

Qualification: CIPD Diploma in Applied Human Resources

## Understanding the Management of Employment Relations

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Signed:

A handwritten signature in blue ink, appearing to be 'Carys Ratcliffe', is written over a light blue grid background.

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## Understanding the Management of Employment Relations

- 1. Explain the concept of employment relations and what is meant by the term ‘the indeterminate nature of employment relations.’ Define and compare unitarist and pluralist approaches to employment relations.**

Employee relations is traditionally understood to describe the relationship between organisations and trade unions. However, in the twenty-first century there are many other features of and influences on employee relations. The way in which employers create and sustain relationships with their employees are complex and shaped by factors both inside and outside the organisation (Ellis 2016).

Numerous definitions of employee relations are available but fall into two main types. The first type of definition emphasises the regulatory nature of employment relations. This is exemplified by Gennard and Judge (2010 p225) who claim that ‘the purpose of employment relations is to establish rules, regulations and agreements to regulate the employment relationship.’ This highlights the importance of regulation in this relationship, this is evident in employee handbooks, policies and agreements between managers and trade unions. This regulation can also be generated outside the organisation when derived from employment law.

The alternative definition is relationship-based employment relations. The CIPD Factsheet (2021) states that the ‘focus of employee relations is not on collective machinery but on individual relationships with a new emphasis on helping line managers to establish trust-based relationships with employees.’ This definition recognises that employee relations occur between people, but it does not convey the influences that have an impact on the relationships between employer and employee.

Both definitions agree that employee relations are about creating and sustaining effective employee relationships between employers and employees within the opportunities and constraints presented by the organisation. They can be characterised by their need for co-operation, possibility of conflict and reality of uncertainty. Employment relationships are uncertain as there is no guarantee about the duration of the relationship and outcomes.

Managing effective employment relationship is a relevant challenge for all HR professionals. The CIPD Profession Map (2013) reinforces this as employee relations is an area of specialist knowledge. This emphasises the importance of ensuring the relationship between the organisation and its employees are managed through transparent practices and relevant law (Suff 2020).

What is meant by the indeterminate nature of employment relations?

Colling and Terry (2010) explain that employment relationships consist of indeterminacy. This refers to the fact that wages and conditions are set in the labour contract, but the residual control rights accorded to employers in return largely remain unspecified ‘by design’ (Collins 1991). It involves the exchange of money not for goods and/or services, but for the capacity for the employee to provide something desired by the purchaser. Therefore, they must ensure that their employees are willing/required to perform it (Sisson 2008).

Fox (1966) suggested that there are two main ways in which managers view the employee relationship. One view is described as a unitarist relationship, and the alternative is a pluralist relationship.

A unitarist relationship considers the organisation and employees work as a united team who pull behind the authority of the manager to pursue the organisation's goals.

A pluralism relationship suggests that organisations and workers have both similar and different interest in the employee relationship. One example of this is organisations seek to maximise profits whereas employees seek to develop their careers/maximise their incomes (Fox 1996).

| <b>Unitarist</b>                                                                                                                                                                                                         | <b>Pluralism</b>                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The relationship is characterised by harmony, co-operation, and a team ethic (Fox 1966). There will be no conflicts of interest and therefore there is no need to have any mechanisms for dealing with conflict.         | Conflict is inevitable due to different agendas. Organisations need to find ways of accommodating different viewpoints and managing disagreements through consultation or negotiation (Bingham 2016). |
| If conflict does occur it is rationalised in one of two ways: either through communication failure or because the dissent of a nonconformist or rebellious employee. Conflict is viewed as dysfunctional (Bingham 2016). | Conflicts are acknowledged and are even desirable to encourage creativity and change! (Aron 2018)                                                                                                     |
| Management under the direction of the employer, is the only source of authority and has the right to manage.                                                                                                             | Management's function is to manage through resolving differences and emphasising consensus and consent. Representatives from all interested parties must be listened to (Aron 2018).                  |
| Management prerogative is not questioned as everyone is part of a team, pulling in the same direction, with the same aspirations.                                                                                        | Paradoxically management maintains control by sharing decision making.                                                                                                                                |
| Because the workforce is harmonious and unified, there is no need for outside interference from trade unions.                                                                                                            | Trade union representation is not abhorrent.                                                                                                                                                          |
| Does not consider the actual interests of employees, just assumes that they coincide with those of management (Aron 2018)                                                                                                | A joint approach where employee interests are represented. Interaction between those groups of differing interests is not equal, for example managers control the agendas for discussion.             |
| Assumes that management makes rational decisions in the best interest of everyone (Bingham 2016)- is this the case?                                                                                                      | The pluralist perspective is not relevant for every managerial decision; they do not cede authority for everything and may just seek consensus for a few fronts (Bingham 2016).                       |

## **2. Explain the roles and typical approaches taken by the key parties in employment relations: trade unions, management, government, and its employment relations agencies.**

There are three main parties involved in employee relationships, they all play different roles which influence employee relations in various ways:

- Management
- Trade unions
- The Government

Management refers to a process, system of authority and a group of people who hold responsibility for facilitating the smooth operation of organisations (Ellis 2016). They have a key impact on the day-to-day nature of employee relations and the style that the organisation adopts to determine whether it creates and sustains effective relationships. Sisson (2010 p235) argues that since the 1980s, management has become the 'major force for change in the arrangements governing the employee relationship.' This reinforces that the importance of management in employee relations has increased, compared to the role of trade unions and the Government. Kilroy and Dundon (2015) identified three different types of management style:

- Organisational leader- Selectively implements HRM policies into practice.
- Policy enactor- Rigidly implements HRM policies into practice (low trust and high control).
- Employee coach- Implements HRM policy into practice in a tailored way depending on the employee and/or the situation. Gallup (2019) states 'out with the boss and in with the coach' for organisation success.

The type of management style and the use of this has implications for employee relationships (Ellis 2016).

Trade unions have a principal purpose to regulate the relations between employers and workers. They are independent from the government and management but work with both parties to regulate employee relationships. Trade unions emerged from a desire among working people to re-balance the distribution of power in employee relationships more equally between management and workers. They impact employee relationships by trying to secure the best possible arrangements for their members, in particularly in relation to their salaries, working time and working conditions. Trade unions rely upon negotiation and consultation processes (Ellis 2016).

Trade unions try and have a positive influence on employee relationships to benefit their members. However, membership numbers are decreasing-at its peak there were 12 million + members this has now dropped to 6.6 million as of June 2021. This means their future influence on employee relations could be limited (Suff 2020).

The Government includes the current Conservative Government and Government agencies such as ACAS and EHRC who implement the Government's employee relations policies. The Government has a substantial impact on the management of employee relationships through its roles as an employer in the public sector, a legislator and through its agencies which focus on improving the management of problematic areas of employee relationships (Ellis 2016).

In its role as an employer the Government can influence policy and practice through the terms of its employee relationships. They can use this role to demonstrate good practice and is regarded as a model employer due to high levels of job security, pay levels and pension schemes (Ellis 2016). Since 2010, the Coalition and Conservative Governments have introduced job cuts and pay freezes which has had detrimental implications on employment relations (Crawford and Johnson 2015) meaning they are shifting away from the ideology as a role model employer.

In the UK, the Government decides and implements employment laws that originate from both the UK Parliament and EU. Employment laws/legislation such as National Minimum Wage, Equality Act 2010 and ICE Regulations 2004 has positively impacted on employee relations.

The Government also has an indirect influence on employee relationships through its agencies. ACAS receives funding from the Government but describes itself as an 'independent body'. They provide advice, information, training, and assistance with dispute resolution, positively impacting on the employee/employer relationship (ACAS). The EHRC aims to enforce discrimination legislation and promote equal opportunities in society. Through its enforcement and promotion roles, they can influence the management of employee relationships to achieve the Government's equality commitments (Equality Human Rights).

To conclude, management contributes to the organisation's agenda while the trade unions contribute to employee's agenda. Whereas the Government contributes the UK's employee agenda and delivers this directly to the public sector as well as through its legislation and agencies (Ellis 2016).

### 3. Explain different models of employee representation, clarifying terms such as employee involvement, participation, partnership, information, and consultation.

Employee voice provides employees with the opportunity to express their concerns and influence management's actions (Benson and Brown, p83). This is traditionally associated with trade unions due to the view that employee voice must be channelled through trade union representation to have any impact. Today, trade union input is not a necessity but where they are involved trade union involvement will enhance the impact of employee voice. There has been a growth of direct communication between management and employees on an individual/collective basis without third-party trade union representative (Ellis 2016).

Employee voice takes several forms:

**Employee participation** is where employees participate in organisational decision making through their representatives. This can occur in scheduled committees or through more ad hoc arrangements (Ellis 2016). Approaches include:

- Collective representation. This is negotiations between senior managers and employee representatives leading to joint regulation of pay/other conditions of employment.
- **Partnership** schemes in which employee representatives and managers emphasise mutual gains and tackling issues in a spirit of co-operation rather than adversarial relationships.
- Employee forums where groups of non-union / union employees meet with management for **consultation** and **information** sharing (Peters 2020).

This is contrasted with **employee involvement** which is where management introduces practices directly with employees to gather their thoughts, ideas, and co-operation. Examples of this include email communications, management briefings and problem-solving groups (Ellis 2016).

In 2005, ICE Regulations were implemented in the UK which provides employees with a legal right to be informed and **consulted** with about various employee matters including any changes to employee relationships and job security. This regulation states that an organisation must establish consultation mechanisms when requested to do so by its employees (CIPD 2020).

The European Works Council (EWC) states that employees can ask their employer to set up an EWC if they work for a company with offices across the European Economic Area with at least 1000 employees. With the forum, organisations can keep employees informed and **consulted** (GOV.UK).

Managers can use a range of techniques to share **information**, ideas and gather opinions to improve work processes including digital media, two-way communication, suggestion schemes, working groups, surveys, and social media (Ellis 2016).

The CIPD (2011) state that the benefits for employers regarding employee voice include:

- Higher productivity due to skills and knowledge being better used.
- Improved retention as employees feel more valued.
- Organisation gains a positive reputation, making it easier to recruit.
- Conflict is reduced.
- Co-operation between employer and employee is based on interdependence.

Employees benefit from voice practices as they have more influence over their work, experience higher job satisfaction and develop their skills as they have more opportunities to do so (CIPD 2011).

Employee voice is both a legal and essential feature of employee relations and is beneficial to both employers and employees. The different forms of employee voice practices, all have advantages and disadvantages for employees, employers, and their representatives.

**4. Explain different types of individual and collective conflict behaviour and some of the evolving approaches that can be used to manage these. Your response should include and distinguish between:**

- **Conflict and misbehaviour**
- **Official and unofficial industrial action**
- **Third party conciliation, mediation, and arbitration.**

An estimated 9.7 million employees experienced conflict in 2018-2019 (ACAS 2021a) and is estimated to cost UK employers £28.5 billion every year (ACAS 2021b).

But what is conflict?

Bloisi (2007) defines conflict as a disagreement between two or more parties, these could be individuals, groups, departments, organisations, or countries who perceive that they have incompatible concerns.

The CIPD state that it is hard to define conflict precisely as perceptions can differ. However, behaviour that is unfair or unethical which causes distress/disruption to an individual, group and/or the wider organisation becomes negative conflict. This can occur due to a wide spectrum of behaviours from one off disagreements to personality clashes to unfair treatment. Work issues can also cause conflict such as poor attendance or timekeeping (CIPD 2020a). To manage this successfully, organisations need to understand the reasons it occurs and enact the appropriate response/s to resolve the conflict in a timely manner (Suff 2020).

A unitarist view of employee relationships assumes that conflict will not occur as management and employee interests are aligned. Under this approach conflict is regarded as an exception due to poor communication, lack of openness and trust between people and the inability of managers to respond to the needs/aspirations of their employees. If conflict does occur, employees would follow the grievance process to ensure this is dealt with.

In contrast, a pluralist view of employee relations means that conflict is inevitable due to the different interests of the parties who form employee relationships (Ellis 2016). Conflict is an inevitable natural phenomenon and occasionally desirable because it supports and encourages change (Furnham 2005). Organisations under this pluralist approach must ensure they have robust systems and processes in place to manage conflict when it arises. If/when conflict arises under the pluralist perspective, employees would raise their concerns to trade unions and/or employee support networks and rally support from others through these platforms.

Williams and Adam-Smith (2010 p343) summaries the different forms of conflict as organised conflict and unorganised conflict.

Organised conflict includes strikes, protests, demonstrations, boycotts, overtime bans, go-slow, and work-to-rule. These usually occur on a collective basis. One example of this is when British Airways pilots participated in a two-day strike due to a dispute over pay. This organised action forced BA to cancel 1,700 flights to and from Heathrow and Gatwick airports (Smout 2019). Organised conflict can be official if it has been organised by a trade union, if not it is considered unofficial organised conflict. Legal framework outlined in TULRCA (1992) means that conflict organised by trade unions must be lawful and comply with the framework outlined. Unofficial organised conflict tends to be unlawful and short-term (Ellis 2016).

Unorganised conflict or misbehaviour can occur on an individual and/or collective basis. Wiener and Vardi (1996) define misbehaviour as 'any intentional action by members of an organisation that violates core organisational and/or societal norms.' Misbehaviour is individual-centred, whereas

conflict is a natural phenomenon which is bound to occur in organisations. One example of this is, if an individual/group of employees is dissatisfied with an organisation's decision they may damage property belonging to the organisation to express their discontent (Ellis 2016).

Conflict is associated with strikes; however, this is a rather outdated view. In 1979 there were 29.4 million working days lost from strike action compared to 788,000 during 2014 (ONS) illustrating that strikes have and are decreasing in the UK. This could be due to declining trade union memberships and increasingly complex legal framework making it harder for trade unions to conduct lawful and significant strike action. Today, conflict is associated with individual employees rather than collective forms- this can be expressed through grievances, absence, or resignations. This coincides with the unitarist view of employee relations. However, in a more pluralist view individual employees may choose to complain to employment tribunals (Ellis 2016).

When conflict does arise the grievance and disciplinary procedures are there to ensure challenges are dealt with fairly and consistently. This ensures that employers comply with current law- the Employment Act 2008 and ACAS Code of Practice. It is vital employers follow this code as it will be considered in employment tribunals. The Annual Tribunal Statistics show that the number of claims reaching employment tribunals has increased by 31% compared to last year (GOV.UKb). Organisations have increased training for managers to help with conflict resolution, this will hopefully help prevent conflict escalating to strikes or employment tribunal claims (Ellis 2016).

85% of disciplinary and grievance cases are resolved internally, but if this has been exhausted organisations can draw upon the services of independent organisations to assist with dispute resolution (CIPD 2011b).

Mediation is a voluntary process led by an impartial third party and is used to resolve conflict. It aims to avoid more formal and costlier routes such as grievance and discipline procedures or employment tribunals by encouraging and guiding employees towards reaching mutual acceptable solutions through creating a safe and confidential space for the parties to find the solution/s. It seeks to give a quick solution to individual workplace conflict and can be used at any stage of a disagreement/dispute (CIPD 2021). The process of mediation is voluntary with any agreements being morally rather than legally binding. The CIPD (2011b) Conflict Management survey indicates that the use of mediation has increased, but it is not appropriate for resolving all types of conflict- it is best suited to a breakdown in relationships rather than a breach of disciplinary rules. This suggests that there are limits to the use of mediation in practice and is not applicable to resolving all conflict (Ellis 2016).

Third party conciliation is similar to mediation but is normally used when an employee believes they might be entitled to make a claim, or they have already made a claim to an employment tribunal rather than general more general problems like mediation and arbitration. This process is voluntary but both employee and employer must agree before it happens. Similarly, to arbitration, a conciliator encourages both sides to come to an agreement between themselves whereas a mediator suggests solutions (My Lawyer).

In mediation, the mediator makes recommendations for both sides to try and reach an agreement. Similarly, to this is arbitration, however an impartial third party can make a decision on the dispute to settle it based on the evidence presented. Unlike mediation this process is binding so both sides must accept the arbitrator's decision meaning neither side can go to court to get the decision changed at a later date. Mediation is morally binding whereas arbitration is binding in honour (ACAS 2008). Arbitration can be optional or mandatory, but in recent years more companies are moving

towards mandatory or forced arbitration (HR Daily Advisor 2019) to resolve problems/disputes without going to an Industrial or Employment Tribunal. This is potentially because it is a speedier, cost-effective, and economical alternative to resolving disputes (Lucas 2020).

Each employee relation dispute resolution provides benefits to both the organisation and the employee. However, factors such as organisational culture, structure, leadership, resources, and external factors can affect the success of mediation, conciliation, and arbitration.

To conclude, employee relationships will continue to be relevant and important in the upcoming years. Declining trade union membership suggests that their role in managing employee relations will continue to diminish. Due to this there will be a growth of employee involvement, participating and employee voice. HR professionals and line managers need to be able to balance co-operation and conflict amid the current uncertainties (Ellis 2016).

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