

Internalising Flexibility developments in the UK NHS: evidence for strategic employer behaviour?

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Alex de Ruyter¹, Ian Kirkpatrick², Kim Hoque³ and Chris Lonsdale¹

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This paper examines developments in labour flexibility that have taken place in the UK NHS. The traditional assumption is that under the auspices of NPM, public organisations are moving away from internal labour market (ILM) structures; by reducing job security and using more flexible forms of employment. In this schema, labour flexibility is held up as the antithesis of ILM structures. However, we find that there are entirely new and alternative ways in which public organisations are 'internalising' flexibility. Drawing on interviews with hospital managers and employees we find that there has been a wide variety in the ways that flexibility is internalised.

Debating flexibility and employer strategy

One of the more controversial areas of labour market change has been through the growth of temporary employment across countries over the last 20 years (Bergstrom and Storrie, 2003; Burgess and Connell, 2004). This has been particularly apparent in the growth of agency work across many countries (ibid.). Recently, this trend appears to have intensified with a growing proportion of temporary workers being contracted through private employment agencies. In the UK, it is estimated that between 1992 and 2006 the extent of agency work in the economy tripled; and the share of agency work in all temporary employment tripled in the same period (National Statistics Office, 2007). This pattern has been especially noticeable in the UK, but can also be found elsewhere in the EU (Bergstrom and Storrie, 2003), in the US (Houseman et al., 2003) and Australia (Burgess and Connell, 2004). Indeed, there is mounting evidence to suggest that the expansion of temporary employment agencies has been a global phenomenon (Burgess and Connell, 2004; Bergstrom and Storrie, 2003).

At the same time, these shifts have gone hand-in-hand with changes in the way academics and practitioners think about labour market flexibility. A key development in notions of flexibility and segmentation occurred with Atkinson's (1984) flexible firm model; which posited that segmentation could occur within firms, with a workforce separated into core and periphery – and, moreover, that firms pursued distinct strategic approaches for these different segments of their workforce. These changes in turn could be seen as representing a shift from traditional bureaucratic-hierarchic structures (Stinchcombe, 1990).

Suffice to say, Atkinson's model generated a great deal of debate and controversy in the literature. A significant body of research and evidence has pointed to the gap between the theory and practice of the Flexible Firm model by employers (e.g., Pollert, 1988; Burgess, 1997; Rainie et al., 2008). This research questions the idea that employers would adopt a strategic approach towards the design and management of employment systems outlined in the flexible firm model. Others, however, have questioned the idea that employers would not behave in a strategic manner (e.g., Procter et al., 1994; Kalleberg, 2001; Peel and Boxall, 2005). Whilst not necessarily suggesting that firms have restructured their workforce along flexible firm lines, they still point to evidence of more strategic approaches towards the pursuit of labour flexibility by firms (ibid.).

This paper contributes to the latter strand of research, focusing on the UK's NHS as an illustrative case. The NHS is interesting because of the so-called "New Public Management" reforms that have generated pressures

¹ University of Birmingham, BIRMINGHAM B15 2TT, UK - Contact: a.deruyter@bham.ac.uk

² Leeds University Business School, UK

³ Nottingham University Business School, UK

to be more strategic and frugal in resource use (Bolton, 2004) – this has been of particular concern in the responses to the growth of agency work in the NHS; and hence has entailed an increased emphasis on various forms of labour flexibility as a key means to achieve these ends (De Ruyter, 2007; Hoque et al., 2008). In this paper we outline the flexibility debate; before turning to the NHS experience.

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