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Charles Handy's 'The Future of Work' Revisited

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Introduction

The context and inspiration of Charles Handy's *The Future of Work* and its sequels, *The Age of Unreason* (1989) and *The Empty Raincoat* (1994), were provided by the emergence and persistence of historically high levels of unemployment, particularly in the UK, during the early 1980s. Briefly, during the post-war period the industrialised West had been more or less free from the threat and actuality of unemployment which had blighted the lives of many working people during the inter-war years. The long post-war economic boom produced a generation of workers who had little fear of losing their jobs and, in the UK at least, were protected by a combination of the welfare state and dominant trade unions. Optimistic assumptions concerning economic stability and progress were broadly shared by economists, politicians and industrialists alike. Tight labour markets strengthened the trade unions and, generally speaking, managements were placed on the defensive. Management theorists shared the optimistic assumption that full employment could be sustained. In such a situation management techniques were calculated to persuade rather than coerce the worker. In the USA, Abraham Maslow and Frederick Herzberg, together with Douglas McGregor and their associates in the so-called 'human relations' school of management theory, all advocated a 'soft' managerial orientation which sought to gain worker commitment through providing opportunities for psychic growth. These views were widely promulgated in the UK through the development of management education in the recently established polytechnics and the newly emerging business schools. Discussions relating to work generally emphasised the 'quality' of jobs rather than their 'quantity'. Indeed, even Harry Braverman, who claimed in his *Labor and Monopoly Capital* published in 1974 to have identified the process whereby work was being steadily degraded, did not prophesy the actual collapse of work itself. Nevertheless there were, at least in the case of the UK, some early indications that the post-war boom might not be sustainable; an example being the so-called 'stop-go' economic policy pursued by the Conservative Governments of the 1950s.

Throughout the 1960s and 70s successive UK governments struggled to sustain the post-war policy consensus which placed the greatest emphasis on full employment. The prevailing economic orthodoxy of the period derived from the work of Keynes and was concerned, at least at the level of political rhetoric, with sustaining economic demand as the means to avoid unemployment. The inflationary risks of this were well known but, broadly speaking, governments were willing to accept them as the lesser of two evils. However, the UK's poor economic performance vis-a-vis her major international competitors became an increasing cause for governmental concern. Between 1960 and 1976, for example, the UK's share of the world's exports of manufactured goods was halved. Meanwhile, the phenomenon of 'stagflation', which saw low economic growth going hand in hand with accelerating inflation, raised the spectre of hyper-inflation and the dire social consequences associated with monetary collapse. An already difficult situation was gravely worsened by

the hike in oil prices following the Arab-Israeli war of October 1973. The quadrupling of oil prices badly dislocated those economies, industrial and otherwise, which were dependent on imported oil. Although in the longer term the UK was able to exploit the substantial oil reserves of the North Sea, in the short term the country's fragile economy was seriously damaged. Unemployment rose from a little over four per cent in 1975 to reach in excess of six per cent in 1978. Meanwhile, inflation began to displace employment as the key issue for government. Peaking at over twenty-four per cent during 1975, inflation declined to around eight per cent in 1978 only to climb back to eighteen per cent by 1980. The Conservative Government which came to power under Margaret Thatcher in 1979 effectively abandoned the commitment to full employment, concentrating instead on reducing the level of inflation. Unemployment rose from a little over five per cent in 1979 to reach 13.5 per cent in 1985. Although the rate of unemployment declined during the late 1980s, the days of full employment were seemingly over.

Although this article has so far emphasized the employment difficulties encountered in the UK, problems were experienced by all the Western industrial nations, including the historically successful economies of the former West Germany and the USA. During the 1970s a new global economy began to emerge in which rapid exchanges of goods, services and information transcended the constraints of national boundaries as never before and corporations developed from multinationals to transnationals with no fixed point of national loyalty. This phenomenon was facilitated by rapid technological innovation in areas such as transportation and information technology which, in turn, destroyed prevailing patterns of work. Soon the whole notion of what constituted work and the working life came under scrutiny as redundancy, plant closures and job losses became commonplace. Even though many new jobs were created they hardly replaced those which were lost. As Handy aptly described the situation in *The Future of Work*:

the familiar scenery of our working lives began to show visible changes. The large employment organisations which had been day-time houses for so many people all their lives began to decline....Jobs began to be a scarce commodity, and work started to mean other things besides the conventional full time job. Second and third careers, moonlighting and the (informal) economy became part of our language as did the chip and the video - all new words to herald new ways. The old patterns were breaking down; new patterns were forming. (Handy 1984/1994: ix)

If the conventional patterns of work which had developed since the nineteenth century were indeed breaking down what, other than terminal unemployment, was taking their place?

Briefly, Handy's thesis was that, in the future, it would no longer be viable to depend on a single, central lifetime job to supply all, or even most, of an individual's economic, social and status needs. Instead people would need 'to put together a portfolio of activities and relationships, each of which makes its own contribution to the package of things we

want out of work and life' (Handy 1984/1994 : 8). The 'portfolio' approach offered some opportunities but also posed numerous threats. The young, well educated individual, possessing transferrable skills and having limited responsibilities might readily adopt a portfolio lifestyle. Equally, the retired person with an adequate company pension, no mortgage and a grown up family might welcome the variety of the portfolio life. But what of the poorly educated person, with limited capacities and substantial outgoings and responsibilities? Would not the portfolio life be merely a recipe for chronic insecurity? Handy acknowledged that there would be difficulties. As illustration he turned to the phenomenon of what he termed 'Japanese drift' - the underside of Japanese industry not covered by what was then termed lifetime employment. As he put it:

there is a myth that everyone has a guarantee of lifetime employment in Japan. Not so...The truth is that large Japanese organizations float on a raft of small subcontractors...Japan is a country of small businesses which use low cost labour and do not offer lifetime employment...Japan also has a small army of the self-employed including a group of euphemistically called unpaid domestic workers, the unpaid members of the family who help in the one man business. Any reduction in hours worked by these self-employed, or by the workers in the sub-contracting firms, is hardly visible to the outside world. Of those working in these small businesses eight per cent have no hours specified in their contracts. (Handy 1984/1994 : 91-2)

Given the then growing influence of Japanese practice on UK management thinking, partly stimulated by large-scale investment in automotive manufacturing, Handy correctly envisaged a situation in which a UK version of what already existed in Japan might well emerge. Large organizations were outsourcing a whole range of their activities to contractors, many of which were small businesses. Further, organizations were increasingly making use of temporary contracts and part time workers rather than employing workers in conventional full time jobs. One result of these phenomena was the emergence of the 'core and periphery', with the essential core workers of the company being relatively well paid, enjoying good service conditions and having job security and pension benefits. Meanwhile, the peripheral workers generally received poorer pay, had inferior service conditions, little or no job security and were not part of the pension scheme. Handy saw 'Japanese drift' as a threat to social cohesion as the development of a two tier employment structure drove a wedge between those fortunate enough to be core workers and the rest.

Living with unreason and paradox

Many of the themes Handy had explored in *The Future of Work* were re-examined in *The Age of Unreason*. He had ended the earlier text with a plea for radical re-thinking of the whole question of work and its social and economic ramifications. As he put it:

we are fixated, both as a nation and as individuals, by the employment organization. Work is defined as employment. Money is distributed through

employment. Status and identity stem from employment. We therefore hang on to employment as long as we can; we measure our success in terms of it; we expect great things from it, for the country and for ourselves; and we cannot conceive of a future without it. (Handy 1984/1994 : 188)

Handy argued that the organizations or corporations which had become the more or less dominant institutions of industrial societies, were beginning to wither away or, at least, hollow out. The era when industrialists such as Henry Ford could operate most effectively by concentrating an entire manufacturing capability on a single site, was fast giving way to one in which enterprises were becoming diffuse and amorphous. Worthwhile, well paid, secure jobs could no longer be guaranteed for even a minority of the labour force. Instead, many working lives would in future be characterized by jobs of short duration, involving the development of a portfolio approach and requiring the individual to be flexible, pragmatic and, ideally, multi-skilled. The stark division between work and leisure which had developed with the onset of the industrial revolution would become ever more blurred as new technology provided opportunities for 'tele-working' and what Handy was later to describe as the 'virtual organization' – i.e. an organization of workers networked through the new information technologies and lacking a conventional bricks and mortar setting.

A major consequence of this situation, argued Handy, would be necessary change in the nature of education and the education system. The UK's approach to education and training would no longer serve. The old assumptions that basic education and time served apprenticeship were adequate preparation for the forty-year working life were already redundant (*ironically perhaps apprenticeships are currently enjoying a revival and seen by many as more relevant than a course at 'uni'*). Similarly, the notion that an individual completed her or his education and then spent the remainder of their active life in a job was equally dated. Instead the education system would have to develop in ways which facilitated more inclusive and more extensive educational opportunities for all. As Handy put it:

if effective organizations need more and more intelligent people, if careers are shorter and more changeable, above all, if more people need to be more self-sufficient for more of their lives then education has to become the single most important investment that any person can make in their own destiny. It will not, however, be education as most of us have known it...the old British notion of education as something to be got rid of as soon as one decently could. Education needs to be reinvented. (Handy 1989/1990 : 168)

Handy readily conceded that this was very much easier said than done and that it would take a major shift in attitudes to achieve a situation in which everybody would embrace the notion of life-time learning. In fact it would require clear recognition by each individual, and society at large, that the world of work was being irrevocably changed and that nothing would ever be quite the same again. Nevertheless, in spite of the self-evident dangers, problems and insecurities, Handy remained optimistic concerning the future. At least, he

argued, the new world of work might generate the possibility of choice in a way that previous configurations of working life were more or less bound to deny. Perhaps what he termed 'discontinuous change' would serve to liberate individuals from the confines of organizational life, thereby allowing 'more people to stop pretending earlier in their lives' (Handy, 1989/90 : 212).

The mood of Handy's next book, *The Empty Raincoat*, was far darker than that of his two previous works. Indeed the book began with a statement by the author which read rather like an apology, or perhaps a confession. As he put it:

four years ago, my earlier book, *The Age of Unreason*, was published. In that book I presented a view of the way work was being re-shaped and the effect which the re-shaping might have on all our lives. It was, on the whole, an optimistic view. Since then, the world of work has changed very much along the lines which were described in the book. This should be comforting to an author, but I have not found it so. Too many people in institutions have been unsettled by the changes. Capitalism has not proved as flexible as it was supposed to be. Governments have not been all-wise or far-seeing. Life is a struggle for many and a puzzle for most. (Handy 1994 : 1)

In *The Empty Raincoat* Handy attempted to come to terms with some of the paradoxes which characterized life in the late twentieth century. For example, there was self-evidently an immense amount of work of all kinds to be done but there was apparently insufficient money available to pay the going rate for its accomplishment. Voluntary work had not taken up the slack because much of the labour required was not of the kind a person would undertake except for money compensation. Further, those who had a regular paid occupation were under pressure to work ever harder. So hard in some cases that many had no time for anything other than work and eventually burnt out and were replaced by younger, hungrier people. Meanwhile, whole groups of people were increasingly marginalized from the world of paid work because they were too old, or lacked the necessary skills, or lived in the wrong place or whatever. Such people were effectively disenfranchised, not in terms of losing the right to vote at elections, but in terms of lacking the opportunity to obtain the necessary financial wherewithal essential to participate fully in a society built on money. Of course, there was no shortage of money as such, it was merely that the distribution of wealth was so excessively unequal. As Handy commented:

over the period 1979-90, the bottom ten per cent (in Britain) saw their income in real terms fall by fourteen per cent, while the average income increased by thirty-six per cent. The wealth has been slightly less skewed in the other mature economies, but the trend has been the same. As ever, the rich got richer and the poor got, relatively, poorer the world over, and sometimes poorer in absolute terms. What held it all together was only the hope among the poor that, maybe, in a world of constant growth there would be room for some of them, too, amid the rich. It is beginning to seem a rather forlorn hope. (Handy 1994 : 12)

Self-evidently the developments in the nature of work which Handy had observed were eroding the notion that the work organization could provide either the perpetual focus of community once advocated by Elton Mayo, or the basis of personal identity envisaged by Maslow. Although some large production units still existed (in the automotive industry for example) they were becoming rarer. Those individuals who had the necessary skills and motivation to become, in the jargon of the French existentialists, self-creating projects, might find greater freedom in the new, post-industrial future. However, many others (perhaps even the majority) would be condemned to a life of, at best, chronic insecurity or, at worst, dependence on the state or even crime. Handy shared some of the views of the Marxist/existentialist thinker, Andre Gorz, contained in his book *Farewell to the Working Class* and published in an English translation in 1982. Gorz, like Handy, identified the partial collapse of work in the Western industrial nations and sought to analyse its social ramifications. He strikingly claimed that:

the abolition of work is a process already underway and likely to accelerate. In each of the three leading industrialized nations of Western Europe, independent economic forecasts have estimated that automation will eliminate 4-5 million jobs in ten years...In the context of the current crisis and technological revolution it is absolutely impossible to restore full employment by quantitative economic growth...A society based on mass unemployment is coming into being before our eyes. It consists of a growing mass of the permanently unemployed on the one hand, an aristocracy of tenured workers on the other, and, between them, a proletariat of temporary workers carrying out the least skilled and most unpleasant types of work. (Gorz 1982 : 3)

Like Gorz, Handy argued that changes in the nature and supply of work would bring about necessary personal and social transformation. However, although he shared some of Gorz's views he did not carry the same European intellectual baggage and the language he deployed was free of Hegelian rhetoric. For Handy the future was there to be seized by individuals and shaped to meet their desires. The new world of work could facilitate this by offering greater flexibility and the opportunity to build a working life free of the inhibiting constraints of the organization. However, there was a strong risk that the growing underclass would become ever larger, generating sharp polarities within society.

Analysis and conclusions

As we have seen Handy was strongly influenced by the partial 'collapse' of paid employment which occurred following the abandonment of full employment policy in the UK after 1979. Although the number of unemployed gradually diminished, the days of secure, full time employment in the UK seemed to be a thing of the past. Further, even as new jobs were created to replace those which had been lost in the big 'shake out' there was widespread concern that they were merely highly perishable 'hamburger flipping' or 'screwdriver' jobs. In fact the UK was in the process of a major re-structuring — a shift from a manufacturing based industrial economy to the service based, post-industrial model which

is currently in the process (with considerable difficulty) of being partially abandoned in the hope of re-balancing the economy by reviving manufacturing. Handy claimed that in the new era of rapid technological change the probability of maintaining a single job for the bulk of a person's working life was becoming increasingly slim. Instead, he correctly argued, the rise of temporary, part-time and contract working would serve to erode the old notions concerning work and labour relations. Employers facing increasing competition (as well as opportunities to relocate to low cost areas) would no longer be willing or able to extend the traditional employment packages to workers. Employers would in future seek to maintain maximum *flexibility* in employment relationships, only employing people as and when required to meet prevailing market circumstances. Obviously such employment practices were not consistent with ideas of nurturing a strong organisational culture and developing a loyal and well-trained labour force. As we have seen, in order to overcome this problem, Handy argued, firms would in future develop a two-tier employment structure. The need to retain knowledge and expertise in the organisation would be met by *core workers*. These would receive enhanced compensation for their efforts but would have heavy obligations placed on them by employers. Beyond this relatively small core would be what Handy described as *peripheral workers*. These relatively poorly compensated temporary workers would be hired as and when required. They would have little or no loyalty to the organisation and would not become enmeshed in the organisational culture. In the future, Handy argued, many people would not be able to make a living by working for a single organisation. Instead they would need several jobs to make ends meet and become, as we have seen, *portfolio workers*. At best a portfolio might include an enticing mixture of paid and voluntary employment providing a varied and satisfying working life without the 'baggage' of organisational life. At worst, however, such arrangements would be a formula for drudgery. It is true to say that the old certainties regarding employment in the UK have gone and unlikely to return. Indeed, in the wake of the 2008 crash, and in spite of 'record' levels of employment, prospects for many in the workforce remain bleak with depressed levels of wages, minimal prospects of advancement and such novel aids to 'flexibility' as zero hours contracts.

The Future of Work and its successors accurately reflected the growing perplexity generated by rapid social and technological change, globalization and persistently high levels of unemployment during the 1980s and 90s. These were the years when long standing, optimistic assumptions concerning economic goals and personal aspirations were placed under increasing challenge. The growing emergence of an underclass in the UK raised the spectre of a society divided against itself. The quality of working life seemed set to decline as the bulk of new jobs lacked intrinsic worth, security and the levels of pay necessary to sustain personal prosperity such as getting a foot on the 'property ladder'. In the sphere of management theory the notion that the employment organisation could provide the perpetual focus of community and/or personal identity was more or less refuted.

Handy attempted to analyse the opportunities, risks, and possible social developments besetting a post-industrial society. As he saw it, the demands of globalization would not permit complacency and would demand positive effort to balance the divisive tendencies of wealth accumulation with the desire for a decent society. Looking back over thirty years it is possible to discern the extent to which Handy accurately described the future of work – not just in the UK but also in other highly developed industrial nations. The revolution in computer technology, only partly foreseen by Handy, has swept through working lives rendering numerous occupations wholly redundant. The full emergence of China as the world's major manufacturing economy has shaken even the USA. In the case of the USA a 'fight back' is currently in progress as efforts are made to re-patriate jobs on the back of low energy costs derived from 'fracking'. The UK is said to possess possible energy reserves amenable to exploitation by 'fracking' but, as with energy policy generally, we are hesitant. In the 'Eurozone' a kind of policy sclerosis appears to be sapping innovation at a time when dynamism is of the essence. Currently the future of work for many people looks to be extremely turbulent and largely characterised by a combination of insecurity and 'poverty pay'. Seemingly we are trapped in a situation where technological change and globalization both depress and disrupt the Western labour market. Interestingly, Handy envisaged such a situation when, in his 1997 book *The Hungry Spirit* and in terms worthy of Joseph Schumpeter, he observed that 'the global market is not going to be a comfortable place. The sorting of the business wheat from the chaff will be much more brutal.' (Handy 1997/98 : 254-55). How right he was!

Background reading

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