

# **EQUAL OPPORTUNITIES AND DIVERSITY**

## **CHANGING EMPLOYMENT PATTERNS IN THE EUROPEAN ELECTRICITY INDUSTRY**

A Report for EPSU, EMCEF and EURELECTRIC

### **EXECUTIVE SUMMARY**

November 2004



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## Executive Summary and Recommendations

1. The European Electricity industry is undergoing dramatic change, with implications for the composition of the workforce. Among the aims of the reforms promoted by the European Commission is to make decision-making more commercial, remove controls on profits and try to shift risk from consumers to shareholders. Nevertheless, regulation remains strong and governments still use the electricity industry as an instrument to further wider policy objectives, such as environmental and macro-economic aims (Fairbrother *et al.*, 2003). These developments provide the context for studying questions relating to equal opportunities and diversity.
2. The focus of the research is on 'groups of workers who are potentially marginalised within the European electricity industry'. The project comprises a mapping of the European electricity industry workforce; an account of equal opportunities policies at supra-national, national and company levels; and a report that provides the evidence base for policy-making and learning strategies. The subject of the research is the companies and countries that make up the European Union.
3. The principal finding of the research is that the prevailing approach to equality and diversity in the European electricity industry is to introduce measures and practices relating to equal treatment. The aim is to avoid discrimination at the workplace, although the focus is much more on gender, than migration/ethnicity and age even less so. There is considerable variation of focus between companies in the industry, with some producing statements of intent, affirming equal treatment in relation to gender and ethnicity, and sometimes religion and sexuality. In other cases, there is an ambition to target specific social groups. Where these measures are part of a general approach by human resource departments, they are likely to be comprehensive and subject to debate and discussion amongst social partners; elsewhere they tend to be formal statements of intent with little evidence of impact. For the vast majority of companies, there was almost no evidence of mainstreaming; however, in two companies consideration had been given to mainstreaming, with one company taking decisive steps to mainstream policy through practice, especially on gender relations. While it is clear that trade unions, as a social partner, have a crucial part to play in shaping and promoting equal opportunities policies and practice, there was limited evidence that this in fact had happened.
4. The research involves an analysis of the legislative and institutional base of equality policies and initiatives; employment data; interviews with social partners at a company level; and interviews with employees selected according

to key socio-demographic characteristics. These data are complemented by policy, research and related materials (such as previous studies commissioned by the EU and/or the social partners in the electricity industry).

### ***Legal and Institutional Context***

5. Equality of opportunity and diversity measures have been the focus of extensive political debate and the subject of legislation and policy initiatives, at supra-state and member state levels throughout the European Union. One outcome of these debates and the associated policy initiatives is that there is considerable variation between the countries that make up the European Union. These variations have implications for companies, operating within countries and between them.
6. Equality measures can be instigated through legislative reform (hard measures) or policy (soft measures). The adoption in 2000, of the European Union Equal Treatment Directive (ETD) and Race Equality Directive (RED), are an example of ‘hard’ or mandatory measures. Positive Action and Gender Mainstreaming, although given a legal basis in the Treaty of Amsterdam 1997, typify ‘soft’ or voluntary policy measures. In general, there has been a move from soft initiatives to hard ones.
7. The approaches to these questions are varied and occasionally contradictory. They include ‘equal treatment’, ‘positive action’, mainstreaming, and legal duties relating to mainstreaming measures. Further there is a complex relation between mainstreaming (gender or otherwise) and diversity recognition. In any consideration of these approaches, it is necessary to acknowledge not only the different and competing assumptions upon which they may rest, but also equally importantly the complementary and cumulative aspects to these approaches, especially in relation to legal regulation and policy application.
8. These approaches inform and underpin EU directives and policies. The basis for equality recognition and policy development is the Equal Treatment Directive, 2000, and the Race Equality Directive 2000. Requirements are placed on member states (initially the EU-15) to transpose the Directives into law by 2003. However, in practice a number of member states have exercised options for delaying the age legislation until 2006, while others have not completed the transposition. The new members were required to enact the directives prior to accession in May 2004.
9. Since the articulation of the Community Framework Strategy on Equal Opportunities for Women and Men 2001, gender mainstreaming has acquired a centrality in the consideration of equality policies and practice, at a country level and at sector levels. While there is strong pressure for gender

mainstreaming policies throughout the EU, the actual practice is varied, with 'hard' measures clearly evident in all countries, but there is much less clarity in relation to 'soft' measures. One particular aspect that creates difficulty in the New Member States is the absence of specific and focused institutional arrangements in relation to the political structures of the country that address gender mainstreaming questions, such as gender balance quotas at government committee level, and the like). The evidence suggests that the implementation of such policies will remain key issues for the EU-25 in the near future.

10. In March 2000, at the Lisbon European Summit, the EU agreed a new European Employment Strategy (EES), with aim of 'becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion' (Europa, 28 September 2004) Member states have now set common objectives and targets for employment and agreed to produce annual National Action Plans (NAPs). Within three overarching objectives of the strategy, ten guidelines focus policy in relation to employment. Gender mainstreaming is integral to all policy. Other guidelines address questions relating to age, migration, and disability. Together these guidelines constitute a comprehensive and linked approach to employment policy, one that should be reflected in the annual NAPs.

### ***Equality and Diversity in Europe***

11. The stated aim of the EU is to develop the EU economy in a dynamic, prosperous and inclusive way. As part of this programme, the EU has set a series of targets to achieve this ambition, and central to this programme is recognition that without equal opportunity, as a core component of the programme, these goals are unlikely to be achieved. Whilst, the EES/NAPs focus on economies as a whole, each sector comprises a part of this whole. In this respect, it is incumbent on the electricity social dialogue committee to address the ways in which the industry can play a leading part in this process.

### ***Employment***

12. The starting point for the analysis of the European electricity sector is a consideration of work and employment patterns. The primary aggregate data for such an analysis is derived from the European Labour Force Survey. Employment rates are the method of classification that is used. This presentation of the aggregate statistical data permits a comparison to be drawn between the electricity sectors in each country.

13. The electricity industry workforce is predominantly male and middle-aged. Overall, there appears to be a problem developing in terms of recruitment, retention and the conduct of the electricity business in the emerging circumstances, because of the age bulge in the industry. In the context of restructuring, the socio-demographic composition of the workforce is likely to shift in marked ways over the next few years. There are two dimensions to this profile: an age or generational dimension and an uneven pattern of female employment, both within companies and between the EU countries. Of note, there is markedly less female employment in the EU-15 when compared with the Central and Eastern European countries. These features raise important questions for the focus and approach to training as well as for emergent distortions in the skills profile of the overall workforce.
14. The employment data presents a complex and uneven picture across the European electricity industry. With the exception of France, every country recorded major staff reductions in the context of corporate reorganisation. With the moves towards unbundling the former vertically integrated enterprises, overall staff levels were reduced, either directly via retirement and redundancy or via out-sourcing.
15. There are marked differences in the profile of employment in the electricity, gas and water supply industries. However, there are few discernable patterns in relation to specific features of governance, economic organisation, political history, and social arrangements. One set of differences, however, does emerge in the context of the different political and economic histories involving the EU-15 when compared with the New Member States. Another common feature is that the economic activity of males within the industry is higher than that of females, reflecting, in varied ways, the continued salience of traditional ideas about the role and place of women. Such patterns raise important questions in relation to the targets set under the EES procedures. Equally, the age profile in the industry displays a weighting towards higher age bands, which also raises questions about EES targets. Whilst, there is little evidence in this study on patterns of migration and ethnicity across Europe, evidence elsewhere suggests that complex practices are at work in different countries.

## **Themes**

16. Legislation, Collective Bargaining and Social Partnership: The evidence across Europe of the implementation of equality policies is limited. Nonetheless, the available evidence suggests that where firms pursue equal treatment policies and programmes then it is as a result of directives and legislation, rather than as a result of corporate initiatives. Equally, the evidence suggests that collective agreements featuring equality issues replicate

and occasionally supplement legislative and related requirements. Notably there was no evidence of equality bargaining in a number of countries, and not only in the more recent membership amongst the New Member States.

17. **Employee Experience:** The career paths of staff and their associated experiences are distinctive in a number of ways. Four trajectories are identified: long-term careers paths, interrupted career paths, sideways career paths, and foreshortened career paths. The overall picture is one where men and women have different trajectories, with women often missing or indeed 'excluded' from long-term career paths. A second feature is that migrant workers in a number of companies came with high level qualifications, but these were not always recognised. At the other end, there is evidence that migrant employment is used in some cases as a reserve pool of labour to fill low status jobs in the company. In yet other cases, a claim was made that the company did not employ migrant workers, although it was clearly the case that in out-sourced work, often former direct management staff relied on pools of migrant workers. Increasingly in all companies there is an increasing emphasis on graduate recruitment, which often as a result served to disturb the established hierarchies of older employees in the company. The corollary of this recruitment is that older workers, (45+ years) are encouraged to leave employment, under early retirement and voluntary severance schemes.
18. **Employment:** Overall, most companies report that recruitment has been limited over the last few years. Where recruitment is occurring it is increasingly of graduate applicants. The outcome is a dumbbell shape for the employment profiles of many companies. Further, in all cases, there was considerable evidence of procedures that either do not recognise equal opportunities or rely on relatively personalised procedures. Recruitment procedures rarely take equality and diversity issues into account. More commonly, companies may set an objective to recruit specific types of workers.
19. **Pay and Remuneration:** On pay there was formal equality in every case, although there are striking differences in relation to opportunities, to bonuses and related benefits, as well as to grading structures. In addition, individual staff are unaware of the different remuneration arrangements that may apply in their areas of work as well as more generally. Nonetheless, there are a few examples where these questions have been addressed collectively, by union representatives. In these cases, there is evidence of both formal and substantive equality measures in relation to remuneration. Part of the difficulty here is that there are almost no examples of formal equality pay audits in these companies, a measure that would provide a robust basis for assessment and evaluation.
20. **Work and Employment Practice:** There is extensive evidence of a long hours culture in each of the companies covered by the survey. In these

circumstances, the measures aimed at promoting work/life balance tend to have a partial aspect to them, in that they usually focus on women as mothers, rather than as more broadly based arrangements that apply to the whole workforce. The paradox is that these measures often serve to reproduce traditional domestic and employment roles, rather than counter them. These outcomes are further complicated by the relative absence of the support services to employees, in relation to their varied roles and responsibilities domestically.

21. Training: These companies offer a range of training programmes, often functional in its aim, with little attempt to address questions relating to equal opportunities. There is little overt recognition in these courses of diversity or difference; there is virtually no positive discrimination. However, the training programmes almost without exception are skewed towards the younger rather than the older employees. Nonetheless, the evidence is that some young workers did not have ready access to training where issues relating to equal opportunities may be raised. While there is little concern among young male workers about this situation, many female employees expressed reservations about these arrangements. Overall, there are paradoxical patterns to the training arrangements. While the overwhelming emphasis in companies, particularly the transnational companies, is toward the younger more recent recruits, there is also evidence of differential access to training. In some cases, the young have limited access; in others, it is only the young. More generally, it should be noted that training sessions provide one opportunity to learn about and discuss equal opportunities policies. Still, there is limited evidence that this occurred anywhere, although there are examples of attempts to provide support through discussion and meeting, especially among women staff.
22. Procedures - Problems: Equal opportunities grievances and problems take many forms at all these companies, in relation to age, gender, migrant labour and other aspects of inequality and discrimination. While the procedures for dealing with such concerns varies from company to company, and particularly from workplace to workplace, it is the case that some companies have put in place publicly available and comprehensive procedures. However, in some cases staff face problems that are not viewed as genuine or not seen as the responsibility of the company, such as sexual harassment in at least one company. The conditions for addressing some of these deficiencies appear to be twofold, senior staff in place with specific and preferably sole responsibility for questions, policies, procedures and practice relating to equal opportunities and diversity, and active trade union memberships prepared and willing to tackle these often difficult questions. One prerequisite is that both these senior staff and trade union leaders question conventional views that it is the victim that is at fault rather than the perpetrators or the structures that underline some forms of inequality and discrimination.

23. Procedures - Outcomes: There is considerable variation in addressing questions relating to awareness of EU policy, company policy and practice, and the way to address and deal with problems and questions relating to equal opportunities and diversity. On the one hand some companies have well thought out and developed policies. In addition, there are procedures in place for dealing with these questions and issues that might arise. In other companies, while there is often a corporate policy, in specific national organizations, there is extensive evidence of a very limited engagement by both management and trade unions with these questions. More broadly, most companies rely on voluntaristic forms of awareness, such as intranet. In relation to implementation of policy, where middle level management face twin demands of operational output and targets and the enforcement of equal opportunities policy, the former generally prevails. Nonetheless, where trade unions recognise the importance of these issues, there is a refreshing engagement with these questions and the result is a wider awareness than elsewhere.
24. Without exception, there is a view that career progression favours men rather than women. In the case of migrant labour a more complex picture prevails, with some, in one company in particular, claiming that the opportunities are open ended, while the other companies present a picture of degrees of discrimination, mainly informally, against migrant labour and in favour of nationals. Thus, the patterns of career progression in terms of men and women are clear cut and almost universal amongst women. In contrast, there are complex patterns evident in relation to migrants where it is often claimed that migrants have to doubly prove themselves. In one case, this view was rejected and the migrant labour force spoke ambiguously about their welcome to the company. For older workers the situation is complicated by preparation for post-work lives, major changes in terms of hierarchy and seniority, and a changing focus in these companies toward commercial and market-focused activity.

## **Overview**

25. Management: In general, equality policy and practice is not mainstreamed in the electricity companies, although two companies have promoted aspects of mainstreaming, in initial and uneven ways. These different approaches mean that in some companies there is a tendency to rely on active and specially appointed senior staff to develop and implement policy, while in others this is simply a task along with many other tasks. In all companies, there is a tendency to rely on line management to underline company policy, an objective that is in every instance a second order concern. In practice, the broad view is that equal opportunities in whatever form is not a prime responsibility of line management.

26. Work Organisation: The way in which work is organised in these companies and the relation between work organisation and employment relations is a crucial dimension in any assessment of equal opportunity policies and practices. In all companies, there is evidence of a tension between work structure and the ability to benefit from flexible work arrangements. In effect, there is evidence that inequalities are built into critical aspects of the employment structure, with the result that in practice staff suffered on-going inequalities in practice.
27. Union: Trade unions are important vehicles for highlighting equality of opportunity policies and practice, particularly at a company level. However, it is unusual for trade unions to take up equal opportunity policies specifically at a workplace or local level, although trade unions did take up grievances in this area, although certainly not in all companies. Thus, there is an unevenness in trade union involvement in this area of activity, complicated by the fact that on some issues in a few companies, particularly personal cases around sexual harassment, there is a general denial that such activities could take place.

## **Conclusion**

28. Company policy ranged from the comprehensive to the non-existent (in substantive as well as procedural terms). In those countries where there is a tradition of labour law regulation, companies take the Labour Code as sufficient tool for equal opportunities. The result is an uneven and often *ad hoc* approach to equal opportunities.
29. Overall, there is limited evidence of gender mainstreaming at company level. Rather, there is variation of practice, although some common themes are evident. Many companies had produced comprehensive policy on equal opportunities. These statements rarely extend to rights (line management decides on a case-by-case basis), they are often selective (type of procedures, include bullying/mobbing or not) and often they relate exclusively to specific aspects of social life, such as accommodating motherhood. The outcome is an uneven and often individual approach equality questions.

## **Recommendations**

### **Legislation and Public Policy**

- 1. The social partners should agree a joint public statement supporting a set of objectives about the value of equal opportunities policies and the recognition of diversity.**
- 2. The social partners should promote dialogue and debate via the social dialogue committee on approaches to equal opportunity and diversity at a company level.**
- 3. The social partners should take a lead in promoting the principles encapsulated in the EU employment guidelines.**

### **Policy**

- 4. Eurelectric should consider ways of promoting policy initiatives and development by companies in relation to equal opportunity mainstreaming.**
- 5. The trade unions should review their approaches to questions relating to equal opportunities and diversity management, with a view to developing a uniform best practice approach across Europe.**
- 6. In the context of ongoing restructuring in the electricity industry, the social partners should consider policies that take into account the differential impact of these developments on different social groups.**

### **Resources and Tools**

- 7. The social partners should commission research, in conjunction with Eurostat, to produce a robust database of the profile of employment in the European electricity industry as a whole.**
- 8. The social partners should encourage companies in the European electricity industry to carry out equality audits of their companies and the divisions that make them up.**
- 9. The social partners should consider the possibility of bidding for funds under the EU programmes to address questions relating to the many dimensions of equal opportunities.**

## **Mainstreaming Employment**

- 10. The social partners should seek a commitment from electricity companies that recruitment strategies should have targets relating to the proportion of women that should comprise the workforce.**
- 11. The social partners should encourage companies to introduce formal recruitment and promotion practices that do not inadvertently result in unequal treatment between different categories of workers.**
- 12. The social partners should develop a policy in relation to the age polarisation evident in many companies, advocating that steps are taken to positively integrate and involve different age groups.**

## **Mainstreaming Procedures**

- 13. The social partners should use the social instruments already at their disposal, such as collective bargaining procedures and practices, to address questions relating to equal opportunities.**
- 14. The social partners should consider ways of encouraging the development of equal value tool kits to address questions relating to equal opportunities and diversity management.**
- 15. The social partners should encourage companies to consider ways of bringing the detail of equality policies to the attention of employees in more comprehensive ways than exist at present.**
- 16. The social partners should encourage companies to consider ways of raising the awareness among staff, and particularly line management about the value of equal opportunities and diversity management.**
- 17. The social partners should promote opportunities for senior line managers to meet together and review best practice strategies on equal opportunities and diversity management.**
- 18. Companies should be encouraged to include equal opportunity and diversity training in all training programmes, whether technical in focus or otherwise.**