

# Passing the buck:

## Corporate restructuring and the casualisation of employment

*Ursula Huws*

**Ursula Huws** is Professor of Labour and Globalisation in the University of Hertfordshire Business School and Director of Analytica Social and Economic Research, UK.

### **ABSTRACT**

This article starts by looking critically at the contested concept of work flexibility, tracing the ambiguities inherent in it to the contradictions embodied in the 'special deals' struck between capital and labour in the third quarter of the 20th century. It then goes on to discuss the new forms of employment casualisation – and resulting precariousness – that have arisen since that period within the 'formal' economy, arising from the processes of financialisation, globalisation and corporate restructuring, before introducing the contents of this volume. It concludes with some general reflections on precariousness.

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In 1982, I had a conversation with an editor at a British publishing house about a book I had been contracted to write. I said that the subject would be the casualisation of employment taking place at the time under the Thatcher government. He told me, very firmly, that there was no such word as 'casualisation' and, furthermore, that the concept would mean nothing to potential readers and that such a book would never sell. Perhaps this is one reason why I never got round to writing it, though I continued to do research on related topics. This conversation encapsulated some of the confusion around the topic, which refers to a number of overlapping terms (including 'informality', 'flexibility' and 'precariousness') whose meanings have been contested and changed in differing historical and geographical settings.

In the early 1980s in the UK, 'flexibility' still had many positive associations, having been raised as a demand in the 1970s by the women's movement as a way of easing labour-market participation for people with responsibilities for child-care or other domestic commitments. Flexible working, often combined with a general shortening of working hours for both men and women, was seen as one of the first steps towards an emancipated society in which both sexes could share equally in reproductive work. The concept was generally interpreted in relation to working hours and was seen, in this discourse, very much as providing flexibility for the worker, whom it would enable to choose when to work, and for how long, in response to the varying demands of the household. But even then, 'flexibility' had other overtones. It was beginning to be used by companies to describe a range of different ways of maximising efficiency

for the firm, rather than for the worker. By 1984, Atkinson (1984) had anatomised four different dimensions of this flexibility, none of which was designed primarily to help workers manage their work-life balance, although some might happen to do so incidentally. These were: external numerical flexibility (achieved by using temporary agency workers or workers on fixed-term contracts, and making it easier to hire and fire workers at short notice); internal numerical flexibility (achieved by adjusting working hours or schedules of workers already employed within the firm in response to fluctuations in demand, including the use of part-time, flexitime or flexible working hours and the introduction of night and weekend shifts); functional flexibility (achieved by transferring workers between different activities and tasks within the firm or introducing multiskilling); and financial or wage flexibility (achieved by negotiating wages individually with workers, rather than collectively or by linking pay to performance, assessment or rate-for-the-job systems). To these could be added a fifth dimension: spatial flexibility, in the form of the use of homeworking or the practice of offshore outsourcing, which I was studying at the time (see, for instance, Huws 1984a;1984b). Debates about all these forms of flexibility were heated, with sharply opposing positions taken up by different protagonists both within and between trade unions and women's organisations as well as other bodies (for a reprise of some of these debates, see Huws, Hurstfield and Holtmaat, 1989).

To understand the ambiguities in the concept of work flexibility and its contentiousness during this period it is, perhaps, necessary, to examine some of the contradictions implicit in the post-war model of employment developed in some Western countries in the third quarter of the 20th century which had created the normative model of stability against which flexibility was contrasted.

Variously described as 'Fordism' (Aglietta, 1974) the 'golden age of capitalism' and the 'post-war Keynesian national welfare state', this was a period, more or less coinciding with the Cold War, in which, it could be argued, a range of 'special deals' were struck in a triangular relationship between trade unions, employers and national states, in certain developed countries, taking different specific forms in each national context (for a discussion of some of these differences, see the 'Varieties of Capitalism' literature, e.g. Coates, 2000; Hall & Soskice, 2001). These deals produced a normative model of work in which jobs were permanent, wages and conditions were collectively agreed, and benefit systems were put in place guaranteeing sick pay, health care, paid holidays and pensions to workers and their families. Whether these were delivered as universal benefits to all citizens, or linked to collectively-negotiated company- or sector-based agreements varied between countries, but there was a general assumption of universality. There was also an assumption that the worker would normally be masculine and that his wage would be a 'family wage', sufficient to support a dependent wife and children. This model was not only held up as normal within Western societies: something that all citizens should be able to aspire to; it was also held up to the rest of the world as the model of what employment should look like when 'development' took place. Trade unions and progressive parties were encouraged to work towards the development of 'formal' economic sectors with employment patterns modelled as closely as possible on these Western models, which were contrasted

with the 'backwardness' of the 'informal sector', seen as an outmoded relic of the 'underdeveloped' past.

Even in Scandinavia, where, it could be argued, it achieved its broadest reach, through the provision of welfare benefits granted to the whole population as a right of citizenship, this model could not be said to have been genuinely universal. As Doeringer and Piore (1971) pointed out, the high productivity that was the price labour paid for these special deals required an intensity of work and a level of skill and commitment that could best be achieved by splitting the workforce into two groups: a relatively privileged group of insiders (in a 'primary' or 'firm' labour market), and a dispensable group of outsiders (in a 'secondary' labour market). The insiders were disciplined by the knowledge that outsiders were always there, knocking on the door, ready to take their jobs if they slackened their pace. Even if not actually unemployed, the 'secondary' workers could be seen as playing the role of a reserve army of labour, through their desire to achieve insider status. And even in situations of almost full employment, their numbers could easily be expanded, for instance through the use of immigrant labour. It is perhaps no accident that the 'golden age' of capitalism in the United States, Japan and much of Western Europe was also a period in which Latin American immigrants were being encouraged into the USA, Koreans into Japan, South Asians and Caribbeans into the UK, North Africans into France and Greek and Turkish *Gastarbeiter* into Germany. But there was another reserve of labour even closer to home, a reserve that was largely excluded from the primary labour market by the long and rigid working hours that were required, by the continuous and long-term loyalty to the corporation that was demanded, by its exclusion from access to certain skills and also by plain old-fashioned prejudice: women.

Although in the immediate aftermath of World War II there was a compulsory expulsion of women from many jobs they had occupied during the war, to make way for the returning troops, many did not stay at home for long. From the 1950s onward there was a steady increase of women in the labour force. In the USA, for instance, 34% of women worked in 1950, but this grew to 38% in 1960, 43% in 1980, 58% in 1990 and reached 60% by the end of the century (Toossi, 2002). In the UK, women's labour market participation grew from 46% in 1955, to 51% in 1965, 55% in 1975, 61% in 1985 and 67% in 1995 and there were similar patterns in many other European countries (Walsh, 2001). However this participation was, overwhelmingly, on different terms from men's. Not only was there strong occupational segregation, with men and women working in different occupations and in different industries, but women were also much more likely to be working part-time. An accommodation was reached whereby employers offered work on terms that it made it possible for women to combine it with housework and motherhood but at inferior wages and without the protections extended to full-time permanent employees. In accepting these terms, part-time women workers posed a complex challenge to the organisations that represented the interests of full-time male workers. On the one hand, their earnings were providing a vital supplement to the 'family' wage, which was becoming insufficient to provide a whole family with all the goods and services which were newly becoming 'essential' in an increasingly materialistic postwar consumer society (indeed, in many occupations and industries,

the male wage had always been too low to keep a family out of poverty). On the other hand, their role as a reserve army could be seen as contributing to that very reduction in the value of the male wage and undermining the strength of the organised groups of workers whose bargaining position with employers had traditionally been based on the exclusivity of their skills. Whilst occupational segregation minimised the extent to which women workers could directly undercut skilled male workers, this began to break down when those male skills were downgraded, for instance when the introduction of computer technology brought about a convergence between the skills of male craft workers, such as typesetters or lathe operators, and those of female office workers, such as typists.

In the face of these contradictions, it was little wonder that there were debates within trade unions about whether part-time working, or homeworking, should be banned or whether, on the contrary, efforts should be made to recruit these 'atypical'<sup>1</sup> workers into trade unions and organise them. In some ways, these debates can be seen as a re-enactment of more general disputes within the labour movement about whether women should be treated as equal to men or given special protective treatment as (frail) members of working class households, debates that have been played out historically in relation to issues ranging from bans on women from working on night shifts (something which was only repealed in the Philippines in June, 2011<sup>2</sup>) to the right to menstruation leave<sup>3</sup>. However it is significant that they were played out around the issues of flexible work precisely during a period when the principles of equal pay and avoidance of sex discrimination were being inscribed in law across the developed world<sup>4</sup>. Such disputes certainly did little to help develop coherent responses to casualisation on the part of the labour movement.

Seen from the perspective of women, and, indeed, from the perspective of the majority of the workforce in many developing countries, precariousness is the normal condition of labour under capitalism. Given the enormous asymmetries between capital and labour, what needs to be explained is not so much how this precariousness has come about but how it is that in certain times and places certain groups of workers have managed to organise themselves effectively enough to achieve some degree of income security and occupational stability. The labour market, is, after all, one to which a worker can only bring a finite amount of energy, skill and knowledge in one particular spot at one particular time, whilst employers can usually draw on reserves of capital and alternative sources of labour independently of space and, very often, also time. In a broad historical and geographical perspective, it could well be that it is the special deals of the 'golden age' that will be regarded by future historians as the great exceptions to this general rule.

Part of the answer to this question is political. To understand the success of the special deals, we must take into account the particular circumstances of national

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1 I have been unable to trace the origin of this term. It was widely used by the European Commission to group together forms of employment that were *not* permanent and full time. See, for instance, <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/atypicalwork.htm>

2 See Philippine e-Legal Forum, (2011)

3 I discussed this in Huws (2003: 78-79)

4 In the UK, not untypically, the Equal Pay Act was passed in 1970 (although employers were allowed until 1975 to 'prepare' for it) whilst the Sex Discrimination Act came into force in 1975.

states in post-war Europe and elsewhere, the strong demands from their populations for basic welfare services and no return to the still vividly remembered depression conditions of the 1930s, the existence of the cold war and the way in which the threat of communism was used to coerce the leadership of trade unions and social democratic parties to participate in national economic forums and collective bargaining systems and generally embed themselves with what were still largely seen as national companies in national systems of co-regulation. Part of the explanation is related to the particular stage of economic development. The spread and reach of transnational corporations (TNCs) was still relatively low and their operations constrained by national regulatory systems. There was scope in many contexts for large companies, often in collaboration with national public institutions, to take a longer-term strategic approach to investment in the skills and loyalty of their workers. Technological development, though advancing fast, was still such that there was a heavy reliance on company-specific and sector-specific skills and expertise, much of it tacit, which conferred considerable bargaining power on the 'insider' workers with the requisite contextual knowledge, craft-based skills or occupational qualifications to carry them out. These factors can be seen as mutually reinforcing, and were further buttressed by cultural factors, including the gender regimes already referred to.

It is tempting to see the slow unravelling of these special deals over the last three decades as a simple reversal or backward swing of a pendulum: women left the workforce, then came back; the Berlin Wall went up, then came down, pensions went up, now they are coming down; public sector work became a job for life, now it is ceasing to be so; computer engineers became a well-paid part of the labour aristocracy, but now they are being brought down to earth with a bump. And so on.

But such thinking is mistaken. As many of the essays in this volume demonstrate, the casualisation of labour currently taking place around the globe is fundamentally different in many of its features from previous forms. First, it is taking place in a context of globalisation. Capital can now access a reserve army of labour regardless of national borders for a wide variety of activities, either through moving the jobs abroad (offshoring) or bringing in migrant workers for tasks ranging from street-cleaning to medical consultancy (Huws, 2006a; 206b). Second, it is taking place within the sphere formerly occupied by labour-market insiders: the core functions of large global organisations which ostensibly form part of the 'formal economy'. Even when casualised labour is not carried out by their direct employees, it is carried out within the scope of the increasingly elaborated value chains which they control. Third, the pressures on companies to drive down their costs, including labour costs, are more intense than in earlier periods because of the impact of financialisation and the need to deliver short-term returns to shareholders. The implications of these developments are profound.

The first article in this collection, by Claude Serfati, sets the context by providing an overview of the development of TNCs and demonstrating convincingly that, although in the past it might have seemed feasible to make a distinction between 'industrial' and 'finance' capital, these companies are now, regardless of the sector to which they ostensibly belong, increasingly adopting the behaviour of financial corporations. Based on compelling evidence of strategies including tax evasion through transfer pricing,

regime-shopping, acquisitions of intellectual property rights and inflation of the value of 'intangible assets', he argues that:

*in the context of a global macro-economic regime of accumulation dominated by finance capital, financial logic takes on a preeminent role in the strategies of TNCs. Unfettered deregulation of financial markets and a multiplication of financial innovations (products and institutions) have given a further boost to the transformation of TNCs, which can be defined as financial groups with industrial activities.*

In particular, he shows how TNCs are able to create an internal 'integrated global space' within their value chains, a space within which they can transfer profits as well as material activities across national borders with impunity in search of the lowest tax bill or the greatest level of output from workers for the cheapest outlay.

James Lawson also takes up the theme of global value chains, focusing particularly on the forms of communication that exist within them and the ways in which these may allow power to be exercised from the centre extending right down the chain without any concomitant spread of accountability. He concludes by reflecting on the implications of this asymmetry for NGOs and others campaigning against abuses, such as the use of child labour, in the most precarious organisations at the bottom of these chains.

Thomas Barnes shows the way in which new forms of casualisation co-exist with, and complement, the growth of TNCs and accompany rapid economic development through the example of Karnataka, the Indian state where the booming city of Bangalore, centre of the offshore IT outsourcing industry, is based. Using data from the Census of Employment, he shows that there has been a growth in waged labour, as compared with unwaged labour, but that this growth has not been associated so much with a rise in direct and secure waged employment for large enterprises as with a rise in the number of informal enterprises, many of which carry out outsourced work for large formal enterprises. He reflects on what this means for how we conceive 'informalisation'.

Marlea Clarke and Shane Godfrey provide another interesting case study, this time of the clothing sector in South Africa, showing, once again, how local factors interact with global trends to produce particular patterns of informalisation. Here, they argue, the very rapid casualisation of the industry, whereby organised factories were replaced by informal 'cut, make and trim' operations, often employing former factory workers as homeworkers, was driven partly by fierce global competition in the industry, especially from China, but also by the distinctive history and structure of the South African retail clothing sector, dominated by a small number of firms serving the large local market.

The adoption of outsourcing strategies by large global companies also figures large in the contributions by Claudia Figari, in Argentina, and Ricardo Antunes and Giovanni Alves, in Brazil. Figari draws on extensive qualitative research in major companies in Argentina in the steel, automobile and hydrocarbon production sectors. She shows how the modernisation strategies of these companies involved both the dismissal of older workers and the creation of new divisions among the new and younger recruits, most of whom were employed on precarious contracts in outsourcing companies with only a few achieving the coveted insider positions. Drawing on a detailed analysis of company training strategies, as well as interviews, she shows how

a new corporate mindset was created in the workforce, in which differences between workers were legitimised and precariousness normalised. However she also points to contradictions that result from these processes, in particular those connected with these companies' continuing need for scarce skills.

Unlike Figari's case studies, which involve the modernisation of older companies and the mechanisms whereby a previously secure workforce is casualised, the company that provides the focus of Ludmila Costhek Abilo's case study is a new one that was able to develop a business model from scratch involving an extreme form of informality. Natura is the largest and most successful cosmetics company in Brazil, now expanding internationally and with a reputation for ethical trading based on the way it uses natural resources, particularly the resources of the Brazilian rainforest. Its products are sold not through shops but, using the direct selling method, by an army of nearly a million workers who not only have no rights as employees but actually cover from their own pockets many of the overheads that would normally be carried by retailers, as well as bearing the risks of unsold stock, bad debts and the effects of intensified competition on their profit margins. Sharing some of the characteristics of traditional homeworkers, these workers are nearly all women, and come from a very wide range of different social backgrounds, though many do not see themselves primarily as cosmetics saleswomen. Abilo's study raises a range of interesting questions about how workers' identities are constructed and how value is generated in a market dominated by brands, and where the boundaries between work and consumption are increasingly blurred, as well as shedding light on the complexity of informal labour in an era of globalisation.

Hannele Palukka and Tiina Tiilikka focus on a very different group of workers: highly skilled doctors and nurses working as temporary staff in the public healthcare system in the strongly-regulated Finnish labour market. If there is any group of workers who might be thought to conform most closely to the 1970s feminist ideal of flexibility for the worker's sake (rather than that of the employer) it might surely be these. Yet, as they show, even here, the lack of long-term links between the employer and the worker has definite drawbacks. As the authors conclude:

*there are definite limits to agency work that do not always favour the young worker or the patient. Agency employment does not provide adequate opportunities for guidance and support. Furthermore, young doctors and nurses do not have enough influence over the design of patient care. Even though flexible agency work is a voluntary choice for many health care professionals, it is necessary to ask whether it severs the connections with previous experiences and circumstances on which practical health care provision is based.*

Offering an overview of the restructuring of employment that has taken place since the 'golden age', Ricardo Antunes argues that we are witnessing the emergence of a 'new morphology' of labour: one in which labour is increasingly treated by capital as something 'freeze-dried', to be kept on hold ready to be used at a moment's notice and dispensed with once its purpose has been served. Drawing on the recent history of changes in employment in Brazil for evidence, he argues that theories that we are seeing the 'end of work' are misguided, as are theories that value is no longer generated for capital by labour (or by labour alone). On the contrary, he contends, we must look



at value as something that is generated within the totality of a complex global division of labour that encompasses both material and immaterial labour, and calculate it on the basis of the average social time contributed by labour across the whole value chain. Giovanni Alves, supplements this picture by providing further evidence of the changes taking place in the Brazilian labour market, demonstrating that the foundations of many of the changes that took place during the 2000s (when Brazil was presented as the economic success story *par excellence* of Latin America) were laid down during the 1990s, in a period characterised by low economic growth but major neoliberal-inspired reforms of labour legislation. Like Antunes, Alves argues that the new condition of precariousness inside the structures of the formal economy (as opposed to on its fringes, as in the past) represents a new phase of capitalist development, requiring a new frame of analysis, one which, he proposes, should shift beyond an investigation of changes in the way in which labour is treated as a commodity to a focus on changes in workers' consciousness and changing experiences of everyday life.

This collection concludes with a review by Keith Randle of some recent publications on precariousness. Whilst recognising the topicality of the concept of a 'precariat' he is sceptical about whether it can ever become a social 'class', not least because of the huge demographic diversity of the vast population around the world that has only in common the fact that it does not have secure, permanent full-time employment.

Like hunger, homelessness, poverty, pain and imprisonment, precariousness is a condition that people struggle to escape. Perhaps one of the lessons that can be learned from history is that, when they get the chance to do so, workers seek every opportunity to band together to try to improve their conditions. To the extent that they succeed in doing so, they become less precarious. Thus the social category 'the precarious', is, like 'the poor', 'the homeless' or 'the hungry', inherently unstable. Nevertheless, the growth of labour precariousness around the world is one of the most striking features of working life in the 21st century and the urge to resist or overcome it will undoubtedly assume increasing importance in the years to come. Strategies based only on protecting the interests of the dwindling proportion of labour market insiders will be increasingly discredited, but the development of alternative strategies will require a much greater understanding of the dynamics of exclusion and the realities of life as a precarious worker. Further research on the links between financialisation, corporate restructuring and employment casualisation will be needed to develop such an understanding. I hope that the contents of this volume will make a contribution to the development of an agenda for such research.

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