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Employee Relations

Key concepts and terms

- Arbitration
- Bargaining power
- Collective agreements
- Collective bargaining
- Conciliation
- Employee relations
- Employee voice
- Employment relationship
- Mediation
- New realism
- New-style agreement
- Pluralism
- Psychological contract
- Social partnership
- Stakeholder
- Unitarism

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- The nature of the employment relationship
- Employee relations policies
- Managing employee relations
- Collective bargaining
- Collective agreements
- Disputes resolution
- Employee voice
- Communications

Introduction

Employee relations are concerned with generally managing the employment relationship and developing a positive psychological contract. In particular they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice and communicating with employees. Employees are dealt with either directly or through collective agreements where trade unions are recognized.

Employee relations cover a wider spectrum of the employment relationship than industrial relations, which are essentially about what goes on between management and trade union representatives and officials. The wider definition of employee relations recognizes the move away from collectivism towards individualism in the ways in which employees relate to their employers. The concepts of joint control and rule-making belong to a historical era. To a large extent, especially in the private sector, employers are in charge. Union membership has gone down in the United Kingdom from a peak of some 12 million to around 7 million today, largely for structural reasons – the decline of large manufacturing firms and the rise in the service industries, and the growing numbers of part-time workers. Between 1980 and 2000 the coverage of collective agreements contracted from over three-quarters to under a third of the workforce. There has been a dramatic reduction in industrial action.

This chapter is organized as follows. It starts with an analysis of the fundamental concepts that explain the nature of employee relations – the employment relationship and the psychological contract. Against the background of these concepts, employee relations philosophies and the employee relations policies that evolve from them are then considered. Employee relations policies, although they may not be articulated, provide the basis for managing employee relations with or without trade unions, and for informal employee relationships (examined in the next section). If trade unions are recognized and have negotiating rights, industrial relations (considered in the next two sections) will involve collective bargaining and reaching collective agreements. Whatever policies and agreements exist, workplace conflict can still take place, and the next section of the chapter therefore deals with methods of resolving disputes. Finally, there are two sections on dealing with employees generally by giving them a voice (involvement and participation) and through communications policies and practices.

The employment relationship

Organizations consist of employers and employees who work together. This is the employment relationship, which may be expressed formally in what Rubery *et al* (2002) regarded as its cornerstone, namely the contract of employment. In law an employee is someone working for an employer who has the ultimate right to tell the worker what to do. In the United Kingdom, the Employment Rights Act (1996) defines an ‘employee’ as a person who works under a contract of employment, the tacit assumption being that ‘the employer’ is the other party to the

contract. The employment relationship can be defined formally by procedure agreements and work rules.

But the employment relationship is also an informal process which happens whenever an employer has dealings with an employee and vice versa. Underpinning the employment relationship is the psychological contract, which expresses certain assumptions and expectations about what managers and employees have to offer and are willing to deliver (see Chapter 8).

The dimensions of the employment relationship

The dimensions of the employment relationship as described by Kessler and Undy (1996) are shown in Figure 16.1.

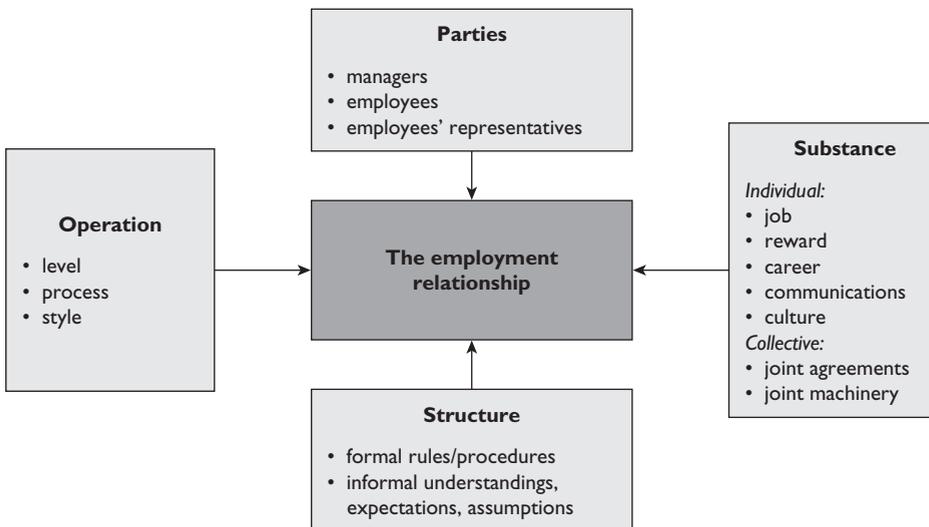


Figure 16.1 The employment relationship

The basis of the employment relationship

The starting point of the employment relationship is an undertaking by an employee to provide skill and effort to the employer, in return for which the employer provides the employee with a salary or a wage (the pay-work bargain). Initially the relationship is founded on a legal contract. This may be a written contract but the absence of such a contract does not mean that there is no contractual relationship. Employers and employees still have certain implied legal rights and obligations. The employer's obligations include the duty to pay salary or wages, provide a safe workplace, to act in good faith towards the employee and not to act in such a way

as to undermine the trust and confidence of the employment relationship. The employee has corresponding obligations, which include obedience, competence, honesty and loyalty.

As Marsden (2007) points out, 'At the heart of the employment relationship lies a "zone of acceptance" within which employees agree to let management direct their labour. This may relate to the range of tasks that employees are willing to undertake at management's direction, but it may also include the priority to be accorded to different types of work, and the willingness to vary working time according to management's requirements.'

The employment relationship exists at different levels in the organization (management to employees generally, and managers to individual employees and their representatives or groups of people). The operation of the relationship will also be affected by processes such as communications and consultation, and by the management style prevailing throughout the organization or adopted by individual managers.

An important point to remember about the employment relationship is that generally it is the employer who has the power to dictate the contractual terms unless they have been fixed by collective bargaining. Except when they are in demand and can strike a bargain with their employer, individuals have little scope to vary the terms of the contract imposed upon them by employers. Inevitably there are conflicts of interest between employers, who want to control compliant and high-performing employees, and employees, who want to maintain their rights to self-determination and 'a fair day's pay for a fair day's work.'

It was claimed by Edwards (1990), in line with labour process theory, that relationships between employers representing capital and employees representing labour are usually ones of 'structured antagonism'. However, as the revisionist labour process theorists Thompson and Harley (2007) commented, 'In the employment relationship there will always be (actual and potential) conflict, but simultaneously there will be shared interests.'

The employment relationship and the psychological contract

The concept of the employment relationship is linked to that of the psychological contract. As described by Guest *et al* (1996), the psychological contract may provide some indication of the answers to the two fundamental employment relationship questions that individuals pose: 'What can I reasonably expect from the organization?' and 'What should I reasonably be expected to contribute in return?' But it is unlikely that the psychological contract and therefore the employment relationship will ever be fully understood by either party.

The aspects of the employment relationship covered by the psychological contract will include from the employee's point of view:

- how they are treated in terms of fairness, equity and consistency;
- security of employment;

- scope to demonstrate competence;
- career expectations and the opportunity to develop skills;
- involvement and influence;
- trust in the management of the organization to keep their promises.

From the employer's point of view, the psychological contract covers such aspects of the employment relationship as competence, effort, compliance, commitment and loyalty.

Underpinning employment relations philosophies

Relationships between employers and employees are founded on underpinning but seldom articulated philosophies. These are the unitary and pluralist views, the concept of social partnership and, on the part of employers, belief in a collective or individual approach.

The unitary view

The unitary view is one typically held by management, who sees its function as that of directing and controlling the workforce to achieve economic and growth objectives. To this end, management believes that it is the rule-making authority. Management tends to view the enterprise as a unitary system with one source of authority – itself – and one focus of loyalty – the organization. It extols the virtue of teamwork, where everyone strives jointly to a common objective, everyone pulls their weight to the best of their ability, and everyone accepts their place and function gladly, following the leadership of the appointed manager or supervisor. These are admirable sentiments, but they sometimes lead to what McClelland (1963) referred to as an orgy of 'avuncular pontification' on the part of the leaders of industry.

The unitary view, which is essentially autocratic and authoritarian, has sometimes been expressed in agreements as 'management's right to manage'. The philosophy of HRM with its emphasis on commitment and mutuality owes much to the unitary perspective.

The pluralist view

The pluralist view, as described by Fox (1966), is that an industrial organization is a plural society, containing many related but separate interests and objectives which must be maintained in some kind of equilibrium. In place of a corporate unity reflected in a single focus of authority and loyalty, management has to accept the existence of rival sources of leadership and attachment. It has to face the fact that, in Drucker's (1951) phrase, a business enterprise has a triple personality: it is at once an economic, a political and a social institution. In the first sense, it produces and distributes incomes. In the second, it embodies a system of government in which

managers collectively exercise authority over the managed, but are also themselves involved in an intricate pattern of political relationships. Its third personality is revealed in the organization's community which evolves from below out of face-to-face relations based on shared interests, sentiments, beliefs and values among various groups of employees.

Pluralism conventionally regards the workforce as being represented by 'an opposition that does not seek to govern' (Clegg, 1976).

The concept of social partnership

Social partnership is the concept that the parties involved in employee relations should aim to work together to the greater good of all. It is based on the mutual gains theory of Kochan and Osterman (1994), which states that employers, employees and trade unions gain from cooperative forms of employment relationships.

Social partnership has been defined by Ackers and Payne (1998) as 'a stable, collaborative relationship between capital and labour, as represented by an independent trade union, providing for low social conflict and significant worker influence on business decision making through strong collective bargaining'. It provides the rationale for partnership agreements, described later in this chapter.

The concept of social partnership is rooted in stakeholder theory, originally formulated by Freeman (1984). Donaldson and Preston (1995) defined the theory as representing the corporation as a 'constellation of cooperative and competitive interests'. They explained that 'stakeholders are identified by their interest in the corporation, whether or not the corporation has any interests in them. Each group of stakeholder merits consideration because of its own sake and not merely because of its ability to further the interests of some other group, such as the shareholders.' As Hampden-Turner (1996) commented, 'Stakeholders include at least five parties: employees, shareholders, customers, community and government. Wealth is created when all work together.'

Collectivism and individualism

Employers will have views about the extent to which they want to relate to their employees collectively through trade unions or individually. This will determine the use of collective agreements on the one hand, or a focus on individual contracts on the other.

Employee relations policies

Employee relations policies express the philosophy of the organization on what sort of relationships between management and employees are wanted, and how the pay-work bargain

should be managed. The overall objectives of employee relations policies should be to create and maintain a positive, productive, cooperative and trusting climate of employee relations. The areas that can be covered are:

- The employment relationship: the extent to which terms and conditions of employment should be governed by collective agreements or based on individual contracts of employment (in other words, collectivism versus individualism).
- Trade union recognition: whether trade unions should be recognized or derecognized, which union or unions the organization would prefer to deal with, and whether or not it is desirable to recognize only one union for collective bargaining and/or employee representational purposes.
- Collective bargaining: if unions are recognized with negotiating rights, the scope of areas to be covered by collective bargaining.
- Managing workplace conflict: how grievances should be settled and disputes resolved.
- Participation and involvement: the extent to which the organization is prepared to give employees a voice on matters that concern them.
- Partnership: the extent to which a partnership approach is thought to be desirable.
- Harmonization of terms and conditions of employment for staff and manual workers.
- Working arrangements: the degree to which management has the prerogative to determine working arrangements without reference to employees or, if they are recognized, trade unions.

Employee relations policies provide the basis for managing employee relations with or without trade unions, and can affect informal employee relationships.

Managing employee relations

The ways in which employee relations are managed will depend on whether or not trade unions are recognized. To a large extent day-to-day management is carried out informally.

Managing with trade unions

Trade unions can be recognized with full negotiating and representational rights, or they can only have representational rights, in other words the right to represent employees over grievances, disciplinary matters and redundancy. Trade union members may also take part in joint consultation, and act as health and safety or learning and development representatives.

Ideally, managements and trade unions learn to live together, often on a give and take basis, the presumption being that neither would benefit from a climate of hostility or by generating

constant confrontation. It would be assumed in this ideal situation that mutual advantage comes from first, acting in accordance with the spirit as well as the letter of agreed joint regulatory procedures reached in collective agreements, and second, believing that with goodwill on both sides, disagreements can be settled without recourse to industrial action. In practice, both parties are likely to adopt a more realistic pluralist viewpoint, recognizing the inevitability of differences of opinion, even disputes, arising because the interests and viewpoints of employers and employees can never be identical.

In the 1960s and 1970s things were different. In certain businesses, for example the motor and shipbuilding industries, hostility and confrontation were rife. And newspaper proprietors tended to let their unions walk all over them in the interests of peace and profit.

Times have changed. Trade union power has diminished in the private sector, if not in the public sector. Managements in the private sector have tended to seize the initiative. They may be content to live with trade unions but they give industrial relations lower priority. They may feel that it is easier to continue to operate with a union because it provides a useful, well-established channel for communication and for the handling of grievance, discipline and safety issues. In the absence of a union, management need to develop alternatives, which can be costly and difficult to operate effectively.

Managing without trade unions

Managements can manage perfectly well without trade unions. It may make no obvious difference to many employees, but some will not do so well. Millward *et al* (1992) established the characteristics of union-free employee relations from the third Workshop Industrial Relations Survey:

- Employee relations were generally seen by managers as better in the non-union sector than in the union sector.
- Strikes were almost unheard of.
- Labour turnover was high but absenteeism was no worse.
- Pay levels were generally set unilaterally by management.
- The dispersion of pay was higher, it was more market related and there was more performance-related pay. There was also a greater incidence of low pay.
- In general, no alternative methods of employee representation existed as a substitute for trade union representation.
- Employee relations were generally conducted with a much higher degree of informality than in the union sector. In a quarter of non-union workplaces there were no grievance procedures, and about a fifth had no formal disciplinary procedures.
- Managers generally felt unconstrained in the way in which they organized work.

- There was more flexibility in the use of labour than in the union sector, and this included the greater use of freelance and temporary workers.
- Employees in the non-union sector are two-and-a-half times more likely to be dismissed than those in unionized firms, and the incidence of compulsory redundancies is higher.

The survey concluded that many of the differences between unionized and non-unionized workplaces could be explained by the generally smaller size of the non-union firms, and the fact that many such workplaces were independent, rather than being part of a larger enterprise.

Another characteristic not mentioned by the survey is the use by non-unionized firms of personal contracts as an alternative to collective bargaining.

Informal employee relations processes

Where there are formal processes of collective bargaining and dispute resolution, as described later in this chapter, a framework for industrial relations is provided in so far as this is concerned with agreeing terms and conditions of employment and working arrangements and handling workplace conflict. But within or outside that framework, informal employee relations processes are taking place continuously.

These happen whenever a line manager or team leader is handling an issue in contact with an individual employee, a group of employees, an employee representative or a shop steward. The issue might concern methods of work, allocation of work and overtime, working conditions, health and safety, achieving output and quality targets and standards, discipline or pay (especially if a payment-by-results scheme is in operation).

Line managers and supervisors handle day-to-day grievances arising from any of these issues, and are expected to resolve them to the satisfaction of all parties without invoking a formal disputes or grievance procedure. The thrust for devolving responsibility for HR matters to line managers has increased the onus on the latter to handle employee relations well. Effective team leaders establish good working relationships with their staff, or where they exist staff representatives, which enable issues to be settled amicably before they become a problem.

Creating and maintaining a good employee relations climate – one of cooperation, trust and mutuality – in an organization may be the ultimate responsibility of top management, advised by HR specialists. But the climate will be strongly influenced by the behaviour of line managers and team leaders.

Collective bargaining

Managing with unions, as described earlier, involves collective bargaining – the establishment by negotiation and discussion of agreements on matters of mutual concern to employers and

unions, covering the employment relationship and terms and conditions of employment. Collective bargaining is a joint regulating process, dealing with the regulation of management in its relationships with work people as well as the regulation of conditions of employment. It was described by Flanders (1970) as a social process which 'continually turns disagreements into agreements in an orderly fashion'.

Collective bargaining can also be seen as a political relationship in which trade unions, as Chamberlain and Kuhn (1965) noted, share industrial sovereignty or power over those who are governed, the employees. The sovereignty is held jointly by management and union in the collective bargaining process.

Above all, collective bargaining is a power relationship which takes the form of a measure of power sharing between management and trade unions (although recently the balance of power has shifted markedly in the direction of management, at least in the private sector). Bargaining power is the ability to induce the other side to make a decision or take a course of action that it would otherwise be unwilling to make. Each side is involved in assessing the bargaining preferences and bargaining power of the other side. As Fox and Flanders (1969) commented, 'Power is the crucial variable which determines the outcome of collective bargaining.' It has been suggested by Hawkins (1979) that the main test of bargaining power is 'whether the cost to one side in accepting a proposal from the other is higher than the cost of not accepting it'.

Forms of collective bargaining

Collective bargaining takes two basic forms, identified by Chamberlain and Kuhn (1965): first, conjunctive bargaining, in which both parties are seeking to reach agreement, and second, cooperative bargaining, in which it is recognized that each party is dependent on the other and can achieve its objectives more effectively if it wins the support of the other.

Walton and McKersie (1965) made the distinction between distributive bargaining, defined as the 'complex system of activities instrumental to the attainment of one party's goals when they are in basic conflict with those of the other party', and integrative bargaining, defined as the 'system of activities which are not in fundamental conflict with those of the other party and which therefore can be integrated to some degree'. These activities aim to define 'an area of common concern, a purpose'.

Collective agreements

The formal outcomes of collective bargaining are substantive agreements, procedural agreements, new style agreements, partnership agreements and employee relations procedures.

Substantive agreements

Substantive agreements set out agreed terms and conditions of employment, covering pay, allowances and overtime regulations, working hours, holidays and flexibility arrangements, and the achievement of single status or harmonization. Single status means that there are no differences in basic conditions of employment. Harmonization is the adoption of a common approach to pay and conditions for all employees, for example, placing all employees in the same grade and pay structure.

Procedural agreements

Procedural agreements set out the methods to be used and the procedures or rules to be followed in the processes of collective bargaining and the settlement of industrial disputes. Their purpose is to regulate the behaviour of the parties to the agreement, but they are not legally enforceable, and the degree to which they are followed depends on the goodwill of both parties or the balance of power between them. Like substantive agreements, procedural agreements are seldom broken, and if so, never lightly – the basic presumption of collective bargaining is that both parties will honour agreements that have been made freely between them.

The scope and content of such agreements can vary widely. Some organizations have given limited recognition to the provision of representational rights only, while others have taken an entirely different line in concluding single-union deals which, when they first emerged in the 1980s, were sometimes referred to as the ‘new realism’.

Single-union deals

Single-union deals typically agree that there should be a single union representing all employees, and cover flexible working practices, the harmonization of terms and conditions between manual and non-manual employees, the commitment of the organization to involvement and the disclosure of information, the resolution of disputes by such means as arbitration, a commitment to continuity of production and a ‘no-strike’ provision.

New-style agreements

The so-called ‘new-style agreements’ emerged in the 1990s. These stipulate that negotiating and disputes procedures should be based on the mutually accepted ‘rights’ of the parties expressed in the recognition agreement. They typically included provision for single-union recognition, single status, labour flexibility, a company council and a no-strike clause to the effect that issues should be resolved without recourse to industrial action.

Partnership agreements

Partnership agreements are based on the concept of social partnership, discussed earlier. Both parties (management and the trade union) agree to collaborate to their mutual advantage and to achieve a climate of more cooperative and therefore less adversarial industrial relations. Management may offer job security linked to productivity, and the union may agree to more flexible working.

The perceived benefits of partnership agreements are that management and unions work together, in a spirit of cooperation and mutuality which is clearly preferable to an adversarial relationship. Provision is made for change to be introduced through discussion and agreement rather than by coercion or power.

Guest and Peccei (2001) found that the balance of advantage in partnership arrangements commonly appears to favour employees. Furthermore, an analysis by Guest *et al* (2008) of evidence from the 2004 Workshop Employee Relations Survey (DTI, 2004) suggested that partnership practice remains relatively undeveloped, and that it is only weakly related to trust between management and employee representatives and to employees' trust in management. Direct forms of participation generally have a more positive association with trust than representative forms.

However, data gathered by Roche (2009) from a large representative sample of employees in Ireland showed that some mutual gains are associated with partnership. Employees gained from enhancement to the intrinsic aspects of their work, for example autonomy, but did not gain security or more pay, and did not seem to be more willing to accept change. Employers gained more commitment, an improved climate of employee relations and better supervisor/employee relationships. Unions gained influence and more members.

Dispute resolution

The aim of collective bargaining is of course to reach agreement, preferably to the satisfaction of both parties. Grievance or negotiating procedures provide for various stages of 'failure to agree', and often include a clause providing for some form of dispute resolution in the event of the procedure being exhausted. The types of dispute resolution are conciliation, arbitration and mediation.

Conciliation

Conciliation is the process of reconciling disagreeing parties. It is carried out by a third party, in the United Kingdom often an ACAS conciliation officer, who acts in effect as a go-between, attempting to get the employer and trade union representatives to agree on terms. Conciliators

can only help the parties to come to an agreement. They do not make recommendations on what that agreement should be. That is the role of an arbitrator.

The incentives to seek conciliation are the hope that the conciliator can rebuild bridges and the belief that a determined, if last-minute, search for agreement is better than confrontation, even if both parties have to compromise.

Arbitration

Arbitration is the process of settling disputes by getting a third party, the arbitrator, to review and discuss the negotiating stances of the disagreeing parties and make a recommendation on the terms of settlement which is binding on both parties, who therefore lose control over the settlement of their differences. The arbitrator is impartial, and the role is often undertaken in the United Kingdom by ACAS officials, although industrial relations academics are sometimes asked to act in this capacity. Arbitration is the means of last resort for reaching a settlement, where disputes cannot be resolved in any other way. Procedure agreements may provide for either side unilaterally to invoke arbitration, in which case the decision of the arbitrator is not binding on both parties. The process of arbitration in its fullest sense, however, only takes place at the request of both parties, who agree in advance to accept the arbitrator's findings. ACAS will not act as an arbitrator unless the consent of both parties is obtained, conciliation has been considered, any agreed procedures have been used to the full and a failure to agree has been recorded.

The notion of pendulum or final offer arbitration emerged in the 1980s and 1990s. It increases the rigidity of the arbitration process by allowing an arbitrator no choice but to recommend either the union's or the employer's final offer – there is no middle ground. The aim is to get the parties to avoid adopting extreme positions. But the evidence from the Workshop Employee Relations Survey (2004) was that the full version of pendulum arbitration, as defined above, was rare.

Mediation

Mediation is a form of arbitration which is stronger than conciliation. It takes place when a third party (often ACAS) helps the employer and the union by making recommendations which, however, they are not bound to accept. It is a cheap and informal alternative to an employment tribunal and offers a quick resolution to problems, with privacy and confidentiality.

Employee voice

Employee voice is the say employees have in matters of concern to them in their organization. Boxall and Purcell (2003) defined it: 'Employee voice is the term increasingly used to cover a

whole variety of processes and structures which enable, and sometimes empower employees, directly and indirectly, to contribute to decision making in the firm.' Employee voice can be seen as 'the ability of employees to influence the actions of the employer' (Millward *et al*, 1992). The concept covers the provision of opportunities for employees to register discontent, express complaints or grievances, and modify the power of management. It sometimes brings collective and individual techniques into one framework. Direct employee voice involves contacts between management and employees without the involvement of trade unions. Union voice is expressed through representatives and can be power-based.

The forms of employee voice

Employee voice takes the following forms:

- *Participation*, which is about employees playing a greater part in the decision-making process by being given the opportunity to influence management decisions and to contribute to the improvement of organizational performance. As Williams and Adam-Smith (2006) explain, the term 'participation' refers to arrangements that give workers some influence over organizational and workplace decisions.
- *Involvement*, which is the process through which managers allow employees to discuss with them issues that affect them. Williams and Adam-Smith (2006) suggest that this term is most usefully applied to management initiatives that are designed to further the flow of communication at work as a means of enhancing the organizational commitment of employees.

Marchington *et al* (2001) categorized these elements of employee voice as representative participation and upward problem solving.

Representative participation

Representative participation can take the following forms:

- **Joint consultation:** a formal mechanism which provides the means for management to consult employee representatives on matters of mutual interest.
- **Partnership schemes:** these emphasize mutual gains and tackling issues in a spirit of cooperation rather than through traditional, adversarial relationships.
- **European Works Councils:** these may be set up across European sites as required by EU legislation.
- **Collective representation:** the role of trade unions or other forms of staff association in collective bargaining and representing the interests of individual employees and groups of employees. This includes the operation of grievance procedures.

Upward problem solving

Upward problem solving takes the following forms:

- *Upward communication* – which is any means through which employees can make representations to management about their concerns through their representatives, through established channels (consultative committees, grievance procedures, ‘speak-up’ programmes and so on) or informally.
- *Attitude surveys* – seeking the opinions of staff through questionnaires.
- *Suggestion schemes* – the encouragement of employees to make suggestions, often accompanied by rewards for accepted ideas.
- *Project teams* – getting groups of employees together with line managers to develop new ideas, processes, services or products, or to solve problems. (Quality circles and improvement groups come into this category, although the former have often failed to survive as a specific method of involvement.)

Communications

Employee communication processes and systems provide for ‘two-way communication’. In one direction they enable organizations to inform employees about matters that will interest them. In the other, they provide for upward communication by giving employees a voice, as described above.

Communications should be distinguished from consultation. As the ACAS (2005) guide states, communication is concerned with the exchange of information and ideas within an organization, while consultation goes beyond this, and involves managers actively seeking and then taking account of the views of employees before making a decision.

The importance of employee communications

Good communications are important for three reasons. First, they are a vital part of any change management programme. If any change is proposed in terms and conditions of employment, HR processes such as contingent pay, working methods, technologies, products and services, or the organization structure (including mergers and acquisitions), employees need to know what is proposed and how it will affect them. Resistance to change often arises simply because people do not know what the change is or what it implies. Second, organizational engagement or commitment will be enhanced if employees know what the organization has achieved, or is trying to achieve, and how this benefits them. Third, effective communications generate trust, as organizations take trouble to explain what they are doing and why. However, it should be

emphasized that these three benefits of good communications will only be realized in full if employees are given a voice – the opportunity to comment and respond to the information they obtain from management.

What should be communicated

Managements and individual managers need to communicate to employees about terms and conditions of employment, what they are expected to do, learning and development opportunities, the objectives, strategies, policies and performance of the organization, and any proposed changes to conditions of employment, working arrangements and requirements, or the structure and policies of the organization.

Employees need the opportunity to communicate upwards their comments and reactions to what is proposed will happen or what is actually happening in matters that affect them, for example, pay and other terms of employment, working conditions, work–life balance, equal opportunity, job security, health and safety, and learning and development programmes.

Approach to communication

To be effective, communication needs to be clear, easily understood and concise. Information should be presented systematically on a regular basis, and be as relevant, local and timely as possible. Empathy is required by management in the sense of appreciating the concerns of employees, and what they want and need to hear. Possible reactions to proposed changes should be assessed and anticipated in the communication. Attitude surveys can be used to find out what information employees want, and where they feel there are any gaps that need to be filled.

A variety of communication methods will be needed, both spoken and written, direct and indirect. Face-to-face communication to individuals or groups is direct and swift, and provides an opportunity to gauge the reactions of people who can respond on the spot and ask questions. But it should be supplemented by written material or intranet communications where the information is particularly important or complex.

Employee relations: key learning points

The nature of the employment relationship

The employment relationship describes how employees and employees work together. It may be expressed in a formal contract, but it is also an informal process which happens whenever an employer has dealings with an employee and vice versa.

The nature and significance of the psychological contract

The psychological contract is a set of unwritten expectations which exist between individual employees and their employers. Its significance arises because it can strongly affect the behaviour of both parties.

Employee relations philosophies

Relationships between employers and employees are founded on underpinning but seldom articulated philosophies. These are the unitary and pluralist views, the concept of social partnership, and on the part of employers, the extent to which a collective or individual approach should be adopted.

Employee relations policies

Employee relations policies express the philosophy of the organization on what sorts of relationships between management and employees are wanted, and how the pay-work bargain should be managed.

Managing employee relations

Managements and trade unions need to learn to live together, often on a give and take basis, the presumption being that neither would benefit from a climate of hostility or by generating constant confrontation.

Managements tend to manage perfectly well without trade unions. It may make no obvious difference to many employees but some will not do quite so well.

Informal employee relations processes take place whenever a line manager or team leader is handling an issue in contact with an individual employee, a group of employees, an employee representative or a shop steward.

Collective bargaining

Collective bargaining is a joint regulating process establishing by negotiation and discussion agreements on matters of mutual concern to employers and unions, covering the employment relationship and terms and conditions of employment.

Collective agreements

The formal outcomes of collective bargaining are substantive agreements, procedural agreements, new-style agreements, partnership agreements and employee relations procedures.

Disputes resolution

The processes of dispute resolution are conciliation, arbitration and mediation.

Employee voice

Employee voice is the say employees have in matters of concern to them in their organization. The main forms of employee voice are participation and joint consultation.

Communications

Employee communication processes and systems provide for ‘two-way communication’. In one direction they enable organizations to inform employees on matters that will interest them. In the other, they provide for upward communication by giving employees a voice.

Questions

1. You have been asked by your managing director to provide a brief report on what your company can do to develop a more positive psychological contract. Prepare the report.
2. A tutor at the local further education college sends you a message, ‘I should be most grateful if you would talk to my business management students on the subject of “Obtaining added value from good employee relations”.’ Prepare an outline of your talk.
3. Your chief executive asks ‘What is the case for and against our entering into a partnership agreement with the trade union? I would be interested in any evidence you can get from research or experience elsewhere.’ Reply.

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