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***Employee voice in a Dot Com: The Rise and Demise of the
Employee Forum at Web Bank***

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This case explores the evolution, operation and efficacy of a non-union employee forum at WebBank, a British internet-based bank, since its inception ten years ago. The bank was established as a new subsidiary of a major UK international financial services organization on a greenfield site in the late 1990s, and following rapid growth management quickly initiated discussions around the creation of an employee representation mechanism. Various options were explored, but ultimately a decision was taken to introduce a non-union employee forum. The employee forum is significant as it consists of three full-time employee representatives supported by a network of part-time representatives, an arrangement which remains unusual in the UK institutional context. Overall, the study reveals a broadly positive assessment of the forum by organizational actors. It also underlines the need to explore the process-natured dynamics of such structures, and to carefully consider the benchmarks for success when judging the efficacy of NER arrangements.

NER at a Greenfield Operation: The Case of WebBank

Introduction

This chapter examines the employee involvement and voice (EIV) system at a UK based internet bank, referred to by the pseudonym 'WebBank', which was established in 1997 and ceased trading in 2011. The company quickly grew from a small city centre startup operation to employing over 2500 in a large purpose build operations centre at its peak. The context provides an interesting opportunity to explore the evolution and development of EIV in a greenfield context over its entire lifecycle. Given the importance of context and management choice in shaping EIV systems (Marchington, 2012) this represents an opportunity to explore a relatively unusual model of non-union EIV in Britain, during a period when the newly elected Labour government appeared to have warmer attitudes to trade unions, after almost two decades out in the cold.

The chapter begins with an overview of the company and its history. The case study is then placed within the wider national and sectoral context. Having located WebBank within its internal and external context, the chapter then explores in some detail the evolution, structure and operation of EIV, before providing an assessment of the outcomes and effectiveness from both a company and employee perspective. We conclude by considering some of the conditions associated with the success and failure of EIV, and present some of the general lessons which can be learned.

In order to present the story of EIV at WebBank over time, the material is based upon researcher interaction with members of the organization from 2004 until 2010, including a period of detailed fieldwork which was conducted onsite during the period 2004-2006. This involved conducting detailed interviews with a range of senior and line managers, as well as human resource specialists, employee representatives and employees. Unfortunately, a further tranche of fieldwork planned for 2010, and agreed by the UK Company Director, had to be abandoned due to difficult trading conditions in the business at that point. However, the Chair of the EIV structure nevertheless agreed to continue informal on-site conversations and his contribution is gratefully acknowledged. This provided valuable insights into some of the challenges faced towards the end of the life of the business, and was supplemented by analysis of the local business and press reports which covered events at WebBank in great detail. The business subsequently closed in 2011.

Financial services in the UK

Firstly, it is important to clarify what is meant by the financial service sector. International classifications of the sector include: commercial and investment banking, insurance, fund management, securities dealing venture capital and derivatives trading. Professional services such as accounting, legal services, and management consulting are normally excluded and considered instead to be part of wider business services. Financial services have long been an important part of the

UK economy, with London generally considered to be one of the world's leading financial centres. The sector contributes around 10% of GDP, and employs over 1 million people, mostly in London, the South East and Scotland. The majority of employment in UK financial services is in banking (435,000 employees) and insurance (300,000 employees)(CityUK, 2010). Within the broad banking category, the sector includes a wide range of job roles from wealth managers and traders in investment banks, to customer service advisers in bank branches and call centres. Indeed, financial services is the largest employer of call centre workers, with several pioneering the concept in the early 1990s.

Retail banking, as opposed to wholesale and investment banking, can be divided into three broad areas: core banking; secondary banking and peripheral banking. Core banking consists of traditional banking products such as personal current and savings accounts. Secondary products include loans such as credit cards and mortgages, while peripheral banking services include products such as insurance and pensions which are beyond the domain of traditional retail banking offerings. Historically, consumer banking services have been offered by retail banks, such as Lloyds, which focus primarily upon accepting deposits and offering loans, and universal banks, such as Barclays and RBS, offer retail products but also have investment and corporate banking operations. Since the 1980s, deregulation of the sector has led to other financial service organizations entering the retail banking market. In particular, building societies, which are mutual organizations which began as small local organizations which pooled funds to facilitate land and house purchases, began offering a range of personal banking products. More recently, retailers such as Tesco and Marks and Spencer, have also diversified into banking and compete directly with banks in the UK retail market.

Company History and Business Model

WebBank was launched in the late 1990s as one of the first movers into the telephone and internet based-banking arena in the UK. It was created by a major British financial service organization with a background in pension and insurance provision, which was seeking to diversify into the direct retail banking market. In this sense it benefited from the experience of its parent organization in financial service provision, although the entry into retail banking represented diversification of its products and services. Up until the 1990s, retail banking had been dominated by the long established 'Big Four' UK clearing banks: Barclays; Midland Bank; Lloyds TSB and National Westminster Bank. However, technological developments, and the opportunity for telephone and internet based banking, meant the lack of an extensive physical branch network was no longer necessarily a barrier to entry in consumer banking. WebBank was therefore one of the pioneers of the internet based banking model. Unlike the big name clearing banks, besides a small official headquarters office in London, the company centred operations on a business park on the outskirts of a provincial city, traditionally associated more with engineering and manufacturing than financial services. Indeed the 80 hectare business park was

itself formerly an industrial area of the city, but now redeveloped as a business park strategically positioned adjacent to the railway station and the national motorway network. The utilitarian hangar-like exterior belied the contemporary designer interior. Interestingly, the centre only had one floor, ostensibly in keeping with desire for a more egalitarian work environment. A central atrium, housing a coffee shop, sofas and informal 'dens' and 'sanctuaries' for relaxation, led out to vast open plan workspaces accommodating the 2500 employees. The canteen was styled more like a chic noodle bar than a traditional workplace dining area, and the dress code was liberal: even the CEO was said to don shorts on hot summer days. The work environment was therefore quite different to the central London skyscrapers and town centre branches of its competitors.

However, it was not only the physical environment which made it different from established rivals. The workforce was generally young with most employees under 35, and with a high proportion 18-23, having joined straight from school or college. For many entry-level employees WebBank was their first full-time employer, and for most their first experience of working in the financial services industry. A typical entry-level position was as a customer service agent, handling the 12,000 telephone-based enquiries received by the centre each day. Further enquiries were received by internet-based messaging services and call agents would split time from answering telephone calls and replying to electronic messages. Most customer-facing employees worked variable shifts between the businesses 'core' hours of 7am and midnight seven days a week, with specialist and professional staff working traditional office hours, and a skeleton graveyard shift ensuring 24 hour customer service.

Led by a management team consisting of a CEO from the parent organization, and a CFO from a rival 'Big Four' bank, the remit of WebBank was to create something fresh and innovative in the traditionally conservative and oligopolistic British retail banking market. Like many 'dot-coms' fast growth was a key aim, and the company launched a range of highly competitive products which were feasible because of the lower overheads. The bank rapidly established a large customer base, accumulating several million customers and several billion pounds in deposits in the first few years. Secondly, the company aimed to create a brand which aligned with its pioneering approach, emphasizing innovative market leading products and distribution channels, as well as excellent customer service. As the customer base expanded, so did the product range, with the business eventually offering a suite of financial service products including insurance, mortgages and investments. In 2000, the firm registered on the London Stock Exchange and broke into profit for the first time in 2001.

The new business also had a statement outlining its 'purpose and values':

- Our enduring purpose is to revolutionize customer experience of financial services driven through unleashing the power of people
- Our core values are honesty, integrity and respect for people

- We aspire to be vibrant, imaginative and fair in everything that we do
- We constantly look to offer customers products and services that put them in control of their money
- We respect our people's individuality and diversity, encouraging them to develop their careers in a stimulating environment
- Our shareholders own the business and must be fairly rewarded for their investment
- We work cooperatively with our suppliers and business partners and choose those who share our values and strive for mutual trust and benefit
- We behave as good neighbors in our local communities and as a responsible citizen
- We respect, protect and where possible enhance the quality of the environment

Given the focus of this chapter, it is perhaps interesting to note how the statement of purpose and values only alludes to human resource issues in the fifth statement, but in quite a narrow way. While diversity and career development are undoubtedly important, it is noteworthy that there is no general statement about the importance of human assets, nor is there any specific comment on issues of employee voice or representation.

Employee voice in financial services

Employee representation in British financial services has traditionally been characterized by competition between trade unions committed to industrial unionism and collective bargaining at a sectoral level, and internal staff associations representing employees working within a single bank. Staff associations were traditionally regarded as less 'unionate', a term used to refer to "the extent to which [an organization] is a whole-hearted trade union, indentifying with the labour movement and willing to use all the powers of the movement (Blackburn, 1967, 18). It was proposed that elements of unionateness include: collective bargaining and protection of member interests; independence from employers; militancy; identifying as a union; registering as a trade union; as well as affiliation to the Trade Union Congress and Labour Party. However, this distinction has become increasingly blurred over time. Several staff associations have arguably become increasingly unionate, undertaking a collective bargaining function and promoting employee interests, affiliating to the Trade Union Congress, rebranding as staff 'unions', and even supporting industrial action (Waddington, 2012). A series of mergers has further blurred the boundary between staff associations and unions. The main industrial union was known as the Banking, Insurance and Finance Union (BIFU), itself an evolution of the National Union of Bank Employees (NUBE) and the Bank Officers Guild (BOG). A new union, known as Unifi, was created in 1999 as a result of a merger of BIFU, the National Westminster Staff Association and the former

Barclays Group Staff Union. Unifi merged with Amicus in 2005, which has since merged again to form part of Unite. In contrast to much of the British private sector, union membership has been relatively robust (Gall, 2008), and this has been explained in terms of employer support, employment in concentrated centres, and employment growth in the sector for most of the post-war period.

Most of the large financial service organizations in the UK have some form of collective voice, either through external trade unions or internal staff associations. Indeed in 2004, 72% of financial service organizations recognized trade unions and aggregate density was 32% (Kersley et.al, 2006, 119). By point of comparison, figures in private sector manufacturing were 23% and 21% respectively. Overall, 56% of financial services workplaces have a union density greater than 50% compared to only 11% in UK manufacturing. Density also tends to be significantly higher in banking than insurance. In 2004, 85% of financial services workplaces had arrangements for employee representation, meaning representation was available to 80% of workers in the sector. Importantly, besides privatized public utilities, financial services is the only private sector industry where union recognition is the norm in the UK (Kersley et.al, 2006). In part this might be attributed to a size effect, given that many financial service workers are employed at large workplaces which are in turn part of large organizations, however this can only partially explain the distinctive pattern of union membership in the sector (Kersley et.al, 2006). Non-union employee representation of the type examined in this chapter, remains unusual in this sector.

EIV at WebBank: Evolution, Structure and Operation

Rationale

The main system of EIV at WebBank was the Employee Forum which was introduced two years after the bank launched. The impetus for an employee voice mechanism was said to have come from management, following two years of rapid growth, in terms of both customer and employee numbers. However, this also coincided with British and European policy debates around statutory trade union recognition and mandatory information and consultation, so debates about employee voice were on the agenda of many employers. There are various explanations for the creation of staff representation so soon after the opening of the bank. On the one hand it could have been, as was claimed by HR managers, that an employee voice mechanism is simply a necessary part of any HR toolkit, and when organizations reach a certain size indirect structures are needed in addition to direct EI structures. It could also have been partly because as, a completely new business, and with so many new employees constantly joining, there was a concern with developing effective communication channels. On the other hand, it could be viewed as an attempt to proactively construct an internal EIV system which potentially acted as a substitute for trade union recognition or mandated structures under forthcoming European legislation. However, the forum preceded the Information and Consultation

of Employees Regulations introduced in 2005 by five years, so it was not necessarily just a response to a changing legislative environment. Indeed, it may have represented a degree of institutional isomorphism, given that the senior management team already had much experience in the financial service sector where collective representation remains the norm. In this sense a collective voice system might have been considered to be a normal part of organizational governance. Though management claimed to be ambivalent about trade union recognition, they did suggest that an internal staff forum has advantages such as greater understanding of the culture, universal coverage of employees working for the organisation, and no wider political agenda.

Evolution

At first the employee forum consisted of three part-time employee representatives, and the agenda was said to have been heavily guided by a few senior management figures in association with the HR team. Consultation was said to typically occur after decisions had actually been made. Issues raised by the employee representatives were said to be fairly low level 'tea and toilets' items including the quality of the sausages offered in the canteen, and the dislike of the handwash in the lavatories. After two years, the Chief Executive was said to have expressed disappointment regarding the effectiveness of the employee forum and proposed a need to reconsider how the business might improve its EIV mechanism. Interestingly, the same year a British trade union had identified WebBank as a target for union organization, and arranged some union publicity events in the vicinity of the centre. This is an important juncture given that union representation is the norm in the sector, and because it is unsurprising a 2500 strong workforce in the sector would be an attractive prospect for union organizers. Management and employee representatives subsequently attended a range of meetings with the Trade Union Congress (TUC) Partnership Institute, which was set up to promote union-management partnership, as well as with the main trade union representing financial service workers. However, management admitted a skepticism regarding the appropriateness or desirability of trade union representation within WebBank, but were nevertheless intrigued by the notion of labour-management partnership which was dominating the broader public policy discourse in the early 2000s.

At this point contact was made with the Involvement and Participation Association (IPA), a not-for-profit-organisation engaged in employment policy and consultancy, and promoters of workplace partnership. Following advice from the IPA, a decision was taken to re-launch the employee forum, and this time a revised structure was devised by the employee representatives rather than the management team. Under the banner 'Playing it Big', the representatives presented a new structure to the senior management team. In terms of structure, this required a new expanded system of full-time employee representatives, supported by a network of part-time area representatives. It proposed a need for agreed facilities time, as well as a budget allocation to support forum activity such as training, equipment, travel and

conference attendance. In terms of process, the key change was a commitment to a genuine process of consultation, in contrast to before where decisions were often communicated to employee representatives shortly before being announced to employees. The proposal for a new employee forum was accepted by the senior management team, and preparations for the 'new' employee forum began.

Structure

The expansion meant the three full-time salaried employee representatives would be supported by 12 part-time representatives, who would each be allocated 4 hours per week for forum work. Their remit was to represent and communicate with employees who work in their particular section of the business. All employee representatives were appointed through a formal election process.

Structure of the WebBank Employee Forum

Employer Chair	Chief Executive
Employee Chair	Elected full-time employee representative
Employee Vice Chair	Elected full-time employee representative
Full Time Employee representative	Elected full-time employee representative
Management Representatives	Two members of senior management team
HR Representative	Nominated by Employee Chair
Forum Secretary	Nominated by HR representative

The re-launch also meant the development of a formal 'Commitment Document' which stated the objectives and principles of the employee forum.

Aim: to represent the voice of all the banks' people, to make working life great, and to drive superior business results

1) Objectives

- To increase the level of employee involvement in change and business initiatives which affect employees using effective consultation
- To build and maintain effective relationships with all departments through consultation
- To represent independently and without prejudice the interests of WebBank people both collectively and individually

2) Primary principles

- Joint commitment of the employee forum and bank will ensure success
- Recognition by all of the legitimate roles, interests and responsibilities of those on the employee forum
- Transparency between the employee forum and the bank through effective consultation and information sharing
- Building trust between the bank and its people
- Employees have the right to be represented and have equal opportunities within the business
- Employees have exceptional training and effective development

3) Operating principles

- Act for the good of the bank and its people
- Stay within the overall context of the bank's strategy, support that strategy, and contribute to the bank's strategy
- Respect the principles of consultation

Operation of the EIV

In terms of approach, an emphasis was placed upon working where possible in a cooperative problem solving manner rather than adversarial posturing. In part, this was inspired by the notion of labour-management partnership which was popular in policy and practitioner circles at the time, as a preferred approach to workplace relations. It was suggested that while a non-partnership approach often involves defending employer and employee positions in a mutually exclusive manner, partnership is more concerned with working together to find a mutually acceptable outcome to shared problems, with an overall aim of contributing to the overall success of the enterprise. However, such an approach was believed to require a high level of trust and respect between management and employee representatives to work effectively. The hope was that the outcomes of working together would result in decisions which were more balanced and fairer than they might otherwise have been. Representatives aimed to ensure management took into account the human implications of proposals and decisions, while management recognized that the employees representatives were not inherently anti-business or anti-management, but aimed to promote and highlight the interests of the workforce. For some managers, this made the NER system distinctive from some forms of union voice which they believed tended to be more politically and ideologically charged.

Employee representatives recognized arguments that NER structures might be considered to be a weak alternative to - or a substitute for - trade union representation. However, they took issue with the view that unions by definition have more power, suggesting instead that systems of effective and ineffective representation can arise in both union and non-union contexts. It was the quality of the relationships forged between management and the representative, rather than union/non-union status which was believed to be crucial. If the NER system was perceived by representatives and employees to be ineffectual, this may have generated interest in unionization as an alternative.

Nevertheless, it was clear that management retained the right to manage within the EIV structure. It was explicit in the Commitment Document that the NER body was a consultative body, and consultation was defined as “both parties views are stated and heard before a decision is made. The perspective of each party is understood by the other but not necessarily agreed between them”. The consultation framework was explicitly based upon the IPA Options Based Consultation model. Firstly, business objectives are identified. Management then identify potential options and consult with employee representatives. Employee representatives thus have the opportunity to respond and provide feedback at an early stage in the process. Management then regroup and devise a revised list of options which take account of the responses of employee representatives, justifying why the final decision was made as well as why alternative options were rejected. Decisions are then made and cascaded to employees.

Option-based Consultation Model (IPA)

- 1) Identify business objective
- 2) Consultation with representatives before decision is made
- 3) Decision made (by managers)
- 4) Communication of decision
- 5) Implement business objective

This approach meant the purpose of the forum was to consider, question and challenge proposals but management reserved the right to make the final decision. The relationship was described as assertive and challenging but not necessarily confrontational. However, operation of the employee forum had changed over time, and the four dimensions identified by Marchington et.al (1992) – are useful in demonstrating this evolution. (see also Wilkinson et al 2013).

The first dimension concerns *degree of influence*. Marchington et.al (1992) propose that degree of influence can be mapped on a continuum of participation from worker control at one end to managerial unilateralism at the other. In between the two extremes they outline several intermediary positions including information provision,

communication, consultation and co-determination. The WebBank forum appeared to have been gradually climbing the 'escalator of participation'. During the first few years, the focus was upon information and communication, however it was soon realized by management and representatives that such an approach appeared to yield fairly limited benefits. Communication was also said to be late in the process meaning little opportunity to influence proposals. It was clear that this evolved after the redevelopment of the forum into a more substantial consultation body. Though management retained the right to manage, the employee forum afforded the opportunity for representatives to influence decision making. While the forum was not a negotiating body, its role as consultation body was structured around explicit commitments to early consultation, opportunities to feedback and influence proposals, and a commitment to transparency of decision making processes.

The second dimension is *scope of decision making*. The scope of decision making at WebBank had evolved over time. Initially, the range of issues discussed by the forum was primarily concerned with immediate day-to-day operational issues relevant to employees. Many of these might be considered to be concerned with hygiene factors such as the nature of the work environment or lack of car parking. However, over time the scope of issues subject to consultation at WebBank expanded to cover three main areas: organizational change; discipline and grievance; and pay and reward. These are now considered in turn.

Organisational Change

Firstly, the forum was involved in issues concerned with organizational change and work organisation. Within this general category, a wide range of issues had been developed in consultation with the employees, and two are particularly illustrative of the evolution of the scope. Firstly, a proposed restructure of the technology centre, resulting in many staff changing roles, was deemed by forum representatives to have been based upon arbitrary selection criteria. A particular concern was that in some cases there was a feeling that the selection process was based more upon personal relationships and loyalties, rather than upon those most suited or qualified to carry out the roles. The employee forum representatives subsequently worked with the management team to devise criteria which was based upon the knowledge, skills and attributes required to carry out the job rather than social relationships. A second example concerned the suspension of duvet days in the call centre. Duvet days, where employees could effectively take a day off at the last minute, were introduced as a potential way of reducing sickness and absenteeism rates. Each employee was allocated four such days where they could request a holiday at the very beginning of that working day. In the run up to Christmas one year, management noted that absenteeism was a problem, and that call targets were not being met as a result. A proposal was made to end duvet days. However, representatives from the call centre believed that such a message would have been deemed unfair by employees with a good attendance record and might be perceived to be a punishment of the majority because of the behavior of a minority. It was predicted

that a decision to cancel duvet days would have been badly received and only angered an already overstretched and demoralized workforce in the run up to Christmas. As a result of the consultation process, a more sensitive approach and communication resulted. It explained that because call answer times had fallen below the business targets management had reluctantly deemed it necessary to suspend duvet days until service targets improved. The difference between the two situations may appear subtle, but for employee representatives the more sensitive explanation avoided inflaming an already tense situation. On the other hand, management admitted that without forum insights they would probably have taken a more factual and potentially heavy handed approach.

Discipline and grievance

The forum also provided voice to employees on an individual basis as part of the organizational discipline and grievance process. Many of the discipline cases occurred in the call centre operations, and it was noted that this appeared to be common across the industry, and indeed across call centre environments in general. Typical issues included timekeeping, absenteeism and underperformance. In most disciplinary hearings an employee representative would be involved, normally holding informal meetings with the employee and manager involved in advance of the formal meeting. As well as dealing with individual cases, the employee forum was involved in co-designing a new discipline and grievance procedure which was developed to ensure compliance with new statutory requirements in the UK. Employee representatives would normally aim to establish the nature of the problem and in turn the cause of the problem from both an employee and employer point of view. This mediation role, it was suggested, offered the opportunity for a third party to assess the situation from both sides. Representatives suggested that this improved the discipline and grievance process because it allowed identification of cases where issues had arisen because of misunderstandings or personal issues, as opposed to cases where it was a deliberate misdemeanor by either party. It was believed this meant that such issues could in turn be dealt with in a more appropriate and sensitive manner.

Pay and reward

A key difference from the collective bargaining associated with trade union representation is that the employee forum was not involved in the formal negotiation of pay. However, there was evidence to suggest that representatives had gradually become involved in pay and reward consultations. Though the role was advisory, there was evidence to suggest forum feedback had been taken into account resulting in subsequent policy changes such as the introduction of a holiday purchase scheme, alterations to the package of fringe benefits, and the administration of the company pension scheme.

The third dimension proposed by Marchington et.al refers to the *form* of voice. In terms of form, the NER structure worked in parallel with other more direct voice mechanisms. For example, the company conducted monthly staff surveys and employee representatives were given the opportunity to include questions which were considered to be useful to their own work and priorities. Other direct voice mechanisms included 'fireside chats' between line managers and employees and annual 'town hall' meetings. In addition, extensive use was made of electronic communications such as the intranet both to cascade information to employee and to solicit feedback and employee responses, with most web pages giving employees the opportunity to comment or discuss items. While these communication methods had no formal link to the forum, employee representatives did report some ad hoc involvement with these techniques.

The final dimension refers to the *level* of voice. The level of issues discussed changed over time. In its infancy the focus was upon low level day-to-day issues although there was evidence to suggest that as the employee forum matured, representatives were increasingly involved in an array of issues spanning various organizational levels. There was also evidence to suggest that management were increasingly inviting employee representatives to get involved in more policy working groups and committees.

Assessment of the outcomes

The main benefit of EIV for the company was believed to be better and more legitimate organizational decision making as a result of the consultation process. Management suggested that employee representatives provided valuable insights and constructive criticism regarding business proposals, in relation to both the nature of work process as well as the overall climate of employee relations. This was believed to mean that oversights or alternative options could be identified at an early stage, and thus the voice process acted as a useful checkpoint and 'sanity check' on management thinking. The employer was able to identify decisions which were better in the long-term. Without dialogue decisions may have been based on short-term expediency rather than long-term business interests. Interestingly, management acknowledged that decisions based solely on 'profit maximising' and 'efficiency' are often inefficient because of the scant regard for equity outcomes. Such decisions were then met with resistance and opposition, whereas decisions resulting from compromise were met with greater levels of legitimacy and acceptability. In other words, there was recognition of a business case for employee voice.

Without employee voice, it was suggested that management may have devised proposals in good faith, but nevertheless potentially missed or underestimated potential employee relations flashpoints and the likely concerns of frontline workers. There was evidence to suggest that this was increasingly happening, with management engaging with the forum representatives earlier, and in relation to a wider range of issues, because they perceived value in doing so rather than merely

because they should. Another advantage for the company was they were operating within an EIV framework they had effectively co-designed rather than one which had been imposed as a result of statutory requirements. The threat of unionization loomed large, and therefore management had a vested interest in ensuring the NER system was deemed effective.

In terms of disadvantages from the company perspective, the key issue was primarily the cost (both financial and non-financial) required to develop and sustain an effective EIV system which would attract and sustain the buy-in of all actors.

For employees, the main benefit was access to some form of collective voice mechanism, through which they could express their views and concerns to management. The importance of this must not be underestimated given the decline of collective voice and shift to direct voice in many UK workplaces, and especially those in the private sector. For many WebBank employees this was their first full-time employment, and in turn their first experience of collective voice mechanisms of any type. From this perspective, it might be supposed that such an employee demographic might be relatively open minded in relation to the benefits or role of non-union employee representation. It also offered an approach to representation which most said they preferred, namely a predominantly cooperative rather than adversarial relationships with management. While most employees were not especially interested in the EIV system on a day-to-day basis, most were aware of its existence and function, and elections of representatives were highly publicized events. To be clear, the employee forum did not offer full 'job regulation', whereby representatives become authors of the rules that govern work, nor did it offer industrial democracy or the retaliatory power associated with trade unions (Hyman, 2001). The EIV forum also never yielded 'economic regulation' through the negotiation of terms and conditions through collective bargaining.

Though there are clear problems with simply comparing union and non-union voice structures in general terms, it remains relevant given that an important question in judging the efficacy of the structure is how it might compare to other potential alternative voice mechanisms. The findings of Waddington and Whitson (1997) are useful in this respect in their study investigating the reasons British workers join trade unions. The results revealed that by far the most common response (with 72% respondents) was to get support if there was problem, followed by improvements in pay and conditions (36%) and a belief in unions (16%). In this respect, a potential disadvantage of the forum compared to a trade union was that the forum could not offer specialist legal support. Rather, the forum was focused more around promoting cooperation and employee welfare concerns, but was not in a position to offer employees specialist legal advice if a major conflict occurred resulting a disciplinary and grievance situation. An interesting result of this was evidence of some employees who reported satisfaction with the collective representation offered through the NER, who had also privately joined a trade union

precisely for the peace of mind this affords in terms of potential recourse to independent individual representation.

The findings at WebBank appeared to confirm other research which has found that employees in non-unionised setting believe that a union would make little difference, as well findings which suggest that UK workers want collective representation characterized by cooperation rather militancy or confrontation (Bryson and Freeman, 2006). Concerns were expressed regarding unions being too militant and anti-business, which it was believed would generate conflict rather than improving employment relations.

Recent Developments at WebBank

Since WebBank opened at the height the of the 'dot com bubble' in the late 1990s, there have been considerable changes in the UK and international financial service sector. After an initially impressive start, WebBank struggled to sustain its position in the intensely competitive UK retail banking market, and in 2003 the parent organisation attempted to sell the business. However, there was a lack of interest among competitors who had responded by developing their own internet-only brands offering enhanced products and services compared to their mainstream offerings. Competitors included Intelligent Finance (Lloyds-HBOS), Cahoot (Santander) and First Direct (HSBC). For many customers this offered the best of both worlds: the convenience of internet banking combined with the security and peace of mind associated with a national branch network should things go wrong. Research has suggested that 77% of consumers would not consider an online or telephone only bank (OFT,2010). Fear of fraud means many potential customers remain fundamentally suspicious of internet banking, and the sector is also notorious for consumer inertia. For the dominant Big Five, this is good news with current accounts used as a gateway product with the opportunity for the cross –selling or an array of products and services.

In 2007, the parent company decided to sell what was at that point a loss-making business to a US financial service organisation keen to improve its foothold in the UK retail banking market. Shortly after, the implications of the global financial crisis (GFC) contributed to a sustained period of turbulence within the sector. Major banks including RBS received government support to ensure their continued viability, a situation which might have been quite unthinkable in the boom years. Another consequence of the GFC has been the consolidation and concentration in the retail banking sector in the sector, with 14 mergers since 2008, including HBOS-Lloyds TSB and Alliance and Leicester-Santander. The new 'Big Five' held an 85% share of the personal current account market, 60% unsecured loans, 62% savings deposits, and 75% of new lending in the mortgage market (OFT, 2010).

At the same, many international operators faced economic pressures in their domestic markets and scaled back international operations. The US owner of

WebBank was no exception and in 2010 took the decision to “reduce its portfolio of non-core operating businesses and assets”. WebBank had clearly struggled and was making significant losses, and the employee forum also experienced intense pressure. It was perceived that the new American management team did not understand or appreciate the value or purpose of the employee forum. Many of the original senior management champions had left, and relationships between senior management and the forum representatives needed to be reconstructed. It was suggested that in some cases this had been possible, but that in others it had proved more problematic, exacerbated by a context of constant restructuring, high management turnover, cultural differences, and a tough business climate. Though access for a detailed investigation was understandably not forthcoming during this period, it was clear that in general the employee forum members had felt sidelined and marginalized since the US acquisition. In 2011 the business was sold in several parts (mortgages, savings, credit cards) to other competitor financial service organizations. The WebBank brand is still in use albeit merely as a trading name, with the original WebBank business and centre employing 600 workers closed.

EIV Implications and Lessons

Several implications and lessons can be derived from a review of the WebBank experience of NER on a greenfield site.

1. *The importance of the business context.* The EIV system at WebBank was created in a very young organization which was distinctive from others in the sector in terms of both its business and HRM model. While the senior leadership team were veterans of the financial service sector, there was an opportunity to initiate and develop an EIV system from scratch in a fresh environment. This makes it quite different from many of its main competitors which have a long history of operation and embedded traditions of HRM and must work within the constraints of ingrained employment relations systems. The latitude for management choice in this context was therefore greater than in long-established settings. As with much in HRM, given the relevance of contextual contingencies, it seems unlikely that a single ‘best practice’ EIV structure can simply be transposed from one organizational context to another. Nevertheless, several ingredients appear to be associated with positive evaluations of organizational processes, and their absence associated with negative evaluations of EIV.

2. *Clear expectations of purpose.*

To be effective, EIV requires a clear understanding of the purpose and rules of engagement. In particular, is the expectation that EIV will provide a process of codetermination and joint decision making resulting in industrial democracy, or is it

more concerned with ensuring effective information and consultation and the opportunity to have a say? The expectations and responsibilities of actors at WebBank were expressed in the Commitment Document, and management and employee representatives were clear that the employee forum was a consultation body as opposed to a negotiating body, and that within this framework management retained the right to manage, and indeed to make the final decision. This was not perceived to be a particularly problematic feature, for workers and employee representatives believed that the process of information and consultation delivered mutual benefits.

3. Clear understanding of the processes

Similarly, all actors need to have a clear understanding of the processes associated with achieving the objectives. In the case of WebBank, the meaning and process of consultation was made explicit by the detailed 'Options-Based Consultation' framework developed in conjunction with the Involvement and Participation Association.

4. High-trust relations between organizational actors

Strong working relationships between the key actors in the EIV process were identified as a key success factor underpinning the effectiveness of the structure. These were important at all levels, and most notably between senior management and employee representatives, middle/line managers and employee representatives, and between representatives and employees. In this respect positive informal working relationships were as important as the more formal processes associated with the formal infrastructure. A challenge was what happens when key actors who have acted as voice advocates and champions leave the business, such as the departure of the inaugural CEO in 2006.

5. Legitimacy Management must accept the legitimacy of the EIV system if it is to function effectively. This requires a subscription to the pluralist nature of workplace relations, where occasional conflict and disagreement is viewed as natural rather than evidence of troublemaking or a breakdown in communications. Management need to accept the constructive criticism offered by employee representatives and be open to exploring alternative perspectives, ideas and viewpoints; indeed these need to be positively encouraged. They also need to accept that not only are alternative views legitimate, but also that they can potentially lead to better business decisions. Attempts to undermine, exploit, or constrain the representative body mean it is likely the body will deliver little for management or workers.

6. Transparency

In order to foster an environment of trust, and confirm the legitimacy of the structure, a culture of transparency was required, with management actively consulting with employee representatives at an early stage on a whole range of business issues and

proposals. While this required management to trust the representatives, especially when the information remained confidential and sensitive, it also served to consolidate trust as representatives valued being entrusted and involved at an early stage.

7. Problem-solving approach

Actors regularly spoke in terms of problem-solving approaches, and there was evidence of innovative solutions being devised as a result. Rather than establishing and defending positions, the emphasis was upon working together to identify a mutually acceptable way forward through robust debate and accepting disagreements as normal.

8. Long-term perspective

Actors were required to take a longer term perspective in relationship to decision making rather than merely seeking quick fixes. In other words a more strategic approach to HRM was required.

9. Employee representatives. Employee representatives need to be standing for the right reasons and to be credible as the voice of employees. A key concern of management is that some representatives only stand for election because of a personal vendetta with the company, or that they only represent the views of a vocal minority of workers. Employee representatives need to ensure that that they are accepted by management as the legitimate and representative voice of all employees. They must also have interpersonal skills required to develop collaborative but influential relationships with management. These roles are likely to be challenging and require adequate training for those assuming roles as representatives, so that they are capable of engaging in debate and not merely opposing or criticizing. Representatives are increasingly required to challenge on the grounds of the business case, and this requires particular skills and approaches. As Terry notes, “success in consultation is perceived to rely on force of argument and technical competence rather than upon muscle”. While it might be relatively easy to decide which position to take in relations to distributive issues such as terms and conditions, it can be more difficult to decide what to support where more integrative matters are concerned (Terry, 2003, 493). A delicate balance has to be struck by representatives between being perceived to be ‘too strong’ and ‘too weak’ (Ackers et.al, 2004) by both management and the workers they represent.

10. Senior management support

Management support was central to the success of the EIV mechanism. In particular, the explicit support and regular involvement of the Chief Executive sent a strong signal about the relevance of the forum to the business. Without visible support from the top, a risk is that the EIV mechanism is viewed as a peripheral or tangential mechanism.

11. Middle management support

It is essential to get the buy in of line managers who are actually responsible for implementing policy and managing people on a day-to-day basis. Yet middle management might not automatically support or understand the role of the EIV. They may view it as at odds with reality, restricting autonomy and slowing down decision making. They may also lack the skills and encounter difficulties reconciling competing and sometimes contradictory priorities. Finally, line managers might not be rewarded in accordance with their commitment or engagement to EIV, and thus driven by a narrower focus upon the achievement of 'hard' business results. This can result in inconsistencies in the application of agreed policies and processes.

12. Employee awareness and support A danger is that EIV becomes an arcane elite-level process of little relevant to workers. Of course, it is likely that most employees do want or need a detailed account of – or involvement with – forum activity. However, a lack of communication can lead to perceptions of inactivity, inertia and irrelevance. Employees sought enough communications to allow them to follow the main business and employment relations 'headlines' with clear signposts to further details should they require it. Importantly, employees supported collaborative rather than combative relationships with management.

13. Integration with the wider business and governance structures EIV needs to be integrated into the overall management of the business. EIV needs to be able to operate both at a senior strategic level within the business but must also capture the day-to-day dynamics of employment relations. This requires the engagement of all actors and not just a clique of staff formally involved with the employee forum. While it is easy to be dismissive of 'tea and toilets' such issues are often key hygiene factors. The danger is the EIV becomes so involved in strategy that such issues – which really matter to employees – also fall off the agenda.

Conclusion

Thus we can see that the relationships at the centre of the EIV are dynamic and susceptible to periods of energy and action, as well as periods of relative inactivity. While a period of turbulence or organizational change may reinforce the value of EIV, when the environment stabilizes it might be easy to forget or undervalue the structure. For the employees the structure is representing a period of invisibility could be construed as superfluousness. Equally, turbulence might either consolidate and reinforce the efficacy of the structure, or it could potentially undermine its value. A key change in the operation of the WebBank EIV was the acquisition of the business by a US organisation in 2007, and the perception that the new owners were less convinced by the value or relevance of the NER. As a result senior and middle management support appeared to evaporate.

To be sustainable, the voice process needs to be seen to be delivering regular benefits to the parties involved. While this does not mean that all actors were happy

with all of the outcomes decisions all of the time, there are clear risks associated with a structure which is not perceived to deliver any benefits for labour or management. For management, the benefits sought included constructive criticism, and ideas about how business proposals could be improved. For labour, the benefits sought were primarily associated with ensuring organizational decision making processes were transparent, fair and well-justified, and that improved employment relations outcomes were regularly achieved as a result. Voice which is not thought to have any 'regulatory impact' (Hyman, 2005) is unlikely to be sustainable.

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