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# Employee relations: an introduction

Understand what employee relations means as a concept and what it means to employers

## Introduction

Employee relations has replaced industrial relations as the term for defining the relationship between employers and employees. Today, employee relations is seen as focusing on both individual and collective relationships in the workplace, with an increasing emphasis on helping line managers establish trust-based relationships with employees. A positive climate of employee relations - with high levels of employee involvement, commitment and engagement - can improve business outcomes as well as contribute to employees' well-being.

This factsheet explores what employee relations means to employers and looks at the current state of the employment relationship. It briefly looks at key employee relations competencies, specifically in the areas of communication and conflict management. Finally, the factsheet considers the continuing value of positive employee relations for trade unions, employers, HR practitioners and line managers.

## CIPD viewpoint

Good employee relations are important on a collective and individual level. A positive employee relations climate and high levels of employee engagement have the potential to lead to enhanced business outcomes as well as better health and well-being for employees.

The informal workplace climate has a strong influence on employee satisfaction and commitment levels. Employers should also pay attention to the mechanisms that contribute to good employee relations, such as effective approaches for employee voice including two-way communications, joint consultation, employee attitude or engagement

surveys and a 'partnership' style of working.

## **What is employee relations?**

'Employee relations' has replaced the term 'industrial relations' which referred to collective relationships between employers and their workforce. Today's interpretation of employee relations is much wider and refers to individual as well as collective workplace relationships. It reflects the increasing individualisation of the employment relationship following the rise of individual workplace rights and the decline in trade union reach and influence.

Trade union influence is still an everyday reality for some organisations, particularly in the public sector, but continues to decline across the wider economy. In line with the growing focus on individual relationships at work, there's an increasing emphasis on helping line managers to establish trust-based relationships with employees.

In our [Trade unions podcast](#), we chat to trade union and employee relations experts about the current trade union landscape and HR's role in maintaining good relationships with unions, employees and the business.

### **The decline of 'industrial relations in the UK**

The decline of 'industrial relations' can be seen in various ways, but notably in the level of trade union membership and industrial action. From a peak of 12 million-plus, union membership has fallen to around 7 million today. Between 1980 and 2000, the coverage of collective agreements contracted from over three-quarters to under a third of the employed workforce. The [Workplace Employment Relations Study \(WERS\) 2011](#) showed that union officials spent most of their time, not on negotiating pay and conditions, but in supporting individual members with discipline and grievance issues.

The shift in the coverage and content of collective bargaining has been reflected in a dramatic reduction in industrial action since the 1980s. The [number of working days lost due to labour disputes](#) in 2017 was 276,000, the sixth lowest annual total since records began in 1891. These figures are below the levels in many other industrialised countries.

### **The meaning of employee relations to employers**

Our research has led to some broad conclusions:

- Despite well-publicised instances of industrial action, the employee relations embraces the relationship with individual employees as well as collective relations at work.

- The ideas of '[employee voice](#)' and the '[psychological contract](#)' have been accepted by some employers and reflected in their employee relations policies and aspirations.
- Employee relations skills and competencies are still seen by employers as critical to achieving enhanced levels of employee involvement, commitment and engagement.

## **The state of the employment relationship**

A key issue for employers is whether they are equipping their managers with the skills to manage relationships effectively on a collective and individual basis. It's only through such an approach that managers will have the confidence and competence to build a positive employee relations climate that can contribute to enhanced business performance. However, our research report [Real-life leaders: closing the knowing-doing gap](#) shows that the two skills that line managers find most difficult to apply in their role are 'managing conflict' and 'managing difficult conversations'. There is clearly a need for more organisations to provide better training for line managers in this area to improve the state of employment relations in organisations.

Our report [Power dynamics in work and employment relationships](#) examines the complexities of power in the employment relationship and provides a firm basis from which to understand, assess and improve how employees can best shape their working lives. Exploring seven key dimensions, it proposes a dynamic framework to describe the shifting sands of employee relations.

### **Employee engagement**

Organisations are increasingly dependent on individual employees to achieve their goals. As employers' attention has shifted increasingly from collective to individual relationships, [employee engagement](#) has become a key part of the employment relationship.

However, this shift has not entirely displaced the collective dimension. Employers should recognise the links between the way in which collective consultation and workplace conflict are managed, and levels of employee commitment.

## **The UK legal position**

There's a wide range of legal provisions in the UK which apply in managing employee relations and dealing with problems which may arise. These can broadly be subdivided into those concerning the relationship between employers and individual employees, and those which concern collective relationships.

In the referendum on 23 June 2016 the UK voted to leave the EU. Our [Brexit hub](#) has more on what the implications might be for employment law.

## Individuals

Contract law and the terms of the contract of employment are at the heart of individual employee relations. In addition, employers' handbooks or staff manuals, which as a minimum comply with the [Acas Code of Practice on grievance and disciplinary procedures](#), are important. Handbooks vary but will govern many aspects of employment rights including for example holiday, sickness, parental and other forms of leave, whistleblowing, communications and equal opportunities.

In addition, certain mandatory statutory employment rights apply to supplement the law of contract. These rights affect matters such as dismissal, conciliation, mediation, and other forms of dispute and discipline handling. Key examples of employment legislation affecting employee relations are the Employment Rights Act 1996 (dealing with the circumstances in which employees can be fairly dismissed) and the Equality Act 2010 (dealing with discrimination and equal pay). In addition, the law of tort governs matters such as an employer's liability for the acts of its employees and some liability for accidents.

## Collective relationships

The collective dimension includes collective bargaining, information and consultation, arbitration and industrial action. Employers may work with recognised unions to negotiate pay and conditions, or to inform and consult over changes such as redundancies or health and safety. Examples are:

- the Trade Union and Labour Relations (Consolidation) Act 1992 concerning collective bargaining and redundancy consultation
- the Trade Union Act 2016 which contains provisions about ballots, industrial action, and the functions of the Certification Officer responsible for statutory matters relating to trade unions and employers' associations such as registration and recognition.

CIPD members can find out more in our [Trade union recognition and industrial action law Q&As](#).

## Employee relations competencies

Effective communication in the workplace is central to good employee relations and includes focusing on positive behaviours and outcomes, taking a proactive, problem-

solving approach, and recommending solutions. The more traditional, formal negotiating skills associated with collective bargaining are still useful but needed less often in today's workplace. A much wider set of competencies is now required, such as consultation, surveying and interpreting employee attitudes, spotting potential signs of conflict and early resolution of differences between employees and management.

The guiding principle is that communication should be a two-way process, involving dialogue and listening rather than simply giving out information and instructions. Yet many organisations perform badly in this area, failing to give employee communication the priority it deserves.

## Managing workplace conflict

The ability to manage conflict remains a key issue for all organisations, because conflict is inherent in the employment relationship. The increased popularity of 'alternative dispute resolution' (ADR) techniques such as early neutral evaluation and mediation to resolve workplace differences represent an important shift from the traditional industrial relations framework. The emphasis of the traditional approach tended to be on formal discipline and grievance procedures, but ADR represents more of a 'win-win' approach, aiming to halt conflict at an early stage.

Despite the decline in strikes and other forms of industrial action, workplace conflict remains a fact of organisational life and needs to be managed. Individual and 'unorganised conflict', in the form of sickness absence, unhealthy relationships, employee turnover and bullying, can be just as harmful and costly to an organisation as organised industrial action on a collective level.

Our survey report Getting under the skin of workplace conflict explores our survey findings on employees' workplace conflict experiences, focusing on the nature of conflict and how it's dealt with inside the organisation.

## The continuing value of employee relations

Employee relations remains an important concept for organisations, for example:

- Trade unions remain a strong presence in the public sector. This is partly through the existence of institutions of collective consultation, reinforced by continued reliance in many cases on industry-level bargaining and the public policy emphasis on 'partnership'.
- Employee relations is built on an underlying philosophy and skill set that are still needed by HR practitioners. Managers need technical as well as softer skills to be the effective people managers essential to a successful employment relationship.

- Employers need to train and support line managers in areas such as teamworking and change management as the basis for establishing and maintaining motivation and commitment. Managing the employment relationship rests heavily on the shoulders of line managers, but their competence in this area is often seriously neglected, with many employers failing to see employee relations and conflict management as a strategic issue.

## Useful contacts and further reading

### Contacts

[Acas](#)

[GOV.UK - If your business faces industrial action](#)

### Books and reports

ACAS. (2011) *The future of workplace relations: an Acas view*. Acas Policy Discussion Paper. London: Acas.

AYLOTT, E. (2018) *Employee relations: a practical introduction*. 2nd ed. HR Fundamentals. London: CIPD and Kogan Page.

CONFEDERATION OF BRITISH INDUSTRY. (2011) *Thinking positive: the 21st century employment relationship*. London: CBI.

GENNARD, J., JUDGE, G., BENNETT, T. and SAUNDRY, R. (2016) *Managing employment relations*. 6th ed. London: Chartered Institute of Personnel and Development.

INCOMES DATA SERVICES (2017) *Industrial action*. Employment law handbooks. London: IDS.

Visit the [CIPD and Kogan Page Bookshop](#) to see all our priced publications currently in print.

### Journal articles

KAUFMAN, B.E. (2014) History of the British industrial relations field reconsidered: getting from the Webbs to the new employment relations paradigm. *British Journal of Industrial Relations*. Vol 52, No 1, March. pp1-31.

ROSS, C. (2013) New unions in the UK: the vanguard or the rearguard of the union movement? *Industrial Relations Journal*. Vol 44, No 1, January. pp78-94.

What's been happening to employment relations? (2014) *Labour Research*. Vol 103, No 3, March. pp19,21.

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