

The framework of employee relations

The purpose of this chapter is to provide a review of the complex subject of employee relations. It starts with a summary of the elements of employee relations and then deals with the following industrial and employee relations concepts:

- the systems theory of industrial relations, which sees the subject as a system of regulations and rules;
- the types of regulations and rules contained in the system;
- the nature of collective bargaining and bargaining power;
- the unitarist and pluralist views about the basis of the relationship between management and trade unions in particular or employees in general;
- the reconciliation of interests;
- individualism and collectivism as approaches to employee relations;
- the voluntarist approach to industrial relations and its decline;
- human resource management (HRM) as a new paradigm for employee relations;
- the role of the employee relations function.

The chapter continues with a summary of developments in industrial relations and a review of the current industrial relations scene. The chapter concludes with a

description of the various parties to industrial relations and the institutions, agencies and officers involved.

THE ELEMENTS OF EMPLOYEE RELATIONS

The elements of employee relations consist of:

- The formal and informal employment policies and practices of the organization.
- The development, negotiation and application of formal systems, rules and procedures for collective bargaining, handling disputes and regulating employment. These serve to determine the reward for effort and other conditions of employment, to protect the interests of both employees and their employers, and to regulate the ways in which employers treat their employees and how the latter are expected to behave at work.
- Policies and practices for employee voice and communications.
- The informal as well as the formal processes that take place in the shape of continuous interactions between managers and team leaders or supervisors on the one hand and employee representatives and individuals on the other. These may happen within the framework of formal agreements but are often governed by custom and practice and the climate of relationships that has been built up over the years.
- The philosophies and policies of the major players in the industrial relations scene: the government of the day, management and the trade unions.
- A number of parties each with different roles. These consist of the state, management, employers' organizations, the trade unions, individual managers and supervisors, HR managers, employee representatives or shop stewards and employees.
- The legal framework.
- A number of institutions such as the Advisory, Conciliation and Arbitration Service (ACAS) and the employment tribunals.
- The bargaining structures, recognition and procedural agreements and practices which have evolved to enable the formal system to operate.

INDUSTRIAL RELATIONS AS A SYSTEM OF RULES

Industrial relations can be regarded as a system or web of rules regulating employment and the ways in which people behave at work. The systems theory of industrial

relations, as propounded by Dunlop (1958), states that the role of the system is to produce the regulations and procedural rules that govern how much is distributed in the bargaining process and how the parties involved, or the 'actors' in the industrial relations scene, relate to one another. According to Dunlop, the output of the system takes the form of:

The regulations and policies of the management hierarchy; the laws of any worker hierarchy; the regulations, degrees, decisions, awards or orders of governmental agencies; the rules and decisions of specialized agencies created by the management and worker hierarchies; collective bargaining arrangements and the customs and traditions of the work place.

The system is expressed in many more or less formal or informal guises: in legislation and statutory orders, in trade union regulations, in collective agreements and arbitration awards, in social conventions, in managerial decisions, and in accepted 'custom and practice'. The 'rules' may be defined and coherent, or ill-defined and incoherent. Within a plant the rules may mainly be concerned with doing no more than defining the *status quo* which both parties recognize as the norm from which deviations may be made only by agreement. In this sense, therefore, an industrial relations system is a normative system where a norm can be seen as a rule, a standard, or a pattern for action which is generally accepted or agreed as the basis upon which the parties concerned should operate.

Systems theory, however, does not sufficiently take into account the distribution of power between management and trade unions, nor the impact of the state. Neither does it adequately explain the role of the individual in industrial relations.

TYPES OF REGULATIONS AND RULES

Job regulation aims to provide a framework of minimum rights and rules. Internal regulation is concerned with procedures for dealing with grievances, redundancies or disciplinary problems and rules concerning the operation of the pay system and the rights of shop stewards. External regulation is carried out by means of employment legislation, the rules of trade unions and employers' associations, and the regulative content of procedural or substantive rules and agreements.

Procedural rules are intended to regulate conflict between the parties to collective bargaining, and when their importance is emphasized, a premium is being placed on industrial peace. *Substantive rules* settle the rights and obligations attached to jobs. It is interesting to note that in the UK, the parties to collective agreements have tended to concentrate more on procedural than on substantive rules. In the USA, where there

is greater emphasis on fixed-term agreements, the tendency has been to rely more on substantive rules.

COLLECTIVE BARGAINING

The industrial relations system is regulated by the process of collective bargaining, defined by Flanders (1970) as a social process that 'continually turns disagreements into agreements in an orderly fashion'. Collective bargaining aims to establish by negotiation and discussion agreed rules and decisions on matters of mutual concern to employers and unions as well as methods of regulating the conditions governing employment.

It therefore provides a framework, often in the form of a collective agreement, within which the views of management and unions about disputed matters that could lead to industrial disorder can be considered with the aim of eliminating the causes of the disorder. 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 has a political as well as an economic basis – both sides are interested in the distribution of power between them as well as the distribution of income.

Collective bargaining can be regarded as an exchange relationship in which wage-work bargains take place between employers and employees through the agency of a trade union. Traditionally, the role of trade unions as bargaining agents has been perceived as being to offset the inequalities of individual bargaining power between employers and employees in the labour market.

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 that 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).

Bargaining power

The extent to which industrial sovereignty is shared by management with its trade unions (if at all) depends upon the relative bargaining powers of the two parties. Bargaining power can be defined as the ability to induce the other side to make a decision that it would otherwise not make. 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 a crucial 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'. Singh (1989) has pointed out that bargaining power is not static but varies over time. He also notes that:

Bargaining power is inherent in any situation where differences have to be reconciled. It is, however, not an end in itself and negotiations must not rely solely on bargaining power. One side may have enormous bargaining power, but to use it to the point where the other side feels that it is impossible to deal with such a party is to defeat the purpose of negotiations.

Atkinson (1989) asserts that:

- what creates bargaining power can be appraised in terms of subjective assessments by individuals involved in the bargaining process;
- each side can guess the bargaining preferences and bargaining power of the other side;
- there are normally a number of elements creating bargaining power.

Forms of collective bargaining

Collective bargaining takes two basic forms, as identified by Chamberlain and Kuhn (1965):

- *conjunctive bargaining*, which 'arises from the absolute requirement that some agreement – any agreement – may be reached so that the operations on which both are dependent may continue', and results in a 'working relationship in which each party agrees, explicitly or implicitly, to provide certain requisite services, to recognize certain seats of authority, and to accept certain responsibilities in respect of each other';
- *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.

A similar distinction was made by Walton and McKersie (1965), who referred to *distributive bargaining* 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 to *integrative bargaining* 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'. Such objectives are said to define 'an area of common concern, a purpose'.

THE UNITARY AND PLURALIST VIEWS

There are two basic views expressed about the basis of the relationship between management and trade unions in particular or employees in general: the unitary and the pluralist perspectives.

The unitary view is typically held by managements who see their 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. This 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 is based on the unitary perspective.

In contrast, 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, 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 plant 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). Pluralism, as described by Cave (1994), involves 'a balance of power between two organized interests and a sufficient

degree of trust within the relationship (usually) for each side to respect the other's legitimate and, on occasions, separate interests, and for both sides to refrain from pushing their interest separately to the point where it became impossible to keep the show on the road'. It has been noted by Guest (1995) that: 'The tradition of bargaining at plant or even organization level has reinforced a pluralistic concept.'

THE RECONCILIATION OF INTERESTS

The implication of the pluralistic approach to employee relations is that there has to be some process for reconciling different interests. This can be achieved through formal agreements where there are recognized trade unions or staff associations. The absence of these may indicate that management adopts a unitarist philosophy. But it is to be hoped that in these circumstances management's efforts to increase mutuality and gain commitment adopt a stakeholder or partnership approach which at least involves consultation with employees on how the joint interests of the organization and its members can best be satisfied.

The process of reconciling interests has been modelled by Gennard and Judge (1997), as shown in Figure 50.1.

INDIVIDUALISM AND COLLECTIVISM

Purcell (1987) argues that the distinction between pluralist and unitary frames of management has 'provided a powerful impetus to the debate about management style, but the mutually exclusive nature of these categories has limited further development'. Moreover, wide variations can be found within both the unitary and the pluralist approach. He therefore suggests an alternative distinction between 'individualism' – policies focusing on individual employees – and 'collectivism' – the extent to which groups of workers have an independent voice and participate in decision making with managers. He believes that companies can and do operate on both these dimensions of management style.

VOLUNTARISM AND ITS DECLINE

The essence of the systems theory of industrial relations is that the rules are jointly agreed by the representatives of the parties to employment relations; an arrangement

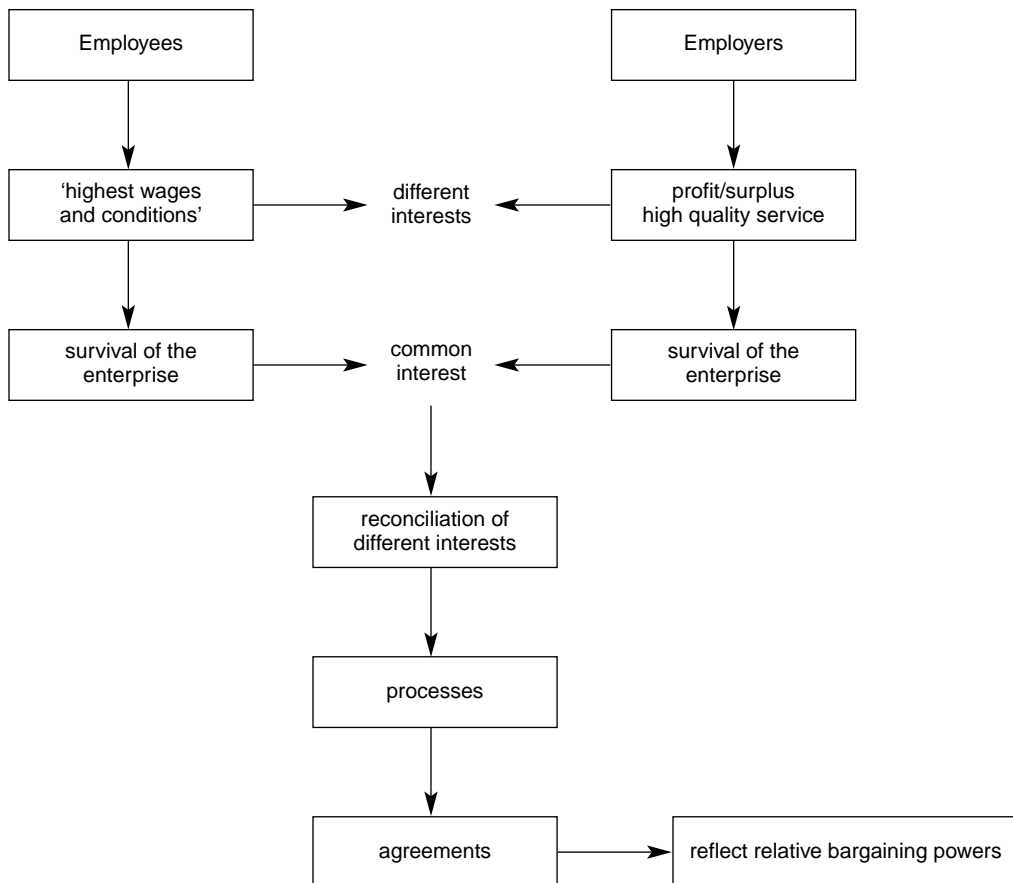


Figure 50.1 Employee relations: reconciliation of interests

which, it is believed, makes for readier acceptance than if they were imposed by a third party such as the State. This concept of voluntarism was defined by Kahn-Freund (1972) as 'the policy of the law to allow the two sides by agreement and practice to develop their own norms and their own sanctions and to abstain from legal compulsion in their collective relationship'. It was, in essence, voluntarism that came under attack by government legislation from 1974 onwards, including the principle of 'immunities' for industrial action and the closed shop.

THE HRM APPROACH TO EMPLOYEE RELATIONS

The HRM model

The philosophy of HRM has been translated into the following prescriptions, which constitute the HRM model for employee relations:

- a drive for commitment – winning the ‘hearts and minds’ of employees to get them to identify with the organization, to exert themselves more on its behalf and to remain in it, thus ensuring a return on their training and development;
- an emphasis on mutuality – getting the message across that ‘we are all in this together’ and that the interests of management and employees coincide;
- the organization of complementary forms of communication, such as team briefing, alongside traditional collective bargaining – ie approaching employees directly as individuals or in groups rather than through their representatives;
- a shift from collective bargaining to individual contracts;
- the use of employee involvement techniques such as quality circles or improvement groups;
- continuous pressure on quality – total quality management;
- increased flexibility in working arrangements, including multi-skilling, to provide for the more effective use of human resources, sometimes accompanied by an agreement to provide secure employment for the ‘core’ workers;
- emphasis on teamwork;
- harmonization of terms and conditions for all employees.

The key contrasting dimensions of traditional industrial relations and HRM have been presented by Guest (1995) as follows:

Table 50.1 Contrasting dimensions of industrial relations and HRM

| <i>Dimension</i> | <i>Industrial Relations</i> | <i>HRM</i> |
|--|--|--|
| Psychological contract Behaviour references | Compliance Norms, custom and practice | Commitment Values/mission |
| Relationships | Low trust, pluralist, collective | High trust, unitarist, individual |
| Organization design | Formal roles, hierarchy, division of labour, managerial control | Flexible roles, flat structure, teamwork/autonomy, self control |

Guest notes that this model aims to support the achievement of the three main sources of competitive advantage identified by Porter (1980), namely, innovation, quality and cost leadership. Innovation and quality strategies require employee commitment while cost leadership strategies are believed by many managements to be achievable only without a union. 'The logic of a market-driven HRM strategy is that where high organisational commitment is sought, unions are irrelevant. Where cost advantage is the goal, unions and industrial relations systems appear to carry higher costs.'

An HRM approach is still possible if trade unions are recognized by the organization. In this case, the strategy might be to marginalize or at least side-step them by dealing direct with employees through involvement and communications processes.

THE CONTEXT OF INDUSTRIAL RELATIONS

Industrial relations are conducted within the external context of the national political environment, the international context and the internal context of the organization.

The political context

The political context is formed by the government of the day. Conservative administrations from 1979 to 1997 set out to curb the power of the trade unions through legislation and succeeded to a degree. Labour administrations have not made any major changes to existing legislation except in the area of trade union recognition.

The European context

Employee relations in the UK are affected by European Union regulations and initiatives. A number of Articles in the original treaty of Rome referred to the promotion of improvements in working conditions and the need to develop dialogue between the two sides of industry. It seems likely that the conduct of employee relations in Britain will be increasingly affected by EU directives, such as those concerning works councils and working hours.

The organizational context

The need to 'take cost out of the business' has meant that employers have focused on the cost of labour – usually the highest and most easily reduced cost. Hence 'the lean organization' movement and large-scale redundancies, especially in manufacturing.

There has been pressure for greater flexibility and increased management control of operations, which has had a direct impact on employee relations policies and union agreements.

The widespread introduction of new technology and information technology has aimed to increase productivity by achieving higher levels of efficiency and reducing labour costs. Organizations are relying more on a core of key full-time employees, leaving the peripheral work to be undertaken by subcontractors and the increasing numbers of part-timers – women *and* men. This has reduced the number of employees who wish to join unions or remain trade union members.

DEVELOPMENTS IN INDUSTRIAL RELATIONS

Developments in the practice of industrial relations since the 1950s can be divided into the following phases:

1. The traditional system existing prior to the 1970s.
2. The Donovan analysis of 1968.
3. The interventionist and employment protection measures of the 1970s.
4. The 1980s programme for curbing what were perceived by the Conservative Government to be the excesses of rampant trade unionism.

The traditional system – to 1971

Relations prior to 1971 and indeed for most of the 1970s could be described as a system of collective representation designed to contain conflict. Voluntary collective bargaining between employees and employers' associations was the central feature of the system, and this process of joint regulation was largely concerned with pay and basic conditions of employment, especially hours of work in industry, and legal abstention on the part of the state and the judiciary. During this period and, in fact, for most of the twentieth century, the British system of industrial relations was characterized by a tradition of voluntarism.

The Donovan analysis

The high incidence of disputes and strikes, the perceived power of the trade unions and some well-publicized examples of shop steward militancy (although the majority were quite amenable) contributed to the pressure for the reform of industrial relations which led to the setting up of the Donovan Commission. This concluded in 1968 that the formal system of industry-wide bargaining was breaking down. Its key findings

were that at plant level, bargaining was highly fragmented and ill-organized, based on informality and custom and practice. The Commission's prescription was for a continuation of voluntarism, reinforced by organized collective bargaining arrangements locally, thus relieving trade unions and employers' associations of the 'policing role', which they so often failed to carry out. This solution involved the creation of new, orderly and systematic frameworks for collective bargaining at plant level by means of formal negotiation and procedural agreements.

Since Donovan, comprehensive policies, structures and procedures to deal with pay and conditions, shop steward facilities, discipline, health and safety, etc have been developed at plant level to a substantial extent. The support provided by Donovan to the voluntary system of industrial relations was, however, underpinned by a powerful minority note of reservation penned by Andrew Shonfield in the 1968 report of the Royal Commission. He advocated a more interventionist approach, which began to feature in government policies in the 1970s.

Interventionism in the 1970s

The received wisdom in the 1960s, as reflected in the majority Donovan report, was that industrial relations could not be controlled by legislation. But the Industrial Relations Act introduced by the Conservative Government in 1971 ignored this belief and drew heavily on Shonfield's minority report. It introduced a strongly interventionist legal framework to replace the voluntary regulation of industrial relations systems. Trade unions lost their general immunity from legal action and had to register under the Act if they wanted any rights at all. Collective agreements were to become legally binding contracts and a number of 'unfair industrial practices' were proscribed. Individual workers were given the right to belong or not belong to a trade union but no attempt was made to outlaw the closed shop. But the Act failed to make any impact, being ignored or side-stepped by both trade unions and employers, although it did introduce the important general right of employees 'not to be unfairly dismissed'.

The Labour Government of 1974 promptly repealed the 1971 Industrial Relations Act and entered into a 'social contract' with the trade unions which incorporated an agreement that the Trades Union Congress (TUC) would support the introduction of a number of positive union rights. These included a statutory recognition procedure and in effect meant that the unions expressed their commitment to legal enforcement as a means of restricting management's prerogatives.

Statutory rights were also provided for minimum notice periods, statements of terms and conditions, redundancy payments and unfair dismissal.

The 1980s – curbing the trade unions

The strike-ridden ‘winter of discontent’ in 1978 and the return of a Conservative Government in 1979 paved the way for the ensuing step-by-step legislation which continued throughout the 1980s and into the early 1990s.

The ethos of the Conservative Governments in the 1980s was summed up by Phelps Brown (1990) as follows:

People are no longer seen as dependent on society and bound by reciprocal relationship to it; indeed the very notion of society is rejected. Individuals are expected to shift for themselves and those who get into difficulties are thought to have only themselves to blame. Self-reliance, acquisitive individualism, the curtailment of public expenditure, the play of market forces instead of the restraints and directives of public policy, the prerogatives of management instead of the power of the unions, centralisation of power instead of pluralism.

The legislation on trade unions followed this ethos and was guided by an ideological analysis expressed in the 1981 Green Paper on *Trade Union Immunities* as follows: ‘Industrial relations cannot operate fairly and efficiently or to the benefit of the nation as a whole if either employers or employees collectively are given predominant power – that is, the capacity effectively to dictate the behaviour of others.’

The government described industrial relations as ‘the fundamental cause of weakness in the British economy’, with strikes and restrictive practices inhibiting the country’s ability to compete in international markets. The balance of bargaining power was perceived to have moved decisively in favour of trade unions which were described as ‘irresponsible, undemocratic and intimidatory’, while the closed shop was described as being destructive of the rights of the individual worker.

Developments since 1990

Kessler and Bayliss (1992) commented that ‘the needs of employers have increasingly been towards enterprise orientated rather than occupationally orientated trade unions’. They also noted that: ‘It is clear that the significance of industrial relations in many firms has diminished. It is part of a management controlled operation – a branch of human resource management. It is no longer a high profile problem-ridden part of personnel management as it so often was in the 1970s.’

Guest (1995) noted that the industrial relations system may continue as a largely symbolic ‘empty shell’, insufficiently important for management to confront and eliminate, but retaining the outward appearance of health to the casual observer:

'Management sets the agenda, which is market-driven, while industrial relations issues are relatively low on the list of concerns.'

Conclusions of the Workplace Employee Relations Survey (WERS) 2004

The results showed some significant changes (from the 1988 survey). Most striking of all, perhaps, was the continuing decline of collective labour organization. Employees were less likely to be union members than they were in 1998; workplaces were less likely to recognize unions for bargaining over pay and conditions; collective bargaining was less prevalent. Even so, the rate of decline seemed to have slowed down from that seen in earlier periods and the joint regulation of terms and conditions remains a reality for many employees in Britain: one-half of employees were employed in workplaces with a recognized trade union; one-third were union members; and 40 per cent had their pay set through collective bargaining.

THE PARTIES TO INDUSTRIAL RELATIONS

The parties to industrial relations are:

- the trade unions;
- shop stewards or employee representatives;
- the Trades Union Congress (the TUC);
- management;
- employer's organizations;
- the Confederation of British Industry;
- various institutions, agencies and officers.

The role of each of these parties is summarized below

The trade unions

Traditionally the fundamental purpose of trade unions is to promote and protect the interests of their members. They are there to redress the balance of power between employers and employees. The basis of the employment relationship is the contract of employment. But this is not a contract between equals. Employers are almost always in a stronger position to dictate the terms of the contract than individual employees. Trade unions, as indicated by Freeman and Medoff (1984), provide workers with a 'collective voice' to make their wishes known to management and

thus bring actual and desired conditions closer together. This applies not only to terms of employment such as pay, working hours and holidays, but also to the way in which individuals are treated in such aspects of employment as the redress of grievances, discipline and redundancy. Trade unions also exist to let management know that there will be, from time to time, an alternative view on key issues affecting employees. More broadly, unions may see their role as that of participating with management on decision making on matters affecting their members' interests.

Within this overall role, trade unions have had two specific roles, namely to secure, through collective bargaining, improved terms and conditions for their members, and to provide protection, support and advice to their members as individual employees.

An additional role, that of providing legal, financial and other services to their members, has come into prominence more recently.

Trade union structure

Trade unions are run by full-time central and, usually, district officials. There may be local committees of members. National officials may conduct industry-wide or major employer pay negotiations while local officials may not be involved in plant negotiations unless there is a 'failure to agree' and the second stage of a negotiating procedure is invoked. Major employers who want to introduce significant changes in agreements or working arrangements may deal direct with national officials.

The trade union movement is now dominated by the large general unions and the merged craft and public service unions.

Shop stewards

Shop stewards or employee representatives may initially be responsible for plant negotiations, probably with the advice of full-time officials. They will certainly be involved in settling disputes and resolving collective grievances and in representing individual employees with grievances or over disciplinary matters. They may be members of joint consultative committees, which could be wholly or partly composed of trade union representatives.

At one time, shop stewards were the ogres of the industrial relations scene. Undoubtedly there were cases of militant shop stewards, but where there are recognized trade unions, managements have generally recognized the value of shop stewards as points of contact and channels of communication.

The Trades Union Congress (TUC)

The TUC acts as the collective voice of the unions. Its roles are to:

- represent the British trade union movement in the UK and internationally;
- conduct research and develop policies on trade union, industrial, economic and social matters and to campaign actively for them;
- regulate relationships between unions;
- help unions in dispute;
- provide various services (eg research) to affiliated unions.

But the TUC has effectively been marginalized by successive Conservative governments and is but a shadow of its former self, especially since its interventionary role concerning union disputes over membership (the Bridlington rules) has now effectively been abolished by legislation.

International union organizations

The two main international union organizations are the European Trade Union Confederation and the International Trade Union Confederation. At present neither of these makes much impact on the UK, but this could change.

Staff associations

Staff associations may sometimes have negotiating and/or representational rights but they seldom have anything like the real power possessed by a well-organized and supported trade union. They are often suspected by employees as being no more than management's poodle. Managements have sometimes encouraged the development of staff associations as an alternative to trade unions but this strategy has not always worked. In fact, in some organizations the existence of an unsatisfactory staff association has provided an opportunity for a trade union to gain membership and recognition. Staff associations have their uses as channels of communication, and representatives can play a role in consultative processes and in representing colleagues who want to take up grievances or who are being subjected to disciplinary proceedings.

The role of management

The balance of power has undoubtedly shifted to managements who now have more choice over how they conduct relationships with their employees. But the evidence is

that there has been no concerted drive by managements to de-recognize unions. As Kessler and Bayliss (1992) point out: 'If managers in large establishments and companies wanted to make changes they looked at ways of doing so within the existing arrangements and if they could produce the goods they used them. Because managers found that the unions did not stand in their way they saw no reason for getting rid of them.' They argued that management's industrial relations objectives are now generally to:

- control the work process;
- secure cost-effectiveness;
- reassert managerial authority;
- move towards a more unitary and individualistic approach.

As Storey (1992a) found in most of the cases he studied, there was a tendency for managements to adopt HRM approaches to employee relations while still coexisting with the unions. But they gave increasing weight to systems of employee involvement, in particular communication, which bypass trade unions.

Employers' organizations

Traditionally, employers' organizations have bargained collectively for their members with trade unions and have in general aimed to protect the interests of those members in their dealings with unions. Multi-employers or industry-wide bargaining, it was believed, allowed companies to compete in product markets without undercutting their competitors' employment costs and prevented the trade unions 'picking off' individual employers in a dispute.

The trend towards decentralizing bargaining to plant level has reduced the extent to which employers' organizations fulfil this traditional role, although some industries such as building and electrical contracting with large numbers of small companies in competitive markets have retained their central bargaining function, setting a floor of terms and conditions for the industry.

The Confederation of British Industry (CBI)

The CBI is a management organization which is only indirectly concerned with industrial relations. It provides a means for its members to influence economic policy and it provides advice and services to them, supported by research.

Institutions, agencies and officers

There are a number of bodies and people with a role in employee relations, as described below.

The Advisory Conciliation and Arbitration Service (ACAS)

ACAS was created by the government but functions independently. It has three main statutory duties:

- to resolve disputes;
- to provide conciliatory services for individuals in, for example, unfair dismissal cases;
- to give advice, help and information on industrial relations and employment issues.

ACAS helps to resolve disputes in three ways: collective conciliation, arbitration and mediation.

During the 1980s and early 1990s the use of ACAS's collective conciliation and arbitration services declined considerably. But the individual conciliation case load has been very heavy and the ACAS advisory work has flourished. These are aimed at encouraging non-adversarial approaches to preventing and resolving problems at work by facilitating joint working groups of employers, employees and their representatives.

The Central Arbitration Committee (CAC)

The CAC is an independent arbitration body that deals with disputes. It arbitrates at the request of one party but with the agreement of the other. It does not handle many arbitrations but it deals more frequently with claims by trade unions for disclosure of information for collective bargaining purposes.

Employment tribunals

Employment tribunals are independent judicial bodies that deal with disputes on employment matters such as unfair dismissal, equal pay, sex and race discrimination and employment protection provisions. They have a legally qualified chair and two other members, one an employer, the other a trade unionist.

The Employment Appeal Tribunal (EAT)

The EAT hears appeals from the decisions of industrial tribunals on questions of law only.

ROLE OF THE HR FUNCTION IN EMPLOYEE RELATIONS

The HR function provides guidance and training and will develop and help to introduce and maintain formal processes; but it does not do line managers' jobs for them. However, in their role as industrial relations specialists, HR practitioners may deal directly with trade unions and their representatives. They are also likely to have a measure of responsibility for maintaining participation and involvement processes and for managing employee communications. They can and should play a major part in developing employee relations strategies and policies that aim to:

- achieve satisfactory employment relationships, taking particular account of the importance of psychological contracts;
- build stable and cooperative relationships with employees which recognize that they are stakeholders in the organization and minimize conflict;
- achieve commitment through employee involvement and communications processes;
- develop mutuality – a common interest in achieving the organization's goals through the development of organizational cultures based on shared values between management and employees;
- clarify industrial relations processes with trade unions and build harmonious relationships with them on a partnership basis.

In these capacities HR practitioners can make a major contribution to the creation and maintenance of a good employee relations climate.