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## His masters voice - the interplay between non-union and union representation arrangements at Eurotunnel

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# ***His master's voice – The interplay between non-union and union representation arrangements at Eurotunnel (UK)***

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## **ABSTRACT**

The recent introduction of the European Directive on information and consultation and its forthcoming implementation into UK law has increased the focus on workplace representation arrangements. This paper examines the interplay between non-union and union representative arrangements at Eurotunnel (UK) and assesses their effectiveness in representing the needs of employees over a five-year period. Importantly, the paper also examines the pros and cons of both NER and union voice arrangements. The findings show that the effectiveness of non-union structures as bodies representing the interests of employees in filling the lack of representation is questionable. However, union recognition through an employer-union partnership agreement has also raised important issues regarding the effectiveness, impact and legitimacy of unions at Eurotunnel. This perception of the lack of effective voice is particularly important given the recent introduction of the European Directive on information and consultation and its forthcoming implementation into UK law. The main implication of this research is that the existence of a mechanism - union or non-union - for communication between management and employees at the workplace may not be a sufficient condition for representation of employee interests. Effective employee voice over workplace issues may be essential for achieving and maintaining employee satisfaction. Voice, the right to be heard and having influence over workplace issues and at times an acknowledgement of differing interests may be essential conditions for a more effective decision-making process.

## ***Introduction***

It is apparent from existing research that little is known about the effectiveness of employee consultation and representation in UK non-unionised firms, in particular, how non-union employee representation (NER) arrangements impact and influence managerial decisions (Gollan, 2000; Gollan, 2001; Lloyd, 1999; Terry, 1999; Watling and Snook, 2003). The importance of NER arrangements in the UK has been highlighted by recent initiatives from the European Commission. On March 11, 2002 a general framework for informing and consulting employees in the European Community was formally adopted and came into force on 23 March. This Directive will eventually apply to undertakings or businesses in Member States with at least 50 employees (or establishments with 20 employees or more), and will require them to inform and consult their employees in good time about issues directly affecting work organisation, job security and employment contracts regarding terms and conditions.

In light of these developments, this research will build on earlier work by the author (Gollan, 2001) and attempt to address these issues by examining non-union and union representative arrangements at Eurotunnel over a five-year period, and assessing their effectiveness in representing the needs of employees.

Thus this paper will attempt to address a number of research questions. First, how effective are NER and union arrangements at representing the interests of and providing voice for employees? Second, are NER arrangements a complement to union representation or do they act as a substitute for union based voice arrangements? Third, what are the positives and negatives of both NER and union based voice arrangements? Fourth, what are the potential implications for employers, unions and NER based voice arrangements in the future?

## ***Eurotunnel (UK)***

Eurotunnel has a 99-year lease to operate the Channel Tunnel link between Britain and France. It has a complex structure consisting of two legal entities to meet requirements in the UK and France. The company is owned by private shareholders in France and the UK. Eurotunnel in total employs a total 3,400 staff, with approximately 1,400 based in Britain on UK contracts. The UK head office is in Folkestone (Longport) with a separate office nearby for some administration activities and the call centre.

According to management, the company's human resource policy systematically takes into consideration its bi-national balance, whether regarding staff allocation or the fixing of salaries and benefits. The 1999 annual report states:

National differences are taken into account when creating personnel management policies, especially as far as labour laws are concerned, the main objective always being to ensure as far as possible equal status for the personnel of each country. Salaries are competitively fixed in line with the current market conditions of each country, with most of the associated salary benefits (paid holiday, retirement pension, medical insurance) being either identical or directly comparable (*Eurotunnel 1999 Annual Report*, p.23)

The Eurotunnel (UK) company council was established in 1992 as the sole channel of employee representation. The company council consists of employees who are democratically elected every two years. Importantly, it is the company's communications forum and has three main aims: to give information and consult on matters of common concern to employees; to manage the social and welfare budget equal to one percent of payroll (approximately £250,000-£350,000 per year); and to represent all employees at Eurotunnel (before June 2000, this also included bargaining and negotiation over pay and conditions).

Until June 2000, Eurotunnel (UK) only recognised the CC for negotiation purposes. In June 2000, a recognition and partnership agreement was signed between Eurotunnel (UK) and the Transport and General Workers Union (T&GWU) to cover all non-managerial staff. Prior to June 2000, one representative and one deputy were elected to the CC from each of eight constituencies, which are geographically or functionally based, including: Technical Engineering, Shuttle Services, Tourist Division, Train Crew, Freight Division, Corporate (Administration), Technical Railway and the Call Centre. Each constituency had a representative and deputy on a joint ticket.

With the introduction of the *Employment Relations Act 1999*, a recognition and partnership agreement was signed by Eurotunnel management and the T&GWU in June 2000, which conferred negotiation rights, confirmed the acceptance of the existing consultation framework and established a joint management trade union forum. As a result, the agreement created two representation structures. A modified company council with eight representatives meets six times a year and represents all employees at Eurotunnel. The joint trade union forum represents union members at Eurotunnel covering all issues of concern, including sole negotiating rights over UK pay and conditions.

When Eurotunnel management introduced union recognition and signed the partnership agreement between Eurotunnel and the T&GWU, the then Director of HR indicated that the impetus for change was the threat of industrial action by train drivers who members of a rival train union Aslef in late 1999, which had created operational upheaval and a situation of crisis management. This was considered important due to the company's £6.5 billion debt and the perishable nature of service delivery with industrial action costing potentially millions of pounds a day in lost revenue.

Another important influence was the union recognition requirements under the provisions of the *Employment Relations Act 1999*. It was felt by management that the legislation could be a catalyst for a number of diverse and complex union-based arrangements within Eurotunnel. The partnership agreement was finalised with little consultation with the workforce and in the face of opposition from the rail union Aslef. It was stated by the HR Director that a mainline rail union would not be appropriate since Eurotunnel was not a mainline rail company. He stated, 'Jokingly, we are a railway line with two stations. In fact we are partly a process engineering factory, that is what the tunnel is, and partly a ferry service on wheels. We are not comparable to any UK rail companies. On the technical side (terminals, tunnel and rolling stock) we are more like a train factory rather than a rail company'.

### **Research strategy**

The Eurotunnel research was conducted over a period of approximately five years (1998 to 2003) and involved multi-variant case study analysis, using interviews, company documents, employee surveys, focus groups and observation. The rationale for using Eurotunnel as a case study was the impact of the culturally and functionally diverse nature of its workforce on representation

arrangements in a single establishment. The case study also highlighted the complexity of operating a uniform consultation structure across a highly diverse workforce.

In order to assess employees' responses prior to union recognition, an employee survey was undertaken between December 1999 and January 2000, focusing on some of the issues raised in earlier interviews. In addition, a second survey was conducted 18 months after union recognition during December 2002. The objective of this second survey was to reveal employee attitudes towards the company council and their views on the role of the trade union at Eurotunnel.

The first survey undertaken in 1999 consisted of a self-completion questionnaire of 27 questions and was distributed to almost a third of the UK workforce (400 employees) by company council representatives and deputies. Some 123 completed questionnaires were returned, representing a 31 percent response rate. The second survey undertaken in 2002 replicated the first survey but included additional questions relating to trade union recognition and trade union presence. It consisted of a self-completion questionnaire of 31 questions. It was distributed to all UK employees (1,400 employees) and was attached to employees' pay slips by the company council. Some 552 completed questionnaires were returned, representing a 40 percent response rate of the total UK workforce.

### **Research findings**

The findings in this section assess the views of employees based on two surveys, one undertaken in December 1999 and January 2000, and the second survey conducted late 2002.

**INFORMATION AND CONSULTATION:** An important part of both surveys were questions relating to communications at Eurotunnel. Significantly, on the central issue of the effectiveness of communication at Eurotunnel, over 60 percent of respondents in the second survey indicated that they were either not well informed or not informed at all about workplace issues at Eurotunnel. These results were similar to those findings in the first survey (58 percent). Overall, the respondents were generally positive about the usefulness of the various consultation methods, with notice boards, word of mouth, meetings of managers cited as the most helpful. However, nearly 60 percent of respondents indicated that company council representatives were not helpful (50 percent in the first survey) and 70 percent of respondents suggested that trade union respondents were not helpful. This would suggest that neither company council representatives nor union representatives have been effective at communicating with the workforce over issues of concern.

The majority of respondents overall were dissatisfied with the amount, type and timing of information from management. However, the second survey showed an improvement in the provision of information compared to the previous employee survey. Importantly, on the issue of trust in management, when asked the question, 'Typically when management communicates with you, to what extent do you believe the information you are given?', there was little change in employee attitudes with around 40 percent of respondents from both surveys suggesting they did not believe information from management. This attitude was reflected in an interview with one of the representatives, who argued, workers:

With regard to how much information employees received over certain employment issues, respondents from the second survey were less positive than those in the first survey. On average, slightly more (around 10 percent) respondents stated they received none or only a little information on these issues. However, the same two issues did stand out in both surveys - staffing issues (recruitment and redundancies) and working practices. Around two-in-three respondents in both surveys said they received no information or little information on these issues.

Surprisingly, 75 percent of respondents in the second survey (after union recognition) received no or only a little information on union issues. Importantly there was no improvement between the two surveys regarding information on pay and benefits, which could have implications for employees' perceptions of trade union effectiveness with the lack of information regarding union issues possibly contributing to fewer than expected members.

In regard to the level of influence they had on management decisions, nearly 80 percent of employees suggested that they had no or little chance to influence management at Eurotunnel. This figure was the same as for the previous survey. A respondent from the second survey suggested, 'Eurotunnel managers might listen to employees, but disregard their opinions and suggestions, unless it makes management shine. Management are arrogant and condescending'.

**WORKPLACE REPRESENTATION:** Only six percent of respondents indicated that they were frequently in contact with their company council representatives. This was down from 20 percent in the previous survey. 45 percent of respondents said they were occasionally in contact with their representatives, again down from 57 percent in the previous survey. More worrying was the 20 percent who did not even know who their worker representatives were. This was an increase from the previous survey when only three percent said they did not know their representative. One respondent commented, 'Company Council representatives simply do as they are told by the company - no power, no backbone. The union is far more effective but would be better if Eurotunnel followed the rules of the agreement it signed and dealt with the issues raised (Pay and Conditions)'.

Regarding the importance of the company council communicating on workplace issues, respondents to the second survey generally rated communication from the company council as less important than respondents in the first survey. The most important issues for respondents in both surveys were pay and benefits and employee grievances, staffing issues and changes to working practices, with around half to two-thirds of respondents suggesting they were 'important' or 'very important'. Significantly, there was large fall in respondents indicating that it was 'important' or 'very important' for the company council to be communicating on pay and benefit issues in the second survey, which highlights the influence of trade union recognition and presence. On the question of who would best represent staff on major workplace issues, the strongest support for a trade union was on pay increases. This was reflected in both surveys.

At the time of the first survey, 12 percent of respondents were union members. Only six percent of respondents indicated that there was any active union presence and nine percent had contact with other union members or representatives. However, over 75 percent of the respondents indicated that management should recognise a trade union.

Support for trade union recognition was also reflected in the *Eurotunnel Company Council Recognition Survey*, which found that 52 percent of the respondents were in favour of trade union representation. In terms of employees' willingness to join a trade union, half of the respondents in the recognition survey stated they would.

Findings from the first survey (prior to trade union recognition) suggested that many employees believed that trade unions would improve their position on certain issues. As an example, in relation to pay and benefits some 72 percent of respondents from the first survey thought that trade unions would improve their position. There was a similar finding regarding work conditions, with 73 percent of employees suggesting that trade unions would improve their position.

The findings from the second survey (after union recognition) indicated that the T&GWU had some success in recruiting members and increasing its presence. Some 35 percent of employees in the second survey said they were a trade union member compared to only 12 percent in the first survey. Union presence had increased greatly with 55 percent of respondents suggesting they had an active union presence in their workplace compared to only six percent of respondents from the first survey. However, in contrast to employees' perceptions from the first survey, the second survey revealed the lack of progress the union had made on some important issues. Many employees suggested that the trade union had not met their expectations. When asked how effective the trade union had been in representing general employee interests, only 29 percent suggested that they were effective or very effective. Some 27 percent felt they were not effective at all with the rest of respondents suggesting the trade union was only moderately effective.

Furthermore, when asked if the trade union had improved their position on pay and benefits, only 11 percent of respondents agreed. This view was also apparent in relation to other issues, such as work conditions (13 percent), health and safety (14 percent), training (six percent), individual grievances (19 percent) and job security (11 percent).

**PERCEPTIONS OF REPRESENTATIVE EFFECTIVENESS:** Two-thirds of all respondents stated that the company council was not effective in representing general employee interests or the interests of employees in the section or area where they worked. The view of one respondent from the first survey (before union recognition) was that, the ‘Company Council does well regarding social activities but is unable, through no fault of their own, to influence management decisions’. These views of the Company Council reflect those from the first survey.

This viewpoint was voiced by one respondent in the second survey:

In an ideal world, the Company Council should have a role – other than offering treats like cheap panto tickets and holiday deals. In reality the company council representatives are all paid employees – their power and inclination is limited. It was hoped the union coming in would change all that, not the case I’m afraid. The T&G seem to be more compliant than the company council. I feel this must be poor leadership on their part, as certainly their employee representatives would like to make it work.

Many respondents (around 50 percent) in the second survey suggested that the company council should retain a consultation role. This view was strongest in relation to pay and benefits and employee grievances. Few respondents believed that the Company Council should have no role. One respondent suggested, ‘The idea of the Company Council is a good one. They want the same benefits as anyone else, but they don’t have the power to achieve a great deal. They need to evolve with the company and be given more power on certain issues. Management need to accept them and inform them more than they do now. Work with them not against them’.

The proportion of respondents who felt the union could best represent them in increasing pay dropped significantly from over 70 percent in the first survey to under 50 percent in the second survey. This downward trend over the period was also apparent in relation to other workplace issues. For example, employees who thought that the union would be best at making a complaint about an issue at work fell from 55 percent to 35 percent, representing employees in disciplinary procedures declined from over 61 percent to 43 percent and representing individuals about changes to their immediate workplace decreased from 46 percent to 32 percent. Interestingly, support for the company council on these issues stayed relatively consistent between the two surveys.

Importantly, the proportion of respondents who stated that they themselves were best placed to deal individually with the issues mentioned above increased between the two surveys. For example, 25 percent stated they individually were best placed to obtain pay increases, 38 percent of respondents said they were best placed to make a complaint (up from 15 percent in the first survey), 26 percent felt they were best placed to deal with disciplinary action from managers (up from 10 percent in the first survey), and over 46 percent stated they were best placed to individually deal with changes to their immediate workplace (up from 26 percent in the first survey). The following comments illustrate the views of employees who are evidently not supportive of unions.

### ***Discussion and conclusions***

The research at Eurotunnel provides an opportunity to explore the impact of consultative structures on certain processes as well as to assess employees’ attitudes towards the company council and their views on the trade union, both prior to union recognition and in the period following the new arrangements. One of the reasons for management to establish NER arrangements at Eurotunnel was a desire to have a more direct relationship with employees, without the mediating forces of a ‘third party’ through union representation. In this endeavour, Eurotunnel’s union substitution approach failed to stop the forces for unionisation, the catalyst for which was the Aslef presence in the train crew section of the workforce. Consequently, the maintenance of NER arrangements was very much dependent on the threat of unionisation. The findings at Eurotunnel would also seem to suggest that an important underlying driver in the unionisation process was management’s ambivalent behaviour towards employees’ views and concerns rather than any potential financial advantage gained by unionisation. Importantly, dissatisfaction over certain issues considered by employees as important and the lack of trust between management and employees appear to be even more critical impetus to the unionisation process.

Significantly, although their expectations were high, employees were not totally convinced that unions alone would solve these issues. Only when management was perceived as unresponsive did the union become more of a catalyst for collective action. Before union recognition, the T&GWU was seen more as a means to protect existing wages and conditions in a period of cost cutting and spending controls. However, in many ways it could be argued that the partnership between Eurotunnel and the T&GWU protected *status quo* rather than extracted increased wages and conditions, resulting in dissatisfaction, disenchantment and frustration. This was in the context of the recognition of the T&GWU against the wishes of many employees, with many unconvinced of the merits of trade union representation alone. This resulted in a significant group of employees not becoming members of the T&GWU.

The challenge for the T&GWU at Eurotunnel is that certain achievements such as increased trade union membership and presence have not been accompanied by more positive attitudes towards trade unions by a majority of Eurotunnel employees. More worrying for the T&GWU at Eurotunnel is the lack of belief in the trade union regarding its ability to achieve traditional trade union objectives of increases in pay, fairness and protection in disciplinary action, making a complaint against management, and changes in employees' immediate workplace – in fact, many felt they were as individuals best able to deal with such issues. This is important, given that these issues would be regarded by many as traditional and core trade union activities. The risk for the T&GWU is that the Eurotunnel employees' perception of a lack of effective union voice could potentially impact negatively on the influence that unions could have on management decisions and undermine their legitimacy at the workplace. These issues could be seen as the challenge for the employer and union partnership at Eurotunnel and generally for employer and union partnership in the future.

The experience of Eurotunnel would also suggest that some employees are reluctant to abandon NER arrangements altogether, providing management with more diverse and complex representation arrangements. This could be seen as a failure of management and the T&GWU to convince employees of the merits of a single channel of trade union representation. For management, this more diverse representation arrangement could raise concerns regarding employees' acceptance of management decisions and undermine the effectiveness of organisational change initiatives due to the increase complexity of dealing with a number of representation arrangements. For the T&GWU, failure to persuade the majority of employees at Eurotunnel of the merits of unionisation has potentially undermined the legitimacy and authority of the union in representing all employees at Eurotunnel.

Overall, these results would suggest that employees were satisfied with neither the NER nor union voice arrangements. Furthermore, neither arrangement appeared to address employees' expectations in providing effective employee voice. There may be a number of reasons and potential implications from this important finding. One possible explanation could be the external environment (Eurotunnel's financial situation, cost-cutting, competition etc) has restricted management's ability to address the concerns of employees no matter how capable, motivated or willing management are in developing good employee relations. This could be seen as a basic pluralist industrial relations critique of human relations that voice lacks effectiveness if the external environment is negative. The second implication is that management lacked the capability and experience to address and deal with the complexity of employees' concerns through either the NER or union arrangements. Third, employees have high expectations which cannot be met under the financial conditions by either the CC or trade unions due to their limited influence over the organisational decision-making process. And finally, the perception of a lack of independent voice by the CC, and the T&GW due to the union-management partnership arrangements, has not increased employee voice and failing to act on employees concerns has further undermined the legitimacy, authority and trust in both arrangements.

While this study is focused on just one company, potentially it could have far reaching implications for employers, unions and government policy regarding the structures needed for providing effective consultation and representation. Significantly, it highlights the potential limitations and dangers for employers and unions of not addressing the needs and expectations of workers. Given the devolution of decision-making in many organisations and the greater focus on employee commitment and effective organisational change, these findings are of particular interest.

They suggest that if employers wish to encourage an alignment of interests between employee behaviour and organisational goals, they need to place greater emphasis on giving employees a greater say in the decision-making process and on addressing the expectations of employees.

The message from this research and the future legislative requirements on information and consultation is that the existence of a mechanism - union or non-union - for communication between management and employees at the workplace may not be a sufficient condition for representation of employee interests. Effective employee voice over workplace issues may be essential for achieving and maintaining employee satisfaction. The Eurotunnel research would suggest that while trade unions may provide greater voice than non-union arrangements, the strength of voice is dependent on the legitimacy and effectiveness of trade unions in representing employees' interests at the workplace. And that in turn depends on the union being perceived by the workforce as both representative and able to act independently.

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