Declaration

I declare that this dissertation is entirely my own work and has not been

previously submitted to be examined for a degree or for any other

qualification.

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BA in Human Resource Management (Hons)

Using the Employment Relationship as a Tool to Improve Organisational Effectiveness

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CONTENTS

Abstract

The employee relations climate in an organisation has its basis in the way in which managers and employees interact with and perceive each other. This relationship can impact on the ability of an organisation to successfully achieve its business goals and objectives and subsequently gain competitive advantage over its rivals.

There appears to be a change in attitude among a lot of employers in relation to managing the employment relationship with a view to improving organisational effectiveness and the overall profitability of the business.

This project aims to examine the nature of the employment relationship and the potential benefits to employers of promoting and maintaining a positive employment relationship.

CHAPTER 1

INTRODUCTION

Chapter 1: Introduction.

As globalisation increases, so too does the need to become more competitive. In the retail sector were high standards of customer service is equally if not more important as the product offering, businesses and their employees must continue to endeavour to differentiate themselves from their competitors and offer that little something extra to gain competitive advantage. Employee relations can impact to a large extent on the success or otherwise of a business in achieving this objective. Theorists suggest that if managers, staff and in a lot of cases trade unions work together in the most harmonious way possible to build a relationship of mutual trust, the benefits are numerous. Issues may be discussed and addressed before they become problems and profitability and productivity may be increased for the benefit of all concerned.

This dissertation aims to review the literature available on employee relations and explore what it has to say in general about the informal aspect to the employment relationship. Communication systems and approaches to involvement and participation are explored with a view to finding out how to improve the employee relations climate in an organisation for the purpose of improving organisational effectiveness and subsequently improving the bottom line.

The impact of the new Information and Consultation legislation just recently passed in Ireland is also explored along with its implications for organisations in Ireland and what if any preparation employers have made for it.

Finally, as we are all only to well aware "the only constant in business is change" and never more so for businesses today. This project includes a summary of the potential benefits to an employer of informing and consulting employees during a period of change in the organisation.

CHAPTER 2

LITERATURE REVIEW

Chapter 2: Literature Review

2.1 Introduction

This chapter begins by providing an explanation or definition of the employment relationship and its various elements. The employment relationship, it has been found, could be viewed as having a hard side and a soft side or a visible aspect and an invisible aspect. It is the invisible aspect of that relationship that forms the psychological contract.

Section 2.3 provides a brief insight into the meaning of the psychological contract and its implications. This section also provides some suggestions as to how managers can influence the psychological contract in a positive way with a view to improving the employment relationship in the workplace and subsequently improving productivity.

Section 2.4 looks at communication in the organisation and provides an insight into why it is so important to have good communication systems in place and provides a summary of the most common forms of communication in use today.

Section 2.5 looks at how employee involvement and participation can lead towards greater levels of commitment from employees which in turn can improve productivity and organisational effectiveness. Some common employee involvement and participation practices are also outlined.

Section 2.6 examines the most up to date information on the new Information & Consultation legislation and its implications for employers.

Section 2.7 provides a summary of the benefits to the organisation of adopting information and consultation practices during a period of change

2.2 The employment relationship

The employment relationship fundamentally refers to the relationships that exist between employers and employees. The relationship contains a formal element such as employment policies and practices of the organization and the employment contract detailing specific terms and conditions of employment agreed between an employer and an individual employee or procedural agreements that address issues such as pay, hours of work, holidays, pension schemes etc. on a more collective basis. Gennard & Judge, 2005 compare the employment relationship to a financial transaction were the golden rule of buying is to purchase goods and services of acceptable quality at the lowest price obtainable and the seller (the employee) wishes to sell at the highest possible price. An appropriate price (terms and conditions) is then arrived at through mutual agreement. The employment relationship, unlike the normal financial transaction has a long term aspect to it were terms and conditions may be reviewed and amended periodically if necessary.

The employment relationship also contains a more informal element, sometimes referred to as the psychological contract. This element of the relationship refers to certain unwritten assumptions and indeed expectations made by both employer and employee. The formal agreements between employer and employee often lays the foundation for this informal side of the employment relationship however, it may also be influenced by custom and practice and the climate of relationships that has been built up over the years. Human Resource Management (HRM) has developed an approach to cultivating and nurturing he employment relationship in the following ways:

- Developing and emphasizing mutuality by consistently communicating the message that "we are all in this together".
- Encouraging employees to identify with the organization and developing a sense of belonging so that they may stay longer and deliver high levels of productivity which ensures a good return on time and money spent on training and development.

- Ensuring that communication throughout the organization is a priority and is consistent.
- Involving employees in the business whenever and wherever possible.
- Providing flexible working arrangements were possible and preserving the work-life balance.

According to Armstrong, 2001,

"The starting point of the employment relationship is an undertaking by an employee to provide a skill and effort to the employer in return for which the employer provides the employee with a salary or wage. Initially the relationship is founded in a legal contract. This may be a written contract, but the absence of such a contract does not mean that no such relationship exists. Employers and employees still have certain implied rights and obligations. The employer's obligations include the duty to pay salary or wages, to provide a safe place of work, to act in good faith towards an employee at all times and not to act in such a way as to undermine the trust and confidence of the employment relationship in any way. The employee has corresponding obligations, which include obedience, competence, honesty and loyalty." (Armstrong, Michael, 2001)

The very idea of a psychological contract suggests that the employment relationship is made up of very specific and probably unique assumptions that are held by an employee regarding his or her employer and by an employer regarding employees.

2.3 The psychological contract

According to Armstrong, 2001,

"the psychological contract expresses the combination of beliefs held by an individual and his or her employer about what they expect of one another. It can best be described as the set of reciprocal but unarticulated expectations that exist between individual employees and their employers." (Armstrong, Michael, 2001)

Schein, 1965 concluded that the notion of the psychological contract implies that there is an unwritten set of expectations operating at all times between every member of the organization and the various managers and others in that organization.

The psychological contract is seen by many as a key element in the employment relationship. Employees tend to work harder and smarter to achieve the objectives of the organisation when the psychological contract is well maintained.

We can help to develop a productive employment relationship and a positive psychological contract with our employees by addressing the following :

- Place a greater emphasis on "management by walking around"(MBWA). Encouraging maximum amounts of contact between managers, supervisors and shop floor staff in an effort to achieve mutual understanding of expectations and standards. This would also provide a valuable means of two-way communication.

- Introducing a general policy of transparency, were employees are kept informed of matters that affect them and what impact it will have on their employment, development and prospects.

- Training managers and supervisors to ensure that grievance and disciplinary procedures and polices on equal opportunities, promotion and redundancy that are already in place, are implemented at all times consistently and fairly. It is essential that the principles of natural justice are considered and maintained at all times.

- Reward systems must be managed effectively, ensuring that all employees are treated equally, fairly and consistently in all aspects of pay and benefits.

- The development of all management and supervisors must include an emphasis on understanding their role in managing and protecting the employment relationship.

- Ensuring that company polices and procedures are well communicated, core values and "how things are done" to all new employees from day one through a comprehensive well thought out induction program, and ensuring that they are in no doubt about expectations in the areas of Customer Service, productivity and the need for flexibility.

2.4 Communication

Contemporary literature suggests that there has been a trend in recent times to shift the communications focus away from trade unions and more towards direct communication with individual employees.

According to Salamon,

"*There has been a shift in the emphasis of organisational communication away from disclosure of information to trade unions in support of the collective bargaining process, and towards dissemination of information to employees in order to secure their greater involvement in and identification with the organisation's interests and objectives.*"

A good two-way system of communication is essential to promote good employee relations and to ensure that employees are kept informed of any changes that may effect them and so that they may voice their opinions in relation to those changes. It is difficult to manage change without, first seeking to understand the opinions and feelings of those employees who will be affected by that change. An efficient system of communication is required to both understand and influence those feelings. A good communication system is also important in terms of both avoiding and managing unnecessary conflict.

A good communication system should aim to promote good employment relations, establish a working environment that fosters open communication and encourages employees to contribute ideas for the improvement of standards.

Employees need to understand how organizational success may be achieved, the part that they play in achieving it, what contribution they can make and how it will benefit them. Gaining the commitment of employees to the plans and values of the organization is a key factor in achieving and sustaining competitive advantage and a good communication system is fundamental to driving and achieving this objective.

To summarise, good communications are important for several reasons:

- Employees need to be aware of company policies so that expected behaviours and standards of performance are achieved.
- Change cannot be effectively managed without an understanding of the feelings of those affected by it, and a good communications system is needed to be able to understand and influence these feelings.
- Employee's perception of their work and the company are substantially determined by the quality of communication they receive.
- Feedback and the opportunity to voice and raise concerns are important in raising staff moral and self-esteems.
- To promote good employee relations, improve commitment to organisational goals and to develop greater trust.
- To increase job satisfaction and improve motivation.

Some of the most common methods of communication used by organizations include:

- Employee Attitude Surveys.
- Newsletters.
- Suggestion schemes.
- Notice-boards.
- Employee handbooks.

2.4.1 Employee Attitude Surveys

Surveys are becoming increasingly more popular as a method of upward communication and are a valuable way of involving employees by seeking their views on matters that concern them. Due to the anonymous nature of the survey, employees are more likely to communicate concerns and honest opinions. This would provide the company with a valuable tool with which to, anticipate prospective problems before they arise and. establish the cause of existing problems effecting employee relations. It will elicit the information required to evaluate training and how effective it really is. Employee views on policies, procedure and practice can be obtained and examined and an understanding of how any operational changes are viewed by employees would be a distinct advantage.

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The results of the attitude survey must be fed back to employees even if they are negative and action must be taken to address any problems that have been highlighted.

2.4.2 Newsletters

The introduction of a quarterly newsletter is an effective way of keeping employees informed of what is happening in the company e.g. new store openings, management transfers, promotions, and new appointments etc. It can also include more chatty "human interest" material such as Births / Birthdays, Weddings, Anniversaries etc. in order to capture the attention of readers. This could be managed by the Staff Manager in each store who would liase with senior management for operational information and with employees for more social information.

2.4.3 Suggestion Schemes

A suggestion box with a specific form for entering a suggestion should be placed in a prominent position in the staff area of each store. Staff must be assured that all suggestions will be evaluated and that successful ideas should have tangible recognition such as a Gift voucher. The scheme and the successful suggestions should be promoted through the store's newsletter. An explanation should also be offered to employees whose ideas cannot be accepted.

2.4.4 Notice-boards

Probably one of the more common methods of communication, it is probably the most misused. Notice boards tend to become cluttered with material that is either uninteresting or out of date if not properly managed by a responsible person.

2.4.5 Employee handbooks

The employee handbook is an effective method of conveying essential information for new employees such as company rules, regulations, policies, practices and procedures. In addition it provides an important opportunity, in conjunction with an effective induction program to communicate the values of the organization and "how we do things around here".

2.5 Employee Involvement and participation

Employee involvement is considered to be an effective method of gaining higher levels of commitment from our employees.

As defined by Marchington and Goodman (1992),

"employee involvement consists of those practices which are initiated principally by management, and are designed to increase employee information about, and commitment to the organisation." (Gennard, J. & Judge, G., 2002)

Employee participation could achieve the same objective, but would mean that employees play a greater part in the decision-making process.

The CIPD in its "Code on Employee Involvement and Participation" states that the involvement of and participation by employees in any organisation should aim to:

- Generate commitment of all employees to the success of the organisation.

- Enable the organisation better to meet the needs of its customers and adapt to changing market requirements, and hence to maximise its future prospects and the prospects of those who work in it.

- Help the organisation to improve performance and productivity and adopt new methods of working to match new technology, drawing on the resources of knowledge and practical skills of all of its employees.

- Improve the satisfaction that employees get from their work.

- Provide all employees with the opportunity to influence and be involved in decisions that are likely to affect their interests.

These aims outlined by the CIPD should become organisational objectives with regard to employee involvement and participation and the following practices could help to achieve those objectives.

- Quality Circles.

- Team Briefings.

- Recognition Programs.

- Task Participation.

2.5.1 Quality Circles

Quality circles would be made up of volunteers from the shop floor and they would meet monthly with a trained facilitator (not necessarily a supervisor) to discuss and propose ways of improving productivity and reducing costs e.g. waste and stock loss. According to Gennard and Judge,

"a quality circle aims to identify work-related problems that are causing poor service or productivity in the workplace, and to recommend solutions to those problems. It provides opportunities for staff to meet on a regular basis for an hour or so to suggest ways of improving productivity and quality, and reducing costs. The members select the issue or problem they wish to address, collect the necessary information, and make suggestions to management on ways of overcoming the problems." (Gennard J. & Judge G., 2002)

The key to the success of the quality circle is strong commitment from management. Recommendations from the circle must be received with an open mind and if any proposals are rejected, the reason for the decision must be clearly explained. Quality circles can tap into the knowledge on the shop floor about work problems and will also improve employee relations.

2.5.2 Team Briefings

This would involve everyone in the organisation, level by level, in face to face meetings to receive and discuss information about policies, plans, company progress etc. The briefings will be prepared by the board on key issues and cascaded down through the organisation, level by level but feedback at each level will be important to ensure effective two-way communication. In order to be effective, these briefings must be held on a regular basis and not just when there is bad news to report which is very often the case. Employees deserve to be told when things are going well and thanked for their

input and contribution to business successes. This helps to reinforce the psychological contract in a positive way and ensure that employees are influenced in a positive way.

2.5.3 Recognition Programs

Employee of the month and employee of the year awards have been shown to increase productivity, reduce absenteeism and improve Customer Service standards but most importantly, the awards will ensure that employees feel valued for their contribution and have the potential to foster a climate of willingness to perform well consistently rather than having to.

2.5.4 Task Participation

Recently, there has been a greater interest from employees to strive towards employability rather than just employment. When job hunting, there is now a greater and growing interest in Companies that are willing to provide Training and Development as part of the package. A lot of organisations invest time and money in Training and Development at all levels, however, task participation could enhance this. Task participation would involve employees in extending the range and type of tasks that they undertake. The aim would be to utilise employee's knowledge of their job more effectively and increase the stock of ideas within the organisation. Employees can play an active part in job redesign with a view to achieving job enrichment, were more responsibility may be introduced into work tasks and job enlargement, were the number and diversity of tasks carried out by each individual may be increased. Both job enrichment and job enlargement will contribute greatly towards increasing employee's skills and experience and will also have a positive effect on employee relations.

2.6 Information and Consultation

Until very recently, the circumstances under which Irish employers were obliged to consult with their employees were very limited e.g. Transfer of Undertaking, Health & Safety issues and Collective Redundancies. The new Information and Consultation legislation is set to alter that situation.

The Employees (Provision of Information and Consultation) Act, 2006 was finally passed by the Dail and the Seanad on 29th March, 2006 and signed into law by the President on 10th April, 2006. This act will become law as soon as a commencement order is signed and transposes into Irish law the requirements of EU directive 2002/14/EC of the European parliament and of the council of 11th March 2002. This directive provided a general framework setting out the minimum requirements for the right to information and consultation of employees in undertakings with at least 50 employees.

The Act will have a phased introduction with the law applying to varying sizes of undertakings as follows:

- Undertakings with at least 150 employees from a date to be prescribed before 23rd March, 2007.
- Undertakings with at least 100 employees from 23rd March, 2007.
- Undertakings with at least 50 employees from 23rd March, 2008.

The new legislation aims to ensure that consultation takes place and information is exchanged between employer and employee and places an obligation on the employer to provide information on and enter into consultation with employees in relation to the following:

- Recent and probable development of the employer's activities and economic situation such as redevelopment, restructuring, revamping, expansion etc.
- Decisions that may be likely to have a considerable effect on or lead to substantial changes in work organisation or in contractual relations.
- The situation, structure and probable development of employment in particular where there is a threat to employment and any foreseeable measures envisaged such as redundancies, lay-offs, short time working etc.

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There a number of options open to employers in terms of how they wish to implement the legislation. IBEC describe them as the following:

- **A Pre-existing agreement.** This must be in place before the legislation applies to the undertaking in relation to the number of people employed. The Act contains two key provisions that differentiate this option from the other options i.e. that the agreement is presumed to be valid unless proved to be otherwise and that the period or duration during which the agreement has effect can either be for a specified period or it may be open ended. There is no prior lead time required by the Act for a pre-existing agreement to be in operation as long as it exists before the commencement order is signed. The pre-existing agreement need to satisfy five basic principles:
  - ❖ Must be written and dated.
  - ❖ Must be signed by the employer.
  - ❖ Must be approved by a majority of employees (51%).
  - ❖ Must be applicable to all employees.
  - ❖ Must be available for inspection.

In addition, it must include a reference to the following issues:
  - ❖ If the agreement is not open ended, there must be a reference to the duration of the agreement and the procedure, if any, for its review.
  - ❖ The subjects that employees are to be informed and consulted on.
  - ❖ The method by which information is to be provided, including whether it is to be provided directly to employees or through one or more employees' representatives.
  - ❖ The method by which consultation is to be conducted including as to whether it is to be conducted directly with employees or through one or more employees' representatives.

A pre-existing agreement remains in force for any period specified, or unless it is otherwise brought to an end either by agreement, or in accordance with its terms. The existence of a pre-existing agreement precludes the operation of a trigger unless it is allowed to lapse for a period of more than six months, when either

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negotiations with employees, or a trigger for negotiations by employees may apply.

It is viable to have more than one pre-existing agreement in place within an undertaking and/or in combination with some or all of the other options.

- **A Negotiated agreement.** A negotiated agreement is put in place after the date the legislation applies to the undertaking. Negotiations between the employer and the employees or their representatives may commence at the initiative of the employer or if the employees successfully initiate a trigger. Negotiated agreements must fulfill exactly the same conditions as mentioned in pre-existing agreements. They must also include a similar reference to matters, but these are slightly different in detail. They are:
  - ❖ Duration of the agreement and the procedure, if any, for its renegotiation.
  - ❖ Method and timeframe by which information is to be provided, including whether it is to be provided directly to employees or through one or more employees' representatives.
  - ❖ Method and timeframe by which consultation is to be conducted including as to whether it is to be conducted directly with employees or through one or more employee representatives.
  - ❖ Procedure for dealing with confidential information.
  - ❖ Subjects for information and consultation.

- **Standard rules.** Standard Rules are set out in detail in separate schedules to the Act. In all cases of standard rules, an information and consultation forum with employee representatives applies, with an election by means of proportional representation where the number of candidates exceeds the number of seats on the forum. The Standard Rules will not require specific employee approval. Standard rules will apply, and must be established, in essence in two different sets of circumstances. The first is where the parties agree to adopt the provisions in the standard rules. The other is where it arises in effect by default. The possible instances of default are:

❖ Where a trigger has been used correctly to request negotiations, and either the employer refuses to enter negotiations at all, or negotiations, fail, a

❖ Where proposals for a negotiated agreement are not approved by employees and allowing a period of two years for possible renewed successful negotiations, no negotiated agreement is in fact reached.

Where standard rules are to apply the employer is obliged to formally initiate them within six months. For an initial period of two years, the standard rules are to be regarded as immutable, but after that, the parties are free to enter negotiations to change the rules or procedures.

- **Rely on trigger (do nothing).** An employer may take the initiative at any time after the legislation is in place to put in place any one of the available options. The employer may be requested by employees, in the absence of such initiative, to enter into negotiations to establish information and consultation arrangements. This has become known as triggering. To be effective the number of employees making the written request must achieve an employee threshold defined by either a minimum requirement of 10% of the workforce, and in any case no less than 15 employees, or ,100 employees.

The request from employees can be made either directly to the employer, or to the Labour Court, or a nominee of the Court. The employer will be required to verify the names and number of employees making the request, as soon as is reasonably practicable. The employer is required to enter and complete negotiations within a period of six months from the date of receipt from the Court. That period may be extended by mutual agreement. The negotiations may result in either a negotiated agreement or standard rules. The latter may arise by virtue of agreement, or ultimately by default. Where, after verification, the employee threshold is not met, the employees are not mandated to make any further request for a negotiation for a period of 2 years.

The European Industrial Relations Observatory (EIRO) argues that this trigger option may well face legal scrutiny in future, should employees or their

representatives try to challenge its legitimacy on the basis that consultation should be an automatic right.

In general, the response by Irish employers has been a positive one according to IBEC. Brendan McGinty, Director of Industrial Relations for IBEC stresses the need for flexible implementation of the legislation and states that the aim of the legislation to facilitate local agreements is a welcome acknowledgement of our voluntary tradition. In addition, the legislation will give many organisations the confidence to tailor an agreement that will suit both the needs of the organisation and the employees.

2.7 Information and Consultation during a period of change in the organisation.

There are a number of key drivers of change in any organisation. These may include:

- Changes in technology which must be implemented if the organisation is to remain competitive and achieve and sustain competitive advantage.

- Changes in demand or consumer trends.

- Change of ownership of the business, mergers and acquisitions.

- Pressures exerted on the business by shareholder or stakeholders in the business.

- Changes made by the government to legislation, that must be implemented by the business.

- Increased competition by new entrants to the market with new and better business models.

According to the National Centre for Partnership Performance (NCPP) in a recent survey of fourteen Irish organisations,

"A core part of the business case for better information and consultation practices is its potential to contribute to an organisation's strategic capability for managing and anticipating change. Although stimulating higher levels of employee participation and involvement is premised on the development of an integrated bundle of HR and IR practices, effective systems for informing and consulting with employees are evidently core elements of such an approach. Building internal organisational capacity for managing and indeed anticipating this level of change would appear to be pivotal if organizations are to meet their respective strategic goals such as continuing to grow in highly competitive international markets, increasing domestic market share or delivering high quality value for money public services. In this context, therefore, it was critical that both managers and employee representatives clearly identified the positive contribution that informing and consulting with employees can make to the process of effective organisational change."

The NCPP further identifies the benefits of informing and consulting with employees during a period of change as:

- Improved understanding of the reasons for change and the mutual benefits of it for both the organisation and the employee.

- Employees are more open to change as they are made more aware the reasons for it, how it will be implemented and how it will affect them.

- More flexible and adaptable ways of working may be developed through consultation with employees.

- Consultation may provide a greater pool of ideas leading to continuous improvement as the changes are implemented.

- There is greater buy in by employees and they are more engaged in the change process as they take more ownership.

People are naturally fearful and suspicious of changes to their normal routines and do not want to lose the security of what is familiar to them. They may not agree that the changes will benefit them as well as the business, so more often than not there will be resistance to change.

There are a variety of theories on the best way to mange change such as Lewin's "field force analysis" (1951, Beckhard (1969) and Thurley (1979) but the common theme in all of these theories is that the appropriate steps must be taken to develop a strategy to manage the change by working closely with and involving employees in the process. Communication about the proposed change should be prepared and delivered in a way that will attempt to allay the fears and concerns of employees. Throughout the process then, the communication channels should function well and provide employees with ample opportunities to ask questions, make suggestions and have concerns addressed.

CHAPTER 3

INDUSTRY CONTEXT

Chapter 3: Industry Context

The Banesto Group is made up of a group of four Supervalu supermarkets, two in north Dublin, one in Drogheda and one in Wexford with a support office function in Raheny, Dublin. In total, the group employs in excess of 350 people. The Company has owned and operated Supervalu supermarkets for almost twenty years, beginning with one store in Raheny. Over the course of those twenty years, various stores have been bought and sold in a variety of locations in an effort to grow and develop the business into a group of supermarkets that are well known for offering and delivering the highest standards of customer service through a dedicated team of retail professionals. The current aim of the group is to own and operate between eight and ten stores within the next three to five years. We are at present, examining any existing stores that become available to buy and green field sites that may be suitable for developing a new Supervalu supermarket.

The stores are operated through a franchise agreement with The Musgrave Supervalu Centra Group (MSVC). The stores must buy in 95% of their stock from MSVC, the remaining 5% may be sourced from any other supplier. We tend to buy from local suppliers in order to promote the Supervalu basic ethos of providing fresh local produce for our customers and in an effort to support local businesses. MSVC have a central distribution warehouse in several key areas in the country so that no matter what the location of your store is, you can order and receive fresh produce six days per week. In addition, MSVC provide us with support in areas such as marketing and advertising, information technology and training and develoment. Although we own and manage our own stores, we are required to achieve high standards in areas such as Customer Service, hygiene, stock quality, presentation and display, Customer Service etc. In order to retain the franchise, representatives of The Musgrave Group will conduct audits on a regular basis in order to ensure that these standards are rigourously and consistently maintained.

Each supermarket has a similar management structure. This consists of Store Manager, Assistant manager, two to three Trainee Managers (depending on the size of the store),

Department Managers and a Staff Manager who is responsible for Human Resources function at store level. The Staff Manager is responsible for recruitment and selection, training and development, performance management, employee relations and communication systems.

Even though we are a small family run business, we are competing directly with the larger grocery retailers, Dunnes Stores and Tesco. In addition, we compete with other convenience store chains such as Spar and Londis. Depending on location, Marks and Spencer and Superquinn provide further competition. The newest entrants to the market, Aldi and Lidl provide a further source of competition but primarily on a low cost / price basis.

Through a rigorous recruitment and selection process, we seek, at all times, to employ only people who have a passion for retailing and a genuine interest in interacting with and serving our customers. Employees must be prepared to learn how every aspect of our business functions so that they may succeed in delivering the excellent retailing standards that our customers have come to expect from us. Throughout the recruitment process, we place particular emphasis on the importance of our customer to our business and that unless candidates are willing and able to meet and indeed exceed the needs of our customers consistently, then they should not come to work for us. This approach helps to ensure that we employ only people that are genuinely interested in retailing and who will help us to achieve our goals and objectives and remain competitive. In addition, we provide learning and development opportunities on a continuous basis so that any employee who wishes to, may progress successfully in their own career within The Banesto Group. We seek to promote people within the group where ever possible. Succession plans are in place for all departments to ensure that all key positions have a second person trained to provide support where ever necessary. In addition to providing support, it also ensures that vacancies are filled quickly with a person who knows and understands our company values and systems. This is basically a "grow your own" approach that helps to ensure that at all times, we have a pool of resources that know and understand our business, the demands of that business and how best to satisfy those demands.

The retail sector in general has experienced significant changes in the make-up of it's workforce in recent years. A large number of employees are now non-nationals, in fact that proportion has now increased to 20% in one of our Dublin stores. We now employ more part-time staff than ever before, a large percentage of which are students (40 – 45%), but also parents of children who work while their children attend school. The balance of the workforce is made up of employees working on a full-time basis, largely on a flexible basis. As a result, The Banesto Group is made up of a very diverse group of people which in itself is a challenge in terms of developing good employee relations. Not only are we dealing with a variety of ages and personalities. In addition to this, we now have a vast array of different cultures that see and do things differently to us. This factor must be considered when devising and developing an employee relations plan for the stores.

Until about six or seven years ago, the Human Resources (HR) function of The Banesto Group consisted largely of the wages department which kept basic personnel records. There was no HR Manager or Staff Managers. Each Store Manager was responsible for staff planning, recruitment, training and performance management. Employee relations and communication systems were not a priority, there just simply was not time or indeed structures and systems in place to manage this. The addition of a HR Department, headed by a HR Manager at Support Office level and Staff Managers in the stores has insured that the formal element of the employment relationship is in place and well managed. Employees can expect to receive contracts of employment on commencement of employment detailing the terms and conditions agreed at the time of their appointment. Employee hand books explain in detail all company rules, regulations, policies and procedures. On an individual basis, job descriptions set out the function of their role, the responsibilities attached to it, the standards of performance that are expected to be achieved and exceeded and of course how that performance will be measured. These documents ensure that the formal element of the employment relationship is well structured and that both employer and employee are fully aware of each others expectations from the employment relationship from the very start. It helps to ensure that there is no ambiguity or uncertainty for either party and that the employment relationship

gets off to the very best start possible. Once the formal element of the employment relationship has been properly addressed, it provides a good foundation on which to build the more informal element that was referred to in chapter 2 as the psychological contract. It is this element of the employment relationship that I consider to be a weakness in our organisation. Communication in any shape or form seems to be a problem, whether through time constraints or lack of buy in or indeed understanding by managers in terms of how effective a good communication system can be in relation to organisational performance. Communication between managers is more structured now than in previous years. Meetings take place on a weekly basis and are effective in ensuring that issues are addressed, problems are discussed and in general a lot more gets done and done well as a result. However, what we are not good at is taking this a step further by involving staff in the same way. Keeping staff informed about things that affect them and seeking their input, ideas and opinions about the business can be neglected. The research undertaken for this dissertation is intended to assist me as HR Manager address this situation and formulate an effective employee relations plan to remedy the situation.

As The Banesto Group is growing, it can happen that a store is bought from another retailer and the employees already employed there become our new employees. This situation can prove to be very difficult if not managed properly. People are suspicious of new owners / managers and the employment relationship may be difficult to get off to a good start, leading to problems. The new employees are expected to adapt to the way The Banesto Group does things and not how their previous employer did things. This can be a difficult transition for some people particularly if they have been with their previous employer for a long period of time and if the culture of the two organisations are very different. This period of change can be very unsettling for some people, so every effort should be made to help them to adapt. The research undertaken for this dissertation is intended to assist me as HR Manager address this situation and formulate an effective employee relations plan to remedy the situation also.

CHAPTER 4

METHODOLOGY

Chapter 4: Methodology

This chapter is a brief overview of the various themes that guided both the primary and the secondary research conducted for this project and the research methods used in order to accumulate the appropriate theories, views and opinions from those who have the relevant knowledge and experience of the subject matter.

Section 4.1 describes the research themes.

Section 4.2 outlines the interview process.

Section 4.3 outlines the survey process.

It was decided to use The Banesto Group as a subject in the conducting of the primary research because of the degree to which the author is familiar with this particular group. I have been employed by this group for more than twelve years and have spent six of those years in various Human Resource management roles and have therefore accumulated both knowledge and experience in this area. Having been employed for varying lengths of time in all of the stores attached to this group, it has become both obvious and interesting that employee relations climates can vary from store to the next for a variety of reasons even though they are part of the same group with the same Company policies, procedures, rules and regulations. As a member of the HR team it was relatively easy to gather the information required for this subject.

Over a number of years, regular contact with other groups through regional meetings and forums has provided us with a network of contacts outside the group. Due to the good working relationships that have been established with these contacts over a period of time, they were willing to be interviewed on the employment relations approaches used in their respective organisations and their views and opinions regarding the effectiveness of those approaches and the benefits that might result. In order to maintain confidentiality, it was agreed with all three organisations interviewed that anonymity would be maintained throughout this exercise and that they would be referred to only as group A, B & C.

This research was conducted for the following reasons:

- To gain a better understanding of the ways in which an effective employee relations system can contribute to organisational effectiveness.

- To establish possible ways in which our existing employee relations system may be enhanced by exploring other methods of communication that have not been tried and tested in our organisation.

- To endeavour to establish to what extent, if any, the employment relationship can affect sales and service standards.

- To examine the possibility that such a system will ultimately improve the bottom line.

- To explore the possibility that employees could gain more job satisfaction as, this research will contribute towards the dissemination of 'good practice'.

The combination of both a literature review to establish the views of the theorists on the subject and an in-depth analysis of the views of Human Resource Managers, Staff Managers and employees that have first hand experience of the subject, ensured that a balanced opinion was both sought and established.

The research approach adopted for this report can best be described as qualitative, that is, using interviews as the main collection instruments. The main reason for this was the need to discuss with managers, the specific aspects of employee relations, perceptions of existing techniques, approaches, Company policies, procedures and practices, as well as any potential improvements that could be made to Customer Service standards by benchmarking our current approach to managing the employment relationship against similar organizations and perhaps adapting those approaches to blend with our own existing techniques with a view to improving both sales and service standards that could in turn lead to an improvement and indeed an increase in the levels of job satisfaction experienced by employees of the Banesto Group at all levels and subsequently to the achievement of an improvement to the bottom line.

The more quantitative survey approach was also used in order to get a wider and more general view from employees. In addition, the survey approach was used to validate and cross check the opinions of both the Human Resource Managers and the Staff Managers. In this way, a dual train of thought was established and the opinions of the management of each group and each store could and those of the employees could be analysed with a view to obtaining a realistic measure of the impact of employee relations on organizational performance and effectiveness.

4.1 Research themes

Following a review of the relevant literature, a number of themes guided the research. These included:

- A general view of employee the relations climate in organizations that are similar in size and composition to the Banesto group and operated in a similar fashion and a subsequent comparison of the various approaches and the positive and negative results of those approaches.

- The range and scope of employee relations management techniques used in those organizations, the views of Human Resource Managers and Staff Managers of those techniques and the subsequent advantages and or disadvantages in the implementation of those techniques.

- Managerial experience of, and views about, employee relations.

- Employee experiences of, and views about, employee relations.

- Practices that may facilitate an improvement in the employee relations climate which may subsequently lead to an improvement in sales and service standards in the stores and consequently an improvement in the level of job satisfaction achieved by both the management and staff of all stores in the group.

- The potential benefits (for both the organisation and the employee) from examining, monitoring and improving the approach to employee relations in all of the stores in the group.

4.2 The Interview process

Three telephone interviews (appendix 1) were conducted with a Group Human Resource Manager from an organization similar to our own (groups A, B & C). This was done with a view to benchmarking our own organization against others in the same industry that operate by the same standards. The MSVC groups are operated differently to the larger grocery retailers such as Dunnes Stores and Tesco. Although MSVC have now secured almost 25% of the grocery retail market which is close to the overall dominant Tesco share and operationally, they adopt similar approaches, the nature of the MSVC franchise means that there are a variety of approaches to managing employee relations in each group rather than the universal one adopted by Tesco.

In addition, to gather information on how other groups approach employee relations management and their views on the effect of employee relations on Customer Service standards, it was a valuable exercise to speak directly to the Human Resource Managers.

Two other interviews (Appendix 2) were conducted with the Staff Manager in two stores in The Banesto Group. The semi-structured interview was deemed to be the most appropriate type of interview to gain the information sought.

The two separate interview schedules were designed in line with the research themes mentioned in 4.1, one for the Group Human Resource Managers and one for the Staff Managers. This research method allows for a deeper probing of the interviewee's experiences and understanding of the employee relations climate in their respective organisations and why things are the way they are in their own organization / store.

4.3 The survey process.

The survey (Appendix 3) was conducted in one store in the Banesto group. Fifty surveys were issued and forty-four were returned. The survey questions were designed to gain an understanding of the mind-set among employees regarding the approach to managing employee relations in their own particular store. Participants were asked to study each statement carefully and then to mark the most appropriate response which included:

- Strongly agree
- Agree
- Neither
- Disagree
- Strongly disagree

In addition participants were asked to categorise their age, length of service and employment conditions (full time or part time). This additional information assisted the author in analyzing and balancing the overall survey results as results may be skewed by certain categories.

The survey was conducted on an anonymous basis in order to encourage and elicit a more accurate reading of the opinions of employees regarding the real employee relations climate the store. Before the survey was distributed, the reasons for the survey and the anonymous nature of the findings were explained to all who took part. Employees were given an opportunity to ask questions about the survey and any fears that they may have had in completing the form were addressed.

A commitment was made to all those who took part that, following collection and analysis of the results, a series of communication sessions would be held to communicate the results and to seek their opinions and suggestions. Employees were then asked to complete the survey and return the completed form to a sealed box.

CHAPTER 5

FINDINGS

Chapter 5: Results / Findings

5.1 Factors Influencing The Employment Relationship.

Having closely analyzed the interviews conducted with the Human Resource managers of the various retail groups, it has become apparent that several factors influence and indeed play a large part in shaping the employee relations climate in each organization. Although similar approaches and techniques in developing good employee relations are adopted in the various organizations, the results achieved were quite varied. The main variable factors that influenced the organizations in this study include:

- **The management style of the store manager.** According to at least one Human Resource manager, store managers that have a more traditional management approach, tend to place less faith in developing a healthy employee relations climate as a way of achieving organizational success. Some older managers tend to hold tight to the old personnel approach to management were the manager is seen as the single source of authority, consultation in terms of decision making is deemed un-necessary and time wasting and greater emphasis is placed on command rather than commitment. This approach is very much in the minority and were it is in existence, HR managers are using training and development and performance management techniques to address it in a positive way and ultimately eliminate it. Younger store managers are reported to be more progressive in their approach to dealing with employee relations.

  "In our newest store, the store manager has just been promoted from assistant store manager, so this is his first job as store manager. At interview stage, he presented a detailed business plan for the new store that placed a strong emphasis on developing the highest customer service standards possible as a way of ensuring sales and profit targets are achieved. He stressed that not only is training and development important

but also strong, consistent communication with staff to ensure that good employee relations are developed. He stressed that staff that are more involved in the business and are asked for their ideas and opinions are more likely to perform well. This was a major factor in deciding that he was the right person to manage the new store."(HR Manager Group A)

- **Store background.** Each of the groups is committed to the growth and development of both their stores and the group which sometimes includes buying a store from another MSVC group or buying a store from another retail background. When there is a transfer of undertakings, the employees terms and conditions are protected and must be honoured by the new employer. The greatest challenge in these situations however, according to all of the HR managers is in successfully developing a healthy employee relations climate. The employees are generally suspicious of their new employer initially as they are fearful of change and as a result may be quite resistant to it.
The HR manager from group A stressed the importance of communication in this instance right from the early stages of the transfer and throughout the transition period and beyond to win the "hearts and minds" of the new employees and ensure buy-in to their new employers' culture and values.

- **Level of union activity.** All of the organizations interviewed have collective agreements with a union. The level of interaction with the union varied from group to group. The HR manager from group B felt that in her experience, the employee relations climate in the store has a direct influence on the level of union activity. In her experience, good employee relations resulted in relatively low union contact and vica versa. She recalled that in one particular store, a number of years ago, the store manager had a particularly adversarial approach to staff management. The expectation was that staff would fit in with whatever decisions were made without any effort to seek their opinions and try to gain their commitment. This resulted in regular complaints to the union representative and quite a difficult employee relations climate. This Human

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Resource Manager has worked closely with the management team in this store in developing better employee relations.

> *"We introduced a new communication strategy to this store that includes a comprehensive induction for new employees involving the store manager. He does not run the induction program, he just introduces himself to the new employees, welcomes them to the store and talks a little about his expectations from them and what they can expect from him in return. This in conjunction with regular staff meetings and a new employee appraisal system has, over a period of time improved the employee relations climate in this store and has helped this store manager to understand the benefits of developing good relations with his staff."*
>
> (HR Manager Group B)

- **Day to day interaction between staff and managers.** The way in which managers manage people could have either a positive or a negative affect on the employee relations climate. All of the HR Managers that were interviewed encouraged a "firm but fair" approach to managing staff. The Staff Managers in our own stores highlighted the need for managers to alter their management style to suit the diverse groups of staff that exist in the stores. A large proportion of the part time employees in each store are under 18 and attending school or college. The Staff Managers felt that this particular group are more challenging to manage than any other group in their stores, a firmer approach is sometimes required. With all other staff however, the emphasis is on building trust. This according to one Staff Manager is about "*leading by example, delivering on your promises and treating every body fairly and consistently.*"

- **The employee relations policies, practices and procedures that are in place in the organization.** The way in which people are treated in the areas of recruitment, performance management, promotion, career development, reward, and disciplinary and grievance processes will strongly influence

employee relations in an organization. The HR Manager of group C stressed the importance of being

> "......100% honest with candidates at interview no matter how desperate
> you are to fill vacancies. Misleading people about the job description or
> the need for flexibility in the role for example will only lead to mistrust
> from the start of the employment relationship and result in not only losing
> the employee but maybe damaging existing employee relations due to the
> aggrieved individual talking about their poor treatment to other members
> of staff."

In relation to the psychological contract, the HR Managers from Groups A and B both stressed the importance of starting off the employment relationship as you mean to go on from day one with all new employees. Defining expectations initially at recruitment stage and re-enforcing it again at induction is important for both of these groups. As noted above, group B involve store managers at induction stage but also the manager to whom the new employee will report in their new role. They feel that this gets the employment relationship off to the best possible start as expectations are clear and there are no surprises as the employment progresses.

5.2 Communication

Table 1: Summary of Methods of Communication				
	Group A	Group B	Group C	Banesto Group
Noticeboards	X	X	X	X
Meetings	X	X	X	X
Reviews /Appraisals	X	X	X	X
E-mail	X	X	X	X
Employee Handbook	X	X	X	X
Suggestion Boxes			X	
Shop floor briefings		X		
Attitude Surveys			X	
Newsletters				
Memos	X	X	X	X
Team Briefings				X

Table 1 shows a summary of the communication methods most commonly used by the groups surveyed and currently by The Banesto Group. Each group has spent a lot of time and done a lot of work on developing a combination of communication methods that best suited its own individual needs. The basic notice board providing information on news, events, meetings notification and agendas, recruitment etc. and memos to individual employees are in use by all of the groups as a method of one way communication. All of the groups use e-mail but it is generally not widely available to all employees. The employee handbook is a popular method of communicating company policies, procedures, rules, regulations etc. in conjunction with comprehensive induction programs.

The most popular methods of two way communication on a team basis are a variety of meetings at different levels in each organization. They varied from weekly management meetings to ad hoc staff meetings that are called as needs of the business arise rather than on a scheduled basis. Other regular meetings include health & safety committee meetings, HACCP team meetings, customer service meetings and monthly meetings with Head Office personnel. Performance reviews and appraisals are widely used across all of the groups as a method of two way communication on an individual basis. For all of the groups, this is a valuable opportunity to provide and receive feedback and to a have full and frank exchange of views about what has been achieved over a particular period of time, what needs to be done to achieve more, what individuals think about their work and the organization and the way in which they are guided and managed. In addition, it provides an opportunity to set and agree on targets and objectives and action plans to be implemented by the individual with the support of their managers.

The HR Manager of group C recommended the use of suggestion boxes and attitude surveys as a way of eliciting information that may not always be forthcoming through the normal communication channels.

> *"Regular attitude surveys tend to provide an insight in to the employee relations climate in the store at any one given time. Employees appear to be more inclined to provide information on an anonymous basis on sensitive issues such as management style or any issue that affects them, but that they are uncomfortable about raising directly. The information received needs to be treated sensitively in terms of any action that is to be taken and the results communicated back to the staff so that staff have confidence in the survey as a valuable method of communication. "* (HR Manager Group C)

In terms of effectiveness, each of the groups find that a combination of reviews and appraisals on an individual basis and regular meetings on a team basis to be the most effective methods of communication with a view to improving organizational effectiveness. According to the HR Manager of group A, it is only through good

communication that employees will know exactly what is expected of them and that they are provided with regular feedback in order for them to be able to improve their performance. The employee survey results support this view as the majority of employees in this particular store agreed when asked whether performance expectations were clearly communicated to them. 23% strongly agreed and 45% agreed. Only 18% either disagreed or strongly disagreed. Also, about 75% of those surveyed agreed or strongly agreed that he company communicates well with staff, indicating that the communication approach in this store is working well in the opinion of both management and employees.

The Banesto Group Staff Managers commented on the particular effectiveness of the team briefings. At the start of the day or a particular shift, the department manager or floor manager gathers the team of people together, generally just on the shop floor in an informal way and briefs the team on what needs to be done that day or on that shift. The Drogheda Staff Manager commented that this is particularly effective with the 16 to 18 year old part time staff members because they need to be managed more closely and sometimes the same message needs to be delivered a number of times before the desired productivity levels are achieved.

"Its sort of like a huddle or a team chat before a football or a rugby match. The younger staff members seem to respond better to this approach. The floor manager will sometimes set targets for them to achieve such as getting a certain number of combis or pallets packed within a particular period of time and encouraging them to beat the time set by the previous days shift. This seems to motivate them better than constantly just getting on their backs and demanding better productivity. They also seem to respect the manager more when this approach is adopted and appear to be happier in their work" (Staff Manager, Drogheda)

There was a general agreement both among the groups and the Staff Managers that both formal and informal methods of communication in their stores contributed to improved organizational effectiveness and subsequently the bottom line in the business. The HR

Manager of group B talked about the front line staff forming a crucial link between the business and the customer. This group holds regular customer service meetings in their stores were staff are encouraged to talk about comments that customers have made or problems or issues that they may have had and also to make suggestions as to how standards of customer care can be improved in the store. In addition, this HR Manager commented that Mystery Shopper results are reported back to the staff at these meetings to highlight areas of weakness and were improvements can be made.

> *"The combination of the various points of view and the feedback from the Mystery Shopper report are invaluable in getting everybody to work together to achieve a common goal. In addition, it creates a good atmosphere in the store as staff are generally happy to share their ideas and opinions."* (HR Manager group B)

While all those interviewed agreed that good communication can lead to organizational effectiveness and more motivated and satisfied employees, some also pointed out that it can sometimes be "an ideal world " scenario. It was evident that time, effort and resources can be lacking and often operational issues will take priority over scheduled meetings. Also, the attitudes of particular managers to communication, specifically store managers can in some cases create barriers to good communication and subsequently good employment relations.

5.3 Information and Consultation

The three groups interviewed for this project and The Banesto Group all employ more than 50 employees, therefore the legislation will apply to all of them. They all employ in excess of 150 employees therefore the first phase of the legislation must be implemented by them.

There were some concerns regarding the legislation among the groups in the early stages before the directive became law mainly in relation to confidentiality regarding any information communicated to employees but also regarding the extent to which employees would have to be consulted regarding business decisions.

The most common approach among the groups was to implement a pre-existing agreement in anticipation of the new Information and Consultation legislation. Appendix 4 is the briefing document used by Group B to communicate about Information and Consultation to their employees and to seek their approval for the pre-existing agreement. The first step was to introduce and explain the contents of the legislation and its implications for the business in detail to all employees. The current communication structure in place in the organization was also documented detailing how the company currently informs and consults with its employees. In addition, group B introduced employee representative forums in each store. The aim of these to forums is to facilitate the company in informing and consulting with employees on a monthly basis with an employee from each department in the store with regard to the following:

- Store performance trends and analysis.
- Store standards information based on the various audits conducted by MSVC, Excellence Ireland and Mystery Shopper reports.
- Market analysis in terms of potential threats from new competitors and the potential future implications for their store and the activity of current competitors in the area regarding pricing, special offers, new services and any other new initiatives that may threaten their competitiveness.

- Work arrangements. Proposed changes to rotas, hours of work, shifts etc. and also updates in changes to rates of pay and salary scales in accordance with JLC agreements and National Pay Agreements.
- Employee entitlements and the communication of any new employment law entitlements.
- Updates on or proposed changes to company policies, procedures and operational structures.
- Human Resource policies such as Training & Development plans, communication initiatives etc.

The HR Manager of Group B found that because the employees were asked to approve the agreement before it was implemented, there has been a good deal of success with it.

"It is still in the early stages but early indications are that it is a success. The employee forums have met a few times now in each store and the range of ideas and suggestions is fantastic. A lot of staff seem happier to communicate with management through their relevant representative rather than attending a meeting themselves, so you can tap into the hearts and minds of some individuals that we may not have been able to in the past." (HR Manager Group B)

The general consensus among all of the managers was that a good communication policy and a well structured system to implement and support that policy is the best way to manage the new legislation. Informing and consulting is just a new way of dressing up their existing communications systems.

This opinion seems to be mirrored in the employee survey were 61% of those surveyed agreed or strongly agreed that they are informed about changes that effect them but 61% disagreed that they are consulted about those changes.

5.4 Managing Change Using Information & Consultation

It is of fundamental importance to any change process that employees are encouraged to buy in to the changes before they actually take place. In order to achieve this commitment from employees, a non-adversarial approach is essential in gaining consensus and to build trust. Several of those interviewed have experienced change in some shape or form in their organisations but all agree that providing information in a timely fashion and giving employees an opportunity to voice their concerns so that they may be addressed is the most effective approach to take.

The Group C HR Manager talked about training and coaching with a view to helping people to see where they are not meeting the requirements or values of the company, and so helping them to make the required changes and then managing performance by measuring the things that demonstrate the required behaviours that delivers the required results, and incorporating them into performance reviews. In her experience people pay them more attention when they know exactly how their performance is to be measured. She also commented that successful change initiatives should be rewarded or recognized in some way whether it is on an individual or a team basis.

> *"We had quite a large problem with absenteeism in the past, so we set up attendance awards were individuals were rewarded but also departments so it encouraged everybody to mprove rather than let the team down. Our absenteeism rates were significantly reduced as a result."* (HR Manager Group C)

Above all, involvement in the change process will be the key to success. We must give people the opportunity to raise and resolve their concerns and make suggestions about the form of change and how it should be introduced. People are more likely to take ownership of it if they have been involved in it's planning and introduction.

CHAPTER 6

CONCLUSION

Chapter 6: Conclusion

Both the theory and those with experience in this area support the concept that a healthy employee relations climate can help to support the business plan and contribute to achieving competitive advantage. By introducing a combination of the practices described in terms of communication and employee involvement and participation, it is possible to move towards a more positive psychological contract and shape the culture of the organisation to become one of shared values between management and employees.

It is critical to the success of this approach that management at all levels are seen to be supporting the process, both in it's introduction and throughout it's operation. If management is not committed to the plan from the very beginning, employees may see the process as "tokenism" and disregard attempts to gain their commitment, loyalty and support. Communication must cascade from the top down through the organisation.

A planned and structured approach to managing employee relations could potentially achieve the following:

- An improvement in employment relationships between management, staff and trade unions.
- Employees will begin to recognise that they are stakeholders in the business and the success or otherwise of the business affects them too.
- Employee commitment could increase and help to achieve business goals and objectives.
- A culture of mutuality i.e. "we are all in this together" could be nurtured and developed.
- Employees could be happier at work and get more job satisfaction.
- Productivity, profitability and efficiency could be improved.

It is important that the psychological contract is taken seriously because it can positively or negatively affect employee commitment to the business. This can be achieved in the following ways:

- Ensuring that a realistic preview of the organization and the job on offer is presented to candidates at recruitment stage. False promises or inaccurate descriptions of how the organizations functions and what its expectations are will turn people against the organization and fail to gain their commitment and trust.

- Induction programs should be developed that will effectively communicate to new employees what the organizations core values are, performance expectations and standards to be achieved. This gets the new employee off to a good start and re-enforces the psychological contract and consequently the employment relationship.

- By developing a communications bundle or system that is tailor made to suit the organization and that will support and help to achieve business goals and objectives by keeping employees informed, seeking their ideas and opinions, making them feel that they are more than just a number in the organization and that their contribution is valued and appreciated.

- Ensuring that there is as much contact between managers and staff as possible both on a formal and an informal basis so as to ensure a consistent two-way channel of communication.

- By developing training and development programs that achieve a fit between the organizational goals and objectives and individual goals and objectives.

- Performance management initiatives should be developed in such a way that performance expectations are clearly communicated and that actual performance is measured and reviewed fairly and consistently in order to provide as much support as possible to employees to achieve performance goals and standards.

- By adopting a policy of transparency with regard to all matters that affect employees and ensuring that people are treated fairly and consistently at all times.

- Developing a sense of inclusion rather than exclusion and avoiding the "them and us" scenario that can arise between staff and management as this just leads to negative attitudes.
- Develop competence frameworks that will help managers to develop motivational skills and leadership qualities that will encourage rather than force greater levels of productivity among employees.

While some employers remain skeptical of the potential benefits of the new Information and Consultation legislation, the organizations mentioned in this project have been positive about it. The opportunity to prepare for the legislation and tailor an approach to providing information to and consulting with employees has been a welcome advantage and provided more options to employers than rigidly imposed legislation. While it is early days yet and the long term benefits remain to be seen, the early indications from the HR voice of the business are positive, however, it is the HR function of these organizations that must drive it and support it and continuously try to convert mangers and convince them that it can significantly benefit organisational effectiveness and of course the bottom line.

Critical Self Reflection

The process involved in researching for and writing this project has been a journey of discovery, both in academic terms and in personal terms. The disciplines required in undertaking a project of this size and nature, have been difficult at times. Working full-time meant that a lot of leisure and family time was sacrificed in favour of reading, writing and researching. (My family are to be commended for tolerating occasional bouts of bad form when things were not going to plan!) However, there have been benefits too.

My current role is in Human Resource management, so the elements of the employment relationship form part of my responsibilities, however, reading and research involved for this project has meant that I have developed a greater awareness of how an organizations approach to managing the employment relationship can influence organizational effectiveness. At work, I have found that I have been more conscious of and paying more attention to our own approach to managing employee relations and how it may be enhanced for the benefit of both the business and the employees.

My own experiences in this area certainly helped in gaining an understanding of the theory but also the experiences of other Human Resource Managers were valuable in both confirming my own opinions but also, in certain instances putting a different perspective on things and helping me to view things from a different angle or in a new light.

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Appendix 1

Employee Relations Interview Questions. (Group HR Manager)

1. How would you describe employee relations in your organisation?

2. In general, how do you think regular communication is viewed by staff and management?

3. What methods of communication are in use?

4. Which of these methods have you found to be the most effective – why do you think this is so?

5. In your opinion, what connection is there (if any) between a good communication system in an organisation and achieving organisational effectiveness?

6. What consideration if any is given to the psychological contract in your organisation?

7. How does your organisation manage change?

8. In light of the new legislation on Information and Consultation, what measures have been put in place in your organisation to provide information to and consult with employees?

9. In your experience, do good employee relations do anything to improve the bottom line in an organisation?

10. Do you consider it possible for employees to enjoy greater job satisfaction if the employment relationship is well managed?

Employee Relations Interview Questions. (Staff Managers)

1. What have you found to be the most effective method of communication in your store and why?

2. What benefits do you think can be gained by having a good communication system in your store?

3. Considering the diverse make up of employees in your store, is it a good idea to have all employees at all levels getting involved and participating in the business?

4. In preparation for the new Information and Consultation legislation, a pre-existing agreement was put in place in your store that included the election of employee representatives through whom employees are informed and consulted on issues that affect them. What benefits if any can you see arising out of this?

5. In your experience, are employees likely to achieve greater levels of job satisfaction if employee relations are good in your store?

6. Can you see any connection between achieving high sales and service standards and having good employee relations in place?

7. How do you think the operational managers view communication systems in your store?

8. In your opinion, can any improvement be made to the bottom line by having a good employee relations plan in place in your store?

Staff Survey Appendix 3

1.	To what age category do you belong	16-25	26-35	36-45	46-55	56-65
2.	What are your employment conditions		Full Time		Part Time	
3.	The Company want to know about operational problems so that they may be fixed	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
4.	Management are sincere in its attempts to understand staff points of view	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
5.	The Company creates an environment of trust and openness	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
6.	The Company communicates well with staff	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
7.	There are adequate opportunities for staff to voice their opinions	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
8.	The Company is receptive to ideas that would improve the business	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
9.	I am informed on a timely basis about changes that effect me	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
10.	I am consulted about changes that effect me	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
11.	I have enough opportunity to let management know how I feel	Strongly agree	Agree	Neither	Disagree	Strongly Disagree
12.	Performance expectations are clearly communicated to me	Strongly agree	Agree	Neither	Disagree	Strongly Disagree

Note: You do not have to answer every question if you do not wish to.

Communication Briefing

Introduction:
Sometime in the first quarter of 2006, The Information & Consultation Act will become law in Ireland. This act relates to how companies communicate with and involve their employees. The purpose of this briefing is to clarify to you how we currently communicate and consult with our staff and the additional communication structures that we intend to introduce.

Current Communication Structures:
The Company has an existing communication policy which is outlined in our staff handbooks and is introduced at Induction Training to new staff.
The Company currently informs and consults with employees and will continue to provide information to staff in the following ways:

- Company Notice Boards which are updated on a regular basis
  - Staff Noticeboard
  - Food Safety Board
  - Health & Safety Board
- Regular Meetings which consist of
  - Fresh Food Meetings
  - Management / Chargehand Meetings
  - Health & Safety Meetings
  - Food Safety Meeting
  - Staff Communication Meetings
- Workshops
- Email

Additional Communication Structures:
In addition to the abovementioned communication structures the Company will introduce Employee Representative Forums in each store. The role of the ER Forum is to facilitate the Company in informing and consulting with employees on a bi-monthly basis with an employee representative from each department (where practicable) on the forum.
The purpose of the ER Forums will be to inform and consult with employees on the following areas:
Store Information: Store Performance V's last year including Store Standards Information, Mystery Shopper Information, Food Safety and Health & Safety Information.

Market Analysis:
Threats from new competitors, activity of current competitors in the area, any other relevant market information i.e. changes in shopper profile.

Work Arrangements:
Changes in hours of work / work rosters/ changes in rates of pay (JLC)

Employee Entitlements:
Terms & Conditions of Employment, communication of any new employment law entitlements.

Company Policies & Structures:
Communication of Health & Safety/Food Safety/Security/Customer Service Policies

HR Policies:
Communication of HR policies including upcoming Training & Development Activity

Employee Representatives will be elected by way of instore vote on a yearly basis with a representative to be elected from the following departments:
- Checkouts / Customer Service
- Shop Floor
- Fresh Foods
- Support Depts (includes C Office/Scanning/G Inwards)
- Management

The employee representatives will be rotated on an annual basis and must have a minimum of 6 months service and /or passed their probationary period before they can be elected. Upon serving as an Employee Representative, that person must wait a 12 month period before they can be re-elected or re-appointed.

The Chair of the Forum will be the Store Manager or such person as he / she may designate from time to time. The maximum time period for consultation will be 30 days.

Upon agreeing to serve as an Employee Representative each employee must sign a Confidentiality Agreement. In the event of any breaches of confidentiality these will be dealt with under the company disciplinary procedure.

An agenda for the meetings will be prepared by the Chair and circulated to Employee Representatives seven days prior to the meeting. Any suggested/additional items to be included on the agendas must be submitted in writing to the Chair three days prior to the meeting.

Disputes will be resolved through the use of the company Grievance Procedure

I acknowledge receipt of a copy of the Communication & Involvement Process and agree to and understand the process as outlined above.

Signed: _____   Date: _____

Group B Employee Representative Forum

Mission

To assist and support existing Company policy, that is to encourage continuous open and effective communication.

Purpose

To provide an opportunity for staff to communicate issues of concern and to contribute suggestions for the improvement of sales and service standards. The forum is not intended as a vehicle to deal with individual grievances or complaints or as a replacement for the Company Grievance Procedure.

Rules

1. The forum may comprise a minimum of 5 employees and a maximum of 10 employees.
2. The Store Manager will serve as Chairperson of the forum.
3. There should be one representative elected by each department to serve on the forum. The departments are as follows:
   - Meat
   - Deli
   - Fruit & Veg
   - Checkouts
   - Shopfloor (Full-time & Pro-rata)
   - Shopfloor (Part-time)
   - Administration (Cash Office, Scanning, Customer Service Desk)
   - Management
4. All representatives must have at least six months service.
5. No representative may serve on the forum for any longer than 1 year.
6. If a representative leaves their employment while a member of the forum, he / she must be replaced by the relevant department.

7. Employee forum meetings will be held on a bi-monthly basis.

8. If any representative is absent from 3 meetings in a row, he / she may be automatically replaced.

9. A meeting agenda will be distributed before the scheduled meeting time in order to allow representatives adequate time to inform colleagues and prepare their contribution.

10. Representatives may put items on the meeting agenda.

11. Representatives have a responsibility to communicate the outcome of all meetings to their work colleagues. However, the minutes of all meetings will be displayed on staff notice boards.