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Employee Involvement

Information, Consultation and Discretion

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Glossary

ACAS – Advisory, Conciliation and Arbitration Service

CAC – Central Arbitration Committee

CIPD – Chartered Institute for Personnel Development

DTI – Department for Trade and Industry

EWC – European Works Council

Executive Summary

This report supplies findings of IES research on employee involvement. It is based on a review of literature in the field plus case studies of involvement arrangements in place in five organisations. The research took place in the context of the introduction of the Involvement and Consultation Regulations in April 2005. Under this legislation, all UK organisations with 150 or more employees which do not have information and consultation arrangements that are acceptable to their workforce can be required to revise their provisions. The Regulations will apply to organisations with 100 or more employees from April 2007 and 50 or more from 2008.

Although the new regulations include a default information and consultation model, they effectively encourage employers and employees in individual organisations to agree on arrangements which best suit their local circumstances. For this reason IES set out to explore the experience of organisations which already had in place employee involvement machinery, in order to determine lessons for other employers and employees.

Main findings from the research

Information and Consultation Regulations

The case study organisations were all companies with well-established employee involvement structures and as such they did not consider that the new regulations would have much impact on their own arrangements. However, there was general consensus that the Regulations offered other organisations the opportunity to reap the benefits of a more involved workforce –

benefits which each of the case study companies had already experienced.

Information

A range of measures for informing employees was in place in the case study companies. Methods of downward communication typically included a mixture of cascaded briefings, the use of employee representatives and direct face-to-face communication from senior management. Other methods of communicating to employees included informal networking and written communications such as newsletters, and information posted on notice boards or distributed by electronic means.

A number of issues arose from the research that organisations introducing information structures might want to consider. These included:

- the timing of information and the value of informing employees of plans and forthcoming changes as early as possible
- the need to distinguish material being supplied for information from that over which employees were being consulted
- the importance of lateral (across the organisation) alongside vertical communication.

Consultation and joint decision making

Structures for consulting with employees and their representatives and for involving them in decision making fell into the following categories:

- general consultation committees – here, a range of business and other issues were discussed with employee representatives before management made a final decision
- joint working groups, usually focusing on a particular issue and where the employees involved could have considerable influence on the outcomes
- direct consultation, allowing individual employees to make their views known on particular issues – this was typically achieved via face-to-face upward methods of communication between managers and employees or employee opinion surveys.

Discretion

Several of the case study organisations were seeking to empower employees by giving them greater discretion in decisions relating to their jobs. This form of involvement was found to be different in several important ways from the others described.

- It was more about cultural change, organisational practices and workforce structure than the establishment of employee involvement groups or schemes.
- It was not part of employee involvement strategy in all case study organisations.
- Even in organisations where increased employee discretion was given a high profile, it was normally only seen as an appropriate form of involvement for certain employees.

Organisations seeking to increase employee empowerment typically did so in order to increase efficiency by maximising the contribution of individual employees to the company. In addition, increasing discretion was seen as a way of improving job satisfaction and increasing the skills sets of employees.

Rationale and drivers of employee involvement

Most of the case study organisations had a long-standing tradition of high involvement management and were sufficiently convinced of the benefits not to conduct any systematic evaluation of impact. Nonetheless, they perceived various impacts of employee involvement, including:

- improved organisational performance, for example, as measured by reducing waste
- improved employee commitment to the change necessary for company survival and growth
- building employee relations based on a culture of openness and trust; one organisation in particular had experienced employee involvement as a way of avoiding acrimonious employee relations
- motivating employees and maximising their contribution to the organisation.

Employees' desire for involvement

A number of employee representatives were interviewed for this research and these were generally highly satisfied with the involvement arrangements in their companies. They also felt that involvement was valued by employees in general although there was considerable variation between individual employees in their commitment to, and interest in, involvement.

Employee involvement and industrial relations

All the case studies were of companies that were trying to move away from a 'traditional' reactive role for trade unions, to one where representatives were actively involved in the development of business plans and strategy. Trade unions were recognised in at least part of all the companies involved in this study and were seen as integral to the involvement and consultation processes. In contrast to other case study research, the trade unions at these organisations felt neither marginalised by the employee involvement initiatives, nor compromised in their roles as employee representatives by partnership working. In most cases employee involvement was seen to confirm and strengthen the role of trade unions within the organisation.

While in three cases, all the representatives involved in formal indirect consultation structures were trade union members, two companies had both union and non-union representatives. The reason for this was to ensure representation of non-unionised staff. This arrangement was accepted by the union representatives.

Success factors

The research identified a number of factors that contributed to the success of employee involvement initiatives.

- **Leadership** – the case studies showed the value of having a senior level champion of employee involvement in the organisation. It was also found to be important for other managers to lead by example in involving their employees. Finally, the need for employee representatives to be the effective leaders of those that they represented was also highlighted.
- **Consistency** – several respondents stressed the importance of a cohesive and consistent approach to employee involvement

which needed to be embedded in the general HR approach of the company.

- **Trust and openness** – the importance of trust, and the time involved in fostering trust between the parties was a common theme. Honesty in communications, even when the content was unpalatable, was seen as crucial in maintaining this trust.
- **Quality of individual relationships** – the success of consultation and partnership groups was seen as strongly linked to the quality of the relationships between those involved.
- **Training** – employee involvement presents considerable challenges to those involved and a number of respondents stressed the value of training both employee and management representatives in the issues to be addressed and in new ways of working.

1. Introduction: What is Employee Involvement?

In the face of constant pressure to increase organisational performance, a plethora of interventions have been adopted and developed 'to increase the effective use of human resources' (Hollinshead *et al.*, 1999). Among these are employee involvement initiatives, or high involvement work practices, concerned with harnessing employee potential and integrating it into business strategy, and aligning employee's interests with those of their organisation.

At the same time, high involvement work practices can provide an opportunity for employees to become more influential both in their immediate work organisation and in broader organisational employment policies. Further, although often seen to relate exclusively to the decision making process, the term 'employee involvement' is also used more broadly to include how employees identify with the organisation.

Thus, there are various aims of employee involvement initiatives, including: to increase motivation and commitment in employees; to channel their knowledge and skills to improve processes; to consider their interests and keep them informed of the organisation's activities and position. In order to achieve these aims, a diverse range of techniques are being used, including consultation committees, suggestion schemes, certain forms of teamworking, news letters and briefings.

Yet formal initiatives are not the only way employees can become more involved in the work of an organisation. For example, chatting to one's boss or supervisor may be a more

appropriate and effective channel for upwards communication than taking part in a suggestion scheme. Thus, it would be inaccurate to judge solely from the existence or absence of formalised procedures, whether or not employers somehow 'do' employee involvement. Rather, employee involvement should be analysed according to what areas employees are involved in, and the extent to which they are involved.

It should also be noted that employee involvement practices exist in organisations with a range of industrial relations cultures. Where organisations recognise trade unions for collective purposes, employee involvement arrangements may coexist alongside collective bargaining structures or overlap with them. Where they overlap, they can be seen to enhance the legitimacy of trade unions, or conversely as a means of reducing the influence of trade union representatives.

Employee involvement is not a management model that can be applied in a straightforward manner with expected results. Rather, it is a concept that can be put to practice in numerous ways to enhance people management.

This report presents five in-depth case studies of organisations with established and progressive employee involvement practices and relates them to existing literature on the subject. The report contains two main chapters: Chapter 2, which reviews the academic literature on employee involvement and the relevant UK legislation and discusses our concepts for analysis; and Chapter 3, which presents the case study methods and findings.

Although the report discusses respondents' opinions on how new legislation on information and consultation might affect their organisations, it is not a legal analysis of how their practices will stand scrutiny.

2. A Review of Existing Literature

2.1 Why involvement?

This section outlines the basic rationales and drivers for employee involvement initiatives, which will be discussed in relation to empirical evidence later.

2.1.1 The business case

Over the past two decades, intensified competition in the global economy has prompted an increasing number of British firms to adopt and develop a plethora of new management techniques aimed at improving performance.

The UK's productivity is substantially lower than that of France, Germany and the US: in terms of output per hour worked, each exceeds the UK by around 25 per cent (DTI 2002). Part of this can be explained by the corresponding skills gap between the UK and its main competitors.

'It has been estimated that the existence of poor skill levels among a sizeable proportion of the workforce not only accounts for up to a fifth of that productivity gap but also must share a responsibility for the country's comparatively low performance in levels of innovation and inadequate capital investment.'

Taylor 2003

In response, the UK government is promoting the development of 'high performance workplaces' in which knowledge, skills and creativity are developed and better utilised, leading to high-value-added enterprises and an increasingly knowledge-based

economy. Employee involvement is a key element in this. The business principle is threefold.

- Employees' knowledge and skills can be better utilised to create a more efficient, flexible and dynamic organisation.
- A high degree of involvement makes employees feel more valued and increases both their commitment to the organisation (*ie* retention) and their dedication to performing the work itself.
- Employee involvement is seen to minimise conflict in employment relations by building and strengthening employer-employee co-operation based on interdependence and mutuality. In this way, employee concerns are aligned more closely with business need.

2.1.2 Direct benefits to employees

The most commonly cited direct benefits to employees of being more involved in their organisation are: more influence over their work; higher job satisfaction; increased opportunity for skills development; and knowledge of, and influence over, the general employment situation.

Under the new Information and Consultation Regulations, employees can invoke legal rights to certain types of involvement in the organisation. This is primarily designed to uphold some of these direct benefits. For example, it is considered 'simply not acceptable for employees to hear on the media for the first time that they are going to lose their jobs' (DTI 2002).

2.1.3 Indirect benefits to employees

It is often argued that benefit to employees naturally follows on from the business benefits of employee involvement (Stewart and Garrahan, 1995). Probably the most common assertion is that employee involvement will enhance efficiency and performance, leading to business success, which will lead to greater job security.

2.2 Types of employee involvement initiative

Employee involvement techniques are often categorised according to a continuum of the *degree* to which employees are involved in decision-making processes, from (a) information

(downward communication)¹ to (b) consultation (upward communication) to (c) joint decision making to (d) employee control (Blyton and Turnbull, 1998; Marchington *et al.*, 1992).

Although theoretically distinct, in practice, joint decision making overlaps with both consultation and employee control. For example, there is a grey area between employees advising management on factors for consideration and exercising a degree of authoritative persuasion. Further, whether a body practices joint decision making or consultation may depend on the nature of the subject being discussed. Therefore, we base our conceptual framework on different *processes* of employee involvement, rather than the degree of influence or involvement.

Further, initiatives that purport 'employee control' include task discretion and the delegation of decisions normally the remit of management (*eg* work organisation). Yet the term 'control' is somewhat misleading, as the freedom to employees tends to be clearly demarcated and limited. In the case of task discretion, employees may be simply choosing from a number of predetermined options, and few employee involvement initiatives will preclude managerial involvement in decision making. The term 'discretion' is thus preferred to 'control'.

Thus, for the purposes of this report, the three main types of employee involvement initiative are identified as information (downward communication); consultation and joint decision making; and increased discretion within job roles. Their common channels and remits, which may overlap, are shown in Tables 2.1 and 2.2 and discussed below.

2.2.1 Information

The aim here is to enhance downward communication from management by systematising the information received by employees. This may be done by various means, including notice boards, daily briefings led by a team leader or supervisor, joint consultation committees, newsletters and annual assemblies, depending on the type of information and managerial preference.

¹ In line with terminology presently used by the DTI, we will use 'information' to mean specifically downward communication with employees.

Table 2.1: Common channels of types of employee involvement initiative

Information	Consultation & joint decision making	Discretion
General assemblies	Employee surveys	Autonomous work groups
Group briefings	Consultation committees	Teamworking
Consultation committees	Working groups	
News letters	Group briefings	
Notice boards	Quality circles	
	Suggestion schemes	
	Kaizen (continuous improvement)	
	Total Quality Management	

Source IES, 2005

Normally more contentious than the means of delivery of information is *what information* should be divulged on managerial decisions and organisational performance. Tension occurs when such information is sensitive and directly affects the workforce. In this situation, the degree of sensitivity and the seriousness of the effect on the workforce should be assessed, building up a picture of the likely results of divulging or withholding the information.

2.2.2 Consultation and joint decision making

Consultation and joint decision making both aim to enhance decision making processes by drawing upon employees' expertise and considering their interests. Employees may be consulted indirectly (*ie* through representatives) or directly (*eg* through opinion surveys).

The direct benefits of consultation and joint decision making are threefold: latent knowledge can be harnessed to improve organisational performance; positive changes to the working life of employees can be sought and negative changes mitigated; and it can be ensured that the opinion and interests of employees has been given due consideration. Indirect benefits may also be had: high performance may lead to improved job security or higher

Table 2.2: Common remits of types of employee involvement initiative

Information	Consultation & joint decision making	Discretion
Business decisions that affect the workforce	Business decisions that materially affect the workforce	Work organisation
Performance targets	Ideas for business improvements	Quality inspection
Performance results	HR policies and practices	Routine decision making
	Ideas for improvements in working environment	

Source: IES, 2005

pay, and high morale and a highly engaged workforce may reap performance benefits.

These forms of employee involvement can occur through suggestion schemes, quality circles, problem-solving groups (such as *kaizen*, or continuous improvement programmes), total quality management, daily briefings and consultation committees, depending on preference and the type of information sought. The degree to which certain processes can be considered consultation or joint decision making often depends on the nature of the subject matter. For example, a working group may be charged with putting forward *recommendations* on a broad matter of high importance; alternatively, it may have a narrower remit and more power to actually take decisions.

2.2.3 Discretion

Here there is a transfer to employees of duties that would normally be the remit of management or other employees. The aim can be to maximise the contributions of employees according to their existing proven abilities, or to develop a higher-skilled, more innovative, or more flexible workforce. The main mechanisms for initiating high levels of discretion are outlined below.

Autonomous work groups

Autonomous work groups, closely related to the Scandinavian 'humanisation of work' movement, denote a high level of discretion normally coupled with job rotation and multi-skilling. Autonomous work groups are exemplified by Volvo's Uddevalla and Kalmar plants where, 'In a typical example, a group of nine workers assembled a car from beginning to end' without the need of a supervisor (Sandberg, 1995).

Job rotation and multi-skilling are key to autonomous work groups, enabling employees to be instrumental in developing organisational flexibility (Mason, 1999). They also directly benefit employees by making the work more interesting, and encourage employees to feel more involved in the work of the organisation, thus leading to greater engagement.

Teamworking

Certain types of teamworking reflect autonomous work groups, giving employees discretion over their work organisation and pace. Team members may also be given responsibility for quality inspection and other routine decision making.

Contrasting to this are Japanese-style 'lean teams', most common in the manufacturing sector, with team leaders presided over by supervisors. Such teams are often subject to 'the minute description and rigorous regulation of work through standard operating procedures', which in turn are subject to *kaizen* (continuous improvement) techniques (Proctor and Mueller, 2000). Here, the discretion lies solely with the team leader.

2.2.4 'Other' employee involvement initiatives

As mentioned previously, the language of 'involvement' is not only used for practices that bring employees closer to decision making processes. It is also used to describe practices that aim to increase motivation and organisational commitment through other means. This is often done through reward, including performance-related pay and employee reward schemes, or employee share ownership schemes (see Reilly, 2003 and 2005).

2.3 Relating employee involvement to other concepts

2.3.1 Participation

The term 'employee participation' is sometimes used interchangeably with 'employee involvement'. Others have seen a continuum in which employee involvement can be described as 'the lesser form of participation' (Davies and Freedland, 1984). Hyman and Mason distinguish the two on the basis of emphasis. Employee 'participation' is more strategic and invokes 'the rights of employees to question or influence the directions taken by their organizations'; employee 'involvement', on the other hand, is more operational and focuses on maximising the contributions and performance of individuals (Hyman and Mason, 1995).

For the purposes of this paper, we make no clear distinction between employee involvement and participation. Our primary concern is with the effectiveness of different processes for different uses, while recognising that the degree of employee influence varies according to the subject matter in question.

2.3.2 Empowerment

'Empowerment' is another term sometimes used in connection with employee involvement and relates in particular to the scope for employees to use their discretion in local decisions. However, care should be taken because empowerment can imply substantial employee control and freedom: as such, it would be of genuine relevance to only a few employee involvement initiatives, such as autonomous work groups. Thus, we tend to use the term 'discretion' for initiatives that give employees increased responsibility and power within a defined remit.

2.3.3 Engagement

As an HR concept, 'engagement' is used to describe 'a positive attitude held by the employee toward the organisation and its values', covering awareness of business context and dedication to improving performance (Robinson *et al.*, 2004). It links closely to the notion of organisational citizenship behaviour and overlaps with the more cultural side of employee involvement, where

employees take great interest in their work and identify with the work of the organisation. Consequently, developing employee involvement initiatives may be an important precursor to improving employee engagement.

2.3.4 Partnership

Partnership working and enterprise-union partnership agreements are sub-sets of employee involvement. Partnership refers to employers and employees or their representatives working in a collaborative way to take decisions and plan action. Mutuality is central to the concept of partnership, which relates closely to the notions of 'social partners' and 'stakeholders'. Partnership can take shape in a formal agreement between an employer and a trade union, but it is also used to refer to a way of working in co-operation (Reilly, 2001).

Findlay *et al.*, (2002) identify three aims that are integral to the ideology of enterprise-level partnership:

- an acceptance 'that the interests of other parties are distinctive and can be pursued legitimately'
- an acknowledgement that mutual gains can be feasibly pursued by employers and employees
- recognition that both parties must be committed to co-operation and building trust in the workplace.

There can, of course, be tension between the first of these and the latter two. The difference partnership makes is argued to be a shift from 'co-operation within a (sic) adversarial context to constrained conflict within a co-operative framework' (Haynes *et al.*, 2001).

Collective bargaining

Collective bargaining is fundamental to the work of trade unions. In contrast to elsewhere in Western Europe, where legislation plays a greater role in employment relations, Britain's voluntarist tradition has made collective bargaining 'the principal source of norms governing wages, working time and other terms and conditions of employment for most workers' (Deakin and Morris, 2001). It can also be used in conjunction with legal representation to help employees enforce their rights.

Collective bargaining can be distinguished from employee involvement because it is uniquely concerned with employee interests, rather than contributing to the business of an organisation. However, subjects normally the remit of collective bargaining, such as pay and conditions, can be the focus of employee involvement initiatives, in particular consultation committees and enterprise-union partnership. Here, collective bargaining and employee involvement may overlap, as trade union representatives can further the interests of their members while discussing the betterment of the organisation's business.

2.4 Legislation on information and consultation

Until recently, general UK legislation on information and consultation has been quite limited. The three main areas covered have been redundancies, health and safety and collective bargaining. Employers are obliged to inform and consult their workforce over plans for collective redundancies under the Trade Union and Labour Relations (Consolidation) Act 1992 and the Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 1987. Under the Health and Safety (Consultation with Employees) Regulations 1996, all employees must be consulted by their employer on health and safety at work, either directly or through elected representatives.

Legal requirements on collective bargaining are slightly more open to interpretation. Under the Employment Protection Act 1975, employers are obliged to disclose to unions that information which is relevant to collective bargaining *and* sufficiently important that the union would be 'materially' disadvantaged without it. However, information may be withheld on the grounds of confidentiality, covering information whose disclosure could be detrimental to the undertaking, information that was given in confidence, and personal information (*eg* performance-related pay).

Since January 2000, more extensive legislation on information and consultation has existed specifically for 'large companies that have

a trans-European presence'¹ (DTI 2003a), under the European Works Council (EWC) Directive. This requires employers to inform and consult employees on a range of areas, including terms of employment, working conditions and workforce change. Strictly speaking, the legislation is only applicable to transnational issues, but the boundary between transnational and local can be blurred and contentious when looking at certain issues, such as plant closures or pay.

Information and Consultation Regulations

This legislation has now been expanded to incorporate UK-based organisations. In July 2001, the UK government agreed to an EU Directive on minimum standards of information and consultation in undertakings of 50 or more employees. The 2005 Information and Consultation Regulations form the corresponding UK law and are being implemented in stages, applying to organisations with 150 or more employees from April 2005, 100 or more employees from 2007 and 50 or more employees from 2008 (DTI, 2004).

The Information and Consultation Regulations include standard provisions stating how and on what matters information and consultation are to be conducted. However, the general tenor of the legislation emphasises employers working out, in agreement with their employees, the most appropriate way to develop employee involvement. The standard provisions do not apply if alternative arrangements are agreed or if an organisation has pre-existing arrangements that are acceptable to the workforce.

The government states that the principle reason for this is to ensure that that new legislation 'facilitates rather than hinders the creation of high performance workplaces' and especially that it does not obstruct existing good practice (DTI, 2003b). The precedence given to alternative or pre-existing arrangements also places the regulations within the voluntarist tradition that has presided to date. In advising on the 1975 Employment Protection Act, the ACAS Code of Practice emphasises that employers and employee representatives

¹ The legislation applies to 'undertakings or groups of undertakings with at least 1,000 employees across the Member States of the European Economic Area (EEA), and at least 150 employees in each of two or more of those Member States' (DTI 2003a).

'... should try to reach their own understanding as to how the duty to disclose can best be fulfilled, in contrast to the adversarial approach of the statute (which the CAC has attempted to minimalise) which seems to cast the employer in a role of 'reluctant divulger of secrets rather than active participant in information transmission.'

Gospel and Willman (1981)

The Information and Consultation Regulations stipulate that employers must open negotiations to reach an agreement on information and consultation when 40 per cent or more of employees endorse a request made by ten per cent. This ten per cent need not be a 'one off', but is measured over any six-month period. Negotiations may lead to agreement for a new process or agreement to keep the pre-existing arrangements.

If no agreement is reached, the standard provisions will apply. These require the employer to appoint one information and consultation representative for every 50 employees.¹ They are to be elected by the employees in a ballot which the employer is bound to arrange. The employer must provide the representatives with information on the following three areas and consult them on the latter two:²

- the development of the organisation's activities and economic situation
- the development of employment, 'in particular, where there is a threat to employment within the undertaking'
- 'substantial changes' in work organisation or contractual relations.

Sufficient information must be provided in time for the representatives 'to conduct an adequate study and, where necessary, to prepare for consultation'. In consultation, representatives must be allowed to meet with the relevant manager(s) and receive 'a reasoned response' from the employer. Consultation on the last point above must be undertaken 'with a view to reaching agreement'.

¹ or part thereof, with a minimum of two and a maximum of 25 representatives

² For a full text on the standard provisions, see Article 20, DTI (2003a).

Although some form of information and consultation procedure must be adopted, there is a very broad scope within which to work. The general aim is to ensure minimal levels of employee involvement and encourage high involvement work practices: the standard provisions should act as default option on which to fall back, should employers fail to develop sufficient structures and practices for employee involvement.

Thus, the main role of DTI and ACAS will likely be less in applying and enforcing a host of rules than in promoting and guiding on good practice. In all likelihood, the legislation will operate in a similar way to that on EWCs, which works to a similar principle:

'In practice few, if any, EWCs in the UK have been set up under the statutory model. However, it is understood that the provisions of many agreements follow the statutory model quite closely.'

DTI (2003a)

Nonetheless, there is evidence that already, over the last few years, some UK employers have responded in anticipation to the regulations. In a recent survey of 160 organisations, over half of those that had permanent consultation bodies had established them since 2001 (Welfare 2005). Almost a third of employers 'had sought the agreement of their workforce that current information and consultation arrangements were satisfactory, and a further 14 per cent planned to do so'.

2.5 Employee involvement practices in the UK

How have employee involvement practices developed in the UK? This section discusses some of the empirical research on how far we have got to go, both to meet the requirements of the directive and to develop high performance HR practices.

2.5.1 Information

The Workplace Employee Relations Survey (WERS) evidences the widespread occurrence of a range of communication techniques. From its interviews with managers, WERS 2004 indicates that 91

per cent of workplaces with ten or more employees¹ have meetings with the entire workforce or team briefings; 64 per cent use the management chain in a systematic way; and 45 per cent have regular newsletters distributed to all employees (Kersley *et al.*, 2005).² Comparison with WERS 1998 and WIRS (Workplace Industrial Relations Survey) 1984 and 1990 shows a steady increase in these figures (Cully *et al.*, 1999). The latest WERS also evidences the occurrence of various other methods of disseminating information to employees: 74 per cent of workplaces use notice boards; 38 per cent use e-mail; and 34 per cent use intranets (Kersley *et al.*, 2005).

The types of information given to employees vary. WERS 2004 indicates that 41 per cent of workplaces disclose information on investment plans; 55 per cent the financial position of the workplace; 51 per cent the financial position of the organisation; and 64 per cent information on staffing plans. Compared with WERS 1998, there have been slight decreases in information on investment plans and the financial position of the workplace; a sizeable (15 per cent) decrease in information on the financial position of the organisation; and in the private sector, a slight increase in information on staffing plans.

Evidence from the employees' point of view also suggests a generally positive story. A 2001 survey carried out by the Chartered Institute of Personnel and Development shows that 85 per cent of employees felt their organisation kept them informed of business developments (Felstead and Gallie, 2002).

2.5.2 Consultation

Consultative techniques are less widespread but nonetheless occur in a substantial minority of workplaces. WERS 2004 evidences that 14 per cent of UK workplaces have formal joint consultative committees and 25 per cent of workplaces have off-

¹ All WERS figures given here are for workplaces with ten or more employees and derived from interviews with managers.

² It should be noted that there are substantial variations in many of these figures between public and private sector organisations (see Kersley *et al.*, 2005). In general, public sector organisations have more methods of communication and disclose information over more areas.

site committees, operating at a higher level in the organisation. Consultation committees are 'much more common in larger workplaces than in smaller workplaces, where direct consultation with all staff is more feasible' (Kersley *et al.*, 2005). Thus, while only 14 per cent of workplaces have joint consultative committees, this covers 42 per cent of UK employees.

Consultation committees discuss a range of topics, including (Kersley *et al.*, 2005):

- future plans (81 per cent of consultation committees)
- work organisation (81 per cent)
- employment issues (78 per cent)
- production issues (71 per cent)
- financial issues (65 per cent).

WERS 2004 also looks at direct ways of consulting employees (Kersley *et al.*, 2005): 21 per cent of workplaces have problem-solving groups involving non-managerial employees, an increase from an estimated 16 per cent¹ in 1998; 30 per cent operate a suggestion scheme, approximately the same number as 1998; and 42 per cent conduct employee opinion surveys.²

As with information initiatives, the incidence of consultation initiatives varied considerably by industry, sector, organisational status and the size of the organisation and workplace. For example, in WERS 1998, only 21 per cent of construction companies had problem-solving groups compared with 54 per cent of electricity, gas and water companies (Cully *et al.*, 1999). Overall, smaller workplaces and organisations, and stand-alone workplaces had fewer initiatives, than workplaces that were part of a larger organisation.

Evidence from employees supports the general incidence of effective consultation. In the 2001 CIPD survey, 76 per cent of employees thought they had 'sufficient opportunity to express their views and raise concerns about their work on all or most occasions' (Felstead and Gallie, 2002).

¹ This figure is estimated because a change of wording in the WERS questionnaire means that direct comparisons are not robust.

² There are no comparable figures from WERS 1998.

Using the Skills Survey to compare employee influence in 2001 with that in 1992, Gallie *et al.* (2002) show that there had been a small but statistically significant improvement in this period. There was a decline in the proportion of employees who reported having no real influence over their work organisation, from 50 per cent to 47 per cent. Equally, there was an increase in the proportion of employees who felt they had a lot of influence from 32 per cent to 36 per cent.

2.5.3 Discretion

Measuring employees' perceptions of their work, the Skills Survey suggests that from 1992 to 2001 there was a marked decline in employee discretion (Gallie *et al.*, 2002). A striking example is the drop in the proportion of employees that felt they had 'a great deal of influence over how hard they worked', from nearly three-quarters (71 per cent) to just over half (51 per cent). Considerable decline also occurred in employee influence on what tasks they did and how they did them, and the quality standards to which they worked.

Initial findings from WERS 2004 do not give any indication of the levels of discretion *per se*, but do indicate the prevalence of forms of work organisation that are associated with higher levels of discretion.¹ Thus, 72 per cent of workplaces organise some core employees in formally designed teams and 66 per cent train employees to be functionally flexible (Kersley *et al.*, 2005). These figures show slight declines from WERS 1998 figures of 72 per cent and 69 per cent respectively. However, there has been a corresponding increase in the proportion of workplaces that train core employees in team-working, communication or problem-solving skills, from 41 per cent in 1998 to 48 per cent in 2004.

2.6 The effects of employee involvement

The effects of high involvement work practices can be difficult to measure. Firstly, many of the labels and measures are

¹ However, it is not *necessarily* the case that the following practices involve high levels of discretion. For example, teamworking and task flexibility may lead to intensification and not increased discretion (Danford, 1998).

subjectively applied. The term 'teamworking', for example, may mean different things in different organisations and even between different departments of the same organisation (Proctor and Mueller, 2000; Gifford, 2003). Secondly, bottom-line performance measurements have multiple causes and any cause-effect relationship with employee involvement can be difficult to establish.

Nonetheless, taken collectively, research provides fairly conclusive evidence on the main effects of employee involvement initiatives, at least when combined with other high performance work practices. This section outlines some key research findings.

2.6.1 Performance

Research on employee involvement has used different indicators of its effects on performance, including those close to the worker (eg commitment and team production rates) and macro outcomes (eg share values). Yet the effects of individual practices are often hard to measure, as they are often adopted as part of a bundle of high performance work practices.

Nonetheless, there is consistent evidence from studies using a wide range of methodologies that high involvement work practices can significantly and considerably enhance performance (Tamkin, 2004; Cappelli, 1999). Improvements 'range from improved quality and higher productivity to lower scrap rates, lower turnover, and higher levels of customer satisfaction' (Pil and MacDuffie, 1999).

More specifically, a study by Ciavarella (2003) shows that the adoption of employee involvement practices 'early in the organization's life' can lead to performance gains, by extending growth periods and delaying or negating 'unwanted stages such as maturity and decline'. High degrees of employee involvement have also been shown to be one of the key factors that positively impact on the effectiveness of training (Kontoghiorghes, 2001). And evidence on eight US companies from Cappelli and Rogovsky (1998) demonstrates that employee involvement in work organisation can increase organisational citizenship behaviour – that is, 'discretionary behaviour that promotes the organisation and is not explicitly rewarded'.

2.6.2 Direct benefits to employees

There is evidence that employee involvement practices can directly benefit employees, but the relationship is not straightforward. For example, Forth and Millward's (2004) study shows that in the British private sector, high involvement work practices are associated with higher pay when they are coupled with job security guarantees. Their research suggests that employees at workplaces with high-involvement management have a pay premium of approximately eight per cent over comparable employees in 'workplaces adopting a more traditional approach'.

Research has also consistently shown that the level of influence employees have on their job, which increases with certain employee involvement initiatives, positively relates to job satisfaction (Cully *et al.*, 1999). However, a more detailed study by Rose (2003) suggests that employee involvement strongly relates to wellbeing only 'in a negative sense', in that a lack of involvement relates to low job satisfaction. High degrees of involvement do not contribute as much to job satisfaction as other factors, such as the terms of the employment contract. Therefore, on the one hand, the benefits to employees of high involvement work practices should not be overstated, but on the other hand there is a case for protecting employees against 'non-involvement'.

Nonetheless, scepticism of new management initiatives is not uncommon: just as they can be championed as necessary modernisation and a win-win formula they can be criticised as a ploy to intensify work and subjugate employees and trade unions (Delbridge, 1998). Danford's (1998) study of teamworking in the autocomponents industry is an example where such scepticism is justified. Here, the small-scale introduction of autonomous work groups was used to eliminate 'traditional' practices that gave shop stewards and long-serving employees line seniority. Having dismantled 'such rank and file control', the teams were made non-autonomous to regain managerial control. Teamworking thus did not lead to empowerment and increased job satisfaction as commonly hoped, but intensification and multi-tasking (though not multi-skilling).

2.6.3 Indirect benefits to employees

The unitarist notion that *for the good of the organisation is for the good of all* is often used by managers attempting to bolster support for employee involvement. Employees are told that through improved organisational performance, their increased involvement will lead to improved wages, job opportunities and security. However, evidence is inconclusive to say the least on whether employees actually benefit from employee involvement in this way, as the effect can be outweighed by other business pressures.

Firstly, without financial involvement (*eg* profit sharing), the effects of improved performance may be too far removed to be felt by employees. For example, although employee involvement may have an indirect positive effect on job security, the link is slight and any effect is likely to be small in comparison with more direct external effects, such as changes in the national economy. A case in point is Volvo's Uddevalla plant, which closed down despite the success of its high-involvement work practices, because Volvo needed to close a plant of that particular size (Sandburg, 1995).

Secondly, for indirect benefits to be substantiated, an employer may be expected to back them up and demonstrate commitment to them, for example by giving job security guarantees. Yet Findlay *et al.* (2002) note of partnership agreements that, although employees may 'accept the link between company performance and employment security', the latter is more often than not conditional upon the former: there is no straight exchange of job security for flexibility arrangements.

2.7 Success factors in employee involvement

This section looks at factors that have been identified as being key for the success of employee involvement initiatives.

2.7.1 Integration into the normal work routine

Evidence suggests that employee involvement initiatives are more successful when they are integrated into the normal work

routine. Hill (1991b) argues that the British adoption of quality circles largely failed because they were used in parallel to the normal work routine, as voluntary meetings outside work hours. The successful Japanese model upon which it was loosely based, on the other hand, integrated mechanisms such as quality circles into the existing, normal structures of work. This led to Total Quality Management, which made employee involvement a regular and compulsory part of the work system.

Similarly, Gifford's (2003) research shows how a 'bolt on' suggestion scheme became sidelined in favour of promoting employee involvement through teamworking arrangements. This proved a more successful way to engage employees in making technical improvements.

2.7.2 Internal fit

Another important aspect of employee involvement initiatives is that they form part of a cohesive whole. Ichniowski *et al.* (1996) argue that a primary factor in the effect employee involvement has on performance is whether there is a complementary system of innovative work practices. Bundling employee involvement initiatives with supporting management practices was seen to increase their effectiveness.

'Workers cannot make good decisions without sufficient information and training, and they are unlikely to make suggestions if they feel this will cost them their jobs or reduce their pay.'

Ichniowski *et al.* (1996)

As well as being supported by the procedures that surround them, employee involvement initiatives must be seen to be consistent with managerial behaviour. Of particular importance is the role of middle managers, which is pivotal to employees' experiences of and reactions to employee involvement initiatives (Hill, 1991a; Fenton-O'Creevy and Nicholson, 1994). This is supported by research by Pun *et al.* (2001), who found that 'management commitment, rewards and motivation were the most critical factors' in the success of employee involvement.

2.7.3 Taking care with terminology

Related to this, for employee involvement to be taken seriously by a workforce and not be dismissed as 'just another HR catchphrase', it is important to be clear about how the term is to be used. Indiscriminate and imprecise use of the language of 'involvement' can lead to confusion as to what is referred to and perhaps scepticism that it is a meaningful concept.

This was seen in Gifford's (2003) case study, where managers used the terms such as 'involvement' and 'engagement' interchangeably and ambiguously, giving mixed messages. In a study by Edwards and Collinson (2002), managers were found to consider 'involvement' a more useful term than 'empowerment', because it is focused on business needs and was thus a more honest and realistic depiction of pragmatic managerial aims.

2.8 What role for trade unions?

The dangers of management-devised employee involvement techniques to the trade union movement are well documented (Ackers *et al.*, 1996). On the one hand, the role of representatives can be marginalised by direct consultation with employees over issues that would normally be the remit of collective bargaining (Hyman and Mason, 1995; Lloyd, 2000). Although this is arguably a managerial response to increased individualism in employees, from a trade union's perspective, direct and individual consultation with employees can compound the move away from collectivism and reliance upon representatives.

On the other hand, becoming more involved in the business side of an organisation can also be dangerous for trade unions. The biggest fear is that, in signing a partnership agreement or becoming involved in a consultation committee, trade unions may lose sight of their original agenda of direct employee interests and become incorporated into that of the employer (Kelly, 1996). A union officer in Bacon and Storey's (1996) case study put it that:

'Basically I am a negotiator and it's difficult to switch to strategic involvement as the two roles are quite different. For example, I have recently been involved in a management authorisation focus group. We sat there and made our input, but it is very difficult

not just to be raising problems. It is difficult to just look at the theory and methods. I have found myself at the cross-roads of being an extension of the management system. I've found myself voting for things in meetings which are likely to compromise me at a later date. I would accept proposals at the planning stage which as a negotiator with a brief I would oppose. It is difficult to ride the two horses. If we can clear up our role in the strategic framework then it may become clearer.'

Bacon and Storey (1996)

Yet there can be persuasive arguments for trade unions to face this challenge of adapting their role: in refusing partnership, they may be missing an opportunity for increased influence or even shunning a lifeline for survival. In Marks *et al.*'s (1998) case study of the Scottish spirits industry, it was openly recognised by both management and trade union that the union had 'little alternative' to accepting the partnership agreement, 'if they were to maintain any role in the organisation'. One manager said:

'They [the unions] had an option of saying no thanks, in which case we would go straight to the employees, which we did anyway ... our employees choose to be members, but to be honest, if they [the unions] don't play the game, then their fear of being marginalized will be realised by them.'

Marks *et al.* (1998)

There are other reasons for trade unions to take a more active role in employee involvement. Forth and Millward's (2004) study, mentioned in section 2.6, indicates that influential trade unions can heighten certain benefits to employees of high involvement work practices. Specifically, their evidence suggests that the pay premium (approximately eight per cent) that is attributed to high-involvement management is increased when an influential trade union is present.

Equally, unions can act as a check on employee involvement initiatives for potentially detrimental effects on employees. For example, in Gifford's (2003) case study of an assembly plant, it was feared that an employee involvement initiative that entailed filming work processes could lead to job timing and intensification. To ensure that this did not occur, the trade union negotiated that complete ownership of the videos was given to the workgroup and that management could watch them only with the group's permission.

3. Case Studies

In this chapter, we set out the findings of our case study research in five organisations that have well established employee involvement strategies.

3.1 Introduction

3.1.1 Methodology

The participating organisations were:

- Case Study A: a food manufacturing plant that is part of a UK multinational enterprise
- Case Study B: the UK branch of a multinational pharmaceutical
- Case Study C: the UK branch of a multinational bank
- Case Study D: a UK supplier of products and services to the hospitality and leisure market
- Case Study E: a UK financial services company.

Our unit of analysis varied between case studies, depending on how centralised employee involvement initiatives were within the organisation. For example, in Case Study A we took a micro view of one establishment, because most employee involvement initiatives were organised at plant level.¹ Case Study E, on the other hand, managed all employee involvement through a

¹ There were, however, similarities running through the UK branches of the parent organisation and different sites were brought together in national and European consultative bodies.

national partnership agreement with the trade union, so our unit of analysis was the UK organisation. In Case Study B, where a plant-specific partnership initiative was being rolled out, we looked at both individual plants and the national framework.

Semi-structured interviews, mostly face-to-face and some by telephone, were conducted between December 2004 and March 2005. The interviewees were:

- Case Study A: the Manufacturing Manager, the HR Operations Manager and two employee representatives, one of whom was also a trade union representative
- Case Study B: the Employee Relations Manager, a blue-collar employee representative and two white-collar employee representatives, one of whom was also a trade union representative
- Case Study C: the Employee Relations Director, a line manager and the union National Secretary for the bank
- Case Study D: the Business Director, the HR Manager and a trade union representative
- Case Study E: the Employee Relations Manager and the trade union National Secretary for the company.

3.1.2 Structure of report chapter

This chapter begins with a section describing how the case study organisations thought the Information and Consultation Regulations would impact on them.

There are then four sections that describe the types of employee involvement initiative present in the organisations and discuss issues identified by respondents. The first three concern employee involvement in decision making (information, consultation and

delegation) and the fourth concerns other measures to increase employee involvement.¹

This is followed by sections on the rationale and drivers of employee involvement initiatives; employees' desire for increased involvement; the position of trade unions to employee involvement; and success factors and challenges in employee involvement.

Finally, there is a section giving an overview of each of the five case study organisations.

3.2 Information and Consultation Regulations

The case studies are of companies with well established employee involvement traditions, chosen for exhibiting good practice and having practical experience of developing employee involvement initiatives. Thus, we would not expect the Information and Consultation Regulations to lead to any major changes in the case study organisations, because of the clause that gives priority to pre-existing arrangements.

However, it should be noted that this study is not a legal evaluation of whether the organisations meet the requirements of the new regulations. Therefore, we cannot conclude that there will be no impact from the legislation: instead, we discuss the organisations' understanding and perceptions.

3.2.1 Anticipated effect of legislation

All the case study organisations were essentially unconcerned about the Information and Consultation Regulations, which they expected to have a small or negligible impact on their organisations. Interviewees were confident that, in all or most areas of the legislation, their existing arrangements would go beyond the

¹ Although we distinguish between information, consultation and discretion in employee involvement, the case study initiatives do not always fall into a single one of these categories. Rather, the purpose and effect of an initiative may lie across these categories. The same initiatives are thus mentioned in different sections as they illustrate different processes and relate to different aspects of our conceptual framework.

minimum requirements. Most interviewees expressed the view that the regulations essentially targeted organisations whose practices do not meet a desirable standard. The Employee Relations Director in Case Study C went as far as to say that the regulations would turn out to be 'a damp squib' for most large employers. She thought that, as with many feared pieces of legislation, it would not impact 'in the slightest' on what they do.

However, awareness and understanding of the regulations varied across the organisations. At the time of interviewing, Case Study A admitted that they were not entirely familiar with the content of the legislation. In Case Study E, on the other hand, the company and trade union had discussed the regulations and agreed that the existing arrangements were sufficient. Case Study B had issued some internal training on the regulations, to raise awareness among employee representatives and managers.

One employee representative at Case Study B, who was reasonably familiar with the regulations had flagged up the timing of informing and consulting employees as an area to check. He thought that his organisation may have to review their policies on early involvement in certain types of issues.

3.2.2 Responding to the legislation

There was a common opinion that organisations with no existing information and consultation arrangements should view the regulations as an opportunity to reap the benefits from increasing employee involvement, rather than an imposition or hindrance. Thus, it was thought that organisations would disadvantage themselves if they did not attempt to go beyond the minimum requirements.

Some informants held this view particularly strongly, as illustrated by an employee representative from Case Study B. He recalled that at a national forum on the Information and Consultation Regulations, a delegate suggested that it might be best not to agree procedures with the workforce but to introduce it at the lowest level possible, as cheaply as possible and with no involvement of unions.

'I said, "Well, fine, but that's a guaranteed way of making sure you end up with the worst possible system in the world. You'll alienate the staff, you'll alienate the unions, you'll end up with a

rubbish system and no one will be talking to each other. You'll just be shouting across the table".'

Employee representative, Case Study B

3.3 Information

This section reports on the channels used to inform workforces of issues facing the organisation, planned initiatives and changes and performance targets and results. Generally, the case study companies thought that the level of communication in their organisation was good, despite a common feeling that employees sometimes felt under-informed or misinformed. A fairly typical view was:

'We can always be better. In any employee survey, it always says that communication could be better, but honestly, it's far far better these days than it was ten, 20 years ago.'

Manufacturing Manager, Case Study A

3.3.1 Channels of downward communication

Cascaded briefings

A common form of face-to-face communication was the use of team briefings to cascade information through the organisation and to focus on local issues.

In Case Study D, team briefings were seen as 'very much part of the fabric of what we do', being a social event and an opportunity for upwards communication as well as a channel for downwards communication. Briefings typically took place once a month at the end of the working day, when the drivers had returned to base. Food and drinks were provided and an informal social evening often followed.

Case Study B recognised the challenge of fully engaging employees (both the recipients of information and the managers who provided it) in this process. Their quarterly briefs comprised 'a package of information' for managers to give their juniors. However, there had been a concern from employee representatives that the information was often poorly delivered and, for this reason, the process had been adjusted and junior and middle managers received training for cascaded briefings.

Direct communication from senior management

Another main type of face-to-face communication was direct communication from senior management, which occurred most frequently at company general meetings. However, Case Study D integrated this type of communication with the team briefing system. This was done through a rolling programme of 'away matches', whereby every other senior management team meeting was held at a local site. The managers were then included in team briefings and led a Q&A session, for which employees were encouraged to give prior thought to the questions they wished to put forward. Most sites were visited in this way once every two years and the largest sites once a year.

In Case Study B, an employee representative thought that in many cases, high level communication was more effective than using a trickle-down process. He said that sometimes, in order for senior management to convey the message that they want,

'... they've got to do it themselves ... Far too often ... I've heard it at the top level and then I get it at the low level, and the message can be quantitatively different and qualitatively different.'

Employee representative, Case Study B

He also thought that the status of the person talking had an effect on how information is received. He felt that being called to a meeting with senior management sent out a different message and received a different response from listening to a line manager with her/his 'script'.

Through employee representatives

An important channel of downward communication was through employee representatives after consultation committee and negotiation meetings. In the New Horizons consultation group in Case Study A (see below) representatives for each shift and office were the main channel used to disseminate the meeting outcomes, as well as an important channel for upward communication. Typically, the representatives would talk informally to their constituents in small groups, providing documentation if requested.

In general, consultation committees found a good balance 'between transparency and keeping things that have to be

confidential, confidential' (HR Manager, Case Study D). Typically, the general precedence was that information discussed could be divulged to the workforce and specific information could be asked to be kept confidential (as in Case Study A) or formally embargoed (as in Case Study C).

Although breaches of confidence did occasionally occur in the case study organisations, it is notable that they were not seen as a major problem. For example, the HR Manager in Case Study D thought that the solid relationship between the employer and the trade union had overridden such incidents, which were minor enough to be considered mishaps rather than betrayals of trust.

Several organisations highlighted the importance of being candid in communications. In Case Study E, avoiding conflict through shared and open access to relevant information formed part of the enterprise-union partnership agreement. This was often done by the union and management making a joint announcement on the outcomes of their discussions.

Respondents from Case Study E also highlighted the importance of being honest with the workforce about disagreements that arose between management and the union. They emphasised that this did not damage the relationship between the two parties; rather, they thought that denying disagreement would undermine the information and consultation process. Nonetheless, it was thought that transparency over disagreements would not be possible without the partnership agreement, which management said was built on a strong and stable relationship that had on many occasions been tested.

Networking

The Employee Relations Director at Case Study C reported that networking was also a crucial channel of communication at the bank. She felt, for instance, that corridor conversations were far more important than reading the bank's main newsletter. Further, while it would be unusual to actually make decisions through networking alone, it was frequently used to sound out ideas. Therefore, for individuals wanting to take a more active role in the company and for line managers wanting to motivate or prime employees, networking was crucial.

Written communication

The use of notice boards and newsletters to communicate information was common across the organisations. For example, Case Study D distributed a quarterly in-house magazine and posted the minutes and joint statements from negotiation committees on notice boards.

IT-facilitated communication was also common. It was typical for organisations to have an intranet regularly updated with company news and sometimes all staff received an email directing them to the online newsletter. At one site of Case Study B, where the intranet was a key tool for general communication, the communications group encouraged minimal use of email. However, in other organisations, IT was not considered the prime method of communication and face-to-face contact was preferred where possible.

3.3.2 General issues in communication

Besides the issues already mentioned regarding specific channels of communication, several general issues emerged regarding communication with employees.

Timing

A key issue identified by several of the organisations was building what one respondent called 'a culture of no surprises' by communicating information to employee representatives as early as possible.

A case in point is Case Study C, which had radically changed its practices in this respect. Previously, the bank informed the trade union of decisions that would affect its members at as short notice as possible before action was to be taken. The union was kept at arm's length and given the bare minimum of information. However, following a period of serious unrest, including industrial action, the bank's relationship with the union was revolutionised with a partnership agreement that centred on building trust.

Under the partnership, the union was informed and consulted much earlier, very often 'at the white paper stage', or as the

Employee Relations Director put it, when discussing ‘the *what* of the *what, how, when*’. The union was also given sensitive and unpublished information, which would be embargoed until a stated time, in order to keep it fully in the picture. Communication is an integral element of the partnership agreement and the interviewees agreed that keeping the union informed in this way was crucial for making consultation a meaningful process.

Case Study A also noted the importance of the timing of information. It was thought that, although the general level of communication was very good, some things were not communicated as early as they should be. This could result in employees and their representatives feeling insufficiently informed and questioning the company’s dedication to employee involvement. A main challenge is that disseminating information, responding to queries and following things up themselves take time and can impede getting the ‘day job’ done. This seemed especially the case for employee representatives in Case Study A, whose ‘day jobs’ were quite distinct from their involvement in committees and who had less leeway to organise their own time than senior managers.

Distinguishing from consultation

Several case studies pointed to the need to be clear about what employee involvement would achieve, reinforcing the importance of keeping employees’ expectations realistic. Of particular importance was thought to be distinguishing between information and consultation, which often used the same channels (*ie* consultation committees and employee representatives).

‘We’re always trying to preach consultation and that can sometimes breed a view from people that, “We’ve got a chance of changing or influencing everything”. But some things aren’t influenceable because for hard-nosed business reasons, they’ve got to happen.’

Manufacturing Manager, Case Study A

The Manufacturing Manager noted that sometimes employee representatives would respond to downward communication by saying, ‘This isn’t consultation – you’re just telling me [what you’re going to do]’. However, he thought that talking honestly with employees paid off eventually, as employees and their

representatives gained a better understanding of the business and what they could and could not influence within it.

Vertical and lateral communication

The Employee Relations Director at Case Study C felt that while the bank never had any shortage of information for downward and upward communication, it did face challenges in lateral communication. This was partly because of the size of the group: even though employees were kept well informed within their business unit, it was more difficult to do this at a global level.

An example of how Case Study C had dealt with this is shown in the way the high-street branches of the bank and its building society communicated. Induction training at the bank and at the building society had been adapted to include knowledge of services offered at the other, so that employees could guide customers to the most appropriate service within the group.

3.4 Consultation and joint decision making

3.4.1 General consultation committees

This section looks at formally recognised bodies that senior management used to inform and consult the workforce through employee representatives.

Purpose and aims

The consultation committees in the case study organisations had relatively open remits, dealing with issues that faced the business and focusing especially on those which directly affected the workforce. The purpose of these committees varied to a degree, but in general the primary function was to be a forum to share information and advise on (rather than actually take) decisions. A common aim was described as promoting understanding between employers and employees in order to foster a culture of trust and co-operation. This was seen as key to progressing business and employee benefits in conjunction and successfully striking a balance between them.

In Case Study A, the Manufacturing Manager said that the extent to which their information and consultation meetings are used for downward communication or consultation varied depending on the subject matter. If, for example, an issue involved significant restructuring, there was a much higher degree of consultation with the workforce, and especially with the individuals affected.

Case Study B had a formal joint consultation process for informing decisions. A trade union representative described this as communication and sounding out ideas rather than actual decision making, distinguishing it from the more weighty influence that he believed his union had through daily partnership and bargaining.

Similarly, the Employee Relations Director in Case Study C, described their consultation meeting as a 'business agenda meeting' that gave information on the bank's position and obtained the union's views. The understanding was that management and the union would 'warn each other where the hot spots are'. This fostered more harmonious employee relations, because the employee representatives 'understand the rationale as to why we're making some decisions, because they know the root causes' (Employee Relations Director, Case Study C).

Composition

In some of the case studies, the consultation committees were structured by a partnership agreement with the union; in others, they involved union and non-union employee representatives independently of any union recognition agreement. Where consultation committees were organised at site level, they comprised senior management and locally elected employee representatives. The site-level committees fed into those at the national level, which fed into EWCs where appropriate.

In Case Study C, the main partnership committee operated at national level and included the CEOs of the UK bank and of the credit card service. Below this, a consultation framework existed to guide sub-committee structures within different parts of the bank. Similarly, in Case Study E, a framework existed and training was given to guide managers on how and when to communicate with employees and their representatives.

Case Study B had developed a flexible approach to consulting with very different groups of employees. This was most clearly manifested in the makeup of the committees at different sites. One of the largest UK sites, of mainly blue-collar workers, had a very high degree of unionisation and most employee representatives on its consultation committee came from the trade union. At another site, of mainly white-collar workers, any employee could be elected to sit on the consultation committee and there was a mixture of union and non-union employee representatives. At a third site, also mainly white-collar, the elected employee representatives were all non-union, as there was no trade union presence.

Site committees at Case Study B fed into the UK joint consultation committee, which included approximately 40 representatives and met twice a year. For large pieces of business change in specific areas or functions, *ad hoc* consultation groups would be formed. The process for this entailed: identifying what representation they would ideally like; working out how many extra representatives were needed for which groups of employees; organising for the representatives to be elected; training them for consultation; and bringing them in to the consultation process for that specific piece. This ensured that

'When we are doing something significant for a specific area, we are doing it with people who know the area, but also hopefully with the support of the joint consultation representatives and the union representatives too.'

Employee Relations Director, Case Study B

Case Study B also operated a steering group for the national consultation committee, which was largely responsible for setting the agenda for the national joint consultation conference. At the time of interviewing, the group comprised a senior HR manager and senior representatives elected from each site committee. Since then, it has been changed, a senior manager with responsibilities across the UK now chairing the group. The aims of this move were to increase the steering group's business involvement and effectiveness, to bring it in line with the makeup of the site and UK level committees and to raise the profile of the group.

Despite the number of different groups and committees, consultation in Case Study B was not rigidly compartmentalised.

For example, when working on the company's internet policy, the steering group was approached to find the best person for management to work with. Union representatives on the committees had also involved their union research departments to help shape policy.

One employee representative at Case Study B highlighted the importance of top management being involved in the consultation committees. In the past, the union representatives at his site had not been involved in the consultation committee, but about five years ago, they were convinced by colleagues to participate. A major reason for the change came from a new site manager, who was very keen on employee involvement. Before his arrival, there had been a less senior manager on the consultation committee and employee representatives had felt frustrated at their lack of influence. The new site manager chose to lead it himself and 'gave it a real kick-start'. His authority to make changes gave the committee more legitimacy and enabled it to start dealing with more important issues.

Process

The regularity of consultation committee meetings varied between the organisations from once a month to twice a year. While the primary emphasis was on informing and consulting the workforce, some of the committees also grappled with the nature of problems and jointly worked towards finding the most effective solutions. As such, they were often engaged in joint problem solving to a greater extent than might be suggested by the term 'consultation'.

In Case Study B, consultation committees existed at all main sites, each agreeing the regularity of their meetings and running them as they saw fit. For example, at one site, the committee met quarterly for a five hour meeting. It included the Site Manager, the Employee Relations Partner and 12 representatives covering approximately 1,300 employees. Constituencies were made up of around 100 people and were decided by geographical area of the plant.

Previously, employee representatives at this site had brought individual items to the meetings as raised by their constituents, which would be discussed in turn. This process had been made

more efficient in two main ways. Firstly, the employee representatives met as a 'pre-group' to prepare the agenda. All items raised by employees were discussed by the pre-group, which often asked the individual who raised an item to provide more information, in order to gain a fuller understanding of the nature and seriousness of the issues. The pre-group also decided at which level an item was best dealt, only including it in the agenda if it did not have 'an obvious route through management' and was 'a site-wide issue'. Secondly, the committee itself invited 'visiting' managers to give presentations on topics for discussion, enabling the committee to quickly enter an informed discussion of the key issues.

In Case Study E, the company funded three full-time secondees from the union to ensure the continued success of the partnership. There were also around 40 part-time union representatives, whose role was to embed the partnership throughout the company. Each business area had a union representative, whose own job was in a different business area, to enable them to act independently and without being compromised by their paid role.

Consultation at Case Study E occurred on a formal basis through various meetings. The main meeting, the partnership consultation meeting, took place monthly between senior HR directors and internal and external union officials to discuss HR policy and business strategy and development.

The company also supports its consultation procedures through partnership workshops, designed jointly by the HR department and the union. The half-day workshop is designed for all employees who manage people. Its primary aim is to strengthen the rationale behind the partnership agreement and emphasise the importance of consulting staff when leading change. The workshops also aim to improve the skills required by the managers to be effective partnership workers.

'Managers should understand and learn when and about what issues to use their union representative for.'

Union representative, Case Study E

Issues covered

A wide range of high-level business issues were discussed through consultation committees. These included: terms and conditions; remuneration; health and safety; corporate social responsibility at local and global levels; policies on attendance and sick leave; and managing workforce change, including off-shoring jobs and managing redundancies.

Issues could also be more local. For example, at one Case Study B site, other issues that had been covered were: site security, particularly with regard to the threat posed by animal rights activists to employees at the main pharmaceutical plants; measures to encourage car-pooling; improvements in disability access; the local environment of the site, including concerns over tree polling; and plans for a new boiler house, which was vital if the plant was to see substantial expansion.

For some issues, consultation occurred in conjunction with collective bargaining. For example, Case Study C used its consultation committee to reach agreement with its union on downsizing and redeployment policies. Agreements included giving employees an extended time period to look for another job within the bank and a £2,000 training grant to help employees who are made redundant find an alternative career. Consultation came into play in that, as well as negotiating a deal, the employer looked to the union for advice on how employees would react to specific decisions and how to best mitigate negative consequences.

The issues dealt with in consultation were seen to qualitatively affect the process and outcomes of employee involvement. For example, in Case Study B,

'Years ago ... the whole agenda felt very HR focused, looking primarily at HR policy and pay and rations. This is still discussed, as it's important to all staff, but the key agenda items are a lot more business focused ... We have tried very much to move away from "tea, toilets and trivia". We are trying to get the agendas to be ... forward thinking.'

Employee Relations Manager, Case Study B

The Employee Relations Manager believed that this was a key factor in improving the quality of debate, which was 'getting better and better, each conference that we have'. She thought that

consultation worked best 'when you are talking about matters that make a substantial difference', but that nonetheless, consultation had to be done at a workable level where people could see the results.

The shift that occurred in Case Study B had a large impact on employee representation. A representative who had previously shunned the consultation process (see above) explained:

'One of the reasons I walked away from joint consultation was the arguments over how many chips make a portion of chips. I'm not interested in that. I'm not interested in whether we have soft loo paper or hard loo paper – I couldn't give a monkey's. What I'm interested in as [an employee] representative is making sure the long-term viability of this site and making sure that all the big issues are dealt with and our members and our constituents [can] say what they think about those issues.'

Employee Representative, Case Study B

Finally, the Employee Relations Manager at Case Study B also emphasised the importance of 'talking at the right level'. For example, at a recent national conference, they had discussed products and challenges facing the UK business, yet they had also split up into functional areas for a short while, for each to look at their own particular challenges.

3.4.2 Working groups

This section examines problem solving groups that brought together managers and employee representatives to investigate specific problem areas and reach joint decisions on dealing with them. Typically, the groups had a high degree of decision making power, yet were kept in check by a requirement that their proposals were 'rubber stamped' by senior management and/or ratified by the workforce.

In some case study organisations, working groups drew upon existing consultation structures and in others, they were set up independently. We distinguished the terms 'working group' and 'consultation committee' by referring to the former as an *ad hoc* group established to deal with a specific subject and the latter as a general group for any arising business issues that may substantially impact on the workforce. Working groups also differed from consultation committees in that they involved a

greater degree of partnership working¹ between senior managers and employees or employee representatives, to grapple with the nature of problems and explore possible solutions.

Purpose and aims

In Case Study A, an initiative that was central to employee involvement at the site was New Horizons, a problem-solving and consultation group that met formally three or four times a year to look at pay and conditions.² Adopting an egalitarian partnership approach, it had led the organisation on some major changes in pay and conditions.

In Case Study B, partnership with the blue-collar union had occurred at the main UK site through a working group, Partners for Efficiency. The group's aim had been to improve the efficiency and effectiveness of the site and thus to maintain its competitiveness in the global economy. It had done this by focusing on local ways of working, in particular aspects that related to efficiency, effectiveness, flexibility and working in partnership. It was invariably regarded as a highly successful operation and at the time of interviewing, this form of partnership was being rolled out into some of the other blue-collar areas under the name of Project Active. The essential aim was the same – to maintain the competitiveness of UK manufacturing – and it drew important lessons from the way Partners for Efficiency had been run.

Case Study C set up joint working parties with the union on certain issues and there was an ongoing reward and policy working group that also comprised management and the union. This forum was used to look at forthcoming policy changes that would affect them; the main one at the time of interviewing was age legislation.

¹ The term 'partnership working' was often used to describe a style of working and thus is distinct from formal enterprise-union partnership agreements.

² Although the remit of New Horizons overlapped with that of the information and consultation meetings, which looked at key aspects of business change, the two were distinct groups with different ways of working.

In Case Study D, working groups were commonly established to deal with most major changes in the business processes that impacted on existing ways of working.

Composition

The New Horizons group in Case Study A comprised: on-site trade union representatives and non-union staff representatives; full-time trade union officials; the personnel director and staff; the manufacturing manager; the managing director; and first line managers who want to be involved. All employee representatives were elected by ballot, and non-union representatives were included to ensure that all employees were covered.

The group had expanded slightly since its inception, about a year prior to the interviews, from about 15 core members to just over 20. The increase had come from first line managers who 'came along to see what was going on, and then decided it was beneficial and wanted to carry on' (Manufacturing Manager). Each member had a deputy, elected in the same way, to provide cover in her/his absence and therefore maintain the right balance of members.

In Partners for Efficiency in Case Study B, partnership working occurred at team level, directly involving all employees, and fed up to a working group of employee representatives and managers. This structure enabled the working group to tap into the skills and knowledge of the workforce. Although not part of the group, the plant manager kept tabs on its developments to ensure it was going in the right direction. The Project Active team drew together five senior employee representatives from different UK operations sites, covering the various unions, as well as managers from the sites.

In Case Study D, the working groups were normally made up of a senior manager, union representatives and a cross-section of employees from across the site. In order to maintain the credibility of these groups, a member of the National Negotiating Committee would be among the union representatives. To the same end, employees were selected because they were respected by their colleagues or had extensive knowledge and experience in the particular area.

Process

A typical example of group process was the New Horizons group in Case Study A, which met quarterly for approximately four hours, chaired by different members on a voluntary basis. The group grappled with the nature of problems, looked for solutions and considered the implications of proposals. It also built understanding between management and other employees of their respective concerns and pressures. In order to gauge employee opinion accurately, New Horizons generated and drew upon employee surveys.

The environment and tone of the group was consciously worked on from the start. The group members first went out for dinner together in order to bond as a group. The following day, they regrouped to agree upon the ground rules of behaviour and discuss what the members wanted to get out of the group and what it should aim to do. From then on, team bonding exercises were more focused: they have attended off-site training courses to develop their problem-solving and inter-personal skills.

A staff representative noted that the dynamics of the group proved her expectations wrong. She had entered the group with an 'us-and-them' mentality, but said that 'right from the beginning, it was so open and frank, I was quite ... amazed.' One lesson to draw from this is that, although the co-operation of employee representatives was needed, it was employer who instigated the tone of the group, not only through organising the initial dinner, but by leading the way in being candid, willing to learn and respectful of other people's views.

The process and remit of New Horizons was slow to develop. A staff representative recalled that, 'We were in discussions for nearly a year before it actually came to anything'. During this evolutionary period, the group talked around what they should do and how they should work together. All ideas put forward were flawed in some way and at times it lacked direction and became 'a bit rocky' and 'bogged down' by individual concerns. Crucial in overcoming this was the resolve of one personnel manager, who was the main impetus for the group. She motivated the group and kept it moving along, and eventually, after about a year, consensus emerged for a concrete idea that could be put to ballot.

Nonetheless, in Case Study A and elsewhere, the time commitment necessary for working groups was thought to be worthwhile. The HR Manager in Case Study D noted that, although time consuming, their working group approach usually meant that a solid and workable model was developed and that the organisation had trade union and employee support for the resultant changes.

In Partners for Efficiency in Case Study B, the group was given decision-making power to implement initiatives. Although technically, the plant manager could have vetoed the group's proposals, it was recognised that this would send out a negative message and undermine the partnership process. The plant manager thus ensured that he gave a clear remit and clear criteria for a successful outcome. He also liaised closely with the team to ensure that the direction they were taking would lead to what could be considered an acceptably viable and effective solution, thus avoiding the embarrassing and damaging situation of having to reject unworkable suggestions.

Issues covered

Some of these mechanisms covered ground that would traditionally be dealt with through collective bargaining; others had more business-focused objectives. The range of issues covered was broad and included remuneration, benefits (notably childcare and private healthcare), discipline and grievance policies, working hours, work organisation, efficiency and production cost, the introduction of new technology and even uniform design.

For example, in Case Study A, New Horizons designed a mechanism for pay rises that took an average from pay rises in comparable local companies in the area and gave that figure automatically as an increase. The mechanism, whose existence did not preclude the right to further collective bargaining, was voted in by the great majority of the workforce. It had led to similar pay rises as were given previously, but crucially, it ensured that the process was seen to be fair and that the most important factors for employees were considered (*ie* the local cost of living and salaries at comparable organisations). In doing so, it avoided the annual pay bargaining procedure that had always been time-consuming and problematic.

The New Horizons group also found a way to fund free private healthcare for its employees and their immediate families. The company responded to the group's initial suggestion by offering to put forward half of the £100,000 needed and asking employees to provide the other half. The group then listed all the benefits that staff received and how much money went into them and surveyed the workforce on which of these they would be prepared to forego in order to have private healthcare. The result was that certain benefits were scrapped – including the annual Christmas party, which cost between £20,000 and £30,000 – making up the balance to bring in private healthcare.

Other solutions generated by working groups were notable as legitimate ways of dealing with necessary change that had harsh implications for some employees. In Case Study B, for example, one of the remits of a partnership team that had operated prior to Partners for Efficiency was to find a new shift pattern that allowed the plant to operational for approximately a third longer. Involved in the team were representatives from both of the rotating shifts, a technician, a plant engineer, a first line manager and a facilitator. The final shift pattern that created included work over the weekends, which was difficult for certain employees, especially those with families. Nonetheless, the decision was accepted because

'...[the employee representatives] had been involved, it had been well thought out and they had looked into how they might accommodate and cater for individuals on that team [who had problems with the new arrangements].'

Employee Relations Manager, Case Study B

Finally, working groups harnessed employees' knowledge and skills to contribute to the efficiency of systems and procedures. In Case Study D, a working group on major system changes looked at the introduction of a new hand-held device for drivers' day to day transactions. This was a major investment of approximately one million pounds, so it was vital that it was successfully implemented. The working group involved members of the information management team and a group of experienced drivers who were well-respected by their colleagues. The latter were taken off the road for six months to help with the design of the new device and train other employees in its use.

In Case Study B, one initiative borne out of Partners for Efficiency regarded a large maintenance job that required the affected production units to shut down. In such situations, although the employees were supposed to use the time to catch up on training and any other duties they had, they often ended up at a loose end. At the same time, the company was contracting a firm to carry out the maintenance. An employee from the affected area suggested that, if the company was serious about saving money, the team could do the maintenance work itself. The suggestion was taken on board, basic training with power tools was carried out and the job was done successfully by the team.

3.4.3 Direct consultation

This section reviews ways in which employees were able to contribute their ideas without the use of representatives.

Face-to-face contact

This was primarily a question of fostering a certain culture within departments and teams and between managers and subordinates. Several organisations used one-to-one meetings with line managers as a channel for upward communication. Some talked of having a consultative management style pervading the business. Thus, the Business Director at Case Study D said that at management team level he adopted a team-based approach aimed at involving individuals, and he encouraged managers below him to do the same.

Case Study A took this a step further with an 'open door policy', whereby any employee could express concerns to a manager, up to and including the plant Managing Director. Perhaps, surprisingly, the policy did not contain any provisos to ensure that problems were brought to the appropriate person. This was not considered necessary, as there was no feeling among interviewees that his policy led to time wasting. It was thought that employees normally knew whom best to approach with a query, because there were good general levels of communication. Sometimes a problem might not be directly brought to the most appropriate person, but managers were able and willing to redirect employees to the right person.

Surveys and focus groups

All case study organisations had used employee opinion surveys and some derived from them quantitative measures for employee involvement. Case Study E designed, conducted and disseminated the results of their survey in partnership with the trade union. Subject areas of surveys were broad but include, for example, how well people feel informed and how they prefer to receive communications. In the most recent survey for Case Study D, the main issue raised by staff was their lack of knowledge of what was happening in the rest of the company and their opportunities for development.

Case Study D also ran focus groups to generate further input for the consultation process and continuous improvement working groups. The latter, mainly for production workers, enabled employees to raise issues that required improvement, typically in the area of health and safety or the production process. When the aims and remit were agreed, a continuous improvement group was established, which then worked with the project until a resolution was reached.

Reward systems

The case studies found limited existence of schemes that reward employees for contributing suggestions. One branch of Case Study C integrated a reward system, Brainwave Systems, into its feedback process, thus making it a standard part of employees' jobs. The person completing a process submitted their ideas to improve efficiency and rewards were associated with accepted ideas. In this way, they encouraged employees to question why they were doing things in certain ways and think about how they could add value to the process.

Case Study A also had a reward system called Making a Difference, although this was not a form of consultation (see section 3.6 below).

3.4.4 Formal versus informal?

Respondents from Case Study B were keen to point out that consultation can also take place on an informal basis between

employee and management representatives, as well as through formally established groups or systems.

For example, an employee representative explained that in his role in the consultation committee, he had regular contact with the site manager, but this was not contained in the formally arranged meetings. They might also approach one another to talk informally, be it about the weekend's football results or issues that were crucial to the business. The employee representative thought that this informal level of communication was invaluable for privately sounding out ideas without making a formal stance.

'I'll make no excuse – I'll unashamedly use that. When I think there's something going wrong and I don't want to create a fuss, I'll go and talk to him.'

Employee representative, Case Study B

Another representative at Case Study B supported this, saying that informal consultation was important because employee involvement was primarily about 'a relationship between yourselves and the decision makers'.

3.5 Discretion

This section reports on measures taken to increase employees' involvement in decision making by giving them more discretion within their job roles. This was often referred to as 'empowering' employees.

The drive to increase employees' discretion was unlike information and consultation initiatives in several ways. Firstly, it did not comprise formally recognised groups or structured schemes. Rather, it rested on changing organisational culture and practices, through advocacy and workforce restructuring and by ensuring that employees were given the necessary training and support to take more decisions.

Secondly, it is distinct from information and consultation in that two of the organisations, Case Studies B and E, did not identify it as an integral part of their employee involvement strategy. For example, in Case Study B, one employee representative thought that the amount of discretion varied as to the working culture of a team but saw no general drive to standardise or develop this. Another employee representative

said that increased discretion was something the union and the partnership team 'would like to achieve', but he was unclear as to how it would work.

Thirdly, even in those organisations where a high degree of employee discretion was integral to their employee involvement strategy, this was often not applied to the whole workforce, but only to specific job roles in which it was deemed appropriate.

It should also be noted that although Case Studies A and C aimed to increase levels of employee discretion, the same could not quite be said of Case Study D. Here, certain job roles had initially been designed with a high degree of discretion and the business had no strategic plan to increase this or expand it to other areas.

3.5.1 Rationale

Increased efficiency

The main rationale for empowerment among the case study organisations was to maximise employees' contribution to the organisation.

In Case Study C, the Employee Relations Director said that the capacity of their employees to exercise discretion had been stifled by the regulation of an auditing-heavy procedure, which at times precluded common sense from the equation. In local 'high street' branches, this meant that bank managers and cashiers were not offering the best customer services they could. She explained that in a heavily regulated system,

'There is always someone there to help you. There's always a department that does things for you. And what you tend to find is, you get diluted responsibility and accountability.'

Employee Relations Director, Case Study C

Thus, the bank was taking steps to ensure that

'... we are actually managing our resources properly, and we're empowering people who we're paying reasonable salaries to, to actually make decisions.'

Employee Relations Director, Case Study C

For similar reasons, Case Study A introduced leaderless teams to its shop floor to better utilise the machine operators:

'All the time there's someone there to do something for you, the tendency is to not worry about doing it yourself, even if you are perfectly capable of doing it.'

Manufacturing Manager, Case Study A

Case Study A also wanted to make the decision-making process more flexible and efficient by increasing employees' ability to exercise discretion. Essentially, this concerned instances when the normal decision maker was unavailable. In such cases, strict adherence to procedure meant that decision making was delayed, even though the person's subordinate or colleague was capable of taking the decision. By giving employees greater freedom to take decisions and by reducing finger pointing if things went wrong, this scenario was being avoided.

Case Study A also wanted to promote the message that 'Everybody at every level has a valuable contribution to make' (HR Operations Manager), in order to encourage positive risk taking and innovation.

'If you've got an idea for a different way of doing things, try it, because not only is it likely to enhance the business, it will also encourage the employee.'

HR Operations Manager, Case Study A

In Case Study D, the substantial discretion that had always been given to sales and service personnel was closely related to the nature of their business. The trade union representative explained that, being in the hospitality sector, their work was about being client focused and delivering user friendly products. It was thus important that the employees who were the main face-to-face contact for customers had the discretion to mould the services to individual customer needs.

Direct benefits to employees

Empowerment was also recognised to benefit employees through increasing their job satisfaction and enhancing their skills sets and careers.

This was particularly the case in Case Study C, where it was pointed out that not being able to deliver a good service frustrated employees, especially those who dealt with customers face-to-face. Further, the trade union representative anticipated that increased discretion would make the role of the local branch manager a higher powered, better paid and, in his own words, 'more sexy' career. He thought that this in turn would help the bank's recruitment and retention, remarking that in the past, 'this bank has got rid of some very good people by accident.' The local branch network in particular had seen a 'major haemorrhaging of skilled labour', as it was 'leaking skills, leaking quality staff' to areas where there were better job opportunities.

3.5.2 Methods of increasing discretion

Advocacy and encouraging culture change

A key part of increasing employee discretion was recognised to be a change in working culture. In order to encourage this, senior management openly advocated a more involving working culture. For example, in Case Study A, a talk was given by the Managing Director to raise awareness of, and promote, flexible decision making and positive risk taking.

'We were told that, if ... a decision has to be made and there's not [the normal person] there to make it, you could make a decision. And if it was wrong, it was wrong: it would be seen that you were doing your best as you thought best for the business ... Obviously if it's a [serious] mistake, it would be mentioned, but if someone's made a decision in good faith with nobody else there to ask, then they will do it now, whereas before they wouldn't do'.

Employee representative, Case Study A

Similarly, in Case Study C, the Employee Relations Director explained that increasing discretion was 'something very close to [the CEO's] heart'. In a speech the CEO made about restructuring the branch network, he urged local branch managers to empower themselves and their employees.

This is not to say that increasing discretion solely depended on permission from above: it was also pointed out that the amount of discretionary decision making present in a team or department could depend on the attitudes of employees. An employee

representative from Case Study B noted that if employees tended to be confrontational and inflexible, their line manager was more likely to be authoritative and take decisions alone; if, on the other hand, they demonstrated themselves to be team players, their line manager would be more likely to give them discretion.

Workforce restructuring and training

While the advocacy of empowerment had been highly influential, Case Study C found that move to increase discretion also required extensive support. Thus, at the time of interviewing, all local branch managers had been assessed and were being provided with training to ensure they had the requisite skills; pay structures had been adjusted to reflect the increase in responsibility; auditing had been changed from a highly regularised system to one based on a framework; and the bank had also reviewed its resourcing strategy, to avoid the attrition of good will that could occur when branches were understaffed.¹

Case Study A also reviewed their workforce structure to increase discretion, introducing leaderless teams to the shifts. Charged with investigating the possibility, the Manufacturing Manager soon realised that almost the entire role of Shift Manager comprised 'checking what other people have done or doing what they should have done'. The company thus removed the position,

'... [forcing] people to make their own decisions, which they are perfectly capable of doing anyway because of the intensive training programs they go through to be a competent operator.'

Manufacturing Manager, Case Study A

3.5.3 Areas of discretion

In Case Study A, most of the decisions that employees were empowered to take concerned routine matters with which they were already familiar, either because the matter formed part of

¹ At the time of interviewing, Case Study C was a year into its programme for empowering local branches. The Employee Relations Director anticipated that they would need another year to complete the training and preparation and a year after that 'before we've really got the network into shape'.

their training or because they regularly saw their line manager or colleague take the decision. Typical examples included whether to stop producing a product for quality reasons, organising the labour on a shift and deciding how quickly to have an order delivered. Yet it could also be relevant for non-routine matters. For example, in the absence of a line manager to give authorisation, an employee might decide to go home to deal with an urgent problem.

Case Study C focused its programme to empower employees on the 'front line' of cashiers and particularly local branch managers. The image was given of returning to the type of bank manager Arthur Lowe played in *Dad's Army*: the community expert who knew the local businesses and had the authority to make decisions about the customer base. However, the reversion to this style of management was limited and much modernisation could not be undone. In particular, a line manager pointed to procedural changes that have occurred in banking over the past decade that mean that local branch managers can no longer take major decisions such as authorising a very large loan.

Nonetheless, some local branch managers had already started to 'change their portfolio of what they can and can't do' (Employee Relations Director). For example, some had recruited a customer co-ordinator to greet customers and guide them to the appropriate till or area. Managers of local branches would also determine how the bank and the building society that are part of the same group would liaise at a local level.

Other employees at Case Study C could also have more space to exercise discretion. For example, a cashier might decide it was not necessary to see identification for a customer with whom he/she was familiar. The bank also encouraged 'Emergency Customer Support', whereby employees helped any customer of the bank they met outside of work hours (eg at a social event) and followed up on their problem.

In Case Study D, the remit of sales and service personnel, who formed the majority of employees, had always been broad, in order to cater for individual client needs in the diverse hospitality and leisure market. From the inception of the business, it was recognised that they should add more value than mere product delivery, as they were the primary face-to-face contact for the customer. As a result, they were given discretion over the pattern

of service they deliver, including what sales packages they built for individual customers, the frequency of customer visits, stock levels and the work organisation of their team.

3.5.4 Variability in discretion

It is worth noting that, unlike information and consultation initiatives, employee empowerment may be deemed appropriate for only certain job roles within an organisation. This is particularly evident in Case Studies C and D, where the moves to give employees more discretion were targeted at specific functions.

For example, a line manager in Case Study C explained that in his own function of back room processing, systems and procedures have now been developed to such a precise science that there was no room for substantial empowerment. In marked contrast to the work of local branch managers, 'there is not a lot one can do to change the processes, except [through improvements in] technology'.

In Case Study D, the increased discretion that had occurred among employees working in the field was not relevant to their employees at the plant. This was simply because of the nature of the jobs: firstly, the role of sales and service provider had the potential for employees to arrange their itinerary and liaise with customers; and secondly, discretion was more important here, as employees in this role might be the customers' only face-to-face contact with the company.

3.6 Other measures to increase employee involvement

The concept of employee involvement was not only applied to decision making processes in the running of the business, but also to practices that made employees identify with the organisation. For example, the Employee Relations Director at Case Study C considered that employee involvement was more generally a question of how employees were 'tied in to the organisation by the psychological contract ... It's how individuals feel as employees of [the bank].' This section

describes the various initiatives that existed to increase employee involvement in this way.

3.6.1 Reward initiatives

Case Study A operated a motivational scheme called 'Making a Difference' that aimed 'to acknowledge and recognise some great stuff that one of their colleagues has done' (Manufacturing Manager). It was run directly by employees and colleagues were nominated for making some kind of positive difference in the work they had done or in help they had given a colleague. There were no criteria for what could be included and the judging panel had full control in deciding the best ideas.

3.6.2 Financial participation

Some organisations used financial participation as a means of involving employees in the organisation. For example, Case Study D had performance-related pay for all its employees. For sales and service personnel, this reflected their individual sales performance and the profitability of their team; for production staff, this reflected their efficiency and the overall performance of the business. The Business Director considered that:

'The performance related pay schemes are a key way of engaging staff to take more interest in the performance of the business and how their personal efforts contribute to the performance of the business.'

Business Director, Case Study D

Case Study E had an employee share scheme, enabling employees to benefit directly from the financial success of the company. It was thought that this could be an effective way of encouraging employees to take a greater interest in the company and identify more strongly with it.

3.6.3 The working environment

Case Study A also had a one-off initiative called Pride in the Plant, which focused on the working environment. The aim was to get people to reflect on what it was like to work at the plant and to think about what changes would make employees feel more pride in the organisation. Operators, technicians and office

staff were involved in drawing up the scheme, which had targets such as to improve the working environment, including lawns and flowerbeds. Their methods included visiting other companies, from which they obtained ideas for improvement and also saw the ways in which their own site was better.

3.6.4 CSR and 'external' employee involvement

Corporate social responsibility (CSR) activities were also seen as a way for employees to become more involved in the organisation.¹ Various charitable, community and environmental initiatives occurred throughout the case study organisations, from raising money by climbing Mount Kilimanjaro to helping refurbish a local community centre or clearing up a churchyard. The Manufacturing Manager at Case Study A, referred to such activities as 'external' employee involvement, occurring in the wider community, as opposed to 'internal' employee involvement, occurring within the organisation.

The drivers for these activities were clearly heterogeneous. Such initiatives can directly contribute to the local community, the environment and charitable causes. At the same time, they enhance the public image of the organisation. Yet they were also seen as a way of engaging employees in philanthropic work sponsored by their employer and thus, as a means of boosting employees' job satisfaction and encouraging them to identify more closely with their employer.

Further, the Employee Relations Director at Case Study C thought that such CSR activities directly added to the value of many employees, by building their awareness of the community in which the business worked. She stressed that a lot of what the bank did directly affected the public and it 'needs to be offering what the community actually requires'. Thus, she said that

¹ The CSR initiatives referred to in this paper concern only those in which employees take on voluntary activities outside their role in the organisation, in order to contribute to the wider community. CSR also relates to other issues not covered here, such as how an organisation manages waste and recycling and organisational donations made to charities.

employees, in particular those at local-branch level, needed to be aware, and preferably to be an active part, of the community.

However, another respondent from Case Study C saw these CSR activities in a different light, that they were purely team-building exercises and an opportunity for employees to do something different. He thought that employees generally forgot the fact that the organisation sponsored them to do the community activities, but rather felt that they had achieved something themselves. Thus, he did not think that employees identified more strongly with the organisation as a result.

3.6.5 Sponsorship and branding

Case Study C also tried to tie its employees in to the organisation by involving them in their branding and sponsorship exercises. One example was to give all staff small promotional items from a sports competition that the bank sponsored. In another, employees could enter a competition to participate in a global boat race, the winners crewing a boat sponsored by the bank for different legs of the journey. Throughout the boat race, employees were updated on the position of the bank's boat.

3.7 Rationale and drivers

The benefits of employee involvement initiatives were generally thought to be well established and it was not always clear to what extent they delivered their objectives. While some organisations did attempt to quantitatively measure employee involvement and its effects through surveys, by far the majority of evidence provided was qualitative.

This perspective was openly supported by respondents. The Business Director at Case Study D, for example, said that the key indicator for their working groups was 'the quality of outputs' delivered and whether they 'produce solutions which are helpful to the business'. An employee representative at Case Study B thought that it was difficult to measure the impact of consultation, because it was done informally as well as formally and was 'a bit nebulous at times' (see section 3.4.4).

Similarly, the Manufacturing Manager in Case Study A pointed to qualitative evidence of the benefits of employee involvement

rather than any tangible measurement. Nonetheless, he was adamant about the benefits on motivation and productivity.

'I'd answer it in a negative way. I'd dread to think what this place would be like if we didn't [involve our employees] ... It'd be very difficult to put a quantifiable number to these things, but we wouldn't be as good as we are if we didn't involve them.'

Manufacturing Manager, Case Study A

This section considers the reasons why case study organisations aimed to have high degrees of employee involvement. In particular, it focuses on employers' and employees' rationales for employee involvement and the perceived results.

3.7.1 Company tradition

Case Study A had a long tradition of employee involvement and, given their harmonious employee relations, the scope for it was extensive.

'We've always believed in consultation. Ever since I was a union representative myself in the '70s, the consultation and discussion mechanisms have always been in place on a very regular basis with the management and representatives.'

Manufacturing Manager, Case Study A

The Manufacturing Manager felt that this reflected a deep-seated value given by the company at large (*ie* beyond site level) to its employees. He also believed that fundamentally, employees recognised and appreciated that they were valued.

3.7.2 Operating a stakeholder environment

Employee involvement was also explained by the progressive ideologies and aspirations of trade unions. A union representative at Case Study D said he had always had an active interest in areas such as teamworking, workers' control and industrial democracy: in short, those initiatives concerned with 'making the workplace reflect the democracy of society'.

Similarly, an employee representative Case Study B described the essence of employee involvement as 'operating a stakeholder environment.' He pointed out that he was 'not just an employee' but also a shareholder, a customer, as members of his family took

some of the medication produced by the company, and because he lived locally, he also took advantage of the company's contributions to the local Council.

'What we have to do is recognise that stakeholding: it's not just a job, it's part of our lives. And I think we need to step up our responsibility and take more of a direct line in how that business is run. For me, it's my company; it's our company.'

Employee representative, Case Study B

3.7.3 Organisational performance

For Case Study B, a powerful driver for employee involvement was increased efficiency and survival in the global economy. As a blue-collar employee representative said, 'We want our kids to be able to come and work here in ten, 20, 30 years' time'. Increased employee involvement was seen as imperative in order to meet the challenges presented by the relatively high cost of UK labour and the need for fast reaction to market demands. Further, beyond survival, information and consultation were seen as key to developing 'new ways of working' so that the business could 'get from where we are now to where the company wants us to be in x years time' (employee representative). In particular, it was felt that this could be done by asking employees.

'What gets in your way? What do you think slows your job down? Where do you think we might get improvements? What frustrates you?'

Employee Relations Manager

Case Study D also identified strong links between employee involvement and organisational performance. For example, their partnership approach had led to the negotiation of highly flexible collective agreements allowing for multi-skilling. This meant that individuals could be moved around the company to meet business needs, helping to give an edge in a very competitive business. Further, the high discretion given to sales and service personnel (see section 3.5) helped to build and retain their client base, which had a turnover of over ten per cent.

The Employee Relations Manager in Case Study E also saw employee involvement having a positive impact on the company's performance.

'As a business we have to look after the customer, our employees and shareholders. When employees are more involved this has a positive effect on the customers as well as shareholders.'

Employee Relations Manager, Case Study E

According to the trade union representative, this was especially important because, while there had previously been a strong focus on technical skills, the organisation was now trying to become more customer focused and was thus looking at softer skills and people's ability to interact. Increasing staff's involvement was seen to play a crucial role in developing the skills needed for this, as it led to a better understanding of the organisation and what they are doing within it.

3.7.4 Avoiding acrimonious employee relations

A major driver for partnership in working groups at Case Studies A, B and C was to avoid time-consuming and confrontational negotiations and poor employee relations. An employee representative at Case Study B said that the 'sheer frustration' at the 'deadlock' that had occurred over pay claims had prompted them to look for another way forward. In Case Study C, prior to the union-enterprise partnership agreement, the bank had suffered from industrial action and faced the threat of more.

In each of these situations, increased employee involvement – be it through a consultation committee, partnership agreement or working group – had been extremely successful, not only in creating mutually acceptable solutions to specific problems, but also in fostering harmonious employee relations more generally. Case Study A's successful example of the pay mechanism is documented in section 3.4.2. The same section mentions the instance of partnership at Case Study B, which was being rolled out more widely.

Case Study C saw a sea change in its employment relations from their partnership agreement, with the bank and its union revolutionising their approach to problems. Although the union-employer relationship was still one of negotiation, the union National Secretary emphasised that they understood each other's position far better and were much more willing to share and solve problems together. He explained that at the crunch, when

there was disagreement, 'toys may be thrown out of cots', but rather than the situation ending with a disgruntled union making inflammatory statements to newspapers about the employer, criticisms were kept internal and resolved: 'We put the toys back in the basket'.

In order to get to this point, there had been a lot of heart-searching and self-examination in changing the culture of employee relations. While it was not completely transformed, it was vastly improved. The turnaround was broadly recognised within the financial sector, the bank being seen as in the vanguard of union-employer relations, 'certainly in terms of the way we do things but also in terms of some of the agreements we've come up with' (union National Secretary).

Case Studies D and E, although building on more harmonious employee relations, also valued their information and consultation procedures for building a culture of transparency and trust. In Case Study D, the HR Manager said that their information and consultation initiatives meant that 'employees and unions understand where we want to go and why.' Further, they have helped employees to distinguish between rumours and 'what is really happening'.

3.7.5 Fostering employee engagement

The HR Operations Manager in Case Study A thought that pay would only 'keep us at a level': for the majority of their workforce, whilst poor pay will have a negative effect on morale and behaviour, 'pay in itself is not a large enough motivating factor'. She considered fostering engagement through a high degree of employee involvement a crucial part of motivating and getting the best out of their workforce.

Although Case Study A did not attach any quantitative figures to employee engagement, the Manufacturing Manager gave an example that he felt illustrated their working culture. One Friday evening, when he was at home having a glass of wine with his wife, a production operator came round to his house to inform him that he had found a defective product of theirs at a local supermarket,

'Which to me is fantastic passion and commitment to your actual products. F-all I was going to do about it on a Friday night, I have to say, but ...'

Manufacturing Manager, Case Study A

Case Study C saw a main aim of employee involvement as creating stability by having an engaged and committed workforce. The Employee Relations Director thought that as a result of initiatives that supported employees in their work, in particular those which gave employees more discretion in the way they conducted their work, they were less likely to have attrition and less likely to need to recruit. She emphasised that future growth and sales were dependent upon building a knowledgeable and skilled workforce, and in the banking sector this could only be done with improved retention: by losing employees, they were losing skills and knowledge.

Case Study E also identified one of the main benefits of employee involvement as staff engagement and retention.

'People involved are usually happier and more motivated at work ... The more employees get involved, the more they buy into the company's values which can help to reduce staff turnover.'

Employee Relations Manager, Case Study E

3.8 Employees' desire for involvement

In general, employee representatives were highly satisfied with the arrangements for information and consultation and other employee involvement initiatives. The majority felt, for example, that where a joint decision was feasible, management were willing and eager to consult the workforce. The representatives also said that employees generally placed a high value on their involvement in the business, although it was widely acknowledged that the extent to which employees wanted to be more involved in the business varied within the organisations.

For example, the trade union representative in Case Study D said that employees in the establishment viewed being informed and consulted as important and the company had the general level of employee involvement 'about right'.

'Management could listen more carefully and be more in tune with [employee opinion], but they have other considerations just as we do.'

Trade union representative, Case Study D

Further, he saw their 'extraordinary degree of representative stability', with some representatives being in their role since the business had been established, as testimony to the success of their model of 'continuous involvement'.

However, most organisations recognised that employees' desire for greater involvement varied and thought that this should be respected. For example, the Employee Relations Director at Case Study C said that many employees, especially those in more junior positions and those working part time, came in to do a job and leave it when they go home. She thought that they might not want to get more involved in the company or even to progress their career there. An employee representative from Case Study B expressed a similar view, explaining it thus:

'I think, as with anything, there are always ... people who have an interest in particular ways of working. If I send an e-mail to our constituents, it's always the same people who reply, because it's always the same people who feel strongly about being consulted and want to get their viewpoint across ... But a lot of people, and probably more than the company would care to admit, are in the job for their bread and butter, and that's all that's important to them, and ultimately, they trust the company to make good decisions on their behalf ... We give people a lot of opportunity to become involved, but I don't think it's appropriate for us to force ourselves on people, because some people aren't that way inclined. Just [because] we are that way inclined, it's not for us to badger people. There are a lot of people who work here, and a lot of people under a lot of time pressure and I don't think it's appropriate for us to back them into a corner.'

Employee representative, Case Study B

Another representative at Case Study B pointed out that many employees were very glad for the consultation that existed, but did not always want to be involved in the decision making processes themselves. The value for them was in the fact that the opportunity for consultation existed and that someone was representing them. Thus, when discussing forthcoming consultation meetings, the employee representative said a common

reaction from his constituents was, 'Yes, that's great – you go', because they trusted him to fulfil his role.

However, whilst it was generally agreed that in some ways, differences in employees' propensity for involvement should be respected, employers and employee representatives nonetheless took steps to propagate employee involvement.

For example, in Case Study A, although the culture of increased discretion was seen to improve the working life of the majority of employees, for others, the Manufacturing Manager acknowledged it 'can be a bit of a burden'. Nonetheless, he felt that it was entirely possible to identify and help these employees to manage a greater role in decision making. He thought it was important to be supportive when employees made mistakes and to look upon errors as learning points. The organisation continued to discipline negligence when necessary, but openly encouraged employees to be confident in a 'no-blame culture'.

Further, an employee representative at Case Study B said that the (blue-collar) employees in his area were not used to being consulted. He felt that they had previously had a Taylorist tradition command and control, especially in the mass production branches of the business, such that

'...either employees haven't been offered consultation in the past, or they have given their opinion and it has had no effect'.

Employee representative, Case Study B

At the time of interviewing, he was thus advocating employee involvement, trying to explain to as many of his members as possible why it was important and what could be gained from it.

Finally, it should be noted that different groups of employees sometimes wanted to be involved in different ways. In Case Study B, an employee representative from a mainly white collar site explained that their non-unionised tradition meant that employees were used to influencing and contributing to the company through informal means rather than recognised consultation committees. In this context, she felt less need than the blue collar representative to promote formal employee involvement initiatives.

3.9 Employee involvement and employee relations

All the case studies are examples of organisations that were trying to move away from what is often seen as 'traditional' British industrial relations, in which trade unions are largely reactive, and towards a situation where employee representatives were proactively involved in drawing up plans and even developing strategy. This section of the report looks at the views on how this process worked and what challenges had been met.

One particular area of discussion concerns the role of trade unions. There are three general dangers for trade unions in employee involvement initiatives (see Chapter 2, above). Firstly, direct consultation with the workforce can precipitate the rise of individualism and decline of collectivism among employees, marginalising trade unions. Secondly, the introduction of non-union, and potentially less independent employee representatives can also marginalise the role of trade unions. And thirdly, adapting from negotiation to working in partnership with management can be tricky and can lead to union representatives losing their independence and being incorporated by management.¹ The section includes respondents' views on these issues.

Individualism and collectivism

There was no belief among the trade union representatives that their employee involvement initiatives impinged upon or marginalised the role of employee representation. Although direct methods of involving employees were used, they did not appear to detract from the indirect methods. Where trade unions were recognised (the great majority of establishments), they were central to the information and consultation processes and thus to employee involvement strategy.

The trade union representative in Case Study D thought that in organisations in general, if there were not a strong trade union presence and there were 'a cynical attempt' by management to

¹ For example, in partnership, trade union officers might be involved in making decisions that at a later date compromise their role as employee representatives.

replace traditional employee relations, there would be a danger of trade unions being marginalised by, or incorporated into, employee involvement procedures. However, he did not see this danger present at his company and thought that the union and management had 'quite a healthy relationship at the moment'. Management proposals were contested from time to time, but this he saw as 'a sign of good health', as it showed that the union was not losing its independence. If he thought there was a risk of the union losing its traditional role, he said he would walk away from employee involvement.

In Case Study E, where information and consultation processes were structured by a partnership agreement, the union enjoyed the active support of the company. This included a Partnership Day, organised in collaboration with the HR department, which promoted the partnership agreement and informed employees of the benefits of joining the union. During the Partnership Day held in 2004, the company demonstrated its support by donating £15 to charity for every new union membership and nearly 150 employees joined the union.

In contrast to this, the Employee Relations Director at Case Study C considered that employees were gradually becoming more individualistic and felt less need for trade unions. She thought that in general, employees now align their interests more closely to the business than to the union, although this was less the case lower down the grades, where staff turnover was higher and commitment tended to be lower. She thought that for many employees, the union existed primarily as 'a security blanket' and that the more employers led their employees in a fair and equitable way, the less there would be a need for trade unions.

Nonetheless, she made clear that for the time being, the union was indispensable for the information and consultation processes and she noted that they presently had 'a happy marriage' between the individual and collective aspects of the 'psychological contract'.

Union and non-union representation

Several case study organisations used the trade unions exclusively for formal consultation and did not plan any alternative employee representation.

'If the employees vote to have an employee forum, what's the difference between that and a trade union? The trade union represent employees, they've got more skills, they have more training, they've got more nous about how to deal with an employer than an employee forum. I'd rather [either] have the union or ... deal directly with the employee as an individual. Don't put layers in between the employee and you if they're not there. Don't try and replace the union.'

Employee Relations Director, Case Study C

Other organisations had non-union employee representation in conjunction with union representation, but in none did employee representatives or management think that the union was under any threat. Typically, union and non-union representatives worked alongside each other and together ensured that all employees were covered. There was no drive to marginalise trade unions and on the contrary, some managers emphasised the value they placed on their input. For example, the Employee Relations Manager in Case Study B particularly valued the unions' knowledge and research resources and the training they gave their representatives to hone their skills in working with employers.

The Employee Relations Manager in Case Study B said that occasionally there were 'politics' between union and non-union employee representatives, as the unions also had a collective bargaining agenda. But the union representatives did not see this as a serious problem, one respondent stressing the importance of not being afraid of differences and building on common ground, 'starting with the basic aims that you agree on'.

At Case Study A there were similar views that, 'At the end of the day, we're trying to achieve the same goal' (trade union representative). However, the organisation took this one step further, as there was no distinction on a daily basis between union and non-union employee representatives.¹ For example, non-union representatives from New Horizons often attended union meetings because the two agendas overlapped and one employee representative we interviewed did not know whether another was union or non-union.

¹ The only distinction made between union members and non-members was that the latter would not be covered for union legal support in the event of a tribunal or eligible for union votes.

In Case Study B, the potential for confusion was recognised in having union representatives who also represented employees not members of the union. One such representative said that in theory his roles as union and non-union representative could clash, but that in practice, it was not a problem. He did represent the whole of his constituency and not only the union members, but at the same time,

'I make no bones about it: I will at times follow the [union] line if it doesn't conflict with the views of my constituents.'

Employee representative, Case Study B

Different trade unions

Case Study B had quite distinct groups of employees, which were represented by different unions and had different levels of union density.¹ These differences did not appear to cause any problems and were accommodated in the information and consultation procedures. Most notably, because the blue-collar trade union had more rigid collective agreements than the white-collar union, all five of their senior representatives sat on the consultation committee steering group. This meant that proportionally they had a larger representation than the rest of the population. However, the situation was generally accepted, because it enabled the steering group to start dialogue on a broader range of issues.

Collective bargaining and consultation

Most organisations recognised that their trade unions had both a collective bargaining and a consultative role. Typically, consultation, where the ultimate decision was taken by management, covered issues in which, although management *could* impose their decisions, it was seen as much better to achieve change via consultation. These issues were distinguished from those that were collectively negotiated: here, trade unions could claim a right to be part of the decision making and ultimately could wield the threat of industrial action.

¹ There was also a group of employees who had no recognised union.

A changing role for trade unions

There was general consensus between the case studies that employee involvement had provided the trade unions with an enhanced opportunity to be proactively involved in the organisation. In Case Study A, the Manufacturing Manager saw the role of the trade unions as changing, such that they were increasingly focusing on the 'more important' issues of the context and workings of the business. He explained,

'I'm a great believer in trade unions as an assistance in helping the business improve. Because if ... people can understand that everything you're doing is about making the business stronger and more secure and therefore security of employment for more people, then the unions are going to be with you rather than against you Sometimes, through discussing things with the unions, they've come up with some [business improvements] we hadn't thought of.'

Manufacturing Manager, Case Study A

Similarly, in Case Study B, a trade union representative thought the potential of the new partnership approach was 'massive', as the union was bringing together the two roles of representing employees' interests and helping the business:

'We are now recognising that we need to look at some element of self funding future pay claims. Now, five years ago, if you'd have said that, we'd have walked out the room ... We're becoming more and more realistic in our expectations ... we have to be [more business-minded] because this is our business.'

Employee representative, Case Study B

One respondent thought that the change in role that this required in trade union representatives could prove challenging:

'It can be seen as far easier to say, "Let management decide, and we'll challenge it afterwards" ... to work in an us-and-them climate.'

Employee Relations Manager, Case Study B

However, she added that 'representatives have risen to the challenge of trying to work together and seek out joint solutions' and none of the employee representatives noted any difficulties in adapting to increased involvement in business affairs.

Similarly a trade union representative in Case Study D said that he had not found his company's employee involvement model problematic but 'very gratifying: it's nice to be asked.' He thought that part of the reason for this was that he had always had a personal interest in employee involvement that pertains to industrial democracy.

Nor did trade union representatives feel that their increased involvement in information and consultation processes impinged upon their role as trade union representatives. While the danger of trade unions being thought of as 'in bed with management' was generally recognised, it had not been experienced to be a problem. Rather, interviewees thought that trade unions could remain independent of the employer and maintain their credibility as employee representatives.

For example, in Case Study E, it was emphasised that despite the support the trade union received from the company, their relationship was not 'cosy'. The union National Secretary added that 'I would be nervous ... if everything was too nice'. In Case Study D, there was a 'safeguard' of negotiation and balloting built in to the consultation procedures. The trade union representative felt that this protected the union from being incorporated by management, because it involved employees in the design of schemes, thus avoiding a situation where the union would be pressured to accept a management-devised scheme. He also thought that where trade unions felt compromised by working in partnership with management, it was generally because a system had been imposed upon them.

However, it should be noted that not all trade unions worked in partnership with management in this way. Although the employee relations at Case Study C had seen a remarkable turnaround in a period of five years, the trade union National Secretary maintained that they contributed to the business of the bank 'only where it impacts on our members'. For example, the union supported the bank's programme for empowering local branches, but only because they were acting on behalf of employees who wanted to be empowered.

3.9.1 A changing role for middle management

It was thought that a change in style of employee relations could be a challenge for managers as well as employee representatives. In Case Study E, a particular challenge had been with encouraging some middle managers to work in partnership with the union. The trade union thought that

'This is because they see us as being irrelevant to them: it is hard for them to see how unions can help them.'

Union National Secretary, Case Study E

The company's response was to officially require all managerial staff to work in partnership with the union, setting this out in their job descriptions. The Employee Relations Manager explained that:

'Some managers need encouragement to work in partnership with the union, so they have a specific accountability in their job performance review so that they are measured against this.'

Employee Relations Manager, Case Study E

3.10 Key factors for success

A number of factors that were seen to aid success in employee involvement initiatives have already been mentioned. This section summarises the key factors which respondents thought were necessary for employee involvement in general.

3.10.1 Leadership

'It's all about leadership and how managers can capture hearts and minds.'

Employee Relations Director, Case Study C

Leadership was considered important for employee involvement at three general levels.

Firstly, having a champion of employee involvement at the most senior level of an organisation had been seen to send a powerful message of advocacy to employees, including managers, and to legitimise action aimed at enhancing employee involvement. For example, in Case Study B, it had been found that including the site manager in a consultation committee gave it a new

legitimacy and power to deal with more important issues (see section 3.4.1). This level of leadership had a substantial impact even in organisations, such as Case Studies A and D, where a climate of employee involvement dated back over many years.¹

Secondly, it was thought that managers throughout an organisation needed to lead by example and take the first step in getting more employees involved. One respondent put it that:

'To get something you have to give it first. You have to give trust to get trust back; you have to give responsibility to get responsibility back.'

Manufacturing Manager, Case Study A

He also thought that leadership had affected the type of employee representatives that the organisation had. He admitted that 'some representatives are easier to work with than others', but beyond this factor, he had seen a marked improvement in the quality of employee representatives over recent years. He explained:

'When people see the climate of real genuine attempts at involving people seriously, good people will put themselves forward to be a representative. When you are very much at odds and at battle with people, then it's the aggressive ones who will come forward because they want to fight with management. There's an old saying that you get the representatives that you deserve; and if your management style is aggressive, then you'll get aggressive reps.'

Manufacturing Manager, Case Study A

Thirdly, it was thought that employee representatives needed to be effective leaders of those they represented. In particular, it was considered important that they played a part in advocating, developing and persisting with information and consultation procedures. One employee representative noted that this was not always easy.

'You've got to have a strong belief in employee involvement, because you're going to come across a lot of negative people. You've got to keep going.'

Employee representative, Case Study B

¹ In both these organisations, a change of director had brought new impetus to employee involvement.

3.10.2 A consistent approach

Several respondents pointed out that an important aspect of employee involvement initiatives was that they formed part of a cohesive and consistent approach. There are two main implications of this.

Firstly, it was thought that HR initiatives had to be in line with the general way of dealing with the workforce.

'You will only participate with an employer who has a smile on his face and who listens to what you say.'

Trade union representative, Case Study D

Thus, in Case Study A, employee involvement processes were in general firmly embedded in the general working culture and in some respects inseparable from it.

'Talking to people, listening to people is very much part of what we try to do ... It's the way we do business ... Even the most senior guy, my boss, is so approachable and readily available.'

Manufacturing Manager, Case Study A

Secondly, it was thought that employee involvement initiatives must be applied in a consistent manner and that agreed procedures are honoured. In order for this to occur, it is essential that the initiatives are uniformly understood. To this end, the Business Director at Case Study D emphasised the importance of establishing from the outset of an initiative who is to be involved and how. Thus, in consultation structures one must start with an open discussion in which the role and duties of each of the participants are agreed. Similarly, in working groups, he noted the importance of getting the terms of reference right from the start.

3.10.3 Trust and openness

All case study organisations considered general trust to be crucial in effective information and consultation processes. Yet it was also recognised that trust is very slow and difficult to build, as it cannot exist in a vacuum. Managers were often seen not to trust their employees enough to get them more involved, displaying an attitude that 'If you give them an inch, they'll take a mile', and employees were often seen not to trust management.

Only by proceeding little by little was it thought that they could be proven wrong.

On top of this, an employee representative at Case Study B commented that trust could be very fragile and had to be respected. He said that, 'Trust doesn't tend to break – it shatters', adding that he had seen this happen 'many times'.

The Employee Relations Manager at Case Study B said one way in which trust could be built was through developing a 'culture of no surprises'. Thus, consultation was seen to work best where representatives were kept up to date with approaching changes. However, this is difficult to maintain and mistakes are more easily remembered than good practice. Occasionally, the management had been criticised by employee representatives who were informed of something at a late stage, who retorted, 'What's the point of this? It's already on the website.' The Employee Relations Manager said that, although 'blips' such as these did not jeopardise the consultation process, they did affect the type of issues brought forward to consultation meetings, the atmosphere at the meetings and ultimately, the quality of consultation.

Similarly, the HR Manager at Case Study D stressed that communications should be honest at all times, as 'smoke and mirrors' lead to mistrust. She thought it was better to provide no information than to be dishonest, adding that, 'If people cannot be told about something now, tell them when they will get the information'.

Some interviewees thought that the downside of an open and honest approach, namely 'that [employees] might hear things that they don't want to hear', should be dealt with as best as possible. The Manufacturing Manager at Case Study A explained that, while some decisions would be unavoidably detrimental to certain groups of employees, 'So long as you can get people to understand what you're doing and why you're doing it, it makes it a lot easier'.

'Sometimes we have to make tough decisions and we upset people – we're going through one at the moment – but we try to involve the people in discussions about the changes rather than just impose them. Some things are up for grabs, some things can't be. It's [wrong] to cosmetically involve people, make them think that

they can change something that's going to happen when in all honesty they can't. So sometimes you have to say, "Sorry, chaps, but for these reasons, this is how it has to be. We want to talk to you about it, we want to talk about how we might be able to tinker bits of it, but fundamentally, what's going to happen is going to happen – you can't change it."

Manufacturing Manager, Case Study A

3.10.4 Focus on working relationships

It was generally thought that within consultation committees and working groups, success depended on the quality of working relationships.

'The key to it for me is building really good quality working relationships with people. And it's much easier to develop a relationship with someone you're in contact with, over weeks, months and sometimes years ... You develop more trust by people actually getting to know you.'

Manufacturing Manager, Case Study A

'Partnership is about jointly assessing a problem and ... coming to a real, jointly owned solution. And it can be a challenge for both parties, but done well can give great outcomes.'

Employee Relations Manager, Case Study B

The Employee Relations Manager at Case Study B stressed that 'building consultation takes time' and requires working together in a mature, sensible way in an atmosphere of mutual trust and respect. Similarly, speaking of his relationship with his plant manager, an employee representative said,

'Whether [the trust] remains there when he moves on or I move on [I don't know], but that working relationship is very good. But it's got to be worked at – if you don't work at it, you'll lose it.'

Employee representative, Case Study B

3.10.5 Training

Several interviewees recognised the value of having employee representatives who are well trained and who understand the business. One of the challenges an employee representative in Case Study B highlighted was adjusting to a business-style way of working, including giving negative criticism in a diplomatic way.

However, training may not only be necessary for employee representatives, as Case Study E found. Here, the organisation developed an extensive training programme aimed at getting middle management to work in partnership with the union. Training was also available for more senior managers, although it was shorter and more condensed, as they were assumed to possess a better understanding of the consultation process.

4. Conclusions

The case study organisations give many and various examples of initiatives aimed at increasing employee involvement and a number of lessons can be drawn from them. This chapter draws out the main points that were made and relates them to the existing literature.

The majority of employee involvement initiatives were concerned with decision-making processes. These were considered most important to the organisations and are summarised below. However, a handful were primarily concerned with how employees identified with the organisation. These included a reward system, financial participation in the organisation and getting involved in external activities, namely corporate social responsibility exercises and sponsorship of sports events.

4.1 Information and Consultation Regulations

In general, the existing practices relating to information and consultation are thought to be effective and go beyond the minimum requirements of the Information and Consultation Regulations. The impact of the regulations on such organisations exhibiting well developed employee involvement in decision making is expected to be minimal.

Case studies reflect the variety of arrangements that can exist for information and consultation and employee involvement more generally. Collectively, they thus demonstrate that initiatives need to be appropriate to the organisation, supporting the precedence in the Information and Consultation Regulations

given to pre-existing arrangement. Further, employers with less advanced arrangements should be encouraged to take advantage of this precedence and tailor information and consultation procedures to their organisation, in order to avoid having a standard model imposed.

4.2 Drivers and effects of employee involvement

Various reasons were given why organisations used employee involvement initiatives. These included:

- ideologies of valuing employees and operating a stakeholder environment within the organisation
- the drive to maximise employees' contribution to their organisation
- the drive to increase job satisfaction and enhance employees' careers and skills sets
- observed benefits in levels of employee engagement and harmonious employee relations.

Most respondents accepted that the desire for involvement varied from employee to employee. Nonetheless, employee and management representatives alike thought that there was a general desire among their employees to be involved indirectly (*ie* through representatives) or directly in decision making.

Respondents generally thought that it was difficult to quantify the effects of employee involvement initiatives. One reason for this would appear to be that employee involvement had a long standing in several organisations: not being able to compare the situation 'before' with 'after' precluded an impact evaluation of certain initiatives (*eg* employee discretion in Case Study D). Further, employee involvement initiatives often overlapped with each other (especially in groups established for information and consultation) and with the normal style of management. This would have made it difficult for organisations to distinguish separate initiatives and measure their individual impacts.

Ironically, therefore, it may be most difficult to quantitatively measure the impact of employee involvement techniques in organisations where they are most advanced, as this is where they tend to form a cohesive whole rather than exist independently (Hill 1991b).

4.3 Employee involvement procedures

Mechanisms used for involving employees in decision making were highly specific to the organisations. In many cases, single mechanisms were used for both information and consultation.

4.3.1 Information

The case studies presented various ways of keeping employees informed, including:

- direct communication from senior management
- cascaded briefings given by line managers
- feedback from meetings with management, given by employee representatives
- written communication, including the use of newsletters and Intranets.

Different channels of information were often considered preferable in different situations. For example, some employee representatives felt that direct communication from senior management should be used for more important issues, as it gave a less ambiguous and more powerful message than cascading information through the organisation. Face-to-face communication, in particular the use of employee representatives to disseminate information, was frequently preferred to written communication.

The importance of keeping employees and their representatives well informed was emphasised by many respondents. One important aspect of informing employees is to build their understanding of the organisation's business. This can make much organisational and employment change considerably easier, as employees could understand why the change was needed. This was thought to be especially the case in instances of change over which employees could not exercise much or any influence.

Another good practice was identified as building 'a culture of no surprises' by communicating information to employee representatives as early as possible. This was thought to be especially apt for major changes to work organisation and issues of workforce

change, such as redundancies, where employee representatives may not be able to influence the basic decision, but may be able to mitigate certain negative aspects.

Related to this, the case studies highlight that when employers use employee representatives as a channel for communication, maintaining a balance between transparency and confidentiality is a tricky business that needs to be constantly kept in check. The responsibility for maintaining this balance lies with both parties. On the one hand, employee representatives must respect their position of being privy to sensitive information in meetings with management, which means they must be prepared to withhold information from their constituents. On the other hand, employers should take care not to compromise employee representatives by expecting them to keep information confidential that might undermine their position.

However, in many cases, the greatest barrier to communication does not seem to be confidentiality, but time. For example employee representatives typically have their 'day job' to do, as well as finding out employees' views, attending meetings with management and getting back to their constituents to disseminate information. It is thus important that enough time is allocated the relevant employees to fulfil their roles in communication procedures.

4.3.2 Consultation and joint decision making

Consultation and joint decision making was organised in various different ways among the case study organisations. Some had clear processes for information and consultation that were limited to upward and downward communication. Respondents distinguished between these processes and partnership working or joint decision making, where employee representatives were seen to have a greater impact on decisions. However, in other cases, the degree of consultation that occurred in meetings between management and employee representatives varied according to subject matter, as some issues were recognised to call for a greater degree of consultation than others.

Consultation committees

Consultation committees commonly operated at different levels in the case study organisations, local committees feeding into national committees, and where relevant, national committees feeding into European Works Councils or similar bodies.

The composition of consultation committees varied, in particular in the extent to which they drew upon trade unions for employee representation. In some organisations, all formal consultation was conducted through the trade union. In other organisations, higher union density corresponded with more exclusive use of union representation and less use of non-union staff representatives. In Case Study B, the proportion of union and non-union employee representatives varied, reflecting the different levels of unionisation between the main groups of employees.

The case studies presented a number of innovative and useful techniques in the running of consultation committees. These included:

- operating a steering group of employee representatives to decide consultation committee agendas
- bolstering the representation of employees particularly affected by large pieces of business change
- drawing upon trade union research departments for evidence to help shape policy
- using managers to inject expert knowledge to a committee through presentations.

The case studies highlight various success factors in employee involvement that are particularly relevant to consultation committees. These predominantly concern the level of issues discussed. For example, it was seen as more productive to move the agenda away from the details of terms and conditions of employment and 'toilets and trivia', and towards more fundamental and longer-term business issues. This led to greater engagement in the consultation process, as it could be seen to be tackling issues of consequence, and a higher quality of debate within it.

However, in order for genuine debate to occur on issues of high importance, consultation committees must usually involve senior

management. The case studies show that their inclusion can transform consultation committees, enabling them to take decisions on bigger issues and raising their profile.

Working groups

The remits of working groups varied considerably. Some were set up to deal with a very specific issue, such as the implementation of a new system, for a definite period; others dealt with a more general theme, such as pay and conditions or efficiency, that could touch upon numerous areas of work and employment.

The composition of working groups also varied between the case study organisations, often in line with that of consultation committees, but it always included employee and management representatives.

Although guidelines sometimes existed for group process, it was invariably the groups themselves that decided their specific procedures. One common practice was to draw on expert knowledge on specific subject areas from employees and managers.

Three general outcomes were noted of working groups. These were:

- developing methods of determining pay and conditions that were equitable and benefited the business
- finding ways of mitigating specific aspects of necessary but painful change in work organisation and employment and substantiate the general need for change
- developing more efficient systems and procedures.

The case studies highlight the importance of working groups having a substantial degree of decision-making power, which enables them to be valid and effective mechanisms that generate employee engagement. The studies also demonstrate that this decision-making power can be kept in check to avoid the embarrassing and potentially damaging situation of inappropriate decisions having to be vetoed. Three techniques to do this were described:

- making the remit of working groups, in particular the boundaries of what they can do, very clear at the outset

- having working groups include, or liaise closely with senior management throughout the process
- balloting the workforce on working groups' proposals.

Another key issue repeatedly identified by the case studies is that the process and sometimes the remit of a working group can be slow to develop. Nonetheless, involving the group itself in its design was thought to be of great value in developing a workable and effective model that had the full approval of employee representatives. This in turn was seen to lead to greater support for the decisions made, especially those that had negative consequences for some employees.

Direct consultation

The most notable innovations in direct consultation with employees were in face-to-face contact with managers. Essentially, this was based on fostering an open and involving managerial style throughout the organisation.

Organisations also used employee opinion surveys, some involving employee representatives in their design.

4.3.3 Discretion

Three of the case study organisations operated high levels of employee discretion. Overall, the key aspect to emerge is that discretion should be relevant to the work at hand. In most cases, this meant that high levels of discretion were not applied uniformly across the organisation, but targeted at certain job roles. The exception, a general call for more flexible decision making in Case Study A, encouraged employees to avoid delays by stepping in to take a decision in an area with which they were familiar.

The need for discretion to be appropriate and relevant may also partly explain why not all case study organisations saw high levels of it as integral to their employee involvement strategies. Although some of the organisations had not given serious consideration to developing employee involvement strategy in this area, part of the reason for this is likely to be that increasing discretion was of limited relevance to their work.

We can therefore question the common notion that there are certain 'high performance work practices' (including employee involvement initiatives) that all progressive HR departments adopt. Whether a specific HR practice leads to high performance may depend entirely on the context in question. Thus, it is probably more accurate to talk of high performance HR *strategies*, which might introduce specific practices selectively across a workforce.

4.4 General points on employee involvement

As well as issues specific to information, consultation and discretion, a number of general points emerged from the case studies. These are summarised below.

4.4.1 Integration into the normal work routine

Initiatives that focused on directly involving employees invariably operated within the normal routine and not in parallel with the daily work, as with quality circles or reward-based suggestion schemes. Examples of this included:

- facilitating employee suggestions through an involving style of line management, an 'open door policy' or standard feedback forms
- combining direct communication from senior management with the team briefing system. This was made possible by holding senior management team meetings at local sites.

This is in line with previous research (Gifford, 2003 and Hill, 1991b) that suggests that certain types of employee involvement initiative work best when they are integrated into the normal work routine.

4.4.2 Internal fit

Related to this, the case studies suggest that an important aspect of employee involvement initiatives is that they form part of a consistent approach to dealing with the workforce. This is evidenced by the fact that successful employee involvement initiatives were often seen to be part of a cohesive entity, rather

than distinct schemes. Most notable in this regard was Case Study A, which did not clearly distinguish 'consultation' from 'negotiation' and 'joint-decision making', as each was simply thought of as honest, open discussion.

This supports literature that suggests that bundles of complementary HR practices are more effective in heightening performance than unrelated or non-complementary practices (see Tamkin, 2004). It is also in line with research that has found institutionalisation key to the success of partnership working (Reilly, 2001).

4.4.3 Keeping expectations realistic

The case studies suggest that in order for employee involvement initiatives to be sustainable, employees' expectations must be kept realistic. The reason for this is that if their hopes for involvement are dashed, they are likely to become disengaged in the processes on offer. Whilst a degree of impracticable aspiration in employee involvement may be inevitable, there is evidence to suggest that major misconceptions can be avoided through open discussion of the nature of business decisions and honesty about what decisions can and cannot be influenced.

4.4.4 The role of trade unions

The trade unions were generally viewed by employers as integral to employee involvement and in some cases they received considerable support for their role. Employers had no wish to replace or marginalise them and union representatives did not feel that their role in negotiation was compromised by increased involvement in the organisation.

Measures of support for trade unions in information and consultation included:

- funding full-time secondees from the trade union to be in-house employee representatives
- providing managers with consultation training
- encouraging managers to consult employee representatives by linking it to their individual performance reviews

- sponsoring a day of awareness raising to promote the trade union role and boost its membership.

None of the trade union representatives noted any difficulty in adapting to increased involvement in business affairs; on the contrary, it was noted by some as a refreshing change. This contrasts with research by Bacon and Storey (1996) and Marks *et al.* (1998), which found trade unions to experience the change from negotiation to strategic involvement as a difficult challenge, firstly because the nature of the two roles are quite different and secondly, because there was a danger of them being party to developing procedures that would be detrimental to employees.

There are three likely reasons for these differences in findings, each of which highlights a key aspect of employee involvement.

- The present case study organisations appear to have been at more advanced stages of developing employee involvement. Because working in partnership is an exercise in building trust, it is shaped by the quality and history of employment relations in an organisation and takes time to develop.
- In the present case studies, employee representatives had greater influence over the design of employee involvement procedures. Thus, employee involvement initiatives appear to work best if they are not imposed upon a workforce, but are developed with the participation of employee representatives.
- The trade unions in the present case studies may have a greater propensity for employee involvement. Various ideologies exist in the trade union movement, some better suited to employee involvement than others. While employers would be ill-advised to hand-pick employee representatives, they can influence the type they get through leadership.

4.4.5 Training needs and incentive

In accordance with research by Hill (1991a) and Fenton-O'Creavey and Nicholson (2001), the behaviour of middle managers was seen to be a key factor in the success of employee involvement. Specifically, the present case studies highlighted that it can be difficult to get managers to engage in information and consultation procedures. One way of dealing with this challenge was to make formal requirements of them to adhere to information and consultation procedures and link this with their own performance management.

However, the present case studies consistently show that of equal importance is the behaviour of employee representatives and the leadership of senior management. Thus, training in effective information and consultation has not only been given to middle managers, but to senior management and whole consultation committees. Further, the skills developed by employee representatives through their trade unions were often considered invaluable, such that some senior managers said they would not dream of replacing the union with non-union staff representation.

Appendix: An Overview of the Organisations

Case study A

The organisation is a UK based food manufacturing plant with approximately 315 employees, of whom 90 per cent were estimated to be union members. The plant is part of a large multinational corporation which is generally advanced in employee involvement practices. Consultation occurs at a national level and at a transnational level with a European Works Council. The practices in this case study are, however, organised at site level and specific to the site in question.

The company believes that employee involvement is an integral part of how it conducts its business, rooted in the fundamental value it places on its employees. The HR Operations Manager thus said that 'employee involvement spans across a lot of what we do' and cannot be pinpointed to a specific area. A prominent example is 'New Horizons', a formal communication and consultation initiative on pay and benefits. On a more informal level, managers have an open door policy to listen to employees' concerns.

Steps have also been taken to involve employees more by increasing discretion in their job roles. This had been done by introducing leaderless teams to the shop floor and encouraging employees at all levels to adopt a more flexible approach to decision making.

Case study B

The organisation is a leading pharmaceutical that employs over 10,000 people at sites across the UK, although most of its staff are based at one of two sites. The present company was formed in a merger about five years ago between two companies with quite different traditions. One part came from a heavily consultative background and had extensive experience of working with the trade unions. The other had done very little or no formal consultation prior to the merger.

The company has aimed to build on the good practice in employee involvement that already exists and work it throughout the organisation. However, this is not done indiscriminately. Clear differences remain in the parts of the organisation with different backgrounds, and between the white-collar and blue-collar employees.

For example, blue-collar employees are highly unionised (about 80 per cent) and all their union representatives are given places on the consultation committee. By contrast, white-collar employee representatives are elected by staff onto the consultation committee. At some sites there are white-collar unions, whose representatives may put themselves forward for this, but other white-collar sites have no union presence.

The different styles of consultation that occur at different sites can cause difficulties at the national joint consultation committee, where representatives with different perspectives and methods need to work together. However, this problem does not appear to be insurmountable.

Case study C

The organisation is a UK based multinational bank and financial services company, employing over 78,000 people worldwide. In the UK, it conducts all its major consultation procedures through the trade union. All groups of employees except senior executives and most senior managers are covered by the agreements made with the union.

In the mid to late 1990s relations between management and the union were strained and the bank faced the threat of further

industrial action. Employee relations are said to have been one of the worst in the financial sector and the organisation kept the union at arms length.

To remedy this, the bank recruited some highly talented HR and employee relations professionals and the Labour government provided a platform through the DTI for discussions on how to improve the situation. A partnership agreement was successfully established in 2000 and the organisation and the union agreed to extend this agreement for a further five years at the end of 2004. The partnership has brought about dramatic change, enabling the organisation to be at the forefront of progressive employee relations in the sector.

Besides this, the bank has recently sought to increase the decision making power of front line employees in its local 'high street' branches. It aims in particular to enable local branch managers to organise their work as they see best, in order to improve the service they offer the local customer base.

Case study D

Case Study D is a business within a large UK organisation supplying products and services to the hospitality and leisure market. It employs approximately 280 people, the majority of whom are sales and service personnel. The organisation has traditionally had a flat management structure, with only five people in the senior management team, although this is currently being changed to reflect changes in the market and provide more employment development opportunities. The main occupational groups are production staff and sales and service personnel.

The business was established 15 years ago and has had an involving style of management from the beginning, although this has been especially developed by the present Business Director, who has been in his position for seven years. The organisation restructured a few years ago, with the effect of changing the union role and introducing business-specific negotiations and bargaining processes. Since then, the general level of union involvement in the company has been increased.

Case study E

The organisation is a UK financial services company that employs over 8,000 staff and has a harmonious history of employment relations. All employee involvement initiatives are managed in partnership with the recognised trade union, with which the organisation signed a partnership agreement in the late 1990s. The union represents all staff up to the level of the management group; managers can be union members but have individual contracts.

Senior management informs and consults the union on all issues related to employment, including high level strategy. They actively support the union's position by requiring managers to liaise with the union representatives, and also promote union membership. In turn, the union aims to help further the success of the business by enabling a flexible approach to working. In 2002, the company received funding from the DTI to continue to develop and embed partnership working.

At an individual level, they increase employees' involvement through the promotion of 'people values, a can-do attitude, honesty and integrity, openness, a results-driven and team focus philosophy. All these give a sense of ownership and involvement' (Employee Relations Manager).

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