The Labour Process Theory Down Under in New Zealand

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Outline

• Introduction
• LPT history
• Contemporary business environment
• A NZ perspective
• LPT & management accounting
• Conclusion

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Introduction

• Now into the 21st century
• Historical economic boom followed by global financial crisis
• Internally & externally generated crises (Riahi-Belkaoui & Jones, 2002)
• Is the labour process theory (LPT) a historical cost accounting development of social & political factors of the time?
• Or relevant with changing business environment

LPT history briefly

• Inspired by Karl Marx (Hisco, Hogan, & Rawlinson, 2001)
• Organisational control systems to increase production efficiency & for capitalists to exploit labour (Loft, 1986)
• Efficiency from intensification of labour (Clawson, 1980)
• Knowledge shift from production worker to management (deskilling) (Braverman, 1974; Loft, 1986)
  – Element of subordination & discipline

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Introduction

• This paper discusses the relevance of LPT today with emphasis on NZ
• Historical perspective of LPT & management accounting
• McDonaldisation & employing offshore labour = commodification of work force prevalent today
• Shift from “managerial capitalism to institutional capitalism” (Riahi-Belkaoui, & Jones, 2002, p. 521)
• Consider LPT still relevant in contemporary management accounting

LPT history briefly

• Scientific management principles of Taylor = splitting production process up into simplest elements
• Workers unaware of full production process
• Specialised tasks & close supervision improved efficiency (Kaye, 1987)
• Homogenisation of labour
• Semi skilled labour required rather than skilled. Easily replaceable
LPT history briefly

• Accounting changes brought costs more easily measured
• Knowledge of costs provided tool to control labour (Loft, 1995)
• Standard costs an example of control of scientific management movement
• Multiactivity organisations required evaluation of productivity & management performance, hence budgets, ROI, & stock turnover rates (Hopper & Armstrong, 1991)

Contemporary Business Environment

• Capital is connection between accounting & labour process (Carter & Tinker, 2006)
• Capital requires labour (Toms, 2010)
• Global financial crises provided a shortage of capital (Rodrick, 2010)
• Consequences: downsizing, restructuring, globalisation, information technology, & new dimension of labour process

A New Zealand Perspective

• Until 1991, trade union protection, then employment contract, & power dependent on economic factors (Crawford & Harbridge, 1998)
• 2000 – 2008 high growth, low unemployment, rising salaries, job seekers dictating terms
• Unemployment now risen (Russell, 2009), Control shifted back to employers
• Introduction of 90 day work trial, March 2009, reduced employee power

• LPT research provided critical perspectives on trends in workplace developments & various phases of writing
• Need to consider domestic & international economic environment (Talha, Raja, & Seetharaman, 2010)

Contemporary Business Environment

• Retasking, lower level tasks absorbed into professional/manager’s role without increase in salary
• Extra work & longer hours, blurring work & family boundaries (Runte & Runte, 2010)
• A management strategy to cheapen & control labour to provide adequate rates of return for capitalist owners (Rowlinson, Toms, & Wilson, 2006)

• McDonaldisation = surplus value from exploiting labour & customers (Wu, 2009)
• Minimise labour costs ie Mcjobs = temporary, non skilled, homogenous, tedious, fragmented (high turnover rate) v. full time, permanent
• Customers = self service
• As nature of work changes, new instruments used to control & exploit labour
• Call centres of 1990s = control & regimentation of clerical labour (Koski, 2002)
A New Zealand Perspective

• Off shoring for cheaper labour costs
  – Compliance & labour costs (MacDonald, 2005)
• Eg Fisher & Paykel’s relocation to Thailand 2005
• Fisher & Paykel needed to compete, hence demonstration of labour to be bought and sold like commodity as factor of production (Bryer, 2004)

Labour Process Theory and Management Accounting

• Business information revolution happening, driven by new management concepts
• Accountants provide the information (Dye, 2001)
• “Accounting... provides an objective framework within which all other control systems and realities are subsidiary and subservient” (Bryer, 2006, p. 3)

• Labour not treated as fixed, rather a discretionary variable overhead
• More unemployment and temporary require remaining to work harder & smarter (Cooper & Hopper, 2006)
• Functions of management accounting to provide control over subordinates (Cooper & Hopper, 2006)
• Previously through engineering & personnel, now through accounting (Bryer, 2006)

Conclusion

• Labour continues to be de-skilled and exploited and now extends to the customer
• NZ examples include market policy changes (90 day bill) & off shoring (F & P)
• Management accounting seen as the means of control to support capitalist’s income & wealth
• There are varying ‘waves’ of LPT and apparent in the manufacturing and now the service industries

• In this era of the ‘knowledge age’, will the increased knowledge lead to a rebellion of labour process controls and increased union activity?