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**WERS**

The  
Workplace  
Employment  
Relations  
Study

The 2011 Workplace  
Employment Relations Study

# FIRST FINDINGS

Brigid van Wanrooy, Helen Bewley, Alex Bryson, John Forth, Stephanie Freeth, Lucy Stokes and Stephen Wood





# ACKNOWLEDGEMENTS

WERS is a multi-sponsored project and the input of the various sponsors is one of the reasons why the study has maintained its rigour over a sustained period of time. The 2011 WERS is co-sponsored by the Department for Business, Innovation and Skills (BIS), the Advisory, Conciliation and Arbitration Service (Acas), the Economic and Social Research Council (ESRC), the UK Commission for Employment and Skills (UKCES) and the National Institute of Economic and Social Research (NIESR). NIESR's involvement is made possible through funding from the Nuffield Foundation.

The project is overseen by the Steering Committee in which each of the sponsors are represented, in addition to the Health and Safety Executive which has made a contribution to the project. Thanks go to the various members of the Steering Committee who have taken personal responsibility for the success of WERS. The members since 2008 are: Bill Wells (Chair), Beverley Bishop, Vivien Brighton, Anthony Burke, Alex Bryson, Bernard Carter, Scott Court, Gill Dix, Peter Elias, Claire Feary, John Forth, Richard Garrett, Alison Higgins, Joanna Lake, Fiona Neathey, Aiofe Ni Launaigh, Sumit Rahman, Kelly Taylor, Stephen Wood, and Stella Yarrow.

In a series like WERS that spans decades, but is conducted intermittently, maintaining continuity and building on previous experience becomes increasingly difficult and important at the same time. While many people have helped retain the WERS memory, Gill Dix and John Forth played a particularly valuable role.

Mark McConaghy commenced as the 2011 WERS Project Leader and led in the initiation, consultation, instrument development and piloting stages of the project, as well as contracting the National Centre for Social Research (NatCen) to conduct the fieldwork. Brigid van Wanrooy subsequently took over the project leader role.

The NatCen team responsible for carrying out the study exceeds 200 people, including field interviewers scattered across Britain, field operations, the telephone unit, and researchers. The field interviewers showed a great deal of dedication to such a challenging study.

In particular, we would like to acknowledge the effort and commitment shown by Martin Wood, Tracy Anderson, Zoe Lancaster, Yvette Prestage, Kavita Deepchand, Sarah Tipping, Nick Gilby and Emma Drever. Hulya Hooker – a researcher at BIS – also played a vital role in obtaining respondents' participation in the study.

NatCen enlisted experts for elements of the project: Susan Purdon provided essential advice on the weighting of the data and PublicZone developed the communications strategy for approaching potential WERS participants. We are also grateful for advice provided on equality and diversity aspects of the study by Nikki Bennett and for guidance on weighting from Professor Chris Skinner.

At the initial stages of the survey development a consultation was conducted with WERS users including academics and policy makers and practitioners. Many people took the time to meet with the WERS research team or make a submission about the content of the sixth WERS. This information was vital in making difficult decisions about reducing the length of the questionnaires, as well as what additions should be made.

As part of the initiative to engage potential participants in WERS, the following organisations kindly agreed to 'endorse' the study: the Chartered Institute of Personnel and Development (CIPD), the Confederation of British Industry (CBI), Trades Union Congress (TUC), British Chamber of Commerce (BCC), Federation of Small Businesses (FSB), British Retail Consortium (BRC), Engineering Employers' Federation (EEF), Alliance of Sector Skills Councils, The Work Foundation, and the Involvement and Participation Association (IPA).

Most of all, WERS would not be possible without the participants. Sincere thanks go to the managers, employees and employee representatives who voluntarily gave up their time to participate in the survey. We also gratefully acknowledge the contribution of the many other individuals in participating workplaces and organisations who made this possible.



# CONTENTS

|   |    |
|---|----|
| Foreword  | 2  |
| Introduction  | 4  |
| <b>PART ONE: IN THE SHADOW OF RECESSION</b>             |    |
| Workplaces in the Shadow of Recession                   | 6  |
| More Work, Less Pay? Employees in Recession             | 8  |
| Staffing the Workplace                                  | 10 |
| <b>PART TWO: THE EMPLOYMENT RELATIONSHIP</b>            |    |
| Who Manages Employment Relations?                       | 12 |
| What Has Happened To Employee Representation?           | 14 |
| Representing Employees in the Workplace                 | 16 |
| Engaging Employees                                      | 18 |
| Workplace Change: A Matter for Debate?                  | 20 |
| Who Sets Pay and Conditions?                            | 22 |
| Paying for Performance                                  | 24 |
| Discontent in the Workplace                             | 26 |
| <b>PART THREE: WORKING LIVES</b>                        |    |
| Pay Dispersion and Satisfaction                         | 28 |
| Long Working Hours: The Path to Progression?            | 30 |
| Work-life Balance                                       | 32 |
| Equality and Diversity: Creating a Level Playing Field? | 34 |
| Trends in Training                                      | 36 |
| Health and Safety: Consultation, Risk and Control       | 38 |
| Job Satisfaction and Well-being                         | 40 |
| Technical notes   | 42 |

# FOREWORD

The Workplace Employment Relations Study (WERS) series commenced in 1980. This sixth WERS has been conducted in an exceptional period for the British economy. Its findings offer an important opportunity to understand the operation of workplaces in a time of substantial economic and social uncertainty.

The WERS series has mapped employment relations extensively over three decades. There is currently no other study in Britain like WERS. It provides insights into often complex and diverse employment relationships by taking a step inside the workplace and collecting a wide range of information from managers, employees and their representatives. In doing so, it sheds light on the current economic and social policy environment through the exploration of a multiplicity of employment relations matters.

This report provides the first look at the headline data on three broad areas: i) the experiences of workplaces and their workforces in the recent economic recession; ii) the structures and practices of employment relations; and iii) the experiences of workers.

## Workplaces in the Shadow of Recession

The economic and social context for the 2011 WERS provides a unique opportunity to explore how workplaces have responded to an economic downturn and how employment relations practices have been affected.

Over the last few decades, forms of contractual arrangement between employers and employees have become more diverse. Did managers increase their reliance on non-standard ways of staffing the workplace?

How have employees been affected by the recession? Often in a recession we focus on the jobless, but how were those employees who remained in work affected? Has worker well-being suffered during the economic upheaval?

## The Employment Relationship

Effective employment relations are vital to the workplace, whether at the time of recruitment, during an employees' tenure or at the time of separation. Employers, managers, employees and their representatives are all key players in this relationship. What structures are in place to support the management of employees?

Over the last three decades WERS has mapped the declining role of unions and the increasing individualisation of the employment

relationship. Do unions still matter? To what extent are they involved in wider organisation decision-making? What is the role of representatives, both union and non-union?

Questions around pay setting, both in the public and private sectors, have been at the forefront of public policy debate. WERS provides detailed information on the determination of pay including the influence of workplace actors.

Job security, rewards and satisfaction are all central to understanding how employees relate to their work; and the importance of these has been heightened in the current economic climate. Have HR managers come to the fore to promote strategies for responding to the crisis?

Where the employment relationship breaks down, conflict can occur: Collective workplace conflict has been on a downward trend, although it experienced a small spike in 2011. WERS looks at the trends in conflict and also at the methods for resolution of both individual and collective disputes.

## Working Lives

Employees' experiences at work are not only shaped by the type of work they do, but also how they are managed. Do employees feel committed to their workplace and does that impact on the way they approach their work? Are employees satisfied with their pay? Are the low-paid dissatisfied with all aspects of their job?

Employees' ability to balance their work and home lives is an issue that has grown in importance over the last few decades. Are fewer employees now working long hours? Do employees feel their career trajectories are dependent on working long hours? Are managers doing more to assist employees with their caring responsibilities? Or do managers feel that this should be a matter for employees to address without employer assistance?

## The Context of 2011 WERS

The British economy is facing one of its greatest challenges in recent history. In 2008, we saw the global economy plunge into turmoil. The recession is notable for a number of reasons. First, it was born out of a financial crisis after a long period of growth and prosperity.

Second, given the fall in output, the fall in employment was relatively small and by September 2012, absolute employment had returned to pre-recessionary levels. However, due to population increases the employment rate is still below the pre-recessionary peak. The flip

side to employment performing better than output is that labour productivity has declined.

Third, employment in the private and public sectors have behaved very differently. Private sector employment fell substantially during 2008 and 2009 as the recession hit. In contrast, public sector employment rose during this period. Since 2010, the picture has been reversed; with private sector employment rising while public sector employment has fallen.

Fourth, the pattern of growth has been unstable. Negative growth has been recorded in various quarters in 2008, 2011 and 2012.

Fifth, the global picture is one of uncertainty, particularly in the Eurozone.

These characteristics and their respective timings mean that the sixth WERS, which was conducted from early 2011 to mid 2012, provides a window into workplaces during a particularly challenging period.

### The First Look at the 2011 WERS

This report provides the first look at some of the key findings from the 2011 WERS. More specifically, the purpose of this report is:

- To provide the first cut of headline results of key data items.  
(Further data with breakdowns across industry and workplace size can be obtained from the website: <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/workplace-employment-relations-study-wers>.)
- To illustrate the breadth in WERS as well as showcase some of the new questions.
- To examine change since the last WERS conducted in 2004.
- To stimulate debate and further research.

I hope this report fulfils these objectives and more.

However, there is only so much that can be achieved in a format such as this and WERS provides a huge amount of scope for much more in-depth analysis.

Therefore, I expect that this First Findings report will whet your appetite for the next output from the 2011 WERS research team, the book, *Workplaces in the Shadow of Recession: Findings from the 2011 Workplace Employment Relations Study*. This will be available at the end of 2013.

Moreover, the WERS data will be made available through the UK Data Service. By making the data available in this way, we hope that the tremendous potential of WERS will continue to be realised by the vast array of researchers and analysts who are interested in matters relating to work.

### Bill Wells

Chair, 2011 WERS Steering Committee  
Department for Business, Innovation and Skills



# INTRODUCTION

## The Objectives of the WERS Series

WERS has had three core purposes which have remained throughout the series:

1. To map British employment relations over time.
2. To inform policy and practice, and stimulate debate.
3. To provide a comprehensive and statistically reliable dataset on British workplace employment relations for public use.

## WERS Methodology

The study commences with an interview with the most senior manager with responsibility for employment relations, human resources or personnel at the sampled workplace. The manager is asked to provide a demographic profile of the workforce prior to the interview, and financial performance information about the workplace subsequent to the interview. Permission is sought from the manager to distribute a self-completion questionnaire to a maximum of 25 employees at the workplace.

If a union and non-union employee representative is present for the workplace, one interview with each is sought. The union interview is conducted with the most senior lay representative of the largest union at the workplace. The non-union representative interview is conducted with the most senior non-union employee sitting on a joint workplace consultative committee. Where there is no such committee, a 'stand-alone' employee representative is interviewed.

The fieldwork for the sixth WERS took place from March 2011 to June 2012. A total of 2,680 face-to-face interviews with managers were carried out (Table 1). The average length of the management interview was 90 minutes. Some 1,002 interviews were conducted with employee representatives, 797 of which were union representatives. These interviews were conducted either face-to-face or over the phone, lasting 30 minutes on average.

In workplaces with 25 or fewer employees, all were given the questionnaire. In larger workplaces, 25 employees were randomly selected to participate. A total of 21,981 employees completed the survey. This report will not draw directly on findings from the Financial Performance Questionnaire. However, this source of data will be made publicly available.

**TABLE 1: Total response and response rates, 2011**

|                                      | All workplaces | Panel workplaces (also surveyed in 2004) |
|--------------------------------------|----------------|--|
| Management Questionnaire             | 2,680          | 989                                      |
|                                      | 46.5%          | 52.3%                                    |
| Worker Representatives Questionnaire | 1,002          | 432                                      |
|                                      | 63.9%          | 65.6%                                    |
| Survey of Employees                  | 21,981         | 8,821                                    |
|                                      | 54.3%          | 55.7%                                    |
| Financial Performance Questionnaire  | 545            | 200                                      |
|                                      | 31.8%          | 32.3%                                    |

Response rates were lower than in earlier waves of the study, but reflect prevailing trends in business surveys. Response biases have been comprehensively investigated and addressed where apparent.

The 2011 WERS continued the tradition of innovation that has characterised the entire series. Previous surveys comprised a newly selected sample, together with a separate panel element whereby a selection of 'continuing' workplaces that participated in the previous study were revisited to carry out an abridged management interview. In 2011, these two discrete samples were integrated, with 989 panel workplaces now being combined with 1,691 newly sampled establishments to form the overall sample of 2,680. The benefits of this approach were to boost the size of the overall sample and to widen the scope of the information collected from the panel workplaces in the study.

## Reporting of the 2011 WERS

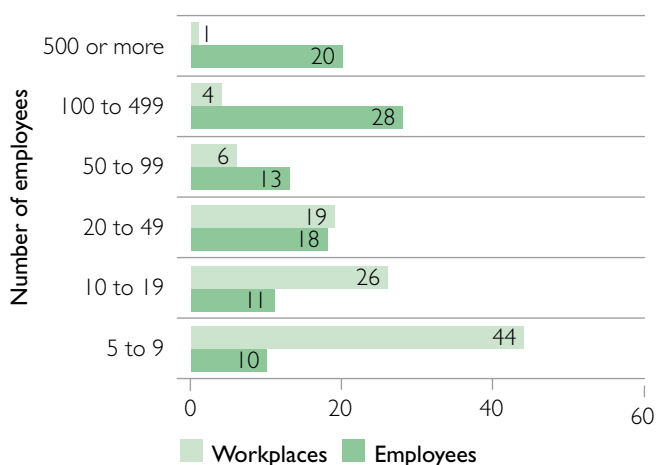
The **2011 WERS First Findings** reports on all workplaces with 5 or more employees in the British economy, excluding workplaces in agriculture, forestry, fishing, and mining and quarrying. This represents:

**Almost 750,000 workplaces**  
**23.3 million employees**

The overall 2011 WERS sample is representative of all British workplaces with 5 or more employees. This population accounts for 35% of all workplaces and 90% of all employees in Britain.

Figure 1 shows the distribution of these workplaces by size and the proportion of employees they account for. More than two in three workplaces (70%) discussed in this report are small, that is, they have between 5 and 20 employees; but these workplaces account for just 21% of employees in the survey population. In contrast, just 1 in 20 workplaces have more than 100 employees but cover almost half (48%) of all employees.

**FIGURE 1: Distribution of workplaces and employment in WERS (%)**



Base: All workplaces

It is then very important to remember, when reading *First Findings*, that any estimates that are provided for all *workplaces* are heavily determined by the characteristics and behaviour of small establishments, while any estimates that are provided for all *employees* are more heavily influenced by the situation in larger establishments.

We also distinguish between workplaces that belong to small, medium and large private enterprises (defined as those having 5-49, 50-249, and 250 or more employees, respectively).

In this report, we will draw on all 2,680 workplace responses to provide estimates for 2011 and will compare this to the 2,295 responses obtained in 2004. In some instances, to obtain a better understanding of change within workplaces the findings will concentrate on the continuing workplaces. By doing this we can ascertain how much of overall change is attributable to change inside workplaces.

In looking at this change *inside* workplaces, we will occasionally want to determine if this level of change is high or low compared with previous periods. In these cases, we will go to the previous panel study that examined workplaces that participated in the 1998 and 2004 surveys. In 1998, only workplaces with 10 or more employees were surveyed. Therefore, when making such comparisons we will only examine workplaces of 10 or more.

### Reporting Conventions

Unless otherwise stated the results presented exclude cases where the respondent did not provide an answer (i.e. refused or did not know). The level of missing cases never exceeds 10%, unless stated.

Symbols within Tables

0 Represents less than 0.5 %, including none.

( ) The base is between 20 and 50 observations and should be treated with caution.

— Not applicable/no estimate available.

### Examining Change and Differences

Where data comparisons have been made, for example between two time points (2004 and 2011) or between groups of workplaces of different sizes, the results have been tested for statistical significance at the 5 per cent level. Essentially, this testing allows us to determine whether there are enough survey observations to be confident that the estimates reflect differences in the population.

This report only comments on differences or associations that are statistically reliable (i.e. 'significant'). In some cases, this will mean that although the figures look different, a statistically significant difference has not been observed.

### Managers' Responses

The management interview was conducted with the most senior person responsible for employment relations or staff at the workplace. When the responses given by managers are discussed, we are referring to these respondents. When the characteristics or opinions of the Managerial occupation are discussed, this is made clear in the text.

# WORKPLACES IN THE SHADOW OF RECESSION

THE ECONOMY ENTERED RECESSION IN LATE 2008. It contracted more than at any point since the depression of the 1930s and, four years later, output remains around four percentage points below its pre-recession level. How have British workplaces fared in the crisis?

The rate of workplace closure in our study population was actually no greater than in the late 1990s/early 2000s. However, most surviving workplaces were affected in some way by the recession, and many took some form of action that impacted directly upon the wages, hours, organisation of work, or job security of their workers.

### Workplace Closure

One part of the 2011 WERS involved returning to those workplaces that participated in the previous wave in 2004 to establish which were no longer in existence. Some 17% had closed down. The rate was 19% among private sector workplaces and 7% in the public sector. The recession may have precipitated closure for some, but the overall closure rate was in fact no higher than that observed between the two previous WERS surveys (in 1998 and 2004).

### Who Else Was Affected?

The 2011 WERS included questions to identify which surviving workplaces had been affected most by the downturn, and also to find out how they had responded.

Workplace managers were asked about the extent to which their workplace had been adversely affected by the recession. One fifth (19%) said that the recession had affected their workplace 'A great deal', while one quarter (26%) said that it had affected them 'Quite a

lot'. A further 27% said that it had affected them 'A moderate amount' and one in six (17%) said that it had only affected them 'A little'. The remaining 10% said that the recession had 'No adverse effect' on their workplace.

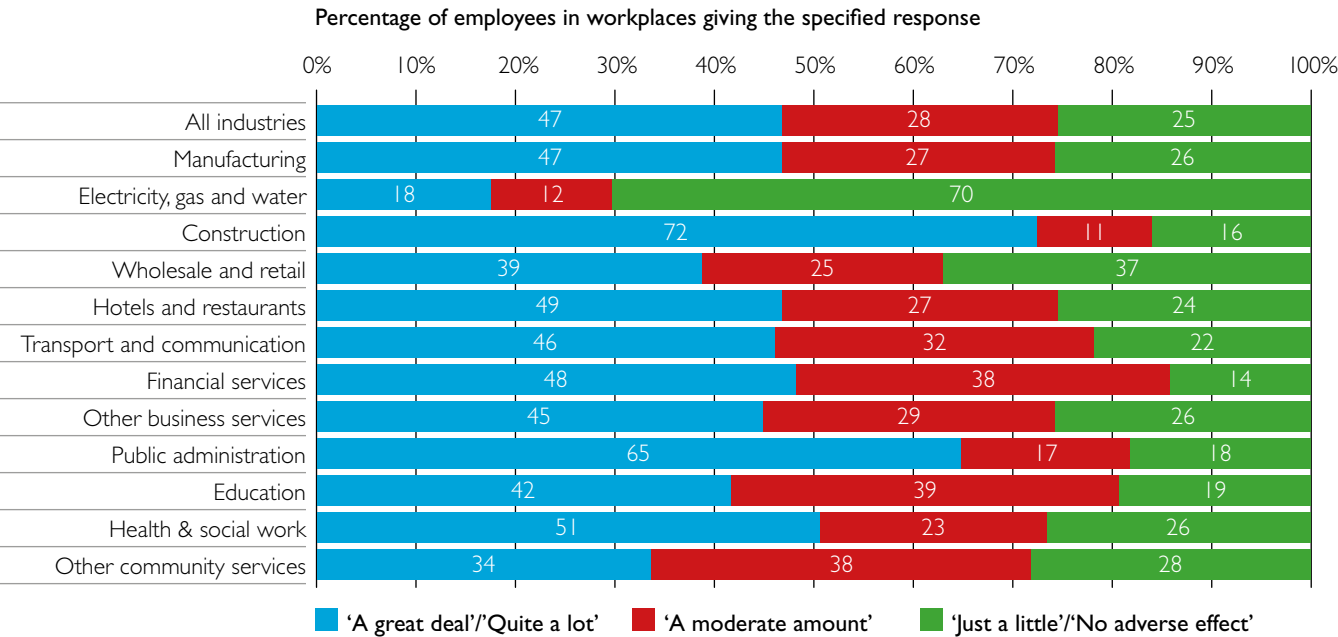
The pattern of responses across these five response categories did not differ greatly between small and large workplaces, and so the employment coverage across these workplaces was also very similar. The pattern of responses was also similar between the private and public sectors.

Official statistics suggest that Construction, Transport and communication, Financial services, and Public administration have been among the worst affected industry sectors, either in terms of output or employment.<sup>1</sup> Figure 1, which summarises workplace managers' responses about the impact of the recession, reflects this broad pattern, showing that the recession had some of its most widespread effects in these four industries. Figure 1 also shows that, even in industries where the impact was less widespread, there were still many workplaces that keenly felt the effects of the recession.

### How Did Managers Respond to the Recession?

In response to the recession, three quarters (76%) of all workplaces had taken some form of action that impacted directly on their

FIGURE 1: To what extent were workplaces adversely affected by the recent recession?



Base: All workplaces (weighted by employment)

workforce. The most common response was to cut or freeze wages (42%). Other common responses included introducing a freeze on filling vacant posts (28%), changing the organisation of work (24%) and postponing plans to expand the workforce (21%). The recession prompted compulsory redundancies in 14% of all workplaces and voluntary redundancies in 7% (18% when combined).

**TABLE 1: Actions taken in response to the recent recession (%)**

|                                    | Private | Public | All |
|------------------------------------|---------|--------|-----|
| Freeze/cut in wages                | 39      | 63     | 42  |
| Freeze on filling vacant posts     | 26      | 44     | 28  |
| Change in the organisation of work | 22      | 35     | 24  |
| Postpone workforce expansion       | 21      | 22     | 21  |
| Reduce paid overtime               | 17      | 23     | 18  |
| Reduce training expenditure        | 14      | 32     | 16  |
| Reduce use of agency staff         | 13      | 31     | 16  |
| Reduce basic hours                 | 16      | 6      | 15  |
| Compulsory redundancies            | 14      | 9      | 14  |
| Voluntary redundancies             | 5       | 23     | 7   |
| Reduce non-wage benefits           | 7       | 7      | 7   |
| Enforced unpaid leave              | 3       | 2      | 3   |
| Increase use of agency staff       | 2       | 4      | 3   |
| Other response                     | 3       | 5      | 3   |
| No action taken                    | 26      | 11     | 24  |

Base: All workplaces

Larger workplaces were more likely than smaller ones to have taken some form of action so, while 24% of all workplaces had seen none of the specified actions, these employed only 18% of all employees. The extent to which various initiatives touched on individual employees is reported further on pages 8-9.

Public sector workplaces were more likely than those in the private sector to have experienced some form of response to the recession (Table 1). Many of the individual actions were also more prevalent in the public sector. The only actions that were more common among private sector workplaces were compulsory redundancies and reductions in basic hours. As this pattern suggests, public sector workplaces were then also more likely to have experienced more

than one type of response – perhaps freezing wages as well as making voluntary redundancies.

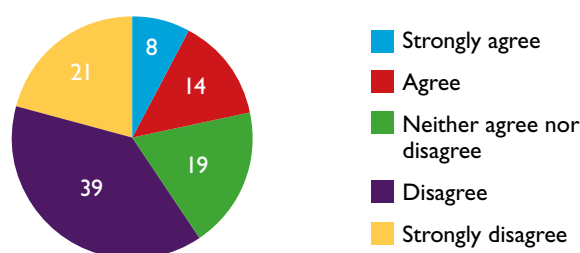
Workplaces that reported the recession had affected them more severely were more likely to have taken consequent action involving their workforce. But again there was considerable heterogeneity: 7% of workplaces that were affected 'A great deal' by the recession managed to avoid a workforce related response, as did 12% of those that were affected 'Quite a lot'.

Similarly, almost two fifths (38%) of those workplaces that reported 'No adverse effect' from the recession nonetheless reported taking at least one of the specified actions. The incidence of this was considerably higher in the public sector (70%) than in the private sector (32%), perhaps indicating the particular role that state-owned workplaces have been asked to play in responding to the crisis.

#### How Did Workplaces Fare?

Workplace managers were also asked whether their workplace was now weaker as a result of its experience in the recession (see Figure 2). The overall pattern of responses did not differ greatly between the private and public sectors.

**FIGURE 2: Managers: 'The workplace is weaker as a result of the recession' (%)**



Base: All workplaces

Workplaces that were similarly affected by the recession did not always experience the same outcomes. Notably, only half (47%) of those workplaces on which the recession had 'A great deal' of adverse impact agreed that they were weaker as a result.

A central aim of the forthcoming book will be to examine which types of workplaces fared better through the recession, and whether the approach to employment relations played any part in determining their experience.

<sup>1</sup> Office for National Statistics: Index of Production, Index of Services and All in Employment by Industry Sector.

## MORE WORK, LESS PAY? EMPLOYEES IN RECESSION

IN TIMES OF RECESSION, MUCH ATTENTION IS FOCUSED ON UNEMPLOYMENT AND JOB LOSSES. BUT WORKING LIFE MAY ALSO CHANGE FOR THOSE EMPLOYEES WHO REMAIN AT WORK. There may be changes to rewards, such as pay cuts or freezes, or reductions in non-wage benefits. Further, there may be changes to the nature of work, such as the reorganisation of tasks or increases in workload.

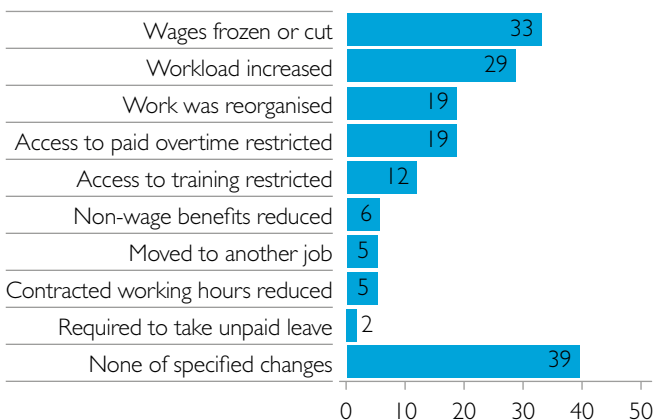
Examining the perspective of employees, we find that the most common changes they experienced as a result of recession were wage cuts or freezes and increases in workload. Men were more likely than women to experience a change at work as a result of the recession.

### Employees' Experiences of Recession

The 2011 WERS asked employees if they had experienced any of a specified list of changes 'as a result of the most recent recession', while at their current workplace (Figure 1). Here we focus on the 88% of employees who indicated that they were working at the surveyed workplace during the recession.

The most common changes reported by employees were more work and less pay. Wage cuts or freezes were cited by 33% of employees, and increases in workload were reported by 29% of employees.

**FIGURE 1: Changes experienced by employees as a result of recession (%)**



Base: Employees at workplace during recession

Reorganisation of work and restrictions in access to paid overtime were each cited by around one fifth (19%) of employees. Just over one in ten (12%) reported that access to training had been restricted. However, 39% of employees indicated that none of the specified changes had happened to them as a result of the most recent recession.

More than a third (36%) of employees experienced two or more changes. Focusing on the two most prevalent changes, 14% of employees reported both an increase in workload and a wage cut or freeze.

### Which Employees Were Most Affected?

The extent to which employees were affected by the recession will be influenced by the degree to which their workplace was affected.

Around half (48%) of employees in the public sector reported wage cuts or freezes, compared with just over one quarter (27%) in the private sector. More than a third (36%) of public sector employees reported an increase in workload, compared with 26% in the private sector.

Public administration and Construction were the industries with the highest percentages of employees reporting wage cuts or freezes (68% and 50% respectively). Increases in workload were most common among employees in Public administration (48%), followed by Transport and communication (36%) and Financial services (33%). The previous section (pages 6-7) indicated that these are among the industries that have fared the worst in the economic downturn.

As to be expected, employees were more likely to report changes where the manager indicated that the workplace had been adversely affected by recession: 68% of employees in workplaces affected either 'Quite a lot' or 'A great deal' by the recession had experienced at least one change. Nevertheless, even among employees in workplaces less adversely affected, this proportion stood at just over half (54%).

Certain groups of workers may be more vulnerable to changes in recession. Table 1 shows the percentage of employees reporting a pay freeze or cut, an increase in workload, or any change, according to sex, age, full-time or part-time status and occupation.

Among those remaining at their workplace, men were more likely than women to have had their wages frozen or cut (35% versus 31%) but there was no statistically significant difference by sex in the proportion who reported an increase in their workload. Overall, men were more likely than women to have experienced some change as a result of recession (64% compared with 58%).

Workers aged between 30 and 59 years were more likely than younger or older workers to report changes as a result of recession. Full-time employees were more likely to have experienced wage cuts or freezes and increases in workload, but part-time employees were more likely to report that their contracted working hours had been reduced (8% compared with 4% among full-time employees). It should be noted that some of these employees may have been previously employed on a full-time basis. Many of these factors are likely to be inter-related, for example, women are more likely to be employed in part-time roles.

**TABLE 1: Changes experienced by employees as a result of recession (%)**

|                      | Wages frozen or cut | Work-load increased | Any change |
|----------------------|---------------------|---------------------|------------|
| <b>Sex</b>           |                     |                     |            |
| Male                 | 35                  | 29                  | 64         |
| Female               | 31                  | 28                  | 58         |
| <b>Age</b>           |                     |                     |            |
| Less than 20         | 1                   | 8                   | 26         |
| 20-29                | 23                  | 24                  | 55         |
| 30-59                | 36                  | 31                  | 64         |
| 60 plus              | 31                  | 23                  | 52         |
| <b>Working hours</b> |                     |                     |            |
| Full-time            | 35                  | 32                  | 64         |
| Part-time            | 24                  | 19                  | 50         |
| <b>Occupation</b>    |                     |                     |            |
| Managerial           | 38                  | 39                  | 67         |
| Non-managerial       | 32                  | 27                  | 60         |

Base: Employees at workplace during recession

Overall, employees in Associate professional and technical occupations were the most likely to have experienced wage cuts or freezes (41%) while those in Elementary occupations were the least likely (17%). Employees in Managerial occupations were the most likely to have experienced increases in workload (39%), while employees in Caring, leisure and other personal service occupations were the least likely (17%).

## Job Security

In a period of recession it would not be surprising for employees to have greater concerns about their job security. In 2004, around two thirds (67%) of employees agreed or strongly agreed with the statement 'I feel my job is secure in this workplace'. In 2011, this proportion had fallen to three fifths (60%) of employees (Table 2).

**TABLE 2: Perceptions of job security (%)**

|  | Strongly agree or agree | Neither agree nor disagree | Strongly disagree or disagree |
|--|-------------------------|----------------------------|-------------------------------|
| <b>"I feel my job is secure in this workplace"</b> |                         |                            |                               |
| 2004   | 67                      | 18                         | 15                            |
| 2011   | 60                      | 21                         | 18                            |
| <b>Number of changes as a result of recession</b>  |                         |                            |                               |
| None   | 72                      | 18                         | 10                            |
| 1  | 60                      | 23                         | 17                            |
| 2  | 50                      | 24                         | 26                            |
| 3  | 45                      | 24                         | 32                            |
| 4 or more  | 32                      | 25                         | 43                            |

Base: All employees; Employees at workplace during recession

Employees that had experienced change as a result of recession were less likely to agree that their job was secure (Table 2). Furthermore, the more changes they had experienced, the less likely they were to feel secure in their job. Around one third of employees (32%) who had experienced four or more changes as a result of the recession agreed that their job was secure, compared with 72% of those experiencing none of the specified changes.

# STAFFING THE WORKPLACE

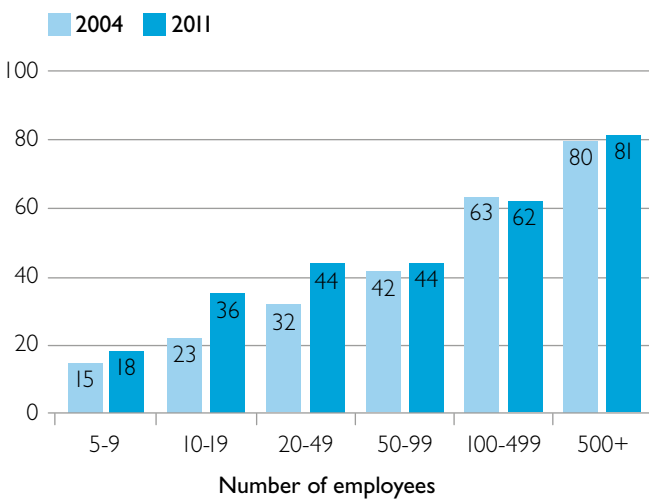
HAVE EMPLOYERS CHANGED THE WAY THEY STAFF WORKPLACES IN RESPONSE TO THE RECESSION? This section considers whether the use of practices that give flexibility over the size of the workforce or the allocation of working hours has changed since 2004.

There was an increase in the proportion of workplaces making some use of non-standard working hours arrangements such as shifts, annualised hours and zero hours contracts over the period from 2004 to 2011, but annualised hours and zero hours contracts remained relatively unusual. There was little change in the use of fixed-term or temporary contracts, the use of agency workers, or employers contracting activities in or out. However, employers reported cutting agency workers, rather than increasing their use, in response to the recession.

## Shift-working

The percentage of workplaces where at least some employees worked shifts rose between 2004 and 2011, from 24% to 32%. Shift-working also increased among workplaces that had been in existence in 2004. Larger workplaces were much more likely to have some employees working shifts than smaller workplaces (Figure 1). However, an increase in the use of shift-working among smaller workplaces was the main driver of the increase overall, as there was no significant change in their use in workplaces with 50 or more employees.

FIGURE 1: Workplaces with any shift-workers (%)



Base: All workplaces

Increases between 2004 and 2011 in the prevalence of shift-working for at least some employees were most pronounced in workplaces in the service industries of Wholesale and retail (from 19% of workplaces in 2004 to 30% in 2011), Hotels and restaurants (47% to 74%) and Education (7% to 24%).

## Annual Hours Contracts

In 2011, 7% of workplaces had some employees on annual hours contracts<sup>1</sup>, almost double the 4% in 2004.

Larger workplaces are more likely to have some employees on annual hours contracts than smaller workplaces. One fifth (20%) of workplaces with 100 or more employees used annual hours contracts compared with 5% of small workplaces with less than 50 employees.

Workplaces in the Hotels and restaurants and Other business services sectors were most likely to introduce annual hours contracts between 2004 and 2011. In 2004 just 1% of workplaces in either sector had some employees on annual hours contracts, whereas this had increased to 7% within Hotels and restaurants and 6% in Other business services by 2011.

There was a clear increase in the proportion of workplaces in small private sector enterprises with employees on annual hours contracts (from 1% to 6%), but not in larger private sector enterprises or the public sector.

## Zero Hours Contracts

There was also a doubling in the percentage of workplaces that had some employees on zero hours contracts<sup>2</sup> between 2004 and 2011 (from 4% to 8%), though incidence remained low. There were increases in the use of zero hours contracts in larger workplaces. In 2004, 11% of workplaces with 100 or more employees used zero hours contracts, increasing to 23% in 2011.

Workplaces in the Hotels and restaurants sector were again particularly likely to introduce zero hours contracts between 2004 and 2011 (4% and 19% respectively), while workplaces in the Education sector also saw a marked rise in the use of zero hours contracts (from 1% to 10%).

## Use of Fixed-term and Temporary Contracts

There is no evidence that employers overall have changed their use of temporary and fixed-term contracts to adjust the supply of labour in response to fluctuations in demand. In 2011, 25% of workplaces had some employees on temporary or fixed-term contracts, which is not a significant change from 22% in 2004. Also, the percentage of the employees inside the workplace that had a temporary or fixed-term contract remained stable, at an average of 7% in 2011 (and 5% in 2004).

The stability in the use of fixed-term and temporary contracts at both time points may mask more pronounced changes for workplaces with different characteristics. There was a sizeable reduction in the

percentage of workplaces in the Education sector which had some employees on fixed-term or temporary contracts (from 74% to 60%). Also, the average percentage of employees on fixed-term or temporary contracts within Manufacturing workplaces increased from 1% to 5%. Within workplaces that used fixed-term contracts, managers were more likely to say that this was because of a freeze on permanent staff numbers in 2011 than in 2004 (11% and 7% of these workplaces respectively).

### Use of Agency Workers

The Agency Workers Regulations, introduced part way through fieldwork in October 2011, gave agency workers a right to the same basic terms and conditions of employment as employees after 12 weeks in a job, with some comparable rights from the first day. There was no significant change in the proportion of workplaces that made use of agency workers in 2004 and 2011. In 2011, 10% of workplaces had some agency workers, compared to 12% in 2004.

The general picture of stability masked clear changes for particular types of workplaces in their use of agency staff. Only 10% of workplaces in the Health and social work sector had any agency workers in 2011, compared to 18% in 2004. Among workplaces that had some agency workers, between 2004 and 2011 there was an increase (from 14% to 22%) in their use to provide cover for maternity or annual leave.

### Using Agency Workers or Temporary Staff in Response to the Recession

A new question in the 2011 WERS asked managers about a range of actions they took in response to the recession (see pages 6-7). Table 1 displays the responses regarding the use of agency or temporary workers. Managers in 16% of workplaces reported that the recession had resulted in reductions in their use. Cuts were more common in the public sector than the private sector.

**TABLE 1: Use of agency or temporary staff in response to the recession (%)**

|         | Reduced agency or temporary staff | Increased agency or temporary staff |
|---------|-----------------------------------|-------------------------------------|
| Private | 13                                | 2                                   |
| Public  | 31                                | 4                                   |
| All     | 16                                | 3                                   |

Base: All workplaces

On the other hand, only 3% of workplaces had increased their use of agency or temporary workers because of the recession and in this case the differences between the private and public sectors were not marked.

### Contracting Out and In

Despite the changed economic climate, there were no signs that employers changed their use of contractors between 2004 and 2011. In both years, managers were asked whether any activities previously done by employees had been contracted out in the five years prior to the survey. Services had been contracted out in 12% of workplaces in 2011 (14% in 2004). In 13% of these workplaces the work that had been contracted out was still being carried out by former employees (14% in 2004).

Managers were also asked whether any activities previously carried out by contractors had been brought in-house in the five years prior to interview. This had happened in 11% of workplaces in both 2011 and 2004.

The reasons for contracting services out or in did not change over time. Cost savings was the most common reason for contracting services out and also contracting them in (44% and 65% respectively).

<sup>1</sup> A contract to work a set number of hours over the course of a year, rather than the more traditional daily, or weekly schedule.

<sup>2</sup> The employee is paid for hours worked, rather than a fixed minimum number of hours.



## WHO MANAGES EMPLOYMENT RELATIONS?

THE RECESSION ARGUABLY OFFERED AN OPPORTUNITY FOR THE HUMAN RESOURCES (HR) FUNCTION TO TAKE A MORE CENTRAL POSITION IN THE WORKPLACE. Few establishments were left untouched by the recession and so there was a widespread opportunity – and apparent need – for skilled HR professionals who could successfully manage the workplace’s response.

However, some have questioned the influence and strategic capacity of HR professionals, pointing to their often limited autonomy and to the fragmentation of HR roles through outsourcing.

This section examines some of the key features of the HR function at workplace level and the extent to which it has changed in recent years. The evidence suggests some small changes in the structure and activities of workplace HR, particularly in respect of the increases in autonomy of branch-level managers and the demand for expert advice. But there is little to suggest that HR managers have more strategic influence.

### Specialists or Generalists?

First, it is apparent that daily responsibility for employment relations at workplace level was no more likely to be held by an HR professional in 2011 than was the case in 2004. The percentage of workplaces in which employment relations was the responsibility of an ‘HR manager’, a ‘Personnel manager’ or someone with another HR-related job title stood at 14% in 2011, a figure not statistically significant from the 16% observed in 2004.<sup>1</sup> In most workplaces (79%), employment relations continued to be part of the wider duties of the owner or a general manager.

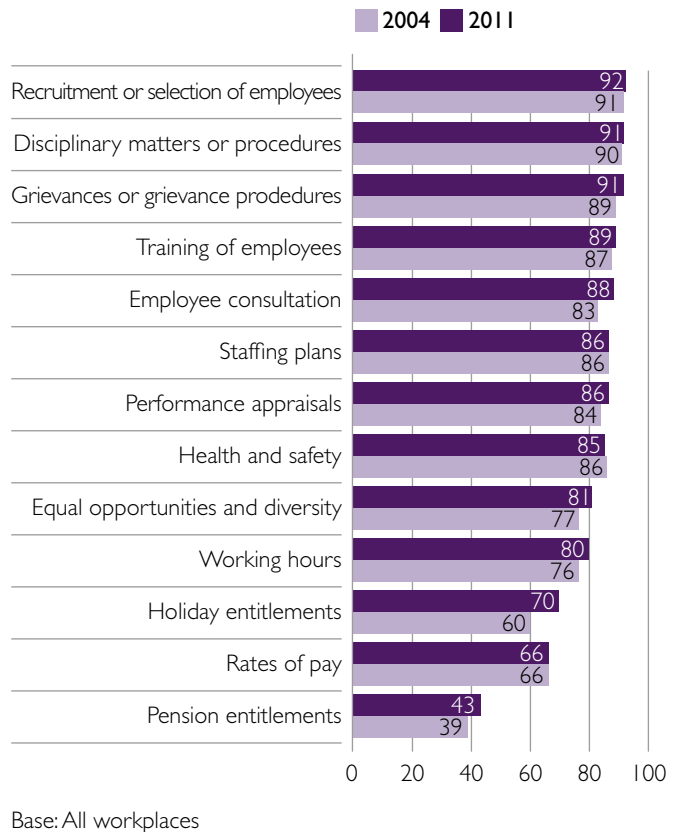
Most workplaces with 500 or more employees have someone with an HR title (84%), but this is the case for 8% of those with 5 to 9 employees. Overall, 45% of employees are located in a workplace that has a manager with an HR title.

The time spent by workplace managers on employment relations issues was also no different, on average, in 2011 than in 2004. The workplace manager with responsibility for HR issues spent an average of 26% of their time on such matters in 2011 (also 26% in 2004). Some of these managers spend considerable proportions of their time on employment relations issues despite not having an HR-related job title. If we define a ‘specialist’ to include managers with HR titles and owners/general managers who spend a majority of their time on HR issues, we find that 22% of all workplaces had a specialist HR manager in 2011. Again, this was not statistically different from 2004, when it stood at 21%.

### What Do HR Managers Spend Time On?

Workplace managers were no less likely in 2011 than in 2004 to be spending time on recruitment or selection (Figure 1). Some issues were more commonly mentioned in the latest survey, however, with the increases being statistically significant for: employee consultation, and holiday entitlements.

FIGURE 1: Issues that workplace HR managers have spent time on (%)



The relatively low proportions of workplace HR managers who spend time on issues relating to holidays, pay or pensions is partly indicative of the fact that these items – more than any others – are often dealt with centrally in multi-site organisations. In single independent workplaces, each item in Figure 1 was mentioned by at least 80% of workplace managers, with the sole exception of pensions (59%), which are not universally provided by employers.

In multi-site organisations, the proportion of branch-level managers having the autonomy to make decisions without higher-level consultation increased between 2004 and 2011 on a number of the items listed in Figure 1. Pay, hours, holidays, and pensions were all exceptions (along with consultation and recruitment), suggesting that head offices are affording branch-level managers greater influence over some HR processes, but not over terms and conditions.

More generally, there was no apparent trend towards the increased outsourcing of HR functions, with the proportions of workplaces that outsourced payroll (28%), training (34%), recruitment (11%) or temporary filling of vacant posts (12%) not having changed to a statistically significant degree since 2004.

### The Continued Reshaping of HR

Between 1998 and 2004 WERS documented the increasing feminisation of the HR function and the rise in formal HR qualifications. Both trends continued between 2004 and 2011.

|                           | 2004                           | 2011 |
|---------------------------|--------------------------------|------|
|                           | <i>% female</i>                |      |
| Specialist HR managers    | 60                             | 67   |
| Generalists               | 35                             | 43   |
| All workplace HR managers | 40                             | 48   |
|                           | <i>% with HR qualification</i> |      |
| Specialist HR managers    | 46                             | 59   |
| Generalists               | 16                             | 20   |
| All workplace HR managers | 22                             | 28   |

### A Strategic Role for HR?

There was little indication in the survey of an increasingly strategic role for HR. Among UK-based private sector organisations, the percentage of workplaces belonging to firms with an employment relations representative on their top governing body (e.g. their Board of Directors) stood at 55% in 2011, a figure that was not statistically significant from the 59% observed in 2004.

More generally, the percentages of all workplaces in 2011 that were covered by a formal strategic plan covering employee development (55%), employee job satisfaction (38%) and employee diversity (32%) had not altered to a significant degree from 2004. The only notable increase was in the percentage covered by a strategic plan that included forecasts of staffing requirements (42% in 2004, but 47% in 2011).

### External Advice

There was considerable evidence of the increasing need among workplace HR managers to seek expert advice from external bodies. In the 12 months prior to the 2011 survey, greater proportions had

sought external advice from lawyers and accountants, and more had sought advice from Acas and Business Link, than in the comparable period in the 2004 survey (Table 1).

This may reflect continued discussions around changes to employment law, or alternatively a greater prevalence of contentious situations that require expert advice. Nevertheless, it was apparent that fewer workplace HR managers had turned to an employers' association for advice. Indeed membership of employers' associations continued its downward trajectory, with only 6% of workplaces belonging to an employers' association in 2011, down from 9% in 2004.

TABLE 1: Sources of external advice (%)

|  | 2004 | 2011 |
|--|------|------|
| External lawyers                         | 24   | 29   |
| Acas                                     | 21   | 27   |
| Other professional bodies                | 14   | 15   |
| External accountants                     | 15   | 20   |
| Dept for Business, Innovation and Skills | 11   | 8    |
| Business Link                            | 11   | 16   |
| Other government dept/agency             | 10   | 11   |
| Management consultants                   | 10   | 11   |
| Employers' association                   | 5    | 3    |
| Citizens' Advice Bureau                  | 3    | 3    |
| Any external advice sought               | 53   | 59   |

Base: All workplaces

<sup>1</sup> In this section all estimates relating to workplace managers are based on the 85% of all workplaces with a site-level management interview.

# WHAT HAS HAPPENED TO EMPLOYEE REPRESENTATION?

THE MOST PREVALENT ARRANGEMENT THROUGH WHICH EMPLOYEES ARE REPRESENTED AT WORK IS THE TRADE UNION. After two decades of substantial decline, union presence was relatively stable among all but the smallest private sector workplaces over the period between 1998 and 2004. Non-union representation remained relatively uncommon.

This section shows that since 2004 the prevalence of workplace union representation has continued to fall in small private sector workplaces, but has proved relatively robust in other parts of the economy. There has been no growth in non-union representation.

## Union Membership and Representation

In workplaces with five or more employees, the proportion of all employees who belong to a trade union changed little between 2004 and 2011. The small decline from 32% to 30% was not statistically significant, but is in line with the slow downward trend seen in official statistics covering all employees.<sup>1</sup>

WERS provides additional insights by indicating the workplace concentration of union membership. The percentage of all workplaces with any union members fell six percentage points from 29% in 2004 to 23% in 2011, while the percentage in which a majority of workers were union members fell from 14% to 10%.

The recognition of trade unions for negotiating terms and conditions is another key indicator and, here, the decline was less pronounced. The percentage of all workplaces with recognised unions fell from 24% to 21% but, again, this was not a statistically significant change.

Any decline in the percentage of workplaces with union members was restricted to the private sector (Table 1), and unions now have majority membership in only 3% of all private sector workplaces. Public sector workplaces account for the majority (55%) of all workplaces that recognise unions, despite the public sector accounting for only 13% of all workplaces in the survey population.

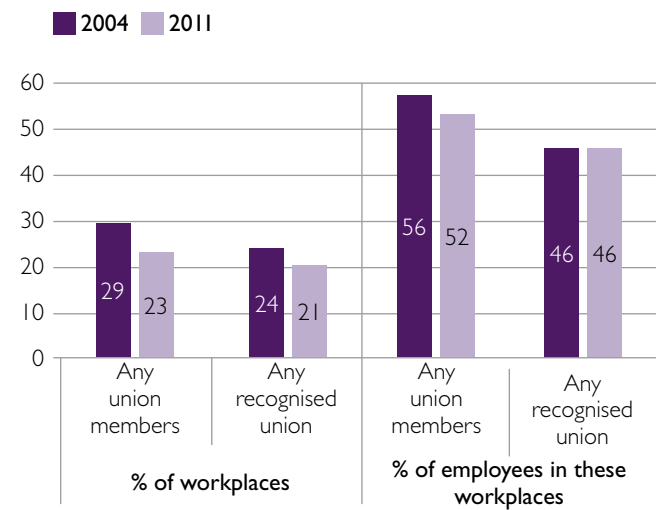
TABLE 1: Workplaces with a union presence (%)

|                       |      | Any Union members | Any recognised unions |
|-----------------------|------|-------------------|-----------------------|
| Private manufacturing | 2004 | 23                | 13                    |
|                       | 2011 | 14                | 11                    |
| Private services      | 2004 | 20                | 14                    |
|                       | 2011 | 14                | 11                    |
| Public sector         | 2004 | 90                | 89                    |
|                       | 2011 | 90                | 91                    |

Base: All workplaces

The proportion working in a workplace that recognised a union did not change at all (Figure 1). This is because, as in earlier periods, the reduction in union presence in the private sector was greatest among small workplaces.

FIGURE 1: Workplaces with a union presence (%)



There was also no change in the share of unionised workplaces with on-site representatives (shop stewards), who tend to be more prevalent in larger establishments. Some 27% of unionised workplaces had at least one on-site lay union representative in 2011, compared with 26% in 2004.

## Managers' Attitudes Towards Unions

The percentage of workplace managers who were not in favour of union membership stayed unchanged between 2004 and 2011 at 17%.

The percentage who agreed that they would rather consult directly with employees than with unions rose from 76% to 80%.

In 2011, 24% agreed that unions help to find ways to improve workplace performance (no significant change from 22% in 2004).

## Joint Consultative Committees

A Joint Consultative Committee (JCC) is any committee of managers and employees that is primarily concerned with consultation rather than negotiation. The prevalence of JCCs fell between 1998 and 2004 but there was no change between 2004 and 2011, with 7% of workplaces having a JCC (Table 2). The percentage of workplace

JCCs on which union representatives sat as part of the employee delegation was also largely unchanged, standing at 28% in 2011.

In multi-site organisations however, there was a decline in the proportion of workplaces where a consultative committee operated at a higher level in the organisation – most notably in private sector service industries (Table 2). The result was that the proportion of all workplaces covered by either type of committee fell from 36% to 25%.

**TABLE 2: Workplaces covered by Joint Consultative Committees (%)**

|                       |      | No JCC | Work-<br>place JCC | Higher-<br>level only |
|-----------------------|------|--------|--------------------|-----------------------|
| Private manufacturing | 2004 | 87     | 10                 | 3                     |
|                       | 2011 | 90     | 6                  | 4                     |
| Private services      | 2004 | 67     | 5                  | 28                    |
|                       | 2011 | 80     | 6                  | 15                    |
| Public sector         | 2004 | 28     | 19                 | 53                    |
|                       | 2011 | 37     | 15                 | 48                    |
| All                   | 2004 | 64     | 7                  | 29                    |
|                       | 2011 | 75     | 7                  | 18                    |

Base: All workplaces

Among workplaces that belonged to organisations operating in more than one country, 18% were covered by a European Works Council (EWC) in 2011. This was not statistically significant from the 21% of such workplaces covered by an EWC in 2004.

### Stand-alone Non-union Representation

In some workplaces, employee representatives may be appointed who have no connection with a trade union and who do not operate within a JCC. The prevalence of such 'stand-alone' non-union representatives was stable between 2004 and 2011 – 7% of all workplaces in both years. However, stand-alone non-union representatives did become more common in workplaces belonging to large private sector enterprises: 6% of such workplaces had stand-alone non-union representatives in 2004, rising to 13% in 2011.

### The Overall Availability of Structures for Employee Representation

The various indicators mentioned above can be combined into a summary measure that identifies the presence of any representative

arrangement at the workplace, whether a recognised union, an on-site representative from a non-recognised union, a workplace-level JCC or a stand-alone non-union representative. The percentage of all workplaces with any such arrangement fell from 45% to 35% between 2004 and 2011 (Figure 2). However the decline was concentrated in small private sector workplaces and so the proportion of employees working in an establishment with any such arrangement was stable.

**FIGURE 2: Overall availability of employee representation (ER) (%)**

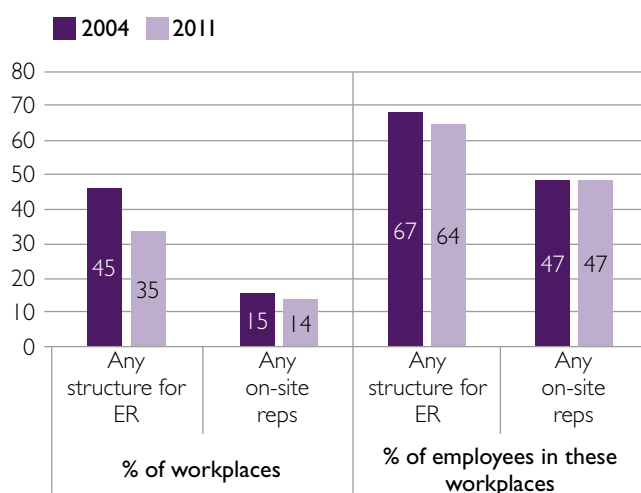


Figure 2 also shows a second summary measure that identifies the presence of any on-site representative (whether from a union, sitting on a JCC or acting as a stand-alone non-union representative). Here the workplace and employee-based percentages had not changed significantly between 2004 and 2011.

Taken together these summary measures indicate that there has been some contraction across workplaces in the overall availability of structures for employee representation between 2004 and 2011. But the extent to which an employee has access to individual representatives at their own workplace has remained largely unchanged.

<sup>1</sup> Brownlie, N. (2012) Trade Union Membership 2011. London: Department for Business Innovation and Skills.

# REPRESENTING EMPLOYEES IN THE WORKPLACE

THE AMOUNT OF TIME REPRESENTATIVES SPEND ON THEIR ROLE DID NOT CHANGE BETWEEN 2004 AND 2011. However, representatives are now working on a wider variety of issues, with some issues increasing in prevalence.

Nearly half (47%) of employees are located in a workplace with at least one on-site representative (see page 15). This section examines results of the survey with the most senior union or non-union lay-representative at the workplace: that is, an employee of the workplace who represents employees in dealings with managers. Due to the higher prevalence of unions in workplaces compared to other non-union forms of representation, 60% of the representatives in the survey acted as union 'reps'.

### Who are the senior employee reps?

**Sex** – Just over half (51%) of all reps are male. Women hold 40% of senior union and 61% of senior non-union representative positions at the workplace.

**Age** – 85% are 40 years or older; up from 73% in 2004, with the average age of all reps increasing from 45 years in 2004 to 48 years in 2011.

**Ethnicity** – 97% of representatives are white.

**Occupation** – 63% are employed in higher skilled occupations<sup>1</sup>, 13% work part-time and 42% are in the public sector.

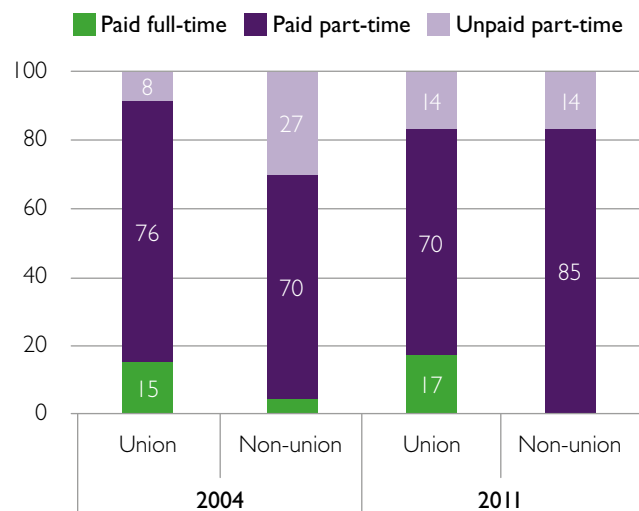
### The Representative Role

In 2011, similar proportions of senior union and non-union representatives were paid by their employer for time spent on representative activities while at work (Figure 1). However, all non-union representatives were fulfilling their representative role on a part-time basis, while one in six senior union representatives (17%) carried out their role on a full-time basis.

On average, union representatives spent 13 hours per week on their role and non-union reps spent 3 hours per week, with no significant change since 2004. These figures are an overall average, and 51% of union representatives spent less than 5 hours a week on their role, compared with 87% of non-union reps.

In the public sector, 19% of senior union representatives were spending all of their time on union activities, 64% were paid part-time reps and 17% were unpaid part-time reps. This compared with 12%, 80% and 7% in the private sector. Part-time union representatives in the public sector that were paid spent an average of 10 hours per week on their role, compared with 6 hours for their counterparts in the private sector.<sup>2</sup>

FIGURE 1: Status of representative role (%)



Base: All workplaces

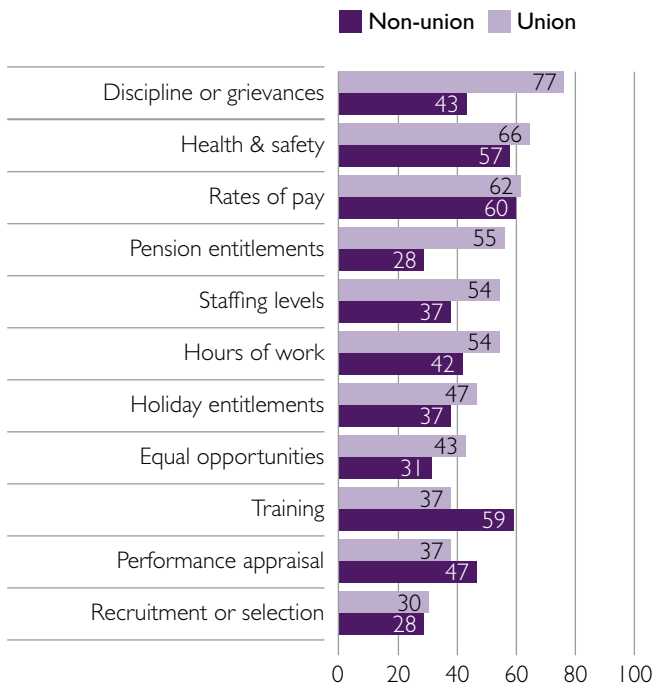
Representatives were shown a list of 11 items (see Figure 2) and asked which they spent their time on and what they considered to be the most important issue for their workplace. Union representatives were more likely than non-union representatives to spend time on discipline and grievances, while training was a more common issue for non-union representatives.

Taking both union and non-union representatives together, the most common issues that representatives spent time on were discipline and grievances (64%), health and safety (62%), and rates of pay (61%). The prevalence of these issues had not changed since 2004. Issues that had grown in prevalence were: pension entitlements (from 30% in 2004 to 45% in 2011) and performance appraisals (from 28% to 41%).

The increased prevalence of certain issues between 2004 and 2011 meant that the number of issues that representatives spent their time on increased: 88% spent their time on two or more issues in 2011, a rise from 73% in 2004.

When asked whether their time was spent primarily on collective or individual issues, non-union representatives were more likely to spend their time primarily on issues that affect groups of employees: 64% compared to 41% of union representatives. Union representatives were more likely than non-union representatives to say their time was equally divided between collective and individual issues (23% and 7% respectively).

FIGURE 2: Issues representatives spent time on (%)



Base: All senior employee representatives

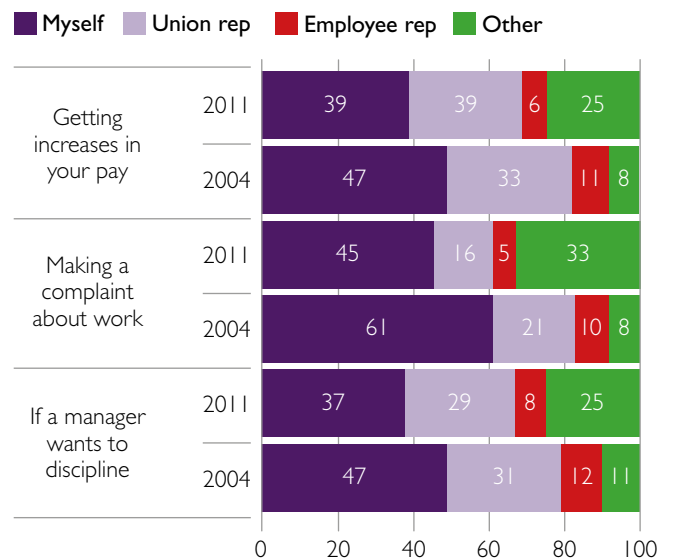
While the prevalence of many issues has not changed, their perceived importance by the representative has. Perhaps indicative of the current economic climate, staffing levels have overtaken rates of pay as the most important issue representatives say they are dealing with. One fifth of reps said staffing levels were the most important issue, 17% said it was pay, and 17% said it was discipline and grievance. However, there is not a significant difference between the top three issues identified by representatives.

### An Employee Evaluation

Employees were asked who they ideally thought would best represent them over a range of work-related issues. They were most likely to nominate themselves (Figure 3). However, the prevalence of this answer decreased between 2004 and 2011, with a growing preference for 'Other' sources of representation.<sup>3</sup>

Most, but not all, union members thought union representatives would best represent them. The percentages of union members who chose union representatives was 76% in respect of reductions in pay or hours, 71% in respect of disciplinary matters and 69% for obtaining a pay increase.

FIGURE 3: Who best represents employees? (%)



Base: All employees

Employees in workplaces with no representative structures prefer to rely on themselves in dealings with management: 61% for getting increases in pay (compared with 29% of employees in workplaces with representative structures); 62% for making a complaint (compared with 37%); and 58% for dealing with discipline (compared with 28%). The next most common option was 'other' sources including their line manager. Between one quarter and one third of employees preferred these other sources for the issues mentioned and this was more in line with employees in workplaces where structures were in place. For example, 32% of employees in workplaces without representative structures would ideally go to other sources of representation about a pay increase, compared with 35% of employees in workplaces with these structures.

<sup>1</sup> These are Managers, Professionals, Associate professional and technical, and Skilled trades.

<sup>2</sup> These results on representatives' reports of how much time they spend on their activities each week may not correspond to their allocated facility time.

<sup>3</sup> The response options change from 'Somebody else' in 2004 to 'Line manager' in 2011. The grouped category of 'other' also includes the option of 'Another employee'.

# ENGAGING EMPLOYEES

ENGAGING AND INVOLVING EMPLOYEES WITH ALL ASPECTS OF THEIR WORK IS AT THE HEART OF MANY PROMINENT MODELS OF HUMAN RESOURCE MANAGEMENT INCLUDING HIGH PERFORMANCE WORK SYSTEMS.

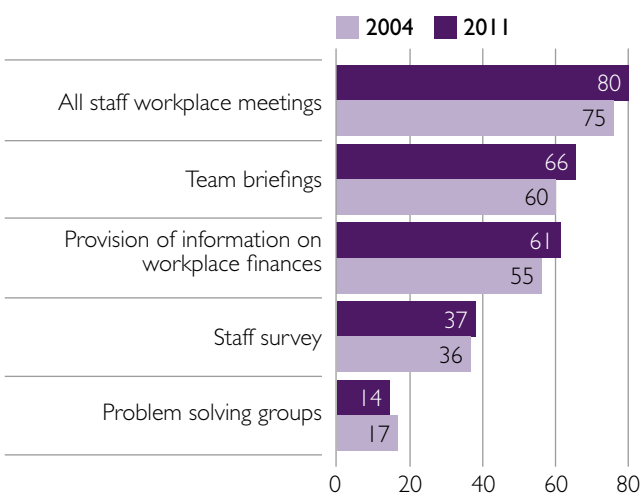
It is thought that by developing a broader understanding of the workplace, employees will be able to contribute to improvement and innovation by connecting what they do with what others do, reacting effectively to problems that arise, and contributing to workplace decision-making.

Managers are using a variety of methods that can enhance levels of employee engagement. There has been growth, since 2004, in methods that focus on communication and the provision of information. There has also been a rise since 2004 in the proportion of employees feeling committed and engaged with their workplace. While the majority of employees feel that managers are good at seeking their views, fewer employees feel that they influence decision-making. As a consequence less than half of the employee population are satisfied with their level of involvement in workplace decisions.

## Methods for Engaging Employees

The incidence of methods for sharing information has increased since 2004, while other methods for engaging employees have decreased or remained the same (Figure 1). The most widely used were workplace meetings involving all staff, used in 80% of workplaces in 2011, up from 75% in 2004; and team briefings, which rose from 60% in 2004 to 66% in 2011. The disclosure of financial information also increased from 55% of workplaces in 2004 to 61% in 2011. The disclosure of financial information also increased from 55% of workplaces in 2004 to 61% in 2011.

FIGURE 1: Methods for engaging employees (%)



Base: All workplaces

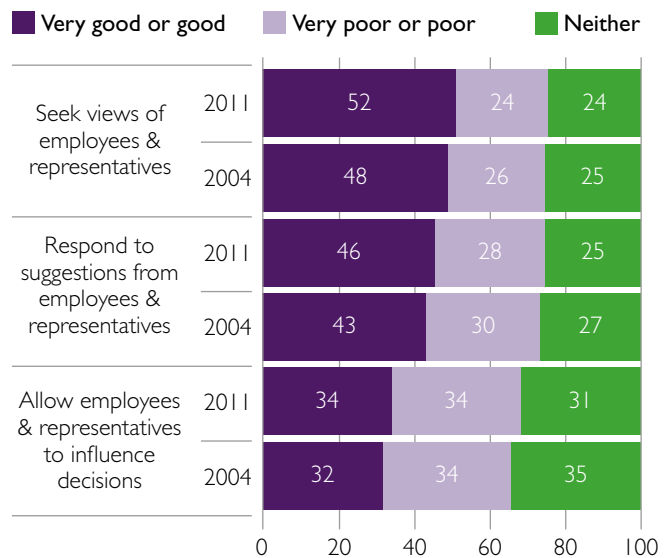
Problem solving groups were operating in 14% of all workplaces. They were most common in Education (27%) and Public administration (25%). Overall 37% of workplaces had conducted a staff survey in the two years preceding the survey, but these were more common in larger workplaces: 73% of workplaces with 100 or more employees had done so.

Investors in People (IIP) is an accreditation scheme that provides one indication of management attempting to engage employees. In 2011, over one quarter (28%) of workplaces had IIP accreditation.

## Employee Involvement in Decision-making

Half (52%) of employees considered that management were 'Very good' or 'Good' at seeking their views. However, this is just the first step in the decision-making process. Employees were less likely to rate managers as 'Very good' or 'Good' at responding to suggestions and, in particular, allowing employees influence over final decisions (Figure 2).

FIGURE 2: Employees' rating of management's active consultation (%)



Base: All employees

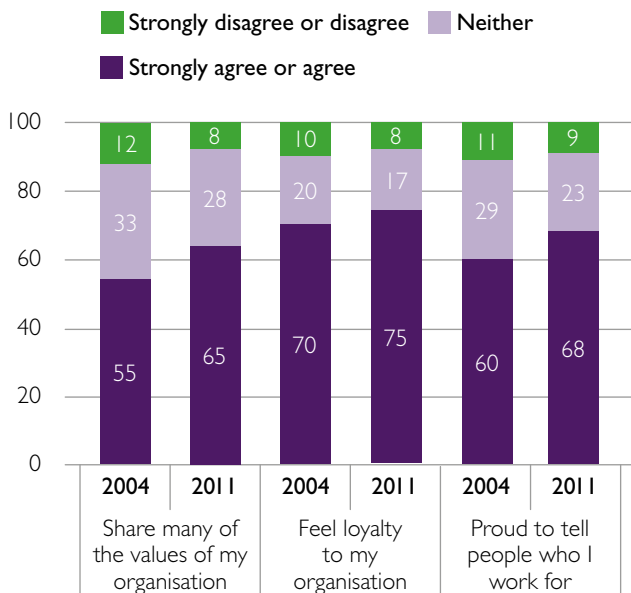
There was a slight increase in positive ratings across all three measures since 2004. Employees in smaller workplaces (with less than 50 employees) were more likely than those in larger workplaces to say that managers are good at seeking views of employees (58%), responding to these views (56%) and allowing employees to influence final decisions (43%).

Overall, 43% of employees were satisfied with the amount of involvement they had in decision-making, while 20% were dissatisfied.

### Employee Commitment

Since 2004 employees' level of commitment to the organisation in which they work increased across the three measures contained within WERS (Figure 3). The largest rise was in the percentage of employees who said they shared the values of their organisation, up from 55% in 2004 to 65% in 2011. The increases in organisational commitment occurred across private and public sector workplaces.

FIGURE 3: Employees' organisational commitment (%)



Base: All employees

Of the three measures, employees were most likely to agree that they feel loyal to the organisation they work for (75%). Loyalty was particularly high among employees of small enterprises (83%), and these employees were more likely than those in other organisations to say they share the organisational values (69%), and are proud of who they work for (74%).

A high level of organisational commitment might translate into an employee's willingness to take initiative within the workplace. In an attempt to measure this, employees were asked how much they agreed with the statement: 'Using my own initiative I carry out tasks that are not required as part of my job'. Almost three-quarters (71%)

of employees strongly agreed or agreed that they displayed this type of proactive behaviour at work.

Employees in small private enterprises were more likely to report using their initiative to go beyond their job remit (76%) than those in large enterprises (70%) or the public sector (69%). Managers and Professionals are more likely than employees in other occupations to report using their initiative to perform tasks beyond their job role (82% and 77% respectively). In contrast, 56% of Process, plant and machine operatives agreed that they do this.

Employees who feel committed to their organisation were more likely to say they carried out tasks beyond those required of them. For example, 79% of employees who share the values of their organisation said that they use their initiative to do more than just their required tasks compared with 50% of those who said they do not share their organisation's values.

There is also an association between employee commitment and involvement in decision-making. For example, 90% of those who were satisfied with their involvement felt loyal to their organisation, compared with 48% among those who were not satisfied. And 85% of those satisfied with their involvement in decision-making felt proud to work for their organisation, compared to 35% who were dissatisfied.



# WORKPLACE CHANGE: A MATTER FOR DEBATE?

MANY WORKPLACES HAVE EXPERIENCED REDUNDANCIES OR MADE OTHER CHANGES TO THE WAY THEY OPERATE IN RECENT YEARS. These changes have sometimes been made unilaterally, but in most cases, managers have consulted with employees or their representatives. This provides opportunities for both sides to explore the possible implications and – in some cases – to discuss alternatives.

Consultation is no less likely than it was in the more benign economic climate of 2004. There is some evidence that managers have narrowed the range of options over which employees are typically consulted. However, slightly higher proportions of employees have positive opinions of the extent to which managers are seeking to involve them in decision-making.

### Consultation Over Redundancies

Around one in eight workplaces (13%) had made staff redundant in the 12 months prior to the 2011 survey (compared with 9% in 2004). In most cases (87%), managers had consulted with employees or their representatives before making anyone redundant. Managers almost always did so (95%) when two or more employees were being laid off.

#### Legal rights to consultation over redundancy

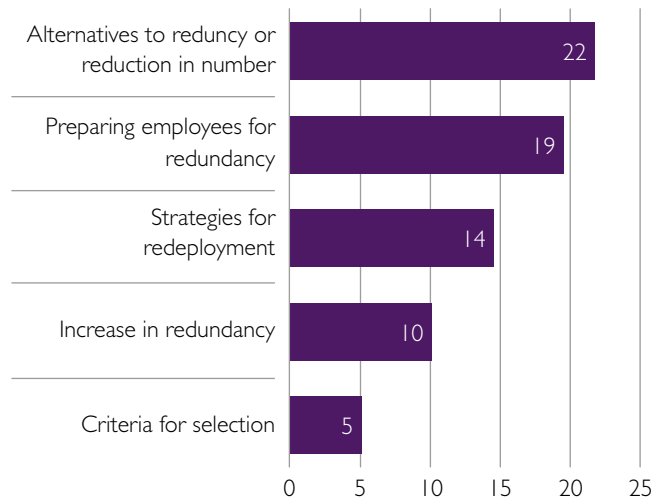
If an individual is being made redundant, they are entitled to a consultation with their employer about the reasons and to discuss alternatives to redundancy.

If an employer is making 20 or more employees redundant at the same time, consultation should take place between the employer and an employee representative.

The outcomes of redundancy consultation were mixed. The consultation process generated alternatives to redundancy or reduced the number of redundancies in 22% of workplaces where a consultation took place (Figure 1). Changes were made to the employer's means of preparing employees for redundancy in 19% of cases. Other changes were less common: strategies for redeployment were identified or changed in 14%; redundancy payments were increased in 10%; and the criteria for selection were changed in 5%. Overall, managers' original proposals were altered in at least one of the ways listed in Figure 1 in 40% of workplaces that engaged in consultation over redundancy. Some 18% of workplaces experienced multiple changes in managers' original proposals.

Although redundancies were more common in 2011 than in 2004, the extent of consultation and the pattern of outcomes were not substantially different in the two years.

FIGURE 1: Outcomes from redundancy consultation (%)



Base: Workplaces that conducted a consultation over redundancy

### Consultation Over Other Changes at Work

Employers may also seek to make a range of other changes in the workplace, ranging from the introduction of new products or services to changes in the way work is organised or how employees are paid. Some of the most common changes are listed in Table 1 (column 1). When asked to name the change that had the greatest impact on employees at the workplace (column 2), managers most frequently chose changes in work techniques, changes in work organisation or the introduction of new technology.

However, changes in work techniques and the introduction of new technology were – along with the introduction of new products or services – the items on which managers were least likely to consult or negotiate with staff or their representatives (columns 3 and 4).

Consultation and negotiation were more common if the changes impacted on the terms and conditions of employment, or the organisation of work, than if they affected issues which might arguably have more direct implications for job design.

As in the case of redundancy, the patterns of consultation and negotiation were similar in 2004 and 2011. The only notable difference was that changes in work organisation were more likely to be the subject of negotiation in 2011 (14%) than they had been in 2004 (5%).

**TABLE 1: Incidence of workplace changes and involvement of employees (%)**

|  | Overall incidence | Most important change | If most important change: |   |
|--|-------------------|-----------------------|---------------------------|---|
|  |                   |                       | Any consultation          | Negotiation with staff or representatives |
| Introduction/upgrading of new technology | 48                | 21                    | 47                        | 8   |
| Changes in work techniques               | 42                | 22                    | 52                        | 12  |
| Changes in work organisation             | 39                | 22                    | 68                        | 14  |
| Product or service innovation            | 33                | 12                    | 44                        | 10  |
| New employee involvement initiatives     | 27                | 9                     | 58                        | 27  |
| Changes in working time arrangements     | 22                | 9                     | 62                        | 26  |
| Introduction of performance-related pay  | 7                 | 5                     | 50                        | 29  |
| None of the above                        | 22                |                       |                           |   |

Base: All workplaces

### The Operation of Joint Consultative Committees

Joint consultative committees were present in 7% of all workplaces in 2011 – a figure that is unchanged from 2004 (see pages 14-15). But it appears that discussions in these committees may now be more circumscribed by managers than in 2004.

When reporting on the consultative committee that dealt with the widest range of issues at their workplace, 43% of managers in 2011 said that their usual approach was to use the committee to seek solutions to problems, 38% said that it was to seek feedback on a range of options and 19% said that it was to seek feedback on their preferred option.

The percentage of managers who said their usual approach was to focus on their preferred solution stood at 13% in 2011. This was not a statistically significant difference from 2004. However, employee representatives' responses indicated that managers' approach has changed. Among employee representatives who sat on joint consultative committees, the percentage who considered that managers typically focused consultation around a preferred option rose from 8% in 2004 to 30% in 2011.

### How Do Employees Rate Their Managers?

Figure 2 on page 18 showed that 52% of all employees consider that managers are either 'Very good' or 'Good' at seeking the views of employees, while 46% consider that managers are 'Very good' or

'Good' at responding to their suggestions. Only 34% consider that managers are either 'Very good' or 'Good' at allowing employees to influence final decisions.

Despite these figures, almost three fifths (57%) of employees agree that managers are sincere in attempting to understand employees' views (Table 2). Moreover, the percentage of employees who are satisfied with the amount of involvement they have in decision-making at their workplace rose between 2004 and 2011, from 40% to 43%. All of the increase occurred in the private sector; where the percentage of satisfied employees rose from 41% to 47%. Among public sector employees it remained unchanged (36% in 2004; 37% in 2011).

**TABLE 2: Employees' views of managers (%)**

|  | 2004 | 2011 |
|--|------|------|
| Employee 'Strongly agrees' or 'Agrees' that managers are sincere in attempting to understand their views | 55   | 57   |
| Employee is 'Very satisfied' or 'Satisfied' with the amount of involvement in decision-making            | 40   | 43   |

Base: All employees

## WHO SETS PAY AND CONDITIONS?

UNION INFLUENCE OVER PAY AND CONDITIONS HAS CONTINUED TO DECLINE SINCE 2004.

In the private sector, although formal rights to negotiate over pay changed little, the scope of collective bargaining in the unionised sector declined dramatically.

In the public sector, collective bargaining coverage fell markedly but the bargaining scope was stable. Nevertheless, unions continue to bargain successfully for employees, increasing the likelihood of pay rises through pay settlements.

Employees' perceptions of union effectiveness in bargaining on their behalf have remained fairly stable since 2004, in spite of indications that their influence is waning. When employees were asked 'Ideally, who do you think would best represent you in dealing with managers about getting increases in your pay?', one third (33% in 2004 and 30% in 2011) said a trade union. This rose to one half in workplaces with a union recognised for pay bargaining (55% in 2004 and 53% in 2011) and two thirds among union members (69% in both years).

### Collective Bargaining Coverage

Union influence over pay setting has been in decline for three decades. By 2011 only 6% of private sector workplaces bargained with unions over pay for any of their employees and just under one sixth of private sector employees (16%) had their pay set by collective bargaining. These figures have remained fairly stable since 2004 (Table 1).

TABLE 1: Collective bargaining coverage (cell %)

|   | Public | Private | All |
|---|--------|---------|-----|
| Workplaces with any collective bargaining:  |        |         |     |
| 2004  | 70     | 8       | 16  |
| 2011  | 58     | 6       | 13  |
| Employees covered by collective bargaining: |        |         |     |
| 2004  | 69     | 17      | 29  |
| 2011  | 44     | 16      | 23  |
| Workplaces 100% collective bargaining:      |        |         |     |
| 2004  | 50     | 5       | 11  |
| 2011  | 39     | 3       | 8   |

Base: All workplaces

However, the last seven years has seen a significant decline in collective bargaining coverage in the public sector. Collective bargaining takes place in less than three fifths (58%) of public sector workplaces, setting pay for a little over two fifths (44%) of public sector employees, down from over two thirds in 2004. Strongly unionised workplaces where 100% of employees have their pay set by collective bargaining have been a rarity in the private sector for some time. But they are increasingly uncommon in the public sector too.

A fall in the percentage of public sector workplaces using multi-employer bargaining — from 58% in 2004 to 44% in 2011 — lies behind the decline in public sector pay bargaining. The percentage of public sector employees covered by collective bargaining in Health has fallen from 74% in 2004 to 14% in 2011, in part because the Independent Pay Review Body has resumed responsibility for pay after Agenda for Change negotiations were completed. However, even if we exclude Health, the percentage of public sector employees covered by collective bargaining fell from 66% in 2004 to 56% in 2011.

### The Scope of Collective Bargaining

What is the scope of collective bargaining where unions are present at the workplace? Managers were asked whether they normally negotiate, consult, or inform the union on seven issues, namely pay, hours, holidays, pensions, training, grievance procedures, and health and safety. Table 2 shows the percentage of workplace managers saying they negotiated with the union on none, some or all seven of these items.

TABLE 2: Scope of collective bargaining where unions present (row %)

|                 | None | Some | All |
|-----------------|------|------|-----|
| Public sector:  |      |      |     |
| 2004            | 37   | 59   | 4   |
| 2011            | 37   | 55   | 8   |
| Private sector: |      |      |     |
| 2004            | 54   | 41   | 5   |
| 2011            | 67   | 32   | 1   |
| All workplaces: |      |      |     |
| 2004            | 47   | 48   | 5   |
| 2011            | 53   | 43   | 5   |

Base: All workplaces where a union is present

In 2004 close to two thirds (63%) of unionised public sector workplaces normally negotiated over at least some of the items. This remained unchanged by 2011. Although it was rare for unions in the public sector to negotiate over all seven issues, the percentage of workplaces where they did so doubled from 4% to 8%.

The scope of collective bargaining was narrower in the private sector in 2004 and has been falling. The percentage of private sector unionised workplaces that normally negotiated with unions over at least some terms and conditions fell from nearly half (46%) to one

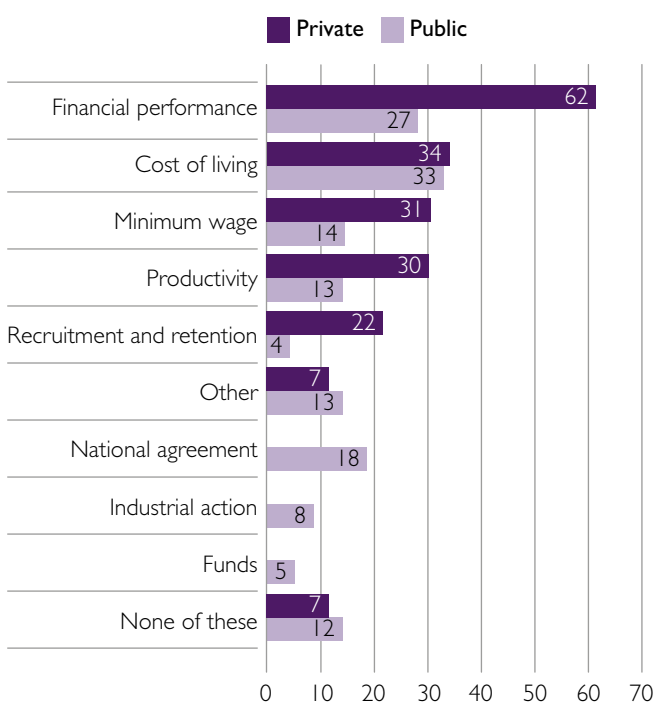
third (33%). Private sector employers' propensity to negotiate had declined on all seven items.

The percentage of all unionised workplaces normally negotiating over pay, hours and holidays (the three items covered in the statutory union recognition procedure) fell from 33% in 2004 to 25% in 2011. This fall was concentrated in the private sector where the percentage declined from 29% to 17%, suggesting a hollowing out of recognition in that part of the economy.

### Pay Settlements

WERS is the only source of information on pay settlements that is nationally representative of workplaces in Britain. Figure 1 shows the factors influencing the size of pay settlements for employees in the largest occupational group at the workplace in 2011. Financial performance of the firm dominates in the private sector, but it is also a salient factor in the public sector. Although the cost of living is mentioned by one third of workplaces in both sectors, these figures were significantly lower than in 2004 when it was mentioned by 75% of public sector workplaces and 55% of private sector workplaces. One third of private sector workplaces had regard to the statutory national minimum wage, compared with only 14% of public sector workplaces.

FIGURE 1: Influences on size of pay settlement (%)



Base: All workplaces

The vast majority of workplaces review basic pay for their largest occupational group of employees at least once a year, but annual reviews are now less common in the public sector than they are in the private sector (Box 1). An increasing proportion of pay settlements result in a pay freeze, especially in the public sector. However, where unions negotiate the pay settlement, employees are more likely to get a pay increase than when the settlement is not negotiated with a union.

### BOX 1: Pay Settlements for the Largest Occupational Group

#### Annual Review

91% of private sector workplaces conduct pay reviews for employees in their largest occupational group at least once a year, similar to the 94% in 2004. But in the public sector the percentage conducting pay reviews at least annually fell from 92% to 83% reflecting growth in long-term deals.

#### Outcome of last pay settlement

In 56% of public sector workplaces, their largest occupational group had a pay freeze at their last pay review compared to only 4% in 2004. The percentage doubled in the private sector from 12% to 26%.

#### Union effects on settlements

In 2011 in public sector workplaces 55% of union-negotiated settlements led to a pay increase (rather than a freeze or pay cut), compared to 35% of settlements that were not union negotiated. In the private sector the figures were 76% and 69% respectively.

# PAYING FOR PERFORMANCE

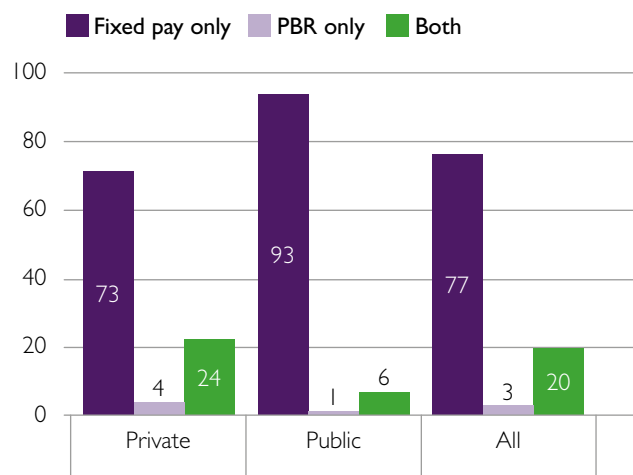
IN THE TWO DECADES TO 2004 AN INCREASING PROPORTION OF WORKPLACES TIED PAY TO PERFORMANCE. More workplaces used payments-by-results (PBR) based on individual or team-level performance. There was also greater financial participation through profit-related pay (PRP) and employee share ownership.

Performance-related pay may help encourage greater employee effort, recruit the most able employees, and facilitate wage flexibility. Financial participation might be an attractive way for firms to share risk with their employees in troubled times. Since 2004 the proportion of workplaces using incentive payment schemes has remained broadly constant, although the mix of schemes has changed. Formal appraisal of non-managerial employees' performance is increasingly common and affects pay.

### How Many are Paid for Performance?

New questions introduced in 2011 asked employees whether they were paid a fixed wage and whether they were in receipt of PBR. One fifth (20%) received PBR in addition to their fixed wage and 3% were solely reliant on PBR. The remaining 77% were on a fixed wage only (Figure 1). There is substantial variation across industries: 68% of employees were in receipt of PBR in the Financial services sector compared with only 4% in Education.

FIGURE 1: Employees in receipt of PBR (%)



Base: All workplaces

### BOX 1: PBR, Merit Pay and Financial Participation

#### Payments by Results (PBR)

Any method of payment determined by objective criteria – **the amount done or its value** – rather than just the number of hours worked. It includes commission, and bonuses that are determined by individual, workplace or organisation productivity or performance. It does not include profit-related pay schemes.

#### Merit pay

Pay related to a **subjective assessment** of individual performance by a supervisor or manager.

#### Profit-related Pay (PRP)

Payments or bonuses related to profit levels of all or part of the organisation.

#### Share schemes

Any Share Incentive Plan (SIP); Save As You Earn (SAYE or Sharesave); Enterprise Management Incentives (EMI); Company Share Option Plan (CSOP); or other employee share scheme.

TABLE 1: Types of PBR employees receive (%)

|                                      | Public | Private | All |
|--------------------------------------|--------|---------|-----|
| All employees on PBR                 | 7      | 27      | 23  |
| Individual results                   | 5      | 15      | 13  |
| Group results                        | 2      | 9       | 7   |
| Organisation results                 | 1      | 15      | 11  |
| Employees paid by 2 or more measures | 1      | 8       | 7   |

Base: All workplaces

Only 7% of public sector employees received PBR compared with 27% of private sector employees (Table 1). Individual PBR was the dominant form of performance payment in the public sector. However much of this is accounted for by employees in Public administration, some of whom may be reporting receipt of non-consolidated bonuses in the wake of a pay freeze.

In the private sector individual PBR and organisation-level PBR were equally common. In private manufacturing employees were most likely to have PBR tied to workplace or organisation performance (18%), followed by individual performance (11%). In private services, individual PBR was most common (with 16% of employees in receipt of it) followed by workplace or organisation performance (14%).

### Employer Use of Incentive Schemes

The management survey allows us to distinguish between financial participation (profit-related pay schemes and share plans) and PBR, and between objective and subjective assessments of performance (Box 1). Just over half (54%) of all workplaces use at least one incentive pay scheme, but private sector workplaces are more than twice as likely as public sector workplaces to do so (Table 2).

**TABLE 2: Workplaces using incentive schemes (%)**

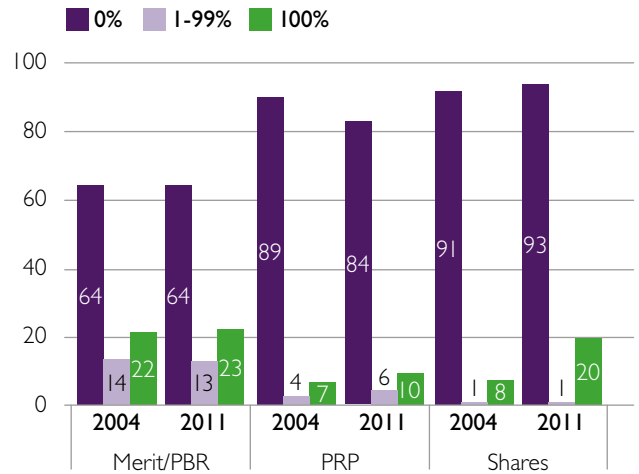
|   | Public | Private | All |
|---|--------|---------|-----|
| <b>Any Payments by Results:</b>                 |        |         |     |
| 2004  | 10     | 35      | 31  |
| 2011  | 10     | 31      | 28  |
| <b>Any Merit Pay:</b>                           |        |         |     |
| 2004  | 10     | 16      | 15  |
| 2011  | 10     | 21      | 20  |
| <b>Any Payment by Results or Merit Pay:</b>     |        |         |     |
| 2004  | 17     | 44      | 40  |
| 2011  | 17     | 43      | 40  |
| <b>Any Profit-related Pay:</b>                  |        |         |     |
| 2004  | 1      | 35      | 30  |
| 2011  | 6      | 32      | 29  |
| <b>Any Share Schemes:</b>                       |        |         |     |
| 2004  | 1      | 20      | 17  |
| 2011  | 5      | 10      | 9   |
| <b>At least one of above incentive schemes:</b> |        |         |     |
| 2004  | 17     | 60      | 54  |
| 2011  | 22     | 58      | 54  |

Base: All workplaces

The percentage of workplaces using incentive schemes has remained broadly stable since 2004: the small changes in the private and public sectors are not statistically significant. But there have been notable changes in the types of schemes used by employers. In the private sector, a growth in the use of merit pay has been offset by a reduction in the use of PBR, so that the proportion of all workplaces using either PBR or merit pay has remained constant at just over two fifths (43%). The percentage of private sector workplaces using share schemes has halved to 10%. This change is not driven by changes in the financial sector. In the public sector PRP and share ownership are largely confined to the postal service.

The percentage of non-managerial employees covered by incentive schemes has changed little since 2004, although the percentage covered by profit-related pay schemes has risen a little (Figure 2). The percentage of workplaces with PRP covering all of its non-managerial employees rose from 7% to 10%.

**FIGURE 2: Within-workplace incentive coverage of non-managerial employees (%)**

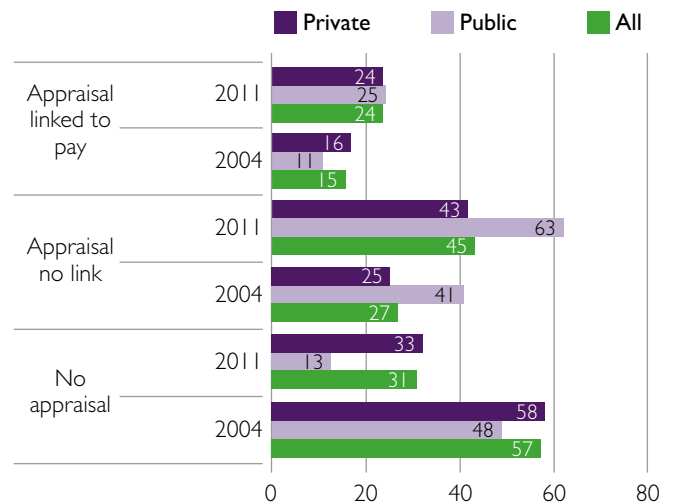


Base: All workplaces

**Performance Appraisals for Non-Managerial Employees**

A growing percentage of non-managerial employees have their performance formally appraised. The percentage of workplaces formally appraising at least some non-managerial employees rose from 43% in 2004 to 69% in 2011 (Figure 3). Furthermore, the percentage of workplaces linking pay to the outcome of performance appraisal rose so that, by 2011, non-managerial pay was partly determined by performance appraisal in 24% of workplaces. This increase was found in both the public and private sectors.

**FIGURE 3: Appraisal of non-managerial employees (%)**



Base: All workplaces

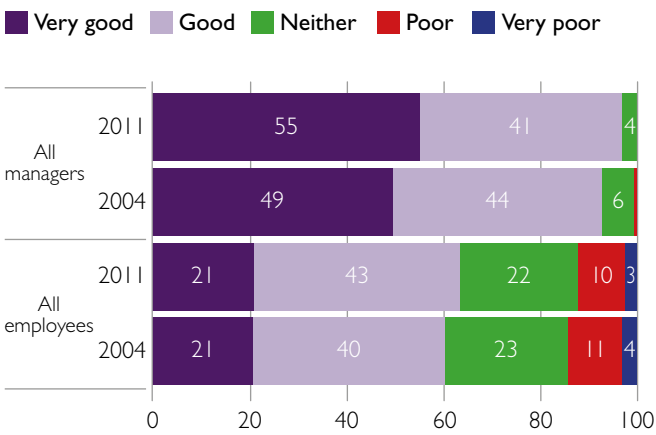
# DISCONTENT IN THE WORKPLACE

FOLLOWING THE ECONOMIC DOWNTURN IN 2008, MANY WORKPLACES FACED DIFFICULT DECISIONS AND CHANGES. Public sector unions have responded to the Government's austerity agenda with co-ordinated industrial action. Public sector strikes have become more common, but more employees report positive workplace relations than in 2004 and the rate of individual grievances is down.

## The Employment Relations Climate

Managers were typically positive about their relationship with their employees, the vast majority (96%) rating this relationship as either 'Very good' or 'Good' (Figure 1). This is not a significant increase from 93% in 2004. In contrast, 64% of employees rated the relationship between themselves and managers as 'Very good' or 'Good'; an increase from 62% in 2004.

FIGURE 1: Relations between managers and employees (%)



Relations between managers and employees were poorer in larger workplaces. Only 85% of managers and 57% of employees in workplaces with 500 or more employees rated relations positively. There was a notable improvement in the climate in Manufacturing workplaces: the percentage of managers reporting a 'Very good' or 'Good' relationship increased from 85% in 2004 to 97% in 2011, and among employees it rose from 49% to 57%. Public sector managers' and employees' views on relations have not changed since 2004 (92% of managers and 57% of employees gave a positive rating in 2011).

## Workplace Disputes

According to official statistics 1.39 million days were lost to stoppages in 2011. The comparative figure in 2004 was 905,000.<sup>1</sup>

**4% of workplaces experienced a strike in the 12 months prior to the 2011 survey, an increase from 1% in 2004.**

The proportion of workplaces that experienced industrial action was higher in 2011 than in 2004; however, this rise can be attributed primarily to the increase in strikes in the public sector (Table 1). The large-scale strikes in the public sector led to a quadrupling of these workplaces reporting strikes. In contrast, the rate of strikes in the private sector, and other industrial action such as non-strike action and threats to take action across all workplaces were similar in 2011 and 2004.

TABLE 1: Industrial action in prior 12 months (%)

|                               | Private |      | Public |      | All workplaces |      |
|-------------------------------|---------|------|--------|------|----------------|------|
|                               | 2004    | 2011 | 2004   | 2011 | 2004           | 2011 |
| Any strike action             | (0)     | 1    | 6      | 27   | 1              | 4    |
| Any non-strike action         | (1)     | 4    | (1)    | 6    | 1              | 1    |
| Threats of action only        | 2       | 1    | 6      | 4    | 4              | 4    |
| No action taken or threatened | 97      | 98   | 86     | 67   | 95             | 95   |

Note: Strike and non-strike action are not mutually exclusive.

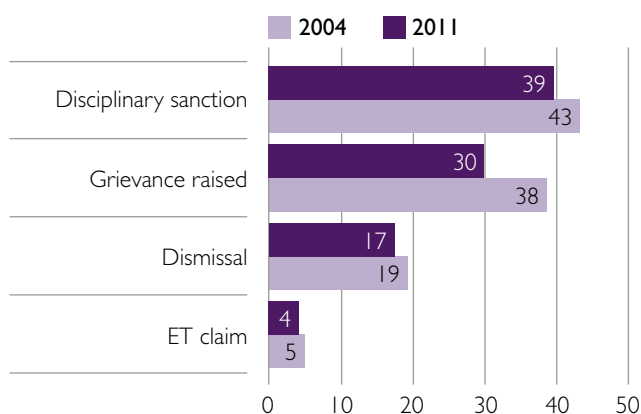
Ballots were held in the 12 months prior to the survey in 7% of workplaces. Most workplace managers (67%) did not know what proportion of eligible employees voted in the last ballot. Of those managers that knew, at least half of eligible employees voted in 64% of cases.

Despite the rise in strikes, managers that said their workplace suffered disruption as a result of industrial action in another organisation remained low – 2% of workplaces were disrupted in 2011.

## Individual Disputes

The incidence of disciplinary action was similar in 2004 and 2011. Figure 2 shows that in 2011, 39% of managers applied at least one of the following disciplinary sanctions: a formal verbal or written warning, suspension, deduction from pay, internal transfer or dismissal. In 2011, less than one fifth (17%) dismissed at least one employee. The percentage of workplaces where an employee raised a grievance in the 12 months prior to the survey decreased from 38% in 2004 to 30% in 2011.

FIGURE 2: Individual disputes (%)



Base: All workplaces

As well as raising a grievance, employees might express discontent at work through absence, leaving the employer or submitting an Employment Tribunal claim. The percentage of work days lost to employee absence remained at a similar level in both periods, at an average of 3.7% in 2011 and 3.5% in 2004. The rate of voluntary exits (i.e. employees who resigned or left on their own accord) declined since 2004, from a workplace average of 15% to 10% of employees. However, the voluntary exit rate can be attributed to many factors, for example, employees may be less likely to leave their job if they perceive that there are fewer labour market opportunities open to them.

The percentage of workplaces in which an employee made an Employment Tribunal application was consistent with 2004 – at 4%.

### Handling of Disputes

Most workplaces have procedures in place for dealing with grievances (88%), and discipline and dismissals (89%) (Table 2). Also, as workplaces without procedures tended to be small, an even larger proportion of employees are located in workplaces where procedures are in place.

The percentage of workplaces that have an internal procedure for handling collective disputes has decreased from 41% in 2004 to 35% in 2011. This decline is concentrated in workplaces without a recognised union – down from 30% in 2004 to 24% in 2011. Almost three quarters (73%) of workplaces with a recognised union have such a procedure.

Two thirds (67%) of collective dispute procedures refer to an external body for resolution. The most commonly specified referrals were to

TABLE 2: Presence and coverage of dispute procedures (%)

|                            | Workplaces |      | Employees |      |
|----------------------------|------------|------|-----------|------|
|                            | 2004       | 2011 | 2004      | 2011 |
| Procedures for handling... |            |      |           |      |
| Grievances                 | 83         | 88   | 94        | 96   |
| Discipline and dismissals  | 86         | 89   | 95        | 97   |
| Collective disputes        | 41         | 35   | 56        | 54   |

Base: All workplaces

Acas conciliation (47% of procedures that refer), and Acas arbitration (33%). Only 9% specify mediation, but this percentage has almost doubled since 2004.

The 2004 Dispute Resolution Regulations set out a statutory 3-step procedure for handling a dispute: i) to put the matter in writing; ii) to hold a formal meeting; and iii) to give the right to appeal against the decision. In 2009, the 3-step statutory procedure was repealed. A new principles-based Acas Statutory Code was issued which maintained the 3 steps as good practice guidance. The percentage of workplaces that have all 3 steps in place for handling grievances has increased between 2004 and 2011 from 66% to 80% (covering 89% of employees in 2011). Only 45% of managers reported practising the 3 steps all of the time, though this has risen from 37% in 2004. Managers are more likely to report the 3 steps in procedures for handling discipline (92%), as well as practising all steps all of the time (81%).

### Mediation

The focus of policy-makers and practitioners has turned to the prevention and resolution of disputes within the workplace. Mediation by an impartial third party is one way of attempting to do this. Provision for mediation is included in 62% of grievance procedures and 61% of disciplinary and dismissal procedures, covering 63% and 56% of employees, respectively. However, this has not translated into a high level of use. Of all workplaces, 7% had used mediation to resolve an individual dispute in the 12 months prior to the survey: 4% with an internal mediator and 3% with an external mediator. This low level of use of mediation in comparison to its inclusion in procedures may reflect a perceived low need for such an intervention, or the fact that mediation may not be embedded in the culture of conflict handling.

<sup>1</sup> Office for National Statistics (2012) LABD01: Labour Disputes in Labour Market Statistics Data Tables, November 2012 release.



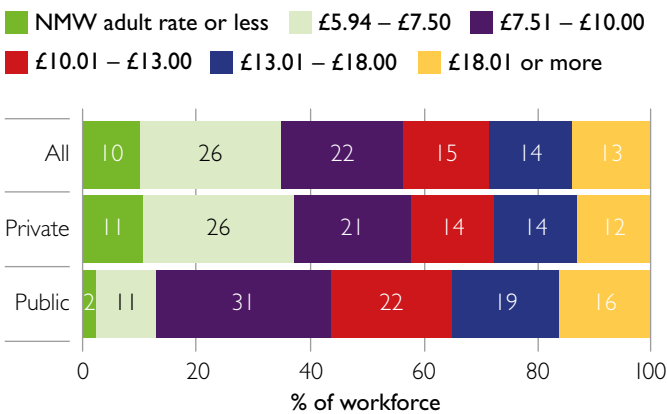
## PAY DISPERSION AND SATISFACTION

THE DISTRIBUTION OF PAY WITHIN WORKPLACES VARIES CONSIDERABLY, WITH DIFFERENCES APPARENT ACROSS SECTOR AND INDUSTRY. Low-paid employees are less satisfied with their pay than higher paid employees, but they are not always less satisfied with other aspects of their jobs. Higher-paid employees report higher levels of job-related anxiety than lower-paid employees.

### The Distribution of Pay

Managers were asked how many of their employees fell into each of six pay bands (Figure 1). Across all workplaces, on average one tenth of the workforce were paid an hourly rate at or below the adult rate of the National Minimum Wage (NMW).<sup>1</sup> This proportion stood at 11% in private sector workplaces, but only 2% in public sector workplaces. Employers may be paying below the adult NMW for apprentices and employees aged under 21. Private sector workplaces were more likely to employ workers aged between 16 and 21; 49% had at least some employees in this age group compared with 24% of public sector workplaces. Throughout this section we focus on 2011 only, as comparable data are not available for 2004.

FIGURE 1: The average distribution of pay within workplaces (%)



Base: All workplaces

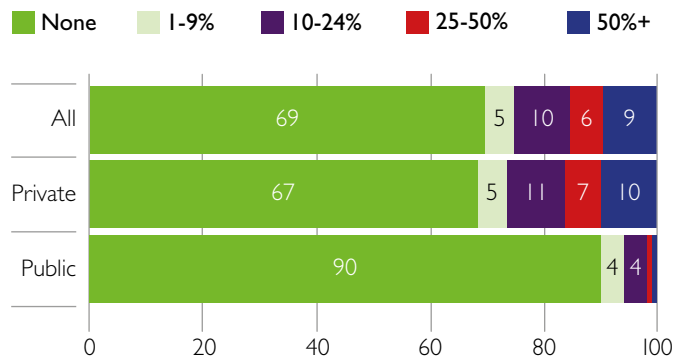
At the other end of the pay spectrum, workplaces had an average of 13% of their employees earning an hourly rate of £18.01 or more (the highest pay band specified): 16% in public sector workplaces, and 12% in private sector workplaces.

### Concentrations of Low and High Pay

Focusing first on employees earning the lowest rate of pay, in 69% of workplaces no employees were being paid an hourly rate equivalent to or less than the adult NMW (Figure 2). In 9% of workplaces at least half the workforce were receiving this rate.

Private sector workplaces were more likely to have at least some employees in this lowest pay band. In 17% of private sector workplaces, at least a quarter of the workforce were located in the lowest pay band, compared with just 2% of workplaces in the public sector.

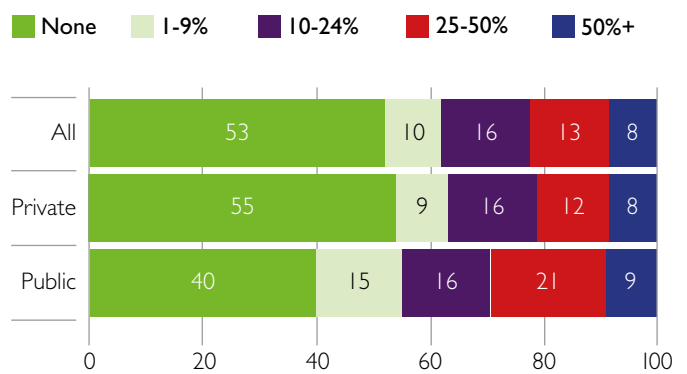
FIGURE 2: Employees in the workplace earning at or below the adult NMW (%)



Base: All workplaces

Figure 3 shows the equivalent data for the highest categorised pay band. In 8% of workplaces more than half the workforce were paid at least £18.01 per hour. This percentage did not differ between the public and private sectors, but overall, public sector workplaces were more likely to have at least some employees earning this amount (60% compared with 45% of private sector workplaces).

FIGURE 3: Employees in the workplace earning at least £18.01 per hour (%)



Base: All workplaces

Figure 3 shows the equivalent data for the highest categorised pay band. In 8% of workplaces more than half the workforce were paid at least £18.01 per hour. This percentage did not differ between the public and private sectors, but overall, public sector workplaces were more likely to have at least some employees earning this amount (60% compared with 45% of private sector workplaces).

There was considerable variation by industry in the distribution of pay within workplaces (Table 1). Workplaces in the Hotel and restaurants sector were most likely to have high proportions of low-paid workers; in 41% at least a quarter of the workforce earned the adult NMW rate or less. The percentage was also relatively high in the Wholesale and retail sector (25%). In contrast, the proportion was relatively low in Other business services and Public administration — two sectors where more than one third of all workplaces had at least a quarter of their workforce earning £18.01 or more.

**TABLE 1: Workplaces with at least one quarter of workforce in lowest and highest pay bands (%)**

|                           | NMW adult rate or less | £18.01 or more |
|---------------------------|------------------------|----------------|
| Manufacturing             | 10                     | 17             |
| Electricity, gas & water  | 0                      | 89             |
| Construction              | 18                     | 31             |
| Wholesale & retail        | 25                     | 9              |
| Hotels & restaurants      | 41                     | 2              |
| Transport & communication | 0                      | 9              |
| Financial services        | (0)                    | (43)           |
| Other business services   | 4                      | 45             |
| Public administration     | 1                      | 37             |
| Education                 | 14                     | 38             |
| Health & social work      | 8                      | 15             |
| Other community services  | 16                     | 13             |

Base: All workplaces

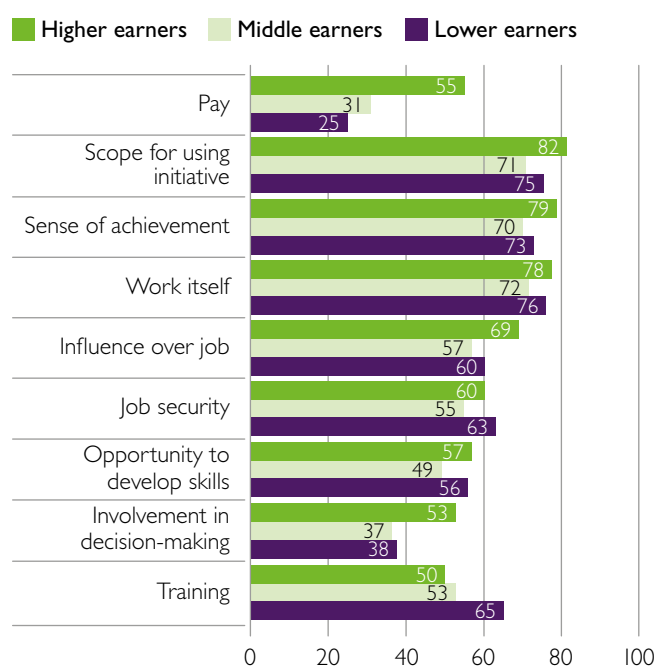
### Pay, Job Satisfaction and Well-being

Pay is likely to be one of the key factors affecting how employees feel about their jobs. We can explore this using information on weekly pay reported by employees themselves; in doing so, we restrict our attention to full-time employees (i.e. those working 30 or more hours per week). More than half (55%) of full-time employees earning £521 per week or more (referred to here as 'higher earners') were 'Very satisfied' or 'Satisfied' with their pay (Figure 4). This compared with 31% of those earning between £221 and £520 per week ('middle earners'), and 25% of those earning below this amount ('lower earners').

As well as being more satisfied with their pay, higher earners were more satisfied than middle or lower earners with a number of other

aspects of their jobs (Figure 4). This was true for satisfaction in terms of sense of achievement, scope for using initiative, influence over the job and involvement in decision-making. However, lower-paid employees tended to be more satisfied with the training they received. In terms of satisfaction with job security, the opportunity to develop skills, and the work itself, those in the middle of the earnings distribution were the least satisfied, with no statistically significant differences between the lower and higher earning groups on these aspects.

**FIGURE 4: Employees 'Very satisfied' or 'Satisfied' with aspects of their job (%)**



Base: Full-time employees

While higher earners reported greater satisfaction than other earners on many aspects of their job, they were also more likely to suffer from job-related anxiety. Among full-time employees, around two thirds (66%) of higher earners reported that, in the few weeks prior to the survey, their job had made them feel tense 'All', 'Most' or 'Some' of the time. This compared with 56% of middle earners and 50% of lower earners. There was a small difference in the proportion of higher earners that had felt uneasy at least some of the time (29% compared with 27% among lower and middle earners). Higher earners were also more likely to have felt worried at work (39% had done so at least some of the time, compared with 32% among the lower and middle earning groups).

<sup>1</sup> £5.93 for interviews conducted in 2011; £6.08 for those conducted in 2012.

## LONG WORKING HOURS: THE PATH TO PROGRESSION?

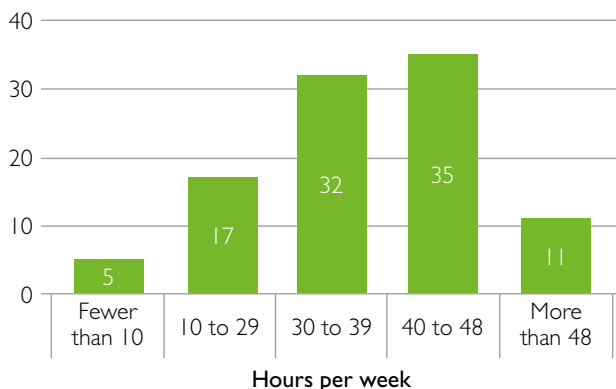
THE EU WORKING TIME DIRECTIVE WAS INTRODUCED IN THE 1990s AS A MEANS OF REDUCING THE PREVALENCE OF LONG-HOURS WORKING. In a third of workplaces in 2011, at least one employee had opted out of the Working Time Regulations. Inside these workplaces, average working hours were longer and employees were more likely to believe that long hours are required to progress.

### The Distribution of Working Hours

In a tough economic climate, working hours can be subject to a range of influences. Earlier, it was shown that some employers reduced overtime or cut basic hours in response to the recession (see pages 6-7). However, there is also evidence that managers scaled down their workforce through redundancies and recruitment freezes, leading to the possibility of a larger workload for the remaining employees. Indeed, 29% of employees reported that their workload had increased as a result of the recession (see pages 8-9).

Figure 1 shows the distribution of usual working hours in 2011 among employees in workplaces with 5 or more employees. Overall, the distribution was similar to that observed in 2004. The vast majority of employees were working full-time hours (defined as 30 or more hours per week). Just under half (46%) were working 40 or more hours per week, and 11% of employees were working more than 48 hours per week.

FIGURE 1: Distribution of employees' usual working hours (%)



Base: Employees

Britain has one of the highest rates of part-time work among developed economies. One fifth (22%) of employees in workplaces with 5 or more employees were working part-time hours on a usual basis in 2011 (Figure 1).

What does the balance of full-time and part-time employees look like inside the workplace? The percentage of workplaces that had any part-time employees (those contracted to work less than 30 hours per week) was the same in 2004 and 2011 (79%). Workplaces in the public sector and private services were more likely than those in private manufacturing to have some part-time staff (89%, 80% and 55% respectively).

In workplaces that had some part-time staff, employees working part-time hours accounted for 40% of the workforce on average. This figure exceeded 50% among workplaces in Hotels and restaurants, Other community services and Education.

### Long Working Hours

The EU Working Time Directive – introduced in 1993 and enacted into UK legislation in 1998 – placed an upper limit of 48 hours on the working week, averaged over a 17-week period. However, employees can agree to 'opt-out' of this limit. One third (32%) of British workplaces had at least one employee who had signed an opt-out agreement (Table 1, column 1). All managers had agreed to opt-out of the working time regulations in 21% of workplaces. The percentage of workplaces where all employees (including managers) had agreed to an opt-out was lower, at 15%. Overall, 12% of all employees were located in a workplace where everyone had opted-out.

Opt-out agreements were more likely to be found in private sector workplaces: 34% had at least one employee who had signed an opt-out, compared with 15% of workplaces in the public sector. Other business services – which includes non-financial professional occupations such as lawyers – was the sector most likely to report opt-out agreements (42%).

The percentage of employees who usually worked more than 48 hours per week was 20% in workplaces where all employees had signed an opt-out agreement, nearly twice the percentage in workplaces as a whole (11%) (Table 1, column 2).

Hours were longer in workplaces that use opt-out agreements. Where all employees had signed an opt-out, full-time employees were working an average of 43 hours per week, compared to 39 hours per week where no-one had signed an opt-out (column 3). This indicates that signing an opt-out agreement is not always a prelude to working beyond the maximum prescribed by the Directive. However, it is possible that it affects employees' views of the working hours that are expected of them by managers.

### Employees' Views on Long Working Hours

In 2011 employees were asked the extent to which they agreed with the statement: 'People in this workplace who want to progress usually have to put in long hours'. Overall, 41% of employees either 'Strongly agreed' or 'Agreed' and 23% 'Strongly disagreed' or 'Disagreed'. This left 36% of employees who 'Neither agreed nor disagreed'.

Professionals (59%) and Managers (49%) were more likely than employees in other occupations to think that long hours were required to progress.

**TABLE 1: Working time opt-out agreements in the workplace**

| Who has opted out:                 | Workplaces (col %) | Employees working 48+ hours (cell %) | Employees' average full-time hours |
|------------------------------------|--------------------|--------------------------------------|------------------------------------|
| All employees                      | 15                 | 20                                   | 43                                 |
| All managers, some or no employees | 6                  | 14                                   | 42                                 |
| Some employees                     | 11                 | 11                                   | 41                                 |
| No employees                       | 68                 | 8                                    | 39                                 |
| <i>All employees</i>               | <i>100</i>         | <i>11</i>                            | <i>40</i>                          |

Base: All workplaces (column 1); all employees (columns 2 and 3)

This perception was also more prevalent among employees working in medium and large private sector enterprises, where 42% and 47% of employees agreed, than it was among employees in the public sector (where 36% agreed) and those in small private sector enterprises (where just 31% agreed).

Table 2 explores the link between hours worked and attitudes towards long hours. Although the distribution of attitudes among full-time employees did not differ substantially from that found among part-time employees, full-time employees were more likely overall to agree that employees who want to progress have to work long hours (42%, compared with 37% of part-time employees).

**TABLE 2: 'People in this workplace who want to progress usually have to put in long hours'**

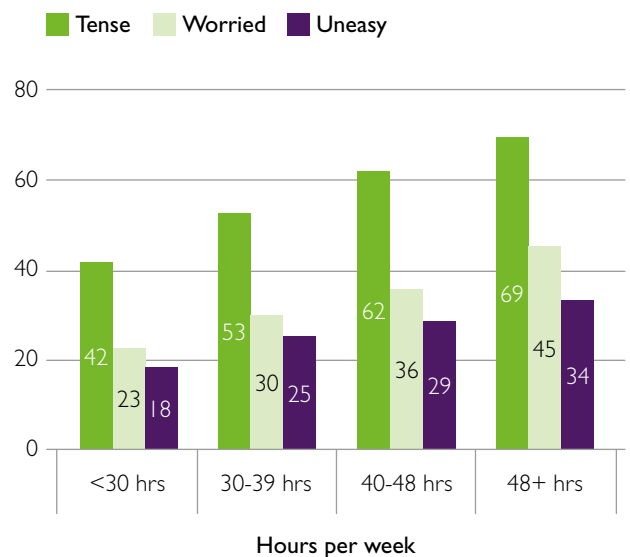
|                   | Employees (%) |           | Average full-time hours |
|-------------------|---------------|-----------|-------------------------|
|                   | Part-time     | Full-time |                         |
| Strongly agree    | 10            | 12        | 42                      |
| Agree             | 27            | 30        | 41                      |
| Neither           | 39            | 35        | 40                      |
| Disagree          | 22            | 20        | 40                      |
| Strongly disagree | 3             | 3         | 39                      |
| All employees     | 100           | 100       | 40                      |

Base: All part-time employees (column 1); All full-time employees (columns 2 and 3)

Full-time employees who strongly agreed that long hours are required to progress in the workplace worked an average of 42 hours per week, compared to 39 hours per week for those who strongly disagree with this statement. Further, more than half (56%) of those working 48 or more hours per week agreed that long hours contributed to progression and almost half (48%) of employees in workplaces where all employees had signed an opt-out agreed.

There is an association between employees' well-being and their working hours (Figure 2). Most employees (69%) who were working more than 48 hours per week said their job made them feel tense 'All', 'Most' or 'Some' of the time.

**FIGURE 2: Employees feeling tense, worried, uneasy 'all', 'most' or 'some' of the time by usual weekly working hours (%)**



Base: All employees

# WORK-LIFE BALANCE

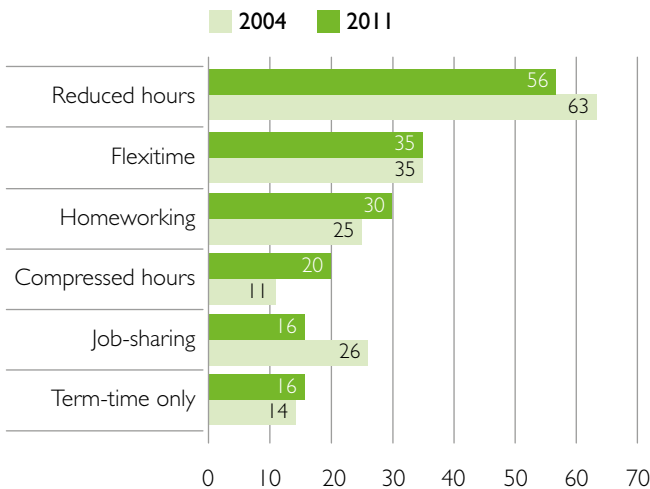
THERE WAS NO GENERAL INCREASE IN EMPLOYERS' PROVISION OF FLEXIBLE WORKING PRACTICES BETWEEN 2004 AND 2011. Moreover, the proportion of workplace managers who think it is up to employees to balance their work and family responsibilities has increased.

In 2011, reduced hours and flexitime were the most widely available forms of flexible working. Flexitime was the most commonly used by employees. Those with caring responsibilities were more likely to use flexible working arrangements than employees without such responsibilities, but they reported higher levels of work-life conflict nonetheless.

### Employers' Provision of Flexible Working Arrangements

Overall there was no consistent pattern in the availability of flexible working arrangements between 2004 and 2011. The proportion of workplaces where some employees were able to work from home or work compressed hours increased between 2004 and 2011 (Figure 1). In contrast, the proportion of workplaces with job sharing or reduced hours fell.

FIGURE 1: Flexible working arrangements available to at least some employees (%)



Base: All workplaces

Employees with caring responsibilities (i.e. those with dependent children or carers of a friend or family member) have a statutory right to request flexible working arrangements. Managers were asked whether access to flexitime or reduced working hours was available to all employees, or just those with a statutory right to make such a request. Of those employers who allowed flexitime, the vast majority (84%) made it available to all employees. Just 10% of workplaces that offered flexitime made it available only to those employees who had a statutory right to request flexible working, while 6% offered it to a broader, but still selective, group of employees.

There was a very similar picture within workplaces that allowed some employees to reduce their working hours. Some 86% of these allowed all employees to do so, 11% limited the provision only to employees who had a statutory right to request flexible working, and 3% restricted provision to other groups (in addition to those with the statutory right to make a request).

### Maternity and paternity pay

Twenty-seven per cent of workplaces with some female staff offered maternity pay in excess of Statutory Maternity Pay for some of the period of maternity leave.

Among workplaces with some male staff, 21% offered paternity pay in excess of the statutory minimum.

### Constraints on Providing Flexible Working Arrangements

Workplace managers were asked to identify constraints to the provision of flexible working arrangements. An incompatibility with the nature of the work or the operating hours was the most commonly cited constraint in 2011 (Figure 2). The cost of providing flexible working arrangements was seen as a barrier to provision in only a small percentage (9%) of workplaces, while managers in 27% of workplaces reported no constraints at all. Managers in small private sector enterprises were more likely to report no constraints (31%) than those in larger private sector enterprises (22%) or the public sector (20%).

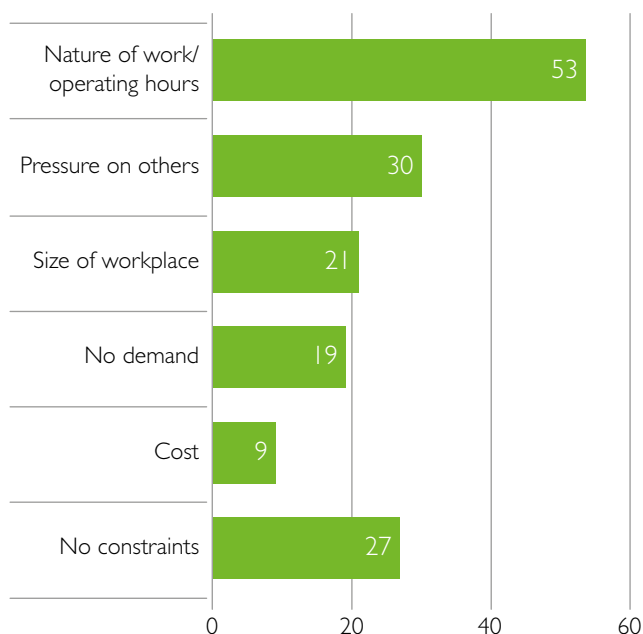
Over one third (36%) of managers in female-dominated workplaces (i.e. where more than three quarters of the workforce was female) reported that they were constrained by the pressure that flexible working arrangements put on other employees, compared with 28% of managers in workplaces with a lower proportion of female workers. More than a quarter (28%) of managers in male-dominated workplaces cited a lack of demand for flexible working from employees, compared with 14% in female-dominated workplaces.

### Use of Flexible Working Arrangements

Among employees, the most commonly used flexible working arrangements were flexitime (30%), working from home (17%) and taking paid leave to care for a dependant in an emergency (12%) (Table 1). Carers (employees with dependent children and those who looked after someone with a long-term disability or physical or

mental illness or who have problems related to old age) were more likely to use flexible working arrangements than other employees, except in the case of compressed hours.

**FIGURE 2: Constraints on flexible working provision (%)**



Base: All workplaces

**TABLE 1: Use of flexible working among carers and other employees (%)**

|                           | Carers | Others | All |
|---------------------------|--------|--------|-----|
| Flexi time                | 33     | 27     | 30  |
| Working from home         | 20     | 15     | 17  |
| Paid time off – emergency | 18     | 7      | 12  |
| Reduced hours             | 12     | 6      | 9   |
| Compressed hours          | 9      | 9      | 9   |
| School term time working  | 9      | 5      | 7   |
| Job share                 | 5      | 4      | 4   |

Base: All employees

### Flexible Working and Employee Well-being

Around a half (48%) of employees 'Strongly disagreed' or 'Disagreed' with the statement 'I often find it difficult to fulfil my commitments outside of work because of the time I spend on my job' while 27% 'Strongly agreed' or 'Agreed'.

Full-time employees were more likely to find that work interfered with life outside work (31%) than part-time employees (14%). Carers were also more likely to find that work interfered with life outside work (30%) than other employees (25%).

Employees who job shared were less likely to feel that work interfered with life outside work than those who did not (22% and 29%, respectively), and a similar pattern was apparent between those who worked reduced hours (21%) and those who did not (27%). In contrast, employees who worked at home were more likely to find that work interfered with life outside work (34%) than were other employees (26%).

### Managers' Views on Work-Life Balance

Since 2004, there has been an increase in the proportion of workplace managers who see balancing work and family responsibilities as the responsibility of individual employees (Table 2).

**TABLE 2: Managers: 'It is up to individual employees to balance work and family responsibilities' (%)**

|                              | 2004 | 2011 |
|------------------------------|------|------|
| Strongly agree / agree       | 66   | 76   |
| Neither agree nor disagree   | 18   | 13   |
| Disagree / strongly disagree | 17   | 11   |

Base: All workplaces

Workplaces where the manager agreed that it was up to individual employees to balance their work and family responsibilities accounted for 71% of all employees in 2011, compared with 56% in 2004. In 2011, managers in the private sector were more likely to agree that employees were responsible for their work-life balance (77%) than managers in the public sector (69%).

# EQUALITY AND DIVERSITY: CREATING A LEVEL PLAYING FIELD?

BRITAIN'S WORKFORCE IS INCREASINGLY DIVERSE AND LEGISLATION HAS SOUGHT TO HELP ACHIEVE EQUAL OPPORTUNITY AT WORK. While workplace policies have changed to reflect this situation, practice on the ground has changed little since 2004.

## Workforce Diversity

A growing proportion of employees are aged 50 or over, have some form of disability or hail from minority ethnic groups. This growing diversity is apparent both within and across workplaces (Box 1).

### BOX 1: Diversity in Britain's workplaces

#### Women

Half (51%) of employees are female. Women make up over half of all employees in 53% of workplaces.

#### Age

Workers aged 50 or over account for 24% of employees, up from 20% in 2004. They are employed in 83% of workplaces and make up more than half the employees in 15% of workplaces (9% in 2004).

#### Disabled workers

Workers with a long-standing health problem or disability account for 2% of all employees, up from 1% in 2004. They are employed in 15% of workplaces and make up at least 5% of employees in 9% of workplaces.

#### Ethnic minorities

Workers belonging to a non-white ethnic group comprise 9% of all employees. Employed in 33% of all workplaces, they account for at least one tenth of employees in 21% of workplaces (17% in 2004).

#### Migrants

Nine per cent of employees are non-UK nationals – 6% from the European Economic Area and 3% from outside. Overall, 26% of workplaces employ non-UK nationals. In 8% of workplaces at least one-quarter of employees are non-UK nationals.

The consequences of an increasingly diverse workforce for society, the economy and for workers themselves are hotly disputed. Less contentious is the desire to ensure all employees have equal rights, regardless of their demographic characteristics. To that end the Equality Act 2010 harmonises and replaces previous legislation, extends some rights, and ensures consistency in what employers need to do to make their workplace a fair environment for all employees. But how have employers responded in terms of their policies and practices?

## Employer Policies

One third (32%) of workplaces in 2011 had a formal strategic plan covering employee diversity which sets out objectives to be achieved.

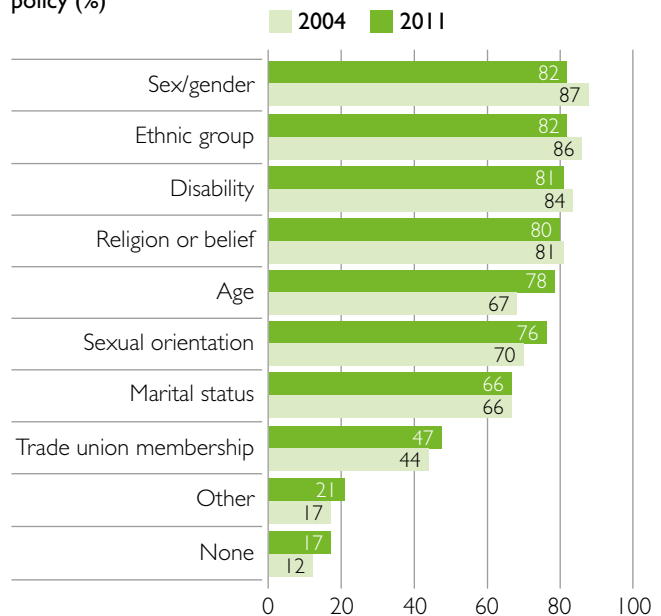
This compares with 29% in 2004 (a difference that is not statistically significant). Whereas around half (47%) of public sector workplaces and half (50%) of workplaces belonging to large private sector organisations had these plans, only 17% of workplaces belonging to small private enterprises had them.

Three-quarters (76%) of workplaces were covered by a formal written policy on equal opportunities or managing diversity, up from two-thirds (67%) in 2004. They have become almost universal in workplaces with 50 or more employees, the public sector, and workplaces that recognise trade unions. But the most rapid growth in written policies can be found in workplaces belonging to small and medium enterprises where their incidence has risen by 20 percentage points since 2004 (36% to 56%).

Where a written policy was in place, it was much more likely to refer explicitly to age and sexual orientation in 2011 than in 2004 (Figure 1). Indeed, these grounds were cited almost as frequently as gender, disability and ethnicity. Union membership was much less likely to be mentioned in written policies, in spite of statutory protection against discrimination on grounds of membership status.

One sixth (17%) of workplaces had a written policy that mentions no specific grounds for discrimination. This figure was up from 12% in 2004 and suggests that some workplaces have policies in place that may have limited practical value.

FIGURE 1: Grounds mentioned in equal opportunities written policy (%)



Base: Workplaces with a written equal opportunities policy

### Are Practices Changing?

Does the increasing policy focus on equality and diversity translate into practice? Managers were asked what they did in terms of: monitoring recruitment, selection and promotion of different employee characteristics; reviewing recruitment, selection and promotion procedures to identify indirect discrimination; and reviewing relative pay rates by employee characteristics. Table 1 shows whether managers monitor or review recruitment and selection, promotion or pay rates and, if they did, whether the actions covered gender, ethnicity, disability and age, or just some of these characteristics.

**TABLE 1: Action to combat discrimination (row %)**

|                                      | None | Some | All |
|--------------------------------------|------|------|-----|
| Monitoring recruitment and selection |      |      |     |
| 2004                                 | 74   | 13   | 13  |
| 2011                                 | 77   | 9    | 14  |
| Monitoring promotions                |      |      |     |
| 2004                                 | 91   | 3    | 6   |
| 2011                                 | 91   | 2    | 7   |
| Reviewing recruitment and selection  |      |      |     |
| 2004                                 | 81   | 6    | 13  |
| 2011                                 | 82   | 4    | 14  |
| Reviewing promotion procedures       |      |      |     |
| 2004                                 | 90   | 2    | 8   |
| 2011                                 | 89   | 1    | 9   |
| Reviewing relative pay rates         |      |      |     |
| 2004                                 | 92   | 5    | 3   |
| 2011                                 | 93   | 4    | 3   |

Base: All workplaces

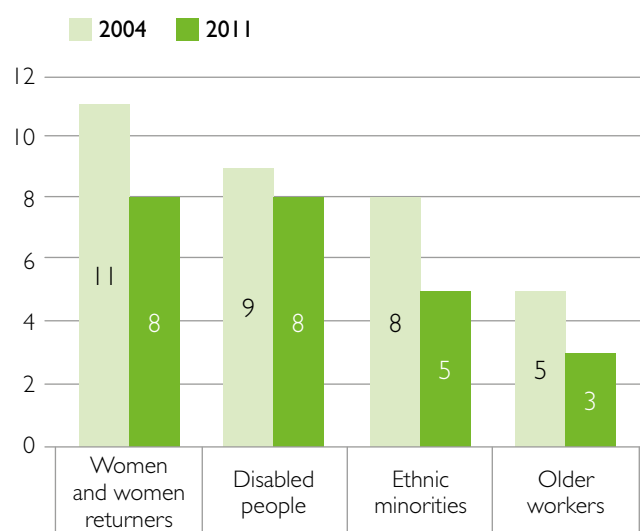
The vast majority of workplaces took none of these actions. Around one in ten reviewed relative pay rates (7%) or promotion procedures (10%). A similar proportion monitored promotions (9%). Around a sixth (18%) reviewed recruitment and selection, while 23% monitored recruitment and selection. Where workplaces did monitor or undertake reviews, they tended to do so for all four worker characteristics. Practice had not changed since 2004.

In 2011 managers were asked what monitoring and reviewing they did in relation to sexual orientation and religion. In general,

monitoring and reviewing on these grounds for discrimination did not differ significantly from monitoring and reviewing on other grounds, although sexual orientation and religion were less likely to be included in the monitoring of recruitment and selection.

Managers were also asked whether they had any special procedures to encourage applications from certain types of job seeker. Figure 2 shows very few workplaces had special procedures for potentially disadvantaged groups. In each case, workplaces were less likely to have them in 2011 than in 2004, except in the case of procedures to attract people with disabilities.

**FIGURE 2: Special procedures to attract job applicants (%)**



Base: All workplaces

No change was apparent in the prevalence of formal assessments of workplace accessibility for employees and job applicants with disabilities. Just under half (48%) of all workplaces had undertaken such an assessment in 2011, compared with 47% in 2004.



## TRENDS IN TRAINING

TRAINING HAS BEEN EXTENDED TO MORE EMPLOYEES IN THE WORKPLACE SINCE 2004, BUT THE DURATION OF TRAINING IS SHORTER. Employee satisfaction with training has nonetheless increased over this period. Some managers have cut training in response to the recession, and satisfaction levels in these workplaces are lower.

### Trends in Training

It is expected that, within workplaces, groups of employees will receive different amounts and types of training. In order to ensure a focus on a specific group of individual employees, managers were asked about the training provided to the largest occupational group in their workplace. The findings here relates to this group.

There was stability between 2004 and 2011 in the percentage of workplaces that had provided off-the-job training to at least some experienced employees in the 12 months prior to the survey (Table 1). However, the percentage of high training workplaces (where at least 80% of experienced employees had some off-the-job training) rose from 35% to 41%. The average duration of such training declined, with the percentage of workplaces where experienced employees received 10 or more days of training falling from 14% to 10%.

**TABLE 1: Off-the-job training offered to experienced employees in the largest occupational group (%)**

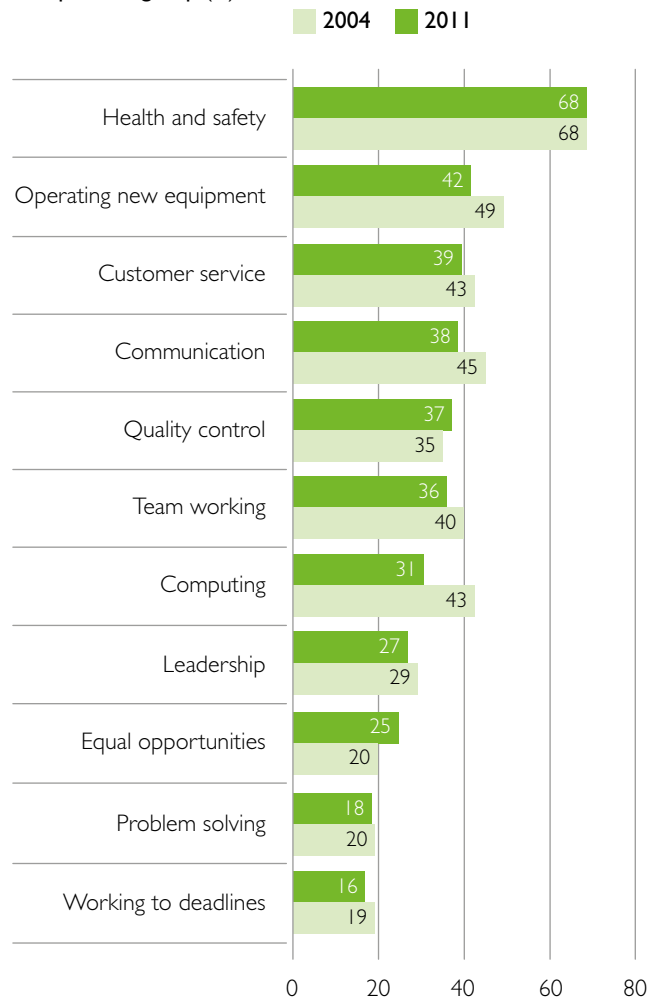
|                             | 2004 | 2011 |
|-----------------------------|------|------|
| Proportion trained:         |      |      |
| 80% or more (high trainers) | 35   | 41   |
| 20-79% (medium trainers)    | 26   | 23   |
| 1-19% (low trainers)        | 15   | 16   |
| 0%                          | 23   | 20   |
| Average days of training:   |      |      |
| Less than 5                 | 68   | 71   |
| 5 to less than 10           | 17   | 18   |
| 10 days or more             | 14   | 10   |

Base: All workplaces

The percentage of workplaces that offered equal opportunities training to employees increased from 20% in 2004 to 25% in 2011 (Figure 1). However, the percentage offering training in computer skills, communication skills and the operation of new equipment all fell (Figure 1). The changes in the percentage of workplaces offering the other types of training shown in Figure 1 were not statistically significant.

The percentage of workplaces that provide induction training to new recruits grew from 78% to 82% between 2004 and 2011.

**FIGURE 1: Training offered to employees in the largest occupational group (%)**



Base: All workplaces

### Who are the High Trainers?

Public sector workplaces were more likely to be high trainers (56%) than workplaces belonging to small private enterprises (34%) and medium-sized private enterprises (42%).

There were also marked differences in the provision of training across industry sectors. Workplaces in Electricity, gas and water, Health and social work, and Education were among the most likely to be high trainers, while workplaces in Manufacturing and the Hotels and restaurants sectors were among the least likely (Table 2).

Unionised workplaces were also more likely to be high trainers (54%) than workplaces with no recognised unions (37%).

**TABLE 2: High training workplaces (%)**

|                           |      |
|---------------------------|------|
| Manufacturing             | 31   |
| Electricity, gas & water  | 88   |
| Construction              | 39   |
| Wholesale & retail        | 34   |
| Hotel & restaurants       | 21   |
| Transport & communication | 37   |
| Financial services        | (73) |
| Other business services   | 36   |
| Public administration     | 40   |
| Education                 | 58   |
| Health & social work      | 71   |
| Other community services  | 44   |

Base: All workplaces

### Employees' Satisfaction with Training and Development Opportunities

The proportion of employees who were 'Very satisfied' or 'Satisfied' with the training they receive grew from 51% in 2004 to 55% in 2011. The proportion 'Very dissatisfied' or 'Dissatisfied' fell from 23% to 20%. Employees who received more days of training were more likely to be satisfied with their workplace's provision (Figure 2).

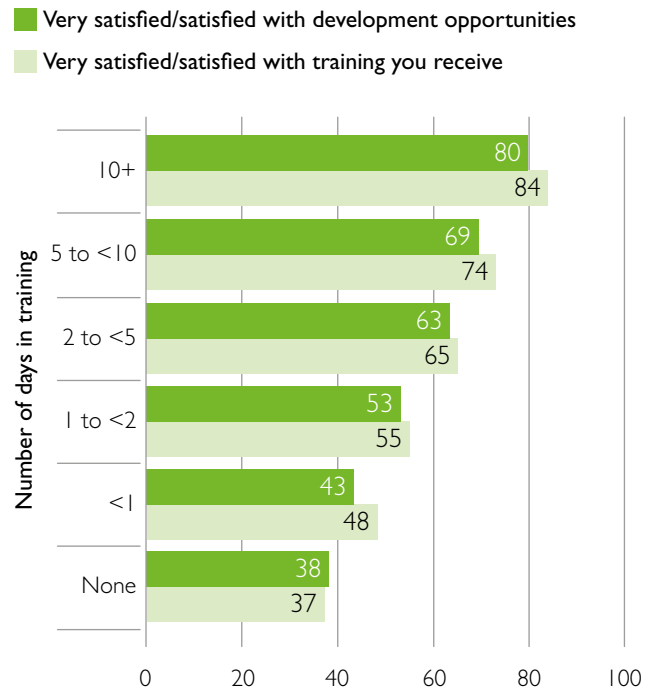
Half (53%) of all employees were 'Very satisfied' or 'Satisfied' with the opportunities they had to develop their skills in their job. Employees who received more days of training were again more satisfied with their development opportunities than those who received fewer days of training (Figure 2).

As for other facets of job satisfaction, employees in workplaces belonging to small (59%) or medium private enterprises (55%) were more satisfied with their development opportunities than those from workplaces belonging to large private enterprises (51%) or the public sector (50%). This is despite the fact that they generally offer less off-the-job training.

### Skill Use

More than two fifths (44%) of employees rated their skills to be about the level required for their job, while 52% rated their skills as higher and 4% as lower than required. Employees who rated their skills to be at about the level required were more satisfied with their training (61%) than those who rated their skills as higher (50%) or lower than required (42%).

**FIGURE 2: Employees' satisfaction with their training and development (%)**



Base: All employees

Similarly, employees who rated their skills as about the level required for their job were more satisfied with their development opportunities (62%) than those who rated their skills as higher (46%) or lower (40%) than required.

### Training and the Recession

About one in every six workplaces (16%) reacted to the recession by reducing training expenditure. Workplaces saying that the recession affected them a great deal were more likely to have reduced training expenditure (23%) than those saying that the recession had a little or no effect (9%). However, as noted on pages 6-7, workplaces were more likely to have responded to the recession by freezing pay (42%), delaying recruitment (28%) changing work organisation (24%), postponing expansion plans (21%) than by cutting training expenditure.

Employees in workplaces that cut back on training in reaction to the recession were less satisfied with their training (51%) than those from workplaces that did not reduce training (56%).

## HEALTH AND SAFETY: CONSULTATION, RISK AND CONTROL

ACCORDING TO THE LEGISLATIVE FRAMEWORK, EMPLOYERS CAN USE VARIOUS METHODS OF CONSULTING THEIR EMPLOYEES OVER HEALTH AND SAFETY ISSUES. In most workplaces, managers consult directly with the employees concerned.

However, workplaces where managers perceive the health and safety risks to be high are more likely to have a consultative committee in place. Health and safety training is common even where risks are perceived to be low.

### Arrangements for Consulting on Health and Safety

By law, employers are required to consult employees on health and safety but the arrangements they can use vary under the regulations. The 1996 Health and Safety (Consultation with Employees) Regulations extended the requirement for employers to consult employees not covered by a safety representative appointed by the recognised union. The same regulations also allow employers to consult employees directly in certain circumstances.

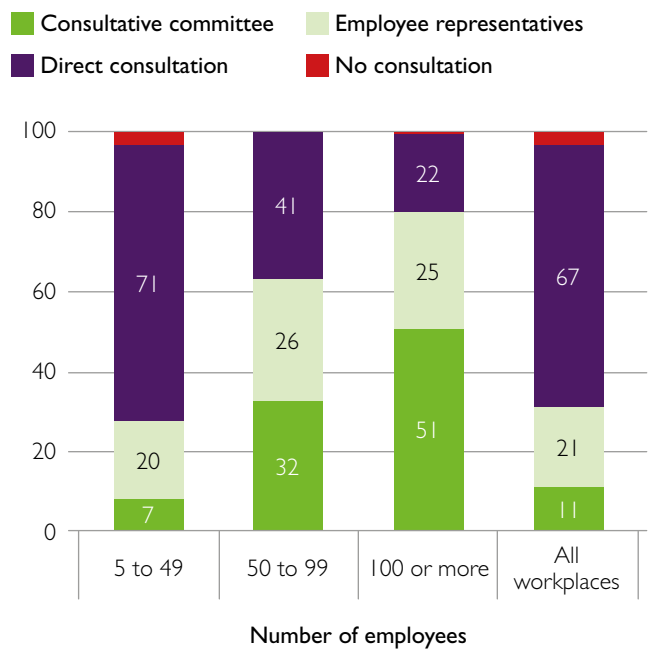
The range of approaches used to consult employees on health and safety across workplaces did not change substantially between 2004 and 2011. The most popular method continued to be direct consultation, used in 67% of workplaces (Figure 1). This can include methods such as newsletters, notice boards, emails, management cascades and staff meetings, as well as face-to-face meetings with individual employees. A fifth of workplaces (21%) consulted through free-standing employee representatives (i.e. they do not sit on a consultative committee), 11% had a consultative committee which covers health and safety and 2% did not consult on health and safety.

There is a strong association between the size of the workplace and the method used for consulting on health and safety. Smaller workplaces are more likely to use direct consultation while larger workplaces are more likely to use worker representatives or consultative committees. Less than one quarter (22%) of workplaces with 100 or more employees relied on direct methods of consultation (Figure 1).

Most workplaces (59%) that had a health and safety committee did not have another joint consultative committee to discuss other issues. This suggests that a proportion of workplaces tend to take a more formalised approach when consulting on health and safety compared with other employment relations issues. This may be because workplaces are required by law to consult on health and safety.

Workplaces with at least one recognised union were more likely to have a health and safety committee than those without recognised unions (21% compared with 8%). Correspondingly, they were less likely to use direct consultation (53% compared with 71% of workplaces that do not recognise unions).

FIGURE 1: Workplace method for consulting on health and safety (%)



Base: All workplaces

### Managers' Rating of Health and Safety Risks

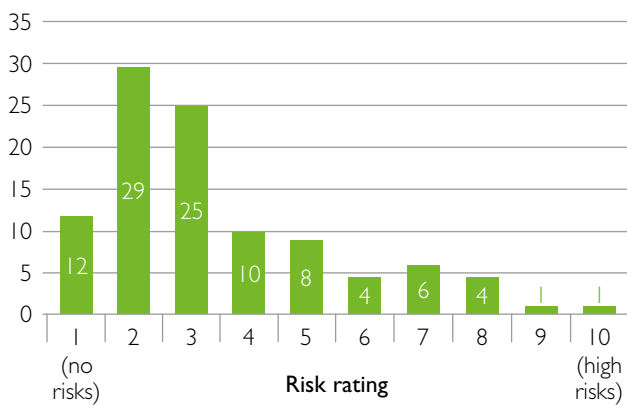
Managers were asked to rate the level of health and safety risks at the workplace and employees' control over those risks, both on a 10-point scale. A rating of 1 indicates no risk or control at all, and a rating of 10 indicates a high level of risk or control.

Managers in just over one tenth (12%) of workplaces considered that there were no health and safety risks at their establishment, while a further half (54%) rated the risks at a low level, giving a rating of either 2 or 3 (Figure 2). Very few managers (2%) rate the risks as relatively high (i.e. a rating of 9 or 10).

There were no significant differences in managers' rating of health and safety risks by size of the workplace. Managers from workplaces in Other business services were more likely to consider that there were no health and safety risks at their establishment (25%), than workplace managers in Health and social work (9%), Manufacturing (8%), Construction (5%), Hotel and restaurants (5%) and Other community services (5%).

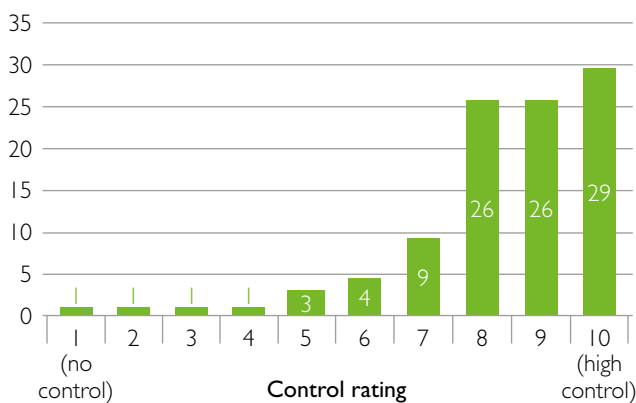
On the other hand, 81% of managers rate employees' control of health and safety risks as relatively high (a rating of 8, 9 and 10) (Figure 3). There was no relationship between managers' rating of health and safety risks and their rating of employees' control of those risks.

**FIGURE 2: Managers' rating of health and safety risks at the workplace (%)**



Base: All workplaces

**FIGURE 3: Managers' rating of employees' control over health and safety risks (%)**



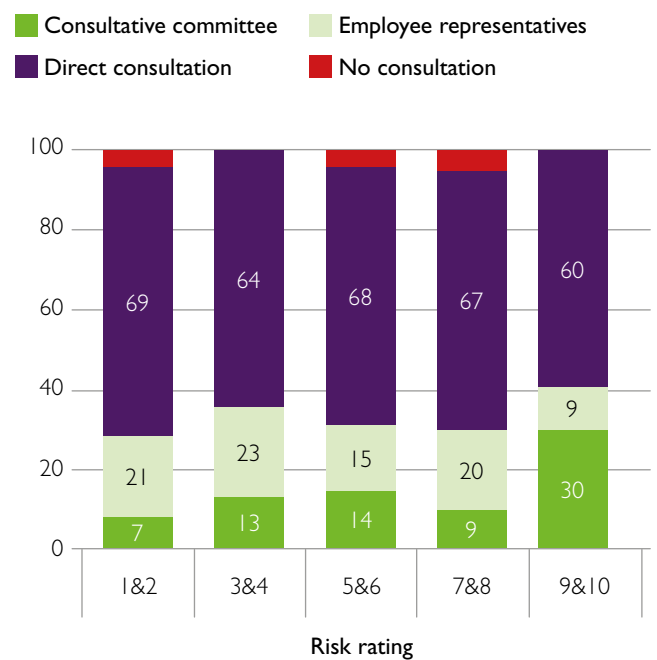
Base: All workplaces

### Differences in Perceived Risk and Approaches to Address Health and Safety

The approach workplaces used to address health and safety was somewhat related to managers' ratings of health and safety risks.

Workplaces with the highest risk ratings (9 and 10) were more likely to use a health and safety committee than workplaces with a lower risk rating (Figure 4): 30% used a committee compared with 11% of workplaces overall.

**FIGURE 4: Method of consultation by managers' rating of health and safety risks (%)**



Base: All workplaces

Around two thirds (68%) of workplaces had given off-the-job health and safety training to experienced employees in their largest occupational group in the year preceding the survey. The provision of such training was more common in workplaces with higher risk ratings. Some 55% of workplaces with a risk rating of 1 or 2 had provided such training, rising to 84% among workplaces with a risk rating of 9 or 10.

## JOB SATISFACTION AND WELL-BEING

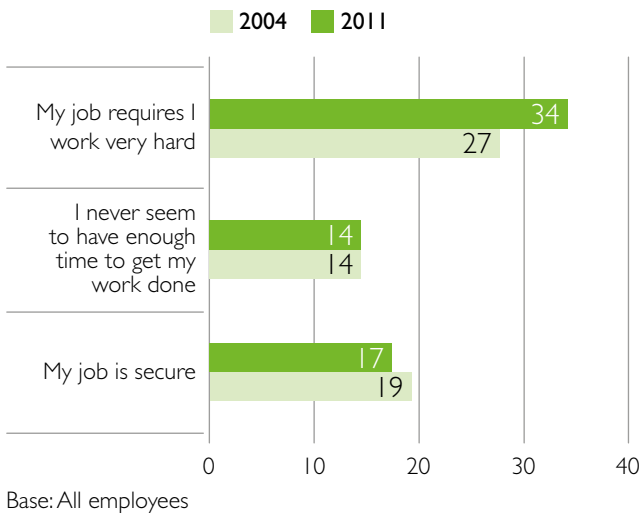
IN 2011 MORE EMPLOYEES REPORTED THAT THEY ARE REQUIRED TO WORK VERY HARD THAN IN 2004. YET JOB SATISFACTION INCREASED DURING THIS PERIOD, AS DID OVERALL RATINGS OF WELL-BEING. This partly reflects increases in the autonomy given to employees over key aspects of their jobs.

Employees in workplaces adversely affected by the recession were worse off, across a number of dimensions relating to their work, than their counterparts in workplaces that experienced a less adverse effect of the recession. Employees in workplaces where managers reported to have been affected by the recession 'A great deal' or 'Quite a lot' faced greater job demands and insecurity, lower satisfaction with pay, and lower levels of well-being.

### Job Demands and Job Security

With employers needing to do more with less during the recession, the possibility arises that this has taken its toll on employees. Figure 1 shows that there was a sizable increase between 2004 and 2011 in the proportion of employees who strongly agreed that their job required that they work very hard. By contrast, there was no change in the proportion who strongly agreed that they never had enough time to get their work done. So employees appear to be working harder, but perhaps also more efficiently. There was also a modest reduction in the proportion of employees who strongly agreed that their job was secure.

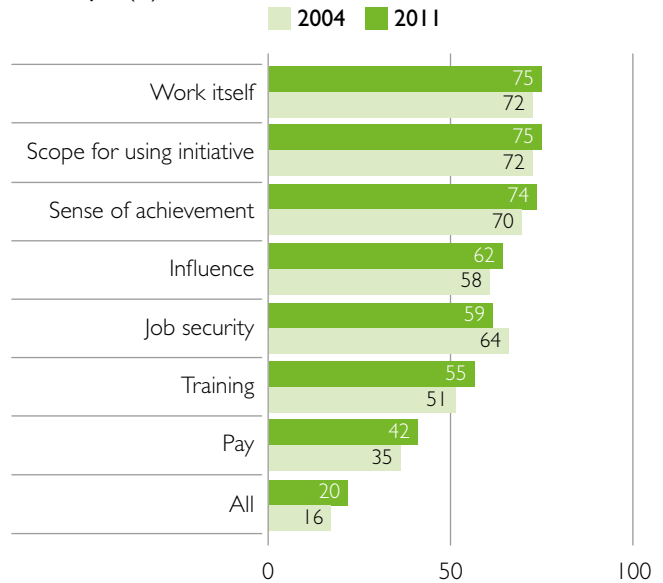
FIGURE 1: Job demands and job security: employees who strongly agree (%)



### Job Satisfaction and Well-being

Although more employees felt that they were having to work very hard in 2011 than in 2004, a greater proportion were also satisfied with their jobs. Figure 2 shows that, for all aspects of the job, with the exception of job security, the proportion of employees who were satisfied or very satisfied rose between 2004 and 2011. Twenty per cent of employees in 2011 were satisfied or very satisfied with all seven facets of their job, compared to 16% in 2011.

FIGURE 2: Employees 'Very satisfied' or 'Satisfied' with aspects of their job (%)



Base: All employees

The pattern for well-being mirrors the findings for job satisfaction. Table 1 shows the proportion of employees who reported that, over the weeks prior to the survey, their job had only 'Occasionally' or 'Never' made them feel tense, worried or uneasy. These proportions each increased between 2004 and 2011.

TABLE 1: Well-being (%)

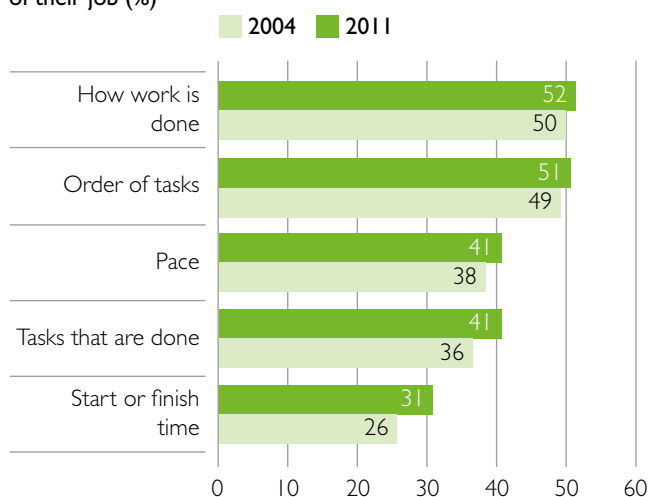
| Never or occasionally felt... | 2004 (%) | 2011 (%) |
|-------------------------------|----------|----------|
| Tense                         | 39       | 44       |
| Worried                       | 53       | 68       |
| Uneasy                        | 62       | 74       |

Base: All employees

### Job Autonomy

Just as satisfaction levels increased between 2004 and 2011, so did the proportion of employees with high levels of autonomy. Figure 3 shows increases in the proportions of employees who reported that they had a lot of influence over how they do their work, the order in which they carry out tasks, the pace at which they work, the tasks that they do in their job and the time that they start or finish work.

**FIGURE 3: Employees reporting 'A lot' of influence over aspects of their job (%)**



Base: All employees

It appears that this is to some extent counterbalancing the increasing intensity of work, and more detailed analysis showed that it explains some of the rise in satisfaction. Indicative of this, the most common areas of discretion are how employees do their job (52%) and the order in which they carry out tasks (51%), with influence over start or finish times being the area of least discretion (31%).

### Job Satisfaction, Well-being and Autonomy in the Recession

Despite the generally positive picture in terms of job satisfaction, well-being and autonomy since 2004, it is possible that any negative developments are concentrated in workplaces that have been unfavourably affected by the recession. A distinction is made between workplaces where managers reported that the recession had adversely affected the workplace 'A great deal' or 'Quite a lot' and those affected 'A moderate amount', 'Just a little' or where there had been 'No adverse effect'.

Employees in workplaces where managers reported a stronger adverse impact from the recession were more likely to 'Strongly agree' that they never had enough time to get their work done than employees in workplaces that had experienced milder negative effects (Table 2). However, the proportion of employees who 'Strongly agreed' that their job required that they worked very hard was similar in workplaces that had been strongly adversely affected by the recession, compared with those which had experienced less adverse effects. Employees' reports of their control over various aspects of their job also did not differ between workplaces that experienced stronger or weaker adverse effects from the recession.

**TABLE 2: Employees' well-being by impact of recession on the workplace (%)**

|   | Strongly adverse | Less adverse |
|---|------------------|--------------|
| Job demands (strongly agree):                   |                  |              |
| Never enough time                               | 42               | 39           |
| Job requires work very hard                     | 35               | 33           |
| Job security (strongly agree):                  |                  |              |
| Job is secure                                   | 14               | 19           |
| Job satisfaction (satisfied or very satisfied): |                  |              |
| Sense of achievement                            | 73               | 75           |
| Scope for using initiative                      | 75               | 76           |
| Influence                                       | 60               | 63           |
| Training  | 53               | 56           |
| Pay   | 39               | 44           |
| Job security                                    | 52               | 64           |
| Work itself                                     | 74               | 76           |
| Well-being (never or occasionally):             |                  |              |
| Tense   | 42               | 46           |
| Worried   | 66               | 69           |
| Uneasy  | 73               | 75           |

Base: All employees

Job security was most strongly associated with the impact of the recession. Only 14% of employees in workplaces that had seen a strong adverse impact of the recession strongly agreed that their job was secure, compared with 19% of those in workplaces that had experienced milder effects. Fewer employees were 'Very satisfied' or 'Satisfied' with their pay or job security in workplaces that had experienced the strongest negative effects from the recession. A lower proportion of employees reported that they were 'Never' or only 'Occasionally' (as opposed to more frequently) tense, worried or uneasy in workplaces that had experienced stronger adverse impacts from the recession compared to workplaces that had experienced a less adverse impact.

# TECHNICAL NOTES

## Sampling

The 2011 WERS sample consisted of a panel sample containing all the workplaces that had taken part in the 2004 WERS and were still in existence in 2011, and a stratified random sample of establishments drawn from the Inter-Departmental Business Register (IDBR) in August 2010 (the fresh cross-section sample).

The fresh cross-section sample was drawn from the population of IDBR local units with 5 or more employees in Great Britain, operating in Sections C to S of the Standard Industrial Classification (2007) but excludes those that were part of the issued sample for the 2004 WERS cross-section survey. As in 2004, larger workplaces and those from selected industries were oversampled to enable analysis by key sub-groups. The data are weighted to compensate for the unequal selection probabilities and non-response.

### 2011 WERS Instruments

The WERS data were collected using the following five instruments.

#### Management Questionnaire (MQ)

administered in a face-to-face interview with the most senior manager who deals with employment relations, human resources or personnel and staff at the workplace.

#### Employee Profile Questionnaire (EPQ)

completed by the management respondent before the interview.

#### Financial Performance Questionnaire (FPQ)

completed after the management interview in private sector workplaces and trading public corporations.

#### Worker Representative Questionnaire (WRQ)

administered face-to-face with the senior lay union representative and the senior non-union employee representative, where present.

#### Survey of Employees Questionnaire (SEQ)

completed by up to 25 employees in participating workplaces.

telephone. The SEQ was made available in 7 languages, and the EPQ, FPQ and SEQ could be completed on paper or on-line.

The questionnaires and field processes were tested using cognitive testing, and two pilots. The pilots involved 27 and 45 workplaces, respectively.

## Fieldwork Outcomes

Table 1 shows the number of workplaces included in the panel and fresh cross-section samples as well as the number of productive management interviews achieved. Ineligible workplaces are those that were no longer in existence or had fewer than 5 employees. A case was classified as unproductive if the head office or the manager refused to take part or if the interviewer was unable to contact the workplace manager. Response rates are set out in Table 1 on page 4 of the Introduction.

TABLE 1: Issued and achieved MQ samples

|                     | Panel        | Fresh cross-section | All workplaces |
|---------------------|--------------|---------------------|----------------|
| <b>Issued cases</b> | <b>2,295</b> | <b>4,848</b>        | <b>7,143</b>   |
| Ineligible          | 404          | 947                 | 1,351          |
| <b>Eligible</b>     | <b>1,891</b> | <b>3,901</b>        | <b>5,792</b>   |
| Unproductive        | 902          | 2,210               | 3,112          |
| Productive          | 989          | 1,691               | 2,680          |

## Availability of the Data

The survey data will be made available from the UK Data Service (UKDS). Further details on the design and development of the 2011 WERS, including the technical report and questionnaires, will be available from the UKDS <http://www.ukdataservice.ac.uk>.

## Research Design and Piloting

A number of innovations were made to WERS in 2011. To reduce respondent burden, the average length of the MQ and WRQ interviews were shortened to 90 minutes and 30 minutes respectively, and it was made possible to carry out the WRQ interview on the



# EMPLOYMENT RELATIONS IN THE SHADOW OF RECESSION

Findings from the 2011 Workplace Employment Relations Study



Brigid van Wanrooy, Helen Bewley, Alex Bryson, John Forth, Stephanie Freeth, Lucy Stokes & Stephen Wood



## Employment Relations in the Shadow of Recession

*Employment Relations in the Shadow of Recession* examines industrial relations, human resource management and people's experience of work in Britain in the first part of the millennium and how these have been affected by recession.

It reports on the 2011 Workplace Employment Relations Study (WERS). The study interviewed managers and worker representatives in over 2,600 workplaces and surveyed over 21,000 employees, providing a unique perspective inside workplaces.

The book assesses changes in employment relations between 2004 and 2011, explores the reasons for change and considers their implications for workers and employers. It, therefore, continues the respected tradition of WERS by providing a contemporary snapshot, and mapping change over time, in relation to a wide array of workplace practice and working life.

The timing of the survey allows reflection of the experiences of workplaces and employees during the recession. The book will explore the extent to which employment relations determined the experiences of workplaces in the recession.

- Chapter 1: Introduction
- Chapter 2: The Changing Workplace
- Chapter 3: Employment
- Chapter 4: Pay and Rewards
- Chapter 5: Job Quality
- Chapter 6: The Quality of Employment Relations
- Chapter 7: Workplace Performance in the Recession and Prospects

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## The 2011 Workplace Employment Relations Study **FIRST FINDINGS**

This booklet reports on the First Findings from the **2011 Workplace Employment Relations Study** (2011 WERS), and provides information on the current state of employment relations inside British workplaces and what has changed since 2004. The 2011 WERS is the sixth in the series of the study conducted by the Department for Business, Innovation and Skills (BIS), the Economic and Social Research Council (ESRC), the Advisory, Conciliation and Arbitration Service (Acas), the UK Commission for Employment and Skills (UKCES), and the National Institute of Economic and Social Research (NIESR). NIESR's involvement is made possible through funding from the Nuffield Foundation. Previous surveys in the series were conducted in 1980, 1984, 1990, 1998 and 2004.

The booklet will be followed by a further publication in November 2013, providing an in-depth exploration of the study's findings.

***Employment Relations in the Shadow of Recession***, will map employment relations and people's experience of work in Britain in the first part of the millennium and how these have been affected by the economic recession.

The **2011 WERS** provides a nationally representative account of the state of employment relations and working life inside British workplaces. It involved interviews with almost 2,700 managers, 1,000 worker representatives and surveyed more than 21,000 employees. The study provides a truly integrated picture of employment relations within workplaces. WERS is considered to be one of the most authoritative sources of information on employment relations in Great Britain.

The researchers were Brigid van Wanrooy from Acas, Stephanie Freeth from BIS, John Forth, Helen Bewley, Alex Bryson, and Lucy Stokes from NIESR, and Stephen Wood from the University of Leicester.

