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Employee efficiency

Somewhere on the computer system our office has a holiday request form. We fill in the form when we want to take some time off and the days are logged in the system. No one says so, but the idea is to keep tabs on how much holiday we take.

I don't have a big problem with this but the system is geared to chalking off days and doesn't want to take them back. Since I'm writing this on a bank holiday I want to claw back a day off in lieu but the computer doesn't want to know. The system is designed to be an efficient solution to human resources administration.

Why is efficiency so prized at work? Before work study, people would work at their own pace. Efficiency experts ended all that. If I were more efficient I would clear my desk every day instead of accumulating piles of papers, reports and press releases. But then I would have missed this statistic from the winter issue of *Employment Relations Today*, still just about current, due to the late spring. In 1850, it says, people used 13 per cent of their energy at work. Today this figure is less than one per cent.

The figures are quoted in the magazine by David Macarov, a professor at the Paul Baerwald School of Social Work, Hebrew University, Jerusalem, who expects our work contribution to decline further: "As technology continues to progress, fewer human workers and higher levels of productivity can be anticipated."

Then why are we so concerned about efficiency? Of course, we don't talk too much about efficiency. The "in" word is performance. For many, part of our pay is performance-related. Individual performance may be assessed during an appraisal but much of our variable pay, such as profit-sharing and share options, is attached to company performance.

But what happens in a downturn? Everyone works as hard, perhaps harder, but when profits begin to fall the idea of performance pay wears thin. We may be performing to the best of our abilities but business falls away. What can we do?

The answer may be to earn more money for doing less. The idea is not to pay the top earners more. Top earners, in economic terms, create not so much as a splash in the power of their spending, according to Joseph Coates, president of Coates and Jarratt, a Washington-based policy research organisation. Writing in the same magazine, he argues: "If you give a person who earns \$100,000 a year another \$1,000, he or she will probably salt it away. If you give that \$1,000 to a person making \$20,000 a year, the chances are he or she will spend it.

"As the rich get richer, they will tend to slow down the economy, depress wages, and in fact end up killing the goose that lays the golden eggs for them."

Consider Henry Ford. He shook US industry in 1914 when he announced \$5 day for shop floor employees. The average industrial wage in the US at that time was \$11 a week. Ford was more than doubling it. He reduced the working day to eight hours by switching from two nine-hour shifts daily to a round-the-clock three-shift system.

Why did Ford raise wages so much? Because he could. Economies achieved by moving assembly were so great that he could afford to return some \$10m of profits to

employees. Thousands flocked to the company gates. The deal for the workers looked too good to be true and it was. The basic rate was less than half the \$5 headline figure. The rest comprised a profit-sharing bonus. To qualify for the bonus an employee had to have worked at the company for six months and be classed as clean, sober and industrious.

Exactly how industrious became clear after workers joined the line. They were timed by stopwatch while mastering a rigorous production schedule. Then they were urged to speed up. Labour turnover was so high that Ford needed to recruit 4,000 people in the first year simply in order to maintain 1,000 jobs.

But the rise in Ford earnings had a strong impact on the US economy. Ford and other mass producers had created disposable income to spend on ever-cheaper products of manufacturing industry. Mass industrialisation had served to create a mass market.

Mass production also created jobs until the depression years when Keynesian economics demanded large scale public works programmes to restore employment, earnings, buying power and, thus, demand. President Franklin D. Roosevelt instigated such a programme under his New Deal. But another plan to legislate for a 30-hour working week was scrapped after resistance from employers.

Mr Coates argues that technology is enabling a restructuring of the employment market, taking many jobs out of the system while increasing gross domestic product. Efficiencies - such as direct data entry - created by technology are, he says, leading to "irreversible structural unemployment". He and Prof Macarov agree that there is a diminishing need for work. If the political imperative is to maintain spending power to keep the economy going "the role of human resources will be to look at strategies that would shorten work days, shorten work-weeks, provide sabbaticals and do this, in part, against the rising profit base of the economy".

One problem with these ideas is the psychological hurdle of paying people for working less. Another is to produce an equitable system for distributing wealth that engages wealth-creating businesses. The third problem is the source of the structural change in employment.

Technology is not only changing the way we work, it is changing the consumer society. Mass industrialisation is waning. Society is fragmenting into special interest groups. The mass market is splintering.

The idea of a diminishing need for work is based on demand in the conventional labour market. What about the other work that we do - housework, gardening, do-it-yourself? If this kind of work is increasingly important, perhaps governments may pay more attention to our domestic "subsistence" economy - the work we do outside the workplace. And we might try to lose the more irritating efficiencies like computer-based holiday organisers.

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