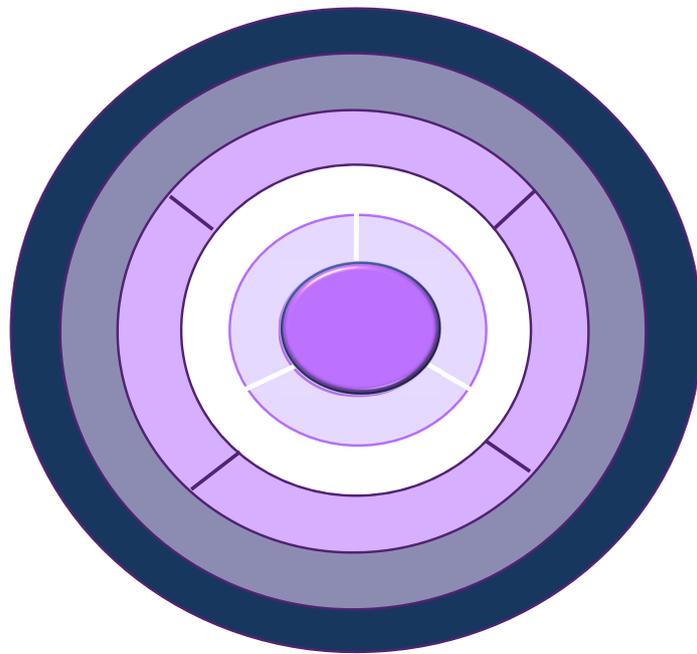


Rethinking voice

for sustainable business
success



Contents

01	Foreword	
03	Part 1	Introduction
05	Part 2	The current debate on employee voice and what the evidence shows
08	Part 3	The challenges of employee voice and why it matters
15	Part 4	Understanding the factors affecting employee voice – a working model
19	Part 5	About the project and key questions

“If the potential that resides in the country’s workforce was more fully unleashed, we could see a step change in workplace performance and in employee well-being, for the considerable benefit of the UK.”

David MacLeod and Nita Clarke

“How we keep our employees engaged and focussed with pride, while facing a downturn in the industry as well as in the wider economic conditions is a challenge many businesses, including ours, are focusing on.”

Colin Dixon, BAE Systems

“We believe passionately in engaging our colleagues in the challenges we face as a business, and providing opportunities for them to contribute to developing the solutions. Through this process we will build trust and engagement with our employees, improve our service to customers and drive sustainable business performance.”

Lindsey Oliver, British Gas

“...voice is only active if we have a culture where people feel they can communicate in an open and honest way, upwards, downwards and sideways.”

Andrew Cocks, HSBC

“The true value of the employees’ voice is the collective experience and knowledge it possesses. An organisation of 6,000 people (...) would give you 18,000 years’ worth of personal experiences of that organisation alone to tap into.”

Nigel Harris, IAC Group

“Ultimately the business has and continues to reach out to all its different workforce populations to understand their differing needs and views and work closely with people at all levels to identify solutions that support our business goals.”

Martin Gash, TUI UK & Ireland

“Voice enables people to see the meaning in their work and invariably results in a strong sense of commitment and community with the part of the business in which people work.”

John Greatrex, Unipart Group

Foreword

Having a voice matters

Voice matters hugely in today's world. South Africa, the fall of the Berlin Wall and, more recently, the Arab Spring: the demand to be able to speak out honestly and without fear, to be listened to and taken seriously as an individual, lay at the heart of the uprising and change, as it has time and time again. Having a voice is a key aspect of being human – and a diverse combination of many voices is vital for a free society.

Having a voice at work is just as crucial, for the organisation as much as for the individual employee. Feeling listened to is consistently cited as the most important factor in determining how much employees value their organisation. Voice is a key enabler for employee engagement, reinforcing the powerful sense of enablement, involvement and participation that underlies true and sustainable engagement.

For the organisation, listening to employees is vital. Firstly, in that voice will lie the solutions to the challenges the organisation faces, whether it is cutting costs, reconfiguring processes or services, improving customer relations or defining new markets. After all, at the heart of techniques such as kaizen is the simple truth – if you want to know how to do something better, ask the person who is doing it.

Secondly, embedding voice at the heart of an organisation's culture ensures openness and transparency. It is the best guarantee of organisational integrity, or keeping it real, ensuring that the values on the wall are reflected in day-to-day behaviours, which is fundamental to establishing and maintaining trust.

Thirdly, employee voice is of course operating in every organisation, whether managers like it or not, or are prepared to listen. As a result of information technology, the traditional – and effective – focus of the water cooler or coffee machine is now supplemented by a plethora of internal conversations via Facebook and the other social networks, all of which may be below the official radar – but are nonetheless powerful for all that.

Fourthly, a powerful, diverse employee voice is the best guard against reputational risk – more effective than a team of lawyers or a highly paid PR company trying to clear up after the event. Every report into a manmade disaster – whether it be an oil rig blow out, a poorly built building collapsing, a failure in child or social care, or a hospital putting lives at risk – comes to the same conclusion: someone within the offending organisation always knows. But the dominating culture of the organisation means they are either unmotivated, unable, or afraid to speak out before it is too late.

The case for employee voice is overwhelming – so why do so few organisations ensure they listen? The figures are startling. The NHS is one of the largest employers in Europe; according to the latest annual staff survey only 28 per cent of employees thought managers involved staff in important decisions. In the private sector the number reporting that their manager encouraged them to develop their own ideas declined from 48 to 38 per cent from 2008 to 2009 according to research from Corporate Leadership Council.

Too often employers appear to believe that surveying employee opinion – often via an online survey – constitutes listening. While surveys are useful for internal and external benchmarking, the snapshot of opinion they provide cannot get to the all-important reality of why employees feel the way they do. That is why organisations such as O2 which are really concerned with voice as a key element of engagement now find far more sophisticated ways to listen to staff, through face-to-face meetings, 360 degree conversations, and deep dive focus groups.

Others believe that having an effective internal communications department constitutes listening, whereas most often it is simply disseminating to employees the corporate message. If that message does not appear to coincide with reality as perceived by the employees, it will only lead to cynicism and disillusionment.



Collective voice – the wisdom of crowds matters too. Trade unions can have a powerful role in ensuring workplaces engage effectively, that structures are in place for listening and dialogue, that the prevailing consensus is stress-tested to check it is fit for purpose, as well making sure that the hygiene issues that underpin engagement, such as fair systems for performance management or bonuses, and safe working conditions, are properly dealt with.

Listening to others – particularly those lower down the organisational ladder – is hard. But sighing for the good old days of command and control will not change reality. Generation Y and the ones that are following believe in communicating to their peers, and expressing their views – at work as well as at play. They are not deferential to power, and nor do they automatically trust it, whether it resides in politicians, journalists, chief executives, bankers or other traditional leaders of the pack. Only authentic adult-to-adult relationships with peers, managers and leaders will convince them of an organisation's integrity and open the door to their wholehearted engagement with it.

This is an imperative for UK companies and organisations as we seek to make our way in the new world order– not some fluffy nice to have, or pandering to 'yoof'. Engaging with the workforce will be the best way out of the current economic difficulties, whether it be producing goods and services quicker, more cheaply and at higher quality, anticipating shifts in customer demands or producing world-beating innovations that will secure the future of UK plc.

And maybe only a more distributed leadership model based on a belief in the power of employee voice will help us avoid the catastrophic errors perpetrated by the leadership-clique approach seen in banking and other sectors.

We have given a number of reasons why voice matters: each is important and cumulatively the case is surely overwhelming. All of these arguments in turn reflect the new dynamics of value creation. Value is co-created through complex supply chains and relationships which span cultures and borders. Sustainable value is best secured by recognising the combined impact of economic, human, social and environmental value drivers. It is not accident that institutional investors are increasingly looking at companies' human capital metrics and their employee engagement levels when making investment decisions.

The IPA and Tomorrow's Company have therefore joined together to explore in more depth the nature and importance of voice, working with some of the UK's leading organisations. This is a topic with a growing salience. The Coalition Government has asked David Macleod and Nita Clarke to build on their work on employee engagement in their 2009 report '*Engaging for Success: enhancing performance through employee engagement*' with a national taskforce to further develop and spread the engagement message.

Attitudes to 'human capital' are beginning to change. We need to rethink our approach to voice. As processes become standardised, it is increasingly clear that it is the employees in an organisation who are the difference that make the difference. Releasing the power of people at work is what employee voice is all about.



Nita Clarke
Director, IPA



Tony Manwaring
Chief executive, Tomorrow's Company

Part 1: Introduction

What is employee voice?

Voice describes the various forms of two-way communication between employers and employees in the workplace. It can be focused on resolving disagreements and differences of opinion, sharing information, or in involving employees in decision making and gaining access to their knowledge and expertise. Voice is rarely about simply asking what the employee wants – but what they value and think about products, processes, the brand and customer experience to highlight areas for improvement. It is about encouraging them to actively voice opinions on decisions that affect them.

In the context of today's workplaces, employers and employees have a shared interest in the success of the company in order to protect jobs, generate wealth and create opportunity. Employee voice might be necessary to resolve differences of opinion, avoiding employees becoming dissatisfied and disengaged and possibly quitting. Employee voice can also help managers to understand and remedy performance problems; employees are often closest to customers, service users and equipment and have the knowledge of how improvements can be made.

Managers and employees rarely talk about voice, instead they use a range of terms reflecting the different processes and functions of employee voice:

- communication: enables managers and employees to share information and exchange views collectively or individually
- problem solving: employees providing ideas and suggestions often to improve organisational performance
- collective representation: workforce representatives communicating the views of the workforce to the management through consultation, partnership or collective bargaining
- having a say: employees have the opportunity to express their views with the expectation that it will have an influence on decision making.

Within a company, employee voice is rarely the responsibility of one part of the organisation. Ensuring employee voice is informed, empowered and effective may involve internal communications, employment relations, line managers and the senior leadership.

In recent years, more and more employers have begun to see voice in the context of employee engagement. 'Engaging for Success', David MacLeod and Nita Clarke's report to government on employee engagement identified employee voice as a key enabler of employee engagement. In order to have an engaged workforce, they argued that it was necessary to have:

"An effective and empowered employee voice – employees' views are sought out; they are listened to and see that their opinions count and make a difference. They speak out and challenge when appropriate. A strong sense of listening and of responsiveness permeates the organisation, enabled by effective communication."¹

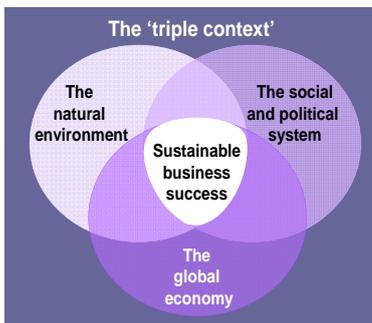
By sharing information, empowering employees and making sure their views are listened to and have influence; employees become more engaged in their work and the objectives of the organisation, which can have a positive impact on performance.

Voice can take many forms and is generally grouped into direct and indirect voice. Indirect voice describes representative structures such as those provided by trade unions, information and consultation forums or joint consultative committees. Employee voice is channelled through a representative, and so is said to be indirect. Direct voice describes all those practices where employers communicate with employees, and employees with employers, directly. These include meetings between senior management and the workforce, team briefings, problem solving groups, employee surveys and various forms of social media such as discussion forums.

The changing context for employee voice

We are in challenging times. Companies are now operating in a new era and business environment which is radically changing how value is created.

The financial crisis of 2008 has only heightened awareness of the need for the UK to find a sustainable model of economic growth. Even before the crisis, the economic scars of the 1980s and 1990s made it clear that the UK needed to develop sectors and industries capable of competing in the global economy, not on the lowest cost, but on quality. This means developing more highly productive and innovative businesses, capable of maximising the potential of their workforces.



We are entering the Age of Sustainability where sources of future value are located in defining a new relationship between business and the wider environmental, social and economic systems – the 'triple context'. We are moving away from a world where success depended purely on competition, and closer to a world in which sustainable business success relies on competing through collaboration and co-creation. Patterns of wealth creation are shifting; global chains of value creation now dominate a world economy enabled by global connectivity. Value is now co-created across multiple locations across the world. The challenge of creating sustainable value suggests that all organisations need to be able to innovate, be adaptable and flexible in order to respond to the uncertainties and risks the future poses. Such necessary capabilities will only be found in those organisations that are able to transform their relationships with their employees, whose energy, creativity, willingness to adapt and be flexible will define success in delivering sustainable value ahead.

Transparency, integrity and accountability to stakeholders, be they the electorate, consumers or employees, are increasingly important. People expect to have a say as consumers or public service users and unsurprisingly apply the same principles to the workplace. The internet has given people access to more information than ever before. As well as providing a means for employees to connect with one another and share information about their employer and company, social media could also be changing the ways in which employees may act collectively to voice concerns or influence change.

Voice is an essential part of the performance equation. If employees are to give of their best, share their ideas, and contribute to the success of the organisation, then they must be given a say in how the place in which they work is run and how their work is organised. Hierarchical, one way communication may have suited the Fordist production line, but today's innovative and continuously improving businesses need workplace cultures that encourage a continual flow of information between employers and employees.

This can be achieved by only identifying what people care about – uniquely and individually – and then developing the overlap between individual and corporate priorities.

This is why employee voice is so important and why every organisation needs to re-think its approach to harnessing it.

Part 2: The current debate on employee voice and what the evidence shows

The current debate on employee voice

Over the last thirty years, employee voice in the UK has changed dramatically in its character, scope and purpose. One of the most significant changes is the decline of collective forms of voice and the rise of individual or direct voice, as trade union membership has decreased. In 1983, trade union membership in the UK stood at thirteen million. Today, there are approximately six million trade union members and density has fallen to 15 per cent in the private sector. 33 per cent of employees are covered by a collective bargaining agreement across the whole economy, but only 17 per cent in the private sector.

In the UK, trade unions have traditionally provided a particular type of voice in the form of collective bargaining. However, since 2005, the Information and Consultation of Employees regulations have led to the creation of new forms of collective voice, such as employee forums, established to inform and consult the workforce on important changes in the company. These have not replaced trade unions, but added a different type of employee voice in workplaces.

At the same time, direct and individual voice has expanded dramatically, as technology and the organisation of work have changed, and as employers increasingly have come to see voice as a performance issue. Collective and individual voice are not necessarily in competition; few trade unions object to the presence of individual voice, and many employers see collective and individual voice as complimentary.

However, there is continuing debate about how these changes have affected the quality of employee voice, its scope and impact. Some argue that the proliferation of different types of voice has given employees a say on a wider range of issues.² They may be consulted on company restructuring, for example, asked to participate in operational performance improvement and complete opinion surveys giving feedback on the quality of management and leadership.

The declining influence of trade unions and the increasingly global nature of capital have also led some to question the level at which employee voice is able to exert influence.³ In large transnational companies employees may not have the mechanisms to influence the strategic decision making that affects their work, or the resources and support to contribute meaningfully to consultations.

What does employee voice look like in the UK?

The picture shows a mix of a decline of 'traditional' collective bargaining voice channels and growth of other types, including direct and individual:

- collective bargaining as a way to determine terms and conditions has declined, e.g. pay is unilaterally set by management in 79 per cent of private companies
- consistent decline in trade union membership: from 51 per cent in 1979 to 26.6 per cent of the labour force in 2010. Union members now make up a majority of the workforce in only 18 per cent of all workplaces
- decline in the incidence of joint consultative committees: they existed in 14 per cent of workplaces with 10 or more employees in 2004 (compared to 20 per cent in 1998)
- growth in direct forms of voice: 82 per cent of private workplaces conduct team briefings/ workforce meetings, 21 per cent of workplaces have problem solving groups with non-managers (compared to 16 per cent in the 1998 WERS survey), 37 per cent of private sector workplaces conducted an employee survey in the two years prior to WERS 2004
- 65 per cent of employers actively encourage employees to use social media at work according to a 2011 survey from DLA Piper.⁴

Why does employee voice matter for employers?

National governments and the European Union have pushed companies to adopt employee voice mechanisms.⁵ However, employers value employee voice for a number of reasons, including the perceived impact of voice on employee engagement, employee attitudes, performance, productivity and the quality of the employment relationship. There is relatively little direct evaluation of the impact of voice on performance, but managers believe that it can improve the quality of management, organisational performance and workplace relationships.⁶

'*Engaging for Success*' showed the importance of employee voice in enabling **engagement**. A key driver of employee engagement is indeed the ability of employees to feedback on business matters to their managers. Feeling listened to is the most important factor in assessing how much employees value their organisation.⁷

Experiences of voice by employees are positively linked to work-related attitudes. When greater attention is paid to what they have to say, employees' organisational **commitment, discretionary effort and satisfaction** are strengthened.⁸ They are also less likely to quit their job. On the whole, it is said that a direct correlation between employee voice and productivity, performance and innovation are statistically hard to evidence, but the existence of voice does strengthen employees' attitudes towards their organisation.

Research suggests that adopting voice channels reduces the number of grievances by providing routes through which employees can raise concerns and have problems resolved.⁹ Effective channels for employee voice help to create a **non-adversarial working environment**. Such an atmosphere benefits not only to the employer, because it enables things to run more smoothly, but also to the employees, for they feel their needs are being taken into account. Evidence also illustrates that direct voice, in particular, has a positive influence on the relationship between employees and managers. A relationship based on regular information, open communication, and fair treatment makes voice more effective and improves levels of **trust** in the workplace.

The presence of voice mechanisms are associated with employee reporting of accidents and other operational problems. Employees can provide managers with information unavailable elsewhere about opportunities to improve work systems and processes.¹⁰

Employee voice is a crucial issue for employers. The relationship with employees is one of the five key relationships for organisations to achieve sustainable business success. Not paying attention to employees and to what they have to say about their needs and the overall business strategy would affect employees' engagement, performance and commitment – and as a result, the company's success.

Why does it matter for employees?

Having good and open relationships with managers matters to employees. Employee voice can help increase levels of **trust** and reciprocity, and reduce the stress felt by employees as a result of constant organisational change or the wider economic climate.¹¹ Having a voice at work is a means of exercising some autonomy and control; both factors associated with improved health and wellbeing.¹²

Employees can be involved in **decision making**. Giving employees a say in decisions affecting their work can enhance confidence, job satisfaction and bring a greater sense of belonging to their organisation.¹³ Voice also reconciles corporate efficiency with **equity and fairness**. Research shows for example that union voice increases equity, reduces low pay, wage differentials and the gender gap.¹⁴

In organisations where employee voice is valued, **employees are empowered** to express their individual and organisational concerns by co-operating with employers and finding mutually benefitting solutions. Employee involvement is also a tool to self-actualisation, creating opportunities to explore new skills (such as negotiation and innovation skills).

Part of the literature focuses on the idea that employees are 'workers with human needs'. The workplace is the forum where we have most of our daily human interactions and where the right to self-expression is likely to be exercised. Evidence shows that voice impacts positively on the **wellbeing** of employees as it improves the quality of working life and allows them to meet their higher needs for supportive social networks and control.¹⁵

Greater employee voice is also necessary to bring corporate culture into line with changes happening in society – citizens and workers expect transparency, to have a say and to have the opportunity to shape their future. Companies with strong voice cultures are therefore a place to develop civic participation and public knowledge.

Part 3: The challenges of employee voice and why it matters

The Rethinking Voice Forum brings together representatives from leading businesses across the UK. All of them share the conviction that employee voice is crucial to the success of their business, and that both the current economic climate and the successful development of the UK economy rely on businesses learning to empower, channel and listen to employee voice.

What follows are short contributions reflecting the experiences, challenges and approaches taken by our Forum members in tackling employee voice in their own organisations. The core message emerging from the contributions is that employee voice matters as an enabler of future sustainable success; the emphasis on organisations learning from employee experience and insight to constantly improve is also a clear common thread across companies from very different sectors facing very different challenges.

BAE Systems is one of the UK's most well-known companies. It has a long history of working with its trade unions and sees these relationship as key to its ability to deliver the change and flexibility of adapting to a more competitive and commercial environment.

British Gas has seen growing profits and customer numbers in the context of rising commodity prices and a more difficult regulatory environment. The business has relied on its workforce to identify opportunities to improve the business and services to customers. In a diverse business, approaches to voice are varied too, with a range of ways for employees to make their voice heard.

HSBC, a global bank, sees employee voice as an essential part of the performance equation. Employee voice is a driver of employee engagement, which in turn improves customer service and performance. But in a sector where risk and regulation are powerful factors shaping the business, HSBC also needs an empowered employee voice to ensure integrity, and that the company acts in accordance with its values.

IAC is a global automotive components manufacturer. Waste reduction, increased productivity and innovation are essential to IAC's success and all depend on managers being able to draw on the insight and experience of employees. However, they also recognise that managers must become skilled listeners if they are to make the most of voice.

For **TUI**, a travel company, change is a constant. They recently undertook a successful merger, but they acknowledge the challenging external economic, political, social and environmental conditions that make agility and flexibility essential. The involvement and engagement of their employees is a key part of their success, and they continue to invest in order to create the right conditions for employee voice.

Unipart, a logistics company with a history in the automotive sector, sees the value of employee voice in meeting customer needs. In a highly competitive sector, retaining customers relies on the company being able to deliver continuous improvement and value for money. Sharing information on these challenges with employees enables them to see how they can contribute.

We need constant dialogues to accept changes

How we keep our employees engaged and focussed with pride, while facing a downturn in the industry as well as in the wider economic conditions is a challenge many businesses, including ours, are focusing on. People realise we have to be smaller, leaner and more flexible in what we do. That's why we have to keep dialogue with employees ongoing. We don't want a stop start discussion which becomes confrontational. Trade unionism at BAE Systems is not only about the 'price of labour', but also flexibility, agility, learning and safety. Having collective voice on these subjects is something both sides agree.

Change can often create a quite difficult environment for people. If people have been doing the same thing for a while, change has a bigger impact, in particular when we ask them to alter their working practices to be more flexible. We have been working with the trade unions and employee representatives in terms of those flexible arrangements. For example, our aircraft carrier project is built in sections, constructed in different shipyards around the country and integrated in Rosyth, near Edinburgh. With positive employee engagement, we've now got a mobile workforce with up to 300 people at a time travelling from Glasgow to Edinburgh. This is something that in previous years would have been quite difficult to organise; but it's because we have a constant voice and engagement with the workforce that we have been successful in implementing this flexible working practice.

We have a long-term partnering agreement with our trade unions and employee bodies. The managing director and the HR teams will meet with them on a regular basis. In our site in Bristol, we have a consultative committee, with representatives from different areas. We sit down with them on a monthly basis and talk about what's happening in the business. If we have to have a hard discussion about change, there should have been a build-up in the collective knowledge as to why we got to that point. People can accept change by keeping them involved and engaged. They might not like or agree with it but they'll be more susceptible to it. It becomes a problem when we say nothing.

We were one of the first businesses to have to declare our pension black hole and at that point we had a consultation process with our trade unions on how we were going to change the makeup of our pension fund to enable it to survive. It was having the 'big' discussions in the right environment with our employees that worked and that's the approach we want to always have with our employees.

Listening to our People

Listening to our people and acting on feedback has always been a cornerstone of the Centrica culture. With increasing economic pressures impacting organisational results, a clear focus on employee voice is more critical than ever.

In British Gas, since 2006, we've grown customer numbers by over one million, becoming the leader in customer service; we've built the best website in the sector; we have the lowest level of industry complaints and we've increased our profits substantially.

We simply could not have achieved this without our people being confident and able to input their ideas about how we run our business, shaping how we respond to our customer needs and helping us design our people processes.

In British Gas specifically, we face rising wholesale commodity prices, in turn leading to higher prices for our customers; a tougher regulatory line being taken by Ofgem; a political approach that is increasingly hostile to the energy sector, and intensifying competition. In order to rise to these challenges, it is more critical than ever that we listen, and respond to our people.

We foster a culture of open communication across the business, but we have also built specific frameworks, enabling our people to input to the way our business works.

Each business area has a tailored approach for these frameworks, which have been adapted to account for the specific requirements of their employee base. Examples include:

- The Honest Conversation – a specific initiative across British Gas, designed to give our people the opportunity to feedback directly to Phil Bentley our MD, their thoughts and ideas that will help rebuild trust with our customers and across our industry
- MyVoice MyWorld – an online feedback tool for the whole of our Services business, giving everyone an opportunity to engage, share ideas and provide feedback. The site is a point of reference for all issues that affect their working day, to bring people from different parts of the business together through online forums, discussions and polls, with an opportunity to have their voice heard by their colleagues and leaders
- Employee Forums – employee and TU representatives meet with the leadership team to discuss strategic business issues; the impact on our people, and customers, and how these can be managed effectively
- It Drives My Crazy World – developed in our Cardiff Customer Service centre, this puts a real focus on building conversations, and driving change on a macro scale, enabling people to voice concerns and ideas, aimed at improving the business for the benefit of customers and employees alike
- Bright Ideas – an online ideas generation and management tool started in our British Gas Business operation. It's an opportunity for anyone to contribute their thoughts, expertise and experience towards key business challenges and subjects.

We believe passionately in engaging our colleagues in the challenges we face as a business, and providing opportunities for them to contribute to developing the solutions. Through this process we will build trust and engagement with our employees, improve our service to customers and drive sustainable business performance.

Culture makes channels matter – making the best of our international nature, for our employees and customers

Here at HSBC, our global presence makes us very different from most other banks and our aim is to provide consistent services to our customers, wherever they do business with us. We can only achieve our goal with an organisational culture that cuts across structures, geographies and businesses.

Open, honest two-way communication has been the biggest driver of employee engagement since we started measuring it on a globally-consistent basis in 2007.

Employee voice is powerful because it connects people working at different levels, in different businesses and countries. Like lots of big businesses, we have the tools that allow people to communicate e.g. intranets, chat forums, surveys, HSBC TV and blogs. However, voice is only active if we have a culture where people feel they can communicate in an open and honest way, upwards, downwards and sideways

Our values and business principles aim to create an environment that engages people and drives high performance. In summary, we encourage employees to act with courageous integrity and, in everything they do, to be:

- **open** – in our dealing with all of our stakeholders through communications and valuing diverse perspectives
- **connected** – to customers, regulators and each other, helping us to work collaboratively across boundaries and give a more joined up service
- **dependable** – we need our people to do the right thing based on sound principles. We need to allow them to influence the way they operate and take responsibility for the decisions they make.

Employee voice is key to building a culture which supports our values.

We want our people to move beyond the rule book and use their principled judgement in everything they do. Giving employees a voice empowers them to speak up where we could do things differently.

In 2010 when airspace over Europe was closed due to volcanic ash, thousands of HSBC, First Direct and M&S Money customers were stranded at airports around the world.

Although our customers were not covered within the terms and conditions of our travel policies, we made the decision to cover our customers – regardless. That decision was made because our employees felt able to voice their opinion that this was the right thing to do. In the short term this represented a cost to the business but in the longer term and for the brand and reputation of HSBC, it was invaluable.

A culture of open and honest communication is also about empowering employees to call out behaviours that don't support the culture here. If they see someone doing something they feel goes against our values and business principles, they need to have the courage to say so.

Yes, channels are important but culture makes voices heard, and people feel valued. Those people will be more engaged in their work, customer satisfaction will increase and your bottom-line will grow.

Nigel Harris

**Director PMO EU - Programme Management Office,
International Automotive Components Group**

Employee voice – its importance to IAC

The development of the employees' voice within any organisation is crucial to its progression as a learning organisation. This is as true for IAC as any other business in today's economy. IAC is a global manufacturer of interior and exterior automotive trim and carpet and acoustic components. We operate in a highly competitive sector and our success depends on our ability to continuously improve, to increase productivity, reduce waste and to innovate. Employee voice is an essential part of this.

Employee voice can have an impact at all levels of the organisation; from the operational and related support services, to helping develop the most efficient processes in order to deliver world class products, to management, supporting the development of employees and ultimately enabling the board to listen to the daily issues of the organisation as a whole in order to respond appropriately. This could mean efficient communication back to the employees or actually driving the resolution of the issues that are affecting the workforce and performance.

If employee voice is to be successful, it has to be two-way; the organisation must engage with and listen to employees, and the employees must feel heard. This can only be brought about by effective communication as well as action to reflect the issues that have been expressed. However, organisations can find it difficult to listen to the employee voice. Firstly, and most importantly, the organisation needs to recognise the need to listen as well as the value of it. Leaders must then be able to filter the general noise that will exist when a collective voice is listened to, to hear the true messages. The individual voice should never be forgotten either, as there is always crucial information to be gleaned.

The true value of the employees' voice is the collective experience and knowledge it possesses. An organisation of 6,000 people, each with an average minimum working life in that organisation of three years would give you 18,000 years' worth of personal experiences of that organisation alone to tap into. In today's highly competitive global economy, how can we afford not to listen to the experience and wisdom of the employees' voice?

Being in tune with the needs of our customers and workforce

In the last three years, the merger has represented one of the biggest challenges and successes for our business. A highly structured integration programme was put in place to manage the change across 2007 and 2008 to transition to TUI and take the best of both companies with it. Clearly, there were many cultural and organisation challenges associated with this process.

TUI UK & Ireland today is a profitable sector made up of head office support functions, distribution networks, an airline and customer delivery overseas team. We operate within a wider group business which faces the normal challenges associated with multi-site UK and global operations.

There are many forces outside of the industry's control which the business faces. These include economic conditions, geopolitical changes, natural disasters and social change which affect the booking patterns and drivers of our customers. These challenges demand a high energy and responsive culture which is very much in tune with the end customer and always looking for ways of continually improving how we operate our business.

The company's leadership team recognises the need for employee voice, acknowledging the link between business performance and success through our ability to involve, engage, develop and retain our people. To achieve this, it has invested in a wealth of initiatives focussed on its people which include:

- achieving employee engagement levels of 80 per cent set as one of our three key strategic goals
- launching a company-wide survey in 2009 and 2011 to measure our progress and taking necessary actions through active involvement of employees at every level
- re-launching our business strategy via a picture concept which required a participative roll-out to bring the picture to life
- launching by the board of directors of multiple communication channels including Town Hall briefings, blogs and focussed listening groups
- business areas strengthening their partnerships with unionised and non-unionised employee representative forums to support upward communication and involvement in decision making, problem solving and continuous improvement
- central teams up-skilling managers in recruitment, performance management, change management and communication skills via training, toolkits and internal consultancy expertise
- launching of a new leadership framework which supports a focus on values and behaviours as well as outcomes in the way we manage our business and recognise and reward performance
- the development of a corporate governance framework and new change methodology framework to allow us to effectively manage large-scale change by involving different employee groups at the right time and in the right way.

Ultimately the business has and continues to reach out to all its different workforce populations to understand their differing needs and views and work closely with people at all levels to identify solutions that support our business goals.

The importance to Unipart of ‘employee voice’

An important part of our competitive difference at Unipart is the ways in which we are structured to help customers build their business by bringing them a regular stream of ideas that provide opportunities or help solve problems.

While many of these come from our leadership teams, we also expect lots of ideas to come from our ‘operational’ employees - those in our warehouses, offices and factories. People working on the front line can often see opportunities that their managers would simply never know about.

Our system of working, which we call The Unipart Way, is specifically designed to motivate this behaviour and enables employees, at all levels, to have a way of bringing forward their ideas and then making them a reality. A recent example was our Jaguar warehouse in Baginton where the local team identified an opportunity to provide an additional service and provide savings to Jaguar by adding a repackaging operation for bulk after-market parts ready for distribution to Jaguar dealerships worldwide. Not only did the front line staff redesign the working processes, environment and skills training they have also gone on to continuously improve the operation and processes providing significant savings for our client and new business opportunities for ourselves.

An example of the continuous improvements which are generated relates to the small plugs that, when removed, allow fuel tanks to be drained. These are changed at each service and Jaguar dealers order over 200,000 a year. The previous contract packer had re-packed and labelled each of these small items, at an individual cost of 50p. What our packaging team noticed was that the dealers always ordered several plugs at a time so their idea was to stop all this re-packaging and instead keep the drain plugs in bulk before simply filling one bag with the exact number each dealer required. The resulting reduction in packing time and materials from this one idea has saved a further £100,000. As Graham Box, the team leader in the packaging area said, *“Some of the best ideas I’ve ever found have come from the people actually doing the job”*. This is not an isolated example but is a general way of working.

The Unipart Way is an integrated way of working and requires a variety of tools, techniques and capabilities. However we don’t believe that benefits such as the example above are possible without strong levels of employee voice not only at the individual level but also at the team and organisational level. For us ‘voice’ means that everyone knows about the organisations goals and objectives, they understand the importance in their role in achieving these plans and not only do they have the opportunity to feed into these plans but they are expected to take ownership of their work in the achievement of these goals. ‘Voice’ enables people to see the meaning in their work and invariably results in a strong sense of commitment and community with the part of the business in which people work.

Part 4: Understanding the factors affecting voice – a working model

To help businesses rethink employee voice, we need to understand the range of factors that can affect how effective, empowered and embedded employee voice is in a company. What impact does leadership have? Does ownership matter? Is it enough to have forums or regular team meetings, or does the culture of the organisation matter too? Do all types of employee voice improve employee engagement?

Based on our preliminary research, case studies and Forum meetings, we are building a model to help chart these influences. We will test and refine the model throughout the course of the project, and it will inform our voice toolkit.

There are two key groups of factors that appear to influence employee voice:

- **culture and behaviours**
- **structures and processes.**



Culture and behaviours

The first set of key influences is **purpose, values and ownership**– these set the overall tone and culture to enable voice to flourish.

Purpose and values

It is important for the success of any organisation to be clear about its distinctive purpose and values. It should define its purpose in a way that inspires wholehearted commitment to achieving goals which are shared by all those who are important to the company's success – but especially its people.

It is not just about communicating these in a consistent manner, but also about acting in a way that is consistent with its statements. If this is achieved then trust is enhanced.

Whilst the values of the company may not be the same for each of its employees, a strong purpose underpinned by values can help create the sense of common goals.

Ownership

Ownership has been identified as being influential in two senses. The first is where employees are encouraged to have a stake in the success of the organisation e.g. through shares options. The theory being that if employees feel that they have a stake in the enterprise or organisation in which they work, they will be more motivated and committed, with positive outcomes in terms of productivity and organisational performance. But share ownership of itself will not increase productivity unless it is accompanied with the growth of a participative and partnership culture at the workplace.¹⁶



The other dimension of ownership relates to the nature of the overall ownership structure of the business and the influence of this on the way the business operates. There are employee-owned companies that have a particular governance and accountability structure to ensure employee involvement in decision making – such as the John Lewis Partnership. However, the ownership of a company can impact on the overall goals of the company and its culture. If the shareholders place an emphasis on short-term profits to the detriment of other considerations this can through into how employees are valued and involved. For example companies that are in distress are likely to reduce labour costs or may be constantly restructuring to reduce costs to maintain dividend levels and undermining the 'implicit contracts' between the company and its workforce. This can all make it difficult to build effective partnership arrangements with the workforce.

The impact and influence of purpose, values and ownership flow through into:

The style of leadership

The style of leadership, the extent to which it is perceived as open and accessible and whether the leadership demonstrates that it listens to employee voice can affect employees' willingness to participate, challenge and voice concerns.

Devolvement

The level at which decisions are taken and the structure of employee voice mechanisms will affect the scope of employee voice and its impact.

Influence

Whether employees believe their voice will influence change affecting their work and how the business operates will affect their preparedness to speak up. The level of influence employees have will often be determined by the culture of the organisation and managers willingness to consult and involve employees.

Safety to speak

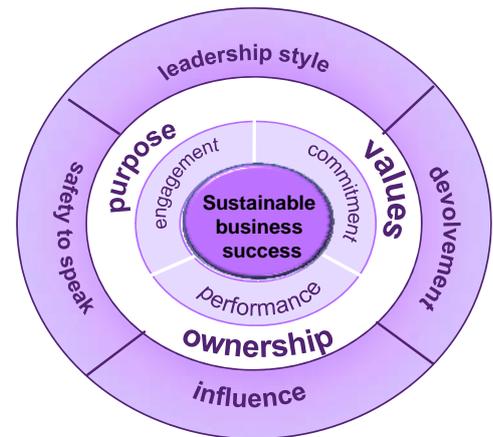
The relationship between managers and their teams and the beliefs they hold of each other will either encourage or silence voice. A recent study identified five beliefs that employees can hold about those in authority which can result in silence as a self-protective measure:

- negative career consequences of voice: e.g. if you want advancement opportunities in today's world, you have to be careful about pointing out needs for improvement to those in charge
- don't embarrass the boss in public: e.g. you should always pass your ideas for improvement by the boss in private first, before you speak up publicly at work.
- don't bypass the boss upward: e.g. loyalty to your boss means you don't speak up about problems in front of your boss
- need solid data or solutions (to speak up): e.g. unless you have clear solutions, you shouldn't speak up about problems
- presumed target identification: e.g. it is not good to question the way things are done because those who have developed the routines are likely to take it personally.¹⁷

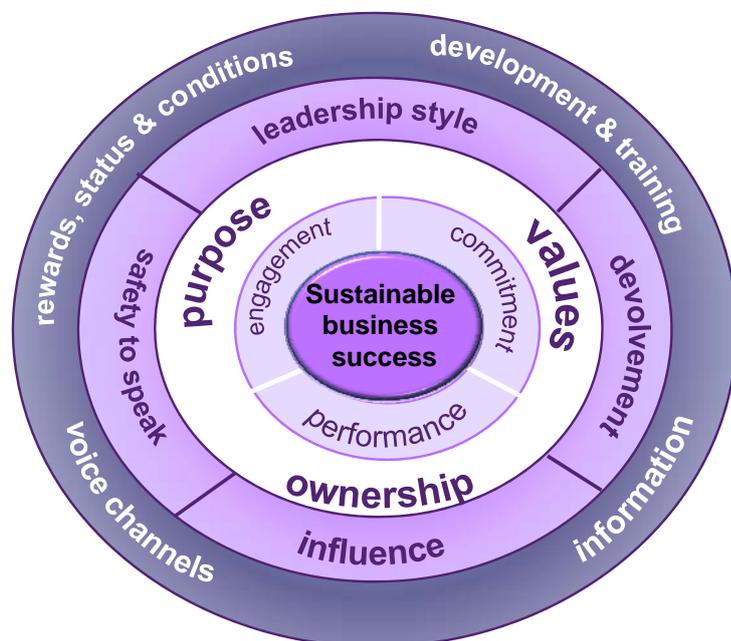
Managers also bring their own assumptions and beliefs about their relationship with employees to bear that lead to silence, such as:

- employees are self-interested and untrustworthy
- top management, not employees, always knows best about issues of organisational importance
- unity, agreement, and consensus are signs of organisational health, while disagreement and dissent should be avoided.¹⁸

The combination of these two sets of beliefs can undermine the ability to embed effective voice. Building trust lies at the heart of breaking down these barriers and creating the positive, open and engaging environment that will promote voice to realise the benefits that can be gained from effective voice.



Structures and processes



To embed voice, the underpinning processes and systems need to be aligned:

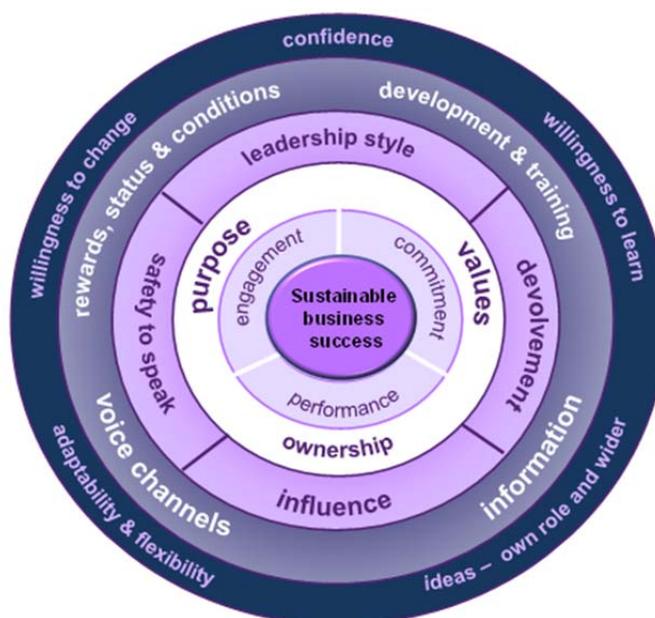
- There needs to be in place effective **channels for voice**. These may be both collective (indirect) and individual channels (direct) depending on union recognition and non-recognition. Over recent years the variety of direct channels of consultation has grown. For example the use of team briefings, quality circles, regular meetings between managers and the workforce and increasingly technology has enabled the development of other channels such as internal noticeboards, blogs and networking sites etc. The input sought can be at the level of daily operational concerns as well as at a more strategic level – arguably both are needed since to engage employees. Whatever the channels used, the most important factor is that the channels exist, that everyone has easy access to them and are encouraged to use them by ensuring that the flow of information is two-way and that the necessary action and follow-up is undertaken to signal that the employees' views and ideas have been listened to.
- **Development and training** may be required both to help employees understand their role and how the organisation operates the organisation and to articulate their ideas, and also to help managers understand their style and behaviours to create a more trusting and open environment.
- **Rewards, status and other terms and conditions** need to be seen as fair if they are not to undermine the culture required for voice to flourish. Fairness and trust go hand in hand. Voice can also be encouraged through recognising participation in performance management systems.
- The **nature of the information** shared with employees is critical. To build an employee voice employees must be informed. Getting meaningful input and ideas from employees will only happen if they have the information they need. This not just about passing information down; it is also about sharing information, trusting people to interpret that information, and listening to what people say (and then, if necessary, acting upon what has been said or explaining why no action has been taken). The information shared should be good as well as bad news, strategic as well as operational.

Voice will also depend on the investment and commitment of employees.

They need:

- **a willingness to learn** as without this they will not be able to take advantage of the development and training offered to them
- **the confidence** to engage and play their part in helping the business succeed
- a willingness to **input ideas** about their own role and about other aspects of the organisation. Knowledge about their own role is essential but developing a wider understanding of how the organisation works, its business model, challenges and goals not only builds a wider context for their own role but enables ideas about other aspects of the business to be put forward. So often a less hands on view can highlight opportunities for improvement
- **adaptability and flexibility** not only in response to the organisation's needs but also when implementing changes as a result of suggested improvements.

And all of the above requires a **willingness to change**.



This initial attempt at creating a model which brings together all of the factors affecting voice is designed to both present our current thinking to date, to stimulate debate, and to help inform the next phase of our work on rethinking voice. It is clear from our work so far that most organisations would welcome the opportunity to make further and deeper progress on designing organisational structures that support effective employee voice as a route to transforming their ability to adapt to shifting market conditions and customer behaviour. It is also clear that there are wider benefits to organisations of successfully managing the range of factors that encourage and support effective employee voice as part of the journey towards delivering sustainable business success.

The capacity for any organisation to work effectively together, across all levels and specialisms, is key to delivering future sustainable success and employee voice is central to that agenda. We hope very much that this initial contribution to the debate on how organisations can find their employee voice will stimulate the debate and encourage and support more organisations to join us.

Part 5: About the project and key questions

The aim of this joint piece of work is to stimulate debate and new ideas on the future of employee voice in delivering sustainable value. We want to understand why voice is necessary, what value it has for employers as well as employees; and what it looks like. We believe that a shift in thinking and practice is needed.

The next stage of our journey is to identify the challenges today's organisations face in developing and sustaining an empowered and effective employee voice.

Over the next six months, we will be conducting a series of in-depth case studies looking at employee voice in businesses operating in different sectors of the economy.

Our Rethinking Voice Forum will be working to identify innovative and best practice, thought leadership and the barriers to effective voice. We will be learning from other companies, research and the Forum's experience.

IPA, Tomorrow's Company and the Rethinking Voice Forum will be developing practical tools to help organisations make the most of employee voice.

We want to learn from you...

Companies across the UK are finding ways to listen to their employees and involve them in the challenges they face. In order to understand what difference employee voice makes, and how businesses can embed employee voice, we want to hear from you.

What we want to know...

What are the barriers to making voice effective in your organisation?

How do you adapt voice to the changing business context?

To what extent voice is integrated in your strategy?

To what extent voice is aligned with your culture?

To what extent do you perceive voice as part of your business success?

How is your organisation responding to social media? Is it a threat or an opportunity?

How you can get involved...

We want to hear from you. If you have information, experience, research or thoughts to share, please contact us at:

hannah.jameson@ipa-involve.com

grahame@tomorrowcompany.com

Visit our website www.rethinkingvoice.com to keep updated with the latest information on the project, our events and publications.

Sources and notes

- ¹MacLeod, D. & Clarke, N., *Engaging for Success: enhancing performance through employee engagement*, (London: BIS, 2009), p. 75.
- ²Ackers, P., Dundon, T., Marchington, M. & Wilkinson, A., 'The Changing Patterns of Employee Voice: A Comparative Perspective from the UK and Ireland', *Loughborough University Business School Research Series*, No.3 (October, 2002).
- ³Simms, M.& Charlwood, A. 'Trade unions: power and influence in a changed context', *Industrial relations: theory and practice*, (eds.) Colling, T. & Terry, M. (Oxford; Wiley-Blackwell, 2010).
- ⁴Arora, V., Hartley, A., & Hodgkiss, K., *Knowing your tweets from your trends: Keeping pace with social media in the workplace* (London: DLA Piper, 2011).
- ⁵Purcell, P. and Georgiadis, K., 'Why should employers bother with workers voices?', *What workers say: Employee voice in the Anglo American Workplace* (eds.) Freeman R., Boxall P. & Haynes P., (Ithaca: Cornell University Press, 2007).
- ⁶Ackers, P., Dundon, T., Marchington, M. & Wilkinson, A., 'The Changing Patterns of Employee Voice: A Comparative Perspective from the UK and Ireland', *Loughborough University Business School Research Series*, No.3 (October, 2002).
- ⁷*The Sunday Times 100 Best Companies to Work For*, (2009).
- ⁸Purcell, P. and Georgiadis, K., 'Why should employers bother with workers voices?' In *What workers say: Employee voice in the Anglo American Workplace* (eds.) Freeman R., Boxall P. & Haynes P.,(Ithaca: Cornell University Press, 2007).
- ⁹Purcell, P. and Georgiadis, K., 'Why should employers bother with workers voices?', *What workers say: Employee voice in the Anglo American Workplace* (eds.)Freeman R., Boxall P. & Haynes P.,(Ithaca: Cornell University Press, 2007).
- ¹⁰Cannon, M. D., & Edmondson. A. C., 'Failing to Learn and Learning to Fail (Intelligently): How Great Organizations Put Failure to Work to Innovate and Improve', *Long Range Planning Journal* 38, no. 3 (June 2005), pp. 299-319.
- ¹¹Coats, D., *Speaking up!* (London: The Work Foundation, 2004).
- ¹²Coats, D., *Speaking up!* (London: The Work Foundation, 2004).
- ¹³MacLeod, D. & Clarke, N., *Engaging for Success: enhancing performance through employee engagement*, (London: BIS, 2009), p. 75.
- ¹⁴Metcalfe, D., et al, 'Unions and the Sword of Justice: Unions and Pay Systems, Pay Inequality, Pay Discrimination and Low Pay', *National Institute Economic Review*(2001).
- ¹⁵Coats, D., *Speaking up!* (London: The Work Foundation, 2004).
- ¹⁶*Employee Ownership: A review of the evidence* (London: EOA, 2010).
- ¹⁷Detert, J.R. & Edmondson, A.C., 'Implicit Voice Theories: Taken-For-Granted Rules of Self-Censorship at Work', *Academy of Management Journal*, 54 (3) (2011), pp. 461-488.
- ¹⁸Wolfe Morrison, E. & Milliken, F. J., 'Organizational Silence: A Barrier to Change and Development in a Pluralistic World', *The Academy of Management Review*, Vol. 25, No. 4 (Oct., 2000), pp. 706-725.

We wish to thank...

BAE SYSTEMS

British Gas 

HSBC 

IAC 
International Automotive Components

 **TUI**
UK & Ireland

UNIPART


We have great pleasure in publishing this first joint report:
Rethinking voice for sustainable business success
at an event kindly hosted by RPC on the 15 November 2011.

About IPA

The IPA exists to promote the involvement and participation of employees in their places of work, and through doing so improve the quality of working lives. The IPA is Britain's leading organisation delivering partnership, consultation and employee engagement in the workplace. Through our research and practice we develop new ways of working, based on trust and collaboration, that deliver better workplaces and better outcomes – employee wellbeing, increased productivity and improved services.

IPA is a not-for-profit organisation, funded by membership subscriptions and fee income from consultancy and training services.

We are one of few 'open spaces' in the UK where employers, trade unionists and other workplace representatives, academics, legal experts, human resource and employment specialists can come together with politicians and policy makers to discuss and debate employment issues and policy.

www.ipa-involve.com

About Tomorrow's Company

Tomorrow's Company is the agenda setting 'think and do' tank which looks at the role of business and how to achieve enduring business success. We focus on strong relationships, clear purpose and values as the foundation of effective leadership and governance. In our programmes we challenge business leaders around the world to work in dialogue with others to tackle the toughest issues.

We promote systemic solutions, working across boundaries between business, investors, government and society. We believe that business can and must be a 'force for good'. This in turn requires a strengthening of stewardship by shareholders in partnership with boards of companies.

We argue that the Age of Sustainability has begun, and that in the future success and value creation will come from recognising the 'triple context' – the links between the economic, social and environmental sub-systems on which we all depend, and the opportunities this brings.

www.tomorrowcompany.com and www.forceforgood.com

Follow Tony Manwaring on Twitter at: www.twitter.com/tonymanwaring

Tomorrow's Company

Centre for Tomorrow's Company
Charity registration number 1055908.
Registered office: Samuel House
6 St Alban's Street, London SW1Y 4SQ.

IPA

Registered company number 648436
Registered charity number 200468
42, Colebrooke Row
London N1 8AF

Please join us on our journey at
www.rethinkingvoice.com
hosted on
forceforgood.com