

Business and in-work benefits: perspectives and priorities

Michael Conn

PhD

University of York
Business and Society
September 2021

Abstract

In the UK alone, millions of individuals receive in-work benefits (IWBs), and these form a substantial part of total government spending. Previous research has given attention to the costs and delivery of IWBs, but relatively little is known about business perspectives on IWBs and how policymakers perceive business' relationship with IWBs, which form the subject of this thesis. The thesis also seeks to understand how this important policy area affects business priorities and what this means for their collectively expressed views.

These issues are investigated through a review of literature from the social sciences, and original research analysing material from Hansard, business responses to relevant government consultations, and the Confederation of British Industry archives. Each covers a different combination of actors, document types, and periods, enabling a study of the developing understandings of the relationship between business and in-work benefits.

IWBs are government subsidies to people who are in current work, or their dependents; where being in current employment is a qualifying criterion for the benefit or an element of it. They tend to be viewed primarily as social welfare benefits that are aimed at workers, but they also operate as important corporate welfare benefits. This fact tends to be absent from mainstream debate and is often downplayed or ignored by business. A deeper and more detailed exploration of this area reveals some recognition of the corporate welfare dimensions of in-work benefits. Benefits and disbenefits to both individuals and business are recognised by Parliamentarians and by business. Some business organisations put significant effort into influencing IWB policy, with success in the area of administrative costs.

This research expands the literature in the field, and provides lessons for policymakers in ensuring businesses are aware of the benefits they receive from IWBs.

List of contents

Abstract.....	2
List of contents.....	3
List of charts and tables	8
List of abbreviations used in the text.....	10
Acknowledgements.....	12
Declaration.....	13
Chapter 1: Introduction	14
Chapter 2: In-work benefits in a social policy context.....	20
2.1: Defining in-work benefits	22
2.2: The transformation of welfare states	25
Defining the welfare state	25
Development of the welfare state to the 1970s.....	27
Pressures on the welfare state from the 1970s.....	29
2.3 In-work benefits in the UK	32
The history of in-work benefits in the UK	32
Current developments in the United Kingdom.....	47
Periodisation	50
2.4 Varieties of capitalism and varieties of welfare capitalism	51
In-work benefits around the world.....	55
2.5 Placing in-work benefits within social policy	60
In-work benefits and their impact on individuals and families	61
Low pay, poverty and minimum wages	62
Conditionality.....	63
Feminist critiques.....	65
2.6 In-work benefits and work.....	66
2.7 Conclusions	69
Chapter 3: Business and social policy	71
3.1 Political economy of the welfare state	72
Explaining the development of the welfare state.....	72
Political economy.....	75
Recognising the limitations and bringing theories together: Institutionalism	77
3.2 Corporate welfare	85

In-work benefits on the social/corporate-welfare continuum	89
3.3 The impact of in-work benefits on companies	91
Evidence from work on vocational education	93
3.4 Business and in-work benefits	95
Capital, labour, industrial policy and social policy	95
Recent history of industrial policy	97
Theory of the firm	99
Attitudes and responses to in-work benefits.....	100
3.5 Government, policy-making and in-work benefits	101
Structure and agency	102
Networks.....	104
Business organisations.....	106
Capital versus labour?.....	111
Variation across industries and regions.....	116
3.6 Ideological considerations and research questions.....	120
Chapter 4: Methodology and methods.....	122
4.1 Responding to gaps in knowledge	122
Research questions	123
4.2 Methodology.....	126
Qualitative methods and their difficulties	126
Case studies	129
Bridging the macro/micro gap	131
Temporality.....	132
Reflexivity.....	133
4.3 Research design	133
Documentary analysis.....	134
Coding	137
4.4 Parliamentary debates.....	141
4.5 Government consultations	145
4.6 CBI documents	149
Information available online.....	152
Gaps	153
Identifying relevant documents.....	155
4.7 Conclusion.....	159
Chapter 5: Parliamentary discourse on business and in-work benefits	161
5.1 Introduction	161

5.2 A timeline: Parliamentary debates from 1980 to 2013	162
In-work benefits	166
Tax credits and Universal Credit	169
Housing Benefit.....	172
Development of themes over time.....	173
5.3 The current state of debate: 2014 to 2018.....	174
5.4 Identifying themes	178
Administration costs	181
Benefits recipients spending money.....	182
Childcare	182
Corporate subsidies	183
Employment and unemployment	184
Flexibility	185
Productivity.....	185
Self-employment.....	186
Tenancies	187
Training	187
Impact on wages	188
Salience of these themes	190
5.5 Application to research questions	192
How do Parliamentarians discuss and understand in-work benefits?	192
Do Parliamentarians identify businesses as a beneficiary of in-work benefits?.....	195
To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?	200
5.6 Conclusion.....	200
Chapter 6: The business lobby: locating business opinion	203
6.1 Introduction	203
6.2 Developing a timeline	204
Terms of the consultations	210
6.3 Identifying themes	212
What themes emerge?	212
Corporate subsidies, employment and wage levels	214
Second-tier themes.....	216
Other Parliamentary themes	222
Free market theme	223
Diversity in opinion	224

6.4 Application to research questions	225
How does organised business view in-work benefits?	225
To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?	227
6.5 Conclusion	228
Chapter 7: Business organisations and in-work benefits – a case study of the CBI	231
7.1 Introduction	231
7.2 Influencing stakeholders	234
Periods of engagement	234
Publicity to members	235
Responses to government consultations	238
Lobbying government and the opposition	239
Lobbying the civil service	241
Leader or follower?	242
7.3 The voice of business?	242
The CBI representing its members	242
Development of CBI policy	243
The CBI and non-members	246
Differences between CBI member positions	247
7.4 Policy positions	248
CBI attitudes to specific in-work benefits	249
In-work benefits and the minimum wage	250
Attitudes towards changing governments	252
Themes in CBI discussions of in-work benefits	254
7.5 Application to research questions	257
How does organised business view in-work benefits?	257
How do business interests view in-work benefits?	261
To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?	263
7.6 Conclusion	264
Chapter 8: Discussion and conclusions	267
8.1 Introduction	267
8.2 Application to research questions	268
How do Parliamentarians understand the role and function of in-work benefits?	268
Do Parliamentarians identify businesses as a beneficiary of in-work benefits?	270
How does organised business view in-work benefits?	271

To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?	274
8.3 Relationship with the literature	276
The development of welfare states and in-work benefits.....	277
Attitudes to in-work benefits.....	279
Corporate welfare.....	283
Role of business organisations.....	285
8.5 Impact of the theoretical framework and data collection methods	288
8.6 Limitations of the study, future directions for research and recommendations	292
8.6 Conclusion.....	294
Bibliography	297
Appendix 1: Full list of CBI material consulted	320
Appendix 2: Structure of the CBI	332
Appendix 3: Members of the CBI President’s Committee in 1999	333
Appendix 4: Sectoral bodies holding membership of Director General’s Group of Chief Executives of Major Sectoral Organisations in April 1991	334

List of charts and tables

2.1 Major developments in the UK welfare system	33
2.2 Welfare as a percentage of UK Gross Domestic Product	43
2.3 Main benefits available to working people in the UK	46
2.4 Esping-Andersen's typology of welfare capitalism	54
2.5 International in-work benefit schemes as of 2015	58
2.6 Esping-Andersen's typology of welfare capitalism applied to in-work benefits	59
3.1 Functionalism and institutionalism compared	77
3.2 Comparison of different institutionalisms	79
3.3 Spectrum of welfare	90
3.4 Major business organisations in the UK	109
3.5 Industries with low pay	118
4.1 Level of confidence in sources, using Scott's criteria for quality sources	136
4.2 Initial coding framework	140
4.3 Results of searches in Hansard	144
4.4 Hits for consultations by search term	146
4.5 Production of a shortlist of more relevant consultations	147
4.6 Five key consultations	148
4.7 The archives of the main business organisations	150
4.8 Archive documents consulted	152
4.9 Material published by the CBI online	153
4.10 Timeline of CBI source material	154
4.11 CBI material to examine for key developments in in-work benefits	156
4.12 CBI material which engages with specific benefits	157
4.13 Farnsworth's classification of CBI documents	158
5.1 Parliamentary discussion of in-work benefits by year	164
5.2 Development of themes over time	174
5.3 Mentions of specific in-work benefits from 2014 to 2018	175
5.4 Number of contributions by party	176
5.5 Themes by mentions in each five-year period	179
5.6 Contributions raising each theme, by party	180

5.7 Sentiment expressed regarding each theme, by party	180
6.1 Number of consultations by year, compared with Hansard results	204
6.2 Organisations responding to government consultations	206
6.3 Responses to consultations by region	208
6.4 Respondents by engagement with themes	213
7.1 CBI engagement with in-work benefits	235
7.2 CBI attitudes to specific in-work benefits	249
7.3 CBI engagement with themes, compared with political parties	255
7.5 Themes by month first raised, and benefits under discussion	256

List of abbreviations used in the text

%ile: Percentile

ABCC: Association of British Chambers of Commerce

ALMP: Active Labour Market Policy

BIS: Department for Business, Innovation and Skills

CBI: Confederation of British Industry

Con: Conservative Party

CTC: Child Tax Credits

DSS: Department of Social Security

DWP: Department for Work and Pensions

EITC: Earned Income Tax Credit

EU: European Union

FIS: Family Income Supplement

FSB: Federation of Small Businesses

HIWS: Historical-institutionalist welfare state

HMRC: His/Her Majesty's Revenue and Customs

IoD: Institute of Directors

JCP: Jobcentre Plus

Lab: Labour Party

LEPs: Local Enterprise Partnerships

Lib Dem: Liberal Democrats

MP: Member of Parliament

NICs: National Insurance Contributions

NHS: National Health Service

NMW: National Minimum Wage

OECD: Organisation for Economic Co-operation and Development

ONS: Office for National Statistics

PM: Prime Minister

RTI: Real-time Information

SMEs: Small and medium-sized enterprises

SMP: Statutory Maternity Pay

SNP: Scottish National Party

SSP: Self-Sufficiency Programme

TUC: Trades Union Congress

UC: Universal Credit

UK: United Kingdom

UKIP: United Kingdom Independence Party

US: United States

VAT: Value Added Tax

WFTC: Working Families Tax Credits

WTC: Working Tax Credits

Acknowledgements

This research has spanned a global pandemic, my marriage, the arrival of a baby, a new career, and many of the ups and downs of life. I would like to dedicate this work to Sarah, my wife, for her unstinting support; and Logan, Blue, Sunny and Ash for lifting my spirits when progress has been tough.

My thanks also go to my supervisors, Professor Kevin Farnsworth, for his encouragement and wise advice, and Professor Neil Lunt.

In undertaking this work, I have also greatly benefited from the support of many friends, colleagues, and family members, who have offered support and suggestions for this research.

Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for a degree or other qualification at this University or elsewhere. All sources are acknowledged as references.

Chapter 1: Introduction

This thesis examines the system of in-work state benefits in the UK: payments or reductions in tax liabilities for which a qualifying criterion is being in current employment. They have a long history, and have traditionally been used in order to boost incomes in response to external shocks, such as rapid increases in the cost of living, or individual 'risks' that impose additional costs, such as parenthood or disability. In this way, they are used to socialise risk. They also increase income differentials between those out of work and those in work, where otherwise targeted benefits might increase the incomes of unemployed people above those in low-paid work, producing disincentives to moving into employment.

From the 1970s onwards, in-work benefits have been expanded and now, in many higher-income countries, form a major expenditure. In the UK, they amount to more than 1% of Gross Domestic Product (see section 2.3). The largest in-work benefit programmes in the UK have been Working Tax Credits and Child Tax Credits, followed by Housing Benefit, which have now largely been rolled into Universal Credit. Despite being a single benefit, Universal Credit retains a number of different elements, some of which are work subsidies. While the form in-work benefits take varies across countries, in the Anglosphere in particular, the focus has been on pricing individuals into work and ensuring that, for everyone, work pays. This has required the extension of in-work benefits to most workers on low pay – millions of people rely on them as an important part of their income. By 2021, more than two million working people in the UK claimed Universal Credit, with smaller numbers claiming other in-work benefits (UK Government, 2021c).

Information is readily available on the number of individuals who are in receipt of in-work benefits, their circumstances, and the amounts that they receive (see table 2.3 for a summary). Some limited work has been conducted into how individuals understand in-work benefits, and how they respond to them (e.g. Dean and Mitchell, 2011), but in-work benefits are under-researched in social policy. Recent research has produced useful insights, discussed in the following two chapters. However, there is limited qualitative research into in-work benefits, most work focusing on quantitative analyses of levels of payments in different countries or to different individuals and families. Moreover, there is a lack of work examining business and in-work benefits, despite numerous indications that there is an

important relationship. In particular, relatively little is known about the way that business views in-work benefits and how policymakers perceive the benefits' relationship with business. Social policy analysis tends to neglect the role of business both in its direct engagement with policy making and in its structural dimension – where policy design and influence is often achieved, not through direct pressure, but through the ways in which business concerns and business interests influence the perceptions, motivations and decisions of policymakers. The thesis seeks, furthermore, to understand how this important policy area affects business priorities, and what this means for their collectively expressed views. Some have argued that in-work benefits act simply as subsidies for low-paying employers (Sloman, 2016). Despite such assertions, it is not even clear whether employers understand in-work benefits sufficiently well to actively take advantage of their provisions. The aim of this thesis is to close key knowledge gaps in these areas.

This thesis begins by examining the existing literature, and its applicability to in-work benefits. Through the literature review, it explores their origin, their purpose, and how they operate within the welfare state. It shows how they benefit workers by lifting their wages to something approaching a living wage, while also acting as a subsidy to employers, with the potential to lock people into low-paying jobs. The role of business is central to the thesis, bringing it in to debates around in-work benefits, through an investigation of how policymakers understand the relationship between business and in-work benefits, what businesses themselves understand about in-work benefits, how they attempt to influence public policy in the area, and whether they are successful in doing so.

The thesis seeks to address four specific questions. First, how Parliamentarians discuss and understand the role and function of in-work benefits – what themes appear in their discussion of in-work benefits and business, what claims do they make about the purpose of in-work benefits, and do they take a historical or international perspective on in-work benefits and business? The social science literature explored in chapters 2 and 3 draws on a wide variety of themes around in-work benefits, and provides much historical and international perspective, but it is unclear whether this is understood by Parliamentarians in the same way. Their understandings will shape in-work benefit policy and so it is important to be clear what they are and how they are expressed; the research will also allow a consideration of why their views are presented as they are.

Secondly, the thesis asks who Parliamentarians identify as the beneficiaries of in-work benefits; do they understand in-work benefits principally as a form of social welfare benefit, providing support primarily to the advantage of individuals or families, or as a form of corporate welfare, operating to support private businesses. It is also possible that they may be seen as benefiting other actors, such as the government, or as only benefiting a subset of individuals or businesses. While such understandings may or may not be correct, they will be an important influence on how actors respond to in-work benefits, and contribute to an understanding of how debates about the benefits have developed – debates which may have shaped the design of successive in-work benefits themselves.

The third question is how organised business views in-work benefits, what it sees as the costs and benefits, and who it sees as the beneficiaries. Individual recipients of benefits may not have a clear understanding of how they operate, and their understanding – correct or not – can affect how they respond to them. The same is likely to be true of businesses, and so this question is in part addressed by considering whether business organisations have a basic understanding of in-work benefits: are they distinguished from each other, and from other benefits, or seen as part of a single income package? Do these understandings appear to vary between sectors, or the region of the UK in which the business operates, or the organisations of which the business holds membership? In addition, the British schemes have substantial inbuilt conditionality, aimed at affecting the actions of workers, but it is currently unclear whether they also affect the thinking of business. The key work of Athayde et al (2003) found some impact on business recruitment and retention, but it is unclear whether these were due to the specific implementations of in-work benefits active at the time, or whether they are generalisable. This thesis investigates, using documents produced by business, whether there is a basis for believing that in-work benefits affect the actions of businesses, or those of workers, or competitors. This will contribute to understanding the real-world effects of in-work benefits on business.

Since they are important opinion-takers as well as opinion makers, the last research question seeks to investigate the extent to which Parliamentarians reflect the views of business interests in relation to in-work benefits, and how organised business attempts to influence policymakers and Parliamentarians, with regard to in-work benefits? The literature review provides evidence that organised business lobbies government on many

issues, and can be highly influential, but it does not provide evidence on the extent to which this is true of in-work benefits. This will help understand whether business is engaged and influential in this field, and the extent to which in-work benefit policy is likely to reflect business preferences.

The broad theoretical framework for the research is historical institutionalism. This draws attention to the role of institutions in the development and delivery of welfare policy, and also to the sequence and timing of events. It does not predetermine any particular methodology, but its framework can help explain how in-work benefits have come to operate as they do. Drawing in particular on Pierson's (1994, pp.14-17) ground rules for studying the retrenchment of the welfare state, it utilises this framework by identifying and exploring both long- and short-term developments in in-work benefits, with particular reference to periods of change; examining interactions between actors, particularly business organisations and Parliamentarians; exploring how these actors understand business and in-work benefits; and understanding the workings of individual programmes and using this knowledge to explore how business attempts to influence government policy.

Whoever benefits from them, in-work benefits are unequally distributed. There has been little work on international variation in in-work benefits, but through the literature review and pre-existing data, this thesis does investigate how different varieties of capitalism and varieties of welfare states compare with the UK and, accordingly, how the UK's political economy manages the relationship between recipients of in-work benefits and broader questions concerning social protection and the wider economy. This gives an insight into whether the research findings might be usefully generalised, and the extent to which in-work benefits are an important topic worldwide.

To summarise, there are key gaps in knowledge as follows:

- How does business perceive in-work benefits?
- How do policymakers perceive business' relationship with in-work benefits?
- Is corporate welfare a useful model for understanding in-work benefits?
- Does business influence in-work benefit policy in the UK?

This thesis will fill these gaps, and therefore contribute to original knowledge, by addressing the following questions:

1. How do Parliamentarians discuss, and how do they understand, the role and function of in-work benefits?
2. Who, if anyone, do Parliamentarians identify as the beneficiaries of in-work benefits? How do they discuss and assess the costs and benefits to businesses?
3. How does organised business view in-work benefits? What does it see as the costs and benefits and who does it see as the beneficiaries? Are the benefits outlined and acknowledged?
4. To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits? How does organised business attempt to influence policymakers and Parliamentarians, with regard to in-work benefits?

Answering these four questions will provide new knowledge in each case, engaging with the literature on corporate welfare, the development of welfare and in-work benefits, attitudes towards in-work benefits, and the role of business organisations in lobbying on policy matters.

These questions are addressed through systematic analysis of Parliamentary debates, business responses to government consultations, and documents from the archive of the Confederation of British Industry. Parliamentary debates will reveal the expressed views of Parliamentarians: who engages with discussion of business and in-work benefits, the themes they draw on, and the positivity or negativity they attach to each. It will be the main source to address the first and second research questions, and also contribute to answering the fourth. Responses to government consultations are a formalised way of attempting to influence government policy, and will reveal the cases which businesses and business organisations put forward regarding in-work benefits, the points on which they choose to engage, and the themes which they draw on. They will contribute to addressing the third and fourth research questions. Finally, the CBI archive is a rich source of material which includes documents produced for members, for the public, and for policymakers; analysing

them will reveal the ways in which it develops and justifies positions on in-work benefits, its policy priorities and the ways in which it lobbies government. This will play a key role in answering the third and fourth research questions.

Chapter 2: In-work benefits in a social policy context

In-work benefits are payments or reductions in tax liabilities for which a qualifying criterion is being in current employment. They are important for millions of workers in the United Kingdom. Many businesses also benefit from in-work benefits subsidising the low wages they pay to some of their staff. The scope of in-work benefits has grown rapidly in recent decades, and the requirements to claim them have been repeatedly changed by successive governments. Whether in the form of Working Tax Credit, Child Tax Credit, Housing Benefit, or the in-work components of Universal Credit, they are widely claimed. The transition to Universal Credit increased the media coverage of these benefits, generating significant opposition to its changes in eligibility and increases in conditionality.

Despite forming an important part of the contemporary welfare state, in-work benefits have been largely neglected within social policy; while sometimes acknowledged, few authors in the field have discussed them in any detail. Where work has been conducted on in-work benefits, it has often been narrowly economic, or has focused on practical matters of implementation. Yet the field of social policy has a rich literature regarding the welfare state, in particular the benefits offered to workers who are not in current employment. Drawing on this offers the opportunity to gain new understandings of in-work benefits.

This chapter begins by defining in-work benefits – how they have been understood, and how they relate to similar concepts, such as work subsidies. Having a working definition of in-work benefits, it then examines how and why they have become internationally widespread and a major item of government spending in the UK. It does so through interrogating the historical development of social welfare development, and how this fits with the various types of welfare states. It makes special reference to the UK, as the country in which the research for this thesis will take place. It explores how welfare states have developed and have been transformed since the 1970s, a period which has seen a widespread growth in in-work benefits. In common with other nations, the UK has seen a steady growth in these benefits, along with a strengthened emphasis on conditionality and behaviour change among those individuals and families in receipt of benefits. These changes have occurred as a result of pressures in wealthier countries: increases in poverty, inequality, and changed perceptions of welfare states.

With this in hand, it is possible to explore the historical development of in-work benefits in the United Kingdom and their current reach around the world. The change to Universal Credit in the UK is also discussed, showing how in-work benefits remain an important part of the country's current welfare system. It establishes that in-work benefits are important elements of government expenditure in many countries. They form a significant part of low-paid workers' income, and they are likely to continue to do so for the foreseeable future. They can be, and should be, explored in a social policy context, although until recently, social policy tended to neglect these benefits.

Welfare states have always varied across nations, as have capitalist systems more generally, but an increase in in-work benefits has been a common response to these pressures. While no particular model of capitalism or welfare capitalism is universally accurate (Hay, 2020), simple and commonly used categorisations are useful tools in understanding how welfare states have developed. This reveals that the UK system of in-work benefits has similarities with those of other Anglosphere countries.

Social policy is concerned with concepts from inequality to universalism; needs and rights to exclusion; and social citizenship to care. Many of these concerns bear on in-work benefits, yet the field neglects the study of this element of the welfare state. In order to understand the place of in-work benefits in the welfare system, an overall conception of how the welfare state works and why it exists is needed. The macro-level of social and economic restructuring and the meso-level of political institutions, policy actors and networks have important lessons for this research; these will be discussed throughout the literature review, and inform the analysis.

The broad focus is then narrowed, to consider the relationship of individuals to in-work benefits. Existing research demonstrates that in-work benefits can, and do benefit individuals, and are usually designed to produce incentives for individuals to behave in particular ways. The range of theories and traditions discussed in this chapter allows this thesis to consider the role and function of in-work benefits in a social policy context.

2.1: Defining in-work benefits

Early work on what might be termed 'in-work benefits' does not use the term; articles may use the term 'employment subsidy', while the term 'income support', used in a generic sense rather than to describe a specific benefit, is older still. 'Wage supplement' is yet another term which has similar scope. In recent years, it has most often been used to describe ad hoc schemes, such as those covering workers who were temporarily laid off during the COVID-19 pandemic. But wage supplement is a term with other meanings, and in older literature usually refers to pensions, insurance, and other employer expenses (e.g. see Rice, 1966); it will therefore be avoided in this thesis, other than in discussing historical definitions.

The first use of the term 'in-work benefits' in academic work appears to be in Sprague, Davies and Minford (1983). They mention in-work benefits in passing, as a consideration in calculating whether somebody would be financially better off in or out of work; the term is not defined, and it appears that they think the term will be understood by readers. By 1994, McLaughlin (1994) discusses in-work benefits at length without ever providing a clear definition; her discussion centres on Family Credit, but she mentions in passing other benefits. Family Credit was not the first in-work benefit, as section 2.4 sets out, but this adoption of a term to group them together shows that the concept of in-work benefits as a distinct category now existed – albeit one in need of a definition.

The British Social Security Advisory Committee (1994, p.5) devised one of the earliest definitions of in-work benefits, as "entitlements which may supplement earnings and help with rent and with council tax". While not a new concept, the need to provide a definition reflects a growth in the range of benefits available to people in work. The definition the committee gives is useful, but more must be said. As tax credits and Universal Credit have developed, in-work benefits may be relied upon for far more than rent and council tax. And more precision is needed in defining where these entitlements come from, to whom they flow, and what form they take.

A related concept, sometimes used interchangeably with in-work benefits, is that of wage supplements. These are defined by Grover (2016a, p.15) as benefits paid by the state or local government to top up wages of people of working age which fall below a defined

level. He excludes programmes which pay employers for hiring working people, and also programmes which are open to people regardless of whether they are in paid work, or not, such as Housing Benefit and Personal Independence Payment. But this definition is too narrow to use for in-work benefits; indeed, Grover (2016a, p.16) goes on to include Family Allowance, Child Benefit and Universal Credit because they were principally designed as wage supplements, even though they were also available to people who are not working. However, he excludes schemes such as free NHS prescriptions and free school meals, because they are not social security benefits, although there have been historical instances of benefits being provided in non-monetary form, such as items of food or clothing (Grover, 2016a, p.16).

For the purpose of this thesis, a simple definition of in-work benefits will be useful. Grover's definition excludes several schemes which he ends up including in his analysis, while earlier definitions have become outdated, as in-work benefits have increased in scope and variety, a history explored in section 2.4. A definition of in-work benefits should include those benefits which those earlier authors studied, while also including benefits which are direct replacements for them, such as the in-work elements of the UK's Universal Credit scheme. This leads to a working definition: in-work benefits are government subsidies to people who are in current work, or their dependents. They include a variety of monetary transfers, voucher payments and similar non-monetary benefits, and also reductions in tax liabilities. While some payments are available to people regardless of their working status, the term 'in-work benefits' is often used to refer to those benefits, or elements of benefits, for which being in current employment is a qualifying criterion. This includes the in-work elements of complex benefits such as Universal Credit, which encompass in-work elements alongside elements available without regard to employment, alongside elements only available to people who are not currently working. In-work benefits have conditions attached; these may be more or less tightly defined, but they always have some element dependent on work status. The concept of conditionality and its relationship with in-work benefits is discussed in section 2.4.

Grover's definition is particularly useful in understanding in-work benefits as a type of work subsidy. In this thesis, a 'work subsidy' is an umbrella term covering various schemes through which governments pay money in exchange for businesses employing people. In-work benefits, therefore, are work subsidies, but not all work subsidies are in-work benefits. For example, wage subsidies are government payments to businesses which take on new employees (Borland, 2016), or perhaps retain staff who would otherwise have been made redundant; these differ from in-work benefits in that they are not paid to the individual workers. Other payments may also be considered work subsidies; for example, government subsidies for vocational training or government contributions to occupational pensions fall under the definition given above. There is a strong argument that in-work benefits have a distinct history and are implemented differently from these other work subsidies. However, it is useful to consider the extent to which models and conclusions relating to these other forms of welfare may apply to the case of in-work benefits. A substantial amount of work has been conducted on vocational education, and this literature and its relevance for understanding in-work benefits will be considered in section 3.3.

The extent to which in-work benefits act as a wage subsidy is disputed, and it has been argued that this subsidy principally acts a subsidy for low work intensity, otherwise provided by out-of-work benefits (Bradshaw and Bennett, 2019). This interchangeability of in- and out-of-work benefits may be a fair summary when considering the impact on state finances, but a wage subsidy will have quite different impacts on both individuals and businesses to a low work intensity subsidy. This is because it extends to full-time workers who are low paid, and can be used to incentivise those workers to maintain this or even to seek higher-paid work. Out-of-work benefits can maintain a reserve pool of labour which business can potentially recruit, whereas in-work benefits incentivise people to continue working. For individuals, out-of-work benefits provide a form of safety net while they are not working, whereas in-work benefits enable them to work for lower rates of pay than would otherwise be the case. This difference is a deliberate feature of the policy, with measures being taken to mitigate the potential of low wages, such as the enforcement of a legal minimum wage. This is discussed in detail later in this chapter.

In-work benefits should be distinguished from a Universal Basic Income - an unconditional payment to each individual, which is not dependent on working status. This has a long

history as an idea, proposed both by those on the political left, who tend to emphasise its egalitarian principle and potential to decommodify, and those on the political right, such as Friedrich von Hayek and Milton Friedman, who focus on how it could replace much of the existing welfare system, and might encourage entrepreneurship. Despite the simplicity of the basic idea, many variations have been proposed, many suggesting some means testing, and others proposing payments at very low levels or on an annual basis (Downes and Lansley, 2018, pp.1-8). Limited experiments have been conducted, with mixed results, but interest has increased greatly in recent years (Downes and Lansley, 2018, pp.1-8).

This discussion has produced a working definition of in-work benefits, which will be used throughout the thesis: government subsidies to people who are in current work, or their dependents; where being in current employment is a qualifying criterion for the benefit or an element of it. Having this definition, it is now possible to examine their history and development. Section 2.3 will explore how in-work benefits have developed in the UK, but in order to contextualise the developments, it is helpful to understand how welfare states have developed, and the pressures which have led to interest in in-work benefits.

2.2: The transformation of welfare states

Defining the welfare state

The welfare state has a lengthy history, particularly in wealthier countries. Since the 1970s, these countries have seen increases in poverty and inequality. Perceptions of welfare systems have changed, and in the UK and some other wealthier countries, have become more negative (Lindvall and Rueda, 2018; Park et al, 2013). Welfare systems themselves have changed, with one important change being a much greater role for benefits paid to working people. This section looks at definitions of a welfare state, before moving on to a brief history of the development of welfare states, focusing on the changes over the last forty years. This provides a basic historical background for this research, drawing on literature from the social sciences to explore the origin of modern systems of in-work benefits.

Basic definitions of the welfare state can superficially appear clear. For example, Esping-Andersen (1990, p.18) examines a possible definition of the welfare state as the state's "responsibility for securing some basic modicum of welfare for its citizens". But, as he

states, this fails to offer any explanation as to why a state may feel such a responsibility, nor explain what type of welfare provision might count. Gough and Therborn (2010, pp.704-705) point out that pre-capitalist states often held ultimate political responsibility for the well-being of their populations, but that the welfare state is used to describe only those structures and institutions which have arisen in the past couple of centuries, principally in Europe and countries elsewhere with a strong European influence. T. H. Marshall (1950, pp.1-85) claims that the core of welfare states is social citizenship – the incorporation of an increasing number of social rights within the concept of citizenship. While this claim has broad acceptance, it is insufficient (Esping-Andersen, 1990, p.21). Marshall is interested in how this has occurred, but struggles to explain why some rights are included within citizenship and others are not, and tends to assume a generalised increase in social rights without considering differences between nations or between individuals with differing characteristics beyond income.

Early researchers in the field often tried to determine whether a welfare state existed by examining total expenditure on welfare measures (Esping-Andersen, 1990, pp.18-19). Early work by Therborn (1984) argues that we should declare that a welfare state exists in a country where the majority of state activities are devoted to servicing the welfare needs of households. Determining this is not necessarily easy, as there is debate over which measures should count. For example, the European Union counts old age, labour market, social exclusion, family and housing-related areas as social-policy related, while the OECD categories are similar, but also include health (Greve, 2007, p.31). There are additional problems with this approach. Gough (1979, pp.84-93) lists the immediate factors influencing social welfare spending as relative costs - because of their labour-intensive nature, many welfare services rise in line with wage increases; population changes; new and improved services; and growing social needs. It is hard to disagree with this, but as he recognises, this tells us little about why the welfare state exists in the first place, or how welfare provision varies between demographically similar countries. As Esping-Andersen (1990, p.21) argues, “if our aim is to test causal theories that involve actors, we should begin with the demands that were actually promoted by those actors that we deem critical... it is difficult to imagine that anyone struggled for spending per se.”

An alternative approach is to construct models of an ideal welfare state and compare actual nations to them. For example, Lowe (2005, pp.16-18) defines the welfare state as a society in which the government accepts responsibility for the welfare of its citizens. He argues that the term should only be used to describe the structures arising from the 1940s onwards, and that they have a specific core of universal services - including health, education and housing. But it is not clear that this definition matches historical understandings, where significantly different models may be regarded by contemporary actors as being welfare states (Esping-Andersen, 1990, p.21). We could, conceivably, measure against a range of historical and contemporary models, but this would still require us to make initial assumptions as to what welfare states look like, based on the purposes we believe they serve, the outcomes we believe they aim for, or perhaps the processes through which they arise, and so it is important to examine views on these topics (Esping-Andersen, 1990, p.9). Any of these approaches to understanding the welfare state could include in-work benefits. Rather than adopting a single definition of the welfare state, its nature and its boundaries can be considered in terms of its historical development.

Development of the welfare state to the 1970s

A brief discussion of the development of the welfare state allows an understanding of how welfare states have operated in reality, and the purposes which they were originally stated to serve. While some benefits were paid to working people in the period to 1970, these were very limited. The focus was on benefits for those temporarily or permanently unable to work, or unable to find work.

Polanyi (2001) traces the development of the welfare state from late Mediaeval Europe, particularly the UK, through the Commercial Revolution and Industrial Revolution, to the myth of the self-regulating market, and up to the final collapse of the 19th-century system in the 1930s. Britain, while maintaining the myth of unregulated capitalism, saw the first efforts to ameliorate its effects on workers early in the nineteenth century (Dowd, 2004, p.69). Challenges from socialism and nationalism, in the 1870s and 1880s, resulted in government intervention in an increasing number of areas, from health to education and employment rights (Polanyi, 2001, pp.151-153). In Continental Europe, the process was different; legislation was introduced to protect workers alongside the process of

industrialisation. Although living standards were often behind those in the UK, there was no significant drop caused by the commodification of labour. Industrialisation instead led to an increase in the status of workers (Polanyi, 2001, p.184).

British welfare provision increased during the early twentieth-century, with basic pensions introduced in 1908, health and unemployment insurance in 1911, and contributory pensions in 1925. While these now provided support for many of the major risks of life, they were paid at low levels and excluded better-paid workers. As a result, private provision also expanded, as workers sought to cover the remaining risks (Brown and Small, 1985, pp.4-5), and occupational pension schemes became increasingly widespread. Sick pay and maternity pay were uncommon in this period, and only began to grow during World War II, Brown and Small (1985, pp.6-7) arguing that this was due to the increased strength of organised labour under wartime conditions.

This period saw government interest in the ideas of John Maynard Keynes. He argued that increasing state spending increases aggregate demand, either directly by purchasing items, or indirectly through transfer including wages (Gough, 1979, p.102). This could explain generally increased state spending in the period from the 1940s, but not, specifically, increases in welfare spending. Yet, through the twentieth century, there was a general trend for states to provide increasing protection against risk.

By the 1940s, a recognisable welfare state existed in many wealthier countries around the world, having emerged despite the laissez-faire opposition. Government intervention offered protection against a number of risks, as embodied in Beveridge's famous proposals to address squalor, ignorance, want, idleness and disease. Yet this "solidaristic welfare state, covering all equally against every risk" was seldom if ever achieved (Baldwin, 1990, p.5). The 'golden period' of the welfare state which ensued instead focused on benefits for those not working. Even where benefits such as subsidised housing or free healthcare were available to workers, these were essentially universal, not targeted to workers on low pay.

These systems did not fundamentally change in the 1950s and 1960s, although some modest changes were made, generally to target increased payments to specific groups. For example, in the UK, Labour Party governments increased benefits for poorer pensioners,

and people in short-term unemployment or suffering from short-term illnesses. They also increased spending on housing, education and child benefit. These benefits for working age people were designed to promote labour market flexibility (Thane, 2007, p.195).

Pressures on the welfare state from the 1970s

The growth of the welfare state in the 1970s in America, in particular, became identified with a period of economic stagnation (Marmor et al, 1990, p.17). The idea that welfare states are associated with stagnation was formerly a marginal position, promoted by a group of right-wing economists (Macnicol, 2020). From the end of the 1970s, Keynesianism fell out of favour, and welfare cuts were made, with monetarists coming to the fore (Gough, 1979, p.134). The idea of a crisis of the welfare state led to a fundamental reassessment, of its record, its nature and its legitimacy. In the UK, there was an increased sense that the welfare state could not solve the country's problems, potentially being a cause of them, and might produce incentives of questionable morality (Lowe, 2005, pp.318-320). The political right developed a narrative that the welfare state was too large, and too much national wealth was being invested in the state, rather than a supposedly more productive private sector (Farnsworth and Irving, 2017, p.189). Proposed solutions ranged from better management, to new accommodations with markets, or even full dismantling of the welfare state (Lowe, 2005, p.321).

Such changes became apparent across Western Europe and North America. Even in Sweden, seen in the 1970s as a "coherent 'model' linking wage bargaining, macro-economic policy, selective state intervention in labour markets, and a variety of social policy measures", change was evident (Iversen and Pontusson, 2000, p.1). Policies changed, as did the ways that policymakers thought about their relationship with economic policy (Iversen and Pontusson, 2000, p.2). Yet, despite cuts in social services and major managerial changes, overall public spending on welfare rose. This was due to increases in unemployment, single parent families and elderly people; a lack of political support for dismantling of the welfare state; and significant continuing public support for provision (Lowe, 2005, pp.332-337). There was an increase in marketization of the public sector and deregulation, particularly in the UK (Farnsworth and Irving, 2017, p.189), but bureaucracy rose as more conditions were added to benefits, and where private organisations were

involved, new monitoring systems and subsidies were required (Lowe, 2005, pp.345-347). Finally, there was a sustained and significant increase in in-work benefits, starting in the US and spreading internationally, which will be explored in the next section.

Support among employers for the welfare state in Britain had always been mixed, but in the post-World War II period, it was strong among trade unions and the public. This declined from the 1970s, as confidence in the ability of the government to manage the economy fell (Lowe, 2005, p.2). One approach to understanding the crisis of the 1970s is to see it as a failure of corporatism, a collaboration between governments and strong representative bodies of labour and employers. This position holds that corporatist arrangements fall apart when external economic stress is applied unless there is a long history of 'trust building' (Iversen and Pontusson, 2000, p.1). Comparative political economy historically tended to see international differences in social policy explained by the relative strength of the labour movement in each country. Later contributions have stressed that capital and labour are not unified actors, and the level of co-ordination among employers is also an important factor. Class conflict, cross-class alliances and intra-class conflict are all of interest (Iversen and Pontusson, 2000, pp.30-32).

An alternative approach is to see an increase in competition between and within nations – the decline of 'Fordist', assembly-line methods of production, the rise of the knowledge economy, and an increase in globalisation (Horsfall, 2017, p.14). Such competition may create pressure for social welfare funding to be cut or altered; for example, by changing focus from social rights to individual responsibilities, such as work obligations (Horsfall and Hudson, 2017, pp.3-4). This competition state can be seen as a successor to the welfare state, retaining many of its features, but with a different emphasis - welfare to promote economic success (Horsfall, 2017, p.14). This emphasis can be clearly seen, and regardless of the favoured terminology, the same approaches can be used to interrogate its development and current functions.

Despite the efforts to cut back spending on the welfare state, during the 1990s, welfare state spending grew across Europe, most rapidly in the Mediterranean countries, and slowest in the UK and Spain (Taylor-Gooby, 2001a, p.5). The discourse of the 1990s focused on economic globalisation, with concerns that the government's capacity to manage its own

economy was limited, and that ‘competitiveness’ must be pursued, typically by adopting liberal economic policies (Taylor-Gooby, 2001a, p.20).

The United States was widely thought to have advanced economically by developing a ‘new economy’ in knowledge-based industries. A consensus developed that this was founded in a flexible workforce, incentivised to acquire new skills (Amable, 2003, pp.1-3), and this prompted interest by governments in Active Labour Market Policies (ALMP), discussed in more detail in the next section. The Anglosphere saw more emphasis on welfare being organised to incentivise work, while Christian democratic states such as Germany saw an increased reliance on social welfare, entitlement to which is linked to work-based contributions (Taylor-Gooby, 2001a, pp.13-14). These differing approaches led to in-work benefits being expanded in each case, but in different ways, discussed in the next section; resulting in convergence on at least two different models: the American model, in the case of the UK and New Zealand; and the German model, in the case of Sweden, Denmark and the Netherlands (Iversen and Pontusson, 2000, p.3).

The economic crisis of 2007 to 2008 revealed the ultimate reliance of businesses on the state, and the failure of deregulation and low taxation as a strategy for sustainable growth (Farnsworth and Irving, 2017, pp.190-191). The right responded by arguing that levels of national debt were unaffordable and that austerity, particularly in the welfare state, was required (Farnsworth and Irving, 2017, p.192). Austerity leads to a move away from an investment state, increasing competition between countries, and driving subsidies to companies (Farnsworth and Irving, 2017, p.198); a tendency which has continued and perhaps intensified since the onset of COVID-19 (Farnsworth, 2020; Yeganeh, 2021).

Ideas such as the ‘social investment welfare state’ and ‘active social welfare’ suggest that welfare states invest in human capital alongside protecting income (Finch et al, 2017, p.33). Scandinavian countries retain significant income protection, and southern European countries are maintaining or increasing income protection, while the UK, Ireland, Netherlands and New Zealand are most strongly focused on productivity (Finch et al, 2017, p.37). As is discussed in section 2.4, all these models can be compatible with in-work benefits.

The welfare state has developed over time, changing in light of new ambitions and challenges. It is not necessary to come up with a simple definition of the welfare state; instead, taking a historical perspective allows the identification of some common traits among them: in wealthier countries, a tendency for states to provide increasing protection against risk, which has been challenged by developments since the 1970s. Increases in poverty and inequality in these wealthier countries have been accompanied by complex changes in attitudes to welfare, in many cases becoming more negative (Lindvall and Rueda, 2018), and these have led to varied responses from governments. An important response is an increase in benefits targeted at people in work, the design of these schemes nonetheless varying according to the historical pattern of welfare in each country. Having this background allows a consideration of the place of in-work benefits within the welfare state in the following section, and more broadly within social policy, which will be discussed in section 2.5.

2.3 In-work benefits in the UK

The history of in-work benefits in the UK

The idea that benefits should be paid to working people is not a new one, and at various times it has found favour on both the political right and political left. In-work benefits have a long history in the UK, but a discontinuous one, as table 2.1 illustrates. A brief history shows how the present system of tax credits came about, and highlights the key debates which led to their current form. Chief among them are whether in-work benefits should be distinguished from the rest of the benefit system, how they should interact with a minimum wage, and their role as part of an Active Labour Market Policy.

Table 2.1: Major developments in the UK welfare system

Decade	Key in-work benefits	Other major developments in welfare system¹
1790s	1795: Speenhamland system introduced 1798: Child Tax Allowance introduced	
1800s	1805: Child Tax Allowance abolished	
1810s		
1820s		
1830s	1834: End of Speenhamland system	1834: Poor Law Amendment Act in England and Wales reduces access to support
1840s		1848: Public Health Act gives rights to local bodies
1850s		
1860s		
1870s		1870: Education Act establishes school boards
1880s		
1890s		
1900s	1909: Child Tax Allowance for middle-earners	
1910s		1911: National Insurance Act introduces unemployment benefit, sick pay and maternity pay
1920s		1925: Pensions for widows and orphans introduced
1930s		1931: Cuts to unemployment benefit
1940s		1942: Beveridge Report 1945: Family Allowance introduced 1948: National Health Service established
1950s		1952: NHS prescription charges introduced
1960s		1968: Department of Health and Social Security established
1970s	1971: Family Income Supplement replaces Child Tax Allowances 1972: Tax Credit scheme proposed 1977: Child Benefit replaces Child Tax Allowance	1975: Maternity pay introduced
1980s	1988: Family Credit replaces Family Income Supplement 1989: Income Support introduced	1982: Housing Benefit replaces separate schemes for council and private renters 1980s: Promotion of private pensions
1990s	1999: Working Families Tax Credits replace Family Credit	1997: Welfare-to-work approach
2000s	2003: Working Tax Credit and Child Tax Credit replace Working Families Tax Credits	
2010s	2013: Universal Credit absorbs many in-work benefits 2018: National roll-out of Universal Credit complete	

¹ This column is summarised from Mitton (2012), pp.27-51, and Thane (2007), pp.195-198.

Many discussions of in-work benefits start with Speenhamland (Gray, 2002). Block and Somers (2003) state that the case “has had a very real impact on social policy debates in England and the United States for two full centuries”. For example, when an in-work benefit was proposed in the United States in the 1970s, Richard Nixon asked for research on Speenhamland (Block and Somers, 2003).

Speenhamland is a village in Berkshire, where in 1795 local magistrates began paying subsidies to bring low wages up to a minimum level, the exact payment dependent on the price of bread and also on the size of the worker’s family. While many authors have claimed that the system was widely adopted, particularly in rural areas, other authors dispute this (Gray, 2002; Block and Somers, 2003).

In the conventional telling, widely accepted across the political spectrum until the later 20th century, the Speenhamland scheme was an attempt to subsidise workers, primarily affected by high grain costs, and relieve poverty (Blaug, 1963). This was initially widely welcomed among workers who became able to support their family even while working fewer hours. Local employers initially also welcomed the measure, as it enabled them to attract labour while reducing pay below subsistence levels (Block and Somers, 2003). However, because the majority of rural workers earned less than this minimum amount, employers were able to reduce pay at will, knowing that the deficiency would be made up by the parish (Block and Somers, 2003). As a result, the cost of the system rose, and parishes reduced the level of the benefit payment (Block and Somers, 2003). By the 1830s, the system was enormously unpopular, particularly among the emerging middle classes who made the bulk of contributions to fund the system (Block and Somers, 2003). It was widely believed to have reduced efficiency among workers who knew they would receive no higher pay, and to have reduced the power of employers, who could not offer pay-related incentives (Polanyi, 2001; Block and Somers, 2003).

Much of what has been claimed about the Speenhamland system arises from a Royal Commission set up in 1834, which investigated outdoor relief, including Speenhamland. It circulated a questionnaire, but this was non-systematic, and focused on gaining responses from poor law officials, mostly clergy, who generally affirmed that it degraded the poor. In particular, the report claimed that it led to increases in childbirths, reductions in wages and

productivity (Block and Somers, 2003); a perception that a wage subsidy could change behaviour, underlying the later idea that if these incentives are properly understood, they can be harnessed in support of government objectives.

More recent authors such as Block and Somers (2003) argue that under the Speenhamland system, employers continued to compete to recruit the most productive workers, poor law officials regularly denied support to those they deemed to be avoiding taking work, and workers who paid rates in good times but received welfare in bad times would be unlikely to collude with a generalised reduction in wages and productivity. In addition, expenditure on poor law support rose and fell in parishes which did not adopt the Speenhamland scheme, in line with those which did, and a large part of expenditure was to support labourers over winter, when there was little farm work to be done. Farmers feared that without welfare, the labourers would migrate elsewhere in the country, and they would be short of workers come the summer (Block and Somers, 2003). While migration patterns are different today, there are still needs for low-paid or seasonal labour in some industries, and it will be useful to consider whether these feed into business perspectives on modern wage subsidies.

While Block and Somers (2003) make a strong case, compiling counter-evidence to the traditional story of Speenhamland, the idea that wage subsidies led to reduced productivity and reductions in wages was widely accepted following the Royal Commission and for many years thereafter. This poor reputation meant that wage subsidies were absent or marginal in welfare policies until the later part of the 20th century (Grover, 2016a), as illustrated in table 2.1. Instead, in the UK, the Speenhamland system was replaced by the New Poor Law. This aimed to provide welfare at a low cost, and outlawed wage subsidies other than through a workhouse, the workhouses deliberately made unappealing (Elder, 1964).

A less well known history is that of the Child Tax Allowance, a family subsidy, paid as a reduction in tax liability; this operated in a similar manner to a wage subsidy. The first long-term income tax in the UK, introduced by Pitt in 1798, included allowances for children, although they were abolished in 1805. They were reintroduced in 1909, to the benefit of the middle classes, as poorer workers did not pay income tax. From 1945, a Family Allowance was paid to families with two or more children (Farthing, 2012), later extended to families with any number of children. This was broadly advocated as a way to lift children

out of poverty in cases where the 'family wage' was insufficient; in this way, it could be seen as a wage subsidy, but it was also sometimes understood as a way to support a traditional conception of the family by subsidising women to work fewer hours or not work at all (Misra, 1998). Trade unions were generally ambivalent about Family Allowance, wanting to boost wages for all workers, not just those with families (Grover, 2016a, p.102). But others were more enthusiastic. Kingsley Wood's 1942 memorandum on Family Allowances argued that they would improve health, encourage parenthood, provide an equivalent to child tax relief for non-income tax payers, and suppress wage claims (Grover, 2016a, p.80). Frank Field and David Pichaud argued in a 1972 article that Family Allowance could, if increased, ameliorate the 'poverty trap' (Grover, 2016a, p.102). Family Allowance was also expected to suppress inflationary wage demands (Grover, 2016a, p.80). Although not yet understood as part of a category of in-work benefits, nor principally as a work subsidy, there were already claims about how Family Allowance could incentivise desired behaviours – ones which might impact business.

The Family Allowance was supplemented from 1971 by the Family Income Supplement (FIS), a limited in-work benefit available only to the very lowest income families (Grover, 2016a, p.96). The 1970 Conservative general election manifesto claimed that FIS would relieve child poverty (Grover, 2016a, p.96).

When FIS was introduced, it was criticised for not bringing low paid workers up to a living wage, and for benefiting those in part-time work more than those families where one individual was in low-paying full-time work. An additional criticism was the belief that it introduced disincentives to recipients who wished to increase their income. When introducing FIS, Keith Joseph argued that it differed from Speenhamland in that it was paid to a very small minority of workers, and that the trade union movement was strong, and so could be expected to resist downward pressure on wages (Grover, 2015, p.39). But much of the political right nonetheless pointed to Speenhamland and argued it would reduce wages and demoralise workers (Grover, 2016a, p.101).

FIS was intended as a short-term policy, a stop-gap while a longer term policy was developed to relieve in-work poverty. The Conservative Party favoured a tax credit scheme, while Labour favoured increased spending on social security (Grover, 2016a, p.103). FIS was

not generally understood as a wage subsidy, but rather as a child benefit, and the government believed this was partly because it was typically paid to women (Grover, 2016a, p.122).

The Conservative government of 1970-1974 proposed a much broader programme of negative income tax credits. The Pay As You Earn scheme has been introduced after World War II to provide a contributory element to some benefits, and the new programme was intended as a significantly bigger, more prominent replacement (Sloman, 2016). It was intended to both simplify the income tax structure, and provide an in-work benefit for workers on low pay. It was initially welcomed by many actors, across the political spectrum. A Green Paper on Proposals for a Tax Credit System was published in 1972, but it failed to explain how the cost would be covered, excluded self-employed people, and suggested child credit payments would be made to fathers, rather than mothers (Sloman, 2016). Concerns arose that it might act as a subsidy to employers (Sloman, 2016), something which has been frequently raised in relation to later in-work benefits. However, these concerns were not addressed in the Green Paper. When Labour won the February 1974 general election, they scrapped the scheme (Sloman, 2016). In 1979, the Conservative manifesto committed to a tax credit scheme, but while it was occasionally discussed, there was little enthusiasm in the government for it, and with the rapid growth of unemployment, attention was focused elsewhere (Grover, 2016a, p.109).

By the early 1980s, FIS was one of three major means-tested schemes in the UK, with Supplementary Benefit (paid to people on low incomes regardless of employment status), and Housing Benefit (Pierson, 1994, p.111). The Conservative government wished to increase co-ordination between them, and also make savings, by reducing eligibility and levels of payments. From 1988, Supplementary Benefit was replaced by Income Support, which met these criteria. However, Family Income Supplement was replaced by Family Credit, which instead saw increased eligibility and higher levels of payments (Pierson, 1994, p.112). For the first time, the benefit was paid with wages, rather than through Post Offices, although this meant in many families the money was paid to a father, rather than a mother (Pierson, 1994, p.112). Payment of Family Credit through wages was generally unpopular, in particular among women's groups (Pierson, 1994, p.113), but there was some limited business support (Grover, 2016a, p.124), particularly from the Institute of Directors, which

argued that it would increase their recognition as wage supplements and so they would be more effective (Grover, 2016a, p.124). Despite this endorsement, payment through wages was later abandoned (Pierson, 1994, p.113). Housing Benefit was cut as the income tax rates were increased, and for the first time was paid on the same basis whether or not recipients were working (Pierson, 1994, p.112).

Family Credit was justified in terms of its impact on low-paid workers, but more for the changes it was hoped it would drive in labour market behaviour: enabling people to take work at lower pay and ensuring that those in work were better off than those out of work (Grover, 2016a, pp.121-122). Grover (2015, p.40) argues that, during the 1980s, wage supplements became seen as a wage to incentivise people to take low-paid work. They were also a way to add more conditionality to workers, and encourage lone parents and disabled people to take work, something which will be discussed later in this chapter. At the time of the introduction of Family Credit, 24% of responses to the Green Paper argued that it would enable “unscrupulous employers” to keep down wages (Grover, 2016a, p.123). Concerns about the effect on wage levels led the Labour Party to oppose the scheme (Grover, 2016a, p.124), though this did not extend to it opposing the principle of in-work benefits.

The 1970s and 1980s saw in-work benefits championed by the right-wing, but this changed in the 1990s. By 1998, Family Credit was paid to 790,000 families (Gregg et al, 2012, p.7). Changes to income tax in the 1980s and 1990s – a move to individual assessment and the phasing out of Child Tax Allowance – made the overall tax system less progressive, while changes to the welfare system removed many links to earnings, thereby reducing incentives to move into work, particularly for members of workless households (Gregg et al, 2012, p.7). While wages had grown in real terms for most workers in the UK, wage inequality, which had been fairly stable in the UK from the 1880s to the 1980s, also grew. This increase in wage inequality is also found in the US, but not most other OECD countries (Kondylis and Wadsworth, 2007, pp.80, 94). In addition, the UK had high levels of people not in paid work, and stagnant wage levels at the lower end of the pay scale (Kondylis and Wadsworth, 2007, p.136). These developments spurred the Blair government, first elected in 1997, to adopt a new approach.

The incoming Labour Government's strategy was described as 'welfare-to-work', providing incentives for welfare recipients to join or remain in the labour market. Inspired by John Smith's Social Justice Commission, the Treasury took the lead in social policy development (Thane, 2007, p.198). Its strategy consisted of three main strands: the 'New Deal' schemes, which compelled many claimants to join the labour market or lose their benefits, while offering some training and support, the minimum wage, and in-work benefits in the form of tax credits (Dean and Mitchell, 2011, p.5). These Working Families Tax Credits replaced Family Credit in 1999, and compared with earlier subsidies, were available to more families – one million in their first year (Gregg et al, 2012, p.10). They were introduced alongside two smaller schemes: Children's Tax Credit and Disabled Person's Tax Credit (Grover, 2016a, p.133).

Tax credits, for the Labour government, "were thought to provide both Labour Party government and individuals with a means of managing... uncertainty" (Grover, 2016a, p.138). But attempts to achieve both economic management and social objectives, such as relieving child poverty, proved a tension (Grover, 2016a, p.138). They attempted to navigate this by incentivising parents, particularly single parents, to take work, as a supposed moral message to their children (Grover, 2016a, p.140).

Labour also saw tax credits as a tool which could respond to changes in the labour market, and changes in the poverty and unemployment traps (Grover, 2016a, p.138). They were intended to get people to associate work with increased income, thereby incentivising movement into work (Grover, 2016a, p.132). The Central Policy Review Staff, a unit of the Cabinet Office, produced a report which argued that in-work benefits could break the perception that low wages led to poverty, and thereby promote acceptance of a larger low-waged sector; and also could create employment, by reducing the wage floor (Grover, 2016a, pp.113-114). The relationship between in-work benefits and low pay will be explored further in section 2.5.

In introducing what was termed a tax credit, explicitly not part of the existing benefit system, the Working Families Tax Credit was intended to destigmatise in-work financial support (Dean and Mitchell, 2011, p.5), increasing uptake and also the likelihood that a future right-wing Government would maintain the system (Gregg et al, 2012, p.10). This

was intended as the first use of the tax system to deliver a benefit in the UK since the abolition of Child Tax Allowances in 1971 (Whiteford et al, 2003, p.1), although there were and remain various tax reliefs for personal spending on items such as pensions or health insurance, which operate in a similar fashion.

As implemented, although administered as part of the taxation system, the system involved regular payments to recipients, rather than direct deductions off tax owed, and therefore was a tax credit in name only (Whiteford et al, 2003, p.13). The original plan was that the subsidies would be paid by the Government to employers, and passed on to workers alongside their regular pay. However, this too was abandoned amidst objections from employers, and concerns that some might fail to pass on the subsidy (Dean and Mitchell, 2011, p.5). Here is an example of business influencing policy in this area, which this thesis will explore in more detail, while seeking to identify any additional examples.

McLaughlin et al (2001) argue the Working Families Tax Credit was around for such a short period that its main impact was to explore whether it was feasible to deliver social security policy through the taxation system, although they argue that its introduction alongside a minimum wage and increased public expenditure made it difficult to assess its individual impact. Despite these difficulties, the government must have concluded that it was possible to deliver social security through the taxation system, because in 2003, the British system was again altered. Working Families Tax Credit, Children's Tax Credit and Disabled Person's Tax Credit were replaced by two new schemes (Grover, 2016a, p.133). The first of these was the Working Tax Credit, for adults who worked for low wages. This was the first national wage supplement which could be claimed by almost all workers whose wages were below a threshold - the only restriction being that claimants had to be over 25 (Grover, 2016a, p.133). The second scheme was Child Tax Credit, paid to most families, but at higher levels for those on low pay (Whiteford et al, 2003, p.1).

Initially, Child Tax Credit was pitched as focused on ending child poverty, while Working Tax Credit was focused on incentivising people to move into and remain in paid work (Grover, 2016a, p.133). Although generally considered together, Child Tax Credit was available to some people who are not working, while Working Tax Credit was a pure in-work benefit. Again, the change saw a big expansion in number of recipients and overall spending, with

this growth coming almost entirely from working couples (Gregg et al, 2012, p.10). Balls et al (2004, p.213) noted that about 90% of families with children were eligible for one or both of the benefits on their introduction (Balls et al, 2004, pp.213-215). In-work benefits were now a major government expense and source of income for many individuals and families. Such as widespread work subsidy would be expected impact the labour market; it might alter business behaviour, and business would be likely to hold opinions on it, which will be explored in this thesis.

The Government was particularly interested in overcoming interaction problems between the old credits and other payments and subsidies, which created very high effective marginal tax rates at particular income levels, seen as a disincentive for people to enter work or increase their working hours (Balls et al, 2004, p.212). That this was central to Government thinking is evident from the Treasury's 2004 work on contemporary microeconomic policy, which discusses tax credits and the minimum wage in a chapter entitled "Making Work Pay" (Balls et al, 2004); this idea that in-work benefits should encourage people to move into work is important, and could be seen as a 'pull' to match the 'push' of conditionality, discussed in section 2.5.

The Labour Party's overarching strategy was often described as an Active Labour Market Policy (ALMP). ALMPs are seen by Esping-Andersen as a feature of Nordic social democratic welfare regimes, the first example being in Sweden in 1950. There, the aim was to match demand for, and supply of, labour, principally by funding vocational training programmes. But the term has become used much more broadly, including the 'welfare-to-work' or 'workfare' programmes found in English-speaking countries, with an emphasis on stronger incentives, such as time limits and sanctions for non-compliance with requirements (Bonoli, 2010), and this shaped the design of tax credits. Working Tax Credits were largely based on the American Earned Income Tax Credit (EITC), in place since 1975, and the Canadian Self-Sufficiency Programme (Gregg et al, 2012, p.10; Balls et al, 2004, pp.230-232), discussed in the previous section. Based on this broader definition, expenditure on ALMPs in OECD countries almost doubled between 1980 and 2003 (Bonoli, 2010).

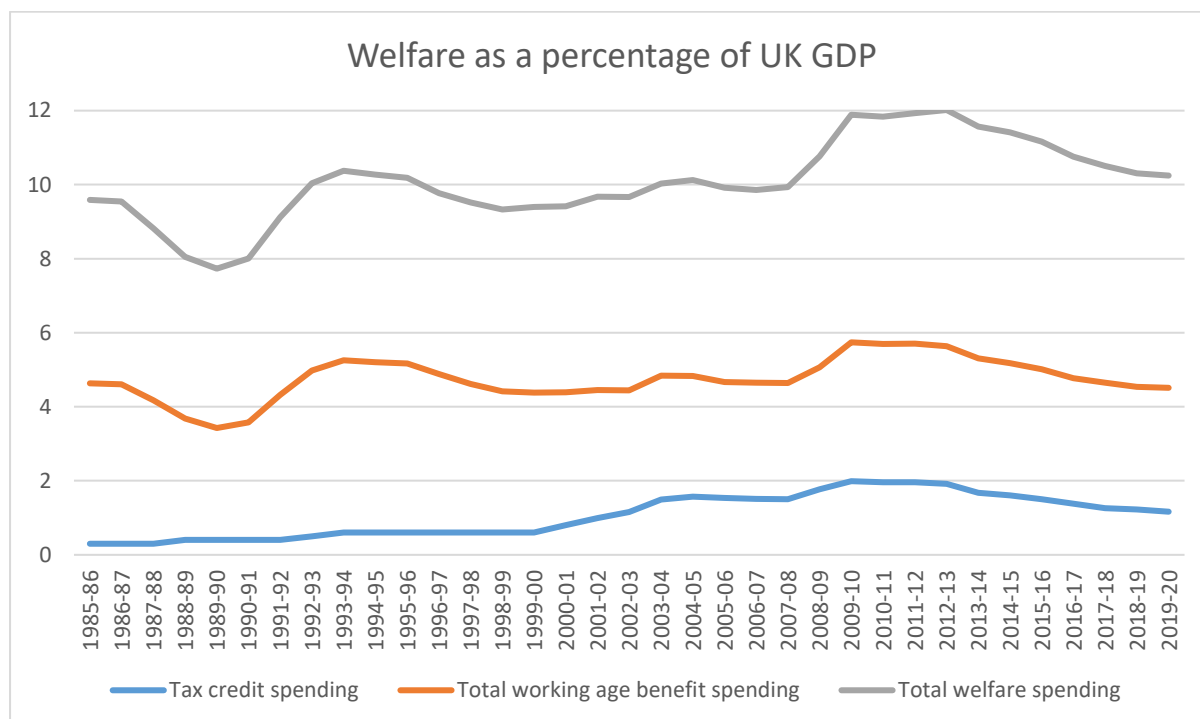
ALMPs are nothing new, but they only became a common subject of social policy analysis in the 2000s. Much research has been quantitative, using OECD data to compare between

nations. But there are serious limitations to relying on this data: it is restricted to a limited time period and only to OECD members, often misses local government expenditure in the area, and some contracted out programmes (Clasen et al, 2016). As Clasen et al (2016) argue, there is a need for qualitative research to determine which political and economic features of the policy are most salient, rather than relying on the most convenient categories, already available in OECD data. This logic can usefully be extended to the study of in-work benefits.

Bredgaard (2018) looks at employer attitudes to ALMPs in Denmark, and develops a useful typology based on preferences (positive or negative attitudes) and behaviour (participation in schemes), thereby categorising companies as committed, sceptical, dismissive and passive. While a more scaled approach, recognising differences in levels of participation and degree of positivity, would be beneficial, distinguishing between the two dimensions in this way is revealing, showing little correlation between the two. This thesis will reflect on whether this disconnect between preferences and behaviour also applies to in-work benefits.

The breadth of the subsidies made tax credits a significant expense for the UK Government, and one which increased over time: the total cost of the combined Child and Working Tax Credits rose from £17.0bn in 2003/04 to £28.8bn in 2014/15 (House of Commons Library, 2015). As chart 2.2 illustrates, they grew as a percentage of the UK Gross Domestic Product, as a proportion of the total welfare bill, and as a proportion of working age welfare spending. By 2010, in-work benefits made up an average of 50% of the income of workers in the bottom decile for income, and more than 5% even for those in the fourth decile (Farnsworth and Irving, 2018, p.172). While spending on tax credits has declined since 2013, it remains above 1990s levels, and the introduction of Universal Credit will have led to additional spending on its in-work elements, figures for which are not yet available.

Chart 2.2: Welfare as a percentage of UK Gross Domestic Product²



The Trades Union Congress found that the greatest per capita spend is in the poorest areas of the UK, suggesting that the credits have some impact on redistribution across regions (Trades Union Congress, 2015), reflecting the federation’s move to cautious support for in-work benefits. The Child Poverty Action Group found that wage subsidies may, in particular, reduce severe financial hardship among recipients (Howard, 2004, pp.12-13).

Working Tax Credits also include a childcare element, subsidising some of the costs of childcare while parents are working. Davey and Hirsch (2011) argue that this is key to “making work pay” for parents on middle- to lower-incomes, particularly for single parents who may otherwise find much of their pay being consumed by childcare costs. To be eligible, parents had to work at least sixteen hours per week; Universal Credit expanded the scheme to parents working fewer hours. However, with the withdrawal of a disregard of such childcare costs for the purposes of Housing Benefit and Council Tax Benefit, people

² Tax credit spending data is from Office for Budget Responsibility (2014) and Office for Budget Responsibility (undated); figures from 2018 onwards are projections. Other data is from Office for Budget Responsibility (2021).

who would have been in receipt of the disregard had to pay a significantly increased share of their childcare (Royston, 2012).

Despite some tweaks, most of the tax credit arrangements survived into the 2010s. Recipients had to work a minimum of 16 hours per week; if they did not have children, a minimum of 25 hours per week. Although a basic Working Tax Credit of £1,960 is stated for 2015/16 (UK Government, 2016), most people received less than this, as anyone earning more than a threshold of £6,420 per year was affected by a tapered reduction. Those with children might also be eligible for Child Tax Credit, calculated on a complicated basis, but potentially including up to 70% of the cost of childcare around working hours (UK Government, 2016). But, while wage subsidies may benefit recipients, those who are not eligible for them still experience lower wages (Paul, 2016).

The tax credit model has much in common with the system of Housing Benefit: an assessment of income, with an amount paid based on circumstances, which tapers off once people earn a threshold income (Spicker, 2013). As Spicker (2013) points out, this is a worrying precedent, because Housing Benefit has never worked well: it is under-claimed, often administered incorrectly, and has been subject to repeated changes in order to correct perceived problems. In any non-universal system, some people who are eligible to receive them do not claim – the take-up rate for Working Families Tax Credits in 2001/2002 in the UK fell as low as 59-64% among couples (Howard, 2004, p.44). However, take-up is not significantly worse than other benefits in the UK. Spicker (2017, p.50) estimates take-up of Working Tax Credit at 66-71%, although 84-87% of the total amount of money is claimed. This exceeds take-up of Pension Credit, Jobseekers Allowance or Disability Living Allowance, but is below take-up of Housing Benefit or Income Support. Take-up of Child Tax Credit is higher, at 85-89%, with 91-94% of the total amount being claimed, below only Child Benefit among major benefits (Spicker, 2017, p.50).

This survey has shown that, while formally distinguished from the benefit system, in many ways tax credits in the UK have operated as part of it. While their introduction by the Blair government had specific intentions, they nonetheless retain many similarities with earlier in-work benefits, such as Family Income Supplement and Family Credit. It therefore makes sense to consider these benefits through a social welfare model, while leaving open the

question of whether businesses or policymakers consider them in this way. Their positioning as part of an Active Labour Market Policy has influenced much research, as has their introduction alongside the minimum wage. This has left a paucity of qualitative research into in-work benefits, which suggests that qualitative approaches in this thesis could provide useful new insights.

Tax credits are the most obvious example of in-work benefits in the UK, but there are others. The Policy in Practice Benefits and Budgeting Calculator (Policy in Practice, 2018) listed the following benefits as available to working individuals in the UK in 2018:

- Job Seekers Allowance
- Pension Credit
- Working Tax Credits
- Child Tax Credits
- Housing Benefit
- Child Benefit
- Personal Independence Payment / Disability Living Allowance
- Universal Credit

Details of eligibility, the number of recipients and total government expenditure on each of these benefits are given in table 2.3. In addition, there are numerous smaller-scale in-work benefits, targeted at specific groups of workers. For example, the Employment Retention and Advancement Demonstration and the In-Work Credit have both been paid to targeted groups of people who left out-of-work benefits and moved into employment of at least 16 hours per week (Chowdry, 2012). However, such schemes are marginal in terms of expenditure and number of recipients when compared to the major schemes, and so this research will focus on these larger, national, schemes.

Table 2.3: Main benefits available to working people in the UK

Benefit ³	Eligibility	Number of recipients in 2016/17 ⁴ (millions)	Total expenditure for 2016/17 ⁵ (millions)	Total expenditure for 2019/20 ⁶ (millions)
Jobseeker's Allowance	Working fewer than 16 hours per week	0.46	1875	714
Pension Credit	People of pensionable age and on a low income	1.82	5666	5061
Working Tax Credits	Working at least 30 hours per week and on a low income	2.06 families	27400	17256
Child Tax Credits	People with children and on a low income	2.46 families (at least 1.65 in work)		
Housing Benefit	Renters with low income	4.4	23441	18364
Child Benefit	One parent of every child, regardless of working status	7.4 families	2667	2941
Personal Independence Payment / Disability Living Allowance	People with disabilities or long-term health conditions	3.7	16674	12294
Universal Credit	Combines Jobseeker's Allowance, Housing Benefit, Tax Credits and other benefits	0.63	1585	18386

Other than Working Tax Credits, the benefits listed in table 2.3 are available regardless of working status, and so they do not meet the definition above, that “being in current

³ List of benefits is from Policy in Practice (2019).

⁴ Figures for tax credits from UK Government (2017a), for Child Benefit from HM Revenue and Customs (2017), other figures from Department for Work and Pensions (2017)

⁵ Figures for tax credits from Office for Budget Responsibility (2018), other figures from UK Government (2017b)

⁶ Figures from UK Government (2021b)

employment is a qualifying criterion”. However, studies of the understanding of benefits have found that people tend to regard all the money they receive from the government as a single ‘income package’, not distinguishing between, for example, Working Tax Credit and Child Tax Credit, or indeed tax credits and Child Benefit (Spicker, 2017, p.59), and this seems likely to be even more the case with a single Universal Credit payment. As a result, it is useful to consider the impact of in-work benefits within the context of the UK social welfare state, and in particular, the eight benefits listed, to which workers may be entitled. All eight of these benefits act as work subsidies, and that is the fundamental reason why they are considered in this thesis.

Of the eight schemes, the two tax credit programmes and Housing Benefit were the largest areas of government expenditure in 2016/2017. In contrast to Jobseekers’ Allowance or Personal Independence Payment, most recipients of tax credits are in work (HM Revenue and Customs, 2023), and although no official statistics are collected, the same is likely to be true for Housing Benefit. In the period from then to 2019/2020, Universal Credit has grown from a smaller item of expenditure, to the largest single benefit for working age people, as the next section will explore. This thesis will focus on these schemes – tax credits, Universal Credit, and Housing Benefit – while also discussing their predecessors and some minor in-work benefits.

Current developments in the United Kingdom

By 2010, when the Coalition government took over from Labour, in-work benefits were embedded in social policy in the UK. As Grover (2010, p.34) says (using his preferred term, ‘wage supplements’), “no longer are wage supplements defined as being economically and socially problematic. In contrast, they are now seen as being beneficial to individuals and wider society, encouraging people into (albeit low) paid work, and helping to flexibilise late modern capital accumulation in Britain”. But the initial hopes of the Labour Government, that future governments would preserve tax credits, have not been fulfilled. From 2013, the Cameron, May and Johnson Governments introduced and rolled-out Universal Credit (UC). This aims to reduce spending on in-work benefits, and largely removes distinctions between them and other benefits (Gregg et al, 2012, p.11). Progress has been slow, and so the 2015 proposal of a variety of welfare reforms led media attention to proposals to cut tax credits

while phasing in an increased minimum wage (Rigby, 2015), thus significantly reducing the role which wage subsidies play in the economy. The debate generated around this forms part of the context for this thesis, although it should be noted that the majority of the cuts were abandoned, while leaving the transition to Universal Credit in place.

The rollout of the scheme was repeatedly delayed (National Audit Office, 2013; UK Government, 2017b), but in December 2018 it was finally completed. New claims for Income Support, Jobseeker's Allowance, Employment and Support Allowance, Child Tax Credit, Working Tax Credit, and most types of Housing Benefit were closed (Child Poverty Action Group, 2019, p.7). However, existing claimants of these 'legacy' benefits continued to claim them. As of April 2021, there were still 1.9 million families with 3.49 million children claiming tax credits alone (UK Government, 2021a).

The Coalition government argued that the existing benefit system did not promote strong incentives to work, and that this would be best achieved by simplifying it, introducing Universal Credit (Grover, 2015, p.42). A Department for Work and Pensions publication claimed poor incentives arose from the low levels of earnings at which they begin to be withdrawn which, coupled with income-based tax, could produce a marginal deduction rate of up to 96%. In addition, the complexity of the system, it contended, led to uncertainty among claimants as to the impact of changes in their work, disincentivising changes such as taking on more hours of work. The Department for Work and Pensions (2010) claimed that "employers will find that their workforces become more flexible and open to opportunities for progression". Further, the complexity of the system was blamed for increasing levels of administrative errors, leaving claimants with underpayments or overpayments, and, it was suggested, facilitated fraudulent claims (Department for Work and Pensions, 2010).

Universal Credit subsumes six pre-existing benefits: Income Support, income-based Employment and Support Allowance, income-based Jobseekers Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit. In this manner, it consolidates a mixture of in-work and out-of-work benefits (Sainsbury, 2014). Dean (2012) argues that, in doing so, it may make low-paid workers feel less "virtuous", in that they will be in receipt of the same benefits as unemployed people. It removes the distinction between in- and out-of-work benefits, and might increase the stigma of being in receipt of the in-work elements, as Dean

and Mitchell (2011) discussed. In-work payments explicitly become part of the benefit system. There is one payment for both unemployed people and those in low-paid work, with the amount paid tapering off as workers earn more. Grover (2015, p.42) argues that “waged work status of recipients [of UC] is immaterial to entitlement to it”. But, while eligibility is primarily due to income and household formation, the regime faced by claimants varies according to their working status – those considered to be ‘working enough’ face minimal conditionality, while those who are out-of-work or working short hours must attend regular work-focused meetings and devote a significant amount of their time to looking for additional work or otherwise increasing their income (Grover, 2015, p.42).

The point at which benefits begin to be withdrawn is termed the ‘Work Allowance’. Universal Credit was framed as a benefit which people would remain on for only a short period, as they increased their income (Grover, 2015, p.42), and so this taper was an important part of the case for introducing it. It was initially set at a variety of rates from £111 to £734 monthly earnings, depending on personal circumstances, but in 2016 was cut to zero for claimants without responsibility for children unless they had limited capacity to work, and to £192 or £397 for other workers, depending on whether the payment includes housing support (Child Poverty Action Group, 2016; Department for Work and Pensions, 2016). These changes altered the work incentives; the Institute for Fiscal Studies concluded that, as of 2016, it cut support for most lone parents in work and for couples both in low-paid work. However, it still offered stronger work incentives than previous arrangements, particularly for unemployed couples with children (Brown et al, 2016), in part because it includes payment of 85% of childcare costs (Child Poverty Action Group, 2016). Despite these changes to the detail of the benefit, it retains a substantial work subsidy element; by 2021, more than 2,000,000 working people were in receipt of the in-work elements of Universal Credit (UK Government, 2021c).

There are specific concerns relating to self-employed people and owners of small businesses, whose income may vary considerably from month to month. They are assumed to earn at least the minimum wage, but must make monthly returns of their actual income (Spicker, 2013). Another specific area of concern is that, while tax credits were payable to workers on low wages regardless of their savings, Universal Credit decreases as savings

increase, and is not available at all to those with savings of more than £16,000. Royston (2012) notes that this disincentive to saving would make it virtually impossible, for example, for a low-paid workers to save for the deposit on a house. Households on low incomes, whether or not they have someone in work, have suffered the greatest losses in income from the introduction of Universal Credit (Bradshaw and Bennett, 2019).

As Spicker (2013) discusses, Universal Credit is the latest in a long line of changes to benefits in the UK, all of which, however presented, are incremental in nature, due to the large number of people who would lose out if old systems were entirely abolished. Despite some new features, as discussed above, payments under it to low-earning workers can be considered in a similar way to the package of pre-existing benefits it replaces; there remains a substantial wage subsidy element. The change in system has led to new research into welfare generally and, in some instances, in-work benefits, but the need for qualitative research into the understanding of, and reactions to, these benefits, remains.

Periodisation

The core of Grover's (2016a) book, *Social Security and Wage Poverty*, provides a periodisation of wage supplements in the UK, each phase given its own chapter:

- New Poor Law (also including a discussion of the Old Poor Law, covering the period to 1948)
- Poor Relief
- Public Assistance
- Family Allowance (1948 to mid-1960s)
- Family Income Supplement (mid-1960s to 1988)
- Family Credit (1979 to 1988)
- Tax Credits (1990 to 2010)
- Universal Credit (2010 on)

The chapters on Poor Relief and Public Assistance discuss unrealised proposals to transform these into in-work benefits, but each of the other chapters focuses on an in-work benefit, and this structure is useful for considering which periods this thesis should focus on.

The experience in Speenhamland has been widely discussed, and while there are unsettled questions around it, its location in rural areas, and changes to the UK economy in the intervening years, mean that the experience and attitudes of business then are unlikely to usefully inform a discussion of more recent in-work benefits. The enormous growth in in-work benefits in recent decades provides another reason to explore evidence from this more recent period in the thesis, as does the discontinuity in wage subsidy provision from the early 19th-century to the mid-20th century. The wealth of debate around the move from tax credits to Universal Credit provides part of the motivation for the topic of this thesis, and so for all these reasons, it is desirable to cover the period from 1990 on, and explore the understanding, attitudes and response of business to these benefits.

The outstanding question is to what extent, if at all, the thesis should also explore evidence from the 1940s to 1990, in which the main in-work benefits were successively Family Allowance, Family Income Supplement, and Family Credit. While practical considerations, such as the availability of material, may play a role, any decision should also be theoretically justified. Grover (2016a, pp.103, 108) argues that, in the history of in-work benefits in the UK, the 1979 election of the Conservative government was significant – Family Income Supplement had stagnated under the Labour government of 1974-79, which was not interested in in-work benefits, while the 1979 Conservative manifesto proposed a tax credit scheme, which led, through ongoing debates, to the introduction of Family Credit. This resumption of debate after a pause, and introduction of a larger scheme, alongside a change in government and in economic policy more generally, provides a convenient starting point for the analysis, and the following chapters will focus on material from the first full year of the Conservative government, 1980, onwards.

2.4 Varieties of capitalism and varieties of welfare capitalism

Interest in variation in economic models is longstanding, whether seeing differences as deviations from an ideal model, or believing that there may be several successful institutional arrangements and seeking to understand these varieties (Amable, 2003, p.5).

Hall and Soskice (2001, pp.2-4) identify three approaches to understanding varieties of capitalism. Modernisation theory, which developed in the 1960s, saw the difficulties of modernising industry as the key problem, explaining differences in approach through the differing roles of public officials and bodies, and to some extent the differing roles of banks. Neocorporatism developed in the 1970s and saw inflation as the key issue, seeking to explain approaches to resolving this through the differing positions of trade unions in various countries. Finally, the social systems of production approach developed from the 1980s and was interested in how modes of production were changing, moving away from mass production in many cases. In addition, the differing positions of companies were seen as central.

Hall and Soskice (2001, pp.4-7) themselves also place companies centre stage, although all the institutions of the political economy – both organisations and structures, such as markets – are of interest. They believe that an examination of strategic interactions among these institutions generates important insights by using concepts from game theory, when explored in the five spheres of industrial relations, vocational training and education, organisational governance, inter-firm relations and employee problems. Wood (2001, p.247) raises concerns about this approach, claiming that it “tends to underplay the importance of the political dimensions of political economies”. But, as Gough (1979, p.29) argues, capitalism, as an overarching system, is unplanned. Individuals and organisations can modify market forces, but not usurp them.

Hall and Soskice (2001, p.8) define two ideal types of capitalism, ‘Liberal Market Economies’ and ‘Coordinated Market Economies’, with nations placed on a single spectrum between these two extremes. The liberal market economy sees a very limited role for the state, focusing on facilitating open markets, while the co-ordinated market economy focuses on state-led action to guide development of markets. Such differences can be seen across a number of fields, with Amable (2003, p.14) identifying five fundamental ones: attitudes to competition in the market for products, the labour market, corporate governance, the welfare state, and education. Other authors complicate the picture, seeing, for example, a Mediterranean or an Asian model of capitalism which are distinctive even though they might cover similar sections of the spectrum (e.g. Amable, 2003, p.14). Hay (2020) convincingly argues that varieties of capitalism are a convenient fiction – the ideal forms do

not exist, but clusters can be identified; the more clusters, the more accurate the description, and used carefully, they can prove analytically useful.

Nonetheless, Hall and Soskice's model has been sufficiently influential that it is useful to consider in-work benefits in terms of it. In particular, the *Varieties of Capitalism* literature provides the useful insight that the need to pursue comparative advantage introduces a pressure for economies to differ, in contrast to the competition state hypothesis, which implies that it represents a point of convergence for all capitalisms (Horsfall, 2017, pp.14-17).

Just as capitalisms vary, so do welfare states, and it is tempting to draw parallels between the two. But relating the varieties of capitalism with the varieties of welfare regimes has been a contentious area (Mares, 2001, p.211). Esping-Andersen's work on varieties of welfare capitalism has been enormously influential, and it is instructive to consider his approach to the topic. Its basic elements are laid out in table 2.4, below.

Table 2.4: Esping-Andersen’s typology of welfare capitalism

Type	Key features	Level of decommodification	Examples
Liberal	Means tests Targeted at people with low incomes Subsidisation of private welfare schemes	Low	United States Canada Australia
Conservative	Negligible redistribution Emphasis on family Maintenance of status differentials	Moderate	France Germany Italy
Social democratic	Universal benefits Promotion of equality Crowding out of market	High	Scandinavia

Just as with Hall and Soskice’s *Varieties of Capitalism*, academics have debated whether Esping-Andersen’s typology is the most useful way to classify welfare capitalisms. Subdivisions of the types have been proposed, and additional types added. Very broadly, co-ordinated market economies can be identified with conservative and social democratic welfare states, and liberal market economies with liberal welfare states (Horsfall, 2017, p.16). As Schröder (2013) finds, in comparing various competing categorisations of varieties of capitalism and of welfare capitalism, the liberal group is consistent, and the differences lie in how many groups the remaining states are divided into.

Regardless of the exact typology used, the relationship between labour and the market is important. Polanyi (2001) discusses labour as a fictitious commodity – like land, it is not a commodity created for sale, but is often treated by markets in this fashion, rather than as a protected right. Yet he sees industrialisation as a “double movement”, also restricting market power over labour. Esping-Andersen sees ‘decommodification’ as “the degree to

which recipients can maintain an acceptable standard of living independently from the labour market” (Watts and Fitzpatrick, 2018, p.20). He uses this insight as the basis for his classification, clustered around different values of decommodification and stratification, implying that welfare states may be distinguished by decommodification of labour, but that they vary in the extent to which this is accomplished (Esping-Andersen, 1990, pp.21-26). This can be achieved by providing more generous out-of-work benefits, as this reduces the need for workers to sell their labour in order to survive. But it is interesting to consider how it might apply to in-work benefits, as earnings-related benefits may sustain inequalities (Watts and Fitzpatrick, 2018, p.20).

Estevez-Abe et al (2001, pp.180-181) conclude that employment and income protection, far from decommodifying labour as might be expected, actually increase commodification. This, they argue, is because employment protection makes workers more likely to invest in acquiring company-specific skills, while unemployment protection makes them more likely to invest in industry-specific skills. Where neither are present, workers are more likely to invest in general skills, and are in this sense less dependent on specific employers or industries and therefore less exposed to changes in the labour market. But, they claim, this does not mean that the workers are in a weak position; in democratic societies where most voters are also workers, the median voter is likely to be economically advantaged by these protections, and therefore institutions will develop which reinforce the specific welfare production regime, such as collective wage bargaining (Estevez-Abe et al, 2001, p.182).

While an international comparison is outside the scope of this thesis, the example of the UK may shed light on international forces, but most importantly its conceptual basis can be used to consider the situation in other countries. International comparisons are not the only possible source of variation; attention must also be paid to the differing positions in different regions of the UK, and indeed of different industries.

[In-work benefits around the world](#)

The British in-work benefit scheme has been influenced by earlier programmes in the US and Canada. In the US, this was the Earned Income Tax Credit, introduced in 1975. This was increased significantly in 1986, in contrast to most other benefits, which were being cut by

the Republican-led government. It is of note that the right-wing governments were willing to increase in-work benefits, the implications of were discussed in sections 2.2 and 2.3. Expenditure on EITC increased again in 1990, taking the number of families in receipt from 7 million to 11.3 million (Pierson, 1994, pp.125-126). Being delivered only to working families, its recipients were more easily seen as deserving than workers without dependents, or unemployed people, and a tax credit system was seen as simple. In addition, its purpose was left sufficiently ambiguous that it could be seen as the solution to low wages, but also to unaffordable childcare, or regressive taxation (Pierson, 1994, pp.125-126), ideas discussed in more detail in the following chapter.

Australia also had an important early scheme. It began in 1983, and was steadily expanded, becoming the Family Tax Benefit in 2000. By 2001, it was paid to around 2 million of the 2.6 million families with children in the country. The Canadian Child Tax Benefit was similarly paid to most families with children. It featured an annual reconciliation of earnings, with payments for the next year based on the previous year. With the Australian scheme, the main controversy was the very high level of overpayments to families, which were then reclaimed, often causing hardship (Whiteford et al, 2003, pp.3-8). In Canada, overpayments were minimised, but responsiveness to changes in circumstances was low. It is possible that the low responsiveness might reduce disincentives to moving into work. It had to be supplemented by various other schemes to support those whose income dropped rapidly from one year to the next (Whiteford et al, 2003, pp.9-12, 24-25).

As table 2.5 shows, such schemes have now spread to the majority of OECD countries. Many of the schemes are heavily influenced by the pioneering programmes in the Anglosphere, but there are also some important differences. Kenworthy (2015) argues that in-work benefits will have the greatest impact in countries where unions and collective bargaining are weak, which is broadly true of the Anglosphere. There, they will increase employment among workers able to earn lower wages. Kenworthy (2015) also contends that in-work benefits will slightly reduce wages, but acknowledges that there is no conclusive evidence on this. Nonetheless, it will be interesting to explore whether this is the understanding of business and policymakers, and if so, how this affects their opinions and actions. Other countries have either introduced much smaller schemes, or in the case of Sweden, a scheme for which all workers are eligible (Kenworthy, 2015). This increases its

cost, and it is believed that higher-income workers are less responsive to changes in income than lower-income workers (Vandelannoote and Verbist, 2017).

Kenworthy's (2015) analysis of the schemes in table 2.5 shows that they vary in many ways: most are targeted, but the Swedish scheme is universal; where they are targeted, they may be based on individual or household earnings; they may set a minimum number of hours worked in order to qualify. Some schemes are only open to people with children; some schemes are restricted to particular industrial sectors; they may be paid in cash, as a tax reduction, or as an annual tax reimbursement; they may phase-in and phase-out; and they may be permanent or temporary. This enables him to propose three main categories of in-work benefits: large refundable tax credits (or earnings subsidies), as found in Ireland, New Zealand, UK, US, and Canada – labelled 'Anglosphere' in the table; large reductions in employee tax payments, as found in Germany; and large tax credits or transfers with no phase-out, as found in Sweden. In addition, there are countries with small or restricted subsidies (Kenworthy, 2015).

Despite these broad categories, there are differences within the Anglosphere group. For example, while the United States retains its longstanding Earned Income Tax Credit scheme, the UK has moved to Universal Credit, a single benefit which has in- and out-of-work elements. However, the large size of these schemes remains distinctive.

Table 2.5: International in-work benefit schemes as of 2015⁷

Country	Name of scheme	Category
Australia	Working credit	Smaller scheme
Austria	Kombilohnbeihilfe	Smaller scheme
Belgium	Work Bonus Jobkorting	Smaller scheme
Canada	Working Income Tax Benefit	Anglosphere
Denmark	Social Assistance Earnings Disregard	Smaller scheme
Finland	Earned Income Allowance Earned Income Tax Credit	Smaller scheme
France	Prime pour l'emploi	Smaller scheme
Germany	Mini Jobs	Tax payment reduction
Ireland	Family Income Supplement [and others]	Anglosphere
Japan	Re-employment Allowance	Smaller scheme
Korea	Earned Income Tax Credit Re-employment Allowance	Smaller scheme
Netherlands	Employed Person's Tax Credit	Smaller scheme
New Zealand	Minimum Family Tax Credit In-Work Tax Credit	Anglosphere
Portugal	Social Assistance Earnings Disregard	Smaller scheme
Sweden	Earned Income Tax Credit	Universal
United Kingdom	Universal Credit Working Tax Credit	Anglosphere
United States	Earned Income Tax Credit	Anglosphere

Although Kenworthy does not do so, it is interesting to compare the three main categories of in-work earnings subsidies with Esping-Andersen's typology of welfare capitalism (see table 2.6, below). There is a perfect correlation between the two, and the key principles of each category are a good fit with the features of the in-work earnings subsidy categories:

⁷ Data is from Kenworthy, 2015.

those in the Anglosphere are targeted at people on low incomes, that in Germany maintains status differentials, and that in Sweden provides universal benefits. While it is also notable that each category includes nations with smaller schemes, this correlation is important and enables predictions to be made about the level of decommodification provided by the three types of scheme, as being in line with Esping-Andersen's original theory – the scheme in the UK, therefore, is expected to produce low levels of decommodification, in contrast to that in Sweden.

Table 2.6: Esping-Andersen's typology of welfare capitalism applied to in-work benefits

Esping-Andersen's type	Key features	Typical in-work benefit category	Level of decommodification	Examples
Liberal	Means tests Targeted at people with low incomes Subsidisation of private welfare schemes	Anglosphere	Low	United States Canada Australia
Conservative	Negligible redistribution Emphasis on family Maintenance of status differentials	Tax payment reduction	Moderate	Germany
Social democratic	Universal benefits Promotion of equality Crowding out of market	Universal	High	Sweden

While this thesis will analyse the situation in the UK, this brief survey does show that the UK schemes have similar features to those elsewhere in the Anglosphere, therefore, its findings may also prove true in those other countries. This is a significant group, as it consists of five countries with large schemes which, despite some differences, have been developed with reference to each other.

Identifying the variations in capitalism and in welfare states provides the first elements of a theoretical basis for this research. The identification of clusters of states provides the opportunity to cautiously generalise about research conducted in a single country, and use it to consider the existence and nature of international forces. For example, are in-work benefits understood in relation to international examples, and are international pressures used to justify arrangements; and is there evidence that findings relating to the UK may apply elsewhere?

Having outlined the development of welfare states, it is possible to consider how this has influenced the development of in-work benefits, and from this, examine their intended purpose and how this might affect how various actors understand and respond to them.

2.5 Placing in-work benefits within social policy

Having addressed the position of in-work benefits in the UK welfare system, and their prevalence worldwide, it is now possible to put them in their social policy context. While in-work benefits have often been neglected in the field of social policy, they are relevant to major debates within the field, and these debates can usefully generate theory to aid the investigation and understanding of the topic. Social policy is a wide-ranging field of study, drawing on work from, in particular, the social sciences, and the political and economic contexts are important to this literature review. In particular, this review will examine understandings of the welfare state, its relationship with political economy, and the role of industrial policy, in order to provide the contexts for a specific examination of work to date on in-work benefits in the following chapter.

The first task is to determine whether the study of in-work benefits can be reasonably included within the compass of social policy. Social policy is studied as a distinctive

discipline, yet is often seen as a field of study that draws on many other disciplines, particularly those in the social sciences (Alcock, 2012, p.6). This approach echoes Lasswell's (1970) claim that the 'policy sciences' are distinctive in that they synthesise ideas from a variety of disciplines in a way which is problem-focused. In determining the remit of social policy, Lasswell's (1970) discussion of policy sciences remains influential, arguing that they attempt to understand the formation of policy and to generate knowledge that may influence future policy formation. Alcock (2012, p.5) makes the point that the term 'social policy' encompasses not only academic study but also real-world actions by policymakers. Gordon et al (1997, p.5) note that this is not a simple dichotomy; rather, there is a continuum from policy advocacy to analysis of policy content, with approaches such as policy monitoring and evaluation lying in between. All these could be included under the heading of 'social policy'. Alcock (2012, p.5) concisely defines social policy as "support for the well-being of citizens provided through social action", while Farnsworth (2004, p.2) adopts a broad definition including both "...public and occupational provision in the main areas that make up the welfare state". Using either of these definitions, there is a clear case for studying of in-work benefits within the field of social policy. In order to do so, this literature review will consider the most relevant insights from the social sciences to the study of in-work benefits, starting with the core social policy concept of the welfare state. While this literature review focuses on more theoretical approaches, this does not mean that the works examined are devoid of advocacy, and their political perspectives should be borne in mind.

[In-work benefits and their impact on individuals and families](#)

In-work benefits offer an increased income to individuals and families, and are thus valued by them. They also have the potential to address social risk. But the conditions attached to them can be arduous and even counter-productive, and there have been some specific feminist critiques. Much research conducted in the field has focused on these issues, and the incentives which they create, whether through design or accident, and this tends to take quantitative approaches. There is some research, though limited, on the understandings of recipients of in-work benefits. This section explores the current understanding of the impact of in-work benefits on individuals, highlighting what is known and where there remain gaps in knowledge. Understanding this helps frame the research, investigating how

the positions of business are similar to or different from those of individuals, and how businesses respond to the impact of in-work benefits on individuals and families.

Low pay, poverty and minimum wages

Low wages have been considered in various fields: economics, political science, and social administration. Grover (2016, pp.3-4) argues that the last of these has most strongly highlighted wage poverty, and early studies by Booth and Rowntree led to calls to increase the wages of people in receipt of low pay.

Not everyone on a low wage is in poverty, and not all workers living in poverty are on low wages, for example, middle-income workers with a large number of dependents may be in poverty. Those most likely to be in poverty are people who are not working at all, and Cooke and Lawton (2008) found that only 7.2% of low paid workers in Scotland were in poverty. The workers most likely to receive low wages are women, part-time workers and those in casualised jobs (Grover, 2016, p.14).

Among part-time workers, low pay is not simply a matter of being paid for fewer hours, but also being paid less per hour than an equivalent full-time worker, principally due to being more commonly employed in lower paid industries (Nightingale, 2019; Datta et al, 2019). While women are more likely to work part-time, this association also holds for men (Nightingale, 2019). Since 2010, there has been a growth in zero-hours contracts in the UK, these tending over time to offer lower real wages and fewer hours (Farina et al, 2019). The use of zero-hours contracts is advantageous for businesses with unpredictable demand, but the flexibility for the business is not necessarily mirrored by flexibility for workers (Farina et al, 2019). Workers on zero-hours contracts are more likely to be claiming tax credits or Universal Credit, although the unpredictability of income for zero-hours workers can affect access to in-work benefits – for example, by making it difficult to attend mandatory appointments, or by high earnings in some months taking workers out of eligibility for the benefit (Adams and Prassl, 2018, pp.24-26). In some cases, workers have avoided reporting income in order to retain eligibility for benefits; a concern that in-work benefits incentivises fraud among these workers (Stoesz and Saunders, 1999).

When a minimum wage was introduced in the UK, it initially covered only about 5% of workers. Because more women work for low pay than men, it had some impact in narrowing the gender pay gap among low-paid workers. It has also been associated with above-inflation increases in pay for those earning slightly above the minimum wage (Kondylis and Wadsworth, 2007, pp.92-93). Many writers on poverty argued that, set at a low level, the minimum wage was insufficient to lift many workers out of poverty. Swaffield (2017) argued that even a significantly higher “voluntary living wage” could only be part of a response to poverty, and that employers should offer longer working hours, perhaps by combining multiple part-time roles into a single job. She noted that Universal Credit would compel many claimants to increase their working hours.

For some individuals, in-work benefits do lift them and their families out of poverty, but out-of-work benefits can also have a major impact, with families with children benefiting most (Swaffield, 2017). In two-adult families where only one is working, income from out-of-work benefits can be the deciding factor in whether the family is in poverty (Bradshaw and Bennett, 2019). As a result, Swaffield (2017) argues that employers should bear more responsibility for ensuring that their employees are claiming all the benefits to which they are entitled.

Conditionality

One important way in which wage subsidies can impact individuals is through conditionality; conditions placed on in-work benefits is an important way in which governments incentivise particular behaviours by low-paid workers. Many of these incentives, such as encouragement to work more hours or move to higher-paid work, impact businesses and so the understandings and responses of business will be of interest to this thesis.

Conditionality refers to a wide range of approaches, which require behaviours of claimants within a particular range. They include either sanctions or (more rarely) incentives, more or less challenging requirements, and in the common cases where there are sanctions, these may be more or less harsh. Some form of monitoring is required, and this may be more or less intrusive (Watts and Fitzpatrick, 2018, p.50). Conditionality has been part of the British welfare state since its introduction, and it formed part of the thinking of Beveridge. Similarly, in the Nordic countries, there has been a move towards ‘activation’ for

many decades, emphasising enabling workers to adjust to changing work and life patterns (Watts and Fitzpatrick, 2018, pp.3-4).

The DWP described Universal Credit as a strengthening of conditionality, with stronger financial sanctions for those who did not comply with its rules. It hoped that the new scheme would produce cost savings once fully implemented, both by reducing ongoing administrative costs, and reducing overall expenditure, principally through reducing the number of claimants (Department for Work and Pensions, 2010). Wiggan (2012) discusses the idea, found in the documents proposing Universal Credit, of poverty and unemployment being caused by a lack of personal responsibility and a dependency culture caused by expensive state intervention. The existing benefit arrangements are seen as embodying these, and the welfare reforms of the Coalition government, promoting flexibility and conditionality, as a necessary corrective. While the focus on conditionality and incentivising work was not new, the new scheme did differ from previous benefits in not being justified in terms of poverty relief (Sainsbury, 2014). Behavioural conditionality now covers a broad range of welfare claimants, including lone parents and those on many disability benefits, but it still disproportionately affects young people, people from ethnic minorities, and those with mental health problems or low qualifications (Watts and Fitzpatrick, 2018, p.5).

Evidence on welfare conditionality is highly mixed, both in whether it is an efficient way to achieve its goals, and in terms of the ethical implications for society (Watts and Fitzpatrick, 2018, p.111). While its impacts for individuals have been considered, there is a lack of evidence for its impact on employers. Ingold's (2020) study is the first to explore employers' views of welfare conditionality. She found that in both the UK and Denmark that, although employers were positive about taking on unemployed people, they were negative about conditionality. The consensus view was that conditionality did not help prepare jobseekers for interviews or for work, but did encourage jobseekers to submit large numbers of applications to jobs for which they were unsuited, wasting the time of employers who had to sort through these to find the applicants they wished to interview (Ingold, 2020). It would not be surprising if employers express similar concerns around the conditionality attached to in-work benefits, and this might be reflected in organised business' lobbying priorities.

Feminist critiques

Also of note are feminist critiques of the welfare state, as designed to cater for the interests of male breadwinners, providing for women principally in a specific role as mothers, proving coercive rather than emancipatory (Lowe, 2005, pp.40-41). In-work benefits might be expected to avoid this pitfall, but work-related behavioural conditions have increasingly been applied to low-income families with children. This conditionality imposed – particularly in compelling parents, typically mothers, of young children to return to work early and undertake sometimes extensive training – are another form of coercion.

The implication is that not only will women wage workers be financially better off after the increases in the minimum wage, but that more women should be encouraged to take waged work because they will earn more than they would have done in previous years. In the context of retrenched wage supplements, which at least for children in the case of tax credits, are paid to women in couple households, this might be the only way in which women in such households gain some control over financial resources. It also potentially acts against the argument, used by governments of both the left and right since the 1970s, that the payment of wage supplements to mothers can act as a means of discouraging them from doing waged work (Grover, 2016b). In this interpretation, rather than limiting the supply of female labour, the changes to tax credits and the minimum wage can be understood as seeking to widen the wage relationship to a larger pool of female labour.

The desire to pay benefits alongside wages has tended to put them in the hands of the main wage earner in a family, typically a man, whereas if paid separately, they can go directly to other family members (Lowe, 2005, p.406). As of 2017, 89% of single claimants of tax credits were women, including 86% of working claimants. In addition, where a joint claim is made, in 80% of cases this is paid to a woman (Bennett, 2018, p.105). In contrast, only 43% of Universal Credit payments are made to women (Bennett, 2018, p.104).

In the UK, cuts under the Coalition and Conservative governments since 2010 have disproportionately affected women of working age, as they are more likely to be in households with dependent children (Bennett, 2018, pp.105-106). Existing work does not explore business perspectives on these feminist critiques and it will be interesting to investigate whether business does engage with these ideas.

2.6 In-work benefits and work

Having placed in-work benefits within social policy, and considered the most important perspectives from the field of study, it is now possible to consider existing theoretical work on in-work benefits and work. A useful starting point is the Treasury's own summary, published in 2004, shortly after the introduction of Child and Working Tax Credit. In terms of modelling, they present as uncontroversial the microeconomic theory that people will work as many hours as possible until the benefits of working an additional hour are offset by the costs (Balls et al, 2004, pp.227-229). Some caveats would be useful here: firstly, a broad definition of cost is needed; clearly, people considering taking on more work will not only consider whether the overall amount they are paid will be greater than added costs of childcare, travel, etc., but will also consider 'costs' such as decreased leisure time or time spent with friends and family. Secondly, the problem of imperfect information is not considered – for example, people may be unaware of the exact implications for their taxes and benefits of changing their number of working hours. Finally, workers do not always have the option of increasing or reducing their hours as they please – additional work may not be available, or only be available at a set number of hours per week. None of these issues are taken into account in the Treasury's, admittedly brief, survey. Nonetheless, the Treasury's conclusion is that tax credits offer a mechanism by which the number of working hours it is desirable to undertake may be increased, through the dual approach of reducing workers' fixed costs (e.g. subsidising childcare), and increasing their hourly wage (Balls et al, 2004, pp.227-229).

Studies of in-work benefits can be divided into in-country studies, mostly conducted in the UK and US, and cross-country comparisons, generally between several OECD countries. Almost all have focused on the incentive aspects of the schemes on wages, household incomes, and employment levels (Kenworthy, 2015). Eurofound (2017, pp.40-41) look separately at taxes and social contributions, family benefits and social assistance, and pure in-work benefits. It argues that taxes and social contributions (such as National Insurance) can be reduced for low-paid workers, but the impact is necessarily limited as some workers would be in poverty even if they paid no taxes, and such reductions in many cases also benefit wealthier workers. Family benefits and social assistance are found to be important, as they supplement total household income, though in many cases they are set at levels too

low to bring workers out of poverty. Indirect measures, such as affordable childcare and flexible working time arrangements, are further separated out. The research finds that most European countries offer some housing benefit to lower-paid workers, but in the majority of cases, this is at a lower rate than that for people who are not working (Eurofound, 2017, pp.43-44). But people moving into work have additional expenses, such as childcare and travel, and these total increases in expenses and taxation and reductions in benefits have been described as 'participation tax rates' (Chowdry, 2012).

Many low-paid workers have periods of unemployment, and these periods generate a high risk of poverty (Eurofound, p.2). In the UK, in-work benefits have not generally been time-limited, although experiments have taken place (Chowdry, 2012). EU policy on in-work poverty has focused on adequate minimum wages, but the evidence that these reduce poverty is weak - there appears to be a stronger correlation with total household income (Eurofound, pp.1, 4).

As Vandelannoote and Verbist (2017) argue, the design of in-work benefits is important, and one approach is unlikely to be suitable for every country. Attention must be paid to factors including the nation's current income distribution, social issues and levels of poverty. Their proposal, that one way to think about the impact of a benefit is to consider the likely effect were it to be removed (Vandelannoote and Verbist, 2017), is a useful approach for benefits which may not be fully understood by interested organisations, such as in-work benefits.

A second category of theoretical work is that of the natural experiment. Bosworth and Burtless (1992) offer a useful summary of work on the effect of changes to the tax system in the US in the 1980s, concluding that the available evidence was insufficient to draw conclusions about the actual impact of changes in tax rates on any of a wide range of economic indicators. The one exception, that they appeared to have increased working hours, was undermined by a closer examination, showing that working hours had increased most among workers who were unaffected by the changes. They concluded that the complexities of both the actual systems and people's beliefs about them made any interpretation difficult.

More thorough work, with a focus on wage subsidies, appears from the mid-1990s. Eissa and Liebman's (1996) study of the response of workers to the increased availability of the US Earned Income Tax Credit finds that it correlates with an increase in working hours among new recipients, with a particularly strong effect among single parents with lower levels of education. The Canadian Self-Sufficiency Programme (SSP) also attracted attention, studies allowing the comparison of a treatment group who received wage subsidies and a control group who did not. Although results were suggestive that payment increased the hours worked by recipients, particularly among single parents (Balls et al, 2004, p.232), later work noted that this effect seemed to be temporary, possibly because SSP is available only for a maximum five-year period (Lacroix and Brouillette, 2011).

Economic researchers have frequently combined the study of wage subsidies with that of minimum wages. The traditional view of neoclassical economists is that workers will command a fee for their labour based on their productivity; setting a minimum wage would, therefore, result in workers with the lowest productivity unable to find work (Balls et al, 2004, p.232). However, other economic models take into account additional factors, including imperfect competition and costs for workers in changing jobs. Companies, therefore, have power to set wages which are not wholly dependent on the market, and in some cases may be almost entirely independent (Balls et al, 2004, pp.233-236). Adam and Moutos (2010) develop an abstract model which concludes that workers will favour a minimum wage over a tax credit system, on assumptions of financial self-interest, although they are uninterested in whether this plays out in reality. Natural experiments have had some success in this field; of interest is Rohlin's (2011) work, studying the impact of different minimum wages in otherwise similar areas on opposite sides of US state borders provides an interesting approach. He finds that increased minimum wages may deter new industry, but do not adversely affect existing businesses. Such work by economists may appear to offer little to help understand the perceptions of wage subsidies as social or corporate welfare, but it is important in considering the assumptions made about them.

Of more immediate importance to the social policy field, Dean and Mitchell (2011) interviewed 52 recipients of Working Tax Credit, investigating their beliefs and experiences around the benefit. They found that recipients did not differentiate between Working Tax Credit and other schemes which used different mechanisms, such as Child Tax Credits,

seeing it as a benefit designed to incentivise work, and ignoring the benefit accruing to their employer (p.2). This was despite a frequent narrative from interviewees that they did not require incentives to work, seeing work as inherently virtuous (pp.2-3). This 'virtuous worker' narrative was dominant in Dean and Mitchell's interviews (2011, pp.3, 22-29), but they identify four narratives in total, the others being a "moral pragmatist", who agrees that working is virtuous, but would rather spend time on other activities; the "exploited workaholic", who describes enjoying work, but believes that their employer takes advantage of them, and the "reluctant worker", who finds work unsatisfying and exploitative. Their work on recipients' views of tax credits offers an interesting focus on these assumptions and the justifications given, but none of the work considered offers more than a cursory mention of the impact of in-work benefits on employers or the views of companies and other economic actors on the subject.

This section has explored important theoretical perspectives on how in-work benefits impact individuals at work. These may be reflected in how policymakers and business understand the benefits: the impacts which they expect to see on workers as employees and perhaps also as customers. This thesis will explore whether these concepts do appear in business and Parliamentary discourse, and if so, what the anticipated impacts on business are, and how businesses respond.

2.7 Conclusions

In-work benefits can be defined as government subsidies to people who are in current work, or their dependents; where being in current employment is a qualifying criterion for the benefit or an element of it.

In-work benefits are a major item of government expense in a variety of wealthier countries. Their development and workings link to that of welfare states, and so it makes sense to use this lens to explore them. The importance of in-work benefits has increased as a response by governments in these countries to the challenges to traditional welfare states, which have arisen since the 1970s. These challenges affect countries in different ways, because capitalism operates differently in different nations, and because, as a result of this, welfare states have operated differently. But, despite these differences, it is possible to draw comparisons between groups of nations and, for example, there are

significant similarities between the capitalisms, the welfare states, and the specific in-work benefit schemes in a number of Anglophone countries. Although the introduction of Universal Credit in the UK combines the major in-work benefits with out-of-work benefits, the fundamental operation of the in-work benefit element is unchanged, and remains an important subject for analysis.

Previous work on in-work benefits has typically been quantitative. There is less from a social policy perspective, or drawing on qualitative approaches, and this study offers an opportunity to expand on this. In-work benefits also have distinct features, and it cannot be assumed that all findings with respect to other forms of social welfare will apply to in-work benefits. It is not necessary to adopt a single definition of the welfare state; a historical perspective has enabled the tracing of its development, and has begun to illuminate its workings. These are complex, with multiple actors, including capital and labour, neither of which are unified, and any analysis needs to look into and account for this variation.

It is clear that in-work benefits can, and do, benefit individuals, and they are typically designed to produce incentives for individuals to behave in particular ways. However, there are also potential disadvantages for individuals, particularly when their introduction is linked to new forms of conditionality. Research in the field, to date, has focused on how they impact individuals, but this is only part of the story. This chapter has begun to raise questions about how in-work benefits are understood, whether as social welfare, or as conveying significant benefits to business. The next chapter will explore the relationship between business and social policy, and use this to generate research questions for the thesis.

Chapter 3: Business and social policy

While the impact of in-work benefits on individuals has received considerable attention, it is clear that they also have impacts on business. But the role of business in social policy in general has been marginalised, and when considering in-work benefits, governments and researchers alike often base these on assumptions about business which may be oversimplified or incorrect. Business is not the only relevant factor – the discussion of the development of welfare states, in the last chapter, demonstrated that multiple class positions are important. Understanding the positions of capital and labour, backed by a significant literature from across the social sciences – including insights from political economy and the study of industrial policy – allows the development of a broader theory of the welfare state, and it is to this which this thesis seeks to contribute. This research, interested in the role of a variety of institutions and the evolution of policy across time, is a good fit with a historical institutionalist methodological framework.

Chapter two explored how the welfare state developed, with a focus on the role of in-work benefits, bridging the gap between the macro and micro levels of study. As Farnsworth and Irving (2018, p.172) state, at the macro level we might also ask "what is social security for?" (Farnsworth and Irving, 2018, p.172) – or, in this case, what is the purpose of in-work benefits? The discussion in the previous chapter suggested possible roles for government and individuals, but less is known about the role of business. This chapter examines the possible role of business from various angles, including considering its attitudes towards welfare in general, and which key factors might lead to variations in the understanding and response of businesses to in-work benefits: for example, their position in various networks, their size, and the industry in which they operate.

The chapter draws on research into the political economy to understand how businesses relate to welfare. In particular, the work of Gough helps explain how institutions emerge under capitalism, while historical institutionalism, especially those forms which privilege the role of ideas, help interpretation of their interactions. Corporate welfare theory is a useful perspective, with recent work emerging from this approach providing a framework for understanding how in-work benefits relate to other forms of welfare, enabling an interrogation of them.

Given the importance, in modern social welfare, of the aim of facilitating economic success, the role of industrial policy in promoting economic success among businesses or industries is also relevant. Out-of-work benefits can have differing effects across industries or regions, and this is likely to also be true of in-work benefits. Business networks are important in representing businesses, forming their views, and lobbying on their behalf, and are another part of the story which this chapter explores. In part, this is achieved through a consideration of structure and agency, which leads to ideas about how business interest may seek to influence policy, and how this relates to Parliamentary and political party positions. Finally, the limited existing evidence on in-work benefits and business is discussed, alongside findings from the more advanced research into business and a different type of work subsidy, vocational education.

3.1 Political economy of the welfare state

Current theories of the welfare state struggle to explain the rise in in-work benefits, and the mixture of benefits they provide to individuals and business. Political economy approaches do include an acknowledgement of the role of capital, in addition to that of labour, providing a basis for a fruitful analysis. This section starts by determining the relevance of political economy, and the key theories for this study. It then moves on to look at the concept of corporate welfare, which can help explain the mixed benefits which government policies can bring to individuals and business. The gaps in the existing theories, and the potential of corporate welfare to address these, will be one recurring focus of the study.

Explaining the development of the welfare state

The earliest theories of the development of the welfare state see it arising directly from social changes involved in industrialisation. This, rather mechanical, approach, is keen to identify transnational similarities, holding far less interest in variations between welfare states (Esping-Andersen, 1990, pp.13-14). Noting that this fails to explain the gap in time between the emergence of capitalism and the development of a welfare state in many countries, and the continuing development of welfare states in many countries, later authors pointed to the needs of later stages of capitalism (Cousins, 2005, pp.21-22). They may begin with a theory of industrial society and are often interested in the rise of modern bureaucracy as a 'culture of power'. Baldwin (1990, p.5), for example, sees the welfare

state emerging because intervention “is required for modern economies to perform optimally”; rehabilitating people temporarily unable to work, enabling labour mobility and “stabilising production and consumption patterns”. But he concedes that the amount of intervention he believes is strictly required for economic reasons has been exceeded in some welfare states. Stinchcombe (1985) is more critical, claiming that such theories struggle to explain the continued growth of the welfare state, and also struggle to explain the expansion of the welfare state to provide support for the middle classes.

O’Connor (1973, pp.13-15) divides the economy into three areas of activity. Firstly, the competitive sector of small business where the labour movement is weak and the government typically contributes towards the social welfare of employees. Secondly, the monopoly sector, an idea developed by Baran and Sweezy (1966). This consists of large firms, has a relatively strong labour movement and much scope for planning (O’Connor, 1973, pp.15-16). Lastly, the state sector, for O’Connor, includes both production directly organised by the state, and that organised “by industries under contract with the state” (O’Connor, 1973, pp.17-18). Yet O’Connor sees capital accumulation creating contradictions which compel social reform. He sees the development as almost inevitable and is not concerned with the specific actors. In this sense, he theorises that the welfare state is necessary to moderate class conflict.

Stinchcombe (1985) notes that democratic pressure, though significant, is not the only mechanism by which working class concerns can be demonstrated, describing how senior members of the civil service in Germany and Scandinavia were interested in introducing social welfare programmes even before the introduction of popular democracy. In Germany, Chancellor Otto von Bismarck was interested in social insurance for reactionary reasons; to prevent the Social Democrats from gaining further support and potentially winning greater concessions (Baldwin, 1990, p.3). This approach, described by Baldwin as ‘Bonapartist’ (1990, p.39) sees social policy as a way in which elites avoid major reform by giving relatively small concessions. Stinchcombe (1985) criticises O’Connor’s work as struggling to explain why welfare provision is generally better in industries with less trade unionism and class conflict, instead seeming to relate to the level of bureaucratisation of work. Stinchcombe instead focuses on the introduction of social welfare programmes as designed to legitimise capitalism, by satisfying widespread worker interests where they do

not damage central capitalist functions. Gough (1979, p.62) had already noted that policies advocated through class struggle can sometimes be taken up by capitalists in order to help the reproduction of labour power – for example, the introduction of school meals. He argues that, ultimately, state expenditure and welfare relate to “the requirement of the capitalist economy as mediated by the state structure and state policies; [and] the class balance of forces within capitalist society” (Gough, 1979, p.123). “If the capitalist class, and the state acting on its behalf, secures the better bargain [compared with the labour movement], then the labour leadership will have great difficulty in ‘selling’ the terms of the social contract to its membership and in making it stick” (Gough, 1979, p.150). Gough concedes that it is difficult to test the functional theory that social welfare reduces class conflict, given the other factors influencing such conflict, and the tendency of many countries to offer comparable coverage on a national basis.

O’Connor’s work is central to Gough’s *Political Economy of the Welfare State* (Hill, 2012), and Gough (1979, p.44) describes his approach to understanding the purpose of welfare as a dual one: looking at the structural relationship between state and economy, to examine the constraints in forming policy, then an analysis of the dynamic tendencies then at work, to explain the “origin and development” of specific policies. Gough provides a useful breakdown of the process envisaged by O’Connor. Proletarianisation means that workers have no capital to rely on in difficult periods. Social welfare therefore helps maintain workers through periods of unemployment, but also increases discipline by, for example, not providing benefits to someone who leaves a job without good cause. Similar mechanisms produce regulation of working conditions (Gough, 1979, pp.32-34). The division of labour also requires a growth in education; this helps instil disciplines appropriate to capitalist society, and urbanisation has also produced a requirement for more regulation (Gough, 1979, pp.34-37). These “conflicts between capital accumulation, reproduction of labour power and the legitimisation of the wider social system” are reflected in pressures on state expenditure (Gough, 1979, p.54), and the creation of a range of institutions, including a welfare state.

Jessop (2002) argues that both state and non-state institutions regulate labour. While capitalism requires labour to reproduce itself, neither the state nor workers themselves

prioritise a long-term approach to this. Social welfare can achieve this, and can therefore be something which stabilises capitalism, rather than challenging it (Grover, 2016, p.7).

Political economy

Political institutions and traditions affect how governments respond to social and economic risks, whether these are real or anticipated (Farnsworth and Irving, 2018, p.161). A political economy approach to understanding the welfare state is useful because it focuses attention on the role of economic production and growth in delivering social policies, and their impact on economic output, which in turn affects government resources (Farnsworth and Irving, 2018, pp.160-161). Even the very brief introduction here provides a route into considering why welfare states exist, and whose interests they serve.

The growth of the welfare state can be seen as a response to the spread of capitalism and the formation of modern national states (Myles, 1989, p.49). There is broad consensus on this, but there are fierce debates on how we can understand the relationship between politics and economics – political economy. For example, to what extent do business leaders determine legislation? What is the role of organised labour? And in drawing up such theories, should the focus be on the state, or on society as a whole? (Myles, 1989, p.123). Through studying these questions, political economy can provide a much-needed historical perspective on the welfare state, and public policy more broadly. The specific questions about the role of business leaders in determining legislation will be discussed in section 3.5, while the role of labour is considered in section 3.3.

Political economy was an early term for economics in the most general sense, used from the 1770s to the 1870s. More recently, it has been used to imply a particular approach to economics, one which also takes into account the broader concerns of the social sciences (Gough, 1979, p.5; Tabb, 1999, pp.4-5). Tabb (1999, pp.15-16) sees it as privileging the social individual, while Gough (1979, p.10) describes it as “essentially concerned with the relationship between the economy – the way production is organised – and the political and social institutions and processes of society”. This understanding of political economy is key to this thesis, effectively relating social policy to the economic and political concerns which hold the potential to explain why welfare states exist, and whose interests they serve.

There are a number of approaches to the political economy. For Esping-Andersen (1990, p.12), its key variables are “class, state, market and democracy”, and its basic propositions are about citizenship and class, efficiency and equality, capitalism and socialism. Gough (1979, p.10) bases his analysis in a Marxist political economy, for which he finds historical materialism to be the key. And Hall and Soskice’s (2001, p.6) Varieties of Capitalism approach sees the political economy “as a terrain populated by multiple actors, each of whom seeks to advance his interests in a rational way in strategic interaction with others”, regarding companies as the most important actors. This is debatable – other actors, such as government, or trade unions, may play key roles – but it is clear that companies are important and must be considered.

Regardless of exact approach, this modern conception of political economy is in contrast to the commonplace economic concept of abstract economic actors, motivated primarily by wealth. This is often traced back to Smith, but he was also interested in co-operation and mutual well-being. Mill was really the founder of this minimal economics, now occupying the mainstream (Tabb, 1999, p.7). Smith and Mill are prominent in the canon of economic thinkers, and Marx and Keynes provide the most widely discussed alternatives to the classical or neoliberal consensus. Each founds their economic theory in some key concerns of their historic period – for example, Smith sees a Crown/individual dichotomy as key, and Keynes’ work responds to the Great Depression (Tabb, 1999, pp.1-2). This leads to different perspectives on government intervention.

Smith offered several insights. His liberal belief in people's freedom to pursue their own interests, provided that this did not impinge on others' freedoms, is a good fit with his advocacy of non-intervention in the market, where an ‘invisible hand’ would “turn self-interest into social good” (Tabb, 1999, p.35). The term ‘invisible hand’ has become emblematic of Smith's approach to economics, though he uses it only once in *Wealth of Nations*. Tabb (1999, pp.38-40) argues that Smith believes that this ‘invisible hand’ will only act where the actors are of fairly equal standing and will co-operate with each other to achieve justice, and that Smith did not regard the market as a suitable model of morality for society. Indeed, Smith wrote in support of some early government interventions in the market, such as the creation of public banks in Venice and Amsterdam (Tabb, 1999, p.40). Even in *Wealth of Nations*, he describes institutional structures which he believes will

allow individuals to pursue their self-interest while maintaining the “broader interests of society” (Tabb, 1999, pp.36-37).

Recognising the limitations and bringing theories together: Institutionalism

Institutions, here, should be understood not only as specific organisations, but also somewhat more abstract conceptions, such as the welfare state, classes, or the ‘market’ in a capitalist society. Given the variations in institutional arrangements, histories and their relative power in different states, this approach has the potential to explain trans-national similarities and variations. Table 3.1 briefly contrasts this institutionalism with functionalism.

Table 3.1: Functionalism and institutionalism compared⁸

	Functionalism	Institutionalism
Understanding of causes of welfare state	Urbanisation Industrialisation Changes in family structure Rising productivity Scarcity of labour	Group action permitting raising of specific political issues, due to structure of institutions
Understanding of purpose of welfare state	Improving health of workers Increasing capacity for work Improving co-operation from workers	(Partial) satisfaction of state and social institutions
Understanding of retrenchment of welfare state	Ageing populations Changes in family structure Slower economic growth Reductions in productivity	Crises resulting from inability of institutions to adapt to change Group action permitting raising of specific political issues
Gaps in theory	Explanation of variation Explanation of similarities between systems in countries at different points in development	Can struggle to explain change

⁸ Summarised from Timonen (2003, pp.20-24).

Perhaps the leading institutionalist theorist of the welfare state is Karl Polanyi. Rather than focusing on social rights, as T. H. Marshall, Polanyi draws attention to the role of the economy. Many early institutionalist thinkers regard class as a relatively unimportant factor, believing fundamentally that “majorities will favour social distribution to compensate for market weakness or market risks” (Esping-Andersen, 1990, pp.14-16). Institutional theories often focus on ideas of nation building or democratic competition for the median voter. Baldwin (1990, p.5) defines it more vaguely, as what is politically possible - taking a phrase from Joseph Chamberlain, “property's ransom for security”. However, this approach struggles to explain the development of the welfare state prior to the introduction of popular democracy, and the reason for welfare differences between politically similar states (Baldwin, 1990, p.5). Broadly in this category is Titmuss’ work, which explores welfare to the whole of society, not just marginalised groups. He focuses on eligibility, targeting, quality and the relationship between welfare and rights (Esping-Andersen, 1990, p.20).

Neoliberalism has resulted in major institutional changes, so it is unsurprising that, since the 1970s, there has also been a resurgence of interest in the role of institutions as determinants of political and economic change (Campbell and Pedersen, 2001, p.1). There is now a general consensus that institutions matter and shape political developments; debates centre on how and when this occurs (Fioretos et al, 2016, p.3). Institutions often endure for long periods, and there has long been interest in this stability. A classic explanation of institutional stability is based on the way in which a social programme benefits a specific group of recipients. They may come to see the benefits as entitlements, and this process may change their ideas about matters such as social justice, and thus their preferences (Hall, 2016, p.42). Hall (2016, p.42) notes that stability can also be explained through the psychological finding that people are usually more concerned by a potential loss of an existing right or privilege than the gain of a new one, even if that new one is of greater value.

Table 3.2: Comparison of different institutionalisms⁹

	Rational choice institutionalism	Discursive institutionalism	Historical institutionalism
Key problematic	How institutions solve problems of productions and exchange	How institutions are culturally constituted, rationalised and legitimated	How institutions shape capacities for action and institution building
Explanation of change	Shift in costs and benefits leading to interest-based struggle	Perception of political-economic crisis and alternatives leading to translation and displacement	Crisis and contradictory institutional logics leading to ideologically-based struggle and experimentation
Implications for methodology	Positivist, search for general theory	Interpretative, inductive search for historically specific explanation	Comparative inductive search for historically specific theory
Advantages for this study	If data on costs and benefits is available, could be relatively straightforward study	Potential to provide rich, descriptive analysis. Convincing explanation of change.	Possibility of combining a variety of research methods, conducting study at both national and local levels.
Disadvantages for this study	Focus on quantitative data and rational actors likely to miss variation. Shift in costs and benefits does not convince as primary cause of change. General, ahistorical theory is unlikely to exist.	Highly specific explanations may be of less general academic interest.	Struggles to explain change occurring outside periods of crisis.

There are several branches of institutionalism, the three most important of which are detailed in table 3.2. Rational choice institutionalism focuses on rationally motivated actors who build institutions to solve exchange problems, and understand change as occurring when material factors change (Campbell and Pedersen, 2001, pp.9-11). This approach might see changes in societies and economies leading actors such as business and labour to

⁹ The first three rows summarise the table in Campbell and Pederson (2001, p.10). To focus on the most influential and relevant threads of institutionalism, organisational institutionalism is omitted.

advance proposals for new ways to subsidise work. This assumption of rationally motivated actors is a gross oversimplification, and the approach struggles to explain change when material factors have not significantly changed.

Discursive institutionalism focuses on how institutions develop and change “through the confrontation of old and new discursive structures” - understanding that language can encapsulate symbolic meanings that influence how actors understand and behave, and understand change as occurring when a situation is uncertain, and actors adopt practices which they find culturally legitimate (Campbell and Pedersen, 2001, pp.9-11). This approach might see the perception of a crisis in the pre-existing welfare state leading to the adoption of a new discourse, including ideas such as in-work benefits and conditionality, becoming legitimated in ways which could be very different across countries. This is a reasonable summary of the process discussed in sections 2.2 and 2.3, and the approach contains some useful insights, but the most valuable have been incorporated into recent versions of the third approach: historical institutionalism (Campbell and Pedersen, 2001, p.6).

The key elements of historical institutionalist approach to the welfare state are an exploration of four processes: “the establishment and transformation of state and party organizations; the effects of political institutions and procedures on the identities, capacities, and goals of social groups; the ‘fit’ – or lack thereof – between the goals and capacities of political active groups and the changing points of access and leverage allowed by political institutions; and the ways in which previously established social policies affect subsequent politics” (Lynch and Rhodes, 2016, p.420). Historical institutionalism fits well with this thesis, drawing attention not just to the role of institutions, but also to matters such as the timing and sequence of events (Fioretos et al, 2016, p.4), and holding an interest in both stability and in change.

Lynch and Rhodes (2016, p.419) trace historical-institutionalist welfare state (HIWS) research back to Hugh Hecló’s *Modern Social Politics in Britain and Sweden* (1976), and its development through the 1980s through debates about the importance of state institutions and political parties, in which Theda Skocpol was prominent. The term ‘historical institutionalism’ was first used in *Structuring Politics: Historical Institutionalism in Comparative Perspective*, a 1992 work by Steinmo, Thelen and Longstreth. In it, they sought

to develop a toolbox for the study of history and politics (Fioretos et al, 2016, p.7). Esping-Andersen's *Three Worlds of Welfare Capitalism*, though not explicitly a historical institutionalist work, was also influential in HIWS, because it provides a historical explanation of the welfare state (Lynch and Rhodes, 2016, p.420).

The 'analytical toolbox' of historical institutionalism originated in 1992 with *Structuring Politics: Historical Institutionalism in Comparative Perspective*. Institutions were defined as "the rules, norms, and practices that organise and constitute social relations". At least initially, there was a focus on formal institutions, "written and enforceable rules", though unwritten understandings and practices are also acknowledged as important (Fioretos et al, 2016, p.19). These institutions are interrogated for how they have affected political action, power and political preferences over time. This last area is of particular interest to the field, in linking institutions with agency (Fioretos et al, 2016, p.7). It contrasts the new theoretical perspective with that of rational choice institutionalism, which holds different views of preference formation.

Fioretos et al (2016, p.3) describe historical institutionalism as "a research tradition that examines how temporal processes and events influence the origin and transformation of institutions that govern political and economic relations". It focuses on understanding how institutions originate and evolve, and what their consequences are (Fioretos et al, 2016, p.3). Historical institutionalist analysis centres on the institutions and the way they shape individual preferences, making the ontological claim that, over time, institutions can be considered as causes of these preferences. This has led to particular interest in situations where the same causal mechanism results in different outcomes, suggesting that other contextual conditions were key (Fioretos et al, 2016, pp.7-9). As a result, the approach is associated with detailed case studies, looking at a limited number of cases to identify differences which show a causal role for institutions (Fioretos et al, 2016, p.9). While this thesis, investigating an under-researched area, will of necessity start with a broad approach, it will then focus down on a smaller number of specific cases, identifying the role of institutions.

Historical institutionalism accommodates a variety of methodologies: qualitative and quantitative, empirical and general (Fioretos et al, 2016, p.4). These various approaches

complement each other. But there is an established theoretical 'toolbox' (Fioretos et al, 2016, p.4) – critical junctures and path dependence, intercurrency and modes of institutional change (Fioretos et al, 2016, pp.10-14). Key methods in HIWS are process tracing, attention to the long term, and to relations among institutions, and between institutions and their contexts (Lynch and Rhodes, 2016, p.422). This tends to exclude the idea that changes to the welfare state can be explained by short-term policy battles (Lynch and Rhodes, 2016, p.422). Causal process analysis is its key methodology, drawing on historical narrative for hypothesis testing (Lynch and Rhodes, 2016, p.422).

Scholars disagree on how central the role of ideas is to historical institutionalism. Blyth (2016, pp.156-157) sees them becoming less central to historical institutionalism, while acknowledging a continuing role for ideas, for example, in determining how individuals choose between strategies when circumstances change or when outcomes are highly uncertain (Blyth et al, 2016, pp.156-157). Meanwhile, Fioretos et al (2016, p.8) see them becoming increasingly important in historical institutionalism. They see institutions as 'carriers of ideas' which shape how individuals and organisations generate preferences, believing this approach has been successful in resolving a number of questions in political science (Fioretos et al, 2016, p.8). This ideas-led approach has similarities with sociological approaches to understanding institutions, but places less emphasis on the role of norms and routines (Fioretos et al, 2016, p.8). This valuing of ideas is important to this thesis, which is interested in how organisations understand in-work benefits and how these ideas shape their preferences and interactions.

Much work has focused on path dependency: the tendency for systems, in this case, welfare systems, to inhibit change (Taylor-Gooby, 2001a, p.3; Fioretos et al, 2016, p.9). But welfare state policy does change, and it changes as a result of decisions made by political actors, which can only be understood by examining political processes (Taylor-Gooby, 2001a, p.3). The beliefs of these actors can be divided into a deep core of fundamental normative views, which are unlikely to change; for example, on the nature of humans, or the ability of society to solve problems; a near core of fundamental policy positions, which rarely change but may do so as a result of experience, such as opinions on the proper scope of governmental activities, or the relative desirability of coercion and persuasion; and

secondary aspects which may frequently change, such as decisions on administration, or the performance of a particular programme (Sabatier, 1997, p.290).

There are periods of normal policy making, in which change is incremental, punctuated by exceptional periods in which the parameters of policy making can change. These critical junctures are relatively short periods of significant change, often change which differs across different countries, in which relatively free agency exists (Fioretos et al, 2016, p.9). But even in the normal periods, policies change, through evaluation and assessment of the consequences of previous choices (Hay, 2001, pp.197-198). Hay (2001, p.199) proposes a useful model of how this occurs. Policymakers select from a range of possible strategies. This selection is done from a position of only partial knowledge; for example, figures may not be available, the causes of changes misattributed, or factors such as the power of particular groups or the strength of the economy may be misunderstood. In addition, the range of options considered is usually shaped by current policy paradigms. Critical junctures will only occur where there is an perception of policy crisis, and a possible alternative is perceived (Hay, 2001, p.201).

Together, these concepts can produce a focus on punctuated equilibria: long periods of institutional stability interrupted by shorter periods of greater change. But other authors have focused on slow, gradual change governed by overlapping authority (Fioretos et al, 2016, p.10). While early historical institutionalist work focused on the role of external shocks causing an established pattern to be replaced by a new pattern, more recent work tries to move beyond the structure vs agency debate, the key ideas of which this chapter returns to in a later section. Conran and Thelen (2016, pp.65-66) argue that “institutions constrain action but do not eliminate agency – indeed they enable it”. Agency is always structured and must be considered alongside strategy and conflict at all times, not just when external shocks occur.

Major criticisms of HIWS are that it is not positivist and it is typically unclear exactly how a ‘dependent variable’ can be defined; that it can focus on observable decisions and ignore agenda setting by key actors; that it can ignore the relationship between policy and the lives of citizens; and that has often neglected hidden aspects of the welfare state, such as taxation policy (Lynch and Rhodes, 2016, p.423). Some HIWS work has been criticised for

neglecting class and power dynamics, but this is not always the case, and ‘power resources’ are sometimes given weight in analyses (Lynch and Rhodes, 2016, pp.423-424). Other criticisms include too much focus on critical junctures and positive feedback, to the neglect of conflict and actor reflexivity; paying insufficient attention to actors; difficulty explaining change; and a limited role for ideas, values and attitudes (Lynch and Rhodes, 2016, pp.424-426).

Each of these criticisms can be addressed. Research need not be positivist, and positivist approaches in the social sciences have been widely critiqued (see e.g. Fox, 2008). Agenda setting by key actors and less visible decisions can be investigated through various means, including accessing non-public documents. Nothing inherent to HIWS means it will neglect the relationship between policy and the lives of citizens, class or power dynamics; these aspects are covered in this literature review and will be incorporated in the analysis and discussion. Neglect of some areas of the welfare state is not unique to HIWS, and this thesis focuses on an often neglected topic. Change does not only take place at critical junctures, but the identification of key periods, in which change is rapid and norms are established, is important to this thesis. Finally, ideas, values and attitudes are important, but they develop within a historic institutional socioeconomic context, to which HIWS rightly draws attention.

A frequent criticism of historical institutionalism is that it is too contextual and therefore may miss large but gradual processes and focus on short-lived phenomena (Fioretos et al, 2016, p.7). But scholars are aware of this, and have been keen to discover causal mechanisms operating over significant time periods (Fioretos et al, 2016, p.9). Similarly, the preceding overviews of historical political economy and the long-term history of in-work benefits can be utilised to interrogate businesses’ understandings of these processes, over various timescales, something which this thesis will seek to do. Pierson’s (1994, pp.14-17) ground rules for studying the retrenchment of the welfare state are useful:

1. *“Examine long-term as well as short-term spending cuts – changes may be gradual and impacts may not be visible in the short-term; it is vital to take a longer-term approach.*
2. *Examine programme structure as well as programme spending*

3. *Study systemic retrenchment as well as programmatic retrenchment*

Pierson (1994, pp.14-17) justifies these rules: change may be gradual and impacts may not be seen in the short-term; understanding expenditure alone is insufficient – the design of programme matters; and remembering that many factors influence policy, it is important to explore the roles of and relationships between different groups. Inspired by Pierson's ground rules, this thesis will draw on historical institutionalism by:

1. Identifying and exploring both long- and short-term developments in in-work benefits, with particular reference to periods of change. The concept of punctuated equilibria suggests that this is where critical junctures can be found, where paths are most likely to change.
2. Examining interactions between businesses, business organisations, and other actors, particularly those in a position to directly influence policy, such as Parliamentarians.
3. Exploring how actors understand business and in-work benefits.
4. Understanding the workings of individual programmes and using the knowledge to explore how business attempts to influence government policy.

3.2 Corporate welfare

Another concept key to this thesis is corporate welfare. The emerging concept of corporate welfare can be seen as a response to calls to better consider the role of business in social policy. For example, Farnsworth and Holden (2006) state that "it is increasingly impossible to understand and explain the shape and delivery of contemporary social policy unless we consider the role of business", while Ruane (2013) noted that the global financial crisis of the late 2000s might lead to a "shift in the character of social policy", requiring greater consideration of the involvement of companies. In truth, things are never so simple, and many of those making such calls are specifically promoting the use of the concept. The case is, nevertheless, compelling: state support to companies is an important core function of government (Farnsworth, 2013), and boundaries between it and social welfare are difficult to draw (Farnsworth, 2012, p.9).

Some forms of corporate welfare have been widely recognised. For example, governments may implement tariffs to shelter companies from foreign competition, provide tax exemptions, or grant rights to natural resources or utility franchises to favoured companies. They can also fund research and development, often at arms-length through universities, themselves publicly sponsored (Galbraith, 1975, pp.297-299). But other examples are less obvious. Lewis (1972, p.3) discusses the capital-cost allowance in Canada, a deduction from tax payments representing its rate of deterioration, which is generally higher than the actual rate at which it loses value, effectively allowing tax payments to be postponed without interest.

Interest in expanding the boundaries of the study of social policy is not new. Titmuss (1987, p.45) noted that “those acts of state intervention which have somehow or other acquired the connotation of ‘social’ have developed alongside a much broader area of intervention not thought of in such terms but having in common similar objectives”. Arguing for a broader conception of welfare, he stated that “the latent assumptions which commonly underlie these criticisms [of the welfare state]... have little relevance while they remain attached to a stereotype of social welfare which represents only the more visible part of the real world of welfare” (Titmuss, 1987, p.52). Titmuss divided welfare into social welfare, provided by the state as direct benefits or services; fiscal welfare, provided by the state as tax breaks; and occupational welfare, provided by employers (Farnsworth and Irving, 2018, pp.159-160). This approach has been influential, but neglects the position of other beneficiaries, and also the role of power (Farnsworth and Irving, 2018, p.160).

This early interest in expanding the area of study into occupational and fiscal welfare is important to Miller (1987, p.11), who celebrates the value of the critical perspective which Titmuss brought to the field: “to be critical of markets and the private sector is not to argue that they have no function in the social policy sphere... as a functioning mechanism the question is under what circumstances and for what ends is a private market desirable?”

The concept of corporate welfare was first popularised by David Lewis of the Canadian New Democratic Party. He defined corporate welfare as “subsidies through the tax system and... direct government grants” (Lewis, 1972, p.42). While his purpose was to critique what he claimed were particularly high subsidies paid by the Canadian Government to companies,

his definition was broad, including measures such as capital allowances, and he did not claim that corporate welfare should be eliminated entirely. He believed that the corporate welfare state was not new, but that its growth was largely unremarked upon, in contrast to the social welfare state (Lewis, 1972, p.1). An additional difference between corporate welfare and social welfare noted by Lewis (1972, p.106) is that companies are very rarely prosecuted for misusing government funds or misrepresenting their position, whereas individuals are often subject to sanctions for relatively minor infringements of rules.

Lewis' (1972, pp.74, 112) work contains some important insights. He notes that corporate welfare does not necessarily benefit weaker companies more than ones with stronger finances, and he argues that companies in receipt of corporate welfare should be publicly accountable, ready to demonstrate that they meeting their stated aims, and that the government should receive equity in businesses, sharing in their profits and losses.

Over time, narrower definitions of corporate welfare as a wholly negative phenomenon became prominent, particularly in right-wing discourse in the United States. Giving evidence to the US Senate, Ralph Nader offered a similarly critical definition from a left-wing perspective: "a program is considered corporate welfare if its public cost outweighs its public benefits" (Chapman and Ciment, 2015, p.813). Yet, if we are interested in drawing parallels with social welfare, a definition which is only critical is not useful; the logical counterpart, that social welfare's public cost outweighs its public benefits, does not bear scrutiny.

By the 2000s, academic interest in the concept was developing. Dawkins (2002) defined corporate welfare as "any action taken by the government that provides benefits to a corporation or industry not offered to others"; taken literally, this includes almost any action of government which could possibly relate to companies, as it is difficult to conceive of one which would provide identical benefits to all companies. However, in a longer definition, he excludes measures such as tax breaks for matching contributions to pensions, on the grounds that these are available to all companies and meet a social objective. But it is not clear why they should be excluded, as tax breaks for employee contributions to pensions fall firmly within the scope of social welfare (Baldock et al, 2007, p.10). This brings us closer to Lewis' original conception of corporate welfare, and Farnsworth provides a

succinct definition which will be used throughout this thesis: corporate welfare is “state provision that functions to meet some of the fundamental and supplementary needs of business and protect against various market-based risks” (Farnsworth, 2012, p.5).

This history has led some to question whether ‘corporate welfare’ is the best term for the concept (Sinfield, 2013). The possibility of drawing clear parallels with the literature on social welfare makes a compelling case, and its increasingly widespread adoption bears this out. But the pejorative sense in which it has sometimes been used may be why there is particular resistance to its use among some commentators, and there have been attempts to draw narrowly defined boundaries. Worstall (2015) complains that it is unjust to describe as ‘corporate welfare’ capital allowances – increases in the rate at which companies can reduce their tax liabilities in exchange for making particular capital investments – or the costs to government of outsourcing. Maugham (2015) argues that tax credits should not be seen as a form of corporate welfare. In each case, Farnsworth (2015) offers a clear justification, but both Maugham and Worstall understand the concept of corporate welfare as a binary; that a measure either is corporate welfare, or it falls into another category, such as social welfare. But, as Sinfield (2013) points out, “different forms of state provision might bring simultaneous and multiple benefits to individuals and corporations”.

Ruane (2013) notes that some corporate welfare measures are difficult to quantify, such as the creation of legal instruments which benefit business. Although quantifying the value of corporate welfare to businesses is an interesting activity, which has received considerable media coverage (e.g. Chakraborty, 2014 and 2015), this is far from the only reason to apply the concept. Drawing parallels with social welfare, nobody would expect the field’s analysis of social welfare to stop at enumerating its costs to government or financial value to recipients. Sinfield (2013) hints at this by proposing some questions for the field to address: “how far does this form of welfare meet needs in ways which are open to public scrutiny and provide value for money? How far does it reinforce... networks of inequality?” Even here, it’s worth noting that Sinfield focuses on the negatives of corporate welfare; one could equally ask how far it undermines networks of inequality.

The term 'corporate welfare' itself allows useful parallels with that of social welfare, but this similarity is not superficial; work on social welfare can usefully inform the study of corporate welfare. For example, Titmuss' (1987, p.52) concept of a scale of social welfare from the most individualised measures to the most general, can usefully be applied: like social welfare, corporate welfare may be direct, as with subsidies to a specific sector, or indirect, as with the provision of training for potential employees (Farnsworth, 2013).

With corporate welfare being a relatively underused concept, there remain many aspects which have not been discussed in the literature. For example, there has been some work on variation between different nations (e.g. Farnsworth, 2012), but nothing on variation between the regions of a single country. Variation between different sectors of the economy, of interest to numerous authors, has been analysed by Farnsworth (2012), but would benefit from a more in-depth treatment.

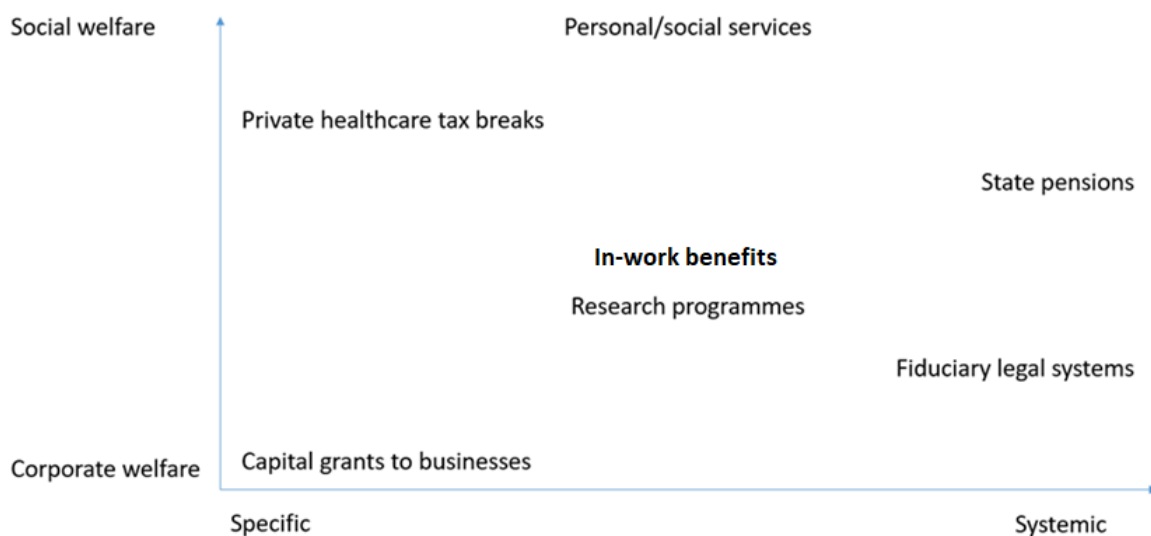
[In-work benefits on the social/corporate-welfare continuum](#)

Although the original intention of the UK government was for tax credits not to be seen as a form of social welfare, this view seems widespread. By 2016 they were listed under 'benefits' on the UK Government's own website (UK Government, 2016), and they have since been rolled into Universal Credit. The view of them as a form of corporate welfare is less widely addressed. Among those who have explicitly discussed the idea, the *Financial Times* concludes that the case for seeing tax credits as a form of corporate welfare has not been proven (Rigby, 2015) and, as previously discussed, Maugham (2015) singles them out as something which should not be considered a form of corporate welfare.

Despite these opinions, it is clear that companies can gain from in-work benefits. Dean (2012) recognises wage subsidies as both support to low-paid workers, and as subsidies to low-paying employers, a position echoed by Farnsworth and Irving (2018, p.171). Paul (2016) concludes that, while the effect of tax credits is difficult to separate out from other instruments, employers can directly benefit by being able to pay lower wages, to an extent of about 30% of their total value. Such companies, paying wages which are insufficient to live on, may well also offer poor conditions of work, potentially exploiting workers through hazardous or demeaning conditions and harming wellbeing (Dean, 2012). As a result, Dean (2012) describes them as commodifying labour, in contrast to out-of-work benefits.

Farnsworth (2012, p.49) moves beyond the idea of a social/corporate welfare dichotomy, instead developing a social-corporate welfare scale; social services, for example, lying at the social welfare extreme, and loan guarantees at the corporate welfare extreme. He uses this scale to draw international comparisons, showing that there is no clear correlation between the levels of social welfare and corporate welfare in different states, except that no country with low expenditure on social welfare has high expenditure on corporate welfare (Farnsworth, 2012, p.137). He further develops this idea by drawing on Titmuss' insights into the generality or specificity of welfare, and applying this to the full spectrum of social-corporate welfare – legal instruments, for example, being of general benefit to most companies, but research and design subsidies typically targeted to a small number of organisations in a specific industry (Farnsworth, 2015). Other examples are illustrated by chart 3.3; the axes are indicative, and so do not have a scale. Wage subsidies, in this conception, are in the middle of both scales: both social and corporate, with application to many companies and individuals, but not all (Farnsworth, 2015).

Chart 3.3: Spectrum of welfare



This concept of a spectrum of welfare provides a useful, testable way of conceptualising wage subsidies. Through documentary analysis, it will be possible to test whether actors understand in-work benefits as benefiting both individuals and companies, and whether they understand them as providing benefits to many individuals and companies, but not all.

Whether they do so is likely to affect their actions and how the institutions being studied interact.

3.3 The impact of in-work benefits on companies

In-work benefits have been accused of creating perverse incentives for employers, locking workers into low-paying jobs, and other problematic behaviours. In-work benefits might have positive or negative impacts on the investment decisions of businesses, levels of employment, wages levels, and other economic indicators. This section looks at what is known about the impact of in-work benefits on the behaviour of individuals and business, and where there remain considerable gaps in knowledge, which this study will address.

There have been two key pieces of research into business understandings of in-work benefits in the UK: Callender et al's 1994 research into Family Credit, and Athayde et al's 2003 research into tax credits. Ingold's 2020 research into business views on welfare conditionality is also of interest, but is not specific to in-work benefits, and has already been discussed in section 2.5.

Until 1994, research into in-work benefits had focused solely on the claimants' perspective. There was no information on which businesses employed people in receipt of Family Credit, and employers' awareness, knowledge and attitudes around Family Credit were largely unknown (Callender et al, 1994, p.1).

Callender et al (1994, p.2) conducted two postal surveys, covering a total of 8,924 employers, the large majority of whom employed Family Credit recipients, and forty follow-up interviews with a variety of employers. The study found that companies employing Family Credit recipients were focused in distribution, hotels and catering, and other services (including education, health, cleaning, and recreation). Banking, finance and business services were the most under-represented sectors. This matches well with the industries identified as currently having high or low pay in table 3.5, later in this chapter. Of the businesses, 86% were in the private sector, so less information was available about those in the voluntary sector. 25% had fewer than 10 employees, and 29% more than 100 (Callender et al, 1994, p.2).

Employers were more likely to be aware of Family Credit the more employees that they had, the higher the proportion of part-time workers they employed, and if more than 80% of the workforce were women. Those with more employees, part-time workers and women were also more likely to be aware that they employed Family Credit recipients, but awareness also varied by type of job and by industry (Callender et al, 1994, p.3). The majority of employers had a basic level of knowledge about the benefit, for example, that both lone parents and couples were eligible, but two-thirds were unaware that there was an income threshold for eligibility, and a quarter misunderstood the number of qualifying hours. In particular, most employers were unaware of recent changes to the benefit. The most knowledgeable employers had been involved in processing claims, something which is not a feature of more recent UK in-work benefits (Callender et al, 1994, p.4).

Fewer than 10% of employers stated that they had encouraged employees to claim in-work benefits, and only 2% had suggested that workers change their hours to become eligible for the benefit. Among those who did encourage claims, they saw as them positive both for the welfare of their workers, and for themselves, in that these reduced turnover in their workforce, and helped them recruit at low wages or when there were labour shortages (Callender et al, 1994, p.5). Employers tended to disagree that it was preferable to employ people in receipt of Family Credit, disagreed that Family Credit affected the wages paid, and tended to disagree that they should encourage their workers to claim. They were neutral on the question of whether people in work should receive benefits, and on whether people receiving Family Credit restricted the hours they were willing to work (Callender et al, 1994, p.56).

Some important features of Family Credit are not replicated by tax credits or Universal Credit. For example, workers without children can be eligible, and more men are likely to be eligible to claim. Working patterns have changed, with more employers offering flexible working. While insights into Family Credit are of interest, it cannot be assumed that this will directly map across to modern in-work benefits.

Athayde et al's 2003 report for the Inland Revenue covered the responses of primarily small businesses to Working Families Tax Credits and Disabled Person's Tax Credits. Interviewing fifty mostly small businesses, they found a lack of knowledge about the schemes, and a

tendency to see them as part of the welfare system despite government attempts at the time to differentiate them. Respondents often held different views as individuals to those they held as employers. Some reported positive impacts on recruitment and retention of staff, and less stigma attached to tax credits than to welfare benefits. However, some businesses found that workers were reluctant to take employment with variable hours because of its unpredictable effect on their tax credits. Athayde et al (2003) hypothesised that employers were most likely to report positively about tax credits where they had the greatest knowledge and experience of them.

These findings provide important information for this study, but much has changed in the intervening years. New in-work benefit schemes have long since replaced those studied in 2003, and the change to Universal Credit explicitly places them as part of the welfare system. Businesses have had many more years of experience of widespread in-work benefits and this might be expected to lead to more knowledge of them and their positive and negative impacts on business. This thesis will consider whether Athayde's findings apply to business views of more recent benefits, and whether they are championed by the most influential business organisations.

The Athayde et al study has not been followed up, and more recent work in the area is very limited. Godwin and Lawson (2009) examine the costs to employers of compliance with the Working Tax Credit rules, emphasising the difficulties employers found with paying the benefit through their payroll, but shortly after their research concluded, government policy changed to direct payment to individual recipients. Godwin and Lawson (2009) argue that some compliance costs remain, relating to certifying earnings and assisting employees with queries, but there has been no attempt to investigate whether this is an area of significant concern for companies; this is another area in which this thesis can produce new knowledge.

[Evidence from work on vocational education](#)

Not all work subsidies are in-work benefits. Another example is vocational education, in cases where government subsidises training in skills intended for use in a particular trade. Of the various types of funding which could be described as work subsidies, vocational education has received substantial coverage in the literature, and a brief discussion helps

highlight the approaches which have been adopted in attempting to understand its operation and beneficiaries.

Hall and Soskice (2001, pp.7-10) argue that, for companies, vocational education is an attempt to solve two problems: how to ensure that workers have the necessary skills for their jobs, and how to get workers to co-operate in the interests of the company. Yet there is an essential difficulty; even when companies are convinced that vocational training will give their workers useful skills, they worry that their staff will leave to join competitors. Hall and Soskice (2001, p.10) argue that competitors who do not participate in vocational training are the threat but, while they may be most keen to recruit trained staff, competitors which do participate in training may also take more staff than they train. They argue that the co-ordination of vocational training is easier when institutions provide reliable information relating to this: “appropriate skill levels, the incidence of training, and the employment prospects of apprentices” (Hall and Soskice, 2001, p.10).

Companies can gain a comparative advantage due to a pre-existing abundance of specific relevant skills in an economy, but this abundance arises only through appropriate social protection (Estevez-Abe et al, 2001, p.146).

Another potential benefit lies in general social policies, which can raise the reservation wage of workers. This is particularly true where benefits levels are related to previous wage levels, and where unemployed workers are not compelled to take work if it does not match their qualifications and competencies. As a result, workers are more likely to compete for jobs for which they have received vocational training, supporting the investments of companies (Mares, 2001, p.186).

In co-ordinated market economies, social policies are even more important to companies, with a variety of institutions facilitating high levels of vocational training, but even in liberal market economies, they are important to those companies which choose to invest in training their workers (Mares, 2001, p.186). But business preferences may differ. Mares (2001, p.212) argues that the key divide will be between companies who gain from more redistributive policies, and those who lose from participating in a broader “pool of risk”.

This brief survey of previous social policy research produces some useful points for the thesis. The work of Athayde et al is useful, but was conducted more than twenty years ago; changes to in-work benefits and greater experience of them may result in different findings. The work considered the understanding and experiences of companies, but devoted little attention to their actions as a result of these, and did not attempt to investigate how these understandings were formed; these gaps in knowledge can be addressed by this thesis.

It is quite possible that in-work benefits do not decommodify labour, and that social policies are of great importance to some companies, and not others, as they have different interests. This may depend on the pay levels they offer, and the extent to which they invest in vocational training or occupational welfare, schemes which are often also subsidised with public funds. Work on understandings of in-work benefits by individual recipients produces interesting narratives, but it is not known whether these narratives will also be produced by other actors, such as companies; the work of Athayde et al suggests that they may hold separate sets of beliefs. This research will interrogate these areas and thereby produce new insights into the understandings of in-work benefits, and the reactions and interactions which result from these.

3.4 Business and in-work benefits

Capital, labour, industrial policy and social policy

Whilst the disciplinary boundaries between social policy and public policy are often useful, they get in the way when we consider provision that falls between the two. As already noted above, in-work benefits may be perceived as operating both as social protection for the poor, and also as subsidies for employers. Because they operate in this way, literature from other disciplines, including business and management and industrial policy, is also relevant here. This section begins these tasks, by looking at the role of industrial policy, those policies which are intended to affect industries, and the disconnect between it and social policy, a gap which could be partly addressed by considering the case of in-work benefits.

Given that existing social policy theory marginalises the role of business, while offering hints that its role may be significant, it is instructive to consider the extent to which this has been discussed in other fields. It is also useful to consider the extent to which in-work benefits

operate as an industrial policy, explicitly or implicitly designed to serve the needs of capital, as opposed to a social policy, serving the needs of citizens more directly.

The literature on industrial policy is well-established and concerns the interactions between government and industry; as Hall (1986, p.ii) states, “all government policies must have some implications for industry”. For example, through economic policymaking, government influences the context of corporate decisions (Grant, 1993, p.47). We clearly need a narrower working definition of industrial policy, and Hall (1986, p.ii) defines this as the set of policies which are intended to affect industries. He restricts it to manufacturing and service industries, excluding those such as agriculture, transport and health from definitions of industrial policy, as he believes including them would make the term synonymous with applied microeconomics. But, today, applied microeconomics includes many topics outside the scope of any industrial economics, and work on the agricultural, transport and health industries may usefully inform this study, so a broad definition is more useful here.

Traditionally, industrial policy was often seen as synonymous with manufacturing policy, neglecting the importance of government policy for agriculture, fuel, banking and other tertiary industries (Coates, 1996, p.17). In Britain, such an approach was understandable until the 1970s where, in 1973, 83.9% of the country's exports were manufactured goods, but this figure has since declined rapidly (Coates, 1996, p.19). The broadest definitions of industrial policy include all government measures which significantly impact industry. But most authors prefer to exclude areas such as environmental policy, macroeconomic policy and welfare policy, as these have their own literatures (Coates, 1996, p.21). Coates (1996, pp.23-24) discusses direct industrial policy as that which explicitly aims to increase the market performance of specific sectors or companies, and indirect industrial policy as the impact on industrial sectors from more general social and economic policies.

Industrial policy can take numerous forms. For example, supply-side policies focusing on tax and labour market reform, Keynesian demand management, and more integrated approaches dealing with the economy as a whole (Bailey et al, 2015). Grant (1993, p.47) provides examples of specific policies which may be intended to affect industries, ranging from exchange rate and interest rate policies, to corporate taxation, industrial relations law, or public sector borrowing regimes. Such policies may have a wide variety of specific aims,

including creating and supporting markets, for example: by trade agreements and barriers or monopolies legislation; interventions on the location of industry, perhaps by providing infrastructure or tax breaks for industrial developments in favoured locations; the development of new technologies, for instance by funding research and development; labour supply, through education and training; and supporting new industries and the retention or managed decline of old industries (Coates, 1996, p.26).

While often neglected, some authors do discuss welfare policy when investigating the purpose of industrial policy. Hall (1986, p.iv) notes that using industrial subsidies to create jobs can be relatively cheap for governments, once the cost of the social security which would have been paid is deducted (Hall, 1986, p.iv). McGillivray (2004, pp.1-4) focuses on industrial policy as a tool for governments to favour particular groups of voters. If this perspective is accepted, as she notes, different social welfare regimes will affect industrial policy, as governments need be less concerned with supporting a declining industry if benefits make it easy for workers to spend periods out of work, and retrain for other jobs, as in Germany (McGillivray, 2004, p.7).

Discussion often implies a consistent government policy across an industry, but this is seldom the case. Utton (1986, p.80) argued that “neither [industrial nor competition] policy is likely to operate as well as it should while governments are so ready to intervene directly in individual cases”. Instead, he proposed that they should establish general frameworks.

[Recent history of industrial policy](#)

Explicit industrial policy has a long history and, in line with the regard for historical perspective in this thesis, a brief overview of developments in the UK over the past few decades can enrich our understanding of how it operates and is justified.

During the 1960s and 1970s, it was generally felt that UK industrial policies changed greatly depending on whether Labour or Conservative politicians were in government, but work in the 1980s came to emphasise the considerable amount of continuity and consensus on these matters (Utton, 1986, p.60). In the early years of the Thatcher government, the total value of industrial subsidies grew, although it changed in nature as area-based schemes were reduced, new schemes targeted at small businesses were introduced, and there was a

large growth in research and development subsidies (Burton, 1983, p.64). Later Conservative industrial policy under Thatcher featured an increasingly large programme of privatisation, removals of barriers to competition with public services, and the introduction of more private provision in fields such as health and education (Utton, 1986, p.75). Coates (1996, p.3) neatly summarises the period: “the ruling fiction of the 1980s was that the UK stopped having industrial policy, and had industrial recovery instead. The reality, of course, was simply that one kind of industrial policy was replaced by another”. Grant (1993, p.49) described the period as not essentially changing government-business interactions, where “extensive and intensive consultation... is a basic operational principle”. He concluded that experiments with less interventionist industrial policy were unable to solve long-term economic problems resulting in a lack of specialist technical and management skills (Grant, 1993, p.19).

Debate on industrial policy lay fallow in the 1980s, but recommenced at the end of the decade, when industrial output began declining and unemployment rose (Coates, 1996, p.3). Since then, a renaissance in the field has been frequently identified. Bailey et al (2015) believed that there was renewed interest in the 2010s due to concerns about “competitiveness, globalization, de-industrialization, unemployment, and the comparatively slow growth of the British and EU economies especially in this post-recession phase” potentially leading to renewed interest in industrial policy in the 2010s (Bailey et al, 2015).

In recent years, industrial policy has often been tied to regional development. Regions of a single country may have huge differences in wages, economic output and growth (Armstrong and Taylor, 2000, pp.88-89). By 2015, there was no institution in the UK with specific responsibility or scheduled reviews of current and future policy (Bailey et al, 2015). This was despite many UK government policies having implications for industry, and the production of several reports proposing industrial policy, notable Michael Heseltine’s 2012 *No Stone Unturned: In Pursuit of Growth*. In 2017, the British Government launched a Green Paper, *Building our Industrial Strategy*, which leveraged the country’s imminent departure from the European Union (EU) to propose ten ‘pillars’ of policy (UK Government, 2017c). This departure from the EU led some on the left to call for increased government support for certain industries, as state aid rules restricting this would no longer apply, but Tarrant (2018) argued that this would replicate the less desirable aspects of corporate welfare, and

that national state aid rules would need to be introduced. The Labour opposition supported the principle of an industrial policy, while arguing that it should go further and be more ambitious (Jones, 2018). Yet even in this new industrial strategy, there was a tendency to fall back on an individual focus; for example, although the importance of skills development was a repeated theme, the emphasis was on individual development through formal training (Fuller and Unwin, 2018). More recently, the desire to support industries through COVID-19 and to promote vaccine research and production has led to rapid changes in industrial policy, with the potential for it to play a larger role in the UK in the future (Westwood, 2020).

This survey highlights the importance of both explicit and undeclared industrial policy. There is a clear intersection with the concept of corporate welfare, with much industrial policy being based on subsidies and incentives to meet the needs of different organisations. It has differing effects across industries and regions, and these insights are significant for understanding in-work benefits as a form of corporate welfare, alongside their existence as a form of social welfare.

Theory of the firm

The theory of the firm is an analysis of company behaviours and strategies, under specific market conditions. This has traditionally been considered separately from the economics of the firm, which is an analysis of company structures and organisation, but the two interact and must be considered together (Dietrich and Krafft, 2012, p.3).

One key approach to understanding firms is a life-cycle perspective, seeing how company behaviour changes as an industry or technology evolves (Dietrich and Krafft, 2012, p.3). Technical and organisational factors are thought to determine which companies are successful in the early stages; once an industry or technology matures, process factors dominate, and fewer companies enter and leave the field (Dietrich and Krafft, 2012, pp.12-13). While many theorists of the firm have focused on transaction costs, Galbraith's argument that firms and markets have different capabilities - and, logically, should be analysed as separate actors - breaks with this. Galbraith argues that market structures reflect power, but this power may not align with formal hierarchies (Dunn, 2012, pp.84-85).

Managers may have interests other than maximising the profits of the company; for example, increasing the size of the company, perhaps motivated by the increased status and higher personal rewards this may bring; or security, for example, preventing the take-over or bankruptcy of the company, which might lead to them losing their position. Growth and security may often conflict, so there is a trade-off between the two, which is often analysed in terms of the trade-off between short- and long-term profits (Weinstein, 2012, pp.92-95).

The behavioural theory of the firm argues that, rather than constructing models, the behaviour of actual companies should be studied, and theory should arise from this. While this approach has been around since the 1950s, it has attracted little support from economists, as it is not a rational choice approach (Earl, 2012, pp.96). But rational choice has its limitations, in its assumptions about behaviour and a tendency to oversimplify, ignoring relevant structures and conditions (Dowding, 1994). There is value in taking this approach when taking a qualitative approach to understand the behaviour and beliefs of companies, and the thesis will not assume that profit maximisation is necessarily the sole or primary motivation for businesses engaging with in-work benefits. Instead, this thesis will study the actual views of companies and business organisations, and use this to explore existing theory, and address the research questions.

Attitudes and responses to in-work benefits

It is clear that in-work benefits do benefit businesses, even though these benefits may be difficult to quantify. They may shape business preferences and behaviour, perhaps by altering the profitability of different business models, or by affecting the understandings of managers as to which strategies are preferable. It seems likely that the benefits may vary in a number of ways, most significantly by industrial sector or by size of firm. The next section explores the ways in which this variation might occur, bringing forward a proposal that these may be explanatory variables for variations in attitudes to in-work benefits among businesses.

But the design of benefits does not necessarily match the preferences of businesses. For example, businesses tend to dislike the strong conditionality found in Active Labour Market Policies, as it can lead to them receiving large numbers of unsuitable job applications from workers who have been pressured into applying (Ingold, 2020).

3.5 Government, policy-making and in-work benefits

There are many actors involved in shaping policy, the process being described by Cairney et al (2019) as “conducted primarily through small and specialist policy communities that process issues at a level of government not particularly visible to the public, and with minimal senior policymaker involvement.” This process, therefore, is not immediately apparent, but there has been a substantial amount of work attempting to understand it. Policy is shaped both by the actors who are formally responsible, and by those who are informally responsible, and it is difficult to separate the contributions made by the two. But some insight can be gained by exploring the interactions between these groups (Cairney et al, 2019).

Governance network theory aligns with the idea that social problems are too complex to be addressed by government action alone, and that specialist knowledge, experience and resources can be obtained from actors outside government (Torfing, 2020). Theories of collaborative governance can build on these insights, to help explain how complex networks operate (Torfing, 2020). The actors which may attempt to influence policy here might include those listed by Varone et al (2017): interest groups, decision makers, political parties, experts and journalists. This thesis will directly explore the positions two of these actors: interest groups in the shape of businesses and business organisations, and those of decisions makers in the form of politicians. The discussion will then consider how the expression of their views responds to the other actors mentioned here, in addition to any other actors which are mentioned in the texts.

In exploring the most influential locations of policy debate, we can see where businesses in general focus their efforts. Farnsworth (2004, pp.11-12) identifies elite networks, which may be hidden, but also funding of political parties and ministers, think tanks and research institutes. Lobbying through press releases, conference speeches and other areas of the media can also be highly effective, even where it is designed more for public consumption than directed at policymakers, with the aim of gaining public support for business priorities (Farnsworth, 2004, p.12).

Structure and agency

In exploring how government policy can be shaped, it is essential to consider structure, ongoing arrangements which influence available policy choices; and agency, the ability of actors to make independent choices. Economic actors, such as business, have power both through their actions, and through structure. Structural power arises from business' monopolisation of capital, and this means that the state can be expected to act in business interests even when businesses themselves do not act (Lindblom, 1977, p.202). For example, businesses obtain structural power through their control over where they invest capital, through the state's dependence on revenue arising from business taxation, through the commodification of labour, and through ideological control, with the interests of business often being seen as synonymous with the national interest (Farnsworth 2004, pp.13-16). Agency arises through the political engagement of businesses, through their membership of official governance bodies, and through their involvement in the provision of services. This can be facilitated by shared interests with many policymakers, or by various forms of lobbying, whether direct, such as meetings and correspondence with policymakers, or indirect, such as through the sponsorship of think tanks (Farnsworth and Holden, 2006; Savell et al, 2016). The specific lobbying strategies of some business organisations are discussed below. But structural power can exist even when agency is not exercised.

Discussing the American system, in terms generally applicable to the UK, Steiner and Steiner (2012, pp.277-287) argue that business interests have been important in politics since at least the nineteenth-century. The influence of commerce as a whole has risen and fallen, as it competes with other interests, which may be antagonistic to business. Despite a privileged position, the power of business is not absolute. Instead, it depends in part on the organisation of business and the extent to which it unifies around its priorities, on its access to policymakers, on the strength and organisation of other interests, such as the labour movement, and on the extent to which capitalists are genuinely free to make investment decisions as they please (Pierson, 1995, p.9).

In general, the priorities of business are most often shared with the political right, but business interests are not always unified, and at times, more left-wing parties may choose to work closely with business interests (Farnsworth and Holden, 2006). McMenamin (2018)

argues that the Conservative Party has been the natural party of business in the UK, and while at times it has not facilitated all the priorities of business, it has always received far more donations from businesses than the Labour Party. However, Farnsworth and Fooks (2019) convincingly argue that the Labour Party has also been pro-business, its policies meeting the needs of businesses who benefit from a more regulated market. Based on this, it might be expected that both the Conservative and the Labour Party would be happy to engage with business lobbying with regard to in-work benefits, but that the Labour Party would be more sympathetic to arguments involving state regulation, and the Conservative Party more sympathetic to more laissez-faire proposals.

Lobbyists inform government by identifying matters of interest to their supporters, and providing data and information on the voting position of other interests. While, particularly in the US, they are often perceived as directing the government, against the interests of the public, Steiner and Steiner (2012, pp.287-288) argue that they have little or no influence over the direction of government, and principally provide detailed information to representatives. Lobbying can include direct contact with representatives, for example by face-to-face meetings, e-mails or telephone calls, or indirectly by encouraging the public to contact representatives on a matter of interest (Steiner and Steiner, 2012, pp.288-290).

Parliament plays an important role in developing policy: by debating government legislation and the implementation of policies, and by representing the interests of other actors in their dealings with the government (Ilie, 2018, p.309). Primary legislation in the UK requires an Act of Parliament, the large majority of which are promoted by the government. Each government bill, prepared by civil servants to the requirements of ministers, is read three times in both the House of Commons and the House of Lords, and is also examined by a committee, drawn from members of the house (Hill and Irving, 2009, p.49). In addition to participating in this process, politicians can also ask questions of ministers (Hill and Irving, 2009, p.50).

In the UK Parliament, Parliamentary debates are most prominent way in which government policy is discussed and challenged, with Parliamentary committees playing a secondary role (Ilie, 2018, p.309). The discourse of the debates combines what Ilie (2018, p.310) describes as “ideological visions, party affiliations, institutional position-taking and political agendas of

the Members of Parliament as representatives of citizens”. These various aspects informing the contributions to the debate may draw on the social and professional backgrounds of the individuals, and may not be transparent, but can be considered in terms of these individual and organisational influences on the parliamentarians. Contributions in Parliament can also be considered in terms of their audience; speeches in Parliament are intended to influence other Parliamentarians, but also individual citizens, the media, and other actors such as business (Ilie, 2018, p.311).

Political parties are also important actors, as the government depends on the support of a majority in Parliament, and parties aim to “win votes, get into office, and get their preferred policies adopted” (Herweg et al, 2017, p.36). Parties tend to have policy experts, who may be members of policy communities; they will propose ideas, criticise opposing ideas, and potentially recombine proposals (Herweg et al, 2017, p.36); these debates are often played out in Parliament. Any analysis will need to pay attention to the role of both individual Parliamentarians and political parties in debating and developing policy.

This brief overview has highlighted the range of ways in which business holds structural power and uses its agency to lobby for preferred policy, and the relationships it has in the UK with the leading political parties. These relationships are important; political parties and individual Parliamentarians play key roles in debating and developing policy which merit analysis. Businesses may lobby individually, but they also draw on networks to do so, which will be explored in the next section.

Networks

Businesses network with each other, and with other actors, in a variety of ways. In the UK, the Confederation of British Industry (CBI), Institute of Directors (IoD), and Association of British Chambers of Commerce (ABCC) are peak organisations representing business, and are important social partners in different regards. The CBI, with a membership focused on large manufacturing and service companies, tends to support investment in infrastructure and business services, EU links, and the removal of trade barriers. The IoD, strong in financial services, prefers deregulation and Thatcherism. The ABCC has a broad base of smaller businesses and prefers low taxes and minimum wages (Taylor-Gooby, 2001b, p.152).

Relationships between organisations may be conflictual, where the achievement of the goals of one makes the achievement of the others' goals less likely, or interdependent, where the advancement of their goals is best achieved when using their resources to assist each other. Either provides more scope for exchange than independence, where the goals do not coincide or interfere (Hudson, 1997, pp.341-342). While the environment is a factor, so are properties of the organisations themselves, and of their linkages. Important properties of the organisations include the homogeneity between the organisations, the consensus on the domain in which they operate, their awareness that they are interdependent, the mutual benefit of an exchange between them, and the availability of alternative sources of resource (Hudson, 1997, pp.342-346). In looking at linkages, factors of interest include the level of formalisation, the intensity, the degree of reciprocity, and the degree of standardisation (Hudson, 1997, pp.342-349).

Policy networks are a way in which the relationships between various groups and the government can be categorised. They arise whenever there is an exchange of information between groups and government, different groups, or different parts of government. They may be minimal, or close and long-lasting (Smith, 1997, p.76). Networks may be connected more or less closely, and contain members with different roles and access to resources (Smith, 1997, p.78). Smith (1997, pp.80-85) develops a dichotomy between policy communities, which share economic or professional interests, have a limited number of participants, share basic values, interact frequently, have hierarchies, and exchange resources; and issue networks, which are large, include a wide and changing range of groups, have a mix of agreement and conflict, have unequal resources, and limited regulation.

This membership of networks can increase the agency of specific businesses, and business in general. At least some business organisations are important organisations which engage frequently with government and the policy-making process. Their characteristics will be considered in the next section, and some of these organisations' engagement with in-work benefits will be explored in detail in the empirical chapters.

Business organisations

Thousands of organisations represent business; peak associations are most prominent, representing large numbers of businesses, but with their members divided over many issues, they lobby only on broad issues which unite most of their membership. Trade associations represent businesses involved in a specific industry, and almost every industry has one or more of these. They often undertake a broad range of activities and may form coalitions on specific matters of interest (Steiner and Steiner, 2012, pp.277-287).

The relationship of business organisations to government can be seen as co-option or recruitment. Both are seen as two-way processes, but co-option offers opportunities to shape government policies, whereas recruitment is generally limited to implementing and legitimising pre-existing policies (Bennett, 2011, p.595). Contracting is contrasted as a more one-way process, organisations simply delivering existing policies (Bennett, 2011, p.595), and a more activist role could be added, seen in the early days of the Federation of Small Businesses, although it is unclear how important that has been in recent years.

Another dimension of the relationship is whether it is informal, for example, the use of members as advisers; obligational, such as Local Enterprise Partnerships (LEPs); or formal, including grants or the recognition of training schemes (Bennett, 2011, p.594).

While the first sectoral business organisations in the UK emerged in the late-19th century, only 30 were established before World War I. After the war, numbers boomed, reaching 115 in 1939, and 192 in 1955 (Bennett, 2011, p.38). The post-World War I period also led to an increase in relationships between these organisations and government, which increasingly eclipsed local Chambers of Commerce (Bennett, 2011, pp.38-39).

The Federation of British Industries was founded in 1916. Its affiliates were 124 large companies and sectoral bodies, each of which had to pay £1000 to join. Its first three executives were all seconded from the Foreign Office, demonstrating a desire to develop a close relationship with government (Bennett, 2011, p.39). Although it established itself and grew substantially, it was divided over whether to support tariffs on imports, and largely followed government policy (Bennett, 2011, p.40). In 1965, it merged with its major rival, the British Employers' Confederation, to form the Confederation of British Industry (CBI) (Bennett, 2011, p.40). The Labour government worked with the CBI and the TUC to develop

prices and wages policies, and this 'insider' status was maintained throughout the 1970s (Bennett, 2011, p.40). This period also saw an increased role in policy formation for the Institute of Directors (IoD), which had been founded in 1903 but had previously been a minor organisation (Bennett, 2011, p.41).

Small businesses were not a major concern of government policy until the 1970s, and did not affiliate to the CBI, given its high membership fees and perceived closeness to government. The forerunner of the Federation of Small Businesses (FSB) was founded in 1974, focusing on self-employed people (Bennett, 2011, p.41). The FSB represented a more activist model, with large numbers of office-holders, many paid, encouraged to lobby government (Bennett, 2011, pp.41-42).

The other major business association in the UK, the Association of British Chambers of Commerce, has a long history. Like the IoD, the Chambers had little connection with government until the 1960s, when some starting running government training programmes. This relationship was greatly strengthened in the 1980s, when business organisations such as Chambers of Commerce grew significantly through delivering government regeneration and training programmes, although they were not the only mechanisms used (Bennett, 2011, pp.659-660). Many members disagreed with this relationship, and some Chambers preferred to maintain more distance (Bennett, 2011, p.660). Under the Labour government from 1997, programmes changed and there was a general decline in relationships with local business organisations, but since the Coalition government of 2010, many are now leading figures in Local Enterprise Partnerships (Bennett, 2011, pp.649-656).

The CBI membership was initially focused on manufacturing, and some members from transport, construction and finance. It grew steadily from foundation, and from 1969 permitted any company to join. While most members were small companies, in 1975, 13% had more than 1,000 members, and those exerted particular influence. The cost of membership was low, and the organisation stressed the value of its services to members (Grant and Marsh, 1977, pp.31-45). Grant and Marsh (1977, pp.45-52) found that small companies which chose to join valued these services, but overall members focused on the networking opportunities, while large companies particularly valued the ability of the CBI to

lobby government, even though they were unsure whether it had brought them any direct benefit.

The small business membership of the CBI has never been high. In 2006, the CBI had only 870 small businesses directly affiliated, although 200,000 were affiliated through trade associations. In contrast, the Association of British Chambers of Commerce had 74,000 small businesses as members, the Institute of Directors had 55,000, and all 185,000 then-members of the FSB fell into this category (Bennett, 2011, p.42).

Table 3.4: Major business organisations in the UK¹⁰

Organisation	Sector	Membership eligibility	Founded	Membership
Confederation of British Industry	All	All businesses	1965	140 trade associations + undisclosed number of direct members
Federation of Small Businesses	All	Businesses with fewer than 250 employees	1974	160,000
Institute of Directors	All	Individual directors of any business	1903	30,000
British Chambers of Commerce	All	Local Chambers of Commerce, which all businesses can join	1860	52 chambers, with about 75,000 businesses in total
British Retail Consortium	Retail	All businesses	2002	5,000
Freight Transport Association	Land transport	All businesses	1969	18,000
UK Hospitality	Hospitality	All businesses	2018	About 700
National Farmers' Union	Farming	Individual farmers	1909	55,000
Make UK	Manufacturing	All businesses	1896	About 2,000
Food and Drink Federation	Food and drink manufacturing	All businesses	1913	7,000
UK Finance	Finance	All businesses	2017	300
Building Societies Association	Finance	Building societies and large credit unions	1869	48

Table 3.4 summarises the positions of the peak business organisations in the UK, as of 2021, along with some significant sectoral business organisations, illustrating their differing sizes, scopes and histories.

Grant and Marsh (1977, pp.55-72) identified the main ways in which companies lobbied government. Large firms enjoyed direct contacts with government, as did larger industry associations, but smaller ones worked through the CBI. Businesses also worked through the

¹⁰ Data in this table has been obtained from the websites of each organisation.

City of London, seen as having had long-term broad influence on governments; the Chambers of Commerce, seen as effective in large cities but focused on the interests of small retailers in other areas; the Institute of Directors, seen as generally more right-wing than the CBI and critical of the CBI's perceived closeness to government; and various organisations focused on management training and development. Against claims that the CBI was undemocratic, and worked with government in a way unrepresentative of its apathetic members, Grant and Marsh (1977, pp.80-105) argue that the leadership tried to balance the confidence of its members with the confidence of the government, willing to produce statements which might upset a minority of members in order to have an impact on policy.

The CBI lobbied in various ways: principally, directly targeting ministers and senior civil servants, occasionally briefing Conservative MPs (whereas small companies were far more likely to lobby their local MP, regardless of party), and through sitting on Conservative Party committees. It very rarely uses the media to argue against government policy, this representing a failure of influence (Grant and Marsh, 1977, pp.108-120). It also lobbied at the European level, a novel activity in 1977 (Grant and Marsh, 1977, p.133).

Some accounts argue that the CBI's relationship with the Conservatives was strained during the 1980s; the organisation was viewed as having been part of the old Keynesian system, and having effectively gained advantages for favoured businesses through close relationships with government departments (May et al, 1998). Instead, the government built closer links with the IoD, Chambers of Commerce, and trade associations (May et al, 1998). However, Rollings (2013) contends that the CBI was a site of contestation, where there were supporters of both Keynesian and the new monetarist ideas, and that these new ideas found their way into CBI representations to government. This thesis will consider whether either of these positions are reflected in CBI positions on in-work benefits.

The CBI has a continuing influence; it has been described as a key social partner of the Cameron government, able to exert effective pressure on it, for example in regard to policy on the European Union (Lavery, 2017). However, Farnsworth (1998) argued that it tended to respond to government policy initiatives rather than initiating new policy debates, and it will be useful consider whether this remains the case. Its members see it as an important

campaigning organisation, but its political activities have at times provoked dissent. For example, it registered as a 'no' campaign in the Scottish independence referendum, which led to the resignation of 18 of its members (Jensen and Snaith, 2016).

The above discussion has identified business organisations as important actors, keen to influence policy in areas which affect their members. They hold privileged positions and so have considerable agency to influence policy, although this is balanced against other interest groups. Because business organisations are potentially influential, it makes sense to study their views and attempts to influence policy as part of this thesis.

Capital versus labour?

Much of the above discussion relates to questions concerning welfare state development, and the role and function of social policies. This begs the question of how social and public policy is viewed by, and responded to, different actors – primarily capital and labour. This following section begins to examine these questions, by considering the contrasting roles of these actors, and how they are not unified actors, but may hold significantly differing views, depending on factors such as economic sector, firm size, or individual economic class.

One approach is to focus on the institutions of social class. Labour appears to be a weak force in the UK. The 1980s and 1990s saw a particularly strong move from manufacturing to service industries in the UK, reducing demand for unskilled labour, and increasing support from both Labour and Conservative parties for labour market flexibility and higher qualifications (Taylor-Gooby, 2001b, pp.154-155). Other important changes included an gradually ageing population, and a move of more women into full-time employment (Taylor-Gooby, 2001b, p.155). Since the 1980s, trade unions have had a very limited role as social partners of the UK government. For example, in the 1990s, the Trades Union Congress argued for state-led investment programmes, but was unable to influence government policy (Taylor-Gooby, 2001b, pp.152-153).

Industrialised parts of the world with strong labour movements tend to have the most generous welfare states (Baldwin, 1990, p.7). Theorists such as Esping-Andersen and Skocpol have tended to see this generosity as achievements of organised labour in the face of opposition by capitalists (Swenson, 2002, p.8); Mares (2001, p.184) similarly describes

social insurance as “a compensation of workers for their disadvantaged position in the labour market”. Authors in this tradition typically take comfort from the correlation between democratic governments and welfare states, and “levels of non-military spending and the influence of the left”. Moreover, they find that those welfare states shaped by the left, such as Sweden and to some extent Denmark, are qualitatively different in that they are more universalist (Baldwin, 1990, pp.40-43).

Such labourist approaches struggle to explain similarities between welfare states in countries with different labour movements, such as Sweden and the Netherlands (Baldwin, 1990, p.7). Mares (2001, pp.184-185) argues that such approaches capture important insights, but neglect questions of the significance of social welfare to companies. For example, “is the welfare state only a constraint on firms... or does it also provide some tangible and immediate benefits to employers?” She believes that a theory which explains the conditions under which particular companies will support different social policy arrangements is needed. Stinchcombe (1985) notes that the welfare state was principally championed by civil servants and other experts, while the labour movement campaigned for more redistributive interventions. As Swenson (2002, pp.vii-viii, 8) finds, capitalists may promote egalitarian social policy measures, if they match their interests. Most broadly, states and large companies share an interest in stability, education, growth, scientific advance and national defence (Galbraith, 1975, p.309).

Galbraith (1975, p.303) noticed that opposition to the growth of the welfare state is strongest among small entrepreneurs. Swenson (2002, p.40) develops a more sophisticated distinction, finding that companies which hope to limit competition in their sector are likely to support minimum wages and a ‘safety net’ welfare state, particularly in difficult economic times, in order to make it difficult for low-cost rivals to undercut them. Conversely, companies which focus on a strong working relationship with employees and government bodies are likely to support welfare measures during good economic periods (Swenson, 2002, p.40). Examples can be seen in the United States, where the New Deal was supported by many large companies, which believed that the welfare measures reduced low-wage competition in their markets, and also saw benefits in increasing consumer spending power; and in Sweden, where many companies supported the introduction of state pensions payable regardless of earnings to encourage older, experienced workers to remain in

employment (Swenson, 2002, pp.220, 266). Indeed, in Sweden in the 1930s, when the Social Democrat government came to power, it was possible to see both strategies in competition: one group of managing directors of large Swedish export industries preferred opposition to the Social Democrat government, working closely with the rival Liberal Party, but the main organisations of Swedish business believed the Social Democrats had sufficient public support to remain in power for many years, and chose instead to work with the new government. These main organisations argued successfully for a leading role in determining the rules and institutions of the labour market, with limited state interventions (Korpi, 1978, p.86).

Mares (2001, p.185) takes a different tack in investigating the relationship between companies and social welfare. She first identifies the features of social policies with greatest salience for companies, then the trade-offs which companies face in the development of these policies. Next, she “formulate[s] hypotheses about the causes of inter-sectoral disagreement among employers during the process of social policy reform”, uses these to develop propositions about the effects of particular company or industry characteristics on these attitudes, and then suggests which social policies different companies will regard as ideal. She concludes that social policies can benefit employers by raising the “reservation wage of workers, allowing them to reject jobs that do not correspond to their skill qualifications” (Mares, 2001, p.186), a process quite different from the impact of in-work benefits. She also argues that “a number of features of social policies – such as the wage indexation of social policy benefits, the conditionality of social policy benefits on a broad set of factors related to employment performance - reinforce employers’ investment in the provision of skills and reproduce the skill and wage differentiation established at the firm level during moments in which the employment relationship is temporarily interrupted” (Mares, 2001, p.212). This gives reason to believe that employers who benefit from these social policies, which raise the reservation wage of workers, may oppose in-work benefits.

Mares (2001, p.212) contends that most variation between companies will be seen in their attitude towards risk in the social policy field; some will prefer universalistic schemes, while others will lose from these. She proposes that control be graphed against risk redistribution. As risk redistribution increases, we move from no control (no social policy

exists in particular field), to high control (for companies; social policy is assistance-based and largely delivered at the firm-level), to contributory approaches with mid-level control (for example, early retirement schemes with national regulation but much inter-firm variation), to universalistic approaches with low control (Mares, 2001, p.188). In the case of in-work benefits, they would clearly fall at the universalistic end of Mares' scale, with little control resting with individual companies.

Similarly, the power of labour can be used for or against capitalist interests. Where the interests of labour and capital coincide, reforms are more durable (Swenson, 2002, p.10). Examples can be seen in Sweden, where an Active Labour Market Policy was developed in the 1950s, designed to encourage workers to acquire the most marketable individual skills to meet the needs of companies. Similarly, in the 1960s, day care for workers with children was introduced. Both measures were broadly supported by both companies and the labour movement, but both promoted commodification, providing benefits linked to employment (Swenson, 2002, p.7).

The power resources approach, associated with Korpi, argues that control over such resources during the development of welfare states determines their evolution, in both economic and political fields. The distribution of these resources varies between countries, and can change over time. Key power resources include capital and the ability to organise collectively. Early work in this field also tended to emphasise the role of the working class and political left (Cousins, 2005, p.25), with Korpi's study of 'welfare capitalism' important. This term describes a capitalist system with power in a mobilised population. Sweden is an interesting example of this, with the Social Democrats in power for much of the period from 1932 to 1976 (Korpi, 1978, p.3), and they were able to command sufficient consensus that, for example, post-war, they and the Swedish Trade Union Confederation were able to agree to prioritise full employment over economic stability (Korpi, 1978, p.101).

Key debates on welfare capitalism are on worker/employer conflicts, and how changes of the role of workers can influence industrial development (Korpi, 1978, p.2). In understanding, the mobilisation of power resources is important: both how actors use power resources already under their control, and how they acquire control of new resources (Korpi, 1978, pp.34-37). Union power structures are shaped by occupational skills

of members and how the working environment allows informal social interaction; by sectional conflicts within unions; by employer organisation and tactics; by state interventions; and by class conflict strategies predominant in the country (Korpi, 1978, pp.209-210).

Baldwin (1990, p.9) extended this approach, interested in why middle classes, given that they tend to be net financial contributors to the welfare state, have gone along with its implementation in many countries. He argued that this is because members of different classes view social insurance through risk categories of which they may share membership – for example, the risk of illness, or old age (Baldwin, 1990, p.17). Barr (2001, p.1) agreed, arguing that the welfare state is needed by the middle class, to provide insurance and to redistribute across the life cycle; while private organisations can provide some of this functionality, they face difficulties in doing so which require state intervention. Hacker and Pierson (2011, p.71) tried to identify the interests of the middle classes in the U.S. with the wealthy, arguing that “...most people have missed the *visible* hand of government because they’ve been looking in the wrong place... the real story, however, is what our national political elites have done for those at the top, both through their actions and through their deliberate failures to act”.

This attention to class is important. Despite the competing theories, there is no consensus on how institutions including class, welfare and the market interact to produce the evolving systems of benefits. An investigation of understandings of in-work benefits offers the opportunity to interrogate this, and establish how the understandings of businesses and other key economic actors shape their reactions and interactions, and ultimately the future course of policy in this area.

This section has explored what is known about business perceptions of social welfare. Similar attitudes might be expected towards in-work benefits, but this is uncertain; the specific impacts of in-work benefits and the attempts to distinguish them from other forms of social welfare may result in different understandings and reactions. This will be explored in this thesis.

Variation across industries and regions

The impact of welfare varies across both industries and regions, and these differences may affect attitudes to, and understandings of, benefits. While differences at the national level have been widely discussed, differences within a nation also exist, as Amable (2003, p.13) notes. Provision may vary on a local basis, even when co-ordinated nationally. For example, the Labour government's New Deal programme worked with different agencies in each locality, including employers, local authorities, voluntary organisations, and training providers (OECD, 1999, pp.198-199). Programmes may be piloted in a limited number of areas, as has been seen with the Universal Credit scheme, and this may result in short-term variations with possible longer-term consequences. Labour markets will vary, locally and regionally (OECD, 1999, p.201), as will demographics. The OECD (1999, pp.200-203) identifies eight ways in which the localisation of welfare policies may "add value": through recognising divergent local conditions, identifying and tackling local problems more quickly, making use of local intelligence, involving local actors and thereby countering marginalisation, increasing dialogue between agencies and other local actors, increasing local legitimacy, making a multi-agency approach more feasible, and responding to desires to localise policy, where possible. But, where governments turn to non-state provision, it inevitably increases local differences in provision. Allard (2014), looking at differences in the United States, finds that local provision will be more likely to reflect local preferences, for example, in who is targeted, and how support is delivered, systematically disadvantaging the most marginalised groups.

Even where delivery is through local or national government, there will be variations in provision. This variation may relate to regional variations in need, but the relationship will not be perfect (Curtis, 1989, p.2). Analyses of regional variation in welfare provision have focused on social welfare delivered on an individual basis, but an understanding of corporate welfare and the regional aims of industrial policy also allow a consideration of the regional variations in corporate welfare.

The scale of any analysis is important, as apparent similarities between large regions may mask significant local variations (Curtis, 1989, p.5). In the UK, delivery of welfare such as Housing Benefit at the local authority level may make this an important unit of study, but

consideration of authorities with urban and rural areas, or cities with wealthier and poorer areas, mean that even this level of analysis may hide important variations in need and provision. Yet the impact of corporate welfare on a large company may be an increase in employment across multiple local authorities, perhaps at sites in different regions of the country, and benefits to shareholders and managers which may be difficult to locate geographically.

The International Standard Industrial Classification provides a standardised classification of businesses and other economic actors. It is used globally, and allows for historical comparison (United Nations, 2008). Given the large number of codes at the highest level, the UK's Office for National Statistics (ONS) groups the classifications in three sectors: production, services, and other (Office for National Statistics, 2018a). ONS data reveals significant similarities between most regions of the UK at this sectoral level, with London being an outlier, having more employment in the services sector than other regions, and very little in the production sector (Office for National Statistics, 2018a). Table 3.5 shows the full top-level classification, along with the UK sectoral grouping, and the number of jobs in each classification in the UK. This classification provides a useful framework for investigating variation across industries.

Table 3.5: Industries with low pay

Level 1 Code	UK Sector	Description ¹¹	UK jobs in March 2018 (thousands) ¹²	Gross weekly pay ¹³			
				10 th %ile	25 th %ile	Median	75 th %ile
A	Other	Agriculture, forestry and fishing	436	139.8	287.7	436.1	589.6
B	Production	Mining and quarrying	68	421.8	564.2	793.6	1,122.0
C	Production	Manufacturing	2,694	299.3	399.6	556.0	777.4
D	Production	Electricity, gas, steam and air conditioning supply	140	409.5	569.0	761.2	1,069.8
E	Production	Water supply	215	341.0	448.5	611.3	804.0
F	Other	Construction	2,290	215.2	383.3	557.5	790.9
G	Services	Wholesale and retail trade	4,968	130.8	217.2	368.4	551.3
H	Services	Transportation and storage	1,786	285.9	415.4	568.4	798.5
I	Services	Accommodation and food service activities	2,418	60.3	113.6	208.6	350.8
J	Services	Information and communication	1,482	345.0	506.0	743.0	1,083.8
K	Services	Financial and insurance activities	1,136	339.0	460.0	723.9	1,238.4
L	Services	Real estate activities	569	190.9	348.7	501.5	686.4
M	Services	Professional, scientific and technical activities	3,050	226.2	385.9	592.6	915.9
N	Services	Administrative and support service activities	3,019	97.8	209.9	384.7	574.9
O	Services	Public administration and defence	1,498	280.0	421.6	591.8	787.2
P	Services	Education	2,932	137.7	284.3	475.3	733.7
Q	Services	Human health and social work activities	4,432	175.0	296.7	451.5	665.3
R	Services	Arts, entertainment and recreation	1,012	40.9	124.7	337.5	523.7
S	Services	Other service activities	976	108.1	199.3	383.1	574.9

¹¹ Codes and descriptions are from the United Nations (2008), p.43.

¹² Data is from Office for National Statistics (2018b), table 6, and is seasonally adjusted.

¹³ Data is from Office for National Statistics (2020),

No figures exist to give a breakdown of the rates at which in-work benefits are claimed in different industries. However, there are statistics breaking down pay by industry in the UK, which can be used as a rough proxy: workers on low pay are more likely to be entitled to in-work benefits. The highlighted cells in table 3.5 show gross weekly pay lower than the National Minimum Wage for an over-25 working 40 hours per week (£348.80 from April 2020). This is a highly conservative estimate of low pay; organisations such as the Living Wage Campaign champion a higher minimum wage as the amount required to live a decent life, and some people will have higher living expenses than others. Because the amounts are shown by job, rather than by individual, there will also be some individuals who work multiple jobs, and therefore receive multiple weekly wages. This approach also takes no account of household income or expenses, simply covering income before tax and benefits.

Despite significant caveats, this provides the best available indication of the prevalence of low pay by sector. In mining and quarrying; and electricity, gas, steam and air conditioning supply, few workers are on low pay, with even those at the 10th percentile of gross weekly pay earning much more than the equivalent of minimum wage. The arts, entertainment and recreation; and accommodation and food services sectors are the lowest paying, with the median worker having gross weekly pay below this minimum wage level, indicating either a substantial proportion of part-time workers or workers under 25, for whom the minimum wage level is lower.

Other than these two lowest paying industries, low pay is also common in the sectors which could be broadly described as agriculture, retail, real estate, administration, education, health and other services. Being on low wages, many of these workers will be entitled to in-work benefits, and it is reasonable to suppose that businesses in these industries will be more engaged with in-work benefits, and be more likely to have opinions on them.

Variations in the understanding of organisations, reaction to these differences – whether or not they are understood – and interactions with other organisations can be analysed through the framework of historical institutionalism.

3.6 Ideological considerations and research questions

This chapter began by exploring the political economy of the welfare state, and how the development of the welfare state, already described in section 2.2, can be explained.

Through a brief survey of the major competing theories, it made the case for taking a historical institutionalist approach to exploring in-work benefits, laying out its key features, and drawing on Pierson's (1994) work to lay out principles for this research.

In-work benefits are a form of welfare, whether or not the actors concerned regard them as such, and corporate welfare promises a valuable approach to interrogating these understandings and perspectives. In particular, developing the idea of a spectrum of welfare informs an expectation of how attitudes to in-work benefits will relate to those on other forms of welfare. But there is a gap in knowledge: is corporate welfare a useful model for understanding in-work benefits? This will be explored in a number of ways, but one test is whether its predictions appear in policy debate. Parliamentarians debate in-work benefit policy and include both representatives of the government which makes policy, and various opposition parties with different perspectives. As a result, this leads to a first research question: how do Parliamentarians discuss, and how do they understand, the role and function of in-work benefits?

The literature on structure and agency has also identified how there could be a left – right political split on how in-work benefits are understood, particularly in relation to business. Here there is another key gap in knowledge: how do policymakers perceive business' relationship with in-work benefits? With Parliament being a key venue for policy debate, this leads to a research question: do Parliamentarians identify businesses as a beneficiary of in-work benefits? How do they discuss and assess the costs and benefits to businesses?

The role of business in influencing welfare policy is important, though not uncontested, and this research will contribute to 'bringing it in' to social policy. Industrial policy provides a framework for understanding how government and business relate, while the theory of the firm can help explain how business preferences are arrived at. The interests of business and labour may be opposed, but the situation is more complex than this. The existing work on in-work benefits and business is limited, but two key pieces of research give some understanding of attitudes to Family Credit and early forms of tax credit. However, these

studies are limited in their remit, and are now dated. Attitude formation, and attitudes to later forms of tax credit and to the in-work elements of Universal Credit, are gaps in the literature; the overarching key gap is: how does business perceive in-work benefits? Given the importance of networks, and business organisations in particular, this leads to a third research question: how does organised business view in-work benefits? What does it see as the costs and benefits and who does it see as the beneficiaries? Are the benefits outlined and acknowledged?

Specific characteristics of business may inform their relationship with policy, whether business size, industry or membership of networks, with some business networks having a key role in preference formation and the lobbying of government. Not all influence will be visible as lobbying; politicians and parties may represent the positions of business for structural reasons, or influence could, for example, consist of businesses taking important positions on boards with roles in governing in-work benefits. Here is a final key gap in knowledge: does business influence in-work benefit policy in the UK? As policy is passed into law through Parliament, this can be explored through a fourth research question: to what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits? How does organised business attempt to influence policymakers and Parliamentarians, with regard to in-work benefits?

Taken with chapter 2, this literature review provides the major elements of a framework for analysing business and in-work benefits, and highlights important gaps in knowledge, which this thesis seeks to fill through addressing these research questions. The next chapter will set out a methodology and method to do this.

Chapter 4: Methodology and methods

In order to interrogate the role and function of in-work benefits, this thesis asks four research questions. These can be summarised as: how do Parliamentarians discuss and understand in-work benefits; who do they see as the beneficiaries of in-work benefits; how does organised business view in-work benefits; and to what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?

These four questions, arising from the literature review, can be broken down into sub-questions. These can best be approached using a qualitative methodology, based on multiple case studies. The benefits and potential pitfalls are discussed: in particular, the importance of considering evolution over time, differences in scale and the reflexivity of the researcher. The research design is based on documentary analysis, drawing on a wealth of relevant data in political debates, government consultations, and the CBI archives. These sources of material are accessible, but they have not been selected purely for convenience; their merits lie in the range of actors they cover, the coverage of key time periods, and the range of document types. The documents range from those intended for public consumption, to those aimed at a government or business audience, and those initially intended to remain restricted to a private audience.

The process of analysis to be used is outlined. Themes will be drawn out through ethnographical content analysis, repeatedly coding until coherent, self-contained and relevant themes are derived. Taking the material which will be analysed in the three following chapters in turn, the key Parliamentary debates for analysis are identified, as are the most informative consultations and most relevant CBI documents. While no study can interrogate every possible case or perspective, this broad range of material and documentary analysis method provides a strong basis for addressing the research questions, and also allowing consideration of variation, for example, between different types or sizes of business.

4.1 Responding to gaps in knowledge

The literature review established that there is limited social policy research looking at in-work benefits. There is also limited research looking at the role of business in the formation

and operation of social policy, particularly in respect of specific policies. Additionally, there is a lack of qualitative research into in-work benefits, in all fields. More specifically, through the literature review, four key gaps in knowledge were identified, which this thesis addresses:

- How does business perceive in-work benefits?
- How do policymakers perceive business' relationship with in-work benefits?
- Is corporate welfare a useful model for understanding in-work benefits?
- Does business influence in-work benefit policy in the UK?

This thesis asks about perspective and priorities in relation to business and in-work benefits, and seeks to answer this with reference to the role of business in producing, understanding and responding to these benefits. This research could be conducted in a wide variety of ways, but the conclusions of the literature review together with an understanding of research methodology point to a specific approach, outlined here.

Research questions

The literature review generated four research questions, each of which addresses an important gap in knowledge. These can be stated as follows:

1. How do Parliamentarians discuss, and how do they understand, the role and function of in-work benefits?
2. Do Parliamentarians identify businesses as a beneficiary of in-work benefits? How do they discuss and assess the costs and benefits to businesses?
3. How does organised business view in-work benefits? What does it see as the costs and benefits and who does it see as the beneficiaries? Are the benefits outlined and acknowledged?
4. To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits? How does organised business attempt to influence policymakers and Parliamentarians, with regard to in-work benefits?

The first question, on the understandings of Parliamentarians, can be operationalised by breaking it down into sub-questions. For example, what themes appear in Parliamentarians' discussion of in-work benefits and business? What claims do Parliamentarians make about the purpose of in-work benefits? Do they take a historical or international perspective on in-work benefits and business, and do these positions vary according to political party? The obvious way to research this is to examine Parliamentary debates, of which Hansard provides a complete, public, record.

With regard to the second question, the literature review identified ways in which in-work benefits can be considered as social and corporate welfare, and so this might be the expected answer, but there was less evidence as to how Parliamentarians view them. Again, this question can be broken down into sub-questions: who do Parliamentarians identify as benefitting from in-work benefits? Do their understandings of business and in-work benefits vary according to business size or industry? What themes arise in Parliamentarians' discussion of in-work benefits in relation to the costs and benefits to business? To investigate this, it will be necessary to gather the views of Parliamentarians. This could be done through interviews, but a documentary analysis of Parliamentary debates will give a more historical perspective, using contemporary material to demonstrate how views have changed over time, without risking false recall or deliberate efforts to provide inaccurate reasoning for past decisions, in the light of how policy worked in practice.

While business understanding is likely to vary, it is also likely to differ from that of Parliamentarians, leading to the third research question. At a greater distance from the benefits, organised business is likely to have an even less clear understanding of their operation and so be less likely to distinguish them from other actors. However, some businesses will be more reliant on employees receiving in-work benefits than others, and these businesses may have a different understanding. It is also plausible that understandings vary by industrial sector or by company size, larger companies having more resources to directly engage with government policy. Understandings of the beneficiaries of in-work benefits may also vary. In order to operationalise this question, it can be further broken down to some question headings:

- Are different in-work benefits distinguished? Organised business might regard all in-work benefits collectively, as the work of Dean and Mitchell (2011) suggests, or attitudes might vary across the range of in-work benefits.
- Are basic facts given by businesses about in-work benefits correct? Attitudes might be based on accurate understandings of in-work benefits, or incorrect ideas about their operation. False understandings of their operation might be genuinely held, or be misrepresentations; for example, false claims about a negative impact on business might be thought to help make a stronger case for changes.
- Are businesses confident in their understanding of in-work benefits? More confident understandings, whether correct or not, are more likely to lead business to act on them.
- Do these understandings vary by region, industrial sector or size? As discussed in section 3.5, the impact of in-work benefits varies across regions and industries, and this might lead to different understandings of these benefits.
- Do in-work benefits affect the actions of businesses? If there is evidence of this, it would support the claim that in-work benefits are important to business and that it is worthwhile exploring the links between the two.

This could be researched by examining documents produced by businesses, although they may not provide sufficient coverage of these topics. A series of interviews might prove more successful, particularly where businesses have not thoroughly considered their positions on in-work benefits, although it could prove difficult to find individuals to interview who can accurately give the position of a business, or broader business interest. A more productive approach will be to look at business responses to relevant government consultations, where businesses directly engage with questions around in-work benefits. The archives of the CBI will supplement this, providing a more detailed understanding of the attitudes of an important peak business organisation.

The last sub-question cannot readily be studied directly; if business decisions are made on this basis, this has low social acceptability, and is therefore unlikely to be explicitly stated,

although clearly if they are, this is significant. While there is a myth that socially unacceptable behaviour is more likely to be admitted to in impersonal settings, such as self-completion questionnaires, this is not supported by research data (Arksey and Knight, 1999, pp.110-111). One route which may help explore socially unacceptable behaviour by business is to examine internal documents, not intended to be viewed by the public. Access to these documents is difficult, but the CBI does have publically accessible archives, and these can be examined for mentions of impacts arising from in-work benefits which are not given in public statements.

Finally, the focus moves to understanding the extent to which Parliamentarians reflect the views of business interests. As shown in the literature review, businesses and government have a complex relationship; influence is likely, but this may be structural or may be based on active agency. Businesses are affected by government policy, and some businesses seek to influence government policy. This research will seek to understand which businesses engage with in-work benefits policy, how they attempt to influence policy, and whether they are successful in doing so. Again, different methods could be used to investigate this; Parliamentary or business documents might provide direct evidence of influence, or of a succession of events which indirectly show influence. While interviews might allow a more direct interrogation of influence, this is likely to suffer similar issues with social acceptability to the sub-question about in-work benefits affecting the actions of businesses, and will not be pursued.

As can be seen from the above discussion, the research questions allow the generation of hypotheses. The resolution of these hypotheses, whether positive or negative, will address important gaps in knowledge and ultimately lead to an understanding of the role and function of in-work benefits.

4.2 Methodology

Qualitative methods and their difficulties

The lack of qualitative research into in-work benefits, previously noted, makes this an obvious approach to answering the research questions. This does not mean a rejection of the quantitative; the literature review has already touched upon various existing numerical data, which inform the design of the study. But a great advantage of qualitative research is

the possibility of investigating why things are as they are; to interrogate opinions and future possibilities in a way which quantitative data struggles to do.

The construction of hypotheses is reminiscent of a positivist approach, but this thesis explicitly does not take such an approach. The positivist approach operationalises a testable hypothesis by proposing a relationship between two variables, then testing this empirically, and if necessary, modifying theory in response (Robson, 1993, p.19). Even within the sciences, this model is an ideal rather than a realistic description of the process of research (Robson, 1993, p.19). Positivist approaches are often associated with quantitative methods; yet qualitative methods, in general, still rely on a positivist base (Melia, 1997, p.35).

Some data can be more readily quantified - for example, some questions are likely to produce clearly positive, negative, or neutral responses about a particular topic, although there may well be some 'other' responses too. Other questions may be designed to generate new responses which could have a wide variety of themes, where the predominant themes are only recognisable after they have been asked many times (Guest et al, 2012, p.154). Providing quantification allows greater transparency about the data and process of analysis; claims that 'many' or 'few' respondents stated something are open to multiple interpretations and may disguise the actual decisions made by an analyst (Guest et al, 2012, p.155). To explore relationships, a first step can be to find co-occurrences: the frequency with which pairs of codes or characteristics occur together. Where the number of characteristics are small, it may be possible to provide a complete tabulation (Guest et al, 2012, p.142). However, quantification is less valid if some questions are only asked of some participants (Guest et al, 2012, p.154), and this is inevitable with a documentary analysis approach, where documents from different sources will engage with a wide variety of different questions and topics. As a result, while this thesis will provide summary statistics for some frequencies, the focus will be on a discussion of the qualitative data.

The validity of data is the notion that a predictable sequence of events or other pattern occurs and the meaning of the pattern can be determined. This should always be given consideration, but can be particularly difficult in the case of qualitative data; data may reflect the researcher's abilities to obtain, for example, a full account of a case from a selection of documents, each of which includes only partial information, or their ability to

interpolate a story from only parts of the data (Silverman, 1997, p.20). External validity – the possibility of generalising results from a study – is possible, but individual social circumstances will always vary, so there will always be caveats (Bloor, 1997, p.37). As Robson (1993, p.73) suggests, clear accounts of the cases and their setting may allow researchers to determine whether the findings are likely to be generalisable to different cases, and that is the approach taken in this thesis. Clear information on the extent and limitations of the data is given later in this chapter, while the generalisability of the findings will be discussed in chapter 8.

In addition to this external validity, the internal validity of research may be affected by many factors. They include changes occurring as part of the research (e.g. participants adopting new views as a result of thinking in more depth about the issues concerned); external events which affect participants' views (e.g. a news story occurring during the research process); unrecognised differences and similarities between participants, particularly likely when participants are chosen in a non-random way; and, of particular relevance to this study, ambiguity of the direction of causality, if any, where a correlation is found (Robson, 1993, pp.70-71). In this study, this will be addressed by paying attention to the date of publication of documents and a comparison with developments in in-work benefits, as laid out in chapter 2.

One approach to validation is triangulation, the idea of using two or more different approaches to study the same phenomenon, the idea being that if the same conclusions can be derived from both, there can be more confidence in them (Yin, 2014, pp.120-121). However, this is difficult; it is rarely possible to produce comparable results using two different methods, and if a less suitable method fails to reach clear conclusions, this should not invalidate the conclusions obtained through using the most suitable method (Bloor, 1997, pp.38-39). The strengths and weaknesses of each approach must be understood and counterbalance each other (Arksey and Knight, 1999, pp.21-22). It can be time consuming, and using diverse methods requires the researcher to be competent in each one (Arksey and Knight, 1999, p.25). In this thesis, the research will use the single method deemed most appropriate, but triangulation of a sort will be achieved by studying the relationship between business and in-work benefits using three different sources of data.

Case studies

The case study is a common approach in the social sciences (Yin, 2014, p.4). Hammersley and Gomm (2000, p.203) define a case study as a piece of research which investigates a small number of cases, often just one, in significant depth, and note that they usually focus on the collection of qualitative, unstructured data. These cases can be, for example, individuals, organisations, programmes, institutions, or locations (Yin, 2014, p.15). This provides an excellent description of the third empirical chapter in this thesis. Selecting the case of a single business organisation allows for much more depth than would be possible by attempting a summary of the many such organisations around the country.

As Yin (2014, pp.4, 16) writes, case study research is most useful when trying to understand 'how' or 'why' a social phenomenon occurs, because it is able to provide extensive description, and it is particularly useful when it is not clear what is phenomenon and what is context. He describes a case study research design as including the questions, propositions (if any), units of analysis, logic linking the data to the propositions, and criteria for interpreting the findings (Yin, 2014, p.29), and argues that case studies rely on more than one source of evidence, the data being used to triangulate (Yin, 2014, p.17). The case study in this thesis, of the CBI, draws on documents generated by the organisation, but this data can be triangulated against material presented in the other analytical chapters, some of which relates to the CBI and its members.

It is important to clearly define the case; for example, the precise area, period, and programme of interest, or perhaps specific aspects of these (Yin, 2014, p.31). As laid out in the previous chapter, material of interest is that which relates business and specific in-work benefits in the UK, from 1980 onwards. Theory can be pre-existing, or developed as part of the design stage of research. It may be simple, and should be capable of refutation (Yin, 2014, pp.37-38). The theory used to inform this thesis was set out in the literature review.

There are four broad strategies to analysing case study data: relying on the theoretical propositions which shaped the design of the study, looking for patterns in the data and using these to identify possible relationships, arranging the data according to a descriptive framework, or defining and testing plausible rival explanations. These are not mutually exclusive approaches (Yin, 2014, pp.136-141). Being able to identify similar patterns helps

establish internal validity, and may help provide explanations based on specific variables (Yin, 2014, p.143), although it is important to remember that correlation alone does not show causation, and that there may be other explanations for observed phenomena. As a result, this thesis will explore associations between variables, such as business sector and engagement with aspects of in-work benefits, and draw on theory from the literature review to consider the relative strength of possible explanations for these.

Superficially, case studies can appear useful only for illustrative purposes, unable to test predictions in the way that systematic, often quantitative approaches hope to. A single exception can disprove a general hypothesis, something which could be well demonstrated by a case study (Stake, 2000, p.24). In this study, as in much of the social sciences, there are no cast iron rules which could be taken down by a single exception, but it is nonetheless important whether predictions arising from the literature are supported or not by the case study. Identifying any particularly surprising features of the case may lead to further research into the likely impact of these, where they occur (Schofield, 2000, p.87). In addition, case studies can also be used to establish the plausibility of hypotheses, demonstrating that at least one apparent example does exist (Eckstein, 2000, p.141).

While generalisations are appealing, in the social sciences laws are few, and research can have other aims, such as documenting particular experience (Stake, 2000, pp.21-22). And yet, the aim of this research is to generalise about the understanding and responses of businesses to in-work benefits. Arguments that readers of case studies must determine which other cases they can be generalised to – ‘naturalistic generalisation’ – are extremely weak, failing to explain how readers can be confident that the generalisation is accurate (Gomm et al, 2000, p.99). Case studies are generalisable only to a limited extent; arguments that they may represent microcosms of broader processes can convince only insofar as it can be shown how typical the case is of the overall population (Gomm et al, 2000, pp.99-105).

Single case studies may be of interest where the case is critical, unusual, common, revelatory (permitting observation of something otherwise inaccessible to research), or capable of longitudinal study (Yin, 2014, p.51). Where the case represents something common, it can yield insights into processes which are likely to be more widespread (Yin,

2014, p.52). In this case study, the CBI is not a typical business organisation, given its size and influence. As the largest business organisation, and one generally considered to be the most influential in lobbying government, it is a critical case; if it is not influential in shaping members' views on in-work benefits and representing them to government, it is unlikely that smaller organisations will be. While a smaller organisation might be closer to members, or campaign in a more targeted way, the CBI acts as an umbrella organisation for many sectoral business organisations, and so its archives may also allow their views to be picked up. In addition, consultation responses will provide a route into understanding which business organisations do engage and show whether this supposition is correct. As an additional benefit, the CBI affords a case which permits longitudinal study, as it has substantial and readily accessible archives, as discussed in detail later in this chapter.

Multiple case studies are often considered to provide more persuasive evidence. Once an important finding has been identified, it is important to see whether the other cases produce similar results or contrasting results, but for predictable reasons (Yin, 2014, p.57). For this thesis, the cases would be other business organisations. Individual companies could be considered as cases, although not all companies will engage with in-work benefits. However, there are no other cases with material accessible to anywhere near the extent of the CBI archives, so the cases of other business organisations and companies will be considered more briefly in a combined chapter.

[Bridging the macro/micro gap](#)

A top-down approach starts with a policy decision, and looks at questions such as whether the implementation was in line with the decision, whether the objectives were met, what factors affected the policy impacts, whether intended or not, and how the policy has been altered as a result (Sabatier, 1997, p.273). Such approaches, however, may neglect the role of less central decision-makers - the people writing the policy may not be the key actors. They may ignore the actual strategies used by street-level bureaucrats and recipients of policy, and have little to say about the most complex situations, where there are multiple, competing agencies.

Bottom-up approaches start by identifying the actors who deliver a service in a defined area, and examine their goals, strategies, and networks, finding that the success or failure of

programmes has more connection with the skills of individuals involved in this local implementation than the role of government officials. But such approaches tend to underestimate the indirect role of central bodies in influencing the institutional structures in which individuals operate, can ignore the reasons why specific individuals are involved in delivering or receiving services, and struggle to move beyond the perceptions of the participants to examine factors which they do not recognise (Sabatier, 1997, pp.281-284).

One possible solution is to attempt a synthesis of the top-down and bottom-up approaches, starting with a policy problem, and examining the strategies of actors at various levels to attempt to deal with the issue (Sabatier, 1997, pp.286-287); this is broadly the approach used in this research. The literature review covered the context and implementation of in-work benefits, bringing together both macro- and micro-level approaches. In order to develop a fuller understanding of their working, and in particular the role of business, it is necessary that the research also bridges this gap. The opportunity to analyse a range of documents, both published and unpublished, from a variety of sources, will provide insight into the involvement of businesses in the formation of in-work benefit policy, and the reasons why businesses might engage with in-work benefits.

Temporality

Schofield (2000, p.84) argues that qualitative approaches are more easily able to consider evolution over time. As discussed in section 2.2, the thesis will focus on the period from 1980 to 2018, which saw the resumption of debate after a pause, and the rapid growth of in-work benefits, alongside repeated reforms to the UK benefit system. This will allow an exploration of the development of attitudes to in-work benefits, both among business and among policymakers. Despite covering a substantial time period, it is not possible to locate relevant material for every point in time, just as it cannot cover all participants, so generalisations must be made to other data points in the case study (Gomm et al, 2000, pp.109-111). In addition, the use of older documents may introduce difficulties in interpretation, if they are shorn of context by the passage of time.

In-work benefits in the UK are in the process of change, and they are a field which has grown rapidly over the past few decades. This change presents research opportunities, to investigate responses to these changes, and to produce novel research in an evolving policy

area. The change also presents potential pitfalls; documents may represent outdated positions, so their context is particularly important, and the organisations which produced them may hold evolving positions, and not be aware of recent developments, or perhaps may reinterpret old positions in the light of more recent developments. The literature review and the process of obtaining documents covering a lengthy time period will help produce this context, and the assumptions drawn from these will be discussed in the following chapters where not immediately apparent.

Reflexivity

Researchers are never entirely impartial; the need to maintain an interest in their work determines that they are likely to want it to succeed. They will typically hold preconceived notions about some aspects of their research, perhaps intersecting with a particular theoretical viewpoint, and may hope to uncover particular conclusions. Researchers will conduct research in slightly different ways; for example, two researchers coding the same qualitative data are likely to arrive at different determinations.

The best responses to these issues are to follow clear procedures. If procedures require modification, researchers should be explicit about these changes. It is also important to be clear about expectations, in order that they can be effectively challenged, and these expectations have been detailed in the preceding sections. This research is being conducted by a single researcher, which reduces problems of comparison, but it should be noted that one issue with replicability is that another researcher, even following the same clear procedures, would inevitably receive slightly different information and might code somewhat differently. Again, being explicit in the following chapters about the full procedure followed allows critiques to be made and for readers to judge the robustness of the research.

4.3 Research design

While a qualitative approach has been decided upon, the precise method remains open. Documentary analysis has been selected, as it allows the exploration of texts created over a lengthy time period, showing how attitudes change over time, whereas relying on interviews would limit the number of viewpoints and introduce a risk of people justifying

past decisions in the light of subsequent knowledge or misremembering details of past views and events. In addition, opportunities to conduct interviews were reduced due to the COVID-19 pandemic; the disruption caused by the start of the pandemic even making the organisation of remote interviews unusually difficult. As a result, the research design has expanded to cover three different documentary analysis approaches.

Documentary analysis

Flick (2018, p.8) divides qualitative research into three basic approaches: talking to individuals to collect data on their knowledge and experiences about an issue; observing practices linked to a phenomenon; and analysing the traces left behind by people, consciously or without awareness. Each is associated with a traditional method of gathering data: interviews, ethnographies, and documentary analysis, respectively.

This documentary analysis will rely on texts, primarily written documents, but potentially also speeches and interviews. Texts relate to a specific moment in time and space. They are useful sources of evidence because they are stable, not created as part of the case study, can contain specific details, and may cover a broad range of information (Yin, 2014, p.106). However, they can be difficult to find, the collection or selection may be biased, and access may be problematic (Yin, 2014, p.106). The processes used to create them may or may not be documented, the reasons for their creation may or may not be clear, and the internal negotiations which led to the production of a particular text are very unlikely to be made plain. This thesis will make allowances for this by locating them within the institutions which produced them, considering the location, timing, and practicalities which pertained at the time (Miller, 1997, p.78). Miller (1997, pp.85-87) suggests observation or immersion in a similar workplace as the ideal approaches to this; however, for this research, this is not practical. The range of workplaces being considered and the difficulties of gaining access to the parts responsible for creating the texts mean that these factors must be interpreted from the details contained within them, their timing, format and attribution, and their location within policy networks. Instead, understandings of the organisations will be gained from immersion in the archive texts, and by drawing on supporting literature – for example, for business organisations, the material discussed in section 3.5 provides an introduction to their role.

Although concerns around access are often associated with interviews or observations, gaining access to documents can also be an issue. In other cases, particularly where documents are readily available online, an overwhelming number of documents are available, and the challenge is instead to develop a sampling strategy. In order to do this, it is important to have an idea of the population of documents from which a sample can be taken, and be ready to repeatedly search, scan, review, and refine (Rapley and Rees, 2018, p.381).

Some documents are public; they are created to be engaged with by the public, and there are few concerns with their use in studies. In other cases, documents are private, available only in a specialised archive, or on a password-protected website. Where they were created for a limited audience, or for a purpose very different to the subject of the research, their use needs to be considered and justified (Rapley and Rees, 2018, p.382).

Scott argues that there are four criteria which determine whether a source is of sufficient quality that it can be drawn upon: authenticity, credibility, representativeness, and meaning (Scott, 1990, pp.19-36). Table 4.1 explores the level of confidence in each of the major sources this thesis draws on, for each of his criteria.

Authenticity is not a major concern with the materials being used; the origin in each case is clear, and there is little opportunity or motive for fake documents to be included. Credibility, however, is a major concern. Parliamentary debates and responses to government consultations are for particular audiences, and may not represent the genuine opinions of those giving them. This is a considerable problem, and the reasons why participants may present their views in a particular way, will be discussed in each of the following analytical chapters.

Table 4.1: Level of confidence in sources, using Scott’s criteria for quality sources¹⁴

Criterion	Description	Hansard	Government consultations	CBI archives
Authenticity	Is the evidence genuine and of unquestionable origin?	High – official publication	High – official publications	High – materials deposited by CBI
Credibility	Is the evidence free from error and distortion?	Low – Parliamentarians likely to present evidence in ways which suit them	Low – respondents likely to present evidence in ways which suit them	Medium – documents produced for different audiences
Representativeness	Is the evidence typical of its kind, and, if not, is the extent of its untypicality known?	High – complete record of debates	Medium – range of views, but availability of responses varies	Medium – range of material included, but some types less available
Meaning	Is the evidence clear and comprehensible?	High – produced for public audience	High – produced for public audience	Medium – produced for different audiences

As a complete record of Parliamentary debates, Hansard is highly representative of this particular type of evidence; care will need to be taken in sampling, but the corpus is unproblematic. Not all government consultations are available, and the CBI archives are not comprehensive, and so this thesis will also consider what evidence is not present, and how this might affect the conclusions which can be drawn.

At the surface level, the meanings of Parliamentary contributions and responses to government consultations are generally clear, as they are produced for a non-expert audience. Some CBI archive material is similarly clear, although some unpublished material may assume additional knowledge. However, there may be less obvious meanings – for

¹⁴ Criteria and descriptions are from Scott (1990, p.6)

example, the reason for a particular word choice, or emphasis on specific ideas – and this will also form an important topic of discussion in the analytical chapters.

A search process can be entirely pre-defined, but this may prove unsatisfactory; unless the initial search protocol is perfect, it is likely to miss some documents which are relevant, perhaps because their topic of interest is not their primary subject, or because they use different terminology (Rapley and Rees, 2018, p.386). Alternatively, a more “organic” or recursive search process can combine a number of passes and complementary strategies (Rapley and Rees, 2018, p.386). In either case, the process must be transparent, justifiable and replicable. The process used in this thesis is set out, below, in order to achieve these aims.

Coding

This research will take a structured approach to the documentary analysis. In order to obtain relevant documents from online searches, a purposeful sampling approach will be adopted, planning in advance the search terms which will be adopted. For the CBI documents, no sampling is required, and all archived materials will be examined to identify which are relevant to business and in-work benefits.

Once documents have been identified, work can begin on analysing them. When analysing qualitative data, context and process contribute to the meaning. Such meanings emerge through interpretation and cannot be gleaned simply through, for example, counting the frequency of specific words or phrases (Altheide, 1996, p.10). One option is Quantitative Content Analysis, which focuses on the frequency and extent of messages, rather than their meaning, relying on a predetermined protocol (Altheide, 1996, pp.15-17). But some themes may only emerge through study of the data. This can be achieved through Ethnographical Content Analysis, a recursive process, relying not just on predetermined categories, but also on those that emerge through the study, based on the reflexivity of the researcher. Coding data conceptually allows the possibility of using the same item for more than one purpose (Altheide, 1996, pp.15-17). Utilising this approach allows changes to coding as the researcher works through the data, with the aim of achieving consistency of meaning, and the process should become more precise as the researcher becomes more familiar with the data (Altheide, 1996, p.68). This analysis will be conducted using NVivo software.

Walliman (2018 , p.97) describes content analysis as “rather positivistic”. He notes that it is important to carefully sample and categorise, in order to maintain objectivity, reliability and generalisability, and to permit the generation of theories. While his summary of the method is simplified, it is a useful starting point (Walliman, p.98):

1. State the research problem
2. Sample to produce representative findings
3. Devise the units of analysis
4. Describe and number the codes
5. Retrieve the coded fragments
6. Do quality checks on interpretation
7. Analyse the data

The quality checks which Walliman (2018, p.98) suggests are looking at the units of analysis – can the themes be divided from the rest of the text; at classification – are the units similar enough to be combined; and at the weighting of the combined data – what justification can be given to the weighting of different elements in the final analysis?

The advantage of this approach is that large amounts of data can be analysed, in order to draw generalisations. However, it cannot directly show the impact that the analysed material has on its audience (Walliman, 2018, p.99). Instead, evidence of this will be gathered indirectly, by triangulating between documents provided by different sources, and exploring where lobbying organisations are named as influential, or the themes they raise are picked up by their intended targets.

Using an approach laid out by Saldana (2013, p.19), the first step will be to pre-code, highlighting which sections of each document appear relevant to the analysis, and marking interesting quotes for future reference. While there are many possible approaches to coding, with no single ideal approach, some are more relevant to the type of data and the research questions (Saldana, 2013, pp.16-17). In line with Saldana (2013, p.60), the coding

method was decided upon only after the data collection and review process for each source of material was complete.

The research questions in this thesis are broadly about understanding the nature of things, and so the best fitting coding options are descriptive, process, initial, versus, evaluation, dramaturgical, domain and taxonomic, causation or pattern coding, and also theming the data (Saldana, 2013, p.61).

One way to understand coding is as taking place in two cycles (Saldana, 2013, pp.59-60). First cycle coding can be understood as a first draft, establishing what is in the documents and may prove important, and constructing a hierarchy of codes covering those parts of the material which are to be included in the analysis. When working with existing documents, descriptive coding is the best fit – coding an inventory of the data's contents (Saldana, 2013, pp.64, 88). As codes were created in NVivo, each was given a description, and where relevant, notes on inclusion and exclusion criteria, to aid consistency and quality assurance (Saldana, 2013, p.25).

On a first pass, relevant terms were identified, and documents also classified according to date, type of document (for example, consultation response, press release, or internal report), features of the organisation producing it, and the actors mentioned in it. As work continued, emergent concepts were identified. These are those concepts relevant to the research which appear in multiple documents.

The second coding cycle aims to reorganise and condense the large number of first cycle codes into new sets and themes (Saldana, 2013, pp.59-60). A pattern coding approach was used, creating explanatory codes that pulled material into emergent themes and explanations (Saldana, 2013, pp.209-210).

A distinction can be made between themes, recurrent ideas which run through many documents, and frames, which provide a focus for how particular events are discussed. Some themes and frames may be more common among organisations with particular characteristics. For business, drawing on section 3.5, these are anticipated to include organisation type, industry, and location. Once themes and frames have been identified, they can be compared against the research questions. In-work benefits might be seen

through a welfare frame, or a taxation frame, and these would determine what will and will not be addressed and how it will be discussed (Altheide, 1996, p.31).

Drawing on knowledge of the type of data available, and the considerations for thematic analysis, an initial coding framework (table 4.2) was developed, and the material was coded accordingly.

Table 4.2: Initial coding framework

Code	Applied to	Values	Notes
Document type	Document	Debate, consultation, publication, letter, etc.	
Audience	Document	Public, business, internal	Only used for CBI material
Year	Document	1968 – 2020, unknown	Year that debate was held or document was produced
Location of debate	Document	House of Commons, House of Lords	Only used for material from Hansard
Organisation	Document	CBI, Institute of Directors, FSB, sectoral organisations, etc.	Used for consultation responses and CBI documents
Industry	Document	[see table 3.5]	Used for consultation responses
Location	Document	[regions of the UK]	Used for consultation responses, where business does not operate nationally
Party affiliation	Contribution	Labour, Conservative, etc.	Only used for material from Hansard
Sentiment	Contribution/ Section of document	Positive, negative, mixed or neutral	
Impact	Contribution/ Section of document	Impact on business, impact on individuals	
Type of benefit	Contribution/ Section of document	Universal Credit, WFTC, WTC, CTC, etc.	
Relates business and benefits	Contribution/ Section of document	Yes, no	

Most of the decisions involved in the initial coding are self-evident. It should be noted that coding of 'impact', 'type of benefit' and 'relates business and benefits' was used whether these concepts were explicit or implicit; where implicit, a decision on whether to code was made taking into account the context of the rest of the document, and the information learned from the corpus of text, and the literature review.

The coding of sentiment is a well-established practice, and a three-point scale of positive, mixed or neutral, and negative, can be consistently applied. While there are many efforts to automate sentiment analysis, human judgement remains more accurate (van Atteveldt et al, 2021), and that is the approach used in this thesis, with the author making all coding decisions. Specifically, what is being coded for is expressed sentiment – whether the section of the document is phrased positively, negatively, or in a mixed or neutral manner. As the analysis relies on written texts, there are no vocal cues to draw on, and it is not possible to consistently determine whether the expressed positivity or negativity represents a genuine emotion, or is employed rhetorically, although where relevant, this will be discussed in the analysis. In cases where, taking context into account, sentiment remained unclear, it was not coded.

Qualitative data need not be used solely for a single research project; while reuse can lead to ethical concerns and worries about decontextualisation, it makes reanalysis or future meta-analyses possible (Flick, 2018, pp.11-12). As this thesis draws in part on publically available sources, some of the working materials will be made available to future researchers, through the Economic and Social Research Council.

Saldana (2013, p.250) recommends storytelling, often using a chronological order to explain how things happened. The analytical and discussion chapters will use this as an overarching approach to presenting material, while also presenting insights by theme and by research question. This approach, drawing on chronology, fits well with a historical institutionalist method.

4.4 Parliamentary debates

The first step is to identify pre-existing data from a variety of relevant sources.

Parliamentary debates are a rich source of data, and they are recorded in Hansard, which

provides a fully searchable online record, including almost everything spoken in the UK Parliament since the early 19th century (UK Government, undated). This means that a good search strategy is required, in order to identify the material most likely to be relevant to this thesis.

In section 2.3, the most relevant benefits were identified, and the search terms need to identify material relating to them. As a result, 'Universal Credit' and 'Housing Benefit' are important search terms. Given the wide range of tax credits, and the possibility that they may be referred to collectively, it makes sense to adopt 'tax credits' as a search term, rather than the full titles of the individual benefits in this category; it will be necessary to prune results which do not relate to in-work benefits but rather to other types of tax credits. Numerous small in-work benefits schemes have existed, and a comprehensive list is not available. Instead, to learn about other schemes which have been understood as in-work benefits, the term 'in-work benefits' will also be adopted as a search term. Other search terms, such as 'wage supplements' and 'work subsidies' were considered but abandoned as they picked up large amounts of irrelevant material and did not lead to the identification of relevant contributions not covered by the above terms. These initial searches showed very few hits from before 1980, consisting almost entirely of false positives, so the pre-1980 hits were discarded.

Because the very large number of hits for 'Universal Credit', 'Housing Benefit' and 'tax credits' make any sort of methodical approach impractical, searches were also conducted adding 'business' to each, hoping to filter out results with no relevance to business. The number of results are shown in table 4.3, below. As might be expected, the term 'Universal Credit' has only been in use since 2010. Discussion of the term 'in-work benefits' peaks twice, in the late 1990s and late 2010s, while that of tax credits increased greatly from 1997 and has now levelled off. While the online Hansard archive is generally comprehensive, the website notes that some debates from the 2005/2006 session is missing, and this could explain the surprisingly low figures across all searches for 2005 in particular.

In response to this, a manual search of Hansard for the 2005/2006 session was conducted, referring to the index entries for 'welfare tax credits' and for 'Housing Benefit'. While there were numerous debates under these headings, the word 'business' was not used alongside

'tax credits' on any occasion, and was found alongside 'Housing Benefit' only once. This tallies with the online search, as the other hits for these combinations in 2005 and 2006 were for the previous or subsequent Parliamentary terms; the low figures found by the online search for 2005 are correct, and reflect a genuinely low frequency of debate on the topic in this period. Due to the time period, there was no discussion of Universal Credit. It was not possible to search for the term 'in-work benefits' in the same manner, as it was not indexed, but a manual search through potentially relevant debates identified one additional instance of its use.

The manual search did not turn up any useful discussion of business and in-work benefits which did not include the key terms. There was one instance where self-employment was mentioned without the term 'business' appearing, but the discussion was not relevant to the topic of this thesis. This supports the validity of the approach for assembling a corpus of potentially relevant debates.

Between the four searches, there are a total of 3,506 hits. Each is a separate contribution to a debate by a specific speaker. They vary in length from entire budget speeches to brief interjections and questions. A small number of hits are not individual contributions, but rather lists of business for a particular session.

Table 4.3 breaks down the hits by year, and shows certain years with more hits than those before or after. These years are of particular interest, as they suggest a level of debate, rather than isolated statements. Such a peak might represent a moment of crisis, a potential turning point, but whether or not it proves to do so, these periods of debate are most likely to represent a possibility of change.

The peaks with more hits than surrounding years, and at least ten hits in total, are highlighted with a grey background. The hits were examined to help understand how Parliamentary debates around business and benefits have developed over time, with particular attention to the peaks. In addition, all hits for the five-year period from 2014 to 2018 were examined in detail, to help build a more detailed understanding of the current state of debate.

Table 4.3: Results of searches in Hansard

Year	In-work benefits	Housing Benefit + Business	Tax Credits + Business	Universal Credit + Business
1980	0	0	1	0
1981	0	3	2	0
1982	0	7	2	0
1983	0	9	4	0
1984	1	21	1	0
1985	0	17	4	0
1986	0	33	2	0
1987	0	24	2	0
1988	1	61	0	0
1989	10	30	2	0
1990	3	26	0	0
1991	2	17	7	0
1992	2	8	1	0
1993	2	23	2	0
1994	8	24	2	0
1995	45	24	4	0
1996	11	52	1	0
1997	21	28	35	0
1998	22	30	49	0
1999	19	26	114	0
2000	5	13	23	0
2001	9	28	38	0
2002	5	29	86	0
2003	2	20	60	0
2004	1	12	47	0
2005	0	0	6	0
2006	2	2	20	0
2007	6	24	90	0
2008	9	20	46	0
2009	3	12	51	0
2010	7	56	69	15
2011	16	39	69	73
2012	19	48	69	71
2013	44	39	53	55
2014	33	50	56	93
2015	78	55	190	67
2016	54	37	68	83
2017	27	28	35	120
2018	7	22	30	117

Duplicates were removed, and in each remaining document, the paragraph around each mention of the search term was examined to determine whether it related business and benefits. The relationship did not need to be explicit. Cases where there was no relationship were rejected, as were those where the only impact was on businesses which processed benefit claimants or data about welfare. Other rejected cases included those where 'tax credits' referred to research and development tax credits, and those where business referred to the business of the House of Commons. This process allowed the removal of a large number of false positives; for example, for the period 2014 to 2018, only 68 documents proved to relate business and benefits. Having cleaned the data, 205 documents relating business and benefits were identified, sufficient to inform an in-depth analysis.

4.5 Government consultations

Government consultations conducted since the election of the Conservative-Liberal Democrat coalition government in 2010 are available on the gov.uk website. Consultations conducted before this are no longer available on the gov.uk website, but those back to about 2001 have been archived and are available on the National Archives website. As a result, it was necessary to conduct each set of searches twice, once on the gov.uk website, and once on the National Archives. Very few consultations appeared on both sites, but the lists were compared to remove duplicates. The gov.uk website allows searches to be restricted to consultations, but the search facility on the National Archives is very limited. To circumvent this, searches for material on the National Archives were conducted using Google with the parameter 'site:https://webarchive.nationalarchives.gov.uk', and the keyword 'consultation' was added to the string to be searched for.

Consultations conducted before 2001 are not generally available online, but the Revenue Benefits website provides a useful list of the most important consultations since 1997. The number listed on the site is sufficiently small that no sampling is required, the relevant consultations can be identified by manually looking through the list.

Consultations held before 1997 are not readily available. Government departments do not routinely retain information over such a long time period, so attempting to source these from Freedom of Information requests was not pursued. Consultations are likely to be held

on paper in the National Archives. However, judging by the presentation of consultations from the late 1990s and 2000s, this archived material is likely to focus on summaries of views, and at most provide limited quotes, rather than a full list of responses. As a result, this option was also not pursued.

In order to identify the relevant consultations on the gov.uk and National Archives websites, four searches were conducted on each site. The first was for the term ‘in-work benefits’. However, the term ‘in-work benefits’ has not frequently been used by British governments. As a result, searches were also conducted for the titles of specific in-work benefits: ‘tax credits’, ‘Universal Credit’ and ‘Housing Benefit’. Consultations have also been conducted into Research and Development Tax Credits, an entirely separate form of business subsidy, and so those results containing the term ‘Research and Development’ were excluded. Table 4.4 lists the number of hits returned for each search, on each site.

Table 4.4: Hits for consultations by search term

Source	Search term	Results
UK Government website	“tax credits”	414
UK Government website	“Universal Credit”	135
UK Government website	“housing benefit”	573
National Archives website	“tax credit” consultation – “research and development”	100 ¹⁵
National Archives website	“housing benefit” consultation	100 ¹
Revenue Benefits website	N/A	13

While the raw number of hits is high, a large number were not useful for the analysis. In numerous consultations, in-work benefits were not the focus; the mention of one of the search terms was incidental. Some consultations used the search terms, but not in relation to in-work benefits: for example, in discussing benefits voluntarily provided to employees by

¹⁵ This search method returns a maximum of 100 results for each search.

companies, or the activities of credit unions. Some results are false positives and are not actually consultations. Some consultations focused solely on the processing of data relating to in-work benefits, the production of statistics, the staffing of government-run services, or the impact of in-work benefits on other government schemes outside the remit of this thesis. Excluding these irrelevant hits, it was possible to produce a shortlist of more relevant consultations, as shown in table 4.5.

Table 4.5: Production of a shortlist of more relevant consultations

Process	Remaining results
Combine data	1335
Remove duplicates	1030
Remove results which do not relate to in-work benefits	191
Remove results which are not consultations	158
Remove results of limited relevance to study	44

This shortlist of 44 consultations is too lengthy for a complete analysis, but it does produce a list sufficiently short to give an idea of the material available for analysis, and the broad timeline of consultations about in-work benefits in the UK, since 1997.

The 44 consultations were examined in detail, and those where responses did not relate business and in-work benefits were removed. Finally, those where responses were not available for analysis were removed. This allowed the identification of five key consultations, listed in table 4.6.

Even in these cases, full responses were not always available – three of the consultations have reports containing substantial quotes from many of the organisations and individuals who respond, but not providing all the information and therefore potentially omitting important context. The 2010 and 2015 consultations are, therefore, particularly important, and while responses to all five consultations will be considered, most focus will be given to these two with full responses. Consideration was given to contacting government departments or visiting the National Archives to explore whether additional responses might be available, but as with the pre-1997 material, it was considered unlikely that these would have been retained, and even if they had been, where assurances against full

publication had been given, government departments would have strong grounds for refusing a Freedom of Information request.

The relevance of the 2010, 2011 and 2018 consultations is clear. The 2015 inquiry focuses on the government’s Work Programme, often regarded as an out-of-work welfare scheme, but holding an unusual position in that, while entrants to the scheme were long-term unemployed, they were then placed in work with a company and their employment directly supported and subsidised, making it a useful set of responses to understand business responses to welfare-based subsidies for staff they employ.

Table 4.6: Five key consultations

Year	Title	Main benefit	Responses available
2010	Changes to Housing Benefit announced in the June 2010 Budget	Housing Benefit	Full
2010	21st century welfare	Universal Credit	Quotes
2011	Passported Benefits under Universal Credit – review and advice	Universal Credit	Quotes
2015	Welfare to Work Inquiry	Work Programme	Full
2018	Moving claimants to Universal Credit from other working age benefits	Universal Credit	Quotes

The search process also identified three written responses to other Select Committees which are available and relate business and in-work benefits. Two are from the Confederation of British Industry: one on the 2012 consultation, *Universal Credit implementation: meeting the needs of vulnerable claimants*; and one on the 2013 consultation on the role of Jobcentre Plus. The other is from the Federation of Small Businesses, on the 2010 consultation on the White Paper on Universal Credit. These will be considered alongside the main corpus, providing additional evidence of business attitudes.

There are gaps in this process of identifying business responses to consultations. Some topics are not consulted about, and in some cases, consultations were held, but responses are unavailable. This process does not, and is not intended, to provide a comprehensive overview of business opinion on all in-work benefits. Instead, it is intended to understand

how businesses have communicated their opinions on in-work benefits to government – the assumptions they make, the ways in which they frame their arguments, and the topics on which they choose to engage. The consultations which have been selected cover a period from 2010 to 2018. Although it is possible that responses could include references to understandings of earlier in-work benefits, the period from 2010 is particularly important as it is the most recent period covered in this thesis, and will therefore have most relevance for understanding the current situation; and as will be seen in section 4.6, the CBI archive is less rich in this period, so having this additional material is particularly valuable.

4.6 CBI documents

There are many business organisations in the UK, as discussed in the literature review. Table 3.4 in the literature review illustrates some of the most important business organisations, and their remits. It is impractical to consider the position of every possible business organisation on in-work benefits, but it is possible to identify those which might be expected to engage most strongly with the topic.

It is also possible to consider which organisations might have the strongest engagement with in-work benefits. For example, those representing industries where low pay is prevalent may be more likely to engage with the topic, and those representing single industries may be more likely to hold an agreed position on it than those covering a range of industries. However, larger-scale organisations are more likely to have the resources to research and lobby on issues of interest to their members.

Table 4.7 gives information on the archives of the business organisations which were discussed in the literature review. Most business organisations require written permission to access their archives, and this is not readily given.

Many archives are relatively small, and many are poorly organised. Enquiries about the Chambers of Commerce archive at Exeter revealed that it contains only papers of its legal committee, and so is unlikely to have material relevant to this thesis. In some cases, organisations will not even readily disclose what their archive contains, and whether it is catalogued. The Institute of Directors regards access to its library, containing policy reports and publications, as a benefit of full membership, and without clear information on archive

contents, this cannot be justified for this research project. In contrast, the CBI archive is freely accessible to researchers, with the only restriction being that researchers who produce work drawing heavily on it must submit a copy of their research to the organisation. This does not give the CBI any right to edit or redact material from the research, so ethical questions around potential censorship of controversial issues do not arise.

Table 4.7: The archives of the main business organisations¹⁶

Business organisation	Location of archive	Period covered	Restrictions on access	Notes on organisation
Confederation of British Industry	University of Warwick	1965 – 2015	Papers substantially based on the archives must be submitted to the CBI ¹⁷	Most material has been catalogued
Federation of Small Businesses	Unknown	N/A	N/A	N/A
Institute of Directors	Institute of Directors	1903 - present	Limited access, only on request to organisation	Unknown
Chambers of Commerce	Guildhall Library	1860 – 1973	None	Unknown
	University of Exeter	1973 – 1988	Restricted access	Not catalogued
British Retail Consortium	British Retail Consortium	1912 – 1970s	Not disclosed	Unknown
National Farmers' Union	University of Reading	1909 – 1946	None	Loosely catalogued
Building Societies Association	Building Societies Association	Unknown	Not disclosed	Unknown

As Table 4.7 shows, the accessibility and range of the CBI archive is unique among business organisations, and this gives the opportunity to investigate the organisation's evolving understanding of, and response to, in-work benefits.

The CBI archive contains a wealth of documents. While, as with any archive, there are some gaps, almost all CBI publications have been archived, with the majority of publications being targeted at CBI members. Minutes of most, but not all, CBI committees are available. There

¹⁶ This table is compiled from information provided by the holder of each archive, supplemented with details from Cook (2012).

¹⁷ As this thesis draws in part on material in the CBI archive, a copy will be submitted to the CBI. This does not give the organisation any influence over the content.

are also internal papers, for example, memos to staff, and discussion papers produced for committee members only. These have generally been collated by staff members, and there is no consistency to what has been kept, but where material does survive, it gives an opportunity to better understand internal processes, and to fill gaps in minutes, helping understand how policy positions developed.

The papers cover the period from the formation of the CBI, in 1965. CBI publications are well represented until about 2010, while minutes of committees are generally available until the mid-2000s. Internal papers, where present, are available for the period up to the late 1990s.

Table 4.8 shows the range of documents from the archive which were consulted for this research. While some documents consulted did not prove to relate to in-work benefits, a large corpus of relevant material was identified and forms the main source of information for Chapter 7.

Table 4.8: Archive documents consulted

Document type	Years available	Intended audience	Benefits discussed	Number of documents
Employment Trends Survey	2002 - 2010	Members	Minor schemes, minimum wage	16
Employment Affairs Report / HR Report	1985 - 2009	Members	Family Credit, WFTC, WTC, CTC, minor schemes, minimum wage	107
CBI News / Business Voice	1981 - 2000	Members	Minimum wage	63
Presidents Committee documents	1995 - 2003	Committee members	Family Credit, WFTC, WTC, CTC, minor schemes, minimum wage	25
Chairman's Committee documents	2010	Committee members	None	2
Council documents	1994 - 2006	Council members	WFTC, minimum wage	13
Documents relating to tax credit proposal	1973 - 1974	Various	Tax credit proposal	25
Other documents	1970 - 2010	Various	None	7

[Information available online](#)

The CBI archive is not the only source of information from the organisation. While more recent internal minutes and papers are not available, CBI publications from 2010 are available in many libraries, and most have also been published online through the CBI website. The amount of recent material from the CBI publicly available on its website is

limited, but archived versions of the site allow access to much material covering the period from 2010 to 2013. Table 4.9 shows the range of material available on the current and archived versions of the site, and key documents which were identified from web searches on these sites.

Table 4.9: Material published by the CBI online

Document type	Years available	Intended audience	Benefits discussed	Number of documents
Web pages	2010 – 2013	Public	Universal Credit, Work Programme	6
	2017 – 2021	Public	Universal Credit	21
Other online documents	2012	Members, policymakers	Work Programme	1
	2017 – 2020	Members, policymakers	Universal Credit	2

While the archived online material is more comprehensive, including substantial amounts of uploaded documents aimed at members, little of it is relevant to in-work benefits: only 7 documents, 6 of which are web pages. The current version of the website has more material, but it is wholly focused on Universal Credit, with nothing on any minor or legacy benefits.

Gaps

Despite the efforts made to identify all documents produced by the CBI which are relevant to in-work benefits, some gaps remain, as illustrated in table 4.10. The archive is not complete; while gaps in it are not explicitly recorded, in some cases they are evident. For example, occasional issues of regular publications are missing, and from the late 1990s, there is little internal material. Some other material which would be of interest in understanding the workings of the CBI are not available in the archive; there are no full

membership lists available, and minutes of the CBI’s committee covering trade federations, the Trade Association Council, are not present in the archive.

Table 4.10: Timeline of CBI source material

Period	Publications	Minutes	Internal papers
1965-1969	Archive, largely complete	Archive, limited	Archive, limited
1970-1979	Archive, largely complete	Archive, limited	Archive, limited
1980-1989	Archive, largely complete	Archive, most available	Archive, limited
1990-1999	Archive, largely complete	Archive, most available	Archive, very limited
2000-2009	Archive, largely complete	Archive, limited	Not available
2010-2020	Website, largely complete to 2013 then patchy	Not available	Not available

While the web material helps fill some gaps, internal documents have not been made available online, and the minimal amount available on post-2013 versions of the organisation’s website means that there may be some more recent publications missing. In addition, given the dates of material published on the internet, it is evident that only current material was uploaded, so it is not useful in filling any gaps from before 2010.

While some gaps cannot be filled, some information can be ascertained from the sources which are present. For example, lists of committee members give some indication of the CBI’s overall membership, albeit those members which were most engaged with the organisation. Limited information on the Trade Association Council is available, summarised in the minutes of the CBI council. This helps give an idea of the range of perspectives represented by the CBI, in terms of actual engagement with its structures.

In summary, the combined material is particularly strong for the 1980s and 1990s. From 2000 to 2013, publications are largely complete, but there is increasingly little internal material. For the period since 2014, information is most limited. As a result, the chapter

will focus on discussing the CBI and in-work benefits in the 1980s and 1990s, with references to more recent developments where the material is available.

Identifying relevant documents

The available material can be matched with the major developments in the UK welfare system, shown in Tables 2.2 and 5.1. Table 4.11 compares these key in-work benefits with the available material in the CBI archive, to indicate the periods in which engagement with in-work benefits is most likely.

Table 4.12 develops this further, by listing the material engaging with a specific benefit, for each year. The material engaging with the minimum wage is also listed, in part for comparison, but also because it was introduced alongside tax credits, and attitudes and opinions on it may reveal more about CBI attitudes to in-work benefits. The amount of material varies significantly by year, with peaks largely aligning with the key events listed in table 4.11. However, some events, such as the introduction of Working Tax Credits and Child Tax Credits in 2003, were not accompanied by larger numbers of documents. The developments of 2014 to 2018 are also greatly under-represented, with few documents of any sort available from this period.

A full list of all the material consulted is available in Appendix 1.

Table 4.11: CBI material to examine for key developments in in-work benefits

Year	Key in-work benefit developments	Source material to examine
1980		Archival material: publications, minutes and internal papers
1981		
1982	Housing Benefit devolved to local authorities	
1983		
1984		
1985		
1986	Family Credit introduced	
1987		
1988		
1989		
1990		Archival material: publications, minutes and limited internal papers
1991		
1992		
1993		
1994		
1995		
1996		
1997	Election of Labour government	
1998		
1999	WFTC introduced	
2000		Archival material: publications and limited minutes
2001		
2002		
2003	WTC and CTC introduced	
2004		
2005		
2006		
2007	Gordon Brown succeeds as Prime Minister	
2008		
2009		
2010	Election of Con-LD gov	Web material: archived material
2011		
2012		
2013	Start of UC rollout	
2014	Benefit cap reduced	Web material: current material
2015	Election of Con government UC rate cuts announced but most not carried through	
2016		
2017	Payments limited to two children	
2018	Completion of UC rollout for new claims	
2019		
2020		
2021		

Table 4.12: CBI material which engages with specific benefits

Year	FC	WFTC	WTC/CTC	UC	HB	Other benefits	Minimum wage
1985							1
1986	4					1	
1987							
1988						1	1
1989	1					2	1
1990	1					1	1
1991						1	
1992						3	
1993						2	
1994						3	
1995	3				1	3	2
1996	1					3	1
1997						2	7
1998	1	1					3
1999		1	1				3
2000		1				1	
2001		5				1	
2002		1					
2003			1				
2004							1
2005			1			1	1
2006							
2007						1	1
2008						1	1
2009							1
2010			1				2
2011						1	1
2012				1		4	1
2013				1			1
2014							
2015							
2016							
2017				1			
2018							
2019				1			
2020				18			
2021				5			

The documents differ in relevance and importance, ranging from single mentions of a benefit to lengthy pieces entirely focused on a specific in-work benefit, but this does demonstrate where there is likely to be a significant amount of material to analyse, and

where there are gaps. From the archival material, the successive introductions of Family Credit, Working Families Tax Credit, and then both Child Tax Credit and Working Tax Credit, were major developments in in-work benefits, reflected in high levels of discussion in Parliament. From the web material, the gradual introduction of Universal Credit was a major development, and the proposed cuts of 2015 might also be mentioned in the material.

As shown in table 4.13, Farnsworth (1999, pp.138-142) divides CBI documents into five categories, according to their intended purpose and audience. Since Farnsworth's work, the CBI has begun publishing significant amounts of material online. Much of this can be classified using his approach, although it also includes an increased amount of literature aimed at the public.

Table 4.13: Farnsworth's classification of CBI documents

	<i>CBI News</i>	Annual reports	Occasional papers		
			Internal	External primary	External secondary
Description	Regular journal with reporting on economic news, current affairs and government policies	Financial accounts, review of activities and future projects	Technical and legal information, details on current CBI policy and discussions on it, CBI events	Evidence to government committees, meetings and correspondence with officials	Documents encouraging members to get involved in lobbying, joining other bodies, etc.
Target audience	Members	Members	Members	Policymakers	Members
Frequency	Fortnightly (to 1984) Monthly (1984 on)	Annual	Occasional	Occasional	Occasional

4.7 Conclusion

This chapter has taken the four research questions arising from the methodology, and sought to operationalise them, breaking them down into component question headings which can be addressed in the empirical work, and the findings then combined to answer the research questions.

A qualitative methodology is the appropriate choice for the work, as it is seeking to explain how businesses relate to in-work benefits, rather than simply measuring specific outcomes of the relationship. While interviews have been considered, practical difficulties make a documentary analysis approach preferable, and there are good reasons to believe that this approach will allow all the research questions to be addressed. The chapter has laid out the major difficulties with qualitative approaches, and how they will be addressed; in particular, how validity will be addressed, and the reasons for caution about generalisability. However, the CBI is a critical case, which will allow for the testing of ideas about the influence and engagement of business in the policy-making process around in-work benefits, and the views of Parliamentarians are a second, longitudinal, and comprehensively recorded case. The views of other key actors will be interrogated through responses to government consultations, where they are most visible.

In a sense, these can be seen as moving from a higher to a lower level of politics, starting with the review of text from Hansard, exploring how the views of government and political parties are influenced by business. The views of individual businesses, business organisations, and organisations representing labour and claimants, are likely to introduce a wider range of views, while the CBI case study will allow the investigation of how the views of business arise and are communicated. Hansard and the CBI archive, in particular, are unique resources, providing longitudinal insights which cannot be obtained elsewhere. The government consultations are from the 2010s, a period in which there is less CBI material available, and so in this sense they are complementary.

In each case, the available documents are too numerous for a complete analysis, and the majority of documents do not related to in-work benefits. However, using a variety of search techniques, it has been possible to identify those documents most likely to be of interest, and then manually search through them to identify which are genuine hits,

addressing the relationship between business and in-work benefits. Specifically, these are 205 Hansard documents, each generally representing a specific debate; 5 key consultations, listed in table 4.6; 258 CBI archive documents, listed in appendix 1 and summarised in table 4.8; and a further 30 online CBI documents, summarised in table 4.9. These comprise a substantial corpus, sufficient to form the basis of the empirical study, and likely to contain a wide range of perspectives.

Having set out the research questions, the method of analysis, and the documents to be studied, the following three chapters will lay out the details of the empirical work and the findings reached.

Chapter 5: Parliamentary discourse on business and in-work benefits

5.1 Introduction

This thesis addresses the relationship between business and in-work benefits. In-work benefits have been introduced and altered by successive governments, and so their workings have been debated in Parliament. As laid out in section 3.5, Parliament plays an important role in framing debates, representing a variety of views and ideologies. These include both those of the government, responsible for introducing new policies and justifying their operation; and those of opposition parties, with diverse perspectives but often critical of government policy. This chapter begins to explore the research questions by examining how Parliamentarians have understood the relationship between businesses and in-work benefits, and how this perception has developed over time; paying attention to who speaks on topics, what they say, and potential explanations for why they do so. Organised business attempts to influence policy development were also discussed in section 3.5, and any indications of this will also be drawn out.

A selection of Parliamentary debates most relevant to business and in-work benefits were identified in section 4.4, and in this chapter, they are analysed. Firstly, the development of Parliamentary debates around in-work benefits is explored in order to illustrate the different positions and approaches that exist across different ideologies and parties. In section 2.3, the review of the development of in-work benefits in the UK showed an increase in the amount spent and number of recipients from the early 1980s to the present. Correlating with this, the frequency of relevant debates increases during the period from 1980 to 2018. There are peaks around the years with key events, which were identified in the literature review – the introduction of new in-work benefits, and major proposed changes to important schemes. There are numerous mentions of business in relation to Family Credit, the various tax credits, and the in-work elements of Universal Credit. However, business is rarely raised in debates relating to Housing Benefit. Eleven key themes relating to business emerge from these evolving discussions: administration costs, benefit recipients spending money, childcare, corporate subsidies, employment and unemployment, flexibility, productivity, self-employment, tenancies, training, and wage levels.

Most frequently, politicians raise the position of people in poverty, even though, as shown in section 2.5, this does not always correlate with low pay and the targeting of these benefits.

The more recent debates are discussed in the greatest detail, allowing a fuller picture of the current state of debate on in-work benefits and where business fits into this. All eleven key themes appear in the recent debates, with corporate subsidies, self-employment and wage levels being the most widely discussed. The identified themes are then drawn out and analysed in more depth, considering how they have been presented by members of the various Parliamentary political parties. All the major political parties engage with the debates, particularly in the House of Commons, although there is variation in which themes they engage with, and their attitudes to them. There are cases where a party line is being delivered, but some other contributions do not appear to serve a party political interest.

The final section of this chapter then applies these findings to the research questions. It is found that in-work benefits are viewed primarily as 'social welfare', but that they are also often considered to be part of the corporate welfare system. Parliamentarians have mixed and sometimes contradictory understandings of the relationship between in-work benefits, business and businesses. Wage levels and corporate subsidies emerge as the most important themes, and there is a change in attitudes over time to the idea of in-work benefits, with views becoming increasingly negative. There is much discussion of self-employment, with very mixed views, while there is a widespread suspicion of larger businesses and the ways in which they may respond to in-work benefits. Discussion tends to focus on business as an employer, with less on sectoral interests. However, views differ on whether the actions of businesses are affected by in-work benefits, and while there is some evidence of an impact of lobbying by businesses, it is unclear how this occurs, and how influential they are.

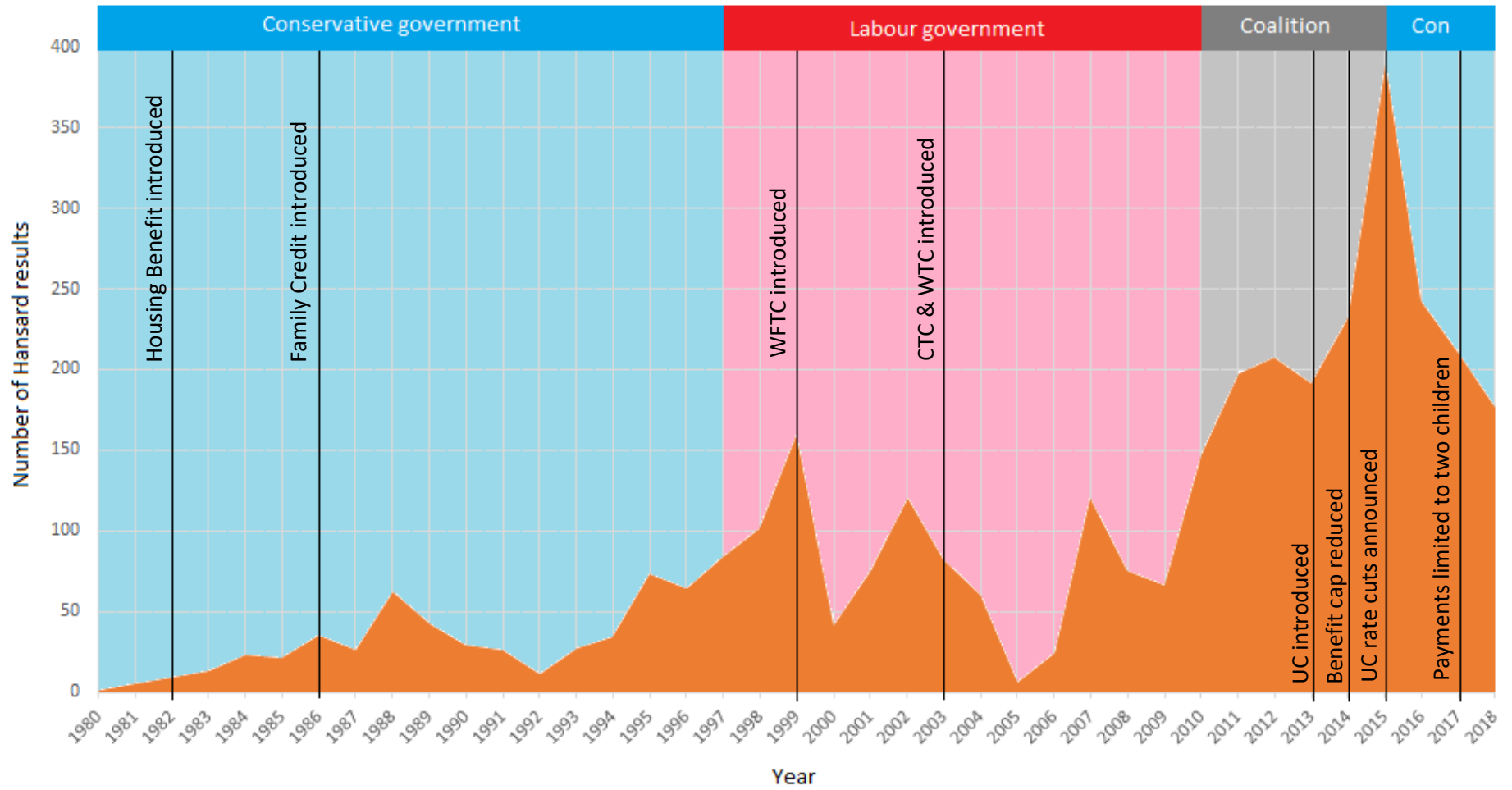
[5.2 A timeline: Parliamentary debates from 1980 to 2013](#)

As described in the methodology, the Hansard corpus was sampled to find suitable material for analysis. Chart 5.1 reveals the results, detailing the number of relevant contributions identified in Parliament which relate in-work benefits and business for each year from 1980 to 2018. The changes in government in this period are also shown. 1980 is selected as the

start date, as discussed in chapter 2.2, because the literature suggests that this marks the start of a substantial increase in interest in in-work benefits, which led to the introduction of larger in-work benefit schemes. While debate on in-work benefits and business was at a low level in 1980 itself, the results show a general trend of a strong increase in debate until 1988, supporting the use of this start date.

Eight key dates are also marked on chart 5.1, which were identified in the literature review. 1982 is when Housing Benefit replaced local authority-run schemes. There is then a series of dates when the main scheme of in-work benefits was replaced: 1986, when Family Credit replaced the Family Income Supplement; 1999, when Family Credit was replaced by Working Families Tax Credits; 2003, when these were replaced by Child Tax Credits and Working Tax Credits; and 2013, when Universal Credit began replacing these. 2014, 2015 and 2017 were key stages in the roll-out of Universal Credit – a reduction in the benefit cap, cuts in rates which were later largely abandoned, and then the restriction of payments to a maximum of two children. If these dates are indeed the most important for in-work benefits, then it would be expected that relevant debates would peak in these years.

Chart 5.1: Parliamentary discussion of in-work benefits by year



Relevant Hansard debates did take place more frequently around years where key events occurred. These peaks sometimes commenced a year or two earlier, reflecting debate around the design of a scheme, or extended into the following year, reflecting debate around the roll-out of a scheme, but then declined. The main exception is the 1982 change in Housing Benefit, the business impacts of which were little discussed in Parliament. This might be because Housing Benefit was not understood as impacting business, or potentially because Parliamentarians had an interest in de-emphasising its impacts on business. However, it is unlikely that both government and opposition would share such an interest; as a policy championed by the government, the opposition would be likely to raise negative impacts resulting from it, and the government to raise positive impacts.

This particular interest in relating the main in-work benefits to business allows this chapter to focus on debates around the main series of dedicated in-work benefits: Family Income Supplement, Family Credit, tax credits, and the in-work elements of Universal Credit.

The basic timeline shows a broad rise in the amount of debate on in-work benefits over the time period, and some possible correlations with specific events. It shows peaks in debate which might relate to periods of crisis, or at least periods when the form of in-work benefits was under debate and there was a possibility that they would be reshaped; these peaks represent more possibility of change. However, the timeline is not able to demonstrate causation, and it also elides some highly varied debates, relating to different benefits, various aspects of these benefits, and differing contributors. In order to understand how these debates have developed, it was necessary to look at them in more detail, examining the codes discussed in the methodology, and the exact quotes in context.

The first stage of analysis was to look at the pre-2014 periods of more intense debate, identified in table 4.3, in the previous chapter. While there are many cross-cutting themes, the debates can be broadly grouped in three overarching categories: tax credits and Universal Credit; Housing Benefit; and the concept of in-work benefits. The themes, attitudes and contributors to these form the basis for the discussion, below.

In-work benefits

As laid out in the literature review, this thesis uses the term ‘in-work benefits’ to refer to various forms of state welfare aimed at working people. They are work subsidies which enable people to take work with which they otherwise would find it difficult or impossible to fund their living costs, and can they can be used to incentivise desired behaviours among low-paid workers. The term ‘in-work benefits’ is also used in Parliament, suggesting an understanding of these benefits as a coherent concept, rather than purely as individual schemes. Use of the term first peaks in 1989, in which period, it was used exclusively by Conservative Party representatives to describe the recently-introduced Family Credit. In-work benefits were praised as benefiting individuals who moved into work. Norman Fowler explicitly defended them against criticisms from Labour MP Michael Meacher:

“If the hon. Member for Oldham, West wants to argue against in-work benefits—it will be a new stance for his party—will he explain why the last Labour Government did nothing about them? Family income supplement continued throughout that Government's period in office.” (Norman Fowler, Conservative, 1989)¹⁸

Family Credit was explicitly designed to boost the income of those working for low wages, and statements such as Fowler’s show that the phrase ‘in-work benefits’ was seen as descriptive, not pejorative, in the late 1980s.

During this period, there was limited consideration of the impact on employment and businesses, although Lord Skelmersdale of the Conservatives mentioned newspaper reports of an individual who resigned from their job after being promoted and switched from weekly to monthly payments, a claim of unintended consequences arising from in-work benefits. Although different in the exact outcome, it has echoes of the claims of unintended consequences arising from Speenhamland. There was also one mention of difficulties faced by workers and businesses in calculating the exact amount of benefit to be received. This is an early mention of claimed burdens on business resulting from in-work benefits, though

¹⁸ Quotes are taken directly from the online version of Hansard, with spellings, grammar and capitalisations retained from the original.

one which does not limit itself to business self-interest, also claiming a negative impact on individuals.

By 1995, the increasing cost of Family Credit had become the focus of debate, with Housing Benefit and Council Tax Credit seen as secondary in-work benefits. Baroness Hollis of the Labour Party criticised them as a subsidy allowing companies to cut wages, claiming some industries in particular were affected:

“One in 50 of the workforce now claims in-work benefits such as family credit. One in seven of those in catering, cleaning and hairdressing—the old wages council industries—now claim family credit. With the abolition of wages council industries those jobs no longer pay a living wage...[the government] are willing to throw public money at employers to allow them to cut wages where they will. Instead of a problem of a dependency on benefits out of work, we will have created a new problem of dependency on benefits in work.” (Baroness Hollis, Labour, 1995)

While the phrase ‘in-work benefits’ is not specifically used in a pejorative manner, its linking with the concept of wage subsidies is new to Parliamentary debate. Hollis may appear to be attacking the concept of in-work benefits as a whole, but this is not the case. Her comment on the abolition of wage councils is key; she was supporting the party’s position that such benefits must be accompanied by some form of minimum wage, to prevent them from becoming wage subsidies. The precise design of Family Credit was also criticised; a further Labour Party theme was that in-work benefits ignored childcare costs, and so were badly targeted.

The Earl Russell, of the Liberal Democrats, agreed with the Labour Party’s broad assessment, also making clear that he defended the principle of the benefits:

“We have a system of in-work benefits which is right, but it creates an incentive for the employer to push wages lower and lower in the hope that in-work benefits will make up the difference. It creates an invitation for the employer to free-load on the state.” (Earl Russell, Liberal Democrats, 1995)

This common interest in combining in-work benefits with some approach to prevent them becoming a wage subsidy would prove useful for the Labour Party as the debates evolved. In 1995, for the first time, in-work benefits were explicitly contrasted with a minimum wage, then a new Labour Party policy. The Conservatives did not support a minimum wage, and Phillip Oppenheim clearly set out their perspective:

“One of the biggest myths in the Opposition's campaign for a minimum wage is that it would get rid of all in-work benefits, yet the Opposition spokesman was told recently by Andrew Dilnott, head of the Institute for Fiscal Studies, that even a minimum wage of £8 per hour would leave many people claiming income support.” (Phillip Oppenheim, Conservative, 1995)

The party's official line was that their Family Credit scheme did not significantly depress wages, but some Conservatives were unhappy about this potential impact. Alan Howarth, shortly before his defection to Labour, stated that:

“My broader anxieties about in-work benefits are that they tend to operate as a subsidy to bad employers to cut wages and that, if they encourage low pay, they tend to degrade, not only the lives of those who are low-paid, but their skills, such that our economic performance deteriorates compared with what it might be.”
(Alan Howarth, Conservative, 1995)

This negative view of in-work benefits, however, did not rule out support for a scheme which discouraged low pay, and the Labour Party hoped that their plan for a minimum wage would provide this safeguard.

The 1998 debates focused on the introduction of Working Families Tax Credits as a replacement for Family Credit. All relevant contributions were from Labour MPs, who saw the old scheme as subsidising low wages, with Gillian Merron specifically describing them as a subsidy to low-paying employers:

“Taxpayers pay £100 a year more than they should to compensate for low-paying employers and to cover the cost of in-work benefits.” (Gillian Merron, Labour, 1998)

Despite this, the MPs remained positive about in-work benefits supporting these low-paid individuals, and followed the party line, that the new schemes would resolve the issues, contributions in this period adhering to party's official position:

“Changes to the benefits system will help to build a sensible system of in-work benefits, where the taxpayer will not have to subsidise employers who are paying excessively low wages.” (Ian McCartney, Labour, 1998)

By 2013, the debates on in-work benefits focused on the relative merits of tax credits and Universal Credit. Dave Watts, of the Labour Party, asked about

“the ever-increasing cost of in-work benefits, given that it would appear that the taxpayer is having to subsidise employees of companies that are earning millions of pounds in profits... [is it] not about time that they paid decent wages and cut the welfare bill?” (Dave Watts, Labour, 2013)

The government did not engage with this question, simply responding that companies should pay the living wage if they were in a position to do so.

The phrase ‘in-work benefits’ is used descriptively, not as a pejorative term, although positivity about the benefits may vary over time. Despite the efforts of the Labour government to portray tax credits as separate from the benefit system, it appears with moderate frequency even during the early period of the Blair government.

Tax credits and Universal Credit

The 1999 debates centred on the introduction of Working Families Tax Credits. The main theme was the administration costs which these benefits might place on businesses, with Lord Astor of Hever summing up the Conservative position:

“...the Government have under-estimated the administrative and financial burden that WFTC will create, particularly as there is no reimbursement of costs to firms on the lines of that operated for maternity pay.” (Lord Astor of Hever, Conservative, 1999)

Labour stressed the impact on individuals, but Baroness Hollis did mention a perceived benefit to business:

"...it will be to the benefit of employers because it will widen the labour pool from which they can draw their staff." (Baroness Hollis, Labour, 1999)

The Conservatives attempted to exempt small businesses from the legislation, arguing that it imposed significant overheads and might lead to them avoiding employing people eligible for tax credits. In this, they quoted explicit support from the CBI and the FSB. The CBI were reported in the Commons to have stated that:

"Payment of WFTC via the wage packet will entail additional costs for all employers but particularly for small firms who are particularly adversely affected by compliance costs. The CBI therefore supports those amendments that propose an exemption for very small firms from administering the credit." (Nick Gibb, Conservative, 1999)

Similarly, the FSB were quoted as stating:

"[WFTC] would mean another administrative burden placed upon small business owners, who are already the unpaid tax collectors on behalf of Government for income tax, NICs and VAT, and who also fund such benefits as Statutory Sick Pay, Maternity Pay and redundancy pay." (Nick Gibb, Conservative, 1999)

For Labour, Hollis most explicitly set out the expectations:

"I do not doubt that small firms might wish responsibilities, such as those brought about by WFTC, to go away... Yet, in the Government's view, those are proper responsibilities for a business to undertake and, having reached that view, the Government cannot allow businesses to pick and choose which responsibilities they will honour and which they will avoid.

Paying WFTC through the pay packet will allow an employer to recruit a lone parent with heavy childcare costs or an older married man with several children who, because of WFTC, will be able to afford to take jobs with wages on which,

otherwise, only young, single and restless people could manage to live. The small employer will attract and keep a better quality (and probably more loyal) labour force.

The Government are playing their part in helping to train and educate potential staff through the New Deal programme. We are offering... a wage subsidy to employers to attract and hold staff. In return, the Government can expect small businesses to play their part—not an onerous part—in administering the tax credit.” (Baroness Hollis, Labour, 1999)

This is quoted in full, as an interesting example of a government politician setting out anticipated benefits to individuals, and both benefits and disbenefits to business, especially small businesses. She explicitly describes Working Families Tax Credits as a wage subsidy, and unusually, she explicitly rejects the demands of business.

In 2002, debate continued to focus on the administration costs placed on business. Labour argued that the switch to Working Tax Credits and Child Tax Credits would reduce these costs, while the Conservatives continued to argue for exemptions for small business, or for tax credits to no longer be paid by employers. They also argued that this arrangement meant that employers had unnecessary information about employees’ personal arrangements. Even when prompted, Labour avoided discussing potential advantages of tax credits for business.

Despite a large number of hits relating to tax credits in 2007, almost all are false positives. Most discuss Working Tax Credits or Child Tax Credits, but do not explicitly relate these to business. Roger Gale of the Conservatives brought up the position of self-employed workers, something which later became a more prominent theme.

By 2010, plans for Universal Credit had been introduced. The problems of Universal Credit for self-employed people were discussed principally by Labour, who argued that it creates problems which did not exist with tax credits. The Conservative MP Guto Bebb also identified these problems, but stated that he was convinced that his government would solve them.

Housing Benefit

There are similarities between Housing Benefit and the main sequences of in-work benefits, in that they all operate as work subsidies. Housing Benefit can be distinguished in that it has always been paid to both low-paid workers and as an out-of-work benefit – a similarity only with Universal Credit, and in that case, the in- and out-of-work elements have substantial differences. As a result, there are differences in the history of Housing Benefit from the other major in-work benefits, and it is unsurprising that it has been understood differently. However, it is surprising that Housing Benefit was less often related to business than the other benefits considered, given its clear impact on landlords and construction companies, and less direct impact, enabling low-paid workers to subsidise housing costs and thereby potentially live in more expensive locations, convenient to work at many employers. It was possible to identify a small number of relevant debates, so it can be briefly discussed. Although responsibility for Housing Benefit was transferred from central government to local authorities in 1982, it took some time for the local authorities to decide on new arrangements for paying the benefit, and debate on this reached an initial peak in 1984. In many cases, this resulted in reductions in Housing Benefit payments to many individuals. There was little discussion of the impact of this on business, the main theme being the possibility of the devolution resulting in increases in business rates. Roger Gale, of the Conservative Party, argued that the option of Housing Benefit remaining payable to individuals moving around the country to look for work might help businesses, particularly in areas where much employment is seasonal.

The 1988 debates relate to cuts to Housing Benefit, and there is little explicit mention of business. One theme which emerges is the reliance of some landlords on housing benefit income, variously identified as housing associations, or private landlords providing poor-quality accommodation. As the cuts were made at the same time as a Business Expansion Scheme was introduced, some Labour critics counterposed the two. One speaker mentioned a link between Housing Benefit and income support, but did not relate this to business.

The 2010 Parliamentary discussion centred on cuts to Housing Benefit. Frank Field, then of the Labour Party, discussed problems faced by self-employed workers with fluctuating income, but there was otherwise no attempt to relate to business.

Housing Benefit is less often related to business than other in-work benefits are, supporting the decision to focus the thesis on the other in-work benefits. While a couple of themes arise, there is no evidence of these being sustained, and the information is insufficient to judge whether they arise from business lobbying.

Development of themes over time

Having identified these key debates, the main themes contained within them can be summarised, in table 5.2, providing detail unavailable in the broad timeline at Chart 5.1. The themes of corporate subsidies and wage levels are typically found together, and recur at intervals throughout the period. Other themes appear over time, with tenancies and flexibility prominent in the 1980s, childcare costs and then administration costs themes found in the 1990s and 2000s, and self-employment a major theme in the early 2010s.

Table 5.2: Development of themes over time

Year	Key terms	Main themes	Parties engaging with debate
1984	Housing Benefit	Administration costs, Flexibility	Conservative, Labour
1988	Housing Benefit	Tenancies	Conservative, Labour
1989	In-work benefits	Flexibility	Conservative
1995	In-work benefits	Childcare costs, Corporate subsidies, Wage levels	Conservative, Labour, Lib Dem ¹⁹
1996	Housing Benefit	None ²⁰	
1998	In-work benefits	Corporate subsidies, Wage levels	Labour
1999	Tax Credits	Administration costs, Childcare costs, Wage levels, Corporate subsidies	Conservative, Labour
2002	Tax Credits	Administration costs	Conservative, Labour
2007	Tax Credits	Self-employment	Conservative
2010	Housing Benefit	Self-employment	Labour
2011	Universal Credit, Tax Credits	Self-employment	Conservative, Labour
2013	Universal Credit, In-work benefits	Self-employment, Wage levels, Corporate subsidies	Conservative, Labour

5.3 The current state of debate: 2014 to 2018

Having identified key themes from the earlier debates, considering whether they apply to more recent debates allows a level of triangulation. The five most recent years analysed, 2014 to 2018, saw the introduction of Universal Credit and its gradual roll-out, which was nearing completion by the end of 2018. The concept, design and delivery of Universal Credit were all controversial, and so it is unsurprising that this period saw more relevant debates

¹⁹ For the purposes of this chapter, the Liberal Party and Social Democratic Party are considered as the same political party affiliation as the Liberal Democrats, into which they merged.

²⁰ All the debates around Housing Benefit in 1996 proved false positives, which did not relate the benefit to business.

than any other time. The number reached a peak in 2015 and by 2018 had declined only as far as 2013 levels.

Despite the greater number of relevant debates in this period, this figure is not so high as to prevent a more detailed analysis. The timeliness and general focus on the transition to a specific scheme, Universal Credit, made this the obvious period in which to conduct this more detailed study. The coding of the basic characteristics of the debates and their participants allowed consideration of who participated, under what circumstances, and why. Coding of the themes identified for the 1980 to 2013 debates enabled consideration of which themes endured and how, if at all, they developed, and which other themes disappeared. The process of analysis also allowed the identification of new themes which had not been found in the pre-2014 debates.

Several benefits of interest were identified in the previous chapter: the main group, which in this period included Working Tax Credits, Child Tax Credit, and Universal Credit; Housing Benefit; and various minor schemes. The benefits under discussion were not always explicitly identified. Where the benefit was either explicitly mentioned, or could be clearly identified from context, it was coded, and this is summarised in table 5.3.

Table 5.3: Mentions of specific in-work benefits from 2014 to 2018

Benefit	Contributions mentioning benefit	Debates in which benefit was mentioned
Housing Benefit	4	4
Tax credits	30	22
Universal Credit	32	23
Other in-work benefits	11	7
No specific type identifiable	18	15

The period being analysed, from 2014 to 2018, saw the rollout of Universal Credit. As a result, it is no surprise that Universal Credit is the most mentioned benefit. The specific types of tax credits were coded, but they were almost never distinguished in debates; a

single contributor discussed Working Tax Credits, and this contribution is included under the general category of tax credits. The distinction between the two types of tax credits was made more often when they were first introduced, but by this period, their differences were barely acknowledged. This approach, of seeing the two as a single scheme, might have made it easier to replace them with a single scheme, Universal Credit, of which they form a part.

The combined category of ‘tax credits’ is the second-most discussed, only just behind Universal Credit, due to discussion about their withdrawal in favour of Universal Credit and comparisons between the two schemes. Other in-work benefits were less frequently mentioned, with Housing Benefit seldom related to business. A significant number of contributions referred to in-work benefits explicitly or implicitly, without identifying and specific type, suggesting that the category of in-work benefits is sufficiently important that speakers felt able to generalise about it.

Given the structured format of Hansard, it was straightforward to identify the basic information about contributors: the speaker, their party affiliation, and the House in which the debate took place. Because some speakers spoke in multiple debates, and some debates had multiple contributions on in-work benefits and business, both approaches are tallied and summarised in table 5.4.

Table 5.4: Number of contributions by party

Party	Number of debates		Number of contributors	
	Commons	Lords	Commons	Lords
Conservative	30	8	32	7
Crossbenchers	0	1	0	1
Labour	36	8	32	5
Liberal Democrat	2	0	2	0
SNP	7	0	6	0
UKIP	1	0	1	0
<i>Total</i>	<i>66</i>	<i>14</i>	<i>73</i>	<i>13</i>

While the two approaches give slightly different results, the overall balance between parties and between the Commons and Lords is similar. Most debates took place in the Commons, and most contributors came from the Commons. As the two largest parties, it is unsurprising that the large majority of contributors come from the Labour and Conservative parties, with the Scottish National Party (SNP) a distant third. Some smaller parties, such as those from Northern Ireland, did not contribute at all.

Contributions came from a wide range of individuals. The most frequent contributor from the Conservative Party was Richard Fuller, with three contributions in three debates, while on the Labour side, Baroness Donaghy had five contributions in three debates. As a result, the figures in table 5.4 for number of debates and number of contributors are similar, and in the remainder of the chapter, discussion is focused on the number of debates in which themes appear.

A final consideration relating to speakers is whether they are giving a 'party line', or their own opinion. This is not always clear, but those speakers holding a relevant ministerial post are particularly likely to speak on behalf of their party. The most relevant post is that of Secretary of State for Work and Pensions. Of the six Secretaries of State for Work and Pensions in office from 2014 to 2018, there were two contributions from Iain Duncan Smith, three from Damian Green, and one from Esther McVey, with none from Stephen Crabb, David Gauke or Amber Rudd. Of the five Shadow Secretaries of State for Work and Pensions during the period, one contribution apiece was identified from Rachel Reeves, Stephen Timms and Debbie Abrahams during their period holding the post, and none from Owen Smith or Margaret Greenwood. While relevant ministers have spoken on in-work benefits and business, their contributions remain a small percentage of the total. Other speakers, particularly backbenchers, may mirror these party lines, but it will not be assumed that they always do so.

It was also possible to code for the characteristics of businesses mentioned. The location of businesses were only mentioned in examples given by members of the House of Commons which related to the constituencies which they represented. Few speakers distinguished between different industries. Retail and housing were the only two mentioned by multiple contributors, and these correlate with broader themes, mentioned below. Far more

common were mentions of business size. 22 contributions in 16 debates mentioned self-employment, while 10 contributions in 9 debates mentioned small businesses, and these mentions were almost all positive, with just a solitary speaker warning of in-work benefits potentially supporting otherwise unprofitable small businesses. Larger businesses were mentioned by three speakers, from Labour, the Conservatives and UKIP, across three debates.

“When the tax credit system was put in place, I do not think that we ever expected that it would allow big corporate interests to rely on the taxpayer to subsidise their payrolls, and yet in effect that is what has happened.” (Douglas Carswell, UKIP, 2015)

In each case, they were portrayed negatively, as benefiting from subsidisation by in-work benefits. While UKIP was a smaller party, this language was mirrored by the other speakers. In one instance, this was linked with an allegation that larger businesses avoided paying taxes.

All the main peak business organisations were mentioned (Institute of Directors, CBI, FSB, Chambers of Commerce), along with three sectoral organisations, and were stated by the Conservative government to be supporting their broad policies. However, other speakers specifically repudiated their viewpoints. For example, Lord Blencathra, of the Conservative Party, asked his government, when considering the interaction of in-work benefits and a minimum wage, to “ignore the usual sob stories of the CBI”. Despite the expectations generated by the literature review, some speakers – and not just those on the political left – stated that they actively rejected the representations of organised business.

5.4 Identifying themes

While a few themes appear on only one occasion, eleven repeated themes have emerged from the analysis: administration costs, benefits recipients spending money, childcare, corporate subsidies, employment and unemployment, flexibility, productivity, self-employment, tenancies, training and wage levels. Table 5.5, below, illustrates the years in which these themes have been identified; these contributions are enumerated for each five-

year period. Each theme is discussed in more detail below, to interrogate how it arose, which actors engaged with it, and what positions they took.

Table 5.5: Themes by mentions in each five-year period

Theme	1985-1989	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2018
Administration costs	2		22	10		1	1
Benefit recipients spending money							6
Childcare			1	1		3	3
Corporate subsidies	1		8	3		5	18
Employment and unemployment	1		5	3		1	2
Flexibility		1	1			3	8
Productivity						1	2
Self-employment			1			9	21
Tenancies							9
Training							4
Wage levels	2	2	5	1		8	36

As the table shows, some themes have proven more enduring than others. For example, employment and unemployment, or wage levels, were both discussed in the 1980s and also the most recent period analysed, whereas all the discussion of training appears in a single period – in fact, it is restricted to 2015. That a theme appears only briefly does not necessarily indicate that it is unimportant, especially when debate is relatively intense, as with the tenancies theme. Where debate is concentrated in a short time-frame, it may be easier to track how it relates to the interests of business and other economic actors – who raises the issue first, and how do non-Parliamentary actors respond to the debates?

Table 5.6 shows how often each political party has engaged with each theme, and table 5.7 shows whether their speakers were consistently positive about the topic (+), consistently negative (-), or expressed a mixture of views (+-). As the largest two political parties, it is unsurprising that Labour and the Conservatives have engaged with the majority of themes and have made more contributions in total. Conversely, in the analysed material, other parties have engaged with only a few themes. The widest range of political parties have engaged with the administration costs, corporate subsidies, self-employment and flexibility themes.

Table 5.6: Contributions raising each theme, by party

	Administration costs	Benefits recipients spending money	Childcare	Corporate subsidies	Employment and unemployment	Flexibility	Productivity	Self-employment	Tenancies	Training	Wage levels
Conservative	17	0	3	12	3	8	1	10	2	4	24
Crossbench	1	0	0	0	0	0	0	1	0	0	0
Labour	12	2	5	17	8	2	2	8	5	0	26
Lib Dem	5	0	0	3	1	1	0	2	2	0	2
SNP	1	4	0	2	0	1	0	1	0	0	2
UKIP	0	0	0	1	0	0	0	0	0	0	0

Table 5.7: Sentiment expressed regarding each theme, by party

	Administration costs	Benefits recipients spending money	Childcare	Corporate subsidies	Employment and unemployment	Flexibility	Productivity	Self-employment	Tenancies	Training	Wage levels
Conservative	+		+	-	+-	+-	-	+	+-	-	+
Crossbench	-							-			
Labour	+-	+	+	-	+-	-	-	+	-		+-
Lib Dem	-			-	-	-		-	-		-
SNP	-	+		+-		+-		+			+-
UKIP				-							

When examining the sentiment associated with the themes by speakers from each party, coded as discussed in section 4.3, the smaller parties are more likely to be negative. All the contributions from the Lib Dems, UKIP and Crossbenchers on all aspects of business and in-work benefits are negative, as the speakers raise objections or propose changes to government policy. The Conservatives and Labour are more mixed, having spent part of the period under investigation leading governments. Most of their members' comments are positive about policies put forward by the speakers' own parties, and negative about those put forward by their opposition. The SNP appears to have less of a 'party line' on in-work benefits. The party's speakers express mixed sentiments, positive about the impact of in-work benefits on self-employment and the ability of benefit recipients to spend money, but negative about the administrative costs of in-work benefits.

This simple counting does not show how themes may relate, how strongly views are held, which aspects of a theme are raised, and how these develop over time. For this more thorough analysis, each theme is considered separately, below.

Administration costs

The cost to businesses of administering in-work benefits was a major theme in 2002 with Conservatives critical of the efforts business had to go to in order to pay tax credits through payroll:

"In addition to wages and non-wage costs, a business is required to spend its time and money running the complicated system of credits so loved by the Chancellor".

(Peter Duncan, Conservative, 2002)

This point of view was supported by one backbench Labour MP, who supported the criticism by appending it to praise of other aspects of the benefit:

"I have received representations from small businesses in my constituency. They understand that the measure is important for getting people back to work and appreciate that more than 1 million have returned to work through our measures and because of economic stability. Nevertheless, they find it difficult to administer some aspects of the programme."

(Roger Casale, Labour, 2001)

This responsibility was later removed and the theme disappears in Hansard until 2017, when a Labour Party MP argues that the reporting requirements are difficult for small businesses and self-employed people.

While this theme is non-continuous, in both cases, administration costs are seen as a negative, used to attack the current government. In the majority of cases, small businesses were mentioned as particularly suffering from these administrative costs, and Casale claimed that he had been lobbied by local small businesses. Other contributions claim that they are relaying the views of business organisations: two giving the CBI's view on the theme, and one the National Farmers' Union's position.

Benefits recipients spending money

People in receipt of in-work benefits have more disposable income, which they may choose to spend locally, especially in local shops. This theme appears in multiple debates in 2015, and again in 2018, but only in contributions expressing opposition to cuts to in-work benefits or increases in conditionality. It only appears in contributions from opposition parties, and is the principal theme from members of the Scottish National Party. For example, Mike Weir, speaking in 2015, said:

“The assault on the welfare state has a dramatic effect on our local businesses. Those who are less well off will tend to spend their money—and to spend it in local businesses. Cuts not only attack those on benefits, but remove a substantial amount of money from local economies, hitting businesses. Is it any wonder that so many businesses on our high streets are closing?” (Mike Weir, SNP, 2015)

There is no comparable praise of the potential impact of additional spending when the benefits were introduced or updated.

Childcare

In-work benefits cover some childcare costs, increasing the market for businesses in the field, and the availability of workers for other businesses. This theme appears in the 1990s, with Labour members first arguing that Family Credit ignores childcare costs, then championing the inclusion of some childcare costs in the new tax credits. It makes a single

appearance in 2002, when Lord Haskel unusually argues that covering childcare costs benefits businesses:

“The working tax credit will also include an element for the costs of childcare, either in or out of the home. This, too, will help businesses, as it will help low-paid parents who have to work irregular or unsocial hours and so cannot use nurseries or childminders.” (Lord Haskel, Labour, 2002)

The theme then disappears until 2014 and 2015, with Conservative and Labour members disagreeing on the merits of Universal Credit as opposed to tax credits. The appearance of this theme only around times of change in in-work benefits may suggest that childcare provision under a settled scheme is relatively uncontroversial, but it is unclear from where it emerges.

Corporate subsidies

The idea that in-work benefits act as subsidies to employers often appears in conjunction with the wage levels theme, contributors arguing that in-work benefits result in lower wages. The theme appears occasionally pre-2014, with sentiment mixed; while some speakers disapproved of all subsidies to businesses, Baroness Turner saw potential positives:

“Does the noble Lord, Lord Goodhart, agree that the system of subsidy, of the kind envisaged in tax credits, could have the effect of increasing the employment opportunities available because more employers with little resources would feel able to employ people?” (Baroness Turner, Labour, 1999)

Debate peaked in 2015, when many speakers contrasted it with the increase in the minimum wage proposed that year. Baroness Drake’s contribution is typical:

“The Government claim that they are the workers’ party because they increased the minimum wage. I have spoken in favour of such an increase from these Benches. However, as the Centre for Policy Studies argued, it was driven as much by the need to address low levels of UK productivity and stop companies—including many large employers—taking advantage of in-work benefits to subsidise their pay bills as it was by a caring attitude for the low paid.” (Baroness Drake, Labour, 2016)

It has been mentioned by members of five different political parties, from across the political spectrum. Some Conservative speakers argued that Universal Credit would reduce or remove these subsidies:

“Ultimately, tax credits are a subsidy paid to employers who underpay their staff, and Members on both sides of the House will deplore employers who pay their staff less than is required to live on.” (Chris Philp, Conservative, 2015)

On the Conservative side, Lord Blencathra moved slightly away from the party line, arguing that the minimum wage should be further increased, to prevent in-work benefits acting as corporate subsidies.

In 2015, the Conservative MP Will Quince reported remarks by former Labour Chancellor of the Exchequer, Alistair Darling: “One of the unintended consequences is that we are now subsidising lower wages in a way that was never intended”. Although not stated in the debate, this is a direct quote from an article Darling wrote in the Spectator (Nelson, 2015). Yet this viewpoint does not prove influential among sitting Labour Parliamentarians; it is not reflected in either front- or backbench contributions.

Employment and unemployment

In a few pre-2014 contributions, and three contributions from 2014 and 2015, Labour members argue that in-work benefits increase employment, enabling companies to take on more employees, or retain employees rather than making them redundant during recessions. Speaking in October 2015 as the recently-appointed Shadow Minister of State for Employment, Emily Thornberry said:

“Does the Minister agree that we have in this country a unique system that in fact helped us to weather the international storm... and that we did not have higher levels of unemployment because measures such as in-work benefits meant that people could continue to work and employers did not feel the need to continue put up wages because they felt that it was easier to continue to employ people? Does he agree that in-work benefits have resulted in people remaining in work?”

This is perhaps the clearest example of a party line relating to in-work benefits and business, and it will be interesting to reflect, later in this chapter, on why the Labour Party chose this theme to attack the Cameron government.

Flexibility

Although less common than the corporate subsidies and wage levels themes, the flexibility theme appears each year from 2014 to 2018, and in different forms pre-2014. Contributors from three different parties disagree over whether in-work benefits increase the flexibility of workers, enabling workers to take jobs they would otherwise be unable to, due to levels of pay or childcare commitments; or whether they reduce workers' flexibility, making some workers reluctant to increase their working hours, change roles or undertake training, due to worries about losing benefits. For example, Paul Burstow from the Liberal Democrats claimed in 2016:

“How can someone develop a relationship and have an understanding of the needs of the person for whom they are caring if the next thing they are likely to be doing is moving to Tesco to stack shelves, rather than seeing care as a long-term career?”

Some Conservatives argued that these negatives applied to tax credits, but not to Universal Credit, thereby supporting the party's flagship policy. For example, James Cartlidge argued in 2016:

“I had members of staff who declined pay rises because they would lose so much from their tax credits, and most common of all were part-time staff who would not go full time because the tax credits were so generous.”

Despite the ongoing debate, the theme does not appear to have developed over time, with the same arguments reappearing.

Productivity

Three contributions from 2014 and 2015 contended that in-work benefits affected productivity, either increasing it as workers could more readily establish themselves and thoroughly learn a job, or reducing it as they might be unwilling to undertake training, or

unprofitable businesses were kept afloat. For example, Lord Haskel of the Labour Party, speaking in 2014, stated:

“The Government’s policy of subsidising low pay to encourage employment has certainly helped raise the number of people in work in the short term, but it has downgraded the quality of jobs. Surely, this is one reason why our productivity has been stagnant: most of the jobs created since this Government came to power have been part-time or in the self-employed sector.”

The contributions reflect party politics, with government representatives arguing their schemes increase productivity, and opposition representatives arguing that the government’s schemes reduce it, while remaining silent on the impact of other arrangements. This is a small and short-lived theme, and with only three contributions, it is not clear how it arose or why it has since disappeared.

Self-employment

The impact of in-work benefits on self-employed people is an ongoing theme, first appearing in 2007 and continuing through to 2018. Early contributions, from both Conservative and Labour backbenchers, focused on the difficulties faced by self-employed people with fluctuating incomes. Taking a party line, Labour MPs were keen to promote the benefits of tax credits for people who are self-employed, while Conservatives argued that Universal Credit supported the self-employed:

“Does my right hon. Friend agree that universal credit can help the self-employed, along with the other forms of benefit the Government are putting forward for them, because it can help people who are working as well as trying to set up on their own?” (David Morris, Conservative, 2017)

Other Conservatives implied that in-work benefits had been used to support failing businesses, or businesses operating on such as small scale that they should not be a primary source of income; while moving a little from the party’s main line of argument, they were keen to stress that they expected Universal Credit to solve this problem.

Tenancies

The tenancy theme first appears in 1988, with a distinction drawn between bad, private, landlords profiting from Housing Benefit, and good, housing associations also relying on the benefit. While it might be predicted that this theme would occur in debates on Housing Benefit, in fact it does not occur in the other early years which were sampled. It re-emerged in Parliamentary debates in 2015, and again in 2017 and 2018, in discussions over the level and method of payment of Universal Credit increasing rent arrears compared with previous schemes, and leading to financial difficulties for businesses which let out property. Some speakers argued that this would cause landlords to refuse to rent to people in receipt of in-work benefits. For example, in 2018, Stephen Timms quoted the chair of the Great Yarmouth Landlords Association:

“...it doesn't make business sense to let a property to a tenant who has no idea of when their claim is going to be processed or how much money they are going to get, and who will invariably end up in arrears.” (Stephen Timms, Labour, 2018)

Some Conservatives counter-claimed that landlords would not substantially lose out and would not willingly remove themselves from a substantial section of the rental market. However, this is a good example of contributions explicitly taking up the position of a business organisation.

Training

In 2015, Conservative members repeatedly claimed that tax credits discouraged people from undertaking training, often in relation to the flexibility theme, but that Universal Credit would encourage training.

“...the tax credit system has allowed business to act in a way that is both unpalatable and bad for the economy, facilitating the underpayment of workers and sanctioning chronic under-training and under-investment in those workers. If a business knows that low wages will be topped up by the state, what is the point in investing in them, providing extra training and more scales and promotion? The business people I meet in my constituency are crying out for more skilled work forces.” (Suella Fernandes, Conservative, 2015)

This theme did not appear in earlier debates, and it is not clear whether it reflects demands of businesses, or of other actors.

Impact on wages

Wage levels are another major theme, appearing in various years, from the 1980s to the 2010s. Many speakers related this to the corporate subsidies theme, arguing that in-work benefits depress wages, but others focused on the net increase in recipients' wages. The early references to this are all from opposition Parliamentarians – Labour or Liberal Democrat – but it is unclear what prompted them to raise this specific theme. It first appears in relation to the transition from Family Income Supplement to Family Credit, with some Labour members arguing that lowering wage levels is an objective of the transition:

“To help their employer friends they are prepared to subsidise them because that will help them to force down the general level of wages. Later of course the family income supplement and the family credit, as I suppose it will then be, will also be reduced.” (Lord Stoddart of Swindon, Labour, 1986)

The Conservative response is that there is no such plan. Baroness Seear of the Liberal Party argued that the change might reduce demands for wage increases, something which she, in contrast, saw as a positive.

The theme comes to the fore again in the 2010s, in the debates around the transition from tax credits to Universal Credit. Labour members, defending the tax credits introduced under a Labour government and which the Coalition government were proposing to replace, argued that tax credits boost take-home pay for those who do not gain from wage increases.

“...it is important to invest in tax credits, because many low-paid people who will benefit from the increase in the national living wage may not live in poor households. Conversely, many of those who are going to receive the national living wage will not be lifted out of poverty by that alone, because of their family and household structure and size.

Therefore, it is important that we proceed on both fronts, and we cannot expect, at the lower end of the labour market, for wages alone to lift all families out of poverty.” (Kate Green, Labour, 2015)

Hugh Merriman, of the Conservative Party, argued that companies should be encouraged to pay more alongside the transition process, with language around “sharing the cost” with employers which implies that he believed companies do benefit from in-work benefits, or at the very least, the proposed changes to them.

“...in urging a reform of tax credits and encouraging employers to pay their staff more, I suggested that there is a case for the Government sharing the cost of this reduction with employers”. (Hugh Merriman, Conservative, 2015)

Other Conservatives were more strident, arguing that tax credits topped up low wages in a way which allowed companies to set them at a level lower than they would otherwise be.

“We cannot reduce welfare dependency while large multibillion pound companies are paying poverty wages and depending on the taxpayer to pay their employees what they should be paying them in the first place.” (Lord Blencathra, Conservative, 2015)

Labour had also become more critical of the impact of in-work benefits, suggesting that tax credits are ‘subsidies’ for low pay.

“We have tried the same thing over and over: ineffective training programmes, irrelevant to the real needs of business; sanctions for those who cannot get jobs; and subsidies for low pay through tax credits. We have tried time and again to reform jobcentres, but to no avail.” (Chris Evans, Labour, 2015)

The use of ‘subsidies’ here is somewhat different from that in the corporate subsidies theme, the focus being on the level of the wages, and not on whether any benefit from this would accrue to businesses. A similar idea appears in 2018, when Baroness Stroud argued that there was a “real market wage” disguised by the provision of tax credits.

“Employers have no clear idea of what the real market wage is for employees who are also in receipt of tax credits, because their wages have been subsidised by the Government for so long.” (Baroness Stroud, Conservative, 2018)

While the assumption that a ‘real’ wage level would result if in-work benefits were removed is highly questionable, the language is interesting, suggesting she believed that tax credits allowed employers to set a different – presumably, lower – wage level, and that Universal Credit might remove this effect.

Salience of these themes

Before conducting this more detailed analysis, the endurance of the corporate subsidies, self-employment and wage levels themes suggested that they might prove particularly significant. The corporate subsidies and wage levels themes have indeed been widely engaged with, and have developed over time. They are linked in contributions from many speakers, the idea being that in-work benefits subsidise businesses which already pay low wages, or which choose to pay low wages because in-work benefits enable it. Corporate subsidies are discussed across the political spectrum, while there is far more engagement with the wage levels theme by Labour and Liberal Democrat politicians. Unsurprisingly, politicians speaking in Parliament are keen to defend the policies introduced by their own parties and attack those introduced by other parties, and this may mask some disagreements, as the article by former Labour MP Alistair Darling demonstrates.

Administration costs, childcare, flexibility, self-employment, and tenancies, could comprise a second tier of themes. All appear in both the pre-2013 material and the 2013-2018 material, with at least two political parties engaging with each theme. However, discussion of all but the self-employment theme is less consistent, issues being raised at specific points in time, reaching resolution in some manner, and then disappearing for some years until a new issue is raised. It is not clear why the self-employment theme is much more consistently raised; it suggests that there may be interests outside Parliament which are campaigning on it and lead to it being repeatedly introduced, something which is investigated in the following chapters.

The final tier of themes, benefits recipients spending money, employment and unemployment, productivity, and training, are the least widely engaged with, and they appear for the briefest periods of time. Again, it is unclear why these themes appear, though only briefly, and why they gain less traction. Productivity and training are important aspects of an industrial policy, and perhaps this lack of discussion around them might be linked to the lack of a formal industrial policy, but as discussed in the literature review, informal industrial policy always exists, and it might be expected that businesses would be interested in lobbying on these matters. This is explored in the next two chapters, through documents created by businesses and business organisations, showing evidence of lobbying both public and private.

This process of themes appearing and disappearing raises questions about what spurs this process. Is the theme raised by academics, the civil service, business, trade unions, the government, campaign groups, or any of many other actors, as explored in the literature review? Politicians sometimes quote supposed constituents or unidentified 'research' as the inspiration for their contributions, but it is entirely possible that these are convenient stories to disguise lobbying efforts. While it is conceivable that interviews might persuade politicians to reveal the actual spur for the formation of a theme, it is unlikely that they would recall the exact cause, which may have been introduced to a speech by their staff; and if they had lied about the cause it is unlikely that this would be admitted in an interview.

Mentions of other organisations are rare, but are occasionally given as examples of relevant bodies supporting the view a speaker is presenting:

“Does the Chancellor think it matters that he has been condemned by the CBI, by the Institute of Directors and by the Federation of Small Businesses for turning employers into unpaid benefit officers?” (David Ruffley, Conservative, 1999)

This quote, one of three mentioning the CBI, suggests that it is a relevant organisation, with politicians taking some notice of its views, but not necessarily more than those of other, similar, organisations. Exploring the influence of these organisations must come through an examination of other sources.

5.5 Application to research questions

Having identified the themes emerging from the data, and interrogated their development over time, and where they arise from, it is possible to address three of the research questions.

How do Parliamentarians discuss and understand in-work benefits?

As this chapter has looked at debates in Parliament, the economic actors we learn most about are Parliamentarians, and by extension, the Government and other political parties. Their views on business and in-work benefits are important, due to their legislative role and prominent position in public debate. Some cases have been identified, where contributions follow a party line, particularly in terms of general positivity or negativity about a benefit, but in other cases there is no apparent party interest being served. It is important to understand what beliefs and understandings shape their debates, how these change over time, which topics are considered up for debate, or are left unstated.

While some topics are raised by a single politician and then disappear, in many cases, their understandings and opinions inform ongoing debates in Parliament, which can shape public understanding and future policy. When former Labour Party Chancellor of the Exchequer, Alistair Darling, raised concerns about negative aspects of tax credits, they were seized upon by Conservative MPs:

“The point Alistair Darling had the honesty to make was that, with income tax credits, what was intended to boost incomes was simply serving to drive down and hold down wages.” (Lord Flight, Conservative, 2015)

International perspectives are entirely absent from the Parliamentary debates; while the Treasury research discussed in the literature review (Balls, 2004, p.232) briefly mentions some international experiences, and the schemes have become increasingly widespread (Kenworthy, 2015), these are not raised by either supporters or opponents of the schemes. Indeed, Emily Thornberry claimed that the UK system was unique. This is a key omission; as discussed in the literature review, there is a large and increasing amount of international experience of in-work benefits.

'In-work benefits', as a term, is not defined in the debates analysed, but in practice, it is used to describe the major benefits for which being in work is a qualifying criterion: Family Credit, and the various tax credits. There are rare references to some minor schemes.

"If the hon. Member for Halton thinks that the party that introduced family credit would not provide some in-work benefit, I have to disabuse him." (Eric Pickles, Conservative, 1999)

References to elements of Universal Credit as an in-work benefit are uncommon, but it is an official government position:

"My right hon. Friend the Secretary of State made the point that this is both an in-work and out-of-work benefit." (Mark Harper, Conservative, 2017)

In-work benefits are often distinguished; Housing Benefit in particular is often treated separately from other in-work benefits. As each in-work benefit has been introduced, both proponents and detractors are keen to stress its differences from earlier in-work benefits. Some contributors discuss in-work benefits in very general terms, without distinguishing between different types, or making clear what they include in the category. This is particularly common in the case of Working Tax Credits and Child Tax Credits, which are frequently discussed as if they are one single scheme, despite their differing conditions and intended impacts. It is also particularly common when the benefit itself is not the focus of the debate. Similarly, few speakers distinguish between the different elements of Universal Credit.

Many statements made about in-work benefits are difficult to evaluate as true or false. None of the statements made show a clear misunderstanding of benefits, despite the difficulties some speakers seem to have in specifying exactly which benefits they are talking about. Speakers appear to understand the basic workings of in-work benefits, but are keen to focus on the aspects which best suit their arguments. Unsurprisingly, almost all speakers in Parliament appear confident in their understanding of in-work benefits, although there are some genuine questions asked about their detailed workings. Much discussion refers to in-work benefits in relation to poverty, even though they are targeted at people on low pay, which as discussed in section 2.5, does not always correlate with poverty.

Many of the relevant discussions take place when changes to in-work benefits are planned or have recently been implemented, so it is unsurprising that the development of in-work benefits is often discussed. But longer-term perspectives, on their historical development, are rarer. One notable exception is a contribution from Harriet Harman, in 2015, explaining what she considers to have been one of the motivations for the introduction of the minimum wage in the late 1990s.

“...one of the reasons why the national minimum wage was introduced by the Labour Government in the first place was to tackle the rising cost of in-work benefits.” (Harriet Harman, Labour, 2015)

However, this is not reflected in the debates which took place at that time. The minimum wage was intended to reduce the extent to which in-work benefits might act as a subsidy to business, and so it was indirectly intended to reduce the amount by which in-work benefits would increase. However, the introduction of tax credits did increase the cost of in-work benefits, as shown in the literature review, and the Labour government at the time did not argue that this, in itself, was a problem. This appears to be an example of a politician retrospectively providing plausible explanations for policies which fit with points being made in later debates; a perspective of interest, but one which shows the importance of analysing contemporary debates and not relying on later recollections.

Longer-term historical perspectives on business and in-work benefits are restricted to three references to Speenhamland, all in debates around the introduction of tax credits, held in 1999.

“There will be an increasing element of the early 19th century Speenhamland legislation and deliberate subsidising of employment. If that does not constitute fraud, it will at least exert downward pressure on wages.” (Howard Flight, Conservative, 1999)

Flight used the example in strident opposition to the introduction of tax credits, and Lord Goodhart of the Liberal Democrats used it as an example to avoid, while Chris Pond of the Labour Party argued that, in contrast, the tax credits system would remove the

Speenhamland-like elements of the Family Credit scheme. There is no consensus on what lessons can be learned from Speenhamland, or which schemes resemble it.

Parliamentarians raise diverse topics in relation to in-work benefits, but some form coherent and recurring themes. Historical perspectives are rare, and international comparisons absent. While politicians are confident that they understand in-work benefits, the contextual understandings are limited. This limited context affects the debates in relation to business; topics raised in relation to one benefit often reappear in relation to the next without reflection on learning from past experience, and where examples are given, there is no consensus on what to take from them.

[Do Parliamentarians identify businesses as a beneficiary of in-work benefits?](#)

The focus of the Parliamentary debates about in-work benefits is on the impact on individuals; even in material included in this chapter, which is restricted to those debates which relate in-work benefits and business, 36 examples refer to the impact on individuals, while 26 discuss impacts on business. This mirrors the, understandable, focus on the impact of individuals seen in the literature review. However, it is possible that the discourses of businesses themselves may focus on the impacts which they experience.

Several important perspectives on in-work benefits were discussed in the literature review, their relationship with poverty and minimum wages, their relationship with conditionality, their impact on women, their variable effect on different groups and industrial sectors, their relationship with industrial policy and with the concept of corporate welfare.

The minimum wage is frequently discussed in conjunction with in-work benefits, as shown in the wage level theme, and multiple speakers from different parties describe it as, in part, a way to ensure that in-work benefits do not act as corporate welfare.

“Of course it is right that people should be paid properly for the work that they do, and of course it is right that the taxpayer should not subsidise low-pay economies, although we should recognise that achieving a minimum income standard for some families from earnings alone would simply drive businesses out of business.” (Kate Green, Labour, 2015)

Those in poverty are often seen as beneficiaries of in-work benefits, particularly by speakers opposing changes to existing in-work benefits.

“Universal credit was rolled out in Hounslow two and a half years ago in the first wave to affect families with children. Pressure on the food bank shot up almost immediately, as we predicted, and evictions from private tenancies has led to queues of homeless families.” (Ruth Cadbury, Labour, 2018)

This description of new in-work benefits as promoting poverty is long-standing, although it was preceded by a 1985 contribution arguing that it promoted the distinct concept of low pay.

“The move from family income supplement to family credit, which is proposed in the White Paper on social security, will undoubtedly encourage more low pay by paying the benefit to the worker through the employer instead of direct through the DHSS.” (Claire Short, Labour, 1985)

While conditionality is widely discussed, and is indeed a core element of more recent in-work benefit programmes, it is never mentioned in the context of business and in-work benefits.

There are various references to women as beneficiaries of in-work benefits, particularly in reference to the childcare theme. Others relate to the distribution of money within a family, as discussed in the literature review, and attempts to make in-work benefits related to children payable to fathers is raised as a criticism of proposed schemes by both Labour and Conservative politicians.

“...the working families tax credit will take money away from children. It will effectively transfer money from men to women.” (Eric Pickles, Conservative, 1999)

There is also an interesting contribution from Lord Haskel, arguing against a British Chambers of Commerce paper listing claimed “burdens on business”, which implied but did not state that this related to in-work benefits.

“Do we really want to label women having children as a burden on business? Surely the end result will be that business will lose 50 per cent of the nation's skills and alienate 50 per cent of the nation's brain power. Is that what business wants to do? I do not think so. Family-friendly working has been shown to bring benefits.” (Lord Haskel, Labour, 2003)

While numerous contributors discuss the specific situation in their constituency or that of a business active in it, actual variation between areas or industries is rarely mentioned. For example, Hywel Williams mentions the importance of unspecified support for business in Wales, in a debate on in-work benefits, but does not contrast this with the situation in other nations and regions.

For rural areas in Wales, support for small businesses is extremely important to enable them to earn and to pay a living wage. (Hywel Williams, Plaid Cymru, 2015)

The closest any contribution comes to identifying a specific industry which benefits from in-work benefits is from Luke Hall, who focuses his contribution on the benefits to employees in retail, rather than to the businesses themselves.

“One other point about the UC system is that because it offers support to people through the work coach system, it helps a lot of people in industries such as retail who are underconfident about the progress they can make in that role.” (Luke Hall, Conservative, 2017)

As the corporate subsidies theme demonstrates, in-work benefits have been seen as a form of corporate welfare, and the phrase ‘corporate welfare’ appears in four debates, on each occasion used by Conservative MP Richard Fuller to describe tax credits. He contrasts this with Universal Credit, which he does not see as constituting corporate welfare.

“One of the most substantial amounts of corporate welfare each year is paid out in the form of tax credits.” (Richard Fuller, Conservative, 2014)

The in-work benefits are not described as part of an industrial policy, perhaps because for much of the period under study, governments had no explicit industrial policy. Perhaps the

clearest illustration of this comes from Lord Flight, who imagines industrial development happening spontaneously during the 19th-century, in contrast with the Speenhamland system or tax credits, which he sees as stifling industries, but he does not go so far as identifying it with an industrial policy.

“We have a system similar to that which we had in the early 19th century, when what was called outdoor relief was paid. It led to overemployment, poor productivity and underinvestment. When it ended, there was a great burst in wages, the new industries came up and people moved to the new areas.” (Lord Flight, Conservative, 2015)

The focus is strongly on the benefits accruing to individuals, even in these contributions relating business and benefits. The benefits to businesses are most commonly seen in the corporate subsidy theme, and its closely related theme on wage levels, although this second one is a less clear benefit, and is sometimes blamed for reducing productivity and investment in staff.

“One can see the advantages of the introduction of universal credit to those whose lives are toughest, but will my right hon. Friend tell the House what the benefits to both employers and businesses might be once universal credit is fully implemented?” (Tony Baldry, Conservative, 2014)

There are occasions where other benefits to business are mentioned, for example housing subsidies permitting low-paid workers to live in expensive areas, thereby broadening the potential pool of labour, or improving staff well-being and therefore increasing productivity.

“Research has shown that companies that have moved their lowest paid on to a living wage reduce staff turnover and absenteeism and achieve greater productivity. However, this is also about businesses simply doing the right thing, investing in their people, and ensuring that nobody who goes out and works full time lives in poverty.” (Baroness Stroud, Conservative, 2018)

The wages theme suggests that some Parliamentarians believe that in-work benefits do affect the actions of businesses. The claim that they suppress wages recurs:

“Many of the UK’s largest, most well known companies pay wages which people cannot afford to live on. Millions of shop workers, care assistants, cleaners and catering staff are paid so little that the only way they can make ends meet is with the help of tax credits and the payment of in-work benefits. Put simply, the state is supplementing the incomes of the low-paid while subsidising the wage bill of their employers. I believe that companies that can afford to pay the living wage have a responsibility to do so, and we should have a right to know when they do not pay it.” (Heidi Alexander, Labour, 2015)

Here, Alexander goes further, by arguing that companies which could pay a living wage choose not to do so, as a result of in-work benefits. The effect, she claims, is not inevitable, but one which companies could overcome should they choose – or be incentivised – to do so. But there are also examples where a positive impact on businesses is claimed. In 2015, Roger Godsiff, of the Labour Party, read out what he claimed was a letter from a constituent:

“Last year my business turned over nearly £50,000. I receive the full amount of tax credit and it is a life saver and allows us to grow our business and become useful members of society. We have won awards for our work...and we work long hours...to try and make the business become a success.” (Roger Godsiff, Labour, 2015)

But, even if this is taken at face value as a genuine letter from a company owner, this is an isolated example. Similarly, that the Scottish National Party focused heavily on the theme of benefits cuts leading to less spending on High Street retail is interesting, but there is no evidence that this theme arose from the specific views of business in Scotland.

In-work benefits are generally seen as part of the social welfare system; this is universally true before 1997, but the Labour government’s efforts to distinguish tax credits from the social welfare system do have an initial impact. Here, an opposition MP, challenging government policy, clearly understands tax credits as separate from the welfare system.

“A lone parent who moves from welfare into work—he or she is the apple of the Government’s eye—will start a job and notify the Inland Revenue, or their

employer will do so... the employer will then begin to pay the credit directly through the pay packet.” (Steve Webb, Liberal Democrat, 1999)

However, this distinction is gradually lost; after 1999, the distinction is only made by government speakers, and after the election of the Coalition government in 2010, it is entirely lost.

In-work benefits are generally seen as part of social welfare, and the focus throughout is on their impact on individuals. However, the benefits and disbenefits to business are also discussed; it is not uncommon for speakers to see them as corporate welfare, although this is often combined with a recognition of their social welfare aspect.

To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?

There are instances of Parliamentarians quoting from business organisations, and claiming to be representing their views. However, it is unclear to what extent this is genuinely the case; it may be that their views are only quoted when they happen to coincide with the existing preferences of the politicians. The idea that business interests influence the overall design of in-work benefits is absent, and both supporters and fierce critics argue that the failures of in-work benefit policies are those of the government, or their predecessors, not of business. Chris Evans suggests, in 2015, that businesses might play a role in influencing the specific implementation of in-work benefits, but does not extend this to the overall policy design.

“It has been shown that locally based schemes work best. What is needed in future is a partnership between local business, people and charities which put together personalised plans that can overcome the barriers for people coming back into work.” (Chris Evans, Labour, 2015)

5.6 Conclusion

Having examined a substantial number of Parliamentary debates around in-work benefits and business, it has been possible to identify eleven themes, as listed in Table 5.5, and explore how they have evolved over time, with some evidence of the Parliamentary understandings and opinions influencing public policy, and ongoing debate.

The themes of wage levels and corporate subsidies, interlinked by many speakers, are the most common, but their use is not always related to negative opinions of in-work benefits; in the 1980s, even the term 'in-work benefits' was seen as a positive, and positive aspects of a subsidy were still being raised in 1999. They are generally seen as a part of social welfare, but quite commonly also as a form of corporate welfare, even though the term is seldom used. The benefits and disbenefits to business are often discussed alongside their impact on individuals; sometimes the impact on business is the focus of a contribution, but this is not usually a dichotomy, either as social or as corporate welfare, but rather somewhere on a spectrum between the two.

In addition to wage levels and corporate subsidies, views on the prominent self-employment theme are also mixed. Four other themes: administration costs, childcare, flexibility, and tenancies, form a second tier, and the complete list of eleven themes will provide a framework for exploring the understanding and response of business, in the following chapters.

In Parliamentary debates, different in-work benefits are distinguished, although there are limits to this, in particular, with the various types of tax credits being considered together by some speakers. Speakers are generally confident in their understanding of in-work benefits, and the basic facts they give about them are correct. The focus is on the benefits accruing to individuals, even though the analysis was restricted to those debates relating to some extent to business. Debates often mention the relationship between in-work benefits and poverty, and with a minimum wage, and there are some references to conditionality and the position of women. However, other aspects of in-work benefits, discussed in the literature review, are neglected in Parliamentary debate, particularly regional or industrial variation, the relationship with industrial policy, and the experience of in-work benefits in other countries.

This chapter has given a clear understanding of how in-work benefits are understood by Parliamentary politicians, both in terms of their role as social and corporate welfare, and more generally the relationship between them, business, and businesses, thereby addressing the first two research questions. It has begun to explore how this might relate to the views of other actors, particularly through the framework of eleven key themes. There

is evidence of engagement with business, and some claims to be representing its views, but the nature of this engagement is not transparent. Of particular interest is the role of business in shaping Parliamentary opinion on in-work benefits. However, no firm conclusions on this can be drawn from the analysed material. The potential impacts on business are also unclear, and are rarely acknowledged. Responses to government consultations will reveal more, and the next chapter will analyse these.

Chapter 6: The business lobby: locating business opinion

6.1 Introduction

The previous chapter examined how the impact of in-work benefits on business is understood in Parliament. But it remains unclear whether these views are a true representation of the views and responses of business, or whether politicians have chosen to represent businesses as if they supported their own, pre-existing, policy preferences. This chapter examines how businesses and business organisations have engaged with in-work benefits, in their own words. A corpus of responses to government consultations has been gathered, which allows an investigation of which businesses respond to consultations, why they choose to respond, and how they do so. In particular, the businesses which choose to respond do not correlate well with the sectors in which low pay is common; the reasons for choosing to engage are not simply that the businesses have large numbers of workers in receipt of in-work benefits.

The texts are analysed in more depth to identify whether the themes emerging from the Parliamentary debates reappear, with consideration given to how they relate to the literature, and where the respondents have introduced novel perspectives. This allows an investigation of the possible reasons why the themes have been presented as they have, providing significant insights into the third research question, how does organised business view in-work benefits? In addition, it provides new information to address the sub-questions, allowing discussion, from a business perspective, of whether in-work benefits are viewed primarily as social welfare, or as part of a corporate welfare system. As the consultations are an opportunity to influence government policy, they can also provide insight into one of the sub-questions of the final research question: how does organised business attempt to influence policymakers and Parliamentarians, with regard to in-work benefits? Specifically, it allows an exploration of one way in which businesses attempt to influence policymakers and Parliamentarians. Drawing a comparison with the Parliamentary debates could produce evidence of successful influence, when considering the timings of these, the themes drawn upon, the narratives employed, and any evidence of other potential sources of influence. The differences between levels of engagement, themes and time periods are then examined, to see whether common characteristics of the companies

might explain these, and whether membership of particular networks is an explanatory factor. The final section of this chapter then directly applies these findings to the research questions.

6.2 Developing a timeline

Table 6.1: Number of consultations by year, compared with Hansard results

Year	Consultations	Hansard results	Key in-work benefit developments	Government
1995	1	73		
1996	0	64		
1997	0	84		Election won by Lab Blair new PM
1998	0	101		
1999	2	159	WFTC introduced	
2000	1	41		
2001	1	75		Election won by Lab
2002	2	120		
2003	2	82	WTC and CTC introduced	
2004	1	60		
2005	3	6		Election won by Lab
2006	1	24		
2007	1	120		Brown replaces Blair
2008	3	75		
2009	5	66		
2010	2	147		Election won by Con-LD coalition. Cameron new PM
2011	3	197		
2012	4	207		
2013	2	191	Start of UC rollout	
2014	1	232	Benefit cap reduced	
2015	2	390	UC rate cuts announced but most not carried through	Election won by Con
2016	1	242		May replaces Cameron
2017	0	210	Payments limited to two children	Election won by Con
2018	4	176	Completion of UC rollout for new claims	

Table 6.1 reproduces the yearly summary of key in-work benefit developments from table 4.11, adding Hansard results relevant to in-work benefits and business which were displayed in Chart 5.1, changes of government, and the number of relevant consultations found for each year. Because none of these date to before 1995, the pre-1995 information is omitted.

The timing of consultations is in the gift of the government, and does not in itself tell us anything about business engagement with in-work benefits. However, knowing when these consultations were held allows for comparisons with the Hansard material discussed in the previous chapter. Some of the Parliamentary debate may have been around issues on which there were no consultations. In these cases, it would not be surprising if there is no evidence of businesses engaging with the themes which arose in those debates. However, it is still possible that businesses could raise the themes in off-topic sections of their responses.

As might be expected, consultations take place before the relevant key events. There are also a high number of consultations in 2008 and 2009, the last two years of the Labour government, covering the bulk of Gordon Brown's premiership. The reason for this is unclear, as none of these consultations had available responses, but it may be that a change of Prime Minister prompted new policy ideas, which were then consulted on.

The five key consultations explored in this chapter, listed in table 4.6, had a total of 665 responses.²¹ In each case, the organisation and basic information about its nature could be recorded, with table 6.2 summarising the organisations which responded.

Almost half of the total number of responses were from charity or campaign groups, and the next largest group were from councils. Considerably fewer were from individual businesses, but a substantial number were from business organisations, showing that business did engage with these consultations on in-work benefits, opting to do so through sectoral or peak-level organisations. The language 'business organisation', rather than 'employers' organisation', is used here, as while most of the businesses did employ workers, this employment role did not necessarily prompt their engagement with the consultations. As

²¹ Where a response was produced jointly by more than one organisation, each contributor is counted towards this total, so it is slightly higher than the raw number of responses.

discussed below, the prompt for some to engage seems to have been their sectoral business interests, rather than views on the impact on them as employers. In addition, some of the businesses represented, especially by the Federation of Small Businesses (FSB), will be self-employed individuals with no staff.

Table 6.2: Organisations responding to government consultations

Type of organisation	Frequency
Individual company	81
Business organisation	76
CBI	1
Chambers of Commerce	1
FSB	2
Institute of Directors	0 ²²
Sectoral housing organisations	25
Sectoral finance organisations	8
Charity/campaign group	251
Council	150
Civil service	23
Trade union	12
Other ²³	61

Of the responses from business organisations, 25 were based in the housing sector. These organisations might be expected to take a particular interest in Housing Benefit, and indeed 10 of the 25 were in response to the 2010 Housing Benefit consultation. However, this leaves 15 which related to other in-work benefits, ones which did not directly subsidise housing costs, potentially indicating a move beyond sectoral business interests to

²² See text for an explanation of this figure

²³ Other respondents were individuals, political parties, religious bodies, learned societies, units of the National Health Service, think tanks, and universities.

considering their role as employers. The next largest category were business organisations covering the finance sector, with eight responses. Business organisations from a wide range of other sectors provided a small number of responses. Individual businesses showed a similar pattern, with 49 of the 76 operating in the housing sector, many of which were not-for-profit housing associations.

While organisations were not strictly limited to a single response per consultation, exceptions were very rare – there were only seven duplicate responses in total – so individual organisations were highly unlikely to make more than five responses. In fact, none responded to all five consultations, while Centrepoint, the Child Poverty Action Group, Crisis, Gingerbread, Homeless Link, the Law Centre NI, the National Association of Welfare Rights Advisers, the National Housing Federation and the Welsh Government responded to four of the five. Of the peak business organisations, the FSB engaged most, responding to two of the consultations (on Universal Credit and the Work Programme), while the CBI responded to one (on Universal Credit). The national Chambers of Commerce organisation did not respond, although its Greater Manchester affiliate did make a single response, again on Universal Credit. Some significant sectoral organisations, including the British Retail Consortium, and Make UK, did not respond to any of the consultations. This might indicate a lack of engagement with the topics, but it is also possible that these organisations are able to lobby government in other ways, without having to respond formally to consultations. The curious position of the Institute of Directors provides evidence for this view. It is not listed as a respondent to any of the consultations, yet its views are quoted alongside selections of responses to the 21st Century Welfare consultation of 2010. This may be a simple oversight, or it may be that it was able to have its views included without making a formal submission.

It was also possible to allocate many organisations to a specific nation or region of the UK, in which they operate. While 336 responses came from organisations operating nationally, at least ten responses came from organisations operating in each individual nation or region. The largest numbers operating in a single region were found in Scotland, London and North West England. Given that the population of the nations and regions vary significantly, it is also useful to consider the number of responses per capita. Table 6.3 shows both the raw number of responses, and the responses per million people living in that region. Population

figures are for 2011, the UK census date in the middle of the period covered by the consultations. While this brings London and North West England closer to the average response rate, Scotland remains particularly strongly represented, as is Northern Ireland, while the South East and South West of England saw the fewest responses per capita. While the disparity is less than an order of magnitude, it does suggest that engagement with the topic might vary by area, as the discussion in section 3.5 building on the work of Amable (2003) suggested.

Table 6.3: Responses to consultations by region

Region	Responses	Population (2011) ²⁴	Responses per million people
Northern Ireland	15	1,811,000	8.3
Scotland	54	5,295,000	10.2
Wales	21	3,064,000	6.9
East Midlands	19	4,533,000	4.2
East of England	20	5,847,000	3.4
London	54	8,174,000	6.6
North East England	14	2,597,000	5.4
North West England	45	7,052,000	6.4
South East England	20	8,635,000	2.3
South West England	11	5,289,000	2.1
West Midlands	17	5,602,000	3.0
Yorkshire and the Humber	19	5,284,000	3.6
National	336		

Some business organisations discuss why they have chosen to engage, usually due to the impact of the legislation on their members. In some cases, they claim that some fundamental principle is at stake. For example, the CBI in 2012 state that it supports the principle of Universal Credit and its aims, which have the potential to have a positive impact

²⁴ Population figures from Office for National Statistics (2013).

on its members and how they operate; positions which will be further explored in the next chapter.

“The CBI supports the introduction of the Universal Credit as a way to simplify the benefit system and increase claimants’ financial incentives to work. An overhaul of our overly complex benefit system was overdue and the improved labour market incentives the new benefit design brings are positive. By making it easier for existing employees to work more hours or begin work, the new benefit should help businesses resource effectively when demand rises”. (CBI, 2012)

The FSB argues that they support the principles which the government states that they are committed to, but focuses on claiming that it has important advice on how this can be achieved.

“The FSB welcomes the Government’s commitments to making work pay. However, it is important to stress the uncertainty of the current climate. In order for the Universal Credit model to work in the way it is intended, Government must create the right environment to encourage jobs growth”. (FSB, 2010)

However, in many cases, no reason is given why an organisation has chosen to respond, and it is interesting to consider why – do they consider it to be obvious why they have responded, or do they wish to limit the extent to which they acknowledge any impact from in-work benefits? This can often be determined from the content of the responses – is it genuinely supportive of an aspect of government policy, or in opposition to it; or is it supportive of the broad principle of the policy while opposing key details, essentially proposing a different policy?

The length of responses varies; some answer all questions in detail, some only give full answers to certain questions, and some write about matters unrelated to the consultation. In general, larger organisations are more likely to give full answers, probably due to resourcing issues. While a short response could have an impact, responding at greater length and to more aspects of the consultations suggests more engagement with the policy area, and a more engaged organisation is more likely to lobby Parliamentarians, and be able to pursue stronger strategies to make its case. In addition, some organisations are invited

to testify to select committees, while others simply submit written responses. In this chapter, two CBI responses to select committees, and one FSB response are included in the analysis, as discussed in the methodology chapter.

The large majority of businesses do not engage with the consultations. Many are members of one or more business organisations, and may feel represented by their responses. The business organisations often describe themselves as representing the views of their members, or sometimes of businesses in general. However, it is clear that a substantial majority of businesses, even of those in industries which are most affected by in-work benefits, do not respond to the consultations, and may not even be aware of them. This does not necessarily mean that they disagree with the given opinions, but any views they do hold on in-work benefits are not available for study and are unlikely to have influenced policy. As they are unlikely to have influenced policy, there would be little advantage in running a survey or interviews to determine the detail of their views; however, it will be interesting to consider, in the following chapter, the extent to which the views of the influential peak business organisations mirror those of the individual businesses which hold membership.

Terms of the consultations

The five consultations were selected, as discussed in chapter 4, due to their relevance to in-work benefits, and the availability of individual responses, either in whole, or in the form of quotes.

The *21st Century Welfare* consultation, conducted in 2010, relates to the proposed introduction of Universal Credit as a replacement for tax credits and various other benefits. The government's own summary of responses lists thirteen themes emerging from the consultation. The only one of these which relates to business is a concern that paying housing costs directly to benefit recipients might make it difficult for landlords to collect rent. However, a study of the responses shows business organisations claiming that tax credits limit individual's flexibility to increase their working hours, and mentions of the particular needs of the self-employed.

This consultation has also produced the most academic engagement. Wiggan (2012) highlights the seven principles set out in the terms of the consultation as guiding the welfare reform: sustainability, making work pay, increasing paid work, taxpayers' rights, supporting those most in need, responsibility, and improving responsiveness and cost. He points out that respondents are invited to answer a set of questions, which attempt to guide the potential answers – the first is “What steps should the Government consider to reduce the cost of the welfare system and reduce welfare dependency and poverty?”. This approach suggests that the exercise may have been intended more to provide justification for the government's broad approach than to invite a wide range of contributions (Wiggan, 2012), yet a broad range of contributions were received. This must be borne in mind when considering the consultation responses, but it remains the case the respondents can choose what to put in their response, and how to frame it; they may decide that such a governmental attitude means that a response is a waste of time, or that it must focus on addressing the specific questions, but there is nothing to stop them from also promoting the issues which they feel are most relevant.

The other 2010 consultation, on the *Changes to Housing Benefit*, asked specifically about their impact on access to employment. Two respondents noted that Housing Benefit permitted residents to live in a more expensive area and take low-paid employment, to which they would not be able to afford to commute. Asked specifically about the impact on landlord confidence, many respondents argued that, if Housing Benefit was cut, landlords would be less likely to let to people in receipt of it and, in a phrase repeatedly used, have consequences for “landlords and their business plans”. This formulation, the exact consequences not being specified, suggests a level of co-ordination of responses, which will be further explored later in this chapter.

The *Passported Benefits under Universal Credit* consultation, from 2013, relates to the various additional discounts and subsidies available to people on a number of in- and out-of-work benefits, and other people with low incomes. These discounts range from the waiving of NHS fees, to help with the cost of home insulation. Despite the obvious advantages accruing to businesses with low-paid staff, business and in-work benefits are only linked in the responses with regard to self-employed people and the impact of their fluctuating

income. Very few of the responses are from business, with majority being from charities, campaign groups, and councils.

The 2015 *Welfare to Work Inquiry* relates to a scheme which creates employment, so it is unsurprising that the impact of benefits on employment levels is a major theme in the responses. The other theme which emerges from responses is that of the costs to business of administering in-work benefit schemes, put forcefully by the FSB.

The 2018 consultation on *Moving claimants to Universal Credit from other working age benefits* takes little notice of the impact of Universal Credit on business, but once again several respondents discuss the impact on self-employed people.

Overall, respondents were positive about Universal Credit, Housing Benefit, and the minor schemes discussed, although the positivity about specific aspects of these schemes varies. Earlier schemes are not the focus of the consultations, although the Institute of Directors is critical of tax credits in its response to *21st Century Welfare*.

The questions asked in the consultations do not specifically relate business and benefits, but some do provide clear openings for responses which do so.

“The Government is committed to delivering more affordable homes. How could reform best be implemented to ensure providers can continue to deliver the new homes we need and maintain the existing affordable homes?” (21st Century Welfare, 2010)

This question was used by various companies and business organisations relating to housing construction, rentals and mortgage lending, to discuss the role of Housing Benefit in making homes affordable. Even in situations where there are no questions giving obvious opportunities to link business and in-work benefits, some respondents raise them.

6.3 Identifying themes

What themes emerge?

The texts were explored for themes, including both those identified in the Parliamentary debates, and any novel themes which did not appear at all in those debates. While several

novel themes appeared, only one was raised by multiple respondents: that of the free market. This will be discussed in more detail, below.

Table 6.4 details how respondents have engaged with the themes identified in the previous chapter, alongside the political party engagement with each topic. Overall, each respondent has engaged with fewer topics than the large political parties, which is unsurprising, given that less material from each respondent has been available to sample than is available in Hansard.

Table 6.4: Respondents by engagement with themes

	costs	Administration	Benefits recipients spending money	Childcare	Corporate subsidies	Employment and unemployment	Flexibility	Productivity	Self-employment	Tenancies	Training	Wage levels
Political parties												
Conservative	+-			+	-	+-	+-	-	+-	+-	-	+-
Crossbench									-			
Labour	+-	+	+	+	-	+-	-	-	+-	-		+-
Lib Dem	-				-	-	-			-		-
SNP	-	+			+-		+-		+			+-
UKIP					-							
Consultation respondents												
CBI	-			+								
FSB	-			+		+-	+		+-		-	+
IoD						+-						
Other sectoral							+			+-		

Taking the consultation responses as a whole, there is a broad coverage of themes, with eight of the eleven previously identified themes present. The FSB covers by far the broadest range of themes, seven in total, as it responds frequently to consultations, and does not stick closely to answering the questions provided. Instead, it gives a summary of its positions on the range of issues relating, even loosely, to the topic of the consultation,

signalling that it has different priorities when it comes to influencing in-work benefit policy, and that it is keen to put forward its views publicly. Other organisations are more focused, and so cover fewer themes, but the range of consultations and of organisations who respond to them means that there is no overlap between the themes addressed by the CBI, IoD, and other sectoral organisations. However, four of the themes present in FSB responses do overlap with themes in other peak business organisations' responses.

The sentiment expressed by respondents also varies, as they variously support, object to, or have mixed opinions on each theme. Of those which respond to more than one theme, their sentiment varies between themes – they are not wholly positive or negative about all aspects of in-work benefits. Instead, they seek to raise aspects they support alongside giving mixed or negative views on aspects they would like to change – proposing substantial changes to policies, but seldom so much as to essentially be proposing an alternative policy.

Where there is an overlap, the FSB's sentiment on a theme does match that of the CBI and of the other sectoral organisations. There is no obvious link between any respondent's sentiments and those of any particular political party, suggesting that no party is directly representing the views of any particular business organisation on in-work benefits, although there are shared sentiments between business organisations and political parties on some specific themes – for example, negative CBI and FSB views on administration costs match the sentiment of those expressed by Liberal Democrats and SNP Parliamentarians.

[Corporate subsidies, employment and wage levels](#)

The themes of corporate subsidies, employment and unemployment, and wage levels are grouped together because they were the most frequent themes in the Parliamentary debates, and were often linked by respondents. The first two appear in the consultation responses, but less frequently than in the Parliamentary debates, and the wage levels theme is absent.

While the phrase 'corporate subsidies' does not appear in the consultation responses, the FSB does talk about the benefits to business which can arise from in-work benefits, and which it believes should be included in their design.

“Support should be orientated towards the needs of the employer as well as the participant... The iteration of any new programme needs to ensure this ongoing support to the individual, and their employer, is maintained and of a high quality. Employers, particularly micro businesses employing 10 people or less, would find the offer of ongoing support from an intermediary as a reassurance against the risk factor of employing an individual with a history of long term unemployment”. (FSB, 2015)

The focus on small businesses is unsurprising from the FSB, and transparently reflects the self-interest of its members, without appealing to potential impacts on individuals and families, nor to the economy.

The Institute of Directors, in the quote provided in the summary of responses to the 21st Century Welfare consultation, also acknowledges the benefits to business of in-work benefits. It contends that they are intrinsically linked with increasing employment, and also increase the number of hours per week which people work. It argues that this will move people out of poverty, but does not reflect on the wage levels theme, nor on the relative contributions of wages and in-work benefits to moving people out of poverty.

“Businesses would benefit greatly from being able to access a larger workforce that is no longer penalised for working less than 16 hours a week. The most effective way to help people out of poverty is to help them get back into work, and these proposals will make a real difference.” (Institute of Directors, 2010)

This prompts the question, why does the IoD use this idea of social justice? It mirrors government language, and aims to promote the interests of IoD members by appealing in addition to impacts on individuals, with a clear reference to government priorities.

This same theme is raised by the FSB, although it argues for a negative impact of some minor schemes related to in-work benefits.

“In 2011 there will be substantial additional employment regulatory changes which will act as a further barrier to hiring staff. The forthcoming regulations include: Changes to Additional Paternity Leave, the introduction of the Agency

Workers Directive, the phasing out of the Default Retirement Age and the introduction of Time to Train.” (FSB, 2010)

Here, mention of a barrier to hiring is a reference to increased business costs, phrased to appeal to orthodox economic concerns about such barriers in the market. Self-interest is presented as a violation of a general economic principle.

These contributions on employment and unemployment are similar to positions taken in the Parliamentary debates in this period. However, unlike in the Parliamentary contributions, wage levels are not directly linked to in-work benefits in any of the responses, meriting only a passing mention in one FSB response. This might be because businesses do not want to acknowledge such a relationship, but, given that no businesses or business organisations mention this theme which is important elsewhere, it suggests that such a relationship is not important in the understandings of business. Clearly, wage levels themselves are important to businesses, so why is this the case? Perhaps they are not optimistic about their chances of influencing government policy in this area, or perhaps they see a positive impact on their business from in-work benefits and see no advantage in highlighting this. This could fit with the idea of in-work benefits reducing wage levels, although such activity would not necessarily be in the interest of all businesses. The interaction of in-work benefits and the minimum wage in this time period will have placed a floor on wage levels, so minimum wage policy might be a target for business lobbying, something which will be explored in the following chapter.

Second-tier themes

Administration costs, childcare, flexibility, self-employment, and tenancies, were identified in the previous chapter as a second group of themes, with all but self-employment discussed over shorter periods, by fewer Parliamentarians, than the corporate subsidies, employment and wage levels themes. In contrast, administration costs, self-employment and tenancies are among the most prominent themes in the consultation responses.

The FSB raises administration costs in the 2010 consultation, and although it highlights the potential impact of the out-of-work elements of Universal Credit, it does not exclude any impact of the in-work elements.

“It is also important to mention that the introduction of the Universal Credit must not result in any additional burden for the employer. The FSB is particularly concerned that small businesses may have their time wasted by interviewing jobseekers who do not meet the job requirements and who are simply following a procedure in order to claim benefits.” (FSB, 2010)

While other aspects of potential administrative burden on small businesses were taken up in Parliament, this particular point did not make it into Parliamentary debate. The FSB also raises the administration costs theme in its 2015 response, arguing that in-work benefits can be administered more efficiently, with less reporting by businesses. Unusually for a consultation response, it contrasts it with another scheme, an element of a minor in-work benefit, which it argues placed an unnecessary administrative burden on participating businesses.

“In future provision, the FSB would like to see Real Time Information provided by employers to be used as a way of demonstrating that an individual is in work. For this to be successful, the DWP would need to consider how this information can be successfully shared with employment services providers. Lessons should also be learned from the wage incentive element of the Youth Contract, which relied on employers having to submit detailed information and wage slips to Jobcentre Plus or a Work Programme provider to qualify”. (FSB, 2015)

The CBI also raises the administration costs theme, and three years before the FSB, discuss the potential role of Real Time Information (RTI), although it is more negative about that initiative, arguing that uncertainty around it creates an additional burden for businesses.

“HMRC must minimise the additional burden on businesses through RTI and clarify what information employers will be required to submit. Employers are still unclear what information they will be required to submit under RTI, making it impossible for them to prepare adequately for the new system. In addition to this an initial list of information to be provided under RTI includes a number of pieces of information that it would either be extremely burdensome—or legally impossible—to collect for employers”. (CBI, 2012)

In 2013, it returns to this theme, now focusing on the complexity of the range of programmes, including those linked with in-work benefits, and the difficulties which some businesses encounter in navigating them.

“The first thing Government must do to ensure JCP can deliver a more compelling offer for business is to simplify the multitude of existing government schemes... This is confusing not only for businesses but for Jobcentre staff too. Many large employers have a good relationship with JCP, because they have a dedicated account manager helping them to navigate through the complexity of the programmes and tailoring them to their needs. However even they find it confusing at times and smaller employers struggle even more with the multitude of different channels and programmes.” (CBI, 2013)

Unusually for the CBI, this mentions the role of small businesses, and concedes that large businesses often have a strong relationship with government agencies. Despite being a major theme in the consultation responses, in this period, it barely featured in Parliamentary debates. This might indicate that these responses have had little impact on government policy – or, for that matter, the policies of opposition parties. Alternatively, it could indicate that consultations and Parliamentary debates serve different purposes. Given the evidence in section 3.5 that business does attempt to influence government policy, it is unlikely that business is content with making its positions clear to government without expecting to influence debates, but it is possible that the hope is to influence policymaking in less obvious ways – directly influencing civil servants or ministers – rather than more public debate. If this is the case, it may be observed in the CBI archive material, examined in the next chapter.

Childcare also appears several times in the responses:

“Finding excellent-quality, affordable and flexible childcare is a major hurdle for parents returning to work. Parents who are happy with their childcare are more likely to return to work and be more productive when they are in work.” (FSB, 2010)

Here, the FSB raises the topic in 2010, focusing on the type of childcare it would like to see provided, but indirectly highlights a benefit to businesses of in-work benefits which fund childcare. Whether or not it is wholly convincing, it is important that it believes that this is a useful argument to put to the government. It returns to the theme later in 2010, arguing that government schemes to fund childcare places are particularly beneficial for small businesses.

“Helping employers continue to support childcare: It is vital that the Government continue to support childcare vouchers available through employers. Small businesses should be encouraged to take up childcare voucher schemes as they are the employers least able to come to other beneficial childcare arrangements for their employees.” (FSB, 2010)

The CBI, in 2012, also raises the childcare theme, discussing its intersection with in-work benefits and how this could increase employment levels.

“With the cost of childcare representing a key barrier for women in taking up work, reducing the pool of labour employers can draw on, excluding childcare costs from the Universal Credit taper could help more women to enter the labour market.” (CBI, 2012)

Again, the language from the CBI is focused on benefits to individuals and families, rather than business. But despite childcare featuring in these 2010 and 2012 consultation responses, it does not appear in Parliamentary debates between 2002 and 2014, showing an even clearer failure to get Parliamentarians engaged with the interests of business in this area.

Flexibility arises in the 2015 consultation responses from Action on Disability, Action on Hearing Loss, FSB, Industrial Communities Alliance, Remploy and Work UK. The FSB is a particularly strong advocate, arguing that small businesses play a leading role at bringing unemployed people into work, and should be given ongoing support – financial and in the form of mentorship – to retain these workers.

“Self employment can very often be an excellent option for individuals with fluctuating health conditions that might mean that committing to a regular number of weekly hours is difficult. It might also be a good option for those individuals with a disability that means commuting to a workplace is difficult due to transport issues. Or it could be an excellent option for people in economically deprived areas where employment opportunities are scarce comparative to other areas of the UK.” (FSB, 2015)

In 2015, the FSB spent a significant amount of time on the difficulties faced by self-employed people with fluctuating incomes in receiving in-work benefits, mirroring contemporary Parliamentary debates.

“The FSB would like to see Work Programme participants being able to access some of the provision available through New Enterprise Allowance and vice versa. This would be a sensible use of government resources to ensure that we can help more people start up their own businesses”. (FSB, 2015)

In the 2010 consultation on Housing Benefit, organisations with connections to landlords appear to have some level of co-ordination of their responses on tenancies, several mentioning the difficulties which might result to businesses if Housing Benefit is cut. They therefore argue that its level should be maintained, although they do not explicitly mention any benefits resulting to businesses from the benefit, instead presenting it as a normal, ahistorical, state of affairs. Each focuses on the impact on their own business sector, not those on individuals or families. This is a different approach to the lobbying seen from the other business organisations, which appeal to impacts on individuals or violations of general economic principles. This could be because these organisations are less skilled at influencing government, or because they are confident that government will care about this impact on them and will respond with changes to the policy.

“It is also vital to recognise the importance of Housing Benefit to the finances of housing associations. The predictability of Housing Benefit revenues provides a strong base for their finances, allowing them to lever in private funding for new affordable homes and secure low lending rates.” (Building and Social Housing Foundation, 2010)

“If Housing Benefit is significantly reduced, or even if this is the perception of lenders and investors, then the credit of the sector will be significantly impaired. This could lead to higher pricing being applied and the prospect of delivering new supply of affordable housing severely restricted.” (Council of Mortgage Lenders, 2010)

“...In our view these proposals will not achieve this objective unless the Government accepts that the housing support element of any new scheme has to be set at a level which reflects market rent levels for appropriate accommodation for benefit customers.” (Residential Landlords Association, 2010)

None of these organisations respond to any of the other consultations; it is entirely possible that they may have responded to consultations which do not form part of this study, but it is notable that they do not engage with the analysed consultations on other benefits, to which a large number of organisations did respond. Among landlords’ organisations, the National Housing Federation, representing social landlords, is a frequent respondent, but it does not join in with this apparently-organised action.

The National Housing Federation does respond to the 2018 consultation to argue that better communication from the government with housing associations is needed, to ensure that Universal Credit will roll out to claimants with tenants with less disruption. This request for good communications is unusual; other business associations do not suggest that they need improved communications with government, aside from the FSB’s request for more information for their members on a specific aspect of their future administrative responsibilities.

“Housing associations can work with tenants to prepare for Universal Credit and help support people through the migration process. They will be much more effective if the DWP can share information with social landlords in advance of migration. This would allow landlords to target communications and potentially provide a more personalised form of support”. (National Housing Federation, 2018)

While the 2010 contributions do not filter through to Parliamentary debate, the 2018 contribution is similar to some raised in Parliamentary debates at the time. The

Parliamentary speakers are variously more positive or more negative about the likely impacts of Universal Credit on tenancies, perhaps reflecting the differing intended audiences.

The lack of communication highlighted in the response, together with the failure to impact Parliamentary debate, suggest a greater distance from policymakers, and supports the theory that these sectoral organisations are less skilled at influencing government policy than the peak business organisations.

Other Parliamentary themes

The benefits recipients spending money theme is not reflected in contributions by business to consultations, and no retail businesses or organisations responded to any of the consultations. This suggests a lack of support from them for this line of argument, but it is possible that they are making this case through private lobbying efforts. Productivity similarly does not appear, suggesting that businesses do not see it as relating to in-work benefits, in contrast to Parliamentary speakers, or at least see no advantage in making the case in their responses.

Of the minor Parliamentary themes, training does appear, when the FSB discusses how important skills and training are to businesses. It claims to be speaking on behalf of businesses in general, not just its members, and argues that skills programmes should be more closely associated with the employment efforts of the Department of Work and Pensions. Although it does not directly relate training to in-work benefits, the decision to make this contribution in a consultation relating to in-work benefits suggests that it does see the two as connected.

“There should be better coordination with the skills system to ensure participants are job ready. Employers want to recruit candidates who are job ready – that means candidates who have the right skills but also the right attitude to work. Employability skills, in particular time management and verbal communication skills, are highly prized by employers. Employers also stress that functional skills, such as literacy and numeracy, are important. However, it is currently difficult for employers to find a provider who can meet their needs due to the fragmented commissioning landscape whereby employability programmes are commissioned

by DWP and many skills programmes are commissioned by the Skills Funding Agency, part of BIS.” (FSB, 2015)

This has significant similarities with points raised in Parliament and discussed in the previous chapter. Given the dates of the consultation, the response will have been made shortly after it was first raised in Parliament, by Conservative MP Richard Fuller, but before other Conservatives made similar points. The Parliamentarians did not name-check the FSB, and given the timing, it is more likely that this is a case of the federation paying attention to Parliamentary debate and choosing to emphasise a point which already had an audience.

Free market theme

The free market theme does not appear in the Parliamentary debates, but is raised on five occasions in the material studied in this chapter, each time by the housing sectoral organisations which appear to have co-ordinated their responses. They contend that there is a natural situation – specifically, a market rent – which government policy must respond to. Notably, this is not an argument against government intervention in a free market, but an argument that the government should increase this particular work subsidy, in a way which will benefit landlords.

“In our view these proposals will not achieve this objective unless the Government accepts that the housing support element of any new scheme has to be set at a level which reflects market rent levels for appropriate accommodation for benefit customers.” (Residential Landlords Association, 2010)

As it is raised in response to a consultation which does not mention the concept, it suggests that the business organisations find the argument persuasive; they believe, or at least think that policymakers can be convinced, that this market rent is natural. However, it is notable that this theme never extends to arguing for the government to reduce work subsidies in a way which might disadvantage these businesses; the adherence to the free market is only advocated insofar as it benefits the respondent organisation.

It seems that business organisations are able to introduce new themes through consultations, but these are not necessarily influential on Parliamentary debate. The general principle of a free market put forward as a justification for business interests did not

prove appealing to Parliamentarians, nor did they feel the need to respond to criticise the framing. Perhaps this is because it is an argument unlikely to appeal to the general public, though this would not prevent Parliamentarians from arguing against it, if they thought it was important in business thinking.

Diversity in opinion

Different businesses and business organisations have differing focuses for their consultation responses; for example, housing sectoral organisations focus on matters relating to housing, and Housing Benefit, while the FSB is particularly interested in the impacts of in-work benefits on self-employed people. Overall, these reflect expected biases, championing the areas in which their representation is focused. Similarly, many consultation responses highlight the contribution which their industry or membership makes to society, and particularly to individuals who may be in receipt of in-work benefits.

While individual businesses do respond to consultations, only business organisations responded to multiple consultations. There are no cases where both members, and organisations they are affiliated to, respond to the same consultation. In the case of housing, there does appear to be some co-ordination of responses. There is no evidence on how this co-ordination took place, with no indication that any overarching body led on it; the National Housing Federation did not itself respond. There is also no evidence that it was connected with any other actors, such as political parties.

No responses directly engage with the views of other businesses or business organisations, to support or disagree with them, only with the views of the government. In this, they do not necessarily restrict themselves to discussing those views expressed in the terms of the consultation, and the FSB, in particular, discusses matters which are much broader than those terms. Business can use consultations to introduce new themes and arguments in support of its positions. However, this does not necessarily mean that these will be taken up – arguments based on economic principles or pure self-interest do not influence Parliamentary debate, while those based on impacts on individuals and families sometimes do. The consultations also provide a broad overview of business positions on various in-work benefits, and give an insight into which businesses engage in this way.

6.4 Application to research questions

How does organised business view in-work benefits?

The proportion of business responses on in-work benefits which discuss business is much higher than the proportion of Parliamentary debates on in-work benefits which mention business, which in itself is unsurprising. But some businesses raise the relationship between in-work benefits and business even in response to questions which do not give a clear opportunity to mention business. Despite all the discussion about business, the focus in the contributions is still, in the majority of cases, on the impact of benefits on individuals and families, rather than on business.

The clearest acknowledgement of an impact on business is from the Institute of Directors in their 2010 response, as discussed in relation to the employment theme. This is unique in acknowledging how in-work benefits can impact the actions of business in a positive manner. Other examples focus on the negative impacts, either of existing benefits, or of potential changes to them, and generally even these impacts can only be inferred. In discussing cuts to Housing Benefit, several consultation responses do suggest that this would affect the actions of some businesses. This might be because, for some landlords, Housing Benefit forms a large portion of their income, and changes to it would have an obvious effect which businesses can easily predict. Elsewhere, impacts of in-work benefits on the actions of businesses are not openly acknowledged, either because they are not understood by businesses, or because businesses are not keen to mention what could be seen as a form of corporate subsidy. But a closer reading does reveal coded references to impacts on the activities of business, such as increased recruitment costs, which are implied to reduce the number of people hired by companies.

Businesses see in-work benefits as having impacts both on themselves, and on individuals. Where they are acting as employers, the two overlap, but there are cases where the impact on the business is specifically acknowledged, for example in the Institute of Directors' 2010 response, mentioning the benefit of having more staff able to work longer hours. There are also other impacts on business, including on their core business, in the case of landlords. These sectoral impacts are important in housing, and might also explain the responses from financial business organisations, but there is no apparent interest from sectors where low

pay is common, where the impact would be on the businesses as employers. While the focus remains on individuals and in-work benefits as social welfare, they are also seen as corporate welfare, even though, unsurprisingly, the term itself does not appear in the consultation responses. This supports the use of the spectrum of welfare (chart 3.3) to conceptualise in-work benefits.

Most consultation responses adopt a confident tone; businesses do not claim to fail to understand in-work benefits, and wish to appear confident in their arguments. This is particularly true when relating the experiences of the organisations compiling the response, with any uncertainty focused on the details of new schemes. Businesses in some industrial sectors, particularly housing and, to a lesser extent, finance, appear more engaged with in-work benefits. In housing, there is some evidence of co-ordinated responses to consultations. In other sectors, such as retail or agriculture, despite prevalent low pay, there are few or no responses. This may indicate a lack of engagement with in-work benefits, despite their importance to these sectors, but it may be that engagement happens in less visible ways. If the engagement is through peak level organisations, such as the CBI or FSB, that is not apparent from those groups' consultation responses, which do not distinguish between different sectors. There is some weak evidence that organisations in some areas of the country, particularly Scotland, are more likely to engage with consultations on in-work benefits, but this does not itself lead to any distinctive themes appearing from contributors in those locations.

As discussed in the previous chapter, many statements made about in-work benefits are difficult to evaluate as true or false. Respondents appear to understand the basic workings of in-work benefits, but are keen to focus on the aspects which best suit their arguments. However, some important aspects of in-work benefits, discussed in the literature review, such as international or historical perspectives, are entirely absent from the responses, suggesting that these may not be of interest to businesses. While the Parliamentary debates also lacked international perspectives, they did pay some attention to the history of in-work benefits in the UK. If they are broadly happy with in-work benefits, this could be a good strategic approach, conceptualising advantages accruing from existing work subsidies as natural and ahistoric, and any disadvantages of a new scheme as readily changeable.

There is considerable overlap between the themes raised in the Parliamentary debates and business consultations, but the consultations are more limited in scope, and as discussed above, the most prominent themes in the Parliamentary debates are not the same as the most prominent themes in the consultations. This fact which cannot simply be explained by the terms of the consultations, as some respondents are happy to introduce themes not raised by the government.

To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?

The engagement of various business organisations with the consultations suggests that these networks are attempting to relate to in-work benefits, and that they hope to influence the government. The business organisations which choose to respond are not necessarily those whose members would be expected to see the greatest impact from in-work benefits. For example, in-work benefits are prevalent in the retail sector, yet the British Retail Consortium did not respond to any of the consultations. In-work benefits are common in agriculture, but the National Farmers' Union responded to a single consultation, the 2018 consultation on Universal Credit, and its response focuses on the position of self-employed farmers, rather than low-paid agricultural employees.

“Take for example a livestock farmer who works year round but only receives income in a few months... This does not mean they are not working full time, that their business is unviable, or that their annual profits will be below the [Minimum Income Floor]. It does however seemingly mean that they will lose their transitional protection in addition to having the [Minimum Income Floor] applied in the months when they have no sales/income and receiving no award in the months in which their sales are made. This is a wholly unacceptable proposal that completely disregards the practical realities of operating a self-employed farm business and which needs to be urgently addressed.” (National Farmers' Union, 2018)

Organisations representing businesses in sectors where low pay is less common, such as the Building Societies Association or the Optical Confederation, did engage, but their responses did not typically discuss any impact of in-work benefits on their business sector. This does not rule out the possibility that they have lobbied in less visible ways, and this is particularly

likely to be true of ‘insider’ organisations, which the literature review suggests at times has included, but was not limited to, the CBI.

At the peak level, the FSB and CBI have some engagement with in-work benefits, having responded to two and one consultations, respectively, and they have been name-checked in Hansard. But this simple list of organisations tells us little about which have the most impact in shaping understandings of and reactions to in-work benefits, nor which might have influence on the government in less visible ways than responding to a public consultation. The case of the Institute of Directors being quoted in a summary of consultation responses without being listed as submitting a response may be a simple error, but it may alternatively represent an organisation making its case through less visible channels.

All but one of the themes discussed were raised in Parliament before appearing in the consultations. Given that the material comes from just five consultations, while the Parliamentary corpus covers a broader period, this is unsurprising. The exception is the training theme, for which the consultation was launched in the same month that the topic was first raised in Parliament. At a more detailed level, some of the most-raised topics by businesses, such as childcare or administration costs, did not result in contemporary debate in Parliament, suggesting a lack of influence. However, in other cases, there does appear to be a connection, whether with training, self-employment, or the 2018 appearance of the tenancies theme, although the explanation for the correlation is not clear – did businesses influence Parliamentary debate, did Parliamentary debate influence businesses, or did another source influence both? Given the extended period of the consultations, an attempt to compare the precise dates of contributions will not answer this question, so it will be necessary to explore government-business relationships from another angle, in the following chapter.

6.5 Conclusion

This chapter has explored the views of businesses, and particularly those of business associations, on in-work benefits. The responses to the key consultations which formed the focus of the chapter came from a range of organisations, with some sectors – especially housing, and to a lesser extent, finance – overrepresented, while other sectors were low

pay is more common were absent. There was also some bias in the areas of the country in which respondents were based, with Scotland and Northern Ireland overrepresented, and some English regions underrepresented, although the locations of businesses did span the entire UK. Individual businesses were proportionately far less likely to respond than business associations, and the FSB and CBI were most prolific in responding to consultations, claiming that they were representing the views of their members across a variety of sectors, and even the views of business as a whole.

While most of the themes identified from the Parliamentary analysis did feature in the consultation responses, business responses did not map well to those of any particular political party. The most common themes in Parliamentary discourse were not the most common in the consultation responses, with wage levels barely appearing in the consultation responses, while administration costs, childcare and tenancies attracted the most responses. Although the themes raised by businesses are in part shaped by the terms of the consultations, this is not the whole explanation, with some businesses happy to introduce new themes of interest to them, so these three themes in particular appear to be important to businesses' understandings of how in-work benefits affect them. Some Parliamentary themes relating to business are entirely absent from the consultation responses; for example, there is no evidence that the benefit recipients spending money theme arises from business concerns, although given the limited sample of consultations and other potential channels to lobby government, that cannot be ruled out.

The evidence suggests that businesses which choose to respond to consultations have some understanding of in-work benefits, but that this is limited; international and historical perspectives are ignored, and the aspects which are emphasised are typically those which paint the business in question in a good light. Like the Parliamentary debates, the focus is on the impact of in-work benefits on individuals, rather than on the businesses themselves, although there is proportionally more discussion of the impact on businesses here, and some businesses spontaneously mention business in relation to in-work benefits, even when questions do not give a clear opportunity to do so. Appeals to economic orthodoxy and the free market also appear, though as with the mentions of impacts on business, there is no evidence of these proving influential, and the commitment to the free market applies only when it can be used to justify higher government subsidies. The focus on impacts on

individuals may be tactical, most likely to gain an audience among policymakers, rather than simply reflecting business understandings.

While an impact of in-work benefits on the actions of businesses is sometimes acknowledged, it is usually a negative impact, whether from an existing or proposed benefit. The rare exceptions do show that businesses can be aware of positive impacts of in-work benefits on their activities, although they are reluctant to discuss them in these consultation responses. The quantity of responses shows that, although few businesses are trying to influence government policy on in-work benefits through consultation responses, business organisations in numerous sectors do so. Complaints about communications with the government are rare, although objections to specific aspects of in-work benefits are common. The timing of the consultation responses shows that some efforts to influence government policy appear unsuccessful, even on some important themes, such as childcare or administration costs. Other efforts may well have borne fruit, as on training or self-employment, but as correlation does not equal causation, it is difficult to determine whether this attempt to influence was in fact successful, or whether the sense of engagement through consultations is false; did the government take notice of the points raised, and did it affect policy? Even if it were possible to see a change in policy following a consultation, it would not conclusively demonstrate the influence of a particular respondent. There is a need to explore other, less visible, ways of lobbying government.

There is more data available – more consultations – but, as discussed in chapter 4, these have few responses available, or less relevance to the thesis. While questions remain, it is unlikely that these responses will contribute significantly to answering the research questions, so a complementary approach, drawing on a different source of material, is more likely to yield insights.

Chapter 7: Business organisations and in-work benefits – a case study of the CBI

7.1 Introduction

This chapter focuses on the relationship between the CBI and in-work benefits. Chapters 5 and 6 provided some evidence on how the relationships between in-work benefits and business are understood by a variety of actors, but it remains unclear how large a role business plays in creating these understandings and how much it influences policy in this area. There is not enough information in Hansard and similar sources to determine this, but there are suggestive mentions of the priorities of business organisations. As discussed in chapter 3.5, the CBI is the largest business organisation in the UK, active since 1965. Unlike other major business organisations, its substantial archive is open for research, allowing an analysis not just of public statements, but also of internal minutes and other documents. As a membership organisation focused on representing business opinion, it obtains its relevance from its position in a network of business and political actors. This analysis provides an opportunity to determine how it engages with other elements in the network, and obtain more information on how it perceives in-work benefits, its policy priorities, and how it attempts to influence public policy in the field, addressing three of the research questions.

While Chapter 5 gave examples of politicians referencing the views of business organisations, it is possible that they are not influential. Perhaps politicians take little notice of their views, just choosing to quote them if they fit their predetermined points of view. Perhaps businesses obtain their views from government, political parties or the civil service, rather than being important actors in their own right. This idea can be rejected if it can be shown that business organisations can be influential. Given the size of the CBI, and the evidence from the literature review that it lobbies government, it has a particularly strong chance of being influential. As discussed in chapter 4, it could be considered a critical case study. This chapter does provide substantial evidence of the CBI engaging with debates on in-work benefits over an extended period, lobbying in favour of positions it has derived, disseminating information on its positions to members, and in some cases proving successful in influencing government. While its aims are usually explicit, the techniques

which it uses to champion them are sometimes not made public. Much of the CBI's lobbying of politicians and civil servants, or its decision to present in-work benefits and the National Minimum Wage as entirely separate issues, are only revealed by an analysis of internal documents.

In Chapter 6, it was shown that some organisations engaged more frequently with government consultations. The level of engagement did not appear to correlate with the number of members of the organisations which might be expected to benefit from in-work benefits, although those representing sectors where low pay is less common did not typically discuss the impact of in-work benefits on their sector. Of peak-level business organisations, the FSB and CBI had the most engagement with government consultations, and had been name-checked in Hansard. While their engagement with consultations was not particularly high, the increased likelihood of their positions being quoted, and the range of aspects of in-work benefits with which they engaged, suggests that these organisations may have more involvement with shaping the views of business, and also with lobbying government, political parties and the civil service, than is apparent from the materials considered in Chapter 6. Equally, Parliamentarians may be keen to draw on CBI views if it gives their position additional authority.

Simply counting mentions of the CBI in Parliamentary debates reveals little; of more interest is whether the ways that the CBI framed its positions and priorities was picked up in debate in Parliament. Studying internal CBI documents and comparing them with the periods in which themes were raised in Parliament can give evidence of the direction of any influence, and if this then results in changes to policy, there is a good case that the CBI has influenced government policy. Explicit mentions of CBI influence on policy in private documents can also provide evidence.

This chapter begins by exploring the CBI's engagement with a range of in-work benefits. This establishes that the CBI has frequently engaged with these benefits. Its level of engagement has varied, with Family Credit and Working Families Tax Credits being of particular interest, and Housing Benefit barely being mentioned. The range of interventions are considered, and it is shown that the CBI does not tend to originate broad policy, but that it does develop new perspectives on policies. These perspectives are often widely

disseminated by the organisation, in particular to businesses and policymakers, in the hope of shaping understandings of in-work benefits and achieving desired changes in policy. Due to the availability of material, the focus of the chapter is on an earlier period than that considered in Chapter 6, although recent documents are considered in cases where they are available.

The next section examines the relationship between the CBI and its members, finding that some members are more engaged than others, and that its efforts to represent business as a whole means that minority perspectives within business are neglected. An examination of policy positions shows that the CBI has been far more positive about some in-work benefits than others, and that while some of its themes recur frequently, these do vary between in-work benefits. The theme of administrative burden appears in the CBI documents before it appears in Parliamentary debate, suggesting that the organisation is able to shape understandings of in-work benefits, and both the CBI and some politicians imply that the federation is influential in this area. There is also evidence that the Earnings Top-Up benefit was trialled in line with CBI lobbying.

This allows a consideration of the research questions, demonstrating that the CBI has a good understanding of in-work benefits, albeit one which tends to neglect international and historical perspectives. Its importance is shown by its ability to focus on its own framing devices; typical approaches such as the crisis in welfare states post-1970 are replaced by an attempt to show in-work benefits as a natural part of the economy, with only the elements less favourable to business argued to be unnatural and liable to cause economic problems.

The CBI does shape understandings of in-work benefits, and there is some evidence of it shaping reactions to these benefits, but it tends to be reactive rather than setting agendas. It remains unclear how many of its members take their lead from CBI policy. The CBI frames business responses to disadvantageous elements of government in-work benefit policy as inevitable, something which it reports and lobbies on, rather than actively shapes.

7.2 Influencing stakeholders

Periods of engagement

The CBI is most likely to engage during the periods of greatest debate, shown in table 4.12. This is true whether the engagement is prior to the introduction of legislation, developing its own proposals or attempting to influence proposed policy; while legislation is being debated in Parliament, responding to the proposed policy and attempting to influence it; or after legislation has been voted through, disseminating information to members, or attempting to mitigate or enhance the effect of the policy.

As shown in table 7.1, the CBI engaged with events to a variable extent. It had a high level of engagement with the development of Family Credit and Working Families Tax Credit, with 9 and 11 documents respectively discussing these. The articles on Family Credit were generally positive, and those on Working Families Tax Credit were more often positive than negative. The attitudes to these benefits were so positive, that the CBI made calls for their expansion.

"The CBI has also argued for an extension of the principle of family credit to the childless, to which the Government has responded by announcing a new substantial pilot". (Employment Affairs Report, February 1995)

The CBI also engaged with the introduction of Working Tax Credit and Child Tax Credit, with 4 and 3 documents discussing these, with sentiment generally positive towards the former and evenly split towards the latter. Some minor schemes were also of interest; for example those relating to government subsidies for workers undertaking training (separated out in the table under 'Skills'), maternity pay, and subsidies to unemployed workers who moved into employment.

Housing Benefit is of less interest to the CBI, with only one document explicitly relating to the scheme. This finding matches that of Farnsworth (2004, pp.117-118), writing in 2004. He found that while the CBI had concerns about the impact of housing supply on the mobility of workers – recalling Roger Gale's Parliamentary contribution, discussed in chapter 5 – it had not at the time made policy proposals relating housing and benefits.

Table 7.1: CBI engagement with in-work benefits

	Family Credit	WFTC	WTC	CTC	Housing Benefit	UC	Skills	Other	Min wage
Total	9	11	4	3	1	27	7	33	27
% positive	78	36	50	33	0	32	100	39	11
% negative	0	18	25	33	0	8	0	21	63
% mixed/neutral	22	46	25	33	100	68	0	39	26

From the 2010s on, Universal Credit is by far the most mentioned in-work benefit. Although a substantial number of documents are simple reportage where no explicit opinion is given, where sentiment can be discerned, far more are positive than negative about the benefit.

There is evidence of the CBI engaging with developments in in-work benefits in four main ways:

- publications circulated to members, setting out developments in policy and the CBI’s views;
- responses to government consultations, making the case for policy changes in line with the CBI’s views;
- lobbying the government, through meetings and letters, again making the case for policy changes; and
- lobbying the civil service.

These all reflect agency and attempts to lobby policymakers, whether direct or indirect. Each is discussed below, in greater detail.

Publicity to members

Publicity to members provides evidence of the CBI attempting to promote its positions to businesses, whether to influence those business’ views and perhaps call on them to take action, or to demonstrate its representation of views already widespread among its

members. Exploring this material helps show how the CBI chooses to represent its positions on in-work benefits, and the extent to which its positions are shared by those businesses.

The CBI consistently publicises proposed and actual changes in government policy to its members. During the period covered by the archives, it principally did so through magazines circulated to members. The organisation's primary publication was *CBI News*, later renamed *Business Voice*, but matters relating to in-work benefits were covered far more frequently, and in greater depth, in the *Employment Affairs Report*, later renamed the *Human Resources Report*. This is available in the archives for its full run, from 1985 to 2009, with very few issues missing.

In-work benefits are mentioned indirectly from the first *Employment Affairs Report*, from the January/February 1985 issue, but the first mention of a specific scheme is Family Credit. The March/April 1986 issue provides a description of the scheme, the government's case for its introduction, and the CBI response.

"The government proposes to replace Family Income Supplement with Family Credit, a benefit designed to avoid the poverty and unemployment traps and to be paid via the wage packet by the employer... The CBI is consulting its members again on the proposal in order to determine the nature and manner of its response." (Employment Affairs Report, March/April 1986)

Despite the mention of consulting members 'again', there is no record in the archives of a previous consultation. However, this shows an ongoing engagement with proposals, following a government proposal but while debate in Parliament is ongoing. While some content reports on changes which have already been made, most covers this period, between the government proposing a new policy, and it passing into law. The CBI, therefore, passes information on to its members, but also engages with the later stages of policy development, and wants members to know that it does so. This approach is a good fit with that described by Grant and Marsh (1977), with the CBI trying to balance the confidence of its members, and to demonstrate that it will listen to and stand up for their interests, while attempting to lobby the government in private and retain its confidence.

In one case, in a September/October 1989 article entitled “Low incomes and employment: a CBI analysis”, the CBI reproduced a research report it had conducted, in the hope of influencing future government policy. In the report, it argued strongly against a minimum wage, and proposed a list of what it considered to be alternatives. While politicians might read the publication, they were not the primary audience – instead, the main audience are the CBI members who are being provided detailed information on CBI perspectives on these benefits. Providing this information will have contributed to shaping the understanding of these members, marshalling their engagement and support, and those who engaged with it have the details and encouragement to lobby politicians and other policymakers.

The CBI generally adopted a supportive tone towards Family Credit, while listing specific changes it would like to be made:

“While welcoming the restructuring of income support for those in work, the CBI objects to the proposal to transfer responsibility for payments to the employer.”

(Employment Affairs Report, March/April 1986)

By the July/August 1986 issue, the proposal to which the CBI objected had been removed, and the CBI claimed responsibility for the change:

“The Government has withdrawn the proposal to make employers responsible for the payment of the new Family Credit. This change can be attributed in large measure to the work of the CBI and its supporters”. *(Employment Affairs Report,*

July/August 1986)

The implication of this claim will be discussed later in the chapter, but of note here, while the publicity is principally top-down, disseminating information from the CBI to its members, this shows an instance where the CBI requested feedback from its members. The feedback was to help make its case, and it stated that it would use this to help determine what its policy position should be. Another instance appears when a National Minimum Wage was first proposed:

“Over the past few months, CBI staff have interviewed individual employers and employers' representative bodies in industries previously covered by Wage

Councils. The aim was to obtain their views on the impact of national minimum wage..." (Employment Affairs Report, June 1999).

The CBI does draw on the views of its members. It is more engaged with in-work benefits than most individual businesses, but it does seek to understand its members' positions on key topics, and promotes occasions when it has represented views which it believes are shared by many of its members.

Responses to government consultations

Some CBI responses to government consultations were considered in the previous chapter, but the archival material provides evidence of some additional responses. The CBI frequently responds to government consultations, and typically publicises its responses to its members. Consultations were generally run by government in advance of introducing legislation, but as discussed in the previous chapter, often requested responses on themes already determined by the government.

"The CBI recently responded to government proposals to introduce two new tax credits... the CBI supports the extension of tax credits to workers without children and the simplification of the tax credit regime." (Human Resources Report, December 2001)

As seen here, the CBI tended to stick to the terms of the consultation, and to emphasise claimed disadvantages to workers, rather than making explicit the impact on business. Reports of responses to government consultations also gave an opportunity to publicise their impact:

"The CBI responded to the consultation on the draft [National Minimum Wage] Regulations last autumn and many of the concerns we raised have now been addressed. There have been important changes in four key areas: the NMW statement, record keeping, the definition of training and the pay reference period". (Human Resources Report, March 1999)

Despite this apparently grand claim, it is unclear whether the changes were made as a direct result of the CBI responses, and it is careful not to state that this was the case.

In contrast to the FSB responses to consultations discussed in chapter 6, the CBI does not see consultations as an opportunity to introduce new topics, but it does attempt to influence understandings by framing responses in the way most likely to prove effective – most typically, by appealing to impacts on individuals.

Lobbying government and the opposition

There is much archival evidence of the CBI lobbying the government and the opposition. This demonstrates attempts to influence policy, beyond the public sphere of consultations. 2010 minutes of its Chairman’s Committee state that “the CBI had established an effective relationship with the new government already; engagement was working well”. Meetings with government ministers are frequently recorded, particularly in the 1979 to 1997 period, but also, to a lesser extent, under the Labour government of 1997 to 2010. Contacts are maintained with the Parliamentary opposition. In the 1995 discussion document “Review of Labour Party policy”, the CBI states that:

“For the most part our policy contacts with the Labour Party proceeded privately, and we have – in almost all cases – no particular problem in gaining access to the Shadow Cabinet.” (Review of Labour Party policy, 1995)

There are copies of letters sent from the CBI to government ministers, and from ministers to the CBI, setting out positions, such as 1985 correspondence with Norman Fowler on the introduction of Family Credit and Statutory Maternity Pay. In the case of Family Credit, the CBI had opposed proposed government policy on the grounds of administrative burden, a common theme in its communications with government.

“As you may know, in the light of views expressed about the proposals for family credit to be paid by employers, in the wage packet, the Government undertook to reconsider the payment mechanism”. (Letter from Norman Fowler to David Nickson, CBI President, 1985)

Norman Fowler wrote, on behalf of the government, confirming that the government had changed its position, and implying that the CBI had played a role in this, without crediting any particular organisation for it. The CBI responded, confirming that it backed the policy change, and mentioned the position of its members, reinforcing the idea that it had played a

role in securing it. It is notable that, as discussed in section 2.3, the Institute of Directors took the opposing position, supporting the payment of Family Credit with wages (Grover, 2016a, p.124). Finding the CBI more influential than the IoD at this point, in the 1980s, supports the arguments of Rollings (2013) over those of May et al (1998); evidently, the CBI retained influence with government, and at least on this point, the revised policy reflected its preferences, not those of the IoD.

"Members were pleased to note that the new Family Credit is to be administered by the DHSS and not employers. As you know, CBI members are opposed in principle to the idea that social security benefits should be paid through the pay packet." (Letter from David Nickson, CBI President, to Norman Fowler, 1985)

Two decades later, the CBI was similarly keen to take credit for changes to tax credit policy, although in this case it was not in response to any specific government communication preserved in the archive.

"We welcome the Government announcement, following CBI lobbying, that the phasing out of the payment of Working Tax Credit via employer will take place..."
(CBI Analysis of the March 2005 budget, 2005)

However, the CBI did not support the introduction of Statutory Maternity Pay, and in the 1985 letter, was critical of it. While opposing the policy overall, the letter accepted that it was unable to change the policy. It stated that it would raise specific points of disagreement, but:

"...the CBI has opposed the Statutory Maternity Pay proposals, and we are disappointed that you have not accepted our arguments against this proposal. Nevertheless, we do still have some points of concern about the detail of the SMP scheme and shall be raising them with you in the near future." (Letter from David Nickson, CBI President, to Norman Fowler, 1985)

CBI influence on the government was not always successful, and even where the demands of the organisation were met, neither the government nor the CBI specifically credited the organisation with the policy change. Both were happy to imply that the CBI's lobbying had

been impactful. This does not conclusively prove influence, as both might have an interest in making the claim: the CBI in promoting its effectiveness, and the government wishing to maintain a positive relationship with the organisation. But the government did not need to imply influence; the fact that Norman Fowler chose to do so shows that the government valued a good relationship with the CBI and was aware of the issues it raised on in-work benefits. This contributes towards the case for the CBI having some influence on in-work benefit policy.

Lobbying the civil service

There is less evidence of the CBI lobbying the civil service, but there are some limited records of meeting with civil servants, and of letters between the CBI and senior civil servants in government departments. These are best represented in the discussions around the early-1970s tax credit proposals, outside the period of study but also located in the CBI archive. In these, the CBI gave regular updates on the developing proposals.

"Our Working Party on the Tax Credits Scheme has now considered the possible methods of dealing with this problem which you set out in the note you sent me with your letter..." (Letter from M. Y. Cobb, Deputy Director, to A. J. Isaac of the Inland Revenue, 1973).

While the communications are detailed and generally civil, the CBI became increasingly critical of the Inland Revenue position, and voiced this in strong terms.

"Generally speaking, the "unacceptable" reasons are founded in the Inland Revenue wish not to "complicate" the Tax Credits system by imposing stricter entry conditions and otherwise adapting administrative rules." (Letter from D. M. Rea, head of Health and Safety, to D. W. Boydell of the Inland Revenue, 1973)

Meetings with civil servants continued over the decades, but there was little detail given on them in the material provided to members.

"The CBI Benefit Group met recently with DSS officials to consider the points raised in a CBI response to the National Audit Office into the administration of Family Credit". (Employment Affairs Report, October 1990)

Here, there is a tantalising glimpse of discussions which, if recorded, have not been preserved. Even in the archive, which contains much confidential material, there are no transcriptions of meetings with civil servants.

Leader or follower?

As the above survey shows, the CBI generally responded to government initiatives, rather than attempting to persuade the government to adopt entirely new policies, continuing the approach which Farnsworth (1998) observed in the earlier part of the period considered here. While the CBI avoided proposing new policies, it did put forward novel viewpoints, ones not previously seen in Parliamentary debate, and it was quite successful at getting them considered. During the 1979 to 1997 period, it had successes in influencing policy in this way. While it adopted a less positive tone towards the 1997 to 2010 Labour government, it still saw successes in getting its positions considered by government and, in some cases, adopted. There is not yet enough evidence to judge its success in recent years, but its efforts to use a wide variety of means to influence policy continue.

“The Kickstart Scheme was announced as part of the Chancellor’s Plan for Jobs in July and provides funding to employers to create job placements for 16 to 24 year olds on Universal Credit. The CBI held a member consultation session on the Scheme with the Employment Minister, Mims Davies MP, and Department for Work and Pensions (DWP) Officials.” (Online update to members, November 2020)

7.3 The voice of business?

The CBI representing its members

The CBI presents itself as the voice of business in the UK, but it is important not to take this claim at face value. As discussed in the literature review, it represents a subset of business, particularly larger businesses, with a broader range of business represented through its trade association affiliates. It both competes and co-operates with other business organisations in doing so.

The CBI represents business through conducting research of interest to its members, lobbying government, political parties and the civil service, and through providing

information to its members, for example, on policy and legal developments. It also undertakes activities not directly related to representing business, such as organising networking opportunities.

Activity in each of these areas is represented in the set of CBI documents relating to in-work benefits. For example, the CBI mentioned some lobbying efforts in its publications, although these are only a small portion of the lobbying efforts mentioned in its minutes and internal documents. Those mentioned in its publications appear to fill a role, either being successful efforts, demonstrating the value of the CBI to its members or potential members; or, less commonly, unsuccessful efforts, demonstrating that the CBI is representing member interests, even where it is not successful at obtaining changes in government policy.

“CBI concerns about employer involvement in the administration of the WFTC have been quoted frequently in the debates so far.” (Human Resources Report, May 1999)

Some of its members have opportunities to lobby government directly, and the CBI seeks to gain information from them and provide them with details of its relevant lobbying points, in the hope that they will help push the CBI’s line.

Beyond promotion of lobbying efforts, the CBI provides a significant amount of information on in-work benefits to its members. This ranges from practical information on the regulatory requirements, to setting out the organisation’s policy on a topic, and on occasion, opinion pieces giving an unofficial but authorised view on the topic.

Finally, research into in-work benefits by the CBI is fairly limited, but there are examples. Members were asked for their views on government funding for training schemes in 2005 and 2006, while overviews of the main in-work benefit schemes are provided in 1989 and 1995.

Development of CBI policy

The CBI develops policy through numerous mechanisms. It claims to represent the views of its members, and most obviously, it sometimes explicitly requests its members’ views on a topic. On other occasions, members with a strong view on a topic spontaneously contact

the CBI, asking them to take their opinions into account. The documents provide some evidence of this taking place in relation to in-work benefits. For example, in 1996, the CBI's proposals relating to the Conservative Party budget, including support for Family Credit, were presented to its Council by its Chief Economic Adviser, but show no evidence of having previously been discussed by members. The Council alone then discussed its general support but desire for stronger support for Family Credit, as a counter to the potential future introduction of a minimum wage.

There is also a permanent staff at the CBI. It is led by a Director-General, supported by several departments, each with their own Director, and numerous staff. These staff, particularly the Director-General and departmental directors, have a major role in developing CBI policy. With rare exceptions, they are the individuals engaging in lobbying, and they are often required to decide how to present CBI policy, and which points to emphasise. There is also evidence of the staff developing policy on topics without reference to the committees or members, and simply obtaining their approval of an already formulated position.

"So last week we put to the CBI Council for approval - and secured it - a new statement on equal opportunities". (Employers for Change, internal document, 1993)

In addition, there is a president, an unpaid role, but one with significant prestige. The president heads the Presidents' Committee, a large body with representation from large member companies and some smaller companies, chosen to provide some regional representation. This is one of a wide variety of different CBI committees. These have shown some variation over time, but the basic structure throughout the period of interest is shown in appendix 2. The minutes of the most important committees are available, and they show a wide variety in levels of activity, member engagement, and influence within the organisation.

The President's Committee has the most evidence of activity, with its minutes and discussion documents well-represented in the archive. Its membership lists are not preserved, but some meetings have lists of attendees. It held a well-attended meeting on

19th July 1999, during a period of more intense debate about in-work benefits, with the introduction of new tax credits. The attendees are listed in appendix 3. Its membership mostly consisted of Chief Executives of major companies, although a few smaller companies are also represented, generally through nomination from other committees. The companies represent a wide variety of industries, with a particular strength in manufacturing, but services are also strongly present.

The Chairmen's Committee is also well represented in the archive. In theory, it has a key policy role, but in practice the permanent staff tend to propose policy, which the committee then discusses and approves. The Council is large and poorly-attended, but it is again well represented in the archive. It is typically convened to discuss major governance issues, which seldom relate to in-work benefits.

CBI policy also develops through lobbying; positions are put to government and accepted or rejected. What is considered possible changes, and the CBI position adapts its position accordingly, as is particularly clear with the introduction of a minimum wage.

“While the CBI has not been convinced that a [National Minimum Wage] is the best way to tackle poverty it accepts that the Government has a mandate for its introduction. The CBI will seek to play a constructive role in the proposed Low Pay Commission, to ensure that the implementation of the NMW is sensitive to the needs of the labour market and the concerns of business.” (Human Resources Report, June 1997)

This is a common approach from the CBI – to understand which aspects of policy are within scope for influencing – more at the peaks in debate – then advance its position using the methods discussed earlier in this chapter, but remain prepared to reassess when what is possible changes. It is not interested in championing lost causes or spending much time advocating potential models of in-work benefits which are not on the agenda.

Finally, there is evidence of a variety of minor methods of policy development. For example, the CBI occasionally organises a conference on a topic of interest, or sends delegates to a conference organised by another organisation. It sometimes works directly with other peak-level business organisations, agreeing joint approaches to policy outside

the structures of the CBI, although evidence for this in relation to in-work benefits is restricted to the collaboration with the Association of British Chambers of Commerce in responding to the early 1970s tax credits proposal. This matches the finding in chapter 6 that business organisations, outside the housing sector, do not appear to have collaborated in responding to consultations on in-work benefits.

The CBI and non-members

Only a minority of businesses hold membership of the CBI. These businesses are of a variety of sizes and industries. While no full list of members is available, either current or in the archives, the archives do contain a significant amount of information about members, which allows some conclusions to be drawn.

As discussed in the literature review, larger companies are well represented among CBI members. While the majority of members are medium-sized or small businesses, they are less influential within the organisation; the majority of members of the President's Committee are from larger companies. Membership is more common among businesses in certain sectors, although the CBI itself never states in which sectors its membership is focused. A significant number of non-member businesses are represented through sectoral bodies holding membership of the Director General's Group of Chief Executives of Major Sectoral Organisations. While there is only limited information on membership of this committee, a list of members in April 1991 is available, given in full in appendix 4. At the time, there were 28 members, covering a range of industries, shown in the table under their ISIC classifications. As of 1991, representation was focused in manufacturing, construction, and transportation and storage. As table 3.5 shows, these are all sectors with some low paid work, but not those where low pay is most prevalent. The committee had little representation from important sectors such as the wholesale and retail trade, financial and insurance activities, and information and communication. There was no representation at all from sectors including professional, scientific and technical activities, or human health and social work activities, which in the UK was and remains dominated by the public sector.

Despite this attempt to incorporate a large number of businesses into the structure of the CBI, many businesses are not members. Some will hold membership of one of the other business organisations, such as the British Retail Consortium or UK Finance, while some –

particularly smaller businesses – are not members of any peak-level business organisation or sectoral body. A document entitled “Broadening the CBI Membership Base”, discussed by the President’s Committee in 1995, notes that membership penetration had been in gradual decline since the early 1980s.

The CBI is keen to claim to represent the views of business as a whole. For example, its “Broadening the CBI Membership Base” discussion document states that:

“The prospect of a Labour government makes it very important to have a strong and cohesive industry voice which is broadly representative, and seen to be.”

As a result, the CBI claims to avoid campaigning on matters of interest only to a particular sector of its membership. While it is possible that it sometimes lobbies in such a manner, its keenness to maintain a united front for business means that its positions do not necessarily represent specific sectoral attitudes. The lack of archived minutes for the Director General’s Group of Chief Executives of Major Sectoral Organisations means that it is not possible to examine whether debates about in-work benefits arose among its various affiliated sectoral bodies, but the differences in responses from some of them to consultations, discussed in the previous chapter, suggests that they had differing priorities.

In addition to business organisations and specific businesses, the CBI engages with other actors, with the most commonly mentioned being the Trades Union Congress (TUC). While in the 1973/74 plans for tax credits, the TUC and CBI collaborate on a common position, the CBI is generally highly critical of the TUC during the 1980s, and by the 1990s is arguing that the TUC is of little relevance to policy debates. As shown in the literature review, by the 1990s, the TUC was also broadly supportive of in-work benefits, but it has different interests and priorities to the CBI and so this lack of co-operation is unsurprising.

[Differences between CBI member positions](#)

Despite the CBI’s keenness to present a unified business position on issues, this is largely a fiction. Non-members may disagree with CBI positions or tactics, and members may hold differing opinions. There is evidence in the CBI documents of the organisation dealing with

these differences in three distinct ways: not holding a position on an issue, tempering its position, or going with the majority view.

The option of not holding a position on an issue is easiest when the issue is considered unimportant by many members. The most explicit example of this in the archive does not relate to in-work benefits: the 1995 discussion document "Review of Labour Party policy" specifically mentions that there is no need to take a position on the party's rewrite of Clause 4, removing the party's commitment to nationalisation of industry.

"We do not need to take a position on this [new Clause 4], though if asked, we would obviously welcome... the recognition of the need for an incoming to Labour government to consult representative groups other than trade unions. That is meant, as we understand it, to refer to us (among others)." (Review of Labour Party policy, Presidents Committee document, April 1995)

While the CBI privately welcomes the change, it does not see an advantage in publicly welcoming it.

On some issues, there is a clear mandate for members for a campaign on an issue, but in order to satisfy a significant number of dissentients, the organisations tempers its position.

"Some employers might agree that a tax credit could be a significant motivational factor for those in low incomes. However others are concerned at the demotivating effect of two employees receiving different take-home pay for doing the same job". (Human Resources Report, April 1998)

Here, the different views of members on the impact of tax credits on employee motivation are summarised, and though the wording implies more backing for those taking a negative view, the opposite position is acknowledged.

7.4 Policy positions

The CBI frequently discusses in-work benefits, and seeks to influence government policy in the area.

CBI attitudes to specific in-work benefits

Table 7.2 summarises the CBI’s attitudes to specific aspects of the various in-work benefit schemes. These aspects, identified from the CBI documents, reveal some recurring themes. For comparison, attitudes to the National Minimum Wage – introduced by the Labour government alongside tax credits – are also listed.

Table 7.2: CBI attitudes to specific in-work benefits

In-work benefit	Effectiveness	Spending levels	Administrative burden
Family Credit	Positive	Generally negative	Generally negative
WFTC	Positive	Positive	Generally negative
WTC and CTC	Generally positive	Mixed	Generally negative
Universal Credit	Generally positive	Positive	Generally negative
Housing Benefit	Not mentioned	Not mentioned	Not mentioned
Other schemes	Generally negative	Mixed	Generally negative
Minimum wage	Negative	Negative	Negative

The CBI was positive about the overall effectiveness of most schemes, with the most enthusiasm for Family Credit and Working Families Tax Credits. It had some concerns about overall government spending levels, but in relation to in-work benefits, these were relatively minor. Its main objections to the policies were on specific matters, such as what it typically terms the ‘administrative burden’ on businesses. This theme recurs frequently, from the introduction of Family Credit, to the introduction of Universal Credit. However, although the theme is clearly important to the CBI, it does not cause it to become negative about the benefits overall, or their effectiveness.

"Members have expressed some reservations about the introduction of a Working Family Tax Credit in so far as it would involve employers in administering the credit. However it seems most unlikely that the disadvantages of involving employers in administration will outweigh the perceived advantages of this significant raising of work incentives." (Human Resources Report, April 1998)

Despite its engagement with the schemes, in the “CBI Analysis of the March 2005 budget”, it classifies tax credits alongside benefits as “measures mainly affecting households”. Perhaps its tactic of presenting the impacts of in-work benefits as principally accruing to individuals and families is, to an extent, a genuinely held view.

The picture on the minor schemes is mixed, as might be expected from the varied nature of the programmes:

"The Government has announced that it will be expanding the 'Workstart' and 'Worktrial' pilots (which provide incentives or trial periods for employing the long term unemployed... although the CBI report was not antipathetic to such moves, they were not rated as the most effective measures". (Employment Affairs Report, February 1995)

The CBI’s attitude is substantially more negative than to the major schemes, with concerns raised about their effectiveness even when it is in support of the general aims of a programme, such as in this report on two small pilot schemes.

In-work benefits and the minimum wage

While the National Minimum Wage is not an in-work benefit, it was introduced alongside the Working Families Tax Credit, and as discussed in the literature review, in its early years, the two were often discussed together. The CBI’s attitude to the minimum wage, in contrast, is entirely negative, warning of problems with the scheme pre-legislation, during Parliamentary debates, and after introduction. It never discusses the minimum wage in the same documents as Working Families Tax Credit, although in earlier documents it does sometimes contrast it with Family Credit, and once with Housing Benefit.

"The CBI is wholly opposed to the idea that employers should be required to establish minimum pay levels which take no account of the circumstances of individual employees, of the nature of the work being undertaken, of the varying skills, abilities and responsibilities of individual employees and of variations in work patterns and productivity between units.

One of the most obvious ways of taking working families out of poverty is to increase the take up of social security benefits such as Family Credit and Housing Benefit". (Employment Affairs Report, September/October 1989)

This effort to separate the two concepts can be seen as an attempt to maximise the advantages to its members, the CBI arguing that a minimum wage would "could result in an immediate reduction in jobs for the lower paid" (Employment Affairs Report, September/October 1989) and potentially increase poverty, while Working Families Tax Credits would "increase incentives to work by targeting additional resources on workers most likely to suffer from poverty and unemployment traps" (Council document, February 1999). Holding very different attitudes to these two schemes, the incoming Labour government's attempt to consider the two together did not suit the purposes of the CBI. So complete is the separation of these two schemes in CBI literature, that it never explicitly argues for their separate consideration; instead, it presents separate articles on the topics, and in minutes, discusses them under separate headings.

The internal documents present in the CBI archive do not provide evidence that this is a deliberate strategy, but it is impossible to credit the idea that the separate consideration of in-work benefits and the National Minimum Wage is coincidence, or represented an obvious and settled situation. As discussed in the literature review, Balls et al's 2004 publication *Microeconomic Reform in Britain* shows how government policy at the time considered the two intrinsically linked, each policy reliant on the other, a position reflected in Labour Party contributions to the Parliamentary debates in Chapter 5. Opposition MPs, while often arguing that a minimum wage was undesirable, did not display this reluctance to discuss it alongside in-work benefits, and there is no evidence of the CBI adopting this approach from elsewhere.

While this approach did not succeed in preventing the introduction and later uprating of the minimum wage, the more recent government consultations and Parliamentary debates discussed in chapters 5 and 6 did consider the two schemes separately, and the absorption of the tax credit programmes within Universal Credit was done with little reference to the minimum wage. The attempt to separate in-work benefits and the minimum wage was largely successful, yet this did not achieve the aims of the CBI.

Attitudes towards changing governments

A simplistic view of business organisations, including the CBI, is that they are sympathetic to right-wing governments, such as the Conservative government from 1979 to 1997, and hostile to left-wing governments, such as the Labour government from 1997 to 2010. As discussed in the literature review, the actual relationships between business organisations and governments are more complex than this.

The CBI's positivity towards the Conservative government is seen, particularly during the mid- and late-1980s, and it was very positive towards many Conservative schemes. This is true of the Family Credit introduced in 1986,

"The CBI supported the reform of FIS; the new method of assessment for Family Credit should achieve the goal of avoiding the worst effects of the poverty and unemployment traps." (Employment Affairs Report, July/August 1986)

Even in the 1990s, changes to Family Credit are received very positively.

The CBI presents itself in external publications as a partner, working closely with the government, and this presentation extends to minutes. Internal documents show a more complex, but generally positive relationship. However, the Conservative government's devolution of Housing Benefit does not rate a mention in either external or internal CBI documents. After early comments on low take-up of Housing Benefit, housing as a whole is only mentioned by one (unnamed) CBI member, asking Ken Livingstone about housing costs in London in a 2000 meeting.

Where Conservative schemes, or details of them, are disliked, the CBI attitude is that these can easily be changed through discussions. For example, proposals for an Earnings Top-Up scheme are criticised in the *Employment Affairs* Report of August 1995, which argues that it will be expensive and "unscrupulous employers may reduce wages if the State provides an income top-up for everyone", but rather than opposing the policy wholesale, it suggests piloting, to be followed by further consultations. This approach proved successful; the scheme was indeed piloted, and a sample of businesses in the pilot areas were surveyed as part of the evaluation of the scheme (Lissenburgh et al, 2001). By this time, the scheme had ended, on the grounds that its intended effect had been largely replicated by the National

Minimum Wage (National Archives, undated). The policy which the CBI wished to see altered had indeed been replaced, albeit by an alternative which the federation opposed. As with the separation of tax credits and the minimum wage, the CBI's immediate aim was achieved, but it did not lead to its favoured outcome, given its opposition to the minimum wage.

In contrast, the CBI's attitude towards the Labour Party is suspicious. Working Families Tax Credit is welcomed, but the tone differs; it is presented to members as a success of the CBI that it has obtained concessions from the government, and far more time is devoted to denouncing the simultaneous introduction of the National Minimum Wage.

"The CBI has said that we would wish to be involved in discussions to ensure that the administrative burden on employers will be minimised and we have welcomed the Government's commitment to consult on the practicalities". (Human Resources Report, April 1998)

Where schemes, or aspects of them, are disliked, the CBI's attitude is more strongly negative, and internal documents suggest that lobbying would have little impact.

"...it is highly unlikely that they could be prevailed upon to drop this minimum wage legislation. The CBI's approach therefore is to maintain objection in principle to the proposals but at the same time to engage in constructive dialogue to seek to ensure that its legislation is workable..." (Document circulated to Presidents' Committee, 22nd September 1997)

Instead, there are attempts to counter them through working with sympathetic opposition politicians, public campaigns against them, or resignation that they will take place and a reorientation to try to modify those elements which the CBI finds most disagreeable.

"Members were strongly opposed to the concept of an automatic right to part time working... although this was potentially the most damaging of the proposals, the CBI should also lobby more generally against any new regulation that would increase the burden on SMEs." (Minutes of the Presidents' Committee meeting, 16th October 2000)

Despite earlier claims of easy access to leading figures in the Labour Party, the CBI's attitude towards the party on the matter of in-work benefits differs to its attitude to the Conservative Party, and it adopts different approaches in an attempt to change policy.

Themes in CBI discussions of in-work benefits

Chapter 5 identified eleven themes in Parliamentary discussions of in-work benefits: administration costs, benefits recipients spending money, childcare, corporate subsidies, employment and unemployment, flexibility, productivity, self-employment, tenancies, training, and wage levels. Some of these themes also appear in CBI documents, and it is possible to compare their frequency, the attitudes expressed, and also the timing of these, compared with them being raised in Parliamentary debates or responses to government consultations.

As shown in table 7.3, the CBI documents engage with seven of the eleven themes identified in previous chapters, the exceptions being benefits recipients spending money, productivity, self-employment, and tenancies. The lack of interest in tenancies mirrors the CBI's lack of engagement with Housing Benefit or, indeed, any aspect of housing. A failure to engage with the benefits recipients spending money theme suggests that this does not arise from businesses, or at least is not a position of interest to sufficient numbers of businesses that the CBI wishes to raise it. This idea, of government spending having a multiplicative effect where it leads to increased spending, is important in Keynesianism (A., 2016), and it would be expected that the federation would have raised it, if it was as attached to Keynesian theories as suggested by May et al (1998), as discussed in section 3.5.

The self-employment theme was a major one in Hansard, and one on which the FSB campaigned. The CBI generally represents larger businesses, and not self-employed individuals, so from a position of pure self-interest this lack of engagement might be expected, but it is notable that it chooses not to reinforce or even mention the FSB's campaign. The most interesting omission is the productivity theme, as it might be expected that this would be of interest to the CBI – it is a theme which often appears in its archive in relation to other topics. There is no obvious tactical reason for this, suggesting that this genuinely represents its way of thinking about in-work benefits, that they do not impact on productivity.

Table 7.3: CBI engagement with themes, compared with political parties

	Administration costs	Benefits recipients spending money	Childcare	Corporate subsidies	Employment and unemployment	Flexibility	Productivity	Self-employment	Tenancies	Training	Wage levels
CBI											
CBI	-		+-	+	+	-				+-	+-
Political parties											
Conservative	+-		+	-	+-	+-	-	+-	+-	-	+-
Crossbench								-			
Labour	+-	+	+	-	+-	-	-	+-	-		+-
Lib Dem	-			-	-	-			-		-
SNP	-	+		+-		+-		+			+-
UKIP				-							

Table 7.3 further attempts to match the CBI’s engagement with the themes with those of political parties. Here, there is no perfect match. Conservatives mention all seven of the CBI’s themes, with identical sentiment in three cases, and overlapping sentiment in all of them. Labour members mention six of the CBI’s themes, and similarly have identical sentiment in three cases, and overlapping sentiment in all of them. The Conservatives mention three of the themes which the CBI do not, and Labour members mention all four; by this measurement, it is not clearly closer to one major party than the other. While the CBI is perceived as being closer to the Conservative Party than the Labour Party, it is keen to influence both the government and the opposition, and some members of each party are more sympathetic to it than others; as seen in chapter 5, some Conservative politicians will openly criticise the CBI, while others cite its views. Other parties take up few of the themes mentioned by the CBI, with themes raised by SNP members being a particularly poor match for the CBI themes. These are smaller parties, and therefore it is unsurprising that they have contributed less, but there is no evidence of the CBI building close links with these parties or any of their members. When the CBI wants to be heard, it engages with members of the two largest parties, which alternate in government.

Table 7.4: Themes by month first raised, and benefits under discussion

Theme	First raised by CBI	CBI relates to which benefits?	First raised in Parliament	Parliament relates to which benefits?	CBI as influencer or follower
Administration costs	03/1986	FC, WFTC, WTC, CTC, Skills, Other	06/1986	FC, WFTC, WTC, CTC, UC, Other	Influencer
Childcare	09/1989	Skills, Other	11/1995	Other	Little connection
Corporate subsidies	07/1997	WFTC, Skills, Other	06/1986	FC, WFTC, Other	Follower
Employment and unemployment	04/1990	FC, WTC, CTC, Skills, Other	01/1989	HB, WTC, CTC, Other	Follower
Flexibility	07/1988	WTC, CTC, Other	01/1991	FC, HB, WTC, CTC, Other	Influencer
Training	06/1993	Other	07/2015	WTC, CTC, Other	Little connection
Wage levels	07/1988	Other	12/1985	FC, HB, WFTC, WTC, UC, Other	Follower

It is also possible to examine the order of events. Table 7.4 shows the month in which each theme was first raised by the CBI, and the benefits to which the theme was related, comparing this with the month it was first raised in Parliament, and the benefits to which the theme was related. Childcare, employment and unemployment, and wage levels, are first raised in Parliament, and the CBI raise them considerably later. Training and childcare appear at very different times in the Parliamentary and CBI records, suggesting that there is little influence either way, on these topics. However, flexibility appears in the CBI record before it is raised in Parliament. Most significantly, administration costs, which is the single most common theme in CBI documents, first appears in them three months before it is first raised in Parliament. This suggests that the CBI discourse may have influenced Parliamentary debate. There is also a high degree of overlap between the benefits each relate to the administration costs theme, which would be consistent with continuing influence resulting from ongoing CBI campaigning on this issue.

The documents were also explored for other emerging themes. The free market theme, which appeared in the co-ordinated housing sector responses to consultations, did not appear in the CBI material. Although some idea of a free market is implied where it appeals to economic orthodoxy, it never explicitly appeals to a free market as a norm from which policy should avoid deviating.

Other themes which did recur in the CBI materials were take-up, older workers, and good vs bad employers. Take-up is discussed in chronologically earlier material, where the CBI objects to many people eligible for Family Credit not claiming it, a situation which it argues reduces the effectiveness of it as a policy. Its interest in older workers lies in a desire to retain them in the job market; it explicitly argues that Family Credit could be extended to low-paid older workers.

"...the Family Credit scheme could be extended to help the other group for whom low wage are most likely to lead to poverty - older workers. The French example might well provide some lessons." (Employment Affairs Report, September/October 1989)

The idea of good and bad employers, with CBI members cast as the good, appears on two occasions, here while discussing the National Minimum Wage:

"The majority of good employers do not wish to be undercut by the bad, employing staff below a NMW" (Human Resources Report, October 1997)

This is an unusual example of the CBI implicitly finding a positive in a minimum wage, but the theme of good and bad employers itself is interesting; it differs from the Parliamentary tendency to see small businesses as good and larger businesses, if not necessarily, bad, at least as less sympathetic. Instead, here, a good employer is one which meets the low bar of complying with the law.

7.5 Application to research questions

How does organised business view in-work benefits?

The CBI is reluctant to acknowledge businesses as beneficiaries of in-work benefits, so there is little evidence in its documents of in-work benefits positively affecting the actions of

business. Where in-work benefits are praised, the claimed advantages are for the economy as a whole or the individual welfare recipients. This mirrors the appeals to general economic principles and to impacts on individuals and families, seen among the consultation responses in the previous chapter. As seen in that chapter, appeals to the interests of businesses are unlikely to succeed, so this is tactically wise from an organisation hoping to influence government policy.

Where the CBI holds a negative view of an in-work benefit or an aspect of it, the case for change is typically put in terms of the effect it has on the actions of businesses. While this does relate to impacts on business, this is more a call on economic principles, arguing that negatives for business are unwarranted violations of sound economic policy. This position implies that positive aspects of in-work benefits are seen as part of a natural state of affairs, while negative aspects are seen as unwarranted impacts on business. There is insufficient evidence to determine how strongly CBI members and staff genuinely hold this view, or to what extent it represents a conscious effort to shape the debate.

In one particularly interesting quote, the CBI argue that the minimum wage may positively affect the actions of competitors who pay low wages – a marked departure from its generally negative tone on a minimum wage.

"One of the biggest changes CBI members will feel is that the minimum wage will finally expose the cowboys and unregulated operators who have been holding down wages and undercutting employers who have adopted responsible policies on pay and conditions. Hopes are that the minimum wage will force them to pay higher rates so levelling the playing field and giving honest companies a fair crack of the whip." (CBI News, April 1999)

In addition to being an unusual positive take from the CBI on the minimum wage, it is an acknowledgement that some businesses are seen as benefitting from low pay, and that this is unfair competition on their own members, who they understandably wish to be seen as higher-paying. There is nothing in the archive which addresses the potential impact of in-work benefits on similar competitor companies; they could be seen similarly as levelling the playing field, or more negatively, as permitting those low-paying companies to compete more effectively for staff with higher-paying businesses.

The CBI usually avoids explicitly identifying its members as beneficiaries of in-work benefits. In the archive material, the closest it gets is in a short article from 1998, where it states ambiguously that “it seems most unlikely that the disadvantages of involving employers in administration will outweigh the perceived advantages of this significant raising of work incentives”. Although it leaves it unclear where these benefits accrue, given the juxtaposition with the disadvantages to employers, there is a clear implication that they also receive advantages.

There is a further, important, quote in material around the introduction to Universal Credit, which lists three anticipated benefits to business of the new scheme.

"The proposed changes are therefore welcome. We expect them to have three main impacts on businesses: Businesses should find it easier to fill hard-to-fill vacancies, as moving into jobs - including those that are short term and irregular – becomes more attractive for claimants. They should find it easier to adapt their staffing patterns to changes in their business. Finally, they should have a larger pool of potential employees to choose from." (CBI Briefing Note, January 2012)

This is clear evidence that the CBI can see benefits accruing to its members from in-work benefits, and in a document which was made available to the public. But this is a unique case. It is unsurprising that, in general, the CBI does not want these schemes seen as corporate welfare. However, its positivity towards many of the schemes – especially Family Credit and Working Families Tax Credits – demonstrates that it sees them as positive for business. This can be contrasted with its negativity towards the National Minimum Wage and attempts to consider that separately from in-work benefits. It often makes this case in terms of poverty, focusing on the individual and family levels, rather than community or class-based analyses of poverty, and it justifies this interest as a way of making work pay and thereby encouraging more people to move into work.

"The CBI has outlined its support for the system of tax credits - they are a valuable way of increasing incentives to work and alleviating in-work poverty." (Human Resources Report, March 2003)

Despite these mentions of the impact of in-work benefits on business, the advantages for individuals are discussed more frequently, albeit the ratio of mentions is far smaller than in the Parliamentary debates.

The term 'in-work benefits' appears only once in the CBI archive, and then in an internal document.

"The CBI has stressed the need to extend the pilot schemes where Family Credit (an in-work benefit) is paid to childless couples". (CBI Proposals for the 1996 Budget, document for Presidents' Committee, June 1996)

Instead, schemes are often identified by their particular name. When speaking more generally, in other documents, Family Credit is described as a "social security benefit". The CBI tends to follow government practice in how it describes in-work benefits, so in 1998 it describes Working Families Tax Credit simply as "a credit". As late as 2010, it talks about reducing the number of people of working ages on benefits, while supporting the maintenance of in-work benefit schemes, suggesting that, during this period, it does not see them as part of the benefit system. However, Universal Credit is seen as part of the welfare system, to the extent that, while many articles discuss its in-work elements, sometimes it is described as a benefit for those who are out-of-work.

"The proper functioning of the [Job Retention Scheme] will mean that people can keep their jobs, rather than losing them and having to turn to Universal Credit."
(Daily Coronavirus Webinar: economic impact of COVID-19, April 2020)

Perhaps this is a one-off slip in a document failing to remember that Universal Credit has important in-work elements, but this offers a suggestion that, by 2020, the CBI was not well-engaged with UC's in-work elements. This might be because this was a period of lower debate, and with COVID-19, the organisations had other lobbying priorities.

The CBI is more keen to acknowledge the social welfare aspects of in-work benefits, but in the same way as Parliamentarians and the consultation respondents in the previous chapters, it also understands them as corporate welfare, bringing benefits to employers.

How do business interests view in-work benefits?

The CBI documents provide clear evidence that the organisation distinguishes between different in-work benefits. It has a clear and detailed understanding of the relevant legislation, its aims, and the likely impact on business, and is confident in this understanding. Because it aims to represent business as a whole, rather than any specific size or sector of business, it spends little time discussing variations in the impact of in-work benefits on business.

Like the Parliamentary debates, the CBI does not attempt put in-work benefits in some international context, although it occasionally comments on proposed international legislation which might affect in-work benefits, and on one occasion mentions a French scheme as a possible model. Historical perspectives are limited, the early 1970s material providing the only attempts to provide a comprehensive historical overview of in-work benefits. Later work, where it has any historical perspective, limits itself to the immediate predecessor scheme – so, for example, articles published around the introduction of Family Credit give some detail on the Family Income Supplement, or those published around the introduction of Working Tax Credit and Child Tax Credit give some detail on the Working Families Tax Credit. One article on low pay gives a detailed historical perspective on minimum wage legislation, but there is no equivalent for in-work benefits. Even so, this is more than most Parliamentary contributions or any consultation responses. However, framing perspectives common in academic work on welfare, such as the post-1970 pressures on social welfare schemes, are absent. In fact, no long-term explanations for the changes in in-work welfare are discussed; where any explanation is given, they are simply presented as a response to poverty, or to flaws in previous schemes.

Another aspect notably missing from the material is discussion of conditionality for in-work benefit claimants, perhaps because this aspect is regarded as not having a direct impact on business, although Ingold (2020) did find that businesses had opinions on benefit conditionality, when prompted.

The CBI does not tend to distinguish between different groups in receipt of in-work benefits, such as women, or people of particular ethnic backgrounds. There is some discussion of family arrangements, and it has a strong interest in childcare, a theme which appears on

many occasions. It is supportive of in-work benefits to help address the cost of this, even before it is proposed by government.

“The relative lack of formal childcare arrangements and the high cost of the care that is available already contribute an obstacle to the participation of many women in the labour market. [An option is] cash benefits from the state similar to child benefits but on a selective basis to assist with childcare costs”. (Employment Affairs Report, March/April 1989)

The CBI is supportive of the principle of industrial policy, although it does not always use that term. However, it never links the concept with that of in-work benefits.

The CBI’s position on in-work benefits has evolved over time. It is positive about the major in-work benefits and their effectiveness, generally positive about government spending levels on the benefits, and generally negative about the administrative costs for business associated with them. The CBI’s positivity about the impact of in-work benefits on skills is an interesting theme, indicating that it values this commodifying aspect of the benefits, in contrast with the tendency of some businesses to support decommodifying aspects of social welfare.

The CBI’s positions have many similarities with those of other businesses and business organisations, as discussed in Chapter 6. There are no examples of it directly opposing the positions of other businesses, but it does ignore some minor business interests, and did not support the FSB’s theme, discussed in Chapter 6, on the impact of in-work benefits on small businesses. The CBI is distinguished in the range of aspects of in-work benefits it engages with. This could partly be explained by the broader range of documents available to study, but as Chapter 6 showed, it is more likely to engage even with consultations and Select Committees than most other business organisations, while this chapter has demonstrated that it is generally an ‘insider’ organisation, well able to lobby in less visible ways.

In general, the CBI has a keen sense of where debate can be had, and it lobbies on matters already under discussion, sometimes successfully introducing new perspectives. When a lobbying effort is unsuccessful, it retrenches, refocusing on what concessions might be possible. The organisation occasionally suggests entirely new proposals, as with the idea of

extending Family Credit to cover older people, but it does not devote time to lobbying on these novel proposals. It focuses on responding to government ideas, rather than coming up with new ones. There is evidence that CBI lobbying can be successful, most apparently in the decision not to pay Family Credit in the wage packet. But this does not mean that it gets all its priorities met; in the example of the Earnings Top-Up benefit, the scheme is trialled and then consulted on, but it is replaced by the less-favoured National Minimum Wage.

To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?

As discussed in the literature review, the CBI is perhaps the most important business network in the UK. It has engaged extensively with debates on in-work benefits, covering a wide variety of themes, across the entirety of the period under investigation. The CBI focuses on engaging the government on in-work benefits, with some lobbying of the civil service and other political parties. There is no evidence of engaging at the local or European levels on in-work benefits, which is unsurprising, as policy in these matters is made at the national level. While the CBI has responded to government consultations, and the documents show that it does attach some importance to these responses, devoting time and effort to them, the minutes and internal documents show that it places more emphasis on its lobbying efforts.

Despite some claims that the CBI was less influential on government policy during the period from 1979 on, it clearly has frequent contact with politicians and officials, and there is no evidence of it being wedded to the Keynesian views disfavoured by the Thatcher government.

The CBI places importance in being able to describe itself as representing the views of business, and as a result, it does sometimes consult members. However, this bottom-up policy making is very limited, as on most issues, the CBI does not feel the need to consult members and sometimes lobbies government without even having discussed the matter at committee level. The policy that it does not campaign on matters of interest only to a particular sector allows some minority positions to be disregarded, and where members disagree on policy, this does not always influence the position of the CBI.

A more difficult question is the extent to which the CBI influences its members' understandings of, and reactions to, in-work benefits. It provides a substantial amount of information on these benefits, circulated to members, so it clearly hopes to influence their approaches to in-work benefits. However, it is not clear how widely the publications are actually read or acted upon by members. Many of the largest members, and a wide range of medium- and small-businesses, are represented on the CBI's various committees, suggesting that they will have substantial exposure to CBI policy, so there is at least the potential for influence.

The CBI holds an important role in networks of business and government, and it attempts to shape understandings of in-work benefits. This analysis shows that it has some success in doing so, with its efforts constrained less by its own members than by the openness of politicians to its arguments; the example of the administrative burden theme demonstrates that it can succeed. It is keen to represent the reactions of business to in-work benefits as inevitable, rather than shaped by itself or any other controllable factors, making its influence on business response hard to determine. However, there are examples of it calling on businesses to engage with particular schemes, such as in the promotion of Family Credit.

"The CBI has been requested by the DSS to help in the publicity of Family Credit to increase the targeting of the benefit. Members will be kept informed of any future developments in this area". (Employment Affairs Report, October 1990)

The relative lack of success of these suggest that it has little influence over the response of businesses to in-work benefits.

7.6 Conclusion

This chapter has addressed three of the research questions of the thesis, on whether in-work benefits are seen primarily as social or as corporate welfare, on business perceptions of in-work benefits, and the extent to which Parliamentarians reflect business views with regard to in-work benefits.

The CBI claims that in-work benefits do affect the actions of businesses, but principally discusses this in cases where it views the effect as negative. It is implausible that the only

substantive impacts of in-work benefits on business are negative, but two competing hypotheses remain: that in-work benefits do significantly affect the actions of businesses, in ways which can be seen both as positive and as negative; or that in-work benefits do not have a significant impact on the actions of businesses. While evidence for positive impacts is largely absent, there is the interesting example from 1999, describing how changes to the minimum wage might make it difficult for businesses to undercut competitors by offering low pay. This, combined with the consultation responses explored in chapter 6, makes the case that in-work benefits are seen by the CBI as having the potential to affect the actions of business in a positive way, even though they are reluctant to admit this, perhaps to avoid charges of in-work benefits being 'corporate welfare'. Even the phrase 'in-work benefits' is avoided, as the CBI carefully uses language to promote its own interests in relation to in-work benefit policy.

The CBI engages with a wide range of in-work benefits, particularly around times of change, coinciding with the periods of most intense Parliamentary debate. It is generally positive about in-work benefits, especially the major schemes, such as Family Credit, Working Tax Credits, and Universal Credit, although it is negative about some aspects of the schemes, especially those relating to administrative costs. It adopts a variety of approaches to communicate its positions, generally responding to government initiatives rather than proposing entirely new policies, but often espousing novel viewpoints. It has a confident understanding of in-work benefits, albeit framed in a distinctive manner, neglecting international and historical perspectives. It focuses on the importance of in-work benefits to individuals and families, while ignoring differential impacts on specific groups. Discussion of conditionality is unexpectedly absent, suggesting that it does not see this as an aspect of in-work benefits with a significant impact on business.

The CBI plays a role in shaping understandings of in-work benefits. This is clear from themes arising in its documents before they are raised in Parliament, and also from its partially successful efforts to separate the topics of in-work benefits and the National Minimum Wage in discussions. It is clear from this that it plays a role in shaping the understandings of political actors, and it plays a key role in networks of business and government, representing itself as a partner of government, closer to Conservative governments, but also able to work with Labour governments. It provides a significant amount of information to businesses,

both on the workings of in-work benefits, and on its opinions on them. This passing of information through a network is interesting, and gives the potential for member businesses to have at least a basic understanding of in-work businesses, although it is unclear how many do engage with this. Members do play a role in validating the CBI's policy, although their role in developing it is limited. While the CBI represents a broad range of businesses, there are biases in its focus, and this influences the policies which it adopts.

The CBI has policy success on in-work benefits; for example, this is implied by both a policymaker and by the CBI in the case of the payment of Family Credit with the wage packet. The literature review showed that there was other opposition to this, although the Institute of Directors, another important peak business organisation, took the opposite view. However, these impacts are on the details of benefits; the CBI tends to be reactive, rather than setting agendas by proposing new policy. On the rare occasions that it does propose a novelty, it does not devote time to lobbying on the idea.

The three empirical chapters have explored documents from three different groups of actors, covering periods from 1980 to the present day. Each chapter has addressed a different combination of research questions, and has related to the material in the literature review. The next step is to draw the findings together, to answer the research questions and explore how this addresses the gaps in the existing literature.

Chapter 8: Discussion and conclusions

8.1 Introduction

This chapter draws together the findings of the three empirical chapters, and uses them to address the four research questions. It also considers the implications of these findings for the literature reviewed in chapters 2 and 3, and how the theoretical framework has influenced the research and findings. Finally, it considers the limitations of the research, and gives recommendations for future research and for policy.

The four research questions were:

1. How do Parliamentarians discuss, and how do they understand, the role and function of in-work benefits?
2. Who, if anyone, do Parliamentarians identify as the beneficiaries of in-work benefits? How do they discuss and assess the costs and benefits to businesses?
3. How does organised business view in-work benefits? What does it see as the costs and benefits and who does it see as the beneficiaries? Are the benefits outlined and acknowledged?
4. To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits? How does organised business attempt to influence policymakers and Parliamentarians, with regard to in-work benefits?

Each question is considered in turn. There is considerable evidence on first two questions, mostly obtained from the analysis of Parliamentary material in chapter 5. The evidence for the third question is also well-covered, from the analyses of responses to government consultations, and the CBI archives, in chapters 6 and 7. The fourth question requires more of a synthesis of material, drawing on all three empirical chapters, to explore how in-work benefits are viewed by different actors, how business interests attempt to influence Parliamentarians, and the extent to which there is evidence that they succeed in this.

The findings allow a consideration of numerous perspectives covered in the literature. For discussion purposes, this is divided into four sections: literature on the development of

welfare states, and in-work benefits; attitudes to in-work benefits and their formation; corporate welfare; and the role of business organisations in preference formation and lobbying.

The theoretical framework is found to have been broadly beneficial to the research. It has been applied consistently, and has enabled a consideration of many different aspects of business and in-work benefits, avoiding traps such as accepting just one narrative, or taking later recollections of events as accurately reflecting what actually occurred. There are limitations to the research; while this is true of all research, the availability of data and the implications this has for the findings are important to understand. Despite these caveats, two potential recommendations for policy can be raised.

8.2 Application to research questions

How do Parliamentarians understand the role and function of in-work benefits?

The first research question was “How do Parliamentarians discuss, and how do they understand, the role and function of in-work benefits?”. This was broken down into three contributory questions:

- What themes appear in Parliamentarians’ discussion of in-work benefits and business?
- What claims do Parliamentarians make about the purpose of in-work benefits?
- Do they take a historical or international perspective on in-work benefits and business, and do these positions vary according to political party?

While the term ‘in-work benefits’ is used in Parliamentary discussion, it is not a clearly-defined term. Speakers feel that it is a category covering schemes with sufficient similarities that they are able to talk about it as a single concept. Even if they are not entirely clear what it covers, speakers appear confident in their understanding of the benefits. In practice, when discussing ‘in-work benefits’, they most commonly cover some part of the sequence of major benefits traced through the thesis: Family Income Supplement, Family Credit, the various tax credit schemes, and, more rarely, the in-work elements of Universal Credit. They occasionally cover a wide variety of other schemes. In some cases, in-work

benefits are discussed in general terms, without distinguishing between the different schemes, something particularly common in the case of Working Tax Credits and Child Tax Credits, and the different elements of Universal Credit.

In-work benefits are most often seen as a tool to relieve poverty, with varying views on their effectiveness, despite the fact that they are targeted at individuals and families on low pay, which as was discussed in section 2.5, does not necessarily correlate with poverty.

Numerous aspects of in-work benefits are discussed in relation to business, but opportunities to draw on international experiences are not taken. Historical perspectives are rare, and entirely focused on the UK experience – either on the immediately preceding benefit, or on the experience of Speenhamland.

These understandings of in-work benefits and business show some variation according to political party, but this varies over time. While there is some, limited, backbench dissent, both Conservative Party and Labour Party representatives tend to champion government policy when their party is in power, and oppose it when they are in opposition. Both quote business organisations in support of their views, but the Conservatives are more likely to do so, while that party's backbenchers are most likely to explicitly criticise business organisations. Most minor parties are negative about all aspects of in-work benefit policy, but the Scottish National Party appears to align most closely with major concerns of business, being positive about the benefits of in-work benefits for self-employment and negative about the administrative costs of in-work benefits. It repeatedly raises the theme of benefits recipients spending money, and this alignment suggests that it could be connected with business interests, but there is no evidence of this in the material produced by businesses.

Parliamentarians view in-work benefits in an evolving manner, with themes arising, developing, and in some cases disappearing, over time. There is some evidence of variation by party affiliation, but this is more complex than a left – right split, as anticipated in the literature review.

Do Parliamentarians identify businesses as a beneficiary of in-work benefits?

The second research question was “Do Parliamentarians identify businesses as a beneficiary of in-work benefits? How do they discuss and assess the costs and benefits to businesses?”.

Again, this was broken down into three sub-questions:

- Who do Parliamentarians identify as benefitting from in-work benefits?
- Do their understandings of business and in-work benefits vary according to business size or industry?
- What themes arise in Parliamentarians’ discussion of in-work benefits in relation to the costs and benefits to business?

As discussed in section 3.2, in-work benefits might be seen as social welfare, for the benefit of individuals and families; or as corporate welfare, for the benefit of business. There is a third possibility, that they are generally seen as neither social nor corporate welfare.

However, this can be ruled out, as they were frequently seen as benefiting either individuals, business, or both, by all the actors in the study.

In-work benefits are usually spoken of by Parliamentarians as being part of the social welfare system, despite the efforts of the Labour government, from 1997 to 2010, to distinguish them as part of the tax system. These efforts did have a short-term impact, but it was soon lost. Since the election of the Coalition government in 2010, all speakers elide the two categories. The benefits are most commonly discussed in relation to individuals; even Chapter 5, restricted to those Parliamentary debates relating in-work benefits and business, found more discussion of impacts on individuals than on business. They are frequently seen as benefiting those in poverty, and to a lesser degree, as benefiting women.

The benefits to business are also acknowledged by Parliamentarians, and they are identified as applying across nations and regions, and across industries. The identified benefits include a reduction in staff turnover, a reduction in absenteeism, and higher productivity. However, in-work benefits are not necessarily seen as a net positive for the economy. They are frequently described as a ‘corporate subsidy’, something which is more likely to be seen as a positive in the early years, but which becomes wholly negative by the 2000s. When they are

described as 'corporate welfare', this is used in its wholly negative sense, contending that the businesses are unjustifiably benefiting from the government's expenditure. The claim that they suppress wages occurs repeatedly.

Parliamentarians view in-work benefits more frequently as social welfare than as corporate welfare. Both views are expressed, often simultaneously. This is not generally seen as a dichotomy; they are thought of as both social and corporate welfare, as Farnsworth's (2015) work predicts.

How does organised business view in-work benefits?

In Chapter 4, the third research question was "How does organised business view in-work benefits? What does it see as the costs and benefits and who does it see as the beneficiaries? Are the benefits outlined and acknowledged?" This was broken down into five sub-questions:

- Are different in-work benefits distinguished?
- Are basic facts given about in-work benefits correct?
- Are businesses confident in their understanding of in-work benefits?
- Do these understandings vary by region, industrial sector or size?
- Do in-work benefits affect the actions of businesses?

Of the four research questions, this has perhaps been the easiest to explore, with material created by business organisations examined in chapters 6 and 7.

Some businesses, and some business organisations, are much more likely to engage with consultations on in-work benefits than others. For example, those in the housing and finance sectors are more likely to engage. This is linked to their sectoral interests, rather than their role as employers; businesses in low-paying industries which are likely to have the most employees in receipt of in-work benefits are not among the most likely to engage. This does not necessarily mean that other businesses are unaware of in-work benefits, but

the efforts of the CBI to promote engagement with the Family Credit scheme suggests that awareness is not universal.

When organised business does engage with in-work benefits, it does appear to understand the basic workings of the benefits, although there is a strong focus on those aspects which best suit its interests. Broader understandings, drawing on historical or international perspectives, are almost entirely absent; businesses are interested in responding to proposed or recent changes, or proposing their own preferred changes to schemes, and they do not draw on broader contexts to do this. Notably, there is a reluctance to discuss in-work benefits as a whole, or even to use the term 'in-work benefits', with responses focusing on one or two schemes.

Organised business' understandings of in-work benefits are more limited in scope than those raised in Parliamentary debates. Their focus remains on the impacts on individuals and families, and it is rare for them to distinguish between the impacts on individuals or families with different characteristics, restricting this to discussion of poverty and of childcare. The themes which emerge from businesses are largely a subset of the Parliamentary themes, with the most commonly discussed being what are second-tier themes in Parliamentary discussion – administration costs, childcare, flexibility, and tenancies.

Like the Parliamentarians, organised business focuses on the impacts of in-work benefits on individuals. It sometimes raises negative impacts of in-work benefits on business, even doing so spontaneously in response to consultation questions which do not provide obvious prompts, but probably for tactical reasons tends to spend more time discussing impact on individuals, families, and the economy. Business avoids explicit discussion of businesses as beneficiaries of in-work benefit policies, but at times this can be seen through claims of the negative impact on businesses which would arise from changes to in-work benefits. It can also be seen indirectly through discussion of benefits relating to individuals, which in some instances could be reasonably expected to benefit businesses, such as the promotion of movement into work. There are two key business texts where benefits to business are explicitly acknowledged. One is the CBI document where it mentions anticipated benefits of the introduction of Universal Credit: finding it easier to recruit workers, more flexible

staffing patterns, and a larger pool of employees available for recruitment. The other is the Institute of Directors' consultation response, where it similarly argues that benefit changes will increase the pool of workers and the number of hours people are prepared to work.

The responses of businesses to consultations, and the CBI documents, do not reveal strong disagreements between themselves on attitudes to in-work benefits policy. Their focuses do differ; for example, the FSB campaigns strongly on the self-employment theme, while the CBI chooses not to engage with it, and some businesses are more interested in the impact on them as employers, while others expect impacts on customers. Business organisations are broadly positive about the major in-work benefits schemes, with concerns about specific aspects of them, particularly what is often termed their 'administrative burden'. Rather, the key perspectives can be grouped according to their scope. Firstly, there is the CBI, which lobbies broadly, on many themes relating to in-work benefits. It has significant resources, strong channels of communication with government, and is clear and confident in its understanding of the benefits and their likely impacts. It devotes little time to discussing variations in the impacts of in-work benefits on business.

Secondly, there are organisations, such as the FSB or the Institute of Directors, which focus on promoting their own sector or area of influence. They may choose to respond to consultations on a wide range of issues, and are sometimes quoted in Parliament. Thirdly, there are a wide range of businesses and sectoral business organisations which only respond where they have a specific concern, and which do not engage with policies more broadly. One strong example of this is the organisations representing landlords, which respond only to a consultation on Housing Benefit, but which appear to have co-ordinated their responses, in an effort to make more impact. A final tier could be added, of businesses which do not engage with debates on in-work benefits, or only do so indirectly, through a business organisation.

While conflicts between business interests are minimal, businesses have different interests, and this plays into different views on in-work benefits. There is limited evidence of collaboration, particularly when this is not perceived by a business organisation as being in its direct interest. Business is not a unified actor with regard to in-work benefits, although as discussed above, some generalisations about its views can be made.

To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits?

The final research question was “To what extent do Parliamentarians reflect the views of business interests in relation to in-work benefits? How does organised business attempt to influence policymakers and Parliamentarians, with regard to in-work benefits?”.

The Parliamentary debates ascribe both the successes and failures of in-work benefit policies to governments, not to businesses. Speakers do sometimes quote from businesses, and business organisations, in support of their views, but if those interests have determined their policy positions, they do not acknowledge it. It is clear that governments do play a central role in formulating in-work benefit policy, but it is also plausible that politicians would be keen to emphasise their own role in policy formation, and neglect the contribution of other actors, such as business.

The range of business organisations which respond to government consultations demonstrates that they do at least attempt to influence government policy, but some of the topics most frequently raised by business did not result in Parliamentary debate, suggesting a lack of influence. However, this does not exclude structural influence, or influence from more informal lobbying. Where there is a correlation, such as around training, or tenancies, the consultations alone do not provide evidence of causation. However, there is evidence of successful influence over policy on administrative costs, and also in securing a trial and consultation on the Earnings Top-Up scheme.

Businesses are more likely than Parliamentarians to discuss the impacts of in-work benefits on business, but there is some evidence that this is tactical. Peak business organisations are the most likely to appeal to impacts on individuals or on the economy; these may serve as proxies for their interests as businesses, but those cases where the impacts on individuals are raised are the most frequently taken up in Parliamentary debate.

While the large majority of businesses do not engage with consultations, the business organisations which do so have membership from a very broad range of businesses, of different sizes, locations, and sectors. The FSB and the CBI engage with consultations frequently. The material in the CBI archive shows that it has attempted to influence

government policy on in-work benefits in many less visible ways, ranging from the production of policy proposals, to private discussions with ministers and Shadow Cabinet members, and that it places more emphasis on these lobbying efforts than on responding to consultations.

The CBI is keen to represent itself as lobbying for the interests of its members, though its members have only limited influence over its positions. Many of its larger members, and some smaller businesses, engage with its committees, and are thus exposed to its policies, and there are examples of it calling on businesses to engage with specific schemes, suggesting that it has some, limited, success in shaping understandings of in-work benefits.

While many businesses do not attempt to influence in-work benefit policy, there are structures through which they can attempt to do so. Their views are put to government; the CBI is keen to proclaim its level of influence, and at times, Parliamentarians also imply that it is influential in changing in-work benefit policy. In some periods, themes such as childcare feature strongly in business consultation responses, without filtering through to Parliamentary debate. But the administration costs theme does appear in CBI material a few months before being raised Parliament, where it is raised in similar terms. This is evidence that on a matter which is of particular importance to this large and influential business organisation, it is able to influence Parliamentary debate. Moreover, its aims are ultimately achieved. While very similar concerns around administration costs arise again with regard to later in-work benefits, and these are not always reflected in Parliament, on each occasion, the campaign is eventually successful. However, its successes are in altering proposed policy, not originating new policy ideas.

The methods used have produced interesting findings in response to this research question, but there are limitations to the approach used. It is not a survey of business views, and so the range of business views are illustrative rather than necessarily representative. As Ilie (2018, p.310) says, contributions to Parliamentary debates arise from a complex mixture of influences, of which business is only one, and so influence must be inferred from the ordering of themes and the claims made by Parliamentarians and business. There is likely to be other influence exerted which is unrecorded and cannot be readily inferred. It is possible that another approach, such as network analysis or interviews might reveal additional

insights, but no single approach could provide a comprehensive answer to this question, given that influence may be deliberately obscured, partial, or unconscious.

Parliamentarians do not represent the views of business interests unquestioningly, but are happy to quote them when it suits their point. Business interests exert influence through various mechanisms, and taking account of the order of events has revealed one good example of a particular success.

8.3 Relationship with the literature

Through tracing the development of in-work benefits and exploring the literature on the development of welfare states, it has been possible to see whether the key concepts appear in the dialogue of Parliamentarians and business, in texts relating in-work benefits and business. The attitudes of businesses towards in-work benefits towards earlier in-work benefits were discussed in the literature review. It has been possible to gain new insights into how the attitudes of businesses were formed, the attitudes of business to later forms of tax credits, and to the in-work elements of Universal Credit.

The thesis has also been able to act as a specific test of corporate welfare theory, finding that it is a useful framework for understanding in-work benefits. Provided that corporate welfare is understood as part of a spectrum of welfare, and having the potential to be both positive and negative, those authors who argue that in-work benefits are not corporate welfare can be rejected. The final key area in which new knowledge has been generated is in confirming that business does have involvement in the development of in-work benefit policy, to a greater extent than employees' organisations, the engagement of business organisations varying by scope, but not proving to be conflictual.

Some new insights were gained into the impact of in-work benefits on the behaviour of businesses. It was also possible to gain some insights into whether Parliamentarians and business believed this to be the case; for example, many Parliamentarians believe that in-work benefits act as wage subsidies for low-paying employers.

The development of welfare states and in-work benefits

There is a substantial academic literature on the development of welfare states and in-work benefits. The broad definition of in-work benefits taken in this thesis, as “government subsidies to people who are in current work, or their dependents”, has proven useful in exploring attitudes to a wide variety of schemes, some of which are limited to those who are in work, while others are elements of schemes such as Universal Credit, which are also open to those who are out of work. Some of these, such as Housing Benefit, would not fall under narrower definitions, such as Grover’s (2016a) definition of work subsidies, discussed in section 2.1. Regardless of whether or not they are accepted under this umbrella term, their inclusion has highlighted the similarities and differences between business attitudes to them and other schemes – for example, landlords’ organisations are far more likely to engage with debates around Housing Benefit, while other business organisations very rarely do so. Still other schemes, such as the Work Programme, operate to incentivise employers to employ workers under specific conditions, and the minimum wage, which has been discussed, is not in itself an in-work benefit, but was introduced in parallel with an expansion in in-work benefits in the UK. These are not claimed as in-work benefits, or to operate in the same way as in-work benefits, but have been included where their exploration appeared likely to yield useful insights. In particular, the CBI’s negative attitudes to a minimum wage led it to discuss it almost entirely separately from in-work benefits, even when the government of the time saw them as intrinsically linked, in what appears to be a failed attempt to influence government policy in different directions on the two.

The lengthy history of in-work benefits is rarely drawn upon by any of the actors who discuss it in relation to business. The major exception is the case of Speenhamland, which appears in the Parliamentary record on several occasions, used as an argument against the expansion of tax credits, reflecting early views of the impact of Speenhamland, rather than more recent interpretations, as from Block and Somers (2003). Despite the calls on Speenhamland, there is no consensus from Parliamentarians on which benefits these supposed lessons might apply to. References to the lengthy history of in-work benefits in the 20th-century are rare, and almost entirely restricted to the benefits immediately preceding the one under discussion. The CBI did print an article describing the history of minimum wages, so it is not entirely uninterested in historical perspectives, though it did

not draw on the social science work outlined in the literature review. The lack of historical perspective from Parliamentarians and most business enables the current state of affairs to be presented as natural and ahistoric, a situation which is advantageous to business insofar as existing in-work benefits are positive for companies. It also enables disadvantages of new schemes to be presented as novel and in violation of sound economic policy. While some themes appear and disappear, others – such as administrative costs – are raised in relation to a succession of benefits over the decades, with little reference to previous resolutions.

The transition to Universal Credit proved to be a major area of debate with regard to in-work benefits and business, although the difficulties with the roll-out, a major topic in the literature (e.g. UK Government, 2017b), did not feature in the material which was analysed. The move to make in-work benefits explicitly part of the benefit system, seen as significant by Dean (2012) and discussed in section 2.3, did not result in major shifts in understanding with respect to business, as they had frequently been seen as part of the benefit system in the past. The specific concerns relating to self-employed people and owners of small businesses, discussed by Spicker (2013), again in section 2.2, appear frequently in the Parliamentary material, and also in the consultation responses of the FSB. This confirms the relevance of Spicker's research and suggests that while appeals to the self-interest of business have little impact, small businesses may attract greater sympathy in Parliamentary speeches, aimed in part at the public. While the consultation responses do not extend far back enough in time to determine whether the FSB originated discussion on this topic, the similarities between its responses and some contributions in Parliament suggest that this is possible.

Some ideas which appear in the literature examined earlier in the thesis are entirely absent from the material analysed. For example, despite the focus of both businesses and politicians on the benefits of in-work benefits to individuals, in the period from 1980 on, Parliamentarians do not discuss a Universal Basic Income alongside in-work benefits and business.

Another absent topic, and an important one, is the international experience. While in-work benefits have spread across higher-income countries, and the literature review highlighted

the similarities between the various schemes in the Anglosphere, none of the Parliamentary material examined so much as mentioned business and in-work benefits outside the UK, and although the CBI did recommend a French scheme as an exemplar, it did not relate this to business and did not pursue the idea. It has, therefore, not been possible to gather further evidence on the theory advanced in the literature review, drawing comparisons between Esping-Andersen's typology of welfare capitalism and in-work benefit regimes, although the Varieties of Capitalism literature has proven useful in helping explore the expected positions of the political left and right in the UK on in-work benefits. However, of the key elements of the liberal type and proposed as applying to Anglosphere in-work benefits (Kenworthy, 2015), the targeting of people with low incomes has been prominent in the analysed material, and discussions of the impact of in-work benefits on individuals and families in poverty or on low wages have been common in both the Parliamentary and business material.

The businesses engaging with in-work benefits often state that they believe that they will incentivise more people to work, and to work longer hours. They are unclear whether they expect that they will assist them with retaining workers, which would be a stronger indicator that the benefits increase commodification, as suggested by Estevez-Abe et al (2001, pp.180-181) and discussed in section 2.2. The CBI's interest in funding for company-specific training suggests that it believes that approach would more effectively commodify labour. The expectation that UK in-work benefits would be associated with low levels of decommodification therefore appears likely. However, research into the in-work benefit schemes of other countries would be required in order to establish whether this is true of other schemes in the Anglosphere, and whether those in conservative and social democratic type welfare capitalist regimes differ in this respect.

Attitudes to in-work benefits

In-work benefits were seen as part of social policy by most actors, particularly business, and this was reflected in their responses to them, supporting Farnsworth's (2004, p.2) inclusion of it within studies of social policy. With the focus on the impact on individuals and families, there is a common theme of in-work benefits relieving poverty, despite the findings of Cooke and Lawton (2008), discussed in section 2.5, that the large majority of low-paid

workers are not in poverty. The impact of out-of-work benefits in boosting family incomes even where one adult is working, as described by Bradshaw and Bennett (2019) and discussed in section 2.5, does not feature, and instead the focus of both Parliamentary and business contributions is on the importance of people moving into work. Far from Swaffield's (2017) ideal of employers ensuring their workers are claiming all the benefits they are entitled to, again discussed in section 2.5, businesses have been reluctant to involve themselves in promoting benefits, and have actively campaigned against any involvement in their administration.

Bredgaard's (2018) typology, discussed in section 2.3, demonstrating that participation in schemes does not correlate well with attitudes towards them, is reflected in the research. Companies from some sectors – like agriculture – employ many low paid workers, but do not engage with consultations on in-work benefits, whereas those in finance are less directly affected by the benefits but are more likely to engage.

The proposal of Vandelannoote and Verbist (2017), mentioned in section 2.6, to explore the impact of a benefit by considering the likely effect were it to be removed, proved unexpectedly fruitful in the research, with several businesses arguing for negative impacts of the removal of an in-work benefit.

While conditionality is a major theme in the literature on in-work benefits, it rarely appears in relation to business and in-work benefits, and never in the material generated by business. Although conditionality is associated by with the welfare reforms of the Coalition government, and the notion of a dependency culture caused by state intervention – a policy with which the Institute of Directors would be expected to sympathise – there is no evidence of this. While Ingold's (2020) useful study on employers' views of welfare conditionality, discussed in section 2.4, cannot directly be supported by this lack of engagement with the theme, it is not incompatible with employers being negative about conditionality. However, they were not sufficiently motivated to lobby government on the conditionality around in-work benefits.

Despite geographical variations in welfare and labour markets (Amable, 2003), there is no evidence for regional differences in attitudes of businesses to in-work benefit policy.

However, businesses in some regions and nations of the UK did engage with the consultations more than others, suggesting that there may be some regional variation in engagement with in-work benefit policy. While politicians often claimed to speak on behalf of their constituents, the most notable regional difference was the Scottish National Party MPs who were most engaged with the theme of benefits recipients spending money. However, this is a party-based difference, and there is no evidence of it reflecting the actual concerns of business, and so may not represent any difference in business attitudes between Scotland and the rest of the UK.

There is more evidence for variations in business attitudes to in-work benefits between different sectors. This did not lead to open disagreements between businesses, but there was one instance where business organisations representing landlords' interests appeared to have co-ordinated responses to a consultation. They and finance industry sectoral organisations were most likely to engage with consultations, this engagement not correlating as section 3.3 anticipated with the industries in which low pay is most common.

While some useful insights into industrial policy were found in the literature review, in-work benefits were never explicitly seen as part of industrial policy in the material reviewed. They have grown as explicit industrial policy in the UK has been absent, and have generally been applied across industries, with widespread acceptance, unlike Coates' (1996, p.243) description, discussed in section 3.4, of UK government intervention being more accepted in agriculture and military services. One important similarity was the individual focus seen in both recent UK industrial strategy and attitudes towards in-work benefit policy, with skills appearing as an important theme in both.

Feminist critiques of in-work benefits are sometimes very loosely reflected in the Parliamentary material, in discussions around to whom the benefits should be paid, but businesses' only interest in this area is in childcare, and does not reflect the literature, discussed in section 2.5. Instead, it focuses on enabling parents, especially women, to work longer hours. Employers did see in-work benefits as a potential tool to incentivise work, matching the understanding which Dean and Mitchell (2011) found among individual recipients, discussed in section 2.6.

The evidence from vocational education in the literature review highlighted how social policies could benefit companies. While businesses tend to focus on negative impacts from in-work benefits, there are occasional admissions of positive impact, such as from the Institute of Directors in their 2010 response relating to employment. Elsewhere, discussion of the negative impacts to business of potential changes to in-work benefits implies that the pre-existing situation is beneficial to them, such as the responses from landlords' organisations on how potential cuts to Housing Benefit would negatively affect their businesses.

Drawing on Esping-Andersen's (1990, p.21) argument, raised in section 2.2, that "if our aim is to test causal theories that involve actors, we should begin with the demands that were actually promoted by those actors that we deem critical", this research has investigated what businesses, and business organisations, actually demanded with regard to in-work benefits, finding a generalised support for in-work benefits, with concerns around administration costs, and a particular interest in some aspects, such as childcare and flexibility.

While Lowe (2005, p.2) saw mixed support among businesses for the welfare state in the UK, as mentioned in section 2.2, this research has shown widespread support among them for the principle of in-work benefits, perhaps because they see them as bringing benefits to them. However the research does support Iversen and Pontusson's (2000, pp.30-32) argument, also raised in section 2.2, that capital is not a unified actor, and that the level of co-ordination among businesses can vary.

Reflecting on the previous research with employers on in-work benefits, although in-work benefits have changed and expanded greatly since Callender et al's (1994) study, discussed in section 3.3, some important findings remain unchanged. Businesses still saw the major in-work benefits as positive for their workers and for themselves, and it appeared that awareness and understanding of in-work benefits continued to vary by industry.

Parliamentarians sometimes saw in-work benefits as impacting the wages of workers, but businesses did not engage with this idea. However, some aspects of responses differed from Callender et al's findings; those businesses which engaged with government consultations were supportive of the principle of people in work receiving benefits, and

while they identified some earlier benefits as potentially restricting the hours people were willing to work, they felt that their replacements resolved this issue.

The conclusions of Athayde et al's (2003) report, discussed in section 3.3, were supported by the research. There was a tendency to see in-work benefits as part of the welfare system, although post-2010 this is unsurprising given that the government is now promoting this approach. While business was reluctant to report positive impacts of the schemes, it sometimes implied it accrued advantages from them, particularly in regard to the number of workers available, and their flexibility to work longer hours.

Godwin and Lawson's (2009) belief that some compliance costs remain in in-work benefits, raised in section 3.3, was not reflected in the material; the focus of the administrative burden theme was strongly on objections to being involved in paying the benefits or specific of now-superseded approaches to reporting on employees. These concerns appeared infrequently from the mid-2000s, and only in regard to potential administration costs around proposed benefits, for which the details had not been set out.

Hall's (2016, p.42) discussion of how benefits can become seen as entitlements, covered in section 3.1, is supported by the research. Changes are welcomed where they are seen as benefiting a business, or a business sector, and resisted when they impose costs on it, or remove existing benefits; and this can help explain why institutions such as in-work benefits endure.

Corporate welfare

This research has provided a test of the corporate welfare approach which, as discussed in the literature review, should be applicable to in-work benefits. As anticipated by Lewis (1972, p.106), and discussed in section 3.2, there was no discussion of companies misusing government funds relating to in-work benefits, although there was little opportunity for them to do so, given that in almost all cases, they do not directly handle the funds.

However, there was substantial concern in Parliament about businesses receiving an unfair benefit through lowering the wages which they pay to workers. The research also suggests that in-work benefits do not necessarily benefit weaker companies more than stronger ones, as suggested by Lewis, given that large businesses and business organisations are

those most likely to engage with discussion around them, and they are often supportive of them.

In-work benefits can be considered a form of corporate welfare; business interests avoid the concept, but it does appear in the Parliamentary debates. Like Sinfield's (2013) proposal, discussed in section 3.2, it is possible to ask how far in-work benefits meet needs in ways which are open to public scrutiny and provide value for money, and how far they reinforce – or undermine – networks of inequality. The benefits clearly do meet some needs of business, given the reactions to proposals to make reductions. It is less clear how open to public scrutiny these effects are, but it is hoped that efforts to explore their workings, like this thesis, will assist with this. It is beyond the scope of this thesis to establish whether they provide value for money, but the aims of many of the benefits are clearly to reduce inequality among individuals. Their tendency to subsidise low-paying employers is not likely to contribute to reducing inequality, although it is interesting that the CBI acknowledges that a minimum wage, introduced in tandem with the expansion of in-work benefits, may do so.

It is clear that in-work benefits have differing impacts on different industries, as seen in the focus of organisations representing landlords in responding to a consultation on Housing Benefit. Variation in impact between different regions of the country is not substantiated by the research, although it is possible, and would benefit from further research.

Using the spectrum of welfare, developed in section 3.2 from Farnsworth's (2012) work, the positioning of in-work benefits in the centre is broadly supported by the research. They are discussed more often in terms of social welfare than corporate welfare, though both concepts do feature. Their benefits are not seen as specific, pertaining to individuals and businesses across a range of industries, but are not entirely systemic, as they are less prevalent in some industries and both higher-paid individuals and some businesses which offer higher pay do not benefit from them.

Given the value of the corporate welfare perspective, and provided that the broader definitions of corporate welfare are adopted, not simply focusing on it as a negative, the

views of Rigby (2015) and Maugham (2015), that in-work benefits are not corporate welfare, against raised in section 3.2, can be rejected.

Role of business organisations

It has been possible to identify the existence of policy networks relating to in-work benefits, as discussed in relation to Smith (1997), in section 3.5. The businesses and business organisations which engaged were diverse, with a wide and changing range of groups, with a mixture of agreement and conflict, unequal resources, and limited regulation, and so meet Smith's (1997, pp.80-85) definition of an issue network. Although it can be seen as a network, the organisations involved did not generally interact, beyond the hierarchical membership structures of the organisations, the members having different interests and access to resources. However, there was the case of landlords' organisations appearing to co-ordinate their responses to a single consultation; the linkages are loose and opaque but there is evidence of their existence.

The peak level business organisations were the most likely to engage with in-work benefit policy, with the CBI and FSB particularly likely to respond to consultations, and the Institute of Directors also being mentioned in Parliament. The Association of British Chambers of Commerce was much less prominent, despite its broad base. While the organisations were keen to promote the interests of their own memberships, there was no evidence of conflict between them, although evidence of interdependence was also limited. Using Hudson's (1997, pp.341-342) model of conflict, interdependence or independence, from section 3.5, there was interdependence between the CBI and various sectoral business organisations, but the peak business organisations appeared to tend towards the less effective independence.

The design of in-work benefits may depend in part on control over power resources, as proposed by Korpi (1978) and discussed in section 3.5; if so, it should reflect the dominance of business relative to labour in the period since the 1980s. This would provide an explanation for the introduction of policies which commodify labour, but it is clear that not all the priorities of business are accepted by government. As with public policy in general, the trade union movement has not been central to debates around in-work benefits and business since the 1980s, in contrast to the Trades Union Congress' central role, working

with the CBI, on the 1970s tax credit proposal. In-work benefits have not been championed by the trade union movement, but their broad principles have been promoted by many businesses, as anticipated by Swenson (2002) in section 3.5; while they may provide specific benefits to companies, their benefits are described in terms of egalitarianism, rather than Galbraith's (1975, p.309) suggestion, again raised in section 3.5, of shared interest in stability and growth. While Swenson (2002) saw two quite different strategies among businesses – support for a minimum wage and 'safety net' welfare state in difficult times, and support for welfare during good economic times, support for in-work welfare measures remained consistent throughout the decades analysed.

During the period explored in this thesis, from 1980 on, the CBI did not take an interest in the impact in-work benefits would have on the spending of benefit recipients, even though this might be expected to benefit many of its members. This suggests that it was uninterested in a key Keynesian idea (A., 2016). The idea that it remained part of an older, Keynesian, consensus in the period and that the Institute of Directors was the preferred partner of government (May et al, 1998) does not appear true of in-work benefits; the CBI's preference of Family Credit not being paid with wages was achieved, against the views of the IoD.

There is disagreement as to whether in-work benefits reinforce employers' investment in the provision of skills, as Mares (2001, p.212) suggests in section 3.5 is true of social policies in general; businesses tend to argue that it does, but Parliamentarians are not convinced of this. There is no observed opposition to the universalistic schemes, as Mares (2001, p.212) predicted, implying low levels of control for businesses over the detail of in-work benefits.

Studying the behaviour of actual companies, inspired by the behavioural theory of the firm, has proven a useful approach, avoiding oversimplifications, and, as Weinstein (2012, pp.92-95) argued in section 3.4, allowing reflection on business interested beyond maximising profits – in the case of business organisations, this is all the more true, as not only do their members have many interests, but also the organisation is keen to maintain its membership and its relationship with government.

The research has supported Steiner and Steiner's (2012) argument, discussed in section 3.5, that business interests are important in politics in the UK, but that their influence does rise and fall in competition with other interests. It has turned up significant evidence of lobbying of the government by the CBI, as described by Steiner and Steiner. It is difficult to conclude exactly how much influence the CBI has over government policy in this area; even in private documents, there is no evidence of the government being directed by the CBI, but its role goes further than Steiner and Steiner's description of simply providing detailed information to representatives. It argues strongly for the viewpoints it represents, and encourages its members to follow suit, and at times appears to instigate debate on themes which had not previously formed part of Parliamentary discourse, with the strongest evidence on the flexibility theme. This lobbying relationship mirrors that described by Grant and Marsh back in 1977 (pp.45-52) and again discussed in section 3.5. It remains the large companies with the most evidence of engagement with the CBI's committees, which play a role in its preference formation, on which it lobbies. Similarly, as described by Grant and Marsh (1977, pp.80-105), the CBI does appear to try to balance the confidence of its members with the confidence of the government, using reports and consultation responses to remind readers that it is representing its members, but also stepping back from a confrontation with the government on the minimum wage which it believed it would not win.

Drawing on Bennett's (2011, pp.594-595) description of business relationship with government, from section 3.4, at the level of the business organisation, there is evidence of contracting, delivering existing policies, such as when the CBI calls on its members to promote Family Credit. There is also some co-option, such as where the CBI joins the Low Pay Commission. Bennett's (2011, pp.41-42, 649-660) descriptions of the Chambers of Commerce and FSB' relationships with government are also supported by the evidence examined, with the former engaging little with the process of consultations, while the latter does appear to have a more activity, lobbying role, frequently responding and keenly arguing its case.

8.5 Impact of the theoretical framework and data collection methods

The historical institutionalist perspective has facilitated the research. It has drawn on Pierson's (1994, pp.14-17) ground rules for studying the retrenchment of the welfare state, utilising this framework by identifying and exploring both long- and short-term developments in in-work benefits, with particular reference to periods of change; examining interactions between business organisations and Parliamentarians; exploring how these actors understand business and in-work benefits; and understanding the workings of individual programmes and using this knowledge to explore how business attempts to influence government policy.

It draws attention to the role of institutions – both individual organisations, and more abstract concepts. As set out by Campbell and Pederson (2001, p.10), in table 3.2, it has focused attention on how institutions shape capacities for action and institution building. Change, however, has been more a reaction to changes in government policies, or policy proposals, than the crisis and contradictory institutional logics classically found in historical institutionalist explanations. This does not exclude the real possibility that this is what prompted changes in those government policies, but those changes have been explored elsewhere and discussed in the literature review; they are only of interest to this study insofar as businesses have influenced them. While historical institutionalism may struggle to explain change occurring outside periods of crisis, most of the changes occurring in the period covered by the study are readily explained, and have been in the preceding chapters.

The methodology has generated historically specific theory, and this is justifiable; this is exploring phenomena which have occurred at specific points in time, and it is not to be expected that they will apply in earlier time periods, when in-work benefit programmes were less extensive. Nonetheless, the period covered, with the focus from 1980 to 2018, does encompass a substantial period in the history of in-work benefits; the findings are not restricted to a highly specific date.

Within historical institutionalism, this thesis has taken particular interest in perspectives which ascribe a key role to ideas. This focus on ideas has helped explain how and why change occurs, and how these ideas can shape in-work benefit policy. As discussed by Sabatier (1997, p.290) in section 4.2, some ideas have proven to be near core, fundamental

policy positions, changing, if at all, only through experience – such as CBI opposition to minimum wage policy. Others have proven to be secondary and more amenable to change, such as business preferences for a particular in-work benefit, which are often superseded when a new benefit is proposed.

Practically, Harriet Harman's retrospective justification of tax credit policy is an excellent example where later discussion does not match that found in contemporary debates, demonstrating the value of taking a historical approach and exploring archival material, not simply relying on later recollections.

The approach the thesis has taken has been qualitative, albeit drawing on some quantitative research in the literature review, and enumerating some data for presentation purposes, and to promote transparency, as suggested by Guest (2012, p.155) in section 4.2. In some cases, co-occurrences were identified, but given the inevitably incomplete nature of the data, this was used to spur further interrogation, rather than to present the numbers as significant in themselves. Taking a qualitative approach excludes some potential lines of investigation, such as trying to place a number on the value of in-work benefits to businesses. But the research questions were well suited to qualitative investigation, and it is unclear what quantitative approaches would have added. Taking a qualitative approach has allowed the interrogation of opinions and possibilities, trying to understand how things work and why they do so, rather than on measuring what is.

The external validity of the research has come through triangulation, using three different approaches to study aspects of the same topic; while there are similarities in the approaches used, the differing sources of data do allow comparisons, which are drawn in the empirical chapters. Some important conclusions, such as those on the influence of business interests on Parliamentary debates, arise from data drawn from multiple sources.

The case study approach taken in chapter 7 allowed an in-depth investigation of the CBI. There are varied views on what counts as a case study; the example of the CBI is contextualised with material from the literature review, in particular, from section 3.5. Using this approach does mean that some viewpoints go uninvestigated. If it were possible to access the archives of other organisations in the same way as those of the CBI, there may

well be new insights. However, the single case study permits much more detail than would have been possible by trying to summarise the views of the many other business organisations in the UK. Whether, as Yin (2014, p.17) argues in section 4.2, it really draws on more than one source of evidence depends on the definition of a source of evidence – everything comes from the CBI archive, but material was written at different times, for different audiences, and was also compared with CBI-related texts in the other two empirical chapters. In other respects, Yin's (2014, pp.31, 37-38) requirements were clearly met – the case was clearly defined, and the theory used to inform it was set out in the literature review. The case of the CBI has proven critical, in that it is arguably the most influential business organisation in the UK, and if it had not engaged in detail with in-work benefits, it would draw into question whether any businesses had done so. As it has different characteristics to other business organisations, its experience is not generalisable to other businesses, but in addition to the merits of documenting its own experience, as discussed by Stake (2000, pp.21-22) in section 4.2, drawing on material about its links to other businesses has allowed some very cautious generalisation about their views on in-work benefits.

Broadly speaking, the approach has been a synthesis of top-down and bottom-up approaches, as set out by Sabatier (1997, pp.286-287), and again discussed in section 4.2. It started with a policy problem, and examined the strategies of actors dealing with it. The three-pronged approach to the documentary analysis has facilitated this perspective, exploring both the experiences and opinions of policymakers and those of businesses and business organisations. This has meant that real 'street level' approaches have not been used. The views of individuals in receipt of benefits have been explored in other research, and discussed in the literature review, while the views of individual businesses are rarely recorded in documents available for analysis; so far as they have been, they were explored in chapter 6.

As Schofield (2000, p.84) suggested in section 4.2, taking a qualitative approach has allowed the consideration of the evolution of themes and viewpoints over time, and it is unlikely that the findings on the influence of business interests on Parliamentarians could have been identified from any survey attempting a snapshot of a single moment in time. Covering a period of rapid growth of in-work benefits in the UK, it is unsurprising that views have

changed, and new themes have emerged. This approach has also permitted consideration of how the views of businesses and of government may have influenced each other. Studying a substantial number of documents from each source has made it relatively easy to interpret the views, as taken together, they provide more context.

The chapter on methods and methodology, and the empirical chapters, are all explicit about the procedures followed, with the intention that the process could be replicated. While it is unlikely that another researcher working with the same material would code in the exact same manner, given the same corpus of material and background literature, they could identify the major points of interest and could thereby draw similar conclusions. There has been no intention of arriving at any specific conclusion, and the expectations generated by the literature review were detailed in those chapters and tested. Some of the conclusions drawn align with expectations, but others are surprising, such as the differences between businesses' engagement with in-work benefit policies being more a matter of scope than of differing viewpoints.

Taking a documentary analysis approach has been useful; a large number of texts have been available, all written documents, although the Hansard texts were transcriptions of speeches. There are biases in what is available – for example, some of the consultations only provided summaries of responses with a limited number of quotes, or the CBI archive does not include more recent documents. It has been important to consider the reasons for their creation and their audiences, locating them within the institutions which produced them, as proposed by Miller (1997, p.78) in section 4.3. Direct observation or immersion in a workplace would have been impractical, given the range of workplaces and time periods being considered, but it has been possible to interpret this information from the details contained within them.

Coding data conceptually has been particularly fruitful, and doing so recursively has brought to light a range of themes, many of which appear in documents from different sources. As discussed by Altheide (1996, p.31) in section 4.3, the frames – such as industrial sector, or organisation type – have been discussed in the preceding chapters, and have had some relevance, but it is the themes which have proven key to this research.

8.6 Limitations of the study, future directions for research and recommendations

With any study, decisions have to be made about research methods. While the methodology and method have proven effective in producing insights into in-work benefits, it is possible that another approach would have yielded additional, or alternative, information. Given that most preceding research on in-work benefits was quantitative in nature, it was an easy decision to focus on qualitative approaches, but further quantitative research might be useful; for example, the question arises as to whether it is possible to enumerate, in financial terms, the benefits and costs of in-work benefits to business, whether as a whole, or on a sectoral or individual basis.

One limitation of this study is the relative lack of detail on the views of individual businesses, particularly smaller ones. This is, to some extent, offset by the membership many businesses hold of business organisations, whose views are better represented. One difficult decision was whether to conduct interviews, or focus on the archival research. Interviews might have produced additional insight into the understandings and actions of individual businesses and business organisations, or of other actors, such as politicians, or civil servants involved in administering in-work benefit policy. This approach would have run the risk of focusing overly on the present situation, and struggling to explain how it developed, and it may have been difficult to find willing participants who were sufficiently well-informed about in-work benefit policy that they would be able to add significant insight. However, this approach could prove fruitful, and produce additional insights to those arising from this thesis, and should be considered for future research.

While Hansard provides an essentially complete report of every Parliamentary debate, and the CBI archive is substantial, the consultation responses in chapter 6 are more limited. Many businesses do not respond to consultations, but even where they do respond, only a limited number of consultations have available responses, and these cover a limited time period. The available responses do cover a range of benefits, have responses from a substantial number of businesses and business organisations, and the time period available provides richer data in a period in which the CBI archive is less well represented. As a result of these limitations, the data in chapter 6 cannot provide a comprehensive view of business attitudes to in-work benefits, and does not reveal how attitudes have developed over time.

As discussed in section 4.5, it is unlikely that it would be possible to obtain such historical consultation responses, but if more material on earlier business opinions on in-work benefits was uncovered, it would be of interest to explore whether it supported the findings of this thesis.

Since the bulk of the research was conducted, there has been an international pandemic. This has resulted in the introduction of new forms of corporate welfare. In the UK, there has been a furlough scheme, covering the majority of wages for many employees. This scheme has now ended, and an analysis of its impact on business would be timely. It might reveal more general lessons, to help understand the likely future relationship between businesses and in-work benefits.

A further promising avenue for future research lies in the potential to explore the international experience. All the material examined was from the UK, and as a result, the thesis could not directly compare in-work benefits across countries. The literature review set out ways in which in-work benefits in Anglosphere countries could be expected to mirror that in the UK, while in other countries, in-work benefit schemes have important differences. Similar research could be conducted on business and in-work benefits in one or more countries; either within the Anglosphere, to test the theory that the experience there would be similar and could be extrapolated, or elsewhere, to provide a contrasting example, and explore whether the application of the Varieties of Capitalism and varieties of welfare capitalism literature to the case of in-work benefits can be supported with empirical evidence.

This thesis has not focused on recommendations for public policy, or for other actors, such as businesses. However, it is interesting to consider whether these do arise. The evidence that in-work benefits do tend to benefit businesses, but that these benefits are not typically recognised by those businesses does suggest that it could be useful for policymakers to communicate these. It is also striking that, despite the repeated understanding that the focus of in-work benefits is on individual workers, organisations which represent employees, such as trade unions, are largely absent from the debates, and efforts to include them could help bring new perspectives, including on how the benefits have differing effects on workers with differing characteristics, or in different industries.

8.6 Conclusion

This chapter has discussed the contribution of the research to answering the research questions. It has explored how Parliamentarians understand the relationship between in-work benefits and business, finding that they neglect historical and international perspectives, and are more likely to discuss its impacts on poverty than on low pay. The chapter has also explored whether Parliamentarians identify businesses as a beneficiary of in-work benefits, finding that they focus on the role of individuals in the relationship, but also recognise a wide range of benefits to business, some of which are seen as negative for the government as a whole, and that the understandings do vary by political party, with focuses on different themes.

The chapter has also explored the views of organised business on in-work benefits, finding that some businesses, and in particular, some industries, engage more with the debates than others, and that businesses can be better categorised by the scope of their engagement with the debates, rather than the precise positions they take. It then moved onto the final research question, on whether Parliamentarians reflect the views of business interests in relation to in-work benefits, finding that they sometimes quote from businesses, and that some business organisations put a lot of effort into influencing policymakers, which in the case of the administration costs theme appears to have been successful. It found that businesses sometimes spontaneously raise impacts on business, but they spend more time discussing impacts on individuals or the economy, as an apparently tactical move. It also found that the CBI has some policy success in relation to in-work benefits, but that this in achieving changes to proposed policy, not setting agendas.

The research has engaged with the literature reviewed in chapters 2 and 3, and a wide range of new findings and conclusions have been drawn. The literature on the development of welfare states and in-work benefits has broadly matched the findings of the research. Attitudes to in-work benefits were explored at some length, and in particular, the expectation that in-work benefits tend to commodify labour is supported by the findings. Corporate welfare has proven an important perspective for the research, which again supports the main predictions made by it in the literature review. Finally, the role of business organisations was explored, and it was found that they factored more strongly

than employees' organisations in the development of in-work benefit debates, while the attitudes of business organisations to in-work benefits did not match those described in the literature towards out-of-work benefits.

Through answering these questions, this thesis has addressed the gaps in knowledge which were identified in section 3.6:

- How does business perceive in-work benefits? – business perceptions of in-work benefits have been analysed, with a focus on business organisations and the CBI in particular; diversity in opinion and developments over time have also been identified.
- How do policymakers perceive business' relationship with in-work benefits? – Parliamentarians' perceptions of the relationship between business and in-work benefits have been analysed, and diversity of views and developments over time have again been identified.
- Is corporate welfare a useful model for understanding in-work benefits? – corporate welfare has proven a useful model for understanding in-work benefits, as demonstrated through its use in this thesis; exploring business and Parliamentarian perceptions of whose interests in-work benefits serve has successfully tested the spectrum of welfare concept.
- Does business influence in-work benefit policy in the UK? – examples of business influencing in-work benefit policy have been identified, as have cases where business priorities have influenced Parliamentary debate; but there are also examples where business has not proven influential.

The theoretical framework has been a good fit for the research, able to explore how debates and relationships have developed over time, and study them at both macro- and micro-levels. The use of three diverse sources of material has promoted its external validity, and the clear documentation of the methods promotes its replicability.

This thesis set out to understand business and in-work benefits through considering perspectives and priorities. It has sought to understand how in-work benefits relate to

concepts of social and corporate welfare, how the relationship between in-work benefits and business is understood by those in positions of power, how organised business understands in-work benefits, and how it attempts to influence policy on in-work benefits. Through original research exploring the wider context, the origin, purpose, and operation of in-work benefits within the welfare state, and how they have evolved in the UK and internationally, it has been possible to relate these perspectives with existing academic debates in the field, confirm some perspectives, and contribute new knowledge. In the light of limited previous social policy research looking at the role of business, and a lack of qualitative research into in-work benefits, in all fields, this is a useful and novel contribution.

Bibliography

A., R. (2016). What is the Keynesian multiplier?, *The Economist*, 7 September 2016.

Adam, A. and Moutos, T. (2010). A politico-economic analysis of minimum wages and wage subsidies. *Economic Letters*, 110, 171-173. Available at:
<https://doi.org/10.1016/j.econlet.2010.11.029> [Accessed 22 October 2023].

Adams, A. and Prassl, J. (2018). *Zero-Hours Work in the United Kingdom*. Geneva: International Labour Office.

Alcock, P. (2012). The Subject of Social Policy. In Alcock, P., May, M. and Wright, S. (Eds). *The Student's Companion to Social Policy* [4th edition]. Chichester: John Wiley & Sons.

Allard, S. (2014). State dollars, non-state provision: local nonprofit welfare provision in the United States. In Cammett, M. and MacLean, L. M. (Eds). *The politics of non-state welfare*. Ithaca: Cornell University Press.

Amable, B. (2003). *The Diversity of Modern Capitalism*. Oxford: Oxford University Press.

Arksey, H. and Knight, P. (1999). *Interviewing for Social Scientists*. London: SAGE Publications.

Armstrong, H. and Taylor, J. (2000). *Regional Economics and Policy* [3rd edition]. Oxford: Blackwell Publishers.

Altheide, D. (1996). *Qualitative Data Analysis*. Thousand Oaks, California: Sage Publications.

Athayde, R., Blackburn, R., Hart, M. and Kitching, J. (2003). *Working Families' Tax Credit and Disabled Person's Tax Credit*. London: Inland Revenue.

Bailey, D., Cowling, K. and Tomlinson, P. (2015). *New Perspectives on Industrial Policy for a Modern Britain*. Oxford: Oxford University Press.

Baldock, J., Manning, N. and Vickerstaff, S. (2007). *Social Policy* [3rd edition]. Oxford: Oxford University Press.

- Baldwin, P. (1990). *The Politics of Social Solidarity*. Cambridge: Cambridge University Press.
- Balls, E., Grice, J. and O'Donnell, G. (2004). *Microeconomic Reform in Britain: Delivering Opportunities for All*. Basingstoke: Palgrave Macmillan.
- Baran, P. A. and Sweezy, P. M. (1966). *Monopoly Capital: An Essay on the American Economic and Social Order*. New York: Monthly Review Press.
- Barr, N. (2001). *The Welfare State as Piggy Bank*. Oxford: Oxford University Press.
- Bennett, F. (2018). Gender and social security. In Ed. Millar, J. and Sainsbury, R. (Eds). *Understanding Social Security* [3rd edition]. Bristol: Policy Press.
- Bennett, R. J. (2011). *Local Business Voice*. Oxford: Oxford University Press.
- Blaug, M. (1963). The Myth of the Old Poor Law and the Making of the New. *The Journal of Economic History*, 23(2), 151-184. Available at:
<https://doi.org/10.1017/S0022050700103808> [Accessed 23 October 2023].
- Block, F. and Somers, M. (2003). In the Shadow of Speenhamland: Social Policy and the Old Poor Law. *Politics and Society*, 31(2), 283-323. Available at:
<https://doi.org/10.1177/0032329203252272> [Accessed 22 October 2023].
- Bloor, M. (1997). Techniques of Validation in Qualitative Research: a Critical Commentary. In Miller, G. and Dingwall, R. (Eds). *Context and method in qualitative research*. London: Sage Publications.
- Blyth, M., Helgadóttir, O. and Kring, W. (2016). Ideas and historical institutionalism. In Fioretos, O., Falleti, T. and Sheingate, A. (Eds). *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press.
- Bonoli, G. (2010). *The Political Economy of Active Labour Market Policy*. Edinburgh: RECOWE Publication, Dissemination and Dialogue Centre.
- Borland, J. (2016). Wage subsidy programs: a primer. *Australian Journal of Labour Economics*, 19(3), 131-144.

Bosworth, B. and Burtless, G. (1992). Effects of Tax Reform on Labor Supply, Investment, and Saving. *Journal of Economic Perspectives*, 6(1), 3-25. Available at: <https://doi.org/10.1257/jep.6.1.3> [Accessed 23 October 2023].

Bradshaw, J. and Bennett, J. (2019). *ESPN Thematic Report on In-work income poverty in Europe*. Brussels: European Commission.

Bredgaard, T. (2018). Employers and Active Labour Market Policies: Typologies and Evidence. *Social Policy and Society*, 17(3), 365-377. Available at: <https://doi.org/10.1017/S147474641700015X> [Accessed 23 October 2023].

Brown, J., Hood, A. and Joyce, R. (2016). *The (changing) effects of universal credit*. [Online]. IFS. Available at: <https://www.ifs.org.uk/publications/8136> [Accessed 27 September 2021].

Brown, J. C. and Small, S. (1985). *Occupational Benefits as Social Security*. London: Policy Studies Institute.

Burton, J. (1983). *Picking Losers...? The Political Economy of Industrial Policy*. Westminster: The Institute of Economic Affairs.

Cairney, P., Heikkila, T. and Wood, M. (2019). *Making Policy in a Complex World*. Cambridge: Cambridge University Press.

Callender, C., Court, G., Thompson, M. and Patch, A. (1994). *Employers and Family Credit: Their Knowledge, Practices and Attitudes*. London: HMSO.

Campbell, J. L. and Pedersen, O. K. (2001). Introduction. In Campbell, J. L. and Pedersen, O. K. (Eds). *The Rise of Neoliberalism and Institutional Analysis*. Princeton: Princeton University Press.

Chakraborty, A. (2014). Cut benefits? Yes, let's start with our £85bn corporate welfare handout. *The Guardian*, 6 October 2014.

Chakraborty, A. (2015). The £93bn handshake: businesses pocket huge subsidies and tax breaks. *The Guardian*, 7 July 2015.

Chapman, R. and Ciment, J. (2015). *Culture Wars: An Encyclopedia of Issues, Viewpoints and Voices* [2nd edition]. Abingdon: Routledge.

Child Poverty Action Group (2016). *Universal Credit: recent rule changes*. [Online]. Child Poverty Action Group. Available at: <http://www.cpag.org.uk/content/universal-credit-recent-rule-changes> [Accessed 27 September 2021].

Child Poverty Action Group (2019). *Universal Credit: What You Need to Know* [5th edition]. London: Child Poverty Action Group.

Chowdry, H. (2012). Time-limited in-work benefits in the UK: a review of recent evidence. *National Institute Economic Review*, 219, 53-64. Available at: <https://doi.org/10.1177/002795011221900106> [Accessed 23 October 2023].

Clasen, J., Clegg, D. and Goerne, A. (2016). Comparative Social Policy Analysis and Active Labour Market Policy: Putting Quality Before Quantity. *Journal of Social Policy*, 45(1), 31-48. Available at: <https://doi.org/10.1017/S0047279415000434> [Accessed 23 October 2023].

Coates, D. (1996). *Industrial Policy in Britain*. New York: St Martin's Press.

Confederation of British Industry (2021). *Annual Report and Accounts 2020*. [Online]. Confederation of British Industry. Available at: <https://www.cbi.org.uk/media/6902/cbi-annual-report-2020.pdf> [Accessed 15 August 2021].

Conran, J. and Thelen, K. (2016). Institutional change. In Fioretos, O., Falletti, T. and Sheingate, A. (Eds). *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press.

Cook, C. (2012). *The Routledge Guide to British Political Archives: Sources since 1945*. Abingdon: Routledge.

Cooke, G. and Lawton, K. (2008). *For love or money: pay, progression and professionalisation in the 'early years' workforce*. London: IPPR.

Cousins, M. (2005). *European Welfare States: Comparative Perspectives*. London: Sage Publications.

- Curtis, S. (1989). *The Geography of Public Welfare Provision*. London: Routledge.
- Datta, N., Giupponi G. and Machin, S. (2019). Zero-hours contracts and labour market policy. *Economic Policy*, 34(99), 369-427. Available at: <https://doi.org/10.1093/epolic/eiz008> [Accessed 23 October 2023].
- Davey, C. and Hirsch, D. (2011). Childcare in Universal Credit: will work pay for single parents? *Journal of Poverty and Social Justice*, 19(3), 289-294. Available at: <https://doi.org/10.1332/175982711X597026> [Accessed 23 October 2023].
- Dawkins, C. E. (2002). Corporate Welfare, Corporate Citizenship, and the Question of Accountability. *Business & Society*, 41(3), 269-291. Available at: <https://doi.org/10.1177/0007650302041003002> [Accessed 23 October 2023].
- Dean, H. (2012). Welcome relief or indecent subsidy? The implications of wage top-up schemes. *Policy & Politics*, 40(3), 305-321. Available at: <https://doi.org/10.1332/030557312X626622> [Accessed 23 October 2023].
- Dean, H. and Mitchell, G. (2011). *Wage top-ups and work incentives: the implications of the UK's Working Tax Credit scheme*. London: London School of Economics.
- Department for Work and Pensions (2010). *Universal Credit: Welfare that works*. London: The Stationery Office.
- Department for Work and Pensions (2016). *Universal Credit work allowances*. [Online]. UK Government. Available at: <https://www.gov.uk/government/publications/universal-credit-work-allowances/universal-credit-work-allowances> [Accessed 14 December 2017].
- Department for Work and Pensions (2017). *Autumn budget 2017: expenditure and caseload forecasts*. [Online]. UK Government. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/675359/0-uturn-and-forecast-autumn-budget-2017.xlsx [Accessed 27 September 2021].
- Dietrich, M. and Krafft, J. (2012). The economics and theory of the firm. In Dietrich, M. and Krafft, J. (Eds). *Handbook on the Economics and Theory of the Firm*. Cheltenham: Edward Elgar.

Dowd, D. (2004). *Capitalism and its Economics: A Critical History* [2nd Edition]. London: Pluto Press.

Dowding, K. (1994). The compatibility of behaviouralism, rational choice and 'new institutionalism'. *Journal of Theoretical Politics*, 6:1, 105-117. Available at: <https://doi.org/10.1177/0951692894006001005> [Accessed 23 October 2023].

Downes, A. and Lansley, S. (2018). Introduction. Downes, A. and Lansley, S. (Eds). *It's basic income*. Bristol: Policy Press.

Dunn, S. (2012). John Kenneth Galbraith. In Dietrich, M. and Krafft, J. (Eds). *Handbook on the Economics and Theory of the Firm*. Cheltenham: Edward Elgar.

Earl, P. (2012). Behavioural theory. In Dietrich, M. and Krafft, J. (Eds). *Handbook on the Economics and Theory of the Firm*. Cheltenham: Edward Elgar.

Eckstein, H. (2000). Case study and theory in political science. In Gomm, R., Hammersley, M. and Foster, P. (Eds). *Case Study Method*. London: Sage Publications.

Eissa, N. and Liebman, J. B. (1996). Labour supply response to the Earned Income Tax Credit. *Quarterly Journal of Economics*, CXI(2), 605-637. Available at: <https://doi.org/10.2307/2946689> [Accessed 23 October 2023].

Elder, W. (1964). Speenhamland revisited. *Social Service Review*, 38(3), 294-302. Available at: <https://doi.org/10.1086/641625> [Accessed 23 October 2023].

Esping-Andersen, G. (1990). *Three Worlds of Welfare Capitalism*, Cambridge: Polity Press.

Estevez-Abe, M., Iverson, T. and Soskice, D. (2001). Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State. In Hall, P. A. and Soskice, D. (Eds). *Varieties of Capitalism*. Oxford: Oxford University Press.

Eurofound (2017). *In-work poverty in the EU*, Luxembourg: Publications Office of the European Union.

Farina, E., Green, C. and McVicar, D. (2019). Zero Hours Contracts and Their Growth. *British Journal of Employment Relations*, 58(3), 507-531. Available at: <https://doi.org/10.1111/bjir.12512> [Accessed 23 October 2023].

Farnsworth, K. (1998). Minding the business interest: The CBI and social policy, 1980–1996. *Policy Studies*, 19(1), 19-38. Available at: <https://doi.org/10.1080/01442879808423741> [Accessed 23 October 2023].

Farnsworth, K. (1999). *Capital and welfare: business influence on social policy 1979-1996*. Bath: University of Bath.

Farnsworth, K. (2004). Welfare through Work: An Audit of Occupational Social Provision at the Turn of the New Century. *Social Policy & Administration*, 38(5), 437-455. Available at: <https://doi.org/10.1111/j.1467-9515.2004.00400.x> [Accessed 23 October 2023].

Farnsworth, K. (2012). *Social Versus Corporate Welfare*. Basingstoke: Palgrave Macmillan.

Farnsworth, K. (2013). Bringing corporate welfare in. *Journal of Social Policy*, 42(1), 1-22. Available at: <https://doi.org/10.1017/S0047279412000761> [Accessed 23 October 2023].

Farnsworth, K. (2015). *Britain's corporate welfare is out of control – increasing it makes no sense*. [Online]. The Guardian. Available at: <https://www.theguardian.com/commentisfree/2015/jul/10/corporate-welfare-budget-tax-money> [Accessed 27 September 2021].

Farnsworth, K. (2020). Retrenched, Reconfigured and Broken: The British Welfare State after a Decade of Austerity. *Social Policy & Society*, 20(1), 77-96. Available at: <https://doi.org/10.1017/S1474746420000524> [Accessed 23 October 2023].

Farnsworth, K. and Fooks, G. (2019). *Why the UK has no clear party of business*. [Online]. The Conversation. Available at: <https://theconversation.com/why-the-uk-has-no-clear-party-of-business-128437> [Accessed 24 September 2021].

Farnsworth, K. and Holden, C. (2006). The Business-Social Policy Nexus: Corporate Power and Corporate Inputs into Social Policy. *Journal of Social Policy*, 35(3), 473-494. Available at: <https://doi.org/10.1017/S0047279406009883> [Accessed 23 October 2023].

Farnsworth, K. and Irving, Z. (2017). Crisis, austerity, competitiveness and growth: new pathologies of the welfare state. In Horsfall, D. and Hudson, J. (Eds). *Social policy in an era of competition*. Bristol: Policy Press.

Farnsworth, K. and Irving, Z. (2018). Who benefits and who pays? In Millar, J. and Sainsbury, R. (Eds). *Understanding Social Security* [3rd edition]. Bristol: Policy Press.

Farthing, R. (2012). *Save Child Benefit*. London: Child Poverty Action Group.

Finch, N., Horsfall, D. and Hudson, J. (2017). Changing labour markets, changing welfare across the OECD. In Horsfall, D. and Hudson, J. (Eds). *Social policy in an era of competition*. Bristol: Policy Press.

Fioretos, O., Falleti, T. and Sheingate, A. (2016). Historical Institutionalism in Political Science. In Fioretos, O., Falleti, T. and Sheingate, A. (Eds). *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press.

Flick, U. (2018). Doing Qualitative Data Collection – Charting the Routes. In Flick, U. (Ed). *The SAGE Handbook of Qualitative Data Collection*. London: SAGE Publications Ltd.

Fox, N. (2008). Post-positivism. In Given, L. M. (Ed). *The SAGE Encyclopaedia of Social Research Methods*. London: SAGE Publications Ltd.

Fuller, A., and Unwin, L. (2018). Rethinking skills and workplace capacity in an industrial strategy. In Berry, C. (Ed). *What We Really Mean When We Talk About Industrial Strategy*. Manchester: Manchester Metropolitan University.

Galbraith, J. K. (1975). *The New Industrial State* [2nd edition]. Harmondsworth: Pelican Books.

Godwin, M. and Lawson, C. (2009). In-Work Benefits: Effective Social Protection or ‘Emperor’s New Clothes’? *Social Policy & Society* 8(2), 100-121. Available at: <https://doi.org/10.1177/138826271401600201> [Accessed 23 October 2023].

Gomm, R., Hammersley, M. and Foster, P. (2000). Case study and generalization. In Gomm, R., Hammersley, M. and Foster, P. (Eds). *Case Study Method*. London: Sage Publications.

Gordon, I., Lewis, J. and Young, K. (1997). Perspectives on policy analysis. In Hill, M. (Ed). *The Policy Process: A Reader* [2nd edition]. Harlow, Prentice Hall.

Gough, I. (1979). *The Political Economy of the Welfare State*. London: Macmillan Education.

Gough, I. and Therborn, G. (2010). The Global Future of Welfare States. In Castles, F. G. et al (Eds). *The Oxford Handbook of the Welfare State*. Oxford: Oxford University Press.

Grant, W. and Marsh, D. (1977). *The Confederation of British Industry*. London: Hodder and Stoughton.

Grant, W. (1993). *Business and Politics in Britain* [2nd edition]. Basingstoke: Macmillan.

Gray, A. (2002). European perspectives on welfare reform: a tale of two vicious circles? *European Societies*, 4(4), 359-380. Available at:
<https://doi.org/10.1080/1461669022000022333> [Accessed 23 October 2023].

Gregg, P., Hurrell, A. and Whittaker, M. (2012). *Creditworthy: Assessing the impact of tax credits in the last decade and considering what this means for Universal Credit*. [Online]. Resolution Foundation. Available at:
<https://www.resolutionfoundation.org/app/uploads/2014/08/Creditworthy.pdf> [Accessed 27 September 2021].

Greve, B. (2007). *Occupational Welfare: winners and losers*. Cheltenham: Edward Elgar.

Grover, C. (2015). Social security policy and low wages in austere times. In Irving, Z., Fenger, M. and Hudson, J. (Eds). *Social Policy Review*, 27, 33-54.

Grover, C. (2016a). *Social Security and Wage Poverty*. Basingstoke: Palgrave Macmillan.

Grover, C. (2016b). From wage supplements to a 'living wage'? A commentary on the problems of predistribution in Britain's summer budget of 2015. *Critical Social Policy*, 36(4), 693-703. Available at: <https://doi.org/10.1177/0261018316650193> [Accessed 23 October 2023].

Guest, G., MacQueen, K. and Namey, E. (2012). *Applied Thematic Analysis*. Thousand Oaks: Sage Publications.

Hacker, J. S. and Pierson, P. (2011). *Winner-Take-All Politics*. New York: Simon & Schuster Paperbacks.

Hall, G. (1986). Introduction. In Hall, G. (Ed). *Europe's Industrial Policy*. Beckenham: Croom Helm Ltd.

Hall, P. (2016). Politics as a process structured in space and time. In Fioretos, O., Falleti, T. and Sheingate, A. (Eds). *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press.

Hall, P. A. and Soskice, D. (2001). An introduction to varieties of capitalism. In Hall, P. A. and Soskice, D. (Eds). *Varieties of Capitalism*. Oxford: Oxford University Press.

Hammersley, M. and Gomm, R. (2000). Introduction. In Gomm, R., Hammersley, M. and Foster, P. (Eds). *Case Study Method*. London: Sage Publications.

Hay, C. (2001). The 'crisis' of Keynesianism and the rise of neoliberalism in Britain. In Campbell, J. L. and Pedersen, O. K. (Eds). *The Rise of Neoliberalism and Institutional Analysis*. Princeton: Princeton University Press.

Hay, C. (2020). Does capitalism (still) come in varieties? *Review of International Political Economy*, 27(2), 302-319. Available at: <https://doi.org/10.1080/09692290.2019.1633382> [Accessed 23 October 2023].

Herweg, N., Zahariadis, N. and Zohlnhöfer (2017). The Multiple Streams Framework: Foundations, Refinements and Empirical Applications. In: Weible, C. and Sabatier, P. (Eds). *Theories of the Policy Process* [4th edition]. New York: Westview Press.

Hill, M. (2012). Re-reviews: The Political Economy of the Welfare State, Ian Gough. *Social Policy & Administration*, 46(5), 582-587.

Hill, M. and Irving, Z. (2009). *Understanding Social Policy* [8th edition]. Chichester: John Wiley & Sons.

HM Revenue and Customs (2017). *Child Benefit Statistics: Geographical analysis*. [Online]. UK Government. Available at:

https://assets.publishing.service.gov.uk/media/5ab11f9540f0b65bb8ef1d46/Child_Benefit_Commentary_August_2017.pdf [Accessed 7 December 2023].

HM Revenue and Customs (2023). *Commentary - Child and Working Tax Credits statistics: Provisional awards - December 2022*. [Online]. UK Government. Available at: <https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-provisional-awards-december-2022/commentary-child-and-working-tax-credits-statistics-provisional-awards-december-2022> [Accessed 31 May 2023].

Horsfall, D. (2017). The competition state thesis in a comparative perspective: the evolution of a thesis. In Horsfall, D. and Hudson, J. (Eds). *Social policy in an era of competition*. Bristol: Policy Press.

Horsfall, D. and Hudson, J. (2017). Introduction: social policy in an era of competition. In Horsfall, D. and Hudson, J. (Eds). *Social policy in an era of competition*. Bristol: Policy Press.

House of Commons Library (2015). *Summary statistics on Child and Working Tax Credit (CTC and WTC)*. [Online]. House of Commons Library. Available at: <http://researchbriefings.files.parliament.uk/documents/CDP-2015-0033/CDP-2015-0033-Tax-Credits-Key-Statistics.pdf> [Accessed 27 September 2021].

Howard, M. (2004). *Tax credits: one year on*. London: CPAG.

Hudson, B. (1997). Collaboration in social welfare. In Hill, M. (Ed). *The Policy Process: a reader*. Harlow: Prentice Hall.

Ilie, C. (2018). Parliamentary Debates. In Wodak, R. and Forchtner, B. (Eds). *f*. London: Routledge.

Ingold, J. (2020). Employers' perspectives on benefit conditionality in the UK and Denmark. *Social Policy and Administration*, 54(2), 236-249. Available at: <https://doi.org/10.1111/spol.12552> [Accessed 23 October 2023].

Iversen, T. and Pontusson, J. (2000). Comparative Political Economy: A Northern European Perspective. In Ed. Iversen, T., Pontusson, J. and Soskice, D. (Eds). *Unions, Employers and Central Banks*. Cambridge: Cambridge University Press.

Jenson, M. D. and Snaith, H. (2016). When politics prevails: the political economy of a Brexit. *Journal of European Public Policy*, 23(9), 1302-1310. Available at: <https://doi.org/10.1080/13501763.2016.1174531> [Accessed 23 October 2023].

Jessop, B. (2002). *The Future of the Capitalist State*. Cambridge: Polity.

Jones, R. (2018). The Second Coming of UK Industrial Strategy. *Issues in Science and Technology*, 34(2).

Kenworthy, L. (2015). Do employment-conditional earnings subsidies work?, *Improve Working Paper 15/10*. Antwerp: University of Antwerp.

Knoke, D. and Yang, S. (2008). *Social Network Analysis*. Thousand Oaks: SAGE Publications.

Kondylis, F. and Wadsworth, J. (2007). Wages and Wage Inequality, 1970-2000. In Crafts, N., Gazely, I. and Newell, A. (Eds). *Work and Pay in Twentieth-Century Britain*. Oxford: Oxford University Press.

Korpi, W. (1978). *The Working Class in Welfare Capitalism*. London: Routledge & Kegan Paul.

Lacroix, G. and Brouillette, D. (2011). Assessing the impact of a wage subsidy for single parents on social assistance. *Canadian Journal of Economics*, 44(4), 1195-1221. Available at: <https://doi.org/10.1111/j.1540-5982.2011.01672.x> [Accessed 24 October 2023].

Lasswell, H. D. (1970). The Emerging Conception of the Policy Sciences. *Policy Sciences*, 1(1), 3-14. Available at: <https://doi.org/10.1007/BF00145189> [Accessed 24 October 2023].

Lavery, S. (2017). 'Defend and extend': British business strategy, EU employment policy and the emerging politics of Brexit. *The British Journal of Politics and International Relations*. 19(4), 696-714. Available at: <https://doi.org/10.1177/1369148117722713> [Accessed 24 October 2023].

Lewis, D. (1972). *Louder Voices: The Corporate Welfare Bums*. Toronto: James Lewis and Samuel.

Lindblom, C. E. (1977). *Politics and Markets*. New York: Basic Books.

- Lindvall, J. and Rueda, D. (2018). Party Opinion, Party Politics, and the Welfare State. In Manow, P., Palier, B. and Schwander, H. (Eds). *Welfare Democracies and Party Politics: Explaining Electoral Dynamics in Times of Changing Welfare Capitalism*. Oxford: Oxford University Press.
- Lissenburgh, S., Hasluck, C. and Green, A. (2001). *Earnings Top-up Evaluation: Employers' Reactions*. London: Department of Social Security.
- Lowe, R. (2005). *The Welfare State in Britain since 1945* [3rd edition]. Basingstoke: Palgrave Macmillan.
- Lynch, J and Rhodes, M. (2016). Historical Institutionalism and the Welfare State. In Fioretos, O., Falleti, T. and Sheingate, A. (Eds). *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press.
- McGillivray, F. (2004). *Privileging Industry: The Comparative Politics of Trade and Industrial Policy*. Princeton, New Jersey: Princeton Press.
- McLaughlin, E. (1994). *Flexibility in Work and Benefits*. London: Institute for Public Policy Research.
- McLaughlin, E., Trewsdale, J. and McCay, N. (2001). The Rise and Fall of the UK's First Tax Credit: The Working Families Tax Credit 1998–2000. *Social Policy and Administration*. 35(2), 163-180. Available at: <https://doi.org/10.1111/1467-9515.00225> [Accessed 24 October 2023].
- McMenamin, I. (2018). *For the first time in a century, there is no British party which is clearly pro-business*. [Online]. LSE Business Review. Available at: <https://blogs.lse.ac.uk/businessreview/2018/08/11/for-the-first-time-in-a-century-there-is-no-british-party-which-is-clearly-pro-business/> [Accessed 24 September 2021].
- MacNicol, J. (2020). *Poverty and dependency: America, 1950s to the present*. Cheltenham: Edward Elgar.

Mares, I. (2001). Firms and the welfare state: when, why, and how does social policy matter to employers? In Hall, P. A. and Soskice, D. (Eds). *Varieties of Capitalism*. Oxford: Oxford University Press.

Marmor, T. R., Mashaw, J. L. and Harvey, P. L. (1990). *America's Misunderstood Welfare State*. New York: Basic Books.

Marshall, T. H. (1950). *Citizenship and Social Class*. Cambridge: Cambridge University Press.

Maugham, J. (2015). *The truth about the truth behind corporate welfare*. [Online]. Waiting for Tax. Available at: <https://waitingfortax.com/2015/07/28/the-truth-about-the-truth-about-corporate-welfare/> [Accessed 27 September 2021].

May, T., McHugh, J. and Taylor, T. (1998). Business Representation in the UK Since 1979: the Case of Trade Associations. *Political Studies*, 46(2), 260-275. Available at: <https://doi.org/10.1111/1467-9248.00139> [Accessed 24 October 2023].

Melia, K. M. (1997). Producing 'Plausible Stories': Interviewing Student Nurses. In Miller, G. and Dingwall, R. (Eds). *Context and method in qualitative research*. London: Sage Publications.

Miller, G. (1997). Contextualizing Texts: Studying Organizational Texts. In Miller, G. and Dingwall, R. (Eds). *Context and method in qualitative research*. London: Sage Publications.

Miller, S. M. (1987). Introduction: The Legacy of Richard Titmuss. In Abel-Smith, B. and Titmuss, K. (Eds). *The Philosophy of Welfare: Selected Writings of Richard M. Titmuss*, London: Allen & Unwin.

Misra, J. (1998). Mothers or Workers? The Value of Women's Labor: Women and the Emergence of Family Allowance Policy. *Gender and Society*, 12(4), 376-399. Available at: <https://doi.org/10.1177/089124398012004002> [Accessed 24 October 2023].

Mitton, L. (2012). The history and development of social policy. In Baldock et al (Eds). *Social Policy* [4th edition]. Oxford: Oxford University Press.

Myles, J. (1989). *Old Age in the Welfare State* [2nd edition]. Lawrence, Kansas: University Press of Kansas.

National Archives (undated). *Benefits Agency: Earnings Top-up (ETU) Benefit: Dataset of Pilot Project*. [Online]. National Archives. Available at: <https://discovery.nationalarchives.gov.uk/details/r/C15824> [Accessed 24 May 2023].

National Audit Office (2013). *Universal Credit: early progress*. London: The Stationery Office.

Nelson, F. (2015). Alistair Darling: why I changed my mind on tax credits. *The Spectator*, 20 July 2015.

Newell, A. (2007). Structural Change. In Crafts, N., Gazely, I. and Newell, A. (Eds). *Work and Pay in Twentieth-Century Britain*. Oxford: Oxford University Press.

Nightingale, M. (2019). Looking beyond Average Earnings: Why Are Male and Female Part-Time Employees in the UK More Likely to Be Low Paid Than Their Full-Time Counterparts? *Work, Employment and Society*, 33(1), 131-148. Available at: <https://doi.org/10.1177/0950017018796471> [Accessed 24 October 2023].

O'Connor, J. (1973). *The Fiscal Crisis of the State*. New York: St Martin's Press.

OECD (1999). *The Local Dimension of Welfare-to-Work: An International Survey*. [Online]. Organisation for Economic Co-operation and Development. Available at: https://read.oecd-ilibrary.org/urban-rural-and-regional-development/the-local-dimension-of-welfare-to-work_9789264174122-en [Accessed 27 September 2021].

Office for Budget Responsibility (2014). *Welfare Trends Report – October 2014*. London: UK Government.

Office for Budget Responsibility (2018). *Economic and fiscal outlook*. [Online]. Office for Budget Responsibility. Available at: http://cdn.obr.uk/EFO-MaRch_2018.pdf [Accessed 27 September 2021].

Office for Budget Responsibility (2021). *Welfare Trends Report – March 2021*. London: UK Government.

Office for Budget Responsibility (undated). *Welfare spending: tax credits*. [Online]. Office for Budget Responsibility. Available at: <https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/welfare-spending-tax-credits/> [Accessed 6 September 2021].

Office for National Statistics (2013). *2011 Census: Quick Statistics for local authorities in England and Wales*. [Online]. Office for National Statistics. Available at: https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/2011censuskeystatisticsandquickstatisticsforwardsandoututareasinenglandandwales/r22ewrtablegs121ewladv1_tcm77-296658.xls [Accessed 24 May 2023].

Office for National Statistics (2018a). *Regional labour market statistics in the UK: August 2018*. [Online]. Office for National Statistics. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemploveetypes/bulletins/regionallabourmarket/august2018> [Accessed 27 September 2021].

Office for National Statistics (2018b). *UK labour market: August 2018*. [Online]. Office for National Statistics. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemploveetypes/bulletins/uklabourmarket/august2018/pdf> [Accessed 27 September 2021].

Office for National Statistics (2020). *Employee earnings in the UK: 2020*. [Online]. Office for National Statistics. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2020> [Accessed 11 July 2021].

Park, A. et al (2013). *British Social Attitudes 30*. London: NatCen Social Research.

Paul, M. (2016). Is There a Causal Effect of Working Part-Time on Current and Future Wages? *The Scandinavian Journal of Economics*. 118(3), 494-523. Available at: <https://doi.org/10.1111/sjoe.12157> [Accessed 24 October 2023].

Pierson, P. (1994). *Dismantling the Welfare State?* Cambridge: Cambridge University Press.

Pierson, P. (1995). *The scope and nature of business power: Employers and the American welfare state, 1900-1935*. Bremen: Zentrum für Sozialpolitik.

Pierson, P. (2016). Power in historical institutionalism. In Fioretos, O., Falleti, T. and Sheingate, A. (Eds). *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press.

Polanyi, K. (2001, 1st edition 1944). *The Great Transformation*. Boston, Massachusetts, Beacon Press.

Policy in Practice (2018). *Benefit and Budgeting calculator*. [Online]. Policy in Practice. Available at: <https://www.betteroffcalculator.co.uk> [Accessed 23 October 2023].

Rapley, T. and Rees, G. (2018). Collecting Documents as Data. In Flick, U. (Ed). *The SAGE Handbook of Qualitative Data Collection*. London: SAGE Publications Ltd.

Rice, R. G. (1966). Skill, Earnings, and the Growth of Wage Supplements. *The American Economic Review*. 56(1/2), 583-593.

Rigby, E. (2015). Cameron signals assault on tax credits in search for welfare cuts, *Financial Times*, 22 June 2015.

Robson, C. (1993). *Real World Research*. Oxford: Blackwell Publishers.

Rohlin, S. M. (2011). State minimum wages and business location: Evidence from a refined border approach. *Journal of Urban Economics*, 69(1), 103-117. Available at: <https://doi.org/10.1016/j.jue.2010.08.001> [Accessed 24 October 2023].

Rollings, N. (2013). Cracks in the Post-War Keynesian Settlement? The Role of Organised Business in Britain in the Rise of Neoliberalism Before Margaret Thatcher. *Twentieth Century British History*, 24(4), 637-659. Available at: <https://doi.org/10.1093/tcbh/hwt005> [Accessed 24 October 2023].

Royston, S. (2012). Understanding Universal Credit. *Journal of Poverty and Social Justice*, 20(1), 69-86. Available at: <https://doi.org/10.1332/175982712X626789> [Accessed 24 October 2023].

Ruane, S. (2013). 'Bringing Corporate Welfare In' – and Pushing Further at the Boundaries of Social Policy: A Reply to Farnsworth (1). *Journal of Social Policy*, 42(1), 23-29. Available at: <https://doi.org/10.1017/S0047279412000773> [Accessed 24 October 2023].

Sabatier, P. (1997). Top-down and bottom-up approaches to implementation research. In Hill, M. (Ed). *The Policy Process: a reader*. Harlow: Prentice Hall.

Sainsbury, R. (2014). Universal Credit: the story so far. *Journal of Poverty and Social Justice*, 22(1), 11-13. Available at: <https://doi.org/10.1332/175982714X13875306538881> [Accessed 24 October 2023].

Saldaña, J. (2013). *The Coding Manual for Qualitative Researchers* [2nd edition]. London: SAGE Publications.

Savell, E., Fooks, G. and Gimore, A. B. (2016). How does the alcohol industry attempt to influence marketing regulations? A systematic review. *Addiction*, 111(1), 18-32. Available at: 10.1111/add.13048 [Accessed 24 October 2023].

Schofield, J. W. (2000). Increasing the generalizability of qualitative research. In Gomm, R., Hammersley, M. and Foster, P. (Eds). *Case Study Method*. London: Sage Publications.

Schröder, M. (2013). *Integrating Varieties of Capitalism and Welfare State Research*. New York: Palgrave Macmillan.

Scott, J. (1990). *A Matter of Record*. Cambridge: Polity Press.

Silverman, D. (1997). The Logics of Qualitative Research. In Miller, G. and Dingwall, R. (Eds). *Context and method in qualitative research*. London: Sage Publications.

Sinfield, A. (2013). On 'Bringing Corporate Welfare In': A Reply to Farnsworth (2). *Journal of Social Policy*, 42(1), 31-38. Available at: <https://doi.org/10.1017/S0047279412000785> [Accessed 24 October 2023].

Sloman, P. (2016). 'The Pragmatist's Solution to Poverty': The Heath Government's Tax Credit Scheme and the Politics of Social Policy in the 1970s. *Twentieth Century British*

History, 27(2), 220-241. Available at: <https://doi.org/10.1093/tcbh/hwv042> [Accessed 24 October 2023].

Smith, M. J. (1997). Policy networks. In Hill, M. (Ed). *The Policy Process: a reader*. Harlow: Prentice Hall.

Social Security Advisory Committee (1994). *In work - out of work: the role of incentives in the benefits system*. Leeds: BA Publishing.

Spicker, P. (2013). Introducing Universal Credit. *Social Policy Review*, 25, 1-16. Available at: <https://doi.org/10.1332/policypress/9781447312741.003.0001> [Accessed 24 October 2023].

Spicker, P. (2017). *What's wrong with social security benefits?* Bristol: Policy Press.

Sprague, A., Davies, D. H. and Minford, A. P. L. (1983). The IFS Position on Unemployment Benefits. *Fiscal Studies*. 4(1), 66-73. Available at: <https://doi.org/10.1111/j.1475-5890.1983.tb00355.x> [Accessed 24 October 2023].

Stake, R. E. (2000). The case study method in social inquiry. In Gomm, R., Hammersley, M. and Foster, P. (Eds). *Case Study Method*. London: Sage Publications.

Steiner, J. F. and Steiner, G. A. (2012). *Business, Government and Society*. New York: McGraw Hill.

Stinchcombe, A. L. (1985). The Functional Theory of Social Insurance. *Politics Society*, 1985(14), 411-430. Available at: <https://doi.org/10.1177/003232928501400402> [Accessed 24 October 2023].

Stoesz, D. and Saunders, D. (1999). Welfare Capitalism: A New Approach to Poverty Policy? *Social Service Review*, 73(3), 380-400. Available at: <https://doi.org/10.1086/514429> [Accessed 24 October 2023].

Swaffield, J. et al (2017). An Evaluation of the Living Wage: Identifying Pathways Out of In-Work Poverty. *Social Policy and Society*, 17(3), 379-392. Available at: <https://doi.org/10.1017/S1474746417000136> [Accessed 24 October 2023].

Swenson, P. A. (2002). *Capitalists Against Markets*. New York: Oxford University Press.

- Tabb, W. K. (1999). *Reconstructing Political Economy*. London: Routledge.
- Tarrant, A. (2018). EU state aid law and industrial policy. In Berry, C. (Ed). *What We Really Mean When We Talk About Industrial Strategy*. Manchester: Manchester Metropolitan University.
- Taylor-Gooby, P. (2001a). The Politics of Welfare in Europe. In Taylor-Gooby, P. (Ed). *Welfare states under pressure*. London: Sage Publications.
- Taylor-Gooby, P. (2001b). Welfare Reform in the UK. In Taylor-Gooby, P. (Ed). *Welfare states under pressure*. London: Sage Publications.
- Thane, P. (2007). The 'Welfare State' and the Labour Market. In Crafts, N., Gazely, I. and Newell, A. (Eds). *Work and Pay in Twentieth-Century Britain*. Oxford: Oxford University Press.
- Therborn, G. (1984). Classes and States: Welfare State Developments, 1881–1981. *Studies in Political Economy*, 14, 7-41. Available at: <https://doi.org/10.1080/19187033.1984.11675631> [Accessed 24 October 2023].
- Timonen, V. (2003). *Restructuring the Welfare State: Globalisation and Policy in Sweden and Finland*. Cheltenham: Edward Elgar.
- Titmuss, R. M. (1987). The Social Division of Welfare: Some Reflections on the Search for Equity, 39-59. In Abel-Smith, B. and Titmuss, K. (Eds). *The Philosophy of Welfare: Selected Writings of Richard M. Titmuss*. London: Allen & Unwin.
- Torring, J. (2020). Governance through civil society. In Thompson, W. (Ed). *Oxford Research Encyclopaedia of Politics*. Oxford: Oxford University Press.
- Trades Union Congress (2015). *Tax credit cuts will hit poorest UK regions hardest, TUC research reveals*. [Online]. Trades Union Congress. Available at: <https://www.tuc.org.uk/economic-issues/tax-credit-cuts-will-hit-poorest-uk-regions-hardest-tuc-research-reveals> [Accessed 27 September 2021].

UK Government (2016). *Tax credits*. [Online]. UK Government. Available at:

<https://www.gov.uk/browse/benefits/tax-credits> [Accessed 1 July 2018].

UK Government (2017a). *Child and Working Tax Credit statistics: finalised annual awards - 2016 to 2017*. [Online]. UK Government. Available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/720637/CWTC_commentary_-_main_publication.pdf [Accessed 28 October 2018].

UK Government (2017b). *Transition Rollout Schedule: November 2017 to December 2018*.

[Online]. UK Government. Available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664591/universal-credit-transition-rollout-schedule.pdf [Accessed 15 December 2017].

UK Government (2017c). *Building our Industrial Strategy*. [Online]. UK Government.

Available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586626/building-our-industrial-strategy-green-paper.pdf [Accessed 27 September 2021].

UK Government (2021a). *Child and Working Tax Credits Statistics: Provisional Awards April 2021 Main Commentary*. [Online]. UK Government. Available at:

<https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-provisional-awards-april-2021/child-and-working-tax-credits-statistics-provisional-awards-april-2021-main-commentary> [Accessed 29 June 2021].

UK Government (2021b). *Benefit expenditure and caseload tables 2021*. [Online]. UK

Government. Available at: [https://www.gov.uk/government/publications/benefit-](https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2021)

[expenditure-and-caseload-tables-2021](https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2021) [Accessed 15 July 2021].

UK Government (2021c). *Benefit Combinations to February 2021*. [Online]. UK Government.

Available at: [https://www.gov.uk/government/statistics/dwp-benefits-statistics-august-](https://www.gov.uk/government/statistics/dwp-benefits-statistics-august-2021/benefit-combinations-to-february-2021)

[2021/benefit-combinations-to-february-2021](https://www.gov.uk/government/statistics/dwp-benefits-statistics-august-2021/benefit-combinations-to-february-2021) [Accessed 14 May 2023].

UK Government (undated). *About Hansard online*. [Online]. UK Government. Available at:

<https://hansard.parliament.uk/about> [Accessed 10 July 2021].

- United Nations (2008). *International Standard Industrial Classification of All Economic Activities: Revision 4*. New York: United Nations.
- Utton, M. (1986). Developments in British industrial and competition policies. In Hall, G. (Ed). *Europe's Industrial Policy*. Beckenham: Croom Helm Ltd.
- van Atteveldt, W., van der Velden, M. A. C. G. and Boukes, M. (2021). The Validity of Sentiment Analysis: Comparing Manual Annotation, Crowd-Coding, Dictionary Approaches, and Machine Learning Algorithms. *Communication Methods and Measures*, 15(2), 121-140. Available at: <https://doi.org/10.1080/19312458.2020.1869198> [Accessed 24 October 2023].
- Vandelannoote, D. and Verbist, G. (2017). *The impact of in-work benefits on employment and poverty*. Brussels: European Commission.
- Varone, F. et al (2017). Studying policy advocacy through social network analysis. *European Political Science*, 16, 322-336. Available at: <https://doi.org/10.1057/eps.2016.16> [Accessed 24 October 2023].
- Walliman, N. (2018). *Research Methods: the basics* [2nd edition]. Abingdon: Routledge.
- Watts, B. and Fitzpatrick, S. (2018). *Welfare Conditionality*. Abingdon: Routledge.
- Weinstein, O. (2012). Managerial theories: Baumol and Marris. In Dietrich, M. and Krafft, J. (Eds). *Handbook on the Economics and Theory of the Firm*. Cheltenham: Edward Elgar.
- Westwood, A. (2020). *Industrial capacity in post COVID-19 Britain*. Cambridge: University of Cambridge.
- Whiteford, P., Mendelson, M. and Millar, J. (2003). *Timing it right? Tax credits and how to respond to income changes*. York: Joseph Rowntree Foundation.
- Wiggan, J. (2012). Telling stories of 21st century welfare: the UK Coalition government and the neo-liberal discourse of worklessness and dependency. *Critical Social Policy*, 32(3), 383-405. Available at: <https://doi.org/10.1177/0261018312444413> [Accessed 24 October 2023].
- Woolf, N. and Silver, C. (2018). *Qualitative Analysis Using NVivo*. New York: Routledge.

Wood, S. (2001). Business, Government, and Patterns of Labor Market Policy in Britain and the Federal Republic of Germany. In Hall, P. A. and Soskice, D. (Eds). *Varieties of Capitalism*. Oxford: Oxford University Press.

Worstall, T. (2015). *Attention dunderheads: Taxpayers are NOT giving businesses £93bn*.

[Online]. The Register. Available at:

http://www.theregister.co.uk/2015/07/12/political_memes_economics_corporate_welfare

[Accessed 27th September 2021].

Yeganeh, H. (2021). Emerging social and business trends associated with the Covid-19 pandemic, *Critical Perspectives on International Business*. 17(2), 188-209. Available at:

<https://doi.org/10.1108/cpoib-05-2020-0066> [Accessed 24 October 2023].

Yin, R. (2014). *Case Study Research: Design and Methods* [5th edition]. Thousand Oaks: SAGE Publications.

Appendix 1: Full list of CBI material consulted

Date	Author	Title	Audience
Mar 2010	Ben Digby, Senior Policy Adviser, Employment and Pensions+ Harvey Nash consultancy	Employment Trends Survey: "Picking up the pace"	Members/Polycymakers?
Aug 2010	Nicola Walker, CBI + Harvey Nash	Employment Trends Survey: "Gearing up for growth"	Members/Polycymakers?
Apr 2011	Matthew Percival, Policy Adviser, CBI + Harvey Nash	Employment trends survey: "Navigating choppy waters"	Members/Polycymakers?
Sep 2011	Matthew Percival, Policy Adviser, CBI + Harvey Nash	Employment trends survey: "staying the course"	Members/Polycymakers?
Apr 2012	Pippa Morgan, Policy Adviser, CBI + Harvey Nash	Employment trends survey: "Facing the Future"	Members/Polycymakers?
Sep 2012	Pippa Morgan, Policy Adviser, CBI + Harvey Nash	Employment trends survey: "seeking a competitive edge"	Members/Polycymakers?
Oct 2013	Sinead Lawrence, Senior Policy Adviser, CBI + Accenture	Employment trends survey: "on the up"	Members/Polycymakers?
Sep 2009	Ben Digby, Policy Adviser, Employment and Pensions+ Harvey Nash consultancy	Employment trends survey: "Easing up?"	Members/Polycymakers?
Spring 2009	Mike Noakes, Head of Employment, Employee Relations and Diversity, CBI + Harvey Nash	Employment trends survey: "Work patterns in the recession"	Members/Polycymakers?
May 2008	Jim Bligh, Policy Adviser, Employment and Pensions, CBI + Pertemps	Employment trends survey: "Pulling through"	Members/Polycymakers?
Sep 2007	Simon Nathan, Senior Policy Adviser, CBI + Pertemps	Employment trends survey: "Fit for business"	Members/Polycymakers?
May 2006	Marion Seguret, Senior Policy Adviser, Human Resources Directorate, CBI + Pertemps	Employment trends survey: "People at the heart of competitiveness"	Members/Polycymakers?
May 2005	Richard Wainer, Senior Policy Adviser, Human Resources Directorate, CBI + Pertemps	Employment trends survey: People driving performance	Members/Polycymakers?
May 2004	Richard Wainer, Policy Adviser, Human Resources Directorate, CBI + Pertemps	Employment trends survey: Measuring flexibility in the labour market	Members/Polycymakers?

Date	Author	Title	Audience
May 2003	James Binks, Senior Policy Adviser, Human Resources Directorate, CBI + Pertemps	Employment trends survey: Measuring flexibility in the labour market	Members/Polymakers?
Sep 2002	Jamie Bell, Senior Policy Adviser, Human Resources Directorate, CBI + Mercer	Employment trends survey: Measuring flexibility in the labour market	Members/Polymakers?
Jan/Feb 1985	Not stated	Employment affairs report	Members
May/Jun 1985	Not stated	Employment affairs report	Members
Jul/Aug 1985	Not stated	Employment affairs report	Members
Sep/Oct 1985	Not stated	Employment affairs report	Members
Nov/Dec 1985	Not stated	Employment affairs report	Members
Jan/Feb 1986	Not stated	Employment affairs report	Members
Mar/Apr 1986	Not stated	Employment affairs report	Members
Jul/Aug 1986	Not stated	Employment affairs report	Members
Mar/Apr 1987	Not stated	Employment affairs report	Members
May/Jun 1987	Not stated	Employment affairs report	Members
Jul/Aug 1987	Not stated	Employment affairs report	Members
Sep/Oct 1987	Not stated	Employment affairs report	Members
Nov/Dec 1987	Not stated	Employment affairs report	Members
Jan/Feb 1988	Not stated	Employment affairs report	Members
Mar/Apr 1988	Not stated	Employment affairs report	Members
May/Jun 1988	Not stated	Employment affairs report	Members
Jul/Aug 1988	Not stated	Employment affairs report	Members
Sep/Oct 1988	Not stated	Employment affairs report	Members
Nov/Dec 1988	Not stated	Employment affairs report	Members
Jan/Feb 1989	Not stated	Employment affairs report	Members

Date	Author	Title	Audience
Mar/Apr 1989	Not stated	Employment affairs report	Members
May/Jun 1989	Not stated	Employment affairs report	Members
Jul/Aug 1989	Not stated	Employment affairs report	Members
Sep/Oct 1989	Not stated	Employment affairs report	Members
Nov/Dec 1989	Not stated	Employment affairs report	Members
Jan/Feb 1990	Not stated	Employment affairs report	Members
Apr 1990	Not stated	Employment affairs report	Members
Jun 1990	Not stated	Employment affairs report	Members
Aug 1990	Not stated	Employment affairs report	Members
Oct 1990	Not stated	Employment affairs report	Members
Dec 1990	Not stated	Employment affairs report	Members
Feb 1991	Not stated	Employment affairs report	Members
Apr 1991	Not stated	Employment affairs report	Members
Jun 1991	Not stated	Employment affairs report	Members
Aug 1991	Not stated	Employment affairs report	Members
Oct 1991	Not stated	Employment affairs report	Members
Dec 1991	Not stated	Employment affairs report	Members
Feb 1992	Not stated	Employment affairs report	Members
Apr 1992	Not stated	Employment affairs report	Members
Jun 1992	Not stated	Employment affairs report	Members
Aug 1992	Not stated	Employment affairs report	Members
Oct 1992	Not stated	Employment affairs report	Members
Dec 1992	Not stated	Employment affairs report	Members
Feb 1993	Not stated	Employment affairs report	Members

Date	Author	Title	Audience
Apr 1993	Not stated	Employment affairs report	Members
Jun 1993	Not stated	Employment affairs report	Members
Aug 1993	Not stated	Employment affairs report	Members
Oct 1993	Not stated	Employment affairs report	Members
Dec 1993	Not stated	Employment affairs report	Members
Feb 1994	Not stated	Employment affairs report	Members
Apr 1994	Not stated	Employment affairs report	Members
Jun 1994	Not stated	Employment affairs report	Members
Aug 1994	Not stated	Employment affairs report	Members
Oct 1994	Not stated	Employment affairs report	Members
Dec 1994	Not stated	Employment affairs report	Members
Feb 1995	Not stated	Employment affairs report	Members
Apr 1995	Not stated	Employment affairs report	Members
Jun 1995	Not stated	Employment affairs report	Members
Aug 1995	Not stated	Employment affairs report	Members
Oct 1995	Not stated	Employment affairs report	Members
Dec 1995	Not stated	Employment affairs report	Members
Feb 1996	Not stated	Human resources report	Members
Apr 1996	Not stated	Human resources report	Members
Jun 1996	Not stated	Human resources report	Members
Aug 1996	Not stated	Human resources report	Members
Oct 1996	Not stated	Human resources report	Members
Dec 1996	Not stated	Human resources report	Members
Feb 1997	Not stated	Human resources report	Members

Date	Author	Title	Audience
Apr 1997	Not stated	Human resources report	Members
Jun 1997	Not stated	Human resources report	Members
Aug 1997	Not stated	Human resources report	Members
Oct 1997	Not stated	Human resources report	Members
Apr 1998	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Jun 1998	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Aug 1998	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Nov 1998	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Jan 1999	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Mar 1999	John Cridland, Director, Human Resources Directorate	Human resources report	Members
May 1999	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Feb 2000	John Cridland, Director, Human Resources Directorate	Human resources report	Members
Jul 2000	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Oct 2000	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Mar 2001	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Sep 2001	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Dec 2001	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Mar 2002	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Aug 2002	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Dec 2002	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Mar 2003	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Jun 2003	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Dec 2003	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Jun 2004	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members

Date	Author	Title	Audience
Sep 2004	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Dec 2004	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Mar 2005	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Jun 2005	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Sep 2005	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Mar 2006	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Jul 2006	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Oct 2006	Susan Anderson, Director, Human Resources Directorate	Human resources report	Members
Feb 2007	Susan Anderson, Director, HR Policy	HR Report	Members
May 2007	Susan Anderson, Director, HR Policy	HR Report	Members
Jul 2007	Susan Anderson, Director, HR Policy	HR Report	Members
Nov 2007	Susan Anderson, Director, HR Policy	HR Report	Members
Feb 2008	Susan Anderson, Director, HR Policy	HR Report	Members
Dec 2008	Katja Hall, Employment Policy Director	HR Report	Members
Aug 2009	Katja Hall, Employment Policy Director	HR Report	Members
16/1/1981	Peter Lawrence (editor)	CBI News	Members
30/1/1981	Peter Lawrence (editor)	CBI News	Members
13/2/1981	Peter Lawrence (editor)	CBI News	Members
27/2/1981	Peter Lawrence (editor)	CBI News	Members
13/3/1981	Peter Lawrence (editor)	CBI News	Members
27/3/1981	Peter Lawrence (editor)	CBI News	Members
10/4/1981	Peter Lawrence (editor)	CBI News	Members
24/4/1981	Peter Lawrence (editor)	CBI News	Members
22/5/1981	Peter Lawrence (editor)	CBI News	Members
5/6/1981	Peter Lawrence (editor)	CBI News	Members
19/6/1981	Peter Lawrence (editor)	CBI News	Members
3/7/1981	Peter Lawrence (editor)	CBI News	Members
17/7/1981	Peter Lawrence (editor)	CBI News	Members
31/7/1981	Peter Lawrence (editor)	CBI News	Members
4/9/1981	Peter Lawrence (editor)	CBI News	Members
18/9/1981	Peter Lawrence (editor)	CBI News	Members

Date	Author	Title	Audience
2/10/1981	Peter Lawrence (editor)	CBI News	Members
18/10/1981	Peter Lawrence (editor)	CBI News	Members
30/10/1981	Peter Lawrence (editor)	CBI News	Members
13/11/1981	Peter Lawrence (editor)	CBI News	Members
27/11/1981	Peter Lawrence (editor)	CBI News	Members
11/12/1981	Peter Lawrence (editor)	CBI News	Members
Jan 1997	Michael Dembinski (Managing Editor)	CBI News	Members
Feb 1997	Michael Dembinski (Managing Editor)	CBI News	Members
Mar 1997	Michael Dembinski (Managing Editor)	CBI News	Members
Apr 1997	Michael Dembinski (Managing Editor)	CBI News	Members
May 1997	Michael Dembinski (Managing Editor)	CBI News	Members
Jun 1997	Michael Dembinski (Managing Editor)	CBI News	Members
Jul/Aug 1997	Adam Jolly (Managing Editor)	CBI News	Members
Sep 1997	Adam Jolly (Managing Editor)	CBI News	Members
Oct 1997	Adam Jolly (Managing Editor)	CBI News	Members
Nov/Dec 1997	Adam Jolly (Managing Editor)	CBI News	Members
Jan 1998	Adam Jolly (Managing Editor)	CBI News	Members
Feb 1998	Adam Jolly (Managing Editor)	CBI News	Members
Apr 1998	Adam Jolly (Managing Editor)	CBI News	Members
May 1998	Adam Jolly (Managing Editor)	CBI News	Members
Jun 1998	Adam Jolly (Managing Editor)	CBI News	Members
Jul/Aug 1998	Adam Jolly (Managing Editor)	CBI News	Members
Sep 1998	Adam Jolly (Managing Editor)	CBI News	Members
Oct 1998	Adam Jolly (Managing Editor)	CBI News	Members
Nov 1998	Adam Jolly (Managing Editor)	CBI News	Members
Dec 1998	Adam Jolly (Managing Editor)	CBI News	Members
Jan 1999	Adam Jolly (Managing Editor)	CBI News	Members
Feb 1999	Adam Jolly (Managing Editor)	CBI News	Members
Mar 1999	Adam Jolly (Managing Editor)	CBI News	Members
Apr 1999	Adam Jolly (Managing Editor)	CBI News	Members
May 1999	Adam Jolly (Managing Editor)	CBI News	Members
Jun 1999	Adam Jolly (Managing Editor)	CBI News	Members
Jul/Aug 1999	Adam Jolly (Managing Editor)	CBI News	Members
Sep 1999	Adam Jolly (Managing Editor)	CBI News	Members
Oct 1999	Adam Jolly (Managing Editor)	CBI News	Members
Nov 1999	Stuart Rock (Editorial Director)	Business Voice	Membership
Dec 1999	Stuart Rock (Editorial Director)	Business Voice	Membership

Date	Author	Title	Audience
Feb 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Mar 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Apr 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
May 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Jun 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Jul/Aug 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Sep 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Oct 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Nov 2000	Stuart Rock (Editorial Director)	Business Voice	Membership
Dec 2000/Jan 2001	Stuart Rock (Editorial Director)	Business Voice	Membership
Feb 1970	Not stated	Earnings-related social security	Membership
16/9/1996	Colin Marshall (President)	Meeting of the presidents committee	Committee members
10/6/1996	Colin Marshall (President)	Meeting of the presidents committee	Committee members
10/6/1996	Colin Marshall (President)	CBI Proposals for the 1996 Budget (doc for presidents committee meeting)	Committee members
26/2/1996	Colin Marshall (President)	Meeting of the presidents committee	Committee members
15/1/1996	Colin Marshall (President)	Meeting of the presidents committee	Committee members
21/7/1997	Colin Marshall (President)	Meeting of the presidents committee	Committee members
2/6/1997	Colin Marshall (President)	Meeting of the presidents committee	Committee members
22/9/1997	Colin Marshall (President)	Key employment challenges facing business (doc for pres ctte)	Committee members
21/7/1997	Colin Marshall (President)	Draft letter to Gordon Brown (circ to Pres Ctte)	Committee members
2/6/1997	Colin Marshall (President)	Update on the CBI's budget submission (doc for pres ctte)	Committee members

Date	Author	Title	Audience
2/6/1997	Colin Marshall (President)	Post election review of key policy issues (doc for pres ctte)	Committee members
19/7/1999	Clive Thompson (President)	Meeting of the presidents committee	Committee members
19/4/1999	Clive Thompson (President)	Meeting of the presidents committee	Committee members
1998 - 1999	Clive Thompson (President)	Meeting of the presidents committee	Committee members
2003	John Egan (President)	Presidents committee members	CBI office
13/1/2003	Not stated	File note of the Prime Minister's off-the-record meeting with the President's Committee on 13.1.03	CBI office
9/9/2002	John Egan (President)	Meeting of the presidents committee	Committee members
7/10/2002	Digby Jones (Director-General)	Letter re meeting with Chancellor (to John Egan)	President
3/9/2002	John Egan (President)	To the President's Committee for the Special Meeting on 3 September 2002	Committee members
2/7/2001	Iain Vallance (President)	Meeting of the presidents committee	Committee members
16/10/2000	Iain Vallance (President)	Meeting of the presidents committee	Committee members
15/1/2001	Not stated	Confidential: CBI Proposals for Budget 2001 (circ to Pres Ctte)	Committee members
29/6/2010	Helen Alexander (Pres)	Minutes of the chairmen's committee	Committee members
Jun 2010	Not stated	CBI Policy Priorities (doc for Chairmen's Ctte)	Committee members
24/4/1995	Not stated	Broadening the CBI membership base (doc for Pres Ctte)	Committee members

Date	Author	Title	Audience
24/4/1995	Not stated	Review of Labour Party policy (doc for Pres Ctte)	Committee members
2/2/1999	Not stated	To the council for the meeting on 2 February 1999	Council members
25/11/1997	Not stated	To the council for the meeting on 25 November 1997	Council members
Various		Minutes of Council meetings and related documents	Council members
21/3/2005	CBI Economic Analysis Group	CBI Analysis of the March 2005 budget (paper for Pres Ctte)	Committee members
1997 to 2006		CBI Policy Update	Council members
1997 to 2005		CBI Work Programme	Council members
16/1/2001	Not stated	CBI Proposal for Budget 2001	Council members
18/7/2000	Clive Thompson (President)	Minutes of the council of the Confederation of British Industry	Council members
1/2/2000	Clive Thompson (President)	Minutes of the council of the Confederation of British Industry	Council members
1/2/2000	Not stated	Policy Update	Council members
19/10/1994	Not stated	Council minutes	Council members
25/1/1995	Not stated	Council minutes	Council members
5/4/1995	Not stated	Council minutes	Council members
Apr 1991	Not stated	Directors General's Group of Chief Executives of Major Sectoral Organisations	CBI office
6/11/1974	D. M. Rea (Head of Health and Safety Department)	Tax Credits letter	A. Hawker of Hawker Engineering
27/3/1974	A. J. Isaac	Letter to CBI	Tax Credits Working Party
22/1/1974	D. S. Morpeth	Letter	J. S. Marsom (Shell Mex House)
27/2/1974	A. J. Isaac	Letter to CBI	Tax Credits Working Party
30/1/1974	Not stated	Note of a meeting held between the Inland Revenue and the CBI in the Board Room, Somerset	CBI office

Date	Author	Title	Audience
		House, on 22 January 1974	
25/1/1974	D. R. Glynn (Economic Director)	Tax Credits letter	D. M. Rea
14/1/1974	Not stated	Redefined budget representations	CBI office
7/1/1974	D. M. Rea (Head of Health and Safety Department)	Tax credits	CBI office
7/1/1974	Not stated	Brief for Director General	Director General
12/11/1973	Not stated	Letter	Anthony Barber, Chancellor (same letter sent to Keith Joseph)
11/12/1973	M. Y. Cobb (Deputy Director, Social Security)	Letter	A. J. Isaac (Inland Revenue)
3/12/1973	Not stated	Tax Credits - the "Yellow Peril"	CBI office
9/11/1973	D. M. Rea (Head of Health and Safety Department)	Letter	D. W. Boydell (Head of Pensions and Insurance Branch, National Coal Board)
11/1/1974	J. S. Marsom	Letter	E. G. S. Apedaile (Assoc of British Chambers of Commerce)
29/5/1973	D. M. Rea (Head of Health and Safety Department)	Letter	H. M. Barclay (House of Commons clerk)
16/5/1973	D. M. Rea (Head of Health and Safety Department)	Letter	H. K. Mitchell (Engineering Employers Federation)
26/4/1973	Not stated	Accountants' views on the proposals for a tax credit system	Media
25/4/1973	D. M. Rea (Head of Health and Safety Department)	Letter	D. E. Glynn (Economic Director)
5/4/1973	Various (see text)	Select committee evidence	Parliament
8/3/1973	L. G. Duffield (Bowman Manufacturing Co)	Letter to CBI	D. M. Rea
7/3/1973	John C. Richards (Group Taxation Adviser, Pilkington)	Letter to CBI	D. M. Rea
Feb 1973	Association of British Chambers of Commerce	Note by the Association of British Chambers of Commerce on "Proposal for a tax credit scheme"	Not stated
1973	Association of British Chambers of Commerce	Proposal for a tax credit scheme	Internal
17/5/1973	Various (see text)	Select committee evidence	Parliament

Date	Author	Title	Audience
1/6/1993	Not stated	Employers for Childcare	Not stated
23/2/1994	Howard Davies	Howard Davies: Speech to the working for childcare conference "Childcare a business benefit"	Conference attendees
Nov 1996	Not stated	Ideas and Options for Childcare: The CBI Response	DfEE
about 1968	D. W. Barkey	Chapter 4: Negative Income Tax	Not stated
15/8/1986	David Nickson, President	Letter	Norman Fowler (DSS)
31/7/1986	Norman Fowler (DSS)	Letter to CBI	David Nickson, President
10/6/1986	David Nickson, President	Letter	Norman Fowler (DSS)

Appendix 2: Structure of the CBI

This table summarises information obtained from the CBI archives, with additional information from the Confederation of British Industry (2021).

Committee	Composition	Role	Frequency of meetings
Board	Director General, Finance Director, president and non-executive directors	Strategic and financial governance	Quarterly
Chairs' Committee (formerly Chairmen's Committee).	Chairs of all the standing committees and regional and national councils	Responsible for setting policy, but strongly guided by executive committee	Quarterly
Council	Large body of 300 members (to 1997), then 200 members; now consists of all members of board, president's committee, chairs' committee, standing committees, and regional and national councils	Ultimate responsibility for governance of CBI	Infrequent
Director-General's Group of Chief Executives of Major Sectoral Organisations	Chief Executives of large sectoral organisations affiliated to the CBI	Discuss matters of interest and give views on relevant CBI policy	Now replaced by Trade Association Council – a standing committee
Executive Committee	Senior staff	Day-to-day operation of CBI	Frequent
President's Committee	Members appointed on the recommendation of president or senior staff	Advisory body to president, acts as sounding board	Quarterly
Regional and National Councils	Representatives elected by companies with a base in the relevant area	Discuss matters of interest and give views on relevant CBI policy	Quarterly
Sector Forums	Can be attended by any member in the relevant sector	Informal discussion of issues in the sector and networking	Irregular
Standing Committees	Representatives appointed from companies operating in a relevant sector; with an interest in a particular policy area; or meeting other criteria, such as being a small- or medium-sized enterprise	Discuss matters of interest and give views on relevant CBI policy	Quarterly

Appendix 3: Members of the CBI President's Committee in 1999

Member	Company
Clive Thompson	Chair
John Baker	Medeva plc
Lord Blyth	Boots Co plc
Martin Broughton	British American Tobacco plc
David Brown	Motorola Ltd
Gordon Campbell	Acordis Ltd
Peter Davis	Prudential Corporation plc
Peter Ellwood	Lloyds TSB Group plc
Roy Gardner	Centrica plc
Chris Gibson	Lockpatrick Holdings Ltd
Anthony Greener	Diageo plc
John Guinness	BNFL plc
Lord Jaskiss	Northern Foods plc
David John	BOC Group plc
Ken Jones	Takiron (UK). Ltd
David Jordan	Philips Electronics UK Ltd
Terry Leahy	Tesco plc
Lord Marshall	British Airways plc
Ian Morris	Linde Hydraulics Ltd
Geoffrey Mulcahy	Kingfisher plc
Colin Perry	LTE Scientific Ltd
Nicholas Reilly	Vauxhall Motors Ltd
Ian Robinson	Scottish Power plc
David Rowland	NatWest Bank plc
Bob Scott	CGU plc
Neville Simms	Tarmac plc
David Simons	Somerfield plc
Lord Sterling	P&O
Carl Symon	IBM United Kingdom Ltd
Iain Vallance	BT plc
Edmund Wallis	PowerGen UK plc
Peter Walters	SmithKline Beecham plc

Appendix 4: Sectoral bodies holding membership of Director General's Group of Chief Executives of Major Sectoral Organisations in April 1991

Sectoral body	ISIC classification²⁵
Association of British Insurers	K: Financial and insurance activities
Brewers' Society	I: Accommodation and food service activities
British Ceramic Confederation	C: Manufacturing
British Electrotechnical and Allied Manufacturers' Association	C: Manufacturing
British Paper & Board Industry Federation	C: Manufacturing
British Ports Federation	H: Transportation and storage
British Printing Industries Federation	C: Manufacturing
Building Employers' Confederation	F: Construction
Chemical Industries Association	C: Manufacturing
Committee of London and Scottish Bakers	I: Accommodation and food service activities
Electricity Association	D: Electricity, gas, steam and air conditioning supply
Engineering Employers' Federation	C: Manufacturing
Federation of Civil Engineering Contractors	F: Construction
Food and Drink Federation	I: Accommodation and food service activities
Freight Transport Association	H: Transportation and storage
General Council of British Shipping	H: Transportation and storage
Heating and Ventilating Contractors' Association	F: Construction
Knitting Industries Federation	C: Manufacturing
Machine Tool Technologies Association	C: Manufacturing
METCOM (Mechanical & Metal Trade Confederation).	C: Manufacturing
National Farmers' Union	A: Agriculture, forestry and fishing
Newspaper Society	J: Information and communication
Retail Motor Industry Federation	G: Wholesale and retail trade
Road Haulage Association	H: Transportation and storage
Society of British Aerospace Companies	C: Manufacturing
Society of Motor Manufacturers and Traders	G: Wholesale and retail trade
Timber Trade Federation	A: Agriculture, forestry and fishing
Water Companies Association	E: Water Supply

²⁵ ISIC classifications have been determined from the titles of organisations and, where available, their self-descriptions. Some federations have members in multiple sectors.

