in every case, that is, the coefficient on the squared term of (the log of) earnings was positive and significant, and the coefficient on the linear term was negative and in general significant. Note that the estimated u-shape is in the log of earnings, rather than the level of earnings, implying a non-symmetric 'u' in the level of earnings that has been 'stretched' out on its right hand side. Multivariate analysis showed the u-shape to be robust (it should be noted that the independent variables in the BHPS estimations include an age-squared term and in the WERS estimations include age bands, in order to account for the well-known u-shape of job satisfaction in age). Only for 2004 BHPS data is there any evidence that the addition of the independent variables is able to explain the u-shape, as the relevant coefficients are no longer significant at the 10% level in some cases (though the parameters are correctly signed for a u-shape on all but two occasions). Brown *et al.* (2007) report further estimations carried out on the past 13 waves of the BHPS, which overwhelmingly confirm the existence of a u-shape in basic estimations (the coefficients being correctly signed in all waves for all three variables, and statistically significant in the vast majority of cases) and in the multivariate estimations for work itself and for the single item overall satisfaction measure.

Table A.1. *The relationship between wages and selected measures of job quality*

		Basic regression	Full regression with controls
British Household Panel Survey			
Overall satisfaction (single item measure)			
1998	Log wages	-0.477***	-0.313**
	(Log wages) ²	0.104**	0.102***
	N	5033	4937
2004	Log wages	-0.343**	-0.107
	(Log wages) ²	0.07**	0.044
	N	6861	5649
Overall satisfaction (four-item scale)			
1998	Log wages	-0.238*	-0.019
	(Log wages) ²	0.066*	0.056*
	N	5007	4911
2004	Log wages	-0.147	-0.01
	(Log wages) ²	0.045*	0.039
	N	6815	5606
Satisfaction with work itself			
1998	Log wage	-0.557***	-0.449***
	(Log wages) ²	0.138***	0.119***
	N	5024	4928
2004	Log wage	-0.282**	-0.217
	(Log wages) ²	0.054*	0.05
	N	6854	5642
Workplace Employment Relations Survey			
Satisfaction with sense of achievement			
1998	Log wages	-0.592**	-0.315
	(Log wages) ²	0.181***	-0.009
	N	24601	24554
2004	Log wage	-0.362	-0.878***
	(Log wages) ²	0.118**	0.205***
	N	19023	18308
Climate of employment relations			
1998	Log wages	-3.12***	-1.95***
	(Log wages) ²	0.773***	0.330***
	N	24601	24554
2004	Log wages	-2.03***	-0.953***
	(Log wages) ²	0.467***	0.190**
	N	19023	18308

Source: 1998 and 2004 British Household Panel Surveys (BHPS) and Workplace Employment Relations Surveys (WERS).

The table shows the coefficients on regressions of the selected job quality variables against a set of independent variables. Linear regression was used for the four-item job satisfaction index in the BHPS. For all other variables ordered probit was used. In the basic regression the independent variables were the log of hourly wages and the square of the log of hourly wages. The full regressions contained additional individual and workplace controls namely: gender, age, marital status, qualifications, tenure, industry and occupation. Figures were calculated using the 'svy' commands in STATA to account for the complex survey design of WERS, particularly the clustering of individuals in the workplace.

***Significant at 1% level; **significant at 5% level; *significant at 10% level.

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