



## Managing People in Networked Organisations

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# **MANAGING PEOPLE IN NETWORKED ORGANISATIONS**

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# MANAGING PEOPLE IN NETWORKED ORGANISATIONS

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# FOREWORD

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Two main drivers led the CIPD to undertake this research into managing across organisational boundaries. One is the increasing use of *networks* of organisations – such as outsourcing, joint ventures, partnerships, and multi-employer sites – to achieve shared objectives. The second is the fact that HR theory and practice assume the existence of an *employment* relationship, which is not of course the case for many people who work in networks.

The employment relationship is typically seen as a contract between an employer and one or more employees within a single organisation. This approach has been central to thinking about, and research into, employee commitment and high-performance working. Most studies of employment relations assume (at least by implication) that all staff who work in the same workplace are employed by a single employer.

However, this approach fails to take into account the development of different organisational forms and their impact on how workers are actually managed. Many workers now spend their working days not at the workplace of their own legal employer but at the workplace of a client or partner. Commercial contracts governing such collaboration, or networks, complicate workers' employment contracts, and they become subject to different – and often competing – HR policies and practices.

This report looks at the experience of four case studies, representing between them different forms of networked organisations. No single model of 'good practice' emerges from the case studies. Nevertheless, they all demonstrate partners doing their best to make their relationship with each other work. In each case there is a willingness to share ideas with other partners in the network and make an effort to build

and sustain trusting relations. This is clearly critical for the development of people management across the network.

For the most part, failings or problems arose due to tensions across the network, through poorly-conceived implementation of HRM or through changes in the business system involved.

The limits on successful partnership working in terms of HR practice emerge clearly from this report. HR policies should ideally be aligned with organisational goals, integrated with one another and implemented in a consistent manner, but this can be particularly difficult to achieve in networked organisations. For example, achieving consistency in terms and conditions across *external* boundaries is likely to be at the expense of *internal* consistency within the same organisation. And how does one organisation's 'employer brand' work in relation to people working for a different employer?

One key conclusion from this report is that trust is an essential prerequisite for effective collaboration across the network. High trust is not easy to establish but can be easily lost. One way to embed it more deeply is to ensure that relations between partner organisations are not developed solely at senior levels but are widely diffused. A key role here can be played by boundary spanning agents in fostering links and helping to ensure that blockages and barriers are broken down. The other critical factor in developing and maintaining a high level of trust is a sense of shared purpose between network partners, as for example better patient care or local economic regeneration.

We are fortunate that this research was conducted by Manchester Business School, who undertook a major study of this area as part of the ESRC Future of Work programme

(Marchington *et al.*, 2005). The CIPD is publishing separately a management guide drawing on the experience of the case studies included in this report. For further information go to: [www.cipd.co.uk/research/rsrchplcypubs/guides.htm](http://www.cipd.co.uk/research/rsrchplcypubs/guides.htm).

**Mike Emmott**

CIPD Adviser, Employer Relations

- ❖ **This project examines the management of people in a context where multiple employers work together to coordinate the delivery of services, usually to a range of customers.**
- ❖ **These networks of supplier and client organisations, where delivery is achieved through working closely with each other, are often based at the same location. The outcome is an inevitable blurring of the boundaries between employers.**
- ❖ **We are interested in the impact such business connections and ways of operating can have on workers employed by different organisations in the network, whether employees of a client organisation, a supplier or a partner organisation, as well as the rationales employers have for engaging in the co-production of services.**

## OBJECTIVES OF THE PROJECT

Despite evidence indicating that various forms of cross-organisational working are becoming more common, the vast majority of the HR and people management literature still assumes the single employer to be the norm. Similarly, labour law treats the employment contract between an employer and employees as its central and defining principle, even though there are sometimes doubts as to who is the employer in multi-employer situations. This is illustrated by management efforts to achieve high levels of loyalty, commitment and engagement to/with the employer – something that is rendered difficult when there are multiple employers and influences from clients on the employment relationship. The latter is seen via links up and down supply chains as well as in the co-location of employers and workers, especially when people from different organisations work together in teams on a longer-term and enduring basis. Previous research by the current research team has shown how the subtleties and complexities of such forms of working have, for the most part, either been ignored or simplified to a degree where they offer limited analytical, practical or policy-oriented value.

To develop this work further four research questions were identified. These underpinned the design of our fieldwork and the analysis of data:

- 1 Compared with HRM in a single-employer organisation, what special *challenges* are raised for people management policy and practice in multi-employer networks?
- 2 How does the co-production of services impact upon *alignment* between organisational goals and HR systems/ worker commitment, *integration and synergy* between

different people management practices, and *consistency and fairness* in their application?

- 3 In what ways does the co-production of services shape the *management of employment* across organisational boundaries, the extent to which workers *engage and identify* with different employers in the network, and opportunities for building *organisational and individual capabilities* over time?
- 4 What *lessons* can be learned from research into people management within multi-employer networks?

## TOPICALITY OF THE RESEARCH

When business leaders undertake to co-ordinate services delivery with other organisations, this can take a variety of strategic forms and encompass a range of service activities. The most common examples reported in the business press include partnerships and joint ventures, outsourcing and off-shoring, and long-term agreements with suppliers or clients. The rationales for entering into closer relationships with other organisations are varied. Typically, it is often claimed they represent a means of modernising the business (especially by accessing and sharing new ideas or advanced technologies), reducing costs or maximising efficiency. But the business press is also attentive (perhaps over-attentive) to the risk of failure. One often reads commentaries on why outsourcing is sometimes followed by insourcing, for example, or the problems of the one-sided bargain underpinning the partnership between client and supplier, or the confusion and chaos that characterises services delivery when dozens of organisations are involved. One of the motivations for our

research was to shed more light on what happens when employers choose to form close ties with each other and to focus on the role of people management as a potential key to high-quality services delivery.

**'Many popular accounts of business transformation...present outsourcing as *the* key to business modernisation and success...'**

One example of co-production that has proved very popular among chief executives and public sector decision-makers is outsourcing. This is backed up by many popular accounts of business transformation that present outsourcing as *the* key to business modernisation and success (eg Bragg, 2006; Domberger, 1998). Gigantic deals involving the outsourcing of IT are often in the news headlines, such as the \$1.4 billion deal between IBM and AstraZeneca signed in 2007, or the \$1 billion deal in 2008 between EDS and the oil company Shell. So too are examples of HR outsourcing, including the news that Xansa will manage various HR functions for Lloyds TSB and that the BBC continues to experience problems with its partner, Capita. A cursory reading of the business pages suggests such deals are not one-off transactions. Instead, whether it is HR or IT that is outsourced, the organisation purchasing the service must co-ordinate effectively with the specialist supplier to ensure continuity and quality of service delivery. Also, the transfer of staff from purchasing organisation to supplier is typically a key ingredient of the deal, raising immediate people management questions.

Another strategic form very much in the business press concerns the co-ordination of networks of organisations to deliver a service or manufacture a product. Very often, the cross-organisational complexity of such forms only comes to light when there are mishaps or failures in systems. The 2008 baggage-handling chaos at the newly opened Heathrow Terminal 5 revealed the difficulty of identifying which organisation was at fault. Among the multiple networked organisations, three companies collaborated to run baggage-handling – Vandervelde Industries, IBM and Alstec – co-ordinated by BAA and with some staff supplied by British Airways. As with the Railtrack fiasco five years previously, sometimes too many subcontractors make it difficult to oversee the complex web of contracts and performance standards. A key issue is how to manage the people who work in teams drawn from different employing organisations, each with separate work rules and customary practices.

A further well-known example of services co-production in the UK is the public-private partnership. This received a major boost under the Blair/Brown New Labour governments and instigated considerable debate about the pros and cons of collapsing the traditional boundary between goals of profit-making versus public duty. At the heart of the debate is a concern about how organisations (as well as higher-level

regulatory bodies) establish appropriate new mechanisms for co-ordinating services delivery and what lessons each can learn from the other. Compared with the other examples, people management issues have perhaps received more attention due to the strength of trade unions in the public sector and their fears that closer working with private sector firms might dilute relatively attractive terms and conditions of employment.

So the research being presented here is certainly topical. It is also an area where there is considerable debate about the merits of forging closer ties among organisations, whether from the perspective of shareholders, managers, service users or employees. We hope that by highlighting some of the complexity of how to manage people in situations where services delivery depends on multiple organisations working together the evidence both illuminates some of the new challenges HR managers face and points to lessons for improved management policy and practice.

## METHODOLOGY

The focus of the research was on multi-employer sites and therefore required interviews from a variety of sources. Respondents were selected according to their attachment to the location (eg directly employed, contracted, working in partnership, etc) and can be classified into four categories: management/directors of the different organisations operating in each case study network, workers directly employed by the organisation, workers from contractual services (eg catering, security, porters, etc), and workers from partnership organisations (eg PFI, social services, additional trusts, etc). Interviewees were from a variety of professions/occupations.

The project examined four cases:

- ❖ *Network Care*: a partnership between a Primary Care Trust and a local authority social services department
- ❖ *Hospital Services*: a partnership between an Acute NHS Trust and private sector contractors as part of a Private Finance Initiative
- ❖ *Network Events*: a network of organisations that collaborate to manage sporting and entertainment events
- ❖ *IT Services*: an IT services firm and a selection of client organisations that outsource their IT services.

Interviews were divided into four categories:

- ❖ Access interviews were used to establish an overall picture of the case site network and establish key areas to explore. Documentary evidence, where required, was gathered (eg business and HR strategies) along with other documents from the site. An access interview was also conducted in partner and contractual organisations

**Table 1** ❖ **List of interviews conducted**

	Total number of interviews
Network Care	18
Hospital Services	11
Network Events	12
IT Services	12
<b>Total</b>	<b>53</b>

following the same interview schedule, allowing comparison between sites.

- ❖ Workers directly employed by the organisation were interviewed to obtain individual responses to everyday managerial issues of working across organisational boundaries. The interviews were structured around the same areas as the access interview, but allowed for greater exploration around managerial and HR issues.
- ❖ Workers from contractual organisations were interviewed using the same interview schedule as the access interview. This allowed responses around HR and managerial issues to be easily compared. The focus of the interviews was on day-to-day issues, specifically around managerial and HR concerns.

- ❖ Workers from partner organisations were also interviewed using the access interview schedule. The focus was on how the partnership was first developed, how it is maintained, and any managerial or HR issues.

**OUTLINE OF THE REPORT**

This report has seven further chapters following this brief introduction. In Chapter 2 we briefly review the main literature in the area, and develop a set of frameworks for making sense of this material. In particular we focus on issues to do with trust as one of the key characteristics of successful networks and on the notions of alignment, integration and consistency to analyse how HRM operates across a network compared with a single-employer context. In Chapter 3 we provide some details of the four case study networks so that readers can understand how work was organised in relation to the detailed findings that are presented later. Chapter 4 looks at how contracts were set up and maintained across the four networks, and we start to draw attention to the implications that business contracts have for HRM. Chapters 5 to 7 provide an analysis of how each of these networks operated in relation to different components of HRM: issues to do with consistency and inconsistency in the employment relationship across organisational boundaries are explored in Chapter 5; identity and engagement are the subject of Chapter 6; and skill development, performance and careers form the basis for Chapter 7. Finally, in Chapter 8 we pull the pieces together and suggest some implications for network organisations and policy-makers to consider.



# REVIEWING EXISTING WORK ON HRM 2

## ACROSS ORGANISATIONAL BOUNDARIES

- ❖ **This chapter is structured in four sections. The first reviews existing research on cross-organisational working and HRM, identifying its main components and its principal shortcomings. The second identifies the main features of 'collaborative relationships' between organisations working together and the implications for HRM. The third applies concepts of alignment, integration and consistency to HRM in the context where organisations are co-producing services. The fourth categorises HRM in three broad sets of practices – managing contracts and employment, building worker identity and engagement, and developing individual and organisational capabilities.**

Although most publications in HRM, industrial relations and employment law still tend to conceive of organisations as if they were single entities, and consequently focus on contracts between an employer and its employees, there is now a small and growing amount of research on multi-employer networks. This does not take the single employer–employee contract as the cornerstone of all work, but recognises a more varied reality given the growth of subcontracting, public-private partnerships, agencies and alliances. However, as we see below, this approach needs developing.

In this report we extend existing concepts in two ways. First, we investigate the main features of collaborative relationships – in terms of the key concepts of trust, dominance and modularity – and draw out their implications for HRM across networks. Second, we consider how key HRM goals of alignment, integration and consistency can be understood and applied in the context of people management across organisational boundaries.

### CROSS-ORGANISATIONAL WORKING AND HRM

During the past decade, various researchers have examined how clients and other non-employers might influence HRM at supplier organisations, typically analysing how supplier firms are 'forced' to comply with the wishes of clients. This requirement can either be explicit – for example, through clauses in commercial agreements stating standards to be achieved and/or via ongoing monitoring of their HR policies (Beaumont *et al*, 1996; Boaden *et al*, 2008) – or it can be implicit through softer forms of persuasion (Swart and Kinnie, 2003; Rubery *et al*, 2004; Swart *et al*, 2007). Other studies

indicate how, in the call centre context for example, clients are able to influence and shape the HR practices and policies used by the firms who supply their services (Rubery *et al*, 2004; Walsh and Deery, 2006).

Perhaps the most widely quoted research in this area is Lepak and Snell's (1999, 2002, 2007) HR architecture perspective. This proposes that one of four distinct forms of HR architecture is appropriate depending on the combination of the uniqueness and strategic value of human capital. Two of these forms rely on an internal labour market: 1) knowledge-based workers with high strategic value and uniqueness that is core to the organisation and must be retained, and 2) job-based employees that have high strategic value but whose knowledge is not unique to the firm. The externalised workers are also divided into two: 1) workers with low strategic value and uniqueness, where ancillary knowledge is provided by short-term contracts based on transactional relations, and 2) workers with idiosyncratic knowledge that is provided by workers employed by alliance partners. The latter workers, according to Lepak and Snell (2007, p.215), are

*likely to be managed by a collaborative HR configuration characterised by group incentives, cross-functional teams, and the like. Such practices may ensure greater integration and stronger relationships with the firm and partner employees.*

Although these contributions are useful in helping us understand people management across organisational boundaries within networks, they also suffer from a number of shortcomings. Our five main concerns about this work are presented below.



## 1 Workers, not just employees

Authors sometimes fail to make a distinction between workers employed by the client and the supplier, in the sense that both are referred to as 'employees'. Lepak and Snell's work does not question who is the employer in these differing situations, and despite setting up a distinction between internal and external employment, they refer to all groups, even the alliance partners, as employees (2002, pp527–8). The HR practices to be applied are seen in the context solely of the client organisation, and the workers involved are seen as no different from internal employees. For example, the compliance architecture relates to *employees* that perform simple, well-defined jobs that are paid on hourly rates, and focus primarily on short-term performance. This is fine as a description of any low-skill job *within* an organisation but there is no mention of the contractor that employs these staff, nor how networks between organisations are established and maintained.

**'A much clearer distinction is needed between employees from different organisations within the network if we are to understand how HRM is managed across boundaries.'**

A much clearer distinction is needed between employees from different organisations within the network if we are to understand how HRM is managed across boundaries. This can occur in quite different contexts – for example, agency workers (Grimshaw *et al*, 2003; Purcell *et al*, 2004) – or through other forms of short-term outsourcing, or long-term arrangements between partners (Marchington *et al*, 2005).

## 2 Multiple employers and the shaping of HRM within networks

The majority of studies assume that influence on HRM occurs solely in one direction – ie from the client to the contractor. Although more nuanced than some of the simplistic models, even Swart and Kinnie's (2003) distinction between 'client-dominated', 'client-driven' and 'client-focused' forces shaping HRM at the supplier organisations still assumes the influence is one-way alone.

But this is not inevitable, as Marchington *et al* (2005) showed in their study of cross-organisational networks. In some cases, partners to a commercial contract which required teams to work together across organisational boundaries were relatively equal or at least counter-balanced, whereas in others the supplier was able to draw on massive resources from other parts of a large private sector organisation to shape the way in which the contract operated. In order to understand how HRM develops across the network, a much better analysis is required of how power is distributed between the different partners. This can only be achieved by examining the

perspective of different parties, and by analysing their motives for seeking to work with other organisations rather than dealing with employment issues internally.

## 3 Network influences on decisions to externalise

As Swart and Kinnie (2003, p.52) point out, Lepak and Snell's architecture model assumes that employers operate with high levels of rationality and complete freedom of choice in making decisions about internalisation and externalisation. For example, a core worker is necessarily seen as internal to the firm whereas a subcontracted or alliance worker is not. However, this only looks at partnership from one angle, taking no account of what other organisations in the network might believe is appropriate for them or of the availability of labour in the external market. While it might be economically attractive for employers to seek alliance workers for short-term needs via contractors on the open market, availability might be limited and/or too expensive to source through these means. Depending on circumstances, it could be more sensible to employ knowledge-based workers in-house so as to guarantee supply and reliability. Furthermore, a job that is peripheral to the client's employment system (eg a contract cleaner or security guard) is likely to be a core employee to the cleaning contractor or security firm. Thus the classification of employees as core or peripheral depends on the organisational perspective taken.

**'A...sophisticated analysis should examine how specific cross-boundary decisions are made in particular networks.'**

A more sophisticated analysis should examine how specific cross-boundary decisions are made in particular networks. This requires detailed investigation of networks where there is access to partners/organisations from both sides of the contract. Our prior work (Grimshaw *et al*, 2003; Rubery *et al*, 2004; Marchington *et al*, 2005) did this, so allowing for an in-depth analysis of the relationships between partners in the network, a deeper understanding of their goals and objectives, and an assessment of what workers themselves felt about cross-boundary tensions. This is supported by other studies, such as those by Purcell *et al* (2004) and Coyle-Shapiro *et al* (2006), who did interview people from different partners in the network.

## 4 The key role of boundary spanners

A major problem of asking individual respondents, employed solely at one organisation in the network, to describe how HRM is put into effect or how it varies between groups of workers is that assumptions are then made about the smooth transmission of authority down organisational hierarchies and across boundaries. This is surprising, as most people know that

agreements made at senior levels in the respective organisations can never be more than broad intentions about what is expected, and implementation is often difficult (Khilji and Wang, 2006). But this is ignored in studies where surveys rely on senior managers' responses alone.

Our own research (eg Marchington and Vincent, 2004; Hebson *et al*, 2003; Rubery *et al*, 2004) overcame this problem by interviewing at various levels in the hierarchy. In particular we focused on boundary spanners who were central to the maintenance of contracts and the deployment of labour from external organisations. In line with other subsequent work (eg Swart *et al*, 2007; Boaden *et al*, 2008) this found that strong ties between boundary spanners – typified by regular meetings, informal contact and mutual trust, for example – played a major part in ensuring that the contract actually worked on the ground.

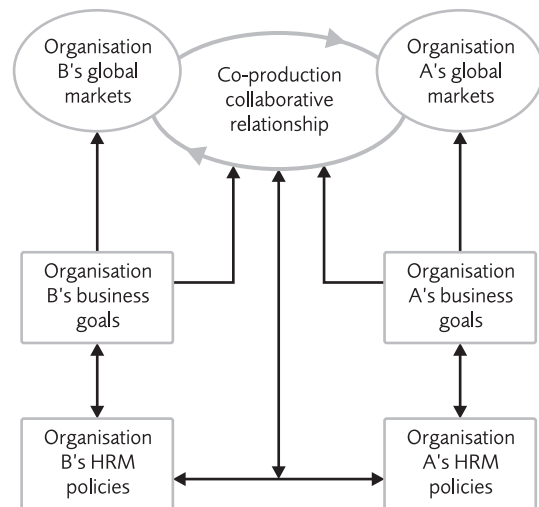
### 5 Employers have multiple goals within networks

Many studies of contracting tend to assume that single, or at least dominant, goals drive decisions to externalise – typically cost reduction or seeking expertise that is not available in-house. However, as Boxall and Purcell (2007) make abundantly clear, employers have multiple goals – both in terms of meeting varying stakeholder demands and between different product lines or business units – which can be contradictory. Goals can include short-term profit maximisation, long-run sustained competitive advantage, social legitimacy, and wider societal concerns such as improved levels of public health. These do not always sit easily together, and one of the problems of trying to achieve alignment, integration and consistency in the implementation of HRM is that conflicting and contradictory outcomes can emerge.

**'One of the problems of trying to achieve alignment, integration and consistency in the implementation of HRM is that conflicting and contradictory outcomes can emerge.'**

These tensions are even more apparent with partnerships between organisations, because there can be quite different goals behind a decision to collaborate. For example, a local authority or health trust might be very concerned about the impact of decisions on community groups and patient care whereas a private sector employer is bound by obligations to look after shareholders. This does not mean that private sector employers are devoid of any concern for wider stakeholders or that public sector bodies are not obsessed with best value, but that the potential for differing objectives is greater.

Figure 1 ✦ HRM policies in networks of co-production



### CHARACTERISTICS OF NETWORK MODELS OF CO-PRODUCTION

Figure 1 illustrates the complex relationships between HRM policy, business objectives and network characteristics that impact upon co-production. The resource-based approach to HR suggests that all organisations, with varying degrees of success, seek to align their HR policies with their strategic business needs in order for their workforce to be a source of competitive advantage (Allen and Wright, 2007). The oft-cited challenge is how to maintain alignment in a context of changes, including new markets, technologies, and so on. But in the context of *co-production* – where multiple organisations collaborate to deliver a service or manufacture a product – organisations face a possibly greater challenge since their relationship with other organisations is bound to exert a powerful influence on the nature and effectiveness of HR policies across the network (Figure 1).

Past research (see Sturgeon 2002 for a review) suggests that three general features underpin collaborative relationships. An aspect of all three features may be present in any given relationship, but one feature may be more significant in defining its overall character.

The first feature is *trust*. Many studies have argued that if collaborating organisations forge a trusting relationship, then each can benefit from a reduced risk of opportunistic behaviour (and the associated transaction costs involved in negotiating and monitoring) that typifies many market-based relationships. Moreover, trusting (or 'relational') collaborations

**Table 2** ❖ **Three features of collaborative relationships and implications for HRM**

Feature	Criteria	Possible implications for HRM
Trust	The degree of trusting relations among collaborating organisations	High-trusting relations can support a high-trust approach to employment relations, within and across the network
	The levels at which trusting relations are initiated and developed	Establishing trust only at senior levels may not be sufficient to generate high-trust employment relations
	The processes through which supportive relations are realised	Processes may require targeted HR policies to manage, and recognise the contribution of 'boundary spanners' and contract managers. HR practices also must be responsive to/interactive with the development and monitoring of norms and rules to govern the collaborative relationship
Dominance	Differences in the relative status and access to resources among partner organisations	An imbalance of bargaining power between partners may unfavourably restrict the capacity of an organisation to develop HR policy and practice that is appropriate to its workforce
	Types of support and shared investment between organisations	Partners may share access to unequally distributed resources, encouraging shared training, diffusion of innovative HR policy, etc
Modularity	Ease of entry to and exit from co-production networks	Absence of constraints on HRM grants freedom to choose HR policy and practice. But openness to market volatility puts sustainability at risk
	Use of shared standards in co-production	May be difficult to replicate shared standards in HR approach given weak commitment to long-term, trusting relations. However, possible to develop coordinated approach through regional, industry or trade bodies

potentially generate further benefits, including technology transfer, economies of scale, technological complementarity, marketing agreements and blocking competition (Child and Faulkner, 1998).

However, it is often difficult to build trust. Success depends to a large extent on supporting institutions and social norms (Lane and Bachmann, 1998), and typically requires a high level of dedication of managers' time and resources. In particular, organisations may need to establish formal and informal processes for managing the interface with the partner organisation. These 'boundary spanners' manage the contract via day-to-day relationships as well as informal norms to govern relations between managers and employees from both organisations. Such processes should support the trusting relations and provide early warnings to adapt trust relations.

Trust may bring clear benefits for HRM. For instance, if managers from collaborating organisations trust each other sufficiently to implement a cross-organisational approach to HR policies, this may facilitate better synchronisation of work practices, which is often an essential condition of co-production. Evidence from studies of Italian high-trust networks suggests that trust filters through to the employment

relationship between managers and workers within and across organisations (Piore and Sabel, 1984).

**'Trust may bring clear benefits for HRM. ...Evidence...suggests that trust filters through to the employment relationship between managers and workers within and across organisations.'**

However, the often assumed neat equation between trusting relations among collaborating managers and a high-trust employment relationship is not automatic (Grimshaw and Rubery, 2005). Two polar forms are, in principle, feasible. On the one hand, trust may be established at all levels (from senior management to frontline worker) between organisations and this can encourage and/or reinforce a win-win approach to employment relations. On the other hand, it is possible that only high-level managers are involved in building trust. This outcome may be more likely if existing internal relationships are adversarial but it can also reinforce or lead to more conflictive employment relations.

The second feature of collaborative relationships is *dominance*. While many analyses of co-production assume homogeneity, a real-world perspective suggests that collaborating organisations are typically not equal in terms of size, financial resources and bargaining power. Indeed, several studies show that in collaborative relationships one organisation may be able to exert a dominant influence over the rules governing co-production. Perhaps the best-known co-production model of this sort is the Japanese manufacturing network that involves a dominant, lead firm and multiple tiers of mostly captive suppliers (Womack *et al*, 1990). Others include the UK model of a dominant, lead retailer and its strongly dependent network of manufacturing suppliers (Rubery, 1994), and also some forms of public-private partnerships in the UK where the private sector organisation often has the upper hand in contract negotiations and performance monitoring (Grimshaw *et al*, 2002).

However, the dominance of a lead organisation within the network is not necessarily negative. This dominant partner in a network may support technological upgrading in less sophisticated partner organisations and may also provide capital investment to support business expansion (Sturgeon, 2002). Moreover, where a powerful lead firm has a well resourced HR department, it may offer welcome guidance to its under-resourced partners on innovative HR practices or even share access to training provision.

**'Unequally-balanced relationships...can have adverse consequences for the generation of distinctive capabilities among interdependent organisations...'**

But there is also a strong downside to domination of a network. Lead organisations may exploit their strong position by cancelling contracts with a client organisation or reducing orders from a supplier, at very short notice. They may control entry to the co-production network by dictating production technologies and quality control systems. Over time, therefore, these unequally-balanced relationships may enable lead organisations to dominate their partners financially. This can have adverse consequences for the generation of distinctive capabilities among interdependent organisations in the network, especially regarding the innovative development of production techniques, new processes for services delivery and independent design of HR policies that are appropriate for the particular workforce.

The third feature is *modularity*. Collaborative relationships that are strongly modular involve very few interactions among partner organisations (and therefore provide a limited basis for trusting relations), weak interdependence (since each partner typically engages in more than one network) and highly formalised exchanges using codified information rather than boundary spanners.

The modular production network is said to define a new American model of industrial organisation (Sturgeon, 2002), typified by the leading US firms that operate as contract manufacturers in the highly competitive electronics industry. In his research, Sturgeon argues that a positive property of the modular network is its openness. No organisation has to tailor its operations to a dominant client, and there is little risk of being locked into a contractual arrangement with a highly trusted partner. Instead, all network members accept and deploy defined standards of service delivery and generic process technologies. Moreover, informal relations among partners are kept to a minimum by use of strongly rule-governed exchanges. The openness of the network grants organisations the opportunity to operate in multiple networks (provided that each can adopt the various standards) and the freedom to experiment with appropriate forms of HRM policies.

Possible disadvantages of strongly modular networks relate to the ease of entry and exit of partner organisations and the limited value placed on developing trust. If partner organisations co-operate on the basis of weak relational ties and strong financial incentives, then this may be a thin thread upon which to build a long-lasting form of co-production with a sustainable approach to HRM, especially one that can weather the ups and downs of product market conditions. Employment conditions in such networks may be more insecure, with a strong possibility of high use of contract or freelance staff.

Also, it is unclear how standards (of services provision or process technologies) are developed and adapted over time. In certain business contexts this may involve dedication by collaborating partners (as in cases of IT outsourcing, for example – Miozzo and Grimshaw, 2005), while in others the process may be relatively exogenous to the network involving, for example, the authority of a trade body, chamber of commerce or government department. It is also conceivable that members of successful networks may over time exercise influence over standards that may generate new forms of lock-in and barriers to entry and exit.

Aspects of these three features of collaborative relationships are likely to prevail in all forms of inter-organisational relations, albeit in different combinations that change over time. Moreover, the character of the relationship has a direct influence on the nature and performance of HR policies in partner organisations.

## ALIGNMENT, INTEGRATION AND CONSISTENCY ACROSS THE NETWORK

Most versions of HRM assume that HR policies and practices should be aligned with organisational goals, integrated across the bundle of different practices, and implemented in a consistent manner (at least in relation to workers in similar roles). Different terms are used but the assumptions are much the same in work on HR strategy (see, for example, Baron and Kreps, 1999; Bowen and Ostroff, 2004; Storey, 2007; and Marchington and Wilkinson, 2008).

**Table 3** ❖ **Alignment, integration and consistency across organisational boundaries**

Terminology	Components of term	Application across organisational boundaries
Alignment	Between organisational goals and HR systems	Potentially conflicting goals between organisations dependent on rationale for partnership/contracting make it hard to align goals and HR systems. This is exacerbated if goals reflect societal concerns as well as shareholder value
	Employer branding and 'strong' organisational culture	Brands are likely to differ, thus making alignment hard to achieve. If each organisation tries to promote its own 'strong' culture, this can lead to tensions and contradictions within cross-boundary teams, as well as reduce worker willingness to use discretion
	Worker commitment to organisational goals	Commitment could be to different goals, especially in context of public-private partnerships. Even more complexity arises when workers move between contracts on a regular basis, providing services for different organisations
Integration	Synergies between different HR policy areas	Can be problematic if partner employers decide to offer a pick-and-mix approach, taking some policies from each organisation. Alternatively, integration within the cross-boundary teams can lead to disintegration of 'within organisation' synergies
	Integration of practices within the same HR policy area	Similar to above except relates to specific issues like holiday entitlement and working hours. Lack of integration can lead to discontinuities
	HR policies and practices implemented as intended	Line managers from different organisations may have differing skill sets, reward and appraisal schemes which lead to variations in implementation. Particularly challenging on short-term contracts as workers may transfer between managers and organisations
Consistency	'Single employee' consistency – consistent and complementary policies for each individual	Workers experience contradictions either because they are subject to HR practices (eg appraisal and career development) from different employers in the network that differ in approach or because a single policy is inconsistently applied due to involvement of managers drawn from more than one organisation
	'Among employee' consistency – similar deal to others in similar job	Working side by side with workers from other organisations on different terms and conditions for similar workers/tasks can create tensions at the workplace. In some cases the network is formed because of the opportunity to outsource work to organisations with lower labour costs but in other cases the differences are an unintended outcome of partnerships formed for other reasons
	'Temporal' consistency – similar treatment over time	People working for different employers in the network may find their employment is managed in different ways over time (eg discipline and communications). In partnerships temporal consistency may effectively be an alternative to harmonisation to achieve 'among employee' consistency

For the purposes of this report, the terms are defined below and amplified both in Table 3 and the discussion below.

*Alignment* refers to the extent to which organisational goals and HR systems are connected, the degree to which employer branding is achieved in the organisation(s) and the strength of workers' commitment to organisational and other goals. A key

purpose is that all organisational members should get the same sort of message about employer goals, and that they should all be committed to the same objectives – a 'strong HRM system' in Bowen and Ostroff's terms.

*Integration* refers to synergies between different HR policies (eg pay systems and training), between different practices

within each of these policy areas (eg team briefing and joint consultative committees), and between intended HR policy and its implementation by line managers. A key requirement is that workers receive similar messages across the entire HR bundle, and that gaps between intended strategy, its application at workplace level and the way in which it is perceived by workers are kept to a minimum (see Marchington and Wilkinson, 2008).

*Consistency* constitutes the third leg of the aspiration. This argues that workers at the same unit or location ought to be treated in a similar way and not on a pragmatic and frequently uneven basis. Baron and Kreps (1999) refer to this as 'single employee' consistency, 'among employee' consistency and 'temporal' consistency – this means that the employment experience for each worker should be broadly similar both in terms of how they are managed across the contract, in relation to each other and over time.

**Although [alignment, integration and consistency] may sound like desirable goals, they are often difficult to achieve in reality...'**

Although these may sound like desirable goals, they are often difficult to achieve in reality, even within the confines of a single organisation. For example, multiple goals within and between organisations might well lead to different outcomes. Similarly, workers have commitments to goals other than those of the organisation for which they work – say, to their team, their profession, or their trade union. Integration can be hard to achieve if different management functions are responsible for training, pay and communications. Of course, there are also problems of ensuring that HR policies are implemented as intended by line managers with differing levels of commitment to or knowledge of these policies. Consistency may be threatened, though not necessarily, if individual managers choose to reward (implicitly and explicitly) those workers who perform at a higher level and are willing to 'go the extra mile' while punishing those who do not.

Once we move into the realm of the multi-employer network, however, extra layers of complexity are added. This raises fresh challenges for HR practitioners tasked with the design and implementation of relevant HRM systems which can operate across organisational boundaries. This is especially complex when workers employed by different organisations operate alongside one another in the co-production of services, even more so if there is a commitment by both partners to achieve a seamless HR system.

There are several issues to consider in relation to alignment. Before working out how to align HR systems to organisational goals, the complexities and contradictions in these goals must be identified. While organisations may have longer-run competitive strategies, these have to operate alongside and in

conjunction with shorter-term objectives. In addition, many organisations are subdivided into separate business units, with goals and competitive strategies appropriate to their market segment, but where specific partnerships are formed there is an additional need to engage with the practices of partner organisations. This is particularly critical when workers from more than one organisation operate in teams alongside one another. It is at this point that differing goals come to the fore and impact on HR practices and processes. For example, if workers from one organisation are rewarded on a short-term performance-related basis, this can cause major problems if others have standard pay systems and expectations of long-term employment security.

This question becomes even starker where co-production networks are aimed at fulfilling wider societal or public policy objectives. In this case, each participating organisation has both to contribute to the overall goals of the network yet still pursue its own business goals and objectives. Such complexities limit the possibility of simple alignment between specific organisational goals and the development of HR policies that are appropriate for gaining effective performance from different groups of workers.

The notion of 'employer branding' is particularly difficult to conceptualise when people employed by different organisations engage in the co-production of services. Whose brand should they identify with, and what happens if the 'shared brand' runs counter to that of their own employing organisation? Take the example of a firm supplying services to four clients, each of which operates in a different sector. Although staff are *employed* by a specialist firm, they may actually work closely with teams at one of the clients for several years. Of course they could well start to 'live the brand' of the client, which would be fine for the immediate contract, but if the brand is very different from that of their own employer, problems can arise. The literature on employer branding (Martin, 2007, pp18–23) does not really address this question in the context of multi-employer networks.

**'It is difficult to make any notion of alignment stick if people work alongside others who receive much higher levels of benefits.'**

Complexity also arises in relation to commitment, particularly if workers on cross-boundary contracts move frequently between clients (Rubery *et al*, 2004). Some workers, especially professionals, may decide their commitment is best directed at the profession rather than any of the organisations where they work. Complications also arise with the creation of a new organisation from two or more employers, which is under the control of a single, combined management team but where all the staff retain the terms and conditions of their existing employer. Although it might be relatively easy to identify common short-term goals and create a shared identity, it is

difficult to make any notion of alignment stick if people work alongside others who receive much higher levels of benefits.

There are also issues in relation to integration and consistency. Indeed, rather than attempt to achieve some degree of integration across organisational boundaries, a case can be made for maintaining multiple HR systems. This is especially so where demands are made for client-specific services and attitudes that may require different working time or pay arrangements. This segmentation according to business or client orientations may coincide with differences in the type of staff employed but may also cut across groups conventionally classified by qualifications, skills and experience. This can lead to 'among employee' inconsistency, fuelling feelings of perceived unfairness and to problems in getting mobility across organisations in the network.

Another approach sees organisations choosing to operate multiple HR systems precisely because they see significant dividing lines between groups of employees, related to their own skill or human capital and the nature of the task they undertake. The main dividing lines are between workers with high skills of strategic importance that are developed within the organisation and managed through high-commitment HRM versus workers with low skills on routine tasks who are contracted out and managed through an expectation of compliance with HR rules. This divide is similar to the flexible firm model. The HR architecture model adds further dimensions by distinguishing between workers on the basis of the uniqueness and strategic value of their human capital. Following this approach, there should, in principle, be less 'among employee' inconsistency at a horizontal level for employees with potentially similar skills and orientations but maybe more vertical segmentation, with wider differences in both rewards and approaches to HRM for different types of workers and groups. Moreover, this segmentation may also involve externalisation.

It is not just the *overall* approach to HRM that may vary between collaborating organisations, but also organisations with apparently similar HRM approaches may still adopt different HR practices. Policies on reward and levels of pay could cause the most obvious problems in one cross-boundary network, whereas in another communication and consultation, the appraisal system or career opportunities might not be integrated. In considering HRM across the network, several key issues must be considered. These include:

- ❖ the perceived equity of the application of different HR policies and practice within the network
- ❖ the deployment and development of the workforce – for example, when collaboration across boundaries leads to problems of blocked career ladders or the operation of different working time arrangements within the same project or team
- ❖ the legitimacy of supervision and the authority structure across the network – for example, if workers are

supervised by staff who would not be eligible for that role in their host organisations and/or who may be perceived as less well qualified or able than those they supervise

- ❖ organisational ownership and sponsorship – for example, whether employees seconded to or working in collaboration with other organisations are fully included in their home organisation's staff development, mentoring or promotions systems. This is not necessarily a result of deliberate omission but simply due to an 'out of sight, out of mind' mentality.

Although all these issues are rooted in system-wide decisions, they also depend to a large extent on the application of rules and procedures by individual line managers employed by different organisations within the network. This can exacerbate problems of consistency, especially when line managers have been used to different recruitment and selection methods, patterns of induction and training, and reward and appraisal schemes. Moreover, some partners might emphasise the importance of HRM more than others in the network, and place a higher premium on creating and retaining talent. Issues of integration and consistency are especially challenging if workers are mobile between contracts, or if there are regular changes in the ownership of client or supplier firms which bring in different sets of managers or HR systems.

**'Integration and consistency are especially challenging if workers are mobile between contracts, or if there are regular changes in the ownership of client or supplier firms...'**

Furthermore, while there is much potential for HR policies to exacerbate or modify tensions in the network once they are up and running, the smoothness by which they operate may depend on policies adopted at the time of setting up the network. The policies may be aimed directly at shaping network relations – for example, the efforts made to foster inter-organisational trust, or to provide employment and other guarantees to underpin and support the psychological contract. However, future network relations may also depend on the practicalities of working across networks, including, for example, the extent of integration of business systems, such as IT, and the implications of the network formation for ways of working. These contextual issues are explored for our specific case sites in Chapter 4 below.

## A CLASSIFICATION OF HRM

There are many ways to classify HRM. For example, the CIPD has used people resourcing, employee relations, learning and development, and employee reward for its qualification scheme for many years, and that approach is adopted by some other sources (for example, Marchington and Wilkinson, 2008). Bach (2005) uses similar terms to the CIPD except for using

'work relations' rather than employee relations, and Boxall *et al* (2007) make use of the term 'core processes' to cover issues to do with recruitment, selection, performance management, voice and diversity, for example. One of the classic US texts (Fombrun *et al*, 1984) uses selection, development, appraisal and reward. Most of these focus on what is sometimes called the 'employee journey' from recruitment to termination, dealing with all the other processes in between.

For this report, we have instead decided to focus on three issues to do with a) managing employment within networks and the problem of consistency, b) building worker identity and engagement, and c) developing individual and organisational capability.

**'Socialisation and the building of identity [may be] subject to competing influences from partners across the network...'**

These seem better suited to an analysis where the notion of the 'employee journey' is hypothetical for workers who move frequently between different employers or operate across organisational boundaries. For example, a person may be recruited directly by an organisation to supply services as part of a particular client contract, but then find that many aspects of work organisation depend on client interventions or pressures across the network. Similarly, socialisation and the building of identity are subject to competing influences from partners across the network, perhaps on a fleeting basis as staff move between jobs. HR policies designed to engender engagement are also divided between employers rather than being subject to the hierarchical structures used solely by the client or the supplier. Equally, the development of skills and individual capability is not experienced solely within the confines of the single employer but is subject to multiple influences across the network. What is a critical set of skills to one partner might be unimportant to another. Much more than in the context of a single organisation the question arises as to who is responsible for the development of skills – the person themselves, their own employer or another partner organisation?

**a) Managing employment within networks – the problem of consistency**

Managing day-to-day core HR processes and outcomes in a network context raises a number of different types of issues with respect to consistency and fair treatment. The dimensions to the employment relationship where issues of consistency and fairness are particularly salient include:

- ❖ the employment contract and associated degree of security
- ❖ the payment system and pay structure

- ❖ non-pay terms and conditions such as working time, holidays and flexitime arrangements
- ❖ staff deployment, performance monitoring and discipline.

**b) Building worker identity and engagement**

This focuses on employers' attempts to obtain added loyalty and commitment through identity and socialisation, communications and involvement. It includes not only problems of communication and isolation but also those of multiple identities, conflicting commitments and goals, and engagement with partnerships rather than with the employing organisation. Key components are:

- ❖ multiple identities – for example, to the employing organisation, to the client or other partner organisation, to the profession
- ❖ voice/communications
- ❖ engagement with stakeholders
- ❖ loyalty to competing missions.

**c) Developing individual and organisational capabilities**

This relates to employers' efforts to manage the skill-base and performance of employees, as well as plot their career trajectories, in a manner that contributes to the individual and organisational capabilities required in a business context of inter-organisational ties. The challenge is how to achieve this goal when faced with the competing motivations and goals of partner organisations working together, along with their respective workforces. Key components are:

- ❖ managing performance – competing definitions, appraisal process
- ❖ managing skills – shared understanding of skills, provision of training by different employers, responsibilities for skill development
- ❖ managing careers – fragmented versus extended/ 'overlapping' careers, professional versus organisational contours.

**CONCLUSIONS**

This brief review of previous literature shows that despite some attempts to review how the management of people across networks might be different from the single-employer case, most publications fail to develop a proper framework for



analysis that gets to the root of the multi-employer model. The issues we have dealt with in this chapter indicate that it is possible to generate a more focused and nuanced analytical framework that differentiates investigation of HRM across the network from previous thinking. The next chapter provides an outline of the four networks which form the basis for this study and sets the scene for the more detailed analysis of HRM using the classification developed above.

- ❖ **This chapter presents an outline of the four case study networks, illustrating the nature of the links between organisations within each network with the aid of diagrams.**
- ❖ **This provides readers with a clear description of the context in which people management is conducted in these networks.**

Having reviewed the literature and developed the framework for the study, we can now turn to the empirical findings. A case study approach is, in our view, the most appropriate method for exploring the complex issues described in the previous chapter. However, in common with our theoretical starting point, the definition of a case study in this project extends the conventional focus on a single organisation. In this project, a case study involves two or more organisations that collaborate to co-produce services.

## CHOICE OF CASE STUDY NETWORKS

The networks were chosen not only because they all provide good examples of co-production of services involving cross-boundary working, but also because they encompass a wide range of individual organisations which differ in ownership, size, types of contracts involved, varying levels of trade union involvement and a range of employees from low-paid manual workers to professionals, as detailed in Table 4 on page 16.

## DETAILS OF THE CASE STUDY NETWORKS

### Network Care

The role of Primary Care Trusts (PCTs) is changing with the increased use of contracting, changes in commissioning, partnership working and networks of larger organisations. This case is an example of a health and social care (HSC) partnership between a PCT and the local metropolitan borough council Health and Social Care Department. The

partnership was established in 2002 and in 2004 used Section 31 of the Health Act (1999) to pool budgets. Its aim is for fully integrated service provision by 2010. The Chief Executive of the PCT is also the Executive Director of the Health and Social Care Department. The two organisations have a joint leadership team, joint commissioning and joint services including a joint HR Department. HR aspects of its strategy are termed 'Innovation and workforce development' and focus on integrated workforce planning, commissioning integrated training and providing a workforce to deliver service modernisation.

The PCT serves a population of about 150,000 in an area of significant deprivation. It employs 1,220 staff and has an expenditure of £260 million. Services are directly provided or commissioned from a wide range of providers including walk-in centres, GP surgeries, dentist surgeries, pharmacies, opticians, mental health and acute hospital trusts. The Department of Health and Social Care in the local authority covers the same population and provides the following services: Adult Services, Children's Services, Child Protection, Community Care, Family Placement, Older People's Services, Residential and Day Care, Welfare and Benefits.

A key aspect of joint service provision to the local community is the establishment of integrated teams of health and social care workers. Here difficulties can arise across organisational boundaries, with staff working for different employers experiencing disparities in, amongst other things, pay and conditions, appraisal, training, communications and work-life balance. These can lead to tensions at workplace level which may impact on organisational outcomes such as patient care. Conflicts can be exacerbated by the pace of change and poor

Table 4 ❖ Case study background

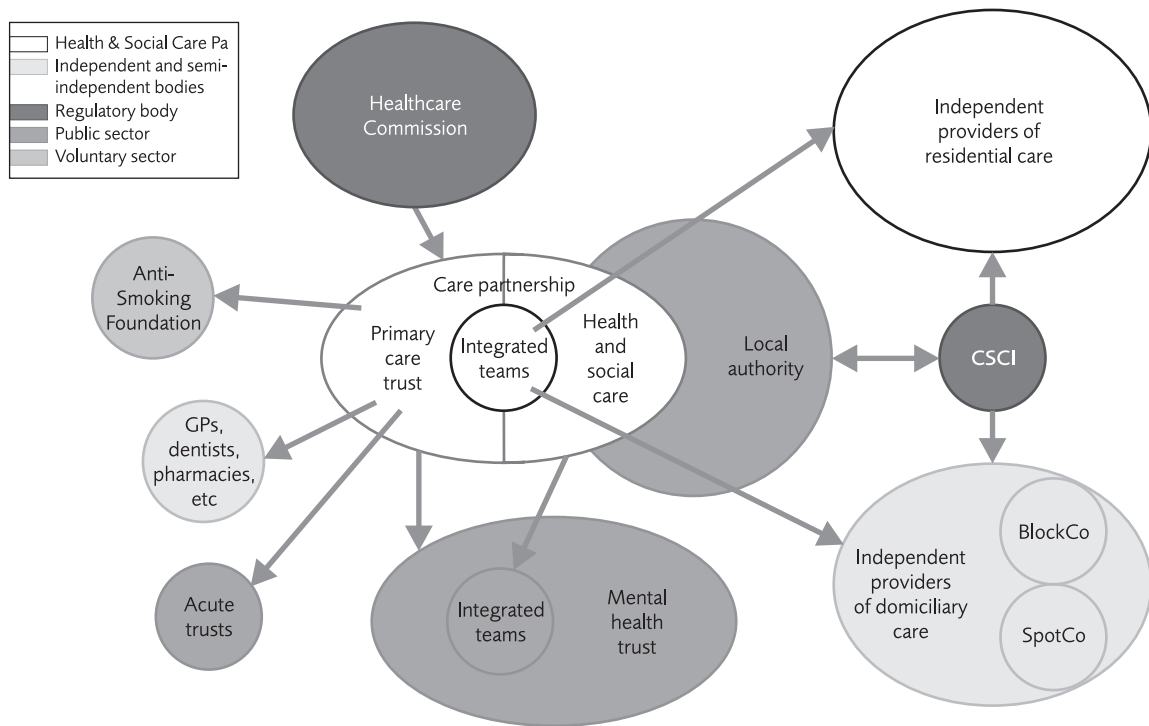
	Background
Network Care	This example shows how a partnership between a primary care trust and a local authority social services department is central to a network of organisations from the public, private and voluntary sectors which interact in various ways with the aim of providing the local community with an integrated service. The organisations involved in the network range from small, independent providers of residential and domiciliary care to large, NHS organisations and a local authority. It also demonstrates the influence of regulatory bodies such as the Commission for Social Care Inspection (CSCI) and the Healthcare Commission. The types of worker involved in providing the service include care workers and administrative staff, social workers and health professionals, small business owners and a range of managerial staff from supervisors to chief executives.
Hospital Services	This network involves an acute hospital trust which has signed a contract with a private consortium under the Private Finance Initiative to build a new hospital. As with all new hospital PFI contracts, this involves not only the provision of new buildings but also the outsourcing of 'hard' and 'soft' facilities management services (estates, cleaning, catering, portering, etc) to the private contractor which involves the transfer of large numbers of ancillary staff from the NHS to the private sector. In this case estates staff have already been transferred, and we examine the run-up to the transfer of the remaining services and the efforts of the trust, the private contractor and the trade unions to make the transition as smooth as possible. Of particular interest is the Retention of Employment (RoE) agreement under which non-supervisory ancillary staff retain their employment with the NHS, but are managed by employees of the private contractor.
Network Events	Events management involves a number of organisations working together to allow an event (eg exhibition, conference, live music or sporting event) to take place. Our case study is an example of a growing trend in the UK whereby a number of businesses and sporting organisations that are located at a single, refurbished site work in partnership. Here there is a mix of public and private sector involvement, with extensive influence from the local authority in terms of funding and responsibility for running some of the sporting activities. All the partners in the network have a strong commitment to providing opportunities for the local community and regenerating the area. In terms of managerial issues, many services within these partner organisations are contracted out, some jointly, making this a very interesting network to examine due to its complex nature. Workers at the various organisations on the site include casual part-time workers, agency workers and volunteers as well as permanent staff, and numbers of these staff can increase dramatically when major events take place.
IT Services	Trends in the market for IT services in the UK show that IT outsourcing has emerged as the fastest-growing segment, accounting for more than half the total IT services market. However, IT outsourcing is a very particular kind of market since it involves very close collaboration between client organisation and IT firm, typically with a contract duration of 10 years or so, and a transfer of a large team of IT professionals from the client to the IT firm who end up working closely and often alongside one another. In this network the IT firm works with a variety of clients, distributed across the full range of economic sectors of activity, including private and public sectors. The projects vary in size, as do the client organisations, but the bulk of the company's business is tied to projects with a handful of large clients. An important characteristic of the firm's client linkages is the dual nature of relations, with business units managing the financial and contractual relations, on the one hand, and senior project and programme managers responsible for day-to-day relations concerning services delivery.

people management. Some employees may be line-managed by managers from a different organisation who face challenges in managing teams with different processes and cultures.

**'Employees may be line-managed by managers from a different organisation who face challenges in managing teams with different processes and cultures.'**

The HSC partnership both commissions and provides services and is, therefore, central to a network of organisations from the public, private and voluntary sectors providing a diverse range of services including residential and domiciliary care, smoking cessation services and mental health services (Figure 2, opposite). This wider network provides further examples of, and opportunities for, cross-boundary working. As well as focusing on integrated teams within the partnership, we therefore also examined in detail three other network relationships involving partnerships with other organisations. These are described below.

Figure 2 ❖ Network Care



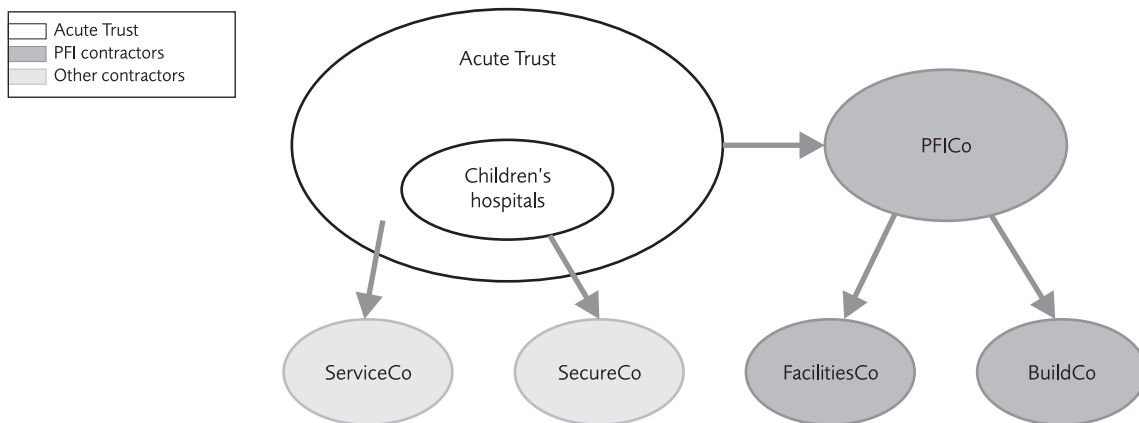
The bulk of mental health services are commissioned from two mental health trusts (MHTs). The MHT covering the larger area of the borough provides services for adult and older people’s mental health, child and adolescent mental health and specialist learning disability covering a population of 938,000. It employs approximately 2,100 people and operates from 80 locations, including a range of low and medium secure services, as well as providing services in people’s own homes. It has an expenditure of £91 million. Social workers employed by Health and Social Care work in integrated teams with health professionals employed by MHT. The local authority staff have a contract with the Council, but running alongside that is the partnership agreement which stipulates they have an open-ended secondment to MHT and respond to MHT’s policies and procedures, apart from the human resource policies. They are managed by the Head of Adult Services at MHT who can manage most of the HR processes but only up to a point. For example, she could undertake disciplinary procedures leading to suspension, but in line with Council rules and with support and advice from the Council’s Human Resource Unit.

The Anti-Smoking Foundation (ASF) is a charitable organisation which aims to defeat lung cancer through research, education and campaigning, smoking cessation support and patient care. It was founded in 1990. The borough has a high percentage of smokers, and when it was formed, the PCT took the decision to raise the profile of its smoking cessation activities and adopt a commissioned approach. The

service was sent out to tender. ASF was the clear front-runner and was awarded the contract. Smoking cessation officers employed by a different PCT were to have transferred to ASF, but ASF could not meet the pension costs of the TUPE transfer. It was therefore decided to run the service under a partnership agreement, using the example of the Section 31 agreement between the PCT and Health and Social Care. The agreement sits alongside the contract for smoking cessation services. The six Smoking Cessation Officers employed by the PCT are co-located within ASF. They work alongside, and do the same job as Smoking Cessation Officers employed by ASF but are on different terms and conditions. Their manager and a supervisor are employed by ASF. The HSC partnership agreement includes sections on how to manage staff employed by the PCT. The contract with ASF runs on a two-year cycle and is subject to quarterly reviews and a wider annual review. The partnership agreement is a three-year binding agreement subject to review by the Health and Social Care’s Health and Wellbeing Board, so regular updates are taken on performance against the objectives within the agreement. Targets are written into the contract with ASF and into the wider partnership agreement.

The HSC Partnership recently re-tendered for domiciliary care. The tender stipulated that they would pay no more than £9.00 per hour. They held information sessions for providers and received over 20 submissions. These were given ‘desk-top’ evaluation followed by site visits. The HSC Partnership’s

Figure 3 ❖ Hospital Services



procurement team held interviews with managers, staff and service users. Questions were asked, for example, about training and development, supervision, team meetings. Responses from managers and staff did not always agree. Eight providers were eventually chosen, four on block contracts and four on spot contracts. The contracts with block providers are for 1,000 hours per week. Contracts last for three years with an option to extend for a further two years. Two of the providers, BlockCo and SpotCo, were included in our research. Contracts for domiciliary care are performance managed and there are three-monthly review meetings. This is largely the responsibility of the procurement team in the HSC Partnership. A domiciliary care providers' forum has been established which holds regular meetings with health and social care managers, and the partnership employs a Training and Development Officer specifically to liaise with the providers, to identify sources of funding for training and to make the partnership's in-house courses available to domiciliary care workers. The partnership also has some in-house provision of domiciliary care, and this was under review at the time of the research.

## Hospital Services

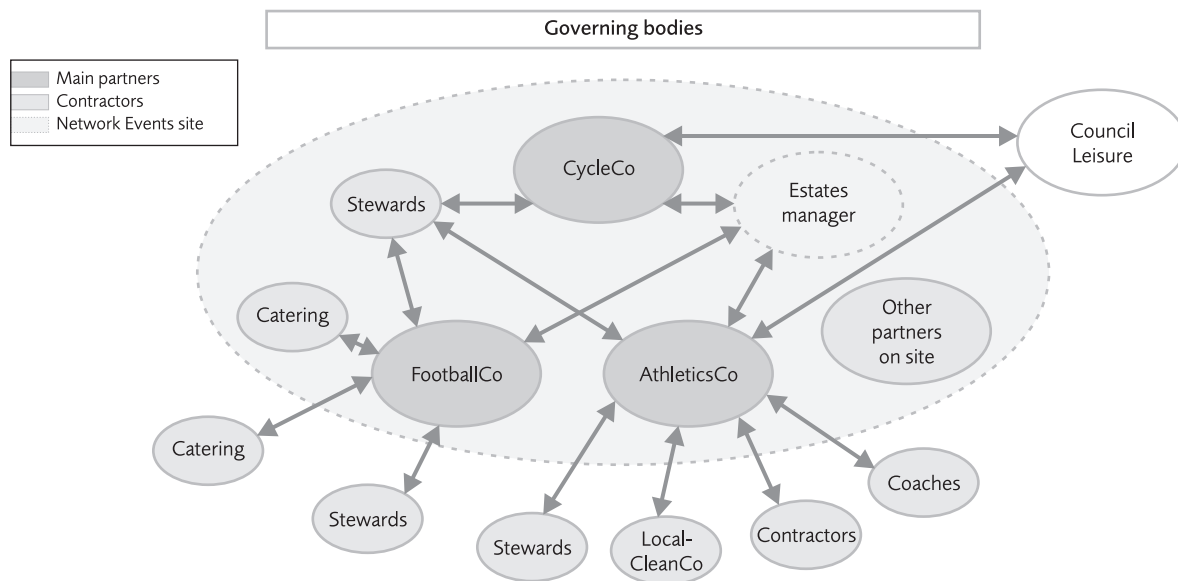
The Acute Trust comprises six hospital sites. It was established in its present form on 1 April 2001 when two children's hospitals were brought into the existing Trust. Of particular interest for this project is a £500 million PFI new-build development which started in July 2004 on the main city centre site. This will incorporate a new children's hospital and new facilities for the other on-site hospitals. The development is expected to be completed by the end of 2009. The PFI contract is between the Trust and PFICo. PFICo in turn subcontracts building construction to BuildCo and facilities management to FacilitiesCo (which owns a stake in PFICo). The contract runs for 38 years.

FacilitiesCo is a multinational contractor specialising in facilities management. Although its expertise is 'soft' facilities

management (catering, cleaning, portering, security, linen services and switchboard) it will employ both 'hard' (estates) and 'soft' facilities staff under the PFI agreement. Managers from the Trust, PFICo and FacilitiesCo currently sit on joint working groups in the run-up to the transfer. About 70 estates staff were TUPE-transferred to FacilitiesCo in 2005. This was achieved by means of a tripartite agreement between the trade unions, Acute Trust management and PFICo. Acute Trust has retained two professionals to monitor service delivery and standards against service-level agreements. Around 900 soft facilities management staff will be transferred in stages during 2008. Again, Acute Trust will retain a small team to oversee the transfer process, and then monitor standards. Security staff, currently employed by SecureCo, will transfer to FacilitiesCo in 2009. However, the Trust has opted for the Retention of Employment model (encouraged by the unions) for soft services staff. These employees will continue to be employed by the Trust and seconded to FacilitiesCo but their supervisors and managers will be required to transfer to FacilitiesCo. This will enable FacilitiesCo to retain management control of the contract. Cleaners and porters at the two children's hospitals are currently employed by a different contractor (ServiceCo) under a longstanding arrangement. They will eventually be TUPEd to Acute Trust following the closure of the old children's hospitals and will also be covered by the RoE agreement.

FacilitiesCo follows all NHS policies and procedures for transferred staff (including Improving Working Lives policy). They have recently moved to Agenda for Change rates (and a pension scheme comparable to the NHS) under the Two-Tier Code. HR issues surrounding management of outsourced estates staff are covered in the contract. We have observed how Acute Trust and the private contractor jointly manage the process leading up to the transfer of services through interviews with managers from Acute Trust and FacilitiesCo, trade union officials, and by attendance at joint monitoring meetings.

Figure 4 ❖ Network Events



### Network Events

Network Events is an example of a growing trend in the UK, whereby a number of businesses and sporting activities are located at a single, refurbished site. The site that is the focus of our case includes FootballCo, AthleticsCo, CycleCo and squash and tennis facilities (the principal partners), and the businesses comprise a supermarket, a speciality car sales centre, and a number of retail outlets amongst others. All the 'neighbours' meet every two to three months in a semi-formal capacity. The site is run by an Estates Manager (and his deputy) who are ultimately responsible for co-ordinating the activities of the partners so there is no major clash (eg a football match and a national athletics event at the same time).

The majority of the sporting activities are under the umbrella of AthleticsCo, part of the local authority, but FootballCo is privately owned. However, it rents the space at the site from AthleticsCo on a long-term lease, and there are also funding arrangements in place which ensure that additional profits from football are shared amongst the other sports activities, especially those that provide opportunities for local children. The site grew up out of a run-down and under-privileged area of the city, and all the partners share a belief in supporting the local population and the renovation of the area. For example, FootballCo is well known for its work with the community. In addition, a wide range of contractors are employed on site by the different partners, some of which are common to several of the organisations whereas others are not.

It is not possible to examine the links between all the partners, nor include relations with all the different contracting firms, in this study, so we have chosen to focus on a small number of

these to illustrate how the network operates. One other factor is critically important to this case: the anticipated creation of a new trust, LeisureCo, to run the sports activities other than football. This has been planned for several years, but its formation has been delayed by a number of legal and financial issues that have yet to be resolved. At the time of writing it is expected that LeisureCo will be formed within the next few months. This will then remove several of the inter-organisational tensions that are currently present, but no doubt replace them with other operational difficulties, particularly as the main organisation on site will no longer be part of the local authority.

**'Numbers working on site can vary from around 30 at the quiet times to over 500 when a major event is taking place.'**

AthleticsCo runs the athletics, squash and tennis facility at Network Sport. Numbers working on site can vary from around 30 at the quiet times to over 500 when a major event is taking place. The facility is co-ordinated by a general manager, two duty managers and three head coaches – only one of the latter is full-time. The head coaches are responsible for the day-to-day delivery of services through approximately 20 'casual' coaches, typically appointed for anything between two and 20 hours per week. Many of these have full- or part-time jobs elsewhere, so some juggling of tasks is required. Interestingly, the facility does not experience any problems in recruiting sufficient staff, and indeed has a waiting list of potential coaches. For larger one-off events, extensive use is also made of volunteers to provide a range of support. The two duty

managers, the administrative staff and some canteen and cleaning staff working at the sports facility are employed by OperationsCo due to a legacy arrangement, but these staff – as well as those employed by AthleticsCo – will be transferred to LeisureCo when it is set up. The only real contact between OperationsCo and these staff is via the monthly payment of salaries, and for the most part they are managed by the General Manager utilising the same systems as those used for AthleticsCo employees. Cleaning is done by LocalCleanCo, which took over the arrangement a number of years ago, but in addition to traditional cleaning, the company also provides support staff in the sports facilities to tidy up after daily sessions and large events (eg putting away hurdles and nets).

CycleCo is also part of AthleticsCo, run by a full-time manager and three duty managers who work shifts. This facility employs about 20 staff on a routine basis (about two-thirds of whom are full-time), but for major events this could increase dramatically due to large numbers of contract staff. Unlike the athletics facility, cleaning is done by an in-house team of four because the senior manager became disillusioned with the quality and reliability of the contract firm that used to do this work.

FootballCo is the largest employer on site, with about 120 administrative and support staff employed on a continuing basis, plus all the footballers. For match days, a further 1,500 stewards, security and cleaning staff are needed, and about 250 stewards are employed on a casual basis by the club. As with the athletics facility, these people typically have full- or part-time jobs elsewhere, and indeed some hold down quite senior positions in their organisations or are professional workers who just enjoy working at the club. Agencies are used for cleaning and catering, and for most of the security staff, usually from large specialist organisations that have experience of working at major events. The football club makes a point of using several agencies in order to lessen risk and increase flexibility.

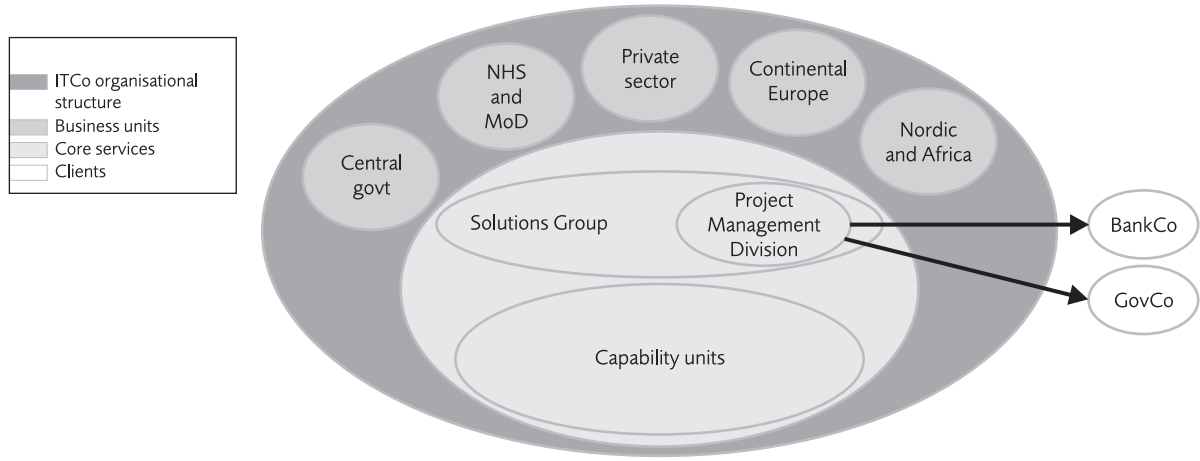
Network Events is managed in the short term by a team drawn from the various partners which meets once a week, chaired by the Estates Manager. Attendance comprises senior operational managers from FootballCo, the athletics, squash and tennis facility, and CycleCo. According to all the participants, these meetings are open and inclusive, and in some cases involve nothing more than an update or a sharing of information about forthcoming events which need to be managed in order to avoid clashes in the use of parking and other facilities. There are also discussions about use of contractors, in particular stewards for staffing events, or cleaning companies. Interestingly, none of the organisations that operate at Network Events employs its own HR function; the sports facilities are able to draw upon expertise from the local authority, although managers felt this was not particularly helpful, whereas FootballCo does not have an HR manager because the General Manager prefers everything to be dealt with by functional line managers instead.

### IT Services

ITCo is a large, multinational corporation with many divisions and physical sites, organised across different regions of the UK and many other countries. ITCo began business in the UK with the buyout of another IT company in 2002, building on the major stake it had invested in that company during the previous 15 years. It has a total UK workforce of around 15,000. Growth in staff numbers has been very rapid: 260 programme and project managers alone were hired during April–September 2007 (a net increase of 180 given attrition, or a net rise of approximately 20%). It has five main sites in the UK.

ITCo is divided into two main areas (Figure 5). The business units are responsible for demand generation – the business of selecting and competing for client contracts. Core services is the part charged with delivery of services. Within Core

Figure 5 ✦ IT Services



services is the Solutions Group, which is the part of Core services that most faces the market. The Solutions Group designs the new offerings and organises their delivery; this extends to decisions regarding off-shoring of services (often in response to client pressure). Its principal model for business growth is outsourcing and international acquisitions. Large outsourcing contracts in the UK include GovCo and the contract with a bank (BankCo).

For the purposes of research focus, we have centred our attention on one internal division of ITCo, the Project Management Division and its links with two selected client organisations. The Project Management Division is within the Solutions Group. Because the job of project managers involves not only service delivery to a client but also the co-ordination of service delivery within ITCo, our study is also attentive to a raft of internal inter-divisional links, such as with the relevant business unit and other capability units (eg Application Services, Infrastructure Services, etc) (see Figure 5).

The Project Management Division has around 1,100–1,200 staff in the UK. Project managers are loosely divided between those who follow a project career path (from project officers to programme directors), taking responsibility for a large project or a portfolio of smaller projects, and a programme career path that involves building up a sequence of tasks that have specified business outcomes, such as budget responsibility or client relationship management. The latter has a higher status.

**'The great potential advantage of using staff transfer as a major recruitment practice is the ability to import a pool of skills and tailored expertise ready to work [at once].'**

Staff transfer as part of IT outsourcing contracts constitutes an important stream of new recruits into ITCo and meets the

growing need to match human resources with business growth. The great potential advantage of using staff transfer as a major recruitment practice is the ability to import a pool of skills and tailored expertise ready to work on the contract from Day 1. But there are several areas that create complications and tensions for HR practice. Protection of terms and conditions at the point of transfer generates a wide variety of pay rates, non-pay bonuses (eg cars), annual leave entitlements, sick leave entitlements, and so on. It is estimated that ITCo UK operates with around 80 different sets of terms and conditions as a result of TUPE-protected staff transfer. In some cases, staff transfer involves a third party – for example, a temporary work agency – that acted as a subcontractor to the IT services firm previously running the contract.

Another major challenge facing the HR team at ITCo relates to the apparent confusion arising from the matrix organisational structure. Staff refer to both their assignment manager and a manager from their capability unit as their line manager. In addition, the HR team has had to deal with many grievances regarding performance management, equal pay claims (especially from TUPE-transferred female project managers on different rates of pay from those of male colleagues employed by ITCo).

## CONCLUSIONS

Each of the case study networks we examine displays different characteristics, either in terms of the sectors/types of organisations involved, the size and value of the contract, or in the specific ways in which the networks have developed. Although this is valuable in allowing us to present findings from a range of contexts, it also limits our ability to compare findings between the cases. At the same time, every single one of the networks does include a public sector dimension. Before we move on to examine the HR implications in more detail, Chapter 4 provides an analysis of how these networks were set up and implemented since this can have major implications for people management.





# PUTTING NETWORKS INTO OPERATION

- ❖ **Because each of the case study networks we examine displays different characteristics this chapter provides an analysis of how the networks were set up and implemented, since this can have major implications for people management.**
- ❖ **We focus in particular on four issues that all have potential implications for the quality of HR relations.**

How network relations are actually set up and implemented can be expected to influence the outcomes of inter-organisational collaborations and partnerships. That is, whether the collaborations will realise anticipated efficiencies and synergies or alternatively generate tensions and conflicts is likely to depend on the actions taken to design and implement the network.

Here we explore four issues, each of which has potential implications for the quality of HR relations. First we look for evidence of efforts to establish relationships of trust between the collaborating organisations at management level and between collaborating employees from different organisations. The second and third issues relate to actual working arrangements – the extent to which collaboration involves separate or integrated business systems and entails innovations in work organisation and delivery. Such changes may in some contexts smooth over but in others exacerbate problems associated with new forms of collaborative working. Finally, we look specifically at the form of guarantees given to staff, including any that are over and above minimum legal requirements, and what the impact such guarantees (or indeed their absence) appeared to have on attitudes towards and the practical operation of network arrangements.

## TRUST

The establishment of trust between participating organisations can be regarded as a precondition for successful service networks. Our case study sites revealed varying degrees of efforts to establish trust. These variations occurred not only between the four network case studies but also within them, according to the position or role of the partner organisations. The reported levels of trust also varied between the case sites and in some cases also according to job position – for example,

high trust between those in higher management positions did not guarantee trust lower down the hierarchy. It may thus be inappropriate to refer to trust between organisations as a whole or across a whole network.

Because the Hospital Services site was still at the stage of setting up the public private partnership, it was here that, at the time of the research, most effort was being placed on establishing trust between partners through mobilisation meetings across a whole range of areas of activity, phasing-in of the partnership and the development of detailed work plans. This long lead-in was having mixed effects. On the one hand there was a real sharing of information and knowledge through both formal meetings and day-to-day formation of relationships between managers at Acute Trust and FacilitiesCo:

*They'll be on the phone daily, they'll be walking the site together, they'll be looking at, you know, various methods of working...*

(Hospital 9, FacilitiesCo)

However, as the high-pitch sales managers from FacilitiesCo were replaced by their operational managers, some of the promised improvements in ways of working also seemed to be disappearing. Familiarity with existing systems was acknowledged to be valuable, but the Acute Trust's managers were beginning to wonder whether any real efficiency improvements were actually going to be realised through the partnership:

*It's a bit of a puzzle because...I mean, they should be providing a better service than we're getting at the moment,...we'll be paying for that,...yet they now want to look at exactly how we operate at the moment and have sort of said, you know, it shouldn't be that much of a difference other than, you know,*

**Table 5** ❖ **Designing and implementing networks at the case sites**

Feature	Trust relations	Systems integration	New ways of working	Employment guarantees
<b>Network care</b>	Major efforts for high-trust relations between PCT and H&SC – more limited development of partnerships with care agencies	Integration of some paperwork but still two IT systems that limit access to service records/posts listed on two HR systems, etc	Integrated teams New methods of managing smoking cessation	Smoking cessation staff retained within NHS (TUPE, but only between NHS sites) Flexibility in the deployment of staff on LA or NHS terms and conditions
<b>Hospital services</b>	Mobilisation meetings to establish trust relations	Long phase-in to improve systems integration	New work organisation – multi-tasking for porters – new work allocation through centralised helpdesk – new zoning/ward teams to improve communication	RoE model for soft services and tripartite agreement for estates to provide guarantees against pressure to change working arrangements and terms and conditions of employment
<b>Network Events</b>	Weekly meetings to improve trust/avoid clashes – integration into new organisation to improve trust/co-ordination	Reintegrating through new integrated organisation Overlapping use of agencies etc to smooth process of putting on events	Sharing of stewards across sites for big events gives an opportunity to learn from other organisations on the site	Retained terms and conditions of employment – integration into new integrated organisation to harmonise conditions but in an upward direction.
<b>IT services</b>	Transition staff to smooth TUPE transfers from client or from another IT company Close integration through client-based teams but partnership more at management than lower levels	Common project management system to reduce variations between projects	Variable by client – whether working independently or in close contact/on site	TUPEd staff retain terms and conditions – whole section of HR department to manage TUPE – over 80 different terms and conditions in use

*we might have fewer staff but they'll be better skilled, better trained, whatever...*

(Hospital 2, Acute Trust)

Awareness that it is the quality and continuity of management that can make all the difference was highlighted by the five changes in management that had already occurred in Estates where the partnership had already been introduced:

*You need consistency, you need continuity...If an individual comes in and he's here for six months,...the first three months you're letting the relationship develop to a point where you can actually start, you know, and as soon as you start getting something moving it changes again. So no, it's definitely not smooth...*

(Hospital 5, Acute Trust)

At Network Care considerable effort had obviously been put into establishing high-trust relations between the PCT and Health and Social Care. The HSC Partnership was based on joint leadership, joint commissioning, joint services and a joint HR department. For those participating in the core partnership, efforts had clearly been made to emphasise the positive aspects of integration and to persuade staff, in the interest of the greater cause of better services, to 'tolerate things a bit more because they know why we're integrating' (Care 1, PCT).

However, it was a very different story when it came to relations between the HSC Partnership and the domiciliary care providers from the private sector. There was a clear two-tier approach to working across organisational boundaries – an integrated approach for the PCT and Health and Social Care staff but more arms-length relationships with the care providers, 'so there's almost two levels of different groups of staff that have to work together in different ways' (Care 6, Local authority).

For Network Events, trust across all the operations on the site is primarily promoted through weekly meetings of operations directors and six-weekly neighbourhood meetings of all events organisers and commercial partners:

*Quite often it's just a case of catching up, a quick coffee, and a quick chat – what's going on, and any problems. And it's very informal, but critical to keep sure that the relationship is really strong. ... You're generally, sort of, kept involved all the time. It's just good relationship management.*

(Events 3, AthleticsCo)

These meetings are between organisations that for the most part do not have contractual obligations to collaborate. The primary motivation is to facilitate collaboration in the production of services within a single geographical location. Another important contribution to developing network relations was establishing a common set of subcontractors who were committed to Network Events and could be relied upon by the various partners. This was achieved by establishing a relationship with a local cleaning company.

*So CleanCo manager is a local resident. He's superb, and it's not just bodies you're procuring, it's supervision, guidance, materials and equipment.*

(Events 3, AthleticsCo)

At ITCo dedicated client teams provide the main vehicle for establishing trust relations. However, this approach did not guarantee that trust would be the outcome. As one project manager commented in relation to BankCo: 'The way we are treated, you wouldn't think we were a partnership' (IT 8, ITCo). The manager admitted that partnership was a characteristic of relations between higher-level managers but at lower levels there was 'more of a "you will do as we tell you" type of a relationship'.

In some cases the relationships with project managers had broken down but shortages of alternative staff restricted ITCo's ability to respond to clients' requests for a change of personnel. These experiences reinforce the highly contingent nature of trust relations and their fragility in a context of powerful clients. Of course there may be substance to the criticisms of the project manager – but there may also be greater likelihood of requests for removal of staff when these are not direct employees of the organisation, and where clients do not have to manage those staffing changes themselves.

The issue was not only trust between ITCo and clients but also trust between ITCo and the agencies it had to rely on to put together project teams that were often both temporary and specialised and could not, therefore, be staffed fully from internally employed staff. The approach was to establish inner and outer rings of trusted agencies and specialists.

*I'm in the process of putting in what I term a layered resourcing solution for [Project Management], so we have x number of perms, our employees. We then have some partner organisations that we're working with, where they provide us interim or contract people that we may have worked with before, and so therefore are like an extension to the perms – they're pseudo-perms, and some of them actually have, well, there's a number of them that have got more years service than me. We then have some organisations that are the next strata out, which are programme project consultancies or specialist niche players that we take people from, but have a relationship with that company. So it's almost a consultancy/interim management relationship.*

(IT 6, ITCo)

## SYSTEMS INTEGRATION

Collaboration across borders raises questions about the compatibility of business systems. This includes both technological and administrative systems, nowadays often linked processes, as well as issues of work organisation. In some instances the motivation for collaboration may include opportunities for new ways of working, over and above the specific change to working across organisational boundaries. Problems of mismatch between systems or problems of managing multiple systems may impact on job satisfaction and experience as much as, if not more than, specific HR policies and practices themselves.

Network Care is an example where efforts had been made to integrate systems but barriers to such integration were still significant and difficult to overcome. Most progress had been made in developing a common set of forms and sharing information on customers/patients. But because this was a partnership between the NHS and the local authority, the partnership had to continue to work with two sets of IT systems, sometimes involving two separate computers in offices and problems of limited access for some employees to information available to other employees (dependent upon whether they were PCT or Health and Social Care employees). Similar limits to integration were found at the Mental Health Trust, as one of the managers explained:

*Multi-disciplinary working is [where] you can have one room with six nurses, six social workers and an OT. They all get on very well on an individual basis – but they use different paperwork, they use different files, they operate under different governance structures. That's not integrated working.*

(Care 7, MHT)

To minimise these problems the HSC Partnership had put together an HR protocol for working with integrated teams,

*which kind of helped people through the mire, really, because it is quite complicated, you know, as you say, when you've got two national terms and conditions, two separate statutory employers, and the intention is that we'll always remain separate statutory entities...*

(Care 1, PCT)

Thus, even where there was a will, there were difficulties in overcoming the problems posed by operating across the administrative systems of two organisations.

This also applied on a smaller scale at Network Events where the employees of OperationsCo found themselves without access to information on where to find relevant forms or what their official administrative processes actually were. This was mentioned specifically in the context of claiming travel expenses, where the AthleticsCo staff not only had better benefits but could claim them more easily.

At ITCo the focus was on changing the system to fit with a standardised system devised within ITCo itself. The need to realise some economies of scope in this multi-client organisation had led to the development of expert teams in the areas of transition and transformation. The transition experts were to include 30 to 40 managers with a mix of sector-specific skills to provide client knowledge and manage the transition. It was recognised that this team needed operational and people management skills that might be lacking among programming staff:

*So they've managed a service, so they've been operational. A lot of our programme people have never run anything other than a project, but when you're talking about transition – fundamentally, it's not a project. It is – but fundamentally, it's a service, it's an undertaking, it's a delivery of something to someone that has to keep happening and then has to improve, generally – otherwise, why would you have done it? So the transition folks tend to be the ones that pick up the TUPE people change and they tend to be therefore a little more aware of human dynamics change or the old people business change type role.*

(IT 6, ITCo)

Alongside the transition team, transformation experts would oversee the management of the IT side of the process – that is, the removal of old servers, the delivery of new servers and the loading of applications. The key issue for the future is whether installing tried and tested standard ITCo systems provided benefits sufficient to offset the disruption costs involved in the wholesale transformation of client IT systems as a consequence of the decision to co-produce services.

One or two problems emerged in relation to systems integration. With one client, for instance, they had experienced problems with the operators of the IT systems – in this case secretaries – who failed to attend training sessions

and, from ITCo's perspective, exaggerated the problems of the system to their bosses. We were not in a position to evaluate the two different points of view, but it is clear both that the process of change may simply be resisted, whatever the efficiency of the new arrangements, and also that the secretaries may well have felt that their organisational and industry-specific knowledge was not drawn upon to develop the new system. Other problems could arise from the actions of third parties, particularly those who lose contracts. For example, when ITCo took over a contract from another IT company, in one case all the staff – 3,000 to 4,000 – TUPEd over but no project managers transferred, leaving ITCo without adequate client knowledge to carry out the functions. This was not considered 'fair play' on the part of the other IT company:

*It left us in a bit of a position. We had knowledgeable technical staff [but had to] get some project managers with banking experience. Essentially it meant we had to set everything up from scratch.*

(IT 8, ITCo)

## NEW WAYS OF WORKING

New ways of working associated with network collaborations may generate new opportunities for improving the experience of work but may equally be a source of conflict and pressure. At Network Care the objective of the HSC Partnership was to move towards more integrated health and social care teams to provide better and more integrated care for the patients. This approach seemed to meet with positive appraisal from participants:

*I think it's about properly understanding what integration means. It means that it's not everybody does everything... It's actually that you start to look at the needs of the individual service user and say, well, actually, who's best placed to support this person? Is this primarily a social care or is it primarily a health need at this point? And it gives you some flexibility of working across those boundaries because you could have a key worker who was a nurse, but supported by one of the social care staff around particular issues, maybe like accommodation, or something like that...*

(Care 6, Local authority)

There were more mixed views on the new ways of working introduced by the anti-smoking charity, ASF. This had led to a switch from a health-focused service with an individualised appointment system to a drop-in neighbourhood centre, staffed by non-health-qualified personnel. This change improved the target hit rate, a key indicator of success. However, the two health-qualified staff we talked with felt that there was a qualitative change in the approach with less attention to monitoring actual cessation of smoking as part of a more health-oriented approach. The contracting arrangement here was explicitly used to change ways of working to meet

government targets (and in line with NICE guidance standards), but the approach adopted appeared to cut across the professional codes of the affected staff.

*It's all targets – that's all they want. And they get four-week quits. Now, yeah, if you look, ASF probably get a huge amount of four-week quits, but...I wouldn't say they're genuine quits. I would say when I was with the PCT they were genuine quits, because if they'd had a relapse before, we wouldn't put them through as a quit even if they've [only] had a couple of ciggies – do you know what I mean?*

(Care 15, PCT)

The partnership between Acute Trust and FacilitiesCo had been established on the premise that there would be efficiency gains based on new ways of working that FacilitiesCo was promising to introduce, particularly given that terms and conditions would remain the same. Particular importance was attached to the opportunity to bring in new equipment and establish new ways of working, with work allocated through a central helpdesk. Getting the new helpdesk to work effectively was thus central to the future success of the partnership – because this was dependent upon effective software, awareness of problems elsewhere in the NHS with new IT systems was leading to some scepticism over this proposed innovation. Also central to the project were new ways of dividing responsibilities by zones or wards to allow for greater integration on a geographical basis, and new forms of multi-tasking, particularly for porters. The outcome of these changes is not yet known but the prospect of the work organisation changes being implemented in a new building with new equipment was held to be facilitating acceptance of the new management arrangements.

One particular form of co-production – the RoE model by which staff remained with the NHS – was, however, likely to slow the introduction of new methods of working. FacilitiesCo would normally use part-time staff in catering to tailor shifts to peaks of demand, but because most of the retained staff were full-timers, this change would have to be made either gradually through voluntary turnover or possibly through a consultation exercise with staff about new rotas. This would be done at a later stage, not at transfer, as would have been the case under TUPE.

## EMPLOYEE GUARANTEES

Provision of some employment guarantees at the point of the establishment of collaboration arrangements and contracts is not just required by law but may be vital in building trust in the new systems and gaining co-operation in its implementation. However, employees may regard the guarantees as insufficiently robust whereas, from the management perspective, they may potentially either restrict the realisation of cost savings and/or inhibit the new ways of working and synergies that were the anticipated outcome of the new arrangements.

TUPE regulations provide the backcloth to the provision of guarantees in all four cases. The retention of employment model (RoE) opted for in Hospital Services is a means of avoiding TUPE for the majority of staff. The trade unions at both a national and local level consider that TUPE provides inadequate protection of terms and conditions, both over the long term and immediately in the context of pension provisions. Furthermore, the RoE model allowed staff to feel protected against arbitrary changes in the management of employees with respect to work intensity, sickness and absence management, etc:

*I know what the NHS rationale is. It's to give those staff that earn the least, the lowest-paid salaries, to give them, so that they can continue to [have] NHS terms and conditions, without that fear of [FacilitiesCo] changing their contract or consulting with them about changing the terms and conditions, you know, negotiating and increasing working hours, or anything like that. And also, a lot of staff have – they've come to work in the NHS because they want to work in healthcare and they want to be kind of part of the NHS family...*

(Hospital 7, Acute Trust)

As a new system, it is not yet clear if this is how it will work out in practice and FacilitiesCo will be closely involved in such matters even though it is not the employer (see Chapter 5). However, supervisors and managers are required to transfer and there is uncertainty over what the RoE model means for the future:

*So you think you're staying with the NHS and you're safe, but if you want to change your job you immediately resign your existing post. ...If you're going for a promotion, definitely. If it's another level, I'm not sure how that works.*

(Hospital 5, Acute Trust)

A somewhat different model applies at The Health and Social Care Partnership for staff affected by the tender of the smoking cessation work to ASF. According to staff we talked with, the difference here is that any new recruits will be employed by the charity on lower terms and conditions. As one of the smoking cessation officers told us,

*You've got the ASF people doing the same job on considerably less money than we do. Now, why they don't complain, I don't know.*

(Care 16, PCT)

At the other end of the spectrum ITCo is a business based on TUPE-transferred staff. It operates 80 different sets of terms and conditions and has a whole HR department dedicated to TUPE transfer issues. It has a protocol that it follows in

implementing TUPE and the offer of a standardised, consistent process for managing TUPE is believed to constitute a valuable asset in winning outsourcing contracts. As an HR manager at ITCo put it, 'If [the client] is going to be a responsible employer, they want to know that their people are going to be looked after' (IT 9, ITCo). Yet in taking over staff, ITCo is often concerned to reduce effective staffing levels; this it apparently achieves through individualised interviews with the result that people often self-select to take redundancy or seek redeployment in their current organisations. One issue that ITCo faces is that, in part because of TUPE, many staff do not register much change and thus 'go native' in the sense of identifying more with their old employer than with their new employer. One of the things ITCo includes in its protocol on TUPE is a 'Meet the new employer' day to emphasise that a change has taken place.

At Network Events a new leisure trust (LeisureCo) is being formed, again using TUPE, but here the explicit intention is not only to guarantee terms and conditions for transferred staff but also to negotiate an upward harmonisation of terms and conditions for the small number of OperationsCo managers affected, thereby remedying the feelings of resentment at different pay and working time conditions compared to Council employees in comparable jobs.

At the HSC Partnership another form of guarantee has been offered to staff – the opportunity to retain, and indeed to choose, their employer to reduce the risks for future careers in joining an integrated organisation. Those who see their careers primarily in social care tend to stay with the LA while the health-oriented tend to stay with the NHS. Staff are seconded rather than TUPEd and there are no plans to move towards the formation of a single new employer or to integrate staff within one of the two current employers.

*If I wanted to do a job that I thought was appropriate for me within the PCT, I wouldn't want to lose the terms and conditions of service, particularly length of service and pension. ...So we're much more flexible about saying, well, OK, you can do that job and you can continue to be employed by the local authority but we'll*

*second you into that post. So there's been quite a lot of development around making that much smoother. ...Sometimes you feel in organisations that HR are more concerned with telling you what you can't do, whereas here they're very co-operative and will look to find solutions to the challenges that we pose them.*

(Care 2, Local Authority)

## CONCLUSIONS

- ❖ Trust is essential for effective collaboration but participating organisations may have to work hard at establishing trust – and at diffusing trust throughout their organisations. Trust relations may in particular be fostered or undermined by boundary spanners – and continuity in these roles may be vital for successful implementation.
- ❖ Integration of business systems can be potentially more important than good HR practices in promoting positive attitudes. However, the potential for integration is limited, not only by resistance to change but also by continuing needs to communicate/integrate with home organisations.
- ❖ New ways of working can both provide the motivation for collaboration and in other contexts provoke resistance/resentment. Opportunities to work smarter – through the provision of new and improved facilities and equipment – may be important in gaining support for change. Likewise, positive attitudes may be expected where the network provides opportunities to improve quality of services, particularly in public services.
- ❖ Guarantees with respect to employment security and terms and conditions of employment may be vital to gain commitment/co-operation from the staff, but some guarantees may simply postpone changes until later. TUPE transfers may create new problems of inconsistency in terms and conditions within the new employing organisation.

# MANAGING THE EMPLOYMENT RELATIONSHIP IN NETWORKS – THE PROBLEM OF CONSISTENCY

- ❖ **This chapter is concerned with the day-to-day management of the employment relationship in network collaborations.**
- ❖ **Our focus here is on the issue of consistency, with particular reference to the three types of consistency described in Chapter 2.**

This chapter is concerned with the day-to-day management of the employment relationship in network collaborations. In the management of employment we include issues such as the management of employment contracts, non-pay terms and conditions of employment, pay and reward systems, staff deployment, monitoring and discipline. Our focus here is on the issue of consistency. Even within bounded organisations there are conflicts between pressures for internal consistency and fairness and matching the employment relationship to the external conditions and/or the particular market segment and activity.

**'Consistency may also encourage effective management of the organisation's human resources...'**

As we argued in Chapter 2, internal consistency involves three types of consistency: *single employee consistency* – ie various HR policies should not have contradictory impacts on the same employee; *among employee consistency*, or consistency in the treatment of similar employees; and *temporal consistency* or continuity of policies over time. There are potential conflicts and trade-offs between these types of consistency even within a single employing organisation. Moreover, while employers may prioritise aligning HR with business needs over principles of consistency and fairness, such a policy is clearly not risk-free. In addition to the obvious potential impact on motivation, morale and retention, consistency may also facilitate flexibility, particularly in the redeployment of staff. Consistency may also encourage effective management of the organisation's human resources, for if there is a consistent way of appraising and recognising staff across the organisation, employers may be more likely to recognise potential even among staff currently assigned to a low-value-added unit.

These dilemmas, strong though they are in a single organisation context, are magnified in networks or 'multi-employer' settings. Table 3 (see page 10) set out the potential scenarios that might be encountered when people are working across boundaries. *Single employee consistency* becomes more difficult because more than one organisation is involved. Not only does this mean there is an increased risk of inconsistency between different HR policies, because they may stem from more than one source, but also there may be problems arising from differences in approach between managers dealing with the same employee over the same HR issue, particularly when the managers come from different organisations. *Among employee consistency* becomes a particular issue where there is close proximity between workers of similar rank, occupation or with overlapping responsibilities but who are employed by different organisations, operating different employment contracts; and *temporal consistency* is challenged by the setting up of networks. Indeed, as in the case of literature on mergers and acquisitions, collaborative networks may set up conflicts between the forces for *temporal* and *among employee consistency*.

## SINGLE EMPLOYEE CONSISTENCY

There are two main situations where single employee consistency is put in question by the network relations at the four case study sites. First, and potentially most important, is the frequent occurrence that more than one set of managers have responsibility for dealing with issues of discipline. Second, there is the general problem that staff are potentially subject to contradictions if they are managed by representatives of more than one organisation who may have different understandings of what can be expected of staff and interpretations of the agreed rules under which the staff are to be managed. A variant on this problem is when there is a



**Table 6 ❖ Challenges to consistency in HR practice**

	Single employee consistency	Among employee consistency	Temporal consistency
Network care	Non-employers involved in implementing disciplinary procedures within HSC Partnership, MHT and domiciliary care private sector providers	Staff working side by side on Local authority or NHS conditions – matter of individual choice. Evidence of unequal conditions between ASF staff and NHS staff. Over time, NHS staff to phase out as they leave/retire	Policy of allowing staff to choose LA or NHS contracts to maintain temporal consistency
Hospital services	FacilitiesCo managing Acute hospital staff including disciplinary up to final warning/ dismissal	Retention of Employment model to reduce this form of inconsistency	Retention of Employment model to retain temporal consistency – also for TUPE-transferred supervisors and managers in principle but some variations anticipated in practice
Network Events	Non-employers involved in implementing disciplinary procedures – AthleticsCo and OperationsCo	OperationsCo staff paid lower wages and work 40 rather than 35 hours – to be phased out through upwards harmonisation in new integrated organisation	Temporal consistency in principle maintained but OperationsCo has to be reminded to provide pay rise for seconded staff
IT services	Clients may influence deployment of ITCo staff. Appraisal from multiple perspectives	80 different terms and conditions in operation in ITCo through TUPE transfer. Lack of consistency for non-TUPE staff due to recruiting on variable rates and complex performance pay system	TUPE transfer ensures some temporal consistency – reinforced for those with continuing collective bargaining rights

divide between day-to-day management of staff and responsibilities for appraisal and other matters, due to the complexities of network systems.

The issue of managing disciplinary matters across organisational boundaries arose at three of the case study sites. At Hospital Services the RoE agreement gave FacilitiesCo

*the responsibility of taking formal disciplinary action when required up to the level of being able to give the individual a final written warning, or the last stage before a potential dismissal. If it was a case which, you know, [involved] gross misconduct or a summary dismissal, we would be expected to do the groundwork of that, 'cos it would probably – it would've been something that we would've discovered anyway. The actual dismissal has to come from [Acute Trust] 'cos they're a Trust employee.*

(Hospital 1, FacilitiesCo)

Thus although staff remain employees of Acute Trust, the application of discipline procedures up until the last stage is outsourced – a situation that could be considered incompatible with employer responsibilities. There is already evidence of

the scope for problems as with the Estates staff TUPEd to FacilitiesCo:

*They'd dismissed a couple of [Estates] staff under the wrong procedure...I think what they did was they dismissed two people for non-attendance, but they did it by disciplinary procedure rather than capability procedure from what I remember, and they didn't actually follow either of the procedures or have a proper hearing.*

(Hospital 6, Acute Trust)

The final procedures for discipline under RoE had not been fully worked out but the ambiguities were clear to those involved:

*Clearly, they'll follow our [grievance and disciplinary] procedures, but I think we need to agree, you know, how...the panels will sit, what the membership of the panels is going to be, and things like that. We've not done that piece of work yet.*

(Hospital 7, Acute Trust)

At the HSC Partnership a similarly ambiguous situation prevailed. Investigation of complaints could be carried out, for example, by an employee of the PCT about behaviour by one of the seconded Health and Social Care employees. The potential problems were recognised, particularly the need to agree on which HR procedures were to be used. A manager explained that

*Recently, I've done another one with [MHT] to say, 'I hope you are happy that I'm going to interview one of your staff, because I think I need to as part of this investigation.' So I think with some goodwill you can work it out – but there are potential pitfalls, to be honest.*

(Care 6, Local authority)

At MHT, the Health and Social Care seconded staff retain their contracts with the LA, but the partnership agreement stipulates that they work within MHT and adhere to MHT policies and procedures. However, as the Head of Adult Services commented,

*The exceptions to this are the human resource policies – eg sickness absence and disciplinary and grievance procedures. I can manage most of the processes but there is an end to that. I can only go so far with it, and then it goes back to the Council to actually deal with.*

(Care 7, MHT)

The HSC Partnership also becomes involved in investigating complaints about employees of domiciliary care providers, particularly when there are issues related to vulnerable adults. Employees of the private sector providers can expect to be interviewed, if a complaint is made, by representatives of the HSC Partnership, not just their own employer. This area is further complicated by requirements not to 'contaminate evidence' if there is a likelihood that the police may be involved.

At ITCo clients attempt to exercise control over the deployment of ITCo's staff in ways which could jeopardise the ITCo employee's career, even if it does not lead directly to disciplinary charges. Sometimes these attempts are made because the ITCo project manager is resisting the clients' demands for services outside of the contract:

*It could well be that the project manager has just said, 'I was just doing my job properly and the client kept pushing me to either work longer hours, put more PCs out...or to add an extra application onto it. And I kept saying, "No – if you want it, put it into Change Control."' I've had the situation myself and sometimes they push the envelope as hard as they possibly can.*

(IT 3, ITCo)

However unjustified the complaints, the managers at ITCo often have to be seen to be responding to the client, thereby potentially jeopardising the fairness of treatment of the individual employee.

Two examples can be cited from the case studies where there is a less than consistent or fully informed approach to the management of staff due to the inter-employer network. At Hospital Services, the frequent changes of managers on the Estates side had led to some managers coming in and operating according to their own rulebook instead of the carefully scripted arrangements agreed with the trade union under the tripartite agreement (see Chapter 3):

*They've had people brought in from other projects, and they've come in with a rulebook in their head that relates to wherever they've worked previously, and they've thought they could treat the staff in the same way. So they turned up here and they came into a situation where the lunch hours was being paid for on a rota basis, so that there's always somebody on duty throughout the lunch – and they wanted to take it off them, right? Now, our agreements and what-have-you covers that – it's a restructure, right? Loose term, but nevertheless, it's a restructure. And therefore protection would have to apply, and they'd have to pay the protection in accordance with our local protection agreement. And that was going to cost them 87,000 quid – and they were up in arms about that! But we said, 'Well – that's what you signed up to.'*

(Hospital 8, Acute Trust)

A rather different problem emerges at ITCo where, due to the complex matrix organisational structure in which staff work both for operations and project managers, there is a danger that the person undertaking performance appraisals has no direct knowledge of the member of staff and cannot fully assess the information on performance. This may lead to inconsistency or unfairness in appraisals on which issues such as reward and promotion depend.

*But the Career Appraisal Manager is somebody who doesn't necessarily work with you or even know you – but at the end of the year they will appraise you and decide how well you did. ...Typically, that person doesn't work alongside you; they're off managing their own projects. So they...appraise you based on feedback they get from other people. ...If there are any grey areas within the comments [eg feedback from the account director], then it can be a little bit more subjective how that's interpreted.*

(IT11, ITCo)

## AMONG EMPLOYEE CONSISTENCY

The most common problem of consistency – and indeed fairness – that occurred in the case study sites was that of *among employee* consistency. In most cases this problem arose where staff from different organisations worked side by side but with similar responsibilities or as a result of the impact of TUPE transfers. Harmonisation within the networks tended not to be seen as a possibility for many reasons, but primarily because reducing *among employee* inconsistency within the partnership would often create another form of inconsistency – that is, among similar employees within a single employing organisation.

At the HSC Partnership there was an explicit decision to continue to operate NHS and LA terms and conditions side by side, particularly with respect to pay and hours. For staff working in integrated teams, managers exercise flexibility in deploying staff on LA and on NHS conditions, taking into account employees' preferences. Managers expected staff to accept that there might be differences.

*There have been some grumblings around, 'Oh well – we work 36 hours a week and in health they do 37½, and we get more leave in health compared to...' But it's swings and roundabouts, so the strategy we had is that – you know – yes, there are differences, but it is swings and roundabouts and we can't cherry-pick, and wherever possible we'll try and harmonise the benefits as much as we can. And when people know that, they're prepared to accept it.*

(Care 1, PCT)

This approach had been complicated by the Agenda for Change initiative in the NHS that was perceived as having provided greater financial benefits for staff than the implementation of single status within the Local Authority. The problems of *among employee* consistency were even greater, however, between the PCT staff and those directly employed by ASF. There were also very significant differences in pay rates for domiciliary care staff between in-house and contracted providers, but in this case the staff tended not to work alongside each other. Staff appeared willing to accept variations when overall the package of terms and conditions was roughly equal – even if different in the specifics. However, where there were differences in overall rewards, these were either viewed as a temporary phenomenon (as in the case of ASF where all future vacancies will be filled on ASF conditions) or the staff on different conditions did not come into direct contact with each other (as for example in domiciliary care where the Care Partnership staff worked with different clients from the private sector care staff).

**'Staff appeared willing to accept variations when overall the package of terms and conditions was roughly equal...'**

In the case of Hospital Services, both the tripartite agreements guaranteeing equality of conditions over time for TUPEd staff and the RoE model had been adopted precisely to avoid *among employee* inconsistency. At Network Events the staff employed by OperationsCo were on significantly different pay levels from the LeisureCo staff. And at ITCo around 80 different terms and conditions were in operation due to the multiplicity of TUPE contracts that they had taken on. Most of the TUPEd staff, however, remained working for their ex-employer, often in the same location, and few were moved into the matrix organisation of the company. This may have reduced tensions over different terms and conditions but also resulted in a highly segmented structure. Even within the matrix organisation there were issues of *among employee* inconsistency, largely due to the complete lack of transparency of the pay structure.

*Here it's all smoke and mirrors, completely. I could be working with project managers [a lower career level] and I've got no idea what they earn. They could be on more than me, less than me, same as me – absolutely no idea. You are only worth what you can negotiate from management. ... There is, I think, a suspicion that people who have come in from outside, from our competitors, end up with bigger packages than people who have been here for a long time and have just kind of stuck at it...*

(IT 11, ITCo)

Even more common, and in some cases apparently more concerning, were variations among similar employees in working time and other benefits such as holidays and flexitime. For the OperationsCo employees at Network Events it was the fact they had to work 40 hours compared to 35 for AthleticsCo staff that really irritated:

*The duty manager shift pattern, it's a three-week shift pattern, and it's 35 hours each week. She'll do the same as them, that shift pattern, but she has to fill in five hours on reception also. ... When I applied for the job, a girl in the office here who already worked for the Council as part of the job, if she'd got the job, she'd have worked 35 hours – but because I got the job, I work 40, which I thought, 'It's a bit bad.'*

(Events 10, OperationsCo)

In the smoking cessation unit in Network Care the staff on PCT contracts were well aware of a range of benefits they enjoyed over the ASF staff. These included opportunities for flexitime not available to ASF staff, a car allowance whereas ASF staff were only reimbursed for petrol, and choice over their holidays:

*Like Christmas – they [ASF] all finished the 20th. We don't. We don't have to finish the 20th ... They can't make us have it off, because we don't want them times off, you know.*

(Care 15, PCT)

One of the areas of conflict between PCT and Health and Social Care staff within the HSC Partnership was over differences in flexitime opportunities. In particular there were differences in the way the flexitime scheme operated, but this was an area where there was some attempt to harmonise, no doubt because it was causing day-to-day management problems:

*When we first got together, the flexitime that could accrue to social services was different. You could only take one seven-hour chunk in any one 28-day period, and you could only carry over 14 hours. So most of us lost time. And that's not like work that you do at home – that's just clocking in and out. They have been reviewing that and I think it's better now. I think you can carry over 21 hours and you can have two days in any 28 – but we do still clock in...*

(Care 8, Local Authority)

Other potential problem areas within Network Care were differences in the ways in which sickness absence was managed:

*The triggers to have a management review are different. The Trust is three absences in six months... The local authority have a very complicated formula – don't ask me to quote that because I have to look it up every time. The local authority one is far more rigorous, I think, than the Trust one.*

(Care 7, MHT)

Another difference here was that MHT operated a dress code but the LA did not, so that MHT managers could not apply the dress code to Health and Social Care staff – apparently sometimes an issue in hot weather. This example highlights the fact that the issue of *among employee* consistency is also one for managers wishing to operate generally applicable policies across the whole work group.

While the issue of differences in *among employee* consistency affected only a few OperationsCo employees at Network Events, this isolation at the workplace could cause major difficulties for individuals because they were not able to access the normal support services of an employer, as one of the interviewees recalls:

*I think it is a particular issue. [Because] it's been over four years since I've been here, I don't have Occupational Health support to start with. I'll be honest. I did have a problem about two years ago and I could've done with speaking to somebody. I spoke to [OperationsCo], who couldn't help me, who directed me to the Council. The Council then directed me back to OperationsCo. So basically I was left out on a ledge.*

(Events 9, OperationsCo)

## TEMPORAL CONSISTENCY

*Temporal* consistency – the maintenance of a stable HR policy over time – may in fact be a trade-off for *among employee* consistency in network situations because it is often possible either to maintain the same HR system or to change the system to improve integration with collaborating organisations – not to do both. This problem applies to all examples of TUPE transfer: temporal consistency is maintained in the short term by TUPE transfer, but there is still the issue as to whether there is to be a subsequent harmonisation with the new employer's set of terms and conditions. At ITCo there was little prospect of such harmonisation, partly because of the number of TUPE transfers but also because in several cases there were continuing collective bargaining rights associated with the transfer.

**'At Network Events...OperationsCo had to be reminded by AthleticsCo managers to apply annual pay rises to its seconded staff.'**

At the HSC Partnership there was a conscious policy to maintain temporal consistency for PCT and Health and Social Care staff and not go down the route of a single set of terms and conditions for all HSC Partnership staff. The policy of keeping staff on their home organisation's terms and conditions worked less smoothly at Network Events where OperationsCo had to be reminded by AthleticsCo managers to apply annual pay rises to its seconded staff.

Hospital Services, through its RoE policy and the tripartite agreement, had opted for maintaining both types of consistency. Managers and supervisors were the main exception to this as they were to be TUPEd over. Although basic terms and conditions would be protected, there were some expectations that they would be subject to new management and performance systems and thereby be more vulnerable to job insecurity. There was also a view that they might end up working longer hours. The areas where FacilitiesCo envisaged most difficulty in matching the NHS policies was in the Improving Working Lives initiative. At this stage they said they would consider applying this policy to managers too, but they were clearly uncertain as to whether they would be able or willing to do this. They pointed to the fact that there might be a different package on offer including access to performance bonuses not available to NHS staff:

*[FacilitiesCo are] usually quite good at implementing our initiatives, I would say...But things like the Improving Working Lives initiative that we have within the NHS, you know, it's quite an embedded principle really. So we've had discussions with FacilitiesCo. So, things like IWL, we would want to see our staff, the staff that would be [transferred] still have access to, even if it's not under the same banner – that they have, kind of, access to the same management*

*principles. [FacilititesCo] don't have IWL as such, but they have very similar management standards. So, I guess, as long as, you know, we're comfortable that they're kind of comparable standards really, but again, it's something that needs more discussion.*

(Hospital 7, Acute Trust)

## CONCLUSIONS

- ❖ Consistency in HR policies is important for promoting notions of fair treatment. Even within single organisations there are conflicts and trade-offs with the principle of consistency, but these problems are exacerbated in network arrangements.
- ❖ *Single employee* consistency is potentially compromised by the frequent involvement of managers not from the employing organisation in disciplinary procedures. Problems of being managed by more than one organisation may also lead to inconsistencies in the understanding and application of work organisation norms and procedures.
- ❖ Appraisal and evaluation of employees is complicated by inputs from either non-employers or from managers from the employing organisation who lack awareness of actual performance. These problems could undermine the legitimacy of both promotion systems and performance pay awards.
- ❖ Clients may also intervene with complaints in ways which may affect individual employees' careers, even when the origin of the complaint lies in differences in expectations between employer and client. Employees may thus be the victims of differences in goals and expectations between contracting organisations.
- ❖ Network relations often compromise *among employee* consistency but in a context where there is little scope for harmonisation as this might create as many problems as it solves. Even so, inconsistencies may still create tensions and problems. These problems apply not only to differences in pay levels but also differences in mechanisms for pay uprating, in promotions, in working time, holidays, sick pay, flexitime, access to support services, etc.
- ❖ The motivation to maintain *temporal* consistency in HR policies may in some cases be a reason for *not* acting to reduce *among employee* variations within the network. Staff may be even more concerned about maintaining their position within their current employer's pay and grading system.

# BUILDING WORKER IDENTITY AND ENGAGEMENT

## 6

- ❖ **This chapter examines the nature of identity and engagement across the four networks.**
- ❖ **It analyses how the workers we interviewed defined their own identities, both in relation to their own employer and that of other employers in the network for whom they worked.**
- ❖ **It evaluates the extent to which staff working across boundaries show allegiance and commitment to one or more employers, or indeed none at all if they feel let down by their (distant) employer and not sufficiently recognised by other employers in the network.**

In addition to the bullet points listed above, this chapter also reviews the efforts made by employers – clients as well as supplier organisations – to gain alignment between organisational and individual goals, in terms both of attempts to build and sustain forms of shared identity, and of the mechanisms put in place to encourage voice and involvement on either an individual or a collective level. In so doing, it also raises issues about whether the workers employed by different organisations in the network felt there was consistency of treatment between different staff as well as over time.

### THE MEANINGS OF IDENTITY

In the case of multi-employer networks, workers and managers have varying organisations with which they can identify: their own employer who may be at the same or another site; the employer whose site they are working on; the client if they are on a short-term placement; or even at the network level if there is an integrated employment system operating across prior organisational boundaries.

In our cases quite a number of workers lacked any real identity because although they were distant from their actual employer, they did not feel sufficiently aligned with the 'host' employer to show them much allegiance either. This was particularly apparent at Network Events where some managers who had not worked elsewhere for OperationsCo had been waiting up to for four years to be transferred into the new Trust. In the early stages they had maintained a small amount of contact with their own employer, but that had now reduced to the extent that apart from paying their wages, there was no interaction at all. In many respects they regarded the line manager of the facility where they were employed as, in effect,

their own line manager. Indeed, they reported not knowing much about their own employer any more. In reality, once OperationsCo had realised the contract would be transferred to the new firm, LeisureCo, they appeared to lose interest in the staff at Network Events. If they were sick, for example, timesheets had to be sent to OperationsCo, yet they had no access to support systems at the company nor were they able to take advantage of benefits available to local authority staff. One of these managers voiced his frustration by saying:

*There have been times when I've been really annoyed and I've wanted to get out my OperationsCo uniform and my badge, to make it obvious I am different. But then I don't actually like OperationsCo either, and I don't want to give the impression I would rather be working for them.*

(Events 4, OperationsCo)

This was galling for some of the managers in the leisure facility who worked alongside local authority staff but did not feel they were fully part of the Council. In addition to getting lower wages and less beneficial terms and conditions, they also felt isolated from some of the communications that were sent to other staff. This had almost moved to a sense of fatalism, as the quote below shows:

*I am not particularly bothered about staying with OperationsCo or the Council. It depends who's got the contract at the time ... Whoever – I'm not really bothered any more.*

(Sport 9, Operations Co)

**Table 7** ❖ **Patterns of identity and engagement across the four cases**

Case study	Feelings of identity displayed by staff in the networks	Employers' efforts to create identity and engagement
Network Care	Due to strong attempts at integration across the network, some staff were more flexible about who did which jobs/more willing to take on different roles	All smoking cessation staff on the HSC Partnership contract moved into a single building even though employed by different organisations
Hospital Services	Frequent changes in management of estates staff made it difficult to define identity, with constantly changing expectations of alignment	Regular bulletins about progress with implementation of the Retention of Employment model Unions involved in meetings and in tendering process
Network Events	OperationsCo managers at the site lacked feelings of identity with own employer or AthleticsCo. They felt cast adrift from own employer but not aligned with client where they worked	Weekly meetings between partners (senior managers) helped to create glue across network and iron out operational problems Regular team meetings to which part-time staff were invited to build engagement and alignment
IT Services	Feelings of isolation from ITCo expressed by some consultants, especially new staff, but also some suggestions ITCo staff were 'going native' and aligning with client	ITCo invested strongly in induction for its staff who worked at other sites and provided quarterly briefings, but also efforts by clients to make these staff feel 'at home' and so enhance alignment to their goals

A similar situation arose at the Hospital Services network where, following transfer from the NHS Trust to FacilitiesCo, the Estates staff had experienced five changes of manager over a relatively short period of time. Not surprisingly, some of them felt rather fatalistic about the situation, believing – quite rightly – that they had little control over events. Their previous NHS manager felt these workers were keen to identify with their new employer:

*I've got to say, the staff that FacilitiesCo inherited are very committed people and they worked for me [at the Trust]. What they needed was education on how to work for a private sector company on a PFI contract. They've not actually achieved that yet. But they are very good people. They just haven't been given the right sort of level of instruction and training.*

(Hospital 5, Acute Trust)

In the Network Care case, one of the staff (Care 10, PCT) who had been co-located to ASF felt that she had been 'cast adrift' from her actual employer (the PCT) even though her terms and conditions were protected.

Although there were several examples of people lacking any real identity, rather more were seen as having 'gone native' or saw the employer at the place they worked as the one with whom they could identify. At one level this could cause problems as workers became more distant from their legal employer and did not feel part of the organisation, whereas on the other hand it could lead to increased effort and commitment to the contract. One of the senior managers (Care

7, MHT) spoke of having become 'very PCTfied' because over 75% of his work was commissioned by one PCT. In a similar vein, one of the directors (Care 13, LA) felt that the move to an integrated system had helped to break down professional boundaries between groups, making staff 'less precious' and more willing to realise that aspects of different roles could be shared in order to improve patient care.

The issue of identity was even starker in the IT network where professionals employed by ITCo were often on contracts for very long periods of time. This sometimes caused them to lose touch with their colleagues back in ITCo and, as one put it, 'Sometimes I feel like an employee of the bank' because 98% of his work was on that contract (IT 8, ITCo). Another worked closely with a government department, and even though he had been at ITCo for many years, tended to see that as 'home' rather than ITCo. He said:

*The business unit [you work with] almost becomes home for however long you're on that project as they're the people you liaise with on a day-to-day basis. It can be quite lonely. You can feel not part of ITCo if you don't necessarily see people or you miss the odd event... On the other hand, you become a team with the business unit you're working with.*

(IT11, ITCo)

Managers of ITCo staff working on the account with a client from the media industry felt that it could be advantageous for them to express pride in 'working for MediaCo', as this could help to alleviate feelings of isolation and also ensure they

became more aligned with the goals of the client. Similarly, one manager (IT12, ITCo) felt that really understanding the client's business was critically important for the IT consultant to do a good job. Whereas this would generally be seen in a positive light from a business perspective in that managers really identified with the contract on which they were currently working, one of the HR managers felt this introduced a rigidity into ITCo's procedures. She argued:

*This person [who had been a radiographer prior to joining ITCo] works for ITCo but she only ever wants to work on the government contract – and that's given us a problem because from a career direction and training perspective she doesn't really fit our model... We would assume she wants to move around and get different industry experience [but] she just wants to be a project manager at GovCo.*

(IT13, ITCo)

## EFFORTS TO CREATE OR MAINTAIN IDENTITY

The previous section showed how organisational identity is not a simple phenomenon in multi-employer workplaces or contracting networks, and that identity could be variable in focus as well as shift over time. To some extent, the lack of identity apparent from some of the quotes might indicate a lack of interest by employers who do not care whether or not workers identify with them – for example, in the case of short-term contracts that are regularly subject to re-negotiation – and employment security is not a desired objective for the employer. On the other hand, especially with knowledge and professional workers, it could equally indicate a failure on the part of employers to harness worker commitment or even a failure to appreciate the impact that a contracting environment has on workers. But employers are not just inactive recipients of worker views – they have opportunities to try to shape identity and commitment, both at the early stages of the contract and thereafter via various HR practices.

**'There is a multitude of actions that employers can take to maintain organisational identity and attempt to ensure...alignment for those working off-site for long periods of time.'**

There is a multitude of actions that employers can take to maintain organisational identity and attempt to ensure at least a certain level of alignment for those working off-site for long periods of time. This can commence with well-developed induction procedures and go through to reinforcement via meetings and social events. One of the more experienced staff at ITCo felt that it was easy for him because he had worked for the company for many years, and knew when to 'shout up' that something was not right, but acknowledged this was harder

for less experienced staff whose concerns could sometimes be overlooked (IT11, ITCo). ITCo invested strongly in induction events for staff that were due to be out on contract for some time in order to reinforce the company identity – ITCo mugs and pens, for example – and the company generally 'just made a big fuss ... because we needed to make them feel they were different' (IT 9, ITCo). At the same time, clients also try to do the same thing in order to align contract staff more closely with their identity, culture and product lines. This is seen in the practice of specific people being deployed on particular contracts on a continuing basis, with the consequence that clients try to shape the identity of ITCo's workers and get their full engagement during the progress of the contract. As one of the directors at ITCo explained:

*Partly it's their style, their way of working. Typically, the people I've got in the government sector are used to a more framework-driven, staged gateway, input/output kind of environment. And people in the private sector generally are used to being a little bit more sales-oriented, a little bit more able to manage uncertainty, there not necessarily being a clear process. There's a kind of dynamics, so it suits a different type of person.*

(IT 6, ITCo)

One of the ways which the smoking cessation partnership at Network Care used to align staff from different organisations with the new goals was to move them all together into a new unit. This was designed – according to one of the managers (Care 3, LA) – to help create a stronger feeling of shared identity rather than two very different and potentially competing styles of operating. Yet she also reported that there were still distinct differences between the NHS and other staff which remain to be reduced. Another option, used in the integrated Health and Social Care unit, was to try to create a common language for everyone in order to ensure that no staff felt they were excluded from discussions because they were not familiar with prior terminology. As the director said:

*We need to make sure that we explain what we're talking about rather than using professional terms and shorthand, or acronyms, and expecting that everybody understands them – because they won't. It requires people to be sensitive to the need to help people from a different discipline interpret information sometimes.*

(Care 14, LA)

## VOICE, COMMUNICATIONS AND ENGAGEMENT

This is seen as one of the key components of high-commitment HRM, an essential part of the integrated bundle that aims to align worker and organisational goals, as well as an



opportunity for workers to express their concerns to management. As we mentioned in Chapter 2, an integrated and consistent organisational message is somewhat harder to achieve across organisational boundaries – for example, in a contracting relationship – largely because the staff involved have competing commitments, both to their legal employer and to their host employer. Communication and consultation is seen as an essential part of aligning identity because if people working on the same unit are receiving quite different messages, it is hard to maintain any semblance of consistency in operation. In addition, contradictory communications can only lead to increased feelings of differential treatment and diverse forms of identity. What have the employers in this study done to try and achieve alignment and consistency?

In the most dispersed case of the peripatetic IT Services, ITCo had gone to great lengths to maintain contact with staff on long-term placements with other organisations. In the Health Services case, there are quarterly briefings for all staff, reinforced by a series of other meetings – not of all staff – to keep managers up to date with developments, finances, progress with contracts, etc. Each project manager who is deployed on one of the contracts has a one-hour phone conversation with his or her manager on a weekly basis, including contributions from 'guests' who 'present on various projects' bits and pieces to impart information and keep the party online' (IT 5, ITCo). There are also regular meetings at each of the contractor sites, which obviously involve some of the staff working there (IT11, ITCo).

**'The weekly meetings in particular provide an especially strong "glue" between the partners...'**

Apart from the OperationsCo staff at Network Events, most other people in this network continue to work at the same site, when they are taken on to do duties for other employers. This is most obviously the case with stewards that are employed by the football club but, due to the close connections across the network, are often the first port-of-call for the leisure organisations if there is a big athletics or cycling event (Events 4, OperationsCo). This is facilitated by the weekly meetings held at Network Events between the partners, and of course the regular two-monthly meetings between all neighbours. The weekly meetings in particular provide an especially strong 'glue' between the partners, and there was some evidence (eg Events 4, OperationsCo) of other contacts being made following a recommendation made at the meeting (eg cleaning). According to the site manager, whose salary is paid by each of the partners, there is a very fluid relationship between the different organisations in the network, and for each major event other than football a local organising committee will be set up comprising partners from each of the main partners. This leads to sharing of duty managers across the network, short-term help with staffing for events, and even

letting members of the network use other organisations' facilities to overcome problems (Events1).

A key point in the close working across the Network Events case is that all partners are expected to show a commitment, wherever possible, to the local economy and to provide employment for local firms as part of the regeneration project. This makes it slightly different from some of the other cases given that there is a very clear supra-organisational social and economic goal which relates to all partners. A senior manager from the football club made this clear when she said:

*One of the ethics of the football club is to make local spending, making sure that the redevelopment of this part of the city continues. We have quite a strong social responsibility and a dedicated manager in place.*

(Events 2, FootballCo)

On the other hand, although each of the partners – especially those from the private sector – might show its commitment to broader social objectives, they were also driven by requirements to make a surplus. This meant that financial considerations were bound to take precedence if there were competing goals.

In other parts of AthleticsCo, part-time and temporary staffs are brought in for meetings on a regular basis in part to disseminate information but also to try and build up team spirit. The need to prepare teaching plans for sessions has also stimulated meetings so that all staff are aware of this requirement and are given the opportunity to interact with other trainers (Events 5, AthleticsCo).

The two networks which involved the NHS made use of both individual and collective forms of involvement. Network Care had a number of mechanisms in place to ensure communication between partners and workers, either in the smoking cessation project or the integrated Health and Social Care partnership, but one of the most difficult in terms of co-location was domiciliary care. A care forum had been set up so that the eight providers could all get together on a quarterly basis with each other and the in-house (NHS) team. The procurement manager from the Trust saw this as valuable because:

*I want best practice to be shared by everybody. Prior to that, each company always kept themselves to themselves. I want to do away with that. I want them to work together like a unit and to share best practice and even to share resources.*

(Care 5, LA)

Although laudable as an objective from one perspective, this raises questions about how easy it is to create such an open environment when firms are each out to achieve their own goals and protect/enhance their own financial standing. Moreover, while sharing information across the network of

domiciliary care providers was important, this did not necessarily lead to increased communication and attempts to generate engagement within individual providers. This form of information-sharing was not sufficient in itself to ensure that workers from each provider were also brought into alignment with broader network goals. As ever, there are likely to be large areas of inconsistency due to contrasting management styles and operational pressures on each unit. However, within this context the role played by individual managers who act as boundary spanning agents is critical in providing the glue between the HSC Partnership, domiciliary care agencies and care homes. One of the managers from the PCT told us:

*I think the team brief or the core brief that they actually send round works because you find out what's happening in the larger field. The manager, she's very good at sharing information... I don't meet all of [the providers] but the partnership I think have got about 34 members that I have contact with because they have signed up.*

(Care 8, PCT)

In the Hospital Services network, as an ongoing part of the TUPE process, Estates staff transferred to the private sector contractor received regular bulletins on progress with the contract, as well as question-and-answer sessions on issues of concern – such as pensions. One HR manager from Acute Trust felt this had been quite a positive outcome (Hospital 7, Acute Trust). Moving forward, as part of the RoE (retention of employment) development, it is intended that all staff will be provided with email and Internet access, regular team briefs, Trust magazines, etc (Hospital 6, Acute Trust). In addition, there is union involvement in the mobilisation meetings as part of the RoE discussions. Not specifically required by the terms of the contract, there was also trade union involvement in the tender process for new contractors, although one of the union representatives we interviewed was somewhat cynical about the extent to which they really had a say about which contractor was to be chosen. He suggested:

*I'm too cynical. It was pretty much a paper exercise. I mean we are supposed to be equal but I don't know there was ever a cat in hell's chance of us actually deciding who was going to be successful. I'm sure the financial side was very much the driver, along with service provision. ...So I think [our involvement] was a sideshow.*

(Hospital 8, Acute Trust)

In short, we can see some attempts across all the networks to design and implement involvement structures in order to minimise problems of uneven or conflicting communications. Although there was some evidence this had helped the organisations achieve their goals in some cases, it was also apparent that not all forms of engagement were seen in a positive light.

## FACILITATING FACTORS

A mix of structural and inter-personal factors appear to help organisations within a network achieve their aims. Whereas some of these are designed specifically by employers, others might just be fortunate consequences of circumstances. Each of the networks had some structural arrangements in place which helped to facilitate identity and engagement. Two examples can be provided to illustrate this. At Network Care, as we saw in Chapter 3, the HSC Partnership was first established several years ago as both a commissioner and a provider of social care in the area, and it has a central role within the network of organisations which combine together. This impacted on terms and conditions of employment as well as engagement and commitment, but not surprisingly residual barriers remained in place. The more recent smoking cessation project, undertaken in conjunction with a charity, was still too new to realistically evaluate the impact it had on identity, but some substantive barriers in terms and conditions are likely to make engagement here rather more difficult. In the IT network project teams were the main vehicle around which new identities could be formed, and in some cases – as we saw earlier – this led to staff from ITCo starting to identify more with the client than their employer. Action to prevent this came via group meetings that had been set up back at base or regular weekly hook-ups over the phone.

**'...this led to staff from ITCo starting to identify more with the client than their employer.'**

In the case of Hospital Services, union involvement and membership also acted as a force to provide some continuity for staff that transferred across organisational boundaries, as well as a voice to represent workers at the time of tendering – although the union representatives were not convinced this was particularly effective. Joint chairing of meetings – managers and union representatives taking it in turns to chair meetings with the private contractor – was another and potentially more positive way in which to ensure a more equal role in discussions, although the chair of the staff side (Hospital 4, Acute Trust) seemed rather surprised that management wanted names of people in advance.

There is also evidence, as one might expect, from each of the cases that individual managers are sometimes able to achieve higher levels of identity and engagement because of their styles. For example, the General Manager of AthleticsCo (Sport 3) at Network Events had managed to offset many of the negative reactions from the OperationsCo staff by treating them in the same way as Council employees, by involving them in the same meetings and by using local authority appraisals for the duty managers. Interviews showed that they seemed to regard *him*, in effect, as their line manager.

Yet more important in making the contracts work effectively, according to respondents, was the goodwill of team members. Some staff we interviewed felt that there were several problems with the current arrangements which were only avoided due to efforts of the team. This point arose regularly in our interviews at each case study network, with staff feeling that it was principally down to their expertise and commitment that the system worked. This was particularly the case if they were supervised by a relatively inexperienced manager who, whilst supportive, lacked detailed knowledge of operational practice.

Some of the most interesting examples of goodwill were found in the Network Events case, from volunteers that were used for large events or even on a regular basis helping out with school groups. Of course these people are not employed by the Council or any of the other organisations on site, but they show high levels of commitment to their work and to the events they service. In light of the fact they turned up year after year, partly to get social contact, the General Manager of AthleticsCo felt the organisation 'really looked after them' (Events 3, AthleticsCo).

## CONCLUSIONS

- ❖ Given that identity is a complex enough construct in the case of the single employer, it is not appropriate to prescribe a simple way for it to be achieved within multi-employer networks. Solutions depend on business requirements and employer willingness to share ideas, and it might be appropriate to think in terms of levels of identification with different employers in the network.
- ❖ Alignment, integration and consistency are unlikely to be fully achieved across organisational boundaries within networks, and this raises major questions about their desirability in this environment. Although it might be possible to achieve integration across one boundary, it could well lead to a disintegration of HRM within partner organisations because not all workers are likely to be governed by the same client relations.
- ❖ There are many things that employers can do to try to increase identity and engagement, in various different areas of HR practice, such as induction, training, communications and teamworking, as well as other organisational initiatives to re-shape jobs and methods of work organisation.
- ❖ Employers must recognise that their attempts to influence and shape worker engagement are unlikely to be successful without worker goodwill. This is especially prevalent in public sector organisations where many workers have high levels of commitment to public service and the provision of help for the least well-off in society.
- ❖ Achieving engagement through more focused systems of voice and communications could well be a desirable objective if all partners to the contract are prepared to operate in an open manner, but that may not always be the case for each individual employer – eg if bonuses for the contractor depend on meeting targets with lower levels of input.
- ❖ In order for multi-employer networks to have any chance of being successful and generating shared returns – as opposed to merely satisfying one party's expectations – employers have to be prepared to work together to identify ways forward.

# DEVELOPING INDIVIDUAL AND ORGANISATIONAL CAPABILITIES

- ❖ **One of the most important potential advantages of joining with other organisations to co-produce services is the opportunity to broaden and enrich the base of skills and knowledge among employees and managers – what we refer to in this chapter as the individual and organisational capabilities.**
- ❖ **This chapter analyses the HRM challenges to developing individual and organisational capabilities along three dimensions: managing performance, managing skills, and managing careers.**

Communication, meetings and teamworking with partner organisations provide many possibilities for learning about new areas of expertise, sharing innovative approaches to problem-solving and gaining experience of work in a new business environment. At the same time, organisations must still operate to a large extent as bounded entities, with distinctive performance goals, quality and skill standards, and models of career trajectories. The challenge for organisations operating as part of a co-production network is how to develop and exploit individual and organisational capabilities to enhance organisational performance and to improve the quality and efficiency of service provision.

## MANAGING PERFORMANCE

The case study data suggest that managing employee performance faces two key challenges in a context where multiple organisations co-produce services (Table 8 on page 42). The first concerns the need to enhance *visibility* of employee performance. Effective appraisal is very difficult in a situation where there is a high mobility of employees – from one project to another, for example, or across different clients – since this limits the possibility to establish continuity of supervisory relationships, and may enforce reliance on snapshot 'reputation effects' based on limited information. Visibility of employee performance is also restricted in the opposite situation where an employee has prolonged attachment working within the environment of a partner organisation. In such instances, managers from both organisations may need to co-ordinate processes and information-gathering for performance management across organisational boundaries.

The second challenge concerns how to deal with differences of performance goals among partner organisations. This has to

be confronted since multiple performance goals necessarily shape the quality and effectiveness of co-produced services. In some cases there may be efforts to integrate key performance goals under the umbrella of a collaborative, partnership approach. In other cases, one or more of the organisations may adopt an interventionist approach by seeking to influence and change the performance goals, as well as directly or indirectly shaping systems of performance monitoring or even employee performance, of partner organisations.

The challenge arising from reduced visibility of employee performance is amply demonstrated in all four cases, albeit in different forms. One complication concerns any situation where the responsibility for performance management crosses organisational boundaries, such as delegation to a line manager employed by a different organisation from that of the workers he or she is responsible for. An employee's visibility is consequently restricted from the point of view of his or her employer, since the employer must rely on evidence from a line manager employed by the partner organisation. At the same time, an employee's visibility is also restricted from the point of view of the line manager, since the line manager does not necessarily share the performance goals of the employing organisation of his or her team of employees and may not therefore fully appreciate, or 'see', the full range of performance-related attributes of the employee.

For example, in the Hospital Services case, supervisors employed by FacilitiesCo were expected to undertake performance appraisals of non-supervisory hospital cleaners and other ancillary services staff employed by the NHS Trust. While this had yet to be operationalised in full (the transfer of supervisory staff was set for late 2008), there was a good deal of trepidation among NHS Trust HR managers about how this was going to work in practice.

**Table 8** ❖ **Challenges for performance management in the four cases**

Case study	Visibility of employee performance	Bridging differences in performance goals
Network care	Effort to use matrix management structures PCT trains ASF managers in NHS performance appraisal methods	Perceptions among staff of differences in performance goals between new arrangements at ASF and legacy goals of PCT
Hospital services	NHS-employed ancillary staff less visible under supervision of FacilitiesCo employed supervisors and managers	Strong differences in performance goals between FacilitiesCo and NHS Trust Challenge to adapt performance culture of transferring ex-NHS supervisors
Network Events	Reduced visibility of seconded OperationsCo workers within Council Difficulty of appraising volunteers and casuals at AthleticsCo	Ad hoc integration of OperationsCo and Council systems of performance appraisal
IT services	Reduced visibility of some managers within long-duration client projects Reduced visibility of many managers due to high client/project mobility	Regular client influence on composition of senior project team members Direct client pressure on individual managers' work effort

*I can imagine we may have occasions where staff might refuse [the appraisal]. They might say, 'Well, I don't work for the same company.' ...So I guess we'll have to wait and see, and see what issues it throws up.*

(Hospital 7, Acute Trust)

Of course, employees who have closer contact with senior managers in a partner organisation than managers from their own organisation may be glad of direct feedback. This can also be of enormous value in improving the performance of co-produced services. However, the downside is restricted visibility of their performance to managers from the employing organisation. This was most evident in the IT Services case. ITCo project and programme managers sometimes experienced relatively long periods at a client workplace and then risked being out of the loop of ITCo discussions related to performance management and informal advice regarding new opportunities. Some managers believed they had very limited contact with their organisational 'home', the Project Management Division, generating question marks about not only their identity (Chapter 5) but also the visibility of their performance contribution to ITCo.

Visibility is also hindered in the contrasting situation where employees move frequently from one client workplace to another. Unlike in the film or design industries, it is rare for entire project teams of IT workers to move from one client to another. Instead, when a project ends ITCo managers are dispersed to a range of different projects. As a result, the project managers we spoke with had not established long-term relations with either client managers or ITCo colleagues from

the project team, restricting visibility of employee performance from all perspectives save their own.

*While you're on a project you do form quite a close team spirit with the people around you. ...Now when the project finishes, we'll scatter off and go back to our units and sort of get pushed on to the next project, in which case you might meet up with some of those same people or in some cases you will never work with them again, and you suddenly have a new set of people that you've got to form a new project relationship with. So it's quite a strange life at times, particularly if you're working away from home as well.*

(IT11, ITCo)

Efforts to remedy problems of visibility in the different cases included the introduction of matrix structures for performance management. As part of the Network Care model of integrated care teams, joint performance appraisals were encouraged involving managers from the local authority and the Primary Care Trust (Care 12, LA); at a minimum, the partner organisations would share copies of the appraisal report (PCT13, LA). Also, regarding the Anti-Smoking Foundation (ASF), ASF managers completed an appraisal training course run by the NHS. This went some way towards ensuring that co-located NHS-employed Smoking Cessation Officers were appraised in a manner that made the full range of their skills more visible to their host organisation manager (Care 10, ASF). In the IT Services case, a new matrix structure of line management only partly integrated channels of performance appraisal from client organisations. The problem was that at

least three different line managers had been identified for each project and programme manager:

*The Operations Manager is the person who looks after...all the day-to-day type stuff. There is a Career Appraisal Manager who carries out the performance reviews and helps with the development plan. And there's an Assignment Manager...who is taking day-to-day direction on their particular project.*

(IT12, ITCo)

The challenge of managing employee performance across partner organisations is directly linked with the second challenge identified from our data – namely, the consequences of different organisational performance goals. All organisations have distinctive performance goals and we would not expect the four cases to display a neat harmonisation of objectives. Rather, the challenge for a model of services co-production is how best to manage these differences in a way that consolidates the strengths of each organisation to improve the quality of co-produced services.

Evidence of different performance goals is strongest in those cases where the partnership straddles public and private sectors (profit and non-profit). In Network Care, NHS staff seconded to work within the non-profit Anti-Smoking Foundation complained about the different approach of their new host organisation to training and formal skill development. Compared to the performance culture of their employer, the PCT, the non-profit organisation operated on a lower budget and focused more strongly on targets. As one put it, 'It's just numbers... Get the numbers in. Get the four-week quits. But I think come down the line – six or twelve months hence – it's not going to be good' (Care 15, PCT). Also, in Hospital Services, there were obvious differences between the greater commercial awareness built into the performance goals of FacilitiesCo and the non-profit goals of the Acute Trust. FacilitiesCo HR managers recognised this gap and identified the need to retrain transferring supervisory staff from the NHS Trust in the private sector's 'performance culture' (Hospital 1, FacilitiesCo).

But whatever the extent and nature of differences, all four cases illustrate inter-organisational patterns of influence on performance. Sometimes such influence was bi-directional. Sometimes it was predominantly uni-directional. For example at Network Events, there was an ad hoc effort by partner organisations to integrate systems of performance appraisal:

*I just use one template [for performance appraisal] so that everybody gets the same sort of assessment and the same support and guidance. ... There might be a bit of OperationsCo's and a bit of the Council's and then some input and changes from myself.*

(Events 8, LeisureCo)

But in the IT Services case, influence on performance tended to be uni-directional from the client to the IT firm, and this created the potential for conflicts of interest regarding effective performance management. For example, a client might request particular individuals for its IT project team but this would sometimes conflict with ITCo's aim of placing persons with high potential in challenging positions, whether to maximise their productivity or to extend their career development (IT12, ITCo). Moreover, the client's wishes might not suit the interests of the individual who might feasibly quit to work elsewhere.

*You are constrained, because once you put someone into an account you can't just pull them out. Clearly the client has developed a relationship with them. The business unit starts to trust that person to deliver. So although you know the person wants to move on – and we may want to move them on – you can't just do that so easily.*

(IT12, ITCo)

## MANAGING SKILLS

Issues of co-ordination and conflict were central to the management of skill development in the four case studies. A major challenge concerned how to establish a shared understanding of precisely what skill standards, and individual capabilities more generally, were embodied among workers involved in the co-production process. The evidence suggests that greater co-ordination and transparency of the content and level of skill can improve collaboration in several ways, such as by increasing possibilities for shared job design, improving the fit between contract price, service quality and skill standards, and assisting future planning of capabilities. Table 9 (on page 44) lists examples from the four cases.

A co-ordinated approach to sharing skill standards prevailed in all cases, to a greater or lesser extent. It was especially notable in the Hospital Services case. For all supervisors of ancillary services, FacilitiesCo (as their employer) requested that they complete the training provided by Acute Trust in order to harmonise skills in areas such as procedures for recruiting and selecting NHS-employed non-supervisory staff. FacilitiesCo was also keen to keep abreast of developments in the NHS Knowledge and Skills Framework, as an HR manager explained:

*And there's...the Knowledge and Skills Framework and a range of things where we will still dip into the Trust. ...It's our obligation to give them [supervisors] that training if you're asking a manager to manage Trust staff.*

(Hospital 1, FacilitiesCo)

At Network Care, managers co-ordinated skill standards required for the delivery of mental health services. The

integrated teams of local authority social workers and NHS health professionals were in principle able to attend training programmes offered by both the local authority and the Trust. A senior manager at the Mental Health Trust told us, 'There is a lot of mutual offering of training that is available across both agencies' (Care 7, MHT). And for domiciliary care services at Network Care, skill standards across providers were regulated by the national regulatory body – the Commission for Social Care Inspection – with funding support and guidance provided by a local Workforce Development Officer (Care 8, LA). National bodies also played a role in upgrading skills at Network Events, including, for example, recommendations by national sports bodies that stewards complete a national qualification (Events 2, FootballCo).

Sharing of skills standards had been enhanced at IT Services following (in part) pressures from clients for more information about the quality of expertise provided by ITCo. ITCo introduced new benchmarks for knowledge acquisition and performance in order to demonstrate to potential clients, 'What is it that we bring? Why would we be different from any other competitor?' (IT 6, ITCo). As a result, staff with a minimum Level 2 in the internationally recognised 'PRINCE' qualification in project management could apply to join the ITCo 'Academy', at Associate, Member or Partner levels, and complete further training. PRINCE (Projects in Controlled Environments) 2 is a process-based approach to business management leading to an internationally-recognised qualification. At the time of interviews 720 managers were lined up for the Academy (IT10 ITCo).

*There's been demand pull from the business units who say, 'Well, how many of our people have got*

*MST, how many of our people have got PRINCE2? Because I'm asked the question by the client in their invitation to tender.'*

(IT 6, ITCo)

However, there was also evidence of weak sharing of skill standards. With respect to the delivery of anti-smoking services at Network Care, co-located NHS staff had a national diploma in smoking cessation that required a three-month formal intensive course involving medical knowledge on angina, diabetes, etc, as well as units on behavioural change, health promotion, motivational interviewing and counselling. But they worked alongside ASF staff who were simply expected to learn through informal on-the-job training with no apparent opportunities to undertake formal training and acquire qualifications. This was the cause of strong complaints from the two seconded staff we interviewed.

*The [ASF] staff who are doing our job can't go on them [Primary Care Trust training programmes] because it's PCT – which to us doesn't make sense.*

(Care 15, PCT)

*On the quality side, I do feel that their [ASF's] training is not as thorough as it could be.*

(Care 16, PCT)

Weak sharing of skills standards generated problems. This included the inefficient use of seconded staff's time answering queries from team members employed by ASF, as well as NHS

**Table 9** ✦ **Challenges for managing skills in the four cases**

Case study	Sharing skill standards	Integration versus differentiation of skill content
Network Care	Strong sharing for mental health services Strong sharing in line with national regulations set by CSCI Weak sharing for anti-smoking services	Integrated team for organising and providing training for integrated Health and Social Care workers Differentiated content for anti-smoking services, except for senior service managers
Hospital Services	Co-ordinated approach to assist compliance of contractors with NHS skill standards	Differentiated approach to skill development among partners, including emphasis on commercial awareness skills at FacilitiesCo
Network Events	Co-ordinated approach to some standards through sourcing training provision from City Council Influence of several national sports bodies	Temporary coaching staff working at AthleticsCo required to produce teaching plans just like permanent staff
IT Services	Mutual recognition of international standards in project management (eg PRINCE) ITCo 'Academy' to enhance transparency of expertise to clients	Variation of skill contingent on client-specific experience

staff concerns that while patients with medical conditions did receive care to an appropriate standard it was lacking in depth in terms of the medical knowledge of the staff (Care 15, PCT).

In all four cases the challenge of co-ordinating standards was further complicated by the need to adapt to cross-organisational influence on skill content (leading to potential conflicts of interest), and variation in skill development across organisational boundaries.

At Hospital Services, although there was sharing of NHS training programmes among partner organisations, certain supplementary courses organised by contractor companies were available only to directly employed staff. Managers at FacilitiesCo argued this was essential to distinguish the private sector company culture required among newly recruited (or transferred) supervisory staff. Training programmes focused on skills in commercial awareness (especially on how to avoid contractual performance penalties and how to generate new income streams), as well as risk management and health and safety (Hospital 2, Acute Trust). Also, while supervisors were required to complete NVQs to align with the NHS Knowledge and Skills Framework (see above), they were also expected to complete supplementary FacilitiesCo training (which for cleaning is accredited to the British Industry Standards of Cleaning). As one HR manager explained, this was, 'because we would want some comfort that they are working to FacilitiesCo standards' (Hospital 9, FacilitiesCo).

**'...experience working on complex contracts with public sector clients was said to generate skills in processes and methodology...'**

In this way, integrated teams of ancillary staff at Hospital Services shared a similar baseline set of NVQ standards but were distinguished by degree of expertise in contractual performance issues. At IT Services, there was also variation in skill development among IT workers, but in this case it was defined by type of client experience. For example, experience working on complex contracts with public sector clients was said to generate skills in processes and methodology, especially input/output performance criteria. By contrast, experience with private sector clients apparently strengthened skills in sales and managing uncertainty (IT 6, ITCo). But the problem with developing client-specific skills, rather than ITCo-specific skills, was that it could limit flexible deployment. As one senior manager put it, 'You can't just pick up Fred and put him anywhere. In terms of sector experience, that's becoming more important' (IT 6, ITCo).

Weak co-ordination of skill standards among Network Care workers delivering anti-smoking services generated considerable differentiation of skill content among team members. However, there was a distinctive effort to integrate skill development for high-level service managers, suggesting

that ASF's approach to realising added value from the partnership through integrated capabilities only focused at the senior management level.

*Here's an opportunity for two organisations to offer something to each other and the staff to benefit from that. ...And the service manager – because he had to very quickly get to grips with the whole Knowledge Skill Framework...and some of the more grainy aspects of HR capability policies and procedure – so he accessed all those [NHS] training courses, and as far as I can tell there are no barriers there.*

(Care 3, LA)

However, the more general approach at Network Care was to establish integrated structures for managing the skill content and skill development at multiple levels. Importantly, staff responsible for providing training across the partnership were integrated in 2005 and relocated to a unified site in 2007. Sharing of responsibility and sharing of expertise was perceived to have made a positive contribution:

*The team have really gelled well, I think. All different backgrounds. There's a lot of skills and expertise in the team. And for me that's been really beneficial... We were doing a training needs analysis. It was really, really good because we looked at health needs as well as social needs. And I think it's quite unique what we do.*

(Care 8, LA)

## MANAGING CAREERS

Jobs in permeable organisations in principle offer individuals the chance to chart a more varied career, since moves from one organisation to another are facilitated by the fact that the permeable organisation collaborates closely with other organisations. Long-term, trusting relations between organisation partners can establish an ideal context for individuals both to experience an alternative workplace environment and to build a reputation with colleagues in the partner organisation. And even in networks where organisations do not have strong trusting relations, described as 'modular' in Chapter 2, individuals may nevertheless enjoy the opportunity to establish an external reputation for delivering project solutions, or one-off services provision – similar to what has been found in the Silicon Valley context where individuals pursue so-called 'boundaryless careers' (Saxenian 1994, 1996).

Our data from all four cases show quite clearly that career paths across organisational boundaries were an important feature of co-production. In certain situations, switching employers provided the individual with a better environment for the development of new competences, enabling specialisation as well as interaction with similarly skilled



colleagues. At IT Services, many employees had transferred from a client organisation as part of an outsourcing agreement and enjoyed the potentially wider horizons offered by a career with a specialist, global IT firm. Also, at Hospital Services, supervisory ancillary services staff could in principle look forward to employment with a specialist business services firm (FacilitiesCo) offering a dedicated career path for supervisors and managers. Indeed, the Unison representative at Acute Trust described a positive future for transferring staff:

*There's some very good people around here that FacilitiesCo could take and nurture them and get very good results from these individuals. ...If FacilitiesCo use their head, they could have a couple of very good, you know, jewels in their crown.*

(Hospital 4, Acute Trust)

Our data also suggest, however, that realising the benefits of boundaryless careers was challenging. The four cases illuminate three types of obstacles (Table 10).

A first obstacle relates to findings at three cases where for certain categories of employee, co-production of services on balance carried a greater risk of fragmenting the individual's career path than of extending and/or enriching it. At Hospital Services, while collaboration with FacilitiesCo was quite likely to offer incumbent supervisory staff at Acute Trust better career options, it introduced a new obstacle to non-supervisory staff who remained employed by the NHS. For non-supervisory cleaning and catering staff, promotion to

supervisor no longer included the option of remaining with the same employer. Models of boundaryless careers are premised on choice of employer, but the Retention of Employment model applied at Hospital Services removes the important option of forging a career within the same organisation. This would be largely irrelevant in a world where organisations provide occupational groups with broadly similar employment conditions. But NHS employees were fully aware that promotion to supervisor required switching employer to a firm (FacilitiesCo) that provided a less generous pension and had a weaker reputation for good practice HRM when compared to the NHS. Similarly, at Network Care, co-located Smoking Cessation Officers from the PCT faced difficulties achieving promotion to a team leader role with ASF. This was in part a perception that ASF favoured internal candidates and, as we found at Hospital Services, an assessment about the costs of losing NHS terms and conditions with a switch to ASF. One of the PCT employees said 'I'm not saying that's an official policy, but it's the way life works, shall we say' (Care 16, PCT0).

Another told us,

*We'd never be able to upgrade to team leader unless we left the NHS. So although we are working with ASF, we can't go any higher. If the manager's job came up, or the team leader job, it would have to be an ASF employee, not us. Because we would lose. Because I have been with the NHS – as you know you get your holidays and your – so we would never be able to upgrade in any way at all.*

(Care 15, PCT)

**Table 10** ❖ **Challenges for managing careers in the four cases**

Case study	Fragmented career path	Organisational sponsorship	Conflicting career paths
<b>Network care</b>	Restricted career progression for high-skilled, NHS staff working at ASF	Weak for PCT staff co-located with ASF	Professional career orientations (eg mental health social services and nursing) versus new career structure within partnership
<b>Hospital services</b>	Potentially enhanced career opportunities for transferred supervisors/managers, but restricted options for promotion to supervisory level	Moderate, but risk for FacilitiesCo of Acute Trust poaching supervisors to higher-grade jobs (clerical or nursing)	Managerial career pathway in private contractor firm versus attachment to NHS
<b>Network Events</b>	Restricted career opportunities for OperationsCo employees working within the Council	Weak for OperationsCo staff working with the Council	Some career paths in place for FootballCo stewards but not for agency stewards
<b>IT services</b>	Outsourced IT workers from a client workplace to ITCo in principle benefit from career in specialist IT firm	Strong, since placement of ITCo managers in client workplaces is fundamental to the development of expertise	Strong client pressure for continuity of project team conflicts with ITCo goal to rotate managers to develop multiple project experience and to diffuse expertise

And at Network Events, OperationsCo staff seconded to work with the Council told us they faced obstacles to career progression. When higher-level vacancies arose at the Council, OperationsCo staff believed they were ruled out from selection because the Council favoured deploying incumbent Council staff.

*Actually applying for Council jobs is not easy because most of them to start with are secondments. And I think you really have to work for the Council to be seconded to another job in the Council. ... We work for OperationsCo who we never see. ... We're more Council employees. I know most people who I need to know in the Council. But I'm just a seconded person.*

(Events 10, OperationsCo)

A second obstacle concerns the value an employer places on the experience gained by an employee working with a partner organisation, and how this influences judgements about career opportunities. At ITCo, the evidence suggests that senior managers placed high value on such experience. For example, the company regularly updated a 'high talent' list in order to ensure that high-performing managers maximised their experience with different clients and projects. The aim was to move managers with the necessary experience and expertise on to new accounts – 'to move the talent around and give them experience and grow them' (IT 9, ITCo). Among the managers we interviewed, the expectation was that 18 to 24 months with a client would be sufficient to gain experience and progress to a new challenge.

However, the opposite situation occurred for key staff groups at Network Events. Here, the employer placed low value on employees' experience working with a partner organisation and failed to monitor performance adequately – what we call a problem of weak organisational sponsorship. Our evidence suggests that this applied to the OperationsCo staff working with the Council. As one of the interviewed duty managers at OperationsCo put it, 'OperationsCo have washed their hands of us, really. We're just the forgotten people' (Events 4, OperationsCo).

At Hospital Services, the evidence was mixed regarding supervisory staff transferred from the NHS to FacilitiesCo. Our evidence suggests Acute Trust will continue to monitor performance of supervisors employed by FacilitiesCo with an interest in selection for vacancies in clerical and assistant nurse posts. The problem, however, is that from the point of view of FacilitiesCo this constitutes a type of poaching, resulting in the loss of talented staff. The future challenge for FacilitiesCo managers is how to balance these HR costs with the need to maintain a positive relationship with Acute Trust to ensure quality of co-produced services. As one of the HR managers explained:

*We have to work with the Trust. If the Trust has an expectation that we have a certain element of the workforce that could progress, we couldn't stand in*

*the Trust's way and say, 'Actually, no – we don't want you to recruit that type of person.' And I think it would be foolish of us to do that anyway, because we are trying to work in partnership and we want to provide the best service for them. ... It does cause a problem where a lot of our staff would be poached by the NHS because they see the capabilities of those employees and think, 'They'd probably work in this kind of role, so we'll say we are advertising – apply.' So it happens all the time anyway. But we have to work with the client to make sure it doesn't cause us any operational difficulties.*

(Hospital 9, FacilitiesCo)

A third potential obstacle to realising extended career paths concerns the difficulty of designing careers on the one hand to suit the needs of an integrated project team (or partnership approach to working) and on the other hand to align with the development needs of the profession, or the single organisation. We find different examples of this tension in all four cases (Table 10).

For example, at IT Services, clients assume a certain degree of continuity of deployment among ITCo senior project and programme managers. Sometimes this is stipulated in a contract, often with the name of the managers involved. As one ITCo manager put it, the client on a large contract may say, 'I expect to see this person in post for the next 18 months – but I do understand they've got a career. I do understand' (IT 6 ITCo). Clearly, the person does retain the right to leave, but a contract typically commits ITCo to negotiating an exit with the client. One group of people for whom it was especially challenging to balance an ITCo career against project continuity were the project transition experts, who must stay to complete the transition stage of the project.

At Network Care, while organisational partners had sought to encourage career paths as part of integrated teams, they were unable to match the more extensive career paths offered within the separate professions. On the one hand, staff providing mental health services could consider career opportunities that arose within the integrated team, possibly crossing professional boundaries. On the other hand, however, the still more attractive option was to follow the conventional professional route – and NHS staff enjoyed more possibilities to progress to senior grades than social services staff.

*Within nursing...they've brought in loads of different bandings and pay scales that social workers haven't got access to. ... [For] a qualified social worker, I think you can get to senior practitioner, which is a little bit more money, and you have to progress into management then to progress your career. Whereas nursing, clinically, there are a lot more opportunities...*

(Care 7, MHT)

*I know in the NHS they have a skills escalator, don't they? – Some form of career progression? But in social services there is nothing, and it's unfair. In social services, if you're on Level 2, you're on Level 2. You can't do a Level 3. You can't go on to upgrade yourself.*

(Care 8, LA)

## CONCLUSIONS

- ✦ Effective performance management is critical to developing policy for skill development and career progression but is often undermined by problems of employee visibility (for example, when employees work on-site at a partner organisation) and unresolved differences in performance goals among partner organisations.
- ✦ Managing skill development in a co-production model is facilitated where partners invest resources in sharing skill standards in order to improve transparency of employee quality.
- ✦ Awareness of how collaborative relations shape the skill content of jobs enables managers to identify the scope for integrating skill content and for establishing open access to training programmes among cross-organisational teams of employees.
- ✦ Cross-organisational career paths will not arise spontaneously due to obstacles associated with the character of the co-production model, especially the fragmentation of previously internal career paths (where employees paradoxically may face a restricted set of career options) and weak organisational sponsorship (where employees may believe their employer has lost interest in their career prospects).
- ✦ Managers must address particular challenges in promoting new integrated career paths among teams from different partner organisations, especially where new career paths conflict with conventional professional promotion routes.

- ❖ **In this concluding chapter, we briefly review some of the key arguments made in the main body of the report.**
- ❖ **We then draw out some implications for practice and policy.**

The material in this chapter is supplemented by another CIPD publication – the management guide . This offers a number of key lessons for practitioners and is illustrated by examples from each of the case study networks. For further information go to: [www.cipd.co.uk/research/rsrchplcypubs/guides.htm](http://www.cipd.co.uk/research/rsrchplcypubs/guides.htm).

## KEY ARGUMENTS PRESENTED IN THE STUDY

The major contribution of this project – and indeed other work we have done on managing people across organisational boundaries (eg Marchington *et al*, 2005) – is to extend and develop our understanding of how HRM operates in multi-employer networks. There has been a dearth of research and theory in this area, and most analyses of HRM and the management of employment still define employment relationships as existing between a single employer and its employees. Although some studies go beyond this simple model, they mostly fail to recognise the complexities of people management within networks. Furthermore, existing work has tended to assume that clients are typically the stronger party in relations with suppliers, and thus able to influence to a greater or lesser extent their approaches to people management. Our research shows that this is patently not the case, and that relations can vary significantly depending on, *inter alia*, the network being examined, the parties to the relationship and the types of work that are being done.

In this report we have developed a number of ideas that help to understand how HRM does operate within networks, and some schema to make the transition from single employer–employee relations to the more complex multi-employer networks easier to achieve. In particular we focus on the processes of trust formation, patterns of dominance between organisations, and

degree of modularity across the network to examine how co-production systems are designed and implemented. This causes us to consider the goals of different parties to the relationship, their willingness to work with each other, and the role of boundary spanning agents in helping to lubricate – or hinder – relations between employers. In order to examine the role of HRM we make use of the concepts of alignment, integration and consistency to see how the HR systems (policies and practices) used by different partners in the network mesh in with each other. This enables us to achieve a sharper focus on precisely what employers are doing to address these core issues.

**'In this report we have developed...some schema to make the transition from single employer–employee relations to the more complex multi-employer networks easier to achieve.'**

Of course, we do not assume that it is easy or even desirable to achieve greater degrees of alignment, integration or consistency between partners; instead, we regard this as an empirical question to be asked about all networks. In order to do this, we must look at people management issues from different angles around the network, so as to take into account the perspectives of clients, contractors and partners in each relationship. This complicates matters considerably, and contrasts with other research that tends to view each issue solely as an HR problem for the employer – usually from the perspective of the client. To complicate matters even further, we recognise that there can be different, and indeed potentially conflicting, employer goals across the network. Examples include tensions between the organisational goals

of, say, shareholder value and public service, or between profit and social legitimacy.

Prior to moving on to consider the implications of our findings we must make one further key point. Our case studies were all examples of networks in which the different employers actually had an interest in working closely with one another, whether through some shared commitment to better patient care, a higher-quality service to end-users or a contribution towards regeneration of the local economy. Because of this, there was a willingness to share ideas with other partners in the network and make an effort to build and sustain trusting relations. This is clearly critical for the development of people management across the network, and the findings have to be considered with this in mind. The fact that many of the initiatives had shortcomings or even flaws did not usually occur as a result of one or more of the partner organisations actually *wanting* them to fail in the first place. Nor was it by any means always the case that workers from partner organisations were treated worse than their own employees, although cost reduction through changes to terms and conditions sometimes provided the motivation for outsourcing. For the most part, failings or problems arose due to tensions across the network, through poorly-conceived implementation of HRM or through changes in the business system involved.

In all our case studies, the problems of designing and implementing HR practices to cope with working across boundaries were underestimated. Many of these problems were to a large extent intractable, in the sense that efforts to harmonise people management within the network may have created as many problems in other parts of the business or for consistency in the employment relationship. Consequently, although we may not be able to provide a long list of success stories and examples of best practice, our findings are more realistic because they show how employers have tried to implement HRM in these new environments only to be confronted by different sets of problems.

These results might suggest that any attempt to form high-trust networks is necessarily doomed to failure because of underlying structural flaws in the model. In many respects such conclusions are more in line with the normal state of affairs in employment relations. Compromises between competing objectives or short- and long-term goals mean that the search for the perfect HR strategy may be primarily an illusion. What is important is to recognise the source and forms of tensions in the employment relationship. In a multi-employer context, this means identifying those that come out of working in a network and that may compromise the principles of consistency and fairness.

**We suggest...that informed judgements must be made as to the net benefits of entering into a co-operative network...'**

We suggest, therefore, that informed judgements must be made as to the net benefits of entering into a co-operative

network, taking into account the additional complications and sources of tension for people management resulting from cross-organisational working. If collaboration with other organisations still appears beneficial, then the lessons of these findings may be to point to the range of problems that may arise and the kinds of compromises that may have to be negotiated. They also point to the sorts of trust relations that need to be fostered if co-operative goals are to be achieved. Within this context long-serving boundary spanning agents may provide a necessary level of stability because a) they are able to help newcomers understand the rationale behind setting up networks in the first instance and b) they have a good knowledge of the people involved.

## IMPLICATIONS AND OPPORTUNITIES

This final section of the report considers implications and opportunities, drawn from different parts of the study, under three different headings: developing and implementing partnership-oriented business contracts, the contribution of the HR function, and policy considerations. As should be apparent from the previous section, none of the points made below is meant to offer a panacea for resolving all kinds of problems, but they are more realistically presented as ideas that are worth taking forward.

### Developing and implementing partnership-oriented business contracts

- ❖ A range of context-specific solutions must be identified for each case, as an outcome from discussions across the network. It means that all partners to the contract need to adopt an open and inclusive stance, as opposed to a narrow bargaining agenda. This depends upon factors such as the type of businesses involved, the nature of work shared across the network, the skill levels required to make co-production effective, the absence or presence of trade unions in the sector, and so on. The fact that all four of our case study networks had quite different arrangements for co-production shows it is not possible to identify a common model.
- ❖ All partners to a co-production system have to recognise that even with the best will in the world there are limits to the amount of integration that can be achieved across organisational boundaries. Closer integration is not possible solely with the shake of a magic wand, and there are limits to integration caused by what appear like relatively minor 'details' – such as incompatible IT systems, different holiday arrangements, or confidentiality issues resulting in blocked access to an intranet. Moreover, the more that integration between parts of two different large organisations – such as a health trust and a local authority – is achieved within a network, the more it is bound to create elements of disintegration within either or both of the partners because other staff work on different contracts, in some cases within different

networks. It must be recognised that integration and disintegration go hand in hand.

- ❖ Trust and a willingness to work closely together is an essential prerequisite for effective collaboration across the network. The achievement of high trust is not easy to establish but is at risk of being lost quickly if relations are not built on solid ground. One way to embed this more deeply is to ensure that relations are not developed solely at senior levels within the partner organisations, but are widely diffused. A key role here can be played by boundary spanning agents in trying to foster links between the organisations and helping to ensure that blockages and barriers are broken down. Some degree of continuity in these roles can also be vital for successful implementation because rather than seeing new problems as offering a simple way out of existing contracts, previous high-trust relations might encourage a shared approach to overcoming these pressures – as indeed we saw at Network Events and Network Care, amongst others.
- ❖ It is important to focus both on the wider picture and on workplace realities when introducing a new network relationship. New ways of working may not only provide the motivation for collaboration but also be a source of resistance and/or resentment. It is therefore important to think through both how the contract as a whole is to be managed and how individual workers who might collaborate together on teams can be encouraged to have shared and positive attitudes. New and improved facilities and equipment might be important in gaining support for change, as too might a clear commitment to improve the quality of services, particularly in public service.

### The contribution of the HR function

- ❖ In order to achieve the levels of agreement necessary for any network to function effectively, it is imperative that the HR function ensures that a wide range of stakeholders is involved in the implementation of new partnership arrangements. In particular, as we saw in one of the case studies, this may mean working closely with other parties, eg trade unions, in the process of change. In other situations it might also involve community and patient groups, as well as other local employers that are part of the same location, in order to increase the range of ideas and generate buy-in from diverse sets of interests groups.
- ❖ Different partners in the network should be encouraged to develop more thoughtful and novel approaches to the co-production of services. A key role here can be envisaged for organisational development and design experts who can work with top teams in different organisations in the network to get them to share ideas, as well as develop communications and engagement agendas to ensure that a wide range of workers are involved in the partnering

process. This also extends to other mechanisms to help develop worker identities and promote alignment between individual goals and organisational and network objectives that are relevant to each case. A good example here is the Skills Academy at ITCo.

- ❖ Different HR practices may be subject to novel approaches that fit with key elements in the network. For example, in this study we saw evidence in IT Services of appraisals being undertaken by more than one manager in order to take into account both their external client-facing activities and their internal employer-oriented activities. However, this novel proposal was not working smoothly because managers without day-to-day supervision of the client activities often did not have enough information to undertake the appraisal. Nevertheless, this experiment illustrated the need to recognise that many employees are not under regular or direct single line manager supervision. In other situations a case can be made for the provision of joint training (as in the care network) or sharing staff across the network (stewards at the events site). Even though problems may remain with any of these approaches, as indeed we found in the case of joint appraisals, they may be less than through more traditional methods.
- ❖ It is vital that the HR function implements effective performance management systems across the network that ensure equal opportunities for skill development and career progression. Our case studies show that the design of such systems must be attentive to two problems – namely, employee visibility (for example, when employees spend most of their time at the workplace of a partner organisation) and unresolved differences in performance goals among partner organisations. Moreover, the HR function must address particular challenges in promoting new integrated career paths among teams from different partner organisations, especially where new career paths conflict with conventional professional promotion routes.
- ❖ HR managers must be responsive to sector institutions that provide a framework for shared standards across network partners. Evidence from our case studies points to external influence on a variety of standards, including qualifications, skill-mix and employment conditions such as pay and working time. There may be good reasons for a network-based employer to welcome such external pressures since shared standards can foster stronger collaborative relations and solve many of the co-ordination problems among partner organisations. All too often it is assumed that the presence of high-trust relations among partners is a sufficient condition for the resolution of co-ordination problems. But our case studies also demonstrate that external 'pressures' may also help to shape common business strategies among network partners and so reduce the risk of ongoing conflicts and tensions.

❖ Line managers have to be up to speed with all the potential problems of managing across boundaries. These managers occupy prominent positions in all organisations, but in networks they may also have responsibility for managing workers employed by other organisations. They must be recognised as crucially important in the interpretation and implementation of HRM. In the cross-boundary context, this becomes critical if there is to be any likelihood of achieving consistency in operations. This requires careful selection techniques that are capable of identifying people who are good at managing in ambiguous situations, clear induction programmes in the art of working across boundaries, specific training in how to deal with systems other than one's own, and performance management regimes that recognise and reward their contribution to achieving a successful network. A failure to pay sufficient attention to this area can lead to 'single employee consistency' being compromised by the frequent involvement of managers not from the employing organisation and who lack understanding of both the goals and accepted practices by which HR procedures are implemented. These problems can involve a whole range of people management practices, such as discipline and grievance handling, requests for leave of absence, and complaints from clients that reflect differences in expectations between employers.

### Policy considerations

❖ Networks increase the risk of job insecurity because employees are typically expected to be mobile across different employers within the network. Existing policy regulations such as TUPE, as well as the innovative NHS Retention of Employment model, provide some protection for employees in networks and therefore improve their commitment and co-operation at work. However, no system is a panacea and attention must be paid to developing long-term protection for staff that nevertheless facilitates integration with the new employer's HR systems. TUPE transfers leave staff in a kind of limbo with no clear path towards integration (Earnshaw *et al*, 2002). The Retention of Employment model appears to avoid these problems by allowing some groups of staff not to transfer. But the idea of being managed by one organisation and employed by another still increases scope for ambiguity and our data suggest problems of blocked career paths among NHS ancillary services staff, since non-supervisory and supervisory staff are employed by different organisations. Detailed monitoring of these problems and how they might be best managed is thus vital to improving job security, especially to learn lessons for how to improve upon existing TUPE legislation.

❖ Consistency in HR policies is important for promoting notions of fair treatment, and this is a major issue in multi-employer networks. So far the debate about consistency in multi-employer networks has focused primarily on the

payment of different rates to those employed by temporary work agencies, or subcontractors of outsourced services, compared to directly employed staff. However, our examples have found that problems of what we refer to as 'among employee consistency' may also apply in networks comprised primarily of staff on permanent or open-ended contracts. Consideration must be paid as to whether there should also be some upwards harmonisation after a period of time if staff are still engaged on the same work but paid differently (although differences in the total reward package may have to be considered, not just direct earnings). These ideas, amongst others, are to be developed by the Fairness at Work Research Group at Manchester Business School.

❖ Responsibilities for skill development and training across networks must also be clarified. The development of network arrangements does suggest a greater need for some forms of public intervention to ensure the renewal of the skill base because private sector organisations on short-term supply contracts may have neither the motivation nor the resources to take on these responsibilities in full. It is in fact important that the costs of continuing training provision are fully taken into account when networks are set up and the responsibility for training is not passed from client to supplier without adequate budgetary provision for this activity or indeed agreement as to the necessary level of training provision.

❖ Managing people across networks has implications for the effectiveness of the information and consultation regulations. Many people working at a particular establishment are not employees, and therefore are not covered by the regulations. Instead, they will be covered via their own employer, and this can again lead to fragmentation in delivery and in the value of the information provided. This problem is amplified as many organisations that are involved in network operations might only have a small core of permanent staff (eg the football club and athletics facility at Network Events) but retain the services of large numbers of people who are used once a fortnight or less often. Some of these people might be on retainers; others might be drafted in from other employers to cover busy times. In other words, numbers employed might vary dramatically and the regulations cover only employees. It may also be relevant for information and consultation forums to be extended across organisational boundaries. Currently, employee voice arrangements tend to be limited to their own main employer, and those working under arrangements where managers from other organisations are primarily in charge may feel disenfranchised.

### CONCLUSIONS

This report has focused on a growing form of employer collaboration in the UK – networks – where a range of organisations combine together to achieve the co-production

of services. Our purpose has been to use data from four case study networks from a range of sectors in order to address debates about the supposed automatic superiority of such business forms. On the one hand, proponents tend to be uncritical in their support for this organisational form over traditional employment structures and patterns. On the other, critics tend to dismiss any form of network as flawed in principle and deeply problematic in practice.

**'...new network forms inevitably create tensions and contradictions that were not present in the past...'**

We find that much depends upon the assumptions upon which these partnerships are based, the willingness of the parties to operate in an open and constructive manner, and the nature of work organisation around which the network revolves. We also find that new network forms inevitably create tensions and contradictions that were not present in the past, and although adding some benefits they do not remove all existing problems. We suggest, therefore, that any employers considering a move to closer network relations read our case studies and analysis with care so that they are more fully aware of the downsides to collaboration as well as the potential opportunities. A key role can be envisaged for the HR function here both in helping to map out the terrain and in guiding their senior managers to consider fully any potential problems that might arise in managing people across the network.





# APPENDIX – INTERVIEW STRUCTURE

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## INTERVIEW STRUCTURE

The interviews followed a semi-structured nature and were around three themes focusing on the background of the organisation, issues around contracts and partnership relationships, and managerial and HR concerns. These questions are listed in Table 11 on page 56.

## ETHICS

In line with standard procedures regarding ethics, each individual was provided with information about the study and the nature of the interview. They consented to being tape recorded (with the exception of a limited number of interviews that were conducted over the telephone). Each interview was coded and transcribed. Tapes and transcripts were all stored in a locked office and electronic files were stored securely.

**Table 11** ❖ **Interview questions****Section 1: Introductory and general questions about the organisation**

- ❖ Can you tell me something very briefly about the organisation and the specific site where the research is focused?
- ❖ What would you say are the main goals and objectives of this organisation?
- ❖ Can you explain briefly how services and departments are organised at this site?
- ❖ What is the HR strategy of this organisation?
- ❖ How is the HR function organised in this organisation/site? How important is it in determining/shaping overall organisational/site policy?

**Section 2: Questions about contracts/partnerships**

- ❖ Before getting down to specific contracts, could you tell us something about your overall approach to contracting and partnership?
- ❖ Can you provide some background information about the nature of the contract(s) and how it came about, the work undertaken/fields covered by the contract(s)?

**Section 3: HR issues (eg HR policies and practices, and terms and conditions)**

- ❖ *Learning and development: quantity and quality of training and skills acquisition.* Eg Is there any joint training or similar qualifications for both sets of workers? Is there any attempt by the client to specify skill requirements and qualifications?
- ❖ *Pay and rewards: levels of pay and rewards, systems of payment.* Eg Is there a direct attempt to look at pay comparability, or is a key component of the contract a wish to maintain different levels of pay and benefits? Have there been any equal pay claims related to differential pay rates across teams with different employment histories?
- ❖ *Employee involvement (EI) and communications: forms of EI.* Eg Do workers employed by both organisations work in joint project teams and how are these managed? Do workers from the two organisations get the same forms of EI/the same messages/the same opportunities to contribute to shared goals? Are there different IR traditions in the partner organisations?
- ❖ *Recruitment and selection.* Eg How do the methods of recruitment and the quality of recruits compare (eg in use of graduates)? Is there any attempt by the client to specify recruitment and selection methods to be used by the contractor?
- ❖ *Appraisal/career development methods used.* Eg How do these compare across the two organisations? Is there any attempt by the client to specify methods of appraisal/career development to be used by the contractor?
- ❖ *Work–life balance.* Eg To what extent do both organisations emphasise issues to do with work–life balance?
- ❖ *Contracts/employment security.* Eg Explain the role of client and supplier in the staff transfer process, including the stages of identifying transferees, managing the transfer process (communication, structure, redeployment) and integration of new staff. How quickly do new staff fully integrate? What is the mix of permanent v temporary contracts, and the mix between full-time and part-time? To what extent, if at all, does each organisation guarantee employment security?
- ❖ *Operational smoothness.* Eg Are there tensions between the two (or more) organisations involved in this work/contract in terms of HR issues, or does it seem to work well, both from your perspective and that of your staff? Can you specify any of the areas of HR from those covered above?

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