



## BT: health initiatives in the context of continual restructuring

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### Executive summary

This case study of UK telecommunications company BT, considers health and safety initiatives within the context of continual organisational restructuring. The wider context is the transformation of the UK telecommunications sector from a nationalised to a privatised industry operating in a liberalised European economy and global markets, characterised by the fast pace of technological change and increased competition. Since the privatisation of BT in 1984 staffing in the company has fallen by more than half, from 235,00 to under 100,000.

The company is committed to restructuring through voluntary measures; although BT has maintained its workforce at around 100,000 over the past ten years, there has been a significant amount of redeployment within the company, based upon the anticipation of skill requirements and retraining. The avoidance of compulsory measures has, at least in part, been possible because of the use of high levels of agency staff. The 2006 Retail Resourcing Agreement, negotiated with the Communication Workers Union (CWU) addressed these concerns as well as union opposition to the relocation of call centre work to India, guaranteeing no further relocation as well as a fixed ratio of agency to permanent staff.

The innovative nature of the case study lies in BT's emphasis on the physical and mental health of its employees through workplace programmes, the first designed to identify and address stress throughout the workforce and the second to promote workers' health. In both union health and safety representatives play a key role in engaging with workers at workplace level. Although the initiatives were not especially designed to address the impact of restructuring on employees, they allow the employer and union to monitor stress levels in workplaces undergoing reorganisation and to address this.

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### Monitoring Innovative Restructuring in Europe

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**BT – A case study of health initiatives in the  
context of continual restructuring**

**UK Case Study Report – September 2006**

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# Monitoring Innovative Restructuring in Europe

## **Introduction**

This case study considers health and safety programmes initiated by BT, within the context of continual organisational restructuring.

The case study is part of a European Social Fund project – Monitoring Innovative Restructuring in Europe. This is a comparative project covering France, Germany, Belgium, Sweden and the UK that aims to monitor and generalise best practice in relation to innovative internal and external company restructuring.

## Research methods

The case study draws on a range of material: including semi-structured face-to-face interviews with trade union representatives, and BT senior managers; along with company and union literature, press reports and other published studies.

## **1. BT - Company background**

BT is one of the world's oldest telecommunications companies, originating with the invention of the telephone in 1876. The wider context for this case study is the transformation of the UK telecommunications sector from a nationalised to a privatised industry operating in a liberalised European economy and global markets. The Post Office had originally been nationalised in 1966, with the postal and telecommunications functions established as two separate divisions. In 1981 British Telecom was formally separated from the Post Office and the first steps taken to introduce competition in the UK telecoms industry. In the following year Mercury Communications was licensed by the government as a telecoms network provider and main competitor to British Telecom. In 1984 British Telecom became a public limited company with 50.2 per cent of the new company offered for sale to the public and employees. This represented the first national flotation of a public

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utility with shares listed on the stock market. In 1991 British Telecom began trading as BT and the government sold over half of its remaining shares. The residue of these shares were sold in 1993, completing the privatisation process. During this period BT formed a number of partnerships and alliances with international telecoms companies. In 1998 the European telecoms market was opened up to liberalisation. In 2000 BT secured a mobile license in the UK. At the same time it radically restructured, separating the telephony business into retail and wholesale and creating four new international businesses: Ignite; BT Openworld; Bt Wireless and Yell. In the same year Yell was sold and BT Wireless was renamed mm02 and demerged, with employees covered by a TUPE transfer, which included the transfer of trade union recognition.

BT is now one of the world's leading providers of communications, serving customers in Europe, south and north Americas and Asia Pacific. Its main activities include networked IT services, local, national and international telecommunications services and broadband and internet products and services. In the UK BT serves over 20 million business and residential customers with more than 30 million exchange lines, as well as providing network services to other licensed operators.

In 2001 BT had debts approaching £30 billion and offered a limited broadband capability and had an international business losing £10 million a week. However, in 2006 its pre-tax profit was £2040 million and earnings per share have grown for 16 consecutive quarters. Its Global Services business has won orders worth more than £24 million in the past four years. BT is now organised into five lines of business: Global Services (employing 30,000 in 50 countries); Retail (employing 18,000); Wholesale; Exact and Group Operations. The company is investing £10 billion in building the

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world's first national all Internet protocol (IP) network, which will enable it to deliver new services faster.

In 2006 Openreach, was created to deliver installation and maintenance services on behalf of the UK's telephone and Internet service providers. It comprises almost all of BT's engineers and will install, provide and maintain connections, fibres and wiring which link homes and businesses to communications provider networks via local BT exchanges.

### The Trade Unions

The Communication Workers Union (CWU) has 70,000 members in the UK telecommunications sector, with around three quarters employed in BT and the remainder in over 30 telecoms companies. The union represents over 60,000 non-management employees of BT; union density of well over 90 per cent. A separate union, Connect, represents management employees. There is company level collective bargaining and terms and conditions are jointly regulated. A European Works Council has been established for the international business – BT Global. The company has a health and safety committee, based upon trade union representation, described as 'proactive' on health and safety. Under a 'partnership' agreement the health and safety representatives have 'extensive rights' to perform their duties and are integral to all procedures. Their role is considered by the Health and Safety Manager to be more about 'health' than 'safety', since safety issues are 'well understood' and difficult to improve on;

'All the issues are around health and culture. Culture is a big issue and its about changing peoples' attitudes towards health and safety from a dependent culture where people wait to be told what to do, to a culture where they take responsibility for health, their safety and the safety of others'.

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## 2. The Telecommunications sector

BT's web-site asserts that:

'The world of communications is going through a period of disruptive change, the pace and scale of which may never have been seen before. BT has a strategy in place which embraces change and is delivering value to our customers and shareholders through the transformation of our company'.

Telecommunications is a growing sector of the UK economy, with overall turnover growing by six per cent in 2003 to £50.8bn.

There has been a move from basic fixed telephony to new services, broadband and mobile. The decline in the fixed voice services has represented a major business challenge to BT; whilst revenues from traditional services have fallen by six per cent; those from new wave services have risen by 32 per cent. Since privatisation competition from cable and other direct access providers has developed so there is now approximately 170 fixed telecommunications providers, five mobile providers, 59 mobile service providers and 700 internet service providers.

The key characteristic of the communications industry is convergence between networks and services, mobile and fixed communication, media and communications (BT website and CWU Research; May 2006). With the introduction of 3G networks in 2003 there is the ability to merge voice, data and moving images onto a single mobile device. The launch of BT Fusion provided the ability of to switch between fixed and mobile networks using IP technology. There is now the convergence at the service delivery end, with the merger of broadcasting, media and telecommunications services. Communications companies are evolving to offer entertainment or retail services, demonstrated by NTL's recent purchase of Virgin

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Mobile, Sky's acquisition of Easynet and BT's plans to launch a television service.

Recent regulatory changes are encouraging competition, since Ofcom, the UK regulatory body, has ensured all operators have equal access to BT's network, driving down the price BT can charge for wholesale line rental and local loop unbundling. Companies like Carphone Warehouse are moving into the broadband market launching a call and broadband package that aims to cut residential bills by up to 60 per cent. VoIP technology (allowing voice calls to be carried over the internet at a significantly reduced cost) is also promoting the proliferation of private label phone companies, increasing competition in telecoms and promoting further convergence between the telecoms industry and internet based companies.

Telcoms companies are developing 'next generation networks', allowing the integration of existing separate voice and data networks into a more flexible network using packet switching and IP protocols. The CWU reports that the take up of VoIP services will have staffing implications, requiring fewer exchanges and buildings and lower levels of network staffing.

### Job losses

The CWU reports that since the privatisation of BT in 1984 staffing in the company has fallen by more than half, from 235,00 to under 100,000. Despite predictions that jobs in telecoms would decline, the development of new technology has meant growth in the industry (in mobile telephony and the Internet), which the CWU suggests, 'may have offset losses by creating alternative jobs'. However, the union also says that job losses were often amongst engineers and operators, with a 50 per cent reduction in engineers

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and 89 per cent reduction in operators. Across the industry new jobs are largely in customer-focussed areas, particularly sales and customer service; in BT the majority of jobs are now in retail. UK statistics (ONS) show that there are around 250,000 employees in the telecommunications industry, the same level as in 1984. However, employees in the sector are now dispersed across hundreds of separate organisations rather than concentrated in BT. The 2005 Labour Force Survey shows that UK employment in IT services and call centres has risen by nine per cent since 2001, with a three per cent increase in overall job growth.

### **3. Restructuring and BT**

BT's consumer division shed 13,000 jobs between 2001 and 2003 following major restructuring, with reductions through retirement, non-replacement of vacant posts and the non-renewal of contracts. BT has no history of compulsory redundancies and during this period 'natural wastage' was predicted to save the company £850m. It is anticipated by management that in the next two to three years there will be further significant reductions in employment numbers. Restructuring in the company is described, by a national union officer as;

'it's continual... it's permanent change within BT, they'll do something and then within two years it changes again; so there is this continual change'.

There is a commitment to restructuring through voluntary measures, as the Head of Human Resources stated:

'We don't have a no compulsory redundancy agreement with the unions, we have an understanding; every year when we discuss our plan for the year, we say we will continue with our approach to voluntarism – we refresh that every year'.



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At the 2004 AGM the Chair, Sir Christopher Bland, confirmed that the company has made it clear there would be no compulsory redundancies for its employees and that it is committed to consultation with employees and their trade unions.

Although BT has maintained its workforce at around 100,000 over the past ten years, there has been a significant amount of redeployment within the company; as the Head of Human Resources says, 'the amount of churn that has gone on is enormous'. The decision to use redeployment rather than redundancy is based upon business rationale:

'The economics come down to, I can't remember the figures, but its something like ten times less to retrain and redeploy than it is to let someone go and recruit somebody. It's in our interest as a business to redeploy people successfully, we do not make people redundant, we need to keep paying them so we need to keep them productive and focussed on what they are doing, so its in a commercial interest as well as an individual interest to offer that range of support through that difficult period of time as quickly as possible'.

*(Head of Human Resources)*

The company reported 'churning' something like 300 redeployees a month, although that might increase with specific organisational initiatives. In most cases majority of people are redeployed within four and six weeks. To achieve this the company aims to anticipate skill requirements; at a regular company forum representatives from all the businesses predict from their resource plans where there will be skill gaps, where there will be a need to recruit and where there will be a surfeit of employees. These meetings identify where skills are transferable and how they can be redeployed. There

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is cross business cooperation and the company has just introduced a new budgeting mechanism, since previously internal budgetary constraints meant that businesses could refuse to accept people because they were seen as adding to the pay bill. This has now been resolved since there will now be one budgetary mechanism for the company as a whole which means the individual businesses do not get financially penalised for accepting redeployees.

Redeployees are given priority in internal vacancies if there is a reasonable skills match. They are required to register details of their skills and availability in order to match internal vacancies. Redeployees must be considered for vacancies before jobs are advertised in internal job bulletins and must be provided with feedback if they are not considered suitable. Line managers of redeployees must make sure that individuals have an action plan, coaching, and general support, and are kept fully employed. Retraining and career advice (in work time) is available through, an external provider, Accenture, or through local initiatives if it would help redeployees move from one skill area to another, if there is a reasonable prospect of another job. There are also relocation packages for redeployees required to relocate to a new job role. Redeployed staff get up to three job offers, as the union officer described:

‘Three strikes, basically. You get three, either two or three strikes at other jobs, you know, and they’ve got to be proper jobs and they’ve got to be reasonable, so they’ve got to be within reasonable travel time and it’s got to be the same grade and it’s got to be in the same type of work. If you refuse three times on that, then the company can say ‘breach of contract’ to you basically. But we [the union] get involved from day one when they start trying to find them a job. So we

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know, and we'll be saying to them, look, your best bet's to take this because there's nothing else round here. If you refuse it's the first of them gone. And you might get someone refuse twice and then you say to them, look, you can't afford a third one, you know, if you do that then you're not going to have your leaver package left'.

### Compensation

In the event that redeployment is not possible the company offers a leaver package, not described as voluntary redundancy, 'because we want to redeploy people and reskill them, that's our first option'. This package is described by management as 'hugely generous', and can be on average two years salary, plus money available for retraining and outplacement support. Outplacement services are contracted out to five or six private preferred suppliers. Leave packages have to go to the company's board and there are 'windows', which open for specific parts of the business that are undergoing restructuring when the appropriate employees may apply for such packages.

Early retirement is very rare because the company finds that in the context of the new age discrimination legislation (introduced in the UK in October 2006) those coming up to 60 want to stay in work (85% when asked), and more often than not on a full-time basis. The company has started to provide flexible options for those over the standard retirement age; they can work and draw their pension, stop contributing and continue working or defer their pension; they can work part-time, work weekends or evenings. The regulations mean the company has remodelled its resource predictions, and can't rely on people leaving at 60, it is reviewing retraining provision in addition to flexible working options.

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The process

The union officer described consultation over restructuring favourably:

‘We have a very good consultative arrangement, virtually before they do anything BT talk to us. At every stage of everything that happens BT actually talk to the union’.

In the context of a current reorganisation the Head of Human Resources stated;

‘We will be bringing the unions in at the appropriate stage, this is before we go live, this is part of the planning so we can tell the unions, get their support and then tell the people that’s the normal way of doing things, so I’m still advising the managers so we can get the message right for the union to support it for when we go live’.

## **4. Outsourcing, agency workers and relocation**

The proportion of work being undertaken in BT’s operations centres by permanent BT employees has fallen and the amount of work undertaken by agency employees and people on fixed term contracts has been rising. Whereas all call centre work used to be done by BT operators, it was estimated that there was currently only between 1000-2000 BT operators with the remainder undertaken by call centres staffed by agency staff. Similarly in engineering agency workers are used; there had been a cap on their number at national level, but this is now done on a regional basis:

‘Within each of those regions, before they use contractors they will then talk to the union locally and they will justify whether it’s a peak of work, whether it’s short-duration work, whether it’s something that’s going to be there for a fixed term, like one year or whatever, or whether it’s a permanent vacancy’.

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The CWU has trade union recognition agreements with the major agencies and recruits agency workers into membership, although in engineering many have retained their union membership from when they worked at BT. Agency work has become an issue for the union, particularly in periods of job loss, as their officer described:

‘Whenever redundancies do come up, whether it’s voluntary redundancies or whatever, we always have a head-to-head over where they’re using contractors, where they’re using short-term fixed-term contracts, where they use agency, can they reduce the agency, the fixed term or the short-term contracts before they release any of the headcount?’

For the company the large numbers of agency workers mean the company has more flexibility. In the context of restructuring substantive ‘BT people’ always take precedence over agency workers.

The relocation of call centres

In 2002 BT consolidated 130 separate call centres into a total of 31 major centres. In 2003 it announced it would open two new call centres in India, in Delhi and Bangalore. Both are managed by local suppliers who own the infrastructure and employ the staff, with BT providing management and support. They have the capacity to employ 2,200 and were established to handle some of the company’s directory enquiries service, late payment reminder calls, broadband sales and back-office functions. It was estimated that the restructuring of all call centres involved the loss of 2000 jobs in the UK, including agency workers. BT ensured that none of its employees were made compulsory redundant as a result of the relocation and provided assistance in retraining and redeployment. The vast majority of jobs were lost through voluntary redundancy or natural attrition. The managerial union, Connect, came to an agreement with BT setting guidelines for how such decisions would

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be made in the future and protecting workers' interests. BT's *Sourcing with Human Dignity* guidelines set standards for working conditions and employee management in India. However, at the time of the relocation the CWU launched a public campaign against the migration of jobs to India. BT also outsources some of its software development work through BT Exact, its in-house software developer. Most of this work goes to MahindraBT, which BT owns 43 per cent of.

In 2004 BT commissioned a review of its decisions to outsource call centre and software to India: 'Good Migrations? BT, corporate social responsibility and the geography of jobs' (SustainAbility, February 2004). This report acknowledged that efforts to cut cost are a legitimate company response to competitive pressure and did not challenge the practice of offshoring. However, it expressed some concerns about the process. It reported that BT had met with its main unions before announcing the move to India and sought agreement, but noted that unions were advised of BT's plans after the decision had been made and that, 'it would have been preferable for employees to have been given a more explicit role in the decision making process before the fact'. The report included concerns that the decision to begin offshoring was not part of an explicit strategy, but emerged organically, little by little, making it difficult to ensure Corporate Social Responsibility (CSR) considerations. In addition the report noted that BT played a role in advocating offshoring to other companies to which it provides services and in so doing the report suggested that it should encourage these companies to take explicit account of CSR implications. The CWU officer expressed some scepticism at the company's commitments with regard to CSR in this context.

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### BT Retail Sourcing Strategy Agreement

The intense competition in telecommunications has seen a decline in BT's customer base and this has raised concern amongst CWU members. These concerns reflected an increase in the level of BT retail customer service operations work undertaken in remote sourcing centres outside the UK, as well as the rise in agency workers. In response to these concerns, in July 2006, following 18 months negotiations, the CWU union signed a 'landmark' deal with BT covering call centres and ensuring that core on-line customer services functions such as sales, service, billing and repair work continue to be performed in the UK, and defining those functions that the company can source remotely. It increases the proportion of jobs undertaken by permanent employees in BT's UK operations. The union had pressed for agency workers to be converted to substantive BT employees; the company had resisted this because it wants the flexibility to lay people off when work volumes go down. From the point of view of the company:

'From a BT Retail perspective our cost position remains critical in a marketplace where there are now 200 companies supplying voice services and over 280 competitors providing broadband services. The challenging commercial environment that we operate within is well understood by the CWU, as is the need for us to contain our fixed employment costs to ensure that we remain competitive. BT Retail accepts that moving to a greater level of permanent resource on the basis of a cost base that is sustainable in the longer term will help us to tackle the competitive challenges that we face'.

From the point of view of the union;

'The CWU has recorded its concern that decisions to remote and/or outsource work cannot be separated from the need to

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maintain permanent employment opportunities in the UK Customer Service’.

The agreement introduces a ‘cap’ with regard to offshoring, guaranteeing that as far as contact centres are concerned that the company will stick with around 2,200 employees in the two contact centres in India. The company recognises that ‘improved attendance arrangements’ and greater annual leave flexibility in UK call centres mean they can reduce ‘remote source contingency arrangements’. There is also renewed commitment to ‘establishing and maintaining high standards in our India operations, and to pursuing best practice in employee relations’.

The agreement recognises that a combination of permanent, Fixed-term contracts (FTC) and agency resources ‘provides the optimum mix of our resourcing requirement whilst recognising the CWU’s desire to maximise permanent jobs in the UK’. It guarantees that no individual will be employed on a FTC for more than 12 months and in the event of this maximum timescale being transgressed the individual will be deemed to be a permanent employee. It also guarantees that pay rates for those individuals on an FTC will be the appropriate foundation core or specialist rate.

The agreement establishes a fixed ratio of permanent to agency workers, acknowledging ‘the strength’ of the union’s ‘representations regarding the importance of this issue to the CWU and its pivotal status in determining the union’s willingness to confirm agreement between us’. BT proposes to commit to a ‘permanent resource profile’ of 90 percent, with the remaining 10 per cent be made up of agency and fixed term contractors. There will be no solely agency resourced long term sites within Customer Service and permanent recruitment opportunities will be available



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across all of the Customer Service Centres. This involves the conversion of around 600 agency staff into permanent BT employees. The Agreement also includes a review of pay and grading in UK contact centres. With regard to the agreement, the Head of Human Resources commented, 'I don't know another one like it in industry in terms of the breadth of it'.

### **5. Health Issues**

In the past three years the company, with full involvement from the union, has been pushing the issue of employee health. For the union this more proactive approach has been the result of the appointment of a new Chief Medical Officer and senior manager responsible for health and safety, both of whom were considered extremely approachable.

#### STREAM -the Stress Tool

In 2004 BT, in consultation with the trade unions, launched STREAM, a tool designed to identify and address stress throughout the workforce. This was introduced within the wider context of a drive in the UK, encouraged by the Health and Safety Executive (HSE), to improve mental health issues in the workplace and the prospect of legislation. The company monitors sickness absence rates and was aware that around 20 per cent were due to mental health issues.

The tool aimed to manage mental health issues, relatively simply in the organisation, emphasising a 'bottom up' approach, focussing upon individuals, but providing data that could be aggregated across the company. In information about STREAM to employees stress was defined as "excessive or intolerable pressure leading to physical or psychological effects on the human body". A set of questions were developed by a clinical psychiatrist and evaluated

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through a series of workshops. Results found a correlation between data arising from pilot questionnaires and independent assessments of the mental health of those involved, providing validity for the questions upon which STREAM is based.

The union was heavily involved in developing the concept, with the company health and safety manager stating;

‘We got a joint approach to selling the concept, we try and keep these things non-political, at the end of the day we want the same things the union wants so, its not something adversarial between us, we try to put normal industrial relations issues aside and try and work together in the health and safety field and working in that partnership gives it a much stronger appeal to the workforce, because they can see its not just the company driving it, but it's in their interest’.

The programme is available to all staff on a voluntary basis and aims not only to monitor mental health, but to help them address any of the sources of stress. STREAM takes the form of an on-line assessment, through the company intra-net (where its widely advertised), with on-screen instructions, which takes about ten minutes to complete. The questions are focussed upon:

- Work demands, including the nature of work (repetition, emotional demands); workloads, deadlines, the working environment, working hours and the impact of absence levels on workloads;
- Control – the extent to which workers control their workflow and how they do their work, flexibility in working hours and how they are coping at work;
- Support – contact with line managers, equipment and systems, help and support from colleagues and line

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- managers; workers health, previous ill health as a result of work pressures and pressures outside of work;
- Relationships – verbal and physical violence at work; bullying and harassment in the workplace; unacceptable behaviour affecting health and relationships with work colleagues;
  - Roles – the possibility of conflicting priorities at work; whether duties are clearly defined; how jobs fit into the organisation and training;
  - Change – access to information on organisational change; the effect of change on workteams and the impact of staff turnover on workteams.

A final section asks a number of standard questions designed to identify depression or mental health issues.

On completion employees received an emailed report giving a stress rating of red, amber or green. If employees receive a red or amber rating the report includes guidance on what they may do to help reduce stress levels.

A report is also sent to the employees' selected line manager. In the case of a red or amber rating he/she is required to offer the employee a one-to-one meeting providing the opportunity to discuss any relevant issues and agree on any necessary actions. If the employee does not feel comfortable discussing these issues with their line manager they may discuss them directly with a second line manager (recognising that the line-manager could be the issue). STREAM may identify a number of problems and available solutions could include childcare provision, work scheduling within flexible working policies, or debt counselling. One of the questions addresses the pressure of workloads, although it was reported by

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management that stress was generally the result of a multiplicity of issues.

There is also an option to talk to a counsellor via the company's Employee Assistance Programme, there is a free confidential telephone support service and free face-to-face counselling (sub-contracted to a counselling service through a third party). This programme also provides support for managers in dealing with issues raised by employees.

The information provided by the STREAM assessment is used to compile the report for the employee and their line manager, but the employees' actual answers are not seen by the selected line manager or anyone else. The report remains confidential between the employee and the selected line manager.

BT also uses anonymised results from all assessments to measure and manage the levels of stress throughout the organisation. The tool had been taken up by 14,000 employees (around 14% of the workforce), with higher take-up in the call centres, where it was launched and where it had been in existence longer. The union officer suggested that take-up was initially rather limited, but that in the future there would be more union involvement, with road shows at workplace level with union representatives promoting the programme. The union is interested in the data that STREAM can provide in terms of locating areas of stress within the organisation:

'We need to go out and sell it, because as a union our view is that the more people that fill it in and the more that use it, the more data you've got, so the more you can see whether there's any bullying or harassment, whether there's any work pressures, whether there's any workload pressures, or whatever'.

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Although STREAM was not established specifically in the context of restructuring the Health and Safety manager confirmed that the company did see 'blips' during reorganisations. It has a 'Mental Health dashboard', which monitors, sickness absence related to mental health, referrals to the occupational health service on the basis of mental health and the outcomes of the STREAM process, which are pulled together on a single sheet and communicated to higher levels of management on a monthly basis. A recent reorganisation in one section had led to a significant increase in such measures and the company was able to take account of the information and address the issues. Management reported that stress levels quickly settled down once uncertainty had passed.

The company was about to launch another 16-week campaign, called 'Positive Mentality', which aims to encourage employees to take better care of their mental health, focussing on the maintenance of good mental health, this would promote the STREAM tool further.

### Work Fit

Work Fit is a joint union and company programme designed to address workers' health and lifestyles, in particularly obesity, high blood pressure and diabetes. The Programme, based around diet and exercise, was introduced in the past 12 months in the context of an ageing workforce, particularly men in the 45-55 age range, who are less active at work than in the past and susceptible to cardio-vascular disease (there are between 20 and 30 deaths per year in the company from cardio-vascular conditions). It was open to all BT employees, and was developed by the company in partnership with the CWU Health and Safety Department, Connect, the Men's Health Forum, Roche Products Ltd and the National

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Obesity Forum - with help from the British Heart Foundation. Work Fit is described as 'a truly collaborative programme', with both trade unions fully involved from the start. It comprised a 16-week health and lifestyle programme delivered almost entirely over the BT intranet and by e-mail. Each week, participants were sent a simple task, which helped them eat well and become more active. The tasks helped participants lose weight if they needed to. Union information states, 'there are no fads, no gimmicks, no calorie-counting – just simple, straightforward and easy-to-follow information and advice'. Employees were encouraged to form teams of between five and 15 who could compete against other teams in a League to determine who was best at changing lifestyles over the 16 weeks. There was an option of raising funds for charity through sponsorship.

The programme was free and completely confidential, with personal information that individuals placed on the Work Fit website treated in strictest confidence. By logging onto the Work Fit website employees could monitor their own and their team's progress against other teams in the League. Those who stuck to the programme and made best progress were invited by BT to celebrate their success (healthily). The programme has proved extremely successful, the company expected up to 5000 employees to sign up, but 16,500 did so; between 5000 and 6000 stuck with the programme for 4-5 weeks and 3,500 stuck with the whole programme, losing two tonnes of weight between them. The Health and Safety manager suggested that the impact of the programme was 'probably bigger than a lot of much more expensive, more high profile public health campaigns that are run';

'It also fit in well with our overall strategy of encouraging people to take responsibility for their own health'. It was about "we'll help you, but we're not going to do it for you".

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It was described by the CWU officer as;

'... probably the best thing I've ever known this company do, it was absolutely fantastic, I wish other companies would do the same sort of thing'.

For this officer the role of the union was crucial since BT gave a team of local safety representatives access to the workplaces in about 45 different sites to run 'roadshows' in work time, which managers encouraged workers to attend. Two occupational health nurses were provided to give advice and information. This programme has been followed up with another one to coincide with public campaigns on smoking cessation (following the ban in Scotland and company wide smoking ban), which highlights sources of information and support for workers to give up smoking, although in this case the company were reluctant to provide any services that were available on the National Health Service. The campaign was run through the local primary care trusts, but there was agreement that workers could have time-off in work time to attend counselling on giving up smoking at the workplace.

### **4. Transversal Themes**

This section locates the case study of BT within the context of the five transversal themes of the MIRE project, identifying how each theme was or was not reflected in this case of organisational restructuring.

#### The Health Impact

The company is progressive in its programmes to address the physical and mental health of its employees. They are based upon joint collaboration between the company and unions. Although these programmes are not specifically designed to ameliorate the health and psycho-social impact of restructuring, since the company is continually restructuring, by implication they do so.

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## Organisational Impact

Although 135,000 jobs have been lost over the past 20 years, the company is committed to no compulsory redundancies and to retraining and redeploying staff. Restructuring is thus integral to the culture of the organisation and this appears to be accepted and negotiated by the unions. The widespread use of agency staff and outsourcing, does however, allow the commitment to no compulsory redundancies to be sustained.

## Public Employment Service and Active Labour Market Policies

The company has contracts with a number of private outplacement agencies. There is no involvement by any public employment agencies.

## Territory

The case study is a large national and global company, with employees throughout the UK, but also in 50 other countries. In the past three years it has outsourced call centre functions to India.

## Trade unions

BT is characterised by strong relationships with two trade unions, the CWU and Connect. There is high union density and company level collective bargaining – there is full consultation and negotiation on matters of restructuring, whilst the health programmes discussed in this report are a result of full co-operation between the company and unions.

## **5. Conclusions**

The innovative nature of the case study lies in the company's commitment to voluntary measures in the context of continual



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restructuring and in its extensive retraining and redeployment of staff throughout. The retention of employees is seen as fundamental to the business. In the UK context the level of transparency in management decision-making within BT and the extent of consultation and negotiation with the unions, are not always characteristic of company-level restructuring. The union accepted that the extremely competitive nature of the sector meant continual reorganisation and job reductions and appeared to be satisfied with the level of its involvement, although management conceded that this came after key decisions on job losses had been made.

The avoidance of compulsory measures has, at least in part, been possible because of the use of high levels of agency staff and unions had raised concerns about this. The 2006 Retail Resourcing Agreement addressed these concerns as well as union opposition to the relocation of call centre work to India. Although the company refused to reverse existing relocation, it has guaranteed there will be no further outsourcing. The company has given assurances on terms and conditions and employee representation in its Indian Call Centres. In addition the Agreement provides the union with guarantees about the ratio of permanent to agency staff and converted a significant proportion of agency staff to permanent employees and set limits on length of contracts. In the UK context the breadth of this agreement is substantial and probably unique.

BT's emphasis on the physical and mental health of its employees through workplace programmes is also innovative. Health and Safety is seen as about the wider health of employees and as a concern (but not the responsibility) of the employer. This is also reflected in the involvement of the union and the role that they accorded their health and safety representatives in engaging with

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employees at the workplace. Although the initiatives were not especially designed to address the impact of restructuring on employees, STREAM allows the employer and union to monitor stress levels in workplaces undergoing reorganisation and to address this.

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