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A decade of change in employee voice

A report of issues discussed at a conference organised jointly by the London School of Economics and the Chartered Institute of Personnel and Development
The Voice and Value Conference

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A decade of change in employee voice

In summary, employee voice has shifted over the course of the past decade with an increasing focus on non-union voice mechanisms. Certainly, the events of the last year in the financial markets have impacted on employee engagement; however, as the day’s presentations reveal, the outlook isn’t necessarily as bleak as might be forecast extrapolating from past trends. What might be interpreted as the failure of unions to take on board the ‘voice agenda’ places increasing significance on the emergence and development of alternative voice regimes. From a managerial standpoint, initiatives informed by practice case examples, such as social partnerships and non-union representative plans, may offer ways of increasing employee engagement in the current crisis as well as following a return to economic prosperity. Still, the sentiment of the day seemed to be one implying that, for voice to have mutual value to workers and employers, it needs to be more informed, assisting in the task of building legitimacy for employment-related policy and practice.
First stage – overview and policy agenda

Professor Paul Willman (LSE), chair of the first stage, welcomed everyone to the tenth annual Voice and Value Conference. Reflecting on the LSE’s ‘interesting times’ in the press, Willman commented on recent BBC press coverage of the LSE as ‘a hotbed of Marxism and stupidity’. On that note (and in good humour), Willman introduced the event’s first three speakers: John Monks (ETUC), Mike Emmott (CIPD) and Raymond Jeffers (formerly partner, Linklaters).

The crisis – what about the workers?
In his opening presentation, John Monks, General Secretary, ETUC, offered a magisterial oversight of the economy, drawing on a long career in a pivotal role within the employment system in Britain and Europe. His assessment was that the current environment represented a ‘hangover’ from a metaphorical party that had lasted several decades. A sustained ‘feel good factor’ prior to the recent financial crisis was explainable by reference to circumstances in which a particular generation had realised perceived financial gains through rising real estate values following financial market deregulation initiatives and the growth of women’s labour market participation bolstering family incomes. By contrast average wages in Germany, for example, had not increased in a decade; in the USA the level had remained frozen for 30 years, he said. Asking whether future times for HR were likely to be good or bad, he suggested that media comments, such as those by the then current UK Chancellor Alistair Darling that public spending cuts would be deeper than in 1981 – a previous benchmark for straitened economic conditions – did not bode well for those aspiring to secure workforce engagement.

Monks contended that the general consensus was that it would take a generation to pay off the current debt accumulated by the British Government – a situation reminiscent of the many decades it took Britain to discharge its accumulated debt from the Second World War. He emphasised that an ‘exit strategy’ was needed to avoid the British Government having to pump further cash into the economy, and the potential implications of drastic cuts in public services. Drawing on parallels in other European countries such as Spain and Greece, and more recent Eastern European democracies, Monks questioned how different states would be equipped to cope with the current crisis, particularly with an ageing population and the rising cost of medical drugs.

Monks suggested that the crisis had so far affected private sector companies rather than the public sector in Britain. However, as the current recession continues and develops, his assessment was that, if the Government gets the timing of the exit strategy wrong, the country could spiral into an even deeper recession. Monks emphasised the enormity of the scale of events, but felt that given that spending cuts haven’t been made hastily at the first signs of the crisis, as was done in previous economic crises, speeding up the difficulties, there may be some hope in the current economic situation.

To sum up, Monks reflected on what the current climate means for HR practitioners by contending that trade unions had been born out of adversity, not during good times, and despite frequent expressions of dislike or disregard for trade unions, specialists in the function had not realised the extent to which their own destiny was twinned with that of the unions. In these uncertain times, perhaps it was time for HR to regain some of the influence lost as emboldened line management had taken the initiative.

Employee voice and engagement
In his opening remarks, Mike Emmott (CIPD) questioned how far what employers see as ‘employee voice’ corresponds to academic understanding of the
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Emmott contended that most employers regard employee engagement as having little relationship with collective forms of voice such as joint consultation and that, until publication last year of the MacLeod review, literature reviewing the link between collective voice and engagement had been limited.

Emmott recognised that earlier research suggested that a combination of direct and indirect forms of voice have the most positive impact on employee attitudes. However, he confessed to having felt some scepticism about the impact of collective consultation on individual employee attitudes and behaviour, not least owing to a lack of feedback. Referring to Herzberg’s ‘hygiene factors’, he argued that union voice is often seen as negative, while employee engagement is about positive motivation.

Building on interviews with managers in both public and private sectors, Emmott concluded that collective voice can in fact make management processes more credible, demonstrate that management ‘cares’, give employees confidence, enable employees to become more involved in strategic issues and reconcile conflicting opinions within the workforce. Partnership in the NHS is impressive, he said: with high levels of union membership, partnership working has thrived. During the current crisis, unions across the private sector have supported management efforts to blunt its impact on unemployment. Some employers are also using non-union forums to help develop a response to employee attitude surveys.

The more pertinent question for future ongoing debate, according to Emmott, is to what extent can collective voice support employee engagement? At O2, a private sector organisation, collective engagement was seen as a process between management and workforce, in which collective voice could have only a limited role. Drawing on empirical data gathered from public and private sector organisations, Emmott demonstrated differences in attitudes towards trade unions in the public and the private sector. In the Police Force, for example, affections and emotions were directed towards the Police Force or the job, rather than the employer per se.

In conclusion, Emmott placed the discussion around employee voice into the wider debate about organisational development and effective communication. It might be impossible to measure the impact of collective voice, but different ways of bringing about voice and increasing engagement can be highlighted.

He concluded that contemporary voice is not mainly about trade unions but about changing culture, and employers needed to concern themselves with the quality of voice, not just the process.

Legal developments in employee voice

Raymond Jeffers (formerly Head of Employment, Linklaters) opened the last presentation of the first stage by looking back at some of the legal developments in employee voice. Jeffers explained that, with the precision needed for a legal definition, ‘employee voice’ is essentially ‘information and consultation’. Forty or so years ago law was far more restricted in its purview than it is today: a shift from the specific to more general areas has taken place with the emergence of the European Works Council (EWC) and Information and Consultation of Employees (ICE) regulations. The European provenance of the changes had also meant employment directives largely built around continental notions of law, which are fundamentally different from British law. Continental law is frequently adapted to suit context, while the very pragmatic British attitude dictates that the law should be what it says it is. Jeffers also contended that comparative differences could be identified in terms of the beneficiaries from information and consultation, with the original British emphasis being on the trade unions (that is, one means of informing and consulting), whereas the European Court of Justice in criticising British law emphasised how one achieves information and consultation and so recognising the need for employee voice in a workplace with no trade unions and, therefore, giving rise to a hierarchy of beneficiaries. Expressing his personal view, Jeffers questioned whether law should be in this area at all, as it struggles to get to grips with the somewhat ‘slippery’ topic of employee voice.
In looking to the future, Jeffers identified further regulatory changes on the horizon, coming into effect from June 2011 with a recast of EWC law. A key question was, would such changes make employees better informed and consulted? Put another way, will developments in UK law result in more effective voices? The answer is probably yes. Jeffers concluded by suggesting this revision might prompt a more profound question for another day. Likely consequences of the new law are an increase in employers’ costs and the risk of leakages of confidential information because of the obligation on employee representatives to feed back to domestic constituents the content of discussion at the European Works Council. As a result, some will ask: EWCs – are they worth it?

Q&A session for first stage
Duncan Brown complimented Emmott on his observation regarding professional affiliations versus those to an employer, and asked whether Emmott perceived engagement as competing for people’s allegiances in their working lives. Emmott responded that engagement was essentially about emotion and affection and although there is ‘crowding’, he would not go as far as saying they were competing. Employer branding, for example, according to Emmott, is concerned with people’s emotions and good employers should establish good direct relationships with individuals.

Addressing Monks and Emmott, Linda Holbeche asked how confident they were about partnerships continuing to work effectively. Emmott replied referring to the NHS’s use of partnerships and engagement processes effectively as a response to the recession. Monks reiterated that employer–union partnerships had historically been born at desperate times and that organisations that harboured some kind of communal feeling of being ‘in it’ together would come out best, regardless whether it is labelled partnership, engagement or voice.
**Second stage – state of play**

**Is employee voice a private matter?**

John Budd (University of Minnesota) opened the second session of the day with three questions: 1) Is employee voice a private matter? 2) Is there room for law in voice? and 3) Is there an alternative view of voice? According to Budd, in the *laissez-faire or ‘liberal market’* model, employee voice is indeed a private matter, where employers who believe that it is in their self-interest to cater for employee participation will do so and those that don’t, won’t, and the general attitude that prevails is that workers who are dissatisfied are free to quit. However, according to Budd, such a view is based upon assumptions about the employment relationship, which when challenged lead to very different perspectives on employee voice: first the assumption that (economic) efficiency is paramount; second, market outcomes are fair (equity); third, a freedom to ‘contract’ and quit exists (voice); and, finally, that ‘extrinsically motivated agents interact in perfectly competitive markets that optimally allocate resources so safeguarding against abuse’.

Budd proposed two alternative models: a unitarist model and a pluralist model. Budd illustrated that unitarism is based on an assumption of a unified long-term interest between employee and employer, that essentially the ‘right’ policies bring benefits for everyone. A pluralist model, on the other hand, according to Budd, asserts that efficiency is a legitimate interest in itself. The pluralist assumption is that employment relationships are a ‘bargain between stakeholders with a plurality of sometimes conflicting interests and unequal bargaining power’.

Budd went on to propose that the alternative models uncover potential ‘positive externalities from employee voice or negative externalities from the lack of voice’ correlating to effects on the psychological as well as economic well-being of not only individuals, but communities, families and, on a wider spectrum, on the ‘quality of a country’s democracy’. The logical response to these reflections is that employee voice is more than a private matter and there are issues that should be subject to public policy debate.

Using a matrix to illustrate, Budd went on to explore some of the rationales for public policy and examples surrounding employee involvement and financial participation, individual self-determination, information and consultation and countervailing collective power. In summing up, Budd concluded that employee voice is a private matter when (economic) efficiency is sought and when markets work well, but it is not a private matter when the employment relationship is perceived as involving ‘workers with human needs’ and democratic rights that, due to the imperfection of markets and other ‘real-world complexities’, are not distributed equally between employees and employers. Examining employee voice through the different frameworks highlights the importance of thinking about the often unstated assumptions about the employment relationship and assists in analysing the ‘elements and operations of various employee voice mechanisms’.

**Why and how do employees reject non-union voice regimes?**

Daphne Taras (University of Calgary) presented a study she had conducted with her colleague Tarik Timur (Eastern Mediterranean University) on non-unionised employee representation plans (NERPs), institutions that are legally recognised in Canada, unlike in the USA. Key research questions concerned why NERPs sometimes fail, what happens when they do, who leads the breakaways and what are the issues? Taras described NERPs as formal and indirect channels for employee voice where ‘one or more employees act in an agency function for the other employees in dealings with management over issues of mutual concern, including terms and conditions that people work’.
Taras suggested that reasons underlying the use of NERPs lay in the weaknesses of unionised models for collective voice, but questioned why workers would choose to unionise if NERPs ‘fill the voice vacuum’ or would choose to exit NERPs for alternatives. One proposition put forward, using an analogy of a toothless dog getting a full set, was that NERPs are way-stations to unionisation. Reflecting on data collected at Imperial Oil, a Canadian energy company, which showed a history of going back and forth between non-unionised and union plans, Taras and Timur had drawn several conclusions: 1) in order for a NERP to remain union-free, a substantial investment from management is required; 2) NERPs are sensitive to management change; 3) NERPs provide an early-warning system; 4) unions appear to be only a change in institutional form for pre-existing collective voice; and 5) mix-and-match unionisation leads to lack of attachment to unions, which Taras suggested is a residue of NERPs. In summing up, Taras asserted that there was no evidence of clear transition from NERPs to unions. Moreover, NERPs were very specific to organisations or industries and thus were not always entirely compatible with unions. In short, the study was a triumph for worker empowerment, but not one for complacency for either managers or unions!

Reflective on change in employee representation at Eurotunnel

Nick Hawley, UK HR Director at Eurotunnel, opened with an anecdote about being a Yorkshireman and referring to Eurostar’s recent service failures. He clarified that against popular association, Eurotunnel was indeed not the same company as Eurostar! Hawley only part-humorously described Eurotunnel as one of the seven wonders of the world: a private bi-national company providing infrastructure linking the UK to continental Europe. According to Hawley, employee relations at Eurotunnel were interesting and challenging due to having a great number of procedures and structures based in the UK, but also applied on the French side of the business. French and British law, like the French and British union scenes, were far from homogeneous, explained Hawley. Thus the tri-partite relationship between management, Eurotunnel Company Council and the union is quite a complicated relationship to manage. Although a strategic decision was made to enter into partnership with a single union (T&GWU), due to the deep sense of loyalty attached to the construction of the company and successful employer branding, unionism as such was not a strong feature of Eurotunnel, Hawley said. Having avoided major conflict for the past 15 years, the main source of tension might be seen as deriving from the relationship between union and non-union (company council) partners and not between the two and management. Concluding his presentation, Hawley contended that industrial relations at Eurotunnel are generally positive. This left open the question of whether ‘partnership’ had really been tested under genuine adversity.

Q&A session for second stage

Willy Coupar opened the Q&A for the second stage: under the pluralist model presented by Budd, a key determinant of a voice offering is the positioning of the individual as a ‘citizen-worker’, he said. In the UK NERPs did not exist but unions were struggling as contemporary agents charged with nurturing voice. Paul Golan added the question, then, of how voice could be nurtured, legitimised and grown. Taras contended that unions seemed to communicate the rhetoric of rejection of non-unionised voice; however union archives in Canada showed that there is communication between the two. Moving from NERPs to unions was anything but smooth: shifting from ‘greenfield’ to union could be easier in her experience.
Third stage – the practice and processes

Working with trade unions
Talking about employee voice at G4S, a global security company, Jenni Myles, Director of Employee Engagement & HR, began with an overview of the company’s operations. A flat organisational structure and a large majority of employees based on the front line in the 120 countries in which the company operates presented a host of challenges to the way engagement is managed.

Myles also pointed out that G4S has the most unionised workforce among companies listed on the London stock market. Myles observed that, despite significant employee turnover, a high degree of discretionary effort had been secured from the workforce. During the Mumbai terrorist attacks in 2009, G4S was providing security at the hotel where the main attack took place; despite the deaths of two team members, 19 employees had returned to work for their shift the next morning.

Myles also explained how businesses are encouraged to think about where their workforce fits at a given time on a quadrant consisting of the following dimensions: collective/individualistic and hostile/engaged. Seeking out individual voices presents an additional challenge, Myles explained, due to developing infrastructures in some of the countries in which the company operates. Also, from a cultural perspective, while surveys to measure employee attitudes may work in Western countries, such methods may not suit other contexts, such as those in Africa where a manager may feel that such surveys undermine their power. And while the ‘bottom line’ limits to an extent how far employee engagement can be the primary focus of management attention, there was evidence of high levels of satisfaction with G4S as an employer among employees in developing markets, and respondents were happy to recommend the company as an employer.

In summing up, Myles asserted that employee engagement is only possible by listening to individual voices, but seeking out collective voices has the potential to increase engagement. She used a case study of one sector of G4S’s business, UK Cash Solutions, to illustrate how after a threat of strike action the company had been working towards building partnerships with unions. Management had found that third parties could play a helpful role in resolving workforce tensions.

How partnership influences engagement in the NHS
Steven Weeks, Policy Manager at NHS Employers, delivered the final presentation of the day. Against common assumption, the NHS actually comprises many entities and is not a single large ‘business’. Reflecting on employee relations in the NHS, Weeks contended that there had been a shift from the rigidities of the tradition known as ‘Whitleyism’, to an idea of collective voice as part of the NHS ‘Agenda for Change’ (reforms). Weeks talked about the presence of collective representations of voice throughout the formal structures and how bargaining in the NHS had taken place ‘behind the scenes’ in the past, on a somewhat sporadic basis, having now been incorporated into a more transparent formal structure. Weeks went on to explain that employee relations in the NHS are managed within a three-level system that does not necessarily correlate in the same way that industrial relations (IR) specialists often talk about: national, regional and local.

Under the Agenda for Change, Weeks described an increasing focus on productivity, professional issues, social partnerships and staff engagement (encouraging individual engagement within work tasks). Reflecting on social partnerships between management and unions encouraged an emphasis on ‘talking with the aim of producing a solution, rather
than talking with the aim of having a meeting’. There was also an educational role for unions. As illustrated by Emmott’s example earlier in the day regarding police officers, in the NHS it was also common for individuals to identify and engage with their profession as much as their employers.

In looking to the future, Weeks said it remained to be seen how employee ownership would develop. He anticipated that where partnership between managements and unions came under pressure, the scope existed for new models of representation to emerge, perhaps in the form of ‘social enterprise’ units – a third way between public and private enterprise. In concluding, for Weeks the future of employee relations in the NHS should not be about looking up, but rather looking out and focusing on the role of employers in fostering the conditions for effective engagement.

**Q&A session for third stage**

The third stage Q&A began with a discussion around the feasibility of social partnerships in the NHS and to what extent success in the NHS could be attributed to collective voice mechanisms or enthusiasm of individuals. Weeks explained that social enterprises tend to be organisations that make relatively little profit or are voluntary organisations, but not charities as such. For example, in the NHS general practitioners who have traditionally been self-employed or on an individual basis grouped together could form a social enterprise. When questioned whether social partnerships could be developed, Weeks emphasised it was his personal opinion, but that yes, they could: if they were set up, they were likely to be welcomed by NHS Employers.

The second Q&A theme in this session focused on issues around recruitment strategies at G4S, potential interrelationship between performance and engagement and the potential influence of so-called ‘power-distance’ in different locations. Questioning also referred to minimum wage levels. With regards to the first point, Myles responded that there is little point in engaging someone who is not suitable for the job; however, the issue needed to be thought through, mindful of the point explicitly made that the jobs the company offers are not generally considered ‘career destination jobs’. In response to the second question, Myles replied that although empirical evidence in the sense of measurable performance indicators is lacking, anecdotal evidence about people’s experiences, satisfaction in G4S as a good employer and willingness to recommend the company to others in developing markets suggests that there is a link between engagement and performance. Finally, Myles asserted that she believes in the value of the minimum wage. Particularly in the security industry service, in choosing a security supplier clients were to be encouraged to reflect less on cost and more on the quality of service provided.
Fourth stage – the great debate

The session chair, Stephen Perkins, invited panellists to share their thoughts on the themes that had emerged during the day. Where did collective voice emerge from? What do we think voice is? What are the points where tensions potentially arise? Perkins reiterated that there appeared to be a lot of unstated assumptions about engagement. However, it seemed a reasonable assumption that producing sustainable solutions—involving employee voice—is in the interest of any organisation, however defined.

Nita Clarke, Involvement Participation Association, was the first to take the floor. Referring to John Hutton’s request for a review of government regulations, Clarke asserted that there was an acknowledgement of the regulatory burden on organisations. It was also recognised that, yes, there was engagement, but the question was what could the Government actually do? Clarke argued that first, government needed to put its own house in order, and second, to bring bodies and sectors together to achieve a focus. According to Clarke, tools were needed as enablers—such as case studies and guides—to help organisations support and increase engagement. Referring to Myles’ presentation, Clarke commended the comment that G4S conducted employee surveys internally, rather than outsourcing to consultants. She was also delighted to see debate beyond union voice; however, she expressed disappointment that unions had not fully taken on board the ‘voice’ agenda.

Perkins asked whether linking employer branding to employer voice could be criticised as naïve. Holbeche replied that perhaps, yes, employer branding had come about to attract talent and a host of ethical dimensions in terms of employee engagement might be identified as needing attention.

Paul Willman noted that it had been an interesting week at the LSE with many HR people coming for events: the presentations of the day seemed to present a microcosm of the debates had during the week. Willman asked the question—albeit somewhat tongue in cheek—should we be looking at the ‘soft stuff’ or at the ‘hard commercial stuff’? Employee voice is a concept talked about for some time, derived from academic debates around consumerism (paying customers voicing their feedback). Voice is something that helps out in the product market. Branding is about something that makes you pay more for something. Within the context of HR, people should be going to ‘branded’ organisations.
for less pay or better performance. So the issue then becomes the type of voice. Willman argued that the numbers showed that the union voice of the 1980s as having collapsed. But voice itself hadn’t and now employers were paying attention to it in different ways. Organisations were investing in managers to do it; however, such investment was with the ‘bottom line’ in sight, rather than the fulfilment of some kind of higher need. Willman added that non-union direct voice put substantial pressure on senior managers to ‘walk and chew gum at the same time’ – to do management and engage better simultaneously. Using direct voice mechanisms would require organisations to obtain better managers or train existing ones more effectively. Referring to WERS data, Willman concluded that union voice is associated with more conflict and less productivity, whereas non-union voice was associated with higher productivity.

In concluding the afternoon’s final session, there was a question on who is the recipient of value from employee voice. There was an argument that the efficient voice mechanisms should be valuable to both workers and employers; but it was reiterated that to achieve this aim voice has to be informed. Clarke pointed out that frequently employee forums ended up being more about ‘tea and toilets’ than actual informed debate about strategic issues resulting in real solutions. Taras said that ‘branding’ had not featured in the US or Canadian engagement rubric. Do employers exercise strategic choices in what voice mechanisms they will initiate or agree to in response to outside pressures? Final comments offered by Paul Gollan paid special tribute to the LSE for a decade of Voice and Value: interesting debates grow increasingly sophisticated!
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