

The *Acas Policy Discussion Papers* series is designed to stimulate discussion and debate about key employment relations issues.

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## Riding out the storm: managing conflict in a recession and beyond

The UK is currently experiencing its longest period of recession for over 60 years. Growing unemployment, downward pressure on wages and greater uncertainty over job security inevitably increase the strain on workplace relationships and the potential for conflict. But it is not just the levels of conflict which are affected by economic crisis, but the way in which conflict is expressed.

Strike action tends to fall while individual disputes rise. Non genuine absence and labour turnover decrease, but resentment and expectation of what will happen when the upturn comes can build up and need to be addressed. But what happens when we emerge from recession? And how can employers, trade unions and employees work together to reduce the potential for conflict?

This paper looks in particular at:

- What do we mean by conflict?
- Patterns of conflict in previous and current recessions
- Concessionary bargaining
- Hotspots for future conflict in public and private sectors

- Avoiding a breakdown in employment relations as we come out of recession.

### What do we mean by conflict?

Conflict in the workplace can broadly be divided into three categories:

- **Organised conflict** which manifests itself as strike action or action short of strike, wildcat strikes, and occupations etc
- **Overt individual conflict** such as formal grievances raised over working conditions; and
- **Latent conflict** where the signs of unrest, discontent and disengagement are expressed through increased absence levels and higher turnover, a drop in performance, more fractious interpersonal relationships between managers and the managed which can lead to an increase in bullying and harassment etc.

This third group is more difficult to measure but arguably just as detrimental to employment relations as the first two and far harder to deal with. Where there is strike action or a grievance claim the

causes of conflict are at least laid bare and action can be taken to address them directly. There are clearly identified players and demands on each side. But addressing high rates of absence or turnover caused by endemic bullying, disengagement and anger caused by badly managed change, is far more difficult; not just because these are more sensitive issues to put right, but because the cause of this rumbling level of conflict may be difficult to identify in the first place, and their resolution demands long-term rather than short-term solutions.

## Patterns of conflict in a recession

### Organised conflict

The long-term trend for trade union membership and therefore levels of collective bargaining and strike action has been decreasing since the early 1980s<sup>1</sup>. However alongside this overall trend there are still notable changes to the levels of collective action during periods of recession.

In the early 1990s, collective action in the form of strikes decreased sharply during the recession. Although workers were voting in ballots to reject low pay offers, they were far more hesitant when it came to strike action, fearful not only of the loss of wages but of losing their jobs altogether. However, despite the drop in industrial action Acas saw a rise in the number of conciliated disputes it was dealing with.

You would be forgiven for thinking that strikes in the current recession are on the increase. This impression is created largely by the high profile disputes we have seen involving Royal Mail, BA and the rail industry which are against one large national or regional employer and impact directly on the public. In fact the pattern of industrial action is similar to that of the 1990s. Stoppages fell to 121 in the year to June 2009 from 155 in the same period in the previous non-recessionary year. Working days lost fell dramatically for the same period from 933,000 to 598,000<sup>2</sup>. Interestingly, figures for the private sector, albeit that they make up a smaller proportion of those organisations that take strike action,

rose compared with the previous year. This can largely be attributed to industrial action in privatised industries in transport and communication. The origins of these disputes reflect a longer-term breakdown in industrial relations that have been exacerbated by the current economic crisis.

As in the 1990s the demand for Acas' collective conciliation services has risen. In the period July 2007 to June 2008 Acas dealt with 873 conciliations but was also involved in 88 further disputes where it was 'running alongside' (that is to say where Acas is being briefed by the parties, but is not actively conciliating).

For the period July 2008 to June 2009 Acas dealt with 948 collective disputes and was involved in a further 167 running alongside. Overall this represents a 16% increase on the previous year. As you would expect Acas was dealing with more issues around redundancy consultation and changes to pay and conditions, although there were fewer disputes over pay awards. If we make comparisons with the last few years what is most notable was the increase in Acas involvement running alongside. In the same period in 2005/06 there were only 54 cases of Acas running alongside; in 2006/07 there were 74 such cases.

One reason for the increase may be due to the difficulty of reaching agreement when times are hard and budgets are tight because there is so little room for manoeuvre. Some may convert into industrial action but some disputes will remain deadlocked for relatively long periods.

Commentators now seem to agree that the UK is coming out of recession and it is interesting that we are now seeing a reduction in conciliated disputes, but a rise in industrial stoppages and in days lost to industrial action which, having dropped significantly between October 2008 and May 2009, are now beginning to climb again. Around 175,000 days were lost in October 2009 through disputes, the highest monthly figure since the Summer of 2008, according to the ONS.

## Concessionary bargaining

Although unemployment continues to rise there appears to be a widely held view that this time round there has been less of a 'slash and burn' approach by employers. One notable impact of the recession has been the increase in concessionary bargaining where unions have negotiated pay freezes, wage reduction or a shorter working week, limited overtime or reduced employer pension contributions to protect jobs. The IDS publication, *Focus on the recession*<sup>3</sup>, concluded there are simply not the spare layers or extra capacity to cut jobs in huge numbers. Among the examples cited by the report is Toyota which has maintained salaries at 2008 levels and cut working time by 10 per cent, but the company agreed to continue to pay its 'collective bonus' to staff in July 2009.

A shorter working week and pay cuts were evident in previous recessions but not to the extent that we are seeing now, nor were there the variety of options currently being explored by unions and employers. The view of some commentators, including employer groups such as the Engineering Employers Federation (EEF), is that employers in particular are behaving very differently from previous recessions and taking a more long-term view, seeking to work in partnership with unions and their employees to avoid job cuts and find new ways of working. According to David Yeandle, Head of Employment Policy at the EEF: "Manufacturing companies are managed much more efficiently than they were in the 1980s and 1990s. It is therefore more difficult to make changes or reductions without fundamentally changing the business ie reducing the number of products or producing different things.

"Within manufacturing employers, employees and trade unions have seen the city as a common enemy and there are less fingers pointing at each other, and it has helped people work together."

A recent survey conducted by the EEF of its members found that just over two thirds of respondents felt that the current employee relations climate was positive, with only 10 per cent saying it was negative<sup>4</sup>.

There has also undoubtedly been a greater desire on the part of unions to work with employers to seek solutions rather than rushing to confrontation. The unprecedented coverage of the economic crisis and the recession via every form of media may well have played its part in influencing greater acceptance of lower pay deals by unions and their members.

Some unions, such as the RMT, have taken a more militant stand. It argues that their members have played no part in creating current economic difficulties and that they are already delivering improved efficiencies. The union Community, on the other hand, has said that it is willing to agree deals that forgo an annual pay rise in return for a guarantee of no job losses<sup>5</sup>.

However, it would be fair to say that many unions view concessionary bargaining as a current necessity whilst remaining sceptical of both the degree of cuts to terms and conditions of their members, and the promises of deferred pay rises when the good times return. One representative from the communications union Connect said at a fringe event at the September 2009 TUC congress:

"This recession is different from other recessions. I can't remember the same naked opportunism on the part of employers. Admittedly I am talking about the private sector. Many of our workers are suffering from a shopping list of cuts in terms and conditions that is unprecedented, and the cuts being made require significantly more justification than they are currently given."

Acas advisers have reported an increase in enquiries from employers wanting information about how to make changes to terms and conditions whilst remaining within the law. In the main Acas advisers believe that these are genuine attempts by employers seeking means to stay in business and retain employees, but it may be that for some rogue employers the move is driven by opportunism particularly in non-unionised workplaces. This is likely to create resentment in the long-term.

Many Acas advisers are reporting much tougher negotiating positions from unions as the economic

outlook becomes more optimistic, and this is particularly true where employment relations have previously been poor, where employers fail to be transparent about the current state of the company, and where changes are imposed without proper consultation and negotiation.

“Unions are voicing frustration and cynicism. In one recent pay dispute the employer was offering one per cent but arguing the pay rise was really higher if you added inflation even though this had never been used in previous negotiations. There is little sympathy from unions to concessionary bargaining unless the employer has a history of being open and honest and past and present negotiations are transparent – then there is more trust and unions are more willing to work with employers.

“Employers are also making offers and refusing to move saying things are bad but won’t say how bad. Trade unions see that management are getting a 12 per cent rise and they can never get to the bottom of how bad things really are and what a reasonable offer is.” (Acas senior adviser, South East)

Among those unions who have made concessions there is the expectation of payback when things get better. Community, for example, says that it will be looking to recover some of the lost ground on behalf of its members<sup>6</sup>.

### Unofficial action and the use of technology

Within the official negotiating framework relations may have been less inflammatory but we are beginning to see new forms of collective action which were not in evidence in the previous recession, namely wildcat strikes and occupations. There has been a recent spate of unofficial action involving workers in transport, energy, car manufacturing and postal services.

Perhaps the most publicised of recent wildcat strikes was the action that took place at the Lindsey oil refinery. In this dispute the Italian sub contractor brought in their own mainly Italian workforce to do what the existing workforce thought of as ‘British jobs’. Walkouts in the construction industry are nothing new but at Lindsey

what was so unexpected was the speed and the scale of the support for action. New technology is changing the way in which workers are able to organise. They are able to communicate in seconds not just nationally but internationally. The dispute at Lindsey was characterised by the setting up of networking groups, with a website and text message and email groups, enabling demonstrators to communicate rapidly across the country and to expand the action to over half a dozen other major construction sites.

Another key characteristic of this action was the impact of the EU Posting of Workers Directive originally brought in to address skills shortages and enable the mobility of labour. But when labour shortages disappear the same piece of legislation creates the potential for conflict and the unions are currently pressing for greater protection for British workers in a number of sectors including energy and agriculture.

The use of technology in organising collective action has also played a role amongst skilled workers in the entertainment industry in what might be termed borderline unofficial action. A BECTU official reported that rogue employers trying to pay below union rates were brought into line by workers circulating text messages telling fellow members not to work for that employer<sup>7</sup>.

### Future of collective action

Until recently the public sector has been portrayed as a recession free zone, but this looks set to change. In what is still a highly unionised sector any cuts will be dealt with at a collective level. Even before the recession, the public sector was the focus of a series of efficiency reviews from Gershon and Lyons to the ongoing Operational Efficiency Review. The recession has made this task more urgent. In local government the drop in revenue and increased demand for public services mean that many local authorities are looking to innovative ways of cutting costs. These include greater use of shared services across parts of the public sector, increased use of the private sector and voluntary sector, the creation of social enterprises and in some cases offshoring of certain tasks.

This process will inevitably mean job cuts and the CIPD Summer Labour Market Outlook<sup>8</sup> found that redundancy intentions were particularly high in local government (56%) and further and higher education (16%). Thirteen per cent of public sector organisations said that their redundancy programmes would reduce the workforce by more than 10%. The cuts will be particularly large in central government (34%) and in education (16%), according to the survey. The ongoing squeeze in the public sector and accompanying job losses coupled with extra demand on existing employees may well be the cause of considerable conflict. Moreover, this may affect the way in which collective bargaining is conducted, according to Peter Harwood, Acas Chief Conciliator: “A strong approach from management on pay freezes for example, is likely to elicit a coordinated approach on the other side from unions. Employers in local government for example who have been moving towards more local negotiating agendas may be driven back to a national collective approach.”

It is not just job losses that have the potential to stir up conflict, however. The transition involved in restructuring local government and the ongoing financial pressures created by single status pay realignment, will involve the usual complex employment relations issues which arise when people on differing terms and conditions are brigaded together.

### **Pensions**

Pensions are also likely to become another hotspot for employment relations in both private and public sector. Employees in the private sector are already seeing cuts to defined benefits schemes. Last year Acas dealt with a number of collective conciliations which involved ending final salary schemes for new entrants. Although it is not something appearing on the collective bargaining agenda at the moment this may well change with companies such as Fujitsu, Barclays and IBM talking about closing schemes to existing members. And as one adviser noted: “I have heard talk from managers in confidence that ‘if the pension scheme was altered that would ease pressure’ but I haven’t seen it brought to the table. It is in people’s minds though.” (Adviser, South East)

### **Catch up time for the private sector**

The private sector overall has much lower trade union density than the public sector, with lower levels of trade union presence and lower coverage by collective agreements<sup>9</sup>. However, this is not true of the privatised industries which remain highly unionised. Commentators are asking what will happen when the upturn comes. And as inflation begins to rise there will be greater pressure from workers for this to be reflected in pay deals. Will the unions and their members continue to back a more collaborative approach with their employers or will there be a return to more confrontational industrial relations? Some are predicting that 2010 will be ‘catch up time’, with employees looking to recoup the pay losses they have suffered in the past year. Whilst employers talk about ‘pay freezes’, the unions are using the term ‘deferred pay rises’.

### **Unofficial action and alternative ways of organising**

The ongoing decline in both collective bargaining as a method of managing employment relations and of collective action as a ‘managed’ expression of collective discontent shows no sign of slowing. But if formal channels are closed off to employees there is likely to be a rise in unofficial expressions of discontent. There are now more sophisticated methods of communicating with large audiences via social networking sites such as Facebook, and indeed there are already unions who are reporting younger stewards using this as a recruiting and organising tool.

In particular, there remains the possibility for the spread of unofficial action in the private sector. It is most likely to occur where there are groups of disenfranchised workers, either laid off or long-term unemployed in traditionally unionised industries and where there is a failure by management to effectively engage with either recognised unions or employees. The danger is that where action is unofficial, and outside the law, the parties wishing to resolve the dispute have no-one to negotiate with who can genuinely prove that they represent the interests of those taking action.

Also of concern for employers, government, and trade unions is the potential for disenfranchised workers to be infiltrated by groups from both the extreme left and right with alternative agendas who have the ability to cause more widespread social unrest. The action at the Lindsey oil refinery began with the slogan 'British Jobs for British workers' and the highly publicised presence of the BNP. The trade unions had to move swiftly to undermine what was seen as the introduction of a racist agenda and change the slogan to one of 'Fair access to jobs'.

### Overt individual conflict

Individual grievances resulting in employment tribunal claims increased sharply in the recession of the early 1990s with a rise in unfair dismissal claims from around 24,000 in 1990 to nearly 45,000 by 1993<sup>10</sup>, as those workers who were laid off without the prospect of finding employment in the short term became more likely to pursue claims.

### Employment tribunal claims

As with the previous recession the number of employment tribunal claims has risen. However, the increase in jurisdictions and a sharp increase in the number of multiple claims – where several employees bring the same case against the same employer, often with the same representative – means that tribunal figures are now notoriously difficult to interpret. Figures from the Employment Tribunal Service annual report show that single claims rose by 15% to 63,000 in 2008/09 compared with the previous year<sup>11</sup>.

This figure excludes large multiple equal pay claims which currently stand at around 45,000 and which are ongoing cases that are not recession related, but which seriously distort the overall figures. However, looking at figures for single claims also excludes multiple claims on other grounds such as 'unfair dismissal' and 'failure to inform and consult on redundancy' which have increased in the past year as a direct result of the recession. A 15% rise is therefore likely to be an underestimate of the number of individuals affected by

the recession and choosing to take their employer to tribunal.

Claims are rarely confined to one jurisdiction, therefore examining the numbers listed under separate jurisdictions are not an indication of the numbers of claimants affected. Having said this, the increase in particular jurisdictions clearly indicates the impact of the recessionary climate on employment relations. Unfair dismissal claims are up by 29%, breach of contract by 31% and redundancy pay by 48%. Failure to inform and consult on redundancy is now two and a half times what it was in 2007/08.

Employment tribunal claims continued to rise after the end of the recessionary period in the 1990s, albeit at a slower rate, not dipping until 1996. It seems likely that claims will continue to rise for the next few years, given predictions for an ongoing rise in unemployment, predicted to peak in the second quarter of 2010 at 2.8 million, and unlikely to return to pre-recessionary levels for some time.

A new drive from government and policy makers seeks to slow the upward trajectory of tribunal cases, a result not only of the recession but the growth of employment jurisdictions and a greater tendency to seek legal routes to dispute resolution. Following the review of dispute resolution in Britain initiated by Michael Gibbons<sup>12</sup>, Acas has rolled out a new national service; pre-claim conciliation (PCC). Where potential employment tribunal cases are identified the parties can generally be offered the services of an Acas conciliator to resolve the dispute at an earlier stage before positions have become entrenched. Agreements reached in PCC have the same legal standing as a settlement brokered by Acas after a claim has been lodged.

Whilst Acas has always had a statutory duty or power to act in potential tribunal claims, PCC is being actively promoted as an opportunity to resolve disputes without resorting to tribunal litigation. The PCC service aims to support the spirit of the Gibbons review by seeking to encourage employers and workers to resolve disputes in the workplace at a more informal level, nipping

problems in the bud and providing the best chance of preserving the employment relationship. In order to achieve that, robust criteria are in place to ensure that only those cases where the parties have already made a reasonable effort to resolve the dispute internally can make use of the service.

## Latent conflict

The rise in collective conciliations and employment tribunal claims only tell part of the story, however. Much of the conflict in our workplaces is more hidden and harder to measure. One useful source of intelligence is the Acas helpline which receives upwards of three quarters of a million calls a year.

Looking at the pattern of calls to the Acas helpline over the past year the most notable changes are the increase in calls on 'discipline, dismissal and grievance' which have been gradually increasing from May 2008 when they were 25.9% to 30.6% in August 2009 (20,129). The proportion of calls on this topic remains high at around 30%, and this topic is usually the one which receives the greatest call volumes regardless of the economic climate. However in May 2008 'redundancies, lay-offs and business transfers' began to increase rapidly remaining the most common call topic between October 2008 and April 2009, peaking at 35% in February 2009 (16,278 calls) and dropping to around 23% in August 2009. In terms of highest actual call volumes there were 21,264 calls on 'redundancy, lays-offs and business transfers' in June 2009, and 23,400 calls on 'discipline, dismissal and grievance' in October 2009.

Some callers to the Acas helpline will go on to become employment tribunal claimants, others may undertake pre-claim conciliation, some will have their issues resolved informally, following advice from helpline staff, going back to their employer or employee and dealing with issues raised through non-legalistic approaches such as the employers' discipline and grievance procedures or mediation. However, some callers, unable to find a satisfactory solution to their problem and without access to formal channels to voice their discontent, or whose problem is not covered by existing

legislation, will find expression in latent conflict instead. We see a different pattern emerge in times of economic hardship compared with that which occurs when times are good.

## Absence and labour turnover

In non-recessionary times workers who are unable to resolve issues via collective mechanisms or the grievance procedure sometimes choose to leave and seek alternative employment. During a recession this is likely to be seen as a less viable option.

According to the CIPD *Recruitment, retention and turnover survey 2009*<sup>13</sup> the labour turnover rate of 15.7% is noticeably lower than the previous year's rate of 17.3%. Promotion outside of the organisation (50%) and changing career (49%) remain the most common causes of voluntary turnover, and form the main causes for employee turnover overall. According to the report: "It seems likely that in the current economic situation, given the slow job market, the number of people leaving organisations voluntarily will decrease further".

The CIPD *Annual absence management survey, 2009*, also reports that there has been a drop in absence rates compared with last year and they are now at their lowest level since the series began 10 years ago<sup>14</sup>. This may be attributed, say the authors, to an increased focus on reducing absence levels and costs, as a result of the recession, coupled with an increased employee concern over job security including a greater number of employees coming into work when they are not well. Calls to the Acas helpline tell a similar story with employees not going off sick in case this makes them a target for redundancy, although one helpline adviser reported an increase of calls from misguided employees taking a different approach:

"Employees are taking time off when they are not genuinely sick as they feel they are more protected because the employer cannot dismiss them on the grounds of redundancy. They are normally quite surprised when informed there is no such protection."  
(Helpline adviser, Scotland)

Another adviser in the North East reported an increase in employers dealing with sickness absence earlier because they cannot afford the employees time away.

Acas advisers report an increase in calls from employees who are reporting problems but who are unwilling to leave or take legal action because of the economic climate. “In cases where there may be a claim for constructive dismissal due to bullying, or not paying wages, employees are more reluctant to leave due to the difficulties of getting another job and see no alternative but to put up with the situation.”  
(Helpline adviser, North East)

There has been a considerable rise in calls to the Acas helpline from employers and employees about making changes to terms and conditions; employers looking to vary contracts of employment as a way to reduce costs with a view to avoiding redundancy in future. The changes include cutting back on benefits such as sick pay, bonuses, company cars as well as cuts to pay and hours.

“I have noted that employees in this situation are more willing though somewhat reluctant to accept changes. They would rather put up with the changes than leave as they feel it would be difficult to get another job at the moment.”  
(Helpline adviser, North East)

The latest quarterly *Employee outlook survey* from the CIPD<sup>15</sup> also found that, while 75% of UK employees plan to stay with their current employer for the foreseeable future, when asked if they would ideally like to change job next year, 40% said yes, up from 37% in the last quarter. Of these, 39% are optimistic that they will be able to do so and 41% are pessimistic.

And although the level of concern about job loss has risen considerably amongst public sector workers in the last six months it is still private sector workers that remain most pessimistic about redundancy and the possibility of finding a new job.

## Stress, bullying and interpersonal conflict

An increase in stress has been the main impact of the recession according to nearly half of the respondents to the CIPD survey, with almost a third saying their workload had increased over the past three months. There has also been a slight increase in the proportion of employees that have noticed an increase in conflict at work between colleagues (17%) and bullying by managers (12%), and people taking days off sick (17%).

Acas helpline advisers have also reported an increase in calls related to bullying and harassment, and stress.

“From the calls I have taken people are taking more sick days off due to being bullied by managers and being more stressed by being put under increased pressure due to reduced staffing levels.” (Helpline adviser, Scotland)

“There is a cascade of stress down the management chain. The MD shouts at senior management who takes it out on the line manager which in turn affects the employees. The uncertainty in companies is leading to more problems between colleagues. It is not necessarily getting raised with employers as people are scared to be seen as making a fuss and problems can escalate quickly.” (Helpline adviser, North East)

Unsurprisingly, the CIPD found that job satisfaction has dipped considerably since the last quarter across all sectors and within all organisational sizes, particularly amongst men, younger workers and in larger organisations<sup>16</sup>.

Increasingly it is the team leaders and supervisors who have responsibility for dealing with conflict and relationship breakdown. But often they receive little training for this aspect of their role. In some cases they may be too close to the situation to be able to deal with it personally, and one useful approach can be the use of non-statutory mediation. This is where an impartial third party helps the two sides to find a resolution to their dispute which both find acceptable and which allows the working relationship to continue<sup>17</sup>.



The process is confidential and offers a more flexible and informal arena in which to resolve issues than the more adversarial nature of formal procedures.

### **Information and consultation**

What employees want at times of uncertainty and upheaval is an ongoing level of communication that keeps them in the picture about what is happening in the business and how this might affect them. Where management fail to communicate and consult with their workforce, the potential for conflict becomes ever present. The Spring 2009 CIPD *Employee attitudes survey*<sup>18</sup>, reported that only a third of employees 'agreed' or 'strongly agreed' that senior management could be trusted, and only one in 10 employees felt fully informed about what was happening within their organisation. The latest survey shows broadly similar responses. However respondents are now more likely to disagree that senior management consult them about important issues.

Of course, the decision about what information to share with employees is by no means a straightforward one. Management themselves often have little certainty during times of crisis. There is often a delicate balance to be struck between candidly communicating the harsh realities to your workforce without demoralising them with prophecies of doom and gloom. In particular middle managers can be placed in positions of acute stress squeezed from both directions and with a distinct set of morale and motivation issues of their own.

### **Engagement**

If employees are not able to leave, or come to work when they should be on sick leave, or gain the promotions that they aspire to, and have no opportunities to take up training and development, there is the potential for greater levels of discontent and disengagement. If this situation is compounded by job losses and restructuring then there is a real danger of a collapse in confidence, breach of trust and withdrawal of engagement.

The recently published MacLeod review<sup>19</sup> argues that engagement can enable organisations to retain their employees' support while taking and implementing difficult decisions. And engagement certainly has the potential to deal with conflict not only in the current climate but more importantly in the long term as we climb out of recession. The challenge is to convert what is an aspirational approach to one that is readily used in the day-to-day management of employee relations.

Trade unions are circumspect about employer use of formal strategies on employee engagement fearing that these may be used to undermine collective bargaining and to drive work intensification. However where employers engage early on with both employees and their representatives, and give employees a genuine voice, both individually and where unions are present, there is a growing body of evidence that it may reduce levels of organised, individual and latent conflict.

### **Cost**

The costs generated by collective and individual disputes are high. Stoppages can affect not only the company whose workers choose to go on strike but the wider local and national economy. Costs associated with employment tribunal claims include pay outs where a worker's claim is upheld, and the legal fees where lawyers are involved, as well as the cost of diverted management time and attention. There is also the cost to the public purse in running the employment tribunals themselves.

But there is also the cost of latent conflict and lack of engagement within the workforce. This is more difficult to measure in purely monetary terms, but the MacLeod review found that there was a compelling case linking improved engagement to improved productivity and performance. Higher levels of engagement are also strongly related to higher levels of innovation and creativity, according to the review.

And there is the human cost of conflict and its impact on the health and wellbeing of employees. In one of the most extreme cases reported during the current



recession, a spate of suicides at France Telecom were blamed on a 'change in working environment' and 'management by terror' as the company pushed ahead with modernisation designed to make it globally competitive<sup>20</sup>. This may be an isolated case but it highlights the potential psychological damage to employees if change and cost cutting is poorly managed.

## Preparing for recovery

Conflict in workplaces will always exist. Some forms of conflict can be part of the creative process that gives rise to innovation and positive change. Even in times of high employment there will be levels of negative conflict, some organised, some more hidden. But in a post-recessionary economy there is the potential for conflict to be more damaging and deep-rooted. If people are losing their jobs, they will inevitably seek to defend those jobs. Where they cannot, they will look to means of redress to help them cope financially with redundancy. Those who survive the cuts may feel guilty, but also resentful that they may now have to take on a greater workload. They may understand that the economic climate is largely to blame for their predicament but this may not make a bitter pill any easier to swallow.

'Survivor syndrome' is a term used to describe psychological impact on employees who keep their jobs but experience guilt, a decline in morale, motivation, engagement, increased stress, higher sickness rates, and higher voluntary quit rates. The way that employers manage change and how fairly employees feel their employer has handled redundancies will be crucial, as will be the support that employers offer their employees.

Where there is a situation of upheaval and change it is about managing the potential for conflict, but employers also need to ensure that they are prepared for managing conflict itself when it occurs. It goes without saying that it is better to address conflict at the earliest possible opportunity, but where it does become more serious there is a need for the right strategies and skills to deal with it.

As signs of an end to the recession emerge many employers and employees still face a continued period of uncertainty. As some sectors and regions recover relatively quickly others are facing a more painful recovery. As cuts in public spending start to bite, a new group of workers will be affected. The employment tribunal system is under tremendous strain, collective agreements and collective negotiation are on the wane, but new unofficial forms of collective action are emerging. Employers, employers' groups, and trade unions need to address the whole range of ways that employees express discontent, and the range of responses that are available to reduce discord and conflict and improve engagement in Britain's workplaces.

### Further reading and Acas resources

#### Acas Advisory booklets

Employee communications and consultation  
 Front line managers  
 Managing change  
 Managing conflict at work  
 Managing attendance and employee turnover  
 Redundancy handling  
 Stress at work  
[www.acas.org.uk/publications](http://www.acas.org.uk/publications)

#### Joint Acas/CIPD guidance

Mediation: an employer's guide  
[www.acas.org.uk/index.aspx?articleid=1680](http://www.acas.org.uk/index.aspx?articleid=1680)

#### Acas Policy discussion papers

Building employee engagement (2010)-(check final title)  
 Collective consultation on redundancies (2009)  
 From stress to distress: the impact of the economic recession on mental health at work (2009)  
 The recession: what the future holds for employment relations (2009)  
 The alchemy of dispute resolution-the role of collective conciliation (2009)  
[www.acas.org.uk/index.aspx?articleid=1578](http://www.acas.org.uk/index.aspx?articleid=1578)

## Research

Pre-claim conciliation pilot-evaluation summary report (2009)  
 Conflict at work: The pattern of disputes in Britain since 1980 (2008)  
 Small firms and workplace disputes resolution (2008)  
 Coming to the table: the role of Acas in collective disputes and improving workplace relationships (2004)  
[www.acas.org.uk/index.aspx?articleid=2056](http://www.acas.org.uk/index.aspx?articleid=2056)

## References

- <sup>1</sup> See for example, 'Conflict at work. The pattern of disputes in Britain since 1980' by Dix, Forth, Sisson, in *The evolution of the Modern workplace*, Cambridge University Press, edited by Brown, Bryson and Forth (2010).
- <sup>2</sup> Taken from ONS statistics on labour disputes, which cover disputes leading to working days lost and do not include disputes that do not result in a stoppage of work, for example work to rules, or stoppages involving fewer than 10 workers or lasting less than one day.
- <sup>3</sup> IDS, *Focus on the recession*, May 2009. [www.incomedata.co.uk](http://www.incomedata.co.uk)
- <sup>4</sup> EEF/CPH Consulting Employment Survey 2009
- <sup>5</sup> IRS Review, 9 October 2009, *Trade Union pay bargaining agendas 2009/10*, Adam Geldman
- <sup>6</sup> IRS Review, 9 October 2009, *Trade Union pay bargaining agendas 2009/10*, Adam Geldman
- <sup>7</sup> Source: Acas/TUC/IPA fringe event, TUC congress September 2009
- <sup>8</sup> CIPD, *Labour market outlook* Summer 2009
- <sup>9</sup> Trade Union membership 2008, BERR April 2009
- <sup>10</sup> Acas annual reports 1990-1993
- <sup>11</sup> *Employment and EAT statistics (GB) 1 April 2008 to 31 March 2009*
- <sup>12</sup> *Better dispute resolution. A review of employment dispute resolution in Great Britain*, by Michael Gibbons, DTI March 2007
- <sup>13</sup> CIPD, *Recruitment, retention and turnover, Annual survey report, 2009*
- <sup>14</sup> CIPD, *Annual Survey Report on Absence Management, 2009*
- <sup>15</sup> CIPD, *Employee Outlook. Working life in a recession*, Quarterly survey report, Autumn 2009
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- <sup>17</sup> *Mediation: an employer's guide*, joint publication by Acas and CIPD
- <sup>18</sup> CIPD, *Employee Outlook. Employee attitudes and the recession*, Quarterly survey report, Spring 2009
- <sup>19</sup> *Engaging for success: Enhancing performance through employee engagement*. A report to government by David MacLeod and Nita Clarke, BIS 2009
- <sup>20</sup> See for example Times Online, September 14th 2009, 'France Telecom told to explain 23 staff suicides', and The Guardian online, Tuesday, 5th October 2009 'France Telecom executive resigns after employee suicide tally rises to 24'

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