

## Individualism, Neoliberalism and Institutional Change: the Case of 'People Management'

The following extract from Chapter Eleven ('The neoliberal settlement') of Ralph Fevre, *Inequality and Individualism*, London: Edward Elgar, 2016 explains some context for my WINIR paper

### EDUCATION AND PEOPLE MANAGEMENT IN THE GLOBAL NEOLIBERAL SETTLEMENT

As neoliberal settlements were established in countries around the world, earlier settlements were consolidated (Barnes and Hall 2013; Boltanski and Chiapello [1999]2005). Governments reshaped public policy in support of the idea that individualism was only ever safe with a capitalist organization, or with an organization that could do a passable impression of behaving like one (Bozeman 2007; Streeck 2014). This drove their continued development of education systems, the reform of employment and the diffusion of 'new public management' throughout the public and third sectors. The countries that subsequently reached their own neoliberal settlements did not experience these reforms in the same order or at the same pace (Hall and Lamont 2013; Streeck 2014), but there were sufficient similarities to give credence to the neoinstitutionalist view that the changes were the products of a worldwide culture (Meyer and Bromley 2013).

One particularly glaring example of the world system at work was the massive global expansion of education (Meyer and Bromley 2013), which rapidly acquired a distinctive neoliberal tone. Across the world, governments and companies joined together to promote the idea that the purpose of education was to foster an individualism which would be responsive to the ever-changing globalized division of labour. As I have pointed out in earlier chapters, this was a far cry from Adam Smith's vision of education as an antidote to the depredations of the division of labour. Tony Blair's insistence on 'education, education, education' in the UK was simply one sound-bite in a global campaign to persuade people that the expansion of education was the key to their chances of fulfilling their potential within the global division of labour (Brown et al. 2012).

We have already encountered ideas such as employability and the learning society but these and other similar ideas (like the knowledge economy) actually drew on the other key educational concept in global neoliberalism: human capital. In Adam Smith's usage, the parallel between investment in education and training and investment in physical capital was designed to persuade his readers that people approach education looking for a return on their money (see Chapter 3). It implied nothing about the relationship between education and productivity, and still less did it rely on the idea that people would have to carry on educating and training themselves to fit into a global division of labour. People would invest in education because they knew the market would reward them, but this could simply be a question of accessing the privilege congealed in some elite occupations like the law which had erected educational entry barriers to keep out those who could not afford to invest.

In neoliberal times, the concept of human capital was so transformed that it encapsulated both the idea that education was the universal route to individualism and the idea that individualism was something capitalism could not do without (Fevre 1992, 2003; Fevre et al. 1999). Not only did capitalist organizations (and all the other organizations which were now supposed to behave like them) promise that their most precious assets were human, but they also depended on those assets differentiating themselves to fit the roles the organizations had made available. In its neoliberal guise, human capital was a distillation of the existential commitment of capitalism to individualism. Everyone was exhorted to invest in their human capital because, unless they did, capitalism would not only be unable to deliver individualism to them but would also wither away for lack of nourishment. The idea of human capital showed that, when they differentiated themselves into the

types of workers capitalism required, they were simply behaving as sensible investors rather than volunteering to save capitalism the cost of preparing its own workforce (Schofer and Meyer 2005).

We should not forget that this preparation entailed more than simply getting qualifications. Not only were people required to school themselves to make sure they could take advantage of the opportunities for individualism that capitalism provided, but they were also meant to tailor themselves to those opportunities as they evolved. If the theory of human capital was right, this process must begin in kindergarten and so the belief that a changing division of labour would always provide sufficient opportunities for self-determination spread to elementary education—around the world. From very early on in their educational careers, pupils were encouraged to consciously shape their individuality in anticipation of the job they might have. When they first entered the labour market, they were already well prepared for an interview in which they would demonstrate that the job they wanted was a perfect fit with their personality and ambitions (Brown et al. 2012). They would also be required to demonstrate that they had acquired qualifications of course, and the worldwide phenomenon of educational expansion was proof of just how seriously governments learned to take their role as facilitators of individualism.

From the late 1970s, successive governments had accepted that it was their responsibility to encourage and facilitate citizens' investment in their human capital. National prosperity and even prestige and influence depended on how enthusiastically they did this compared to the citizens of other nations (Meyer and Bromley 2013). Countries could easily be compared with each other by using measures such as average years of schooling and the possession of various qualifications which were deemed to be roughly equivalent. Such measures were frequently used by the supra-national organizations which saw educational expansion as a panacea, including the OECD, the IMF and the World Bank (Meyer and Bromley 2013). They served as a log of the successful efforts made by other countries to catch up and surpass the USA (Schofer and Meyer 2005). For example, by 2014 the USA was still in the top five OECD countries for the proportion of 25–64-year-olds with tertiary qualifications, but in the younger age groups the USA was slipping down the league table as more countries around the world expanded their education provision. In 2014, the USA was no longer in the top half-dozen OECD countries and even the UK had passed the USA in the percentage of 25–34-year-olds with tertiary education. A year earlier, the proportion of British and American 15–19-year-olds enrolled in education was the same at 81 per cent, slightly below the OECD average of 84 per cent (OECD 2015: 41, 316).

By this point, a global consensus had established that a much more reliable way to measure these differences in national human capital was a standardized testing regime – the Programme for International Student Assessment (PISA) run by the OECD. PISA's academic attainment tests confirmed that the likes of Korea, Taiwan, China, India and especially Singapore were outstripping the USA and most European countries, and this was not simply a matter of more years in schooling. Education in these Asian countries was not only as, or more, extensive as it was in the USA, but it was also more intensive. For a given year of schooling, their citizens appeared to be accumulating far more human capital than their counterparts in the USA. Country after country took up the idea that human capital was the key to national prosperity, influence and esteem, and this necessarily implied that they had put in place the conditions required for the acceptance of their own neoliberal settlement (Schofer and Meyer 2005).

Throughout the world, governments accepted that education was the universal route to individualism and that individualism was something capitalism could not do without (Meyer and Bromley 2013; Scott, Meyer and associates 1994; Thomas et al. 1987). Albeit that this did not always happen very quickly, they also followed the USA (and the UK) in putting in place the preconditions

for a neoliberal settlement in labour markets and workplaces (Hall and Lamont 2013). One of the Thatcher governments' key strategies had been to paint the trade unions as obstacles to individualism. From the successful 1979 campaign onwards, strike action, particularly in the public sector, was presented as an infringement of the individual liberties of service users. After the election, the unions were also portrayed as infringing on the liberties of employees in a variety of ways. These included the union tactic of increasing the leverage of strike action by seeking the support of employees in other organizations, for example those supplying an employer whose workers were on strike. Another target was the 'closed shop' in which workers were given no choice but to enrol in a particular union if they wanted to work for a particular employer or industry. Then there was the manner in which the unions decided to take action without a process which preserved the individual's right of self-determination.

Public support was gathered, and union resistance weakened, in a series of set-piece battles in which unions in the public and private sector were manoeuvred into disputes which they could not win. Government involvement in these disputes varied from mere cheerleading on the employers' side to (well-concealed) close involvement in the initiation and conduct of disputes (e.g. Fevre 1989). In addition, successive neoliberal governments in the UK pursued a course of legislative reforms which were presented as means to the enhancement or preservation of the individual liberties of employees and service users. For example, at the time of writing a Conservative administration proposed to require at least half of a union's eligible members to take part in a ballot for a decision on industrial action to be valid. In addition, at least 40 per cent of eligible members would have to vote in favour of action if it were to take place in core public services (health and education, transport and fire services). By this point, successive governments had established a framework for the resolution of the problems which employees had once had to rely on the unions to solve (Bagguley 2013).

Between 1997 and 2007, New Labour governments were particularly active in the extension of rights meant to facilitate the self-determination of individual employees. Existing protections and rights of redress covering unfair dismissal, payments of wages and for redundancy, employment contracts and discrimination on certain equality grounds were extended in an ad hoc way. Individuals acquired additional rights in relation to working time, a national minimum wage, paid annual leave and work-life balance. As a member of the European Union, the UK was also required to extend anti-discrimination law to cover discrimination on grounds of sexual orientation, religion and belief. In equality matters, individual employees might rely on information, advice and, in some circumstances, advocacy from the various equality bodies established by government. Government helplines and the network of citizens' advice bureau were intended to provide the information employees would need to know if any other of their rights had been breached, and how they might seek redress (Fevre et al. 2009).

The general principle of the individual employment rights framework was that employees would, if at all possible, seek initial resolution through discussion with their employer, and seeking to have rights imposed through an employment tribunal was considered a last (and expensive) resort. The exceptions to the expectation that individuals would see to it that their rights were observed were low pay, health and safety and the rights of the most vulnerable workers. In these cases, the government established agencies which allowed it to play a direct role in enforcement (Fevre et al. 2009). The latter would obviously have been anathema to Herbert Spencer, although he might have welcomed the idea that employees would no longer take most of their problems to trade unions because they had their own more effective channels for individual enforcement and redress.

Instead of seeing neoliberalism 'as a blanket laid over the world', we should understand that its impact differed with the context of its arrival and that context was influenced by the 'creativity' of local political actors (Hall and Lamont 2013: 10; Streeck 2014). Some of those already engaged in extending individualism used neoliberalism as an opportunity to carry on their work. In the UK, and in many other European countries, people made use of neoliberal discourses and structures, particularly those couched in terms of rights and productive worth, in their own attempts to foster the self-determination of employees. Something similar sometimes happened at the company level where the human resource management literature faithfully documented the increasing individualization of employment relations at the initiative of employers long before an individualized rights framework was in place in the UK and elsewhere (e.g. Storey and Bacon 1993).

The reform of HRM practices to facilitate the growing recognition of individual workers was believed to undermine the trade unions (Deery and Mitchell 1999), but we will see (Chapter 12) that, when employees engaged with the processes employers established to encourage them to resolve their problems individually,<sup>3</sup> they often drew on collective resources. It is rarely pointed out that one of the defining policies of neoliberalism, new public management (NPM), was also very much concerned with the individualization of employment relations in that remaining bastion of unionism, the public sector (see Chapter 1). However, it was often the professions and their associations, rather than the trade unions, which were portrayed as obstacles in the way of individual self-determination. It is a mistake to conceive of NPM as simply concerned to extend the principles of the market to the public sector, unless these principles include individualism. Thus, one justification for the extension of management by objectives within NPM (Bozeman 2007) was that it increased the opportunities for autonomy available to managers and administrators. As in other examples of cognitive individualism, their greater autonomy was presented as conducive to organizational efficiency. They would no longer be hide-bound by bureaucracy, vested interests or political interference but would be allowed the space to fail or succeed by their own efforts. To this end, they were vested with devolved budgets and greater powers, and measurable performance targets were facilitated by external auditing and the widespread introduction of measures which fed into league tables, allowing comparisons between organizations and even countries (Meyer and Bromley 2013).<sup>4</sup> From managers and administrators, these innovations were extended to public-sector professionals themselves, with some rather mixed effects (Fevre 2003, 2007).

At least in the initial stages, there were many members of the long-established professions who thought that making them subject to NPM diminished their autonomy, for example through the replacement of professional judgement with managerial considerations. For instance, to neoliberals clinical judgement was no longer superordinate because it implied the derogation of individual responsibility to a collective which might well preserve all sorts of inefficiencies in order to feather its own nest.<sup>5</sup> But to the professionals who had spent a lifetime acquiring the ability to make these judgments, the ersatz nature of managerial morality was often painfully obvious, for example where targets failed to improve, or actually damaged, the welfare of those who used public services (Fevre 2003).

In what remains of this book, we will consider the question of whether, in gaining individual rights instead of collective representation, employees really did improve their lot. It would be consistent with our earlier discussions of cognitive individualism if the delivery did not match the promises made by governments and employers (Streeck 2014). I emphasized throughout these discussions that it was the extravagant promises of cognitive individualism rather than its demonstrated effectiveness that undermined sentimental individualism. This might also apply to the individual employment rights framework (Bagguley 2013), including anti-discrimination legislation.

As noted in Chapter 10, the level of discrimination, for example in labour markets, is notoriously difficult to gauge, but particularly so where it is illegal. Discrimination has natural camouflage because the reasons for any hiring, promotion and firing decisions are often shrouded in mystery and, at the same time, claimed by the competing rationalities discussed in the previous chapter. When decision-makers must also avoid saying they were influenced by discrimination in favour of or against anyone, but most of all the affected employees, surveys of the experience of discrimination amongst employees are very poor guides to its prevalence. This also explains the huge discrepancies between levels of discrimination reported in surveys of employees and more ingenious attempts to measure it, including field tests with dummy job applications which typically suggest much higher levels (Fevre et al. 2011). Many citizens may actually be aware of this discrepancy in a general way: they may not know that they have suffered discrimination but the proportion of citizens who believe that employment discrimination is widespread remains high, for example across the EU countries (TNS 2012).

Cognitive individualism within people management prepared the ground for neoliberalism by persuading citizens that capitalism required the ever-greater extension of individualism just as people required air to breathe. This assumption was reiterated on every occasion that a 'business case' was made for 'equality and diversity' (Fevre 2003; Fevre et al. 2012). If benefits for business could not be identified, then any proposal in question would, by definition, fail to extend individualism, but employees were not always convinced by this tautology. In effect, they were sometimes suspicious that their employers' avowals of commitment to equality and diversity might stem from an ersatz morality. We can find evidence of this where insistence on the ubiquitous business case appeared to convince employees that their employers were only paying lip service to equality in order to achieve their own ends, for example the appearance of legal compliance (Fevre et al. 2012).<sup>6</sup> Data like the high level of continued general awareness of discrimination suggest that employees may suspect that cognitive individualism generates an ersatz morality in which appearances can be all that matter. Nevertheless, those who are aware of discrimination are often in the minority and the next chapter will show that, when it comes to their own experience, employees seem to be reassured by circumstantial evidence that their employer is complying with the law.

In the remaining chapters, we will find further evidence which sometimes casts doubt on the extent to which employees really are convinced they are benefitting from individualism. This doubt suggests that the tussle in people's minds between the expectations generated by sentimental individualism and what they are told has been achieved by cognitive individualism may not, after all, be quite at an end. For example, people tend to be more convinced that women are now getting more access to the benefits of individualism than members of other protected groups, particularly ethnic origin, disability and sexual orientation (TNS 2012). In regard to disability, special measures have been taken to address this deficit. For example, the Americans with Disabilities Act of 1990 put a large share of the duty to eliminate discrimination by way of 'reasonable adjustments' to the workplace on employers. We will return to this example (in Chapter 13) because the legislation was obviously a significant departure from the core principles of the individualized approach to employment rights. If anything, it was reminiscent of some of the ideals of the socialist romantics who wished to see work changed to accommodate individuals rather than the other way round.

Further evidence of resistance to the blandishments of cognitive individualism could be found in employees' scepticism about the extent to which government and corporate enthusiasm for notions of employability and the entrepreneurial self really extended individualism (Fevre 2003). It may be, however, that this evidence is now out of date and simply an indication of temporary difficulties in a transitional phase in which employees were gradually won round by changes in education and

people management after 1976–7. From this point, organizations began to adopt the ideas of Strategic Human Resource Management, one of the primary functions of which was to ensure that employees would never doubt that employability and the entrepreneurial self would extend their own opportunities for self-determination. The HR manager now sat on the company board and this showed how the company cared about meeting all the individual needs of employees as well as confirming how important investing in their (self-)development was to the company.

In Chapter 1, we learned that such developments meant that employers required more of their employees, but this version of the story failed to mention how this was presented to employees as a wonderful opportunity for them to live out their lives in the manner only once available to the elite. From now on, their employer would make it possible for them to exercise their autonomy in every imaginable way. Younger workers were particularly prone to acquiring strong expectations that this was exactly how work should be (Fevre et al. 2012; Streeck 2014). They did not want to exit an educational system fully attuned to cognitive individualism only to find they were treated as indistinguishable cannon fodder for companies once they got into work. They wanted their efforts and talents to matter and strategic HR assured them that they mattered very much.