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Praxis

**Blurring Boundaries and Disordering Hierarchies:
Challenges for employment and skills in
networked organisations**

Jill Rubery, Damian Grimshaw, Mick Marchington



“future policy for employment and skills should take into account the growing likelihood that employees, instead of working for a single well defined employer, work across organisational boundaries.”

Praxis Points

Policy implications: areas for further discussion

This edition of Praxis raises a number of questions about employment and skills in complex and interconnected organisations. Here Dr Richard Garrett and Abigail Gibson from the UK Commission for Employment and Skills highlight some of these.

- 1 There is still much that is unknown about the trend towards networked organisations in the UK. How common is the networked organisation as an organisational form in the UK? How does this compare internationally?
- 2 Is the practice of networked organisations more common in some sectors or occupations than in others?
- 3 How should employment and skills policy be developed in the context of networked organisations? How can policy makers enable the flexibility that networks create whilst mitigating their worst impacts?
- 4 “The growth of networked organisations raises questions over where the normal employer responsibilities for managing employment and investing in skills actually lie (p9)” How can employer ambition be raised in the context of diffused responsibility?

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- 5 In its work on employer collective measures¹ the UK Commission recommended that UK governments should support training-focused employer networks. Is there a way of locating and accessing pre-existing connections to promote training and skills development for priority or high risk sectors or occupations?
 - 6 Do policy makers understand enough about networked organisations to make the business case for skills and to target it effectively?
 - 7 Does the trend towards networked organisations place particular types of skills development activities at more risk than others?
 - 8 The UK Commission's work on skills utilisation and High Performance Working (HPW)² emphasises the importance of consistency in HR practice and of employee voice. Rubery et al suggest the growth of networked organisations could challenge these 'hygiene factors' with a greater risk of a (real or perceived) lack of fairness and consistency in employee's terms and conditions and experience of work. How can performance and value added be maximised in the context of networked organisations?
 - 9 What will the impact of the 'age of austerity' be on the growth of networked organisations? Changing patterns of public sector spend could reduce consultancy and contracting-out, key drivers for networked organisations. Equally a growing focus on intelligent working and 'more for less' could result in greater collaboration and interagency working. What are the implications of this for employment, skills, training and careers?
 - 10 What are the implications of a growth in networked organisations for quality of work and for low pay? How can employee's rights be protected in the context of diffused responsibility? What is the impact of this on the opportunities available to low skilled and low paid individuals to progress?

Engage with the debate

The aim of Praxis is to stimulate discussion and debate on employment and skills policy issues and we encourage readers to engage with the questions raised above, or make any additional points in response to this paper, on the Praxis pages of the UKCES website (<http://www.ukces.org.uk/our-work/research-and-policy/praxis/>).

¹ See <http://www.ukces.org.uk/our-work/research-and-policy/>

² See <http://www.ukces.org.uk/our-work/research-and-policy/>

Contents

Foreword	4
About the authors	7
Employment in networked organisations	9
The research evidence	16
Ideas for policy and practice	24
Conclusions	30
References and recommended readings	32

The views expressed in Praxis are those of the authors and do not necessarily represent those of the UK Commission for Employment and Skills.

Foreword

Welcome to Praxis, the UK Commission for Employment and Skills' policy think piece series, which seeks to highlight key and emerging issues in employment and skills policy for discussion and debate.

³ See, for example, edition 4 of Praxis, which highlighted the way in which organisations are increasingly connected at a global level both in terms of competition and collaboration - Brown, Ashton & Lauder, 'Skills are not enough: the globalisation of knowledge and the future UK economy' (UKCES, March 2010)

Whilst there is a growing recognition of the way in which business and enterprise is connected at a global³ level relatively little attention has been paid to growing connectivity amongst organisations within the UK and what this means for employees and their experience of work. Many individuals work in 'networked' organisations' where the boundaries between, and hierarchies within, organisations are challenged as a result of outsourcing, subcontracting and collaborative working. As a result the nature of the employer/employee relationship is increasingly 'complex and ambiguous', with implications for people's experiences of employment, skills, training and careers.

In this edition of Praxis Jill Rubery, Damian Grimshaw and Mick Marchington explore some of the implications of this trend for employee's experience of and relationship to work. Organisations can choose to work through networks in a variety of ways and for a variety of reasons – from strategic motivations around core competencies and specialisation, to financial pressures around reducing costs and creating economies of scale. Accordingly the impacts of these ways of working are diverse also and present a number of challenges in terms of the individual employee's experience of work: their terms and conditions compared to those with whom they work; opportunities open to them in terms of training and development, career progression and employee voice; and discontinuity in terms of messages and expectations.

This paper highlights a complexity in the way in organisations in the UK work that is not always acknowledged in policies intended to promote employment and skills. Public policy has, to some extent, to work on the basis of theoretical simplicity– indeed if policy makers tried to take account of every possible configuration nothing would be achieved - but there is also a need for greater awareness and consideration of the diverse experiences of employees. Developing a better of understanding networked organisations may allow policy development that ‘goes with the grain’, making use of the ways in which organisations organically grow and connect to enable or influence the behaviour of employers, employees and the broader networks in which they operate.

This edition of Praxis provides a valuable lens through which to examine issues such as employment relations, raising employer ambition, equality at work, low pay, progression, skills development, training opportunities, high performance working and skills utilisation. A series of questions are raised in response to some of these at the start of this paper and readers are encouraged to engage with this debate at <http://www.praxis.org.uk/our-work/research-and-policy/praxis>.

Abigail Gibson

UK Commission for Employment and Skills

“The growth of networked organisations .. raises questions over where the normal employer responsibilities for managing employment and investing in skills actually lie”

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UK Commission for Employment and Skills

“there are many ways in which networked organisations may affect not only the employment experience of individual workers but also the capacity of organisations and the economy to engage with the agenda of developing the high skill, high productivity economy”

Employment in networked organisations

Introduction

Working in networked organisations – where more than one organisation collaborates in the production of goods or services – is becoming increasingly common. Growth in outsourcing and the formation of inter-organisational partnerships, particularly in public services, means that more and more employees find themselves working alongside staff employed by other organisations, trained and developed by client organisations or even working under the direction of managers from partner organisations. These arrangements challenge the conventional view that employees work solely for and under the direction of a single clearly defined employer. The growth of networked organisations also raises questions over where the normal employer responsibilities for managing employment and investing in skills actually lie. This Praxis paper argues that these complexities in employment arrangements need to be fully appreciated if the UK is to realise its high skill agenda.

The paper is organised as follows. First we introduce the notion of networked organisations, identify the different forms they take and the varied motivations for collaboration. Second we review research evidence on the challenges these network forms pose for consistency and fairness in human resource management and for the development of skills, training and careers. In the third section we draw on this evidence to identify how these network arrangements can inform thinking about employment and skills policy and practice.

Forms of networked organisations

The traditional image of work is that it takes place in a workplace - be it a call centre, a hospital or a factory - where teams of people and the physical space itself fall under the authority of a single employer. While this model is still widespread, it is far from the only model of working arrangements. It is now increasingly common for two or more employers to work together to produce goods or deliver a service. This changes the context of work considerably. Instead of working solely within their own employer's workplace, people may find themselves spending long periods of time at the workplace of a client organisation or working in teams drawn from two or more collaborating employers, often overseen by managers from a different organisation. In some workplaces direct employees work alongside staff from temporary work agencies, brought in for a designated task or to provide temporary cover. In other words, collaboration in work now occurs not just within a firm but also across the boundaries of firms.

Table One provides a summary of the most common forms of networking arrangements, including outsourcing (off-site and on-site), use of agency workers, project work, and partnerships/joint ventures.

Table One: Types of network

Organisational type	Explanation	Typical examples
i) Outsourcing on-site	Client outsources some activities to a subcontractor but work is done on-site. Staffing may involve new hires, TUPE transfers or subcontractor's existing employees	IT outsourcing, facilities management
ii) Outsourcing off-site	Client outsources some activities to subcontractor but work undertaken off-site. Clients may still exercise some control over HR practices (e.g. monitoring, selection or training of subcontractor's workforce)	Call centres, components manufacture outsourcing, retail
iii) Agency use	Client makes use of agency workers to work alongside own employees	All types of agency work - professional to low skilled
iv) Project work	Project teams with employees from several organisations work together on a short-or long-term basis	Construction or design projects, media projects, consultancy
v) Partnership/joint alliance	Partnership may involve employees from different organisations working together on a long-term basis, often at the same site	NHS/local authority partnerships, R&D joint ventures

Motivations for forming networked organisations

Inter-firm collaborations are established for a variety of reasons. Although often presented as win-win alliances with benefits for all stakeholders, the outcome in practice may depend on the extent of shared objectives between the participating organisations and the main motivation for establishing the alliance. Some of the most common reasons for entering collaborations include the opportunities to:

- i) enhance specialisation or realise economies of scale;
- ii) focus strategically on core competences;
- iii) reduce costs;
- iv) implement new ways of working in line with management fashion and/or government preferred options;
- v) engage in projects or activities with short term life expectancy.

The primary motive for collaboration is likely to influence the consequences for employment. Those aimed at reducing costs may have more immediate impacts on employment conditions than those aimed at bringing in new knowledge and expertise. However, sometimes participating organisations try to achieve multiple objectives. So, even if the main objective is to reap economies of scale or to focus on their core competences, opportunities to reduce costs may still be seized upon by collaborating organisations as an additional bonus. Nor are all outsourcing/partnership decisions motivated by long-term strategic goals or based upon careful and systematic assessment of options. Management 'fads' or 'fashions' influence debates on both private and public sector modernisation. In some cases collaborations may reflect short term opportunism or indeed responses to current business and public policy fashions.

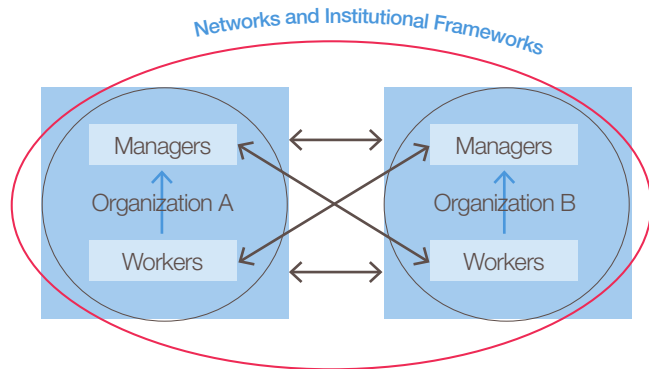
Why networked organisations create challenges for the employment relationship

There has been much debate on the employment consequences of the flexible labour market. Most discussion of new network arrangements such as outsourcing and agency work has focused on the growth of non-standard employment contracts and threats to employment security. However, many of the new network organisations still involve long-term employment relationships. Staff may continue to be employed by one organisation while engaging in a range of cross-organisational collaborations as they move between clients and projects. Tasks outsourced offsite may still be undertaken by the subcontractor's own long term employees. And even if staff are transferred as part of an outsourcing arrangement, they may still remain on the same site in the same location, doing the same tasks even though they are under the direction of a different employer.

Surprisingly little attention has been paid to the impact of these inter-firm collaborations on the employment experience beyond the issues of employment security and employment contracts. Employees working in a network environment may encounter differences in the treatment of staff due to disparities in terms and conditions of employment offered by participating organisations. They may also find themselves subject to contradictory messages and obligations as they seek to work closely with clients yet still retain responsibilities to their employer. In many collaborations their line managers may even be employed by other organisations in the partnership. What this means for the individual employee is that instead of working under the direction of and in the interests of their own single employer, they may be required to adapt to 'multiple masters'.

Figure one illustrates the complexities of these inter-organisational lines of control and communication. This shows that in addition to the normal hierarchical relationships between managers and workers within an employing organisation, inter-organisational collaborations may lead not only to team work across boundaries but also to managers from one organisation intervening to influence the behaviour of employees from another organisation. These interventions across firm boundaries do not always even respect conventional hierarchies; employees from a client organisation may be tasked with influencing the behaviour of managers in another supplier organisation.

Figure One: Blurring Boundaries and Disordering Hierarchies



Networks also impinge on other aspects of the employment relationship. For example, they may expand or limit employees' access to training, promotion and career development dependent on opportunities available from different employers across the network. Similarly, they may change employees' opportunities for their voice to be heard within the workplace or to engage in forms of collective representation, particularly where consultative committees or collective bargaining arrangements remain organised around the individual organisations rather than the network.

“as employers in networks do not have a free hand in shaping employment and skill development it is critical to include in policy development all the actors in the network- the clients, the subcontractors as well as the workers themselves”

The research evidence

The evidence on which our discussion of policy implications draws relates to research undertaken first as part of the ESRC future of work programme⁴ and second as project on managing people in networked organisations, jointly funded by the Chartered Institute for Personnel and Development (CIPD) and the Department of Health (DH)⁵. The arguments developed in this paper draw upon these publications.

⁴ Marchington et al. 2005, Rubery et al. 2002, Earnshaw et al. 2002, Grimshaw et al. 2002

⁵ Marchington et al. 2009

Managing networked organisations: problems of consistency and fairness in human resource policies

In the traditional single employer-employee relationship, workers are subject to rules devised and set, for the most part, by their own employer. These rules apply to a whole set of human resource management practices - including grievance and disciplinary procedures, working hours or opportunities for employee voice, to name but a few. Trade unions have always advocated the establishment of rules to ensure fairness and consistency in human resource management. However, employees working in a multi-employer network may find themselves subject to different sets of rules or to different approaches to the implementation of ostensibly similar rules. These inconsistencies may lead to perceptions of unfairness.

One area where inconsistencies may occur is in the application of disciplinary procedures. Workers employed by one organisation may find themselves subject to hefty penalties for actions that would attract little more than a brief word for employees of another partner to the contract. Problems may be exacerbated if employees of one organisation are managed by supervisors from another, as happens in partnerships and long-term contracts for outsourced services. Tensions are likely to arise if the 'new' supervisor is not fully aware of how disciplinary rules have been applied previously. He or she may manage performance according to the rules but not in line with customary practice.

The consequence of such actions can be profound, ranging from low levels of worker satisfaction through to manifest conflict and/or poor customer service.

Problems of consistency in the treatment of staff are most likely to arise when staff working alongside each other are employed by different organisations in the network. These organisations may pay quite different wages even for similar types of workers. While wages may remain in line with those of colleagues in the home employing organisation, the fact that they differ – sometimes significantly – from those received by employees of other partners in the network can undermine team spirit. Similar complexities can arise in relation to hours of work, holiday entitlement, and of course pensions.

Differences can also occur in opportunities for worker voice across networks. Staff transferred to a subcontractor may find it more difficult to exercise the right to representation by their trade union, especially if their original employer had outsourced the work in part to reduce trade union influence over employment conditions. Workers employed offsite may have difficulties in expressing their voice within their own organisation. If they have a grievance they may find it hard to make contact with representatives from the home organisation and are typically denied access to the grievance procedures operated by their host organisation. They may also find it hard to gain support for an issue from colleagues who are employed by a different organisation. Agency workers in particular may receive little sympathy from permanent staff who may actually resent their presence at the workplace.

According to the results of successive Workplace Employment Relations Surveys, employers in the UK have made efforts to improve information dissemination but this is hard to maintain for employees who are working off-site. Even if their own employer is keen to reinforce employee engagement, messages are often diluted if there is no regular contact with other colleagues in the organisation.

This may limit the development of ‘strong’ organisational cultures that are critical for high performance human resource strategies (Bowen and Ostroff, 2004). To complicate matters further, workers employed off-site at a client may find that they are included in efforts to encourage them to identify with the client organisation rather than their own employer.

Developing a high skill economy: problems for skills, training and careers

The development of a high skill economy (UKCES 2009, 2010) is dependent upon three interrelated factors; the designing of skill into the production systems; the provision of training opportunities; and the availability of career opportunities to enable individuals to utilise and further develop their skills. The growth of networked organisations has implications for all three aspects of the high skill policy agenda.

Designing skills in and out

It is often assumed that outsourcing is used for relatively low skilled or routine work. However, international research demonstrates that countries differ in the level of skill used to produce similar types of goods and services (Finegold and Soskice 1988). The UK is known for minimising its use of skill in its production systems, particularly at lower levels of the hierarchy (Cully et al. 1999). One incentive to develop more routinised ways of working is that such work is more easily outsourced because it is more easily monitored. For example, the global call centre project, which obtained data from up to 40 countries, found that outsourced call centre work was more routinised than in-house work (Holman et al. 2007). Outsourcing may offer opportunities to reduce costs through access to lower waged labour. Thus jobs may be routinised in order to be outsourced, not outsourced because they are inherently low skilled. This of course has consequences for the quality of the goods or services provided.

Inter-organisational collaborations do not always lead to designing skills out (Table 2). Indeed in some cases they enable greater specialisation and promote the development and deployment of highly specialised skills. Working across organisational boundaries is also likely to increase demand for skills in relational coordination, such as communication and negotiation skills (Gittell 2000), as well as contract monitoring expertise. These enhanced skill requirements may only emerge after the decision to engage in collaboration, resulting in skill gaps in these areas. Moreover, even if client company managers develop new expertise in contract management, over time they may lose their detailed knowledge and expertise in the particular activity. This loss of specific operational knowledge may reduce the organisation's capacity to in-source the activity if outsourcing proves unsatisfactory.

Table Two: How networked organisations design skills in and out

Designing skills in	Designing skills out
<ul style="list-style-type: none"> • Develop specialist skills in a networked specialist firm 	<ul style="list-style-type: none"> • Outsourcing to low cost subcontractor encourages routinisation of skill
<ul style="list-style-type: none"> • New skills in relational coordination 	<ul style="list-style-type: none"> • Finite contract duration destabilises human capital investment
<ul style="list-style-type: none"> • Contract management skills, including negotiation and performance monitoring 	<ul style="list-style-type: none"> • Reliance on partner for knowledge skills may reduce core competency of organisation
<ul style="list-style-type: none"> • Partnership may involve employees from different organisations working together on a long-term basis, often at the same site 	<ul style="list-style-type: none"> • NHS/local authority partnerships, R&D joint ventures

Developing skills and training

The ambiguity over where employer responsibilities lie within networked organisations has implications for the form and level of training provided. Through either contractual conditions or more informal mechanisms, clients may influence training provision. In some cases they may provide some or all of the training themselves, while in others they may specify the types of training and the qualifications/ accreditation requirements for the subcontractor. It is possible therefore for good human resource practices to be diffused down the supply chain from client to supplier. Our own empirical research has found that some networks have positive effects on training investments. For example, a shared approach to training between a health trust and a local authority can benefit both the workers and the organisations concerned. Clients, by including training standards in tender and contracts and in monitoring quality standards, can raise the training standards adopted by subcontractors. These positive effects are particularly likely to occur where national bodies (for example in social care and sports activities) set rules which influence training standards even in sectors dominated by small employers.

On the other hand, networks may also have negative consequences for training. This occurs most obviously where the length of contract is too short and the prospects of renewal too uncertain for the subcontractor to be motivated to invest. Also, the contract price may be too tight for the subcontractor to finance training (an issue, for example, in social care). The client may also be interested only in promoting specific training for a narrow range of tasks, potentially preventing the subcontractor from providing staff with more general training.

Another issue that arises when activities are transferred to specialised subcontractor or partner companies is how to maintain access to firm-specific knowledge to complement the general specialist knowledge that the subcontractor brings to the table.

The short-term solution is to transfer staff from the client firm to the subcontractor, as required by regulations covering the transfer of undertakings, known as TUPE. These arrangements provide some employment security for staff and also ensure that the client retains access to firm-specific expertise. To this end, transferred staff may be expected to remain in their current posts and discouraged from exploring new career opportunities in the subcontractor organisation. This is a short-term solution and the subcontractor often has no strategy for renewing this firm-specific knowledge, particularly when renewal of the contract is uncertain. Indeed if the contract is terminated and awarded to another company the first subcontractor may resist pressure to TUPE transfer its more knowledgeable and skilled staff working on the client contract to the new subcontractor as it no longer has a stake in the operation (see Grimshaw and Miozzo 2009). Such problems are especially evident in IT contracting in public services.

Network or organisational careers?

Individuals' career opportunities have traditionally been strongly influenced by their employer organisation. This dependency on the employer organisation may both open up career opportunities but also, where potential upward mobility is limited, close them down. Networked organisations may therefore enhance career opportunities by providing individuals with an expanded range of options (Kessler et al. 2006). From the employer's perspective, this is a major downside of networking as poaching of staff may increase. However, career opportunities may just as frequently be curtailed by working in a network, particularly when staff are transferred to specialist organisations where opportunities for progression are limited. Moreover, where organisations are constantly reviewing options to outsource activities, employees may feel their security is under threat and thereby feel less committed to their employer.

Clients' actions in networked organisation may also have mixed effects on individual careers. For example, clients may insist on staff they already know who have substantial experience taking on key roles. This reduces opportunities for other staff to move up into these roles and indeed may also curtail opportunities for the more experienced staff to move on to new work to enhance their own careers. Clients' preferences for staff deployment may be based on only limited knowledge of the skills and expertise of the staff as a whole and their specific requests may create unfair advantage for some and by implication disadvantage for others. Clients may also take actions that blight individuals' careers in an unfair way. For example, they may request staff to be removed from a contract for reasons not to do with competence but because the staff member has been protecting the interests of their own employer rather than the client.

A key finding is that the emergence of networked organisations does not automatically signal the end of organisational careers. It is more that working within a network may cause problems and complexities for individuals who still wish to pursue organisational careers. Employees who engage in project work or who are seconded to other organisations may feel they lack visibility within the core or home organisation. Careers often require organisational sponsorship, but if the line managers who usually provide this are employed by other organisations, such sponsorship may not occur.

“Flexible labour markets mean that employers need to collaborate more, not less, in developing generally recognised skills”

Ideas for policy and practice

The most important practical implication that follows from these findings is simply that all future policy for employment and skills should take into account the growing likelihood that employees, instead of working for a single well defined employer, work across organisational boundaries. This requires extending the notion of an employment relationship beyond that where rights and responsibilities are defined by a simple bounded relationship between an employee and their single employer. It also requires policymakers and analysts to engage even more with the role that organisational employment policies play in shaping employment arrangements. The argument made here is that it does indeed matter to the individual who they are employed by and it is interventions into this employment relationship from other clients and partners that create complexities and ambiguities. However, as employers in networks do not have a free hand in shaping employment and skill development it is critical to include in policy development all the actors in the network- the clients, the subcontractors as well as the workers themselves.

Although networked organisations create challenges for employment policy and practice, our research suggests that the impact on outcomes for both employees and employers can be both positive and negative. It is important to emphasise this diversity since the main debates on networked organisations stress only positive outcomes. These positive outcomes are said to include: new opportunities to develop a 'shared purpose' in managing the knowledge required to co-produce goods or deliver services (Dyer and Nobeoka 2000); the chance to develop social networks that provide the basis for 'boundaryless careers' (Arthur and Rousseau 2001); and a basis for more efficient management of staff by offering opportunities to select a variety of human resource policies from a portfolio of offerings (Lepak and Snell's 2007). By contrast, the evidence here highlights the tensions and ambiguities in the employment relationship that arise directly or indirectly from the presence of multiple employers across the network.

In some cases, the network may be formed explicitly to transfer risk from client to supplier, with attendant implications for employment relationships. In other cases, problems for employment arise because of unforeseen, and for the most part undesired, consequences of collaborations. These may include perceptions of unfairness when employees from one organisation receive more favourable treatment than those from another. Yet, there is no easy solution to such problems. For example, efforts to rectify these anomalies by harmonising terms and conditions across the integrated team may create more problems because team members also belong to a wider group of staff, most of whom are not working within the particular network. Similarly, providing more favourable conditions to those in the network compared to those remaining in the home organisation simply creates new tensions and inconsistencies within the internal hierarchy.

Beyond this call to introduce network arrangements into all analyses of employment and skills policy, there are three specific areas where some amendment or development of policy and practice is required. These areas can be summarised as promoting fairness at work; promoting opportunities for employee voice and consultation; and promoting a high skill agenda through training and career development opportunities. All can be considered important elements in developing the high skill, high performance and high commitment workplaces called for by the UK Commission's Ambition 2020.

First, with respect to promoting fairness, there is a strong case for reviewing and revising employment legislation to take into account the ambiguities and associated unfairness in employees' legal rights introduced by networked organisations. Employment legislation still presumes that employment relationships are formed with a single employer. The role that multiple employers may play in shaping employment has only been explicitly recognized in law in two main situations: health and safety legislation where the main employer on site has overall responsibility for all workers on site whoever their actual employer may be; and sex and race discrimination where clients of temporary agency workers are not allowed to make specific requests for workers of a particular sex or race⁶. In other situations, there is ambiguity over where responsibility for unfairness lies: for example, an employer may not be responsible if an employee is harassed by employees of another organisation, even if they are working in partnership with that organisation. It may also currently be deemed fair to dismiss an employee without full investigation of a complaint when this comes from a third party such as a client. Where the employer is under pressure to meet the client's demands, this may violate the rights of the employee for a fair hearing. There may also be a case for widening the scope of equal pay comparisons to include people who an employee works alongside even if employed by another organisation. This is the practice now to be introduced for temporary agency workers, albeit only after twelve weeks of employment in the workplace, but it could also be extended to teams of staff drawn from more than one collaborating employer. In short, working in networked organisations may both introduce new areas of inconsistency and unfairness and also distribute employer responsibilities across the network; both of these risks need to be considered when framing and revising employment protection legislation.

⁶ *Earnshaw et al 2002*

Second, the provision of employee voice and consultation rights is an important part of developing both fair and high commitment work environments but in network organisations many gaps in opportunities for employee voice remain to be filled. In the case of the Information and Consultation of Employees' Regulations no provision is made for worker voice or consultation across organisational boundaries as workers employed on a site other than that of their employer do not count as part of the workforce. Indeed, an organisation that employs a small core of workers, but supplements these through significant levels of temporary recruitment or the use of agency workers, could well avoid inclusion in the regulations.

Business-to-business contracting within networked organisations can also limit the scope for employee voice and representation in important areas such as pay levels, working time or work intensity. One possibility is to involve trade unions in the negotiations over these specifications. Such involvement could also provide more genuine opportunities for collective representation; where contracting is tight it may be difficult for unions to organise as there is perceived to be little scope for improvements in working conditions. It was concerns such as these that have led unions in some situations to take action along the supply chain rather than focusing on the direct employers of the workers. Examples of promoting fair standards through the network include the 'justice for janitors' campaign in the US aimed at clients rather than janitorial companies (Erickson et al. 2002), the NHS trade unions campaign to extend the collectively negotiated Agenda for Change rates to all NHS subcontracts and the living wage campaigns in London that have been successful in negotiating with large clients in public and private sectors (Wills 2008).

The third area of policy action is promoting high skills development through training policies that are likely to be effective in networked organisations where developing generally recognised and accredited skills is of increased importance.

Not only are staff often required to be mobile between organisations but the organisations in bidding for contracts may need to demonstrate that they have the expertise and skills to undertake the work at the required quality level. External skill accreditation for their employees – together with organisational level kitemarks such as Investors In People (IIP) – is therefore likely to be an important factor in the tendering process. This suggests that policy should support the development of systems of external accreditation and ensure these systems have legitimacy among both employers and individuals as a reliable indicator of a level of general skill, applicable across organisations. Where accreditation systems are lacking or are patchy, there may be an urgent need for further institutional development. Increasing the external validation of skills is also likely to help individuals employed in network arrangements. The credentials provide some protection against loss of the skills and experience they have gained within an occupation or organisation by facilitating transfer to another employing organisation at the same skill level. The UK has a weak record of developing and promoting externally validated and valued credentials except through the education system. For example, one of the initial problems for NVQs was that they were seen as too firm-specific to be indicators of the transferability of skills. Although they are now gaining more credibility, the focus on demonstrated competences rather than on understanding of a common body of knowledge may still restrict transferability. Similar issues arise with employer-led degree level qualifications, as proposed by the Leitch review of skills. If these are to be valued by employers and by individuals, they need to do more than meet the needs of an individual employer. They must be seen to involve the development of sufficiently general skills to be a recognised transferable qualification. Flexible labour markets mean that employers need to collaborate more, not less, in developing generally recognised skills.

“What this means for the individual employee is that instead of working under the direction of and in the interests of their own single employer, they may be required to adapt to ‘multiple masters’”

Conclusions

Working in networked organisations may have a range of different effects on employment experiences and on skills, training and careers opportunities. These effects are not predetermined and much depends on the motivations for collaboration and the context in which this takes place. Inter-organisational collaborations do, however, introduce new influences into the employment relationship and call into question standard approaches for analysing employment and labour market issues.

The role of collaborations between employing organisations in shaping the employment relationship has not been extensively explored. Both practitioner bodies and analysts of human resource management practices still focus on stand-alone single employers who are assumed to have the capacity to develop good HR practices. Such approaches fail to take into account the complex contexts in which the employment relationship is shaped.

Our review of the research evidence and its implications for policy and practice suggest that there are many ways in which networked organisations may affect not only the employment experience of individual workers but also the capacity of organisations and the economy to engage with the agenda of developing the high skill, high productivity economy envisioned in the UK Commission's Ambition 2020 report (2009). For example, organisational commitment and employee engagement have increasingly been seen as the key to high performance work systems (CIPD, 2009; UKCES, 2010) but most commentaries in this area fail to recognize that in many contexts employees may be expected to show commitment to multiple employers - to their own employer but also to powerful clients or collaborators. The recent interests of government in the promotion of employee engagement as a key to business success (see MacLeod and Clarke 2009), while laudable in recognising the contribution of employees, does not fully address the question of 'engagement to whom or to what', an issue of increased importance in a multi-employer context.

We have identified ways in which networking between organisations may lead to perceptions of unfairness at the workplace and to problems for workers in ensuring their voice is heard. Both of these factors could create obstacles to employee commitment and engagement as well as posing problems for individual employees. Training is recognized to be a major area for policy intervention as employers may be unwilling to invest sufficiently in training as they are not able to capture the benefit if the employee leaves. In networks the risks of investment rise and employer responsibilities for skill development are diffused. This further increases the likelihood of underinvestment in skills and means that the UK is likely to continue to fail to maximise its productivity potential. For individuals the risks also increase as they increasingly have to navigate careers not only within their own employing organisation but also within networks. To resolve these problems there needs to be greater external accreditation and valuation of skills to facilitate career progression and protect individuals and the economy against loss of skill recognition when staff move across organisational boundaries.

The time has not come to declare the end of the employer or indeed the end of the long term employment relationship. The message instead is that these employment relationships have become more complex and more permeable. These employment effects need to inform policy debates on the desirability and likely impact of the promotion of partnerships and networks. To the extent that the networked organisation is here to stay, employment and skills policy debates need to consider how to promote more positive outcomes within these network arrangements so as not to prejudice the achievement of the 2020 ambition of a UK economy based on high level skills and high quality employment practices.

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The UK Commission for Employment and Skills aims to raise UK prosperity and opportunity by improving employment and skills. Our ambition is to benefit employers, individuals and government by advising how improved employment and skill systems can help the UK become a world class leader in productivity, in employment and in having a fair and inclusive society: in the context of a fast-changing global economy.