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Just another bandwagon? A critical look at the role of the high performance workplace as vehicle for the UK high skills project

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Editor's Foreword

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Abstract

A number of commentators involved with the UK policy debate on skills have recently argued in favour of an active role for government in helping to diffuse the model of the high performance work organisation (HPWO). More specifically, the HPWO is said to offer an environment in which skills and knowledge can be developed on a continuous basis and utilised to full effect. For these commentators, part of the model's attraction lies in its potential to shift the current policy debate beyond its narrow emphasis on boosting the supply of skills and qualifications as the main route to developing a high skills economy in the UK. The paper argues that there has been tendency for academics from the vocational education and training community to 'buy into' the high performance work model too uncritically without interrogating its key assumptions. A closer engagement with the critical literature surrounding the HPWO suggests that its implications for skills and employees are uncertain and may, in some cases, be negative. The paper questions, therefore, whether the HPWO should be seen as a suitable vehicle for a high skills project in the UK and asks whether it might be time to re-focus attention on the more fundamental issue of how to develop high skilled, high quality employment whilst also improving work and employment conditions for employees in general.

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Introduction

Over the last twenty years, policy makers and academics in the UK have increasingly been concerned with the question of how to tackle the country's long-standing skills problem (see Keep and Mayhew 1999). Today, the lines of the UK skills debate seem fairly clearly drawn. On the one hand, policy makers insist that a high skills, high value added economy can be achieved mainly through initiatives aimed at improving the *supply* of skills and qualifications (see DTI 1998, DfES 2003). On the other, a number of academics contend that such an approach neglects deeply rooted structural weaknesses in the British economy that tend to depress employer *demand* for, and utilisation of, skills (see Coffield 1999, Keep and Mayhew 1999, Brown *et al.* 2001, Brown and Lauder 2001). This latter group argues that many employers are competing on the basis of relatively low skill, standardised production strategies and price-based competition that require only a limited range of low-level skills from the bulk of the workforce. Consequently, progress towards a high skills economy will require a much broader range of policy interventions capable of addressing 'demand-side' issues, such as firms' choice of competitive strategies as well as their approaches to work organisation and people management.

In seeking to address the mechanisms by which government might tackle the issue of work organisation, some commentators have suggested the need for a more active role for public policy in helping to diffuse the model of the high performance work organisation (HPWO) (Keep 2000a, 2000b, Ashton and Sung 2002). Despite holding contrasting opinions about how to solve the skills problem, these academic solutions appear to directly link into the current UK government's own view that HPWOs are vital to improving national productivity and competitiveness. Since 2002, the government has begun to integrate the promotion of the HPWO, understood to involve team working, employee involvement and extensive communication, into its broader strategy of improving the performance of the British economy (DTI 2002, 2003a, 2003b). Accepting that UK companies have been slow to adopt 'modern management techniques', the role of the Department of Trade and Industry now includes the encouragement of high performance by promoting partnership at work, providing a legal framework for information and consultation and 'educating business' through the use of league tables and examples of best practice. Support for the HPWO can also be found amongst representatives of employers and trade unions (CBI/TUC 2001:60), although there is some difference in emphasis. The CBI (2002:3) is keen to stress that it is 'direct involvement which plays the key role in bringing about a high performance and committed workforce'.

In contrast, the TUC argues for the centrality of employee representatives, particularly trade unions, to the success of the HPWO, while warning that these types of new working practices can be introduced 'in a way that reduces autonomy or increases work intensification' (2003:7).

Those commentators from the vocational, education and training (VET) community who are pushing for the HPWO would appear to be feeding into (and possibly influencing) a receptive government and 'social partners'. The HPWO, therefore, might appear to offer a mechanism for a broader approach to skills than that which has previously been on the agenda. The problem, however, is that there has been a tendency for VET academics to 'buy into' the HPWO model without subjecting its assumptions to detailed scrutiny. A closer engagement with the critical literature surrounding the HPWO suggests that the implications for skills and employees are, at best, uncertain, and may, in some cases, be negative. This paper, therefore, questions why commentators on the UK skills debate have come to regard the high performance workplace as a suitable vehicle for making progress towards the high skills vision. The danger is that in their desperation to find a vehicle to engage policy makers in issues of work organisation, they may find themselves backing not simply the wrong horse but a lame one at that.

The paper is structured as follows. Section one explores the assumptions that commentators in the skills area have tended to make when looking to the high performance model as a way of advancing the high skills project. In section two, these assumptions are tested by highlighting the problems involved in defining the high performance workplace, before exploring the evidence currently available concerning the links with skills and the wider outcomes for employees. Section three concludes with a discussion of where the HPWO is likely to lead those engaged in the skills debate and asks whether it might be time to take stock and refocus attention on the more fundamental issue of how to develop the 'better job'.

The view from the skills literature

Several commentators within the VET field have begun to look to the high performance workplace as a potential vehicle for making progress towards a high skills vision (e.g. Brown 2001, Keep and Mayhew 2001, Lauder 2001, Ashton and Sung 2002). What do these commentators have in mind when they refer to the high performance model, what benefits do they associate with such a model and how far do they consider the possibility

that more negative elements might also be involved? Finally, what role do they ascribe to public policy in the promotion and diffusion of the new model?

What comes across from a number of these writers is the tendency to work backwards from a textbook logic that goes something like this. In recent years, a shift has been identified of firms moving away from competing on the basis of relatively standardised, 'mass production' approaches, with associated hierarchical forms of control and Fordist/Taylorist management, towards a new breed of 'post-Fordist', value-added organisations. These 'post-Fordist' firms require teams of functionally flexible, well-trained, polyvalent workers able to adapt to new production technologies, pursue continuous improvements in innovation and quality, and respond quickly to changing customer requirements. Employees not only need to be committed and motivated to achieve organisational goals, they also have to acquire a raft of new process skills such as problem solving, creativity, initiative and communication. This, in turn, requires a shift towards flatter, non-hierarchical forms of organisation and a more trust-based employment relationship which permits workers to exercise higher levels of discretion and autonomy and to use their skills and tacit knowledge to improve productivity and performance. In such organisations, workers are said to enjoy higher levels of involvement and more satisfying work, as well as better job security and higher wages. The result is win-win gains all round, for both management and workforce, and the possibility of a new more consensual and cooperative employment relationship.

It is important to reiterate that this is a textbook description only, as opposed to a necessarily accurate description of the reality of life in organisations that now acquire the label of the high performance model. What is interesting is the extent to which a number of VET commentators have seemingly bought into this textbook model relatively uncritically, taking its various assumptions and linkages more or less for granted. As a result, we find that the statement: 'high performance work organisation = more training = higher skills = better jobs', is one which is rarely challenged. Crouch *et al* (1999: 206), for instance, refer to a 'growing proportion of large US firms [that] have adopted post-Fordist models, such as "the high performance workplace" *that depend on a high level of skills throughout the organisation*'.

Drawing upon the work of Appelbaum *et al.* (2000), Brown (2001:16) explicitly makes the link between the high performance model and high skills, noting that, 'Innovation in high performance workplaces puts learning at the heart of companies and of what it means to be "skilled"'. In such organisations, employees are required to be

'creative problem solvers, self-managers, enterprising and lifelong learners' (2001:48). 'High trust relations' are also a critical ingredient, in that 'cooperation offers people the "power tools" to work in new and more productive ways' (ibid). Lauder (2001:198-199) makes explicit the link with product market strategy, noting that 'competing on quality *means* introducing high performance work practices…[and] requires the diffusion of new process or key skills… like being able to communicate well, work in a team, use IT, problem solve and have a sound level of numerical skills'.

Such claims are made on the basis of only limited evidence, notably the findings of Appelbaum *et al*. (2000), with no attempt made to question the accuracy or validity of such studies. Lauder (2001:224) goes on to link the 'high performance work organisation' with the Japanese-inspired 'lean production', whereby a 'degree of power was devolved to teams to engage in a constant process of innovation and improvement'. In this way, the HPWO is seen as the latest manifestation of a post-Fordist *concept* that can be applied equally well to Japanese production approaches (similar arguments can be found in Brown and Lauder 2001). Little attempt is made to consider whether such production methods might have some negative effects on workers, which is surprising given the existence of a range of critical literature on the harsher realities of Japanese employment practices (e.g. Kamata 1983, Williams *et al*. 1992, Berggren 1993). Instead, the assumption appears to be that the state (in the UK and US) needs to play a more active role in coordinating the education and training system, the labour market, research and development and the industrial relations system so that they work in concert to support value-added competition among firms and promote the wider diffusion of the high performance model (see Brown and Lauder 2001).

Ashton and Sung (2002) also make a series of bold claims about the impact of the high performance model on employee autonomy, skills and training, the achievement of potential win-win outcomes, and the creation of a more consensual and cooperative employment relationship. Numerous studies across several countries are taken as proof that high performance work practices lead to improved business performance. Workers in these organisations are also said to benefit on a number of counts. Thus, 'a sustained effort is put into developing the skills of all employees and making training and learning continuous activities, not just one-off events' (Ashton and Sung 2002: introduction:2). Employees enjoy higher skill levels, both with regard to technical skills but particularly so-called generic skills such as problem solving, communication and team working (see Ch1:17). Consequently, HPWOs embody the potential to make lifelong learning 'a reality

for a substantial part of the workforce that has been hitherto denied these opportunities' (ch1:7). Indeed, 'on all fronts, in terms of work satisfaction, employment security and wages, workers stand to gain' (introduction:3). At the same time, the high performance workplace both requires and helps to sustain 'high trust relations' between management and workers (ch4:7).

Despite the overwhelmingly positive view presented of the HPWO, Ashton and Sung concede that 'the workers' experience has not been studied as intensively' (ch1:13) as the impact of such practices on firm performance. They point out that, in many cases, the model may only be implemented for the core workforce or certain departments, with many employees still operating under Taylorist conditions (ch3:5). Although they do 'not wish to pretend that all is rosy', and that work in the HPWO 'can be stressful if it is not managed carefully' (ch3:13), they tend to assume that where the model is implemented workers must benefit. The conclusion reached is that 'without the more widespread adoption of the high performance workplace, the aspiration of many governments to become a learning society or a society of lifelong learning will remain precisely that – an aspiration' (ch7:7).

In series of articles, Keep and Mayhew (1998, 1999) have criticised the supply-side focus of UK VET policy, arguing that large parts of the British economy remain locked into low skill, low wage, neo-Fordist production strategies. A key element of their critique is to identify survey and case study evidence demonstrating this and, in particular, highlighting the limited diffusion of the OECD's high performance work model in the UK (see Keep 1999, 2000a, 2000b, Keep and Mayhew 1999, 2001). The tendency is to work backwards from the textbook 'model' of the HPWO, whereby people management systems are thought to encourage a 'virtuous circle of partnership, high trust relations and skills development' (Keep 2000a: 11), then demonstrate that the UK does not have enough of such workplaces, before enjoining policy makers to implement measures aimed at tackling the problem.

Thus, the state is asked to consider how it might act as a 'change agent' by fashioning interventions aimed at 'encouraging and supporting the spread of the high performance workplace', including the diffusion of 'high involvement work practices that are an essential component of utilising workforce skills to maximum benefit' (Keep 2000b:16-17). Indeed, government is asked to 'lead by example' by encouraging the high performance work model in the public sector and using public purchasing policy to pressure private sector contractors to meet specified thresholds in terms of the adoption of

'a range of high performance work practices' (Keep 2000b:18). This policy approach is proposed, despite attributing the lack of diffusion of the HPWO to the weaknesses of the UK (and also the US) institutional environment, specifically the interaction of a deregulated labour market, short-term financial market pressures, and widening social inequality.

In summary, a brief glance through the work of those VET commentators who have looked to the high performance model as a potential vehicle for realising the high skills vision reveals a number of problematic assumptions that need to be held up to closer critical scrutiny. *First*, there is tendency on the part of many commentators to buy into the model without being clear as to what the model actually is, and whether what is being alluded to is what HPWOs ideally *should* involve or what they actually *do* involve. *Second,* there is a common assumption that the high performance model increases both the level and utilisation of skills. *Third*, with one or two caveats, the tendency is to see the model as bringing universal benefits for management and workers. The next section of the paper tests the validity of these assumptions through a closer engagement with the critical literature on HPWOs.

Testing the assumptions

What is the HPWO?

As we have seen, for many of those within the skills area, the model of the HPWO possesses a certain 'utopian quality' (see Purcell 1999 in relation to the best practice approach). It offers a range of policies and practices that generate win-win outcomes and contribute to a successful competitive approach based upon quality and innovation rather than cost minimisation. Either the HPWO is said to be increasing its presence across the world, thereby requiring nation states (and employers) to improve the quality and skills of their workforce to meet these new demands (Crouch *et al* 1999, Brown and Lauder 2001, Ashton and Sung 2002) or else it offers the promise of maximising employee skills if only firms can be encouraged/ persuaded/made to take up the model (Keep 1999, 2000).

There are two initial issues relating to the model that have been subject to widespread discussion within the literature on the HPWO, yet fail to feature in the work of those writing from a skills perspective. The first, which has received substantially more attention, is how to define the HPWO, and the second concerns the nature of the particular practices that make up the HPWO. From just a cursory reading of the literature it becomes quickly apparent that there is no general agreement as to what the HPWO

actually is (see Wood 1999 for a discussion on differences between high commitment, high involvement and high performance work systems). Godard and Delaney (2000:490), for example, argue that there is a 'huge disparity of HRM innovation measures and definitions employed across the literature', some of which may simply be measuring traditional 'good' HRM practices. Does the HPWO include policies on job security, an integral role for employee representatives (see Boxall and Purcell (2003:21) on differences between the US and European approach), high levels of training, total quality management (TQM), performance-related pay and team working? It is apparent that some have linked HPWO with a lean production model, including practices such as team working, job rotation, quality circles, TQM and statistical process control (Osterman 1995). Others emphasise the importance of employee discretion and autonomy, systems of upward and downward communication and the development of employee skills (Edwards and Wright 2001:57). Clearly then, depending on the practices that are included (and those that are not), high performance working can be understood to represent very different forms of work organisation and employment relations.

The second problem is that the definition of each individual practice can vary enormously. Edwards *et al* (2003:84) remind us that the existence of team working or problems solving groups 'says nothing about the level of autonomy or discretion enjoyed by employees'. The meanings attached to such practices are 'notoriously varied and elastic'. One way of appreciating the considerable gulf that exists between different approaches to team working is the distinction that has been made between a 'Scandinavian' type model, with semi-autonomous work groups, relatively high levels of job discretion, and more complex tasks, etc. and a Toyota or lean production model, where teams have much more limited control, lower levels of autonomy and undertake relatively simple tasks (see Edwards *et al.* 2002). Promoting the idea of team working as a 'good thing', without being clear about how team working is being operationalised, fails to appreciate the wide range of forms that exist and the likely variation in outcomes that will arise (e.g. Proctor and Mueller 2000). Being explicit about definitions and the implications that flow from a particular usage would enable a more honest debate to take place over the role of the HPWO in a high skills project. Instead, the skills literature has adopted an approach that sees these forms of working as self-explanatory and non-problematic.

If there is a vision of the HPWO common to those working within the VET field, as outlined in the last section, then it is something more akin to a 'Scandinavian' model of

team working, alongside high levels of employee involvement at all levels within the organisation. Yet this is a vision rather than a reality, as most of the empirical evidence on the impact of the HPWO is based on something far closer to the 'lean' approach. In addition, the diffusion of high discretionary work practices remains extremely limited. For example, a survey covering ten European countries (EPOC 1997) found that the 'Scandinavian' model of team working was reported to be in operation in only 1.4% of workplaces, and only 4.6% in Sweden itself (Edwards *et al* 2002:97). This raises some key issues for those involved in policy debates. How can such an unpopular set of practices be sold either to UK policy makers or employers? How are they supposed to be the route towards a high skills economy? If it is not this model, then what model is being followed and what are the implications for skills?

What is the impact of the HPWO on skills?

If some model of the HPWO is to be a vehicle for the high skills project, then there should be substantial evidence on the positive impact of such practices on skills. The skills literature has picked up (again rather uncritically) on the role skills are said to play in linking high performance work practices and performance outcomes. Appelbaum *et al* (2000:123), for example, stress that 'workers in an HPWS [high performance work system] need better skills and knowledge across a broad front - including basic skills, technical and occupationally specific skills, and leadership and social skills'. However, it should be pointed out that their empirical results indicate only that those working in HPWOs are more likely to have received formal and informal training. The measure used is simply the proportion of the workforce having participated in training with no identification of length or type of training involved. Where then is the mountain of evidence to support the link between higher levels of skill and HPWO?

Whitfield (2000), in examining the literature on both skills and training, identifies few empirical studies, with the exception of a couple from the USA that have also found this positive correlation between high performance working and training. Whitfield's own study, using data from the early 1990s in the UK, confirmed this finding, although training was disproportionately focused on key workers. Problems inevitably arise with this type of research in that the focus tends to be on formal training programmes (see also Osterman 1995, Lynch and Black 1998), with no exploration of the type of training involved and often not even the length (see Marchington and Grugulis 2000 for a critique of this approach). There is also a tendency to assume that more training (of whatever type)

equates with higher level skills. Similarly, the measures of the components of the HPWO are loose, identified by the existence or absence of an activity rather than any attempt to explore their definition or use.

Even fewer studies have focused more directly on attempting to measure the impact on skill. Cappelli (1996) found a positive relationship between skill changes and new work practices but the data was based upon a manager in each company reporting on their perceptions of workers' skill (see Purcell 1999 for a critique of this type of survey evidence). More robust would be an analysis of employees' views on how their own skills have changed, although this still runs up against methodological problems (see Lloyd 1997). Cappelli and Rogovsky (1994:215) conclude from a survey of production workers in the US, 'some significant, though not overwhelming, difference in the skill needs associated with high performance work', although these demands were more behavioural, for example team working skills, rather than traditional technical skills.

Perhaps the strongest evidence comes in the form of the 1997 and 2001 UK Skills Surveys, which involved detailed interviews with individuals about perceptions of their own skills. Both surveys found that skills increased with the use of high performance working. However, the 1997 survey was very limited in terms of the types of practices included, for example team working was not used (Felstead and Ashton 2000). A subsequent analysis of the 2001 data found that high involvement working had a positive and very significant relation to problem-solving, peer communication and checking skills (Felstead and Gallie 2002:35). The 'skills gap between full-time and part-time jobs… is significantly reduced in such a working environment' and employees reported that they felt greater job security. In deducing these results, Felstead and Gallie used a 'high performance work index' that included employees' evaluation of the extent of their own discretion and participation, and an assessment of the amount of influence they had on the way their team operated. Unsurprisingly, those who had more task discretion, personal influence in decision making, and worked in teams that had more influence over their work reported higher levels of skill. The analysis is, therefore, not based upon evaluating the impact of a set of practices (the HPWO) on skills, but on measuring outcomes (i.e. discretion and autonomy) and finding that these are associated with higher skills. This may tell us something about how skill is defined but does little to prove that HPWO is a factor in raising skill levels.

Overall, despite the claims about the links between the HPWO and skills, there is very little supportive evidence, and what there is does not go beyond statistical association

to consider causation. This ought to provide at least a note of caution to those advocating the model as a mechanism to pursue a high skills agenda. A further reason to be more judicious is the limited impact of the HPWO and new forms of team working in Germany (EPOC 1997, Mason 1999). Often held up by the VET community as an exemplar of a high skills economy, with effective systems of skill formation and approaches to product market strategy, the converts to the HPWO fail to address the issue of why German employers haven't grasped onto the benefits of such a model. If, as it has been suggested, these practices pose a threat to the 'expertise, hierarchy and formal skills' (Edwards *et al.* 2002:90) of the current workforce, then a more critical stance on the link between the HPWO and skills might have been expected.

Do workers benefit from the HPWO?

In considering whether workers benefit from HPWOs, it is worth emphasising at the outset that many of the specific practices associated with the model are not necessarily benign as far as workers' interests are concerned. As Marchington and Grugulis (2000: 1105-6) note, in many cases, team working 'may not offer universal benefits and empowerment, but actually lead to work intensification and more insidious forms of control', such as peer surveillance (see also Delbridge and Turnbull 1992, Cappelli *et al*. 1997, Geary and Dobbins 2001). The shift to 'self-managed teams' can be a process whereby some workers lose their jobs. By the same token, 'multi-skilling' can often mean 'multi-tasking', such that work becomes 'more stressful and intrusive, and add[s] nothing to the skills or initiative which workers are able to deploy' (Marchington and Grugulis 2000: 1110). The 'sharing of information with employees' may involve management simply delivering to employees information that management decides it is willing to share, and may be more akin to a form of management propaganda and control (Marchington and Wilkinson 2000).

There are also studies to indicate that employee involvement practices (a key feature of the HPWO) can be used by management to by-pass and marginalise trade unions and thereby erode workers' perceptions of union effectiveness (e.g. Grenier 1988, Clawson and Clawson 1999). Handel and Levine's (2004:38-39) recent review of the impact of employee involvement programmes finds that the 'evidence on workers' welfare is quite mixed', on wages is limited and that there is 'little consistent evidence of greater employment security'. Nevertheless, where employee involvement 'is not used as a form of speedup, it gives workers more autonomy, recognises the values of their contributions,

improves job satisfaction and feeling of voice and offers lower quit rates' (2004:39), thus suggesting that it is the way practices are used that is of central importance. However, the authors also argue that existing research has not eliminated the measurement and selection bias that could well undermine the validity of these sorts of results.

Moving on from individual practices to the HPWO, although proponents predict that employees are likely to benefit in terms of higher pay, better security and more rewarding and interesting work, the survey and case study evidence to support such a claim remains extremely thin. For the most part, researchers have been more concerned with the effects on firm performance rather than the implications for employees (see Osterman 1999, Appelbaum *et al.* 2000, Godard and Delaney 2000). The few studies that have investigated the impact of HPWO on employees suggest a rather mixed picture. Osterman (2000) reports on the findings from two related telephone surveys of US establishments conducted in 1992 and 1997. These indicate that firms using high performance work practices in 1992 were more likely to experience subsequent lay offs. He concludes that 'HPWOs do not seem to have lived up to their promise of 'mutual gains', given that they are positively associated with layoffs and have no relationship to pay gains' (2000:195). Summing up the findings from a variety of studies undertaken within Canada, Kumar (2000: 1) concludes that:

> The introduction of high performance work practices in a lean production environment is generally associated with downsizing, increased work loads, long hours, a higher pace of work, and a loss of control and autonomy. The evidence suggests that far from empowering employees and creating challenging and rewarding work for them, high performance work systems have created insecure and stressful work environments leading to a deterioration in the quality of working life and increased health and safety risks.

Positive outcomes have been found in a study by Berg (1999) which examined high performance work practices in the US steel industry. These practices had a generally positive effect on job satisfaction, although the central factors were whether employees were able to use their skills and knowledge on the job, had positive employee-management relations and felt the company helped them manage their work-life balance. It is the work of Appelbaum *et al*. (2000), however, that has been the key study in this area, and has proved to be the most influential. Based upon a survey of the impact of HPWO on workers in three sectors in the US (steel, apparel and medical electronic instruments), they find that workers 'earn more than those in traditional workplaces', that the core characteristics of high performance working 'generally enhance workers' levels

of organizational commitment and job satisfaction' (2000:201). Workers trusted managers more, while there was little support for the view that these practices increased workers' stress. Rejecting the view of critics that HPWOs have a 'dark side', they insist that they 'affect worker attitudes, and that these effects are generally positive ones' (Appelbaum *et al*. 2000:202).

As with many such surveys, the Appelbaum study is not without its limitations. The authors concede that the data is drawn from 'above average employers', paying higher wages and offering more extensive benefits packages, such that the results may be neither representative nor generalisable. A closer examination of the detail of the findings also uncovers a much weaker link between high performance work practices and intrinsic rewards than the authors suggest. Thus, in discussing worker outcomes, the 'opportunity to participate scale' had a significant positive impact on the job satisfaction for steel workers only and not for workers in the other two industries. Moreover, the critical factor turns out to be *autonomy in decision-making*, with participation in self-directed teams and off-line teams having only a very weak impact on job satisfaction or even a negative association in apparel (see also Batt and Appelbaum 1995). As Danford (2003:571) notes, 'this leaves us with the unremarkable finding that job autonomy, rather than team working, can have a positive impact on workers' sense of trust, commitment and satisfaction'. He also points out that other findings are downplayed, notably that variables such as employment security and perceptions of fairness of pay, turn out to be far better predictors of how workers feel about their jobs.

As even Appelbaum (2002:148) notes, 'it is difficult to draw definitive conclusions from the survey evidence about what HPWSs do *for* workers'. Her observation that the 'weight of the survey evidence, though by no means unanimous, suggests that they do not do much that is negative to them', remains rather more contentious. The Appelbaum *et al*. study may appear 'reassuring' by suggesting that 'high performance work systems pay off for workers as well as firms' (ibid) but there is little other evidence to support such a definitive conclusion and, moreover, this study is not without its own problems and limitations. In short, the *claim* that workers benefit from the HPWO remains just that – a claim which, on current evidence at least, can be just as readily refuted as it can be upheld.

Moving on from the HPWO?

Where does the HPWO get us?

From the brief synopsis of the literature, the HPWO model appears to suffer from several glaring deficiencies which question its suitability as a vehicle for making progress towards a high skills future. Not only is there no clear definition of the model, but there is also a fundamental lack of agreement about the specific practices it should and should not incorporate, as well as the meanings that are ascribed to those practices. Further, the evidence of any impact on skill is far from proven, while a serious question mark hangs over the implications for workers. Given these types of debates and concerns raised by the HPWO literature, a key issue is why those from within the 'more critical' perspective in the VET community have latched onto the model with barely a passing word about the controversies that surround it.

One of the key reasons for the seductive nature of the HPWO model is the desire by many of those within the VET community to engage with policy makers, (see for example the UK Skills Task Force and the Cabinet Office's Performance Innovation Unit's Workforce Development Project). Having said that, for those taking part in these efforts, there is a recognition that the ability to influence policy makers is extremely marginal (Coffield 2002, Keep 2002) largely because so many policy levers are simply off the agenda. Delivering an acceptable message to policy makers, therefore, seems to be the only way to be heard. The HPWO offers everything; not only does it promise 'win-win' gains for government, employers, trade unions and employees, but it can also be presented as requiring only a limited set of policy interventions. Ashton and Sung (2002), for example, argue that government can be 'a facilitator', encouraging the adoption of HPWO in the public sector, providing incentives to influence the private sector and ensuring an adequate flow of the requisite skills. Policy makers can thus be slowly edged towards dealing with issues of work organisation, and thereby skills within the workplace, shifting the focus away from the seemingly obsessive pre-occupation with improving the education and training system. In addition, the HPWO can be used in such a vague and imprecise way that it fits in with a government approach that steers away from any signs that it is trying to 'direct' the private sector or interfere with managerial prerogative.

Having set their stall in favour of some nebulous set of practices called the HPWO, where does that lead the skills debate? Inevitably, the tendency is to emphasise the importance of a set of practices, ie. team working, employee involvement etc. rather than focusing on outcomes. By assuming that these practices lead to higher skills and better

quality jobs (as well as high performance), attention is placed exclusively on how to diffuse these practices. Nevertheless, there is a growing realisation that it is simply not enough to show firms the benefits of the HPWO for them to pursue it, but that there are institutional barriers restricting the adoption of the HPWO. Part of the problem is claimed to lie with the institutional and regulatory framework of liberal market economies, such as the US and the UK, where a combination of weak trade unions, limited labour market regulation and pressure on firms to maximise short-term shareholder value, renders it difficult for all but a minority of firms to adopt the HPWO model. This view finds favour with commentators in the skills area (Keep 2000b, Ashton and Sung 2002), the US literature on HPWOs (Brown and Reich 1997, Osterman 1999, Appelbaum 2002,), as well as commentators associated with the 'regulation school' (e.g. P. Belanger *et al* 2002, J. Belanger *et al* 2002). It is argued that many companies either do not have the resources to invest long-term in workplace innovation programmes or they fail to share the gains with employees, thereby undermining the commitment and trust that is the basis upon which the HPWO is said to function.

Only a few have persisted with this line of inquiry, and moved on to spell out the kind of institutional change that would be required to spread the HPWO. The key features identified (often implicit rather than explicit) revolve around installing long-termism into the economy, developing a more trust-based approach to industrial relations, greater stability of employment and stronger trade unions to ensure that the gains are shared with the workforce (see for example Cappelli *et al* 1997, Appelbaum 2002, J. Belanger *et al* 2002, P. Belanger *at al* 2002). What emerges is that, in essence, 'if only' the institutional framework of Anglo-Saxon countries could be shifted into closer alignment with something more like Germany or Sweden, then the model would be more easily diffused and the gains shared more equally, thus ensuring its long-run sustainability. However, as outlined in the previous section, Sweden's uptake of these practices is far from extensive, while Germany has below average use of team working and employee involvement initiatives.

Edwards *et al* (2002:152) conclude that it is not the German or Nordic model *per se* which is key but rather the presence of '*specific* institutional supports for new forms of work organisation'. They give the example of the part played by the framework agreement between Sweden's social partners that adds legitimacy to workplace innovation, coupled with the presence of key practical support in the form of the Swedish Working Life Fund. However, Norway appears to be lagging behind its Scandinavian

neighbour both in terms of team working and decentralised decision making, despite 40 years of continued experimentation with similar programmes (NUTEK 1999). Recent research on the Finnish Workplace Development Programme, with its dual emphasis on improving performance and the quality of working life, indicates that productivity imperatives predominate, while hierarchical, low-trust management remains stubbornly persistent even in what is a relatively advanced social democratic country (see Payne 2004). Similarly, Springer (1999) has argued that the German car industry in the 1990s has shifted away from earlier quality of working life considerations to a much stronger emphasis on production efficiencies.

For those pursuing the high skills vision, the emphasis on the HPWO pushes them down a route in which they overlook both its conceptual problems and the reality of its use in practice. For some, a different institutional framework will overcome the current stickiness in its rate of adoption through the resolution of its negative aspects. The problem is that diffusion in supposedly 'more conducive' environments is extremely limited, and those engaged within the UK skills debate would, in any case, run scared from any discussion with policy makers of the need for institutional reform. Instead what they propose are a series of manageable policy interventions that aim to 'encourage' the diffusion of a set of practices, that provide no guarantees of any positive gains in terms of higher skills or improved working conditions. Pursuing the HPWO would seem to be a 'no win' strategy for those hoping to transform the UK into some sort of high skills economy.

Reclaiming the 'better job'

Instead of subscribing to a model the implications of which for skills and worker outcomes are very much in doubt, we argue that academics involved in skills issues would do better to let go of the HPWO and concentrate instead on the core objective of the high skills project, namely the need to create high skilled, high quality employment or, what has been termed, 'the better job' (Durand 1998; Godard and Delaney 2000). This allows for clarity of purpose, focuses on outcomes and resists the temptation to see high skilled work as synonymous with the diffusion of certain work and personnel practices. Such an approach does not deny that, in some cases, new work practices might be beneficial to employees but, by the same token, insists that this need not necessarily be the case. How work practices (and working conditions more generally) are defined, how they are implemented and on whose terms are the key issues.

As a result, we can begin from a position where the aim is one of improving the quality of work for the majority of the population. We have argued elsewhere that such a project cannot be achieved on the basis of gradual, piecemeal changes *within* the current neo-liberal model (Lloyd and Payne 2002). Some (e.g. Warhurst 2003) dispute this view, claiming that there is now an opportunity to push the knowledge-driven policy agenda in the UK so as to advance the cause of 'the better job' and that New Labour are in the process of moving in this direction. Although there is no denying some small gains, for example the national minimum wage, such optimism needs to be countered by reference to the minimalism of the current policy agenda and the continued obsession with flexible labour markets, reducing 'burdens on business', and pressure for further deregulation of capital markets. It is difficult to see how an agenda to improve the quality of working life can make serious headway in the UK if there is a failure to foreclose low cost routes to competitive advantage, tackle problems of short-termism, exert pressure on firms to move up-market, or significantly reverse the decline of trade unions (see Lloyd and Payne 2002).

To deal with the UK's polarised workforce, large numbers of low skilled, low waged jobs, insecurity and long hours would need root and branch institutional transformation. What is required involves the re-regulation of the labour market, reform of corporate governance arrangements and a new active industrial policy role for the state, alongside a strengthening of organised labour at the workplace to ensure that institutional and policy changes are implemented in a way that did in fact improve job quality. Whereas the HPWO relies upon notions of commitment and consensus to improve performance, and thereby deliver gains to employees, our analysis emphasises that the struggle for 'the better job' is predominantly about distributional conflicts both in the workplace and in the wider society. Unlike diffusing the HPWO, this is a class-based project that is principally concerned with benefiting employees and achieving a more egalitarian distribution of skills and incomes. This immediately questions any notion that either the UK state or British based employers would push for this type of project, particularly given the latter's ability to survive competitively on the basis of low wage and low value added production strategies. Ultimately for this project to have any chance of becoming part of the policy agenda, a major shift in the balance of social forces is likely to be required involving a strengthened labour movement able and willing to exert pressure

on the state to pursue this type of approach[1]. The search for the 'better job' is no easy solution but at least it would force those within the VET community to ask the difficult questions and to begin to address issues of how and if advances can be made.

Conclusion

In recent years, some academics within the UK skills debate have latched on to the HPWO as a potential vehicle for making progress towards a high skills economy. This paper has argued that there has been a tendency to 'buy into' the model somewhat uncritically without engaging fully with issues around what the model actually is and the paucity of evidence suggesting that it has a positive impact upon skills and worker outcomes. Yet, it is not difficult to understand why this is considered to be the only show in town. Having spent many fruitless years attempting to shift the policy debate away from its exclusive focus on the education and training system towards dealing with firms' demand and usage of skills, the HPWO offers a route into the workplace. With so many policy levers ruled out of the agenda (in particular regulation and taxation), it is at least possible to talk to policy makers about diffusing a model that promises to bring benefits all around. As the HPWO provides mutual gains, there is no need for any radical policy changes to encourage its diffusion, instead employers simply need to be shown some positive outcomes and helped in the right direction. Consequently, those in the skills area see an opportunity to edge UK policy makers towards the question of how work is organised, and its links to wider business and organisational strategies.

The problem is that the HPWO is unlikely to raise policy makers' awareness of what needs to be done to develop the UK as a more inclusive high skills society. It may, in Trojan Horse fashion, bring the issue of work organisation inside the walls of the policy debate but the boundaries of what is possible remain fixed by the current neo-liberal consensus and the Labour government's determination to pursue a US-inspired vision of a knowledge economy. In many senses, the HPWO only serves to confuse the issue by focussing attention on how government can help spread certain work practices rather than what the state can do to push employers to move up-market and develop high skilled, high quality jobs, as well as improve the employment conditions of those trapped outside them.

[1] There is not space in this paper to address the conditions that would lead to such a shift or whether the UK could make the transition towards a more social democratic model, given its own starting point and the external pressures currently operating at the level of the global economy (see Lloyd and Payne 2004 for a discussion).

A focus on developing the better job, rather than the HPWO, crystallises the issues much more clearly and moves beyond the idea that this is a project to which government, trade unions and employers are all equally committed. While it is relatively easy to talk to policy makers about diffusing a HPWO model, it is much harder (if not impossible) to talk the language of improving the quality of working life, let alone radical capitalist remodelling. Emphasising the better job, therefore, threatens any potential engagement with policy makers. The question is whether this matters. It clearly does if it is believed that change can be achieved through the art of persuasion and the pursuit of small, incremental gains however limited. If as we have argued, policy change emerges as a result of broader social forces and pressures, dependent upon the relative power of different interest groups, then this may suggest that such engagement is pretty futile. Given the limitations and many of the negative outcomes that emerge from the HPWO literature, it could even be suggested that the current approach may actually be harmful. For those trying to push the UK policy debate on skills towards a more serious engagement with issues of work organisation and skill usage, the HPWO may be the only show in town. Time will tell if it is worth the entrance fee?

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