

## Employee consultation - a mixed picture

Mark Hall and John Purcell

IRRU recently completed a major research project investigating organisational responses to the Information and Consultation of Employees (ICE) Regulations. Here we highlight the main findings. The focus is on the factors underlying the different approaches to information and consultation identified among the participating organisations, in particular the central role of management. Other key issues analysed include trade union attitudes to, and involvement in, Information and Consultation arrangements and the impact of the ICE Regulations.

The Information and Consultation of Employees Regulations 2004 established a general statutory framework giving employees the right to be informed and consulted by their employers on a range of business, employment and restructuring issues. The legislation has applied since April 2005 to undertakings with at least 150 employees, since April 2007 to those with at least 100 employees and since April 2008 to undertakings with 50 or more employees. The Regulations provide considerable flexibility of response, and enable the adoption of organisation-specific Information and Consultation arrangements.

The research involved longitudinal case studies in 25 organisations drawn from the private and voluntary sector.

Workforce size (at the start of the fieldwork) ranged from over 6,200 in the largest organisation to 40 in the smallest. Fourteen of the case study organisations recognised trade unions for the purposes of collective representation in at least some parts of the organisation.

The most common type of Information and Consultation (I&C) arrangements – present in 14 organisations – was that of I&C bodies elected by all employees. Eleven of the unionised organisations had ‘hybrid’ I&C bodies (involving both union and non-union representatives) and two organisations informed and consulted via recognised trade unions. Two organisations used different types of I&C arrangement at different sites.

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#### Juxtaposing union and non-union employee representation within companies

Jimmy Donaghey writes that survey evidence in both the UK and the Republic of Ireland indicates that a growing proportion of those large, multi-site firms which recognise trade unions do so at some sites but not at others

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#### The impact of the crisis on young workers' employment

Melanie Simms discusses the effects of the economic and fiscal crisis on young people across the EU. Across all member states, unemployment in the 15-25 age group has risen sharply since 2008, rising from 14.9% to 21.4% in 2010. In response, governments in particular, and employers and trade unions, have taken policy initiatives. The European Industrial Relations Observatory recently commissioned a comparative study of the responses of the public authorities and the social partners to the labour market crisis confronting young workers.

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# In this issue

This issue of IRRU Briefing carries features from three of our research projects. It also includes a research update on IRRU's activities, covering selected recent publications and new research projects.

Whilst the incidence of union recognition in the private sector of the British economy has continued to decline, non-union forms of employee representation – and 'hybrid' arrangements combining union and non-union representatives – have become a feature in a growing number of organisations. Implementation of the UK's 2005 Information and Consultation of Employees Regulations, as a result of a 2002 EU Directive, has added impetus to this development. Evolving practice in a range of organisations has been tracked and analysed by IRRU's four-year, government-funded project which was completed at the end of 2010. Early findings have featured in two previous issues of IRRU Briefing (No. 15, autumn 2007 and No. 17, spring 2009). Here the development of information and consultation (I&C) practice over time in over twenty organisations is analysed. In a small number of organisations, newly established I&C arrangements fell into disuse over the period. Beyond this, the study reveals two broad trajectories, distinguishing between those organisations where management are 'active consulters', engaging employee representatives in the shaping of decisions, and those which are essentially 'communicators, with practice being largely limited to conveying information to employee representatives.

Like the UK, the Republic of Ireland had no tradition of a universal right to representation, for information and consultation purposes, before implementation of the Irish legislation giving effect to the 2002 EU Directive. The

second feature reports on a study of the impact of the Irish and UK legislation on I&C practice on organisations under the two respective jurisdictions in the island of Ireland. The focus is on companies with operations both south and north of the Irish border. I&C arrangements in some organisations are found to differ across the border, and the feature shows that organisational factors as well as jurisdictional differences are important in accounting for this. More broadly, the changes to domestic legislation required by the EU's 2002 Directive varied considerably, ranging from minor adjustments in countries such as Germany and the Netherlands – with well established works council arrangements – to major legislatively-backed innovation as in the case of Ireland and the UK, and also several of the central east European member states. Against this background, key findings from a Eurofound-commissioned analysis of resulting I&C practice across the EU are summarised alongside the first two features.

Our third feature also draws on European-wide research – in this case a comparative study of the impact of the economic crisis on the labour market position of young workers. The study, which was undertaken by IRRU for the European Industrial Relations Observatory, reviews the labour market situation of young workers across the 27 member states of the EU, and the actions being taken by governments, public agencies, employers' organisations and trade unions to address the escalating problem of youth unemployment. Rates of youth unemployment are running at at least double those for older age groups across the EU; where young people are in work it is more likely to be precarious in nature. The public authorities in most,

but not all, countries have stepped up policy measures aimed at the young unemployed, although there are signs that such initiatives may now be in jeopardy as a result of deficit reduction programmes.

We hope that you find IRRU Briefing No. 20 informative and accessible, and would be pleased to receive any feedback.

Paul Marginson, IRRU Director

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*IRRU Briefing aims to inform and contribute to the thinking of practitioners in industrial relations and human resource management. IRRU's research ranges much wider than the topics covered in this publication. Many of our recent papers can be found on our web site. Please go to: [www2.warwick.ac.uk/go/irru](http://www2.warwick.ac.uk/go/irru)*

*For further information on our work, please contact IRRU's Research Coordinator at the address on the final page.*

# Employee consultation under the ICE Regulations – a mixed picture

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The Regulations allow for I&C bodies to be constituted as 'pre-existing agreements' (PEAs), negotiated agreements reached via the Regulations' procedures or, where no agreement is reached, 'standard' or default arrangements. It is also possible for employers to determine the I&C arrangements unilaterally outside the scope of the Regulations. In the research the great majority of I&C arrangements were either subject to voluntary agreement between management and employee representatives (i.e. potentially PEAs) (12 cases) or were introduced unilaterally by management (11 cases). One company had an agreement which was intended to have the status of a negotiated agreement. In two cases, I&C was via union representatives, anchored in a union recognition agreement.

## *Evaluating the role and impact of I&C in practice*

Any evaluation of consultation and information sharing must be against a benchmark. Given that the research was explicitly concerned with responses to the ICE Regulations the benchmark chosen was the standard provisions concerning the content and process of I&C. The research addressed how far the practice of I&C differed from the standard and with what effect. Under the standard provisions information on the undertaking's activities and economic situation must be provided and consultation should take place on probable developments in employment. Where decisions are likely to lead to substantial changes in work organisation consultation should be 'with a view to reaching agreement'. Procedurally, consultation is defined as a sequential process, allowing representatives to formulate and express an opinion, meet with management and obtain a response.

Using evidence from the 21 organisations in which the research was completed (four having dropped out of the project after only the first phase of the research had been carried out) a threefold categorisation is used.

- 'Active consulters': managements which consulted on strategic issues often before the decision was taken and where there was a degree of employee influence over decisions (8 organisations).

- 'Communicators': managements which used the I&C bodies essentially for communication purposes, rarely placed strategic issues on the agenda, and then only after the decision had been taken. Representatives were expected to communicate the decision to employees and feedback views, and raise issues of concern (12 organisations).

- 'Defunct': I&C bodies ceased to operate after only two or three years in existence (two organisations).

At one company, the I&C body at a unionised site researched fell into the 'active consulters' group while those at two other non-union sites were categorized as 'communicators'.

## *The dynamics of I&C – the 'active consulters' and 'communicators' compared*

Although research in the 12 largest surviving organisations had finished before the recession, in all of them significant business issues had impacted on employment and work organisation. The medium and small sized organisations were studied at the time of the recession which did affect some of them. The experience of major change can provide an opportunity for consultation, while in cases where little change takes place the subject matter can be attenuated, especially if management chooses not to discuss policy options with the I&C body, as was the case in the 'communicators'.

The active consulters generally shared business information and consulted over business issues. In three cases this met the criterion of 'with a view to reaching agreement'. It was quite common for special meetings to be called and for discussions to be held in confidence prior to an announcement. The communicator companies did not generally hold special meetings or provide information in confidence.

Management had markedly different views about the role and purpose of I&C. The 'active consulters' were, generally, willing to share information and consult over issues such as business decisions and aspects of HR policy. In many of the 'communicator' companies the purpose of the I&C body was to give an opportunity to staff to raise issues with senior management via the representatives. Employee representatives were also expected to be a communication

bridge telling employees about company policies and bringing back concerns to the I&C body. In some cases the limited role of the I&C body was exacerbated by management's emphasis on direct communication with their employees either bypassing the I&C body or raising matters after direct communication. In some 'communicator' cases I&C worked well when first established as it dealt with an accumulation of issues but tailed-off subsequently. The more successful communication bodies were able to filter out 'trivial' issues and management placed items on the agenda, often to do with aspects of HR policy.

In the employee survey 54% of the respondents in the 'communicator' organisations did not know how helpful their representative was in expressing their views, or said there were no representatives. The comparative figure in the 'active consulter' group of organisations was 47%. Low response rates in some of the organisations mean that these data should be taken as indicative.

Senior managers in both groups regularly attended forum meetings and some form of training was often provided to new representatives. This common level of support reinforces the conclusion that differences in the practice of consultation emanate from active managerial preferences concerning the role of I&C. The only cases where management support was withdrawn were in the two organisations where the I&C body became defunct. Managers in the 'communicator' companies often wanted representatives to be proactive, taking part in discussions about the business as a whole, but in the absence of specific items concerning business or HR policy, representatives tended to raise housekeeping matters to the general dissatisfaction of all involved. In some companies efforts were made to revitalise the body through further training, a change in chair, placing HR issues on the agenda and renewing efforts to publicise the work of the forum.

One distinctive difference between the types of consultation practice was the way the representatives were organised and conducted themselves. In the 'active consulter' organisations it was often the case that representatives would hold 'pre-meetings' among themselves to discuss agenda items and how best to respond.

It was rare for this to happen among the ‘communicator’ companies even though in a number of the constitutions it was allowed for. In these companies contact between representatives outside meetings was rare. Two of the three organisations with the most advanced form of active consultation had a full-time representative. In two others an external union full time official was a member of the I&C body. Representatives in the ‘active consuler’ companies tended to stay in post for longer than their counterparts in the ‘communication’ companies. In the latter it was often harder to find people to stand for office. One effect of this is the better accumulation of experience and growing self confidence among representatives in the ‘active consuler’ organisations.

It is difficult to assess the outcomes of consultation. Consultation was not seen to be a topic that needed to be evaluated. Frequently management explained that consultation and listening to staff views was something they did as a matter of course. Among the ‘active consuler’ companies the research was able to identify instances where consultation had had an impact on management decisions concerning work reorganisations, including redundancy and on pay or pay systems. No such outcome effects were noted among the ‘communicator’ organisations. There was some indication from the employee survey that satisfaction with levels of involvement was higher in the ‘active consuler’ companies and among those with ‘hybrid’ bodies compared with those which were exclusively non-union.

### *Trade union attitudes and the operation of ‘hybrid’ I&C bodies*

Trade union ambivalence towards the Regulations at the national level was reflected in the organisations covered in the research, at least initially. In only one of the case study organisations where unions were recognised was there any union interest prior to management initiating the formation of I&C bodies. Suspicion of managements’ motives was greater where union membership was low. Here unions sought to protect their collective bargaining rights. In practice, no management sought to use the I&C arrangements to de-recognise unions and collective bargaining continued to be the preserve of the unions. Unions were usually offered membership of the I&C body. Union concerns about I&C

## About this project

The research was funded by the Department for Business, Innovation and Skills (BIS), the Advisory, Conciliation and Arbitration Service (Acas) and the Chartered Institute of Personnel and Development (CIPD). The research team comprised Mark Hall, John Purcell and Michael Terry at IRRU, Sue Hutchinson at the University of the West of England and Jane Parker, formerly at IRRU and now at the Auckland University of Technology. Freelance researcher Jill Smith also undertook some fieldwork. The research programme was overseen by an advisory group consisting of representatives of the three funding organisations.

The final report from the project was published in December 2010 in the BIS employment relations research series ([www.bis.gov.uk/assets/biscore/employment-matters/docs/l/10-1380-information-consultation-ice-regulations](http://www.bis.gov.uk/assets/biscore/employment-matters/docs/l/10-1380-information-consultation-ice-regulations)).

The research method used was that of longitudinal case studies. Reflecting the phased implementation of the ICE Regulations, the research involved three ‘waves’ of case studies. Case studies begun in 2006 in 13 private and voluntary sector organisations with 150 or more employees were completed in late 2008/early 2009. A second wave of case studies began in 2007 in eight organisations with 100-149 employees, and a third and final wave of four case studies started during 2008 in organisations with 50-99 employees. These were concluded in late 2009/early 2010.

Developments in ‘wave 1’ and ‘wave 2’ organisations were tracked over a two-year period. An initial research visit was made to each organisation and repeated some two years later, with telephone updates in the interim. In-depth semi-structured interviews were held with senior management, employee representatives and trade unions (where present) at each stage, supplemented by documentary analysis (agreements/constitutions underpinning I&C bodies, minutes of meetings etc). Where possible an employee survey was conducted after the initial and final research visits. For ‘wave 3’ case study organisations, a shorter, two-stage research programme was undertaken: the initial research visit was followed by a final update one year later, with an employee survey conducted where possible after both stages.

were not borne out in practice. In some cases management favourably compared the quality of the union representatives to their non-union counterparts. With experience, the barriers between union and non-union I&C body members dissipated and the ‘hybrid’ bodies worked well, for the most part. One advantage for the union participating in I&C is that it provides access to senior management and, in the ‘active consulters’, the range of topics discussed is wider than those considered in collective bargaining. There was no evidence that union participation in ‘hybrid’ I&C bodies led to changes in union membership.

### *The impact of the legal framework*

The statutory framework emerged as a factor of only limited significance in the case study organisations. Employees did not utilise their rights to ‘trigger’ the Regulations and management, in most cases, did not regard their decision to introduce I&C arrangements as compliance driven. It was internal employment relations considerations which predominated. Although in a minority of cases an agreement was signed by employee representatives, in only a few of these cases did management explicitly regard the agreement as a PEA.

One area where the Regulations did appear to have some influence was the provisions and wording of the agreements or constitutions underpinning the ICE arrangements. This was particularly the case in larger organizations, where more formalisation can be expected. However, these constitutions were sometimes ignored, especially in the 'communicator' organisations and one of the 'default' companies. There is little evidence that the Regulations had shaped managerial approaches to consultation, nor had they been widely used by representatives as a point of reference.

This finding can be seen as being consistent with the Regulations' policy of maximising the flexibility of response available to organisations and the broad definition of consultation. Aspects of employment law which did impinge more directly on consultation related to transfers of undertakings and collective redundancy.

#### *Conclusions and implications*

There is a crucial difference between the operation of I&C arrangements in organisations where management use the I&C body as a forum for providing strategic information and consulting on proposed business changes, and those where the forum is used as a communication bridge with the workforce. The two approaches to consultation have very different operational requirements.

In 'active consultation' management willingly consults before decisions are taken. To do that successfully there needs to be an effective body of employee representatives. Often special meetings of the I&C body are called with discussions held in confidence. It is common for HR policies to be discussed, and for representatives to raise housekeeping matters. Relationships are typically of high trust and informal discussions held between lead employee representatives and management outside formal meetings.

'Communication' bodies can suffer from a mismatch of expectations. Management want representatives to see 'the bigger picture', while I&C body employee members are often uncertain about their role beyond bringing housekeeping matters to the agenda. The more successful 'communication' bodies discuss HR policy,

## Information and consultation practice across Europe five years after the EU Directive

In the summer and autumn of 2010, Mark Hall and John Purcell coordinated and wrote up a comparative analytical report for the European Industrial Relations Observatory (EIRO) mapping the impact of the EU information and consultation Directive five years after its original implementation date. The comparative report provides an overview of the extent, practice and impact of employee information and consultation in 26 European countries (the EU27 excluding Finland and Latvia, plus Norway). The report was compiled on the basis of national contributions from EIRO correspondents in each country.

The study was published online in January 2011 at <http://www.eurofound.europa.eu/eiro/studies/tn1009029s/index.htm>

trivial items are filtered out and the work of the forum is widely publicised.

Management is the dominant partner in consultation, and it was their choices which determined how I&C operated. Where managements were prepared to engage in meaningful consultations the outcomes were viewed favourably. Where management supported the I&C body but did not provide information or discuss operational or HR policy matters it moved towards the edge of failure.

It is time for trade unions to reappraise their ambivalent approach to ICE. Fears of loss of recognition for collective bargaining and declining membership have not been borne out in the research. The operation of 'hybrid' I&C bodies has generally been effective, subject to management willingness to consult, and has provided unions with access to senior management.

The Regulations played only a secondary role in the formation and operation of the ICE bodies in the organisations covered in the research. This reflects the flexibility built into the Regulations and the fact that no groups of employees had sought to 'trigger' negotiations.

The establishment of 'dialogue' can best be achieved when there is an organised and functioning employee representative body able to articulate employees' interests. This is associated with being able to hold pre-meetings, the provisions of training and, in larger organisations, facilities. None of these

are specified in the Regulations and their provision is dependent on management good will or enlightened self interest.

# Juxtaposing union and non-union employee representation within companies

Jimmy Donaghey

Survey evidence in both the UK and the Republic of Ireland indicates that a growing proportion of those large, multi-site firms which recognise trade unions do so at some sites but not at others. This practice of juxtaposing sites with and without union recognition is known as ‘double breasting’. An all-Ireland study of companies’ responses to the Information and Consultation of Employee’s legislation introduced by the Irish Republic and the UK, respectively, by Jimmy Donaghey, Tony Dundon (NUI Galway), Niall Cullinane (Queen’s Belfast) and Tony Dobbins (University of Bangor) is the first to explore the practice on a cross-border basis, amongst companies with operations in both the South and the North of Ireland.

The extent to which double-breasting represents an explicit management strategy in companies with unionised operations has been the focus of extensive debate. North American studies have drawn attention to the way in which companies previously based in the unionised ‘rust belt’ of the US have pursued a strategy of locating new investments in non-union ‘right to work’ states in the ‘sun belt’. Research in the UK and Ireland, however, has pointed to the role of other influences such as organisational legacy, when an otherwise unionised company acquires another company with non-union operations, or vice versa.

Within the all-Ireland study, four organisations with operations either side of the border had representation arrangements which are consistent with double breasting practice. They have been anonymised as BritCo, ConcreteCo, TourismCo and CateringCo. The findings demonstrate that union avoidance, whilst a significant motive, is only one amongst several relevant influences. ‘Inherited organisational legacies’ were a prominent influence, as also was the ‘regulatory effect’ of the two different legal jurisdictions governing employee representation. Moreover, in all four firms, albeit to different degrees, there was a tendency to ‘muddle through’ as opposed to any explicit embrace of a double-breasting strategy.

Finally, it was observed that the practice was associated with spillover effects across sites, involving both managers and employees.

### *Representation practice in four companies*

At Britco, double-breasting was shaped by a number of influences. Its historical background as a state-owned utility in Great Britain and Northern Ireland has left a legacy of strong trade unionism and detailed company-union agreements in the North. The company entered into the Republic market through the acquisition of a non-union entity which was then combined with the Northern Ireland operations into one all-Ireland company. Whilst non-unionism prevailed in the Republic, in Northern Ireland industrial relations remained in a different sphere: terms and conditions of employment are determined through collective bargaining conducted at UK group level. However, the non-unionism in the Republic was convoluted by a further acquisition of a unionised telecommunications firm, employing around 50 engineers. The previous unionised arrangement with these workers was maintained as the acquisition was assimilated into BritCo operations. Yet, when workers from the earlier non-unionised acquisition later sought to join a union and secure recognition, management strongly opposed such efforts. Interestingly the motivation for this campaign was shaped by negative

comparisons made by non-unionised workers in the South with their Northern, unionised counterparts.

ConcreteCo is a markedly decentralised organisation with local managers taking responsibility for all HR and employment relations policy. In the South ConcreteCo is highly unionised, whilst the North is predominately, but not exclusively non-union. Double-breasting has emerged as a result of pragmatic considerations on a case-by-case basis rather than through a pre-planned strategy for the organisation as a whole. In particular, management approaches to employee representation and voice have been patchy and fragmented. Importantly, the decentralised managerial structure encouraged a high degree of latitude which enabled local managers to ignore the range of employee representation and voice mechanisms operating across other parts of the organisation and accommodate to local circumstances and prevailing custom and practice. Thus, in some cases in Northern Ireland, although the company was predominately non-unionised there, unionised firms were over time acquired and the local collective bargaining relationship maintained. In this company the driving influences seemed to be purely expedient and pragmatic.

Workers at TourismCo are unionised in the Republic and unorganised in the North. Again double-breasting arose not as a pre-planned approach, but as a result of inherited practices and changing employee expectations in respect of representation and voice. Significantly, double-breasted arrangements at TourismCo developed as a result of decisions by employees themselves. The key issue was concern over a growing pay differential that favoured employees in the South, which was a product of diverging economic circumstances and currency values between the North and the Republic. The Northern Ireland trade union was constrained by public sector requirements to retain unified terms and conditions across occupational grades. The consequent inability of the union to address employee grievances over pay differentials between North and South resulted in workers in the North simply dropping out of union membership to the extent that the company in the North now has no union presence. In this company, spillover effects underpinned the emergence of double-breasting

CateringCo is perhaps the most complex double-breasted situation amongst the four cases. The organisation, owned by an American multinational, adhered to a non-union policy. In reality, however, local management recognised unions at several sites on both sides of the Irish border. A number of factors explain this. First, employees who worked for CateringCo prior to its acquisition by the American parent group had a tradition of unionisation. Secondly, local managers decided to mirror the HR architecture of client plants as a way of demonstrating a 'cultural synergy' between CateringCo as the contractor and the customer firm. This was also influenced by the client firm, some of whom preferred a non-union arrangement but others of which recognised unions. The HR Manager for CateringCo summed this up as "going with the flow". In sum, multiple influences were apparent in this case: the anti-union stance of the new parent, inherited legacies and practice in client organisations. One implication is that representation arrangements are also shaped by factors beyond the immediate employer.

**Table 1: Influences on double-breasting practice**

Case	Muddling through	Spillover	Inherited legacies	"Going with the flow"
BritCo	✓	✓✓	✓	
ConcreteCo	✓✓	✓	✓	
TourismCo	✓		✓✓	✓
CateringCo	✓	✓	✓	✓✓

*Accounting for double-breasting*

In explaining the motives that encouraged double-breasting, the findings unearthed four overlapping institutional and actor-centred influences operating across different organisational and jurisdictional contexts. These are summarised in Table 1.

Support for the notion that double-breasting voice is part of a strategic objective to undermine trade unionism is limited. Certainly in most cases, apart from TourismCo, management did not proactively support trade union recognition. Yet, rather than opposition to trade unions being the uniform influence across all sites, the study identified a broader and more nuanced palette of ad hoc and emergent circumstances which could not be regarded as evidence of strategic managerial intent. Instead they reflect incrementalism and pragmatism rather than strategic choice. Unusually, in TourismCo the pattern of double-breasting did not even stem from management decisions, but derived itself from the collective decision of workers. Management in turn simply acquiesced to this state of affairs, pragmatically engaging with existing representation mechanisms as they evolved around changing employee demands and expectations.

Inherited legacies from predecessor firms or custom and practice appeared to play a key role in shaping the emergence of double-breasting. For example, in BritCo, the costs of breaking with trade unionism in the North and in the unionised acquisition in the Republic would have been high in terms of its implications for the rest of the UK, in the former instance, and the high likelihood of industrial disruption in the latter. This also explains the pragmatic acquiescence by ConcreteCo in Northern Ireland with the inherited

legacies encountered in acquired sites which were already unionised.

Spillover effects were particularly apparent in BritCo and TourismCo. In these two companies cross-border interactions between workers at unionised and non-unionised sites were influential in shaping the evolution of double-breasting practice. Contrasting dynamics were in evidence. In TourismCo, spillover effects resulted in the union being discarded, whereas the opposite effect was observed in BritCo, as the drawing of comparisons strengthened the union.

*Conclusion*

The cases outlined here indicate that double-breasting may not simply be part of an intentional union avoidance strategy. Rather, companies have both opportunities and constraints presented to them through a mix of various institutional possibilities and historical legacies. In explaining the variations of double-breasted voice arrangements, factors such as the influence of unionisation, regulatory regimes, changing employee expectations along with host company practices are all important. The influences shaping the emergence of double-breasted practice in multi-site organisations are complex, with a large number of factors coming into play when analysis is extended across a common border to two countries.

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# The impact of the crisis on young workers' employment

Melanie Simms

The effects of the economic and fiscal crisis on young people across the EU are striking. Across all member states, unemployment in the 15-25 age group has risen sharply since 2008, rising from 14.9% to 21.4% in 2010. In response, governments in particular, and employers and trade unions, have taken policy initiatives. The European Industrial Relations Observatory recently commissioned Melanie Simms to coordinate a comparative study of the responses of the public authorities and the social partners to the labour market crisis confronting young workers.

Prior to the onset of the crisis in 2008, young people already faced more significant labour market challenges than other parts of the workforce. Across the EU, youth unemployment is consistently higher than that for other age groups. In many member states (including Ireland, Belgium, Netherlands, Sweden, Denmark, Spain, UK, Hungary, Lithuania, Romania, Estonia, Bulgaria) youth unemployment is at least double the rate for the working population more broadly. Higher youth unemployment has been a particular feature of Southern countries, but also of Central and Eastern European countries (playing a significant part in intra-EU migration patterns) and of labour markets in the Nordic countries. In the UK, particular concern has focused on those not in employment, education or training (NEETs) and about the difficulties facing young workers who experience extended periods of unemployment. Moreover, unemployment is not the only challenge facing young people. When they are employed, they are far more likely to be engaged in precarious work than their older counterparts.

Data from previous periods of recession and economic difficulty highlight the long-term implications of early experiences of unemployment and precarious work on a range of individual outcomes including lower lifetime earnings, more frequent transitions into and out of employment, higher rates of poverty even in retirement, and poorer individual mental and physical health outcomes. Further, current public debate across the EU highlights concerns

over the danger of wider social exclusion (especially lower rates of participation in civil society) that may well result from early negative experiences of the labour market.

The causes of youth unemployment are hotly debated. Complex interactions of the following factors are likely to underlie the particularly problematic effects for youth: mismatches between the skills requirements of employers and the skills held by young people; employers halting or reducing recruitment to cope with economic challenges; collective agreements that protect jobs in exchange for enhanced flexibility (often working time flexibility) in order to retain workers; dynamics of migration patterns (inwards and outwards); labour market structures that may advantage older workers at the expense of new entrants; and the early and sustained impact of the crisis on particular sectors where young workers are employed in significant numbers (especially construction and manufacturing).

### *The worsening situation*

Within the deteriorating situation overall, there are important sectoral variations that are largely explained by differences in the timing and impact of the recession and economic crisis. So, for example, the construction and manufacturing sectors were generally among the first to suffer contraction in output and employment and young workers in these sectors have been particularly badly hit. Nonetheless, there is ample evidence that as the effects of the crisis have spread across national

economies, other sectors have faced similar pressures. By early 2011 the consequences of economic difficulties are wide-spread across economies, encompassing the public as well as private sectors, and the employment effects are equally widely noted.

The interactions of the economic and fiscal crisis with demographic changes – and particularly the ageing population – present a challenge for governments to balance competing objectives. On the one hand, there is considerable pressure to extend working lives through removing or raising compulsory retirement ages, delaying the age at which State pensions are received etc. On the other hand, governments face pressures to facilitate the transition of young workers into the labour market. Resolving these competing pressures is particularly challenging during a period where job creation is likely to be scarce.

### *Support from the social partners: still a long way to go*

Trade unions and employer associations in member states have recognised the particular difficulties facing young workers, but direct action is extremely limited. There is relatively limited evidence of responses to the particular problems of young workers in recent collective agreements, although in some countries there have been collective bargaining innovations that will help young workers either directly or indirectly. Countries where youth employment has been a long-term challenge are more likely to



report examples of innovation. In France, for example, an agreement between PSA Peugeot Citroën and the Group of European Automobile Unions committed the company to hiring 7300 young workers, mainly as apprentices. Similarly, the French publisher Bayard signed a three year agreement in 2010 with five unions on improving employment opportunities for both older and young workers. Primarily this focused on replacing older workers as they leave the company with recruits under the age of 30. The postal service La Poste also signed an agreement in 2008 with the objective of addressing the recruitment difficulties faced by young workers, and especially those from disadvantaged groups. Evidence on the effectiveness of such programmes is, however, mixed. A further example is the collective agreement at Deutsche Telekom in Germany in which apprenticeships and subsequent permanent employment for young workers have been guaranteed. However, there is little evidence of similar innovation in most EU countries, including the UK.

In some countries, most notably Ireland, Spain and Portugal, the crisis has led to a breakdown in national tripartite negotiations (social partnership) which has severely constrained the ability of social partners to implement policies intended to help young workers.

#### *Government responses: active labour market policies*

Overall, by far the most active protagonists in helping young workers have been governments. Governments in all member states have responded to the challenges, often as part of a broader package of active labour market policies (ALMPs). Common responses include: promoting apprenticeships, subsidies to employers for providing training, hiring young workers and/or employing apprentices, promoting and funding work experience programmes, reform and subsidy of post-compulsory education programmes to provide non-work opportunities for young people, tax incentives for employers to take on young workers who have been unemployed for 6 months or more, and minor examples of promoting entrepreneurship and public sector employment.

There are important differences between countries where youth unemployment was a policy priority prior to the financial crisis of 2008, and those where it has emerged only more recently as a problem. Belgium is an example of a member state that has had long-standing policies seeking to integrate young workers more effectively into the labour market. Here, continuity of policy is the notable trend. It should be noted that in some member states, the long-term nature of the problem has at times resulted in policy initiatives becoming deeply contested. An example is in France, where proposals in 2006 to make redundancy procedures more flexible for employees under 26 were met by considerable public and trade union resistance and were subsequently dropped.

Countries where challenges of youth employment have emerged more recently tend to be those that experienced a general period of growth in employment prior to the financial crisis. The Czech Republic stands as an example where a period of strong economic growth has been halted by the crisis and young workers are disproportionately badly affected by the change of economic conditions. In these countries, ALMPs have tended to focus on immediate initiatives to facilitate labour market transitions of young workers through developments such as more effective job matching processes, investment in and promotion of apprenticeship programmes, and incentives for state and employer funded training opportunities. There is good evidence that these measures can be very effective when supported by social partners and governments.

The UK and Ireland are notable for reducing funding to some of their programmes of ALMPs, including those targeting young workers. Other countries may follow suit as a result of fiscal challenges facing many governments. Debates have also emerged in countries as diverse as the UK and Denmark as to the potential effects of changes to post-compulsory education which require young people to pay a greater proportion of the cost of education. This may undermine objectives to raise skills levels across the EU.

#### *Conclusions*

The most common response to helping young workers has been for governments to initiate programmes of active labour market policies. Specifically, incentives for employers to offer vocational training placements and apprenticeships are a central strategy to helping young workers. Expanding training and apprenticeship opportunities is widely recognised as an effective measure to promote youth employment and develop work-relevant skills. In some countries public debate has emerged concerning the employment rights of young people engaged in internships and training, but generally these are seen to be an effective mechanism for developing work-appropriate skills and promoting employment amongst this group. Although some attention needs to be paid to ensuring there are appropriate job vacancies at the end of a period of training, most of the evaluation of the effectiveness of these programmes is very positive.

Although young people face many labour market challenges and there is mounting evidence that these have increased as a result of the crisis, there are examples of good practice and innovating in helping young people make the transition into work, and secure work in particular. These initiatives require support and commitment from social partners and governments, but can be effective when appropriately targeted and supported.

# Research update

## Recently published

IRRU staff produce a wide range of books, reports, articles, chapters for edited collections and other published outputs. Details of these, and our recent conference and working papers, are available from our website. Here we highlight three of our latest publications:

*Employment relations matters* is an innovative text by Keith Sisson with the double intention reflected in its title: to bring readers up to date with the matters that the study of employment relations deals with and to explain why they matter. Published on-line, it offers a framework that is comprehensive in its treatment and yet universal in its application. Although it mainly draws on UK examples, its integrated and thematic treatment means that the text can be adapted to reflect other countries' experience. It has two main audiences in mind. For teachers and students, it provides a resource with several distinctive features. It makes the employment relationship the central focus and so is equally relevant to those teaching/studying courses labelled HRM or industrial relations. It is analytical in approach, which means it does things that textbooks rarely do: it outlines the subject's approach, values and core assumptions; it reviews the relationship between employment relations and a number of economic and social outcomes; it goes beyond a description of institutions to explain why they are so important; and its treatment of the dynamics of power, negotiation and conflict is more extensive than normal. For policy makers and practitioners, *Employment relations matters* is intended to be a wake-up call. It is not just trade unions and collective bargaining that are under threat from the unfettered global capital market that has developed. Arguably, something even more fundamental is at stake – the traditional model of the employment relationship grounded in flexibility and security. In the process, the central role of employing organizations in developing human and social capital is in danger of being lost sight of, threatening many of the goals to which policy makers aspire, such as ending child poverty, enhancing the quality of family life, improving health, increasing social mobility and building

a knowledge economy. The equally pivotal role of these organizations in sustaining well-remunerated workforces who (as consumers) generate demand, and so profitability and growth, is also in jeopardy. *Employment relations matters* is available on the internet under a Creative Commons' Attribution/Non-commercial/Share-alike Licence. This means that, as well as being free to make use of the text for teaching and research, anyone will be able to adapt, extend and improve it. To download *Employment relations matters*, go to [www.2.warwick.ac.uk/fac/soc/wbs/research/irru/erm](http://www.2.warwick.ac.uk/fac/soc/wbs/research/irru/erm)

A recent article by Aristeia Koukiadaki draws on the findings from her doctoral thesis, successfully completed at Warwick in 2008, on the impact on policy and practice in the UK of the EU's 2002 Information and Consultation of Employees Directive. Published in *Economic and Industrial Democracy*, the article assesses the nature and implications of company responses to the UK's 2005 legislation transposing the Directive through the lens of an evaluative framework grounded in the capability approach originally developed and applied by Amartya Sen in his work analysing poverty in developing countries. Focusing on five case studies where the legislation had prompted the introduction of arrangements for employee information and consultation, the research findings question how far these have resulted in the institutionalisation of a 'capability for voice' on the part of employees and their representatives. This is attributed to the design of the legislation, and to the absence in Britain's industrial relations system of some of the supportive factors found in other countries.

The European Commission's *Industrial Relations in Europe Report 2010*, published early in 2011, includes two chapters by Paul Marginson and Associate Fellow Mark Carley on the responses of employers and trade unions to the effects of the economic crisis across the 27 member states of the EU. The first sets out the broader economic, employment and policy context confronting employers and trade unions. It shows that substantial consensus on the need for emergency measures to stimulate economic activity and maintain employment in the early

phase of the crisis has tended in some, but not all, countries to be followed by tensions over the distribution of costs and the timing and content of measures to reduce public deficits. At the same time, differences are apparent across countries in the degree of consensus between employers' organisations and trade unions on the measures advocated. The second chapter explores the responses of employers and trade unions to the crisis at the different levels of economic activity: cross-sector, sector and company. It finds that whilst negotiations, and national-level concertation, between employers and trade unions have played an important role in tackling the effects of the crisis, there is considerable variation across countries and sectors in their extent and character. In accounting for this variation, the influence of industrial relations institutions is found to be generally marked; so too is that of public policy intervention in the form of short-time working schemes. The report can be downloaded from: <http://ec.europa.eu/social/main.jsp?catId=575&langId=en>

## New research grants

*Internationalisation and industrial relations in the EU's six largest economies:* Guglielmo Meardi started his two year comparative study of European industrial relations in July 2010, funded by an ESRC Mid-Career research fellowship. The aim of the study is to explore the effects of internationalisation (i.e. foreign direct investment, migration, and EU (employment) policies) on national industrial relations in the six largest EU countries. Realising the project involves a period of study in all six countries (France, Germany, Italy, Spain, Poland and the UK), including accessing original language materials and documentation.

*A framework of management practice in the small firm:* a grant from the Advanced Institute of Management Research (AIM) is supporting Paul Edwards and Sukanya Sen Gupta – together with Associate Fellow Monder Ram – in elaborating the practical implications of their earlier work with AIM. That research developed a model of different kinds of small firm. The new study addresses the value of this model as a strategic device for firms and as a means for policy advisers to identify different

kinds of firm and to tailor their advice accordingly.

## IRRU's 40th Anniversary Lecture

Professor Harry Katz, Dean of Cornell University's Industrial and Labor Relations School, delivered our 40th anniversary lecture at Warwick on November 19th. The invited audience of over 70 included current and former IRRU staff and doctoral research students; Warwick alumni in industrial relations who are now prominent practitioners in the field; members of IRRU's Advisory Committee; senior members of the University and WBS community; and leading colleagues from other UK centres in the field. Harry Katz revisited and updated his earlier, landmark work which demonstrated that changes in employment systems across countries in two major industrial sectors were crystallising around four distinct patterns of employment practice. Divergence was increasingly evident in the distribution of employment practices between firms and sectors within countries. At the same time, convergence across countries was evident in the emergence of these four patterns. In the lecture he argued that the converging divergences framework could be applied beyond the advanced industrialised economies, to analyse developments in the industrialising economies of Asia and Latin America. He also discussed how far it could be extended to other parts of the economy, notably the public services.

# IRRU staff

Paul Edwards leaves Warwick and moves to the University of Birmingham in April 2011. He joined IRRU as a researcher in 1977, becoming Deputy Director and subsequently Director from 1988 through until 2002. In 2004 Paul was awarded a major 3-year fellowship by ESRC's Advanced Institute of Management. He becomes one of our Associate Fellows. John Purcell retired at the end of May 2010, and continues his work on employee information and consultation as an Associate Fellow. In September, Jimmy Donaghey joined Warwick Business School from Queen's University Belfast as an Associate Professor in Industrial Relations and Heather Connolly joined from Manchester Business School as a Teaching Fellow in Industrial Relations. Tom Prosser left in September to take up a lectureship at Trinity College, Dublin. Alex Wilson replaced him as research fellow for the EU observatory network.

## Academic and research staff

Trevor Colling  
Heather Connolly  
Artha Danieli  
Deborah Dean  
Linda Dickens  
Jimmy Donaghey  
Paul Edwards  
Manuela Galetto  
Michel Goyer  
Anne-marie Greene  
Mark Hall  
Aristea Koukiadaki  
Paul Marginson  
Guglielmo Meardi  
Gillian Morris\*  
Sukanya Sen Gupta  
Melanie Simms  
Keith Sisson\*\*  
Michael Terry\*\*  
Alexander Wilson

\* Honorary Professor  
\*\* Emeritus Professor

## Support staff

Val Jephcott  
(IRRU Research Coordinator)

## IRRU doctoral students

Benjamin Hopkins  
Euk Hwan Kim  
Jeong Hee Lee  
Juan Lopez-Cotalero  
Jude McNabb  
Christina Niforou  
Orestis Papadopoulos  
Emma Stringfellow

## Associate Fellows

James Arrowsmith  
Jacques Bélanger  
Mark Carley  
Tony Edwards  
Anthony Ferner  
Mark Gilman  
Richard Hyman  
Jane Parker  
Valeria Pulignano  
John Purcell  
Helen Rainbird  
Monder Ram  
Robert Taylor  
Judy Wajcman  
David Winchester

# About IRRU

IRRU embraces the research activities of the industrial relations community in Warwick University's Business School (WBS). There are currently 17 academic and research staff in membership, plus a number of associate fellows.

Our work combines long-term fundamental research and short-term commissioned projects. In both instances, we maintain the independence and integrity which have been the hallmark of IRRU since its establishment in 1970. We aim thereby to improve the quality of data and analysis available to industrial relations policy-making by government, employers and trade unions.

IRRU's advisory committee includes senior representatives of the Advisory, Conciliation and Arbitration Service, the Chartered Institute of Personnel and Development, the Confederation of British Industry, the Department for Business, Innovation and Skills, and the Trades Union Congress.

IRRU's research projects are clustered around five main themes:

- Europeanisation and internationalisation of employment relations, including employment practice in multinational companies;
- equality, inequality and diversity in employment;
- evolving forms of employee representation and voice;
- work and employment: beyond the standard employment relationship;
- legal regulation of the employment relationship.

Textbooks by IRRU staff on industrial relations and human resource management include:

Trevor Colling and Michael Terry (eds) *Industrial Relations: Theory and Practice* (3rd edn), Wiley, 2010

[Peter Boxall and] John Purcell, *Strategy and Human Resource Management* (3rd edn), Palgrave Macmillan, 2011

[Gill Kirton and] Anne-marie Greene (eds), *The Dynamics of Managing Diversity: A Critical Approach* (3rd edn) Elsevier, 2010

Keith Sisson, *Employment Relations Matters*, 2010, published online at: [www2.warwick.ac.uk/fac/soc/wbs/research/irru/erm/](http://www2.warwick.ac.uk/fac/soc/wbs/research/irru/erm/)

IRRU also publishes its own series of research papers – the Warwick Papers in Industrial Relations. These are available on-line at:

[www2.warwick.ac.uk/fac/soc/wbs/research/irru/wp/ir/](http://www2.warwick.ac.uk/fac/soc/wbs/research/irru/wp/ir/)

IRRU is the UK national centre for the network of EU-wide 'Observatories' operated by the European Foundation for the Improvement of Living and Working Conditions. The network embraces the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM). A consortium consisting of IRRU and the Institute for Employment Studies is also among a small group of European research institutes responsible for coordinating EU-wide comparative analytical reports for the three Observatories.

The three Observatories' databases are publicly accessible on-line at:

[www.eurofound.europa.eu/eiro](http://www.eurofound.europa.eu/eiro)

[www.eurofound.europa.eu/ewco/index.htm](http://www.eurofound.europa.eu/ewco/index.htm)

[www.eurofound.europa.eu/emcc/erm/index.php](http://www.eurofound.europa.eu/emcc/erm/index.php)

## Further information

Information on our current research programme and projects, and on recent papers and publications, is available from IRRU's website: [www2.warwick.ac.uk/go/irru/](http://www2.warwick.ac.uk/go/irru/)

Alternatively, please contact Val Jephcott, IRRU Research Coordinator, Warwick Business School, University of Warwick, Coventry, CV4 7AL; email: [irruoffice@wbs.ac.uk](mailto:irruoffice@wbs.ac.uk); phone: +44 (0)24 7652 4268

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