

Voice and value

'All talk but no voice'

A conference organised jointly by the London School of Economics, the Chartered Institute of Personnel and Development, and London Metropolitan University

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Overview and Policy Agenda

Opening the sixth Voice and Value event, Duncan Brown (CIPD Assistant Director General), said it was possible to get the impression from some quarters, that 'employee relations' was no more. However, this was to misunderstand the meaning of the term. He recounted an overheard conversation in a public place, a few days earlier, where two people were talking about a forthcoming strike one of them had been called to participate in. "I don't know..." the dialogue went, "we're so busy, and my boss needs all the help he can get – I'm not sure I can afford the time..." Brown said the debate had switched from one of simply "dividing up the cake" to one of mutually estimating its size. Terminology applied to the question "What is employee consultation" was

influenced by cultural differences shaping points of view among management and trade unions alike. "We need to develop tools to improve our skills for increasing employee involvement", he concluded. Sharing ideas and experiences between a cross-section of interested people, at days such as this, potentially advanced the process.

The long goodbye: the rise and fall of union voice in Britain

Paul Willman (Saïd Business School, University of Oxford) offered a historically informed view of 'voice regimes' in Britain. Trade union decline had taken a surprisingly long time, and a distinctive feature of the trends observable using the Workplace Employee Relations Survey (WERS) data had been employers' ability

to incorporate union with non-union voice into their employment relations models. Management had lost its enthusiasm for unions during the 1980s, employees in the 1990s. Instead of seeking explanations in macro economic factors, the pattern of union decline was influenced by the role of employer choice in determining what kind of voice system they wanted. Rather than talk of a union versus non-union model, Willman argued, it was more appropriate to focus on alternative voice regimes. The slow decline observed among private sector employers appeared to reflect strategic decision taking among employers that could be categorised under three labels: ‘making’ – a wholly non-union voice regime – ‘hedging’ – a dual voice regime, which *may* be followed by non-union regime building, and ‘buying’ – favouring a union-based voice system.

Since the early 1980s, there had not been a loss of appetite not for voice regimes in general but for union recognition. WERS trends indicated a large increase in non-

union ‘made’ voice systems, a decrease in union-based ‘bought’ systems and a slight decrease in dual ‘hedge’ systems. ‘Hedge’ remained the default position, however. The ‘goodbye’ may be ‘long’ due to perceived ‘switching costs’. The decline in popularity of union-only voice systems may be attributed to employer judgments that they deliver low quality voice regimes, when measured against employer priorities. However, employer risk aversion may be linked to the propensity for the dual systems, which have predominated since the 1980s. The unions’ ability to operate within dual regimes may be significant but associated with lower membership levels. Perhaps unsurprisingly, workplaces with union-only voice regimes had the highest percentage (50%) of union members while workplaces without union mediation had the lowest (5%). However, the gap between union-only firms and dual channel firms was 30%.

The implications were that employers' ability to 'flex' voice regimes, along with the perceived quality of voice provision and an assessment of switching costs might be the factors to review. The question arose for the unions as to why they had been unable to deliver voice systems desired by employers. Willman stated that it was a myth that only union based voice regimes could work adding that the dual channel system was marked by an amazing stability. It remained to be seen whether 'no voice' systems will be able to survive.

Exploring business-human capital measures and emergent HRM priorities

Vicky Wright (CIPD President-elect, and a Partner with Watson Wyatt) delivered an account of how emerging HRM priorities may interact with information and consultation in the workplace. She shared experience of how employers were starting to use and reprocess the information they collect from workforce members "to 'beef up' non-union voice regimes", supporting

briefings and team meetings between managers and subordinates in these environments.

The purpose of collecting data from employees had shifted from 'climate surveys', where employees completed "happy sheets" (or employee satisfaction reviews), the results of which were often quietly shelved. A more action- and value-oriented approach was being adopted: questions had changed from 'HR questions' to business-based indices. And the scope had shifted from local to global, with technology offering corporate management an ability to drill down and compare different systems across the business. Lessons learned from customer relationship management were increasingly being used managerially to understand their employees – "the customers of employment".

Providing information directly to the workforce formed part of a strategy to 'engage' employees (moving beyond

employee satisfaction and ‘commitment’ approaches), to improve employee relations in a non-union mediated voice environment. Research had shown that there is a link between employee engagement and value creation, as employee productivity and retention increase revenue growth and profitability. Better-informed employees could take action and deliver increased value. This environment necessitated the integration of HR and the business in people management policy development and implementation. Crucially, it also meant increasing line management’s responsibility in managing individuals and groups. The question was how to inform both management and employees about all this? As for the unions, especially in dual systems, they would have to develop new ways of interacting, Wright said. Empirical research based on attitudes and culture may assist in identifying correlations between employee engagement, and organizational outcomes.

Engagement depended on:

- Commitment: the motivation to help the company to succeed
- Line of sight: knowledge about what to do to make the organization effective
- Enablement: provision to employees of training, resources tools and equipment
- Integrity: managers who understand and live up to the organization’s values

Wright concluded by asking whether or not we have the necessary environment to mix these variables with how employees are rewarded and recognised. She cited data from a study about the correlation of engagement with business performance that found that commitment was not enough and that a combination with ‘alignment’ was vital to build relationships. Work was needed on convincing and enabling line management to engage. One company case known to her demonstrated a change in line

managers' attitudes towards unpacking employees' issues, providing 'voice' for both sides. Information obtained by consulting the workforce could be used to inform the building of relationships. Regular systematic information gathering, the *granularity* of information collection and analysis, along with the engagement of all parties to develop an understanding of shared priorities and line management-HR partnership was vital.

Among the issues raised in discussion was whether this outlook was too optimistic, due to the reluctance of line management, the risks of forced ranking in pay-performance management, and potential for abuse for reasons of cost control. Union reactions appeared to be disengagement from such approaches. Results were not intended to be shared with unions but to be used by management to make internal improvements: it was stressed that a high response rate to regular surveying of employee viewpoints would only apply when results lead to clearly visible actions.

Effective Employee involvement in pay decisions for high performance workplaces

Ian Kessler (Saïd Business School, University of Oxford) commented on approaches to employee involvement in payment schemes. Commentary in the literature implied that these processes might be linked with creating a high performance work environment. Pay was influenced by various factors, such as competitive pressures, workforce pressures, organizational, and regulatory pressures. The 'how' and 'what' of, for example, equal pay, transparency, openness, fairness and inclusiveness, could be viewed as associated with notions of 'procedural justice'.

Making a semi-humorous point, Kessler cited research published in the journal *Nature* under the headline: 'monkeys reject equal pay'. Reporting their findings from a 'differential reward' experiment, using pairs of capuchin monkeys, treated differently after completing the same task,

Sarah Brosnan and Frans de Waal, had suggested that humans' sense of justice may be inherited and not a social construct. The research highlighted the importance of process: for example, if employers had to reduce salaries, managerial investment was required in talking to and explaining the reasons to employees. In another example, the outcomes of a new pay incentive scheme might be influenced by changes in production and cost as well as the design and implementation process, but the underlying manager-employee relationships were likely to be critical. The greater the extent of consultation and negotiation, and the more involved employees perceived themselves to be, the more positive the impact on organizational performance may be. Finance, marketing, supervisors and shop stewards all potentially had a role to play.

Recent WERS data indicated a minority of the workplaces investigated practised joint regulation in pay. A 1997 study reported that 73% of organizations used written or

other formal media to explain their pay schemes. However, only 49% of the employees reported understanding them. In conclusion, while empirical evidence pointed to the importance of involving people to get the most from pay bill investment, few organizations were doing it.

Vicky Wright commented that employees understand that they have more choices today, due to the increasing complexity of payment schemes as well as to the more visible differences between companies. In the US, while pay levels had increased, job satisfaction had gone down, which she attributed to a lack of understanding among individuals about how much they get and how they get it. Management style, the costs of designing communication tools, as well as ignorance, might help explain why organizations failed to communicate payment schemes.

Trust and partnership- Romance and the Holy Grail

Graham Dietz (Durham Business School) discussed links between trust and justice, and voice systems and works councils. Trust was defined as “confident positive expectations or beliefs about others, the willingness and decision to render oneself vulnerable and trust the other”. Trust is a risk-taking act when it is related to the disclosure of sensitive information but it reduces the need for control. Voice systems needed to secure the three degrees of trust, therefore: calculus-based, knowledge-based and identification-based trust.

Organisational justice can be distributive, procedural, interpersonal or informational, or a combination. Trust and justice are interlinked and related to institutional structures and processes as well as attitudes and conduct during the processes, which concerns both representatives and managers.

Voice systems entailed risks for both parties as they attempt to change the distribution of power in the employment relationship. The ability to cope with risks and handle power shifts depended on trust and justice, which provide a lens through which one can examine the *process* of voice. They facilitated effective voice processes while, at the same time, being outcomes of effective voice systems. Furthermore, trust and justice will moderate or mediate other outcomes, such as quality of decision-making, inter-party relations and the participants’ satisfaction with the process.

In practical terms, this process was not linear but flowed from pre-voice, to design, to preliminaries to the first meeting and then to subsequent meetings. Clear protocols were vital, Dietz concluded, as well as the meeting of expectations. The more information provided, the more employees would understand, which might help tackle inherent conflicts of interest.

Culture and Consultation - the new frontier

Beverly Shears (CIPD Vice-President, Employee Relations and formerly HR Director, South West Trains) said there were no “how to’s” when it comes to having good relationships with staff, as feelings and behaviours are intangible. There was no one ‘best practice’: the issues were unique to each organization. An example from London Waterloo railway station served to illustrate how employees can be “listened to and asked what they want”. Using a ‘values’ questionnaire, employee forums and learning representatives, the underlying managerial aim was to create a partnership between SWT and its workforce and encourage respect among employees for one another. For example, historically, station accommodation where people took their rest breaks had helped to perpetuate an artificial hierarchy between different categories of rail worker. Management listening and action led to a safety review,

changes in on-site staff facilities, ‘values and behaviour’ exercises for managers, and a change in reward and recognition arrangements, including the provision of childcare vouchers.

The most important lessons, Shears said, were for the employer to listen to the employees, to be “honest instead of nice”; to be explicit about what management expectations are; and “to acknowledge that the ‘psychological contract’ offered will not be right for everyone”. Her key message, she said, was “Keep talking”. In the SWT example, positive outcomes had been a marked increase in attendance rates and performance, and positive employee satisfaction ratings, including an ‘advocacy score’ of 60%. In 2005 and 2006, the Waterloo team and SWT had achieved a number of public acknowledgements of improvements for a station, once regarded as “the network’s *infant terrible*”. This included IIP status, Operator of the Year, and Business of the Year, as well as a national customer service award.

From a once fraught management-trade union relationship, SWT had developed a far more professional basis to conduct their interactions – both sides had understood the relationship had to be ‘modern’. Management had to respect the wishes of the workforce to have trade unions representation. But there was a role for direct management-employee engagement too.

Engaging employees: managing the relationship from day to day

Stephanie Bird (HR Director, Dell) portrayed how Dell manages employee relations by first introducing the Dell culture: fast-moving, execution-focused, and meritocratic. “Not a place for those who want eloquent arguments to the detriment of action”. Dell was characterised by open feedback, placing a high value on accountability, with high expectations of both managers and employees, and for “measuring everything” frequently. The “soul of Dell”

is expressed in a statement of values and beliefs which communicate the kind of company Dell is and aspires to be. Beliefs and values include direct employee and customer relations, global citizenship, winning, and ‘The Dell team’.

Dell pioneered the direct business model. While its main market is the US, the company had benefited from substantial growth in its non-US markets as well. The company was growth and earning driven and asked for results above all. It used a transactional HR model, based on performance management. A ‘leadership imperative’ programme was in place, offering guidance on “how to inspire and build your team”, recognizing the necessity to ‘change mindsets’, and develop ‘champions’. Specifically on workforce consultation, the ‘Tell Dell’ programme included a 35-question confidential employee survey, the results of which were reported to managers. This measured the creation of alignment, extent of trust, provision of feedback, development

capability, work/life balance effects, managerial capability and 'inclusion' – all regarded by Dell corporate management as driving employee engagement and a “winning culture”.

Positive responses were increasing and teams had become used to discussing the results of employee consultation intelligence, in order to make improvements. Bird said that the results had shown that employees whose workgroups used 'Tell Dell' to make improvements were more committed to the company. There was a relentless focus on day-to-day execution, and timelines were publicly set, right down to the individual level, for execution, measurement and reports. Measurement indicators were applied to inform pay and performance planning and reviews, individual development and succession planning, compliance training and diversity monitoring. The “day to day rhythm” in Dell was also a major factor in employee motivation, facilitated by open plan

offices, 1:1s between supervisors and employees, team, 'kick-off', results, 'brown bag' and 'town hall' meetings and workshops, and the moral that “anyone can say anything as long as it is done in a respectful way”.

Asked whether Dell engaged in collective bargaining, Bird said this only applied in countries, such as Germany, where it was a regulatory norm. “Dell focuses on the individual in work teams not on a collective relationship. We do what we have to, to comply. But it's not the heartland of where Dell starts from.”

Voice in a new environment- challenges and opportunities for trade unions

Sarah Veale (Head of Equality and Employee Rights, TUC) examined the historical context for trade union involvement in employee information and consultation, and directions in the UK and Ireland today. She referred to a 1995 TUC publication, 'Your Voice at Work', which

indicated that, for employee voice to be heard, three processes were required: individual representation, consultation rights, and union recognition. In terms of the contemporary industrial relations climate in the British Isles, the days lost to industrial action had been massively reduced. But figures showed an enormous increase in ‘sick days’, which could be interpreted as “unofficial industrial action” – where more official channels for employees to express discontent at work were constrained. Legislation strengthening the right to representation had strengthened employee voice at work over the past decade:

- the right to be accompanied (1999)
- the right to recognition (1999) and
- the right to be informed and consulted (2005).

Existing consultation requirements applied to collective redundancies and transfers, health and safety, working time regulations, parental leave, and European Works Councils (derived from EU directives). If a company did not recognize

a trade union, it needed to find ways to establish these rights in other ways, required by a 1994 European Court of Justice ruling. Alternatives for non-union companies were collective or individual consultation. The ICE regulations required that pre-existing ‘social partnership’ agreements should not be disturbed by the new information and consultation regime.

Issues for the TUC focused on the “meshing” of new consultation provisions with collective redundancies and transfers regulations, the preservation of single- and dual-channel systems, and the debate on the difference between negotiating and consulting. The impact on statutory recognition, legal enforceability and its positive effects needed to be examined, which might include the avoidance of litigation and growth of trade union influence. One example of a union response was the arrangement between Amicus and the Scottish Printing Employers’ Federation, which covered recruitment, redundancy, working hours

and health and safety. This was not a collective agreement under the regulations but a good example of a voluntary approach. Other examples were GMB, Unison, Natfhe, and RMT, which had either extended and refreshed their existing union agreements or negotiated an ICE agreement that maintained the collective agreement for the acquired bargaining unit. Future issues for the TUC were the transformation of employment relations, 'fitness-for-purpose' and where and how the employee voice would be heard in 2010. There were no answers to these questions yet but research was being undertaken to help answer them.

The Great Debate

Reg Unsworth talked about the cultural changes at United Utilities over the past ten years. The merger of NorthWestWater and Northwest Electricity, seen by the former as a merger, and by the latter as a take-over raised issues of trust to be tackled. This required significant

investment of managerial time and the process was not over. Attitudes among managers, trade unions and in UK society at large influenced the culture within which employee involvement and consultation would be worked out. The move from collectivism to recognizing individual relationships had been reflected in employee relations developments across United Utilities.

Tim Fevyer added an account of the LloydsTSB merger, which influenced the working environment of about 70,000 people. Each individual across such a large corporate network can only have bounded knowledge - a part of the total. The centre could not reasonably 'know' everything across the organization, hence the need to ask, and thus involve people, from an early stage. The initiators were typically at the centre but the processes could be further developed and facilitated by involvement and consultation extending across the organisation. At LloydsTSB the ethos is explicitly about value creation for

shareholders - but this can only be achieved through its people, which in turn necessitates involvement and consultation. In other words, it is in the organization's interest to consult with, and involve, its people, even without the regulatory 'push'.

Nicola O'Connor (DTI) raised questions about barriers to diffusion of information and consultation arrangements, and why the evolution appeared to be so slow. The reasons might be found in the design of operating strategy, the way work was constructed and in the possible under-utilization of the HR function. Legislation would not massively change the expectations of people at work: companies needed to create trust in order to encourage involvement. Employee-management dialogue needed to be regarded by companies as a benefit for the organization, for the employee, and for society. There seemed to be room for the debate to be broadened to include issues of health, especially with reference to work-life balance.

Picking up the broadening theme, Marc Thompson (Templeton College, University of Oxford) said he felt that exchanges of views between interested parties such as the 'Voice & Value' conference needed to move dialogue beyond the specialists. Future debate could be enhanced by including views – that might be qualitatively different – from actors leading and managing information and consultation at the line management-employee interface.

Perhaps more esoterically, interdisciplinary discourse such as that of neurobiologists and organization theorists, where more deeply rooted sources of human agency were being explored, could further enhance a more radical agenda for understanding employment relations evolution. In recent years, the highest levels of increase in psychological illnesses had been reported. Conditions such as depression were often related to the workplace in terms of an unfulfilled need for involvement and a perceived lack

of feedback. Physical, work-related illnesses, the most common of which were back problems, have likewise risen. Neurobiologists were just starting to research the impact of work design on the ‘work-life balance’. They had found that those brain parts associated with loss or death are the most active in employees who do not feel involved in their organizations. Further research in this vein could result in outcomes beneficial on both personal and organizational levels.

In open discussion, the question was raised of how organizations and the government might promote the ICE regulations, as the press had been rather quiet. A study of practice in 300 organizations had reported quite good results, however. Three-quarters of respondents claimed to have formal ICE management in place. Managers recognized the structures and processes were to be used as well as possible. Attitudes towards employee involvement proved to be very positive, but the cost-benefit question had caused

organizations to review structures. A government campaign had been recently launched to promote the regulations.

In the future, especially smaller firms needed to be inspired to engage in employee voice promotion – but how? One participant claimed there was still too much generalization: the focus needed to be on building acceptance that different unions make different contributions. It was important to talk about substance as well as process issues. The issue for unions was to overcome the resistance to change. Another participant challenged this viewpoint: managers were the ones to deal with change. Looking ahead, the segmentation of individual employees lead to the question: ‘where is the collective?’

Vanessa Motzko and Stephen J. Perkins (May 2006)