

10

Employment Relations

Chapter Objectives

- To outline alternative perspectives on power and authority in the employment relationship
- To outline the relationship between HRM and employment relations
- To discuss key trends in employment relations, particularly trade union decline and the rise of non-unionism
- To outline the notions of employee 'voice', employee involvement and participation
- To discuss the various means by which employees can be given a voice in organisational decision-making and the rationale for doing so
- To introduce 'partnership' approaches to employment relations.

Introduction

In broad terms, employment relations is concerned with the theory and practice associated with the management and regulation of the employment relationship. In particular, it is concerned with the socio-political dimension of the employment relationship and the distribution of power between management and employees, the incidence and expression of conflict and the social and legislative regulatory framework within which the employment relationship exists.

Employment relations is the contemporary term used to refer to what has traditionally been called 'industrial relations'. As both an academic area of study and a set of organisational activities, industrial relations has traditionally

referred to the management of the relationship between trade unions and management and associated processes including collective bargaining, negotiation and consultation and industrial conflict. The use of the term 'employment relations', rather than industrial relations, reflects a range of developments in the political, economic, social and legal context of the employment relationship that have taken place over the last three decades. The advent of new forms of employee management, such as HRM, alongside shifting industrial structures to a service-dominated economy, declining trade union power and influence, political antipathy towards the union movement, greater individualisation and flexibility in the management of labour and changing social attitudes have created a more diverse employment landscape. Subsequently, employment relations is concerned with the management of both the individual and collective employment relationship, both in union and non-union workplaces and in all industry sectors. CIPD (2009h) suggest that employment relations is best understood as a skill-set or a philosophy for employers, rather than as a management function or well defined area of activity.

This chapter begins by considering a number of theoretical perspectives of the employment relationship and how particular viewpoints can inform approaches to managing people. It then considers developments in employment relations associated with the decline in workplace trade unionism. The chapter then outlines the range of means by which employees can have a 'voice' in organisational decision-making on both operational and strategic issues. The chapter ends by discussing partnership approaches to employee relations.

Control, power and authority in the employment relationship

In Chapter 2, the socio-political dimension of the employment relationship was briefly introduced. This aspect is concerned with control, power and authority in the collective employment relationship and represents the predominant concern for employee relations analysis and study. On a theoretical level, there are a number of competing perspectives or conceptualisations of the relationship between capital (employers) and labour (employees) which can inform and underpin particular approaches to the management of people (Table 10.1 provides details of three key theoretical standpoints). These perspectives are useful in considering the underlying assumptions that inform particular managerial practices, as well as fundamental questions around the nature of the employment relationship (Budd and Bhawe, 2008).

HRM and employment relations

As briefly discussed in Chapter 2, in addition to representing perspectives on the employment relationship, unitarism and pluralism can also be understood

Table 10.1 Perspectives on the employment relationship

	Ideology	Power	Conflict	Processes	Trade unions
Unitarism	- Organisations are viewed as unified entities - All parties have common objectives	- Primacy of 'managerial prerogative' - Management as single source of authority - Employment relationship is essentially <i>consensual</i>/reflecting common interests	- Conflict is unnatural/irrational - Where conflict exists, it is the result of trouble-makers or agitators, misunderstanding or mis-communication	- Unilateral decision-making by management - Employer actions and legal initiatives to contain or suppress conflict are legitimate	- Trade unions are viewed as either unnecessary or illegitimate - Management must have the freedom to operate in accordance with the dictates of the market
Pluralist	- An organisation comprises a coalition of different sectional interests and groups - Parties have both shared and diverse interests and objectives	- Management leads but its authority can be legitimately contested and questioned - Power relations are fluid and the relative 'dominance' of parties can change over time	- Conflict is inherent, unavoidable and, within limits, legitimate and healthy 'Industrial action' is a legitimate expression of conflict	- Range of processes needed to maintain 'dynamic equilibrium' - Conflict of interests should be contained and resolved through rules, negotiation and collective bargaining	Trade unions and other collective bodies are legitimate representatives of separate interests
Radical/ Marxist	- Relationship between capital and labour based on class conflict – 'them' and 'us' - The employment relationship is marked by <i>deep</i> conflicts of interest (class conflict rather than group conflict)	- Fundamental imbalance of power - Power lies with owner of means of production (employers) reflecting – an exploitative relationship	Constant, inevitable and irreconcilable conflict of interests	Social unrest required to break the status quo	- Unions are collaborators in the maintenance of the status quo - True workplace democracy impossible without worker control of means of production

as 'ideal types' (Fox, 1974) associated with particular managerial ideology and representing a set of assumptions that can underpin HRM practices. For example, the unitarist view is reflected in an authoritarian and autocratic management 'style' where managerial prerogative in decision-making is maintained through strict control and discipline (reflecting *hard HRM*) and hostility towards unions ('suppression'). Alternatively, unitarism can underpin more paternalist approaches to management, where employees are encouraged to think of the organisation as akin to a 'family' or 'team' where the employer will take care of the workforce and make decisions that reflect the common interests of all organisational members ('*soft HRM*'). Under this approach, managers 'substitute' for unions by concerning themselves with employee welfare and removing the need for union presence. 'Best practice' models of HRM that have emerged since the 1980s are often referred to a neo-unitary, reflecting the adoption of cooperative employee relations in pursuit of organisational goals. Pluralism underpins management styles that accept or are forced to accept the presence of conflicting interest groups within the firm and the legitimacy of trade unions to represent workers' interests.

To develop this distinction, Purcell and Sisson (1983) suggest a typology of five 'management styles' based on the degree to which unitarism and pluralism are emphasised (Box 10.1). Notably, *sophisticated human relations* firms display the neo-unitarism, individualism and **union substitution** associated with high-commitment approaches to HRM. A pluralist approach to people management based upon a combination of individualism and collectivism is present in *consultative sophisticated moderns*, reflecting a co-operative partnership between management and trade unions. On this basis, 'high-commitment' HRM practices and trade unions are not necessarily mutually exclusive and, in some circumstances, union presence can contribute to the achievement of the goals of HRM, such as employee commitment, flexibility and quality. Nonetheless, HRM practices often tend to represent, either implicitly or explicitly, a strategy of union substitution or are used to disguise anti-union sentiment among management.

BOX 10.1

A typology of management style

- **Traditional**

Authoritarian unitarism: Workers are excluded from decision-making, and power is concentrated in the hands of management while a policy of **union suppression** or avoidance is adopted. Workers are treated as factors of production and a cost-minimisation approach is taken to the management of labour.

- **Sophisticated human relations**

Paternalist unitarism: Workers are regarded as organisational assets and management seeks to maximise employee identification with the aims of the company. Sophisticated HRM policies are believed to remove any need or justification for opposition by workers and, therefore, trade union recognition is unlikely.

- **Sophisticated moderns**

Pluralism: Workers, normally via unions, are seen as legitimately involved in specific areas of decision-making. There are two types of sophisticated moderns:

- *Constitutional*

The emphasis is on formal agreements to regulate relationships, particularly the adoption of a legalistic approach to establish clearly the demarcation between areas of 'power-sharing' and managerial prerogative.

- *Consultative*

Reflects a less formal, more flexible approach to employee relations where union participation in decision-making is encouraged through recognition, problem-solving mechanisms and two-way communication.

- **Standard moderns**

Management's approach to employee relations swings between unitarism and pluralism: Contingent or opportunistic management where the adopted approach reflects the prevailing employee relations climate. When union power is perceived as low, management makes decisions, when power is high, a negotiating or consulting approach may be adopted. This can be characteristic of large companies where responsibility for employee relations is devolved to subsidiaries resulting in a lack of standardisation.

Source: Purcell, J. and Sisson, K. (1983) Strategies and practice in the management of industrial relations, in G.S. Bain (ed.) *Industrial Relations in Britain*, Oxford: Basil Blackwell. Reprinted with permission.

The interaction between HRM and employee relations is also explored in Guest and Conway's (1999) framework for analysing the relationship between, on the one hand, unitarist, individualised HRM practices and, on the other, employee relations, denoting pluralism and **trade union recognition**. Firms placing emphasis on both employee relations and HRM are characterised as *partnerships* combining individual and collective mechanisms for the management of employees. Such an approach is common in the public sector and a few high-profile large private sector firms. *Traditional pluralist* firms emphasise negotiation, consultation and information-sharing across a wide range of issues solely via recognised trade union representatives. Firms that prioritise the individual management of labour and 'soft HRM' are referred to as *individualist*. Finally, Guest and Conway identify firms that have neither mechanisms for the collective management of labour nor sophisticated HRM practices, referring to these organisations as *black hole*, characterised by an absence of formal people management practices.

BOX 10.2

Employment relations in international context

Chapter 5 discussed Hofstede's (1980) model of cultural difference which suggests that national cultures differ along a continuum between individualism and collectivism. To a certain degree, the position of a nation state along this continuum reflects attitudes towards trade unionism and the extent to which employees are given a 'voice' in organisational decision-making.

The power distance dimension in Hofstede's typology is reflected in the extent to which managers tend to hold the prerogative in decision-making, the coverage and preferred level of collective bargaining and the extent to which industrial conflict is viewed as legitimate. For example, in the US, a highly-individualised culture, trade unions are typically marginalised and management tends to hold the right to make decisions unilaterally. In Japan, however, a more collectivist culture is reflected in greater employee involvement in decision-making, although trade unions are rarely independent from the organisation whose employees they represent (enterprise or company unions). However, as noted in Chapter 5, patterns of cultural difference are complex and nation states often display characteristics and institutional practice which might appear contradictory in another context, reflecting the different roots of similar practices. For example, whilst employee involvement is promoted in both Germany and Japan, in the former it is reflective of processes of industrial democracy which exemplify a pluralistic perspective on organisations and a need to institutionalise naturally conflicting interests. In the latter, however, it reflects a more unitarist perspective and the pursuit of workplace harmony and joint decision-making to achieve shared objectives.

The institutional context of employee relations also differs from nation to nation. For example, in the UK, the state tends to try and avoid direct intervention in the employment relationship. This lack of state intervention and deeply embedded class structures are reflected in an adversarial relationship between capital and labour. In countries characterised by 'social partnership' the state tends to intervene more directly by laying the foundations for more peaceable relationships and co-operative dialogue between unions and management. A key tension between the UK and the European Union is the contrast in employee relations traditions, where the UK tends to reject attempts at intervening in employment regulation, reflecting the dominant voluntaristic approach, which contrasts with the 'continental' system favouring greater social and legal regulation of employment.

Key trends in British employment relations

Over much of the twentieth century, trade unions in the UK have been viewed as legitimate vehicles for the representation of employee interests, and collective bargaining the main mechanism for wage-setting. During the course of the 1980s and 1990s, however, successive Conservative governments sought to deregulate the economy and labour market to give greater freedom and

flexibility to managers to respond to changes in organisational context. This was achieved through limiting employment protection for workers and restrict the ability of trade unions to the 'right to manage'. Among other factors, this government policy has significantly altered the conditions under which workers are managed.

Trade union decline

Trade unions have traditionally played a significant role in regulating the employment relationship in the UK through collective bargaining with employers over pay, working practices and terms and conditions of employment. The union movement reached its peak of political and economic power, membership and density (the proportion of the working population who are members of a trade union) in the late 1970s. In 1979, there were 13.2 million members of trade unions in the UK equating to 58 per cent of all those in employment. By 2008, however, unions had only 7.2 million members representing 24.9 per cent of those in employment. Across all sectors, just under half of UK employees (46.7 per cent) were in a workplace where a trade union was present (Barratt, 2009). The complexities of union density figures are discussed in Box 10.3.

BOX 10.3

Union density in the UK

Figures on overall union density are useful in assessing the relative 'state' of unionism in a given context but tend to mask significant variation in union membership across sections of the labour market. For example, despite unions having traditionally been dominated by male employees, union density among female workers in 2008 was 29.2 per cent compared to 25.6 per cent for men (female union density having overtaken that of males in 2001).

Unsurprisingly, union density remains significantly stronger in the public sector; 57.1 per cent compared to 15.5 per cent in the private sector. Within the private sector, union density in most industries has fallen over the decade to 2008, except the retail sector which rose from 11 per cent to 11.9 per cent. In the public sector, density in education increased from 53.1 to 54.1 per cent. Union density also varies by occupational group. In 2008, union density among those in professional occupations was 44.3 per cent, compared to 13.2 per cent of sales and customer service operators and 17.1 per cent for those in managerial jobs.

(Cont'd)

Age and length of service also influence the likelihood of union membership. For example, union density among 20–24-year-olds is only 12.2 per cent compared to 38.3 per cent for workers in their 50s. Union densities for all age groups have declined over the period 1998 to 2008, but most dramatically for workers under 40 years of age. Similarly, employees with less than one year's service were less likely to be union members, with just 11.0 per cent union density compared to those with 20 year's service or more with 56.3 per cent.

Finally, union density varies geographically. For example, in 2008 of the four UK nations Wales had the highest union density (37.4 per cent of employees compared to 26.1 per cent in England). Within England, union density tends to reflect the traditional north–south divide. North east England had the highest union density in England in 2008 (35.3 per cent) and the south east had the lowest (21.5 per cent).

Source: Barratt, 2009

Table 10.2 shows that union decline is not just a UK phenomenon. In many other advanced industrial economies, unions have experienced a significant decline in both membership and influence, whereas in India, for examples, trade unions continue to exert strong pressure on HRM practices (Budhwar and Khatri, 2001).

Table 10.2 Trade union density, 1997 and 2007, selected OECD countries

	Trade union density	
	1997	2007
Sweden	82.2	70.8
Finland	79.4	70.3
Denmark	75.6	69.1
Norway	55.5	53.7
Belgium	55.6	52.9
Italy	36.2	33.3
Ireland	42.7	31.7
Canada	31.5	29.4
UK	30.7	28.0
Germany	27.0	19.9
Netherlands	25.1	19.8
Australia	29.6	18.5
Japan	22.8	18.3
Hungary	30.9	16.9
US	13.6	11.6
France	8.7	7.8

Source: Barratt, 2009

There are many factors which have combined to contribute to the decline in both union strength and influence. The shift from a manufacturing to a service-based economy has meant that much of the traditional 'heartland' of trade-union activity and membership has been eroded. Trade unions have traditionally been less well established in the service sector and the smaller workplace size in this sector has provided significant challenges to union organisation and recruitment compared to the larger workplaces associated with manufacturing which are more conducive to worker solidarity. Unions continue to be a strong presence in the public sector but the extensive privatisation of state-owned organisations during the 1980s and 1990s (such as British Telecom, British Gas and British Airways) meant that union strength was further weakened.

The political climate during this period also contributed to the decline in union influence. In particular, the Conservative government elected to power in 1979 considered union power at the time to be a significant impediment to UK competitiveness in the emerging global economy. Subsequently, successive governments have sought to weaken the ability of unions to challenge managerial prerogative. A wide range of statutory provisions were introduced to restrict trade union activity, for example, through the introduction of stringent rules governing lawful industrial action and banning 'closed shops' (workplaces where all employees were required to join a particular union). Therefore, whilst echoing the traditions of **voluntarism** in their actions towards management and the protection of workers, Conservative governments used increased legalism to significantly shift the balance of power in the employment relationship in favour of management. Despite the coming to power of a Labour government in 1997 and some greater rights for union recognition, the most meaningful curbs on union activity imposed by the Conservative governments remain in place.

For management, the weakening of union power allowed the reassertion of the 'right to manage' and concerted efforts to derecognise or marginalise unions. The 1980s also saw growing diversity of managerial practice with the influence of HRM, the activities of foreign MNCs and greater scope for innovation afforded by weak unions contributing to a 'mosaic' of workplace arrangements for the management of people. On the worker side, the 1980s are often associated with growing individualism and self-interest which undermined worker solidarity. A failure of unions to adequately respond to labour market change (for example, the growth of female participation and the increased use of non-standard forms of employment) are also argued to have contributed to a decline in union membership.

Decline in strike activity

One effect of union decline is to contribute to a perception of industrial 'peace'. A catalyst for desire among the Conservative government to restrict union activity was the 'Winter of Discontent' in 1978–79 which brought to a head a prolonged period of industrial unrest during difficult economic conditions from the mid-1970s onwards. The 1970s constituted a peak of strike activity. For example, in the period 1970–74, 14.1 million working days were lost to strike action compared to only 924,000 working days in 2000–02. The effect of union restrictions on the ability to take strike action has meant that the UK has now fallen below the average strike rate of other OECD and EU countries in every year bar one since 1992. The question remains, however, whether this decline in **strike activity** – typically used as a measure of the degree of industrial discontent among the workforce – truly represents growing satisfaction with employee relations or whether declining strike activity masks continued discontent and the greater use of alternative forms of expression. This question is considered in more detail in Chapter 14.

Union renewal?

A key question in UK employment relations is the extent to which union decline since the 1970s is fundamental. Historically, unions have experienced peaks and troughs in membership numbers and periodic restrictions on union activity through legislation and government action. For some, therefore, recent union decline is merely part of a longitudinal cycle and reflects a period of readjustment to changing economic conditions and structures. Others argue, however, that the combination of factors that has contributed to union decline is such that unions are likely to struggle to recover any significant presence, particularly in the private sector.

Unions have adopted a number of strategies for 'renewal' and to increase both membership and political strength. For example, the last decade has seen greater union consolidation through mergers and the creation of a number of super-unions – general unions representing a wide range of worker groups, created through the amalgamation of several smaller occupationally specific unions. Currently, approximately three-quarters of UK union members are concentrated in 11 trade unions (for example, AMICUS, T&G, GMB, Unison). Other strategies for renewal include the adoption of an 'organising model' with a greater focus on grassroots recruitment among workers traditionally under-represented by unions such as women, young workers and those from minority ethnic groups. Alternatively, a 'servicing model' is based on expanding membership through the provision of a wider range of benefits to members,

such as credit cards, loans and insurance services. In order to boost recognition among employers, some unions have also been promoting themselves as 'partners', rather than adversaries to management. Partnership is discussed in more detail later in the chapter.

Further online reading The following article can be accessed for free on the book's companion website www.sagepub.co.uk/wilton: Bryson, A. (2005) Union effects on employee relations in Britain, *Human Relations*, 58: 1111–39.



The rise of non-unionism

Clearly, the decline in union coverage and influence has coincided with a commensurate rise in non-unionism. A non-union workplace is identified by the absence of union membership, recognition and representation, but such workplaces can fall into a number of distinct categories. First, union presence can be limited through the use of paternalistic or sophisticated HRM practices which 'substitute' for the need for trade union 'protection' (rather than replacing or seeking to replicate the activities of trade unions themselves) through welfare policies, informal or formal channels of communication and (often) good terms and conditions of employment. Paternalism is typical of smaller 'family' firms whereas sophisticated HRM substitutes are more common in larger 'excellent' employers who are better able to offer superior terms and conditions of employment. In both cases the effect is that unions are viewed as unnecessary because positive employer practices lessen the causes of unionism, such as worker dissatisfaction (Fiorito, 2001). However, whilst the introduction of particular HRM practices can be an attempt to marginalise unions (Markey, 2007), union substitution is not necessarily always part of a purposefully anti-union strategy.

Non-unionism can also be found in anti-union firms where 'suppression' tends to be the main mechanism for avoidance (McLoughlin and Gourlay, 1994). This approach tends to be characteristic of firms who compete on (lowest) cost, and where poor employee relations are reflected in high staff turnover and de-skilled or low-skill employment. Dundon and Gollan (2007) note, however, that substitution and suppression are not mutually exclusive approaches and can overlap and co-exist, even within the same firm. A case study of anti-union activity is provided at the end of this chapter.

As discussed above, non-unionism is more prevalent in some sectors of the economy than others. Unions continue to be a powerful presence in the public sector and parts of the manufacturing sector (for example, the aerospace and automotive industries). The Workplace Employment Relations Survey 2004 (Kersley et al., 2006) indicates that 70 per cent of all workplaces

with over 10 employees do not recognise unions for collective bargaining purposes and 64 per cent have no union members. In the private sector, however, this rises to 77 per cent of workplaces with no union members compared to 7 per cent in the public sector. Similarly, only 16 per cent of private sector workplaces recognise trade unions compared to 90 per cent of those in the public sector.

Non-unionism is also more common among smaller employers. Kersley et al. (2006) report that only 18 per cent of workplaces with 10–24 employees recognised unions in 2004 (compared with 28 per cent six years earlier). This rises to 39 per cent among workplaces with 25 or more employees. Similarly, in 2008, workplaces with more than 50 employees had a union density of 36 per cent compared to 18 per cent for workplaces of less than 50 employees (Barratt, 2009). A key contributor to union decline is therefore a reduction in the number of large employers (associated with a shift towards service-sector employment) where unions have traditionally been more successful in organising and recruiting members.

Employee ‘voice’

As discussed above, employment relations is concerned with power and control in the employment relationship and the degree to which management is ‘free’ to make decisions unimpeded. Subsequently, a key dimension of employee relations is the means by which employees are able to influence managerial decisions. Employee ‘voice’ is used to refer to *‘a whole variety of processes and structures which enable, and at times empower, employees, directly and indirectly, to contribute to decision-making in the firm’* (Boxall and Purcell, 2003: 162). In other words, there are a number of mechanisms through which employees can contribute to or share in decision-making with management. Traditionally, the pressure for employees to be allowed ‘a say’ at work has stemmed from notions of industrial democracy or ‘industrial citizenship’ (Gollan and Wilkinson, 2007). This pressure is typically exerted by employees themselves as a reflection of the extent to which they feel empowered and entitled to articulate concerns to management (Wilkinson et al., 2004), although this is increasingly being supplemented by the employer view that allowing and utilising employee voice can make good business sense. In the 1970s, employee voice in decision-making tended to be through **‘indirect’** worker participation via trade union representation. In the 1980s, reflecting declining trade union membership and recognition, **‘direct’** voice was afforded through employee involvement via managerially established forums or communication channels. In the 1990s, the focus shifted to ‘partnership’

Table 10.3 Employee 'voice'

Voice represents:	Purpose of voice	Possible mechanisms or channels for voice	Potential positive/negative outcomes
Articulation of individual dissatisfaction	To remedy a problem and/or prevent deterioration in relations	Informal complaint to line manager; formal grievance procedure	(Reinforced) loyalty to organisation/employee exit, withdrawal of beneficial discretionary behaviour or informal expressions of dissatisfaction
Expression of collective organisation	To provide a countervailing source of power to management	Recognition of trade union by employer; collective bargaining; industrial action	Partnership between management and employees/ non- or de-recognition of union; anti-union management 'tactics'
Employee contribution to management decision-making	To seek improvements in work organisation, quality and productivity	Employee involvement and participation (e.g. upward problem-solving initiatives; suggestion schemes; attitude surveys; self-managed teams)	Employee commitment and identification with aims of organisation; improved performance/ disillusionment and apathy
Mutuality and co-operative workplace relations	To achieve long-term viability for the organisation and greater 'people added-value'	Partnership agreements; joint consultative committees; works councils	Significant employee influence in decision-making/management lip-service to employee contribution; 'sweetheart deals'

Source: Dundon et al. (2004) The meanings and purpose of employee voice, *The International Journal of Human Resource Management*, 15 (6): 1149–70. Reprinted by permission of the publisher Taylor & Francis Group, <http://www.informaworld.com>

between management and workers and joint decision-making (Rollinson and Dundon, 2007).

Mechanisms or channels for employee voice can be both formal and informal and can have a range of intentions, ranging from simply imparting information to a means through which employers and employees share responsibility for decisions. In order to connect together the form, purpose, mechanisms and outcomes of employee voice, Table 10.3 provides a fourfold classification of employee voice.

Some forms of employee voice are clearly 'bottom-up', resulting not from managerial forums but a desire among employees to be 'heard', whether collectively or individually, formally or informally, directly or through representatives. Mechanisms for employee voice are however often introduced by management, whether as a response to pressure from employees, or as part of a strategy to be more inclusive in decision-making. As it is often management that dictates the extent of employee voice, Dundon and Rollinson (2007) use the term **representation gap** to refer to the difference between how much influence employees report having over management decisions and how much influence they would like to have. Mechanisms for employee voice can be analysed using the following framework (Marchington et al., 1992):

- **Depth** – The extent to which employees (or their representatives) share in decision-making outcomes with management
- **Scope** – The range of issues or matters on which employees (or their representatives) have a say
- **Level** – The hierarchical level in an organisation at which voice mechanisms operate
- **Form** – The type of 'voice' mechanism used, which can be direct (Individuals or small groups of workers) and/or indirect in nature (via worker representatives).

Using two of these measures – scope and depth – Figure 10.1 outlines the extent of employee 'voice', suggesting there are five degrees of influence that employees can have over organisational decision-making. Geary (1994) suggests that employee involvement and participation can be viewed as either consultative – employees are encouraged to contribute their view, but management retains the right to make the final decision – or delegative – employees take on decisions that traditionally fell within the remit of management (also shown in Figure 10.1).

Even where management purports to consult with employees over decisions, the intentions of doing so can vary significantly (Butler and Glover, 2007). Low-level consultation exists where managers give workers (or their representatives) prior notice of certain decisions in order to afford workers a chance to voice their views but these rarely impact upon the final decision made by management. At the mid-level, workers' views may stimulate managerial reconsideration of their decision. Finally, at a high level, workers initiate criticism and suggestions and whilst management retain sole decision-making power, worker proposals are given serious consideration and are likely to influence the final decision.

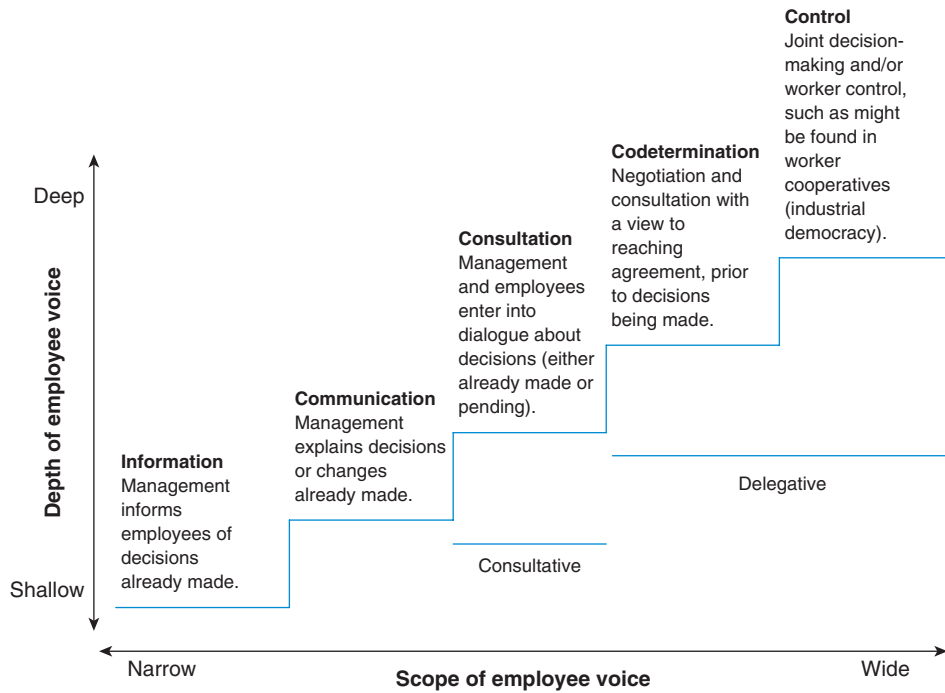


Figure 10.1 The extent of employee 'voice' (adapted from Marchington et al. (1992), 'voice mechanism')

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Further online reading The following article can be accessed for free on the book's companion website www.sagepub.co.uk/wilton: Wilkinson, A., Dundon, T., Marchington, M. and Ackers, P. (2004) Changing patterns of employee voice: Case studies from the UK and Republic of Ireland, *The Journal of Industrial Relations*, 46(3): 298–322.



The form, scope, level and depth of 'voice' mechanisms present in an organisation will depend on a range of organisational factors, including organisational performance, union presence, market sector and management style (Lloyd and Newell, 2001), which, in turn, also shape employees' attitudes to these initiatives (Marchington et al., 1994). Ackers et al. (1992) suggest that the extent to which a firm emphasises high quality service delivery or products or operates in tight labour market conditions determines the extent to which they would benefit from the employee

commitment and adherence to organisational values which can stem from positive employee involvement in the decisions that affect the workforce. For example, Hoque (1999) suggests that under tight labour market conditions, managers in the hospitality industry attempt to incorporate the workforce by allowing them to participate in management decision-making partly to engender greater commitment to the organisation from valued staff.

Employee involvement and participation

The terms 'involvement' and 'participation' are often used interchangeably in reference to the extent of decision-making influence afforded by employee 'voice' mechanisms. Lewis et al. (2003: 248) suggest, however, that *'important differences exist between the concepts in relation to the exercise in power, the locus of control, the nature of employee influence, and the driving force behind each approach in practice'*. For this reason, the following sections outline the distinction between the two terms.

Involvement

Employee involvement (EI) is defined as having the dual aim of engaging *'the support, understanding and contribution of all employees in an organisation'* and *'seeking to ensure their commitment and cooperation in the achievement of its objectives'* (CIPD, 2009h). EI seeks to harness the talents of employees through the soliciting of their views, opinions and ideas to identify and address organisational problems. Importantly, however, EI stops short of any degree of 'power-sharing' between managers and employees in eventual decision-making and, as such, is regarded as a relatively weak form of voice in that whilst it seeks to engage employees and provide a channel for employee expression it preserves management's right to make decisions and generally provides for limited employee influence. Clearly, therefore, EI is underpinned by the unitarist assumption that managers and employees share common interests, and that management should retain fundamental control of decision-making. Therefore, whilst often associated with employee empowerment, EI does not represent a true redistribution of power in the employment relationship as managers can retract this 'empowerment' if it no longer serves its purpose.

In practice, EI is often focused on the engagement of small groups and individuals in addressing local, operational issues by facilitating information-sharing

within work groups and between line managers and employees. Generally, EI does not extend to providing the opportunity for workers to have any input into higher-level, strategic decision-making, such as pay, working conditions or wider organisational policy. Mechanisms for employee involvement are invariably 'direct' in that they do not involve employee representatives. Examples of involvement mechanisms include **suggestion schemes, quality circles**, teamworking and self-managed workgroups. The decline of trade union representation in UK workplaces outlined above has coincided with an increase in direct employee involvement. For example, The Workplace Employment Relations Survey 2004 (Kersley et al., 2006) found that whilst the proportion of workplaces with no union members rose from 57 to 64 per cent between 1998 and 2004, the proportion of workplaces using problem-solving groups rose from 16 per cent to 21 per cent.

Participation

Employee participation (EP) is generally regarded as a more substantial form of voice than EI, because it tends to incorporate a greater degree of joint decision-making between management and employees. EP is grounded in pluralism in that it implicitly acknowledges the existence of a range of organisational stakeholders whose interests do not always coincide. EP implies some degree of power-sharing and dilution of the absolute 'right to manage' among employers and therefore associated practices are often resisted by managers, particularly where it involves trade union representation and where it is perceived to slow down the decision-making process. Participation can be contrasted with involvement in that the mechanisms for participation often derive from employees themselves rather than being managerially imposed and controlled. EP results, therefore, not from managerial desire to improve individual and organisational performance rather from a desire among employees to have greater influence over decisions that directly or indirectly affect them. Finally, whereas involvement is typically 'direct', participation is often 'indirect', involving the use of (elected) employee representatives to represent the interests of all employees. It, therefore, has more collective connotations than many forms of involvement.

Because participation is often concerned with negotiation, conflict may occur between employees and management, particularly where employees participate in higher-level decisions and differing interests are most likely to be visible. However, employee participation can also help to channel conflict to more effective resolution (Gollan and Wilkinson,

2007). Despite the greater level, scope and depth of employee participation, CIPD (2009h) suggest that the '*informal climate of involvement and consultation appears to be more strongly associated with employee satisfaction and commitment than the collective machinery for negotiation and consultation*'.



Further online reading The following article can be accessed for free on the book's companion website www.sagepub.co.uk/wilton: Lloyd, C. and Newell, H. (2001) Changing management–union relations: Consultation in the UK pharmaceutical industry, *Economic and Industrial Democracy*, 22(3): 357–82.

BOX 10.4

Ethics and employee empowerment

Claydon and Doyle (1996) suggest that much of the appeal of employee empowerment is that it can lead to both business benefits, through improving individual and collective performance, and the satisfaction of employees' need for self-expression and autonomy at work. In other words, the win–win rhetoric of empowerment is seductive because it is underpinned by assumptions that it is both economically and morally the 'right thing to do'.

Research suggests, however, that involvement and participation initiatives can serve as a tool for employee manipulation, particularly where forums and channels of communication are controlled by management. Therefore, the extent to which empowerment has a 'control motive' is important in assessing the ethics of associated practices. Ramsay (1980) suggests that management is more likely to introduce the means for employee involvement to head-off a perceived challenge to their authority from employees by presenting involvement as a concession to employees but with the underlying purpose of marginalising trade unions. Therefore, involvement becomes a means by which to suppress conflict, pacify employees and resist more extensive forms of power-sharing. Where unions are established, employers might implement mechanisms for direct employee involvement in order to marginalise or weaken the position of trade unions within the firm by effectively 'cutting out' the union from communication channels. Practices such as teamworking and quality circles have also been criticised for utilising peer surveillance as a means of supervisory control.

There are also ethical questions over the extent to which the use of quality initiatives and self-managed workgroups is driven by a desire for management to pass on the responsibility and accountability for mistakes and divest itself of some of the risk for poor work organisation and management practice, particularly where worker reward is tied to particular performance measures.

Further online reading The following article can be accessed for free on the book's companion website www.sagepub.co.uk/wilton: Hardy, C. and Leiba-O'Sullivan, S. (1998) The power behind empowerment: Implications for research and practice, *Human Relations*, 51: 451–83.



Employee voice in practice

Marchington et al. (1992) identify four broad categories of employee involvement and participation initiatives that provide employees with differing degrees of influence over workplace decisions:

- Downward communication
- Upward problem-solving
- Representative participation
- Financial participation.

Downward communication

Downward communication refers to top-down communication from management to employees. Typical practices include company magazines and newsletters, team briefings, communication meetings, video briefings, employee reports, noticeboards, memoranda, presentations and staff intranets. In recent years, there has been a substantial increase in the use of ICT in employee communication, for example the use of email and e-bulletins. As Figure 10.1 suggests, communication is limited to methods that are shallow in depth and narrow in scope, affording employees limited or no influence over managerial decisions. The size of the organisation will influence the style and formality of appropriate communication.

Communication practices tend to refer to processes by which management informs staff about decisions that they have made and explains the rationale for these decisions, particularly when communication is from senior management with the purpose of communicating organisational strategy, mission and objectives. Alternatively, downward communication between line managers and employees might be used to communicate performance expectations and the impact on staff of wider business decisions.

Effective communication with employees is an essential means by which to develop a positive psychological contract, enhance the individual's identification with the organisation's strategic objectives (de Ridder, 2004) and develop and sustain organisational culture. However, despite being often cited as an important element in effective employee management, problems in the employment relationship frequently result from misunderstanding or inadequate communication where the intentions of either party are not made clear, misrepresented or kept hidden. In such cases, employees and managers are

prone to 'filling in the blanks' as regards the other's position, and informal channels of communication – 'the 'grapevine' – gain prominence and contribute to further misunderstanding.

Upward problem-solving

Upward problem-solving is concerned with empowering workers to improve work processes by encouraging them (either individually or in small groups) to suggest improvements and solutions to specific 'local' problems and to take greater responsibility for decisions over, for example, work organisation and allocation. This is often as part of a broader focus on high performance and/or high quality. In particular, the rationale for such initiatives is to give employees greater 'ownership' over decisions in order to develop increased association with the strategic objectives of the firm and to improve motivation and job satisfaction.

Workers can represent an untapped source of knowledge and understanding of job roles and work processes and, therefore, such involvement can reap benefits for the organisation by drawing on the expertise of those closest to the work situation. Examples of upward problem-solving mechanisms include quality circles or problem-solving groups, attitude surveys, employee focus groups, suggestion schemes and autonomous teamworking or self-managed teams where employees working in groups take responsibility for their job tasks, decide how their tasks are to be accomplished and appoint their own team leader from among members of the group.

The scope of upward problem-solving schemes can vary from small groups or individuals charged with solving specific problems or broader measures designed to seek the opinion of employees on a broad range of issues, allowing differences between employees and managers to surface and be resolved helping employees and managers better understand each other's concerns, expectations, needs and wants. The level at which such involvement can operate can also vary, depending on the matter at hand. Drawing on Marchington et al. (1992) 'escalator', upward problem-solving often represents a form of consultation, with employees views being sought but not necessarily influencing managerial action or decisions.

Involving employees in decision-making, particularly where their views have a discernible influence, can improve the efficacy of the process and facilitate the effective implementation of decisions. Such involvement can also be a key means by which to reinforce company culture and ethos and, in particular, promote the unitarist notion that employees and managers share common interests and goals. However, whilst employee empowerment might contribute to a more positive psychological contract it might also have the opposite effect. Paul et al. (2000) suggest that employee empowerment will eventually

lead to the unfulfilled expectations of influence, because management cannot always meet the *'ever-increasing entitlement beliefs'* of employees.

Representative participation

Representative participation refers to mechanisms for indirect and collective employee participation in decision-making through management consultation and negotiation, either with trade unions or elected workers' representatives.

Such participation typically provides employees with a degree of influence over a range of issues as part of decision-making bodies, such as joint consultative committees, advisory councils and **works councils**. In the case of participation via trade union recognition by the employer, clearly the terms and form of participation are not entirely controlled by management. Trade union representation tends to yield greater power and influence over decisions, particularly because a failure to account for employees' views or to come to agreement can result in industrial action. This threat tends to ensure that management takes the views of the workforce seriously. However, it would be amiss to assume that a positive effect on the employment relationship is inevitable simply because such mechanisms are in place (Danford et al., 2005).

The ultimate outcome of representative participation is some degree of industrial democracy. This is most apparent in the election of worker directors who advocate for employees' interests in strategic decision-making at boardroom level. Worker directors are more common in continental Europe than in Anglo-Saxon economies. Two of the most common forms of representative participation are collective bargaining and works councils/joint consultative committees.

Collective bargaining

The most powerful form of representative participation is collective bargaining which refers to the **joint regulation** of certain aspects of the employment relationship (most commonly, pay) by employers and recognised trade union representatives.

The worker solidarity that lies at the heart of collective bargaining results in a stronger employee bargaining position vis-à-vis management. Recognition agreements between trade unions and management specify both the issues covered by collective bargaining (and which can only be determined through agreement between the parties) and the level at which collective bargaining takes place, whether workplace, organisational/employer or sectoral/national (covering all employees within a particular industry sector sometimes referred to as **multi-employer bargaining**). Within the single organisation, therefore, there may be a number of collective agreements, reflecting the range of unions recognised for bargaining purposes, which cover different groups of workers.

Collective agreements typically cover a wider range of issues than other forms of involvement and participation, but are generally focused only on substantive issues such as pay and conditions (such as leave entitlements, pensions and working hours), staffing arrangements, the content of work and the demarcation between jobs. Negotiation over strategic matters is rarely covered by collective bargaining. Overall, collective bargaining is both wide in scope and deep.

As well as an economic function, collective bargaining also represents a governmental process through which the power politics of the employment are played out with both sides often attempting both to maximise their own positional power and to diminish that of the other. Evidence suggests that where managers are concerned with the minimisation of labour costs, collective bargaining can be a significant problem. In 2008, the Labour Force Survey found that the hourly earnings of union members averaged £13.07, 12.5 per cent more than the earnings of non-members (£11.62 per hour) (Barratt, 2009). This may reflect the fact that union representatives tend to be better trained than non-union employee representatives, which may have implications for effective negotiations in non-union workplaces (Bewley, 2006).

The coverage of collective bargaining in the UK has declined in the last three decades alongside the decrease in union membership and union recognition. In 1970, 80 per cent of the UK workforce was covered by collective bargaining but by 2003 that had declined to 36 per cent. Whilst this decline in coverage has stabilised since the late 1990s, the proportion of workplaces employing more than 10 people which recognised unions for negotiating pay and conditions fell from 33 per cent in 1998 to 27 per cent in 2004 (Kersley et al., 2006). Overall, in 2008, one-third of UK employees said their pay and conditions were affected by a collective agreement (Barratt, 2009). In particular, there has been a significant decline in national (industry level) collective bargaining which is now rare outside the public sector. In 1960, 60 per cent of the UK workforce was covered by such bargaining but this had declined to 14 per cent in 1998, following a move among employers to decentralise bargaining to organisational or workplace level in order to increase degrees of flexibility in negotiations. However, in certain sectors where collective bargaining has traditionally been extensive, such as manufacturing and the public sector, the collective bargaining process remains a principal source of employee voice. Whilst in the private sector, collective agreements covered one in five employees, in the public sector collective agreement coverage was over three and a half times greater at 71 per cent (Barratt, 2009).

Works councils and joint consultative committees

In the UK, the collective bargaining process is often supplemented by workplace joint consultative committees, where employee representatives are consulted over a range of issues but, which fall short of joint decision-making. Similarly,

but with greater influence over managerial decision-making, works councils are forums usually made up of representatives of workers (typically union officials) and management, and are used extensively in a number of European countries (see Box 10.5). Works councils typically operate at the organisational level and meet to discuss issues such as employee relations and business matters and to engage in joint decision-making.

Works councils are common in countries where they have strong statutory underpinnings and are embedded in wider employee relations systems that recognise the interests of labour. For example, under German labour law, employers with more than five employees have a statutory duty to establish works councils at the request of employees, which then have a range of information rights (covering financial matters), consultation rights (covering, for example, workforce planning, working environment, job content and the adoption of new technology) and co-determination (joint decision-making) rights (covering 'social' matters including the principles of remuneration, PRP, work schedules, overtime, holidays, recruitment and dismissal).

The 2004 Workplace Employment Relations Survey (Kersley et al., 2006) report that the incidence of joint consultative committees has declined in the period since the previous survey in 1998. Overall, 42 per cent of all employees covered by the survey worked in a workplace with a workplace-level JCC compared to 46 per cent six years earlier.

BOX 10.5

Plant council at BMW Plant Hams Hall

BMW Plant Hams Hall has adopted an innovative approach to employee relations. Associates (employees) are represented through the 'plant council', a body that deals with business issues and matters that affect associates on a day-to-day basis, as well as negotiating terms and conditions for non-management grades. The plant council was developed with the involvement of associates to reflect and support the business culture that exists in the factory. Made up of a number of elected associate representatives from constituencies around the factory, the plant council meets on a regular basis. All associates are entitled to vote for a representative, regardless of grade or affiliation to a union. Working groups, made up of associate representatives and nominated managers, regularly review and report on important topics.

Source: www.bmw-plant-hamshall.com

Partnership

Earlier in this chapter, reference was made to shifting patterns of employee 'voice' over the past 30 years in the UK. Since the 1990s, much emphasis has

been placed by UK government, employers and trade unions on the notion of 'partnership' (or 'mutual gains' as it is referred to in the USA). Politically, partnership represents a changed relationship between employers and employees, to one '*based not simply on power and rights but on the satisfaction of mutual as well as separate interests*' (Acas, 2005: 2). Therefore, whilst it has pluralist underpinnings, it emphasises the mutual understanding and accommodation of these interests through co-operation rather than opposition and conflict (see Box 10.6). As Ackers and Payne (1998: 530) suggest, partnership represents '*the institutional process of applying the spirit of business ethics and the theory of stakeholding to the employment relationship*'.

Guest and Peccei (2001) note three approaches to partnership: the *pluralist* approach is based on a recognition of differences of interest between managers and workers and seeks to institutionalise these differences through democratic processes; the *unitarist* approach explicitly seeks to integrate employer and employee interests and seeks to maximise employee (direct) involvement and commitment to the organisation; the *hybrid* approach combines unitarist and pluralist perspectives recognising the importance both of representative systems and direct involvement in delivering mutual gains.

BOX 10.6

Partnership in practice – Tesco and Usdaw

The supermarket retail group Tesco Stores Ltd employs over 470,000 people across 14 countries, including approximately 260,000 people in around 1,900 UK stores. In the UK, Tesco recognises the shopworkers' union Usdaw, and around half of its retail staff are union members (see Chapter 5 for an account of Tesco's union relations outside of the UK).

Until 1998, the role of the union had largely been confined to collective bargaining on pay and helping individuals in grievance and disciplinary procedures. In that year, however, Tesco and Usdaw entered into a partnership agreement which broadened this role to include information, consultation and on-going dialogue on a wide range of issues, and involvement in staff training. The agreement was driven by a desire to overhaul the existing antagonistic and inflexible employee relations climate and create the conditions for more progressive two-way communication to cover a range of business issues. The agreement established a hierarchy of consultation forums throughout the business at store, regional and national level and Tesco and Usdaw both believe they have a very positive relationship.

For Tesco, the keys to the success of their partnership agreement include being honest, union representative training to help them see both sides of an issue, autonomy for store managers to resolve local issues without referring them up the line and the use of joint working parties that address important issues.

For Usdaw, the partnership agreement has meant much greater involvement and consultation in a far wider range of issues than under the previous recognition agreement. The agreement has also encouraged staff to come forward with their views on issues, which Usdaw believes has led to better management decisions, and much wider employee involvement in union and company initiatives. Since 1998, Usdaw has also seen its membership increase year on year.

Source: adapted from <http://www.berr.gov.uk/files/file37949.pdf>

Partnership is viewed as representing a 'positive-sum game' where both parties 'win'. Underlying the notion of partnership is the idea of 'social partnership'. Social partnership reflects the stakeholder ethos which underpins certain models of European employee relations where employer and employee groups and government are considered social partners charged with considering the needs of all parties in determining social and economic policy. In the UK, the New Labour government (1997–2010) was pivotal in promoting partnership approaches to employee relations as a 'third way' between managerial autonomy and adversarial industrial relations.

The proposed mutual gains of partnership are clear if we consider the 'principles' of partnership in Table 10.4. At its heart, partnership focuses on the idea that both parties to the employment relationship have an underlying interest in the success of the organisation and that, ultimately, the continued success of the organisation is reliant on mutual satisfaction of each party's needs. On the one hand, employers need to understand that employees require security and dignity at work, a right to be involved in decision-making that affects them and to be rewarded for their contribution to success. On the other hand, employees have to understand the needs of the business and that to manage effectively managers require a degree of flexibility, recognising that difficult decisions sometimes have to be made for the overall success of the firm.

Partnership is linked to current notions of high performance or high-commitment organisation (Kochan and Osterman, 1994). Guest and Peccei (1998) note a number of partnership practices which both reflect the mutual gains ethos and suggest that partnership is a combination of worker participation and progressive HRM practices. These practices include direct participation by employees in decisions about their own work, direct participation by employees in decisions about personal employment issues, participation by employee representatives in decisions about employment issues, participation by employee representatives in decisions about broader organisational policy issues, flexible job design and focus on quality, performance management, employee share ownership, communication, harmonisation and employment security.

Table 10.4 Partnership principles

Involvement and Participation Association (IPA, 1997)	Trade Union Congress (TUC, 1999)
Four key building blocks of the partnership principle: • Recognition of employees' desire for security and the company's need to maximise flexibility • Sharing success within the company • Informing and consulting staff about issues at workplace and company level • Effective representation of people's views within the organisation	• A shared commitment to the success of the organisation • Recognition of the legitimate roles of employer and trade union • A commitment by the employer to employment security for all workers and a commitment by the union to engage positively in the process of change • A focus on the quality of working life • Openness on both sides and a willingness by the employer to discuss plans and thoughts about the future when they are at the 'glint in the eye' stage • A shared understanding that the partnership is delivering measurable improvements for all parties

The IPA (1997) suggests that at the heart of partnership proposition is the importance of resolving the traditional areas of disagreement between management and workers, such as pay and working hours, because without such resolution underlying tensions will lessen the likelihood of agreement over key dimensions of the partnership such as the 'security/flexibility trade-off'. They also suggest that harmonisation of terms and conditions of employment between managers and workers is important in sending out the right signals about the organisation's commitment to 'true' partnership.

Implications and issues with partnership

Some research evidence supports the positive rhetoric of mutual gains (Guest and Peccei, 2001). Partnership can provide a framework within which a more positive psychological contract can develop, with the improved communication channels and co-operative relationship between employer and employees enhancing mutual trust and perceptions of fairness. For trade unions, evidence has suggested that partnership can lead to increased trade union membership and influence (see Box 10.6). Consequently, the Trade Union Congress advocates partnership approaches as one possible route for a revival of union

fortunes. However, Ackers and Payne (1998: 530) suggest that '*partnership combines seductive rhetoric with ambiguous and shifting meaning*'. In particular, questions arise over partnership as a viable long-term model for the relationship for employer and employees, particularly in an employee relations climate of historic distrust and antagonism.

Some of the disquiet over partnership agreements lies in the extent to which they truly represent a redistribution of power as implied by the use of the word 'partnership'. Given the imbalance of power in the employment relationship, management are likely to define the terms of a partnership agreement and retain a greater degree of power, even where trade unions are strongly entrenched. In the UK, where partnership agreements are not legally underpinned, the continuation of the agreement relies on managerial adherence and commitment to its terms, a position which might be challenged in hard times or where management feels that it is not in its interests to continue with the partnership agreement. Moreover, management may be inclined to continue to prioritise its 'needs' over those of employees (Martinez Lucio and Stuart, 2002).

A challenge to partnership has also come from within the union movement itself. Some unionists feel that unions who enter into partnership agreements compromise their position as 'adversaries' of management, surrendering the independence necessary to effectively defend the rights of their members. There is also concern that union officials may lose touch with their members and become the agents of management, making greater efforts to rationalise and explain the managerial position rather than representing their interests. Despite some high profile examples (for example, British Aerospace and Blue Circle Cement) and political advocacy for such an approach, partnership is not widely used in the UK, partly reflecting adversarial employment relations traditions. However, the Involvement and participation regulations (2005) emanating from the EU encourage partnership arrangements and may have the effect of increasing their popularity and effectiveness by underpinning their principles in legislation (Box 10.7).

BOX 10.7

European Union and employee involvement and participation

The European Union has been active in attempting to encourage greater employee involvement and participation, influenced by the continental model of social partnership. Below are details of two key directives that have emanated from the EU which have subsequently passed into national legislation in member states:

(Cont'd)

European Works Council Directive 1994

Passed into UK law in 1999 under the Transnational Information and Consultation of Employee Regulations 1999, the Works Council Directive places a duty on employers with more than 1,000 employees and with at least 150 in two EU member states to establish an employee forum for the purposes of sharing information and consulting with management on matters of interest.

The Directive, however, has had only a minimal impact on employee relations across Europe reflecting a rather shallow form of involvement with limited scope. Despite this, some employers have actively sought to avoid their establishment.

Information and Consultation of Employees Regulations 2004

These regulations came into effect in the UK in 2005 and give employees the right (for the first time) to be informed and consulted on a range of employment matters in organisations with 50 or more employees.

Whilst potentially wide in scope and depth, their incorporation into UK legislation allows significant interpretation by management and workplace implementation of the provisions of the act often falls short of the 'spirit' of the regulations. For example, the obligation on employers to inform and consult is not automatic but requires 10 per cent or more of the workforce to request an information and consultation agreement. Despite the incoming regulations in 2005, The Workplace Employment Relations Survey, 2004 (Kersley et al., 2006) found a decline in consultative committees in smaller companies between 1998 and 2004, whilst in larger companies the numbers remained relatively stable.

Financial participation

Finally, Marchington et al. (1992) include financial participation in their schema of mechanism for employee involvement and participation. Financial participation represents a range of mechanisms that allow employees a financial stake in the firm. Whilst clearly not a form of 'voice' and affording little opportunity to exert influence over management (Strauss, 2006), financial participation represents a form of participation complementary to voice initiatives which seek to develop the long-term relationship between employees and employer by connecting the overall success of the firm with individual reward. Typical mechanisms include employee share ownership schemes, profit-related pay or profit-sharing and bonus payments.

Summary Points

- Employment relations is concerned with the management and regulation of the employment relationship in its political, economic, social and legal context.

- Key trends in UK employee relations (in common with many other nations) include a decline in trade union membership, recognition and influence, a decline in collective bargaining and the increasing individualisation of the employment relationship.
- The range of explanations for union decline over the last three decades includes shifting industrial structures, political antipathy towards the union movement, greater individualisation and flexibility in the management of labour, changing social attitudes and an increasingly diverse labour market.
- Traditions in the management of the employment relationship differ between nation states influenced by dominant cultural values and institutional structures, such as the level of state intervention in economic activity.
- 'Employee voice' is the catch-all term used for a multitude of practices and processes by which employees can, either directly or indirectly, contribute to organisational decision-making.
- The extent to which different forms of employee voice empower employees to influence management decisions varies according to their depth, scope, form and level.
- Often used interchangeably, employee participation tends to refer to practices which offer the opportunity for joint decision-making, whilst employee involvement is associated with practices which seek to engender employee contribution and commitment to organisational objectives.
- Marchington et al. (1992) discern four broad categories of employee involvement and participation initiatives which offer differing degrees of influence over decision-making: downward communication, upward problem-solving, representative participation and financial participation.
- Partnership agreements are based on the rhetoric of mutual gains for employer and employees, but some commentators question the extent to which such outcomes are possible.

■ ■ Useful Reading ■

Journal articles

Dundon, T. and Gollan, P.J. (2007) Reconceptualising voice in the non-union workplace, *The International Journal of Human Resource Management*, 18(7): 1182–98.

This article discusses the notion of non-unionism and examines approaches to employee voice in non-union firms. In particular, it considers the internal and external factors that shape approaches to voice in such firms.

Strauss, G. (2006) Worker participation – some under-considered issues, *Industrial Relations*, 45(4): 778–803.

This wide-ranging article provides a useful account of the historical development of approaches to employee participation and reviews the literature on forms of participation.

Books, book chapters and reports

Dundon, T. and Rollinson, D. (2007) *Understanding Employment Relations*, Maidenhead: McGraw Hill.

A comprehensive introduction to employment relations expanding on many of the themes introduced in this chapter.

Further online reading

The following articles can be accessed for free on the book's companion website www.sagepub.co.uk/wilton:

Bryson, A. (2005) Union effects on employee relations in Britain, *Human Relations*, 58: 1111–39.

In this article, Bryson examines the impact of trade unions on workplace employment relations, from the perspective both of employers and employees, drawing on data from the Workplace Employment Relations Survey 2004.

Hardy, C. and Leiba-O'Sullivan, S. (1998) The power behind empowerment: Implications for research and practice, *Human Relations*, 51: 451–83.

This article explores the multifaceted manner in which power operates in the employment relationship and presents a model by which to examine why many empowerment initiatives fail to meet the expectations of both managers and employees.

Wilkinson, A., Dundon, T., Marchington, M. and Ackers, P. (2004) Changing patterns of employee voice: Case studies from the UK and Republic of Ireland, *The Journal of Industrial Relations*, 46(3): 298–322.

This article presents case study research findings and considers different managerial definitions and approaches – in terms of scope, level, form and depth – to employee voice. It also considers the problem of demonstrating a link between voice and organisational performance.

Lloyd, C. and Newell, H. (2001) Changing management–union relations: Consultation in the UK pharmaceutical industry, *Economic and Industrial Democracy*, 22(3): 357–82.

This article reports on case study research investigating workplace consultation and considers the contextual factors that shape the relative success of consultation processes, such as managerial policy, union organisation and product and labour market context.

■ Self-test questions

- 1 Outline the characteristics of the unitarist, pluralist and Marxist/radical perspectives in each of the following areas: ideology, conflict, power, processes and legitimacy of third-party involvement in the employment relationship?
- 2 What are the key explanations put forward for the decline of UK trade unionism since the late 1970s?
- 3 What do you understand by the terms 'union substitution' and 'union suppression'? What managerial practices might be employed in adopting either of these strategies?
- 4 Outline the concepts of depth, scope, level and form in relation to mechanisms for employee 'voice'?
- 5 What examples of mechanisms and processes can you give that relate to each of the following categories: downward communication, upward problem-solving, representative participation and financial participation (Marchington et al., 1992)?
- 6 What might be management's motives for entering into a partnership agreement with a trade union? What might be the union's rationale for doing so?
- 7 At what levels can collective bargaining take place? Why have we seen a decentralisation trend in collective bargaining over the last two or three decades?
- 8 To what extent do you consider there is the potential for 'mutual gain' outcomes from a partnership agreement?

CASE STUDY:

Wal-Mart and union suppression

Wal-Mart is the largest retailer in the world employing more than 2.1 million 'associates' at more than 8,000 retail units in 15 countries. In the UK, it is the owner of Asda who employ over 170,000 people. Wal-Mart has long been the target of persistent allegations of aggressive anti-unionism. For example, Wal-Mart fought a two-year legal battle to prevent the world's largest labour union (the All China Federation of Trade Unions) organising in its 60 stores in China (although, the company ultimately lost the battle) (Watts, 2006).

The company clearly states that it does not feel that union presence is needed in the firm, stating on their corporate website that: *'We are not against unions. They may be right for some companies, but there is simply no need for a third party to come between our associates and their managers'*. Wal-Mart suggests that the reason for this is that employee welfare is the concern of the employer. In particular, it suggests that direct communication – an 'Open Door' policy that allows grievances to be addressed anywhere up the corporate ladder – negates the need for third-party intervention in disputes between employees and the employer.

However, many claim that Wal-Mart goes far beyond 'substituting' for the presence of unions with alternative forms of direct communication. Many unions have accused Wal-Mart of actively suppressing union presence and of 'union-busting', a range of practices designed to hinder union activity and dissuade membership among workers. For example, the United Food and

Commercial Workers union (UFCW) in Canada, has accused Wal-Mart of harassing union members and closing only unionised stores as a reprisal against union members. In response, Wal-Mart claimed that meeting union demands in these stores would be against its business model and the stores were struggling (Ceascu, 2006).

In the UK, Asda has also been accused of union-busting activity. In 2006, an employment tribunal ruled that Asda had breached the Trade Union and Labour Relations Consolidation Act (1992) by offering staff at its Washington depot a 10 per cent pay rise if they gave up membership of the GMB union. Hencke (2006a) reports that the tribunal blamed Asda's PR agents for producing material that was '*very hostile to trade unions and highly disparaging of the process of collective bargaining*'. Despite this ruling, however, GMB shop stewards accused Asda of subsequently employing fresh bullying tactics, including putting CDs in drivers' cabs urging them to vote against a strike to gain national negotiating rights, making lorry drivers go for interviews with senior management to persuade them not to strike and writing to their families warning them against strike action. Despite these tactics, GMB members voted in favour of industrial action. However, Asda and the GMB struck a deal which saw the strike called off at the last minute (Hencke, 2006b).

EXERCISE

Conduct some online research on Wal-Mart/Asda, their employment practices and attitudes and approach to dealing with trade unions and answer the following questions.

- 1 On the basis of your research, would you categorise Wal-Mart's and Asda's approach to resisting trade union organisation as union substitution or suppression? What examples can you give of the strategy they appear to have adopted?
- 2 Why do Wal-Mart and Asda appear to pursue aggressive policies of union avoidance?
- 3 Why do you think that Asda employees chose to reject a 10 per cent pay rise, opting instead to maintain union recognition at the depot?
- 4 Wal-Mart's strategy of union avoidance is partly a product of the US institutional and cultural context in which the organisation originated. What are the characteristics of the employee relations system in the UK which might make such an approach less appropriate and less likely to succeed?