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Understanding whether local employment charters could support fairer employment practices

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Summary

Employment charters are voluntary initiatives that attempt to describe 'good' employment practices and to engage and recognise those employers that meet or aspire to meet these practices. They can operate at different spatial scales, ranging from international and national accreditation schemes to local charters that focus on engaging employers in specific regions or cities. The latter are the focus of this briefing paper. At least six city-regions in England had local employment charters at the time of our research. These areas alone account for over a fifth (21 per cent) of the resident working-age population (based on ONS 2022 population estimates), highlighting the potential reach and significance of these voluntary initiatives in terms of setting employment standards, although the number of employers directly accredited with local schemes is still relatively small.

Despite their popularity with policymakers, there is only limited research on local employment charters. A few studies have explored issues relating to the design, implementation and evaluation of charters, reflecting demand from policymakers for toolkits and support to develop local policy initiatives (e.g. Crozier, 2022). But several years into the implementation of some of these charter initiatives, and as more areas look to develop their own, we argue that it is time to revisit some more foundational questions around what local charters are for, and how far they can support 'good work' agendas. It remains to be seen which employers can and will engage substantively with these initiatives, how employer commitments might be validated and the good employment criteria enforced, and how local charters will be integrated with local authority commissioning and procurement practices (TUC, 2022).

The local charters that have emerged so far within the UK have been conceived predominantly as employer engagement tools, adopting language and approaches designed to appeal to employer interests and priorities and emphasising the value that employers can derive from being part of the initiative. This contrasts with approaches emphasising the engagement of other constituents, like citizens and employees, as a route to influencing employer engagement (Scott, Baylor and Spaulding, 2016; Johnson, Herman and Hughes, 2022).

This briefing paper shares findings from a scoping study involving key informants in the North West of England (2022-2023) which explored how local charter initiatives could influence employers to improve their employment practices. Participants in the study shared their views on:

1) How voluntary local employment charters could influence employers to change their employment practices?

2) What types of employers local charters could engage and influence?

Alongside this study, we have also developed a series of case studies of the charters that have been introduced across six city regions in England. These encompass the Fair Work Standard (London); Good Employment Charter (West of England); Good Work Pledge (North of Tyne Combined Authority); Fair Employment Charter (Liverpool City Region Combined Authority); Good Employment Charter (Greater Manchester) and the Fair Work Charter (West Yorkshire Combined Authority). The case studies are published separately.

Our conversations with policymakers, union representatives and campaigners indicate that while there are some potential 'win-win' outcomes from promoting good employment practices, there are also some key tensions that should be more clearly acknowledged. In particular, one point of divergence relates to what would be the most effective and meaningful way to engage with employers in order to secure improvements in employment practices. On the one hand, employment charter initiatives could set consistent, clear and relatively high standards of practice that employers could be required to meet from the outset, creating a clear dividing line between those employers who were engaged in some way with the initiative and those who are not. On the other, these initiatives could prioritise engaging as many employers as possible with few or no specific red lines (e.g. around paying the living wage) so that the charter provides an opportunity to work with employers to secure hopefully more substantive commitments down the road.

There are challenges and trade-offs associated with both of these viewpoints. One problem with the former strategy of setting a consistent standard is that the principles of employment that the charter promotes may not be particularly stretching in some sectors, or indeed may only describe a minimum set of commitments for certain types of work; whilst in other sectors they may be viewed as being too stringent. A more incremental, flexible strategy of engaging with employers and working with them to change their employment practices, in contrast, relies on sustained commitment from both policymakers and employers. Whether charters can simultaneously offer a 'safe space' to employers to share information and change their practices whilst also operating in a more regulatory way appears as a fundamental tension in existing visions for these initiatives. We return to these different views on how to engage employers and secure change in the conclusion to this paper.

Introduction

Employment charters can be viewed as part of a new patchwork of rules and regulations that are attempting to enhance labour standards through an ensemble of institutional practices that are not simply related to the legislative or enforcement sphere of the traditional state (Wright et al, 2019). This is a development that links to a range of indirect and soft regulations that have developed in response to an ever more fragmented and marketised economic system (Martínez Lucio and MacKenzie, 2004). While devolved authorities within the UK are not formally charged with promoting employment standards and have limited powers in this regard, they nonetheless have some scope to influence employment practices. In recent years, voluntary local employment charters have been proposed and implemented in several areas within the UK, including many of the new mayoral combined authority areas (Dickinson, 2022).

There are similarities between the different charter initiatives that are emerging across city-regions in terms of how they are designed, with most offering different levels, or tiers, of membership; and a focus on engaging employers (rather than citizens, workers or consumers) in order to try to secure change. But there are also emerging differences around how they attempt to influence employers to change their employment practices, and they are also being implemented in different political and institutional contexts (McKay and Moore, 2023). Across the six city regions that were implementing local employment charters at the time of our research, all were headed by an elected Labour mayor.[1]

This project set out to identify the potential mechanisms through which employment charters can promote fairer employment practices, drawing in particular on participants' experiences of engaging with different initiatives within the North West of England. There were at least four local employment charter initiatives being implemented or under development in the region at the time of our consultation. The Greater Manchester and Liverpool City Region employment charters were relatively established examples operating at city-region level in the UK. In addition, the Cheshire and Warrington LEP and Lancaster city council were also consulting on the development of local charters.

This briefing paper draws on a series of workshops organized as a part of a collaboration project between the Work and Equalities Institute, Greater Manchester Combined Authority, Liverpool City Region Combined Authority, the TUC North West and Unison. Each workshop brought together several policymakers, activists and academics separately to share their views on the role and potential of local good employment charters. The workshops were conducted between November 2022 and February 2023, with follow up interviews and conversations enabling exploration of key themes and developments. The findings from the workshops were then subjected to further scrutiny during a second case study phase, which involved interviews with actors involved in developing charters in other parts of England. Overall, 30 people participated in the project, including 18 participants in the three consultative workshops in the North West.

While our research participants often referred to specific initiatives in workshop discussions and interviews, the findings reported here draw on insights from across different charter initiatives and are not intended as an evaluation of individual initiatives. Many contributors were engaged in the development of charters in more than one area, and there were also differing views around how charters were meant to influence employer practices both within and across different initiatives. The next sections describe the different approaches to influencing employers that were identified by participants, and their views on the ways local charters could engage different types of employer.

[1]   To our knowledge, none of the Conservative-controlled mayoral combined authorities were pursuing an employment charter at this time. The West Midlands Combined Authority instead promotes an accreditation scheme aiming to promote employee health and wellbeing in the workplace

Views on the types of employers that local charters can and should engage

Local charters are widely badged as being for all employers. But participants acknowledged that particular types of employers might be more likely to engage in a voluntary charter: employers with a strong connection to place, whose head office was based locally and some smaller employers were thought to have stronger incentives to engage. Whereas '[if] you're a particularly large employer, you don't need that… photo with [the mayor], you can get [him] to come to your events any time you want if you're a firm of a particular size' (activist participant). Embedding charters in procurement and commissioning processes could also provide an incentive. Public sector employers were identified as key targets for engagement on the grounds that charters tend to be led by local politicians and public sector authorities who are themselves employers and procurers of goods and services. However, charter commitments relating to paying the living wage, in particular, pose challenges for local authorities given they are responsible for commissioning publicly funded social care services.

Meanwhile, participants identified a number of characteristics that might reduce employer engagement. In terms of sectors, employers in the retail and hospitality and care sectors were identified as being less likely to engage, particularly given the pay and conditions associated with work in these sectors. The types of commitment that were identified as being particularly challenging for employers, particularly in the view of the activists and campaigners that were consulted, related to payment of the living wage, limiting the use of zero hour contracts, guaranteed hours, requirements to engage with trade unions, and, for some sectors, widening access to sick pay. The reasons varied from the direct impact on employer wage bills, to differences between charter criteria and sector-level agreements with unions. Some participants also highlighted the potential for employers to interpret charter requirements around trade union engagement and employee voice as an attempt to force them to recognise a union, which could reduce employer engagement, particularly where employers view unions as adversaries.

Different visions of how employment charters can promote better employment

Across all the groups involved in the consultation – i.e. the policy actors, activists, trade union representatives and academics – there was broad support for the idea that employment charters should work with employers to change their employment practices, rather than engaging with them only once they were judged to be meeting the criteria set out in the charter.

Participants emphasised that the value of local charters lay not in recognising good practice per se but in the extent to which initiatives engaged and worked with employers to change their employment practices in light of the context in which these firms operate. Despite this, no local charters to our knowledge explicitly apply higher or lower thresholds for assessing employment practices across different types of sectors. Instead flexibility is often built into the assessment process at the level of individual employer assessments, where employers may marshal different types of evidence to show that they are meeting the charter criteria. Some initiatives also explicitly apply fewer or adjusted criteria to smaller employers (e.g. the London Good Work Standard).

Table 1: Potential mechanisms through which local charters might influence employer practices

Potential mechanism	How it might work	Who it targets	Reflections and assumptions based on consultation data
Badges and recognition	Employers may be motivated to sign up because they want to be associated with the 'brand', to get a badge, meet with the mayor, attend an award ceremony and gain recognition as a 'good' employer	Employers	Policy and practice leads termed this the 'traditional' view of how voluntary charters engage employers. All participants discussed this aspect but it was not viewed as a sufficient strategy on its own
Incentives through procurement	Organisations wanting to contract with the lead authority (and/or other local institutions, anchors etc) may be asked to demonstrate that they are engaging with the charter; or charter accreditation could be weighed as a part of contracting decisions	Employers who compete for contracts from the charter lead, or who are part of the supply chain	Requires political leadership and technical, legal support e.g. some uncertainty around whether legally permitted to require compliance with charter criteria in procurement. Requires buy-in across teams within the lead organisation, and may take time to set up Participants from a union and campaigning background were concerned that the threshold for engaging with charter initiatives may be set too low, e.g. allowing organisations who were only early stage supporters to claim the benefits of being associated with the charter
Diagnosis and persuasion	The charter assessment and engagement process may enable policymakers, campaigners, employers and other actors to better understand why some employers believe it is not possible for them to implement better employment practices. Other actors may change their processes (e.g. contracting and commissioning approaches) in order to reduce or remove these barriers	Employers Campaigners Policymakers – national and local Commissioners	Identifying how far external barriers prevent employers from adopting fairer employment practices is not straightforward Some participants raised concerns that action to address perceived barriers, e.g. paying more to contractors, may not filter through to improved conditions for employees
Employer education and learning strategies	The charter may operate as a learning network between employers as well as bringing in other stakeholders, helping to raise awareness of what employers can do differently and how they can initiate change Regular network events, themed sessions and site visits, for example, provide opportunities to learn about different approaches Other providers, campaigners etc can access a network of employers enabling them to raise awareness and potentially recruit employers	Employers, particularly perhaps those with limited HR resource Campaigners	Assumes the learning shared between employers is conducive to improving employment practices for employees, poor practices could also be shared It was assumed that employers would be more willing to learn from other employers rather than other providers
Compliance and enforcement	Encompassing both the idea of widening the accountability of employers – e.g. through opening up the charter application data to wider scrutiny – as well as building in compliance checks Charters could establish compliance checks, e.g. annual reviews or spot-checks to ensure employers are still meeting the requirements Whistleblowing processes could allow employees, trade unions and other activists to raise concerns Charter data (criteria, employer members and even employer application data) could also be made more widely available allowing others to hold employers to account for the commitments. This could also enable the local electorate to hold local politicians to account for the success of the charter, e.g. in terms of securing meaningful and/or widespread employer engagement	Employers engaging directly with the charter Local policy and political actors	Unclear whether there is sufficient public awareness of charters for wider accountability mechanisms to be effective, although this could change Annual checks likely to require resource, e.g. internal review team Campaigners and union representative were interested in whether employer application data could be made public
Bringing external pressure through social and community engagement	Raising awareness and demand for good employment practices among other groups (e.g. workers, potential workers, citizens) Building a citizen or employee based movement around charters Charters could be used by the public and workforce specifically as a benchmark for them to assess the working conditions they are offered, potentially placing pressure on employers to improve their offer to employees	Local residents Potential and current employees	Acknowledged as a largely untested mechanism There was uncertainty about whether a local charter could achieve the recognition that might be needed amongst the local workforce to work in this way

Several potential mechanisms for influencing employers and improving employment practices were discussed by participants. From these we identified six broad types which are summarised in Table 1. The first two are concerned with reinforcing incentives for employers to voluntarily engage with the initiative. The third and fourth types of mechanism emphasise the charter as a means of raising awareness and sharing information, although each relies on different assumptions about how change can be secured. The fifth type of mechanism emphasises compliance and enforcement as potential mechanisms for securing improvements in employment practices because they afford ways to assess whether there is congruence between charter criteria and commitments and employer practices. Finally, a further and largely untested mechanism discussed by participants was the idea that charters could help to drive up demand for better employment amongst employees, workers and others, thereby placing external pressure on employers to change. Individual charter initiatives may pursue one or several of these strategies, but participants were sceptical that they were all necessarily complementary. Some of these mechanisms have the potential to influence employers who are not directly engaged with local charters as members or even as potential applicants, e.g. through influencing wider norms or the practices of commissioning bodies.

Discussion and key points

Local employment charters are viewed by many as a welcome addition to local policy and campaigning efforts to secure better employment, particularly given the limited institutions and partnerships available to support conversations with employers around good employment practices (Simms, 2023) and the near constant upheaval of institutional arrangements supporting local economic development at local level (Westwood, Sensier and Pike, 2021). Across the interviews and workshops conducted for this scoping study, participants highlighted the value and potential of these initiatives, with some ascribing them wider significance in terms of their potential to test and embed the kinds of employment standards that could be promoted nationally.

Those involved directly in the development and implementation of charters emphasised their value as a means of engaging positively and incrementally with employers, including providing resources and information about good practice and also learning about perceived barriers to implementing better employment practices. Charters could also be used to prompt business support intermediaries to have conversations with employers around job quality and how they might engage with the charter, rather than focussing on more traditional topics like productivity and skills. Another potential benefit lies in them helping to establish productive conversations between employers and others working on employment issues, away from more adversarial contexts. One charter lead noted 'there's an image issue and a lack of understanding of trade unions and what they do, and fear from a lot of employers as well'.

But the focus on engaging incrementally with employers also raises concerns, particularly for some campaigners and activists. These concerns centred around the flexible approach to defining good employment practices, which means that employers are not necessarily being held to a clear and consistent standard across some of the dimensions of good employment that charters promote. Participants on the charter implementation side acknowledged there was a balance to be struck between taking a flexible and open approach and holding employers to consistent good standards of employment.

Some also highlighted where they thought there were blind spots or gaps in how local employment charters attempted to define good employment and change employer practices. Strategies to engage and empower citizens and (potential) workers, rather than employers, were identified as a potential mechanism to secure change but these were relatively under-developed or absent in current charter approaches. It was suggested that charters should try to raise awareness amongst employees of their rights and that information about whether employers were recognised by the charter could be included on recruitment websites so that potential recruits could weigh this information.

A further concern was that charters do not sufficiently recognise and address inequalities in power in the employment relationship. Their symbolic power of 'recognising good employers' might in fact lead to complacency with workers assuming that their employer is treating them well because they are accredited by the charter, rather than scrutinising how policies were being applied. Mechanisms to validate and enforce, or check up on, employer commitments were also not particularly visible, and concerns were raised about the level of resource available to support these activities and the lack of transparency around how employers were assessed and reviewed. This dilemma also links to the uneven development of worker and especially trade union voice and influence in the national context as well, which often limits local regional developments that seek to improve social dialogue (Johnson, et al. 2023).

The different views highlighted above speak to broader competing ideas or theories about how voluntary charter initiatives can support meaningful change in employer practices. The charters discussed in the context of this scoping study have focussed on building legitimacy with employers as a route to securing change. The case for emphasising an incremental, flexible approach rests on an argument that more can be achieved by treating the charter as an engagement tool and reaching as many employers as possible by keeping initial commitments to a minimum and then requiring employers to work towards the fuller set of commitments. Under this approach, the charter is viewed as offering employers a 'safe space' in which to explore alternative approaches and to learn about employment practices that might benefit their employees. If this strategy secures wider and more varied engagement, the argument goes, there may be greater potential for the charter to change employer practices than through a strategy of setting higher standards and emphasising scrutiny and regulation, which, some assumed, would lead to lower employer engagement, and/or engagement of the 'usual suspects' who were already able to meet the criteria.

But the risks associated with this approach should be kept in view alongside the potential rewards. The idea of employers engaging and progressing over time from an initial, low-level commitment presupposes sustained engagement on the part of the employer, rather than them treating the charter as something they sign up to and forget about. Whether the standard that employers are being held to is high enough is an important question, as is the issue of whether there is a meaningful distinction within a given charter initiative between those employers that are signalling their intention to improve versus those that do implement changes. Creating a safe and positive space for employers to discuss how they might change their employment practices is also potentially incompatible with calls for a more regulatory and transparent approach to assessing employer practices.

These theories merit further scrutiny given empirical gaps in our understanding of how local charters work to influence employers over the longer term. Overall, this study underscores the need for clear guidelines and reporting of charter engagement and outcome data. If the value of charters lies in their ability to influence and support employers to change their employment practices, then we need to pay attention not just to the number of employers that are engaged but also to understanding what changes these initiatives have supported, which kinds of employers have been engaged and how they are 'progressing' through any tiers of membership, and how charters connect to, influence or potentially displace wider efforts to promote access to decent work.

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