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Reducing trade union facility time will not improve workplace productivity

Research suggests that reforms set out in the Trade Union Bill are counterproductive to the government’s aspirations to improve business productivity

Research by Professors at Cass Business School and Warwick Business School suggests that reforms to trade union laws could be detrimental to the government's aspirations to improve business productivity.

The Trade Union Bill, which was introduced in the House of Commons on 15th July 2015, promises “greater scrutiny and controls over taxpayer-funded subsidies to trade unions (so-called ‘facility time’), such as full-time trade union representatives”.

However, Professors of Human Resource Management, Nick Bacon and Kim Hoque, found that the presence of workplace union representatives in the public sector, who rely on facility time to perform their duties, is associated with higher levels of workplace performance. Therefore, reducing trade union facility time is likely to have detrimental effects.

Their research on the nature and impact of onsite workplace union representation uses the most recent government-sponsored Workplace Employment Relations Survey data (WERS 2011). The research, which examines both union representatives as a whole and full-time union representatives more specifically, provides particularly relevant insights into the government's current proposals.

Nick Bacon, Professor of Human Resource Management at Cass Business School said, “The steps laid out by the government do not appear to take into account evidence, using data the government itself has sponsored, pointing to the positive effects that workplace trade union representatives have in the public sector.

“Overall, the evidence suggests that both full and part-time workplace union representatives help improve performance in the public sector and that managers widely recognise this to be the case. As such, the proposed legislation to limit the amount of time union representatives can spend on their representative duties appears unnecessary and may reduce workplace performance in the public sector.”

Kim Hoque, Professor of Human Resource Management at Warwick Business School said, “This research forms part of the latest evidence signifying the positive impact of unions and onsite union representatives on a range of workplace outcomes. Much of the earlier research draws on the government’s own data-sets and shows that unions have a range of positive outcomes on issues from financial performance to equality in the workplace, in sectors as diverse as public services and the finance industry.”

“Evidence suggests that restricting facility time for union representatives in the public sector would be counterproductive and may damage levels of trust between employers and employees, reduce co-operation when introducing change to improve public services, increase labour turnover, increase the number of industrial tribunal cases, and result in lower levels of labour productivity, service quality and financial performance.”
The research shows that:

- 38% of public sector workplaces with a recognised trade union have an onsite union representative, compared with 26% of private sector workplaces. However, only 2.8% of public sector workplaces with recognised trade unions have an onsite union representative that spends all or nearly all of their working time on their representative duties, suggesting that the vast majority of public sector onsite union representatives are not engaged in representative activities on a full-time basis. This figure is not out of line with the figure of 2.2% in the private sector, and suggests concerns about the amount of facility time and the presence of full-time union representatives in the public sector are overstated.

- 12% of public sector full-time representatives are also Union Learning Representatives (ULRs) with statutory backing to help increase levels of training and skills, compared with 9% of public sector non-full-time representatives. Reducing their facility time may prevent them from being able to play this important role.

- Public sector workplaces with full-time union representatives are much larger on average (509 employees) in contrast to those with non-full-time union representatives (97 employees). This suggests that where representatives work on a full-time basis, they do so simply because the workplaces in which they are located are larger, hence they are responsible for representing a greater number of members and have a wider range of employment relations issues to help managers deal with.

Analysis focusing specifically on NHS workplaces using the WERS data shows a positive association between union representative presence and a range of measures of workplace performance as follows:

- Labour turnover is almost three times higher and the industrial tribunal rate 14 times higher in NHS workplaces without union representatives compared to workplaces where representatives are present.

- There is no evidence that workplace union representatives in the NHS restrict the ability of employers to manage absenteeism or the performance of individual employees given similar levels of staff absence and dismissals compared to workplaces without union representatives.

- Managers in NHS workplaces with union representatives present are more likely to report labour productivity, quality of services (e.g. levels of patient care) and financial performance to be ‘better’ or ‘a lot better’ than are managers in NHS workplaces without union representatives.

The updated findings are similar to the Department of Trade and Industry’s (DTI) own review of union facility time in 2007 that identified a wide range of cost savings associated with the activities of union representatives, based on an analysis of data from the 2004 Workplace Employment Relations Survey. The DTI’s own research showed that workplaces with union representatives compared to those without had lower numbers of:

- Voluntary exit rates (saving recruitment costs of £72m-143m per annum)
- Dismissal rates (saving recruitment costs of £107m-£213m per annum)
- Employment tribunal cases (saving the government £22m-43m per annum)
- Workplace-related injuries (saving employers £126m-371m per annum)
- Workplace-related illnesses (saving employers £45m-207m pa).
Professor Bacon and Hoque's recent analysis suggests the positive impact of workplace union reps and facility time in the public sector may be attributed to partnership working with managers to improve public services.

- In public sector workplaces that have both a union representative and a Joint Consultative Committee, the union representative sits on the committee 72% of the time. This figure rises to 85% in workplaces where the union representative is full-time.

- 66% of union representatives in the public sector state that they work closely with management when changes are being introduced. This figure rises to 82% among full-time worker representatives. This suggests that the facility time employers provide for union reps enables them to engage in partnership working with management.

- 86% of managers in public sector workplaces that have a workplace union representative state that representatives can be trusted to act with honesty and integrity. Only 3.5% say that union representatives cannot be trusted to act with honesty and integrity.

- In public sector workplaces with a full-time representative, managers are no less likely to state that the union representative can be trusted to act with honesty and integrity than are public sector managers in workplaces with non-full-time representatives. As such, there are no grounds to argue that managers in public sector workplaces view the presence of full-time representatives as problematic.

ENDS

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