

Unions and skills utilisation

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Foreword

Over the years the gravitational pull of learning and skills policies has been towards increasing the quantity and improving the quality of provision. Increasing the demand for skills however is as important as enhancing supply if we are to optimise productivity, competitiveness and living standards. That is why the TUC has very much supported the work of the UK Commission on Employment and Skills in developing a skills utilisation strategy. The strategy recognises the potential role that unions can play in helping to implement skills utilisation in the workplace.

This authoritative paper by Francis Green provides a balanced view, setting out the advantages and disadvantages to employees of adopting high involvement working practices (HIWPs) that lead to skills utilisation. Unions can do much to negotiate with management to ensure that such practices enhance efficiency and increase task discretion without intensifying work effort. But this means establishing mutual trust and partnership with co-operative employers.

A recent survey* found that as few as 13 per cent of workers felt very satisfied with the influence they had over decisions that affect their job or working life. And only 23 per cent of the respondents felt that unions were excellent/good in working with management to improve quality and productivity compared with 51 per cent in promoting equal opportunities. This reflects the fact that these practices all too often have become 'no-go' areas, enforced through management prerogative. That must change. Workplaces cannot be modernised without the active support of employees and their unions.

This paper will help raise the awareness of the importance of skills utilisation within the trade union movement and hopefully lead to more union involvement in its implementation at sector and workplace level. The prize is better job quality and fair shares of the productive gains for the workforce.

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*The Future for Unions – What do the workers think? (2010)
Unions 21

Abstract

This paper sets out the need for greater policy focus on the utilisation of skills and how it is linked with High Involvement Work Practices (HIWPs). It outlines the relatively low adoption of HIWPs by employers and sets out the possible advantages and disadvantages of such practices for employees. The report considers whether unions have stimulated or inhibited the introduction of HIWPs and whether they have improved or harmed them. The report describes the work of the UK Commission for Employment and Skills and the Scottish Executive in developing strategies for the implementation of skills utilisation in the voluntary system. The report makes recommendations on how unions can get more involved in skills utilisation strategies and negotiate new organisational practices and fair shares of productive gains.

Executive summary

There is now increasing recognition that raising productivity, competitiveness and living standards requires a greater focus not just on raising the supply of skills but on optimising their use at the workplace.

Skills utilisation entails the use of high involvement working practices (HIWPs). These are a set of human resource practices whose aim is ultimately to enable organisations to make the best use of the creative and productive powers of employees to improve efficiency, devise new products or raise the quality of services provided. Their outcome is one where not only is learning enhancement built in as a necessary support but also the skills are well matched to the needs of the job – that is, high utilisation of skills.

The view that HIWPs are good for employees is however a conditional one: the potential benefits for job quality are indeed substantial but they could be lessened or even cancelled out if the practices are allowed to intensify work effort and do not compensate with sufficiently greater autonomy. Well-organised unions can however act to make sure that potential gains are realised.

HIWPs have tended to be developed as innovative approaches in their own right, sometimes where unions were present and sometimes not. If HIWPs that could introduce organisational improvements, which in turn raise productivity, are inhibited by lack of capacity or the high cost of change, the collective voice of workers through their unions might help to realise those gains by persuading or assisting management to adopt efficiency-enhancing changes to their HR practices. Unions might then win a share of those gains to benefit their members as well as the company's bottom line.

UK employers have been slow in adapting HIWPs despite that their association with higher levels of productivity and performance. The extent to which

employers grant employees' discretion over their own jobs and autonomous team working has declined throughout the 1990s and shows no sign of improving.

The view of the UK Commission for Employment and Skills is that government has a legitimate role to promote HIWP wider use and as a result it established the Skills Utilisation Project. The Commission has recommended the establishment of a system-wide commitment to skills utilisation.

The Scottish Executive has been at the forefront of implementing a skills utilisation policy orientation and set up a Skills Utilisation Action Group, with membership from several stakeholders including the Scottish TUC. A threefold plan was developed, including 'brokering new relationships' through the Scottish Union Learning Fund.

Unions are seen as being within the domain of potential action areas for HIWPs and should be included within the Commission's strategy on skills utilisation. Unions need to consider how they can play a significant role within such a strategy by negotiating with co-operative employers on both the new organisational practices and fair shares of the productive gains. The UKCES could usefully delineate more explicitly the role that unions could play. More prominence could also be given to the role that unions play on sector skills councils, and to developing networks with them around the functions of ULRs.

The objectives of HIWPs should be taken on board by negotiators. It is likely that officials and shop stewards would gain if skills utilisation issues were included in their training. Unions, like other agencies, also have a lot to learn about the broader issues of job design and can usefully invest in more union-oriented research to improve understanding of these issues.

Introduction

The UK Commission for Employment and Skills has carried forward from the 2006 Leitch review a pivotal long-term socio-economic project for the UK Government: for the British workforce to become among the most skilled in the industrialised world, hence able to sustain a high standard of living in the increasingly competitive global economy.¹ This vision lies behind the objective of raising the achievement of qualifications throughout the workforce. Recently, however, the Commission has shifted the centre of gravity of public policy discourse over skills by stressing the importance of increasing the demand for and use of skills, giving this imperative equal status in principle with the need to expand the supply.² The new emphasis began under the previous government but is retained as a priority for the coalition administration.³ The Commission advocates a policy orientation towards ‘skills utilisation’, entailing the use of ‘high involvement working practices’ (HIWPs), drawing on evidence that such practices raise company performance, and is seeking through various means to stimulate their further diffusion in British workplaces alongside its continued advocacy and support for skills supply.

This new orientation brings skills out of the narrow confines of policy on vocational education and training, and into the heart of the UK state. In the long term, so it is claimed, the dual success of the skills strategy, on both the supply and the demand side, is essential for the maintenance of a high standard of living at full employment.

The Scottish Government has gone furthest in this policy direction, having set up a Skills Utilisation Leadership Group. The stimulus for this departure stemmed from the finding that productivity in

Scotland lags behind that in England, despite having a workforce that has achieved more highly in education. If part of the productivity lag could be attributed to lower skills use, it followed that policy should focus on this issue. A strategy has been put in place to try to encourage Scottish employers to improve their effective use of skills.

Hitherto, trade unions have played an important role in the stimulus for workplace skill formation in Britain. By engendering more stable workforces (with lower labour turnover), the presence of unions has been found to encourage more training, even though unions have not succeeded, except for a minority of cases, in bringing training into the bargaining arena. In addition the Labour Government set up the Union Learning Fund in 1998 and provided support for union learning representatives (ULRs), with the aim of facilitating, assessing the need and motivating the desire for skills acquisition, particularly among workers with few previous qualifications.⁴ Drawing on the idea of a partnership approach with employers and providers, ULRs became intermediaries in New Labour’s ‘post-voluntarist’ system of workplace skills formation, built on individual rights supplemented by subsidies to redress market failure at the low skills end of the spectrum.⁵ What role, however, can be envisaged for British unions in the skills utilisation strategy?

In this pamphlet I explore ideas and evidence about what effect unions have had on the introduction of HIWPs and other aspects of a high skills utilisation strategy, and consider what they might aim for in the future. In particular I consider the role for trade unions that has been envisaged by the Commission, and how this might be expanded.

¹Leitch (2006).

²UKCES (2009a). For a succinct statement of the problem see the interview with Mark Spilsbury at: <http://ewds.strath.ac.uk/Default.aspx?tabid=4777&eventid=238>

³The first listed priority expressed in the funding letter sent by the Secretary of State for Business Innovation and Skills (Vince Cable) to the Skills Funding Agency for 2010-2011 is: ‘To support progression, and strengthen the supply of technician level skills, particularly through Level 3 apprenticeships; prioritising the vocational qualifications that are understood and valued by employers; and working with employers, the UKCES and SSCs on promoting greater employer engagement, and better utilisation of skills’.

⁴For a recent assessment of the Union Learning Fund, see Stuart et al. (2010).

⁵Unions also have had a minority representation on the employer-led bodies that have led sectoral and regional training over the last two decades. Clough (2008) provides an excellent historical account.

The skills demand problem of the UK economy

The Commission's skills utilisation strategy stems ultimately from the continuing concern that average productivity in British workplaces is lower than it is in other large industrialised economies such as France, Germany and the US. Unions used to get the blame for this (with little evidence) but in the modern era the widely-held view is that lower skill is at least part of the reason. Since skills are expected to become ever more vital in the increasingly globalised economy, the Leitch review set some ambitious targets for the attainment of a more qualified workforce by 2020. The Commission quickly realised, however, that raising productivity, competitiveness and living standards was going to be a problem, not just for the education and training system, but also for the nature and focus of the productive economy itself: there would have to be a greater focus on the use of skills. Inevitably this led to a reiteration of the need for greater investment in industry, with implications for industrial policy, and to a renewed emphasis on how well organisations are managed. The Commission sees its task as promoting a balanced and integrated policy map, with the government assuming at least some responsibility for stimulating improved management practices in respect of skills utilisation; these are meant to complement its many responsibilities for raising the supply of skills.

The evidence underpinning this new view of the 'British disease' of low productivity is that:⁶

- there is a widening aggregate difference between the number of workers with qualifications at various levels and the number of jobs that require equivalent qualifications for new recruits
- the flip side is that there are more and more workers with qualifications that are not really required; these 'surplus' qualifications are of some economic value, but much less than if they could be put to better use in more demanding jobs
- UK employers tend to require lower educational qualifications for otherwise similar jobs than many of their foreign counterparts
- UK employers have been slow in adapting high involvement working practices (HIWPs),⁷ despite findings that these practices are associated with higher levels of productivity and performance.

The Commission's view is that government has a legitimate role to promote the wider use of HIWPs, in order to overcome barriers, in the interests of both employers and employees.

⁶ For an overview of this evidence, see UKCES (2009).

⁷ High Involvement Working Practices are often called High Performance Working Practices; I prefer the term "involvement" since this term leaves open whether the practices necessarily lead to high performance outputs.

What do high involvement working practices (HIWPs) do for firms and employees?

HIWPs are a set of human resource practices whose aim is ultimately to enable organisations to make best use of the creative and productive powers of employees. This objective has become important in the modern era as technology and the production or service processes have become ever more complex and dynamic. The idea is that by harnessing employees' creativity, employers can find ways to improve efficiency, devise new products or raise the quality of services provided. In order to do so, it is argued, employees must be encouraged to become involved with the organisation – by gaining some influence over both their own particular job and the wider functioning of the organisation. As one might expect, real employee influence over organisation-level decisions is normally limited, but the principle is that employees should be at least informed of, if not consulted and genuinely enabled to participate in, decisions about change. In practice, this involvement takes a variety of forms. There are several potential channels of communication, including regular meetings between management and employees, suggestion schemes, participating appraisal schemes, quality improvement circles being among the most common. Of course, 'meetings' can range from simple top-down information-giving to more genuine involvement. Coupled with communication mechanisms, HIWPs also include a form of incentive scheme, where employees' pay is affected by individual or organisational performance. Finally, an important part of the HIWP package is attention to employees' skills: on one hand, an enhanced focus on recruitment of employees with the right skills and attitudes to fit with the company's objectives; on the other the commitment to a high quality learning and training environment. The outcome of HIWPs is one where learning and skills enhancement is built in as a necessary support and where skills are well matched to the needs of the job – that is, high utilisation of skills.

It is not possible to state exactly what mix of practices makes for a fully-fledged HIWP organisation. Many

maintain that the package of measures is more important than the sum of the individual parts because they are mutually reinforcing. For example, involving employees in decision-making has a positive effect on productivity. But this impact is likely to be enhanced if they are also incentivised by the promise of improved rewards for their inventiveness.

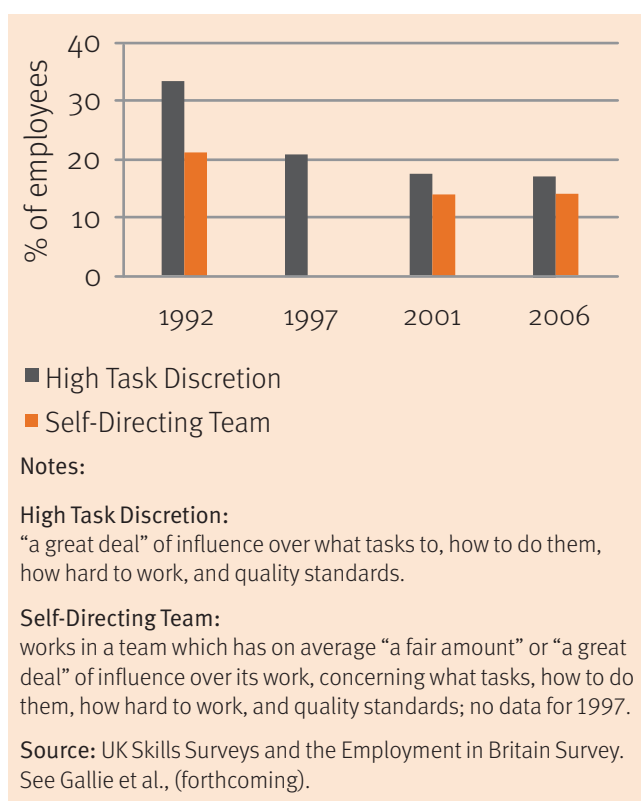
It is recognised by all but the most ardent advocates of HIWPs that not all workplaces would benefit from these practices. Where services and production are somewhat less complex or relatively static, employers see less benefit in giving employees their head and prefer a more traditional command and control philosophy of management. In these situations no matter how well educated or experienced the employees are, they have to get on with prescribed tasks, often more closely supervised. Employees may still need training to get up to speed initially with the particular production tasks; but thereafter training is largely limited to regulatory or health and safety requirements. Individuals have fewer incentives to train more unless they want to move on to different work. In such circumstances one is more likely to find under-utilised skills, overeducated workers, and unsatisfactory employment relationships.

Despite the presumed advantages of HIWPs, their spread across British workplaces (and those elsewhere in the industrialised world) has been quite limited. On average, only two out of four high-involvement work organisation practices (teamworking, functional flexibility, quality circles, suggestion schemes) are found in workplaces of at least 25 employees, in both 1998 and 2004.⁸ Smaller establishments use them even less. Although these forms of participation are somewhat more prevalent than they used to be back in the 1980s, their expansion appears to have largely stalled. Moreover, the extent to which employers were granting employees discretion over their own jobs was declining throughout the 1990s and shows no

⁸ Wood and Bryson (2009).

signs of improving. This picture is true both at the individual level and in respect of teams, as is shown in Figure 1. So, although teamworking has become more widespread, autonomous teamworking has been in decline. The burgeoning teams in British workplaces are predominantly taking orders from above, rather than being afforded the scope to use their own initiative in the workplace.

Figure 1
Autonomy in British workplaces



The question is why? We have two contrasting answers. One school maintains that there are still very many companies which do not fit the model, where HIWPs would be costly and bring few real

benefits for shareholders. The second camp tends to assert that there are many non-users of HIWPs that could improve productivity and financial performance if they did introduce them in their companies. The fact that some do not do so is attributed to a combination of insufficient capacity (i.e. poor or ill-informed management), too high adjustment costs, or blocks in the process whereby managers might learn about and come to appreciate the advantages. The Commission takes this latter view, and this has implications for its approaches to education, training and industrial policy, of which more below.

On the side of this governmental view, it is claimed that the balance of evidence shows that HIWPs are a source of improved performance for companies.⁹ For example, a much cited study from the 1990s looked at 1,000 employers representing all major industries in the United States, and found that adopting more high-involvement practices had a sizable downward impact on employee turnover, and a large upward impact on both productivity and financial outcomes.¹⁰ There are several further studies in a similar mould, mainly coming out of the United States. Nevertheless the scientific case is not unduly strong, and there are some contrasting studies that basically found no link at all between high-involvement management and company performance.¹¹ The overall positive verdict on HIWPs does not have the sort of robustness that could stand up to cross-examination in a court of law, but there are sufficient numbers of encouraging studies to give some support to the Commission’s objective of expanding HIWPs.

The evidence about the putative effect on employees of introducing HIWPs is also two-sided. On the positive or optimistic side, some of the practices – for example, more autonomy designed into jobs, more or better training – are known to be strongly positively correlated with job quality

⁹ UKCES (2009a).

¹⁰ Huselid (1995).

¹¹ Wood and Bryson (2009).

as seen from the perspective of employees.¹² In addition, where there are substantial gains in productivity, these can be shared between employer and employees: in other words, wages and profits can both rise. So HIWP advocates see them as major win-win strategies, where the issue is, not to overcome employee or union resistance, but simply to facilitate the changes needed. Employers and unions can then bargain over the shared gains, and such a bargain is more easily reached than when the size of the pot is static or declining.

However, there is a potential 'darker' side, from the employees' perspective, namely that HIWPs might prove to be merely a vehicle for an intensification of work effort for little or no increased reward.¹³ If greater involvement does imply more effort, and if it is not accompanied by more autonomy and influence, this will be associated with workplace stress. Since workplace stress has been the main growing hazard for occupational health over recent decades, these concerns are not trivial.

The scientific verdict about the effect of HIWPs on wages is somewhat mixed. Most of the studies stem again from the United States: some of these show that the introduction of HIWPs is associated with higher wages, while others show no effect.¹⁴ For Britain, HIWPs are found to be associated with an 8 per cent premium in private sector workplaces where the practices are underpinned by job security guarantees,¹⁵ and the premium has also been found to be higher for unionised workers.¹⁶

So, the idea that HIWPs are good for employees is a conditional one: the potential benefits for job quality are indeed substantial but they could be lessened or even cancelled out if the practices are allowed to intensify work effort and do not compensate with

sufficiently greater autonomy. Here, assuredly, is the space where well-organised unions can act, to make sure that potential gains are realised.

There is nevertheless a disjuncture between the very strong claims that are made about the value of HIWPs for the skills utilisation agenda, and the relative paucity of evidence about the benefits for organisations and their employees. This evidence gap derives in part from the difficult and costly practical problems with obtaining the appropriate data and scientific controls, of which the Commission is well aware. It also points, however, to the fact that skills and skills use are not always seen to be so important outside the education and training and related policy circles as they are within. Despite its potential importance for national prosperity, including the enormous potential benefits for health and well-being, the amount of money that independent academics are typically able to raise to scientifically research issues surrounding high-involvement working and skills use is a very small fraction of the nation's annual research budget.

¹² Green (2006).

¹³ Wood and Bryson (2009).

¹⁴ Handel and Levine (2004).

¹⁵ Forth and Millward (2004).

¹⁶ Godard (2007).

Unions and HIWPs

If HIWPs hold out, at least potentially, the prospect of gains for employees whether in wages or other aspects of job quality, where do trade unions fit in? This section is devoted to three questions about how the activities of unions interact with HIWPs, and impact on both skill formation and skills utilisation. First, have unions any influence over whether managers decide to follow HIWPs? Second, how (if at all) do unions alter the putative effect of HIWPs on organisational performance, whether in the private or public sector? Third, how (if at all) do unions modify the impact of HIWPs on workers' experiences of their jobs, that is, on their job quality? A perspective on these three issues will be important for assessing what the Government is trying to do, and what unions might also aim for.

Have unions stimulated or inhibited the introduction of HIWPs?

Whether unions, acting in the interests of their members, are likely to enhance or inhibit the introduction of high involvement management practices is an important question with no simple and universal answer. The theory points in two opposing directions and the evidence varies across countries.

On the positive side, if HIWPs that could introduce organisational improvements and thereby raise productivity are inhibited by lack of capacity or the high cost of change, the collective voice of workers through their unions might help to realise those gains by persuading or assisting management to adopt efficiency-enhancing changes to their HR practices. Unions might then win a share of those gains to benefit their members as well as the company's bottom line. Moreover, some aspects of HIWPs are themselves directly appreciated by workers, such as greater autonomy, trust, and better training: the research shows that these are very important ingredients of good job quality. From these points of view it is maintained that unions could be motivated to help facilitate the introduction of HIWPs in companies. Moreover, their provision of additional or

complementary communication channels between employees and management could be expected to make HIWPs more effective.

Yet an inescapable truth is that the period in which HIWPs have been gaining prominence has also seen declining trade union coverage of the workforce. This has led to the idea that HIWPs may have been a partial substitute for union representation. From this perspective, there is a tension between a traditional adversarial type of employment relations (in which most unions have developed) and a system which is supposed to build involvement, commitment and trust. According to this view union leaders are expected to try to resist new working practices that threaten their interests. Thus one might expect to see HIWPs being taken up more successfully and rapidly in the non-unionised workplaces. And if it is true that HIWPs tend to undermine workers' solidarity with their fellow members and colleagues, while their commitment to the organisation and their job satisfaction grow, one could expect to see unions' influence declining faster where managers do successfully introduce the practices.

If the theory is ambiguous, how is this resolved in practice? The evidence also points in conflicting directions and varies across different institutional settings. On the negative side a number of studies have found that unions reduced the likelihood of HIWPs being introduced. However, this finding is far from universal and the effect depends on company policies and many institutional factors. This dependence is shown in a recent study in Ireland: although on average HIWPs were more likely to be introduced in non-union settings, this effect was very much reduced if firms provide some guarantees or expectations of employment security.¹⁷ The logic is straightforward: unions and their members are much less likely to commit to cooperative productive gains if they feel that their jobs would be at risk as a consequence. Indeed, among those companies that could provide very high levels of security, HIWPs were

¹⁷ Liu et al.(2009).

introduced even more readily in the unionised sector than in non-union companies.

These findings for Ireland are almost certainly affected by its particular macro-institutional context which at least since the 1990s has given prominence to social partnership in the maintenance of wage and price restraints. Little surprise, then, that different results are found in different places – in other words, there are no universal stories here.

In the UK, unions have been neutral with respect to the introduction of HIWPs. Researchers looked at the patterns of falling union influence and of the introduction of HIWP practices across establishments and sectors over a long period. They found that union decline between the 1980s and 2004 was no faster in establishments that used HIWPs than in those that did not; nor was the pattern of introduction of HIWPs systematically different between the union and non-union sectors.¹⁸ Rather, the HIWPs have tended to be developed as innovative approaches in their own right, sometimes where unions were present and sometimes not.

Have unions improved or harmed HIWPs?

The next question, then, is whether unions in Britain have altered HIWPs' effects. The issue is not whether unions themselves are directly beneficial for employees and firms (there is much evidence in favour of the former and an ambivalent and changing story about the latter). Rather, the question to be addressed is whether unions either enhance or diminish the effects of the HIWPs on organisational performance and on employees.

Unions can in theory complement the putative benefits of HIWPs. The idea is that if unions augment the quantity or quality of the information channels between management and employees, these will

improve individual or team efficiency, and lead to better decision-making by management. The unions' contribution here also includes negotiating a way through the potential conflicts in job design and control as different groups of workers go through job enrichment and expansion.¹⁹ If the union's voice is also successful in reducing costly quitting, especially by skilled and motivated workers, this further raises the value of the HIWPs. Finally, unions might in some circumstances help to monitor the effectiveness of workers, especially in circumstances where a high degree of discretionary effort is needed.

On the other hand, where employment relations are not good, unions' defence of their members' conditions in adversarial bargaining situations could theoretically help to reduce the efficacy of involvement practices.

Interestingly, one piece of evidence for Britain, relating to the situation in 1998, has found that HIWPs only have a positive relationship with productivity in unionised workplaces, and this interaction seems to be consistent with earlier studies.²⁰ Thus, the positive potential of the interaction between unions and HIWPs seems to have been revealed in practice in the UK at that time. Moreover, the interactions also led to improved wages, while there was little evidence of any positive interactive effect on financial performance.

More recent formal evidence about whether unions raise or reduce the effects of HIWPs is thin on the ground. Case studies show how unions have operated in particular circumstances, but these are typically special, and it is hard to generalise from them about the likely effects in different organisations. Without further studies there is thus insufficient guidance from previous practice about whether, on average, unions can be successful in helping firms raise their performance via HIWPs, and in the process make gains also for their members – and if so under what circumstances. It is a yawning knowledge gap.

¹⁸ Machin and Wood (2005); Wood and Bryson (2009).

¹⁹ Rocha (2010)

²⁰ Bryson et al. (2005)

The Skills Utilisation Project and the role of unions

Given what we now know about skills utilisation in Britain, and the provisional acceptance that HIWPs can have positive effects on performance in many sectors of the economy, the idea that interventions and advice to stimulate the spread of these practices has been entering the public discourse. In this section, I describe what the Commission is trying to do, and locate the role that is currently envisaged for unions within its approach. This overview will pave the way for a discussion of what unions might consider doing to enhance their role, and how the Commission might respond.

What the Commission is aiming at

The new shared diagnosis of the UK's productivity and skills problem, as we have seen, is that now and in the medium term, both the supply and the demand for skills are too low to meet aspirations for sustained growth, given the transformations already occurring in other major industrial nations. To investigate how governments of the four nations might affect demand, complementing their ongoing efforts to raise education and training outputs, the Commission was charged with leading the 'Skills Utilisation Project'.

The project has had four research components: an extensive literature review, a set of case studies, a measurement project to benchmark the current use of HIWPs, and a policy review.²¹

'Skills Utilisation', in this current discourse, articulates both a vision and a strategy for the orientation of skills policy across the four nations of the UK. The vision stems from the demand side of the framework set out in *Ambition 2020*. It comprises a transformed economy where there are many more high-performance work organisations than at present – places of high trust, high skills use and highly skilled employees – wherein employees and employers each gain. Employers win because workplaces will

be able to match or exceed the productivity in other 'competitor nations'; employees gain through better job quality.

The strategy is still emerging, but the central part is to orient, prioritise and integrate all services for employers so that they promote HIWPs. Thus, the strategy is not a single skills utilisation policy, but instead a way of characterising and focusing existing and future policies. There is likely to be continuity in this orientation across the change of government, but the intensity with which policies are pursued will naturally be contingent on fiscal constraints and on the different priorities for industrial policy in the new regime.

The Commission aims unequivocally to raise the prevalence of HIWPs as far as possible in order to raise skills utilisation, since it believes that the HIWPs are not used enough for employers' and employees' own good. It recognises that there are limits to state intervention to influence employer policies, that compulsion is rare and that it would be unpopular in Britain's voluntarist culture. Incentives could be costly for the public purse and unlikely on any large scale in present circumstances; the norm for most areas of policy in relation to employers is some form of persuasion.

The new approach to skills policy is also complex in that it covers a range of policies across each of the four nations. The Scottish Executive has been at the forefront of implementing a skills utilisation orientation. Following an agreed joint communiqué between the Scottish Government and the Scottish TUC in January 2008, in September 2008 the Executive set up the Skills Utilisation Leadership Group (on which the General Secretary of the STUC serves) which in turn set up a Skills Utilisation Action Group, with membership from several stakeholders including the Scottish TUC.²² A threefold plan was developed: to raise awareness of the benefits of

²¹ UKCES (2009b, 2009c, 2010a 2010b); all downloadable from the Commission website: www.ukces.org.uk

²² The communiqué is available at: www.scotland.gov.uk/Topics/Education/skills-strategy/making-skills-work/utilisation/STUC

high-performance working (by influencing business leaders and representatives); to embed skills utilisation theories in all its organisational support services – including ‘brokering new relationships’ through the Scottish Union Learning Fund; finally, to establish a cross-sectoral network to foster learning and research on good practice for the installation and encouragement of HIWPs (the Scottish TUC is one among many organisations in this network).²³ The plan has been implemented in the course of the past year and is ongoing. The Scottish Government has invested some £1.8m in active research projects in colleges and universities focused on skills utilisation, set in train an attempt to transform attitudes among all its organisational support services, and produced robust advice for employers about the advantages of improved skills utilisation practices. Several Scottish case studies are promoted to help show good practice and the advantages of skills utilisation practices.²⁴ Part of the advice to employers is that by making better use of skills their employees can gain the following benefits:

*more rewarding jobs; increased job satisfaction/contribution/motivation; more aware of own abilities; can be easier to solve problems; potentially better career opportunities and increased job security; better working environment; more autonomy; and unlocking your potential.*²⁵

This Scottish approach influenced and fits neatly with the subsequent general recommendations emerging from the Commission’s policy review, which include establishing a “system-wide commitment to skills utilisation”, actively promoting it, using clear employer-friendly terminology, integrating and aligning policies to meet the goal of greater skills utilisation. The strategy is aimed at “strengthening the position” of core products such as Investors in People

or Information, Advice and Guidance, monitoring and evaluating them, and hitching them to the HIWP train. The Commission also wants to extend the evidence base on skills utilisation and remains open to policy innovations with an HIWP theme.

The role envisaged for unions

In this framework, the role envisaged for unions is that, if they are present, they should jump aboard the train. Employees, it is asserted in the reviews, are likely to gain from HIWP implementation, so unions should best represent their employees by facilitating HIWP implementation and helping to foster non-adversarial employment relations. Companies are advised to make use of unions to help promulgate skills utilisation.

A positive view is thus taken of partnerships between unions and management. Inspiration is drawn from the experiences of the United Welsh Housing Association and Merseytravel, two prominent case studies where union officials collaborated with HR managers to inaugurate a learning culture that involves a much greater degree of worker participation. As the case studies narrate:

United Welsh Housing Association

A major project overseen by the Director of Corporate Services between 2001 and 2005 (and which has continued to have a profound effect on the organisation) was a Partnership at Work project. The Partnership project was driven by a desire to move away from the traditional negotiating relationship with the trade union towards an option-based consultative approach.

...

The Partnership project was implemented between 2001 and 2003, using some funding

²³ The implementation of these plans is described at www.scotland.gov.uk/Topics/Education/skills-strategy/making-skills-work/utilisation

²⁴ See www.scotland.gov.uk/Topics/Education/skills-strategy/SULEAcasestudies

²⁵ See www.scotland.gov.uk/Topics/Education/skills-strategy/Employeradvice

from DTI and employing external consultants IPA, and was groundbreaking at the time for the housing association sector. It has recently been strengthened with the appointment of a Partnership Manager who combines that position with their role as one of three union reps at United Welsh. The Partnership Manager facilitates the flow of information between staff and senior management in both directions and the role is influential in promoting trust within the organisation.²⁶

Merseytravel

A new Head of Learning ... was brought in by the CEO to help change the culture by taking a new strategic and dynamic approach to developing people. This was also recognised as an opportunity to encourage the unions to work better together and form a partnership which brought significant benefit.

...

The core of the programme was 'Merseylearn' – a commitment to robust, job focused training, which has de-stigmatised Skills for Life initiatives and promoted a positive culture. Extensive work listening to managers and union representatives helped understand the issues around learning at the time and gain their commitment. The building of trust between the different parties was critical and the focus on learning provided a common goal for unions and management. As a result the Joint Learning Forum was established and forms the heart of the new collaborative approach.²⁷

Better union–management relations are seen as an additional outcome of the introduction of HIWPs, a bonus in itself:

Poor staff relations can be another major drag on productivity and effective cultures and these were experienced in United Welsh Housing Association and Merseytravel. The emphasis in both cases was to create openness and a sense of mutual endeavour. For example, Merseytravel used support and funding from the government to help them shift from an adversarial situation ten years ago to strong partnership working with the unions focused on common goals with learning as a key enabler and robust policies for people management practices.²⁸

Such inspirational case studies, it has to be said, may be rather unusual, even if they serve to illustrate ways in which HIWPs might function in conjunction with unions. The argument supporting collaboration with and by unions is presented without reference to the fact that the evidence about formal partnerships is far from being always rosy from the workers' perspective. In the critics' viewpoint, partnership is seen as an extension under a new guise of the lean production systems that were introduced in manufacturing industry during the 1980s, with accompanying job losses.²⁹ Nevertheless, in general, partnership remains a legitimate aim of many unions and need not be seen as a substitute for organising, even if negative experiences with the New Unionism project begun in the late 1990s has tempered attitudes towards partnership.³⁰

Beyond partnership at the micro level, what other roles for unions are expected? Unions are seen as being within the domain of potential action areas for HIWPs,³¹ and worthy of inclusion within the skills utilisation strategy. They were, certainly, indirectly involved in the policy review process. The TUC, Scottish TUC, and Acas were all interviewed as part of collecting evidence for the policy evaluation. A

²⁶ UKCES (2010b: 61).

²⁷ *ibid.*: 52.

²⁸ *ibid.*: 11.

²⁹ See Stewart and Danford (2008), who view partnerships as set for inevitable failure in a neo-liberal capitalist environment.

³⁰ See Hall-Jones and Cradden (2007).

³¹ UKCES (2010a: p.23).

TUC-organised focus group discussion with union representatives was reported, in which the main theme seems to have been the barriers to successful introduction of HIWPs. The targets culture was driving reductions in autonomy, and divisive management systems coupled with ill-informed middle-management was perpetuating the low-trust systems so widely found in British workplaces. Scepticism about the hollowness of some participation schemes was expressed, but there appears also to have been some acceptance that the trade union movement may have been too slow to take on board the benefits of participation.

The project envisages three indirect roles for unions. The first is through representation on bodies, such as the regional development agencies (RDAs) in England, who have had responsibility for delivering Business Link services to employers, and the Skills Utilisation Leadership Group in Scotland. Since the RDAs are facing very heavy cuts or abolition in the current fiscal reviews, this particular channel for a union voice appears fragile. Closely related is the second planned role for unions, where the TUC, Scottish TUC and the Irish Congress of Trade Unions (ICTU) are seen as among a number of bodies “in regular contact with employers or employees whose activity in part champions the HPW agenda”.³² Unfortunately no examples are given here, so we do not know how this is supposed to happen. Third, for the future as much as the present, unions are rightly seen as one factor influencing demand, but it is not specified quite how this role will pan out:

How employers derive their demand for skills, and the systems of people management and work organisation they have in place to enable them to apply skills, will be dependent on a range of issues; not least their product market strategy, their competitive environment, their labour supply, their stock of management and leadership

*capability, their philosophy of people management and the pressures brought to bear on them by shareholders, by customers and by trade unions or employee representatives.*³³

Taken as a whole the public documents advocating the skills utilisation orientation across the UK, while acknowledging the presence of trade unions, tend to place them rather on the sidelines of the overall strategy. Yet this appearance is deceptive. On one hand the union movement in Scotland, in particular, has been an important advocate of and contributor to the skills utilisation strategy from the top. On the other hand, where unions have a robust presence within establishments and have bargaining rights, it is less likely that a transformation to HIWPs can be successful without the unions’ assistance. It would be more helpful if the presentation of the strategy were more explicit and realistic in this respect.

³² *ibid.*: p.43.

³³ *ibid.*: p.82.

Conclusion: a future active role for unions?

Hitherto I have described the new policy orientation surrounding workplace skills that was being developed by the previous administration, my focus being on the implications for unions so far, and the role envisaged for unions in the Skills Utilisation Project that has been put forward by the Commission.³⁴ It is fair to say that the Commission has respected the existing and potential contribution of unions, but that their envisaged role is far from central and likely to be pivotal only in some instances. While it is possible that the coalition government will henceforth take a more market-oriented approach to industrial policy, the new administration appears to have no immediate plans to depart from the emphasis on skills utilisation. It will therefore be useful for all parties – unions, the Commission, government agencies, and employers – to think ahead creatively about the part that unions might play. But most of all it is the unions themselves who should first think how they could contribute in this environment, so that they can better fight for their position in the national discourse.

It is first worth recalling that the achievement of better skills utilisation, alongside skills formation, would be an enormous prize if it could be achieved without excessive work intensification. If substantial numbers of workplaces in Britain could, with unions' help and pressure, be weaned away from command and control management towards more trust-based and autonomous forms of working, there would be major gains for working people: in their inherent job quality, in their subjective well-being, in their health, and potentially also in their wages. The body of evidence supporting these general propositions is still growing, but the overall conclusion is already robust. There are large gains to be obtained in principle.

There are inevitably limits to what job quality gains can be achieved in a fundamentally capitalist market economy. Yet the variety of approaches found both within and between countries suggests that there

could be a long way to go before those limits are seriously tested. Where new management practices are introduced in line with the skills utilisation objectives, the gains for working people will need to be fought for. Bargaining over the gains that can accrue to employers and employees should be expected, with unions playing their traditional roles in this respect, in addition to negotiating the introductions of new practices, and the changing divisions of roles between workers. Inevitably, unions' productive efforts will only work where employers themselves are cooperative, and choose to work with unions in negotiating both the new organisational practices and fair shares of the productive gains.

Despite the potential advantages, it would be naive to imagine that the preferences of generations of managers in Britain could be quickly transformed. It remains to be seen whether the tactics of the Skills Utilisation Leadership Group in Scotland, and the vision of the UK Employment and Skills Commission, will affect managerial cultures in Britain that are imprinted with the neo-liberal tradition opposed to state intervention. To make this more likely the Commission could usefully delineate more explicitly the role that unions, where they are present in workplaces, could usefully play in the voluntarist strategies that it seeks to put in place. More prominence could also be given to the role that unions play on the boards of sector skills councils (SSCs), and to the developing networks of unions that engage with SSCs around the functions of ULRs. Any changes are likely to be evolutionary and long term, even if the economic recession might shake some attitudes. Unions therefore will have to play the long game, if they are to take a greater part in the new skills utilisation orientation, as I believe they should.

In practice, taking part means that the skills utilisation orientation has to be broadened out beyond the current skills agenda within unions which is largely carried forward by ULRs. ULRs can

³⁴ I shall assume for now that this new orientation for skills policy will continue in some form under the new administration.

play an important role in stimulating motivation for learning, facilitating courses which otherwise might not happen, and contributing both to the raising of skills and to the re-inclusion of lower skilled workers in the learning society. Their role will need to be sternly defended if recession pressures undermine them. Yet if unions were to devolve responsibility for involvement in skills utilisation to their ULRs alone, the danger is that the orientation would revert to the narrower focus only on skills formation. The objectives of HIWPs should be taken on board by negotiators. It is likely that officials and shop stewards would gain if skills utilisation issues were included in their training. Unions, like other agencies, also have a lot to learn about the broader issues of job design, and the links with health and safety, and can usefully invest in more union-oriented research to improve understanding of these issues. There is much to be gained from an examination of practices elsewhere, especially in Scandinavian countries where it has more often proved possible to negotiate improved job design.

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