



Event report March 2009

Beyond partnership

A report of issues discussed at a conference organised jointly by the London School of Economics, the Chartered Institute of Personnel and Development, and the London Metropolitan University.

The Voice and Value Conference

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Beyond partnership

In summary, five propositions were aired over a full day of presentation and discussion. First, that economic recession should not become an excuse for curtailing employment rights; however, the law should act as an enabler, not simply as a mechanism for prescription and compliance. Second, to work out how consensus around sustainable organisational purpose might be achieved through individual and collective management–employee interaction. The complexities of doing so demand attention to first-order issues, such as the meaning of ‘public service’ and ideals of ‘economic democracy’. Institutional pathways to employee ‘partnership’ and ‘participation’ need specification mindful of ‘business systems’ context. Third, that it is far from self-evident that agendas pursued by stakeholders in organisations – whether government intervening in a ‘distressed’ banking system, or as ‘the travelling public’ seeking the quickest route home – will align with those of the actors in employment relations institutions. Fourth, the need to recognise alternative sources of employee voice that may be overlooked in mainstream commentary – whether in the process of counselling individuals returning from sickness absence, or extra-organisational initiatives such as ‘living wage’ campaigns. Fifth, that a reconceptualisation of employment relations might be called for, mindful of current tensions – whether interpreted as a mere shift in the form of institutionalised voice or a more substantive striking-dumb of non-managerial ‘partners’.

First stage – overview and policy agenda

Professor David Marsden (LSE) opened the ninth annual Voice and Value Conference with a warm welcome. At this year’s conference an additional ‘voice’ was added to the ongoing debate around employee engagement between academics and practitioners: in the current economic climate in particular, the role of government policy as a significant factor in the way employee engagement

is managed warranted increasing attention. Referring to Richard B. Freeman’s introduction of the ‘voice’ between organisations and trade unions in the 1970s, Marsden reiterated the significance of developing policies in tandem with broader strategy within the current climate of change.

The changing face of employment relations

Pat McFadden, Minister of Employment Relations and Postal Affairs, referred to innovation in statutory employment rights provision, including the minimum wage, guaranteed paid leave, and support for work–life balance. Mindful of the difficulty of implementing change, however, he called for ‘a new industrial activism’ in pursuit of economic growth, with government-initiated resources not simply to prescribe but also to enable ‘fair’ law enforcement in workplaces, shifting the burden of monitoring. The Fair Employment Board, set up to protect vulnerable workers, has an important role in co-ordinating agencies and reporting unjust employment practice. McFadden emphasised that government legislation should not be the first port of call, however; rather, efforts should be made at the organisational level to resolve grievances. It was the minister’s contention that ensuring employees are informed of their rights potentially allows for a stronger employee voice to emerge. The Government is investigating why some companies are better at managing, rather than reacting to enforced change, and the benefits that ensue, so that learning can be shared.

Referring to the current economic climate, McFadden argued that a confident, revitalised workforce can generate upward pressure for growth. Employee engagement is paramount, particularly in difficult times: employees taking pay cuts is evidence of the sense of mutual commitment achievable where workers experience engagement that is ‘real and embedded within the culture’, not empty words

printed on laminated cards. The minister emphasised that 'the recession must not become an excuse' for employment rights to decline. He also contended that continuing trade within the UK and globally is crucial to tackling the current recession: siren calls for protectionism are to be resisted.

With reference to the Royal Mail, McFadden highlighted the difficulty of implementing change in the absence of trust and confidence in industrial relations. Trust and confidence, he argued, are key ingredients, particularly taking into account the significant influence of technological changes in the postal service industry. McFadden further asserted that a 'fresh start' is needed in industrial relations, focusing on the restoration of confidence, lack of which he placed at the centre of the current recession. Industrial relations change is far from an exclusively UK phenomenon: McFadden drew attention to outbreaks of industrial unrest internationally, asking how can and should organisations, trade unions and governments respond to this?

Shaping the future: the contribution of employee relations

Linda Holbeche, CIPD Head of Research and Practice, drew on the Institute's current flagship programme of research to argue that high performance in organisations calls for consensus around a shared sense of purpose between management and workforce. Holbeche listed questions at the heart of the investigation:

- What is meant by *sustainable* high performance, and what are its components?
- How have people/organisational practice been managed in both private and public sectors to contribute to sustainable high performance?
- What can be learned about, and from, specific contexts that make the most difference?
- What does this say about what HR leadership consists of in practice?

In the spirit of the minister's call for 'industrial activism', Holbeche contended that the research programme is concerned not only with the *idea* of employee engagement, but rather by developing a 'movement for *practice*'.

Holbeche explained that the research programme is focused on developing a conceptual framework about 'doing', not just 'knowing', thus constituting action research based on the assumption that high performance is strongly influenced by context. The research programme also seeks to encourage experimentation within organisations, focusing on knowledge- and service-intensive organisations that see people as assets. Holbeche proposed that organisations be 'self-renewing' by focusing on employee engagement and HR development efforts.

However, Holbeche contended that although developing human capabilities within an organisation is important, it is by no means the only critical factor in determining sustainable performance. Using EasyJet as an example, Holbeche illustrated the impact of external variables and highlighted the importance of organisational ability to anticipate events and adapt to changing conditions. And the significance of leadership in managing such changes should not be overlooked, she said. As no organisation stands alone, accelerated reactive responses to changing external factors focusing on 'shaping customer needs' is paramount to sustainable performance. With this in mind, Holbeche identified the following questions:

- How can 'flexible yet robust' business models be built, containing the capabilities for success, today and tomorrow?
- How can organisations attract and retain talent while downsizing?
- How can environments be created that support maximisation of individual performance potential?
- How can organisations keep people 'engaged'?

Holbeche identified apparent contradictions in the results of a recent YouGov survey covering over 3,000 employees in various sectors and at a variety of levels. Although low confidence among employees was indicated in the current economic climate, trust within organisations appears relatively high. The implication is high levels of job satisfaction despite the prospect of redundancies, perceived higher levels of workload and stress. Are employees cognitively displacing negative consequences away from themselves? However, the survey also revealed higher levels of sickness absence and bullying, bringing into question how seriously employee

engagement ideas are taken in current practice. Citing previous research supporting the role of informal collective voice as better recognising individual needs, Holbeche concluded by challenging trade unions and HR to join in partnership to ensure the successful communication of what needs to be done to 'shape the future'.

An employee relations agenda for the public service

Stressing that he was speaking in a personal capacity, Kevin White, HR Director at the Home Office, placed reconceptualisation of employment relations partnerships at the heart of a 'modernising' agenda and HR leadership intended to change civil service culture, organisation and service delivery. Accounting for context, White argued that the nature and degree of responsibility carried by leaders within the public sector differs from that in the private sector. In the absence of the profit mechanism, factors that influence sensitivity to changing customer demands are less immediate: managers need help from HR in acting on their obligation to take responsibility for the process of managing change.

White explored the concept of partnership (vs. Partnership with a capital 'p') as the basis for positive engagement between public service management and trade unions. Trade unions perceiving themselves as intrinsically in opposition to management impede the development of sustainable partnership working. White's argument is that 'partnership' represents an offer for trade unions to assist in delivering public service goals, accepting the political and legal framework within which the organisation works, while representing their members to secure fair employment terms. Trade unions 'owned by their membership' would 'remain an effective long stop against exploitation'. This differs from 'Partnership' as a process of joint management: certain aspects are non-negotiable within the political consensus on public service purpose, underscored by legislation.

White proposed a view of public sector service delivery as about 'providing quality service to the public rather than the provision of service by the public sector'. A function of contemporary public service HR leadership is to help the parties to understand that there is no

more automatic entitlement to a job in the public sector than elsewhere. To that end, the ability of public sector leaders to explain how organisational strategy relates to people and their jobs operationally is key to successful HR management. As part of this, White perceives 'effective' HR as a businesslike, technically skilled and customer-focused agent of change, while championing distinctive public service values and assuring employment standards that are essentially fair.

Q&A session for first stage

The first point of discussion centred on whether any non-union forms of engagement apply within the public sector. White addressed the question by reiterating the active role of managers in crystallising organisational strategy in communications with the workforce.

A discussion on the significant change in the way redundancies are perceived then ensued. It was proposed that 'individualisation on the part of people facing redundancies' appears to be increasing, indicating a move away from a collective perspective. Holbeche responded that according to CIPD research, employees who face redundancies appear relatively philosophical, yet concerned with finding new work. She called for innovation in how to deal with redundancies on the scale being witnessed in the current economic climate.

Second stage – state of play

The future of employment relations: the European dimension

Professor Richard Hyman (LSE) opened the second stage of the conference by examining the nature of employment relations within the continental European context. Hyman postulated that within 'social Europe' – a rather vague concept in itself – employee relations have been characterised by a long-term orientation, where collective regulation has been prioritised over the individual contract and where 'voice' is institutionally embedded rather than individualised. Hyman argued that membership of the EU has led to a 'Europeanisation' of employment relations among member states, whereby regulations around equal opportunities, working time, non-standard work, and employment protection have risen in prominence. Hyman questioned perceptions of

employment relations' 'Americanisation' of social Europe premised on increasing convergence of Anglo-American practices. He argued that the availability of information and consultation has resulted in some accommodation between British and European firms, for example.

Reflecting on the implications of the current crisis, Hyman reflected on whether partnerships are perhaps being reinforced, whether the current recession is a replication of previous recessions, or if what is happening is indeed a new phenomenon? Hyman contended that if the current crisis is deemed a new phenomenon, then the implications for employment relations institutions could potentially be severe. However, if the current recession is a replication of past recessions, then responses possible both on a national as well as on a company level could return employment relations back to 'business as usual'.

Illustrating the issues with reference to Italian trade unions, Hyman offered a much more fatalistic scenario of employment relations moving 'beyond partnership'. Hyman suggested that varieties of protectionism appeared an understandable reaction, albeit collectively counterproductive. Finally, on the question of whether or not dialogue within employment relations can indeed accommodate principles of economic democracy, Hyman's prognosis was '...well, in usual academic form, it's complex'.

Voice and the new workplace

Professor David Marsden (LSE) presented the findings of a study on absenteeism at Royal Mail, focusing specifically on Parcelforce depots, where it was found that absenteeism had reduced considerably over a two-year period. The availability of performance data means that the researchers were able to examine policies that appeared to be catalysts of change. As 'just in time' delivery is highly pertinent to the business, the effects of absenteeism are significant. Working conditions within the Parcelforce depots were perceived as 'primitive and old-fashioned', and employees tended to have relatively little formal education. To address high levels of absenteeism, voice mechanisms such as weekly team meetings were implemented, designed to promote the well-being of staff. It was identified that handling employee returns to work after a period

of absenteeism could be critical: an interview process was implemented, focused on drawing out the reasons behind absences, helping organisational leaders to identify issues that potentially generate stress and consequences in employee lost time.

Reflecting on the findings of the study, Marsden concluded that investing managerial time dedicated to improving the situation is a significant factor in tackling high absenteeism. An emergent hypothesis is that to understand how employee voice can impact on organisational performance, the role of less conventional voice mechanisms warrants further attention.

Broadening the partnership agenda: financial participation in different economies

Dr Erik Poutsma (Institute for Management Research, Radboud University, Nijmegen, the Netherlands) reviewed the influence of business systems observed in research to 'disentangle employee voice, its multiple channels and its influence on direct participation and financial participation'. Measures of financial participation and measures of employee voice were applied to analyse the latest Cranet database covering 31 countries from different economic systems. Beyond forms of 'representative' (trade-union-based) and 'direct' participation mechanisms involving employees in corporate decision-making, experimentation had been reported with 'financial participation', in the form of material rewards for employee performance beyond traditional bonus payments (for example profit-sharing, gain-sharing, employee share ownership plans, and so on).

A question was posed regarding the differential impact of 'business regimes' contrasting the co-ordinated market economy (CME) emphasis on centralised employment bargaining versus the liberal market economy (LME) emphasis on decentralised bargaining, with less constraint on firm-level employee pay initiatives. Poutsma reported that, controlling for corporate characteristics, employee voice in the form of financial participation appeared more influenced by the type of market economy and country institutions than was the case in relation to direct participation. CMEs appear to promote profit-sharing schemes whereas LMEs favour employee share option schemes. Poutsma concluded with the argument that direct

participation and representative presentation are not substitutes: take-up of financial participation opportunities should not be interpreted as signs of an active expression of employee voice in organisational decision-making. However, employee–management partnership arrangements involving representative institutions do not necessarily exclude financial participation.

Third stage – the practice and processes

Reflections on ‘new’ employment relations in the banking industry

An insider’s viewpoint offered by Tim Fevyer (Lloyds TSB) into the changing nature of employment relations within the banking sector was particularly pertinent in the light of recent developments. Examining the interplay between employee voice and external events, given previously ‘unthinkable’ changes within British financial services, Fevyer accented the significance of shifting stakeholders. Prior to government involvement, generating profit for shareholders had underpinned HR thinking and practice, with sophisticated forms of employee financial participation, for example, constituted and communicated over the extended timescales necessary to enable dialogue. A more reactive context for people management gave rise to instances of abrupt policy changes – an instance of a shift in viewpoint over a single 24-hour period was cited. The nature of union involvement has also changed starkly: from customary annual intensive discussions around pay and employment conditions to trade unions having to actively defend banking employees unsurprisingly demoralised in the face of sustained negative media coverage.

Fevyer outlined the implications for banking management of the creation of UK Financial Investments Limited (UKFI), the arms-length company set up to manage the newly government-owned financial services institutions. Expectations for implementing organisational changes involve timescales at odds with employee consultation norms. Under the Banking Act 2009, the Financial Services Authority (FSA) has come to exercise direct authority over decision-making processes central to banking sector employment relationships. Referring

to ‘the B word’, only a minority of financial services employees had ever been subject to bonus payments at levels featuring in headline controversy, with average payments of £5,000 ‘in a good year’ being nearer the norm, and a majority awarded less than £1,000, on average salaries of £25,000. But internal reward package design principles generally have been reconfigured to match external expectations within a politicised climate.

Fevyer concluded by emphasising the need to remain critically aware of the consequences of change in the balance of influence among stakeholders within banking sector employment relations. Rewritten ‘rules of the game’ hold out the prospect of a two-tier financial services employment regime. The number and variety of ‘voices’ have increased, but there is a risk of ‘crowding out’ room for participation by individuals and their representatives.

Employment relations and engagement

Colin Jones (Resourcing and Development Manager, London Midland Railway) began with an anecdote about customer priorities he had experienced in person when standing in as a platform steward during disruption resulting from strike action at London Euston Station. What employees and their representatives viewed as a significant matter contrasted with their commuting customers’ simple concern to find the shortest route home. Jones rooted his presentation on employee relations and engagement in the rail industry in a historical context by relating some of the changes in the structure of the industry since the privatisation of British Rail in the 1990s. With 23 passenger train operators owned by six different companies, ‘big set-piece industrial disputes had been succeeded by a series of low-level pointless procedural disagreements’. The nature of franchise management has undergone considerable change, and is subject to significant investment and revenue growth plans. But infrastructure problems and overcrowded services, adversely affecting customer service levels, especially in the London area, were compounded by the employee relations context. Employer fragmentation but still-centralised rail industry trade unions place the latter in a structurally advantageous position.

Railway employee relations culture could be perceived as 'high maintenance', the legacy of collective agreements, procedures and working practices inhibiting union–management partnership; as Jones jokingly put it: 'a lot of voice but not much value!' This was despite the shift from earlier set-piece issues such as modernising agreements, pattern bargaining, the role of the guard, and national campaigns for a 35-hour working week, to more localised concerns around service conditions harmonisation under new franchises, new schemes for pensions, limiting job cuts, and procedural disputes.

Context offered the basis for understanding the position. Jones suggested that the apparent lack of 'employee engagement' as it has come to be characterised within HRM discourse may be explained by the nature of the train operators' culture, centred on putting safety first and running service schedules, giving rise to 'command and control' and 'strict adherence to the rules'. Turning attention to the notion of the 'psychological contract' at work, Jones argued that the evidence suggests that railway workers are relatively happy. The experience of recurring changes in the ownership and structure of organisations, employee identification with the rail industry rather than with the company that happened to employ them at any one time could be judged a logical outcome.

Beyond the partnership divide: employee voice in pay determination

Esmond Lindop (an independent management consultant) opened the final presentation by asking: 'Have employees lost their voice?' His answer was to offer evidence to deny suggestions that employee voice might be fading with the traditional industrial relations (IR) institutions; rather, in his conceptualisation, it is a changing phenomenon. From Workplace Employment Relations Survey (WERS) data, Lindop found that the traditional idea of employee voice representation via trade union membership for the purpose of collective bargaining over pay and employment conditions has reduced purchase. Despite a decrease in collective pay determination from 60% in 1984 to 27% in 2004 (when the latest WERS statistics were compiled), Lindop contended that replacement

'collective institutions' need to be factored in, such as the various pay review bodies covering millions of public service employees, and the Low Pay Commission and National Minimum Wage, underpinning pay rates across both private and public sectors.

Lindop argued that in place of single-channel, formalised employee voice institutions, multiple-voice mechanisms need recognition and categorisation by researchers. For example, employee satisfaction surveys regularly conducted now by all kinds of organisations play an important role in the way employee voice is gathered and fed back to management. Social movements motivated by ethical considerations, such as the London Living Wage Campaign, offer another instance of employee voice innovation.

Q&A session for third stage

Feyer's presentation initiated a discussion on the way perceptions of financial institutions and their employees have shifted from the most 'traditional' of institutions to become national 'rogues'. It was suggested that short-term 'teething problems' in financial services industry 'consolidation' might only become clear when viewed from a long-term retrospective vantage point. The character of communication processes involved was subjected to discussion.

Fourth stage – the great debate

The conference concluded with the usual panel discussion, this year consisting of Dr Robin Archer (LSE), Duncan Brown (Institute for Employment Studies), Professor Sue Corby (University of Greenwich), and Matt Harris (Prospect Union). From the chair, six 'c' words to emerge from the day's discussions were listed to set the scene: *confidence*, *commitment*, (economic) *corrosion*, continuing incidence of *command and control*, and *changing* forms of employee voice.

Despite some contrasting analytical assumptions, the panel appeared to agree on the inevitability of a shift in the way in which employee voice is positioned, given the inescapable impact of the prevailing economic context. Placing the debate in a comparative socio-political context, accounting for long-run historical changes, Archer answered the question, 'What kind of moment are we in?' by arguing that the 'neo-liberal consensus' was under challenge.

The assumption that voice means getting employees to go along with decisions made by others (managers) is undermined where society loses confidence in decision-makers. In Australia, for example, a prime minister had been elected with employment relations positioned as a central issue. Archer hypothesised that 'old/new' differences in mainland Europe may diminish. While in Central and Eastern European (CEE) countries that have emerged from state socialism the ideology has been to oppose any restraints on 'market forces', the embrace of social market principles might extend across the expanded EU in place of the liberal market model. Greater procedural rights for employees to influence organisational decision-making might be expected, although the UK may remain 'an outlier'.

Although questioning our understanding of what employee voice really means, Brown cited IES survey evidence in one organisation suggesting apparent contradictions: two-thirds of employees judged reward processes unfair, but scored highly on 'engagement'. Use of established local 'partnership' institutions to persuade staff to agree to cost reduction measures in light of the current recession, offset by measures to avoid redundancies, might be read as positive indicators of retained employee *commitment* in some organisations.

In a view starkly contrasting with Lindop's earlier proposition, Corby argued that employee voice is not changing, nor is it fading. Rather it has been 'struck dumb' individually and collectively. Reflecting on the results of the YouGov survey cited during the first stage, Corby argued that employers invest in

engagement when times are good, not when they are bad. According to Corby's 'grim prognosis' for the short term, a decrease in industrial strike action is likely in the foreseeable future as is an increase in works councils. Harris too expressed scepticism in the role of trade unions, as presently configured, to afford employees with a collective voice. Although in little doubt about the need for a collective voice, his concern was more that representative institutions had failed to look beyond their traditional boundaries, to augment trade union capabilities matched to the character of the 'new economy'.

Once the floor was opened to discussion with conference participants generally, the scope for transplanting between cultural and political contexts approaches to developing sustainable employee commitment was debated. While prospects for transnational trade union activity appear limited, principles surrounding managerial efforts to secure employee engagement might be a common denominator.

Rounding off the discussion, there were calls for a reconceptualisation of how 'the collective' is viewed in terms of the employment relationship. Echoing Archer on the relevance of socio-political history, Brown observed that the role of trade unions is largely dependent on the broader political context. If collectivism needs to be viewed very differently in the current context, what kinds of mechanisms might respond to employee priorities in a way that not just manages people but engages them emotionally?

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