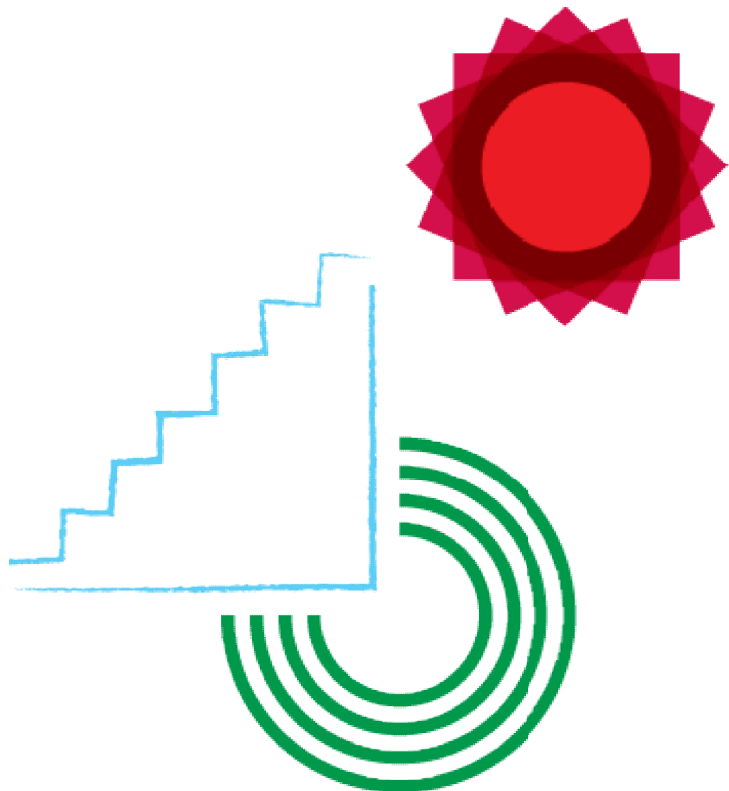




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# THE BENEFITS OF PARTNERSHIP WORKING – TESCO

Case Study



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## Introduction

Tesco is one of the largest retailers in the UK with over 2,400 stores employing over 280,000 employees.

The Partnership Agreement remains the basis for relations between Usdaw and Tesco Retail. The relationship between Usdaw and Tesco stretches back to the 1950's but the Partnership Agreement was signed in 1998 with a major review in 2004.

This is the biggest private sector collective bargaining agreement in the UK and one of the biggest in Europe. It is under the terms of the Partnership that Usdaw have over 164,000 members and over 4,000 activists across the business.

The agreement gives Usdaw sole recognition, negotiating and consultation rights across the whole of Tesco Retail. This means that Tesco and Usdaw co-operate to improve working conditions and to give employees a greater say in how the Company is run.

The Partnership provides both Usdaw and Tesco with the structure for an ongoing dialogue and recognises that co-operation, not confrontation, is the best way forward.

## How Does the Partnership Agreement work?

At the heart of the Partnership Agreement are the Staff Forums. There are three levels of Forums in a pyramid-structure:

- Store Forum (at individual store level)
- Store Director Forum (at a regional level)
- National Forum (at a national level)

Consultation takes place via the Forum Process in which Usdaw has a key role, including reserved seats at the Store Forum level.

Pay is negotiated annually by the Pay Review Team (a sub-group of 12 Usdaw Reps from the National Forum), led by the Usdaw National Officer.

## The Benefits of the Partnership to the Business

- Through the Staff Forums Tesco receives invaluable feedback from staff on business strategy and employee policy initiatives. This gives Tesco the ability to change and innovate, allowing Tesco to stay ahead of its competitors.

- The Forums can act as an early warning system if something is not working properly and help identify good practice.
- The Forum Process also gives staff a better feeling of ownership and belonging to the business. This produces improved staff commitment and higher productivity.
- Over the last decade Tesco has become the number one retailer in the UK with some of the best pay and conditions in retail.



### **The Benefits of the Partnership to the Workforce**

- Staff have the opportunity to have a real say on pay, policies and other major business decisions.
- Tesco staff have some of the best pay and conditions in the retail industry.
- Staff have a clear, transparent and well defined pay structure.

### **The Benefits of the Partnership to the Union**

- The Union works with the Company to have a say on a wide range of issues that affect members. This could be anything from negotiating a new holiday policy to helping develop a range of flexible benefits such as foster carers' leave, paternity leave, time off for fertility treatment, study leave and lifestyle breaks.
- Tesco encourage their staff to join the Union and provide a real commitment to support Union membership through extensive facilities for recruitment such as inductions and stand down time.
- Usdaw membership has steadily increased and membership within Tesco has increased by over 13,000 members in the last year alone. High levels of membership strengthen Usdaw's bargaining position with the Company and give the Union a greater ability to secure improvements and influence for members within Tesco.
- There is a clear understanding that the vital role Reps play makes a valuable contribution not only for members but also for the business. This is supported by the Company providing release and training for Reps.

### **The Partnership – Handling Differences**

The Partnership Agreement brings together two very different organisations and therefore at times there are some differences of opinion. However, the Partnership Agreement provides a real commitment on both sides to maintain dialogue and work through problems. Outlined below are several examples of how Usdaw and Tesco have worked together to overcome difficult challenges:

### Supporting Your Attendance Policy (2003)

Following high levels of staff absenteeism, the key challenge for Usdaw and Tesco was to devise a policy that supported attendance, rather than penalising absence. After prolonged discussions and tough negotiations the Company and Usdaw negotiated the Supporting Your Attendance policy followed by the introduction of the three waiting days for new starters (from July 2004). As a result Tesco has seen absenteeism levels reduce dramatically and staff can benefit from a fair policy that deals with unacceptable attendance while offering support and flexibility when needed.

### New Holiday Policy (2009)

Following the introduction of new legislation, Usdaw and Tesco worked together to design a new Holiday Policy. This was extremely challenging and Usdaw, Tesco and the National Forum worked very hard to ensure that the new Policy kept the benefits of the old Policy such as Premium Payments and voluntary working on Bank Holidays, they simplified the process by removing the 1/5<sup>th</sup> whilst ensuring the Company met their legal requirements.

### Improved 3 Year Buyouts (2010)

With the introduction of a new Payroll and HR system, Tesco wanted to simplify their pay structure. Therefore they proposed a one year compulsory buyout of certain historic pay elements, including Saturday Premium and/or Retained Pay for Nights or Location Pay. Following tough negotiations, Tesco, Usdaw and the National Forum jointly agreed to make the buyout voluntary and to increase the value from 1 year to 3 years. The improved buyout offer allowed Tesco to fulfil their business objective while providing members with a choice. The improved buyout offer secured over 30,000 staff to accept with only 13 declining the offer.

### Grievance and Disciplinary

Within Tesco workplaces Usdaw Reps and Officials represent members in disciplinaries and grievances. Grievances and disciplinaries are inevitable in any big business and good employee representation can help to minimise conflicts and manage differences. Usdaw's professional representation of members has helped to resolve differences of opinion and deal with disciplinary matters in a constructive manner.

### **Summary**

The Usdaw/Tesco Partnership is a good example of a successful partnership between an employer and employees covering one of the most successful businesses in the UK.

The structure of the Partnership enables staff to have a voice and real input into pay, policies and some of the major decisions the business makes. At the same time the business is given the opportunity to hear from its staff directly from the shopfloor. Also built within the Partnership Agreement are facilities that enable both sides to work out any challenges through dialogue, consultation and negotiation.

