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**Empowerment by Control :  
Workplace Change in the New Zealand  
Income Support Service**

**A thesis presented in partial  
fulfilment of the requirements**

**for the degree  
of Master of Arts  
in Sociology at  
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## Abstract

This paper reports the results of an ethnographic study of the experience of employees in three Income Support Service Offices in 1996. An open-ended question: "What is the workers' experience of change in the organisation of work and the employment relationship?" was used to guide the collection of data and to explore the employees' experience of empowerment and control at work.

In these workplaces employees were presented with a managerial argument that the introduction of teamwork, multi-skilling, new technology and performance management would lead to greater job satisfaction and personal development. I argue that the techniques of job redesign that promised to "humanise" the workplace and empower workers were incorporated into systems of employee management and control that were more exploitative than traditional employment practices. In Income Support, the process of workplace re-organisation facilitated a continuous and complex process of job re-design and work intensification. Work flexibility, the development of new technology and individualised employee management practices, enabled management to integrate a wide range of occupational tasks into one role, that of Case Manager. Employees had limited promotional and pay opportunities. Their productivity and behaviour were closely monitored and controlled by a system of performance management. Their empowerment was defined as conformity to managerial demands; employees who ~~did not~~ conform were managed out of the organisation.

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## Chapter One: Introduction

The following quotations have been selected from several interviews to provide a brief picture of employee work experiences in the benefit section of the Department of Social Welfare, and in the Income Support Service:

When I first started work in the Unemployment Benefits Section we were called Benefit Assessors or Clerks and you learnt on the job. Every person you interviewed had to have a file, and you could never find their file for a start. For each application you'd have to write out things to send off for the typist to key in, but they'd often hit the wrong button and you'd have to do it again. By this time a week or two had gone, the person would come back "I haven't had my benefit" so we'd pay them a cheque, but first you'd have to find their file.

The place was shabby and cramped. There were alarm bells in the interview rooms and you sat closest to the door so you wouldn't get trapped in the room. Every Thursday we had Maori Wardens in the building to keep the crowds under control. It was really horrible. We had police coming in, we had people putting pot plants through windows when they got aggro with us. It was always us and them. I mean, you were dealing so with many different people all day. You were tired, you got yelled at all day. We had attitudes, they had attitudes. We thought they were scum, they hated us and that was the end of the story

I remember how frustrating it used to be to not be able to say to somebody "Yes you're entitled to this benefit, you'll get it tomorrow". Now we can.

As a team we are all flexible, we work together and we respect each other. We've had times when staff have left, staff have been sick, when we've had a pile up of work. We make decisions about how we work and get things done and we can implement them and see the results. We can have some choice about how we do things, but if it gets a little bit out of our range, it just doesn't work. They say they are giving you all this power but I don't feel that they really are.

A lot of people that I started work with don't work here any more. For them the business isn't what it used to be. They don't fit into their model of this is how you will act and this is how you'll perform and this is how you will be. It came across from management: "If you can't handle the job, if you don't like the job, you know what to do." Well, to a point I agree, but I mean people weren't saying they didn't like their job, they were just saying hey, we can't handle it any longer, we need support from you. But they weren't actually giving support, they were saying. "That's tough, you know where the door is." So a lot of people did do it.

Successive governments over the past 16 years have restructured the New Zealand Public Service. Private sector business management approaches have been adopted to re-organise departments and workplaces (Blakeley, 1994, 1995; Boston et al., 1996). A review of the Department of Social Welfare, *"DSW into the 1990s: The BluePrint"* (DSW, 1991) recommended the creation of independent business units with an increased emphasis on business management. The criteria for restructuring included: flattened organisational structures, accountability, value for money, and more effective management and communication.

A private sector business executive, previously employed to oversee the restructuring of another government department, was chosen to head the

re-organisation of the benefit section of DSW (Evening Post, 18/2/1995). The Income Support Service became an independent business unit and a senior management team from outside the Department of Social Welfare was brought in to assist with its restructuring (McDonald & Sharma, 1994). The initial transformation took place over two years, 1992-1994. This has continued with the development of computer systems, the bringing together of all services into one office environment, a 'revolution' in office management philosophy and a total change in Income Support philosophy. The new philosophy emphasised customer service, the efficient processing of benefits and the "transformation of social dependence into social well-being" (Player, 1994:77).

When I first visited a new Income Support Office in 1995 I was impressed by the changes that had taken place. The re-organisation of work in the office appeared to be similar to the new models of work organisation prescribed for the public sector (Blakeley, 1995). I was interested to find out if there had also been a change in the employment relationship and if working in the new organisation was in any way different from working in the traditional public service bureaucracy. I approached the District Office Manager who gave me permission to observe and interview workers in the office.

The focus of this research is the changing employment relationship in the organisation. In the 'traditional' view of the employment relationship, the employer's interest lies in increasing productivity and decreasing costs; the employee's interest lies in increasing wages in return for increased productivity. This 'scenario' is based upon a conflict of interests over the wage-effort bargain that produces a negative sum or 'win-lose' situation. Here employers benefit at the expense of employees, or vice versa; the employee's gain in wages is always a cost to the employer. In the literature of work motivation, this conflict over wages is a manifestation of a deeper problem created by the design of work according to the principles of Scientific

Management and the division of labour. Conflict at work is a product of the de-humanisation of work and the workers experience of alienation. This conflict is responsible for the structure of industrial relations necessary to regulate the employment relationship, and the structure of authority and supervision in hierarchical and bureaucratic organisations.

A change in thinking about the employment relationship has occurred since the 1950s. Academics and employers recognised the possibility that the employment relationship could be based upon co-operation, trust and mutual advantage when work was designed to fulfil the needs workers have to grow and develop in their jobs (Buggy (1991). Many claims were made for the beneficial effects of new forms of job design (Davis, 1971; Emery, 1978; Trist, 1981a).

One principle claim made during the 1970s and repeated in modern managerial texts was that by reversing the division of labour jobs could be designed to be intrinsically motivating and rewarding for workers. Workers would respond by becoming more efficient, motivated to work, and committed to the organisation (Hackman & Oldham, 1980; Camman & Ledford, 1984; Lawler, 1994).

Walton (1972, 1985) argued that job-redesign would remove the deep-seated causes of worker dissatisfaction and conflict in the workplace in which disputes over pay are a superficial manifestation. This was described as a “win-win” situation in which employees benefited from working in stimulating, fulfilling jobs that facilitate their personal growth and development. Employers gained as a result a harmonious employment relationship and increased productivity (Walton 1975; Hackman & Oldham, 1980; Kelly, 1982; Buggy, 1991; Hughes, 1995).



The redesign of jobs required the removal of traditional controls, such as direct supervision within a hierarchy of authority. Direct control would be replaced with teamwork and self-management in which individual workers and work teams have control over the work they do. In managerial literature this process is referred to as empowerment (Clutterbuck & Kernaghan, 1994; Fisher, 1993; Lawler & Bowen, 1992; Mills, 1991, 1994).

This thesis reports on ethnographic research carried out in one large and two small offices of Income Support in 1996. The principal purpose of this thesis is to answer the question: "What is the workers' experience of change in the organisation of work and the employment relationship?" This open-ended question is used to guide the collection of data describing the employees' experience of the employment relationship, and to explore the employees' experience of empowerment and control in the workplace.

In Chapter Two I present a review of the mainstream and critical literature on changes in the employment relationship. Here the view that changes in work organisation lead to a transformation in the employment relationship is examined in order to understand the concept of empowerment and its use in the context of management practice.

The central theme of mainstream literature is that the solution to the problem of employee co-operation lies in the transformation of employee subjectivity by changing the organisation of work and removing traditional forms of authoritarian and hierarchical control. Employee empowerment through teamwork and self-management will lead to employee identification with the goals of the organisation (Walton, 1985; Buggy, 1991; Matthews, 1989, 1994).

Critical literature, especially the work of neo-Marxist scholars influenced by labour process theory, provides an alternative approach to empowerment and

control in the workplace (Braverman, 1974; Friedman 1977; Burawoy, 1978, 1979; Edwards, 1979). Burawoy (1978, 1979), emphasised the importance of understanding employee consent to changes in the labour process. Kelly (1979, 1982) and Coriat (1980), followed Braverman's approach of studying the material or 'objective' conditions of the labour process to locate mechanisms of control in the structure of the labour process. I argue that mainstream theory is a normative and prescriptive justification that obscures the underlying purpose of changing the organisation of work in ways that increase employee co-operation, control and exploitation. A critical approach integrating research into employee subjectivity and the objective conditions of the labour process is necessary to evaluate the prescriptions of mainstream theory.

Chapter Three describes the research methodology for this thesis. A challenge presented by this research was to correlate a description of the organisation of work, the labour process, and employee management practices, with the subjective experience of work shared by managers and employees. Data was collected using ethnographic observation of the work place, semi-structured interviews to capture the experience of workers and managers; and documentary analysis to explore aspects of the formal structure of the organisation. A Grounded Theory approach (Glaser & Strauss, 1967; Corbin & Strauss, 1990), was adopted to link the analysis of the data from several sources and to draw together the complex aspects of the employment relationship revealed by the data.

In the following chapters I present an ethnographic account of the employment relationship in the workplace developed from data organised into categories using Grounded Theory analysis. An analysis of these categories led to grouping the data into three chapters with separate themes:

Chapter Four presents an account of employees' experience of working in the organisation before restructuring and an account of the changes in work organisation and organisational structure from 1991 to 1996.

In Chapter Five the research data describes the changes in employee management practices that were introduced between 1992 and 1996. The role of middle managers changed from supervision, to leading teams and then to managing teams. Systems of performance appraisal, performance management, and performance-based pay were introduced at the same time.

Chapter Six presents an account of employees' experience of these changes, their understanding of their 'empowerment,' their relationships with the management of the organisation and their commitment to their work. All the employees interviewed were dissatisfied with their employment relationship. They were clearly aware that their empowerment was limited to their immediate work tasks. They worked harder and were subject to increased control over their productivity and personal behaviour in the workplace.

In Chapter Seven I use a Grounded Theory framework, called a 'conditional matrix' to analyse the relationships between the data categories (Corbin & Strauss, 1990). Here the coded categories that represent the behaviour and relationships in the workplace are compared and related to produce a core category or central phenomenon that characterises the employees' experience of the employment relationship. I describe their experience as a relationship of "coercive self-management". This term is used to describe an employment relationship in which workers are compelled by management using techniques of performance management to behave as if they were empowered.

Chapter Eight is the conclusion. The interviewee's experience of the employment relationship in this study was not shaped by their empowerment. Many employees liked the changes in the organisation of their work and the

design of their jobs. They did not like the use made by management of these practices to achieve managerial goals of increased efficiency, employee flexibility work intensification and staff reduction. Their conformity to the goals of the organisation was not as a result of job satisfaction. Their conformity was compelled, and their behaviour controlled, by a system of performance management that offered meagre financial rewards in return for demands that they perform to very high standards, or face the loss of their job. Their commitment to work was not a commitment to the organisation but a commitment to their work-mates and the people they served.

## Chapter Two: Theories of the Employment Relationship

The employment relationship is a concept that is used in this thesis to stand for the complex sets of relationships between employers and employees in employment situations. These relationships include the influences of broader social institutions such as the existing systems of industrial relations and trade unionism; the structure of organisations; the formal employment contract; the management of employees in organisations; and the interpersonal relationships in the workplace.

Littler (1982: 37) defines the employment relationship as “those structural conditions, which surround the appointment, promotion and dismissal of employees.” Boxall (1995: 7) gives a more comprehensive account:

The employment relationship is one in which the employee agrees to submit to the authority of the employer in exchange for certain physical and psychological rewards. This kind of system for organising work in capitalist societies has proved basically stable.

This statement recognises that the employment relationship is a relationship of power and exchange that includes material (extrinsic) and psychological (intrinsic) rewards. The neo-Marxist economists Samuel Bowles and Herbert Gintis (1993:16), present a concise definition of the employment relationship in capitalist society that, they claim, is compatible with a range of theoretical perspectives:

An employment relationship is established when, in return for a wage, the worker agrees to submit to the authority of the employer.

This definition applies to all circumstances in which labour is exchanged for a wage. It does not specify the conditions or the qualities of specific forms of

the employment relationship. For example, the type of authority exercised by the employer; the submission the worker or the adequacy of the rewards offered.

Bowles and Gintis (1993:16) emphasise that the employment relationship is a dynamic and on-going social relationship; neither the job offered nor the wages paid refer to a fixed item. The worker offers a capacity to work in exchange for payment and the acceptance of the employers' "formal jurisdiction over their capacity to work" (ibid: 16). These conditions cannot be defined in detail. The employer is then confronted with the problem of eliciting an adequate level of work and will incur costs in devising ways of ensuring that the worker will work as directed.

The employer needs the consent and co-operation of the worker to work without constant supervision and to help overcome problems that arise at work. The worker has to co-operate with the reasonable demands of the employer in order keep the job. It is in the employer's interests to maximise the worker's effort and minimise the costs of employment. Workers balance the demands of the employer with their judgement of what is reasonable. They must take into consideration all the factors that contribute to their desire to stay in the job, and compare these with the demands made upon them by the employer. These include: the wage paid, the availability of alternative employment, the costs of changing jobs, their own financial commitments, their attachment to the job in terms of personal identity and achievement, social affiliations, etc. The employment relationship is an ongoing process of negotiation in which the employees' submission and co-operation are dependent upon the perceived legitimacy of the employer's demands, and the power of the employer to enforce them. Bowles and Gintis emphasise that this relationship is an ongoing "contested exchange" (Bowles & Gintis, 1993: 16; Blyton & Turnbull, 1994)

The neo-Marxists Bowles and Gintis (1993) present a critical perspective on the employment relationship. There is a fundamental difference between theoretical approaches that treat the employment relationship as mutually advantageous, and those that view the employment relationship as inevitably based upon an irreconcilable conflict of interests. Thompson and McHugh (1995) describe the former as 'mainstream' and the latter as 'critical' theories of the employment relationship. The basis of this difference lies in the acceptance or rejection of the nature of the employment contract underlying the employment relationship (Clark, S. 1982, Clark, I. 1994).

Marx (1967, 1996), and neo-Marxist sociologists of work (Braverman 1974, Burawoy, Edwards, Friedman) provide a critical perspective on the employment relationship and the employment contract. In Volume one of *Capital*, Marx (1967, 1996) argued that the employment relationship in capitalist society was based on inevitable conflict over the employment contract. Marx (1967, 1996) rejected the view that workers were free to sell their labour. He pointed out that the employer controlled wages, jobs and working conditions. Marx (1967, 1996) argued that workers were paid only sufficient to reproduce their labour power. Competition drove capitalists to increase the level of profit by reducing the amount of labour time required to pay for the wages of workers. This led to a continual transformation of the labour process through the development of technology and the division of labour. Workers were faced with increasing unemployment, lower wages and unskilled work.

From this perspective, conflict within the employment relationship is an expression of the social relations of production (Friedman, 1977a). The worker is powerless and alienated because the employer controls the labour process, the design of work, the products and the value of the worker's labour. Conflict is inevitable, although some workers may not be aware of their exploitation (Geras, 1972). The division of labour, the use and development of technology,



the design and organisation of work, the structure of organisations, and the formal structure of institutionalised employment relationship are a consequence of the social relations of production, the ultimate source of conflict (Salaman, 1978, Friedman, 1977a).

#### Mainstream Theories of the Employment Relationship

Mainstream theories of the employment relationship are based upon an acceptance of the employment contract as it is defined by capitalist economics. The principles underlying this approach come from classical and neo-classical economics and the political philosophy of liberal democracy (Bendix, 1956). They include the view that the employment relationship is based upon a contract which, in a perfect, competitive market, is based upon a voluntary agreement between equals to sell labour in exchange for a wage. The value of the wage is determined by the dynamics of a neutral labour market (Clark, 1994). The employment relationship is a-political and should not be the concern of the state or 'external' regulatory institutions (Bowles & Gintis, 1993). Where power relationships occur they are between individuals (Manz, 1994). Conflict in the employment relationship arises from external factors such as collective action through unions that restricts the working of markets (Legge, 1995). Because the interests of employees and the employers should correspond within the market, the employment relationship should be harmonious (Fox, 1974). These principles do not describe the characteristics of the employment relationship in practice.

In mainstream theory, there is always the potential for a reconciliation of interests between employers, managers and workers. Employee alienation and conflict is a direct result of the organisation of work and the relationships of authority and control that have emerged from historical circumstances. The problem of enlisting workers' co-operation and utilising their full work potential is a problem of technical knowledge and the management of the employment relationship (Garnsey, 1981).



Johnson (1976: 40) describes this approach as a “modified technological determinism ... in which relationships of power are seen as a direct outcome of knowledge and technique and the functional imperatives associated with the elaboration of the technical division of labour” (Johnson, 1976: 40). This argument, according to Thompson (1989), conceals the roots of the relationships of authority and control in the capitalist social relations of production.

This form of argument is used to explain the transformation in work organisation that took place in the latter half of the twentieth century as a progressive change in ‘models of man at work’ from Taylorism onwards (Kelly, 1980). In these models the organisation of work is determinant in influencing the structure of organisations, the industrial relations system, and the employment relationship. According to Kelly (1980) this approach fails to examine the continuities that may exist in the employment relationship.

In the ‘traditional’ or ‘Fordist’ model of the employment relationship, hierarchical relations of authority and systems of control and supervision were necessary to discipline workers to work. Their needs and abilities were subjugated to the demands of mass production. The employment relationship was based upon control, conflict and mistrust. The conflict led to an industrial relations system based upon the negotiation of rigid rules and regulations, and the hierarchically structured organisation of control (Walton, 1972, 1985).

The alternative ‘post-Fordist’ model of work organisation includes a variety of ‘new production systems.’ Work is organised to facilitate the realisation of individual potential. This reduces conflict in the employment relationship, enables the dismantling of bureaucratic organisational structure and transforms the structure of industrial relations and the employment relationship.

Employers relinquish their authoritarian control over work and demonstrate

their trust by redesigning work to transfer control and self-management to workers. Kelly (1980:42) describes this approach as a “win-win” or “mutual benefits” thesis based upon the assumption that employee needs are “almost exclusively psychological.” The employer gains economically as changes in job design lead to increased worker motivation and commitment, higher productivity, lower turnover and absenteeism. The employee gains through greater job satisfaction and personal development.

The following table is taken from a recently published book on workplace change in New Zealand. It presents a comparison between the “Traditional Western Paradigm” and the developing pattern of the future “global transformation in the organisation and production of work” described here as the “JIT/TQM Paradigm.” This section illustrates the use of the concepts of empowerment and control in the prescribed employment relationship.

Table 2-1: Human Resources Implications of Workplace Change: An idealised transition (adapted from Perry et al., 1995:40)

<b>Organisational feature</b>	<b>Traditional Western Paradigm</b>	<b>JIT/TQM Paradigm<sup>1</sup></b>
<b>Organisational structure</b>	hierarchy, high degree of specialisation	Flatter smaller units, team concepts, flexibility, multi-skilling
<b>Use of power with workers</b>	Coercion “do it because I’m the boss	Peer management, empowerment
<b>Control</b>	External to individual	Internalised
<b>Control Systems</b>	Based on rewards and punishments	All employees empowered through the development of their potential
<b>Organisational Culture</b>	Impersonal, encouraging self interest, limited interest in overall performance of workplace	Shared concern in the competitive success of the organisation, loyalty, trust, sharing

Here the assumptions about the employment relationship are clearly demonstrated. Workers are described as moving from external to internalised control and self-management. The employment relationship is based upon trust, sharing, co-operation and mutual identification with the goals of the organisation. Employees are not coerced to work; instead they are empowered to develop their abilities through work. Industrial conflict is replaced by an identification of interests between employer and employee. This model of empowerment is a component of most contemporary theories of work organisation. The following section describes the development of the concept of empowerment.

In the above table the model of the 'traditional' employment relationship is based upon a representation of work in mass production work organisations using the principles of Scientific Management. Frederick Taylor's system of Scientific Management was the first comprehensive attempt to systematise production management, employee management, work organisation and the employment relationship (Clegg & Dunkerley, 1980). Taylor intended to take control of the production process from workers and overcome the problem of soldiering by the precise definition and allocation of tasks. He introduced production-planning departments in which experts would analyse work. This involved the design of tasks according principles of the division of labour, the allocation of workloads and rewarding employees according to their individual performance. Taylor was opposed to unions because they supported the collective restriction of output, promoted hostility and "taught workers only to identify their interests in terms of their fellow workers" (Taksa, 1992:385).

Taylor is associated with a model of the worker as 'economic man' (Lawler, 1974). His approach to worker motivation was firmly based upon the postulates of Victorian economics; individual rationalism, self-interest and

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<sup>1</sup> The initials JIT stand for "Just-In-Time", and TQM for "Total Quality Management", both workplace strategies were refined in Japanese management practice (Perry et al. 1995). As practices they do not adequately summarise the scope of behaviours represented in Table 2-1.

atomism (Rose, 1979). Workers were motivated by pay and social rewards were of no consequence

Taylor disagreed with traditional employer practice, he sought to foster an individualised employment relationship of co-operation and mutual benefit by paying workers in direct proportion to their productivity (Kelly, 1982; Rose, 1988; Taksa, 1992). He argued that this would lead to a change in attitude to the employment relationship, or 'mental revolution'. Workers and managers would abandon their conflict over the distribution of profits and agree to collaborate to boost production and their respective proportion of the 'pie.' This would release a dynamic of unrestrained productive energy (Rose, 1988). The theme of co-operation in increasing productivity for mutual benefit permeates mainstream theory. (Perrow, 1972)

Human Relations researchers re-defined the motivational identity of workers and the role of managers to explain employee restriction of output. They argued that conditions of work, especially the division of labour and work specialisation, disrupted the social system at work. This led to pathological 'anomic' behaviour such as: boredom; indifference; lack of commitment; absenteeism; opposition to management; and the formation of informal groups and union activity (Baritz, 1960; Hill, 1981). Worker dissatisfaction with material conditions and wages, as well as union activity, were indications of their emotional maladjustment.

Human Relations researchers argued that worker motivation and productivity was not influenced by economic self-interest but by personal (irrational) sentiments, informal relationships and social group norms (Russett, 1966; Carey, 1967; Perrow, 1972). Managers had neglected to attend to the social needs of workers. They needed to express appreciation, understanding and friendliness to gain the willing co-operation of workers. Human Relations researchers recognised that co-operation had to come 'from within', an

approach that was more employee centred than the 'close' or authoritarian supervision of the traditional foreman<sup>2</sup> (Bendix, 1956).

The solution to these problems lay in introduction of employee management techniques which would lead to the creation of harmonious social relations, bind the worker and the informal work group to the organisation and legitimise the employment relationship (Baritz, 1960). Employee counselling and 'intensive communications' programmes were introduced in the Hawthorne plant in the early 1930s (Bendix, 1956). Managers and supervisors were trained in democratic leadership to consult workers when making decisions. Programmes designed by management and social scientists would overcome alienation, increase job satisfaction, morale and productivity (Carey, 1967; Perrow, 1972; Fox, 1974; Hill, 1981; Clegg & Dunkerley, 1980; Rose, 1988; Hassard, 1993).

During the 1940s and 1950s extensive survey research demonstrated high levels of worker satisfaction but failed to find any strong relationship between job satisfaction and worker productivity. Human Relations practices failed to deliver increased productivity (Perrow, 1972; Lawler, 1994). An alternative explanation for worker motivation and productivity was required.

Recognition by Human Relations theorists of the informal social system of work provided the framework for a critique of the effects of bureaucratic structure on the personality and behaviour of workers (Merton, 1940; Selznick, 1943, 1948; Blau, 1956; Silverman 1970; Abercrombie et. al., 1988; Scott, 1992). In the 1950s functionalist organisational analysis incorporated open systems theory into a model of the organisation as an organic system. The system's equilibrium was dynamic, and organisational components were

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<sup>2</sup> The researchers did not consider the importance of pay as an incentive in productivity increase; their assumptions were not critically examined until the 1950s (Perrow, 1972; Rose, 1988).

flexible and adaptable to changing circumstances (Clegg & Dunkerley, 1980; Brown 1992; Hassard, 1993).

Systems theory developed initially as a technique of analysis, a heuristic device for the modelling of society and the discovery of its principles of organisation. Organisational theorists, in their search to produce models reconciling employee behaviour and organisational dynamics failed to draw a distinction between reality and abstraction. This led to a tendency towards prescriptive and normative models of organisations (Burrell & Morgan, 1979). Organisations, modelled as open economic systems, were equated with a model of a biological organism as an open system (Clegg & Dunkerley, 1980). In this model, organisations and employees were attributed characteristics of open, organic systems, notably the capacity to grow and produce energy, a condition called 'negative entropy (Hassard, 1993:46). The problem for theorists of work motivation was to discover the conditions that facilitated this process.

#### New Models of Work Organisation

Significant changes away from the fragmentation of work occurred in large non-union companies such as IBM and Proctor and Gamble in the late 1940s (Walker et al., 1948; Walker, 1950). These changes were related to Human Relations programmes of increasing employee participation through job enlargement and job enrichment. Job enlargement involved the addition of tasks of a similar level of responsibility to a workers occupational role; 'job enrichment' (also called vertical job integration) involved taking on additional tasks which include responsibility and decision making previously reserved for higher status employees (Herzberg et al., 1959; Deeks et al., 1995). However these changes were limited to individual job design and were not linked to any comprehensive theoretical model that would adequately explain employee subjectivity and motivation. Important links were provided by Socio-Technical Systems Theory. (Edwards, 1979; Kochan et al., 1986).



Socio-Technical Systems theory developed from research to improve industrial productivity in the United Kingdom after the Second World War (Rose, 1988). It was strongly influenced by Human Relations theory and Open Systems Theory that played a significant role in the formulation of the concepts and the theoretical framework (Davis 1971; Emery 1959, 1962, 1978; Trist, 1981a,b; Rose 1975, 1988).

In a dramatic departure from the Human Relations approach Socio-Technical Systems theorists argued that changing the organisation of work and production to meet the social and psychological needs of workers and the requirements of the production system would result in decreased worker alienation and higher productivity. This process was called the 'joint-optimisation of the social and technological systems' (Trist et al., 1963; Rose, 1988).

Work re-organisation involved organising workers into work groups or teams trained in the variety of skills that made up the overall group task. Decisions about group leadership, the allocation of jobs and rewards were also shared. They were called semi-autonomous work groups, their decision making responsibility was described as 'responsible autonomy' (Trist & Bamforth, 1951). Workers were responsible for the organisation of their work; they had a degree of autonomy and control over their work.

This form of work organisation was also described as 'workplace democracy'. Socio-Technical researchers claimed that workers were more interested in making decisions relevant to their work than in worker representation on boards of management. They argued that workplace democracy would have a greater influence on overcoming worker alienation than industrial democracy. The experience of increased autonomy in decision making fulfilled the

intrinsic needs of workers<sup>3</sup> (Trist: 1981:35; also Emery, 1959; Emery & Thorsrud, 1969).

Socio-Technical Systems theorists claimed that they were designing jobs to meet the 'psychological requirements' that 'individuals have of their work' (Trist, 1973, 1981; Walton, 1972, 1985; Engelstad, 1979). These have been summarised by Matthews (1989:116) as: "task variety, learning, self-regulation, mutual support, meaningfulness and social contribution." Emery (1959) argued that such needs provided a set of specifications for the design of jobs that would contained "intrinsic demands or satisfactions." Performance would be "induced by demands perceived to arise from the task itself" (Emery 1959:75). That is, because work satisfied workers intrinsic needs, they would want to do it, and feel better for doing it.

Socio-Technical literature represented the satisfaction of the needs of workers as the basis of job design and work organisation, but the 'optimisation' of the production system took priority over the needs of workers. In open systems theory the organisation of work and the design of jobs was determined by the desire to control problems (called 'variance') that occurred in the work system (Passmore et. al., 1982; Emery, 1959; Trist, 1973; 1981; Englestad, 1970). To reduce variance workers had to be flexible to adjust to changing levels of work, self-regulating and self managing to respond to changing conditions, and they had to take on a wide range of decision making. Improving the 'flow' and efficiency of the production system required the removal of existing structures of work organisation and industrial relations and new behaviour patterns and attitudes from workers (Walton, 1972).

Socio-Technical theorists prescribed the model of work organisation and then assumed that "the job conditions required for task performance were always

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<sup>3</sup> Emery (1959: 62): increasing the control that the individual operative has over his task, his interactions with his supervisor are more likely to be in response to his needs... action proceeds from internal needs, overcoming alienation.



identical with those required to satisfy the social and psychological needs” (Fox, 1971:12). The needs of the organisation and the individual coincided because they both had “open-systems characteristics” (Emery, 1969:18). This resulted in the prescription of employee behaviour that would emerge from and be compatible with the organisation of work. For example, Davis (1971:190), described ‘responsible’ behaviour as the acceptance of responsibility by workers for: the cycle of activities required to do a whole task; the rate, quantity and quality of output; and their dependence on others. He also described ‘autonomous’ behaviour as the self-regulation of work, self-evaluation of performance, self-adjustment in response to work system variability, and participation in the setting of goals and objectives.

#### The Virtuous Circle of ‘Self-actualisation’

The neo-Human Relations approach to the psychology of worker motivation and the integration of individuals and work organisations was developed by a group of academics at the Harvard University Business School and Michigan University in the United States in the 1950s and 60s (Walton, 1975; Rose, 1988; Matthews, 1994; Thompson & McHugh 1995).

Neo-Human Relations theorists developed a theoretical explanation of the psychological dynamics of the individual as a component of an organic, open systems model of the organisation capable of generating ‘negative entropy’.

Argyris (1964) adopted Abraham Maslow’s (1968) theory of human needs to argue that all workers had a variety of higher-order needs, including competence, self-awareness, self-esteem and self-actualisation. He argued that the key to motivation in the employment relationship lay in releasing the boundless resources of ‘psychological energy’ within employees by removing the barriers to the fulfilment of their higher-order needs. These barriers included the traditional organisation of work; work specialisation; hierarchical control; ‘chain of command’ and functional organisational structure (Argyris, 1964: 37). This would lead to the experience of “psychological success” that

generated the desire for higher levels of self-actualisation and released ever-increasing amounts of psychological energy. Argyris called this condition the “proper state of mind” (ibid: 29).

Employees lacking higher order needs were hosts” or “carriers” of the disease of ineffectiveness and were obsessed with lower-order need fulfilment (ibid: 143). Workers who did not conform to the organisation’s requirements were expected to be able to decide for themselves that they are unsuitable and “discharge themselves” (ibid: 267). Psychologically healthy employees responded to the ‘intrinsic’ rewards of self-actualisation and did not need extrinsic rewards such as increased pay; such expectations were ‘pathological’.

Neo-Human Relations theory was principally concerned with providing an explanatory model for the dynamics of the subjectivity of employees as individuals and their integration into an organisation. Neo-Human Relations was characteristic of the strong trend that emerged in the United States towards presenting work humanisation as the development of individual abilities and the fulfilment of individual needs. This argument was used to justify the individualisation of the employment relationship (Herrick & Maccoby, 1975; Camman & Ledford, 1984). Lawler (1974:31) argued that organisations had to change to meet the needs of individuals, when in fact he was presenting a case for the use of use of performance based pay and performance management in an ‘individualised’ organisation. He stated that:

The basic assumptions underlying this approach are that people differ in their needs, skills and abilities, that these differences can be measured, that valid data about people’s competence and motivation can be obtained by organisations and that these data can be used to make organisations more effective. (Lawler, 1974: 31)

Lawler (1974:37) regretted that lack of an integrated approach to managing an individualised employment relationship. Working from similar assumptions a group of American organisational psychologists developed an approach called Job Characteristics theory that combined the principles of Socio-Technical Systems job design theory and Neo-Human Relations theory. They proposed that jobs could be designed with intrinsic motivational characteristics that would induce workers to high levels of performance and motivation. They devised a framework of individualised employee management practices that would support work organised according to these principles (Hackman, 1978, 1986; Hackman & Lawler, 1971; Hackman & Oldham, 1980; Lawler, 1974, 1994; Porter, Lawler & Hackman, 1975).

Hackman and Oldham (1980) argued that teamwork incorporated the core job characteristics of task variety, task identity, task significance, autonomy and feedback (that is self-regulation). Work organised in this way had intrinsic motivational properties that would elicit 'critical psychological states' in workers leading to higher levels of job satisfaction, motivation and productivity.

Job Characteristics theorists undertook to develop employee management practises which 'supported' work systems based upon self-managed teams and multi-skilled workers (Hackman, 1986). The supervisor's role changed to that of a team 'coach' and manager, who managed individual and team behaviour to overcome inefficient group practices which led to "process losses" (Hackman & Oldham, 1980:195). Management set work goals, team managers guided workers to establish their own "task performance strategies" to achieve their goals. Teams measured their performance and adjusted their strategy according to the 'feedback' from their performance results. Feedback enhanced employee's experience of self-actualisation and increased organisational effectiveness (Lawler, 1974). Feedback from relationships with

clients, quality control and computer aided monitoring provided workers with information about their errors.

In this model managers did not exercise coercion or control, workers carried out their own voluntary self-management. The managers managed the performance of workers. The self-managing team did not administer individualised performance pay systems; the team managers used them as an employee management strategy. Lawler (1974), argued that individualised performance based pay was necessary to differentially reward high performers over low performers.<sup>4</sup> Lawler argued that if all workers were paid the same rate, the high performers would leave and the low performers remain. If pay was contingent on performance, high performers would remain, and low performers would leave. Pay systems thus become a strategy to manage employee turnover: “so that if it occurs it will occur among employees the organisation can most afford to lose” (Lawler, 1973: 112).

Human Resource Management emerged in the early 1980s from the non-union sector of industry in the USA, and the business schools of Harvard and Michigan Universities (Kochan et al., 1986, Boxall, 1990). The first text used at Harvard University (Beer et al., 1984) presented HRM as integrated model for the management of an individualised employment relationship. The authors used employee management practices based upon the strands of mainstream theory discussed previously in this chapter (Kochan et al., 1986; Purcell, 1987; Sisson, 1990). HRM incorporated new employee management and work organisation practices such as: Total Quality Management; Just-In-Time (JIT) production process and stock inventories; Customer Service programmes, and empowerment (Beardwell & Holden, 1994).

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<sup>4</sup> Lawler drew on Herzberg's (1959) two-factor theory of job satisfaction. Herzberg (1959) argued that 'motivators' such as achievement, recognition, responsibility and advancement met employees' inner needs and were the primary contributors to job satisfaction; hygiene factors such as pay, supervision and work conditions created dissatisfaction when absent, but when present only removed this dissatisfaction. This approach reinforced the view that pay was not a significant feature of work motivation.

Beer et al., (1984) described HRM as the management of the employment relationship through the integration of four 'policy' areas: employee influence (participation); work systems; reward systems and human resource flow. The latter two policy areas included individualised pay and performance assessment, hiring, job allocation and employee development. The authors describe their ideal work system as a version of "the emerging model of a High Commitment Work System" (Beer et al., 1984: 168). According to Kochan et al. (1986) HRM work and employee management practices required the devolution of employee management to front-line supervisors and team leaders. This they argued would lead to the development of a 'new industrial relations' based upon co-operation and trust.

Legge (1995) identified two models of HRM. The Harvard or 'soft' model, emphasised that employees were valued resources whose willing co-operation enabled the organisation to adjust to changing economic circumstances and meet market and customer demands competitively (Beer et al., 1984; Clark, 1994; Legge, 1995). The Michigan model, the 'hard' or 'strategic' version, emphasised employee management as "a method of maximising economic return from the labour resource by integrating HRM into business strategy" (Blyton & Turnbull 1992: 3) (Devanna et. al, 1984). This approach did away with attempting to elicit employee commitment by mutual co-operation and used practices such as flexibility, multi-skilling, teamwork, performance assessment, pay, and labour turnover to increase productivity (Legge, 1995).

The emergence of Human Resource Management corresponded with sociological accounts of a new paradigm of work organisation and industrial relations (Walton, 1972, 1978; Davis, 1971; Trist 1973), and the emergence of new production systems (Piore & Sabel 1984; Matthews, 1989, 1994; Applebaum & Batt, 1994; Perry et al., 1995). These accounts describe a

transformation in work organisation and the employment relationship from a traditional “Fordist” model based upon the principles of Scientific Management and mass production, to a number of competing “post-Fordist” models of workplace reform (Piore & Sabel, 1984; Clegg, 1990). The Human Resource Management model of “High Performance Work Organisations” features predominantly in business management texts. It differs from the more sociological models in that it emphasises the use of individualised performance management practices as a key feature of the approach. Sociological discussions of these models downplay the use of individualised employee management practices and emphasise the potential for the reconciliation of workers and employers as a process of workplace reform (Matthews, 1994; Perry et al., 1995)

Most models developed since 1980 adopt Piore & Sabel’s (1984) ‘flexible specialisation thesis’. Piore & Sabel (1984) identified emerging ‘new production systems’ systems in Italy, Japan, Sweden, Germany, the USA and Britain. They argued that the use of traditional western manufacturing methods based upon mass production and Taylorism would decline as a result of the saturation of mass markets and a change in consumer demand towards more ‘customised’ niche-market goods. Market demand required constant innovation in design and development as well as flexibility in production and use of labour resources and technology - that is ‘flexible specialisation’. New developments in information technology provided the flexibility to reconfigure small batch-production processes; flexibility in employee management practices required collaboration with employees and the development of “enriched work roles and employee involvement practices” (Bramble, 1988: 187). The combination of information technology and flexibility at all levels would create the optimally efficient production system (Piore & Sabel, 1984:259). Traditional industrial relations regulations hindered flexibility, their deregulation required the development of employment relationships based upon trust and co-operation (Hampson, 1991).



These assumptions were shared with a number of writers who developed similar models. For example, the “American model of Team-Based High Performance” (Applebaum & Batt 1994), the “Socio-Technical Production Model” (Matthews, 1994). All emphasise the development of skilled jobs and the adoption of integrative forms of work organisation, especially teamwork. They propose a transformation of relationships of authority from close supervision to self-management associated with systems of employee management and compensation that focus on workers as members of teams. They recognise the necessity for relationships of trust, reinforced by guarantees of employment security and policies that encourage the development of employee potential. They predict the development of a new era of harmonious industrial relations, including the potential for union management co-operation, especially in the Swedish and German models (Kochan et al., 1986; Matthews 1994; Applebaum & Batt, 1994; Perry et al., 1995).

#### Participation, Empowerment and Control

The term empowerment came into use in managerial literature in the mid-1980s to describe practices that met the intrinsic needs of workers and their effects upon employee behaviour and subjectivity. Unfortunately managerial literature does not make a clear distinction between these areas. In managerial literature most ‘new’ forms of work organisation or employee management practices are described as forms of empowerment, as are practices developed before the 1980s, such as employee participation programmes. The most commonly used conception of empowerment appears to be the idea of increasing employee decision making responsibility, a process that corresponded with increasing employees ‘autonomy’ or independence to make these decision.

Clutterbuck and Kernaghan (1994:12) offer a variety of definitions of empowerment, including the statement that empowerment involves: “the delegation of responsibility for decision-making as far down the management line as possible.” This is identical to Lawler’s (1974) definition of ‘participative management’ and Herzberg’s (1959) definition of ‘vertical job integration’.

Empowerment also involves the idea that employees have an increase in power and an absence of supervisory control, that is, ‘autonomy’ in making decisions about and controlling their work processes. For example, in a university business studies text, Newstrom & Davis (1997:227), provide a definition of empowerment that is similar to the Socio-Technical concept of ‘workplace democratisation’. They state that empowerment is:

any process that provides greater autonomy to employees through the sharing of relevant information and the provision of control over factors affecting job performance (Newstrom & Davis, 1997:227).

Greater autonomy and control are also referred to as self-management or self-regulation. Practices that increase opportunities for employee self-management are described in managerial literature as forms of empowerment. Fisher (1993:4) for example, describes self-directed teams as “the most advanced organisational form of worker empowerment”. Mills (1994) describes individual performance management as integral to the empowerment process. The “high performance work organisation” is an organisation in which “there can’t be real empowerment without goals and measurement” (Mills, 1994:34). Monitoring employee performance, that is, providing feedback is presented as a process that enhances employee empowerment.

An organisation’s culture is empowering when it is framed as a “Vision” or “Mission” statement emphasising the ‘values’ that workers are expected to



share, such as the importance of customer service, quality, and attitudes of ownership, responsibility and accountability. Within this culture, the physical characteristics of organisations are symbolic of empowerment when they indicate the removal of hierarchy and status differences. They give the impression of equality between workers and management and overcome 'them' and 'us' distinctions. Examples include: shared car parks, dining and recreational facilities; wearing identical outfits; the removal of physical barriers between workers and management; open plan offices and open door policies (Clutterbuck & Kernaghan 1984; Peters & Waterman, 1984; Fisher, 1993).

Managerial literature prescribes the behavioural effect of empowering practices on workers. Clutterbuck & Kernaghan (1994) describe empowerment as "the psychological energy that motivates us"(1994:13). They state that: "Empowerment is about releasing, not giving power"(1994:138). Working in a 'high involvement' or 'high commitment' work system is said to "create in employees an empowered state of mind" (Bowen & Lawler, 1995: 74). According to Fisher (1993:11), empowerment leads to the voluntary performance of prescribed behaviour. "Voluntary effort comes from employee commitment, and commitment comes from empowerment. It is simple human nature" (Fisher, 1993: 11).

Clutterbuck and Kernaghan state that empowerment involves: "encouraging and allowing individuals to take personal responsibility for improving the way they do their jobs and contributing to the organisation's goals" (1994:12). Identifying with the organisation's goals is referred to as "taking ownership" of work (Fisher, 1993). Employees who 'take ownership' also accept 'accountability' for their own and their team's performance (Bowen & Lawler, 1995). According to Mills (1994:16), empowerment occurs when: "The employee makes a total commitment to the group and its objectives and accepts accountability for overall results". In the traditional employment

relationship, employees were accountable for their own mistakes. They were not responsible for mistakes that arose from problems in the process and co-ordination of work. These were the responsibility of their supervisor. Now the employee is required to solve problems that arise in the work process, to train other workers, and to work co-operatively to improve the labour process and the organisation of work. Mills describes the ideal behaviour of an empowered employee.

No longer do we want the employee to obey; instead we ask him or her to internalise the company's objectives directly - to care about cutting costs, improving quality, and enhancing responsiveness to customers... Now we ask the employee to do directly what the supervisor used to tell him or her to do" (Mills, 1994:106)

Managerial writers acknowledge that control is present within the employment relationship. Lawler (1992:9) for example, states that "Every organisation needs to control the behaviour and performance of its members." Klein (1994:188) acknowledges that work involves "price control, production control, delivery control, safety control, human resources control and other types of control." However control is transformed by empowerment into internal, voluntary control, in contrast to external control that is imposed upon employees (Clutterbuck & Kernaghan, 1994). Klein (1994: 188) argues that "Empowered organisations.... use norms, values or principles as controlling mechanisms ... which amounts to providing control without being controlling."

The mechanism that is supposed to achieve this transformation lies in the changes to work organisation, employee decision-making responsibility, employee management practices and organisational 'culture'. These changes are assumed to generate trust, commitment and motivation from workers, that is a state of mind in which employees willingly accept the goals and demands

that their employers set for them. However, this does not mean that traditional forms of control such as performance assessment and review are absent, they are not. The removal of external supervision and its replacement with self-management and empowerment is supposed to transform traditional methods of performance assessment into practices that contribute to empowerment. Mainstream managerial literature thus recognises that control exists in the employment relationship. Because it is voluntary and internalised in individuals as a cultural phenomena it is not present in mechanisms that monitor employee behaviour and productivity as a form of external control and cannot be similar to traditional forms of imposed supervisory control.

The empowerment thesis describes an employment relationship in which there is a unity of interest between employer and employee and in which the problem of securing the consent and commitment of workers to the production process is resolved. Its managerialist presentation is strongly normative and excludes all consideration of an alternative interpretation that employee compliance may be achieved by systems of control. Employees, it is argued, accept managerial authority to design jobs, control the distribution of labour, organise the workplace, set employee goals, measure their performance and monitoring their behaviour because such actions are necessary to assist their empowerment. This acceptance of managerial authority is an expression of the empowered state of mind. Empowerment is of necessity an individualised relationship; in order to realise individual potential each employee must be managed individually. Employees who 'accept empowerment' are easily identified by performance assessment and management. Employees, who are not 'empowerable', are deficient because they lack the drive to fulfil their higher-order needs. They are not suited to the organisation's culture. (Clutterbuck & Kernaghan, 1994)

Lawler and Bowen (1992), describe the empowerment thesis as a 'contingency theory'. They note that: "As the research evidence on it is still thin, it is at

least possible that empowerment is a universal truth, but historical evidence weighs against it being the best way to manage in all situations” (Lawler & Bowen, 1992: 37). There is surprisingly little evidence to support the thesis that increased productivity is a result of the changes in employee subjectivity following empowerment (Kelly, 1982; Thompson & McHugh, 1995). It is to more critical accounts of the employment relationship that we must now turn to evaluate these claims. It is evident however, that empowerment is a term that is laden with the assumptions of many generations of mainstream work motivation theory.

### Critical Theories of the Employment Relationship

Critical and mainstream accounts of the employment relationship agree that the central problem of the employment relationship is one of trying to achieve the maximum realisation of employee labour power (Fox, 1974; Clark, 1994). The previous section outlined the argument that conflict in the employment relationship is resolved by the empowerment of workers. The empowerment of workers reconciled their interests and resolved problems that arose from issues of control. Critical accounts maintain that there is a fundamental conflict of interest between workers and employers in the nature of the employment contract. Control is necessary when change in the organisation of work and the management of employees attempts to secure greater levels of control and exploitation of workers. The following section discusses these accounts and their relevance to understanding the employment relationship.

### Labour Process Theory

Until the publication of Braverman’s study, *Labour and Monopoly Capitalism*, in 1974, the ‘predominant problematic’ of the sociology of work was one of productivity (Bray & Littler, 1988). Littler (1982) states that “Braverman’s major contribution was to smash through the barriers and offer the potential for the birth of a new, integrated approach to the study and history of work” (Littler, 1982: 25).

Braverman (1974) revived Marx's theory of the labour process, the study of the transformation of labour power into labour, to understand capitalists organised and controlled workers to decrease the cost of labour and production (Edwards, 1979; Burawoy, 1978). Braverman (1974) argued that managerial control to achieve de-skilling and an increase in the division of labour was a deliberate strategy central to the design of production technology and work organisation. For Braverman (1974: 57), "the essential function of management in industrial capitalism (was) control over the labour process".

Braverman (1974) argued that capitalists designed machinery to de-skill workers, divest them "of their control over their labour" and replace them with machines (ibid: 193). Braverman (1974), and Marglin (1979), argued that the control of labour preceded efficiency as a criterion of technological and organisational design. Alienation was a product of the inevitable exploitation of labour and the forms of control capitalists used to achieve exploitation.

Braverman recognised the integrative potential of computer technology but rejected this possibility. He regarded the division of labour and the de-skilling of work as the ultimate expression of capitalist rationality. He argued that computers would facilitate the reduction of middle management work to lower skilled tasks and the "Taylorisation" of most clerical work (ibid: 307). This vision of the technological factory was described in subsequent research reported by Zimbalist (1979) and more recently by Howard (1985) and Smith (1990).

By the early 1970s, theorists of the sociology of work were increasingly critical of traditional forms of work organisation and professed a growing interest in work humanisation. They recognised the potential for automation to lead a revolution in industrial work and the increasing concern expressed by workers for greater participation in work organisations and greater industrial democracy. Most studies accepted the 'post-industrialisation thesis' that new

technology and new production processes required skilled workers and industrial co-operation. A combination that would remove alienation, overcome class conflict and lead to dramatic improvement in employment relationships (Blauner, 1967; Blumberg, 1969; Bell, 1973; Hodson & Sullivan, 1990). Was Braverman's analysis obsolete?

A number of neo-Marxist and critical scholars took up Marx's labour process theory (Burawoy, 1979; Friedman 1977a, 1977b; Edwards, 1979). They disagreed with Braverman's (1974) narrow focus on the division of labour and control as the dominant managerial strategies of an inevitable logic of capitalist production. They drew attention to Marx's argument that capitalists would continuously revolutionise the labour process. They pointed out Marx's failure (and Braverman's) to take into account management's ability to accommodate employee opposition and the use of managerial strategies to elicit employee co-operation "in the translation of labour power into labour" (Burawoy, 1979:27).

Braverman (1979) was also criticised for his narrow focus on the objective conditions of the labour process and his neglect of employee subjectivity. He excluded employee subjectivity and action from his study and failed to consider the validity of strategies of control that sought to influence employee subjectivity (Friedman, 1977a; Edwards, 1979; Edwards et al., 1982; Burawoy, 1979; Littler, 1982; Bray & Littler, 1988; Brown, 1992; Smith, 1994).

Michael Burawoy (1978, 1979, and 1985) argued that to secure worker co-operation, management had to obscure the extent of their exploitation. "Workers' acquiescence", he argued, "Must depend considerably on their not fully appreciating the extent to which the work design and work arrangements are organised to achieve goals which compete with their own" Burawoy (1978:261). He argued that workers contributed to the production and



reproduction of the conditions and social relations. They contributed to the 'manufacture' of their consent to their exploitation Brown (1992). Burawoy (1979) focused on the labour process to identify mechanisms that decreased conflict, co-ordinated the interests of worker and managers, and constituted workers as individuals.

Burawoy (1979) argued that game-playing at work created the conditions for the acceptance of formal rules and regulations, and that employers tolerated game playing that contributed to production and decreased conflict. Game playing was similar to employee participation programmes in that both generated employee consent to the labour process as a result of employees having an apparent choice in how their work is organised. Burawoy (1979) also drew attention to workplace practices which ~~construct~~ employee identity. He suggested that fostering competition between workers was a means of individualising the employment relationship and redistributing tension away from management. Competition between workers reduced conflict between management and workers.

Burawoy's (1979) investigation of practices that lead to consent provided a broader perspective with which to think about the employment relationship than Braverman's (1974) limited focus. It highlighted the complexity of the employment relationship and the possibility that a multitude of strategies of control and consent may be present in the workplace.

Richard Edwards (1979) argued that structural forms of control made the exercise of managerial power, control and persuasion less visible and less likely to create conflict between workers and managers. He argued that technical and bureaucratic control were forms of structural control developed to contain the increasing levels of conflict and resistance of workers to authoritarian forms of supervision. Structural controls were less visible than immediate supervision and operated at a distance from workers because they



were “embedded in a larger structure of work” (op. cit.: 110). Structural controls affect workers subjective experience of the employment relationship because they “minimise workers’ opportunities for resistance and even alter workers’ perceptions of the desirability of opposition” (1979: 16).

Edwards defined technical control as “designing machinery and planning the flow of work to minimise the problem of transforming labour power into labour as well as to maximise the purely physically based possibilities for achieving efficiencies” (1979:112). For example, assembly line production using machinery that increased the division of labour enabled the employment of less skilled workers and their domination by the pace of machinery (Thompson, 1989). However, this form of technical control increased the homogenisation of the work force and allowed space for workers to collaborate and devise strategies to reassert control over their productive activities.

Edwards argued that bureaucratic control developed after 1945 to accommodate worker resistance to direct and technological control. Bureaucratic control “is built into job categories, work rules, promotion procedures, discipline, wage scales, definitions of responsibilities and the like” (Edwards, 1979:131). Company rules and policies are the basis of bureaucratic control. Employers introduce complex systems of job classification and pay scales that serve to individualise workers and undermine collective organisation. They enlist employee commitment to the organisation with promotion through an internal labour market, security of employment and negotiated conditions. Edwards described this as a “divide-and-conquer strategy” that decreased the levels of direct conflict in the organisation (op. cite: 135)

Edwards described three different levels of behaviour subject to bureaucratic control: rules orientation; habits of predictability and dependability; and the

internalisation of the organisation's goals and values. The latter he described as the most sophisticated level of control that:

grows out of incentives for workers to identify themselves with the enterprise, to be loyal, to be committed, and thus self-directed or self-controlled. (Edwards, 1979: 151)

These three levels were related to degrees of worker independence or 'autonomy' in decision making about their work, and to the hierarchy of responsibility within the organisation. Hourly workers were expected to conform to the lowest level of bureaucratic control but not necessarily to the highest, which was the domain of middle and upper managers.

The prescription of worker behaviour was an important feature of bureaucratic control. Rewards were structured as incentives for employees to continue up the levels of control, as they became more loyal to the firm. Bureaucratic control required the compliance of workers to managerial demands for conformity in behaviour that was additional to productive activities. It was distinct from other forms of control because its reward system reinforced behaviour that was relevant to maintaining the control system.

It is this *indirect path* to the intensification of work, through the mechanism of rewarding behaviour relevant to the control system rather than simply to the work itself that imposes the new behaviour requirements on workers. (Edwards, 1979:148)

Edwards (1979:18) also described a 'system of control' as the successful co-ordination of three elements: direction; evaluation and monitoring; and discipline. Direct control contained only the first element. Technical control included direction and monitoring. Bureaucratic control alone through its system of impersonal rules provided the framework for the direction,

assessment, reward and discipline of the work force. Edwards pointed out that the most important problem in applying a system of control to white collar workers lay in the difficulties of measuring the productivity of office workers.

The form of control discussed by Edwards is characteristic of traditional bureaucratic organisations. He described the use by management of a control system based upon extrinsic rewards to reinforce self-managing behaviour and capture the variability of labour power. He emphasised that the intention of bureaucratic control was to maintain a consistency of labour power.

Friedman (1977a & b), analysed responsible autonomy as a control strategy. He described direct control as an attempt to ensure that the labour power of workers was consistent by attempting to limit their discretion, initiative, and informal behaviour. Direct control was maintained by “coercive threats, close supervision and minimising individual worker responsibility” (Friedman, 1977b: 78). In contrast, responsible autonomy was a strategy the employer used to enlist worker co-operation. Responsible autonomy involved allowing workers greater discretion over the direction of their work tasks and encouraging them to identify with the organisation (Friedman, 1977a: 48). Friedman described this as a strategy “by which the variable aspect of labour power is harnessed for managerial ends rather than subdued” (Friedman 1977b: 99). Such schemes did not constitute control of the means of production because the underlying relationships of production had not changed. Responsible autonomy did not remove alienation or exploitation from the employment relationship. Friedman (1977b: 101) argued that: “it simply softens their operation or draws worker attention away from them.”

Friedman, Edwards and Burawoy encountered difficulties explaining worker co-operation. They accepted that the mechanism operating to securing worker co-operation including responsible autonomy; bureaucratic control; game

playing or participation successfully enlisted the willing co-operation of workers and obscured the social relations of production.

Kelly (1978, 1982) and Coriat (1980) questioned the assumptions of job re-design theory by examining the objective conditions of the labour process. Kelly (1982) examined research that reported productivity increases as a result of the effects of job design on employee motivation.

According to Kelly (1982: ix, 37), 'classical job re-design theory' maintained that if jobs were redesigned to provide satisfaction and motivation, employee well-being and the employer's economic interests would be jointly satisfied. Kelly commented that this 'mutual benefits' thesis rested upon "an implicit, asymmetrical analysis of worker and employer interests" (Kelly, 1982:41). Employers were concerned with productivity costs and profits, workers concerns were centred on psychological needs because their material needs had been satisfied. This explanation for the reconciliation of workers' interests avoided problems of conflict over pay and work levels.

Kelly reviewed an extensive range of research on job redesign involving vertical and horizontal job integration, and teamwork, in three types of production: mass production, continuous processing and batch production. He reported that the evidence to support the assertion that job satisfaction and job performance could both be increased was inconclusive. He argued that financial incentives, labour elimination and worker flexibility as a result of job re-design, not worker autonomy, played a major part in generating productivity (Kelly, 1982:112; also Carey, 1967; Middleton 1980). Kelly (1982: ix) presented an alternative, critical theory of job redesign. He argued that the principle reasons for adopting job redesign were "production and cost problems." The outcomes for employees included job losses, increases in work intensity without corresponding increases in pay, and an increase in employer control over work.

Kelly's (1982) analysis of the use of flexible work groups is supported by a study of responsible autonomy in team bench assembly (Coriat, 1980). Coriat (1980:40) described responsible autonomy as "controlled autonomy" because the work-group: "is autonomous only to the extent that "autonomy" becomes a tool of 'self-discipline' which has "nothing to do with control of the production process". The work-group had the autonomy to discipline its members to conform to quality and productivity standards. If the work of one or more members of the work group fell below standard, the team was subject to a wage penalty.

Coriat (1980) reported gains for the employer: increased productivity and quality, reduction in down time, job elimination and the reduction of indirect labour. He also noted an increased flexibility for employers to adapt to changes in demand, product variation and employment levels. Teamwork broke up the work force making the firm less vulnerable to stoppages from strikes, absenteeism and labour turnover.

#### A Critique of Flexible Specialisation and Post-Fordist Paradigms:

Post-Fordist models of work organisation are based upon a range of assumptions including:

- Change in work design that increase employee participation, discretion, empowerment, etc. lead to increased worker commitment and job satisfaction
- These practices constitute the removal of control that is imposed upon workers and its replacement with internalised voluntary control as self-management and autonomy.
- They require a deregulation of traditional industrial relations structures.
- they involve a degree of negotiation with employees and unions
- They lead to industrial harmony and constitute a 'win-win' relationship.

Critics of the flexible specialisation thesis argued that its advocates ignored the consequences of workplace change such as increased unemployment and the removal of mass production facilities to low wage countries (Pollert, 1988b). They also failed to take account of the shift in industrial legislation world wide against unions, and the reduction of trade union power (Legge, 1995).

These changes also led to the tightening of employment contracts, an increase in contracting out, and the segmentation of the labour market into a core of more secure skilled employment and a periphery of casual unskilled workers (Wood, 1989). Bailey & Bernhardt (1996) for example, in a study of 10 major American retail groups, reported a decrease in middle management jobs and an increase in low-low skilled, low-paid, semi-permanent jobs. They argued that flexibility and new technology did not necessarily lead to increased skill levels, industrial harmony or enhanced job satisfaction. The changes had arisen, not as a result of consumer demand, but from a crisis within the Fordist production paradigm, as mass production and bureaucratic employee management practices had reached the limits of their ability to realise increasing capital (Pollert, 1988a & b; Woods, 1987, 1988; Bramble & Fieldes, 1992).

Few of these authors examine the effects of workplace change on changing employee subjectivity. However, there is a substantial amount of research into the effects of workplace change on employees in Japan. Japanese production techniques were interpreted by Piore & Sabel, (1984) as examples of a new production system similar to the Italian model of Flexible Specialisation. Later writers, including Kenny & Florida (1988, 1991), Clegg (1990), Applebaum & Batt, (1994), Perry et al. (1995), represented Japanese practices as the precursor to a fundamental global transformation in work organisation from



Taylorist or “Fordist” mass production techniques to “Post-Fordism”.<sup>5</sup> Their employee management and work organisation practices were assumed to generate greater commitment and work effort from Japanese workers (Lincoln & Kalleberg, 1985; Dhose et al., 1985; Klein, 1994).

This view of the ‘Japanese production system’ as a model of a post-Fordist employment relationship has been questioned from a variety of perspectives. Berggren (1989:173) for example, criticised Piore & Sabel for presenting Japanese production as “representative of the skilled based ‘craft - paradigm’ that is superseding the mass production model.” Berggren (1989,) described the Japanese system as a form of ‘lean’ production or ‘flexible Taylorism’ that retained rigid assembly line production and achieved flexibility through the organisation of work and employee management practices. These included Just-In-Time (JIT) production, the management of labour and production facilities to minimise quality problems and buffers between production processes; team work; broadly defined job roles with few job classifications; job rotation; training programmes; career planning and strong peer pressures.

Studies suggest that Just-In-Time production increased managerial rationalisation and control of the entire work process. Using the ‘Kanban’ system, in which overhead lights indicated a need for more stock or staffing, management was able to reduce slack time and constantly force worker attention to the production process by removing buffer stock and reducing worker numbers. The cost of production stoppages was shifted onto workers who had to stay behind to make up quotas (Schonberger, 1982; Dhose et al., 1985; Kumazawa & Yamada, 1989).

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<sup>5</sup> Kenny & Florida for example, write:  
 ... the social organisation of production in Japan has reached a level of development that is post-Fordist. .... Post-Fordist production replaces the task fragmentation, functional specialisation, mechanisation, and assembly line principles of Fordism with a social organisation of production based on work teams, job rotation, learning by doing, flexible production, and integrated production complexes.” (Kenny & Florida, 1988: 122)



Total Quality Management was introduced in Japan by Edward Demming (1984). In Just-In-Case or Fordist mass-production inspection occurred at the end of the production process, faults were dealt with by having large quantities of buffer stock and discards. Identifying and correcting the source of error was difficult. The objective of TQM was to ensure that each item was produced without error, and to develop processes that minimised errors (variance). This could be achieved by having workers inspect their work and marking items so that errors could be traced back to the worker, facilitating performance monitoring. TQM involved the enlistment of workers in the identification and promotion of practices which reduced variance, called 'Kaizen', 'continuous improvement' or 'organisational learning' (Johnson, 1995).

TQM has been regarded as a practice that generated employee commitment, even when tied directly to performance management (viz. Hill 1991a; Perry et al., 1994; Johnson, 1995). However the collection of performance statistics may be used to discipline labour (Applebaum & Batt, 1994; Perry et al., 1995). In a study of TQM in the workplace Webb (1996), and O'Donnell (1996), in a study of TQM in the public sector, found no evidence of 'intrinsic' motivation arguing that compliance was derived from performance measurement, appraisal and work intensification. Delbridge et al., (1992:97) describe the combination of TQM and JIT as a "system ultimately intended to ensure 60 minutes of useful labour from every worker in every hour, thereby leading to a more efficient extraction of surplus valued from labour and, therefore, a more efficient accumulation of capital."

Dhose et al. (1985) argued that the view that the commitment of Japanese workers is generated by employee management practices is untenable. Workers are extremely dependent upon a life-long relationship with the firm, recruitment is only into bottom positions, there is no promotion outside the firm, and management determines advancement. Berggren (1989) mentioned

the lack of independent employee representation and the lack of any welfare system for employees who leave or are sacked with little hope of re-employment in the primary labour market.

Japanese employee management practices weakened the identification of employees with unions (Oliver & Wilkinson, 1992). Company unions and single union agreements contained flexibility clauses that gave management the right to deploy labour as they wished (Wilkinson et al., 1993, 1995).

Japanese employee management practices reinforced conformity. Jurgens (1989:21) commented that: "The conformity in the consciousness and attitude of the employee is ... the result of carefully designed control systems". Firms had strict, individualised employee performance assessment systems that played a major role in the determination of promotion. Performance evaluation was a "decisive factor in the committed worker syndrome" (Dhose et al., 1985: 138). Management promoted ambition and competition among the work force who were rewarded for building and maintaining competitive teams. Individuated competitiveness in teams involved the use of peer pressure to enforce production standards and the destruction of group solidarity (Dhose et al., 1985). Worker participation 'simply makes possible the solution of the classic problem of scientific management, namely, how to use the knowledge of the employees for the purposes of rationalisation (Dhose et al., 1985:142)

Similar conditions have been noted in Japanese transplants and factories using Japanese production systems in the UK, Australia and the USA (Bramble 1988; Smith, 1989; Tomaney, 1994). In an ethnographic study of JIT/TQM in an UK plant, Delbridge (1995:815) noted that "the informal work group of traditional organisations is now largely under managerial control in the team system".

Critical research into Japanese work practices demonstrates that 'new workplace practices' do not of necessity generate employee commitment. Japanese style Human Resource Management practices, associated with mechanisms of increased workplace surveillance, intensification and control (Dhose et al., 1985; Jurgens, 1989). Legge (1995) and Clark (1994) also suggest that Human Resource Management techniques are used in Europe and the United States to maintain changes in job design and employee behaviour once they have been established. They are important "to secure both control and consent of employees, in order to secure not just the extraction, but the realisation of their surplus value"(Legge, 1995:175). Soft HRM practices may be used to mask hard HRM practices (Clark, 1994). The introduction of teamwork and multi-skilling may be accompanied by an increase in the employer's power to deploy staff flexibly to cover absenteeism and to measure performance. Soft HRM may be applied to core worker workers and hard to peripheral workers Clark, (1994)

The role of employee management practices is largely neglected in studies of changing work organisation. Human Resource Management practices, which emphasise the individualisation of the employment relationship, are incorporated into approaches which advocate workplace reform based upon collective negotiation. For example, two recent texts on work place change in Australia and New Zealand (Matthews, 1994; Perry et al., 1995) assume that the outcome of the implementation of new models of work organisation will inevitably be beneficial for employees. They adopt normative models of work organisation similar to the "American Team Production Model" described by Applebaum & Batt (1994). These models include: Socio-Technical job design; self-directed teams; employee participation incentive and compensation structures from the American Human Resource Management model; and industrial relations built around joint-labour management decision-making structures.

Matthews (1994: 21) argues that the transformation of work should be negotiated between worker, employers and unions, covering areas such as skill formation, work organisation and technological and organisational change to be the basis of “the new industrial relations”. In contrast, Perry et al. (1995:14), describe workplace reform as a phrase that refers to the use of ‘a range of management tools’ to ‘reconfigure workplace organisation’. They argue that combinations of JIT and TQM practices are the core of workplace reform. They accept the assumption that Total Quality Management is an employee participation programme that would generate the necessary worker commitment to ensure the effectiveness of work organisation based upon JIT. They argue that:

Internally, employee commitment is addressed typically through some form of total quality management programme. TQM programmes ... typically include moves to develop a participative company culture based on high trust, non-adversarial relations between managers and employees (Perry et al., 1995:36).

Both texts accept the assumption that changing work methods lead to increased employee commitment and that individualised employee management practices, such as performance based pay and employee monitoring, are essential components of reform. They accept the ‘win-win’ thesis, without an adequate examination of the underlying assumptions.

In many studies of workplace change the meaning and significance of the concepts used to describe and analyse the experience of work are <sup>taken</sup> for granted. A large number of studies in work satisfaction, job motivation, employee supervision and control were carried out by Human Relations and neo-Human Relations researchers from the 1940s onwards. These surveys sought to answer questions about practices and concepts defined by researchers in terms of existing academic theory. Their validity is questionable (Perrow, 1972,

Rose, 1988). The work of Socio-Technical Systems Theory, the Human Relations School, Job Motivation Theory and Human Resource Management is susceptible to the critique of a failure to adequately examine the concepts used. In a recent review of research on the employment relationship Slade (1997:13) comments:

The constructs of Industrial Relations, Human Resource Management, etc., are largely the evolution of, and emanate from, either managerialist thinking, or the imagined truths espoused by academics. These form only one side of the employment relationship. Just as valid a view should be derived from those who are on the “employed” side of the relationship. There is a singular lack of effort in researching this aspect.

Many contemporary survey studies rely on the quantification of the incidence of flexible work practices in organisations as indicators of the transformation of the workplace (Lawler et al., 1992; Osterman, 1993). Applebaum and Batt's (1994) model of ‘American Team Production’ is supported by empirical research carried out over a period of 10 to 15 years by management academics and consultants (Lawler, 1992). Companies that approximate the model do exist, but the principal problem of these accounts is that little or no consideration is given to critical accounts of workplace change. Much of the research is conducted by the use of mailed questionnaires to organisational executives. It is conducted by academics working as management consultants more intent to quantify successful productivity practices than describe outcomes for employees (Kelly, 1982; Applebaum & Batt, 1994; for example, Ryan, 1995; KPMG, 1995). Such studies tell the reader little about the form of the employment relationship in the organisations surveyed, relying on the assumption of a correspondence between practice and effect.

The confusion over the nature of reform should alert us to potentially conflicting characteristics of the 'Post-Fordist' models. Practices such as TQM and performance monitoring, performance based pay, and performance management are accepted as integral components of post-Fordist models regardless of critical accounts that suggest that they may be effectively used to control workers. In conjunction with work organisation practices which are constructed to maximise the flexible use of labour they increase the pressure to remove the collective regulation of the employment relationship and individualise both the employment contract and employment management practices. The extent to which control over employees is exercised by management, or control over work is exercised by empowered employees can only be assessed by research.

### Chapter Three: Approach to Research

The preceding review of mainstream and critical literature illustrates two significant problems for the researcher in this thesis (Thompson, 1989). The first is the problem of integrating the study of employee experience with the study of the material or objective conditions of work. The second problem arises because the research sites are organised according to mainstream managerial theory and are saturated with related concepts and discourse. How is the researcher to understand the subjective experience of employees when that experience may be influenced by the predominance of mainstream theory in the workplace? How is the researcher to avoid falling into the trap of assuming the relationships in the workplace will be identical to the relationships defined by mainstream theory? The answer lies in using a research method that will allow a comparison between the experience and understanding of subjects, the practice of workplace organisation and the management of the employment relationships, and mainstream theory of the employment relationship.

There has however, been very little progress in theorising the relationships between managerial theory, change in work organisation, employee management practice, and employee subjectivity. A number of researchers raise similar concerns. Smith (1994: 403) argued that the labour process debate has highlighted the point that: “structural analysis... cannot be productively separated from the subjective and inter-subjective experiences of workers and managers” (Smith 1994: 403). Problems exist in integrating subjective experience in research because existing analytical tools are inadequate and “practical investigative methods are still underdeveloped” although the most successful studies use observation and informal interviewing techniques (Thompson, 1989: 178). The following section presents a theoretical argument for the qualitative research methodology used in this thesis in the light of the above problems.



Qualitative research is used when the researcher wishes to avoid working from pre-defined concepts or theoretical frameworks that may get in the way of discovery. There is a preference for collecting data in 'natural' settings to capture the unfolding nature of everyday behaviour and the understanding people have of their own social life. The research question identifies the area of concern and the subject the researcher wants to explore rather than specifying a hypothetical relationship between variables. This approach favours research methods and strategies such as participant observation, in-depth or semi-structured interviews, and a wide range of documentary material. Qualitative researchers may use similar data, but differ in the ways in which they analyse and present their research findings (Lofland & Lofland, 1984; Silverman, 1993; Layder, 1993).

Ethnographers, for example, collect detailed qualitative data to present in depth accounts of the social world without the restrictions of theory or methodological technique. The decision to use ethnography is based upon a critique <sup>of</sup> quantitative, notably survey research. Here there is a tendency to impose the researcher's theoretical perspective, conceptual definitions and assumptions upon the collection of data. This reduces the chance of discovering evidence that would question the assumptions underlying the researcher's approach (Hammersley, 1990). Ethnography is more oriented to faithfully recording behaviour than meaning (Lloyd, 1986; Hammersley, 1990). Although generally not concerned with generating theoretical explanation, ethnographic data can be related to existing theory or used for theory testing (Hammersley, 1983, 1990; Burawoy et al., 1990).

In contrast, Symbolic Interactionists emphasise an interpretative approach. The researcher seeks to tap the subjective understandings of people and pays attention to the ways in which social meanings emerge in situations and influence the behaviour of those involved. As Blumer (1969: 543) argues:

“The researcher must attempt to describe how the actors themselves act towards the world on the basis of how they see it, and not on the basis of how that world appears to the outside observer.”

Grounded Theory developed from the Chicago School of Symbolic Interactionism (Craib, 1990). It is a method of data analysis in which the researcher seeks to generate a theoretical understanding of social action and interaction by categorising and conceptualising qualitative data and exploring the relationships between concepts. The theory generated is ‘grounded’ in the categories and statements of relationships that are discerned in the data. Unlike the broad collection of data undertaken in ethnography, data is collected from sources that will inform the research question - called ‘theoretical sampling’ (Glaser & Strauss, 1967; Corbin & Strauss, 1990; Layder, 1993). Grounded theory shares with other approaches to qualitative research a desire to theorise “up” from small scale units, individuals and social groups (Lloyd, 1983; Lofland and Lofland, 1984).

Ethnography, Symbolic Interactionism and Grounded Theory have been criticised as micro-sociological approaches that focus on ‘every-day life.’ They ignore the relevance of the broader social context of behaviour and social structure (Layder, 1993, 1994; Craib, 1992; Denzin, 1989; Meltzer et al., 1975). An alternative, ‘critical’, Symbolic Interactionism was proposed by Denzin (1989, 1992), to attend to areas that ‘traditional’ Symbolic Interactionism failed to study. These areas include the links between symbols and the groups that provide them; the origins or development of the symbolic universes people inhabit; the relationships of power and inequality conveyed through language; the ideological content of the symbolic universe; and the influence of power in the construction of culture, subjectivity and identity. Lloyd (1986) takes this approach further to advocate symbolic realism as an interpretative approach to link cultural and subjective understanding to

objectively existing social structures and power relations. According to Lloyd, symbolic realism:

“... conceives of society as an *umwelt* - a symbolically constructed order of meanings, rules, conventions, and so on about behaviour, which forms the structural setting for action, power, morality and belief. But is forever being reconstructed by persons through their agential powers (Lloyd, 1986: 265).

Layder (1993) argues that Grounded Theory has the potential to provide the researcher with an analytical approach that reveals the inter-relationships of structure and agency, and the impact of structured forms of power on social action, but is limited by a focus on day-to-day interaction. This includes a view of power as interpersonal (Weberian) and a neglect of setting, context and the impact of social structure on social action. He claims that Grounded Theory is closed off from other forms of research including historical and documentary analysis. As a result, the concepts and theory that emerge from the data on hand lack analytical depth and: “cannot tell us about the mechanisms which may exist below the observable, sensorially detectable surface and which contribute to the formation of the observable features” (Layder 1993: 61).

Layder (1993) evaluates Grounded Theory from a critical realist perspective questioning its potential to produce an analysis that pays attention to the historical and structural dimensions of social life. Grounded Theory is an action oriented model concerned with discovering the: “active, expressive, performance form of self and/or other interaction carried out to manage, respond to, and so forth, a phenomenon”(Corbin & Strauss, 1990:164). This is the ‘core category’. Corbin and Strauss (1990) use a ‘conditional matrix’ as a model or framework to build up a detailed account and understanding of the impact of structures and patterns of interaction at various levels. These are

linked to the core category. Using the conditional matrix it is possible to trace an event or relationship from the action/interaction level “through the various conditional levels to determine how they relate”(ibid.: 164). However the theory generated is, in principle, focused at the level of action and interaction of the self and others.

Layder (1993) suggests that a broader conception of Grounded Theory that accommodates a variety of research strategies is required. One that incorporates strands of theory and data that do not, of necessity arise from the immediate data collection. An extended Grounded Theory could interrogate existing theory and concepts. It could explore the impact of social theory on behaviour for, as Silverman (1993:29) points out “members of society routinely employ theories about social order”. Layder proposes the use of multiple research strategies and a resource map to investigate the links the micro and macro social worlds. Such a map would, for example, focus on the data resources available to illuminate:

The construction of the self and identity;

Situated activity;

The setting or intermediate levels of the organisation; and,

The (macro) context - including the physical environment and structured social relations - recurring patterns of behaviour and “symbolic entities” (Layder, 1993:72).

The research map, used in conjunction with a conditional matrix, avoids a focus limited to the micro social levels of interaction. In a workplace multiple strategies assist the study of the interaction between institutional levels. Ethnographic observation could be used to describe the workplace. Interviews collect data from managers and workers to describe institutions and social action. Documentary records contribute to understanding the historical development the organisation and : the formal structure, including employee

management and industrial relations practices. These include annual reports, newspaper reports, employment advertisements and contracts, job descriptions, etc. Silverman (1993: 60) comments that: "ethnographers must not neglect the way in which documents, tables, and even advertisements and cartoons, exemplify certain features of those settings". The collected data can be analysed to evaluate and or elucidate theoretical perspectives.

Layder's version of extended Grounded Theory is especially relevant to the study of workplaces where theories of work organisation and job motivation have been deployed to structure the labour process and employment relationships. It provides a framework with which the researcher can describe the structure of the labour process, and discern or 'discover' the nature of the relationships of authority and power as they are represented in the experience of the workers themselves. These relationships are compared with their representation by managerial staff, and in managerial literature. Layder (1993) points out that Edward's (1979) concepts of technical and bureaucratic control refer to forms of power embedded in the structure of organisation. They are overlooked by a conventional Grounded Theory analysis.

To understand workers' experience and responses to work reorganisation and the employment relationship the researcher would collect data that captured the employee's experience of employee management practices. Collecting and analysing this data would involve a commitment to refrain from imposing any preconceived theoretical framework on the data or the concepts that emerged. This would enable the development of an understanding of the experience of workers in the workplace. The researcher could consider a wide range of other factors that might be relevant, instead of being restricted to the theoretical prescription of managerial literature. It may thus be possible to discern the qualities of the employment relationship shared by employees (the core category) and compare this to the qualities attributed to an employment relationship characterised by empowerment.

In this study I have adopted a multi-strategy approach using semi-structured interviews supported by ethnographic observation and documentary information. As Denzin (1989:31) suggests, data gathering was guided by a research question that asked, "how a particular event or set of experiences is interpreted by interacting individuals". My research question being "What is the workers' experience of change in the organisation of work and their employment relationship?" The data gathered was analysed using techniques of data sorting recommended by Grounded Theory (Corbin & Strauss, 1990).

During the study the workplace was continually going through re-organisation and the researcher wanted to know how the employment relationship was changing. It is difficult to design questionnaires that capture these changes. The researcher needed a methodology to explore and compare the discourse or representation of empowerment in the workplace with the subjective understanding workers and managers have of these ideas. The methodology also had to record the practices in the workplace and their implications. At the same time the researcher did not wish to accept as valid the assumptions of mainstream arguments or the meanings of concepts used within the framework. Here an ethnographic and grounded theory approach is used because this allows the discovery of relationships as they appear in the workplace. A comparison could then be made between these and the 'theorised' relationships (a form of theoretical testing), and an attempt made at theoretical development from the data.

Ethnographic observation was used to describe the labour process, including the organisation of work, the structure of the office and the patterns of interaction in the office.

Semi-structured interviews were used to capture the subjective world of the people being studied, their experiences and their perception of social



structures (Layder, 1993). They provide the opportunity to explore the impact of development and change in the research situation (surveys giving a static representation) and to explore the creative role of participants in the research site. They allow respondents to raise important issues not contained in the schedule, issues that may be excluded as a result of the researchers lack of experience or theoretical bias (Hammersley, 1992; Silverman, 1993). Semi-structured interviews also allow interviewees to respond “in any way they choose” so that “the individual’s own interpretations and meanings are allowed to surface (Layder, 1993:41).

Documentary information describing the employee’s changing job descriptions, their employment contracts, performance appraisal schemes, etc., was provided by both the local and national offices of Income Support and the local and National Union representatives. Information describing the changing structure of the organisation, the introduction of work organisation and employee management practices was obtained from newspaper cuttings, the Public Service Association and Annual Reports from the Department of Social Welfare.

The study began as an exercise in ethnography during a post-graduate research methods paper. That paper helped to define the focus of the research and the questions for the interview schedule. It also helped gain entry to the research site to carry out research for this thesis. Permission was given to carry out the research on the condition that interviews did not interrupt the workplace. Interviewees were recruited by advertising for volunteers through the staff notice boards and interviews were arranged with employees at their convenience and discretion. The Massey University Human Ethics Committee approved the research methodology

It was my purpose to describe the structural and policy changes relevant to the workplace and to record employee accounts of the changes in the organisation.



These include changes in structure; employee management policies; the organisation of work; and the employment relationship. I sought to understand the inter-action between the structural and policy changes and the workers' experience.

#### Data Collection

The data collection took place in the middle of 1996. It included periods of observation and interviews at three separate sites, a city office, and offices in two small towns. Further interviews were carried out with employees who had left the organisation, union representatives and representatives of a teamwork training organisation. At each work site I undertook a period of observation and recorded descriptions of employees working at their office routines and dealing with clients. I also sat in on team meetings.

Following the observation period I carried out semi-structured interviews with team members and managers at each site. They took place in interview rooms at the workplace. Interviewees were given an information sheet and signed a consent form (See Appendix A). All interviews were tape recorded, transcribed by the researcher and coded for analysis following the interview.

The interviews lasted between 20 minutes and one hour. In the three offices I interviewed 16 team members and 6 team leaders. Two team members had worked as team leaders or held higher management positions in the organisation before restructuring in 1991. Two of the team leaders had also held higher management positions. The interviewees work experience ranged from 2 months to 20 years. The average length of service for team members was 8.5 years, and 13.5 years for team leaders. I followed leads and sought further sources of information relevant to the research. Corban & Strauss (1992) describe this as theoretical sampling. I interviewed two employees who had left the organisation; two employees who worked in offices in other parts of the country; a senior manager involved in employee training who had

left the organisation; and a senior manager within the city office. In addition I interviewed the principals of a training organisation that provided team training to Income Support and the local and national union organisers from the Public Service Association.

Data Analysis

The first stage of data analysis involved coding and categorising the interview accounts and observations into themes that guide the data presentation in Chapters Four, Five and Six. Data analysis began with ‘open’ coding where data is broken down, labelled, and placed into categories named to represent characteristics or relationships evident in the data. These categories are then compared and put back together in new ways by considering the connections between categories to discover relationships that may not have been apparent and to consider ways of handling conflicting evidence. This is a more complex process in which a coding framework or paradigm, the conditional matrix, is constructed (Corbin & Strauss, 1990). The conditional matrix developed in this study is presented in Chapter Seven and reproduced below:

Table 7.1: Conditional Matrix - The Employment Relationship

Organisational Policy/Strategy	Union Representation	Team Management	Team Work	Case Management CSO work
Industrial Relations				Relationships with Customers
Technology	The “core” of the employment relationship			Processing Networking
Work Organisation		Coercive Self -management Performance Management		Learning Training
Job Design				commitment- to work, self and others
Surveillance & Monitoring	Performance Assessment	Pay	Coaching	Empowerment/ control

The matrix is presented as a table of the categories identified in the coding process as areas of action/interaction and organisational structure and policy in the workplace that are relevant to the employment relationship. Chapters Four, Five and Six present an account of the relationships between these categories as they are presented in the interviews. In Chapter Seven the core category of the employment relationship “coercive self-management” has been identified by an analysis of the relationships between categories and a comparison of the research data with the literature.

The data collected in these interviews is not considered to be “the truth”. The data is regarded as the interviewees’ representation of the social relationships and social structures they experience. The handling of the data and the researcher’s analysis is subject to the researcher’s bias and shortcomings. It is also subject to the theoretical assumptions and methodological procedures of the chosen analytical approach. In this thesis the use of a Grounded Theory approach to data analysis is based upon the ‘realist’ assumption that the representation of social relationships and structures given by different people can be compared, coded and quantified, and then given a theoretical conceptualisation. An advantage of this approach is that the researcher did not set out to impose a theoretical framework upon the data. Instead the researcher chose a research process that had the potential to establish the meanings of social relationships and structures to people as they were experienced in the workplace and to theorise from this data.

### Validity

A number of approaches to the problem of validity are incorporated in the thesis. One approach is to argue that the purpose of the thesis was not to test an hypothesis, or to make generalisable claims about behaviour but to explore a social situation to understand the practices, concepts and ideas that are used in that situation. These are then compared with claims made about these practices in the literature of work organisation.

One approach to the validity of the research is to ask whether sufficient data was obtained to answer the research question and to allow for the full discovery of alternative explanations. Were the questions sufficiently accurate to elicit relevant material? Did the interviewees understand the questions asked? The limited scope of this thesis precluded the necessary corroboration of research data at the local level with an analysis of the forms of senior management policy and the experience of a majority of employees in the organisation. However, within the context of the study, the practice of theoretical sampling was extensive and ensured a wide coverage of data collection. The interview schedule was also based upon a previous pilot study enhancing its reliability as a guide to gathering data.

A related approach to validity involves the reliability of the data gathered and its content. Were the respondents telling the truth? The data collected from interviewees was internally consistent and, surprisingly, the data collected from team leaders was consistent with that of the team-members. Both groups gave similar accounts of the organisation of work and the employment relationship. Team leaders presented accounts that were often sympathetic with the difficulties employees faced, although these accounts were more clearly structured by the discourse of managerial literature. This data was also supported by information from interviews with workers who had left the organisation, workers from other regions, and local and national union officers. Also, as Hammersley (1983) notes, triangulation, or the comparison of data from multiple sources, decreases the risk of invalidity of data from a limited source or a single method. The multiple strategy research approach is an effective form of triangulation (Layder, 1993).

The research was limited to the experience of a small number of workers and management staff at three sites. The social relationships within those sites are in part unique and dependent upon the participants. Lofland and Lofland

(1984) argue that the preference for smaller units is part of the epistemological bias of naturalistic research because the researcher is more likely to impose bias on larger units. In this research the employee management and work organisation policies determined by Senior Management executives were applied to all sections of the organisation.

A number of sources suggest that the experience of employees outside of the sample was similar to those reported in this research. Two interviewees from large offices in different North Island regions reported similar changes in their workplaces. The changes, and their effects upon employees, were also confirmed by interviews with a regional and national union organiser in the Public Service Association and reports and papers published in national newspapers and the Public Service Association Journal.

### Limitations

In this study the researcher was an outsider. This may have been an advantage in that, as an employee, it would be difficult to be independent of the culture of the office, and therefore fail to take into account the possible range of data to be explored and gathered. Interviewees may be more willing to speak to an outsider. Being an outsider may be a disadvantage. A lack of previous experience of the work being undertaken or the relationships between staff may limit the researcher's ability to ask relevant questions. Staff may not want to be open with an outsider. As an employee, ethically the research would be the property of, and be subject to the approval of, the employer.

The researcher did not explore the experience of people applying for benefits and their interaction with staff because it is outside the scope of the thesis. It is relevant to the theme of the thesis; the construction of the identity of benefit applicants as 'customers', 'clients' or 'beneficiaries' is an important component of the employee's role in Income Support.

Researchers must be self-reflexive and realise that the interviewer and interview schedule will structure the interview. The interviewee may also choose a particular strategy of response, for example: treating the interview as a game; an exercise in myth building; an opportunity to be deliberately misleading or deliberately malicious towards the interviewer or other subjects. Researchers must also be careful not to be biased in their selection of interview data or use material to support a particular theme. They should, as Corbin and Strauss (1993) emphasise, use data that diverges from their expectations to interrogate emerging theory.

Finally, alternative methodological and theoretical approaches might have been used in this research. Williams(1988) argues that a combination of labour process analysis and post-structuralist discourse analysis would contribute to an understanding of employee subjectivity and control in the labour process. Post-structuralism has been used by a number of researchers to analyse managerial power and control in the workplace (Rose, 1990; Deetz, 1992; Townley, 1993,1994). Thompson & Akroyd (1995) regard this approach as wholly inadequate due to the assumption that the construction of identity described in text is identical to employee subjectivity. They argue that the post-structuralism fails to take into account the dynamic day-to-day interaction of the subject with the text, or with the objective and subjective strategies that are deployed by management. I agree with Williams, much is to be gained from clearly delineating the models of employee identity and behaviour that are assumed by mainstream theory and imposed on employees in the workplace. An analysis of managerial literature (discourse/texts) is especially significant given that the meanings of words used in contemporary managerial practice are overlaid with content that incorporates assumptions reaching back to early Human Relations Theory. In this research I have undertaken to outline the development of the concepts empowerment and control.



## Chapter Four: Changing the Organisation of Work

In the following three chapters the research data has been sorted into categories, analysed and presented in an ethnographic format. This is an account, based upon the interviewees' perspective, of changes in the organisation of work and the employment relationship between 1990 and 1996. Chapter Four describes changes in the structure of the organisation and the organisation of work. Chapter Five describes changes in the management of the employment relationship, and Chapter Six presents an account of the employee's experience of their empowerment.

### Working in the Bureaucracy

Before 1992 employment in the Department of Social Welfare provided a secure, life-long career in the Public Service to anyone who had a pass in School Certificate English. Clerical employees began work knowing that they could progress through the career structure by acquiring internally validated skills and knowledge. Recruitment for higher positions was principally through an internal career ladder. Positions were offered internally to employees with the appropriate departmental experience and qualifications. The organisational structure and the career structure <sup>were</sup> common throughout the public service.

In cities, staff in each benefit division worked in offices on different floors in buildings or in separate buildings with separate administrative and stores branches to serve the offices. Although employees could seek rotation between divisions, their knowledge of different benefits was limited. On the other hand, in rural towns many DSW offices were small and employees had to be familiar with a range of benefits.

New staff were employed on probation. Their Divisional Officer assessed their performance every three months. Assessment was based upon written reports



from immediate supervisors. Of the 23 people interviewed for this thesis, 14 had come into the job directly from school and most began work as a grade one Clerk. In many offices, they were expected to learn on the job. Formal training programmes were introduced in the mid-1980s. Training depended on how busy the office was, whether there was a trainer available in that particular office and whether training courses were being run at the time a new employee began work. For many employees training took place 'on-the-job.' The phrase "go for it" describes the approach new staff were encouraged to take. Rodney who began work in 1987 describes his experience:

When I started it was just "Here we are, here's your desk, go for it. The first customer's over there to be interviewed. You can sit in on one interview to watch what we do, then you are on your own basically from there."

The Grade One (101) benefit Clerk's job was an administrative position. The Clerk had to learn the provisions of the Social Security Act and associated legislation and apply this to a benefit application. That is, to ensure applications were correctly completed, to attend to changes in personal details on files, filing, and to pass their work on to their section-Clerk for approval. According to Carol, a Grade One Clerk in an Unemployment Benefit Division in the mid-1980s, supervisors made all the decisions:

We had no decision-making, we had to get the facts and then we would refer that up the line. So we would write a minute sheet, A4 - name, benefit number, details to determine eligibility, and at the bottom: "Under section such-and-such of the manual I recommend that this benefit be granted at this amount". So we'd do all the dog work, and then somebody else would sign "Yes approved."

The Section-Clerk (102) attended to more in-depth work including benefit suspension, resumption and cancellation; dealing with difficult 'customers'; calculations, supervising the Clerks and checking their work. The Senior Section Clerk (103) had more complex work to do including: income and property assessments for people on benefit who had their own businesses; checking other people's work when they had done the calculations, and only seeing benefit applicants when they asked to speak to "someone in charge".

The Divisional Officer (104) was in charge of the overall administration of the 7 -12 staff in the Division. The Divisional Officer was responsible to the head of the section, an Executive Officer (105), or Senior Executive Officer (106). If the office were large, a Senior Executive Officer would be in charge of a benefit group and answerable to the Assistant District Manager of the office. Sue, a team manager who worked on benefits for 10 years commented on the structure:

We used to have a real pyramid structure. I was classed as a 101. We had 102s, 103s, right up to about 107s. The 101's work used to be checked by the 102, and the 102's work was checked by the 103, the 103's work was checked by the old Divisional Officer who had control. So it was sort of like really pyramid. You'd never talk to your manager because they were this God like figure.

The focus of benefit work was processing paper. In the office a receptionist would distribute forms to beneficiaries. When the forms were completed the receptionist passed them to the back office staff. A Clerk would assess the application and pass it on for approval, which could take some time. The applicant had to wait for postal notification or return several days or weeks later to find out if the application had been successful. Where an application or query required consultation, a Clerk would meet with an applicant in an interview room. The assessment was completed "out the back" where the

query was referred to a supervisor. Angela, a Grade One Clerk in a small rural office in the late 1980s, described the physical and emotional distance maintained between the benefit applicant and the workers who processed the application:

Right here at the reception there was a big wall right across. They'd just ring a bell or push a buzzer and we'd come out to the door. Whoever was on reception sat at the back and had the desk closest to the door and then it was just "Ding, ding, ding," (laughter) until you got sick of it ringing every time. We dealt with them right there at reception if we could. If they said, "Oh my benefits been suspended," well "Ok, put your name down". They'd sit there, we'd come back and find out why, get the information, get them to fill it out in reception. We'd use the interview rooms if we had to, very rarely we'd get to see that person often. I mean we just had their name and their problem and then we'd sort it out.

The 'bureaucratic' definition of the job recognised only official procedures, benefit processing had to be impartial, impersonal, and equitable. Employees were encouraged to see their job as simply "administering benefits" their objective was frequently expressed as seeing the applicant "in the door and out the door- quick as possible". Carol described being sanctioned when a Grade One Clerk for spending time with applicants when on reception duty:

I spent time talking to customers at the counter, doing more than just taking down their name and address and how much benefit they were entitled to. I spent time talking to them, and I was criticised heavily for that, in my report, the annual report you get about behaviour was "She spends far too much time at the counter".

Relationships between employees and benefit applicants varied from office to office. In contrast to the larger offices, those who had worked in country areas and small towns generally report that DSW workers shared close relationships with the community. The workers referred individuals and families with problems on to social workers with whom they often shared office space and to the New Zealand Employment Service.

Workloads increased dramatically when unemployment levels in New Zealand rose from around 65,000 at the end of 1987 to approximately 180,000 by the end of 1991 (O'Brien & Wilkes, 1993). The procedures for processing benefits began to break down in the city and country branches. June, an Unemployment Benefit Section Clerk (102) at the time, described the pressure of work:

You would see a customer, put the paperwork aside, see another customer and just be ongoing like that then you get to the end of the day. You'd have to come in really early in the morning or stay really late at night to try and get things pushed through. The manual work was just so tedious and there was just so much things to do. There were so many barriers in terms of delegation of authority. To sign a letter it was just unbelievable

The computer system was inadequate, errors increased and were difficult to resolve. When an application was approved the data was written on an input form and keyed into the computer by a data entry Clerk, whilst another Clerk duplicated the action to verify it. The computer detected inconsistent coding. When a mistake was made in coding, the input card was ejected and returned to the Clerk for correction. Marilyn, employed as a data entry Clerk, described the backlog of work:

It was nothing to walk into an office, and every office was the same, and there'd be piles and piles and piles of files. It was nothing for

people to have a hundred files around their desk; work backed up because you are re-doing these forms and re-doing these forms.

By the end of 1991 the morale of many staff was low as they struggled under the pressure of high workloads and inadequate work systems. Some well-organised offices coped with the increasing workload, others were in a state of chaos. Dorothy, then a District Officer (104) and manager described her situation:

There was a high staff turnover, there was also a lot of people that were very stressed. You're radically stressed yourself so much that you just can't see any good in anything, and that was the case with a lot of people. I could see it because I'd come from an office that compared to here would have been more organised.

The Department of Social Welfare (DSW) was an organisation that, from its inception in 1972, was in a state of constant change; regardless of the organisational structure, frequent changes occurred in policy and benefit administration that affected the work done. For example, the introduction of new benefits such as the Domestic Purposes Benefit in 1972 and universal national Superannuation in 1978 had major impacts on the organisation. So too did an important policy shift in awareness of cultural differences in the departments approach to Maori and Pacific Island people, Equal Employment Opportunities policy, and towards the latter half of the 1980s, an increasing concern to consult with staff.

### The Changes Begin

It was not until the mid-1980s that changes began to affect employees. The structural changes that occurred impacted on senior and middle management first rather than "Front-of-line" staff.

Restructuring the work organisation of the Public Service, including the benefit services of the Department of Social Welfare was guided by government policy and organisational change consultants toward the creation of an organisation based upon models of a “high performance work organisation”(Blakeley, 1995).

Restructuring was preceded by change in national industrial relations legislation. The power of the Public Service Association (PSA) to collectively organise workers to oppose or negotiate change was reduced by the introduction of the State Sector Act (1987). This Act removed public sector wide pay setting rules and regulations, and decentralised responsibility for the management of workplaces to business managers, many of whom were appointed from outside the public sector. The PSA had very little power to oppose these changes and very little input into the decision making process. The State Sector Bill (1987), was introduced to parliament without warning or notification to the PSA which was on the verge of an agreement with the government (Walsh, 1989a, 1989b; Henderson, 1990). The Public Finance Act (1989) introduced a system of public sector accounting that compelled departments to adopt rigorous performance measures and achieve the status of commercial business units (Scott et al., 1990). The Employment Contracts Act (1990) decentralised industrial relations regulations. It abolished blanket wage bargaining and introduced voluntary unionism, which included employee ‘choice’ between individual and collective employment contracts. Strikes were banned whilst contracts were in place. These changes led to an increase in labour market flexibility that contributed to the reduction of trade union power. The ECA contributed to a shift in the negotiation of employment conditions out of the employer - union framework at a national level, to negotiation of individual and collective contracts at the level of enterprises. These changes decreased the power of the Public Service Association to collectively organise workers to oppose or negotiate changes in the employment relationship and led to an increase in employer power in DSW.



The employer was able to introduce changes in work organisation, technology and organisational structure with very little resistance from workers. (Clarke, 1991; Sloane, 1994; PSA, 1996; Jeffrey, 1997)

Efforts to restructure the Department of Social Welfare began in the late 1980s, and involved a number of attempts to change both the geographical distribution of offices and the structure of administrative responsibility (Barretta-Herman, 1991). These led to a flattening of the organisational hierarchy by the removal<sup>of</sup> layers of middle management positions, and a shedding of management staff. A review of district offices in late 1990 notes that some 600 management, supervisory and corporate services staff positions were dis-established (DSW, 1993:7; PSA Journal, 1991). Major changes began to impact on employees at the end of 1991 following a review that recommended the complete restructuring of the Department of Social Welfare into separate Business Units (DSW 1991).

Sam came to work in the DSW from the private sector in the late 1980s as a senior middle manager in charge of a service support section. He described the arrival of restructuring:

I've been in other organisations. I came and worked here, and then all this sort of thing came on us like an atomic bomb as it were.

### Teamwork

Following the 1991 review all staff were required to apply for positions in a new occupational structure in which middle managers who had previously been Divisional Officers or Executive Officers at 104 and 105 levels became team leaders. Middle management staff for whom no management positions were available could become team members by taking a drop in grading whilst remaining on their previous level of pay, many left the organisation. Clerks, Section Clerks and Senior Section Clerks became Customer Service Officers in



service delivery teams retaining their grade as 101, 102, or 103s. Other employees who performed support services such as telephonists and typists retained their designations though their positions were later to be reviewed. Some employees obtained a position in the new structure equivalent to their previous status or were promoted quickly; others left or were made redundant, as there were fewer positions available. Sue, then a Senior Section Clerk (103) and now team manager described the demise of middle-managers

I think it was because of going into business units that we lost a lot middle management. They were all re-graded, some people took equalisation, and some people took resignation, and most just were basically put down to 104s or became team leaders as such. A lot of people didn't want to go down to the next level down because that's where all the pressure is; they probably feel they've been squeezed out. They've either left or they've been made redundant in a very sly way. They would create a position for a person, and then they restructure and the position isn't there any more. Person's gone, perfect!

A new computer system was introduced to coincide with restructuring. It provided the capacity to integrate all benefit applications into one database and removed the necessity to keep all data on paper files. It facilitated the breakdown of functional divisions between benefit sections and the 'multi-skilling' of staff. All staff were to be provided with a terminal at their desks. This brought about face-to-face benefit processing and enabled the direct input of information from the applicant to the Clerk and immediate access to stored information. Clerks could rapidly check the past history of the benefit applicant and reduced errors in payment that occurred as a result of the difficulty in finding files. It also reduced the likelihood of downstream errors in processing and the need for staff employed in data entry and filing.

The computer system included the capacity<sup>to</sup> track an employee's work and measure their performance in terms of errors made and time taken to process work. This allowed the process of checking for errors to be concentrated in the role of one employee the Technical Quality Office (TQO) and removed that task from the responsibility of the supervisor, creating a need for fewer middle management staff. The introduction of computer technology was a major step in the process of re-organisation. Systemic problems of benefit administration were dramatically reduced, and a means of managing employee performance introduced.

Employees were organised into teams in new, or re-built, open-plan offices where benefit applicants would wait in full view of staff. Workers were required to move from being a 'specialist' in one benefit area and acquire the ability to process all benefits. Grade one staff could now grant straightforward benefit applications, more complicated applications were passed on to more experienced employees. Multi-skilling and the computerisation of records enabled the organisation to integrate all the separate benefit divisions in single sites, where individual employees were able to deal with a benefit applicant's separate entitlements. There was no need for 'back-room' Clerks as employees did their own filing as both paper and electronic files were still kept. These changes were dramatic for the employees. Angela, then a Grade 101 Clerk, described the effect of removing the wall dividing the staff and the benefit applicant:

The major change was when that wall came down. So that was the big fright, having to see the customer face-to-face because that barrier was taken away. Like I said, you'd never see them, you'd walk in, sit in there, you're called to interview, but otherwise you'd never have any customer contact for the whole day. But, you know you soon get over it. I mean there's not that much you can do can you, the government says this and then you just gotta do it.

Employees were taken through 'developmental' training programmes in teamwork and customer service intended to introduce a new 'culture' of work in the organisation, a culture in which employees were to make decisions independently and to co-operate and rely upon each other rather than their immediate supervisor. Cindy, a training officer, described this process of empowerment:

The foundation of what we are trying to do is to send down all the decision-making powers to the lowest possible level. And of course that's meant a lot of up-skilling because people not only have to make decisions about how to implement benefit decisions, but also how to manage their own work. It's good if people help with ownership of their own work, it makes a lot more sense of commitment and responsibility in making their teams work.

Training workshops were conducted which were designed to encourage staff to participate in teamwork, design and evaluate work methods, identify problems, attend to the quality of their work and be assertive and open in their communications with other team members. Cindy described the ideal self-managed team as:

A collective grouping that works by consensus with somebody that is a facilitator, not a team leader, or a manager, but a facilitator of the process. The team makes all its decisions, manages its work load, controls its own budget, even its own staffing, takes people on and puts in place sanctions for non-performance. The ideal would be that a team manages itself entirely on that level. Everybody needs to be skilled in areas of facilitation and management and conflict resolution and so on. But ideally, I think it is a perfect way to work, there's no hierarchy, there's no status, there's no power, the power is just shared.

This model was the basis of the team training programmes. It was intended not only to change the relationships of work between employees, employees and supervisors, and employees and benefit applicants, but also to engender greater commitment from employees. Dorothy, a team leader, described how the changes were expected to lead to greater work satisfaction for the staff:

The rewards for them are not just the pay packet, but that they are doing a job that meets their values and their own personal way of doing things. So the rewards for them are a fulfilment on a more personal level, as well as the money in the bank. I think they have the flexibility to be able to emphasise or de-emphasise things according to their own skills or their own passions about what they are doing

#### From Customer Service to Case Management

Over three years from 1994 to 1996 the work-role of team members changed rapidly through three broad stages from Customer Service Officer, to Customised Service Officer to Case Manager. Several features characterise these changes including: a broadening of the definition of the job; the changing form of the team and its relationship to the team leader; changing practices of employee assessment and pay; and a tightening of the link between the benefit applicant and the organisation.

When the district office employees moved into their new open-plan office in late 1994 they worked in teams made up of people with various grades and experience who had previously specialised in one or two benefits. They were required to become competent in the administration of most benefits. Teams were led by a team leader who had previously been a Divisional Officer (104), or Senior Clerk (103), whose new role was to encourage members in teamwork and provide guidance in decision making. The focus of work organisation was on benefit processing, customer service and teamwork.

Teams were encouraged to work co-operatively to improve processing times and reduce error rates. The team technical quality officer (TQO) kept records of workers' error rates, processing-times and reported to the team leader on employee performance.

Work tasks were rotated between 'Front-of-Line' interviewing, reception duties, processing benefits, telephone inquiries and mail. The number of "Front-of-Line" workers on duty depended on the number of people waiting to be interviewed. Pressure to become multi-skilled was part of the organisation of work; with specialists in the team it was avoidable, but when the workload was high, each person had to deal with the benefit problems on hand. Everyone had to move toward being proficient in all benefit areas. Ongoing restructuring led to further staff reductions. Support services staff doing mail sorting, telephone inquiries and filing were made redundant and their duties transferred to the teams. Multi-skilling now included taking on additional tasks to those previously carried out by benefit Clerks.

Team meetings were held each day for 10 to 15 minutes before the office opened. They also met together once a week on Wednesdays between 8 and 9:30 am. The meetings were co-ordinated by the leader who gave a briefing on management meetings and work issues, and by a team member who ran the meeting as part of their team teaching duties. They were rostered to present training information and review recent policy changes and the team members were expected to participate and bring up ideas for the office, discuss work and personnel problems. James, a team member, described the co-operation among team members:

Normally we are all flexible and we all work together and we respect each other. And the immediate ground for our team is that we make decisions together and everybody feels that when we are in our meetings we are all verbal and we will all discuss. Like if somebody

makes a suggestion we will say, “Yep, see your point, but... I think this is gonna happen”, and its all open, we are not shooting each other down for the ideas that they have presented.

With the introduction in 1995 of the programme, *From Welfare to Well-being* (ISS, 1994), the definition of the employee’s role changed to include managing the relationship between people on benefits and the department. Employee s became Customised Service Officers (CSO), they were instructed to develop individual relationships with customers, attend to all their benefit needs and take an active role in their lives by encouraging them to move from ‘dependence’ on benefits to some form of independent activity, preferably work. This was done within the interview situation. Dorothy a team leader, described this process as:

.... moving people from benefits into having some sort of independent sort of “self”. It needn’t be anything monetary, it needn’t be moving people off benefits into paid employment, it can be a whole range of things like referring people into different courses where they may have an interest, give them a bit of self-esteem. In the past all we’ve sort of done is granted people benefits and said “right we don’t want to see you again”

This change was also accompanied by a change in the career and pay structure of employees and the role of the team leader. The team leader withdrew from decision making within the team, and the organisation of the team’s daily work routine became the responsibility of the team. The team leader became the coach in ‘developmental’ matters, the manager of the performance of the team and its individual members, and the administrator of the team’s budget. From one perspective it would appear that this involved moving the team towards greater self-management and less dependence upon imposed leadership.



However the team leader, freed from the day-to-day work routine, had more time to monitor and assess the performance of individual team members.

Further change followed with the announcement in mid-1995 that the organisation was moving towards 'case management'. Each Case Manager was to be responsible for a case load of approximately 250 'customers', who would meet their Case Manager by appointment made through a centralised call-centre with access to the Case Manager's electronic diary. 'Customers' were followed-up at least once every three months and annually when a benefit is due for review. Employees were encouraged to 'network' with community groups and service agencies. Networking involved going out to speak to community groups such as a Job-Plan Action Group or a Senior Citizens group about National Superannuation. Case Managers were expected to develop an ongoing relationship of guidance and monitoring their 'customers'. When the interviews for this thesis were carried out, the programme had been on trial for a year and had only recently been "rolled out" nationally.

Most employees regarded the introduction of Customised Service and Case Management as a positive change. Jean, a senior team member and one of the first to trial Case Management, described some of the positive aspects:

It's a better way, better for us and better for the customers because they know who they are coming in to see. You are getting into their personal life as well. There are lots of things we can't help with but we can refer them to like budgeting, counselling, marriage guidance, those sorts of things. I've been quite excited especially I'd say with the Mums on DPB [Domestic Purposes Benefit] because a lot of them don't even know that we can assist them. When they come in here they get excited and I sort of get excited with them and follow them up, phone them up once every three months and just see how its going. As



long as you keep that interest going they think, well somebody else does really take notice of them and care about what's going on in my life rather than just pay money out.

However, they were also concerned that the caseload that they had to deal with was far too high to work effectively:

With 250 you are more or less just keeping them maintained, you know, the changes of addresses, the changing of incomes and things like that. To do it properly so you know that person and can start directing them into looking at training to get them off the benefit, off being dependent, there's just not the time for it with that number.

The introduction of Case Management in 1995 also led to major changes in team organisation. Team positions were no longer interchangeable - each case manager with a specified case load became an independent practitioner in a team of specialists. In the main office teams increased in size from 8-16 members to 16-20 or more. The number of 'front-of-line' teams decreased from three to two accompanied by a decrease in the number of team managers.

These changes led to the emergence of a hierarchy within the teams as team managers divided teams into cells of four and appointed an experienced CSO as the cell leader. The cell leader acted as the manager of the three other members of the cell, monitoring their performance, coaching and motivating them and reporting the results to the team manager, as well as doing their own work. Rod, an experienced team member, described his role as cell leader, appointed by his team manager:

So I've got to monitor their performance, encourage them, look at their training needs, analyse how their work habits are, look at their work stations, motivate them in terms of everything else, plus do my own

work which is exactly what they've got to do. See that's her position that's her job.

These changes indicate that, in contrast to the 'ideal' team structure prescribed by the Training Officer (above), and managerial literature (Fisher 1993), teams were being changed in order to increase their productive efficiency by decreasing the number of higher paid team managers and shifting their supervisory roles back into the teams, re-creating a hierarchy within the teams, without incurring the cost of paying for the supervisory role.

The following table charts the transformation of the employee's occupational job role/job design in conjunction with changes in the role of supervisor/manager, work organisation practices and employee monitoring.

Table 4-1: Changing Occupational Roles

	Benefit Clerk	Customer Service Officer (1993-94)	Customised Service Officer (1994-95)	CSO - Case Manager (1995- )
Work structure	Hierarchy	Leader led team of mixed ability - mutual assistance moving towards multi-skilling 8-16 members	Leader led - moving to self managed team of equal abilities 8-16 members	Self-managing team of varying competency. Internal cells of 4 with 'co-ordinators' 20+ members
'Skills'	Specialised	Mixed moving towards multi-skilling across benefits	Multi-skilled in benefit work + customer management + clerical tasks	Multi-skilled in benefit work + customer management + clerical, debts, fraud + networking
Work Focus	Processing paper	Processing efficiency generalised clientele person to group	Processing efficiency managing 'customer' generalised clientele person to group	managing customer networking specific clientele person-to-person
Monitoring System	Qualitative	Computer based error rates, time-frames - team leader observations - mystery shoppers	Performance assessment Computer based - error rates, team leader observations - mystery shoppers	Computer based - error rates, team leader observations Performance assessment
Leader Role	Supervisor	Team leader Supervisor /Participant	Team leader Participant /Coach	Team Manager Non-participant /coach

Table 4-1 illustrates the movement of work organisation from a hierarchical structure to self-managing teamwork. Workers became increasingly multi-skilled and took over the tasks of administering their own work routines. At the same time, the supervisor's role went through a number of interesting transformations. The supervisor, who had been an expert standing apart from the 'front-line' workers, became a team leader as an expert and participant in the work group. The team leader then moved out of the team to become a manager, no longer an expert in the work to be done, but once again a supervisor, in the sense that the team manager was responsible for the performance management of employees. The following chapter describes the development and the effects of the employee management practices associated with performance management.

## Chapter Five: Managing Employees

This chapter describes the introduction of performance appraisal, performance based pay and performance management and associated employee management practices such as employee monitoring and surveillance that were the necessary components of an employee management system to accompany the changes in work organisation described in the previous chapter.

### Performance Management

When teamwork was introduced in 1992 the team leader was a directive leader whose job was to make sure that employees became multi-skilled and participated as team members. They were there to help employees make decisions, to advise them and to help them organise their work. Employee performance was monitored on measurable statistics such as processing errors, time taken at interviews and time taken to process applications.

When performance management and performance based pay was introduced it became possible to monitor other previously less quantifiable areas of employee behaviour and attitudes, including the employee's contribution to maintaining team co-operation. Team leaders took on the role of a manager outside of the team - a change made more apparent by the fact that team managers no longer had access to the computer system to enter data on benefit applications, and were not required to have a thorough knowledge of policy. Their role was re-defined to include shaping the team into a self-managing unit through performance management - setting work goals for the team and its members, coaching them to achieve these goals and measuring their performance. The focus of teamwork and empowerment shifted from a co-operative group with increased employee discretion led by a team leader, to a group that was to lead itself. The team leader became a team manager who coached them and monitored their performance. The change in the team leader

role was necessary to enable the team leader to monitor the employees' conformity to a wider scope of demands. Jacki, a team manager, described her role:

I don't believe my role is to lead the team. My role is to help my staff get the best out of themselves and to help manage them.

Sue, also a team manager, explained that team goals were set by the team leader. These goals were directly related to the organisational goals set by senior management, the district manager and the senior management team. She described how she helped her team define their goals:

You have to clearly be able to say to your team, OK these are the results they want nationally and then break it down into regions, into districts, and then into teams, and then sit down and look at how can we achieve these goals that the bosses want. And we sit down and look at all the different ways that we can have these things done.

Team managers carried out on going 'developmental training', that is assisting team members to work as a self-managing unit. Coaching individuals included: supporting staff; making sure they get training and resources; talking to staff about their work, their progress, and improving their performance. Coaching the team was oriented towards fostering team self-management. Team managers helped staff make decisions about how to run the team (not making decisions for them). They showed them ways to reach consensus and resolve conflict and encouraged peer critique and peer assessments. They also encouraged team members to teach themselves and train each other, to contribute creative ideas and solve problems together. Team members were also encouraged to improve the work process and to co-operate in getting the work done by helping people who were falling behind in processing work. For Ben, a team manager, encouraging employees to contribute their

knowledge and ideas to help solve the organisation's problems was an important feature of coaching:

We have a number of things in our staff's performance appraisal that is based on their salary. We negotiate with them over their salary and they have a number of things they need to meet. Some of those are things like team work, whether they are working well with their team and some are things like projects so we encourage our staff to get involved in projects that go beyond their team and one of the most basic things they need to meet is bringing up creative ideas. Innovation, you know, we want to change, to improve, and we want to better ourselves all the time. We are quite a competitive organisation now and we want to provide a better service and for less money so we are always looking for improvements that will give us added value for money all the time.

Here the team manager describes the relationship between coaching, employee performance, assessment and wages and employee performance. This is an 'open-ended' employment relationship, one in which 'added-value' is derived from the unlimited co-operation of employees in the labour process.

### Monitoring employees

Coaching was linked to monitoring employee performance. Team managers continuously monitored the performance of their staff. Ben, a team manager, emphasised the change to monitoring staff performance:

The role of the team leader is far, far stronger on staff performance that's become a really big thing, monitoring staff performance. Twenty percent of my day might be on technical if you like... on helping staff resolve a particular issue with a customer.... on helping them make the decision, but the other eighty percent of the day would be primarily on managing the staff.

Each team had a Technical Quality Officer (TQO) who helped the Team manager monitor staff performance. All benefit processing work was measured in units called actions that represented new entries or changes to data on the computer. For example, an application for the unemployment benefit or community wage as it is now called, might involve a number of actions including: registering the application; entering the data; entering the applicant's bank account number; and arranging for an automatic transfer. The computer counted actions. The central ISS computer also produced a record of each employee's work each morning.

The maintenance of work quality was closely linked to performance management. The team's Technical Quality Officer (TQO) used a computer print out to check employees work in the previous day. Experienced staff had 10% of their work checked, less experienced staff, 100%. New applications, reviews and changes to existing benefits were checked for approximately 20 different categories of error including: forms completed and signed on every page; correct date on each page; adequate verification; spelling; correct action, payment, timing, and identification; accurate assessment of income, and a notification of unfinished work. Work was assessed at a "100% error rate". A person with 20 files to be checked who gets 19 perfect but fails to date stamp one page, is rated at a 100% error level. Mistakes were recorded in a Quality Assurance Report prepared for the team leader. Each employee's Quality Assurance Report was an important tool used by team leaders to assess employee's pay.

Each CSO had a minimum number of actions to be completed within the week, set either by, or in consultation with, the team manager. Measuring the average waiting-time for applicants, the amount of work not completed, and the time taken to process applications also assessed individual and team performance. Teams were encouraged to compete for awards made for the top local and



national team and office. This competition put peer pressure on staff who did not meet their performance standards. Marama, a team member graded 102 left the organisation in 1995, described her experience of competition:

At the management meetings they'd get all the teams and they measured teams against the others so you were always made to feel that you were letting your team down if you didn't perform.

Marama also described her experience of trying to keep to performance goals negotiated with her team manager:

They had a sheet with your name and every day I'd go over, have a look, and think Ohhh I only did twenty yesterday, I'll have to do 70 tomorrow, to at least meet the negotiated number that was a contract. I had a contract with my team manager to say that I would do 50 actions a day. My appraisal said I was sometimes negative when I was stressed, well I mean I was (laughter). "I haven't got time to talk to you I'm doing my 100 actions."

All Case Managers were required to adhere to a range of "checking-in" standards that referred to their appearance, behaviour and interaction with benefit applicants. Team leaders monitor staff behaviour using techniques such as "Customer Call-Back" which involved speaking to, or telephoning, benefit applicants after an interview, or people who had made telephone inquiries to assess the quality of the service.

"Mystery Shoppers" also monitored customer service, people employed to present themselves as genuine benefit applicants making an inquiry. They assessed the employee's conformity to detailed behavioural standards including: giving a correct greeting, mentioning a person's name at least twice in interviews, and standing up when the interviewee left the desk. Mystery

Shoppers assessed behaviour in relation to telephone codes that require set communication standards – such as answering telephones within three rings.

Other checking in standards included dress and appearance requirements and apparently simple ‘housekeeping’ rules that had a significant influence on the way work was done. For example, CSOs were required to always have a clear desk, apparently for neatness. Some CSOs suggested that this policy was intended to prevent employees from keeping files in their draws, hidden from the necessity to account for unfinished work. Karen, a grade 03-team member, described in detail the clear desk policy:

One file on your desk at a time and clear your desk top before you go to tea and all your inward work had to be kept in a cabinet that was way over there and you were supposed to go up and get one file and take it back and work on it and put that and go back and get another one. And if you had a customer come in you’d clear off your desk. At one stage they were going through people’s drawers to make sure that they didn’t have anything that was unnecessary in their drawers. I just thought that that was a wee bit dis-empowering.

The TQO provided the team manager with weekly reports on individual and team performance. This information was used in the on-going coaching of employees, the employee’s four monthly performance appraisal and in their annual performance pay appraisal. It constituted a process of supervision of the ‘self-managed’ team that was very different to the model presented in the team training sessions. There, empowerment was presented to employees as being given the power to make decisions about benefit applications and manage their work. The connection between managing one’s own work and conformity to productivity goals, behavioural standards, performance assessment, pay and team management were not then made clear to the employees.

### Pay and Performance Appraisal

A new pay system was introduced before the performance management system. The two were closely linked and led to important structural changes in the organisation. Before 1991, pay was subject to an annual 'cost-of-living' adjustment. Within each grade there were salary steps. On reaching the top of a grade, an employee had to wait until a higher position was advertised, apply and if successful moved up. The internal promotion ladder was open-ended, Clerks could become Divisional Officers and Executive Officers on the basis of work related knowledge and administrative ability as they climbed the ladder.

Although the hierarchy of authority had collapsed into teamwork, employees continued to be paid under this system until the introduction of performance based pay in 1995. Then traditional grade rankings were replaced with one job category, the Customised Service Officer, with five salary pay bands (from \$22,500 to 29,500. This led to two separate levels of organisational structure, Management and 'Front-line' staff, with different sets of skills. The occupation of a Customised Service Officer now had a limited career structure.

Performance based pay was accompanied by the introduction of performance appraisal in which employee work performance and training needs were assessed three times a year at four monthly intervals. The third assessment, a review of the year's work, was used to determine the employee's pay rating and eligibility for a bonus. The team manager carried out the assessment as a process of consultation and discussion. Employees completed a self-appraisal schedule and this was discussed in conjunction with the team leader's appraisal. Problems identified in the performance appraisal were defined as areas where the employee needed further training and were noted for future assessment.

The performance appraisal schedule (See Appendix B) was a detailed description of employee productivity and behavioural standards as well as attitudinal and motivational characteristics. It described a wide range of job requirements including problem solving, creativity and initiative, fostering teamwork, training other employees and to promote harmony, co-operation and the removal of conflict in the workplace. It involved the subjective measurement of the extent to which an employee was prepared to meet the open-ended demands of the employer.

For each attribute employees were rated on a 5-point scale, their scores averaged, the result indicating their relevant salary band. There were no in-between scores. If an employee averaged 2.9, they were paid at the level of the second salary band. The scale was skewed toward high performance, with an 'average' level of performance expected for a score of 2, above average for 3, with higher levels of performance demanded for a score of 4 or 5.

The organisation also offered two levels of performance bonus. To achieve a \$500 performance bonus the employee had to score an overall average greater than 4 on all performance measures, or greater than 5 to achieve a \$1000 bonus (before tax). Jean, an experienced team member, described the performance standards as being far too high and the remuneration too low for the work that was expected. She especially resented the appraisal process:

Here I am doing all this extra hard work and the only acknowledgement you get once in a blue moon is a silly bonus of a \$300 dollars or something like that. I mean I would rather have a pay rise than have a carrot dangled in front of me. You've got to go and argue your case to get yourself a \$300 dollar bonus. I can't be bothered with that. If they can't see how I've worked and give me credit for it well, you know, I

just can't be bothered going in and arguing with management that I'm worth \$300.

The focus on individualised performance pay had many repercussions. New staff could move quickly to the middle of the pay band, surpassing the level of an employee of many years standing. Interviewees told how progress from level one to level two was relatively easy; from two to three, difficult; from level three to level four very difficult; and to make it to the top of the salary range, equivalent to the old top of grade 3 mark, was almost impossible. Employees who were at the top of the 03 grade in 1991 now had nowhere else to go in terms of pay and promotion. They were paid at the top of salary band 5, and could only increase their income by earning a bonus. Pam, a team member who rapidly reached the 4th salary band said:

To get a 5 you've got to be perfect. No one's perfect, so there's no way of actually achieving that 5.

Marama, also an experienced team member, described the difficulty in meeting the requirements of the higher salary bands:

In order to have a salary increase, people are being encouraged to move into all these new areas like public speaking and networking. But the crazy thing is that because of the high workloads they have, they don't have the time to really go and do that much of that.

Most employees interviewed were unhappy with their existing pay arrangements. By 1996 they had not had a pay increase for six years -a period in which the cost of living rose 12.5%. Their responsibilities and work-load greatly increased in that period. Sue, a team manager indicated that many employees had left the organisation since restructuring because of the performance pay system:

Most of the times why people have left is there's no longer the scope for promotion, the performance management pay scale - it wasn't the incentive that staff thought it would be. If you miss out on just one thing you don't get a pay rise - regardless of that you've worked your butt off for the full 12 months. A lot of people were saying - stuff it, I might as well not put in the extra effort. That has certainly got rid of a lot of staff.

It may also be that the pay for performance scheme provided a means of deliberately managing employees out of the organisation. Karen, an experienced team member who was interviewed after she had left the organisation in mid-1995, suggested that the pay scheme served two purposes, to identify high performing employees and to encourage those that weren't to leave:

I think its been said by the odd manager or two that this whole pay scheme would be a way to sift the staff, to work out the cream of the crop and the ones that aren't performing. The one's that aren't performing would then leave.

Jacki, a team manager confirmed this approach:

And the way the [management's] worked [is] not so much getting rid of the dead wood, but obviously getting people who are more efficient and able to provide the service that the business is looking for.

Marama, a team member who left after 4 years in the organisation, described her reaction to performance appraisal and pay:

You couldn't possibly score highly on things like networking and every time you tried to suggest that perhaps you had networked because you'd done this or you knew that person they'd say no, no that doesn't count because you did that in your own time. But you were never given time in your work time, you just didn't have the time. So I went through the process and it was obvious to me that the way it was going I was doomed to stay on \$22000 and I said it at the time. You are forcing me to leave - which I thought was a bit crazy after all this training in assertion skills and what have you.

Performance based pay and performance management had a significant influence on the level of co-operation between team members. Jenny, a team manager, described her team as a group of people who complemented each other, she argued that she found it difficult to reward individuals in the team because their results were dependent upon the support of the rest of the team:

A team working together is a team that is complementing each other and some of the things that the department has at the moment highlight individuals. I would say competitiveness is the big one that might front all that. You are competing all the time, to get the praise, or the results or things like that, you are pushing to be the best and being pushed to be the best.

Jenny argued that competitiveness was undermining the co-operation and mutual support that was possible in team work, she gave the example of team members training each other:

You know the ropes, you know quicker ways of doing things, and you can tell while people are training they are not prepared to give that info that they have - they'll show then the long way.



Karen an employee at the top of the salary scale left the organisation in 1995 because there was no further possibility of promotion. When interviewed in mid-1996, she explained how performance management undermined co-operation:

Once they got into paying a lot of attention to output it was very hard if you had a problem to find someone to help you with it. Because while they were showing you what to do, their output was being affected. So I mean teamwork in theory but I don't know.

Joan, who had worked in the organisation for nine years and was an experienced Technical Quality Officer, argued that the competitiveness that came from performance based pay created an atmosphere of suspicion and distrust amongst staff:

I think that on the surface people say: OK we can work as a team and these are the ideas we put forward and yes we'll do it this way; but underneath, everyone, I'd be a liar if I said I wasn't included, everyone is thinking about the money. There's a drive on teamwork and how we should all help each other, but these days people are very suspicious, they are very suspicious of management, they are very suspicious of each other. We are all on performance agreements so we are paid by what we can provide, and by how we perform in our job. And if it means that one person shines and that gets their profile lifted and does everything in their power to get there and it means they have to tread over a few people they'll do it.

### Contracts and Industrial Relations

Individual employment contracts, introduced following the Employment Contracts Act of 1991, increased the climate of mistrust and weakened the bargaining power of individuals and the union. For example, adherence to

productivity and behaviour standards could be negotiated directly between employees and their team manager without the involvement of union regulation. Short-term individual employment contracts, in conjunction with performance management, enabled the employer to identify and not renew the contracts of workers who did not conform to productivity or behavioural standards.

Senior Management offered employees financial incentives to quit their collective contract and take up individual contracts (PSA Journal, 1996). Joan, an experienced team member and union delegate described mistrust and potential loss of employment security associated with individual contracts:

As a delegate I don't trust them [Management]. They offered people \$1000 gross bonus payment as well as a 2.5% pay increase from 1st of July to go on individual contracts nation-wide. Then all of a sudden they announce we are going to have a nation-wide review, just after they've got all these people on individual contracts. And so what they did was they thought oh OK, this is our budget, how bout we try to get as many as possible on individual contracts so that they will be easily disposed of.

Joan also claimed, as did the PSA regional and National representatives, that the Senior Management of the organisation undermined the collective contract by prolonging and obstructing contract negotiations whilst simultaneously promoting the inducements of individual contracts. Employees, desperate for a pay rise, would turn to individual contracts as an alternative to the uncertainty of an unresolved collective contract.

Further strategies, introduced to break up the collective organisation of workers, included the subdivision of employees into separate contract categories, and contracting out work. Originally all Public Service employees

were covered by a similar contract, this changed in 1992 with the division of the Department of Social Welfare into five business units with separate contracts. In 1996, Senior Management attempted to introduce a further five contract subdivisions: Customised Service Officers; call centre staff; administration staff; debt recovery and benefit crime staff. Staff on the collective contract accepted this change only after prolonged intransigence from Senior Management over contract negotiations, and in exchange for the first across-the-board wage rise in six years. (PSA, March 1997)

## Chapter Six: The Experience of Empowerment.

This chapter describes the employees' experience of empowerment as the organisation of work changed between 1992 and 1996. When team work was introduced into the organisation in 1992 it was represented as an opportunity for employees to become empowered - they were to be given the 'power' to make decisions to grant benefits, to manage their own work and the work of their team. This was a shared or team responsibility in which the team leader took part as a member and a guide in teamwork. Between 1992 and 1996 the dominant definition of empowerment used by management in the workplace changed. This change corresponded with a change in the role of the team leader. The team leader, a supervisor and participant in teamwork, became a team manager whose principal responsibility became the management of team and individual performance.

The introduction of performance based pay and performance management signalled a shift to a more individualised employment relationship, a relationship supervised by the team manager with the assistance of the Team Quality Officer. The empowerment of employees took on many dimensions: they were expected to conform to all the attributes of an empowered employee outlined in their performance appraisal, including the acceptance of greater 'responsibility' and 'accountability' for the work they, and their team, were required to do. Employees could be made accountable because their performance could be monitored. The description of empowerment given by three team managers illustrated this change, Sue, an experienced team leader and manager said:

For me to empower my staff is utilising their skills that they've got, making them more accountable, empowerment is giving people

guidelines in which to work and then allowing them to make the results however they can achieve them.

Dorothy explained her understanding of empowerment as:

Empowerment to me is giving people the responsibility to make their own decisions, to make their own choices and get the best results from that that they can. Everyone should be taking ownership for what they do. If you don't have that ownership then your team ends up not being very effective.

And Jacki described empowerment as:

When we look at it its a team performance that counts and that they all need to be accountable for our results, we can't have one particular member not pulling his or her weight ... its giving them the ownership and making them responsible for what they do so that they can take accountability for it.

In these statements, the terms 'empowerment', 'responsibility', 'accountability' and 'ownership' become linked in a formula that emphasises the individual employee's obligation to perform as expected. They were used to describe staff who accepted the demands of management. Those who did not wish to "take ownership," or who disagreed with the demands of management were described as: 'dead wood', 'dinosaurs', 'stuck in a bureaucratic mind-set', 'there for the money and not interested in working for the department' 'only interested in paying the mortgage.' They were not 'committed' to the organisation and therefore did not wish to change their ways. This comparison, and its associated labelling, is similar to the neo-Human relations approach of identifying workers who were not performing as

individuals who lacked 'higher order' or 'intrinsic' needs and were only interested in rewards which satisfied 'extrinsic' needs, such as pay. Sue, a team leader responsible for training new employees compared their attitude to work with longer-term employees:

They want to work, they are here because they chose to be here, not because maybe they've got a mortgage to pay and can't be bothered looking for other work and things like that.

Employees had to adapt to dramatic changes in their work organisation and their occupation. They accepted the managerial account of empowerment as an increase in decision making responsibility and working in teams, but they expressed a great deal of concern about the degree of power that they were permitted. Many felt that decisions they wished to make are not taken into account by management. Donna, a team member who worked in the department for eight years, described the limitations she experienced:

The powers above us still make the final decisions. If we want to do something they don't like they'll say we are not allowed to do it. If they like it then we'll do it. So they say they are giving you all this power but I don't feel that they really are.

Sam, who had been a Divisional Officer and became a team member after the 1991/1992 restructuring described his experience of empowerment as:

I don't reckon that empowerment is the same as that self-managed team in the sense that we make our own decisions. You make a decision, the next minute you get from [management] "Hey you're not allowed to do that we bloody hold the purse strings" ... So after a while, do you think we still make courageous decisions and ways to work better? .

James, a senior team member, described his experience of the limits of team decision making:

We're trying to make decisions as a team OK. Sure, we do have some range, but if it gets a little bit out of our range, bang it just doesn't work. Like the staffing structure. We felt as teams we needed more receptionists, so management says "Yep, you can have another receptionist, you nominate someone to be a receptionist but, their caseload of 250 customers, you're all gonna have to take on X amount of customers each". We said: "Hold on, we are meant to be allocated receptionists anyway, why do we have to chose somebody from within our team to be a receptionist and then have other people from within the team take on extra customers to cover that?" ... "Oh your benchmark for staffing is this, take it or leave it." It just sort of yeah..... mphhh.

Employees were clearly aware of the changing definition of empowerment and its limitations. Pam, team member, described empowerment as taking responsibility for standards set by management:

Even as a team you still are an individual, you still got a set of standards that you've got to work to and you gotta deliver a service that has been set by national office. You've got control of what you are doing... to a point ... as an individual ... but you haven't. Well its really being given the set of standards and taking responsibility and doing it.

The limitations of employee empowerment in decision making were further illustrated by employee concern about the changing role of team leaders. When the team leader role changed to team manager, employees became



increasingly concerned that their team managers did not represent their input at management meetings. As Rod, an experienced team member, pointed out:

We think the team leaders are actually a part of management. The team leaders say: "If you've got any concerns that you want to express to management express them to us and we'll take them on to management in a meeting". Now they are the management committee. We express our concerns, when it gets put across at a meeting we feel that its not put across with the impact that we'd like, that they aren't really listening to our concerns. We'll give them all the ideas and they come back with a totally different structure to what we put out as the staff.

Rod thought that management's approach to decision making was authoritarian. Decision making was described as "coming from on high", whether it be in regard to making changes to work organisation which happened regularly, or to changes in rules (e.g. the clear desk policy, checking in standards etc.) or changes in policy in relation to benefit applicants. Sam, a senior team member, described the unpredictability of senior management:

I feel that we get more shit from the hierarchy than we do from the people out there. I know what they're going to be like, I don't know what these buggers are going to be like

Employees had little influence over the introduction of changes to the organisation of their work or their work roles. Instead, they were expected to adjust rapidly to changes, of which there have been a great many. They were empowered to accept the changes, but not to disagree with or reject them. Marilyn, a senior team member, described her impression of the way that changes were introduced:

I just feel that the staffs are used as pawns. They try out lots of things that don't work. No apology, we've just got to go back on it.

Sue a team manager, described the impact of the changes in the organisation of work and the structure of teams on the employees:

I suppose that [constant change] has been the biggest problem - sometimes it has been change for change's sake, it hasn't been thought out correctly, or all the possibilities analysed, or we've done it, we've thought we're gonna do this change on this date regardless of what the implications are. Staff are just basically sick of it, and I mean you can understand the way that they are feeling - there are a lot of people there that really enjoy the work, enjoy the people, but hate the constant change.

The introduction of teamwork, self-management and empowerment at Income Support involved an ongoing reconstitution of the employee's occupation and open-ended scale of expectations. Employees were required, as Case Managers, to initiate meetings with community groups and groups of beneficiaries, to develop co-operative group problem-solving programmes, and to inform community groups of the services provided by Income Support. Training in developing these skills varied between offices. Jean, an experienced team member, found that there was no training available in her office and decided, on her own initiative, to visit another office to learn about networking. She commented:

They actually have training days out, which we don't get any. They have outside trainers come in and tell them how they think a network meeting should go and the things you should cover. So we are thrown

in the deep end and that's "you have to do it so go for it". They expect you to do these things but there are no resources to go with it.

Some employees described problems of inadequate training in important areas such as dealing with people who were aggressive and people with psychiatric or severe illnesses, and inadequate training or support for dealing with the stress of work. Rosemary, a team member who had been involved at management level in developing training programmes described her experience:

There is no training to deal with or have an understanding of psychiatric disorders, how to deal with people that have mental illnesses. It can be quite draining, especially like with my terminals. I mean its a reality when you've just got a woman come in who's 40, whose got two young kids, and she's just found out she's got cancer and she says she's been given 12 months to live. It has that impact on you, you know, you've really got to spend the time with them. What management need to look at is if they are going to continue with this they've got to have some outlet for the staff otherwise they're gonna have a lot of burnt out staff.

Sandy, an experienced team member and TQO, said that employees felt they were inadequately supported because there was not enough staff to cope with the workload and the demands of work:

A lot of people have left and that I think it's mainly because of management, there's just no support from them. Basically we're run, like the organisation is run on like basically no staff, staff shortages, we do have training, yeah that's fair enough but we don't have enough for what the everyday work is.

Rod, an experienced TQO, pointed out that employees on sick leave were not replaced by temporary staff when they were absent, instead, they had to attend to their work when they returned:

Back in the old days, if we took sick leave, someone would cover you. The work would be done somehow to make it a little bit easier on you. But now you are accountable for your own customer base - if the work doesn't get done and you're away, that in itself creates a lot of stress. I know that compared to earlier days, sick leave is a lot higher, it is a lot more irregular, because of the staffing stress levels. I don't think the customers place us under a lot of stress, personally, my stress is more enhanced by management structures, rulings, attitude.

Many employees said that management encouraged workers who had difficulty with the demands of work, the changes in their occupation or were dissatisfied

to leave. Jean, a senior team member, said that management's advice to workers who were not happy was that they were obviously did not like the work, were not capable and should leave. She reported that managers would tell staff: "If you can't handle the job, if you don't like the job, you know what to do." Jean argued that the staff had a different perspective on the problems they faced, she commented:

Well to a point I agree, but I mean people weren't saying they didn't like their job, they were just saying hey, we can't handle it any longer, we need support from you. But management wasn't actually giving support, management was saying. "That's tough, you know where the door is".

Employees were concerned that their critical assessments of management policy or actions were not considered or accepted as valid, and that, were they to voice those concerns, they would be discredited. Rod commented that:

The attitude portrayed by management is that if we were to come up with a concern, OK, we'd be shot down and possibly black marked. We'd be looked upon as being negative and if we are classed as negative then we are not interested in working in the department and we are not interested in our job and we are basically there for the money. Now for a person to be seen as that, is pretty demoralising I feel. You know, we put our heart and soul into our job. Like I say, I do enjoy working and changing people's lives and doing something for the customers. It feels like I am achieving something. But on the other hand, when management come down from the top and say this that and the other its hard to see what effort we are putting in.

Marama, a team member who left the organisation in 1995, described a similar experience of senior management reaction to workers who wished to express their concerns at a meeting

Well you got the old "you are not committed," that sort of thing. I think people were that worn down that was really the last thing that they needed to hear because they knew that they were; they knew that they were putting in extra hours they knew they were taking all sort of rubbish from people and then to be told its a lack of commitment on your part, its quite demoralising. There were a few brave people who spoke up, but if you do speak out you get known, you get labelled negative, not committed to the business.

### Employee Commitment to work:

Employees sought and experienced satisfaction from their work, especially in their work experiences with other employees and in helping people in need. In the bureaucratic model, helping beneficiaries had been excluded from the role of the benefit clerk, although this varied, some interviewees reported working in offices in which members of the local community were well known to and supported by Income Support staff. It was to some extent realised by the Customised Service and Case Management role. Bernice, previously a grade two, team member, described her approval of the change in approach to working with benefit applicants.

When I first started here, in national Super, I used to get told "You're not a bloody social worker" - this by my boss - "You're not a social worker.. you're here to administer the benefit." Because I would do other things, like I would ring up housing for an old person. And now it's completely changed around ... we are actually becoming.. it's a silly word, 'social worker', but that type of thing. They've come around to my way of thinking actually.

However employee commitment to work was not expressed in terms of a loyalty to the organisation. Instead, there were many and often complex reasons given by the employees to describe their desire to remain in a workplace that was both difficult and demanding. Most employees described their primary commitment to work as a motivation or desire to be in a job in which they could help people. This motivation had been prominent before restructuring and was often accompanied by a loyalty to their fellow employees, with pay and financial rewards for effort also described as very important factors. Elaine, a new employee who had been in the job for less than a year, described the importance of work to her:

Jobs are really important.. If its your livelihood, if its what you believe and I believe in it. Yes the job has become important to me. Because I think its life and I find I feel that I'm doing something to help them.

Many other interviewees expressed a similar satisfaction from working with people - regardless of any difficulties they may have experienced at work. Rosemary, an enthusiastic and outgoing senior team member who had survived many years of restructuring said she liked work because she liked the 'customers':

I love dealing with the public... I mean I come to work for a holiday and I come because I enjoy the people and I enjoy the people I work with.

Money was also important, but so too was the problem of not having an alternative job. Sam, a senior team member, said he was there for the "Do-ray-me". "Put it this way" he said, "If I had a choice I wouldn't work here, I'd be gone like a flash." Other employees cited a variety of reasons for staying at work: that it was the only job they had ever had, that working in the department was a unique experience. (Sandy), that it was possible to vary one's working hours (but not as much as before - James). But generally employees expressed a conflict between staying at work because the satisfaction they experienced from their relationships with their clients and fellow workers, and leaving as a result of their dissatisfaction with and anger towards management and their working conditions. Marilyn, an experienced senior team member described this general feeling of dissatisfaction when she said:

Our first commitment for the staff is the commitment to one another before a commitment to the department. If another job came up tomorrow dealing with people I would be gone. I think it would be fair to say everyone in the department is looking for another job. It's the



stress of the job. When another decent job comes up we would take it - the department doesn't have a lot going for it

Joan described how some employees liked aspects of the changes in their job, but did not like their relationship with management:

I like my job, and a lot of people out there like their job too. They like what the business is doing and they like what is to come, what they don't like and what I don't like is how we get treated.

Rod, an experienced senior team member, suggested that the incentive of job promotion had been removed and replaced with an employment relationship in which employees were expected to work hard until they became dissatisfied and left:

Realistically I don't think there is a future. The organisation seems to want to get as much work out of people before they go. That's what we feel - at work, we work for the customers, we work to help each other, help our team, but we don't work for the management."

And Bernice who had previously expressed her appreciation of the changes in her job succinctly summed up her experience of the employment relationship when she said:

I am committed to the customers, I'm committed to my team, but I'm not committed to the business, I think they are stupid.

Several team managers also voiced these observations. Jenny, a manager, described the extent of employees commitment their despite their being overworked and underpaid:

The organisation thinks they reward them sufficiently by paying them, but I don't think they do. There's lots of people they put everything into their job; they stay late, they come for meetings, they come on time. OK they get a pay, but so does the rubbish man. And they have to deal with so many things, people telling them their problems, people yelling at them, people throwing computers. We are in a changing environment we know that. Changes can happen every second day. They have to adapt, they have to know so much. There's so many benefits that they have to be aware of, I mean that's commitment, you're sticking it out doing that.

## Chapter Seven: Grounding Empowerment and Control in the Workplace

The previous chapters describe an organisation in which the organisation of work, the design of jobs and employee management practices have been continuously restructured according to the managerial theories described in Chapter Two. There the empowerment thesis is presented as a 'win-win' equation (Buggy, 1991). New work organisation and employee management practices are intended to produce high levels of job satisfaction and personal growth for workers. Empowerment involves work practices in which employees manage their work and collectively share in the management of team responsibilities. Control is no longer the responsibility of management exercised by supervisors, but by employees themselves. Employee control is said to become a 'second-order' concern (Beer et al., 1984). Employers benefit from the change in employee attitudes to work. Their increasing commitment, trust and identification with the organisation leads to stronger work motivation, increased productivity and an employment relationship free of industrial conflict (Clutterbuck & Kernaghan, 1994).

Contrary to the prescriptions of managerial literature the interview data collected in this research indicated a workplace in which many employees are unhappy, stressed, overworked, underpaid and in conflict with management. The employees' experience of the workplace is complex. Many workers expressed positive feelings towards the organisation of work, their fellow workers, the use of new forms of technology, their changing occupation and their relationships with benefit applicants. They commented negatively on their relationship with management and the control exercised by management over the employment relationship. There is very little commitment among employees to the organisation.

Burawoy (1979) and Friedman (1977b) argued that employers secured the co-operation of employees by enlisting their participation in practices <sup>that</sup> generated

consent and obscured their exploitation. However, many employees in this workplace were fully aware that they are subject to managerial control and exploitation. Why is this so?

### The Conditional Matrix

The research data presented in the previous chapter was arranged to give an account of the development of the changes in work organisation and the employees' experience of these changes. A more in depth analysis of the data is needed to understand the employment relationship in this workplace. To conduct such an analysis have I used the model of a conditional matrix developed by Strauss & Corbin (1990) from Grounded Theory, and the idea of a research map from Layder (1993).

I used the conditional matrix to discover a central phenomenon or distinguishing characteristic that connected the data categories. The conditional matrix set out below is a simplified version of the Corbin and Strauss (1990) model. My conditional matrix attempts to take into account the inter-related structural levels relevant to the employees in the organisation. Institutional structures are represented on the left-hand side and on the right hand side are the workplace relationships between management, team managers and teams. This gives the impression that power flows from left to right, or from the top of the organisation down to the front-line employees. This is an accurate representation, but one that also allows for influence and change from the bottom up. In this analysis it is important to begin at the macro level because the range of structural preconditions necessary to alter the employment relationship were imposed by the state and the organisation's senior management.

The conditional matrix was constructed by comparing the relationships within each category of the employment relationship with the relationships in other categories. For example, the employees' experiences of co-operative

teamwork were compared with their experience of their relationships with their team managers. Their experience was also compared with their team manager's experience. Comparisons were also made with other categories such as performance based pay and performance management. In this manner it was possible to compare the employee's experience of the many aspects of their employment relationship, with the prescriptive construction of the relationship conveyed by the team managers and the literature of employee management.

From a Grounded Theory perspective (Glaser & Strauss, 1967) the focus of these comparisons is to discover a core concept that will express a significant feature of the employment relationship as it is experienced by the employees. The core concept does not have to be dynamic, but it may be indicative of an action/interaction process that is a part of the symbolic universe that interviewees use in their experience of their employment relationship. The conditional matrix analysis of my data pointed to an experience and a process that produced that experience. I have used the term 'coercive self-management' to describe the core concept.<sup>1</sup> I have also identified the performance management of employees as the process that produces that experience. This is contrary to the prescription of managerial literature (Mills, 1994) which would suggest that in this workplace the employee management and work organisation practices would produce an employment relationship characterised by the experience of empowerment.

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<sup>1</sup> Coriat (1980), describes an employment relationship in a workplace using team work as "controlled autonomy". Whilst Coriat's concept is relevant to this study it is limited to the scope of employee decision making responsibility. The concept of coercive self-management more accurately describes the links between performance management and employee behaviour.

Table 7.1: The Employment Relationship - A Conditional Matrix

Senior Management /Policy	Union Representation	Team Manager	Team Work	Case Management CSO work
Industrial Relations				Relationships with Customers
Technology		The “core” of the employment relationship		Processing Networking
Work Organisation		Coercive Self -management Performance Management		Learning Training
Job Design				commitment- to work, self and others
Surveillance & Monitoring	Performance Assessment	Pay	Coaching	Empowerment/ control

Table 7-1 is arranged in two overlapping sections. The first section is an analysis of categories relevant to change in the organisation of work and the design of jobs that preceded the introduction of performance management. This is a labour process analysis of the constant restructuring of work organisation and job design to create the structural conditions relevant to performance management. I regard this as a process of refining the systems of technical control to facilitate the operation of bureaucratic control (Edwards, 1979).

In the second section I examine the relationships between the performance management system and the coding categories. This section is an analysis of the management of the employment relationship by team managers in which performance management is the central technique. Edward's (1979) concept of bureaucratic control is an appropriate term to describe the practice of performance management. Although the behaviour specifications differ in the

performance appraisal schedule from the job specifications of a traditional bureaucracy, performance appraisal is used as a tool of bureaucratic control.

Edwards (1979:148) was especially perceptive in noting that bureaucratic control could be used to reward behaviour "relevant to the control system." In this workplace, bureaucratic control is used to reinforce behaviour that maintains individual and team self-management and self-regulation, and behaviour that exceeds an employees 'contractual obligations'.

### Organisational Change and Industrial Relations

In the New Zealand Public Sector, pressure to change industrial relations legislation preceded and facilitated change in the organisation of work (Walsh, 1989; Boston et al., 1996). Change to industrial relations legislation in the late 1980s and early 1990s removed existing 'blanket' regulations governing the labour process, jobs and career structures within the Public Service and transferred responsibility for their development to the department level. This enabled the introduction of flexible employee management and labour market practices. These changes, accompanied by the development of government policy oriented towards creating a more efficient public service by providing less funding for the same or a greater amount of work, led to continual pressure to restructure organisations and reduce the number of employees (Anderson et al., 1996).

Within Income Support there was a deliberate policy of breaking down the PSA union's collective employment contract by the subdivision of this contract into smaller units and a deliberate strategy to encourage and push employees onto individual contracts (PSA Journal, 1997). Individual contracts gave the employer the ability to terminate the employee's contract if their performance did not meet the standards set for that individual. Individual contracts enabled the organisation to shed staff as required when changes to work organisation and the staffing structure were introduced, including for



example, the contracting out of sections of the organisation. They also undermined the power of the union to represent employees.

Industrial relations negotiations between the Senior Management of DSW and the workers' union, the PSA between 1990 and 1996 was described by interviewees who were union delegates and the local and national union representatives as being fraught with conflict and antagonism. Most employees were also very suspicious and distrustful of their employer's approach to industrial relations. They were dissatisfied with the imposition of changes including performance-based pay. They were fearful of being made redundant as a result of ongoing reviews, and they were very much aware of the strategies that their employer took to reduce staffing levels, to push employees onto individual contracts, to control employee behaviour and to increase work intensification. Joan, for example, a senior team member and union delegate said: "As a delegate, I don't trust them".

The introduction of new forms of work organisation was possible only as a result of changes in industrial relations legislation. Many staff were unwilling to be critical of, or express opposition to, changes in the workplace as they were afraid of being labelled as Rod, and James suggested, as 'negative and 'not committed to the organisation'. Such judgements may have been recorded in their performance evaluation, affecting their income and perhaps identifying them as employees who could be made redundant, as they were not suited to the organisation.

### Information technology

Change in the structure of work organisation began with the introduction in 1991 of 'Swift', a computer database system that had the capacity to record and inter-relate information and transactions for a variety of benefits. 'Swift' enabled the integration of the segmented structure of the organisation into one comprehensive service. This system provided increased processing efficiency

when operated by workers who were multi-skilled and could make decisions about applications without reference to higher levels of authority. In other words it facilitated vertical and horizontal job integration which could lead to the collapse of the hierarchy of job classifications and the introduction of teamwork. The computer system operated as a mechanism of technical control because it was used to structure the design of jobs, the organisation of work, and to monitor employee behaviour.

The continued up grading of information technology in conjunction with changes in job design and organisational structure contributed to an ongoing re-definition of the occupation. Clerical tasks such as answering mail, answering telephones, letter writing, accounting and banking were added to the front-of-line employee's workload. Employees who had previously carried out these tasks were made redundant. When Customised Service Officers became Case Managers they took on the tasks of debt management and debt recovery that had previously been the responsibility of a separate benefit crime team. The following table illustrates the extent of job integration made possible by the changes:

Table 7-2: Job Integration

Bureaucracy	Team	Self-Managing Team
Senior Div. Off. (05)		
Divisional Officer (04)	Team leader	Team manager
Clerk (01)	CSO 01	Case Manager
Section Clerk (02)	CSO 02	
Senior Sect. Clerk (03)	CSO 03	
Receptionist		
Telephonist	Telephonist	
Mail Clerk		
Typing Clerk	Clerical support	
Banking Clerk		
Accounting Clerk	Accounting	
Card Puncher		
Card Checker		
Card Processor		
Debt Collector	Debt collection	
Benefit Crime	Benefit Crime	
Social Worker		

For employees it could be said that multi-skilling increased the variety in their work, they were ‘empowered’ to get work done without the delays that existed when the work process was fragmented. Most employees identified positively with their new work roles, with the challenges of becoming more skilled and having their work roles extended, however they were also concerned about their increasing workload, as Marama commented, “they're loading more and more work onto the workers”.

### Job Re-Design as Technical Control

According to McDonald & Sharma (1994), the redesign of jobs in Income Support was an exercise in increasing employee empowerment. From a labour process perspective (Kelly, 1982), job redesign could be described as a process of extending technical control by increasing the flexibility of labour power. Edwards (1979:112) argues that technical control "involves designing machinery and planning the flow of work to minimise the problem of transforming labour power into labour as well as to maximise the purely physically based possibilities for achieving efficiencies." Technical control is concerned with reducing the variability of labour power and increasing its application as a result of building control into material and structural aspects of the workplace including the design of jobs, the organisation of work, the function of technology, the design of workplaces and their physical structure.

The transformation of the occupational role demonstrates a progression to a more efficient use of labour power by building flexibility into the organisation of work and labour allocation - the exercise of technical control. For example, when employees worked as a team of specialists, the absence of one team member could disrupt the flow of work. When the team consisted of multi-skilled Customised Service Officers each employee could deal with all clients needs, and the absence of a team member did not disrupt the workflow. Multi-skilled team members were inter-changeable, as each employee was able to assist another employee to complete their workload. Each employee had an open-ended series of tasks to do each day, if there were no further people to interview, there were applications to process, mail to attend to, telephones to answer. Multi-Skilling made employees available to do every form of work necessary in the office such that no employee had an excuse for being idle.

However inefficiencies occurred because clients were not linked to CSOs, the introduction of individualised case loads for multi-skilled Case Managers working in teams solved many of these problems. Job reintegration also

improved the measurement of employee productivity. The productivity of workers completing whole tasks was easier to monitor and measure than the productivity of a number of individuals completing segments of a task (Trist, 1973). The need to measure productivity and make individual employees accountable increased the tendency for work to be designed as an individualised unit. Case Management is a logical outcome of this strategy.

Each Case Manager is responsible for a defined number of individuals. Their performance in processing information over that range of individuals can be clearly identified and assessed, as can their performance in managing individuals on benefits. This accountability led to employees working without overtime beyond their normal hours, working at home, and not taking sick leave. Rod, for example, described how the organisation's apparently lenient provision of unlimited sick leave contrasted with his observation that employees didn't take sick leave because they experienced stress at home thinking about their work piling up. Under the old system relief workers would be employed to cover absent workers.

These processes could be described as managerial strategies for "reducing the porosity of the working day" - that is they reduce the possible time in which employees might not be fully occupied in their work (Kelly, 1982; Tomaney, 1994). Increased technical control reduced the potential for employees to construct their own strategies to control their workloads.

Other forms of Information Technology contributed to the reduction in staff numbers. Call-centres, in which telephone staff make appointments in Case Manager's electronic diaries, reduced the organisations need for telephone operators within offices. In conjunction with Case Management they also reduce the number of people who call in "off-the-street"; the use of telephone/data base interactive technology has made possible the reporting of

a person's financial status directly into the computer system without the necessity of dealing with a Case Manager.

With each review employees whose functions had been integrated were made redundant and the number of front-line and middle-management employees in the office were reduced, their work being redistributed amongst the remaining staff. In this manner, costs were reduced and workloads intensified (NZ Herald, 19/5/1993; Kay, 1994; Young, 1994; NZ Herald, 8/6/1996).

### Flattening Hierarchies

Multi-skilling prepared the way for the reduction of occupational grades into one general classification. This facilitated the collapse of the hierarchical organisation, and the introduction of a pay scheme that would reward performance and individual skill level, rather than seniority, knowledge and experience.

Clutterbuck & Kernaghan (1994) describe the collapse of an organisation's hierarchy as a process of empowerment because decisions previously made by higher level staff, become the responsibility of front-line workers organised as members of self-managing teams. However employees were not given the choice of whether or not they wish to take on this responsibility. They were not paid more for their increased responsibility. The decrease in the tasks previously assigned to managers and the increased efficiency provided by computerised employee monitoring, enabled a reduction in the number of middle managers and a reduction in labour costs.

The collapse of hierarchy and the removal of supervision to a higher level reduced all 'front-line' employees to the same status as Case Managers. Promotion within this occupational classification was limited to salary increases based upon performance and skills. The creation of two main job classifications - the generic manager and the generic Case Manager, reduced

the scope of future career development and remuneration to that defined by the occupation of a Case Manager. The development of employee potential was limited to expanding individual competence within a prescribed occupation in which employees were interchangeable. The collapse of the occupational structure removed costs previously associated with the employment relationship - internal career ladders, security of tenure, and promotion or pay increases with seniority - important to fostering commitment to the organisation and self-managing behaviour (Edwards, 1979). It replaced these with a limited salary scale within which the employer is able to set strict criteria of achievement and payment according to performance. CSOs who reached the top of their salary scale had no further future career prospects and their tenure became less secure if their performance dropped, especially if they were on individual contracts. Team managers who were all employed on individual contracts, faced a similar uncertainty in the drive to reduce staff numbers.

### Training and Skills

In the new organisation training facilities were disbanded. Regions and offices were responsible for training staff. Training was classified into two streams, developmental (teamwork) training and technical (skills) training. All developmental training was contracted out, although managers had a role in coaching the team. Technical training programmes were created when required some offices ran refresher courses and 12-week training programmes for new staff within the limits of their management budget. When Customised Service was introduced some offices received formal training from contracted training providers, employees in other offices had to learn from manuals.

As an alternative to formal training programmes, employees were empowered to take on the responsibility of training each other. The team manager did no formal training. Instead, the team manager coached the team to be both self-managing and 'self-teaching'. The team manager assessed their learning and



skills acquisition in the performance appraisal process. Employee training needs were assessed and noted. The employees were responsible to find the training themselves. Training involved 'learning by doing', learning from your buddy, learning from other team members and from the TQO.

There were many problems with this approach to training. There was little formal training. Management appeared to have a policy of encouraging experienced employees to leave, many did, but they were the main providers of on-the-job training. The pressure to train increased on those that remained, creating a conflict between attending to their own performance, and assisting others. In their performance appraisal workers were assessed on their productivity and on the extent to which they trained each other and assisted in the maintenance of the team. They were under constant pressure to perform and increase their skills. A conflict between co-operative working and competition existed for all employees and this conflict created suspicion and mistrust. Regardless of the rhetoric of empowerment literature, these emotions may not have been incompatible with the objectives of management. Trust in the employment relationship is not necessary when performance management can drive employee productivity. As Burawoy (1979), observed, management may devise mechanisms to individualise employees and redirect conflict away from the employer.

New team managers were employed with no front-line experience. Team managers were withdrawn from training and from their previously established role as 'persons in authority' to whom staff could refer in times of conflict with 'customers'. Staff had no knowledgeable superior to turn. They had to cope with such problems themselves. They had no training in anger management, counselling, or working with people with psychiatric illnesses or disabilities. They were obliged to perform the work of skilled and trained professionals without training, without the opportunity to increase their skills

by formal training, and without the possibility of earning an appropriate reward. They were also obliged to perform the work of team management.

Braverman's (1979) de-skilling thesis, the Babbage principle of dividing tasks into simpler components and paying low wages to unskilled labour to do less skilled work, may seem inappropriate where work is designed around job integration. However in Income Support untrained workers were paid 'the market rate' as Customised Service Officers to do work that would otherwise be done by professional workers who would be paid at a higher rate. Low wages were paid to semi-skilled workers to do work that had been de-skilled, that is, reduced the level of semi-skilled work. The management of Income Support de-skilled the administrative and professional tasks previously carried out by middle managers by removing the position from the workplace and giving the tasks to front-line staff with minimal training. A similar process has occurred in many other occupations, for example, nursing, the police, insurance companies, banking, etc. where professional staff have been replaced by generic customer service work teams or case managers and their team managers. Matthews (1994) presents a case study of the process as workplace reform in the Australian Taxation Office.

The type of skills development that has occurred in this scenario differs greatly from that prescribed by Piore and Sabel (1984) and other advocates of workplace reform or Human Resource Management. It is consistent with a study carried out by Roberts & Corcoran-Nantes (1995: 208) in a review of new training practices in nine large British establishments. They noted that the "principal purpose of new [developmental] training ... was to extend the employers' control so as to obtain more effective use to the labour they hired." They also observed a fundamental difference between the aims of managers and the workers aims; workers wanted training that would lead to higher-grade jobs. Managers did not want to enhance employee careers; they wanted employees who were more productive and reliable with better customer skills.

Thompson & McHugh (1990:119) point out that employers have sought to remove unions from the role of the provision of training and qualifications in order to shape them towards organisational rather than employee requirements.

In late 1996 Income Support took steps to introduce a new training programme "*Challenge to Change*" (ISS, 1996) designed as a series of 16 modules which would lead to a portable "Certificate in Customer Services" recognised by the New Zealand Qualifications Authority. The training programme was designed by an outside consulting group, and certainly represented the formal recognition of skill. However, the skills employees were expected to acquire were identical to those described in their performance appraisal schedule. Training in customer management included "acting with empathy" as a means to "respond appropriately to customers experiencing grief" (op. cite: no page numbers). In an organisation which employees unqualified staff it is difficult to call this form of training an increase in employee skills. The training contributes to "organisational learning", that is, solving the organisation's immediate problems. It contributes minimally to individual learning, the objectives of which, as Adler & Cole (1993) note, may conflict unless they are based upon continuous organisational improvement (Clutterbuck & Kernaghan, 1994)

From a critical perspective the techniques of employee training used in Income Support are designed to reduce the cost of reproducing labour power by minimising training costs. They also increase the ability of employees to produce surplus value by training them only in ways that will enhance the organisation's efficiency. There may however be underlying problems in this process, as the organisation loses the skills and knowledge of experienced employees there is no certainty that the approaches adopted by the organisation will be adequate to meet the demands of the clients. The reliance

of the organisation on outside consultants to devise training programmes may also lead to inadequate training.

### The Limits of Empowerment

The extent of employee and team decision-making responsibility was limited to the team and the employee's immediate tasks. It did not include the supervision previously carried out by Section Clerks and Senior Section Clerks. This became the responsibility of the team manager, and the basis of a wider separation of power between the team members and the team manager.

Team managers represented the increased decision making responsibilities of team members as empowerment. However employees had little or no influence on decisions outside of their immediate tasks. Employees commented that changes were often introduced without adequate consultation or consideration whether they or their office were ready for them. There was constant experimental and ad hoc change in work organisation as management tried new programmes and ideas, which employees were expected to take up, try-out and discard if unsuccessful. Employees had to adapt as best they could, with the added pressure of having to take responsibility for the outcomes.

Employees frequently commented that ideas 'came down from on high.' New proposals to change the organisation of work were introduced at the national or local office level, and they were expected to follow them through regardless of their perception of the validity of the ideas, or the immediate repercussions of the changes on the workplace. Critical comment on management proposals was rejected and employees making such comments were in danger of being labelled as being 'negative' and 'not committed' to the organisation. A culture of conformity and sycophancy was encouraged. At the same time employees felt that their requests to team managers went unheeded, requests made to change the organisation of work in ways which would have assisted

them were rejected, especially if they involved an increase in costs through the provision of extra staffing or resources.

The limitations of employee empowerment in terms of decision making were clearly defined in the workplace. They were similar to the Socio-technical concept of 'workplace democracy' and the Job Characteristics concept of employee 'autonomy' (Trist, 1973; Hackman & Oldham; 1980). Employees had the responsibility to make decisions about their immediate work and the 'freedom' to alter their work methods to improve their work process, but not to change arrangements that had been determined by senior management. They could not, for example, do away with the department's "Clear desk policy" or alter the "Checking in" standards that governed their behaviour.

It is clear from the interviews that employees enjoyed having the opportunity and responsibility to work in teams, to co-operate in solving problems and managing their own and the teams work. They also accepted management's justification for the introduction of Customised Service, Case Management, and programmes such as 'Welfare to Well-being' (ISS, 1994). They were committed to providing a service to people in need. Some were sceptical of aspects of the new approach, but overall they regarded it as an improvement in the service they had previously provided. This data supports the argument that employees experienced a degree of 'self-actualisation' or intrinsic need fulfilment from their 'participation' and 'empowerment' through working in teams and making decisions about their work. However the employees interviewed were not deceived, they realised that teamwork facilitated the intensification of their work. That work re-organisation was a convenient method for management to shift the decision making responsibility previously carried out by management onto them; and they realised the limitations of their decision making responsibility. Their 'empowerment' did not generate a commitment to the organisation. Why then did the employees continue to behave according to the changing demands of their employer?

### Performance Management

The data gathered in this research indicates that regardless of the practices of work organisation and employee management prevalent in the workplace and described as empowering by middle-management, employees experienced their employment relationship as one of imposed authority and control. They were acutely aware that their 'autonomy' was limited to the demands of their work as their employer prescribed it.

In the workplace studied, employee productivity and behaviour were subject to systems of measurement that were administered by team managers. Employee quality and productivity were rigorously assessed by Technical Quality Officers (TQO) who produced productivity reports that were displayed for all to see and reports for the team manager who used them in employee appraisal. Team managers and mystery shoppers extensively monitored their behaviour. These reports were used in the performance appraisal of employees.

The shift in the team leader's role to team manager coincided with the introduction of performance management and performance based pay. This is a Human Resource Management strategy for shifting responsibility for the management of the employment relationship to the line-supervisor (in this study, the team manager) (Beardwell & Holden, 1994; Legge 1995). The team manager to reinforce and reward a wide range of employee behaviour and employee attitudes used performance appraisal and performance management. Some aspects of the behaviour assessed were relatively easily monitored and reported such as levels of productivity, error rates etc. Others had previously been difficult to quantify, or would not have been acceptable



within a traditional employment relationship governed by a regulated employment contract. These included:

- Behaviour that maintained individual and team self-management and self-regulation, such as facilitating group meetings, reducing group tension, ‘maintaining productive relationships’ by assisting other team members to complete their work, co-operating to meet team productivity targets, and facilitating team activities such as team training.
- Behaviour that contributed to the improvement of the organisation and the labour process including: solving organisational problems and contributing innovative ideas to their teams and to the business, developing new work systems, building networks between the organisation and external groups, and being involved with community projects beyond the workplace.
- Work tasks that were open ended.
- behaviour from employees that demonstrated a high level of commitment and loyalty to the organisation

Table B-1 in Appendix B summarises the categories in the performance appraisal schedule to evaluate employee behaviour. Table B-2 in Appendix B presents the categories used to evaluate employees for a performance bonus. These tables, and employee comments on the difficulties of achieving high ratings, demonstrate that in this organisation, only employees who conformed to the exceptionally high demands of their employer would move up to the higher salary bands or achieve a performance bonus.

The performance appraisal and performance management process works as a formal mechanism of employee control similar to Edward’s (1979) concept of bureaucratic control. Performance management is a process of encouraging employees to conform to the standards set in the performance appraisal schedule. This process took place in the day-to-day routine of work and in the performance appraisal meetings. The meetings, held three times a year, were



intended to be dialogues with the team manager in which the employees are required to review, examine and account for their own performance according to a set of criteria established by management. Employees prepared for the meeting by completing a self-assessment schedule, to be compared with their team manager's assessment. As part of the process of self-management the employee is encouraged by the team leader to set their own goals, but these goals are 'negotiated' with the team manager who encourages workers to 'stretch' themselves to achieve higher goals. Team managers would review the employee's quality reports and discuss with them how they might reduce their error rates. Employees were also encouraged to identify areas in which they need further training and map out a programme to achieve improvements in their skills.

Employees were able to invite a union representative or fellow employee to the review. But the process individualised the employment relationship and circumvented the role of the union in regulating employee performance because issues of productivity and behaviour become subject to an 'agreed' contract between the team manager and the employee.

Performance appraisal enabled the team manager to create a comprehensive profile of each employee's conformity to the standards, attitudes and behaviour required of them by the business. It facilitated the identification of poor performing and uncooperative workers and the documentation of their behaviour. Where employees were newly recruited and on temporary or short-term contracts, poor performers including those without the required personality characteristics could be readily identified and their contracts allowed to lapse. (Individual contracts had non-performance clauses built into them.) Permanent staff were 'encouraged' by their managers to increase their productivity and efficiency or face the prospect of being made redundant should they be identified as being consistent poor performers, that is, failing to fulfil their performance contract.

### Performance Management as Empowerment and Control

Vicki Smith (1990) in her study of corporate restructuring<sup>in</sup> an American bank describes the middle manager's role in performance management as "managing up or managing out". She describes managing up as "raising an employee's productivity in his or her current position", and managing out as "firing unproductive workers" (Smith, 1990:46). The concept of managing out is recognised in mainstream literature. Lawler (1990) writes extensively on the strategic use of pay to encourage the turnover of 'poor' performers and retain 'high' performers. Hackman and Oldham (1980:148) discuss the problem of 'over-stretched' and 'fulfilled' workers in contrast to those who are "growing"; and the neo-Human Relations theorist Argyris (1964) argues that employees lacking in sufficient 'higher-order' needs will voluntarily, or with the assistance of their work mates recognise their inadequacies and leave.

The performance appraisal schedule enabled the team manager to identify employees whose productivity was low and coach or manage up their performance. It also enabled the manager to identify employees who did not have desired characteristics and encourage them to leave or identify them for termination in the next organisational review.

The role of the team manager in relation to employees in this thesis can be succinctly summarised as the practice of managing employee performance. This is the role ascribed to front-line supervisors and managers in Human Resource Management literature (Sissons, 1990; Legge, 1995; Boston et al., 1996). Team managers described their roles as performance management through the process of setting goals, coaching, monitoring and assessing the individual and team. Smith's (1990) concept of 'managing up' is very appropriate.

Managing out is a process of increasing productivity by reducing employee numbers and/or replacing unproductive and uncooperative employees without giving them the sack. In the language of HRM, it involves 'managing the flow of human resources' (Beer et al., 1984). Managing out involves removing employees at the least possible cost, so voluntary quitting is more desirable than sacking when redundancy payments are involved.

Argyris (1964) described deliberate under-staffing as a means of providing employees with the opportunity to fulfil their need for self-actualisation. Employees who rejected increased workloads must, by definition lack such needs and would not be 'empowerable' or capable of becoming committed to the organisation. From this perspective under-staffing identifies employees who would take on and complete increased workloads when staff numbers are reduced. Parker & Slaughter (1994:24) describe the process as "management by stress."

In this research, it is apparent that management deliberately sought to encourage people to leave the organisation. Employee interviews indicate that with each review, staff were made redundant and other employees were obliged to take on new tasks - the increasing work load and the lack of support from management undermined the morale of employees and many left. Employees who were unhappy were told that they were not committed to the organisation or were unsuited to the changes that were taking place, they were encouraged to leave. Employees who disagreed with management policy were labelled as 'not being committed to the organisation' and encouraged to leave. All employees interviewed, and several team managers, emphasised that it was not commitment to the organisation that they lacked, nor an ability to do the work under difficult conditions, but support from management (and adequate pay). Older employees with many years of service were also encouraged to leave. One group of older employees presented the department with a

problem of pay efficiency. Their pay could not be tied to performance assessment. When middle-management positions were abolished in 1990, many middle-managers were re-deployed to lower status jobs at their existing level of pay, if their performance appraisal rating was low they were still paid at their higher salary level (PSA, 1997). Regardless of their reason for leaving, management achieved the removal of many employees without the cost of having to make employees redundant.

The filtering process was facilitated by the Employment Contracts Act. New employees were taken on in a way that suggested that the intention was to replace experienced staff with inexperienced employees who would more readily accept the conditions of employment. The employer encouraged new employees to go on individual contracts, rather than the collective contract, as the contracts were reviewed annually. As there was no job promotion structure or seniority, those that learn quickly surpass the performance of longer-term employees who are then made redundant or leave voluntarily. This process could continue as long as management sought to filter out 'under-performing employees'. High staff turnover levels made public for the years 1994 (20%), 1995 (14.5%) and 1996 (21.4%) support the argument that a filtering process was occurring. Staff numbers declined from a high of 4,762 in 1992 to 3,557 in 1998 (See Appendix B, Table B-3).

However all the employees interviewed expressed a strong commitment to their job, an enthusiasm for many of the changes and a sense of pride and self-fulfilment at the opportunity realise frustrated ambitions to work in a 'helping' role. This was confirmed by team managers who observed that most experienced employees were not only dedicated to their work and excellent team members, they had adapted to the rapid pace of change and new technology more ably than younger employees.

Performance appraisal was an important means by which employees were disciplined to conform to the organisation's requirements. They were rewarded or punished by pay and the security of their job. The extent of the performance appraisal was such that employees were required to conform to all the demands of the employer; all of their behaviour was monitored and assessed. Thus self-management, teamwork, training other employees, customer service, initiative and creativity were all required characteristics of the perfect employee.

Individualised performance management and performance based pay has a relatively minor status in models of workplace reform (Perry et al., 1995; Matthews, 1994). In the Human Resource Management model of the "High Performance Work Organisation," described by Beer et al., (1984) performance management is a component of the reward system, one of four integrated policy areas. The other policy areas are employee participation, resource flow and work systems. In Income Support, these 'policy areas' are clearly integrated.

The Income Support Service adopted a Human Resource Management model of an individualised employee relationship and performance management. Employee management practices were designed by the organisation's Human Resources Section with assistance from outside consultants (Young, 1991; Tocker, 1996; Boston et. al., 1996; The Keenan Consulting Group, 1996; Deloitte Touche Tohmatsu, 1996; NZISS, 1997)

There is a striking contrast between the model of performance management promoted by writers who describe employee monitoring and feedback systems as supportive of empowerment (Hackman & Oldham, 1980; Mills, 1994), and the models of performance management presented in Human Resource Management texts. For example, Noe et al, (1994: 251) describe performance management as "Organisational Behaviour Modification" which:

entails managing the behaviour of employees through formal system of behavioural feedback and reinforcement. This system builds on the behaviourist view of motivation, which holds that individual's future behaviour is determined by past behaviours that have been positively reinforced.

The behaviourist model of the management of employee performance by a team manager or 'line-supervisor' is a system of bureaucratic control manipulated by senior management, yet empowerment theorists present performance management as a practice that enhances employee empowerment (Mills (1994).

Interviewees in this research clearly regard performance management as a system of control. Performance Management is a mechanism that is central to the employment relationship. It is the structural component of an employment relationship of empowerment by control that I have described as 'coercive self-management.' However this term does not adequately theorise the employee's experience of this complex relationship- I can only point to the awareness that all employees interviewed had that their experience was not one of self-actualisation - but exploitation and mistrust of their employer. Their commitment to work was not generated by the experience of new forms of work organisation; it was related to factors that were outside of the realm of their relationship with management. Their commitment to work came from their association with fellow employees and the people that they wanted to help, as it had when they worked in the bureaucratic organisation. In an organisation transformed by empowerment, Rod's comments were ironic:

At work, we work for the customers, we work to help each other, help our team, but we don't work for the management.



## Chapter Eight: Conclusion

The purpose of this research was to explore the experience of workers and managers in an organisation undergoing change. The data gathered demonstrated that models of new forms of work organisation and Human Resource Management employee management techniques had been used to change the organisational structure, work organisation, and the employee management practices in Income Support. The work place was saturated with the managerial discourse of employee empowerment, teamwork and a win-win employment relationship. In contrast to this positive representation of the employment relationship, most employees were distressed at the treatment that they received from their employer. Whilst many were positive about the changes that had occurred in their occupation, they felt threatened by the continual fear of losing their jobs; overwhelmed by the constant pressure of work and open-ended nature of the demands placed upon them; resentful at the lack of recognition and reward for their work and cynical about their ability to influence the changes that were happening in the workplace. Their empowerment seemed a charade.

Employees demonstrated the behavioural characteristics of empowered workers, they worked in teams, co-operated in problem solving, processed benefit applications efficiently and taught each other necessary skills, but they did not exhibit the subjective characteristics of commitment to the organisation. Many interviewees despised management and their policies towards employees. Contrary to the critical theories of Burawoy (1979) and Friedman (1977) their consent was not secured by the act of participation, they did not appear to believe the discourse of empowerment presented to them by management. All the employees interviewed in this research were convinced that management was exploiting them. They were not motivated by a commitment to the organisation. How then was the organisation able to enlist the co-operation of employees in teamwork?



The explanation lies in an analysis of control in the work place and the fallacy of the empowerment thesis. The argument that employee empowerment transformed the employment relationship such that all other forms of control were of less importance is fundamentally flawed. In this workplace where empowered work practices were the norm, there were many instances of the exercise of direct control. Workers were aware of their constant supervision and surveillance. Worker behaviour was controlled through systems of technical control (Edwards, 1979). Most importantly, employees were subject to bureaucratic control (Edwards, 1979) through a complex system of performance appraisal and management that enabled team managers to reward employees for behaving according to the prescriptions of their performance appraisal.

In contrast to the argument that employee empowerment replaced external supervisory control with voluntary self-management, the data revealed that performance management was a sophisticated mechanism of bureaucratic control that functioned to reproduce behaviour that had the appearance of self-management. Bureaucratic control extended into all aspects of employee behaviour and attitudes in the organisation. This behaviour was maintained, not by the employees higher order needs for intrinsic rewards, but by the ever present sanction of threatened job loss, competition between employees for limited financial rewards, and constant detailed surveillance, monitoring and assessment.

Traditional control techniques operated at a technologically more sophisticated level and underpinned the structure of the organisation. Increased control, rather than decreased control characterised the employment relationship. The purpose of this control, and indeed of the exercise of controlled innovation in the workplace, was to realise increasing levels of organisational efficiency, or as Marx (1867, 1996) would have it, to decrease the cost of necessary labour.

At the same time, the conditions for employee commitment and empowerment (Hill, 1991a), such as job security, adequate reward and a culture of trust were absent (Kelly & Kelly, 1991).

The introduction of new forms of work organisation based upon job integration, increased employee decision making responsibility and teamwork did not generate employee commitment to the organisation or change the employment relationship from conflict to harmony, trust and co-operation. Rather as Kelly (1982) argued in a similar study of teamwork, the research indicates that work organisation techniques may be used to increase flexibility, work intensification, job losses and managerial power, without a corresponding increase in pay or job security. In a later article Kelly notes that: "job redesign has no intrinsic, or essential, political significance whatever, but that its significance is a function of the strategic frameworks within which it is articulated (Kelly, 1985: 42). The techniques of work organisation themselves cannot be considered to have any inherent essential qualities in determining the outcome of workplace re-organisation. They must be understood and analysed within the larger social, political and economic context in which they have developed and put in practice.

The design of jobs in Income Support and many other recently restructured NZ government departments has been based upon the management of employees using Human Resource Management practices and models similar to the "High Performance Work Organisation" (Boston et al., 1996). These practices have been developed with the assistance of small and large scale private sector consultants from multi-national business corporations such as Arthur Anderson, KPMG Pete Marwick, and EDS (Electronic Data Service) (Blakeley; 1994, 1995; PSA Journal, 1997). These same corporations provide information processing technology and management consultancy advice on government policy (The Economist, 25th January 1997). In effect, a neo-liberal economic model influenced design of work in which economic

efficiency through the reduction of labour costs was an important priority. The replacement of labour through the use of information technology was also a key strategy of this approach, and this is reflected in the continual change in organisational structure and job design in Income Support.

Analysis of the process of job re-design at Income Support suggests that occupations were subject to continual re-evaluation. This process was not conducted with the interests of making work more satisfying for employees or increasing their opportunities for development. Instead it was designed to increase the efficiency of the organisation. The transformation of the occupation of benefit clerk into case management was an exercise in developing tasks that could be measured. When employee work was defined as the management of individual cases, employee workloads were easily increased by increasing their case loads. When the occupation changed in 1998 to incorporate the work of the New Zealand Employment Service conformity to the changes could be monitored through a redefined employee management process.

Occupational redesign also included the attempt to structure the relationship between team manager and team member, and the relationship between employees and benefit applicants as relationships of contract. This model of contract is identical with the mainstream model of the employment contract described in Chapter Two. It is a model in which the relationships are clearly defined, measurable and enforceable. Failure to fulfil the contract specifications leads to its termination.

The reduction of occupational roles to generic case manager and generic team member excluded any recognition of employee skills that might require professional training or attract additional compensation. Team managers were similarly unskilled in the tasks employees performed. This de-skilling of professional roles in Income Support may lead to a situation in which the

relationship between employee and benefit applicant is simplified, but its repercussions are not known. Research into the future role of the organisation, the training of its employees and the quality of relationship between the organisation and the people it is intended to serve is urgently needed.

Appendix A  
**INFORMATION SHEET**  
**On the Team.**

I am a Masterate student in Sociology at Massey University. I am studying change in the organisation of work. Would you agree to help me with my research by taking part in an interview?

**What is the study about?**

The office that you work in is very different from Income Support Service office of five years ago. The shelving and filing cabinets, the walls, the doors, the separate waiting area and the barriers between you and the client have gone. In their place is an open space containing desks and chairs, computer workstations and people. Work routines have changed dramatically in that time. What do you think of the re-organisation of your work?

**Objectives:**

I am studying the effects of workplace re-organisation on workers. At Income Support, many major changes have taken place including developments in computer technology and the introduction of customer service initiatives. Teamwork is a significant change in the way that your work is organised. The aim of this study is to develop an account of the changes that have taken place and to seek to understand your experience of working in a team.

**What will you have to do?**

If you agree to participate in this study, you will meet with Chris Dunn for **one** interview of about one hour. This interview will be held at a time and place convenient to you (perhaps your home or the local library). It will be held in private. If you give your permission, the interview will be audio-taped. The interview will ask you about your experience of change at work, and working in teams.

**Who is conducting the research?**

Mr. Chris Dunn, a Masterate post-graduate student in the Social Science Faculty at Massey University, is carrying out the research project. The research is supported by a grant from the Massey University Graduate Research Fund.

My name and address is: Chris Dunn  
 Masterate Student, Sociology Department  
 Massey University, Private Bag 11-222  
 Palmerston North.

My research supervisor is: Dr. Martin Tolich, Ph.D.  
 Senior Lecturer, Sociology Department  
 Massey University  
 Private Bag 11-222  
 Palmerston North.(06) 356-9099

**Your rights:**

If you take part in this study, you have the right to:

- (a) Refuse to answer any particular question, and to withdraw from the study at any time.
- (b) Ask any further questions about the study that occur to you during your participation.
- (c) Provide information on the understanding that it is completely confidential to the researcher. You will not be identified in any reports that are prepared from the study.
- (d) Examine and amend the transcript of the interview, and to indicate any part of the transcript that you do not wish to be used.
- (e) Determine the disposal of interview tapes, transcripts of interviews and personal documents made available to the researchers.

**CONSENT FORM FOR RESEARCH PROJECT:**  
**“ON THE TEAM”**

I, ....., consent to participate in the research project “On the Team”. I accept the assurances:

- (1) That at any time I may tell Chris Dunn, the researcher, that it is not convenient for me to see him, and that this will be respected.
- (2) That confidentiality will be kept through the following measures:
  - (i) All names and special characteristics that would lead to my identification will be changed
  - (ii) Interview tapes will only be listened to by Chris Dunn and his assistant.
- (3) I am free to withdraw from the research project at any time.
- (4) I may re-negotiate this agreement with Chris Dunn at any time.

I give permission for Chris Dunn to use the information gained during the research in any publication he may write.

Signed

.....

..... (Researcher)



**WORKPLACE REFORM IN THE PUBLIC SECTOR.**

**INTERVIEWEES NEEDED**

**My name is Chris Dunn. I am a postgraduate sociology student from Massey University working on a study of change in the workplace.**

**I would like to interview Income Support staff about their experience of working in teams.**

**I would greatly appreciate it if you could spare an hour of your time to meet with me and talk about your experience.**

**The interview will be conducted in private and held at a time and a place convenient to you.**

**If you give your permission the interview will be audio-taped.**

**Please ring me on ----- to arrange an interview.**

## Interview Guide for Workers

How long have you worked for Income Support? In which areas have you worked?

Tell me about your work during the day, what do you do?

Can you tell me about your grading and job description before ISS became a business unit? What is it now?

How has your work changed?

How do you work together as a team? What do you do in team meetings?

Is this different from your previous experience?

Does the team have any influence in changing the work that you do?

What do you think was the point of introducing teamwork?

What are the advantages of teamwork, disadvantages?

How has supervision in the workplace changed?

Did you have any training in team working? Have you had sufficient training?

Have computers changed your work? Is the quality of your work checked? How?

Looking back over the changes that have taken place, can you tell me what you think are the positive aspects? What might be the negative ones?

How have you found coping with the changes? Where do you think they will lead?

Is there a difference in the type of person working for ISS now to what there used to be before the changes? Are there people who have left as a result of the changes?

What do you think might be some of the reasons for their leaving?

Do you think that workers here are committed to their job?

What do you like about the work that you do?

What do you enjoy about your work? What keeps you at your job?

If you were offered an easier job, on the same wages with similar conditions, would you take it? Why, why not?

What do you understand by the word 'empowerment' as a term applied to customers, and as a term applied to you as a worker?

### Interview Guide for Team Leaders/Managers

When did you begin working at DSW? What is your past work-experience?

What was work like before the restructuring?

What were the first changes that had an impact on you?

What grade did you achieve before the restructuring in 1991?

What were the relationships like between supervisors and staff then?

Are they different now?

When did you become a team leader? Was it difficult making the change?

What makes a team leader different to a supervisor?

What type of training have you had as a team leader?

Can you describe your typical working day?

What is your role or relationship with team members?

What aspects of team leading do you enjoy?

What are the difficult aspects of team leadership?

What do you understand by empowerment?

How do you encourage people to take responsibility for their work?

How do you assess the quality of your team's work?

What types of people take to teamwork easily?

What types of people do not take to working in teams?

Do some people resist working in teams why? What does the organisation do about people who do not fit in?

Is your team able to change its work process?

Is it able to recommend changes to management?

Has teamwork changed since its introduction?

How often do you have team meetings and what do you do in those meetings?

Have you ever been involved in the re-design of the work that you do? Does this take place at team meetings or during the working day?

Do you work as a team with other team leaders?

Will Customised Service change the way teams work?

Could you describe an ideal team?

Are there any barriers to teams working effectively?

Appendix B, Table B-1: Summary of Performance Appraisal Descriptors.

(Source: New Zealand Income Support Service. (1996) Performance Appraisal Schedule)

Descriptor - Band 2	Band #4	Band # 5
<b>1 NZISS knowledge:</b> Uses limited knowledge of products, services and policies to process with some assistance. Has limited knowledge of office systems and procedures., and is gaining a working knowledge of computer systems. Has a full knowledge of business values and standards and is building a knowledge of other related organisations' services, e.g., IRD	Uses wide knowledge of products, services and policy to provide a full customer service with little or no assistance. Uses knowledge to interpret and apply policies and legislation of the business. Uses knowledge of the computer systems and applications used by NZISS to process more complex actions. Uses knowledge of other related organisations to assist customers.	Demonstrates comprehensive knowledge or business products, services, policies, procedures, systems, related organisations' services through: <ul style="list-style-type: none"> <li>• provision of a comprehensive service to community groups as well as customers, both individually and in groups</li> <li>• dealing with customers in complex situations</li> <li>• on the job training of others in CSO functions</li> </ul>
<b>2 Conceptual ability:</b> Uses common sense and logic in work processes, is able to analyse and solve problems and makes and justifies decisions in line with the team's values and standards. Suggests some creative ideas.	Interprets and evaluates information and situations, and identifies and resolves problems. Regularly shows innovation and creativity by contributing ideas and solutions that further the team and office objectives and vision.	Uses lateral thinking in problem solving and work processes. Initiates district and business improvements and demonstrates a consistently high level of creativity and innovation.
<b>3 Work Approach:</b> Prioritises and manages time effectively, knows where to access information and resources, acts without prompting and is adaptable. Records information and follows set processes	Is methodical and logical in approach to work. Demonstrates flexibility by performing different work roles and activities, and shows initiative. Is able to negotiate and facilitate desired outcomes with customers and staff and is able to minimise tensions.	Uses methodical and logical thought processes in development of new work systems, procedures. Demonstrates planning skills. Able to negotiate and facilitate desired outcomes with groups, e.g., Family Group Meetings, mediating when necessary to resolve conflict. Able to research and investigate in order to make informed decisions.
<b>4 Communication:</b> Listens and confidently asks questions to clarify points of learning or to obtain information from customers and identify their needs. Displays appropriate telephone manner. Uses appropriate greetings. Reads and comprehends written material and is able to formulate a response in plain language. Is able to pronounce and spell Maori words correctly. Develops and uses networks and distribution channels within the district.	Interacts with people at all levels and is confident in presenting information and ideas. Produces formatted concise and timely written information. Develops and uses distribution channels within the district, business and community. Maintains active networks with staff and builds an awareness of outside networks.	Confident and assertive in presenting ideas and information to groups in a way that is appropriate to the audience. Actively listens and uses questions to obtain information from groups. Writes clear concise and accurate reports. Builds, maintains, active networks with internal and external groups, responsibility for representing the business to organisations

## Appendix B: Summary of Performance Appraisal Descriptors (Continued).

Descriptor - Band 2	Band #4	Band # 5
<b>5 Teamwork:</b> Knows and uses available resources, together with knowledge of staff roles and responsibilities within team, to provide customer service. Participates and is involved in team decision making, while accepting directions and instructions where appropriate.	Uses knowledge of staff roles and responsibilities throughout the district, shares information, ideas and resources, provides support and encouragement to team members and accepts responsibility within the team for individual and team performance and results	Knows and uses the strengths of team members and makes a contribution to team performance through initiating ideas, motivating and supporting team members and facilitating productive relationships.
<b>6 Interpersonal Attributes:</b> Understands the Department's commitment to biculturalism. Displays sensitivity, empathy and respect for others, including the views beliefs, cultural perspectives of customers and staff. Relates openly and politely to staff and customers. Works effectively in a new environment.	Displays confidence in dealing with customers and staff. Builds and maintains credibility. Develops effective relationships, gaining the trust and respect of customers and staff.	Relates to community groups in an open and polite manner and builds and maintains effective relationships and credibility with community groups. Respects the views, beliefs and cultural perspectives of the community.
<b>7 Interviewing:</b> Services provided, e.g., change of address, change of bank account, enforcement actions, lost cards, are in line with business standards.	A full service is provided to individual customers in line with business standards	A full service is provided to groups of customers in line with business standards.
<b>8 Processing:</b> Actions such as straightforward reviews of entitlements (renewals), reviews and list generated actions, e.g. Accommodation Supplement, deduction notices, are processed according to business standards.	Actions such as more complex reviews of entitlement (renewals) and reviews e.g. Disability Allowances, Special Benefit, as well as Claims, Special Needs Grants, Advances, Reviews of Decisions, rejected receipts, LPC objections are processed according to business standards	Complex review actions such as those involving Self-Employed Income meet business standards.
<b>9 Legislation Policy and Business Standards:</b> - business standards known and met and business values are displayed in dealing with staff and customers. NZISS legislation and policy are correctly applied	NZISS legislation and policy are correctly applied. Customers receive correct information regarding NZISS legislation and policy.... The policy of other organisations as they relate to NZISS.... Legislation from other organisations correctly applied.	Community groups receive correct information regarding NZISS legislation and policy. Community groups receive correct information relating to legislation of other organisations as it relates to NZISS.
<b>10 Providing information:</b> Individual customers provided with information on ISS services/ products e.g. UB, DPB, Non-beneficiary assistance, Community Service Cards. Knowledge of ISS services/products is demonstrated. Enquiries responded to according to business standards.	Individual customers are provided with information on eligibility for NZISS services, on debt recovery procedures and on the services of other organisations and agencies. A knowledge of NZISS and other organisations' services is demonstrated	Community groups are provided with information on NZISS services/products, debt recovery procedures and the services of other organisations and agencies.

## Appendix B: Summary of Performance Appraisal Descriptors (Continued)

<b>11 Teamwork:</b> Contribution is made to the team. Example standards: Identifying and achieving team goals and standards; sharing ideas and information in team meetings. Personal ideas are identified and communicated to team leader/team (e.g. external commitments, start/finish time. Personal training needs are identified, agreed, documented and acted on as agreed.		Contribution is made to identifying and meeting team needs. Advice and support is given to the team leader and team members on operational issues.	Team activities are facilitated. On the job training (knowledge sharing is provided.
<b>12 Networking:</b> Key personnel in the district are identified and contact maintained.		Involvement is demonstrated in sharing information and ideas within the district. Liaison people within other organisations and agencies are informed of NZISS services/products. Agencies and organisations are contacted	Key personnel within the business/community are identified and contact maintained. Involvement is demonstrated in sharing information and ideas within the business/community (e.g. National Diner, marae updates, and community presentation. Community groups are informed of NZISS produces.
<b>13 Projects:</b> Contribution is made, through ideas and suggestions, to projects run within the team.		Active involvement is demonstrated as a team member on projects within the team.	Involvement is demonstrated in projects within the district. Example standards: Contribution is made to the team; individual responsibilities within the project team have been undertaken and met etc.
Two ratings only:	Rating as 1	Rating as 2	
<b>Personal Attributes:</b>	Less than 2	Is motivated and energetic and displays a positive and enthusiastic attitude to work. Uses humour appropriately to promote a healthy work environment. Is ethical and honest and displays pride in self. Understands own limitations and accepts assistance.	
<b>Administration:</b>	Less than 2	Statistics for monitoring, reporting comply with standards. Customer profiles/files and batches within are of responsibility meet standards. Main/information is collected and distributed.	

Detailed descriptors are given only for bands 2, 4 and 5; band 1 is described as “less than 2” and band 3 is described as “less than 4 but more than 2”.



Appendix B, Table B-2: Superior Performance Bonus Descriptors.

Source: New Zealand Income Support Service. (1996) Performance Appraisal Schedule

1	2	3 No Bonus	4 Superior Performance Bonus, \$500	5 Superior Performance Bonus \$1000
Some areas of performance are not satisfactory, staff member does not meet all requirements.	Overall performance is acceptable. All job requirements, expectations and standards are met.	Frequently exceeds standards. Demonstrates a willingness to help out when requests are made for assistance. Displays motivation and energy and frequently initiates improvements which show a recognition of the need for excellence in order to achieve the business vision and goals	Consistently exceeds standards. Demonstrates excellence by working effectively to achieve the business goals and vision. Always reliable and shows initiative by offering and being willing to provide assistance without direction.	Significantly exceeds standards. Outstanding above all others. Delivers exceptional results that clearly contribute to the achievement of business vision and goals. Consistently demonstrates a willingness and exceptional commitment by always being proactive, flexible and innovative and always putting in extra effort/going the extra mile for the business

This table illustrates the standard of performance and behaviour expected of employees who wish to earn a Superior Performance bonus

Appendix B, Table B-3: Employee Numbers, Contracts and Turnover Rates.

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1/99	12/99
Income Support			3456	4762	4653	4641	4128	4146	3632	3557	2457	3165
Managerial						253	396				126	172
Non Managerial							3875	3750			2457	2993
Individual Contracts							638	1728			1364	1476
Collective Contracts							3490	2418			1093*	1647
ISS Turnover %						20%	14.5%	21.4%				
DSW turnover % **			11.7%	12.3%	18.3%	20.1%	13.8%	18.7%				
DSW Staff Totals	7827	8175	7508	7104	7503	7040	6519	6620	5980	5798		

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1999 - Work and Income New Zealand- 31/12/1999 includes staff from New Zealand Employment Service following Integration

\* \* DSW (1998)

\* Described as “expired collective”

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