The Productivity Imperative
Towards a 21st Century Model of Postal Service Delivery

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Preface

We call it the productivity imperative. As an element of national infrastructure and as a commercial enterprise, postal operators must value productivity growth. They must be able to show that customers and citizens are getting value from their postal service. In the postal business, as in any other, managers have to juggle prices, demand, service offers, service quality, and costs. In the core letter mail business, still responsible for the larger share of revenues and profits, the challenges are acute. Digital substitution, controlled prices, and regulated service standards are limiting what controls postal companies have over their business model. Productivity improvement, on the other hand, is almost entirely within the domain of the postal manager. In my various roles as a postal executive this has been one of the hardest problems to grapple with.

Annual company reports reveal the degree of this difficulty. The extent to which the postal companies recognise their obligations and sources of success is captured in the high-level targets they set themselves. The frequency with which productivity growth is mentioned, both in terms of targets and achievements, offers some clue as to how well the productivity imperative is understood.

Over many years of postal reforms investment in technology and modern work practices with business targets and budgets, much progress has been made in understanding the drivers of productivity. Implementation has been patchier and the claim often made is that much of this has been due to a range of labour issues. Postal operations are characterised by high fixed cost structures. A high proportion of costs are labour related and these costs are often higher than the market due to the public service heritage of employment conditions. It is harder to bring about change in this environment.

This paper argues that it is time now for a better approach, called here employee-centric flexibility. This may sound a softer option, but it is not the case. The target is still real and ongoing productivity growth, measured and measured again. To get results management will need to exercise all its competence. The aim is to match employee needs, skills, and commitment to the tasks at hand. Information has to be open and accessible. The language has to be fair and reasonable and fact-based. It is an inclusive approach. It makes demands on everybody but it respects the circumstances in which people find themselves. Success in this takes all stakeholders forward.

Elmar Toime
Executive summary

This paper describes the productivity challenge, particularly for the postal and logistics sector. It establishes the productivity environment in global terms and reflects on the different performances in different national markets. It argues that because the national postal operator is both an element of national infrastructure and a commercial entity, it also has a productivity imperative. By delivering better performance in its operations, the results in terms of service standards, prices, and competitiveness benefit customers and the community.

It is argued that the employment ‘deal’ that workers should be entitled to expect recognises the psychological contract as well as the output contract. This puts employee engagement at the heart of the issue. Flexibility is defined in the context of workload variability and labour costs and input. The sector is experiencing major change, in terms of product mix (falling letter mail and increasing parcels), slowing opportunity for further big productivity gains from technology, and residual labour practices.

The main drivers of productivity are described in terms of a postal productivity challenge model. Regulatory alignment, technology enablers, management culture, work process design and labour agility are the elements of this model. Special mention is made of the industrial relations environment and how job design, financial participation, formal labour contracts all affect the prospects for meaningful progress on productivity.

Through case studies and examples, employee-centric opportunities are brought to life as further opportunities to keep the productivity journey moving forward. Finally, a practical toolkit is summarised that would allow any organisation to measure progress in this journey against best practice.
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Chapter 1  Objectives

In the mails and parcels postal sector there have been four major productivity journeys:

- quality and service standards;
- sorting automation;
- network rationalisation in terms of sorting centres, delivery offices and transport links; and,
- organisation development.

In mature Posts, that is companies that have to varying degrees modernised their operations in terms of these journeys, the potential to expect productivity growth to continue from technology and network consolidation has lessened. Questions of quality and service standards are in the hands of regulators and markets. However the demand by customers and owner stakeholders, whether governments or capital markets, for ongoing cost effectiveness will not lessen the need to focus on productivity as a core business dimension. Future productivity growth will have to be driven through the establishment and consolidation of a productivity culture.

Central to our argument to develop a continuous productivity culture is that there has to be both agile flexibility to meet changing market conditions and alignment between the strategies for productivity growth and stakeholder priorities.

Different stakeholders have different perceptions of flexibility. From a corporate perspective flexibility can mean the alignment of service conditions to meet more exacting consumer and market demands. This might require the renegotiation of contracts to create work patterns that align to work flow so as to minimise underutilised hours and maximise labour productivity. From the workforce perspective flexibility can mean alignment of working lives with domestic, family, and community responsibilities. Any variance or gap in these two perceptions and the way that is managed has a significant impact on the sustainability of productivity growth.

Since the global recession employer-centric flexibility has been in the ascendancy in many economies. This is seen for example in the introduction of greater sub-contracting, zero hour contracts, and an erosion of employment security. This global trend is also seen in the postal logistics sector. For example, lifestyle courier models are becoming increasingly common in the B2C parcels market and there is a growth in short term (but often renewable) work contracts. In a response to meet market conditions some Posts are beginning to join the race to the bottom in terms of labour conditions.
Whilst this may drive short term productivity gains there is mounting evidence to suggest that this is a temporary effect and the trend towards a less secure work environment damages the ability to drive long term productivity. This is because workforce engagement and innovation from the operational floor reduces, and workers have an increasingly transactional relationship to their work. In these circumstances, productivity growth and service quality will be detrimentally affected because both are reliant on work process enhancement.

Therefore the challenge to management is to align the following imperatives:

- Become more flexible to meet market conditions.
- Drive productivity in the face of falling mail volumes, changing product mix as packets and parcels increase, and declining marginal productivity from new technology investment.
- Get understanding in the workforce that higher productivity is the key to sustainable real term wage rises.
- Meet workforce ambitions for a work–life balance.
- Seek to minimise the gap between various stakeholders’ perceptions and ambitions and to focus on long-term sustainability rather than short-term incremental gain for one group.

This paper argues that one way to address these potentially conflicting imperatives is to explore and adopt the opportunities for employee-centric flexibility within the framework that businesses have to be efficient, profitable, with growing productivity and equitable distribution of benefits.

By employee-centric flexibility we mean a combination of features. These may include
contractual forms and remuneration incentives that recognise work life balance, different life stage ambitions, or different labour markets. The importance of the psychological aspects of the work contract and an individual’s needs inside the frameworks of collective agreements cannot be ignored.

It is our contention that this framework would be a constructive and creative way for postal industrial relations to develop. One that would enhance the long-term productivity of companies in the future challenging market conditions. It offers the sector an opportunity to re-interpret its tradition of being a high quality employer even within current competitive market conditions.

The paper explores a number of themes:

- How to reconcile the ideas that employee flexibility is essential for the modern economy but also that for workers to be productive they need to be engaged with their work.
- How explicit work contract terms can embrace the implicit psychological contract between employer and employee, so as to recognise wider social needs, including enabling work to be integrated into the wider domestic, family, and community life.
- Define employee-centric flexibility and show how it can be developed in a practical manner.
- Explain the limits and negative externalities of employer–centric flexibility.
- Show what are the potential opportunities to introduce these ideas as part of both a wider human resource strategy and as a way of fostering more constructive industrial relations.
- Show how to enable change to be more agile and responsive to market conditions.

These themes are explored through a discussion of productivity, postal industrial relationships, the concept of employee purposefulness, and descriptions of flexibility. This includes describing a number of practical and successful examples of building flexibility using employee–centric models of contracting.

The final objective is to provide a tool kit that organisations can use to assess their own employee-centric flexibility.
Productivity matters for several reasons. Firstly, it is the biggest single factor in how much average living standards can increase in real terms. Secondly, if productivity is rising faster in countries such as the USA, France and Germany, it implies that – by comparison – countries like the UK and Italy are losing international competitiveness. Thirdly, policy decisions that affect future economic growth are strongly influenced by expectations of productivity growth. One of the most notable features of the last few years in the UK economy has been the sharp decline and subsequent stagnation of labour productivity. Between 2007 and 2009, output per worker fell by over 5%. Over the subsequent four years, it rose by just 1%. Since, owing to advances in technology, productivity usually grows year on year, the full effect of this is that productivity is now almost 20 per cent below the long run trend. On the wider international stage the relative positions of the EU economies and the US do not seem to have greatly changed between 1993 and 2013, according to OECD estimates of GDP per hour worked. The main exceptions were some low productivity Eastern European economies such as Hungary, Poland, and Estonia, and also Turkey and Chile, which have closed some of the gap against the US and the rest of the OECD. There was also a big increase in Ireland, associated with strong inward investment by multinationals. Elsewhere in the EU, productivity in some countries has improved as a reflection of a faltering economy where both GDP and employment have fallen. For example, in Spain – where labour productivity has risen, GDP fell by 4.2% and employment fell by 13.7% after 2009. In China, average productivity growth fell from 12% a year between 2003 and 2007 to below 9% between 2008 and 2012. We should bear in mind, of course, that China’s GDP per worker is only 17% that of the USA.

These statistics make the recent economic recession very different from many others, particularly those of the 1980s and 1990s, after which productivity recovered quite quickly. The initial decline in productivity is likely to be the result of a fall in demand; but we would normally expect firms to adjust their labour input in line with this fall, thereby raising productivity quite quickly. The prolonged fall in productivity is therefore something of a puzzle. It is not easy to imagine why we should have stopped being as good at doing things as we once were.

**Why the Productivity ‘Pause’?**
Several explanations for the apparent slowdown in productivity in some developed Western economies have been suggested, though each can only offer a partial solution. Among them are:

- Changes in the composition of industry, notably the decline of capital intensive, high productivity, extractive industries such as oil. This may be a partial explanation, but we know that productivity has declined within a wide range of sectors, not just in some industries.
• A decline in successful innovation, particularly in industries such as pharmaceuticals. This may contribute to falling productivity in some industries, but it cannot explain the drop in productivity in industries that are less sensitive to innovation.

• Change in the composition of investment, with much investment now taking the form of R&D, design, brand management, reputation, and software development. Over the last 20 years in the UK for example, such ‘intangibles’ have come to represent a far greater proportion than before of the economy’s investment – up from under 10% to 35%.

• A change in the capital to labour ratio brought about by lower real wages. As real wages fell during the recession, firms may have substituted labour for capital, with the hiring of lower productivity workers becoming increasingly worthwhile. Certainly, investment in physical capital has fallen and has failed (so far) to recover – though many observers expect a marked recovery in the near future. To the extent that this has led to a deterioration of the technology that workers can use to undertake their jobs, one would expect it to lead to declining productivity. But whether the fall in the relative price of labour has been sufficient of a trigger to bring this about is debatable – especially given that a change in investment needs to be sustained over several years to have a marked effect on the total stock of capital.

• The hollowing out of labour markets – a process whereby technology has led to the erosion of opportunities for workers with intermediate level skills. In the UK, employment gains in recent years have been concentrated in low skill sectors, including retail and hospitality, and this may explain in part the decline in overall productivity aggregates. Yet we know that this cannot be the full story because productivity appears to have declined across the piece, not just in some sectors.

• Underemployment is a phenomenon that has drawn much recent attention, with many workers now being employed for fewer hours than they would like. If the decline in productivity manifested itself only as a fall in output per worker, this might provide a convincing explanation. However, we have also observed a significant decline in output per hour worked. Therefore, underemployment does not appear to be the story.

• The increase in self-employment has been a significant part of the labour market story in several countries since the crisis. We still know relatively little about the nature of the new cohorts of self-employed workers. If they are concentrated in low productivity occupations, then the rising incidence of this category of work might play a part in explaining the decline in output per unit of labour employed. The self-employed still constitute a relatively small part of the workforce, however, and they are likely therefore to provide only a small part of an explanation. Moreover, the increase in the numbers of self-employed workers has accelerated sharply over the last twelve months, and of course the fall in productivity pre-dates that by several years.
These factors have been at play across most of the EU, to a greater or lesser extent, since the economic crisis. Between 2007 and 2011 productivity grew by just 1% in France and fell by 1% in Germany and Italy. Allowing for measurement errors, productivity across the major European economies has behaved in much the same way. This in turn helps explain why some of these economies, including the UK, have had much better labour market performance than we might have expected from past experience. In effect, they have kept more people in work over the recession and early years of the recovery by sacrificing productivity growth.

When we look at the productivity measures in current prices to get some idea of how the UK compares on productivity levels, the UK looks much more of an exception. The UK’s productivity levels in 2011 were 27% below the US, 25% below France, 22% below Germany, and 4% below Italy. Productivity levels are roughly the same as in Canada, and 10% higher than in Japan (this however disguises the fact that Japan has a very competitive, high productivity internationally traded sector and a much less competitive lower productivity domestic sector which is largely sheltered from direct international competition). Compared with the average across all the major economies, the UK was 15% less productive in 2011.

Thus the UK still has a major problem of low productivity against most of the other major economies and it has got worse during the current crisis. The European productivity ‘pause’ has not yet had much impact on the competitiveness of Germany or France against the US or Japan, because they started from such strong positions. The position for the UK is significantly worse, because it started from a much weaker position. Winning back the lost ground will be a major challenge.

**Time to Focus on Workplace Productivity?**

It is important to acknowledge that, despite the macro-economic debate about productivity it is only through changes at firm level that improvements in productivity can be achieved and sustained. In the global economy, where the prices of goods and financial and physical capital are increasingly determined and fixed in world markets, the main source of competitive advantage lies in the strategic use of human resources via the connection of workplace practices and productivity. Yet most discussions of productivity have been at the aggregate economy-wide level related to such factors as technological change, the ICT revolution and efficiency gains from trade liberalisation and the education of the workforce. However, the focus of this paper is on the workplace as the unit of analysis where such productivity related interactions actually take place.

The link between workplace practices and productivity is important for all stakeholders – employers, employees and governments. For employers, productivity is crucial for competitive survival under global competition. For employees it is important for job security and sustained real wage growth. For governments enhanced productivity is important for sustainable growth, reduced unemployment, tax revenue generation and for providing the means for a social safety net and social programmes in general. A focus on workplace work organisation, skills, motivation and labour utilisation strategies allows us to look at what some academics call ‘bundles’ of high-performance work practices which are known to
differentiate high-productivity organisations from the ‘also-rans’. Recent analysis in the UK by Keith Sisson has also suggested that a constructive climate of employee relations may also make a significant difference to productivity rates.

Taking a sectorial perspective – in the case of this paper, the Postal Sector – can be helpful in understanding the way that competitive pressures, decisions about capital/labour substitution, business models and human capital management all combine to produce variations in postal worker productivity.

Chapter 3  Purposefulness, Productivity and the Employment Deal

The desire in people to find their work meaningful is deep in human nature – and has become part of the strategic landscape of the modern employment relationship. More than ever before, people are looking for more than just a job – they are seeking meaning from the work they do. While it is not in the gift of employers simply to provide meaning for their employees, they can actively create the environment that enables people to attach meaning to their employment. In practical terms, this suggests that:

- For employers, there is value in understanding the complex mix of elements that makes up meaning for their workforce. It is not static – it changes for different communities and at different stages in a person’s working life – so the dynamics need to be explored, rather than assumed. The core concept that people are seeking meaning matters universally: it applies in the private and the public sector, to the highest fliers and the lowest paid, the high skilled and low skilled, leaders and front line staff, and to the huge percentage of the workforce in between.

- Leaders play a vital role in communicating the purpose of the organisation and connecting employees to their part in it. While financial goals may well be intrinsic, they are not sufficient as a definition of purpose. To be sustainable, purpose needs to be understood to encompass customer and social value as well – which is particularly important at a time when employees and the general public are, in general, cynical about the motivations of organisations and sceptical about the authenticity of leaders.

- Job design is a powerful – but often under-utilised – mechanism through which employers can both make the work more rewarding for the organisation and the employees. The combination of focusing on the individual qualities and capabilities of employees and charging people with the responsibility to deliver against the purpose and value of the organisation, can provide a fresh way of tapping into the best of what people have to offer. The challenge and the opportunity is to apply those principles throughout the organisation, including with employees who work at lowest level jobs, through designing workflows the enable everyone to see their part in the whole enterprise.

The premise of this paper is that it is hard to imagine ‘good work’ and an engaging Employment ‘Deal’ that is meaningless. In this context the ‘Deal’ – or psychological contract between employee and employer – refers to ‘the unwritten contract, the sum of the mutual
expectations between the organisation and employee.² That insight offers a perspective through which employers can align employers to the purpose of the organisation, and engage their best efforts to create value, in a manner that also satisfies their desire for good and meaningful work.

Research has found that pay and reward are no more than hygiene factors when it comes to employee motivation and engagement. Instead, the individuals’ expectations from the organisation depend on how well the ‘Employment Deal’ meets their personal needs and aligns to their values. In that way, the fairness of employer-employee exchange may rely on the meaning that individual draws from work, their relationship with co-workers, or their direct supervisor. In many cases, the estimated future outcomes of the relationship, for example, increase in one’s expertise and bargaining power in the labour market may assist in maintaining the current conditions of employment until those needs are realised.

The ‘Employment Deal’
Notably, rather than supplying a snapshot of engagement, the Deal develops in a flux. Employee perceptions of the Deal are clearly dynamic, with their perception of their role and status changing throughout its duration³. The Deal develops along the following stages (see Figure 2):

- **Balancing the Deal** – negotiating (where possible) the terms of the implicit employment contract.
- **Sustaining the Deal** – maintaining the fairness of the exchange as the relationship develops.
- **Rebalancing the Deal** – negotiating the new terms of contract when the external or internal context changes, for example, at the time of organisational restructure or job/pay cuts following recession.

This approach sees engagement as a set of attitudes that are shaped by core values (trust, fairness) and that influences the behaviour of employees and organisations. Likely to be fundamental to future business success, engagement strategies will have to mature from attempts to enhance engagement scores, to influencing at a deeper level the attitudes and motivations of employees and the culture of organisations. While the psychological contract had seemed to have been superseded by employee engagement – deemed, as it was, overly individualistic and complex to be practicable – underpinning the desire for engagement is the employee’s interpretation of the Deal, which must take centre stage. For engagement, if it is to arise, is in the gift of the employee but needs to be nurtured by the employer.

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Figure 2: Balancing, sustaining & rebalancing the Deal

Source: The Work Foundation, 2010

Figure 3 highlights the main drivers of employee engagement as identified by research from the Institute for Employment Studies (IES). It should be noted that these drivers only have an impact on engagement by combining to have positive impacts on both feeling valued and involved at work.

Figure 3: Drivers of Employee Engagement

Source: IES Survey, 2003

It is important in this context to recognise that employees are not a homogeneous group and this needs to be taken into account by employers. For example, they differ to the extent they value pay, and many of the additional factors linked to job meaning will be valued differently.
by different employees. There may be varying degrees of importance at different stages of their development. Providing all with autonomy, for instance, makes little sense if some are more comfortable with close supervision, or are not ready to work autonomously. Supervision is often associated with the hierarchical arrangements of the Taylorist paradigm, but it is not supervision *per se* that is problematic for it can contribute to the development of employees.

Work Foundation research has shown that autonomy carries more weight for employees in a more advanced stage of their career. Moreover, autonomy was more highly valued by professionals and highly skilled technical workers than by skilled or semi-skilled manual workers. As for the type of organisation respondents were employed in, autonomy was a bigger priority for those working in the private sector than for those working in the charity and the public sectors.

**Drivers of Engagement**

Most importantly, the concept of employee engagement highlights that the fulfilment of *explicit* promises by employers can maintain engagement at high levels. However, the breach of *implicit* psychological contract arrangements is likely to sever or compromise the Deal. This means that employers must be aware of the factors that can undermine the Deal and erode engagement. Table 1, below, highlights some of these.4

**Table 1: Drivers & Inhibitors of Engagement**

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<td>Meaningful and purposeful work</td>
<td>Heavy workloads</td>
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<td>Development opportunities</td>
<td>Job insecurity: e.g. fear of job loss</td>
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<tr>
<td>Recognition and reward</td>
<td>Unfairness – particularly in reward and pay systems</td>
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<td>Effective and assertive relationships, characterised by trust</td>
<td>Jobs with no space – i.e. repetitive work</td>
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<tr>
<td>Quality communications</td>
<td>Highly stressful jobs with very little flexibility or autonomy</td>
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<tr>
<td>Inspiring leadership</td>
<td>Poor line management behaviour and bullying</td>
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<td>Working for long periods without a break</td>
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A lack of trust, in all levels of leadership

Reduced employee availability to work – i.e. various life roles

Lack of psychological detachment – i.e. a sensible work-life balance

A lack of innovation

Skill under-utilisation

Lack of task discretion

Micro-management

Paying nothing but lip-service to engagement – i.e. disregarding the findings of an engagement survey and failing to implement its recommendations

Given the interest in flexibility, one might be forgiven for believing that everybody desires flexibility and that the only thing preventing all from having it is the nature of certain jobs, for example in retail which tend to be tied to a specific location and time. This may not always be the case. Some may prefer working during a certain time of the day or in a certain location, even if their jobs allow for flexible working; they may actively seek the structure that a 9 to 5 working day provides, as well as the warm relationships characteristic of many workplaces.

A good example of an organisation tailoring its HR strategies to individual needs is provided by the UK financial services company, Capital One. In its Future of Work programme, the company created an environment supported by new technologies – for example, wireless laptops and smartphones – and HR policies that freed up their employees to work when and where they would be most effective. However, the intention was not to push employees away from the office and the vast majority continue to enter the office at some time during their working day. Rather, employees were assigned one of four segments, ranging from “Anchor and Resident” – those who are assigned an individual workstation to be used every day – to “Teleworker” – those who work from home and are provided with the necessary new technologies to do so. The most suitable arrangement for employees was decided in an individual conversation between them and their line manager.

Improving ‘employee engagement’ is becoming a priority for many businesses, with an imperative for employers to reconnect all their employees to a simple, compelling and authentic message about the purpose of the organisation. Without this, there is nothing to get ‘engaged’ with and almost no hope of employees being able to derive a strong sense of meaning from their work or to maximise their performance and productivity. But the benefits of an engaged workforce with an Employment Deal must have its roots in a shared desire to achieve mutual benefit:
Engagement is ‘a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employer and employee’ (Robinson, et al., 2004).  

Chapter 4  The What and Why of Flexibility

This paper looks specifically at the postal sector and focuses on two aspects of flexibility. Firstly, how to best align costs with workflow to increase productivity and, secondly, how that flexibility can be achieved equitably. The aim is to realise economic benefits but not at the expense of the decency of working contracts, the creation of unstable hours or to the detriment of the underlying psychological contract of work. This approach is the foundation of high productivity cultures.

The need for flexibility starts from how postal customers, and consumers of services, have evolved over the last twenty years. Increasingly both businesses and consumers expect longer and greater access to products and services, more customisation of and increased interactivity with the product service and supplier. The postal worker as a consumer expects for example longer retail opening hours, multiple channel (omni-channel) access to suppliers, and opportunities for weekend and evening shopping. In turn, as a service supplier themselves, they face similar pressures from their customers, the people and businesses that send and receive mail. Whilst the letters business can arguably determine its own service parameters (declining importance, limited competition) the packet business cannot. As e-commerce grows consumer demand for more customised fulfilment will grow and the need for greater and greater flexibility in both working hours and functions will be required. This is already being seen as service providers trial evening and weekend delivery services.

Secondly, businesses require flexibility by matching contracted hours to work flow and by maximising capital assets. This pressure strongly affects the mail sector. This is seen in daily, weekly, seasonal, and annual volume variation, underutilised capital assets (mail sorting equipment and delivery offices have long daily periods of inactivity), a strong requirement for night time processing, a history of relatively fixed in the short term labour resourcing models. Falling mail volumes compound these rigidities and this poses a more complex challenge – improving productivity in a fixed cost environment. This is in stark contrast to the easier challenge of productivity growth on rising volumes that characterised the sector over the long boom from the 1960s through to the early 2000s.

Thirdly, there is the need to view flexibility from the employee perspective. This broadly can be defined as the ability of a company to enable an employee to balance work and life at different times in their lifecycle.

These three perspectives of flexibility are to some extent in conflict. The challenge is to find ways of designing jobs and contracting that allows an equitable compromise, a golden mean between these competing pressures.
In the context of these requirements, postal businesses require four basic types of flexibility:

- **Numerical Flexibility** – Short term contracts, part time, casuals, shift patterns, overtime.

- **Functional Flexibility** – Variable tasks, multi skilled employees, teams, engagement to process.

- **Organisational Flexibility** – Sub-contracting, franchising, linking costs to pay and transfer of risk.

- **Pay Flexibility** – Increase variable components based on business success parameters and changed pension commitments.

These are significant industrial relations challenges and it is proposed here that they can be achieved through a variety of approaches. In broad terms some of these are:

- Purposeful but gradual changes to the labour contract over time, perhaps tied to business results.

- Labour recruitment from different labour pools to fit new types of jobs and consistent with the existing distribution of labour.

- Increased use of part time labour.

- Change processes grounded in the economic pre-requisites but which create work life balance through-out the working life cycle.

In terms of practical implementation, many of these directions will be running in parallel. This can create uncertainty and distrust between employers and employees. Indeed, if a business is making a stated commitment to high employee value propositions on one hand but on the other is recruiting against fixed term or zero hours contracts, the industrial relations climate is likely to worsen. Any productivity gain arising from functional flexibility will be reduced as workers slow the adoption of new technologies or “game the system”. Short-term business behaviour in conflict with aims and commitments undermines the entire labour environment.

A useful example is the aggressive move to part time working models in some postal companies. For example delivery work being broken up into two-hour shifts, mail processing moving to largely part time and casual workers, or split shifts between morning and evening work. Whist this has met economic flexibility it carries inherent risk of conflict. It changes the relationship between the employer and the employee, potentially weakening the underlying productivity psychological contract. It also requires the gradual replacement of the labour pool to a part-time one and management must accept that this will require more effort in quality control process and would result in higher labour turnover.

To avoid these issues and conflicts we suggest that there is an advantage in adopting what we call an explicit core–periphery model of labour engagement. The fundamental feature of
The model is that the business recognises three categories of employee: core, intermediary, and periphery. Here both employer and employee have different expectations and commitments to each of the three groups. Further, different types of flexibility are required from each group.

The core features of the model are summarised in Table 2 below:

**Table 2: Core & Periphery Model**

<table>
<thead>
<tr>
<th>Features</th>
<th>Core</th>
<th>Intermediary</th>
<th>Peripheral</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full time</td>
<td>Part time</td>
<td>Fixed short term</td>
</tr>
<tr>
<td></td>
<td>Secure conditions</td>
<td>Clear conditions</td>
<td>Basic contract</td>
</tr>
<tr>
<td></td>
<td>Career path</td>
<td>Committed relation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>Defined hours/task</td>
<td></td>
</tr>
<tr>
<td>Flexibility Requirement</td>
<td>Variable work task</td>
<td>Part time hours</td>
<td>Flexible and limited commitment on hours</td>
</tr>
<tr>
<td></td>
<td>Weekly hours</td>
<td>Committed</td>
<td>Short term change</td>
</tr>
<tr>
<td></td>
<td>Limited overtime</td>
<td></td>
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<tr>
<td></td>
<td>Pay-performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour Pool and Aspiration</td>
<td>Traditional full time worker</td>
<td>Retirees / Carers</td>
<td>Starter jobs</td>
</tr>
<tr>
<td></td>
<td>Job progression</td>
<td>Outsourced contractors</td>
<td>Students</td>
</tr>
<tr>
<td></td>
<td>stability loyalty</td>
<td>Planning work life balance</td>
<td>Transactional income</td>
</tr>
</tbody>
</table>

This labour model has the advantage of requiring specific types of flexibility for specific commitments and reinforces this by seeking to recruit from labour pools whose own aspirations align with the value proposition on offer. However for the model to have credibility with core workers the balance of total employment cannot be too far to the business extreme as it will be seen as a long-term attack on employment benefits and rights.

Postal companies need to reconcile the requirements for the various forms of flexibility, the complexities of industrial relations environments, and the need to build alignment between employee commitment and the organisation’s goals. Exploring the opportunities created by employee-centric thinking is one new and creative way of potentially meeting these objectives.
Chapter 5  The Postal Productivity Challenge

The postal sector faces an ongoing productivity issue. Over the last twenty years, the industry has undergone considerable regulatory and technological change and in many instances has delivered year on year productivity growth. In Posts that modernised early this drove strong profitability. The cash so generated was then able to serve three purposes: reward employees, reward the shareholder governments with dividends, and most importantly enabled further investment and diversification. This productivity boom occurred in an environment of rising mail volumes, a circumstance where the historical fixed cost structures of the Posts were beneficial. However, in Posts where this modernisation was delayed attempts to improve operational productivity were playing catch up, but now with falling volumes.

Regardless of starting point, all Posts today continue to face a fundamental productivity challenge. On average Posts in many economies are seeing letter mail volume falls of 3-5% per annum if not more and are forecasting the trend to continue for the medium term. This is exacerbated by the ongoing growth in addresses and delivery points and by competition in the sector itself. There are more places to deliver to, and thus mail per delivery point is falling faster still. Renewed economic growth will not reverse this as digital communications become more pervasive. Further, there is recognition that price increases for mail above the rate of inflation will accelerate substitution and that while the growth area of packets and parcels provides some respite in terms of new revenue, it has different operational requirements. And the growth of competition in various stages of the postal value chain can mean postal operator margins fall faster than revenues.

This competitive and weakening environment is posing a set of new productivity challenges for postal management. These include:

- How to achieve productivity growth in high automation environments?
- How to accelerate productivity growth in the light of mail volumes and packet competition?
- What will be the core elements of the productivity paradigms for the new market?
- Which productivity levers will be key?
- What optimisation trade-offs need to be made around productivity decisions?
- How to improve the cost-volume ratio, so that cost can respond in a more agile way to falls in volume or changes in demand composition?
- How can the typical step changes in costs associated with technology-led productivity be transformed by introducing new labour flexibility into a smoother cost changes?
Given that labour costs still account for anywhere between 40-70% of total operational costs, these challenges loom large. How can the industry develop the labour flexibility to maximise the benefits of automated production environments whilst remaining committed to employee value proposition of well-paid secure employment? This fundamental problem can be addressed by understanding the drivers of productivity in the postal sector.

The diagram in Figure 4 shows the six forces that determine postal productivity and for each there are proven and established best practices.

**Figure 4: Drivers of Postal Productivity**

- **Goal is to minimise base unit cost to create competitive platform**
- **Goal is to establish continuous improvement cultures**
- **Goal is to increase flexibility and agility which enables alignment between hours and works at acceptable levels of contract flexibility**

Important developments in the main areas are briefly summarised below.

**Regulatory Alignment to Market**

Over the last 20 years, universal service standards have been driven by a common set of assumptions: rising volumes, inelastic prices, demand for next day service, customer expectations, and demand for increasing quality of next day services. These service standards place an operational fixed point on productivity development. More recently there has been increasing pressure to allow market forces to determine service quality and for regulators to allow Posts more operational freedom on issues such as collection density and service standards for commercial mail. Best practice is increasingly to have a high alignment between production environment and product specification in order to optimise production networks. The future evolution of the regulatory framework will have significant bearing on the productivity frontier that Posts can achieve.
Technology Enablers
The Post has become an increasingly capital intensive business as the adoption of new sorting technologies have significantly driven productivity. There has been a common approach for most postal companies. Mail processing centres have been consolidated, accompanied by containerisation, automated sorting and then sequencing of flows. In delivery the core technology drivers have been sorting frames, the use of routing software, the gradual movement to motorised delivery, and increasingly the ability to harness the potential of postal carriers using mobile devices. Until automated delivery technology becomes a reality, the delivery function has fewer opportunities to replace labour with capital. The challenge to raise delivery productivity lies more in service, management processes, and work practice change than in technology.

Technology platforms as an enabler of productivity remain critical. The challenge is that for most developed Posts the productivity benefits of further capital investment are likely to be increasingly marginal. The next wave of technologies will be more about the intelligent use of data to enable more agile processes that will rely on more flexible labour contracts. The major technology enablers are summarised in Figure 5 below:

Figure 5: Technology Enablers

Management Cultures
In all successful postal transformations technology change has been accompanied by significant changes to management culture and practice. The critical change has been to empower front line managers to be both commercial leaders and change agents. This is enabled through training and development and relevant selection processes. Management and measurement systems have been instrumental features in this environment. They need to be focused on developing leadership and commercial capabilities relevant to the work unit but related to optimisation of the costs of the total pipeline, not unit maximisation. The challenge is to create and maintain continuous productivity growth cultures.
**Work Process**

In parallel with the adoption of technology enablers there has and needs to be a focus on work processes. Best practice has involved defining standard procedures ensuring that compliance is seen as a norm. This is reinforced through the adoption of TQM and six sigma processes ensuring meaningful and timely communication of results, and being open to embrace local input. The continued refinement of work process is critical to postal productivity and will increase in importance as the impact of the investment in technology enablers diminishes.

**Labour Agility**

Finally, the challenge at the heart of postal productivity is to develop more agile and flexible labour relations that confer benefits to customer, company and employees. To deliver the necessary productivity growth the industry requires greater labour flexibility. This is to match the peaks and troughs of the workflow, and to reduce labour underutilisation and labour overtime. It will be the critical productivity frontier of the next five years. The industry has typically looked for greater agility by using a full time, part time and casual mix of labour, as well as innovation in contracts including annual hours, weekly hours, dynamic rostering and management of relief pools. This has been extended in some case to recruiting specifically from labour pools who do not want full time work. These resourcing and contracting styles have been supported by seeking to end job demarcation, reducing shop steward control of work process and introducing team approaches. The aim has been to increase local control through enabling managers to resource in flexible ways against volumes and operational financial targets. This maximizes productivity potential and it permits team working, dynamic rostering, and flexible hours in remuneration agreements.

Despite these innovations, trying to achieve a more flexible labour model is a long process requiring considerable negotiation and change to accepted practice and expectations. This process is made more complex in the postal sector because of its long service tradition and commitment to providing secure full time employment.

Management faces considerable challenges in trying to introduce these more flexible working conditions. Given the underlying competitive economics in the markets, maintaining and enhancing customer satisfaction and service quality it is not sufficient to get resigned acceptance of new working conditions. Successful change has to be fashioned as part of an employee value proposition that is seen as attractive and motivating.

The rest of this paper looks at the contradictions, challenges and opportunities in both designing and implementing more employee-friendly flexible working.
Over the years as postal productivity has grown there has been a lag between the technology potential for productivity development and the speed of realisation. In some Posts this has been significant and the potential benefits have not been realised. In others this has been no more than a frictional implementation delay as new processes have been introduced and adopted in the organisation. The underlying difference has arisen from the degree to which Posts have been successful in modernising these aspects of the postal labour relationship: industrial relations, labour contracts, financial participation, and job design.

This section reviews the challenges and aspirational best practices in each area. Purposefulness in the employment contract and employee-centric flexibility can realise productivity potential and market agility without compromising employee desire for stability and predictability.

**Industrial Relations**

The nature of the industrial relations environment is a critical determinant of the ability of postal companies to realise productivity potential. There are two core components in this, namely the culture of industrial relations and the technical aspects of contracts. In Posts where change is slow the industrial relationship culture is often seen by management as an exogenous variable, created by union attitudes, incompatibility of union and company goals, and a focus on short term conditions and pay issues rather than longer term goals of an attractive, sustainable employee value proposition. Indeed, in challenging this perspective one senior postal manager commented *“that management gets the unions and industrial relations cultures it deserves”.*

In Posts where change has been quicker, management and the shareholder Government have created a culture that tightly links real term pay increases and improved working conditions against the underlying productivity of the business. These cultures have been created by building credibility and agreement in areas where there are common ground and explicitly recognising core differences of view. The labour contract negotiation rounds are seen as the key periods in which to achieve real change. Key areas of common ground include health and safety, equal employment opportunity, security of mail, quality of service, fair day’s pay for fair day’s work, promotion from within, and recognition of collective bargaining. The main differences of view concern pace of change, job reductions, flexible working conditions, lower cost base selection processes, flexible job design, slower wages growth, and commercial reality.

In those Posts where there is already a positive change culture, the development of employee-centric flexibility is another tool to reinforce willingness to change. In Posts where
there is still a fundamental gap between corporate goals and union aspirations then employee-centric flexibility becomes a way demonstrating that the company is still committed to a high employee value proposition and is not simply trying to increase flexibility through a drift to casualised and part time working.

**Labour Contracts**

One of the major complexities in driving productivity growth in postal organisations has been to move from traditional, rigid, and highly prescriptive labour contracts to ones that are simpler and that embody productivity principles and customer service as well public service.

At the most restrictive end of the spectrum, postal labour contracts have been civil service based with engrained seniority principles and non-compulsory redundancy clauses. More commonly, they have been typified by complex allowance structures, automatic gain share, with formulaic historical allowance structures that evolved to compensate for different local conditions or to accommodate local activism. These regimented labour contracts are written in complex legal language with codification for every contingency rather than pragmatic solutions as needed.

These conditions have meant that the speed of change has been slowed down and the overall potential productivity benefits have been reduced as they have been absorbed in increased labour cost even before the costs have been taken out of the business.

In recognition of this, Posts as part of the transformation process have increasingly focused on changing the basis of the labour contract. The aim has been to embody the following principles: simple pay scales that reflect market and skill conditions, higher pay for higher productivity, simplification (or elimination) of penal and allowance payments, overhead reduction in managing allowances, plain language contracts and, critically, flexibility in terms that reflect workflows.

Whist many Posts have had successes in introducing at least significant aspects of these principles others are still challenged by restrictive labour contracts. However, the market conditions of the future (declining core volumes and increasingly competitive parcel markets) will make formulation of labour contracts a critical component of the employee value proposition and the financial stability of the business.

It is our conjecture that this will only be reconciled by exploring solutions that are more creative. These will include combinations of more varied and different contracts for different labour market segments that will have different relationships with the employer. One aspect of this will be look at the employee-centric flexibility options that explicitly recognise the importance of the psychological contract in creating underlying productivity cultures.

**Financial Participation**

There has been increasing interest in linking employee rewards with organisational performance in recent years. This concept has particular relevance in Posts since the adoption of employee share ownership models, as in the Royal Mail for example. With
specific reference to productivity, the evidence supporting the use of a number of ‘performance pay’ schemes to improve labour productivity is weak in relation to merit pay schemes, payment by results and individual performance-related pay. However, evidence on share ownership suggests a stronger relationship. Analysis from Bryson and Freeman (2004)\(^6\) showed, however, that employee share ownership only has a positive relationship with productivity if it includes all employees (i.e. not just senior managers) and if it is accompanied with other forms of ‘participation’. In practice, this means a ‘voice’ in key organisational decisions and high levels of autonomy in decision-making within jobs themselves. The explanation for this is that financial participation by itself (through share schemes, for example) will only deliver ‘windfall’ payments to employees which will have minimal or low psychological or motivational impact. If employees feel that they have a stake in the business which allows them to be involved in decision-making about the pace, quality and scheduling of work then a share scheme can consolidate a sense that they are genuinely contributing to the success of the organisation.

**Job Design**
At the heart of postal productivity is the issue of job design with the central goal of designing jobs that maximise the alignment of hours to workflow, minimise the need for unplanned overtime, and minimise the amount of underutilised labour. This goal is achieved through the active management of three variables: product specifications; terms and conditions that allow operational management to flatten daily volume cycles to enable a continuous production environment and a sophisticated production planning system that maximises resource utilisation against given volumes; and finally, job design which aligns hours to volume.

At the start of the productivity journey in the postal sector job design was frequently characterised by poor process specification and compliance. There was an unwillingness to broaden the range of tasks, strong demarcations, and lack of flexibility in varying shifts and rosters to meet load variations. The established ways of working were fixed and unsuited to new demands, teamwork and the continuous process improvement culture being sought. These ways of working were not embedded in organisational culture and an expectation developed that productivity improvement must be ‘bought’ in wages.

To a greater or lesser extent these features are still part of the industrial landscape but in more successful Posts a combination of process and job design principles have been designed and adopted. At a process level these have included clearly defined operational standards with high compliance levels. Jobs are designed to reduce task demarcations. The introduction of call-forwards and call-backs as ordinary operating procedures, the ending of in-built automatic absence relief not based on workload, and the factoring in of part time hours all contributed to a burst of productivity growth. As stated previously, the impact of change is to target the overall effectiveness of the mails pipeline, not just that of the

individual operational unit.

As these principles are adopted a common job design pattern has emerged and is summarised in Figure 6 below:

Figure 6: Job Design Pattern

However the nature of the job design is a critical and subtle factor in creating a sustainable and underlying productivity culture. If design moves too far in the direction of employer-centric flexibility (casual labour and zero hour contracts) then the worker will have at best a transactional relationship to his or her employment, with the consequence that quality will fall and productivity will be dampened by absenteeism and presenteeism.  

This centrality of the issue of psychological contract is easily illustrated at the end of the 1990s when one Post introduced a highly decentralised balanced score card system. A decline in employee satisfaction in one quarter was an absolute predictor of productivity and quality falls in the next, unless remedial action was taken. In a market environment in which companies are seeking more flexibility then this relationship between employee satisfaction and business performance becomes ever more critical. These issues are considered in the chapter below.

The trade-offs between flexibility, predictability, security and employee and employer flexibility will be a key differentiator between successful and less successful Posts over the next decade.

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7 By presenteeism we refer to the tendency among some workers to come to work when they are ill (see Marsden, D. & Moriconi, S. (2008). *The value of rude health*. London School of Economics for evidence from Royal Mail, and Johns, G. (2010), Presenteeism in the workplace: A review and research agenda, *Journal of Organizational Behavior*, 31, 519–542.)
This section examines various forms of contractual flexibility in terms of the strengths and weaknesses associated with each approach and their suitability for given situations. As Figure 7 below illustrates we would broadly categorise these ideas firstly as either employer- or employee-centric and secondly by the degree of flexibility they give in terms of aligning workload to working hours.

**Figure 7  Employer & Employee-Centric Forms of Flexibility**

**Employer-Centric**
These initiatives were the first to be employed in the postal sector as business governance began to emphasise productivity and cost controls. They have become increasingly common and have increased during the recent economic recession and with the growth of competition. They sought to emulate private sector techniques but often in environments where the traditions and histories of labour contracts meant major disruption or the creation of a secondary and parallel workforce. These employer-centric productivity tools are effective at creating both time and remuneration flexibility. They could allow shift scheduling and pay rates that matched new efficiency oriented workflow designs for mails and parcels processing.

However, these techniques then presented new risks that adversely affected productivity. For example, they de-skilled jobs, reduced employee commitment, increased employee turnover, and undermined quality of service. In addition, they present significant industrial
relations issues and implementation changes and are not in keeping with the publicly stated employee value propositions of most postal companies. Whilst they can be an effective part of achieving productivity and profitability ambitions in the short term, if they come to dominate the contractual mix they can create longer term adverse quality and productivity implications. Employer-centric concepts which are developing in the wider economy and in the postal and logistic sector include:

Split Shifts

- Work time arranged in two separate times to better match times of increased business activity. Typical examples would be for sorting employees to have the workday split into an early morning period and an evening period, matching the inwards and outwards sort processes respectively.
- These sorts of shift arrangements are trying to keep career employees in full hours per week employment and full pay levels, and the same time aligning labour to workflow.
- Generally split shifts are socially unattractive from an employee perspective. Lifestyles and family arrangements accustomed over many years to traditional shift arrangements are disrupted. In the workplace these adverse sentiments have the potential to become reflected in loss of motivation with implications for both quality and productivity. It also reinforces views of employer dominance and lack of sentiment.
- In the medium term split shift arrangements become a more viable option as they evolve into part time jobs. As people leave new part-time employees are recruited from the appropriate labour pools. However if this is the strategy then the commitment and motivational differences for part time workers need to be recognised in shaping the future employee value proposition.

Fixed term and zero hour contracts

- This is the recruitment of people, usually on a temporary basis, for fixed periods of work. Zero hour contracts are a variant in which any hours of work are not guaranteed.
- A typical and long-standing use is to handle seasonal peaks in mail and parcel volumes. Casual workers enter with minimal or basic training and work alongside permanent employees. However the approach has become more widespread, even to the extent of day labour emerging as a feature of competition in postal markets.
- Whilst the use of casual labour for well-defined periods of increased seasonal activity is widely accepted, many employers are using the approach to avoid committing to permanent jobs and the increased additional costs they entail in terms of pensions, health benefits, annual leave, and bonuses. This has led to people remaining long term in so-called temporary jobs, a sort of second class citizen alongside their permanent colleagues.
Labour agencies are often used to source labour and to offset contractual responsibility.

Casual labour and fixed term contracts can create significant manpower and pay flexibility from the employer perspective. They can be seen as a legitimate part of flexibility response if used as part of a structured element of work and team processes for specific seasonal peaks utilising clearly defined and temporary workers (e.g. students employed at Christmas). In these instances there is alignment between employer and employee on the value of a short term transactional relationship. If the proportion of casual labour becomes too great then physical productivity might be expected to decline and service quality and customer experience will be degraded.

Relief Pools

- This approach creates pools of on-call labour to meet unplanned absences. People with some basic training can be called at short notice to perform lesser skilled duties.
- Commonly used in the sector to meet unscheduled demands for resources, typically allowing reductions in permanent jobs that otherwise would have been committed to in total manpower levels.
- Making the system work effectively may require payment of retainers in order to ensure availability. Potentially the approach can be integrated into a recruitment queuing system, appointing relief pool people to vacant jobs. This does raise some risks of the perception of the employer taking advantage of people anxious for a permanent job.
- Employer experiences have to led to questions of quality and commitment in the workforce coming through this route. Further, relief pools can lead to negative externalities in terms of commitment and system gaming.
- There have been some interesting experiments in team based work cover, where an absence that needs to be covered is first offered to the team itself. This has both engagement and control advantages.
- In lower volume environment relief pools may no longer be regularly required if more flexible and purposeful team working models have been established.

Contracting and Franchising

- In this system, work is tendered to independent groups under contract or franchise arrangements. The tasks to be performed are stipulated by contract and remuneration schemes may be fixed or variable, or a combination of both.
- To some extent, post office agencies in privately operated shops, or independent delivery agents, are examples of the model.
- Quality is managed by service level agreements and remuneration structures are
critical to achieve flexibility. The options range from between fixed total costs, guaranteed minimum pay, and cost per transaction. It can be useful component for both competence acquisition and economies of scale. It also adds cost to service flexibility.

- Contracting can be mutually attractive to employers and employees as part of a labour market model that radiates out from a central permanent employee core, to fixed term and temporary jobs, to contractors. To be successful it requires strong central management and remuneration packages that adequately compensate for risk and value generated. Effort is also required to ensure contractors retain motivation but are still materially aligned to corporate goals.

**Overtime**

- The payment of overtime has been a consistent feature of the postal sector, to the extent that it is often found to be entrenched as an expected element of total remuneration.
- It is advantageous to employers if it allows for flexible workforce planning to cover unexpected peaks and so helps reduce total employee numbers. However where it is an entrenched expectation by employees, reducing overtime levels more or less permanently to meet for example reduced mail volumes, leads to reductions in total take home pay.
- Overtime can be attractive to employees therefore but mandatory or excessive overtime can have adverse implications for quality and productivity. Balance is a critical part of overtime schemes, both to incentivise the workforce and to provide the most cost effective form of contracting required hours.

This discussion of employer based flexibility schemes illustrates that whilst they have a role in creating more flexible contracting and work alignment, if used uncritically or in a draconian way they can be self-defeating in terms of creating long term productivity, real wage growth, customer loyalty, and employment commitment and purposefulness.

Whist recognising the absolute productivity imperative and requirement for operational flexibility and cost to work alignment, a number of companies both within and outside the sector are developing a range of employee-centric flexibility ideas which seek to meet the business imperatives but do so within the context of social partnership and sustainable employee value propositions.

**Employee-Centric**

Employee-centric labour arrangements are formats that take into account employee aspirations in terms of work life balance. This can be achieved either through contracting formats or job design. They seek to create time flexibility that matches attended hours to work flow but also enable workers to flex time to fit into wider family or lifestyle commitment. The aim is to increase productivity for the employer and obtain greater employee engagement by offering employees the opportunity to contribute ways to achieve this.
Employee-centric job designs are essentially formats that seek to enrich the employees working day and to create degrees of autonomy for groups of workers to manage task within clearly defined objectives standards and process.

These types of initiatives include:

**Total Hours**

- In this format labour contracts are based on agreed expectations for total hours to be worked, usually over a year but also over shorter periods, perhaps per week or per month.
- The majority of shifts are allocated with regular or normal hours. However workers can be called in at short notice to work remaining hours or to vary shifts according to workload demand.
- This enables employees to put time in or take time out when it suits them, and means that employers can flex up staffing levels to cope with busy periods without using overtime, thus reducing costs and increasing efficiency whilst giving employees more control on how the work gets done.
- This system does require formal processes to record and monitor time.

**Team Working**

- The workload expected to be processed is allocated to teams.
- This is output based management and the team is allowed to decide if extra resource is required. This can drive productivity in an inclusive way.
- The key challenge is getting agreement on work standards and expectations, creating a balance between self-direction and management.
- It is an approach that is unlikely to work in isolated instances and needs to be developed within the total system of a work model.

**Working Time Accounts**

- Hours worked are banked and may be saved or withdrawn; “loans” are possible.
- This enables employees to put time in / take time out when it suits them, and supports employers to flex up staffing levels to cope with busy periods without using overtime. These arrangements need to ensure that there is a balance between the needs of the employer and the employee, and to manage potential complexities if the employee leaves the organisation.
- Investment in time recording may be necessary, with sound negotiations to set boundaries and parameters.
Home Working

- All or part of week spent working from home or off premises. This approach is typically used in office or professional situations, but has also been used in the postal industry where call centre employees or delivery employees can have work sent to them.

- Employees have greater control over how to organise their work and time. Many employers find that home-working employees are more productive and their discretionary effort can be higher. There are also savings on overhead costs and often improved retention and absence rates.

- Offsetting these benefits, some employees report feelings of isolation and absence of the sense of team. For the approach to be effective it needs to be part of a wider job redesign and be supported by strong communication with employees. Trust is important, as is investment in technology and training. These arrangements lend themselves to management by objectives or outputs.

Family Contracts

- The work contract is output based and enables nominated family member to cover certain roles. There have been several instances where this approach has been used effectively, typically in postal agency situations or contracted delivery where the contractor may be responsible for covering relief and absences.

- This enables employees to cope with short-term or last minute issues, whilst reducing sickness absence levels for the employer. It also provides better continuity of staffing and reduces costs associated with temporary or agency workers. However, it will only be appropriate for some jobs and may require some investment in training.

- Management and training of teams with changing members are significant issues.

Part Time Working

- These are permanent employees working less than the standard basic full-time hours (usually less than 30 hours a week).

- A stable working pattern allows employees to accommodate regular home or outside work responsibilities. It does require good management and good understanding of workflow patterns, as without this employees may not be working when they are most needed.

- Employees also need to consider the reduction in income, career progression and development opportunities often associated with part time work, and for these reasons the transfer of people from full time jobs to part time can cause significant dislocation.

- To avoid other issues such as how to manage the pressure that may be experienced
to work more hours and the possibility of being seen as less committed than full time staff, part time employees are typically recruited from labour pools that prefer the arrangement.

- Success will be dependent on ensuring effective communications, aligning realistic expectations of workload achievable and recruiting part time workers from labour pools who want reduced hours as part of work life balance. This will increase the psychological contract of the worker.

**Flexitime – formal**

- This system may set core work hours during the day or shift period, and then allow employees to choose when to work outside core hours, but always committing to a total number of hours per week or month.
- This enables employees to accommodate commitments outside work, whether long term (e.g. picking up children) or short term (e.g. tradesmen), and can reduce overtime payments and levels of sickness absence because employees can take the time they need to deal with immovable home commitments. It can also help release discretionary effort from employees.
- The management task is ensuring the coordination of overall group outputs and adequate service cover outside the core hours.

**Job sharing in full-time positions**

- Full-time positions are split across usually two workers who agree hours between them.
- This is an opportunity for employees to remain in or to obtain “good” jobs making full use of their skills. It also enables employers to retain skilled workers effectively, and potentially provides greater flexibility for holiday / absence cover.
- Employees need to work closely with their job share partners to ensure that work is divided fairly and that communication works well.

**Term time working**

- The team manages workload across the year, day, or month to create flexibility for team members.
- This provides employees who are able to work in this way with an opportunity for regular income even though they have periods of non-working. For example it allows time off from work when children are not at school, saving on childcare.
- For employers it can enable them to have flexibility over staffing levels to cope with busy periods without using overtime or temporary staff. However, some businesses may find this more difficult to implement if the nature of the business makes it less able to accommodate seasonal working. Employees still need to be considered
during their non-working periods.

**Shift swapping**

- Shift swapping enables employees to manage their own working time within boundaries. Discretion is left with the team to organise how individuals may change shifts to accommodate temporary demands outside work.
- Comprehensive management of the process is essential. The coverage of unpopular shifts is complex and experienced workers sometimes take advantage of newer employees. The management of output and quality is essential to ensure equity and not to allow this type of system to become a way for workforce seniority practices to develop.

**Self-Rostering**

- Here employees nominate their preferred shifts and shifts are allocated as far as possible to fit these preferences.
- Self-rostering enables employees to manage their own working time in order to accommodate outside work commitments and can develop higher levels of trust and camaraderie between peers.
- The company objective is to lower absenteeism rates and to reduce management time involved in work planning.
- Some difficulties may occasionally arise, however, in ensuring that unpopular shifts are covered. Management input is required to ensure that all shifts are staffed by those with requisite skill levels. In the past, the arrangement was left in the hands of unions and shop stewards, leading sometimes to sub-optimal allocations.

**V-time working**

- Hours can be reduced for a short period of time (usually several months) on the basis that full-time hours can be reinstated after temporary reductions in work volumes or pending permanent reallocation of jobs.
- This allows long term job security to be preserved for employees who desire it, whilst employers can reduce costs during quiet times while retaining their skilled workforce without resorting to redundancies. Good management is required, however, to avoid increased voluntary labour turnover and to overcome employee relations challenges.
- Good consultation and employee engagement mechanisms are important.

**Compressed days**

- This system aims to reduce days per week at work by increasing hours per day.
- This enables employees to release blocks of time to meet non-work commitments,
whilst enabling the employer to retain skilled staff that otherwise might be forced to resign. Lower absence rates are likely as other commitments can be accommodated at non-work times.

- This needs to be well managed, however, as otherwise employees can be subject to peer (or management) pressure to work very long hours or on non-working days. Must ensure that Working Time Regulations are not breached.

**Summary: A Practical Manifesto**

The descriptions and discussions for employee-centric work contracts illustrate the potential for more creative ways of trying to build labour flexibility to match workload. The aim is to maximise employee engagement through enhanced psychological commitment to work and so to drive productivity growth.

This is not to say all forms are appropriate to all organisations at all times. Indeed the appropriateness of the flexibility tool kit is contingent on both the macro business environment at a given time and the business issue that is trying to be resolved and the maturity of the employee and industrial relations culture. The key issues to be considered include:

- Business perspectives: effect on productivity, absenteeism, and recruitment.
- Work flow balance: customer demands and automated work environments required in the postal and logistics sectors mean that many work processes are not in standard “9-5” hours. The question is how to optimise productivity improvement and work life balance.
- Labour legislation and regulations: these may constrain flexibility options.
- Industrial relations environment: does this allow a mutually constructive debate on balancing employer and employee flexibility requirements? If not, how can employer led initiatives offering more employee flexibility start to create the environment of constructive dialogue around common business objectives?
- Labour markets: conditions vary across the economic cycle and across different regions and countries. What subsets of labour pools exist that may suit flexibility and workload flows, such as desirability for part time work, and is it a buyer or seller labour market?

In the overall labour environment, the business needs to analyse and prioritise the following business drivers:

- Customer Response
- Peaks and Troughs
- Job Loss Management
- Competition
It would be our contention that the key issues in the postal sector are to drive productivity growth, while managing labour time to cyclical peaks and troughs, overall changes in mail volumes and mail mix, and maintaining both regulatory and market quality. Many of the ideas around team job design and weekly hours are tools that could achieve greater productivity but they will only be accepted if employees can see a range of tangible work life balance benefits.

As the examples shown here have illustrated, these ideas are not theoretical nor are they soft alternatives. They are critical tools for management to meet productivity and service quality improvement, thereby meet all stakeholder expectations.

These are not simple utopian solutions. They require the creation of trusting mature industrial relationships supported by active management, and are currently being deployed by highly commercial, profit orientated businesses from a range of advanced manufacturing and service sectors.

It has been common in the postal world for management to blame lack of ability and agility to change on the unions or the government owner or regulators. Our contention is that if managers engage with these ideas there is an opportunity that by building trust the conversation can be changed. The potential for a new productivity paradigm is there. One that will create both a sustainable business and also an enriched, desirable and purposeful work environment.

**Case Studies in Flexibility**

There are a growing number of businesses adopting flexible working practices in order to balance the changing needs of both customers and employees. If such arrangements can maximise flexibility and agility in the deployment of employees and meet their diverse needs to discharge their domestic care responsibilities, to have greater work-life balance or to engage in further study, etc., then it is possible to achieve considerable mutual gain both for workers and the business. This section looks at some case studies from a range of organisations where this mutuality of benefits has been achieved.
Case Study 1 – Unilever

Unilever’s Agile Working concept was designed to establish a workplace culture better matched for a business focused on flexibility, speed, innovation and global scale. This has required elimination of long-standing “traditions” around work at the company and getting people to embrace new mindsets and behaviours. The business case for change was based on increased global capabilities, greater employee vitality, increased attraction and retention of women, reduced environmental impact, and substantial financial savings. Initial targets included per annum savings of €50 million and 100,000 tonnes CO₂, as well as 10 per cent increase in the retention of female leaders. With Agile Working, any employee is permitted to work anytime and anywhere, as long as business requirements are met. Unilever has supported this high level of personal empowerment with investment in training, virtual collaboration technologies, and innovatively designed workplaces. Change has been achieved through senior leaders role modelling new behaviours and holding other leaders accountable.

A comprehensive online resource centre, with training on new technologies, HR policies and best practices, has helped people effectively adopt Agile Working. Unilever has also run 40 large scale engagement events around the globe to give employees hands on experience with the required skills and technologies. Agile Working has been enthusiastically embraced by employees, with 39 per cent of women now identifying it as the top enabler of gender diversity in the company. Additionally, several senior female leaders recently recruited from outside the company have cited Agile Working as a key driver of their decision to join Unilever. Approximately 90 per cent of Unilever’s office-based employees are now participating in Agile Working, with 86 per cent reporting increased productivity and 80 per cent reporting increased employment satisfaction since the change.
Case Study 2 – PI Costing

PI Costing is a niche company undertaking legal services on behalf of solicitors. The company currently employs about 20 employees. The company initially experienced some difficulties in recruiting suitable staff and the decision to focus on work-life balance was aimed at helping to resolve recruitment problems. Director Teresa Aitken says she is committed to considering innovative ways of working and the company encourages people to work from home. The company was initially concerned its homeworkers might come to feel like ‘outsiders’. However they addressed this problem in a number of ways. Keeping open lines of communication and ensuring that all staff have some face-to-face contact with colleagues was seen as critical and all employees are expected to come into the office to attend staff meetings once a month. Aitken believes that the type of work performed by the company lends itself to work-life balance policies. Professional staff drafting legal charges don’t need to be office based – a computer and internet connection at home is all they need to do the job effectively. The company has found that compared with those who remain office-based, people working from home achieve efficiencies of 20 per cent or more in terms of output.

Case Study 3 – City Sightseeing Glasgow

City Sightseeing provides sightseeing tours of Glasgow using double-decker buses and tourist guides who ‘meet and greet’ clients at airports. The tour buses work 362 days a year between 8.00am and 6.00pm and tourist guide services are provided almost 24 hours a day. The company offers its employees the choice to work flexible hours. Twice a year at the beginning of the summer and winter seasons, the company writes to its employees to ask how many hours they would like to work in the coming season. This initiative started with older workers over the age of 40 who often want to work reduced hours. The initiative has expanded and now applies to all of City Sightseeing employees. For the company, this has expanded their recruitment market among students and women returning to the labour market. Absenteeism is low and retention rates are around 90 – 95 per cent. Many older workers carry on working for the company after normal retirement age and the company is recognised as an ‘Age Positive Champion’ by the Department for Work and Pensions.
In addressing the postal sector, this section does not focus on descriptions of the introduction of specific initiatives but looks more generally at the development of labour flexibility in the sector and illustrates it with examples.

The starting point for the sector two decades ago can be crudely characterised as being one of very rigid civil service contracts with firm job demarcations, strong shop steward control over work processes, and industrial relations systems slow to implement change. The implication was that labour was seen as semi-fixed resource and that change was slow and behind market conditions. This would no longer be the case in the majority of reformed Posts. Creating labour costs that are flexible to workflow whilst continuing to offer an attractive employee value proposition that drives engagement and productivity is the central challenge in the sector.

The industry has had a long tradition of using part time, fixed term, and casual labour to cover seasonal peak periods. Sometimes, but even then rarely, these contracts have been used to also fill out relief pools to cover absences. However typically these have not been related to alignment with short-term volume changes (daily, weekly, and monthly). This type of simple flexibility does not build in the concept of agility in the core work force and is not particularly helpful in managing the volume decline trend. This may require core manpower numbers set at significantly below peak and that a permanent and weekly flexible part time pool is used, married with flexible job design and probably dynamic delivery rounds. There is also the loss of productivity in relying on part time workforces due to lack of knowledge, higher training cost, greater labour turnover, and low engagement.

Another common way of introducing more flexibility has been to outsource or franchise a number of ancillary functions. Examples include linehaul transport operations (especially air transport) and the franchising of rural postal rounds. To some extent the development of downstream access models can be seen in this light as they replace some of the transport and outward sort functions and thereby make cost to volume change more flexible. However whilst these initiatives are worthwhile in themselves they do not address the central question of creating agile resourcing models in the core processing and delivery functions whilst retaining employee commitment and quality.

PostNL, the Dutch privatised postal operator, has been an innovator in creating labour flexibility in delivery with their movement to part time delivery rounds and the ability of the employee to contract for more than one part time dynamic round. This strategy whilst effective at increasing labour cost to volume by buying labour on an hours basis is predicated on a very dramatic change of the postal contract. It has now moved from the traditional full time secure long service job to one that is now part time, at labour market entry or exit level job, with shorter service length. This model is contingent on recruiting from a different labour pool (students, retirees, stay at home parents, etc.). The employer supports the process with technology, as the individual knowledge of the worker is less. It represents a transition from traditional labour pools to new ones and requires the ability to manage a complex industrial relations transition.
There are other indications that the sector is starting to innovate in a more employee centric way. Sweden Post some years ago looked to introduce team working and dynamic rounds to retain full time delivery work, whereby the team could choose whether cover was need for absences or whether they could cover the volumes with existing resource. They were incentivised to try not to require relief. In Denmark, the Post, which has had the most significant fall of volumes in the EU, has been innovative in bringing in weekly hours contracts for delivery workers. This has resulted in the management of the weekly volume range without recourse to overtime or contracting of underutilised hours. In Ireland processing workers get the opportunity to apply for summer time contracts which enable more flexibility for families although the full potential for productivity growth is not realised.

These examples can be seen as the start of the next productivity journey, one that seeks to reconcile falling and cyclical volumes with contracting patterns, which in turn align hours and work whilst remaining true to the postal heritage of being a good employer. The recent announcement in May 2014 by the Groupe La Poste, the French postal authority, that it intended to start talks with unions about a new ‘social pact’, that will seek to adjust the working hours of its employees to ‘the needs of the customers as well as the workers’ and ‘make work schedules more flexible.’ is a strong indication that new forms of labour engagement will be central to the future postal model.
This paper has argued that the new productivity agenda has to look at employee-centric work practices and organisational development. There is no dispute that productivity, whether in labour or in total factor considerations, must be at centre of industry. However, for an employment proposition to be attractive to workers it must encompass appealing features. A productivity strategy that decreases working conditions and real wages cannot be a longer term business success. The alternative promoted here searches for ways to ensure a well-paid, high skill, and high productivity workforce.

Here we propose an audit tool to measure where an organisation might stand across a best practice evaluation. The six dimensions with an accompanying questionnaire can be used to create a radar diagram (see Figure 8, below) that illustrates peer consensus at any given point in the journey to align the productivity agenda to worker engagement.

Figure 8: Radar Diagram: Aligning Productivity & Worker Engagement

A brief description of the evaluation parameters is given in Table 3, below:
Table 3: Audit Tool – Evaluation Parameters

<table>
<thead>
<tr>
<th>No.</th>
<th>DIMENSION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Purpose and Productivity</td>
<td>The strategic environment establishes the external business conditions for the company.</td>
</tr>
<tr>
<td>1</td>
<td>Need for a productivity imperative strongly expressed</td>
<td>Company strategy strongly incorporates the link between productivity and business success.</td>
</tr>
<tr>
<td>2</td>
<td>Organisational purpose and objectives aligned with employee objectives</td>
<td>Expressions of business purpose and how this may influence or engage with employee attachment is understood. Employee value propositions are aligned with business purpose.</td>
</tr>
<tr>
<td>3</td>
<td>Business planning scenarios realistic and challenging</td>
<td>Business scenarios look at future market possibilities, response options understood, and they are used as part of the employee dialogue.</td>
</tr>
<tr>
<td>4</td>
<td>Internal manpower planning has identified future labour market issues and requirements engaged in solution development</td>
<td>A business needs to translate its understanding of the environment and be able to translate this into plans and actions.</td>
</tr>
<tr>
<td>5</td>
<td>Desired labour strategy established and implications understood</td>
<td>The company is clear about how it sees its workforce and labour conditions may evolve, consistent with national labour strategies.</td>
</tr>
<tr>
<td>B</td>
<td>Social Contract</td>
<td>How flexible are current labour policies</td>
</tr>
<tr>
<td>1</td>
<td>Has there been a constructive debate about flexibility for all stakeholders?</td>
<td>Customers, employees and the business all have different understandings of flexibility. These need to be understood and matched.</td>
</tr>
<tr>
<td>2</td>
<td>Do your labour contracts fit with the general direction of labour markets?</td>
<td>How is the general labour market evolving in society and are postal labour contracts matching this? How can contracts be market competitive and attractive?</td>
</tr>
<tr>
<td>3</td>
<td>The company has a good understanding of the flexibility options and has socialised these as part of a constructive dialogue with social partners</td>
<td>Building openness on the agreed parameters of debate can quicken implementation speed once strategy and models are agreed.</td>
</tr>
<tr>
<td>4</td>
<td>The company has firm plans to implement the optimal mix of flexibility available to it?</td>
<td>Flexibility is defined in terms of freedoms to work differently in time, space, and process; the business understands optimal approaches and best mix of labour options (f/t, p/t, casual, outsource) to use.</td>
</tr>
<tr>
<td>5</td>
<td>Recruitment and advancement policies allow evolution to the desired future workforce structure</td>
<td>Labour agreements and business employment policies are flexible and recognise how the future workforce and its management needs to change.</td>
</tr>
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</table>
## The Productivity Imperative

### Industrial Partnership

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<tbody>
<tr>
<td>1</td>
<td>Management and union views on labour flexibility are well-aligned?</td>
<td>Flexibility may mean different things and progress requires understanding of gaps between stakeholders.</td>
</tr>
<tr>
<td>2</td>
<td>Labour contracts are within the organisation's capability to negotiate</td>
<td>Does the company accept responsibility for its labour contract management or is it perceived or actually in outside sphere of influence.</td>
</tr>
<tr>
<td>3</td>
<td>Speed of change of labour contracts reasonable</td>
<td>Previous change has been within project timescales and budgets. There is a willingness to trial or pilot and evaluate new ideas.</td>
</tr>
<tr>
<td>4</td>
<td>Labour associations and unions willing to debate productivity</td>
<td>What is the sense of commitment to an open dialogue?</td>
</tr>
<tr>
<td>5</td>
<td>Compensation and rewards to labour expressed in terms of future success and change</td>
<td>Commitment and agreement that rising real wages are linked to productivity growth and that yearly profitability affects bonus and profit shares. Incentives and profit share an element of stakeholder objective alignment.</td>
</tr>
</tbody>
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### Job Evolution

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<tbody>
<tr>
<td>1</td>
<td>Each type of operational job has been evaluated for its most desirable future form?</td>
<td>The business needs to understand how categories of work (sorting, delivery, admin, post office) will evolve.</td>
</tr>
<tr>
<td>2</td>
<td>The demographics of each job type are understood so that a gap analysis is possible?</td>
<td>Detailed analysis of demographics, attrition patterns, skill levels and new competencies is required.</td>
</tr>
<tr>
<td>3</td>
<td>Reasonable plans exist to bridge these gaps, through new recruitment, skills change or job design change?</td>
<td>Knowledge of the desired and actual position has to be translated into achievable action plans.</td>
</tr>
<tr>
<td>4</td>
<td>Significant progress has been made to change away from a civil service employment model</td>
<td>The civil service employment model is not considered optimal to meet a service delivery company’s needs.</td>
</tr>
<tr>
<td>5</td>
<td>Business cases for technology investment recognise and value the productivity improvement in up-skilling jobs</td>
<td>Sometimes technology investment can be justified on the basis of removing unskilled or low skill jobs and allowing workers to improve skills.</td>
</tr>
</tbody>
</table>

### Workforce Development

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</thead>
<tbody>
<tr>
<td>1</td>
<td>Front line management capability has been evaluated and matched against future business needs</td>
<td>Achievement of service or productivity gains requires an aligned and skilled first level management group.</td>
</tr>
<tr>
<td></td>
<td>Recruitment policies understand society and target desired labour pools appropriately</td>
<td>Modern recruitment methods need to be targeted to reach appropriate groups (women, immigrants, students, Internet, etc.).</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>Worker retention needs and how they will evolve are understood and planned for?</td>
<td>How will future labour pools view loyalty and what will keep new workers engaged, particularly in competitive markets?</td>
</tr>
<tr>
<td>4</td>
<td>The level of development investment to raise worker productivity is benchmarked against the general market?</td>
<td>How much does the company spend on development and training and is this at external benchmark levels?</td>
</tr>
<tr>
<td>5</td>
<td>Special needs of different work groups understood and planned for?</td>
<td>Aging workers in physical jobs, women at change of life, shift workers etc all experience different health and confidence issues and these will affect productivity, job design and costs.</td>
</tr>
</tbody>
</table>

**Making it Happen**

<table>
<thead>
<tr>
<th></th>
<th>Employee engagement surveys ask employees for views and concerns about future jobs?</th>
<th>The business must evolve past traditional recruitment of field employees towards people suitable for direct customer contact.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>High proportion of employees involved in improvement actions</td>
<td>Employee engagement requires empowerment and involvement, rather than being left to managers.</td>
</tr>
<tr>
<td>3</td>
<td>Individual performance management systems available and used</td>
<td>The development of individual employees requires objective measurement of performance.</td>
</tr>
<tr>
<td>4</td>
<td>Job design for new tasks or new technology involve employees</td>
<td>Ideally employees participate in job design when new processes and new technologies are implemented.</td>
</tr>
<tr>
<td>5</td>
<td>Front-line management has been trained in the new expectations for the future workforce?</td>
<td>The understanding of how the business and its jobs will evolve is shared with management directly responsible for operations.</td>
</tr>
</tbody>
</table>
The paper has argued that the next wave of significant and ongoing productivity growth, especially in the postal sector, will require greater commitment to employee-centric flexibility models. National productivity growth is a key indicator of economic well-being and purposeful investment, and as an important element of national infrastructure, postal companies should also be able to demonstrate this desire to place productivity at the centre of business and operational strategy.

In some countries the postal productivity journey has been as impressive as any. This was achieved in an environment where fixed cost structures, strong investment in technology and workflow design, and mail volume growth came together at the right time. Today and in the future, the change in the mix of mail, from letters to packets and parcels, and the competitiveness of this new market, will not make further productivity growth easy.

All stakeholders have to be committed. This paper has argued that common ground and a common language have to be found. It is not just about manpower reduction and employment conditions falling behind. Productivity means achieving more with less. It is a measurable concept, amenable to calculation at work unit and at pipeline level. On its own it is a neutral term. By searching for employee-centric flexibility, organisations can convert the aspiration for ongoing productivity growth into a positive.
About The Authors

Stephen Bevan

Stephen is director of the Centre for Workforce Effectiveness at The Work Foundation and honorary professor at Lancaster University. For over 30 years he has conducted research and consultancy on workforce performance and productivity. He is an advisor to a number of UK government departments and has advised businesses and policymakers in Europe, Asia-Pacific, Australasia and North America. In 2014 he was named the 6th most influential HR thinker in the UK. Previously Stephen worked with Adrian King at the Institute for Employment Studies.

Adrian King

Adrian is a strategy and business development consultant with over 30 years international experience. He has worked across a wide range of sectors, in Europe North America the Caribbean Africa and the Middle East. His consulting focus is on strategic positioning, commercialisation, new business development, regulation e-commerce and organisational change. His principal consulting interests are the development of new businesses and process change within mature organisations.

In the postal sector Adrian has worked for over 40 organisations across the world including Postal Administrations, Government, Regulators and Technology Suppliers. His work has ranged from organisation and operational restructuring business strategy and product innovation, through to privatisation and governance. In addition Adrian continues to work with Research and Academic Institutions including, The Work Foundation, London Business School and Imperial College London. He has also been published in a variety of academic and business journals in the areas of Business forecasting, economic development, labour economics and the business change. He is a regular speaker and commentator at conferences within his specialist sector.

Adrian holds a first class honours Bachelor’s degree and a Master Degree from the University of Sussex, and was also educated at the London School of Economics and London Business School.

Elmar Toime

Elmar Toime is an independent advisor to the postal sector. He was the chief executive of New Zealand Post Limited from 1993 to 2003. In that period New Zealand Post enjoyed consistent, profitable growth and saw its mail markets opened fully to competition. The company enjoyed competitive success with stable postage prices stable, excellent quality of service and maintain industrial harmony. Its business base diversified considerably into new areas of activity and in 2002 he supervised the establishment of a new, full service retail bank, Kiwibank Ltd, as a fully owned subsidiary of New Zealand Post.

In 2003 Elmar took up a new position in the UK as Chairman of the Royal Mail Management Board and Executive Deputy Chairman of the Royal Mail, with group-wide responsibilities. He left Royal Mail at the end of November 2004 and formed his own consultancy business.
In 2004 Elmar was awarded a life-time achievement award for leadership in the postal industry. He is chairman of the Postea Group, a technology company, a member of the supervisory board of Deutsche Post DHL, the world’s leading logistics company, and was recently appointed to the Board of the Qatar Postal Services Company. Born in Italy, Elmar grew up and was educated in Melbourne, Australia and has first class honours qualifications in both Science and in Economics from the University of Melbourne. He lives in London.
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