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Forming Effective Employee Information and Consultation: A Five-Stage Trust and Justice Process

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Synopsis

In this paper we show how trust and justice influences the efficacy of employee Information and Consultation (I&C) bodies. Evidence is drawn from a two-year qualitative study of I&C participants in two organizations. The research provides a nuanced understanding of worker voice on trust and justice outcomes. In particular, it shows the crucial stages in the process of trust-building and how these impact the efficacy of employee voice mechanisms.

Introduction and Background

Key gaps in the literature about employee voice is how and when such arrangements are genuine, fair, effective and for whom. Scholars have found that a mismatch of I&C participant expectations led to fragile voice arrangements (see Kessler and Purcell, 1996; Kougiannou et al, 2015), with practitioners paying insufficient attention to the factors influencing joint consultative processes.

However, there is no widely accepted criteria of what constitutes I&C effectiveness. A classic study from Pateman (1970, p. 69) alludes to the 'feelings' for workers when they exercise autonomy over their work; or when leaders adopt a certain 'style to facilitate enhanced social dialogue'. Other studies have focused on related aspects, such as the 'expertise' of employee representatives (Holland et al., 2009); how decision-making 'power' is diffused (Dundon et al., 2014); the nature of 'informal' social dialogue (Marchington and Suter, 2013); and the role of 'legal regulation' for employee voice (Hall et al., 2015). While acknowledging that efficacy may be interpreted differently by different actors, these studies say very little about the role, or impact, of trust and justice relationships within the voice process itself and how such perceptions affect the efficacy of I&C for the actors involved in consultation fora.

Issues and Questions Considered

Using evidence from two UK organisations that introduced formal Non-union Employee Representation (NER) as a result of the European Employee Information and Consultation Directive (ICD), this article builds-on and extends Dietz and Fortin's (2007) five-stage process model of trust and justice specifically related to I&C efficacy. The research addresses three questions:

1. How important are trust and justice perceptions in understanding I&C processes?
2. How important are justice judgements in affecting the trust among the parties to I&C arrangements?
3. How do trust and justice perceptions shape the different stages of the I&C process in terms of its effectiveness?

A key issue is NER voice tends to be set against an assumed ideal type of strong effective union voice, rather than seeing I&C as covering a range of positions. Equally, what is regarded as effective to one group (e.g. employers) may be less relevant to another agency (e.g. unorganised workers). 'Managerially-sponsored' NER tends to be viewed as comparatively inferior to union bargaining by scholars (Cullinane et al., 2014, p.812), identifying limitations in power for employees and being seen as focusing more on information provision with minimal employee influence (Upchurch et al., 2006).

As viewed by employers, NER is a significant delegation of authority, control, and influence to employees, and many managers shy away from it for this reason. Employees, conversely, often see NER as bestowing too little authority or influence and find it disappointing viz. other more independent voice options.

Notwithstanding, it is important to consider I&C in its specific form and not simply in comparison to union ideal types but also, and in relation

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to, the regulatory contexts for voice. The latter issue is especially so with regard to the variable interpretations between different actors as to how effective the arrangements are for voice. In short, while acknowledging that owners and management have the organisational power to determine the set-up of NER, it would be unwise to assume that what managers want they always get. Thus, in this paper we are not comparing NER as either inferior or superior to union bargaining, but assessing it on its own terms and in relation to a very specific regulatory trajectory.

We make a number of distinctive contributions. Empirically, we show that specific stages that form a model of trust and justice have an impact on the effectiveness of consultation. Furthermore, we engage in several conceptual debates, including labour-management cooperation, variable business model practices and new insight to how case study data can build theory (Wood and Budhwar, 2014).

Methodology
Data was derived from research at two case study organisations: Housing Association (HA) (the Employee Consultative Committee: ECC) and a multi-national Professional Services Firm (PSF) (the National Information and Consultation Forum: NICF). As the primary research aim involved the European ICD regulatory context, it was important to find I&C bodies that had been recently introduced in order to match elements of a staged trust and justice model. For this reason, the selection of suitable case-study organisations was not entirely random, which according to Eisenhardt (1989) focuses the effort on cases that can replicate theory. One criterion was no more than one year had elapsed since the introduction of the I&C scheme. In this way, substantial memory errors or retrospective biases were minimised. The second criterion was that suitable case study organisations had recently introduced or revamped their I&C body.

Data triangulation protocols were followed (Creswell and Miller, 2000), with four main sources of data: (1) the forums' official documents; (2) interviews with forum delegates; (3) non-participant observation of forum meetings; and (4) ICE regulation guidelines.
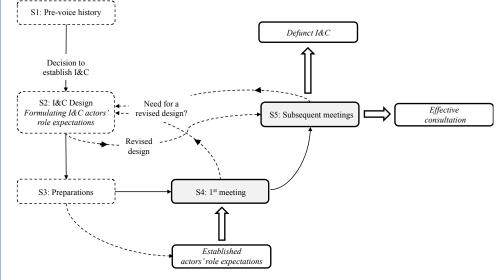
Outcomes and Findings
The findings provide a contribution to the effectiveness of worker voice and justice theory. Theoretically, the research extends the model of trust and justice within a reflexive (voluntary) regulative framework for non-union worker voice. First, we specify crucial stages in the model where trust and justice levels can signal subsequent I&C effectiveness, or point to defunct voice outcomes. Specifically, the initial processes of role formation during the design stage (S2) can have spill-over effects on expectations and behaviours. Likewise, the first meeting stage (S4) can embed or fundamentally alter role expectations during subsequent meetings (S5) which, in turn, can help sustain consultation or result in defunct voice. Consequently, at key stages, perceptions of trust and justice are found wanting.

A specific contribution from the findings is how trust and justice evolve throughout the I&C stages. The data shows the failure of involvement in decision-making, which led to defunct I&C where employee representatives characterised their respective committees as shallow (e.g. a 'talking shop' (NICF) and a 'tick-box exercise' (ECC). A key drawback to consultation was managements' unwillingness to take risk and share control, exercising 'power-over' the process, which in turn begot mistrust. The evident lack of genuine consultation in both the case study fora confirms that reflexive (voluntary) I&C regulations, especially in a NER context, make it difficult for employee representatives to leverage change without the employer social reciprocity. In other words, with a minimalist regulatory backdrop, I&C efficacy is too reliant on one party, that of management, offering employees the opportunity to voice their concerns.

The fragility of consultation had a significant effect on employee representatives' justice perceptions. The findings from both cases suggest that enduring consultation requires fair design systems, with 'power-to' influence change, that offer positive perceptions of I&C efficacy. Negative perceptions of procedural justice were created when management reached decisions without consultation with their respective employee representatives. Further, when consultation items did not reach the agenda, negative perceptions of distributive justice were created. These findings extend the five-stage process model by incorporating these reported factors for I&C process effectiveness, presented in Figure 1.

Figure 1: Amended five-stage process model, including major influential factors.

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