

Institution: University of Strathclyde		
Unit of Assessment: C17 Business and Management Studies		
Title of case study: Equipping trade unions to improve employment relations through achieving performance management reform		
Period when the underpinning research was undertaken: 2008 - 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): Philip Taylor	Role(s) (e.g. job title): Professor	Period(s) employed by submitting HEI: 1 February 2006 – present
Period when the claimed impact occurred: 2015 – December 2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact		
<p>Responding to trade union concerns, Professor Taylor's research provided evidence of the nature and implications of poor performance management practice in the public and private sectors which equipped UK trade unions to campaign effectively for Human Resources Management (HRM) reform to improve employment relations. Achieved through dissemination of Taylor's report for the Scottish Trade Union Congress and the application of its findings by the Communication Workers Union, Unite the Union's Finance and Legal Sector, Accord and the Public Commercial Services Union, numerous public and private sector organisations reviewed and improved their approach to performance management to the benefit of both employees and employers. At least 238,000 employees have benefitted from these improvements.</p>		
2. Underpinning research		
<p>Systematic performance management is now commonplace in public and private sector organisations, forming a core component of Human Resource Management (HRM) policy and practice. Intended to improve organisational effectiveness by developing the performance of employees, both as individuals and in teams, this cyclical monitoring is purported to promote mutuality, consensus and shared decision-making. However, the workplace reality is often different with micro-management and punitive practices putting a strain on employment relations and having an adverse effect on the mental health of employees.</p> <p>Seeking to understand the nature and extent of this issue and provide an empirical basis for performance management reform, since 2008 Strathclyde Business School has undertaken a varied programme of research under the direction of Professor Phil Taylor. Key contributions to the field during this period include:</p> <ul style="list-style-type: none"> • a reformulation of the absence and absenteeism research agenda to address the shift in organisational politics of absence management and the consequences for employees [R1]; • a mixed-method study, drawing on quantitative and in-depth qualitative data from four Scottish call centres, providing evidence of gender inequality shaped by structural and ideological workplace and household constraints [R2]; • an examination of public sector workers' experiences of the impact of lean on work organisation and control in the UK, offering new insights into developments within contemporary back office clerical work [R3]; • a study exploring Occupational Health and Safety (OHS) in the context of efficiency savings programmes in the UK public sector. Focusing on Her Majesty's Revenue and Customs and adopting a holistic model of white-collar OHS, in-depth quantitative and qualitative data were collected and analysed. This revealed widespread self-reported ill-health symptoms, with statistical tests of association demonstrating that the transformed work organisation accompanying lean working contributed most to employees', particularly women's, ill-health complaints [R4]; 		

• a three-year project (2009-2012) commissioned by the Scottish Trade Union Congress (STUC) to examine the cost and effect of performance management processes on the workforce in various sectors, including the amount of management time which is spent implementing them. Focusing on the constituent groups of the Communication Workers Union (CWU) and Finance and Legal Sector of Unite the Union, this research comprised: a detailed review of relevant academic literature; analysis of official reports, government statistics and other documentary and survey data; a series of 31 semi-structured interviews with trade union officers and representatives; members of the STUC Women's Committee and other key informants; and analysis of comprehensive company documentation for five banks (Royal Bank of Scotland, Lloyds Banking Group, National Bank of Greece, HSBC), three insurance companies (RSA, Aviva, Prudential) and British Telecom. The 91 page final report [R5] evidenced a shift from light touch developmental appraisal to exacting performance management procedures from 2005 onwards and revealed:

- extensive use of metrics based on quantitative and qualitative measurements of worker outputs and target fulfilment;
- ranking and rating employee performance according to categories, ranging in most cases from 'excellent' to 'underperforming', based on forced distribution or the Bell curve that measures individuals' performance relative to other individuals;
- widespread if not universal perceptions that rankings were capricious, arbitrary, unfair, lacking in transparency and overwhelmingly punitive, in contrast to management claims that performance management was developmental and incentivising. The findings also strongly suggested that this ranking was discriminatory, with older workers, those on lower grades, women and black and ethnic minority workers more likely to be under-represented among those highly rated and over-represented among those lowly rated;
- prioritisation of managerial efforts directed at so-called 'underperformers', placing them on often unachievable performance management plans that generated profound insecurity, causing many employees mental ill-health and disciplinary outcomes, leading in cases to 'managed exit' on capability grounds;
- the undermining of frontline managers' discretion in their dealings with employees, as rigid categorisation imposed by senior management corroded hitherto good employment relations;
- widespread reports of negative impacts on employee morale and productivity.

The overarching conclusion was that organisations should abandon forced distribution and relative assessments of employee performance and return to developmental, supportive procedures. The STUC report and ancillary research also provided evidence of employer use of electronic performance monitoring (EPM) by managers to guide punitive performance management for sickness absence and perceived reduced capability [R6]. Revealing the vulnerability of older workers due to the influence of age stereotypes on manager decisions, this study concluded that increasingly pervasive use of digitized performance monitoring may intensify age discrimination in performance management.

3. References to the research (Strathclyde affiliated researchers in **bold**)

- R1 P. Taylor, I. Cunningham, K. Newsome, D. Scholarios** (2010) 'Too scared to go sick'— reformulating the research agenda on sickness absence, *Industrial Relations Journal*, 41(4): 270-288 <https://doi.org/10.1111/j.1468-2338.2010.00569.x> [REF2 in 2014]
- R2 D. Scholarios, P. Taylor** (2011) Beneath the glass ceiling: explaining gendered role segmentation in call centres 64(10):1291-1319 <https://doi.org/10.1177/0018726711416265> [REF2 in 2014]
- R3 B. Carter, A. Danford, D. Howcroft, H. Richardson, A. Smith, P. Taylor** (2011) 'All they lack is a chain': lean and the new performance management in the British civil service, *New Technology, Work and Employment*, 26(2):83-97 <https://doi.org/10.1111/j.1468-005X.2011.00261.x>

R4 B. Carter, A. Danford, D. Howcroft, H. Richardson, A. Smith, **P. Taylor** (2013) 'Stressed out of my box': employee experience of lean working and occupational ill-health in clerical work in the UK public sector, *Work, Employment and Society*, 27(5):747-767

<https://doi.org/10.1177%2F0950017012469064> [REF2 in 2014]

R5 **P. Taylor** (2013) *Performance management and the new workplace tyranny: a report for the Scottish Trades Union Congress*, 91 pages.

R6 **D. Scholorios, P. Taylor** (2014) 'Decommissioned vessels' - performance management and older workers in technologically-intensive service work, *Technological Forecasting and Social Change*, 89:333-342 <https://doi.org/10.1016/j.techfore.2014.08.004>

Notes on the quality of research: All articles are published in peer-reviewed journals and **R2** won the 2011 *Human Relations* Paper of the Year Award. The STUC report was commissioned following a motion passed at the 2009 STUC Congress which was supported by funding of GBP2,000. Originally intended to be a desk-based study, the absence of published data compelled Taylor to undertake extensive primary research.

4. Details of the impact

By evidencing the nature and implications of poor performance management practice in the public and private sectors, Strathclyde's research has equipped UK trade unions to campaign effectively for Human Resources Management (HRM) reform to improve employment relations. Building on a wider body of research, this has been achieved through dissemination of Professor Taylor's STUC report and the application of its findings by the Communication Workers Union (CWU), Unite the Union's Finance and Legal Sector, Accord and the Public Commercial Services (PCS) Union. As a result of union activity, including senior management briefings and industrial action ballots, numerous public and private sector organisations have reviewed and improved their approach to performance management to the benefit of both employees and employers. Illustrative examples relating to British Telecommunications (BT), Pladis (formerly United Biscuits), Lloyds Banking Group (LBG), Trustee Savings Bank (TSB), HSBC, Royal Bank of Scotland (RBS) and the UK Civil Service, namely the Ministry of Defence, are detailed below. The combined workforce of these organisations is more than 238,000 staff [**S1**].

British Telecommunications

Taylor's STUC research directly informed the Communication Workers Union's campaign to persuade BT to end harsh treatment for under-performers and abandon forced distribution, both of which were causing considerable conflict and stress for staff. As a result, BT agreed a new performance management policy in 2017, incorporating the report's recommendations. The outcome was a dramatic reduction in employee complaints about performance management within a year and the prevention of an imminent national strike. This is confirmed by Deputy General Secretary of the Communication Workers Union (CWU), who notes that, by providing '*robust evidence that significantly informed and sustained our negotiations*', the report '*made a major contribution to improving industrial relations between British Telecom and the CWU, benefiting many 1,000s of employees*' [**S2**]. Outlining the specifics, he explains:

'Drawing on Phil's research, we made headway over three years in difficult negotiations. On 15 May 2017, the CWU reached agreement when BT dropped forced distribution, abandoned the punitive 5-rating system, moved to annual from bi-annual appraisals and shifted to a three-category ('brilliant', 'good' 'work to do') developmental model. Despite initial difficulties, the system's roll-out system in 2018 led to a huge fall in employee complaints and tensions' [**S2**].

This is reflected in BT's annual report for 2018 which notes that the company has '*undertaken extensive consultation with unions, councils and employee representatives as part of a comprehensive global engagement strategy designed to engender positive employee relations*', leading to the simplification of its '*performance appraisal process, reducing the frequency of assessment and the number of performance categories to free up time for line managers to talk with their people and focus on developing their capabilities*' [**S3a** p.44]. Confirming the improvement in industrial relations, the subsequent report in 2019 stressed how BT has '*worked*

constructively with our unions this year to agree a number of transformation initiatives' and 'undertaken extensive consultations...to make sure we maintain a healthy and positive relationship with our people' [S3b: p.45] This is reflected in the results of the BT-wide 'Your Say' employee engagement survey conducted in January 2019, which showed that the company *'did better than previous years on all our value scores' [S3b p.18]*. On the basis of the UK staff numbers given in BT's 2018 annual report, these changes have benefitted at least 82,200 employees [S1].

Pladis (formerly United Biscuits)

Taylor's STUC report was also highly influential in the Unite the Union campaign which persuaded Pladis to withdraw their proposals for a new performance management programme in 2016. According to the Unite the Union Convenor of Pladis (who represents 350 engineering workers across the group), the *'immensely informative'* report formed *'the basis for a campaign against a change programme, which totally destabilised our previously harmonious industrial relations' [S4]*. A video presentation outlining the research findings was circulated to union members and, by helping them to understand *'the serious implications of forced distribution, rankings and ratings and performance improvement plans'*, 98.6% voted in favour of strike action. This placed the union in a strong negotiating position which enabled them to *'negotiate changes acceptable to both employers and employees, restoring stable and consensual industrial relations'*. In doing so, Strathclyde's research helped to prevent *'industrial unrest, stress, mental ill-health and bullying' [S4]*. Approximately 1,800 Pladis employees benefitted from these changes [S1].

Lloyds Banking Group, Trustee Savings Bank and Royal Bank of Scotland (RBS)

Unite the Union and Accord officials drew heavily on Taylor's STUC report to advance negotiations with Lloyds Banking Group (LBG) and Trustee Savings Bank (TSB) to reform the unpopular system of performance management and appraisal operated by both banks. Articulated in the series of motions passed at union conferences between 2006 and 2014, discontent with forced distribution for individual appraisals was a longstanding concern on which very little progress had been made due to the lack of evidence to form a persuasive case for reform. As highlighted by the General Secretary of Accord, by 2014 *'performance management was damaging employment relations like no issue had done previously'*, evoking strong feelings *'regarding unfair rating systems, their links to pay, the way the underperforming category was causing stress and the injustice of forced distribution' [S5]*. By providing clear evidence of the negative effects of such practices, the STUC report enabled the unions to present a clear and convincing case for change, backed up with briefings to senior managers by Taylor himself. That this was game-changing is clear from the General Secretary account of the process through which meaningful change was achieved:

'Prof. Taylor's research had a major impact. He briefed TSB Senior People Management (21 August 2013) on 'Alternatives to Performance Management'. He presented to Accord's 2014 Conference which formed the basis of the case Accord then took to the Head of HR at LBG. Prof. Taylor wrote a briefing in 2014 for Accord negotiators. Informed by this research Accord gained improvements. In Spring 2016, TSB abandoned the distribution curve and moved to a world without targets. Finally, in May 2019, LBG drafted guidance removing pay links to individual performance, emphasising instead coaching and employee development. I am confident these hard-won changes represent an enduring improvement in employment relations to which Prof. Taylor's research has made a significant contribution' [S5, with further documentation in S6].

The benefits are also acknowledged by the banks themselves, with LBG's annual report for 2018 proclaiming transformation through the introduction of *'more modern collaborative working environments'* and the development of *'a new performance management system 'Your Best' which launched in January 2019' [S7a]*. This was re-emphasised the following year, with the *'continued roll out and embedding of Your Best, our transformational approach to performance management and career development'* being hailed as one of the *'culture highlights from 2019'*, involving *'the biggest capability uplift for line managers ever seen across the Group' [S7b]*. Reflecting on the advantages of the new approach, LBG's Culture & Colleague Proposition Director observes: *'spending less time on paperwork has freed up more time to focus on personal objectives and development goals, with regular catch-ups and transforms the way we work. With shared team*

objectives I've definitely noticed colleagues helping each other more and working better as a team, and this has led to a marked improvement in productivity' [S7c]. These sentiments are echoed by a Customer Service Adviser who recently posted their thoughts on the company website: 'If I am being totally honest my initial thoughts were 'great... here we go again, another session about how we should be a proper team working for each other not alone', but I'm so happy to say I was wrong... Whilst Your Best is so much more than purpose, I believe that purpose is the reason we stopped being team mates and became friends. This obviously in turn changed the way we work - we became hard working for each other in our own roles which improved performance' [S7d].

Demonstrating a broad influence across the financial services sector, Taylor's report also informed changes in policy and practice at HSBC and the Royal Bank of Scotland. According to Unite the Union's National Officer for the Finance and Legal Sector, 'Prof. Taylor's evidence, combined with the impact of his numerous presentations to union and joint union-company seminars and conferences were decisive in enabling us to secure the removal of the most disliked policies and practices that had disrupted and soured employment relations' [S8]. For example, following Taylor's 'participation as expert advisor in a meeting between HSBC's European HR Management and Unite at Canary Wharf (10 March 2016) significant improvements took place, leading to annual pay rises no longer linked to performance by 2018' [S8]. Likewise, in RBS 'the most punitive elements of Performance Management have been jettisoned, replaced by more consensual forms of appraisal' [S7]. Across the sector, these changes have benefitted over 120,000 employees [S1].

UK Ministry of Defence and wider Civil Service

In addition, Taylor's research directly informed performance management changes in the public sector by enabling the Public and Commercial Services (PCS) Union to present a well-evidenced case for reform to the Ministry of Defence. As outlined by the Chair of the PCS Defence Sector Group, this led the MoD to adopt a new system from 2018: 'Working closely with Professor Taylor, we developed a persuasive argument that the cost of the current policy was an estimated at £90m p.a. In early 2018 senior Departmental management announced their intention to abandon forced distribution and the punitive treatment of underperformers, replacing it with an appraisal system based on the principle of mutuality, which led to far more constructive employment relations. This successful outcome had implications for all 17 departments in the UK Civil Service' [S9].

According to the MoD, which publishes annual reports on Civilian Performance Management Outcomes, 'the introduction of the new process saw the removal of guided distribution and relative assessment as the primary means of assigning performance ratings' with the aim of being 'fairer, more effective and more motivating' [S10a: p.19]. This put an end to the much-maligned 'end of year moderation process' which had allocated 'all staff into three performance groupings against a target percentage', requiring that 'no less than 5%' be flagged for performance improvement [S10b p.2]. Drawing on the staff numbers reported, approximately 32,000 employees have benefitted [S1].

5. Sources to corroborate the impact

- S1** Calculation of beneficiaries from various sources, including trade union data.
- S2** Factual statement from Deputy General Secretary, Telecoms and Financial Services (T&FS), Communication Workers Union (CWU), dated 16/07/20.
- S3** British Telecommunications plc annual reports: **a.** [Annual report 2018](#) **b.** [Annual report 2019](#).
- S4** Factual statement from Convenor of Pladis, Unite the Union, dated 14/06/20.
- S5** Factual statement from General Secretary, Accord, dated 06/08/20.
- S6** Accord documentation of conference motions and agreements reached 2014-2019.
- S7** Lloyds Banking Group annual reports and testimonials: **a.** [Annual Report and Accounts 2018](#) **b.** [Annual Report and Accounts 2019](#) **c.** [Culture & Colleague Proposition Director testimonial](#) **d.** [Customer Service Adviser testimonial](#) (21 December 2020)
- S8** Factual statement from National Officer, Finance & Legal Sector, Unite the Union, dated 17/07/20.
- S9** Factual statement from Chair, Defence Sector group (DSg), Scotland Branch, Public and Commercial Services (PCS) Union, dated 03/12/20.
- S10** Ministry of Defence, Civilian Performance Management Outcomes reports: **a.** [2017-18](#) **b.** [2016-17](#)