

HIGH ROAD TO WORK ORGANISATION

CASE STUDY

Marks & Spencer



IPC

Irish Productivity Centre

1999

Abstract

This case shows how an internationally renowned organisation adapted to the culture of a particular country - in this instance Ireland - by adapting a strategy of change in keeping with the prevalent ethos. A key factor was the appointment of a local management team and a trust building strategy which allowed input from staff at all levels. The approach also embraced the important consideration that around 80% of staff work in direct contact with the customer and that as a result employees are sensitised to client requirements and needs. The prevailing National economic and social strategy of the '90s in Ireland which greatly emphasised a participative approach among the Social Partners generated a positive backdrop and this acted as a catalyst to change as it particularly encouraged Unions to explore a partnership approach with management while retaining the adversarial collective bargaining system traditionally adopted.

HI-RES Case Study: Marks and Spencer

Sector

Retail

Key Words

Culture and Change ; combining an Adversarial system with partnership ; the importance of the client in change processes ; Career Development ; Partnership as a resource to trigger learning

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1. Background Information

Marks & Spencer (M&S) commenced operation in the Irish Republic in 1979 at Mary St. in Dublin City employing around 150 staff. A second store was opened in Dublin city in 1988, and another on the outskirts of Dublin in 1998; a further store was opened in Cork in 1989. The company now employs around 1,200 staff in the Irish Republic, 80% working directly on the sales floors. To-day 85% of the management team is Irish compared with 25% in the '80s and 80% of the workforce is female. All promotional opportunities are advertised internally. The company is 98% unionised and collective agreements exist with two unions ; - MANDATE and SIPTU.

2. Drivers for Change

The following factors were significant drivers in the M&S scenario :-

- The conventional adversarial system was not conducive to the adaptation of a change strategy nor to innovation in work practice.
- An international organisation can tend to have its own management style and such style may not always suit local circumstances. In this instance the culture of a U.K. based management style was perhaps not entirely compatible with the Irish scene. Such considerations also extended to client understanding.
- the prevailing National ethos of the '90s supported and advocated a partnership approach and this backdrop encouraged innovation.
- The proactive disposition of the two Unions involved, MANDATE and SIPTU, towards change fostered experimentation although it was clear that the core adversarial system based on collective bargaining would remain the primary relationship mode.
- With 80% of the staff in direct contact with the client base it was realised that the greater involvement of staff made total sense given their everyday recognition of client needs and aspirations.

3. Characteristics and Process of Change

The following actions were central to the change process :-

- A representative Working Party was created to examine best practices in trust building and communication. Although operating on an informal basis this Group became in effect a clearing house for ideas and it facilitated discussion on a range of topics that might otherwise not have been explored or which might have been confined to adversarial based exchanges. The establishment of this arrangement was facilitated by the understanding that any major recommendation emanating from it would still have to be considered in the collective bargaining arena.
- Where necessary subsidiary task group were set up to tackle and recommend on particular topics; these groups reported to the Working Party and this mode of operation encouraged informal development of skills which included problem solving, task analysis and presentation techniques.

- The Working Party also acted in effect as an early warning system on issues that might otherwise be consigned to an adversarial forum.
- Reward was not excluded from the discussions and although final decisions on any reward mechanisms remained firmly in the collective bargaining arena, such deliberations as were conducted allowed all the parties to explore options and to better understand the potential and drawbacks of particular reward mechanisms.
- It was realised that most of the employees had excellent communication skills based on their everyday inter-actions with customers and that this resource had not been turned to advantage in everyday staff/management relationships. As a result the formal personnel unit came to see itself more as a conduit for encouraging communications and for facilitating change

4. Obstacles to Change

While they were overcome or contained the following obstacles did arise :-

- o The adversarial system remained at the heart of relationships and had to be respected.
- o At an early stage the existence of a 'British' management style and the presence of a number of non-Irish management personnel was not conducive to the acceleration of a change process.
- o During the later '90s in Ireland the booming economy placed considerable pressure on the local labour markets with a consequent competition for available talent.
- o The introduction of Sunday trading placed an additional pressure in the system which called for imaginative responses to work practices
- o The theme of work /life balance was emerging as an important topic and had to be accommodated within the working arrangements.

5. Risk Analysis

The overall approach was a pragmatic one in which the Working Party sought to find practical solutions to everyday problems. During the time in question, which largely embraced the period 1995-2000, the buoyant economy in Ireland acted as a stimulus to trade and demanded innovative approaches to work practices at M&S. which favoured a partnership dialogue. It is not possible to fully discern how the arrangements followed might function in a less favourable market situation and the possibility does arise that there could be more recourse to the adversarial mechanisms. However the trust levels now created would act as a buffer in such circumstances.

The activities involved in creating the partnership ethos were confined essentially to operational matters and did not embrace strategic or core policy issues ; such matters would continue to a large extent to be the prerogative of senior management and the M&S group which is London based. It might be possible however over time for the process to extend to this area to some limited extent particularly where certain Irish operations are shown to be demonstrably profitable.

6. Benefits of Change

It is possible to note a number of concrete outcomes to-date :-

- work practices have radically altered and more flexible working patterns apply so as to favour a greater consideration of work/life balance. Such practices also facilitated the introduction of Sunday trading one of the most controversial developments in retail distribution in Ireland in recent years.
- In 1990,80% of staff worked a 37.5 hour week over five days; now the same percentage operate a range of contracts ranging from 15-32 hours /week over 2,3,4 and 5 days.
- A profit-sharing and non-contributory pension scheme has been introduced.
- There are now enhanced medical facilities available to employees that allow for screening and checkups.
- Career progression throughout the organisation is encouraged with supportive mentoring and training arrangements enhanced to facilitate such progression
- The overall favourable M&S image supported by these developments has fostered interest in working for M&S in Ireland and as a consequence M&S continues to attract high calibre applicants in an otherwise tight labour market.
- Participation by employees in task groups has accelerated learning particularly in skills such as presentation techniques, job analysis and problem solving.

Conclusions

M&S will continue to foster change through partnership and will seek to extend the lessons learned to-date to all stores.(To-date the Mary St operation has been the flagship for change). While the approach has been a successful one so far it is based on pragmatism and indeed M&S would not claim any radical breakthrough in the paths followed; it is still recognised, for example, that tough collective bargaining will continue to feature prominently. What is significant however is that a 'modus vivendi' has been found which allows both systems i.e. partnership and collective bargaining to co-exist.

There has been significant benefits for the Unions not the least of which has been the trend to anticipate and tackle problems before they become acute thus obviating a later need to commit resources towards solving contentious issues within more inflexible structures. There is every reason therefore for employee representatives to continue to support the partnership based activities

Employees are now encouraged to articulate their training needs and to play a part in agreeing development to foster their own career paths. Attendance at Union based training programmes can also be a part of this trend. A further emphasis on training and learning will include exploration of accreditation and certification possibilities and the linked accreditation of prior learning (APL). A further stimulus to learning can come from within M&S itself overall with its rich international experience in the whole field of retail distribution.

The experience while significant has been low-key, rooted in the need to be competitive and carried out in a spirit of mutual respect and fairness. The overall success factor

perhaps has been the realisation that in retail distribution in particular employees are at the heart of the operation, are in direct contact with the client base and as such must be vital partners in the business. The M&S approach in Ireland has recognised this factor and used the prevailing National climate to build upon it in co-operation with the Trade Unions involved

Publication Details

Published by: IPC

Publication date: 1999

Journal: -

URL: <http://www.marksandspencer.com/>

Revised: -

Notes: -

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