

CIPD ARC Dublin, 2020

Managerial trust within employee information and consultation fora

Nadia K. Kougiannou,

Human Resource Management Division, Nottingham Business
School, Nottingham Trent University

Tony Dundon,

Kemmy Business School, University of Limerick

Adrian Wilkinson,

Griffith Business School, Griffith University

Conference paper

Managerial attitudes are often seen as vital to the existence of highly developed and sustainable information and consultation (I&C) for employees. I&C is considered *'an important people management principle, involving meaningful two-way dialogue with the workforce, usually via their elected representatives'* ([Brione 2020, p4](#)).

Using evidence from a two-year qualitative study of I&C participants in two organisations in the UK, we focus on managerial perspectives of trust among the parties involved in I&C committees. We conclude that trust between managers and employee representatives can improve managerial perceptions of the value of social dialogue and workforce consultation. However, there is also risk-aversion, and managerial decision-making teams (DMTs) may be unwilling to share information with employee representatives. This can constrain the depth and scope of consultation.

Factors that affect managers' attitudes towards I&C: an under-explored field

There has been relatively little investigation into the factors that affect managers' attitudes towards I&C. For some time, research has explored a range of influences on I&C (for example union versus non-union voice, mutual gains collaboration, I&C processes and/or outcomes), but less attention has been directed towards managerially focused studies. This is despite recognition that management attitudes are crucial for meaningful I&C ([Butler et al 2018](#)).

Several studies have assessed the impact and effectiveness of I&C for employees ([Hall et al 2013](#), [Koukiadaki 2010](#)). These have examined different factors that impact effectiveness, with influence on decision-making being the dominant one. Most studies have found a relatively small number of I&C arrangements that can claim employees have an impact in decision-making. However, there is little in-depth explanation of managerial views and attitudes within I&C fora. A particular gap is about managers who are active in I&C fora, and their trust in employee representatives. In particular, there is little exploration of what factors may either impede or enhance management trust, managers' willingness to share control, and inclusion of employee representatives in decision-making. We argue that management's trust of employee representatives can both facilitate and hinder the efficacy of I&C fora.

Definitions of trust

Trust is defined as a three-stage process ([McEvily et al 2003](#)):

- 1 as a belief, where the parties involved assess each other's trustworthiness ([Lewicki et al 1998](#))
- 2 as a decision, where a person decides to accept vulnerability based on positive expectations about the behaviour and intentions of another ([Rousseau et al 1998](#))
- 3 as observed action, where the parties, after having evaluated their trustworthiness, engage in risk-taking activities ([Mayer et al 1995](#)).

A commonly used model is that proposed by [Mayer et al \(1995\)](#), with three characteristics of another's trustworthiness:

- Ability is a set of skills and competencies that will enable a person to perform reliably.
- Benevolence is the extent to which the other party is believed to be concerned for the trustor.
- Integrity is the trustee's adherence to certain principles acceptable to the trustor.

The model focuses on the trusting relationship between two parties in an organisational setting. Within this kind of relationship, the two parties will evaluate evidence about the other party's trustworthiness and reach a decision to trust or not. The trustor will assess the risk involved in deciding to trust the other party; if the trust level is bigger than that of perceived risk, the trustor will engage in an action of trust, in other words, in '*risk-taking in the relationship*' (ibid, p726). [Whitener et al \(1998\)](#) also speak of managers' sharing, and delegation of, control, which has to do with whether the other party feels involved. This is very important because '*when managers share control, they demonstrate significant trust in and respect for their employees*' (ibid, p517).

Involvement in an I&C arrangement entails a certain amount of managerial risk (for example relinquishing control). Therefore trust is required for involvement to happen, and especially so for consultation to occur. Within an I&C context, we expect managers to evaluate employee representatives' trustworthiness before deciding to engage in an action of trust, accept a certain amount of risk, and share some control.

Research methods: I&C in two UK-based organisations

The data reported in this study were drawn from a larger project on two I&C bodies of two UK-based organisations: a housing association (HA) (the ECC) and a multinational professional services firm (PSF) (the NICF). Neither organisation recognises a union in their workplace. There were three main sources of data:

- 1 the forums' official documents
- 2 interviews with fora delegates (48 in total)
- 3 non-participant observation of forum meetings (11 in total).

Nvivo was used as a tool to code the qualitative data. Following the Gioia Methodology ([Gioia et al 2013](#)), through multiple rounds of open coding, we identified concepts, moving from simple descriptive codes to thematic coding of managers' trust in employee representatives ([Maanen 1979](#), [Strauss and Corbin 1990](#)). For trust, the three-factor model of trustworthiness was used ([Mayer et al 1995](#)), along with 'sharing and delegation of control' ([Whitener et al 1998](#)). An extra code, 'risk taking', was added to identify any such activities, as this action is an important outcome of trust and has implications for the I&C process. Throughout the process, triangulation with other sources and comparisons of interviewees helped us refine and strengthen our interpretations.

Management support for consultation

The ECC, created in 2008, is the formal consultation mechanism between employees and management in HA. Its purpose to be ‘*a forum of partnership working and information sharing, through which matters affecting HA staff can be discussed and jointly resolved*’ (ECC Terms of Reference (ToR) document). The remit of the committee included:

- the development of HR practices and procedures
- changes to organisational structures, roles or working practices where these relate to the majority of staff
- consultation on pay and terms and conditions of employment
- other changes, developments or matters of policy where these affect the majority of staff
- health and safety (ECC ToR).

The NICF, created in 2005 and revamped in 2009, was designed to strengthen the I&C process between the company and its employees at a national and strategic level. PSF established the NICF:

to improve the mutual understanding of the company’s business, its performance and the challenges and opportunities that face the business in the future and to promote communication, co-operation and employee participation at all levels of the workforce, in the interests of both the company and its employees (NICF constitution).

The NICF would:

- give information about strategic decisions and issues of importance to staff
- promote an exchange of views between management and staff about those issues
- test ideas and approaches with staff
- give staff an opportunity to influence the implementation of decisions, which impact on all company employees (NICF constitution).

An examination of both documents enabled us to explore management support for consultation for the ECC and the NICF. As we shall discuss below, the key factor that constrained open consultation was management’s lack of trust in employee representatives.

Management trust in employee representatives

Both companies are managed by a DMT. The national leadership team (NLT) runs the UK division of PSF and the executive management team (EMT) runs HA. The DMTs do not have direct interactions with the I&C, apart from the managing director’s briefing session at the beginning of each NICF meeting. However, both I&C chairs are also members of the DMTs. All management representatives identified being able to trust employee representatives as a defining factor for the value of I&C arrangements, mostly in terms of confidentiality of information received and employee representatives’ competencies:

I think trust is fundamental because you’re not going to get open dialogue unless you have an underlying trust with the people that you are working with. Mutual trust and respect in that forum (MR1).

The findings highlight the importance of employers' assessment of the risk of information and decisions shared with employee representatives being leaked beyond the forum. Data collected from management representatives from both I&C fora show a general reluctance from management to engage in risk-taking actions, such as consulting and revealing confidential information to employee representatives. Both I&C chairs, who were themselves members of the DMTs, were quite cautious:

I'd trust them to stick to their role and the elements of the role about not disclosing things which are confidential. I've got to assume they can do that, otherwise the meeting is dead. Then I think another level of trust is actually could you trust someone to do something? They say they're going to do something, but will they actually get it done? (MR2)

The findings also reveal that the relationships between DMTs, the I&C chair and the employee representatives are often highly segmented, with parties constantly monitoring their vulnerability. DMTs are likely to decide 'against' or 'for' consulting employee representatives on an issue depending on their evaluation of the presumed trustworthiness of the representatives, but also their evaluation of the risk of the specific situation. This is an important finding as it suggests volatile levels of management trust, depending on the situation. Management were found to be happy to consult on 'housekeeping' issues, but were less willing to consult on strategic issues, when they perceived employee representatives as less trustworthy, specifically in terms of competencies (that is, ability). For example, in the case of the ECC specifically, all management representatives believe that employee representatives' seemingly apathetic behaviour is due to lack of necessary skills: 'They don't have the right skills to represent their groups' (MR6); 'I'm not sure they have enough experience to maybe question some of the wider impact decisions' (MR5).

As observed during fieldwork, a very influential and important role within the fora in terms of trust is that of the chairperson. Since the chair is also a member of the DMT, the incumbent can be a 'champion' of I&C, neutral to the process, or a negative messenger to the DMT – and even a saboteur – depending on their perceptions of employee representatives' trustworthiness and consequently I&C value. As the NICF's chair said:

What am I going to hear from them that I don't already have a strong sense of? There are few examples I can think of where talking to the forum about a change, are they really going to surprise me?

During both rounds of interviews, the NICF chair identified clarity of role as the major problem of the forum, but, at the same time, in both interviews he expressed doubts about the employee representatives' ability to add value to the business through the forum: 'There will be elements working with the forum where you do need to get things done ... and I don't know yet how well all the different forum members can perform that way.' What seems important to the chair, in terms of value, is access to new information or knowledge from employee representatives. In the chair's eyes, employee representatives have been found wanting in this regard:

There is a slightly weird dynamic where on the one hand they scream to be consulted on, and I give them half an opportunity and actually

they're just not involved. If it was me, and I was trying very hard to build credibility and momentum, I'd seize any opportunity and then hopefully demonstrate why it's such a great thing to do, build positive presence at involving the forum. When you look at the meeting actions it's all one-way, it's never the employee representatives going back to the people they represent and ask them for their opinion on X. Ninety per cent plus of the actions tend to go to the employee relations manager, HR or me; it's very rarely the employee representatives that get them.

Senior management risk-aversion and backseat control of I&C

Another issue that emerged is that the DMTs, the I&C forum chair, and employee representatives' perceptions of each other's trustworthiness can affect both the relationships among the parties, and the operation of I&C. Employee representatives saw the DMTs as a strong influential determinant of I&C effectiveness, in terms of consultation. Moreover, it was the DMTs who had the power to decide whether to consult or not and on which issues.

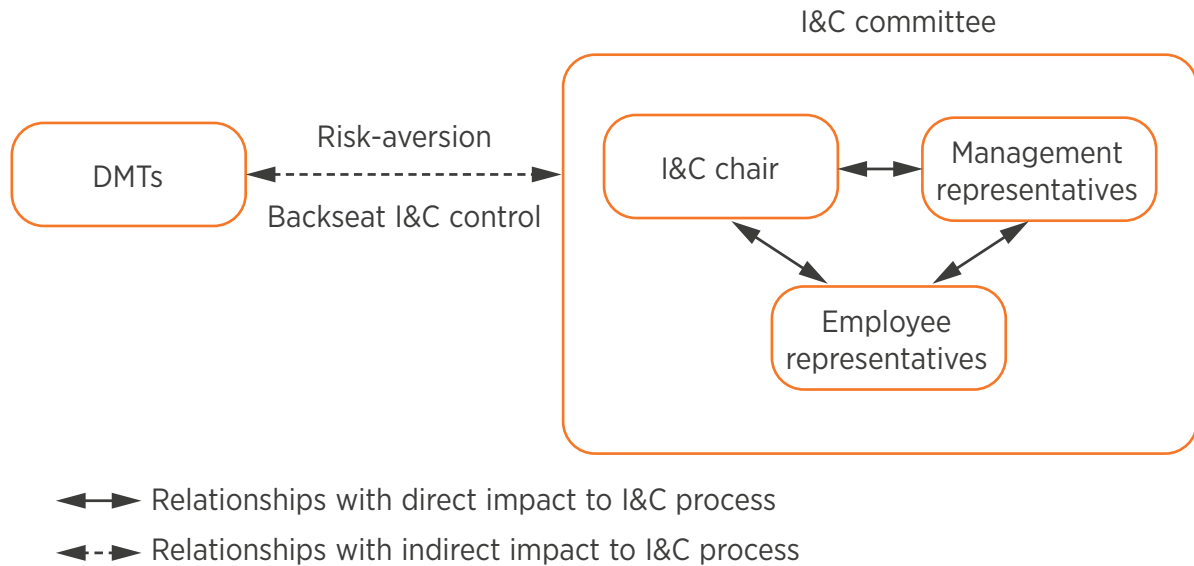
The observed lack of risk-taking by employers to consult had a negative impact on employee representatives' perceptions of trust in management, which in turn does not allow employees to demonstrate their trustworthiness. Some management representatives also believe that the fora do not add value because of shallow consultation. For the ECC, according to both MR6 and MR7, this is mainly because of the EMT's concerns of highly confidential information being leaked: *'If management had trust in an ECC, they wouldn't have left it until the last minute to announce the restructure'* (MR6).

The findings show a link between trust, consultation, and the I&C forums' perceived value. The DMTs and I&C chairs have concerns about employee representatives' trustworthiness, which leads to them (DMT/chairs) deciding not to engage in risk-taking activities (that is, acts of trust), indicating instead lack of trust. A risk-taking activity in this case is a decision to consult with employee representatives. MR7 even admitted the difficulty of convincing the EMT to consult before a decision is made, indicating how unwilling they are to take a risk and share control: *'I think it would be a challenge to get them to agree to that level of consultation. To get them to accept ECC in that role, in that way, I think that would be a challenge.'* The EMT's unwillingness to take a risk and consult with employee representatives is probably triggered from bad past experiences of strike action. Although MR5 never directly said that management do not consult with the ECC in case this triggers another strike action, he believes that possibility exists. In this case, the ECC would become an obstacle to management decision-making, suggesting a predisposed suspicion about the employee representatives' motives and implied low trust levels. This attitude is also reflected in the NICF chair and comments about the attitude the NLT adopts with regard to the forum:

Probably no one from NLT would say, 'I would automatically choose to go and talk to that group and consult with them on anything which could potentially impute a number of our employees.'

The relationship between the DMTs and the I&C fora is characterised as indirect, highlighting that there is not a substantial amount of direct interaction between DMTs and I&C participants. However, this is intended to reflect the strength of the impact of that relationship and also to highlight the DMTs' backseat control over I&C through the chair. Figure 1 illustrates these relationships.

Figure 1: Relationship between the DMTs and the I&C fora



Getting I&C right: cost savings, better decision-making and improved industrial relations

Companies that have established effective I&C have reported cost savings, as well as improvements to employee engagement and productivity. Higher job satisfaction, through better decision-making and improved industrial relations, is another stated advantage (Brione 2020). It has been argued that the effectiveness of I&C is largely dependent on management's willingness to proactively use them for information and consultation on strategic issues, and management's demonstrable support for the I&C (Broad 1994, Hall et al 2013).

The risks managers associate with sharing information and consulting with employee representatives across different levels of management is a key issue. Some senior managers, who are absent from the I&C table, influence decisions about what information to provide to employees, reducing the scope of support to I&C and trust development. Moreover, DMTs fear breaches of confidentiality and ultimately view consultation as an exercise in risk management rather than a trust-building process to engage and develop support from employees. In a sense, they take existing relations as a given rather than see themselves being able to develop and strengthen these.

Whitener et al (1998) argue that the extent to which managers include employees in decision-making (sharing and delegation of control) influences the development of trust. Our findings support these propositions and suggest employee representatives' demonstrable trustworthiness as perceived by management may influence the scope and depth of joint decision-making.

Conclusion: factors to help design better trust relationships

In conclusion, this study makes several contributions. First, it adds to knowledge on I&C by focusing specifically on the importance of managerial attitudes towards employee representatives. Second, it adds to existing I&C literature by highlighting specifically which actor relationships are of greater importance in affecting the operation of (non-union) I&C fora. These are indirect relationships between the DMTs and I&C fora, and the direct relationship between the I&C chair and employee representatives. Third, our findings provide answers to the questions posited in the literature about factors that influence management decisions to consult or not, and engage with, I&C arrangements.

There are several practical factors that can be considered to help design better trust relationships within the I&C processes. These can contribute to effective I&C, and avoid meaningless, tick-box approaches.

For example, managers can set commonly agreed expectations about the role of I&C. These can help eliminate factors that hinder managerial decisions to take risks, such as consulting with the I&C forum before a decision is reached, at a stage where information is still highly confidential. This can be done with a jointly agreed I&C constitution, where the role, purpose and depth of consultation is detailed. Practitioners can also decrease doubts about employee representatives' competencies by organising regular I&C-specific training. Such training should be designed for both management and employee representatives to ensure their expectations are aligned and to build stronger trust relationships between the parties.

References

- Brione, P. (2020) *Information and consultation of employees (ICE): what, why and how*. London: Chartered Institute of Personnel and Development / IPA.
- Broad, G. (1994) *Japan in Britain: the dynamics of joint consultation*. *Industrial Relations Journal*. Vol 25, No 1. pp26–38.
- Butler, P., Lavelle, J., Gunnigle, P. and O'Sullivan, M. (2018) *Skating on thin ICE? A critical evaluation of a decade of research on the British Information and Consultation Regulations (2004)*. *Economic and Industrial Democracy*. Vol 39, No 1. pp173–90.
- Gioia, D.A., Corley, K.G. and Hamilton, A.L. (2013) *Seeking qualitative rigor in inductive research*. *Organizational Research Methods*. Vol 16, No 1. pp15–31.
- Hall, M., Hutchinson, S., Purcell, J., Terry, M. and Parker, J. (2013) *Promoting effective consultation? Assessing the impact of the ICE Regulations*. *British Journal of Industrial Relations*. Vol 51, No 2. pp355–81.
- Koukiadaki, A. (2010) *The establishment and operation of information and consultation of employees' arrangements in a capability-based framework*. *Economic and Industrial Democracy*. Vol 31. No 3. pp365–88.

Lewicki, R., McAllister, D. and Bies, R.J. (1998) Trust and distrust: new relationships and realities. *Academy of Management Review*. Vol 23. pp438–58.

Maanen, J. Van. (1979) The fact of fiction in organizational ethnography. *Administrative Science Quarterly*. Vol 24, No 4. p539.

Mayer, R.C., Davis, J.H. and Schoorman, F.D. (1995) An integrative model of organizational trust. *Academy of Management Review*. Vol 20, No 3. pp709–34.

McEvily, B., Perrone, V. and Zaheer, A. (2003) Trust as an organizing principle. *Organization Science*. Vol 14, No 1. pp91–103.

Rousseau, D.M., Sitkin, S.B., Burt, S.R. and Camerer, C. (1998) Not so different after all: a cross-discipline view of trust. *Academy of Management Review*. Vol 23, No 3. pp393–404.

Strauss, A. and Corbin, J. (1990) Basics of qualitative research. Newbury Park, CA: Sage.

Whitener, E.M., Brodt, S.E., Korsgaard, M.A. and Werner, J.M. (1998) Managers as initiators of trust: an exchange relationship framework for understanding managerial trustworthy behavior. *Academy of Management Review*. Vol 23, No 3. pp513–30.