# SWP 17/91 EMPLOYEE COMMUNICATIONS IN EUROPE

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## EMPLOYEE COMMUNICATIONS IN EUROPE

Personnel managers in five European countries report that communications with their employees has increased, not only through representative staff bodies such as trade unions, but more significantly by verbal and written means directly to employees.

The increase of employee participation in organisations has clearly made employers much more aware of the need to improve their communication with the workforce. A more educated workforce, the recognition that workers have a valuable contribution to make to organisations, the growth of team briefing and quality circles and the realisation that involvement has a very positive motivational effect are all reasons for improving communications between employers and their employees. Some commentators have also argued that direct communication with the workforce can be used to circumvent trade union channels.

With these issues in mind the Price-Waterhouse Cranfield Project on International Strategic Human Resource Management included questions on aspects of organisational communication in its recent survey of five European countries.(Britain,France,Germany,Sweden and Spain)

## COMMUNICATION THROUGH STAFF REPRESENTATIVE BODIES

Communication via staff representative bodies such as trade unions, was highest in Spain (see Table 1) This can be partially explained by the fact that Spain also registered the greatest increase in trade union influence, as perceived by personnel managers in organisations, at 38%.(see Table 1)Germany registered a 26% increase and Sweden, France and U.K. 25%, 9%, and 6% increases respectively.

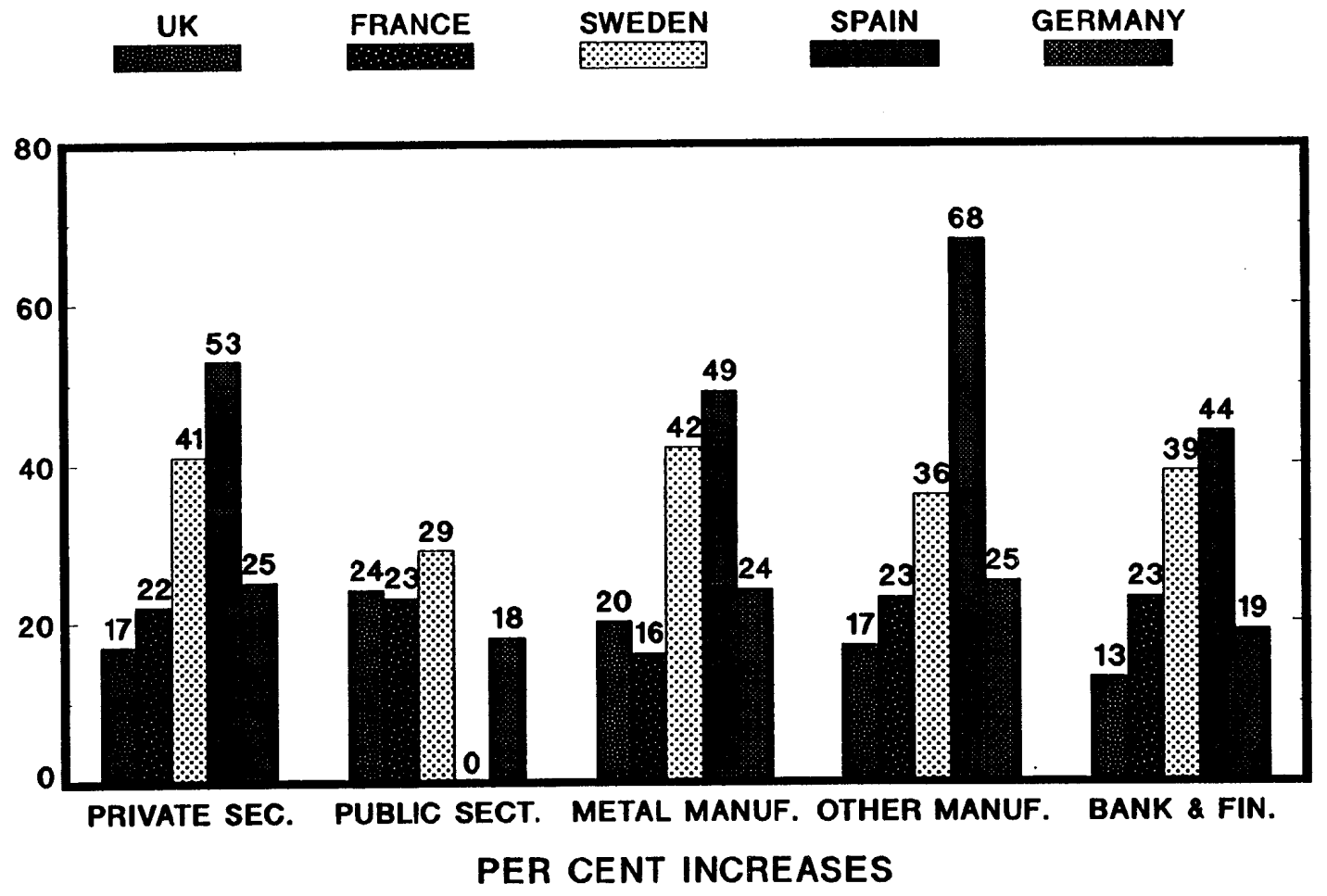
Table 1 **Changes in Influence of Trade Unions**
(As perceived by personnel managers in the survey)

| | UK | France | Spain | Sweden | Germany |
|---|---|---|---|---|---|
| Increased | 6 | 9 | 38 | 25 | 26 |
| Decreased | 49 | 46 | 13 | 10 | 7 |
| Same | 45 | 46 | 49 | 66 | 67 |

Equally significant is the fact that, of all the five countries, personnel managers in organisations in the UK reported the greatest decrease in trade union influence, at 49%, and the greatest decrease in communication through staff representative bodies as well, at 20%.

COMMUNICATION INCREASES THROUGH [redacted]

BY PUBLIC & PRIVATE AND INDUSTRIAL SECTORS




PER CENT INCREASES

Table 2 **Communication Through Staff Representative Bodies**
(As perceived by personnel managers in the survey)

| | UK | France | Spain | Sweden | Germany |
|---|---|---|---|---|---|
| Increased | 18 | 22 | 53 | 38 | 23 |
| Decreased | 20 | 12 | 3 | 7 | 3 |
| Same | 49 | 58 | 44 | 55 | 64 |

The UK also was the only country where more organisations reported a decrease rather than an increase in communication through staff representative bodies. France experienced the second largest decrease at 12 %, and it is interesting to note that both these countries experienced the highest decreases in trade union influence as perceived by personnel managers in their organisations, at 49% and 46% respectively-way above the other country decreases. It would seem that there is some correlation between the decline in communication through staff representative bodies and the decline in influence of trade unions in UK and France. This trend seems to be absent or less pronounced in the other countries. Germany and Sweden are noted for their strong legislative support for trade union representation at company level backed by co-determination laws, and Spain with its socialist government has seen stronger governmental support for unions over the past five years.

A sectoral analysis reveals a similar picture, with the lowest increases in communication through staff representative bodies in France and particularly in the UK. The private sector in the UK experienced the highest decreases and the lowest increases, whereas in Sweden the situation was totally reversed, (see Graph 1). With union density at over 80% in Sweden it once again confirms that the relative strength of unions combined with state legislative support strongly affects whether unions are regarded as a proper means of communication.

The greatest decreases in UK sectors were in the traditionally strong union areas such as transport, metal manufacturing, other manufacturing and energy (35%, 20%, 25%, 24% respectively). All experienced considerable sectoral decline over the past decade which has been reflected in declining union membership. As a confirmation of this trend the highest increase in communication through staff representative bodies has been in the public sector in the UK, one of the few areas of the economy which has experienced a noticeable increase in unionisation over the last decade.

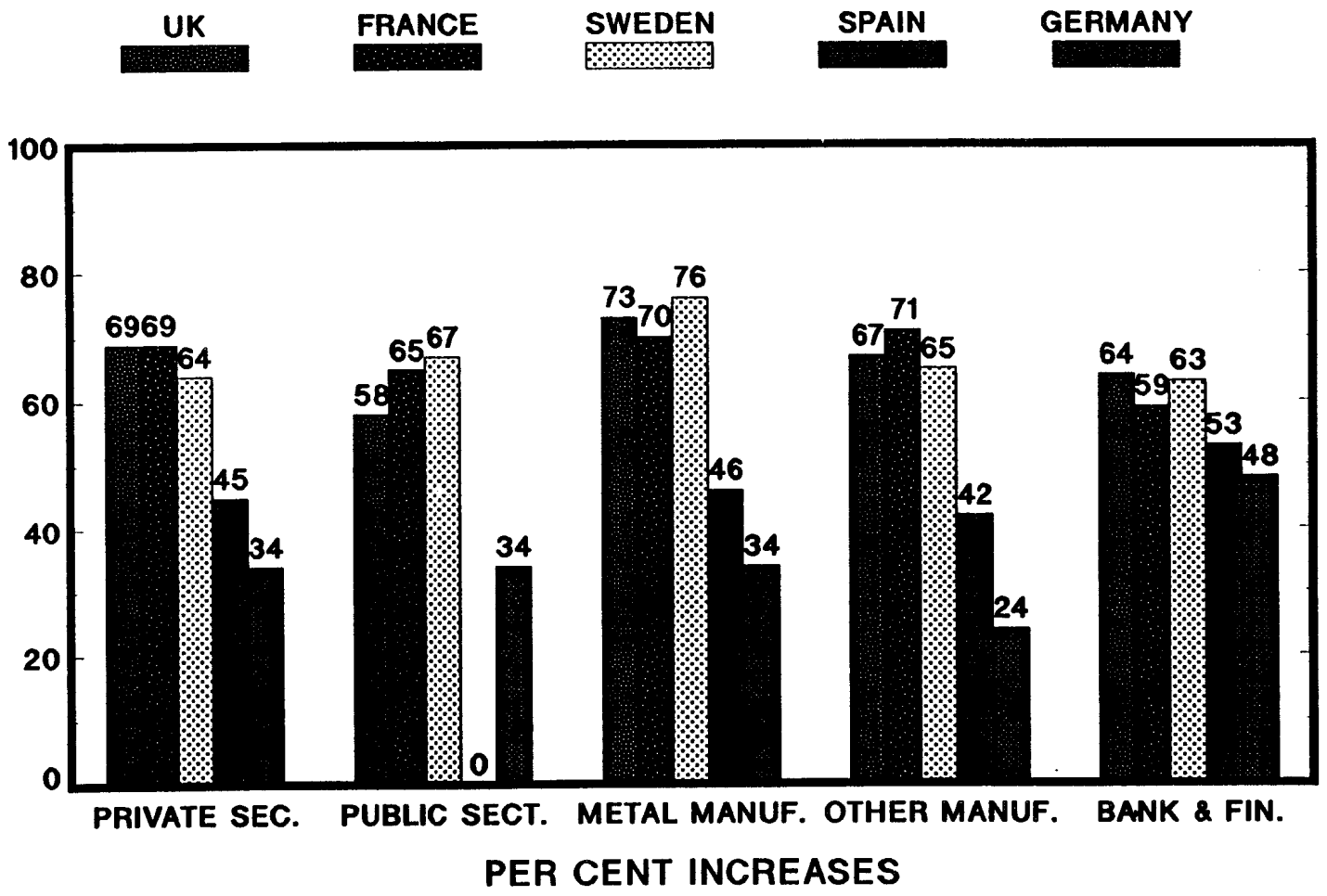
Banking and finance and distribution are fast growing sectors but have comparatively low union density and it is no surprise to find that their increases in communication through staff bodies are of the lowest in the UK at 13% and 10%. However, their decreases are also modest which is hardly surprising given the low base level of unionisation.

By contrast even France, which has lower union density than Britain (15% compared with 40% for the UK) witnessed an increase in staff body communication in the banking sector, which was nearly twice that of the UK. The highest increase in all sectors was in Spain followed by Sweden. It is noticeable however that the banking and finance and distribution sectors registered lower increases in all five countries, reflecting their comparative weakness in all European economies when it comes to staff representation.

## CHANGES IN VERBAL AND WRITTEN COMMUNICATION

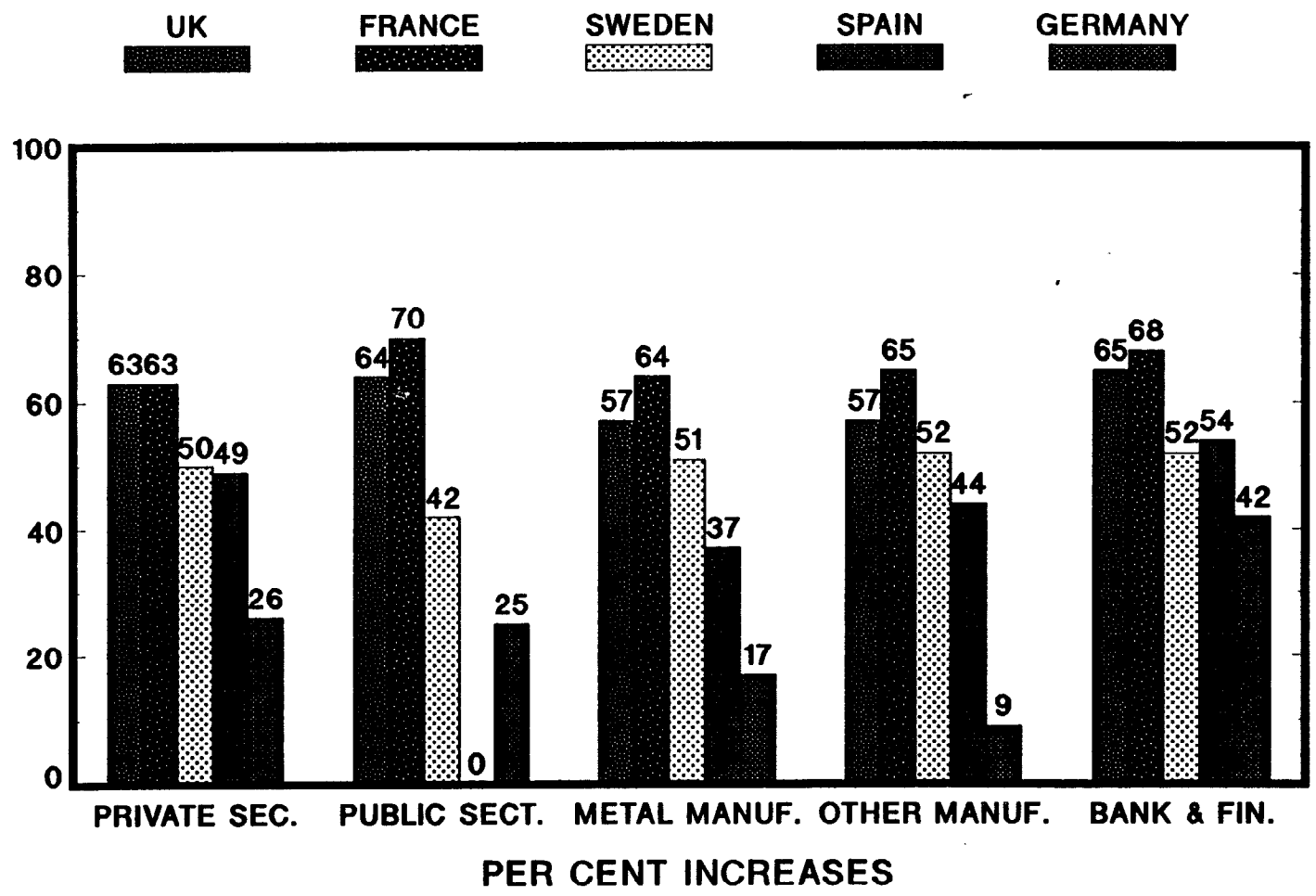
GRAPH 2

# COMMUNICATION INCREASES THROUGH VERBAL MEANS
## BY PUBLIC & PRIVATE AND INDUSTRIAL SECTORS



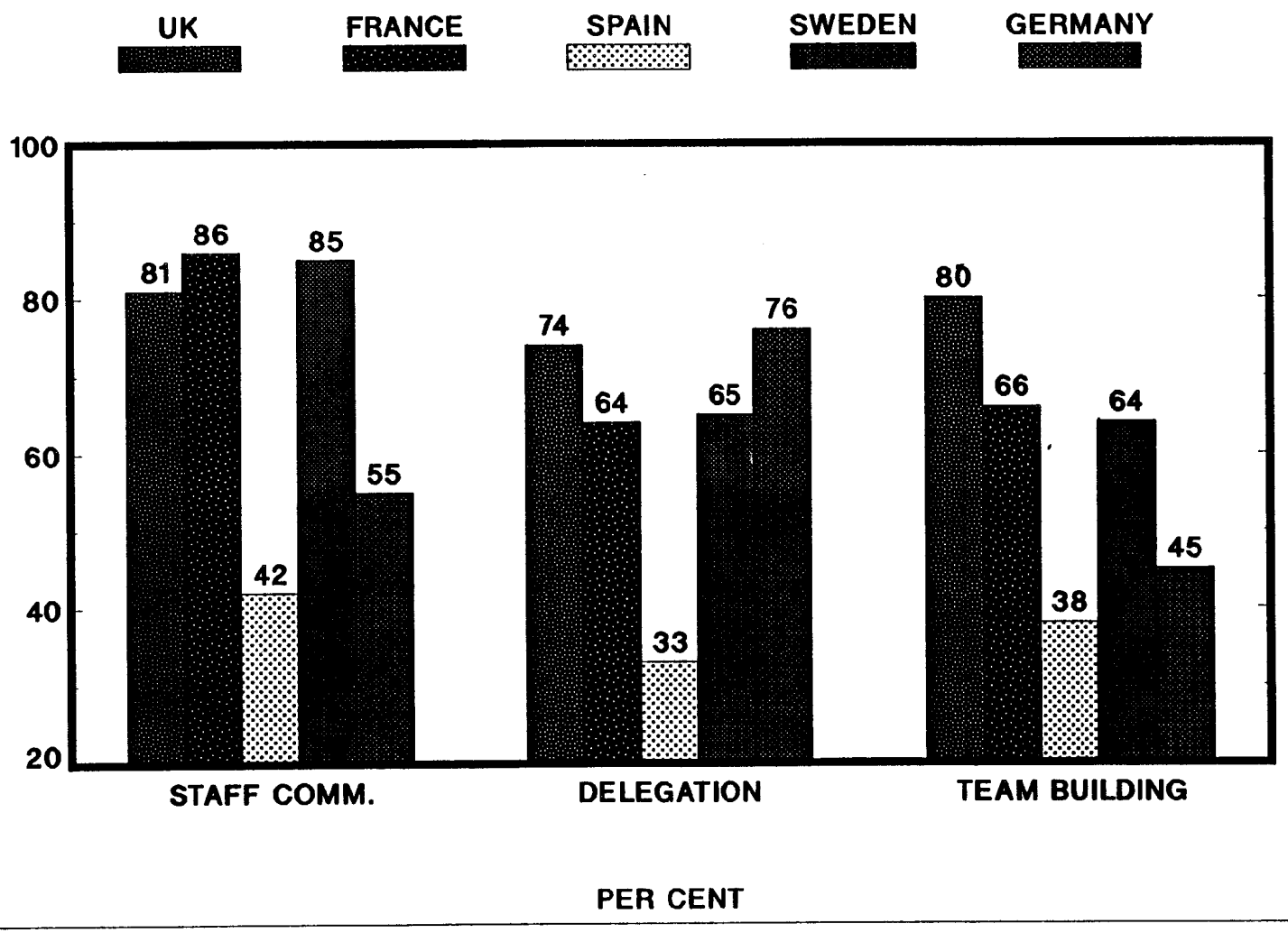
GRAPH. 3

# COMMUNICATION INCREASES THROUGH WRITTEN MEANS BY PUBLIC & PRIVATE AND INDUSTRIAL SECTORS



GRAPH 4

# TRAINING AVAILABLE TO MANAGERS IN STAFF COMMUNICATION, DELEGATION AND TEAM BUILDING



All five countries registered high increases in direct verbal and written communication but particularly in U.K. 67%, France 68% and Sweden 64%. France and U.K. also registered large increases in direct communication by written means, at 63 and 64 % respectively, as Table 4 indicates.

Table 3 **Changes in Verbal and Written Communication**

| | UK | France | Spain | Sweden | Germany |
|---|---|---|---|---|---|
| **Verbal** | | | | | |
| Increase | 67 | 68 | 45 | 64 | 34 |
| Decrease | 1 | 2 | 8 | 1 | 3 |
| Same | 31 | 28 | 47 | 34 | 54 |
| **Written** | | | | | |
| Increase | 63 | 64 | 49 | 47 | 26 |
| Decrease | 1 | 4 | 3 | 3 | 3 |
| Same | 34 | 29 | 48 | 47 | 58 |

Verbal and written communications to staff showed significant increases in all countries and all sectors. Decreases in these areas were minimal.(Graph 2 & 3, showing Verbal & Written communication by sector)

## EMPLOYEE FEEDBACK SYSTEMS

We were conscious, however, that these questions did not indicate whether these communication methods were one way or two way, and if two way, whether employees views were heeded. Personnel managers were asked whether their organisations had experienced any major developments in employee feedback systems over the previous three years. In this respect both UK and France came out high at 40% and 42% respectively, and Spain and Germany relatively low at 30% and 31% respectively. Sweden at 38% was in a median position. While this appears to show that France and UK are attempting to elicit employees views more than the other three countries it must be borne in mind that Sweden and Germany have strong traditions of employee participation already embodied legally and structurally in their economic systems. Works councils have long performed the role of mouthpiece for the views of the workforce, therefore it is not surprising that notable increases in this area of participation would not occur.

The Spanish experience is a little more enigmatic and while there has been a large increase in trade union influence it has come from a relatively low base and stems only from the recent post-Franco period. It also does not mean that employers are attempting to elicit the views of its workforce to the same extent that employers in the other four economies are. Nevertheless, a 30% increase in the use of employee feedback systems is notable.

## MANAGEMENT TRAINING AND COMMUNICATIONS

We also asked whether training was available to managers in 'staff communication','motivation' and 'team building'. While this is no direct indicator that communication in organisation has become more effective, it indicates a willingness on behalf of management to take communication issues with the workforce seriously, and it would be surprising if time and money had been invested in training management in these areas for it to have little or no effect on communication in the organisation. (Graph 4) Staff communication training was available in over 80% of organisations in UK, France and Sweden, but only 55% in Germany and 42% in France.

In 'motivation' training for managers, UK, France,Sweden and Germany all registered over 70%, with UK over 80%. Spanish managers by contrast were only provided training in this area by 45% of their organisations. 'Team building' training once again reveals higher levels in UK, Sweden and France, and the lowest level in Spain.

A possible explanation for the lower Spanish levels is that with a recently fast expanding economy training areas in more basic areas of organisational needs were identified as more important. It is also clear that UK, and to a lesser degree, France have taken on board some of the newer concepts of using direct staff communication as means to motivate and direct the workforce towards the organisation's goals.

## COMMUNICATION AND ORGANISATION SIZE

Of considerable interest was whether communications are affected by organisation size. In our survey only firms with more than 200 employees were considered. In only one country was a striking correlation observed. Spain witnesses a marked decline in communication increases through staff bodies as establishments rose in size. In UK and Germany there seemed to be no observable differences between size of organisation and increases in communication through staff bodies, but in Sweden and France there was similar but less marked trend to that of Spain.

The most notable trend in decreases through staff bodies and size of organisations was in the UK, where larger organisations (over 5000 employees) witnessed twice as much decrease as smaller organisations (200-499 employees). This correlates remarkably well with the decline of trade union influence in UK organisations in our survey, ie large companies in the manufacturing sectors registering the most marked decline.

Increases in verbal communication showed no marked correlation to size in UK, France, Sweden and Germany, though the greatest across the board increases occurred in UK, France and Sweden. Spain, however, showed the characteristic correlation between size and increases in verbal communication. The smaller the firm, the larger the increase; the larger the firm, the smaller the increases in direct verbal communication.

The more formal method of communication, by written means, one would assume would show greater increases in larger organisations where personal contact between managers and employees would be more constrained by size. On the whole this prediction was borne out in UK, France and Germany but there seemed no such correlation in Sweden. Spain once again showed a conspicuous trend with a striking increase in written communication in small firms and tiny increases in the large organisations. Possible explanations are that Spain has yet to reach levels of formal

communication already in existence in the other countries. A personnel manager from one of the Spanish companies which participated in the survey remarked on the already widespread reliance on personal relations in Spanish organisations. The increase in written methods of communication may register a greater need being perceived by the Spanish for more structured channels of communication in the smaller less formalised organisations.

Employee feedback systems were also more inclined to be adopted in larger firms than in smaller ones, in all countries except Spain. This seems a predictable outcome given the need for more systematic channels in larger organisations.

## CONCLUSIONS

In concluding our analysis it must be remembered that national institutions and indigenous cultural factors affect the way managers in different countries respond to changing needs within their organisations. In Germany and Sweden there has been a long and strong tradition of communication with the workforce through consultation bodies such as works councils,backed by codetermination legislation. No such obligations are placed on the employers in Britain and therefore there appears to be less commitment to communication through staff representative bodies such as trade unions, and indeed the data shows a decline in UK by these means. It would appear that legislative support in these areas has an influence.

There are, however, significant differences between Sweden and Germany; Sweden is noted for its less formal consultative practices with the workforce than Germany and is willing to adopt other measures to facilitate flows of information, ideas and views.

Britain and France seems to have witnessed some decline of staff communication through staff bodies, although recent legislation in France has gone a considerable way to help union recognition. Nevertheless, unionisation in France is still considerably lower than in the UK. A marked tendency seems to be a substitution of communication through staff bodies by other means such as quality circles, team briefing and other non union bodies. These may be the result of the importation, sometimes wholesale, of American trends in Human Resource Management borne into, and out of, the literature on 'Excellence' of which Tom Peters is the most well known exponent.

Alternatively these trends may reflect the decline in traditional sectors such as manufacturing where unionisation has been strong, and the rise of banking, finance and distribution where no such strong traditions exist. There appears to be a marked trend in the UK which has witnessed a considerable decline in its manufacturing base over the last ten years. Particularly in Germany and to some degree in Sweden, the manufacturing industry has remained relatively intact and, with it, its institutions of concertation. Interestingly the embodiment of these communication channels in legislation has had the effect that these traditions continue in the expanding sectors of finance and banking and to some degree in distribution.

Spain is, in many ways, undergoing the processes of economic development which the other four countries experienced in the 1960's and its institutions are adapting to the new changes at a more basic level.

"Managements are not, in general 'taking the unions on.' Rather, a more subtle process is taking place. Managements are changing the nature of their relationships with their unions. They are organising complementary forms of communication channels alongside traditional collective bargaining arrangements." (Brewster in ed. Towers, 1987)

If the trend in UK and France is to supplement traditional forms of communication, such as through staff representative bodies, by newer HR practices then those practices need to allow the views of the workforce to be heard and acted upon. The motivation of staff can depend on whether the staff feel this to be the case. This means a wider variety of effective channels of communications, both informal and formal. As organisations attempt to decentralise and grow flatter in structure it has become obvious that more effective communication channels need to be in operation. Particularly if organisations wish their HR functions to act 'strategically.' In this respect the British and the French could take a leaf out of the Swedish book, and in the European Community, learn something from the German example.

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