

# **Diversity management meets downsizing:**

## **The case of a government department**

***Anne-marie Greene, (University of Warwick) and***

***Gill Kirton, (Queen Mary, University of London)***

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### ***Abstract***

This paper focuses on what happens to organisational diversity policies – their profile, development, implementation and stakeholder views thereof – when the organisational imperative has turned towards significantly reducing workforce numbers. We present findings from qualitative case study research in one organisation within the UK Civil Service, a context where at the time of the research, the Government had declared that thousands of jobs must be cut, many from sectors where jobs were held predominantly by minority ethnic and female employees. The organisation, which we call PSO, had a long history of progressive equal opportunities (EO) and diversity management (DM) action and had externally promoted its commitment to ‘good employer’ policies, including diversity issues. The context of cutbacks and downsizing presented many challenges and

tensions for successful EO/DM. The paper uses Dickens' (1999) three interacting strategies for equality action (the business case, legal and social regulation) as an analytical framework for understanding the place of DM within PSO before and after the downsizing exercise.

## ***Background***

This paper has foundations in a now fairly well-trod area of academic debate regarding the implications of the emerging dominance of the business case rationale for DM. In this regard, while we recognise that this is contested, we take it as read that the business case has come to dominate the rhetoric, if not the practice of UK organisations at least. Three separate, but connected bodies of literature are relevant here; the first involving a critique of the business case and its ascendancy; second, the literature exploring the problems found in making DM a central business concern, including the devolution of responsibility for DM to line managers; and third, the literature considering the implications for DM of downsizing and restructuring.

Looking at the first body of literature, many authors are now keen to highlight the dangers of the business case rationale (see for example Noon and Ogbonna, 2001; Kaler, 2001; Greene and Kirton, 2005; Kirton 2008; Lorbiecki and Jack, 2000, Dickens, 1999; Webb, 1997). While the debate in the literature indicates that clearly it is not simply a question of 'either/or', (either the business case or the social justice case), many of the critics of the business case establish that it has risen in ascendancy, often to the exclusion, or the dilution of social justice. In direct relevance to our case study, Dickens (1999) traces the policy reform of the Conservative government from 1979 in the UK public

sector, where the ‘new public management’ (Wilson and Iles, 1999; Branine, 2004; Bach and Winchester, 2003), was supported by a policy of deregulation in the labour market and employment law. The Government promoted a ‘privatised route to equality, with emphasis on individual organisations deciding what [was] in their interests’ (Dickens, 1999: 11), while anti-discrimination legislation was kept deliberately weak, and trade union power and influence were severely attacked. The balance of influence in the regulation of equality and diversity within the labour market was thus pushed further into the hands of the employers.

A key criticism of relevance to our analysis, rests on the contingent nature of a purely voluntary, employer-led business case for DM. The business case is inevitably “*contingent, variable, selective and partial*” (Dickens, 1999: 10), meaning that action is arguably only encouraged when DM and business needs coincide (which will obviously vary from organisation to organisation) and is most likely only in areas which can be tackled easily. In addition, there is always the danger that a business case can be articulated against DM.

One danger arising from the contingent nature of the business case relates to the second body of literature, looking at the devolution of DM to line managers (see summary in Greene and Kirton forthcoming, Chapter 7). Part of the business case involves placing DM as a central business concern, and is therefore linked implicitly to the role of line managers in DM. Kirton and Greene (2005: Chapter 9) discuss the way in which shifts towards a diversity discourse followed on from, or at least occurred in parallel with, the emergence of the HRM discourse, where there is a central emphasis on the devolution of HR tasks to the line. One significant criticism of the traditional EO approach is that it was

largely seen as a specialist, peripheral activity that had little to do with line-managers or central business concerns. In contrast, within DM there is a very clear role for line-managers (Kandola and Fullerton, 1998).

Line-managers thus become the central conduit for deciding when, where and how DM is important – in Dickens’ (1999) terms, the occasions when business needs and DM coincide. While in theory DM represents an opportunity for interested and committed managers to get involved in equality and diversity, in practice there is evidence of line-managers’ reluctance to give priority to diversity issues (Cornelius et al 2000; Maxwell et al 2001). The freedom to manage and to exercise discretion that comes with devolution can also provide an opportunity for line-managers to ignore the equality and diversity agenda (Cunningham 2000). However, it is important not to vilify line-managers as it is also clear that they face many conflicting priorities, including heavy workloads, a requirement to meet short term operational targets and tight deadlines and that these difficulties might lead them to opt out of actively ‘managing diversity’. For example, the public sector in the UK has undergone such extensive changes over the last twenty years or so, that the pressures that line-managers are under are magnified to the extent that they might even feel ‘besieged’ (Cunningham 2000). However, for some line-managers it might not be a question of lack of time or commitment, rather that they might genuinely be at a loss to understand exactly what it is they are supposed to do to demonstrate that they value diversity (Foster and Harris 2005). In addition, some line-managers might believe that the DM policy is simply senior management rhetoric, a passing fad, and therefore they might not take it seriously (Maxwell et al 2001).

Finally, reflecting on both the bodies of literatures considered above, one situation where it could be anticipated that the resilience and contingent nature of the business case for DM would be severely tested is when organisations face a period of pressures for resource constraint and reductions in labour costs and size of the workforce. As Cunningham (2000: 706) points out, policy that relies on organisations providing reasonable budgets for EO initiatives, clearly runs the risk of marginalisation or collapse during periods of cut backs. Moreover, the competing pressures on line managers are only exacerbated when a context of restructuring is added into the mix (McGovern et al, 1997). Organisational restructuring, especially where there are potential redundancies, obviously can lead to larger workloads for line managers, and clearly constrains managerial involvement in activities that do not produce an immediate return, such as DM. Restructuring pressures thus lead to managers finding even less time to devote to DM activities, because often they are the ones who are expected to implement the changes (often involving difficult HR tasks and decisions relating to redundancy and job displacement). For this reason, McConville and Holden (1999) see the role of line manager as exemplifying, like no other role in the organisation, the tensions between different groups of staff and the role dissonance that can emerge for them in trying to balance all these different demands.

However, as Bajawa and Woodall (2006) point out, there has been little discussion within the literature to date of the impact on DM in organisations facing cutbacks and downsizing. They point to literature on restructuring more generally that indicates that even sustaining an EO culture may be difficult in times of change, let alone moving the agenda forward with new initiatives. Wilson (1997) found that in local government, EO

posts were seen as an easy option to cut, while similarly Cunningham et al (1997) found managers suspending or ending EO initiatives during cost saving reforms in the Civil Service. Woodall et al (1997) indicate that downsizing often disproportionately affects business functions where women are concentrated, while Creegan et al (2003) in their study of race equality in a local authority found that the negative impact of a change management programme on black and minority ethnic (BME) employees, women and those in low graded jobs was a recurring issue for respondents across the organisation.

### **Exploring strategies: an analytical framework**

In the face of the ascendancy of the business case within equality/diversity rhetoric and policy in UK organisations, Dickens (1999) presented a case for what she called a ‘three-pronged approach to equality action’, where the existence of three mutually supporting strategies (business case, legal regulation and social (joint) regulation) were argued to provide a sounder basis for supporting equality action than either of the three strategies alone. The nature of the three strategies is worth explaining in a little more detail in order to elucidate the framework for our analysis. In Dickens’ terms, the business case strategy relates specifically to the ‘privatised approach’ (Forbes, 1996) where EO (or we argue DM) is left to the individual organisation taking voluntary business case-driven action. The strategy of legal regulation relates to the role of equality and anti-discrimination legislation in i) setting and broadening employer equality agendas, ii) shaping the climate in which employer decisions are made, iii) providing universal standards and minima, iv) altering costs of discrimination and employer inaction (Dickens, 1999: 12). Finally, the strategy of social regulation relates to the role of trade unions in jointly regulating the

employment relationship, and promoting equality action through equality bargaining (Dickens, 1999: 14). A social regulation strategy has the benefits of: (i) extending the employer determined equality agenda and making it less easy to abandon; (ii) extending the legislative agenda by offering collective outcomes for individual legal decisions and turning formal legal rights into substantive outcomes; (iii) finally through a ‘voice mechanism’, offering ways in which marginalised groups can themselves play a role in defining, developing and sustaining equality initiatives.

It should be noted that Dickens (1999) was explicitly concerned with elucidating strategies likely to ‘engender preparedness to take EO action in the first place’ and thus not with organisations that already had an established EO/DM programme of action and therefore were ‘already predisposed to act’ (ibid: 9). However, we argue that her three-pronged approach also has strong analytical relevance to organisations that can be characterised as ‘predisposed’, including our case study organisation PSO and we use it as a way to explore what happened to the DM agenda there.

## ***Methods***

The case study research at PSO was part of a larger research project funded by the European Social Fund (ESF) aiming to explore multiple views of DM implementation and performance in the UK, focusing in particular on different arrangements for stakeholder involvement. The research project ran from December 2003 until mid 2006 and utilized two main methods – case studies of two large organizations (one private and one public sector) and interviews with DM practitioners in a variety of large UK organizations.

It is impossible to give details about PSO, in terms of size of the workforce or core activities, and be able at the same time to maintain the anonymity of the organization.

The most that we are able to say is that PSO is one of the smaller government departments, and our fieldwork was conducted at its headquarters in London. As part of the Civil Service, PSO recognised three trade unions – PCS, Prospect and FDA. Semi-structured face-to-face and focus group interviews were carried out with diversity and equality personnel, line managers, trade union representatives and non-management employees. Observation was also conducted at a two-day Valuing Diversity training course involving both management and non-management staff; at a Conference on Diversity and Flexibility organized by the women’s employee group; and at a women’s employee group meeting. Documentary evidence, including relevant policies, reports and monitoring data was examined. Finally, a short email survey of diversity employee group members was conducted.

Our aim within this paper is to explore the status of equality and diversity policies within PSO and stakeholder views thereof in the context of the impact of the recent demand to cut jobs. However it should be noted that there are some limitations in terms of the time frame of our research. We conducted the case study fieldwork late in 2004, just three months after the plans for proposed cutbacks were announced. Therefore, while we are able to comment on stakeholder views before the restructuring programme began, we were not able to do the same, either for the period during or after the restructuring.

However, we do have access to a wide variety of publicly available documentary data relating to the periods when we were not present at the organisation. Clearly having the qualitative data from the period before the restructuring began gives us a useful starting



point from which to compare the state of policy and associated initiatives, and of demographic data relating to the workforce after the restructuring. We make no claims to know what the views of stakeholders were during or after the restructuring took place, but our analysis reflects on the stakeholder views we have in light of the analysis of this more recent documentary data.

## ***The case study – PSO***

### **Plans for cutbacks and downsizing**

The Civil Service (and PSO more specifically) faced a context of particular hardship at the time we conducted fieldwork. Bach and Winchester (2003) note that as part of the wider public service reforms over the 1990s and into the 2000s, the Civil Service in general faced particularly harsh demands requiring budget cuts and rationalisation. Reform of pay for example was more comprehensive in the Civil Service than other parts of the public sector. In 2003, driven by an ‘efficiency agenda’, the Government launched major reviews into the operation of the Civil Service. The Lyons Review<sup>1</sup> into the location of civil servants reported in March 2004 and recommended significant dispersal from London and the South East to other regions of the UK. Plans were also announced for significant cuts in the Civil Service workforce and the Gershon Review<sup>2</sup> examined a

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<sup>1</sup> Sir Michael Lyons, Director of the Institute of Local Government Studies at the University of Birmingham was asked to conduct an independent study into the scope for relocating a substantial number of public sector activities from London and the South East of England to other parts of the United Kingdom. The report ‘Well Placed to Deliver? – Shaping the Pattern of Government Service’ was published on 15 March 2004.

<sup>2</sup>This refers to Sir Peter Gershon's review of public sector efficiency ‘Releasing resources for the frontline: Independent Review of Public Sector Efficiency’, published in July 2004. This document set out the scope for

series of 'efficiency measures' designed to reduce Civil Servant numbers. Therefore, just three months before we began the case study research at PSO, the government announced, as part of its Comprehensive Spending Review that there would be gross cuts of 84,150 Civil Service posts by 2008, and relocation of 20,000 civil servants (BBC, 2004). The Spending Review also announced that PSO would specifically face a 15% cut in its running costs and redundancies of approximately 16% of the total workforce. The downsizing programme would culminate in a restructuring into a new streamlined Department. This whole process was finally completed in mid 2007.

## **Equality and diversity strategies: the context before downsizing**

### **Influence of the business case**

A government department is an interesting case in which to investigate the business case strategy because obviously PSO's capacity to act independently in terms of DM was constrained by central government policy. Thus the 'voluntary business case driven' initiatives could mean something slightly different in the case of a government department (i.e. probably less voluntary and more centrally guided, if not determined) compared with private sector organisations. Commitment to the principles of EO in the public sector is longstanding, pre-dating key legislation of the 1970s (Equal Pay Act, Sex and Race Discrimination Acts). Indeed, part of being a 'model' employer also included action on equality and the public sector is generally considered as having led the way in

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efficiencies identified within the public sector's back office, procurement, transaction service and policy-making functions. In addition, it identified opportunities for increasing the productive time of professionals working in schools, hospitals and other frontline public services, and makes a series of cross-cutting recommendations to further embed efficiency across the public sector.

the development of equality policy (Dickens, 1999; Bach and Winchester, 2003; Kirton and Greene, 2005; Maxwell et al, 2001; MacDougall, 1996; Cunningham, 2000; Creegan et al, 2003). Moving forward to later periods, while there is debate about the incompatibility of EO and NPM (see Cunningham, 2000), the reforms of the 1990s occurred in parallel with increasing interest in EO, certainly within central and local government. Indeed, diversity was clearly an integral part of the reform agenda outlined in the *Modernising Government* White Paper of 1999, and following this, the Civil Service Diversity Agenda required individual government departments to produce their own diversity action plans. In looking at how this broader framework was translated into policy at departmental level, the formal Equality and Diversity policy document of PSO (2002) offered a definition of diversity that on first reflection would not seem out of place in an old style EO framework. At the centre of its conception of diversity were social group-based issues (gender, race, etc) traditionally associated with EO. Indeed, part of the policy aimed specifically to address the issue of the concentration of women and BME employees in lower grades and the need to improve their progression rates. The mention of 'barriers' indicates recognition of discrimination and disadvantage, not usually part of the mainstream diversity discourse. However, Dickens (1999) provides a useful summary of the way in which under the NPM reform programme, the traditional bureaucratic and rules and procedures approach to EO within the public sector gave way to one rooted more in cost-based rationales and market initiatives. Creegan et al (2003) point to the way that the Conservative Government from 1979 explicitly promoted a business case approach to EO for both the public and private sectors. Accordingly, within the PSO

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policy there were also elements drawn from the diversity concept, such as broadened categories and individual differences, and specific mention of the business case in terms of ‘harness[ing] those differences to the benefit of both the organisation’, fitting in with the aims of the broader Modernising Government Agenda.

Overall, the PSO Diversity and Equality Policy contained most of the elements that would be expected of a ‘good employer’ in the 2000s. At the centre of its framework, there were programmes of action on disability, race and women’s equality. Key elements of all of these programmes included raising awareness, valuing employees, training, career development, promotion and progression and internal and external recruitment. Furthermore, it was clear that policy at PSO did not constitute an ‘empty shell’ (Hoque and Noon, 2004) in that the formal policy document was supported by an extensive range of initiatives, structures and review mechanisms. For example, diversity training was a part of the mandatory induction training for all employees, while there was an extensive wider programme of optional diversity-related training courses open to various stakeholders. PSO had well-established employee groups relating to diversity strands, namely women; race equality; disability; and lesbian, gay, bi-sexual and transsexual (LGBT) employees, which fulfilled important employee involvement and networking functions. PSO also attempted to make DM a central business concern by operating a performance management scheme which specifically included a diversity objective. All individuals in PSO had to complete an annual performance review that had to contain a diversity objective to be agreed with the individual’s line manager. Monitoring and review mechanisms also formed a core part of the equality and diversity policy at PSO. Demographic monitoring of the workforce was regularly conducted on a range of

diversity measures and across a variety of workforce variables including pay grade, bonus scheme outcomes, promotions etc, so that the available data was fairly comprehensive. This data revealed that overall PSO replicated the types of more general demographic patterns that exist within the public sector more broadly (Wilson and Iles, 1999; MacDougall, 1996). In particular, there was significant concentration of women and BME employees in the lower grades demonstrating patterns of occupational sex and race segregation. However, this was something that was recognised within official reporting mechanisms, and accordingly benchmark targets for progression of women and BME employees were set and monitored. Policy reviews were also regularly undertaken. Looking at the documents, our general view was that the PSO reviews seemed to be reflexive and critical in nature, rather than simply self-congratulatory. The reviews identified areas where PSO had made equality and diversity advances, but also areas where more work needed to be done

### **Influence of legal regulation**

Despite the mix of EO and DM approaches within the PSO equality and diversity policy, it is interesting to note the extent to which a traditional legal compliance based approach was still dominant at PSO. This underlines the role that legal regulation played in the organisation's DM strategy. Despite mechanisms in place to try and make DM a central business concern, we found that the majority of PSO line managers had a fairly limited understanding of the business case, associating it largely with the need to comply with legislation and avoid the costs of litigation. For some, this was *the* crucial rationale for the policy, although it should be noted that there was a significant minority who felt it was important to move beyond legal compliance towards a broader business case and

cultural transformation. Overall, despite the discussion of the general move away from the notion of the public sector as 'model employer', it was clear that this was still seen as important by line managers and trade union representatives at PSO who felt that the organisation should be setting a clear example where workforce diversity was concerned.

The importance placed on legal compliance is arguably necessitated by the close proximity of a government department to equality legislation, given the dual role of the state as employer and legislator. It is often the case that legislation applies first to, or that requirements are applied with greater severity to the public sector. For example, recent amendments to discrimination legislation have seen additional statutory positive duties to promote race, gender and disability equality applied to public sector organisations<sup>3</sup>. The imposition of a positive duty constitutes a departure from the normal approach in British legislation (Dickens: 2006: 304) in that under previous laws, action could only be taken against public bodies after they had been found to have discriminated. The new duties mean that they must take steps to actually *promote* equality and includes requirements for example to undertake impact assessments of organisational policies and programmes including restructuring. As will be discussed later, these positive duties have a particular significance with regard to the impact of downsizing on DM at PSO.

### **The influence of social/joint regulation**

In looking at this aspect of the three strategies, we were interested in the extent to which different stakeholders were involved in the development and implementation of policy.

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<sup>3</sup> The first public sector duty was introduced in the Race Relations (Amendment) Act in 2002. The Disability duty was in force from December 2006, and the Gender duty from April 2007.

First, it was noteworthy that the action programmes within PSO's Equality and Diversity Strategy detailed specific roles for a variety of stakeholders including Heads of Management Units, Staff Directorates, line managers, employee groups and individuals (Employees). Thus emphasis within the formal policy was placed on the need for everyone within the organisation to be involved in DM implementation. Moreover, our interviews uncovered that trade union representatives and employees were specifically invited to comment on initial drafts of any new initiatives within the DM policy. Indeed, it also seemed that employee and trade union involvement went further than simply being informed, they actually seemed to be able to have a substantive influence on the policy. Trade union representatives at PSO were clear that a focus on discrimination and disadvantage should be at the core of the policy and it was reported that the trade union side had argued for the PSO policy to be entitled 'Equality and Diversity' rather than just 'Diversity' for fear of losing this focus. All of the trade union representatives we interviewed reported that they had seen the DM policy, although their knowledge of it varied depending on different levels of union involvement. For example, the PSO trade union Secretary had in-depth knowledge of the policy and was involved in committees where equality and diversity issues were regularly discussed, whereas others were only familiar with provisions of the policy relevant to their personal case work. With regard to monitoring data, this was made available to the recognised trade unions and much was also publicly available on the PSO web site, indicating some considerable level of commitment to transparency. Indeed all of the trade union representatives indicated that data was readily given to them when they asked for it.

Another significant mechanism for involving employees was via the diversity employee groups. These groups were designed to and had evolved to be more than just employee support mechanisms; for example, they were specifically invited to make recommendations on the equality and diversity policy and give advice on the content of diversity training. Equality and diversity groups such as those at PSO were common forms of indirect staff involvement mechanisms in the wider set of public sector organisations that we researched as part of the ESF project. However, the range and scope of these varied enormously. PSO could count itself amongst the very small group of organisations where interviewees' comments indicated there was an integrated, multi-channel form of communication and consultation that genuinely seemed to be trying to engage employees proactively. The employee groups were formalised structures with reporting channels to, and representatives on, the central bodies responsible for decision making in the diversity arena. Management and non-management employees were able to participate on equal terms and the groups were resourced by the organisation both in terms of a budget and time-off normal work duties for participants.

While this is all positive, staff experiences of attempting to get involved in employee groups were not always so positive. We found that line managers held mixed views about the value of the groups such that whilst there was no overt disapproval of their existence, some managers knew little about them and displayed little interest in their activities. It was also clear that only a very small number of non-management employees got to know about or attended employee group events. While reasons for non-involvement varied, of particular concern was the view that line managers did not always readily give time off to attend.



## **Stakeholder views of the equality and diversity culture in the context of impending downsizing**

We have seen that PSO had a well established and extensive framework of equality and diversity policies, initiatives and structures. One question that is often asked is whether policy reflects ‘reality’ as experienced by different groups. We explored the views of line managers, trade union representatives and non-managerial employees on this question.

The first thing to note is that all the stakeholders we talked to were aware of the impending downsizing exercise and were worried about its consequences. For trade union representatives and non-managerial employees, the impending cutbacks were felt to have potentially serious diversity consequences. Trade union representatives claimed that BME employees were already concentrated in the ‘holding pool’, the register of employees waiting to be relocated to other parts of the organisation following a restructuring exercise:

*There’s quite a lot of work to do on the position of minority ethnic staff. The trouble is of course is that a lot of the... initiatives, in terms of cutting staff, in the Department generally and relocating staff from London, will impact more on minority ethnic staff than it does other.*

Non-managerial employees were overall more concerned at this time about whether they would be losing their jobs in the near future than whether or not the organisation was paying attention to diversity issues. However it was also apparent that it was felt that the cutbacks would impact more detrimentally on employees at the lowest level of the organisation (and therefore have diversity consequences), with one participant explicitly

stating that the restructuring would have a particularly detrimental effect on BME employees:

*'A lot of the jobs that are being relocated out of London are Band A ethnic minority jobs.'*

Overall morale was very low, and employees felt that diversity issues would easily fall by the wayside in the restructuring.

However, against this there was very little criticism from any of the stakeholder groups about the formal equality and diversity policy. Particularly compared to other places they had worked, the majority of staff at PSO felt that it was an organisation that took equality and diversity issues seriously – the improved situation of women was mentioned by all the stakeholder groups we interviewed as evidence of this. This was also borne out by the monitoring data on progression of women that indicated significant gendered rebalancing of the higher grades. Indeed, at the time of our research, the women's employee group was considering whether it should disband, as active involvement was declining and it was felt by many that its job had been done – i.e. that there was no longer a need for a women's pressure group. However, it should be noted that there was still a perception among some women managers that opportunities were limited for most women even though a small number were reaching the most senior levels of the department. Trade union representatives too agreed that there had been major improvements in terms of women progressing to more senior positions, although they still saw the higher echelons of the organisation as white, male-dominated and all but impenetrable by other 'types' of employee.

Views of the position of BME staff were quite different. For line managers and trade union representatives, the general consensus seemed to be that there was little overt discrimination or harassment. However, some managers knew of individual cases of racial harassment and the trade union representatives also claimed that their individual case loads were dominated by grievances – including dismissal, bullying and harassment – lodged by BME employees, particularly women.. There was a broader concern expressed by trade union representatives, non-management employees and some managers about the concentration of BME employees in the lower grades. The trade union representatives complained about the incomplete nature of the ethnic monitoring data which made it difficult to tackle this issue:

*‘And certainly we know it is one problem the Department faces that response to ethnic minority monitoring requests is very low. And in fact lower than it was in previous years. So we don’t necessarily know precisely how many minority ethnic staff the Department employs. And certainly we don’t know in what grade they’re [in].’*

We had difficulty ourselves getting hold of recent data on the ethnic composition of the workforce by grade, (whereas this was readily available for other diversity strands e.g. gender, age, disability etc) and indeed as we discuss further later in the paper, PSO recognises it has a problem with regard to the availability of ethnicity data, stating in a Diversity Impact Assessment document of 2007 that they did not have ethnicity data on some 37% of staff and were having to take specific action to try and address this. Clearly we can only speculate on the reasons why it has been difficult to gather this data, but perhaps this relates to the level of suspicion and fear that we sensed employees felt

around ethnicity issues, perhaps making them less willing to be open about their ethnicity. The role that managers, by for example, giving lower performance ratings, could be playing in perpetuating the lack of progression of BME employees was also highlighted by the trade union representatives.

It should also be noted that line managers were seen as the greatest barrier to equality and diversity in PSO by both trade union representatives and non-managerial employees (replicating a common finding within wider research: for example Maxwell et al, 2001; Purcell and Hutchinson, 2007). Part of this related to the fact that respondents believed that line managers did not have a clear understanding of equality and diversity and the implications for their work. Talking to the line-managers themselves, a variety of perspectives on equality and diversity were revealed (in a similar vein to the findings by Foster and Harris, 2003). Some seemed to have quite jaded and cynical views, with little enthusiasm either for specific initiatives or for the general aims of the policy. Some seemed quite disengaged, believing that the policy had little to do with them – only a small minority appeared quite excited by it and its potential to achieve culture change within PSO. These tended to be the managers who were most actively involved in DM either via the employee groups or via the trade unions. Three trade union respondents were of the view that the policy was difficult to understand because of its devolved nature that gave no clear directional steer to managers. This meant that how the policy was implemented depended very much on the individual manager with the effect that policy implementation was often contingent on the individual actions of the manager, who through lack of understanding, or competing pressures for example, would choose to ignore, or certainly not to prioritise diversity issues. As an example, whether or not

flexible working was offered or diversity training needs met, was very much left to managerial discretion with the result that there was wide disparity between practices in different sections of the organisation.

For non-managerial employees the main concern was the perception that promotion was extremely difficult for those in the lower grades (statistically those grades with disproportionately high levels of BME and women employees). Therefore while most participants did not feel that overt sex and race discrimination, were prevalent, what some participants referred to as '*gradeism*' was perceived as a widespread problem. The lack of communication non-management employees received from management was viewed as another aspect of '*gradeism*' – they felt that managers saw them as not worth bothering with. The trade union may potentially be an important conduit for information to and consultation with employees. However, while the trade union representatives were positive about their level of involvement in the equality and diversity policy arena, this did not seem to be cascaded down to their members. Indeed most focus group participants were not union members and did not view the trade unions as improving the equality and diversity culture, notwithstanding some positive experiences of a minority who had been supported by their trade union in grievance and disciplinary cases.

### **Summary of the situation before downsizing**

Different levels of awareness and perceptions of the diversity implications of downsizing by the three stakeholder groups were significant. All participants talked about the negative impact of the Spending Review and the associated cuts and there was considerable suspicion that low level employees would be the hardest hit. The trade union

representatives and non-management employees specifically highlighted the disproportionately negative impact of job cuts on BME employees. In contrast, managers were more concerned about the impact on their work than on equality and not one specifically mentioned the potential effect of the restructuring on BME staff or any other diversity group. Such a finding may be significant, when looking at the impact of downsizing on DM, bearing in mind that this finding stands alongside others that point to the uneven understanding that line managers have of policy and the extent to which implementation and action depends on their individual discretion. Looking more generally at views of the equality and diversity culture, while PSO has an impressive range of policies and initiatives, it is also clear that significant equality problems still exist, particularly around BME staff.

### **Equality and Diversity after the Restructuring**

There were numerous policy documents available enabling us to explore the status of diversity issues after the restructuring. However, we recognise that not having access to the organisation during and after the restructuring took place, clearly places us at a disadvantage in research terms, in that we are not able to compare formal policy with stakeholders' views and experiences of its implementation and performance. That notwithstanding, the documents available were valuable sources of information. Two main questions were relevant to our analysis of the documentation, first, could we gain any sense of the status of diversity issues, looking in particular if we could get any view that resources had been significantly decreased or increased for example. Second, we were interested to try and understand if there had been any direct impact on staff from particular diversity strands (especially given the clear concern of trade union

representatives and non-managerial employees about the potentially detrimental effects on BME staff).

It was clear that the central Civil Service Diversity Agenda continued to make demands on individual Departments to improve their diversity record. A key initiative was the 'Delivering a Diverse Civil Service: A 10-Point Plan' (Crown Copyright, 2005) which was introduced in 2005, committing individual Departments to ten key areas for action on diversity and targets for progress to making the Civil Service more diverse. So for example, PSO was required to work towards a target of improving the diversity of the Senior Civil Service to 37% women, 4% BME and 3.2% disabled people (Crown Copyright, 2005: 2). Individual departments were expected to indicate how they were going to meet these targets and areas for action, and were required to report back to them through a variety of forums including the Annual Report and Equality Schemes (relating to the positive duties legislation). Within this, there was a continued focus on the need to 'mainstream' diversity issues as a key business issue, for example in getting diversity to form part of Departmental business plans together with an emphasis on Departments having 'meaningful and measurable diversity objectives linked to reward systems' (Crown Copyright, 2005: 8). As a consequence of the 10-Point Plan, the PSO Annual Report of 2006 notes that the Diversity Strategy of the Department was refreshed. Looking at the Race, Disability and Gender Equality Schemes produced by PSO in 2006-7, the continued level of resourcing for the diversity strategy even during the period of cutbacks is evident. For example all the Schemes mention the delivery of a new programme of mandatory diversity training for all staff across PSO to be rolled out in 2007-8. The PSO Annual Report details the appointment of a designated diversity

training provider and the requirement for it to monitor and report on take-up, attendance and participant feedback every quarter. In addition, there are examples of investment in additional training, for instance, after reporting in the Disability Equality Scheme on feedback from disabled staff that line managers lacked understanding of access requirements, training was planned for line managers of disabled staff. The Annual Report also details the funding of a new leadership development programme designed to encourage staff from underrepresented groups to progress to the Senior Civil Service. In all of the documents, consultation exercises with the employee groups and trade unions are also evident. Since our fieldwork ended, the women's group has been disbanded, but the race, disability and LGBT groups are reported as strong, and an additional group on multi-faith issues has been set up. The Race Equality Scheme is explicit about the continued difficulties found with gathering data on ethnicity: 'we recognise the need to improve the percentage of staff that declare ethnic origin to the Department' (p16). There had been a consultation exercise with other organisations to share knowledge about how to improve declaration rates, and a planned exercise to improve this data across the department to be rolled out in 2008.

The 10 Point Plan also specifically had a requirement for Departments to assess the impact of the restructuring process 'to ensure that no particular group of staff is unfairly discriminated against' (Crown Copyright, 2005: 9). One way in which this requirement was attended to in PSO was through a Diversity Impact Assessment on the Restructuring Process conducted in 2007, produced in order to comply with the Department's duty as a public sector body to assess and consult on the likely impact of proposed policies on the promotion of equality. This document details the way in which during the development of



the restructuring proposals through 2006, trade unions and diversity employee groups were consulted before the trade unions were formally involved in the statutory consultation process from September 2006. While this did not appear to have been recognised by the line managers we spoke to, the Diversity Impact Assessment document acknowledged that as proportionately more posts were being cut at the lower grades, the groups responsible for looking at selection of posts in each Business had analysed that there could be a potential negative impact on the diversity of the Department. In particular women, people with disabilities and from BME backgrounds might be disproportionately adversely affected (p12). In addition, it was concluded that an adverse reduction of disabled, women and BME staff could result in the Department failing to meet its commitments under the various Equality Duties and the targets of the 10 Point Plan. This led to more detailed impact analysis, consideration of policy changes and mitigating factors being undertaken. This had practical outcomes in that for example, sickness absence records were to be disregarded for staff with long term health conditions or a disability. Also, an assessment that performance appraisal markings tended to be lower in the lower grades led to a disregarding of these markings so as not to unfairly discriminate against disabled and BME staff. The document presents in detail the comprehensive measures taken to mitigate compulsory redundancy and facilitate redeployment with the effect that in the end, only around 2% of cuts had to be achieved through compulsory redundancy. Overall, the before and after comparison of statistical data, along with the broader assessment allowed a conclusion that the process did not have an adverse or disproportionate impact on grounds of gender, disability or ethnicity.

## ***Discussion***

In their case study of GlobalAir, Bajawa and Woodall (2006) found that the downsizing exercise was handled in a way that was proactive, and sensitive to the issues of EO and DM, endeavouring to implement the process in a way that sustained the diversity of the organisation. In many respects, there are signs that PSO handled their exercise in a similarly sensitive way, at least formally. In this regard, these cases seem to offer a different situation than might have been expected, given the widespread view that diversity issues can easily fall by the wayside in times of economic hardship.

However, clearly our later assessment of PSO is being made purely on the basis of formal, publicly available documents, and if we had been able to talk to the participants a very different story may very well have emerged. We therefore have only a very partial picture of what the situation is post-restructuring. With more extensive access than we had, Bajawa and Woodall (2006) indicate a number of difficulties they encountered in being able to assess the impact of downsizing on DM. As was the case with GlobalAir, it is problematic to compare the before and after organisations because they have changed considerably in terms of shape and structure. While the demographic data indicates that there had been no adverse changes in overall levels of BME, women or disabled staff (in fact ratios had increased from 2006 at PSO), the reliability and scope of this monitoring data was acknowledged as weak in some areas to begin with. Moreover, Bajawa and Woodall (2006: 58) point out that while overall proportions of diversity may have been maintained, the cuts in absolute numbers of staff may take years to redress, may have diversity implications, and will require commitment and resourcing to ensure that progression and promotion will continue in the future.

On the other hand, we feel that there are a number of positive things that can be taken away from our analysis of PSO. Our interviews with line managers indicated that on a purely business case basis (bearing in mind their uneven levels of understanding and buy-in, and ever increasing pressure on them in terms of time and operational targets), the restructuring exercise could potentially have meant that diversity issues were pushed even further down their list of priorities. Certainly, this was the fear of the trade union representatives and the majority of the non-managerial employees, who clearly saw line managers as the main conduit for implementation of diversity policies. Their views seemed to chime with Dickens' (1999) view of the contingent, business case approach being a very insecure foundation for equality. However, there is evidence that overall resourcing for diversity issues did not appear to have been affected by the restructuring exercise at PSO, indeed, the opposite seems to be the case, with renewed emphasis on these within the business plans of the Department and plans to roll out new training programmes and other initiatives. As Cunningham (2000: 705) points out, 'success in maintaining and developing equal opportunities policy and practice in an environment of changing and contested values is contingent to a large extent on how well it was developed and legitimized prior to organisational reform'. Therefore, the longstanding and embedded nature of the equality and diversity strategy at PSO, may very well have meant that it would be very difficult for this to be abandoned at this stage in the organisation's development, particularly in the PSO case, with the lead being taken by the higher authority of the Government.

Second, we believe that PSO provides an example of the ways in which the three equality strategies outlined by Dickens (1999) interact with and mediate each other, so that

together they hopefully provided a much stronger foundation for equality and diversity action that helped sustain it through the restructuring process. We do not want to downplay the obvious representation gap that was alluded to by non-managerial employees and which clearly needs to be addressed in the longer term. However, the employee involvement mechanisms through the employee groups and high level of trade union involvement do mean that PSO stands apart from the majority of organisations in our wider study. Trade union representatives we spoke to were themselves positive about the level of involvement they had in the diversity policy arena, and the post-restructuring documents also demonstrate the continued involvement of trade unions and the employee groups, and some evidence of the impact they had in terms of contributing to fairer sets of criteria in the downsizing exercise. Moreover, while it is important not to overestimate the importance of legislation (Dickens, 1999: 12), the requirement for PSO to comply with legislation, particularly that relating to the statutory duties to promote equality seemed to have meant that it would be difficult for PSO not to keep diversity issues at the centre of the restructuring process. The need to comply with this legislation affected the process right from the beginning and led to changes being made to the way the restructuring was conducted. This legislation only applies to the public sector, and it is interesting to reflect on its potential importance in keeping diversity at the top of agendas, and therefore how useful it would be to have in the private sector.

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