

Case Study: Outsourcing at Capgemini

More and more companies are outsourcing as a growing means of delivering services which has a significant impact on employee relations.

Acas is keen to promote best practice in employment relations by sharing the experiences of other organisations.

At the Acas fringe event at the TUC Conference 2012, Director of HR for Capgemini, Debra Cadman explained how Capgemini makes outsourcing work for the business, their employees and their clients. Employee and trade union (TU) representatives have also spoken to Acas about their experiences of outsourcing at Capgemini.

Background

Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. Present in 40 countries with more than 130,000 employees, the Capgemini Group helps its clients transform in order to improve their performance and competitive positioning.

Outsourcing of services to Capgemini often requires compliance with The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). The purpose of TUPE is to protect employees if the business in which they are employed changes hands. Its effect is to move employees with their existing contracts, and any liabilities associated with them, from the old employer to the new employer by operation of law.

The transferees become employees of Capgemini whilst either remaining in their former employer's workplace or being relocated to a more suitable location if required.

Capgemini says their clients have reported benefits of outsourcing including:

- expertise from a company that specialises in that job function (e.g. IT);
- industry contacts that a client organisation may not have;
- innovative solutions that may not be possible if the function/service was kept in house; and
- it can deliver as good or a better service at a lower cost

TUPE transfers can be extremely stressful for employees and their representatives. Good communication at an early stage is essential if employees are to understand the TUPE process and engage with their new employer. Ongoing open communication helps to build good relationships between employees and their new managers, which can benefit both the individuals in their career with the new employer and the organisation.

Common concerns of TUPE include:

- job security - Will my job be relocated overseas (e.g. India)?
- terms and conditions - will I still work at the same site? Will I have to work longer hours?

- health care provision – will my cover be as good?
- company equipment e.g. IT, cars – will I have to get used to new equipment?
- pensions - will the terms be as good?
- changes to day to day routines, different forms, procedures etc
- trade union's fear over changes to their recognition agreements

Wider issues to manage include:

- fragmentation – people working for one business but based in another or several others
- employees working together being on different terms and conditions, including different pay structures
- staff not engaged with their actual employer and feeling that they had become outsiders in their own workplace
- distance from HR and decision makers, particularly those involved in employee representation with their previous employer
- balancing the need to remain competitive with fair treatment and pay for employees pay structures
- employee voice – employees not feeling that they are heard; and
- collective bargaining – will the same agreements apply and what are those agreements?

How Capgemini manages the process

When employees TUPE transfer to Capgemini the transfer process is explained clearly at an early stage through roadshows at which employees that have already been through the process as well as the Capgemini management team, talk about their experiences. This is then followed up by one-to-one meetings which give transferees the opportunities to discuss any personal matters.

Reassurance is very important: "Within a week Capgemini had signed a recognition deal with PCS and given a guarantee on jobs and it was made clear that the transfer agreement stated that the work would not be off-shored." Chris Morrison, PCS.

Transferees retain their terms and conditions, even if they move jobs once they arrive, unless they wish to transfer to Capgemini's terms and conditions. "TUPE is respected and staff have been promoted under their old terms and conditions," Alan Leighton, Prospect.

At the outset of an outsourcing deal, a detailed process of reviewing employment contracts with HR colleagues from the outsourcing organisation is undertaken to identify where the differences between contracts lie. It is important that Capgemini fully understands the contracts they are inheriting as they may have to manage them for many years until an employee leaves the organisation. Union representatives feel that it is important to be involved at this stage as they have an in-depth understanding of their terms and conditions. They also feel that it is important for the outsourcing organisation to recognise their responsibility in ensuring that their employees are treated well in the future by making sure that Capgemini fully understands the terms and

conditions of their employees, and any agreements with unions/employee groups that are in place.

Transferring to Capgemini terms and conditions is entirely voluntary. It is important that employees fully understand the implications of giving up some of their existing contractual entitlements e.g. union collective bargaining agreements which can affect negotiated pay rises. Healthcare arrangements may change to different but equivalent provision. For this reason unions often encourage members to retain their existing terms and conditions. However where Capgemini does offer their standard terms, experience shows that a high proportion of people do accept them. Where changes are made through agreement, employees are given time to adjust before the change takes place.

“Managing expectation is the key” to good relationships moving forward, according to Andy Harrison, Capgemini employee and Unite workplace rep. It can be difficult for an employee who has been used to being one of a few specialists in a company to become one of many as they may not have the same influence and status that they had. Although terms and conditions may not change, procedures and practices will and this can be difficult to get used to. Having a member of the management team available on site to help new employees through the transition is really useful.

A lot of clients make choices about their outsourcing provider based on their employment relations history. So having employees who can talk positively to clients about their experiences of TUPE transferring to Capgemini helps to attract new business. Union representatives feel that where they have been involved from an early stage, and continue to be involved, the relationship with their new management benefits and employment relations tend to be positive which then benefits Capgemini and reassures its clients.

Engaging with employees

Capgemini encourages open communication at all levels of the organisation through face-to-face meetings, blogs and its enterprise social network Yammer.

Capgemini managed its first TUPE Transfer in 1976. In the late 1990's they transferred in a group of employees with union recognition.

They decided to follow the model used in Capgemini Netherlands and invited the union to sit on the works councils.

They now have four recognised unions and an effective employee forum made up of trained union and non union employee representatives. The forum has local committees who meet monthly and send representatives to the monthly national works council, which in turn sends representatives to the international works committee which meets four times a year.

Employees who transfer under TUPE may worry about job security, losing their terms and conditions or lower wages and longer hours.

If there is a genuine business need to change an individual or group of employees' terms and conditions then Capgemini always consults fully with the unions/employee representatives to sound them out first, and then with the individuals affected. Any change is made by agreement.

Sometimes it is unavoidable and necessary to make roles redundant but Capgemini will always work with their client company to see if there is any alternative to redundancy and make sure that it consults fully with all employees affected.

A model workplace

Senior managers have found that regular contact with union/employee representatives is extremely beneficial as it has made them more in tune with their employees. They would prefer to hear about problems early on from the representatives and be able to resolve any queries early on in the employment relationship.

Acas Top Tips

To make outsourcing work for your organisation:

- Make sure contracts/terms are up to date and reflect the reality of an employee's situation before the transfer
- Make sure employees are clear about their key terms and conditions and have appropriate documentation
- Make sure that collective bargaining agreements are fit for purpose before the transfer
- Consult as extensively as possible
- Keep lines of communication open
- Engage with trade unions – they can make all the difference in how smoothly a transfer happens
- Set up an employee forum – engage people
- Have a management team available to support employees through the transition and for a couple of months after transfer
- Be aware of the amount of change employees are being required to go through, the stress it may cause and the support they may need.

Acas has produced a series of discussion papers:

[Future of workplace relations series](#) ▶▶

Read the last paper in the series '[Outsourcing and the fragmentation of the employment relationship: the challenges ahead](#)'.

Acas also provides advice and guidance to employers, employees and their representatives on our helpline: 0300 123 1100.