


AXA UNION NEWSLETTER January 2009

A rock and a hard place

It should not come as a surprise to anyone that this year's pay negotiations are going to prove to be very hard. The economic downturn has adversely affected many members, especially those on low income who invariably bear the brunt in hard times. However, it has also impacted AXA and it would be naive in the extreme for the union not to be aware of the problems caused by falling profits and increasing costs and their potential impact on employees.

Unite has worked with **AXA** throughout 2008 on the need to reduce the company's cost base through projects such as *Jaguar* and recognise the need for **AXA** to do more. However, we believe these savings can be found in areas such as reviewing spans of control, reducing work-related stress and subsequent absence, as well as reducing **AXA**'s large marketing budget, rather than through squeezing staff pay.

Whilst RPI has recently fallen to 3% (from a high of 5% in 2008), inflation on 'life essentials' remains high with groceries inflation at 20%, electricity at 35% and gas at 53%.

Despite this it would be unrealistic to request a 10% plus pay claim given the effects of the economic climate on the **AXA** group as a whole (after all it did issue a profits warning in November).

Consequently we are requesting **AXA** give consideration to funding a **3.5% pay pot**, with a **minimum pay rise of £750** for employees in the bargaining unit (who receive a Satisfactory rating or higher), to protect the lower paid, and the introduction of a **minimum £7.00 per hour** 'living wage' for the approximately 500 employees who earn less than £12,740 a year at present.

Unite has already had a preliminary meeting with the company and it will probably come as no surprise to learn that they are looking to spend considerably less than this amount based on a number of economic, market and internal factors. However, bearing in mind that many employees did not receive an inflationary pay rise in 2008 due to **AXA**'s failure to achieve its arbitrary half-year targets and given the serious impact on lower paid staff of the economic crisis, **Unite** feel it is not reasonable that a company of **AXA**'s standing and reputation puts its lower paid staff in financial dire straits.

With this in mind, we have advised the company that we are prepared to restrict the distribution of the pay pot to employees in grades 9 to 5 this year. Whilst this is not our preferred option by any means, **Unite** feels that the higher salaried employees are better able to weather the current economic crisis. After all if your gas bill has increased from £46.02 to £70.76 a month you are better able to meet this if you earn £32.97 per hour (£60,000 a year) than £8.24 (£15,000 a year) …

Fat cats at AXA??

Unions often make accusations of 'fat cats' in the financial services sector creaming off huge salaries, large pensions and excessive bonuses. This isn't something Unite feels necessarily exists within AXA, but we are becoming increasing concerned at the amount of salary, bonus and pension spend that the higher grades receive compared to lower graded staff. Studying data supplied by the company it appears that just over 1/3 of its employees (earning £30,000 plus) take home almost 2/3 of AXA's annual pay expenditure.

Unite are also concerned at the spread of performance management ratings. We often hear stories of 'forced distribution' of performance ratings (that is a department "must have" so many 2's, so many 3's, so many 4's etc). This is not really borne out by the performance management data we receive, however it is becoming increasingly clear that the higher grade you are, the more likely you are to get a higher performance rating.

The 2008 ratings show 47% of grade 3 managers received a rating of Excellent (2) and 44% Satisfactory (3). There were less than 5% grade 3's rated Partially Successful (4) or Unsatisfactory (5). Compare this to Grade 9's where only 14% are Excellent and nearly 14% rated Partially Successful or Unsatisfactory.

Somewhat obviously this means that the higher grades receive even more of the pay through any pay distribution matrix and it expands the gender pay gap as most female staff are in the lower grades.

AXA says that it hires the best people in the top jobs which it may well do. However, to justify the high salaries and top performance ratings surely this must be supported by excellent financial results not yet another year of missed targets?

Partial Success = Partial Pay?

Historically one of the biggest areas of contention regarding performance review was the award of a Below Expected rating, which meant that you would not get a pay rise. This was regarded by both the company and union as being both negative and not encouraging positive performance.

Consequently, we supported its replacement by a Partially Successful rating as a more positive indicator and a necessary differential to an Unsatisfactory performance rating.

Nearly 700 employees have been assessed as Partially Successful this year, with almost 10% of **AXA Life** staff (grades 6a to 9) being awarded this rating.

If it is to encourage positive development, **Unite** feel that the new Partially Successful should bring the possibility of some recognition in the April pay award. After all, individual performance targets have not always been changed to reflect the changes in the market the company say has prevented them hitting their targets. However this is not necessarily the view of the company - depending on which part of HR you speak to!

The **Unite** pay claim requests that staff awarded a Partially Successful rating should receive some monetary reward in the 2009 pay matrix. If not, what was the point in changing from Below Expected to Partially Successful? Staff that are Partially Successful have made some contribution and **AXA** should recognise this with a partial pay award, rather than none at all…

Get the latest union news emailed straight to your workstation or home PC!
Send a blank email to: axa-unite-subscribe@yahoogroups.com