

Background

Royal & Sun Alliance (RSA) is one of the world's leading insurance groups providing general insurance products to over 20 million customers worldwide. It was formed by the merger of Royal Insurance and Sun Alliance in May 1996.

RSA has around 10,000 employees in the UK at 14 sites. It recognises the trade union Amicus for consultation and collective bargaining purposes, while The Managers' Association (TMA) represents employees in the Management Group. The 1996 merger led to the loss of 5,000 jobs, which in turn prompted a major review of the company's employee relations practices. This culminated in 2001 in new partnership arrangements with Amicus and TMA which formally recognised Amicus as a stakeholder in the business and established new arrangements for consultation and negotiation.

Information & Consultation practices

There are five full-time Amicus reps working for RSA, elected for a period of two years. In addition there is 15-strong Executive Committee of senior representatives either from one of the main sites or representing a group of smaller sites. Then there are some 80 local reps, as well as 9 TMA representatives who are elected by the Management Group.

Wherever possible, local issues (defined as anything that isn't national) is dealt with at local level between local management, HR and trade union representatives. The UK CEO meets the senior AMICUS/RSA section officers on a quarterly basis to outline business planning and strategy. The Assistant General Secretary of AMICUS has also met with the UK CEO when highly sensitive issues such as pensions changes have been on the agenda. In addition, Union Executive Committee members are invited to attend Management briefings prior to any major announcement to the workforce as a whole.

The agreements with Amicus and TMA envisage three stages of engagement - "contemplation, consultation and negotiation".

Contemplation refers to informal dialogue between management and employee representatives that should take place as a pre-cursor to any formal consultation or negotiation. The aim is to conduct this

contemplation stage as soon as any major change that will have an impact on employees is being seriously considered. There will rarely be much detailed information available at this point, because the discussion will be more about principles, outlines and ideas rather than firm proposals – why a change needs to be made, rather than how it is to be implemented.

Consultation takes place where it is intended to carry out organisational restructuring, changes to employment policies and procedures, or implementation of business plans. There is also consultation over health and safety issues, and any company communication that will be read by and prompt questions from Amicus or TMA members. Consultation is undertaken with a view to reaching agreement, though actually reaching agreement is not a requirement – on some issues both sides will agree to differ, as long as all reasonable efforts have been made to try and reach agreement. Consultation must include the proposed communications plan. Typically, the sort of information provided would include the business rationale for the change, supported by a quantified analysis; other options that have been considered and rejected; how many people will be affected, how and over what timescale; whether alternative employment is available in the case of redundancies, and what the selection process will be.

Negotiation applies to issues where agreement must be reached because they have an impact on terms and conditions of service, for example pay, pension scheme benefits, working hours, holidays, disciplinary procedures and incentive/bonus schemes. If agreement is not reached, discussions are escalated within RSA to senior management and group level if necessary, and thereafter either side may refer an issue to ACAS for conciliation and eventually binding arbitration.

What makes it work

Both RSA and Amicus are in no doubt that the success of their arrangements is down to the early, informal stage of engagement that they call “contemplation”. RSA sees several benefits in this:

- it raises the awareness of employee representatives that a possible change is in the air;
- the informality provides an opportunity for both sides to speak openly and candidly about the issues under an umbrella of confidentiality;
- it alerts management to areas where employees might be resistant to change or the proposed manner of implementing it;

- it gives employee representatives the chance to make suggestions regarding the change at an early enough stage to influence the outcome. They can therefore add value to the process and challenge company thinking;
- it removes the suspicion of any “hidden agenda” on the part of management.

Quite often the argument as to “why” change is needed can be explained convincingly at this “contemplation” stage, while details as to the “how” of implementation can be the subject of subsequent “consultation” talks. As a result, the time spent in the formal consultation stage can frequently be shortened.

Business benefits

RSA’s aim is to ensure that union and manager representatives hear about a development within the business from the company first. It has found that this approach can frequently allow a common message to be delivered to its employees which greatly increases its effectiveness. It has grappled with some difficult issues in recent years, including downsizing, outsourcing and pensions. Time invested in full and effective consultation, including discussions around how a change can best be communicated, has in its experience lead to earlier employee engagement, better performance and speedier implementation of business change.