PROGRAMME: “NICE WORK”

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LAMB: Hello. How much power do you have at work? Well whatever you do for a living and however senior you may be, you probably still have a boss. And even though we do call them by their first names nowadays, bosses continue to wield an enormous amount of power over us. They tell us what to do, they monitor our performance. They decide whether we deserve promotion or a pay rise or not. But do we really need bosses? Well not necessarily.

SMITH: When I very first joined Gore, a UK associate who was based in America said to me, “welcome to the cult of Gore.” Nobody checks what I’m doing, nobody gives me deadlines, they’re just saying, “identify what you think you should work on.”

LAMB: We’ll be hearing more about that company later in the programme. Of course worker power isn’t a new idea. Employees have been fighting for it for years. At the height of the minor strike in 1984, more than 27 million working days were lost in a single year. In the ’90s it was a different story. On average fewer than a million days were lost most years. Now though, industrial action is on the rise again and one of the big reasons for that is disputes about pensions. Nick Jones spent more than 20 years covering the industrial scene for the BBC and he’s been assessing how big an issue pensions might become.

JONES: I can hardly believe it. 20 years ago by the July of 1984, we were still only half way through the year long minor strike, the longest and most violent industrial dispute that Britain has ever seen. It was disastrous, not just for the coal field communities, but the entire union movement. (Chanting). Defeat for the National Union of mine workers paved the way for the break up of the nationalised industries. The mass redundancies that preceded privatisation cut a swathe through union membership. The former public employees leader, Rodney Bickerstaff, of NUPE and then Unison, admits the Unions are still having to come to terms with the dramatic shake out since the heady days of the early ’80s.

BICKERSTAFF: We got to 12.2 million trade unionists. That was a huge amount. We’re now down to 6.7 million and out of a workforce of 28 million, it’s not a broken movement, but it’s a movement that needs to readjust itself, if you want, perhaps even reinvent itself.

JONES: In almost 30 years he’s been at the TUC, Brendon Barber, the general secretary, has seen how strike action has evolved since the defeat of the minors.

BARBER: The unemployment level’s going over 3 million. The battle for jobs naturally became the central issue. There have been other periods where the focus has been on equal pay for women workers, but at present the issue of pensions undoubtedly is the issue that’s captured enormous trade union concern and that’s very much central to much of today’s campaigning.

ANNOUNCER: “The government has come under fierce attack from a series of union leaders on the opening day of the TUC Conference in Blackpool. The General Secretary of the TUC, John Monks, said, “workers would be justified in going on strike to protect their pension schemes.”

JONES: It was Brendon Barber's predecessor, John Monks, who put pensions at the top of the TUC's agenda as schemes collapsed or were closed as a result of the tax burden on funds and the fall in share prices. At the 2002 TUC Conference, Monks told the delegates, "we're all militants now when it comes to protecting pensions." At the last count over half Britain's top 100 employers have closed their final salary schemes, among smaller firms the proportion is much higher. Union victories enforcing companies to retain occupational funds have been few and far between. But one really notable success followed the outcry which arose when 16,000 Rolls Royce aerospace workers were told their pension fund was at risk because of a £1.5 billion deficit. Suddenly a blue chip British company and a world leader found it was facing strike action.

HIBBERT: Everyone stood firm and in fact when we went down to that last negotiation meeting down in London, the company already knew we would have 16,000 people on strike over their pensions.

JONES: Steve Hibbert, an Amacus Union convenor at Derby who, with his colleague, Steve Wright, led the fight back. Yes, the unions had to accept reduced benefits but Rolls Royce backed off and promised to guarantee paying £95 million a year into the fund.

HIBBERT: When they first came to us and said there was this massive deficit, 1.5 billion, I think they thought that by explaining it in an amicable way with the workforce, that people will accept it. But I think within a very short space of time, and judging by the amount of emails which were literally getting to the thousands of emails that the company's pension department and senior HR were receiving, I think they clearly knew that that wasn't going to be the case.

ANNOUNCER: "Civil servants marched alongside teachers, industrial workers and those in the public services to protest at what's being called the growing

pension crisis. The demonstration was organised by the TUC and it attracted both the young and old."

LADY: I'm concerned about the fact that when I get to old-age retirement, I don't think I'm going to have a decent standard of living.

MAN: I'm one of those who's lost a pension…

JONES: I caught up with one of the marchers after the TUC's May rally.

COCK: My name's Sophia Cock. I'm 23. I work as a call centre agent for an assurance company based in Bristol. There's about 2,500 people in my building and there are four pension schemes. I'm in the new scheme, which means that it's a money purchase. I work alongside people that are in there to find a benefit scheme which is final salary. Unfortunately this one has closed because they thought it was too expensive to run. Why should I be treated any different than somebody who I work right next to just because of my job or my age or the fact that I started three years later than them.

JONES: You feel it's very divisive then?

COCK: Yes I do, and I think they're doing it purposely just to make sure that we're not an organised workforce.

JONES: Sophia Cock, a member of the banking and insurance union Unify, and I've not met many young union activists as determined as that. So far the unions haven't had a breakthrough in recruiting the young. The proportion of union members aged under 25 hovers around 20% or even less. But I agree that pensions could well be the issue that does help spark a revival in union influence.

Rodney Bickerstaff, now the president of the National Pensioners Convention, believes this has the making of yet another epic struggle.

BICKERSTAFF: Over the next decade industrial relations will be scarred by attempts by workers to say, “look we’re going to have something better than this because we need the choice”, and the choice can’t be based on the fact that you have to work really because of the penury of the pensioner years.

LAMB: Rodney Bickerstaff ending that report by Nick Jones. And if he’s right about the negative impact that the pensions crisis could have on industrial relations, will the unions seize on this as a way to recruit desperately needed new members. Alan Cave spent many years working at the TUC and the GMB. Now he’s an associate director at the Work Foundation. He takes the view that while the unions might want to do that, they’re going to have their work cut out to manage it.

CAVE: What we have now is a big proportion of the working population, of over 50% or so, who have never been in union membership and who unions have been poor at organising themselves to appeal to.

LAMB: Obviously pensions are getting more publicity than ever before. Do you think the unions are going to be able to capitalise on that as a big employee worry and actually recruit more people?

CAVE: It is definitely a big employee worry. Now does that then read across to a big increase in membership? I’m not so sure. Whether we like it or not, still a lot of young people don’t give the kind of priority to pensions that we might want them to. If you’re in your 20s, you’ve got an awful lot on your plate. You’ve got your student debts to pay off, you’re trying to get into the housing market and then there’s pensions. Well pensions still seem a bit distant I think. This should have been a period where union members should have risen by all historical standards. There’s been a fair wind for union membership in the last few years and

at best it's stabilised and in the private sector it continues year-on-year to decline. Unions have had their warning bells ringing for a generation now and have not done enough to look for a position in the labour market and a way of helping to address potential members' needs in ways which make those employees think that the unions are the places to go and to join.

LAMB: So how should the unions get out there and reach those potential new members?

CAVE: Firstly, you find out what customers want i.e. what employees want. So they want ready access to specialist advice quickly at times of trouble on things like pensions, but also employment law, and other aspects of the employment package, pay, performance management, those things. But they also need union organisations that can work with their employers to help a work place be a better place to spend the large proportion of our time that we spend it in. So better designed work places, working time patterns that fit the different and complicated needs of their lives, and no other organisation would really make it so hard, I think to get involved. So I think there's some thinking to be done about that.

LAMB: So people need to be able to participate in the union but not in a role that's going to mop up enormous amounts of their free time?

CAVE: Absolutely and not have to spend their whole life in meetings.

LAMB: That was Alan Cave and it's not just unions which have pushed pensions to the top of their agenda. Last week the bosses organisation, the CBI, launched its own action plan to beat the pensions crisis. Their proposals included raising the retirement age to 70 and again, unlike the unions, the CBI does not believe that bosses or staff should be forced to contribute to pension schemes. Now David Ashley is director of Benefits at the National Association of Pension Funds which represents Work Place Pension Sector. David, compulsion is the very

big issue here, I think, isn't it? Do you agree with the CBI that it is not right to force people, either bosses or staff, to contribute to pensions?

ASHLEY: We don't think that is a good idea. One of the dangers, I think, of making contributions to pensions compulsory is that it will be too easy in the future for a Chancellor of the Exchequer to decide since everybody has to pay into a pension, "I will remove the tax concessions that are available to people at the moment."

LAMB: What about this issue of raising the retirement age to 70?

ASHLEY: That I think is inevitable. We produced a policy paper some 18 months ago which suggested that that was going to happen. In the future the state pension age for women is going to be increasing from 60 to 65, between 2010 and 2020. We think that pattern should be extended between 2020 and 2030, so that by 2030 state pension age is age 70 for all.

LAMB: Obviously, we have seen a lot of final salary schemes close or at least closed to new staff. Do you think it's inevitable we're going to see more of that?

ASHLEY: I would like to think that we've gone through the peak of closures. There may be one or two more ahead but I think what we have seen over the last year or so, investment returns have started to pick up, so that's eased some of the pressure on pension schemes for the future. We're going to see changes to the tax structure for pension schemes and other regulatory changes come through in 2005/2006. That might lead to a restructuring of pension schemes still having benefits defined in the scheme rules, so the sharing of risk between employer and employee but perhaps the traditional final salary scheme maybe on the decline.

LAMB: Do you feel employers are really thinking hard enough about this, what else can they do to ease tension?

ASHLEY: There's a lot of middle ground. When people have closed pension schemes, final salary schemes in particular, they've often moved to what's called "money-purchase schemes". There's a lot of middle ground between a final-salary scheme and a money-purchase scheme where risk can continue to be shared. One example, which is coming to fore, is that of career average pension schemes that enables the employer to perhaps keep a greater lid on the costs involved but the risk is still shared and the employees can still have a fair degree of certainty of their potential retirement benefits.

LAMB: David Ashley, thanks very much. Now given the divisions between the unions and the CBI, it does seem likely that disputes about pensions will escalate in future. Arguments between bosses and staff have always been a feature of working life. Of course you can solve that problem by letting the workers run the organisation and that's exactly what the American company W. L. Gore has been doing for nearly 50 years and this is no cottage industry. With 6,000 workers worldwide, it makes the Goretex clothing fabrics, among many other things, and last year the company turned over more than a billion pounds. Our reporter, Mike Johnson, went to the Livingstone factory near Edinburgh to find out what working life is like in a company which doesn't believe in traditional managers.

ROB: Where we're standing at the moment is the inspection area. We've 6 large inspection machines down to the right hand side. To the left hand side we have the main production area of the factory.

JOHNSON: In any other company, James Rob would be called a plant manager. Here at W.L. Gore he has no official title at all. If you pushed him hard enough he'd describe himself as a shift leader. But whatever you do, don't use the "B" word.

JOHNSON: I suppose you're the boss down here, are you? Is that how they see you?

ROB: I don't think they see me as a boss, they see me as a responsible person, if you like. I don't really feel like a boss.

JOHNSON: In fact the word boss is banned in Gore, banned too are the words "manager" and "employee". Here there are only leaders and associates. Gore believes this is no mere exercise in semantic hair splitting. It's something much deeper than that, Ann Gillies who anywhere else would be called a personnel director, explains.

GILLIES: An employee is someone who is used, who is told what to do. An associate is someone who has ownership and who does what needs to be done. A manager controls, manages, directs, has the final say. People don't need to be controlled. We're adults, we can control ourselves.

JOHNSON: And that's exactly what people here do, control themselves. Though they know the function they're expected to perform, they're left to set their own objectives and targets, a freedom they obviously appreciate. Earlier this year their votes helped Gore come first in the Sunday Times "Best Companies to Work For List". Being largely left to your own devices though, can take some getting used to. Caroline Smith advises Gore's clothing company clients on new styles and ranges. Over lunch in the company canteen, she admits that at first it all seemed just a little bit strange.

SMITH: When I very first joined Gore, a UK associate who was based in America said to me, "welcome to the cult of Gore." And I felt very new, an outsider and didn't understand how things worked, didn't understand the

terminologies. No one's saying you must do this, you mustn't do that, they're just saying, "identify what you think you should work on."

JOHNSON: So you've got used to this idea of working for a cult, then have you?

SMITH: Yes I think I have. I think I've been totally…

JOHNSON: Brainwashed.

SMITH: No, somebody could say that, but I think I would struggle to imagine working in another environment. Nobody checks me, what I'm doing, nobody gives me deadlines. I'm left pretty much free reign.

JOHNSON: In fact, her company's been trying to give staff free reign since it was formed in 1958. Founder, Bill Gore, used to work for the giant chemicals multi-national Du Pont. He thought Du Pont's rigid chains of command slowed decision-making and stifled the flow of new ideas. So when he left he vowed to build an organisation where people's pay and career paths weren't decided by traditional managers. There'd still be obvious leaders, but usually they'd be chosen not by other leaders, but by colleagues in the teams where they work. And once they became leaders, they could expect no special treatment. After four years service, everyone gets an annual allocation of company shares worth around 10% of their salary. There are no special pension arrangements for senior staff. Here is a company free from the traditional trappings of corporate power.

KENNEDY: Walking down the corridor here, my office is here on the right hand side. It's a little square box with some windows on one side.

JOHNSON: John Kennedy is a senior figure in a company with global sales of more than a billion pounds, but you'd never know it from a tour of his

office. No large mahogany desk or leather chesterfield sofa graces this rather utilitarian work space. He doesn't even have a reserved spot in the company car park. He's one of Gore's three British directors, but he's only called a director for the outside world, only because legally Gore has to have them.

KENNEDY: I don't need the trappings of a mahogany desk and a leather settee to give me a sense of ego. I get satisfaction from doing a good job, getting paid well for it and enjoying what I do. We are competitive in terms of people's terms and conditions, we just don't have the traditional trappings that hierarchical organisations may have.

JOHNSON: Don't you miss your car space, don't you miss those little trappings of seniority?

KENNEDY: Not really. I find it demanding, but lots of fun, lots of interest and that more than compensates for a god-dam car space.

JOHNSON: And in perhaps the most dramatic illustration of worker power of all, staff get to vote on whether colleagues deserve their annual pay rise. John Kennedy again.

KENNEDY: We would ask people to rank the people on the list in order of their contribution to the success of the enterprise. It avoids any sense of blue-eyed boy syndrome because there is no one person determining anybody's pay in the organisation. So it's fair, it's seen to be fair and reflects our culture.

JOHNSON: As well as being seen to be fair, staff also seem to think having their pay worked out like this is a clever way to expose people who might be trying to exploit Gore's hands-off approach by sitting around and doing nothing. Carol Ann Smith reckons you can hide from a traditional manager much more easily than you can from your team members.

SMITH: In any company, regardless of whether it's hierarchical or not, other employees know who's pulling their weight. In Gore we get the chance to actually express who's pulling their weight and who's not pulling their weight. So those people may be able to do that for a short time, but it is only a short time and they will be bottom of the lists.

JOHNSON: So you get found out.

SMITH|: Yes.

JOHNSON: There are other commercial benefits to running a company where workers feel they have more of a voice. Staff turnover at Gore is very low. The average length of service is around 15 years and in director, John Kennedy's experience, when people are given responsibility and left to set their own targets, they rise to the challenge.

KENNEDY: I certainly have found that people in Gore will drive themselves much harder than any bureaucratic manager would ever dare. People will, given the right sort of environment, make taxing challenging targets and drive themselves towards achieving them.

LAMB: John Kennedy ending that report by Mike Johnson. As you'll know if you heard the earlier programmes in this series of Nice Work, there is solid evidence that staff become more productive, more creative and healthier if they're given greater control over their working lives. Yet traditional management hierarchies are still the norm where the bosses do the managing and the staff do as they're told. However, Professor Tom Malone of the Massachusetts Institute of Technology believes that the time has how come when that will change. And according to his new book, "The Future of Work" the key factor which will drive through that change is the internet.

MALONE: Democracies, as we know them, couldn't have existed on a large scale without some way of distributing information widely within a large group of people and that was done with printing presses. By analogy, it's a new generation of technologies, like the internet, email, the world-wide web and so forth that are now making it possible for businesses to make the same shift that governments made a couple of hundred years ago. And I think the fundamental and profound changes enabled by the decreasing costs of communication may, in the long run, seem as important to us in business as the change to democracy was in governments.

LAMB: So it's a question of the availability of information about the business, more people can know more about how the business operates and make decisions on that basis?

MALONE: Yes that's what makes it possible.

LAMB: I must say I'm intrigued about what sort of people it's going to take to put it into practice, because its human nature, we do like to be the boss, don't we? So you're talking about a generation of managers who are prepared to let that idea go.

MALONE: Well I think that the people who will rise to positions of importance and prominence in these new kinds of organisations will have a somewhat different style of leadership than what was most successful in the last century. One of my favourite little examples is a company called Whole Foods Supermarket. A manager essentially recommends who will be hired, the manager decides who will get to start working, but all the new employees are on probation for the first 30 days and at the end of their first 30 days, all the other members of their work group have to vote about whether to keep them or not. And that vote is not just a popularity contest because all the other members of the work group know

that their own personal bonus will depend on the productivity of their work group and the person they're voting on hiring.

LAMB: Can you realistically see, for example, oil and gas multi-nationals, pharmaceutical giants moving in this direction?

MALONE: I think it's certainly possible. But in general I think the trends I talk about in my book are going to play themselves out over a matter of decades. You'll see more and more examples over the next five or ten years and, if I had to guess, I'd say even if we're not ourselves still active in the work place, our children will look back and say, "boy things really changed."

LAMB: I was talking there to Professor Tom Malone. I'm joined now by Mark Goider, who's director of the business-led think tank, Tomorrow's Company, and on the line Carey Cooper, Professor of Organisational Psychology and Health at Lancaster University Management School. Mark Goider, do you believe that Tom Malone's right, will our children look back at the hierarchical organisations we all work in with amazement because they just won't be working in places like that?

GOIDER: I think it probably depends on what business you're in. We've seen some changes like the rise of call centres where new technology has actually made life in some ways more regimented than it might have been before. I think there are other things like our attitudes to the kind of families we're brought up in, our attitudes to organisational life, which will partly determine this. I think the point I'd want to make is that it takes fantastic discipline to give away power. It's not actually something that can be done in a sloppy way. The organisations we've heard about have really been very carefully architected to make it possible for the employees to review the performance on new employees, for example.

LAMB: And W. L. Gore have been doing this for nearly 50 years. It has to be said that not many organisations have followed suit, have they?

GOIDER: No, I mean Tomorrow's Company, we did a study a few years ago, and we reckoned about 20% of all the organisations we looked at were what we called leaders in this and about 50% of all organisations were basically what we called defenders i.e. hanging on to the old methods and there was a kind of few wobbling around in the middle, and I think what we really learnt in Tomorrow's Company about how organisations are successful, is you really have to lay the foundations in your culture, in the way we do things round here. That takes years. You can introduce new structures once you've got the trust that leaders lay down in those foundations.

LAMB: Carey Cooper, W. L. Gore claimed to have no managers, but I must say it does seem to me that they do have people whose job it is to manage the business strategically. What they've devolved away is the kind of man-management stuff like setting salaries and working hours, that sort of thing.

COOPER: They do have managers. They call them team leaders and they're appointed by the group. Well that's fine and I think I agree with Mark, that one size doesn't fit all. I mean when I look at Gore, I love it. I mean as an occupational psychologist, they're activating everything that we talk about, about greater democratisation, greater participate, greater involvement, much more share ownership by employees and so on, and I think it suits them and also it suits their culture. And if you take a look, I think, at their selection techniques, I am sure they select people appropriately so the person fits the culture and that's how they retain the culture. But take the uniformed services, for example, the military, police, prison officers and so on, natural command and control organisations. Would a Gore approach actually work there? Probably not. But what we don't have, we don't necessarily have the Gore approach versus the command and control. What we have is gradations between and it would depend on the sector and organisations

within which kind of structure would fit that organisation best. And that's what you have to do, but basically involving employees in decision-making to do with their specific job, I think is important across culture, that would even work in the police.

LAMB Okay, Mark Goider.

GOIDER: Well Carey, I'm no military expert, but I think that warfare is changing and I understand that military organisations are having to change and actually entrust much more power to the people in the front line. I think that's a good example actually, of the way in which yes, we have organisations at different ends of the sort of hierarchical spectrum, but the spectrum itself is moving through time.

LAMB: Carey, let me raise a different point with you. This issue about people's natures. The fact that we like to climb ladders, we enjoy status, the trappings of success.

COOPER: We do, yea.

LAMB: Isn't this going to be the biggest barrier to this change, that Tom Malone was talking about?

COOPER: Philippa, I totally agree with you. Sometimes you live in cloud-cuckoo land if you think that people don't have these needs, and particularly now. Since the 1980s when we became the kind of enterprise, achievement orientated culture. In effect we Americanised UK Plc. What we do in cultures like that, in achievement orientated cultures like the US, we dangle these proverbial carrots, sophisticated sounding job titles, bigger pension contributions, bigger offices, more support staff, as vehicles to motivate people to achieve success and we become much more individualised rather than team orientated. That's the American way of doing things. If you dangle these things and people attempt to climb greasy

poles, climb up the ladders that you create, and until you get rid of it, it seems as if Gore has developed a culture where that's not so important. But in society generally in the UK, we're moving away from that much more to an individualised achievement orientated culture. Until we come to terms with that and row back, I think we're off the coast of New York at the moment. What we need to do is row mid-Atlantic. If we do that, I think it could work.

LAMB: I'm very sorry to say we're going to have to leave it there because we're run out of time. But Mark Goider and Professor Carey Cooper, thank you both very much indeed. That's it for today and indeed for this series. You can check out our website at bbc.co.uk/radio4. Just follow the links to the Nice Work page, where you can also listen to all or indeed part of today's programme again. Thanks for listening. I will be back with another series of Nice Work in October and I very much hope you'll join me then.