

STRATEGIC ASPECTS OF EMPLOYEE RELATIONS



THE OBJECTIVES OF THIS CHAPTER ARE TO:

- 1 EXPLAIN THE DECLINE OF TRADE UNIONS IN RECENT DECADES
- 2 REVIEW DEVELOPMENTS IN THE FIELDS OF COLLECTIVE BARGAINING AND INDUSTRIAL ACTION
- 3 ACCOUNT FOR THE SUBSTANTIAL AND ONGOING INCREASE IN THE EXTENT OF EMPLOYMENT REGULATION
- 4 EXPLORE THE IMPLICATIONS OF THESE TRENDS FOR THE STUDY OF EMPLOYMENT RELATIONS
- 5 SET OUT THE MAJOR CHOICES AVAILABLE TO MANAGERS IN THE AREA OF COLLECTIVE EMPLOYEE INVOLVEMENT
- 6 ASSESS THE VARIOUS APPROACHES USED AS A MEANS OF INVOLVING INDIVIDUAL EMPLOYEES IN THE MANAGEMENT OF ORGANISATIONS

When we surveyed the activities and priorities of HR specialists in the early 1980s, there was no doubt about the pre-eminence of employee relations as being the activity on which they spent most of their time and as being most central to the human resource function (Mackay and Torrington 1986, pp. 149, 161). Only in recruitment and selection did they feel that they had a slightly greater degree of discretion and scope in decision making (pp. 146–8). Twenty years on, the situation has wholly changed. A recent survey of HR managers showed that employee relations issues are now placed well down the agenda in terms of their current and perceived future importance (IRS 2003a, pp. 6–8). The emphasis is overwhelmingly on recruitment, staff retention, development and performance management, along with the HR implications associated with the introduction of new technology and legislation. The main reason appears to be a widespread perception that employee relations in UK organisations are in a healthy state. The 1998 Workplace Employment Relations (WER) Survey found that 80 per cent of HR managers believed their own organisations' employment relations climate to be either 'good' or 'very good', while only 2 per cent saw it as being poor – the same proportion that reported industrial action as having taken place during the previous year (Cully *et al.* 1999, pp. 125 and 276–7). Similar findings were reported by the Industrial Relations Service (IRS 2000, pp. 10–11), suggesting that the pressures placed on many workforces to become more efficient and flexible are not leading to overt forms of conflict. Employee relations is not therefore seen as an organisational problem. Interestingly the WER Survey also found that a majority of employees were positive about the employee relations climate in their own organisations, although theirs was a less enthusiastic endorsement (21 per cent characterised the climate as being 'poor' or 'very poor'). Employee relations activities may not be as significant to HR practitioners as they once were, but they remain important. A good employee relations climate is not created or maintained automatically; ongoing action on the part of managers is required.

ACTIVITY 20.1

What do you think are the main reasons for the fall in the perceived importance of employee relations activities? What would need to happen for the position to be reversed?



KEY TRENDS IN EMPLOYEE RELATIONS

The past twenty-five years have witnessed a sea change in the UK employee relations scene. Most of the once well-established norms in British industry have been abandoned or have withered away as the nature of the work that we do and the types of workplace in which we are employed have evolved. To an extent, cultural change has accompanied this structural change too, creating a world of work in which employee attitudes towards their employers and employer attitudes towards their employees have developed in new directions. As we demonstrate throughout this book, ongoing change of one kind or another has affected and continues to affect most areas of

HRM activity, but it is in the field of employee relations that the most profound transformations have occurred.

That said, it is important to appreciate that change in this field proceeds at a different pace in different places. There remain many workplaces, particularly in the public sector and in the former public sector corporations, in which more traditional models of employee relations continue to operate despite attempts by successive governments to undermine them. What we now have, therefore, is a far greater variety of approaches in place across the different industrial sectors than was the case in past decades.

Trade union decline

The most significant and fundamental trend is the decline in the number of people joining trade unions and taking part in trade union activity. In the UK membership levels reached a historic peak in 1979, when it was recorded that over 13 million people (58 per cent of all employees) were members of listed trade union organisations. In almost every year since then the number has declined as people have let their membership lapse, older members have retired and younger people have not replaced them. By 2002 membership stood at 7.3 million, representing just 26.6 per cent of the working population (Labour Market Trends, 2003a). The rate of decline has reduced somewhat in recent years, some unions reporting modest increases in their membership levels as more people have joined the workforce, but trade union density (i.e. the percentage of employees in membership) has now fallen year on year for twenty-five years.

Because the decline started in 1979 at the time that Margaret Thatcher was first elected Prime Minister, the actions of her governments have frequently been cited as a major source of the trade unions' decline. While it is true that a series of hostile employment acts passed on to the statute books in the 1980s did not help the union cause, the extent to which these directly impacted on union decline was limited. The only full-frontal legal attack on the ability of unions to recruit members came in the form of regulations which made it impossible to sustain closed shop agreements whereby membership of a specific trade union was a necessary pre-condition of employment in certain workplaces. This represented a major reform, affecting over 5 million employees who worked in closed shops (Dunn and Gennard 1984), but it did not lead directly to a great number of resignations from unions. Membership decline may to an extent have been precipitated by legislation of the 1980s and early 1990s which sought to reduce the number of strikes by making it harder for a union to press its demands through industrial action, but there is little evidence to support such an assertion. The view that 'anti-union' legislation can be blamed for membership decline in the UK is thus unconvincing, the more so when it is considered that the substantial downward trend in the number of trade unionists was (and still is) an international trend (*see* Vissa 2002).

The main cause of trade union decline has little to do with the employment policy of governments and more to do with industrial restructuring of the kind that has occurred across the developed world. Established industries in which union membership is the norm have declined (e.g. mining, ship building, heavy manufacturing industry). The jobs that have been lost have been replaced by those in the service sector in which union membership is a great deal rarer (e.g. call centres, hospitality, tourism, retailing). The size of the average workplace has declined too, and this has

had an adverse impact on the propensity of employees to join a union. There are far fewer large factories employing thousands on assembly lines than there used to be, and many more small-scale office and hi-tech manufacturing operations. Management styles in small workplaces, even when part of a much larger group, inevitably tend to be more ad hoc and personal. Grievances, disputes and requests for a pay rise are thus discussed and settled in face-to-face meetings or informally between people who know each other well, without the need to involve a trade union. Moreover, in the private services sector the proliferation of small workplaces means that alternative employment is readily available for suitably qualified people. When receptionists, shop workers, sales executives, call-centre staff or IT people are dissatisfied with their work, their workplace or their managers, they can simply look for another job and resign. They do not need to move house to find work and are unlikely, in the present economic climate, to suffer any decline in income. Their jobs thus matter less to them than was the case in the days of the steel town, the mining village or the city suburb in which one big employer provided the lion's share of all employment. In short, there is now less need to join a union because there are other ways of resolving problems at work and relieving discontent.

By 1998 47 per cent of UK workplaces employing over 25 people stated that they employed no union members at all (Cully *et al.* 1999, pp. 87 and 92), while in hundreds of thousands more unions have no influence of any significance. For most employees, therefore, the norm is now to work in a non-union workplace. As a result, employee relations has come to be characterised by a far greater variety of forms than had been the case throughout much of the past century, traditional approaches continuing to decline:

What we find, therefore, is a marked split between the public sector, where traditional industrial relations appears to have survived, albeit with some adaptations, and a private sector which, with the exception of a declining set of large establishments, is predominantly non-union and without worker representation. . . . Management appears to be firmly in the driving seat, controlling the direction of employment relations. (Guest 2001, p. 99)

The question of whether continued trade union decline is inevitable has been considered by many and, as with most debates about the future, this one is characterised by diverse views. From a trade union perspective there are grounds for pessimism, despite years of new initiatives aimed at recruiting new members in the private sector. The proportion of younger people who choose to join unions has declined dramatically, suggesting that they do not see membership of a collective employee body as necessary or desirable. In 1991 as many as 37 per cent of people in the 25–34 age group were union members (Waddington 2003, p. 239). Ten years later, union density among the under 30s had fallen to just 16 per cent, compared with 34 per cent among those over the age of 30 (Freeman and Diamond 2003, p. 29). The second reason to anticipate further decline in the future relates to the continued growth of industries which have not traditionally been unionised. With the exception of some jobs in the public sector, the fastest-growing professions are all ones that have very low rates of union density (e.g. technicians, consultants, software engineers, nursery nurses, hairdressers and beauticians).

The alternative view rests first of all on the observation that trade unions have been through periods of steep decline before and have later recovered. Kelly (1998) shows how union membership declined steeply during the 1920s and early 1930s, density falling as low as 22 per cent in 1933, only to recover again afterwards. His theory of 'long waves' in industrial relations leads him to conclude that workers will only ever put up with so much 'exploitation and domination' by employers, before beginning to unite to fight back. Others take heart from research which shows that many employees in the non-union sectors (including young people) are neither strongly opposed to unions, nor unwilling to countenance joining a union in the future. Fifty per cent of those asked in a poll in 2001 said that they would be either 'very likely' or 'fairly likely' to join if one were available at their workplace (Charlwood 2003, p. 52). These figures suggest that unions could create a renaissance for themselves if they could find more effective ways of organising and marketing themselves in the private services sector.

WINDOW ON PRACTICE

Trade unions face a major problem in recruiting members in what are known as 'dispersed sectors' in which people are scattered across the country in small workplaces, working in small teams less than half a dozen strong or even alone. Traditional approaches involving communication from the union hierarchy through local shop stewards is clearly inappropriate for these groups. New methods such as the use of mobile phone text alerts thus have to be harnessed.

Despite the difficulties some of the larger unions have enjoyed some modest successes in recent years by setting up special sections for people working in these dispersed occupations. IRS (2003b) gives several interesting examples. The GMB union has recently started targeting professional boxers, London minicab drivers and workers in the sex industry, while the Transport and General Workers Union has signed up over 2,000 childcare workers in private nurseries. However, the biggest success story is probably Amicus's clergy and church workers' section which has over 2,500 members and recently succeeded in persuading the Church of England to recognise the right of clergymen not to be unfairly dismissed.

Collective bargaining and industrial action

A major consequence of the decline in trade union membership has been a simultaneous decline in the number of employees whose terms and conditions are determined through collective bargaining (i.e. negotiation with a union or unions). Here, too, dramatic changes have occurred over recent decades. We have moved from a position in which a large majority of people worked in establishments which recognised trade unions, to one in which a large majority do not. In 1970 over 80 per cent of the UK workforce was covered by collective agreements. Thirty-three years later, the figure was 35.6 per cent (Labour Market Trends, 2003a).

Table 20.1 Average number of working days lost due to strikes

1970–1974:	14.1 million
1975–1979:	11.6 million
1980–1984:	10.5 million
1985–1989:	3.9 million
1990–1994:	824,000
1995–2000:	594,000
2000–2002:	924,000

Source: Adapted from R. Taylor (1993) *The Trade Union Question in British Politics*. Oxford: Blackwell; and Labour Market Trends (2003c) 'Labour disputes in 2002', *Labour Market Trends*, June. London: HMSO.

Profound changes have also occurred within the sectors that remain covered by collective agreements, and continue to do so. Over several decades we have seen the breaking down of the system of national collective bargaining established in the middle years of the twentieth century. Agreements of this kind are now very rare outside the public sector whereas once they were the norm. They involve terms and conditions being agreed at industry level between representatives of the relevant unions and an employers association, resulting in an agreement to which all operating in the industry agree to adhere. One by one arrangements of this kind have collapsed as collective bargaining, where it continues at all, increasingly takes place at the level of the organisation or the individual workplace. In 1960, according to Brown *et al.* (2003), 60 per cent of UK employees were covered by industry-level collective agreements. By 1980 the proportion had fallen to 43 per cent and by 1998 to only 14 per cent. These remaining agreements are largely in the public sector and are themselves under robust attack from government ministers who see local bargaining as a more efficient and fairer way of distributing public money.

Another major change in employee relations has been the very marked decline in the incidence of industrial action in recent years. Contrary to commonly held perceptions, UK workers have never been more prone to take industrial action than their counterparts in other countries, but the 1970s and early 1980s did see the loss of millions of days' work as a result of strikes, not to mention the fall of at least two governments in the wake of major strikes. The position is now wholly transformed. The UK's strike rate has been below the average for both the European Union and the OECD countries in every year except one since 1992 (Labour Market Trends 2003b), while the subject has long ceased to be one which influences voting patterns. The number of stoppages varies from year to year. In 2002, for example, there was a marked increase due to a long-running dispute in the fire service, but the overall trend has been downwards for over a decade. The number of working days lost to strikes each year is now a fraction of what it was thirty years ago (*see* Table 20.1).

The rise of employment law

Until the 1960s there was no such thing as employment law in Britain. With the exception of basic protection for child workers and some health and safety

regulations, the state 'kept its distance' from the relationship between employers and employees. This became known as the principle of voluntarism and it meant that the UK differed very markedly from most other industrialised countries. All workers and employers, it was argued, were free to enter into whatever contractual relationship they preferred and it was not for the state to determine people's terms and conditions or to set minimum standards. All the courts did was provide a mechanism for contracts of employment to be enforced when one side or the other breached them or sought to change them unilaterally without the consent of the other party. Protection from injustices perpetrated by managers and abuse of power was provided by trade unions and through collective agreements.

Over the past thirty years this position has wholly reversed. In 1965 the first major piece of modern employment legislation was introduced – a right for redundant workers to receive payments by way of compensation. In the years since a major new field of legal practice has been created as the law has intervened more and more in the regulation of the employment relationship. As trade unions have declined in terms of their size and influence, the law has stepped in to provide a minimum floor of rights and to deter employers from acting without proper employee relations procedures. In recent years many developments have originated at European level, but UK governments have pushed the agenda forward on their own account too.

Unfair dismissal law dates from 1971, sex discrimination law from 1975 and race discrimination law from 1976. Since 1974 we have had comprehensive health and safety law together with a government inspectorate to enforce it. Regulations relating to 'transfers of undertakings' were introduced in 1981, when it also became a formal requirement to consult collectively when making redundancies. The past ten years have seen an astonishing quickening of the pace. We now have disability discrimination law, a national minimum wage, restrictions on working time, compulsory union recognition, a host of new family-friendly measures, extensive data protection law and measures preventing discrimination against people employed on fixed-term and part-time contracts. 2003 saw the introduction of new regulations outlawing discrimination on grounds of sexual orientation and religion or belief, as well as significant improvements to the rights of people with family responsibilities. In 2004 new workplace dispute resolution measures were introduced, and 2005 will see major new obligations introduced in the field of information and consultation, while from 2006 we will have age discrimination legislation in place.

Employment tribunals now oversee nearly 100 separate areas of jurisdiction (i.e. distinct types of claim that an aggrieved employee, ex-employee or job applicant can bring to court). In addition there are some thirty or forty separate types of claim rooted in the laws of contract, trust or tort that can be taken to the county courts. Over 100,000 claims are lodged with the Employment Tribunal Service each year, leading the government to reform procedures and adjust remedies so as to discourage parties from pursuing cases they are unlikely to win. Given the acceleration of developments in the field of employment law, it is not surprising that its implementation by organisations now comes so much higher up HR managers' agendas than more traditional employee relations concerns (IRS 2003a). In the vast majority of workplaces the nature of the relationship that is established between employers and employees, and the rules that govern it, owe far more to the requirements of employment law than to the demands of trade unions. This represents a total transformation from the position that prevailed a generation ago.

ACTIVITY 20.2

Why do you think employment practice in the UK moved from being unregulated to being so highly regulated in thirty years? Do you agree that we now have 'too much' employment law? If so, which statutes would you like to see kept and which repealed?



THE STUDY OF EMPLOYEE RELATIONS

The profound changes in the employee relations world outlined above have had, and continue to have, important implications for those whose job it is to study and conduct research into this area of organisational life. Until recently most of this work continued to be carried out within a frame of reference founded on the assumption that union membership and collective bargaining were the norm. The questions asked and the research undertaken focused for the most part on trade union organisation, forms of bargaining, industrial conflict and resolution, and the 'assaults' on established UK employment practices by employers and government. Since 1997 a great deal of attention has been given to the operation of the new institutions that have been set up to provide trade unions with a method of forcing employers to recognise them when they have sufficient support in the workforce, and to other measures introduced by the Blair government aimed at fostering partnership agreements between employers and employee representatives (*see* Chapter 21). The focus for many thus remains the formal, collective aspects of the employment relationship and the prospects of a revival in the fortunes of trade unions. The continued, widespread use of the term 'non-union firm', when such employers have constituted the large majority for many years, illustrates the lasting influence of this long-established frame of reference.

Increasingly academics specialising in this field are looking at employee relations from new perspectives and are asking different kinds of questions in their research. Some have firmly argued that the time has come for industrial relations specialists 'to move on' and focus on the lived reality of working in contemporary workplaces in which trade unions and collective bargaining are either peripheral or wholly irrelevant:

the search for the familiar – committees, procedures and so on – could blind the discipline to the relative sociological marginality of many of these new forms. Whereas collective bargaining in 1968 was a central social institution comparable to supermarket shopping today in its impact on the economy and ordinary people's lives, these new institutions are of far lesser significance . . . The danger is that we cling to one small log that is being washed downstream by a mighty river of socio-economic change. The log is worth grasping, clearly, but Industrial Relations needs to address the encircling current too. Ackers and Wilkinson (2003, pp. 13–14)

We are thus now witnessing a very interesting period in the development of employee relations as an academic discipline. Prominent figures in the field are

directing their minds to different types of issues and the development of new paradigms. Guest (2001), for example, has argued that developments in the state of the psychological contract between employers and employees (*see* Chapter 1) might provide a good focus for the study of employee relations in the future, while Rubery and Grimshaw (2003) make a good case for focusing on a wider range of employment institutions beyond those which derive from union recognition and collective bargaining. Their comparative studies look at regulatory practices in the areas of training, pay determination, working time, retirement, downsizing and employee involvement.

Because the last of these (employee involvement) has been studied in depth by UK researchers for some time, it provides a good reference point when thinking about strategic choices faced *today* by managers in the employee relations field, and it will provide our frame of reference for the remainder of this chapter. The key questions that need to be asked are the following:

- How far should employees be involved in decision making?
- Should their involvement be direct or through representatives such as trade unions?
- What form should the involvement take?
- At what organisational level should the involvement take place?
- Which issues should be the subject of involvement?

The answers vary from workplace to workplace. In some, particularly those in which trade unions are not well established, managers have a wide choice about how and to what extent they involve their employees in decision making. In others managers have limited room for manoeuvre if they are to avoid a deterioration in employee relations and/or their position in competitive labour markets. It is possible to run a successful business with minimal employee participation of any kind, but this is often not the best option. A strong case can be put for a substantial degree of worker involvement both directly and through the actions of legitimate representatives.

COLLECTIVE EMPLOYEE INVOLVEMENT

Management always needs the collective consent of its employees: it also needs a mandate to manage. This can partly be delivered by trade union recognition, but other approaches are also available. The recent changes in union membership, employment legislation and fluctuating unemployment levels have provided academic analysts with the challenge of describing how employee relations strategies have changed. We still lack a full explanation, but one of the best-known approaches has been the attempt of Purcell and Sisson (1983) to categorise management styles in industrial relations. These are summarised in Table 20.2 and the key distinguishing feature is a collective view of the workforce.

The categories in Table 20.2 are useful, although some organisations do not fit easily into any one of them. Most large, long-established companies will be in one of the last three; most public sector organisations will be in category 4; and many newer businesses will be in some version of category 2.

Table 20.2
Categories of management styles in employee relations

Style	Characteristics
Traditional	Fire-fighting approach. Employee relations not important until there is trouble. Low pay. Hostile to trade unions. Authoritarian. Typical in small, owner-managed businesses.
Paternalist	Unions regarded as unnecessary because of employer's enlightenment. High pay. Concentration on encouraging employee identification with business objectives.
Consultative	Union participation encouraged through recognition. Problem-solving, informal approach to employee relations. Emphasis on two-way communications.
Constitutional	Similar to consultative, but emphasis on formal agreements to regulate relationship between two powerful protagonists.
Opportunistic	Large company devolving responsibility for employee relations to subsidiaries, with no common approach but emphasis on unit profitability.

Source: J. Purcell and K. Sisson (1983) 'Strategies and practice in the management of industrial relations', in G.S. Bain (ed.) *Industrial Relations in Britain*. Oxford: Blackwell, pp. 112–18.

ACTIVITY 20.3

Which of the five categories in Table 20.2 most closely fits your establishment? Does the category vary for different groups of employees?

If we take a strictly managerial view of trade unions and their recognition, the interest is the degree to which recognition will deliver collective consent to a general framework of rules and guidelines within which management and employees operate. Collective consent implies the acceptance of a situation, while agreement has the more positive connotation of commitment following some degree of initiative in bringing the situation into existence. We are not, therefore, necessarily describing active employee participation in managerial decision making. The range is wider, and includes the variety of circumstances in which employees consent collectively to managerial authority, so long as they find it acceptable.

In order to couch the discussion in terms that can embrace a variety of styles, we set out seven categories of consent, in which there is a steadily increasing degree of collective employee involvement. We begin with a category in which there is straightforward and unquestioning acceptance of management authority, and then move through various stages of increasing participation in decision making and the necessary changes in management style as the power balance alters and the significance of bargaining develops and extends to more and more areas of organisational life.

1 Normative. We use this term in the sense of Etzioni (1961), who described 'normative' organisations as those in which the involvement of individuals was attributable to a strong sense of moral obligation. Any challenge to authority would imply a refutation of the shared norms and was therefore unthinkable. Many of the exercises in corporate culture are construed by some as strategies to develop this type of consent, with strong emphasis on commitment and the suppression of views opposed to managerial orthodoxy.

- 2 **Disorganised.** In organisations that are not normative there may be collective consent simply because there is no collective focus for a challenge; disorganised consent is where there may be discontent but consent is maintained through lack of employee organisation to articulate and endorse the dissatisfaction. A Victorian sweatshop would come into this category.
- 3 **Organised.** When employees organise it is nearly always in trade unions and the first collective activities are usually those dealing with general grievances. It is very unlikely that there will be any degree of involvement in the management decision-making processes. Employees simply consent to obey instructions as long as grievances are dealt with.
- 4 **Consultative.** Consultation is a stage of development beyond initial trade union recognition, even though some employers consult with employees before – often as a means of deferring – trade union recognition. This is the first incursion into the management process as employees are asked for an opinion about management proposals before decisions are made, even though the right to decide remains with the management.
- 5 **Negotiated.** Negotiation implies that both parties have the power to commit and the power to withhold agreement, so that a decision can only be reached by some form of mutual accommodation. No longer is the management retaining all decision making for itself; it is seeking some sort of bargain with employee representatives, recognising that only such reciprocity can produce what is needed.
- 6 **Participative.** When employee representatives reach the stage of participating in the general management of the business in which they are employed, there is a fundamental change in the control of that business, even though this may initially be theoretical rather than actual. Employee representatives take part in making the decisions on major strategic issues such as expenditure on research, the opening of new plants and the introduction of new products. In arrangements for participative consent there is a balance between the decision makers representing the interests of capital and those representing the interests of labour, though the balance is not necessarily even.
- 7 **Controlling.** If the employees acquire control of the organisation, as in a workers' cooperative, then the consent is a controlling type. This may sound bizarre, but there will still be a management apparatus within the organisation to which employee collective consent will be given or from which it will be withheld.

All of the above categories require some management initiative to sustain collective consent. In categories 1 and 2 it may be exhortation to ensure that commitment is kept up, or information supplied to defer organisation. In each subsequent category there is an increasing bargaining emphasis, which becomes progressively more complex.

The implication is that there is a hierarchy of consent categories, through which organisations steadily progress. Although this has frequently been true in the past, it is by no means necessary. Some may begin at 6 or 7: there is no inflexible law of evolution, and change can move in the opposite direction as well. Some instances of partial or complete de-recognition of trade unions could be characterised as examples of regression back down the hierarchy.

INDIVIDUAL EMPLOYEE INVOLVEMENT

Whether or not employees are involved and able to influence decision making collectively, there remains scope for direct individual involvement. Interest in this area of activity has increased in recent years, partly as a result of government interest and partly because employers have seen involvement as a means by which employee commitment and organisational communication can be improved. Involvement initiatives are particularly useful in an environment in which unions are absent or marginal – because they can provide an alternative means whereby managers gain an understanding of feelings and attitudes ‘on the shop-floor’.

Direct forms of employee involvement are not incompatible with collective forms such as are associated with trade union recognition. However, they are generally initiated by employers and are often seen by critical writers as a method that is used to discourage trade union growth. The suggestion is that if employees’ desire for involvement can be partially satisfied using individual initiatives, they will be less inclined to seek it through collective means. While it is clear from some surveys (for example IRS 1999) that some employers specifically design employee involvement initiatives to weaken trade unions, a good business case can be made on many other grounds. The major reasons are as follows:

- Employees like to be involved and appreciate involvement initiatives.
- Employee involvement initiatives improve organisational commitment.
- Involvement makes change easier for employees to accept.
- Involvement increases levels of job satisfaction.
- Involvement is associated with lower levels of staff turnover.

In theory, therefore, employee involvement can potentially be seen as making a significant contribution to improving organisational performance. While there is some evidence to support this contention (*see* Guest and Hoque 1994; Fernie and Metcalf 1996; IRS 1999b), it is very difficult to prove conclusively. The methodological limitations of research in this area are summarised by Marchington (2001, pp. 246–7). He states that all that can be said with certainty is that employees like the idea of involvement initiatives and prefer participative management styles to those which are autocratic in nature. The evidence is too tenuous to be a base for any firm claim that involvement leads to a change in employee attitudes or to improved organisational performance. The claim is nonetheless persuasive intuitively, and can explain the growth in direct involvement initiatives over recent years.

ACTIVITY 20.4

How far do you think that your own work performance is/would be affected by the presence of individual employee involvement initiatives at your workplace? What about your level of commitment to the organisation?



The major forms of direct involvement used in the UK are team briefing, the publication of company news sheets (often now web based), quality circles, suggestion

schemes and attitude surveys. Teamworking is less common but has generated considerable interest among researchers because it involves individual workers, together with their colleagues, exercising substantial control over their own areas of work. It can therefore be characterised as the most far-reaching form of individual employee involvement.

Team briefing

Team briefing is an initiative that attempts to do a number of different things simultaneously. It provides authoritative information at regular intervals, so that people know what is going on, the information is geared to achievement of production targets and other features of organisational objectives, it is delivered face to face to provide scope for questions and clarification, and it emphasises the role of supervisors and line managers as the source of information:

[Team briefings] are often used to cascade information or managerial messages throughout the organisation. The teams are usually based round a common production or service area, rather than an occupation, and usually comprise between four and fifteen people. The leader of the team is usually the manager or supervisor of the section and should be trained in the principles and skills of how to brief. The meetings last for no more than 30 minutes, and time should be left for questions from employees. Meetings should be held at least monthly or on a regular pre-arranged basis. (Holden 1997, p. 624)

With goodwill and managerial discipline, team briefing can be a valuable contributor to employee involvement, as it deals in that precious commodity, information. Traditionally, there has perhaps been a managerial view that people doing the work are not interested in anything other than the immediate and short term and that the manager's status partly rests on knowing what others do not know. For this reason all the managers and supervisors in the communications chain have to be committed to making it a success, as well as having the training that Holden refers to above. Team briefing gets easier once it is established as a regular event. The first briefing will probably go very well and the second will be even better. It is important that management enthusiasm and commitment do not flag just as the employees are getting used to the process.

During economic recessions there is a boost to the team briefing process because so many managements have so much bad news to convey. When you are losing money and profitability, there is a great incentive to explain to the workforce exactly how grim the situation is, so that they do not look for big pay rises. Whatever the economic climate, team briefing continues to be used widely and was found to operate in a majority of organisations featured in the 1998 WER Survey (Cully *et al.* 1999).

Quality circles

Originating in Japanese firms, quality circles comprise small groups of employees (10–15 maximum) who meet regularly to generate ideas aimed at improving the

quality of products and services and of organisational productivity. They can also be used as problem-solving groups and as a means by which employee opinion is transmitted to senior management. Some quality circles consist of staff who work together within a team or organisational function, others are cross-functional and focus on interdepartmental issues. They can form part of total quality management approaches such as those we assessed in Chapter 11:

These sorts of practice have several objectives, such as to increase the stock of ideas within an organisation, to encourage co-operative relations at work, and to legitimise change. These practices are predicated on the assumption that employees are recognised as a (if not *the*) major source of competitive advantage for organisations, a source whose ideas have been ignored in the past or who have been told that 'they are not paid to think'. (Marchington 2001, p. 235)

Not only, therefore, are quality circles a potential source of useful ideas for improving systems and saving costs. They also give people a welcome opportunity to contribute their thoughts and experience. A general positive impact on employee attitudes should thus result.

News sheets

Another common form of employee involvement occurs through the regular publication of in-house journals or news sheets either in paper or electronic form. On one level they simply provide a means by which information concerning finances, policy and proposed change can be transmitted by managers to employees. This is a limited form of employee involvement which does little more than improve the extent to which employees are informed about what is going on elsewhere in their organisations. This will engender a perception of greater involvement and belonging, but does not directly involve employees in any type of decision making. For that to occur the news sheet must be interactive in some way. It may, for example, be used as a means by which employees are consulted about new initiatives, or may provide a forum through which complaints and ideas are voiced.

Attitude surveys

Regular surveys of employee opinion are very useful from a management point of view, particularly where there are no unions present to convey to management an honest picture of morale and commitment in the organisation. In order to be effective (that is, honest), responses must be anonymous, individuals stating only which department they work in so that interdepartmental comparisons can be made. It also makes sense to ask the same questions in the same format each time a survey is carried out, so that changes in attitude and/or responses to initiatives can be tracked over time.

The major problems with attitude surveys are associated with situations in which they reveal serious problems which are then not properly addressed. This can easily lead to cynicism and even anger on the part of the workforce. The result is a poorer employee relations climate than would have been the case had no survey taken

place. The same is true of suggestion schemes. It is counter-productive to involve employees if their contribution is subsequently ignored.

Teamworking

Teamworking is a direct descendant of the concept of autonomous working groups, which had their highest profile in the Volvo plant at Kalmar (now closed down), and a rather vague movement of the 1960s, called Quality of Working Life (QWL). At Volvo there were the twin aims of improving the quality of working life and enhancing productivity. The QWL was directed mainly at making life more tolerable, as the title implies, and it is difficult to see what impact it had. More recently teamworking has become more comprehensive in its approach and its objectives. It is very fully explained in the work of Buchanan (1993; Buchanan and McCalman 1989).

Teamworking aims to focus work activity among small groups of about a dozen members, who are mutually supportive and who operate with minimal supervision. Management sets performance targets (often after consultation) and allocates tasks, but it is for the team itself to decide exactly how these are to be achieved. The team organises its own activities, appoints its own leaders and works out for itself how to overcome problems. Teamworking can thus be characterised as a form of worker control, even though it operates within heavily prescribed limits. Managers refrain from giving day-to-day supervision, but are on hand to give advice or more direct assistance where necessary. Disciplining staff, for example, is a task carried out by managers and not by team members. Teamworking is often associated with situations in which several regionally based teams compete with each other to meet or exceed performance targets. Team-based remuneration then accounts for a proportion of the total pay received.

INTERNATIONAL PERSPECTIVES

Employee relations, more than other areas of HRM practice, varies considerably from country to country. Although some analysts believe that there has been a degree of convergence in recent years in response to increased global competition and new technologies, it is clear that substantial differences remain. In important respects different countries have witnessed different responses to the same environmental pressures (*see* Bamber and Lansbury 1998 for a summary of these debates).

Comparative studies undertaken in the industrialised countries reveal the continued effect of different industrial relations traditions on contemporary practice. They also identify the importance of historical experience and institutional differences in explaining the observed variations. The major dimensions across which national systems vary are as follows:

- high union membership v. low union membership;
- single-employer bargaining v. multi-employer bargaining;
- interventionist government role v. non-interventionist role;
- adversarial tradition v. consensual (or social partnership) tradition;
- autocratic management style v. involving management style.

ACTIVITY 20.5



Making reference to our description of employee relations trends above, consider in which ways the UK employee relations system has evolved along each of these dimensions in recent years.

Clearly, of course, there is a great deal of variation within as well as between national systems in all the above areas. It is also true that things do not remain static over time and that prevailing norms within any country evolve in new directions. However, it remains the case that certain approaches remain associated with particular countries. In Japan, for example, union membership is high and management practices relatively autocratic, but the unions themselves are enterprise based and there is a consensual tradition. In Germany and the Scandinavian countries the social partnership approach is well established, but here it is associated with industry-based unions, national-level bargaining, extensive employee involvement in decision making and heavy government intervention. Hence employers are obliged by law to consult and share decision making with their workforces through works councils. In France, by contrast, union membership is notoriously low, but the unions maintain a role in negotiating terms and conditions because they are empowered to do so in law. The government is further involved through the setting of minimum standards in areas such as training provision, holiday entitlements, wages, hours of work, health insurance and pensions. Government intervention is also extensive in the Eastern European countries, but here union membership remains high, while bargaining is often carried out at industry level.

The main practical implications associated with this variation in approach are for multinational organisations. They have an understandable impulse to strengthen their corporate culture by taking a standard approach to employee relations management across their operations, but also have to take account of local conditions. For them, success comes when they find ways of creating a company-wide, international strategy which is adaptable to the requirements of the various countries in which they operate. Employee relations considerations thus play a major role in determining which countries are chosen as the locations for their operations. They can also contribute to decisions about plant closures when retrenchment is deemed necessary.

SUMMARY PROPOSITIONS

- 20.1** Employee relations practice in the UK was dominated by trade unions and collective bargaining for most of the twentieth century.
- 20.2** Since 1979 trade union membership has declined along with the significance of collective bargaining.

- 20.3** As trade unions have become more marginal, managers have sought other forms of employee involvement over which they are able to exert more influence.
- 20.4** Increasingly it is the requirements of the law more than the demands of employees that shape the rules which govern employment relationships.
- 20.5** It is possible to identify seven categories of consent to illustrate variations in the level and type of collective employee involvement.
- 20.6** Individual employee involvement initiatives are direct; they do not operate through workforce representatives. The most common are team briefing, attitude surveys, quality circles, news sheets and teamworking initiatives.
- 20.7** Despite some evidence of convergence in recent years, national employee relations systems remain very different from one another in important respects.

GENERAL DISCUSSION TOPICS

- 1 Why should employees be involved and what should they be involved in?
- 2 To what extent do you agree with the proposition that the decline of trade unions in the form that they have traditionally taken is inevitable?
- 3 Which of the forms of direct employee involvement described in this chapter do you think is most attractive from an employee perspective and why?

FURTHER READING

Boeri, T., Brugiavani, A. and Calmfors, L. (eds) (2001) *The Role of Unions in the Twenty First Century*. Oxford: OUP

Gospel, H. and Wood, S. (eds) (2003) *Representing Workers: Union recognition and membership in Britain*. London: Routledge

There is no shortage of excellent scholarly writing on recent trends in employee relations, and in particular on the position of trade unions. An up-to-date summary of UK-based research is provided by the authors contributing to the book edited by Gospel and Wood (2003). For an international perspective Boeri, Brugiavani and Calmfors (2001) provide a good starting point.

Cully, M., Woodland, S., O'Reilly, A. and Dix, G. (1999) *Britain at Work: As depicted by the 1998 Workplace Employee Relations Survey*. London: Routledge

Milward, N., Bryson, A. and Forth, J. (2000) *All Change at Work?* London: Routledge

It is impossible seriously to study trends in employment relations in the UK without taking account of the findings of the vast Workplace Employee Relations Surveys which are undertaken periodically. The most recent survey was conducted in 1998 and the findings are extensively summarised in the above books.

Blyton, P. and Turnbull, P. (2004) *The Dynamics of Employee Relations*, 3rd edn. London: Palgrave Macmillan

Geary, J. (2003) 'New forms of work organisation: still limited, still controlled, but still welcome?' in P. Edwards (ed.) *Industrial Relations: Theory and Practice*, 2nd edn. Oxford: Blackwell

Marchington, M. (2001) 'Employee Involvement at Work', in J. Storey (ed.) *Human Resource Management: A Critical Text*, 2nd edn. London: Thomson Learning

Developments in the field of employee involvement, both collective and individual, are discussed at length in the major texts on employee relations. Thought-provoking critical analyses which reach somewhat different conclusions are provided by the three works listed above.

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An extensive range of additional materials, including multiple choice questions, answers to questions and links to useful websites can be found on the Human Resource Management Companion Website at www.pearsoned.co.uk/torrington.

