FIT FOR WORK? HEALTH AND WELLBEING OF EMPLOYEES IN EMPLOYEE OWNED BUSINESS

Final report to Employee Ownership Association sponsored by John Lewis Partnership 2012

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SUMMARY

This report provides new, independent evidence on the impact of employee ownership on the health and wellbeing of employees. The research was carried out by the Employment Research Institute at Edinburgh Napier University and commissioned by the Employee Ownership Association with sponsorship from the John Lewis Partnership.

The research is based on over 1000 direct interviews and compared to relevant national surveys, 4 in depth case studies and a wide definition of wellbeing at work including factors such as: involvement in decision-making and communication; job satisfaction; control over work; the management of change; the management of health at work; and health and wellbeing policies.

Findings:

- Employee-owners have higher levels of job satisfaction than those in non Employee Owned Businesses (EOBs), are more satisfied with the work itself; feel a greater sense of achievement from work with increased fulfilment and job security; and more would recommend their workplace as a place to work.

- Employees in EOBs have more control over their work, including the tasks they do; the time they start and finish work; scope for using their own initiative; and having enough time to get their work done. Having control over work was something employees valued, even if they only had control over a small part of their job.

- EOBs have better communication and decision-making practices. Managers listen to employees’ views; respond to suggestions; allow employees to influence final decisions; and understand employees’ views. Involvement in decision-making is generally seen as integral to working for an EOB.

- The way in which change in the workplace is managed impacts on employees’ perceptions and experiences. Managers in EOBs were generally seen as being good at informing workers about change, although it remains a cause of stress for employees and managers.

- When asked to compare experiences of working in non-EOBs, it was found that the majority were more satisfied with their work now; felt they had more influence; felt they had more support from their immediate manager; were more motivated to do their job well; and nearly two-thirds (63.9%) preferred working for an EOB.

- Levels of health were quite high and slightly higher than the overall working population. Most respondents felt that their organisations had good policies in place to support health and wellbeing and management were interested in their wellbeing. Overall, most employees reported that they felt well treated by employers when they were sick or absent from work, due to health reasons.
1. INTRODUCTION

Employee ownership is a viable and competitive part of a sustainable economy. It has been suggested that organisations with employee ownership have: higher levels of employee satisfaction, employee commitment and customer satisfaction; better financial performance; higher productivity; improved work quality; high levels of productive employee engagement; lower rates of absenteeism; ability to create jobs more quickly; and greater resistance to market fluctuations and recession.

This report provides new, independent evidence on the impact of employee ownership on the health and wellbeing of employees.

The importance of health and wellbeing at work

The concept of employee wellbeing has moved up the business agenda in recent years. It has been widely argued that improving people’s working lives not only improves personal wellbeing but can also lead to more successful organisations.

As part of this many employers are moving towards managing employee health rather than managing employee sickness. In 2009/10, an estimated 1.3 million people who worked during the last year were suffering from an illness (long-standing as well as new cases) they believed was caused or made worse by their current or past work. Tackling employee sickness and improving health and wellbeing at work makes good business sense by improving productivity and performance at work.

Employee ownership

The UK employee owned sector is estimated to be worth £30 billion annually, which is 2% of GDP and growing. Employee ownership can take different forms and covers a wide range of business types and sectors and is a growing force in the economy.

The Employee Owned Business (EOB) sector covers a wide range of business types, sizes and sectors in the UK economy. It includes household names such as the John Lewis Partnership as well as Swann-Morton and Arup. Several high profile examples of successful EOB models have given momentum to the growth of EOBs. These examples are seen to be successful business models with a strong reputation for providing good working conditions for staff.

Although it appears there are clear benefits from employee ownership for both employers and employees, it is less clear how employee ownership impacts on wellbeing. This report seeks to help fill this gap.

Indicators of a Healthy Workplace - Differences between “Bad” and “Good” Work

Evidence from the 2005 British Social Attitude Survey suggests that what employees want from work are jobs where there is the opportunity to advance; jobs that are interesting and varied; the opportunity to work independently and have influence over work.

ACAS suggests that there are six indicators of a healthy workplace:

1. Line managers confident and trained in people skills
2. Employees feel valued and involved in the organisation
3. Managers use appropriate health services to tackle absence and help people back into work
4. Managers promote an attendance culture by conducting return to work discussions
5. Jobs are flexible and well designed
6. Managers know how to handle common health problems such as mental health and musculoskeletal disorders

There are then a number of strong arguments which suggest that the way in which work is organised can have a major impact on wellbeing at work. However, far less is known about the way ownership and in particular employee ownership may impact on employee health and wellbeing.

The difference between ‘good’ and ‘bad’ work has received increased attention recently and this report considers the views of EOB staff on these characteristics of their jobs.
2. MAIN FINDINGS

The results show a very high level of wellbeing and satisfaction across a range of issues in all of the organisations in the survey. These positive results are consistently more positive than the national Workplace Employee Relations Survey for the UK workforce as a whole.

2.1 Satisfaction at work

Our large sample of employees reported high levels of job satisfaction across a number of factors including: satisfaction with the work itself; their sense of achievement from work; their sense of fulfilment from work; and their job security.

Compared to the results of the last publicly available national Workplace Employee Relations Survey (WERS), our research had higher scores across all categories as well as high numbers who would recommend their workplace as a place to work.

Looking at overall satisfaction with work, 4 out of 5 of our respondents said that they were either very satisfied or satisfied with work compared to the WERS sample (asking identical questions), where only 72% stated they were very satisfied or satisfied (see figure 1).

Far more employee owners are happy with the sense of achievement they got from work: 81.4% were either very satisfied or satisfied (much higher than the WERS figure of 70.3%).

Job security can have clear links to wellbeing at work. In the survey, 72% were either very satisfied or satisfied with job security, which is high when considering that the survey was undertaken in the wider UK context of rising unemployment in 2011. The figures for the WERS sample (taken in 2004 when the economy was generally stronger and arguably fewer people were worried about their jobs) showed lower levels with only 64.4% very satisfied or satisfied. Indeed, for many employees working for an EOB was seen as a ‘job for life’, although there was a sense that this was changing in some organisations.
In relation to pay, as might be expected, levels of satisfaction were slightly lower with 44.9% very satisfied or satisfied, but this is still more than 25% greater than the response given to the WERS figure of 35.4).

Further indicators of satisfaction at work from our survey were those recommending their organisation as a place to work. Our survey indicated that a large majority, 79.7%, either strongly agreed or agreed that they would recommend their organisation as a place to work. There was no equivalent WERS data.

The case studies and interviews provided further evidence that, levels of satisfaction were quite high within the organisations. Levels of staff turnover were low compared to similar industries. All of the organisations considered their workplaces were good places to work in, as reflected in low levels of absenteeism, good retention and recruitment.

Figure 1: How satisfied are you with the work itself

“They are very good at noticing that you are not happy. They will take you aside and ask you what is the matter”

Employee

CASE STUDY - SCOTT BADER

The multinational chemical company was established in 1921 and became employee owned in 1951. Shares are held in trust as part of the Scott Bader Commonwealth. All staff become Associate Members of the Commonwealth on joining the company and after 12 months service they can become full members and enjoy its full range of benefits. There are no outside shareholders and there is a Group Staff Bonus paid to employees.

Employees are extensively involved in decision-making e.g. they have employee representatives who consult throughout the organisation. Employee representatives are on the Board, there is an international Members Assembly and a Community Council for consultation with UK staff. Community Council membership provides the organisation with openness and good access to knowledge. A link was made by respondents between control at work and greater health and wellbeing.

Due to the type of organisation there is strong emphasis on health and safety. There is pre-employment screening; routine annual medical tests for all staff (some due to statutory requirements); and also a ‘wellness’ type test.

Wellbeing is seen broadly, encompassing staff growth and development. There is a holistic focus e.g. they have policies around welfare to support employees in times of need.

There are a number of benefits for employees. There is an on-site allotment, swimming pool, sports and social clubs, in addition to an attractive working environment. Generally, employees feel that they are part of something special and appreciate the benefits. The benefits provided for staff are seen as helping in terms of improved staff turnover, performance and reduced absenteeism.
2.2 Control over work

The degree of autonomy and control individuals have over their working life is known to have an impact on their wellbeing. Interestingly, EOBs are typically characterised by higher levels of employee autonomy\(^1\). When asked how much influence they have over tasks at work, 88% of those working in the employee-owned businesses surveyed stated they had some or a lot of control compared to the national WERS findings, where 36.1% stated they had a lot of control and 37.8% had some control (73.9% in total).

When asked about the pace at which they worked, 87.2% of those surveyed by us stated that they had some or a lot of control compared to 73.3% in response to the WERS.

In terms of how they did their work, 63.9% of employee owners responded that they had a lot of control and 29.5% had some control (93.4% in total); whereas in WERS 50.1% had a lot of control and 34.0% had some control (84.1% in total).

Finally, in terms of how much control they have over the time they start and finish, 25% had a lot of control, 28.9% had some control, 21.3% had a little control and 24.9% had no control. There is possibly less difference between the survey results and those from WERS because the EOBs in our survey will be operating under similar business hours as other organisations. Although it should be noted that in the WERS sample the proportion feeling that they had no control is higher at 34.1% than our survey at 24.9%.

Additional questions relating to control at work asked about the scope employees had for using their own initiative. Within an employee owned environment, our survey found that a large proportion had a lot of scope for using their own initiative, with 84% either very satisfied or satisfied. Levels of satisfaction are slightly lower in WERS with 72.2% either very satisfied or satisfied. Again this showed a large difference of nearly 12% points with EOB employees having more scope for initiative than the working population in general, which no doubt impacts on productivity as well as wellbeing.

The two surveys showed little difference in people never having enough time to get work done. Slightly fewer of those in our survey agreed or strongly agreed (37.4%) that they always had insufficient time, compared to the WERS survey (39.9%).

Throughout the case studies and interviews it was clear that having control over work was something that was seen as important to the respondents, and having control over work was seen as linked to the employee ownership model model. However whilst some employees felt that they had little control over their work, there were certain aspects of working life where it was recognised that the nature of the work limited control e.g. health and safety or retail opening hours.

“Employee ownership for me is all about investing in people to have more control about what they chose to do”

Employee
CASE STUDY - JOHN LEWIS PARTNERSHIP

The John Lewis Partnership’s Constitution states that: “The Partnership’s ultimate purpose is the happiness of all its members through their worthwhile and satisfying employment...” It is therefore clear that for John Lewis the wellbeing of their Partners (all staff are ‘Partners’) is central to their business.

There is strong communication throughout the organisation with involvement from the shop floor upwards. For example, every branch has a forum which has the power to overturn management decisions and on which any Partner can stand.

Consultation of Partners was seen as important in the organisation, leading to a sense of inclusion, even though it was recognised decision-making could take a long time. They use a number of different ways of keeping Partners informed, such as daily updated notice boards, accessible computers, CD ROMS, TV in dining room, and staff publications chronicle and gazette (updated each week).

One of their main approaches which sets them apart from many other organisations, is the provision of benefits outside work, such as subsided holidays, theatre and cinema tickets. Partners are also able to start their own clubs. It is thought that if Partners are able to ‘switch off’ outside work they are able to contribute more whilst in work.

Within the workplace registrars act as in-house ombudsmen who make sure the ethos of the company is upheld. There is stress management and occupational health; and healthy options are offered in the canteen. Support is provided when Partners need it e.g. reduced hours or different tasks when returning from a period of sickness.

Senior managers at John Lewis believe that employee ownership had a massive positive effect on the wellbeing of Partners. This was related to the importance of investing in people and seeing them as being at the core of the business.

In relation to health, it was recognised that they tended to be reactive rather than proactive and that they could be doing more to promote better health. This was an opinion that was echoed throughout the organisation.
“we are very inclusive and consultative and have a relatively content workforce as a result of this... generally it means we make good decisions”

Manager

“There are so many mediums with which to communicate.... Increasingly we are overly communicated to... The challenge is how to filter that”

Manager

2.4 Change and managing change

ACAS argue that managing organisational change effectively is central in promoting health and wellbeing at work and minimising potentially negative impacts on employees’ health.

When asked whether managers are good at keeping employees informed about changes in the organisations, 69.7% of respondents either strongly agreed or agreed that managers are good at keeping employees informed about changes in the organisation. As employees of a manufacturing and of a services firm said:

“I have not been here long but to me, I’m settled - it would take a lot for me to leave but if I was to leave one of the first things I would miss would be the level of information - you get a lot of details of how the company is running, financial - it’s interesting”

“It gives you a greater insight into whatever everyone is going to contribute to the office as a whole - you know what the senior people are dealing with and what the issues are day to day...you feel the pressure of responsibility because you are aware of the structure and the pressures that are going on around you. There is no stress of being in the dark.”

Across the case studies, managing change was seen as one area that contributed to conflict and stress at work. For a number this focused on changing from being less people orientated to more business orientated. For others it was the introduction of new members of staff or management who were unfamiliar with employee ownership; and many organisations were dealing with the pressures on their business from the economic downturn.

Although change was a key factor in causing stress, the way in which these changes were communicated seemed to impact on the degree of stress. Our research indicated that in general the EOBs in our study were effective in managing change and communicating it to their workforce. However, it still needed to be well managed to ensure the wellbeing of the workforce.

“it might be hard for some of the longer serving people to accept and get used to but the culture, the atmosphere is changing from one where folk just maybe didn’t care or thought they could get away with murder, whereas now we’re becoming a more professional business model”

Employee
CASE STUDY - TULLIS RUSSELL

The Tullis Russell Group, based in Fife, Scotland, is a leading independent, wholly employee owned papermaking, coating and converting company. The company became employee owned around 1994. All employees with qualifying service share in the group’s profits, receiving free shares under the Share Incentive Plan. Employees also have the opportunity to purchase Partnership Shares and where approved by the Board, receive Matching Shares under the SIP.

Employee ownership is seen as being central to everything that they do, including recruitment, marketing, strategy and advertising. Their strategy is seen as being a sustainable employee owned business.

The organisation has a very strong ethos of caring for staff. In particular, they want a workplace that contributes positively to the health and wellbeing of employees.

Involvement in the decision-making process and the effective systems of communication was seen as positive aspects of working at Tullis Russell.

There was a strong sense of commitment to the company. It was stated by many staff that they would need strong incentives to leave as the conditions were so good. Owning shares was also seen as increasing the sense of ownership and pride in the organisation.

The values system played an important part in how people work: employees must respect each other, be open and honest with each other and not undermine each other. The values have had a positive impact and have changed people’s behaviour at work including improved working relationships; a more professional environment; better team working; greater respect in the workplace; and a change in the way people behave at work.

2.5 Working in non-employee owned businesses

Of those responding to the survey, 96.1% of the respondent’s most recent job had been in a non-EO business. In terms of the work itself, 63.8% were more satisfied or much more satisfied in their current job.

When asked about their sense of achievement from work, 60.7% were either much more satisfied now or more satisfied, although nearly half of this number (28.8%) were neither more satisfied nor dissatisfied.

In relation to the amount of influence they have over their job, there was higher satisfaction for working for an EOA with 61.1% either much more satisfied or more satisfied, although again a large proportion (26.4%) were neither more satisfied nor dissatisfied. When asked about the support they get from their immediate manager, 61% were either much more satisfied now or more satisfied.

However, in terms of pay, the differences were less distinct, with only 45.6% much more satisfied now or more satisfied; 30.8% were neither more satisfied nor dissatisfied. So the main benefits were more other factors linked to the ethos and decision-making involvement.

A number of additional questions were asked about respondents’ views of working for an EOB. When asked if employee ownership was one of the main reasons they came to work for an EOB, 30.1% either agreed or strongly agreed, while 32.1% neither agreed nor disagreed. This indicates that being an EOB was not a strong motivating factor for initially joining the organisation. This was also highlighted in the case studies where most respondents did not feel that employee ownership was a major factor in seeking work there; rather it was something that they came to value over time.

When asked if employee ownership makes them more motivated to do their job well, 59.3% either agreed or strongly agreed.

Finally when asked if they prefer working for an EOB than a non-EOB, 63.9% either agreed or strongly agreed.

“...they are quite military sometimes. The overtime is quite flexible but the expectations for your working week are not,”

Employee
CASE STUDY - EDWARD CULLINAN

Edward Cullinan is an architecture practice of 29 staff based in a single studio workplace in Islington, London. It has been operating as an EOB since its establishment in 1965. The company is based on a co-operative structure whereby all permanent employees are directors of the company. There is no share scheme. Income earned by the company within a financial year is shared in the form of salary payment and profit distribution.

For this organisation there was a strong understanding that there is a link between being an employee owned businesses and wellbeing. Wellbeing is seen as something that is built into the structure of the organisation. They have a Welfare Team (drawn from among the architects) rather than an HR department, which looks after all aspects of employee welfare, monitoring health and wellbeing; as well as a stress management policy.

The organisation has a strong commitment to discussing issues before any decisions are made. The decision-making process is by consensus rather than voting, which means that coming to decisions can take longer but is seen as a way as getting everyone in the organisation to participate.

Effective communication is seen as part of the process of understanding what employee ownership is in practice and understanding that each individual’s voice is valid within the organisation. Through regular meetings, staff are made aware of what is going on in the office.

A link is made between individual’s physical working environment and overall wellbeing. They have an open plan office with senior and junior members of staff sitting together. This is seen to enable greater communication between staff, increasing people’s awareness of other projects progress and implementation. Their open structure helps staff to share experiences.

Regular breaks are encouraged, even in busy periods, with daily tea at 4pm; they also have a weekly lunch which they take it in turns to make. Such informal meeting times are seen as an important time to catch up with colleagues and share information.

2.6 Health in the workplace

Improving employee sickness, health and wellbeing at work makes good business sense by improving productivity and performance at work. From our survey, 81.3% stated that their health was very good or good. To set this in context, for the UK as a whole, 78.6% of respondents to the Integrated Household Survey (IHS)11 stated that their health was good or very good, although it should be noted that 40.6% stated their health was very good in the IHS compared to 27.9% in our survey.

When asked about the frequency of visits to a GP or family doctor about their own health in the last year, 28.9% had no visits, 45% had one or two visits and only 1.7% had more than ten visits; while of those in the comparator British Household Panel Survey (BHPS)12, 22.6% had no visits; 37.3% had one or two visits and 7.5% had more than ten visits. So our survey respondents were generally less likely to have multiple visits to GPs, with subsequent savings to both the employer and the NHS.

Additionally, when asked if their day to day activities are limited because of a health problem or disability which has lasted or is expected to last at least 12 months, 89.9% said no; 9.2% limited a little; and 0.9% limited a lot.

The survey also included a number of questions about employees’ perceptions of how health and wellbeing was managed in their workplace. In response to a question on whether the organisation has very good policies on health and wellbeing, 78.3% either agreed or strongly agreed. Some 72% either agreed or strongly agreed that the organisation or senior management are committed to supporting the health and wellbeing of the workforce. 68.6% either agreed or strongly agreed that their immediate manager takes a positive interest in their health and wellbeing. So EOB policies and managers appear supportive to the majority of employees.

When asked whether working for an EOB was better for their health and wellbeing than working in a non-employee owned organisation, nearly half (46.4%) either agreed or strongly agreed (see figure 3). 40% neither agreed nor disagreed, but only 1 in 10 disagreed. So a large share of respondents felt that working in an EOB was better for them.
Respondents were asked how much of the time in the last few weeks they had felt tense, worried or content in the last few weeks. The results of our survey of EO employees were more positive than the UK comparator each time:

- 14.2% of respondents felt tense all of the time or some of the time in our survey, compared to 19.2% in the national WERS.
- 9.7% felt worried all of the time or some of the time, compared to 11.7% in WERS.
- 53.4% felt content all of the time or some of the time, compared to only 38.1% in WERS.

Figure 3: Working for an EO is better for my health and wellbeing than a non-employee owned organisation

“*They looked after me when I wasn’t well and put me on different tasks when I got back, they really, really looked after me.*

*Get sick pay and everything*”

Employee

“If people are made to feel they have to come back to work when they shouldn’t, I think that has an impact on their wellbeing as well as the people around them as well”

Manager

3. CONCLUSION

In conclusion, this research found that employees in employee owned businesses report high levels of satisfaction in relation to those factors thought to influence levels of wellbeing at work. This includes areas such as communication, decision-making, job satisfaction, control and how change is managed. The results indicate that the way employee owned businesses organise and manage work does have a positive impact on employee wellbeing.
ENDNOTES

11. The Integrated Household Survey (IHS) is a composite survey combining questions asked in a number of Office for National Statistics (ONS) social surveys to gather basic information for a very large number of households
12. The BHPS is an annual survey of a nationally representative sample of about 5,500 households.

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For further information about the Employee Ownership Association please visit www.employeownership.co.uk or follow us on Twitter @Employee Owned.

The full report is available at: http://www.napier.ac.uk/employmentresearchinstitute/projects/Pages/EOAWellbeing.aspx