



THE CITY REGION AND THE REGENERATION OF 'GOOD' INDUSTRIAL RELATIONS: RHETORIC, LANGUAGE AND POLITICS IN THE CASE OF GREATER MANCHESTER

Mat Johnson, Jo Cartwright, Miguel Martinez Lucio, Stephen
Mustchin, Damian Grimshaw, Jenny Rodriguez and Tony Dundon
Work and Equalities Institute The University of Manchester

Inclusive Growth in Cities: Global Lessons for Local Action
The University of Manchester
19th & 20th November

Background

- **Just Work project (2016-19)**
 - Changing nature of work and employment across Greater Manchester
 - Ways to raise standards and promote inclusion
 - Understanding fairness, dignity, justice in the workplace
 - The nature of support for those on the margins of the labour market
- Qualitative methods
- 160 interviewees

Two reports:

<http://www.research.mbs.ac.uk/ewerc/Our-research/Current-projects/Just-Work-in-Greater-Manchester>

Challenges of Employment 'regulation' in UK

- **Legal rules only a partial substitute for joint regulation in UK context (e.g. Crouch 2015)**
 - Low bite, weak institutions, reliance on employer benevolence
- **Regulation struggling to keep up with new business models (e.g. Taylor review)**
 - Policy makers fail to recognise power dynamics and lack of voice/choice in low wage labour markets (Bales et al. 2018)
- **Mixed signals from government since 2010**
 - Tackle rogue firms, increase penalties for non-compliance
 - But individual protections and recourse to justice under attack
 - Lack of capacity for enforcement of existing rules (Mustchin and Martinez Lucio 2017)

Regulatory space (e.g. Hancher and Moran 1989)

Beyond static debates about regulation vs. deregulation and coverage/bite of legal rules

Multi-level and multi-dimensional: national/sectoral, legal, mandated, voluntaristic (e.g. Inversi et al. 2017)

State as rule maker and *actor*

- Establishes protective and participative standards
- Determines legitimacy and status of actors
- Provides framework for elaboration of rules by parties – sector/firm
- State strongly shapes IR by enabling/disabling actors (e.g. Bosch and Lendorff 2017)

The Politics of regulatory space (Dundon et al. 2014; MacKenzie and Martinez Lucio 2014)

- Power struggles, coalitions and **politics** increasingly important across different actors
- How are these issues manifested/handled at the local level?

The importance of the city region

- Interest in **local/regional regeneration** at the forefront of the political debate in recent years
- **Devolution and city Mayors** - integration of different public services (e.g. Health and Social Care)
 - individual leaders dilute power of political party
- **Hollowing out of local government**, winding up of regional structures (e.g. RDAs) – historical tensions with ‘**socialist enclaves**’ in regional/local govt. (GLC)
- **Cities important as fulcrum** of political, social and labour issues – e.g. living wage campaigns, local welfare to work strategies, training and development.

Key issues/questions for this paper

- Explore changing institutions and local mechanisms of regulation
 - E.g. legal rules, joint regulation, soft regulation
- Scale at which they operate (effectively)
- How is regulatory space being reconfigured locally?
 - Role of politics, unions, 'business community', Voluntary sector
- Capacity of local actors and organisations to uphold principles of fairness, dignity and justice at work

Methodology

- **This paper draws on 30 interviews with key stakeholders and actors in Greater Manchester**
 - Local councils, employers, trade unions, employers associations, voluntary sector organisations and managers in private sector
 - Aim is not representativeness but to identify different viewpoints around processes of change in GM
- **Reports and secondary labour market data**
 - Local policy documents, economic reports and datasets etc.
 - Aim to identify labour market trends in GM & emerging policy agendas around work and employment
- **Deprived post industrial city region**
- **Political consensus/cohesion across Greater Manchester (no Tories)**
 - Broadly social/democratic agenda, inclusive growth

a) Decline of joint regulation: *weakening worker voices and unions?*

- **Long term restructuring** of economy and labour market
- Policies that prioritise **job creation** mean that issues of voice, fairness, dignity **are** secondary considerations
- Modern slavery agenda exposed **spectrum of exploitation and mistreatment in workplace** (GM challenger): issues of enforcement and regulatory reach
- **Youth exclusion** from labour market a significant problem
 - Expectations of a good job are low
 - Do not necessarily see unions as source of support
- **TUC/unions exploring ways to reach out** to precarious workers (e.g. GMB and Uber drivers) **BUT** tending to revert to sectoral structures – public sector still a big focus – ISSUES of reach
- **Smaller independent unions making some inroads**
(e.g. IWGB, IWW) but remain small
- There remains a very unsupportive environment locally and nationally for trade unions

b) Regulating a fragmented labour market: ever-widening gaps and issues

- **Budget cuts by central government** to inspection and enforcement agencies such as the Health and Safety Executive (HSE) were also seen as a major challenge to the enforcement of worker rights:
- The limited development of **quasi-regulatory agencies** such as ACAS call into question the extent to which existing regulations are properly enforced. Similarly, the decline in resources for agencies such as the Equality and Human Rights Commission (EHRC) narrowed the scope for evidence-based policy making
- Cuts to the **Citizens Advice Bureau and legal services generally** undermined the support and advice available to vulnerable and marginalised people in respect of employment issues, debt and benefits sanctions.

c) Soft regulation and engaging employers: voluntarism and distance

- Soft regulation and CSR increasing important
- But issue of a distant and fragmented employer class
- Uncoordinated management constituencies and networks internally in firms (**disconnected HRM departments**) and externally between them

*“...They [the small firms] tend to go to the likes of Peninsula [HR, legal consultancy firm] if they have not got a permanent HR resource....but clearly that support to them is **based on management risk in terms of employment tribunal cases**...if they haven't got that they will take it from wherever they can get it for free...” [ACAS regional officer]*

*“We wouldn't get involved because we aren't an organisation to dictate government structures. Businesses do what they do. We aren't a regulatory body at all...so on the regulatory issues such as self-employment **we wouldn't advise**. We signpost and refer...” [GM Chamber of Commerce Officer]*

d) The local state as regulator and anchor

Local councils increasingly find themselves pulled into the 'vacuum' left by declining joint regulation/soft regulation

- ✓ Providing decent work opportunities for local residents
- ✓ Bypassing employment agencies through work support schemes
- ✓ Shaping market through procurement standards
- ✓ Sending signals through ethical business 'kitemarks'

But

- Workforce has shrunk by 20-25% since 2010
- **Procurement Strategies:**
 - What about the **businesses that don't supply councils**? Or that don't engage with agenda of inclusion?
 - Business associations appear resistant to more **quasi-regulation through procurement**

e) A weakened civil society

- The decline and crisis of NGOs locally and their failing capacity to engage large parts of the labour market and marginalised communities

*“they all acknowledge it, that they have changed their tune completely. I think the original motivation was really about thinking, oh crumbs, well we can’t do anything, we’ll have to get the voluntary sector to do it. So the assumption was that somehow, if the public sector had fallen over, don’t worry, **voluntary groups will pick it all up, they’ll be able to do it all instead, which, of course, is ridiculous.**”*

[Senior Manager of local voluntary organisation network].

An overcrowding of the regulatory space?

Progressive social agenda locally is emerging

- Still strong commitment to physical regeneration
- Cutting across other political initiatives

But

- Comes at a time of **decreasing budgets and increasing demand** – central government is ‘devolving austerity’
- **Competing devolution priorities** – infrastructure, environment, digital economy, skills, public services, youth
- **Emerging systems of soft (or symbolic) regulation** – Living Wage, employment charters, state productivity strategies (ACAS)
- **What role for the unions?**
- **Are HR Departments within firms engaged enough?**

Discussion - prospects for 'good' city-region IR

- **New political rhetoric of decent work** driven by GM Mayor but traditional policy making limitations remain
 - Not radical local socialism of the 1970s/80s as context distinct
- **Overcrowding of regulatory space** – too many competing 'pet' projects?
- **Limited mechanisms of coordination** and challenge of building solidarity among a fragmented workforce
- **Limited employer coordination** and fragmentation in management
- **Local state modelling good practice** but struggling to coordinate and influence businesses (esp. SMEs)
- **Weakened civil society** and support networks socially
- **The reality of new forms of governance and regulation is that they become fragmented and underfinanced relying on rhetoric and the symbolics of best 'practice' discourse**
- City regions need support of national institutions in order to **build capacity of local actors**